

Toyal Group

Sustainability Report 2021

Sustainability Report

Toyal Toyo Aluminium K.K.



Toyo Aluminium K.K.

<https://www.toyal.co.jp/>

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Join Together
to Shape the
Future



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Management Principles

As new management principles for the Toyal Group to continue to exist and develop in a sustainable way, we have adopted the slogan “Join Together to Shape the Future” as well as the Mission, Vision and Value. Based on these new principles, the Toyal Group will work on value creation with high motivation and strive to become a Group that can contribute to society even further as one team.

Join Together to Shape the Future

Mission

Establishing New Social Norms

“Materials x Technology x Service” to Add Value to Anything from Personal Space through Outer Space

Vision

A Globally Acclaimed Company Employees Feel Proud of

One of a Kind	Leveraging Open Innovation to Create Products/Services that Surpass Customer Expectations
Collective Genius	Each and Every Employee Displays Their Merits with Verve to Create Value as a Team

Value

Making Work Fun

Let Us All Derive Joy from What We're Doing!
Everyone is Encouraged to Try New Things

Integrity and Sincerity

Applying Ourselves Diligently in All We Do—Creating the Toyal Brand Anew

Together with Customers

Mapping out Solutions with Everyone Considering
What is Best for Customers

Editorial policy

Under the Toyal Group's slogan “Join Together to Shape the Future,” this report was published to deepen our stakeholders' understanding of our CSR concept and challenges, the direction we aim for, and the progress of our activities to achieve a sustainable society.

The title of this report has been “Sustainability Report” since the last report, and we aim for a report on the sustainability of the society, earth, and Toyal Group. For the feature pages, dialogues were held with individuals concerned regarding the current situation and future of the Toyal Group under the theme “Challenge to a Carbon-Free Society,” which is related to all industries around the world and is a difficult challenge in promoting sustainability. The feature pages also show how we are going to squarely address issues for a carbon-free society moving forward.



Sustainable Planning Team having an editorial meeting

- * Human capital: In the Toyal Group, we use the term “human capital” instead of “human resources” to express that people are treasure, or precious assets.
- * Life work balance: In the Toyal Group, we use the term “life work balance” to emphasize the affluent lives of our employees.

Global Network



Corporate Outline

Corporate name Toyo Aluminium K.K.	Paid-in capital 8 billion yen
President and Representative Director, COO Kaoru Kusumoto	Number of employees (As of March 31, 2021) 2,482 (Consolidated) 1,504 (Non-consolidated)
Head Office Midosuji Daiwa Building, 6-8, Kyutaromachi 3-chome, Chuo-ku, Osaka-shi, Osaka 541-0056 Japan	Shareholder Nippon Light Metal Holdings Co., Ltd. 100%
Establishment May 12, 1999 (Former Toyo Aluminium was founded on April 7, 1931.)	

- Reference guidelines
 - SDG Compass: Guide for business action on the SDGs
 - ISO 26000 (International standard on social responsibility)
 - GRI (Global Reporting Initiative) “Sustainability Reporting Standard”
 - Ministry of the Environment “Environmental Reporting Guidelines 2018”

■ Period covered

This report focuses on our activities from April 2020 to March 2021, and also covers some of our policies and activities for fiscal 2021.

- Scope
Toyo Aluminium K.K., and its subsidiaries and affiliates
- Time of issue
September 2021 (Next scheduled for September 2022. Last issued in September 2020.)

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[About the cover design]

Based on the image of the Toyal Group's new management principle/slogan “Join Together to Shape the Future,” we illustrated the various products and values created by the Toyal Group. They shape a diamond, the Group's logo design, showing our will to provide all stakeholders with the value through the Group's cooperation.

* Dialogues and other activities were conducted with due consideration given to measures against COVID-19 infections.



President and
Representative
Director, COO

Top Commitment

Environmental response,
development, and
We will pursue
demonstrate the individuality

► Review of Fiscal 2020

Achievements in fiscal 2020 and prospects for new business creation to aim for the realization of sustainable society

The Toyal Group is focusing on the creation of new business in addition to the three main businesses, which are aluminium foil, aluminium powder and paste, and household products. In fiscal 2020, we continued to promote our businesses while responding to the COVID-19 pandemic, and had ups and downs in each business.

In the aluminium foil business, the demand for lithium-ion batteries for exteriors and positive-electrode materials increased for personal computers, mobile phones, and especially in-car applications, and the results of the previous fiscal year were significantly exceeded. However, the results related to packaging materials for food and medical products were below those of the previous fiscal year due to the COVID-19 pandemic. We struggled in the aluminium powder and paste business including overseas bases due to a global decline in vehicle sales. The sales of functional aluminium powder (for heat dissipation) were strong for products related to electronics including LED, but the decline in vehicle-related sales affected the overall results. In the household products business, the sales of contamination-preventive products, mainly “Dust-Removing Filters,” are increasing with the demand from staying at home. As a result, the results of fiscal 2020 were almost the same as those of the previous fiscal year.

As for new business, we are gradually expanding the sales of environmentally friendly products, such as “Hane® Module,” the ultra-lightweight solar cell modules, and “Stainshell®,” the stainless flake-contained coating excelling in durability performance including corrosion resistance.

Under these difficult circumstances, the Toyal Group has been promoting a project to reform the management platform (hereinafter called the “MX project”).

The Toyal Group will continue to provide environmentally friendly products and ones to solve social challenges.

Kaoru Kusumoto

human capital
creation of new value.
what the world needs and
of the Toyal Group.

► Contribution to the Society as a Material Manufacturer

Promotion of Sustainable Management to Realize a Sustainable Society

With the intensification of natural disasters, progress of global warming, and growing awareness of human rights, we are receiving inquiries about our carbon footprint and the existence of human rights violations in product production processes.

Amid various social challenges, we consider the challenges to realize a carbon-free society toward 2050 to be one of the most urgent management issues for our Group too. Production with aluminium consumes a large amount of electricity in the upstream process to manufacture its ingots. Our Group has been working to reduce CO₂ emissions in manufacturing, but we need to proceed as the entire value chain and supply chain to realize a carbon-free society. To this end, we will continue to have discussions with various stakeholders and collaborate with them. Also for the procurement of aluminium ingots, we will strive to further reduce CO₂ emissions by considering green aluminium procurement, which uses renewable energy when manufacturing ingots.

Recycling aluminium foil is also another challenge. It is possible to recycle individual aluminium foil, but it is difficult to recycle aluminium foil combined with other materials such as plastic film and paper. It is a very difficult problem from a technical point of view, but we will continue our study.

With regard to these challenges, I feel that it is necessary to have a perspective of what we can do and what we should do as the whole Toyal Group, and to think based on backcasting in the future, not only forecasting.

Diverse perspectives and ideas are essential to tackle advanced challenges such as the realization of a carbon-free society.

We will take on these challenges by respecting each other's differences in nationality, gender, LGBTQ+*, etc., deepening mutual understanding, and making the most of diversity. Toward this end, we will clarify our vision and values, and make efforts to create an organization where we can confront the challenges of the Toyal Group together as one team.

* LGBTQ+: A term that encompasses all diverse genders (sexual orientation and gender identity), not only the four genders of LGBT

► Progress in Organizational Reform

Launch of the MX project toward vibrant organization to realize “Join Together to Shape the Future”

The Toyal Group is promoting the MX Project to transform into an autonomous organization.

In April of this year, we established our Mission, Vision, and Value as new management principles. We set up a task force centered on young and middle-level employees for the principles to be created by all staff.

We also eliminated the division/department system and introduced a unit/team system to speed up decision-making and communication.

In July 2022, we will substantially revise our personnel and compensation systems, including the introduction of a skill evaluation system that allows employees to be promoted based on the skills they demonstrate.

We have also introduced a new objectives management approach called OKR (Objectives and Key Results) to activate the communication within the Group. With this approach, we aim to form a flat organization that allows us to exchange opinions and share information interactively in the vertically, horizontal, and diagonal directions, not just through one-way communication.

We are still exploring the OKR to make it suit the identity of the Toyal Group, and I would like to make it something in which we can leverage the ideas of young and middle-level employees for our business.

I hope that a flat and open atmosphere will take root in the Group for it to be an organization with openness and trust, leading to ideas for new businesses and transformation of the existing ones. We aim for an organization where “shaping together” as in the new slogan “Join Together to Shape the Future” is a normal practice.

One year has passed since the MX project began, and there are signs of change in the organization. We will continue to deliver ideas and products that contribute to the creation of a sustainable society by coming up with innovative ideas for solving various social challenges.

MX project image poster



Sustainability Management

Basic Policy of CSR

The Toyol Group aims to create a corporate culture that can maintain and improve sound business activities.

We will thus develop corporate activities that conform to social norms and business ethics, provide product quality that can ensure use with peace of mind, promote management activities that are in harmony with the global environment, and develop management that fulfills our social responsibilities through activities that place the highest priority on occupational safety and health.



Commitment of Executive Officer in Charge

As a result of the organizational changes in April 2021 under the MX Project, the CSR Promotion Department was reorganized for the purpose of development enhancement into the CSR Promotion Team of the Business Supporting Unit, which promotes safety, health, environment, etc. related to manufacturing, and the Sustainable Planning Team of the Business Administration Unit, which promotes the ideal future vision from the macro perspective. I hope that this reorganization will accelerate the vitalization of sustainability activities in the Toyol Group.

It has been five years since we began our efforts to achieve the SDGs, and understanding and dissemination within the Group has been progressing. However, the environment surrounding companies has been changing more rapidly, and we are aware of the growing needs of society and customers for sustainability initiatives.

In particular, efforts to achieve virtually zero emissions of greenhouse gases by 2050 are an essential challenge for the Group to survive, and the backcasting method needs to be implemented. There are also many other challenges to be addressed, including recycling, diversity, and the establishment of an appropriate value chain and supply chain. In order to resolve these challenges, we will provide the value unique to the Toyol Group while emphasizing the discussions with our stakeholders, and aim to become a Group that we can be proud of both to ourselves and to the world.



Efforts to Achieve the SDGs

The Toyol Group uses the SDG Compass* as a guideline to integrate the SDGs into management. Based on the five steps set by the SDG Compass, we set targets and KPIs, and are driving activities to achieve them with the involvement of the president and other executives. For details of the progress made in fiscal 2020, please refer to page 13 to 30 of this report.

* SDG Compass: Guide for business action in the introduction of the SDGs that was established by the United Nations Global Compact, GRI, and WBCSD



Positive Impact Finance

For the first time as a manufacturer of aluminium foil, powder and paste, with Sumitomo Mitsui Trust Bank, Limited we concluded the loan contract of "Positive Impact Finance (loan type for business companies that does not specify the purpose of the loan)" that is based on the Principles for Positive Impact Finance proposed by the United Nations Environment Programme Finance Initiative.

For the three themes, which are "Innovation to Shape the Future," "Environmental Protection," and "Active Roles of Diverse Human Capital," we determined long-term targets (impacts), manage the process that leads to the realization of the targets and improve it as appropriate while monitoring the set KPIs, in order to promote the contribution to the achievement of the SDGs.

Three activity themes in Positive Impact Finance

Theme	Contents	Long-term targets (2031)	SDGs
Innovation to Shape the Future	Development and sales of aluminium foil, powder, paste, and other products that contribute to SDGs utilizing our unique technologies (Contribution to the weight reduction of automobile parts, food loss reduction by providing food packaging materials, etc.)	- Triple the proceeds of products that contribute to the SDGs (Compared to fiscal 2019) - Create new businesses that contribute to the SDGs (2 businesses)	9, 13
Environmental Protection	1. Reduction of CO ₂ emissions from business activities (Visualization of energy, etc.) 2. Establishment of an aluminium recycling system	1. Reduce 30% (Compared to fiscal 2013) 2. Generalize aluminium recycling	12, 13
Active Roles of Diverse Human Capital	Implementation of the measures and promotion of the environment to enable diverse human capital to be active and vital.	- Achieve 30% as the rate of women in new hires - Complete organizing a system centered on the mandatory retirement age of 70	5, 8

Efforts for Human Rights

As a Group that values people, the Toyol Group respects the human rights of all stakeholders, including our business partners and employees. Therefore, we are striving to eliminate action that would violate human rights, gaps in employment/occupation, and harassments in workplaces such as power harassment and sexual harassment. Going forward, we will work to understand the risks in human rights in the supply chain and fulfill our corporate responsibilities.

In addition, the Toyol Group signed the "United Nations Global Compact (hereinafter called UNGC)," a global framework for realizing sustainable growth. In accordance with the 10 principles of the UNGC, we will contribute to a sustainable society through responsible management as a global Group and active promotion of group-wide sustainability activities.



Dialogue with CEO and External Experts

“Shape Together” For a Sustainable Society

In this day and age where the term “sustainability management” is spread, the Toyol Group is striving to transform into an organization and Group that are in tune with the era of the SDGs. We held a dialogue with CEO Masao Imasu, and Atsuko Fukushima, a journalist who also serves as an outside director at several companies, to discuss the future “ideal vision” of the Toyol Group to survive in this age of uncertainty. (Held in July 2021)

Sustainability Management Promoted by the Toyol Group

Tanaka (Facilitator): As part of the MX project that began in fiscal 2020, you reformed your management principles and formulated your Mission, Vision, and Value. What kind of sustainability management is the Toyol Group aiming for?



Imasu: We need to respond not only to the needs of our customers but also to the needs of society. No matter how good products we make, if they don't achieve the role we should play as a company, they can't be evaluated correctly. And after as many as 90 years, corporate systems no longer meet social needs. Therefore, we decided to change the organization first to transform our management from discipline type into autonomous type. We established the outline in the first year, so I think this year is the time to put our soul into it and make it something our employees can empathize with.

Fukushima: I think that it is of great significance that you revised your management principles at this timing. It is because I feel the COVID-19 pandemic has greatly increased the importance of principles. It is important that each and every employee who works in the field is always in empathy and agreement with the Mission, Vision, and Value of the management principles as their own issues. In the event of an unexpected crisis like the COVID-19 pandemic this time, an organization waiting for instructions from the top cannot respond flexibly or quickly.

Management principles are the starting point for employees to act independently. So I believe they are the foundation to establish the autonomous organization that CEO Imasu is aiming for.

Tanaka: To the slogan of your group, you added the word “together.” What was your enthusiasm put into the word “together”?

Imasu: It is no longer an era where employees who can do what they are told to do are considered excellent. In order to improve a company, each and every employee must demonstrate their abilities. In that sense, we thought we would need EQ*1 and SQ*2, or sensitivity. We also need to move forward with delegation to transform into an organization where teams can make decisions. We are committed to “aim for collective genius,” and we need to be an organization where employees do not wait for decisions of superiors but make decisions and judgments on their own to win business, and superiors do not make decisions but support them. We will make that change, and then further consider the SDGs to accelerate our efforts on environmental and social issues.

*1 EQ: Abbreviation for Emotional Intelligence Quotient, which indicates the ability to understand, recognize, and effectively manage the emotions of yourself and others.

*2 SQ: Abbreviation for Sensitivity Intelligence Quotient, which indicates intuition, inspiration, and sensitivity to external stimulus.



[Profile]
She graduated from the College of Liberal Arts, Tsuda University. After working for Chubu-Nippon Broadcasting Co., Ltd., she became independent in 1988. She is a newscaster for news programs of NHK, TBS, etc., and has interviewed more than 700 business leaders for magazines such as the Nikkei and economic magazines, and serialized interviews in economic programs of TV Tokyo and weekly magazines. She is also active in lectures and forums on themes such as economy and management, environment, communication, diversity, agriculture and food, etc., and also serves as an outside director and management advisor for listed companies. In addition, she is involved in public positions such as a member of the Forestry Policy Council of the MAFF, and the council of advisers of the MEXT, as well as university management and non-profit organization activities.



Current Challenges for the Toyol Group

Tanaka: The Toyol Group is striving to change into a Group more needed by the society by transforming into a business model that resolves social issues. What should they do to that end?

Fukushima: I believe that balancing social value and economic value is the foundation of sustainable management, and I think the Toyol Group has a very clear path to utilize the potential of aluminium to solve various challenges of the society.

Imasu: I think we should make a commitment being aware that only thinking about profits is not the way it should be.

Fukushima: I think that what is required of future leaders is to successfully establish a mechanism and strategy to balance the resolution of social challenges, corporate profits, and economic value. It's a difficult task, but I believe it's the management solution most required for companies today.

Tanaka: The Toyol Group has expanded this reform to its personnel and evaluation systems. I don't think there are many cases where a company carries out a reform to that extent. What do you think about this point?

Fukushima: I think the CEO has a strong sense of crisis to that degree. You can't change your corporate culture unless you change the way your organization works in various ways. I believe the top must have an unwavering belief and strong leadership to achieve that.

Imasu: As you say, I think it is the enthusiasm of the top and executives. We need to instill that enthusiasm more to make the entire Group passionate, so we would like to deepen our communication even more. This year, we are trying to deepen mutual understanding and empathy within the Group and encourage our employees to think “Okay, let's challenge it.” Priority is given to discipline in some workplaces such as manufacturing sites. However, I want all the staff in any environment to think autonomously too. The only way to achieve this is for leaders to enthusiastically communicate and have them empathize.

Expectations for the Toyol Group in the Future

Tanaka: Requested by the society, carbon neutrality has become a really urgent issue. It is also time to drive initiatives for human rights, diversity and carbon footprint. What do you expect of the Toyol Group in these areas?

Fukushima: Over the past few years, there has been a significant change in investors' awareness and action regarding ESG. This is because investors have a strong sense of crisis that their profits will be lost too if management does not pay due consideration to ESG emphasizing sustainability. There was a time when environmental issues and human rights issues were considered fields to which companies should make a social contribution. But that's not the case anymore. What is required is to build a mechanism and strategy to balance the resolution of social challenges, profits as a company, and economic value, while forming a good relationship with all stakeholders. I think that the sustainable growth of a company lies ahead of its realization.

Imasu: I agree with you. We have to put ESG at the center of management, make profits as a company, and also contribute to society. For that, it is also necessary to determine in which direction we should expand our technological capabilities.

Fukushima: The Toyol Group has pretty specific social challenges that it wants to solve, and has the materials and technological capabilities that can realize it. I think they have a bright prospect since they clearly see the design to balance social value and economic value.

Imasu: We will need a lot of time and technology development for some challenges we want to solve. But if we are not prepared to move in that challenging direction, ESG will not come to the forefront of management.

Fukushima: For that reason as well, I agree with the idea that “employees are the most important,” which the CEO often suggests. This is a very serious problem, but employees of Japanese companies have remarkably low engagement with their companies. Corporate value can be created only when employees work energetically with high aspiration and motivation. To this end, I think that having your employees empathize with your principles and enhancing their engagement will lead to the formation of the autonomous organization the Toyol Group is aiming for. I believe that an organization that enables diverse human capital to play an active role autonomously using the principles as a unifying force can create new value and innovation, all the more for the age of uncertainty.

Imasu: Toward that end, I believe it is really important to talk about our dreams. I suppose that if we make each company a place where our employees can feel happy, their engagement with the company will naturally increase. Based on the new management principles, we will bring passion to increase opportunities for our employees to feel happy.



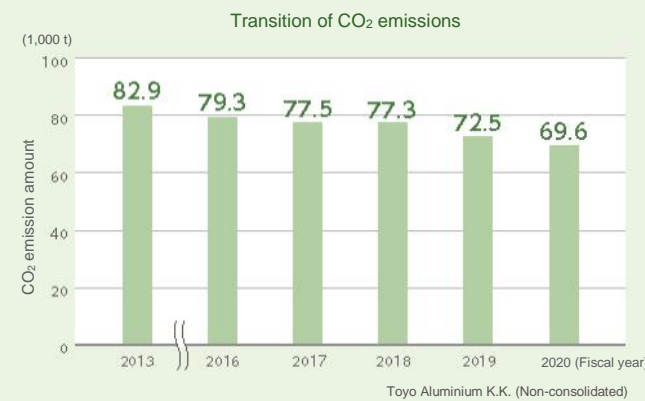
Feature

Challenge to a Carbon-Free Society

Aluminium is called “canned electricity” because it requires a lot of electric power in the process of manufacturing aluminium ingots. As an aluminium processing manufacturer, we recognize that the Toyol Group has a great responsibility for energy issues as the world is working toward decarbonization. This section introduces the contents of an internal dialogue on the current situation of the Toyol Group and the issues that should be tackled for the future carbon-free society.

CO₂ emission amount

Currently, the Toyol Group is working to reduce CO₂ emissions from business activities by 30% compared to fiscal 2013 by 2031. Although the emissions have been on a downward trend year by year, there is still a difference with the target set by the Japanese government, 46% reduction compared to fiscal 2013 by 2030, so we are considering revising the target.



Reduction of CO₂ Emissions in Production

Energy Use Optimization by Thermal Recycling and IoT Utilization

We are making efforts from a variety of perspectives to reduce CO₂ emissions in production, such as the establishment of a system to recover exhaust heat generated by combustion-type VOC treatment equipment and reuse it as a heat source for boilers used in the drying process, and the visualization of facility operating condition utilizing IoT to realize energy use optimization.



Exhaust heat recovery boiler in Gunma Works

Contribution through Business Activities

Manufacturing and Distribution of Products that Promote Decarbonization

We manufacture and sell the lightweight solar panel “Hane® Module” that can be installed also on buildings and bicycle parking lots where conventional solar panels cannot be installed.



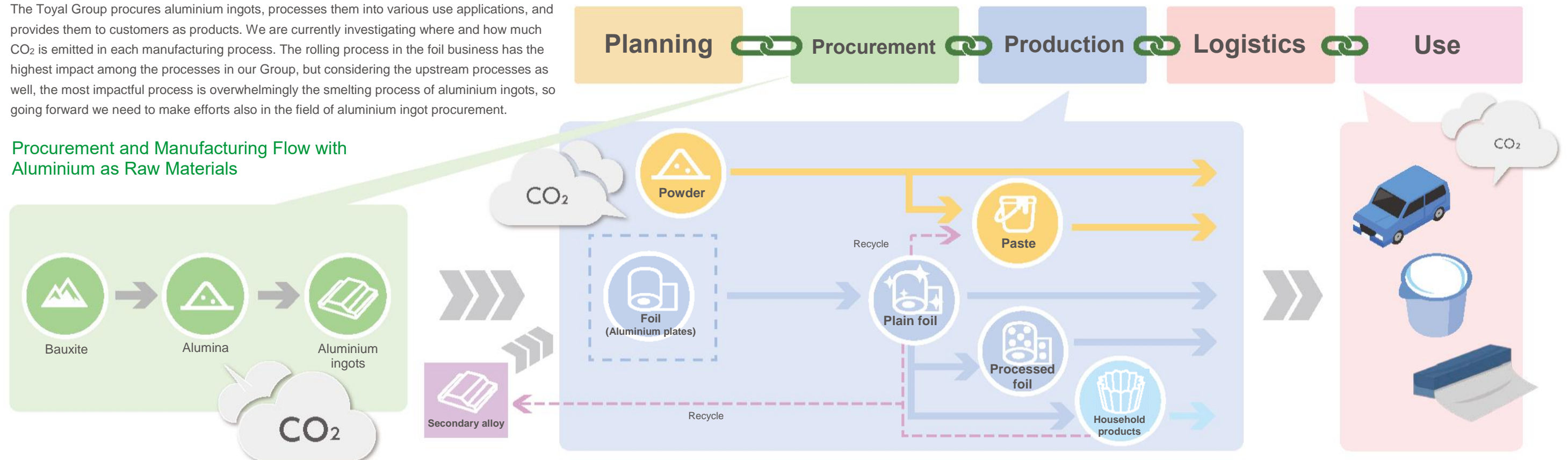
Hane® Module

Value Chain and Supply Chain

CO₂ Impact by Value Chain Being Calculated

The Toyol Group procures aluminium ingots, processes them into various use applications, and provides them to customers as products. We are currently investigating where and how much CO₂ is emitted in each manufacturing process. The rolling process in the foil business has the highest impact among the processes in our Group, but considering the upstream processes as well, the most impactful process is overwhelmingly the smelting process of aluminium ingots, so going forward we need to make efforts also in the field of aluminium ingot procurement.

Procurement and Manufacturing Flow with Aluminium as Raw Materials



Feature: Challenge to a Carbon-Free Society

Internal Dialogue

Toyal Group's Environmental Strategy to Establish a Carbon-Free Society

Following the Japanese government's declaration to achieve zero CO₂ emissions by 2050, efforts toward the realization of a carbon-free society are being accelerated in the industry too. In this social situation, we are aiming to reduce our CO₂ emissions by 30% compared to fiscal 2013 by 2031, which is the year of the 100th anniversary of the Toyal Group's foundation. What is the current situation regarding this goal? About the efforts to reduce CO₂ emissions and realize a carbon-free society, a dialogue was held with Senior Managing Executive Officer Kusui, Executive Officer Rochard, and Executive Officer Tsujino.

(Held in July 2021)



Environmental Measures of the Toyal Group Including External Environment

Yamabuki (Facilitator): Regarding environmental measures, what are your thoughts on the situation surrounding the Toyal Group?

Kusui: The Powder & Paste Headquarters, whose business development is especially global, is requested to submit its carbon footprint by our customers in Europe. There are two types of carbon, and we need to reduce both CO₂ emissions and VOC (volatile organic compound) emissions.

Rochard: Germany is leading the world in decarbonization and is taking a hard look at CO₂ emissions of companies. Our German competitors are already on their way to "zero CO₂ emissions by 2025." If we don't start now, we could lose business opportunities with customers who are looking to reduce their carbon footprint through the supply chain.

Tsujino: Since the customers of the Foil Headquarters are mainly in Japan, we haven't got many of the requests the Powder & Paste Headquarters is receiving. In that sense, the awareness of decarbonization has not grown much. However, I realize that abnormal weather due to climate change has increased over the past 10 years. I think it's time for us to start actively taking measures for the environment.

Current Situation of CO₂ Emissions in the Toyal Group

Yamabuki: What is your big picture of CO₂ emissions within the Toyal Group? Also, what measures are you taking to reduce CO₂ emissions?

Kusui: When we started working on the SDGs, we changed our way of thinking to determine that we need to make efforts to reduce CO₂ emissions. We are now conscious of the CO₂ emissions throughout our entire supply chain. We are investigating the CO₂ emissions throughout the entire supply chain as required by our suppliers. Production with recycled aluminium does not generate much CO₂, but producing new ingots consumes so much energy that they are even called "canned electricity." It is necessary to investigate how much CO₂ is generated in that process first.

Rochard: Our Group produces various kinds of products, and we are now quantifying how much CO₂ is emitted to produce them. But this is surprisingly a difficult task. We produce what we deliver to our customers around the world. For example, some products are made in Japan, some in France, and some in China. Therefore, we need a system that uses common standards.



Future Environmental Strategy Reflecting on the Current Long-Term Target

(30% reduction compared to fiscal 2013 by 2031)

Yamabuki: What strategy do you think is needed to achieve both the target as the Toyal Group and the reduction of CO₂ emissions required by the market?

Kusui: The challenge is to accurately understand the CO₂ emissions in the supply chain. We are working to quantify the emissions, and I think the first step is to investigate how much CO₂ is emitted in each area and disseminate the information.

Rochard: The next step would be to select raw materials with low CO₂ emissions. Producing aluminium ingots emits the most CO₂ in manufacturing our products. Up until now we have selected materials based on their prices and quality, but in the future, it will become an important standard to select suppliers of ingots with less CO₂ emissions. It will also be a key point to draw up a long-term environmental investment plan and install new facilities that reduce energy consumption in the manufacturing process.



Tsujino: For example, aluminium foil rolling facilities are expensive, so it is difficult to replace them with other facilities with lower environmental impact. I think it is necessary to have an environmental investment plan from a long-term perspective in order to drastically reduce environmental impact and CO₂ emissions.

Kusui: I think that it is necessary to talk about reducing CO₂ emissions on a regular basis and incorporate it into the targets. I think we must think about what we can start with, make it a policy of the headquarters, and make everyone aware of it in business reports.

Tasks and Challenges in Promoting Decarbonization

Yamabuki: What would be the best way for the Toyal Group to deal with climate change?



From the left, Unit Leader Tatsumi (interpreter), Executive Officer Rochard, Senior Managing Executive Officer Kusui, Executive Officer Tsujino, and Mr. Yamabuki.

There are various hurdles, but what efforts do you think you should make to clear them and achieve the targets?

Kusui: On the positive side, we are developing products that contribute to reducing CO₂ emissions. This includes the application of the aluminium alloy powder for 3D printing to automobile parts.

Rochard: Most of the CO₂ emissions come from purchased raw materials and energy, so we need to focus on the supply chain.

Tsujino: In the foil business, the production of the components for lithium-ion batteries is growing, but in order to increase production and reduce environmental impact, we will seriously consider measures to reduce environmental impact when new facilities are introduced.

Rochard: We will expand the use of carbon credits such as afforestation projects for a good balance.

Tsujino: Each of our business sites around the world has their own activities to reduce CO₂ emissions. Europe in particular is an area where sustainability initiatives are highly advanced, so I think it will be necessary in the future to actively diffuse their advanced initiatives to each manufacturing site and business site.

Rochard: I think the global development of Japanese companies will be threatened unless they address environmental issues promptly. The Powder & Paste Headquarters established a Global Sustainability Team, and we are taking actions to collect data and reduce CO₂ emissions. Moving forward, we must tackle environmental issues on a global scale as the Toyal Group.

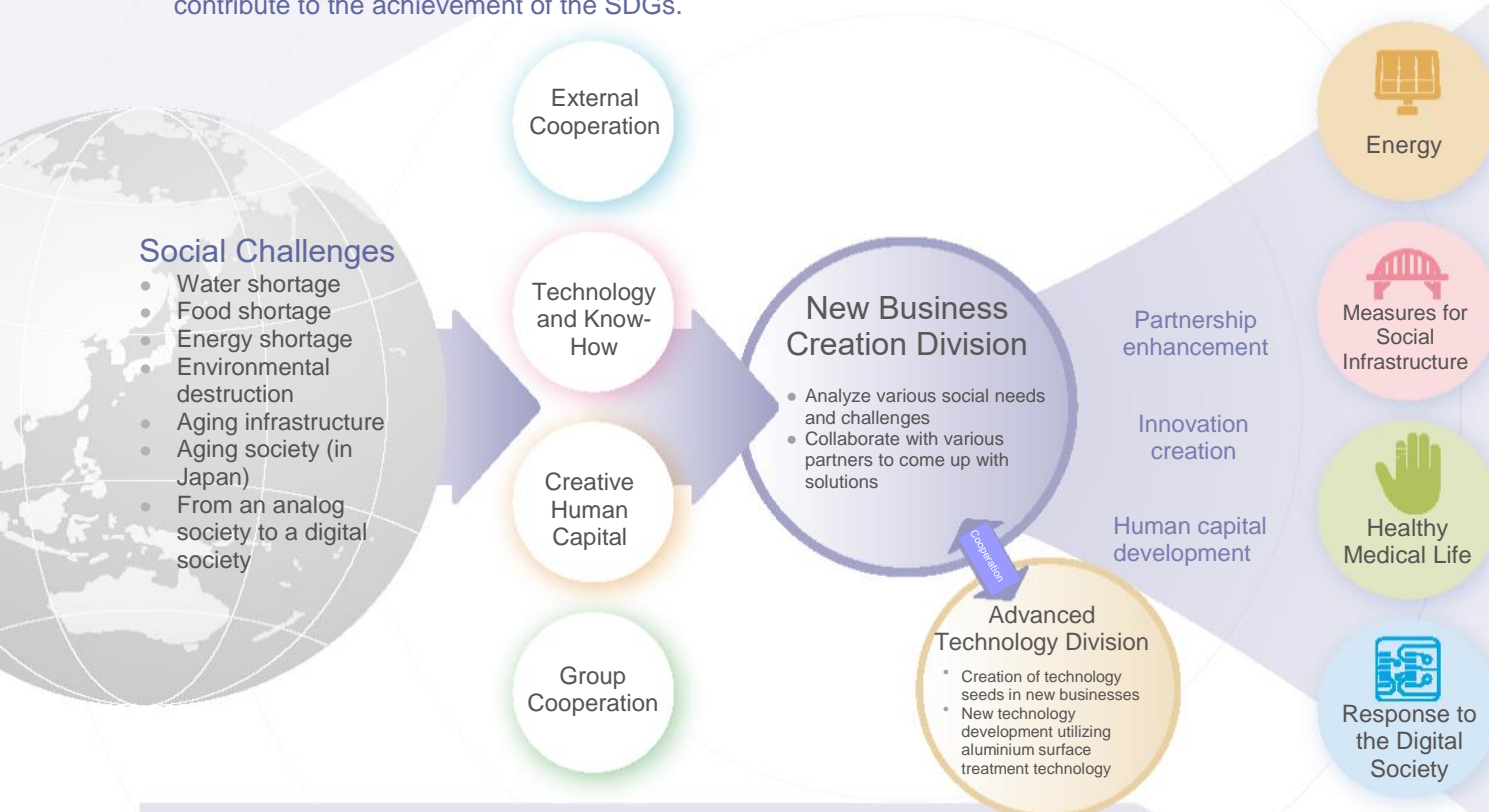


[Facilitator]
Deputy Director of Sun Messe
Innovative Network Center (Sinc)
Yoshihiko Yamabuki

Challenge to New Business to Solve Social Issues

The terms “SDGs” and “ESG” have been increasingly mentioned in newspapers and the media, and companies have been more and more asked not only to create economic value through their business, but also to create value for the society. At the same time, there are various problems pile up in the society such as environmental challenges including carbon-free society realization and microplastics, and the COVID-19 pandemic that has not gone away.

The New Business Creation Division will address social challenges in cooperation with the Advanced Technology Division and through partnerships and open innovation, and create businesses that will contribute to the achievement of the SDGs.



► Message from Executive Officer in Charge

The New Business Creation Division provides products and services to solve social challenges and creates new businesses not limited to aluminium.

In particular, we are working on the four themes: “Energy,” “Measures for Social Infrastructure,” “Healthy Medical Life,” and “Response to the Digital Society.”

For example, we have developed a mask case to disinfect masks as a measure against COVID-19, which has caused serious damage around the world. This product received a great response from crowdfunding as well. In addition, the demand for solar panels has been rising since the Japanese government declared decarbonization, and we are getting more inquiries for “Hane® Module,” our lightweight solar panels. At the same time, it is said that there will be a problem in the disposal of solar panels by 2030, so we are considering collection and recycling. This business may also lead to the development of other collection services and patrol services in the future. In this way, we will create ideas inspired by various challenges in the society, cooperate with external supporters as well, and transform the ideas into business.

We will make efforts with a vision that the business born from the New Business Creation Division will eventually grow into the main business of the Toyoda Group.



Energy

Contribution to the realization of a carbon-free society

From the perspective of promoting renewable energy, we are engaged in the manufacturing and distribution of solar panels characterized by their light weights, the development of products that contribute to improving the safety of lithium-ion batteries used in EVs, etc.



Hane®Module

Solar cell modules characterized by their light weights, load capacity, and fireproof property. They have less burden on roofs and can be installed in snowy areas too.

Social Challenges to Solve
Extension of Healthy Life Expectancy



Healthy Medical Life

Contribution to healthy people's lives

We have been developing products that contribute to people's lives, such as technology to confine insect repellent in plastic, development of medical equipment in collaboration with medical institutions, and hydrogen-generating films that can maintain freshness.



Hydro Fresh®

Special films that generate molecular hydrogen by reacting with water. To preserve various foods and beverages, they create an environment where oxidation is less likely to occur and it is easy to maintain freshness.



THERMAL GIPS®

Medical casts made of special aluminium plates. They deform at 60°C, so you can customize and remove them by yourself.

Social Challenges to Solve
Aging Infrastructure



Measures for Social Infrastructure

Contribution to building resilient communities

In addition to the increasing severity and frequency of natural disasters, the aging of social infrastructure has been increasing the damage. We will contribute to the longevity of infrastructure through our unique technologies in response to the need for more resilient infrastructure.



Adopted as coating to recoat the unloader installed on the quay wall of the Tomakomai Complex of Nippon Light Metal Co., Ltd.



Adopted for various steel structures such as the disaster-preventing wireless steel tower at a Hachioji industrial exchange center

Stainshell®

Corrosion resistant coating that has excellent corrosion resistance. It can extend a service life of typically 3 to 5 years to 30 years.

Social Challenges to Solve
Response to the Digital Society



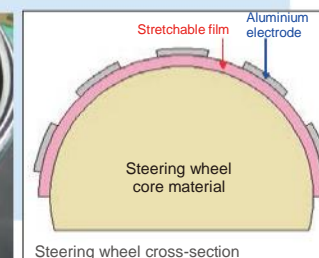
Response to the Digital Society

Contribution to the advancement of digital technology

By developing innovative components that contribute to the progress of new digital technologies such as 5G, IoT, and autonomous driving, we will provide people with new comfort and convenience in the digital society.



Steering sensor for automobiles



Steering wheel cross-section

Aluminium electrodes for sensors

They are electrode materials using aluminium instead of general copper that are used for sensors. They have excellent flexibility, biological safety and corrosion resistance.

Foil Foil Headquarters

We will create products that contribute to solving various social challenges by expanding the possibilities of aluminium foil.

■ SDGs to contribute to through business



Business Overview

We have been developing and supplying original aluminium foil products based on our unique technology and know-how. Taking advantage of the lightweight and high-performance properties of aluminium, we handle a wide variety of products, such as packaging materials for food, medical products, etc., ornaments, household products, shielding materials by combining with resins and films, and electrolytic capacitors and aluminium alloy foil by enhancing functions. Our innovative technologies have obtained a lot of patents and academic awards.



Toyal Lotus®



Child Proof™

Achievements in Fiscal 2020

Great progress in Aluminium Foil for Lithium-Ion Batteries toward a Carbon-Free Society

As European and American automakers were accelerating their shift to electric vehicles (EVs) to realize a carbon-free society, the sales of our aluminium foil for EVs grew significantly. However, in the business of our processed products, the impact of the COVID-19 pandemic greatly reduced the demand for the packaging materials for medical products, products for passports, etc.

Future Initiatives

Sincere Acceptance of Sustainability Requests of Business Partners to Lead Them to Business

- ▶ Main topics for business used to be about fast-selling products, proceeds, profits, etc., but now we are required to provide information on product development in line with the SDGs and social contribution of products. We also will provide products and services that are conscious of social challenges. In addition to the aluminium foil for lithium-ion batteries, we will also strive to develop plastic-free products, packaging materials using plant-derived plastic, etc. to meet customer needs.
- ▶ We will accelerate efforts for sustainability throughout the entire supply chain. Since production with aluminium consumes a large amount of energy in the ingot manufacturing process, we will also pay close attention to green aluminium procurement from the perspective of reducing the environmental impact of our products as a whole. There is also a growing interest in human rights violations in supply chains, so we will prepare to address these issues as well.
- ▶ In fiscal 2021, we will focus on reducing waste from our plants. We will reduce aluminium and plastic debris, and look at ways of reducing waste from our plants. For our lamination plants, in addition to controlling the waste in terms of both quantity and money, we will take one step forward in this fiscal year and establish more concrete quantitative targets for the waste reduction amount of the plants.
- ▶ As part of our efforts to recycle aluminium foil, we joined a lithium-ion battery association for supply chains. It is not easy for Toyo Aluminium K.K. alone to work on recycling. We will work with laminate manufacturers, battery manufacturers, automakers, etc. to establish an aluminium recycling system.

▶ Message from Executive Officer in Charge

In addition to linking the SDGs to business, we will drive business to actively contribute to solving social challenges with the awareness of supply chains. For carbon neutrality where Europe and the United States are taking a lead, there are various challenges including environmental investment. It is also necessary to make more active efforts to respect diversity in human capital and address human rights issues in supply chains. In promoting activities to achieve the SDGs, we will always think about the environment and the people around us, being aware of what we can do in our daily lives.

Managing Executive officer
Supervisor of the Foil
Headquarters
Katsumoto Tanaka

Powder & Paste Powder & Paste Headquarters

We will enhance the value of the Toyal Group through our unique technology needed on a global scale.

■ SDGs to contribute to through business



Business Overview

In addition to aluminium foil, we have expanded the possibilities of aluminium as a material by pulverizing it into fine powder, contributing to the development of chemical products, electronic materials, automobiles, and aerospace fields. As a result of responding to the diverse needs of our clients with products that are superior in design and function, we have a large number of unique technologies that are globally valued, such as colored paste and rocket fuel.



Launch of H-II A Rocket
No. 37 (From the JAXA
website)



3D printed samples

Achievements in Fiscal 2020

Decrease in Sales of Aluminium Paste Due to Automobile Production Ramp-Down

Affected by the global decrease in automobile production volume due to the COVID-19 pandemic, the sales of our aluminium paste for automobiles declined significantly. Most of the sales of the aluminium paste were for automobiles, and we identified this as an issue related to the sustainability of our business, and started to expand its use applications to other fields.

Future Initiatives

Acceleration of Activities to Realize a Carbon-Free Society from Global Perspectives

- ▶ 3D printing can produce intricately and finely shaped three-dimensional objects without assembling or cutting. Using aluminium powder to simplify complex shapes can reduce the weight of the parts, leading to a reduction in CO₂ emissions and a contribution to the realization of a carbon-free society. Our aluminium alloy powder used for this boasts the highest quality in the world, and the needs for it are increasing. For the development of aluminium alloy powder for 3D printing, we are also collaborating with universities such as Tohoku University, Tokyo Metropolitan University and Yokohama National University to focus on it as a next-generation manufacturing method including academic approach.
- ▶ We will also look at selecting local suppliers from the environmental perspective by selecting suppliers with low CO₂ emissions in the procurement of raw materials, selecting the ones with production close to customers, etc.
- ▶ We are also considering participating in a research for using ammonia as energy (Japan, France and Poland) and a reforestation program to offset CO₂ emissions.
- ▶ Demand for carbon footprint is increasing from the perspective of decarbonization. In response to this, we are working to understand the total amount of CO₂ emitted during the manufacture of one product throughout the entire supply chain. We are exploring the ways and systems to quantify CO₂ emissions that come from different production sites in order to provide specific numbers.
- ▶ It is also a big challenge to reduce VOC emissions and waste. Reducing VOC emissions is a huge challenge and requires drastic technology development. As for waste reduction, some of our competitors have set a goal of zero emissions, so we will establish targets to address it as an urgent task.

▶ Message from Executive Officer in Charge

As our measures for decarbonization are becoming more concrete and the requests from our customers are changing, I feel that the time is coming for us to accurately understand facts about our CO₂ and VOC emissions and disclose them. It is not easy to quantify them, but we will grasp the current situation and calculate accurate numbers. By constantly thinking about challenges, having discussions on them, and being aware of them, we will lead to a step toward 2030 and the realization of a carbon-free society in 2050.

Senior Managing
Executive Officer
Supervisor of the Powder
& Paste Headquarters
Jun Kusui

Household & Packaging Household Products Headquarters

Toyo Aluminium Ekco Products Co., Ltd.

We will continue to be a popular brand based on our thorough customer-oriented approach and proposals for products that create new markets.

■ SDGs to contribute to through business



Business Overview

Our solid foundation is our marketing capabilities deeply familiar with people's daily lives, and our production engineering capabilities deeply familiar with materials. We manufacture and sell household products such as Sun Foil® that are closely related to people's daily lives, as well as aluminium foil containers and paper containers for food.

We contribute to solving the marine plastic waste problem through our products and recycling problems through our supply chain.



Sun Foil®



Heat-resistant paper trays (rolled edges)

Achievements in Fiscal 2020

Shift to Eco-Friendly Products and Efforts to improve Job Satisfaction of Employees

As we shift from plastic containers to paper containers, we aim to enhance the added value of our environmentally friendly products. In fiscal 2020, we began using FSC® certified paper to meet the needs of society. We have been conducting the GPTW (Great Place to Work®) survey on job satisfaction since 2017, and based on the results, we have been making efforts to improve employee happiness ≈ job satisfaction.

Future Initiatives

Deepening of Development of Eco-Friendly Products and Resource Recycling

- ▶ We have been making efforts to use forest certified paper from a very early stage, such as being one of the first companies to adopt the PEFC certification. At the request of customers, we are also promoting the use of FSC® certified paper for food containers, cooking sheets and other products. At the same time, in anticipation of the future paper-recycling society, we are planning to commercialize pulp molds made from the waste paper generated during the production of paper trays and cups in the Shiga Plant.
- ▶ In response to the increasing demand from customers for the volume reduction of household products, we will continue to propose and sell plastic-free materials centering on paper.
- ▶ It has been pointed out that it is difficult to segregate waste of household products. We will propose a system "Sutekata navi" to solve this problem.
- ▶ As human rights issues in supply chains are becoming more emphasized, we are making efforts focused on our private brand products. We will work to understand the situation of our suppliers from the perspectives of prohibiting child labor and the exploitation of foreign employees for cheap labor, complying with the minimum wage system, etc.
- ▶ We continually have discussions to improve the job satisfaction of our employees. Face-to-face conversations were difficult due to the COVID-19 pandemic last year, but we will work to enhance the horizontal connection through the implementation of the MX Project.
- ▶ As for the promotion of women's participation and advancement as Toyo Aluminium Ekco Products Co., Ltd., we aim to become the first company in the Toyal Group to obtain the Level 3 of the "Eruboshi" certification, which is a certification system for companies excelling in the promotion of women's participation and advancement.



▶ Message from Executive Officer in Charge

The operations of the Household Products Headquarters are focused on B to C rather than B to B. We will operate our business based on the recognition that the needs of the world are directly posed to the Household Products Headquarters. In this sense, we believe that the increasing demand for FSC® certified paper and the request for volume reduction of household products are the challenges that arose from the perspective of consumers. Interest in the SDGs is growing among consumers as well, and in order to meet their expectations, we will further focus on efforts to address social challenges such as environment, diversity, and work styles.

Sales Toyo Tokai Aluminium Hanbai K.K.

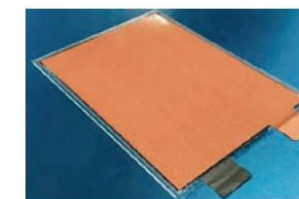
We will try to integrate management, decarbonization, SDGs and CSR, and challenge innovation with all employees involved to be a good company.

■ SDGs to contribute to through business



Business Overview

As a direct sales company of the Toyal Group, we will continue to sell the products of the Toyal Group that can contribute to society, and also the ones of companies other than the Toyal Group globally. In addition to contributing to the resolution of social issues such as energy issues, marine plastic waste problem and recycling issues through our products, we are also playing a role in improving the corporate value of both a client and a supplier by appropriately connecting them through our network of trading companies.



Semisolid battery of 24M Technologies, Inc.



Aluminium-related materials

Achievements in Fiscal 2020

Expansion of Sales of Eco-Friendly Products and Improvement of Systems

We also achieved results in a project to commercialize a type of rechargeable batteries, which have a large impact on sustainability, and made progress in the business with 24M Technologies, Inc., with which we have been collaborating on its development. We have been steadily expanding the sales of our lithium-ion batteries, products for capacitors, paper containers as plastic-free products, etc. We also revised part of the welfare program including the establishment of a remote working system, and in Singapore, improved the work styles taking religion into consideration.

Future Initiatives

To Be an Even Better Company with Everyone Involved

- ▶ We are developing new businesses and products that contribute to the realization of a carbon-free society. We are especially promoting the sales of batteries and electromagnetic components as well as the efforts related to rechargeable batteries and solar power generation.
- ▶ The challenge is how to set indicators for CO₂ reduction. It is necessary to create indicators to visualize the progress of the improvements that have been made each year.
- ▶ As the shift from plastic containers to paper containers is progressing, our company aims to lead the development of environmentally friendly containers that will become the global standard in the future.
- ▶ To respond to the trend toward plastic elimination and paper application that is being advanced mainly by food manufacturers, we will promote environmentally-friendly packaging materials such as bioplastics and resins.
- ▶ In response to the recent need for weight reduction, we are making efforts to expand the sales of products that respond to the environment, such as the cooperation with the Nippon Light Metal Group to accelerate the replacement of steel components with aluminium products. Going forward, we will also consider the use of green aluminium materials, aluminium ingots that do not use fossil fuels, etc.
- ▶ We have been promoting remote work and online business meetings as well as paper elimination for vouchers and contracts. In order to also promote management that values people, we will continue fair and sincere corporate activities for our overseas business sites as well, by improving the work environment to suit the characteristics of each region and understanding the local cultures, traditions and customs.








▶ Message from Executive Officer in Charge

This time, we have formulated our company's basic policy for sustainability promotion. We aim to be a company that is trusted and counted on by the society and business partners by incorporating decarbonization, SDGs, and CSR into the base of our management. As a trading company, Toyo Tokai Aluminium Hanbai K.K. will challenge the task to contribute to the society through the sales of products that help reduce CO₂ emissions, and link clients with business partners to create new business and promote global business development.

CSR Activity Action Plan

The Toyol Group set medium-term (fiscal 2021) and long-term (fiscal 2031) targets for the five key challenges of CSR, and has been working to achieve them with the Toyol Group Sustainability Vision in mind, which was established toward 2031, the year of the 100th anniversary of its foundation. In fiscal 2020, our activities were restricted due to the COVID-19 pandemic, but we achieved results in developing new business. On the other hand, in terms of quality, we received one serious complaint, and in terms of safety, two lost-time injuries occurred. In this fiscal year, we will proceed with each activity to achieve the medium-term targets for each challenge.

Key CSR Challenges	Relations with the Main SDGs	Main Activities	Activity Results of Fiscal 2020	Medium-Term Targets (Fiscal 2021)	Long-Term Targets (Fiscal 2031)
1 Innovation to Shape the Future		Existing business: Increase the proceeds of products that contribute to SDG 3, 7, 9, 11 and 12	Proceeds of products that contribute to the SDGs: 105% compared to the previous fiscal year	Set targets as a management strategy (integration into the medium-term management plan)	Triple the proceeds of products that contribute to SDG 3, 7, 9, 11 and 12 (compared to fiscal 2019)
		New business: Create the 4th pillar (business)	Prospect: Commercialization of one item	Commercialization of 1 item	Commercialization of 2 items
2 Environmental Protection		Reduce CO ₂ emissions from business activities (compared to fiscal 2013)	4.0% reduction compared to the previous fiscal year	2.5% reduction (compared to the previous fiscal year)	30% reduction (compared to fiscal 2013)
		Establishment a system to recycle solar cells	Concluded the NDA with partner what specifically we can do together companies and studied	Study how to establish a system to recycle solar cells	Establish a system to recycle solar cells and start the recycling
		Establish a system to recycle aluminium	Took a step back in the collection of food residue problems aluminium baking molds due to	Establish a system to recycle aluminium and start the recycling	Generalize aluminium recycling (with the established system)
		Establish a system to recycle paper containers	Performed recycling tests	Establish a system to recycle paper containers and start the recycling	Generalize paper container recycling (with the established system)
		Reduce industrial waste from business activities	14.2% reduction compared to the previous fiscal year	Reduction rate of industrial waste from business activities: 2% reduction in waste intensity (compared to the previous fiscal year)	Achieve zero industrial waste to landfill (zero emissions by recycling all)
3 Active Roles of Diverse Human Capital		Increase the rate of women in hires	Rate of women in new hires: 27.2%	Rate of women in new hires: 25%	Rate of women in new hires: 30%
		Active roles of senior human capital	—	Complete organizing a system centered on the mandatory retirement age of 65	Complete organizing a system centered on the mandatory retirement age of 70
		Active roles of autonomous human capital	“Skill development system” being introduced (new personnel system)	Expand the number of employees targeted for autonomous human capital development	Constructively continue autonomous human capital development
		Promote healthy management	Utilized the results of stress checks for to improve the workplaces team leaders and provided feedback	Continue to promote healthy management and gain external reputation as well	Constructively continue healthy management
4 Quality and Safety		Reduce the number of serious quality complaints	Number of serious quality complaints: 1	Achieve zero serious quality complaints	
		Reduce lost-time injuries, non-lost-time injuries, and fire accidents	Number of lost-time injuries: 2 Number of fire accidents: 5 (80% compared to the previous fiscal year) Number of non-lost-time injuries: 10 Number of minor injuries: 16	Achieve zero lost-time injuries, zero non-lost-time injuries, zero fire accidents, and 50% reduction of minor injuries* (compared to the previous fiscal year) Priority initiatives: Strengthen measures against accidents related to rotating objects and delivery equipment, and on-site slip and fall accidents	
5 Collaboration with Stakeholders		Improve reliability and satisfaction through conversations with various stakeholders (regions, customers, employees, etc.)	Dialogues with the government and employees Focused on information dissemination via the media and Web	Plan measures for the Toyol Group to address issues faced by various stakeholders	Build good relationships with various stakeholders and play a part in resolving issues

-> The details of the activities are reported in the section on key CSR challenges starting on page 21.

* The category/name of the accidents was changed from very slight injuries to minor injuries in April 1, 2020.

Creates the future

Microscopes in the Yao Core Technology Center

Innovation to Shape the Future

Relations with the Main SDGs



OUR APPROACH

In order to respond to social challenges, potential problems, and changes in the market environment that have become apparent, the Advanced Technology Division and the New Business Creation Division have classified the target markets into the following three categories: “existing market,” “new market,” and “next-generation market,” and are devoting resources to research & development and commercialization for each category. When it is difficult to find solutions on our own, we actively promote open innovation through alliances with venture companies, universities and research institutes, both in Japan and overseas.

We incorporate the concept of “Creating Shared Value (CSV),” deepen the communication with our stakeholders, and work on development that can realize the creation of shared value between the Toyo Aluminium Group and society. We also aim to lead the world with new ideas, being based on aluminium, but not limited to it.

Unique ideas are essential for new themes.

We move forward with open innovation and employee diversity.

In fiscal 2020, we focused on open innovation to enter the next-generation market. We have been developing battery components with an American venture company, 24M Technologies, Inc. In the “Toyo Aluminium Joint Research Course on Semiconductors” established at Osaka University, we are conducting full-scale experiments with the aim of developing semiconductor wafers.

Developing leading-edge technology on our own is becoming more difficult, so it is essential to have the sense of speed of venture companies, and free and active information exchange between universities.

Diversity of researchers is also an important factor for new perspectives and ideas. In this fiscal year, the rate of female and foreign researchers reached 20%. Going forward, we are planning to increase the rate to 30% and dispatch one course doctor or so per year.

Manufacturing is shifting from an era of focusing on economic efficiency and specifications to that of contributing to solving social issues. We will continue to put our energy into research and development of products that address social issues, especially environmental challenges.



Managing Executive officer
Supervisor of the
Advanced Technology
Division
Zenya Ashitaka

Practice case

Examples of Practice for Key CSR Challenges

case
01

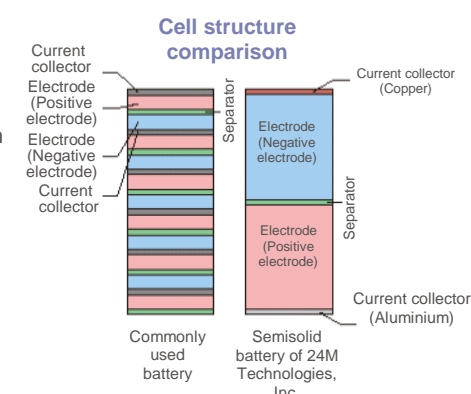
New business: Create the 4th pillar (business)

Development of Batteries for Next-Generation EVs

We are advancing the development of next-generation batteries through joint development with 24M Technologies, Inc., a battery technology venture company (Boston, USA). The impact of the COVID-19 pandemic delayed the start of the research activities, but researchers were dispatched to start the activities in October 2020.

The semisolid batteries developed by 24M Technologies are characterized by high safety, and by combining them with the electrodes that have our surface treatment technology applied, we aim to develop batteries with even higher safety. These electrodes can be used in various types of batteries and can also be used in lithium-ion batteries, which are handled in the foil business. They can thus contribute to the creation of new added value for existing business as well.

In addition, this is our first time to collaborate with an overseas venture company, and it is a valuable collaboration also in terms of fostering human capital for researchers.

case
02

Existing business: Increase the proceeds of products that contribute to the SDGs

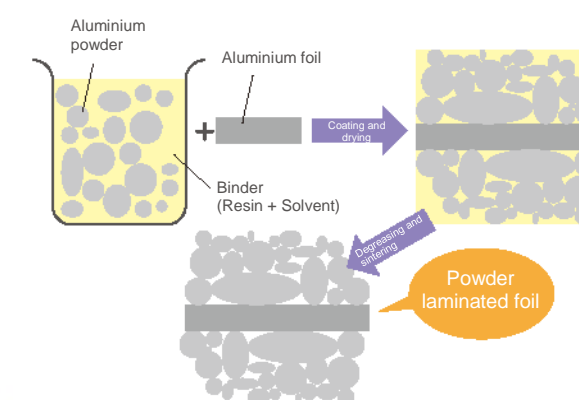
Development of Capacitors with Low Environmental Impact

The surface areas of conventional aluminium electrolytic capacitors are expanded by immersing the aluminium foil in hydrochloric acid solution and opening many fine holes through electricity. However, the hydrochloric acid used in this process is regarded as a problem because it imposes a burden on the environment.

The powder laminated foil developed by the Toyo Group does not use hydrochloric acid in manufacturing, so it can reduce the impact on the environment.

After a performance evaluation by a capacitor manufacturer, it is planned to be placed on the market in fiscal 2021.

How to manufacture powder laminated foil

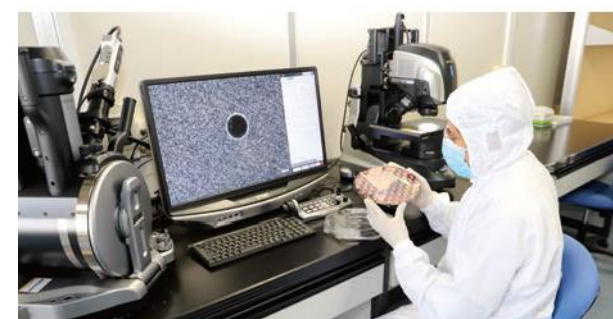
case
03

New business: Create the 4th pillar (business)

Establishment of Joint Research Courses with Osaka University

We established the “Toyo Aluminium Joint Research Course on Semiconductors” in the School of Engineering, Suita Campus of Osaka University in September 2020, and dispatch one specially appointed professor and one researcher. We are developing new semiconductors by making use of our expertise in the research and development of solar cell electrodes, and will aim to develop semiconductor wafers ultimately.

We have been making efforts in a university, which has a different system than before and a free atmosphere. We are expecting good results from this, and it is also a great advantage that we can connect with other research courses and cooperate with other universities and companies. We will actively strive to become a successful example of open innovation in our group.



Wafer observation in the laboratory

case
04

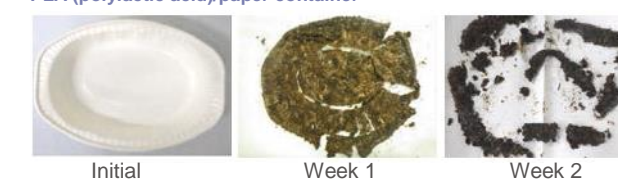
Existing business: Increase the proceeds of products that contribute to the SDGs

Development of Biodegradable Plastic Packaging Materials

Environmental pollution has been a worldwide problem such as microplastics due to the outflow of plastic containers into the ocean. We have been working to obtain basic biodegradation data by conducting disintegration tests and biodegradation tests with various biodegradable films, biodegradable resins, etc. Using this basic data, we are developing biodegradable paper containers by combining paper and biodegradable plastic through joint development with Toyo Aluminium Ekco Products Co., Ltd. Moving forward, we are planning to include them in our lineup of containers and packaging materials as environmentally friendly containers.

In this fiscal year, we are also participating in the Clean Ocean Material Alliance (CLOMA) to interact with each relevant company and explore new demands and use applications.

PLA (polylactic acid)/paper container



Environmental protection

Water droplets on a lotus leaf

Environmental Protection

Relations with the Main SDGs



OUR APPROACH

We are working on environmental protection from the perspective of reducing the environmental impact of our business activities as well as contributing to the environment through our products. In our business activities, we are making efforts to reduce the use of energy in each process in manufacturing, and to reduce, reuse and recycle waste. Especially for global warming prevention, in light of the Paris Agreement and the SDGs, we have set a goal of reducing the CO₂ emissions by 30% (compared to fiscal 2013) by 2031, which is the year of the 100th anniversary of the Toyoda Group's foundation. We will proceed with concrete initiatives moving forward. In addition, 16 of our offices (mainly production bases) have the ISO 14001 certification. Through the effective operation of the environmental management system, we prevent environmental troubles, comply with laws and regulations of each kind, reduce environmental impact, and promote management activities that are sustainable and in harmony with the global environment.

As one team as the Toyoda Group, we will work to address environmental issues and contribute to the realization of a carbon-free and recycling-oriented society.

As part of the MX Project, the Engineering Center Division, which was working on facility installation and modification, energy conservation in production activities and environmental pollution prevention, has been reorganized into the Corporate Division as a unit to support the environmental protection activities of each business site.

The government's announcement of its commitment to carbon neutrality has made significant progress in Japan toward the realization of a carbon-free society. We will continue and expand our existing steady activities for energy conservation, but these efforts are no longer enough for the targeted energy reduction.

We will first set specific targets to move forward for the realization as one team as the Toyoda Group.

We will also promote thermal recycling, and waste water and liquid recycling in each process, and cooperate with suppliers to accelerate the recycling of packaging materials and each type of products, contributing to the reduction of environmental impact.



Executive Officer
Foil Headquarters
In charge of the Yao Works
Unit, and the Engineering
Center Unit, Corporate
Division
**Masayoshi
Tsujino**

Practice case

Examples of Practice for Key CSR Challenges

case
01

Reduce CO₂ emissions from business activities Implementation of Carbon Footprint

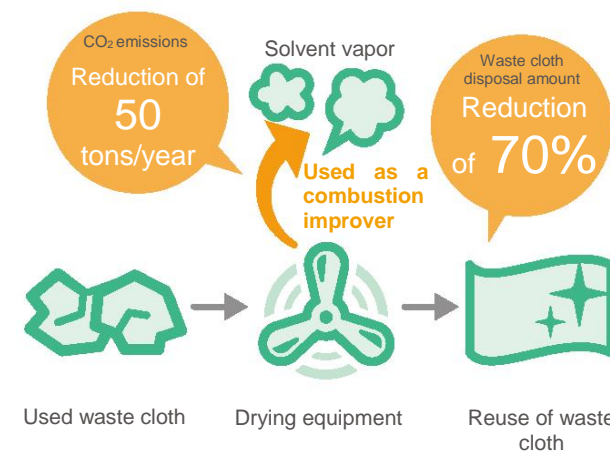
The Powder & Paste Headquarters has begun to work on "carbon footprint" that converts greenhouse gas emissions from procurement of raw materials through production, transportation, use, recycling and waste disposal, into CO₂. We will respond to the environmental needs of our customers, and expand our efforts as a model case of carbon management in the Toyoda Group.

*Please refer to page 9 to 12 for details.

case
02

Reduce CO₂ emissions and industrial waste from business activities Utilization of Used Waste Cloth

In the Gumma Works, we made efforts to utilize waste cloths containing used solvents (cloths for cleaning equipment). We used to just dispose of waste cloths after use, but now we reuse them by putting them into drying equipment after use. In addition, by using the solvent vapor generated during the drying treatment as a combustion improver for deodorization furnace equipment, the combustion efficiency has been improved and also CO₂ emissions have been reduced by energy conservation. This initiative has enabled us to reduce the disposal amount of waste cloths by approximately 70%, and CO₂ emissions by approximately 50 tons per year.

case
03

Establish a system to recycle paper containers Promotion of Paper Container Recycling

We are promoting the activities to recycle waste paper generated in the Shiga Plant of Toyo Aluminium Ekco Products Co., Ltd. as pulp mold containers (molded containers made of pulp). We carried out study and review with prototypes in fiscal 2020, and we are planning to have demonstration tests performed by customers going forward. In addition, we will conduct recycling tests with food residues assuming the collection of used products.



Prototype 1
Waste paper was crushed into fine pieces, and the resin and pulp were separated in the defibrating process to perform molding.

Prototype 2
Fine resin was removed with a filter to perform molding.

Prototype 3
For reinforcement, virgin pulp was mixed to make up for the lack of strength of recycled pulp.

case
04

Reduce industrial waste from business activities Selection of Packaging Materials Based on Recycling

We used to dispose of wooden crates for large materials after use, but we have changed the design to make them easier to recycle, and are now testing them. In addition to the contribution to waste reduction, it also leads to the reduction of the cost for waste disposal.



Topics

Reduce industrial waste from business activities Recycling of Work Uniforms

Work uniforms are provided twice a year at the Yao Works, and we have started collecting and recycling used work uniforms. Although its impact on the environment is not large, we expect it to also improve the environmental awareness of each employee.



Human resources

Osaka Office
Meeting in a freely usable space

Active Roles of Diverse Human Capital

Relations with the Main SDGs



OUR APPROACH

As a Group that values people, we respect the diversity, personality, and individuality of our employees and aim for “active roles of diverse human capital.” Amid a business environment undergoing rapid globalization, we are promoting the recruitment of overseas human capital, and developing global human capital through various educational programs such as long-term and short-term study abroad programs. In response to the decline in labor force due to the declining birthrate and aging population in Japan, we are working to create an environment where employees can exercise their abilities regardless of gender or disability, by enhancing the systems for childcare leave and shorter working hours for childcare, considering making the workplaces barrier-free, etc. We are also providing career support for women to promote their shift to professional positions. In addition, to reform the work styles, we are focusing on the introduction of a remote working system, a selective working hour system, and the reduction of the total number of working hours per year by reducing and streamlining meetings, and revitalizing communication through the use of new IT systems. We will continue to create an environment in which each and every employee can achieve a balance between life and work and diverse human capital can exert their abilities to the fullest with enthusiasm.

We will create a personnel system with high equity and transparency to develop the autonomous human capital targeted by the MX Project.

The MX Project was launched in fiscal 2020 with the aim of fostering autonomous human capital. In April 2021, we reformed our organization from a division/department system to a unit/team system in order to realize a flat organization. And in July 2022, we are going to shift from the conventional seniority system to a skill evaluation system for the evaluation of management, senior professional and professional positions to create a rewarding personnel system where employees are evaluated based on the skills they demonstrate.

For human capital employment, we will continue to promote the recruitment of overseas human capital focusing on diversification. Also, it goes without saying that genderless employment is important. We will continually recruit talented human capital regardless of gender, and also consider hiring elderly people looking ahead to the future changes in the productive population.

We will continue to promote the MX Project and strive to maintain high motivation and foster autonomous human capital who can deliver great performance.



Managing Executive officer
Corporate Division
In charge of the Personnel
& General Affairs Unit
Masashi Yamamoto

Practice case

Examples of Practice for Key CSR Challenges

case
01

Active roles of autonomous human capital **Promotion of the MX Project to Reform Organization and Personnel System**

In 2020, we started the reform of our organization and personnel system in order to develop the autonomous human capital that the Toyal Group is aiming for. In April of this year, we abolished the division/department system and introduced a unit/team system. We simplified the hierarchy and restructured it into a cross-functional organization. Going forward, we will also proceed with delegation to create an organization that can further speed up decision-making, etc. We will also revise the seniority system and introduce a skill evaluation system that considers the promotion of young employees. We are also planning to change the compensation system accordingly in July 2022. Specifically, it is a system where employees set their skill definitions, and can be promoted or given a raise by self-report if they demonstrate the skills. The evaluation is conducted by a neutral assessor to ensure transparency and objectivity. We are planning to revise the personnel systems of assistant staff and line divisions as well in July 2023. We will create systems where the voices of employees are heard and their motivation can be improved.

Personnel system
revision policy

From the seniority system to performance-based evaluation

Before

It takes a **certain number of years** to be promoted.

Almost all employees can be promoted at a **certain age**.

Not possible to put mid-career and young employees in important positions.

Employees' career steps are limited to advancing to **management positions**.

After

Employees can be promoted **regardless of age if recognized as competent**.

Senior professional positions established.

They do not have to be an organization leader to advance their career.

Personnel system
revision policy

From competition between individuals to co-creation with teams

Before

Bonuses determined based on **individual performance**

Management based on personal goals (MBO) **directly linked to personnel evaluation**

After

Bonuses determined based on **company/division performance**

Management based on team goals (OKR) **not directly linked to personnel evaluation**

case
02

Active roles of autonomous human capital **Training Courses Voluntarily Selected**

We are creating a system that enables employees to develop their skills autonomously. We introduced Biz CAMPUS in fiscal 2020, which is a selective training program in which each employee selects the courses to take for learning, rather than the company designates the courses. Its visibility and usage rate were low in fiscal 2020, but both are gradually rising. We have made it possible to take all the courses online to respond to the remote work environment associated with the COVID-19 pandemic. We are also devising a new system to support skill development to actualize career support that meets the wishes of each and every employee. In addition, we are considering a succession plan to develop human capital that will lead the next generation of the Toyal Group. Preparations are being made to announce it around October 2022 as a system to support the realization of the careers desired by employees regardless of gender, as a new support for skill development is paired with a skill evaluation system.

Training system of Biz CAMPUS

Category	Hierarchy
Planning & Control	New employees
Communication	Young employees
Thinking	Mid-career employees
Business Knowledge	Management/supervisory positions
Self-Management	

Topics

Recruitment of global human capital **Recruitment of Human Capital for the Future**

From the perspective of diversification, we have been focusing on the recruitment of overseas talented human capital, regardless of nationality or gender. In particular, we are focusing on human capital recruitment in the fields of electrical and electronic engineering and mechanical science, and in fiscal 2020, two graduates from Hanoi University of Science and Technology, Vietnam joined the company. We are continually promoting the international human capital recruitment in this fiscal year. Diversity in human capital is essential for the development of new ideas and technologies. We hope that our international human capital will play an active role also in the global offices of the Toyal Group. We will continue to recruit the human capital essential for the future growth of the Toyal Group including IT-related human capital, and continue the recruitment activities in accordance with the corporate strategy.

Comments from global human capital (from Vietnam)

Facilities Team, Yao Works Unit, Foil Headquarters



It is difficult to learn technical terms, but I have my senior colleagues explain them carefully and I'm taking baby steps to understand them. I would also like to learn the Osaka dialect and experience the Japanese culture.

Mr. Nguyen The Bon



I will learn the work and skills while understanding cultural differences. I would like to provide many ideas for environmental and safety improvements.

Mr. Le Van Tuan

Topics

Toward the Acquisition of the “Eruboshi” Certification

Toyo Aluminium Ekco Products Co., Ltd. has begun moving forward with the acquisition of the “Eruboshi” certification, which is given to “companies excelling in the implementation status of activities to promote women’s participation and advancement” based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. We have published our corporate data and action plan on the MHLW website and applied to the Osaka Labour Bureau, and the application has been accepted. We aim to obtain the Level 3 of the Eruboshi certification in fiscal 2023. Since its business handles household products such as aluminium foil containers and paper containers, many of the company’s customers are women. Taking this as one of the motivations, we will continue to focus on the promotion of women’s participation and advancement.



Quality and safety

Drilling in a workshop of the Shiga Plant, Toyo Aluminium Ekco Products Co., Ltd.

Quality and Safety

Relations with the Main SDGs



OUR APPROACH

We have been continually working on quality improvement, and 18 domestic and overseas companies of our Group have the ISO 9001 certification. For safety, the Safety and Health Secretariat is assigned to each production site and the CSR Promotion Team serves as the center of the management, for the Head Office and the production sites to work together to implement activities for occupational safety and health.

In addition, in order to fulfill our responsibilities for the quality and safety of the contractors that support us, we actively support their quality patrols and on-site witness for the safety of leased facilities while respecting their autonomy, to prevent accidents and troubles also outside the production sites of our Group.

We will continue to comply with social norms and strive to further improve quality and safety, aiming to be a Group that is even more trusted by customers.

Verification of “whether the current state is good enough to secure the Toyo Group’s quality.” We started new initiatives to improve quality.

To respond to the demand for higher quality aluminium materials in various fields, we started a voluntary quality audit in fiscal 2020 and established a system to internally verify whether the improvement measures for past complaints were appropriate. We have also introduced a system for the mutual diagnosis of quality assurance systems between the business sites. Unfortunately, we received one serious quality complaint in fiscal 2020, but we believe that the pursuit of quality will never end, and we will continue to strive to improve quality and relationships with customers.



Executive Officer
Corporate Division
In charge of the IT
Management Unit and
Quality Assurance Unit
Norio Kasetani

**Achieving zero accidents is a permanent goal.
We will once again establish the awareness that safety comes first.**

Safety comes first above anything else. Unfortunately, two lost-time injuries occurred in fiscal 2020. We are concerned that once safety is compromised, those who are working in the environment may feel more anxious with the psychological burden caused by the incident. Achieving zero accidents is an unchanging goal. We will continue our efforts by repeatedly raising employee awareness and conducting training, while maintaining the horizontal connection. As part of the measures to strengthen our emergency response capabilities that we have been working on since 2019, all of our business sites aim to obtain the “resilience certification” in this fiscal year.



Executive Officer
Corporate Division
In charge of the Business
Supporting Unit
Takeshi Ariyoshi

Practice case

Examples of Practice for Key CSR Challenges

case
01

Reduce the number of serious quality complaints Enhancement of Quality Assurance System

The members of the Foil Converting Team of the Quality Assurance Unit voluntarily and mutually audited the status of the other manufacturing sites to horizontally diffuse the instructions and successful cases and share information quickly. In addition, the quality assurance system of each production base was diagnosed to visualize the strengths and weaknesses of the sites in the form of radar charts, compare them, and encourage each site to make improvements. We inform our overseas business sites of the focus points to strengthen the quality assurance systems of the Toyo Group through questionnaires, etc. to improve the quality assurance system of the Toyo Group as a whole.



Quality assurance system diagnosis in the Yao Works

Topics

Synergy Effect with Customers

When we received a complaint in the plain foil business, the Quality Assurance Division, Manufacturing Division and Sales Division collaborated to determine the cause, actively visited the site of the customer, developed hypotheses and repeated improvements. As a result, we were able to stabilize the quality and build a relationship of trust with the customer.

case
02

Reduce lost-time injuries, non-lost-time injuries, and fire accidents Enhancement of Measures to Prevent Accidents of Being Caught in Machines

Among the many occupational accidents, accidents of being caught in production facilities are one of the most serious risks for our Group. Unfortunately, two of these accidents occurred in fiscal 2020 (both were lost-time injuries). In response to the occurrence of the accidents, we immediately identified the hazards (sources of the danger) in all of our business sites, and expanded the countermeasures. The sites where the accidents occurred underwent a particularly careful review. While there are various factors for accidents, we will strive to improve the level of safety by implementing thorough safety education.



Entry prevented by installing covers all around the production facility

Topics

Safety Training Using Simulation Training Equipment

While it has been difficult to carry out hands-on training due to the COVID-19 pandemic, we conducted training using simulation equipment in the Kanbara Works. The equipment was made in the Kanbara Works with reference to the simulation equipment in the Yao Works. It was also lent to the Chigasaki Works and Gumma Works for training mainly for young employees to learn about the importance of safety action.



Simulation of falling shock absorption with and without a helmet



Simulation of a rubber hose being caught in a rotating object

Collaboration with stakeholders

Collaboration with Stakeholders

Relations with the Main SDGs



OUR APPROACH

The Toyol Group has been contributing to local socioeconomic activities through production activities and employment. In collaboration with local communities, we also actively support and sponsor cultural programs, environmental preservation activities, etc. as well as give cooperation and support for food bank activities through NPOs. We are also making efforts to contribute to the development of the next generation through support for field trips planned by NPOs (acceptance of junior and senior high school students to visit our companies). We work on various other activities as well, including volunteer cleanup activities by employees and support activities for areas affected by natural disasters. We will continue to promote active efforts through a variety of activities and contribute to a sustainable society, and thereby aim to further improve our corporate value.

We will also focus on information dissemination to increase the contact points with the society.

In fiscal 2020, since it was difficult to hold face-to-face workshops due to the COVID-19 pandemic, we made efforts to ensure the communication with our stakeholders through the media, such as the production and broadcast of TV programs including overseas broadcast, and sharing via our official YouTube channel. We will continue to communicate our efforts for social challenges through various media.

In addition, we will collaborate with our stakeholders to solve social challenges surrounding the Group, such as carbon neutrality, RE100, green aluminium, and TCFD.

Just like people cannot live by themselves, companies cannot last by themselves. We would like to make progress toward achieving the SDGs through conversations and collaboration with various stakeholders.



Executive Officer
Corporate Division
In charge of the
Business
Administration Unit
Hideo Ishiguro

Cleaning the side ditch of the park next to the Shinjo Works

Practice case

Examples of Practice for Key CSR Challenges

case
01

Dialogues with various stakeholders Enhancement of Sharing via the Media Such as TV and SNS

Since face-to-face event activities were restricted due to the COVID-19 pandemic, we focused on disseminating information through the media. Through NHK World Japan, we sent a message "aluminium technology for richer lives" to the world about our social contribution through the Toyol Group's business. This program was then produced in Japanese, and now can be viewed on the official YouTube channel of the Toyol Group.



<https://www.youtube.com/watch?v=Cz2AxkvWpMc>

case
02

Dialogues with various stakeholders "Sustainable Peace Plate" Contest at Tokyo Woman's Christian University

A contest for "sustainable and peaceful dishes" was held as practical training at Tokyo Woman's Christian University, where our outside director Mari Christine works as a specially appointed professor. This contest was held with the aim of thinking about peace and sustainability through food, and as a project to propose what can be done to find and solve problems in modern society through the SDGs. As a cooperative Group, we shared the Toyol Group's activities to contribute to achieving the SDGs as companies, and worked with the students in planning, preparing, and judging the contest.

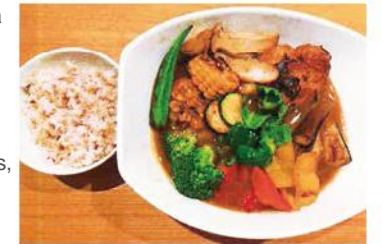


Plate that won the contest
"Clear out the vegetable drawer! Veggie
broth soup curry made only with
vegetable savoriness and curry powder"

case
03

Dialogues with various stakeholders Collaboration Project with Graduate Students of Kyoto Institute of Technology

As a collaboration project with graduate students majoring in art design at Kyoto Institute of Technology, we created museum goods using our products. Using our product CHROMASHINE®, we expressed the beautiful colors of the works and materials housed in the Museum and Archives of Kyoto Institute of Technology. The finished goods were exhibited not only in the Museum and Archives of Kyoto Institute of Technology, but also in the Osaka Office and the Shinjo Works.

case
04

Dialogues with various stakeholders Cooperation in Food Bank Activities

The Toyol Group donates emergency food as a cooperation in food bank activities. In fiscal 2020, the Osaka Office donated 1,620 meals (180 servings x 3 days) to the Food Bank Osaka as a support for those who were in need of daily meals due to the impact of the COVID-19 pandemic.

Establishment of Sustainable Link Lab

"Sustainable Link Lab" has been formed, which is a working group that supports the social contribution activities of the Toyol Group employees. This activity was originally started by employees voluntarily, and officially started in April 2021.

This is a project to support the passion of employees who want to act on their own initiative, not as company operations. It is positioned as a place to create opportunities where each individual can actualize their will to do something.



A remote meeting of Sustainable Link Lab

case
05

Dialogues with various stakeholders Dialogues with Various Organizations and Local Governments

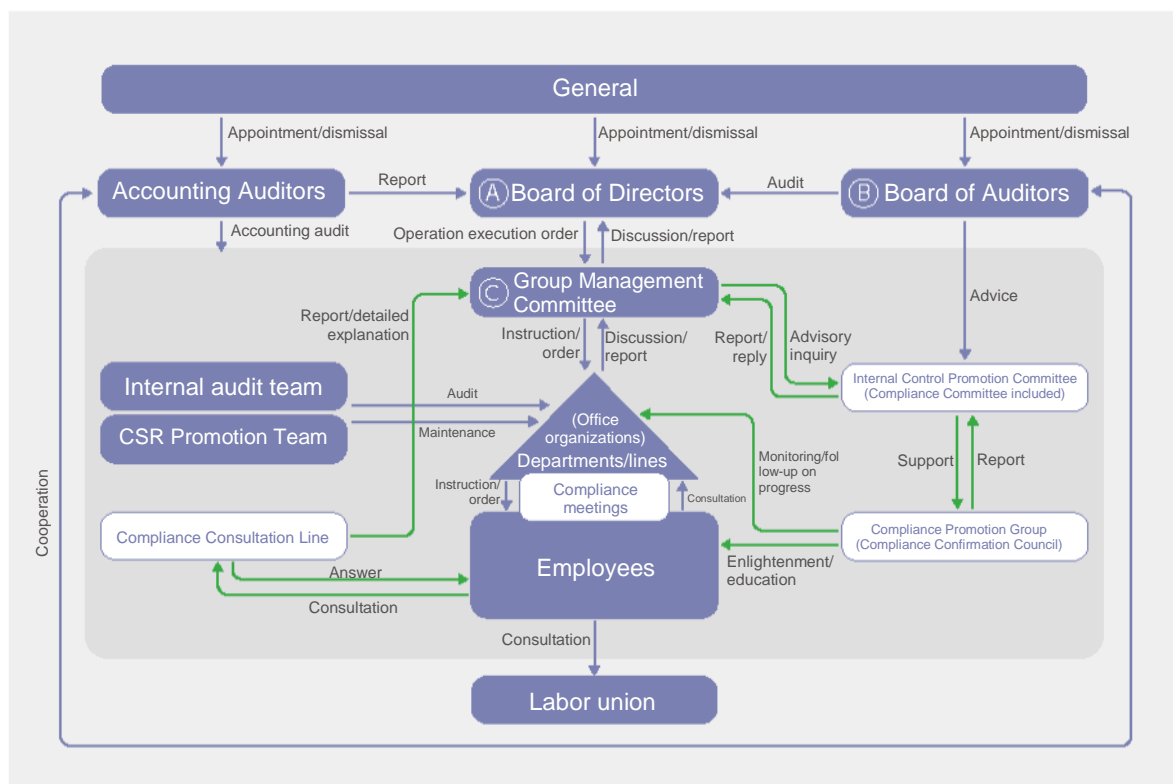
We held forums for opinion exchange with local governments of the places where the Group's business sites are located, such as Katsuragi City, Gose City, Hino Town and Yao City, as well as various organizations including the Yao Chamber of Commerce and Industry and the Consulate of France. We introduced the Toyol Group's business activities and efforts for the SDGs, and exchanged opinions on regional revitalization and other topics with them.

Corporate Governance

Corporate Governance Structure

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 suppliers, employees, and local communities.

Corporate governance structure (As of June 2021)



[A] Board of Directors

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



9 directors
4 of them are outside directors (2 women)

[B] Board of Auditors

The Board of Auditors is composed of six auditors, including three external auditors. They audit the execution of duties by directors, and monitors the appropriateness and rationality of the activities and operations of each operation execution line within the Group in cooperation with the Internal Audit Office.



6 auditors
3 of them are external auditors

[C] Group Management Committee

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

Message from Outside Director



Outside director
Yusuke Kawamura

[Profile]
After graduating from the Faculty of Law, University of Tokyo in 1977, he joined Daiwa Securities Co., Ltd. In 1981, he obtained a master's degree in law from the University of Washington. After working as a professor at Nagasaki University and as a vice president of Daiwa Institute of Research Ltd., he became a representative director of the Institute of Global Policy Research (general incorporated association) in 2020. He has also served as a member of many government bodies, including the Fiscal System Council and Business Accounting Council. He assumed the post of an outside director of our Group from June 2020.

I contribute to fostering the way of thinking that captures business from a financial perspective

I became an outside director of the Toyol Group in 2020. I have served as an outside director in several companies and have experience in all types of governance systems, including joint-stock companies with a nominating committee, etc., the ones with a board of auditors, and the ones with an audit and supervisory committee. With all of my experience, I recognize that the Toyol Group's corporate governance is excellent. Although the Toyol Group is a group of unlisted companies, the Board of Directors is composed of members with rich diversity and transparency and is always full of active opinions, which reminds me of the board of a listed company. I was in charge of investment banking operations and corporate planning operations at a major securities company for a long time, and built up my career focusing on corporate fund-raising business. Then, I have been involved in financial accounting, corporate accounting and corporate management focusing on capital markets. I believe that my role is to foster a culture of thinking from a financial perspective in every aspect of a business.

The Toyol Group is a very interesting Group that creates a variety of products by applying aluminium as a material and through technological innovation, and also contributes to the environment and the achievement of the SDGs. On the other hand, from a financial perspective, we need to respond more flexibly to the current social and economic environment that is rapidly changing. I hope that we will have the mindset to actively think about how to use money to grow a business, not only in the finance departments, but also in each business category. In addition, I believe it is important to be aware that we can boost our own growth strategy by investing in external people, technologies and companies, not only self-reliant technology development.

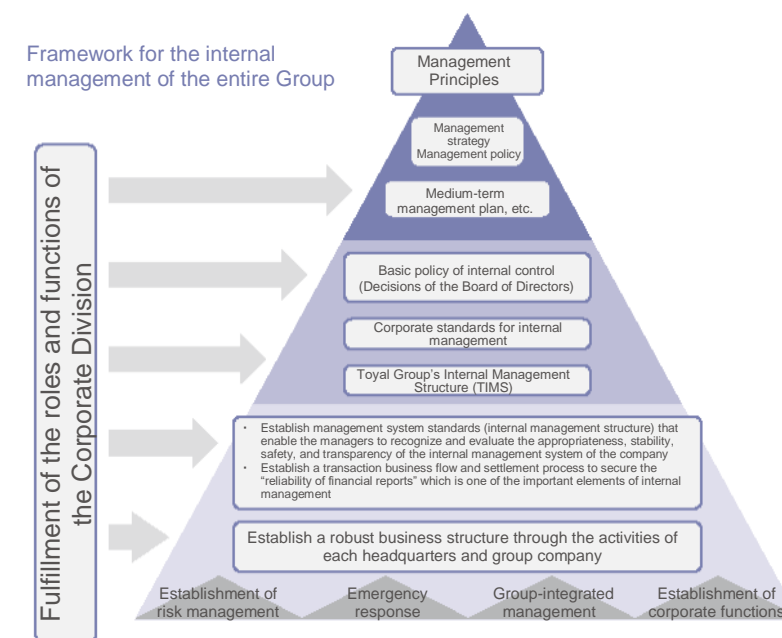
I expect us to have an attitude to "challenge" while maintaining solidity.

In order to organize a system to promote efforts for the SDGs, the Toyol Group established the key CSR challenges (materiality) in fiscal 2017, and the "Toyol Group Sustainability Vision" in fiscal 2018, and also set KPIs such as the determination of products to contribute to the SDGs and the increase in the proceeds of them. I consider efforts for the SDGs to be an ecosystem that emphasizes the processes, not the wealth as the result. It is an essential existence that creates good qualities in three ways: "earth," "humankind," and "companies," and will be one of the elements that constitute the characters of a company in the future. SDGs are a subject that is actively discussed by the Board of Directors as well. While there is a monitoring model and a management model for corporate governance, I recognize that the major mission of outside directors is to provide advice on the SDGs from both perspectives. What we need to have moving forward is the "spirit for new challenges." I expect us to achieve sustainable growth by taking risks for adventure sometimes, while maintaining solidity.

Internal Control System

From the perspective of autonomy, the Toyol Group has "corporate governance," "legal compliance," "risk management," "securing of the reliability of financial reports and information disclosure," and other systems for control and management as "corporate standards for internal management," under the "basic policy of the internal control system" that was established to ensure the appropriateness of operations in accordance with laws and regulations. In addition, taking into consideration the concepts from the perspective of heteronomy as a member of society, such as "CSR," "ESG," and "SDGs," we formulated the "Toyol Group's Internal Management Structure (commonly known as TIMS)" that plots the elements of internal control and management, and established it as a framework for the internal control and business management system of the entire Group.

Framework for the internal management of the entire Group



Risk Management

In anticipation of more complex risks associated with future globalization, the Toyol Group has started the full-fledged “Enterprise Risk Management” activities targeting the entire Group. Centered on the CSR Promotion Team, we identify and recognize risks for the entire Group from a global perspective, consider countermeasures, and manage risk management activities in an integrated manner. The overviews of these activities are reported to the Group Management Committee on a regular basis. In fiscal 2020, out of the eight risk areas identified by our Group, we focused on improving transaction management and numerical management, in addition to emergency response, improvement of internal control systems, establishment of the roles of corporate functions, and improvement of the Group-integrated management, which we have been working on since fiscal 2020. We are also making efforts to enhance the response to the risks of a pandemic which became apparent with the spread of COVID-19.

8 risk areas to note

- 1. **Emergency response (Enhancement of the response in the case of emergency)**
- 2. International situation
- 3. Public regulations
- 4. **Improvement of internal management systems (Secondary establishment of internal management)**
- 5. **Establishment of the roles of corporate functions and improvement of the Group-integrated management**
- 6. **Improvement of transaction management and numerical management**
- 7. Improvement of quality management systems
- 8. Human capital and labor

Achievements in Fiscal 2020

- Establishment of the roles of corporate functions and improvement of the Group-integrated management**
- Launched WT with members from all over the Group to gather opinions on three themes
- Improvement of internal management systems (Secondary establishment of internal management)**
- Designed a cycle to formulate plans of improvement measures for manufacturing sites in Japan
- Improvement of transaction management and numerical management**
- Restructured the business flow and clarified risks
 - Reconfirmed the Control Points in the business flow
- Emergency response (Enhancement of the response in the case of emergency)**
- Formulated emergency response guidelines (Including a shared timeline for emergency response)
 - Organized a system for the response and the concepts of the division of roles

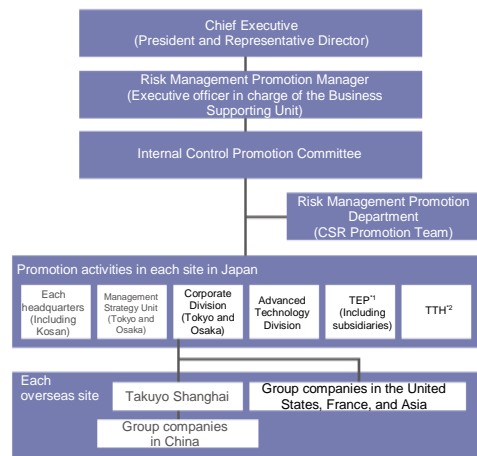
Activity schedule

	2020	2021	2022	2023
Group-wide risk management			Implementation	of evaluation
Group-wide theme promotion				
Establishment of the roles of corporate functions and improvement of the Group-integrated management	Concept study	System establishment	Response to remaining issues and operation establishment	
Improvement of internal management systems (Secondary establishment of internal management)	Establishment of cycles in Japan (Manufacturing sites and subsidiaries)	Establishment of cycles for other sites	Risk management method review	
Emergency response (Enhancement of the response in the case of emergency)	Concept study	Operation establishment through training, etc.		

Compliance

The Toyol Group has been carrying out compliance activities as the entire Group to thoroughly ensure corporate ethics and legal compliance. The plans, progress and results of the activities are reported to the Internal Control Promotion Committee, and the CSR Promotion Team, the secretariat of the committee, periodically reports the overviews to the Group Management Committee. In fiscal 2020, we conducted activities to deepen the relevance to risk management activities with strengthened functions and systems. We will continue the activities to enhance the effectiveness of our efforts.

Risk management system



*1 TEP: Toyo Aluminium Ekco Products Co., Ltd.
*2 TTH: Toyo Tokai Aluminium Hanbai K.K.

Third-Party Opinion



Specially appointed professor at the School of Business Administration, Meiji University
Senior advisor at the Sustainability Promotion Division, Sompo Japan Insurance Inc.

Masao Seki

From the Toyol Group Sustainability Report 2021, I can see that the efforts that have been made according to the basics are steadily evolving. In the report of this year, the slogan has changed from “Create the future, I will create it” to “Join Together to Shape the Future,” which shows the determination to create the future with the participation of all employees.

Points to be highly evaluated

- The section of Top Commitment by President Kusumoto shows that the roles that the Group should fulfill in the society as a material manufacturer are fully recognized, and it clearly states that the social responsibilities will be integrated into management through products, services and business processes. In addition, efforts were made to create a vibrant organizational climate, and the management principles (Mission, Vision, and Value) were formulated with the participation of employees centering on young and middle-level employees.
- In the dialogue with external experts, CEO Imasu expresses his belief and commitment for the ESG management and is passionate about lighting a fire in the hearts of employees saying that the top needs to instill enthusiasm to make the entire Group passionate.
- The executive officers in charge of each headquarters are speaking in their own words about the materialization of management strategy. In addition, not only the achievements to date but also future efforts are specified as concrete actions.
- With regard to the target of CO₂ emission reduction of 30% compared to fiscal 2013 by 2031, it has been reviewed considering the government target as well, and it is being considered to reset it to be a higher target. In addition, the advanced initiatives in Europe are on the way to being shared and diffused within the Group from a global perspective.
- The awareness of the importance of initiatives for the respect for human rights and the understanding of the necessity to make efforts including the supply chain from a global perspective are becoming widespread within the Group.

Response to the third-party opinion



Executive Officer
Corporate Division
In charge of the Business Administration Unit

Hideo Ishiguro

I would like to show my gratitude to Mr. Seki for the kind words and honest advice. As the MX project has started and we are aiming to be an autonomous organization, it is a great encouragement to know that Mr. Seki highly evaluates that we established the management principles (Mission, Vision, and Value) with the participation of employees and are considering resetting the CO₂ emission reduction target to be a higher target in view of the Japanese Government target. Regarding the pointed out matters, which are human rights, diversity, and management strategy based on the TCFD, we would like to materialize them one by one in our efforts to achieve the sustainable development goals. Going forward, we will fulfill our social responsibility as a manufacturing Group, and take concrete actions such as creating a cross-unit organization within the Toyol Group and quantifying CO₂ emissions throughout the value chain and supply chain, toward the realization of a carbon-free society which is one of our medium- to long-term challenges. As a new phase of the “integration of management and CSR,” we will strive to enhance our corporate value through management strategy based on ESG and aim to become a “Group that we can be proud of both to ourselves and to the world,” not to mention to our stakeholders.

Points that should be improved moving forward and recommendations

- Changing the report title and restructuring the Group's internal system indicate the intent to mainstream sustainability in management and link the SDGs to business opportunities. While this point should be greatly promoted, it is also necessary to steadily promote efforts to fulfill the basic social responsibilities. I would like you to continue to use both the SDG Compass and ISO 26000 as guidelines and deepen the efforts from both perspectives.
- Although the importance of the respect for human rights is mentioned in various sections of the report, it has not yet resulted in any concrete plans or results, such as the formulation of a policy for human rights or a system of human rights due diligence. Respect for human rights is one of the basic principles of the SDGs. Management in accordance with the United Nations “Guiding Principles on Business and Human Rights” is an urgent issue that even directly affects the competitiveness of companies.
- The section of “Active Roles of Diverse Human Capital” does not describe any initiatives to promote the employment of people with disabilities, including the employment rate of people with disabilities. Since this matter is an important aspect of diversity, I think it should be mentioned in the report.
- As an important global issue along with climate change, it is necessary to stop the ecosystem degradation that is rapidly progressing and move toward a recovery track. It is required to incorporate this effort into corporate management. As a framework for information disclosure, the concept of the TNFD, which is equivalent to the TCFD, is already being established. Efforts need to be made to conserve and restore the ecosystem, in consideration of its strong relevance to climate change as well as the global trends.

Conclusion

I can see that in order to promote sustainability management, internal systems have been developed and incorporated into the operations of each headquarters, employees are more aware of the challenges as their own issues, and that the backcasting approach from a long-term perspective is also becoming widespread. I believe these efforts will surely lead to future achievements. I hope that you will continue to deepen the conversations and collaboration with stakeholders, and that each division including the New Business Creation Division will play an even more significant role as a material manufacturer that will bring about a transformation in society.