



Toyotal Group Sustainability Report
Sustainability Report
2022



Join Together to Shape the Future



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.

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

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We will work together to create new value for the realization of a sustainable society.

President and
Representative
Director

**Kaoru
Kusumoto**



We will implement four reforms under the MX project to become a Group that can contribute to society.

The Toyol Group is working to create a Group that can contribute to society under the slogan “Join Together to Shape the Future.”

Two years have passed since the launch of the management platform reform project (hereinafter called the “MX project”). The MX project calls for four reforms: the formulation of MVV (Mission, Vision, and Value), organizational reform, personnel system reform, and communication system reform. Fiscal year 2021 was the year of its execution.

In the personnel system reform, we shifted from competition among individuals to work styles that emphasize co-creation as a team. In the communication system reform, we adopted OKR* (objectives management approach) and worked through trial and error to improve the system. Sharing meetings were held among unit leaders and team leaders in approximately 40 units and 110 teams to improve communication skills from casual conversation.

I hope that each team will be united in setting goals such as “number one in xx” and “one of a kind in xx” and trying to achieve them, and I feel that the Toyol Group style of OKR has been born from this effort.

I believe that fiscal year 2022, the third year of the MX project, is the year in which we should achieve results. I would like us to work on value creation while upgrading the version by all of us.

* OKR: Objectives and Key Results

To be a sustainable Group by creating products that lead to the solution of social challenges

Our Group’s business performance has been greatly affected by the procurement of raw materials, increase in the prices, and other factors due to major changes in the social environment, such as changes in work styles due to COVID-19, the impact of Russia’s invasion into Ukraine on the global economy, and the rapid depreciation of the yen. Under these circumstances, each business division is strengthening its initiatives for sustainability and ESG, and is working on product making to solve social challenges and environmentally conscious businesses.

In terms of CO₂ emissions, the process to make aluminium ingots accounts for the majority, and our processing part occupies a small amount compared to it. Therefore, how to procure aluminium ingots is one of our challenges. We are also considering the procurement of green aluminium that uses renewable energy when manufacturing aluminium ingots. Reducing CO₂ emissions in our business activities is a matter of course, and we will also work on how to recycle aluminum foil processed into products as one challenge.

In order to strengthen decarbonization and carbon neutrality initiatives, our Group has decided to raise the target for reducing CO₂ emissions in our business activities to 38% reduction, which is to be achieved in fiscal 2030 (compared to fiscal year 2013).

In our main business, aluminum foil is used not only for wrapping food or medicine, but also for lithium-ion batteries, which are environmentally compatible products. We would like to make this a pillar of our development. As for powder, we think that in addition to being used as raw materials for pastes, the demand for it will increase as an application mainly for heat dissipation in electric and electronic parts, and as materials for 3D printing that can also reduce the environmental load through an innovative manufacturing method called additive manufacturing, which has been attracting attention in recent years. In the area of household products, each business division is working on product making that leads to the solution of social challenges, such as creating environmentally compatible products using paper instead of sticking only to aluminium. In addition, the Advanced Technology Division and New Business Creation Division will respond to customer needs, the environment, health and medical life, and solutions for social challenges.



In this way, we will promote the development of the three “pillar” businesses and new businesses, and proceed with the initiatives for sustainability, including overseas.

We will become an organization that can co-create in a safe and stress-free work environment and steadily move toward our 100th anniversary of the foundation.

The Toyol Group is also making efforts to ensure that all employees can work safely and without stress, aiming to transform itself into an autonomous organization.

In order to increase their motivation as well as provide customers with precise products by creating a safer and more secure work environment, we visualize the state of the organization through engagement surveys and conduct employee stress checks on a regular basis.

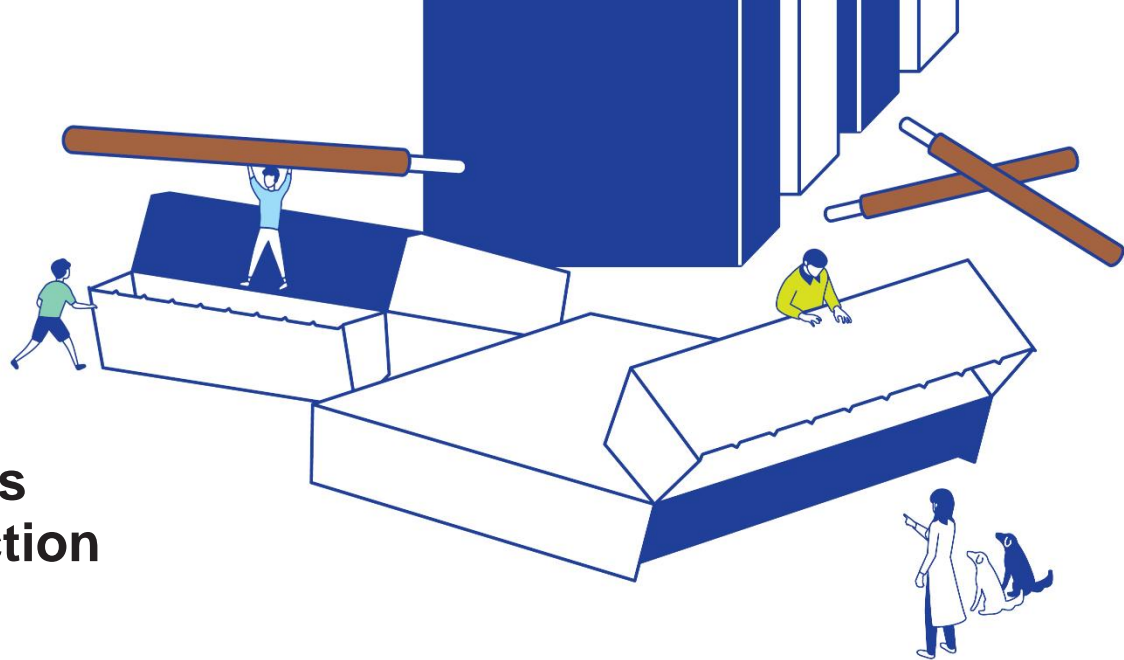
Furthermore, as a manufacturing Group, we established the Group Safety Management Team in October 2021 to further strengthen the safety at manufacturing sites.

With regard to human capital, we are not only expanding the employment of women, but also seeking diverse human capital, including senior citizens, foreign nationals, and LGBTQ+ people. We believe that by deepening mutual understanding, we will be able to further promote diversity and inclusion and develop the Group from various aspects.

In addition, based on the revision of the Child Care and Family Care Leave Act, we established a new system called “paternity leave after childbirth” in fiscal 2022, and it is encouraged by a top message to take the leave actively.

As for non-business activities, we are promoting social contribution activities with consideration for the environment, such as participating in the National Arbor Day, and signing the Lake Biwa forest making partnership agreement with the Watamuki Production and Forest Association in Hino-cho, Shiga Prefecture in autumn to help protect and nurture the forest.

We have been working on the four reforms in the MX project, and none of them makes a significant difference in a single day. Continuing the efforts made up until now with conviction will lead to the management principle “Join Together to Shape the Future.” Based on the results of each year, we will continue our efforts to further enhance our performance toward 2031, our 100th anniversary of the foundation.



Business Introduction

Foil Headquarters

Applications are expanding more and more with application technologies and combination technologies.

Business Overview

We have been developing and supplying original aluminium foil products based on our unique technologies 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 and other items, ornaments, household products, shielding materials by combining with resins and films, and electrolytic capacitors and aluminium alloy foil by enhancing the functions. Our innovative technologies have obtained a lot of patents and academic awards.



■ TOYAL LOTUS®

When you open a cup of yogurt, some of it sticks to the back of the lid, causing issues such as children's bad manners licking it off, or hands getting dirty. In order to solve these issues, we have developed an innovative water-repellent packaging material with a three-dimensional mesh fractal structure, inspired by the water repellency of lotus leaves. We are promoting its applications for the packaging of food and medical products, and industrial materials.

Other Products

- LUXAL®
- TOYAL CARBO®
- TOYAL TITAN®
- TOYAL PASS®
- Powder Laminated Foil
- Child Proof™
- READ-MAX®
- AL-PRESS etc.

Powder & Paste Headquarters

We respond to all kinds of solutions with technologies that change the common sense of aluminium.

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 functions, we have a large number of one-of-a-kind technologies that are globally valued, such as colored paste and rocket fuel.



■ Water-base treated ALPASTE®

It is an environmentally friendly water-based paint. We have developed various surface treatment technologies to suppress gas generation in water-based paints. For the EMERAL® series, which are aluminium flakes whose surfaces are coated with silica, the dense silica coating suppresses the generation of hydrogen gas.

Other Products

- SPHERALLOY®
- TOYAL TecFiller®
- TOYALNITE®
- TD Series
- Cosmicolor®
- FRIEND COLOR®
- CHROMASHINE®
- TOYALSHINE®
- METASHINE®* etc.

* METASHINE® is a registered trademark of Nippon Sheet Glass Co., Ltd.

Household Products Headquarters

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

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 Sunfoil® 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 chains.



■ Sunfoil® 7 m

Celebrating the 60th anniversary since its release in 1963, Sunfoil® has long been a popular product with its easy-to-cut, and hygienic product design. We will continue to improve the product, propose ways to use Sunfoil® to enrich people's daily lives, and lead this to demand expansion to be an indispensable brand for people's daily lives.

Other Products

- Dust Filters for Ventilation Fans
- Easy-On Filters for Deep Type Range Hoods
- Heat-Resistant Paper Cups
- EC WEAR®
- Non-Stick Foil
- Relaxing Panda Cup (No. 6) 24 Pieces etc.

Toyo Tokai Aluminium Hanbai K.K.

We aim to expand the sales of environmentally conscious products, pursue new possibilities, and achieve sustainable development together with our customers and suppliers.

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 those 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 clients and suppliers by appropriately connecting them through our network of trading companies.



■ Semisolid batteries of 24M Technologies, Inc.

Through the progress in the joint development of semisolid battery components with 24M Technologies, Inc., we are contributing to the advancement of batteries and rechargeable batteries, which are a solution to sustainability.

Other Products

- Materials for capacitors
- Components for batteries
- Aluminium-related materials
- Medical products/confectionery / dairy packaging materials
- Household products / business use products
- Powder application products etc.

New Business Creation Division

We will create innovative products that go beyond the boundaries of an aluminium manufacturer.

Business Overview

We are working on development each day to create businesses that can support the Toyal Group in the future, utilizing or going beyond the boundaries of our technologies obtained over many years through aluminium foil, powder, and paste, such as paints with excellent corrosion resistance, splints using thermoplastic resin, special films that react with moisture to generate molecular hydrogen, and light and strong solar panels.



■ Stainshell®

Stainshell® suppresses the generation of rust over a long period of time against sea salt particles and chemical substances. In addition, the laminated-structure coating films of Stainshell®, which have high affinity and adhesion with resin, are also excellent in abrasion resistance and chipping resistance, and can be used for a wide range of applications, not limited to indoor and outdoor structures, industrial products, and metals.

Other Products

- Hane® Module etc.



Foil Headquarters

We will pursue the possibilities of aluminium foil and continue to work to create products that can contribute to the solution of social challenges with innovative technologies.

Achievements in Fiscal 2021

The market for aluminium foil for lithium-ion batteries was booming. Energy-saving and environmental measures were promoted.

Shipments of the aluminum foil for lithium-ion batteries used in electric vehicles (EVs) and other products achieved 120% year-on-year. The market was booming even in the COVID-19 pandemic. We also strengthened energy-saving and resource-saving activities for electricity, gas, and rolling oil, and efforts to recycle aluminium scraps, waste plastics, and solvents.

Future Initiatives

Sincerely accept the requests of our clients and proceed with product making and business development according to the SDGs

- ▶ For contribution to the achievement of the SDGs, we will proceed with product making to contribute to the solution of social challenges such as health and CO₂ emission reduction, creating products such as powder laminated foil for defibrillator capacitors, aluminium foil for lithium-ion batteries, and pharmaceutical packaging materials.
- ▶ To reduce the environmental load in the manufacturing processes as part of our responsibility, we will execute the investment for environment-related equipment budgeted in fiscal 2021, such as VOC* processing equipment, solar power generation, and waste ink distillation equipment.
- ▶ We will accelerate our efforts for sustainability throughout the entire supply chains in this fiscal year as well. Without forgetting the spirit of valuing things, we will accelerate efforts to reduce aluminium, plastic scraps, and transportation costs. We will also consider the procurement of green aluminium.
- ▶ We will improve the system for accepting women in the workplaces and expand opportunities for women's participation and advancement.

*Volatile Organic Compound

SDGs to contribute to through business



As sustainability activities are becoming increasingly important centering on environmental issues, we will strengthen the cooperation with suppliers, customers, and supply chains to promote businesses that contribute to the solution of social challenges. Some sustainability activities such as carbon neutrality are costly, but it is important for entire supply chains to recognize the necessary costs. First of all, we will create the circulation for environmental load reduction and cost reduction by disseminating and steadily implementing measures such as power saving, aluminium scrap reduction, and recycling, with each and every one of us trying to "value things."

Director, Senior Managing Executive Officer
Supervisor of the Foil Headquarters, Powder & Paste Headquarters, Advanced Technology Division, and New Business Creation Division
(General Manager of the Foil Headquarters)
Katsumoto Tanaka



Powder & Paste Headquarters

We will work on the sustainability required on a global scale and promote the creation of environmentally compatible products using our one-of-a-kind technologies.

Achievements in Fiscal 2021

Diversification of pastes started, not limited to automotive applications.

Sales of our pastes exceeded the budget in the first half, but the demand was weak in the second half. In order to break away from excessive dependence on automotive pastes, we focused on "diversification promotion" to expand the applications to other fields. Recognizing that decarbonization and the creation of environmentally compatible products are issues related to the sustainability of business, we monitored market needs from a global perspective and promoted technology development anticipating customer needs.

Future Initiatives

Work on decarbonization and solvent-free promotion with a sense of speed

- ▶ Our aluminium alloy powder for 3D printing boasts the highest quality in the world, and the needs for it are increasing. We will contribute to CO₂ emission reduction through our supply of high-quality products.
- ▶ We will grow the sales of solvent-free and environmentally friendly pastes for inks in overseas markets.
- ▶ We will also look at selecting suppliers from the environmental perspective, by selecting suppliers such as with low CO₂ emissions in the procurement of raw materials or with production close to customers.
- ▶ We will also actively participate in a research for using hydrogen as energy and a reforestation program to offset CO₂ emissions.
- ▶ In order to respond to the demand for carbon footprints, we will first study how to establish a system to grasp the total amount in the entire supply chains, and provide precise numbers on the CO₂ emissions for each product. We will also address human rights issues in supply chains.
- ▶ We will promote VOC emission reduction and take on the challenge to convert all organic solvents to water in the future.
- ▶ We will ensure that our manufacturing sites in Japan and overseas work together to create a global sustainability plan.

SDGs to contribute to through business



The Powder & Paste Headquarters mainly deals with the global markets. In particular, the demand for decarbonization from customers in Europe is rigorous, and our German competitor has set the target of "zero CO₂ emissions in 2025." It is indeed an urgent issue. As the Toyal Group, we hope to grow as a sustainable company by addressing environmental issues on a global scale. In addition, we will always try to create workplaces where diverse human capital can work with joy and verve.

Executive officer
In charge of the Powder & Paste Headquarters, Marketing Unit, and Technology Development Unit
(General Manager of the Powder & Paste Headquarters)
Stéphane Rochard



Toyo Aluminium Ekco Products Co., Ltd.

Household Products Headquarters

We will continue to be a beloved brand through our thorough customer-oriented approach and creation of new businesses by proposing environmentally conscious products.

Achievements in Fiscal 2021

We proceeded with developing environmentally conscious products and recycling resources, and worked to improve job satisfaction.

Continuing from fiscal 2020, we made further progress in switching from plastic containers to paper containers, which offer added value. For FSC^{®1} certified paper, we started to respond to household products as well. We also continued the efforts to improve job satisfaction with the emphasis on dialogues, based on the GPTW (Great Place to Work^{®2}) survey on job satisfaction that has been conducted since 2017 to improve employee satisfaction.

¹ FSC[®] is a registered trademark of Forest Stewardship Council[®].

License code: FSC-C081864

² GPTW (Great Place to Work[®]) is a registered trademark of Great Place to Work[®] Institute.

Future Initiatives

Work to switch to a business lineup that focuses on the environment and strengthen it

- ▶ We will review our products and businesses in line with the global environmental response. As part of these efforts, we are also promoting the adoption of forest certified paper (FSC[®] certified paper) to household products.
- ▶ We will establish a system to increase the production of filters that contribute to improving the air environment. In addition, in preparation for various cases where it is difficult to get water, we will start to handle the equipment that generates water from air of Watergen Inc.
- ▶ We will disseminate the system of proper garbage disposal through Stekata navi[®], and proceed with product design that also considers the final processing of products to be produced, such as recycling.
- ▶ We will aim to obtain Level 3 of the "Eruboshi" certification while further promoting women's participation and advancement.
- ▶ Based on OKR (objectives management approach), we will work to build a team capable of further co-creation.



Toyo Tokai Aluminium Hanbai K.K.

We will earnestly work on developing new businesses and sustainability activities to contribute to society. We will sophisticate our sustainability management to be a GOOD COMPANY.

Achievements in Fiscal 2021

We focused on environmentally compatible businesses and the development of lithium-ion battery components, and also made progress in creating a pleasant work environment.

In fiscal 2021, we focused on developing new components for semisolid batteries among lithium-ion batteries (joint development with 24M Technologies, Inc.). We also made a strong effort in paper containers such as pulp molds, contributing to plastic reduction. The efforts of all the divisions led to great results. In addition to aiming for diversification through the development of new products and new businesses, meetings and interviews at home and on the Web have become common in responding to the COVID-19 pandemic. We also worked to create an environment and system that make it easier for employees to work.

Future Initiatives

Further strengthen initiatives for developing new businesses and sustainability

- ▶ We will continue to participate in the joint development with 24M Technologies, Inc. to strengthen the sales of semisolid lithium-ion battery components.
- ▶ As a new business, we will strengthen the sales of "aluminium shots for hydrogen generation," which generate hydrogen energy using aluminium.
- ▶ We will expand the sales of pulp molds and paper containers, which are compatible with plastic reduction and paper application. In the future, we will aim our company to take the lead in developing environmentally conscious containers that will become a global standard.
- ▶ We will promote the recycling businesses, for example by establishing the recycling of dummy balls for plating as a business.
- ▶ A project team to develop environmentally compatible businesses was formed in July 2022. We will first focus on packaging-related items to proceed with initiatives.
- ▶ We are participating in child sponsorship and supporting three children in Uganda, Bangladesh, and Nepal.

SDGs to contribute to through business



The Household Products Headquarters handles products for home use and business use. As the interest in the SDGs and environment is increasing not only among companies but also among individuals, we are promoting the development of environmentally conscious products, such as switching the materials from plastic to paper. Since there are many single-use products such as consumables for kitchens, we try to design products also considering the final processing of products such as the disposal systems and recycling. We will also actively work on social challenges such as the environment, diversity, and work styles.

Managing Executive Officer
Supervisor of Household Products Headquarters
President and Representative Director, Toyo Aluminium Ekco Products Co., Ltd.

Masaki Yamaguchi



SDGs to contribute to through business



As a trading company, we would like to create new businesses by connecting our clients and business partners and supporting innovations. In fiscal 2021, we planted the seeds for new businesses related to lithium-ion battery components and hydrogen, and recycling businesses. We will work to establish these as feasible businesses. In addition, 2031 long-term plan II was formulated mainly by young employees in February 2022, and in July the project team to develop environmentally compatible businesses was formed. We will strive to evolve Toyo Tokai Aluminium Hanbai into an even better company with each and every employee having a strong awareness of innovation.

Toyo Tokai Aluminium Hanbai K.K.
President and Representative Director

Tatsuhito Isobe





New Business Creation Division

We will create new businesses and businesses that lead to the contribution to achieving the SDGs, without sticking to aluminium materials.

Achievements in Fiscal 2021

We created products that lead to social contribution, such as photovoltaic lightweight panels, antirust paint, and a new type of casts.

The New Business Creation Division is working on the three business themes: energy, measures for social infrastructure, and health and medical life. In the field of energy, we started to sell lightweight solar panels that weigh 1/2 of conventional solar panels. These can be installed even in places where conventional panels cannot be installed due to weight restrictions. In addition, aiming to extend the life of infrastructure equipment, we started to sell antirust paint that improves the durability. As for health and medical life, we improved medical treatment with a special medical cast, and started its trial sales in Shanghai.

Future

Initiatives

Take on the challenge to create businesses that are conscious of the SDGs including the global environment and social contribution, while looking at new markets and not just making profits

- ▶ We will continue to promote the three categories of business: energy, measures for social infrastructure, and health and medical life, which we worked on in fiscal 2021. We will expand the sales to meet the sales targets. In particular, we are expecting good results from the lightweight solar panels, which are expected to contribute to decarbonization, and Stainshell®, which contribute to social infrastructure.
- ▶ For the lightweight solar panels, we think that it is important to establish a collection and recycling system along with their deterioration over time.
- ▶ In the field of health and medical life, we will commercialize HydroFresh®, a special film that generates hydrogen to maintain freshness and improve flavor. We will also manufacture and expand the sales of repellent compounds for protection from insects, contributing to healthy and comfortable life.
- ▶ In addition to entering the markets needed by society as a manufacturer of high functional materials, we are also considering building a business that focuses on customers' experiences rather than their material possession.
- ▶ Developing young human capital is also an issue. We will promote human capital development while being conscious of interaction with overseas as well as in Japan and recruitment of overseas human capital. In addition, we will activate open innovation through external interaction.

SDGs to contribute to through business



The New Business Creation Division's mission is to create products, services, and businesses to solve social challenges. As raw material costs and various costs are soaring, and energy conservation and material loss reduction are becoming more important, each and every one of us will work to create new businesses, not forgetting the spirit of "making things by valuing things." We will continue to challenge to grow into a major business of the Toyol Group with new businesses that can contribute to the development of a sustainable society being created by our division.

Executive officer

In charge of the Foil Headquarters' Gumma Works Unit, Chigasaki Works Unit, Processed Products Sales Unit, Processing Purchase and Procurement Team, Processing Profit Improvement Team, Processing Technology Development Team, and New Business Creation Division

Masateru Watabe



Social Challenges

- Water shortage
- Food shortage
- Energy shortage
- Environmental destruction
- Aging infrastructure
- Aging society (in Japan)
- From an analog society to a digital society

External Cooperation

Technology and Know-How

Creative Human Capital

Group Cooperation

New Business Creation Division

- Analyze various social needs and challenges
- Collaborate with various partners to come up with solutions

Partnership enhancement

Innovation creation

Human capital development

Advanced Technology Division

- Creation of technology seeds in new businesses
- New technology development utilizing aluminium surface treatment technology

Energy

Measures for Social Infrastructure

Health and Medical Life

Corporate Outline (As of March 31, 2022)

| | | | |
|----------------|--|-----------------|--|
| Corporate name | : Toyo Aluminium K.K. | Paid-in capital | : 8 billion yen |
| Representative | : President and Representative Director Kaoru Kusumoto | Employees | : 2,586 (Consolidated) 1,496 (Non-consolidated) |
| Head Office | : JRE 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.) | | |

Global Network

Japan

<Production bases of Toyo Aluminium K.K.>

Yao Works
Kanbara Works
Chiba Works
Gumma Works
Chigasaki Works
Shinjo Works
Hino Works
New Business Creation Division Kyushu

<Group Companies>

Toyo Aluminium Ekco Products Co., Ltd.
ALPHAMIC Co., Ltd.
Toyo Tokai Aluminium Hanbai K.K.
Toyo Aluminium Kosan K.K.
ALP Co., Ltd.
YOKO-TOYO METALS CO., LTD.

<Overseas Group Companies>

France

Toyal Europe S.A.S.U.

India

Toyal MMP India Pvt. Ltd.
Svam Toyal Packaging Industries Pvt. Ltd.

Thailand

TOYAL (THAILAND) Co., Ltd.

Singapore

Toyo Tokai Aluminium Hanbai K.K.
Singapore Branch

China

Toyal Zhaoqing Co., Ltd.
Hunan NingXiang JiWeiXin Metal Powder Co., Ltd.
Toyo Aluminium (Shanghai) Management Co., Ltd.
Suzhou Toyo Aluminium Ekco Household Products Co., Ltd.
Toyo Aluminium Ekco Trading (Suzhou) Co., Ltd.
Toyo Tokai Aluminium Hanbai (Shanghai) Co., Ltd.

South Korea

Sam-A Aluminium Co., Ltd.

America

Toyal America, Inc.

Sustainability Management

Actualizing “Join Together to Shape the Future” to contribute to the realization of a sustainable society is the sustainability management of the Toyol Group.

We will celebrate our 100th anniversary of the foundation in 2031. To continue to celebrate our 150th and 200th anniversaries, we hope to be a Group that can move forward together with all our stakeholders, thinking earnestly about what we can do.



Five years have passed since the Toyol Group identified the materiality, and the global situation and the environment surrounding us have changed during the time. We thus started to review the materiality in fiscal 2022. We are starting over from the analysis of the current situation for each operation to re-identify the current materiality.

For the reduction of CO₂ emissions, which is a part of the Toyol Group Sustainability Vision, we raised the target for the reduction of emissions from business activities in fiscal 2031 from 30% to 40% (compared to fiscal 2013), in response to the “2050 Carbon Neutrality Declaration” announced by the Japanese government in 2021. Our target for fiscal 2030 is 38% reduction. (For details, please see page 15, Feature: Challenge to a Carbon-Free Society.)

In order to further disseminate sustainability activities, we started sustainability activity dialogues in the fall of 2021. In these dialogues, the members of the Sustainability Planning Team have direct dialogues with each unit leader and team leader, understand the current situation and consciousness of them, and share the challenges to lead to future development. This activity gave us a chance to think about sustainability again, and we were also able to deepen the understanding of more employees by having the dialogue content shared within the unit and team members. We will continue to deepen communication and promote sustainability activities.

Signing the UN Global Compact

The Toyol Group signed the “UN Global Compact (hereinafter called UNGC),” a global framework for realizing sustainable growth, in April 2018. In accordance with the 4 fields (human rights, labor, environment, and anti-corruption) and 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.



Efforts for Human Rights

As a Group that values people, the Toyol Group respects the human rights of all our stakeholders, including our business partners and employees. We are striving to eliminate action that would violate human rights, gaps in employment/occupation, and harassments in workplaces. We will also work to understand the risks in human rights in our supply chains and fulfill our corporate responsibilities.

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.

Three Activity Themes in Positive Impact Finance

| Theme | Content | Long-term targets (2031) | SDGs |
|--|--|---|-----------|
| Innovation to Shape the Future | Development and sales of aluminium foil, powder, paste, and other products that contribute to the SDGs by utilizing our unique technologies (contribution to weight reduction of automobile parts, food loss reduction by providing food packaging materials, and other efforts) | <ul style="list-style-type: none"> 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, 12, 13 |
| Environmental Protection | <ol style="list-style-type: none"> Reduction of CO₂ emissions from business activities (visualization of energy, and other efforts) Establishment of an aluminium recycling system | <ol style="list-style-type: none"> 40% reduction (compared to fiscal 2013) 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 | <ul style="list-style-type: none"> Rate of women in new hires: 30% Complete organizing a system centered on the mandatory retirement age of 70 | 5, 8 |

Commitment of the Executive Officer in Charge

The new MVV has been formulated under the MX project. I understand that the mission “Establishing New Social Norms” is a phrase that indeed indicates the realization of a sustainable society that is one step ahead of conventional corporate values. Looking back over the past year, carbon neutrality has become a familiar word, and last year, meeting structures were set up for members of each division to share information and consider the direction of the company. In addition, we started to revise the materiality and action plan that we formulated in 2017, to make it a Group-wide initiative instead of the conventional initiative led by the division in charge.

The understanding and dissemination of the efforts for ESG management have been progressing within the Group, but this year we aim to become an organization that goes one step further. Specifically, in order to address various challenges including carbon neutrality, we will establish a Sustainability Committee (tentative name) centered on the management level, and aim to be a Group where our efforts to achieve the SDGs are visible to our stakeholders.

We will also work on initiatives for human rights due diligence, diversity promotion, establishment of appropriate value chains and supply chains, and other efforts.

We aim to become a globally acclaimed Group that employees feel proud of, by providing value unique to the Toyol Group while putting emphasis on dialogues with our stakeholders with each and every employee deepening their involvement in the SDGs on a daily basis, rather than just manufacturing and supplying products that contribute to the SDGs.





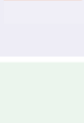
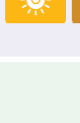













Executive officer
Corporate Division
In charge of the Business
Administration Unit and Quality
Assurance Unit

Hideo Ishiguro

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 on them with the Toyol Group Sustainability Vision in mind, which was established toward 2031, the year of the 100th anniversary of its foundation. The results for the medium-term targets are as shown in the table below. We will analyze each result and take measures especially for unachieved items. We will also review the materiality in light of current social conditions, and proceed with sustainability activities that are more integrated with management.

| Key CSR Challenges | Relations with the Main SDGs | Main Activities | Activity Results of Fiscal 2021 | | Medium-Term Targets (Fiscal 2021) | Long-Term Targets (Fiscal 2031) |
|--|---|--|---|---|---|---|
|  <div>1 Innovation to Shape the Future</div> |      | 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 114% compared to the previous fiscal year | △ | Target setting as management strategy (Incorporation 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 one item | Commercialization of two items |
|  <div>2 Environmental Protection</div> |   | Reduce CO ₂ emissions from business activities (compared to fiscal 2013) | 0.7% increase compared to the previous fiscal year | × | 2.5% reduction (compared to the previous fiscal year) | 40% reduction (compared to fiscal 2013) |
| | | Establishment of a system to recycle solar cells | An NDA was concluded with the partner company, and both sides studied the commercial flow of the collection and processing of modules to be recycled. | ○ | 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 | No progress was made due to food residue and logistics cost problems. Tests to recycle the process scraps of medical packaging materials were conducted. | △ | Establish a system to recycle aluminium and start the recycling | Generalize aluminium recycling (with the established system) |
| | | Establish a system to recycle paper containers | A plan to introduce crushing/separating equipment for paper containers was formulated. Recycling demonstration experiments were conducted. | △ | 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 | 12.0% 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) |
|  <div>3 Active Roles of Diverse Human Capital</div> |   | Increase the rate of women in hires | Rate of women in new hires: 56.3% | ○ | 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 | Introduction of BizCAMPUS (selective training system) | ○ | Expand the number of employees targeted for autonomous human capital development | Constructively continue autonomous human capital development |
| | | Promotion of healthy management | Promotion of anti-smoking programs | △ | Continue to promote healthy management and gain external reputation as well | Constructively continue healthy management |
|  <div>4 Quality and Safety</div> |   | 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 | Lost-time injuries: 1 case, non-lost-time injuries: 7 cases, fire accidents: 10 cases, minor injuries: 16 cases (same numbers as the previous year) | × | 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 tip-over accidents | |
|  <div>5 Collaboration with Stakeholders</div> |  | Improve reliability and satisfaction through dialogues with various stakeholders (regions, customers, employees, etc.) | Dialogues were conducted with the government and employees. Efforts were focused on disseminating information through media and the 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 |

Feature

Challenge to a Carbon-Free Society



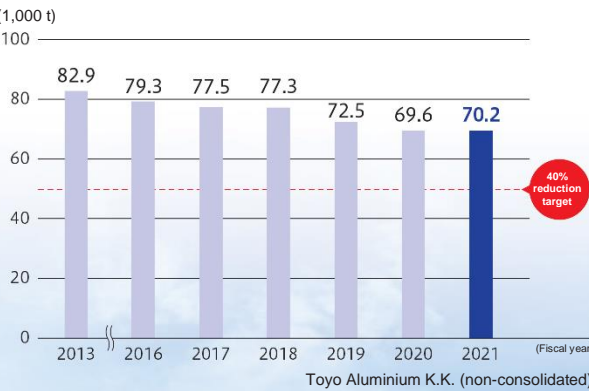
As a manufacturer that handles aluminium as main raw materials, last fiscal year we declared our commitment for the challenge to a carbon-free society through our value chains and supply chains. Since then, we have been studying how the Toyol Group should actually work on it, involving many related divisions including business divisions, research and development divisions, and the Corporate Division.

Redefinition of the FY2030 Targets

In the Toyol Group Sustainability Vision, we declared to reduce CO₂ emissions from business activities by 30% (compared to fiscal 2013) by 2031. However, in response to the growing environmental awareness and the government's policy announced in fiscal 2021, and as a result of discussions among the related divisions mentioned above, we have revised the target to 38% reduction (compared to fiscal 2013) in fiscal 2030, and 40% reduction in fiscal 2031, the year of the 100th anniversary of Toyo Aluminium. In addition, we are planning to establish a Sustainability Committee to continue our study and consideration toward carbon neutrality. We are also planning to set up subcommittees for related items and organize a system that enables faster action.

As a result, we first redefined the target of reducing CO₂ emissions from business activities, which belongs to SCOPE 1 and 2. On the other hand, looking at our entire supply chains, the process of aluminium ingots accounts for about 90% of the CO₂ emissions, which belongs to SCOPE 3. We recognize that how the Toyol Group should work to reduce CO₂ emissions in this SCOPE 3 continues to be our challenge.

Transition of CO₂ emissions



Efforts to Reduce SCOPE 1 and SCOPE 2

In fiscal 2021, the Gumma Works made an environmental investment plan focused on reducing environmental loads and CO₂ emissions by fiscal 2030. Specifically, they are planning to take various measures with their FY2030 CO₂ emission target being 48% reduction compared to fiscal 2013, which is higher than the target of the Toyol Group.

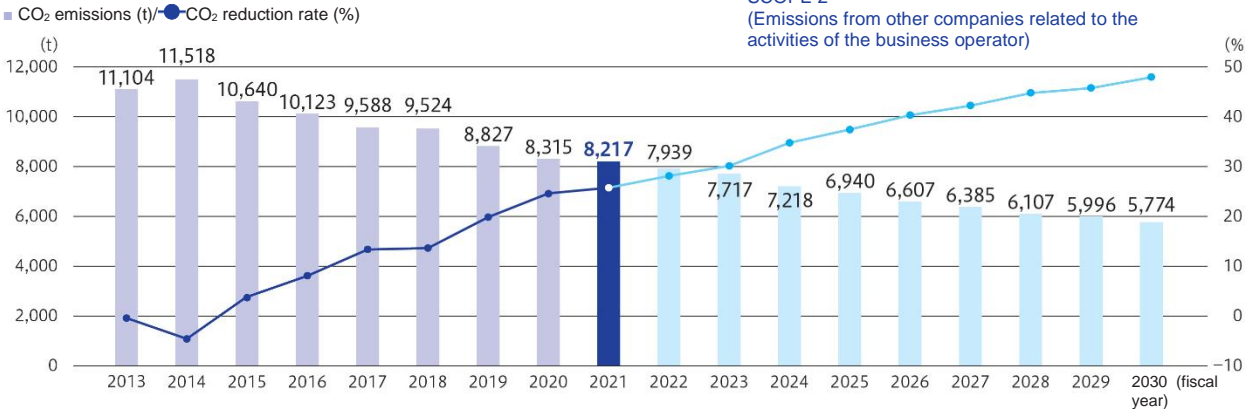
With this Gumma Works investment plan being the master plan, we will diffuse it horizontally to each manufacturing site to get closer to the decarbonization targets.

SCOPE1: Direct emissions of greenhouse gases caused by the business operator themselves

SCOPE2: Indirect emissions associated with the use of energy supplied by other companies

SCOPE3: Indirect emissions other than SCOPE 1 and SCOPE 2 (Emissions from other companies related to the activities of the business operator)

Gumma Works CO₂ emission reduction plan



Equipment investment contents and CO₂ emission reduction

| | | |
|--|---|---|
| <div>[FY 2021] Increase in the self-sustaining combustion rate of RTO deodorization furnaces (50 → 75%) Hot-air machine pressure control</div> <div>-56 t -111 t</div> | <div>[FY 2025] Air conditioning waste heat recovery system</div> <div>-111 t</div> | <div>Target for fiscal 2030 CO₂ emissions (Compared to fiscal 2013)</div> <div>-48% reduction</div> |
| <div>[FY 2022] Waste ink distillation equipment Solar power generation (100 kW)</div> <div>-111 t -56 t</div> | <div>[FY 2026] Use of circulating catalysts Solar power generation (100 kW)</div> <div>-111 t -56 t</div> | <div>Coefficient of CO₂ emissions from electric power companies 0.45 → 0.37 or less (fiscal 2030) Conversion with annual reduction of 1% (value estimated by Tokyo Electric Power Company Holdings)</div> |
| <div>[FY 2023] Printing machine steam coil Hot-air machine pressure control</div> <div>-56 t -56 t</div> | <div>[FY 2028] Air cooling separate system Solar power generation (100 kW)</div> <div>-56 t -56 t</div> | <div>[Other energy conservation projects] PE plant energy conservation (machine interlocking) Compressor energy conservation (through leakage prevention) Transformer renewal Motor renewal Use of groundwater Deodorization furnace energy conservation (use of uncoated waste heat) Aging energy conservation</div> |
| <div>[FY 2024] Deodorization furnace renewal Solar power generation (100 kW)</div> <div>-278 t -56 t</div> | <div>[FY 2030] Plant chiller renewal</div> <div>-111 t</div> | |

TOPICS

Start of Voluntary Initiatives Related to SCOPE 3

In the Material Foil Sales Unit of the Foil Headquarters, a work team has been formulated to take on the challenge of solving social issues without being bound by immediate tasks. It is a recycling sustainability work team consisting of three young members from Tokyo and Osaka. When they started the team in April 2022, they named the team based on the vague thinking, "if we can recycle the products we sell, wouldn't it lead to CO₂ reduction and contribute to environmental load reduction?" After that, they started to have meetings about detailed activity content. Through seven meetings held by the end of June, they have been relearning the existing aluminium foil recycling, and working on discussion and study about what the current issues are and how sold products can be recycled, listening to the voices of their clients as well.



Work team meeting on the Web



Carport with a solar generator installed at the Gumma Works

Feature: Internal Dialogue on the Challenge to a Carbon-Free Society

What Are the Challenges of the Toyol Group Required in the New Stage of a Carbon-Free Society?

From the CO₂ emission reduction target of 30% reduction in fiscal 2030 compared to fiscal 2013, the Toyol Group has changed the target to 38% reduction in fiscal 2030 compared to fiscal 2013, and 40% reduction in 2031, the year of the 100th anniversary of its foundation. Regarding what efforts are needed to achieve the targets, and future challenges for building a carbon-free society, a dialogue was held by three members of the business division and Corporate Division, who were members of the target setting meeting structure.



Engineering Center Unit Leader,
Corporate Division

Keiichi Watanabe

Executive officer in charge of the Powder & Paste Headquarters'
Shinjo Works Unit, Hino Works Unit, and Business Strategy Unit

Keita Nagano

Business Supporting Unit Leader and
Purchasing Team Leader, Corporate Division

Toshihiko Nitta

Respond to Customer Needs Toward a Carbon-Free Society

Harada (Facilitator): You set the new higher targets for the promotion of decarbonization. Please tell us about the background of the targets, and current initiatives.

Nitta: One background of the new targets is that the Japanese government has declared net carbon neutrality by 2050 and raised the greenhouse gas (GHG) reduction targets. In 2018, the Toyol Group set the target of reducing CO₂ emissions from business activities by 30% by fiscal 2031 compared to fiscal 2013, and we were steadily reducing the emissions in line with our annual reduction target of 2.5%. However, we decided to step it up even more and work to achieve the new target of 38% reduction in fiscal 2030.

Nagano: Another background is the demands from the markets.

Our powder and paste business is globally engaged in sales activities, and our overseas customers require a higher level of environmental response than in Japan. Our German competitor in the global market set the target of carbon neutrality by 2025, and is actively working on the PR of the target. The demands from our customers are increasing day by day, such as being required to provide specific carbon footprints, so we need to respond to meet the demands.

Now, CO₂ emissions can be measured for each manufacturing site, and employees are taking action always being aware of CO₂ reduction. Many concrete ideas for the reduction have been brought to the surface. We are making efforts in two directions: to reduce the energy that we use, and to produce more groups of environmentally sound products than ever.

Watanabe: Even in the foil business, where the domestic market is the main focus, environmental response is an unavoidable challenge for the continuation of the business. In the business of processed products, we are reducing the usage of organic solvents as well as promoting the introduction of equipment that can recover solvent gas and reuse it as a heat source. In the material foil business as well, we will incorporate more effective measures while also referring to the measures taken by overseas competitors with a strong demand for decarbonization.

Refine the Individuality of Toyo Aluminium and Continue the Challenge Toward Carbon Neutrality

Harada: At Toyo Aluminium, CO₂ impacts are calculated for both upstream and downstream parts of your supply chains. What are the challenges there?

Nagano: Aluminium requires a lot of electricity in the refining process of aluminium ingots, so from the perspective of decarbonization, it is a material of great concern to customers. Manufacturers that process aluminium ingots into products, such as our company, do not emit so much CO₂, while the CO₂ impact from the production of aluminium ingots, which is an upstream part in our supply chains, accounts for 90%. Therefore, we must also consider its reduction.

Nitta: Our Purchasing Team, which procures aluminium ingots from countries all over the world, is focusing on the power source structure of each aluminium ingot brand and GHG emissions from each refining process. Low-carbon aluminium ingots (green aluminium) are produced using renewable electric energy sources and manufacturing methods that emit less GHGs, but this alone probably cannot meet the necessary amount. In addition, to grasp the GHG emissions by power source, even the same type of power source has variations in GHG emissions, so we are first investigating them. The additional costs will be clarified when the Carbon Border Adjustment Mechanism (CBAM) being planned by the EU is introduced, so we are preparing to develop and implement a mixed strategy for purchasing recycled and low-carbon aluminium ingots.

Harada: What efforts do you think will be necessary to achieve the 2050 carbon neutrality declared by the Japanese government?

Watanabe: We cannot easily declare carbon neutrality since we manufacture products while using energy in the manufacturing divisions. We would first like to do what we can do from a practical standpoint. In addition, we would like to create an environment in which we can actively implement measures with a large impact.

In our company as well, many people are probably feeling they have to do something, and I believe there must be some hidden ideas in them. Toyo Aluminium has a corporate culture where it is easy for everyone to speak up and for good ideas to be adopted. I believe that if we further promote this unique character of Toyo Aluminium, we will be able to actively pursue carbon neutrality as well.



Contribute to the Environment Through Both Business Divisions and Corporate Division

Harada: Another feature of aluminium products is that they can contribute to CO₂ emission reduction by being incorporated into customers' products. In the powder and paste business, you are contributing to the environment by developing materials for 3D printing as well as products that utilize the excellent heat dissipation function.

Nagano: In the field of materials for 3D printing, our company's products are highly evaluated in the world, and also as a heat dissipation material, we manufacture various products such as aluminium nitride. To move forward further, we will also focus on the development of environmentally friendly products such as water-based paint and powdered paint that do not use organic solvents, and pellet-like aluminium paste that does not contain solvents.

Harada: What efforts is the Corporate Division planning to make to contribute to reducing CO₂ emissions?

Nitta: We are working to promote recycling as one way to reduce CO₂ in SCOPE 3. In our company, there is a mechanism in which almost 100% of the aluminium foil scraps from manufacturing is recycled horizontally. However, to expand the recycling further, we need to recycle processed products of packaging materials with aluminium, films, and other materials bonded together such as food and medical products. Actually, in the last fiscal year, we repeated tests with process scraps of medical packaging materials, and were able to recycle them into aluminium ingots, although this is just a part of the recycling. We would like to establish a technology like this and develop it so that our company can take the initiative in promoting the recycling of aluminium processed products' processing scraps and finishing scraps that are currently waste, involving local governments and other organizations. At the same time, we think that product development that is premised on recycling is also necessary.

Watanabe: Decarbonization in production activities requires renewable energy introduction and energy conservation on a visible scale, and there have been voices that they want to make such efforts. The role of the Corporate Division is to cast these voices from manufacturing sites into shape through investment. With the conventional rules, it is difficult to find added value in investment to reduce environmental loads. We aim to achieve decarbonization by creating systems and mechanisms that enable active environmental investment and then proceeding with initiatives that utilize our corporate culture such as creating new ideas with government subsidy programs and through collaboration with various companies.

Key CSR Challenge

Innovation to Shape the Future



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, research institutes, and other organizations, 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 Group and society. We also aim to lead the world with new ideas, being based on aluminium, but not limited to it.

Electron microscope in the Core Technology Center

As we diversify our organization and develop open innovation, we will boldly challenge new themes to create the future of Toyo Aluminium.

The base of manufacturing is shifting from the conventional era of focusing on economic efficiency and specifications to an era of contributing to the SDGs and solution of social challenges. Against this backdrop, we planted seeds for various products in fiscal 2021. For powder laminated foil (winding type) used for aluminium electrolytic capacitors and other products, the characteristics were improved based on the idea of additive manufacturing, which does not generate the waste liquid caused by etching, and it has also been highly evaluated by the users. We are currently in the process of scaling it up at the manufacturing site. We are also developing biodegradable plastic packaging materials that are highly needed also for marine pollution prevention. We would like to commercialize these products by the end of fiscal 2022.



Executive officer
In charge of the Advanced Technology Division

Hiroshi Matsuoka

Advanced Technology Division
R & D Supporting Unit Leader

Hidetoshi Inoue

Continuing from fiscal 2021, we are also focusing on open innovation. We are advancing the development of components for next-generation EV batteries in partnership with 24M Technologies, Inc., a battery technology venture company in the US. As the EV market expands, we would like to work hard to maintain our superiority. In addition, through the joint development, we gained cutting-edge information and deepened our understanding of EV batteries, which also led to human capital development. We also established the “Toyo Aluminium Joint Research Course on Semiconductors” with Osaka University, and dispatch one specially appointed professor and one researcher.

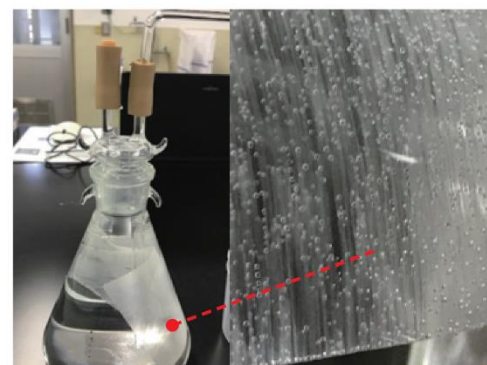
As a new initiative, we started joint research with a university on tritium decontamination technology for the task of removing radioactively contaminated water. We believe it will lead to social contribution as national commitment if we can commercialize it.

The Advanced Technology Division will continue to foster development-oriented human capital through organizational changes and open innovation including diversity and women's participation and advancement, and continue to develop products that lead to the solution of social challenges including the environment to contribute to a sustainable society.

CSR Challenges ■ Examples of Practice

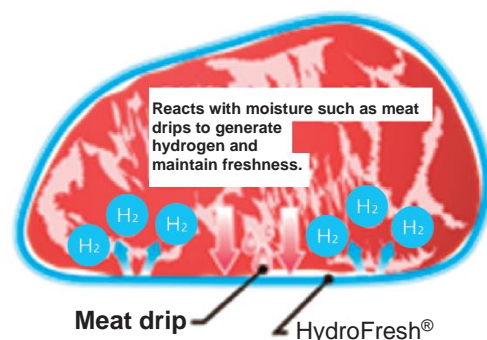
HydroFresh®, a Hydrogen Generating Film

We have developed a functional film that reacts with moisture to generate hydrogen gas. When used as a packaging material for meat or fish, it reduces the oxygen concentration and creates an environment that suppresses the food's oxidation to slow down the process of decay. This also leads to food loss reduction. Moving forward, we will examine whether it is also effective for food other than meat and fish.



Hydrogen gas is generated from the film.

Mechanism Drips generated --> Hydrogen generated --> Permeates throughout the meat --> Oxidation prevented --> Freshness maintained



Commercial film
Experiment conditions: Vacuum packaging,
three weeks passed at 2°C

Development of Ground Buried Sensors

In recent years, more frequent and severe torrential rains caused by climate change have caused large amounts of damage due to floods in various places. In collaboration with Kyushu University, we are currently working on a research theme that uses sensors installed in embankments to detect in advance the destruction of earth structures such as river banks. We would like to help reduce the damage by leading this to sending warnings in advance.

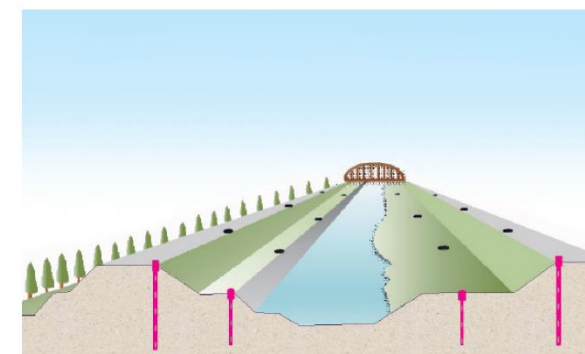


Image of the embankments

Development of Tritium Decontamination Technology

Disposal of radioactive materials at the Fukushima Nuclear Power Plant, where an accident occurred in the Great East Japan Earthquake, is one of the major social issues. We made a filter that utilizes aluminium powder sintering technology and started tritium decontamination experiments. The progress is slow since we need to proceed with the experiments carefully while ensuring safety as we handle radioactive materials, but we have finally been able to lower the concentration to a 1/1000 level as the decontamination ability. We will continue to work on development tenaciously to contribute to society.

TOPICS

Dream to Develop New Recycled Containers Using Food Scraps

At Toyo Tokai Aluminium Hanbai K.K., we proposed the manufacturing of containers that use offcuts and other materials generated during food manufacturing, to our food manufacturer clients. If we can realize this, we can reduce the amount of raw materials used for containers, and realize a new form of recycling that will lead to a significant reduction in the amount of waste from food manufacturing. We are still in the concept making stage, but our clients are also enthusiastic, and we are now looking for partner companies.

Key CSR Challenge

2

Environmental Protection



We are working on environmental protection from the perspective of reducing the environmental loads of our business activities as well as contributing to the environment through our products. In our business activities, we are making efforts to reduce energy use in each process in manufacturing, and promote the 3Rs* for waste. 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 loads, and promote management activities that are sustainable and in harmony with the global environment.

*3Rs: Reduce, Reuse, and Recycle

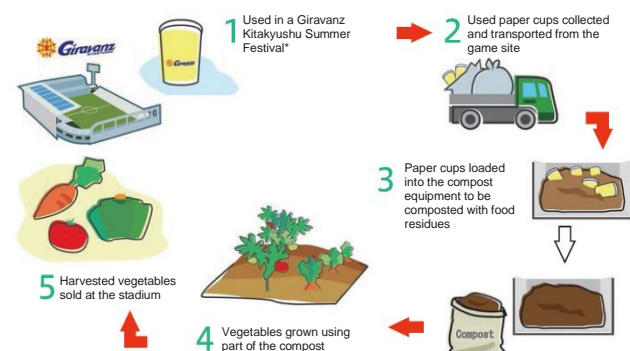


Cleaning of the Miho/Misaki Coast

CSR Challenges ■ Examples of Practice

Demonstration Experiments of Paper Cup Recycling

Toyo Aluminium Ekco Products Co., Ltd. tried using paper cups made of biodegradable resin for drinks sold in the site of a home game of Giravanz Kitakyushu vs. Gamba Osaka, J-League soccer clubs. We collected the used paper cups, and with the related companies and organizations, we are working on recycling demonstration experiments to compost them and use them for growing crops.



* Paper cups manufactured by Suzhou Toyo Aluminium Ekco Household Products Co., Ltd. (BioPBS[®]), a biodegradable resin manufactured by Mitsubishi Chemical Corporation, is used inside.)



Composting using the compost equipment



When loaded



2 hours later



24 hours later



4 days later

EcoVadis Silver Certification Obtained

Toyal Europe S.A.S.U. has been evaluated by EcoVadis, an agency that rates sustainability activities.

In 2022, we won a silver medal (91%) for our sincere efforts to reduce energy use, control and reduce waste, and reduce environmental loads such as VOCs, and other sustainability activities. We will continue our activities aiming to obtain a gold medal in 2023.

Toward our 100th anniversary of the foundation, we will strengthen initiatives to address environmental issues, achieve our CO₂ emission reduction targets, and aim to contribute to a recycling-oriented society.

The government also announced its commitment to carbon neutrality, and it is now essential to realize a carbon-free society in Japan as well. The Toyol Group had the target to achieve 30% CO₂ emission reduction compared to fiscal 2013 in fiscal 2031, the year of the 100th anniversary of its foundation, but revised the target to 40% reduction.

Each business site is working to conserve energy and reduce CO₂ emissions as part of its ISO 14001 activities, but the new target cannot be achieved by conventional activities alone. We need to formulate and proceed with a medium- to long-term environmental equipment investment plan.

In fiscal 2021, the Gumma Works made an environmental investment plan focused on reducing environmental loads and CO₂ emissions by fiscal 2030.



Executive officer
Foil Headquarters
In charge of the Yao Works Unit, Kanbara Works Unit, Chiba Works Unit, Material Foil Sales Unit, Business Strategy Team, Corporate Division, and Engineering Center Unit

Masayoshi Tsujino

Corporate Division
Engineering Center Unit Leader

Keiichi Watanabe

We will start equipment investment for fiscal 2022 and beyond based on a long-term plan that considers not only costs but also the environment. With the Gumma Works investment plan being the master plan, we will diffuse it horizontally to each manufacturing site.

Approximately 90% of the CO₂ emissions are attributable to aluminium ingots purchased. We are paying attention to the supply chains as well, and the purchasing divisions are considering green procurement.

In order to achieve the reduction target, there are many issues we should tackle, such as the creation of environmentally compatible products, reduction of CO₂ emissions, and promotion of the 3Rs for waste. In this category, we will also look at overseas and other companies, constantly research new technologies, propose them to each business division, and provide support.

We will make concerted efforts to reduce environmental loads not only within the Toyol Group but also in cooperation with our suppliers.

Participation in the Strategic Energy Management Program of ComEd*

Since April 2022, Toyol America, Inc. has been participating in the Strategic Energy Management Program hosted by ComEd, an electric power company. The purpose of this program is to reduce electricity use, and year-long workshops and coaching sessions are conducted with a focus on identifying and implementing operational and behavioral changes. It has been reported that some of our competitors that participated in this program have reduced their electric energy consumption by 5 to 8%.

We finished our first meeting at the end of June and identified the top five reduction options. We are planning to put them into action over the next three months.

*ComEd (Commonwealth Edison Company): Electric provider headquartered in Chicago

TOPICS

Woodland Restoration Project

The Hino Works owns 0.9 hectares of woodland in total on its west and south sides. It was originally a forest of Japanese red pines, where matsutake mushrooms were often harvested, and we have a memory of having matsutake mushroom dishes served at autumn events in the past. More than 30 years have passed since then, and now the red pine trees are dead and on the verge of falling. The grass is also overgrown and abandoned. So, this time, we launched the "woodland restoration project" as part of the objectives management (OKR) at the unit level, and started to study how to restore the woodland to its former state where matsutake mushrooms would grow. In December 2021, we had 1/3 of the woodland area improved by the forest owners' cooperative. Going forward, we are planning to develop tree planting and maintenance activities implemented by our employees.

Mango Trees Planted on World Environment Day (Toyal MMP India Pvt. Ltd.)

In conjunction with World Environment Day on June 5, we planted mango trees within the plant premises the following day. Mangoes are evergreen trees that reach 15 to 18 meters in height, and they provide shade in summer.

They will also produce delicious fruits in three to five years. In Indian culture, mangoes are also fortunate trees from the perspective of Vastu (spiritual idea of good prosperity), being known for the positive atmosphere they give, not only for the fragrance. As a side note, almost half of the mangoes in the global market is grown in India.





Meeting of sustainability promotion working members

Active Roles of Diverse Human Capital

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 including 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 making efforts such as enhancing the systems for childcare leave and shorter working hours for childcare, and considering making the workplaces barrier-free. 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 life-work balance and diverse human capital can exert their abilities to the fullest with enthusiasm.



Through the MX project, we have organized mechanism for an autonomous organization. We will proceed with creating a personnel system and environment in which diverse human capital can work with joy and verve.

Fiscal year 2021 was the year of the execution of the MX project. We reformed the seniority-based evaluation system to a performance-based evaluation system. For our training system, we created a mechanism in which employees can voluntarily choose the training they want to take and develop their skills autonomously.

Although the rate of women in management positions is still low, we focused on genderless recruitment, and out of the 16 new graduates hired this year, nine were women, exceeding 50%. We will continue to develop systems and environments that allow us to hire and promote talented human capital regardless of gender or age. In addition, in view of the declining labor force due to the declining birthrate and aging population, we are considering raising the retirement age gradually for the employment of the elderly.



Corporate Division
Personnel & General Affairs Unit Leader
Tatsuuyuki Ujie

Managing Executive Officer
In charge of the Corporate Division's
Personnel & General Affairs Unit and
Group Safety Management Team
Masashi Yamamoto

For young employees, we are currently designing a system to support their career development. Furthermore, in addition to flexible childcare leave, we have introduced a system of “paternity leave after childbirth.” We aim to raise the rate of taking the leave by sending messages from the president.

At the same time, as the globalization of our business continues, the recruitment of overseas human capital is becoming more important. For the past several years, we have been hiring highly skilled engineers from overseas. We will also work to develop global human capital through various educational programs including long-term and short-term study abroad programs.

In addition to women, senior human capital, and overseas human capital, we believe that responding to LGBTQ+ will also be a challenge moving forward. By having these resources of diverse human capital play an active role, we will be able to develop the company from various aspects. Also to this end, we will create an environment in which each and every one can achieve a life-work balance.

CSR Challenges ■ TOPICS

Action from October Along with the Revision of the Child Care and Family Care Leave Act

In response to the MHLW's revision of the Child Care and Family Care Leave Act, we concluded an agreement with the labor union on a system of paternity leave after childbirth. On March 31, a message from the president was sent to encourage employees to take the leave, and we provide the IkuBoss* training for the leaders of each division.

Voice of a Father Who Took the Paternity Leave



I took the leave this June before the revision of the Child Care and Family Care Leave Act. It was a limited period of about two weeks, but it was an irreplaceable time that I was able to take care of my newborn child attending him all day, and watch him grow every day. I envy that from October after the revision, it will be able to divide it and take the leave again.

This is very basic advice, but as someone who has taken the leave, I think you should inform your workplace early and complete the handover in advance. I hope those who will be eligible take advantage of the paternity leave.

Chiba Works Equipment Team
Satoru Oami

* IkuBoss: Word combining “ikuji (childcare)” and “boss.” The “boss” here refers to a boss who maintains and enjoys the life-work balance of the members including himself.

Establishment of In-House Japanese Language Classes (Hunan NingXiang JiWeiXin Metal Powder Co., Ltd.)



Japanese language class being held

In-house Japanese language classes were started in May this year.

40 employees, which is about 1/4 of the 168 employees, have been participating. Divided into two classes, they are held every week.

I joined the company in April, but I have worked as a Japanese teacher before, so I am in charge of teaching these classes. I feel that I am entrusted with an important duty that not only improves the skills, but also creates opportunities for Chinese employees to deepen their interactions with Japanese employees.

I am pleased to see the students actively participating and more members greeting the stationed employees in Japanese.

I will continue to work to increase communication opportunities through the Japanese language classes to make our relationships even better.

Hunan NingXiang JiWeiXin Metal Powder Co., Ltd.

Secretariat Hu Yujun



Round - Table Talk with R&D Engineers

Chemical Laboratory Team, Core Technology Center Unit, Advanced Technology Division



Youn Hyunwoo
From South Korea
Joined the company in 2022

Process Team 1, Technical Solution Center Unit, Advanced Technology Division



Origil Gansukh
From Mongolia
Joined the company in 2021



Guan Yanyang
From China
Joined the company in 2022

Personnel Team, Personnel & General Affairs Unit, Corporate Division



Chiaki Suda
Facilitator
Joined the company in 2020



Kokoro Isomichi
Facilitator
Joined the company in 2022

Foreign engineers joined the CTC^{*1} Unit and TEC^{*2} Unit of the Advanced Technology Division last year and this year. From the perspective of diversity, we asked them about their reasons for joining a Japanese company and their lives in Japan.

*1 CTC: Core Technology Center

*2 TEC: Technical Solution Center

Suda: What made you start considering working in Japan?

Origil: For me, it all started when I came to Japan for a trip when I was a junior high school student. I had a good impression then.

Guan: I was originally interested in Japanese drama series, and later also got interested in its advanced technologies such as chemistry and materials.

Like this, the reasons they had in common to choose Japan was the interest in Japanese culture, sense of familiarity, and geographical proximity.

Isomichi: What do you feel in your living?

Origil: I can get anything in the countryside, the city or anywhere, so I do not have any trouble living. In Mongolia, I did all my errands and shopping when I went to the city.

Youn: It is very nice that we can go anywhere with one train. Japan also has the “super solo” culture, and the other day I experienced solo karaoke for the first time. I can't imagine going into a Korean barbecue restaurant alone in South Korea. On the other hand, it took three hours to do the move-in procedure at the city hall, but in Korea it would take only 10 minutes.

Isomichi: What about the reason you chose Toyo Aluminium and where you are assigned?

Guan: I was majoring in chemistry, so I searched for various companies in the field and chose Toyo Aluminium.

Youn: One of the reasons is that I was originally longing to live in Kansai and wanted to get a job at a company in Kansai. I also liked that working flexibly is possible and a life-work balance can be achieved.

Origil: I had a hard time with technical terms when I got assigned, but the workplace basically had a frank and friendly atmosphere, so it is a good memory now.

As a gap with what they imagined, Origil-san and Kan-san mentioned the volume of desk work.

Suda: What are your future goals and ideal vision?

Origil: As a researcher, I would like to produce results that can be utilized anywhere and I can be proud of.

Guan: I would like to accumulate knowledge to a level that I can be a teacher.

Youn: In three years, I would like to develop new aluminium possibilities related to SDG 9, and new energy-saving products related to SDG 13, climate change. Then, 10 years from now, I would like to be a senior who can lead juniors like my current training leader.

It has only been a short time since they joined the company, and there seems to be a language barrier unique to people from other countries, but we could feel that their work is fulfilling and enjoyable. We imagine that their Japanese colleagues are also positively influenced by the energy and ideas of them.

Key CSR Challenge

4 Quality and Safety



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 Group Safety Management 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.

Simulation training of new employees in the Yao Works

CSR Challenges ■ Examples of Practice

Enhancement of Change Control

The serious quality accident in fiscal 2021 occurred due to poor change control, so we worked to strengthen change control based on the reflection. Specifically, we implement quality RA* to avoid unexpected problems for planned changes by gathering not only the related members from the relevant divisions, but also members from manufacturing, technology, equipment, and quality assurance divisions to identify more risks assumed. By establishing this system, we will raise the level of quality control and provide safer and more secure products.

*RA: Risk Assessment

Quality Assurance System Diagnosis of the Toyol Group

Since fiscal 2020, we have been conducting quality assurance system diagnosis at each production site of the Toyol Group. At the sites in Japan, we have mainly carried out follow-up activities for the previous fiscal year, and also at the overseas sites, which were a matter of concern, we have been able to perform the activities through the use of a Web conferencing system. We will continue to conduct the diagnosis on a regular basis to further improve our quality assurance system.

Creation of a Safety Education Video to Improve Danger Sensing Ability

An accident is caused by a combination of various bad conditions. One of the bad conditions is that people cannot sense the danger, to be the victims of the accident. To put it the other way around, if we can improve the ability of each employee to sense danger, we can prevent accidents. It is said that the best way to raise safety awareness is to actually suffer from an accident, but in reality it is impossible. So, we have started to create an original safety education video at the Toyol Group so that many employees can easily experience accidents in a simulated way. We categorized the accidents into the types and situations of work so that they can easily view fire accident examples that feel real to them, training methods, and other contents.

Going forward, we would like to create effective teaching materials and introduce case examples by making efforts such as developing concrete examples using dashboard cameras installed in forklifts and safety cameras at the sites, and supporting the creation of videos on work procedures and other documents at each business site.

Quality

With the goal of zero serious quality accidents, we have strengthened the Group-wide quality assurance system. We aim to shift from recurrence prevention to absolute prevention.

We have been striving with the goal of zero serious quality accidents, but in fiscal 2021, one serious quality accident occurred due to poor change control.



Executive officer
Corporate Division
In charge of the Business
Administration Unit and
Quality Assurance Unit

Hideo Ishiguro

Unforeseen events due to changes may occur at any site. Therefore, the Quality Assurance Team voluntarily conducts mutual audits with other business sites, and carries out voluntary quality audits to verify the effectiveness of recurrence prevention measures. We aim to improve our quality control level by sharing and horizontally diffusing information on findings of each other and good case examples. By continuing these activities, we will evolve our efforts from recurrence prevention to absolute prevention to deliver safer and more secure products to our customers.

As well as improving the internal quality control level, we are also collaborating with our customers to improve the quality of each other. In fiscal 2021, we produced results such as actually contributing to the waste reduction at our customers' plants. We will continue our activities with the mind of "together with our customers" from now on too.



Corporate Division
Quality Assurance
Unit Leader

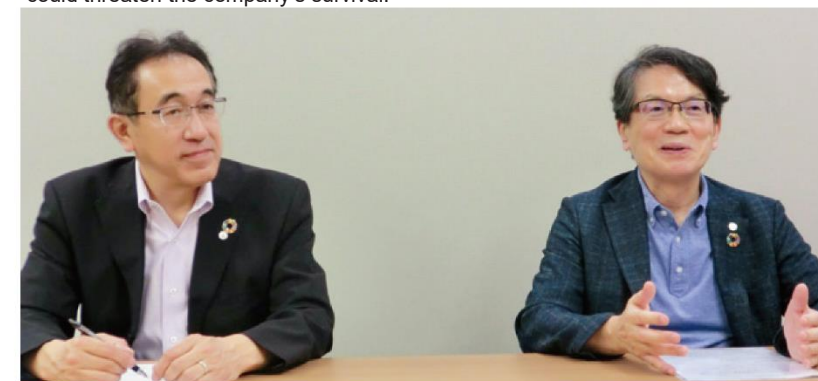
Tetsuya Yamakoshi



Safety

We have established the Group Safety Management Team to prevent critical accidents. We will create a safer working environment and raise employee safety awareness.

In response to the frequent occurrence of fire accidents in May 2021, the Group Safety Management Team under the direct control of the president was established in October with the mission of preventing accidents that could threaten the company's survival.



Group Safety Management Team Leader

Masataka Saruwatari

Managing Executive Officer
In charge of the Corporate Division's
Personnel & General Affairs Unit and
Group Safety Management Team

Masashi Yamamoto

Each business site has been working on safety activities, but this team gives priority to issues that may have a social impact. Especially for fire, fall, oxygen deficiency, and electric shock accidents, which may lead to critical accidents, we investigate the causes of accident cases deeply based on scientific knowledge, and horizontally diffuse the information to each business site, including equipment safety design that takes into account laws and regulations.

Accidents occur under a combination of various conditions, and we think that the risks can be reduced just by recognizing them. For that, it is necessary to reform employees' awareness, not only take measures in terms of hardware such as facilities and equipment. For each and every employee to improve their ability to sense danger, we are also making a strong effort to provide safety education materials. We are aiming to be "doctors" for safety. We need not only various technical knowledge about safety (danger), but also ability to diagnose and treat symptoms. Therefore, all members are now strengthening their ability under the guidance of safety consultants. We will continue to make tireless efforts keeping in mind that safety is the top priority for the company's continued existence.



Key CSR Challenge

5 Collaboration with Stakeholders

The Toyol Group has been contributing to local socioeconomic activities through production activities and employment. We are also making active efforts in collaboration with local communities, such as supporting and sponsoring cultural programs and environmental preservation activities, and giving cooperation and support for food bank activities through NPOs.

We are also making a strong effort 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 have widely disseminated our efforts for the SDGs and social challenges. We will enhance our corporate value with the emphasis on dialogues with our stakeholders.

In fiscal 2021, we had the impact of the COVID-19 pandemic continued from fiscal 2020, so we worked to ensure communication with stakeholders through media such as TV broadcasts and official YouTube posts.



We issued 53 press releases, and on our website, we frequently updated new information and other contents and increased the number of accesses, achieving a 15% increase compared to fiscal 2020. The popular content “Aluminium Research Project” is popular among children, and we keep brushing up the content since it is a good way to introduce aluminium and our company to children.

We also increased our appearance on TV, such as a TV program in which they introduced our product that prevents yogurt from sticking to the back of the cup's lid, and HydroFresh® that prevents meat's oxidation by generating hydrogen as a product that helps reduce food loss. This fiscal year, in diffusing our efforts on social challenges through each type of media, we will target 100 or more annual releases and a 15% increase in the number of accesses to our website.

In the company, we have established the “Sustainable Link Lab” to support employees' social contribution activities. At the same time, we continually disseminate sustainability topics and hold sustainability activity dialogues to promote dialogues with many employees.

Corporate Division
Business Administration Unit Leader and
Legal & Public Relations Team Leader

Yoshiki Sasa

In addition, we are carrying out activities while considering social contribution and interaction with local residents, such as an industry-university collaboration project with Kyoto Institute of Technology, participation in the National Arbor Day, partnership agreement with a forest association, and cooperation for food bank activities through NPOs. We will continually work to improve the corporate value of the Toyol Group by promoting dialogues and collaboration with various stakeholders, developing activities that are conscious of the SDGs, and disseminating the information.

CSR Challenges ■ Examples of Practice

Response to Disasters in Neighborhood

The Yao Works holds meetings with the Yao City Hall agreeing that in the event of an emergency such as an earthquake, storm, or flood, the Yao Works staff will provide as much cooperation as possible for the rescue and support activities such as transportation of supplies, assistance in driving forklifts to remove debris, letting the property used (for reasons such as evacuation and temporary housing), and provision of baths and meals.

The Shinjo Works, Kanbara Works, and Gumma Works are working on similar activities, and a part of such activities or consideration is going on at other sites as well.



Indication of a site that cooperates for disaster prevention



Fire drill

Establishment of PR Through Media

On the Television Tokyo program “THE TOPPAMON—I Save the Earth” aired on TV in December 2021, the difficulties in developing products such as TOYAL LOTUS® were introduced. Together with the TV station crew, our public relations staff also went to the business site where the development staff belongs, and cooperated for the interviews and filming. Also in April 2022, we got interviewed for the Television Tokyo program “The Unknown Gulliver—Excellent Company File—” at the business site where the staff in charge belongs, and introduced our products such as CHROMASHINE®, SPHERALLOY®, and Stainshell®. We will continue to actively disseminate information on our products that solve social challenges through the media.



Filming in the Gumma Works



Filming in the Shinjo Works

Participation in the 2022 National Arbor Day

The Toyol Group sponsored the 2022 National Arbor Day held in Shiga Prefecture. This was made possible by the idea “we want to contribute to a carbon-free society and biodiversity conservation through tree planting activities in Shiga Prefecture, where our business site is located,” from the Sustainable Link Lab, which is organized by our employees and supports social contribution activities. On the National Arbor Day on June 5, the Emperor and Empress of Japan participated in the tree planting online due to the COVID-19 pandemic, but trees were planted at several locations at the same time, and our president and 22 volunteers of our employees planted sawtooth oak saplings in the forest park Kutsukinomori. We hope these oak trees will grow big to make a lush forest.



Sawtooth oak saplings planted

TOPICS

Donation and Visit to a Local Kindergarten (Toyol Zhaoqing Co., Ltd.)

On June 1, 2022, in conjunction with the International Children's Day, the Vice Chairman, General Manager, union representative, and labor and management staff visited the Zhaoqing High-Tech Zone Central Kindergarten with donations. It is the only public kindergarten in the High-Tech Zone, and is very large with about 460 students in 18 classes. This time, we donated six ride-on toys called “Five China Dragons,” and 50 sets of 48-color marker pens, 24-color crayons, 24-color chalks, and watercolor paper. On the day, we could not see the children for the prevention and control of COVID-19, but it made the kindergarten teachers very happy and we shared a friendly atmosphere throughout the visit. We will continue to consider the social responsibility of Toyol Zhaoqing and act accordingly.



Ride-on toys called “Five China Dragons”



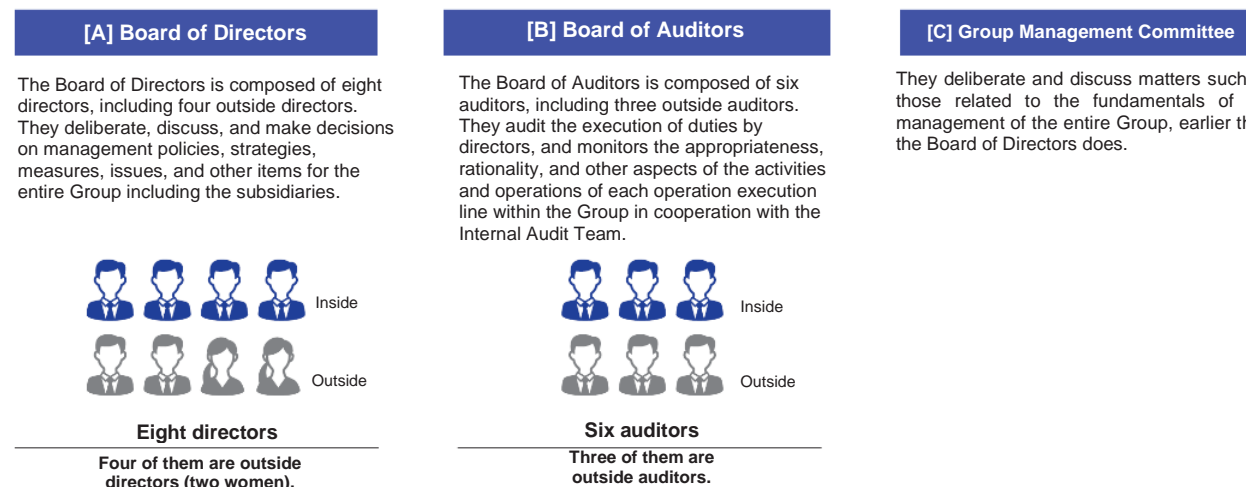
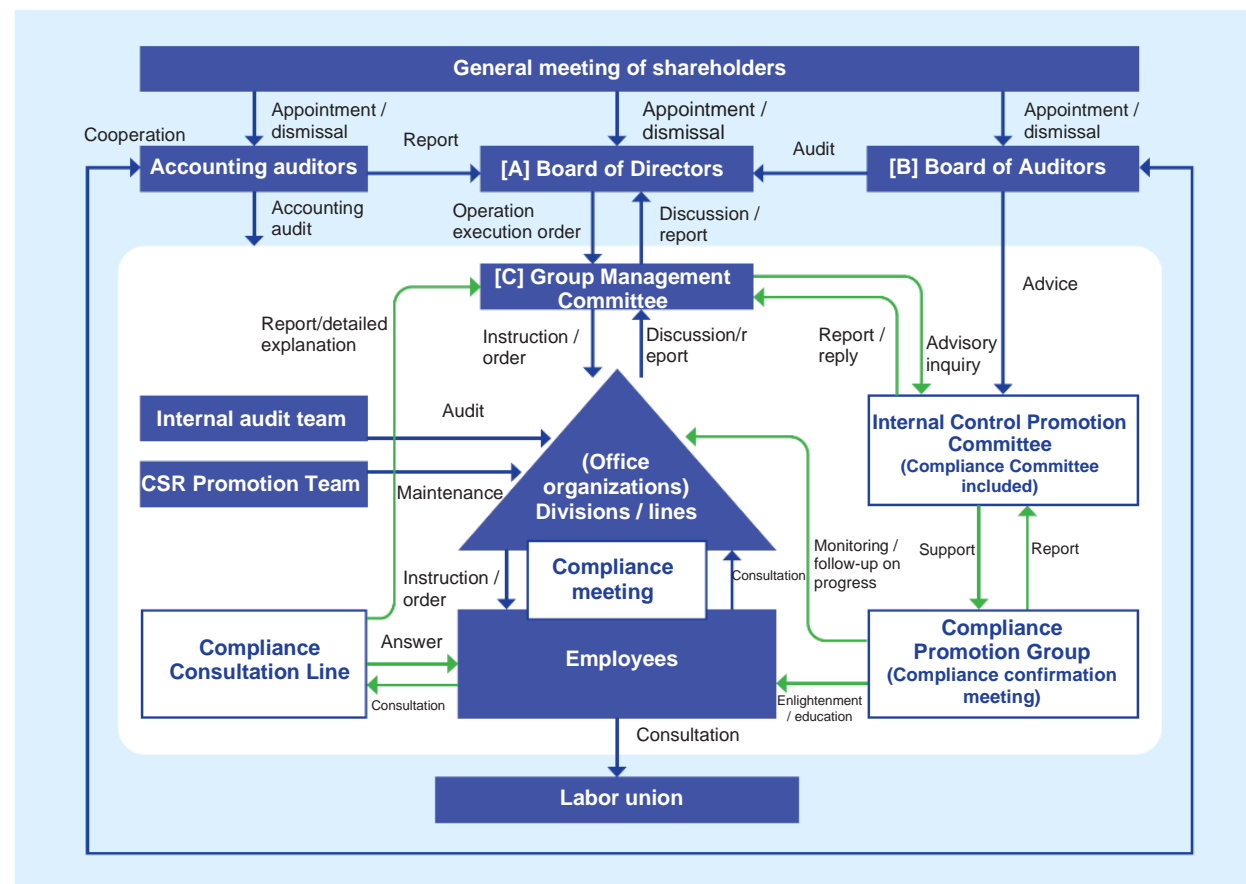
Donation ceremony

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 clients, employees, and local communities.

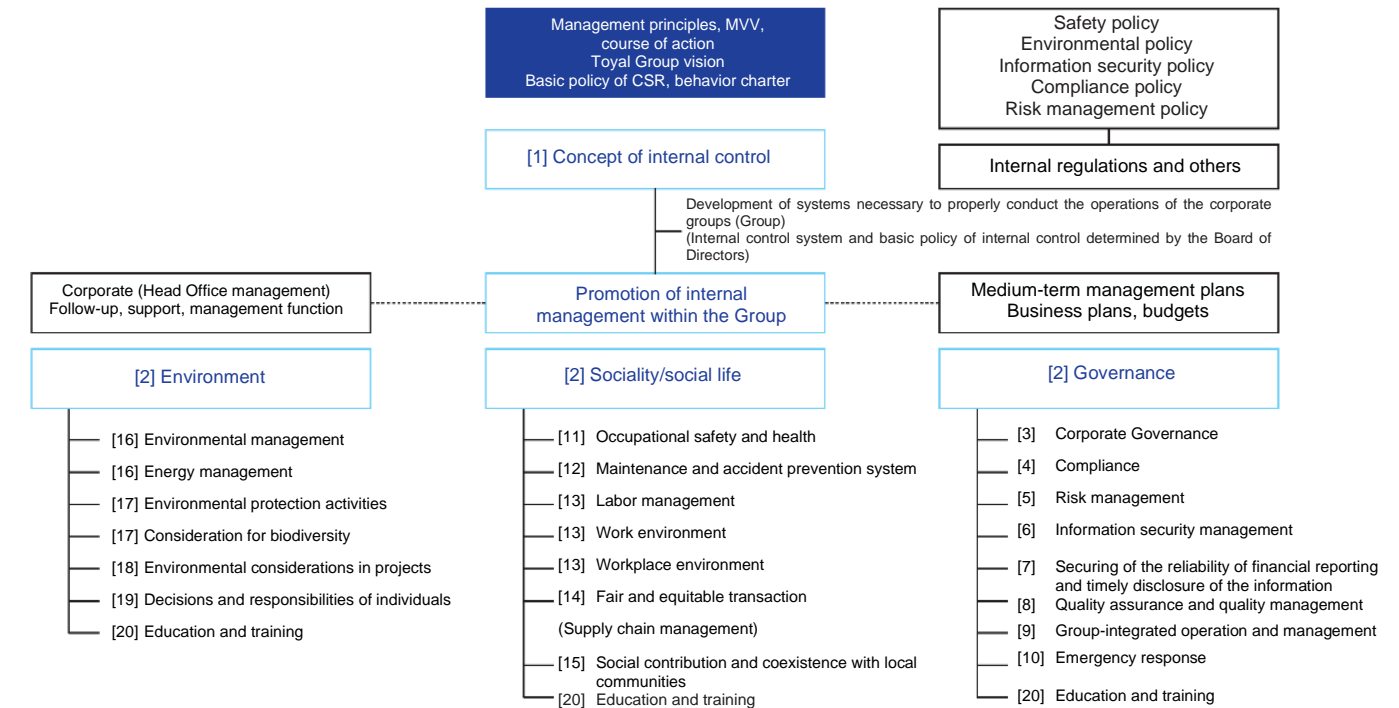
Corporate Governance Structure (As of June 2022)



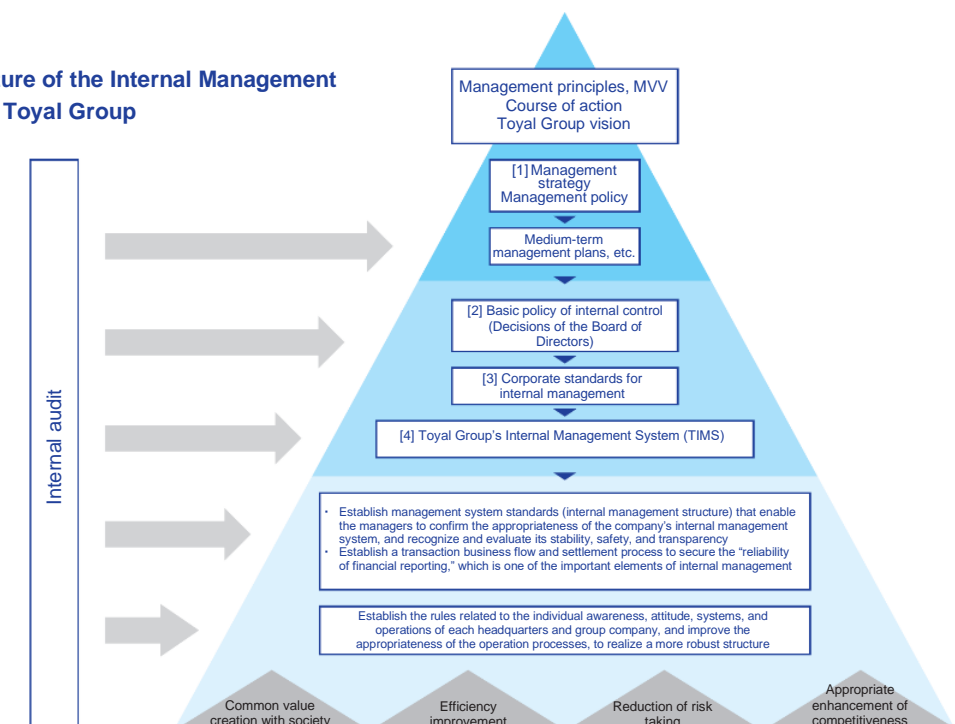
Internal Control System

From the perspective of autonomy, the Toyol Group has "corporate governance," "legal compliance," "risk management," "securing of the reliability of financial reporting and disclosure of the information," and other systems for control and management as "corporate standards for internal management," under the "basic policy for developing 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 System (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.

Toyol Group's Internal Control/Management System (TIMS)



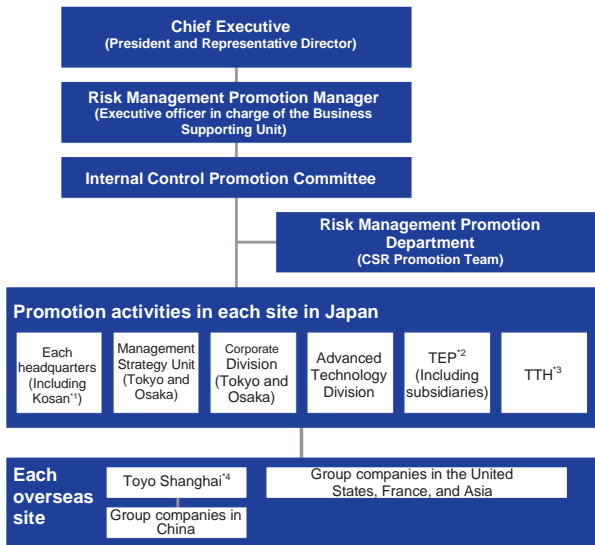
Structure of the Internal Management of the Toyol Group



Risk Management

In anticipation of more complex risks associated with future globalization, the Toyal 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 2021, out of the 12 risk categories identified by our Group based on the Group risk management regulations, 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.

Risk Management System



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

12 Risk Categories

- [1] External factor risks
- [2] Governance risks
- [3] Legal risks
- [4] Sincerity / ethical risks
- [5] Management strategy risks
- [6] Safety / environmental risks
- [7] Quality control / assurance risks
- [8] Financial risks
- [9] Operational risks
- [10] Information management / system risks
- [11] Human capital / labor risks
- [12] Company's internal / external communication risks

Achievements in Fiscal 2021

- Establishment of the roles of corporate functions and improvement of the Group-integrated management**
- Launched WT with members from all over the Group to consolidate opinions on three themes
- Improvement of internal management systems (Secondary establishment of internal management)**
- Implemented the cycle to formulate, execute, and follow up plans of improvement measures for manufacturing sites in Japan
- Promotion of internal control**
- Restructured the business flow and clarified risks
 - Reconfirmed the control points in the business flow
 - Identified and followed up legal risks
- Emergency response (Enhancement of the response in the case of emergency)**
- Formulated emergency response guidelines (including the emergency response timeline to be shared)
 - Organized a system for the response and the concepts of the division of roles
 - Obtained the “resilience certification” at some manufacturing sites (Yao and Shinjo)

Compliance

The Toyal 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. Continuing from fiscal 2021, we have been working on 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.

BCP, BCM, and Resilience Certification

The purpose of formulating a Business Continuity Plan (BCP) is to minimize damage and business stoppage in the event of an emergency. A Business Continuity Management system (BCM) is a system that not only formulates the plan, but also makes regular improvements, establishes the system within the company, and disseminates the awareness. The BCP of the Toyal Group consists of the Group's common emergency response guidelines (formulated in 2021) and the BCP of each business site. Formulating the emergency response guidelines and the BCP of each site corresponds to the response to “external factor risks,” which is one of the “12 risk categories” in the Group risk management regulations indicated in the risk management items. To ensure that the BCP is actually useful in the event of an emergency, we need to establish its continuous improvement and make it function as a management system.



Examination Requirements for the Resilience Certification

- [1] Policies related to business continuity are established.
- [2] Analysis and consideration for business continuity are conducted.
- [3] Business continuity strategies and measures are considered and determined.
- [4] A certain level of business continuity plan (BCP) is formulated.
- [5] There is a system that enables review and improvement for business continuity, and it is properly operated.
- [6] Preliminary measures are implemented.
- [7] Education and training are conducted regularly, and necessary measures are taken.
- [8] Those with a certain amount of experience and knowledge of business continuity are in charge.
- [9] There is no material fact that violates laws, regulations, or orders based on laws and regulations.

Efforts to Improve the Corporate Standards for Internal Management (Creation of the Business Flow)

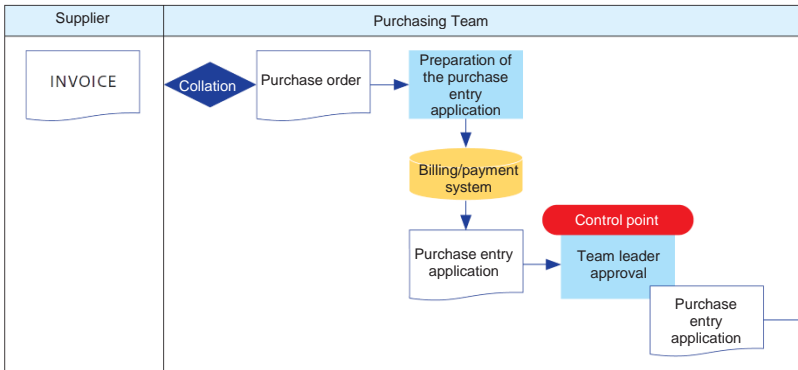
To “establish a transaction business flow to secure the ‘reliability of financial reporting’” as shown in the figure of the “structure of the internal management of the Toyal Group (page 30),” we created a set of three business process items and have been implementing Business Level Control (BLC) using the set since fiscal 2022. The business flow is created based on hearing activities with each division, and indicates which parts of the current business process have risks and what control activities are being conducted for the risks.

The business flow has the advantage that it is easy to detect omissions in risk control since the flow of the business is visualized. For the business flow as well, completing its creation is not the goal, and it is important to regularly check whether the necessary control activities are being carried out based on the created business flow, and to connect this to improvement activities.

The Set of Three Business Process Items

- [1] **Business flow (Flowchart)**
A chart of the business content and processing methods in line with the flow of the business
- [2] **Business process description**
A document that briefly describes the controls in the business along with the business process overview and procedures
- [3] **Risk Control Matrix (RCM)**
A document that lists what controls are being implemented for the identified risks based on the above two documents (This is called the “summary” within the Group.)

Part of the Foreign Currency Payment Business Flow



Third-Party Opinion

In the Toyal Group Sustainability Report 2022, I can see that despite the recent major changes in the global situation, the Group has been advancing the integration into sustainability management with an unwavering conviction, and steadily deepening the initiatives, such as the efforts based on the premise of decarbonization competition from a global perspective, and the Group-wide efforts to encourage the active participation of middle-level and young employees.

Points to be highly evaluated

- In the section of Top Commitment of President Kusumoto, the slogan “Join Together to Shape the Future” is stated first of all, and the message for all employees to participate for value creation is clearly communicated.
- Not only just setting the sights on 2031, the year of the 100th anniversary of the foundation, but also the concrete target levels to be achieved in 2031 are determined and clearly specified. The intention to improve the corporate value from a long-term perspective is clarified as management.
- With regard to decarbonization, I can see that the entire Group is seriously aiming for carbon neutrality in response to the global demands, such as through the upward revision of the target as the Group and consideration of expansion to SCOPE 3.
- The Household Products Headquarters is taking the initiative in environmental consideration involving customers and recycling, and is actively trying to expand the activities. I would also like to pay attention to the New Business Creation Division’s moves to create new markets such as lightweight solar panels.
- In sustainability management, steady efforts to enhance employee engagement are being advanced such as through the sustainability activity dialogues and the Sustainability Promotion Working Group’s activities, as well as the establishment of committee structure.

Points that should be improved moving forward and recommendations

- In terms of the environment, I can see that the Group is focusing on major goals such as decarbonization and a circular economy. In terms of society, however, the focus is on human capital development and diversity & inclusion within the Group, with the perspective turning inward.

Response to the third-party opinion



Executive officer
Corporate Division
In charge of the Business
Administration Unit and Quality
Assurance Unit

Hideo Ishiguro

I would like to show my gratitude to Mr. Seki for the kind words and honest suggestions.

I am pleased to know that it is highly evaluated that all of our employees are working to create value toward a sustainable society based on the MVV established in the MX project last year.

With regard to carbon neutrality, we will proceed with activities being aware of effectiveness to ensure that it does not become a mere slogan, such as investigation based on the power sources in the manufacturing process of aluminium ingots we procure, and consideration of the effect on decarbonization as one of the investment criteria when executing equipment investment.

For the incorporation of respect for human rights into management pointed out by Mr. Seki, we will monitor the human rights guidelines for supply chains that are being formulated by the government and establish milestones by the end of this fiscal year to work on management that respects human rights.

As for the review of the materiality, we will respect the opinions of a wide range of stakeholders and deepen “sustainable management” as suggested, and move toward management strategies that are more ESG-conscious. We will then create a “globally acclaimed company employees feel proud of,” not only our stakeholders.

Visiting professor at the Open University of Japan
Senior advisor at the Sustainability Promotion Division,
Sompo Japan Insurance Inc.

Masao Seki



I hope that the Group will expand the points of contact with society and strengthen the efforts to be deeply engaged with social challenges.

- In particular, there is not much progress in the efforts to incorporate respect for human rights into management in accordance with the United Nations “Guiding Principles on Business and Human Rights,” including human rights issues in supply chains.
- It is stated that efforts will be made on human rights due diligence, and what will be done by when should be clarified. It is necessary to utilize materials such as the “Handbook for Management that Respects Human Rights” of Japan Business Federation and the guidelines newly formulated by the METI. I hope that effective measures will be taken beyond just making a concept.
- It is a good thing to review the materiality determined five years ago, so I hope that the review process will incorporate dialogues with a wide range of stakeholders to make it an opportunity to deepen the sustainability management through meaningful stakeholder engagement.

Conclusion

In order to incorporate sustainability management into daily business activities, not just discussion topics, the engagement of each and every employee is extremely important. In this regard, it is reassuring that the trend to involve employees has been strengthened within the Group, and I look forward to future results. I hope that going forward, a stronger effort will be made on open innovation and leadership will be exercised in creating new value toward a sustainable society.



Comments from the New Members of the Sustainability Promotion Working Group

- F

M

It was a good opportunity to learn about cutting-edge activities in each division of the entire Group.

There was very little time for all the Sustainability Promotion WG members to gather and work together, but there were opinions that I was able to understand and sympathize with from those of the team members that I had never interacted with before, so it was very enlightening. I look forward to seeing the final version of the 2022 Sustainability Report. At first, I did not know why sustainability is attracting so much attention in daily life and in companies, but I looked it up on the internet to find that there are many things we can do as an individual in our daily life, and I felt that we need to take it as our own issue.

It also made me think how corporate activities based on long-term sustainability will become even more important as sustainability awareness is increasing due to the COVID-19 pandemic.

- R

H

M

I had a wonderful opportunity to learn about the entire Group’s sustainability activities and efforts for the challenges, across the boundaries of workplaces and divisions. Thank you very much.

Throughout the report, the content has been updated from previous sustainability reports, and many photos, charts, and graphs have been included, making it easier to read overall. I also felt the novelty of the programs being structured more in line with the employee perspective, with many voices from each workplace being incorporated.

Since it was my first time, there were many things difficult to understand in the flow, but it was great that I was able to meet members not involved in my regular work and also become more knowledgeable about sustainability than before.

Editorial Policy

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

Continuing from the last year, the feature section shows the year’s progress and the path forward of the Toyal Group with the theme being the “challenge to a carbon-free society,” which is a globally important and difficult issue.

For SCOPE 1 and 2, we have presented the environmental investment plan that was started at our model business site. For the decarbonization target revised according to the government’s policy, we believe that from the dialogue of the members, you can get a glimpse of the conflicts in considering resetting the target.

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



[Data]
Toyal Group Sustainability Report 2022
https://www.toyal.co.jp/assets/eco/pdf/csr_report2022_data-ja.pdf

- **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 2021 to March 2022, and also covers some of our policies and activities for fiscal 2022.
- **Scope**

Toyo Aluminium K.K., and its subsidiaries and affiliates
- **Time of issue**

September 2022
(Next scheduled for September 2023. Last issued in September 2021.)
- **About the cover design**

We have expressed our view of the world enjoyably in a diorama style in order to spark interest in the various products and value created by the Toyal Group, from the products you often see to the ones you would not expect to be our products.



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