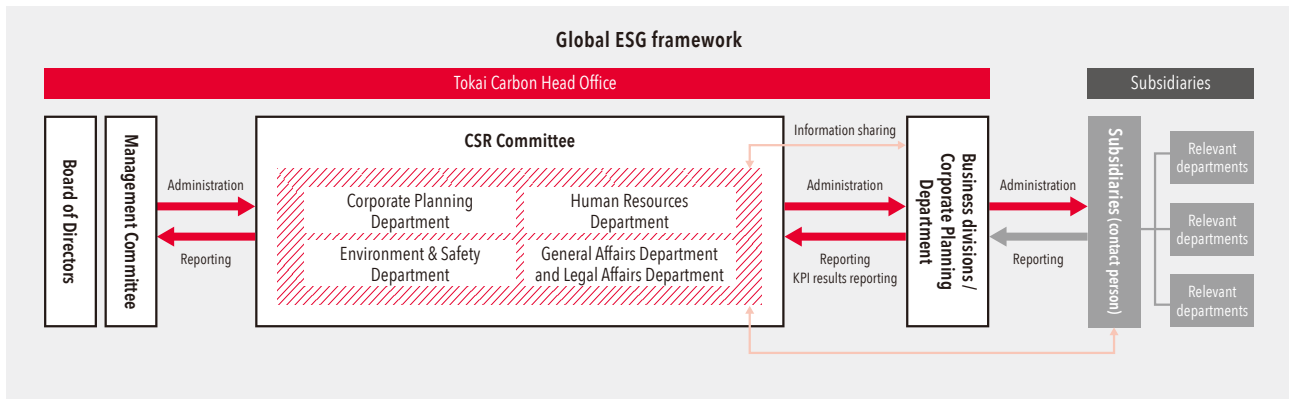


# ESG Management

## ► Basic policy and structure

To further underscore our stance on contributing to environmental and social issues of a global magnitude through our corporate activities, the establishment of an ESG management base is currently one of our key medium-term measures. To propel such a structure, the Company's CSR Committee meets four times a year, in principle, to continuously run the PDCA cycle.



## Sustainability targets (KPIs) and results

Materiality		Goals	FY2020		
Themes	Elements		Specific numerical targets	Scope	
Harmony with the global environment	Reducing environmental impact	Reduce greenhouse gas emissions	• Reduce energy consumption per unit production (cut by 1% or more on an annual basis)	Non-consolidated	
		Reduce pollution	• Dispose all of the low-concentration PCB waste, by March 31, 2025 • Maintain zero environmental claims against the Company (contamination of air, water, etc.)		
	Realizing a recycling-oriented society	Recycle waste	• Recycle 75% or more of waste • Final disposal rate of 30% or lower		
Contributing to society through our business	Technological innovation	Emphasize research and development	• Invest 60% or more of the development expenditures to reduce environmental burden • 60% or more of patent applications in areas of reducing environmental burden	Non-consolidated	
	Supplying safe and secured products	Further elevate quality	• Reduce electrode consumption rate (3% reduction from 2019)	Non-consolidated	
	Supply chain management	Raise supplier awareness of CSR	• Make all key suppliers aware of Tokai Carbon Group procurement policies	Non-consolidated	
		Reduce CSR risks at suppliers	• Conduct CSR surveys at key suppliers (first year)		
	Respect for human rights	Raise employee awareness of human rights	• Conduct human rights training at all Tokai Carbon locations (total hours) • Set human rights training time requirements for all Tokai Carbon Group companies in Japan (total hours) • Establish global human rights policies and ensure all employees understand them	Non-consolidated Group companies in Japan Consolidated	
Contribution to community	Actively engage in community contribution activities		Non-consolidated		
Strengthening management base	Strengthening corporate governance	Establish a consolidated governance system		Consolidated	
	Ensuring compliance	Maintain ethical standards, regulatory compliance	• Zero serious regulatory violations • Attendance of 80% or more employees to the education and training program for compliance issue.	Non-consolidated	
	Human resource development	Increase employment of women	• Larger portion of female workers • 30% of new graduate recruit to be female	Non-consolidated	
		Effectively implement training	• Total employee training hours planned by head office (new-hire training / specialist training)		
Promoting occupational safety and health	Reduce occupational accidents	• Reduce frequency rate of occupational accidents (0.98 or lower) • Reduce lost-time accidents to 13 days or less (severity rate of 0.007 or lower)	Non-consolidated		

## Materiality identification process

In November 2019, as a first step to establish an ESG management base, we specified our “Materiality” issues for Tokai Carbon.



## Setting sustainability targets (KPIs)

Sustainability targets (KPIs) have been set for each materiality issues followed up by running the PDCA cycle.

In 2020, we started our initiatives from Tokai Carbon Japan. From FY2021, we have expanded our scope to

include all Tokai Carbon Group companies in Japan. We have been also working to set up a system to gather ESG-related data from global group companies to establish a Group-wide ESG framework.

Rating ○ : Target met △ : 60%–90% of target met × : Less than 60% of target met

Results	Rating	FY2021	
		Specific numerical targets	Scope
Target unmet due to an increased ratio of fixed energy consumption of equipment as a result of reduced production amid the COVID-19 pandemic and other factors (up about 11% year on year during the April–December 2020 period)	×*1	• Reduce energy consumption per unit production (cut by 1% or more annually)	Group companies in Japan*2
<ul style="list-style-type: none"> <li>• Almost on target with about 40% of low-concentration PCB waste having been disposed of</li> <li>• No environmental claims filed</li> </ul>	○	<ul style="list-style-type: none"> <li>• Dispose of all low-concentration PCB waste by March 31, 2025</li> <li>• Maintain zero environmental claims against the Company (contamination of air, water, etc.)</li> </ul>	Group companies in Japan
91% of waste recycled	○	• Recycle 80% or more of waste	Group companies in Japan
15% final disposal rate	○	• Final disposal rate of 25% or lower	Group companies in Japan
87% of development expenditures devoted to reducing environmental burden	○	<ul style="list-style-type: none"> <li>• Devote 80% or more of development expenditures to reducing environmental burden</li> <li>• Devote 60% or more of development expenditures to reducing environmental burden</li> </ul>	Non-consolidated Tokai Konetsu Kogyo
100% of patent applications filed in areas related to reducing environmental burden	○	<ul style="list-style-type: none"> <li>• Make 80% or more of patent applications in areas related to reducing environmental burden</li> <li>• Make 60% or more of patent applications in areas related to reducing environmental burden</li> </ul>	Non-consolidated Tokai Konetsu Kogyo
67% of relevant users met the reduction target, 33% did not meet the target with no change	△	• Reduce electrode consumption rate (3% reduction from 2019)	Non-consolidated
Selected key suppliers, familiarized them with our procurement policy, and conducted a socially responsible procurement survey	○	• Make all key suppliers in the Tokai Carbon Group aware of the Group's procurement policies	Consolidated
	○	• Roll out CSR surveys to key suppliers in the Tokai Carbon Group	
Provided human rights training to managers and candidates for managerial positions at the parent company and affiliates in Japan [Hours of training provided] 182 hours at the parent company, 141 hours at affiliates in Japan	○	• Implement harassment training based on the results of a harassment awareness survey	Non-consolidated
	○	• Implement human rights due diligence training	Group companies in Japan
Formulated the Global Human Rights Policy in July 2020 and informed all employees (on a consolidated basis) about it	○	• Improve understanding of the Global Human Rights Policy	Group companies in Japan
Total amount of donations and activity spending: Approx. 20,620,000 yen Number of employees who participated: Approx. 420	—		Consolidated
Continued promotion of internal controls, the Group-wide rollout of an internal reporting system, and the development of similar functions at the US headquarters	—		Consolidated
No serious regulatory violations	○	• No serious regulatory violations	Consolidated
90% of employees received compliance education/training	○	• Formulate and disseminate a global code of conduct to all global subsidiaries	
Ratio of female employees as of the end of December 2020 on a non-consolidated basis: 8.5% (7.9% as of the end of December 2019)	○	• Increase percentage of career-track female employees (Tokai Carbon Japan)	Non-consolidated
Ratio of female new graduates hired in FY2021: 33.3%	○	• New career-track female graduate hiring ratio of 30% (Tokai Carbon Japan)	Non-consolidated
New-hire training: 13,392 hours; specialist training: 1,672 hours (global leader training, job rank-based training)	○	• Total training hours planned by head office (new-hire training / specialist training)	Group companies in Japan
Frequency rate: 0.55	○	• Reduce frequency rate (0.98 or lower)	Group companies in Japan
Target unmet with 90 lost workdays (severity rate of 0.05), although there was only one lost time incident	×	• Reduce severity rate (0.007 or lower)	

\*1 Since the period covered is from April of each year to March of the following year, the estimated achievement level is based on the status up to December.

\*2 Group companies in Japan consists from the Tokai Carbon (standalone) plus the major domestic subsidiaries (Tokai Konetsu Kogyo, Tokai Fine Carbon, Tokai Material)

# Environmental Management

## ► Basic ideas

Tokai Carbon Group treats protection of the global environment as one of its highest management priorities. To harmonize our business activities with environmental needs, we have implemented an environmental management system based on an independently established environmental policy and the ISO 14001 international standard. Toward that same end, we also qualitatively and quantitatively evaluate the environmental impacts of our business activities, focusing on production and distribution, and take various steps to reduce them.

### Environmental policy principles

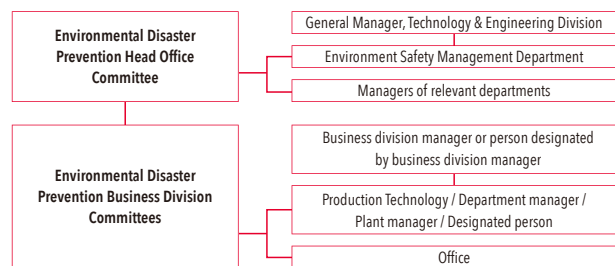
1. Enhance our environmental management system
2. Promote effective use of resources and energy
3. Comply with relevant environmental laws
4. Promote environmental education activities and social contribution activities
5. Disclose environmental information

## Management structure for advancing environmental disaster prevention

Tokai Carbon has established an environmental management structure consisting of the Environmental Disaster Prevention Head Office Committee and the Environmental Disaster Prevention Business Division Committees through which Group companies participate. The Environmental Disaster Prevention Head Office Committee establishes major strategies and policies, and each business division pursues activities in line with the ISO14001 international standard for environmental management and is subjected to the PDCA cycle. Moving forward, we aim to ensure ongoing improvements and

take on challenges, the achievement of which will have progressively greater benefits for the environment.

### Management structure for environmental disaster prevention



## ISO 14001-based environmental management system

Tokai Carbon has obtained ISO 14001 certification for all of its plants in Japan. As of October 2020, 80.7% of Tokai Carbon Group major manufacturing site, including the overseas, have the certificate. We are striving to

enhance the effectiveness of our environmental protection activities through regular audits internal audits performed by designated Company auditors and external audits performed by independent certification bodies.

### Environmental objectives

In advancing its environmental activities, Tokai Carbon undertakes initiatives focused on the following four targets.

#### 1. Legal compliance

We carefully confirm the requirements of relevant laws, ordinances, community treaties, and agreements and properly comply with them. In 2020, we had no business locations in violation of key regulatory limits or standards, and we had no cases of environmental lawsuits or penalties.

#### 2. Zero environmental claims

Even when within standards outlined in relevant laws, ordinances, community treaties, and agreements, we appropriately respond to any incidents that could cause trouble for the local community. No significant environmental claims were made against Tokai Carbon in 2020.

#### 3. Reduction of energy consumption per unit

Tokai Carbon works to cut its emissions of CO<sub>2</sub> and other greenhouse gases by reducing its energy consumption per unit production. As a mid-term target, we aim to achieve S-class rating by reducing 1% energy consumption on a year-on-year basis following the standards of the Energy Conservation Law.

#### 4. Reduction of industrial waste

In 2020, Tokai Carbon furthered its recycling efforts by searching for and hiring a new company to process valuable waste items. As a result, we realized reductions in the volumes of industrial waste sent out for consigned treatment or final disposal. Based on our 2020 results, we have raised our 2021 recycling target to 80% or more and reduced our final disposal rate to 25% or less. Going forward, we will redouble our efforts to separate waste by category and recycle whenever possible to further reduce the amounts of waste handled through consigned treatment or final disposal.

## Awareness of risks and opportunities in climate change, risk management

The Tokai Carbon Group recognizes that responding to climate change is a key management issue. While we have already devised flood countermeasures at high-priority divisions, decentralized risk by setting up multiple sites for mainstay businesses, and incorporated climate change risks into our business continuity plan (BCP), in order to gauge the risks and opportunities in the Group posed by climate change, since December 2020 we have continued to perform business impact assessments with the use of scenario analysis, one of the requirements of the TCFD recommendations. Going forward, we plan to disclose the results of our scenario analyses.

Just like other key risks, the Board of Directors manages and monitors climate change risks within the framework of the Company-wide risk management system. Whenever necessary, the director responsible for risk management reports on important items to the Board.

## Carbon-neutral initiatives

On May, we have launched a Carbon Neutrality Promotion Project with the president as project leader. This is to propel the Group's efforts on reducing carbon emissions to net zero across the entire organization with the goal of realizing a carbon-neutral society. We have started to review reduction targets and measures through this project.

### Greenhouse gas emissions (non-consolidated)

	2016	2017	2018	2019
CO <sub>2</sub> emissions (t)*1, *2	228,904	256,943	255,989	3,900,214
Scope 1 (t)*1	38,990	44,332	44,778	36,681
Scope 1 breakdown: CO <sub>2</sub>	38,990	44,332	44,778	36,681
CH <sub>4</sub>	0	0	0	0
N <sub>2</sub> O	0	0	0	0
HFCs	0	0	0	0
PFCs	0	0	0	0
SF <sub>6</sub>	0	0	0	0
Others	0	0	0	0
Scope 2 (t)*1	185,474	206,312	204,321	128,693
Scope 3 (t)*2	4,439	6,299	6,890	3,734,840
Category 1: Purchased goods and services*3	—	—	—	469,342
Category 2: Capital goods*4	—	—	—	19,862
Category 3: Fuel-and energy-related activities not included in scope 1 or scope 2	—	—	—	N/A
Category 4: Upstream transport and delivery*1	4,439	5,551	6,234	4,903
Category 5: Waste generated by business operations*5	—	748	656	501
Category 6: Business travel	—	—	—	N/A
Category 7: Employee commuting*6	—	—	—	413,096
Category 8: Leased assets (upstream)	—	—	—	N/A
Category 9: Downstream transport and delivery	—	—	—	N/A
Category 10: Processing of sold products	—	—	—	N/A
Category 11: Use of sold products*7	—	—	—	2,827,136
Category 12: End-of-life treatment of sold products*8	—	—	—	0
Category 13: Downstream leased assets	—	—	—	N/A
Category 14: Franchises	—	—	—	N/A
Category 15: Investments	—	—	—	N/A

\*1 Data collection period: From April to March each year. Only energy sources in Scope 1.

\*2 The Data collection period for Categories 1–3 and 5–15 under scope 3, for which data collection commenced in 2019, is from January to December. References for the calculation of scope 3 include *Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain* (ver. 2.3; Ministry of the Environment and Ministry of Economy, Trade and Industry (METI)), *Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain* (Ver. 2.6; Ministry of the Environment and METI), and emission coefficients for each power supplier released by the Ministry of the Environment.

\*3 Calculated by multiplying the total amount of main raw materials purchased by the applicable emission intensity.

\*4 Calculated by multiplying the purchasing price of capital goods by the applicable emission intensity.

\*5 Calculated by multiplying the volume of waste disposal by type and the volume of recycling by the applicable emission intensity.

\*6 Calculated by multiplying the number of employees by the number of operating days and the applicable emission intensity.

\*7 The Scope of reporting is the Graphite Electrode Division. Calculated by multiplying the energy consumption of products and the sales volume by the applicable emission intensity and then adding CO<sub>2</sub> emissions generated by the products when in use.

\*8 The Scope of reporting is the Graphite Electrode Division.

# Respect for Human Rights

## ► Basics on human rights

We believe that consideration for human rights is important in order to realize our corporate philosophy of “Ties of Reliability”. We support the Universal Declaration of Human Rights, which declares the “common standards that all peoples and all countries must achieve” in order to respect and ensure human rights and freedoms.

## Global Policy on Human Rights

To fulfill our corporate responsibility on respecting human rights, we undertake business activities with a strong sense of ethics based on the United Nation’s Guiding Principles for Business and Human Rights. In keeping with these international agreements on human rights, we established the Tokai Carbon Group Global Policy on Human Rights in July 2020. The policy sets out specific guidelines on

respecting human rights within the Group, applies to all employees and business sites, and requires that our business partners comply with its provisions. The Tokai Carbon Group Human Rights Promotion Committee plays a central role in promoting employee awareness about the policy and our approach so that we can further ramp up Group-wide initiatives on respecting human rights.

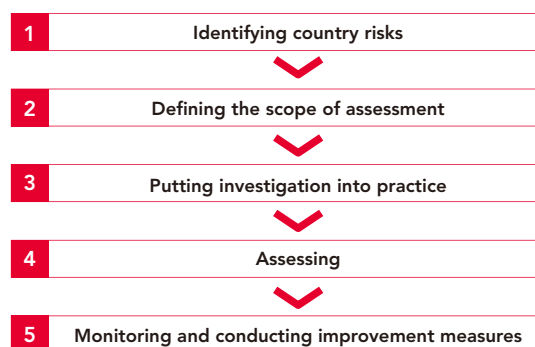
### Provisions of Tokai Carbon Group Global Policy on Human Rights

- |  |   |  |
|--|---|--|
| 1) Compliance with laws and regulations      | 4) Support for basic labor rights                                   | 8) Respect of privacy  |
| 2) Prohibition of discrimination             | 5) Reduction of excessive working hours and securing right to wages | 9) Prevention and mitigation of negative impacts on human rights |
| 3) Prevention of child labor and slave labor | 6) Health and safety standards                                      | 10) Response to human rights violations                          |
|  | 7) Prohibition of harassment  |  |

## Human rights due diligence

Tokai Carbon Group conducts human rights due diligence to ensure corporate respect for human rights in order to identify and assess, as well as prevent and address, potential human rights risk arising from the entire value chain and corporate-related human rights-issues.

### Process of our human rights due diligence



## Initiatives for human rights awareness

Tokai Carbon conducts group-wide and division-specific training to instill an awareness of human rights in its employees. Based on the Global Human Rights Policy of the Tokai Carbon Group, training focuses on reinforcing an understanding of the basic way of Respecting Human Rights. It includes addressing discrimination, harassment,

violations of the rights of person with disabilities and people from other countries. In 2020, human rights training was conducted for management personnel, with the participation of 182 employees at Tokai Carbon and 141 employees at Group companies in Japan.

# Human Resources Development

## ► Basic ideas on hiring and employment

Tokai Carbon guarantees fair employment opportunities for all individuals and considers only aptitudes and strengths in making hiring decisions. We make no distinctions based on race, geographic origin, nationality, age, gender, sexual orientation, or disability. In hiring recent college graduates, we seek goal-oriented, self-directed individuals who welcome challenges, are problem solvers, and will cooperate with others. When it comes to mid-career hires, we look for people who have skills that respond to our overseas business development, technical development, and other business needs.

## Initiatives for human resources development

In line with our long-term vision of being “A Global Carbon company Contributing to a Better Society,” Tokai Carbon devotes significant attention to human resource development as a way to heighten internationalism and

our ability to create value – two of the themes of our basic philosophy. We aim to further strengthen the capabilities of our employees and improve our value creation capabilities as an organization.

### Certification and ranking system

Tokai Carbon operates a certification and ranking system that differs depending on career development track, as defined by responsibilities, department assignment, and rotation. This system allows career development tracks to be changed based on Company needs or employee preferences and opens the door to rapid promotion of outstanding individuals.

### Evaluation system

We employ a goal management system that outlines performance goals and topics to clarify target goals for each employee. Each employee participates in a meeting during which they set specific goals and are given progress evaluations to increase individual motivation, promote personnel development, and ensure performance management.

### Self-assessment

Tokai Carbon has a system under which employees — mainly general career-track employees whose professional education includes position rotations — annually assess the volume and quality of their work and express desires for current and future positions and locations.

### Education and training

#### 1. Selective training

In 2017, we introduced overseas language training, global leadership training, and executive management training to develop candidates for future leadership positions at Tokai Carbon. In 2020, mid-career employees selected by the business divisions for participation in these programs global leadership training for six months. In 2021, we will conduct overseas language training for two months and executive management training for six months.

#### 2. Stratified training

Tokai Carbon regularly conducts stratified training for general manager, manager, mid-level, second year, and new hires. These training programs are open to participation by employees of Group companies, as well. We enhanced training for new hires from 2019 and conducted about three months of on-site training at plants, along with introductory training at the Head Office, in order to provide new hires with basic knowledge regarding the safety and production management, etc. required of employees of a manufacturing company.

From 2021, we will enhance the stratified training for younger employees by years of service and mid-level employees by each level, in order to offer opportunities to nurture career design and a global mindset and obtain basic knowledge of MBA, etc.

The training time per employee of selective and stratified training is 19 hours per year.

## Opportunities for women

In our general employer action plans for promoting the careers of women formulated in 2020, we set goals over a two-year period beginning April 2020 and extending to March 2022 to increase the hiring of female new graduates to at least 30% of people taken on for career-track positions and to attain a 65% or higher acquisition rate of annual paid holidays. While the percentage of females to the total number of new graduates taken on for career-track positions hired in 2021 reached 33%, we will continuously work on increasing the hiring of female new graduates for career-track positions and creating a comfortable work environment for female employees.

No. of employees, employee turnover (voluntary), and percentage of female employees to total employees (Non-consolidated)

\* Excluding fixed-term workers

	2018	2019	2020
No. of employees	729	769	778
Employee turnover (voluntary)	14	17	11
Percentage of female employees to total employees	6.7%	7.9%	8.5%
Percentage of females to the total number of employees taken on for career-track positions	20.0%	42.9%	20.8%

# Occupational Safety and Health

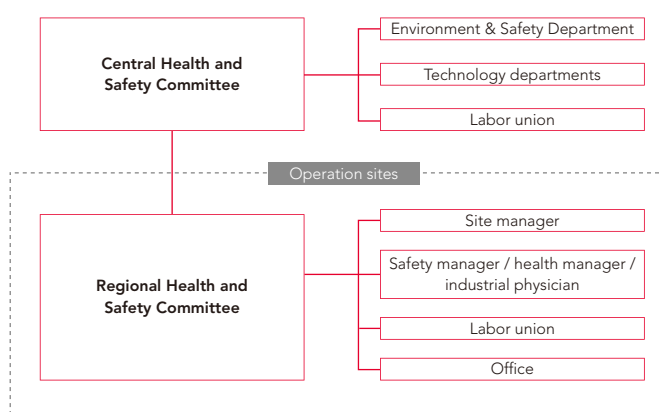
## ► Basic ideas for occupational safety and health

Occupational safety and health is one of the Tokai Carbon Group's highest priorities and a key concern of management. Aiming to keep our operations free of occupational accidents, we strive to ensure that everyone working in our facilities is sensitive to potential dangers.

## Health and safety management structure

To confirm the status of health and safety activities at each operating site and to deliberate and outline core initiatives related to health and safety, we convene Central Health and Safety Committee meetings attended by labor and management representatives, including executives responsible for occupational safety. Every year, we set policies for enhancing occupational safety and health at Central Health and Safety Committee meetings in order to keep improving occupational safety and health going forward. In 2021, the frequency rate management value is 0.98 or less. At Tokai Carbon, the Board of Directors supervise occupational safety and health risk, and the board member in charge of risk reports important matters such as occupational accidents to the Board of Directors as necessary.

Tokai Carbon health and safety organization chart



## Improving occupational safety and health

At Tokai Carbon, we continually engage in full-participation safety management and regularly conduct activities to nip danger in the bud, give presentations of near misses, hold KYT (hazard prediction training), and so on, as risk assessments for the present dangerous work procedures and dangerous places in facilities, ultimately eliminating occupational accidents. In 2020, there was one accident, involving a worker who was hurt by a falling heavy object

that resulted in lost workdays. When an accident resulting in lost workdays occurs, we first analyze the situation in on-site verification, then thoroughly understand the root cause through further analysis, and then develop recurrence prevention plans. Moreover, we not only draw up those countermeasures, but also visit plants to do safety inspections and check the effectiveness of the recurrence prevention plans.

## Labor relations

Tokai Carbon respects the rights of employees, including the freedom of association and the right to collective bargaining. Tokai Carbon has signed a union shop agreement with the Tokai Carbon Labor Union. Union membership includes 86.3% of Tokai Carbon employees (as of the end of December 2020). Labor and management discuss matters concerning labor relations and business activities in meetings of the Labor Committee, Work Committee, and

Expert Committee on Human Resources Systems. Working from a foundation of trust and cooperation labor and management fulfill their respective responsibilities and strive to implement policies that promote positive interaction. When it seeks to implement organizational and employment policy changes, management consults with the union before finalizing decisions.

# Reliable Product Supply / CSR Procurement

## ▶ Business/customer attributes and basic way of thinking

Owing to a customer base spanning a wide array of industries and sectors, Tokai Carbon Group's products are utilized in a broad range of fields, including automotive, steel, electronic components, agricultural equipment, and lithium-ion batteries. Accordingly, we believe that maintaining a stable supply of high-quality products is our most basic responsibility. Moreover, given that we form part of the supply chain of our customers, it goes without saying we abide by relevant laws, regulations, and social norms, but we also continually make every effort to minimize the environmental impact of our manufacturing operations.

## Diversified plant location and local production

### Diversified plant location, local production

In the past, Tokai Carbon Group based its production in Asia. In the 1990s, however, we expanded our business area to the global market. In an effort to add production facilities in various locations, we have taken actions such as establishing a carbon black plant in China in 2004, acquiring the German graphite electrode manufacturer TOKAI ERFTCARBON GmbH in 2005, and acquiring the Canadian carbon black manufacturer Cancarb Limited in 2014. In 2017 and 2018 we also acquired graphite electrode and carbon black manufacturers in North America. These actions have made us a global player with production and sales functions near customers, and the ability to reliably supply high-quality products, in both of these businesses.

### Raw material procurement

For both carbon black and graphite electrodes, there are only a limited number of raw material suppliers. It is our responsibility to the stakeholders to stably provide our quality products to our customers by continuously sourcing the raw material. In procuring raw materials for carbon black, we select suppliers based on careful considerations of volume, pricing, and raw material types.

As for needle coke for graphite electrode, we could centralize the procurement which now are handled by individual locations as Japan, U.S. and Europe if that works for a greater stability in procurement.

## Quality management

To establish a basis for quality management, we have acquired the international quality management standard of ISO 9001 for all of our manufacturing facilities in Japan. We are running the plan-do-check-act (PDCA) cycle for all of our processes to ensure that our customers are satisfied with the

level of quality. We also conduct a periodical assessment and exchange opinions regarding the effectiveness of our quality management system to gain a unified quality management throughout the division's offices and plants.

## ▶ Basic way of thinking on CSR procurement

In order to face the global environmental and social challenges as an involved party, we are intent on contributing to the building of a sustainable society together with our suppliers by adhering to our Procurement Policy.

### Tokai Carbon Group Procurement Policy



[https://www.tokaicarbon.co.jp/en/sustainability/pdf/pdf\\_procurement.pdf](https://www.tokaicarbon.co.jp/en/sustainability/pdf/pdf_procurement.pdf)

## Implementation of CSR procurement survey for our business partners

Tokai Carbon Group procure raw materials from suppliers worldwide at each global site. We request our business partners to agree with our Procurement Policy and respond to our CSR procurement survey so that we can confirm their compliance status.



# Corporate Governance

## ▶ Corporate governance structure

As a company with an Audit & Supervisory Board, Tokai Carbon focuses on enhancing the effectiveness of audits by Audit & Supervisory Board members and our internal audit functions. At the same time, we work to strengthen the management supervision functions of the Board of Directors by appointing multiple external directors and establishing voluntary committees in order to realize an appropriate corporate governance structure.

### Board of Directors

The Board of Directors is responsible for making decisions on important management matters and overseeing business execution. In principle, the Board meets monthly. As of March 30, 2021, there are nine directors, including three external directors.

### Management Committee

The Company has established the Management Committee under the Board of Directors. This committee deliberates and makes decisions on important management matters in accordance with basic policies adopted by the Board of Directors. The Management Committee meets once a week, in principle, with participation by executive officers and Audit & Supervisory Board members, etc.

### Audit & Supervisory Board members and Audit & Supervisory Board

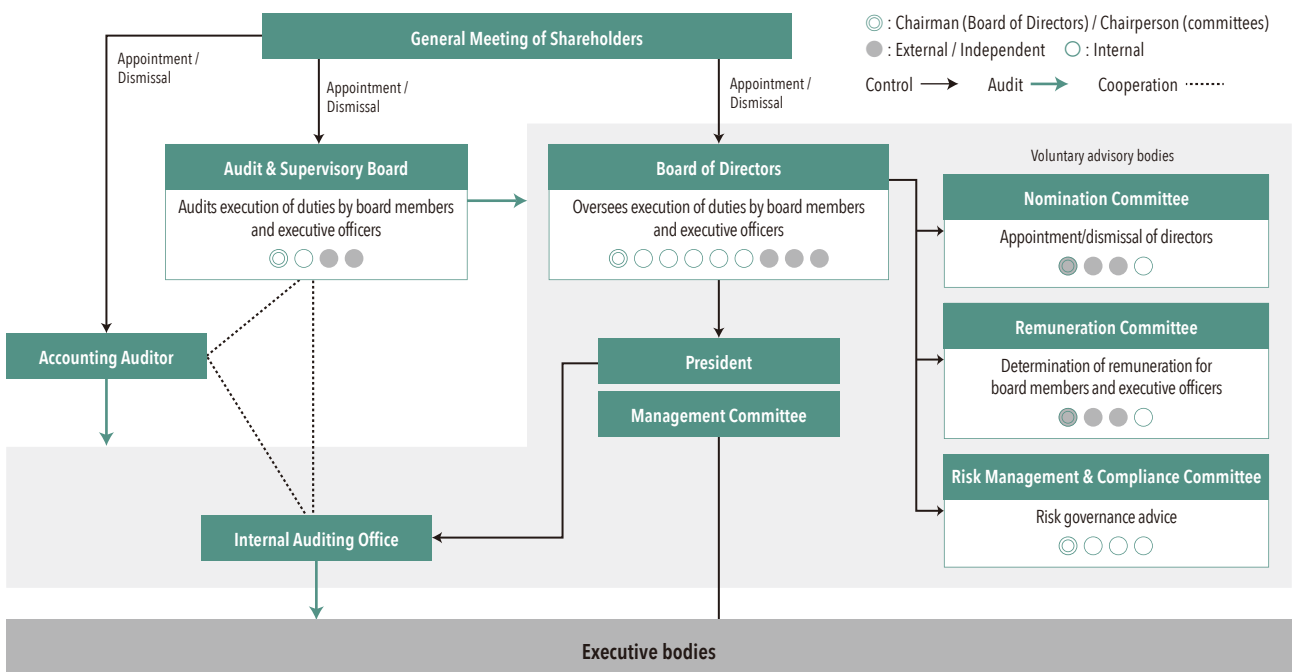
Audit & Supervisory Board members audit the performance of duties by directors by attending important meetings such as Board of Directors' meetings and conducting investigations into the Company's operations and assets in accordance with auditing policies and plans adopted by the Audit & Supervisory Board. As of March 30, 2021, there are

four Audit & Supervisory Board members, two of whom hail from outside of the Company.

#### Corporate Governance

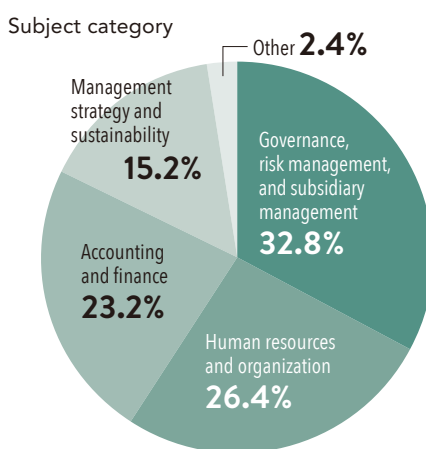
 [https://www.tokaicarbon.co.jp/en/sustainability/corporate\\_governance.html](https://www.tokaicarbon.co.jp/en/sustainability/corporate_governance.html)

Corporate governance system



## Discussion items

Subject category	Topic
Governance, risk management, and subsidiary management	Analysis and evaluation of effectiveness of Board of Directors
	Reports on financing, investments, and market risk management
	Internal audit reports
	Risk Management & Compliance Committee reports
Human resources and organization	Board member and executive officer candidates
	Reorganization
Accounting and finance	Financial statements
	Annual budget plans
Management strategy and sustainability	Formulation of medium-term management plans
	Reports on ESG activities and sustainability targets
Other	Matters concerning the General Meeting of Shareholders
	July 2020 Kyushu flood relief donations



## Strengthening the effectiveness of the Board of Directors

In 2016 we established the Nomination Committee, Remuneration Committee, Management Committee, and Risk Management & Compliance Committee in an effort to drastically bolster the Company's governance structure under the Board of the Directors. The effectiveness of the Board of Directors is annually evaluated by the issues identified and improved. Through this process, the initial benefits are being appropriately maintained and enabling further development of the board effectiveness.

## Establishing an internal control system

To ensure that Tokai Carbon Group properly executes business operations in accordance with relevant laws, regulations and the Articles of Incorporation, the Company continuously improves its internal control system. Improvements are undertaken in accordance with the "Basic Policy for Establishing an Internal Control System," which was adopted at the May 2006 meeting of the Board of Directors and is revised as necessary.

## Management appointment process

The appointment of board members, Audit & Supervisory Board members, and executive officers begins with the formulation of recommendations by the Nomination Committee, an advisory body to the Board of Directors consisting of one internal board member and three external board members. The Nomination Committee prepares its recommendations by comprehensively considering the experience, knowledge, expertise, and other qualities of internal and external candidates. After approval by the Board of Directors, candidates for director and Audit & Supervisory Board positions are submitted to the General Meeting of Shareholders for approval.

## Executive remuneration

At Tokai Carbon, executive remuneration is composed of basic remuneration, which is a fixed amount, and performance-based remuneration, which varies depending on achievement of performance objectives. For directors with executive responsibilities, the proportion of total remuneration that is variable is designed to rise with executive rank. This is in consideration of the significance of management responsibilities borne.

## Corporate Governance

### Skills matrix

Name	Gender	Term of office (years)	Knowledge and experience expected								
			Corporate management	Finance and accounting	Legal affairs and compliance	Overseas business	Manufacturing and technology	Sales and marketing	Personnel and HR development	Governance and risk management	ESG and sustainability
President and CEO Hajime Nagasaka	M	15	●			●			●	●	●
Member of the Board/Executive Officer Yuji Serizawa	M	8	●		●				●	●	●
Member of the Board/Executive Officer Masafumi Tsuji	M	4	●			●		●	●	●	
Member of the Board/Executive Officer Katsuyuki Yamaguchi	M	2					●	●			●
Member of the Board/Executive Officer Shunji Yamamoto	M	2				●	●				
Member of the Board/Executive Officer Hirofumi Masuda	M	1				●		●			
Member of the Board (external/independent) Nobumitsu Kambayashi	M	5	●			●		●	●	●	
Member of the Board (external/independent) Junichi Tanahashi	M	1	●				●	●			
Member of the Board (external/independent) Mayumi Asada	F	0			●					●	●
Audit & Supervisory Board Member (full-time) Masanao Hosoya	M	2		●	●	●				●	
Audit & Supervisory Board Member (full-time) Kazuyuki Kakehashi	M	5			●		●				●
Audit & Supervisory Board Member (external/independent) Kaoru Ogashiwa	M	2		●	●						
Audit & Supervisory Board Member (external/independent) Motokazu Hiura	M	1		●	●						

### Attendance at meetings of the Board of Directors, Audit & Supervisory Board, and committees (attendance/meetings) in FY2020

Position	Name	Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee	Risk Management & Compliance Committee
Member of the Board	Hajime Nagasaka	◎ (19/19)	—	○ (4/4)	○ (4/4)	
	Yuji Serizawa	○ (19/19)	—	—	—	◎ (5/5)
	Masafumi Tsuji	○ (19/19)	—	—	—	○ (4/5)
	Katsuyuki Yamaguchi	○ (19/19)	—	—	—	○ (5/5)
	Shunji Yamamoto	○ (19/19)	—	—	—	
	Hirofumi Masuda	○ (14/14)	—	—	—	
	Nobumitsu Kambayashi (external/independent)	○ (19/19)	—	◎ (4/4)	◎ (4/4)	
Junichi Tanahashi (external/independent)	○ (13/14)	—	○ (3/3)	○ (2/2)		
Audit & Supervisory Board members	Masanao Hosoya	○ (17/19)	◎ (14/14)	—	—	○ (5/5)
	Kazuyuki Kakehashi	○ (19/19)	○ (14/14)	—	—	○ (5/5)
	Kaoru Ogashiwa (external/independent)	○ (19/19)	○ (14/14)	—	—	
	Motokazu Hiura (external/independent)	○ (12/12)	○ (9/9)	—	—	

\* Positions as of end-December 2020

\* The [◎] symbol denotes chair or chairperson

## Compliance

The Company has outlined a Basic Policy, Guidelines, and a Corporate Code of Ethics. We conduct corporate activities in accordance with these policies and based on a strong ethical viewpoint while also complying with the relevant laws, rules, and regulations. We have also prepared the Compliance Manual based on the Tokai Carbon Corporate Code of Ethics and our Ethical and Compliance Conduct Standards. The manual outlines the conduct standards that all officers and employees are required to maintain as they carry out their everyday duties, and is intended to help everyone in the Company understand compliance properly.

## Prevention of corruption

### Cases of corrupt behavior

In the FY2020, there was no exposure of corrupt behavior and no fines or surcharges paid. There was no disciplinary action taken against employees due to corrupt behavior.

### Prevention of bribery and other corrupt behavior Board oversight of corrupt behavior

Our Code of Ethics states that we will conduct business activities through fair competition and maintain sound and normal relations with politicians, government officials, and suppliers. It also states that we will comply with all laws and conduct business activities based on social norms and common sense. Because of this, we prohibit and strive to

## Internal reporting system

We have introduced an internal reporting system for receiving reports from employees who have found out about legal violations or fraud (or signs thereof), including any acts linked to corruption such as bribery etc. by executive officers or employees. We have established in-house contact points (Legal Affairs Department, Audit & Supervisory Board Member) and external contact points (legal advisors) to receive reports or requests for advice by phone, fax, email, letter, etc. Reports can also be made anonymously. The Company's Guidelines on Handling Internal Reports clearly states that, apart from cases when the system is deliberately misused, informants will not be dismissed or subjected to unfair treatment under this system.

prevent acts of bribery or acts that could arouse suspicion of bribery, such as proposing or delivering benefits as compensation for others, and demanding or receiving benefits such as cash, excessive business entertainment, amusement or other services. We also prohibit corrupt behavior in the form of conspiracy to embezzle company funds or commit money laundering. The prohibition of this kind of corruption and bribery is also specified in our procurement policy.

The Board of Directors oversees initiatives on compliance including the prevention of bribery and other corruption and receives reports from the Risk Management & Compliance Committee.

## Education and Enlightenment

We continuously provide compliance training for executive officers, managers, new employees, etc. conducted by internal and external lecturers. We are also striving to raise compliance awareness among executive officers and employees via the in-house distribution of a compliance message video and the publication of related articles in our in-house magazine.

### Training theme

Year	Theme	Participants
2017	Anti-Monopoly Act	About 50
2018	ESG	About 45
2019	Issue of quality falsification	About 50
2020	Dialogue with shareholders/ Response to proposals from shareholders	About 50

## Corporate Governance

# Management (As of July 1, 2021)

### Member of the Board



**Hajime Nagasaka**

President & Chief Executive Officer

#### Career Summary

- 1972 Joined Tokai Electrode Mfg. Co., Ltd. (currently the Company)
- 2006 Member of the Board/Executive Officer
- Deputy General Manager, Carbon Black Division
- 2008 Member of the Board/Managing Executive Officer
- Deputy General Manager, Carbon Black Division
- 2010 Member of the Board/Managing Executive Officer
- General Manager, Carbon Black Division
- 2011 Member of the Board/Senior Managing Executive Officer
- General Manager, Carbon Black Division
- 2012 Member of the Board/Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division
- 2013 Representative Member of the Board/Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division
- 2014 Representative Member of the Board/Executive Vice President in charge of Carbon Black Division, Graphite Electrode Division and Raw Material Procurement Department
- 2015 Representative Member of the Board/President & Chief Executive Officer (incumbent)



**Yuji Serizawa**

Member of the Board Executive Officer

#### Career Summary

- 1984 Joined the Company
- 2006 Executive Officer/Deputy General Manager, Fine Carbon Division
- 2009 Executive Officer/General Manager, Fine Carbon Division
- 2012 Member of the Board/Executive Officer in charge of Fine Carbon Division
- General Manager, Fine Carbon Division
- 2013 Member of the Board/Executive Officer
- General Manager, Tanoura Laboratory
- General Manager, Tanoura Plant
- 2014 Executive Officer
- General Manager, Graphite Electrode Division
- 2015 Member of the Board/Executive Officer
- General Manager, Graphite Electrode Division
- 2016 Member of the Board/Executive Officer
- General Manager, Corporate Planning Division
- 2017 Member of the Board/Executive Officer
- Responsible for Human Resources Department, General Affairs Department, and Legal Affairs Department (incumbent)



**Masafumi Tsuji**

Member of the Board Executive Officer

#### Career Summary

- 1986 Joined the Company
- 2014 Business Director/General Manager, Carbon Black Division
- 2015 Executive Officer
- General Manager, Carbon Black Division
- 2016 Executive Officer
- General Manager, Graphite Electrode Division
- 2017 Executive Officer
- General Manager, Fine Carbon Division
- 2017 Member of the Board/Executive Officer
- General Manager, Fine Carbon Division
- 2020 Member of the Board/Executive Officer
- Deputy Chairman, Corporate Planning Department, Strategic Investment Department, and Sales Research & Planning Department
- General Manager, Corporate Planning Department
- 2020 Member of the Board/Executive Officer
- Deputy Chairman, Corporate Planning Department, Strategic Investment Department, and Sales Research & Planning Department
- General Manager, Corporate Planning Department
- General Manager, Sales Research & Planning Department
- 2020 Member of the Board/Executive Officer
- Responsible for Corporate Planning Department, Strategic Investment Department, and Sales Research & Planning Department
- General Manager, Corporate Planning Department
- General Manager, Sales Research & Planning Department
- 2020 Member of the Board/Executive Officer
- Responsible for Corporate Planning Department, Strategic Investment Department, and Sales Research & Planning Department
- General Manager, Corporate Planning Department (incumbent)



**Katsuyuki Yamaguchi**

Member of the Board Executive Officer

#### Career Summary

- 1988 Joined the Company
- 2015 General Manager, Engineering Department, Technology & Engineering Division
- 2016 Business Director
- General Manager, Technology & Engineering Division
- 2018 Executive Officer
- General Manager, Technology & Engineering Division
- 2019 Member of the Board/Executive Officer
- General Manager, Technology & Engineering Division
- 2019 Member of the Board/Executive Officer
- General Manager, Technology & Engineering Division
- 2020 General Manager, Environment & Safety Department
- Member of the Board/Executive Officer
- General Manager, Technology & Engineering Division
- 2021 Member of the Board/Executive Officer
- General Manager, R&D Strategy Division
- General Manager, Intellectual Property Department (incumbent)



**Shunji Yamamoto**

Member of the Board Executive Officer

#### Career Summary

- 1985 Joined the Company
- 2013 General Manager, Kyushu-Wakamatsu Plant
- 2015 General Manager, Production & Technology Department, Carbon Black Division
- 2016 Managing Director, THAI TOKAI CARBON PRODUCT CO., LTD.
- 2018 Executive Officer
- Managing Director, THAI TOKAI CARBON PRODUCT CO., LTD.
- 2019 Member of the Board/Executive Officer
- Director, TCCB Genpar LLC (incumbent)



**Hirofumi Masuda**

Member of the Board Executive Officer

#### Career Summary

- 1985 Joined the Company
- 2012 General Manager, Sales Department, Graphite Electrode Division
- 2015 General Manager, Osaka Branch
- General Manager, Nagoya Branch
- 2016 General Manager, Marketing & Sales Department, Carbon Black Division
- 2017 Director and Deputy Managing Director, THAI TOKAI CARBON PRODUCT CO., LTD.
- 2019 Executive Officer, Director and Deputy Managing Director, THAI TOKAI CARBON PRODUCT CO., LTD.
- 2020 Executive Officer
- General Manager, Carbon Black Division
- 2020 Member of the Board/Executive Officer
- General Manager, Carbon Black Division (incumbent)



**Nobumitsu Kambayashi**

External Member of the Board part-time

#### Career Summary

- 1971 Joined Kawasaki Heavy Industries, Ltd.
- 2002 Member of the Board, Kawasaki Shipbuilding Corporation
- 2005 Managing Member of the Board, Kawasaki Shipbuilding Corporation
- 2008 Managing Executive Officer, Kawasaki Heavy Industries, Ltd.
- Member of the Board/Senior Vice President, Kawasaki Shipbuilding Corporation
- 2009 Managing Member of the Board, Kawasaki Heavy Industries, Ltd.
- 2010 President & Representative Member of the Board, Kawasaki Shipbuilding Corporation
- Managing Member of the Board (part-time), Kawasaki Heavy Industries, Ltd.
- 2010 Managing Member of the Board (Representative Member of the Board), Kawasaki Heavy Industries, Ltd.
- President, Ship & Offshore Structure Company
- 2013 Member of the Board, Kawasaki Heavy Industries, Ltd.
- 2013 Adviser, Kawasaki Heavy Industries, Ltd.
- 2015 Chairman, Japan Ship Technology Research Association (incumbent)
- 2016 Member of the Board, the Company (incumbent)
- 2017 Member of the Board, Inui Global Logistics Co., Ltd. (incumbent)



**Junichi Tanahashi**

External Member of the Board part-time

#### Career Summary

- 1981 Joined Nippon Chemical Industrial Co., Ltd.
- 1984 Member of the Board, Nippon Chemical Industrial Co., Ltd.
- 1986 Managing Member of the Board, Nippon Chemical Industrial Co., Ltd.
- 1989 President, Nippon Chemical Industrial Co., Ltd.
- 2005 Chairman, Nippon Chemical Industrial Co., Ltd.
- 2005 Adviser, Japan Inorganic Chemical Industry Association (incumbent)
- 2009 Outside Member of the Board, Fuji Chemical Co., Ltd. (incumbent)
- 2014 Vice President, The Association of Powder Process Industry and Engineering, JAPAN
- 2015 Chairman of the Board, Nippon Chemical Industrial Co., Ltd.
- 2020 External Member of the Board, the Company (incumbent)
- 2020 Inspector, The Association of Powder Process Industry and Engineering, JAPAN (incumbent)
- 2021 Adviser, Nippon Chemical Industrial Co., Ltd. (incumbent)



**Mayumi  
Asada**

External Member of the Board  
part-time

**Career Summary**

- 2002 Registered as an attorney-at-law and joined Hiranuma Takaaki Law Office
- 2003 Transferred to Akagi & Matsuoka Law Office
- 2013 Member of the committee for medical dispute settlement, the Tokyo Metropolitan Medical Association (incumbent)
- 2014 Representative, Marunouchi Building Aoi Law Office (incumbent)
- 2014 Acquired Doctor's degree in Medicine at the Juntendo University Graduate School of Medicine
- 2015 Member of the council for disclosure and personal information protection, Meguro-ku (incumbent)
- 2017 Member of the external audit committee for medical safety at Juntendo University Hospital (incumbent)
- 2018 Reconciliation officer at Tokyo Family Court (incumbent)
- 2020 Business Director, Incorporated Educational Institution Nikaido Gakuen (incumbent)
- 2021 External Member of the Board, the Company (incumbent)
- 2021 Part-time lecturer, Department of Hospital Administration, Juntendo University School of Medicine (incumbent)

**Audit & Supervisory Board Members**



**Masanao  
Hosoya**

Audit & Supervisory  
Board Member (full-time)

**Career Summary**

- 1979 Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
- 2008 Advisor, the Company
- 2008 Executive Officer
- 2009 Executive Officer
- General Manager, Corporate Administration Division
- 2010 Member of the Board/Executive Officer in charge of Corporate Administration Division
- General Manager, Corporate Administration Division
- 2015 Member of the Board/Managing Executive Officer
- General Manager, Corporate Administration Division
- 2017 Member of the Board/Managing Executive Officer
- Responsible for Accounting & Finance Department and Information System Department
- 2019 Member of the Board/Managing Executive Officer
- Responsible for Accounting & Finance Department and Information System Department
- 2019 Audit & Supervisory Board Member (full-time) (incumbent)



**Kazuyuki  
Kakehashi**

Audit & Supervisory  
Board Member (full-time)

**Career Summary**

- 1975 Joined Toyo Carbon Co., Ltd. (currently the Company)
- 2001 General Manager, Production & Technology Department, Fine Carbon Division
- 2004 General Manager, Tanoura Plant
- 2009 General Manager, Shonan Office
- General Manager, Chigasaki Plant
- Industrialization Group Manager, R&D Strategy Division
- 2009 Assistant to General Manager, Fine Carbon Division
- 2009 Assistant to General Manager, R&D Strategy Division
- 2010 General Manager, R&D Planning Department, R&D Strategy Division
- 2010 Member of the Board, Tokai Konetsu Kogyo Co., Ltd.
- 2015 Managing Executive Officer, Tokai Konetsu Kogyo Co., Ltd.
- 2016 Audit & Supervisory Board Member
- 2018 Audit & Supervisory Board Member (full-time)
- 2019 Audit & Supervisory Board Member
- 2019 Audit & Supervisory Board Member (full-time) (incumbent)



**Kaoru  
Ogashiwa**

External Audit &  
Supervisory Board Member  
(Part-time)

**Career Summary**

- 1990 Joined Shin Nihon Shoken Chosa Center Keiei Kenkyusho (currently Japan Investor Relations and Investor Support, Inc.)
- 1992 Registered as a certified tax accountant (to present)
- 2005 Auditor, Senkon Logistics Co., Ltd.
- 2017 Outside Member of the Board and Auditor, the Company (incumbent)
- 2019 Audit & Supervisory Board Member, the Company (incumbent)



**Motokazu  
Hiura**

External Audit &  
Supervisory Board Member  
(Part-time)

**Career Summary**

- 1977 Joined Dainichiseika Color & Chemicals Mfg. Co., Ltd.
- 2014 Manager, Corporate Finance & Accounting Department, Dainichiseika Color & Chemicals Mfg. Co., Ltd.
- 2015 General Manager, Corporate Finance & Accounting Division, Dainichiseika Color & Chemicals Mfg. Co., Ltd.
- 2019 Retired Dainichiseika Color & Chemicals Mfg. Co., Ltd.
- 2020 Audit & Supervisory Board Member, the Company (incumbent)

**Executive Officers**

**Hiroshi Takahashi**

Executive Officer  
CEO & Chairman of the Board,  
Tokai Carbon Korea Co., Ltd.

**Takashi Masaki**

Executive Officer  
General Manager, Smelting and Lining Division  
Chairman of the Board, Tokai COBEX GmbH

**Kazuhito Kataoka**

Executive Officer  
General Manager, Japan Operations of  
Graphite Electrodes

**Koji Miura**

Executive Officer  
General Manager, Chita Laboratory

**Kenji Enokidani**

Executive Officer  
General Manager, Graphite Electrode Division  
Chairman of the Advisory Board, Tokai ErftCarbon GmbH  
Chairman of the Board, Tokai Carbon GE LLC

**Takeshi Nakashima**

Executive Officer  
Strategic Integration Officer, Tokai COBEX GmbH

**Akira Yamada**

Executive Officer  
General Manager, General Affairs Department;  
General Manager, Legal Affairs Department

**Akihiko Satoh**

Executive Officer  
Responsible for Accounting & Finance Department  
and Information System Department,  
and General Manager,  
Accounting & Finance Department