

The TODA KOGYO Group supports local sports and arts.



TODA KOGYO CORP.

For inquiries about this report, please contact:
CSR & Environment Management Group
Otake Plant, 1-4 Meijishingai, Otake,
Hiroshima Prefecture 739-0652 Japan
TEL: +81-827-57-6129

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Approach to Sustainability

The TODA KOGYO Group defines sustainability as "the lively growth and development of the company, society and the earth."

To achieve sustainability as we see it, we help resolve social issues through our business activities.

The Group has been incorporating this term of sustainability, "lively growth and development" in our Management Principle for a long time.

As well as achieving lively growth and development as a company, we believe it is equally important to ensure that our technologies and activities contribute to the sustainable development of humanity and the global environment.

To pursue this management principle, the Group emphasizes three values.



Purpose

We transform the potential of fine particles into new possibilities for our world.

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.

Editorial Policy

The TODA KOGYO Group has been conducting sound business management and CSR activities with a view to the sustainable development of business and society. To make the Group's activities better understood by stakeholders, this report carries details about our activities for innovation, the environment, safety and health, human rights, quality assurance, corporate governance and other aspects.

We hope that this report will help build stronger trust with stakeholders.

Scope of report: TODA KOGYO CORP. and some of its group companies

Period covered: April 1, 2022 to March 31, 2023

Published in January 2024 (English Version)

About the cover



Paralym Art
障がい者アートを応援しています

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: Harvest

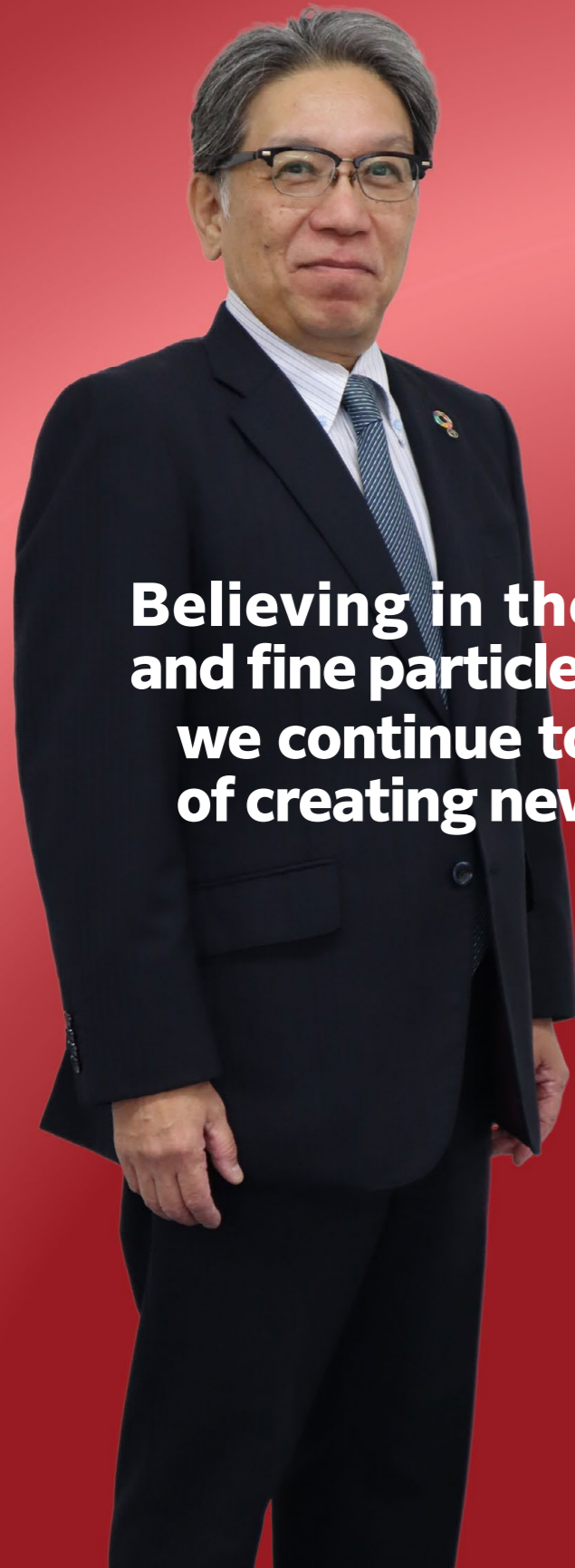
Created by: Sakura Yuki

The picture expresses the celebration and joy of harvest.

Contents

	Page		Page
Approach to Sustainability	2	Safety and Health Activities	26
Purpose / Management Principle	3	Quality	28
Top Message	4	The Environment	30
Establishment of Purpose and New Brand Logo	6	Sustainable Procurement	34
TODA KOGYO Group's History and Business	7	Human Capital Management	36
Familiar Products from the TODA KOGYO Group	8	Human Rights	38
Business Overview, Segment Overview and Medium-Term Business Plan	10	Diversity, Equity and Inclusion	40
The TODA KOGYO Group's Business-Specific Strategies	12	Intellectual Capital	42
Special Feature: Materiality (Material Issues)	14	Compliance	43
Special Feature: Innovation Management	18	Governance Data	44
Special Feature: Risk Management	20	Information Security	45
Expression of Support for the TCFD Recommendations	22	Company Information	46
		Offices and Plants	47

Top Message



Believing in the potential of people and fine particles, we continue to pursue the challenge of creating new value.

President and CEO

寶來茂

Shigeru Takaragi

Endeavors Envisaged with the Next Generation in Mind are the Wellspring of Growth

TODA KOGYO was founded in 1823 as a manufacturer of Bengala, a red pigment that is essential for the painting of porcelain, lacquerware and historical buildings. At the time, Bengala was made from iron sulfide ore, produced as a by-product from mining through a manual process of baking, crushing and grinding. Later, the TODA KOGYO Group established proprietary fine particle synthesis technologies such as wet synthesis to provide inorganic materials based around iron oxides to various companies.

Looking back on the history since our founding, the Group has continued to develop and provide new materials and solutions in step with changing social needs. Underpinning this is the Group's management approach, which seeks to always look to the next generation while at the same time regarding customer needs as a starting point. When I joined the company in 1984, the business of magnetic recording materials was expanding after the widespread use of audio cassette tapes. The management in those days already focused on research and development and strengthened marketing efforts with an eye towards future needs in society. Those efforts led to the launch of a business producing materials for photocopiers and printers to follow on from the magnetic recording material business. At the time, we were among the first to respond to the introduction of new technologies using magnetic toner in the photocopier and printer market, and managed to meet demand by developing and manufacturing the needed materials. We continued with this forward-thinking approach subsequently, taking on the challenge of manufacturing materials for lithium-ion batteries (LIB) in an effort to cater to a market with potential for future growth. The LIB materials developed through the fine particle synthesis technologies cultivated in the magnetic recording material business were first applied to mobile phone and PC applications, and today are supplied as battery materials for electric vehicles. The magnetic material and dielectric material markets, which are currently regarded as growth businesses, are also materials we have been developing in anticipation of the maturation of magnetic recording materials. Magnetic materials serve growing demand in applications for motors and sensors due to the electrification of vehicles, while dielectric materials are increasingly used as materials to meet demand for more compact laminated ceramic capacitors used in smartphones and other devices. In these ways, the Group has continued to grow by always anticipating societal changes, considering what society will demand next and how its core competence in fine particle synthesis technologies ties in to those new needs.

Our Growth Vision Focused on the Medium and Long Term

The TODA KOGYO Group is currently implementing its three-year medium-term business plan Vision 2023 which began in April 2021, and has established Go Beyond 200 as its vision for fiscal 2024 and beyond. We will enhance profitability in our core functional pigment business. In the electronic materials business, we will strive to expand sales in four domains we have defined as growth businesses, namely magnetic materials, dielectric materials, soft magnetic materials and lithium ion battery materials. We will work toward the commercialization of soft magnetic materials and environmental materials as next-generation businesses.

The Environmental Materials Business Reducing Our Environmental Impact

The environmental materials business started at TODA KOGYO in the 1990s. At the time, the release of dioxins from waste incineration plants was a social issue. We developed and pro-

vided a dioxin-suppressing combustion catalyst, utilizing its function of promoting the complete combustion of iron oxide. Starting in the 2000s, we began collaborating with universities and other institutions to utilize iron-based catalysts and other materials to develop the direct methane reforming (DMR) method which generates hydrogen and carbon (carbon nanotubes) from methane in a way that produces no carbon dioxide. In August 2023, we began using this technology in Japan's first demonstration experiment to produce hydrogen at commercial scales from natural gases including methane in Toyotomi-cho, Hokkaido. We will steadily proceed with this demonstration project while continuing to expand the environmental materials business in Japan and overseas in the future.

Our Human Resource Strategy to Achieve Sustainability Management

The TODA KOGYO Group also regards ESG initiatives as important in achieving sustainability management. On the corporate governance front, the Group has also worked to strengthen governance while enhancing the transparency and independence of the Board of Directors. And on the environmental front, we have disclosed greenhouse gas emission reduction targets as an internal initiative while conducting the scenario analyses required under the framework of the Task Force on Climate-Related Financial Disclosures (TCFD).

We have made our human resources strategy a particular focus. TODA KOGYO is a company founded on technology where a third of all employees are involved in development. While continuing to invest in human resources to refine our unique fine particle synthesis technologies on an ongoing basis, we also recognize the importance of rotating employees through multiple departments while maintaining an engineering group fulfilling a wide array of roles. But not all of our employees are required to have a background in chemistry. Above all else, the qualities we value are passion and motivation toward the creation of new value, and a willingness to work in a genuine and serious way in cooperation with others.

Supporting Society Through Purpose-Oriented Management

In anticipation of our 200th anniversary, in January 2023 we established the TODA KOGYO Group's Purpose (reason for existing) as "we transform the potential of fine particles into new possibilities for our world." This was the result of extensive discussions on the future of the Group by a team mainly comprising mid-level and junior employees. As expressed by part of the accompanying statement which reads, "There is infinite potential embedded in a single tiny particle," since its founding the Group has continued to embrace the challenge of creating new value that represents hope for the future. The Group will continue to push forward based on its belief in the potential of fine particles and people in order to fulfill its social role of supporting people's daily lives and society as a whole. And to meet the expectation of our stakeholders, we will aim to help solve social issues and achieve the sustainable growth of the TODA KOGYO Group through the business activities we pursue together with our employees. Thank you for your continued understanding and support.

Establishment of Purpose and New Brand Logo

TODA KOGYO marked the 200th anniversary of its founding and the 90th anniversary of its incorporation on November 30, 2023. On this occasion, we established our Purpose and introduced a new brand logo.

Establishment of Purpose

Purpose
- reason for existing -

We transform the potential of fine particles into new possibilities for our world.

Our business dates back to 1823, when we commenced manufacturing of the Bengala iron oxide pigment. We have constantly unlocked new potential in chemical materials and created products to meet the demands of the times. In doing so, we have supported the foundations of society. The Group's products are used not only for iron oxide pigments as original applications but are also found in automobiles, smartphones, household appliances and other state-of-the-art domains. Our chemical materials are created from fine particle synthesis technologies that we have been developing since our founding, and reach markets around the world.

The newly established Purpose embodies our belief in the potential of both people and fine particles and our aspiration to incessantly try to create new value that generates hopes for the future.

Statement

There is infinite potential embedded in a single tiny particle. Even the smallest particles have enormous potential in their ability to join together, combine with each other, as well as react to and bring about changes that can ultimately contribute to greater growth for our own lifestyles and society.

Similarly, people also have boundless possibilities. By working hand-in-hand to share knowledge, wisdom, and ingenuity, each person holds tremendous power to help face any type of challenge.

It is our viewpoint that every person is an irreplaceable "particle" making up our larger world.

We see our mission as continually trying to connect with each other and combine our abilities as we attempt to create new possibilities that bring hope to the future. Supporting life and society through nano-technology.

Slogan
Fine particles for a fine future.

New Brand Logo

New brand logo

Old brand logo

* A horse bit is a metal mouthpiece for a horse for attaching reins.

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.

1823 Founding
Coloring for building materials and ceramics
Bengala
Pigments
Our business is founded in the city of Ibara, Okayama Prefecture. A family business of Bengala manufacturing is started.

1933 Incorporation
Maritime transport becomes a mainstream form of distribution
Ship bottom coatings
Pigments
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.

1960s
Deflection yoke materials
Soft magnetic materials
Monochrome TV sets are in widespread use. First TV boom (wedding of the Crown Prince) Second TV boom (1964 Olympics in Tokyo)

1980s
Motors are in growing demand.
Magnet materials
Magnet materials for motors in household appliances
Printers and photocopiers are in widespread use.
Electronic printing materials
Toners and carriers

2000s
Lithium ion battery products are in widespread use.
Lithium ion battery materials
Cathode and anode materials
IT society advances.
Soft magnetic materials
Flexible ferrite sheet
Electromagnetic control components and magnetic sheet

2023
Marking our 200th anniversary

TODA KOGYO's business dates back to 1823, when we commenced handcraft manufacturing of Bengala. It is the oldest pigment in human history and 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.

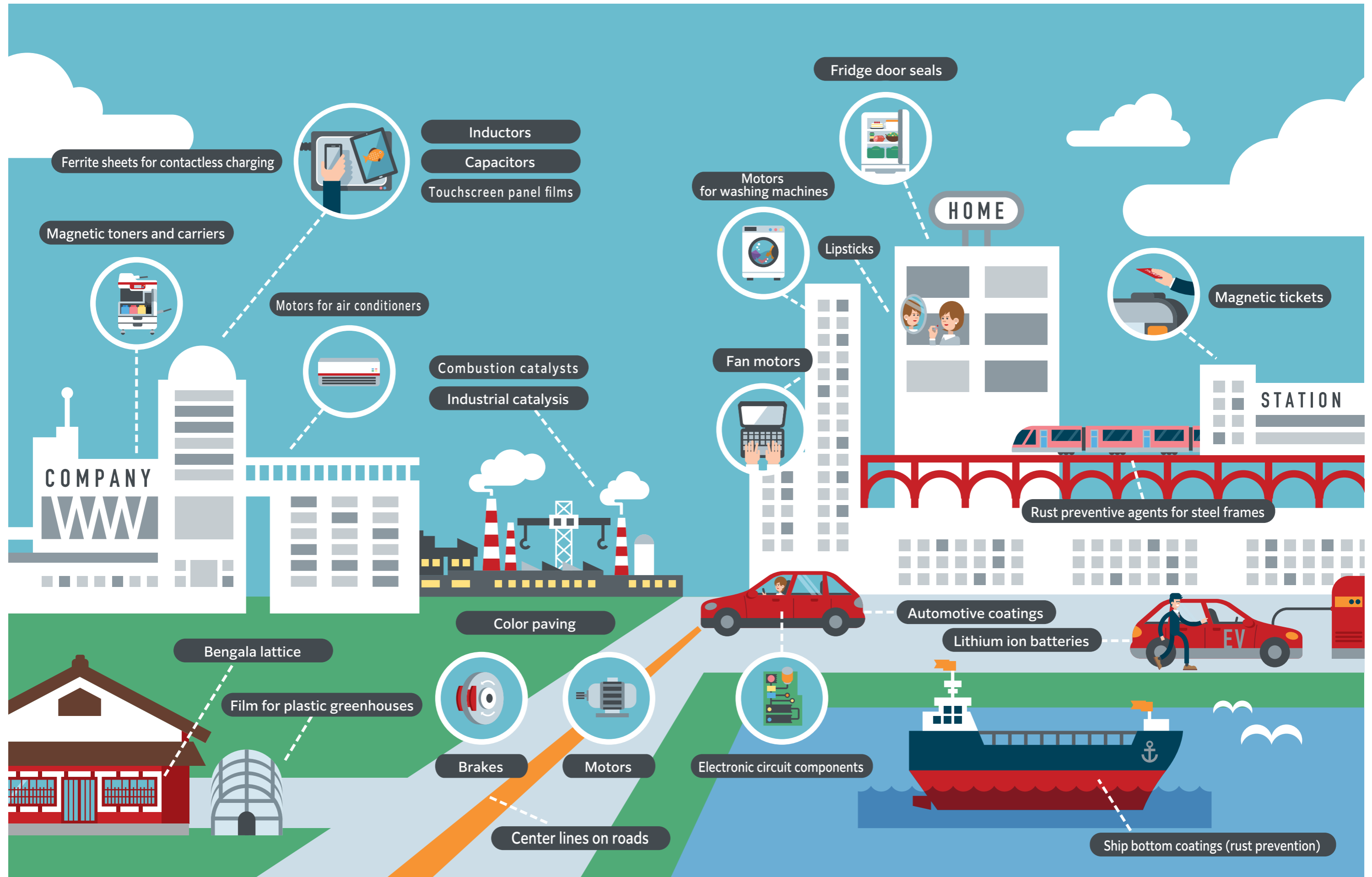
The Group's products are used not only for pigments as original applications but for automobiles, smartphones, household appliances and other state-of-the-art domains. Our chemical materials are created from technologies that we have been developing for 200 years since our founding, and reach markets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

1970s
Automatic ticket gates
Audio and video cassette tapes are in widespread use.
Magnetic tickets
Magnetic recording

1990s
Environmental awareness increases.
Iron oxide for combustion catalyst: Activated iron oxide (TIC®)
Garbage bags for burnable waste Hydrotalcite
Lead-free polyvinyl chloride stabilizer
Heat retaining agent for agricultural polyolefin film
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)
Barium titanate for multilayer ceramic capacitors
CO₂ solid capture sorbents
Soft magnetic materials **Dielectric materials** **Environmental materials**

Familiar Products from the TODA KOGYO Group



Business Overview, Segment Overview and

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. On November 30, 2023, the 200th anniversary of our founding and the 90th anniversary of our incorporation, we established the Purpose (reason for existing), which reads "We transform the potential of fine particles into new possibilities for our world." This embodies our belief in the potential of fine particles and humans and our aspiration to incessantly try to create new value that generates hopes for the future. Our business commenced with manufacturing Bengala. It is the oldest iron oxide pigment in human history and is indispensable for painting on porcelain and for the coloring of historical architecture. We have been serving society with the use of different functions of the iron oxide. After its 200th anniversary, the TODA KOGYO Group will continue its efforts to explore the potential of iron oxide, to offer new materials and solutions and to remain a company that will support a diversely evolving society.

Business Overview for Fiscal 2022 (from April 1, 2022 to March 31, 2023)

Net sales dropped year on year, due to the semiconductor shortage and weak demand for ICT equipment.

Among the decline in net sales and rises in prices of raw materials and energy and in transport expenses, operating profit and ordinary profit contracted year on year. However, profit attributable to owners of parent ended higher than in the previous fiscal year after a transfer of equity stake in Toda United Industrial (Zhejiang) Co., Ltd. (hereinafter "Toda United"), which was formerly a consolidated subsidiary.

For fiscal 2022, net sales stood at 34.9 billion yen (35.3 billion yen for fiscal 2021), operating profit at 1.3 billion yen (2.5 billion yen for fiscal 2021), ordinary profit at 3.3 billion yen (4.1 billion for fiscal 2021), and profit attributable to owners of parent at 3.2 billion yen (3.1 billion yen for fiscal 2021).

Overview of Business Segments

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.

Overview of the electronic materials segment: Net sales were down 1.5 billion yen from fiscal 2021 to 20.2 billion yen. The segment profit rate dropped 3 percentage points from fiscal 2021 to 12%.

In magnet materials, net sales surged from fiscal 2021. That reflected the expansion of sales of rare earth bonded magnet materials, which have the world's highest-class magnetic characteristics, for automotive motor applications. In addition, Jiangmen & Partner's Magnetic Product Co., Ltd. (hereinafter "Jiangmen & Partners"), which became a subsidiary in August 2021, had a positive effect on financial results throughout the fiscal year. (For fiscal 2021, its statement of income was consolidated from the third quarter onwards.) In dielectric materials and others, net sales dropped from fiscal 2021, chiefly reflecting the semiconductor shortage and inventory adjustments following sluggish demand for ICT equipment.

Overview in the functional pigments segment: Net sales rose 1.1 billion yen from fiscal 2021 to 14.7 billion yen. The segment profit rate tumbled 2 percentage points from fiscal 2021 to 14%.

Behind the net sales growth, market demand remained strong as in fiscal 2021, particularly for materials for photocopiers and printers, materials for coatings and materials for catalysts. Meanwhile, segment profit decreased. This was due partly to the transfer of Toda United, which was a consolidated subsidiary manufacturing iron oxide pigments, in the third quarter of fiscal 2022 and to surging prices of raw materials and energy.

Medium-Term Business Plan

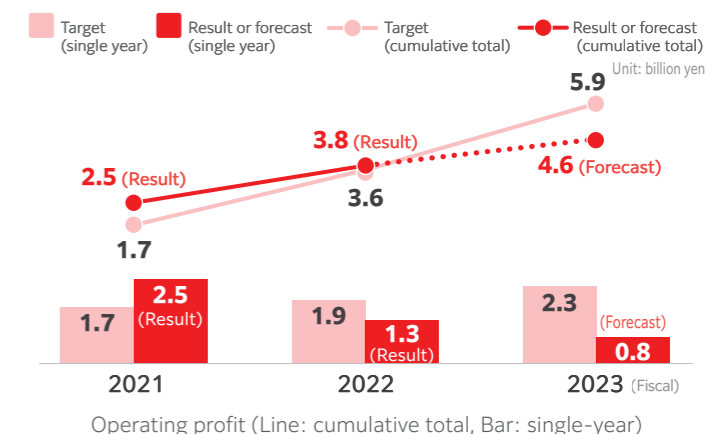
		Fiscal 2021	Fiscal 2022	Change	Unit: billion yen	
Electronic materials	Net sales	21.7	20.2	-1.5	Main applications	
	Segment profit rate	15%	12%	-3 point		
	Magnet materials	9.8	11.4	+1.6		Household appliances, automotive and other motors and sensors
	Dielectric materials	1.5	1.0	-0.5		Multilayer ceramic capacitors for electronic components for ICT equipment and EVs
	Lithium ion battery materials	8.3	5.8	-2.4		Lithium ion batteries for EVs and HEVs
Other materials	2.1	1.8	-0.3			
Functional pigments	Net sales	13.5	14.7	+1.1	Main applications	
	Segment profit rate	16%	14%	-2 point		
Functional pigments		13.5	14.7	+1.1	Coloring of road surfaces and building materials, photocopiers and printers	

Progress of Medium-Term Business Plan Vision 2023

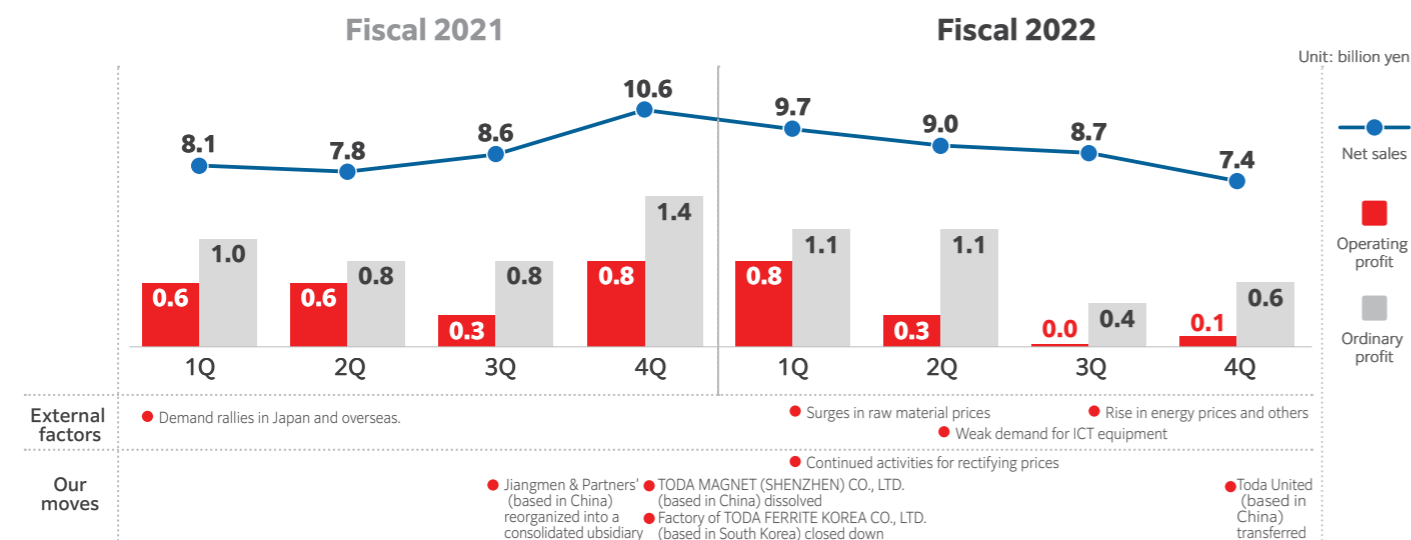
Fiscal 2022 was the second year of the plan. For that year, net sales ended at 34.9 billion yen, against the target of 34.5 billion yen. Operating profit was 1.3 billion yen while the target was 1.9 billion yen. This reflects surges in prices of raw materials and energy.

For fiscal 2023 as the final fiscal year of the plan, prices of raw materials and energy are expected to remain at high levels. Amid the continued global trend towards tighter monetary policies, there is a downward risk to the overseas economy. In the foreseeable future, uncertain situations are expected to last.

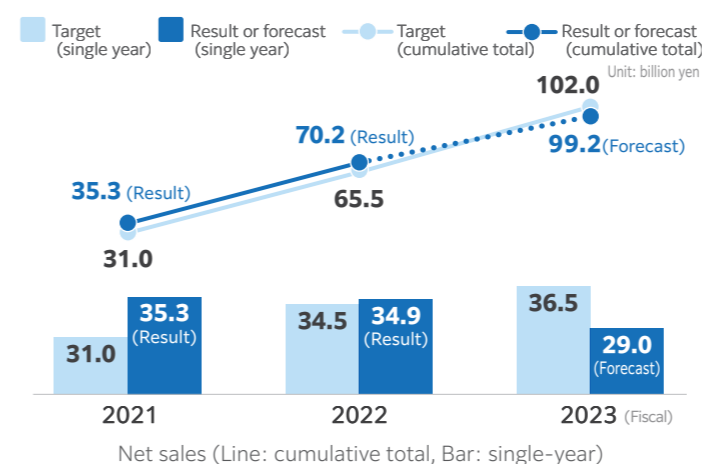
Towards meeting the three-year cumulative targets of 102 billion yen in net sales and 5.9 billion yen in operating profit, we will conduct measures suited to individual businesses. Especially regarding operating profit, the cumulative target is set at 5.9 billion yen while the cumulative total of results and forecast is 4.6 billion yen. All our departments will steadily implement measures for boosting profits in an effort to attain the target. (The forecast for fiscal 2023 represents the figure announced on August 8, 2023.)



Quarterly trends in consolidated net sales, operating profit and ordinary profit



Progress against the Medium-Term Business Plan



Materiality: Determination of Financial Indicators

The TODA KOGYO has defined Financial Base as a material issue towards 2030, determined specific indicators and set numerical targets for the purpose of achieving its aspiration to become a company that is essential on a global level and increase the corporate value of the Group as stated in its Management Policy.

The following shows the targets for 2030 and trends in the past two years. We will make an analysis for each set of quarterly results, incorporate measures for reaching the targets into specific initiatives and carry out activities.

Financial Base

Initiatives aimed at achievement	Indicators	Fiscal 2021	Fiscal 2022	Target	Year of Achievement
Optimization of the business portfolio	Stabilization of ROE (consolidated)	30%	21%	10% or higher	-
Improvement in cash flows	Operating profit ratio (consolidated)	7%	4%	8% or higher	2030
	Equity ratio (consolidated)	24%	31%	40% or higher	2030

The TODA KOGYO Group's Business-Specific Strategies

Electronic materials business

The electronic materials business deals chiefly with materials used in the domains of automobiles and ICT equipment. The markets for these products are expected to grow further. In particular, we are concentrating our efforts on expanding the businesses of magnet materials used in motors and sensors and of dielectric materials used in capacitors.

Magnet materials

Main products	Main applications	Net sales* ¹	Strategic points
Magnetic powder (ferrite and rare earth) Compound (ferrite and rare earth) Plastics Formed magnets	Motors Sensors Magrolls	Unit: billion yen 2020: 6.2 2021: 9.8 2022: 11.4 (Fiscal)	Seek growth while maintaining high profit through selection and concentration Dissolution: TODA MAGNET (SHENZHEN) CO., LTD. (a company based in China dealing with rubber magnets (2021)) Factory closure: TODA FERRITE KOREA CO., LTD. (a factory of ferrite magnetic powder based in South Korea (2021)) Acquisition of equity stake: Jiangmen & Partner's Magnetic Product Co., Ltd (a company forming plastic magnets based in China (2021)) Capacity increase: Processes for rare earth powder and compounds (2022)

Dielectric materials

Main products	Main applications	Net sales* ¹	Strategic points
Barium titanate Dispersion	Multilayer ceramic capacitors (MLCC)	Unit: billion yen 2020: 1.1 2021: 1.5 2022: 1.0 (Fiscal)	Improve quality and additional value of materials Capacity increase: Process for barium titanate (2022) Research and development: Functional improvement and microparticulation of barium titanate Research and development: Acceleration of development of Dispersion

Lithium ion battery materials

Main products	Main applications	Net sales* ¹	Strategic points
Precursor Cathode material	Cell Pack EV	Unit: billion yen 2020: 5.5 2021: 8.3 2022: 5.8 (Fiscal)	Expand business through collaboration with partners Develop recycling technologies • Increase capacity to answer strong demand • Develop recycling technologies

Soft magnetic materials

Main products	Main applications	Strategic points
Tapes Adhesives Forming Sheets	Inductive devices EMC Contactless power supply	Facilitate the shift to CASE and a MaaS society with noise control materials Inductive devices EMC • Development subjects: Soft magnetic materials, powder form control, composite materials and others • Development subjects: Noise control components, millimeter wave absorbers, high frequency noise control materials and others

*1 Net sales for fiscal 2020 conform to the new accounting standards.

Functional pigments business

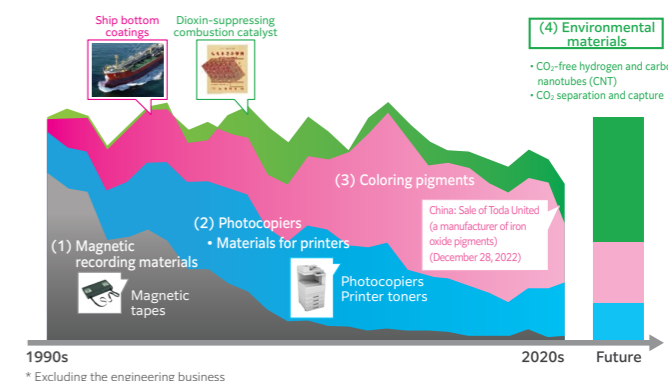
The functional pigments business deals with iron oxide and other materials. Its growth has been driven by its applications as coatings and coloring materials for photocopiers and printers. These coloring materials have been a pillar of earnings since our founding. We are working to develop products tailored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

Functional pigments

Main products	Main applications	Net sales* ¹	Strategic points
Hematite Magnetite Goethite	Coloring Toners Friction materials Recording materials Catalysts Batteries	Unit: billion yen 2020: 11.1 2021: 13.5 2022: 14.7 (Fiscal)	Expand new applications and increase added value with wet synthesis technologies • Transfer of equity stake: Toda United (a manufacturer of iron oxide based in China (2022)) • Capacity increase and investment for business continuity: Wet process for iron oxide (Onoda (2022)) • Research and development: Advancement of purification technologies, and establishment of recycling technologies <<Expansion into environmental materials in the next generation>>

Expansion into environmental materials in the next generation

Since the 1980s, the functional pigments business has achieved growth with magnetic recording materials used for audio and video cassette tapes. Given that the market was expected to shrink gradually in the 1990s, we modified existing facilities to produce materials for photocopiers and printers. After that, we marketed coloring pigments in the Chinese market to change our business portfolio. Today, we define materials with a reduced environmental impact as a business for the next generation, and we carry out research and development efforts with a view to commercializing them.



Efforts on environmental materials

Research and development of a high efficiency hydrogen production system using ferrous catalyst by the direct methane reforming (DMR)

Since 2021, TODA KOGYO has been working to develop a CO₂-free hydrogen production process and system based on the DMR method, in which hydrogen is produced from methane, which is a main component of natural gas, biogas and others, with the use of a highly active ferrous catalyst. It is carried out as a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO)*². Going forward, we will, jointly with Air Water Inc., set up a hydrogen production plant using the DMR method with a commercial scale in Toyotomi-cho, Hokkaido, on the basis of our past development achievements. It will produce high-purity hydrogen from natural gas associated with hot springs, which mainly comprises methane. In addition, we will aim to process carbon generated as a by-product into multilayer carbon nanotubes boasting high conductivity and market them. We will search for their applications and evaluate their performance. We will strive to establish a hydrogen production system based on the DMR method to produce hydrogen and high value-added multilayer carbon nanotubes by fiscal 2025 in a bid to reduce hydrogen production costs and to achieve a clean hydrogen supply chain.

*2 NEDO: New Energy and Industrial Technology Development Organization

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

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. In May 2022, a joint proposal by Saitama University, Air Water Inc. and TODA KOGYO for development of a revolutionary CO₂ separation and recovery technology using Na-Fe oxides was adopted as a project commissioned and subsidized by NEDO. They have since been conducting development efforts. This technology was presented in Japan's governmental public relations display at the International Media Center for the G7 Hiroshima Summit in May 2023.

Special Feature: Materiality (Material Issues)

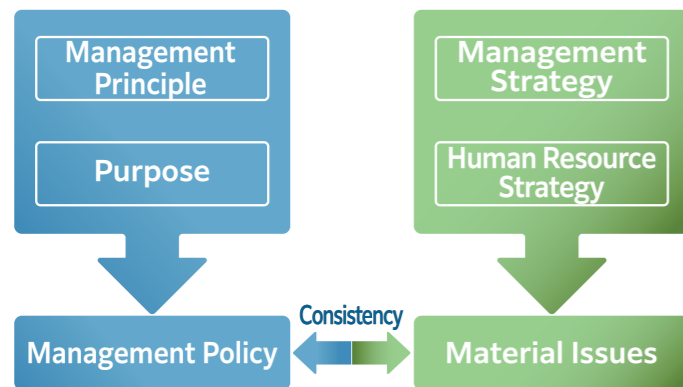
The Group has been incorporating this term of sustainability, "lively growth and development" in our Management Principle for a long time. As well as achieving lively growth and development as a company, we believe it is equally important to ensure that our technologies and activities contribute to the sustainable development of humanity and the global environment. To achieve this "lively growth and development", the Group has been offering materials that lead to solutions to social issues in the different eras it has existed in.

Today, issues facing human society and the global environment are becoming more complicated and changing more dramatically, and companies are faced with the challenge of determining how to address these issues. On the occasion of the 200th anniversary of its founding, the Group identified its material issues in view of its long-maintained principle of lively growth and development and the latest social trends.

We will aim to achieve sustainability at corporate, societal and global environmental levels through management that integrates our Management Principle, Purpose, Management Policy and material issues. In tandem with that, we will study what is wanted from the Group, which we learn through dialogues with stakeholders, as well as social changes to change for the better to address the material issues.

▶ The Structure of Materiality

The ten material issues we have identified are consistent with the four management policy items designed to achieve our management principle. They also include specific measures, indicators and targets for pushing us to better address the issues. The Group's material issues will not merely serve to mitigate risks in our business activities. We believe that they will also serve as metrics of medium- and long-term management and human resources strategies and as a guidepost for daily decision-making by the management team and by employees.



▶ Material Issue Formulation Process

The process for identifying material issues was in accordance with the GRI Standards (GRI 3: Material Items 2021), a set of international guidelines. In considering these items we not only took risks into account, but also feedback from stakeholders and the Group's management strategies.

Step 1: Understanding the Internal and External Environments

Based on reports issued by international organizations, the Japanese government and various governmental agencies, the representatives of each division verified the external environment in which the Group lies with regard to global trends and changes to the social environment. Next, they reviewed the values of the Group, its business activities, and its relationships with stakeholders.

Step 2: Identifying Impacts

We considered risks that have materialized and potential risks from a medium- and long-term perspective. We organized the risk items according to our interests, categorizing them as either "impacts from external sources" or "impacts on external sources." Moreover, in addition to negative impacts such as risks, we considered positive impacts such as customer expectations, and the Group's unique ability to provide chemical materials.

Step 3: Assessing the Effects of the Impacts

We gauged the scale, extent and difficulty of responding to the effects of each impact, and prioritized them. In the process of prioritizing the impacts, we identified those impacts that were material in terms of both "impacts from external sources" and "impacts on external sources," thus identifying them as material items. To increase the effectiveness of PDCA management, we defined specific measures, indicators and targets for the individual material issues identified.

Step 4: Approval of the Board of Directors

After verifying their consistency with the values and management strategies of the TODA KOGYO Group in the Management Conference, the material issues were finalized upon receiving approval of the Board of Directors.



The 10 Material Issues and Grounds for Identification

Material Issues	Grounds for Identification
Product Innovation	We regard innovation itself as a solution to social issues and a source of corporate growth, and believe that it is the Group's mission to maximize the potential of fine particles and support the development of society with the materials we provide.
Process Innovation	We regarding environmentally friendly manufacturing methods as a source of corporate competitiveness, and believe it is important to continue to refine fine particle synthesis technologies as a core competence of the Group.
Value-centric Marketing	We regard solving customer issues and supporting customers to create innovation as the source of business creation, and believe it is important to seek out business opportunities in the global market.
Stable Supply	We believe it is important to enhance reliability in terms of safety, quality and logistics to ensure that all interested parties including suppliers, customers and end users can use the products of the Group with peace of mind.
Climate Change	Achieving a low-carbon society is seen as one of the most important issues worldwide, and as a corporate group in an energy-intensive industry, we believe that working to reduce CO ₂ emissions is an important responsibility.
Financial Base	To earn the trust of all stakeholders in an environment of volatility, uncertainty, complexity and ambiguity (VUCA), we believe it is essential to ensure sustainable revenue and maintain sound financial capital.
DE&I	We see the diversity of human capital, including personnel who forge connections between people, discover various issues and lead the way to solving them, as a source of innovation, and believe that this diversity should be tackled with the highest priority in the management of the Group.
Personnel Development	As a company founded on technology, we believe it is essential to develop by carrying on existing technologies and principles while simultaneously incorporating new methods and concepts, and having each person continually change by putting those technologies, principles, methods and concepts into practice.
Governance	In addition to observing global rules and compliance requirements, we believe it is important to be introspective regarding our own activities through dialogue with stakeholders, which leads to high-quality decision making.
Information Management	As a Group doing business with customer and suppliers around the world, we believe that developing high-quality information infrastructure and ensuring information security is essential.

Purpose

We transform the potential of fine particles into new possibilities for our world.

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.

When determining the material issues, we focused on two points. The first was consistency with our Management Principle and Management Policy which we have long valued. The second was that it was possible for all employees to implement the measures to address the issues.

To go on a voyage, it is necessary to have a compass and a chart. I feel that our Management Principle and Management Policy are generally accepted by employees as a compass that points the way to what the Company should be, and the newly formulated material issues are the chart that shows where we are now and our destination. All the officers and employees aim to reach the destination set by the Management Principle and the material issues.

Atsushi Tomokawa,

Department Manager of the Corporate Planning Department



Management Policy (Our Vision)	Material Issues	Value We Bring to Society	Initiatives Aimed at Achievement	Indicators	Current Status	Target	Year of Achievement		
<p>We will refine our only-one technologies and continue to offer products and solutions that have high added value.</p>	Product Innovation	Contributing to future society through innovative fine particle synthesis technologies	Accelerate open innovation	Number of collaborative themes pursued with companies and universities	45 per year	At least 50 per year	2025		
			Creation of new products and technologies that contribute to the environment	Ratio of developed products that are environmentally friendly/harmonious	38%	70% or higher	2030		
			Strengthening of intellectual property strategy	Number of applications	20 per year	At least 50 per year	2030		
			Switching to new manufacturing methods	Number of projects commercialized	—	3 or more	2030		
			Toughening of infrastructure and facilities	Amount invested in toughening infrastructure and facilities	0.4 billion yen	4.5 billion yen	2026		
			Circular economy	Commercialization of battery material recycling	—	Commercialization	2030		
			Value-centric Marketing	Branding that utilizes our strengths	Number of press releases (cumulative)	3	16 or more	2030	
					Marginal profit rate (consolidated)	37.8%	50% or higher	—	
					Cultivate global market	Percentage of overseas sales (consolidated)	59.7%	70% or higher	2030
	<p>We will become a company that is essential on a global level and increase the corporate value of the Group.</p>	Stable Supply	Building a sustainable supply chain	Swift coordination between manufacturing, development and sales	—	—	—		
				Pursuit of zero quality defects	Number of defects occurring	29 per year	10 per year or fewer	2030	
				Pursuit of zero serious accidents	Occupational accident rate	1.39	1.20% or less	2030	
		Climate Change		Stable procurement	Excellent supplier ratio	74%	85% or higher	2030	
					Encourage carbon neutrality	CO ₂ emissions (Japan, Scope 1 and 2)	41,100 t per year	22,000 t per year or lower	2030
						Specific energy consumption reduction rate (in Japan, vs. 2013 base year)	18%	At least 17%	2030
					Renewable energy usage rate (Japan)	0%	At least 17%	2030	
		Financial Base		Repurposing and effective utilization of resources	Industrial waste reduction rate (in Japan, vs. 2013 base year)	19%	25% or higher	2030	
					Conversion of crude raw materials and by-products into raw materials	0	3 or more	2030	
Optimization of the business portfolio					Stabilization of ROE (consolidated)	20.6%	10% or higher	—	
<p>We will seek the happiness of our employees and their families and will be a company that is constantly trusted by our stakeholders.</p>	DE&I	Being a better corporate citizen and a better social institution	Improved cashflow	Operating profit ratio (consolidated)	3.9%	8% or higher	2030		
			Personnel Development	Workplace development that unlocks people's potential	Ratio of female employees	17.1%	25% or higher	2030	
					Ratio of female managers	2.8%	10% or higher	2030	
	Rate of childcare leave and leave for childcare purposes taken by eligible male employees				91.7%	95% or higher	2030		
	Governance		Development of a workplace environment enabling employees to display creativity	Improvement of employee engagement	—	Start of measurements in 2023	—		
				Human resource development supporting a company built upon technology	Cost of education per person (consolidated, base year: 2022)	19,800 yen per person	30,000 yen per person	2030	
					Number of participants selected for next-generation management candidate training	—	6 or more per year	—	
	Information Management		Improved transparency and effectiveness of Board of Directors	Improved analysis and functioning through ongoing evaluations of effectiveness	—	—	—		
				Strengthening compliance	Number of serious legal or regulatory violations	0	Zero violations	—	
				Strengthening information security of the Group	Incident identification within 24 hours and expanded scope of response	Japan	Consolidated subsidiaries	2030	
				Improved information literacy Groupwide	Number of digitalization projects led by user departments (cumulative)	17	250	2030	

Keyword
Imagine and create the future

Special Feature: Innovation Management

▶ Innovation management within the Research & Development Division

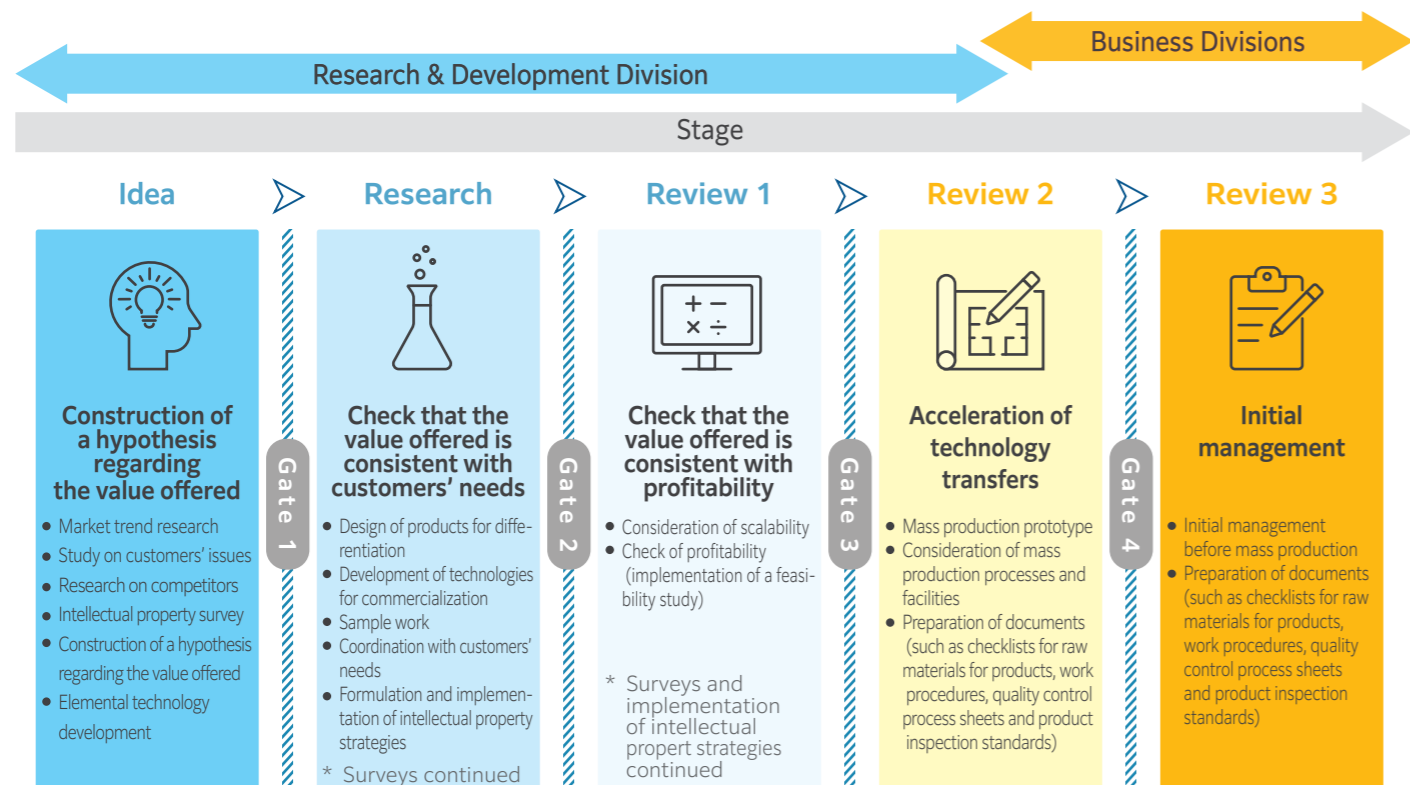
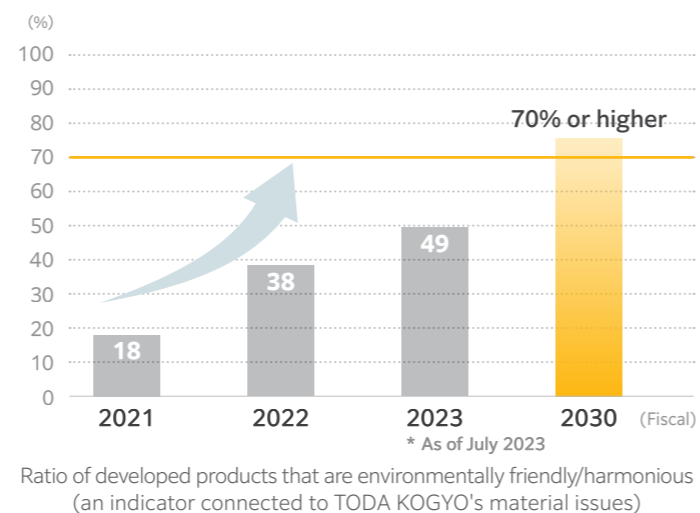
TODA KOGYO calls our Research & Development Division “Innovative Headquarters” in Japanese. It is carrying out the three actions below with a view toward creating a new society and new lifestyles and implementing manufacturing that creates a better future.

▶ Product development management

We have introduced the stage gate method in the development of new products. By selecting and concentrating on development subjects, we are efficiently using resources. Today, market conditions change dramatically and product life cycles are becoming shorter and shorter. It is more necessary than ever before to release new products that have been developed to society more quickly and without fail. We divided the process from the creation of development subjects to technology transfers to the business divisions into five stages. We carry out the development process in a step-by-step manner. At each stage, deliverables (such as customer information, technological achievements, information about matching the value offered, and their required levels) are determined. Whether or not the deliverables meet the required levels is checked using the Development Subject Management Sheet. The process proceeding to the next stage is dependent on this. Based on the new problems found in the individual stages, we will revise our strategy as needed and continue with new product development according to the new strategies.

This stage gate method opens the way to conducting development activities while constantly paying attention not only to technological achievements but to deliverables necessary for commercialization and, from the management perspective, to development investments made in consideration of the current risks (or uncertainties).

In addition, we assess the direct impact (on the internal operation) and indirect impact (on customers and markets) of the item being developed at the initial stage of development using the environmental assessment checklist. Thus, we develop environmentally-friendly and harmonized products. The ratio of developed products that are environmentally friendly/harmonious has been rising every year since 2021. We have the goal of increasing this ratio to 70% or higher by 2030.



▶ Construction of an environment for innovation

The Otake Creative R&D Center houses not only the Research & Development Division but also related organizations, such as the Process Development Department, the Intellectual Property Group and the Marketing Department. We will celebrate the 90th anniversary of our incorporation. We have changed the office layout to create an internal culture that enables people to continue to work with joy toward a bright future where their hopes and dreams can be realized in our 100th year as a company and beyond. In an open single-floor space there is a work space, a meeting space and personal spaces. A hot-desking system is being implemented in the work space and concentration spaces for personal use are provided. The central space is equipped a large counter and a sofa, functioning as a place for employees to converse casually. In addition, there is a consultation space for meetings with people inside and outside TODA KOGYO and a room for business talks to increase convenience. This enables the office to be used as a lecture venue. Background music is played at a low volume to enhance the space's functionality as a place for employees to relax. The work environment which is pleasant for everyone has led to better four-S practices and a brighter atmosphere on the floor than in the past. Employees can freely choose where to work, which stimulates internal communication. The employee satisfaction survey has confirmed that it is a worker-friendly environment that increases the creativity of the team.

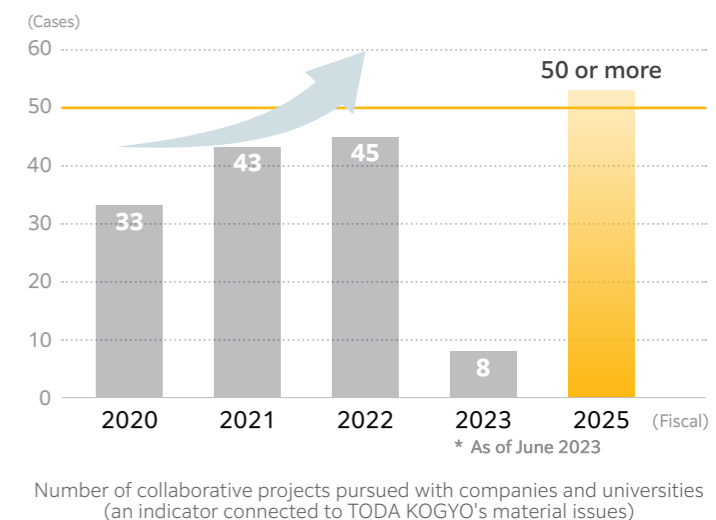
▶ Open innovation activities

Iron oxide and other inorganic particles have various characteristics. A very effective way of delivering new value created using these characteristics to markets broadly and quickly is to combine the unique technologies possessed by customers and universities. We are vigorously working to develop new products through open innovation not only by leveraging the relationships we have built with customers and universities over many years but also by advertising materials and other products at exhibitions and in catalogues and publishing press releases about developed products. The number of collaborative projects TODA KOGYO is involved in with other companies and

universities has been growing every year since 2020. We have set the target of being involved in 50 or more of these projects in 2025. This target is stated in our material issues.

Example collaboration: Elucidation of a mechanism for decreasing the magnetic coercive force of rare earth magnetic powder compounds with Kyushu University

Amid the trend towards smaller and lighter magnets for motors and towards higher operating temperatures, there is strong demand for injection-molded compounds with high magnetic coercive force. Rare earth magnetic powders produced using the hydrogenation-decomposition-desorption-recombination (HDDR) method have a high level of magnetic coercive force. When they are processed into compounds, their magnetic coercive force decreases. To elucidate the mechanism behind this decrease in magnetic coercive force, we are carrying out a joint study with Kyushu University, which possesses a technology for analyzing the microstructures of magnetic bodies using transmission electron microscopes (TEMs) and scanning electron microscopes (SEMs). This study is gradually clarifying the phenomenon causing the magnetic coercive force of compounds to decrease and differences in the microstructures of rare earth magnetic powders before and after the compound process. In the future, we will optimize rare earth magnetic powders based on the mechanism explained with a view towards commercialization.



Special Feature: Risk Management

Basic Stance

The circumstances surrounding companies become more complicated and uncertain every year. Being able to properly respond to risks that may seriously impact corporate activities is necessary for the fulfillment of management strategies and business objectives. The TODA KOGYO Group manages risk to minimize the impact of different risks on the management of its business to steadily increase the corporate value of the entire Group.

Risk Management System

In accordance with its Risk Management Regulations, the TODA KOGYO Group has established the Risk Management Committee. Its objective is to control the various risks that may hamper the Group's development. Chaired by the Representative Director, the Risk Management Committee is composed of executive officers and full-time Audit and Supervisory Committee members. It formulates risk management policies and discusses specific measures from a group-wide and cross-organizational perspective. In principle, it meets once a month to receive reports from organizations controlling different risks, exchange opinions and monitor risks.

The Risk Management Department has been established as an organization providing operational support to the Risk Management Committee. At the beginning of fiscal year, the committee identifies the external and internal risk environment from a global perspective and communicates this to the separate organizations managing individual risks. These organizations each determine the risks that should be managed from their individual standpoint and develop plans for management measures. Once every six months or once a year, they report the progress of their plans at a meeting of the Risk Management Committee and review their risk management measures in view of the opinions of the management team.



Risk Management

The Risk Management Department divides risks into 14 risk types to manage them: safety, quality, disaster, social infrastructure and facilities, climate change, legal affairs, information security, procurement, sales, finance and accounting, management and public relations, intellectual property, overseas safety and labor affairs. The organizations managing the risks identified at the start of fiscal year and the Risk Management Department exchange views and evaluate the significance of the risks looking at severity and frequency of occurrence. They use progress charts to manage the countermeasures for the identified risks. This paves the way for viewing and understanding the size of the risks from a groupwide perspective and for the individual organizations to manage the risks from a broad perspective using risk maps. The risk maps and the progress charts are completely updated in the middle and at the end of the fiscal year. This makes it possible to check how the risks identified at the beginning of the fiscal year have changed following the implementation of measures and to see what new risks have emerged following changes in the external and internal environment.

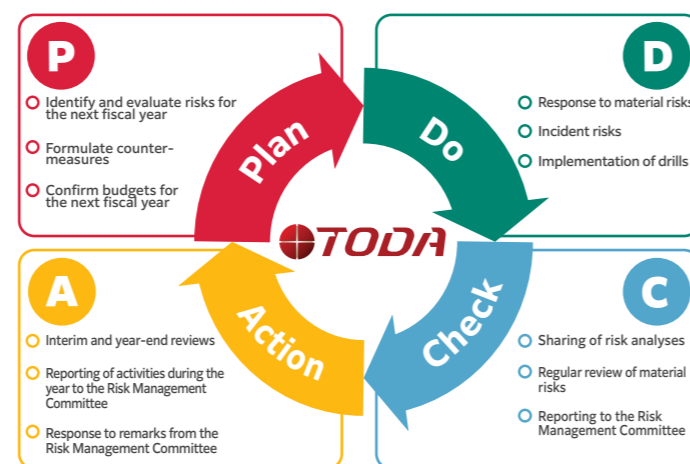


Table: Examples of the 14 types of risks

Risk type	Examples
Safety	Industrial injuries
Quality	Product safety
Disaster	BCP measures
Social infrastructure and facilities	DX of production facilities
Climate Change	Actions towards carbon neutrality
Legal affairs	Leakage of confidential information
Information security	2025 Digital Cliff
Procurement	Logistics labor shortage
Sales	Expansion of overseas sales
Finance and accounting	Foreign exchange rate fluctuations
Management and public relations	Delays in information disclosure
Intellectual property	Patent infringement
Overseas safety	Maintenance of security at overseas bases
Labor affairs	Actions for DE&I

Risk Distribution

We have drawn up a risk map for viewing, comparing and understanding the sizes of risks from a broad perspective. The risk map is updated by the Risk Management Department and the organizations managing risks at the beginning, middle, and end of the fiscal year. We use it to monitor progress of countermeasures addressing risks and the emergence of new risks.

According to the Company's risk distribution in fiscal 2023, the ratio of risks that were of high significance calculated from the frequency of occurrence and the severity of the risks was 0%. The rate of risks that were of medium and higher significance was 20%.

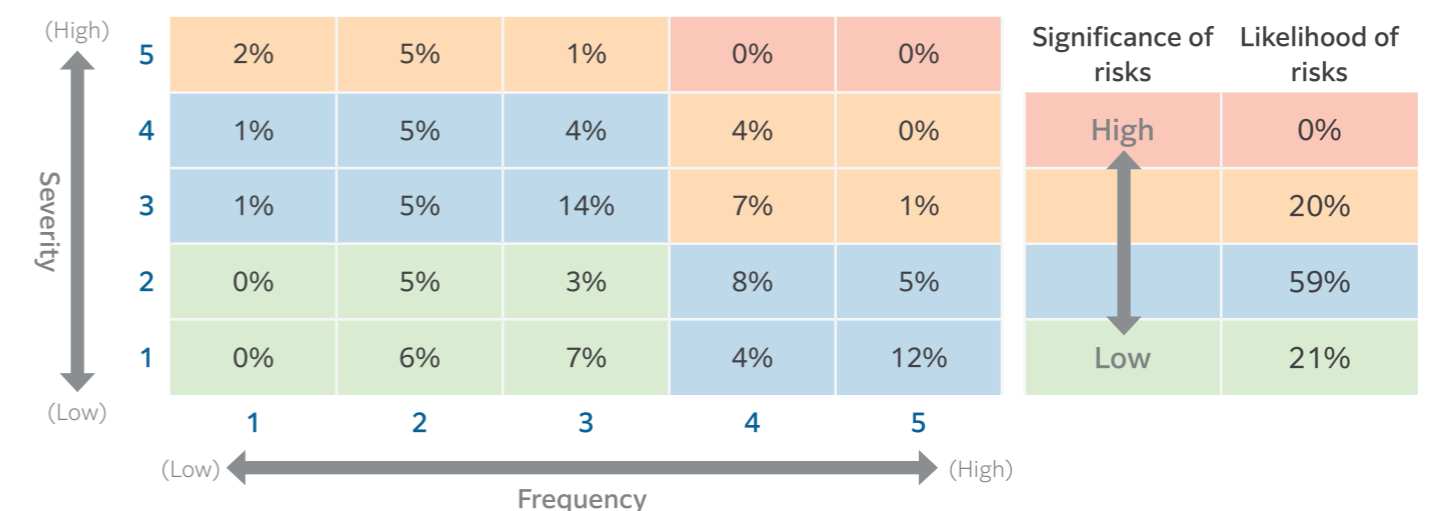
Among them, major risks include the logistics labor shortage and the DX of production facilities. It is impermissible to delay addressing either of these risks. We are taking measures, regarding them as opportunities to create new value.

For example, the logistics labor shortage is an issue that Ja-

pan as a whole is facing. We are actively reviewing logistics bases, delivery routes and units to address the issue. We also take measures that lead to the reduction of CO₂ emissions from the supply chain and the improvement of the business continuity plan. Given that we are set to celebrate the 200th anniversary of our founding, the emergence of the issue of aging and deteriorating facilities is not surprising. In addition, the delay in the digital transition can be said to be an issue that Japanese companies face, especially small and medium-sized manufacturers. The measures to address the deterioration of facilities and the digitalization trend came at the same time. We regard this coincidence as a good opportunity to implement DX measures in tandem with the measures to address deteriorating facilities.

We will continue to properly manage the different risks and prevent them from occurring.

Risk map at the start of fiscal 2023



Including climate change, COVID-19, the situation in Ukraine and inflation, the circumstances surrounding businesses are changing every day. It is impossible to reduce business risks to zero. However, it is important to predict business risks and reduce their negative impact. Thus, we have constructed a mechanism for managing risk in compliance with the ISO 31000 standard. Humans are the ones operating this mechanism. The Risk Management Department emphasizes conversation with the organizations managing risks in particular. Increased conversation aids the deep understanding of the impact of every single risk on the Group. Deepening the mutual understanding between the Risk Management Department and the organizations managing risks will lead to the sharing of the importance and meaning of the risk measures with employees and to the enhancement of measures. Today, an internal information platform has been constructed so that the Group can now more efficiently converse. We will increase our ability to address the currently presumed risks and also our crisis management capabilities that are used in the event of a crisis based on the relationships built through conversation.

Kuniyoshi Shigeoka, Risk Management Department

Expression of Support for the TCFD Recommendations

The TODA KOGYO Group views climate change as a key management issue and we engage in measures to tackle global warming to create a sustainable economic society that enables future generations to live with peace of mind.

In July 2023, the Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



► Governance

To promote and manage action on climate change Companywide, we have established the CSR and Environment Committee under the Risk Management Committee (Chairperson: Representative Director), and work through the committee to implement oversight and management of environmental matters for the Group in Japan.

The Board of Directors confirms the status of action on climate change through reports received from the Risk Management Committee, and makes decisions and supervises the development of the necessary systems and schemes. The Department Manager of the Corporate Planning Department serves as chairperson of the CSR and Environment Committee, whose members comprise managers and personnel from business sites across the Company.



► Strategies

Mean global temperatures rising 4°C due to climate change would have a serious impact on society. In light of the Paris Agreement, which aims to limit the rise in global temperatures to less than 1.5°C, the Group has analyzed the risks and opportunities it faces under three scenarios of rising temperatures, the 1.5°C scenario, 2°C scenario and 4°C scenario.

◆ 1.5/2°C scenario

Under these scenarios, regulations and policies aimed at achieving carbon neutrality by 2050 are strengthened, around the world, action on climate change that exceeds the current status quo is implemented, and the rise in mean temperatures compared with pre-industrial levels is kept to within 1.5-2.0°C.

- Costs will be incurred to respond to regulations and policies, and transition risks such as rising prices of electricity from renewable energy will increase.
- Although the physical risks are also expected to increase, the impact will be minor compared with the 4°C scenario.
- Information sources: IEA¹, WEO² 2022 NZE Scenario³ and IPCC⁴ RCP⁵ 1.9, RCP 2.6, etc.

◆ 4°C scenario

Under this scenario, action on climate change beyond the current status quo is not taken, and mean temperatures rise by around 4°C compared with pre-industrial levels.

- Physical risks will increase, including greater damage due to increasingly severe abnormal weather events, and rising costs to deal with heat caused by higher air temperatures.
- Although transition risks are also expected to increase, their effects will be minor compared with the 1.5°C and 2°C scenarios.
- Information sources: IEA WEO2022 STEPS scenario⁶ and IPCC RCP 4.5, etc.

1. IEA: International Energy Agency
2. WEO: World Energy Outlook A report providing estimates on energy demand and technological development among other information
3. NZE Scenario: A net-zero emissions scenario. A scenario in which developed nations achieve net-zero emissions by rapidly increasing clean energy policies and investments.
4. IPCC: Intergovernmental Panel on Climate Change
5. RCP: Representative Concentration Pathway. A representative pathway for radiative forcing
6. STEPS Scenario: Existing government policy scenario. An energy system where only current policies are implemented and no new policies are introduced.

► Risk Management

The CSR and Environment Committee convenes monthly and implements its functions to oversee and manage environmental matters related to the Group in Japan, set annual targets for each business site, and manage progress through monthly activity reports from each business site. In addition, reports on climate change action are submitted to the Board of Directors twice a year through the Risk Management Committee.

Major Risks

Category	Type	Impact on our business activities	Time span	Evaluation	Measures
Transition risks (1.5°C / 2°C)	Policies and legal restrictions	Higher tax burden due to carbon pricing (carbon tax, emissions trading, etc.)	Medium to long term	Medium	<ul style="list-style-type: none"> • Reduction of Scope 1 and Scope 2 greenhouse gas emissions due to the promotion of energy saving and expanded use of renewable energies • Use of internal carbon pricing in investment decisions
	Technology	Increased capital investment due to the switchover to low-carbonization equipment and low-carbon processes	Medium to long term	Medium	<ul style="list-style-type: none"> • Reduced lifecycle costs due to product development with low-carbonization in mind • Consideration of fine particle synthesis technologies with high energy efficiency
	Market	Increased raw material and energy procurement costs	Medium to long term	Medium	<ul style="list-style-type: none"> • Further loss reductions in manufacturing processes • Appropriate reflection of increased procurement costs in sales prices
		Reduced demand for toner due to the restricted use of photocopiers and printers	Medium to long term	Medium	<ul style="list-style-type: none"> • Increase in toner market share by responding to increasingly diverse customer needs and energy saving measures • Development of applications for environmental materials utilizing functional pigment technologies
	Reputation	Loss of reputation among customers and investors in the case of insufficient efforts in response to climate change being recognized	Medium to long term	Medium	<ul style="list-style-type: none"> • Promotion of greenhouse gas emission reductions • Improved information disclosures
	Physical risks (4°C)	Acute	Damage to buildings and equipment due to natural disasters	Medium to long term	Large
Reduced plant utilization rates due to supply chain disruptions			Medium to long term	Medium	<ul style="list-style-type: none"> • BCP enhancements • Development of multiple suppliers and transportation routes
Chronic		Increased investments in coastal business site due to rising sea levels	Long-term	Large	<ul style="list-style-type: none"> • Monitoring of information about rising sea levels

Key Opportunities

Category	Type	Impact on our business activities	Time span	Evaluation	Measures
Opportunities	Products/ Services	Higher demand for plastic magnets, barium titanate and components for contact-less power supplies due to the expansion of the EV market	Medium to long term	Large	<ul style="list-style-type: none"> • Development of supply structures that meet market needs • Expanded and enhanced R&D investments
		Increased demand for polyolefin heat insulating materials for agricultural use due to increased greenhouse cultivation* * For the purpose of protecting crops from natural disasters	Medium to long term	Medium	
	Market	Increased demand for CO ₂ capture materials associated with expansion of the CCUS market	Medium to long term	Large	<ul style="list-style-type: none"> • Development of business models utilizing open innovation • Expanded and enhanced R&D investments • Utilization of public support
Increasing demand for the supply of hydrogen and carbon nanotubes through the direct methane reforming process		Medium to long term	Medium		

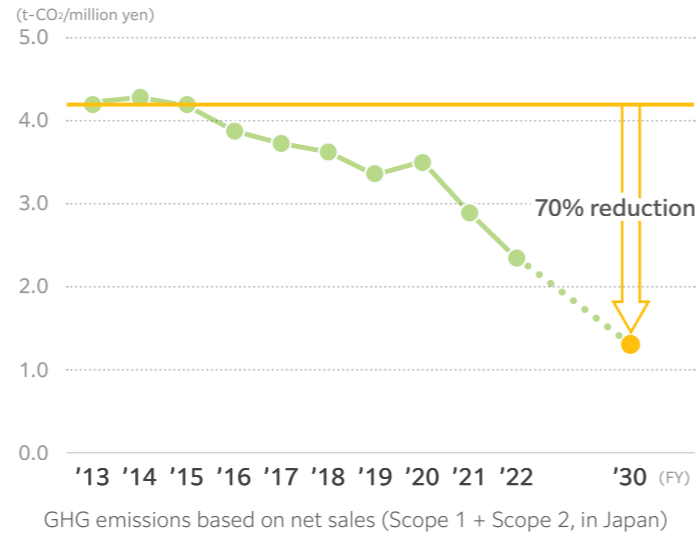
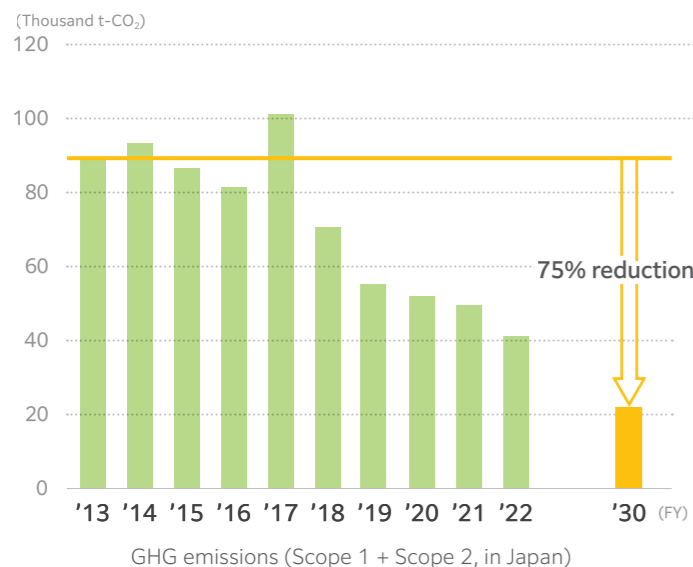
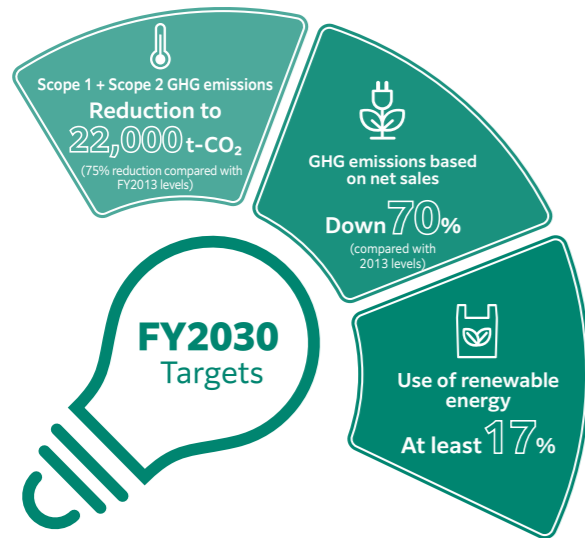
Metrics and Targets

In June 2019, the Group formulated the TODA KOGYO Group Environmental Vision 2033, setting 2033 as the target achievement year to coincide with the Company's 100th anniversary. Under the vision we have declared specific numerical targets to be pursued as part of action on climate change.

GHG emissions for FY2022 in Japan were 41,067 t-CO₂ for Scope 1 + Scope 2 (a 54% reduction compared with FY2013 levels), achieving our goals at a faster pace than planned. In addition, starting in FY2022 we have also been calculating Scope 3 emissions, producing a result of 147,260 t-CO₂.

To achieve carbon neutrality by 2050 (achieve net zero GHG emissions overall), we have revised the target Scope 1 + Scope 2 GHG emissions, GHG emissions based on net sales and renewable energy utilization laid out in Environmental Vision 2033, and set aggressive targets to be met by FY2030.

GHG emissions	FY2022 Results [t-CO ₂]
(Scope 1 + Scope 2, in Japan)	41,067 (54% reduction compared with FY2013 levels)
(Scope 3, in Japan)	147,260



To meet our goals, from April 1, 2023 we switched the electric power used at our production sites in Japan (Otake Plant, Onoda Plant and Okayama Plant) entirely to CO₂-free electric power from solar power generation. In addition, we will introduce solar power generation (solar car ports) for internal consumption making use of parking facilities, and plan to use the electricity obtained for R&D activities.

Going forward, we will steadily implement the measures to combat global warming described above, continuing to evaluate the risks and opportunities posed by climate change based on the scenario analyses recommended by the TCFD, while phasing in improvements to information disclosures.

The Group has been steadily achieving a reduction in CO₂ in recent years. On the other hand, we have yet to organize data into plain forms and to make them known to stakeholders. To address this issue, Environment Committee members and others relearned the GHG Protocol and constructed a system for calculating Scope 3 emissions. In the first half of 2023, personnel responsible for separate organizations were joined by outside experts to organize information in line with the TCFD framework. I feel that we have finally reached the starting line for information disclosure.

We fall under industries that emit large quantities of greenhouse gases* and we have a significant duty to cut Scope 1 and 2 emissions. In the future, we will make clear the process by which we will fulfill this duty by creating a climate transition plan, which will serve as a roadmap to carbon neutrality.

* Industries emitting large quantities of CO₂ at the stage of manufacturing products and emitting no CO₂ at the stage of using products

Takahiro Araki, CSR & Environment Management Group



GHG emissions (Scope 3, in Japan, FY2022)

Category	Items	t-CO ₂	Calculated sites	Method for obtaining emission factor	Measures
1	Purchased products and services	104,939	TODA KOGYO	IDEA Ver.2.3	Expenses subject to calculation where at least the top 90% of procurement amounts
			Tokyo Shikizai Industry		
2	Capital goods	2,214	TODA KOGYO	Ministry of the Environment Database of Emissions Unit Values Version 3.3	-
3	Upstream fuel procured	12,614	TODA KOGYO	IDEA Ver.2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.3	-
			Tokyo Shikizai Industry		
4	Transportation and distribution (Upstream)	7,227	TODA KOGYO	Ministry of the Environment Database of Emissions Unit Values Version 3.3	At least the top 90% by procurement volume was subject to calculation.
			Onoda Plant		
			Otake Plant		
			Okayama Plant		
5	Waste generated by operations	380	Onoda Plant	IDEA Ver.2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.3	Only production sites were subject to calculation. (Hiroshima Head Office and Tokyo Office were excluded)
			Otake Plant		
			Okayama Plant		
			Tokyo Shikizai Industry		
6	Business travel	148	TODA KOGYO	IDEA Ver.2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.3	-
7	Employee commute	321	TODA KOGYO	IDEA Ver.2.3	-
			Tokyo Shikizai Industry		
8	Leased assets (Upstream)	Not applicable	-	-	-
			Toda Fine Tech		
9	Transportation and distribution (Downstream)	2,231	Onoda Plant	Ministry of the Environment Database of Emissions Unit Values Version 3.3	Expanded estimate based on emissions of business partners with a high volume of transactions
			Otake Plant		
			Okayama Plant		
10	Processing of sold products	Not applicable	-	-	-
11	Use of sold products	Not applicable	-	-	-
12	End-of-life treatment of sold products	17,185	TODA KOGYO	IDEA Ver.2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.3	-
			Tokyo Shikizai Industry		
13	Leased assets (downstream)	Not applicable	-	-	-
14	Franchises	Not applicable	-	-	-
15	Investment	Not applicable	-	-	-
-	Other (arbitrary)	Not applicable	-	-	-
Total		147,260	-	-	-

Note: IDEA is a database that is able to quantify environmentally hazardous substances from all products and services in Japan including agricultural, forestry, marine and industrial products.

Safety and Health Activities

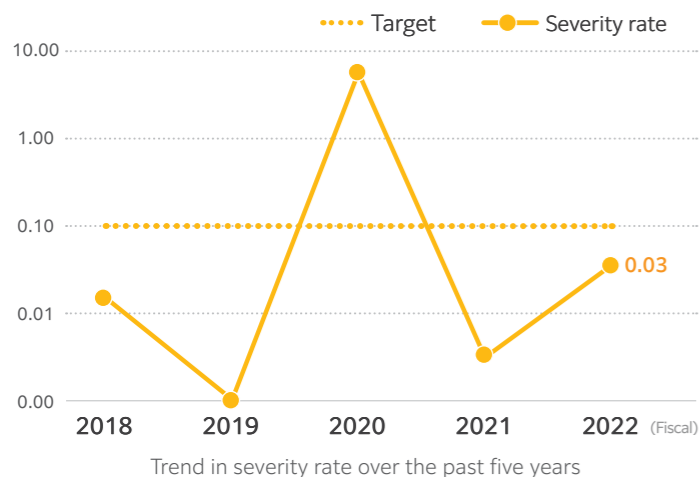
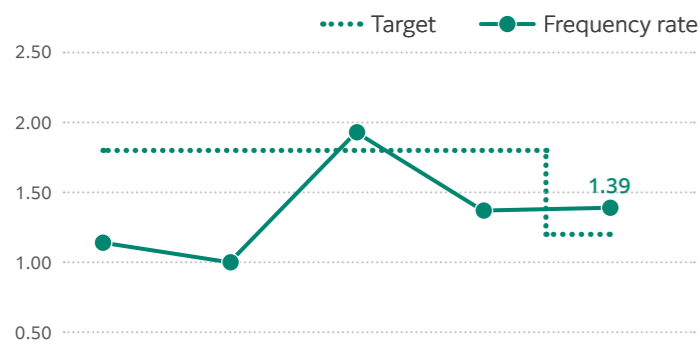
▶ Safety and Health Activities in the Workplace

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.

In order to share 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 provides information to individual plants.

▶ KPIs (and Material Issues) Concerning Industrial Injuries

In 2022, the Group had two work-related injuries within the scope of the consolidated companies in Japan. Although the number was identical to the previous year, we failed to meet our new target. The target frequency rate for the current year was made tougher than for past years.



* Total number of work-related injuries from January to December resulting in at least one day of absence.

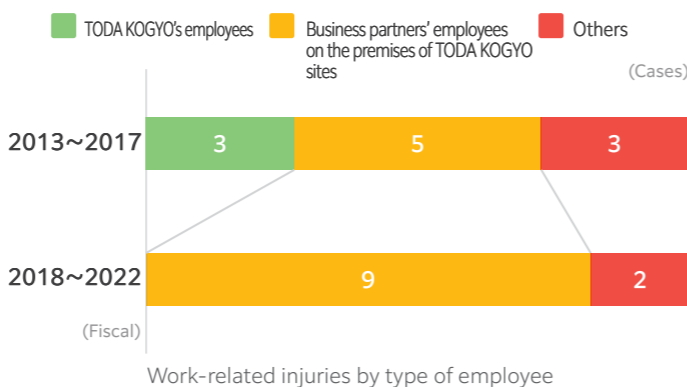
Fiscal 2023 marks the 200th year of our founding and the 90th year of our incorporation. Guided by the slogan, "Let's think together about how we can prevent injuries," we will carry out activities in accordance with the basics of safety and health during this landmark year.

FY2023 Policy	
● Do you do any unsafe behaviors?	→ Carefully follow the rules.
● Do you leave any unsafe states unaddressed?	→ Improve your hazard sensitivity.
● When you find a danger, do you check it with others?	→ Communication

▶ Providing education to business partners

In recent years, the number of work-related injuries experienced by our staff has been decreasing. However, the number of work-related injuries experienced by the employees of our business partners on the premises of our sites is increasing. Every year it becomes more important to provide safety and health education not only to our employees but also to the employees of our business partners. At our facilities, we do not distinguish between our employees and our business partners' employees when providing safety and health education and training.

In 2022 specifically, we provided group education regarding heat stroke prevention with a focus on communication at the Otake Plant. Workers are strongly advised to freely consult with and notify their superiors whenever they are experiencing any physical symptoms that are out of the ordinary. This helped prevent three heat stroke near misses from developing into serious illnesses.



Heat stroke training at the Otake Plant

▶ Care for foreign workers

Our foreign personnel working in Japan mostly understand the Japanese language. Even so, Japanese language signs are hard for them to understand. We are successively replacing them with pictograms compliant with the GB, ISO and JIS standards.

In addition, we are conducting activities to improve their understanding about safety. They include the creation of foreign translations of the Safety Guide, which workers are supposed to always carry with them, in collaboration with business partners.



Standard signs (pictograms)



Safety Guide (multilingual version)

▶ Mental Health Care

The Group carries out stress checks once a year to provide mental support to employees. The percentage of Group employees with high stress levels tends to be lower than average in the manufacturing industry and the nationwide average. A group analysis of workplaces within nine selected organizations found no workplaces with high health risks.

We will continue to maintain stress-free and comfortable workplaces in collaboration with our industrial physicians and medical helpdesks.

Stress check results for fiscal 2023

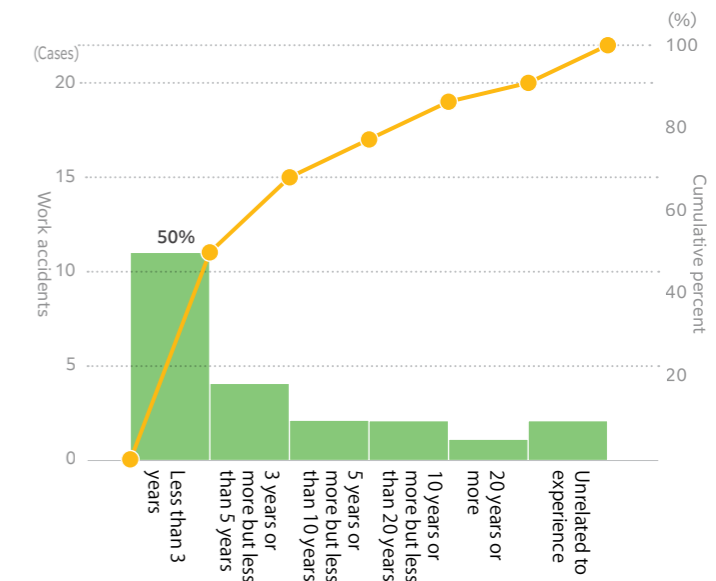
Stress level	High stress (cloud with lightning)	Medium stress (cloud with rain)	Low stress (cloud with sun)	Very low stress (sun)
TODA KOGYO	12%	13%	12%	63%
Average in the manufacturing industry	17%	16%	16%	51%
Nationwide average	16%	14%	17%	53%

▶ Safety education for young personnel

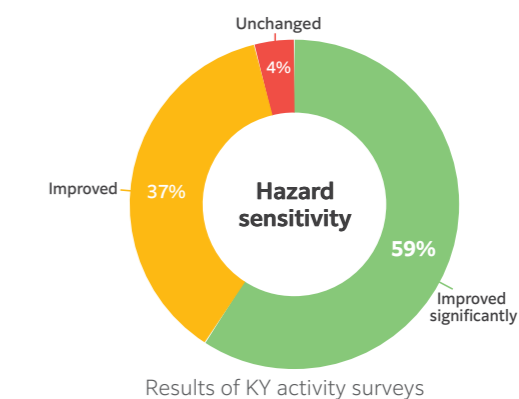
Half of the work-related injuries involved employees with less than three years of experience.

Since fiscal 2019, The Group has been providing safety education centered on risk assessment to young employees with three or fewer years of service.

In addition to this safety education program, we have introduced Kiken Yochi (or KY, meaning hazard prediction) activities in fiscal 2021. Each team of five members gathers once a month to carry out these activities at their workplaces. We conducted a total of five questionnaire surveys on these activities and learned that at least 90% of respondents said that their sensitivity to hazards was higher than before the activities.



Work-related injuries by length of experience (2013-2022)



Results of KY activity surveys

Feedback from participants (excerpts)

- Now I pay attention to any dangerous situations in my everyday work.
- Hazard prediction from the viewpoint of other workplaces enabled me to discover new things.
- Work-related injuries can happen to anyone. I feel that the subjects of the activities should not be limited to younger staff members.
- I found it good that hazard prevention could be done by the entire workplace after we, the members of the workplace, shared our findings in our separate groups, instead of keeping them limited to us.

Quality

Quality Assurance Activities

The TODA KOGYO Group endeavors to achieve zero quality defects in accordance with the policy below.

We see complaints from customers and internal quality incidents as opportunities for improvement. We discuss matters at Quality Assurance Committee meetings and conduct improvement activities.

To swiftly respond to customer requests, the Quality Assurance Committee centrally manages complaint information for the entire Group and supports the quality-related activities of individual facilities. The Quality Assurance Department implements the decisions of the Quality Assurance Committee. For more impartial decision-making, the department is independent from the sales, development and manufacturing functions of the Group.

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.

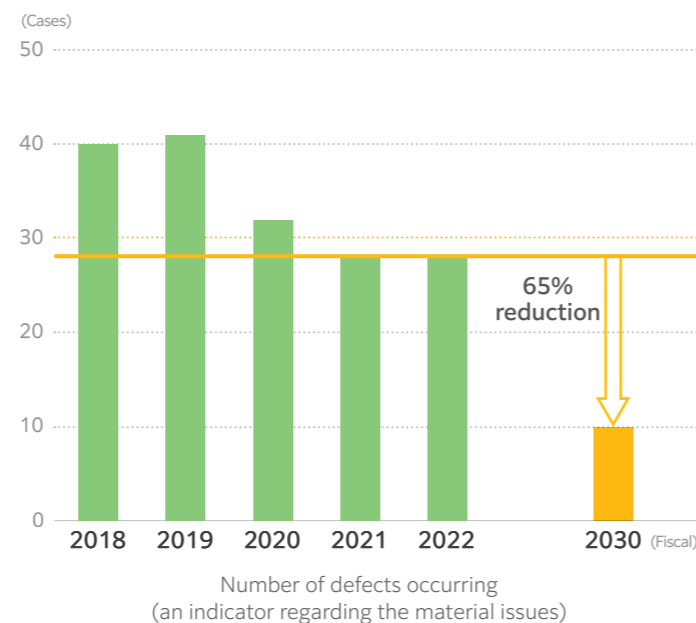
In pursuit of zero quality defects

The TODA KOGYO Group has defined stable supply as one of its material issues. To achieve the final goal of zero quality defects,* we set the medium-term goal of limiting the number of defects to ten by fiscal 2030.

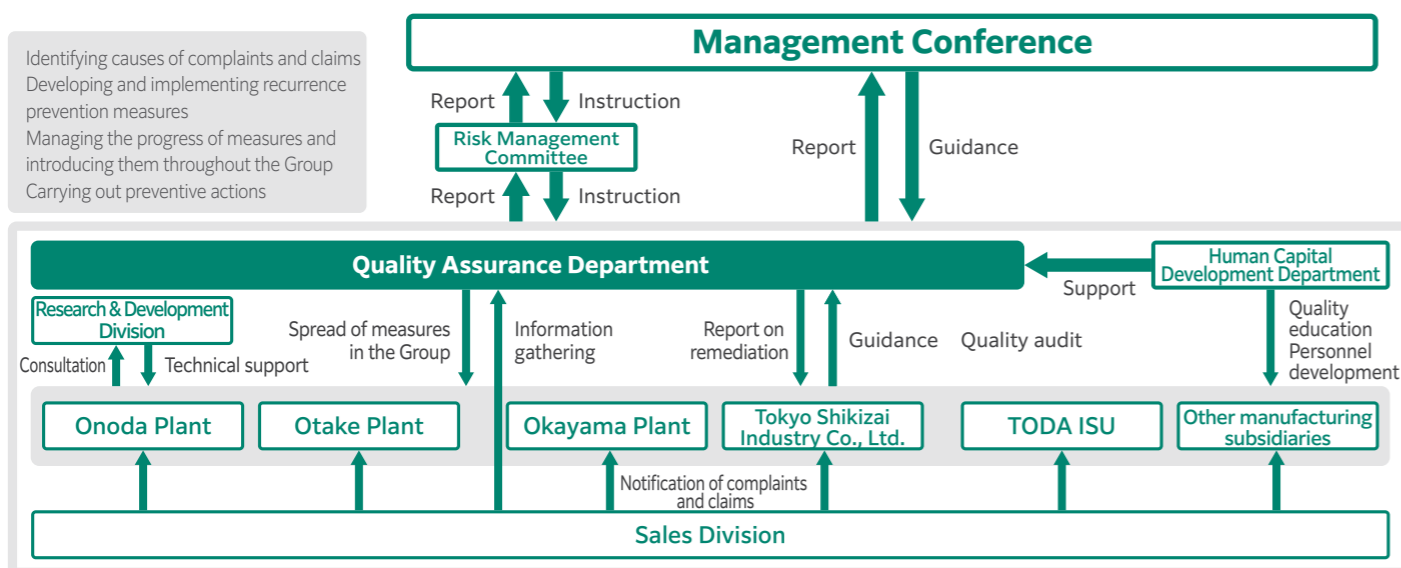
To achieve this we carried out efforts to strengthen operations in fiscal 2022, including the strengthening of source management, improvements based on past experience and the use of a risk analysis tool.

In the future, we will strive to improve root cause analysis and implement facility-related measures.

* Complaints and out-of-control processes



TODA KOGYO Group Quality assurance system diagram



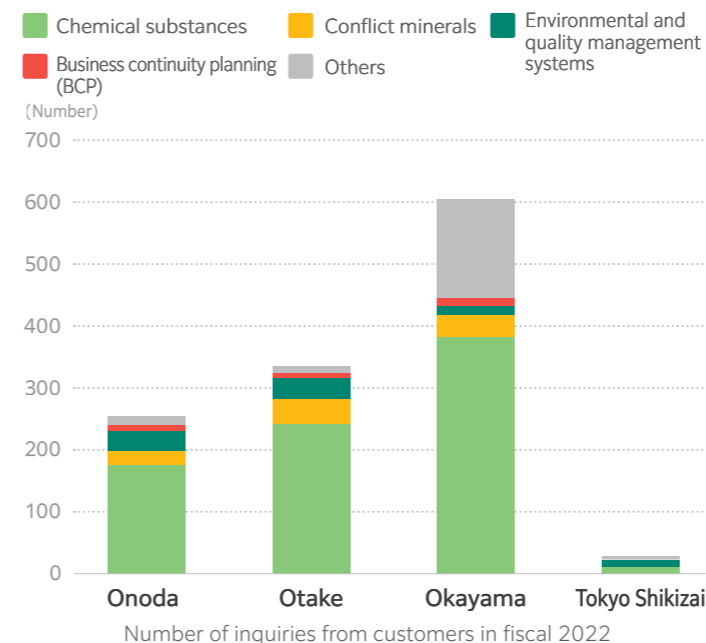
Safety of Customers

The TODA KOGYO Group provides environmental and safety information to ensure that customers can use its products with peace of mind.

All the safety data sheets that we submit to customers conform to JIS Z 7253:2019. The Group implements environmental impact assessments in the development stage and carefully works to make designs that are free of hazardous substances and prevent hazardous substance contamination. In the manufacturing stage, we manage the impurities in raw materials and products.

Many of the inquiries from customers are about whether or not products contain hazardous substances and the amount of hazardous substances in products. We always try to respond swiftly and carefully to questions regarding hazardous materials, conflict minerals, management systems and our business continuity plan (BCP). We will resolve issues found through communication with customers in cooperation with relevant organizations.

Development stage	Environmental impact assessment
	Hazardous substance-free design Verification of the scope of the impurities contained Assessment of risks at the time of use by customers
Manufacturing stage	Chemicals safety management
	Prevention of contamination with non-designed substances Response to changes in laws and customers' requirements Verification of impact of expansion of product applications



The Otake Plant has obtained IATF 16949:2016 standard certification of its quality management systems.

The goal of this certification obtained chiefly by companies involved in the automobile industry is to achieve zero defects.

We started workshops in the winter of 2019, and we launched a project to become certified in spring 2020. We then obtained the certification in March 2023. The process from preparation to acquisition took us three years.

A good point is that we worked in a cross-organizational manner. Members from different organizations worked together and communicated to coordinate their duties. They worked as one and made steps towards the big goal of becoming certified.

Understanding the requirements of the standard accurately and implementing them in the system was difficult. IATF 16949 differs slightly from ISO 9001, which is another quality management system standard. It took us a long time to change the culture and the mindset that had been cultivated over years of operating in the ISO system to the customer-oriented mindset that is required by the IATF standard, and to ensure that the staff of the related organizations understood the new mindset and system before starting implementation.

The acquisition of the certification is an achievement that will increase business opportunities, but the process towards acquisition was valuable. Members with different specialized skills gathered and worked as one. This more effectively and broadly communicated the significance of the IATF standard. Based on the acquisition of this certification, we will make group-wide efforts to continuously improve the quality management system and carry out quality improvement activities to seek quality that results in customer satisfaction.

Ikuko Honda,
Quality Assurance Group,
Otake Plant, Production Division

The Environment

Resource Recycling

The TODA KOGYO Group has long been using byproducts and waste generated by other industries as raw materials.

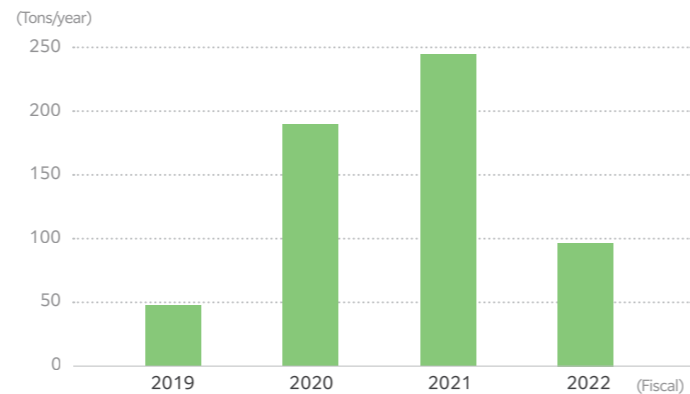
The Onoda Plant produces iron oxide, which will be processed into pigments and toner materials, chiefly from iron sulfate crystals that are a byproduct of the titanium and steel industries and from iron sulfate solution which is produced by dissolving steel scrap. The Otake Plant produces ferrite mainly from iron oxide powders that are a byproduct of the steel industry.

Offices and Plants	Sources	Raw materials	TODA KOGYO product	Applications
Onoda Plant	Titanium and steel industries	Iron sulfate crystals	Iron oxide	Toners Coloring materials Catalysts
	Metal processing industry	Steel scrap (iron sulfate solution)		
Otake Plant	Steel industry	Iron oxide powder	Ferrite	Magnets and electronic components

The Onoda Plant produces barium titanate as a material for electronic components. The process of manufacturing it generates effluent that contains barium. In the past, it was simply put into the wastewater treatment process. In 2019, we started making effective use of it. Effluent containing barium is collected and transported by tanker truck to the Otake Plant, which uses it as an auxiliary material. By effectively using it in this way, we reduced the effluent disposal volume 245 tons in fiscal 2021.



Facility for loading barium-containing effluent (at the Onoda Plant)



Reuse of barium-containing effluent (at the Onoda and Otake Plants)

The Group has determined that process innovation is a material issue. As a means to address this issue, we are considering the introduction of a circular economy measure, specifically the commercialization of the recycling of battery materials. The importance of resource recycling will continue to increase. We will independently establish a system for it and cooperate in the implementation of measures by national or local governments.



Iron sulfate crystals (at the Onoda Plant)



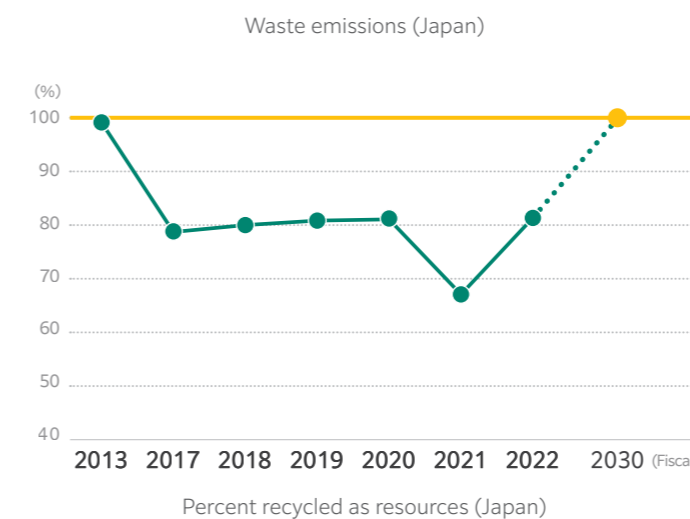
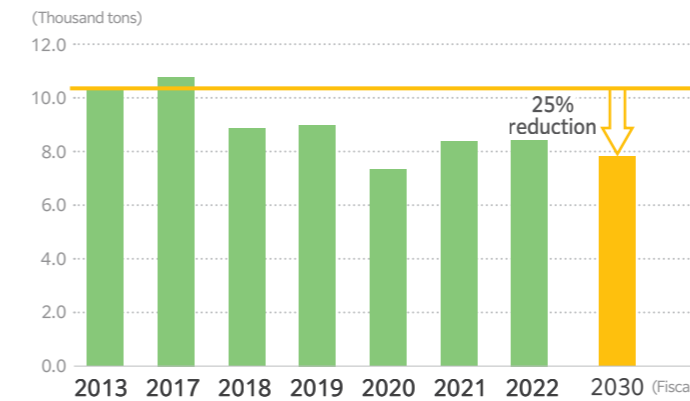
Steel scrap (at the Onoda Plant)

Management of Industrial Waste

The Group defines climate change as a material issue. As an initiative to address this issue, we are working on measures to divert and effectively utilize resources. Regarding industrial waste, we have revised our Environmental Vision 2033 and set audacious targets for fiscal 2030. Industrial waste emissions are decreasing. However, the recycling rate is stagnant. We will take the actions below in the future with a view towards meeting the targets:

FY2030 Targets

- Reduce industrial waste by at least 25% (from the fiscal 2013 level)
- Achieve a 100% recycling rate



- 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)



Sorting of waste and recycling waste plastics into resources (at the Okayama Plant)

Water Management (Effective Use of Water Resources)

In addition to risks arising from global warming, water shortages and pollution arising from extreme weather and environmental changes are emerging as social issues. The Group has newly developed a perspective on the conservation of water resources.

Conservation of Water Resources

The TODA KOGYO Group consumes a large amount of water resources in its manufacturing processes. For example, water is used for cooling and the cleaning of products and used as solvents for wet synthesis. After use, all of the water is decontaminated in a wastewater treatment process and then discharged into rivers and the sea.

To provide high-purity, high-performance products, it is necessary to secure sufficient water sources with appropriate quality. To continue our business operations, it is necessary that we manage wastewater quality based on stringent standards.

The Group will address the following to ensure the proper use of water resources.

Reducing water usage

- Adjustment of water intake according to production status
- Acceleration of the cascade utilization of water

Strict wastewater management

- Rigid observance of wastewater standards
- Strict maintenance of equipment in wastewater treatment facilities

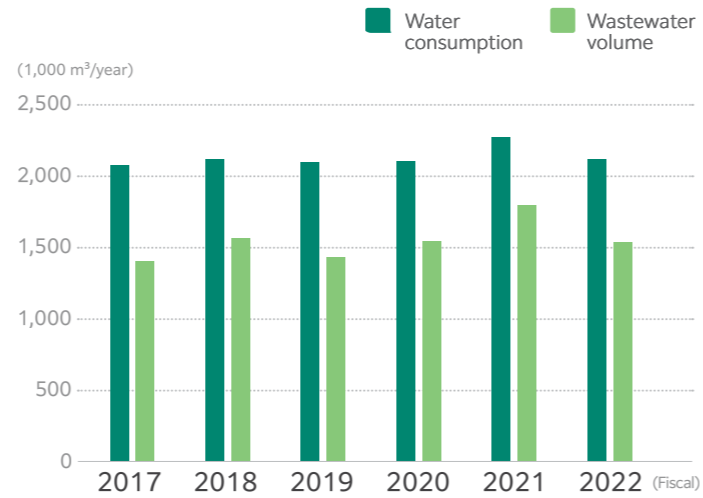
Target

Water consumption per unit of production equal to or lower than the previous fiscal year
Wastewater volume per unit of production equal to or lower than the previous fiscal year

Individual plants are working to reduce the Group's consumption of water resources by setting individual goals regarding river water, industrial water and clean water.

FY2023 Targets

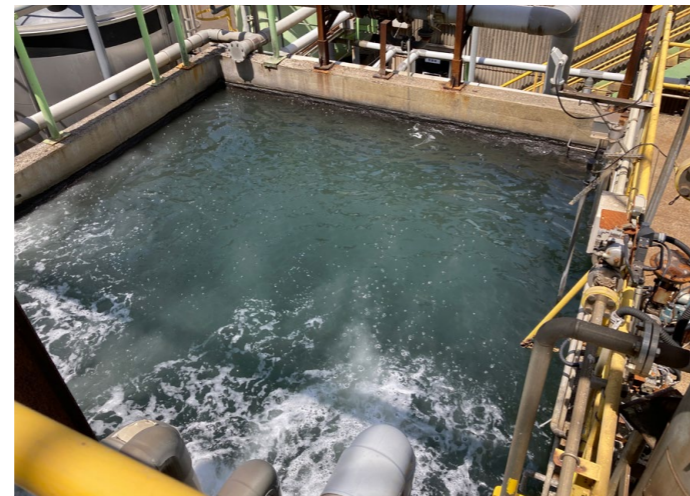
Plants	Water use per unit of production	Wastewater volume per unit of production
Otake Plant	20.5 m ³ /t or less	13.7 m ³ /t or less
Onoda Plant	43.8 m ³ /t or less	51.1 m ³ /t or less



Water consumption and wastewater volume (Japan)

Wastewater generated by individual plants is properly treated at wastewater treatment facilities before it is discharged into the sea and public sewage systems. In recent years, water consumption and the wastewater volume has remained unchanged. In view of this, we will take the following actions.

- Adjustment of water intake according to production status
- Reuse of water to reduce the consumption of new water
- Introduction of a reduced water consumption production process



Wastewater treatment facility (at the Onoda Plant)

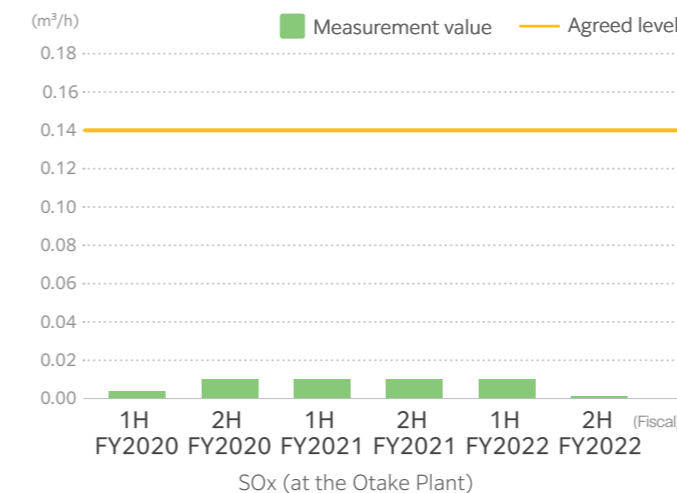
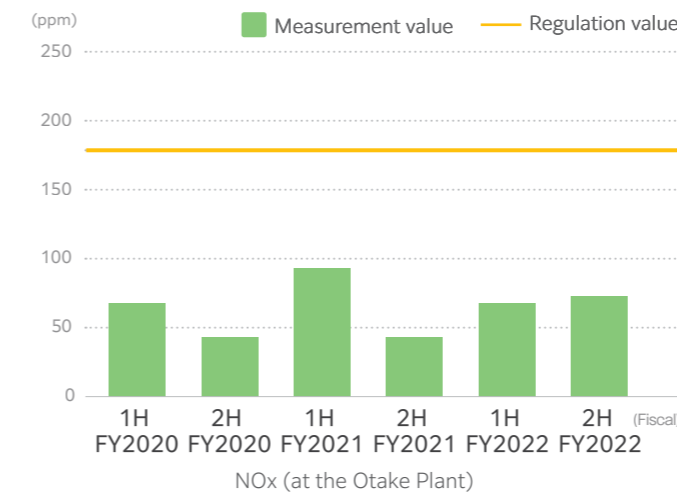
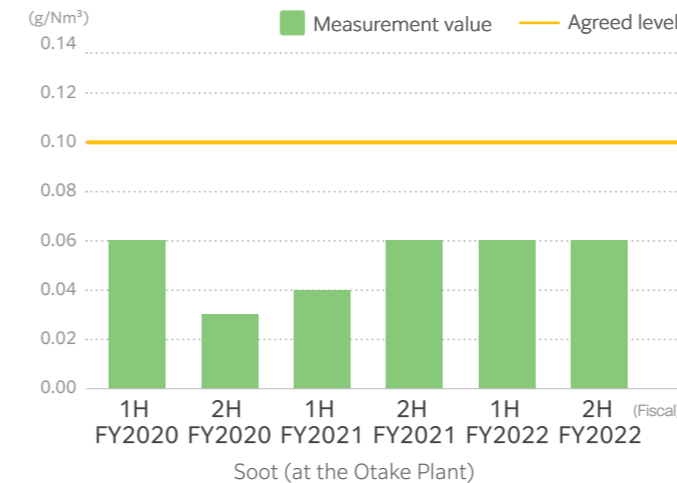


Wastewater treatment filter press (at the Onoda Plant)

Air Pollution and Foul Odor

The Group's Otake Plant and Onoda Plant are so large in terms of production volume and they consume such a huge amount of fuel that they are subject to regulations under the Air Pollution Control Act and pollution control agreements with local governments. In addition observing the requirements set by applicable laws, regulations and agreements, we will fully implement daily equipment management and regularly measure exhaust gases to prevent air pollution.

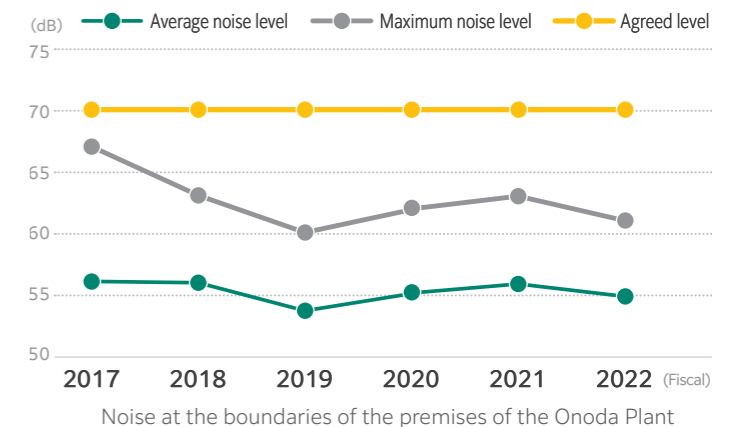
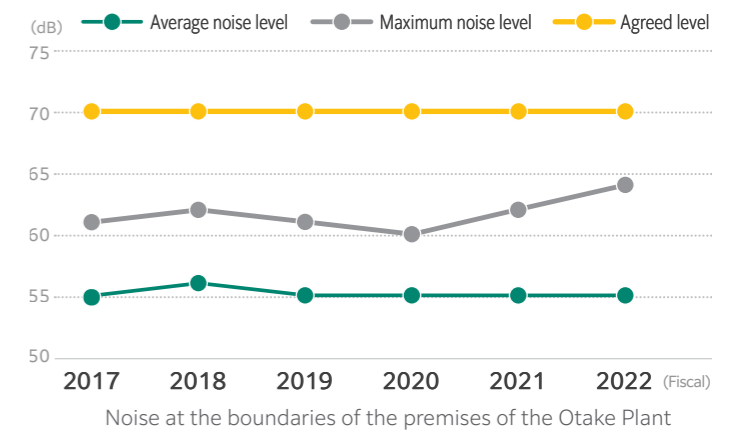
We will also take actions to address foul odors. We properly maintain facilities that may generate odors for reasons including the use of chemicals as raw materials and the combustion of fuels to prevent any problems that may occur. The Onoda Plant regularly enables the local government to measure odors, and they have confirmed that the plant has not breached regulations.



Heat treatment furnace exhaust gas treatment system (at the Otake Plant)

Noise

The Group is striving to minimize the impact of noise from its plants on their surroundings in order to maintain 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 regularly measure noise levels at the boundaries of the premises to check that regulations are observed.



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 construct a responsible global supply chain by increasing its sustainability. We have formulated the Procurement Code of Conduct set out below in accordance with our Compliance Code of Conduct and internal rules.

Procurement Code of Conduct

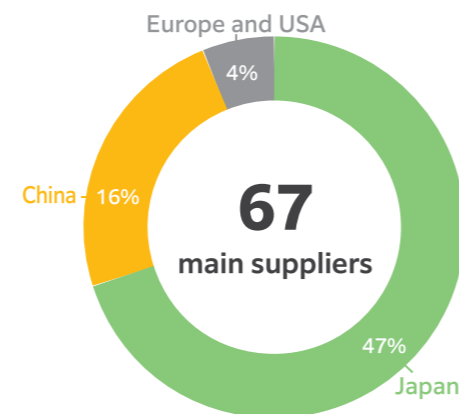
- Statutory compliance:** We will comply with laws and ordinances in all activities relating to procurement and ensure the fairness of transactions.
- CSR:** We will be aware of our responsibilities as a better corporate citizen, and will proactively conduct CSR activities. We will work with suppliers who share our aspiration to serve society.
- Green procurement:** We will pay attention in our procurement activities to the protection of resources and the conservation of the environment.
- 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.
- Selection of suppliers:** We will comprehensively evaluate suppliers in terms of quality, pricing, delivery time, efforts to reduce costs, potential to provide new materials and technologies and other factors and select suppliers based on economic rationality.
- Soundness:** We will always seek sound purchase transactions and eschew speculative transactions.
- Information management:** We will strictly control the materials and information provided to us in connection with purchase transactions.
- Respect for human rights:** We will fulfill our duty to respect human rights in procurement transactions.
- Efficient use of resources:** We will appropriately manage energy, water, raw materials and other resources and ensure the efficiency of transactions in line with the consumption plan.

CSR Procurement

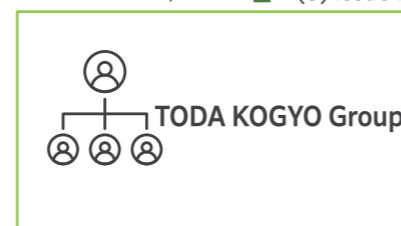
To conduct sustainable procurement in collaboration with the supply chain, we ask our suppliers to respond to our surveys on the purchase process. We ask our major suppliers to answer survey items on the CSR Self-Check Sheet (prepared in Japanese, English and Chinese). We then issue feedback sheets to them. We repeat this every year to run a PDCA cycle in the hope that they will constantly improve CSR efforts. We have set a goal of 85% fulfillment of requirements as a material issue in procurement.

Criteria for main suppliers

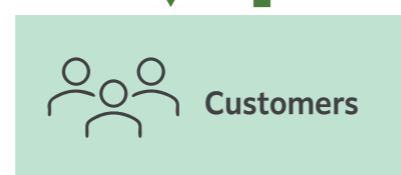
- A large purchase amount
- Supplying raw materials or components that are difficult to replace
- Supplying important materials or components



- (1) Distribute the CSR Self-Check Sheet
- (2) Reply to the CSR Self-Check Sheet
- (3) Issue feedback sheets



- Action report
- Investigation



For the responsible sourcing of minerals

In recent years, minerals mined in conflict and high-risk regions have been used by armed forces and anti-government forces as sources of funding. This is recognized globally as a serious problem.

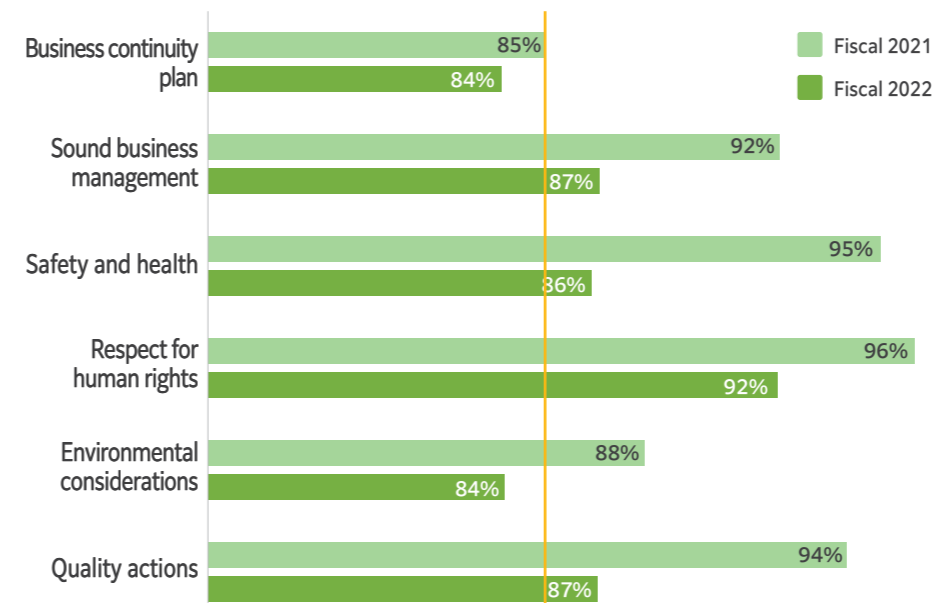
In 2010, the United States passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. It requires companies listed on stock markets in the United States to disclose information about their use of gold, tantalum, tin and tungsten produced in the Democratic Republic of the Congo (DRC) and neighboring countries, which are considered to be conflict areas. In 2021, the European Union's own conflict mineral regulations came into force.

In light of the spread of the movement toward urging companies to take action against conflict minerals, the TODA KOGYO Group asks its suppliers to ensure that their purchases of conflict minerals and extended minerals, such as cobalt and natural mica, are in accordance with the Responsible Minerals Assurance Process (RMAP).

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 • Work 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 audit 	<ul style="list-style-type: none"> • Emergency structure • Assumption of recovery • Education • Alternative strategies

CSR Self-Check Sheet Results



Target of 85% or more (an indicator connected to TODA KOGYO's material issues)

	Fiscal 2021	Fiscal 2022
Number of issues	66	78
Number of responses	65	71
Response rate	98%	91%

Message to suppliers

[Request for reducing quality unevenness]

Specific manufacturing sites of TODA KOGYO have acquired 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.

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.

[Request for water resources management]

Utilization of water as limited resources is changing amid global warming, economic development and population growth in developing countries. The water crisis is one of the risks that have global impacts. Water resources are indispensable to manufacturing activities in the TODA KOGYO Group. They are susceptible to the exhaustion of water resources and to flooding. It is vital to properly understand and control water risks.

We therefore ask our suppliers to carry out wastewater management and to make efficient use of water.

The TODA KOGYO Group will bolster sustainable utilization of water in collaboration with local communities and stakeholders.

Human Capital Management

Personnel Development

Personnel Vision
— At the heart of the TODA KOGYO Group's personnel measures —

We will improve our organizational strength, develop our business and serve society through the development of personnel.

2023 marks the 200th anniversary of our founding and the 90th anniversary of our incorporation. On this occasion, we will renew our awareness of the spirit of technology. We have preserved this spirit down from generation to generation since the founding of TODA KOGYO. With a more solid management structure, we are committed to creating a culture that enables our personnel to dream and hope and continue working vigorously towards a bright future. Our vision is that we will be a significant, indispensable company when we celebrate the 300th anniversary of TODA KOGYO's foundation. We are a company where personnel are able to grow and build trust-based relationships with each other that are full of gratitude and earn the deep trust of customers.

Human Capital Development Policy

— Founded on the basis of the spirit of technology, we are currently using technologies that have been cultivated over 200 years. —

The TODA KOGYO Group values the originality and diversity of its employees. It will continue working towards a bright future aiming to be a company that serves society with strengths in highly advanced development.

To help employees develop their unlimited skills, we as a company will improve the working environment and support them in their learning to increase their expertise.

In so doing, we aim to ensure that employees will lead happy lives full while securing proper revenue as a business entity so that we can return it to society and investors.

At the time of the 200th anniversary of our founding and the 90th anniversary of our incorporation, we formulated our Purpose, which reads, "We transform the potential of the particles into new possibilities for our world." This was the organization's reconfirmation of this goal.

"Particles" was stated because of the fine particle synthesis technology that the Group has nurtured since its founding. As is suggested by the Statement and the Slogan, by (fine) particles we also mean employees (personnel).

Human Resource Strategy

The Group is working every day to operate a cycle that combines the wisdom of many different employees, invents and manufactures products, provides services and achieves customer satisfaction. A key to the success of this cycle lies in the growth of employees and their ability to display their potential. Our personnel affairs organizations will improve the workplace environment that enables employees to grow and fully display their capabilities and support the process of constantly developing the business and serving society, a virtuous circle of growth and development.

Governance	<ul style="list-style-type: none"> Starting from the President and CEO, the Group formulates and implements personnel strategies to ensure the management strategy is connected to decisions that are optimal for the whole Group. TODA KOGYO will introduce a talent management system and a health and productivity management system and have personnel affairs organizations interview every employee and conduct personal/management aptitude testing to better understand the needs and conditions of employees and organizations and consider them in the design of different measures. 	
	Personnel recruitment strategy	Improve the quality and quantity of internship programs, visits to universities and company orientation meetings, actively employ diverse personnel, increase employee referrals and the reemployment of ex-employees, enhance the onboarding of new employees and other activities
	Development strategy	Provide rank-specific training to all employees, develop selected personnel as executive candidates (develop a personnel pool), develop specialized personnel and other activities
	Staffing strategy	Carry out staff surveys, rotate personnel from the perspective of development, assign employees in consideration of their abilities and other activities
	Engagement strategy	Reform workstyles (working from home and childcare leave for male employees), conduct diversity management, provide anti-harassment training, improve personnel programs and other activities
Strategies	Health improvement	Introduce a health and productivity management system, construct a company-wide cross-organizational mental health care structure and other activities
	Issues	<ul style="list-style-type: none"> Increasing demand for various types of personnel that enhance corporate value (prospective successors to people in important positions, staffing for new growth businesses, the replenishment of necessary personnel in production, engineering, sales and administration (stable operation of the supply chain) and specialized personnel in DX, finance, legal affairs, marketing and other areas) Imbalance of personnel composition in terms of gender, age, position and other attributes

Training Program

Grade	Category	For specific grades	For selected personnel	Global	Focused on specific issues				Self-development																		
Officers	Executive Officers	Management workshop and training for directors	Dispatch to outside bodies (universities, graduate schools, research institutions and suchlike)	Training for personnel assigned overseas	Language training	Career development training	Training for recruitment interviews	Training for women at management positions	Management Principle	Mental health care (superiors' care and self-care)	Second life training	Training for appraisers	Quality control training	Language training	Correspondence education course												
Corporate Officers																											
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																									



We received advice on human capital management from Sanno University from January to March 2023.

Yukari Ando, Sanno University

Let me review the definition of human capital management. According to the Ministry of Economy, Trade and Industry, it is management that considers human resources as capital and maximizes their value, leading to the improvement of corporate value in the medium to long term. I see that TODA KOGYO has long sought management that believes in the potential of humans and that its employees have sought the companywide unity of its manufacturing, engineering, sales and administrative departments to seriously and enthusiastically respond to expectations. One proof of this is the Purpose announced in January 2023, which reads, "We transform the potential of fine particles into new possibilities for our world." Employees took part in its formulation. I strongly hope that the management team will accelerate TODA KOGYO's style of human capital management for increasing corporate value to meet the expectations of shareholders and the market by transforming the potential of fine particles mentioned in the Purpose and the potential of its personnel into a tangible form. I hope that employees will understand that the improvement of corporate value through human capital management leads to the improvement of their own value. Some of them may doubt that their own value will be improved. Executives will surely act as examples.

From the perspective of a financial planner, I support the monetary education of people from different generations in the training of new employees, life planning training for people just before retirement and monetary training for the working generation. From around the 1950s to the 1980s, people in Japan did nothing but save to accumulate assets, received large retirement benefits and enjoyed an easy post-retirement life solely on their pensions. This life plan is now collapsing.

Under the slogan of the era of the 100 years lifespan, the Japanese government encourages people to build and manage their assets. In reality, people's awareness is still poor. I hope that this training will enable trainees to learn to manage and control money matters on their own without being dependent on others. As a lecturer, I am happy if the lecture helps improve someone's ability to manage their life independently, including asset management.

I provide financial planning training to people of different generations.



Takayoshi Ohara, AIX CONSULTING Co., Ltd.

Human Rights

▶ Human rights policy

The TODA KOGYO Group formulated its Human Rights Policy in April 2023 to state its commitment to respecting human rights. We have since been carrying out actions accordingly.

TODA KOGYO Group Human Rights Policy

The TODA KOGYO Group has set its Purpose as "We transform the potential of fine particles into new possibilities for our world." In our Management Principle, we are committed to "work on a foundation built on sincerity and trust and 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." Under our Purpose and our Management Principle, we are determined to "be a company that is constantly trusted by our stakeholders" in our Management Policy, as well as to act with a strong sense of ethics as corporate citizens who are faithful and fair and to work for harmony and symbiosis with the local community and with the global environment in our Code of Conduct.

The TODA KOGYO Group recognizes the importance of respecting the human rights of every individual affected by our business activities to achieve these commitments to society. In order to fulfill our responsibility to respect human rights, we hereby establish the TODA KOGYO Group Human Rights Policy ("the Policy") based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council.

1. Position of the Policy and Scope of Application

The Policy expresses the TODA KOGYO Group's commitment to respect human rights and is reflected in its regulations and procedures. The Policy also represents our commitment to respect human rights based on our Purpose, Management Principle, Management Policy, Code of Conduct, and other related internal policies and rules.

The Policy applies to all directors, officers, and employees of the TODA KOGYO Group (including contract workers and part-time workers). We also expect all our business partners and other parties linked to our business, products, and services to support and comply with the Policy.

2. Basic Stance on Respect for Human Rights

The TODA KOGYO Group always respects fundamental human rights. We support and respect the United Nations International Bill of Human Rights*1 and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*2.

We pay particular attention to the following human rights issues: eliminating any form of discrimination on the grounds of race, color, age, gender, sexual orientation, ethnicity or national origin, disability, disease, pregnancy, religion and creed, political affiliation, social status, or other differences; prohibiting any inhumane treatment including harassment; protecting privacy of individuals; prohibiting child labor and forced labor (including human trafficking); ensuring proper working conditions including working hours, payment of wages, and benefits in compliance with laws and regulations; respecting the fundamental rights of workers including freedom of association, the right to organize and the right to collective bargaining; ensuring occupational safety and health, and other human rights issues.

If there is any conflict between internationally recognized human rights standards and the laws and regulations of a country or region where the TODA KOGYO Group operates, we will pursue ways to respect international human rights standards while complying with the respective laws and regulations.

*1 This consists of the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and International Covenant on Economic, Social, and Cultural Rights.

*2 This stipulates fundamental rights at work and includes respect for the ILO's Core Labour Standards: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment.

3. Responsibility to Respect Human Rights

The TODA KOGYO Group recognizes that it may be unintentionally involved in adverse impacts on human rights either directly through its business activities, or indirectly as a result of its business relationships with external parties. We endeavor to avoid causing or contributing to adverse impacts on human rights through its business activities and will take action to correct any

adverse impacts that may occur. We do not intend for our business activities or the products and services it provides to be used in a manner that may have adverse impacts on human rights. In the case where it is suspected that our business activities, products, or services are linked to adverse impacts through our business relationships, we will take appropriate measures together with our business partners and other related parties.

4. Approach to Human Rights Issues

The TODA KOGYO Group will actively work on the following items based on the United Nations Guiding Principles on Business and Human Rights:

- (1) Responsible Personnel
President and Representative Director of the TODA KOGYO CORP. takes responsibility for practicing the Policy and will supervise the status of progress.
- (2) Education and Training
We will provide education and training to our directors, officers, and employees to ensure that the Policy is reflected on our entire business activities and practiced effectively.
- (3) Human Rights Due Diligence
We will conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights. We will identify adverse human rights impacts in which we may be involved and strive to prevent and mitigate such impacts.
- (4) Remedy
When we recognize that our business activities have caused or contributed to any adverse human rights impacts, we will take steps to remedy such impacts through dialogue and cooperation with stakeholders and appropriate procedures in accordance with the United Nations Guiding Principles on Business and Human Rights and other international standards. If it becomes clear that our business activities, products and services are linked to adverse human rights impacts through business relationships, we seek to ensure that remedies are provided.
- (5) Dialogue and Consultation
In the process of practicing the Policy, we will apply both internal and independent external expertise on human rights as well as will engage in dialogue and consultation with our stakeholders.
- (6) Information Disclosure
We will disclose the progress and results of our efforts for respecting human rights on our website and through other media.

The Policy was prepared with expert advice from within and outside the TODA KOGYO Group, approved by the Board of Directors, and signed by the President and Representative Director.

Date of Establishment: April 21, 2023
TODA KOGYO CORP.
President and CEO

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▶ Future Schedule

FY2023 Schedule

Category	Items	7	8	9	10	11	12	1	2	3
Human rights due diligence (DD)	(1) Collect and organize information about the TODA KOGYO Group's offices and plants	→								
	(2) Provisionally determine the scope of the implementation based on an analysis of outside information and examine risks		→							
	(3) Identify the scope of implementation of due diligence and identify risks based on internal information				→					
	(4) Analysis of risks						→			
	(5) Information disclosure								→	
Remedy	Check the current state of the complaint handling mechanism and develop an action policy									→
Education and Awareness-Raising	Organize a workshop on human rights for group companies and others		→							

FY2024 Schedule

Category	Items	Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Human rights due diligence (DD)	(1) Risk assessment (impact assessment)	→			
	(2) Implementation of measures		→		
	(3) Evaluation of effectiveness			→	
	(4) Information disclosure				→
Stakeholder engagement	Dialogue with outside experts				→
Remedy	Creating grievance mechanisms				→

▶ Actions for respecting human rights

◆ Living wage

The TODA KOGYO Group carries out labor management in compliance with labor laws and regulations in the countries in which it operates. Our basic policy is to not only observe the minimum wage regulations in the countries but also pay more than the minimum wage.

◆ Foreign workers

When hiring foreign workers locally, we will create labor contracts in their native languages or other languages that they understand. Before foreign workers leave their home countries, we will provide employment contracts.

◆ Respect for the rights of labor unions

- (1) The TODA KOGYO Group will respect the freedom of workers to join labor unions and the right of labor unions to bargain collectively and will not disturb them in accordance with the laws and regulations in the countries and regions where it conducts business activities.
- (2) The TODA KOGYO Group will respect the operations of labor unions, carry out open collective bargaining based on mutual trust and collaboratively endeavor to settle disputes in consideration of local labor practices.
- (3) The TODA KOGYO Group will not engage in discrimination, retaliation, harassment or any other disadvantageous treatment of any employee regarding labor conditions due to their exercise of their rights through a labor union.

Diversity, Equity and Inclusion

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.

▶ Action plan for supporting next generation child-rearing (five-year period from April 1, 2021 to March 31, 2026.)

Target	Actions for meeting the target	Results on fiscal 2022
1 Improve awareness of childcare in workplaces and achieve the target specified below concerning the use of childcare leave during the period of the plan 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 Regularly provide information about the different programs related to childbirth and childcare to employees via the Intranet and other means Create internal documents about childbirth and childcare and distribute them to both men and women employees 	The percentage of eligible women taking childcare leave and the percentage of women returning to work after childcare leave both remained at 100%. The percentage of childcare leave used by eligible men was 91.7%. The percentage of men returning to work after leave (including men returning from leave for childcare purposes) was 100%.
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)	<ul style="list-style-type: none"> Institutionalize working from home and teleworking and create an environment where they can be smoothly implemented 	Consideration of institutionalization
3 Provide children with fun experience about science and chemistry	<ul style="list-style-type: none"> Participate in events for elementary schoolchildren and junior high and senior high students to increase their understanding of science and chemistry Cooperate in school education for elementary schoolchildren, such as visiting lessons 	<ul style="list-style-type: none"> Participated in three science and chemistry events Visiting instructors taught nine science lessons at seven schools

▶ Action plan for women's career participation and advancement (five-year period from April 1, 2021 to March 31, 2026)

◆ Recruitment of women

◎ Target

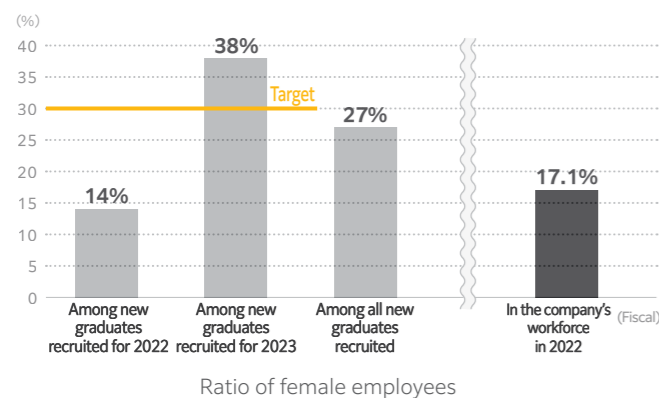
Aim to increase the ratio of women to new graduates recruited to 30% or more (total) during the period of the plan to address our problem about the low percentages of women in personnel, new recruits and management positions.

◎ Actions for meeting the target

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 the workplaces and necessary environments for women's career participation.
- Provide female employees with career education.

◎ Result



◆ Management of prescribed working hours

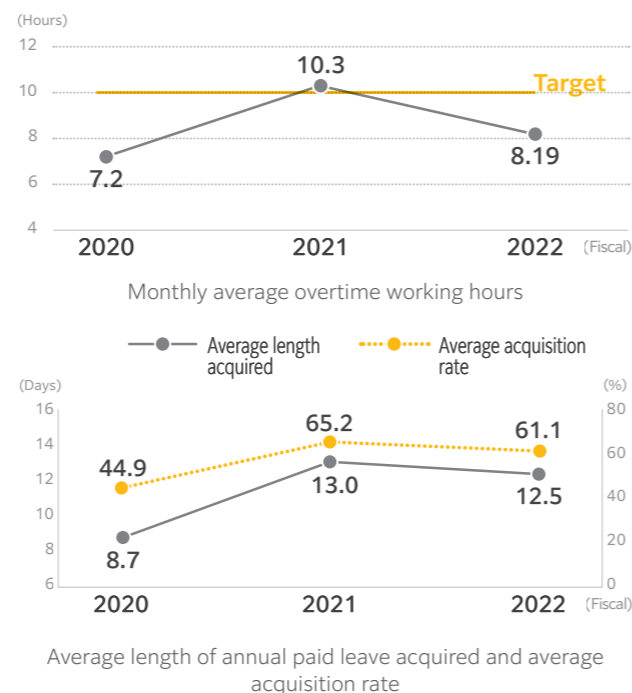
◎ Target

Keep the total number of overtime working hours of all personnel within a limit of 10 hours on monthly average.

◎ Actions for meeting the target

Implement a no-overtime day to raise awareness of overtime working.

◎ Result



▶ Materiality (Fiscal 2022 Results)

We have identified DE&I and personnel development as material issues related to our personnel strategy. Our metrics, targets and fiscal 2022 results are as follows.

◆ Workplace development that unlocks people's potential

	Fiscal 2030 Targets	Fiscal 2020	Fiscal 2021	Fiscal 2022
Ratio of female employees	25%	17%	15%	17%
Ratio of women in positions at the level of assistant managers	—	12%	13%	17%
Ratio of women at management positions	—	3%	3%	3%
Ratio of women among officers	10%	0%	0%	0%

	Male		Female	
	Fiscal 2030 Targets	Fiscal 2022 Results	Fiscal 2030 Targets	Fiscal 2022 Results
Number of employees entitled to childcare leave	—	12	—	3
Number of employees taking childcare leave	11	12	—	3
Ratio of employees taking childcare leave	95%	92%	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.

* The ratios of male employees include leave for childcare purposes (for the birth of a child).

◆ Development of a workplace environment enabling employees to display creativity / Human resource development supporting a company built upon technology

	Fiscal 2030 Targets	Fiscal 2022 Results	Remarks
Improvement of employee engagement	—	—	Start of measurements in 2023
Cost of training per employee	30,000 yen	19,800 yen	
Next-generation management candidate training	6 or more per year	—	Start of provision in 2023

I took one year of childcare leave starting in 2022 because I wanted to watch the growth of our baby, who changes every day, together with my wife. I had received an explanation of the childcare leave system and heard stories from people who had taken the leave. Therefore, I told my supervisor about my desire to take childcare leave at an early stage and gained the understanding of the people around me. I am in charge of installing and maintaining information systems, and my job involves many irregular tasks and frequent interactions with people outside the company. I developed a handover plan immediately after I decided to take childcare leave and I was able to go on leave without any problems.

Having actually taken leave, I felt that it is difficult to be responsible for an innocent life. I think that it was possible to reduce the psychological burden on both my wife and me by sharing both childcare and household tasks. I was worried about the burdens that my group members would bear while I was on leave, but I believe that they had a positive effect. For example, my childcare leave enabled them to review the division of duties and prevent dependence on individuals' skills.

Naoki Nishi, Information Technology Group, Corporate Planning Department



Intellectual Capital

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.

Current Initiatives Involving Intellectual Property

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 have set the target of increasing the annual number of patent applications to 50 by 2030 as one of our material issues (2022 results: 20 applications). We believe that, to maintain and expand our business, we need to develop technologies that enable us to solve users' issues, ahead of other companies, and secure intellectual property rights regarding the developed technologies. In addition, we are committed to fine particles (materials) and conscious of patent applications that can be filed only by companies that are upstream from the manufacturing of products. In particular, we are focusing our efforts on soft magnetic materials and environmental materials that we position as growth fields.

We work to engage in activities based on strategic initiatives instead of simply increasing the number of patent applications. Specifically, we are endeavoring to develop technologies and submit patent applications by constantly monitoring the trends in applications filed by other companies (users and competing manufacturers) and finding areas which are likely to be promising markets and where we can demonstrate our unique strengths. We are also conscious of market information in our monitoring of trends in development areas. We also try to clarify the intent and objective of the patent applications we are submitting for the technologies we have developed, with an awareness of the use of the rights as well as the number of applications. Generally, we assume that we acquire the rights associated with the results of our R&D and use them on our own to generate operating revenue. Depending on the business situation, however, we also license or assign patents to other companies to monetize them.

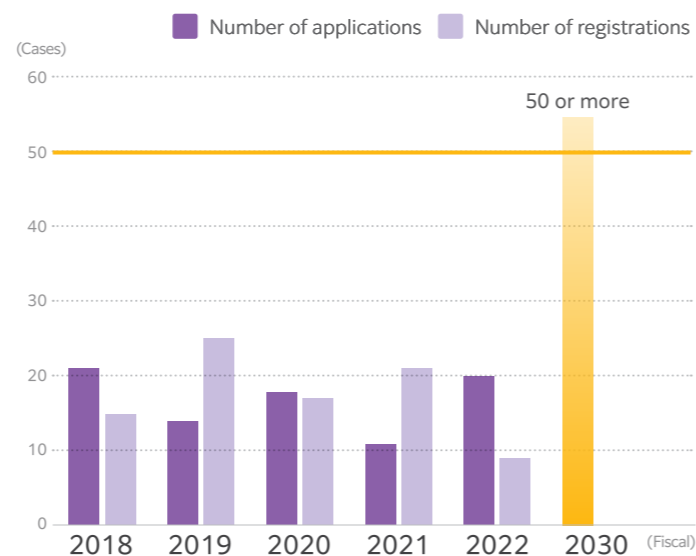
To support these activities, we are trying to create a map to visualize and share patent-related information. We start by creating a list and analyze the matter from a perspective suited to the purpose the map is being used for. We will continue creating the map in cooperation with not only the intellectual property team but also the development team.

At the same time, we train our development personnel to enable them to easily create patent specifications by removing as many barriers to the creation of patent applications as possible and to secure high quality intellectual property rights. We act daily with an awareness of cooperation with development personnel.

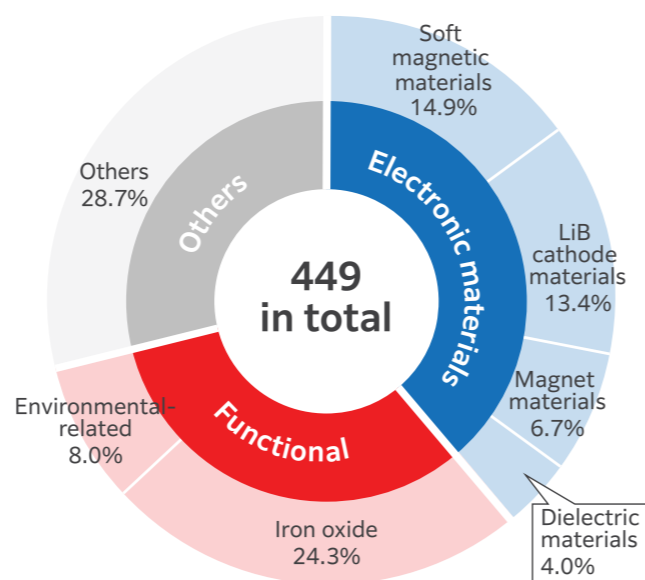
Because we also engage in open innovation, or development in collaboration with other companies, we try to

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. We will also jointly submit patent applications when we obtain the consent of the other parties involved in the development of the technology.

Statistical Information



Numbers of applications
(an indicator connected to TODA KOGYO's material issues)



Distribution of Japanese patents owned by business domain
(including patent applications under examination)

Compliance

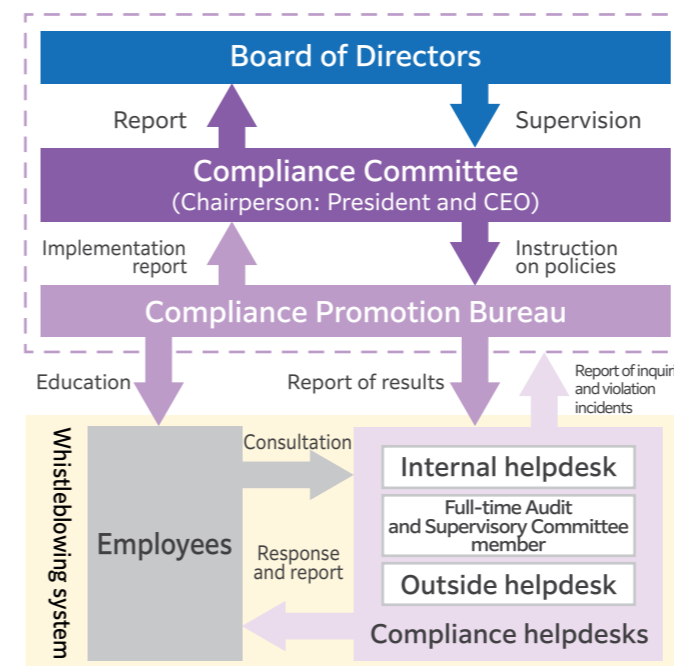
Basic Stance

The TODA KOGYO Group is working to maintain and improve 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. We have set "strengthening compliance" as a governance initiative. It is one of our material issues and we are implementing initiatives with the goal of achieving zero serious legal or regulatory violations.

Management System

To promote and manage compliance initiatives in a company-wide manner, we have established the Compliance Promotion Bureau under the Compliance Committee (Chairperson: President and CEO) and implement oversight and management.

The Board of Directors confirms the status of action through reports received from the Compliance Committee, and makes decisions and supervises the development of the necessary systems and schemes. The Compliance Promotion Bureau is overseen by the Executive Officer in charge of compliance and consists of members of the administrative team from the head office.



Operation management

The Compliance Promotion Bureau has mainly been handling non-compliance incidents. In fiscal 2022, we took the reinforcement of the governance structure of the company as a whole as an opportunity to improve the operations of the Compliance Promotion Bureau. We have created opportunities for regular consultations to enable the Compliance Promotion Bureau to engage in more effective, flexible activities. The activities of the Compliance Promotion Bureau are reported to management as necessary in our efforts to ensure effective supervision related to compliance operations.

When a non-compliant situation has occurred, it is reported

in accordance with organizational rules and the employee who discovered the issue is able to consult people regarding the matter using the whistleblowing system. The goal of the whistleblowing system is to prevent the violation of laws, regulations and ethics and prevent the concealment of the facts of any violations that do occur. We have set up both internal and external compliance helpdesks.

When an employee has consulted the internal helpdesk, the incident is reported to the Compliance Promotion Bureau, with the greatest possible consideration for the protection of the employee who contacted the helpdesk, and the Compliance Promotion Bureau investigates and handles the matter. Where an employee has consulted a full-time Audit and Supervisory Committee member or the external helpdesk, the incident is reported to the Board of Directors or the Compliance Committee, depending on the content of the incident, and investigated and handled by either the Board of Directors or the Compliance Committee.

Specific Initiatives

We believe that the ethics of each individual employee and the internal regulations that are behavioral standards are important for ensuring compliance.

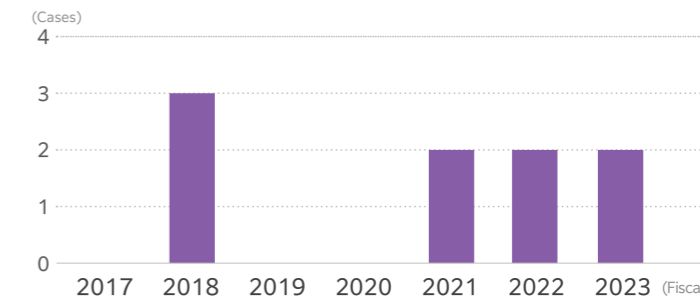
We regularly provide compliance training to all officers and employees to help develop their ethics. At the same time, we provide harassment training to increase their understanding of human rights.

Internal regulations that are behavioral standards for employees are established through prescribed procedures, and they are adjusted by the Regulation Review Committee at the head office to prevent the standards contradicting regulations. Regulations are established and revised with consideration given to ensuring they reflect necessary social rules. We make sure to inform the entire company of the contents of new or revised regulations.

Matters Reported to the Helpdesks

A woman was appointed to be a legal advisor at the external helpdesk in fiscal 2021, creating an environment that made it easier for employees to contact the helpdesks, and the helpdesks were contacted regarding a certain number of matters. Many of the matters regarding which helpdesks were contacted recently were about harassment.

We will continue to create comfortable, harassment-free systems and workplaces to enable officers and employees to participate actively in a healthy manner.



Number of matters regarding which the compliance helpdesks were contacted

Governance Data

Governance Data

Category	Items	Unit	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Officers	Number of Directors* ¹ (excluding Audit and Supervisory Committee Members who are Outside Directors)	persons	6	7	7	7	5
	Male		6	7	7	7	5
	Female		0	0	0	0	0
	Outside Directors* ¹ (excluding Audit and Supervisory Committee Members who are Outside Directors)		1	3	3	3	3
	Ratio of females		%	0	0	0	0
	Number of Corporate Auditors (including Audit and Supervisory Committee Members)* ²	persons	4	4	4	4	4
	Male		4	4	4	4	4
	Female		0	0	0	0	0
	Outside Corporate Auditors* ¹ (including Audit and Supervisory Committee Members who are Outside Directors)		3	3	3	3	3
	Ratio of females		%	0	0	0	0
Board of Directors	Number of Executive Officers* ²	persons	-	8	10	10	10
	Male		-	8	10	10	10
	Female		-	0	0	0	0
	Non-Japanese		-	0	1	1	1
	Ratio of females		%	-	0	0	0
Board of Directors	Number of meetings	meetings	19	18	18	18	17
	Outside Director attendance rate	%	80	96	100	100	100
	Outside Audit and Supervisory Committee Member* ¹ attendance rate (including Audit and Supervisory Committee Members who are Outside Directors)	%	96	96	100	100	100
Board of Corporate Auditors (including Audit and Supervisory Committee)	Number of meetings	meetings	8	8	10	8	8
	Outside Audit and Supervisory Committee Member* ¹ attendance rate (including Audit and Supervisory Committee Members who are Outside Directors)	%	100	100	96	100	96
Compensation for officers	Directors (excluding Audit and Supervisory Committee Members)* ¹ (Outside Directors)	million yen	133 (10)	120 (12)	110 (14)	105 (14)	114 (14)
	Directors (Audit and Supervisory Committee Members)* ¹ (Outside Directors)		-	-	-	-	17 (10)
	Corporate Auditors* ¹ (Outside Corporate Auditors)		18 (10)	18 (10)	18 (10)	18 (10)	4 (2)
Corporate ethics	Number of serious incidents related to TODA KOGYO's Compliance Code of Conduct	cases	0	0	0	0	0

*1: Following a resolution at the 89th Annual General Meeting of Shareholders on June 28, 2022, TODA KOGYO transitioned to being a company with an audit and supervisory committee.

*2: The executive officers system had yet to be introduced in fiscal 2018.

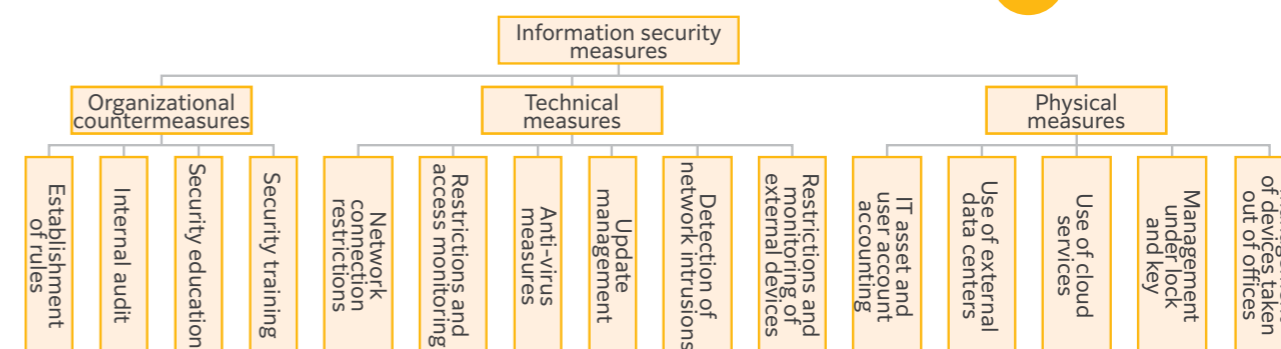
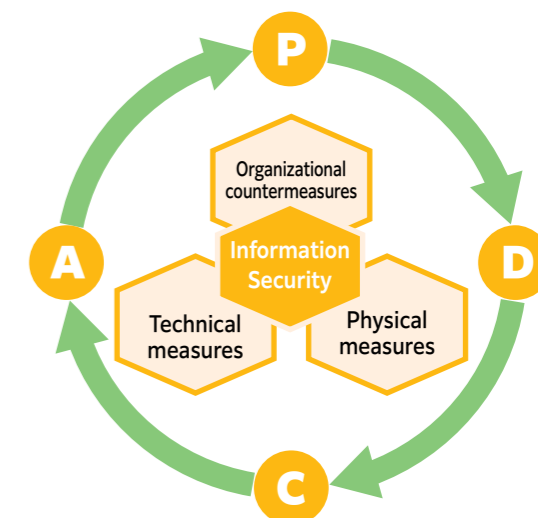
Information Security

Information Security Policy

The TODA KOGYO Group pushes forward with activities to manage information security by recognizing safe, reliable information management as a key management issue to properly and efficiently share and utilize all of its information assets related to its business activities.

Information Security Initiatives

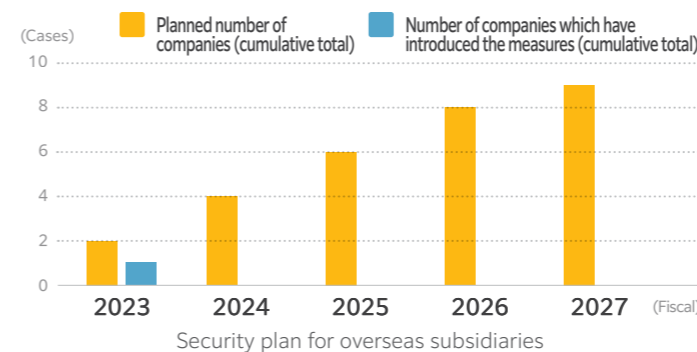
To appropriately address the threats that are growing more complicated and sophisticated every year, we endeavor to improve our information security by implementing the PDCA cycle to improve organizational, technical and physical countermeasures.



Material Issues

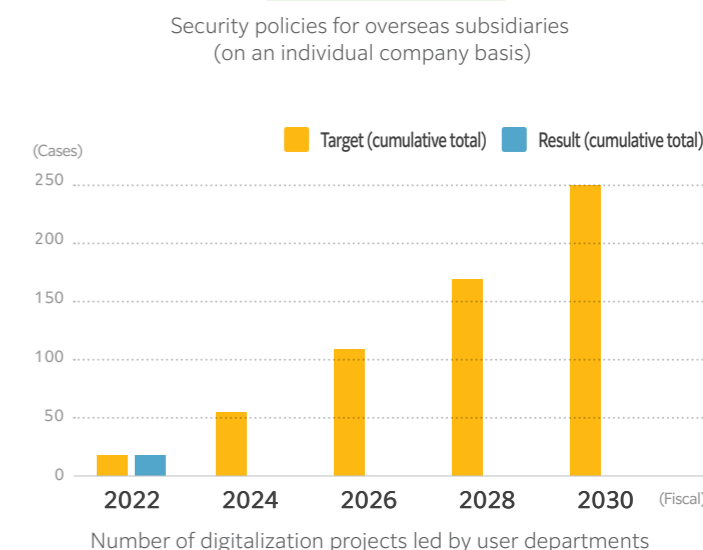
Enhancing the security measures of overseas subsidiaries

The TODA KOGYO Group aims to ensure by fiscal 2030 that incidents including ones at overseas subsidiaries are identified and addressed. The Group is also enhancing security at overseas subsidiaries. In fiscal 2023, we introduced security measures at two overseas subsidiaries. We will advance this initiative to steadily improve security.



Number of digitalization projects led by user departments

As digital technologies have evolved and come into ever greater use, the TODA KOGYO Group has been improving the efficiency of its business by introducing cloud systems and using tools with the user departments taking the initiative in the implementation of these systems, with the goal of enabling these departments to properly handle digital technologies and information on their own for the analysis and utilization of data. While there were 17 projects in fiscal 2022, we are working to achieve a cumulative total of 250 projects by fiscal 2030.

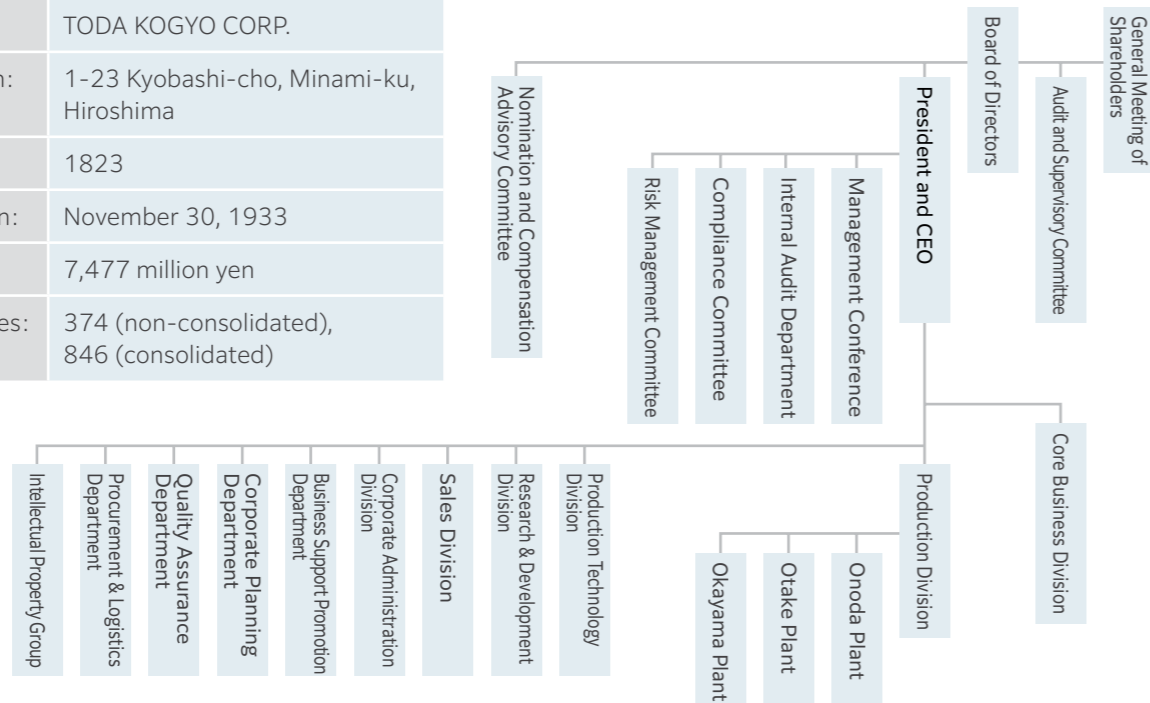


Company Information

Corporate Profile (as of March 31, 2023)

Organization Chart (as of June 28, 2023)

Company Name:	TODA KOGYO CORP.
Head Office Location:	1-23 Kyobashi-cho, Minami-ku, Hiroshima
Founding	1823
Date of Incorporation:	November 30, 1933
Capital:	7,477 million yen
Number of Employees:	374 (non-consolidated), 846 (consolidated)



ISO Certification Acquired in TODA KOGYO Group

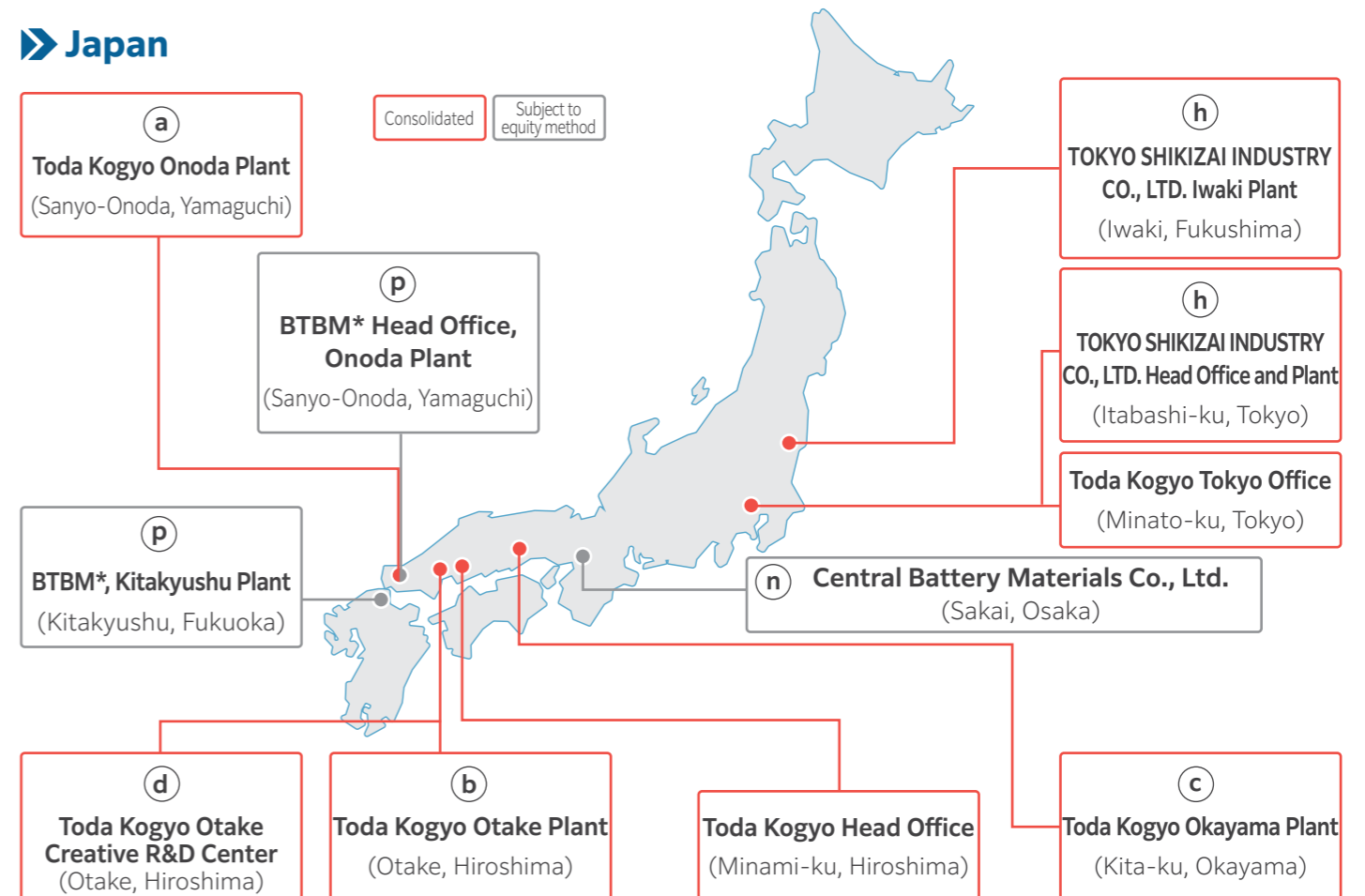
(as of March 31, 2023)

	Company (business)	Location	Since	ISO 9001	ISO 14001	ISO 45001	IATF 16949
Consolidated	TODA KOGYO CORP.	Japan	1933				
	Ⓐ Onoda Plant (manufacturing of functional pigments, dielectric materials and others)		1959	●	●	●	
	Ⓑ Otake Plant (manufacturing of magnet materials and functional pigments)		1984	●	●	●	●
	Ⓒ Okayama Plant (manufacturing of inorganic pigments)		1933	●	●		
	Ⓓ Otake Creative R&D Center (research, development and marketing)		1991	●*	●	●	●*
	Ⓔ TODA PLASTIC MAGNET MATERIAL (ZHEJIANG) CORP. (manufacturing and sales of ferrite magnetic compounds and others)	China	2003	●	●		●
	Ⓕ Toda Magnequench Magnetic Material (Tianjin) Co., Ltd. (manufacturing and sales of rare-earth magnetic compounds and others)	China	2007	●	●		
	Ⓖ Toda Advanced Materials Inc. (manufacturing and sales of lithium ion battery cathode material precursors)	Canada	2007	●	●		
	Ⓗ TOKYO SHIKIZAI INDUSTRY CO., LTD. (manufacturing and sales of organic pigments)	Japan	2008				
	Ⓙ Toda Kogyo Asia (Thailand) Co., Ltd. (manufacturing and sales of ferrite magnetic compounds and others) (import and sales of coloring pigments)	Thailand	2016	●	●		
Subject to equity method	⓫ Jiangmen & Partner's Magnetic Product Co., Ltd (manufacturing and sales of injection molded magnets and others)	China	2021		●		●
	Ⓚ Zhejiang Huayuan Pigment Co., Ltd. (manufacturing and sales of inorganic pigments)	China	2003	●	●		
	⓫ ZHEJIANG TODA DMEGC MAGNETICS CO., LTD. (manufacturing and sales of bonding ferrite materials)	China	2004	●	●		
	Ⓜ TODA ISU CORPORATION (manufacturing and sales of magnetic materials)	South Korea	2008	●	●		●
	Ⓝ Central Battery Materials Co., Ltd. (manufacturing and sales of lithium ion battery cathode material precursors)	Japan	2011	●	●		
Ⓞ Mechema Toda Corporation (manufacturing and sales of materials for lithium ion battery cathode materials and others)	Taiwan	2013					
Ⓟ BASF TODA Battery Materials LLC (manufacturing and sales of lithium ion battery cathode materials)	Japan	2015	●	●			

* Some design and development processes

Offices and Plants

Japan



* BTBM = BASF TODA Battery Materials LLC

Overseas

