

Toyal Group

Sustainability Report 2020

Sustainability Report



Create the future, I will create it.

ALUMINIUM with +

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®, changing colors depending on the angle it's viewed from; and our Stone-grilled® 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 numerous core competencies.

For people and the planet

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

ALUMINIUM with +

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

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 to 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 Genius.
4. We will be aware of social responsibility and contribute to 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 current status of the CSR initiatives we take to realize a sustainable society, according to the Course of Action of the Toyal Group, “Create the future, I will create it.” The report is basically intended to introduce the future Toyal Group will create and to facilitate all the stakeholders to understand and share our views. Designating the year 2019 as the year for “integrating CSR activities into business operations,” we promoted operation-based sustainability activities, as well as actions for attaining SDGs (Sustainable Development Goals). In 2020, we have changed the document title to “Sustainability Report,” so that it can present more information about sustainability of the Toyal Group, the society, and the entire planet. Feature articles of this edition present our prospects on contributions to resolution of social issues through our products and talks of our responsible personnel. 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.

- * Human capital: The Toyal Group appreciates the value of human factors, and uses the term, “human capital” instead of human resources.
- * Life-work balance: The Toyal Group emphasizes enrichment of each employee's life and uses the term, “life-work balance.”

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Transform ourselves into autonomous organizations and create the sustainable future

President and
Representative Director
COO

**Kaoru
Kusumoto**

On Appointment as President

I am Kaoru Kusumoto. I assumed the presidency of Toyo Aluminium K.K. in June 2020. First of all, I would like to express my sincere sympathy with those who have been infected by COVID-19 and those who suffered serious damages from the severe rainstorms in July 2020, and hope that you will resume your ordinary life as soon as possible. Confronted with the global pandemic and repeated natural disasters, and now faced up with the challenge of sustainability of society, I am keenly aware of the great responsibility for, and the significance of, holding the helm of the entire Toyal Group. We are determined to promote “integration of CSR activities into business operations”; and in so doing, we will overcome the current difficult situations, and put our forces together to contribute more to the realization of a sustainable society, toward our centennial in 2031.

Looking back at 2019

Looking back at our fiscal year 2019, in our operational front, as partly attributable to the COVID-19 pandemic, decreased sales in external foils and positive-electrode foils for lithium-ion batteries, paste products for automobile paints, and paper container products, etc. led to negative year-to-year figures in both our sales and our profits. On the other hand, the sales of medical packing products, heat-radiation aluminium powder for electronic components, and kitchen products have remained strong, indicated certain signs of rebound, and are now expected to generate new demands in the post-COVID-19 market. Despite the murky prospects, we are still positive about our capabilities of producing brilliant achievements from our development prowess, new products created therefrom, and our manufacturing ingenuity based on out-of-the-box creativity. As for CSR activities, we have firmly established “CSR Action Plan” designating it as the “year to act on integration of CSR into business operations,” and made great strides forward by specifying KPIs and setting short-term, medium-term, and long-term targets. However, we still have a long way to go until we are fully engaged in activities based on Outside-In, namely, those based on social and outside perspectives. As these are time-consuming matters, we are aware of the importance of steady continuation of the basics, instead of seeking quick and easy solutions.

“Toyal famed for its development capabilities” “Toyal renowned for its uniqueness”

The Toyal Group consistently develop various products that can contribute to society, based on the aluminium material, including medical packing materials, paint pigments, electronic component materials, and photovoltaic materials, and even daily commodities. Beyond simple aluminium processing, we can make, for example, packing materials thinner and the total package weights lighter though film lamination and even make colorful printing possible. Through these ingenious initiatives to overcome difficulties, we have succeeded in winning large shares in the aluminium foil market. Furthermore, we also handle materials other than aluminium, including pulp-mold containers, etc., and develop our operations out of materials and into processed products. We have thus grown to be a manufacturer not only for the domestic market but also for the global arena. This is exactly where our Group strengths can be exerted; firmly grasping what kind of products and functions customers want, and making their wants realities by utilizing our core competence. These incessant efforts, I believe, have made the present Toyal Group. As a result, such public perceptions as “Toyal famed for its development capabilities” and “Toyal renowned for its uniqueness” are the best accolades we have received. We would further like to press on with these strengths, which will contribute to achievements in CSR and SDGs.

What we are creating is our sustainable future

When I first heard the word, “sustainable” about 20 years ago, I simply felt, “What on earth is that?” But, nowadays, it sounds quite familiar. The future intended in our Course of Action, “Create the future, I will create it,” is none other than the future where a sustainable society is realized. What can contribute to its realization is our CSR activities. In 2017, we identified five material CSR issues, and in 2018, we drafted the Toyal Group sustainability vision toward our 100th anniversary. These are examples of our consistent efforts toward integration of CSR activities into business operations. My role in this regard is, I believe, to press this progress steadily forward.

Aluminium is, in the first place, a material requiring so much energy in its manufacturing process that it is often called, “canned electricity.” For the Toyal Group, the environmental loads at production is a tremendous challenge in the light of SDGs; it is thus necessary to make the utmost efforts to reduce such loads, and for any products made by using such tremendous energy to generate the corresponding social values.

We have therefore set a long-term target for each department to specify products contributing to SDGs among CSR priority issues and to increase their sales. We are now working on making numerical indices not only for sales but also social contributions, namely, social impacts.

As these efforts have been highly evaluated by various stakeholders, we successfully concluded a loan agreement for “Positive Impact Finance” with Sumitomo Mitsui Trust Bank, Ltd., in March 2020 (for more details, please refer to P.19). Together with attainment of long-term targets set forth in the agreement, we will further enhance the social-impact values of the Toyal Group products.



Transition to an “autonomous” organization enabling a transformation into a vibrant and free-spirited enterprise

One of the challenges we would like to tackle now is to create lively workplaces where younger and middle-echelon workers can find their work meaningful and rewarding. To that end, we have started the “Management Platform Reform” targeted to be attained in March 2022. This is an initiative to make the Company a vibrant and free-spirited enterprise toward our centennial in 2031. This is an initiative to enhance our DNA represented by “Toyal famed for its development capabilities” and “Toyal renowned for its uniqueness,” to promote the Group’s independent management practices, to establish autonomous “lively groups,” and to transform our constitution from the one inclining to one-man shows to the one emphasizing team-plays.

The ultimate goal of this reform is, to put it succinctly, a “transition from a centralized and regulation-based organization to an autonomous one,” where individuals can act responsibly and autonomously instead of just following orders, whereby the amalgamation of these organizations can lead to development of the entire Group. More specifically, this transition may entail a change of the superior-subordinate relationship into “small group formation,” simplification of job responsibilities, and reviews of the ratios of direct-indirect operations as in the production and non-production functions, etc. It is aimed at creation of a workplace where each employee can enjoy lively and rewarding work experiences. Through this “Management Platform Reform,” I will establish the foundation for continuous growth of the Company, and realize the goal of “celebrating our centennial with smiles” in April 2031; this whole process is my mission.

“Future” will be made of “Dream (Desired Image)” x “Technical Development Capability” x “Designing Capability”

The values that can be presented only by the Toyal Group will be, beside product quality improvement and new product development capabilities, which should be viewed as matters of course, realization of diverse materials made possible only by our aluminium-based proprietary technologies, and of the resultant products and services. In addition, these values can be deployed not only domestically but also globally; as a result, I am confident that they will bring both attainment of SDGs and realization of a company where workers can enjoy meaningful and rewarding experiences.

I really like the phrase of our Course of Action, “Create the future, I will create it.” Who will create the sustainable future? Of course, nobody other than us will do that. What is essential for that creation is our “dreams”; and in order to realize the dream, we need “technical development capabilities.”

Furthermore, “design capability” will be required to connect customers’ needs with our seeds. One more crucial point is to “specify dates for the dreams.” “Someday” will not work. By setting dates, we can really get serious, which must be thoroughly communicated to, and deeply understood by, our employees.

We, the entire Toyal Group, will tackle the challenge of becoming an enterprise that can attain the real “Kachi” (“Kachi” means both “Win” and “Value” in Japanese) beyond 2031, and even in 2040 and 2050.

Features The Toyal Group contributing to resolution of social issues

We, the entire Toyal Group, working on “integration of CSR activities into business operations,” set “Innovation for the future” the first of the CSR priority issues and work to resolve social issues through our business operations and to attain SDGs.

The feature articles focus on products developed by the Group and expected to realize high social values, and through a conversation of the relevant personnel, present the development backgrounds and highlights of products, as well as challenges and hints for us to tackle social issues through our business operations.

Toy Group Vision

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

ALUMINIUM with +

Think outside the box

Our technological expertise

ALUMINIUM with +

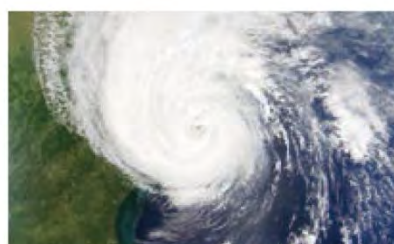
For people and the planet

By amalgamating our out-of-the-box thinking, as publicly acclaimed as “Toyal famed for its development capabilities” and “Toyal renowned for its uniqueness,” and our industry-leading diverse core competences, we continue producing products benefiting both people and the planet.

Examples of social issues to be tackled

Responses to natural disasters

Large-scale natural disasters wreaking great havoc almost every year, together with the risks associated with climate changes, may cause even greater damages in the future. We thus need to take proper measures, including preparation of devices/tools that do not depend on lifelines on the assumption that gas/electricity supplies may be cut at the time of disaster.



Utilization of renewable energy sources

Although the Paris Agreement setting a goal of “maintaining global average temperature well below 2°C above pre-industrial levels and making further efforts to keep them below 1.5°C” took effect in 2020, the attainment of these targets is deemed, at present, extremely difficult. We thus need to make more efforts to utilize renewable energy sources.



Realization of society embracing diversities

Realization of society where everyone can participate and enjoy working without discrimination due to sexes, races, ethnicity, nationality, places of birth, social positions, physical handicaps, etc. will lead to “leaving no one left behind,” as stipulated in SDGs, for which more supportive technologies and products will be required.



Part 01 The Toyal Group products contributing to resolution of social issues

Cooking utensils not dependent on infrastructure and fuels

■ Toyal Solar Cooker™

Solar cookers are designed to generate cooking heat directly by solar power (light), not dependent on electricity or gas. They can be effectively utilized by evacuees in the case of major disasters, and also expected to be utilized by people in developing countries with insufficient social infrastructures. Our solar cooker features the high reflection ratios and durability: Rice (about 300 g) can be cooked in 90 minutes, and a retort pouch food can be sufficiently warmed in about 20 minutes.



Demonstrative performance tests are conducted in Ethiopia, Kenya, Cote d'Ivoire, etc.



Photovoltaic panels that expand installation options

■ Hane® Module

These photovoltaic panels are made possible by our proprietary technologies, making them extremely thin and light (6 kg/m²; the weight reduced to about one half, compared with conventional crystalline-system-based modules). These panels are not only thin and light, but also feature high output performance of 230-240 W per panel, making it possible to be installed on factory/warehouse roofs, and wall surfaces of buildings and large facilities, where the installation of heavy panels used to be quite difficult. They can be used safely outdoors, as they have also passed performance/safety tests of a German accreditation body.



High-performance batteries contributing to expanding uses of myoelectrically controlled hands

■ Tiny cylindrical battery for myoelectrically controlled hand

Myoelectrically controlled artificial hands are prosthetic hands for people with disabilities, operated by tiny electric signals generated by muscle movements, making it possible to grasp things. We have been able to develop tinier and lighter lithium-ion batteries than conventional ones, thanks to the joint research studies with Amaz Techno-consultant, LLC. This innovation is expected to promote wider uses of myoelectrically controlled hands. This technology can be applied to various other applications, which are currently studied.



▲ Fingers can be opened and closed at will, increasing the user's scope of daily activities.



Part 02 In-house conversation among persons responsible for product development

For realization of “integration of CSR activities into business operations”



Responsible persons of the Advanced Technology Division and the New Business Creation Department, in charge of a mission of developing new or next-generation markets, got together to talk about tackling and solving social issues, challenges associated with producing something new, and future prospects (in July 2020).

Topic 01 On Toyal Group products contributing to resolution of social issues

■ Approaches to social issues

- The solar cooker was, at first, intended primarily for community contribution and as part of PR activities. However, as that kind of approach will be a dead-end in the future, we started to work on a project of making it part of our business. As a commercially marketable product, it has been positioned as a counter-disaster product. The market launch is scheduled to be made by the end of the current fiscal year. (Hayashi)
- We often hear of difficulties associated with actions to satisfy the RE100 requirements. The Hane® Module we have developed can generate the same power with one-half weight of the conventional models. Of all companies around the world, I am confident that we are the only one capable of realizing this performance. This has been possible only because of our know-how accumulated in the past 20 years. (Minami)
- In Japan, prosthetic arms are rarely used; and myoelectrically controlled hands are used only by hundreds of people nationwide at most. There are only three Japanese hospitals handling these devices. One of the reasons may be that “they are heavy and big.” If we solve this problem, we can contribute to improving the current situation. (Kusai)

■ Challenges in the process

- There are many solar cookers other than ours in the market; we cannot compete with them in prices, as cheap models are available, particularly overseas. Our products are much superior functionally and in quality, but users do not yet fully understand how to use them. (Hayashi)
- As for selling Hane® Module, prices and market recognition are major challenges because of our position as a latecomer. (Minami)
- It is hard for any responsible person to decide which to take, social contribution or profits. (Hayashi)
- My weak point is lack of experience in handling medical devices. I sometimes feel at a loss about how different the views and needs are between medical practitioners at hospitals and commercial enterprises. (Kusai)
- There are products making me wonder why they are included in our repertoire. Perfect match between social issues and our proprietary technologies would be ideal but, in reality, is quite difficult to find; that is our problem. (Den)
- Our job does not end with making and selling products and parts; we are expected to deliver them to places where they are needed. As to solar cookers, our job does not end with delivering them to NGOs. As to the batteries, we must think about how the prosthetic arms are delivered to people with disabilities. For Hane® Module, in collaboration with installation service providers, we have established schemes covering the last installation stage. (Minami)

■ Future possibilities

- We would like to design solar cookers not only as per se, but also for other purposes; for example, they can be used as some kind of containers, etc. To that end, we need to seek combinations with other proprietary technologies. (Hayashi)
- If we make Hane® Module much lighter, we can expand the uses, and even overseas sales routes. (Mori)
- In the light of downstream situations, operations similar to R&D activities may also be considered. Sales license approaches may be another option. Uses other than prosthetic arms could also be developed. (Kusai)
- We have started studies on recycling solar batteries. As disposal methods of solar batteries have not been established, the Toyal Group, as a manufacturer, should take responsibility for solar battery recycling, which can be a pillar of our future business. (Minami)



Topic 02 How to continue innovation contributing to resolution of social issues

■ Knowing both internal and external technologies and seeds

- Knowing what can be done with internal technologies and how we handle them will lead to product development. We can facilitate and expedite our jobs by visiting various sites to acquire knowledge and information and properly applying and deepening them in products at hand (Hayashi)
- As to finding in-house seeds, there are extremely limited horizontal interactions between groups handling aluminium foils and those handling aluminium powder. Generally speaking, because materials handled separately will weaken the overall competitiveness, we need to connect different types of materials to produce combined results. (Den)
- We will also consider systems where a broad spectrum of knowledge can be shared and personnel transfers can be effectively implemented. (Den)

■ Taking external viewpoints

- We should take broader perspectives. Each of us should look outside more often and deeply to find new alliance partners and possibilities of combining different options, so that we can find our new strengths and develop new markets. (Minami)
- In implementing open innovation initiatives by creating internal/external cooperative systems, it will be difficult to coordinate all participants because everyone is likely to take the final results and profits. (Kusai)

■ Clarify concepts and keep going while implementing verifications

- Japanese prefer so-called “solutions”; in other words, after finishing concept verification, they immediately move on to solutions; and when several attempts end up in failure, they abandon the entire projects. This, I am afraid, may be a major cause of preventing innovation. (Kusai)
- It is important to create a system in which, after several concepts are created and verified one can go back to the starting point and ponder again what kind of opportunities are preferable, and consider whether the concepts really match the opportunities in the first place, or whether there can be any other new opportunities. (Kusai)

■ Maintaining motivation

- Because no other company in Japan has ever tried, why can't we be the “first penguin” to plunge into the ocean first? (Kusai)
- We can try something new by changing our basic premises, and gradually find and exert our strengths by repeating the process. (Kusai)
- It will be fun to think about how we can contribute to society from different perspectives, for example, evaluating how much CO₂ we have been able to cut through our products. (Minami).
- I would like to emphasize, above all else, our technologies, or our real strengths, based on which we can make something that we find exciting; that excitement should not be forgotten. (Den)
- We should not be satisfied with the positioning of social contribution; but should make marketable products and systems that can also contribute to profits. (Hayashi)



- 1 Advanced Technology Division
Core Technology Center Gumma Laboratory
Yuya Hayashi
- 2 Technical Strategy Department, Advanced Technology Division
Hiroyuki Kusai
- 3 Chief in charge of Solar Business Section, New Business Creation Department
Takahide Minami
- 4 New Business Creation Department
Kengo Den
- 5 Facilitator| Sun Messe Innovative Network Center (Sinc)
Yoshihiko Yamabuki

Foil

Foil Headquarters

Creating products that can contribute to resolution of various social issues by expanding possibilities of aluminium foils



Managing Executive officer
in Charge of Foil
Headquarters

Katsumoto
Tanaka

■SDGs contributed by the business operations



Powder & Paste

Powder & Paste Headquarters

By means of innovative and unique technologies globally sought after, we enhance the comprehensive value of the entire Group.



■SDGs contributed by the business operations



Senior Managing Executive Officer
in Charge of Powder & Paste
Headquarters

Jun Kusui

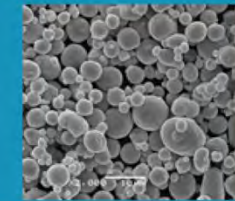
Business overview/strengths

We are developing and presenting innovative aluminium foil products, based on our unique technologies and knowhow. The lightness and high-performance of aluminium can be utilized in diverse ways, ranging from packing materials for food, drugs, etc., decorative items, daily commodities, shield materials combined with resins and films, electrolytic capacitors and aluminium alloy foils made possible by enhancing functionality. With these innovative technologies, many patents and academic awards have been granted.

Growth strategies

While we are fully prepared for promising growth areas, including electric vehicles, health, and welfare, etc., the overall business environment seems to become much severer, with the improving quality of overseas manufacturers' products. We should not be too much concerned about market shares; instead, we would like to promote well-balanced business operations aiming at both quality and quantity by enhancing our technologies the entire Group has consistently developed, presenting new values, and establishing strategic partnerships for overseas operations.

TOYAL TecFiller®



TD Series



Water-based ALPASTE®

Business overview/strengths

Grinding aluminium into fine powder will expand possibilities of uses as new materials, other than foils, contributing to various fields, including chemicals and electronic materials, automobiles, and aerospace industry, etc. To respond to clients' various needs, we have successfully presented superior products in terms of designs and functions; as a result, we now have many globally acclaimed innovative and unique technologies such as colored pastes, rocket fuels, etc.

Growth strategies

In 2019, "Central Laboratory" was established as a new development base for high-performance aluminium paste in order to respond to clients' requests that have become more sophisticated and diversified. R&D activities are now conducted there in anticipation of future global operations. And, needs for water-based paint now used for many different applications are expected to rise, as it entails low loads on human bodies and environments. We will work on incessant quality improvements, and develop products that can bring high social values.

Risks

- Increased environmental loads due to expanding business scales
- Procurement risks due to natural disasters and pandemics
- Maintenance of employment and handing down of technologies
- Safety measures against accidents by entanglement, etc.

Major projects for realization of the Toyal Group Sustainability Vision

- Reduction of CO₂ emission through products related to lithium-ion batteries, etc.
- Contribution to enhanced reliability of medical products through medical product packing materials, etc.
- Contribution to reduction of food loss/waste through products related to food-packing materials
- Promotion of recycling resources in the production processes

Risks

- Increased environmental loads due to expanding business scales
- Overseas frequent changes of environmental regulations and quality requirements
- Concentration of innovative and unique technologies (BCP/BCM)

Major projects for realization of the Toyal Group Sustainability Vision

- Provision of high-quality products that can contribute to mobility revolution and aerospace industry.
- Development of products that can contribute to innovative production technologies in various industries
- Promotion of "smart factory" where elderly and female workers can work comfortably
- Promotion of stakeholder engagement, based on SDGs (please refer to P.30)

Achievements in 2019

Our products and technologies have contributed to alleviation of emergency situations caused by COVID-19

Our business contribution to actions toward the COVID-19 pandemic includes the uniquely developed products based on our proprietary technologies, contributing to effective operations of medical institutions, as in the cases of our components for infectious disease test kits and external packing materials for test equipment, etc. Furthermore, due to the COVID-19 lockdown, certain production materials were unable to be procured; but our prompt responses to sources of replacements allowed the problem to be expeditiously rectified. That was possible only by our technological prowess.



Achievements in 2019

Development of "Aluminium Alloy Powder" promoting wider uses of metal 3D printers

We are promoting development/production of aluminium alloy powder to be used as materials for metal 3D printers, expected to bring about a complete change in the conventional industrial structures and production methods. In Japan, there is no other company producing aluminium alloy powder for 3D printers, the demands for which are now increasing. Uses of aluminium alloys present various advantages in metal 3D printers, including low cost, lightness, and ease of production, etc., all of which, however, require excellent quality assurance. In this regard, our superb technological prowess is highly appreciated in the market.



Household & Packaging

Household Products Headquarters

We continue to be a trusted brand, based on our thorough-going customer-centeredness and product offers creating new markets.



Managing Executive officer
in Charge of Household
Products Headquarters

Masaki
Yamaguchi



Business overview/strengths

Our firm bases are our marketing power with complete familiarity with daily life and production technology prowess thoroughly versed with materials. We manufacture familiar household products, including Sun Foil®, aluminium foil containers for foodstuff, paper containers, etc. We also contribute to alleviation of the marine plastic litter problem, as well as promotion of recycling through our supply chains.

Growth strategies

We have a 20-year track record for paper containers. As social and client needs for paper products have been changing, so our employees' ways of thinking are also changing. Our strength is the ability to deploy our technologies developed in aluminium products for paper, a totally different material. Containers with paper brims are made possible only with our proprietary technology. With the synergetic effect of this kind of technological prowess and the stable production capability, we can differentiate our products.

Sales

Toyo Tokai Aluminium Hanbai K.K.

Integrating SDGs/CSR into business operations, and involving all employees for confronting challenges for innovation, we set our goal to be GOOD COMPANY.



President and
Representative
Director

Masahiro Aoki



Sun Foil®



Heat-resistant
paper cups



Stone-baked
potatoes®
Sun Foil



Aluminium-related products



Copper foil



Overseas films

Business overview/strengths

This is a direct sales subsidiary in the Toyal Group, and will be engaged in global sales operations not only for products of the Toyal Group, but also other items, which can contribute to society. We contribute to solving social issues, including problems associated with marine plastic litters, recycling, etc., take advantage of the human networks as a trading firm, make proper linkage between customers and the supplier/manufacturer, and fulfill our mission of enhancing enterprise values of both sides.

Growth strategies

We have established mid-to-long-term targets up to 2025, based on "multifaceted operations derived from development of new products/new business operations" and "diversification of global business operations," to promote sales expansion of battery-related items and environmentally friendly products, and market expansions in ASEAN, China, and India. We will also expand our operations into new fields and new markets by raising our awareness about social issues, setting SDGs as a keyword, and promoting partnerships.

Risks

- Stricter regulations for product recycling
- Increasing manufacturing costs of paper containers
- Responses to work-place diversity and human rights

Major projects for realization of the Toyal Group Sustainability Vision

- Research and verification toward establishment of recycling systems
- Alliance of machines producing water out of air and photovoltaic power generation
- Development of replacements promoting the transition from plastic containers to paper ones
- Effective utilization of female perspectives in product development and promotion of empowered female workers

Risks

- Business continuity in emergency situations, including natural disasters, etc.
- Enhancing information security
- Thorough understanding and implementation of compliance
- Risks associated with various types of harassment

Major projects for realization of the Toyal Group Sustainability Vision

- Establishing and promoting SDGs-related code of conduct
- Sales of battery-related and environmentally friendly products
- Implementation of "TTH Innovation Challenge" targeted at all employees
- Implementation of compliance meetings to be held twice a year

Achievements in 2019

Further promotion of transition from plastic containers to paper ones contributes to environmental protection.

We promote a transition from conventional plastic containers to paper containers as part of our contribution to alleviation of the marine plastic litter problem. Frozen food containers made of PEFC-certified paper*, the first kind in Japan, developed in collaboration with Nippon Flour Mills Co., Ltd., have been highly evaluated as an environmentally friendly initiative. While the entire society is steadily moving toward a plastic-free world, as evidenced by major convenience stores expressing intentions to shift to paper food containers, we will further reduce environmental loads by switching even tiny amounts of resins used in paper containers to biomass resins, including uses of biodegradable resins.

* PEFC-certified paper: Paper certified as made of wood/wood-based products produced under proper management, as certified by PEFC (Programme for the Endorsement of Forest Certification), an international NGO



Achievements in 2019

Conclusion of a joint development agreement with 24M Technologies, Inc. (Boston, USA), a manufacturer of lithium-ion and semisolid batteries

In conjunction with the advancement of electronic equipment, development efforts have been vigorously made for next-generation batteries. Semisolid lithium-ion batteries developed by 24M Technologies present low costs and excellent safety in the manufacturing processes. Three companies, 24M Technologies, Toyo Aluminium K.K., and Toyo Tokai Aluminium Hanbai K.K. have concluded a joint development agreement for developing semisolid lithium-ion batteries and sales expansion of battery-related items, expected to start our development efforts in battery industry/reserve cell business.



24M technologies, Inc.
Naoki Ota, PRESIDENT & CEO (center)



Conversation between
Chairman, CEO and
Representative Director
and outside directors

Toyal Group's centennial and the future beyond



A tripartite meeting was held by Masao Imasu, Chairman of the Board and Representative Director, CEO and two outside directors, Aya Shirai and Mari Christine, newly appointed in 2019, about the future of the Toyal Group; how the Group celebrating the centennial in 2031 can develop its future business, and what kind of company we would like to be.

(held in June 2020)

Significance of fulfilling corporate social responsibilities

Tanaka (facilitator): First of all, may I ask how significant it is for a company to be engaged in CSR activities?

Imasu: It may be obvious that a company cannot be accepted by society unless it fulfills its social responsibility. The first and foremost in the Toyal Group is its employees; enriching their lives and helping them realizing their dreams will enhance their motivation, and make the company's dream come true. Another point in corporate social responsibility is to make profits, which requires it to be a going concern.

Shirai: A company's social activities and economic activities now cannot be viewed as "either-or"; both must be pursued in parallel. In this regard, the Toyal Group properly places its foundation firmly on sustainability management, which places SDGs in the forefront.

Mari: While many companies are at a loss about what to do with CSR and SDGs, the Toyal Group maintains the firm and positive stance, "we can promote necessary activities while taking responsibility for our own learning." That is very impressive.

Tanaka: What could be important points in the Toyal Group's activities toward SDGs?

Mari: As a company handling huge amounts of aluminium, we need to consider whether any labor is forced under harsh conditions or whether any child labor is suspected, at aluminium production or mining sites. For SDGs, instead of working on all 17 goals simultaneously, improving the levels so far attained would be more important. We may not be able to attain 100%, but should try to get closer to it.

Imasu: For SDGs, we need to think about, and understand, what our group is required to do by society. By listening intently to market needs or users' expectations, we should reconsider the state of our services and product specifications. If we are so self-indulgent to say, "Because this is an excellent product, it must be widely accepted by society," that will be the end of a company.

Shirai: The current COVID-19 pandemic has made us realize anew that "the world is really connected." In this light, it will be crucial to know the basic tenet of SDGs, "leaving no one left behind."

Diversity and autonomy promote corporate growth

Tanaka: What is your impression about the Company in terms of diversity?

Shirai: Looking at the Toyal Group from the women's viewpoint, it is regrettable to see so many capable female workers still unable to fulfil their potentials or make the best use of their ideas and experiences.

Mari: All SDGs contain the concept of "inclusion," which represents the clear intention to improve what people have failed to be aware of, that is, perspectives of women and children.

As heavy users of consumer products of the Toyal Group are women, there manufacturing products, based on the female perspective would be no doubt quite effective. I hope you can use various female perspectives more effectively.

Imasu: Whether female or male, each person has the unique aptitude and inaptitude, depending on the character and ability, which must be carefully considered for optimal human capital allocations. We

are in the midst of "Management Platform Reform" aiming at reviewing performance appraisal methods and more expeditious decision making, etc. To realize these reforms, a change into an autonomous organization will be a must. By changing organizational milieu from order-following to autonomous, the roles of the management will be less on controls and more on expeditious responses to emergency situations. Furthermore, as expressed in the concept of "Group Genius," we would like to promote collaboration with external partners in areas where our strengths are not sufficient.

The centennial as a "pass point" and the future ahead

Tanaka: To conclude, would you give us your messages to the Toyal Group celebrating the centennial in 2031.

Shirai: I hope that the Toyal Group will be an entity commonly recognized as a major force for solving social issues. To that end, it will be crucial to promote various activities involving other organizations, as in Open Innovation and CSV (Creating Shared Value).

Mari: Because aluminium is an essential material to our life and society, with which we feel close affinity, I would like the Company to disclose more information about relationships between your products and our health. Through more information disclosure, cultivation of public awareness, and education toward society, through SDGs, the Company will win greater trust. I also hope that much better materials than aluminium can be developed in the future.

Imasu: We include "contributing to the society as a company with dignity" in our management principles, and "Let's aim for the top" in the Course of Action. Unless each employee is eager to heighten the sense of dignity, the dignity of the company cannot be enhanced. If it can maintain dignity, individual workers will know, as a matter of course, what course of actions they should take, or what action they must not do.

And, the intent of "Create the future, I will create it" stated in our Course of Action is that the future envisioned by the Company and the future aspired by each employee should be on the same stage and that how to visualize the future should be left to each individual's initiatives. Who owns the company? What purpose do you work for? I affirm that the Company is yours. It should belong to the employees intending to grow while working and to draw clear pictures about the future of their families and their own, and it must be the stage where you can realize your dreams. Once you realize that the company is yours, you may then be aware of social responsibilities that the company must fulfill.

The centennial may be only a pass point, but can present meaningful targets for us. I would like each employee to think what you can do to attain the targets. Visions are not to be given by someone, but should be created by thinking what you really want to be. Let's think about the missions, visions, and values of the Toyal Group in ten years ahead, and work toward the centennial and beyond.



Chairman of the Board and
Representative Director, CEO
Masao Imasu



Outside director
Aya Shirai



Outside director
Mari Christine



Facilitator
Representative of Sun Messe
Innovative Network Center (Sinc)
Nobuyasu Tanaka

Toyal Group's sustainability

The Toyal 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 ideals represented by 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 Toyal 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.

Stances The Toyal Group establishes the ideal picture of our business practices in the "Management Principles" and "Group Vision" and commits itself to the relationship with the society, consideration for global environment, and respect for human rights, and pursues co-existence with society and sustainable growth toward the goal of realizing a company fulfilling social responsibilities and characterized by dignity and integrity.

Systems For sustainable growth, systems to ensure stable internal control and their proper implementation are indispensable. The Toyal Group expands the depth of its "internal control" systems and processes to consolidate the foundation of the sustainability-oriented management. By coordinating ISO, SDGs and other external guidelines with areas regulated by internal control, issues elicited through comprehensive evaluations are recognized as priority "ESG" issues. Through our efforts to solve these issues, we are engaged in realization of sustainable growth and attainment of SDGs.

Practices "ALUMINIUM with +" proclaimed in our Group Vision represents our strong determination to solve social issues; and the portion signified by "+" contains measures necessary for sustainable growth. Specifically, we promote our business operations, with particular emphasis on, for example, (1) expanding information disclosure not only to economic (monetary) values but also to social (non-monetary) values; (2) actively incorporating sustainability viewpoints into the management decision-making system; and (3) emphasizing work environments, human rights, and other similar issues in our business/transaction cycles.



Commitment of director in charge

As SDGs-related activities are attracting public attention in recent years against the background of the intensifying sense of crisis over global environment and social sustainability, companies are required to change their business models into more sustainable ones. The Toyal Group's CSR is thus to realize "Create the future, I will create it" and to contribute to the realization of a sustainable society. In order to promote the group-wide "integration of CSR into business operations," the Toyal Group establishes short-term, mid-term, and long-term targets for five Material CSR Issues. However, as the contents are still based on the current attainment criteria, more challenging Outside-In targets should be presented in the future.

As part of our responses to climate change risks, reduction of CO₂ at production and establishment of an aluminium recycling system must be urgently worked on. This a problem that cannot be solved only by the Toyal Group and will require coordination in the entire industry and with external partners. To this end, we will promote dialogs and collaboration with various stakeholders, grasp social needs for, and requests to, the Group, and satisfy their expectations by solving problems more properly.



Executive Officer
In Charge of CSR
Promotion Office

Minoru
Kawaguchi

Participation in UN Global Compact

On April 10, 2018, the Toyal Group participated in "Global Compact" proposed by the UN. We are contributing to a sustainable society by actively promoting responsible management expected of a global enterprise and Group-wide CSR activities, according to the ten principles proposed in the UN Global Compact. We establish internal and external networks through attendance at subcommittee meetings and promote communication of the knowledge and information obtained there throughout the Company. As for human rights, fully-aware of not only domestic but also global trends, we promote Group-wide efforts to eliminate child labor and other abusive labor practices and discrimination in employment/work, as well as power/sexual and other types of harassment in worksites.

CSR management based on SDG Compass*

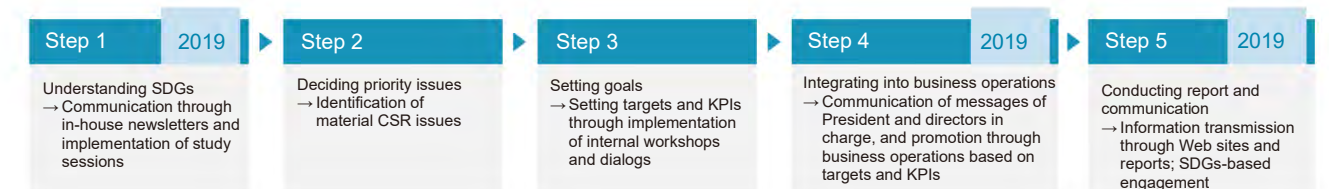
The Toyal Group implements CSR management that has incorporated SDG Compass, in order to measure and manage contributions to attainment of SDGs.

Our CSR promotion system is led by a director in charge of CSR Promoting Dept. as the responsible supervisor, and coordinated by CSR Promoting Dept. functioning as the secretariat.

By positioning 2019 as the "year of integrating CSR activities into business operations," relevant divisions and departments promoted their activities, based on identified targets and KPIs (for more details, please refer to pp.11-14, 21-30).

* 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).

SDG Compass activities



Messages from responsible persons in overseas Group companies



Hunan NingXiang JiWeiXin Metal
Powder Co., Ltd.
President

Yoshiyuki
Shinohara

SDGs activities at Hunan NingXiang JiWeiXin Metal Powder Co., Ltd. as of 2020 are still at STEP 2 in SDG Compass. We have just started the project by identifying any discrepancy between business continuity issues and SDGs activities, understanding stakeholders' expectations and their relevance with operations, discerning risk-related priority issues, and determining priority objectives that should be tackled first. In the meanwhile, we are working on proper responses to environmental regulations including the environmental protection law and air-pollution prevention law in China, which have recently been made stricter, proper personnel appraisals after revising the personnel affairs systems to secure excellent human capital, and establishment of the Group's CSR standards to enhance compliance with the internal control and compliance requirements. We will also incorporate promotion of cross-departmental internal improvement activities and reduction of environmental loads and improvement of production processes (labor/energy savings, etc.) in promotion of new business from as early as designing stages, make efforts not only in safety measures but also in reduction of human and energy costs, to realize a "safe and secure plant friendly to both people and the environment." We are resolutely determined to press forward to contribute to attainment of SDGs by the Toyal Group in 2031.



Toyal Zhaoqing Co., Ltd.
President

Yoshiteru
Miyazawa

Toyal Zhaoqing Co., Ltd. manufactures water-based ALPASTE® with low environmental loads and photovoltaic power generation materials contributing to wide applications of recyclable energy (ALSOLAR® light-weight modules), and promotes ADGs activities as a member of the Toyal Group. In recent years, against the background of rising awareness about environment and safety in China, the related regulations are enforced more and more strictly. To continue our stable and steady business activities under these circumstances, we take necessary countermeasures by promptly receiving information provided by local governments. As for areas we cannot properly respond to with our internal systems, we take step-by-step approaches by utilizing external service providers.

1. Innovation for the future: Newly establishing the Development Department to create new sales items
2. Environmental protection: Reducing industrial wastes (to be sold for profits)
3. Human capital diversity: Clarifying roles and enhancing visibility of treatments through introduction of a new personal affairs system
4. Quality and safety: Continuing the quality/safety patrols
5. Cooperation with stakeholders: Continuing the clean-up campaigns around the plant

At present, a major problem for us is our insufficient understanding of the relationship between these activities to attain SDGs and the 17 items of SDGs. We will work more arduously toward establishment of governance, and thorough communication/education of SDGs and CSR for our employees.

Director's Message

Outside director
Mari Christine









In July 2020, there was a report on damages caused by the severe rainstorm in Kyushu, especially about a mother who abandoned evacuation because she had a child with a disability who might be panicked in a crowded evacuation site. Fortunately, the mother and the child were rescued safely. But, in families with members with disabilities, women who must take care of those family members find it difficult to evacuate. So, in the Great Hanshin Earthquake and the Great East Japan Earthquake, the female mortality far surpassed that of the male's.











The Goal 5 of SDGs specifies "respecting all human rights and achieving gender equality and empowering all women and girls." Although various efforts are currently made, I personally feel that it would be difficult to eliminate household division of labor based on sexes in Japan, where such a phrase as "one-operation childcare" is touted at SNS, etc. I also feel uneasy about the Japanese government leading the "Ikumen (men taking care of childcare) Project" to encourage Japanese men to take more active parenting roles, which are naturally supposed to be done by both parents. What is crucial here to create a society where everyone can enjoy working is to change our mindsets. I sincerely hope that our future society will protect all human rights and allow us to exert our individual abilities to the fullest.

CSR Action Plan

Keeping in mind the Toyol Group Sustainability Vision targeted at our centennial in 2031, we, in the Toyol Group, have established targets on the five Material CSR Issues for the short time (2019), the medium term (until 2021), and the long term (until 2031). Furthermore, for the three points set forth in the "Positive Impact Finance" concluded with Sumitomo Mitsui Trust Bank, Ltd. on March 26, 2020, we will promote activities toward attainment of SDGs through proper implementation and monitoring. In 2019, we successfully attained most of the targets, but failed to reduce industrial wastes, accidents not accompanied by lost worktime, fire-related accidents, and extremely minor accidents, to the intended levels.

Three activity topics in Positive Impact Finance

Topic	Details	Long-term targets (for 2031)	SDGs
Innovation for the future	Development/sales of products, including aluminium foil, powder, and paste, etc. that can contribute to SDGs, based on our proprietary technologies (Contributing to reducing weights of automobile components and reducing food loss by providing food packing materials, etc.)	<ul style="list-style-type: none"> Tripling sales of products contributing to SDGs (compared with the 2019 level) Creating new business operations contributing to SDGs (2 cases) 	 
Environmental protection	1. Reducing CO ₂ emission from business activities (through visualization of energy) 2. Constructing the aluminium recycling system	1. Reduction by 30% (compared with 2013 level) 2. Increasing popular acceptance of aluminium recycling	 
Human capital diversity	Implementation of measures and provision of environment to promote vibrant and convivial work practices by diverse human capital	<ul style="list-style-type: none"> New female recruit ratio at 30% Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 70 	 

Material CSR Issues	Relevant SDGs	Primary activities	2019 Targets	Achievement ○: Achieved, ×: Not Achieved	Mid-term targets (for 2021)	Long-term targets (for 2031)
1 Innovation for the future	   	Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12	Finalizing products contributing to SDGs	Products contributing to SDGs to be selected by each business headquarters ○	Setting targets as part of management strategy (to be incorporated into the mid-term management plan)	Contributing to SDG3, 7, 9, 11, 12 Tripling product sales (compared with the 2019 level)
		New business: Creating the fifth pillar (of the business)	Target of one or more cases of commercialization of products	Target of one or more cases of commercialization of products ○	One case of commercialization of a product	Two cases of commercialization of products
2 Environmental protection	 	Reducing CO ₂ emission from business activities (from the 2013 level)	Reduction by 2.5% (year-to-year)	Decrease of 6.1% achieved ○	Reduction by 2.5% (year-to-year)	Reduction by 30% (compared with 2013 level)
		Constructing the solar battery recycling system	Starting reviews about methods for constructing the solar battery recycling system and dialogs with stakeholders	Starting dialogs with stakeholders ○	Reviewing methods for constructing the solar battery recycling system	Starting construction of the solar battery recycling system and the recycling operations
		Constructing the aluminium recycling system	Starting dialogs with stakeholders for constructing the aluminium recycling system	Starting dialogs with stakeholders ○	Constructing the aluminium recycling system and starting the recycling operations	Promoting popular acceptance of aluminium recycling (by means of the constructed system)
		Constructing the paper container recycling system	Starting dialogs with stakeholders for constructing the paper recycling system	Starting dialogs with stakeholders ○	Constructing the paper recycling system and starting the recycling operations	Promoting popular acceptance of paper recycling (by means of the constructed system)
		Reducing industrial wastes from business operations	Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)	Increase of 21.5% achieved ×	Reduction ratio for industrial wastes from business operations: Reduction of 2% in basic unit (year-to-year)	No industrial waste for final land-fill (zero emission through complete recycling)
3 Human capital diversity	 	Improving the ratio of new female recruits	New female recruit ratio at 20%	40% achieved ○	New female recruit ratio at 25%	New female recruit ratio at 30%
		Enhancing work opportunities for senior human capital	Preparation for changing the retirement system primarily to extend the mandatory retirement age to 65	Starting system reviews for extending the retirement age to 65 ○	Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 65	Completion of establishment of the retirement system primarily to extend the mandatory retirement age to 70
		Empowering autonomous human capital	Starting development of autonomous human capital	Introducing selective training system ○	Expanding those eligible for development of autonomous human capital	Continuously expanding development of autonomous human capital
		Promoting health-oriented management practices	Starting consideration of measures to promote health-oriented management practices	Implementing cancer tests for female employees ○	Continuing measures to promote health-oriented management practices and also obtaining external evaluations	Continuously expanding health-oriented management practices
4 Quality and safety	 	Reducing serious quality complaints	No significant quality complaint	None achieved ○	No significant quality complaint	
		Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire-related accidents	No accident accompanied by lost worktime Results None ○	No accident not accompanied by lost worktime Results 7 cases ×	No fire-related accident Results 4 cases ×	Extremely minor accidents halved (year-to-year) 2019 Results 22 cases 2018 Results 28 cases ×
5 Cooperation with stakeholders	 	Improving reliability and satisfaction by means of dialogs with various stakeholders (local communities, customers, employees, etc.)	Eliciting and summarizing problems through dialogs with various stakeholders	Implementing dialogs with clients ○	Planning the Toyol Group countermeasures for problems suffered by various stakeholders	Establishing good relationships with various stakeholders and contributing to solving their problems

→ Activities implemented are reported in Material CSR Issues from p.21.

* The accident category/name of "extremely minor accidents" was changed into "minor-injury accidents" on April 1, 2020.

Material CSR Issues01

Creates the future

Innovation for the future

OUR APPROACH

The Toyal Group moves ahead with the R&D and commercialization of products primarily at its Advanced Technologies Division and New Business Creation Department, based on its core technologies, in response to currently manifested social issues and potential problems as well as changes in the market environment. We divide 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.

Relevant SDGs

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Finding new business seeds in social issues, and contributing to attainment of SDGs with our unique technologies

New Business Creation Department transforms product concepts based on new ideas and new technologies produced by Advanced Technology Division into actual items and new business operations. Of course, new business cannot be created easily, but we can still realize business activities that can contribute to attainment of SDGs by confronting social issues squarely and finding something that we can do for them. To that end, human capital development and partnership expansion will be our new challenges.

We will create new values, based on one of our strengths in the proprietary surface treatment technologies, and by incorporating diverse ideas.

As a department entrusted with creation of technological seeds for new business, we are entering new markets and expanding our operations into the next-generation markets by creating new values based on our aluminium surface treatment technologies that we have constantly accumulated. To that end, we incorporate new ways of thinking flexibly and broadly by, for example, utilizing diversity and open innovation concepts. We also focus on creating environments and systems that can facilitate creation of new ideas.



Director, Managing Executive officer
in Charge of New Business Creation Department

Yoshihiro Tomioka



Managing Executive officer
in Charge of Advanced Technology Division

Zenya Ashitaka

Major activities in 2019

Human capital development	<ul style="list-style-type: none">Study sessions for developing human capital capable of managing diverse aspects of people, goods, and capital.Efforts to produce workers with PhD
Promotion of Open Innovation	<ul style="list-style-type: none">Activities for industry-university cooperationCollaboration with ventures, universities, and research institutes
Promotion of diversity	<ul style="list-style-type: none">Promotion of empowerment of female workersGlobalization of directors and employees

CSR Action Plan Achievements in 2019

- Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12
 - Products contributing to SDGs to be selected by each business headquarters
- New business: Creating the fifth pillar (of the business)
 - Target of one or more cases of commercialization of products

Example activities for material CSR issues

Practice case

case 01 New business: Creating the fifth pillar (of the business)

Promotion of Open Innovation

We are promoting various collaborative activities for creation of the next-generation markets. In the field of batteries, we started a joint development project with 24M Technologies, Inc. (Boston, USA), a developer of "semisolid lithium-ion batteries," which attract the public attention as a next-generation battery option. We can expect improved battery performances by applying our proprietary surface treatment technologies to electrodes that utilize their proprietary advanced battery technologies.

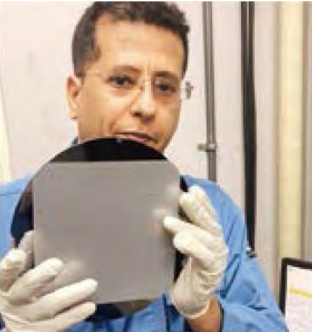


case 02 New business: Creating the fifth pillar (of the business)

Promotion of diversity

Diversified perspectives are necessary for activating R&D activities Advanced Technology Division is working hard on recruitment to attain its target of raising the female workers' ratio to 20% or more by 2021. Globalization is another requirement.

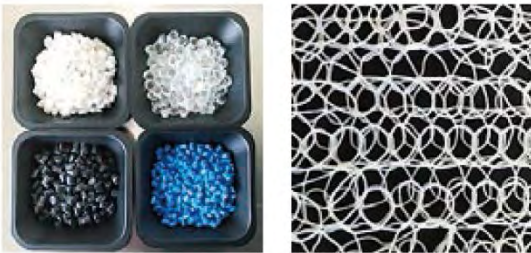
Marwan Dhamrin, a director (Senior Specialist) from Yemen will be appointed as a specially appointed professor at Osaka University for the chair of "Toyo Aluminium Research Laboratory of Semiconductors" in September 2020. He is expected to transmit our product information to the world within the industry-university cooperation framework.



case 03 Existing business: Improving sales of products contributing to SDG3, 7, 9, 11, 12

Development of resin materials for insect repellent goods (compound resins)

Compound resins containing highly concentrated liquid insect repellents, etc. are produced. Our compound resins are used in insect repellent goods for its long-term insect repellent effects, and favorably received both domestically and overseas. We would also like to promote development of compound resins with antibacterial and antifungal effects, including insect repellent goods.



Material CSR
Issues 02

Environmental protection

Environmental
Protection

OUR APPROACH

Environmental preservation is an important field in 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 reduction, reuse, 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 Toyoda 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.

Relevant SDGs

Environmental loads should be considered
throughout life-cycles to promote environmental
activities to be required by society.

For environmental protection activities, we need to press forward with dual fronts of seeking business growth and suppressing environmental loads. Specifically, as aluminium processing requires tremendous energy, we also need to study possible transition to alternative energy sources other than fossil fuel as an urgent issue. We are hit by large-scale natural disasters almost every year, evidencing the rising risks associated with climate changes. As it is commonly said that the conventional ways of living and thinking have been changed by COVID-19, we may be in the midst of significant transitions in technologies and ideas, as exemplified by 5G, DX, and the mobility revolution, etc. We can no longer accept comfortably accepted conventional ways and should look at our manufacturing practices from fundamentally different perspectives. For environmental issues, we will not take conventional approaches but seek innovative ways of thinking.

Executive Officer
In Charge of Engineering
Center

Satoshi Asou

Major activities in 2019

Reduction of CO ₂ emission	<ul style="list-style-type: none"> ■ Visualization of energy uses ■ Promotion of inter-departmental resource recycling to improve yields ■ Replacing existing lighting fixtures with LED devices at all business offices
Constructing the energy-saving/recycling system	<ul style="list-style-type: none"> ■ Collection and recycling of used aluminium foil products ■ Completion of a system to recover evaporating rolling oil ■ Implementation of the recovery system for ink to be disposed ■ Promotion of paper-less office ■ Studying new disposal/handling methods to respond to abolishment of incinerators
Preservation of biodiversity	<ul style="list-style-type: none"> ■ Participation in clean-up activities at Mihono-Matsubara Beach ■ Participation in plastic litter cleanup activities near business offices ■ Observation of sewage drains

CSR Action Plan
Achievements in 2019

- Reducing CO₂ emission from business activities (from the 2013 level)
→ Target: Reduction of 2.5% (year-to-year) **Actual: Reduction of 6.1%**
- Constructing the solar battery recycling system
→ Starting dialogs with stakeholders
- Constructing the aluminium recycling system
→ Starting dialogs with stakeholders
- Constructing the paper container recycling system
→ Starting dialogs with stakeholders
- Reducing industrial wastes from business operations
→ Target: Reduction of 2% in basic unit (year-to-year) **Actual: Increase of 21.5% in basic unit**

* Targets were not attained because waste solvents/plastics that used to be sold for profit need to be disposed of as industrial wastes due to changing market conditions.

Example activities for material CSR issues

Practice case

case 01 Reducing CO₂ emission from
business activitiesPromotion of visualization of energy uses by
effective uses of IoT

We are constructing a system to acquire real-time data on energy uses by introducing equipment that can collect operational data at each production facility. We will utilize the data to enhance our efforts in optimizing energy uses.

case 03 Reducing CO₂ emission from business
activitiesReplacing existing lighting fixtures with
LED devices

In all business sites, we have completed the changeover of the conventional halogen bulbs into LEDs (80% in 2019). This measure not only reduced the energy consumption but also brought insect repellent effects to boost the overall product quality.

case 02 Constructing the aluminium recycling
systemCollection and recycling of used aluminium
foil products

Toyo Aluminium Ekco Products Co., Ltd. promotes collection and recycling (secondary alloying treatment) of used aluminium products through collaboration of users. In 2019, we promoted information exchanges with local companies and co-ops in the three prefectures of the Hokuriku region, with which we have come in contact through Hokuriku Green Energy System Society, so that we, as a business enterprise, can establish more specific collection/recycling routes. In 2020, we will continue our efforts to win more understanding and support of local residents concerned about their daily lives by directly communicating meanings of our activities and how to cooperate with us through our participation in local fairs and events sponsored by municipal governments.

case 04 Contribution to recycling-oriented society

Completion of rolling oil recovery system

We have completed a system to recover rolling oil evaporated at rolling operations. This is expected to generate the best recovery quantities in the industry, enable the recycling of rolling oil, and contribute to reduction of emission of VOC (volatile organic compound) in the atmosphere.



Material CSR
Issues 03

Human resources

Human

capital

diversity

Relevant SDGs



OUR 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 capital 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 system for employees with childcare 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 global staff 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 new IT systems as part of our work reform initiatives, which also include introduction of the flextime system. We continue creating an engaging environment where people from diverse backgrounds can fulfill their potential while ensuring that all employees maintain a healthy work-life balance.

Promoting autonomous and self-reliant human capital expected to take responsibility for autonomous organizations the Toyol Group is intended to make.

At the Toyol Group, we refer to human resource as human capital because our business growth depends on how each worker can achieve the full potential. We thus work on the three priority issues: "work style reform," "nurturing autonomous human capital," and "diversity."

In 2019, remote-work has been made greatly popularized due to COVID-19.

I hope this will provide employees with a positive outlook toward drastic changes.

As part of the reforms aimed at autonomous organizations proposed in the "Management Platform Reforms," planned for our centennial, we would make additional efforts in promoting autonomous human capital.



Managing Executive officer
in Charge of Personnel Affairs
Department and Tokyo
Personnel/General Affairs
Department

Masashi
Yamamoto

Major activities in 2019

Human capital development	<ul style="list-style-type: none"> ■ Development of autonomous human capital ■ Starting reforms of training/personnel systems
Human capital recruitment	<ul style="list-style-type: none"> ■ Employment of foreign nationals ■ Enhancement of recruitment of female workers
Promotion of diversity	<ul style="list-style-type: none"> ■ Activities for promoting empowerment of female workers
Activities for human rights	<ul style="list-style-type: none"> ■ Activities for elimination of disparities, including reviews of employment formats
Work style reform/health-oriented management	<ul style="list-style-type: none"> ■ Enhancement of various measures and systems

CSR Action Plan Achievements in 2019

- Improving female recruitment ratio (as global staff)
→ Target: New female recruit ratio at 20%
40% achieved
- Enhancing work opportunities for senior human capital
→ Starting system reviews for extending the retirement age to 65
- Empowering autonomous human capital
→ Introducing selective training system
- Promoting health-oriented management practices
→ Implementing cancer tests for female employees

Example activities for material CSR issues

Practice case

case 01 Empowering autonomous human capital

Reorganization/review of system

Various systems have been reorganized to realize more flexible and autonomous work styles.

- Expanding shorter work hours for childcare
→ Expanding the relevant children from third graders to sixth graders
- Introducing half-day paid holidays
→ Removing the limitation of 12 uses a year
- Implementing a flextime system
→ Expanding the seven-stage staggered work system to the nine-stage system as part of our responses to COVID-19 pandemic

case 02 Empowering autonomous human capital

Revising personnel system

We are now moving out of the conventional "management by objective (MBO)" and adopting a new personnel system where goals are formulated autonomously in a team to be organized according to OKR*, and all members in the team can work harmoniously toward shared goals; we are also revising evaluation/remuneration systems accordingly. In parallel with this series of reforms, we are trying to visualize personal career plans, supporting individual competence development, and working on a transition to a promotion system in which performance appraisals are based on the new performance definitions.

* OKR: Objectives and Key Results

case 03 Promoting health-oriented management practices

Enhanced actions to realize health-oriented management

New cancer tests for female employees were implemented. We also requested the healthcare staff/nurses stationed at manufacturing sites to change their status from temporary staff members to regular employees(*) to enhance our health/safety system, and collect information concerning occupational health and safety issues at respective work sites. We will also respond to persons with mental health issues as one of our urgent issues.

* Applicable to full-time workers

Column

Engagement between female employees and an outside director - "Lunch Communication" -

At a suggestion of Ms. Shirai, an outside director, "Lunch Communication" is conducted regularly as a forum of personal interaction for female employees. Having lunch together, they can exchange information about work styles and other issues at workplaces, the contents of which are presented in in-house newsletters and shared with all employees. Subsequently, feedback interviews between the participants and their superiors are conducted to ensure that employees' opinions are properly reflected on management practices.



Material CSR Issues 04

Quality and safety

Quality and Safety

OUR 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 by monitoring their quality control measures, 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.

Relevant SDGs



We proceed with construction of systems that can provide high quality, which cannot be supplemented by machines.

In order to survive global competition, we need to ensure two types of quality issues; "product quality" and "quality to guarantee product quality" on a steady and stable manner; yet, it is quite difficult to maintain high quality on a continuous basis. Quality problems cannot be seen when things go smoothly. That is why we have to focus on constructing systems that can prevent occurrence of accidents in advance.

Safety has top priority over any other issues. We will pursue with effective and workable measures instead of idealistic theories.

The first and foremost in CSR of the Toyal Group is safety. For all accidents that have occurred, the causes are determined and the findings are applied to all business offices to ensure that countermeasures are thoroughly implemented. In order to prevent countermeasures from losing their effects over time, and from belonging to particular persons, thorough accident prevention measures are taken, including the effective uses of IoT. To respond to the outbreak of COVID-19, we have started reviewing how our BCP should be implemented.



Executive Officer
In Charge of Quality Assurance Department

Norio Kasetani



Executive Officer
In Charge of CSR Promotion Office

Minoru Kawaguchi

Major activities in 2019

Application of rules/regulations	<ul style="list-style-type: none"> Investigations conducted on implementation status of corrective actions for past problems Construction of a system for preventing falsification of inspection data
Responses to laws/regulations/guidelines	<ul style="list-style-type: none"> Responses to updates of laws/regulations, including REACH regulation
Safety management	<ul style="list-style-type: none"> Accident prevention by risk assessment based on the occupational health and safety system and KY activities Regular implementation of internal controls at business offices and safety monitoring by the President

CSR Action Plan Achievements in 2019

- Reducing serious quality complaints
->Target: No significant quality complaint **Actual: 0**
- Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire-related accidents
->Target: No accident accompanied by lost worktime
->Target: No accident not accompanied by lost worktime
->Target: No fire-related accident
->Halving extremely minor accidents (year-to-year)
Results None
Results 7 cases
Results 4 cases
Results 22 cases/ 28 cases

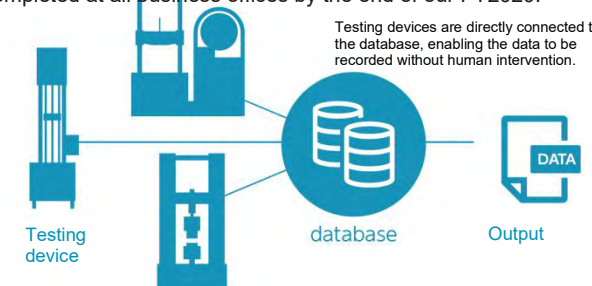
* No specific causes were detected; they were different in all cases, including wrong operations and facility defects, etc. Still, as those involved in accidents were mostly inexperienced workers, we will improve our safety education in collaboration with business offices in parallel with investigations into root causes.

Practice case

case 01 Reducing serious quality complaints

System for preventing falsification of inspection data

In order to enhance reliability of inspection data, we are constructing a system of connecting testing devices to measurement results and of recording data without human intervention. The introduction of this system is schedule to be completed at all business offices by the end of our FY2020.



case 02 Reducing accidents accompanied by lost worktime, accidents not accompanied by lost worktime, and fire-related accidents

Enhanced measures against accidents by entanglement, etc.

In recent years, both domestically and overseas, the number of work-related accidents is decreasing, but has never reached zero. Of all kinds of accidents, those caused by entanglement, etc. in production facilities tend to be quite serious, and can be seen as a major risk for the Company. Naturally, all manufacturers have to invest heavily on safety; specifically, we have budgeted 1.3 billion yen to conduct activities to reduce those risks in 2019. Specifically, in 2019, we conducted general inspections and risk assessment on hazardous spots concerning entanglement accidents in rotating machines. In response to a particular accident accompanied by lost worktime in April 2020, we conducted additional inspections and risk assessment on hazardous spots that may cause entanglement accidents. We will continue these activities for complete elimination of entanglement accidents.

Column

Responses to the COVID-19 pandemic and enhanced response functions to emergency situations (BCM/BCP-preparedness)

In conjunction with the spreading COVID-19 pandemic, we have established the COVID-19 Task Force to collect/transmit relevant information, and have coordinated response systems properly, based on the anti-epidemic action checklists at respective business offices, according to external experts' advice. Specific measures included telework primarily for corporate staff, and the so-called border control actions were thoroughly implemented, including entry restriction into Company premises, measurements of bodily temperatures and requests to entrants to apply disinfectants and face masks at gates, etc. We have also enhanced ventilation and taken measures to avoid the "Three Cs (closed spaces, crowded places, and close-contact settings)." We will establish countermeasure timelines shared within the Group, instead of working on complicated manuals that cannot be used in real-life situations, so that everyone can respond quickly and effectively to emergency situations including viral infections (including COVID-19), major earthquakes, and floods, etc. We will thus continue working on the necessary training and rectification of any problems detected in such training sessions.



Discussion in the task force secretariat by remote-working setting

Material CSR
Issues 05

Collaboration with stakeholders

Cooperation
with stakeholders

OUR APPROACH

We, at the Toyol Group, contribute to social and economic activities of the local communities through our production and employment activities. Furthermore, in collaboration with local communities, 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 a sustainable society, so that we can enhance our corporate value.

Relevant SDGs



As a leading company in the aluminium industry, and as a “company with dignity,” we maintain a strong desire to be a company required by society.

In our relationships with stakeholders, we emphasize “dignity of company.” It is revealed in our employees’ conduct and public reception of our products and services, and should be the foundation of our brand power. For its realization, we emphasize provision for the environment where they can fully exert their personal capabilities. It is also important to provide high-quality products to our clients and win market supports. While we would like people around the world to know more about the Toyol Group and wish to enhance our raison d’être in society, we also feel responsible, as a representative aluminium manufacturer in Japan, to popularize this material called aluminium among Japanese children, on whom our future depends.



Executive Officer
In Charge of General Affairs
Department

Hideo Ishiguro

Major activities in 2019

Employee relations	<ul style="list-style-type: none"> ■ Improvement of work environments where employees can fulfill their potential
Communication with local community/society	<ul style="list-style-type: none"> ■ Holding workshops for primary school children ■ Entry to the Osaka Marathon as charity runners ■ Inviting French graduate students to introduce the Toyol Group business and other Japanese companies ■ Supporting “Yokohama FC Yokohama Porto Cup” sponsored by Yokohama FC (a football team) ■ Supporting Osaka Symphony Orchestra (a public interest incorporated association) ■ Conversation with customers and national/local governments

CSR Action Plan

- Improving reliability and satisfaction through direct communication with various stakeholders (local communities, customers, employees, etc.)
- Conversation with business partners

Example activities for material CSR issues

Practice case

case 01 Communication with local community/society

Holding workshops on the topic of aluminium

In October 2019, we participated in an event for primary school children, at Fukui Atomic Energy Science Museum, “At Home,” established by Fukui Atomic Information Center, to present a workshop on aluminium. Through experiments using aluminium, children deepened their understanding about aluminium in a joyful learning experience.



case 02 Communication with local community/society

Entry to the Osaka Marathon as charity runners

Five of our employees entered the 9th Osaka Marathon held on December 1, 2019 as charity runners. This activity was made possible by a suggestion of “Japan Habitat Association,” for which Mari Christine, an outside director of Toyol, works as a Vice Chairperson, and conducted to support a donation campaign to present textbooks and school lunches to Laotian children.



case 03 Communication with local community/society

Conversation with customers and national/local governments

Powder & Paste Headquarters promotes conversation with customers and government officials to introduce our business and SDGs activities. When we visited the municipalities of Gose, Katsuragi, and Hino where the business offices are located, the respective mayors joined our talks and exchanged opinions about community revitalization.

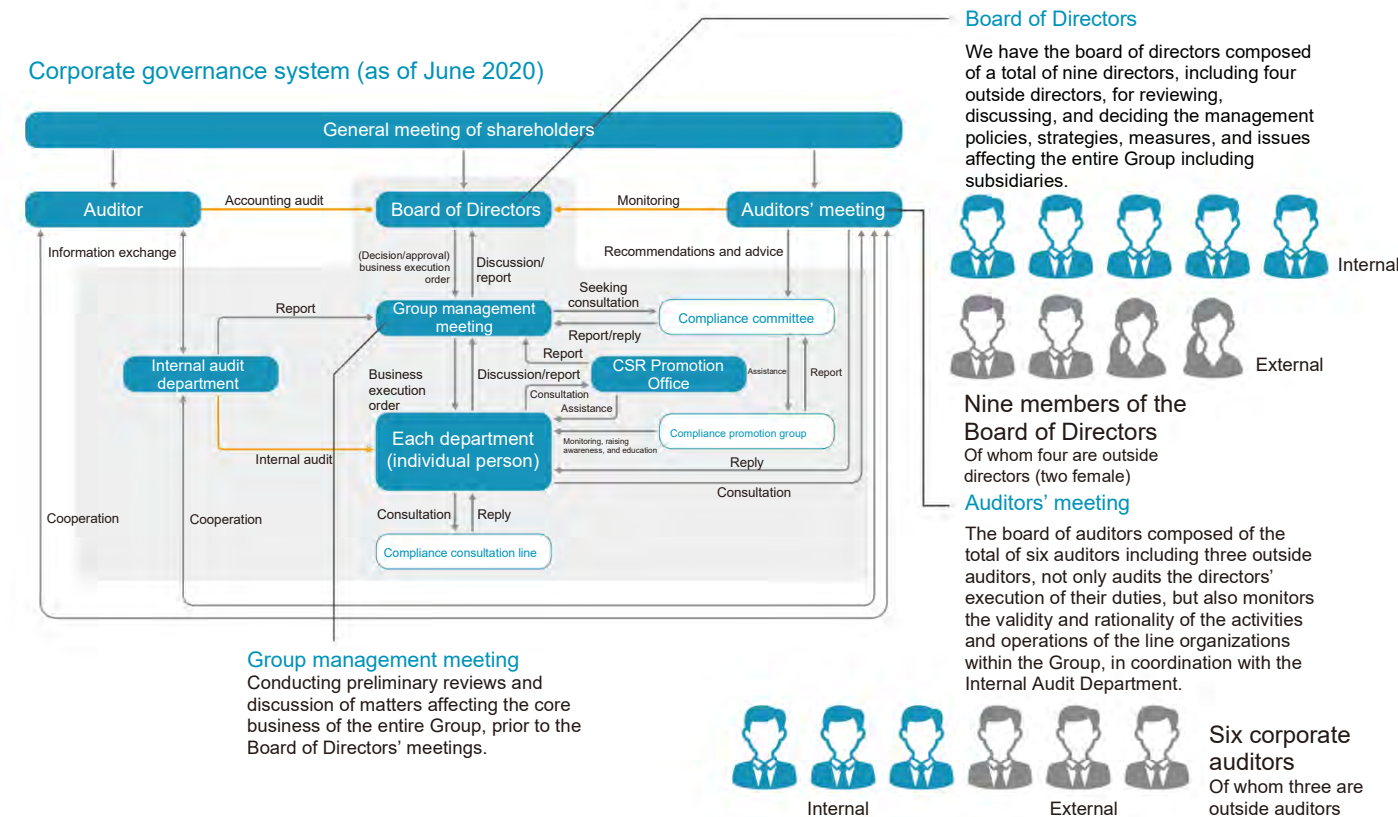
Column

Opening YouTube registration channel

The Toyol Group’s official YouTube channel was opened to familiarize as many people as possible with what we are. The site not only introduces our business activities and products but also presents candid opinions and impressions of employees for the recruitment purpose.

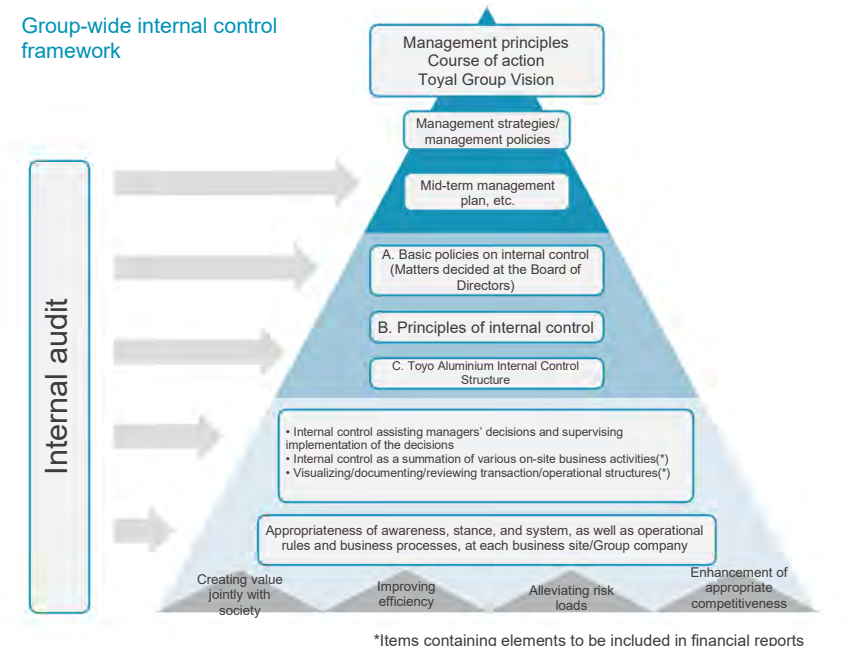


The Toyal Group intends to increase its enterprise value through sustainable growth and enhanced competitiveness. To that end, we consider corporate governance as an important management issue for constructing management practices trusted by all stakeholders, including our clients, employees, local communities, etc.



Internal control system

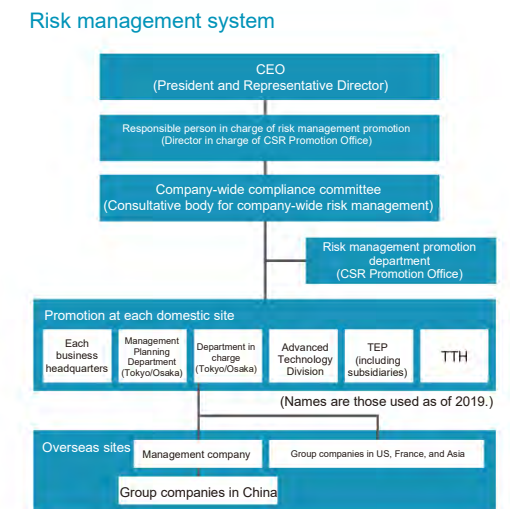
In order to ensure proper business practices, the Toyol Group decides basic policies for the internal control system at the Board of Directors' meetings. Based on the basic policies, we have established the corporate structure capable of implementing "securing reliability of financial reporting," "legal compliance," "risk management," "securing effective and efficient business practices," and "asset preservation." Furthermore, in order to promote sustainability management from the internal control perspective, we link ISO, SDGs, and other external guidelines with areas that should be regulated by internal control, and recognize issues elicited through comprehensive evaluations as "ESG" priority items.



Risk management

The Toyol Group has embarked on full-fledged activities for “Enterprise Risk Management” for the entire Group, in view of the risks expected to become more complicated amidst the globalization trend. Group-wide risks have been elicited and recognized from the global perspective, countermeasures have been reviewed, and the risk management activities are centrally managed, primarily at the initiative of the CSR Promotion Office. Overviews of these activities are reported regularly in the Group management meetings.

In 2019, of the eight risk categories we have identified, we focused on “responding to emergency situations,” “improving internal control system,” and “improving group-wide consolidated management/controlling overseas risks” and systematically organized roles of corporate functions that implement these initiatives. We are also working on responses to risks that have risen out of the COVID-19 pandemic.



Eight areas to be noted

* Priority items for 2019 are indicated in bold.

1. **Responding to emergency situations (enhancing emergency responsiveness)**
2. International situations
3. Government regulations
4. **Improving internal control system (secondary establishment of internal control)**
5. **Improving group-wide consolidated management/controlling overseas risks**
6. Improving transaction management/numerical management
7. Improving quality management system
8. Human capital/labor management

Achievements in 2019

Organizing corporate functions

- Collecting information from each corporate department about ideal status it aspires to be
- Improving internal control system (secondary establishment of internal control)**
- Exchanging opinions about risk management with the Business Strategy Office and each manufacturing site
 - Designing the cycle of formulating improvement action plans for domestic manufacturing sites.
- Improving group-wide consolidated management/controlling overseas risks**
- Visiting Hunan NingXiang JiWeiXin Metal Powder Co., Ltd. (China) to understand local issues
 - Systematically organizing information to be collected from overseas affiliated companies
- Responding to emergency situations (enhancing emergency responsiveness)**
- Defining emergency situations; reviewing common timelines for responding to emergency situations
 - Systematically organizing how to understand response systems and role assignments
 - Visualizing actions required at each manufacturing site (partly continued in the current fiscal year)

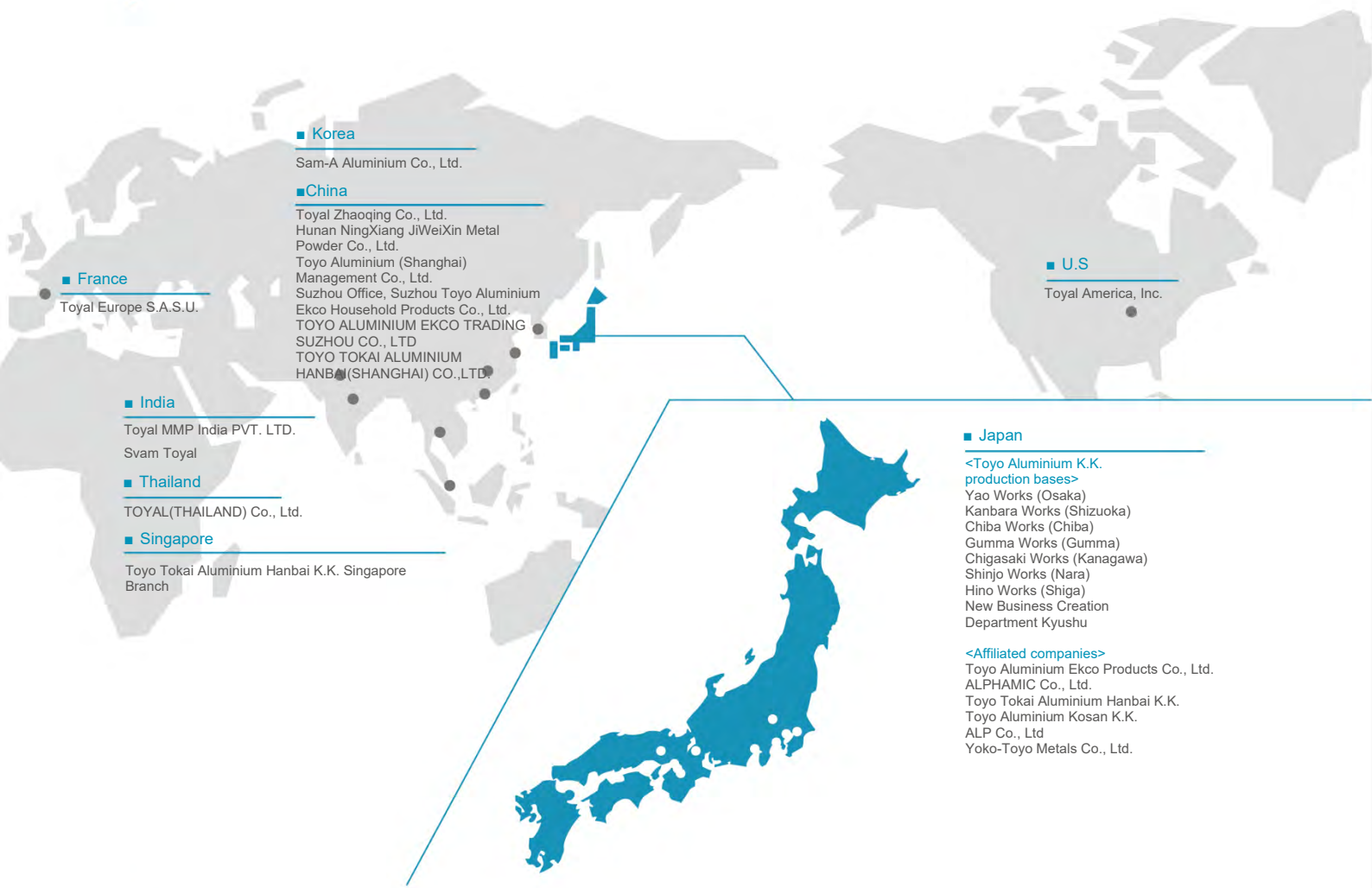
Schedule

Schedule	2019	2020	2021	2022
Company-wide risk evaluations				Implementation of evaluation
Promoting company-wide topics				
Organizing corporate functions	Formulating basic concepts	Constructing systems	Acting on remaining issues and establishing practices	
Improving internal control system (secondary establishment of internal control)	Constructing cycles for domestic sites (manufacturing bases and subsidiaries)	Constructing cycles for other bases	Reviewing risk management approaches	
Improving group-wide consolidated management/controlling overseas risks	Formulating basic concepts	Constructing systems	Acting on remaining issues and establishing practices	
Responding to emergency situations (enhancing emergency responsiveness)	Formulating basic concepts	Establishing operations through training, etc.		

Compliance

The Toyol 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, we worked on activities more involved with risk management with improved functionality and structural robustness. We will continue implementing activities to enhance effectiveness.

Global Network



Business Overview

Trade name
Toyo Aluminium K.K.
President and Representative Director, COO
Kaoru Kusumoto
Head Office
Midosuji Daiwa Bldg., 6-8, Kyutaramachi 3-chome, Chuo-ku, Osaka, 541- 0056 Japan
Establishment
May 12, 1999 (Toyo Aluminium, our predecessor, was established on April 7, 1931.)
Paid-in Capital
8,000,000,000 yen
Number of employees (as of March 31, 2020)
2,501 (Consolidated) 1,494 (Non-consolidated)
Shareholder
Nippon Light Metal Holdings Co., Ltd.; 100%

Major business fields
<div><div>Foil</div><div>We visit customer sites directly to collect information about their needs, and develop and present one-of-a kind products with our proprietary technologies and knowhow. We also make proposals on resource/energy saving initiatives taking advantage of the lightness and high-performance characteristic of aluminium foil, and proposals on more eco-conscious high-functionality/performance items, including high-performance small capacitors, and lithium-ion batteries, etc.</div><div></div></div>
<div><div>Powder and paste</div><div>Powder & Paste Headquarters present many "One" products. For example, we have products that have the "number One" shares in the world (automobile aluminium paste), and "One-of-a-kind" products unsurpassed by competitors (interference color/colored aluminium), etc. Going beyond the possibilities conceivable in conventional aluminium products, we contribute to the progresses in the fields of automobile, food, chemical, electronic material, aerospace industries, with our unique product designs and performances. We are dedicated to the realization of more convenient and environmentally friendly society through our product development efforts looking ahead toward the future.</div><div></div></div>
<div><div>Household products</div><div>We satisfy various needs of consumers through our diverse offerings of convenient household items used in our daily life, including aluminium Sun Foil® and Cooking Range Panel®, and small aluminium/paper cups used in lunch boxes, as well as products for business uses, made by processing environmentally friendly materials, including aluminium foil/paper containers, etc.</div><div></div></div>
<div><div>New business</div><div>Our daily development activities are directed toward creation of new business opportunities that can support the future Toyal Group, including paints featuring high corrosion resistance, splints using thermoplastic resins, special films generating molecular hydrogen through reaction with moisture, and light and robust solar panels; these efforts are based on our technologies long accumulated in our aluminium foil/powder/paste operations, and on our attempts to exceed our past and current frameworks.</div><div></div></div>



Specially-appointed professor at Meiji University School of Business Administration;
Sompo Japan Insurance Inc.
CSR Office Senior Advisor

Mr. Masao Seki

The report for this year, issued as a sustainability report, has deepened the Company's commitment to resolution of social issues, and clearly expresses its resolute intention, as a company and individual employees, to resolve the issues and develop the future society, as indicated in the Course of Action, "Create the future, I will create it."

- Points to be highly appreciated
- In Top Management Commitment, Mr. Kusumoto (President) states what the company has achieved and what it has not. That is because it has firmly integrated CSR in the corporate management, and incorporated it into the concrete planning. As the top management, he not only presents dreams but also clearly states his own commitment to the realization process.
 - In the conversation with outside directors, Mr. Imasu (Chairperson) clearly states, "Company is yours (employees')," expressing the strong management determination that the future is created by employees and that a company has to be the stage for them to realize the dreams. The entire report conveys the message that his conviction is permeated throughout the company.
 - With CSR Action Plan, the company continues to present one-year, mid-term, and long-term targets, identify KPIs for measuring activity progresses, and state attainment/failure status clearly. It is particularly commendable to significantly exceed the targeted ratio of female worker recruitment.
 - In the "Positive Impact Finance" with Sumitomo Mitsui Trust Bank, Ltd. concluded in March 2020, the company is firmly committed to attainment of specific SDGs figures, and challenges itself toward new targets.
 - The company maintains compliance with globally established codes of conduct, including UN Global Compact and SDG Compass, and constantly works on improvement/enhancement to fill in gaps in actual situations in the light of global standards without any sign of complacency.

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 the CSR activities of the Toyal Group again this year. In the year under review, we have renewed our management report as a sustainability report on "integrating CSR activities into business operations"; which is highly evaluated by Mr. Seki as "clearly expressing the resolute intention to resolve the issues and develop the future society," for which we are truly grateful. These are, for us, hearty words of encouragement for our continued efforts for enhancement of our activities. While the COVID-19 pandemic has been bringing the entire world a major turning point, we will respond flexibly to the changing management environments and market conditions, and promptly consider how to put into practice the valuable advice we have received, so that we can ensure our future progress. All of us, both the management and the employees, will realize what we think of the best thing to do for the stakeholders, toward the realization of the "Company's Dreams (Mission, Vision, and Value)."

- Recommendations for improvement for the future
- The long-term and mid-term targets stated in CSR Action Plan should be constantly reviewed, instead of being followed blindly at any cost. Specifically, as the entire world is faced with a serious turning point due to the COVID-19 pandemic, companies should accelerate their activities in parallel with the social transformation and toward realization of a sustainable society.
 - Policies on human rights pointed out in my opinion for 2019 have not been compiled yet. Companies around the world are now engaged in management practices respecting human rights according to "UN Guiding Principles on Business and Human Rights" and other similar international codes; and these attempts are directly linked with companies' global competitiveness. As "National Action Plan on Business and Human Rights" is scheduled to be issued by the Japanese government this year, proper corporate actions will be definitely required.
 - In parallel with the climate change issue as a global environmental concern, actions toward biodiversity will need to be enhanced. The next year's COP15 on biodiversity is said to be as an important conference similar to COP21 where the Paris Agreement on climate change was adopted. Companies will be required to perform their business activities on much higher levels in this regard.
 - It is an excellent achievement that you emphasize communications and promote active conversation with both internal and external stakeholders, which should be continued. It would be a good idea to listen to civil society organizations including NPOs and NGOs, etc. looking ahead of the times and presenting opinions to governments and enterprises.
 - Throughout the Report, it is wonderful to note that from the top management to front-line workers appear with the photos, making it possible for readers to really know what these individuals feel and think; yet, it is rather regrettable that no female worker appears in it.

In conclusion

It can be highly evaluated that all employees work harmoniously to incorporate sustainability firmly into business strategies and daily operations, and that the company discloses the details every year. Information concerning sustainability should be disclosed, as it is no longer non-financial information, but "future financial information." I hope, while maintaining the highly transparent information disclosure and stakeholder conversations, you will continue further progress as an enterprise.



Toyo Aluminium K.K.

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