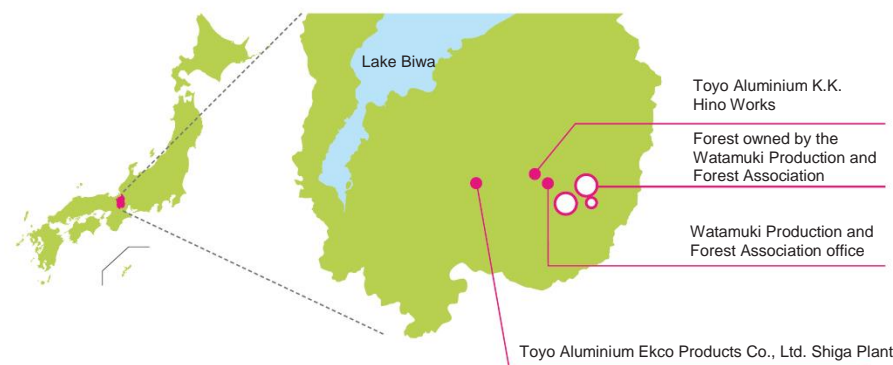


# Contributing to Nature Conservation and Carbon Neutrality Through Employee Participation Initiatives

In June 2022, the Toyal Group sponsored and participated in the 72nd National Arbor Day in Shiga Prefecture, 2022. Taking this opportunity, in August 2022, Toyo Aluminium K.K. and Toyo Aluminium Ekco Products Co., Ltd., entered into the Lake Biwa forest making partnership agreement with the Watamuki Production and Forest Association, and are working on a specific area of forest called the “Lake Biwa Future Forest, Created by All Members of the Toyal Group.” Approximately two-thirds of Japan’s land area is covered by forests, and proper maintenance and conservation of these forests will increase CO<sub>2</sub> absorption and contribute to achieving carbon neutrality. We exchanged opinions on nature conservation and carbon neutrality with the Watamuki Production and Forest Association, with whom we have entered into a partnership agreement.



## Lake Biwa forest making partnership agreement

As part of the effort to develop forests supported by all citizens of the prefecture based on the Lake Biwa forest making ordinance, companies and organizations that agree with the purpose and structure of the partnership agreement enter into agreements with forest owners and participate in the promotion of forest development and maintenance.

Notice regarding the signing of the Lake Biwa forest making partnership agreement  
<https://www.toyal.co.jp/whatsnews/2022/08/2022081901.html>

Watamuki Production and Forest Association  
<https://www.rmc.ne.jp/watamukisan/>



Counselor (at the time of interview)  
 Watamuki Production and Forest Association  
 Satoshi Nishimura

## It is only with mountains that we can enjoy the benefits of water. I want to spread the word about the charm of mountains and mountain work

As many as 117 rivers enter Lake Biwa and flow to the Yodo River via Lake Biwa to reach the sea. The mountains of Shiga and the urban and bay areas are also closely connected. I hope that those of us living upstream will continue to disseminate information so that as many people as possible can learn about environmental issues and nature.

It is also important to have partnership agreements that allow people from different industries to come to the mountains and become aware of mountain work. I think that by inviting various people to come see and experience the mountains, it is an opportunity for them to deepen their understanding. Well-managed forests store rain and serve as a source of water. They are also factories that produce delicious air, and we all benefit from the mountains in many ways.

Companies that are committed to carbon neutrality feel overwhelmed by the difficulties they are experiencing. In January 2023, we were able to obtain certification under the J-Credit System, in which the government certifies reductions and absorption of greenhouse gas emissions as “credits.” I hope that we can further collaborate through this as well.



General Manager, Shiga Plant  
 Production Unit  
 Toyo Aluminium Ekco Products Co., Ltd.  
 Masahiro Ueda

## By looking at environmental issues from multiple perspectives, we can make employees’ jobs and lives richer

The Toyal Group has an activity for promoting autonomous management called “OKR.” At the Shiga Plant, goals were limited to the factory itself, such as no accidents or quality improvement, but we wished there were more activities that could be worked on together with the local community. At that time, I heard about forest creation from the Hino Works, and decided to participate because I wanted to work with them on this wonderful activity.

Demand for our food containers has been growing thanks to being highly evaluated for their cleanliness and simplicity. That said, the containers we produce are disposable, and have a large impact on the environment. Because of this, in 2009 we shifted our production from plastic containers to paper containers, while at the same time obtaining forest certification. Thanks to that, we have been able to make environmentally friendly products by quickly using base paper made from properly managed forests.

As we continue to aim for carbon neutrality, we hope that not only our products but also our employees will participate in forest-building activities with forest associations, and that by tackling environmental issues, we can be proud of our company and enrich both our forests and our spirits.



CSR Promotion Team Leader  
 Business Supporting Unit  
 Corporate Division  
 Toyo Aluminium K.K.  
 Masanobu Kikukawa

## Encouraging employees’ families to take an active role in environmental conservation activities

Our company has a voluntary employee initiative called the Sustainable Link Lab. Through this activity we participated in the 72nd National Arbor Day in Shiga Prefecture, 2022, which led us to meet the Watamuki Production and Forest Association. We felt it would be a waste to only do this one time for Arbor Day and wanted to continue these activities, which led to us entering into the Lake Biwa forest making partnership agreement.

In October of last year, we held an unveiling ceremony and other activities such as tree planting, but as a result of COVID-19, it was a small scale event.

We would like the families and children of our employees to participate as well if possible. We want to encourage them to take part in forest-building activities where they can see insects, birds, and other creatures living in the forest, experiencing the joy and wonder of nature. If employees look forward to participating, I think it would be a success.

While employees have a thorough awareness of efforts to reduce CO<sub>2</sub> emissions and waste at manufacturing sites, having an awareness of those issues can be difficult when working in an office. In an effort to raise awareness even just a little bit, we also implemented “Toyal Zero Carbon Action.”

We would like to establish a solid foundation within the company and continue our activities with the Watamuki Production and Forest Association.



General Manager, Hino Works and  
 Hino Works Unit Leader  
 Powder & Paste Headquarters  
 Toyo Aluminium K.K.  
 Katsuya Moriguchi

## I want to work with stakeholders to preserve Shiga’s beautiful environment

Shiga Prefecture is home to Lake Biwa, the water jug of the Kinki region, and so environmental regulations such as air and water quality are very strict. All of our manufacturing sites strive to comply with those regulations.

Last year I participated in the National Arbor Day held in Shiga Prefecture. The event was very interesting, not only for the planting of trees, but also for the explanation of the natural environment that makes up the surrounding area from those in charge of forest management.

In addition, lots of trees and greenery grow on the grounds of the Hino Works, and thanks to growing awareness of nature conservation, last year a group of volunteers called the Woodland Restoration Project began activities such as clearing undergrowth, removing fallen trees, and planting cherry blossom trees.

Achieving carbon neutrality has become an important point not only for protecting the global environment but also for continuing business. Recently, we have been receiving many inquiries from customers such as “How much greenhouse gas is emitted in the manufacturing of your products?” Achieving carbon neutrality will require a variety of initiatives in the future, and we will work together with forest associations, our customers, and local communities to achieve this goal, along with our activities to protect the natural environment.





Executive Officer  
In charge of the Business  
Supporting Unit  
Corporate Division  
Toyo Aluminium K.K.

Tsuyoshi  
Ariyoshi

Dialogue with Experts

Visiting Professor, The Open  
University of Japan  
Visiting Professor, The Graduate  
School of Social Design

Masao  
Seki



## 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 CO<sub>2</sub> 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 CO<sub>2</sub>. 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.