# **CSR Action Plan**

Keeping in mind the Toyal Group Sustainability Vision targeted at our centennial in 2031, we, in the Toyal Group, have established targets on the five Material CSR Issues for the short time (2019), the medium term (until 2021), and the long term (until 2031). Furthermore, for the three points set forth in the "Positive Impact Finance" concluded with Sumitomo Mitsui Trust Bank, Ltd. on March 26, 2020, we will promote activities toward attainment of SDGs through proper implementation and monitoring. In 2019, we successfully attained most of the targets, but failed to reduce industrial wastes, accidents not accompanied by lost worktime, fire-related accidents, and extremely minor accidents, to the intended levels.

Topic	Details	Long-term targets (for 2031)	SDGs	
Innovation for the future	Development/sales of products, including aluminium foil, powder, and paste, etc. that can contribute to SDGs, based on our proprietary technologies (Contributing to reducing weights of automobile components and reducing food loss by providing food packing materials, etc.)	Tripling sales of products contributing to SDGs (compared with the 2019 level) Creating new business operations contributing to SDGs (2 cases)	9 MOSTRUARMORDS 13 dintri	
Environmental protection	Reducing CO <sub>2</sub> emission from business activities (through visualization of energy)     Constructing the aluminium recycling system	Reduction by 30% (compared with 2013 level)     Increasing popular acceptance of aluminium recycling	12 ESTONSIDE DISSIPRIMENTAL DESCRIPTION DE LA ALTEM	
Human capital diversity	Implementation of measures and provision of environment to promote vibrant and convivial work practices by diverse human capital	New female recruit ratio at 30%     Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 70	5 CHARTY 8 RESERVE	

					mandatory	retirement age to 70
Material CSR Issues	Relevant SDGs	Primary activities	2019 Targets Ac	hievement ○: Achieved, ×: Not Achieved	Mid-term targets (for 2021)	Long-term targets (for 2031)
Innovation for the future	3 manus.  7 discretion to the constant of the	Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12	Finalizing products contributing to SDGs	Products contributing to SDGs to be selected by each business headquarters	Setting targets as part of management strategy (to be incorporated into the mid-term management plan)	Contributing to SDG3, 7, 9, 11, 12 Tripling product sales (compared with the 2019 level)
		New business: Creating the fifth pillar (of the business)	Target of one or more cases of commercialization of products	Target of <b>ONe</b> or more cases of commercialization of products	One case of commercialization of a product	Two cases of commercialization of products
2 Environmental protection	12 MENAGRE STATE AND LAND STATE AND	Reducing CO <sub>2</sub> emission from business activities (from the 2013 level)	Reduction by 2.5% (year-to-year)	Decrease of <b>6.1</b> % achieved	Reduction by 2.5% (year-to-year)	Reduction by 30% (compared with 2013 level)
		Constructing the solar battery recycling system	Starting reviews about methods for constructing the solar battery recycling system and dialogs with stakeholders		Reviewing methods for constructing the solar battery recycling system	Starting construction of the solar battery recycling system and the recycling operations
		Constructing the aluminium recycling system	Starting dialogs with stakeholders for constructing the aluminium recycling system	Starting dialogs with stakeholders	Constructing the aluminium recycling system and starting the recycling operations	Promoting popular acceptance of aluminium recycling (by means of the constructed system)
		Constructing the paper container recycling system	Starting dialogs with stakeholders for constructing the paper recycling system	Starting dialogs with stakeholders	Constructing the paper recycling system and starting the recycling operations	Promoting popular acceptance of paper recycling (by means of the constructed system)
		Reducing industrial wastes from business operations	Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)	Increase of <b>21.5</b> % × achieved	Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)	No industrial waste for final land-fill (zero emission through complete recycling)
Human capital diversity	5 TRANSP.  8 DECENTRIQUE AND D	Improving the ratio of new female recruits	New female recruit ratio at 20%	40% achieved	New female recruit ratio at 25%	New female recruit ratio at 30%
		Enhancing work opportunities for senior human capital	Preparation for changing the retirement system primarily to extend the mandatory retirement age to 65	Starting system reviews for extending the retirement age to 65	Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 65	Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 70
		Empowering autonomous human capital	Starting development of autonomous human capital	Introducing selective training system	Expanding those eligible for development of autonomous human capital	Continuously expanding development of autonomous human capital
		Promoting health-oriented management practices	Starting consideration of measures to promote health-oriented management practices	Implementing cancer tests for female employees	Continuing measures to promote health- oriented management practices and also obtaining external evaluations	Continuously expanding health-oriented management practices
Quality and safety	8 DESCRIPTION AND 12 REPORTULA DESCRIPTION AND PROPERTY A	Reducing serious quality complaints	No significant quality complaint	None achieved	No significant q	uality complaint
		Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire-related accidents	No accident accompanied by lost worktime  Results NoneO  No accident not accompanie by lost worktime  Results 7 cases×	Results 4 cases × Extremely minor accidents halved (year-to-year)  2019 2018 Results 22 cases/28 cases ×	no fire-related accident, and halving mir	ountermeasures to accidents related to rotating
Cooperation with stakeholders	SUSTAINABLE DEVELOPMENT X 17 PARTICIPATES OF THE INCREASE OF T	Improving reliability and satisfaction by means of dialogs with various stakeholders (local communities, customers, employees, etc.)	Eliciting and summarizing problems through dialogs with various stakeholders	Implementing dialogs with Clients	Planning the Toyal Group countermeasures for problems suffered by various stakeholders	Establishing good relationships with various stakeholders and contributing to solving their problems

<sup>\*</sup> The accident category/name of "extremely minor accidents" was changed into "minor-injury accidents" on April 1, 2020. → Activities implemented are reported in Material CSR Issues from p.21.

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Finding new business seeds in social issues, and contributing to attainment of SDGs with our unique technologies

New Business Creation Department transforms product concepts based on new ideas and new technologies produced by Advanced Technology Division into actual items and new business operations. Of course, new business cannot be created easily, but we can still realize business activities that can contribute to attainment of SDGs by confronting social issues squarely and finding something that we can do for them. To that end, human capital development and partnership expansion will be our new challenges.

We will create new values, based on one of our strengths in the proprietary surface treatment technologies, and by incorporating diverse ideas.

As a department entrusted with creation of technological seeds for new business, we are entering new markets and expanding our operations into the next-generation markets by creating new values based on our aluminium surface treatment technologies that we have constantly accumulated. To that end, we incorporate new ways of thinking flexibly and broadly by, for example, utilizing diversity and open innovation concepts. We also focus on creating environments and systems that can facilitate creation of new ideas.



Director, Managing Executive officer in Charge of New Business Creation Department

Yoshihiro Tomioka



Managing Executive office in Charge of Advanced Technology Division

Zenya Ashitaka

## Major activities in 2019

# Human capital development

- Study sessions for developing human capital capable of managing diverse aspects of people, goods, and capital.
- Efforts to produce workers with PhD
- Promotion of Open Innovation
- Activities for industry-university cooperation
- Collaboration with ventures, universities, and research institutes

# Promotion of diversity

- Promotion of empowerment of female workers
- Globalization of directors and employees

# CSR Action Plan Achievements in 2019

- Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12
  - → Products contributing to SDGs to be selected by each business headquarters
- New business: Creating the fifth pillar (of the business)
  - → Target of ONE or more cases of commercialization of products

# Practice case



New business: Creating the fifth pillar (of the business)

## **Promotion of Open Innovation**

We are promoting various collaborative activities for creation of the next-generation markets. In the field of batteries, we started a joint development project with 24M Technologies, Inc. (Boston, USA), a developer of "semisolid lithium-ion batteries," which attract the public attention as a next-generation battery option. We can expect improved battery performances by applying our proprietary surface treatment technologies to electrodes that utilize their proprietary advanced battery technologies.



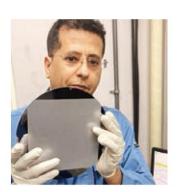


New business: Creating the fifth pillar (of the business)

# Promotion of diversity

Diversified perspectives are necessary for activating R&D activities Advanced Technology Division is working hard on recruitment to attain its target of raising the female workers' ratio to 20% or more by 2021. Globalization is another requirement.

Marwan Dhamrin, a director (Senior Specialist) from Yemen will be appointed as a specially appointed professor at Osaka University for the chair of "Toyo Aluminium Research Laboratory of Semiconductors" in September 2020. He is expected to transmit our product information to the world within the industry-university cooperation framework.



case 03

Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12

# Development of resin materials for insect repellant goods (compound resins)

Compound resins containing highly concentrated liquid insect repellents, etc. are produced.

Our compound resins are used in insect repellent goods for its long-term insect repellant effects, and favorably received both domestically and overseas. We would also like to promote development of compound resins with antibacterial and antifungal effects, including insect repellant goods.







Relevant SDGs



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# Environmental loads should be considered throughout life-cycles to promote environmental activities to be required by society.

For environmental protection activities, we need to press forward with dual fronts of seeking business growth and suppressing environmental loads. Specifically, as aluminium processing requires tremendous energy, we also need to study possible transition to alternative energy sources other than fossil fuel as an urgent issue. We are hit by large-scale natural disasters almost every year, evidencing the rising risks associated with climate changes.

As it is commonly said that the conventional ways of living and thinking have been changed by COVID-19, we may be in the midst of significant transitions in technologies and ideas, as exemplified by 5G, DX, and the mobility revolution, etc. We can no longer accept comfortably accepted conventional ways and should looks at our manufacturing practices from fundamentally different perspectives. For environmental issues, we will not take conventional approaches but seek innovative ways of thinking.



actions to attain the target. We have also obtained ISO14001 certifications at 15 business locations,

which are mostly production sites. Through effective

system, we will prevent environment-related problems and comply with the relevant laws and regulations,

reduce environmental loads, and promote sustainable

business activities that are harmonious with the global

environments.

implementation of the environmental management

In Charge of Engineering

Satoshi Asou

## Major activities in 2019

# Reduction of CO<sub>2</sub> emission

- Visualization of energy uses
- Promotion of inter-departmental resource recycling to improve yields
- Replacing existing lighting fixtures with LED devices at all business offices

# Constructing the energy-saving/ recycling system

- Collection and recycling of used aluminium foil products
- Completion of a system to recover evaporating rolling oil
- Implementation of the recovery system for ink to be disposed
- Promotion of paper-less office
- Studying new disposal/handling methods to respond to abolishment of incinerators

## Preservation of biodiversity

- Participation in clean-up activities at Mihono-Matsubara Beach
- Participation in plastic litter cleanup activities near business offices
- Observation of sewage drains

# **CSR Action Plan** Achievements in 2019

- tion of 2.5% (year-to-year) Actual: Reduction of
- Constructing the solar battery recycling system
- Constructing the aluminium recycling system
- Constructing the paper container recycling
- Reducing industrial wastes from business
- Actual: Increase of 21.5% in basic unit
- argets were not attained because waste olvents/plastics that used to be sold for profit need to be isposed of as industrial wastes due to changing market

Constructing the aluminium recycling

# Practice case

Reducing CO<sub>2</sub> emission from business activities

# Promotion of visualization of energy uses by effective uses of IoT

We are constructing a system to acquire real-time data on energy uses by introducing equipment that can collect operational data at each production facility. We will utilize the data to enhance our efforts in optimizing energy uses.



Reducing CO<sub>2</sub> emission from business

# Replacing existing lighting fixtures with LED devices

In all business sites, we have completed the changeover of the conventional halogen bulbs into LEDs (80% in 2019). This measure not only reduced the

energy consumption but also brought insect repellant effects to boost the overall product quality.



# Collection and recycling of used aluminium foil products

Toyo Aluminium Ekco Products Co., Ltd. promotes collection and recycling (secondary alloying treatment) of used aluminium products through collaboration of users. In 2019, we promoted information exchanges with local companies and co-ops in the three prefectures of the Hokuriku region, with which we have come in contact through Hokuriku Green Energy System Society, so that we, as a business enterprise, can establish more specific collection/recycling routes. In 2020, we will continue our efforts to win more understanding and support of local residents concerned about their daily lives by directly communicating meanings of our activities and how to cooperate with us through our participation in local fairs and events sponsored by municipal governments.





Case Contribution to recycling-oriented society

# Completion of rolling oil recovery system

We have completed a system to recover rolling oil evaporated at

rolling operations.
This is expected to generate the best recovery quantities in the industry, enable the recycling of rolling oil, and contribute to reduction of emission of VOC (volatile organic compound) in the atmosphere.





Relevant SDGs





Promoting autonomous and self-reliant human capital expected to take responsibility for autonomous organizations the Toyal Group is intended to make.

At the Toyal Group, we refer to human resource as human capital because our business growth depends on how each worker can achieve the full potential. We thus work on the three priority issues; "work style reform," "nurturing autonomous human capital," and "diversity." In 2019, remote-work has been made greatly popularized due to COVID-19. I hope this will provide employees with a positive outlook toward drastic changes As part of the reforms aimed at autonomous organizations proposed in the "Management Platform Reforms," planned for our centennial, we would make additional efforts in promoting autonomous human capital.



age population due to the falling birth rate and the

positions. We are also focusing on reducing total

them more efficient, and boosting communication

through the use of a new IT systems as part of our

of the flextime system. We continue creating an

engaging environment where people from diverse backgrounds can fulfill their potential while ensuring

graying of society. We also provide female employees

working hours per year by reducing meetings, making

work reform initiatives, which also include introduction

that all employees maintain a healthy work-life balance.

with career support by assigning them to global staff

Managing Executive officer in Charge of Personnel Affairs Department and Tokyo Personnel/General Affairs

Masashi

Yamamoto

## Major activities in 2019

Human capital development	<ul> <li>Development of autonomous human capital</li> <li>Starting reforms of training/personnel systems</li> </ul>
Human capital recruitment	<ul> <li>Employment of foreign nationals</li> <li>Enhancement of recruitment of female workers</li> </ul>
Promotion of diversity	<ul> <li>Activities for promoting empowerment of female workers</li> </ul>
Activities for human rights	<ul> <li>Activities for elimination of disparities, including reviews of employment formats</li> </ul>
Work style reform/ health-oriented management	<ul> <li>Enhancement of various measures and systems</li> </ul>

# **CSR Action Plan** Achievements in 2019

 Improving female recruitment ratio (as global staff)
 → Target: New female recruit ratio at 20% 40% achieved

- → Starting system reviews for extending the
- → Introducing selective training system
- · Promoting health-oriented management practices Implementing cancer tests for female employees

# Example activities for material CSR issues Practice case



Column

Empowering autonomous human

# Reorganization/review of system

Various systems have been reorganized to realize more flexible and autonomous work styles.

- · Expanding shorter work hours for
- → Expanding the relevant children from third graders to sixth graders Introducing half-day paid holidays
- → Removing the limitation of 12 uses
- Implementing a flextime system
- → Expanding the seven-stage staggered work system to the ninestage system as part of our responses to COVID-19 pandemic



Empowering autonomous human capital

# Revising personnel system

We are now moving out of the conventional "management by objective (MBO)" and adopting a new personnel system where goals are formulated autonomously in a team to be organized according to OKR\*, and all members in the team can work harmoniously toward shared goals; we are also revising evaluation/remuneration systems accordingly. In parallel with this series of reforms, we are trying to visualize personal career plans, supporting individual competence development, and working on a transition to a promotion system in which performance appraisals are based on the new performance definitions. \* OKR: Objectives and Kev Results



Promoting health-oriented management practices

# Enhanced actions to realize health-oriented management

New cancer tests for female employees were implemented. We also requested the healthcare staff/nurses stationed at manufacturing sites to change their status from temporary staff members to regular employees(\*) to enhance our health/safety system, and collect information concerning occupational health and safety issues at respective work sites. We will also respond to persons with mental health issues as one of our \* Applicable to full-time workers

# Engagement between female employees and an outside director - "Lunch Communication" -

At a suggestion of Ms. Shirai, an outside director, "Lunch Communication" is conducted regularly as a forum of personal interaction for female employees. Having lunch together, they can exchange information about work styles and other issues at workplaces, the contents of which are presented in in-house newsletters and shared with all employees. Subsequently, feedback interviews between the participants and their superiors are conducted to ensure that employees' opinions are properly reflected on management practices.



**Material CSR** 

Quality and safety

# Quality

# Safety

Relevant SDGs



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# **OUR APPROACH**

We have obtained ISO 9001 certification at 17 locations, including our affiliates across the globe, and are working on the continuous quality improvements. In order to ensure safety, a safety and health office has been set up at each production site while CSR Promotion Office plays a central role in maintaining a safety management system. This allows for concerted efforts between the head office and production sites in implementing safety and health initiatives. We also ensure that subcontractors who provide us with the processing services that support our daily operations fulfill their quality and safety responsibilities in order to prevent accidents and problems from occurring at production sites other than ours. We actively help them by monitoring their quality control measures, conducting safety inspections for equipment we lend, and more while respecting their autonomy.

We are committed to not only complying with social norms but also making continuous improvements to further enhance quality and safety with an aim of earning greater customer trust.

# We proceed with construction of systems that can provide high quality, which cannot be supplemented by machines.

In order to survive global competition, we need to ensure two types of quality issues; "product quality" and "quality to guarantee product quality" on a steady and stable manner; yet, it is quite difficult to maintain high quality on a continuous basis. Quality problems cannot be seen when things go smoothly. That is why we have to focus on constructing systems that can prevent occurrence of accidents in

Safety has top priority over any other issues. We will pursue with effective and workable measures instead of idealistic theories.

The first and foremost in CSR of the Toyal Group is safety. For all accidents that have occurred, the causes are determined and the findings are applied to all business offices to ensure that countermeasures are thoroughly implemented. In order to prevent countermeasures from losing their effects over time, and from belonging to particular persons, thorough accident prevention measures are taken, including the effective uses of IoT. To respond to the outbreak of COVID-19, we have started reviewing how our BCP should be implemented.



In Charge of Quality Assurance Department

Norio Kasetani



Minoru Kawaguchi

## Major activities in 2019

Application of rules/regulations	<ul> <li>Investigations conducted on implementation status of corrective actions for past problems</li> <li>Construction of a system for preventing falsification of inspection data</li> </ul>
Responses to	<ul> <li>Responses to updates of laws/regulations,</li> </ul>

Safety management

laws/regulations/

guidelines

Accident prevention by risk assessment based on the occupational health and safety system and KY activities

including REACH regulation

Regular implementation of internal controls at business offices and safety monitoring by the President

# **CSR Action Plan** Achievements in 2019

- Reducing serious quality complaints ->Target: No significant quality complaint **Actual: 0**
- Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and firerelated accidents

- Results 7 cases Results 4 cases

**Results None** 

- Results 22 cases/ 28

# Practice case

Reducing serious quality complaints

# System for preventing falsification of inspection data

In order to enhance reliability of inspection data, we are constructing a system of connecting testing devices to measurement results and of recording data without human intervention. The introduction of this system is schedule to be



Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire-related accidents

# Enhanced measures against accidents by entanglement, etc.

In recent years, both domestically and overseas, the number of work-related accidents is decreasing, but has never reached zero. Of all kinds of accidents, those caused by entanglement, etc. in production facilities tend to be quite serious, and can be seen as a major risk for the Company. Naturally, all manufacturers have to invest heavily on safety; specifically, we have budgeted 1.3 billion yen to conduct activities to reduce those risks in 2019. Specifically, in 2019, we conducted general inspections and risk assessment on hazardous spots concerning entanglement accidents in rotating machines. In response to a particular accident accompanied by lost worktime in April 2020, we conducted additional inspections and risk assessment on hazardous spots that may cause entanglement accidents. We will continue these activities for complete elimination of entanglement accidents.

## Column

# Responses to the COVID-19 pandemic and enhanced response functions to emergency situations (BCM/BCP-preparedness)

In conjunction with the spreading COVID-19 pandemic, we have established the COVID-19 Task Force to collect/transmit relevant information, and have coordinated response systems properly, based on the anti-epidemic action checklists at respective business offices, according to external experts' advice. Specific measures included telework primarily for corporate staff, and the so-called border control actions were thoroughly implemented, including entry restriction into Company premises, measurements of bodily temperatures and requests to entrants to apply disinfectants and face masks at gates, etc. We have also enhanced ventilation and taken measures to avoid the "Three Cs (closed spaces, crowded places, and close-contact settings)." We will establish countermeasure timelines shared within the Group, instead of working on complicated manuals that cannot be used in real-life situations, so that everyone can respond quickly and effectively to emergency situations including viral infections (including COVID 19), major earthquakes, and floods, etc. We will thus continue working on the necessary training and rectification of any problems detected in such training sessions.



remote-working setting



Collaboration with stakeholders

# Cooperation with stakeholders

**OUR APPROACH** 

We, at the Toyal Group, contribute to social and economic activities of the local communities through our production and employment activities. Furthermore, in collaboration with local communities, we also support local cultural activities and environmental protection efforts, and are engaged in the Food Bank and other support activities through NPOs. We also emphasize contribution to nurturing the next-generation citizens through encouraging their company visits (accepting junior or senior high school students), planned by NPOs. Other activities include, for example, volunteer local clean-up activities by employees and volunteer help activities for communities hit by natural disasters; through these various activities, we will actively promote movements contributing to a sustainable society, so that we can enhance our corporate value.

Relevant SDGs

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As a leading company in the aluminium industry, and as a "company with dignity," we maintain a strong desire to be a company required by society.

In our relationships with stakeholders, we emphasize "dignity of company." It is revealed in our employees' conduct and public reception of our products and services, and should be the foundation of our brand power. For its realization, we emphasize provision for the environment where they can fully exert their personal capabilities. It is also important to provide high-quality products to our clients and win market supports.

While we would like people around the world to know more about the Toyal Group and wish to enhance our raison d'etre in society, we also feel responsible, as a representative aluminium manufacturer in Japan, to popularize this material called aluminium among Japanese children, on whom our future depends.



In Charge of General Affairs Hideo Ishiguro

### Major activities in 2019

### Employee relations

Communication with local

community/society

- Improvement of work environments where employees can fulfill their potential
- Holding workshops for primary school children
- Entry to the Osaka Marathon as charity runners
- Inviting French graduate students to introduce the Toyal Group business and other Japanese
- Supporting "Yokohama FC Yokohama Porto Cup" sponsored by Yokohama FC (a football team)
- Supporting Osaka Symphony Orchestra (a public
- Conversation with customers and national/local

## **CSR Action Plan**

- Improving reliability and satisfaction through direct communication with various stakeholders (local communities, customers, employees,
- → Conversation with business partners

# Practice case

Communication with local

# Holding workshops on the topic of aluminium

In October 2019, we participated in an event for primary school children, at Fukui Atomic Energy Science Museum, "At Home," established by Fukui Atomic Information Center, to present a workshop on aluminium. Through experiments using aluminium, children deepened their understanding about aluminium in a joyful learning experience.





Case U Communication with local community/society

# Entry to the Osaka Marathon as charity runners

Five of our employees entered the 9th Osaka Marathon held on December 1, 2019 as charity runners. This activity was made possible by a suggestion of "Japan Habitat Association," for which Mari Christine, an outside director of Toyal, works as a Vice Chairperson, and conducted to support a donation campaign to present textbooks and school lunches to Laotian children.







Communication with local community/society

# Conversation with customers and national/local governments

Powder & Paste Headquarters promotes conversation with customers and government officials to introduce our business and SDGs activities. When we visited the municipalities of Gose, Katsuragi, and Hino where the business offices are located, the respective mayors joined our talks and exchanged opinions about community revitalization.

# Column

# Opening YouTube registration channel

The Toyal Group's official YouTube channel was opened to familiarize as many people as possible with what we are. The site not only introduces our business activities and products but also presents candid opinions and impressions of employees for the recruitment purpose.



