

Corporate Governance

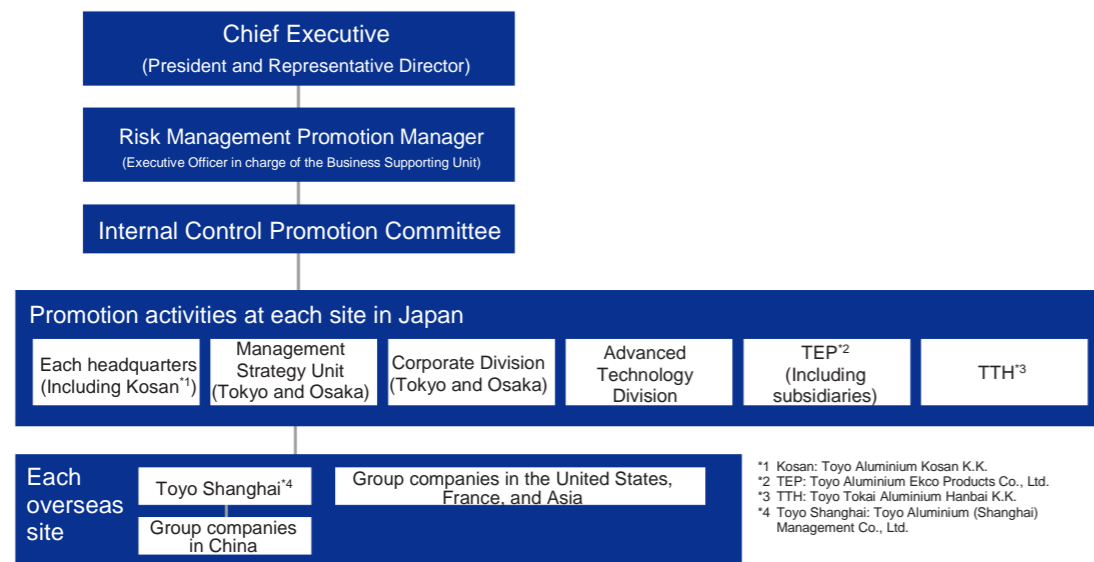
Risk Management

The Toyal Group selects priority risk measures through company-wide risk assessment, and risk management activities are carried out by the divisions in charge based on the basic policy for the development of internal control systems.

The risk management system is headed by the President of Toyo Aluminium, and the Internal Control Promotion Committee, whose members include those in charge of risk management at each Group company, and shares information on risk management throughout the Group. The status of improvements regarding priority risk issues is reported to management at Group Management Committee meetings through the officer in charge who chairs the Internal Control Promotion Committee.

Furthermore, in order to promote daily risk management in each business division, we have developed a three-point set of business processes and are conducting self-inspections. Moving forward, we plan to periodically review priority risk measures, and further promote the implementation of support and monitoring for each division, which is carried out by the main division as the second line in the three-line model based on specialized knowledge.

Risk Management System



*1 Kosan: Toyo Aluminium Kosan K.K.
 *2 TEP: Toyo Aluminium Ekco Products Co., Ltd.
 *3 TTH: Toyo Tokai Aluminium Hanbai K.K.
 *4 Toyo Shanghai: Toyo Aluminium (Shanghai) Management Co., Ltd.

Commitment of the Executive Officer in Charge

In modern society, unpredictable events such as COVID-19 and Russia's invasion of Ukraine are occurring. There are so many different risks that could be called the era of VUCA.

Amidst these rapid changes, the skills and organizational development required of individuals are important, and resilience is also seen as an important element. By promoting the MX project, we have built and are operating a new organization that combines autonomy with discipline. It is our hope that when resolving issues, supervisors and subordinates will share information and communicate with each other through casual dialogue within teams, creating a comfortable working environment and raising awareness of governance throughout the company.

As such, we are now facing a situation in which uncertainty is increasing due to various risks in conducting business activities. Therefore, we have established a system to accurately identify possible risks and to deal with them appropriately. In order to become a company that can fully meet the expectations of stakeholders and the demands of society, we will continue to strive to build and operate a system that manages the various risks that can occur throughout the company, rather than only taking measures after problems occur.



Executive Officer
 In charge of the Business Supporting Unit
 Corporate Division

Tsuyoshi Ariyoshi

Compliance Promotion

The Toyal Group promotes compliance in a broad sense, including not only legal compliance but also social norms and corporate ethics. In complying with laws and regulations, we view legal risks as a critical risk category, identifying risks throughout the company, monitoring progress in improvements, and providing education and training on important laws and regulations related to operations, such as the Subcontract Act and the Antimonopoly Law.

In addition, we hold regular compliance meetings at each workplace on topics such as harassment prevention, and record the opinions received from the workplace and the status of efforts, which are used as some of the basic materials for formulating compliance promotion plans. In order to understand compliance issues, we have established an internal consultation line and use compliance meetings to disseminate information.

We have established rules for the handling of information received through the consultation line so that it is not detrimental to the whistleblower. Information on these legal risks and compliance issues is shared at Internal Control Promotion Committee meetings and reported to management at Group Management Committee meetings through the Executive Officer in charge of the CSR Promotion Team, who is the secretariat.

BCP, BCM, and Resilience Certification

The Toyal Group considers the occurrence of emergencies resulting from natural disasters as one of our priority risks, and are responding accordingly. From fiscal 2021 to fiscal 2022, a total of 10 sites, including seven manufacturing sites of Toyo Aluminium K.K., the Head Office and Shiga Plant of Toyo Aluminium Ekco Products Co., Ltd., and ALP Co., Ltd., obtained resilience certification, which is promoted by the Association For Resilience Japan as a certification for organizations contributing to national resilience.

In fiscal 2023, the Yao Works and Shinjo Works, which previously obtained certification, will undergo renewal examinations. The initial certification examination focused on whether a certain level of business continuity plan (BCP) had been established, but the renewal examination will ask about specific activities for the past two years since the certification. In order for the BCP to be effective in the event of an actual emergency, Business Continuity Management (BCM) promotion meetings are held and BCP training is conducted at various locations to strengthen the response to stress.



Fraud Prevention Hearing Activities

The Toyal Group strives to create a climate that does not tolerate corruption. As a concrete initiative toward this, the internal audit team held briefings on cases of fraud and hearings to prevent fraud. A total of seven briefings were held in July and August 2022, explaining the mechanisms by which fraud occurs, past cases of fraud, circumstances surrounding discovery, countermeasures, and penalties. Approximately 350 people participated.

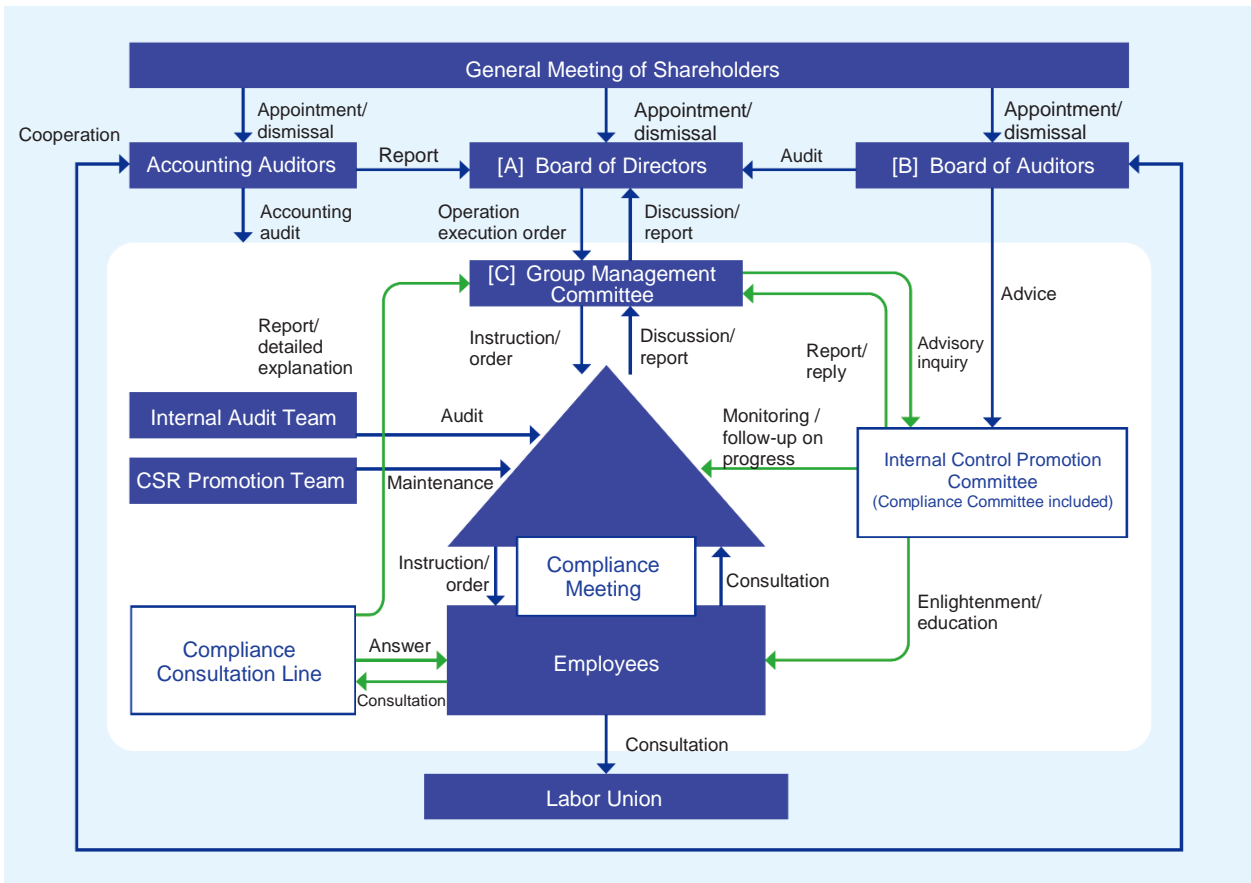
From August 2021 to November 2022, we conducted fraud prevention hearings for approximately 600 employees. The purpose of the meetings was not to detect fraud, but rather to make people aware that even if they commit minor fraud or believe that they are capable of committing fraud, there is the potential that they might be accused by someone. Participants were asked about the workplace atmosphere and the risks of fraud in the form of a casual chat, with the aim of deterring employees.

In surveys conducted after the meeting, many employees expressed opinions such as "if there is fraud, it will always be found out" and "this reaffirms the importance of internal control," helping to raise employee awareness.

Corporate Governance

We aim to improve the corporate value of the Toyol Group by achieving sustainable growth and strengthening competitiveness. To achieve this goal, we believe that enhancing corporate governance is an important business challenge in order to build management that is trusted by all stakeholders, including clients, employees, and local communities.

Corporate Governance Structure (As of June 23, 2023)



[A] Board of Directors

The Board of Directors is composed of eight directors, including four outside directors. They deliberate, discuss, and make decisions on management policies, strategies, measures, issues, and other items for the entire Group, including subsidiaries.



Eight directors

Four of them are outside directors (two women).

[B] Board of Auditors

The Board of Auditors is composed of five auditors, including three outside auditors. They audit the execution of duties by directors, and monitor the appropriateness, rationality, and other aspects of the activities and operations of each operation execution line within the Group in cooperation with the Internal Audit Team.



Five auditors

Three of them are outside auditors.

[C] Group Management Committee

They deliberate and discuss matters such as those related to the fundamentals of the management of the entire Group, earlier than the Board of Directors does.