

FY2023 Materiality and Targets

Rating
○: More than 100% target met
△: 80%-99% of target met
×: Less than 79% of target met

Materiality Themes&Elements	No.	Targets	Scope*	FY2023 Results	Rating		
Harmony with the global environment	1	Reduce greenhouse gas emissions Reduce CO2 emissions by 25% (VS 2018) before 2030 and achieve carbon-neutral in 2050	Consolidated	CO2 emissions recorded in 2023 for the entire company: 2,204 thousand tCO2 (reduction of 27.9% versus 2018). Mainly achieved by switching to electric power from renewable energy, fuel conversion, etc.	○		
	2	Reduce pollution	Tokai Carbon Japan (TCJ)	Reduce VOC (Volatile Organic Compounds) by 10% or more versus FY2015	Based on data up to December, expect to achieve target for this fiscal year (Apr. 2023 to Mar. 2024). (Target being achieved at approximately 71% against 2015).	○	
	3		Consolidated	Maintain zero environmental claims against the Company (contamination of air, water, etc.)	One case of environmental claim. In January 2024, a plant based in the USA was given an improvement order for exhaust gas released into the atmosphere. Appropriate measures were taken and the problem has been resolved.	△	
	4		Tokai COBEX (TCX)	Change 30% of product shipping packages to eco-friendly ones by end of 2024	Survey conducted on environmental friendliness of packages used for shipping products currently being used by TCX. Only 8% of total acknowledged to be environmentally friendly; however, 29% of the packages have improvement in sight. Switch to be made from second half of FY2024, after receiving customer approval.	△	
	5	Reduce water consumption	Reduce water consumption (make it lower than the consumption for 2021)	Consolidated	Achieved reduction of 6.2% versus FY2021	○	
	Realizing a recycling-oriented society	6	Recycle waste	Domestic group	Recycle 80% or more of waste	Achieved recycle rate of 89%	○
		7			Final disposal rate of 25% or lower	Achieved final disposal rate of 11%	○
		8	Utilization of sustainable resources	Obtain ISCC PLUS authentication in three domestic CB plants by 2024.	Chita Plant, Ishinomaki Plant, Kyushu-Wakamatsu Plant	ISCC PLUS authentication received for both Chita and Wakamatsu plants. Audit conducted for Ishinomaki Plant in Dec. 2023 and expect to receive authentication in Feb. 2024.	○
Contributing to society through our business	9	Emphasize research and development	Domestic group	Devote 90% or more of development expenditures to reducing environmental burden	Devoted 92% of development expenditure to reducing environmental burden	○	
	10		Tokai Konetsu Kogyo (TKK)	Devote 70% or more of development expenditures to reducing environmental burden	Devoted 95% of development expenditure to reducing environmental burden	○	
	11		Domestic group	Make 90% or more of patent applications in areas related to reducing environmental burden	Ratio of patent applications related to reducing environmental burden: 100%	○	
	12		TKK	Make 70% or more of patent applications in areas related to reducing environmental burden	Ratio of patent applications related to reducing environmental burden: 83%	○	
	13	Further elevate quality	Establish technology to reduce rate of consumption of electrodes (YoY reduction of 3% for 2023)	Consolidated	Of the users which have received quality-improved products, 75% have achieved a reduction of 3% or more compared with 2022.	○	
	14	Reduce CSR risks at suppliers	Conduct CSR survey of key suppliers on a consolidated basis	Consolidated	Report on the survey conducted in 2023 on five key suppliers of overseas bases has been issued after analyzing the survey results	○	
	Respect for human rights	15	Raise employee awareness of human rights	Domestic group	Expand use of Harassment Manual to domestic subsidiaries	Explanatory meeting on the Harassment Manual conducted for Human Rights Promotion Committee members of domestic subsidiaries. The Harassment Manual has been made public to employees and management level people of domestic subsidiaries through human rights training course	○
16		Consolidated		Expand human rights due diligence to overseas subsidiaries	To be continued in FY2024.	×	
Contribution to community	17	Actively engage in community contribution activities	Enhance disclosure of community contribution activities	Consolidated	Total amount of donations and activity charges: Approximately 53 million yen (donations for shrines and festivals, donations, etc., for regional cultural, sports, and educational assistance). Contents of regional contribution activities: Cleaning, food donation, etc.	○	
Strengthening our management base	18	Establish a consolidated governance system	Establish a base towards the establishment of the Global compliance system	Consolidated	Plans made to promote internal control, upgrading of North America controlling company, subsidiary management, and the establishment of overseas risk management system, and implemented as planned.	○	
	Ensuring compliance	Maintain ethical standards, regulatory compliance	Commit no serious regulatory violations		No regulatory violations that have critical impact committed	○	
			Establish a base with a view to formulating a global compliance structure		Survey conducted to study governance and compliance structure for domestic and overseas subsidiaries. Established relations with persons in charge of compliance at domestic and overseas subsidiaries.	○	
	Human resource development	Secure diverse human resources	Double the number of female employees in managerial positions (by the end of 2024)		TCJ	Increased by 1.33 times the target set in 2021 (as of end/Dec. 2023).	○
			Percentage of new female graduates hired for career-track positions: 30% on a non-consolidated basis		TCJ	Of new recruits joining the Company (non-consolidated) in April 2024, 33% were female	○
			Increase number of non-Japanese employees in managerial positions (by the end of 2024)		TCJ	Recruiting activities conducted, including those for managerial positions. Progressing as planned	○
			Raise the ratio of mid-career hires in managerial positions (by the end of 2024)		TCJ	Increased 8.1% as of end of Dec. 2023 versus end of Dec. 2021	○
	Effectively implement training	Total training hours planned by head office (New-hire training / specialist training)	Domestic group	In 2023, total time spent on specialist training: 727 hours; total time spent on new-hire training: 5,580 hours	○		
Promoting Occupational Safety and Health	Reduce occupational accidents	Reduce frequency rate of occupational accidents (1.20 or lower)	Consolidated	Achieved accident frequency rate of 0.80	○		

*1 Domestic group: TCJ = major domestic subsidiaries (Tokai Konetsu Kogyo, Tokai Fine Carbon, Tokai Materia), but excluding Tokai Konetsu Kogyo for No. 9 and 11.

*2 TCJ = domestic and overseas companies (Tokai ErftCarbon GmbH, Tokai Carbon GE LLC, Tokai Carbon CB Ltd., Cancarb Limited, Thai Tokai Carbon Product Co.,Ltd., Tokai Fine Carbon, Tokai Carbon Korea, Tokai COBEX Polska sp. z o.o., Tokai COBEX Savoie SAS)