



# Sustainability Report 2023



TAYCA CORPORATION





# “Creating Inspiring Materials in Earnest”

Tayca Group has more than a century of history since its founding, throughout which we have based our approach to manufacturing on integrity.

The testimony of the better solutions we have realized with the “sources of excitement” born from sincerely facing challenges that arise, through repeated trial and error, without compromise, thinking and devising, we call “inspiring materials.”

Without a doubt, this forms our identity.

Tayca Group will continue to create inspiring materials in order to “bring dreams and smiles to the world.”

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**Editorial Policy**

We will share sustainability information of Tayca Group in an accessible manner, organizing matters we consider important to all of our stakeholders and to Tayca Group, from environment (E), social (S), and governance (G) perspectives, in the form of Sustainability Report.

We hope that this report can function as a communication tool with all of our stakeholders to assist their understanding of Tayca Group.

**Reporting Period**  
FY2023 (April 1, 2022 to March 31, 2023)  
Certain initiatives that fall outside of this period are also included.

**Reporting Scope**  
Tayca Corporation and its consolidated subsidiaries (in Japan and overseas)

**Published**  
August 2023



## About Tayca Group

Tayca Group, centered on Tayca Corporation, comprises companies responsible for the trade, warehousing, and engineering sectors in Japan, together with companies in the USA, Thailand, and Vietnam that handle manufacturing and sales of electronic industry materials and surfactants, all operating under a common Management Philosophy, Management Policies, and Corporate Slogan.

Tayca Corporation, our core company, was founded in 1919 and therefore has over a century of history, over which time it has established an approach to manufacturing focused more than anything on integrity. Tayca Group values integrity, and we have been sincerely dealing with customers and society, and have repeatedly conducted business activities to bring dreams and smiles to people around the world by providing inspiring products and services that exceed their expectations.

We will actively promote initiatives for the realization of a sustainable society and to address materiality (important issues), by which we aim for enhanced corporate value and sustainable growth in order to be a company that is trusted by all of its stakeholders also for the next 100 years.

### Management Philosophy and Management Policies

Tayca Group formulated its Management Philosophy and Management Policies in April 2020 to express the social mission it should fulfill and its fundamental approach in its actions in view of the coming 100 years. This philosophy and these policies incorporate our intention to aim for the realization of a sustainable society and for increased corporate value, based on the pillars of inspiring our customers and creating new value that takes the global environment into consideration, through the concentrated strength of all our employees and the power of chemistry.

At the same timing, we also formulated our Corporate Slogan. This expresses the attitude of Tayca Group to always believe in making things that inspire our customers and to offer things that they will want.

#### Management Philosophy

Tayca Group creates materials that impress customers with the power of chemistry and delivers dreams and smiles to the world.

#### Management Policies

##### 1. Full participation management

Develop an open management structure that is based on full participation by all members of the global group to promote unity and efficiency in corporate management.

##### 2. Increased social contributions and corporate value

Creating inspiration that responds to the social needs and demands of customers to increase our social contribution and corporate value.

##### 3. Harmony with the global environment

Recognize environmental protection and safety assurance as our social missions with the goal of achieving harmony between our corporate activities and global environmental protection.

##### 4. Ensure compliance

Ensure regulatory compliance for fair and proper management.

##### 5. Information disclosure

Emphasize dialogue with stakeholders for timely and appropriate information disclosure.

#### Corporate Slogan

“Creating Inspiring Materials in Earnest”

### History of Tayca Group

## 1919

**December**

Teikoku Synthetic Fertilizer Co., Ltd.\* was founded in present-day Funamachi, Taisho-ku, Osaka-shi

\*Company name at the time of founding



Osaka Factory launched shortly after the company's founding

## 1920

**November**

Osaka Factory (Funamachi, Taisho-ku, Osaka-shi) was completed and began production of superphosphate fertilizers and lead-chamber sulfuric acid

## 1938

**October**

Equipment was installed in Osaka factory to produce sulfuric acid by the Lurgi Contact Process, and production of concentrated sulfuric acid began

## 1949

**May**

Stocks were listed on the Tokyo and Osaka stock exchanges



Notice of construction plan approval (Osaka Asahi Shimbun newspaper)

## 1979

**November**

Celebration held to commemorate the company's 60th anniversary



60th anniversary celebration (Hotel Plaza)

## 1983

**July**

Production of micro titanium dioxide at Okayama Factory began

## 1961

**June**

Production of surfactants at Osaka Factory began



Construction of Osaka Factory Research Laboratory completed (March 1, 1958)

## 1989

**August**

Celebration held to commemorate the company's 70th anniversary; company name changed to Tayca Corporation



## 1995

**November**

Osafune, Okayama Factory (Setouchi-shi, Okayama Prefecture) was completed along with the commercialization of the surface treatment business



Osafune, Okayama Factory

## 2006

**September**

Kumayama Factory was completed (Akaiwa-shi, Okayama Prefecture); surface treatment business began production



Kumayama Factory  
Left: Factory building  
Right: Office building and research laboratory

## 2001

**October**

TAYCA (Thailand) Co.,Ltd. was established in Chonburi, Thailand to manufacture surfactants



TAYCA (Thailand) Co.,Ltd.

## 2014

**February**

TAYCA (VIETNAM) CO.,LTD. was established in Dong Nai, Vietnam to manufacture surfactants



TAYCA (VIETNAM) CO.,LTD.

**March**

Named in METI's Global Niche Top Companies Selection 100 List

## 2018

**January**

TRS Technologies, Inc. (Pennsylvania, USA) made a subsidiary of Tayca in order to expand the piezoelectric materials business

## 2022

**January**

Piezoelectric Single Crystal Mass-Production Factory completed within Osaka Factory



Piezoelectric Single Crystal Mass-Production Factory

**April**

Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market due to a review of the Tokyo Stock Exchange's market sections

## 2019

**December**

The Company celebrated the centennial of its founding

## President's Message



### Aiming for Harmony with the Global Environment and Enhanced Corporate Value

Tayca Group, founded in 1919, formulated a long-term management vision, MOVING-10, in FY2021, based on our management philosophy "Tayca Group creates materials that impress customers with the power of chemistry and delivers dreams and smiles to the world," to start a new chapter in our history.

It positions three elements—environment, social, and governance, that is ESG, as our most important issues, while in our management strategy, we aim to build a business that creates economic and social value, and to actively promote sustainability activities, while harmonizing our relationships with stakeholders and the global environment. At the same time, we believe that strengthening respect for human rights and governance are indispensable as the foundation to support this, and we therefore established the Tayca Group Sustainability Basic Policy, which we are now implementing.

**Shunji Idei**

President, CEO & Representative Director

#### Review of FY2023

In FY2023, with the relaxation of restrictions on activities imposed due to COVID-19, we envisaged a year of hope as cosmetic and other industries returned to normal. But Tayca Group suffered significant impacts from substantial changes in the external situation, including the impact of Russia's invasion of Ukraine, which caused a sharp rise in prices of raw materials and fuel, and the interest rate gap between Japan and other countries, which led to extreme depreciation of the yen.

Meanwhile, with worldwide attention focused on climate change and other social issues, it gave us an opportunity to review materiality for the Tayca Group.

Within our business, we constructed a new factory and restructured specialized divisions in the life sciences and environmental energy fields, two business fields that play a key role for the next generation. Going forward, we will launch full-scale operations of these factories we proactively invested in, while we will also continue making new investments with the intention to improve profitability, leading to further growth.

#### Resolving Social Issues with Our Unique Technologies

Since our founding, we have continued our journey aiming to be a company that is essential to society. This spirit has remained unchanged to the present, as we focus on research and development into products that enrich people's lives and contribute to preservation of the global environment. An example are cosmetics ingredients that use micro titanium dioxide and micro zinc oxide, for which we were listed in METI's Global Niche Top Companies Selection 100 List in 2014. These are products that not only protect people's skin from ultraviolet rays, but also reduce damage to coral reefs and other marine resources. In addition, infrared-refracting titanium dioxide is a product we developed as a global warming countermeasure. Furthermore, in 2020, we were included in the Global Niche Top Companies Selection 100 List for the second time related to piezoelectric materials, with which we have made great advances. Piezoelectric materials are mainly used in probes for medical ultrasound image diagnosis, a medical field expected to grow in the future. We hope to thereby contribute widely and deeply to addressing basic issues of people's health.

Tayca Group's strength is in the highly unique technologies it has developed by continuing to respond directly and honestly to its customers' needs. Leveraging this strength, we will further accelerate growth as a leading global niche company, and continue capital investment in R&D in our ongoing endeavors to evolve technologies that will contribute to the resolution of social issues.

#### Toward the Achievement of Carbon Neutrality

Tayca Group identifies climate change response as an important issue for management, and believes that reducing emissions of CO<sub>2</sub>, a greenhouse gas, is a particularly crucial matter. In this context, we set company targets to reduce energy-derived CO<sub>2</sub> emissions by 50% by FY2031 (compared with FY2014 levels), and to achieve carbon neutrality by FY2051. As measures to achieve this, we are advancing fuel conversion to low-carbon energy and have begun replacing coal boilers with LNG boilers, which are expected to start full-scale operation in 2025. In addition, we are striving to further reduce emissions through a combination of measures including rationalization of manufacturing processes, updating to power-saving, high-efficiency equipment, and the transition to production of environmentally friendly product lines.

#### Acceleration of Human Resource Investment

Toward the achievement of MOVING-10, we respect the diversity of each employee, and believe in the necessity of providing a workplace environment where all employees can thrive, and in investing to nurture human resources.

Recently, we have made efforts in childcare support in particular, introducing a childcare support system in FY2022 and striving to create a work environment where it is easy to take childcare leave. We are seeing clear results from these efforts, including the ongoing achievement of a 100% return to work rate for employees who took childcare leave, and an increase in men taking childcare leave.

Our new personnel evaluation system was launched in April 2023. We are clarifying the role expectations of each position, boosting employee motivation, and establishing an environment where all employees can vigorously and proactively engage in their work.

In addition, we are driving two large-scale projects aimed at nurturing employees with new ideas and energy who will drive the company. The first is our DX Promotion Project, which aims to introduce new technologies to improve work efficiency and productivity. The second is our Management Talent Development Project, to nurture human resources who hold a company-wide, management perspective. Both projects are comprised of mid-level members who will lead the next generation.

Through initiatives such as these, we are accelerating human resource development based on key concepts of the ability to think for themselves, motivation to always tackle new endeavors, and a mentality that does not fear failure.

#### Enhancing Corporate Governance

Enhancing of corporate governance is indispensable for swift and appropriate decision-making, and to maintain and improve transparency and soundness of management. Tayca Group has an Audit & Supervisory Committee, and has appropriately appointed independent outside directors in its efforts to strengthen the audit and supervisory functions of the Board of Directors.

Furthermore, we clarify the division of management decision-making and the supervisory and business execution functions, and have established a management system that can respond to rapid changes in the business environment in a flexible and agile manner. In addition, we are striving to boost the fairness, transparency, and objectivity of the appointment of directors and executive officers, and procedures relating to remuneration, etc., and to enhance governance.

Corporate governance is the basis for Tayca Group to contribute to the realization of a sustainable society through its corporate activities, and going forward, we will continue to strengthen it in order to build a more robust management foundation.

#### To All of Our Stakeholders

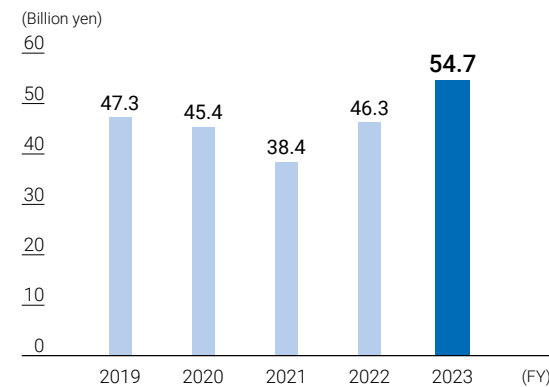
FY2024 is the final fiscal year in our mid-term management plan, MOVING-10 STAGE 1. In order to continue to be an essential company, we will accelerate initiatives for the resolution of materiality as identified by Tayca Group, and grow together with all of our stakeholders, with the aim of resolving social issues and enhancing our corporate value.

We look forward to your continued understanding and support.

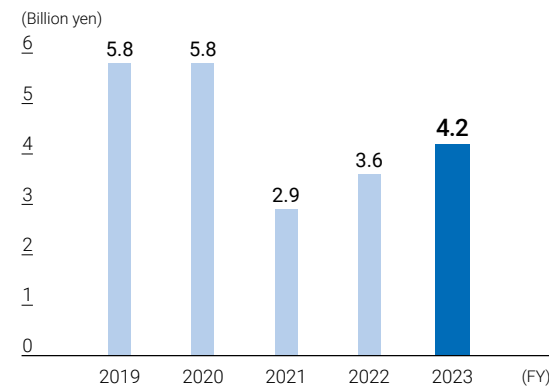
## Consolidated Financial Highlights

### Functional Chemical Business

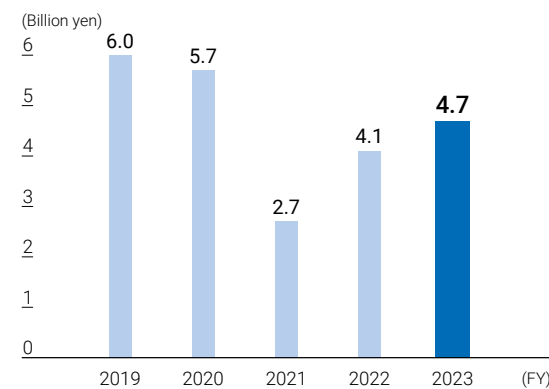
#### Net Sales



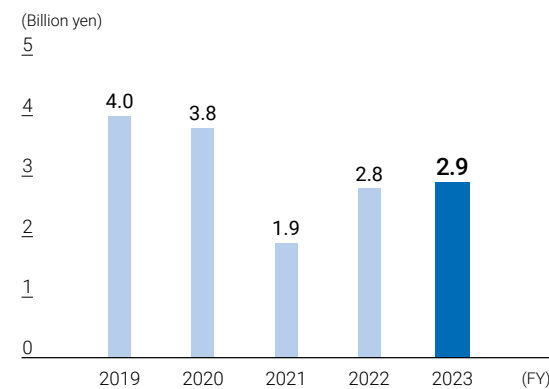
#### Operating Profit



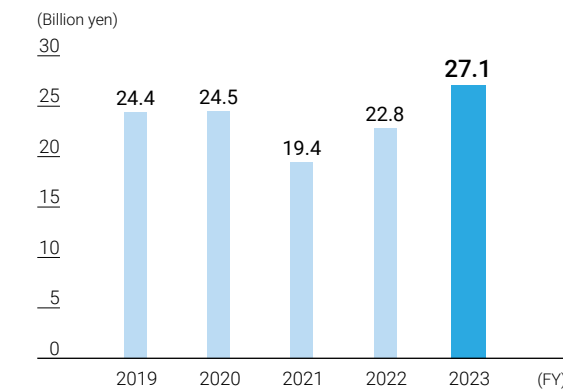
#### Ordinary Profit



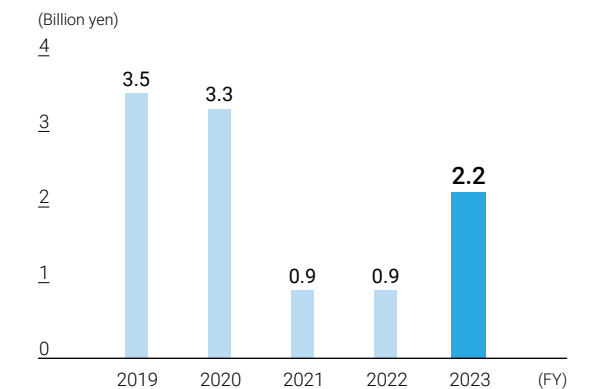
#### Profit Attributable to Owners of Parent



#### Net Sales



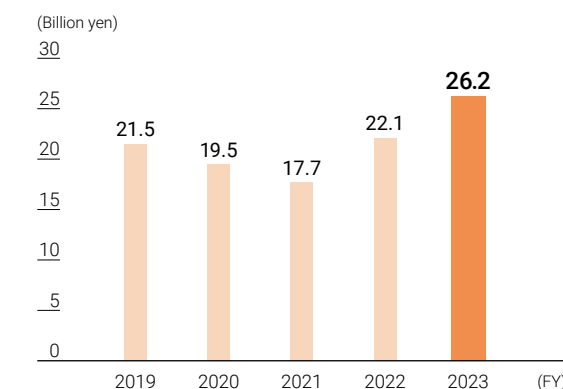
#### Operating Profit



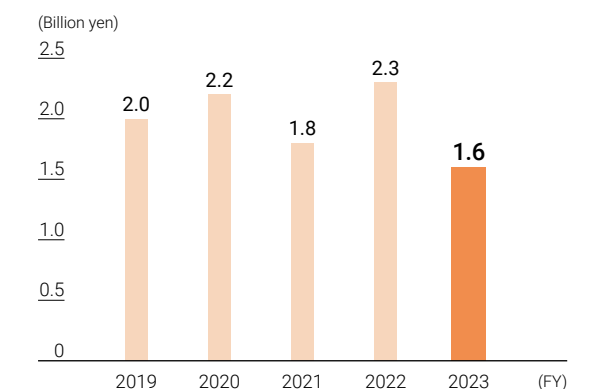
- Net sales of general usage titanium dioxide increased year on year, mainly due to a gradual recovery in demand in the domestic market, although export sales volume declined due to factors including the lockdowns in China.
- Both sales volume and net sales of specialty use micro titanium dioxide, micro zinc oxide, and surface treatment products increased year on year due to recovery in overseas sales, primarily to the United States.

### Electronic Material and Basic Chemical Business

#### Net Sales



#### Operating Profit



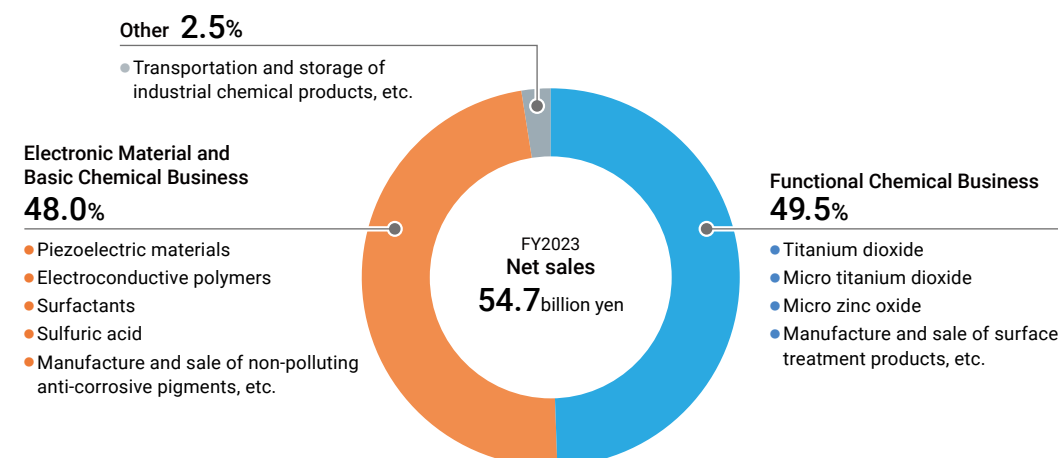
- Net sales of surfactants increased year on year as a result of increased sales at overseas consolidated subsidiaries and sales price revisions, despite a decline in sales volume due to a drop in sales for industrial applications.
- Sales volume and net sales of conductive polymers and related products decreased year on year due to sluggish demand for ICT equipment and the delayed development of 5G infrastructure.
- Net sales of pollution-free anti-corrosive pigments increased year on year due to sales price revisions, although sales volume decreased as a result of sluggish demand for automotive paints.
- Net sales of piezoelectric materials increased year on year as a result of steady sales to overseas customers, including overseas consolidated subsidiaries, despite inventory adjustments by domestic medical equipment customers.

#### Other

- Net sales in the warehousing business increased as a result of acquisition of new customers and price revisions; however, overall net sales decreased year on year primarily due to a decrease in transportation business revenues.

## Overview by Segment

### Composition of Net Sales by Segment





## Tayca Group Products

### Tayca's Products Transform into Various Forms to Support People and Society

The Tayca Group offers a diverse product lineup with different functions and applications. These products support the daily lives of people and society while demonstrating their unique functions in familiar places such as homes and offices. They also contribute to the environment.

#### Titanium dioxide

Our titanium dioxide is used throughout living spaces as a high-quality white pigment for paints, printing inks, plastics, papers, synthetic fibers, and other products.

#### Surfactants

The actions of surfactants in cleaning, emulsification, dispersion, solubilization, and wetting are utilized for a wide range of household products such as detergent, toothpaste, and cosmetics as well as industrial products.

#### Photocatalytic titanium dioxide

Photocatalytic titanium dioxide uses ultraviolet rays from natural light, together with water and oxygen—all of which are clean energy sources—to generate an oxidizing effect that decomposes and eliminates harmful organic substances. This function can also be used for deodorizing and antibacterial applications.

#### Infrared-refracting titanium dioxide

Infrared-refracting titanium dioxide can block the near-infrared rays contained in natural light, helping to reduce the rise in surface and interior temperatures, reduce the heat island effect, and increase the efficiency of air conditioners in the summer when painted on. It is used in road paints, architectural exterior paints, and automotive paints.



#### Surface treatment products

Surface treatment products are functional particle products with organic compounds. They are used in a wide range of applications such as cosmetics, recording materials, and resins.

#### Electroconductive polymers

Electroconductive polymers are used in capacitor, antistatic, and touch panel fields, organic electroluminescence (EL), and organic thin-film solar cells by taking advantage of their ability to conduct electricity through doping. A great leap forward is expected in these applications in the future.

#### Piezoelectric materials

Piezoelectric materials are used in diagnostic ultrasound equipment that can safely examine the inside of the body without using X-rays, etc., during pregnancy checkups and heart and abdominal diagnoses. They are also used in non-destructive testing equipment and silicon wafer cleaning equipment for semiconductor manufacturing, which can precisely clean minute contaminants with minimal damage.

#### Aluminum triphosphate (non-polluting anti-corrosive pigments)

Aluminum triphosphate is widely used in primer paints as an environmentally friendly pigment that prevents rust and does not contain heavy metals.

#### Micro titanium dioxide, micro zinc oxide

These products are used mainly in cosmetics applications to protect the skin from ultraviolet rays, but are also used in industrial applications such as automotive paints.

#### Sulfuric acid

As a fundamental chemical, sulfuric acid is used in all areas of industry, from chemical industries such as pharmaceuticals, batteries, dyes, and fertilizers to heavy industries, such as metal and steel. In recent years, demand for sulfuric acid has been increasing both in Japan and internationally, including for the cleaning of integrated circuits in household appliances.



Management Strategy

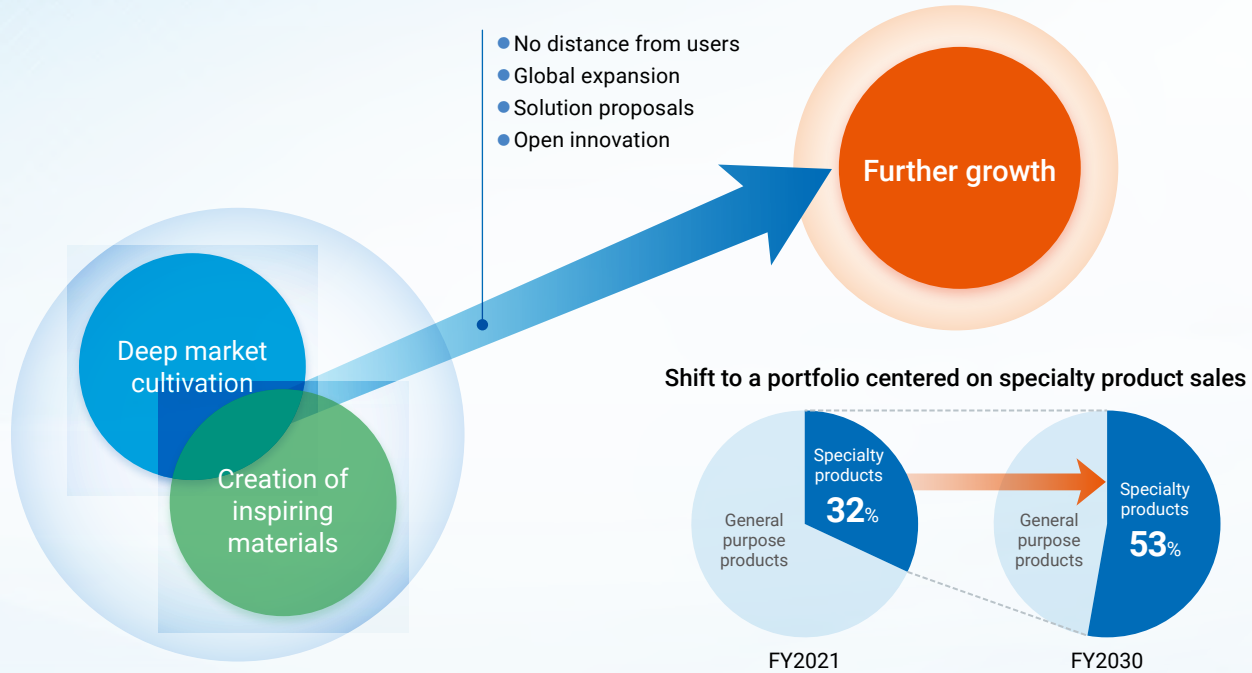
Accelerating Portfolio Shift Toward 2030 and Contributing to Solving Social Issues through Business

Long-term Management Vision

MOVING-10

Basic Philosophy

Tayca Group’s management philosophy is “We will use the power of chemistry to create the source of inspiration and bring dreams and smiles to the world.” We are working to solve social issues through our business activities. We have begun a new history in FY2021, the 101st year since the establishment of the Tayca Group. As such, we have formulated our long-term management vision “MOVING-10” with a view to the next 10 years in order to realize our management philosophy. We will work earnestly with customers to realize better solutions through uncompromising trial and error and focus on profitability more than ever under our Basic Policy of “Creating Inspiring Materials in Earnest.” In doing so, we will accelerate our portfolio shift from general-purpose products to specialty products and create a leading global niche products. Through this Basic Policy, we aim to expand our business, strengthen our earnings base, and contribute to solving social issues to sustainably increase our corporate value.



Basic Policy

- Shift management resources to growth businesses where we have strengths
- Create leading global niche products
- Transform business structure in response to changing environment
- Leverage group synergies

Target Management Indicators

We have set the following management indicators as goals of “MOVING-10” (FY2030).

	FY2010	FY2020	FY2030
Operating profit ratio	5%	13%	15% or higher
ROE	3%	8%	12% or higher

The Tayca Group has formulated “MOVING-10 STAGE1,” a mid-term management plan that serves as the first milestone toward achieving the “MOVING-10” target for FY2030. We are carrying out initiatives to actively promote each of the ESGs, expand our business, and strengthen our earnings base.

Mid-term Management Plan (FY2021 - 2024)

MOVING-10 STAGE1

Basic Philosophy

We formulated the “MOVING-10 STAGE1” mid-term management plan starting in 2020 to realize our “MOVING-10” long-term management vision. Various COVID-19 restrictions have been gradually eased and the economy has shown signs of a pickup. However, the outlook remained uncertain due to soaring raw material and fuel prices, as well as concerns of an economic slowdown caused by the prolonged situation in Ukraine and monetary tightening in Europe and the United States among other factors. Under these circumstances, the Tayca Group will come together to grow even further by focusing on expansion through innovation and the creation of new materials based on activities that place greater emphasis on profitability in FY2024, the final year of the “MOVING-10 STAGE1” mid-term management plan. In doing so, we will strive to expand our business and strengthen our earnings base in order to realize our long-term management vision.

Key Activities

- Further expand Functional Chemical and Electronic Material businesses (accelerate portfolio shift)
- Cultivate and launch the environmental energy field (second pillar to support the next generation)
- Promote the creation of new materials (keywords: “niche market” x “growth areas”)
- Promote business efficiency (improved productivity, automation)
- Promote human resource development (diversity, work style reform)
- Enhance corporate value by promoting SDGs management

Target Management Indicators (Consolidated)

Targets for the Group as a whole (Final fiscal year: FY2024)

Net sales	Operating profit	Operating profit ratio	ROE	EBITDA
55 billion yen	7.5 billion yen	14 %	9 %	11 billion yen



# Business Strategies

## Business Strategies by Field

### Life Sciences Field



We will shift management resources to the fields of cosmetic ingredients and electronic materials, which are growth businesses, to maintain and further expand our position as a comprehensive manufacturer of cosmetic ingredients and a top manufacturer in the piezoelectric market for medical products.

- For functional fine particle products, we are aiming to become a comprehensive manufacturer of cosmetic ingredients by developing new materials, working together with other collaborating companies, and utilizing our Tokyo Creation Laboratory to collaborate with downstream businesses. We will accomplish this by further accelerating global expansion through strengthened material development capabilities, improved formulation technology, GMP compliance, and branding promotion.
- For piezoelectric materials, we will maintain our position as global niche top by accelerating sales of conventional composite materials as well as single crystal materials, expanding into peripheral materials and other areas, and promoting technological innovation with our affiliate company TRS Technologies, Inc.

**Applicable Sites** | Head Office, Tokyo Branch, Okayama Factory/Okayama Research Laboratory, Electronic Materials Department  
JAPAN SERICITE, TFT, TRS



### Environmental Energy Field



We will make the environmental energy field the second pillar of the future of the Tayca Group by aiming to develop, nurture, and launch products with higher functionality using the Tayca Group's proprietary technologies. We will accomplish this by creating products in fields where the core technologies of the Tayca Group can be utilized, such as environmental conservation catalysts, storage battery materials, and electroconductive polymers.

**Applicable Sites** | Head Office, Tokyo Branch, Okayama Factory/Okayama Research Laboratory, Osaka Factory/Osaka Research Laboratory



### Chemical Field



We will strive to maximize profits by reducing costs, focusing on profitability-oriented sales, and strengthening cooperation with overseas affiliates in Thailand and Vietnam as well as by thoroughly reducing costs through more efficient production.

**Applicable Sites** | Head Office, Tokyo Branch, Okayama Factory/Okayama Research Laboratory, Osaka Factory  
Tayca (Thailand), Tayca (Vietnam)



### Industrial Services Field

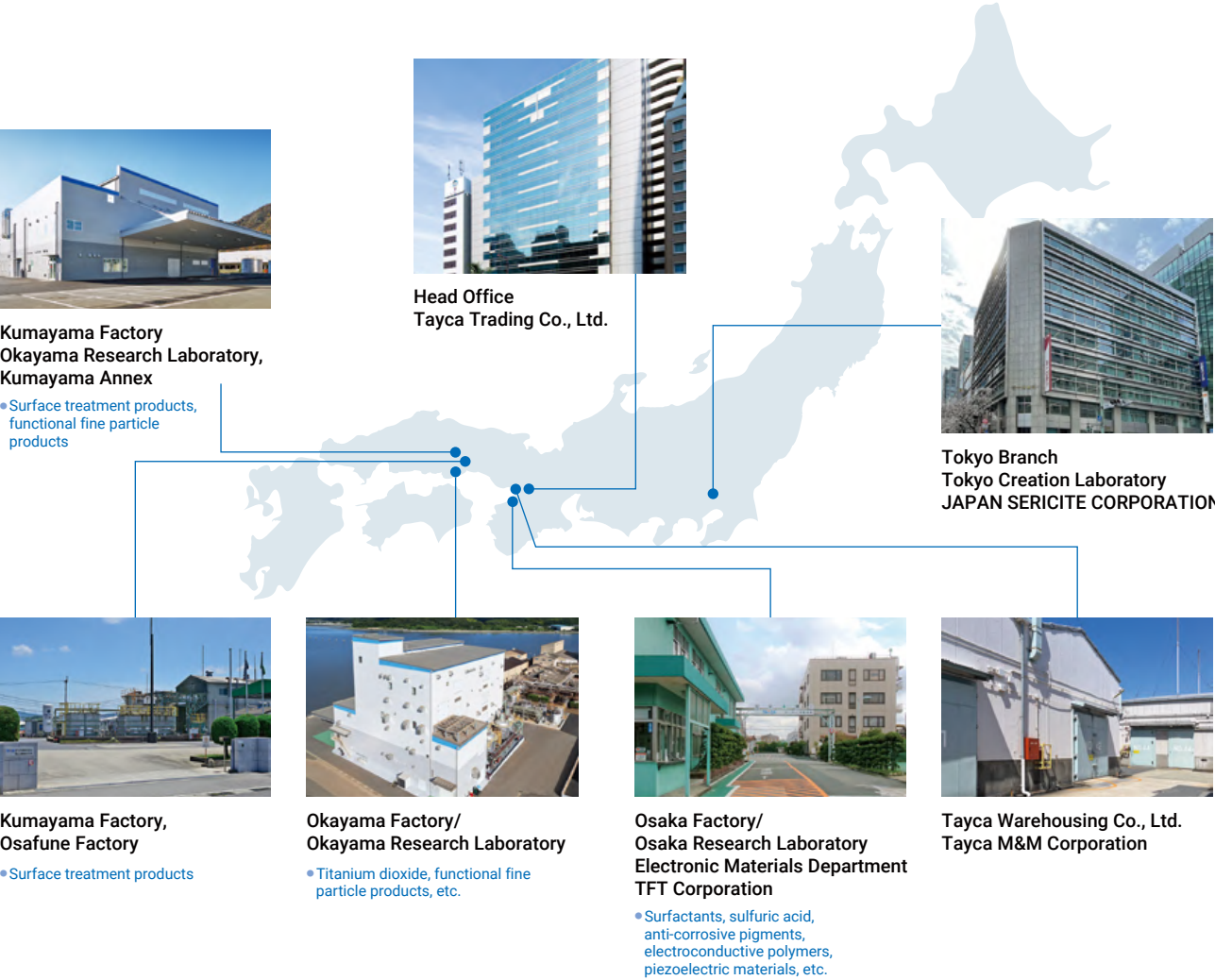


The industrial services field is an important business field that supports the trading company functions, logistics functions, and facility maintenance functions of key industries. We are aiming to develop each business while collaborating with all business fields by utilizing the Tayca Group's network and its technological capabilities and functions as a manufacturer.

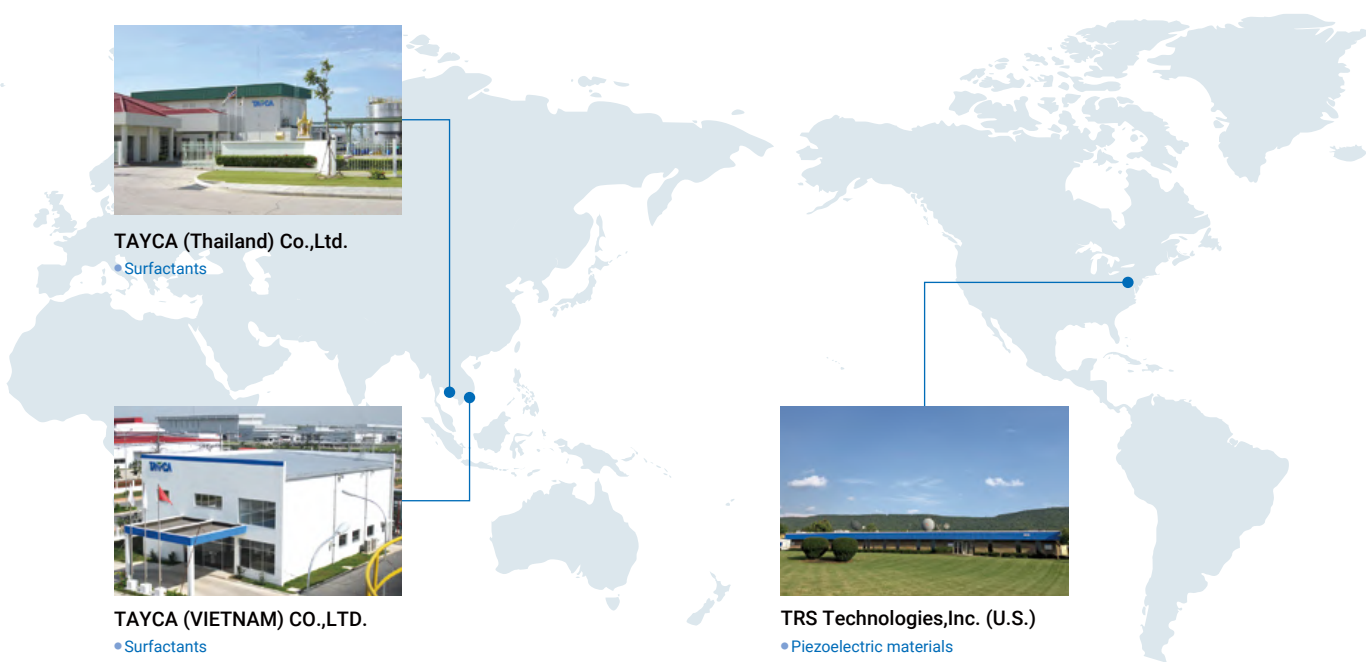
**Applicable Sites** | Head Office, Tokyo Branch, Okayama Factory, Osaka Factory  
Tayca Trading, Tayca Warehousing, Tayca M&M



## Sites in Japan



## Overseas Sites





## Sustainability

# We will Contribute to the Realization of a Sustainable Society by Creating Value through Our Business Activities

### Basic Philosophy

The Tayca Group has provided a variety of chemical industrial products that meet the needs of the times and society since it was established in 1919.

We have established the management policies of “full participation management,” “increased social contributions and corporate value,” “harmony with the global environment,” “thorough compliance,” and “information disclosure.” We comply with the Group Code of Conduct to promote the establishment trustworthy corporate management and realization of our management philosophy.

The Tayca Group has incorporated the promotion of sustainability as an important management theme in our long-term management vision and mid-term management plan, in order to contribute to the realization of a sustainable society. We have also formulated a Basic Policy and promotion system to create value through business activities based on our management philosophy and to contribute to the development of a sustainable society.

### Basic Policy

Tayca Group's management philosophy is “We will use the power of chemistry to create the source of inspiration and bring dreams and smiles to the world”. We have been earnestly dealing with customers and society, and have repeatedly conducted business activities to bring dreams and smiles to people around the world by providing inspiring products that exceed their expectations. Based on this management philosophy, we have established and put into practice the “Tayca Group Sustainability Basic Policy” as follows.

#### 1. Building Businesses that Create Economic and Social Value

- The Tayca Group's business activities are to be trusted and valued by society, and we aim to pursue sustainability through innovation and problem solving.
- We strive to maintain and improve product quality and safety.

#### 2. Relationship with Stakeholders

- We will build a stable relationship of trust with our shareholders and investors through timely and appropriate information disclosure and dialogue.
- With customers and business partners, we will provide products and services that prioritize safety and security, and work toward long-term mutual prosperity.
- We will respect the culture and customs of local communities and society, both within and outside of Japan, and develop relationships of mutual trust.
- We will place the highest priority on health and safety for our employees and strive to improve the working environment. In addition, we will actively develop personnel systems and education and training systems for skill development.

#### 3. Harmony with the Global Environment

- We will strive to prevent global warming, reduce environmental impact, and make effective use of resources.
- We will continue to develop environmentally friendly products.

#### 4. Respect for Human Rights

- We will respect human rights and diversity and promote an equal and rewarding personnel system and workplace.
- We will conduct our business activities with respect for human rights and diversity throughout our supply chain.

#### 5. Compliance with Governance

- We will conduct fair and transparent business activities in compliance with international rules, laws, and regulations, and recognize our social responsibility through thorough compliance.

Corporate sustainability promotion is becoming increasingly important toward realizing a sustainable society. The Tayca Group will contribute to the realization of a sustainable society by actively working to solve social issues from the perspectives of environment (E), social (S), and governance (G) and creating value through our business activities.

### Sustainability Promotion System

#### Basic Philosophy

In the process of promoting sustainable corporate activities, there are many issues common to the entire company, such as risks and opportunities due to climate change, and we have established the “Sustainability Promotion Committee” to address these issues, as it is necessary to strengthen our efforts across divisions and departments.

#### Sustainability Promotion Committee

Role	<ul style="list-style-type: none"><li>● Sets targets for the Tayca Group's sustainability promotion activities.</li><li>● Verifies the status of efforts by each division and links them to the next actions.</li><li>● Reports to the Board of Directors and the Management Committee, and discloses information on the status of activities.</li></ul>
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### Organization Chart



The chairperson of the committee shall report on the activities of the committee to the Executive Committee and the Board of Directors, and matters directed by the Executive Committee or the Board of Directors shall be thoroughly directed to the relevant departments by the departments in charge.



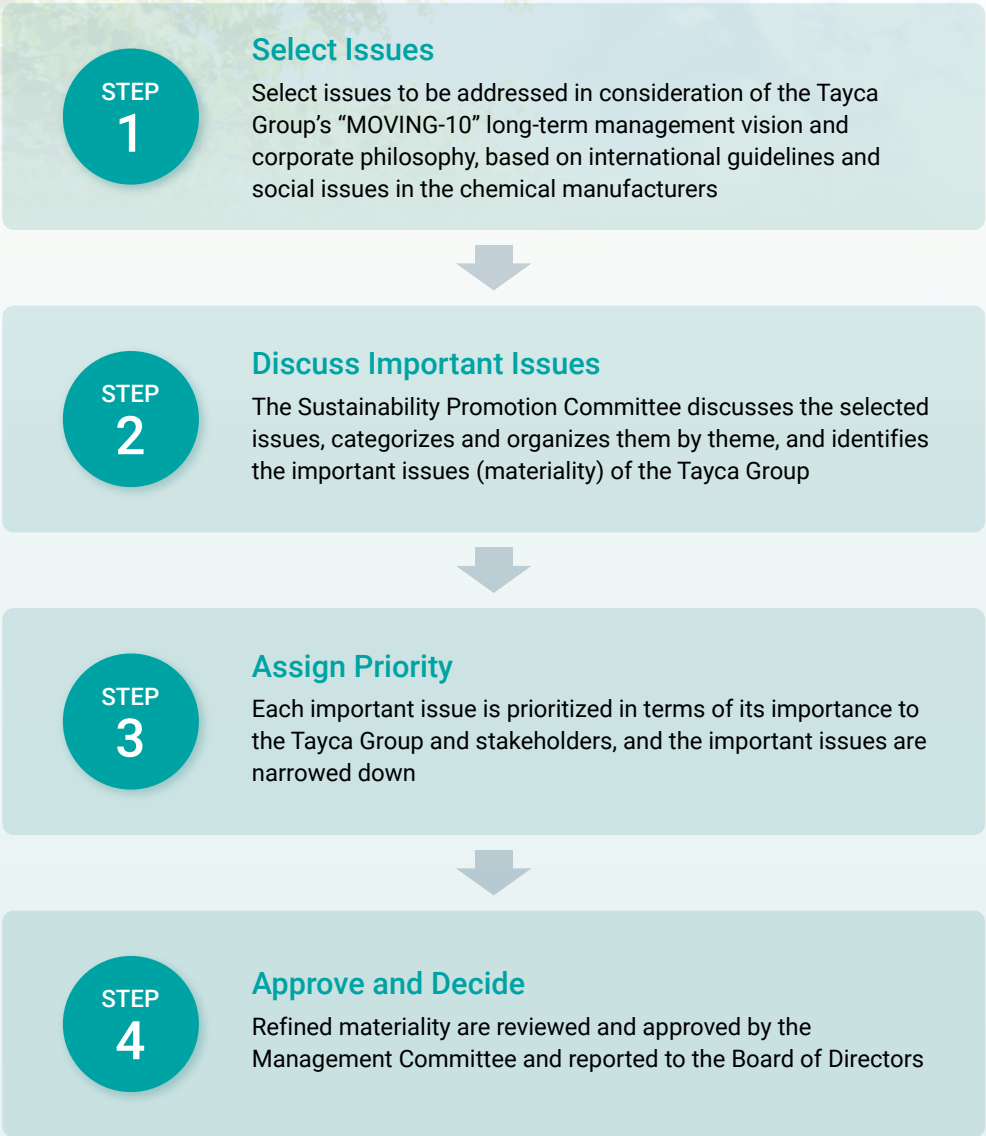
# Materiality (Important Issues) of the Tayca Group

## Basic Philosophy

The Tayca Group has identified materiality (important issues) in order to become a company that is trusted by its stakeholders. We will achieve sustainable growth by contributing to the environment and society through these initiatives.

## Materiality Identification Process

The Tayca Group has identified “Tayca Group Materiality” to address as management in order to strive for the sustainable enhancement of corporate value through the achievement of the “MOVING-10” long-term management vision toward 2030 and business activities that lead to solutions for social issues.



## Identified Materiality

Issues that can contribute more to stakeholders through our business are expressed in Tayca’s uniquely established classification of “inspiring materials,” based on issues related to Environment (E), Social (S), and Governance (G), which are important for the promotion of sustainable corporate activities.

### Major Materiality Initiatives of the Tayca Group

Important Issues (Materiality)	Overview (Sub-materiality)	Major initiatives of the Tayca Group
Inspiring Materials		
Contribute to the healthy and prosperous lives of people through the power of chemistry cultivated over many years	<ul style="list-style-type: none"><li>Expand growth businesses</li><li>Transform business model</li></ul>	<ul style="list-style-type: none"><li>Accelerate global expansion</li><li>Maintain and strengthen quality control standards</li><li>Strengthen solution proposals</li><li>Expand co-creation value</li></ul>
Continuously enhance corporate value by solving social and environmental issues	<ul style="list-style-type: none"><li>Create new businesses</li><li>Create high-value-added services</li></ul>	<ul style="list-style-type: none"><li>Cultivate next-generation businesses</li><li>Enhance research and development capabilities</li><li>Develop leading global niche products</li><li>Promote open innovation</li></ul>
Environment		
Promote sustainable corporate activities that consider the global environment and society	<ul style="list-style-type: none"><li>Address climate change issues</li><li>Address product-related regulations</li><li>Environmental conservation</li></ul>	<ul style="list-style-type: none"><li>Reduce CO<sub>2</sub> emissions</li><li>Address chemical substance regulations</li><li>Maintain low emissions of environmentally hazardous substances</li></ul>
Social		
Accelerate innovation creation through human capital management that respects individuals and leverages diversity	<ul style="list-style-type: none"><li>Diversity &amp; inclusion</li><li>Promote human resource development and advancement</li></ul>	<ul style="list-style-type: none"><li>Respect human rights</li><li>Promote flexible work styles</li><li>Accelerate business efficiency (promoting DX)</li><li>Enhance employee training</li></ul>
Governance		
Establish and operate strong corporate governance	<ul style="list-style-type: none"><li>Improve transparency and soundness of management</li></ul>	<ul style="list-style-type: none"><li>Ensure compliance</li><li>Strengthen information security</li><li>Manage business portfolio</li><li>Enhance stakeholder engagement</li></ul>



# Inspiring Materials

## Contributing to the Healthy and Prosperous Lives of People through the Power of Chemistry Cultivated Over Many Years

### Exhibiting at the Cosmetic Ingredients & Technology Exhibition Japan (CITE Japan)

We have exhibited the Cosmetic Ingredients & Technology Exhibition Japan (CITE Japan) every time since 2003 in order to provide the latest information to as many customers as possible. At this year's CITE JAPAN 2023, we exhibited four new products with the customer's point of view in mind based on Tayca's fundamental and applied technologies that we have cultivated over the years. We received a high level of interest from many customers. We hope to deliver new inspiration to more stakeholders through these activities.



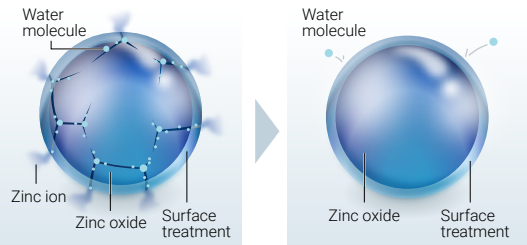
Exhibition booth      Product presentation



Members participating in the exhibition

#### “ZEC-1” Can Be Used with Carbomer! Elution Control Micro Zinc Oxide.

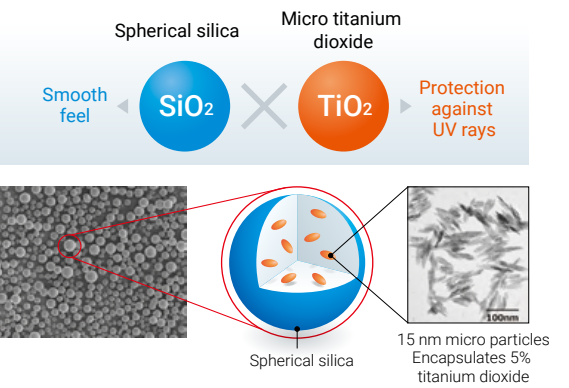
We developed the revolutionary new zinc oxide “ZEC-1” by finding a way to make the surface of zinc oxide particles react more densely with surface treatment agents. ZEC-1 has extremely high water repellency, reducing the amount of leached zinc ions to about 1/50th of conventional products. This makes it possible to use ZEC-1 in combination with carbomers.



**Conventional surface-treated zinc oxide**  
Conventional surface-treated zinc oxide does not completely coat the zinc oxide portion, even in the surface-treated area. This allows water molecules to penetrate, causing zinc ions to leach out. The ZEC-1 new zinc oxide has a dense surface treatment that completely coats the zinc oxide, making it impenetrable to water molecules.

#### “Boost-touch” Spherical Silica Encapsulating Micro Titanium Dioxide

We succeeded in producing “Boost-touch” silica, a spherical silica encapsulating micro titanium dioxide, by combining titanium dioxide dispersion technology with silica particle synthesis technology. This material functions as a boosting agent to improve UV-protection capability. It is attracting a great deal of interest from customers.



“Boost-touch” silica encapsulating micro titanium dioxide in spherical silica particles

The Tayca Group has been seeking to contribute to the healthy and prosperous lives of people through inspiring materials such as functional raw materials, mainly ultraviolet ray blocking agents used in cosmetics, and piezoelectric materials used in medical ultrasound diagnostic imaging machines. We will continue to make persistent efforts and improvement at a high level in order to deliver inspiring materials to as many people as possible around the world.

### Establishing Piezoelectric Single Crystal Supply System in Japan and the U.S.

TRS Technologies (U.S.), a piezoelectric material manufacturer, joined the Tayca Group in 2018, and a single-crystal manufacturing factory was completed in Tayca Osaka Factory in 2022. We aim to provide inspiring materials to the world in the field of healthcare by establishing a piezoelectric single crystal supply system in both Japan and the United States. We are expanding our promotional activities both in Japan and internationally by actively providing customers with samples, participating in exhibitions and academic conferences, and contributing papers to journals.



Piezoelectric single-crystal wafers      Various piezoelectric materials



TRS members



Exterior view of the piezoelectric single-crystal material manufacturing facility



IEEE IUS 2022 venue

#### Most Recent Conferences/ Paper Presentations

**International conference:**  
“Dielectric and Piezoelectric Properties of Sm-Doped PIN-PMN-PT Single Crystals for Medical Ultrasound Transducers”

**Academic paper:**  
“Piezoelectric properties of Pb (Mg<sub>1/3</sub>Nb<sub>2/3</sub>) O<sub>3</sub>-PbTiO<sub>3</sub> based piezoelectric single crystal thin plate transducers”

In these presentations, we demonstrated that high piezoelectric properties can be maintained even in thin plate oscillators by applying single crystal material developed jointly with TRS Technologies, which has traditionally had high piezoelectric performance, and the processing technology developed by Tayca to piezoelectric single crystals.



# Inspiring Materials

## Continuously Enhancing Corporate Value by Solving Social and Environmental Issues

The Tayca Group has contributed to the global environment and society by developing products based on the fundamental and applied technologies that we have cultivated over many years.

We will continue to pursue inspiring materials in the environmental/energy, electrical/electronics, and medical/healthcare fields by utilizing the technologies and knowledge we have accumulated to solve further social and environmental issues.

### 1 Electroconductive polymer related materials

Electroconductive polymers and their dispersions are mainly used in capacitors. In addition to computers and communication base stations, they are expected to be expanded to automotive applications requiring high reliability in the near future. They are products that contribute to the realization of information and low-carbon societies.



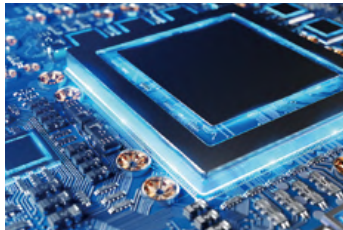
### 2 Environmentally harmonious materials

We have developed a new manufacturing method for micro zinc oxide that has succeeded in significantly reducing CO<sub>2</sub> emissions while maintaining functionality. We will continue to accelerate research and development based on the keywords of “harmony with the global environment” and “contribution to the global environment,” aiming for a sustainable society.



### 3 Semiconductor packaging materials

We aim to provide high-quality materials for the niche field in semiconductor packaging materials through the miniaturization of newly developed spherical silica and optimal surface treatment. We will also take on the challenge of innovation in digital technology, which will become more sophisticated in the future.



### 4 Storage battery device materials

Materials utilizing inorganic synthesis and particulation technologies enable higher energy density, higher output, and longer cycle life for storage battery devices. We aim to contribute to the popularization and expansion of lithium-ion batteries and the development of a sustainable society.



### 5 Highly transparent titania materials

Highly transparent titania materials with high transparency and refractive index enable high functionality in optical elements such as displays and AR glasses. We also offer solvent-free products that consider the global environment, including energy-saving products.



### 6 Cosmetic ingredients

We have newly developed micro titanium dioxide and zinc oxide powders that can be easily dispersed in mediums. These products simplify the manufacturing process of cosmetics and save energy. We will contribute to an energy-saving and recycling-oriented society by designing products based on their life cycles.



### 7 Piezoelectric materials

Medical ultrasound imaging machines using piezoelectric single crystals enable sharper echo images. This can improve the accuracy of medical diagnoses. We will contribute to the improvement of people's health through the development of medical technology.

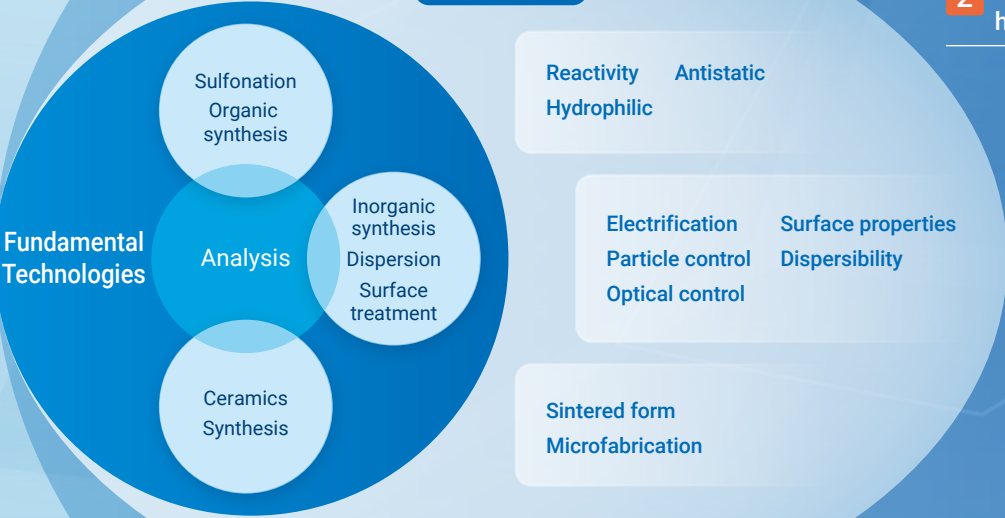


#### Research and Development Products

New product development

#### Applied Technologies

Functionalization



#### 1 Electroconductive polymer related materials

#### 2 Environmentally harmonious materials

#### 3 Semiconductor packaging materials

#### 4 Storage battery device materials

#### 5 Highly transparent titania materials

#### 6 Cosmetic ingredients

#### 7 Piezoelectric materials



# Environment

Environmental issues such as climate change are major and urgent challenges that the world must now work together to address. The Tayca Group is committed to actively reducing carbon dioxide (CO<sub>2</sub>) emissions, while both handling risks and taking opportunities in our business activities to achieve sustainable growth.

Related SDGs ▶

3

GOOD HEALTH AND WELL-BEING

6

CLEAN WATER AND SANITATION

7

AFFORDABLE AND CLEAN ENERGY

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

14

LIFE BELOW WATER

## Climate Change

### Basic Philosophy

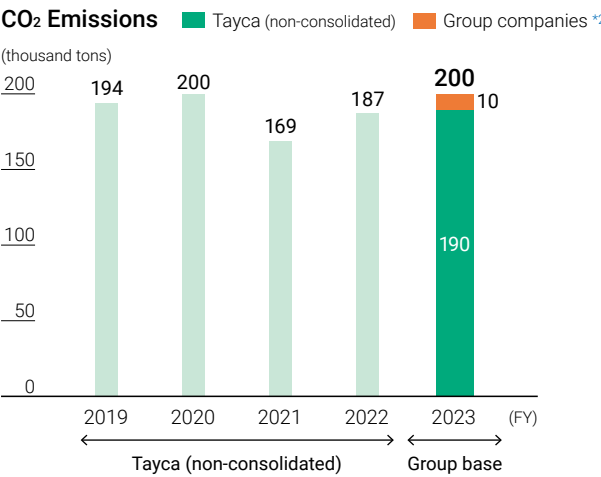
We recognize that addressing climate change is an important issue. As our initiatives for reducing carbon dioxide (CO<sub>2</sub>) emissions, we promote the reduction of CO<sub>2</sub> emissions by following our approach to carbon neutrality while combining various options such as converting fuel to low-carbon energy, rationalizing the production process, upgrading production equipment, and shifting production items to environmentally friendly products.

### CO<sub>2</sub> Emissions <sup>\*1</sup>

We worked on rationalizing production processes and updating to power-saving and high-efficiency facilities in FY2023. However, CO<sub>2</sub> emissions at Tayca (non-consolidated) increased slightly compared to the previous fiscal year as a result of higher capacity utilization.

<sup>\*1</sup> Subject scope: Total of Scope 1 and 2 (energy-derived)

<sup>\*2</sup> Group companies are calculated from FY2023. Subject companies are Tayca Warehousing Co., Ltd., Tayca M&M Corporation, TAYCA (Thailand) Co., Ltd., TAYCA (VIETNAM) CO., LTD. and TRS Technologies,Inc.



### Basic Philosophy

The Tayca Group recognizes that addressing climate change through our business activities is an important management issue. We are taking appropriate measures in accordance with our Basic Policy on Sustainability.

## Environmental Policy

- Promote research and study on the environmental impact of our business activities, products, services, and substances we handle. Consider the impact from research and development through to disposal, and strive to develop products and technologies that are more environmentally friendly.
- To contribute to resource and energy conservation and global environmental preservation, we will strive to further promote resource and energy conservation.
- Take necessary measures to prevent pollution, including the disposal of soot, sewage, and waste generated by our business activities.
- Promote measures to recycle and reuse waste materials and strive to reduce waste.
- Strive to develop an environmental management system, including the securing of qualified personnel necessary for work related to environmental management as stipulated by law, etc., and educate employees on environmental awareness, knowledge, and practices.
- In addition to promoting the maintenance of green areas and environmental facilities in and around factories, we shall pay attention to the trends of administrative authorities and local residents regarding products, operations, waste, etc., and strive to communicate with them to gain their correct understanding.
- When conducting international business, we shall endeavor to respond to environmental issues in the same manner as we do in Japan to the extent possible, and shall actively provide safety information, etc. on chemical substances related to our business.
- We will periodically review our environmental management activities and strive for continuous improvement.

## Environmental Management System

### Basic Philosophy

The Tayca Group aims to minimize the environmental impact of our activities in order to achieve sustainable development in response to global environmental issues.

### Acquisition of ISO14001 at All Factories in Japan

We acquired ISO 14001 certification, an international standard for environmental management systems that aims to reduce environmental risks and contribute to the environment, for all of our factories in Japan. We are continuously improving our environmental management by establishing a general manager policy for each area every year and repeating the PDCA cycle, which is the foundation of management, with a focus on individual management targets.

### Environmental Management System Structure

We have appointed an environmental management supervisor (factory manager for factories and general managers of the Environment & Quality Control Department for the head office and branch offices) to oversee each area, headed by the Director in charge of Environment & Quality Control Department. We have established a structure whereby the person responsible for environmental management and the person responsible for implementation are engaged in practical environmental management tasks in each department under the supervision of the environmental management supervisor.

### CO<sub>2</sub> Emission Reduction Targets

2030 target	2050 target
50% reduction in CO <sub>2</sub> emissions (compared to FY2014*)	Carbon neutrality

\* CO<sub>2</sub> emissions in 2013: 180,816 tons

### Our Initiatives to Reduce CO<sub>2</sub> Emissions

#### Fuel Conversion from Coal to LNG (Liquified Natural Gas)

The power generation facilities at the Tayca Okayama Factory use coal boilers and steam turbines to generate steam and electricity. Since coal-fueled power generation facilities emit large amounts of CO<sub>2</sub>, the factory is in the process of upgrading its facilities to switch from coal to LNG. Full-scale operation is scheduled for 2025. It is expected to reduce CO<sub>2</sub> emissions by approximately 23% relative to the CO<sub>2</sub> emissions reduction target for 2030.



Satellite image of LNG

Risks and Opportunities Related to Climate Change

Disclosure Items Recommended by the Task Force on Climate-Related Financial Disclosures (TCFD)

Basic Philosophy

We analyzed each scenario in accordance with the process outlined in the TCFD recommendations, assuming a 1.5°C or 4°C increase in global average temperature compared to pre-industrial levels. First, we analyzed the risks and opportunities posed by climate change by dividing them into two broad categories: risks related to the “transition” to a low-carbon economy and risks related to “physical” changes caused by climate change. We then identified items that we believe will have a high degree of impact. The Tayca Group aims to achieve sustainable growth by incorporating these risks into our management strategies and implementing them.

Governance

The Tayca Group considers addressing issues related to climate change to be one of its most important management challenges. The Sustainability Promotion Committee, chaired by the Director in charge of the Environment & Quality Control Department, manages risk at the management level and works to create opportunities. In addition, progress is reported to the Management Committee and the Board of Directors.

➤ Refer to Sustainability / Sustainability Promotion System on page 16 for details

Strategy

The following two scenarios were analyzed based on the TCFD framework with regard to the impact of climate change on the business and financial performance of the Tayca Group.

**1.5°C scenario:** Scenario of transition to a low-carbon economy  
**4°C scenario:** Scenario with increased physical climate change risks

These climate change scenarios refer to information from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). The 1.5°C scenario uses IPCC SSP1-1.9 (a scenario that keeps temperature increase below 1.5°C based on sustainable development), while the 4°C scenario uses IPCC SSP5-8.5 (a maximum emissions scenario without climate policy based on fossil fuel dependent development). The time horizon of the analysis is generally based on the year 2030 for transition risks and the year 2050 for physical risks. The risks and opportunities identified are shown in the table on the right.

Risk Management

The Sustainability Promotion Committee plays a central role in the company-wide identification, evaluation, and response to climate change-related risks and opportunities. It is responsible for improving the level of risk management and ensuring smooth business operations.

In addition, as with the process of company-wide risk management, important risks are analyzed by the Management Committee, and their impact and management status are reported to the Board of Directors as appropriate.

Indicators and Targets

The Tayca Group is also considering reduction targets and major reduction measures for CO<sub>2</sub> emissions to achieve carbon neutrality. We are also in the process of calculating Scope 3 for CO<sub>2</sub> emissions.

Major Proposed Reductions*	● Fuel conversion to low-carbon energy	● Procurement of green electricity
	● Rationalization of manufacturing process	● Reconstruction of business portfolio
	● Thorough implementation and enhancement of energy saving	● CO <sub>2</sub> recovery and recycling
		● Use of new technologies

\* Subject scope: Scope 1 and 2 (energy-derived)

➤ Refer to Environment / CO<sub>2</sub> Emission Reduction Targets on page 24

1.5°C Scenario				[Impact on Operating Profit; Legend] <span>■ Negative Impact</span> <span>■ Positive Impact</span>		
Global Changes		Risks/Opportunities		Impact on Operating Profit	Proposed Risk Response	Occurrence Timing*
Category	Item	Category	Item			
Policies and Regulations	Introduction of carbon tax and GHG emission regulations	Risk	● Increased carbon tax burden	Large	● Review manufacturing processes and thoroughly save energy ● Convert fuel to low-carbon, renewable energy ● Shift from energy-intensive general purpose products to environmentally-friendly high-performance products	Medium-term
	Promotion of energy saving and electrification	Opportunity	● Increased sales of electroconductive polymers for capacitors due to the popularization of electric vehicles ● Increased sales of commercial products (sol, etc.) that contribute to saving energy	Large		Medium-term
Technological Development	Technological innovation in clean energy	Opportunity	● Increased sales of battery materials to meet growing demand for storage batteries	Large		Medium-term
	Technological innovation in IR and UV light blocking	Opportunity	● Increased sales by maintaining and improving competitive advantage for IR and UV light-blocking titanium dioxide	Medium		Medium-term
Market	Increase in energy costs	Risk	● Increased energy costs associated with switch to renewable energy	Medium	● Review manufacturing processes and thoroughly save energy ● Invest in power-saving and high-efficiency facilities	Medium-term
	Market demand for low carbon	Risk	● Reduced sales due to delay in response to the demand for low-carbon, especially in Europe	Cannot be calculated	● Accelerate development of products and manufacturing processes that emit less CO <sub>2</sub> during production	Medium-term
	Return to plant-derived products rather than petrochemical-derived products	Opportunity	● Increase sales of plant-derived surfactants due to shift in preference for plant-derived products	Medium		Medium-term
Reputation	Increasingly strict evaluation by stakeholders	Risk	● Reduced corporate value due to delayed response to climate change and lack of communication	Cannot be calculated	● Proactively disclose information on climate change response strategies, environmentally friendly products, etc. ● Strengthen stakeholder engagement	Medium-term

4°C Scenario				Impact on Operating Profit	Proposed Risk Response	Occurrence Timing*
Global Changes		Risks/Opportunities				
Category	Item	Category	Item			
Physical (Chronic)	Increase in average temperature	Risk	<ul style="list-style-type: none"><li>● Occurrence of risks to employee health and safety, such as heatstroke on hot days</li><li>● Increased air conditioning costs at each factory</li></ul>	Small	<ul style="list-style-type: none"><li>● Thoroughly enforce occupational safety</li><li>● Automate and reduce manpower in factory operations</li></ul>	Medium- to long-term
		Opportunity	<ul style="list-style-type: none"><li>● Increased sales of Titanium Dioxide for Blocking IR Radiation, which reduces temperature increases in buildings and roads</li><li>● Increased sales of cosmetic ingredients (micro titanium dioxide, micro zinc oxide, surface treatment products, etc.) due to rising demand for UV care</li></ul>	Large		Medium-term
	Increase in frequency of heavy rainfall	Risk	<ul style="list-style-type: none"><li>● Increased cost of removing sediment deposited at the mouth of rivers flowing into the Seto Inland Sea</li></ul>	Medium	<ul style="list-style-type: none"><li>● Respond thoroughly in cooperation with local governments</li></ul>	Medium-term
Physical (Acute)	Intensification of extreme weather events	Risk	<ul style="list-style-type: none"><li>● Damaged company sites due to the frequent occurrence of wind and flood damage</li><li>● Factory operations impacted due to supply chain disruptions</li></ul>	Large <small>(Covered by damage insurance)</small>	<ul style="list-style-type: none"><li>● Ensure business continuity through BCPs</li><li>● Diversify supply chain</li></ul>	Long-term
		Opportunity	<ul style="list-style-type: none"><li>● Increased sales of storage battery materials due to expansion of storage battery market in response to disasters</li></ul>	Large		Medium-term

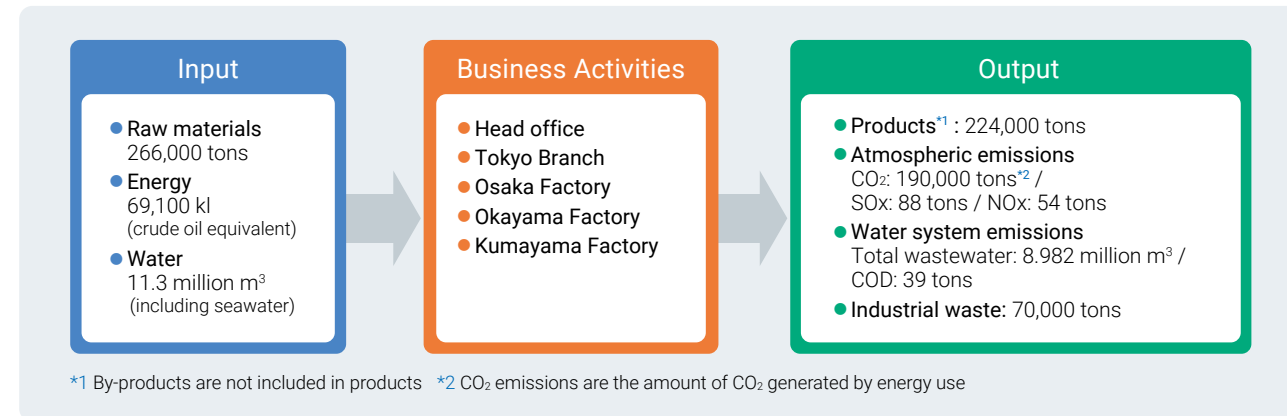
\* Medium-term: ~2030, long-term: ~2050



## FY2023 Results

### Material Balance

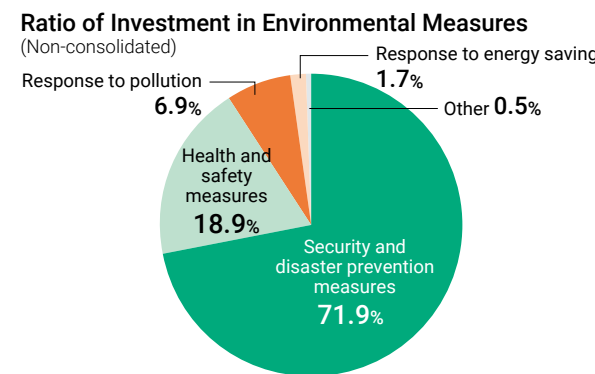
Tayca's material balance is as follows.



### Investment in Environmental Measures

- We invested approximately 1.3 billion yen in total for environmental measures, with particular emphasis on security and disaster prevention measures (renewal of aging facilities) and health and safety measures (improvement of the work environment) in FY2023, as shown in the chart on the right.

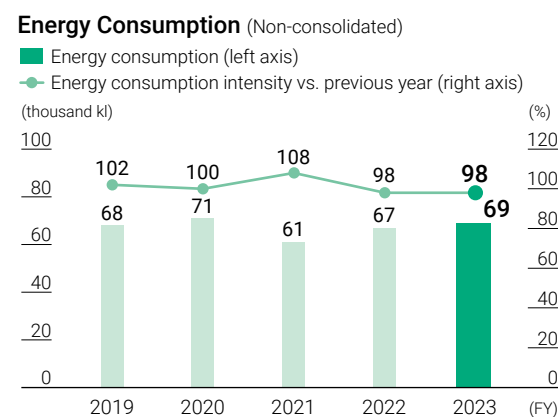
We will continue to implement energy-saving measures while being mindful to reduce environmental impact and ensure the safety of our manufacturing facilities.



### Energy Consumption

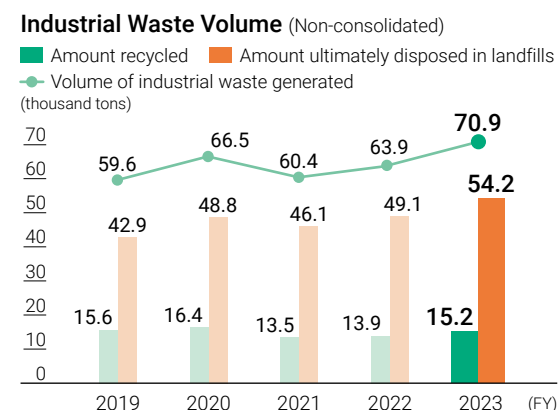
- Despite the changeover to energy-saving type facilities, energy consumption increased compared to the previous year due to improved operating rates.
- Energy consumption intensity decreased from the previous year due to the changeover to energy-saving type facilities and efficient production.

We will continue our efforts to reduce energy consumption intensity by installing energy-saving facilities and conducting highly efficient production.



### Initiatives to Reduce Industrial Waste

- The volume of industrial waste generated in FY2023 increased compared to the previous fiscal year.
- We are actively working to recycle industrial waste, primarily by reusing it as a raw material for cement. We will continue efforts to reduce the volume of industrial waste we generate and to reduce waste by recycling.

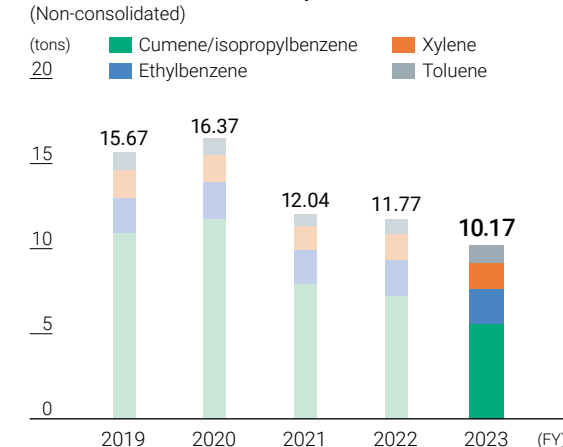


### Emission of Substances Covered by PRTR Act

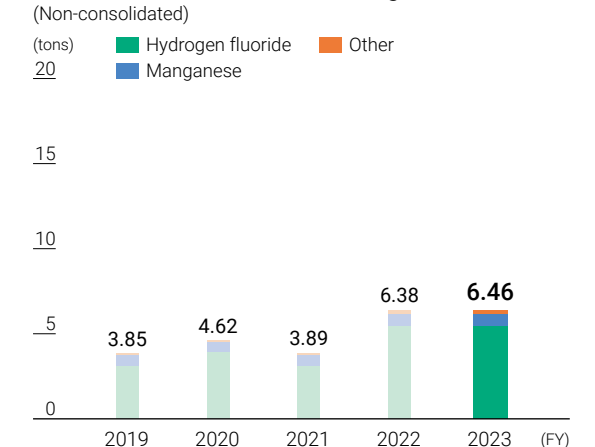
- Total emissions of substances subject to reporting under the PRTR Act<sup>\*</sup> in FY2023 decreased slightly compared to the previous fiscal year.
- We are promoting measures to reduce PRTR substances without being affected by increases or decreases in production volume as much as possible.
- Hydrogen fluoride is disclosed by converting fluoride contained in seawater used for cooling facilities into hydrogen fluoride. It is not generated during processes.

\* PRTR Act: A system to compile and disclose data on the extent to which potentially harmful chemical substances are released into the environment or transported out of business sites in wastes, and from what sources

#### PRTR Substances: Atmospheric Emissions (Non-consolidated)



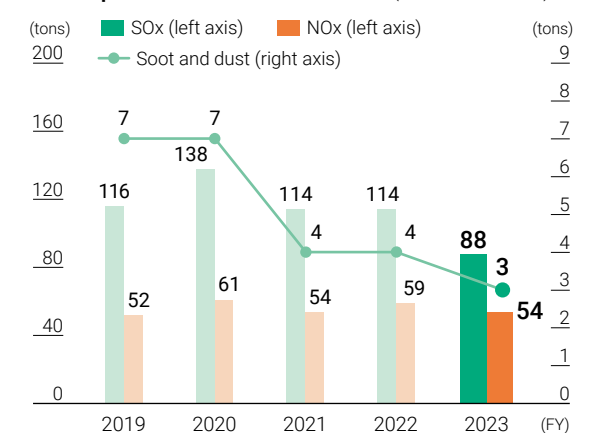
#### PRTR Substances: Water Discharge (Non-consolidated)



### Initiatives to Reduce Atmospheric Pollutant Emissions

- Emissions of sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and soot and dust in FY2023 decreased compared to the previous fiscal year.
- We are working to constantly reduce atmospheric pollutant emissions by using low-sulfur heavy oil for boilers, which are a source of atmospheric pollutants, and by installing high-performance after-treatment equipment to remove SO<sub>x</sub>, NO<sub>x</sub>, and soot and dust from combustion gases generated during processes.

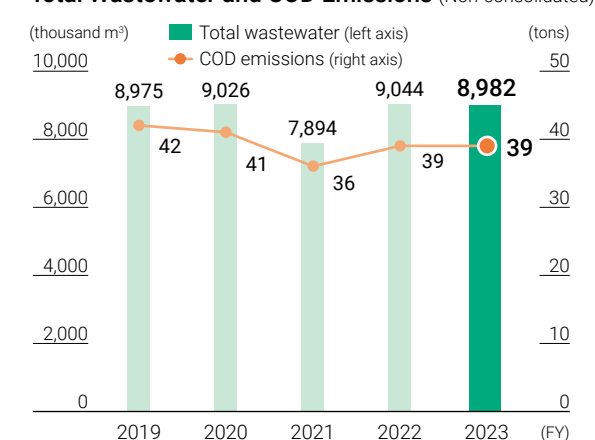
#### Atmospheric Pollutant Emissions (Non-consolidated)



### Initiatives to Reduce Factory Wastewater and Water Pollutant Emissions

- The total volume of wastewater discharged in FY2023 decreased slightly compared to the previous fiscal year. COD emissions were the same as the previous fiscal year.
- The Okayama Factory, which is Tayca's main factory, has established voluntary management values that are even stricter than those of the Water Pollution Prevention Act and the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea, and is working to ensure thorough management of and compliance with these values.
- We have been continuously reducing COD, which is subject to total volume regulations, through water purification treatment.

#### Total Wastewater and COD Emissions (Non-consolidated)



We will continue to reduce the amount of water used through water conservation and recycling to reduce total wastewater discharge.

Responsible Care

Basic Philosophy

The Tayca Group supports the aims of the Responsible Care Global Charter and implements Responsible Care to protect the environment, safety, and health.

Responsible Care Implementation System

The Tayca Group implements and improves safety, health, and environmental measures throughout the entire life cycle from development to manufacturing, distribution, use, final consumption, and disposal based on these basic principles under the supervision of the Director in charge of the Environment & Quality Control Department. The results are reported to the President, who gives instructions for improvement. We also operate an environmental management system based on the environmental ISO 14001 standard to reduce our environmental impact.



Priority Items and Results for Responsible Care Activities in FY2023

Priority Items		FY2023 Targets	Results
Environmental conservation	Energy intensity (Promotion of energy saving)	Reduction of 1% or more from FY2022 levels	Decreased by 2.2% from FY2022
Safety and disaster prevention Occupational health and safety		No equipment accidents	No equipment accidents
		No accidents with lost time	Accidents with lost time: 4
		No accidents with no lost time	Accidents with no lost time: 4 Promotion of risk management/crisis management
Logistics safety		No serious logistics accidents	No serious logistics accidents
Chemical safety		No product liability issues	No product liability issues Compliance with domestic/overseas chemical regulations
Communication with society	Implementation of appropriate information disclosure	Information on Responsible Care activities reported above	
	Dialogue with stakeholders	Refer to Social / Communication with Stakeholders on page 37	

Biodiversity

Basic Philosophy

We recognize that preserving biodiversity is one of the most important issues that society as a whole must address. We are not only working to reduce substances with environmental impact emitted from the Tayca Group's sites and factories, but also from the supply chain as a whole.


Addressing Preservation of the Global Environment

Specific Initiatives

Development of Microplastic Alternatives

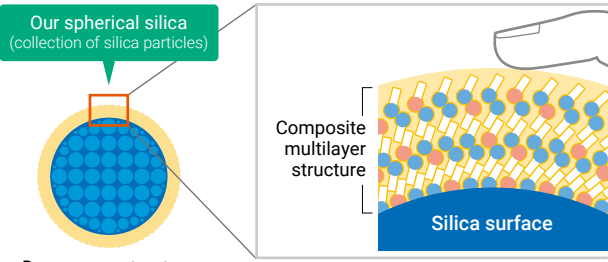
Microplastics are fine plastic debris with a diameter of 5 mm or less that are a cause of marine pollution. These particles are difficult to collect due to their size and continue to accumulate in the ocean without naturally decomposing, which is feared to have a serious impact on the ecosystems of marine organisms. Resin beads, which are widely used in sunscreen and makeup cosmetics to improve skin feel, can become microplastics that pollute the ocean.

The Tayca Group has developed a spherical silica as an alternative to resin beads that is soft and smooth to the touch, which is not possible with conventional inorganic substances, by applying surface treatment to silica, a substance with low environmental impact. Most recently, we have been developing a wide variety of spherical silica with different particle sizes to further enhance tactile characteristics for cosmetic applications.



Microplastics, which are a cause of marine pollution

The Tayca Group's spherical silica



Our spherical silica (collection of silica particles)

Dense pore structure

Composite multilayer structure

Silica surface

Softness is achieved by the composite multilayer structure of the silica surface

Contributing to Coral Reef Preservation

There has been a growing concern in recent years that some organic ultraviolet absorbers, which are ingredients in sunscreen products, are affecting coral reef ecosystems. Hawaii and Key West, Florida, in the U.S. are working to protect coral reefs by regulating the sale and distribution of sunscreens containing these organic ultraviolet absorber ingredients.

Titanium dioxide and zinc oxide are recognized by the U.S. Food and Drug Administration (FDA) as GRASE (Generally Recognized As Safe and Effective) . The Tayca Group's micro titanium dioxide and micro zinc oxide products are inorganic UV dispersant with minimal impact on coral reefs.



Support for Roundtable on Sustainable Palm Oil (RSPO) Activities

The Tayca Group supports the aim of sustainable palm oil production and use, and has been supporting RSPO activities since 2012. We obtained RSPO certification at our Osaka Factory in June 2017 and at our Okayama and Kumayama Factories in 2020, with each factory using certified raw materials.





# Social

Realizing a society in which each person can feel a sense of fulfillment and happiness is part of a company’s sustainability activities. The Tayca Group is actively promoting initiatives to enrich people and society through efforts including respect for human rights, work style reform, assurance of occupational health and safety, and human resource development.



## Respect for Human Rights

### Basic Philosophy

The Tayca Group positions respect for human rights as one of the foundations of sustainability. We have formulated a Code of Conduct that establishes “respect of the individual ability and personality of our employees regardless of their nationality and gender” as an important issue to be addressed by management. We have also clearly stated in rules of employment that harassment of any kind is prohibited. We also strive to ensure that the human rights of each individual are respected by our suppliers and various stakeholders, and thoroughly familiarize them with our efforts.

### Human Rights Policy

#### 1. Respect for basic human rights

We recognize the diversity of individual values and respect and protect the human rights of each person.

#### 2. Elimination of discrimination

We respect the individual’s personality and do not discriminate on the basis of “gender,” “age,” “nationality,” “race,” “sexual orientation,” “religion,” “LGBT,” etc.

#### 3. Prohibition of harassment

We do not tolerate any form of harassment, including sexual harassment and power harassment.

#### 4. Prohibition of child labor and forced labor

We do not tolerate child labor, forced labor, or other unfair labor practices in our business activities.

#### 5. Recognition and respect of freedom of association and the right to collective bargaining

We will respect the fundamental rights to freedom of association and collective bargaining.

#### 6. Maintenance of an appropriate work environment

We will create a safe, clean, healthy, and comfortable work environment.

### Harassment Consultation

Sections in charge of personnel and labor affairs, labor unions, lawyers, and others at each business site of the Tayca Group serve as harassment consultants. They respond appropriately and do not treat the those seeking consultations unfairly.

## Work Style Reform

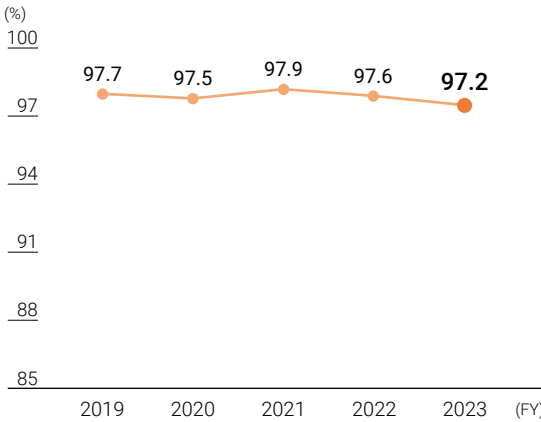
### Basic Philosophy

We aim to improve the work-life balance of our employees by introducing a system that can flexibly accommodate their lifestyles to create an environment in which they can maximize their abilities.

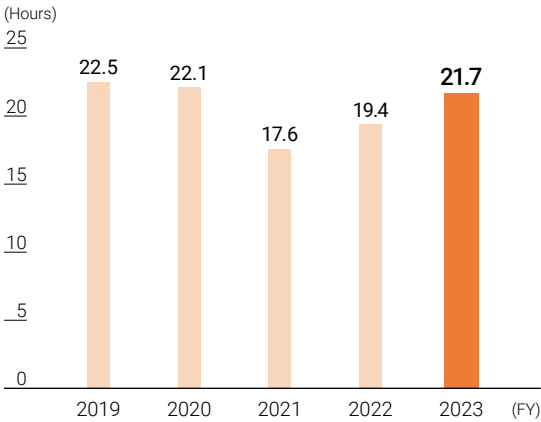
### Reduction of Long Working Hours

- We have designated every Wednesday as a “No Overtime Day.” It has been over 10 years since its introduction, and the implementation rate has remained at more than 90%
- Overtime work is capped at 30 to 40 hours per month in principle. In cases exceeding this amount, labor and management confirm the nature of the overtime and whether or not it is continuous, in order to reduce overtime work.
- We introduced a time and attendance management system to enable managers to check the work status of employees in a timely manner, and to manage and adjust working hours.

No Overtime Day Implementation Rate  
(Non-consolidated)



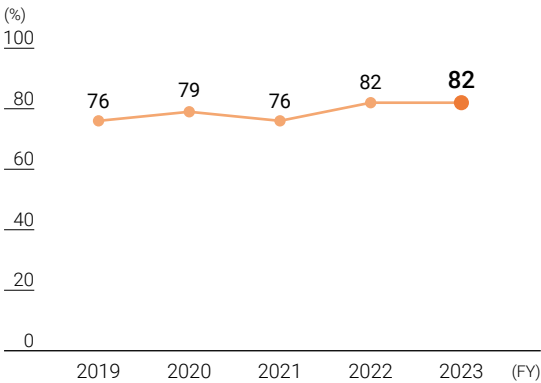
Average Monthly Overtime Hours  
(Non-consolidated)



### Improving the Paid Leave Utilization Rate

- The paid leave utilization rate has remained at around 80% for the past 10-plus years.
- We have been operating a planned annual leave system (currently max. 7 days given) since FY1999, prior to when it was legally mandated.
- We have made it easier for employees to take paid leave by introducing a system for half-day and hourly annual leave.
- Lost paid leave can be accumulated for up to 40 days under the accrued paid leave system. Conditions for taking leave are not limited to the employee’s own personal injury or illness; it can be used for a wide range of purposes, including family care and nursing, medical checkups during pregnancy, infertility treatment, volunteer work, and recovery from infectious diseases.

Paid Leave Utilization Rate  
(Non-consolidated)



### Diversity & Inclusion

We promote diversity and inclusion with the goal of fostering an organizational culture that enhances organizational productivity and competitiveness. We do this by recruiting human resources with a variety of attributes such as age, gender, nationality, race, sexual orientation, religion, LGBT, etc., and accepting their differences in thinking and individuality.

Realizing Flexible Work Styles

- The Tayca Group aims to maximize productivity as an organization by creating an environment in which each employee can independently choose the most efficient way to work from a variety of flexible work styles.
- We will create an environment in which employees can work with a sense of fulfillment and satisfaction and fulfill their professional responsibilities while maintaining work-life harmony at each stage of their private lives, including child-rearing and nursing care. We believe that a clear distinction between work and private life enhances the motivation of each employee and allows them to maximize their abilities. The Tayca Group positions work-life balance as something that enhances corporate vitality. We are working to create an environment in which employees can work enthusiastically by expanding systems and creating a workplace climate that facilitates their utilization. We have also officially introduced telework and flextime systems, which had been introduced temporarily as a countermeasure against COVID-19 infections.

Health Management

- The health checkup rate for employees is 100%. Based on the results of health checkups, interviews with industrial physicians are held as necessary to encourage early treatment. As part of our efforts to maintain good health, we conduct lunchtime seminars and other programs to keep employees healthy.
- We have prohibited smoking during working hours at all of our business sites since October 2018 in order to create a workplace where all employees can play an active role in good health and with peace of mind.
- Mental health initiatives:
  - We conduct stress checks once a year in accordance with laws and regulations.
  - We offer interviews with industrial physicians for employees who wish to have them.
  - Employees who work significant overtime hours are interviewed by an industrial physician to check their physical and mental health.

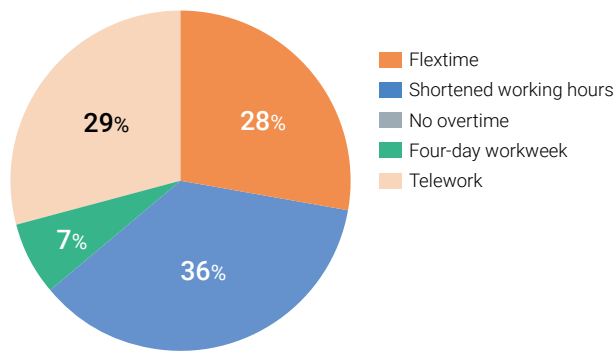


Lunchtime seminar

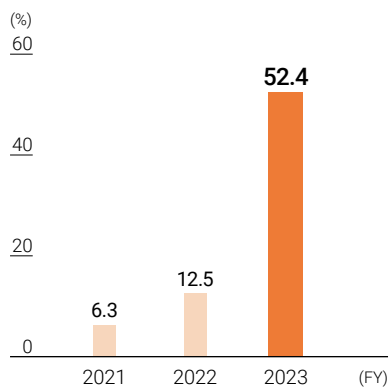
Childcare Support

- We introduced the “Tayca Childcare Support Plan” in April 2021 as a system that allows employees to flexibly choose the way they work according to the growth of their children and their family environment. Employees with children up to the end of elementary school can choose one of the following five work styles per month: flextime, shortened working hours, no overtime, four-day workweek, or telework. In the two years since the system was introduced, the number of employees using it increased 1.7 times in the previous fiscal year compared to FY2022 as it became more popular.
- In order to improve support for male employees taking childcare leave, we promote the use of the Tayca Childcare Support Plan and childcare leave by informing eligible employees of the details of the system as appropriate, including childcare leave at birth. As a result, 52% of eligible male employees took childcare leave in the last fiscal year. We will continue to improve the environment surrounding childcare leave, including the follow-up system, to ensure that the system is utilized in the future.

Tayca Childcare Support Plan Utilization Rate in FY2023 (Non-consolidated)



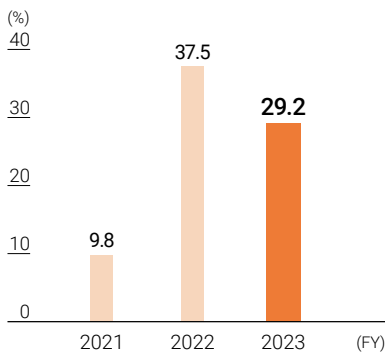
Childcare Leave Utilization Rate for Eligible Male Employees (Non-consolidated)



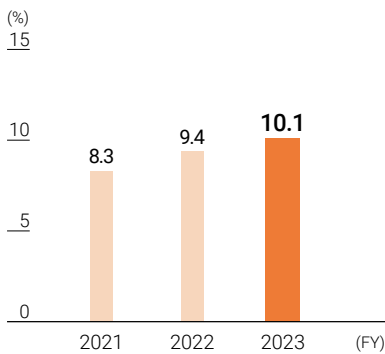
Promoting Female Participation

- We established a General Employer Action Plan for Tayca (non-consolidated) for 2022 in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life. We set one of our targets as “10% or higher ratio of female employees to total employees,” and have focused on hiring female employees by recruiting new graduates, mid-career hires, and appointing fixed-term employees as full-time employees. As a result, we have achieved a ratio of female employees that far exceeds our target.
- We are also making steady progress in efforts to achieve our target of a 12% ratio of women in management positions in the Tayca Group.

Female Employee Hiring Percentage (Non-consolidated)



Ratio of Women in Management Positions (Consolidated)



- In order to support female employees in fully demonstrating their abilities, the menstrual leave stipulated by Article 68 of the Labor Standards Act was renamed “68 Leave” in our internal regulations to facilitate application, and up to two days per month were made available as paid leave.

We will continue to promote the creation of workplaces where women can play active roles for a long time.

Employment of Persons with Disabilities

We hire persons with disabilities based on their aptitude for the job and the location and extent of their disabilities. We believe that employment of persons with disabilities is a corporate social responsibility, and we will work to expand employment of persons with disabilities going forward.

Occupational Health and Safety

Basic Philosophy

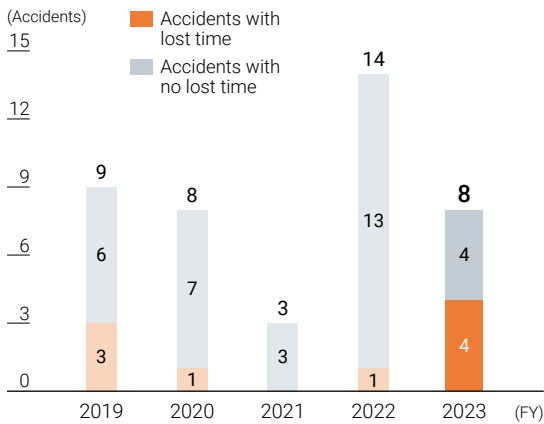
We prioritize safety above all else. We always aim to achieve zero occupational accidents and are committed to creating an environment in which employees can work at their best, including the maintenance and promotion of good health and early return to work after recovering from an illness.

Occupational Accidents

- In the event of an occupational accident, the Health and Safety Committee investigates the cause and confirms measures to prevent recurrence. We also promptly disseminate accident information throughout the company to prevent similar accidents from occurring.
- We conduct safety patrols by theme, such as equipment failure and 5S, in addition to regular patrols. Both labor and management cooperate in checking factories to improve safety.

We will continue our health and safety activities with the aim of achieving zero accidents going forward.

Number of Occupational Injuries (Non-consolidated)





Human Resource Development

Basic Philosophy

In light of our global business expansion, we emphasize the development of core human resources who can be active on a global scale and who can be entrusted with management responsibilities in the future. We are continuously and intensively developing human resources so that they can realize their full potential at an early stage, regardless of their gender, nationality, work history, age, or other factors. We are also working to improve the abilities of all employees by fostering their ability to think independently, willingness to take on new challenges, and mentality of never fearing failure.

Deepening Employee Training

- We are implementing selective early-stage management educational training to develop core human resources who will learn managerial thinking and business conceptualization skills.
- We strive to improve the language skills of our employees through methods such as overseas language training, face-to-face English conversation lessons, and e-learning.
- We send young and mid-career employees to our overseas subsidiaries to gain experience working overseas and develop their management sense.
- We use a brother/sister system for new employees to help them become accustomed to their new jobs and work environment. We have also established a system whereby employees who have been trained under this system can become mentors after several years, thereby improving their communication and management skills.
- We provide training by job level at each stage of an employee's career, from hiring to retirement, according to their age and role.

We are working to build more in-depth training systems by verifying the effectiveness of these training programs in a timely manner.



New employee training



Group work in second-year employee training

Personnel Systems Aimed at a More Proactive Efforts

At the Tayca Group, our management policy calls for “full participation management.” To this end, it is important that all employees understand our management philosophy and work toward the achievement of our long-term management vision. In April 2020, we reviewed our previous personnel system, the job qualification system. We introduced a new role grading system for management positions and revised the evaluation system and wage structure. We are revising the system to eliminate seniority factors and focus solely on the achievement of roles and the progression of abilities, thereby enhancing employees' desire to take on challenges and leading to steady growth.

In April 2023, we also made major revisions to the system for general employees. The role grading system for managers was introduced for general employees as well. We have set challenging organizational targets as a system to promote growth, and have created an environment that enables employees to boldly take on new challenges. We will continue our efforts in establishing and operating these new personnel systems to ensure that they function properly.

Accelerating Operational Efficiency

We established the DX Promotion Office as a specialized department in FY2022 to strengthen the Tayca Group's DX strategy for the future. We have been working on various business reforms such as reviewing existing systems, automating internal business processes using RPA and cloud services, and electronic contracting using AI and other cutting-edge technologies. In the last fiscal year, we launched a new DX project with young and mid-career employees from various divisions who have a variety of experience in DX, which will become even more important in the future. We are discussing and carefully scrutinizing matters to be addressed by the Tayca Group in the future in order to realize them.



During the project

CSR Procurement

Basic Philosophy

The Tayca Group aims to build good partnerships based on relationships of mutual trust and enhance mutual corporate value by promoting initiatives aimed at sustainable purchasing and procurement in cooperation with our suppliers.

Basic Procurement Policy

Tayca is committed to honest business dealings that are fair, equitable, and transparent, with the aim of building relationships of trust with suppliers and achieving sustainable development, while strictly adhering to respect for human rights and compliance.

1. Ensure Compliance

- We conduct procurement activities in compliance with relevant domestic and international laws and regulations, as well as social norms.
- We do not have personal relationships or personal interests with all suppliers.

2. Information Management

- We maintain the confidentiality of information obtained in the course of business and manage it appropriately.

3. Environmental Conservation

- We will conduct procurement operations in an environmentally friendly manner, such as by reducing the burden on the global environment.

4. Respect for Human Rights

- We respect human rights and strive to eliminate human rights violations such as unfair discrimination, harassment, child labor, and forced labor, and we procure from suppliers that are not complicit in such violations.

5. Fair and Equitable Transactions

- We will provide all suppliers with opportunities for fair and equitable competition on an equal footing.
- We will conduct our procurement activities in a globally open manner.

6. Supply System

- We will strive to procure from suppliers that maintain and improve their quality, price, stable supply, and technological development capabilities at an appropriate level.

7. Supply Chain Management

- We will not procure conflict minerals that are complicit in illegal activities in conflict areas or human rights abuses caused by such activities.

CSR Procurement Initiatives

As corporate activities become increasingly globalized, there are increasing demands for companies to “contribute to the building and development of a sustainable society” as part of their corporate social responsibility (CSR). In light of these circumstances, it has become essential to promote procurement activities that place greater emphasis on CSR factors such as environmental protection, labor environment, and human rights in addition to the conventional factors such as quality, performance, price, and delivery conditions. The Purchasing Department of the Tayca Group has created a “CSR Self-Check Sheet” and conducts surveys of suppliers to promote CSR procurement.

For example, titanium, a component of titanium ore, one of our major raw materials, is a high-grade crust-forming element. In addition to procuring titanium from multiple regions around the world, we are aware of reserve amount in each producing region and strive to ensure that stable procurement is not hindered by depletion.

Communication with Stakeholders

The Tayca Group is committed to revitalizing communication and to achieving prosperous coexistence with our stakeholders through our business activities.



We are a member of the Responsible Care Committee of the Japan Chemical Industry Association. We maintain the environment, health, and safety, publicly announce the results of our activities, and engage in dialogue and communication with society.

Communication with Local Communities and Society

Each of our sites regularly conducts cleanup activities in the surrounding areas. We also participate in community events and host factory tours. In doing so, we promote communication with local communities.

Overview of Main Activities

- In the Okayama region, we conducted cleanup activities in the Nabeshima area on March 11, 2023, and in the Sotowa area on March 19, 2023, together with local residents.
- In the Kumayama region, employees of the Osafune, Okayama Factory participated in the 13th Setouchi-shi Fire Prevention Association's Fire Extinguishing Technology Training Competition on October 13, 2022.



Cleanup activities in the Okayama region



Participation in the 13th Setouchi-shi Fire Prevention Association's Fire Extinguishing Technology Training Competition

Dialogue with Stakeholders

Stakeholders	Policy	Tayca's Responsibility	Communication Method
Shareholders/ Investors	We will build a stable relationship of trust through timely and appropriate information disclosure and dialogue.	<ul style="list-style-type: none"><li>● Maintain and improve corporate value</li><li>● Appropriate return of profits</li><li>● Timely and appropriate disclosure of corporate information</li><li>● Response to ESG investment</li></ul>	<ul style="list-style-type: none"><li>● Ordinary General Meeting of Shareholders (one time/year)</li><li>● Company information sessions for individual investors</li><li>● Information disclosure on website</li><li>● Contact for inquiries</li></ul>
Customers/ Suppliers	We will provide products and services that prioritize safety and security, and work toward long-term mutual prosperity.	<ul style="list-style-type: none"><li>● Provision of safe, reliable, and valuable products and services</li><li>● Fair and equitable transactions</li><li>● Support and collaboration for sustainable procurement</li><li>● Appropriate management of supplier information</li></ul>	<ul style="list-style-type: none"><li>● Implementation of factory tours</li><li>● Supplier support in sales and procurement divisions</li><li>● Holding of exhibitions and information sessions</li><li>● Information disclosure on website</li></ul>
Local Communities/ Society	We will respect cultures and customs, both within and outside of Japan, and develop relationships of mutual trust.	<ul style="list-style-type: none"><li>● Contribution to local development</li><li>● Prevention of accidents/disasters, environmental conservation</li></ul>	<ul style="list-style-type: none"><li>● Sponsorship of local events, sports organizations (Fagiano Okayama), etc.</li><li>● Holding of dialogue with local residents</li><li>● Holding of roundtable discussions with local students, factory tours</li><li>● Participation in local fire drill competitions</li><li>● Traffic safety patrols</li></ul>
Employees	We will place the highest priority on health and safety and strive to improve the working environment. In addition, we will actively develop personnel systems and education and training systems for skill development.	<ul style="list-style-type: none"><li>● Consideration for health as well as occupational health and safety</li><li>● Utilization and development of human resources</li><li>● Creation of a workplace where diverse human resources can play an active role</li></ul>	<ul style="list-style-type: none"><li>● Regular health checkups, stress checks, and interview guidance with industrial physicians</li><li>● Self-assessment, feedback interviews (two times/year), 180-degree evaluation (one time/year)</li><li>● Labor-management council meetings</li><li>● Workplace gatherings</li><li>● Company newsletter (four times/year), company intranet</li></ul>



# Governance

Strengthening the governance system that serves as a foundation for supporting corporate growth is one of our most important management issues. The Tayca Group is committed to building a system that earns the trust of our various stakeholders and will work with sincerity to enhance the transparency and soundness of our management.



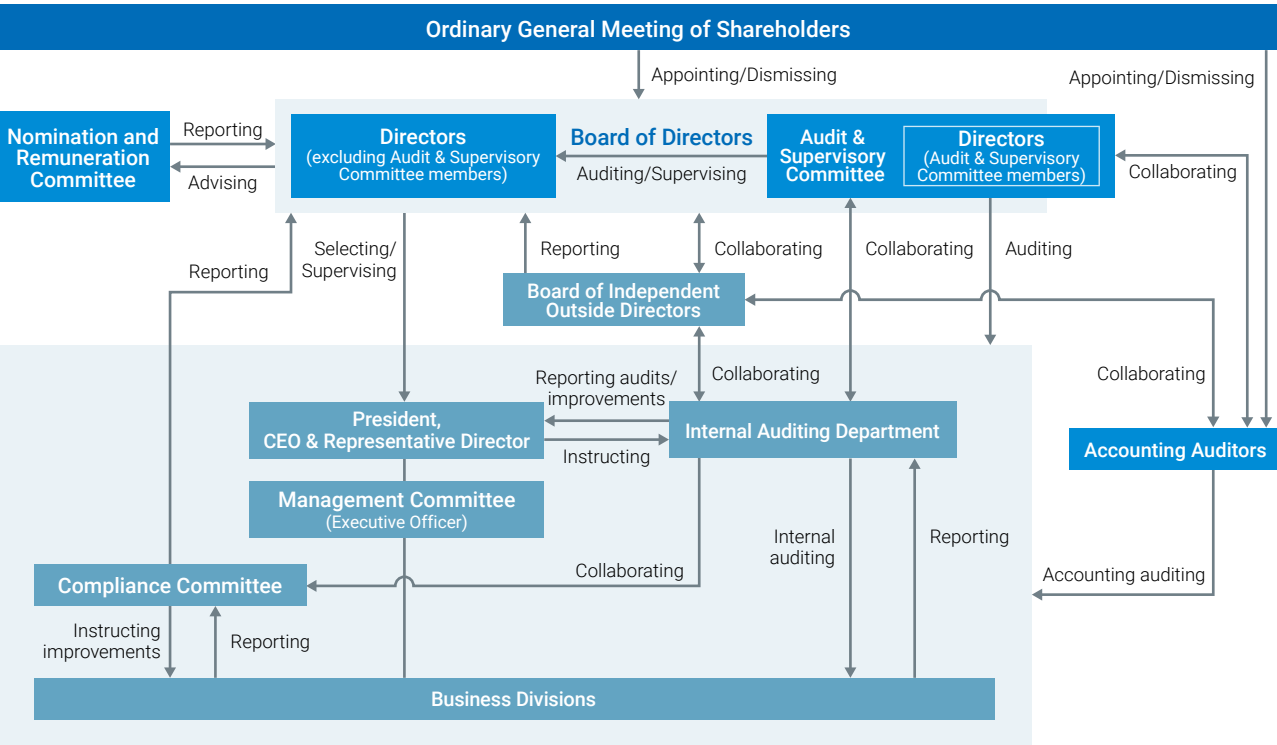
## Corporate Governance

### Basic Philosophy

Our goal is to establish a corporate governance framework that earns trust from shareholders, customers, and other stakeholders by making timely and informed decisions, enhancing transparency, and achieving management stability.

### Outline of Corporate Governance System

Tayca is a company with an Audit & Supervisory Committee. We have established the Board of Directors, Audit & Supervisory Committee, and Accounting Auditors as the main bodies of the corporate governance system, and the Internal Auditing Department and other bodies as complementary bodies, to further enhance corporate governance by strengthening our internal control system.



## Board of Directors

### Basic Philosophy

The Board of Directors consists of 10 members, including four outside directors. It meets once a month in principle to make decisions on matters stipulated by law and the Articles of Incorporation and other important management matters, as well as to supervise the execution of each director's duties. In addition, the Board of Independent Outside Directors, consisting of independent outside directors, meets regularly to actively contribute to the discussions at Board meetings.

Number of directors under the Articles of Incorporation	13
Term of office of directors under the Articles of Incorporation*	1 year
Chairman of the Board of Directors	President
Number of directors (Number of female directors)	10 (1)
Appointment status of outside directors	Appointing
Number of outside directors	4
Number of outside directors designated as independent directors	4

\* Term of office of directors who are Audit & Supervisory Committee members is 2 years

### Names, etc. of Directors (as of June 27, 2023)

Position, etc.	Name	Responsibilities and Significant Concurrent Positions
Representative Director President Executive Officer	Shunji Idei	In charge of the Internal Auditing Department
Director Managing Executive Officer	Masahiko Nishino	In charge of the Corporate Planning Department, Environmental and Quality Department and Purchasing Department President of Tayca Trading Co., Ltd.
Director Managing Executive Officer	Yasuyuki Nakatsuka	In charge of the Personnel Department, General Affairs Department, Accounting Department and DX Promotion Office
Director Senior Executive Officer	Tamataro Iwasaki	In charge of the Research Planning Office, Osaka Research Laboratory, Okayama Research Laboratory, Osaka Factory, Okayama Factory, and Kumayama Factory
Director Senior Executive Officer	Yoshihiro Murata	In charge of the Sales Department Manager of Tokyo Branch
Director Audit and Supervisory Committee Member (Standing)	Akira Miyazaki	
Director Audit and Supervisory Committee Member	Hitoshi Tanaka	Lawyer of Yodoyabashi & Yamagami Legal Professional Corporation
Director Audit and Supervisory Committee Member	Koji Yamamoto	Professor, Faculty of Business Administration, Osaka Gakuin University Representative Audit Commission member of Osaka Prefecture Dean, Faculty of Business Administration, Osaka Gakuin University
Director Audit and Supervisory Committee Member	Mamiko Ozaki	Invited Professor of the Department of Chemical Science & Engineering, Kobe University Invited Professor of RIKEN Center for Biosystems Dynamics Research
Director Audit and Supervisory Committee Member	Tsuyoshi Inoue	Director and Advisor, DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.

Audit & Supervisory Committee

Basic Philosophy

The Audit & Supervisory Committee consists of five members: one full-time Audit & Supervisory Committee member and four part-time Audit & Supervisory Committee members (including four outside Audit & Supervisory Committee members). It inspects approval and other documents and conducts audits of the execution of duties by directors as well as other matters.

Independent Outside Officers

Name	Supplementary Explanation Regarding Conformance Items	Reason for Appointment
Hitoshi Tanaka	Hitoshi Tanaka is a lawyer at Yodoyabashi & Yamagami Legal Professional Corporation, a company with which we have a consulting agreement.	As a lawyer, Hitoshi Tanaka is well-versed in corporate legal affairs. We believe that his professional insight and wealth of experience cultivated over the years will be reflected in the management of the Company. <b>Reason for Designation as Independent Director</b> We have designated him as an independent director because we believe that his professional insight and wealth of experience cultivated over the years will be reflected in the management of the Company from an independent perspective. In addition, while Yodoyabashi & Yamagami Legal Professional Corporation, to which he belongs, receives advisory fees from the Company based on an advisory contract, the amount is small compared to the size of said corporation. Therefore, we believe that he is independent from the Company's management and maintains a neutral and fair position that does not pose a risk of conflict of interest with general shareholders.
Koji Yamamoto	There are no special interests between Koji Yamamoto and the Company.	We believe that his professional knowledge and wealth of experience related to accounting as a longstanding university professor will be reflected in the Company's management. <b>Reason for Designation as Independent Director</b> We have designated him as an independent director because we believe that his professional insight and wealth of experience cultivated over the years will be reflected in the management of the Company from an independent perspective.
Mamiko Ozaki	There are no special interests between Mamiko Ozaki and the Company.	Mamiko Ozaki has been active over many years as a technical researcher. She is also the first woman to serve as the Chair of Japanese Society for Comparative Physiology and Biochemistry. We believe that her professional insight and wealth of experience cultivated over the years will be reflected in the management of the Company. <b>Reason for Designation as Independent Director</b> We have designated her as an independent director because we believe that her professional insight and wealth of experience cultivated over the years will be reflected in the management of the Company from an independent perspective.
Tsuyoshi Inoue	Tsuyoshi Inoue is Director and Advisor of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD., one of our suppliers	We believe that his wealth of experience and broad insights cultivated over the years as a manager will be reflected in the management of the Company. <b>Reason for Designation as Independent Director</b> We have designated him as an independent director because we believe that his wealth of experience and broad insights cultivated over the years as a manager will be reflected in the management of the Company from an independent perspective. In addition, as stated on the left, he is a Director and Advisor at one of our suppliers. However, the transaction amount is small, and said company is not one of our major suppliers, so there is no business relationship that could influence our decision-making. Therefore, we believe that he is independent from the Company's management and maintains a neutral and fair position that does not pose a risk of conflict of interest with general shareholders.

Management Committee

Basic Philosophy

The Management Committee consists of the Chairman of the Board of Directors, the President, CEO & Representative Director, directors in charge of or who head a part of the organization, and directors and executive officers who are full-time Audit & Supervisory Committee members. It meets once a month in principle to discuss and decide on policies and plans for the execution of important business operations and the implementation of such operations. The Management Committee aims to ensure certainty of results as well as to promote the efficiency of business execution.

Nomination and Remuneration Committee

Basic Philosophy

The Nomination and Remuneration Committee consists of seven members: three internal directors and four independent outside directors. It is chaired by the President, CEO & Representative Director. The purpose of the Nomination and Remuneration Committee is to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors and executive officers.

Matters Discussed by the Nomination and Remuneration Committee

1. Matters concerning nominations

  - Matters concerning selection and termination of the Representative Director
  - Matters concerning the appointment and dismissal of directors
  - Matters concerning the appointment and dismissal of executive corporate officers and executive officers
  - Matters concerning the composition of the Board of Directors
  - Matters concerning nomination policy/criteria and decision-making processes
  - Matters concerning the formulation and operation of succession plans
2. Matters concerning compensation

  - Matters concerning the total amount of compensation and individual compensation for directors
  - Matters concerning compensation policies/levels for directors and executive officers
3. Other important managerial matters deemed necessary by the Board of Directors

Skill Matrix for Directors and Audit & Supervisory Committee Members

Position, etc.	Name	Outside Independent	Experience / Knowledge / Expertise							
			Corporate Management	Legal / Risk Management	Finance / Accounting	Manufacturing Technology / Research and Development	Sales	Personnel / Labor	Overseas Experience	Environmental Society
President, CEO & Representative Director	Shunji Idei		●			●	●			
Director Managing Executive Officer	Masahiko Nishino		●				●		●	●
Director Managing Executive Officer	Yasuyuki Nakatsuka			●	●			●		●
Director Senior Executive Officer	Tamataro Iwasaki		●			●	●	●		●
Director Senior Executive Officer	Yoshihiro Murata		●				●			
Director Audit and Supervisory Committee Member (Standing)	Akira Miyazaki			●	●	●	●			
Director Audit and Supervisory Committee Member	Hitoshi Tanaka	Outside Independent		●				●		●
Director Audit and Supervisory Committee Member	Koji Yamamoto	Outside Independent	●		●					
Director Audit and Supervisory Committee Member	Mamiko Ozaki	Outside Independent				●			●	●
Director Audit and Supervisory Committee Member	Tsuyoshi Inoue	Outside Independent	●			●				●



Compliance

Basic Philosophy

All members of the Tayca Group comply with our established Code of Conduct, recognize our corporate social responsibility, and conduct fair and transparent business activities.

In addition, we have established a Compliance Committee to oversee compliance status and address any violations that may arise.

Tayca Group Code of Conduct

1. Compliance with Laws and In-house Rules
  - In performance of our duties, we will comply with any and all applicable laws and ordinances, as well as in-house rules and regulations.
  - We will fully recognize social ethics, and act with good judgment and a sense of responsibility as a member of society.
2. Contributions to Society
  - We will respect local history, culture and customs, and conduct social activities to contribute to the development thereof.
  - As a member of a local community, we will actively foster communication with the local community, and fulfill the role of a corporate citizen.
3. Protection of the Global Environment
  - We will endeavor to protect the environment in accordance with laws and ordinances pertaining to the environment, and take a planet friendly approach to our corporate activities.
  - We will actively promote energy savings, resource savings and recycling, and endeavor to promote the efficient use of resources and energy, and the reduction of waste.
4. Thoroughness of Corporate Ethics
  - We will perform all business transactions according to the principle of fair, transparent and free competition.
  - We will take a firm attitude against antisocial forces and organizations.
  - We will maintain healthy relations with individuals and organizations concerning political and administrative activities.
5. Respect of Employees’ Human Rights
  - We will respect individual ability and personality of our employees regardless of their nationality and gender, and behave in good faith and in a fair manner.
  - We will endeavor to create a safe, clean and healthy working environment that allows employees to work comfortably.
6. Safety Concerning Products
  - In each phase of development, design and manufacture of products, we will always pay attention to safety, and aim at providing high-quality, highly safe products.
  - In case of any accident regarding the products provided by us, we will promptly and adequately handle the situation with the safety of consumers and customers as the foremost priority.
7. Strict Management of Corporate Assets and Information
  - We will ensure the internal management of the confidential information, intellectual property rights and any other tangible as well as intangible assets of the Corporation. In addition, we will handle personal information with due care to prevent the use of such personal information for purposes other than originally intended, or the loss, leakage and the like thereof.
  - We will also respect and properly handle any confidential information, intellectual property rights and personal information of other corporations.
  - After retirement from the Corporation, we will observe and fulfill our confidential obligations concerning the confidential information obtained during our tenure of office.
8. Fair Disclosure of Corporate Information
  - We will apply proper accounting treatment in accordance with relevant laws and ordinances, and endeavor to rapidly and adequately disclose corporate information.

Compliance System

Compliance Committee

We have established a Compliance Committee for the purpose of deliberating and formulating compliance systems and policies, monitoring the status of compliance implementation, and addressing incidents of noncompliance. It meets every six months in principle.

Internal Reporting

“Compliance Cards” are distributed to employees of the Tayca Group and partner companies.

When a report of a matter involving a compliance issue is received at the Reporting Desk, the content of said report is reported to the Corporate Planning Department and a Compliance Committee meeting is held.

We prohibit any disadvantageous treatment of a person who has made a report in relation to said report, and ensure that this is thoroughly understood throughout the company.

Compliance Training

The Tayca Group conducts timely compliance training, including preventing harassment. We will continue to promote the education of our employees as a corporate group that not only complies with laws and regulations, but also instills confidence in customers to do business with us.

Business Continuity Plans (BCP)

Basic Philosophy

In the event of natural disasters such as earthquakes, tsunamis, and typhoons, accidents such as factory fires, and pandemics due to new viruses that threaten business continuity, we prioritize the value of human life and restore supply systems starting from our main products to preserve and enhance corporate reliability.

Basic Policy on BCP

1. We will make our utmost efforts to ensure the safety of our employees and their families.
2. Strive to prevent secondary disasters so as not to cause inconvenience to the local community.
3. We will strive for business continuity by continuing the supply of our main products or restoring the supply system as quickly as possible. We will make every effort to continue our business.
4. Contribute to the local community by cooperating in the reconstruction of the surrounding areas.

BCP System

Tayca has implemented a BCP system, comprising the BCP Task Force headquarters at the head office and BCP Divisions in each region. The BCP Task Force is lead by the BCP Task Force General Manager, who is the President, and regional BCP Divisions are headed by a general manager representing each region.

BCP Training

We conduct employee training at each business site based on business continuity plans to prepare for unforeseen circumstances. We have prepared a BCP manual and conduct tabletop drills in expectation of disasters so that we can resume production activities and fulfill our supply responsibilities as soon as possible.

Information Security

Basic Philosophy

The use of information systems and DX is essential for the operation of companies and organizations. While there are advantages to managing information digitally, there are also various security threats such as virus infections and unauthorized system access, as well as equipment failures due to disasters and other issues. Therefore, we are taking measures to protect confidential corporate information from these various risks.

Basic Policy

**1. Protection of information assets**

Tayca will strive to fully prepare by putting regulations in place to secure the confidentiality, integrity and availability of information assets and taking appropriate measures organizationally and technologically so that no unauthorized access, leakage, falsification, loss or theft, etc., occurs with regard to information assets.

**2. Observance of laws**

Tayca will observe such as laws and regulations, concerning information security.

**3. Implementation of education**

Tayca will aim to increase awareness of information security by conducting the required education for all employees so that the importance of information assets is fully recognized.

**4. Continuous improvement**

Tayca will aim for the establishment and continuous maintenance and improvement of information security management systems to respond to new threats by regularly carrying out audits and evaluations of the state of implementation of information security measures, and reviewing information security measures and related regulations and management systems as needed.

Information Security Measures

Our basic approach is based on multifaceted security measures (multi-layered protection and disaster mitigation). We implement the following measures:

- Establish an information system management system
- Establish an information sharing system centered around the System Management Division
- Implement security inspections through IT asset inventory surveys
- Implement security inspections through ID/password management
- Conduct education (holding information sessions, posting on bulletin boards, etc.) when new systems are introduced and important incidents occur

Corporate Information (as of March 31, 2023)

Trade name	Tayca Corporation		
Head Office	4-11-6 Tanimachi, Chuo-ku, Osaka-shi, 540-0012		
Head Office Address	1-3-47 Funamachi, Taisho-ku, Osaka-shi, 551-0022		
Established	December 22, 1919		
Capital stock	9,855,953,999 yen		
Business year	From April 1 to March 31 of the following year		
Number of employees	832 (consolidated) 554 (non-consolidated)		
Description of business	Manufacture and sale of various industrial chemical products (including titanium dioxide, surfactants, sulfuric acid, micro titanium dioxide, surface treatment products, non-polluting anti-corrosive pigments, piezoelectric materials, and electroconductive polymers)		
Factories	Okayama-shi, Akaiwa-shi, Setouchi-shi (all in Okayama Prefecture), Osaka-shi		
Consolidated Subsidiaries	<div><div><b>Domestic</b> Tayca Warehousing Co., Ltd. Tayca Trading Co., Ltd. TFT Corporation</div><div>Tayca M&amp;M Corporation JAPAN SERICITE CORPORATION</div><div><b>Overseas</b> TAYCA (Thailand) Co., Ltd. TAYCA (VIETNAM) CO., LTD. TRS Technologies, Inc.</div></div>		

Stock Status (as of March 31, 2023)

Listed market	Prime Market of the Tokyo Stock Exchange
Securities Code	4027

Major Shareholders

Name	Number of shares held (Thousands)	Shareholding ratio (%)
CACEIS BANK/QUINTET LUXEMBOURG SUB AC/UCITS CUSTOMERS ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Custody Service)	2,437	10.51
MITSUI & CO., LTD	1,784	7.69
The Master Trust Bank of Japan, Ltd. (Trust account)	1,658	7.15
Mitsubishi Corporation	1,630	7.03
Yamada Sangyo Co., Ltd.	1,470	6.34
Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. Re-trust Trustee, Custody Bank of Japan, Ltd.	1,009	4.35
Tayca Corporation Trading-Partner Shareholding Association	824	3.55
Chuo-Nittochi Group Co., Ltd.	694	2.99
Kansai Paint Co., Ltd.	612	2.64
SUMITOMO CORPORATION	500	2.15

\* In addition to shares described above, Tayca Corporation holds 2,539 thousand shares as treasury shares





4-11-6 Tanimachi, Chuo-ku, Osaka-shi, 540-0012  
<https://www.tayca.co.jp/english/>