



Sustainability Management

Material issues and progress of our activities

The Toyo Ink Group defined its material issues through dialogue with stakeholders. In FY2018, we linked our sustainability activities to our medium-term management plan, and have since carried out activities with a focus on material issues. In FY2021, we engaged in activities in line with KPIs and targets during SIC-II (FY2021–FY2023), matching the period of activities for the SIC-II medium-term management plan.

In particular, the numerical environmental targets for Material Issue 2 (reduction of CO<sub>2</sub> emissions) and social targets for Material Issue 4 (promoting health and productivity management, increasing female manager ratio to 8%) are equivalent to “Promotion environmental management” and “Reform workstyles and personnel systems” under Basic Policy 3 of SIC-II “Enhance the value of management resources for sustainable growth (change of the corporate structure),” and we are bolstering our efforts accordingly. Activities in FY2021 proceeded as planned for the most part.

Material issues, ideal states, and actions

Evaluation: A as Progress beyond plan, B as Progress as planned, and C as Further efforts required

Material issues	Ideal state	Relevant SDGs goals	Actions	KPIs and targets during SIC-II (FY2021 - 2023)	Achievements in FY2021	Evaluation for FY2021
<p><b>Material Issue 1</b></p> <p>Provide value that exceeds customer expectations and contribute to society</p>	<p>We provide value that contributes to innovations and the solution of issues in society, through creative products and services that exceed customers' expectations. Through these activities, we win the trust of a wide range of stakeholders and contribute to developing a sustainable society.</p>		<ol style="list-style-type: none"> <li>Create the enrichment of life and culture based on the three strategic orientations of Life, Communication and Sustainability</li> <li>Build customer trust through safe products and services</li> <li>Assure highest quality</li> <li>Achieve a high level of customer satisfaction</li> </ol>	<ul style="list-style-type: none"> <li>Creation of products, services and technologies that contribute to provision value to society</li> <li>Initiatives to improve quality: Operation of the Quality Global Standard at all production bases around the world</li> </ul>	<ul style="list-style-type: none"> <li>Created new products and services for value creation (development of PSA for PET bottles, high biomass / LED-UV curing flexographic inks, biomass inks for screen printing for UV curing PET substrates, low-odor and low-VOC PSA)</li> <li>Held online event “Value Showcase” on the Group’s website to introduce material technologies and solutions that are indispensable for creating high value-added products (4,829 online visitors)</li> <li>Formulated the Quality Global Standard policy</li> </ul>	B
<p><b>Material Issue 2</b></p> <p>Co-exist in harmony with the environment through innovative technologies</p>	<p>With innovative environmental technologies, we have become a leading company in society in the aspects of both products and services. In addition, we contribute greatly to harmonizing society with the environment and improving the sustainability of society through initiatives we take in overall business, from the upstream to the downstream.</p>		<ol style="list-style-type: none"> <li>Development and dissemination of innovative technologies, products, and services that reduce environmental impact</li> <li>Efforts to solve and respond to the problem of climate change</li> <li>Appropriate management of chemical substances</li> <li>Steady promotion of environmental management</li> </ol>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (Japan): 67,500t (down 12% from the FY2020 level)</li> <li>Improvement of specific energy consumption (overseas): 165.0L/t (down 3% from the FY2020 level)</li> <li>Reduction of chemical emissions (Japan): 62.2t (down 10% from the FY2020 level)</li> <li>Reduction of amount of waste treated off-site (Japan): 10,500t (down 19% from the FY2020 level)</li> <li>Increasing of sales ratio of environmentally friendly products: 70.0% (up 4.0 percentage points from the FY2020 level)</li> <li>Conservation of forest and aquatic ecosystems: Tree-planting, ecological surveys, strengthening of water intake / drainage management at production bases with high water risks, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (Japan): 79,380 t (up 3.3% from the FY2020 level)</li> <li>Improvement of specific energy consumption (overseas): 164.1 L/t (down 3.6% from the FY2020 level)</li> <li>Reduction of chemical emissions (Japan): 62.3 t (down 9.8% from the FY2020 level)</li> <li>Amount of waste treated off-site (Japan): 13,949 t (up 8.1% from the FY2020 level)</li> <li>Sales ratio of environmentally friendly products: 64.4% (down 1.6% from the FY2020 level)</li> <li>Launched a task force on climate change and promoted information disclosure in line with TCFD recommendations</li> </ul>	B
<p><b>Material Issue 3</b></p> <p>Co-exist and co-prosper with the supply chain and fulfill the trust of stakeholders</p>	<p>We have built a firm relationship of trust with the supply chain toward co-existence and co-prosperity, by respecting the supply chain on an equal footing and stimulating each other. Based on this relationship, we continue to take on further challenges through mutual cooperation with the supply chain.</p>		<ol style="list-style-type: none"> <li>Co-existence and co-prosperity in the supply chain through collaboration</li> <li>Respect for the human rights of all stakeholders</li> </ol>	<ul style="list-style-type: none"> <li>Implementation of major supplier assessments based on the Criteria for Selecting Suppliers: Continuation of 100% implementation rate</li> <li>Conducting a sustainability surveys for major suppliers: Implementation rate 100%</li> <li>Promoting efficiency and sustainability improvements through collaboration in logistics</li> <li>Thorough human rights education during overseas assignment training: Continuation of 100% attendance rate</li> </ul>	<ul style="list-style-type: none"> <li>Created criteria for assessments for major suppliers in Japan and started surveys (percentage of suppliers surveyed in FY2021: 10%)</li> <li>Prepared questions for sustainability surveys toward the start of surveys in FY2022</li> <li>Number of employees who took human rights education during overseas assignment training: 24 employees (percentage of employees receiving training: 100%)</li> </ul>	B
<p><b>Material Issue 4</b></p> <p>Value employees and pursue their happiness and job satisfaction</p>	<p>We have established a corporate climate where the personality of each employee and their diversity are respected and employees pursue job satisfaction and self-actualization. In addition, our open, family-like workplace environment serves as the base for creating innovations at home and abroad.</p>		<ol style="list-style-type: none"> <li>Thorough occupational safety and health, and promote health and productivity management, which are closely linked to employee satisfaction</li> <li>Foster diversity to invigorate the organization</li> <li>Cultivate human resources that have global perspectives and abilities</li> </ol>	<ul style="list-style-type: none"> <li>Continuing to be selected as <i>White 500</i> company by promoting health and productivity management</li> <li>Continuing acquirement <i>Eruboshi</i> certification by promoting women’s employment and active participation: Continuing 30% female recruitment ratio in Japan, and female manager ratio in Japan to be 8%</li> <li>Continuing acquirement <i>Kurumin</i> certification promoting childcare and nursing care support: Continuing 80% childcare leave acquisition (10 days or more) rate for male employees in Japan</li> <li>Zero serious accidents</li> </ul>	<ul style="list-style-type: none"> <li>Continued to be selected as a <i>White 500</i> company and acquired <i>Eruboshi</i> certification</li> <li>Percentage of female new graduates hired in Japan: 32%</li> <li>Percentage of female managers: 4.5% (as of January 2022)</li> <li>Percentage of male employees in Japan taking childcare leave for 10 days or more: 93%</li> <li>Zero serious accidents (frequency rate of lost-workday injuries in Japan: 0.569, severity rate: 0.001, accident rate: 2.35)</li> </ul>	B
<p><b>Material Issue 5</b></p> <p>Build a solid base that underpins trust</p>	<p>We have established a solid base that underpins the trust of stakeholders through compliance, communications, and other practices. In addition, this base serves as a secure foundation for the Group to survive until its 200th anniversary while maintaining its traditions.</p>		<ol style="list-style-type: none"> <li>Ensure compliance</li> <li>Eliminate corruption</li> <li>Promote effective risk management and disaster preparedness</li> <li>Implement timely, appropriate and proactive information disclosure, and strengthen stakeholder communication</li> <li>Contribute to local community development through our business activities</li> <li>Contribute to the resolution of problems affecting local communities</li> </ol>	<ul style="list-style-type: none"> <li>Zero serious compliance violations</li> <li>Comprehensive implementation and content enhancement of compliance meetings in each site</li> <li>Formulation of the Compliance Programs tailored to local circumstances of each site of the Group, and continuing implementation of education (Anti-monopoly Act, Subcontract Act, bribery prevention, privacy protection regulations, etc.)</li> <li>Promoting activities for communication with local communities</li> <li>Promoting educational / cultural activities in local communities</li> <li>Promoting social contribution activities: Volunteer activities or their support, disaster countermeasure support, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Zero serious compliance violations</li> <li>Held compliance meetings in each site (3,456 participants during the first half of the year; 3,740 participants during the Improvement Month)</li> <li>Held various compliance seminars (Anti-monopoly Act: 28 seminars with a total of 857 participants, Subcontract Act: 24 seminars with a total of 544 participants, Handling of confidential information: 31 seminars with a total of 1,065 participants)</li> <li>Held compliance meetings in each site using the Code of Business Ethics and its explanatory materials which are translated into local languages</li> <li>Responded appropriately to natural disasters (earthquakes, typhoons, heavy rain, etc.)</li> <li>Responded to the COVID-19 pandemic (including the revision of guidelines)</li> <li>Conducted risk assessments (100% of locations in Japan, 97% of locations overseas)</li> <li>Encouraged the formulation of disaster response manuals at domestic bases (85% of bases have created manuals)</li> <li>Accepted a tour by students from Takashina Kawagoe branch of Saitama Prefectural Kawagoe Special Needs School (Saitama Factory of Toyo Ink Co., Ltd. in July 2021)</li> <li>Introduced and implemented a volunteer leave system</li> </ul>	B