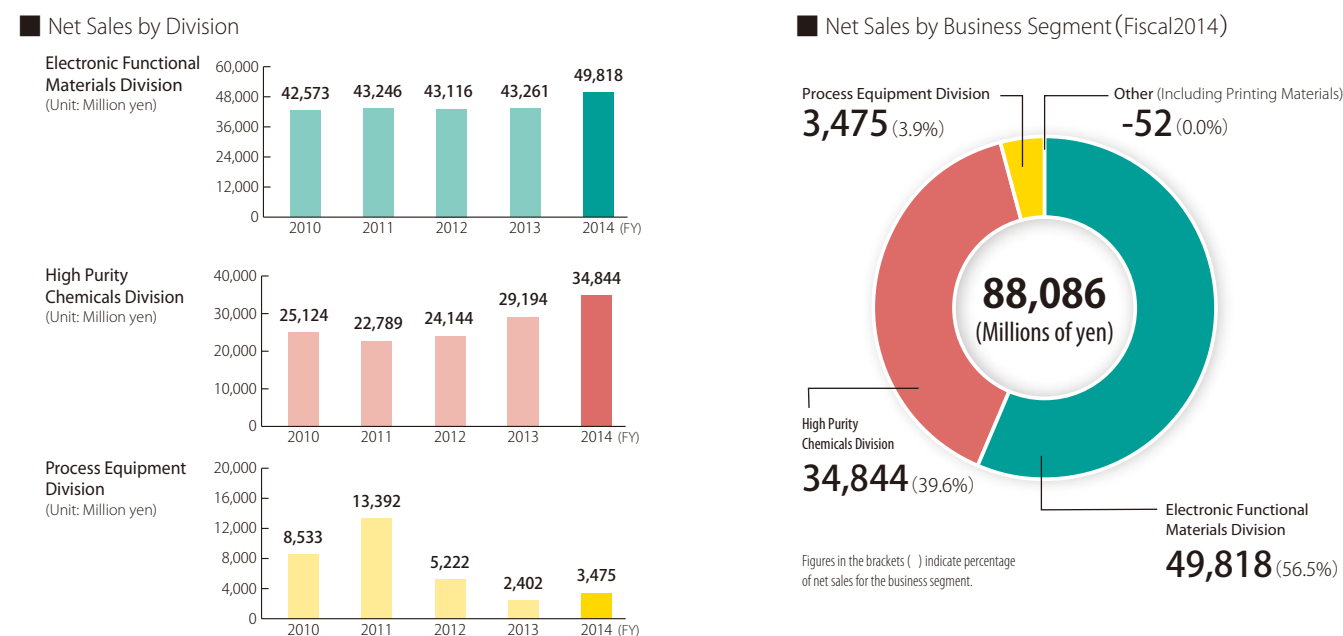
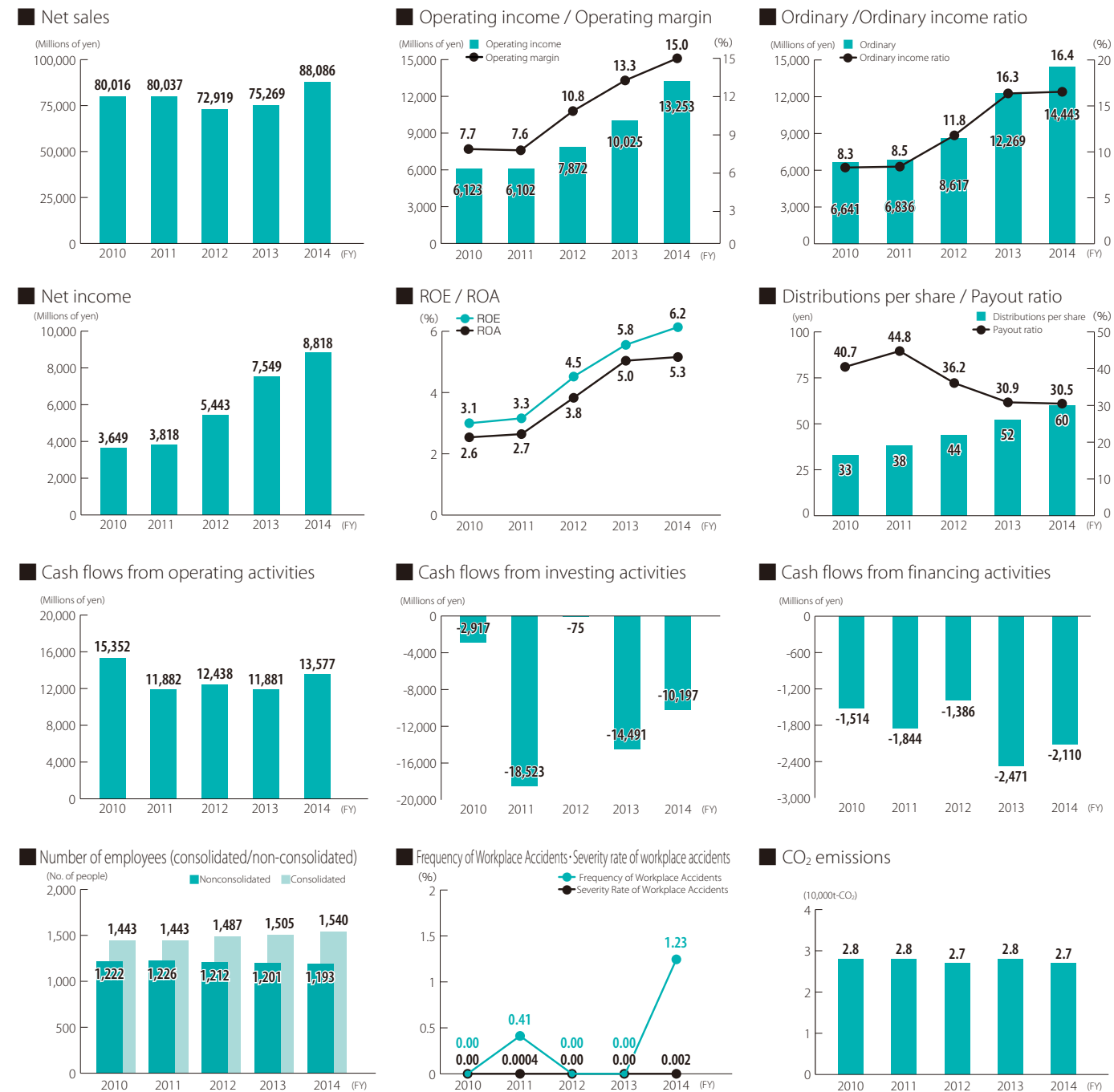


Financial Highlights(Consolidated)



Editorial Policy

What We Wish To Communicate Through This Report

The TOK Group is working through its CSR activities to raise corporate value and actively contribute to the formation of a sustainable society. The CSR Report 2015 has been issued to promote further communication with stakeholders, and discloses information on initiatives related to high-priority activities conducted in fiscal 2014. This year's report includes more detailed special features that aim to facilitate further understanding of the progress we've made on the company-wide strategy laid out in the TOK Medium-Term Plan 2015. We look forward to receiving your honest feedback, which is used to further improve our initiatives and this report..

Scope of Data Collection

This report covers only the domestic business activities of the TOK Group, which is made up of a total of nine companies (as of March 31, 2015) comprising TOKYO OHKA KOGYO CO., LTD., its subsidiaries, and its equity method affiliates. TOKYO OHKA KOGYO CO., LTD. is indicated as TOK (the Company).

Applicable Period

In principle, the report covers fiscal 2014 (April 1, 2014 to March 31, 2015), but also contains some information about activities conducted in fiscal 2015.

Reference Guidelines

Environmental Reporting Guidelines 2012, published by the Ministry of the Environment Sustainability Reporting Guidelines G4, published by the Global Reporting Initiative (GRI) ISO 26000: 2010 – Guidance on Social Responsibility, released by the Japanese Standards Association

Date of issue: June 2015

Date of next issue: June 2016 (tentative)

Corporate Data

Corporate Name: TOKYO OHKA KOGYO CO., LTD.
 Established: October 25, 1940
 Headquarters: 150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa Japan
 TEL: 044-435-3000(Main number)
 FAX: 044-435-3020(Main number)
 Paid-in capital: ¥14,640 million (As of March 31, 2015)
 President: Ikuro Akutsu
 Number of employees: 1,540 (Consolidated / As of March 31, 2015)
 Net sales: ¥88,086 million (Consolidated / Fiscal year ended March 31, 2015)
 Business offices and sites: Japan: 8 / Overseas: 11
 Corporate group: Subsidiaries: 4 / Overseas subsidiaries: 5
 Businesses: Manufacture and sales of manufacturing materials, mainly photoresists and high purity chemicals for photolithography process of semiconductor and liquid crystal display, processing equipment for semiconductor and liquid crystal display manufacturing, and inorganic and organic chemicals

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TOK's CSR website
<http://www.tok.co.jp/csr>



Through “inspiration,”
we aim to become a
corporate group that is
trusted around the world.

President & Chief Executive Officer **Ikuo Akutsu**

Looking back at fiscal 2014

The TOK Group’s management vision is to “Aim to be a globally trusted corporate group by inspiring customers with high value-added products that have satisfying features, low cost and superior quality,” and this vision represents our “ideal company image for 2020,” the year the company celebrates its 80th anniversary. The TOK Medium-Term Plan 2015 has been formulated in line with this vision. Under the medium-term plan, we have made “Build close relationship with regional users,” “Reform business portfolios” and “Develop global personnel” the three pillars of the company-wide strategy, and we are aiming to enhance the corporate value of the Group overall while contributing to society.

In fiscal 2014, the second year of the medium-term plan, TOK Advanced Materials Co., Ltd. (TOKAM), our development and manufacturing facility for cutting-edge photoresists established in Korea as part of our regional-based strategy, commenced shipments, and earnings growth in the Asia and North America regions, the effects of yen depreciation and other positive factors helped propel our overseas sales ratio from 72% to 76%. As a result, we were able to set new record-highs across the board, in operating income, ordinary income and net income. While we have now made some progress toward the numerical targets of the medium-term plan, many issues requiring further effort remain. We intend to continue building a robust management foundation as we work to become a sustainable, 100-year (or more) company.

Becoming a 100-year company by constantly thinking of how to serve society

The “monozukuri of TOK” keeps alive the company founder’s commitment to “challenge himself to develop products that entail difficulties but are useful to society and are not offered by other companies.” There is the expectation that “TOK will be capable of creating this technology even though no-one else has done it yet,” so to meet this expectation we have overcome high hurdles for many years together with our customers and have shared “inspiration” that has come from doing so. In the semiconductor materials manufacturing sector, global competition has become exceedingly fierce as companies compete against each other on both manufacturing technologies and sales capabilities, so to survive a company must maintain the trust of its customers, which means continuing to raise its existential value. This is another reason we must be a company that raises our value by continually thinking of how we can better serve customers. And beyond our immediate customer is the end user, which is none other than society. I believe that this is truly the key to becoming a 100-year company.

Intermediate materials manufacturers like us tend to be oriented to our immediate customers with whom we do business, but to continue on to become a true 100-year company, we must be a step ahead of our customers, expand our range of vision to include the society around us, and conduct activities to raise the value of our existence within that society by continually thinking of how we can better serve customers. In this sense, it is also highly significant that we reform our business portfolios and apply the technological capabilities we have cultivated to technical fields that address future issues that society is facing, such as renewable energy and the life sciences.

Creating new societal value out of colliding sets of values

The final key to becoming a 100-year company is “developing global personnel”. We recognize this will be the most important factor determining the course of the TOK Group’s globalization and intend to work on it without haste. The topic is addressed in detail in one of the features of this report, but the global personnel that we need as a company are people ready to take on challenges and move boldly forward without fear of failure, regardless of the country. They are human resources capable of demonstrating their individual talents in any environment. In the future at TOK, which intends to continue expanding overseas, this type of person will be essential.

This initiative is simultaneously an effort to eliminate all preconceptions and stereotypes. Moreover, I believe it also ties in with efforts to fully form a corporate culture of diversity and inclusion. We are therefore also clearly focused on human resources development at overseas sites. The risk of technology leaks is something that has to be taken into account, but the speed of technological innovation continues to increase and we recognize that there is greater risk in paralyzing ourselves due to fear of this risk. We intend to take adequate measures to protect against technology leaks and build an aggressive organization that creates entirely new social value out of the collision and mix of differing sets of values.

“Challenges Create Opportunities and a Promising Future”

The Corporate Governance Code, formulated jointly by the Financial Services Agency and the Tokyo Stock Exchange, goes into effect in June 2015. Strengthening corporate governance is something we believe that companies generally should be doing autonomously, but five principles have been established that include ensuring appropriate information disclosure and transparency, dialogue with shareholders and cooperation with stakeholders other than shareholders. Detailed initiative objectives have also been released, so we will accept this as an opportunity and work to further reinforce our governance.

The TOK Group’s medium-term plan has the slogan of “Challenges Create Opportunities and a Promising Future”. Yoshida Shoin, an intellectual active at the end of Japan’s Edo period, left these words: “When the will is resolute, the spirit is strengthened.” I believe that if the person at the top demonstrates leadership and clearly expresses their will (in the form of goals and guidelines) based on a shared set of values, employees will think for themselves and act to the best of their abilities. To take on challenges with passion alone, without adequate preparations and lacking the right mindset, is mere fantasy. But strengthening corporate governance is a fundamental part of CSR, and as we again review our recent initiatives based on this, we intend to steadily generate results, one after another, to achieve our future vision, with all employees working together as one.

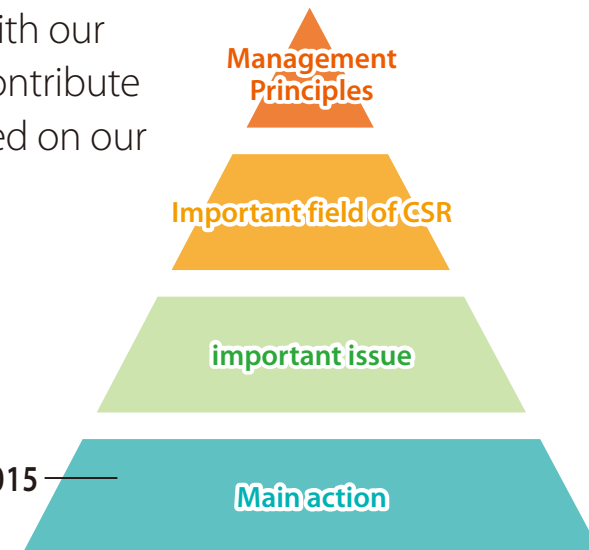
tok's Management Principles and CSR

TOK is committed to working hand-in-hand with our stakeholders to create social values that can contribute to the “realization of a sustainable society,” based on our management principles.

TOK Group's Management Principles

Continue efforts to enhance our technology
Raise the quality levels of our products
Contribute to society
Create a frank and open-minded business culture

Tok Medium-Term Plan 2015
(CSR through Core Businesses)



Basic Stance

Becoming an enterprise that is truly useful for society through CSR

The TOK Group continues to push forward in keeping with the founder's commitment to “challenge himself to develop products that entail difficulties but are useful to society and are not offered by other companies.” We undertake corporate activities in keeping with our four management principles of “Continue efforts to enhance our technology,” “Raise the quality levels of our products,” “Contribute to society,” and “Create

a frank and open-minded business culture.”

We believe that enterprises exist to “contribute to society.” We aim to continue endeavoring to be truly useful for society by leveraging the Group's strengths in technologies, products, human resources, and capital in areas where we can harness our unique capabilities through CSR, to enhance corporate value while also creating unique social value.

Overview and initiatives of the “TOK Medium-Term Plan 2015”

The TOK Medium-Term Plan 2015 is an important management strategy that seeks to enhance our “monozukuri” capabilities to reinforce our business infrastructure and produce “inspiration,” generating unique social value through core businesses.

1. Management Vision

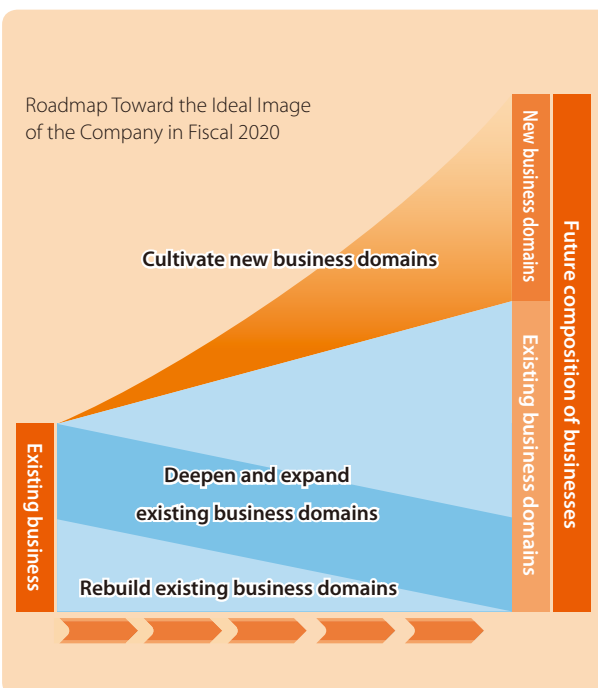
Aim to be a globally trusted corporate group by inspiring customers with high-value-added products that have satisfying features, low cost and superior quality

2. Goals

- ① To build a company-wide system aimed at establishing ourselves in new business fields at an early stage.
- ② To deepen, expand, and rebuild our existing businesses in the four core business fields: semiconductor business, LCD business, solar cell business, and process equipment business.

3. Company-wide Strategy

- ① **Build close relationships with regional users** (p19)
Build close relationships with users worldwide by creating mechanisms that identify a greater number of needs while rapidly providing products and services that satisfy users.
- ② **Reform business portfolios** (p9)
Reform business portfolios by cultivating new business domains and increasing the ratio of high-value-added products.
- ③ **Develop global personnel** (p29)
Formulate and implement programs that develop personnel able to perform on the global stage.



Key CSR Fields and Issues

In keeping with our founding spirit and management principles, the basis of all of our CSR activities is that they contribute to society. For these initiatives to be truly useful to society, we must identify the positive and negative effects of the Group's corporate activities throughout the entire supply chain.

The scope extends beyond internal production and sales processes to encompass the human rights and working environments of partners and other entities. A good example is securing outstanding suppliers, which is a vital management strategy for maintaining a company's competitive edge. TOK must formulate appropriate preventive measures to avoid making demands that trigger overwork or other major compliance violations among suppliers.

It is thus central to our CSR program to undertake value chain management that increases overall social value from the group's corporate activities by monitoring the supply chain, soliciting a

wide variety of feedback from relevant stakeholders, endeavoring to enhance positive aspects while eliminating negative ones.

In keeping with our management principles, we believe that we must focus on bolstering our products and services while “creating a frank and open-minded business culture.” We should also endeavor to be a good corporate citizen through social contributions outside core business areas and prioritize management of such areas as environmental conservation and safety and health.

The TOK Group considers these areas to be Key CSR Fields based on exchanges of opinions with employees and other stakeholders, forming the foundation for establishing Key Issues for each field and undertaking various initiatives. We aim to optimize our value chain by deploying effective measures that reflect our communication with a broader range of stakeholders for those initiatives.

Key CSR Fields	Key issues	Major initiatives
Contribute to society (in a broad sense)	“Challenge ourselves to develop products that entail difficulties but are useful to society and are not offered by other companies”	<input type="checkbox"/> CSR through core businesses
Value-chain management	Enhancing comprehensive social value created through core corporate activities	<input type="checkbox"/> Enhancing and expanding the CSR promotion structure <input type="checkbox"/> Optimizing value-chain management through dialogue with stakeholders <input type="checkbox"/> Bolstering the corporate governance and risk management structures
Bolster our products and services Continue efforts to enhance our technology Raise the quality levels of our products	Increasing customer satisfaction Developing products that help create new social value	<input type="checkbox"/> Building close relationship with regional users <input type="checkbox"/> Quality Management <input type="checkbox"/> Cultivating new business domains
Create a frank and open-minded business culture	Creating workplaces that motivate employees	<input type="checkbox"/> Developing global personnel <input type="checkbox"/> Promoting diversity <input type="checkbox"/> Promoting work-life balance
A Good Corporate Citizen	Enhancing social contributions (in a narrow sense)	<input type="checkbox"/> Contributing to business sites <input type="checkbox"/> Contributing to scientific and technological progress
Environmental conservation, and safety and health	Reduction of the environmental burden Enhancing and expanding the safety and health management structure	<input type="checkbox"/> Responsible Care management

Red: Management Principles

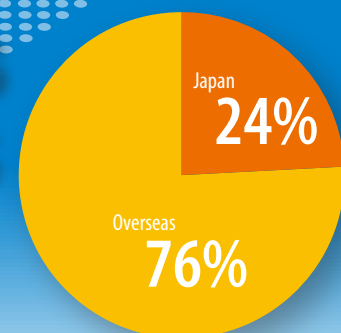
Blue: Company-wide strategies under the TOK Medium-Term Plan 2015

Contributing to the Realization of a Sustainable Society

tok's Business Hubs and Business Activities

We are working toward the expansion of our network, and developing a global strategy that includes Japan.

Ratio of overseas sales



① TOKYO OHKA KOGYO AMERICA, INC.



Business With supply bases in North America and Europe, TOKYO OHKA KOGYO AMERICA, INC. manufactures photoresists for semiconductors, as well as high purity chemicals related to photolithography for semiconductors.

② TOKYO OHKA KOGYO EUROPE B.V.



Business TOKYO OHKA KOGYO EUROPE B.V. is engaged in the sale of photoresists for semiconductors and high purity chemicals related to photolithography for semiconductors.

③ TOK TAIWAN CO., LTD.



Business TOK TAIWAN CO., LTD. is engaged in the manufacture and sale of semiconductors, flat-screen displays, high purity chemicals related to photolithography for the production of packaging modules, as well as the sale of manufacturing equipment.

④ CHANG CHUN TOK (CHANGSHU) CO., LTD.



Business CHANG CHUN TOK (CHANGSHU) CO., LTD. manufactures and sells high purity chemicals related to photolithography for the production of semiconductors and flat-screen displays.

⑤ TOK ADVANCED MATERIALS CO., LTD.



Business TOK ADVANCED MATERIALS CO., LTD. develops, manufactures, and sells photoresists for semiconductors, and sells high purity chemicals related to photolithography for semiconductors.

⑥ TOKYO OHKA KOGYO CO., LTD. Singapore Office



Business The Singapore Office collects and supplies information about user needs in the semiconductor and LCD display fields in Singapore and Malaysia.

⑦ TOKYO OHKA KOGYO CO., LTD. Shanghai Representative Office



Business The Shanghai Representative Office collects and supplies information about user needs in the semiconductor and LCD display fields for Shanghai, Beijing, and Guangzhou in China.

① TOKYO OHKA KOGYO CO., LTD. (Headquarters)



② Sagami Operation Center (Includes Sagami Plant)



Business The Sagami Operation Center is an R&D base that is engaged in the production of photoresists for semiconductors and LCD displays, as well as organic chemicals.

③ Shonan Operation Center



Business The Shonan Operation Center is an R&D base for the Equipment business. It develops and manufactures LCD panel manufacturing equipment and various types of equipment used in the production of semiconductors.

④ Koriyama Plant



Business The Koriyama Plant is engaged in the production of semiconductor photoresists and related high purity chemicals.

⑤ Utsunomiya Plant



Business The Utsunomiya Plant is engaged in the production of photoresists for semiconductors and LCD displays.

⑥ Kumagaya Plant



Business The Kumagaya Plant is engaged in the production of various high purity chemicals, such as inorganic and organic chemical products.

⑦ Gotemba Plant



Business The Gotemba Plant manufactures photoresists for semiconductors, coating fluids for coating formation (OCD) and various types of photoresists.

⑧ Aso Plant



Business The Aso Plant is engaged in the production of photoresists for LCD displays and related high purity chemicals.

① TOKYO OHKA KOGYO AMERICA, INC. Headquarters/Oregon Plant
4600N.W. Brookwood Parkway, Hillsboro Oregon 97124, U.S.A.
TEL.+1-503-693-7711 FAX.+1-503-693-2070
<http://www.tokamerica.com>

● Corporate Sales Office
190Topaz Street, Milpitas, California 95035, U.S.A.
TEL.+1-408-956-9901 FAX.+1-408-956-9995

● Texas Sales Office
1701W. Northwest Hwy, Suite 100 Grapevine, Texas 76051, U.S.A.
TEL.+1-817-329-5011 FAX.+1-817-329-5012

② TOKYO OHKA KOGYO EUROPE B.V. Headquarters
Databankweg 12, 3821AL Amersfoort, The NETHERLANDS
TEL.+31-33-4543522 FAX.+31-33-4519646
<http://www.tok-europe.eu>

③ TOK TAIWAN CO., LTD. Headquarters
10F, No.675, Jingguo Road Sec.1, Hsinchu City 30059, TAIWAN
TEL.+886-3-5345953 FAX.+886-3-5350178

● Miaoli Plant
No.252, Wunshan, 21st Neighborhood,
Wunsheng Village, Miaoli City 36061, TAIWAN
TEL.+886-37-367918 FAX.+886-37-367919

● Tongluo Plant
No.1, Tongke 1st Rd., Tongluo Township,
Miaoli County 36645, TAIWAN
TEL.+886-37-987390 FAX.+886-37-981007

④ CHANG CHUN TOK CO., LTD. Headquarters/Changshu Plant
Changchun Road, Riverside Industrial Park, Changshu
Economic Development Zone, Jiangsu Province 215537, CHINA
TEL.+86-512-5264-8000 FAX.+86-512-5264-5729

⑤ TOK ADVANCED MATERIALS CO., LTD. Headquarters/Incheon Plant
45, Cheomdan-Daero 60Beon-Gil, Yeonsu-Gu,
Incheon, KOREA
TEL. +82-32-850-2000 FAX. +82-32-850-2100
<http://www.tokam.co.kr>

⑥ TOKYO OHKA KOGYO CO., LTD. Singapore Office
8 Shenton Way, #14-01A, SINGAPORE
TEL.+65-62261485 FAX.+65-62261893

⑦ TOKYO OHKA KOGYO CO., LTD. Shanghai Representative Office
1511, China Merchants Tower, 161 Lu Jia Zui East Road,
Pu Dong Xin Qu, Shanghai 200120, CHINA
TEL.+86-21-5840-8800 FAX.+86-21-5840-8884

① Headquarters
150 Nakamaruko, Nakahara-ku, Kawasaki,
Kanagawa 211-0012

② Sagami Operation Center / Sagami Plant
1590 Tabata, Samukawa-machi, Koza-gun,
Kanagawa 253-0114

③ Shonan Operation Center
7-8-16 Ichinomiya, Samukawa-machi, Koza-gun,
Kanagawa 253-0111

④ Koriyama Plant
1-23 Machiikedai, Koriyama-shi,
Fukushima 963-0215

⑤ Utsunomiya Plant
21-5 Kiyohara Kogyo Danchi, Utsunomiya-shi,
Tochigi 321-3231

⑥ Kumagaya Plant
823-8 Kamibayashi, Miizugahara, Kumagaya-shi,
Saitama 360-0844

⑦ Gotemba Plant
1-1 Komakado, Gotemba-shi,
Shizuoka 412-0038

⑧ Aso Plant
4454-1 Miyaji, Ichinomiya-machi, Aso-shi,
Kumamoto 869-2612

Prospects for efforts to create new value in new business domains to contribute to a sustainable society

One of our company-wide strategies under TOK Medium-Term Plan 2015 is to reform business portfolios by cultivating new business domains and increasing the ratio of high value-added products.

In keeping with the strategy, the TOK Group aims to help materialize a sustainable society by cultivating new business domains. The targets include renewable energy, optoelectronics, rechargeable batteries, and life sciences. We are pushing ahead with the challenge of developing innovative products and technologies that leverage our unique technological capabilities.

Renewable Energy Field EPLUS® series

In recent years, the use of solar panels has expanded worldwide as a new source of renewable energy and a contributor to a low carbon society. A key factor in this growth has been progress in developing panel materials, dramatic improvements in production technologies, and economies of scale, which have driven costs downward.

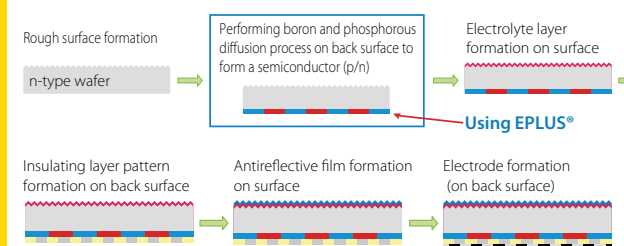
TOK is developing functional materials for processes to manufacture high efficiency solar panels. One fruit of such efforts is the EPLUS® series diffusing agent, whose numerous applications include coating material for PV manufacturing.

EPLUS® simplifies manufacturing processes and greatly increases production efficiency and yields.

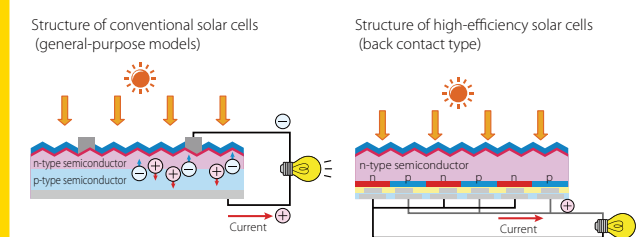
EPLUS® series



Example of manufacturing process for back-contact cells



General purpose and high-efficiency structure



History of TOK's Business and Products

Throughout its history, TOK has focused on pursuing technological firsts to meet the expectations of society and its customers. Many of our products were the first in Japan or the world or (TOK's specifications) became global standards.

1936

TOKYO OHKA RESEARCH LABORATORY established
Starts manufacturing **high purity caustic potash**

1940

Reorganized as TOKYO OHKA KOGYO CO., LTD.

1943

Obtains first patent, for **chlorinated naphthalene**
Enhances technologies to use chlorine effectively
Toward the production of a wide range of high-purity inorganic chemicals

1962

**Creates TPR (polyvinyl cinnamate)
photoresist for through-hole plated printed substrates**

Miniaturizes printed substrates, with demand surging
for calculators and other devices
The origins of photoresist technology



TPR (polyvinyl cinnamate)

1968

**Natural rubber photoresist OMR-81
for use in semiconductor microprocessing**

Accommodating semiconductor miniaturization to create
high integration ICs



1969

Stripping Solution 501 for use in negative photoresists

1971

The OMR-83, an environmentally friendly synthetic rubber photoresist
Became a mainstream photoresist for IC manufacturing in the 1970s, replacing
imported counterparts



OCD coated diffusion material and flattening film

OCD coating diffusion

Semiconductor manufacturing field

1984

The OFPR-5000, a high-sensitivity photoresist for ultra LSIs

Enabled exposure in around half the time of the OFPR-800. Accommodated
larger wafers to enable increasing the number of wafers processed per unit time.

1985

The TSMR-8800, a high resolution positive photoresist for ultra-LSIs

Enabled resolution for process rules below 1.0 micrometers

High-Purity Chemicals

Equipment

1971

OPM, Japan's first low-temperature plasma dry ashing and stripping machine

Inaugurate semiconductor manufacturing equipment business based on
the Materials & Equipment concept of supplying tangibles and intangibles to
maximize product performance

1977

The OAPM-300, the world's first fully automatic sheet plasma etching machine

Printing Materials field

Business transferred in 2011



Gravure printing

1945

**Japan's only manufacturer of the electrolytic solution
used in safety lights for mines**

1948

High purity potassium carbonate
In a short period of time captured more than 90% of the domestic market share

1955

The Ohkaseal (potassium silicate)
Used in the manufacturing of cathode-ray tubes for televisions
Become the world's top manufacturer of high purity potassium silicate

1965

Zinc PS plate photoresist and additives for letterpress printing
• Photozol print photosensitizer
• Newfinesol high-speed zinc-plate corrosion additives



Semiconductor Manufacturing Equipment

Zero Newton[®] silicon via (TSV) process system

Greater integration of semiconductor devices is essential for the higher performance of smart phones, tablets and other electronic devices. However, as we are near the technological limitations for planar semiconductor miniaturization, there is a growing need for 3D packaging technologies that layer sliced semiconductor chips and form through electrodes to create 3D packaged devices that enable higher density and compactness.

TOK's Zero Newton[®] wafer handling system strengthens the support plate paste of silicon wafers. Therefore, this revolutionary technology enables thinness and is easy to form through electrodes. After through electrode formation, it is stress-free and simple to debond the silicon wafer and support plate. In addition to tacking agents, support plates,

stripping solvents, and other materials, we are also focusing on support plate devices and stripping system so we can expand sales through total support technologies encompassing both materials and devices.

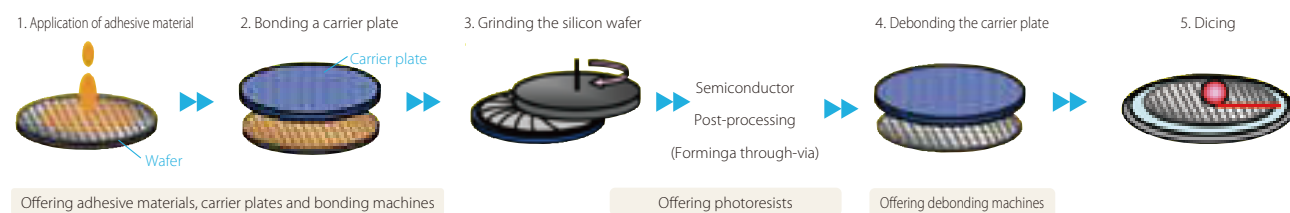


Zero Newton[®] bonding machines TWM series



Zero Newton[®] support plate debonding machines TWR series

Zero Newton[®] process



Optoelectronics

Nanoimprint technologies

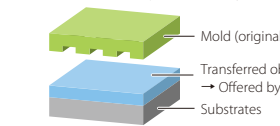
Medical institutions and food businesses use deep ultraviolet as a highly effective vehicle for killing bacteria. LED devices have gained considerable attention as alternatives to mainstream mercury lamps because of the toxicity of mercury.

We focus on the light that was converted into the heat inside LED devices. By utilizing nanoimprint technologies, we make it possible to form photonic crystals* with unique patterns inside the light emitting areas, thereby increasing energy efficiency at low cost.

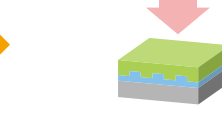
*Photonic crystals comprise periodically aligned structures of materials with a different refractive index to scatter or transmit light.

Nanoimprint flowchart

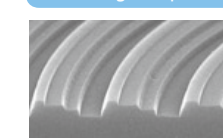
1. Transferred object coating



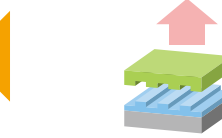
2. Pressurize



Patterning completion



3. Mold stripping

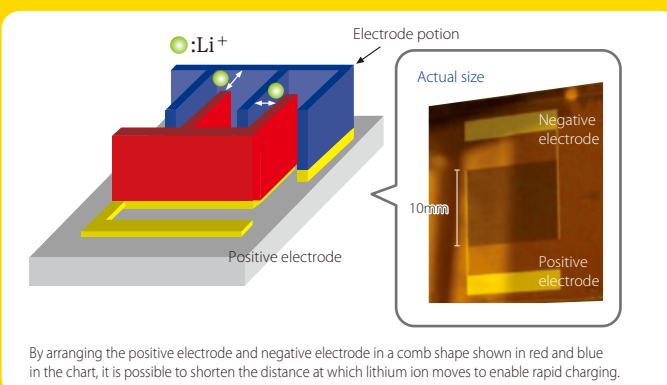


Rechargeable Batteries

Micro Secondary Batteries

Energy harvesting technologies are necessary to transform light, heat, vibration, electromagnetic fields and other environmental energy into electricity to materialize a society of ubiquitous computer networks available anytime, anywhere, and for anybody.

TOK is drawing on the microprocessing technologies that it has accumulated over the years to enable charging from even weak currents and push ahead with research and development into compact and thin micro secondary batteries that are compatible with wireless sensors. These batteries have considerable potential for such applications as building management and security.



By arranging the positive electrode and negative electrode in a comb shape shown in red and blue in the chart, it is possible to shorten the distance at which lithium ion moves to enable rapid charging.

Special Feature: Progress in Company-wide Strategy to Reform the Business Portfolios

1991

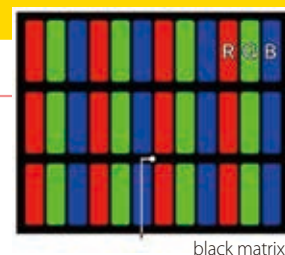
TFR-B2 photoresist for use in thin-film transistors (TFTs) CFPR pigment dispersion type photoresist for color filters

Fully entered the photoresist market for LCDs offering materials for larger screen sizes and high-quality liquid crystal displays

1995

CFPR BK series photoresists for black matrix formation

Improving the contrast of LCD images



black matrix

The black matrix is the black grid surrounding the three color filter colors of red (R), green (G), and blue (B) and it improves the contrast of the image.

1992

TSCR-V series

Reproducing miniaturized patterns up to 0.5μm (a half micron)

THMR-iP3100 i-line photoresist

Attaining 0.35μm with NA0.50 stepper
A breakthrough performance in exceeding the theoretical resolution of the i-line wavelength

1997

TDUR-P015 positive, chemically-amplified photoresists for use in KrF lithography

Attained 0.25μm resolution with NA0.55 KrF stepper
This resist became world standard

2001

TARF-P series ArF excimer laser photoresists

Compatible with ArF excimer lasers

2003

TMMR[®] Series permanent photoresist for use in MEMS

Photoresists for use in the manufacturing of MEMS (microelectromechanical systems) that integrate sensors and actuators, etc. onto silicon substrates

Liquid Crystal Display Manufacturing

Semiconductor manufacturing

Developing advanced photoresists compatible with next-generation technologies

Accommodating extreme ultraviolet (with a 13.5nm wavelength) lithography, nanoimprinting, directed self-assembly, and other next-generation technologies to develop advanced photoresists for targets in the 10nm process rule range

MEMS Manufacturing

High Purity Chemicals

Manufacturing Equipment

2009

EPLUS[®] diffusing agent for manufacturing crystalline silicon solar cells

2013

Development of a photoresist for use in double patterning (SADP*)

An advanced photoresist compatible with double patterning technologies that offer considerable potential as a new 20 to 10nm photolithography technique. Enabling miniaturization close to 20nm process rule

* SADP: Spacer Aligned Double Patterning



2008

Through electrode forming device

- Zero Newton[®] bonding machines TWM series
- TWR series Zero Newton[®] support plate debonding machine

TP8000 series solar panels manufacturing equipment

New Businesses

Rechargeable batteries

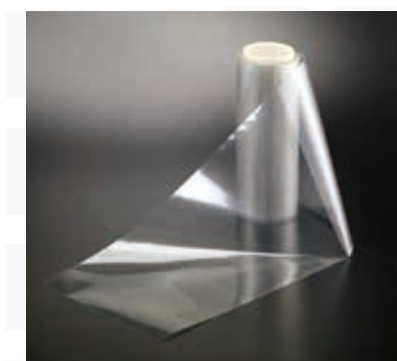
Micro secondary battery product development

Optoelectronics

Nanoimprint product development

Renewable energy

Solar cell manufacturing materials product development



TMMF[®] series MEMS manufacturing materials

1999

TR series spin coater for LCD manufacturing



TR63F



TR63S



Ensuring sound business management

We firmly believe that the realization of our management vision –“Aim to be a globally trusted corporate group by developing high-value-added products that inspire customers,” established under our management principles since the establishment of the company - will bring about shared profits to many of our stakeholders, as well as enhance our corporate value. To achieve this management vision, we strive to ensure a sound and transparent management, and to enhance operational efficiency by speeding up the decision-making process. We have positioned the enhancement of corporate governance as one of our most important management issues, and are fully committed to achieving this goal.

Corporate Governance System

As a company with corporate auditors, TOK adopts a corporate auditor system. This is to enhance audits performed by the corporate auditors, whose authority has been strengthened under the Japanese Companies Act. In addition, we aim to strengthen the functions of managerial decision-making/supervision and business execution, and clarify the responsibility for performing these functions, through the reform of our Board of Directors, establishment of a corporate officer system, and election of an independent outside director. We believe that these are the most effective means of enhancing our corporate governance.

Auditors and the Board of Auditors

We have four auditors, including three outside auditors*. Each auditor is required to perform his/her duties allocated in accordance with the auditing standards (Corporate Auditor Auditing Regulations) and the auditing policies/responsibilities stipulated by the Board of Auditors. These include: attending the meetings of the Board of Directors and the Committee of Officers as well as other important meetings; and supervising the performance of directors by receiving progress reports from the directors and others and requesting an explanation when necessary. They also supervise the appropriateness of audit methods and results performed by the accounting auditors by receiving their progress reports and requesting an explanation when necessary.

Internal Auditing Division

We have set up the Internal Auditing Division, under the direct control of the President, composing of five staff members*. In addition to the standard audits of business operations, this division provides suggestions, proposals and advice for continuous improvements by undertaking evaluations of the effectiveness of internal controls on financial reporting.

*Number as of June 25, 2015

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Corporate Governance
<http://www.tok.co.jp/company/governance/corporate-governance.html>

Remuneration for directors and auditors, or the policies and methods of deciding on the computation methods for officers' remuneration
The payment of remuneration to TOK directors and auditors is aimed at enhancing corporate value by improving business results, and seeks to meet the expectations

of all stakeholders, including our shareholders. At the same time, we are focused on maintaining sound management that complies with laws and regulations. To that end, we have laid out the following policies for remunerating directors and auditors.

Directors' Remuneration

Company directors' remuneration consists of fixed-salary basic remuneration, bonus payment and stock options (subscription warrants). The fixed-salary basic remuneration is decided and paid out based on specific standards established by the company's Board of Directors, and lies within the remuneration framework approved at the General Meeting of Shareholders. The bonus payment is company performance-related remuneration, with the amount being based on the company's fiscal year results. Within the remuneration framework approved at the General Meeting of Shareholders, the Board of Directors discusses both the performance of the Company and the individual to decide if a bonus is appropriate and if so, the amount. The purposes of the stock options (subscription warrants) are for the directors to share the advantages and risks of stock price fluctuations with all of the shareholders, to further increase directors' motivation toward increasing the share price and improving the Company's long-term results and corporate value, and also to boost their morale. Directors receive subscription warrants following discussions in the Board of Directors to decide on the appropriate number of rights to be allocated to each director within the remuneration framework approved at the General Meeting of Shareholders. Outside directors do not receive stock options (subscription warrants).

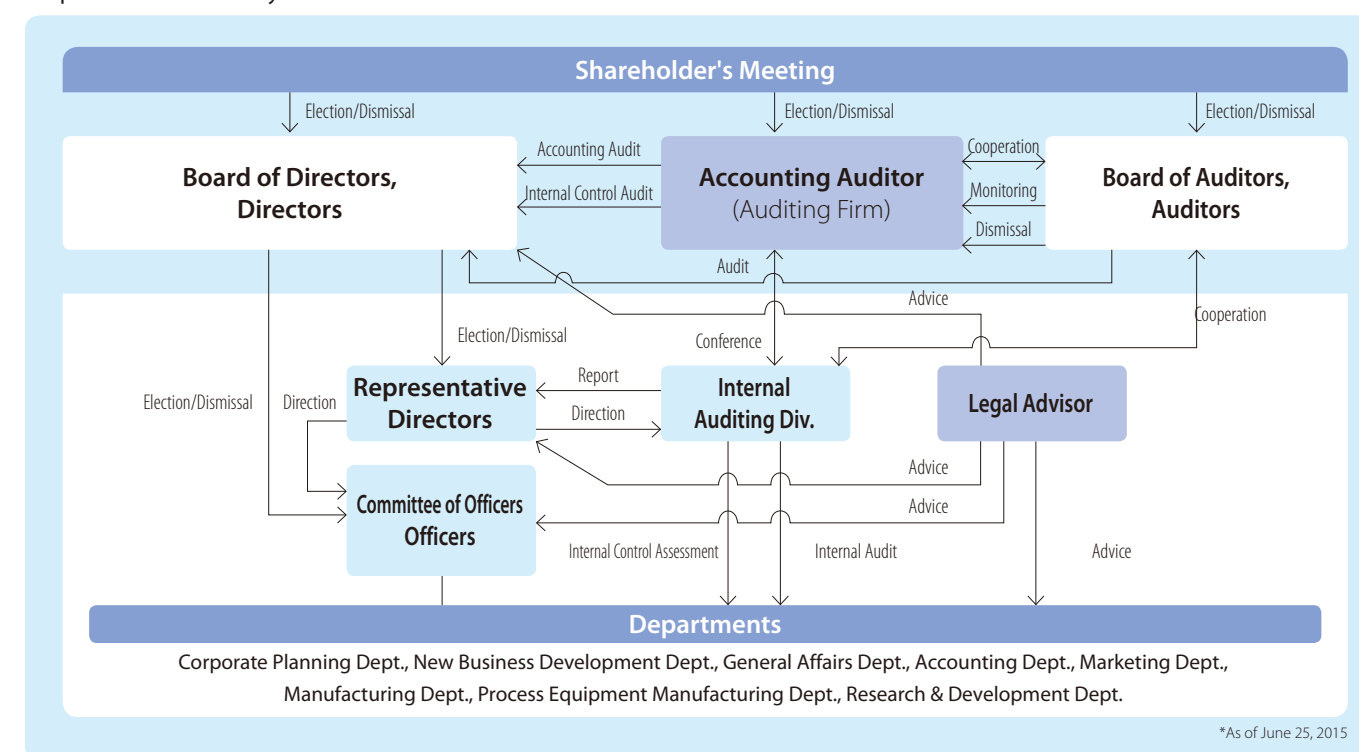
Auditors' Remuneration

Auditors are responsible for supervising and auditing the execution of responsibilities by the directors, in a position that is independent of the Board of Directors. They receive only a fixed-salary basic remuneration, which is decided on and paid out following discussions among the auditors, within the remuneration framework approved at the General Meeting of Shareholders.

Position	Number of eligible directors and auditors	Total remuneration(Million yen)
Directors	8	199
Auditors	4	48
Total	12	248

Note 1. The above includes the remuneration for one outside director who resigned at the closing of the 84rd General Meeting of Shareholders.
2. The amounts paid to the directors do not include the part paid to directors as their employee salary and employee bonus when they also hold the position of employee.
3. The amounts paid to the directors include the ¥19 million provision for officer bonuses for the seven directors (including one outside director) in the fiscal year under review.
4. The amounts paid to the directors include the ¥17 million recorded in expenses for the fiscal year under review for the subscription warrants allocated as stock option remuneration to the six directors excluding the outside director.
5. Of the above amounts paid, the total amount of remuneration, etc. paid to the two outside directors and three outside auditors is ¥35 million.

Corporate Governance System



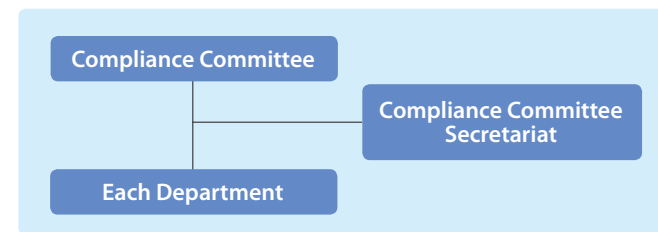
*As of June 25, 2015

Strengthening the Compliance System

TOK fosters a strong spirit of compliance with the law, Company rules and regulations and social norms in all corporate activities, on the part of each and every one of its management executives and employees.

System to Promote Compliance

We recognize that maintaining relationships of trust with all our stakeholders is the foundation for the sustainable development of a company that can coexist with the society. As such, we are putting effort into enhancing our compliance system. Led by the Compliance Committee, we carry out company-wide activities to promote compliance. These activities include providing education and raising awareness of compliance in each department.



Compliance Standards of Conduct

To raise awareness of the importance of compliance and to establish a clearly defined set of shared values and code of conduct among each individual officer and employee, we have drawn up the TOK Group Compliance Standards of Conduct. The Compliance Standards of Conduct was revised in July 2014 and a third edition issued. The revisions took into consideration the globalization of business activities and changing conditions in society, among other developments, and its scope of application was expanded to include overseas subsidiaries. Versions of the Compliance Standards of Conduct Handbook have been created in Japanese, English, Korean and Chinese and distributed to the executives and employees of Group companies. We intend to work even more rigorously to raise compliance awareness throughout the entire Group both in Japan and overseas.



Internal Reporting System

Our internal reporting system has three options to protect internal reporters: an internal route (reporting to the Compliance Committee Secretariat), an auditor route, and an external route (reporting to corporate lawyers). Employees can select either option according to the situation. In addition, we clarify our policy stating that any employee who has taken "internal reporting" actions should not receive a dismissal or other negative consequences, except in cases where such internal reporting was done with a dishonest intent.

Toward Fair Trading (Compliance with the Subcontract Act)

In order to ensure thorough compliance with the Subcontract Act (Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), we periodically conduct investigations into the capital stock and payment terms, etc. of our trading partners to verify that each transaction is not in violation of the Subcontract Act. In addition, the Procurement Department strives to enhance the understanding of the Subcontract Act among its representatives by sending them for external lectures. Efforts are also made to raise awareness among the related departments by conducting activities through the intranet and in meeting spaces.

Initiatives to Eliminate Anti-Social Elements

With the aim of eliminating anti-social elements, we take effort during times of peace to communicate with the relevant parties such as the police and Enterprise Defense Council, in order to establish close cooperative relationships. At the same time, we also collect information pertaining to trends on anti-social elements. We have also laid out items concerning breaking off ties with anti-social elements, and the appropriate response when an unreasonable demand is received, in our Basic Policy on Establishing an Internal Control System, as well as in the TOK Group Compliance Standards of Conduct. Furthermore, by introducing educational materials, we have taken steps to raise awareness about anti-social elements among all members of the TOK Group, and added clauses about the elimination of gangs in our business contracts (TOK format) with business partners.

Risk Management System

In the belief that the Company must continuously develop ways of accurately dealing with risk that threatens to have severe impact on business operations, we have compiled contingency management regulations and a contingency management manual and categorized potentially significant risk into various categories—business risk, public risk, disaster and accident risk, manufacturing risk and environmental risk—based on the manual. We ensure preventive measures are normally in place by carrying out risk analysis and risk countermeasure formulation while at the same time carrying out appraisals and other forms of risk management.

In the event that a risk event occurs despite our best efforts, leading to an emergency situation as specified above, we have created frameworks for responding rapidly and appropriately based on the manual.

Business Continuity Plan (BCP)

Drawing on the lessons we learned from the Great East Japan Earthquake, we have revised our Business Continuity Plan (BCP) to deal with a scenario in which our headquarters and multiple business locations are simultaneously devastated by an earthquake occurring directly under Tokyo, resulting in disruption of order processing and product shipment, and severance of essential supply lines.

Information Management Initiatives

In recent years, the global environment surrounding information management has undergone major changes, including the frequent occurrence of serious incidents and court cases related to information leakages. For the Group the leakage of information assets greatly damages the competitive advantage we have built up over time and could even become a situation that threatens the survival of the Company.

In 2013, the TOK Group revised its "Information Management Policies," and in conjunction with this strengthened its information management structure by establishing the Information Management Committee chaired by the Director, Officer, Manager of the General Affairs Department and comprised of the heads of associated divisions and a secretariat. The meetings of the committee are held every quarter. An information manager is assigned to each division and all employees, including management, are working on the matters listed to the right.

1. Appropriate protection and management of information assets

We've reconfirmed in detail which information is important for the company and what measures can be taken to protect it, classified the information by level of importance and devised different handling methods based on the level of importance.

2. Enhance and expand the human, physical, organizational and IT-based information security operating structure.

It is necessary to recognize the level of importance of information, who uses it and what it is used for. Use of the information must be limited only to people who need it or are otherwise authorized to use it. Further clarifying the scope of disclosure for information at a detailed level reduces the risk of important information being inadvertently accessed by personnel who do not need it.

In addition, we have equipped information storage locations and systems with physical or electronic locks as necessary, set access privileges, and thereby worked to implement measures for appropriate storage and rational use.

Further, in the current age of digital information, IT-based management and monitoring are also essential. We keep detailed logs of who accessed what information and continuously monitor for unauthorized access.

3. Awareness raising and educational activities.

Information management is not adequate if rules and regulations are simply created. Information security is only maintained when administrative employees and other personnel handle that information appropriately in accordance with those rules. For this reason, we conduct regular training on rules and regulations related to information management while appropriately responding to issues related to information handling that occur in the course of administrative processes, and work to make the organization aware of the rules to steadily raise operational quality.

4. Responses to minimize harm in the case that an information leakage occurs.

Information leaks must not occur. However, we must anticipate the possibility of one occurring and think about how to minimize the damage. In this regard, we have established detailed procedures and clarified handling methods from occurrence to resolution, and are now fully capable of responding rapidly.

5. Establishment of an auditing structure, etc.

It is important that a third-party Internal Auditing Division check whether information management systems are functioning adequately. The auditing division performs regular organizational and operational audits from various perspectives, and by correcting any deficiencies that are found, we work to further raise the operational quality of information management.

Measures to Strengthen Risk Management

To preempt various risk events that could affect the business operations of the TOK Group, and to minimize the impact of their materialization, the Group has strengthened its risk management, focusing on mitigation of risk factors and preemptive measures. In addition, we have established a contingency management framework to mitigate damage resulting from emergencies.

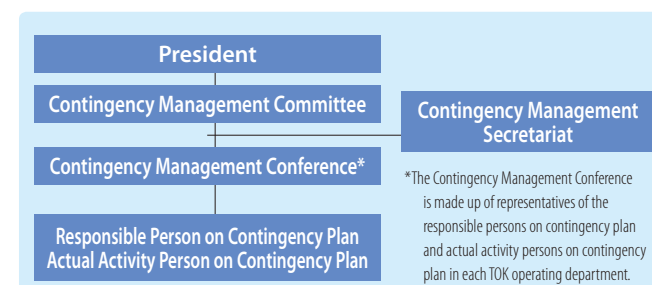
Contingency Management

In addition to establishing a Contingency Management Committee of operating department managers and office managers, TOK has established a subordinate Contingency Management Secretariat, and has made revisions to the Group's contingency management procedures, with formulation of contingency management policies.

We have also set up a Contingency Management Conference as a cross-departmental organization covering the whole Group, which identifies risks that could have a significant effect on business activities, establishes preventive measures and formulates responses in the event of a crisis.

In addition, we have further improved and strengthened our risk management

systems by introducing a plan, do, check, act (PDCA) cycle of verification and appraisal at all bases including those overseas. This helps us carry out risk appraisal and analysis, and take measures against particularly dangerous risks.



Significance of the Corporate Governance Code

The code, which applies to all listed companies in Japan, consists of public guidelines for constructing managerial decision-making systems that allow companies to achieve sustained growth and raise corporate value over the medium- and long-term. In comparison with similar codes in other countries, the code is said to be characterized by the expectation placed on sound risk-taking and demonstration of an entrepreneurial spirit, which are essential to a company's growth.

For our part, we must identify current issues and devise our own specific and creative measures to address them. We intend to continue to fully demonstrate our distinctive qualities as a company—our enterprising spirit, self-discipline, balanced sensibility, sincerity, flexibility and persistence - while regarding the code as a good opportunity to further raise the value of the TOK brand.

General Manager, Legal Affairs Office, General Affairs Dept. **Shunichi Morita**





Pursuit of Customer Satisfaction

In order to provide customers with high quality products that can “inspire” them, the TOK Group has put in place initiatives aimed at enhancing quality in all processes, from design and development, to procurement of raw materials, production, and sales.



Quality policy

Aim to be a globally trusted corporate group by inspiring customers with high-value-added products that have satisfying features, low cost and superior quality. Deepen and expand existing business domains and swiftly launch new business domains.

1.Strengthen Marketing Ability, Be Motivated by a Strong Sense of Crisis, Prepare Well, and Take Immediate Action

2.Promote Human Resource Development for Global Operation.

3.System to Capture Customer's Voice Accurately and to Respond Them Immediately.

Each one of us clearly understand current situation and challenge ourselves with a sense of crisis.

Quality Management Initiatives

The TOK Group is committed to building relationships of trust and enhancing customer satisfaction by providing products that meet the needs of customers, and which customers can use with a sense of assurance and security. These efforts are undertaken in accordance with the TOK Group's “Quality Manual.”

TOK conducts activities to ensure the stability of product quality from the initial stages of mass-production by conducting risk assessments for newly developed products in their early stages, to provide superior products and services in terms of quality and function. Furthermore, we monitor the quality stability of existing products and work to discover irregularities in their early stages to ensure stable manufacturing processes.

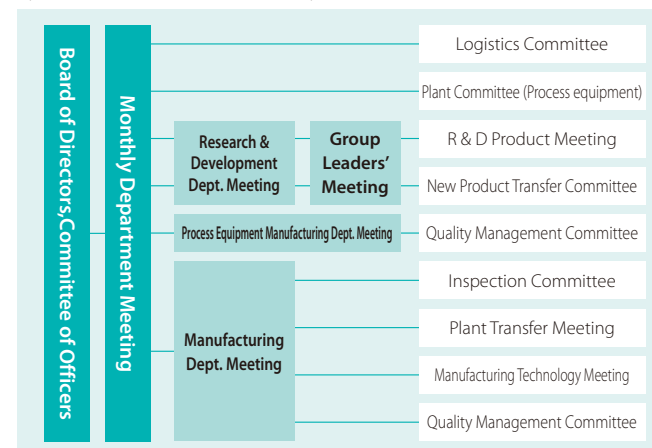
TOK has also introduced MES* to further improve quality and process management at the Koriyama Plant, a mass production plant for our advanced photoresists and promoting efficient and continuous improvement in quality.

Production plants have already acquired ISO 9001 certification (international standard for quality management systems), and under a system in which all related divisions take part, we hold various meetings related to quality management on a regular basis and carry out activities

throughout the organization to raise quality, which include exchanging opinions on solutions to problems and sharing information.

Going forward, we aim to improve the level of customer satisfaction and focus on continuously improving our highly reliable quality management system.

System of Meetings for Quality Management



Advanced Quality Management System

The ArF immersion photoresists that are used in our Advanced semiconductor production process create circuit widths of approximately 20nm, realizing miniaturization of semiconductors and enabling high-level integration. In this way, it provides support for the conservation of resources. These cutting-edge semiconductor production processes call for high purity products that have less contaminants and metals in them than ever before.

The TOK Group has put in place company-wide initiatives to create systems

that can supply such products to customers, in order to satisfy their demands.

TOK Group is also engaged in technological development with the aim of achieving metal impurity control. We are able to supply high purity products at the ppb* level. In addition to our measuring technology, production facilities that are exceptionally clean, as well as the reduction of metals from raw materials, are also technologies that support our efforts.

*ppb: Parts per billion. 1 part of 1 billion is 1 ppb.

We are engaged in the following activities to provide materials with minimal levels of impurities.

- ① In addition to the conventional technologies that are used to extract impurities, we also consider new defect detection methods based on appropriate models.
- ② Control of polymer materials at the atomic level, in order to prevent the introduction of impurities and/or the generation of causative agents.
- ③ Enhancement of filtering technology used to remove defective-causing substances.

TOPICS

Pursuit of customer satisfaction

Efforts of the TOK Group, which provides products that can inspire its customers, have been highly evaluated by various customers, such as in the form of awards and other prizes. With this encouragement, we will further develop technologies and improve quality in the years ahead. In this fiscal year as well, we received a number of awards from various companies.



Advanced Semiconductor Engineering, Inc. (Taiwan)
[Best Supplier Award]



Intel Corporation (The United States)
[Preferred Quality Supplier Award]



Samsung Electronics Co., Ltd. (Korea)
[Best Partner Award]



Texas Instruments Incorporated (The United States)
[Supplier Excellence Award]



Responding to the various needs of customers through in-field solution activities

At the Aso Plant, we respond quickly to complaints and issues, based on a slogan of “inspiring the customer,” while manufacturing professionals perform in-field solution activities to respond to various requests and questions. Our manufacturing personnel consider direct feedback from customers from the customer's standpoint, respond in a unified manner with speed, clarity and conciseness by conducting a range of surveys and analysis, and then report to the customer.

Through these activities, manufacturing personnel firmly grasp customer needs, review processes from a broad standpoint based on those needs and implement improvements to deliver even higher quality, safer and securer products. I think this is what is delivering improved customer satisfaction.

Section Manager, Manufacturing Section No. 2, Aso Plant **Hitoshi Takao**



Localization proceeding at TOK Advanced Materials (Incheon Metropolitan City, Korea), which is pursuing customer satisfaction through close collaboration between development, manufacturing and sales

This feature profiles activities taking place at TOK Advanced Materials, which is expected to play a key role in building close relationships with regional users, one of the pillars of the company-wide strategy in the TOK Medium-Term Plan 2015.

Photoresists (p.24) enable designing miniaturized, complex circuits that control the performance of semiconductors (integrated circuits). Microprocessing technologies using photoresists have achieved miniaturization in the range of approximately 20 nm, which is as fine as one strand hair split lengthwise into 5,000 strands. The technological capabilities of Japanese companies in this area, including TOK, are said to be truly cutting-edge and highly responsive to the needs of the world's leading semiconductor manufacturers.

Semiconductor miniaturization is an extremely important strategy for semiconductor manufacturers locked in fierce global competition as it raises the performance of computers, smartphones and other digital devices through higher processing speeds, more functions and reduced power consumption, while also reducing costs. Even in the Korean market, which is home to semiconductor manufacturers that have a top-class share and known as a "smartphone superpower" with its domestic penetration rate of

73% (according to fiscal 2013 statistics), the importance of partnerships with higher quality photoresist manufacturers has been increasing.

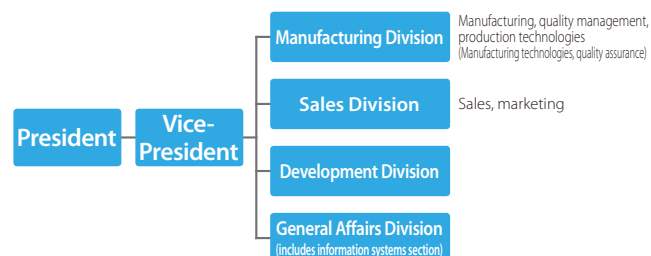
In the semiconductor industry, where technological innovation and product development proceed at very high speeds, modifications and arrangements are frequently made based on the needs of the customer (their product strategy) even to photoresists of the same type. Bearing responsibility for this important aspect of the differentiation strategies of semiconductor manufacturers and firmly responding to increasingly advanced and diversifying needs requires comprehensive abilities (responsiveness) for overcoming high hurdles together with customers, including development, manufacturing (technologies and production) and sales (marketing) capabilities.

To meet this demand, TOK established TOK Advanced Materials in August 2012 to serve as an overseas facility with product development functions. The company's head office and production facility were completed in October 2013 and since 2014, it has been producing and shipping mainly cutting-edge ArF and KrF excimer laser photoresists.

About TOK Advanced Materials

Company policy: Inspire users through localization of cutting-edge products
Items produced: Photoresists for semiconductor manufacturing (KrF/ArF)
Certifications: ISO 9001 (November 2014), ISO 14001 (November 2014)

Organization



New value created through close cooperation between development, manufacturing and sales

To meet the needs of top-class semiconductor manufacturers in Japan and overseas, which are enmeshed in intense competition, including over patent rights, in a global market marked by rapid technological innovation, it is extremely important to first firmly grasp customer needs and then to quickly provide results that satisfy those needs (speed of response). Conversely speaking, if systems are not created that can accomplish this, we have not built a close relationship with regional users in the true sense—this is the reason we established TOK Advanced Materials.

Development

Customer requests (and projects) increasing daily is proof of trust

TOK Advanced Materials is working to deepen collaboration between development and sales divisions, focusing on, for example, where people in charge of sales and development divisions visit the customer as often as possible together and understand customer demands definitely. Satoshi Maemori, Team Leader of the Semiconductor Team, is someone who has directly experienced the astonishing effectiveness of these activities.

"This type of practice is commonplace in Japan, and even before the company was established, development personnel would be dispatched from Japan, and through TOK Korea based in Seoul we would provide equivalent levels of support (refer to "Product Development Flow"). However, at the time, this would involve bringing the work back to Japan and it would take some time before samples could be submitted. Now though, we can do the same thing in a short period of

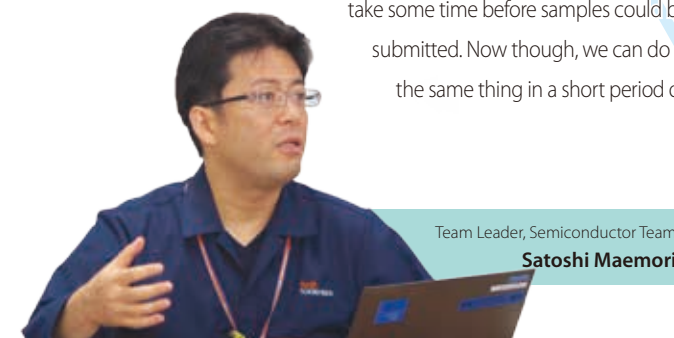
time, which has enabled us to respond with speed and flexibility."

"In addition, time spent directly meeting with the customer has increased dramatically, so we are able to discuss the details deeply through "correlative confirmation," and our suggestions have been highly evaluated from the beginning of the development. This also has resulted in further accelerating the development."

This close coordination between development and sales divisions, which is a regional-based system, has been steadily generating results, and recently, of development from customers have been increasing by the day to the audible delight of the company's personnel. Maemori explains: "This is itself proof that we are being increasingly trusted by customers. The motivation of the development team is also rising as they come to be depended on by some of the world's top companies."

Since its foundation, TOK has developed a large number of products that have earned the "world's first" or "Japan's first" label (refer to p. 9, "History of TOK's Business and Products"), and has contributed to the development of Japan's semiconductor industry. In many cases, this was the result of meeting the customer's expectation that TOK can get the job done. Some executives familiar with TOK at that time have said that they sense the same type of enthusiasm today at TOK Advanced Materials.

*The business operations of TOK Korea were transferred to TOK Advanced Materials in 2013.



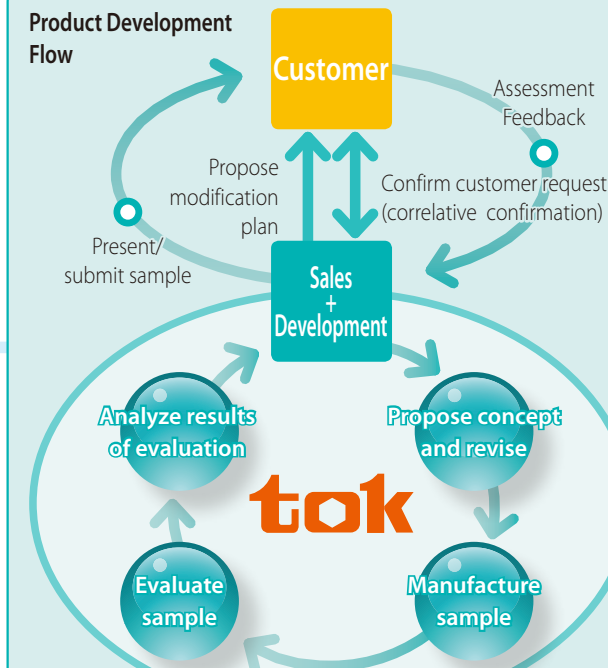
Team Leader, Semiconductor Team
Satoshi Maemori

Security System

We have established a robust security system that includes a stringent information management system and security company services to prevent leaks of technical information. Everyone entering the company, including employees, checks in at the front gate and goes through an additional security inspection at the entrance that includes checking belongings.



Entrance with airport-style security check
All people entering the building have their bags thoroughly checked without exception.



Sales Customers Seek Proposals from Suppliers to be Inspired Together

Through their daily sales activities, Sales Division personnel are also coming to directly experience being depended on by customers. Kim Gi Tae, General Manager of the Sales Division and responsible for sales since his time at TOK Korea, is one person who has been more than a little surprised at how the reaction of customers has changed completely since the system was established that allows for a highly in-depth approach through coordination between development and sales.

"Korea's semiconductor manufacturers strongly tend to prioritize local companies, so being a Korean company helps us get our foot in the door. But the market is subject to extremely intense competition, so unless we make proposals that are more inspiring and impressive than our competitors, customers won't end up doing business with us. Business in this market is extremely demanding, so proposals are only "inspiring" or "impressive" when our products actually improve quality, reduce costs and thereby increase profits. This is also what deepens trust. If a company is simply not impressed, it walks away, but if it is, the company will do business with anyone. In this sense, it is very clear.

The TOK brand has earned a strong reputation among Korean customers for its advanced technological prowess, but since becoming TOK Advanced Materials, we have been hearing customers say "thank you" more often. What I like to hear even more is, "Let's do this together!" That's when I think, "Right, let's do it!" And I feel specially energized."

General Manager, Sales Division
Kim Gi Tae



TOK Advanced Materials and the Incheon Free Economic Zone

TOK Advanced Materials Co., Ltd. is located in the Incheon Free Economic Zone (IFEZ) (Songdo district), which is comprised of the Songdo, Cheongna and Yeongjong districts, and includes the Incheon International Airport and Port of Incheon. IFEZ is home to a cluster of international companies that the Korean government expects those companies will help in its economic strategy centering on northeastern Asia, and in general foreign-affiliated companies with exceptional advanced technologies are invited to locate in the zone on a priority basis. Free corporate and economic activity by foreign investors is allowed and tax incentives are also provided. Moreover, the zone features high-quality government services and a highly convenient living environment.

The TOK Advanced Materials complex includes an R&D building with head office functions and a production building with both buildings being connected by a corridor. IFEZ differs markedly from a standard industrial complex because it is also simultaneously being developed into a pleasant and environmentally friendly city. The TOK Advanced Materials complex is itself designed for environmental sensitivity and good views, and the R&D building features a rooftop garden that functions as a break space for employees.



Outdoor equipment walled off to improve the view

VOICE Making steady progress in manufacturing technologies for cutting-edge photoresists provides motivation

After completing a postgraduate chemical engineering degree, I worked as an engineer for about five years at a Korean semiconductor manufacturer where I was involved in manufacturing semiconductor devices using TOK's photoresists. I then worked at a chemicals manufacturers before joining TOK Advanced Materials where I work today. At my first company, and my second as well, TOK's photoresists were referred to as excellent, so I was very interested in them even then. When I learned that TOK was recruiting engineers, I thought that working at a company with such high technical capabilities would help me further develop my own career, so I applied.

I'm currently in the Quality Control Division and my job is related to inspection. I have around six years of experience in the industry, but when I first started this job I was immediately surprised at the large number of inspection items for cutting-edge photoresists and how strict the requirements were. At the same time, I found out just how deep this field is and this made me want to dive in that much deeper. I'm currently motivated by steadily building my skills, but in the future I want to establish new inspection methods, etc. in line with user process characteristics and together with my colleagues contribute to the company.

Quality Control Team **Lee Eun Ha**



Manufacturing

Sense of "unity in monozukuri" from all "three parties" permanently at the same facility

Samples that have been newly modified to meet strict customer requirements must demonstrate performance according to the plan for the product that will actually be produced and the production (mass production) system that is expected must be established, or else the sample is meaningless. The enthusiasm of developers and sales personnel is naturally conveyed to the Manufacturing Division, which handles this role.

"On a daily basis we experience directly the high expectations of customers and the fierceness of the competition in this country from the fact that requests come in succession from customers, to an extent not even seen in Japan. And the Manufacturing Division also feels that we don't have to be satisfied with doing the same thing even for the same product that we have to raise inspection precision and increase speed, for example. We are always looking for new ideas to make improvements in manufacturing technologies and are always ready to try new things," the plant General Manager Hirotaka Yamamoto explains.

"Our role is to earn the trust of customers by manufacturing with stability, both in terms of quality and production volume, products that demonstrate planned performance. To accomplish this it is essential to have close cooperation between development personnel, manufacturing technology personnel and the manufacturing personnel who oversee operations on the manufacturing sites. In particular, it is extremely beneficial to have all three parties located at the same facility to ensure detailed communication can take place when it is necessary. Means of communication using IT have been developed recently, but for example, I see our staff eating lunch together and talking freely about

general theories of manufacturing technology. It is this sort of thing that fosters a sense of "unity in monozukuri" in which everyone wants to create a good product. In this sense, I think it reaffirms the importance of people meeting face to face and talking with each other."

In manufacturing photoresists, which have ultra-high purity requirements, contamination by impurities such as metals, for example, must be controlled to the parts per trillion (ppt) level. A ppt level concentration is like a single drop of coffee in an Olympic-size swimming pool. Adequate measures must therefore be taken, but no matter how new the facility or environment, it ultimately comes down to the quality of the work done by operators on the floor (work quality).

Surveillance monitors are always installed in locations where work not relying on automation is performed, but to fundamentally raise work quality requires a firm understanding of the significance of the work and why the procedures are important. At TOK Advanced Materials, a Japanese style of "monozukuri culture" is being passed on to Korean managers and operators primarily through on-the-job training at our workshop.

Plant General Manager
Hirotaka Yamamoto



Product inspection using cutting-edge analysis equipment

Final product testing for confirming photoresist characteristics involves the process of actually coating and exposing the photoresist on a wafer at our facility and then inspecting and assessing its performance. TOK Advanced Materials is outfitted with cutting-edge analysis equipment, and stringent product inspections are conducted for each manufacturing process; joint work is also sometimes conducted with the customer.



TOK Distinctive history of TOK localization just beginning

Vice President Jun Jang has high expectations for the new value distinctive to TOK Advanced Materials that will arise alongside with the Japanese-style "monozukuri culture".

"Construction of the Songdo International Business District will continue through 2020 and there are plans to further expand the zone. It's not only a production and development site for cutting-edge companies but also features ultra-high-rise hotels, shopping malls and other large commercial complexes, as well as high-end residential areas, which still currently only dot the landscape, but we believe in the Songdo's potential as an emerging and progressive Korean city with new values.

For TOK Advanced Materials, the earliest possible establishment of "Japanese-style "monozukuri," with its emphasis on detailed observation at the frontline level, is an urgent necessity. To the extent possible in the future, we want to begin hearing constructive suggestions on trying new things from the company's frontline operators.

"I myself feel a sense of unity from all employees combining forces, from sales to operators on the production floor, to work to achieve a brand of "monozukuri" that only we can achieve. I feel enlivened by the work of each employee with the expectation of getting some kind of new skill by working for this company.

"I sincerely believe that we will be writing the first page in the new history of TOK localization while continuing to respect the good atmosphere we've established."



Representative Director and Vice President
Jun Jang

VOICE Focusing on development of global personnel while conducting various measures aimed at localization

TOK Advanced Materials recruited employees, including management level employees, from Korea, primarily people with experience in the semiconductor industry, from the time of the company's founding in 2013 to the end of the fiscal year to be able to hit the ground running. Since then, we have set our sights on the long-term development of capable personnel, including new graduates, by hiring in Incheon and from the surrounding region without regard for professional experience, which has helped increase employment opportunities locally. Personnel systems and welfare and benefit programs have been established, and the company offers a high level of wages and benefits compared to the overall manufacturing industry in Incheon, so on average every job applicant with a one in six chance of landing the job.

With regulations on the management of chemical substances becoming more stringent in recent years in Korea, and with customer audits establishing environmental and safety standards beyond legal requirements, TOK Advanced Materials has established an Industrial Safety And Health Committee to develop safety and health activities, while incorporating feedback from employees, and maintain a long-term record of zero accidents. The company's rating in fiscal 2014 customer audits was higher than the industry average.

Also, in Korea, with its relaxed atmosphere outside the workplace, there is a culture of encouraging friendships at the workplace and discussing job-related concerns and the like, so we hold company-wide athletic events and departmental training trips, and also provide assistance with expenses for dinners and other gatherings organized by employees.

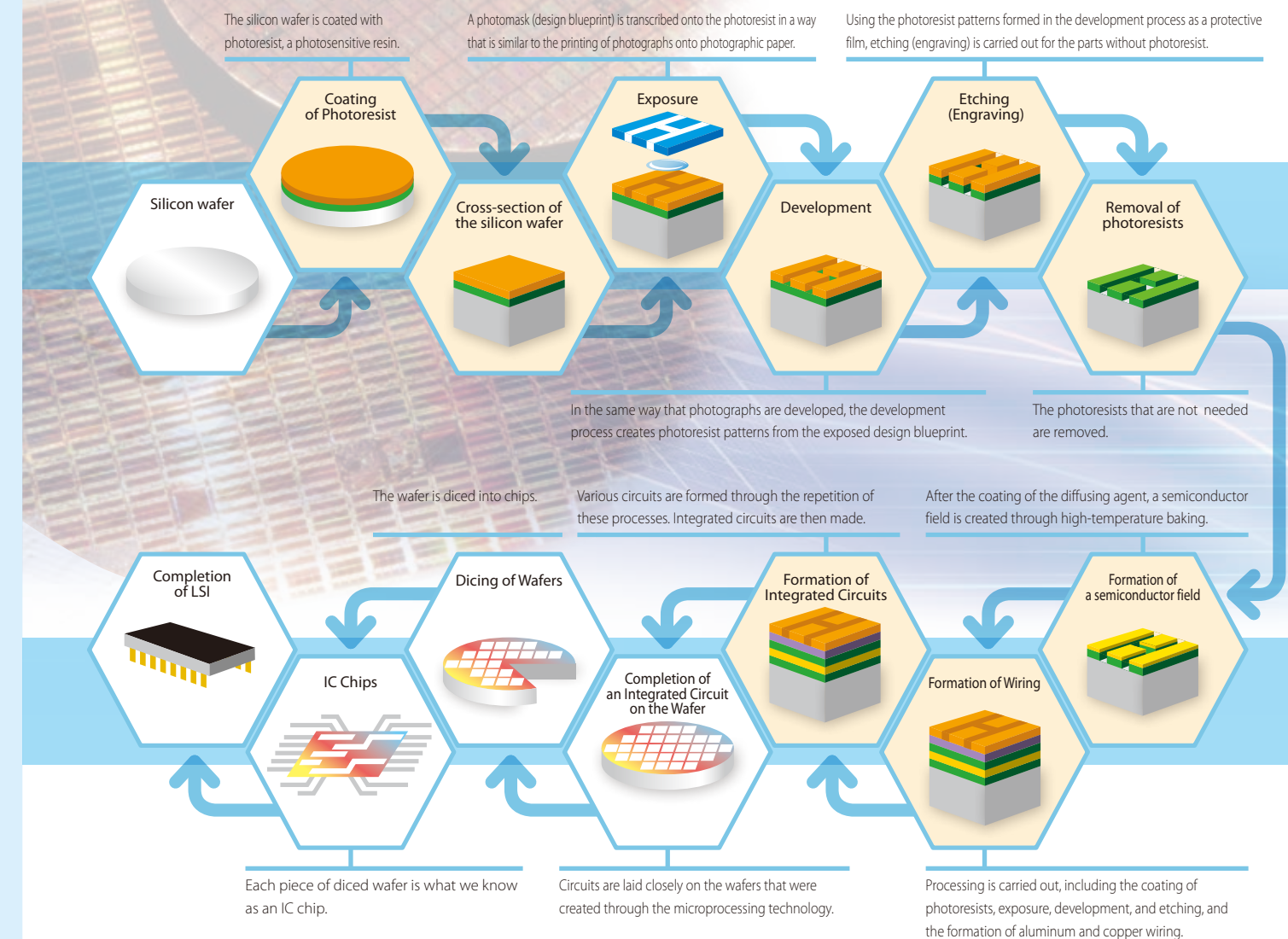
As we conduct a variety of measures aimed at this kind of localization, we are also enhancing training programs, including Japanese language training, with a view to overseas training as a part of the goal of developing global personnel.

Team Leader, HR & Administration Team **Kim Byung Chul**



An Overview of the Photolithography Process

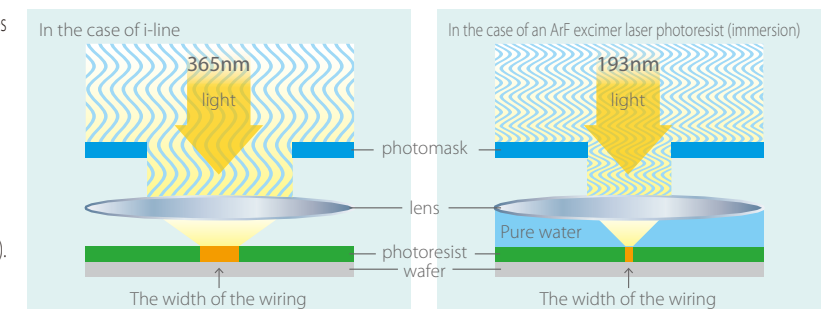
(The Use of Photoresists in the Semiconductor Manufacturing Process)



Mechanism of the exposure equipment

We can conclude that the high-level integration of semiconductor devices is the result of the progress of optical lithography, including photoresists. The miniaturization of optical lithography (improving the resolution of exposure equipment) has been realized to date by shortening the wavelength of light sources that are used, including g-line (436nm), i-line (365nm), the KrF excimer laser (248nm), and the ArF excimer laser (193nm).

*one nanometer is one-millionth of a millimeter



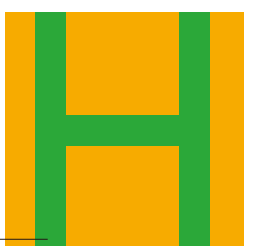
Process rule (line width of the circuit)

The process rule of the 4004, the world's first CPU which was announced by Intel Corporation in the United States in 1971, is 10μm (micrometers). The process rule of the Haswell CPU that Intel commenced shipping in 2013 is 22nm (nanometers).

Over these forty-something years, the process rule has shrunk by a factor of approximately 454 to 1, and the number of transistors formed has increased by approximately 600,000 times.

*The 22nm process rule is equivalent to drawing 5,000 lines on the cross-section of a sliced hair.

The width of the wiring is the process rule.





Creating a “Frank and Open-Minded” Workplace Where Workers are Motivated

In line with one of our management principles, the creation of a frank and open-minded business culture, we are committed to developing a safe and sound working environment where each and every one of our employees can work in a motivated manner.

**“Employees” includes contract workers, while “staff” excludes contract workers.

Employee composition Non-consolidated

	Number of people	Average age	Average length of service (No. of years)
Male	1,071	42.9	20.3
Female	122	34.2	12.4
Total or average	1,193	42.0	19.5

*The number of people excludes contract workers (69 people), seconded employees from other companies (4 people), and local employees at overseas subsidiaries (5 people). It includes 70 expatriates.

Human Rights Initiatives and Initiatives for Fair Working Conditions (Decent Work)

Respect for Human Rights and Prohibition of Discrimination

In our Compliance Standards of Conduct, the TOK Group states clearly its respect for basic individual human rights, and for diverse values, personalities, and privacy throughout the headquarters and at bases in Japan and overseas. Furthermore, it stipulates the prohibition of any behavior that violates the human rights of each officer and employee based on birth, nationality, race, ethnicity, beliefs, religion, gender, age, disability, and/or academic qualifications. Such acts include forcing another to carry out work or bullying behavior through discriminating speech and conduct, violence, verbal abuse, libel, slander, and/or intimidation. We conduct company-wide activities aimed at raising awareness of human rights, and we have put in place systems such as collaboration with legal firms, to respond to complaints and carry out improvements.

“Ruggie Framework” (“Protect, Respect, and Remedy” Framework for Business and Human Rights) stipulates “all business activities may have an impact on human rights, and that business enterprises should recognize that they have an obligation to comply with all human rights.” In light of this, the TOK Group aims to further strengthen our monitoring functions against serious human rights violations, including poor working environment and child labor issues, in the TOK Group and in Japan as a matter of course, and including overseas bases and suppliers, as we expand our businesses beyond the shores of Japan.

Assessing Human Rights and Labor Practices on the Supply Chain

In the course of doing business we work to conduct assessments of raw material suppliers and other partner companies in Japan and overseas in connection with human rights and labor practices. Manufacturing systems are inspected and confirmed through regular audits that include direct visits. Suppliers and partners are requested to make appropriate considerations for human rights and labor practices in accordance with the TOK Group’s Compliance Standards of Conduct (p. 15).

Building Good Labor Relations

The Tokyo Ohka Kogyo Labor Union was formed in 1976 and is a member of the Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers’ Unions. TOK has a union shop agreement with the labor union. As of March 31, 2015, there were 1,092 labor union members affiliated with the Group, and 85.5% of all employees are subject to the collective bargaining agreement.

Since the labor union was first formed, labor and management have maintained good, cooperative relations. Every two months at the central labor-management meeting take place on the operating environment and other labor-management issues. As a part of this, we have concluded various labor agreements that include provisions on occupational safety and health for maintaining good labor and workplace conditions. When changes are made for business purposes, they are always discussed in advance with the labor union.

Measures Against Harassment

As a measure to prevent sexual harassment and deal with it should it arise, we educate all employees on prevention of sexual harassment.

We have also drawn up regulations in the form of “Detailed rules concerning sexual harassment,” which clarifies contact points and procedures for handling such incidents. We have also drawn up “Detailed rules concerning power harassment,” which similarly clarifies contact points and procedures for handling power harassment incidents.

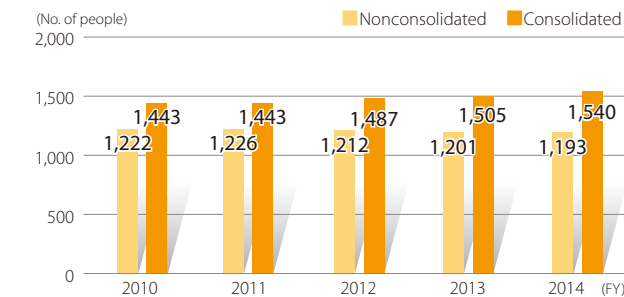
Relationship with Employees

<http://www.tok.co.jp/csr/employees/rights.html>



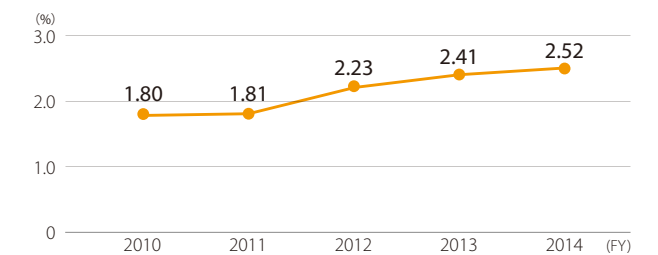
Employment Situation(As of March 31, 2015)

Number of employees



*Number of employees does not include 12 seconded and 65 contract workers.

Employment rate of persons with disabilities (the legal rate of employment is above 2.0%)



Rehiring System

We have introduced the Rehiring System in April 2003, targeting the skilled retired employees who are physically and mentally healthy and wish to continue working after their mandatory retirement (or expiration of a contract). The rehired employees can work until the day on which they reach the age eligible to receive the full payment of employee pension. This maximum age limit has been increased gradually, and extended to 65 in April 2009.

Fiscal Year	2010	2011	2012	2013	2014
The number of users	29	26	31	42	44
The number of users	100	110	124	136	147

Number of employees at the overseas subsidiaries

KUMAGAYA OHKA CO., LTD.	8
TOK ENGINEERING CO., LTD.	5
TOK TECHNO SERVICE CO., LTD.	14
TOKYO OHKA KOGYO AMERICA, INC.	101
TOKYO OHKA KOGYO EUROPE B.V	10
TOK TAIWAN CO.,LTD.	95
CHANG CHUN TOK CO.,LTD.	17
TOK ADVANCED MATERIALS CO.,LTD.	97
Total	347

Creating a Workplace Environment that is Easy to Work in

Work-Life Balance Initiatives

TOK has formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. In order to ensure that employees are able to balance work and family commitments, we are injecting efforts into creating workplace environments that are easy to work in. The results of our efforts were recognized with the “Kurumin” (Mark of Support for Raising Next-Generation Children) accreditation in 2012.



Childcare Leave System

We introduced the childcare leave system in July 1990. Under the system, employees are allowed to take leave for child care from the birth of their child up until 18 months of age or up until the first April 30 after the child’s first birthday, whichever is longer. This enables employees to take leave for up to two years, which exceeds the length of the statutory leave period. The employee who has taken childcare leave can return to the same or an equivalent position in principle. They are also allowed to shorten their working hours until their child completes the third grade of elementary school. In addition, we introduced a flextime scheme for childcare in October 2007 in order to further enhance the support for employees’ child raising efforts.

User breakdown(As of March 31, 2015)

Childcare related systems	Number of users
Childcare Leave System	10 (5)
Shorter Working Hours	10 (4)
Childcare Time	4 (2)

*Figures in parentheses indicate FY2014 new user

Sick Leave System

In March 1993, we adopted the sick leave system that supports staffs who are unable to work due to non-occupational injury or illness and have used all their paid leave. The sick leave is classified into three categories of “short-term sick leave,” “long-term sick leave” and “special long-term sick leave” and the amount of compensation for absence from work is determined according to the categories.

Occupational Rehabilitation System

In April 2005, we adopted the occupational rehabilitation system to help employees return comfortably to work after an absence of more than one month or longer due to non-occupational injury or illness. Under this system, these employees can reduce their working hours for up to two months from the day they return to work.

Expired Paid Leave Reserve System

In April 2008, we introduced the expired paid leave reserve system. Under the system, employees can reserve their unused, expired paid leave in cases where they have non-occupational injury or illness. A maximum of five days can be added each year and a total of up to 30 days can be reserved. The reserved paid leave can be used in units of 0.5 days.

Human Resource Initiatives

Human Resources Policy

TOK has established a consistent policy of regarding human resources as the asset of the company since our establishment. We view all employees as valuable assets, and have stipulated the following items in line with this belief.

- **Never forget that business always starts with “people”.**
- **Any discrimination within company and among employees is strictly prohibited.**
- **Full compliance with applicable laws and regulations, as well as fair and equal compensation.**
- **Educate personal and promote creativity to become a company that develops innovative technologies.**
- **Personnel systems based upon performance, emphasizing and ensuring transparency.**

Personnel System

Our personnel system comprises the “rank system,” “remuneration system,” “evaluation system” and “job challenge system.” Our goal is to firmly establish the Basic Policy of Human Resources within the Company, and create a rewarding workplace for employees through a performance-based evaluation system.

Rank System

The rank system allows talented employees to earn early promotion, which is composed of two career paths: the “work-location selection course” based on aptitude, training, assignment and rotation; and the “qualification rank system” based on duties and responsibilities.

Remuneration System

Under the remuneration system, staffs receive a “base salary” that reflects their skills and performance and a “job category salary” that reflects their duties and responsibilities. For regular staffs, the “base salary” is determined based on their functional skill grade and job performance; for executives, it is primarily based on the performance that is demanded of them according to their functional skill grade. Furthermore, there are upper and lower limits of remuneration for each qualification rank. This system eliminates seniority-based factors in salaries and gives younger employees the opportunity to earn more.

Evaluation System

We have incorporated a goal management approach into the staffs evaluation system, where employees set their goals and assignments and clarify their duties to perform and goals to achieve. The evaluation system combines a “performance evaluation” reflecting the degree of employees’ attainment of goals/assignments, and a “competency evaluation” reflecting employees’ competency to perform their everyday duties and responsibilities defined under their job descriptions (volume and quality of work, attitude, and skills). This system completely eliminates factors such as age, academic background and gender of employees in evaluating their performance.

Self-Reporting System

Under this system, all staffs are required to submit a report on their activities once each year. The report should cover the nature and volume of their tasks as well as their working environment, desired position/work location, comments and messages to the management of the Company, etc. These reports are submitted to the supervising director and used as basic information for skill and career developments, appropriate personnel allocations, improvement planning of worksites, and so on.

Job Challenge System

This system aims to support staffs who take their career development seriously and wish to challenge a new position at their own risk. The system consists of the following two options.

1. Free Agent (FA) System

In this system, employees can select a position to which they wish to be transferred. Then, they go through an interview with the relevant supervisors. Their ability, aptitude, career goals, self-development, etc. are comprehensively assessed to determine whether or not they can be transferred to their desired position. This aims to promote employees’ motivation, so that they do not merely accept assignments dictated by the Company, but voluntarily extend their career paths. They may also apply for positions overseas.

2. Career Challenge (CC) System

This system allows employees to apply for work at a particular location. The request will be processed through coordination between their current division and desired division taking into consideration their qualification and ability. In principle, employees must return to their original division within five years. This system encourages employees to explore their growth direction and suitable role within the Company from a medium and long term perspective, while fostering their skills and career motivation to help them gain professional expertise through their duties.

Specialist Development System

We have set up a new Specialist Development System that is separate from the management development system that we have had in place thus far. This new system aims to foster personnel with a high level of expertise in specific fields, not as organizational leaders but as specialists to lead the completion of specific tasks and contribute to improving the company’s results. In fiscal 2014, 31 employees were inducted into the Specialist Development System.

Level-Based Training(p29)

TOK has established level-based training programs for employees at differing levels in the organization. The programs are designed to help employees acquire abilities and fulfill the roles required at their respective levels.

New Employees	New employee training and production plant training to teach the basics of being a working member of society and learn about the TOK’s corporate identity
Entry Level	Basic training to facilitate work processes at the workplace with related departments
Mid-to-Upper Level	Training on management fundamentals including communications with subordinates and problem-solving
Upper Level	Training to learn the management philosophies and theories needed by managers to lead an enduring organization, and the fundamentals of business departments and top-level executive training



Team building



Logical thinking

TOPICS

Holding of a “Conversation with the President”

One of the initiatives in the medium-term plan is to “boost the morale of employees” and we plan and implement a variety of activities to achieve this.

As a part of this, we create opportunities for mainly young employees working at production plants to engage in direct dialogue with top management. This has been conducted at business sites since fiscal 2013 to facilitate renewed understanding of the relationship between the progress of the company and the daily work activities of employees, as well as to further raise job awareness. In fiscal 2014, the initiative was carried out at the Gotemba Plant, Koriyama Plant, Shonan Operation Center and the headquarters.



Redesigning level-based training for development of global personnel and conducting TOK Next Generation Leaders' Global Practical Training

The global market for photoresists, the core business of TOK, is fiercely competitive, so for TOK to continue to raise corporate value in the midst of this competition, it is essential that we foresee both the information collecting capability and the sensibility that are needed to successfully anticipate change. We must precisely ascertain latent market needs and promptly leverage this knowledge when business opportunities arise.

To develop personnel capable of demonstrating leadership and achieving these objectives, we have implemented new level-based training programs as of fiscal 2014. The basic training period is from the time employees enter the company up to age 30, and the training course itself has been redesigned to be more practical and more stimulating. For personnel who demonstrate a high level of performance among younger employees at the company, a short-term, intensive training program called TOK Next Generation Leaders' Global Practical Training is held.

Personnel requirements required by the Company

1. The creativity and independence to create one's own work and vision
2. Rapid responses
3. Tough mental strength
4. Communication ability
5. Specialist abilities

Level-Based Training Program

STEP1 Logical Communication

Participants develop the ability to organize large amounts of information and convey it concisely and logically to others so that it is easy to understand.

STEP2 Team-Building

Participants develop the ability to understand the psychology and behaviors of others and to communicate in a way that facilitates cooperation.

STEP3 Logical Thinking

Participants develop logical thinking ability for clarifying essential points and deriving conclusions through case studies and other practical methods.

STEP4 Leadership

Participants gain an understanding of true leadership through workshops and other activities and identify the type of leader they aspire to be.

STEP5 Junior Management Training

Targeted at junior managers, participants learn through group work practical management methods, including problem-solving approaches and practical interviewing skills for instructing subordinates.

STEP6 New Manager Training

Participants learn methods for analyzing internal and external management conditions and for making appropriate proposals for targets, strategies and visions for their departments.



TOK Next Generation Leaders' Global Practical Training

The global personnel that TOK requires are people with the aggressiveness and flexibility to act without fear of failure amid various restrictions (on people, goods, funds, information, etc.) and in any environment, whether Japan or overseas.

TOK Next Generation Leaders' Global Practical Training was started as a part of the new training program to develop personnel with these qualities. The program simulates an overseas transfer and focuses on fostering qualities required by TOK; specifically, rapid response, tough mental strength, communication ability and language ability. It does not, however, simply

consist of classroom study; through a variety of (simulated) experiences. The program aims to foster a global mindset in which challenges are actively taken on without compromise as a businessperson with a mission entrusted by the company, even in extremely stressful conditions.

In fiscal 2014, training was conducted with participants selected from various divisions. By directly encountering a range of situations and sets of values through experiences that include overseas training, most trainees significantly improved their skills and experienced a budding of new perspectives and determined spirit. This reason made it a highly significant training program.

TOK Next Generation Leaders' Global Practical Training

Theme	Content	Personnel Requirements				
		Flexibility	Speed	Toughness	Communication	Language ability
Kick-Off Seminar	Participants learn the fundamentals of different cultures and English communication and methods for accurately expressing the points they wish to convey.	●	●	●	●	●
Win-Win Communication	Participants learn how to identify points of commonality and difference with a person having a different opinion, as well as how to negotiate and craft solutions.	●			●	
Overseas Training (Singapore)	Participants directly experience a different culture and find ways to "break out of their own shells" to quickly solve problems under a given set of difficult circumstances.	●	●	●	●	●
Leadership	Participants define and imagine for themselves "ideal leadership" and create a plan of action to bridge the gap between the current reality and the ideal.	●			●	
Mental Toughness	Participants become aware of their own level of growth through challenging exercises with people who are not Japanese. They come to understand their own abilities and strengths and to control motivation.	●	●	●	●	●
Presentation and Results Announcement	Participants make a presentation in English to executives.		●	●	●	●

Sales Employee

The program was outstanding as sales training, so it seems likely to connect to an improved version of my sales activities in the future.

Development Employee

Through the training, which allowed us to immediately practice what we learned, I steered myself to help lead the company.

Development Employee

I've acquired the flexibility and courage needed to fully demonstrate my strengths without getting discouraged or bowing out no matter how difficult the situation.

Plant Employee

I was more of a "star-type" person with extremely distinct strengths and weaknesses, but through the training, I've moved closer to being a "pentagon-type" person with greater balance between strengths and weaknesses.

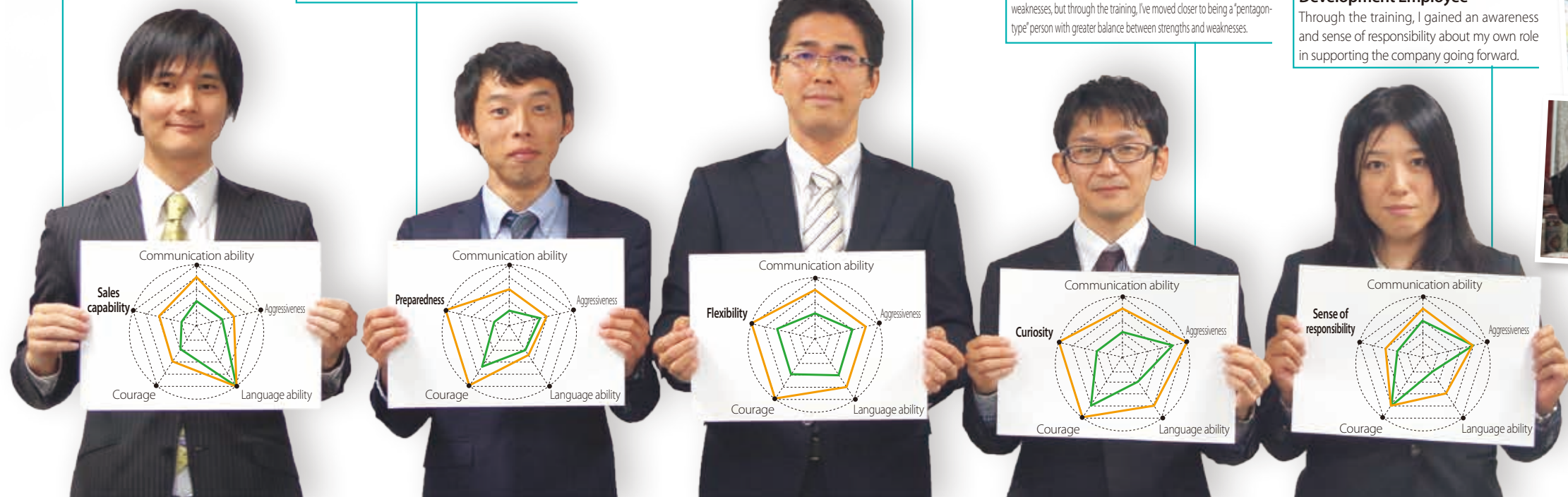
Development Employee

Through the training, I gained an awareness and sense of responsibility about my own role in supporting the company going forward.

Radar Chart Legend

- Self-assessment before Next Generation Leaders' Global Practical Training
- Self-assessment after Next Generation Leaders' Global Practical Training

These are the results of each participant's review of common self-assessment items (communication ability, aggressiveness, language ability, courage) and their own assessment items after taking part in Next Generation Leaders' Global Practical Training.





A Good Corporate Citizen

We are engaged in various social contribution activities, including efforts to interact and communicate with local communities where our offices are located, taking part in volunteer activities, and providing support for educational initiatives.

Tombo-Ike Observation Tour



We held an observation tour of the Tombo-Ike (dragonfly pond), located at the biotope in our Gotemba Plant. Children and their families from the local community participated in this activity.

Organizing Festivals / Events



In August 2014, we held the 28th Noryosai (summer festival) on the premises of the company housing and dormitory for single employees, which are attached to the Shonan Operation Center.

Plant Tours



We conduct tours of production plants for local students that include explanations of products and facilities to assist in their learning activities.

Contribution to Local Communities

Offices and Sites	Main Activity Implemented	Offices and Sites	Main Activity Implemented
Sagami Operation Center	The 28th Noryosai	Kumagaya Plant	"Zero Garbage" Campaign
Shonan Operation Center	Clean-up activities	Gotemba Plant	Tombo-Ike Observation Tour
Koriyama Plant	Red Cross blood donation campaigns	Aso Plant	Sensuijyo Gorge cleaning activities
Utsunomiya Plant	Traffic Safety Activities	Headquarters	Donations toward 36th Nakahara "Yume" Citizens' Festival

Program to get children acquainted with better books in their daily lives

This program, which was created to help promote and raise awareness of science education, is administered by the Tokyo Ohka Foundation for The Promotion of Science and Technology. It provides funding for the purchase of books, among those recommended by the foundation, by public institutions in line with their specific needs. In fiscal 2014, the foundation asked the Kawasaki City Board of Education to select institutions for funding from an impartial standpoint. With the cooperation of the Kitanobook Co., Ltd., requests were taken from 295 public institutions in Kawasaki (elementary school libraries, the Children Cultural Center, special needs schools and municipal hospitals). As a result, ¥5,722,721 in assistance was provided to 288 institutions for the purchase of 3,178 books. Kitanobook participated in the program by compiling the requests of each institution, delivering on a volunteer basis, and contracting the work of putting on book covers to welfare facilities for people with disabilities.



Contribution Toward Improvements and Development of Science and Technology

Tokyo Ohka Foundation for The Promotion of Science and Technology

Tokyo Ohka Foundation for The Promotion of Science and Technology was established by the late Shigemasa Mukai, the founder of Tokyo Ohka Kogyo. Its mission is to develop proprietary technology through fundamental research for the development of Japan, which has few natural resources, and the application of these technologies to industrial uses to achieve peace and prosperity among humankind. To that end, the Foundation provides funding for research and development in the field of science and technology, as well as for research exchange. A large number of beneficiaries are covered under the following grant categories: Grants for Research Projects; Grants for International Exchange; Support for the Promotion of Research Exchange Programs; and Grants for Promotion of Science Education. In fiscal 2014, the Foundation provided a total of ¥23.83 million in grants to 58 projects. From its founding till the end of March 2015, the Foundation had provided an accumulated total of ¥521.99 million in grants to 778 projects. Please visit the Foundation's website for details about the grants and projects.



FY2014 (25rd) Mukai Prize Award Ceremony

Website of the Tokyo Ohka Foundation for The Promotion of Science and Technology
<http://www.tok-foundation.or.jp>



A Good Corporate Citizen / Environmental Initiatives



Environmental Initiatives

Products manufactured by the TOK Group contribute to greater comfort in the lives of people. However, the manufacturing process also places a burden on the environment. We have put in place initiatives to reduce the environmental burden created through our corporate activities, so that future generations can inherit an even better world from us.

Results of Responsible Care (RC) Activities in Fiscal 2014

The following is a report of the main environmental initiatives that we undertook in fiscal 2014 and the results of these activities, which we implemented with the aim of reducing the environmental burden arising from our corporate activities.

Items	Goals	Results
Environment Management System	Establishment and continuous improvements of the environmental management system	<input type="checkbox"/> All the facilities in Japan continued to undergo assessment and audits after receiving ISO14001 certification for the sixth time <input type="checkbox"/> All manufacturing sites of our overseas subsidiaries maintained ISO14001 certification
Energy Conservation	Reduce the amount of energy used (basic unit index) by 10 points by 2020, based on a crude oil equivalent and taking the index for fiscal 2009 as 100.	<input type="checkbox"/> Established a Central Committee on Energy Saving and implemented systematic activities on a company-wide basis <input type="checkbox"/> The amount of energy used in our manufacturing processes was reduced by four points, or by nine points in base units
Industrial Waste	By fiscal 2015, reduce the amount of industrial waste* generated by 10 points (basic unit index), taking the index for fiscal 2010 as 100.	<input type="checkbox"/> Reduced the absolute volume of industrial waste generated through the manufacturing processes by 5 points (basic unit index)
Chemical Substances	Properly manage chemicals and reduce risks associated with harmful chemical substances.	<input type="checkbox"/> Revision and application of the Standards on Chemical Substances Management <input type="checkbox"/> Application of the Chemicals and PRTR Management Systems
Environmental Accidents	Maintain the perfect record of "zero" industrial accidents that affect external parties	<input type="checkbox"/> Had "0" environmental accidents <input type="checkbox"/> Conducted environmental accident response drills at nine offices/sites
Environmental Communication	<ul style="list-style-type: none">Proactive disclosure of informationRelease of CSR Report	<input type="checkbox"/> June 2014 Published and released the CSR Report 2014, and also released detailed information on the company's website

* From fiscal 2013, in order to make the degree of achievement of the medium- to long-term goals related to the reduction of industrial waste easier to understand, we have changed to the method of adding together the amount of general industrial waste and specially controlled industrial waste generated and calculating the base unit for the total industrial waste.

Medium- to Long-term Goals

Energy Consumption	Industrial Waste
We are putting effort into energy conservation activities in order to achieve the goal of reducing the amount of energy used by 10 points (1 point per year) by fiscal 2020, based on a crude oil equivalent and taking the index for fiscal 2009 as the base unit.	We are committed to reducing the amount of industrial waste generated, and our goal is to reduce this amount by 10 points (2 points per year) by fiscal 2015, taking the index for 2010 as the base unit.



The progress of the "TOK Medium-Term Plan 2015:" Overview of activities and developments as we approach the new fiscal year

TOK has carried out responsible care activities to save energy, reduce the risk of occupational and environmental accidents and reduce industrial waste.

In the area of energy conservation, adding insulation to steam pipes and taking measures to prevent steam leaks has made a significant contribution to reducing thermal energy. With regard to occupational and environmental accidents, risk assessment activities have been promoted along with stricter management of protective equipment, and as a result, as with last year, there were no reports of major problems. As for industrial waste, per-unit waste and overall volume increased compared to the previous year due to changes in product trends. In fiscal 2015, we will continue to promote responsible care activities by making effective energy-saving investments, for example to convert fuel oil boilers to city gas and reduce environmental impact, by reinforcing risk reduction activities through continued risk assessments, and by conducting 3R activities, including reviews of industrial waste processing methods.

Director and Officer, Department Manager, Manufacturing Dept. **Nobuo Tokutake**

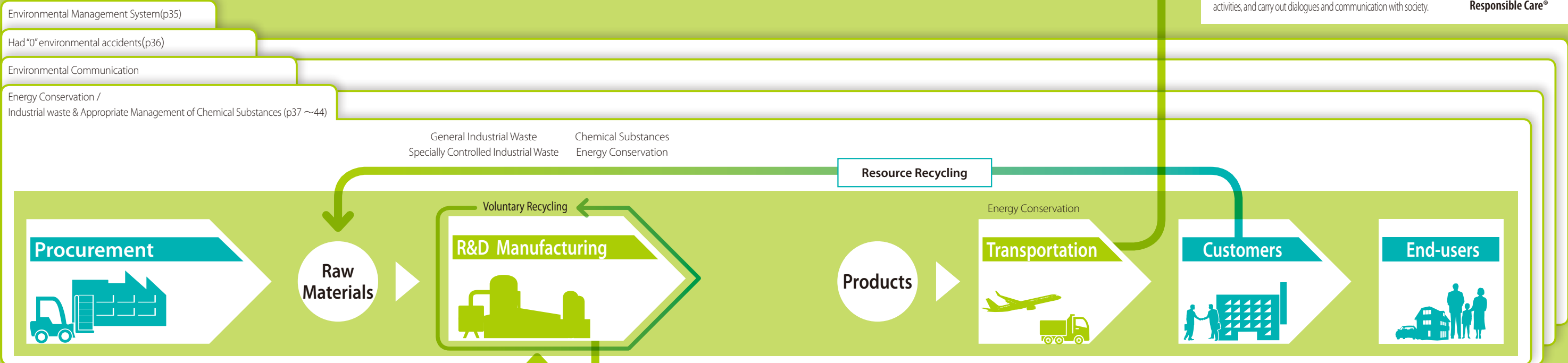


Reduction in Environmental Burden from our Corporate Activities

Environmental Performance*

TOK conducts daily quantitative and qualitative evaluation of the effects that its corporate activities have on the environment, and takes various initiatives to minimize their impact.

*Environmental performance: Environmental performance evaluation is a method of evaluating, in qualitative and quantitative terms, environmental activities and results achieved by an organization in accordance with its environmental policy, objectives and goals.



Emissions from Transportation

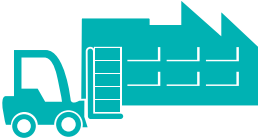
Transportation volume	22.66 million ton-kilometer
Energy consumed	1,076kL crude oil equivalent
CO ₂ emissions	2,858t-CO ₂

Responsible Care (RC)

Responsible Care (RC) activities are voluntary activities by chemical manufacturers to ensure "environmental conservation, safety and health" in all processes from the development to the manufacturing, transportation, use and final disposal of chemical substances, publish the outcomes of the activities, and carry out dialogues and communication with society.



Procurement



Raw
Materials

Voluntary Recycling

R&D Manufacturing



Products

Energy Conservation

Transportation



Customers



End-users



Input

Total energy consumed	14,824kL crude oil equivalent
Electric power	40,100,000kWh (10,102kL crude oil equivalent)
Petroleum (heavy oil)	2,161kL(2,180kL crude oil equivalent)
Gas	2,090,000m ³ (2,431kL crude oil equivalent)
Used water	339,000 m ³
Chemical substances <small>(Class 1 Designated Chemical Substances under the PRTR Law)</small>	1,500t

Output

CO ₂	27,000t-CO ₂
SO _x	3.0t
BOD	0.3t
General administrative waste	75t(Recycling rate: 64%)
Industrial waste	General industrial waste 1,513t(Recycling rate: 45%)
	Specially controlled industrial waste 3,840t(Recycling rate: 60%)

*Sulfur oxides (SO_x): Produced from the combustion of fossil fuels containing sulfur. These are considered to be the causative substances of acid rain.

*Biochemical oxygen demand (BOD): BOD refers to the volume of oxygen required when pollutants in the water (organic substances) are turned into inorganic substances or gases through the action of microorganisms. BOD is a major indicator used when evaluating the degree of contamination of rivers and other water bodies. A higher value for BOD means that the water involved is more contaminated.

Data on environmental impact by site for fiscal 2014

http://www.tok.co.jp/csr/env-activity/load_data.html

Environmental Accounting*

TOK has been using environmental accounting since fiscal 2000. This allows the Company to conduct environmental management while monitoring the expenses and effects of environmental programs. In fiscal 2014, environmental conservation expenses totaled ¥432 million, mainly for the prevention of pollution and recycling of resources.

*Environmental accounting: A system for understanding environmental conservation related investments made by, and expenses incurred by, businesses and other organizations, as well as the effects of such investments, in quantitative terms (currency or physical quantity) and communicating such information to stakeholders.

Category		Key Initiatives	Investment	Cost
Business area cost	Pollution prevention cost	Air, water and other pollution prevention equipment and its renewal, operation, maintenance and management	30	94
	Global environmental conservation cost	Energy conservation activities	106	28
	Resource circulation cost	Waste processing	0	199
Upstream/Downstream cost		Green purchasing, collection of used products	0	6
Administration cost		Approach to environmental management system	0	73
R&D cost		Research and development related to environmental conservation (equipment and products for reducing environmental impact)	0	28
Social activity cost		Cleanup activities around the production plants	0	1
Environmental remediation cost			0	0
Total			137	432

Environmental Conservation Cost

Investments refer to the accounting for equipment associated with environmental conservation and improvement. Expenses are the sum of depreciation, personnel and other operating expenses associated with environmental conservation.

Personnel expenses are computed based on a basic unit cost.

Economic benefits associated with environmental conservation measures

Figures are calculated based on internally realized benefits from the sale of materials having value and from the reduction of costs.

Effects		Amount
Revenue	Gains on the sale of recycled products	18
Cost savings	Reduction in disposal costs through reduction in the volume of waste	52
Total		70

*Scope of environmental accounting covers production facilities in Japan and distribution centers, excluding the headquarters and marketing offices. Reference used is the Environmental Accounting Guidelines 2005, published by the Ministry of the Environment.

*Amounts of less than one million yen have been rounded off.

Environmental Management

Environmental Management System

TOK positions environmental conservation as one of our priority management issues. With the aim of enhancing the effectiveness of environmental conservation in our corporate activities, we have established a goal that integrates the environmental management system with the quality management system, at each of our offices and sites. We put effort into ensuring continuous improvements in the implementation of the PDCA cycle*.

*PDCA cycle: This is a method that facilitates the smooth implementation of management work, such as production activities and quality management, through the repetition of the four stages of activities—Plan, Do, Check, Act.

Environmental Management System
http://www.tok.co.jp/csr/env-activity/s_management.html

The TOK Environmental Policy

The TOK Group is putting in place environmental initiatives in line with TOK's environmental policy to help achieve a sustainable society that does not harm the environment.

Manufacturing chemicals is one of the main pillars of the corporate activities undertaken by the TOK Group. This activity affects the environment primarily through releases and emissions into the atmosphere from the effluents and vaporization of organic solvents and other substances during production processes beginning with the procurement process, and following the use of the Company's products. Since its inception, TOK has placed priority on handling and disposing of chemical substances

properly, as well as on dealing with emissions into the atmosphere. In November 1998, an environmental policy was established to clarify the Company's commitment regarding the reduction of waste materials and conservation of resources and energy. In April 2010 we carried out a review that encompassed our corporate social responsibility and the state of our environmental conservation activities thus far, and are striving toward the realization of our environmental policy. Furthermore, we are also engaged in activities to deal with environmental risks in the corporate activities that we undertake throughout the entire life cycle of our products.

The TOK Environmental Policy

Contributing to society in our aim to become a corporate group that is trusted around the world, is one of the most important themes in our management plans. Accordingly, we will track our impact on the environment in all phases, from product development to procurement, production, sale, and disposal. Reducing environmental impact from our corporate activities by complying with laws and regulations, as well as our internal regulations and social norms, and balancing production with environmental conservation while preventing of pollution. We will take steps to accelerate the development of businesses in the environment and energy fields in order to contribute to the creation of energy on a global scale.

- 1 Enhance handling and management with consideration for chemical safety and the environment.
- 2 Promote efficient use, reuse, and recycling of resources.
- 3 Promote activities to conserve energy and mitigate global warming.
- 4 Prevention of pollution.

The TOK Environmental Policy
<http://www.tok.co.jp/csr/env-activity/policy.html>

Compliance with Laws and Environmental Regulations

Each domestic production site has prepared a List of Legal and Other Required Items and the Monitoring and Measurement Table and complies with laws and regulations.

On the list, laws, rules, agreements and other regulations that must be observed are complied in accordance with corresponding requirements, such as submitting applications and reports, performing measurements and enforcing compliance. The list is used to clarify the frequency of evaluations by the sections responsible.

The Revised Water Pollution Control Law took effect in fiscal 2012. A new application system for the designated facilities for the

storage of hazardous substances was established, and hazardous substances were added to the list. TOK carried out renewed inspection of facilities erected at each of its production sites, and submitted applications for the relevant facilities.

In fiscal 2014, as a result of monitoring and measurement activities, it was found that we had not exceeded any emission standards. We have also never been penalized through fines, nor been involved in any environment-related lawsuits, for the violation of environmental laws and regulations.

Environmental Risk Management

At every business site in Japan, we examine all overt and potential environmental risks in accordance with items required by the ISO14001 standards, in order to prevent problems and reduce the occurrence of incidents. Furthermore, we evaluate and rank risks based on their magnitude to create a table identifying significant environmental

factors*. In addition, each division and the company as a whole select environmental factors requiring particular attention. Annual targets for improvements are then established and progress toward those targets is monitored. For environmental factors at each business unit, progress is supervised by establishing management standards.

*Environmental factors: Factors involving organizational activities, products or services that could have an environmental impact.

Environmental Safety Education for Employees

TOK has an environmental education program designed to raise awareness of environmental issues among all employees, and to encourage employees to act in consideration of the impact on the environment in all aspects of their daily work. Each business unit receives the Environmental Manual to use as the basis for its environmental activities.

Training on Methods of Identifying Environmental Factors, Safety, ISO Requirements, and Management Systems

We provide periodic training about the relationship between the requirements of standards and TOK's systems, in order to deepen understanding of how our management systems satisfy the requirements of the quality ISO9001 and the environment ISO14001. We also conduct regular briefing sessions on methods of identifying safety risks, aimed at enhancing each individual employee's awareness of the environment and of safety. In fiscal 2014, 219 employees attended the briefing sessions.

In addition to these training programs, we also conduct environment training and lectures on chemicals, which correspond with the needs and situation at each office and site.

Emergency Response Training

In order to minimize the impact when an environment contamination risk surfaces in the form of an environmental accident, we conduct periodic training programs at each office and site. These include training to prevent and report on the diffusion of chemical substances, such as organic solvents and poisonous and deleterious substances, in the event of a chemical leakage.

In addition, we have put in place emergency back-up drainage tanks and emergency shutoff valves at each production site in order to prevent the direct flow of discharged water out of the premises during an accident, in the event that this water does not satisfy the standards stipulated by regulations.



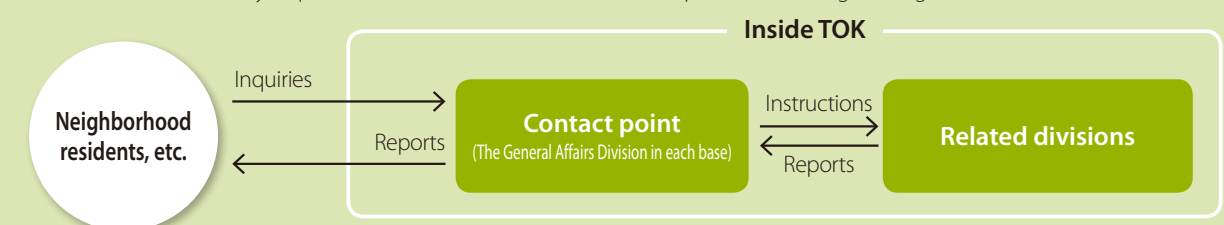
Disaster Prevention Training (Headquarters)



Emergency Response Training (Utsunomiya Plant)

Responding to Inquiries from Neighboring Residents

In fiscal 2014, we did not receive any inquiries, such as environment-related complaints, from neighboring residents.



Initiatives to Reduce Environmental Burden

Reducing Energy Consumption

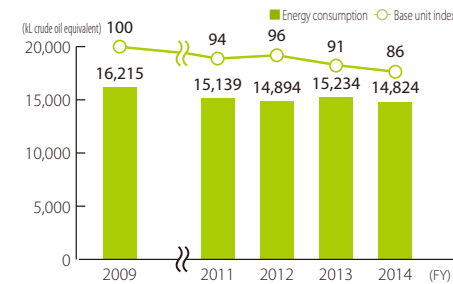
We are working to reduce our environmental burden through a number of initiatives. These include improving our product manufacturing processes, increasing the efficiency of our work, and overhauling our facility operation methods. When it comes to facilities, we are also upgrading to highly efficient equipment, reinforcing insulation of steam piping, aggregating compressors, and changing our lighting to LED lamps.

Thanks to these efforts, our energy consumption for electricity, heavy oil, city gas, and other forms of energy in fiscal 2014 was 3 points lower than in previous fiscal year, amounting to 14,824 kL on a crude oil equivalent.

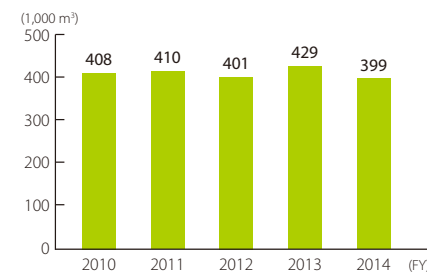
Our base unit index (using fiscal 2009 as 100) reached 86 points, an improvement of 5 points compared to the previous fiscal year.

*We are putting effort into energy conservation activities in order to achieve the goal of reducing the amount of energy used by 10 points (one point per year) by fiscal 2020, based on a crude oil equivalent and taking the index for fiscal 2009 as the base unit.

Energy Consumption



Used Water Consumption



Emissions to the Atmosphere

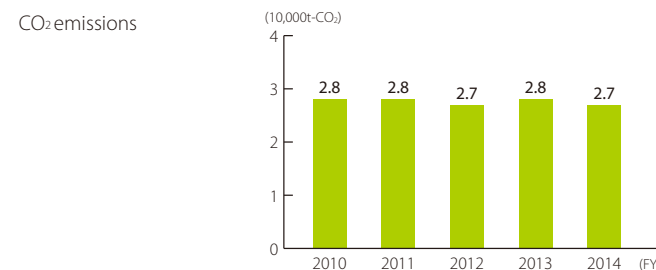
We are working to reduce emissions of greenhouse gases* by improving our product manufacturing processes and through the management of our product manufacturing facilities.

As of fiscal 2008, we had converted the boiler fuel at our Sagami Operation Center, Utsunomiya Plant, and Shonan Operation Center from heavy oil to gas fuel that gives off a smaller amount of SOx, which is a cause of air pollution. Moreover, we have also been upgrading to highly efficient equipment at our manufacturing sites and overhauling our operation methods in order to minimize emissions into the atmosphere.

Our emissions of CO₂ in relation to our business activities in fiscal 2014 came out to about 2.7 tons, even lower than in the previous fiscal year. Furthermore, SOx emissions were about 3.0 tons, as in the previous fiscal year.

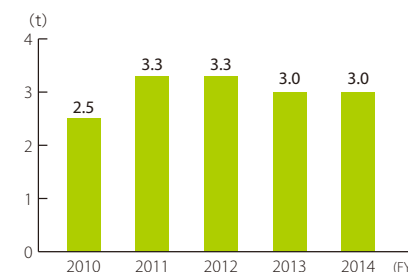
*Greenhouse gas: Gas in the atmosphere that allows sunlight to pass through but absorbs infrared rays emitted from the ground and sea. These gases are believed to cause global warming.

Changes in the Volume of Emissions into the Atmosphere (Converted from Energy Consumption)



*The CO₂ conversion factor is computed through the application of the fiscal 2009 conversion factor on other fiscal years, in order to gain a better understanding of the changes resulting from the company's activities.

SOx emissions



* There was an error in the amount of SOx emissions for fiscal 2013 so we have revised that figure. (3.4 → 3.0)

Measures Involving Ozone-Depleting Substances

Chlorofluorocarbons (CFC*) such as CFC-11 and CFC-12, which are harmful to the Earth's ozone layer, are used primarily at TOK as coolants in refrigerators and freezers.

We also use halogenated hydrocarbon, another ozone-depleting substance, in some fire fighting systems. We have promoted environmental maintenance to manage and discard as stipulated by Freon emission control that was enforced in April, 2015 using a list of applicable equipment.

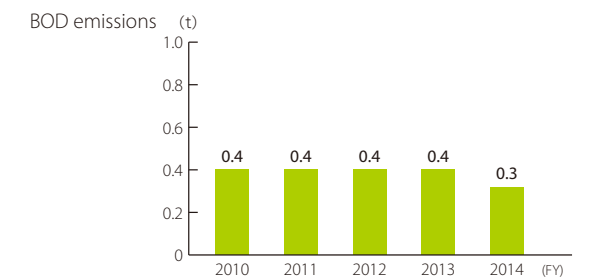
*CFC: An abbreviation for chlorofluorocarbon. Specified CFCs are particularly harmful to the Earth's ozone layer.

Emissions to Water

Effluents from production plants undergo an activated sludge treatment process and other cleansing processes at wastewater treatment facilities before being released to public waters such as sewer systems and rivers. As a result of these activities, BOD emissions in the water discharged into public waters for fiscal 2014 were estimated to be approximately 0.3t.

We will continue to maintain and manage wastewater treatment facilities to achieve further reductions in discharges of BOD.

Volume of Emissions to Water

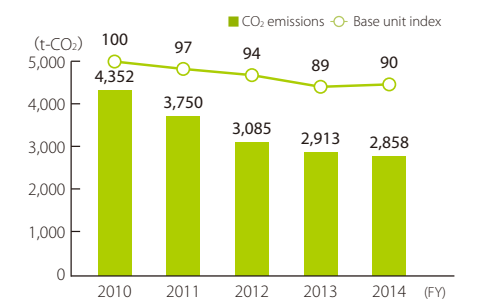


Environmental Measures During Distribution

"Green" Logistics

In fiscal 2014, the use frequency of the large vehicle of the domestic transportation volume decreased, while overseas transportation volume increased. As a result, fuel consumption decreased 2% by ton kilometers having decreased 2%. Therefore we tried for the downsizing of the vehicle for transportation to use and improvement of our transportation efficiency, the base unit added 1 point from the previous fiscal year. Going forward, we will reduce our fuel consumption through proactive efforts for the efficiency and decrease in domestic transportation volume by improving our cargo loading ratio, while also enhancing monitoring. Our aim in this is to reduce our base unit by an annual rate of 1 point.

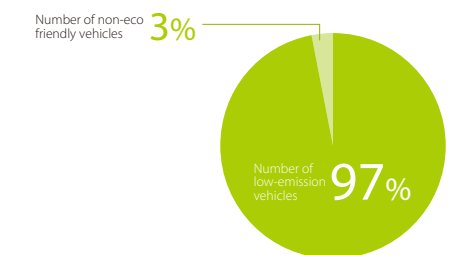
Emissions in Distribution



Progress in Use of Eco-Friendly, Low-Emission Vehicles

TOK owns a fleet of 36 motor vehicles (including by lease). As of the end of May 2015, 97% of these vehicles use hybrid engines and other means to reduce emissions and protect the environment.

Rate of adoption of low-emission vehicles



Provision of Environmental and Safety Information for Product Transportation

We require that our drivers carry emergency contact cards (yellow cards) at all times while they are on duty to transport potentially harmful products. This reflects our commitment to environmental conservation and to ensuring safety, by protecting people, merchandise and the environment from harm caused by leaks, fires, explosions and other accidents that may occur during the transportation of hazardous substances.

Working to maintain biodiversity

The mass consumption of natural resources and energy and the greenhouse gas emissions through businesses activities are causing climate change and the destruction of the environment, and are threatening biodiversity. The Company is reducing the consumption of natural resources and energy as much as possible through energy saving activities and waste reduction activities. We removed chemical substances that have a negative impact on the ecosystem from the gas emitted from our offices and plants and the plant wastewater, using appropriate cleansing equipment.

With regard to biodiversity activities, the range of activities any one company can pursue is limited, so we also seek opportunities to participate in the activities of external organizations.

Creation of a Recycling-Based Society: Initiatives to Achieve Zero Emissions

Promoting 3R activities (Reduce, Reuse, Recycle) aimed at zero emissions

We are tackling activities to ensure that natural resources are used more effectively by reducing the volume of waste generated and increasing the amount of waste that is recycled.

We strive to stabilize and reduce waste volume through incineration,

pulverization and other forms of intermediate treatment, but landfill disposal does occur in no small quantities. We will continue promoting reductions to landfill disposal volume while maintaining zero emissions* status.

*Definition of zero emissions: Landfill disposal volume (direct or after intermediate treatment) of less than 1% of industrial waste discharged by business activities.

Reduce*1

All TOK manufacturing bases are engaged in many activities to reduce energy consumption and waste materials generated by production processes as much as possible. Major programs include installing wastewater treatment facilities to process effluents internally; sorting waste materials to transform materials into items of value; and reducing the generation of waste materials by improving production processes.

We promoted waste reduction activities with the goal of a 10-point reduction compared to fiscal 2010 (base unit basis) by fiscal 2015, but total industrial waste discharge from domestic business sites in fiscal 2014 increased over the previous year, for both general industrial waste and specially controlled industrial waste.

Reuse*2

Products incorporating organic solvents have been placed in stainless steel containers since the late 1970s. This allows empty containers to be returned to TOK for reuse. In addition, some products are transported using tanker trucks. We are also beginning to use reusable containers for some photoresist products, chiefly those used in the manufacture of LCD panels.

*The base unit index is calculated after adding general industrial waste and specially controlled industrial waste.

*We are committed to reducing the amount of industrial waste generated, and our goal is to reduce this amount by 10 points (two points per year) by fiscal 2015, taking the index for 2010 as the base unit.

*From fiscal 2013, we have changed to the method of adding together the amount of general industrial waste and specially controlled industrial waste generated and calculating the base unit for the total industrial waste.

*1.Reduce: This refers to reducing the volume of waste material generated. Reduction involves minimizing the volume of materials in products in order to minimize the volume of materials that is eventually discarded.

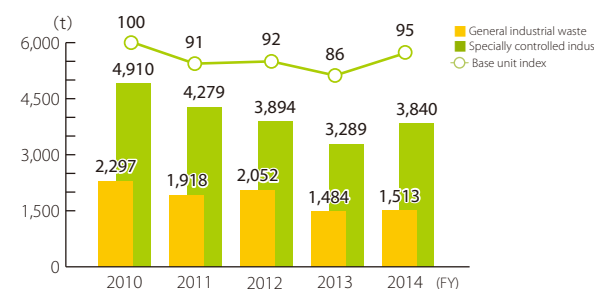
*2. Reuse: This refers to the use of manufactured goods, containers and other products repeatedly in order to reduce the volume of waste materials generated and conserve resources.

*3. Recycle: Recycling is the use of waste materials as a resource rather than burning these materials or sending them to a landfill. Recycling thus conserves resources and prevents pollution.

Recycle*3

We are conducting a variety of recycling programs in order to utilize the Earth's limited volume of resources effectively. We take thorough steps to separate garbage properly, conduct a 3R campaign, review methods for disposing of these materials and take other steps to cut the final volume of industrial waste.

Change in the Volume of Industrial Waste



Initiatives to Reduce Landfill Disposal Volume

Industrial waste directly discharged to landfill disposal companies has been zero since fiscal 2004, and it was zero in fiscal 2014 as well. Industrial waste subject to landfill disposal

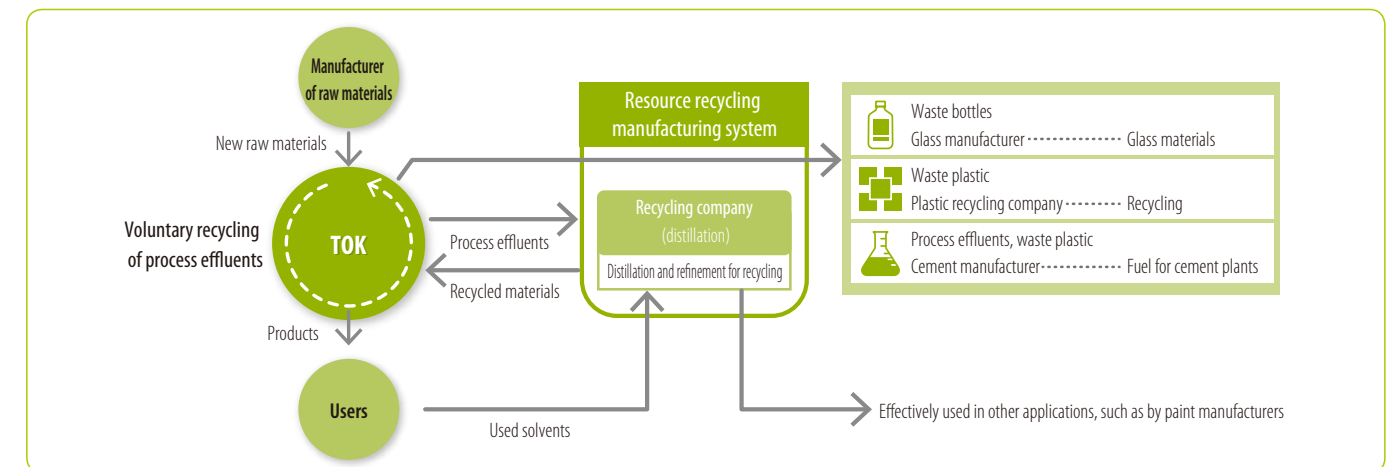
after intermediate treatment stands at less than 1% of total waste, so we have achieved zero emissions status.

Recycling of Used Products and Effluents from Production Processes

We recover organic solvents (process effluents) used during manufacturing processes and perform on-site refinement so these chemicals can be reused for the same processes.

These and other activities allow us to reduce the volume of industrial waste materials. When materials cannot be reused at a plant, we send them to recycling companies, where they undergo distillation and other processes

for recovery and eventual reuse. In cases where recovery using distillation is not possible, used solvents are reused as a resource, such as for fuel at cement plants, and in other ways. TOK is also making efforts to promote the use of waste plastics as a raw material for plastic reclamation companies and used bottles as a raw material for glass manufacturing companies.



Collaboration with Recycling Companies

In carrying out resource recycling activities, it is vital to have the cooperation of external recycling companies. To TOK, recycling companies play an important role as our partner in environmental conservation initiatives, in such areas as collecting industrial effluent and used solvents, and delivering raw materials.

One of the ways in which resource is recycled is the separation of industrial effluent and used solvents into solvents and impurities, and reusing the solvents as new products.



From the times of the Recycling to the times of the Upcycling

Nippon Refine's mission is to benefit society through its main business of resource recycling and environmental protection for the development of a sustainable society, and is specifically involved in contract refinement and recovery of used solvents, sales of refined products, and refinement of high-grade solvents. Our refining and recycling business proposes optimal solutions for customers.

In recent years, the quality levels required by customers have been increasing, and quality-related management has become extremely stringent. Nippon Refine does not simply recycle used solvents by refining and then returning them; rather, the company uses its refining technologies on the solvents to return them a higher level of quality than new products—a process referred to as "upcycling." Every frontline employee works with an awareness of what customers truly require, and in this way the entire company strives to raise quality.

What is important in recovery and refining is prior information. Among the used solvents we collect, some have admixtures of foreign substances not initially anticipated due to changes in production processes or for some other reason. If there are foreign substances mixed in with the solvents, significant analysis and other work is required before refining, and we are therefore not immediately able to begin the refinement process,

which causes costs to be incurred for time lost and removal of the substances. When we receive information in advance on changes to production processes or new project development, we are able to make optimal proposals that are mutually advantageous; for example, technical avoidance methods or production methods that consider post-use.

We have worked with TOK for quite some time, but even now, our personnel regularly visit their plants and engage in detailed discussions, so that even when there are foreign substances, we receive the information early, and the processes at our company are well understood. We are very thankful for that.

Our work for TOK is currently limited to domestic sites, but discussions have started on extending services to overseas plants as well. Going forward, we hope to be able to develop a cooperative, worldwide recycling framework.

Nippon Refine Co., Ltd.

Left: **Mr. Sakurada**, Manager, Chiba Plant
Right: **Mr. Yamamoto**, Tokyo Sales Dept., Sales Div.



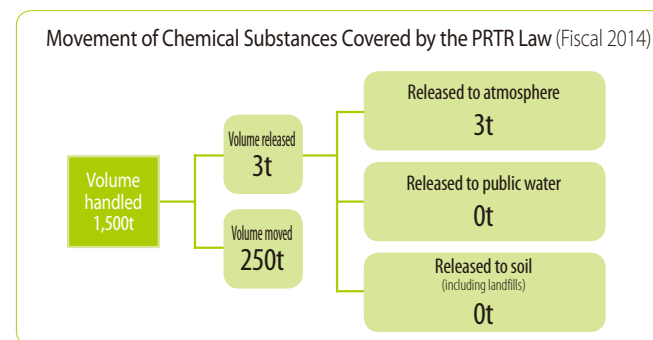
Appropriate Management of Chemical Substances

In order to properly manage the chemical substances that are used in the manufacturing processes for products, we take a multifaceted approach. This involves not only utilizing systems that compute the amount of usage and emissions, but also other steps such as conducting checks during the procurement of raw materials and the design of a new product.

Conducting a Management System for Substances Covered by the PRTR Law

The first step in managing chemicals is determining which chemicals and how much of them are discharged from specific production processes. Under the Japanese Pollutant Release and Transfer Register (PRTR) Law, companies are required to manage releases and transfers of chemicals and submit reports. TOK has its chemicals and PRTR management systems for the accurate determination of PRTR data and the submission of reports.

In fiscal 2014, TOK handled 40 of the PRTR Law's 462 Class I Designated Chemical Substances. TOK handled 1,500 tons of these Class I chemicals during the fiscal year and released an estimated 3 tons of these chemicals into the atmosphere and public water systems. There was no soil contamination as TOK does not have waste material landfills at its production sites



List of substances covered by the PRTR law
http://www.tok.co.jp/csr/env-activity/load_data.html

Chemical Substance Management at the Raw Materials Procurement Stage

In recent years, the management of chemical substances appears to be becoming more stringent globally in terms of chemical-related regulations worldwide. This is apparent in examples such as the adoption of Agenda 21 at the 1992 Rio Summit, the agreement on the WSSD2020 goal at the 2002 Johannesburg Summit, the agreement on the SAICM (Strategic Approach to International Chemicals Management) at the 2006 International Conference on Chemicals Management, and furthermore, the convention of the United Nations Conference on Sustainable Development (Rio+20) in June 2012.

In order to reduce the environmental burden and damage caused by our activities beginning with the raw materials procurement stage, we enacted the TOK Standards on

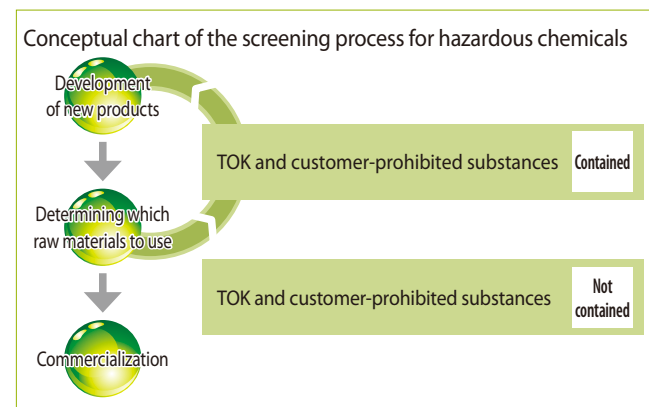
Chemical Substances Management in January 2005 that stipulated chemicals that should be prohibited or managed. Furthermore, in the wake of the enactment of and alterations to chemical regulations in various countries, such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Evaluation Act) and REACH*, we revised our Standards on Chemical Substances Management, and released the TOK Standards on Chemical Substances Management (6th Edition) in April 2013. We will strive to continue to revise these standards as appropriate in the future based upon trends in chemical regulations in Japan and overseas, and take proactive steps in the management of chemical substances.

*1. SAICM: Strategic Approach to International Chemicals Management

*2. REACH: Registration, Evaluation, Authorization and Restriction of Chemicals. This is an EU regulation that manages the registration, evaluation, and accreditation of chemical substances through an integrated system, with the aim of ensuring complete fulfillment of responsibility on the producers' part, as well as thorough compliance with preventive principles.

Prescreening for Harmful Substances Before Using Raw Materials for a Newly Developed Product (Screening for Harmful Substances for a Newly Developed Product)

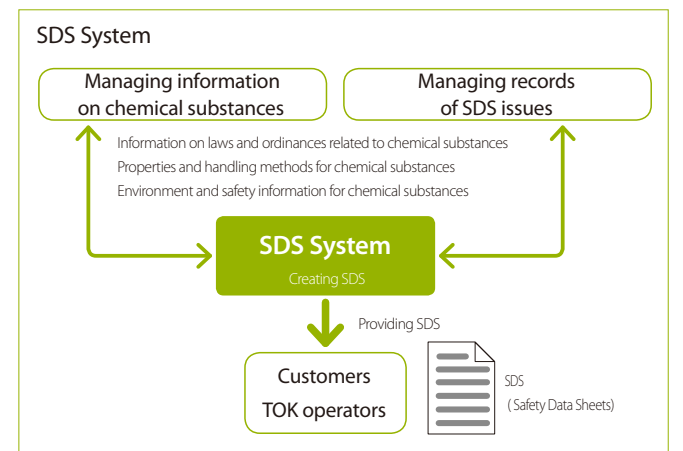
When designing and developing new products, we use a preliminary assessment system to ensure that products will not be harmful to the environment or the health and safety of people who use our products. We base this system on the TOK List of Prohibited Substances. This list incorporates the hazard rankings of laws and regulations, research institutions and other sources concerning substances that are carcinogenic, mutagenic, toxic to the reproductive system, or harmful in other ways. We perform assessments of chemicals to be certain that all newly developed TOK products are free of substances prohibited by TOK and our customers.



Providing Environmental and Safety Information on Products

We have adopted a system that collects and manages specialized information on chemical substances, prepares material safety data sheets (SDS), and manages information issued in the past to promptly supply accurate environmental and safety information to our customers and operators at our business sites. This system manages information on the properties of chemicals, handling methods, and environmental and safety information for all of our products. The SDS that we are currently issuing contain information about safety measures such as physical and chemical characteristics, hazards, dangers, environmental impact, stability or reactivity, and disposal methods of products based on real-time investigation of laws and regulations inside and outside Japan.

To comply with GHS*, we provide SDS and labels that are compliant with GHS for all of our products for the domestic market. When it comes to our exported products, we are also sequentially moving ahead with providing SDS and labels that correspond to the respective languages of our export counterpart countries, as well as suited to the timeframe for the entering into force of GHS in our export counterpart countries.

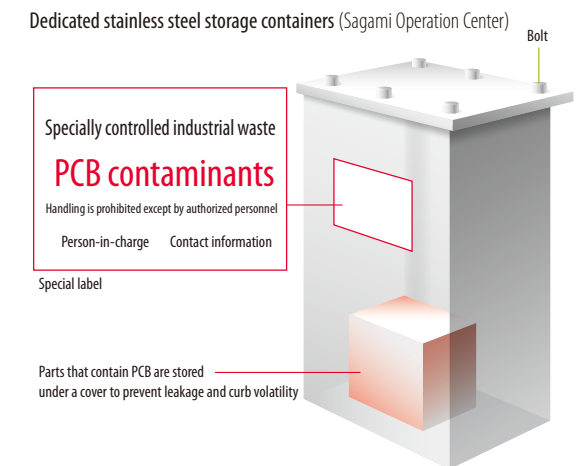


*GHS: Abbreviation for Globally Harmonized System of Classification and Labeling of Chemicals. This is an initiative that categorizes chemicals by hazardousness according to certain standards and displays this in an easy to understand manner through the use of pictorial indications and other similar means. The results of this are reflected on the label and MSDS, and are put to good use for the prevention of disasters, and the protection of human health and the environment.

Management of PCB* and Waste Materials Containing PCB

At the Sagami Operation Center, the Shonan Operation Center, and the Utsunomiya Plant, waste materials containing PCB are stored under strict control. As a result of inspections conducted on electrical substation facilities at all business sites in Japan, it was revealed that the Sagami Operation Center, Shonan Operation Center and Utsunomiya Plant are using equipment that use insulating oil containing minute amounts of PCB. We have clearly indicated that this equipment contains PCB, and are managing their use. In addition, the proper notices have been submitted to relevant governmental bodies.

Low-concentration PCB waste is treated under a treatment structure certified by a government cabinet minister. In fiscal 2014, we processed PCB waste stored at the former Chitose SP while relocating a portion of PCB waste to other TOK storage sites. For electrical substation facilities containing PCB that are used at the three other sites as well as PCB waste stored at those locations, we intend to conduct treatment within the period of time stipulated by the law.



*Polychlorinated biphenyl (PCB): A kind of organic compound, PCB was formerly used for thermal media, insulating oils, paints and other applications because it excels in terms of heat resistance and electrical insulation. However, due to its poor degradability and high toxicity, PCB production was discontinued in 1972. Nevertheless, little progress has been made with regard to its disposal, and managers responsible for its storage are required to place it under strictly controlled conditions.

Occupational Safety and Health Initiatives

Prevention of the Accident

We have established an effective framework to prevent and handle workplace accidents. Our efforts include: setting up a Safety and Health Committee at each of our offices to conduct activities for preventing workplace accidents including regular safety training and drills for employees; establishing a Safety and Health Liaison Unit, which manages all activities for preventing workplace accidents through information sharing among offices; and preparing manuals for emergency safety measures in the event of workplace accidents.

We will continue to make concerted, company-wide efforts to prevent workplace accidents, in order to achieve our goals of “zero accidents” as well as “zero accident risks.”



Safety patrol

Mental Health Care

In the stressful society we live in today, regrettably it now appears that the number of our employees who have become ill due to mental health problems is on the rise. Therefore, we are also placing a greater emphasis on the importance of mental health care.

In April 2004, we launched a health care counseling service, establishing a help desk for access to mental health professionals, as part of initiatives by the Tokyo Ohka Kogyo Health Insurance Society to promote employees' good health. Consultations are provided upon request by outside experts. Since no personal information is passed on to the Company, employees can use this service to discuss family matters and other problems with ease. We also host seminars and distribute materials at each office to educate employees about how to take care of their mental health.



Smoking Cessation Program

One of the priority activities of the Safety and Health Committee at Head Office in fiscal 2014, and as a part of the company's efforts to promote health, smoking areas were partitioned from non-smoking areas and the Smoking Cessation Program was instituted to reduce the number of smokers.

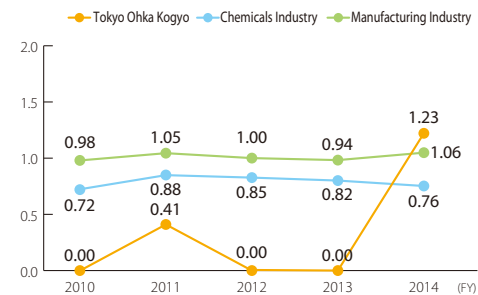
The Smoking Cessation Program involved communicating, with the help of the regional Public Health and Welfare Center, the dangers of smoking and the adverse effects it has on health, and conducting regular follow-up. As a result, all four employees who participated in the program were able to quit smoking.

Going forward, we will continue working to improve participant health while also preventing secondhand smoke by establishing partitioned smoking areas to maintain a healthy workplace environment.

Safety and Health Committee **Minoru Kunogi**



Frequency of Workplace Accidents*

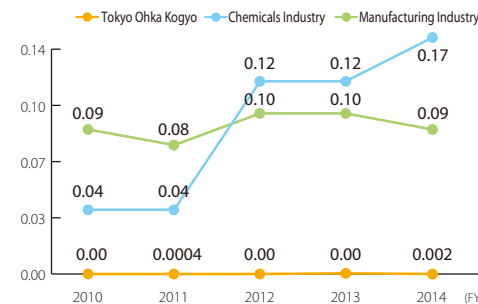


*Frequency of workplace accidents: Refers to the frequency of accidents based on the number of casualties arising from workplace accidents per 1 million actual working hours.

● Frequency of workplace accidents = (No. of casualties due to workplace accidents / Total number of actual working hours) × 1,000,000

The number of casualties due to workplace accidents refers to the number of casualties leading to more than one day of suspended operation.

Severity Rate of Workplace Accidents



*Severity rate: Refers to the severity of accidents based on the number of days of lost time per 1,000 actual working hours.

● Severity rate = (Total number of days of lost time / Total number of actual working hours) × 1,000
The total number of days of lost time refers to the total number of days of lost time for the casualties of the workplace accidents.

Total number of days of lost time is computed as follows:

Fatality: 7,500 days / Permanent and complete industrial disability: No. of days for grades 1 to 3 of disability grade (7,500 days)

Permanent and partial industrial disability: No. of days for grades 4 to 14 of disability grades (50 to 5,500 days depending on grade)

Temporary disability: No. of calendar days of suspended operation × 300/365

● Data sources for the chemicals and manufacturing industries: "Survey on Industrial Accidents," Ministry of Health, Labour and Welfare

Reducing Environmental Burden at Overseas Manufacturing Sites

At the TOK Group's overseas manufacturing sites, we comply with the environmental standards established by the host countries (U.S., China, Korea, and Taiwan) and have created environmental policies based on environmental management systems that are in conformance with ISO 14001 and other international standards. Based on these policies, we use PDCA cycles to make a variety of improvements and enhancements to environmental performance.

Reductions to Energy Consumption

At each site, through energy conservation measures that include modifying and upgrading facilities and equipment and conducting efficient operations, we are working to reduce energy consumption that leads to direct or indirect CO2 emissions, the main cause of greenhouse gases.

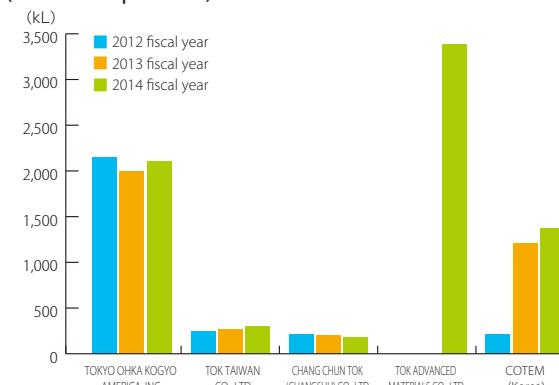
In fiscal 2014, TOK Advanced Materials commenced full-fledged operations, so overall emissions at overseas manufacturing sites

have increased, but performance at each site stayed at nearly the same level as the previous year.

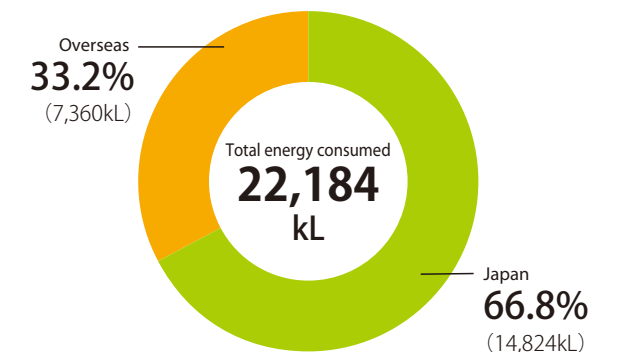
Reducing energy consumption helps protect the global environment but is also an important management issue because of its direct connection to strengthening cost competitiveness, so we will continue raising the overall performance of the Group while sharing information on benchmark initiatives.

Crude oil equivalent (kL)	TOKYO OHKA KOGYO AMERICA, INC.	TOK TAIWAN CO., LTD.	CHANG CHUN TOK (CHANGSHU) CO., LTD.	TOK ADVANCED MATERIALS CO., LTD.	COTEM (Korea)
Electric power	1,431	301	178	2,812	1,074
Gas	678	—	—	570	302
Steam	—	5	5	—	—
District heating	—	—	—	3	—
Total	2,110	306	183	3,385	1,376

Energy consumption at overseas manufacturing sites (crude oil equivalent)



domestic/overseas ratio



Action in TOK America

Sustainability Requires Dedication

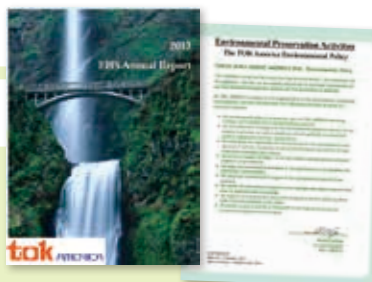
TOK America remains committed to protection of the environment, our community, and our employees. We recognize that our natural resources are precious and must be managed carefully in order to maintain them for future generations.

In the last year efforts to reduce our carbon footprint, we have developed initiatives. In reducing natural resource usage, and recycling of hazardous materials, our actions show a positive impact to the environment.

Protection and preservation of the environment is not only our corporate responsibility, it is our individual duty, as representatives of TOK America and its high standards.

TOK America continues to work together in a long-term partnership with our community. We remain proud in our commitment to the environment, and encourage any opportunity to create additional positive environmental impacts.

E & HS dep. Manager **Jay Woods**



Third-Party Opinions

Third-Party Opinions

As in the previous year, I have been given the opportunity to read this report.

This year's report includes special features that focus on the company-wide strategy in the TOK Medium-Term Plan 2015. The global semiconductor market is intensely competitive, but I come away with the sense that TOK is highly motivated to lead that market, for example in it embarking on localization of cutting-edge resists before its competitors.

In addition to the establishment of TOK Advanced Materials, which is part of our regional-based strategy, the Company has also responded in both soft and hard terms, and I think there has been an increase compared to last year in initiatives closely linked to globalization.

Last year, I suggested more information be provided,

Atsushi Fukuda

Professor, Dean of the College of Economics Kanto Gakuin University



including about overseas sites. In this report, while there are still areas in which the information disclosed is underdeveloped, the efforts of the Company to make progress, even if only a little at a time, are apparent and this is encouraging. Going forward, I hope to see information including that on overseas sites, further enhanced.

Finally, as operations continue to globalize, through product localization and the like, I hope that the Company will also expand the scope of its CSR activities.

On Receiving Third-Party Opinions

We thank you for providing invaluable feedback on the TOK Group's CSR Report again this fiscal year.

We made efforts to make this year's report easier to understand than last year's and worked to provide stakeholders a more thorough understanding of the Company. The special features in particular focus on the progress we've made on the company-wide strategy in the TOK Medium-Term Plan 2015.

We sincerely accept the assessment and opinions of Professor Fukuda. With a mission of fulfilling our social responsibilities as a manufacturer that handles chemical products, we intend to continue to carry out responsible care activities focused on information collection and disclosure at

Request for Information

Through the Eco Hotline, our CSR Report has been made available at libraries, universities, and other facilities throughout Japan. You may also submit a request for a copy of the CSR Report directly from the company, through the following URL.

<http://www.ecohotline.com>

Hiroyuki Suzuki

Manager, Production Management Division, Manufacturing Dept.



overseas sites and promote global CSR activities with the goal of being a company that creates inspiration as a trusted partner of all stakeholders.

Going forward, we intend to continue to contribute to society through the provision of high valued-added products that leverage the microprocessing technologies we've cultivated over many years.

GRI Content Index

This section provides information on standard disclosures cited in the GRI G4 Sustainability Reporting Guidelines.

*Items with no information to disclose, or which are not relevant, have been omitted from the table. In addition, due to space restrictions, index descriptions have been omitted, and in some cases, several disclosures have been combined into one entry.

General Standard Disclosures		
Items	Indicator	Page and Relevant Materials
Strategy and Analysis		
1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	◇Commitment of Top Management(p3-4)
2	Key impacts, risks and opportunities. Two concise narrative sections on key impacts, risks and opportunities.	◇TOK's Management Principles and CSR(p5-6) ◇Environmental Initiatives(p35)
Organizational Profile		
3,5	Name of the organization / Location of the organization's headquarters	◇Corporate Data(p2)
4	Primary brands, products and services	◇Special Feature: Progress in Company-wide Strategy to Reform the Business Portfolios / History of TOK's Business and Products(p9-12)
6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	◇TOK's Business Hubs and Business Activities(p7-8)
7	Nature of ownership and legal form	◇Corporate Data(p2)
8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	◇TOK's Business Hubs and Business Activities(p7-8)
9	Scale of the organization (total number of employees, total number of operation, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided)	◇Financial Highlights (P1)
10	Total number of employees by employment type and gender / Total number of permanent employees by employment type and gender / Total workforce by region and gender (following omitted) / Percentage of total employees covered by collective bargaining agreements	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25-26)
11	Percentage of total employees covered by collective bargaining agreements	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
12	Organization's supply chain	◇Key CSR Fields and Issues(p6)
Commitments to External Initiatives		
14	Whether and how the precautionary approach or principle is addressed by the organization	◇Strengthening the Compliance System(p15) ◇Measures to Strengthen Risk Management(p15-16)
Identified Materials Aspects and Boundaries		
17	All entities included in the organization's consolidated financial statements or equivalent documents. Any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	◇Financial Statements
18 20	Process for defining the report content and the Aspect Boundaries. How the organization has implemented the Reporting Principles for Defining Report Content. Aspect Boundary within the organization for each material Aspect (following omitted)	◇Editorial Policy(p2) ◇Key CSR Fields and Issues(p6)
19	List all the material aspects identified in the process for defining report content	◇Key CSR Fields and Issues(p6)
Stakeholder Engagement		
25	Basis for identification and selection of stakeholders for engagement	◇A Good Corporate Citizen(p31) ◇Collaboration with Recycling Companies(p40) ◇WEB
27	Key topics and concerns that have been raised through stakeholder engagement, the stakeholder groups that raised them, how the organization has responded	◇WEB
Report Profile		
28 29 30	Reporting period (such as fiscal or calendar year) for information provided. Date of most recent previous report (if any). Reporting cycle (such as annual, biennial)	◇Editorial Policy(p2)
31	Contact point for questions regarding the report or its contents	◇Back Cover
GRI Content Index		
32	The "in accordance" option the organization has chosen. GRI Content Index for the chosen option. Reference to the External Assurance Report, if the report has been externally assured	◇Editorial Policy(p2)
Governance		
Governance structure and composition		
34	Governance structure of the organization (including committees of the highest governance body). Committees responsible for decision-making on economic, environmental and social impacts	◇Corporate Governance System(p13-14)
39 41	Whether the Chair of the highest governance body is also an executive officer. Processes for the highest governance body to ensure avoidance and management of conflicts of interest. Whether conflicts of interest are disclosed to stakeholders (following omitted)	◇Financial Statements
Remuneration and Incentives		
51	Remuneration policies for the highest governance body and senior executives. How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	◇Corporate Governance System(p14)
52	Process for determining remuneration. Whether remuneration consultants are involved. Whether remuneration consultants are independent of management. Any other relationships which the remuneration consultants have with the organization	◇Corporate Governance System(p14)
Ethics and Integrity		
56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	◇TOK's Management Principles and CSR(p5-6) ◇Strengthening the Compliance System(p15)
57 58	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	◇Strengthening the Compliance System(p15)

Specific Standard Disclosures		
Items	Indicator	Page and Relevant Materials
Economic		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed	◇Financial Highlights (P1) ◇Financial Statements
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	◇Results of Responsible Care (RC) Activities in Fiscal 2013(p32) ◇Reduction in Environmental Burden from our Corporate Activities(p33-34)
EC3	Coverage of the organization's defined benefit plan obligations.	◇Financial Statements
Aspect: Indirect Economic Impacts		
EC8	Significant indirect economic impacts including the extent of impact	◇Environmental Accounting(p34)
Environmental		
Aspect: Raw Material		
EN1 EN4	Materials used by weight or volume. Energy consumption outside the organization	◇Environmental Performance(p33-34)
EN2	Percentage of materials used that are recycled input materials	◇Creation of a Recycling-Based Society: Initiatives to Achieve Zero Emissions(p39)
EN3	Energy consumption within the organization	◇Results of Responsible Care (RC) Activities in Fiscal 2014(p32) ◇Environmental Performance(p33-34) ◇Initiatives to Reduce Environmental Burden(p37) ◇Reducing Environmental Burden at Overseas Manufacturing Sites(p44)
EN5 EN6	Energy intensity. Reduction of energy consumption	◇Results of Responsible Care (RC) Activities in Fiscal 2014(p32) ◇Initiatives to Reduce Environmental Burden(p37)
Aspect: Water		
EN8	Total water withdrawal by source	◇Environmental Performance(p33)
Aspect: Emissions		
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	◇Environmental Performance(p33) ◇Initiatives to Reduce Environmental Burden(p37-38)
EN19 EN20	Reduction of greenhouse gas (GHG) emissions. Emissions of ozone-depleting substances (ODS)	◇Initiatives to Reduce Environmental Burden(p37-38)
EN21	NOx, SOx and other significant air emissions	◇Initiatives to Reduce Environmental Burden(p37) ◇Appropriate Management of Chemical Substances(p41)
Aspect: Effluents and Waste		
EN22	Total water discharge by quality and discharge destination	◇Initiatives to Reduce Environmental Burden(p37-38)
EN23	Total weight of waste by type and disposal method	◇Results of Responsible Care (RC) Activities in Fiscal 2014(p32) ◇Environmental Performance(p33-34) ◇Creation of a Recycling-Based Society: Initiatives to Achieve Zero Emissions(p39)
Aspect: Products and Services		
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Aspect: Employment		
LA4	Minimum notice periods regarding operational changes including whether these are specified in collective agreements	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Aspect: Occupational Safety and Health		
LA6	Type of injury, rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender	◇Occupational Safety and Health Initiatives(p43)
LA7	Workers with high incidence or high risk of diseases related to their occupation	◇Occupational Safety and Health Initiatives(p43)
Aspect: Occupational Safety and Health		
LA8	Health and safety topics covered in formal agreements with trade unions	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Aspect: Training and Education		
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	◇Human Resource Initiatives(p27-28) ◇Special Feature: Progress on Company-wide Strategy: Develop Global Personnel(p29-30)
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25-26)
Aspect: Supplier Assessment for Labor Practices		
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Human rights		
Aspect: Investment		
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Aspect: Supplier Human Rights Assessment		
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Society		
Aspect: Local Communities		
SO2	Operations with significant actual and potential negative impacts on local communities	◇Environmental Initiatives(p32-43)
Aspect: Anti-corruption		
SO4	Communication and training on policies and procedures	◇Strengthening the Compliance System(p15)
Aspect: Supplier Assessment for Impacts on Society		
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	◇Human Rights Initiatives and Initiatives for Fair Working Conditions(p25)
Product Responsibility		
Aspect: Product and Service Labeling		
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	◇Appropriate Management of Chemical Substances(p42)