

TOPY Report 2022



TOPY INDUSTRIES, LIMITED

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[Overview of official Twitter account]

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One-piece Cycle

Technology and quality
flowing together in one
perfect motion

TOPY Report 2022

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Group Basic Philosophy

The Topy Industries Group will fulfill its responsibilities as a public institution and contribute to the realization of a sustainable recycling-oriented society through the continuation and development of its business.

Group 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 2022 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 or the “Company,” and activities by an individual Group company are identified by its corporate name.

Reporting Period

Covers mainly FY2021 (April 1, 2021 to March 31, 2022), but also includes some activities that occurred on and after April 1, 2022.

Date of Issue

October 2022

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Businesses of the Topy Industries Group

Net sales
88,915
32.79%
Operating profit
(625)
(JPY million)

Steel Segment

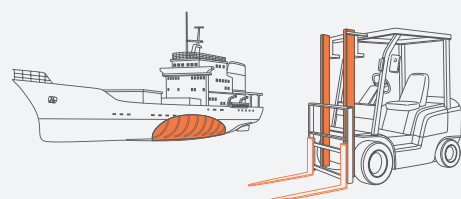
A raw material business operated since our foundation

At the Topy Industries Group (the "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 segment 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 logistics 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.

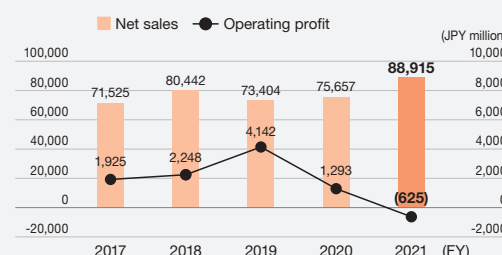


Steel construction materials

Steel materials for ships and industrial machinery



Steel for use within the company



Net sales
166,542
61.42%
Operating profit
4,813
(JPY million)

Automotive and Industrial Machinery Components Segment

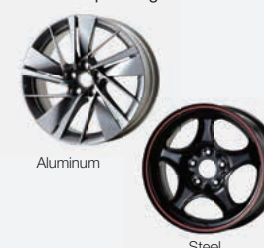
A world-leading comprehensive manufacturer of wheels and undercarriage components for construction machinery

We manufacture and sell products including steel and aluminum wheels for automobiles, wheels for mining vehicles, undercarriage components for construction machinery (track shoes^{*1} and tracks^{*2}), and industrial steel fasteners for automobiles such as precision leaf springs.

^{*1} 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.

^{*2} 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



Aluminum

Steel

Wheels for commercial vehicles



Steel

Undercarriage components for construction machinery



Track shoes

Tracks

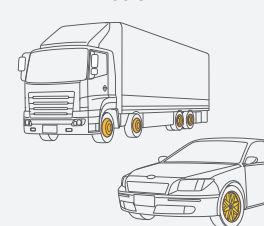
Ultra-large wheels for mining equipment [SGOR®]



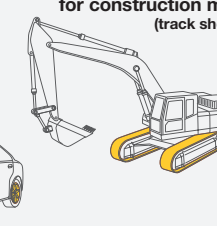
Industrial fasteners



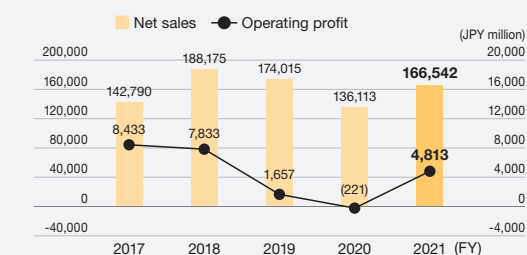
Wheels



Undercarriage components for construction machinery (track shoes, tracks)



Industrial fasteners (precision leaf springs, etc.)



Net sales
9,718
3.58%
Operating profit
(1,957)
(JPY million)

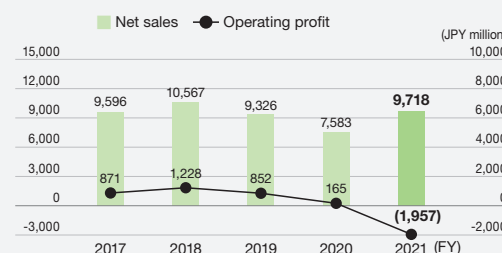
Power Generation Segment

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



Net sales
6,001
2.21%
Operating profit
1,023
(JPY million)

Other Segment

Creating new sources of profit

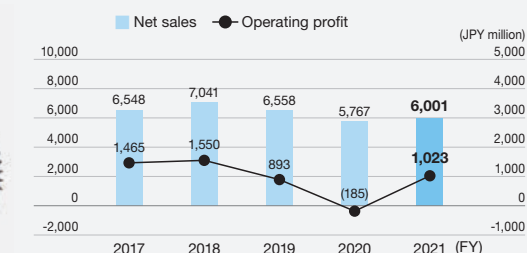
We are expanding sales of mica, which is used for cosmetics and other products, in Japan and other countries, while developing applications for crawler robots utilizing our suspension technology. We also lease real estate, such as Topy-Rec Plaza (Minami-Suna, Koto-ku, Tokyo), and operate sports clubs,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



Mica for cosmetics



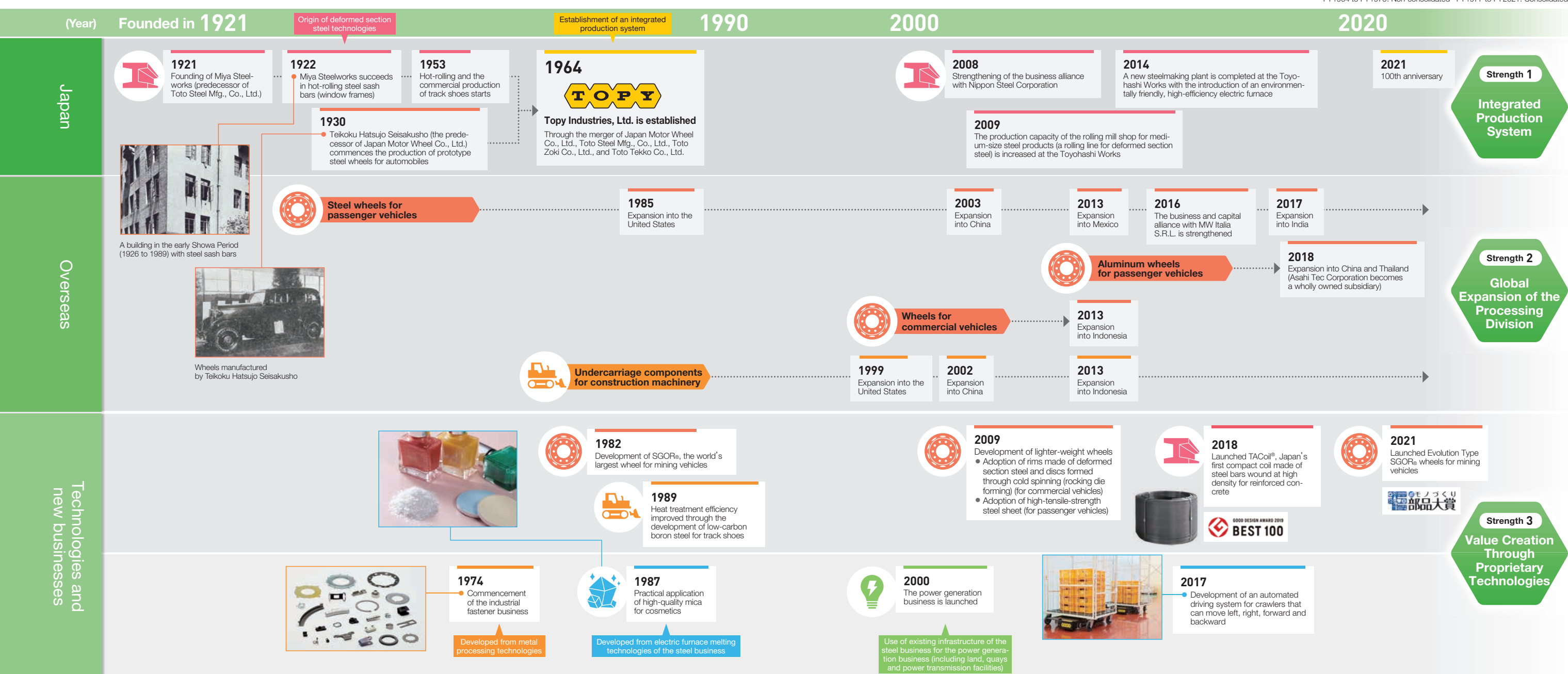
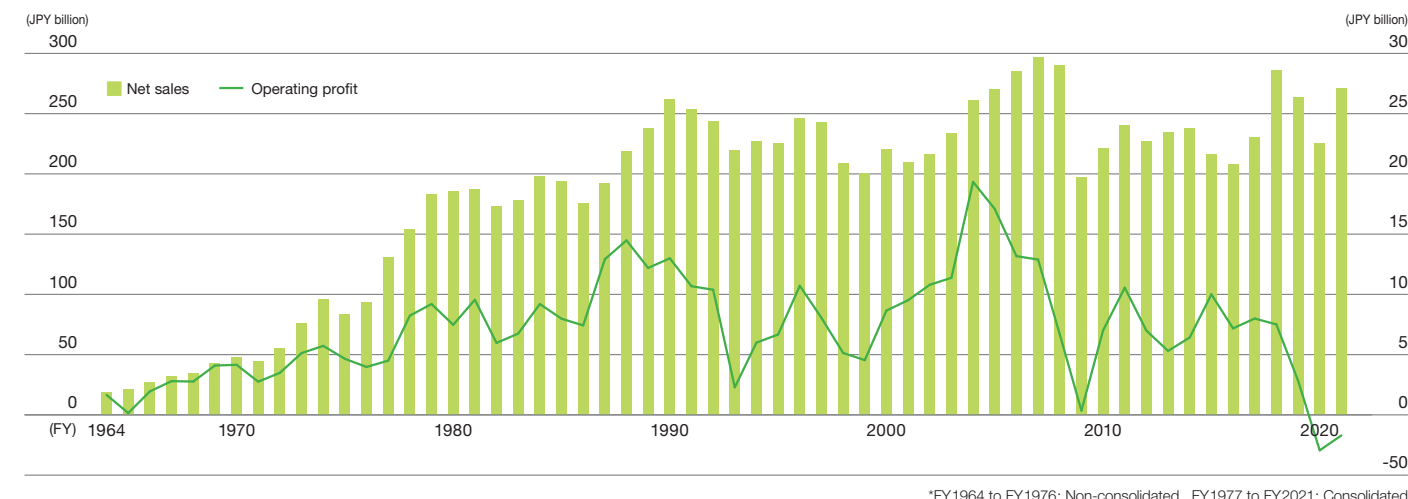
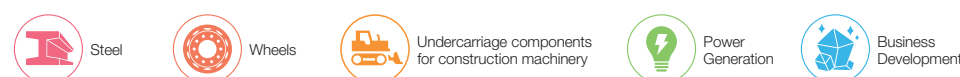
Robots



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 segment and the creation of new businesses (industrial fasteners, power generation, mica, robots, and other businesses), creating management stability and contributing to earnings growth.

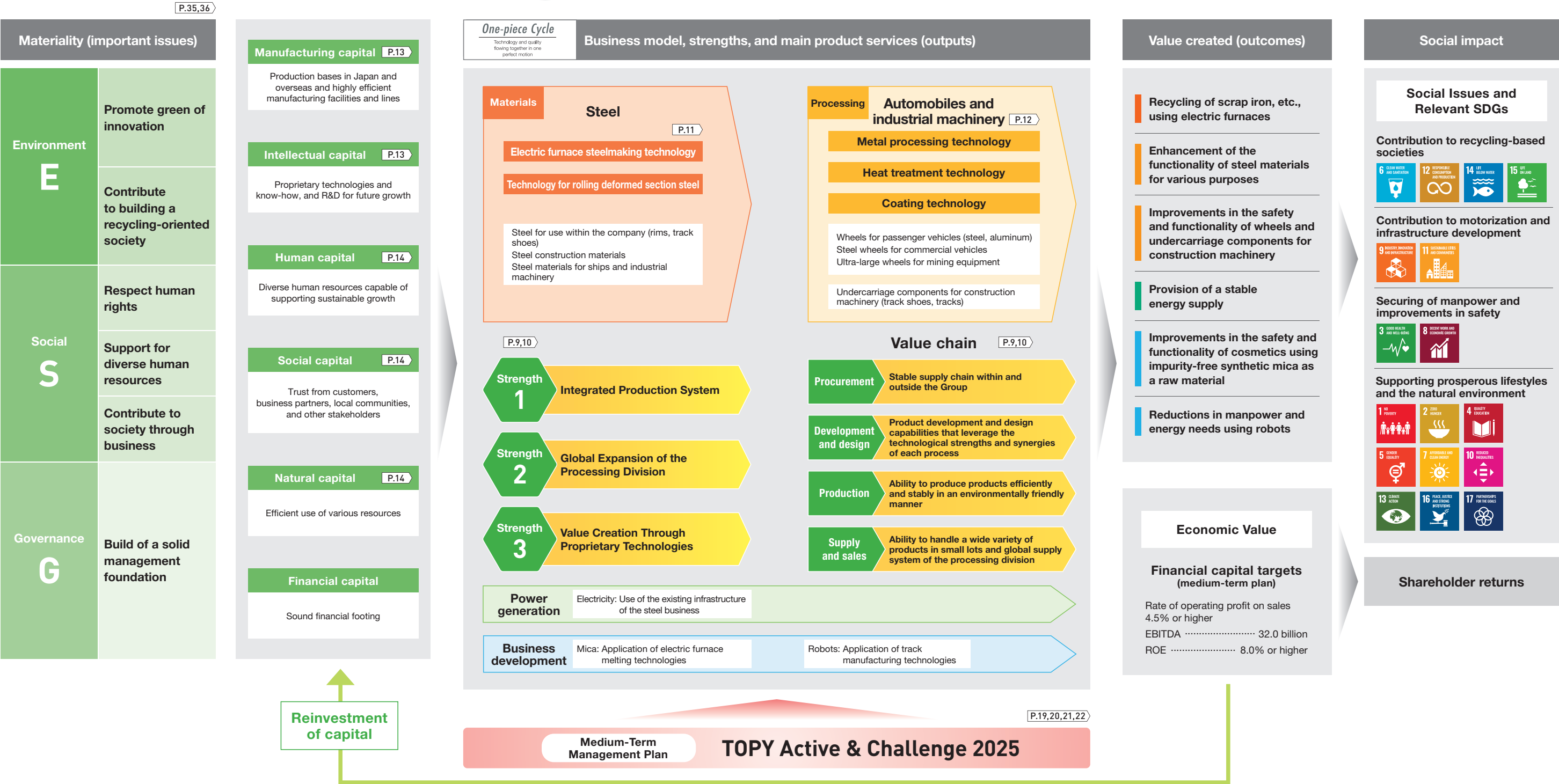


Value Creation Process of the Topy Industries Group

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

The Group has paved the way for global expansion by providing products and services that meet the needs of customers and society based on its advanced technological capabilities and integrated production system for producing and making full use of steel and continued to grow by applying its core technologies to expand business into peripheral fields. Going forward, we will continue to achieve sustainable growth by maximizing the strengths and management resources we have developed over the years, while working to solve social issues and create social value.

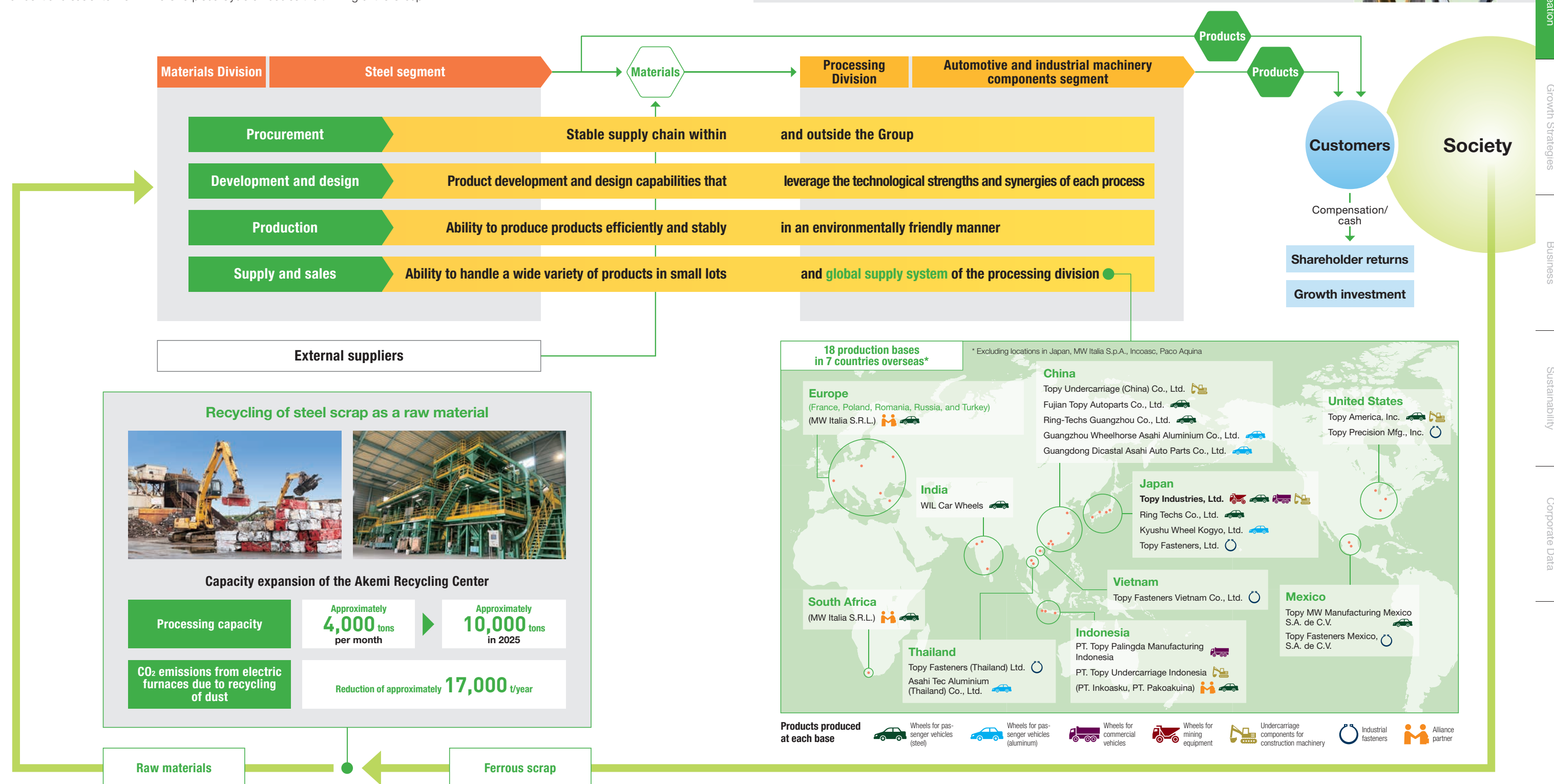
Group Basic Philosophy/Basic Sustainability Policy



Business Model and Strengths of the Topy Industries Group

Building a competitive value chain with the One-piece Cycle and supplying high value-added products globally

The Group hopes to create a new movement, using steel as a medium to create a cycle in unison with society through the technology and quality that we have developed over the years to make society more affluent and easier to live in. The One-piece Cycle embodies the thinking of the Group.



Pursuit of High Added Value Through Proprietary Technologies

Strength 3

Value Creation
Through
Proprietary
Technologies

Proprietary technologies to meet diverse internal and external needs

Over the years, the Group has 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 issues faced by our customers and society and become a source of competitiveness for the Group.

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 March 2015 after upgrading and modernizing aging facilities. In the upgrading process, we have established a disaster-resistant supply system by implementing earthquake and tsunami countermeasures based on the assumption of the occurrence of a Nankai Trough earthquake. The plant has been transformed into one of the most environmentally friendly and competitive steel mills in Japan through the introduction of the Japan's largest class 200-ton eco-friendly high-efficiency electric furnace, to achieve low electricity consumption, operation using only inexpensive nighttime electricity by increasing steelmaking capacity, and self-sufficiency in billets for steel bars by introducing a continuous casting machine for both bloom and billets.

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

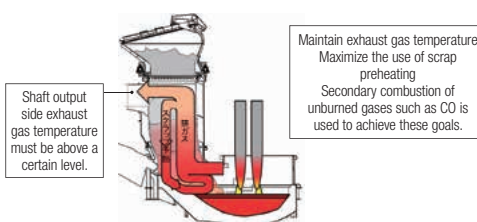
Outstanding environmental performance
World-leading heat efficiency

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).

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 improved by **4.9%**
Total energy consumption reduced by **7.7%**



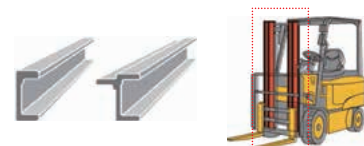
20% reduction in steelmaking costs compared to conventional equipment
Lowest cost level in Japan

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. Although deformed steel products with asymmetrical cross sections are prone to bending during the rolling process, we are able to correct the bending by having our production lines convey the special shapes.



Mast materials 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 commercial 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 commercial vehicles

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



It is the technology that increases strength, wear resistance and toughness through repeated heating and cooling based on a proprietary heat conduction analysis system. 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.

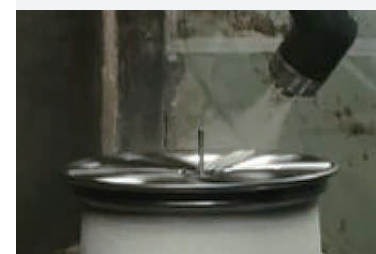


Tracks

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.

Coating technology

Responding to the diversifying needs of customers and society with our unique coating technology



Taking advantage of our coating technology that enables uniform and precise orientation of metallic particles, we are developing new paint color wheels with a premium look for high-grade vehicles, in addition to conventional chrome coated wheels. We are also actively promoting environmental friendliness by using low-temperature baking paints and improving coating efficiency.



We are developing wheels in satin, bronze, and high-gloss luster colors using our unique coating technology. We differentiate ourselves from our competitors and respond to diversifying customer needs.

Non-Financial Capital to Support Value Creation

Strengthening non-financial capital for further value creation

	 <p>Manufacturing capital</p>	 <p>Intellectual capital</p>
<p>Concept of capital</p>	<p>Production bases in Japan and overseas and highly efficient manufacturing facilities and lines</p> <p>The Group has a wide range of production bases in Japan and overseas, manufacturing products in optimal locations according to product characteristics and customer needs. We promote the supply and cross-sourcing of materials and the sharing of development and manufacturing roles among our production bases to build an efficient global production system and support the integrated production system from materials to products and the resource-recycling business model that is a characteristic of the Group.</p> <p>In addition, at each of our production bases, we are introducing highly efficient manufacturing equipment and constructing production lines to create products that are competitive in terms of both cost and environmental friendliness.</p>	<p>Proprietary technologies and know-how, and R&D for future growth</p> <p>Throughout its more than 100-year history, the Group has always been a pioneer, repeatedly taking on new challenges with originality and ingenuity, and creating diverse and creative technologies. Recently, customers have requested a wide range of products in terms of weight reduction, shape and size, and environmental friendliness, and the Group's strength lies in its ability to respond to such requests, backed by the proprietary technologies and know-how it has developed over the years.</p> <p>Furthermore, by applying these technologies and know-how, we have created new technologies, leading to the expansion of our business.</p>
<p>Strengths of capital/current status</p>	<ul style="list-style-type: none"> ● Optimal global production system (Japan and 18 production bases in 7 countries overseas) ● ECOARC™, an environmentally friendly high-efficiency electric furnace ● Crude steel production capacity of approx. 1 million tons/year ● Advanced metal sorting equipment at the Akemi Recycling Center ● Manufacturing facilities and lines based on proprietary technologies ● Capital investment 84 million yen (FY2021) 	<ul style="list-style-type: none"> ● Electric furnace steelmaking technologies ● Technology for deformed steel rolling ● Metal processing technologies ● Heat treatment technologies ● Coating technology ● Business development strategy center ● R&D expenditures 1.1 billion yen (FY2021)
<p>Related materiality</p>	<ul style="list-style-type: none"> ● Promote green of innovation ● Contribute to building a recycling-oriented society ● Contribute to society through business 	<ul style="list-style-type: none"> ● Promote green of innovation
<p>Initiatives for strengthening capital</p>	<ul style="list-style-type: none"> ● Global production bases P.10 ● Proprietary technologies P.11 ● Responding to environmental risks and contributing to the establishment of recycling-oriented societies P.43 ● Quality P.45 	<ul style="list-style-type: none"> ● Proprietary technologies P.11 ● Development of environmentally friendly products P.42 ● Technical education (development of education system) P.50 ● Intellectual property policy P.62

Non-financial capital, including technological capabilities that have been continuously refined over the 100 years since our founding and human resources that are the source of value creation, are important management resources that support the sustainable growth of the Group.

We are working to strengthen our non-financial capital for further evolution of value creation.

 <p>Human capital</p>	 <p>Social capital</p>	 <p>Natural capital</p>
<p>Diverse human resources capable of supporting sustainable growth</p> <p>We believe that our human capital is our greatest asset and that reinforcing it is the source of our value creation.</p> <p>In order to respond to rapidly changing society and technology and open the way to the future, we need human resources who can always think and act on their own initiative. We also believe that the ability to create new value comes from diverse human resources who recognize each other's differences in values, enhance organizational capabilities, and take on the challenge of achieving major goals.</p> <p>The Group is working to strengthen its human capital through human resource development and the creation of a workplace environment in which a diverse range of human resources can play an active role.</p>	<p>Trust from customers, business partners, local communities, and other stakeholders</p> <p>The Group has earned the trust of its customers by providing products and services that meet their needs. In addition, by building strong relationships of trust and cooperation with many of our business partners and alliance partners, we are able to provide a stable supply of products and services around the world.</p> <p>Moreover, coexistence with the local communities in which we operate is essential to our business activities, and each of our production bases engages in activities that contribute to the local communities in which it is located.</p>	<p>Efficient use of various resources</p> <p>The business activities of the Group are closely related to natural capital, including the use of water resources and mineral resources as raw materials for products and fuel for power generation.</p> <p>Through its resource-recycling business model, the Group contributes to the realization of a sustainable, recycling-oriented society by effectively utilizing limited resources through recycling. We also view promotion of green innovation as a materiality and promote efficient use of natural capital and environmental impact reduction through development and advancement of environmental technologies to conserve the global environment and biodiversity as well as to create economic value.</p>
<ul style="list-style-type: none"> ● Number of consolidated employees: approx. 6,000 ● Ratio of employees at overseas production bases: 44% (FY2021) ● Human resource development based on an education system ● Promotion of environmental improvement and other measures to promote diversity ● Efforts to improve ES (employee satisfaction) ● Promotion of Health Management®* 	<ul style="list-style-type: none"> ● High market share based on customer trust <ul style="list-style-type: none"> • Steel wheels for passenger vehicles: approx. 50% in Japan • Steel wheels for commercial vehicles: approx. 90% in Japan • Super-Giant Off-the-Road Rim vehicle wheels for mining dump trucks: approx. 90% in Japan and overseas • Track shoes for hydraulic excavators: approx. 70% in Japan * All of the above are actual sales shares for automobile manufacturers and construction equipment manufacturers in FY2021. 	<ul style="list-style-type: none"> ● CO₂ emissions (consolidated, Japan, FY2021) <ul style="list-style-type: none"> Scope 1 246 thousand tons CO₂ Scope 2 311 thousand tons CO₂ Scope 3 924 thousand tons CO₂ ● Environmental management system ISO 14001 certification ratio (consolidated and production sites): 75% (FY2021) ● Monthly processing capacity of the Akemi Recycling Center: approx. 4,000 t
<ul style="list-style-type: none"> ● Respect human rights ● Support for diverse human resources ● Human resource development P.50 ● Diversity P.51 ● Improvement of employee satisfaction..... P.53 ● Health and safety P.54 	<ul style="list-style-type: none"> ● Respect human rights ● Contribute to society through business ● Quality P.45 ● Supply chain management P.46 ● Ensuring fair trade P.46 ● Contribution to communities P.47 ● Respect for human rights P.49 	<ul style="list-style-type: none"> ● Promote green of innovation ● Contribute to building a recycling-oriented society ● Resource-recycling value chain P.9 ● Environmental management P.37 ● Responding to climate change P.38 ● Biodiversity preservation and chemical management P.43 ● Waste reduction and recycling P.44

* Health Management® is a registered trademark of the Institute for Health Management, a non-profit organization.

Top Message

We will continue to actively take on challenges in an ever-changing business environment and pursue what kind of company we should be in a sustainable society.

Nobuhiko Takamatsu
Representative Director, President and CEO
Topy Industries, Ltd.



Summary of the previous Medium-Term Management Plan Growth & Change

The Topy Industries Group has been implementing its Medium-Term Management Plan Growth & Change (G&C), which divides the 10-year period from FY2012 to FY2021 into three phases. When the G&C was formulated, many Japanese companies were seeking to strengthen their domestic business foundations, restructure their businesses, and strengthen their overseas operations in response to the strong yen following the bankruptcy of Lehman Brothers. The Group has also steadily implemented its plan through means such as building a framework for its business foundation and expanding its overseas production bases from 9 to 18.

However, during the three years of G&C 2021, which was positioned as a period for the full completion of G&C, the global economic environment changed drastically. Restrictions and voluntary restraints on socioeconomic activities due to COVID-19, sharp rises in steel scrap and coal prices, and significant reductions in automobile production due to supply shortages of semiconductors and other materials had a major impact on the completion of G&C 2021. Although we showed signs of recovery in FY2021, the final year of the plan, we were unable to achieve our goals in terms of earnings.

On the other hand, we were able to turn this difficult situation into an opportunity and implement more significant reforms in some areas. In the structural reform of the steel wheels for passenger vehicles business, we exceeded our initial plan to consolidate five lines at three production bases in Japan to three lines at two production bases, and we have now reduced the number of lines to two at one production bases. This is the result of our efforts to optimize demand and production capacity for the future. Similarly, in the steel wheels for commercial vehicles business, we have halved the small-lot production of products manufactured in Japan and transferred production to Indonesia.

In the new Medium-Term Management Plan TOPY Active & Challenge 2025 (A&C 2025), which started in FY2022, we aim to reap results by strengthening individual measures, utilizing the framework established and organized in G&C.

Breaking away from forecasting, we are now more than ever in need of willful action

In formulating A&C 2025 and considering the future direction of the Group, it will be necessary to consider the drastically changing global and economic environment. We are now

in a situation where we have no choice but to change our conventional way of thinking, which is to anticipate, set a course, and move toward it. In the previous era, there were strong calls for globalization, and the barriers between worlds became lower and lower. It is my understanding that the era lasted for about 15 years, during which companies could develop as long as they could forecast and construct optimal supply chains, since the entire world was operating according to the same rules. Subsequently, factors such as the conflict between the US and China triggered a change in globalization, and a wall gradually began to form. The spread of COVID-19 advanced this trend in a significant manner. Walls were also erected within the EU, and even the Japanese automobile industry, which had boasted a stable supply chain in the midst of globalization, was shaken by the resulting turmoil.

We are now entering an era in which anything can happen anywhere at any time. What is required of us in this situation is not accurate forecasts. What is important is how we act with willpower in the face of sudden changes. I believe that one of the key words in facing this challenge is sustainability. So how do we ensure sustainability? It is possible to say, "If we make a profit, we can sustain the Company." So how can we be profitable in these times that are difficult to forecast? This is the essence of the issue. The era in which it is sufficient to build a supply chain with an emphasis on price has come to an end. The rise of the nationalism for your country first mentality has led to the need for global localization, or in other words, global development based on the local location. This will be a more difficult challenge than advancing conventional globalization.

Originally, the basic premise of a company is to continue to grow and survive. I feel that we have entered an era in which we must purposely put this into words. We are determined to move forward strongly into the present and the future with a constant awareness of sustainability, which is difficult to foresee.

New Medium-Term Management Plan with the theme of sustainability

The words "Active & Challenge" in the title of our new consolidated Medium-Term Management Plan express our will as to what the Group should be in this turbulent business environment. We will contribute to the sustainability of society by evolving the framework we have established so far into the Group's strengths and solving various issues, and we will ensure the sustainable growth of the Company. In this

era when the ability to respond to change is crucial, the new Topy Industries will be a company that continues to actively take on challenges, regardless of the environment, with a strong will to change as its first priority. This is the starting point for the Topy Group, which celebrated its 100th anniversary in 2021 and began its journey into the next 100 years.

Under A&C 2025, we have formulated a business strategy, financial strategy, and sustainability strategy that consists of five key themes based on the Group's basic strategies of implementing segment management, strengthening overseas profitability, strengthening the domestic business foundation, and contributing to decarbonization. By executing these closely interrelated strategies, we are determined to regain earning power and move into the growth phase.

Segment management and strengthening overseas operations

By rethinking our existing divisional strategies from the broader perspective of segments, we will improve capital productivity and optimize our business portfolio. For example, we began specific measures in FY2021, such as establishing a new Aluminum Control Center to strengthen the aluminum wheels business for passenger vehicles, for which demand is expected to grow in the future. The Business Development Strategy Center and the Sales Department, which were newly established in FY2021, are also part of the measures we are taking to strengthen internal collaboration for segment management.

Furthermore, with regard to overseas operations, we will rebuild a business foundation that can compete locally in order to minimize the impact on the Group of changes in the business environment of Japanese customers. Already in North America, we are moving forward with efforts to increase orders from the Big Three* and are gradually achieving results in strengthening our growth foundation as a local company. The steel, automobile, and construction machinery industries in which the Group operates are among the most trusted in Japan's manufacturing industry. Having customers in these industries is a major strength of the Group and one of the advantages we see in strengthening our overseas earning power. We are planning moves to acquire a new customer base in these three industries, which are growing strongly and robustly overseas as well.

*The three major US automakers (General Motors, Ford, and Stellantis)

Strategies by segment

The strategy for each segment is to focus on leveraging the Group's strengths and strengthening its weaknesses.

In the steel segment, we will expand high value-added products based on our unique technology for deformed steel rolling, such as mast rail materials for forklift trucks, and persistently nurture strategic products such as TACoil®. The enhancement of strategic products is also being promoted in other business fields, with the percentage of strategic products growing to more than 40% of all product groups.

In the Automotive and Industrial Machinery Components

Segment, in addition to strengthening the aluminum wheels business for passenger vehicles as previously mentioned, we will continue our efforts to reduce the weight of wheels, which is increasingly required due to the shift to electric vehicles. For small-diameter wheels for compact passenger vehicles, we will focus on steel wheels, which are lighter than aluminum wheels. We believe that the world's fastest production line at the Toyokawa Factory will be an important tool in this effort. On the other hand, for high-end passenger vehicles, we use aluminum wheels to reduce weight, and the Group's aluminum wheel weight reduction technology has been well regarded by our customers. Based on these two measures, which can be considered polar opposites, we plan to respond to the shift to EVs by adding design and other forms of added value while expanding our business overseas. With regard to wheels for mining equipment and undercarriage components for construction machinery, in addition to OEM applications, which are our strength, we will also strengthen our efforts to expand sales for after-market applications and supplemental components, where the market is growing.

For the Power Generation Segment, we are considering the introduction of biomass co-firing for decarbonization, and we are also conducting tests of fuel blending for co-firing, and have reached the stage where we can judge that it is technically feasible. Although challenges remain in the stable procurement of biomass fuels, we see this as an opportunity to advance new projects and infrastructure development against the backdrop of rising electricity prices due to soaring coal prices.

We will also work to become carbon neutral by promoting energy conservation and fuel conversion in the manufacturing processes of these businesses.

Human resources development and promotion of DX strategy

The Group has identified structural reforms, operational reforms, and work style reforms as three internal reforms. Closely related to these reforms are the securing and development of human resources and the promotion of DX strategies.

Japan is currently facing a shortage of workers, and securing technical human resources is a particularly pressing issue for the manufacturing industry. In response, several years ago we introduced an internship system for university students and have been enhancing our post-hiring training system. Since the establishment of this new system, we have seen growth in our younger employees, and this growth has been well received internally. Looking back at the past, in the manufacturing industry, employees in all occupations, including administrative staff, took time to learn manufacturing and production planning. However, in the name of efficiency, that time has somehow been reduced. I believe this is where the issue of training lies. Now is the time to learn from the past and change it to fit the times while promoting training.

We will also focus on the development of DX human re-

sources. DX human resources, as defined by the Group, are those who can transcend departmental boundaries, utilize data in their own work, and bring about innovation. Moreover, in the future, they will also be able to share data with customers and suppliers. In April 2022, we established a new DX Strategy Department to lead this movement. Through the smart factories promoted under G&C 2021, we have built the foundation for DX, which is to connect and utilize data, and we will aim for transformation through the creation of innovation by utilizing this data. At the Toyokawa Factory, data visualizing the movement of production lines on a 0.1-second basis has been used to identify the causes of problems and improve operations, and this has begun to change the mindset of employees in the field. The aim of these three internal reforms is precisely this change in awareness. In an age when business as usual is no longer acceptable, it is essential to think about what one should do and to continue to devise and strive to do so. We will continue to reiterate the importance of these three reforms going forward.

Financial strategy and sustainability strategy

The financial strategy and the sustainability strategy in A&C 2025 are counterparts. In our financial strategy, we have changed our financial indices from operating profit to EBITDA. This is an indication of the Group's commitment to securing reasonable cash flow by emphasizing investment activities, rather than pursuing apparent profit and saving money. We will maintain a sound financial structure and ensure the sustainability of the Group, which is the bottom line of A&C 2025. What will be important against this backdrop is the improvement of business practices, including the formation of appropriate selling prices for products and services in light of changes in society. For example, if the Group were to sell its products at prices that unreasonably compress costs in response to social changes, this could have a negative impact on employees, suppliers, and other stakeholders, as well as on the global environment. We will work toward the ideal state for both society and the Group, with financial strategy and sustainability strategy as the two wheels of our

initiatives.

In our sustainability strategy, we have clearly stated "realization of a sustainable recycling society" in the Group Basic Philosophy from the current fiscal year, and have established the Group Basic Sustainability Policy based on this philosophy. In addition, we have identified materiality (important issues) and set KPIs and targets for them. Under A&C 2025, we will continue to implement various initiatives based on the Basic Sustainability Policy and materiality, and practice sustainability management that leverages the strengths of the Group to create new value and address social issues.

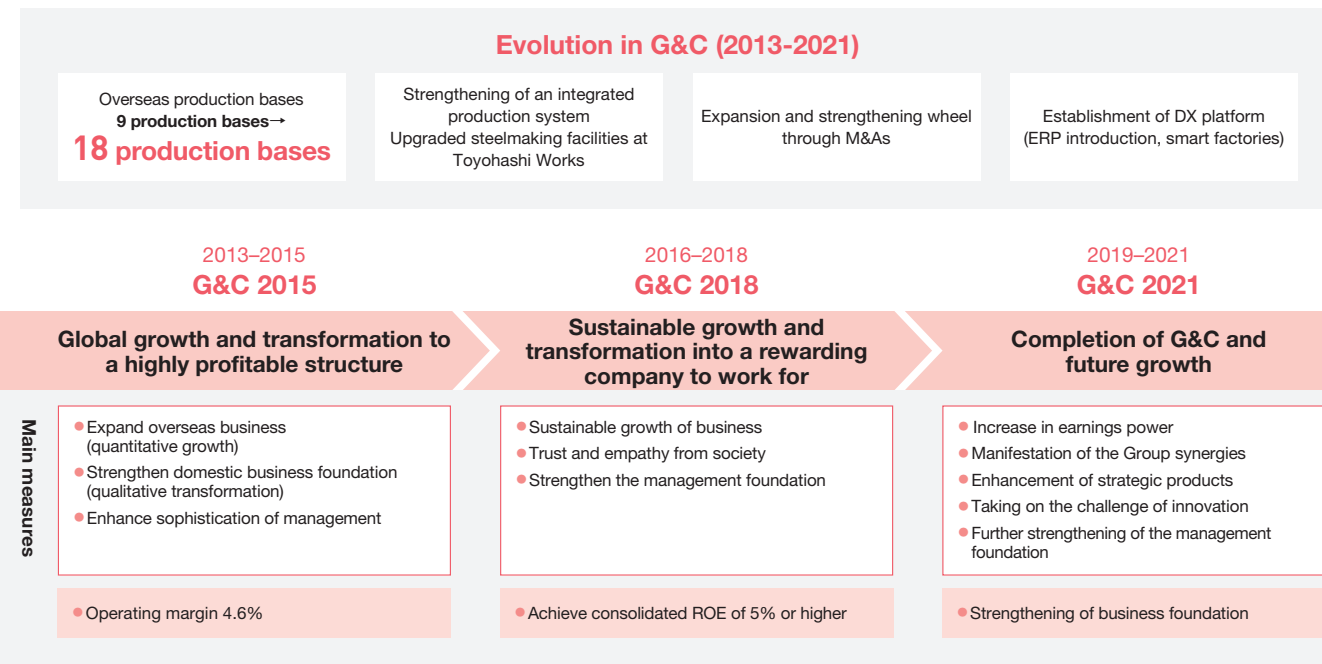
Becoming a trusted and proudly sustainable Topy Industries Group

The formulation of A&C 2025 started with the definition of vision for 2030, which was discussed with younger employees as well. The phrase "Active & Challenge" was also thought up by one of our employees. Through this process, I sensed that each and every one of our employees was beginning to think that we must change. I also accepted their desire to work for a company they can be proud of.

In 2021, the year of our 100th anniversary, the Group set out to evolve into a new Topy Industries. We are changing while preserving our 100-year tradition. We are able to carry on our traditions because we evolve with the changing times. The Group's traditions are built on a pioneering spirit and an attitude of constantly taking on the challenge to create new products. Many people have described the Group as a cheerful company, and we believe that the source of our vitality lies in our pioneering spirit of manufacturing. All of our employees are actively taking on a variety of challenges. We will use this vitality and cheerfulness as energy to create products and services with even higher added value and earn the trust of society, which we will take pride in as we move forward to the next step. By further strengthening this cycle, the new Topy Industries will achieve sustainable growth.



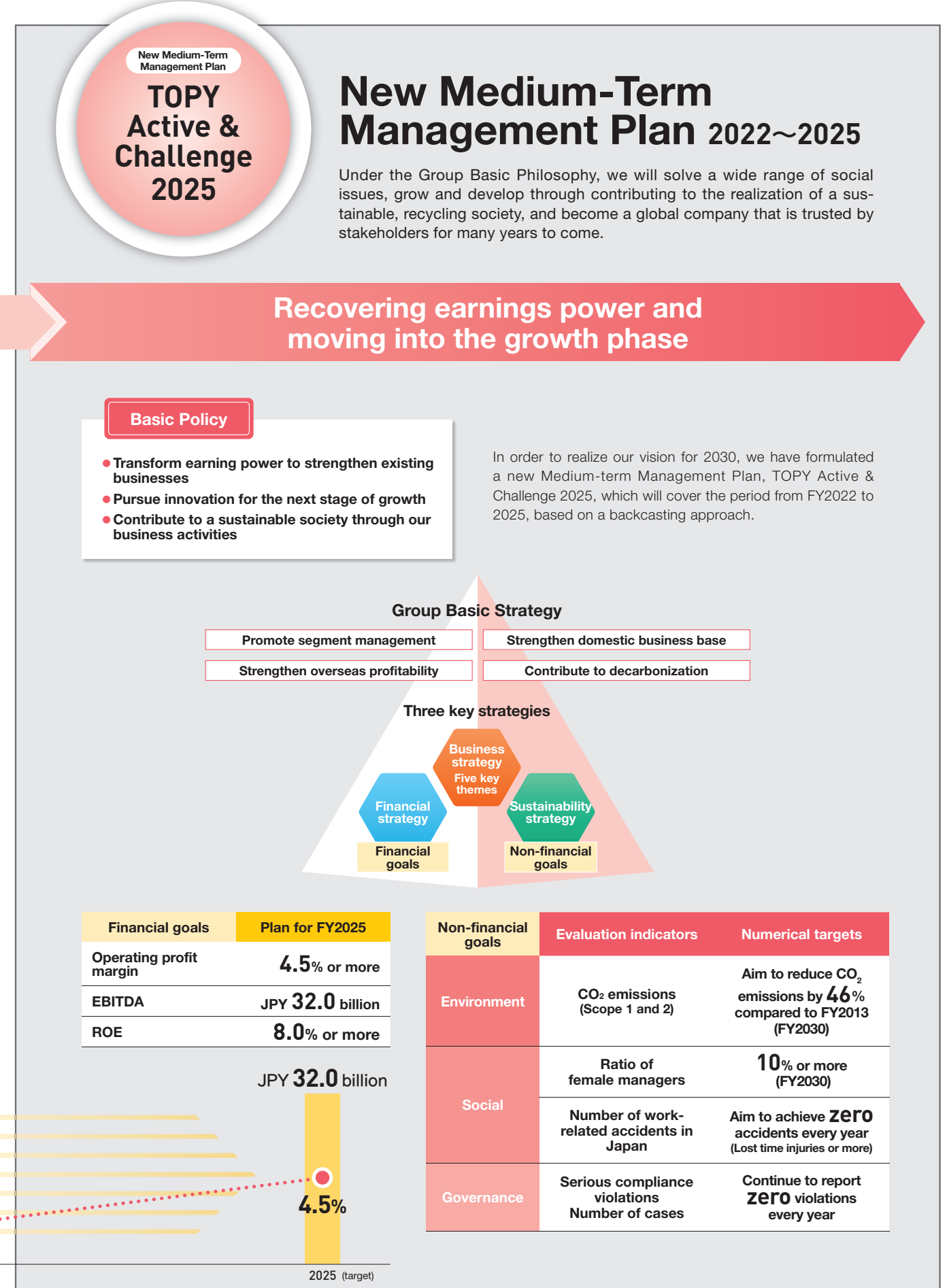
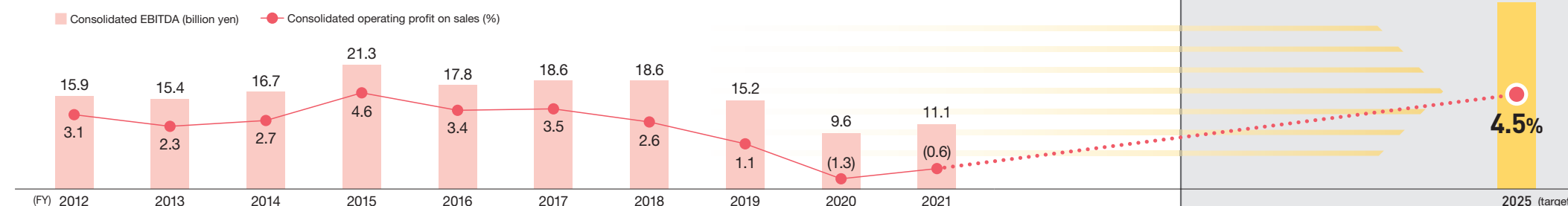
Summary of past Medium-Term Management Plan “Growth & Change” (G&C) and positioning of new Medium-Term Management Plan



Summary of the previous Medium-term Management Plan G&C 2021

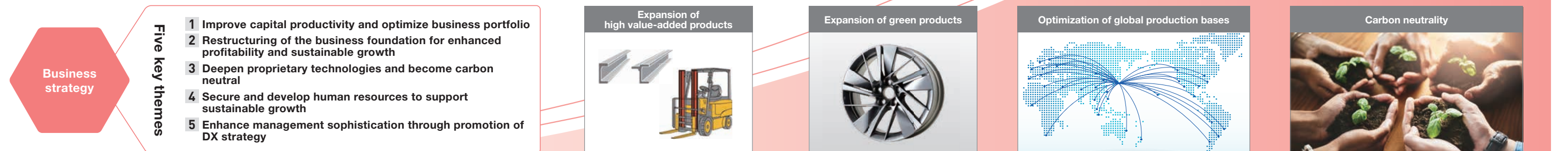
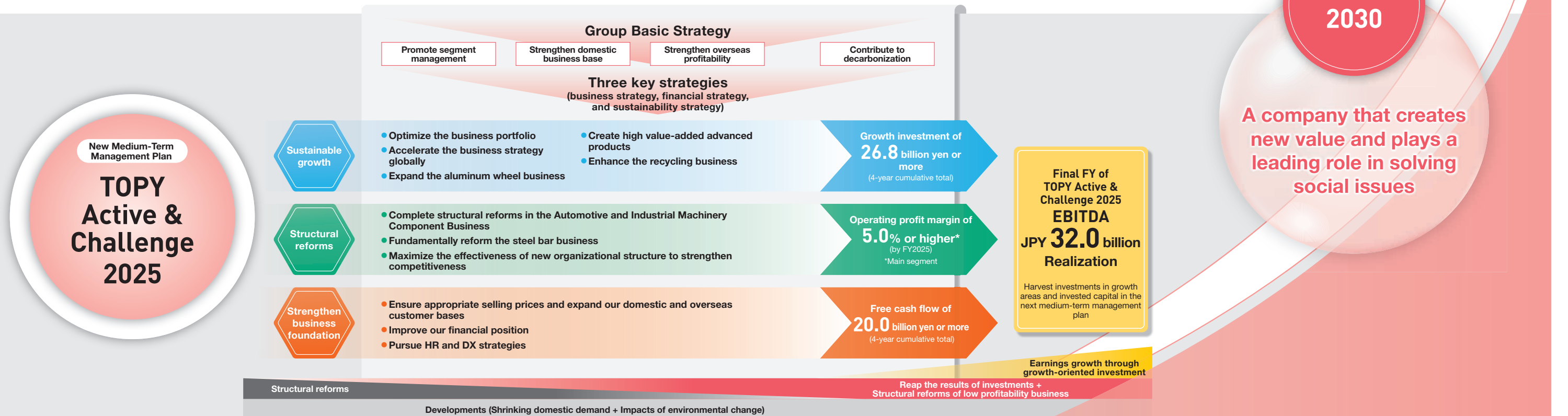
During the implementation period of G&C 2021, quantitative targets for net sales and profit were not achieved due to the impact of changes in the business environment that greatly exceeded initial expectations, including restrictions and self-restraint in socio-economic activities due to the spread of the coronavirus, a sharp rise in steel scrap and coal prices, and significant automobile production fluctuations due to supply shortages of semiconductors and other materials. Nonetheless, we made steady progress in establishing a business foundation for future growth by implementing structural reforms.

Major Topics	Evaluation	FY2021 target	FY2021 results
Increase in earnings power	Structural reforms and other initiatives to improve sales & purchase activities did not lead to achieving the goal despite our redoubled efforts. Need to further reinforce the foundation for generating earnings.	Operating profit margin 5.0%	(0.6)%
Manifestation of the Group synergies	Implemented structural reforms for steel wheels for domestic passenger and commercial vehicles. For aluminum wheels, further integrated procurement and manufacturing technologies, and established the Aluminum Business Integration Center. Established the Sales Headquarters to further increase synergies.	ROE 8.5%	0.4%
Enhancement of strategic products	Developed TACoil® and high-luminance metallic color wheels. Continued working on development of high value-added products and environmentally friendly new products.	ROA 5.7%	(0.3)%
Taking on the challenge of innovation	Promoted conversion to smart factories, and established the Business Development Strategy Center. Built a foundation for developing new products and businesses by promoting innovation and human resource development.	D/E Ratio 0.52	0.76
Further strengthening of the management foundation	Promoted sustainability and carbon-neutral initiatives under the newly organized specialized team.	Net sales JPY 320.0 billion	JPY 293.9 billion (Under the new accounting standard: 271.2 billion yen)
		Operating profit JPY 16.0 billion	JPY (1.7) billion
		Net income attributable to owners of parent JPY 11.0 billion	JPY 0.4 billion



Ideal state in 2030 and new Medium-Term Management Plan

Based on the business foundation established in the previous Medium-Term Management Plan, G&C2021, we aim to contribute to a sustainable society and further enhance our corporate value by pursuing innovation and becoming carbon neutral for the next stage of growth, while further strengthening profitability.



Financial strategy

Shinichi Kijima
Executive Vice President
Assistant to President,
in charge of Finance

Focus on free cash flow generation for investments to support future growth

The financial strategy of this Medium-Term Management Plan is investment for growth through sustainable EBITDA generation and execution of shareholder returns. We focused on securing free cash flow for investment in areas of future growth and expansion, while manifesting the results of structural reforms under the previous Medium-Term Management Plan, G&C 2021. We aim to achieve free cash flow of 20 billion yen or more by the final fiscal year of the plan. Accordingly, EBITDA was adopted as the financial target, aiming to achieve EBITDA of 32 billion yen, operating profit on sales of 4.5%, and ROE of 8% during the period of this Medium-Term Management Plan to improve capital efficiency, maximize consolidated earnings, and improve our financial position. In terms of shareholder returns, we will strive to maintain stable dividends with a target consolidated dividend payout ratio of 30-35%.

Sustainability strategy

Tsuyoshi Nakamura
Senior Managing Director
Corporate Planning Department
In charge of Sustainability Strategy

We will implement sustainability management based on our long-term goals

We regard the implementation of sustainability management as part of our growth strategy, and have established a long-term vision for sustainability, TOPY Sustainable Green Vision 2050, and formulated our sustainability strategy in this Medium-Term Management Plan. Under the Basic Sustainability Policy, we have established the Sustainability Strategy Committee and put in place an implementation system, while identifying materialities and clarifying priority issues to be addressed.

In particular, we have set long-term targets for decarbonization, and are working to develop environmentally friendly products and reduce environmental impact throughout the product lifecycle, with a view to achieving carbon neutrality by 2050. We have also established KPIs for social and governance aspects, and will implement sustainability management while managing the progress of our initiatives.

*For details about TOPY Sustainable Green Vision 2050, please visit our website.

Steel Segment

Responding to customer needs by leveraging proprietary technologies and contributing to the realization of a recycling-oriented society through the recycling of resources



Katsuyoshi Tanaka

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

Social Value of Products

Outcomes Created by Our Products

Our steel products contribute to the realization of a recycling-oriented society through the recycling of various resources, including scrap, and the use of advanced technologies to provide steel products with manufacturing processes that save energy and have a low environmental impact. In addition, our advanced design and manufacturing technologies for deformed steel products contribute to the development of sustainable, high-quality social infrastructure.

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. This enables us to have a broad and stable customer base. Recycling and energy-saving technologies using high-efficiency electric furnaces are also major strengths.

Our Business Environment

Opportunities and Risks

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-oriented society**

Risks

- **Steel demand in Japan is shrinking in the long-term**
- **Worsening of production costs due to rising prices of raw materials, etc.**
- **The price of steel scrap is rising due to increasing electric furnace steel production in Japan and overseas**

Summary of
G&C 2021

Outcomes

In addition to establishing a structure capable of manufacturing 1 million tons per year of steel products such as shapes and bars, we developed and expanded high value-added products, including the larger size (3 tons) of TACoil® steel bars for reinforced concrete and new sizes of mast rail materials for forklift trucks for export. In addition, we steadily implemented measures to strengthen our foundation, such as structural reforms, and cost improvements.

Challenges

- Strengthening our ability to handle sharp rises in prices of raw materials, energy, and secondary materials, including steel scrap
- Strengthening measures toward DX and carbon neutrality

Policies and
strategies
of the new
Medium-Term
Management
Plan

- Expansion of high value-added products
- Optimization of logistics
- Further productivity and cost improvements
- Upgrade recycling business
- Creation of new value-added products using DX

Future issues
and initiatives

We will expand high value-added products that take advantage of our proprietary technologies, such as TACoil® and mast rail materials for forklift trucks, while optimizing steel sales prices to match the cost of raw materials, energy, and secondary materials, and reforming our business practices. We will also aim to establish a highly profitable structure through means such as building a procurement system for inexpensive, high-quality steel scrap. 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.

Topic

Introduced advanced
sorting line at Akemi
Recycling Center

Akemi Recycling Center (below, "ARC"), a consolidated subsidiary with one of the largest shredder plants in Japan, has established a recycling system that minimizes waste generation by shredding waste automobiles and miscellaneous scrap into ferrous and nonferrous scrap, and utilizing shredder dust consisting of plastic and rubber as a substitute for charcoal in our electric furnaces. However, the nonferrous metals contained in shredder dust, the raw material for charcoal substitutes, affect the properties of steel, limiting its use in electric furnaces and restricting ARC's shredder production. The newly installed advanced sorting line is capable of thoroughly sorting and recovering nonferrous metals, enabling the use of coal substitutes in electric furnaces and the expansion of ARC's shredder production volume. In addition, the volume of nonferrous metals sorted and recovered, as well as the volume of sales to external customers, is expected to increase, leading to higher profit.

Automotive and Industrial Machinery Components Segment (Wheels for Passenger Vehicles)

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



Koji Nanayama

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

Social Value of Products

Outcomes Created by Our Products

By providing wheels for passenger vehicles, we support motorization around the world and contribute to the reduction of environmental burdens through improved fuel efficiency created by lightweight, aerodynamic, and quiet wheel technologies.

Core Competencies

Strengths of the Business

The Group has built a global supply system for 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. In addition, our aluminum wheels for passenger vehicles are highly valued by customers for their high design quality and lightweight technology. These strengths enable us to have a broad sales network to the world's major automakers.

Our Business Environment

Opportunities and Risks

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*¹ and MaaS*²**

*1 Connected, Autonomous, Shared/Service, Electric
*2 Mobility as a Service

Risks

- **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**
- **Rising manufacturing costs due to soaring raw material and transportation costs**

Summary of G&C 2021

Outcomes

- Consolidation of domestic production bases in the steel wheels for passenger vehicles business has resulted in an optimal production system with appropriate supply capacity to meet domestic demand for steel wheels for passenger vehicles (5 lines at 3 production bases → 2 lines at 1 production base). In addition, we promoted DX by converting our plants to smart factories.
- In the aluminum wheel for passenger vehicles business, we have promoted mutual deepening of procurement and manufacturing technologies with Group companies and established a new Aluminum Control Center in order to capture demand for aluminum wheel for passenger vehicles, which is expected to grow on a global scale.

Challenges

- Completion of structural reform of the steel wheels for passenger vehicles business in Japan
- Optimization of selling prices in response to the rising prices of raw materials, energy, and secondary materials, etc.
- Strengthening ability to respond to demand fluctuations

Policies and strategies of the new Medium-Term Management Plan

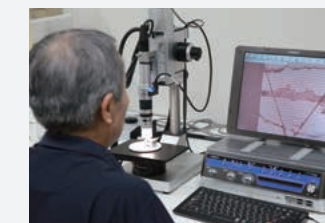
- Completion of structural reform of steel wheels for passenger vehicles
- Expansion of aluminum wheels for passenger vehicles business
- Restructuring of global production system (optimization of production bases)
- Initiatives to respond to the shift to EVs

Future issues and initiatives

We will complete the structural reforms in each business implemented under G&C 2021 to improve profitability and maximize profit by allocating management resources to the aluminum wheels for passenger vehicles business, which is expected to grow. As for our global production bases in North America, China, and other regions, we will strengthen our business by establishing an optimal production system in response to changes in the parts procurement network due to factors such as the impact of the coronavirus.

Topic

**Consolidation of
development and operation
functions of the aluminum
wheels for passenger
vehicles business**



We established the Aluminum Control Center in Kakegawa City, Shizuoka Prefecture, to consolidate the development and management functions of the aluminum wheels for passenger vehicles business. This will further promote integrated operations of the business with consolidated subsidiaries Asahi Tec Corporation and Kyushu Wheel Kogyo, Ltd. In addition, we will strengthen our ability to respond to changes in the business environment, such as the rapid shift to electric vehicles and sharp rises in the prices of raw materials and energy, and to develop and apply new technologies that meet the needs of customers and the market, in order to capture the expected growth in global demand for aluminum wheels for passenger vehicles and further increase profit.

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

Providing products and services that contribute to society on a global scale through advanced technological capabilities and innovation for the next stage of growth



Koji Takeuchi

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

Social Value of Products

Outcomes Created by Our Products

By providing wheels for commercial vehicles that support logistics, we enrich the lives of people and contribute to reducing environmental impact by improving loading efficiency and fuel efficiency through the development of lighter weight wheels. In addition, by providing wheels for mining vehicles used to extract iron ore and coal, we support mine development and contribute to industrial development and the building of social infrastructure around the world.

Core Competencies

Strengths of the Business

In wheels for commercial vehicles, we hold approximately 90% of the market share* in Japan by achieving weight reduction through advanced product development capabilities using deformed steel and flat plate materials. In addition, our production base in Indonesia is meeting the needs of automobile manufacturers for local production. In the area of wheels for mining equipment, we have earned a high level of reliability by providing the world's largest class of high-quality SGOR® wheels that can withstand the harsh conditions of mine development around the world, and we hold approximately 90% of the global market share*.

*Sales shares for automobile manufacturers and construction equipment manufacturers (new vehicle assembly)

Our Business Environment

Opportunities and Risks

Opportunities

- Global demand for commercial vehicles is expected to grow in the long-term
- Long-term expansion of demand for mining equipment in nonferrous mines due to the shift to EVs in automobiles
- Growing demand for inspection and repair business for wheels for mining machinery

Risks

- Commercial vehicle production in Japan is decreasing due to a decline in domestic demand and a shift to local production overseas
- Decrease in demand for mining equipment due to the shift to aluminum wheels for commercial vehicles toward a carbon-neutral society and decrease in demand for coal
- Restrictions on ocean transport and higher ocean transport costs due to prolonged global container shortages

Summary of G&C 2021

Outcomes

In the wheels for commercial vehicles business, structural reforms were implemented to strengthen profitability by consolidating domestic production lines, optimizing the product mix with the Indonesian production base and integrating production types, thereby reducing the number of wheel types produced in Japan by about half, reducing fixed costs, and diversifying material suppliers. In the off the road wheels business, we are strengthening frameworks for expanding sales in overseas markets and establishing an inspections and repair business in North America. With respect to product development, we expanded our high value-added products, such as Brilliant Wheels, Japan's first clear coated commercial vehicle wheels, and Evolution Type SGOR®, a new product that contributes to reducing heavy-duty work by workers at mine sites and improving the operating rate of mining equipment vehicles, which were introduced to the market.

Challenges

- Completion of structural reform of the wheels for commercial vehicles business and strengthening of price competitiveness
- Optimization of selling prices in response to the rising prices of raw materials, energy, and secondary materials, etc.
- Optimization of the product portfolio of the off the road wheels business, and sophistication and modernization of manufacturing by streamlining the manufacturing process

Policies and strategies of the new Medium-Term Management Plan

- Completion of structural reform of the wheels for commercial vehicles business (optimization of domestic and overseas production systems)
- Expansion of inspection and repair service business and commercial sales expansion system for SGOR®, ultra-large wheels for mining equipment

Future issues and initiatives

In the wheels for commercial vehicles business, we will complete structural reforms, including the transfer of some production from Japan to Indonesia, to transform the business into a highly profitable structure.

In the off the road wheels business, we will develop new markets and expand the after-sales service business, including inspection and repair services, to strengthen sales expansion in overseas markets and maximize profit.

Through valuable technological innovations that anticipate user needs, we will develop high value-added products that outperform competitors and expand our competitive product lineup.

Topic

Received SQEP Platinum certification for the 10th consecutive years from Caterpillar Inc. (US)



In the 2021 SQEP* of Caterpillar Inc. of the United States, we have been certified Platinum for the 10th consecutive year, the highest level in the wheels for mining equipment category, for meeting high standards in quality, production, delivery, and other requirements. Very few companies have received platinum certification for more than the 10 consecutive years, and we consider it a prestigious certification.

We will continue to promote improvement activities to further enhance the trust of our customers and our overall strength.

*SQEP: Supplier Quality Excellence Process
SQEP is a system under which Caterpillar annually certifies suppliers based on its own standards, and is classified into four levels: Gold, Silver, and Bronze, with Platinum as the highest level.

Automotive and Industrial Machinery Components Segment (Undercarriage Components for Construction Machinery)

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



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

Social Value of Products

Outcomes Created by Our Products

By providing undercarriage components for construction machinery, we contribute to the realization of a society in which people can live with peace of mind through infrastructure development, resource development, and housing construction in countries around the world.

Core Competencies

Strengths of the Business

We have gained high levels of trust from customers by involving them in the design process from the development stage and fulfilling our responsibility to supply high-quality undercarriage components for construction machinery that meet their needs. We have a large share of the market for hydraulic excavator tracks and their component parts, such as track shoes, and have established a global supply system by utilizing our production bases in Japan, North America, China, and Indonesia. Another one of our strengths is our efficient production system in Japan, which integrates production from materials to finished products.

Our Business Environment

Opportunities and Risks

Opportunities

- Demand for construction equipment will expand over the long term, especially in emerging countries
- Demand for smaller product models is expected to rise as emerging nations become increasingly urbanized

Risks

- Soaring prices of raw materials and marine transport costs
- Emergence of low-priced Chinese construction equipment manufacturers

Summary of G&C 2021

Outcomes

- A new track assembly line was constructed at the Toyohashi Works, enabling integrated production from materials to finished products at the works, and establishing a flexible track supply system to meet fluctuating demand and reduce logistics costs.
- We were the first Japanese company to introduce a water-soluble coating equipment for tracks, contributing to an environmental impact reduction.

Challenges

- Improve cost competitiveness by optimizing manufacturing processes and increasing productivity
- Improve profitability by developing and expanding high value-added products
- Establish a business structure less susceptible to demand fluctuations

Policies and strategies of the new Medium-Term Management Plan

- Strengthen partnerships with construction equipment manufacturers
- Enhance sales expansion system for supply parts
- Develop products and sell high value-added products

Future issues and initiatives

We will develop new products based on market and customer needs, and modernize our production facilities to enhance profitability and improve customer satisfaction. We will continue to study further ways to strengthen our ability to respond to the supplemental components market and supply systems for growth markets around the world.

Topic

Automation of track shoes loading operation using AI



We have introduced an AI-based crawler plate feeder for the purpose of automating the work of inserting track shoes on the tracks assembly line at Toyohashi Works. The device uses AI image analysis to recognize the position and front and back of the track shoes, and the robot automatically performs all picking and loading operations, thereby contributing to the reduction of worker workload and improvement of productivity. We will continue to pursue improvements in work efficiency and productivity, leading to greater customer satisfaction through improved working conditions for workers and lower costs.

Business Development Segment

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 controlling the permeation of gas and other substances as a raw material for food packaging materials.

Topic

We have unified the collective brand used for the mica business and its product lineup as TOPY MICA, seeking to further increase the status and visibility of the mica business globally. Additionally, we have created the slogan “Make Up A Life” for the mica business to spur on efforts toward achieving its business vision. This slogan embodies our strong commitment to continuously create prosperous lifestyles together using mica in various aspects of our daily lives.



Robots

Core Competencies

Strengths of the Business

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

Topic

The Japan Water Robot Research and Cleaning Association (JWRCA) used an underwater cleaning robot developed by Topy Industries to create the uninterrupted underwater method that enables cleaning and inspection of water distribution ponds without interrupting water service. This method received the Minister of Health, Labour and Welfare Award at the FY2021 Infrastructure Maintenance Awards. The method was highly evaluated for increasing the safety of work while securing hygiene of water distribution ponds without interrupting water services, for shortening cleaning time by increasing work efficiency and for enabling regular inspections and cleaning of water distribution ponds. Today, we are working alongside the JWRCA to develop a high performance underwater cleaning robot.



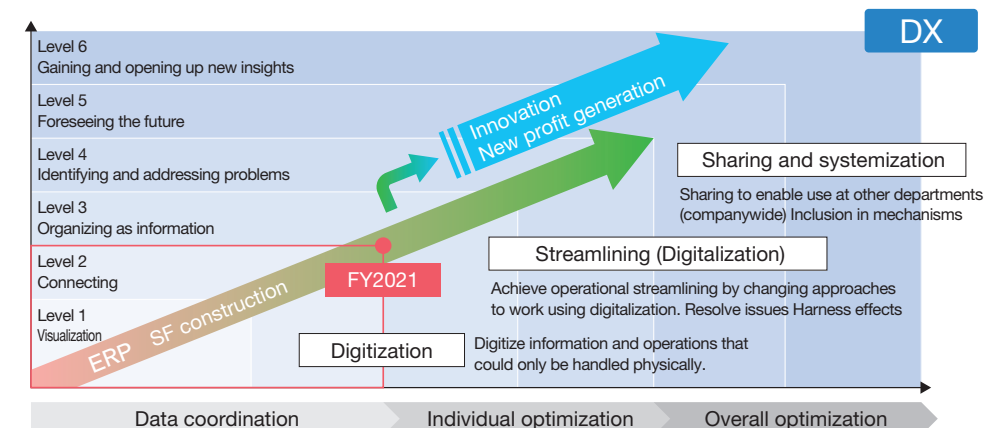
Promotion of DX

Topy Industries Group's Approach to DX

Topy Industries seeks to create new sources of profit by producing novel approaches to digital innovation, evolving its smart factories (SF) established as part of its digital transformation (DX). In June 2022, we obtained DX Ready certification from the Ministry of Economy, Trade and Industry, demonstrating our commitment that the promotion of DX is one of our most important management strategies.

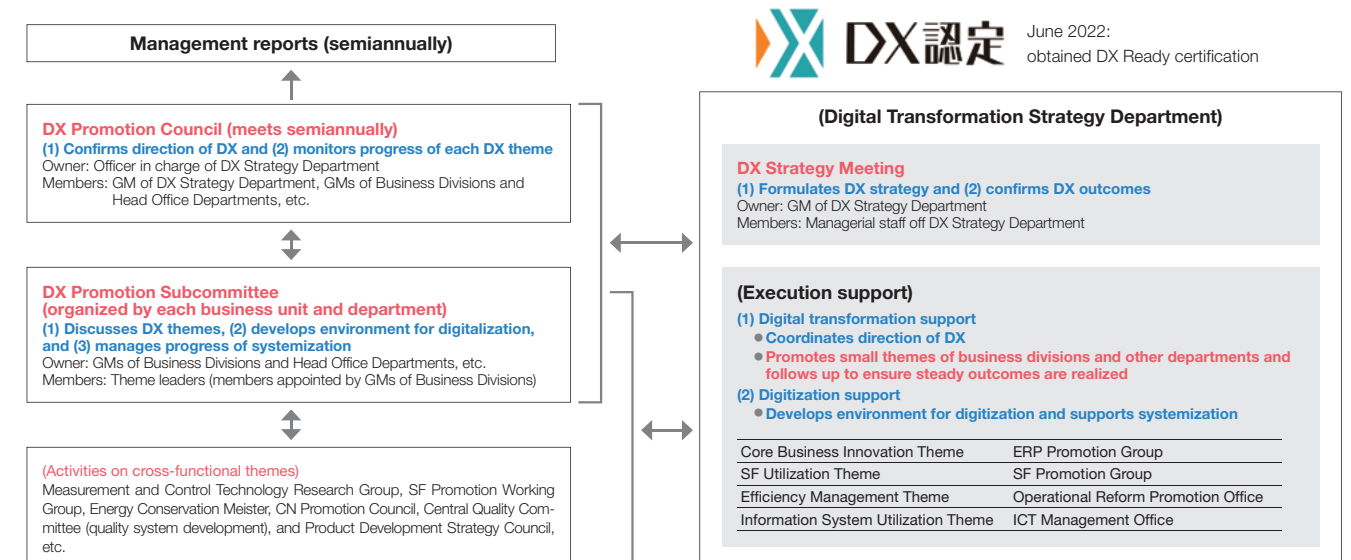
The maturity level of the Company's DX is currently level

2, which is to connect data, and we have completed building the foundation for DX. Going forward, we will use information from production and equipment operations to analyze, assess and predict changes. This will allow us to push ahead with activities in small themes with the clear goal of transitioning from individual optimization to overall optimization. We are now moving ahead with DX systematically, aiming to reach Level 6--Gaining and opening up new insight--while building up small effects over a short period of time.



Detailed Approaches to Promotion of DX

- Establish overall optimization by clarifying correlation between measures and targets
- Evaluate the effects of measures using KPIs to connect efforts to target achievement
- Shift from measures focused on conventional system development to emphasis on business measures and system utilization
- Form teams lead by departments implementing business measures (each dept. and head office dept.) to implement activities
- Newly establish the Digital Transformation Strategy Department to encourage close cooperation and collaboration with relevant departments and promote human resource development where all employees utilize data to transform their work



Basic Policy on Sustainability of the Topy Industries Group

The Group aims to be a global company that can always address the needs of the times and live up to the trust placed in it from stakeholders by resolving social issues in various areas and helping to achieve a sustainable recycling-oriented society. In October 2022, we formulated our long-term sustainability vision for the year 2050, "TOPY Sustainable Green Vision 2050."* Looking ahead, we will set our sights on contributing to a sustainable society through corporate activities and enhancement of corporate value achieved by promoting initiatives following each of our sustainability policies.

Group Basic Philosophy

The Topy Industries Group will fulfill its responsibilities as a public institution and contribute to the realization of a sustainable recycling-oriented society through the continuation and development of its business.

Group Code of Conduct

Basic Sustainability Policy

The Topy Industries Group will promote management based on the Group Basic Philosophy and aim to enhance sustainable corporate value and contribute to the sustainable development of society through the pursuit of technological innovation and the resolution of social issues.

- By continuously taking on challenge of green innovation, we will contribute to the preservation of the irreplaceable global environment and its inheritance into the future.
- We aim to realize a sustainable and prosperous future for all people involved in the business activities of the Topy Group.
- We will strive to realize sound and highly transparent management that is trusted by all stakeholders.

Policies

Human Rights Policy, Procurement Policy, Supply Chain Management Policy, Anti-corruption Policy, Intellectual Property Policy, Tax Policy

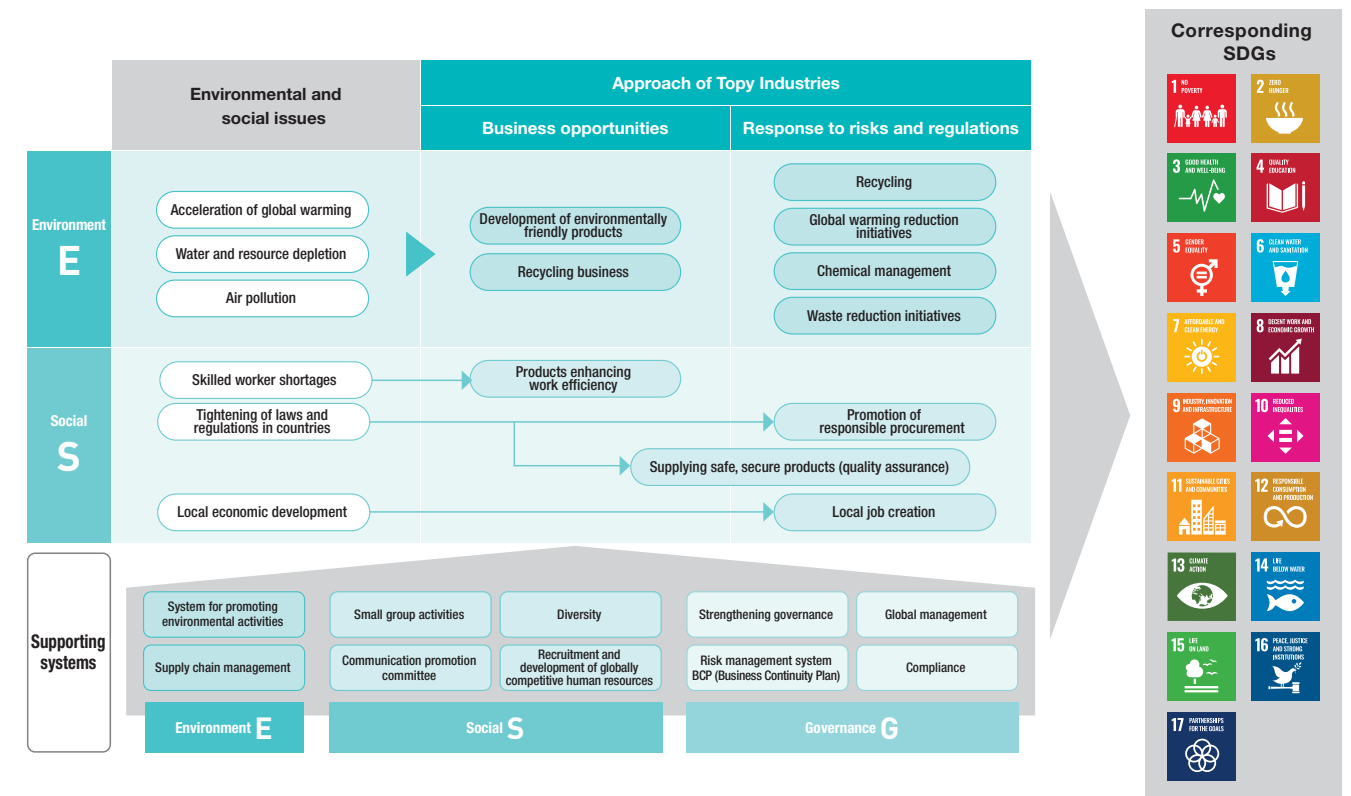
Six Materialities (Important Issues)

- | | |
|--|---|
| Promotion of green innovation | Contribution to building a recycling-oriented society |
| Respect for human rights | Support for diverse human resources |
| Contribute to society through business | Build of a solid management foundation |

*For details about TOPY Sustainable Green Vision 2050, please visit our website.

ESG Initiatives of the Topy Industries Group

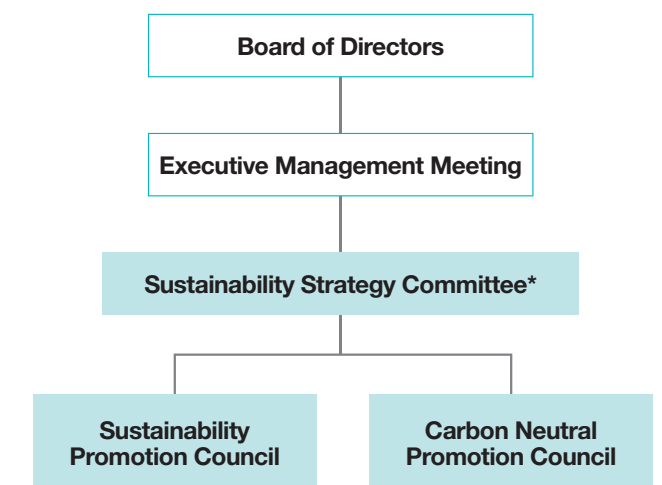
We will address environmental and social issues in terms of the unique opportunities, risks and regulatory response of the Group and ensure that the Group's activities contribute to the SDGs by promoting various initiatives supporting this response.



Promotion System for Sustainability Management

The Group has established the Sustainability Strategy Committee (chaired by a Senior Managing Director; convenes at least twice per year) in an effort to promote sustainability management.

The committee discusses and determines important matters involving formulation of basic policy and medium- to long-term strategy. It also conducts monitoring as well as reports its discussions and decisions to the Executive Management Meeting and Board of Directors for deliberation. Furthermore, we have established the Sustainability Promotion Council and Carbon Neutral Promotion Council under the committee to plan and execute specific sustainability measures while facilitating close cooperation within the Group.



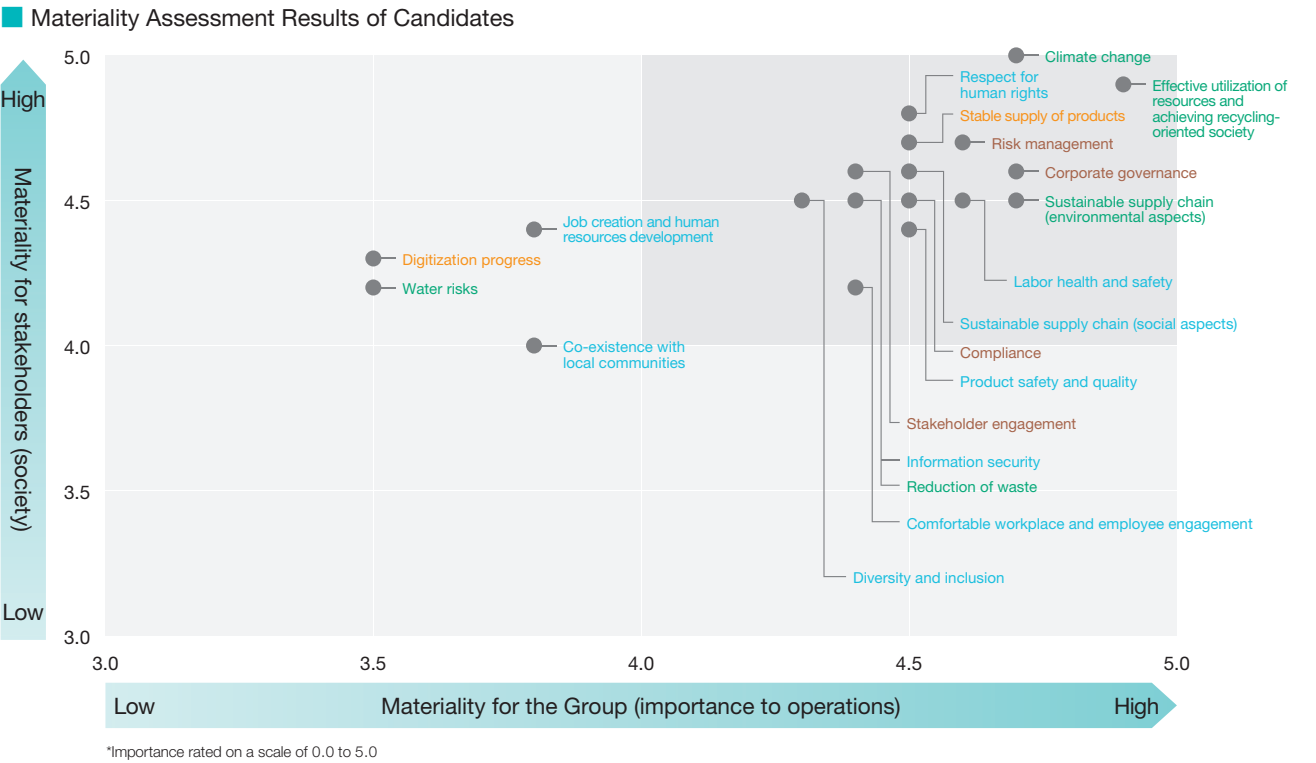
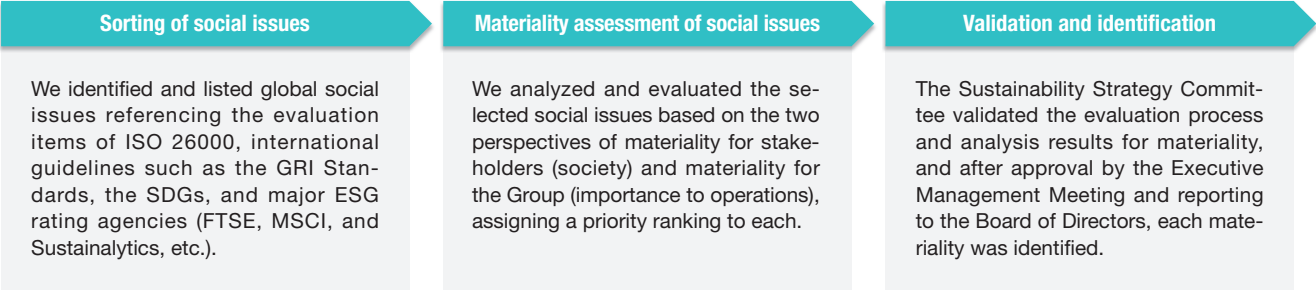
*Chairperson: Director in charge of Sustainability Strategy Department

Sustainability Initiatives of the Topy Industries Group

Identification of Materiality

The Group identified the six forms of materiality (important issues) that it should address based on discussions held by the Sustainability Strategy Committee and Board of Directors as well as the advice of outside experts. The identified materiality has been incorporated into the main measures of the Group’s Medium-Term Management Plan, and business activities are being carried out for sustainable growth based on a detailed action plan and targets.

Materiality Identification Process



Materiality, KPI, Targets, and Initiatives in Medium-Term Management Plan (TOPY Active & Challenge 2025)

Materiality (material issues)			Key initiatives	KPIs and targets	Initiatives under the new Medium-term Management Plan	Corresponding SDGs	
Environment E	Promote green of innovation	➡	<ul style="list-style-type: none">Development of environmentally friendly products (green products)Reduction of CO₂ emissionsExpanding the use of renewable energy	<ul style="list-style-type: none">CO₂ emissions (Scope 1 and 2)Energy consumption per unit	<ul style="list-style-type: none">Aim to reduce CO₂ emissions by 46% compared to FY2013 in FY2030Continuation of 1% reduction from the previous year	Conversion to power generation methods and fuels with lower CO ₂ emissions, development of environmentally friendly products and consideration of LCA.	<div><div>7</div><div>13</div></div> <div><div>9</div><div>14</div></div> <div><div>12</div><div>15</div></div>
	Contribute to building a recycling-oriented society	➡	<ul style="list-style-type: none">Reduce and recycle wastePromotion of resource recycling within the GroupBiodiversity conservationWater resource conservation initiativesChemical substance management	<ul style="list-style-type: none">Final disposal volume of industrial waste per unit of production	<ul style="list-style-type: none">Continuation of 1% reduction from the previous year	Promote in-house recycling and reduce delivery packaging wastes.	<div><div>1</div><div>12</div></div> <div><div>2</div><div>13</div></div> <div><div>3</div><div>14</div></div> <div><div>6</div><div>15</div></div>
Social S	Respect human rights	➡	<ul style="list-style-type: none">Establishment of human rights policyImplementation of human rights educationAssessment of and response to human rights risks	<ul style="list-style-type: none">Percentage of employees receiving human rights education and trainingEstablishment of human rights due diligence	<ul style="list-style-type: none">Achieve and maintain 100% every year	Accelerate initiatives to respect human rights.	<div><div>3</div><div>8</div></div> <div><div>4</div><div>10</div></div> <div><div>5</div><div>17</div></div>
	Support for diverse human resources	➡	<ul style="list-style-type: none">Global human resources developmentPromotion of diversityHealth management initiatives and promotionImprovement of engagement	<ul style="list-style-type: none">Ratio of female managersNumber of work-related accidents in JapanCertified “White 500” as a good health management corporation	<ul style="list-style-type: none">10% or more in FY2030Aim to achieve zero lost time injuries or more severe incidents every yearAim to obtain certification in FY2025	Advance diversity & inclusion and work-style reforms.	<div><div>8</div><div>12</div></div> <div><div>10</div><div>13</div></div> <div><div>17</div><div>15</div></div>
	Contribute to society through business	➡	<ul style="list-style-type: none">Customer relations (quality)Contribution through businessContribution to local communities	<ul style="list-style-type: none">Implementation of human rights educationNumber of complaints	<ul style="list-style-type: none">Continue to report zero violations every year100% in FY2022	Strengthen the quality assurance system and management system.	<div><div>11</div></div> <div><div>16</div></div>
Governance G	Build of a solid management foundation	➡	<ul style="list-style-type: none">Corporate governanceComplianceRisk management/BCPSupply chain management	<ul style="list-style-type: none">Number of serious compliance violationsBasic Sustainability Procurement Policy penetration rate	<ul style="list-style-type: none">Continue to report zero violations every year100% in FY2022	Build a foundation for the autonomous internal control system and enhance the supervisory function of the Board of Directors.	<div><div>12</div></div> <div><div>16</div></div> <div><div>17</div></div>



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

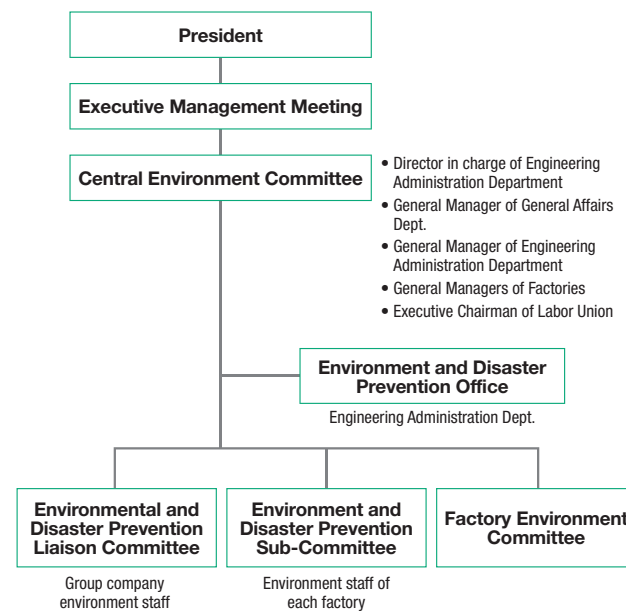
Topy Industries will remain mindful of its impact on local environments and implement measures in accordance with the needs of local communities.

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



ISO 14001 Certification Status (Topy Industries + Group companies)

		ISO14001 certification obtained
Topy Industries	Toyohashi	Apr. 1999
	Toyokawa	Nov. 1998
	Ayase	Nov. 1998
	Kanagawa	Jun. 1999
Domestic Group companies	Topy Fasteners, Ltd.	Sep. 2001
	Kyushu Wheel Kogyo, Ltd.	July 1999
	Tojitsu Co., Ltd.	Nov. 2005
	Akemi Recycling Center, Ltd.	Mar. 2006
	Ring Techs Co., Ltd.	Aug. 2002
Overseas Group companies	Topy America, Inc.	Jun. 2009
	Topy Fasteners (Thailand), Ltd.	Jun. 2021
	Fujian Topy Autoparts Co., Ltd.	Jul. 2003
	Topy Undercarriage (China) Co., Ltd.	Oct. 2017
	Topy Fastener Vietnam Co., Ltd.	Sep. 2019
	PT. Topy Palingda Manufacturing Indonesia	Dec. 2018
	Topy MW Manufacturing Mexico S.A. de C.V.	Jan. 2017
	Ring-Techs Guangzhou Co., Ltd.	Jan. 2008
Affiliates	Asahi Tec Aluminium (Thailand) Co., Ltd.	Jan. 2003
	Hokuetsu Metal Co., Ltd.	Jan. 2005



Environmental Initiatives

Response to Climate Change

Disclosures Based on the TCFD's Recommendations

Endorsement of the TCFD's Recommendations

The Group has announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Governance and Risk Management

Governance

The Group positions sustainability management including response to climate change as one of management's most important issues. A system of supervision led by the Board of Directors has been put into place for these initiatives. The promotion of initiatives to address climate change issues is covered by the Sustainability Strategy Committee (chaired by a Senior Managing Director; which meets at least twice per year,

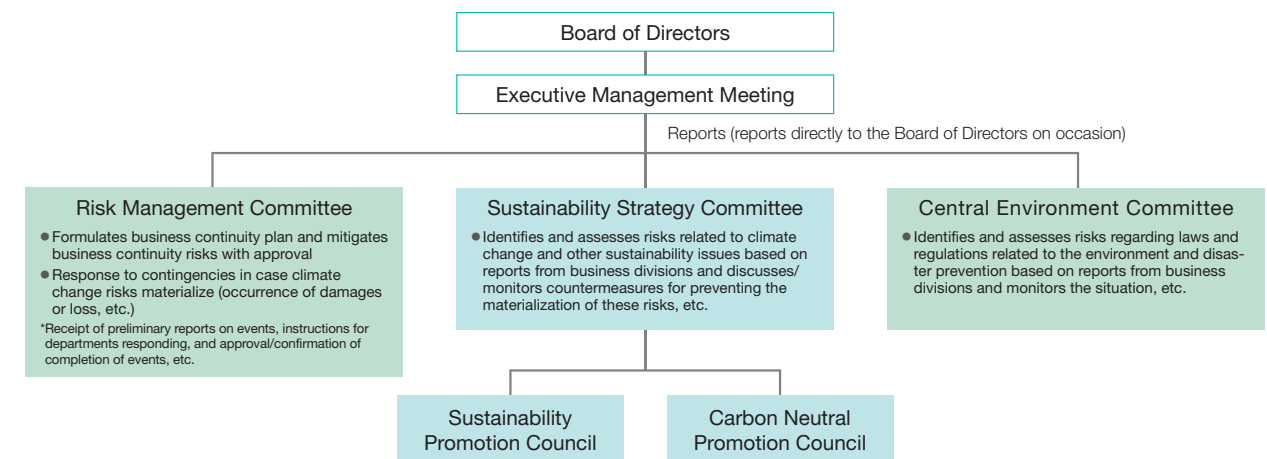
in principle). The committee formulates basic policy as well as deliberates and discusses important matters including medium- to long-term strategy. In addition to monitoring, it reports the details of its discussions and decisions to the Executive Management Meeting and Board of Directors for deliberation. Furthermore, we have established the Sustainability Promotion Council and Carbon Neutral Promotion Council under the committee to plan and execute specific sustainability measures and facilitate close cooperation within the Group.

*For details about our governance system, see Overview of Corporate Governance System on page 57.

Risk Management

The Group's environmental risks including climate change issues are managed through its ISO 14001 environmental management system and the activities of Topy Industries' Risk Management Committee, Sustainability Strategy Committee, and Central Environment Committee.

In particular, with regard to risk identification and assessment, the following committees assess risks and narrow down material risks as well as determine countermeasures and monitor the progress of such. Additionally, regular reports are made to the Board of Directors regarding material risks.



Topic Endorsement of the GX League Basic Concept

The Group believes that response to climate change issues is a material issue to be addressed by the entire Group. We are now working on initiatives aimed at carbon neutrality and reviewing a medium- to long-term strategy at specialist organizations. We announced our endorsement of the GX League Basic Concept, released by the Ministry of Economy, Trade and Industry, recognizing that it aligns with the direction of these activities.



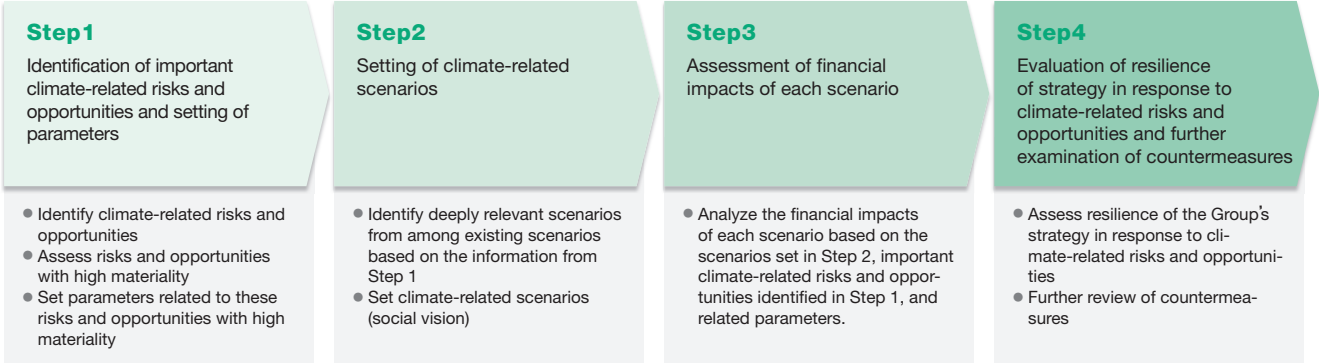
Disclosures Based on the TCFD's Recommendations

Strategy

Scenario Analysis

The Group identified, analyzed and assessed risks and opportunities based on the two scenarios where the world's temperature rises by 4 degrees or less than 2 degrees. We are now examining impacts on the Group's business activities and countermeasures.

Steps of Scenario Analysis



Referenced Scenarios

Category	Overview of scenarios	Main scenarios referenced
Less than 2-degree scenario	A scenario where policies and regulations are implemented to achieve a decarbonized society and the worldwide temperature increase is less than 2 degrees compared to before the Industrial Revolution. Transition risks are high, but there are less physical risks than the 4-degree scenario.	<ul style="list-style-type: none">IEA World Energy Outlook 2021. Sustainable Development ScenarioIEA World Energy Outlook 2020. Sustainable Development ScenarioIPCC RCP2.6, SSP1-2.6
4-degree scenario	A scenario assuming that published targets will be achieved, such as country-specific targets in the Paris Agreement. No new policies or regulations are introduced and the world's CO ₂ emissions from energy continue to increase. Transition risks are low, but physical risks are higher.	<ul style="list-style-type: none">IEA World Energy Outlook 2021. Stated Policy ScenarioIEA World Energy Outlook 2020. Sustainable Development ScenarioIPCC RCP8.5, SSP5-8.5

Resilience

After examining the resilience of the Group's current strategy, we determined that the Group's operations have a high level of resilience against climate change because operations are carried out flexibly and strategically even in case of the less-than 2-degree and 4-degree scenarios.

Business and Financial Impacts Associated with Climate Change-Related Risks and Opportunities as Well as Our Response

Risks

Category		Details	Business and financial impacts* ¹		Topy Industries Group's response	Operations* ²
			Less than 2-degrees	4-degrees increase		
Transition risk	Policy and regulation	Rising transportation, manufacturing, and CO ₂ emission costs due to carbon pricing and higher energy costs	↑	↑	<ul style="list-style-type: none">● Reduction of CO₂ emissions (~46% by 2030)● Use of renewable energy and transition of factories and offices to ZEB*³● Promotion of decarbonization in the supply chain● Enhancement of energy conservation	All
		Rising investment costs for achieving CO ₂ reduction targets	↗	↗	<ul style="list-style-type: none">● Utilization of green finance● Expand trademarks through response to CO₂ reduction	All
	Engineering	Rising costs due to response to greenification of commercial facilities	→	—	<ul style="list-style-type: none">● Utilization of green finance● Introduction and utilization of internal carbon pricing	Real Estate
		Occurrence of investment costs and running costs from fuel conversion and dual-fuel thermal power generation with biomass fuel	→	→	<ul style="list-style-type: none">● Utilization of green finance● Introduction and utilization of internal carbon pricing	Power Generation
	Market	Declining revenue caused by delayed response to low carbon products	→	—	<ul style="list-style-type: none">● Energy conservation activities based on the Act on Rationalizing Energy Use● Promotion of green procurement	Parts
		Rising procurement costs from higher demand for scrap following the shift from the blast furnace method to the electric furnace method with lower CO ₂ emissions.	↗	↗	<ul style="list-style-type: none">● Improving productivity of electric furnace method and reduction of electricity per unit of production● Increasing procurement capability (expansion of procurement regions, etc.)● Use of difficult-to-melt scrap due to improving technology	Steel
		Declining profitability and real estate values due to weaker ability of the Group's commercial facilities to attract customers caused by rising demand for greenification of commercial facilities	→	—	<ul style="list-style-type: none">● Promotion of conversion to facilities with lower energy consumption and CO₂ emissions (promotion of initiatives for using 100% renewable energy)	Real Estate
		Decreasing profitability and rising financing costs due to declining reputation caused by delays in response to climate change or lack of disclosures on response	→	→	<ul style="list-style-type: none">● Higher ESG rating from increased information disclosure on climate change response and increased dialogue with shareholders/investors	Power Generation
Physical risk	Acute	Declining revenue caused by intense climate disasters and occurrence of losses on assets, etc.	↗	↗	<ul style="list-style-type: none">● Improved resilience through re-review of and enhancement of BCP● Promotion of BCP including supply chain	All

Opportunities

Category		Details	Business and financial impacts* ¹		Topy Industries Group's response	Operations* ²
			Less than 2-degrees	4-degree increase		
Opportunities	Resource efficiency	Declining energy usage and energy costs from greater energy conservation	↗	↗	<ul style="list-style-type: none">● Expanded use of renewable energy (introduction of renewable energy power generation facilities, etc.)● Promotion of energy conservation activities	Parts
		Avoidance of carbon tax costs from initiatives to reduce carbon emissions	↗	↗	<ul style="list-style-type: none">● Reduction of CO₂ emissions(-46% by 2030)● Promotion of energy conservation activities● Transition of factories and offices to ZEB*³ from use of renewable energy	All
	Energy source	Reining in energy costs by switching to renewable energy	↗	↗	<ul style="list-style-type: none">● Transition of factories and offices to ZEB*³ from introduction of renewable energy● Enhancement of energy conservation	Steel and Parts
	Products and services	Increasing profitability from development and market launch of competitive and superior low carbon products in response to societal needs	→	→	<ul style="list-style-type: none">● Enhanced development of environmentally friendly products● Development of low carbon products as well as research and conversion to alternative materials (utilization of carbon material substitutes made by solidifying shredder dust with fewer nonferrous metal content in electric furnaces)● Promotion of green procurement● Promotion of decarbonization in the supply chain	Steel and Parts
			Market	Growing demand for electricity derived from renewable energy (in case of shift to renewable energy power sources)	→	→

*1 Business and financial impacts (anticipated single year impacts on P/L in FY2030): ↑over 10 billion yen, ↗between 1 and 10 billion yen, →and less than 1 billion yen

*2 Operations: Steel stands for Steel Business, Parts for Automotive and Industrial Machinery Components Business, Power Generation for Power Generation Business, and Real Estate for Real Estate Business

*3 Acronym for Net Zero Energy Building. A building that seeks to achieve net zero use of primary energy for an entire year.

Disclosures Based on the TCFD's Recommendations

Indicators and Targets

The Group has established long-term targets for CO₂ emissions reduction for FY2030 and FY2050 and is now working on initiatives to achieve these targets.

We are not only addressing Scope 1 + 2 by thoroughly conserving energy in the production process through the Energy Conservation Meister Program, but also addressing Scope 3 emissions 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 engineering, sales and production control functions. In this manner, we continue to tackle the challenges toward carbon neutrality by implementing these initiatives.

Targets for CO₂ emissions and results

Scope 1, 2 and 3 targets

FY2030 target

CO₂ emissions
(Scope 1 and 2)

**Aim to reduce by 46%
compared to FY2013**

(Topy Industries + Consolidated subsidiaries)

FY2050 target

CO₂ emissions
(Scope 1, 2 and 3)

**Tackling the challenge
of carbon neutrality**

(Topy Industries + Consolidated subsidiaries
in Japan and overseas)

Scope 1, 2 and 3 results

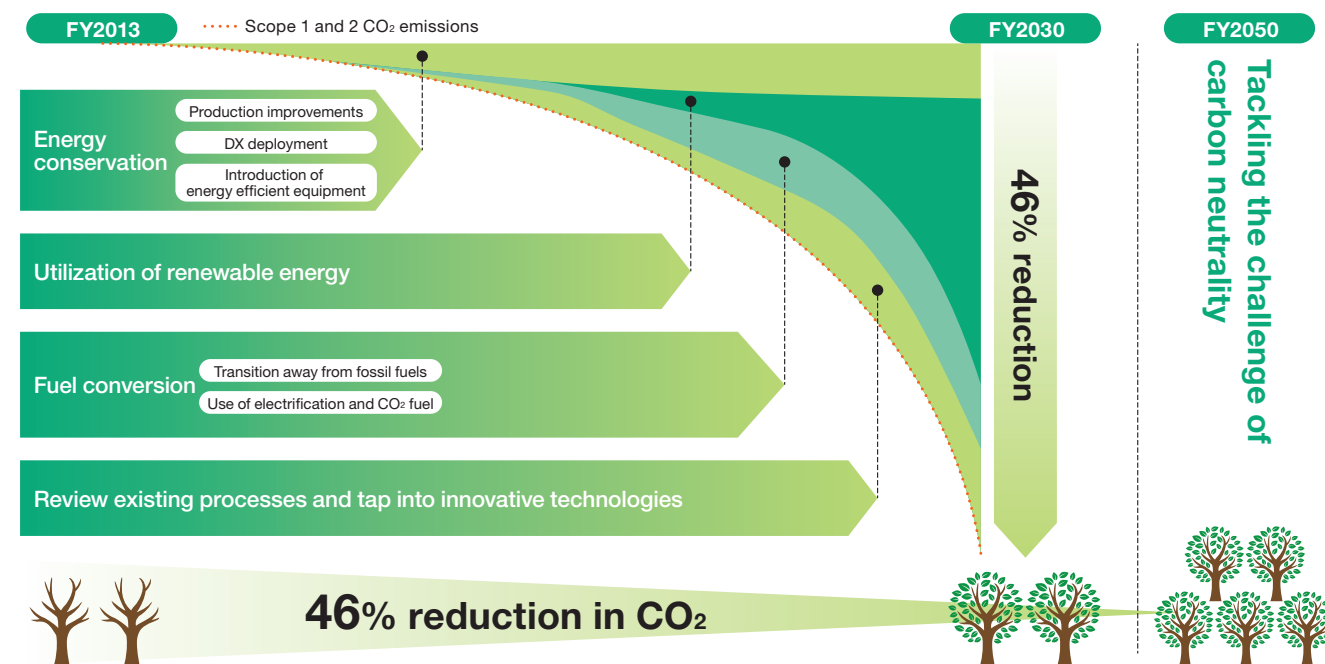
(Topy Industries + Consolidated subsidiaries)

Item	Unit	Reporting	FY2013	FY2020	FY2021
Scope 1	1,000 t-CO ₂	Consolidated	540	227	246
Scope 2	1,000 t-CO ₂	Consolidated	—	309	311
Scope 3	1,000 t-CO ₂	Consolidated	—	1,294	924

*Not including CO₂ emissions equivalent to electricity supplied externally for selling purposes as part of the Power Generation Business (FY2021: 916 thousand t-CO₂)

*Due to reviews of aggregation content, past fiscal year figures have been changed from the published value of May 2022.

CO₂ Emissions Reduction Roadmap



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 our own business activities)



Environmental Initiatives

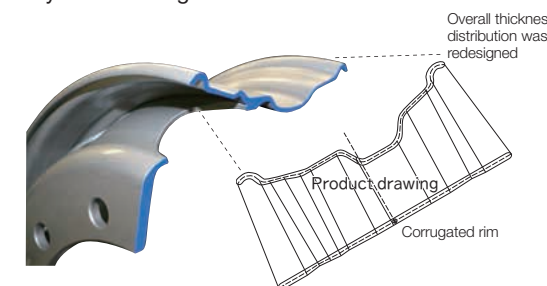
Reducing Environmental Impact through Products and Services

Development of environmentally friendly products

Lightweight Wheels

Helping to Reduce CO₂ 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 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 CO₂ emissions during material production by reducing the amount of material used, and also by reducing CO₂ 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 CO₂ emissions.

Ultra-Large Wheels for Mining Equipment [SGOR®]

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 a 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.



Acquisition of Right to Use EcoLeaf Environmental Label

Six of our products, including H-beams, have acquired the right to use the EcoLeaf environmental label certified by the Sustainable Management Promotion Organization (SuMPO). EcoLeaf is one Environmental Product Declaration (EPD) certification system that quantitatively discloses environmental information of a product throughout the course of its entire life cycle, from resource extraction to manufacturing, distribution, use and end-of-life disposal, using the life cycle assessment (LCA) method. Customers can use this system to quantitatively and objectively assess the environmental impacts of the products they use and use this as a determining factor in purchasing environmentally friendly products.





Environmental Initiatives

Responding to Environmental Risks and Contributing to the Establishment of a Recycling-Oriented Society

Biodiversity Preservation

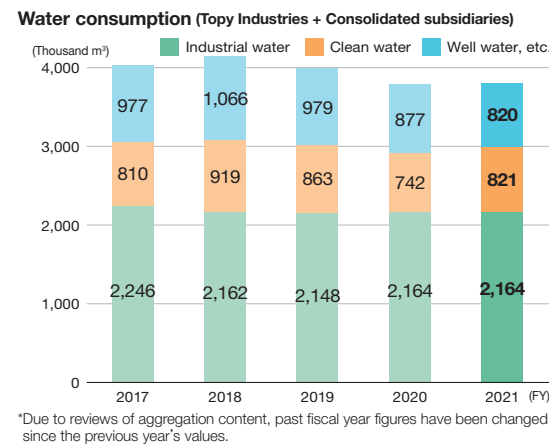
Biodiversity Initiatives

The business and manufacturing operations of the Group does 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, the Group encourages the use of paper made from domestically-produced materials and recycled paper that have less environmental impact.

Water Resource Conservation Initiatives

To conserve water resources, the Group 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.

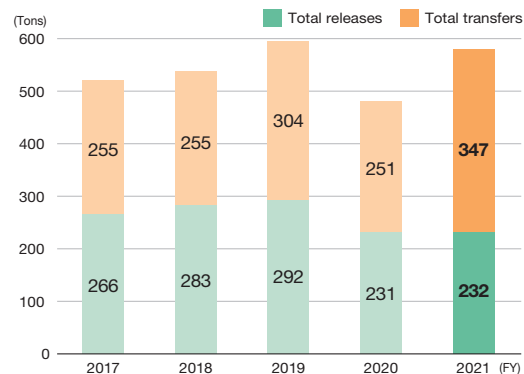


Chemical Management

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, the Group submits annual reports to the respective regulatory bodies while also using this process to continuously manage chemical substance and emission reductions.

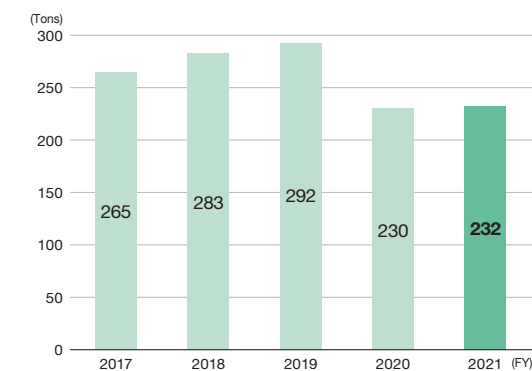
Total amounts of environmental releases and transfers of substances regulated under the PRTR Act (Topy Industries + Consolidated subsidiaries)



Air Pollution Prevention Initiatives

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

Total amounts of releases and transfers of VOC (Topy Industries + Consolidated subsidiaries)



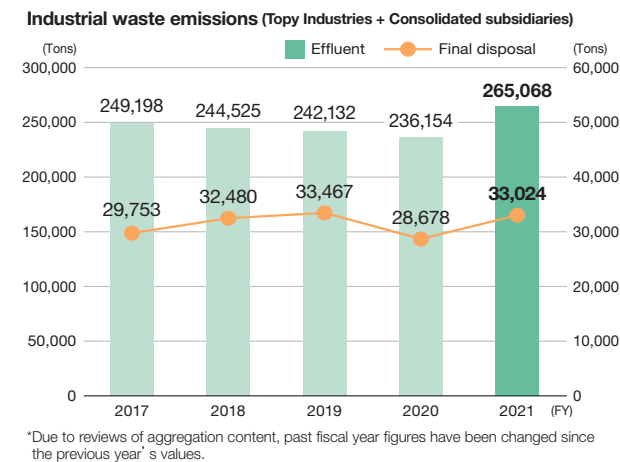
Initiatives for waste reduction and recycling

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 FY2021, the total amount of industrial waste generated by the Group companies was 265,000 tons, and the final disposal amount was 33,000 tons.

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



Effective Utilization of Electric Furnace Slag

The Group promotes the effective use of resources by recycling electric furnace slag. We sell recycled products equivalent to the amount of electric furnace slag generated.

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.

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, sieving, and mixing oxidized slag and reduced slag. 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 and Business Partners

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).

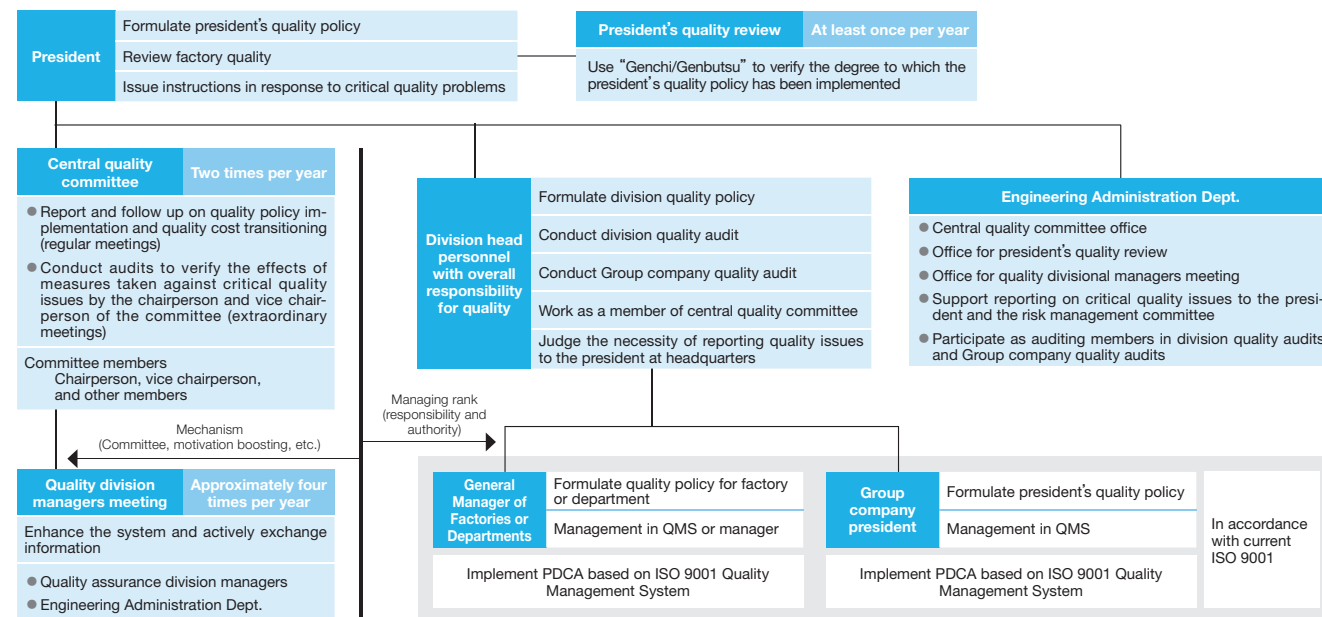
1. Always anticipate the expectations and needs of customers ahead of time, react to their requirements promptly and precisely, and continue to introduce and deliver quality products and services that satisfy customers
2. Focus on building quality in the design and development stages, and stabilize product 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 policy for FY2022 to 2023

**“Establish a quality assurance system for the next generation of new creation!
Deepen and develop initiatives without fearing change”**

—Promote centralized management and utilization of quality information from the perspective of DX to transform quality control for a new era—

Quality Management Structure



*QMS: Quality Management System

Implementation of Quality Training

The Group has established a quality management system (QMS) and provides necessary quality training to all employees involved in product quality-related operations. In addition to regular training programs on quality knowledge, skills training, and our quality policy, we offer other training options such as quality lectures on specialized subject matters and on-the-job training. Additionally, we periodically evaluate the effectiveness of our education and training programs to ensure that the curriculum it helps to improve

quality. Through these ongoing activities and by having each employee take the lead in quality, we seek to eliminate all quality-related complaints and earn the trust of customers.



Procurement and supply chain management

Basic Approach

Today, supply chains are becoming more global and complex, and response to worldwide issues such as human rights, ethics, the environment, and information security is an important issue facing all companies. Additionally, there are growing risks facing procurement symbolized by political uncertainty, bad and extreme weather, volatility in market prices and exchange rates, and leakages involving technology and confidential information. The Group must achieve procurement that can continuously support its stable and efficient production activities.

In response to these challenges, the Group established the Topy Industries Group Procurement Policy and the Topy Industries Group Supply Chain Management Policy in 2022. Following these policies, the Group builds relationships of trust and mutual understanding with all of its business partners in the supply chain and follows a high level of ethical values in building and maintaining a safe and secure supply chain with consideration for protecting human rights and the environment, which enables us to contribute to a sustainable society. At the same time, by maintaining a high level of quality, delivery and cost with suppliers, the Group is able to achieve stable and efficient production activities.

* For details about the Topy Industries Group Procurement Policy and the Topy Industries Group Supply Chain Management Policy, please see our website.

Initiatives to Build Better Business Relationships (Declaration of Partnership Building)

Topy Industries endorses the Declaration of Partnership Building created by the Council on Promoting Partnership Building for Cultivating the Future run by the Cabinet Office of Japan and the Small and Medium Enterprise Agency together with business groups. In December 2021, we announced our own Declaration of Partnership Building. Following this declaration, Topy Industries is working toward co-prosperity and new close cooperation beyond affiliations throughout the entire supply chain as well as compliance with the Promotion Standards.

Note: The Promotion Standards refer to a set of standards for maintaining desirable business practices between the subcontracting party and subcontractor. Topy Industries has set five priority areas for transaction optimization: (1) optimization of pricing methods; (2) optimization of cost burden such as mold management; (3) optimization of payment terms such as bills; (4) protection of intellectual property and know-how; and (5) prevention of any toll associated with work style reforms.



* For details about the Declaration of Partnership Building, please see our website.

Ensuring fair trade

The Topy Industries Group Corporate Code of Conduct states that we will "operate business in a fair and transparent manner under free competition." In order to conduct fair transactions in accordance with domestic laws and regulations such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

(Subcontract Act), as well as related overseas laws and regulations, we are thoroughly educating and disseminating information to employees, creating and utilizing formats for basic transactional contracts in accordance with the intent of laws and regulations, and confirming the status of compliance with laws and regulations through internal audits.

Topic

Received the Gold award in the EcoVadis (France) Sustainability Rating for the third consecutive year

For the third 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 5% of approximately 90,000 companies surveyed worldwide. EcoVadis's Sustainability 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.





Social Responsibility

Contribution to Society through Our Business

Evolution Type SGOR® Wheels for Mining Vehicles



Wheels for mining equipment

Evolution Type SGOR® wheels for mining vehicles make it possible for tire changes without having to remove the wheel from the mining vehicle, addressing the needs of mining companies to a much higher degree, including increasing the utilization rate of mining vehicles, streamlining of maintenance work, and improving safety.

- 1) Product name: Evolution Type SGOR®
- 2) Sizes: 57-inch and 63-inch
- 3) Weight: around 2 to 3 tons
- 4) Features:

- (1) Tires can be changed without removing the wheel from the mining vehicle.
- (2) This not only greatly reduces the time spent on tire changes, but also can reduce hazardous work by streamlining the work process.
- (3) The wheels completely eliminate the need for an impact wrench, mitigating the risk of vascular related neurological disorders (Raynaud's disease).



Tire change in progress
(Tires can be changed without removing the wheel from the mining vehicle)



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



Social Responsibility

Contribution to Local Communities

Support for the Shinagawa Kids' Cafeteria Network and Reduction of Food Loss

We have donated stockpiled food at our head office for disaster prevention, which will expire in one year, to the Shinagawa Kids' Cafeteria Network operated by the Shinagawa City Council of Social Welfare in Shinagawa Ward, since 2019. By donating these stockpiled foods prior to their expiration date, we not only help to prevent food loss and waste, but also provide these products to people truly in need of food. 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 and 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 and senior high schools in Toyohashi City as part of a career education program sponsored by the Toyohashi Chamber of Commerce and Industry to introduce the Group's history and businesses 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 FY2021, we hosted plant tours after instituting thorough infection control measures to stop the spread of COVID-19.



Support through Culture and Sports

Under the Group Basic Philosophy, the Group works closely with local communities to actively support culture and sports as a good corporate citizen. 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!" In FY2021, we were unable to sponsor events due to the COVID-19 pandemic, but in the future, we will consider sponsoring events or exhibitions that align with the Group's commitment.

In the field of sports, since 2018 we have become an official sponsor of the San-En Neophoenix, a member of a Japanese professional basketball league (B.LEAGUE) whose hometown is the Mikawa area where our manufacturing plant is located. We support the team together with the fans in the hope of further development of the Mikawa area as part of our active involvement in the local community. At our sponsored games, we organize a taiko drum performance by local high school students and invite students interested in basketball to attend. In this manner, sports provide various opportunities for us to get involved in the community. We will continue to engage in support activities for revitalizing local communities and other purposes.



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 FY2021, although all environmental conservation activities in Toyokawa, Ayase, and Kanagawa were cancelled due to the COVID-19 pandemic, we engaged in environmental conservation activities at the Toyohashi Works. Going forward, we will continue to actively work with local communities.





Social Responsibility

Respect for Human Rights

Respect for Human Rights

Basic Approach

The Topy Industries Group supports and respects international human rights norms such as the United Nations Guiding Principles on Business and Human Rights. In accordance with the Group's Basic Philosophy and Basic Sustainability Policy, we are also committed to respecting the fundamental human rights that all people are born with. Specifically, we will practice prohibition of discrimination, child labor, and forced labor, prevention of harassment, promotion of diversity and inclusion, and respect for fundamental rights at work.

The Group's basic philosophy concerning respect for human rights can be found in the provision on "Respect the individual character and personality of employees" in the Group Code of Conduct. In 2022, we established the Topy Industries Group Human Rights Policy defining specific approaches to our initiatives for respecting human rights, expanding the scope of the Code of Conduct beyond Group employees. Under this policy, the Group is working to ensure even greater respect for human rights.

Content of the Topy Industries Group Human Rights Policy

- Respect for fundamental human rights and prohibition of discrimination
- Prevention of harassment
- Prohibition of child labor and forced labor
- Promotion of diversity and inclusion
- Respect for fundamental rights at work
- Enhancement of education and training
- Verification, prevention, etc.
- Reinforcement of corrective and remedial mechanisms

Human Rights Training and Establishing a Culture that Respects Human Rights

The Group is working on various initiatives to increase awareness of human rights among officers and employees and establish corporate culture that respects human rights. These include holding training sessions led by outside instructors and persons in charge of human rights inside the Company, posting of internal rules related to human rights including harassment prevention guidelines to the Company intranet, and taking disciplinary action against violations of provisions on human rights in employment regulations.

In addition, we receive consultations and reports on human rights violations or suspected cases through two whistleblower hotlines: the Topy Industries Group Basic Corporate Ethics Consultation Office and the Topy Industries Group Compliance Hotline.

Compliance with labor standards on working hours and wages (Topy Industries, Ltd.)

Number of labor standards violations in FY2021	0
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Initiatives in the Supply Chain

The Group engages in business globally and has established a diverse supply chain. To facilitate global business operations, we recognize the importance of supply chain actors working closely together to address issues such as respect for human rights.

In 2022, the Group established the Topy Industries Group Supply Chain Management Policy in order to contribute to a sustainable society by fulfilling our social responsibilities in various issues within the supply chain. This policy contains provisions concerning matters on human rights and labor, and declares the Group will work on respecting human rights in the supply chain. The Group is now working to promote initiatives for respect for human rights in the supply chain by gaining the understanding and cooperation of its initiatives from suppliers to ensure it grows together with them.

In addition, we take measures to respect human rights at the contract level, such as stipulating compliance obligations with labor-related laws and regulations in our basic transactional contracts with domestic business suppliers.

We take measures to correct and remedy human rights problems in the supply chain, such as accepting consultations and reports on human rights issues from suppliers at the Group's whistleblower hotlines.

Topy Industries Group Supply Chain Management Policy: Matters concerning human rights and labor

- Respect for human rights and prohibition of discrimination
- Elimination of abuse and harassment
- Prohibition of child labor
- Prohibition of forced labor
- Complying with wages and legal benefits
- Complying with working hours
- Communication with employees (acceptance of freedom of association and right to collective bargaining, etc.)
- Human resource development
- Safe and healthy working environment
- Response to conflict minerals

* For details about the Topy Industries Group Human Rights Policy and the Topy Industries Group Supply Chain Management Policy, please see our website.



Social Responsibility

Relationships with Employees

Initiatives for Employees

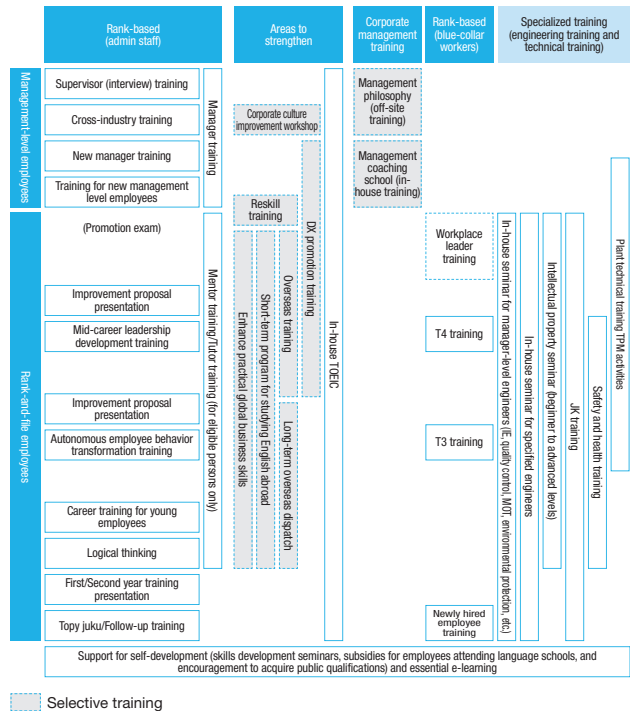
Human Resources Development

Our Philosophy and Basic Policy on Human Resources Development

The Topy Industries Group declares in Article 3 of the Group Corporate 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 System



FY2021 training results (Topy Industries)	
Number of participants: over 900 employees	
Training hours: over 10,000 hours	

New Employee Training

We conduct training (Topy juku) for university graduates recruited during the regular hiring period spanning a four-month period after joining the Company. In FY2022, we conducted Group training with due consideration given to preventing the spread of COVID-19. In addition to classroom training to learn about business content, basic knowledge of the Company as a whole, and business etiquette, the training held at the head office included a five-day training camp where new hires learned IE basics, quality control, and improvement methods thorough hands on exercises and other means.

After the training at the head office, the trainees were divided into different manufacturing sites and on-site training and improvement theme training were held. The on-the-job training saw participants learn the fundamentals of manufacturing through actual tasks at production sites, while in the improvement theme training they took part in continuous improvement activities using the methods learned at training camp under the guidance of senior workers. On the last day of Topy juku, participants reported on the achievements of improvement themes to executive management at the head office.

Managerial (Management Level Employees) Training

We also provide systematic training for managers according to their position. For newly appointed managers, we provide new manager training to understand their role as managers, learn the basics of organizational and subordinate management, and methods for solving problems in their own organizations. In addition, we conduct the Topy Management Survey, a 360-degree survey for all managers, every other year as an opportunity to foster a nurturing mindset as well as change awareness and improve behavior to strengthen management. In addition, feedback training is conducted after the survey is completed. This provides an opportunity to convey the responsibilities and mindset that the Company expects of managers.

Global HR Development

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.

Furthermore, with the aim of securing excellent overseas human resources at overseas Group companies and Topy Industries, we host internships in close collaboration with overseas universities.

To create an environment where employees can feel close

Initiatives for Employees

to globalization even in Japan and to improve their motivation to learn a second language, we have begun distributing English e-mail newsletters in-house since FY2021.

We believe that it is important to develop human resources who can respond to diversity in language, nationality, culture, values, and gender, both domestically and internationally, rather than just the idea that “global = overseas.” Going forward, we will continue to develop global human resources who not only improve their language skills, but who can also respond to diversity based on the three axes of vision, skills, and mindset.



Presentation of trainee accomplishments at Topy America, Inc.

Overview of long-term overseas training system (Topy Industries)

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



Diversity Initiatives

The Group sets “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 positions “Supporting diverse human resources” as one form of its materiality (important issues). Under our Medium-Term Management Plan, TOPY Active & Challenge 2025, too, we are implementing a number of initiatives to promote diversity as a main measure.

Status of and Approach to Appointing Managers (Executives)

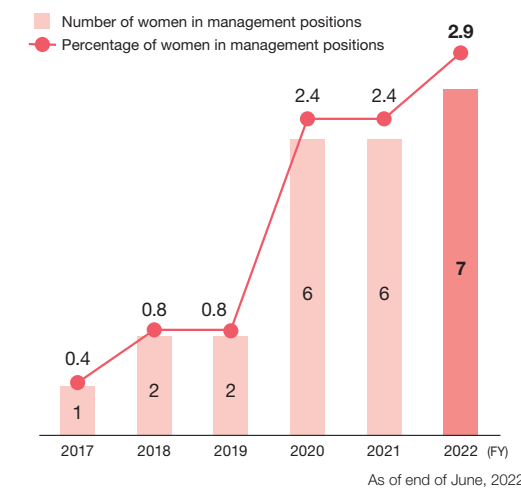
Topy Industries promotes employees to management positions (executives) based on a fair evaluation of their abilities, insight, and personality, regardless of gender, nationality, or whether they are new graduates or mid-career workers.

Regarding the percentage of women in management posi-

tions, 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.” Within our Medium-Term Management Plan starting in FY2022, we have established a target to increase the ratio of female managers in the Group as a whole to 10% or more by FY2030 (from around 5% as of March 31, 2022). To achieve this target, we are quickly developing employees who can become candidates for future managerial positions from among young and mid-career employees.

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, 2022, non-Japanese: 1.2%, mid-career hires: 26.2%).

Women in management positions (Topy Industries)



Human Resources Development Policies for Promoting Diversity and Their Implementation Status

We conduct employee education and others to ensure diversity based on our human resource development policy: “Create an organizational environment that permits diverse human resources to work actively in various ways.” Examples include training on human rights and holding seminars on different cultures focused on the home countries (Indonesia and Vietnam so far) of foreign national employees as part of building a workplace that embraces employees of different nationalities.

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.

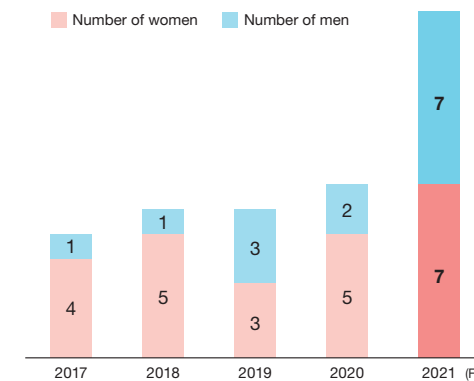
As part of our efforts to achieve this goal, we are promoting an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children with the following goals in order to enable employees to balance work and child rearing and to enable all employees to fully demonstrate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

We introduced a telework system in FY2020 and a flex-time system in FY2021. Furthermore, we plan to introduce a system where annual paid leave can be taken in hourly increments in FY2023. These systems greatly expand employees’ options to work from anywhere and at anytime. In addition, we are actively promoting our childcare leave system through leaflets and other means so that employees can balance work and childcare. 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. Specifically, to provide employees with access to flexible working hours after childcare leave so that they can balance childcare and work, we have established a childcare support system that allows employees to work shorter hours until their youngest child is in the third grade of elementary school. In addition, to ensure that all female employees can fully utilize their skillsets and play an active role, we conduct ongoing career interviews and surveys to confirm their needs and consider necessary measures.

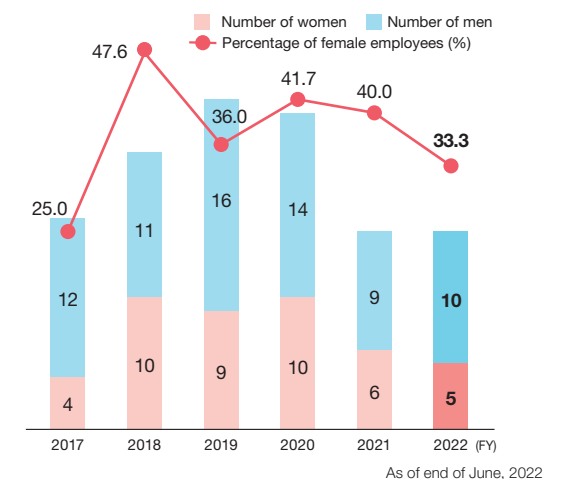
We are also expanding the scope of women’s jobs by assigning them to engineering positions and sales positions, where there were few female employees in the past.

We are currently implementing an Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the workplace with the following goals.

(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 2.48% (as of June 1, 2022), the Company is above the legal employment rate (2.3%). We are working to develop various labor environments that enable employees with disabilities and other employees to work together in the same setting. Employees with disabilities, like other employees, play an active role in a wide range of workplaces, from the manufacturing frontline at each plant to administrative departments at the head office, depending on their individual aptitude.

Since FY2021, we have been actively building relationships with schools for the disabled, and we will continue to create employment opportunities for people with disabilities and expand opportunities for them to play an active role at work.

Initiatives for Employees

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 led by young employees in 2016, and we studied and implemented more than 20 measures to improve job satisfaction.

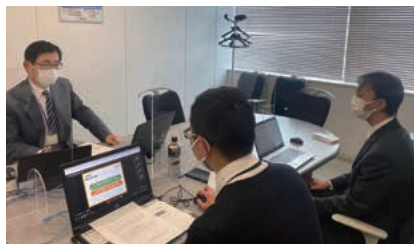
In FY2019, we renamed the Communication Promotion Committee as a project team across all divisions that focuses more on communication closely related to job satisfaction, and implemented a total of 80 measures over the three years until FY2021. Through activities to improve communication in the workplace, we aim to make the Company more attractive in a wide range of themes, and we are working on various measures such as improving job satisfaction, increasing operational efficiency, and actively sharing information among departments.

The committee provides an opportunity for various employees across divisions and generations to brainstorm ideas and work together, and it also serves as a venue for the human resource development of participating members.

Based on the results of the employee satisfaction survey conducted every year, we consider new measures and verify the effectiveness of existing measures.

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, which presents the opportunity to learn more about the Company and to think about the Company's growth as a whole. Topy Talk was held a total of five times in FY2021 with total attendance of more than 600 employees.



Topy Café (An Exchange of Opinions between Staff Employees and Skill-Based Employees (Blue-Collar))

In order to reduce misunderstandings and improve work efficiency through mutual understanding beyond the boundaries of staff and skilled (non-clerical) workers, we hold Topy Café* 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.

*The name "café" was chosen in association with providing an opportunity to talk casually over a light meal. Since FY2020 onward, the program has been conducted in a format that does not involve eating or drinking to prevent COVID-19.

List of Measures Implemented by FY2021 (Excerpt)

(1)	Mentor program
(2)	Corporate culture improvement workshop for managers
(3)	Establishment of website introducing each department
(4)	Topy Café (an exchange of opinions between staff employees and skill-based employees)
(5)	Manager meetings
(6)	Operational improvement activities
(7)	Thanksgiving activities
(8)	Women's meetings
(9)	Inter-departmental mixers
(10)	External mixers
(11)	Roundtable meeting for employees who have taken childcare or maternity leave
(12)	Discussions with managers (Topy Talk / Employee Satisfaction Improvement Meetings)
(13)	Encouraging interpersonal Greeting
(14)	Activity-Based Working (ABW) implementation
(15)	Establishment of satellite offices and communication spaces
(16)	Installation of growth support bookshelf (engagement bookshelves)
(17)	Promotion of 5S in the workplace
(18)	Improving the Company cafeteria
(19)	Re-examination of age restrictions for bachelor dormitories
(20)	Establishment of information sharing site (Topy's Pearls of Wisdom)
(21)	Installation of solo work spaces

Basic Philosophy of Safety and Health

Based on the belief that the basis of safety is health, the Topy Industries Group places safety above all else and promotes the creation of a sustainable, safe, and comfortable work environment through the participation of all employees of the Group in ongoing health promotion and essential safety activities.

Employee Health & Safety

Initiatives to Eliminate All Workplace Accidents

At Topy Industries Group, 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 report the results of statistical surveys on workplace accidents through the Company's intranet and in-house newsletters among other media, to raise the awareness of each and every employee.

[Workplace safety management: priority issues for 2022]

Creating and implementing a work environment that complies with prohibited matters	Promotion of fundamental safety activities	Improvements to safety and health training as well as follow-up
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Statistical Survey Sheet on Workplace Accidents

(Period: January to December 2021)
(Topy Industries + Domestic Group companies)

	Total working hours	Number of lost-time accidents	Frequency (%)	Severity (%)
Topy Industries, Ltd.	5,735,460	5	0.87	0.05
Domestic Group companies	5,204,635	4	0.77	1.23
Total	10,940,095	9	0.82	0.61

*Domestic Group companies include equity method affiliates.

Promotion of Health Management

Since 2020, Topy Industries has been promoting 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, as activities that directly lead to SDG 3—health and well-being for all. Going forward, the Health Promotion Council will take the lead in further enhancing initiatives for health management, with the goal of Topy Industries being selected for the White 500 Certified Health & Productivity Management Outstanding Organizations.

Health Management Declaration

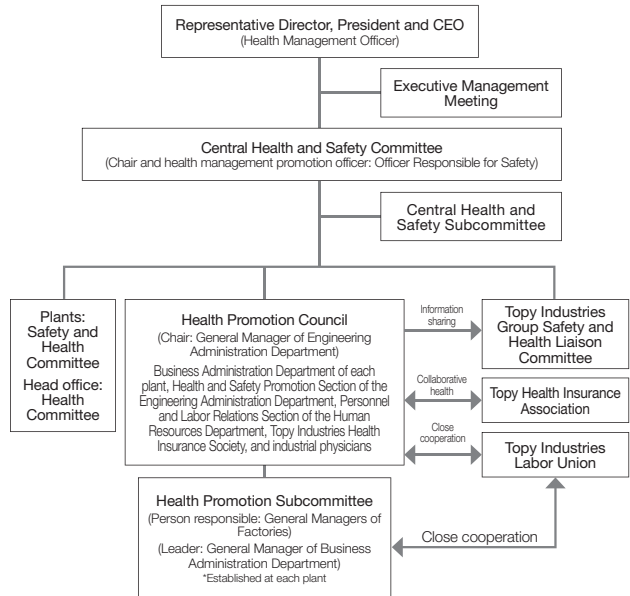
At Topy Industries, we believe that by keeping our employees healthy both physically and mentally, our workplaces are filled with smiles and vitality, and this allows employees to fulfill their potential. We declare that we will do our utmost to create a healthy work environment to further energize the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



Our Initiatives

- To reduce the smoking rate among employees, we encourage Non-smoking in separate areas during working hours and we conducted a smoking survey on all employees. The results of the most recent survey showed that the smoking rate, which had stood at 41% in 2017, has fallen to between 30% and 40%. We will continue working with the Topy Industries Health Insurance Association to raise awareness and support employees who desire to quit smoking in order to further reduce this rate.
- In addition to increasing health guidance to reduce the rate of employees with findings on their health checkups, we are working together with the Topy Health Insurance Association to provide specific health guidance, and we expect to significantly improve the uptake rate.
- We distributed the Pocket Edition Health Management Initiatives and opened a consultation desk on women's health and a chatbot consultation desk for both men and women, creating an environment where employees and their families can easily seek out consultations on their health at any time.

Health Management Promotion System





Corporate Governance

Management Team

**Nobuhiko Takamatsu**
Representative Director and President

1979 Joined Nippon Steel Corporation
2011 Executive Officer General Manager, Head of Div., Ironmaking Technology Div., 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
2022 Representative Director and President in charge of Sales (to present)

**Shuichi Tachibana**
Managing Director

1985 Joined Topy Industries, Ltd.
2018 Operating Officer, General Manager of General Affairs Dept.
2021 Operating Officer, General Manager of Undercarriage Components Div.
2022 Managing Executive Officer in charge of General Affairs, Personnel, and Risk Management
2022 Managing Director (to present)

In charge of General Affairs, Personnel, and Risk Management**Shinichi Kijima**
Director and Executive Vice President

1981 Joined Topy Industries, Ltd.
2010 Operating Officer, General Manager of Corporate Planning Dept.
2015 Managing Executive Officer, Deputy General Manager of Wheel Div.
2018 Executive Vice President and Operating Officer of Topy Enterprises, Ltd.
2018 Representative Director and President of Topy Enterprises, Ltd.
2022 Executive Vice President, Operating Officer and Assistant to the President of Topy Industries, Ltd. and Representative Director and President of Topy Enterprises, Ltd.
2022 Director and Executive Vice President of Topy Industries, Ltd. (to present)

Assistant to the President, in charge of Finance**Takeshi Kiriya**
Director

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, Development Bank of Japan
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.
2022 Director of Japan Economic Research Institute Inc. (to present)

**Masayoshi Takezawa**
Senior Managing Director

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 in charge of Technology, Business Innovation, Business Development Strategy Center, Safety, and Smart Promotion
2022 Senior Managing Director (to present)

In charge of Technology, Safety & Health, DX Strategy, and the Business Development Strategy Center**Hiroko Kaneko**
Director

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)

**Tsuyoshi Nakamura**
Senior Managing Director

1983 Joined Topy Industries, Ltd.
2016 Operating Officer, General Manager of Engineering Planning Dept.
2016 Operating Officer, General Manager of Engineering Administration Dept.
2018 Operating Officer, General Manager of Steel Div. and General Manager of Toyohashi Works of Steel Div.
2020 Managing Executive Officer, General Manager of Steel Div.
2021 Managing Executive Officer, General Manager of Corporate Planning Dept.
2022 Senior Executive Officer in charge of Corporate Planning, and Sustainability Strategy
2022 Senior Managing Director (to present)

In charge of Corporate Planning, and Sustainability Strategy**Takahiro Mikami**
Director

1982 Joined Toshiba Machine Co., Ltd.
2013 Operating Officer and Deputy Head of Mold Machinery Unit, Toshiba Machine Co., Ltd.
2014 Director and Operating Officer, Head of Mold Machinery Unit and General Manager of Sagami Plant, Toshiba Machine Co., Ltd.
2015 Director and Managing Executive Officer, Head of Mold Machinery Unit and General Manager of Sagami Plant, Toshiba Machine Co., Ltd.
2016 Director and Managing Executive Officer, Head of Mold Machinery Unit, General Manager of Administration Dept., Head of Tokyo Main Branch, and Co-head of Sales Promotion Dept., Toshiba Machine Co., Ltd.
2017 Representative Director, President and CEO and Operating Officer, Toshiba Machine Co., Ltd.
2020 Director, Toshiba Machine Co., Ltd.
2020 Advisor, Shibaura Machine Co., Ltd.
2022 Director of Topy Industries, Ltd. (to present)

**Yukihiro Ogawa**
Audit & Supervisory Board Member

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)

**Tetsuya Kawagishi**
Audit & Supervisory Board Member

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

**Koichi Sakamoto**
Audit & Supervisory Board Member

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 Councilor of Topy Industries, Ltd. and Director and CEO of Topy Undercarriage (China) Co., Ltd.
2018 Councilor to General Affairs Dept. of Topy Industries, Ltd., Audit & Supervisory Board Member (to present)

**Akio Sakai**
Audit & Supervisory Board Member

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

Managing Executive Officers

Hideki Aoyama

General Manager of Corporate Planning Dept. and Deputy General Manager of Sales Div.

Masahiro Abe

General Manager of Engineering Administration Dept.

Operating Officers

Takanori Kawano

General Manager of Internal Audit Dept.

Katsuyoshi Tanaka

General Manager of Steel Div., in charge of Steel Business

Tetsuya Sakai

General Manager of General Affairs Dept.

Koji Nanayama

General Manager of Wheel Div., in charge of Automotive and Industrial Machinery Components Business

Hideo Katsuyama

General Manager of Undercarriage Components Div., in charge of Automotive and Industrial Machinery Components Business

Masaru Yasuhara

General Manager of Sales Div.

Yoshihito Kano

General Manager of Business Development Strategy Center

Koji Kawakami

General Manager of Digital Transformation Strategy Dept.

Masatoshi Takahashi

General Manager of Aluminum Administrative Center, Wheel Div. of Topy Industries, Ltd., and Representative Director and President, Asahitech Co., Ltd.

Koji Takeuchi

General Manager of Commercial and Off the Road Wheel Div., in charge of Automotive and Industrial Machinery Components Business

As of October 1, 2022

* Directors Takeshi Kiriya, Hiroko Kaneko, and Takahiro Mikami are outside directors.
Audit & Supervisory Board Members Tetsuya Kawagishi and Akio Sakai are outside audit & supervisory board members.



Corporate Governance
Corporate Governance

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 Corporate Basic Philosophy: "Contribute to the realization of a sustainable recycling-oriented society through the continuance and development of the Topy Industries Group's business 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.

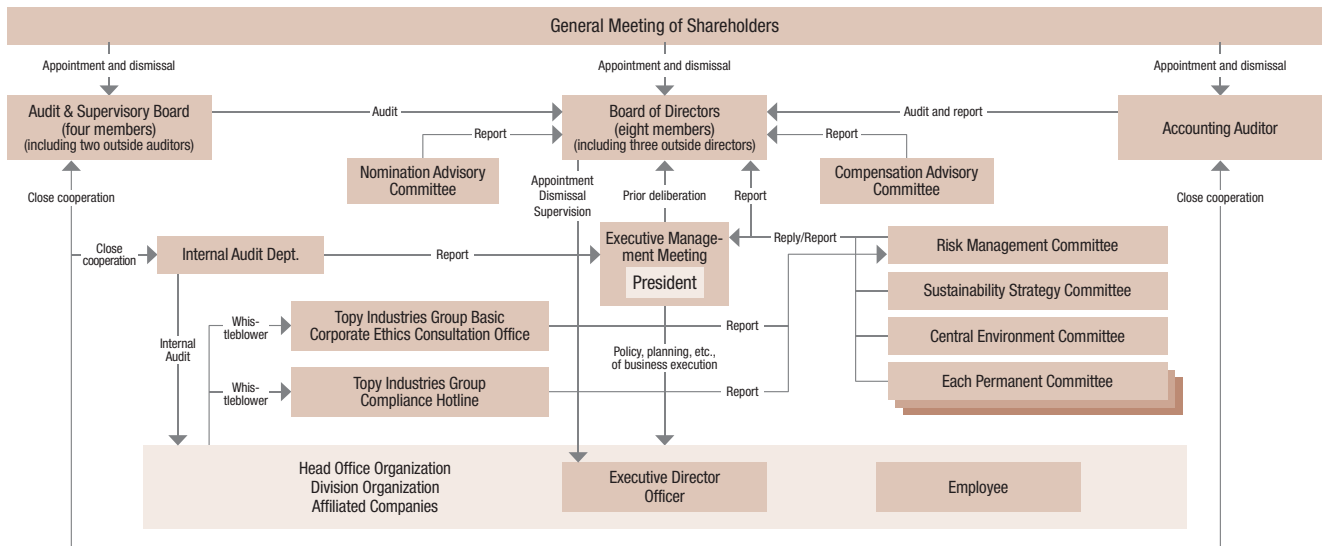
Business Execution Structure

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 three outside directors. The committee serves as an advisory body to the Board of Directors.

Corporate Governance Structure



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 three 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.

Initiatives to Increase Board Effectiveness

Composition of the Board of Directors

The Company's Articles of Incorporation state that the number of directors shall not exceed nine and the Board's composition shall include the appropriate and necessary number of directors to ensure an effective management system and substantive discussions at the Board of Directors. In order to ensure diversity and expertise among the Board of Directors Members, the Board of Directors shall be composed of persons deemed appropriate in consideration of the balance between executive directors who have excellent personality, insight, and execution skills, and are familiar with the Group's

business and outside directors in an independent position. The Company believes that it is important to appoint diverse outside directors with a high level of independence and expertise in order for outside directors to fulfill the role of advising and checking management as expected by society. In addition, outside directors include persons with executive management experience at other companies.

Directors' Skills Matrix

The following table presents skills identified as essential to directors based on the Group's management strategy along with the combination of knowledge, experience and skills of each director.

Directors' Skills Matrix

Name	Skill/Experience							
	Corporate management	Finance and accounting	Legal affairs/ Risk management	Global business operations	Human resources and labor affairs	Sales and marketing	Engineering and safety IT/DX	ESG Sustainability
Nobuhiko Takamatsu	●	◆	●	●	◆	●	●	●
Shinichi Kijima	●	●	●	◆	●	◆		
Masayoshi Takezawa	●				●		●	●
Tsuyoshi Nakamura		●			●		●	●
Shuichi Tachibana			●	●	●	●		
Takeshi Kiriya	●	●	●	●	◆	◆		●
Hiroko Kaneko			●	●				
Takahiro Mikami	●	◆	●	◆	●	●	●	

For ◆, the skills listed are as Representative Director. The listed skills of executive directors excluding representative director are limited to four.

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 the Board of Directors 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 the preparation of agenda documents for the Board of Directors.

Evaluating Board Effectiveness

Every year, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole. It then discusses issues identified as a result and strives to utilize this knowledge in improvements to the operations of the Board of Directors in the future. In FY2021, the Board of Directors enhanced overall reporting matters including the Company's approach to sustainability and newly established a venue for following up on recommendations received at the Board of Directors.

An overview of the analysis and evaluation of the effectiveness of the Board of Directors as a whole in FY2021 is provided below.

Implementation method	(1) Survey conducted of all directors and Audit & Supervisory Board Members (response rate of 100%) (2) Evaluation conducted at the Board of Directors held in May 2022 based on the survey results
Evaluation results	The composition of the Board of Directors, provision of materials and information for discussions and decision-making, and time allocation are appropriate. Discussions are multifaceted and proactive and decision-making is carried out following the Company's intended direction. As a result, the Board of Directors is functioning effectively.
Awareness of issues	Agenda items and reporting matters of the Board of Directors should be narrowed, explanations at the Board of Directors should be better devised and explanatory materials need to be further expanded, in order to further invigorate fundamental discussions at the Board of Directors by allocating more time to discussions on important management issues.

Based on this evaluation of the effectiveness of the Board of Directors, efforts will be made to review and implement specific measures required to further increase the effectiveness of the Board of Directors.

Message from an Outside Director

“I expect deepening of management through implementation of the new Medium-Term Management Plan and enhanced corporate value through human resources development”

Takeshi Kiriya
Outside Director



Message

1. Background of Appointment

In the field of corporate investment, I have been involved, either as shareholder or executive management, in a number of investee companies. I also have served as a Representative Director of a company in Japan and the U.K. This coupled with my knowledge of corporate management, finance and accounting, organization and human resources management, and global/overseas business gained through my career provide me with the broad skill set required of an independent director and member of a nomination and/or compensation advisory committee. Additionally, with my management experience at an asset management company for institutional investors and research company focusing on carbon neutrality, I am able to provide specialist knowledge in various other relevant domains.

2. Evaluation of Board Effectiveness

The effectiveness of the Board of Directors has already reached a reasonable level, and I find that further improvements have been made during my tenure. Externally, the Company has increased the number of independent directors by one and introducing a system for direct reporting from each business division to outside directors and Audit & Supervisory Board Members, and fundamentally, improvements in the quality of pre-briefings of the Board of Directors for outside directors and Audit & Supervisory Board Members (narrowing down more appropriate agenda items, clarifying points for deliberations, simplifying explanatory materials, etc.) have contributed to the enhancement and invigoration of discussions at the Board of Directors. On the other hand, there is room for improvement in terms of holding broader discussions. For example, it is desirable to enhance discussions with outside officers at an earlier stage of management plan formulation before the direction of discussions is established.

3. Assessment of New Medium-Term Management Plan

The new Medium-Term Management Plan “TOPY Active & Challenge 2025” defines the Company’s vision for 2030 and was formulated using backcasting. I believe that it was a steady planning process with high feasibility despite the large uncertainty of the external environment. In setting targets, the Company also focused on EBITDA and free cash flow as indicators directly linked to improving corporate val-

ue, and it has revised compensation for directors and Audit & Supervisory Board Members to align with these indicators. I highly evaluate these efforts, too.

In the execution of future plans, as an independent director, I would like to pay close attention to the deepening of management with a greater awareness of capital costs and business portfolio management. As a precondition to this, I expect the Company to strengthen management-led monitoring of capital efficiency for each division.

4. Medium to Long Term Expectations up to 2030

I believe the Company’s strength is its talented human resources. The strength of these human resources is evident in the Company’s excellent technical development skills and high market share. Of particular note, though, the diversity of these human resources, with differing viewpoints underpinned by the diverse business portfolio of the Company and the Group, creates resilience, which will become even more important for increasing corporate value within the future business environment of rising uncertainty.

While this diversity of human resources should lead to the emergence of innovation, the Company still has room for improvement in this area. Going forward, the key will be developing this strength of diverse human resources and enhancing communication formats between divisions in order to establish the foundation for “growth through emergence.”

Additionally, it will be important to systematically develop management human resources who will carry the torch in the future. There is no doubt that the importance of management human resources, who lead the Company forward, will grow in the future amid efforts to further upgrade the Group’s management and the expected higher degree of volatility in the economic circumstances and the social environments. In addition to increasing the number of employees in corporate management divisions, the Company should further clarify and disseminate to employees the competencies and career paths of “executive leadership” (managerial staff who formulate strategies, allocate management resources, manage subordinates, etc., as leaders of organizational units). I believe that enhancing the development and career system that enables employees to accumulate work experience and training that contributes to the cultivation of executive management and management skills from an early stage will be beneficial toward increasing corporate value over the medium to long term.

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 Composition and Performance-based Compensation for Directors

Compensation	Basic compensation		Stock-based compensation (medium- to long-term incentives)
	Fixed basic compensation	Performance-based compensation in the previous fiscal year (short-term incentives)	
Payment model	Cash	Cash	Stocks (partial cash)
Details of compensation	<ul style="list-style-type: none"> Fixed amount based on position 70% of the basic compensation 	<ul style="list-style-type: none"> This is linked to company performance and individual performance in the previous fiscal year The standard amount of this compensation is 30% of the basic compensation, varying from 0% to 75%. The portion based on the Company’s business performance ranges from 0% to 65%, while that based on individual performance ranges from 0% to 10% 	<ul style="list-style-type: none"> The amount of this compensation is linked to the level of achievement of the Medium-Term Management Plan The standard amount of this compensation is 5% of the basic compensation, varying from 0% to 10%
Performance Indicators		<ul style="list-style-type: none"> Quantitative indicators calculated according to the level of achievement of each performance indicator of consolidated EBITDA (calculated by adding consolidated depreciation to consolidated operating profit) and profit attributable to owners of parent. Qualitative indicators that take into account management activities and other circumstances are added, as necessary Level of achievement of individual mission 	<ul style="list-style-type: none"> Quantitative indicators calculated according to the level of achievement of each performance indicator of consolidated operating profit, return on equity (ROE) and return on assets (ROA)

Note: The above content concerning performance indicators covers compensation for July 2022 onward. The content of performance indicators for compensation up to June 2022 are as follows.

- Performance indicators of performance-based compensation in the previous fiscal year
One is the result of quantitative evaluation, which is calculated based on return on equity (ROE) as the key indicator, and the level of achievement of performance indicators such as return on assets (ROA), operating profit on sales, and debt equity ratio. The other is the result of qualitative evaluation, which is determined in consideration of management activities and other situations.
- Stock-based compensation
Quantitative indicators calculated according to the level of achievement of the performance indicators of operating profit and profit attributable to owners of parent.

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 in principle.

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 three 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 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 the Audit & Supervisory Board Members 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 FY2021

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)	185	147	38	—	6
Members of the Audit & Supervisory Board (excluding outside members)	49	49	—	—	2
Outside officers	44	44	—	—	5

Risk management and Compliance

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.

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 our buildings and production facilities while regularly conducting drills and other activities to cope with emergencies.

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 the Board of Directors. 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.

Compliance System

We have formulated the Group Corporate Basic Philosophy and the Group Corporate 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, our divisions that include those supervising compliance provide a range of compliance education to employees at each level of the Topy Industries Group.

Whistle-blowing System

To strengthen compliance, the Group has established offices internally and externally that accept consultations and whistleblower reports concerning general matters relating to corporate ethics from Group employees and suppliers. Consultations and whistleblower reports can be made anonymously and the confidentiality of these communications is protected. The consultant or whistleblower and cooperating parties will be protected from unfair treatment.

(Overview of whistle-blowing system)

Consultation and whistle-blowing offices	(1) Internal: Topy Industries Group Basic Corporate Ethics Consultation Office (2) External: Topy Industries Group Compliance Hotline (outside law office)
Eligibility	The Group's officers, employees and their families, former employees, and suppliers (including contractors, partners in joint ventures, and other partners)
Scope	Acts that appear to violate laws and regulations, corporate ethics, the Group Corporate Basic Philosophy, the Group Corporate Code of Conduct, or internal rules in relation to the Group's business (including violations of human rights such as harassment and child labor and matters concerning corruption such as bribery)

Audits by the Audit & Supervisory Board

Through the Board of Directors' 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.

Anti-corruption Initiatives

The Group recognizes that corrupt practices such as corruption and bribery are risk factors that could substantially damage trust. As such, the Group has established the Topy Industries Group Anti-Corruption Policy that declares the Group will not engage in any form of corrupt practices and build fair and transparent relationships with all stakeholders (customers, suppliers, community members, etc.) in order to promote sound corporate activities and business growth. The Topy Industries Group Supply Chain Management Policy also contains provisions on anti-corruption. Under this policy, we are working with suppliers to prevent corrupt practices.

In addition to establishing rules, we are also promoting op-

erational anti-corruption initiatives, such as providing anti-corruption training to Group officers and employees and establishing a system for accepting consultations and whistle-blower reports at the Group's whistleblowing offices on suspected corrupt practices such as corruption and bribery.

* For details about the Topy Industries Group Anti-Corruption Policy and the Topy Industries Group Supply Chain Management Policy, please see our website.

Tax Compliance and Governance

Under the Group Corporate Basic Philosophy, the Group complies with laws and regulations, their spirit, and the Group Corporate Code of Conduct in all corporate activities. With regard to taxation, we believe that it is necessary to increase tax transparency for various stakeholders. Toward this end, we have established the Topy Industries Group Tax Policy, which sets forth compliance and governance related to taxation.

* For details about the Topy Industries Group Tax Policy, please see our website.

Intellectual Property Compliance and Governance

In 2022, we established the Topy Industries Group Intellectual Property Policy. This policy positions intellectual property as a tool that supports the sustainable growth of our business, defines it as including know-how not limited to patents, promotes stricter management, and creates innovative intellectual property strategies by visualizing, analyzing, and utilizing intellectual properties. Under this policy, the Group strives to create intellectual property and improve compliance and governance related to it.

* For details about the Topy Industries Group Intellectual Property Policy, please see our website.

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 will 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.



Financial Results Briefings Held in FY2021

Date	Details	Number of participants
November 24, 2021	2Q financial results briefing	26 members Streaming views: 570
May 25, 2022	Full-year financial results briefing	20 members Streaming views: 558

* Streaming views represent data as of September 6, 2022.

Initiatives to Vitalize General Meetings of Shareholders

In order to further revitalize the General Meeting of Shareholders as a place for communication between the Company and shareholders and investors, and to facilitate the exercise of voting rights, we are working on the following: (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, and (4) Preparation of notices to convene general meetings of shareholders in English (summary).

Diversifying Information Dissemination Methods (Utilization of Social Media)

In order to disseminate information to a broader audience, we are working to diversify information disclosure methods using social media. In February 2022, we established our Social Media Policy, which sets out the attitudes and behaviors to be observed in the use of official social media accounts and we launched our official Twitter account. This account disseminates a variety of information centered on news releases and recruitment information.

* For details about our Social Media Policy, please see our website.

* For an overview of our official Twitter account, please see the back cover.

Our History

Founder of Miya Steelworks
Toshihide Kozuma

▶ 1921

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

▶ 1922

Miya Steelworks succeeded in hot-rolling of steel sash bars

▶ 1926

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

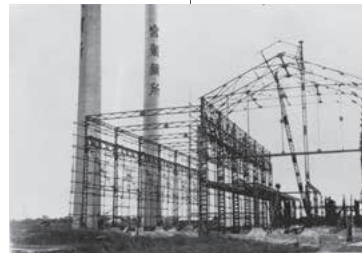
▶ 1930

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

▶ 1934

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

▶ 1936

Open hearth furnace plant under construction
at Miya SteelworksToyohashi Steel Mill Plant
at Toto Steel Mfg., Co., Ltd.Signing ceremony for the merger
of four companies

Topy Corporation



Kimi to Boku Hall at Toyohashi Works



Logo mark for the 100th anniversary



▶ 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

▶ 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. (current 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&D center) was opened at Toyohashi Work

▶ 1977

Sales of synthetic mica started

▶ 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 commercial vehicles at Ayase Factory
Ultra-large wheels for mining equipment [SGOR®] 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

Akemi Plant of Toyokawa Factory commenced operation

▶ 1991

Kimi to Boku Hall was completed at Toyohashi Works

▶ 1992

Kurate 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 at all production sites

▶ 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

▶ 2021

100th anniversary

2021

Consolidated Financial Performance for the Past 11 Years

Fiscal year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Results (Fiscal year) (Million yen)											
Net sales	240,534	226,912	234,682	237,677	215,872	208,237	230,462	286,227	263,305	225,121	271,178
Operating profit (loss)	10,554	6,990	5,308	6,422	10,000	7,180	7,997	7,505	2,851	(2,943)	(1,706)
Ordinary profit (loss)	7,304	6,234	4,485	6,037	8,806	6,116	8,034	9,357	3,597	(575)	(1,401)
Profit (loss) before income taxes	6,118	5,842	4,249	4,476	4,681	10,897	7,933	10,345	1,741	856	1,790
Profit (loss) attributable to owners of parent	3,918	3,409	1,914	2,360	1,700	7,191	5,500	7,114	(4,497)	578	386
Capital expenditure	8,982	20,477	25,458	20,374	8,815	9,874	12,132	25,100	13,397	10,371	8,429
Depreciation and amortization	9,310	8,957	10,086	10,315	11,321	10,631	10,599	11,110	12,332	12,515	12,775
Research and development costs	1,271	1,212	1,519	1,202	1,059	1,137	1,131	1,096	1,115	1,057	1,107
Financial Position (End of fiscal year) (Million yen)											
Total assets	212,828	208,781	232,714	252,456	231,583	223,050	248,102	284,198	254,659	264,672	282,195
Shareholders' equity	82,389	89,522	94,363	106,187	98,893	103,951	108,959	111,304	102,732	107,428	112,657
Net assets	83,096	91,258	96,219	107,941	99,973	104,853	109,859	112,362	103,800	108,385	113,703
Interest-bearing debt	58,091	53,534	62,453	77,516	70,070	55,831	61,096	79,676	76,782	81,075	86,035
Cash Flows (Fiscal year) (Million yen)											
Cash flows from operating activities	16,010	16,770	7,251	19,440	19,346	10,130	10,780	11,725	16,206	5,730	(5,528)
Cash flows from investing activities	(7,703)	(14,770)	(17,478)	(29,141)	(7,529)	(1,016)	(5,861)	(20,835)	(16,048)	(8,931)	(2,609)
Cash flows from financing activities	(4,983)	(4,997)	7,538	13,157	(8,391)	(16,861)	1,834	15,936	(6,461)	3,668	3,527
Per Share Information (Yen)											
Net profit (loss) per share	165.20	143.76	80.76	99.65	71.80	303.90	234.25	302.85	(191.42)	24.70	16.61
Dividends per share	40	40	20	40	60	80	80	90	40	20	20
Financial Indices (%)											
Operating profit margin	4.4	3.1	2.3	2.7	4.6	3.4	3.5	2.6	1.1	(1.3)	(0.6)
Return on equity	4.8	4.0	2.1	2.4	1.7	7.1	5.2	6.5	(4.2)	0.6	0.4
Equity ratio	38.7	42.9	40.5	42.1	42.7	46.6	43.9	39.2	40.3	40.6	39.9
Number of employees at period end [Average number of temporary employees not included in the above]											
	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]	5,897 [779]

* 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 FY2011.

For detailed financial data, please see the Securities Reports page on our website.

Non-Financial Highlights

Environment

	Unit	Reporting scope	2017	2018	2019	2020	2021
Environmental management system							
ISO 14001 acquisition rate	%	Consolidated* ¹ Production base	63%	67%	71%	71%	75%
Greenhouse gas emissions							
Scope 1	t-CO ₂	Consolidated* ² (Partially excluded)	236,779	235,010	216,985	226,647	246,208
Scope 2	t-CO ₂	Consolidated (Partially excluded)	356,083	352,839	324,360	308,952	311,483
Scope 3	t-CO ₂	Consolidated Japan (Partially excluded)	—	—	—	1,294,158	924,492
Energy use							
Energy consumption	TJ	Consolidated (Partially excluded)	10,864	10,951	10,439	10,552	11,249
Water intake							
Total city water supply and industrial water	Thousand m ³	Consolidated	3,056	3,081	3,012	2,906	2,985
Groundwater intake volume	Thousand m ³	Consolidated	977	1,066	979	877	820
Water discharge							
Total water discharge	Thousand m ³	Consolidated	2,074	2,206	2,055	1,819	1,869
Waste							
Recycling volume	t	Consolidated	230,391	222,304	221,721	217,248	248,521
Waste emissions	t	Consolidated	249,198	244,525	242,132	236,154	265,068
Chemical substances							
Emissions of substances regulated under the PRTR Act* ³	t	Consolidated Japan	266	283	292	231	232
Transfers of substances regulated under the PRTR Act	t	Consolidated Japan	255	255	304	251	347
Total amounts of releases and transfers of VOCs* ⁴	t	Consolidated Japan	265	283	292	230	232
Pollutants							
Air pollutants - NOx (nitrogen oxides)	t	Consolidated Japan	175	166	158	189	146
Air pollutants - SOx (sulfur oxides)	t	Consolidated Japan	189	135	124	85	92

*1 Items whose scope is presented as "consolidated" cover consolidated subsidiaries unless otherwise stated. However, environmental items do not include Asahi Tec North America, Inc. and Guangzhou Asahi Dongling Research & Development Co., Ltd.

*2 Items presented as "partially excluded" do not include figures equivalent to electricity related to power transmission sold outside the Company as a power generation business.

*3 Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

*4 Volatile organic compounds

Social

	Unit	Reporting scope	2017	2018	2019	2020	2021
Employee composition* ⁵							
Number of employees - consolidated	Persons	Consolidated	5,034	6,241	6,181	6,153	5,897
Number of employees - male - consolidated	Persons	Consolidated	4,137	5,079	5,021	4,974	4,742
Number of employees - female - consolidated	Persons	Consolidated	897	1,162	1,160	1,179	1,155
Ratio of females - consolidated	%	Consolidated	18%	19%	19%	19%	20%
Managerial staff composition							
Total number of managers - consolidated	Persons	Consolidated	654	713	742	739	721
Number of managers - male - consolidated	Persons	Consolidated	634	679	707	700	685
Number of managers - female - consolidated	Persons	Consolidated	20	34	35	39	36
Ratio of female managers - consolidated	%	Consolidated	3%	5%	5%	5%	5%
Total number of managers - non-consolidated	Persons	Non-consolidated	241	247	256	255	248
Number of managers - female - non-consolidated	Persons	Non-consolidated	1	2	2	6	6
Ratio of female managers - non-consolidated	%	Non-consolidated	0.4%	0.8%	0.8%	2.4%	2.4%

Recruiting							
Number of university graduates hired - men	Persons	Non-consolidated	41	39	38	44	40
Number of university graduates hired - women	Persons	Non-consolidated	5	15	9	11	10
Number of mid-career hires - men	Persons	Non-consolidated	42	43	25	14	8
Number of mid-career hires - women	Persons	Non-consolidated	4	4	4	1	0
Ratio of mid-career hires	%	Non-consolidated	50%	47%	38%	21%	14%
Average years of service							
Men	Years	Non-consolidated	19	19	19	19	19
Women	Years	Non-consolidated	13	13	13	13	13
Composition of persons with disabilities							
Employment rate of persons with disabilities* ⁶	%	Non-consolidated	2.2%	2.3%	2.4%	2.4%	2.5%
Use of leave programs							
Average ratio of days of paid leave taken	%	Non-consolidated	72%	74%	82%	67%	76%
Average number of days of paid leave taken	Days	Non-consolidated	14	14	15	13	15
Employees using childcare leave	Persons	Non-consolidated	5	6	6	7	14
Employees using family care leave	Persons	Non-consolidated	0	1	0	0	0
Social contribution spending							
Donations	Million yen	Non-consolidated	1.8	5.4	1.9	1.0	0.4
Workplace accidents and illnesses* ⁷							
Frequency rate of lost work-time workplace accidents (employees)	Cases/1Mh	Consolidated Japan	1	1	1	1	1
Number of fatalities (employees)	Cases	Consolidated	0	0	0	0	1
Number of workplace accidents	Cases	Consolidated	19	19	12	11	15
Number of workplace accidents	Cases	Consolidated Japan	10	6	6	8	11

*5 Items related to employees in "society" cover full-time employees in Japan, unless otherwise stated.

*6 Includes employees on fixed-term labor contracts.

*7 Does not include Asahi Tec North America, Inc. and Guangzhou Asahi Dongling Research & Development Co., Ltd. However, equity method affiliate Hokuetsu Metal Co., Ltd. is included.

Includes workplace accidents that occur at Group business sites, including partner companies, regardless of the attribution of the victim.

Governance

	Unit	Reporting scope	2017	2018	2019	2020	2021
Board of Directors							
Number of male directors	Persons	Non-consolidated	7	6	6	6	6
Number of female directors	Persons	Non-consolidated	0	0	0	0	1
Number of outside directors	Persons	Non-consolidated	2	2	2	2	2
Number of designated independent officers among outside directors	Persons	Non-consolidated	2	2	2	2	2
Number of non-executive directors or independent directors	Persons	Non-consolidated	2	2	2	2	2
Number of outside members with industry experience or non-management members	Persons	Non-consolidated	0	0	0	0	0
Number of Board meetings	Times	Non-consolidated	18	17	16	17	18
Attendance rate at Board meetings	%	Non-consolidated	100%	100%	100%	100%	100%
Average term of office of directors (covers directors in office as of the fiscal year end)	Years	Non-consolidated	2.9	1.8	1.9	1.9	2.1
Audit & Supervisory Board							
Number of Audit & Supervisory Board Members	Persons	Non-consolidated	4	4	4	4	4
Number of outside Audit & Supervisory Board Members	Persons	Non-consolidated	2	2	2	2	2
Number of Audit & Supervisory Board meetings	Times	Non-consolidated	17	16	16	15	16
Average attendance rate at Audit & Supervisory Board meetings	%	Non-consolidated	100.0%	100.0%	100.0%	100.0%	100.0%
Nomination and Compensation Committees							
Number of Nomination Advisory Committee meetings	Times	Non-consolidated	3	3	3	3	3
Number of Compensation Advisory Committee meetings* ⁸	Times	Non-consolidated	2	2	3	4	3
Compliance and risk management							
Number of whistle-blower reports and consultations	Cases	Consolidated	17	15	7	8	14

*8 Only meetings on determining the compensation of directors. Meetings on review of the compensation system are held separately.

Major Subsidiaries & Affiliates

Company name	Head office location	Capital (million 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, 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	331 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	35.1	(1.3)
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.	Yingde 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) 21.2	(0.2)

*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 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.
*6 Non-consolidated subsidiaries and non-equity-method affiliates are not listed.

As of March 31, 2022

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 12,205

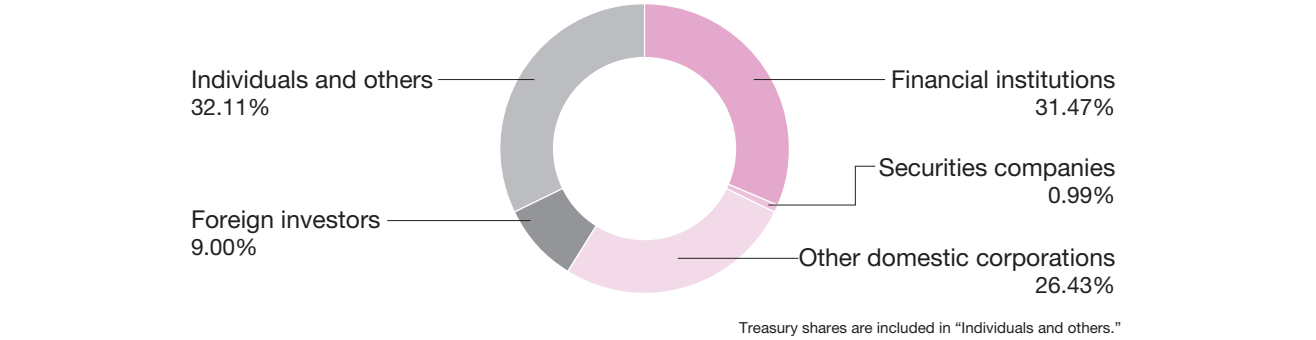
* Since April 4, 2022, the Company's shares have been listed on the Prime Market of the Tokyo Stock Exchange and the Premier Market of the Nagoya Stock Exchange.

Top 10 major shareholders

Name	Number of shares held	Shareholding ratio (%)
Nippon Steel Corporation	4,818,264	20.92
The Master Trust Bank of Japan, Ltd. (trust account)	2,232,500	9.70
Topy Fund Business Association	1,158,110	5.03
Meiji Yasuda Life Insurance Company	975,134	4.23
Mizuho Bank, Ltd.	787,802	3.42
Employee Shareholding Association of Topy Industries Group	725,031	3.15
Custody Bank of Japan, Ltd. (trust account)	621,676	2.70
DFA Intl Small Cap Value Portfolio	428,000	1.86
Resona Bank, Limited	413,605	1.80
Sompo Japan Insurance Inc.	374,600	1.63

Notes: 1. Topy Industries, Ltd. owns 1,050,785 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 (special account management institution) Sumitomo Mitsui Trust Bank, Limited 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, 2022