

## chapter 3

### TOMY Group's Sustainability

# How to Achieve Our Sustainability?

To continue to realize the dreams of children and all people, we need to promote sustainable business activities. The only way to do this is to strike a balance between a sustainable society and growing our Group business. We have set a sustainability vision of “become friends with children around the world” and are pleased to share some of the initiatives we are working on in the areas of environment, society and governance to achieve our vision.





## TOMY Group's Sustainability

Creating a sustainable society through co-creation with stakeholders

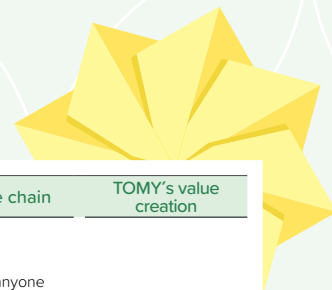
### Become friends with children around the world








To contribute to a world in which "Leave No One Behind" is achieved as pledged in the SDGs, "Become friends with children around the world" was developed as the TOMY Group's sustainability vision.

Toward achieving our sustainability vision, we will work to form a prosperous society through business activities based on the spirit of coexistence and coprosperity that has been handed down since our founding and create new value in "asobi."

# Co-creation with Stakeholders



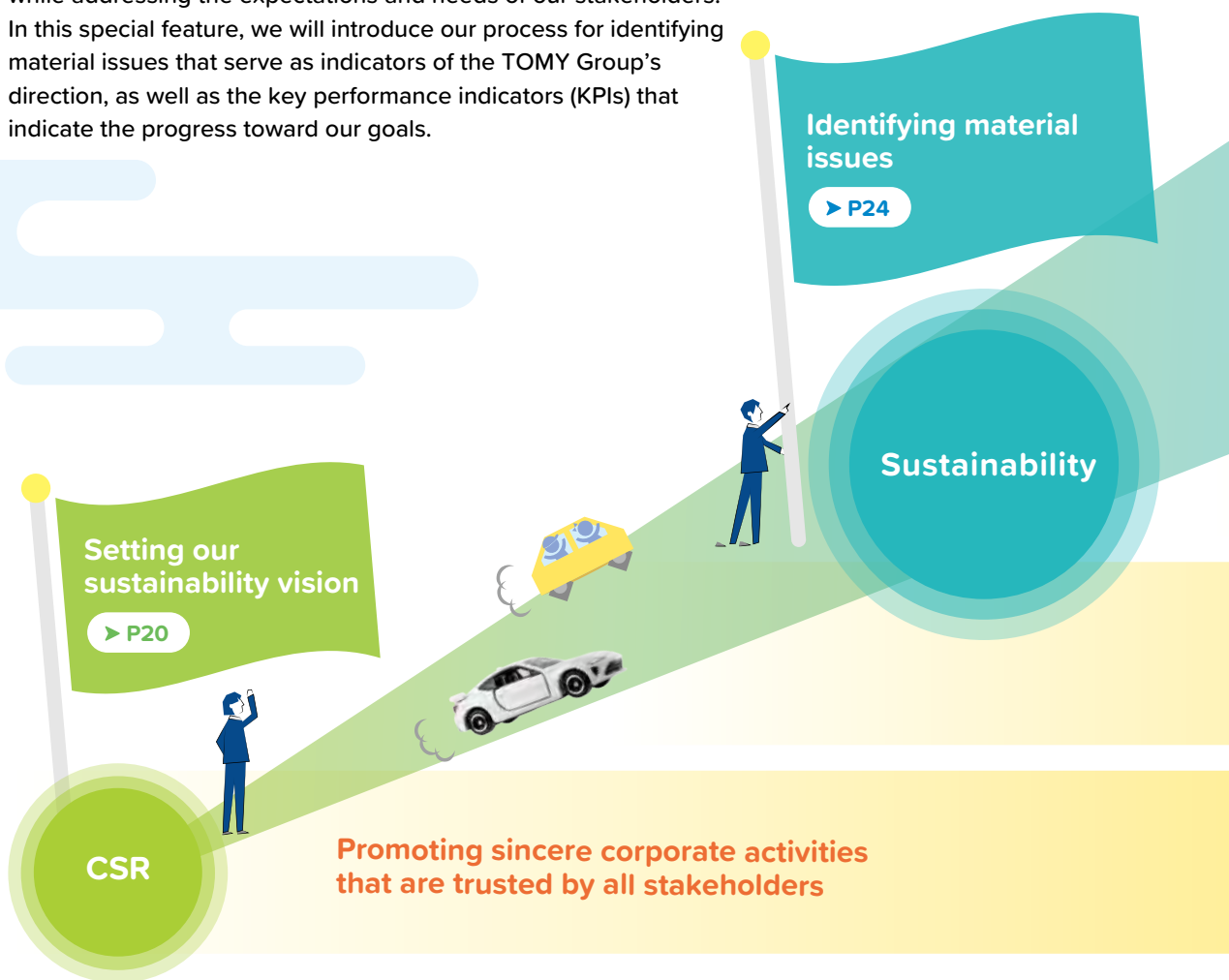
	Expectations and needs from stakeholders	Value creation initiatives in the value chain	TOMY's value creation
<b>Customers</b> 	<b>Expectations and Needs</b> <ul style="list-style-type: none"> <li>Developing products and services that contribute to the healthy growth of children</li> <li>Sharing the worldview of the brand</li> <li>Offering attractive products that can be enjoyed by everyone from children to adults</li> <li>Providing products and services that ensure confidence, safety and quality</li> <li>Adapting to sales channels that meet "customer" needs</li> <li>Providing trusted after-sale services</li> </ul> <b>Engagement channels</b> <ul style="list-style-type: none"> <li>Providing information utilizing various media including websites</li> <li>In-store communication</li> <li>Collating results from questionnaires conducted at events and included with products</li> <li>Customer Service Department: approximately 230,000 consultations handled in FY2020</li> </ul>	<b>Planning and Development</b> <ul style="list-style-type: none"> <li>Developing new creative products</li> <li>Developing universal design products that anyone can enjoy, such as Accessible-Design toys</li> </ul> <b>Production and Procurement</b> <ul style="list-style-type: none"> <li>Performing quality checks to ensure safety</li> </ul> <b>Marketing and Sales</b> <ul style="list-style-type: none"> <li>Collecting customer feedback and identifying requests</li> <li>Expanding sales channels to facilitate customer convenience</li> </ul> <b>Selling and Store Support</b> <ul style="list-style-type: none"> <li>Providing events that allow customers to experience our brands and worldview</li> </ul> <b>Customer Service Department and Information Asset Management</b> <ul style="list-style-type: none"> <li>Collecting feedback from customers</li> </ul>	Providing new value in play turning dreams into reality
<b>Employees</b> 	<b>Expectations and Needs</b> <ul style="list-style-type: none"> <li>Ensuring the success of a diverse range of human resources</li> <li>Providing workplace environments conducive to innovation</li> <li>Promoting diversity &amp; inclusion</li> </ul> <b>Engagement channels</b> <ul style="list-style-type: none"> <li>Providing opportunities for dialogue between employees and management through labor unions and otherwise</li> <li>Operating the TOMY Group Hotline</li> <li>Offering a mental health consultation desk</li> <li>Running the TOY system (suggestion box for product planning and improvement proposals for business activities)</li> </ul>	<b>Business Support Activities</b> <ul style="list-style-type: none"> <li>Training to improve skills and support growth</li> <li>Training on sustainability, CSR and corporate ethics</li> <li>Developing mechanisms enabling diverse human resources to work with vigor</li> <li>Launching employee engagement surveys</li> </ul>	Providing a workplace environment in which employees can fully demonstrate their independence and creativity
<b>Shareholders</b> 	<b>Expectations and Needs</b> <ul style="list-style-type: none"> <li>Providing opportunities for dialogue on improving corporate value</li> <li>Increasing share prices and providing profits through dividends</li> <li>Balancing sustainable society with economics</li> </ul> <b>Engagement channels</b> <ul style="list-style-type: none"> <li>Holding general meetings of shareholders and financial results briefings</li> <li>Issuing an annual report</li> <li>Disseminating information through websites</li> </ul>	<b>Business Support Activities</b> <ul style="list-style-type: none"> <li>Carrying out appropriate engagement with shareholders</li> <li>Building an effective transportation management framework</li> <li>Building the foundation for sustainable growth</li> </ul>	High-quality growth and sound management  Contributing to a sustainable society
<b>Partners (Business Partners)</b> 	<b>Expectations and Needs</b> <ul style="list-style-type: none"> <li>Continuing to engage in trustworthy business dealings</li> <li>Developing products with brand power</li> <li>Establishing sustainable supply chains</li> <li>Building streamlined logistics systems</li> <li>Providing expertise for developing attractive sales floors</li> <li>Making sales floor proposals that cater to each sales location</li> </ul> <b>Engagement channels</b> <ul style="list-style-type: none"> <li>Running briefing sessions for partners</li> <li>Formulating transaction guidelines</li> </ul>	<b>Planning and Development</b> <ul style="list-style-type: none"> <li>Developing new products through co-creation with partner companies</li> </ul> <b>Production and Procurement</b> <ul style="list-style-type: none"> <li>Engaging in fair trade</li> <li>Responsible procurement</li> </ul> <b>Logistics, Warehouse Management and Emissions</b> <ul style="list-style-type: none"> <li>Streamlining logistics systems to cater to various needs</li> </ul> <b>Marketing and Sales</b> <ul style="list-style-type: none"> <li>Proposing marketing activities that meet customer needs</li> </ul> <b>Selling and Store Support</b> <ul style="list-style-type: none"> <li>Providing events and other opportunities to highlight the worldview of the brand</li> </ul>	Building strong relationships of trust through fair and equitable transactions
<b>Society and the Global Environment</b> 	<b>Expectations and Needs</b> <ul style="list-style-type: none"> <li>Providing eco-friendly products and services</li> <li>Promoting regional revitalization through events and collaborative projects</li> <li>Engaging in business activities that take human rights into account</li> <li>Creating employment opportunities in local communities through offices and production sites, etc.</li> <li>Developing environmental management systems</li> <li>Implementing anti-corruption measures</li> <li>Supporting next-generation education</li> </ul> <b>Engagement channels</b> <ul style="list-style-type: none"> <li>Providing online classes utilizing the SDGs GAME OF LIFE</li> <li>Conducting customer questionnaires</li> <li>Holding sessions to exchange feedback</li> <li>Holding engagement events</li> </ul>	<b>Planning and Development</b> <ul style="list-style-type: none"> <li>Developing products and services that contribute to the development of local economies and culture</li> <li>Conducting research into eco-friendly materials</li> <li>Creating eco-toys (toys that meet in-house standards for eco-friendliness)</li> </ul> <b>Production and Procurement</b> <ul style="list-style-type: none"> <li>Promoting employment in each region</li> <li>Reducing the impact on the environment from production and procurement activities</li> <li>Establishing a supply chain that respects human rights</li> <li>Conducting compliance training</li> <li>Reducing environmental impact in production processes</li> </ul> <b>Logistics, Warehouse Management and Emissions</b> <ul style="list-style-type: none"> <li>Reducing the impact on the environment by streamlining logistics systems</li> </ul> <b>Business Support Activities</b> <ul style="list-style-type: none"> <li>Promoting next-generation education support activities</li> </ul>	Achieving a sustainable society  Revitalizing economies in local communities  Contributing to education and culture  Contributing to a sustainable global environment

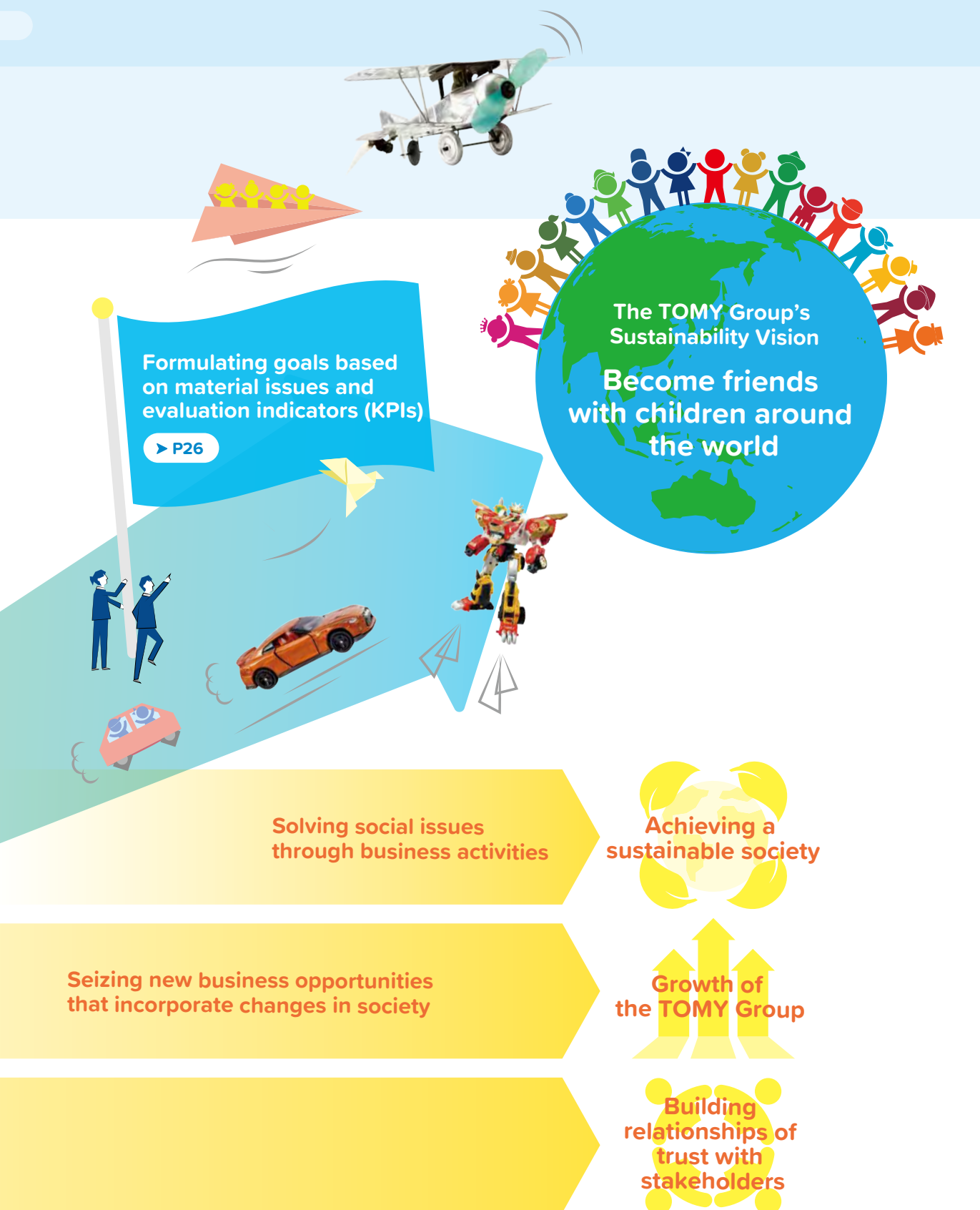
## The TOMY Group's Approach to Achieving Its Sustainability Vision

The TOMY Group has been implementing CSR initiatives to address social issues through its regular business activities. In addition, as we look to our 100th anniversary in 2024 and beyond, we have taken further steps to achieve our sustainability vision of “become friends with children around the world.”

Sustainability at the TOMY Group means striking a balance between providing people with excitement, surprise, emotion and smiles, and contributing to the SDGs by tackling solutions to social issues through our business activities and realizing a sustainable society as a result.

The question is what path we will take to realize our sustainability vision while addressing the expectations and needs of our stakeholders. In this special feature, we will introduce our process for identifying material issues that serve as indicators of the TOMY Group's direction, as well as the key performance indicators (KPIs) that indicate the progress toward our goals.







## Identifying Material Issues

1

### Identifying and organizing social issues

After comprehensively identifying issues related to sustainability and organizing groups of issues to be analyzed as key issues, around 400 social issues were identified. Of these, the issues that had limited connection to the TOMY Group and similar issues were sorted and combined to identify 37 social issues.

2

### Researching and analyzing the status of sustainability initiatives

We conducted research on the 37 identified issues to determine the presence of existing policies, look into management systems and the status of initiatives, and determine numerical results. The research covered 15 Group companies in Japan and abroad, including sales and production locations.

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### Identifying candidates as material issues

After the research data were provisionally evaluated by experts from an objective standpoint, project members from across the Group conducted further discussions to narrow the list to 14 material issues.

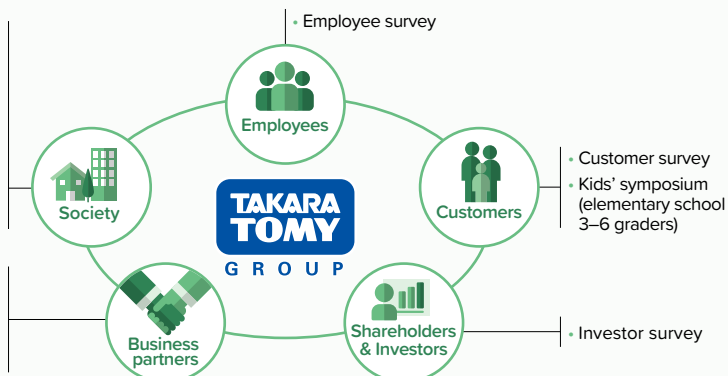
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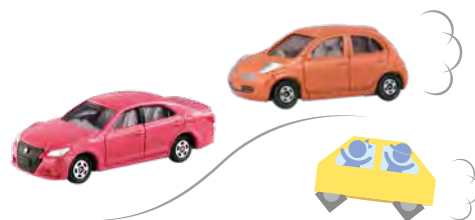
### Holding dialogues with stakeholders

Questionnaires on the 14 material issues were conducted for customers, employees and investors. We set up the "TOMY Kids' Symposium" to provide opportunities for employees and children to exchange opinions from an equal standpoint in an effort to find clues for how the TOMY Group can make contributions in its own unique way.

- Mariko Kawaguchi,  
Senior Researcher,  
Daiwa Institute of Research Group
- Hidemitsu Sasaya,  
Visiting Professor of the Graduate  
School of Information & Communication  
and CSR/SDGs consultant
- Mitsuhiro Umezu,  
President of the Japan Society for  
Business Ethics
- Fumiaki Ibuki,  
Chief Editor, Toy Journal
- Yasuyuki Hoshikawa,  
Executive Director, The Accessible  
Design Foundation of Japan

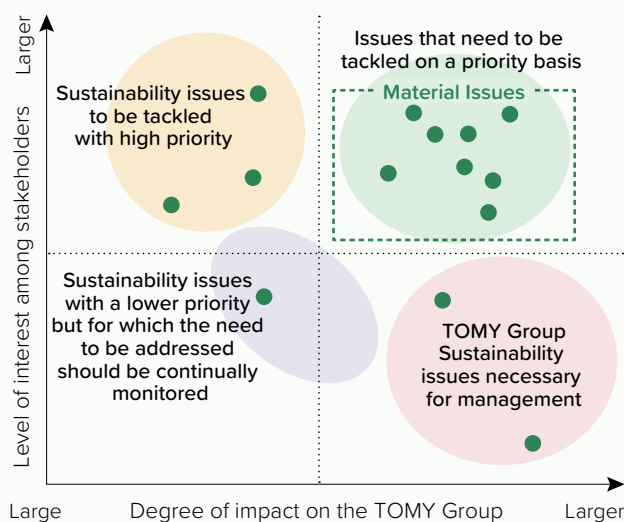
Note: Positions as of December 2018





## Identifying material issues

Project members discussed the level of interest among stakeholders and the degree of impact on the TOMY Group, and after aligning with management, narrowed the material issues to eight items.



### Material Issues

- ① Ensuring confidence, safety and quality
- ② Creating new products, services and IP
- ③ Promoting universal design
- ④ Organizational governance and communication with stakeholders
- ⑤ Active participation of diverse personnel
- ⑥ Responsible procurement
- ⑦ Environmental management
- ⑧ Encouraging education and culture through our business



## Setting of Medium-Term Targets and Evaluation Indicators (KPIs) Consistent with the Material Issues

This year, the TOMY Group established medium-term sustainability targets and KPIs (FY2021 – FY2023) based on the eight material issues.

Initiatives aimed at the TOMY Group Social Responsibility Framework, the pathway to achieving the Group's sustainability vision through business activities, were started.

Looking ahead, the TOMY Group will create even more value for society through its business activities and make every effort to fulfill the expectations of its stakeholders.

### TOMY Group Social Responsibility Framework

Three pillars of social responsibility	Material issues	
<b>Pillar ①</b> <b>Commitment to Quality Manufacturing</b> Expand play for all to enjoy	① Ensuring confidence, safety, and quality ② Creating new products, services, and IP ③ Promoting universal design	
<b>Pillar ②</b> <b>Sound Management</b> Be proud role models	④ Organizational governance and communication with stakeholders ⑤ Active participation of diverse personnel ⑥ Responsible procurement	
<b>Pillar ③</b> <b>Coexisting with Society and the Environment</b> Protect the environment so children can smile in play 100 years from now	⑦ Environmental management ⑧ Encouraging education and culture through our business	





Medium-term sustainability targets and KPIs (FY2021 to FY2023)	Social responsibility through business
<ul style="list-style-type: none"> <li>• Restructure the framework and methods for managing toxic chemical substances including during manufacturing</li> <li>• Internal SDGs training to create ethical products and services: 100% of employees by the end of March 2024</li> </ul>	
<ul style="list-style-type: none"> <li>• Establish and operate a committee focusing on sustainability management</li> <li>• Internal training on corporate ethics: 100% of employees by the end of March 2024</li> </ul>	
<ul style="list-style-type: none"> <li>• Internal training on diversity: 100% of employees by the end of March 2024</li> <li>• 20% female manager ratio* <small>*We have set a deadline of the end of March 2026 to coincide with our action plan based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace.</small></li> <li>• Achieve and maintain the mandatory 2.3% employment ratio of persons with disabilities</li> <li>• Conduct an employee engagement survey and identify any issues affecting work fulfillment</li> </ul> <ul style="list-style-type: none"> <li>• Implement three activities               <ol style="list-style-type: none"> <li>① Build awareness of responsible procurement policies</li> <li>② Systematize responsible procurement management</li> <li>③ Identify issues and sites with high CSR-related risks</li> </ol> </li> </ul>	
<ul style="list-style-type: none"> <li>• Aim to reduce and recycle petroleum-derived plastics in packaging and products, begin demonstration verifications, and disclose progress</li> <li>• Formulate long-term CO<sub>2</sub> reduction targets by March 2024</li> <li>• Restructure our group waste management framework</li> </ul>	<p>Contribute to achieving all SDGs both directly and indirectly</p>



#### For those who wish to learn more about TOMY's sustainability efforts >>

This section of the website introduces a range of initiatives under way, from special features such as interviews with outside directors and TOMY kids' symposium to programs to protect the environment and social contribution activities. Please access the site if you are interested in the sustainability activities of the TOMY Group.

<https://www.takaratomy.co.jp/english/company/csr/>

