

# Contribution to society

## Supply chain management

### Respect for human rights in the supply chain

The Toho Titanium Group promotes respect for human rights in keeping with the United Nations (UN) Guiding Principles on Business and Human Rights. We also understand the human rights described in the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) are an absolute minimum to be observed. We will

fulfill our social responsibility as the operator of an integrated supply chain by clearly stating respect for human rights and diversity in our Code of Conduct, and by requesting our business partners to give the same consideration to human rights and diversity.

Detailed information are listed in the Corporate Management Policy page on our website.  
<https://www.toho-titanium.co.jp/en/company/principals/>

### Strengthening linkage and collaboration with business partners

Based on the Guidelines for Business Conduct and Promise to Business Partners (Transaction Principles) within our Fundamental Purchasing Policy, the Group will strive to build relationships of trust with business partners through fair and equitable transactions as well as legal compliance and environmental conservation.

Fundamental Purchasing Policy		
<b>Guidelines for Business Conduct</b>	Transparency	We will be open and transparent in our dealings.
	Fairness	We will base our selection of suppliers on fair evaluation.
	Legal compliance	We will comply with all applicable laws and regulations, and will conduct our business not only in accordance with the letter of individual provisions of laws and regulations, but also with a respect for the spirit of the law.
	Environment conservation	We place importance on the environment and actively promote "Green Purchasing" practices.
	Mutual trust	We will build relationships of trust with our business partners through transactions based on equal partnership.
	Ethics	We will maintain appropriate relationships with business partners based on strict ethical viewpoint. We will sever all relationships with Antisocial Forces and conduct sound purchasing activities. We will not engage in any transactions that exploit an advantage of ours to the unfair advantage or disadvantage of others.
<b>Promise to Business Partners (Transaction Principles)</b>	Fair opportunity for entry	We will provide fair entry opportunities for those who wish to transact business, and we will respond sincerely to trade offers.
	Fair evaluation	Selection of suppliers will be based on fair evaluation of quality, price, delivery time, and performance.
	Confidential information management	We will strictly manage and maintain the confidentiality of information obtained for administrative purposes in the course of purchasing transactions.
	Clarity of reasons for selection	For business partners who were not selected for orders due to competing inquiries, etc., we will, upon request, clarify the fact that they were not selected and the reason for not being selected.

#### Green Procurement

As part of our efforts to protect the environment, we actively promote "Green Procurement" practices. We strive to do business with partners that are proactive in their environmental responses including reduction of the environmental impact related to the manufacture, use, and disposal of their products and the provision of services to our Group as well as purchasing of goods that have less environmental impact on the global environment.

#### Fair Trade

##### (Activities for compliance with the Subcontracting Law)

The Group considers the deepening of relationships of trust with business partners to be extremely important, and we are particularly committed to strict compliance with the Subcontracting Law, engaging in ongoing measures to ensure the proper and smooth operation of subcontracting transactions.

#### Initiatives to eliminate Antisocial Forces

We are continuously working to eliminate Antisocial Forces. Our Code of Conduct emphasizes fair trade and the promotion of sound business practices. We also conduct surveys of business partners on the status of implementation of measures to prevent involvement with Antisocial Forces, and we follow up with them on an ongoing basis.

#### Procurement BCP Initiatives

We are working on procurement BCP to prepare for the risk of business shutdown due to natural disasters such as earthquakes, windstorms, and floods, as well as fire and power outages. We are advancing the diversification and multiple decentralization of procurement sources to minimize procurement risks.

#### Participation in the "White Logistics" Promotion Movement

In March 2022, we endorsed the objectives of the "White Logistics" promotion campaign developed by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and submitted a Declaration of Voluntary Action.

The White Logistics campaign aims to address the growing shortage of truck drivers, secure stable logistics services necessary for people's daily lives and industrial activities, and contribute to the growth of the economy. Through the campaign, we are working to (1) improve productivity and efficiency of transportation, and (2) create labor environments that are comfortable for all workers including female and elderly (over 60) drivers. Participating companies are required to formulate, declare, and implement a "Declaration of

Voluntary Action," which includes itemized and detailed voluntary efforts to improve logistics. To date, approximately 1,658 companies have endorsed the campaign. We have declared the following eight points as our own initiatives.

(Excerpt)

- Proposals for and cooperation in logistics improvement
- Separation of work tasks other than driving
- Improvement of facilities on the part of shippers
- Modal shift to ships and railroads
- Introduction of fuel surcharges
- Consideration of legal compliance when selecting contract counterparts
- Proactive use of logistics companies that are involved in work-style reforms, etc.
- Safety measures during loading and unloading operations



### Responsible Mineral Procurement

Our Group's basic policy entails never procuring or using minerals with OECD Annex II risk (i.e., [1] human rights abuses associated with the mining, transportation, and trade of minerals; [2] direct or indirect support for non-government armed groups; [3] illegal acts by public or private security forces; [4] bribery and misrepresentation of mineral origin; [5] money laundering; [6] non-payment of taxes, fees, and mining rights fees to the government) in conflict areas and high-

risk areas (CAHRAs), including tin, tantalum, tungsten, gold, cobalt, and mica. If any risks are found in the supply chain, corrective actions will be taken.

In order to comply with this policy, we request that our business partners understand the Group's thinking and commit to responsible mineral sourcing. We will also disclose appropriate information about these efforts to all stakeholders.

### Coexisting with local communities

Our Group believes that, as a member of the local communities where our business sites are located, building relationships of trust while maintaining harmony and cooperation with local communities is essential for sustainable development. Based on this thinking,

we are making various social contributions and supporting local revitalization in each region so that we can continue to develop together with local communities as a corporate citizen.

#### Fostering a Toho Titanium Mindset

##### Toho Titanium Soccer Club

Established in 1955, the Toho Titanium Soccer Club has a long history and has players who have played in the professional J League and various other categories. Players work at either the Chigasaki Plant or the Yokohama Headquarters, and all are employees who balance work and soccer. Since 2002, we have planned and managed the boys' and girls' soccer tournament "Toho Southern Cup," and since 2016, we have continued to support the healthy growth and development of children through soccer by holding soccer clinics in the Chigasaki and Samukawa areas, and we are loved as a community-based team.



##### Contributing to the Local Community through Proactive Communication

In addition to inviting local elementary, middle school, and high school students to our company on plant tours, our employees also provide classes at local high schools. While contributing to children's education, the program provides an opportunity for children to deepen their understanding of our business and safety initiatives.

The Toho Titanium Soccer Club also promotes harmony with the local community by organizing monthly community cleanups by staff and players.



## Appealing workplace

Message from a Human Resources and Labor Affairs Officer

### We will enhance the competitiveness of our human resources and organization toward "Vision for 2030".

**Akira Inokawa**  
Director and Executive Managing Officer  
General Manager, Corporate Management Division



The Toho Titanium Group has envisioned a medium- to long-term growth strategy, setting goals for each division and implementing various measures described in "Vision for 2030" and "FY2023-2025 Medium-term Management Plan" formulated in May 2023. In order to achieve these medium- to long-term management goals, securing and developing human resources is a major key for all departments. Recognizing that our human resources are the source of the competitiveness of our business, we have been proceeding with our initiatives on each theme toward "creating an attractive workplace", which is one of our four materialities (important issues). The themes are: "Improving Industrial Health and Safety in the Workplace", "Diversity & Inclusion", "Creating a Comfortable Work Environment", and "Human Resource Development".

Moreover, in order to achieve sustainable growth, we are continually working to improve employee engagement. We have conducted an "Employee Satisfaction Survey" once a year since FY2022, with the aim of investigating and understanding what employees think about company management, their current work, the work environment, and other areas. By repeatedly performing identification of issues and implementing countermeasures through regular monitoring, we aim to make effective improvements and foster a culture of continuing to take on challenges without being bound by preconceived notions.

On the other hand, we will promote productivity improvements by reducing labor through automation and mechanization at manufacturing sites. The long-term goal of "Vision for 2030" is to improve labor productivity by 30%. We will accelerate the creation of innovation by improving the work environment and creating time for employees to take on more creative tasks. We will actively promote the development of DX human resources and aim to raise the level of DX literacy throughout the company.

As competition to acquire talent continues to intensify, we will focus on improving our work environment and human resource development system so that our employees can find their work attractive and rewarding. We hope to secure excellent human resources and support the expansion of human capital by proactively appealing to people who are interested in working for our Group.

### Improving Occupational Health and Safety in the Workplace

Based on our basic policy of prioritizing safety, our group is engaged in a variety of activities to ensure a comfortable working environment and achieve zero work-related accidents.

We also believe that it is an important matter in management to create an environment in which all employees can maintain

good health at all times and work to the best of their abilities. We implement a variety of measures to maintain and improve the health of our employees, such as providing various types of health maintenance support and regular physical fitness tests.

## Diversity and inclusion

Our Group aims to achieve diversity and inclusion in the workplace.

### Training to Promote Active Participation by Women

Based on the Law Concerning the Promotion of Active Participation by Women in the Workplace, our Group has formulated a General Business Owner Action Plan to support the development of the next generation.

### Senior Employees in Action

From April 2023, we have extended the retirement age from 60 to 65, to encourage senior employees with extensive work experience and specialized knowledge to continue working with high motivation beyond the age of 60. We will pay more attention to the health and physical strength of our senior employees than ever before, and create an environment where they can continue working for a long time with peace of mind.

### Employment of People with Disabilities

Our company is working on recruitment activities and improving the work environment, targeting to achieve the nationally mandated legal employment rate of 2.3% with a view to responding to future increases in the legal employment rate.

## Creating a supportive work environment

We have introduced a system that allows each employee to flexibly choose a wide range of work styles according to their individual life experiences and the stage of life they are in. A Parental / Nursing Care Leave System is also in place to help employees balance work and family life, as well as a Flex-Time System and an Accumulated Annual Leave system in case of illness, etc.

### Development and Operation of Various Systems

System	Key Features
Limited-Area Employee	Work location can be restricted within a specified area.
Reemployment System	Reemployment is made available within a specified period of time in the event of unavoidable discontinuation due to childcare, nursing care, spouse's transfer, etc.
Accumulated Annual Leave (holidays)	Annual paid leave days which ordinarily lapse and are ineligible for carryover can be accumulated separately
Dormitories and Company Housing (including rentals)	Enables moving in with low out-of-pocket expenses (subject to occupancy conditions)
Recreation Subsidies	Provides semi-annual recreation subsidies to employees and others to promote fellowship in the workplace
Refreshment Bonus	Refreshment Bonus for employees completing 10 years and 20 years of service

### Consultation with Labor Unions

The Group has a stable labor-management relationship with the JAM Toho Titanium Labor Union, and through dialogue about once a month, we negotiate and discuss various management topics and employee working conditions based on mutual trust. We will continue

### TOPIC

#### Enhancing our abilities as a team using diversity as our strength

After spending 15 years in charge of various development tasks for material manufacturers in France and the United States, I spent 6 years in Japan in management work at a public agency. We are currently focusing on developing new materials with 3 members, including new graduates and mid-career hires.



**David Lechevalier**  
Chief Engineer, Technology Strategy Department, Technology Strategy Headquarters

Although overcoming the language barrier is very challenging, I am very grateful to have been accepted by my colleagues just the way I am. Moving forward, I would like to make recommendations on areas that need improvement from a diversity perspective, such as information on organizational rules that is unique to Japan. I value communication by carefully conveying messages and receiving them well. I will be exploring the practical application of new technologies while increasing the capabilities of my team by collaborating with internal engineers and external partners.

to maintain good labor-management relations through dialogue between labor and management based on the labor agreement.

### Mental Healthcare

Training is provided to employees and managers for early detection and prevention of mental health problems. In addition, we have established a mental and physical health consultation service, provide guidance on improving lifestyle habits, and focus effort on information dissemination and awareness-raising activities through various in-house media.

### Better treatment

As a result of negotiations with the labor union, the following systems were mainly revised. In the FY2023 spring offensive, we raised the base salary and increased allowances to improve employee satisfaction and strengthen recruitment competitiveness.

System	Revision Details
Maternity nursing leave	Increase in number of days, relaxation of conditions for application
Unaccompanied assignment	Increase in the amount of allowance for unaccompanied assignment and transportation expenses for returning home
Relocation allowance	Increase in relocation allowance
Dormitory / company housing	Relaxation of conditions for dormitory entry and double loans
Accumulated Annual Leave (holidays)	Relaxation of conditions for application

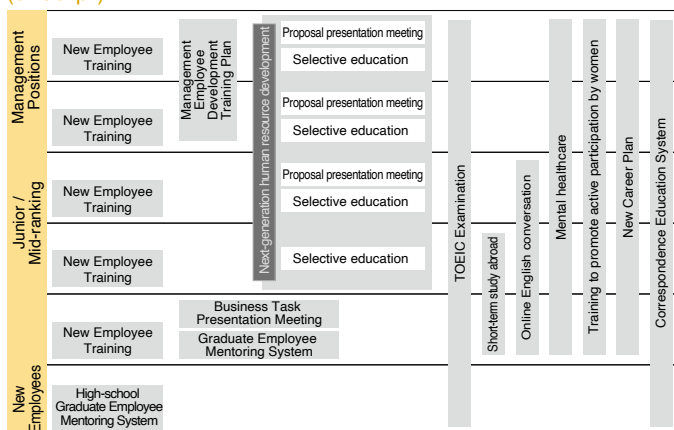
## Human Resource Development

Our Group believes that human resources are the source of our competitiveness. We have formulated a human resource development plan to strengthen and establish a human resource base to support our medium- to long-term business strategies.

In addition to on-site skills training to pass on and acquire advanced technical skills, and individual theme training to acquire knowledge and foster awareness, we are engaged in systematic human resources development by assigning instructors to new employees and creating custom-made guidance and training plans. At the same time, we have introduced group education to inculcate the abilities and knowledge required for each position, as well as a short-term study-abroad program and selective education to foster global and innovative human resources from the earliest stages. In addition, various self-development programs are available to improve the skills of each and every employee.

We also carry out 360-degree evaluations in managerial positions with the objective that the person being evaluated becomes aware of the gap between their own perceptions and of those around them, which leads them to change their behavior and improve their management skills.

### Medium- to Long-term Human Resource Development Plan (excerpt)



### TOPIC

## Supporting the career advancement of younger employees while improving my own expertise



**Sinobu Kawano**

Manager,  
Internal Audit Department

In 2021, I joined our company's Audit Department as a mid-career employee. I gained experience in secretarial work in my 20s, learned from management how important it was to understand the mechanics of numbers, and transitioned to an Accounting position. While gaining practical experience, I obtained the qualification of a US Certified Public Accountant. Since then, I have been engaged in internal control and audit work for over 10 years. Internal audits are carried out voluntarily by each company in accordance with the "International Standards for the Professional Practice of Internal Auditing", so as a professional, I strive to brush up on my knowledge every days.

When I just became a manager at my previous job, there weren't many female managers, and I remember working 24 hours straight, within and outside working hours, just to be physically "on par" with men. But working for this company, I feel that I can enjoy a good work-life balance. Also, I have never felt excluded due to gender and other forms of discrimination. I feel that there is a good openness in the workplace that respects experience and knowledge.

We are currently in a transition period within the company, as we are setting up a system that allows for various ways of working and building career plans. In order to advance in your career, I believe it is important to create your own "image of a manager" by getting in touch with the experiences and ideas of your predecessors, and discussing your concerns through continuous education for managerial candidates and opportunities to interact with managers from other departments. Moving forward, I would like to actively support young colleagues so that I can somehow give something back for the support I have received from so many people.

## Approach to Recruitment

At Toho Titanium, we are striving to secure talented human resources who can play an active role globally, regardless of gender, nationality, or whether they are new graduates or in their mid-careers. We are particularly focusing on expanding internships that mainly include on-the-job trainings and observations of actual equipment at factories and research institutes. By providing work experience based on the job seeker's field of expertise and future career vision, we are able to prevent early post-recruitment job turnover that can result from ill-matched assignments. In addition, our 5-year retention rate for new university graduates is 96%.

In accordance with the Law Concerning the Promotion of Active Participation by Women in the Workplace, we have set a target of

hiring 20% or more female employees in order to steadily increase the number of female employees and quickly develop female managers. Over the past 5 years, the percentage was 22.4%.

### Number of Employees Hired in the Past 5 Years (new graduates and careers)

	FY2018	FY2019	FY2020	FY2021	FY2022	For five years
Male	7	5	10	9	14	45
Female	1	3	3	2	4	13
Female ratio	12.5%	37.5%	23.1%	18.2%	22.2%	22.4%
Total	8	8	13	11	18	58