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**Tsuyoshi
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Dialogue with Experts

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Changing the Company and Society through Sustainability Management

Masao Seki, who has evaluated and advised our Group on its sustainability initiatives in the Third-Party Opinion section of the Sustainability Report, was invited to speak with Takeshi Ariyoshi, the Executive Officer in charge of sustainability.

Thoroughly discussing issues for which there is no correct answer, building a consensus while thinking through it

Ariyoshi / Last year, in October 2022, we launched the Sustainability Committee. We are still trying to figure out how to position this committee within the company, and are trying a lot through trial and error. On the environmental front, we are actively engaged in environmental activities, and have just begun undertaking concrete initiatives together with Shiga Prefecture, where our base plant is located (see pages 13–14).

Another concrete activity was the government’s review of its targets, which led to the establishment of the 2030 CO₂ reduction target of 38%. As far as promoting recycling goes, we have just started to collect some of the aluminum waste that had previously just been disposed of and recycle it again as a unified supply chain.

Recently, I feel that the SDGs have finally made their way down to the employees and they have taken them as their own. By continuing the various initiatives that I mentioned earlier, I hope that they will gradually become more effective, like a body blow in boxing, though in a good way. There aren’t going to be any dramatic changes just because we’ve done this, so we will continue making steady progress.

Seki/Like you said, dispersion throughout the company is a process that takes place one step at a time. When it comes to activating and increasing the effectiveness of committees that have been established, I think content is more important than the number of meetings. I want it to be a place for active discussion, not just one for reporting and approval. A study group format would be alright, but I would also like it to be a place for in-depth discussions about what your company should be with regard to sustainability.

It is important to note that, when it comes to corporate decision-making regarding sustainability, there is no “one right answer.” You have to think through it. While you should keep track of world trends, they are constantly changing and evolving, and there aren’t any textbooks about them. Stakeholder opinions also vary. Under such circumstances, it is important for the management team to discuss their opinions and build consensus while deepening mutual understanding. Furthermore, it is necessary to deepen discussions not only at the management level, but across all levels within the company, and it is also important to continue dialogue with various stakeholders.

There’s no shame in not being able to do something. The key is transparent disclosure



Seki / This Sustainability Report is a tool that shows that sustainability is not being set aside, but embedded right in the middle of management. It is important that sustainability is properly integrated into management.

Instead of maintaining the status quo, the company should always be bringing reform and change into the company. I would like Mr. Ariyoshi and his colleagues to become a department that acts as a point of contact, making recommendations to management based on what the situation is from the viewpoint of stakeholders as opposed to themselves, trying to bring the winds of society into the company and reconsidering things that may have previously been taken for granted from a different angle.

Ariyoshi / How should we go about changing the company and making sure the company understands the need for change?

Seki / In order to change the company, it is necessary to effectively use external voices. The issue of transparency is also important. As a company, you don’t want to point out things like weaknesses or underachieving numbers. However, you can’t just suddenly score 100 points in sustainability management. It is a never-ending process where you work tirelessly to improve day by day and year by year.

The important thing is that if there is a case where you are “still 10% short,” you can show how and by when you will go about fulfilling that 10%. In other words, you don’t just leave the unachieved state as is, but instead face it head on, aiming to achieve it within a two- or three-year plan. You need to not only shout, but actually work on the issue, showing your process and results. The company changes through the gradual accumulation of these actions. And from that employees gain an understanding of why information disclosure is important.

Ariyoshi / You’re right. If you just state what hasn’t been accomplished, it’s the same as letting it go, but if you can properly communicate the measures to fill the gaps, it might turn into a positive thing.

Seki / I believe that activities in this field are to change the company and make society more sustainable through self-imposed reporting, so there is no shame in not being able to

do something right away.

Future efforts should focus on biodiversity and human rights

Ariyoshi / Are there any other points that our Group should pay attention to as it moves forward with its sustainability initiatives?

Seki / Biodiversity. Just like the climate emergency, biodiversity is currently in a critical situation. The TNFD disclosure standards were created to encourage companies to address risks and opportunities and to disclose financial information regarding nature in the same way as the TCFD with regards to climate. But in practical terms, it’s not that easy, wherein climate change is relatively simple because you just measure the amount of CO₂. It is very difficult to quantify things like the impact on the ecosystem. It is not easy to establish common standards because the important theme is completely different for each company, such as water or forests. But the TNFD is necessary, and the challenge of creating it should be undertaken, even if it is not perfect, using it to your advantage and improving the level of accomplishment. I think it’s better to approach it from that point of view.

I also hope you will focus on business and human rights. The UN Guiding Principles were established about ten years ago, but they still haven’t been fully disseminated. Advanced European companies are taking the initiative in addressing biodiversity and human rights, which I mentioned earlier, and the EU and national governments are also tightening regulations on human rights and incorporating them into their competition rules. However, Japanese companies are still not doing enough. The Keidanren has strengthened the description of human rights due diligence in the Charter of Corporate Behavior and its Implementation Guidance, and has created a handbook useful for practical application, so I think it is a good idea to make use of it.

Ariyoshi / Thank you for your valuable opinions and advice on such a wide range of topics today.