



Total Group

CSR REPORT

Total Group
CSR Report

2019



Create the future

ALUMINIUM with+

At Toyo Aluminium, CSR means following one principal rule, “create the future; I will create it” with an aim to helping build a sustainable society.

We are committed to giving back to society through our business operations as we work with an eye to forging a bright new future. As we move closer toward celebrating our centennial in 2031, we are focusing on the actions we need to take that will see us through to the next fifty years to one hundred years.

We will rebuild our management structure on a foundation of CSR to ensure that it can contribute to the development of a sustainable society.

Toyal Group Vision

Think outside the box while putting our technological expertise to work for people and the planet.

ALUMINIUM with +

■ Concept

[Think outside the box:]

We think outside the box to create new products, such as TOYAL LOTUS®, an innovation inspired by the structure of a lotus leaf; CHROMASHINE®, that changes color depending on the angle it's viewed from; and our black foil designed to deliver all the flavor of stone-baked sweet potatoes without any of the fuss.

[Our technological expertise:]

Our technological expertise in rolling, roll-polishing, printing, laminating, grinding, molding, and more makes up our core competencies.

[For people and the planet:]

We give our all for all our stakeholders and stay focused on protecting the environment in our operations across the globe.

We are in the aluminium business but we go the extra mile to add value to aluminium and beyond.

[ALUMINIUM with +]

We are in the aluminium business but we go the extra mile to add value to aluminium and beyond.

Create the future



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Management Principles

We, in the Toyal Group, will act as follows.

1. Through sound business management, we will aim to provide products and services that always inspire customers, prove useful for society, and are environmentally friendly.
2. We will be committed to constant innovation and strive to provide products utilizing advanced technologies.
3. We will foster a vibrant and free-spirited corporate culture and aim to be a group of geniuses.
4. We will be aware of social responsibility and contribute to the society as a company with dignity.

Course of Action

“Create the future, I will create it”

1. Let’s aim for the top.
2. Let’s win with our wisdom.
3. Let’s deepen communication.
4. Let’s learn from our mistakes.
5. Let’s make more use of our sensitivities.
6. Let’s form alliances.
7. Let’s further heighten awareness about safety and security.

Editorial Policy

This report is intended for our stakeholders and describes policies, challenges, directions, and the current status of our CSR initiatives leading us up to a sustainable society. To achieve the Sustainable Development Goals (SDGs), we use the SDG Compass in management of our CSR activities.

This year’s report is based on our mission of “creating the future” and highlights the dialogues with an external experts and employees in the direction of integrating CSR activities into business operations.

Since 2016, the report has featured input from Masao Seki, a specially-appointed professor at Meiji University, as an independent adviser. His insights help us make continuous improvements to our CSR initiatives.

- Reference guidelines
 - SDG Compass: The guide for business action on the SDGs
 - ISO 26000 (International guidance on social responsibility)
 - GRI (Global Reporting Initiative) Sustainability Reporting Standards
 - Guidelines for Environmental Reporting, 2018 edition, Ministry of the Environment

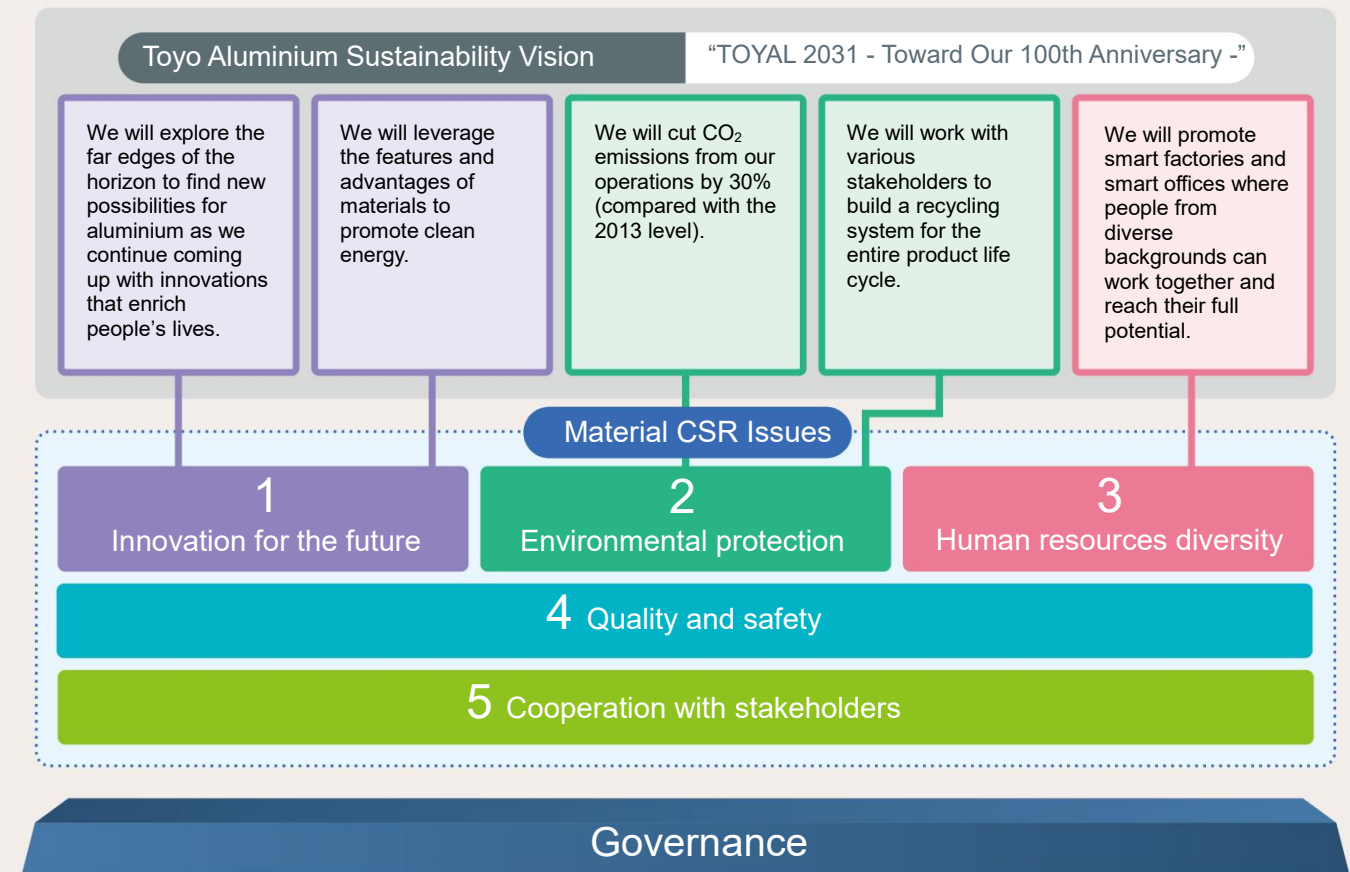
■ Period reported
Our activities from April 2018 to March 2019, as well as part of the 2019 action policy and plan, are reported.

- Scope Toyo Aluminium K.K., its subsidiaries, and affiliated companies
- Issue date September 2019 (previous edition published September 2018; next edition slated for September 2020)
- Cover design

The image of a baby firmly holding a finger of an adult is expected to represent “creating the future” and “firm connection between CSR activities and business operations.” For our children creating the future, we will work toward achieving the SDGs, integrating CSR into business, and paving the way to a sustainable society and planet.



To be an innovative and unique enterprise through integrating CSR activities into business operations



Growth strategy toward the centennial

Toward our centennial in 2031, the Toyo Aluminium Group will enhance its capability to grasp social changes properly, and lead the market as an innovative and unique enterprise. To that end, sustainability will be an indispensable concept. It is crucially important to formulate and implement aggressive growth strategies consisting in innovative ideas obtained from problems society is now facing for further business development. Not to mention expansion of the existing business, we will put more emphasis on creation of new business initiatives; producing not only major projects but also numerous small-to-medium-sized initiatives. We also consider it necessary to aim at being a manufacturer of functional materials, exceeding the existing framework of intermediate material manufacturer, by emphasizing BtoB and BtoC frameworks. These innovative moves cannot be realized only with our efforts alone. By taking advantage of external supports through collaboration with business partners and M&A, etc., we can further enhance additional values to the Toyal Group.

Fiscal 2019 positioned as the year to act on integration of CSR activities into business operations

It has been three years since the Toyal Group introduced the concept of Creating Shared Value (CSV*) and started full-fledged actions toward achievement of SDGs as an aggressive CSR initiative. In fiscal 2017, we adopted five material CSR issues of "Innovation for the Future," "Environmental Protection," "Use of Various Types of Human Resources," "Quality and Safety," and "Cooperation with Stakeholders." In fiscal 2018, led by the CSR promotion team, through numerous bottom-up discussions, a draft Toyal sustainability vision, "TOYAL 2031 - Toward 100th Anniversary -" (hereafter, "Sustainability Vision"), was compiled to describe how these five initiatives will be realized by 2031, the 100th year after our foundation. After the two years in preparatory measures, fiscal 2019 is the year to act on "integrating CSR activities into business operations." At present, in order to establish the five material CSR issues and the Sustainability Vision firmly in the management practices, business units are working on their respective "sales targets for products contributing to the SDGs." We have so far progressed to be capable of grasping the company-wide relationship between business and CSR (contribution to achieving SDGs) and starting the PDCA cycle. However, we have still remained in a stage where the existing business operations can be linked with actions for contributing to achieving SDGs. In fiscal 2019, we have started dialogs with employees for "integrating CSR activities into business operations," and started reviewing specific targets

and KPIs linked with the Material CSR Issues and Sustainability Vision, together with responsible departmental heads and the CSR Promotion Team. We are now moving a step forward, and considering how we can link our contribution to social issues (CSR) directly with our business operations, by for example, reviewing our business directions from the perspective of SDGs. It is also a very important challenge for us to verify actual contribution levels to the society by measuring social impacts of our products. By presenting not only the current "sales targets," but also "social contribution targets" in the future, we will raise awareness of our workforce and create business that can more actively contribute to the society.

* CSV: Creating Shared Value; creating values for both society and Toyal Group to enhance the overall corporate value by maintaining the balance between "creation of social values" through activities toward social issues and "creation of economic values."

Empowering human resources and workplace agility for future customers in ten years

To realize the growth strategies and business practices contributing to the society, the most crucial factor in our management resources is "human resources." We are keenly aware of importance of diversity, including global human resources and female workers, as well as disabled employees as our valuable assets. We are also dedicated to enhancement of workplace environment to ensure that each employee can be engaged in meaningful professional life and fulfill their potentialities to the maximum extent.

Various innovations at Toyal Group will require enhanced workplace agility and sensitivity to global trends. To that end, employees are constantly reminded of the importance of getting the first-hand experiences at work sites both in Japan and abroad. In order to be better acquainted with global markets, we will enhance global communications through more active utilization of global meetings within the Toyal Group and exchanges with global markets. We will need to heed voices of not only our customers but also their customers, and ultimately end-users; our future growth will depend on our strategies based on our clear vision of how the society will be changed in ten years. Not the simple "market-in" but more expansive "social-in," and further progressive "future social-in" approaches will be our next key concepts. We will continue our challenges, firmly determined to create "Toyal Group Value" through our insights into future social needs and our creative efforts to satisfy the needs.

Hiroshi Yamamoto,
President and Representative Director,
Toyo Aluminium K.K.

[Features]
1 Dialogues with external experts

Initiatives and directions of CSR/SDGs expected of the Toyo Aluminium Group



We invited Mariko Kawaguchi, Chief Researcher of Research Division of Daiwa Institute of Research and Kanako Fukuda, General Manager of CSR Office of Sumitomo Chemical to discuss the issue of integration of CSR activities into business operations in the Toyo Aluminium Group. Participants, including responsible managers of headquarters and Group companies engaged in lively discussions, and developed better understanding of expectations about the Group and of general directions in which we should take.

Changing social trends

[Mizukami] First of all, I would like to ask business environments surrounding the Toyo Aluminium Group.

[Nakano] To respond to the social changes, we, at the Photovoltaic Headquarters, are engaged in operations consistent with social trends by contributing to dissemination of renewable energy by manufacturing and selling solar batteries and photovoltaic components.

[Yamaguchi] In the household products business at Toyo Aluminium Ekco Products (TEP), some transactions involving retailers are significantly affected by consumer trends. Specifically, as plastic wastes in the sea have recently become a big social issue, our early initiative of focusing on development of paper containers seems now to be flowing with the trend. Paper containers were considered to be more expensive than the plastic counterparts by consumers, but have recently been viewed as feasible options.

[Kusui] TEP may be sailing smoothly, but things are different at Powder & Paste Headquarters.

We experience certain difficulties in our efforts to manufacture environmentally friendly products, which will inevitably increase costs and decrease profits.

[Nakano] All we can do is to think what we should choose in this world of conflicting values and to take proper course of actions.

[Fukuda] Manufacturers are always required by customers to provide good and inexpensive products. However, manufacturing good products will require considerable costs for R&D and environmental measures. There may be limits a single company can do; but unanimous opinions of the entire industry or the entire supply chain would make a difference.

[Kawaguchi] Consumer awareness is changing. That is why environmental performances and effects should be disclosed to them in such manners as to facilitate their understanding. Even BtoB companies can do something direct to raise consumer awareness.

[Fukuda] In the case of BtoC, "C" is also within the company. Once employees are out of office, they are consumers.

Encouraging employees to understand our approaches would be an important way; as our efforts can be disseminated through their friends and neighbors.

[Kawaguchi] Furthermore, the topic of how to incorporate social impacts, including environmental values and social meanings, into core investment evaluations has become a major consideration among investors. SDGs may have something to do with the rising interests in ESG investments in these days. In Japan, the ESG investment market has dramatically expanded in recent years; and the ESG perspective is deemed more and more indispensable among far-sighted investors.

Supply chain management enabling risk reduction

[Yoshida] With the 2019 target of "integrating CSR activities into business operations" set for the Toyal Group, we now work energetically on it as the forth step in "SDG Compass." I would like to know your opinions about how to proceed with this initiative.

[Fukuda] Step 4 requires decisions on how to integrate SDGs into business operations and identify specific challenges, and how to make KPIs compatible with actual operations. SDGs present two aspects, "risks" and "chances"; no company can survive without properly handling risks; but if it can, the risks will turn into business chances. Successful integration of SDGs into business operations may lead to business or management strategies that can help us to grow as an enterprise.

[Kawaguchi] At present, SDGs dissemination campaigns are actively promoted by the Financial Services Agency, targeted at medium-to-small enterprises. One approach is to introduce the concept of SDGs through local financial institutions; and another is to incorporate them into suppliers of major companies. In the efforts to integrate into business operations, supply chain management is an inevitable factor.

[Kusui] At the Toyal Group, we have recently received an increasing number of customers' inquiries about risks associated with supply chains. We simply and honestly respond to those inquiries by checking the relevant facts



Supply chain management is crucial to integration of CSR activities to business operations

the suppliers; but I wonder how to handle them in the future.

[Fukuda] What is required now is to prove that there is no risk in supply chains. That has been an ordinary and accepted notion in the business world, but the dissemination and notification of the ordinarily accepted practice seems to have eluded BtoB companies. Because that is hardly discernable from outside, it should be emphatically presented to external parties.

[Kawaguchi] Supply chain management will reduce corporate risks. It is necessary to establish a proper governance system capable of handling any detected problem properly, and to check the system every year.

Toward integration of CSR activities and business operations

[Mizukami] Officer Yoshida mentioned that one of the primary targets in 2019 is to "integrate CSR activities into business operations." In this light, how would you try to realize the Sustainability Vision and important Material CSR issues in your actual business practices, and how do you think you can generate SDGs operations?

[Tada] We are starting with whatever we can right now. We are still working on the "positioning" stage; considering how SDGs operations can be positioned and how they can be developed. For example, in the foil business, oil used for the rolling operation is collected and re-used in the recycling system. As products that can contribute to alleviating environmental loads, we also manufacture and sell lithium-ion battery components. We would like to enhance development and order acceptance operations for products that can more effectively contribute to achieving SDGs.

[Aoki] Toyo Tokai Aluminium Hanbai plans to incorporate SDGs and CSR into the 2019 management policy, and establish KPIs to enhance the operations. We would also like to use these SDGs and CSR activities for public relations. There may be diverse activities in different organizations and individual workers; but what is most important as a company would be to enhance "shared understanding among all workers."

[Yamaguchi] I suppose, TEP's household products are mainly used by women at home; but, unfortunately, we have very few female workers.



SDGs represent the courage to challenge unsolvable problems.

We are now increasing new recruits not only fresh out of college but also mid-career. To encourage able workers to stay at the Company, we would need to introduce more flexible work styles.

[Fukuda] As expressed in Course of Action in Toyol Group, “4. Let’s learn from our mistakes,” without challenges and failures, it would be difficult to cultivate competent human resources. Regardless of sexes, employees should be given more “opportunities to learn from mistakes.”

[Kawaguchi] According to a certain study, companies with male and female employees at similar ratios generate high profitability in the long run. As the society is composed of the male and the female at similar ratios, companies with the same gender balance may be the most suitable to the society and end up with better profitability in the end. As a company-wide initiative, it would be important to involve not only the top management but also junior staff members expected to play a central role around 2030 for effective integration of SDGs into business operations.

In Conclusion

[Fukuda] You mentioned integration to business operations, which you have started tackling this year; and that is exactly what we, at Sumitomo Chemical, are wading through. SDGs represent the courage to challenge unsolvable problems. It may be difficult to find answers to SDGs, but I think the courage to face the challenges will be what we need most. The bottom-up approach is important, of course,

but what is crucial in this connection is the top management’s commitment to employees and external parties. It may take tremendous efforts to move the entire ship around, but we still need to move ahead, one step at a time.

[Kawaguchi] SDGs first draw public attention because of the fear shared by the general public. That is why it has aroused significant interests in the world, and is now changing the social values and economic models. While some companies may take it as “one of the commonplace booms,” others “take SDGs in a broader picture of the changing world, and have started working on changing work styles and business models”; in 2030, there may be a tremendous distance between them. The Japanese are good at thinking, “How,” but poor at thinking, “Why.” SDGs cannot be sustained for long without holding on to personal answers to “Why,” and backing them up with personal actions. When the top management and junior workers are able to think on their own, they will be able to accelerate things and deepen their insights. As I said earlier, if we could motivate the current junior workers expected to be in responsible positions in 2030, the target year for SDGs, and prepare systems for them to find their work more meaningful, they will be able to enjoy their work.

[Yoshida] Within the CSR Promotion Team carrying out cross-functional CSR activities, they frequently discuss what to be considered for whom. First, we would like to encourage employees to know more about the Company, and expand activities from there. As for integration into business operations, specifics should be more thoroughly discussed with staff members of the headquarters to produce tangible outcomes.

Dialogs with external experts made us recognize the importance of supply chain management.

As for risks, we will make bold responses properly, and link them to new business opportunities by sharing necessary information with stakeholders.

First of all, we will need to establish “Policies on Human Rights.”

“Human rights” have long been under our special consideration; we will not only be confined in mere legal compliance but also aggressively promote systems that can protect human rights. By following up on the dialog we have had, we will continue internal discussions to consider more advanced approaches in the light of SDGs.



In reply to the external experts’ opinions

Managing Executive Officer
Managing Executive Officer in charge of CSR Promotion Office (at the time of reporting)
Masahiro Yoshida



[Features] 2 Dialogues with Employees Headquarters’ directions contributing to achieving SDGs



In order to integrate CSR activities into business operations, the Toyol Group incorporates Material CSR Issues that have been established and Sustainability Vision aimed at the company’s centennial into the business operations, to promote and develop activities that can contribute to achievement of SDGs. We conducted internal dialogs with responsible persons in headquarters and Group companies, as well as the CSR Promotion Team, to exchange opinions and ideas about “how each headquarters should function” and “promising future markets,” etc., and discuss directions to be taken by respective headquarters.

Overview

[Date] March 15, 18, 27, and April 1, 2019

[Location] Toyo Aluminium K.K., Osaka Office; Toyo Aluminium Ekco Products Co., Ltd., Osaka Office; Toyo Tokai Aluminium Hanbai K.K., Osaka Office

[Participants]

▶ Foil Headquarters

Senior Managing Executive Officer Hitoshi Tada
Director in Charge of Foil Headquarters
Business Strategy Office Motoki Furueda

▶ Powder & Paste Headquarters

Senior Managing Executive Officer Jun Kusui
Director in Charge of Powder & Paste Headquarters
Business Strategy Office Yuichi Asano

▶ Photovoltaic Headquarters

Senior Managing Executive Officer Toshihiko Nakano
Director in Charge of Photovoltaic Headquarters
Photovoltaic Development Department Takahide Minami

▶ Household Products Headquarters

Senior Managing Executive Officer Masaki Yamaguchi
Director in Charge of Household Products Headquarters
Toyo Aluminium Ekco Products Co., Ltd.
Mirai Business Promotion Group Fumi Ito
CSR Promotion Office Nobuhisa Ogihara

▶ Toyo Tokai Aluminium Hanbai K.K.

President and Representative Director Masahiro Aoki
General Affairs Department Yuki Tao

▶ Toyol Group, CSR Promotion Team

▶ **Toyo Aluminium K.K., CSR Promotion Office members**
▶ **Secretariat: Toyo Aluminium K.K., CSR Promotion Office**

Foil Headquarters

Many products contributing to SDGs are produced; in the healthcare field, for example, components of defibrillators, medical packing materials, in the food field, water/oil repellent packaging materials (used in yogurt container lids, contributing to reduction of wasted foodstuff); and in the energy field, external materials and positive-electrode materials for electric vehicles, etc.

[Business directions]

- Our water/oil repellent packaging materials, "TOYAL LOTUS™" and "TOYAL•ULTRALOTUS™," were presented with internationally recognized academic awards for aluminum foils as innovative materials/technologies and protected by patents. This is a field in which significant growths can be expected.
- Electric vehicles are also expected to be more widely accepted both in Japan and abroad; and this will be a growing market.
- We will produce products that can contribute to solution of social issues through development of innovative technologies and materials, including introduction of continuous casting facilities, etc.
- As the scale of business is expanding, the total environmental loads tend to increase. Figures per production unit (in basic unit) may be reduced; but it is a significant issue to reduce the total loads. Within plants, more aggressive measures should be taken for recycling. In addition, more efforts could be made to establish recycling systems for aluminum foil already in the market.

Powder & Paste Headquarters

Our main products include aluminum paste used as raw material for automobile metallic painting, as well as water-based paint used in packaging materials, beverage cans, cellphones, etc. Because water-based paint is free of volatile organic solvent, it can be safely used and easily stored, will not cause harm to human bodies and thus contribute significantly to solving social issues.

[Business directions]

- With the increasing production quantities, the total CO₂ emission at production tends to increase (decreasing in basic unit), the CO₂ emission at uses of customers may be reduced by 60%. We will aim at CO₂ reduction not only at production but also within the entire value chain.
- At overseas bases, we will increase the number of locally hired employees or female recruits; and by dispatching Japanese engineers to overseas business sites, we will utilize diverse human resources and promote innovation.
- We would like to be "smart factories" where elderly and female workers can also work comfortably. Some work locations have already started lifestyle improvement programs to promote health-oriented management practices.
- We will dedicate ourselves to contribute more to achieving SDGs through cultivating in-depth dialogs with various stakeholders, including other Group companies, customers, and local residents, etc.

Photovoltaic Headquarters

The primary operations are performed for photovoltaic power generation deemed as renewable energy. In these business operations directly contributing to solution of social issues, we work on improving power generation efficiency of photovoltaic cells, reducing costs, and expanding installation sites, etc.

[Business directions]

- As the market share of renewable energy in the entire energy market is still about 1%, this particular business is expected to grow rapidly in the near future.
- At present, our business here is centered on solar power generation; but in the future, as implied in the name of "Photovoltaic Headquarters," we may consider other renewable energy sources for our business options.
- After-use disposal of solar battery panels and other related issues need to be carefully considered in the future. Business opportunities in repair, reuse, maintenance, etc., should be sought not only in development of proprietary technologies but also in alliances with other companies
- We now plan to set CO₂ reduction targets in China, the primary production site.
- The ratio of female managers in the Photovoltaic Headquarters is high; and advancement of female workers should be more actively promoted. Particularly in China, empowerment of female workers is quite advanced; and highly capable workers, either male or female, are in important posts.

Household Products Headquarters

Our BtoC operations feature manufacture/sale of aluminium foil and paper containers used in daily necessities in our life, namely, household goods and packaged food products, etc. We can contribute to solving problems of plastic wastes in the sea through our products, and of recycling issues through our supply chains.

[Business directions]

- The relevant operations are promoted by setting plastic container reduction targets toward 2031.
- In order to reduce CO₂ emission at production, the Photovoltaic Headquarters also promotes introduction of solar battery panels to the plants, and plans to make gradual and steady switch-overs.
- We are promoting the recycling systems for aluminium/paper containers, and also developing technologies for complete dissolution of plastics coating of our paper products.
- As we primarily handle home products, measures should be promoted more actively for empowerment of female workers. We are planning to increase new recruits not only fresh out of college but also mid-career. We will also consider work-style reforms to present a system where female workers can be more empowered, so that it can be rolled out throughout the entire Group.

Wooden SDGs Badge produced of forest thinning residues

At the Toyal Group, the SDGs Badge is used to raise each employee's awareness and motivation toward contributing to achieving SDGs. The biggest feature of the SDGs Badge in the Toyal Group is that it is produced of forest thinning residues. Forest thinning is important in that it will help trees grow healthy and contribute to protection of forests; wearing SDGs Badges is one way to express our concern about forest protection.



Toyo Tokai Aluminium Hanbai K.K.

This is a direct sales subsidiary in the Toyal Group, and engaged in global sales operations primarily for products of the Toyal Group, and other high-quality items that can contribute to solving social issues.

[Business directions]

- In order to contribute to achieving SDGs, employees' awareness should be raised not only by the bottom-up approach promoted by CSR Promotion Team but also by the top-down approach definitively led by the top management. To that end, SDGs contribution targets are now incorporated into business plans, and further integrated in each employee's targets and action plans.
- As the company is equipped with sales/trading firm functions, it can expeditiously grasp market needs through its marketing activities, and transmit them to the manufacturing functions to present good products to the society; it also plan to actively promote internal reforms (empowerment of diverse human resources and collaboration with various stakeholders).
- As for construction of recycling systems, it seeks to find ways to get fully involved by taking advantage of the sales/trading firm functions.
- A female worker recruited for clerical tasks was able to change her job category to a career-track post by taking advantage of a system made available for fulfilling employees' career development. We would like to make managerial career-track posts more available.

▣ Visions and Strategies for the Future

The Toyotal Group is moving ahead with CSR initiatives in accordance with the basic CSR policy and CSR charter it has developed in light of its Management Principles and Course of Action. We support the SDGs (Sustainable Development Goals) with an understanding of their background and are working to achieve them. We are helping build a sustainable society through our corporate activities while working to enhance our corporate value.



Basic CSR Policy

We, in the Toyotal Group, aim to build a corporate culture that allows us to continuously improve our sound business activities. To that end, we will develop management that can contribute to society by (i) developing corporate activities that are compliant with social norms and corporate ethics, (ii) providing product quality that allows customers to use our products comfortably, (iii) conducting business activities in harmony with the environment, and (iv) conducting activities that place the utmost priority on occupational health and safety in the workplace.

Participation in the UN Global Compact

The Toyotal Group signed the UN Global Compact and was registered as a participant on April 10, 2018. In accordance with the Ten Principles of the UN Global Compact covering the areas of human rights, labor, environment, and anti-corruption, we, as a global company, actively promote responsible management and CSR initiatives across our corporate group with an aim of helping build a sustainable society. In fiscal 2018, we also shared the importance of the Ten Principles of UN Global Compact by means of internal newsletters, etc.

Each domestic Toyotal Group company held workshops on the Ten Principles of the UN Global Compact, in which many employees participated. Also, at Toyotal Group Global conferences, they were explained to representatives of overseas subsidiaries of the Group. The Secretariat (Toyo Aluminium K.K., CSR Promotion

Office) attends section meetings of Global Compact Network Japan and communicates with external experts and staff members of other companies, to grasp the trends and share the relevant information internally. We will renew our awareness about human rights, labor, environment, and anti-corruption while ensuring that every employee recognizes their social responsibility and fulfills our social responsibility as an upstanding corporate citizen.

Communication-on-progress

We report actions taken to implement the Ten Principles of the UN Global Compact as well as our commitment to various UN goals through our **Communication on Progress**.

We welcome your feedback on its contents.



Workshop



Sharing the importance of the Ten Principles of UN Global Compact in an internal newsletter (October 2018 Issue)

▣ Management

CSR management based on SDG Compass*

Toyotal Group utilizes SDGs as a new yardstick for corporate activities and is implementing CSR management that has incorporated SDG Compass, to measure/manage contributions to SDGs.

The CSR Promotion system is led by the officer in the CSR Promotion Office as the responsible supervisor, and coordinated by the CSR Promotion Office functioning as the secretariat.

In 2018, our continuous efforts in aggressive approaches to CSR activities, focused more specifically on “promotion of innovations” and “thorough communication to employees,” in accordance with SDG Compass.

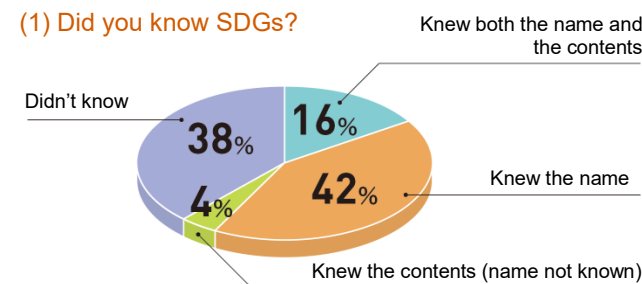
We also have started stakeholder dialogues for the 100th anniversary in 2031.

In 2019, with “integrating CSR activities into business operations” as our main corporate theme, we will be engaged more actively in achieving SDGs.

* SDG Compass: A corporate action guide for more active uses of SDGs activities formulated by UN Global Compact, Global Reporting Initiative (GRI: An NGO promoting understanding of sustainability reports and providing supports for their compilation at private enterprises and government bodies, etc.), and WBCSD (World Business Council for Sustainable Development).

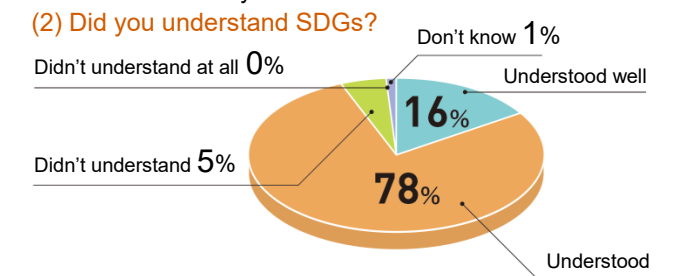
Step 1 Understanding SDGs

In 2016, SDGs workshops were held for officers and departmental heads; in 2017, they were given to managers. In 2018, for better and deeper understanding among employees, the Toyotal Group initiated a campaign called, “Aggressive Approach to CSR Activities - with New Yardstick Called SDGs,” and had the campaign team hold 34 workshops at 16 domestic business sites around the Group.



In the questionnaires collected after the workshops, 94% of the participants responded “Understood well” and “Understood” SDGs.

Furthermore, information concerning CSR and SDGs should be further disseminated by means of internal newsletters, etc., and employees should be encouraged to be more acquainted with them through workshops to be held continuously.



Step 2 Decide priority issues

After Material CSR Issues established in 2017 were reviewed, we have decided to tackle these five Material Issues continuously.



Step 3 Setting goals

To execute the five Material CSR Issues and the Toyotal Sustainability Vision linked with them, specific targets and KPIs need to be established first. At the Toyotal Group, internal workshops (please refer to “Column” on P.13) and employee dialogs (please refer to “Feature 2 on P.8”) were implemented primarily at the initiative of the cross-sectional CSR Promotion Team members. Based on the results of reviews conducted at internal workshops, relevant department heads and the CSR Promotion Team members had internal dialogs to establish specific targets and KPIs for the Toyotal Group.

Toyo Aluminium Sustainability Vision
 “TOYAL 2031 - Toward Our 100th
 Anniversary -”
 Aluminium with+
 Create a Sustainable Future

Vision

» We will explore the far edges of the horizon to find new possibilities for aluminium as we continue coming up with innovations that enrich people's lives.



» We will leverage the features and advantages of materials to promote clean energy.



» We will cut CO₂ emissions from our operations by 30% (compared with the 2013 level).



» We will work with various stakeholders to build a recycling system for the entire product life cycle.



» We will promote smart factories and smart offices where people from diverse backgrounds can work together and reach their full potential.



Column

[Internal workshops]

Establishing targets and KPIs, based on Material CSR Issues

From February to April 2019, we had the total of three workshops to discuss Toyol Group CSR activity targets and KPIs.

In these workshops, five Material CSR Issues and the closely linked Sustainability Vision were discussed primarily by the CSR Promotion Team members, specifically as to what targets and KPIs should be set for business operations in the short term (2019), the medium term (until 2021), and the long term (until 2031). These reviews were conducted not only by the CSR Promotion Team members, but also through hearings with the relevant business units as the targets and KPIs will be incorporated into the relevant department targets after fiscal 2019.

Concerning how these internal dialogs were conducted, including the contents of the reviews, please refer to P.8, “Feature 2.”



Attendees at Workshop on February 15, 2019

Overview

[Dates] February 15, March 15, April 23, 2019

[Location] Toyo Aluminium K.K., Osaka Office

[Participants]

Toyo Group, CSR Promotion Team

* Toyo Aluminium K.K.

- Foil Headquarters Motoki Furueda
- Powder & Paste Headquarters Yuichi Asano
- Photovoltaic Headquarters Takahide Minami
- New Business Creation Department Yutaro Sawada
- Advanced Technology Division Moeko Matsubara
- Engineering Center Keiichi Watanabe
- Management Planning Department Ryusuke Yano
- General Affairs Department Daisuke Miki
- Personnel Affairs Department Mitsunori Sawai

* Toyo Aluminium Ekco Products Co., Ltd.

- Mirai Business Promotion Group Fumi Ito

* Toyo Tokai Aluminium Hanbai K.K.

- General Affairs Department Yuki Tao

Toyo Aluminium K.K. CSR Promotion Office members
 Secretariat: Toyo Aluminium K.K., CSR Promotion Office
 Toyo Aluminium Ekco Products Co., Ltd., CSR Promotion Office

Step 4 Integrating

The Toyol Group views the year 2019 as the “year of action toward integrating CSR activities into business operations.” We have so far finalized Material CSR Issues, Sustainability Vision, and the relevant targets and KPI's, primarily at the initiative of the CSR Promotion Team. CSR should be tackled not separately from our business operations but in close coordination with them. With the firm commitment of the top management, as CSR issues are stated in President's comments at the beginning of a year and in

operational policies presented by directors in charge, all employees are moving forward in the same direction. We will also incorporate external views by, for example, conducting dialogs with external experts (please refer to “Feature 1” on P.5) to promote integration of CSR into business operations, while creating corporate value and continuing to contribute to society.

Commitment by the Director in Charge of CSR Aiming to “integrate CSR activities into business operations”



Executive Officer In Charge of CSR Promotion Office
 Minoru Kawaguchi

Three years have passed since we started promoting the Aggressive Approach to CSR Activities incorporating SDGs perspective. As stated in Feature stories, the head of each business unit reveals its actions toward SDGs; and for Material CSR Issues, the responsible officers present specific departmental measures. Through these activities, we intend to promote further developments for “integrating CSR activities into business operations.”

Keeping in mind the Toyo Aluminium Sustainability Vision targeted at our centennial in 2031, we will continue internal dialogs to the extent that every employee can be personally committed to the relevant issues by establishing more specific targets for the short time (2019), the mid-term (until 2021), and the long-term (until 2031).

We are determined to continue our challenges by uniting our forces together, while trying to attain our personally identified goals, so that our efforts can lead to realization of the sustainable society.

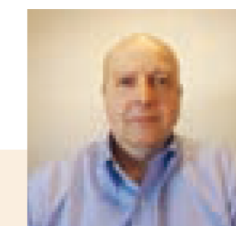
Messages from responsible persons in overseas Group companies

For achieving SDGs



President, Toyo America, Inc.
 Bud Loprest

At TAI we have 4 guiding principles that provide the leadership team with a vision for the company. Those principles are: shareholder value, customer satisfaction, a commitment to our employees and their families by providing a safe, healthy and diverse workplace and lastly, we commit to act responsibly in the communities where we live and work. If successful, we can directly impact several the goals contained in the SDG initiative. Since 2009-2012 we implemented a company wellness program that connected improved lifestyle with health and diet training (goal 3). We won several awards including the Global Health and Wellness Award for Small Business held in London in 2013. We also provide financial support to a local organization that provides training and job opportunities for developmentally disabled adults called “Cornerstone Services” (goal 11). Further, we work hard to provide career opportunities for people of all races and genders and recently received high scores from our Government's Equal Employment Opportunity Audit (goal 5). By continuing to follow our guiding principles we will have opportunities to impact many of the 17 Sustainable Development Goals.











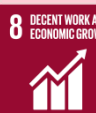
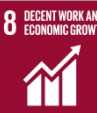



COO, Toyo Europe S.A. S. U.
 Stéphane Rochard

We, at Toyo Europe, are committed to contributing to Toyol Group's Sustainable Development Goals. We aim at implementing a strategy that reflects commitment to economic, environmental, social and cultural ideals, to apply sustainable practices across the organisation. Adopting cleaner production techniques, developing resource and energy efficient processes and examining transportation of goods are key targets to achieve by 2030. People are critical to the business success. Integrating good employment practices into our business, such as friendly policies, flexible working and access to training, will help create an environment where people feel valued and content. In today's tight labour market, this is crucial to our ability to attract and retain the right people. Reduced painfulness, by the implementation of automatism on production lines, will improve efficiency and safety at work. Toyo Europe will also be focusing on Men/Women equality across the organisation in terms of salary and management positions. By 2030, we are looking at reducing CO₂ emission, energy and water consumption, industrial waste by 25%. From product development and packaging, to manufacture, transportation ..., every element of the business will be analyzed and reshaped to maximise the resources we use and minimise the waste we produce.

CSR Action Plan

Keeping in mind the Toyo Aluminium Sustainability Vision targeted at our centennial in 2031, we, in the Toyol Group, have established targets for the short time (2019), the medium term (until 2021), and the long term (until 2031) for the five Material CSR Issues.

We will continue the relevant operations steadily, believing that the attainment of the long-term targets will not only create the Group-wide value but also contribute to achievement of SDGs.

Material CSR Issues	Correspondence with major SDGs	Primary activities	Short-term targets (for 2019)	Mid-term targets (for 2021)	Long-term targets (for 2031)
1 Innovation for the future	    	<p>Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12</p> <p>New business: Creating the fifth pillar (of the business)</p>	<p>Finalizing products contributing to SDGs</p> <p>Targeted at one case of commercialization of a product</p>	<p>Setting targets as part of management strategy (to be incorporated into the mid-term management plan)</p> <p>One case of commercialization of a product</p>	<p>Increasing sales of products contributing to SDG3, 7, 9, 11, and 12 three times (compared with the 2019 level)</p> <p>Two cases of commercialization of products</p>
2 Environmental protection	 	<p>Reducing CO₂ emission from business activities (compared with the 2013 level)</p> <p>Constructing the solar battery recycling system</p> <p>Constructing the aluminium recycling system</p> <p>Constructing the paper container recycling system</p> <p>Reducing industrial wastes from business operations</p>	<p>Reduction by 2.5% (year-to-year)</p> <p>Starting reviews about methods for constructing the solar battery recycling system and dialogs with stakeholders</p> <p>Starting dialogs with stakeholders for constructing the aluminium recycling system</p> <p>Starting dialogs with stakeholders for constructing the paper recycling system</p> <p>Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)</p>	<p>Reduction by 2.5% (year-to-year)</p> <p>Reviewing methods for constructing the solar battery recycling system</p> <p>Constructing the aluminium recycling system and starting the recycling operations</p> <p>Constructing the paper recycling system and starting the recycling operations</p> <p>Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)</p>	<p>Reduction by 30% (compared with the 2013 level)</p> <p>Starting construction of the solar battery recycling system and the recycling operations</p> <p>Generalization of aluminium recycling (with the constructed system)</p> <p>Generalization of paper recycling (with the constructed system)</p> <p>No industrial waste for final land-fill (zero emission through complete recycling)</p>
3 Human resources diversity	 	<p>Improving the ratio of new female recruits</p> <p>Enhancing work opportunities for senior human resources</p> <p>Empowering autonomous human resources</p> <p>Promoting health-oriented management practices</p>	<p>New female recruit ratio at 20%</p> <p>Preparation for changing the retirement system primarily to raise the mandatory retirement age to 65</p> <p>Starting development of autonomous human resources</p> <p>Starting consideration of measures to promote health-oriented management practices</p>	<p>New female recruit ratio at 25%</p> <p>Completion of establishment of the retirement system primarily to raise the mandatory retirement age to 65</p> <p>Expanding those eligible for development of autonomous human resources</p> <p>Continuing measures to promote health-oriented management practices and also obtaining external evaluations</p>	<p>New female recruit ratio at 30%</p> <p>Completion of establishment of the retirement system primarily to raise the mandatory retirement age to 70</p> <p>Continuously expanding development of autonomous human resources</p> <p>Continuously expanding health-oriented management practices</p>
4 Quality and safety	 	<p>Reducing serious quality complaints</p> <p>Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire accidents</p>	<p>No significant quality complaint</p> <p>No accident accompanied by lost worktime, no accident not accompanied by lost worktime, no fire accident, halving minor accidents (year-to-year)</p> <p>Priority action items: Enhancement of accidents concerning rotating objects and conveyance tools, as well as fall accidents within the premises</p>	<p>No significant quality complaint</p> <p>No accident accompanied by lost worktime, no accident not accompanied by lost worktime, no fire accident, halving minor accidents (year-to-year)</p> <p>Priority action items: Enhancement of accidents concerning rotating objects and conveyance tools, as well as fall accidents within the premises</p>	<p>No significant quality complaint</p> <p>No accident accompanied by lost worktime, no accident not accompanied by lost worktime, no fire accident, halving minor accidents (year-to-year)</p> <p>Priority action items: Enhancement of accidents concerning rotating objects and conveyance tools, as well as fall accidents within the premises</p>
5 Cooperation with stakeholders	 × 	<p>Improving reliability and satisfaction by means of dialogs with various stakeholders (local communities, customers, employees, etc.)</p>	<p>Eliciting and summarizing problems through dialogs with various stakeholders</p>	<p>Planning the Toyol Group measures for problems suffered by various stakeholders</p>	<p>Establishing good relationships with various stakeholders and contributing to solving their problems</p>

1

Material CSR Issues

Innovation for the future

[Message from the Responsible Person]



Executive Officer
In Charge of New Business Creation
Department
Yoshihiko Okubo

We believe that our most important social responsibilities are to provide new products and services that meet society's needs, help solve issues facing the world in order to pave the way to a sustainable society, and create economic value. In the midst of the increasingly demanding environments, particularly, in terms of development speeds and research quality, we aim at building the fifth business pillar with the key phrases of (1) environment/energy, (2) improvement of social infrastructure, (3) health/medical, (4) IoT society, and (5) electrically-powered motor vehicles, while considering collaboration with universities and other companies, as well as M&A options. Working against this backdrop, we will think outside the box and push the envelope in our aluminium-based business as we move ahead at full speed to build a brighter future and create value.

OUR APPROACH
Approach

The Toyal Group moves ahead with the R&D and commercialization of products by harnessing its core technologies at its Advanced Technologies Division and New Business Creation Department in response to current and potential issues facing society as well as changes in the market environment. We divided target markets into three types, i.e. existing, new, and next-generation markets, and invest R&D resources in each category. We actively promote open innovation, partnering with startups, universities, research institutions, etc. across the globe, to tackle challenges we cannot overcome alone. Taking the Creating Shared Value (CSV) approach, we focus on R&D projects that will create value for both society and the Toyal Group while staying in close touch with stakeholders. We will think outside the box and push the envelope of our aluminium-based business to lead the world.

OUR PERFORMANCE

Examples

Exploring new possibilities of aluminium applications by Introducing "Aluminium continuous casting facility" (Kanbara Works)

Toyo Aluminium K.K. introduced the continuous aluminium casting facility at its Kanbara Works in October 2018. The continuous casting method not only improves manufacturing efficiency, as compared with conventional methods, but also is expected to, among other things, enhance hardness, reduce pinholes, and reduce molding defects due to improved rolling ratios. Furthermore, in our newly introduced continuous casting facility, detailed settings can be made for manufacturing conditions, enabling us to develop products that can satisfy customers' needs. We will explore aluminium's unfound possibilities through development of functional products that can help people live more comfortably.

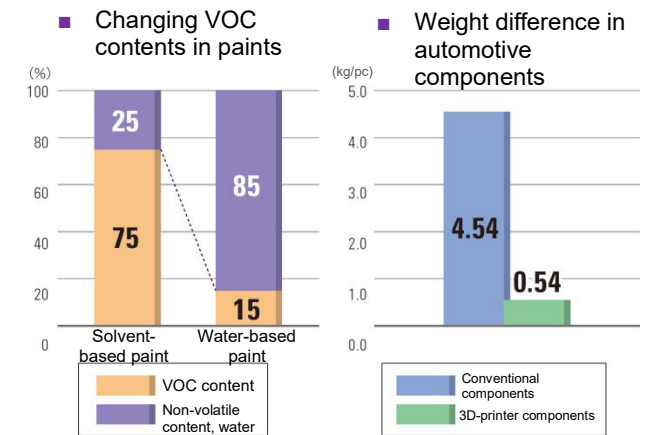


Aluminium continuous casting facility introduced at Kanbara Works

Reducing environmental loads through new technological developments, including water-based paint and metal 3D printers

Metallic pigments used for automobile paints were conventionally applicable only to solvent-based paints containing significant VOC* contents. The surface finishing technologies of Toyo Aluminium K.K., however, has made it possible to reduce VOC contents in paints by about 80% by making such pigments compatible with various water-based paints^{*1}.

We also develop and manufacture aluminium-alloy powder for metallic 3D printers for manufacturing automobile components. By using designs optimized for 3D printers and our proprietary high-strength aluminium-alloy powder (Scalmaalloy^{®2}), we have been able to reduce weights of components by more than 80%, which is reported to have contributed to improved mileage of vehicles, the end products^{*3}.



* VOC: Volatile Organic Compound. Because it causes photochemical smog, it is restricted by regulations in many countries.
^{*1} Onoyama, Paint Technology; October 2006, Special Number 43 (2006)
^{*2} Scalmaalloy[®] is a registered trademark of APWORK.
^{*3} Jon Meyer, Metal additive Manufacturing, Spring 2019 Vol.5 No.1

We are determined to enhance partnerships with various industrial fields, expand our technological bases to new areas in close collaboration with stakeholders, so that we can contribute more to reduction of environmental loads.

Full-scale manufacture/sale of products contributing to dissemination of renewable energy

In fiscal 2018, Toyo Aluminium K.K. started the full-scale manufacture/sale of "Hane[™] Module" (hereafter, "Panel"), a super-light-weight solar battery panels. The Panel weighs about half of conventional solar battery panels (6 kg/m²), making it possible to be installed on roofs, which used to be impossible due to weights. By taking advantage of the special features of the Panel, we started manufacture/sale of a solar battery panel, "ENESTAND^{™4}," a two-pillar solar battery stand that can be installed in a limited space. ENESTAND[™] is expected to be used widely at various locations, as a weather protection in an automobile/bicycle parking spot,

in front of a guard station, or over a sidewalk, etc. We will make the full use of our proprietary technologies for a society where renewable energy is nothing special in our daily life.



"ENESTAND[™]" is a small-footprint solar battery stand equipped with "Hane[™] Module," super-light-weight solar battery panel

^{*4} ENESTAND[™] is a registered trademark of Sky Japan Co., Ltd.

2 Environmental protection

Material CSR Issues

[Message from the Responsible Person]



Executive Officer
In Charge of Engineering Center

Masahiro Takahashi

As we process aluminium produced from mineral called bauxite for various purposes, we recognize that our manufacturing processes require large amounts of resources, energies, and chemicals, etc., causing significant impact on environment. We are thus aware of the needs to promote business operations harmonious with the global environment.

Specifically, "reduction of CO₂ emission from business activities," "establishment of recycling systems," and "waste reduction" are duties to be fulfilled by any aluminium manufacturer. There may be many difficult obstacles to be tackled, in terms of engineering, economic, internal/external systemic aspects, etc.; but we will move forward from broader perspectives encompassing the entire product life cycles and industry.

OUR APPROACH

Approach

Environmental preservation is an important field of our business activities, to which we contribute not only by means of our products but also through reduction of environmental loads in our operations. In our daily operations, for example, we promote reduction of energy used in each manufacturing process, and recycling of generated wastes. For prevention of global warming, in particular, we have set a long-term target of reducing CO₂ emission by 30% (compared with the 2013 level) by 2031, the centennial year for the Toyo Aluminium Group, based on the Paris Agreement and SDGs, and will promote specific actions to attain the target. We have also obtained ISO14001 certifications at 15 business locations, which are mostly production sites. Through effective implementation of the environmental management system, we will prevent environment-related problems and comply with the relevant laws and regulations, reduce environmental loads, and promote sustainable business activities that are harmonious with the global environments.

OUR PERFORMANCE

Examples

Active promotion of recycling activities (Yao Works)

In March 2018, Toyo Aluminium K.K. dismantled an incinerator at the Yao Works. Despite the elimination of the environmental loads due to the discharges of traces of dioxins within the legally approved limits, the total amount of wastes has become a new problem. To reduce the final waste amounts (landfill amounts), recycling activities are aggressively promoted. For example, in fiscal 2018, 11 tons of paper wastes were recycled into toilet paper; as many as 2,400 rolls were used in a year at the Yao Works.



Dismantled incinerator at the Yao Works



Toilet paper produced from recycled paper

Establishing a system to recover and reuse exhaust heat (Gumma Works)

At the Gumma Works, aluminium foils are colored and films are combined. As these operations require organic solvent, VOC processing devices are installed; the heat energy produced in the process used to be wasted as exhaust heat. In 2018, an exhaust heat recovery boiler was introduced to recover the exhaust heat generated from the processing device as steam, which is then reused as a heat source for drying and oven heat source at production facilities. As a result, the electric power usage has been reduced by 2%; the city gas usage has been down by 4%, respectively in a year.



Gumma Works: Exhaust heat recovery boiler

Development of entirely biodegradable paper containers and consideration of possible future alliances (Toyo Aluminium Ekco Products Co., Ltd.)

To solve the problem of plastic wastes in the sea, which has become a global challenge, significant efforts are now required, including proper management of wastes, enhancement of 3Rs (Reduce, Reuse, Recycle), and development and dissemination of highly biodegradable plastics, paper, and other alternative materials.

Against this global background, Toyo Aluminium Ekco Products Co., Ltd. has made consistent corporate efforts for sustainable development through enhanced manufacture/sale of paper-based containers, including development of pulp-mold(*1) containers and other types of paper containers.

Currently manufactured/sold paper containers cannot be entirely returned to the soil, as they are coated with plastic materials. One of our new initiatives includes development of paper containers based on biodegradable plastics, which is scheduled to be launched in fiscal 2019.

We are also planning to participate in "Clean Ocean Material Alliance"² established as a forum to accelerate these innovative initiatives.

In order to solve the problem of plastic wastes in the sea, we would like to further promote our business of paper containers, expected to replace disposable plastic containers, and contribute to global environmental preservation.

*1 Molded pulp: A paper mold products made of pulp solved in water, strained with wire work, and dried: It is easily molded into various shapes, and capable of satisfying a wide variety of needs as plastic food trays, etc.

*2 Clean Ocean Material Alliance: Established by the Ministry of Economy, Trade and Industry, participated by 159 companies and associations (as of January 11, 2019); aimed at promoting various alliances among companies and associations to solve the problem of plastic wastes in the sea. More details are presented in a news release of the Ministry (January 18, 2019) titled, "Clean Ocean Material Alliance Established." <https://www.meti.go.jp/press/2018/01/20190118007/20190118007.html>

3

Material CSR Issues

Human resources diversity

[Message from the Responsible Person]



Managing Executive Officer
Managing Executive Officer in Charge of Personnel Affairs Department

Masashi Yamamoto

There are three key phrases representing the major business trends in Japan: "Globalization," "Decreasing working population," and "Diversifying personal values."

Against this background, the Toyol Group promotes health-oriented management for employees to maintain their good physical and mental health, and also systemic reforms to improve labor productivity and to nurture autonomous human resources.

We continue to create an engaging environment where individual workers can find meaningful and satisfying jobs in which they can perceive their personal growths, and provide diverse work approaches in which they can fulfill their potential, while contributing to sustainable society and sustainable corporate activities.

OUR APPROACH
Approach

We are a company that values people, and that's why we value employee diversity as well as individual personalities and characters, and aim to foster human resources diversity. As our operations quickly expand across the globe, we are actively hiring workers from overseas, including foreign nationals, and equipping employees with skills needed to work in the global arena through various training programs, including long-term and short-term programs for studying abroad. We have built a work environment where all employees can reach their full potential regardless of gender or disabilities by enhancing the child-care leave program and shortened work hour program for employees with child care responsibilities, promoting barrier-free work environments, and implementing other measures to address Japan's declining working-age population due to the falling birth rate and the graying of society. We also provide female employees with career support by assigning them to career-track positions. We are also focusing on reducing total working hours per year by reducing meetings, making them more efficient, and boosting communication through the use of a new IT system as part of our work reform initiatives, which also include introduction of the flextime system. We continue to create an engaging environment where people from diverse backgrounds can fulfill their potential while ensuring that all employees maintain a healthy work-life balance.

OUR PERFORMANCE

Examples

Promoting uses of the child care leave program - the first male employee who took child-care leave in the Toyol Group -

The entire company is fully supportive of employees raising children, and creates the work environment where they can sustain a good balance between work and child-raising.

The usage ratio of child-care leave by female workers in the Company has nearly 100%; but the leave has never been taken by male workers. While male participation in child-raising has been in one of the current trends, in fiscal 2018, the child-care leave was taken by a male worker for the first time. We are dedicated to maintaining the work environment where employees, regardless of their sexes, can easily take child-care leave, work comfortably, and have meaningful and rewarding work experiences.

Comment from the male employee who took the child-care leave

At first, I was a little embarrassed because there had been no precedence in a male worker taking the child-care leave. But, because I took the leave, I was able to know how hard it was to raise a child, and at the same time, to have a wonderful and intimate time in which I could feel my child growing day by day.

Because I was the first male worker taking the child-care leave, I can feel that I did something encouraging other male workers to take more active roles in raising children. I wish my tiny step could contribute to creating workplaces where many workers can feel more comfortable working.

It would be nice to see many male workers naturally take the child-care leave for taking care of their children.

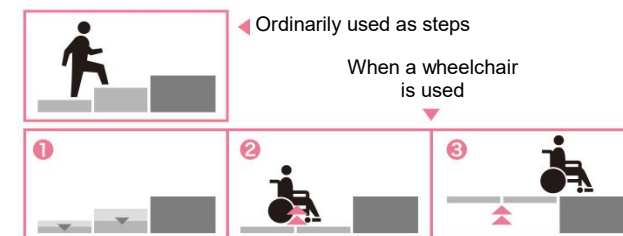
Building work teams and starting to build the work environment where we can work with disabled people (Yao Works)

At the Yao Works, based on the recognition that making the best use of diverse values would contribute to improving business performances, a certain Work Team activities have been introduced by departmental representatives to "create a workplace where disabled people can work comfortably and safely by 2021" since July 2018.

The Work Team has discussed how to realize barrier-free plants where various physically handicapped employees can comfortably work, despite the different types of disabilities, and is now taking systematic 3-to-5-year actions for coping with both tangible (elimination of steps and introduction of automatic doors, etc.) and intangible (flexible work hours and raising managers' awareness, etc.) issues. In fiscal 2019, a work environment improvement initiative will be put into action, as the first step, to enable wheel-chaired visitors to enjoy plant tours comfortably.

Furthermore, based on the activities at the Yao Works, the Toyol Group will roll out the idea, so that diverse human resources can contribute to creating active work environments.

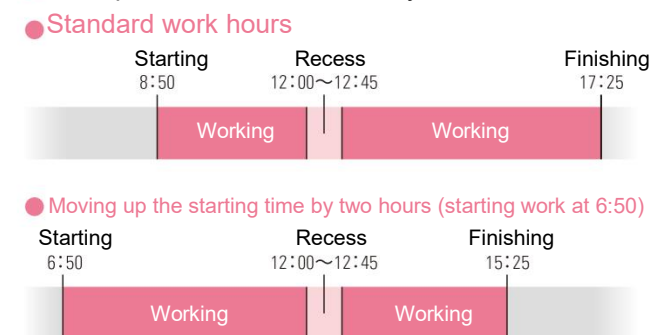
Lifting platform currently planned



Toward reforming work-styles - introduction of the flextime system -

In July 2018, Toyo Aluminium K.K. introduced the flextime system in which each employee can choose the starting time for a workday. The system allows each employee to shift the work hours forward or backward by one or two hours without changing the day's entire work hours. Each worker can choose the starting time suitable for his or her needs not only for childrearing or nursing care, but also for avoiding congested traffic in the morning, self-development needs, or participating community activities, etc. Because the procedures have been simplified, the use ratio* from the introduction of the system has reached as high as 37.8% in total, realizing more flexible work-styles for many workers.

Examples of uses of flextime system



* The use ratio: Based on the result of questionnaires conducted by a union of Toyo Aluminium K.K.

4

Material CSR Issues

Quality and safety

[Message from the Responsible Person]



Executive Officer
In Charge of Quality Assurance
Department
Norio Kasetani

We are committed to making and providing products that are safe, satisfying to customers, and beneficial to society.

Our workplace motto, "no safety, no production," instilling a safety-first attitude in our employees sums up the foundation of our operations. Ensuring both product and workplace safety is job one for manufacturers who are responsible corporate citizens.

In our business environment, we are constantly required to present new products, and respond to existing customers' needs with innovation as to currently available products. Our activities also need to be performed in increasingly global setting. In the midst of the changing business environments, we are committed to maintenance and improvement of safety and quality at high levels.

OUR APPROACH

Approach

We have obtained ISO 9001 certification at 17 locations, including our affiliates across the globe, and are working on the continuous quality improvements.

In order to ensure safety, a safety and health office has been set up at each production site while CSR Promotion Office plays a central role in maintaining a safety management

system. This allows for concerted efforts between the head office and production sites in implementing safety and health initiatives.

We also ensure that subcontractors who provide us with the processing services that support our daily operations fulfill their quality and safety responsibilities in order to prevent accidents and problems from occurring at production sites other than ours. We actively help them with monitoring quality control, conducting safety inspections for equipment we lend, and more while respecting their autonomy.

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

OUR PERFORMANCE

Examples

Development of activities for learning from mistakes

The most important point for presenting products that can satisfy customers would be to "eliminate serious quality incidents." However, quite regrettably, one serious quality accident occurred in fiscal 2018. As our sincere response to the latest accident, in order never to repeat the same mistake, we have compiled the "Case Studies on Past Problems" by collecting past incidents.

The "Case Studies on Past Problems" sums up details of the problems that took place at the Yao Works, the incident progress, the backgrounds, the causes, and the countermeasures.

In the latest compilation process, arrangements were made to enable points requiring careful attention to be surmised from the case study titles and to add succinct lessons to be learned, so that it can be used more easily as a tool for preventive actions.

We are scheduled to issue a revised version by re-editing the current one by adding examples collected at other business sites. We will put our forces together to realize an environment/system in which "eliminating serious quality incidents" is achieved as a matter of course.



Case Studies on Past Problems

Workshops held for on-site patrols by inviting external consultants (Yao Works, Shinjo Works)

In Toyal Group, in order to ensure safety, on-site patrols are conducted at each manufacturing site, in addition to the safety audits held by CSR Promotion Office and President's site visits. In the past, the results of the on-site patrols were heavily dependent on the personal capabilities of each inspector because the inspection points were not specified or properly shared in detail. To rectify the situation, in fiscal 2018, external consultants were invited to study sessions where participants learned about important points in on-site inspections both at class sessions and on site. From the consultants, we learned a reverse perspective of "How to cause a serious accident, instead of how to prevent an accident," and other crucial points based on practical insights. We will not only immediately put the lessons we have learned to actual inspection tours and other safety activities, but also further enhance the Group-wide safety activities by incorporating more external instruction sessions, as required.



Instruction session for points to be checked on-site inspection tour

Compilation of BCP suitable for business characteristics (Shinjo Works)

Toyo Aluminium K.K. compiles BCP (Business Continuity Plan) for unforeseen contingencies, including major earthquakes, and has established the BCM (Business Continuity Management) system.

In fiscal 2018, primarily at the Shinjo Works of Powder & Paste Headquarters, more practical BCP was re-compiled by eliciting the business characteristics with the help of external consultants. The progress of actions for the elicited issues is now regularly reviewed by the Work Team composed of managers and general managers at the Shinjo Works.

Also at the Hino Works in charge of the Powder business, activities for re-compiling BCP started toward the end of fiscal 2018; in fiscal 2019, the Foil Headquarters started preparations.



BCP Compilation Workshop

5

Material CSR Issues

Cooperation with stakeholders

[Message from the Responsible Person]



Executive Officer
In Charge of General Affairs
Department and Secretariat
Office

Hideo Ishiguro

We place importance on working with all stakeholders, including customers, local communities, governments, NPOs, and employees, to create innovations and maintain sustainable business operations while helping to build a sustainable society. We actively engage in stakeholder dialogues with an eye to enhancing our corporate value.

In the first place, each employee needs to think how to contribute personally to the society. And, the Toyo Aluminium Group, as the group of the individual workers, should consider Why, Where, What and How we can contribute to the society.

OUR APPROACH

Approach

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

OUR PERFORMANCE

Examples

Educational field trip for senior high school students as part of the initiative for nurturing the next-generation citizens

In October 2018, eight juniors of Moka High School of Tochigi Prefecture visited Osaka Office of Toyo Aluminium K.K. as part of their field trips. This project was realized in conjunction with "School Support Center," an NPO. The project is aimed at encouraging students to visit companies, learn about industrial activities in society and job diversities, so that they can acquire much broader and brighter visions about their future jobs, based on more knowledge and wider perspectives.

The students vastly learned not only about organizational activities and an overview of our aluminium products, but also joy of manufacturing products for customers, and how R&D systems work and how people actually work at work sites.

We will accept the students' visits so that these learning opportunities for the next generation will widen their options for their future careers, and seek every possibility for coordinating our efforts with NPOs.



Company visit for senior high school students

Comment of President of School Support Center, an NPO



Specified Non-profit Corporation
School Support Center
President
Mr. Takeo Kimura

On-site "company visits" are valuable learning experiences for the students.

On these occasions, the students visits actual workplaces, listen directly to employees explaining company operations, products, and their tasks, have the first-hand knowledge about social roles of work, and think about what work is.

They learned that Toyo Aluminium K.K. was renowned for its high technology prowess, and that its products were widely used in many different fields, and were specifically surprised that no foodstuff was attached to the lids made of its water-repellant packaging material, and acquired the real feel of working. All things are real "educational assets."

As we intend to continue the company visit program we have continued for the past twenty years, we would appreciate it if you kindly proffer valuable opportunities for the next generation.

Participating in SDGs Workshop held at the sponsorship of a local environmental partnership conference (Yao Works)

"Environment Animated Yao" is an environmental conference engaged in activities for improving the environment of Yao City where the Yao Works is located, sponsored by the Environmental Preservation Section of Yao City as the secretariat, and performing its activities through the partnership of citizens, companies, educational institutions, and municipal government. On August 27, 2018, employees of Toyal Group participated in SDGs Workshop held by "Environment Animated Yao" to exchange opinions. After making a presentation about activities of the Toyo Aluminium Group, they participated in a card game work shop with other participants. They learned the importance of pursuing sustainable development in which not only the economic aspects but also the environmental and social aspects should be properly considered toward 2030, the target year for attaining SDGs, and deepened their understanding of SDGs, together with the 20 or so participants.



SDGs Workshop

Governance

Corporate Governance

Toyo Aluminium K.K. has the board of directors composed of the total of nine directors, including four outside directors, for reviewing, discussing, making decisions concerning the management policies, strategies, measures, and issues affecting the entire Group including subsidiaries. Furthermore, the board of auditors composed of the total of four auditors including two outside auditors, not only audits the directors' execution of their duties, but also monitors the validity and rationality of the activities and operations of the line organizations within the Group, in coordination with the Internal Audit Department.

The Company also has the group management meeting for conducting preliminary reviews and discussion of matters affecting the business of the entire Group, prior to the Board of Directors' meetings.

Internal control system

In order to ensure proper business practices, the Toyo Aluminium Group decides basic policies for the internal control system at the Board of Directors' meetings. Based on the basic policies, we have established the corporate structure capable of implementing "securing reliability of financial reporting," "legal compliance," "risk management," "securing effective and efficient business practices," and "asset preservation."

According to the basic policies, we can realize concrete measures for risk management and compliance, etc.

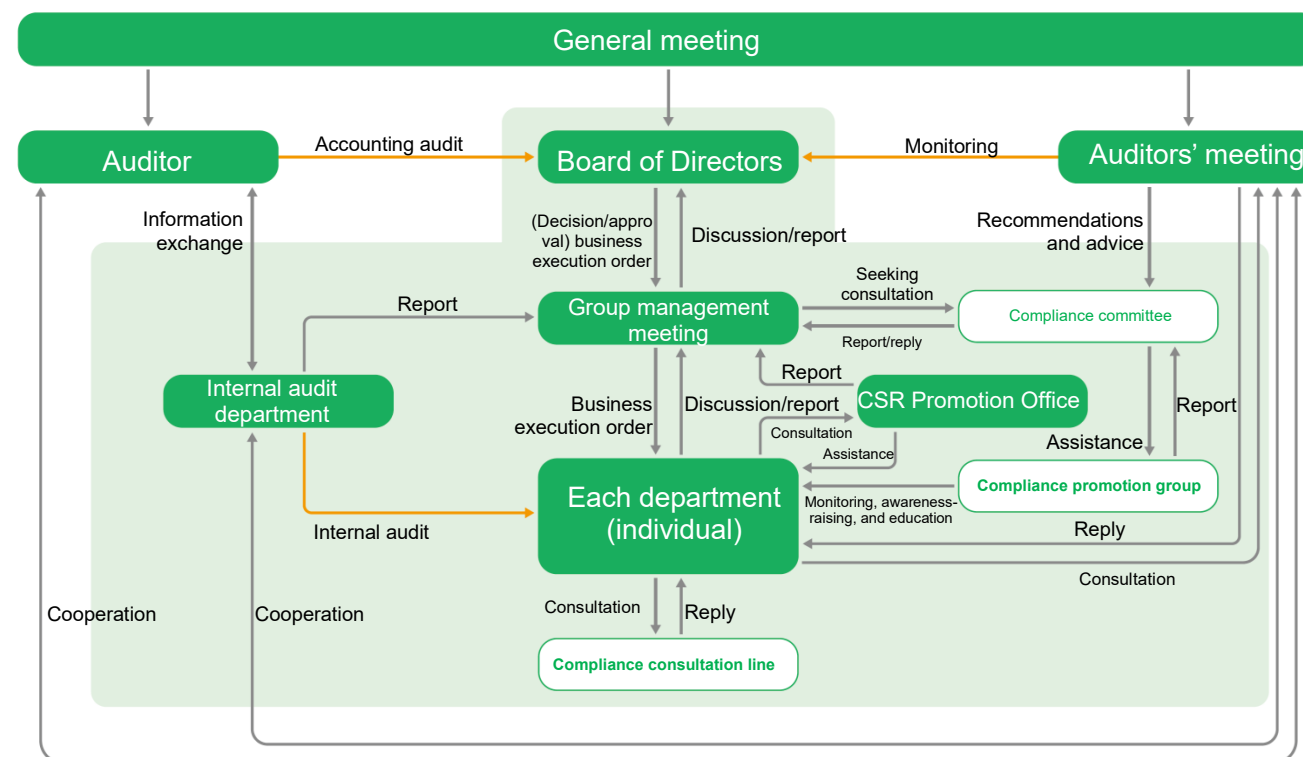
Risk management

The Toyal Group has embarked on the full-fledged activities for the "Enterprise Risk Management" for the entire Group, in view of the risks expected to become more complicated amidst the globalization trend. In fiscal 2018, group-wide risks have been elicited and recognized from the global perspective, countermeasures have been reviewed, and the risk management activities, including basic principles, regulations, and scopes of risks, were centrally managed, primarily at the initiative of the CSR Promotion Office. Through these efforts, eight risk areas expected to have negative impacts on corporate management, as well as 12 risk categories deemed to cause these adverse situations, have been identified. Overviews of these activities are reported regularly in the Group management meetings.

Compliance

The Toyal Group implements group-wide consistent compliance activities to ensure thorough compliance with corporate ethics and legal requirements. Activity plans, progresses, and results are reported to the compliance committee; and the overviews are reported regularly to the Group management meetings by the CSR Promotion Office functioning as the committee secretariat. In fiscal 2019, risk management activities with improved functionality and structural robustness will be more intrinsically involved to enhance effectiveness.

Corporate governance system



Specially-appointed professor at Meiji University School of Business Administration; Senior adviser on CSR of Sompo Japan Nipponkoa Insurance Inc.

Mr. Masao Seki

Following the preparatory steps for two years in identification of Material CSR Issues in 2017 and creation of Sustainability Vision in 2018, this year has been planned as the year for integrating CSRs; this clear target setting approach for each year seems very systematic and well prepared. At the same time, this report emanates a sense of aspiration and determination, as well as sincere earnestness to walk the talk, as perceived from people working together in a company.

Points to be appreciated

- The president clearly and fully indicates his unwavering intention in corporate management and specific strategies.
- The concept of "Future Social In" is presented, which starts from social issues, aims at connecting CSR directly to business operations, and changes them into key drivers for the mid-to-long-term growth. To that end, efforts are made to measure future social impacts of products and to present social contribution targets.
- On the other hand, it is clearly stated that the existing operations are quite regrettably merely linked with SDGs. They aspire to aim high, based on the honest admission of the insufficient current situations.
- In order to incorporate SDGs into business operations, significant efforts have been energetically made to raise employees' awareness through various dialogs with external experts and internal dialogs, as well as internal communication campaign tours, which were performed as many as 34 times.
- More specifically, various estimable activities are conducted; products contributing to a decarbonized society have been developed and disseminated; work teams for promoting easy-access work environments for the handicapped have produced tangible results in the Yao Works; and SDGs workshops sponsored by local environmental partnership conference have been actively participated; These excellent attempts should be shared and further disseminated within the Group.

Recommendations for improvement

- CSR Action Plan has a new section indicating long-term targets clearly for fiscal 2031, which can be highly evaluated as a bold step forward. However, the contents are targets focusing on Inside-Out based on the current achievement levels; more challenging Outside-In target settings would be recommended.
- As stated in this report, compilation of the Policies on Human Rights should be highly recommended. In that process, "UN Guiding Principles on Business and Human Rights" and other established international criteria need to be complied with. Furthermore, the Keidanren's Charter of Corporate Behavior, revised in 2017, and the Implementation Guidance, as well as the "National Action Plan" currently developed in Japan, should also be reviewed and fully utilized.
- As the other side of the coin of "Policies on Human Rights" is risks concerning human rights in supply chains, it is recommended to establish the PDCA cycle for supply chain management, as part of compilation of Policies on Human Rights. This is also an important part of SDGs activities.
- Participation in the UN Global Compact is a laudable move, and can be utilized as a learning experience. It is also recommended to study cases of Sumitomo Chemical and other leading domestic companies, as well as overseas advanced examples as hints for establishing a benchmark.
- I strongly urge you to continue the internal dialogs and the workshops. These experiences should be expanded to more of the first-hand experiences in social issues and listening to stakeholders' expectation, from which you will obtain various innovation hints.

In conclusion

As expressed in your course of action, "Create the Future, I will Create It," I expect you to make more use of your sensitivities, win with your wisdom, learn from mistakes, deepen communication, and position SDGs participated by all employees as the driving force for further innovation; all these efforts should then lead to the mid-to-long-term growth. CSR is a long journey. I hope it can be evolved steadily through your incessant efforts.



In reply to the independent adviser's opinion

Executive Officer In Charge of CSR Promotion Office
Minoru Kawaguchi

I would like to express my sincere gratitude to Professor Seki for his valuable feedback on our activities in the CSR Report of Toyal Group again this year. Concerning the annual target settings for the "aggressive approach to CSR activities" started in fiscal 2016, he mentioned not only our systematic approach but also a sense of aspiration and determination perceived among people working in a company. His supportive comment encourages us to take further steps forward. We will study his recommendations for improvements carefully to take steady steps to "integrate CSR activities into business operations." We will continue our utmost to realize "Create the Future, I will Create It" toward our centennial in 2031, contribute to a sustainable society, and enhance our corporate value.

Global Network/Messages from Employees

Svam Toyol
Naoki Higashi

3 GOOD HEALTH AND WELL-BEING
9 INDUSTRY INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

I have been seconded to Svam Toyol, a world leading supplier of medical packaging materials in terms of the supply volumes, for providing technical assistance to the company. I am charged with the tasks of developing the company in this emerging economy and contribute to people's health around the world through supplies of medical packaging materials.

■ **France**
Toyol Europe S.A.S.U.

■ **India**
Toyol MMP India PVT. LTD.
Svam Toyol

■ **Thailand**
Toyol (THAILAND) Co., Ltd.

■ **Singapore**
Singapore Branch of Toyo Tokai Aluminium Hanbai K.K.

■ **Korea**
Sam-A Aluminium Co., Ltd.

■ **China**
Toyol Zhaoqing Co., Ltd.
Hunan NingXiang JiWeiXin Metal Powder Co., Ltd.
Suzhou Office, Suzhou Toyo Aluminium Ekco Household Products Co., Ltd.
Toyo Aluminium Ekco Trading (Suzhou) Co., Ltd.
Toyo Tokai Aluminium Hanbai (Shanghai) Co., Ltd.
Toyo Aluminium (Shanghai) Management Co., Ltd.

Suzhou Office, Suzhou Toyo Aluminium Ekco Household Products Co., Ltd.
Shinichi Kurisu

15 LIFE ON LAND

Due to increasing awareness about environmental protection, activities to switch from plastics to paper have become very popular these days. We, as a company manufacturing and selling paper cups and containers, successfully acquired a CoC certificate (FSC®) in May 2019. By using paper accredited by the Forest Stewardship Council, certifying proper management of forests, we will contribute to sustainable management of forests.

■ **U.S.**
Toyol America, Inc.

Toyol (THAILAND) Co., Ltd.
Katsura Morioka

8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

Since its foundation in 2017, Toyol (THAILAND) Co., Ltd. where I belong has been steadily establishing close relationships not only with ASEAN countries but also India. Through provision of our major lines of powder and paste products and food/medical packaging materials, we are engaged in sophisticated productivity enhancement activities with the local staff (overseas human resources), in the midst of the increasingly globalizing business environment, and contribute to achieving SDGs.

Toyol Zhaoqing Co., Ltd.
He Guang Hu

8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES

My responsibilities include internal control and tasks at the Control Department. We are now focusing on reviewing the company's control system to enhance governance. Through these activities, we would like to contribute to creation of sustainable society and making the company a place where every employee can feel happy. We also contribute to improvement of the community environment through clean-up activities in public areas around the plant on the monthly "Clean Day," which has been continued since 2012.

Toyo Aluminium Ekco Products Co., Ltd.
Mirai Business Promotion Group
Fumi Ito

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

I am now working in a section charged with a mission of starting a new business for the future of the company. By understanding roles expected of us in society, we aim at "Mirai (future-oriented) Business," including designing safe products with less global environmental loads, which will be constantly needed.

■ **Japan**
<Toyo Aluminium K.K. production bases>
Yao Works (Osaka)
Kanbara Works (Shizuoka)
Chiba Works (Chiba)
Gumma Works (Gumma)
Chigasaki Works (Kanagawa)
Shinjo Works (Nara)
Hino Works (Shiga)
<Affiliated 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.

Toyo Aluminium K.K.
Advanced Technology Division
Moeko Matsubara

9 INDUSTRY INNOVATION AND INFRASTRUCTURE
17 PARTNERSHIPS FOR THE GOALS

We, at the Advanced Technology Division, are making progress in research and development of a wide variety of new business areas without being complacent with core technologies developed in the existing business, and actively engaged in alliances with universities, research institutes, and other companies for new technologies. By making the best of this system, we would like to expeditiously present solutions and products that can satisfy various social needs.

Toyo Tokai Aluminium Hanbai K.K.
General Affairs Department
Yuki Tao

8 DECENT WORK AND ECONOMIC GROWTH

It would be important to promote work-style reforms, innovate internal systems and sales support tools, and create worker-friendly environments, so that we can enhance employees' motivation. By listening closely to employees' opinions and suggestions, I would like to contribute to making a better place to work.

Business Overview

- Trade name
Toyo Aluminium K.K.
 - President and Representative Director
Hiroshi Yamamoto
 - Head Office
Midosuji Daiwa Bldg., 6-8, Kyutaromachi 3-chome, Chuo-ku, Osaka, 541- 0056 Japan
 - Establishment
May 12, 1999 (the former Toyo Aluminium was established on April 7, 1931)
 - Paid-in Capital
8,000,000,000 yen
 - Number of employees (as of March 31, 2019)
2,550 (Consolidated)
1,486 (Non-consolidated)
 - Shareholder
Nippon Light Metal Holdings Co., Ltd.: 100%
- Major business fields
 - ▶ **Foil**
We are developing and producing innovative aluminium foil products, based on our unique technologies and knowhow. We also promote new proposals on highly functional and efficient materials full of future possibilities by making the most of the lightness and high performances characteristic of aluminium foils.
 - ▶ **Powder and paste**
We develop aluminium paste products with a focus on enhancing aesthetic values as well as functionality. We have contributed to growth and development in the fields of chemicals, electronic materials, automobiles, and aerospace via our aluminium powder and its applied technologies.
 - ▶ **Solar cell related products**
We are now preparing proper systems focusing on global environment protection, including solar batteries, and other related growth fields. We propose products based on our unique technologies, and give specific attention to overseas photovoltaic power business particularly in China.
 - ▶ **Household products**
Our robust foundation is based on the marketing prowess fully versed with daily necessities and on the production technologies fully acquainted with materials. We deal with home products and aluminium foil containers for foods, and paper-based packaging items, all of which are close to our everyday life.



Toyo Aluminium K.K.

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

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