



Solidifying our management foundation

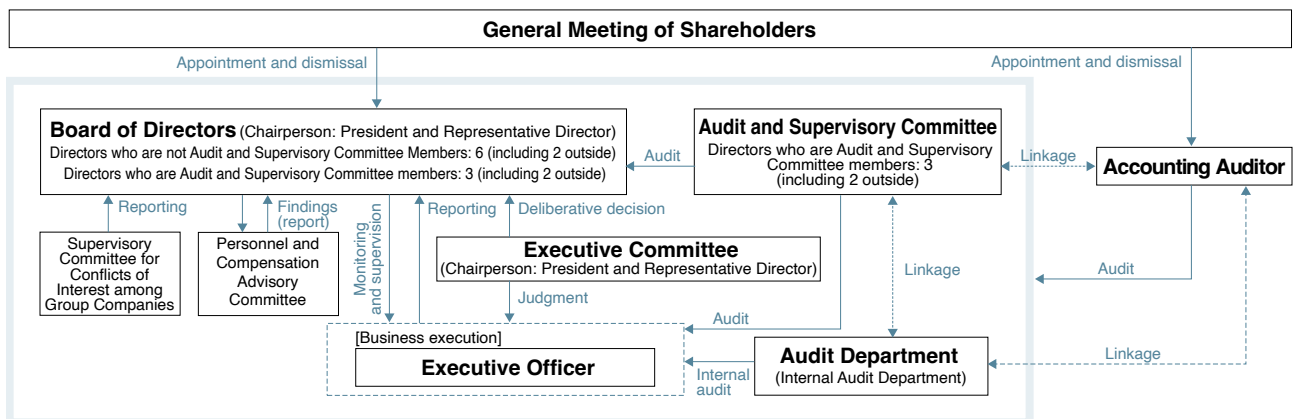
Strengthening Corporate Governance

Basic Thinking

Based on our Corporate Philosophy, the Company strives to enhance corporate governance in accordance with the following basic policies in order to achieve sustainable corporate growth and increase medium- to long-term corporate value, and to ensure transparent, fair, timely, and accurate decision-making and appropriate business execution in light of our business characteristics and the surrounding environment.

- 1 We will respect the rights of shareholders, ensure the substantial equality of shareholders, and strive to create an environment for the appropriate exercise of rights.
- 2 We strive to cooperate appropriately with all stakeholders.
- 3 In addition to disclosure in accordance with laws and regulations, we work proactively to provide information beyond that required by law in efforts to ensure transparency.
- 4 The Board of Directors and the Auditing Committee members will:
 - i Clearly articulate the major direction of corporate strategy, etc.
 - ii Create an environment that supports appropriate risk-taking by senior management
 - iii Effectively supervise management (including Executive Officers) and Directors etc. We will strive to appropriately fulfill our respective roles and responsibilities.
- 5 We strive to engage in constructive dialogue with shareholders to contribute to sustainable growth and medium- to long-term enhancement of corporate value.

Corporate Governance Structure (as of June 20, 2023)



Board of Directors

The Board of Directors deliberates and decides on growth strategies, management plans and other corporate strategies to ensure the Company's sustainable growth and increase its corporate value over the medium to long term. To monitor and control risk-taking, we have 4 Outside Directors (all 4 of whom are Independent Directors) in the 9-member Board of Directors. Each of them monitors the operation of Directors from a professional, independent, and objective standpoint. We maintain a system to ensure that internal controls and risk management are fully functional.

Personnel and Compensation Advisory Committee

The Committee consists of all Independent Outside Directors, as well as the Representative Director and other Directors appointed by the Representative Director, and is chaired by the President. The Personnel and Compensation Advisory Committee meets at least once a year to discuss and report to the Board of Directors on matters related to personnel and remuneration of Directors and senior management, as well as to evaluate the effectiveness of the Board of Directors.

Group Company Supervisory Committee for Conflicts of Interest

Regarding important transactions between the parent company group and our Group, deliberations and considerations are held once a year, and as necessary, from the perspective of protecting the interests of minority shareholders. The members of this committee are independent outside directors, and a summary of deliberations and results is reported to the Board of Directors.

Executive Committee

In order to clarify the structure of responsibility in the management organization and to speed the execution of business operations, we have introduced an Executive Committee system under which certain business execution authority is delegated to Executive Committee members. The Executive Committee consists of the President and Representative Director (President), Executive Officers and Full-time Auditing Committee members, and other persons appointed by the President.

Regular Executive Committee meetings are held several times a month, or as needed, at which the President instructs Executive Committee members and communicates policies and resolutions of the Board of Directors. Executive Committee members report to the President on the status of business execution.

Audit and Supervisory Committee

2 of the 3 Audit and Supervisory Committee members are Independent Outside Directors, who fulfill their responsibilities through monitoring and verification from an independent and objective standpoint. Audit and Supervisory Committee members include qualified accountants, who use their high level of expertise to conduct operational and accounting audits and provide active and appropriate opinions at Board of Directors meetings. Full-time Audit and Supervisory Committee members attend important meetings and have access to all information regarding internal proposals and reports. Audit and Supervisory Committee also conduct audits in full cooperation with the Accounting Auditor and the Internal Audit Department.

Messages from the Outside Directors

Focusing on risk management that supports the achievement of our ambitious goals

I believe that the role of outside directors is to monitor business execution from an independent, external perspective, and to provide useful advice and recommendations by leveraging their expertise. I am a lawyer by profession, so as a director, I pay the most attention to legal compliance. Modern corporate management requires aggressive management, but having solid safeguards in place makes it possible to carry out proactive execution of business. Therefore, I believe that my role is to solidify our safeguards so that we can manage our business aggressively.

In "Vision for 2030", we aim to significantly improve sales and profit margins by promoting ESG management, increasing production capacity in growth areas, and creating new business areas and technologies. In working towards these ambitious goals, I will utilize my knowledge and experience as a lawyer in this area to further enhance and strengthen our risk management system and contribute to the sustainable growth of our company and the improvement of its corporate value.



Yasuhiko Ikubo
Director

Supporting the development of management capital to grow into a comprehensive materials manufacturer

I have been using my long experience in business operations in the metal industry to make recommendations for setting goals for each division and for optimizing the company's overall business portfolio. I am also conscious of my active commitment to creating a structure for more advanced business operations, such as building management systems that include investment risk management and finance and accounting.

Our company has grown and expanded based on titanium, and expanded our business into the fields of chemicals and catalysts. Going forward, we are planning to become a comprehensive material manufacturer with four pillars, that include New Business. As we aim to diversify our business, I believe it is important to review our portfolio, as well as the portfolio of our affiliates, and share long-term goals and issues. I think this should be an ongoing discussion. On the other hand, the promotion of business diversification for the future seems attractive to employees, and I feel that it is bearing fruit in a corporate culture that is increasingly becoming open. I hope to deepen my understanding through regular on-site visits and communication with executives, as well as make more effective recommendations for developing the next generation of management personnel.



Kimiharu Okura
Director

Supporting the evolution of ESG management through monitoring via dialogue

Our company aims to create cutting-edge materials and technologies and become a highly profitable company that is flexible to environmental changes. From an ESG perspective, we are promoting ESG management that strives to resolve important issues through our business activities. I recognize that our ultimate goal is not only to increase corporate value, but also to contribute to building a highly recycling-oriented society and realizing the sustainability of society as a whole by leveraging our strength of having an abundance of enterprising technical experts.

As an outside director, I recognize that my important role is to oversee progress towards this goal and provide effective recommendations, such as sustainability disclosures. Also, as risks are identified and measures are taken in each business division, I would like to contribute to the continual strengthening of the monitoring function of the Board of Directors. As an Audit and Supervisory Committee Member, I will continue to focus on strengthening corporate governance by leveraging the knowledge I have acquired over my many years as a certified public accountant. I will also continue to engage in dialogue not only with management but also with on-site managers.



Shigeko Senzaki
Director,
Audit and Supervisory
Committee Member

Deepening discussions on governance that supports management reform and creation from multiple perspectives

It is essential to establish appropriate corporate governance, including appropriate risk management, in order to promote management based on our company's policy of practicing innovation and creation. So I will keep an eye on risk management, including financial management, while supporting our efforts to expand growth that is in line with our management policy, leveraging my experience in strategy formulation and execution, both domestically and internationally. I will also pay close attention to ensuring a compliance system that monitors and prevents events that could damage corporate value or the privileges of minority shareholders.

As the social demands increase for management to emphasize ESG, companies are expected to create a virtuous cycle in which they contribute to solving social issues through their business activities, which in turn leads to increased corporate value. In order to achieve this, I believe that board members need to be willing to provide advice and point out problems regarding future business strategies, human resource development, and diversity, based on objectivity and broad experience and knowledge. I will monitor whether a momentum within the company that is conscious of ESG is being built and taking root by conducting on-site inspections.



Naoki Harada
Director,
Audit and Supervisory
Committee Member

Our Group commitment to quality improvement

Initiatives to improve customer satisfaction

At the Toho Titanium Group, we work hard to provide products and services that place the highest priority on quality so that we can continue earning the trust of our customers. We aim to improve customer satisfaction by accurately identifying customer needs and continuously realizing product and process improvements. We also conduct environmental impact assessments considering the entire product lifecycle, including products under development, and when design specifications are changed, we evaluate whether or not any changes in environmental impact will result.

The Toho Titanium Group Fundamental Quality Policy

We recognize that we have a mission with respect to society, which is to continue providing superior products and services. We act in accordance with this Fundamental Quality Policy to help realize a sustainable society.

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| 1. Compliance | We will ensure compliance with legal requirements and act with high ethical standards. |
| 2. Meeting customer expectations | We will not only correctly identify customer needs and provide accurate information on quality, but also provide products and services that are trusted and satisfactory. |
| 3. Continuous improvement | We will promote continuous improvement of quality and service through our quality management system. |
| 4. Human resource development | In our efforts to develop human resources, we will foster a keen awareness and sense of responsibility for quality and service, developing personnel who take the initiative in pursuit of quality. |
| 5. Concern for safety and environment, and providing information | We will create products that reflect our concern for safety and environmental compatibility, and we will provide the appropriate information. |

Quality Control Initiatives

We have acquired ISO 9001 certification, an international standard for quality management systems, and have established a world-class quality management system that is appropriate for a global company supplying products that customers can use with confidence. In particular, we have obtained certification under JIS Q 9100, one of the international standards for quality control systems, for our titanium sponge and titanium ingots, enabling us to promise stable quality that meets the high quality control requirements of the aerospace industry and other industries.

ISO 9001 Certification

Starting with ISO 9002 certification of our Catalyst Division in 1996, we achieved ISO 9002 certification for all titanium divisions in 1998, and by 2001, we had expanded certification to ISO 9001 for our main titanium and electrical materials products, with certification for the scope of registration shown on the right.

We will continue to expand our quality management system, promote certification, and strive to further build trust and increase satisfaction among our customers.

Business sites certified under ISO 9001:2015

Headquarters, Chigasaki Plant, Hitachi Plant, Yahata Plant, Wakamatsu Plant, and Kurobe Plant



Scope of Certification

Design, development and manufacture, as well as liquification under contract of titanium tetrachloride, titanium sponge, high-purity titanium (sponge, ingot and billet), titanium ingot, high-purity titanium dioxide, propylene polymerization catalyst, ultra-fine nickel powder, magnesium chloride, titanium trichloride solution, and titanium tetrachloride solution.

Implementation of a quality management system for the aerospace industry

We received JIS Q 9100 certification one of the quality system standards for aerospace applications for titanium sponge in 2003, and in 2010, we expanded the scope of certification to include titanium ingots. We will continue our efforts to provide better quality and service.

Business sites that have obtained JIS Q 9100:2016 certification

Headquarters, Chigasaki Plant, Yahata Plant, and Wakamatsu Plant



Scope of Certification

Manufacture of titanium sponge and titanium ingot