

*One-piece Cycle*

Technology and quality  
flowing together in one  
perfect motion

TOPY Report 2021

# TOPY Report 2021

TOPY  
Report  
2021

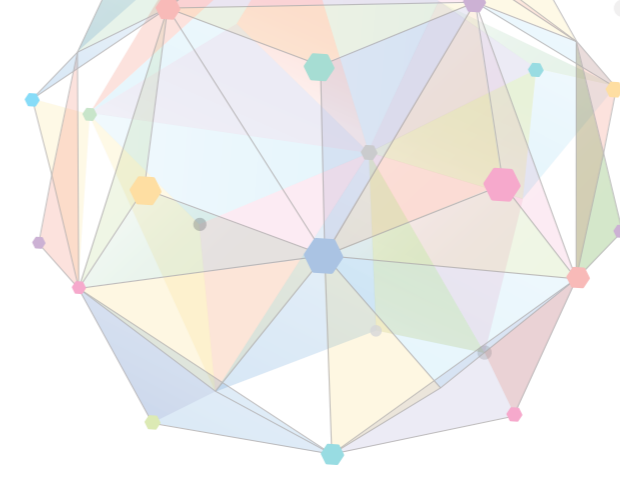


**TOPY INDUSTRIES, LIMITED**

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## The Topy Industries Group Corporate Basic Philosophy

Win the trust and respect of society  
through the continuance and development  
of the Topy Industries Group  
and the execution of one's duty  
as a public institution.

## The Topy Industries Group Corporate Code of Conduct

— To win the trust and respect of society —

Under the Corporate Philosophy, the management and employees  
of the Topy Industries Group shall strictly abide by all applicable  
laws and ordinances, the spirit reflected, and the Corporate Code  
of Conduct, while accepting full corporate social responsibility and  
fostering an open-minded and creative corporate culture.

## Editorial Policy

### Basic Policy

Topy Report 2021 provides selected important information focusing on the company's management strategies to improve corporate value in the medium to long term, including information related to its business activities, operating results, social responsibilities, and management control system. The aim of this report is to encourage candid dialogue with our stakeholders, including shareholders, investors and related parties.

The IIRC's International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation were used as references in the creation of this report.



### Reporting Scope

This report covers all companies listed as subsidiaries of the Topy Industries Group (consolidated basis). However, some activities and data represent only Topy Industries, Ltd. In principle, activities where the scope is not specified refer to those of the Topy Industries Group. Where it is necessary to specify the applicable scope, activities by Topy Industries alone are identified within the headline or descriptions as Topy Industries, and activities by an individual Group company are identified by its corporate name.

### Reporting Period

Covers mainly FY2020 (April 1, 2020 to March 31, 2021), but also includes some activities that occurred on and after April 1, 2021.

### Date of Issue

October 2021

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## Businesses of the Topy Industries Group

### Steel Business

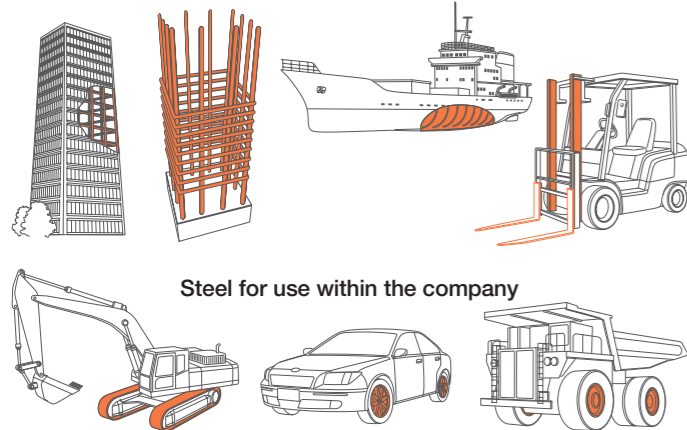
A raw material business operated since our foundation

At the Topy Industries Group, the steel business unit produces steel using electric furnaces as well as a wide variety of steel bars. Wide flange beams, standard structural shapes and deformed bars are shipped as construction materials chiefly to customers in both domestic and overseas markets, while special sections are largely supplied to the company's automotive and industrial machinery components business unit where they are turned into finished products. This business unit includes companies engaging in the collection and recycling of steel scrap, a transportation company, and a trading company that acts as the logistic and trading arms of the unit. In addition to inter-group business transactions, it also sells products and provides services to customers outside the Topy Industries Group.



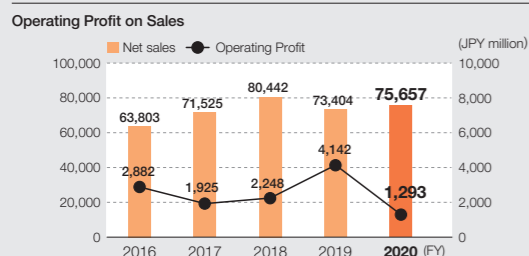
Steel construction materials

Steel materials for ships and industrial machinery



Steel for use within the company

#### Steel Business



### Automotive and Industrial Machinery Components Business

A world-leading comprehensive manufacturer of wheels and undercarriage components for construction machinery

We manufacture and sell products including steel and aluminum wheels for automobiles, wheels for mining vehicles, undercarriage components for construction machinery (track shoes\* and tracks\*\*), and industrial steel fasteners such as precision leaf springs.

\*Track shoes: Component of tracks manufactured by processing and heat-treating hot rolled steel materials (special steel). Track shoes and other components are assembled to form tracks.

\*\*Tracks: A general name for the assembled undercarriage components of construction machinery vehicles, which are generally called a steel track belt.

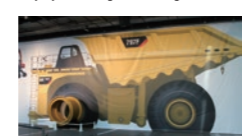
Wheels for passenger vehicles



Wheels for trucks and buses



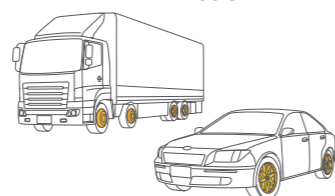
Ultra-large wheels for mining equipment [SGOR®]



Undercarriage components for construction machinery



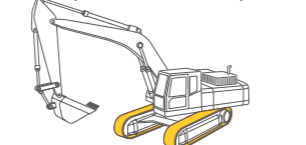
Wheels



Industrial fasteners



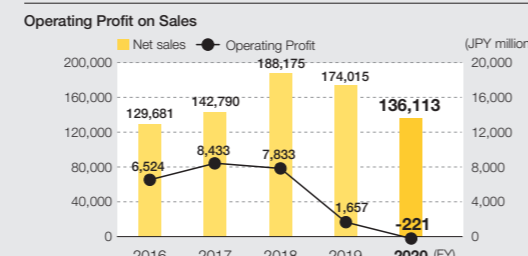
Undercarriage components for construction machinery (track shoes, tracks)



Industrial fasteners (precision leaf springs, etc.)



#### Automotive and Industrial Machinery Components Business



The Topy Industries Group is a comprehensive metal processing group with an integrated production system from raw material production to the fabrication of finished products. Within this, the steel business engages in raw material supply and the automotive and industrial machinery components business unit deals in material processing, both of which are interrelated. The Group is also striving to diversify its businesses, which now encompass the wholesaling of electricity, manufacture and sale of mica and robots, leasing of real estate, and operation of sports clubs.

### Power Generation Business

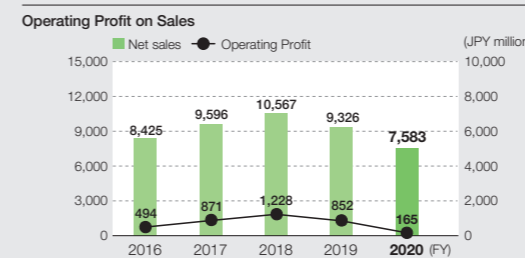
Focusing on the stable supply of electricity while paying utmost consideration to maintaining harmony with the surrounding environment

We took electricity deregulation as an opportunity to construct a coal thermal power plant (Toyohashi-shi, Aichi) while paying utmost consideration to maintaining harmony with the surrounding environment, and began to operate our electricity wholesale business in 2000.



Power plant

#### Power Generation Business



### Other Businesses

Creating new sources of profit

We are expanding sales of mica, which is used for cosmetics and other products, in Japan and other countries, while developing applications for crawler robots utilizing our suspension technology. We also lease real estate, such as Topy-Rec Plaza (Minami-Suna, Koto-ku, Tokyo), and operate sports clubs, including OSSO.

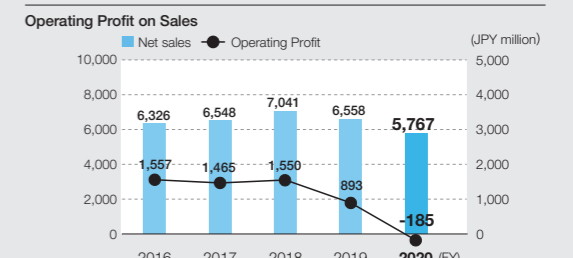


Mica for cosmetics



Robots

#### Other Businesses



Net sales 225,121

- Steel Business 75,657 33.61 %
- Automotive and Industrial Machinery Components Business 136,113 60.46 %
- Power Generation Business 7,583 3.37 %
- Other Businesses 5,767 2.56 %

Net Sales and Operating Profit by Segment in FY2020  
(Unit: JPY million)

Operating Profit -2,943

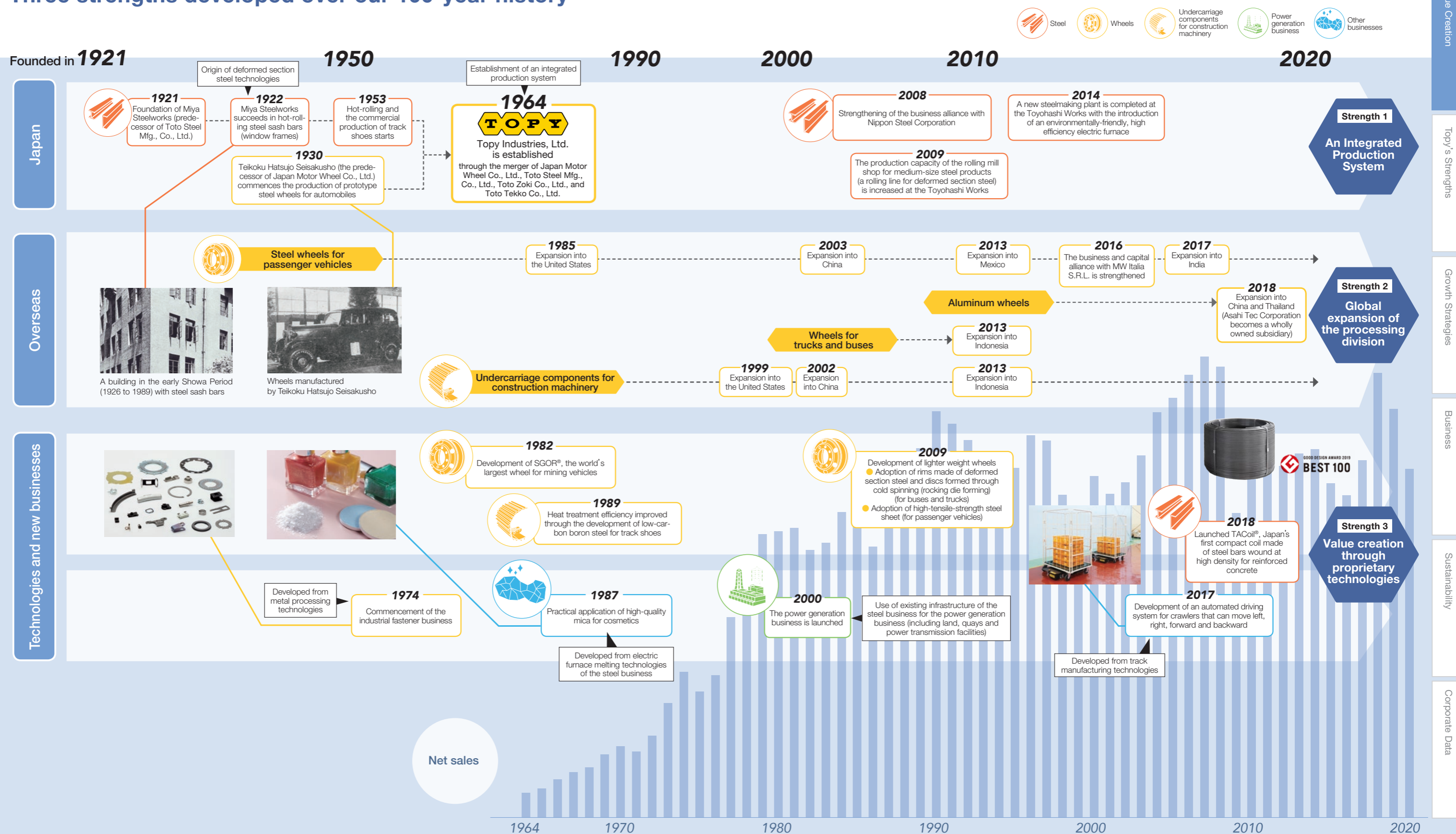
- Steel Business 1,293
- Automotive and Industrial Machinery Components Business -221
- Power Generation Business 165
- Other Businesses -185

Net sales and operating profit by segment shown are amounts prior to adjustments (total: JPY 1,051 million).

## History of the Topy Industries Group

## Three strengths developed over our 100-year history

In 1964, our integrated production system for producing and making full use of steel was completed through the merger of four companies (engaging in businesses concerning steel and wheels, undercarriage components for construction machinery, and others). The integration of different businesses has led to the global development of the automotive and industrial machinery parts business and the creation of new businesses (industrial fasteners, power generation, mica, robots, and other businesses), creating management stability and contributing to earnings growth.



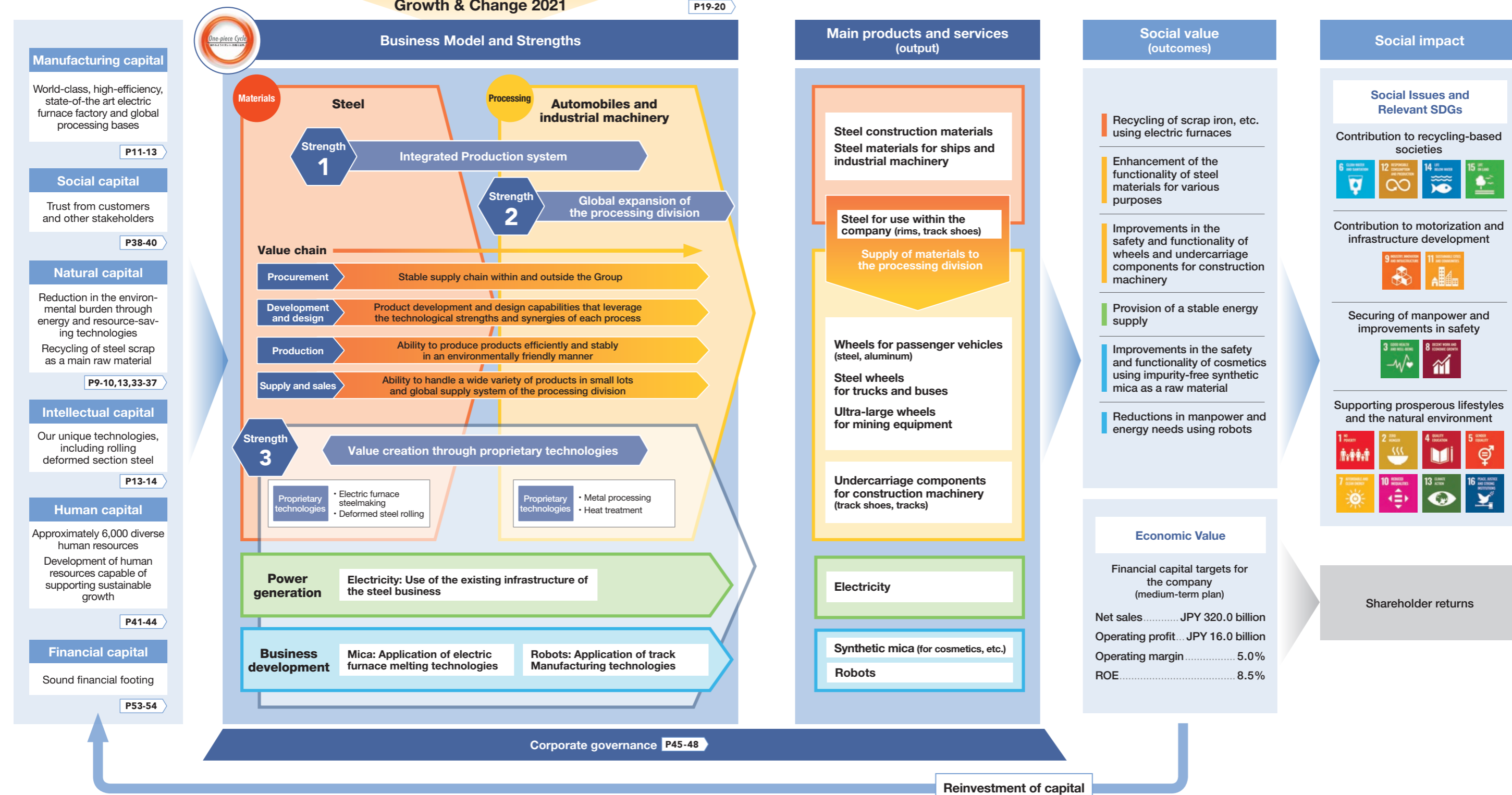
## Value Creation Process of the Topy Industries Group

### Creating social value and achieving sustainable growth based on an integrated production system for producing and making full use of steel

#### The Topy Industries Group Corporate Basic Philosophy

#### Medium-Term Management Plan Growth & Change 2021

P19-20

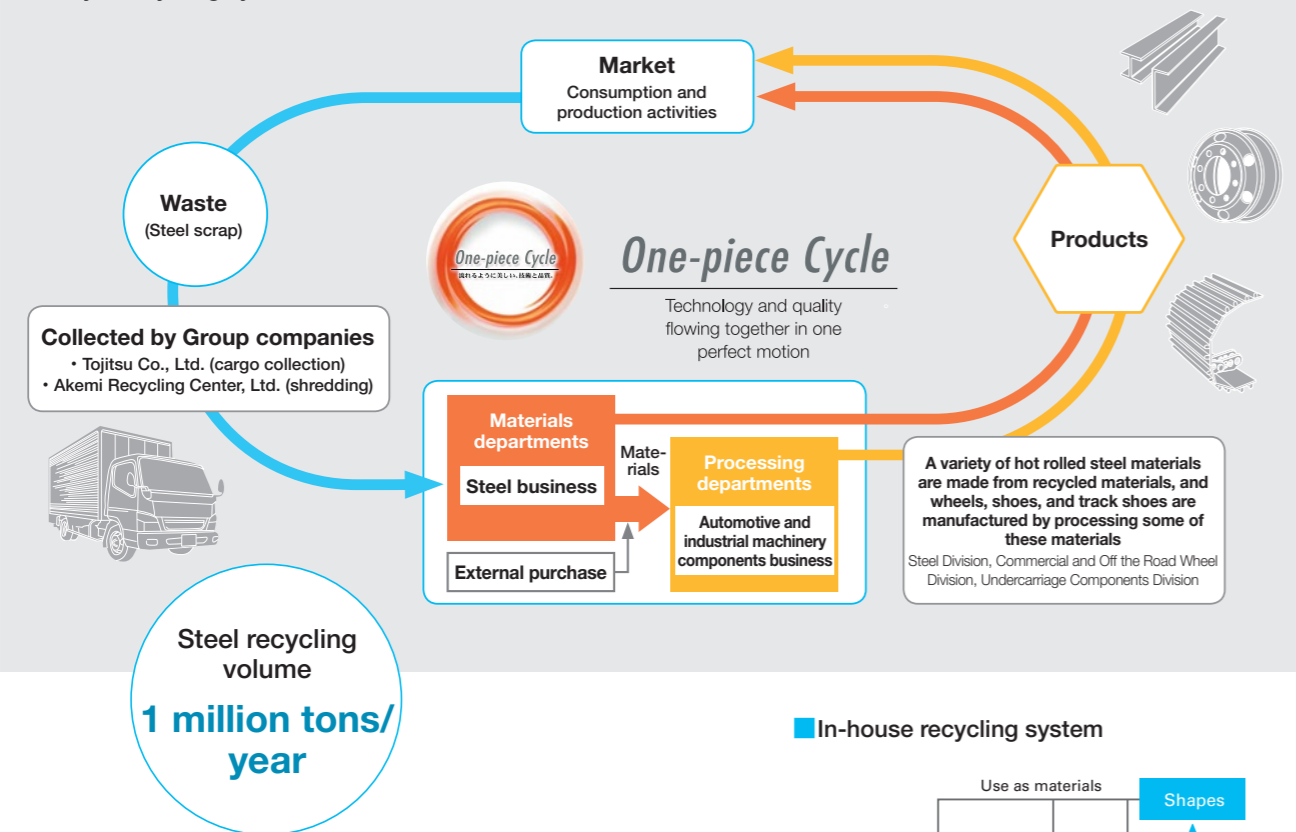


Toward the realization of a recycling-oriented society

## Realizing the resource recycling of iron Business model of making steel and handling steel

Topy Industries manufactures steel products using scrap iron generated in the course of consumption and production activities around the world. Through this business model, we have a vital role to play in production activities within society's recycling systems. The most distinctive feature of our business is the "One-piece Cycle," in which we realize integrated production from materials to finished products, and in which products that have been disposed of after social activities are reincarnated as raw materials using our electric furnace technology. Furthermore, we implement an original recycling system within our production processes for the reuse of resources.

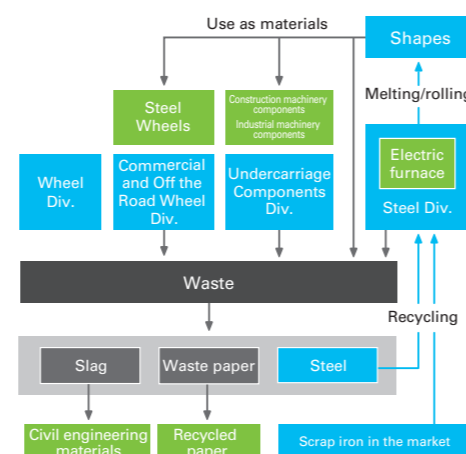
The Topy Industries Group's One-piece Cycle contributes to society's recycling system



### Reuse of materials

At Topy Industries' Toyohashi Works, we produce various steel sections and steel bars from molten steel made in an electric furnace. The scrap iron used as raw materials for these products is mainly procured externally, but we also use iron scrap generated in-house. A substantial quantity of steel sections produced by the Steel Division is shipped to the Commercial and Off the Road Wheel Division and the Undercarriage Components Division to be used as raw materials in the processing and production of various wheels and undercarriage components.

### In-house recycling system



### Approach of Topy Industries

## Contributing to the realization of a recycling-based society and creating economic value through the advancement of recycling

/ Akemi Recycling Center, Ltd. /



### History of the Akemi Recycling Center, Ltd.

- 1991** Established as a base for the collection and processing (shredding and sorting) of metal scrap and industrial waste with one of the largest shredder plants in Japan
- 2004** Developed a technology to recycle shredder dust (ASR), which is generated when shredding end-of-life vehicles, as a substitute for charcoal used in electric furnaces. Realization of a zero-waste recycling system
- 2013** Expanded the dust collection capacity of the shredder line and built a new nonferrous sorting line in order to significantly improve the grade of ferrous and nonferrous scrap from crushed waste automobiles and other materials

### Invested in advanced recycling to make effective use of resources and respond to the needs of society

Akemi Recycling Center, Ltd. (ARC) was established in 1991 as a member of the Topy Industries Group. Since then, the company has been recycling large volumes of iron scrap, end-of-life vehicles, and industrial wastes into major raw materials for producing steel and aluminum by making full use of its shredder plant, which is one of the largest plants in Japan.

Shredder dust and automobile shredder residue are sold to Topy Industries as a substitute for charcoal after being solidified and melted down in the steel making process. In addition, because China's ban on the import of miscellaneous scrap, there has been a rapid increase in the need for ARC to process miscellaneous scrap for recycling, so we decided to introduce an advanced metal sorting system (the facility will start operation in October 2021).

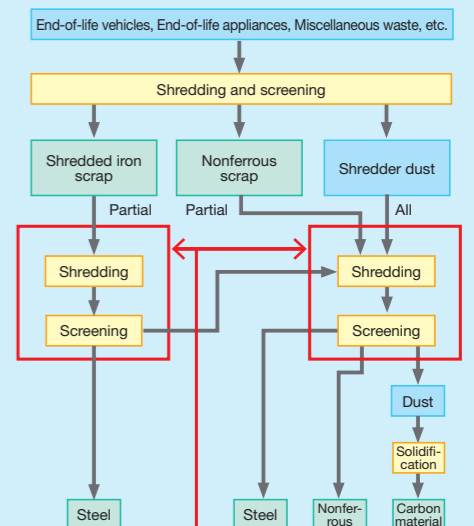
### Gains on sale increase as processing capacity increases

Currently, ARC solidifies about 1,000 tons of shredder dust per month, of which about 8% is metals such as copper, aluminum, brass, and stainless steel. The advanced metal sorting equipment to be introduced crushes the dust and further separates the metals, so that the nonferrous metal content of the final dust can be reduced to less than 1% after this sorting equipment is put into operation. As a result, the amount of nonferrous metals recovered and sold to outside parties will increase (to about 70 tons per month at the current handling level), which is expected to boost earnings.

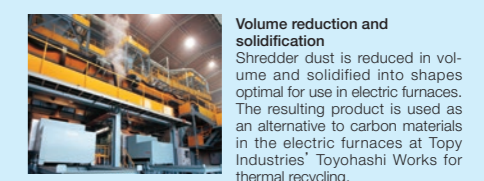
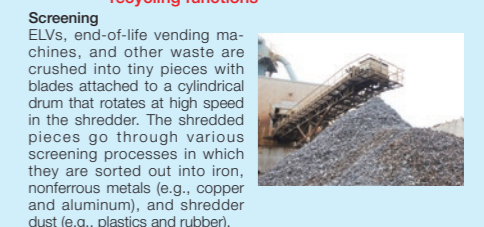
In addition, the decrease in the nonferrous metal content in the solidified material of shredder dust increases the ratio of components that function as substitutes for charcoal in the solidified material, which increases the amount of substitute charcoal, thereby contributing to the reduction of CO<sub>2</sub> emissions.

The Topy Industries Group contributes to the realization of a recycling-oriented society by advancing the sophistication of recycling of waste automobiles and miscellaneous scrap, which are valuable domestic resources, and by creating economic value, it will strengthen its sustainable business management base.

### Recycling flow chart



### Introduction of advanced metal sorting equipment to upgrade recycling functions



### Effects of installing advanced metal sorting equipment

Amount of dust generated	Metal content of dust	Amount of nonferrous metals recovered	Residual nonferrous metals in dust
Approximately 1,000 tons per month	Before installation: Average 8% After introduction: Less than 1%	Approximately 70 tons per month Sold externally	Before installation: Approximately 80 tons per month After introduction: Less than about 10 tons per month

## Implementation of growth strategies

## Strengthen and expand overseas bases to increase presence in the global market

Products  
produced at  
each baseEurope  
(France, Poland, Romania, Russia, and Turkey)

(MW Italia S.R.L.)

## India

WIL Car Wheels Ltd.

## South Africa

(MW Italia S.R.L.)

## Thailand

Topy Fasteners (Thailand), Ltd.  
Asahi Tec Aluminium  
(Thailand) Co., Ltd.

## China

Topy Undercarriage (China) Co., Ltd.  
Fujian Topy Autoparts Co., Ltd.  
Ring-Techs Guangzhou Co., Ltd.  
Guangzhou Wheelhorse  
Asahi Aluminium Co., Ltd.  
Guangdong Dicastal Auto Parts Co., Ltd.

## Japan

Topy Industries, Ltd.  
Ring Techs Co., Ltd.  
Kyushu Wheel Kogyo, Ltd.  
Topy Fasteners, Ltd.

## Vietnam

Topy Fastener Vietnam Co., Ltd.

## Indonesia

PT. Topy Palingda Manufacturing Indonesia  
PT. Topy Undercarriage Indonesia  
(PT. Inkoasku, PT. Pakoakuina)

## United States

Topy America, Inc.  
Topy Precision Mfg., Inc.

## Mexico

Topy MW Manufacturing  
Mexico S.A. de C.V.  
Topy Fasteners Mexico,  
S.A. de C.V.17 locations  
in 7 countries\*\* Excluding locations in Japan,  
MW Italia S.p.A., Incoasc,  
Paco Aquina

## Enhancing the global production and supply system

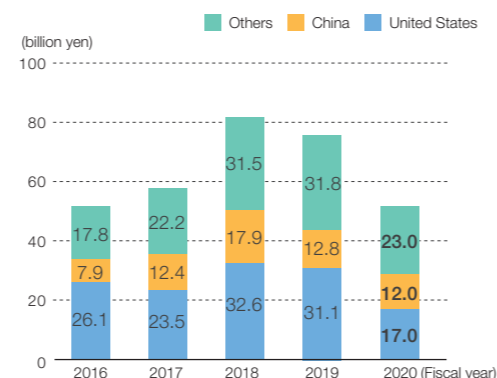
The Group is expanding and strengthening its global supply system in the automotive and industrial machinery parts business in response to growing global demand for automobiles and construction machinery.

In the area of automotive steel wheels, we have established a system to supply high quality wheels to the world through the development of production and sales bases in the United States, China, Indonesia, Mexico, and India, as well as through cooperation with overseas partners such as MW Italia S.p.A. In addition, we made Asahi Tec Corporation, an aluminum wheel manufacturer with production bases in China and Thailand, a subsidiary in 2018, and are building a foundation for a global supply system for aluminum wheels, for which demand is increasing in terms of design and weight reduction.

In the area of undercarriage components for construction machinery, we have production and sales bases in the United States, China, and Indonesia.

In the area of industrial fasteners such as precision thin sheet springs for automobiles, our production bases in Japan, the US, Mexico, Thailand, and Vietnam complement each other, and by supplying products from the most suitable production bases, we are able to capture global demand.

## Overseas net sales

Approach  
of Topy  
Industries

## Strengthening production capacity

## Renewal of US automotive steel wheel production bases

Topy America, Inc., our US base for the production of automotive steel wheels, underwent a major renovation of its Kentucky Plant, which began operations in October 2020.

Against the backdrop of the recent expansion of automobile production in the US, the rim assembly line and the painting line have been upgraded to the most advanced levels in order to accommodate the high level of operation and to improve productivity.

At the same time, the plant has been reborn as an environment and worker-friendly plant with higher performance by introducing IoT-based predictive maintenance systems and energy and labor-saving equipment.

Topy Industries has positioned the automotive wheel business as a growth driver, and is working to improve its presence as a global supplier capable of supplying high-quality wheels around the world by expanding its global production bases and strengthening alliances. This capital investment is part of efforts to strengthen our supply system in the US, where the world's major automakers have production facilities. We have positioned the US market as an important market for gaining a solid reputation as a global supplier, and by enhancing the production capacity of the Kentucky Plant, we will be able to meet the demands of our customers, including the growing demand for large wheels for pickup trucks and SUV-type vehicles, and achieve sustainable growth in the automotive wheel business.



## / Improving productivity /

## Upgrading the rim assembly line and painting line to dramatically improve productivity

The production line has been upgraded to the latest technology to avoid equipment problems caused by age-related deterioration. The power source for presses and other equipment has been switched from hydraulic to electric servo motors to improve the reproducibility of equipment operating conditions and save energy at the same time. In the rim forming process, DC butt welding (direct current butt welding) is used in critical welding processes to reduce welding time and arc flash (sparks), thereby shortening processing time and improving the environment.



## / Environmentally friendly factory /

## Improving performance by introducing a predictive maintenance system using IoT and energy- and power-saving equipment

By connecting various sensors and devices to equipment, the production status can be monitored in real time to achieve high productivity and high quality. By constantly monitoring the operating status of the equipment, the system detects abnormalities in the operating cycle of the line and load fluctuations, enabling early detection of quality abnormalities, and by monitoring fluctuations in temperature and vibration of the equipment, the system enables early detection and avoidance of equipment problems.



## Human resources development

## Promoting global HR development

Topy Industries has been focusing on developing human resources who can work overseas in line with the development of global business through language training and study abroad programs. While we will continue to implement these measures in the future, we believe that it is important to develop human resources who can respond to various diversities in language, nationality, culture, values, and gender, both domestically and internationally, rather than just the idea that "global = overseas." To this end, we intend to actively promote hiring of diverse human resources, as well as create opportunities for many employees to experience diversity up close, such as promoting communication with overseas group companies and exchange meetings with companies from different industries. The basic policy of human resource development is to nurture human resources who are able to respond to diversity in the three axes of vision, skills, and mind, which are essential conditions for being active globally.



Tetsuya Sakai

Operating Officer,  
General Manager of Personnel Department

## Pursuit of even higher value-added products

### Proprietary technologies to meet diverse internal and external needs

Over the years, we have nurtured diverse and original technologies under the keyword of making steel and handling steel. We will continue to focus on developing and strengthening technologies that will contribute to solving the problems of customers and become the source of our competitiveness.

#### Electric furnace steelmaking technologies

#### State-of-the-art electric furnace plant boasting world-leading power saving and productivity



The steelmaking plant at the Toyohashi Plant began full-scale operations in 2015 after upgrading and modernizing aging facilities. In addition to establishing a disaster-resistant supply system by implementing earthquake and tsunami countermeasures in readiness for the Nankai Trough earthquake, we have also introduced ECOARC™, one of the largest 200-ton eco-friendly high-efficiency electric furnaces in Japan, to achieve further power saving and productivity improvement. Furthermore, the plant has been reborn as one of the most environmentally friendly and competitive steel plants in Japan, with the introduction of a continuous casting machine that can be used for both blooms and billets, enabling the plant to supply its own billets for steel bars.

##### Largest scale in Japan

Japan's largest class 200-ton eco-friendly high-efficiency electric furnace

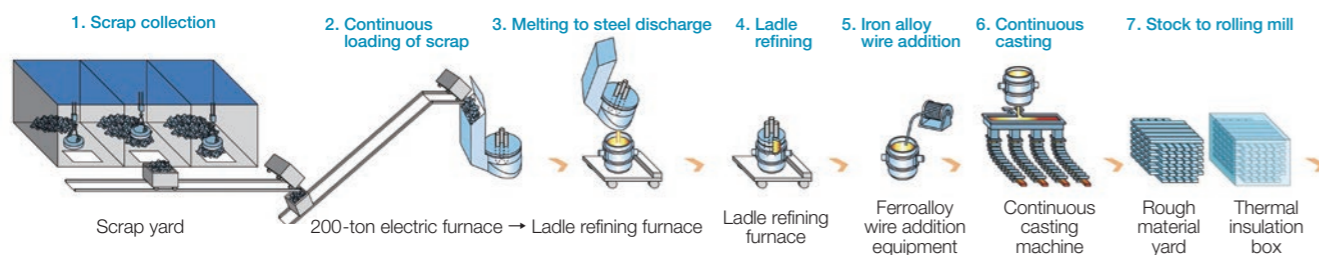
##### Outstanding environmental performance

World-leading heat efficiency

##### Robust BCP

The seismic strength of the building exceeds the seismic intensity of the Tokai and Tonankai earthquakes when they are linked. The electrical equipment is TP500. (Installed at 500 cm above the average sea level in Tokyo Bay)

#### Electric furnace steelmaking process

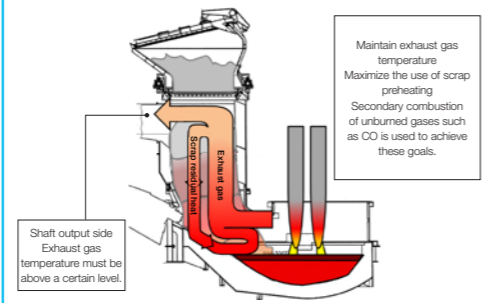


#### Energy saving and cost reduction effects

##### Energy saving and cost reduction effects

By using the heat energy from the exhaust gas, which used to be discarded, to preheat steel scrap and continuously feed it into the electric furnace, we have been able to significantly reduce the amount of electricity used. In addition, continuous melting by flat bath operation, in which scrap is continuously fed from the preheating shaft into the hot water pool of the electric furnace, has resulted in improved productivity and significant cost reduction due to the reduction of inactive time and heat extraction.

Heat generation efficiency improvement of **4.9%**  
Total energy consumption per unit of production reduction of **7.7%**



**20% reduction**  
in steelmaking  
costs compared  
to conventional  
equipment  
**Lowest cost level in  
Japan**

#### Technology for rolling deformed section steel

#### Manufacturing various complex cross-section steel to meet the needs of customers and the processing departments



One of our strengths is our deformed steel manufacturing technology that makes full use of our unique numerical analysis. In the case of deformed steel with asymmetrical cross sections, bending occurs from the side with the strongest deformation to the side with the weakest deformation when it is processed from a rectangular cross section (rectangular cross section) to a deformed cross section. We have a special production line that can correct this straightening by using the conveying force of the slanting rollers, making it possible to efficiently manufacture deformed steel with complex cross-sectional shapes.

Mast  
material



Forklift



This steel shape is used for the vertical section (mast) at the front of a forklift. It is a product that requires high strength as well as wear resistance and weldability.

#### Metal processing technologies

#### Achieved weight reduction and high strength and quality, and gained about 90% of the Japanese market share



The company boasts world-class productivity, capable of manufacturing truck and bus wheels as fast as one every nine seconds. The rim material for steel wheels is deformed steel manufactured by the company. We have reduced the weight of the rim material by making it as thin as possible while maintaining its strength, which greatly contributes to improved fuel efficiency. In addition, discs manufactured through our unique ECOD molding process can significantly reduce waste materials compared to general manufacturing methods, contributing to resource conservation.

Steel wheels for  
trucks and buses



Our steel wheels for trucks and buses are made of deformed steel, which we have independently developed based on our advanced analysis technology and accumulated know-how, to reduce weight and achieve high strength and quality. We have acquired about 90% of the Japanese market share.

#### Heat treatment technologies

#### Unique heat conduction analysis system achieves high durability of undercarriage components for construction machinery



Based on a proprietary heat conduction analysis system, we have achieved a technology that increases strength, wear resistance and toughness through repeated heating and cooling. In addition, by developing the world's fastest link processing line and an automatic link belt assembly line that no other company can match, we supply stable quality and low-cost crawler belts to the world.



##### Tracks

Our main product, track shoes, is manufactured in an integrated manner in-house, from material selection to completion, in close cooperation with the Steel Division, which handles steelmaking and rolling.

## Top Message

**We will continue to fulfill our responsibilities as a public institution of society for the next 100 years while pursuing productivity and high added value toward the transformation into the new Topy Industries.**



Representative Director, President and CEO  
Topy Industries, Ltd.



### ■ FY2020 summary and future issues

It can be said that FY2020 was a year in which the rapid and severe changes of the times and the weakness of Japanese society became apparent against the backdrop of the spread of the coronavirus, the resulting economic recession, and prolonged trade friction between the US and China. Under these market conditions, although the automotive and industrial machinery parts business experienced a significant drop in demand in the first half of the fiscal year, it gradually showed a recovery trend in the second half. On the other hand, the steel business continued to face a difficult situation as the price of steel scrap, the main raw material, rose due to a surge in steel demand caused by robust public investments in China. Sales of mica-related products were

also sluggish due to a decline in demand for cosmetics as people curbed their outings and wore masks more regularly. This was a year of confronting the fundamental issue of our business model, which is that a decline in sales volume is rapidly putting pressure on earnings. In response, in line with our three-year medium-term management plan, “Growth & Change 2021” (G&C 2021), we focused on initiatives to reform our production structure and improve profitability, thereby putting in place a system to resolve these issues.

As a separate measure, in October 2020 Topy America, Inc.’s Kentucky Plant began operating a new production line. This will strengthen our supply structure in the US in the automotive and industrial machinery parts business. Regarding the expansion of strategic products and the development of new businesses, we have developed Japan’s first high-brightness metallic color wheel with a

three-layer coating structure, a new pearl material using high-quality mica, and increased the size (to 3 tons) of TA-Coil®, a compact coil for reinforced concrete steel bars.

### ■ Transformation toward a new Topy Industries

In October 2021, Topy Industries celebrates its 100th anniversary. I see this milestone year in the midst of a difficult business environment as a great opportunity for change. The new Topy Industries will evolve into a company that supplies high value-added products that are unique to Topy, based on high productivity. The Topy Industries Group Corporate Basic Philosophy is to “Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution

of one’s duty as a public institution.” Based on this, we will continue to develop through high value-added products while guaranteeing our survival through high productivity. This is the vision aimed of the new Topy Industries.

### ■ Pursuing high productivity

In the past 100 years, the Group has responded to the expectations of our customers by successively realizing technologies that were considered difficult to achieve, such as rolling sash bars (window frames), rims for automobile wheels, and track shoes. These high value-added products have supported the development of our group. However, the current situation is being pushed by the wave of commoditization in the cost-sensitive environment that has occurred since the 2000s. In response to these changes, we will continue our efforts to create high value-added products and implement constant transfor-

## Top Message

mation to improve productivity on order to build our business foundation.

### ■ Supplying high value-added products

We will use our unique technologies and production system to develop and expand sales of high value-added products that are unique to Topy and can be recognized and selected by customers. One example is an aluminum wheel for passenger cars that uses the latest casting analysis technology. In recent years, aluminum wheels have become the mainstream for luxury cars, and there is a strong need to reduce weight as well as design. Because the Group has been mass-producing products with high strength and light weight and has been steadily increasing its market share, we will first solidify our superiority in this market.

In October 2021, we established the Business Development Strategy Center to consolidate the Group's technologies and to create new businesses by centrally and consistently managing the basic research and commercialization phases of new strategic products and technologies. In addition, the businesses of synthetic mica and robots, which are business models in which the phases of basic research and practical application are closely related, will be transferred to this center to strengthen our ability to respond to development-oriented projects through vertical integration of development, manufacturing, and sales. At the same time, we will accelerate business development and the development of high value-added products by working closely with the Sales Division, which will be discussed later.

### ■ Implementation of operational reforms

The new Topy Industries will also implement operational reforms for change in G&C 2021. In order to realize Growth in business in a society of extreme uncertainty and opacity, Change in business operations is necessary. As part of these efforts, we have newly organized the Sales Division from April 2021. Although each business unit had its own sales system in the past, by eliminating the barriers between businesses and sharing information and methods, we will build a sales system that takes advantage of the Group's comprehensive strengths. This will make it possible to strengthen our relationships with our customers and enhance our ability to respond to customer needs, while at the same time creating synergies across the company by collaborating extensively with our technical divisions.

We will also implement DX (digital transformation) using

ERP (enterprise resource planning) systems, etc. By centrally managing and instantly sharing the wealth of data collected from each organization, we expect to generate new perspectives and ideas that transcend organizational boundaries in areas such as production planning, shop floor improvement, budget management, and cost improvement.

All of the above are intended to raise the level of the "One-piece Cycle" that is the basis of our Group. The Group has established the "One-piece Cycle" as an integrated production system that completes all processes from the production of materials to the processing of final products in-house. By expanding this idea from the conventional production concept to the business concept, and by building a "One-piece Cycle" as an organization that generates new synergies through cooperation among each division, we will create the new Topy Industries. While it can be assumed that it will take several years, we will aggressively implement each measure.

## Strengthening the foundation for sustainable management

### ■ Business activities and sustainability

In recent years, sustainability initiatives have become increasingly important in business transactions. Especially in Europe, the level of requirements is high, and the construction machinery industry is also moving to restrict the use of oil-based paints. The Group has been promoting a variety of initiatives to respond to these trends ahead of time, and these initiatives have also been evaluated by external organizations. The Toyohashi Plant has received the Gold rating for the second consecutive year in a sustainability survey conducted by EcoVadis (France). In terms of evaluations in Japan, six of our products, including H-beams, have acquired the Eco Leaf environmental label certified by the Sustainable Management Promotion Organization. In addition, we have also been engaged in activities that contribute to sustainability in areas other than the environment, such as the promotion of health management initiatives starting from June 2020.

The Group collects, sorts, and recycles steel scrap independently to produce the main raw material, iron. In a sense, our business itself is built on the idea of sustainability. In July 2021, we organized the Sustainability Promotion Preparation Project to further fulfill our responsibility for a sustainable society, aiming to be a public institution of society. In this project, we will clarify the

connection between our business and a wide range of social issues, not only resource recycling, and rebuild the approach to sustainability in the Group. In fiscal 2022, we plan to further promote sustainability based on the results of the current year's activities of this project.

### ■ Approaches to address individual issues

The Akemi Recycling Center, which plays an important role in the Group's sustainability, began operating a new advanced metal sorting facility in October 2021. By increasing the amount of recycled materials and improving the quality of sorted and recycled ferrous and nonferrous materials, we will contribute to resource recycling even more than before, and aim to further enhance "One-piece Cycle" in our business activities. We are also promoting energy conservation through the use of state-of-the-art, environmentally friendly, high-efficiency electric furnaces and proprietary operating technologies. Our productivity and energy efficiency, including the steady activities of our production bases, are among the highest in the electric furnace industry. In addition, the Kanagawa Plant, which won the Energy Conservation Grand Prize, is actively working to roll out its approaches to other plants. Through electricity consumption visualization and display, we are realizing the Group's unique people-centered smart factory where each and every worker thinks about what they can do to save energy and does it. Furthermore, we are currently promoting the evolution from smart factories to DX, through means such as speeding up management decisions by linking with ERP.

We will also continue to focus on expanding our human capital, which is the source of value creation. Since the previous mid-term management plan, the Group has been promoting global expansion. Up until now, we have conducted business in each country and area based on Japanese methods. However, in order to evolve into a truly global company, we need to blend in locally, and we recognize that we are now entering that phase. In the future, we will strengthen the recruitment, training, and retention of local human resources who will be the driving force behind localization. While some of our overseas subsidiaries have already started to promote local human resources to executive positions, we believe that it will take some time to realize the ideal form. We will continue to consider and take on the challenge of developing human resources that will lead to global growth, as well as how the mother factory in Japan should be.

## Toward the next 100 years

As we embark on the next 100 years as the new Topy Industries, we have thought hard about what kind of company we should be in order to survive, develop, and continue to be a public institution of society. The Group has a long tradition of manufacturing products that no other company can match, based on our solid technological capabilities and frontier spirit. While keeping this tradition in our DNA, we will continue to maintain our stance as a manufacturing company, focusing on manufacturing and developing through technology. Moreover, in the future, we would like to focus on expanding the circle of the "One-piece Cycle" and strengthening collaboration with the Group and external stakeholders. By doing so, we will contribute to the sustainability of society while enhancing the sustainability of the Group, and aim to become a leading company in each field where customers around the world say, "It has to be a Topy product."

What we should aim for beyond that is the pride and growth of our employees. When I think about what a company is, the first thing that comes to mind is a place where each and every employee can grow as a person. We are moving forward to become a company where employees can take pride in working with products and the Topy that they have created with their own hands, and where they can develop themselves. I hope that you continue to watch the future of the Topy Industries Group.



## Medium-Term Management Plan

### Progress on Growth & Change 2021

#### Overview of Growth & Change 2021

##### Basic Policy

Under the basic policy of accomplishing G&C and preparing for the next stage of growth, we will focus on improving the profitability of the businesses we expanded in G&C 2018 in the previous medium-term management plan, and expand the cash flow generation capacity for the next stage of growth. In parallel, we will continue to develop new businesses and products that meet the needs of our customers and society.

##### Major Topics

- 1 Increase Earnings Power**

We will steadily reap the results of growth measures implemented in G&C 2018 and achieve further cost improvements across the entire value chain in response to the expanding scale of the company in order to strengthen profitability.
- 2 Leverage Group Synergies**

We will promote initiatives to maximize synergies with Ring Techs Co., Ltd. and Asahi Tec Corporation, which were added to the Group in FY2018.
- 3 Enhance Strategic Products**

In the steel business, we will strive to differentiate ourselves from our competitors by increasing the size of our new product TACoil®. In the automotive and industrial machinery parts business, we are developing wheels that are lighter and have a higher design. In addition, we will strengthen sales of synthetic mica, a basic raw material for cosmetics, both in Japan and overseas, and for crawler robots, we will develop AGVs (automated guided vehicles) and make a full-scale entry into a market where demand is expected to grow against the backdrop of labor shortages.
- 4 Embrace the Challenge of Innovation**

We will hone our proprietary technologies and strengthen our product and technology development capabilities to take on the challenges of the future, while promoting the conversion to smart factories in the manufacturing sector. In addition, we will continue to work to improve job satisfaction and promote diversity, and focus on creating creative workplaces.
- 5 Further Strengthen the Management Foundation**

[E] Aim to manufacture at eco-friendly and environmentally conscious production plants and bases  
 [S] Promote the provision of products that will contribute to society and regional contribution activities  
 [G] Work to strengthen the governance system that aims to prevent and minimize risks

#### Overview of business results for FY2020

In FY2020, sales declined from the beginning of the year due to the spread of COVID-19. Although demand showed signs of recovery in the second half of the fiscal year, an operating loss was recorded due to the worsening of the metal spread caused by the sharp rise in steel scrap prices.

(Billion yen)

	FY2019	FY2020
Net sales	263.3	225.1
Operating profit (Operating margin)	2.9 (1.1%)	-2.94 (-1.3%)

#### Progress of major topics and issues

##### Increase earnings power

##### Increase earnings power

While we struggled with a decrease in volume due to stagnant economic activities caused by the spread of COVID-19, we have been reviewing our production system and implementing hard cost improvements. This will result in a reduction in fixed costs of 6.7 billion yen and an improvement in costs of 2.3 billion yen.

##### Leverage Group synergies

In the wheels for passenger vehicle business, the company promoted synergy measures such as the common use of technology and common purchasing of steel materials with the bases of acquired Ring Techs Co., Ltd. and Asahi Tec Corporation, and also initiated measures to transfer production between bases and consolidate production lines. This will gradually produce results from FY2021 onward.

##### Enhance Strategic Products

In order to achieve sustainable growth and increase corporate value, we are expanding the Group's strategic product groups and promoting further earnings growth by increasing the ratio of such products. The ratio of strategic products in FY2019 improved to 45%, +9% compared to FY2018, achieving the medium-term target of 45%. In FY2020, the ratio was 40%, due in part to the spread of COVID-19. In the future, we will continue to strengthen our technological capabilities and invest in strategy and growth as well.

##### Toward sustainable growth

##### Embrace the challenge of innovation

We are strengthening our technological capabilities and the human resources that support them to achieve technological innovation for future growth.

Specifically, we are working to develop outstanding technicians and engineers, as well as global human resources and IE human resources. To strengthen our technological capabilities, we are working to deepen our existing technologies, develop high value-added products, and convert to smart factories.

##### Further strengthen the management foundation

To strengthen our corporate foundation, we are developing initiatives to enhance ESG management.

In particular, in terms of the environment, we are continuously developing and promoting various initiatives, such as implementing power-saving measures at our main factories and reducing CO<sub>2</sub> emissions. Currently, we are working on building a system to systematically promote these initiatives and identifying materiality.

#### Future issues and measures

Due to the impact of the spread of COVID-19, the economic situation is more severe than we had assumed when we formulated our medium-term management plan.

G&C 2021 is designed to strengthen profitability to increase resistance to changes in the business environment and to achieve sustainable growth over the long term, and we recognize that the five priority themes are corporate issues that must be overcome even in a difficult business environment. We will continue to take further steps to strengthen our corporate foundation and improve our profitability in line with the priority items of G&C 2021.

We are also promoting a variety of reforms to achieve sustainable growth over the next 100 years. In April 2021, we established the Sales Division with the aim of improving our relationship with customers and strengthening cooperation between sales and engineering departments. In addition, in October of the same year, we newly established the Business Development Strategy Center to establish a system to centrally manage the basic research and practical application phases of products and technologies. Through these organizational reforms, we will create higher level of synergies, further improve operational efficiency, and build a solid management foundation.

## Steel Business



**Katsuyoshi Tanaka**  
Operating Officer  
in charge of the steel business  
General Manager,  
Steel Division

Along with satisfying customer needs by leveraging our unique technologies, we contribute to solving environmental and social problems.



### Core Competencies

#### Strengths of the Business

In addition to being able to efficiently produce various types of products, such as steel sections and bars for construction, rims for automobile and construction machinery components, and deformed section steel for track shoes and the like, the Group's strength is product development capabilities that meet the needs of customers and society. As a result, we have built a broad and stable customer base. Furthermore, our recycling technologies using electric furnaces and energy saving technologies are also significant strengths.

### Our Business Environment

#### Opportunities and Threats

##### Opportunities

- Global steel demand is expected to grow in the long-term, driven by infrastructure-related demand in emerging nations
- In regard to steel demand in Japan, there is continuing demand related to civil engineering projects, such as measures for building national resilience
- Companies are expected to tackle global environmental issues such as reducing greenhouse gas emissions and realizing a recycling-based society

##### Threats

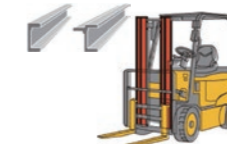
- Steel demand in Japan is shrinking in the long-term
- Protectionism is becoming evident in many countries, and emerging nations are shifting to domestic production
- The price of steel scrap is rising due to increasing electric furnace steel production in China

#### Medium-Term Management Plan Policy

We plan to increase earnings power by further expanding sales of strategic products (such as deformed section steel and TACoil®) and maximizing synergies between Group companies developing the recycling business.

#### Progress in FY2020

Development of a large 3-ton coil of TACoil®, a bar product for reinforcing concrete, was completed. In addition, we have enhanced and expanded sales of high added value strategic products such as forklift truck mast rails for overseas customers, and steel parts for tunnel construction on the Linear Chuo Shinkansen project. Also, in order to expand and strengthen our recycling business, we introduced an advanced metal sorting facility at our subsidiary, Akemi Recycling Center, Ltd., and it started operations from October 2021.



Mast rail materials for forklift trucks



Steel parts for tunnel construction on the Linear Chuo Shinkansen project

#### Issues to be Addressed

We are focusing on leveraging product development capabilities to enhance and expand sales of strategic products, as well as making further improvements to productivity and cost reductions. In order to maximize the effect of capital investment in the recycling business, we will contribute to the realization of a recycling-oriented society by promoting the sophistication of recycling and improve profitability.

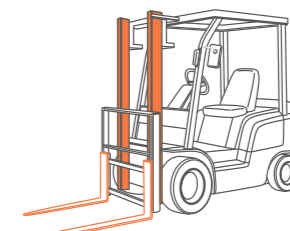
## Topic

### Expanding sales of mast rail materials for forklift trucks for overseas markets

In 2015, we started selling mast rail materials for forklift trucks for overseas markets, and have been steadily expanding the number of customers to which we sell our products, currently delivering about 10 sizes of products to customers in Korea and China.

In addition, this product was certified for the EcoLeaf Environmental Label Program\* in October 2020. We will continue to respond to the trust of our customers by actively disclosing the environmental performance of our steel products.

\* A program for disclosing quantitative information about the environmental burden of a product or service over its entire lifecycle, from material procurement through to disposal or recycling



## Automotive and Industrial Machinery Components Business (Wheels for Passenger Vehicles)



**Koji Nanayama**

Operating Officer in charge of  
the automotive and industrial  
machinery components business  
General Manager, Wheel Division

**Our completed global network,  
and maximizing synergies as  
a comprehensive wheel manufacturer.**

### Medium-Term Management Plan Policy

We plan to increase earnings power by optimizing the Group's production structure in Japan and strengthening the competitiveness of each production site with a focus on changes in market structure as well as to advance product development aimed at achieving the next stage of growth.

### Progress in FY2020

In the automotive industry, demand in Japan and overseas was sluggish in FY2020 due to the deteriorating market caused by COVID-19. In this environment, in steel wheels, the company optimized its production system with its subsidiary Ring Techs Co., Ltd., including the consolidation of production lines in response to declining domestic demand, while further improving productivity and reducing fixed costs. In addition, in order to strengthen the supply system in the US, which is positioned as an important market, we have invested in the renewal of production facilities at Topy America, Inc. and started operation of the new line in October 2020. In the area of aluminum wheels, by maximizing the Group's production capacity, such as by strengthening the production complementary system in cooperation with subsidiaries, we have been able to expand sales and receive new orders for high value-added products, which have resulted in steady synergies.

### Issues to be Addressed

We will optimize the Group's internal production system for passenger car steel wheels and further improve productivity to continue to improve costs and accelerate structural reforms. In North America, where demand for steel wheels is high, we will strive to maximize the effect of our investment in Topy America, Inc. to promote sales expansion and improve profitability. As for aluminum wheels, in addition to the establishment of an optimal production system, we will promote the integration of functions with Asahi Tec Corporation in all aspects, including product development, purchasing, and sales, and promote sales expansion not only in Japan but also in North America and Europe by utilizing our sales network for steel wheels.

## Core Competencies

### Strengths of the Business

The Group has built a global supply system for steel wheels for passenger vehicles by establishing locations in Japan, the U.S., Mexico, China, and India and forming a strategic alliance with MW Italia S.R.L. in Europe. We are also highly regarded for our high-quality designs and lightweight technology for aluminum wheels. These strengths have resulted in a broad sales network comprising major manufacturers of complete automobiles worldwide.

## Our Business Environment

### Opportunities and Threats

#### Opportunities

- As a result of economic growth worldwide, global automobile demand is expected to expand in the medium to long term, particularly in emerging nations
- The automotive industry is advancing technological innovation such as CASE<sup>\*1</sup> and MaaS<sup>\*2</sup>

#### Threats

- Domestic automobile demand is contracting due to factors such as Japan's declining population.
- Protectionism is becoming evident around the world
- Production adjustment by automobile manufacturers due to economic trends and difficulty in procuring parts

<sup>\*1</sup> Connected, Autonomous, Shared/Service, Electric  
<sup>\*2</sup> Mobility as a Service

## Topic

### Renewal of the production facilities in the US

To strengthen the supply system of steel wheels for passenger cars in the US, the production facilities of the Kentucky Plant of Topy America, Inc. were renewed. With the aim of becoming the world's No. 1 wheel factory, we have dramatically improved our production capacity by upgrading the rim assembly line and painting line, and by introducing energy- and labor-saving equipment and predictive maintenance systems using IoT. In this manner, the plant has been reborn as an environmentally friendly factory where workers can demonstrate high performance.



## Automotive and Industrial Machinery Components Business (Commercial and Off the Road Wheels)



**Masahiro Abe**

Operating Officer in charge of  
the automotive and industrial  
machinery components business  
Commercial and Off  
the Road Wheel Division

Supplying products and services that  
anticipate the needs of society and  
customers all over the world through  
outstanding technological capabilities.

### Medium-Term Management Plan Policy

We plan to increase earnings power by restructuring domestic production systems for the commercial and off the road wheels business. We are also advancing product development and providing services that anticipate the needs of society and customers. In the off the road wheels business, we are strengthening frameworks for expanding sales in overseas markets and enhancing our inspections and repair business.

### Progress in FY2020

In FY2020, although the commercial and off the road wheels business was severely impacted by the restrictions on economic activity caused by COVID-19, the commercial vehicle wheel business rebuilt its domestic production system and began structural reforms to strengthen profitability. In addition, we developed and started selling the first high-luminance metallic color wheels with clear coating in Japan, which pursued high design quality for the general market.

In the off the road wheels business, the company made capital investments in North America to strengthen its inspection and repair business.

### Issues to be Addressed

In order to complete the structural reform of the commercial wheel business, we will rebuild the domestic production system and optimize the product mix between domestic and Indonesian production bases to strengthen profitability. In addition to expanding sales of high-luminance metallic color wheels, we will also work to expand our strategic products by strengthening development of new products that anticipate customer needs.

In the off the road wheels business, we will continue to promote the reinforcement of the inspection and repair business and expand the lineup of new products that contribute to improved work efficiency and safety for customers.

## Core Competencies

### Strengths of the Business

For wheels for commercial vehicles, we are producing lightweight wheels using deformed section steel produced by the steel business as a material and our site in Indonesia means we can respond to local procurement needs of manufacturers of complete automobiles. For wheels for mining vehicles, we are realizing quality that can withstand harsh conditions at mines all over the world and producing SGOR®, which is one of the largest wheels in the world with a rim diameter of 63 inches (approximately 1.6 meters) and a weight of nearly three tons. These strengths mean we have an overwhelming share of the markets for wheels for commercial vehicles and mining vehicles.

## Our Business Environment

### Opportunities and Threats

#### Opportunities

- Global demand for commercial vehicles is expected to grow in the long-term
- Global demand for mining machinery is expected to grow in the long-term  
Demand is increasing in copper mines, especially with the shift to EVs in automobiles
- Global demand for mining machinery is expected to grow in the long-term

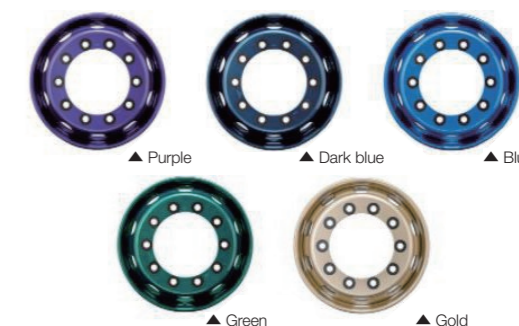
#### Threats

- Commercial vehicle production in Japan is decreasing due to a decline in domestic demand and a shift to local production overseas
- Decline in mining equipment production due to reduced demand for fossil fuels (coal) to achieve a decarbonized society
- Restrictions on ocean transport due to global container shortages and rising ocean transport costs

## Topic

### Development of the first clear-coated commercial vehicle wheels in Japan

In response to diversifying customer needs in the field of wheels for commercial vehicles, we have developed Japan's first high-luminance metallic color wheel with a three-layer coating structure, consisting of a base coat, colored coating and clear coating, under the theme of joy of selection, joy of riding and joy of seeing. The high-intensity metallic color wheel is the first wheel in Japan with a three-layer coating structure for commercial vehicles, after satisfying the standards for coating film thickness at the fastening area with the vehicle. In addition to achieving a glossy appearance that was previously unattainable, the film thickness effect and the clear coating effect on the outermost surface have improved corrosion resistance.



## Automotive and Industrial Machinery Components Business (Undercarriage Components for Construction Machinery)



**Shuichi Tachibana**

Operating Officer in charge of  
the automotive and industrial  
machinery components business  
General Manager, Undercarriage  
Components Division

**Achieve stable earnings and growth as  
a leading company in undercarriage  
components for construction machinery.**

### Medium-Term Management Plan Policy

We aim to achieve stable earnings and growth supported by the trust we have earned over the years from construction machinery manufacturers by implementing the following initiatives.

- We will improve our readiness for the supplemental components market as a strategic partner for construction machinery manufacturers.
- With the goal of sustainable growth, we will continue to plan and build a supply system to serve international growth markets.
- We will identify customer needs and enhance our system for developing new products and technologies in order to further improve customer satisfaction.

### Progress in FY2020

- We focused on the development of reinforced links for mini excavators to meet market and customer needs. We are also conducting field surveys on the use of crawlers at the operating sites of large construction machinery, which will lead to the development of next-generation models.
- We have worked to further improve its cost competitiveness by expanding procurement sources for materials and components.

### Issues to be Addressed

- We will develop new products based on customer needs and upgrade our production facilities to play a role as a strategic partner and improve customer satisfaction.
- We will continue to study further ways to strengthen our ability to respond to the supply market and supply systems for growth markets around the world.

## Core Competencies

### Strengths of the Business

The undercarriage components for construction machinery business has gained high levels of trust from customers by involving them in the design process from the development stage and supplying high quality undercarriage components that meet their needs. We have a leading share of the global market for hydraulic excavator tracks and its component parts, track shoes, and have established a global supply structure that includes North America, China, and Indonesia.

We have also built an efficient production system that integrates processes from materials to finished products.

## Awareness of business environment

### Opportunities and Threats

#### Opportunities

- Demand for construction equipment is growing worldwide
- Demand for smaller product models is expected to rise as emerging nations become increasingly urbanized

#### Threats

- Soaring resource prices and marine transportation costs
- Emergence of low-priced Chinese construction equipment manufacturers

## Topic

### Introduction of automatic defect detection equipment

Although the Toyohashi Machinery Manufacturing Division used to visually inspect products for defects, it has now introduced an automatic defect detection system to reduce the variability of visual inspections and man-hours. This device can detect defects by irradiating a laser beam from a sensor to an object and measuring the distance to the object using the angle change of the reflected light. We will continue to improve the accuracy of our visual inspection to enhance customer satisfaction.



Defect in the object (actual object)

## Business Development Area

## Becoming a global niche leader in innovative technologies

## » Mica

## Core Competencies

## Strengths of the Business

Topy Mica, which is refined from natural minerals, the main raw material, is well regarded by domestic and overseas cosmetic manufacturers for its safety, high purity, and stable quality without impurities. It is also highly evaluated for its high barrier performance as a raw material for food packaging materials.

## Topic

Together with KOSÉ Corporation, we have developed a high-quality, high-purity pearl agent\* that has a color structure similar to that of bare skin and can naturally cover blemishes, dark circles and other color problems. Through this joint development, we were able to solve the problem of the unnatural finish of conventional concealers by providing a pearling agent with natural color and texture that matches KOSÉ Corporation's concealing theory and utilizes our unique mica manufacturing technology.

\* Pearling agent: This is a material that can produce a pearl-like luster that changes color depending on the angle, and is mainly used to create textures in makeup products.

## » Robots

## Core Competencies

## Strengths of the Business

The robots we manufacture are equipped with running functions that can run on steep stairs and rough roads of buildings, and underwater running and swimming functions that can run stably not only on land but also in water.

## Topic

ENYLITE is a robot that can safely and reliably enter narrow or dangerous areas where it is difficult for people to enter or exit, and can survey every nook and cranny, and it has been used to survey and inspect the effects of flooding under the floor of houses in the aftermath of torrential rains. The undercarriage belt developed by the company makes full use of the technology of crawler plates and crawler belts used for construction machinery parts, and has higher running performance on uneven terrain such as rubble than other robots with moving mechanisms.



Inspection of flooded houses under floor in heavy rain disaster

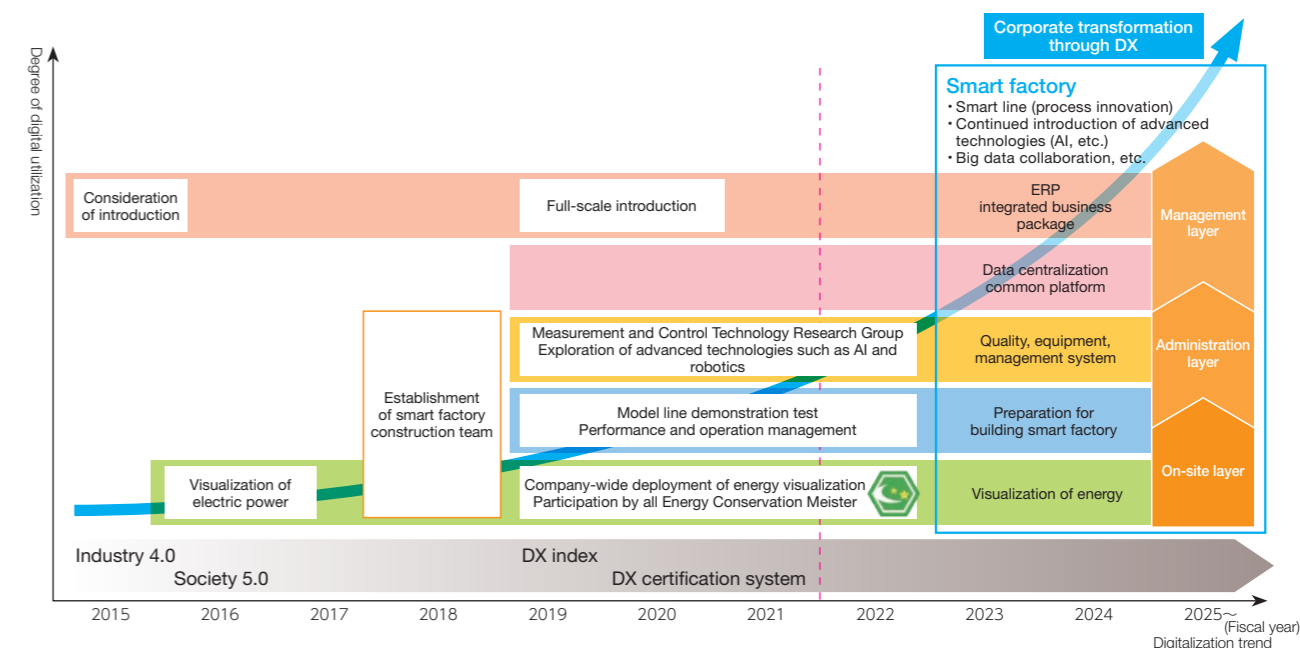
## From smart factory construction to DX

## Smart factory initiatives

The company has built a smart factory (below, "SF") that collects real-time information on production, quality, and facility operation, centralizes the management of big data, and makes it visible in order to make improvements more advanced and faster.

- (1) Continued promotion of energy conservation activities through company-wide deployment of the energy visualization system
- (2) Promotion of manufacturing reform through construction and demonstration tests of SF model lines (production, efficiency, and equipment management)

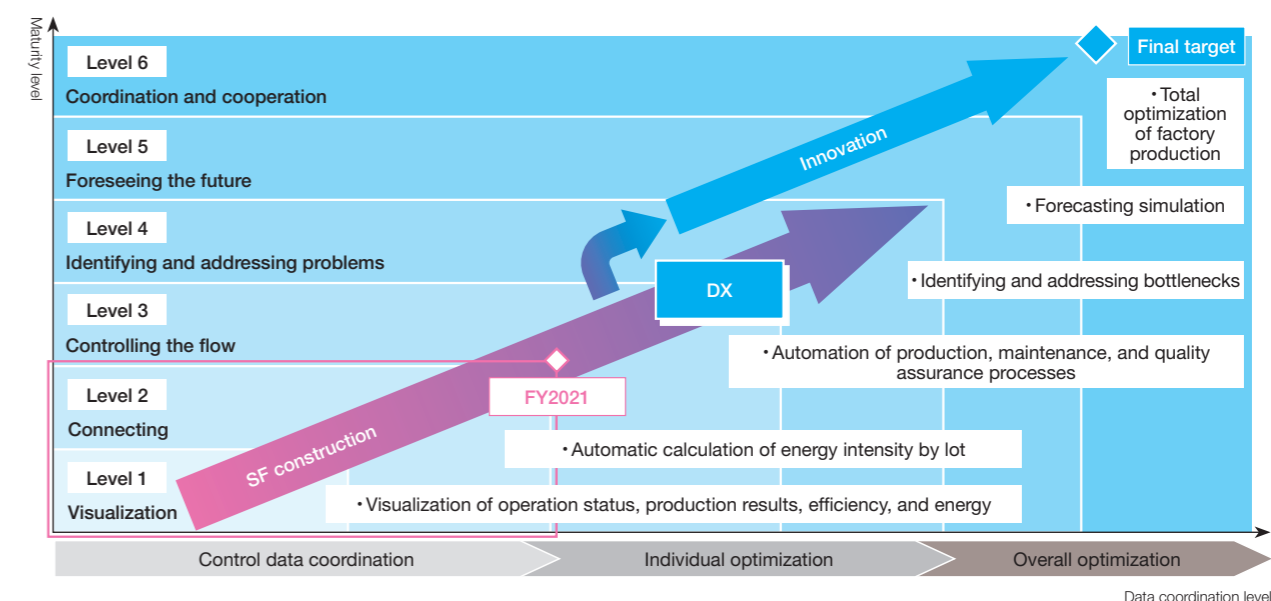
Currently, we are promoting the upgrading to the world of DX (digital transformation) through means such as speeding up management decisions by linking with ERP.



## The company's concept of DX

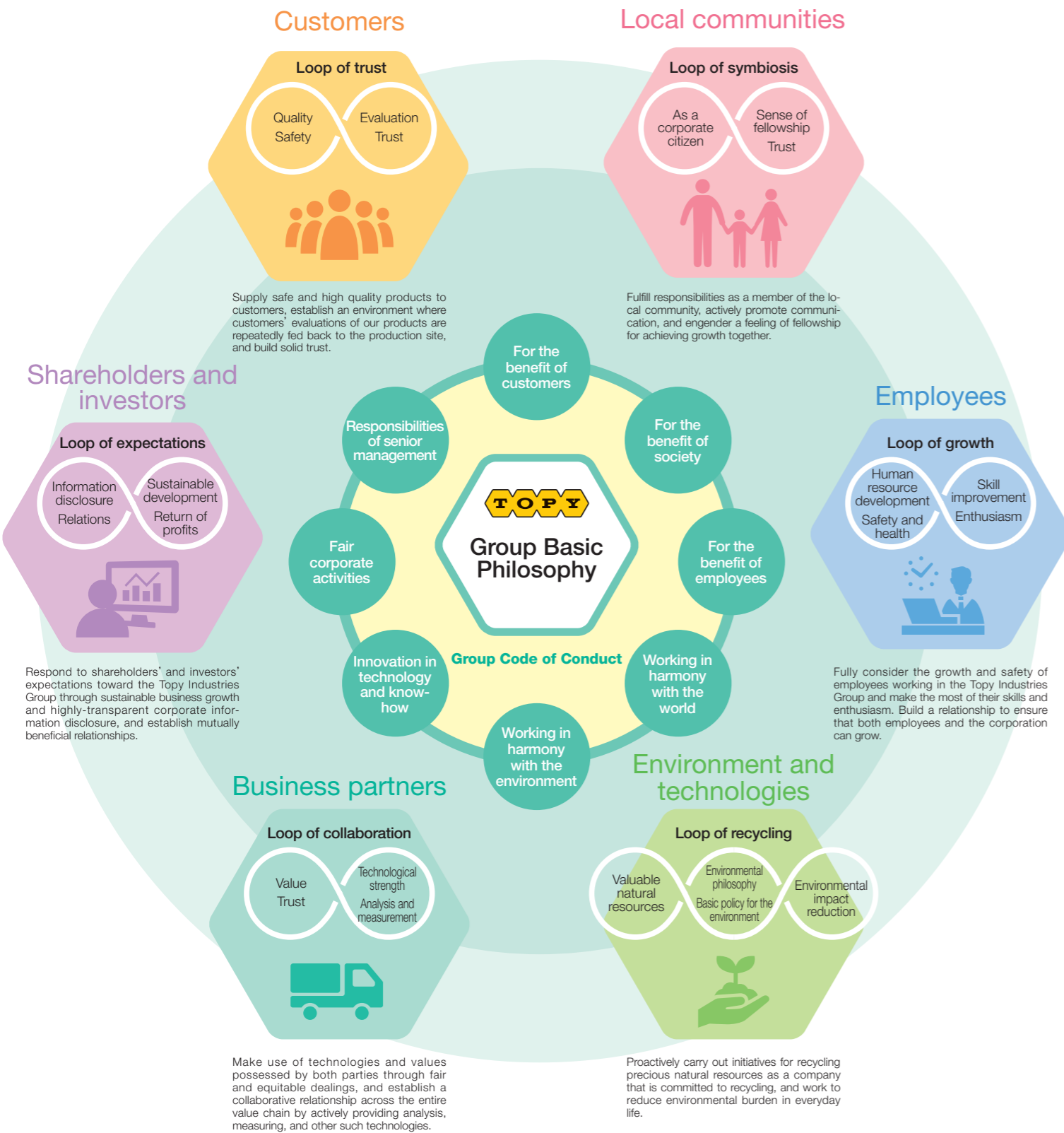
By developing SF into DX and utilizing manufacturing data, we will promote DX with the aim of creating digital innovation that is not an extension of the past. The current maturity level of our company's DX is level 2, which is to connect and utilize data, and we have completed building the foundation for DX.

In the future, we will take actions from individual optimization to overall optimization by analyzing, evaluating, and predicting changes in production and facility operation information, etc., and will proceed with systematic construction, aiming for level 6 data coordination and cooperation while reaping small effects.



## Sustainability Initiatives of the Topy Industries Group

At the Topy Industries Group, we see our relationship with stakeholders as shown below and aim to achieve sustainable growth by deepening mutual understanding through the six loops.



### Corporate Basic Philosophy of the Topy Industries Group

#### [The Topy Industries Group Corporate Basic Philosophy]

Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one's duty as a public institution.

#### [The Topy Industries Group Corporate Code of Conduct]

##### — To win the trust and respect of society —

Under the Corporate Philosophy, the management and employees of the Topy Industries Group shall strictly abide by all applicable laws and ordinances, the spirit reflected, and the Corporate Code of Conduct, while accepting full corporate social responsibility and fostering an open-minded and creative corporate culture.

#### Article 1 For the benefit of customers

Produce and supply, high-quality and safety-oriented merchandise and service to gain customers and consumer confidence.

#### Article 2 For the benefit of society

1. Communicate widely with society as well as shareholders and actively disclose corporate information fairly and appropriately. Cooperate with local communities and actively work on social contribution activities as being a good corporate citizen.

2. Oppose resolutely any anti-social forces and parties posing a menace to social orders and security.

#### Article 3 For the benefit of employees

Respect the individual character and personality of employees, and provide safe-working environments allowing them to work with enthusiasm, and attain fulfilling lives.

#### Article 4 With the world

Pay due respect to different cultures and customs of all countries and regions, and perform business activities to contribute to the development and well-being of local communities.

#### Article 5 With the environment

Realize that a sensible approach to environmental conservation is essential to the existence and activities of the company, and behave voluntarily and actively.

#### Article 6 Technology and know-how innovation

Seek widely for knowledge and information both domestically and internationally, and continue the innovation of technology and knowhow by refining distinctive technologies and professional competence.

#### Article 7 Fairness in corporate activities

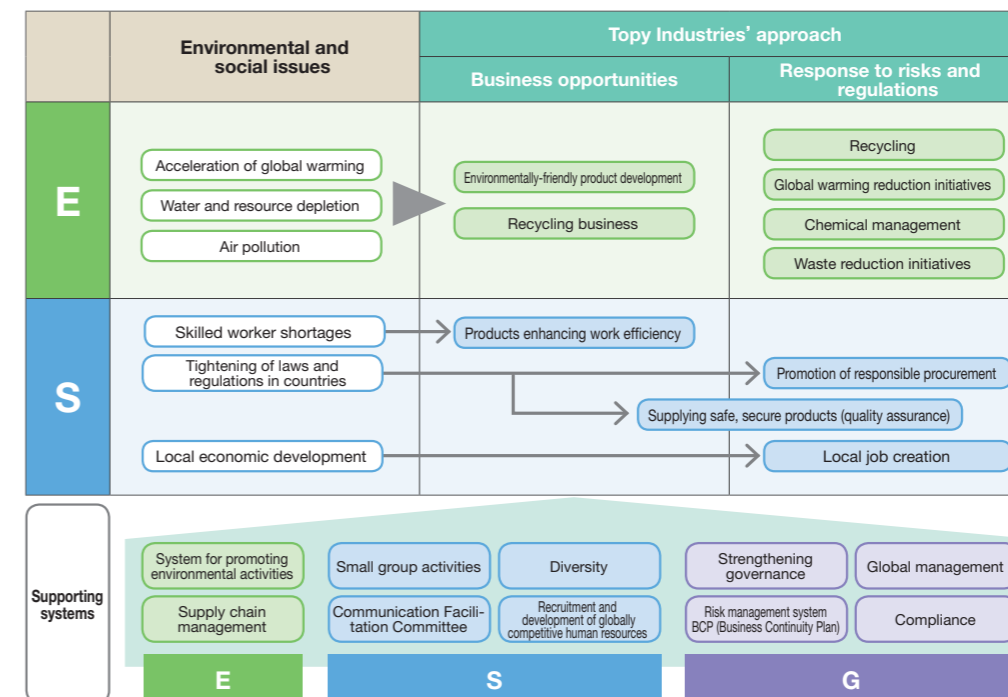
Operate business in a fair and transparent manner under free competition and appropriately keep an arm's length distance from politics and administrative agencies.

#### Article 8 Responsibilities of top management

1. Top management shall make example by leadership and inform the strict adherence to the Code of Conduct and ensure the compliance of the corporate ethics effectively administrating its managements.

2. If and when any of the Code of Conduct is violated, management shall demonstrate an indomitable determination to personally solve the issue by launching an investigation and shall take actions to prevent the recurrence of such incidents. At the same time, top management shall make full disclosure within and outside the company promptly and precisely, and, upon determining the source of competence and responsibility, impose strict disciplinary action against those held responsible.

### ESG Initiatives of the Topy Industries Group



#### Corresponding SDGs





Environmental Initiatives

Environmental Philosophy and Basic Environmental Policy

Environmental Management

Environmental Philosophy

We believe it is our duty to preserve a rich and beautiful world for future generations to enjoy. In partnership and solidarity with local communities, we will work to promote continuous improvement in everything we make from materials to finished products to lay the foundation for the sustainable development of society.

[Basic Environmental Policy]

As part of its duty as a corporate citizen, Topy Industries ranks continuous improvement under the ISO 14001 environmental management system as among its top management priorities. Topy Industries has therefore established and implemented the following policies.

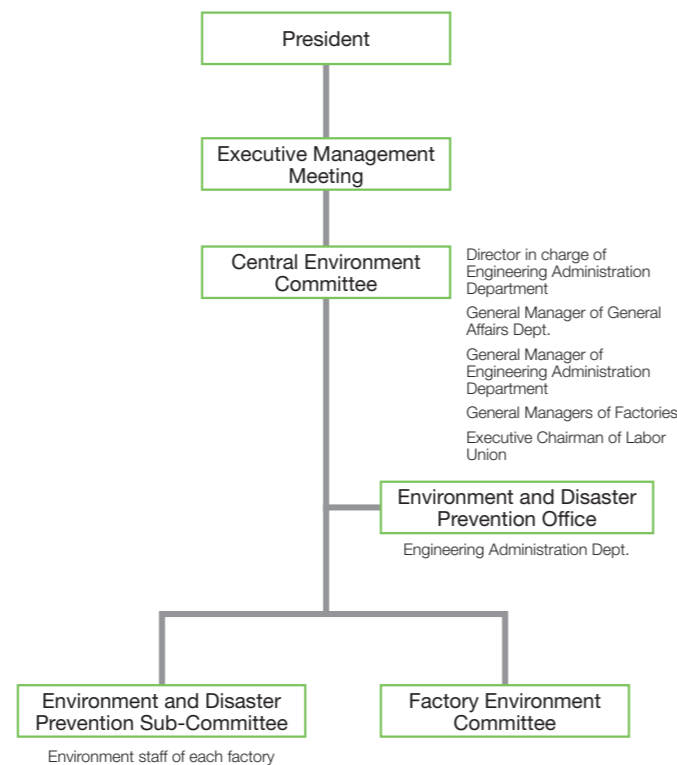
- 1. Complying with the Law**  
Topy Industries will comply with all environmental regulations, protocols, and agreements in its manufacturing activities.
- 2. Working to Save Energy and Prevent Global Warming**  
In all its manufacturing processes, Topy Industries will proactively strive to save energy and reduce greenhouse gases.
- 3. Reducing Our Environmental Footprint**  
In order to bolster environmental management, Topy Industries will undertake cost-conscious efforts to reduce its environmental footprint by saving energy, lowering greenhouse gas emissions, using fewer resources, and recycling.
- 4. Developing Environmentally Conscious Products**  
Topy Industries will develop environmentally-friendly products at every stage in their life cycle, from design and production to use and disposal.
- 5. Raising Environmental Awareness and Preserving the Environment at the Global Level**  
Topy Industries will promote understanding of its environmental policy and raise environmental conservation awareness through environmental training and enrichment for its employees.
- 6. Conserving the Environment in Overseas Business Activities**  
Topy Industries will remain mindful of its impact on local environments and implement measures in accordance with the needs of local communities.

ISO 14001 certification

Since the Wheel Division (Toyokawa and Ayase factories) launched a program to acquire ISO 14001 certification to promote environmental conservation activities in February 1998, all of the manufacturing facilities of Topy Industries have acquired ISO 14001 certification, and Group companies have also acquired certification.

Proper maintenance of our environmental management system has been confirmed through regular audits after obtaining this certification, and we continue to carry out environmentally-friendly production activities by promoting scheduled and systematic environmental initiatives in line with our Basic Environmental Policy.

Environmental conservation structure (Topy Industries)



ISO 14001 Certification Status (Topy Industries, Group companies)

		ISO 14001 certification obtained
Topy Industries	Toyohashi	Apr. 1999
	Toyokawa	Nov. 1998
	Ayase	Nov. 1998
	Kanagawa	Jun. 1999
Group companies	Topy Fasteners, Ltd.	Sep. 2001
	Kyushu Wheel Kogyo, Ltd.	Jul. 1999
	Tojitsu Co., Ltd.	Nov. 2005
	Akemi Recycling Center, Ltd.	Mar. 2006
	Ring Techs Co., Ltd.	Aug. 2002
	Hokuetsu Metal Co., Ltd.	Jan. 2005



Environmental Initiatives

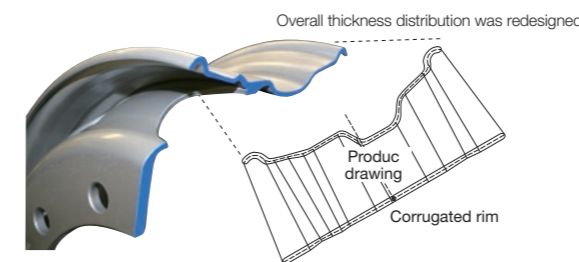
Reducing environmental impact through products and services

Development of environmentally friendly products

Lightweight wheels

Helping to reduce CO<sub>2</sub> emissions (life cycle/scope 3)

Topy Industries has developed ISO-compliant wheels, which are about 15% lighter than corresponding conventional wheels, by combining an ECOD-processed disc with a corrugated rim created with the company's proprietary weight reduction technology. The corrugated rim is made from a rim section of an uneven thickness and corrugated tire-mounting surface, giving it optimal thickness distribution when roll-formed. The corrugated rim is a product of our integrated production system, which enabled us to combine our proprietary hot-rolling steelmaking technologies (One-piece Cycle) with wheel analysis and design technologies. The ECOD disc is formed through cold spinning (rocking die forming) tubes made of steel plate. This enables a thinner, lighter disc while also ensuring the required strength. These lightweight wheels contribute to efforts to prevent global warming by reducing CO<sub>2</sub> emissions during material production by reducing the amount of material used, and also by reducing CO<sub>2</sub> emissions through improved fuel efficiency when driving trucks and buses.



Non-chrome pre-treatment of aluminum wheel painting

An industry first for chromium-free processing

Aluminum alloy wheels have long been surface-treated to achieve long-term corrosion resistance and anti-discoloring, and treatment with chromium was thought to be essential to confer anti-corrosion properties. However, in view of European environmental regulations, Japanese automobile manufacturers have turned their attention to surface treatments that avoid the use of heavy metals such as chromium. Topy Industries has spent substantial time on the study and technological development of alternative materials to replace chromium, and is the first in the industry to succeed in creating a chromium-free process.



Water-soluble coated tracks

Contributes to a significant reduction in environmental impact

Tracks used in the undercarriage of construction equipment are painted to prevent rust. While solvent-based paints have been used traditionally, we switched to water-soluble paints the year before last when a new crawler assembly line was built at Toyohashi Works. This has greatly reduced emissions of VOC (volatile organic compounds). In addition, the works has achieved integrated production of tracks from raw materials to finished products, significantly reducing transportation volume and contributing to a reduction in CO<sub>2</sub> emissions.



Ultra-large diameter wheels for mining equipment

The world's largest wheel contributing to efficient mining operations and hauling

SGOR® (Super Giant Off-the-Road Rim) wheels are ultra-large diameter wheels that we have developed for mining equipment used at large mines across the world. Currently, the largest wheels available have rim diameter of 63 inches (about 1.6 meters), are 44 inches (about 1.1 meters) wide, and weigh as much as 2.83 tons each, making them about five times the diameter of ordinary passenger car wheels. SGOR® wheels meet the demanding requirements of mining applications in terms of functionality and hauling capacity, and contribute to reducing environmental burden.





## Environmental Initiatives

## Environmental Risk Response

## Initiatives for Preventing Global Warming

Reduction of CO<sub>2</sub> emissions

Every Topy Industries factory undertakes a range of improvement activities appropriate to the products and production equipment it handles to achieve the CO<sub>2</sub> reduction target outlined in the Action Plan for Low Carbon Society stipulated by the Japan Business Federation (JBF), and works to reduce CO<sub>2</sub> emissions associated with energy consumption through energy conservation activities. In FY2020, CO<sub>2</sub> emissions (Scope 1 + 2) from energy sources at Topy Industries were 480,000 tons, and the total for Topy Industries and domestic Group companies was 1,542,000 tons. The amount of CO<sub>2</sub> emitted by Topy Industries is regularly reported to the relevant government authorities through data that includes emissions from its offices and emissions from energy management factories designated in the Revised Act on the Rational Use of Energy, which came into effect in FY2009. With regard to the Ayase Factory and the Kanagawa Factory in Kanagawa Prefecture, we submit our plans for counteracting global warming in our business activities in accordance with Kanagawa Prefecture's ordinance to promote measures against global warming. In FY2010, we began reporting the actual CO<sub>2</sub> emissions and improvements that we have made in accordance with our reduction plan. For the Toyohashi Works and the Toyokawa Factory in Aichi Prefecture, we submit our plans to tackle global warming in accordance with Aichi Prefecture's Law Concerning the Promotion of the Measures to Cope with Global Warming.

To further promote energy saving, Topy Industries has implemented the Energy Conservation Meister Program at all companies since FY2018. Energy Conservation Meisters propose and give advice on tasks to all employees up to factory manager level at their production sites, while also promoting energy-saving activities throughout the site. The Kanagawa Factory, which was the first site to implement the Energy Conservation Meister Program, received the Chairman of the Energy Conservation Center, Japan Award in the Best Practice Category of the Energy Conservation Grand Prize for FY2017, which is hosted by the Energy Conservation Center, Japan and sponsored by the Ministry of Economy, Trade and Industry, while the Energy Conservation Meister who led the way was awarded the Chairman's Prize for Meritorious Achievements of the Kanto District Electric Use Rationalization Committee in FY2019.

Furthermore, we are strengthening our efforts to improve energy conservation by introducing an energy visualization system to each of our manufacturing plants in October 2020.

## Explanation of terms

**Scope 1:** Direct emissions of greenhouse gases by the company itself (fuel combustion, industrial processes)

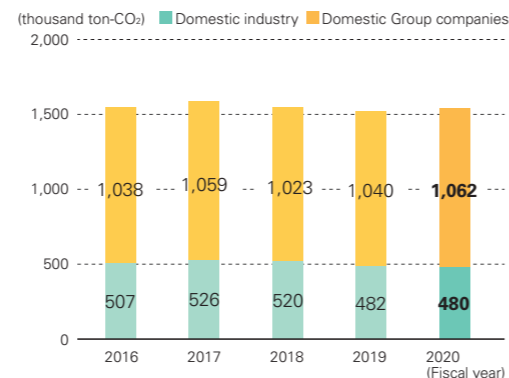
**Scope 2:** Indirect emissions from the use of electricity, heat and steam supplied by other companies

**Scope 3:** Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the company's activities)

## Taking on the challenge of achieving a decarbonized society

Topy Industries is a company that consumes a large amount of energy, and because of its social responsibility, is participating in Challenge Zero, a new project launched by the Japan Business Federation (Keidanren) in FY2019. Challenge Zero is an initiative by Keidanren in collaboration with the Japanese government to address climate change and encourage innovative actions to achieve a decarbonized society. Topy Industries is not only addressing Scope 1 + 2 by thoroughly conserving energy in the production process through the Energy Conservation Meister Program, but also addressing the life cycle (Scope 3) by reducing energy consumption in product transportation throughout the value chain and improving fuel efficiency by reducing wheel weight, as it promotes initiatives to ensure strategic responses by the company as a whole, including technology, sales, and production management. We will further strengthen our activities and take on the challenge of achieving carbon neutrality in the future.

CO<sub>2</sub> emissions from energy sources  
(Topy Industries + Domestic Group companies)



## Biodiversity Preservation

## Biodiversity initiatives

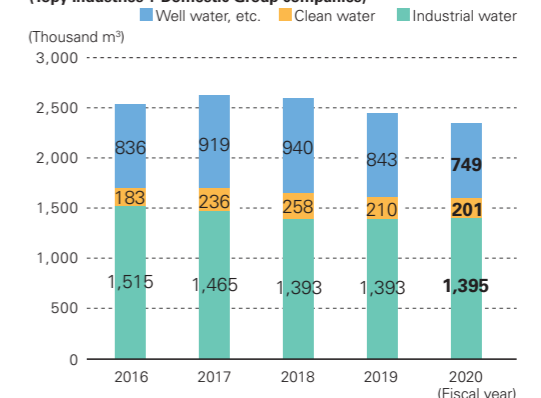
The business and manufacturing operations of Topy Industries do not involve activities such as deforestation and other activities that may disrupt the ecosystem. We recognize that biodiversity conservation and global warming prevention are essential for a sustainable society. As a part of efforts to conserve biodiversity and forest resources in developing countries, we encourage the use of paper made from domestically-produced materials and recycled paper.

## Water resource conservation initiatives

To conserve water resources, Topy Industries is working to reduce water consumption by circulating and reusing cooling water at its factories. Also, to prevent environmental pollution,

we are using treatment facilities to purify our drainage to within environmental regulatory limits.

Water consumption  
(Topy Industries + Domestic Group companies)

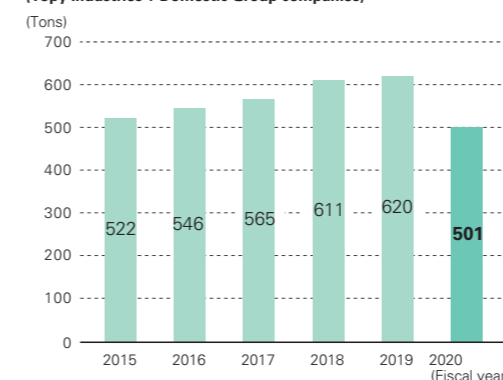


## Chemical Management

## Substance emissions and management under the PRTR Act

In accordance with the PRTR Act (the Pollutant Release and Transfer Register Act; the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management thereof), business entities that handle chemical substances are obliged to manage and report to administrative offices the amount of environmental emissions and transfers of chemical substances that are hazardous to humans and ecosystems at each of their business sites. Based on this system, we submit annual reports to the respective regulatory bodies while also using this process to continuously manage chemical substance and emission reductions. FY2018 saw a reduction over FY2017 as planned, and further systematic reductions will be made.

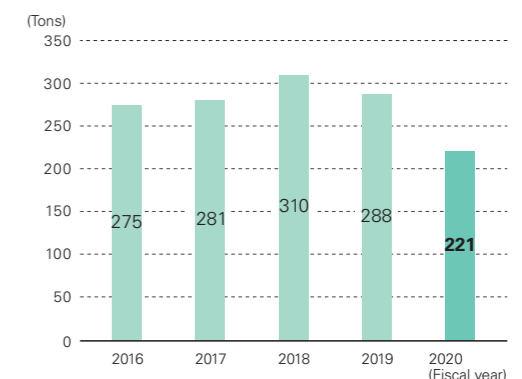
Total amounts of environmental releases and transfers of substances regulated under the PRTR Act  
(Topy Industries + Domestic Group companies)



## Air pollution prevention initiatives

As a proactive approach for the prevention of air pollution, Topy Industries voluntarily measures VOC concentrations from volatile organic compounds (VOC) generating facilities at its four major factories while also reviewing actions items related to production technologies for the reduction of emissions.

Total amounts of releases and transfers of VOC  
(Topy Industries + Domestic Group companies)



## Environmental Risk Response

## Initiatives for Reducing Waste (Topy Industries)

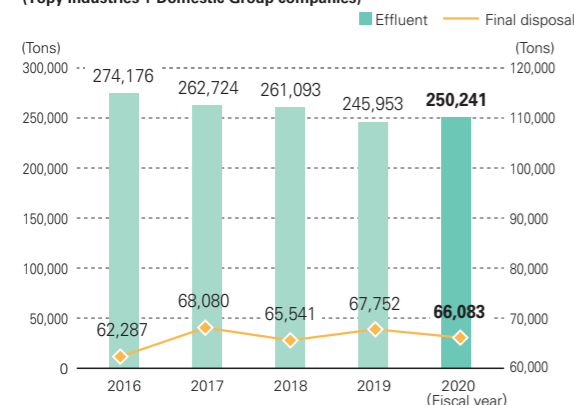
### Waste reduction and recycling

A part of the metal scrap (steel) generated during production activities is reused directly in-house as a raw material in electric furnaces. As for other waste, we are engaged in reducing final waste disposal volumes through re-resourcing efforts such as collecting scrap iron and collecting zinc from melted dust. Oxidized slag generated from steelmaking is recycled and reused for civil engineering and concrete materials.

In FY2020, the total amount of industrial waste generated by Topy Industries and domestic Group companies was 250,000 tons, and the final disposal amount was 66,000 tons.

We continue to promote recycling and reduce final disposal volumes of industrial waste by expanding and improving our 3R (reuse, reduce, recycle) activities.

**Industrial waste emissions**  
(Topy Industries + Domestic Group companies)



### Effective utilization of electric furnace slag (electric furnace oxidized slag aggregate)

Toyohashi Works has deployed a slag cooling facility and crushing facility to separate, treat, process, and recycle oxidized slag generated within the electric furnace during the refining process, and has reduced the slag discharged from the ladle after continuous casting subsequent to the refinery process. In April 2013, the factory obtained "JIS A 5011-4: Slag aggregate for concrete Part 4: Electric arc furnace oxidizing slag aggregate" certification. In December 2013, the factory acquired another certificate for the Revised JIS A 5011-4 and started to produce and sell electric furnace oxidized slag aggregate for concrete.

Oxidized slag aggregate has a larger specific gravity than natural materials such as sand and gravel which have traditionally been used as concrete aggregate materials, and we therefore expect slag to be used for heavy concrete aggregate such as wave dissipation blocks. Increasing sales of oxidized slag aggregate for concrete reduces the extraction of natural aggregate materials and thus mitigates its impact on the natural environment while also curbing energy consumption. We will continue working to reduce our environmental load by reviewing our business activities.

### Effective utilization of electric furnace slag (electric furnace slag for recycled road-bed material)

The electric furnace slag for recycled road-bed materials (product name: ECO Stone™) is a recycled roadbed material made by crushing, sheaving, and mixing oxidized slag and reduced slag. The ECO Stone™ obtained a license on August 31, 2014 under the Aichi Prefecture Recycle Materials Evaluation System (pet name: AIKURU), which started in 2002. The license certifies that the materials meet quality, performance, and environmental safety requirements, and that they can be used for public works (Certificate Number: 2)-201).

ECO Stone™ passes environmental standards by a wide margin in terms of elution and inclusion of hazardous materials.



## Social Responsibility

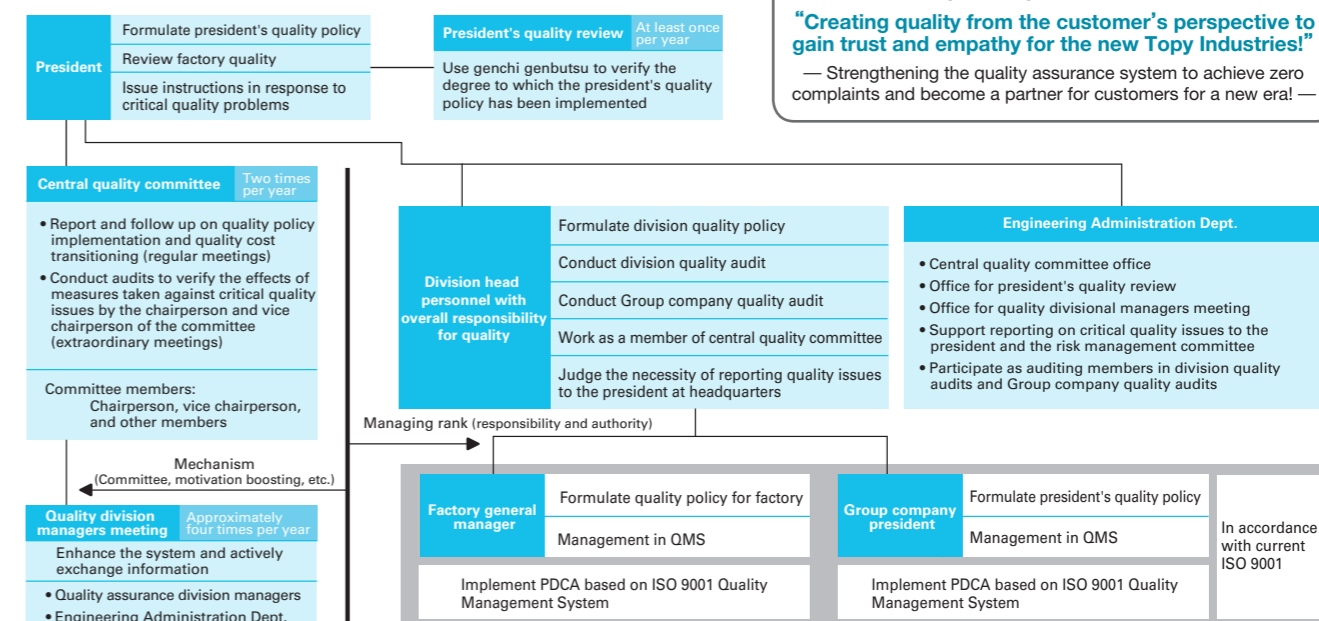
## Relationship with Customers

### Quality Assurance Philosophy

Topy Industries is committed to making customers its first priority and strives to contribute to society by delivering safe and high-quality products and services that always satisfy customers, while continuously improving the effectiveness of its quality management system (QMS).

1. Always anticipate the expectations and needs of customers ahead of time, react to their requirements promptly and precisely, and continue to introduce and deliver quality products and services that satisfy customers
2. Focus on building quality in the design and development stages, and stabilize product quality while improving reliability
3. Recognize the importance of education and training and enhance the quality awareness of all employees at the company
4. Recognize that quality defects are caused by multiple factors and promptly investigate the true causes of problems to make substantial improvements

### Quality Management Structure



### Quality policy for FY2020 to 2021

**"Creating quality from the customer's perspective to gain trust and empathy for the new Topy Industries!"**

— Strengthening the quality assurance system to achieve zero complaints and become a partner for customers for a new era! —

### Topic Received the Gold award in the EcoVadis (France) CSR rating for the second consecutive year

For the second year in a row, the Toyohashi Plant received the Gold award in the sustainability survey conducted by EcoVadis, an international supply chain evaluation organization, placing it among the top 6% of approximately 65,000 companies surveyed worldwide. EcoVadis's CSR rating is a comprehensive assessment in four areas: environment, labor and human rights, ethics, and sustainable procurement. We received particularly high marks in the areas of the environment and sustainable procurement.



### Topic Recognition from a customer Received the highest level of SQEP certification from Caterpillar (US) in two categories

We have received the highest level of platinum certification in the two categories of wheels for mining equipment and undercarriage parts for construction equipment in the 2020 SQEP\* (Supplier Quality Enhancement Process) of Caterpillar Inc. of the US, for meeting high standards in quality, production, delivery and other requirements. This is the ninth consecutive year for the wheels for mining equipment category, and the second consecutive year for undercarriage parts for construction equipment. Very few companies have received platinum certification for more than nine consecutive years, and we consider it a prestigious certification. In addition, we have been honored by Dongfeng Nissan and other companies as an excellent automotive wheel supplier.

\* SQEP: Supplier Quality Excellence Process





Social Responsibility

Relationship with Society

Contribution Through Business Products with high work efficiency

TACoil®  
deformed reinforcing bars



TACoil® is an advanced solution to problems faced by users in rebar industry, such as labor shortages, processing losses, and storage space.

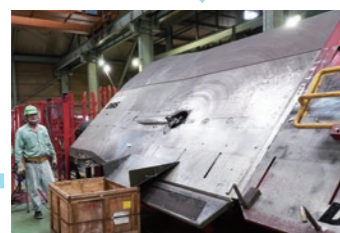
- (1) Product name : TACoil®
- (2) Sizes : D10, D13, D16
- (3) Weight: 2 tons, 3 tons
- (4) Features:



- 1) Combined with an NC processor, it significantly increases processing efficiency and resolves labor shortages.
- 2) It is capable of minimizing the loss generated during the process and increasing the yield rate.
- 3) Highly dense and compact, it saves storage space while enabling excellent transportation efficiency.
- 4) Maintains the same performance as existing deformed reinforcing bars even when used as a straightened bar.



Densely rolled compact coil is drawn and put into the NC processor



NC processor



Examples of a TACoil® processed with an NC processor

Underwater cleaning robot  
— Underwater Anie

Underwater Anie is a robot that has been developed not only to contribute to solving the problems of worker safety and manpower shortage in periodic cleaning and inspection of water distribution ponds and other facilities, but also to consider the hygiene of water quality.

- (1) Product name : Underwater Anie
- (2) Features:

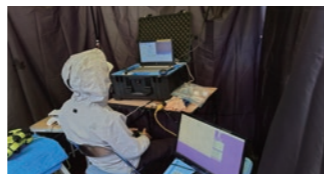
- 1) Cleaning work can be performed without draining the water in the distribution reservoir or tank.
- 2) Cleaning and inspection can be performed without workers entering the water, which is safe in terms of hygiene and reduces the risk of work.
- 3) By obtaining certification as an underwater robot cleaning construction management engineer, the camera mounted on the robot can be controlled from the ground to ensure reliable cleaning work (to resolve the labor shortage of divers).
- 4) The robot's unique undercarriage design makes it highly maneuverable.



Exterior view of water distribution pond



Cleaning inside the tank



Robot operation

Contribution to Local Communities

Support for The Shinagawa Kids' Cafeteria Network and reduction of food loss

In order to contribute to the local community and to make effective use of stockpiled food for disaster prevention, which will expire in one year, we have been donating food supplies for disaster prevention to the Shinagawa Kids' Cafeteria Network operated by the Shinagawa City Council of Social Welfare in Shinagawa Ward, where our head office is located, since 2019. Through this initiative, we hope to contribute not only to the reduction of food loss but also to the enrichment of the lives of local residents.

We also received a letter of appreciation from the Council for our contribution to the development of the local community and the improvement of social welfare.



Career education for elementary, junior high, and high school students

Our Head Office accepts junior high school students from all over Japan for company visits as part of the career education support activities conducted by the NPO School Support Center. In addition, at the Toyohashi Works, we made visits to local junior high schools in Toyohashi City as part of a career education program sponsored by the Toyohashi Chamber of Commerce and Industry to introduce the history and business of the company and to teach the students about the appeal of steel.

In addition, each plant accepts factory tours from local elementary and junior high schools. It has been well received as a valuable opportunity to see, touch, and feel the manufacturing process. In FY2020, each activity had to be drastically reduced to prevent the spread of COVID-19.



Support through culture and sports

As a good corporate citizen, we continue to support cultural activities and sports in a low-profile manner by working together with local communities. In the cultural field, we have sponsored events related to our business, such as the National Museum of Nature and Science's special exhibition Deep Sea, the National Museum of Emerging Science and Innovation's special exhibition Under Construction! and the musical concert Voices of the West End.

In the field of sports, we have become an official sponsor of the San-En Neophoenix, a member of the professional basketball league (B.LEAGUE), whose home town is the Mikawa area where our manufacturing plant is located, and we support the team together with the fans in the hope of further development of the Mikawa area. We will continue to engage in support activities for revitalizing local communities and other purposes.



Ultra-large diameter wheels for mining equipment SGOR (FY2019) exhibited at the special exhibition Under Construction!



Environmental conservation activities in cooperation with local communities

Our Toyohashi, Toyokawa, Ayase, and Kanagawa manufacturing plants are working together with local communities on environmental conservation activities. In FY2020, although all environmental conservation activities were cancelled due to the spread of COVID-19, we will continue to actively engage in activities in cooperation with local communities.



Social Responsibility

Relationships with Employees

Initiatives for Employees

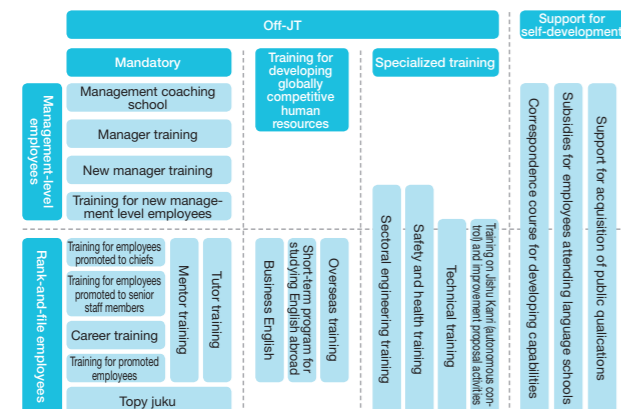
Human Resource Development

Our philosophy and basic policy on human resources development

The Topy Industries Group declares in Article 3 of the Code of Conduct (for the benefit of employees) that it will “Respect the individual character and personality of employees, and provide safe working environments that allow them to work with enthusiasm, and attain fulfilling lives.” We promote initiatives for reinforcing our human resources in the belief that they are our greatest asset and that improving their capabilities creates our value itself.

- Create human resources who continue to develop
- Strengthen employees’ capability to respond to environmental changes
- Support employees in their autonomous career development
- Continue to produce future business leaders
- Create an organizational environment that permits diverse human resources to work actively in various ways

Training Programs (Topy Industries)



New employee training

Topy Industries provided Topy Juku, a new employee training program, for a period of about four months. In FY2020, a portion of the training will be web-based in response to the COVID-19 pandemic. In addition, for new foreign employees who were unable to enter the country in April, we provided web-based training in Japanese to help them improve their language skills.

After the web-based training, the trainees were divided into different manufacturing sites and participated in on-site training and improvement theme training. The on-the-job training saw participants learn the fundamentals of manufacturing through actual tasks at production sites, while in the practical training they took part in continuous improvement activities under the guidance of senior workers. After the completion of Topy Juku, a debriefing session on the training was held on the web and the results of the training were presented to the management.

Global HR development

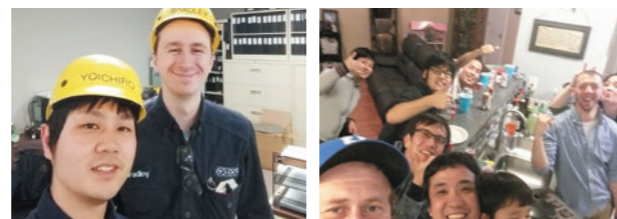
Although the program was not implemented in FY2020 due to the COVID-19 pandemic, in FY2017, we introduced Long-Term Overseas Training with the aim of developing young employees who can demonstrate their capabilities in the different cultural environments of other countries. The employees who undergo this training are dispatched to overseas group companies for one year as trainees and receive practical on-the-job training under the guidance of local managers in accordance with a training plan, thereby experiencing and learning about overseas work. They also acquire the ability to communicate in different languages, along with intercultural skills.



Presentation of trainee accomplishments at the production facilities management functions division of Topy America, Inc. (FY2019)

[Outline of the program]

Period: One year  
Destination: Overseas group company  
Requirement for trainees: TOEIC® score of 600 or higher



All photos are from FY2019.

Diversity Initiatives

Topy Industries has set “Respect the individual character and personality of employees” in Article 3 (For the benefit of employees) of the Topy Industries Group Corporate Code of Conduct and is implementing various initiatives to promote diversity.

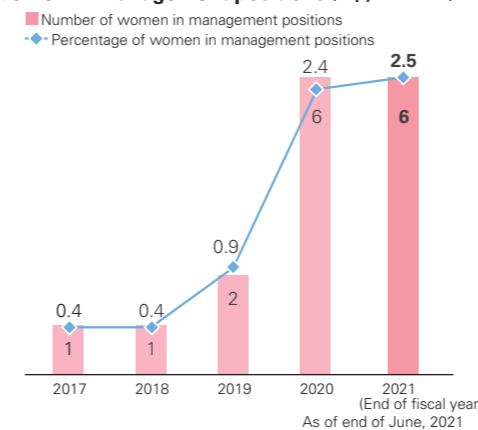
Status of and approach to appointing managers (executives)

Topy Industries promotes employees to management positions (executives) based on a fair evaluation of their abilities, insight, and personality, regardless of gender, nationality, or whether they are new graduates or mid-career workers.

Regarding the percentage of women in management positions, we have formulated an Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. For details, please see the section on “Support for women’s empowerment.”

Although we have not set specific targets for appointing non-Japanese and mid-career hires to management positions based on the above approach, we will appoint suitable candidates to management positions regardless of their nationality or whether they are new graduates or mid-career hires (as of June 30, 2021, non-Japanese: 1.7%, mid-career hires: 25.4%).

Women in management positions (Topy Industries)



Human resource development policies for promoting diversity and their implementation status

Topy Industries conducts employee education to ensure diversity based on its human resource development policy: “Create an organizational environment that permits diverse human resources to work actively in various ways.”

Examples include human rights training and overseas training for employees to improve their cross-cultural communication skills. In FY2020, in order to promote diversity in the workplace, we held seminars on the cultural backgrounds and values of the employees’ countries of origin (Indonesia and Vietnam) for the two departments where non-Japanese employees are assigned.

Policies for improving the environment for promoting diversity and their implementation status

Topy Industries promotes the utilization of human resources that respect the individuality of each employee, and is introducing systems to realize diverse and flexible work styles and improving the workplace environment in order to foster a corporate culture where employees and the company can grow together.

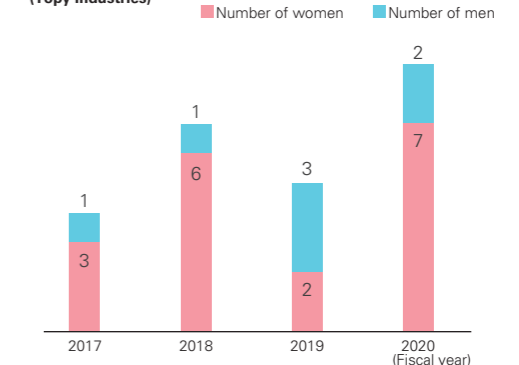
As part of our efforts to achieve this goal, we are promoting an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children with the following goals in order to enable employees to balance work and child rearing and to enable all employees to fully demonstrate their abilities.

(Plan period: July 1, 2020 to March 31, 2025)

- Increase the rate of taking childcare leave to the standard or a higher level during the plan period.  
Male employees: Achieve the rate of taking childcare leave of 7% or higher.  
Female employees: Achieve the rate of taking childcare leave of 75% or higher.
- We will examine and develop systems to enable employees to achieve a work-life balance and promote flexible work styles.

In FY2020, we introduced a telework system and piloted the flextime system in April 2021, increasing the options for working without being restricted by location or time. In addition, we introduced a job return system as a preferential reemployment system for employees who left the company due to childcare or nursing care.

Number of employees taking childcare leave (Topy Industries)



Support for women’s empowerment

We launched a diversity promotion project in FY2014. In this project, we identified new issues and determined measures to be taken by FY2015, and enhanced related programs and introduced measures related to career development support. At present, we have been carrying out an action plan targeting the following, based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, with the aim of allowing female employees to participate actively and fulfill their potential.

(Plan period: April 1, 2016 to March 31, 2021)

- We will maintain the percentage of women among new recruits (career-track employees) at 40% or higher.

## Relationships with Employees

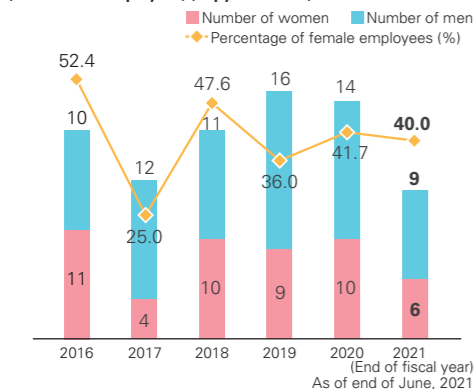
- We will proactively support employees' career development. We will increase the percentage of women among management-level employees (executives) five-fold compared to the current level (at the time of the action plan on April 1, 2016; benchmark: 0.4% (1 person)). ⇒2.4% (6 employees) at the end of FY2020

In addition, a new action plan has been formulated effective April 1, 2021.

(Plan period: April 1, 2021 to March 31, 2026)

- We will maintain the percentage of women among new recruits (career-track employees) at 40% or higher.
- We will support the career development of employees and promote the use of various systems for female employees.
- Maintain the average length of service of female employees at 13 years or more.
- We will double the percentage of women in management positions (executives) from the current level (at the time of formulation of the action plan on April 1, 2021; a benchmark of 2.4% (6 employees)).

**Percentage of women among new recruits (career-track employees) (Topy Industries)**



### Promoting employment of people with disabilities

Topy Industries actively employs people with disabilities, and with an employment rate of 2.41% (as of June 1, 2021), the company is above the legal employment rate (2.3%). In the same manner as other employees, employees with disabilities are employed in a variety of workplaces, from the manufacturing floor to the administrative division, according to their individual aptitudes.

### Efforts to Improve ES (employee satisfaction)

#### Communication Promotion Committee

With the goal of nurturing and enriching the human resources who support technological innovation and further growth for the company around the world, Topy Industries established the Job Satisfaction Improvement Committee in 2016, and we have studied and implemented more than 20 measures to improve job satisfaction up until now.

In order to ensure the continuation of the achievements made through the engagement improvement activities and to solve problems, we renamed the committee the Communication Promotion Committee and began moving to the next stage in FY2019.

The committee is working to improve employee satisfaction by implementing measures that address areas of communication that cannot be covered by HR activities, and is also promoting initiatives that emphasize the autonomy of the committee members so that the committee can function as a place for human resource development through its activities.

We also conduct an annual employee satisfaction survey and use the results to resolve issues.

#### Topy Talk (a company-wide communication program between management and employees in the form of dialogue)

With the aim of creating a culture (climate) that allows for open discussion and fostering a sense of unity through increased corporate transparency, we are implementing Topy Talk, a communication promotion program that allows for real-time dialogue between management and employees. Participants can listen to management speak and interact with them in real time using the chat and questionnaire functions, and many employees participate each time as an opportunity to learn more about the company and to think about the company's growth as a whole.



#### Topy Café (an exchange of opinions between staff employees and skill-based employees (working employees))

In order to reduce misunderstandings and improve work efficiency through mutual understanding beyond the boundaries of staff and skilled (on-the-job) workers, we hold Topy Café (see note) to discuss in depth the workplace culture and information sharing in our own workplace. During the Topy Café, each time a theme is set for discussion, communication between staff and skilled employees is facilitated, and cooperation across job categories is strengthened to deal with issues.



(Note) The name "café" was chosen in association with providing an opportunity to talk casually over a light meal. From FY2020 onward, the program will be conducted in a format that does not involve eating or drinking to prevent COVID-19.

#### List of measures implemented by FY2020 (excerpt)

(1)	Mentor program	(11)	Roundtable meeting for employees who have taken childcare or maternity leave
(2)	Corporate culture improvement workshop for managers	(12)	Discussions with managers (Topy Talk)
(3)	Workplace culture survey	(13)	Encouraging interpersonal greeting
(4)	Topy Cafe sessions (meetings)	(14)	Activity-Based Working (ABW) implementation
(5)	Manager meetings	(15)	Establishment of satellite offices and communication spaces
(6)	Operational improvement activities	(16)	Installation of growth support bookshelf (engagement bookshelves)
(7)	Thanksgiving activities	(17)	Promotion of 5S in the workplace
(8)	Women's meetings	(18)	Improving the company cafeteria
(9)	Inter-departmental mixers	(19)	Re-examination of age restrictions for bachelor dormitories
(10)	Department self-introduction sessions		

## Employee Safety & Health

### Improvement of labor health and safety

#### Initiatives to Eliminate All Workplace Accidents

At Topy Industries, our primary corporate responsibility is to ensure the safety and health of our workers. Based on this basic concept, we have set the highest priority on safety and are implementing a variety of actions to achieve zero accidents. We also conduct statistical surveys on labor accidents and report the results through in-house newsletters and other media to raise the safety and health awareness of each and every employee.

#### [Workplace safety management: priority issues for 2021]

Observance of prohibitions	Promotion of intrinsically safe activities	Provide thorough safety guidance to inexperienced workers
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#### Results of a Statistical Survey on Labor Accidents

(Period: January to December 2020) (Topy Industries)

Manufacturing site	Total working hours	Number of accidents	Frequency (%)	Severity (%)
Kanagawa	395,908	0	0	0.00
Ayase	825,032	3	3.64	0.00
Toyohashi	1,565,248	1	0.64	0.03
Toyokawa	769,453	1	1.37	0.00
<b>Total</b>	<b>3,514,858</b>	<b>5</b>	<b>1.42</b>	<b>0.01</b>

### Promotion of health management

Since 2020, Topy Industries has been working on health management initiatives to enhance the attractiveness of the company and the workplace by creating an environment where employees can exercise their abilities in good health and with peace of mind under the Health Management Declaration and Policy. In addition, we are promoting health management as an activity directly linked to SDGs Goal 3, Good Health And Well-Being, which is an international goal to realize a sustainable, diverse, and inclusive society where no one is left behind. In the future, we will enhance our efforts with the newly established Health Promotion Council in FY2021.

#### [Health Management Declaration]

At Topy Industries, we believe that by keeping our employees healthy both physically and mentally, our workplaces are filled with smiles and vitality, and this allows employees to fulfill their potential. We declare that we will do our utmost to create a healthy work environment to further energize the company and its employees.

#### Physical health



- Health guidance
- Eating habits
- Exercise habits

#### Mental health



- Stress check
- Prevention of overwork
- Harassment education

#### Work-life balance



- Labor efficiency improvements
- Promotion of leave acquisition
- Child raising support and nursing care support



Corporate Governance

Corporate Governance

We will work on strengthening and improving corporate governance to establish a company that will earn the trust of society.

Basic Policy on Corporate Governance

Topy Industries pledges to enhance corporate value in the medium to long term by establishing a corporate governance system that is appropriate for the company from the standpoint of management soundness, transparency, and efficiency in order to maintain and improve the trust of stakeholders. This comes from the group's basic philosophy: "Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one's duty as a public institution."

Overview of Corporate Governance System

Topy Industries has an Audit & Supervisory Board, while the Board of Directors comprises executive directors well-versed in the Group's business and independent outside directors. The Board of Directors makes decisions on important managerial matters and oversees company management, while the Audit & Supervisory Board, which has a legally stronger right to audit, oversees the company's management. Through this system, we maintain and strengthen the soundness and efficiency of the company's management and improve corporate value.

Business Execution Structure

Our management functions consist of a management decision-making function and a business execution function, and we employ an executive officer system to vitalize and improve the efficiency of company management.

Nomination Advisory Committee

To ensure the fairness and transparency of director nominations, we have a Nomination Advisory Committee chaired by an outside director and comprising the President and two outside directors. The committee serves as an advisory body to the Board of Directors.

Compensation Advisory Committee

To ensure the fairness and transparency of director compensation, we have a Compensation Advisory Committee chaired by an outside director and comprising the President and two outside directors. The committee serves as an advisory body to the Board of Directors.

Outside Officers

Independence of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)

In accordance with independence standards established by financial instruments exchanges in Japan, the company determines the independence standards of its outside officers (outside directors and outside Audit & Supervisory Board members) based on their interests in the company, which include personal relationships, capital ties, and business relationships with the company. The company deems all of its officers to be independent and has notified financial instruments exchanges of such.

Compensation for Directors and Audit & Supervisory Board Members

Basic Policy on Compensation for Directors

In accordance with its basic principle of improving company performance and value, the company uses compensation standards and a compensation system appropriate to individual employees' job responsibilities. The company also uses survey data compiled by outside experts to improve the objectivity of compensation standards.

The compensation limit for Directors was resolved to be within 40 million yen per month (excluding salaries for employees) at the 121st Ordinary General Meeting of Shareholders held on June 25, 2015. Separately, the 122nd Ordinary General Meeting of Shareholders held on June 23, 2016 resolved that the amount of performance-based stock compensation for Directors, excluding outside directors, would not exceed 100 million yen over three years.

Compensation for outside directors consists of only a fixed basic compensation. This is in consideration of their independent position, which is unaffected by the company's business performance.

Procedure for Determining Compensation for Directors

The Compensation Advisory Committee deliberates on the policy for determining compensation and the level of compensation in consideration of the business performance of the company, and other factors. According to the results of the deliberation, the President, who has been delegated the authority based on a resolution of the Board of Directors, determines the amount of compensation for each director within the total amounts of compensation for which resolutions were passed in advance at the General Meeting of Shareholders. Also, the Compensation Advisory Committee shall confirm the appropriateness of the amount of compensation for each director in advance to ensure that the delegated authority is appropriately exercised by the representative directors, in addition to the percentage of performance-based compensation for the previous fiscal year that is linked to company performance, and which is determined by the Board of Directors based on the report of the Compensation Advisory Committee.

The Compensation Advisory Committee shall consist of two external members and one internal member, and shall be chaired by an external member to ensure the fairness and transparency of compensation system.

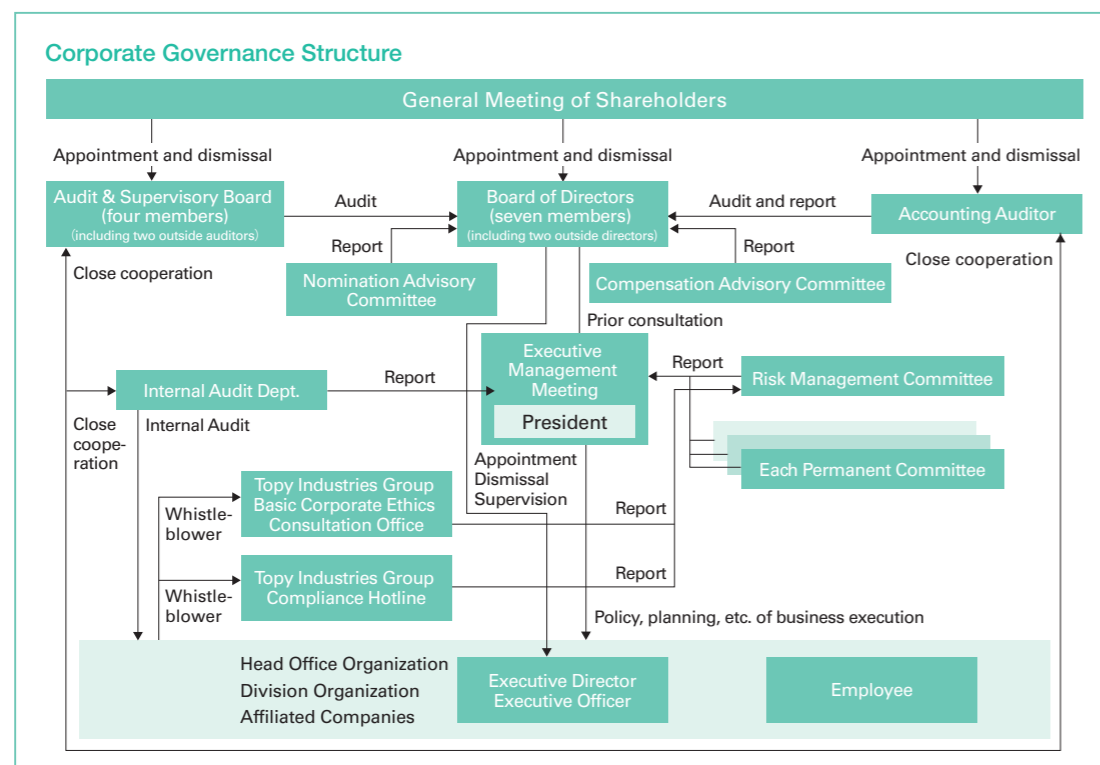
Compensation for Audit & Supervisory Board Members

The compensation for Members of the Audit & Supervisory Board is determined through deliberation by all members of the Audit & Supervisory Board within the total amounts of compensation for which resolutions were passed in advance at the General Meeting of Shareholders in accordance with the regulations on compensation for Members of the Audit & Supervisory Board resolved by the Audit & Supervisory Board. The Members of the Audit & Supervisory Board may consult with the Compensation Advisory Committee as necessary. The Members of the Audit & Supervisory Board may consult with the Compensation Advisory Committee as necessary. The compensation limit for Members of the Audit & Supervisory Board was resolved to be within 8 million yen per month at the 118st Ordinary General Meeting of Shareholders held on June 28, 2012.

Compensation for members of the Audit & Supervisory Board consists of only a fixed basic compensation. This is in consideration of their independent position, which is unaffected by the company's business performance.

Compensation for Directors and Audit & Supervisory Board Members in FY2020

Position	Total amount of compensations (million yen)	Amount of compensation by type (million yen)			Number of subject officers
		Fixed basic compensation	Performance-based compensation in the previous fiscal year	Stock-based compensation	
Directors (excluding outside directors)	176	122	52	1	5
Members of the Audit & Supervisory Board (excluding outside members)	49	49	—	—	2
Outside officers	44	44	—	—	7



Corporate Governance

Internal Control and Risk Management System

Internal Control Systems in General

To ensure the effectiveness of the internal control systems of Topy Industries and its Group companies, and to make continuous improvements to these systems, the company’s Internal Audit Department monitors Topy Industries Group companies for compliance with internal control rules established by the Companies Act and Financial Instruments and Exchange Act based on the company’s annual auditing policies and plans.

Compliance System

We have formulated the Group Basic Philosophy and the Group Code of Conduct and ensure that all the officers and employees of the Topy Industries Group are familiar with them through such means as our websites, in-house newsletter, and Group Compliance Guidebook. Moreover, under the leadership of the Risk Management Committee of the company, employees in each department of the company and Group companies formulate annual activity plans to ensure full compliance, engage in compliance improvement activities, and share relevant information. In addition, company divisions that include those supervising compliance provide a range of compliance education to employees at each level of the Topy Industries Group. Regarding the whistle-blowing system, the Rules concerning the Topy Industries Group Basic Corporate Ethics Consultation Office and the Topy Industries Group Compliance Hotline stipulate that reports and consultations from employees are held in strict confidence and will not become the basis for any unfair treatment. We also provide outside counsel as recipients of such reports and consultations.

Risk management system

Under the leadership of the Risk Management Committee of the company, employees in each department of the company and group companies formulate annual activity plans for risk management and engage in risk management improvement activities. When an issue related to risk management occurs or is likely to occur in the Topy Industries Group, it is reported to organizations including the Risk Management Committee, with the necessary instructions provided through the risk management system. The activities of the Risk Management Committee are reported to the Board of Directors to confirm their effectiveness. In the event of a major disaster, a special task force headed by the Representative Director and President is established to respond to the situation. We also work to improve the earthquake resistance of company buildings and production facilities while regularly conducting drills and other activities to cope with emergencies.

Execution of duties by Directors

The Board of Directors resolves matters required by laws and regulations or the articles of incorporation, as well as important issues of the company as stipulated in the Board of Directors Regulations. Moreover, prior deliberations of matters to be resolved by the Board of Directors are held at the Executive Management Meeting, which comprises the Executive Directors and others. Prior explanations of the agenda for Board of Directors Meetings are provided to Outside Directors who do not attend the Executive Management Meeting. In addition, the company endeavors to ensure efficient deliberations by the Board of Directors and rationality in the course of its decision-making by means such as establishing Bylaws concerning Preparation of Agenda Documents for Board of Directors Meetings.

Business management of the group companies

In accordance with the Group Company Management Regulations, the division of the company supervising the group companies receives reports therefrom regarding their business policies, plans, results and other matters as necessary, while important matters are resolved at Executive Management Meetings or Board of Directors Meetings. In addition, the company promotes the autonomous management of each group company and conducts management soundness evaluations to ascertain business results and risk management status, among other aspects, of each group company for every fiscal year. Based on the results of such evaluations, the division of the company supervising the group companies provides instructions and support to the group companies.

Audits by the Audit & Supervisory Board

Through Board of Directors Meeting attendance, as well as by Executive Management Meeting and other important meeting attendance by full-time members of the Audit & Supervisory Board, Audit & Supervisory Board members receive reports on the activities of such organizations as the Internal Audit Department and Risk Management Committee and other matters that have a significant influence on the Topy Industries Group. In addition, the Representative Director and Audit & Supervisory Board members hold regular meetings to exchange opinions. Information sharing sessions are also conducted among outside directors and Audit & Supervisory Board members. When an issue related to risk management occurs or is likely to occur in the Topy Industries Group, it is also reported to Audit & Supervisory Board members in accordance with the Group Risk Management Regulations. In addition, the company has developed a structure in which whistle-blowing is reported to Audit & Supervisory Board members in accordance with the Rules Concerning the Topy Industries Group Basic Corporative Ethics Consultation Office and the Topy Industries Group Compliance Hotline.

Information Disclosure

Adequate information disclosure

Article 2 (For the benefit of society) of the Topy Industries Group Corporate Code of Conduct stipulates that the Group wil “I Communicate widely with society as well as shareholders and proactively disclose corporate information fairly and appropriately. Cooperate with local communities and be philanthropically active as a good corporate citizen.” From the standpoint of securing management transparency we are endeavoring to disclose corporate information in a fair and equitable manner in accordance with the related laws and regulations such as the Financial Instruments and Exchange Act.

Financial results briefings

We believe that the opportunity for our top executives to directly explain our management plan and financial results helps us earn the trust of our investors. Such sessions are held after financial results are disclosed at the end of the second quarter and at the end of the fiscal year for analysts and institutional investors. The president himself presents our financial results as well as our medium to long term consolidated management plans. This management plan session can be watched via streaming from the IR Library on our website for shareholders and investors.

Initiatives to vitalize general meetings of shareholders

We are taking the following initiatives to vitalize general meetings of shareholders as a place for communication among the company, shareholders, and investors and to facilitate the seamless exercising of voting rights:

- (1) Enrichment and early dispatch of notice to convene general meetings of shareholders
- (2) Use of the internet for notices to convene general meetings of shareholders
- (3) Exercise of voting rights via the internet
- (4) Preparation of notices to convene general meetings of shareholders in English (summary)

Financial results briefings held in FY2020

Date	Content	Number of participants
November 26, 2020	2Q financial results briefing	23 members
May 27, 2021	Full-year financial results briefing	23 members

Management Team



Representative Director and President  
Nobuhiko Takamatsu

- 1979 Joined Nippon Steel Corporation
- 2011 Executive Officer General Manager, Head of Division, Ironmaking Technology Division, Nippon Steel Corporation
- 2012 Advisor, Nippon Steel Corporation; Executive Officer in charge of technology/quality, Usiminas Siderúrgicas de Minas Gerais S.A.
- 2014 Executive Vice President in charge of business planning, Usiminas Siderúrgicas de Minas Gerais S.A.
- 2016 Managing Executive Officer and Vice Head of Global Business Development Sector, Nippon Steel & Sumitomo Metal Corporation
- 2016 Director at Usiminas Siderúrgicas de Minas Gerais S.A.
- 2017 Senior Executive Officer, Appointed as Assistant to the President of Topy Industries, Ltd.; Advisor, Nippon Steel & Sumitomo Metal Corporation
- 2017 Representative Director and President (to present)



Director and Executive Vice President  
Norio Saito

- 1979 Joined Topy Industries, Ltd.
- 2007 Operating Officer, Deputy General Manager of Wheel Div.
- 2011 Director, General Manager of Wheel Div.
- 2013 Director and Managing Executive Officer, General Manager of Wheel Div. Managing Executive Officer, General Manager of Wheel Div.
- 2015 Managing Executive Officer, General Manager of Corporate Planning Dept.
- 2017 Senior Managing Operating Officer of Corporate Planning Dept. and Finance Dept. Senior Managing Director of Corporate Planning Dept. and Finance Dept.
- 2018 Senior Managing Director in charge of Corporate Planning Dept., Finance Dept., and Sales Administration Dept.
- 2019 Director and Executive Vice President, and Assistant to the President in charge of Corporate Planning, Finance, and Sales
- 2021 Director and Executive Vice President (to present)

Assistant to the President In charge of Sales



Senior Managing Director  
Katsuyoshi Daido

- 1982 Joined Topy Industries, Ltd.
- 2013 Operating Officer, General Manager of Finance Dept.
- 2016 Operating Officer, General Manager of Steel Division
- 2018 Managing Executive Officer, General Manager of Internal Audit Dept.
- 2021 Senior Executive Officer in charge of Corporate Planning, and Finance
- 2021 Senior Managing Director (to present)

In charge of Corporate Planning, and Finance



Managing Director  
Masayoshi Takezawa

- 1983 Joined Topy Industries, Ltd.
- 2015 Operating Officer, General Manager of Business Process Innovation & Promotion Dept.
- 2017 Managing Executive Officer, General Manager of IoT Promotion Dept.
- 2018 Managing Executive Officer, General Manager of IoT Promotion Dept. and Technology Div.
- 2021 Managing Executive Officer in charge of Technology, Business Innovation, Safety, and Smart Promotion
- 2021 Managing Director in charge of Technology, Business Innovation, Safety, and Smart Promotion
- 2021 Managing Director (to present)

In charge of Technology, Business Innovation, Business Development Strategy Center, Safety, and Smart Promotion



Audit & Supervisory Board Member  
Yukihiro Ogawa

- 1982 Joined Topy Industries, Ltd.
- 2007 Manager of Educational Issues at Personnel Dept.
- 2010 Senior Manager of General Affairs Dept. (PR, IR)
- 2014 Deputy General Manager of General Affairs Dept.
- 2015 Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member  
Koichi Sakamoto

- 1982 Joined Topy Industries, Ltd.
- 2015 Operating Officer of Topy Industries, Ltd., Director and CEO of Qingdao Topy Machinery Co., Ltd., and Director and CEO of Topy Undercarriage (China) Co., Ltd.
- 2016 Operating Officer of Topy Industries, Ltd. and Director and CEO of Topy Undercarriage (China) Co., Ltd.
- 2017 Counselor of Topy Industries, Ltd. and Director and CEO of Topy Undercarriage (China) Co., Ltd.
- 2018 Counselor to General Affairs Dept. of Topy Industries, Ltd., Audit & Supervisory Board Member (to present)

Managing Executive Officers

In charge of Promoting Structural Reform and Group Governance (Assistant to the President)  
Hiroji Kobayashi

General Manager of Corporate Planning Dept.  
Tsuyoshi Nakamura

Operating Officers

General Manager of Internal Audit Dept.  
Takanori Kawano

General Manager of Undercarriage Components Division, in charge of Automotive and Industrial Machinery Components Business  
Shuichi Tachibana

General Manager of Commercial and Off the Road Wheel Division, in charge of Automotive and Industrial Machinery Components Business  
Masahiro Abe

General Manager of Steel Division, in charge of Steel Business  
Katsuyoshi Tanaka

General Manager of Personnel Dept. and General Manager of General Affairs Dept.  
Tetsuya Sakai

General Manager of Press Division, in charge of Automotive and Industrial Machinery Components Business  
Koji Nanayama

General Manager of Sales Dept.  
Hideo Katsuyama

General Manager, Corporate Strategy of Corporate Planning Dept. and Deputy General Manager of Marketing Administration & Planning Dept.  
Hideki Aoyama

Deputy General Manager of Sales Dept.  
Masaru Yasuhara

General Manager of Business Development Strategy Center  
Yoshihito Kano

General Manager of Business Process Innovation & Promotion Dept. and Engineering administration Div.  
Koji Kawakami

As of October 1, 2021



Managing Director  
Masayuki Yamaguchi

- 1984 Joined Mita Kogyo Co., Ltd.
- 1999 Joined Topy Industries, Ltd.
- 2013 Operating Officer, General Manager of General Affairs Department, and Chief of Secretariat
- 2017 Operating Officer, General Manager of Internal Audit Department
- 2018 Managing Executive Officer, Representative Director and President of Ring Techs Co., Ltd.
- 2018 Advisor, Representative Director and President of Ring Techs Co., Ltd.
- 2020 Managing Executive Officer in charge of General Affairs, Personnel, and Risk Management Assists Vice President Saito in matters related to corporate planning
- 2020 Assists Vice President Saito in matters related to corporate planning
- 2021 Managing Director (to present)

In charge of General Affairs, Personnel, and Risk Management



Director  
Takeshi Kiriyaama

- 1986 Joined the Development Bank of Japan
- 2008 Chief Representative in London, Development Bank of Japan
- 2010 DBJ Europe Limited CEO
- 2013 Director of Industrial Research, Development Bank of Japan
- 2015 Operating Officer, Director of Corporate Investment
- 2018 Chairman of the Board, DBJ Asset Management Co., Ltd.
- 2020 Director of Topy Industries, Ltd. (to present) President of Value Management Institute, Inc. (to present) Director of Japan Economic Research Institute Inc. (to present)



Director  
Hiroko Kaneko

- 1997 Admitted to Bar, Japan (to present)
- 2006 Admitted to Bar, New York (to present)
- 2019 Audit & Supervisory Board Member of Shinsho Corporation (to present)
- 2021 Director of Topy Industries, Ltd. (to present)



Audit & Supervisory Board Member  
Tetsuya Kawagishi

- 1978 Joined The Fuji Bank, Limited
- 2005 Executive Officer, General Manager of Corporate Banking Division No. 2 of Mizuho Corporate Bank, Limited
- 2009 Managing Executive Officer, Chief Risk Officer and Chief Personnel Officer of Mizuho Corporate Bank, Limited
- 2010 Managing Executive Officer, Head of Global Transaction Banking Unit, Head of Global Asset Management Unit of Mizuho Corporate Bank, Limited
- 2011 Outside Audit & Supervisory Board Member of Tokyo Tatemono Co., Ltd.
- 2011 Full-time Audit & Supervisory Board Member of TANAKA Holdings Co., Ltd.
- 2013 Director and Deputy General Manager of Technology & Marketing Division, TANAKA Holdings Co., Ltd.
- 2015 Executive Officer, General Manager of CSR & Public Relations Department and President's Office of TANAKA Holdings Co., Ltd.
- 2020 Advisor of TANAKA Holdings Co., Ltd.
- 2020 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)



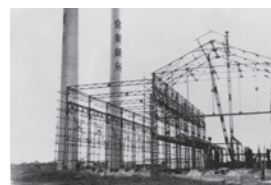
Audit & Supervisory Board Member  
Akio Sakai

- 1982 Joined Yasuda Life Insurance Company
- 2012 Executive Officer, General Manager of Osaka Headquarters of Meiji Yasuda Life Insurance Company
- 2014 Managing Executive Officer, General Manager of Corporate Sales Division of Meiji Yasuda Life Insurance Company
- 2016 Senior Managing Executive Officer, General Manager of Corporate Sales Division of Meiji Yasuda Life Insurance Company
- 2018 Representative Director and President of Meiji Yasuda General Insurance Co., Ltd. (to present)
- 2020 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)

\* Directors Takeshi Kiriyaama and Kaneko Hiroko are outside directors.  
Audit & Supervisory Board Members Tetsuya Kawagishi and Akio Sakai are outside audit & supervisory board members.

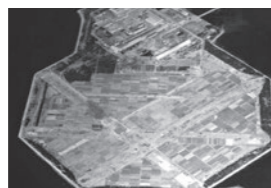
## Our History

1936



Open hearth furnace plant under construction at Miya Steelworks

1958



View of Toyohashi Steel Mill Plant at Toto Steel Mfg., Co., Ltd.

1964

Signing ceremony for the merger of four companies  
Topy Industries, Ltd. established

1985

Topy International, Inc.  
(current Topy America, Inc.)

1991



Kimi to Boku Hall at Toyohashi Works

2008



Concluded an agreement with Nippon Steel Corporation to strengthen general business cooperation

2013



Topy MW Manufacturing Mexico S.A. de C.V. was founded

2021



Logo mark for the 100th anniversary

2020

2010

2011

Topy Undercarriage (China) Co., Ltd. was founded

2013

PT. Topy Palingda Manufacturing Indonesia was founded  
PT. Topy Undercarriage Indonesia was founded  
Topy MW Manufacturing Mexico S.A. de C.V. was founded

2014

PT. Topy Undercarriage Indonesia commenced operation  
The new steel making plant commenced commercial operation at Toyohashi Works

2015

Topy Fasteners Mexico S.A. de C.V. was founded

2016

The business and capital alliance with MW Italia S.R.L. was strengthened

2017

WIL Car Wheels Ltd., a joint venture with Wheels India Limited, was established (India)

2018

Ring Techs Co., Ltd. was made into a wholly-owned subsidiary  
Asahi Tec Corporation was made into a wholly-owned subsidiary

1920

1921

Miya Steelworks (predecessor of Toto Steel Mfg., Co., Ltd.) was founded

Founder of Miya Steelworks  
Toshihide Kozuma

1922

Miya Steelworks succeeded in hot-rolling of steel sashes

1926

Tokyo Shearing Co., Ltd. (predecessor of Toto Steel Mfg., Co., Ltd.) was founded

1930

1930

Teikoku Hatsujo Seisakusho (predecessor of Japan Motor Wheel Co., Ltd.) commenced production of prototype steel wheels for automobiles

1934

Tokyo Sharin Seisakusho Co., Ltd. (predecessor of Japan Motor Wheel Co., Ltd.) was founded

1940-1950

1941

Tokyo Sharin Seisakusho and Abe Tekkosho Co., Ltd. merged to form Japan Motor Wheel Co., Ltd.

1943

Miya Steelworks and Tokyo Shearing Co., Ltd. merged to form Toto Steel Mfg., Co., Ltd.

1955

Toto Zoki Co., Ltd. was founded

1956

Toto Tekko Co., Ltd. was founded

1958

Toyohashi Steel Mill Plant of Toto Steel Mfg., Co., Ltd. (current Toyohashi Works of Topy Industries, Ltd.) was established

1960-1970

1961

Chigasaki Seisakusho of Toto Zoki Co., Ltd. (current Kanagawa Factory of Topy Industries, Ltd.) was established  
Toyokawa Plant of Japan Motor Wheel Co., Ltd. (now Toyokawa Factory of Topy Industries, Ltd.) was established

1964

Ayase Plant of Japan Motor Wheel Co., Ltd. (current Ayase Factory of Topy Industries, Ltd.) was established  
Japan Motor Wheel Co., Ltd., Toto Steel Mfg. Co., Ltd., Toto Zoki Co., Ltd., and Toto Tekko Co., Ltd. merged to form Topy Industries, Ltd.

1969

Topy International, Inc. (current Topy America, Inc.) was founded

1972

Technology Research Center (current R&amp;D center) was opened at Toyohashi Work

1977

Sales of synthetic mica started

1980

1980

Concluded a technical assistance agreement with PT. Inkoasku (Indonesia)

1982

Concluded a technical assistance agreement with PT. Palingda Nasional (Indonesia)  
Developed tubeless tire wheels for heavy- and medium-duty trucks and buses at Ayase Factory  
Super-Giant Off-the-Road Rim (SGOR®) vehicle wheels for mining dump trucks were developed

1985

Topy Corporation (current Topy America, Inc.) was founded

1987

Succeeded in the practical application of high-quality synthetic mica for cosmetics

1988

Concluded a technical assistance agreement with PT. Pakoakuina (Indonesia)

1989

A plant for undercarriage components for construction equipment commenced operation at Toyohashi Works

1990

1990

Akemi Plant of Toyokawa Factory commenced operation

1991

Kimi to Boku Hall was completed at Toyohashi Works

1992

Kurata Plant of Toyokawa Factory commenced operation

1995

A mill for deformed concrete bars commenced operation at Toyohashi Works

1998

Obtained ISO 9001 certification at all production sites

1999

Topy International, U.C.A. Inc. (current Topy America, Inc.) was founded  
ISO 14001 certification was obtained for all production

2000

2000

Akemi Electric Power Ltd., which engages in the power supply business, commenced operation

2003

Took a stake in Fujian Yuan Shing Topy Ltd. (current Fujian Topy Auto-parts Co., Ltd.)

2004

Hamura Plant of Ayase Factory commenced operation

2007

Topy America, Inc. was founded (merger of Topy International, Inc., Topy Corporation, and Topy International U.C.A. Inc.)  
Head Office moved to Osaki, Shinagawa-ku, Tokyo

2008

Science Division was established  
Concluded an agreement with Nippon Steel Corporation to strengthen general business cooperation

Consolidated Financial Performance for the Past 11 Years

Fiscal year	2010	2011	2012	2013	2014		2015	2016	2017	2018	2019	2020
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Operating Results (Fiscal year) (Million yen)

Net sales	221,413	240,534	226,912	234,682	237,677		215,872	208,237	230,462	286,227	263,305	225,121
Operating profit (loss)	7,006	10,554	6,990	5,308	6,422		10,000	7,180	7,997	7,505	2,851	(2,943)
Ordinary profit (loss)	5,241	7,304	6,234	4,485	6,037		8,806	6,116	8,034	9,357	3,597	(575)
Profit (loss) before income taxes	4,765	6,118	5,842	4,249	4,476		4,681	10,897	7,933	10,345	1,741	856
Profit (loss) attributable to owners of parent	2,072	3,918	3,409	1,914	2,360		1,700	7,191	5,500	7,114	(4,497)	578
Capital expenditure	7,170	8,982	20,477	25,458	20,374		8,815	9,874	12,132	25,100	13,397	10,371
Depreciation and amortization	10,057	9,310	8,957	10,086	10,315		11,321	10,631	10,599	11,110	12,332	12,515
Research and development costs	1,245	1,271	1,212	1,519	1,202		1,059	1,137	1,131	1,096	1,115	1,057

Financial Position (End of fiscal year) (Million yen)

Total assets	203,956	212,828	208,781	232,714	252,456		231,583	223,050	248,102	284,198	254,659	264,672
Shareholders' equity	79,500	82,389	89,522	94,363	106,187		98,893	103,951	108,959	111,304	102,732	107,428
Net assets	80,165	83,096	91,258	96,219	107,941		99,973	104,853	109,859	112,362	103,800	108,385
Interest-bearing debt	61,759	58,091	53,534	62,453	77,516		70,070	55,831	61,096	79,676	76,782	81,075

Cash Flows (Fiscal year) (Million yen)

Cash flows from operating activities	6,236	16,010	16,770	7,251	19,440		19,346	10,130	10,780	11,725	16,206	5,730
Cash flows from investing activities	(3,681)	(7,703)	(14,770)	(17,478)	(29,141)		(7,529)	(1,016)	(5,861)	(20,835)	(16,048)	(8,931)
Cash flows from financing activities	(1,952)	(4,983)	(4,997)	7,538	13,157		(8,391)	(16,861)	1,834	15,936	(6,461)	3,668

Per Share Information (Yen)

Net profit (loss) per share	86.37	165.20	143.76	80.76	99.65		71.80	303.90	234.25	302.85	(191.42)	24.70
Dividends per share	40	40	40	20	40		60	80	80	90	40	20

Financial Indices (%)

Rate of Operating profit on sales	3.2	4.4	3.1	2.3	2.7		4.6	3.4	3.5	2.6	1.1	(1.3)
Return on equity	2.6	4.8	4.0	2.1	2.4		1.7	7.1	5.2	6.5	(4.2)	0.6
Equity ratio	39.0	38.7	42.9	40.5	42.1		42.7	46.6	43.9	39.2	40.3	40.6

Number of employees at period end [Average number of temporary employees not included in the above]	4,151 [432]	4,135 [428]	4,374 [491]	4,515 [538]	4,596 [573]		4,408 [597]	4,568 [587]	5,034 [581]	6,241 [869]	6,181 [1,016]	6,153 [756]
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\* A one-for-10 reverse stock split of common stock went into effect on October 1, 2016. Data per share is thus calculated on the assumption that the reverse stock split was executed at the beginning of FY2010.

Detailed financial data are available on the following page of our official website.  
<https://www.topy.co.jp/ja/stock/library.html>

Major Subsidiaries & Affiliates

Company name	Head office location	Capital (millions of yen)	Business segment	Voting rights held or owned by (%)
(Consolidated Subsidiaries) Topy Enterprises, Ltd.	Shinagawa-ku, Tokyo	480	Steel, Automotive and Industrial Machinery Components	100
Topy Marine Transport, Ltd.	Toyohashi-shi, Aichi Pref.	225	Steel	100
Topy Fasteners, Ltd.	Matsumoto-shi, Nagano Pref.	310	Automotive and Industrial Machinery Components	100
Topy-Rec, Ltd.	Koto-ku, Tokyo	300	Others	100
Kyushu Wheel Kogyo, Ltd.	Miyako-gun, Fukuoka Pref.	100	Automotive and Industrial Machinery Components	100
Tojitsu Co., Ltd.	Toyohashi-shi, Aichi Pref.	80	Steel	100 (100)
Autopia, Ltd.	Hachioji-shi, Tokyo	30	Automotive and Industrial Machinery Components	100 (100)
Akemi Recycling Center, Ltd.	Toyohashi-shi, Aichi Pref.	200	Steel	100 (30)
Sanwa Buhin Co., Ltd.	Bando-shi, Ibaraki Pref.	200	Automotive and Industrial Machinery Components	100
Akemi Electric Power, Ltd.	Toyohashi-shi, Aichi Pref.	205	Power Generation	100
Ring Techs Co., Ltd.	Kurashiki-shi, Okayama Pref.	100	Automotive and Industrial Machinery Components	100
Seibu Wheels Co., Ltd.	Kurashiki-shi, Okayama Pref.	10	Automotive and Industrial Machinery Components	100 (100)
ATC Holdings Co., Ltd.	Kakegawa-shi, Shizuoka Pref.	100	Automotive and Industrial Machinery Components	100
Asahi Tec Corporation	Kakegawa-shi, Shizuoka Pref.	100	Automotive and Industrial Machinery Components	100 (100)
Topy America, Inc.	Kentucky, U.S.A.	600 U.S. dollars	Automotive and Industrial Machinery Components	100
Topy Precision Mfg., Inc.	Illinois, U.S.A.	50,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (100)
Topy Fasteners (Thailand), Ltd.	Chonburi, Thailand	50 million bahts	Automotive and Industrial Machinery Components	90 (55)
Fujian Topy Autoparts Co., Ltd.	Fujian, China	194 million renminbi	Automotive and Industrial Machinery Components	100
Topy Undercarriage (China) Co., Ltd.	Qingdao, China	606 million renminbi	Automotive and Industrial Machinery Components	100
Topy Fasteners Vietnam Co., Ltd.	Yen My District, Hung Yen Province, Vietnam	6,240,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (80)
PT. Topy Palingda Manufacturing	Indonesia Karawang Regency, West Java, Indonesia	710.5 billion rupiahs	Automotive and Industrial Machinery Components	90
PT. Topy Undercarriage	Indonesia Bekasi Regency, West Java, Indonesia	41.2 billion rupiahs	Automotive and Industrial Machinery Components	100 (3)
Topy MW Manufacturing Mexico S.A. de C.V.	Silao City, State of Guanajuato, Mexico	867 million pesos	Automotive and Industrial Machinery Components	95
Topy Fasteners Mexico, S.A. de C.V.	San Luis Potosi City, State of San Luis Potosi, Mexico	167 million pesos	Automotive and Industrial Machinery Components	100 (100)
Ring-Techs Guangzhou Co., Ltd.	Guangzhou City, Guangdong Province, China	188 million renminbi	Automotive and Industrial Machinery Components	90 (90)
Asahi Tec Aluminium (Thailand) Co., Ltd.	Khlong Tamru, Chonburi, Thailand	1,480 million bahts	Automotive and Industrial Machinery Components	100 (100)
Asahi Tec North America, Inc.	Troy, Michigan, U.S.A.	90,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (100)
Guangzhou Asahi Dongling Research & Development Co., Ltd.	Guangzhou City, Guangdong Province, China	11 million renminbi	Automotive and Industrial Machinery Components	51 (51)
(Equity-method affiliate) Hokuetsu Metal Co., Ltd.	Nagaoka-shi, Niigata Pref.	1,969	Steel	35.8 (1.4)
Guangzhou Wheelhorse Asahi Aluminium Co., Ltd.	Guangzhou City, Guangdong Province, China	216 million renminbi	Automotive and Industrial Machinery Components	49 (49)
Guangzhou Dicastal Asahi Aluminium Co., Ltd.	Guangzhou City, Guangdong Province, China	40 million renminbi	Automotive and Industrial Machinery Components	25 (25)
(Other affiliates) Nippon Steel Corporation	Chiyoda-ku, Tokyo	419,524	Manufacture and sales of steel products and engineering	0.1 (Owned by) 20.9 (0.2)

Notes:  
1. The respective business segments are listed in the "Business segment" column (excluding other affiliated companies).  
2. Topy America, Inc. and Topy Precision Mfg., Inc. have paid premiums of U.S. \$62,999,400 and U.S. \$4,950,000, respectively, aside from the capital mentioned above, totaling capital of U.S. \$63,000,000 and U.S. \$5,000,000, respectively.  
3. Topy Enterprises, Ltd., Topy America, Inc., Fujian Topy Autoparts Co., Ltd., Topy Undercarriage (China) Co., Ltd., PT. Topy Palingda Manufacturing Indonesia, Topy MW Manufacturing Mexico S.A. de C.V., Ring-Techs Guangzhou Co., Ltd., and Asahi Tec Aluminium (Thailand) Co., Ltd. are specified subsidiaries.  
4. Hokuetsu Metal Co., Ltd. and Nippon Steel Corporation issue official financial statements separately.  
5. The sales ratio of Topy Enterprises, Ltd. as a proportion of the consolidated sales of the Topy Industries Group exceeds 10% (excluding internal sales among consolidated Topy Industries Group companies).  
Major financial information  
(1) Net sales 97,511 million yen  
(2) Operating profit 1,363 million yen  
(3) Net profit 970 million yen  
(4) Net assets 10,553 million yen  
(5) Total assets 36,989 million yen  
6. The values in parentheses in the "percentage of Voting rights held or owned by" column represent indirect holding percentages or percentages of voting rights indirectly owned by the company, which are each included in the value above.

As of March 31, 2021

IR Information

Stock exchange listings ..... First Section of the Tokyo Stock Exchange & First Section of the Nagoya Stock Exchange (Securities code 7231)

Number of authorized shares ..... 88,300,000 shares

Number of outstanding shares ..... 24,077,510 shares

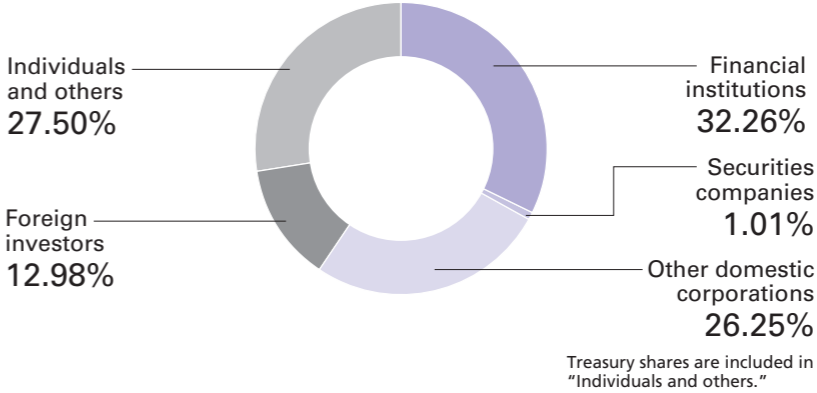
Number of shareholders ..... 11,773

Top 10 major shareholders

Name	Number of shares held	Shareholding ratio (%)
Nippon Steel Corporation	4,818,264	20.64
The Master Trust Bank of Japan, Ltd. (trust account)	1,130,800	4.84
Topy Fund Business Association	1,103,010	4.72
Meiji Yasuda Life Insurance Company	975,134	4.18
Mizuho Bank, Ltd.	787,802	3.37
Employee Shareholding Association of Topy Industries, Ltd.	603,843	2.59
Custody Bank of Japan, Ltd. (trust account)	566,346	2.43
Mizuho Trust & Banking Co., Ltd.	489,300	2.10
DFA Intl Small Cap Value Portfolio	432,600	1.85
Resona Bank, Limited	413,605	1.77

Notes:  
1. Topy Industries, Ltd. owns 729,296 treasury shares but is excluded from the major shareholders listed above.  
Treasury shares do not include the Company's shares held in trust for the stock compensation plan for directors.  
2. The shareholding ratios were calculated by excluding treasury shares.  
3. Topy Fund Business Association is the name of the shareholding association of Topy Industries, Ltd., its affiliates, and its business partners.

Breakdown of shareholders by type



Fiscal year end ..... March 31

Ordinary general meeting of shareholders ..... June

Record date ..... March 31 (ordinary general meeting of shareholders, year-end dividend)  
September 30 (interim dividend)

Share unit number ..... 100 shares

Shareholder registry administrator ..... Sumitomo Mitsui Trust Bank, Limited  
(special account management institution) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Contact for inquiries ..... Stock Transfer Agency Business Planning Dept.  
Sumitomo Mitsui Trust Bank, Limited  
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063  
Phone: 0120-782-031 (toll free)

As of March 31, 2021