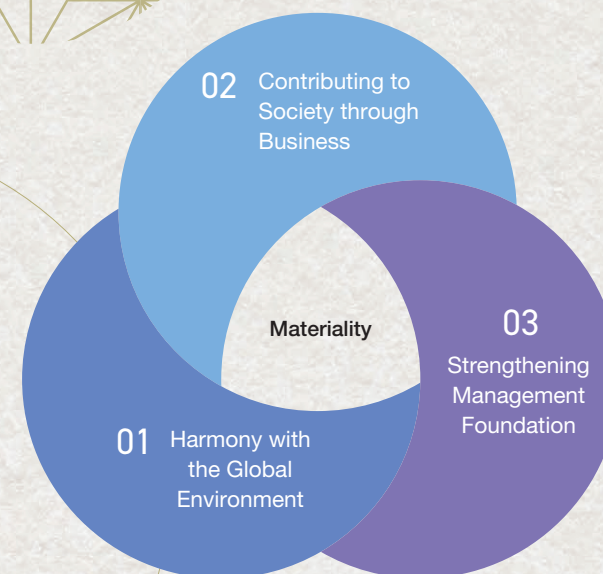


Sustainability

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Basic Policy and Structure

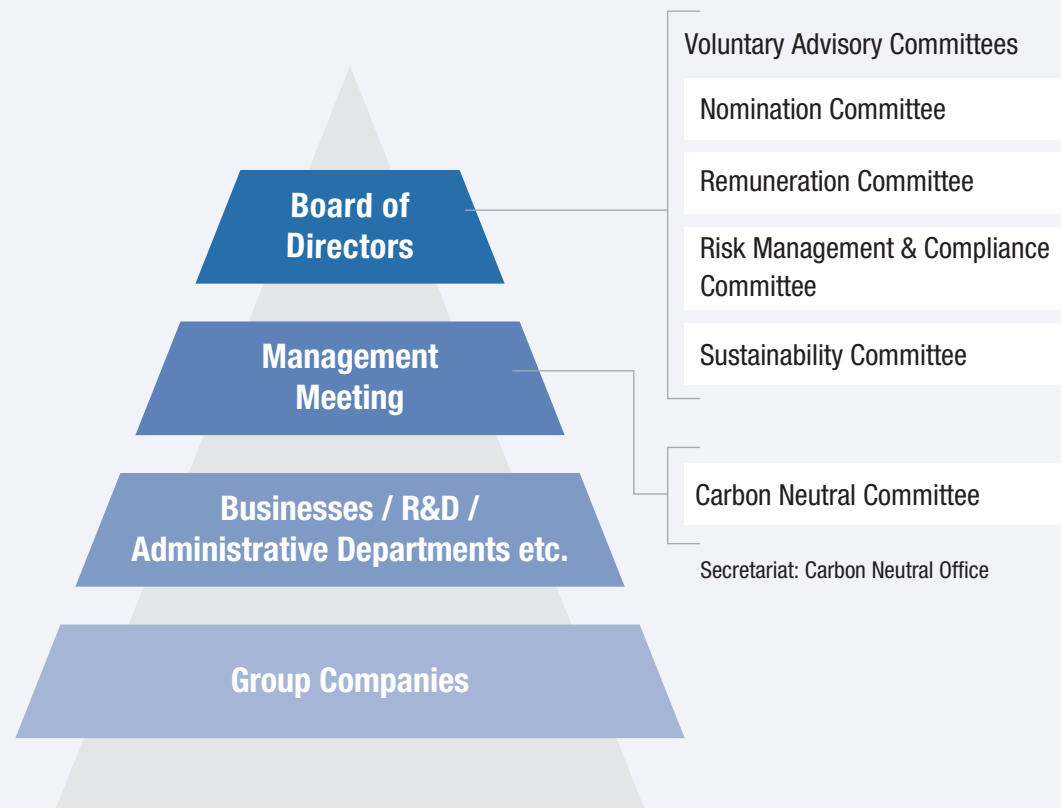
Sustainability policy

Tokai Carbon Group engages in corporate activities under its basic philosophy of “Ties of Reliability” with our stakeholders. Our management strategies are grounded in a full consideration of ESG (Environmental, Social and Governance) aspects to solidly meet the trust of our stakeholders. We work to solve societal issues through our business to contribute to the realization of a sustainable society and the enhancement of our corporate value.

Sustainability promotion structure

In January 2022, we established the Sustainability Committee as a voluntary advisory body to the Board of Directors. Chaired by the President and CEO, the Committee consists of the officers responsible for the General Affairs and Legal Affairs Department / Corporate Planning Department / Human Resources Department, the General Manager of the R&D Strategy Division / Technology & Engineering Division, and General Managers of four principal business divisions. It meets on a quarterly basis in principle to discuss important matters related to sustainability and submitting / reporting them to the Board of Directors. It also supervises the disclosure of sustainability information, including the creation of integrated reports.

Regarding climate change, we strengthened our framework in January 2022 by elevating the Carbon Neutrality Promotion Project, which was launched in May 2021, into the Carbon Neutral Committee, chaired by the President and CEO. As the command center for our carbon neutrality initiatives, this committee drafts company-wide policies and plans related to carbon neutrality. It also monitors the progress of these initiatives, leveraging co-creation with external third parties through industry-academia-government collaboration, and reports and submits these matters to the Board of Directors.





Harmony with the Global Environment

Action against Climate Change

Information disclosure in line with TCFD recommendations

The Tokai Carbon Group recognizes climate change as a critical management issue. In November 2021, our Board of Directors formally expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD). To better understand the climate-related risks and opportunities for our Group, we conducted an initial scenario analysis—a requirement of the TCFD recommendations—to assess business impact in December 2020, followed by a review in May 2023. We continue to identify the impacts of climate change on our business and advance our mitigation efforts.

Covered businesses: Four main businesses that account for approximately 90% of our sales as of 2022 (Carbon Black, Fine Carbon, Smelting and Lining, and Graphite Electrodes)
Time horizon: 2030 and 2050 (2040 is used when reference data for 2050 is unavailable)

Scenario*	Business	Risk/Opportunity factors	Risks/ Opportunities	Main initiatives
4°C	All four businesses	Suspension of production activities and supply chain disruptions due to increased typhoons, flooding, and torrential rains	Physical risks	Regular surveys of water risks at our production sites ▶ Water Resources page (P. 39)
1.5°C	All four businesses	Increased burden due to expanded introduction of carbon pricing	Transition risks	Initiatives to achieve carbon neutrality targets (conversion to low-environmental-impact fuels, utilization of renewable energy, expansion of recycled products, reuse of used tires, etc.) ▶ Carbon Neutrality page (P. 38)
1.5°C	All four businesses	Mandatory adoption of renewable energy (its usage is unavoidable)	Transition risks	Promote efficient procurement of renewable energy ▶ Carbon Neutrality page (P. 38)
1.5°C	All four businesses	<ul style="list-style-type: none"> • Proliferation of technologies not using fossil fuel-derived raw materials • Increased demand for low-carbon products and shifting consumer mindset regarding fossil fuel-derived raw materials 	Transition risks	<ul style="list-style-type: none"> • Utilization of non-fossil fuel raw materials in the Carbon Black business, and launching a joint technology project for recycling carbon black from used tires • Investigation for introducing CCS (carbon capture and storage) technology • Enhancement of added value in products by reducing CO₂ emissions during manufacturing ▶ Business Strategy page (P. 24 to 34) ▶ Carbon Neutrality page (P. 38) ▶ Realizing a circular economy (P. 39)
1.5°C	Graphite Electrodes	Increasing advantages of electric arc furnaces	Opportunities	<ul style="list-style-type: none"> • Pursuit of higher-quality graphite electrode manufacturing and ensure stable supply by capitalizing on increasing demand ▶ Business Strategy page (P. 24-34)

* 1.5°C scenario: Scenario in which necessary measures are enacted to limit temperature increase to 1.5°C above pre-Industrial Revolution levels (NZE, SDS, etc.)

4°C scenario: Scenario in which the average temperature rises by 4°C above pre-Industrial Revolution levels. It represents a scenario in which no economic measures or additional countermeasures are taken to address climate change (SPS, etc.)



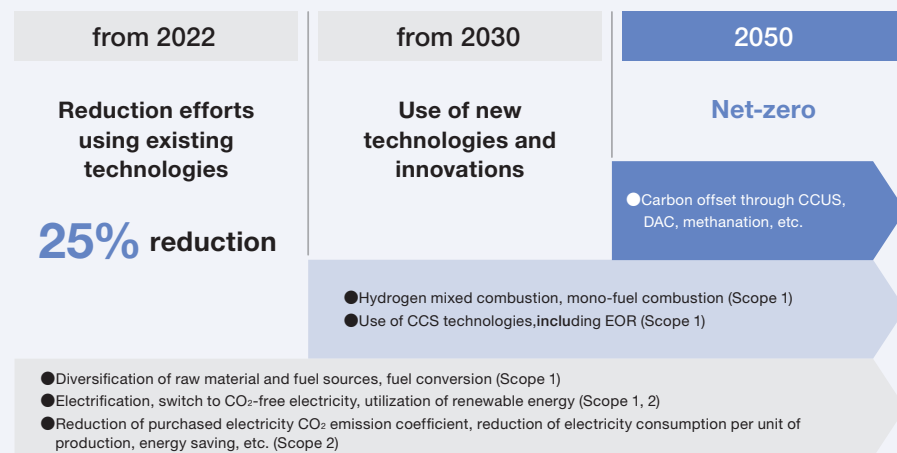
Carbon Neutrality

Tokai Carbon Group's CO₂ emissions reduction targets

Our Group aims to reduce CO₂ emissions by 25% (vs. 2018) by 2030, working towards achieving carbon neutrality by 2050.

Roadmap to carbon neutrality

Based on the existing technologies, we aim to reduce 25% of CO₂ emissions by 2030. For raw materials, we are studying the use of plant-derived and other renewable resources. As for manufacturing processes, we will continue to transition and diversify fuels, shifting from fossil fuels to electrical energy and utilizing renewable energy, while also investing in energy-saving facilities. Furthermore, we aim for net zero emissions by 2050, leveraging new technologies and innovations. As the development of innovative technologies to reduce CO₂ emissions progresses globally, we will proactively introduce technologies that show promise for practical use.



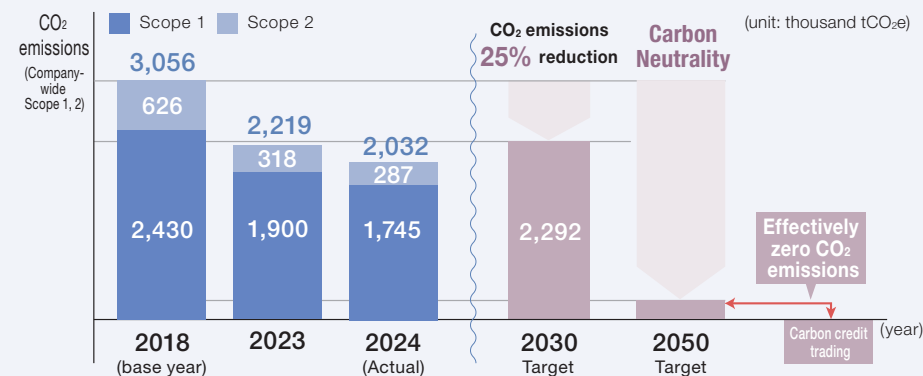
* CCS: Carbon dioxide capture and storage

* EOR: Enhanced oil recovery

* CCUS: Carbon dioxide capture, utilization, and storage (technology for the utilization of separated and stored CO₂)

* DAC: Direct air capture (technology for the direct capture and use of atmospheric CO₂)

GHG emissions (Scope 1 and Scope 2) (consolidated)



* Entire Group, Scope 1 and Scope 2

In 2024, the Tokai Carbon Group's GHG emissions were approximately 33% lower compared to 2018, primarily driven by the utilization of renewable energy and conversion to low-environmental-impact fuels.

In the Carbon Black business, we launched a joint technology project to regenerate carbon black from used tires. With financial support from the GI Fund*, this project spans from research and development to PoC (proof of concept) and social implementation phases. We'll accelerate ongoing development, the introduction of innovative technologies, and collaborations with customers, business partners, and industry associations to achieve our goals.

*GI Fund: Green Innovation Fund. Created by NEDO with funds totaling over 2 trillion JPY, this fund provides up to 10 years of continuous support for efforts by companies and other entities in achieving carbon neutrality.

	2018	2023	2024
GHG emissions (Scope 1 and 2) (thousand tCO ₂ e)	3,056	2,219	2,032
Scope 1 (thousand tCO ₂ e)	2,430	1,900	1,745
Scope 2 (thousand tCO ₂ e)	626	318	287
Compared to base year	-	27% reduction	33% reduction

*Scope 1: Direct emissions of GHGs from business operators

Scope 2: Indirect emissions of GHGs associated with the use of electricity, heat, and steam supplied by other companies



Water Resources

Water is indispensable for Tokai Carbon’s operations and a vital resource for the communities where our plants are located. We are promoting efficient use of water companywide, through water recycling and manufacturing process improvements.

Targets and performance

We are working to reduce water consumption by clearly identifying the amount of water required for production and reducing the excess use of water.

	KPI	Actual	Boundary
2024	Water consumption at or lower than the level of 2021 (9 million m ³ /year)	8.02 million m ³	Consolidated (Non-consolidated and principal Group companies in Japan and overseas)
2025	Water consumption of 8.9 million m ³ /year or lower (1% reduction in consumption compared to 2021)	-	

Reduction initiatives at sites

Business	Sites	Initiatives
Graphite Electrodes	Domestic productions sites	Adjustment of industrial water intake
	Overseas production sites	Circulation and reuse of cooling water in the graphitization process
Carbon Black	Overseas production sites	Water leakage prevention measures
Smelting and Lining	Overseas production sites	Optimizing the amount of cooling water used at each production facility

Water risk and assessment

We utilize WRI Aqueduct to identify production sites facing water stress. In 2025, we conducted a survey of 44 production sites⁽¹⁾ across the Tokai Carbon group, both domestically and internationally. Among these, at the four sites⁽²⁾ identified as having high water stress, we performed detailed investigations into past flood and drought occurrences, as well as water usage, confirming they are at low risk.

¹ As of January 2025. Includes laboratories.

² Sites where the overall water risk, among the risk categories for the chemical industry in WRI Aqueduct, was identified as “High” or “Extremely High”.

Realizing circular economy

To make effective use of limited resources, we are working to reduce and recycle industrial wastes and to reduce our final disposal tonnage. We will also contribute to realizing a circular economy through the use of sustainable raw materials and product recycling.

Reduction of industrial wastes

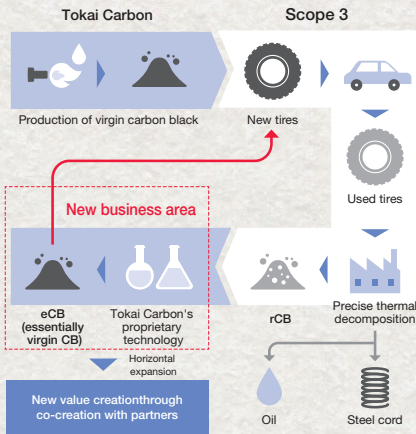
We’re focused on reducing and avoiding industrial waste generation, thoroughly sorting waste, and promoting waste recycling to boost our recycling rate.

	KPI	Actual	Boundary
2024	Recycling rate 50% or higher*	Recycling rate 58.5%	Consolidated (Non-consolidated and principal Group companies in Japan and overseas)
2025	Recycling rate 51% or higher	-	

* Recycling rate (%) = Recycling weight (weight of recycled waste) / Weight of generated waste x 100

Providing solutions for the realization of a circular economy

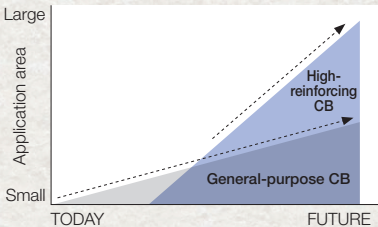
Reuse of carbon black



What is eCB™?

eCB: eco Carbon Black (currently applying for trademark registration)
Carbon black recovered from rubber products such as used tires (rCB, recovered Carbon Black) faces challenges when used as raw materials of tires due to its low reinforcement properties. eCB refers to carbon black that is regenerated through secondary processing of rCB with reinforcement properties equivalent to virgin carbon black.

Expansion of business area of eCB™



We will first aim to establish eCB technology applicable to general-purpose CB, and apply this to value-added high-reinforcing CB in the future.



Biodiversity

The Tokai Carbon Group recognizes global environment preservation as one of its critical management priorities. In accordance with the “Environmental Philosophy” and “Environmental Policy” shared across our Group, we strive for harmony between our corporate activities and the environment by considering the impacts of our operations on ecosystems and biodiversity, working toward the realization of a sustainable society.



Tokai Carbon Group Biodiversity Policy

<https://www.tokaicarbon.co.jp/en/sustainability/biodiversity.html>

Information disclosure in line with TNFD (Task Force on Climate-related Financial Disclosure) recommendations

Having historically upheld “Harmony with the global environment” as one of our materialities, we have focused on reducing greenhouse gas emissions and water consumption, minimizing waste, and cutting various pollutants. In light of the TNFD Final Recommendations version 1.0 published in September 2023, we have reorganized our initiatives to align with TNFD’s disclosure recommendations.

Strategies for natural capital and biodiversity

In order to understand the dependence and impact on natural capital and biodiversity in our business, we conducted an analysis in accordance with the approach proposed by TNFD.

1. Selection of the scope of analysis

We evaluated the degree of dependence and impact on natural capital and biodiversity of each business using the natural risk assessment tool (ENCORE) and confirmed that the Carbon Black business had a relatively high degree of dependence and impact. Additionally our value chain was found to have high dependency and impact on ecosystem services related to water resources.

2. Identification of dependencies, impacts, risks, and opportunities

We identified two Carbon Black business production sites as priority areas requiring significant consideration for biodiversity. Following the approach advocated by TNFD, we analyzed the dependencies, impacts, risks, opportunities, and countermeasures related to the manufacturing process of this business in these areas. The results of this analysis are presented in the table on the top right.

3. Countermeasures

To address risks, we will avoid and reduce the negative impacts of our business activities on biodiversity by reducing CO₂ emissions, water consumption, and pollutant emissions.

Results from the analysis of dependencies and impacts on natural capital and of risks and opportunities related to natural capital

Dependencies	Carbon black manufacturing and cooling processes consume a large amount of water, making the business dependent on water resources
Impacts	Beyond greenhouse gas emissions, the carbon black business (in-house operations) may have an affect on nature through discharge of wastewater, waste, and chemical substances generated in the manufacturing process, potentially leading to air, water, and soil pollution.

Risks	Response (opportunity)
<ul style="list-style-type: none"> Increased risk of natural disasters due to deterioration of the natural environment Physical risks associated with water resources, such as water shortage and water pollution Risk of worsening reputation and litigation from communities and stakeholders if plant operations degrade the natural environment surrounding the plant Risk that tighter laws and regulations related to nature will affect plant operations 	<ul style="list-style-type: none"> Reduction of CO₂ emissions Reduction of water consumption and promotion of recycling Reduction of NO_x, SO_x and VOC emissions Promotion of industrial waste recycling Development of low-environmental-impact products

Examples of ecosystem conservation activities

Our business sites participate in a variety of activities aimed at contributing to the conservation of local ecosystems.



Ecosystem workshop for elementary school students (Tokai COBEX Group)

We held a workshop to help children understand the importance of ecosystems and raise their awareness of environmental protection.



Satoyama conservation project through extermination of alien species (Shonan Plant)

We contribute to the conservation of the ecosystem by participating in activities aimed at controlling invasive species to protect the Satoyama (undeveloped woodland near populated area) ecosystem.



Water conservation forestation activities (Hofu Plant)

We participate in the “Water Protection Forest Creation Activity” organized by the Yamaguchi Prefecture’s Agriculture, Forestry and Fisheries Department. We contribute to the conservation of water resources by maintaining forests, which are the source of industrial water, indispensable to our corporate activities.



Contributing to Society through Business

Providing Safe and Secure Products

Basic ideas and characteristics of our business and customers

Our Group operate as a B2B materials manufacturer, providing a wide range of essential raw materials, components, and products used in manufacturing processes for various industries and daily life.

Our products are used in a wide range of customer industries and business types, including automotive, steel, electronic components, agricultural and industrial machinery, and lithium-ion batteries sectors. In addition, our Group operates not only in Japan but also in Asia, North America, and Europe, with 80% of our sales generated overseas.

Plant decentralization and localized production

Our Group, initially focused on production in Japan, began expanding its manufacturing bases towards outside of Japan in the 1990s, opening 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 acquired manufacturing sites in the United States, one of the world's leading markets for our Graphite Electrodes and Carbon Black businesses. Through this, we solidified our presence as a global player and built a robust system to stably supply high-quality products.

Raw material procurement

For both carbon black and graphite electrodes, the number of suppliers capable of providing high-quality raw materials is limited. Therefore, we need to build close relationships with key suppliers to ensure a stable raw material procurement system.

Supplies of both carbon black feedstock oil and needle coke (the primary raw material for graphite electrodes), are presently tight. For carbon black feedstock oil, we select suppliers based on a balance of required volume, price, and product types.

For needle coke, each of our production sites currently conduct procurement locally. To ensure stable procurement, however, we are considering a centralized purchasing in

the future to establish an optimal group-wide procurement system. We hold significant market share in many products, including carbon black and graphite electrodes, which are essential components for our customers' daily production activities. Accordingly, we recognize that continuing the stable supply of high-quality products is our fundamental responsibilities. As a company integrated into our customers' supply chains, we will continuously strive to comply with various laws, regulations, and social norms, and to reduce the environmental impacts of our manufacturing processes.

Quality management

To provide products satisfactory for our customers, the Group strives for thorough quality control from the development phase onward, through the processes of raw materials procurement, manufacturing, logistics, and sales. We conduct inspections under strict standards at each stage, from raw material and auxiliary material acceptance to every manufacturing step and final shipment. By consistently providing safe and reliable products, we aim to strengthen our "Ties of Reliability" with our customers. All of our manufacturing sites in Japan have obtained certification for the ISO 9001 international quality standard as a foundation for quality control. Our business divisions and operational sites have all established quality management systems conforming to ISO 9001 and engage in activities to continuously improve customer satisfaction. Under this framework, we repeatedly apply the PDCA (Plan-Do-Check-Action) cycle to each process daily, ensuring we craft products that meet customer expectations. Furthermore, our business divisions and operational sites collaborate closely on quality management, regularly evaluating the effectiveness of our quality management systems and exchanging feedback.

Pursuit of customer satisfaction

We work tirelessly on technology development to enhance product functionality and environmental characteristics, yet customer demands for our products are becoming increasingly sophisticated and diverse each year. To accommodate individual needs not readily met through existing products and technologies, we will undertake joint research and development together with customers. By deeply understanding their products and businesses and, by always pursuing the potential for materials capable of innovating the industry, we aim to meet customers' expectations and further earn their satisfaction.



Supply Chain Management

Basic approach to CSR procurement

Our Group adheres to a basic philosophy of fostering “Ties of Reliability” with shareholders, customers, business partners, local communities, employees, and other stakeholders through our corporate activities. To maintain this trust and ensure sustainable business operations, we recognize the necessity of directly addressing global environmental and social challenges as a responsible entity.

Such initiatives cannot be brought to completion through the efforts of our Group alone. Recognizing the critical importance of the understanding and cooperation of our suppliers, including those upstream in the supply chain, we formulated the Tokai Carbon Group Procurement Policy.

To make this policy known to all of our suppliers, we post it online as noted below. Through this procurement policy, our Group and our suppliers will together contribute to the realization of a sustainable society.



Tokai Carbon Group Procurement Policy

https://www.tokaicarbon.co.jp/en/sustainability/pdf/pdf_procurement.pdf?20240105

Implementation of CSR procurement surveys toward our business partners

Our basic philosophy of “Ties of Reliability” refers to the building of relationships of trust between our Company and stakeholders, including our business partners. With Group operations and raw material sourcing locations worldwide, we believe addressing social challenges across the entire supply chain is crucial for fostering these stakeholder relationships.

We ask new and key business partners to endorse our Group Procurement Policy, and complete a CSR Procurement Survey to verify their compliance. This survey uses the UN Global Compact’s CSR Procurement Self-Assessment Tool and comprehensively covers anti-corruption measures, including bribery, to ensure fair business practices.



Tokai Carbon Group Implementation of CSR procurement survey for our business partners

<https://www.tokaicarbon.co.jp/en/sustainability/procurement.html>

The Tokai Carbon Group Basic Policy on Procurement

- 1 Partnership
- 2 QCD and fair / equitable evaluation and selection
- 3 Compliance
- 4 Respect for human rights
- 5 Coexistence with the global environment, the international and local communities

Guidelines to Share with Our Suppliers

- 1 Conducting business with integrity and fairness
- 2 Respect for human rights and safe working environments
- 3 Initiatives for global environmental conservation; coexistence with local communities
- 4 Appropriate disclosure of corporate information
- 5 Protection of the Company assets and information



Respect for Human Rights

Our basic approach to human rights

At Tokai Carbon, we believe that consideration for human rights is vital to realizing our basic philosophy of “Ties of Reliability”.

We fully support the Universal Declaration of Human Rights, which sets forth “a common standard of achievement for all peoples and all nations” to respect and secure human rights and freedoms.

Global policy on human rights

To fulfill our corporate responsibilities regarding respect for human rights, we will engage in business activities under high ethical standards, based on the United Nations Guiding Principles on Business and Human Rights. Drawing on such international human rights treaties, in July 2020 we established the Tokai Carbon Group Global Policy on Human Rights. Under this global policy, the Group will act as one to further advance our efforts aimed at respect for human rights. As our structure for doing so, the Tokai Carbon Group Human Rights Promotion Committee plays a central role in promoting this global policy and our approach to respect for human rights.

We recognize that children are particularly vulnerable to human rights violations and requires special consideration. Therefore, we support the Children’s Rights and Business Principles. We are committed to avoid human rights infringement on children in our business activities and engage in social contribution activities for the realization of their rights.

Items in the Tokai Carbon Group Global Policy on Human Rights

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



Tokai Carbon Group Global Policy on Human Rights

https://www.tokaicarbon.co.jp/en/sustainability/pdf/human_rights.pdf?20240105

Human rights due diligence

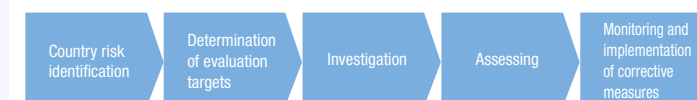
Our Group conducts human rights due diligence to ensure respect for human rights in our business activities. We identify and evaluate the potential human rights risks that may occur throughout the value chain and human rights issues peculiar to our business, and strive to prevent and rectify them. We will continue to identify these issues on the basis of engagement with our employees, suppliers, business partners, and other stakeholders.

Our human rights due diligence process

Key items in our human rights risk survey include prohibition of discrimination, prohibition of forced labor and child labor, respecting freedom of association and rights to collective bargaining, ensuring appropriate working hours and wages, and upholding occupational health and safety.

In FY2020, we investigated country risks at the business sites of Tokai Carbon and Group companies to identify core human rights issues to be addressed at each site. Since FY2020, we have conducted human rights impact surveys for sites of Tokai Carbon and principal Group companies in Japan, and added surveys for principal overseas subsidiaries in FY2023. These assessments verify human rights and labor management systems, whistleblowing procedures, and the absence of legal violations at each site. For any areas requiring further investigation, we conducted detailed inquiries. We confirmed that no significant incidents constituting human rights violations occurred at any of the assessed sites during the four-year period from 2020 to 2023.

Human rights due diligence process





Strengthening Management Foundation

Human Resources Strategy

To achieve our vision for 2030, we believe in the importance of securing and nurturing diverse talent and creating an environment in which employees can develop their talent through friendly competition.

As a first step toward human capital management, in 2023 the Tokai Carbon Group formulated policies on human resources development and on improvement of our internal environment. Under these policy, we develop and implement various HR initiatives to help each employee maximize their individual capabilities.

Human resources development policy

Our Group's corporate philosophy is "Ties of Reliability", and our action principles are "Integrity," "Innovation," "Challenge," "Co-creation," and "Agility". Our Group will recruit individuals who resonate with these principles. In an era of accelerating change, we will nurture talent capable of contributing to a sustainable society by actively collaborating with colleagues both inside and outside the Company, embracing diverse values and backgrounds, and boldly taking on innovative challenges with agility.

Internal environment improvement policy

Our Group will foster a broad-minded, open organization and culture where employees holding diverse values and backgrounds can grow through friendly competition and grow toward our long-term vision of "Contribute to the realization of a sustainable society through advanced materials and solutions."

While advancing work style reform and achieving a suitable personnel system and competitive employee treatment that attracts diverse human resources, to support employees' growth, we have also readied varied training programs matched to employees' career stages, characteristics, and aspirations. We treat the human rights of employees with utmost respect and do not tolerate harassment. Based on the Tokai Carbon Health and Productivity Management Declaration, we strive for management that places importance on the health of employees and their families, and support asset building through our pension and employee stock ownership programs.

Talent Development

Education and training

Our varied education and training include specialized training for selected employees, tier-specific training that includes new employee training, and theme-based training (such as digital literacy). To support individuals' self-study, we additionally provide programs offering correspondence education and incentives for obtaining public qualifications.

The training hours per employee for specialized training and tier-specific training in 2024 was 16 hours/year.

We focus on developing next-generation management candidates through selective management training programs.

We conduct "Executive management training" and "Next-generation leader training" to secure our future executive candidates. "Executive Management Training" aims to develop the ability to formulate and execute business strategies from a management perspective. For "Next-Generation Leader Training," we support attendance at business schools with the goal of mastering logical thinking, marketing, finance, and leadership skills.

After completing the training, trainees present their results to the management team.

	KPI	Boundary
2025	Effectively implement training - Total training hours planned by head office (New-hire training / specialist training)	Non-consolidated and principal Group companies in Japan

Providing opportunities for growth

We are encouraging communication between supervisors and team members as part of our efforts to enhance employee growth and engagement. With opportunities such as career development interviews and personnel assessment interviews, supervisors provide the appropriate support to team members in a timely manner for setting goals and designing their career paths—these efforts all encourage personal growth.

To cultivate future management talent and invigorate our organization, we regularly hold Human Resources Planning Meetings. These meetings, comprised of executive-level representatives from each business division and members of the HR department, facilitate the strategic placement of talent across divisions. During these sessions, we discuss succession planning for each department, as well as development and career plans for our younger and mid-career employees.



Promotion of Diversity

Promoting active participation by women

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we formulated a general employer action plan in 2025. Over the five-year period starting April 2025, our goals are to increase the percentage of women in managerial positions to 7.0% or more and reduce the average monthly overtime hours for all full-time employees to 25 hours or less for each fiscal year during the period of the plan. To achieve these goals, we will focus on increasing the proportion of women among female new graduates hired for career-track positions to at least 30%, and creating a comfortable workplace environment for employees who need to raise children or provide care for family members, etc.

	KPI	Actual	Boundary
2024	Increase the ratio of female employees in managerial positions from 2.8% in 2021 to 5.6% or higher by 2024	3.8%	Non-consolidated
2025	Increase the ratio of female employees in managerial positions from 3.8% in 2024 to 5.6% or higher by 2027	-	Non-consolidated
	KPI	Actual	Boundary
2024	Percentage of new female graduates hired for career-track positions: 30% (non-consolidated)	33%	Non-consolidated
2025	Percentage of new female graduates hired for career-track positions: 30% (non-consolidated)	-	Non-consolidated

Utilization of senior talent

We have established a re-employment contract system enabling motivated and skilled senior employees to continue working after mandatory retirement by age. In 2024, to maintain and boost the motivation of our senior talent, we expanded this system by introducing a Premium Re-employment Contract System. This new system, launched into operation in 2025, enables employees to continue working under conditions equivalent to those before retirement, based on their performance and aspirations.

Expansion of mid-career recruitment

We are expanding mid-career recruitment efforts to invigorate our organization, strengthen expertise and secure immediate contributors for business promotion. By actively bringing in talent with external experience and advanced specialized knowledge, we aim to introduce new perspectives and ideas, thereby enhancing the overall capabilities of our organization. Furthermore, hiring immediate contributors in a rapidly changing business environment will accelerate our business growth.

Supportive Working Environment

Enhancing childcare/nursing care leave systems, etc.

To support our employees for balancing childcare and work, we have introduced prenatal and postnatal leave and childcare leave systems that exceed legal standards.

The childcare leave system provides a maximum two-year leave after the birth of a child, employees may also work shortened hours up to the time their children complete the third grade of elementary school. These benefits exceed statutory standards. Nursing care leave provides for a total of 93 days per family.

For the acquisition of annual paid leave, in addition to planned acquisition of 5 or more days, we enhance flexibility through a half-day leave system and an expired leave accumulation system.

	KPI	Boundary
2025	Establish a supportive working environment for employees raising children or providing nursing care for family members	Non-consolidated

Work-from-home and flextime systems

We have introduced work-from-home and flextime systems to enable employees to work flexibly without being constrained by time or location. Both of these systems are gradually being made available to a wider range of workplaces to foster a balance between work and family life.

Improvement of workplace environments

To improve “workplace environments,” an area identified as challenging in our employee engagement surveys, we are implementing capital investments for workplace environment improvements at our domestic sites based on their specific requests.

Enhancement of employee engagement

Improving employee engagement not only boosts corporate productivity, enhances customer satisfaction, and reduces turnover rates, but also enriches the lives of individual employees by increasing job satisfaction and improving work-life balance. Since 2023, Tokai Carbon has conducted annual employee engagement surveys aimed at all employees and undertake ongoing monitoring and post-survey improvement actions within all organizations. For the 2024 survey, we received responses from 94% of employees. While “(Supervisor) Support Behavior” was identified as a strength, “Facility Environment” and “System and Treatment” remained challenging areas, consistent with the previous year’s survey. We are advancing efforts to create an environment where employees can thrive, including capital investments for workplace environment improvements based on the requests from respective sites, and the introduction of a system to review the treatment of re-employed contract employees (in 2024). As for post-survey improvement actions in respective organizations, we are strengthening communication within workplaces and are drafting and executing plans at the department, division, business division, and workplace (plant and laboratory) levels. We also share positive examples of improvement activities at organizations on our internal portal site.

	KPI	Boundary
2025	Engagement score improvement (vs. previous score)	Non-consolidated

Non-financial data (Society) is posted in the Data section (see P. 63)

Occupational Health and Safety

Policy and promotion structure

As its global safety policy, the Group has adopted “Safety is a critical core value shared by the entire Tokai Carbon Group. We aim to provide a safe working environment for all people working in our plants by eliminating hazards and reducing risks.”

	KPI	Actual	Boundary
2024	Frequency rate 1.20 or lower	1.11	Consolidated (Non-consolidated and principal Group companies in Japan and overseas)
2025	Frequency rate 1.10 or lower	-	

Risk assessment

In order to eliminate hazards and reduce risks, the Group promotes the implementation of risk assessments and countermeasures. In the risk assessment, we evaluate the risks leading to injuries and those affecting health, clarify the priorities for the identified risks, and improve the work environment.

When installing new production equipment or refurbishing existing facilities, we conduct risk assessments from the equipment design stage. If high risks are identified, we implement measures to reduce them in advance. In response to work-related injuries (occupational accidents), poor physical conditions, and serious incidents, we first grasp the situation through on-site verification, thoroughly investigate the root cause through the five whys analysis, formulate measures to prevent recurrence, and verify their effectiveness. Moreover, in order to prevent similar accidents, we share information on the incident details and countermeasures with all business sites.

Emergency response training

Tokai Carbon has formulated an Emergency Response Manual to prepare for potential plant emergencies and conduct disaster prevention drills at regular intervals. These drills simulate major earthquakes, tsunamis, fires and other plant-specific emergencies, covering activities such as firefighting, rescue operations, evacuation drills, oil spill response measures.



▲ Oil fence deployment for oil spill prevention (Ishinomaki Plant)



Corporate Governance



Tokai Carbon Group
Corporate Governance Report

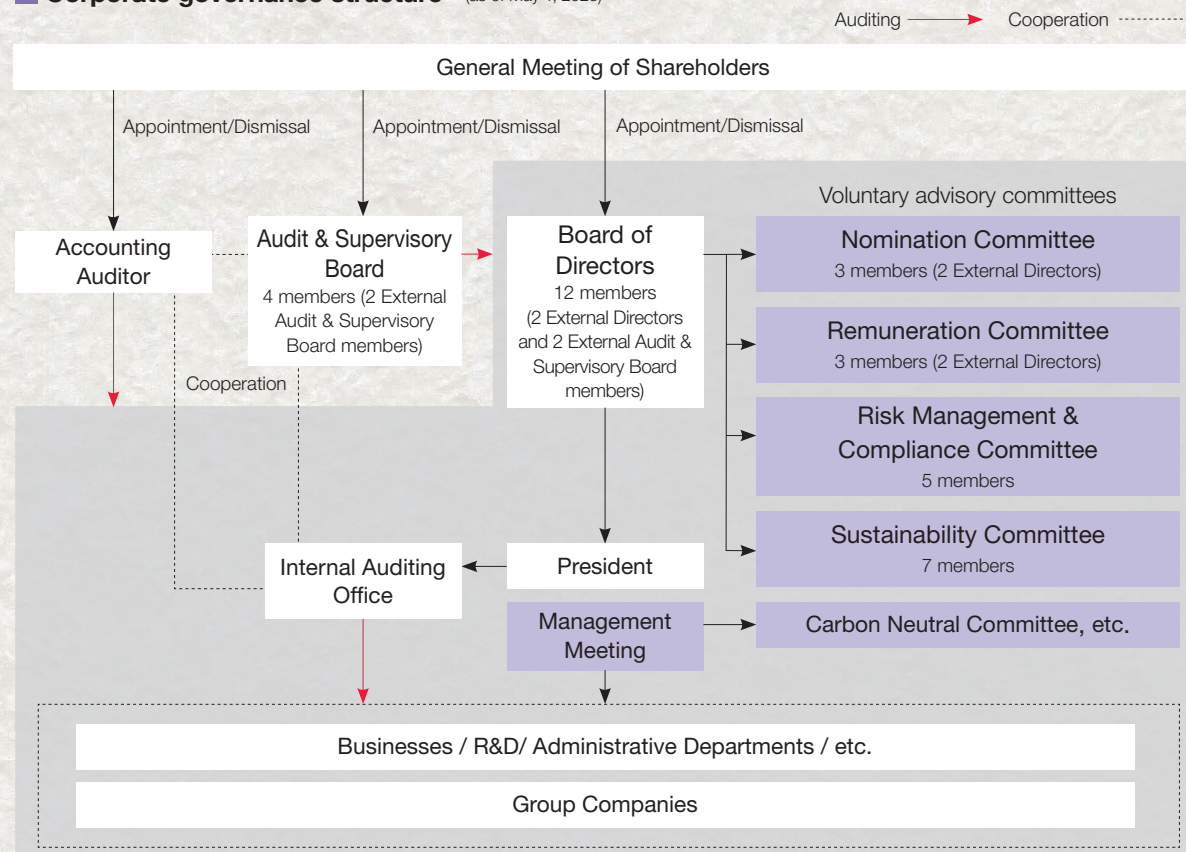


Tokai Carbon recognizes the enhancement of medium- to long-term corporate value as our most important management objective. To achieve this, it is vital that we meet the expectations of all our stakeholders, including customers, shareholders, and to build strong relationships. Under that belief, we embrace the basic philosophy “Ties of Reliability.” Based on the concepts of our Action Guidelines and our Global Code of Conduct, we are working to build an effective corporate governance structure.

Governance Quick Reference Table (as of May 1, 2025)

Organizational structure design	Company with Accounting Auditors
Directors	8 (including 2 External Directors)
Audit & Supervisory Board members	4 (including 2 External Audit & Supervisory Board members)
Term of office of directors	1 year
Adoption of executive officer system	Yes
Number of Board of Directors meetings (fiscal year ended December 2024)	18 times
Average attendance rate at Board of Directors meetings (fiscal year ended December 2024)	100%
Number of Audit & Supervisory Board meetings (fiscal year ended December 2024)	19 times
Average attendance rate at Audit & Supervisory Board meetings (fiscal year ended December 2024)	100%
Advisory committees to the Board of Directors (voluntary committees)	Nomination Committee, Remuneration Committee Risk Management & Compliance Committee Sustainability Committee
Accounting Auditor	KPMG AZSA LLC

Corporate governance structure (as of May 1, 2025)



* Numbers of participants include directors and Audit & Supervisory Board members. Number of participants in the Risk Management & Compliance Committee and the Sustainability Committee include observers (Audit & Supervisory Board members).

* Until FY2024, we maintained a board composition where independent external directors accounted for at least a third of all directors, with 3 independent directors and 6 internal directors. However, as a result of one independent external director passing away during FY2025, we currently do not satisfy the said structure. We are now diligently working towards ensuring that independent external directors comprise at least one-third of the board in preparation for the Annual Shareholders' Meeting scheduled for March 2026.



Evaluations of the Effectiveness of the Board of Directors

Evaluation method

Method	Following signed questionnaires targeting all directors and Audit & Supervisory Board members, individual hearings are conducted with external directors to supplement the questionnaire.
	Following Board of Directors discussions of questionnaire results, evaluations of effectiveness and future issues are determined.
Evaluation items	Structure of the Board of Directors, operation of the Board of Directors, provision of information to external officers, improvements from the previous fiscal year, overall evaluation, open-ended comments
Evaluation period	January 2024 to December 2024

Overview of findings in 2024

In 2016, Tokai Carbon fundamentally strengthened its board-centric governance system by establishing new committees, including the Nomination Committee, Remuneration Committee, Management Meeting, and Risk Management & Compliance Committee. This has resulted in significant improvements in a number of aspects, a finding confirmed through annual evaluations of the effectiveness of the Board of Directors. A notable feature is the active attendance of all independent external directors at key meetings other than meetings of the Board of Directors, deepening their understanding of significant subjects. Effectiveness evaluations have reported that external directors' neutral and objective comments contribute significantly to enhancing the supervision function of the Board of Directors. Our current governance structure is now largely well-established and we are properly maintaining our structure's initial achievements. We are also working continuously to strengthen the system. For instance, in 2024, we focused on enhancing the integration of sustainability with our management strategy.

Matters discussed by the Board of Directors in 2024

Subject category	Topics
Governance, risk management, management of subsidiaries 37.7%	Analysis and evaluation of the effectiveness of the Board of Directors
	Reports on financing, investments, and market risk management
	Internal control system basic policy, status of initiatives, internal audit planning, reporting
	Risk Management & Compliance Committee reports
Human resources and organization 17.4%	Personnel matters of directors and officers
	Reorganization, regulatory revisions

Accounting and finance 17.4%	Monthly financial results, earnings bulletins, securities reports
Management strategy, sustainability 24.6%	Annual budgets, Medium-term Management Plan formulation, progress reports
	Business portfolio evaluation and analysis, verification of validity of cross shareholdings
	Sustainability Committee, Carbon Neutral Committee reports
	Restructuring of the graphite electrode production system
	Establishment of biodiversity policy, TNFD-related disclosure

Response to issues verified in the previous year

Among the issues identified in the previous year, the linkage of sustainability (including action for carbon neutrality) to management strategy was deliberated more deeply by the Board of Directors, based on reports and recommendations by the Sustainability Committee concerning progress management of materialities and KPIs, enhanced disclosure of sustainability information, response to the findings of the employee engagement survey, and actions for biodiversity (TNFD). These deliberations were reflected in disclosures.

Regarding more high-level themes such as the enhancement of business portfolio management, we have developed a structure where the economic spread and economic profit for each business division are reported to the Board of Directors every quarter. Based on this information, we clarify businesses requiring improvement and those targeted for further growth. Businesses needing improvement are subjected to structural reform, and for growth-oriented businesses, we prioritize investments. We perform analysis and evaluation of our business portfolio with full attention to achieving management mindful of capital costs and share prices.

Issues in 2025

For 2025, we will continue to focus on high level initiatives such as the integration of sustainability (including actions aimed at achieving carbon neutrality) to management strategy and the enhancement of business portfolio management. For the former issue, key priorities for the Board of Directors in 2025 are the clarification of the roadmap for achieving our carbon neutrality interim target of a 25% reduction by 2030 and to advance initiatives aimed at improving employee engagement, and for the latter issue, solidification of directions for structural reform in Graphite Electrodes and Smelting and Lining businesses.

Message from the Chair of the Board of Directors

Reviewing Board of Directors’ agendas in line with changing times and expansion of the Company’s scale

Ensuring timely, comprehensive sharing of crucial information

From the standpoint of enhancing the efficacy of the Board of Directors, the importance of selecting effective Board agendas cannot be overstated. Since I became Chair of the Board in February 2015, we have revised the Board of Directors’ agenda reporting criteria three times (in 2016, 2019, and 2024), counting only the major overhauls. During this period, the Company has expanded significantly in size, and the demands of the times have changed as well. Under these circumstances, while paying attention to the Board of Directors’ supervisory functions, we have continuously revised the Board agenda. For example, we’ve progressively added reports from committees such as the Risk Management & Compliance Committee, Sustainability Committee, and Carbon Neutral Committee. We also now include reports on business portfolio evaluation and analysis, as well as status updates and evaluations concerning our initiatives to realize management conscious of cost of capital and stock price, in response to requests from the Tokyo Stock Exchange. Regardless of whether the news is good or bad, we strive to ensure that important information is shared in a timely manner.

Steps in Strengthening Governance

2016	2017	2018	2019	2020	2021	2022	2023	2024
<ul style="list-style-type: none">● Establishment of the Nomination Committee, Remuneration Committee, and Risk Management & Compliance Committee as voluntary advisory committees to the Board of Directors● Establishment of the Management Meeting● Meeting of the Board of Directors on a monthly basis and clarification of agenda items● Appointment of multiple independent external directors	<ul style="list-style-type: none">● Start of annual evaluations of the effectiveness of the Board of Directors	<ul style="list-style-type: none">● Start of building a foundation for ESG management● Establishment of independence standards for external directors● Introduction of internal reporting system in the Group	<ul style="list-style-type: none">● Prepared and launched global finance and taxation management structure● Establishment of Tokai Carbon Group Procurement Policy	<ul style="list-style-type: none">● Establishment of Tokai Carbon Group Global Policy on Human Rights	<ul style="list-style-type: none">● Establishment of Tokai Carbon Group Sustainability Policy● Ensured independent external directors constitute at least one-third of the Board, and appointment of female external directors● Establishment of Business Portfolio Management Strategy Policy● Disclosure of climate change risks and opportunities in accordance with TCFD Recommendations● Disclosure of skills matrix of the Board of Directors	<ul style="list-style-type: none">● Establishment of the Sustainability Committee● Establishment of the Carbon Neutral Committee● Formulation of our long-term vision for 2030● Establishment of Global Code of Conduct● Commenced governance training for subsidiaries to strengthen group governance	<ul style="list-style-type: none">● Linking officer remuneration to sustainability performance● Formulation of policy on human resources development, and policy on internal environment improvement	<ul style="list-style-type: none">● Establishment of Tokai Carbon Group Biodiversity Policy● Information disclosure in line with TNFD recommendations

Distribution of meeting agendas in advance to encourage proactive discussion

To ensure maximum effectiveness and efficiency during the limited time of Board of Directors meetings, we focus on improving meeting materials and distributing them in advance. This allows us to simplify explanations during the meeting, assuming participants already have a basic understanding of the content, thereby securing more time for deliberation. We recognize the especially high need for efficient meeting management at our Company, given that our external directors are also asked to attend weekly Management Meetings.

Our external directors actively speak their minds without much prompting from my side, and it is not uncommon to hear uncomfortable opinions – the kind that make you think, “Did they really just say that?” As Chair of the Board, beyond fostering an atmosphere where all participants feel comfortable speaking freely, I make sure to guide the meeting to a spirited discussion. This often means asking the presenting executive for more background or supplementary explanations when I sense our external directors are struggling to understand the details or context, and sometimes I’ll even provide clarification myself, all to encourage everyone to bring out their thoughts.



Hajime Nagasaka
Chair of the Board of Directors

Officers' Skills Matrix

As of May 1, 2025

With the aim of realizing our long-term vision of “Contribute to the realization of a sustainable society through advanced materials and solutions” alongside Vision 2030, we have organized the knowledge and experience expected of directors and Audit & Supervisory Board members as follows, to enable the Board of Directors to exert appropriate decision-making and management supervision functions.

When appointing directors and Audit & Supervisory Board members, we seek to maximize the functions of the Board of Directors in light of the skills matrix.

		Knowledge and experience expected of Directors and Audit & Supervisory Board members									
		Gender	Term of office (years)	Corporate management	Finance and accounting	Legal affairs and risk management	Global business	Manufacturing, technology, and ICT	Sales and marketing	Personnel and HR development	ESG and sustainability
Directors	Hajime Nagasaka	Male	19	●			●		●	●	●
	Masafumi Tsuji	Male	8	●		●	●			●	●
	Katsuyuki Yamaguchi	Male	6					●	●		●
	Shunji Yamamoto	Male	6	●			●	●			
	Tatsuhiko Yamazaki	Male	2	●			●	●	●		
	Takashi Masaki	Male	1	●			●		●		
	Nobumitsu Kambayashi	Male	9	●		●	●		●	●	
	Mayumi Asada	Female	4			●				●	●
Audit & Supervisory Board members	Yuji Serizawa	Male	2			●	●				
	Kanji Sugihara	Male	1			●		●			
	Kaoru Ogashiwa	Male	5		●	●					
	Yoshinori Matsushima	Male	2		●	●					

Reasons for selection of the knowledge and experience expected of directors and Audit & Supervisory Board members

Knowledge and experience	Reason for selection
Corporate management	We consider extensive knowledge and experience involving comprehensive corporate and organizational management to be important in achieving medium to long-term enhancement of corporate value under an environment of high uncertainty.
Finance and accounting	We consider extensive knowledge and experience involving finance and accounting to be important in evaluating the growth and profitability of businesses, maintaining financial soundness, and achieving high capital efficiency.
Legal affairs and risk management	We consider extensive knowledge and experience involving legal affairs, risk management, and compliance to be important in accurately grasping varied risks in management and enacting appropriate countermeasures.
Global business	As approximately 80% of our sales is generated overseas, we consider extensive knowledge and experience involving overseas business and management to be important in successfully operating and expanding the overseas business of the Company.
Manufacturing, technology, and ICT	As a manufacturing company, we consider extensive knowledge and experience involving manufacturing technology and ICT to be important in stably creating high-quality products that meet the needs of the times.
Sales and marketing	We consider extensive knowledge and experience involving sales and marketing to be important in capturing the needs of diverse customers to globally expand sales of our products and in creating value that exceeds customers' expectations.
Personnel and HR development	We consider extensive knowledge and experience involving personnel affairs and human resource development to be important for maximizing the value of human capital, such as creating an environment in which diverse human resources can maximize their individual capabilities.
ESG and sustainability	We consider extensive knowledge and experience involving ESG and sustainability to be important in addressing global environmental issues such as climate change and in contributing to the realization of a sustainable society.

Overview of our executive remuneration programs

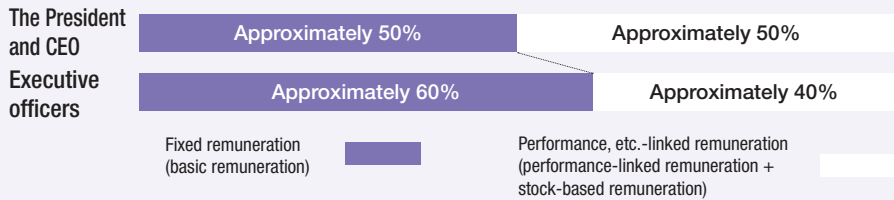
Tokai Carbon's executive remuneration consists of a fixed "basic remuneration", variable "performance-linked remuneration" and "stock-based remuneration", which fluctuate based on the achievement of performance targets. For directors and executive officers responsible for business execution, the proportion of "performance-linked remuneration" to "basic remuneration" increases with seniority, reflecting their level of responsibility and impact on our Company's performance. To ensure independence in determining individual compensation, the Board of Directors delegates this decision to the Remuneration Committee, where external directors constitute the majority. The Remuneration Committee conducts multi-faceted reviews, including alignment with the remuneration policy, ensuring that the Board of Directors deems the remuneration content to be appropriately determined. Remuneration for Audit & Supervisory Board members is determined through deliberations by themselves, within the remuneration limit approved at General Meeting of Shareholders.

Basic policy

Directors and Executive Officers (excluding external directors)	<p>Policy for the determination of remuneration for directors and executive officers is a matter for resolution by the Board of Directors. Amounts are set in line with the Company's performance and with individual performance and achievements, within the remuneration limit approved at General Meeting of Shareholders. The goal is to ensure that the officers responsible for the execution of business have a strong commitment to the achievement of high management targets and the maximization of medium- to long-term corporate value, while ensuring a standard that meets the following requirements.</p> <ul style="list-style-type: none">● Remuneration to encourage officers' commitment to short-, medium-, and long-term management targets● Remuneration at a level that motivates current and future officer candidates and is not inferior to the level of competitors● Remuneration with the guarantee of transparency and rationality to ensure accountability toward officers, shareholders, and investors
External directors, Audit & Supervisory Board members	Basic remuneration only

Remuneration composition ratio

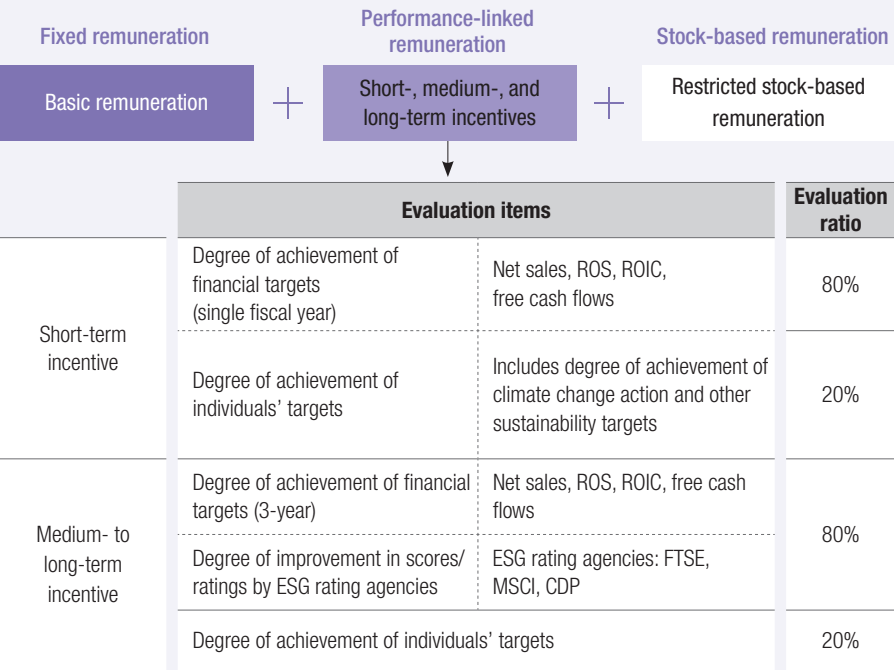
In position-specific remuneration composition ratio, the performance, etc.-linked compensation ratio (here meaning the ratio of performance-linked remuneration + stock-based remuneration) of the President and CEO is set to the highest level, at approximately 50%. That of executive officers, approximately 40%, declines in line with position.



Overview of remuneration elements

Type of remuneration		Overview
Fixed remuneration (basic remuneration)		Amount is determined from the base amount according to position, with assessment reflected
Performance-linked remuneration	Short-term incentive	The base amount is set according to position, and the amount of remuneration provided is determined within the range of 10% to 200% of the base amount according to financial target indicators and degree of achievement of individuals' targets (including sustainability targets)
	Medium- to long-term incentive	The base amount is set according to position, and the amount of remuneration provided is determined within the range of 10% to 200% of the base amount according to financial target indicators, degree of improvement in scores/ratings by ESG rating agencies, and degree of achievement of individuals' targets
Stock-based remuneration (Restricted stock-based remuneration)		Up to 100 million JPY per year in remuneration for the granting of restricted stock is paid as monetary claims, to provide incentive for the continuous enhancement of the Company's corporate value and to encourage the sharing of value with shareholders

Remuneration structure





Compliance

We have established basic policies including our basic philosophy, Action Guidelines, and Global Code of Conduct. In accordance with these principles, we strive to comply with laws, regulations, and rules, and to engage in corporate activities with high ethical standards.

Management structure

The Risk Management and Compliance Committee, an advisory body to the Board of Directors, discusses important matters concerning risk and compliance, such as Group-wide risk countermeasures. It also provides counsel to relevant departments and sections based on the outcomes of discussions, and provides the Board of Directors with reports on progress and suggestions for countermeasures and other matters.

We have also established a Global Code of Conduct that serves as a standard for the actions and decisions of all executives and employees in the execution of everyday work.

Internal reporting system

We have introduced an internal reporting system for receiving reports from employees and other individuals who have learned of signs or acts of legal violations or fraud, including any linked to bribery or other corruption by executive officers or employees. We have established in-house contact points (Legal Affairs Department, Audit & Supervisory Board members) and external contact points (legal advisors) to receive reports or requests for advice by phone, fax, email, letter, or other means. Reports can be made anonymously. We have also readied a structure allowing us to act on reports from third parties, reports received in foreign languages, and reports received through channels other than the prescribed points of contact.

The Company's Guidelines on Handling Internal Reports clearly state that, apart from cases in which the system is deliberately misused, informants will not be dismissed or subjected to unfair treatment under this system, thereby ensuring the appropriate implementation of the system. The Legal Affairs Department Manager is responsible for conducting investigations into facts reported by informants, while strictly maintaining the confidentiality of informants.

When investigation reveals legal violations, etc., we enact measures for correction and for the prevention of occurrence, and impose disciplinary measures in accordance with employment regulations. We have also prepared mechanisms by which all employees and stakeholders can make reports with confidence through external

points of contact. We are working to increase awareness of this system through information in our Compliance Manual and internal rules and through means including in-house seminars, message boards, and newsletters.

Prevention of corruption

Prevention of bribery and other corrupt behavior

Our Global Code of Conduct states that we will comply with relevant laws and regulations at home and abroad, and will engage in corporate activities aligned with social ethics and sound judgment. The code also clearly expresses that we will comply with international norms and relevant national laws and regulations concerning the prevention of corruption, and that we will engage in no corrupt acts involving the civil servants, government officials, or other parties of any country. Accordingly, we prohibit and strive to prevent acts of bribery, including the offering or provision of gain as consideration for favors, the requesting or acceptance of gain in the form of cash, excessive entertainment, services, etc., or other acts that could be viewed as bribery. We further prohibit employees from engaging in corrupt acts such as the embezzlement of company funds or complicity in money laundering. We provide no political donations.

Supervision of the Board of Directors with respect to corrupt acts

The Board of Directors oversees initiatives concerning compliance, including the prevention of bribery and other corrupt acts, and receives reports from the Risk Management & Compliance Committee.

Education and training

We conduct continuous compliance training to raise compliance awareness among all employees.

In FY2024, we conducted e-learning-based training for all Tokai Carbon executives and employees, covering topics including prevention of insider trading and the appropriate use of social media. The attendance rate was 86.2%.

Our tier-specific training includes compliance training by in-house and external instructors for new employees and managers.

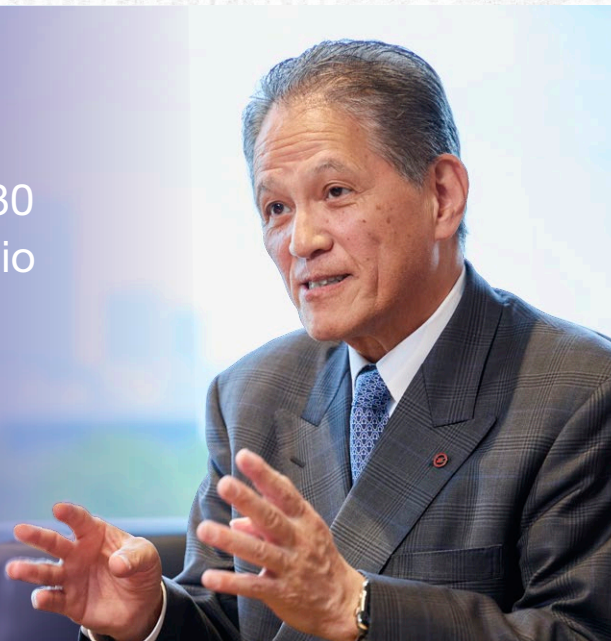
We also distribute compliance message videos internally and publish related articles in our in-house newsletter to raise compliance awareness among officers and employees.

Message from the External Director

Aiming for the ideal state of 2030 and advancing business portfolio management

Nobumitsu Kambayashi
External Director

Nobumitsu Kambayashi was appointed External Director of the Company in March 2016. Holding key positions at a major global heavy industry manufacturer for many years, he has wide-ranging knowledge and extensive experience in corporate management, legal affairs, sales and marketing, and human resource development.



Attendance by external directors and Audit & Supervisory Board members in the Management Meeting to enhance the effectiveness of the Board of Directors

One of the most distinctive features designed to enhance the effectiveness of the Board of Directors is the external directors and Audit & Supervisory Board members attending the Management Meeting. The opportunity to verify the executive decision-making processes is highly informative for external directors. In 2024, all external officers achieved 100% attendance not only at Board of Directors' meetings but also at all weekly Management Meetings, which I believe is a rarity.

External officers often receive advance briefings on particularly important topics, allowing us to participate in discussions with a genuine grasp on the intentions behind the agenda. Furthermore, our meeting of the Board of Directors and the Management Meeting are now paperless and databased. This means all materials and minutes since the start of the current governance structure in 2016 are easily accessible on our mobile PCs, allowing us to review historical contexts and changes as needed before attending the Board meetings.

The Company has grown considerably since I took office in March 2016. Despite this expansion, we've actually seen a gradual decrease in the number of

proposals submitted to the Board of Directors, thanks to a review of our board approval criteria. Conversely, the number of reports from various committees has steadily increased. This indicates that we've built a system that allows the Board to more effectively exercise its supervisory function. Furthermore, we've put in place a system to track the follow-up status of instructions and directives issued during meetings. This ensures concrete actions, leaving no discussions as just "empty words", which significantly enhances the effectiveness of our meetings.

Critical challenge; how to advance our business portfolio management

Urgent challenges at present are the structural reforms of Graphite Electrodes and Smelting and Lining businesses. While we anticipate certain degree of pain during these reforms, the key questions are: how do we rebuild these businesses? How do we strategically allocate management resources to the Carbon Black business, which is poised for stable growth alongside the automotive industry, and to the Fine Carbon and the Industrial Furnaces businesses, which show even greater growth potential with the expanding semiconductor-related businesses. Addressing these issues, and specifically how we tackle the sophistication of our overall business portfolio management, remains a challenge for the Board of Directors.

Addressing contemporary demands such as sustainability and carbon neutrality are also key topics. However, said demands can be surprisingly changeable, with shifts in direction not uncommon even within a span of few years. While we cannot ignore them, it is vital for us to solidify our own strategic focus because initiatives that don't enhance our corporate value can be meaningless. We are expected to tackle the matters in

earnest, but simply pursuing these goals blindly is not the answer, and the Board's approach to these matters is not an easy task. When it comes to energy issues, I have always been of the opinion: "Don't go it alone. Don't lead the pack. But don't get left behind," and I certainly hope that this remains the case.

In future board meetings, we will continue to prioritize discussions on fundamental strategic matters, such as business portfolio management and sustainability, and will pursue even deeper discussions than in the past.

Initiatives for production system restructuring and engagement to enhancement corporate value

In July 2024, we announced the first phase of our Graphite Electrodes business structural reform: ceasing operations at our historic Shiga Plant and integrating domestic production into the Hofu Plant. I viewed the decision to restructure our production system in such way with great seriousness. While this move was necessary to regain business competitiveness amidst challenging supply-demand dynamics and an increasingly tough competitive landscape in the industry, it had a profound impact on our long-serving employees at the Shiga Plant. It's far more complex than simply saying "it couldn't be helped." However, the Company's commitment to accept all employees who wished to relocate to other plants, and the fact that more employees than anticipated chose to stay with us, was a significant relief.

In the area of human capital, discussions around initiatives to improve employee engagement have been impactful. While we may not be considered a leader in this area, having only started our engagement survey two years ago, I highly commend the company's commitment to address policies that involve significant costs in a

head-on and unwavering manner, such as improving employee compensation, utilizing senior talent, and enhancing working environments in our factories, even amidst a challenging business landscape. The hiring environment is becoming increasingly severe as the working population declines. However, strengthening our human capital is an unavoidable challenge from the perspective of enhancing corporate value. I believe that the accumulation of these earnest and persistent efforts will, in the long run, contribute to management focused on capital cost and stock price.

Vision 2030 formulated to survive in a world of growing uncertainty

I commend the appropriate recognition of significant losses in FY2024, rather than deferring them. I also appreciate the formulation and disclosure of "Vision 2030" as a replacement for the previous medium-term management plan amidst the challenging business environment. However, the question of how we achieve this vision is a critical mission that will determine our company's survival. The three initiatives of Vision 2030 are: (1) drastic structural reforms, (2) commitment to growth markets, and (3) sustainable value creation. I recognize all of these as essential initiatives in achieving the ambitious vision for sales of 500 billion JPY, EBITDA of 20%, and ROIC of 12% in 2030.

As an external director, I take particular note of the status of overseas subsidiaries in initiatives for achieving Vision 2030. While I have been receiving status reports via General Managers of business divisions, explanations are indirect and have often left me frustratingly unable to grasp details. General Managers of business divisions and their teams are communicating with overseas sites on a nearly daily basis, and I believe that instructions from the head office are being relayed accurately and without

delay. As an external director, however, witnessing an unexpected situation where we were forced to record extraordinary losses raises concern. It reinforces my belief that sending head office personnel to local sites is crucial, which makes recruiting and nurturing the talent necessary for such assignments an urgent task.

President Trump's re-election is said to have ignited a global trade war, making the global politics and economy entirely unpredictable. As the democratic world that post-war Japan has relied on, and the framework of free trade that underpinned Japan's economic growth, begin to falter, the governance of our overseas subsidiaries—which account for approximately 80% of our consolidated sales—will become more critical than ever. With the increasing uncertainty in global affairs, I intend to pay particularly close attention to the situation of our overseas subsidiaries.

Management

As of May 1, 2025



Hajime Nagasaka

President and Chief Executive Officer

Chair of the Board of Directors

Chair of the Sustainability Committee

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



Masafumi Tsuji

Member of the Board
Managing Executive Officer

- 1986 Joined the Company
- 2015 Executive Officer, General Manager, Carbon Black Division
- 2016 Executive Officer, General Manager, Graphite Electrodes Division
- 2017 Member of the Board/Executive Officer, General Manager, Fine
Carbon Division
- 2020 Member of the Board/Executive Officer with deputy responsibility
for the Corporate Planning Department, Strategic Investment
Department, and Sales Research & Planning Department, General
Manager, Corporate Planning Department
- 2022 Member of the Board/Executive Officer responsible for the Corporate
Planning Department, General Administration Department for Group
Companies, Strategic Investment Department, Sales Research &
Planning Department, and Business Incubation Department, General
Manager, Corporate Planning Department
- 2023 Member of the Board/Executive Officer responsible for the Human
Resources Department, General Affairs Department, and Legal Affairs
Department
- 2023 Member of the Board/Managing Executive Officer responsible for
the Human Resources Department, General Manager, Graphite
Electrodes Division
- 2024 Member of the Board/Managing Executive Officer, General Manager,
Graphite Electrodes Division (incumbent)



Katsuyuki Yamaguchi

Member of the Board
Executive Officer

- 1988 Joined the Company
- 2016 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
- 2021 Member of the Board/Executive Officer
General Manager, R&D Strategy Division, General Manager,
Intellectual Property Department
- 2024 Member of the Board/Executive Officer
General Manager, R&D Strategy Division (incumbent)



Shunji Yamamoto

Member of the Board
Executive Officer

- 1985 Joined the Company
- 2015 General Manager, Production & Technology Department,
Carbon Black Division
- 2016 Director, Managing Director, THAI TOKAI CARBON PRODUCT
CO., LTD.
- 2018 Executive Officer, the Company
Director, Managing Director, THAI TOKAI CARBON PRODUCT
CO., LTD.
- 2019 Member of the Board/Executive Officer, Director, Tokai Carbon CB
Genpar LLC
- 2023 Member of the Board/Executive Officer, General Manager,
Technology & Engineering Division (incumbent)



Tatsuhiko Yamazaki

Member of the Board
Executive Officer

- 1985 Joined the Company
- 2016 General Manager, Production & Technology Department,
Carbon Black Division
- 2017 Business Director, General Manager, Sales Department,
Carbon Black Division
- 2020 Business Director, the Company
Director, Managing Director, THAI TOKAI CARBON PRODUCT
CO., LTD.
- 2023 Member of the Board/Executive Officer, the Company
Director, Managing Director, THAI TOKAI CARBON PRODUCT CO.,
LTD. (incumbent)



Takashi Masaki

Member of the Board
Executive Officer

- 1985 Joined the Company
- 2014 Manager, Nagoya Branch
- 2016 General Manager, Raw Materials Procurement Division
- 2017 General Manager, Carbon Black Division
- 2018 Executive Officer, General Manager, Carbon Black Division
- 2020 Executive Officer with deputy responsibility for the Human Resources
Department, General Affairs Department, and Legal Affairs
Department, General Manager, Human Resources Department
- 2020 Executive Officer, General Manager, Smelting and Lining Division
- 2024 Member of the Board/Executive Officer
General Manager, Smelting and Lining Division (incumbent)



Nobumitsu Kambayashi

External Director
(independent officer)

Chair of the Nomination Committee

Chair of the Remuneration Committee

- 1971 Joined Kawasaki Heavy Industries, Ltd.
- 2002 Director, Kawasaki Shipbuilding Corporation
- 2008 Managing Executive Officer, Kawasaki Heavy Industries, Ltd.
- 2008 Director/Senior Vice President, Kawasaki Shipbuilding Corporation
- 2010 President & Representative Director, Kawasaki Shipbuilding Corporation
- 2010 Senior Vice President (part-time), Kawasaki Heavy Industries, Ltd.
- 2010 Senior Vice President (Representative Director), Kawasaki Heavy Industries, Ltd.
- 2013 President, Ship & Offshore Structure Company
- 2013 Senior Advisor, Kawasaki Heavy Industries, Ltd.
- 2016 External Director, the Company (incumbent)
- 2017 Outside Director, Inui Global Logistics Co., Ltd. (incumbent)
- 2023 Executive Advisor, Japan Ship Technology Research Association (incumbent)



Mayumi Asada

External Director
(independent officer)

- 2002 Registered as an attorney at law and joined Hiranuma Takaaki Law Office
- 2014 Representative, Marunouchi Building Aoi Law Office (incumbent)
- 2014 Acquired Doctor's degree in Medicine at the Juntendo University Graduate School of Medicine
- 2020 Business Director, Incorporated Educational Institution Nikaido Gakuen (incumbent)
- 2021 External Director, the Company (incumbent)



Yuji Serizawa

Full-Time Audit & Supervisory Board member

Chair of the Audit & Supervisory Board

- 1984 Joined the Company
- 2012 Member of the Board/Executive Officer, General Manager, Fine Carbon Division
- 2014 Executive Officer, General Manager, Graphite Electrodes Division
- 2015 Member of the Board/Executive Officer, General Manager, Graphite Electrodes Division
- 2016 Member of the Board/Executive Officer, General Manager, Corporate Strategy Division
- 2017 Member of the Board/Executive Officer responsible for the Human Resources Department, General Affairs Department, and Legal Affairs Department
- 2023 Audit & Supervisory Board member (full-time) (incumbent)



Kanji Sugihara

Full-Time Audit & Supervisory Board member

- 1984 Joined the Company
- 2013 Executive Officer, Assistant in charge of the Fine Carbon Division, General Manager, Fine Carbon Division
- 2014 Member of the Board/Executive Officer, General Manager, Fine Carbon Division
- 2015 Member of the Board/Managing Executive Officer, General Manager, Fine Carbon Division
- 2016 Director, the Company, Director/Vice President, Tokai Konetsu Kogyo Co., Ltd.
- 2018 Director/Vice President, Tokai Konetsu Kogyo Co., Ltd.
- 2024 Audit & Supervisory Board member, the Company (full-time) (incumbent)



Kaoru Ogashiwa

External Audit & Supervisory Board member
(independent officer)

- 1990 Joined Research Center Management Consulting Institute, New Japan Securities Co., Ltd.
- (currently Japan Investor Relations and Investor Support, Inc.)
- 1992 Registered as a Certified Tax Accountant, Representative, Ogashiwa Kaoru Certified Tax Accountant Office (incumbent)
- 2005 Corporate Auditor, Senkon Logistics Co., Ltd.
- 2017 External Director and Audit & Supervisory Committee member, Senkon Logistics Co., Ltd. (incumbent)
- 2019 External Audit & Supervisory Board member, the Company (incumbent)



Yoshinori Matsushima

External Audit & Supervisory Board member
(independent officer)

- 1997 Joined Deloitte Touche Tohmatsu
- 2001 Registered as Certified Public Accountant, Representative, Matsushima Certified Public Accountant Office (incumbent)
- 2006 Registered as a Certified Tax Accountant
- 2023 External Audit & Supervisory Board member, the Company (incumbent)