2012 CSR Report Corporate Social Responsibility

tok TOKYO OHKA KOGYO CO., LTD.

<Corporate Policies>

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

Our CSR Initiatives

At TOK, we consider it our mission to provide a wide range of highly functional electrical equipment used in our everyday lives by deeply cultivating our micro fabrication technologies using photolithography, and thereby fulfill our social responsibility in creating shared value for society. At the same time, we recognize the risks relating to our use of chemical substances in the production process, which may adversely affect the global environment and human health. Taking such risks seriously and ensuring the benefit of our stakeholders, we will continuously strive to contribute to creating a low-carbon and recycle-based society and its sustainable development.

Editorial Policy

Editorial policy

TOK views this publication as an important means of fulfilling its obligation to explain TOK's environmental and social activities to the stakeholders. We also position this report as a valuable tool for communicating with our stakeholders. Accordingly, every effort has been made to use expressions that are easy to read and understand.

Corporate Social Responsibility http://www.tok.co.jp/en/company/csr/index.html

Applicable period

Fiscal 2011 (April 1, 2011 through March 31, 2012) Note: Data in this report is for fiscal 2011, but the report also covers activities conducted in fiscal 2012.

Scope of data collection * 1

Headquarters, Osaka Marketing Office, Kyushu Marketing Office, Sagami Operation Center, Shonan Operation Center, Koriyama Plant, Utsunomiya Plant, Kumagaya Plant, Gotemba Plant, Aso Plant and Distribution Control Center (including SP \pm 2)

★ 1. In this CSR Report, Kumagaya Ohka Co., Ltd. is reported as the Kumagaya Plant. The data on Headquarters includes data on TOK Engineering Co., Ltd. and Ohka Service Co., Ltd. Data on TOK Techno Service Co., Ltd. is included in that for the Shonan Operation Center (in addition, data for each marketing office includes some data on TOK Techno Service Co., Ltd.). ★ 2. SP: Controlled-atmosphere stock points. TOK has five of these stock points: Miyagi, Ibaraki, Mie, Hiroshima and Yamaguchi.

Reference guidelines

Environmental Reporting Guidelines 2012, published by the Ministry of the Environment

Issue date and issue date

Issue date: June 2012 Date of next issue: June 2013 (tentative)

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Forward-Looking Statements

This CSR Report contains forward-looking statements based on current information. Actual results or events may differ materially from expectations discussed in such forward-looking statements.

Corporate Data

Corporate Name: TOKYO OHAKA KOGYO CO., LTD. E st a b l i s h e d : October 25, 1940 Corporate Headquarters: 150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa 211-0012, JAPAN TEL. +81-44-435-3000 P r e s i d e n t : Ikuo Akutsu Paid-in Capital: ¥14,640 million (As of March 31, 2012) Number of Employees: 1,520 (Consolidated/As of March 31, 2012) N e t Sales: ¥80,006 million (Consolidated/Fiscal Year ended March 31, 2012)

The Businesses of TOK

Material Business

Electronic Functional Materials

We offer a diverse range of photoresist \star , a widely used material that is essential for micro fabrication in manufacturing semiconductors and LCD panels as well as semiconductor packaging. We contribute to the electronics industry by developing and supplying products with greater performance and quality.

★ Photoresist: A photosensitive resin that acts and changes chemically when exposed to light.

High Purity Chemicals

We offer a wide range of photoresist-related chemicals such as developing solution, stripping solution, rinsing solution, thinner and other chemicals. We also provide inorganic and organic chemicals used in various industries.

Equipment Business

Process Equipment

We offer photoresist coating and developing devices used to manufacture LCD panels and other various semiconductor manufacturing devices. We create maximum synergy by developing both these process equipment and related materials, which enables us to support our customers.









Message from the president



TOK is committed to creating shared values with society and aims at becoming a sustainablegrowth company.

Forward: Returning to basics and reviewing our direction

In fiscal 2011, TOK was faced with events that affected the future of our corporate activities that advance globalization, including power (nuclear power generation) issues caused by the Great East Japan Earthquake, natural disasters such as the floods in Thailand, and finance and credit problems in Europe, beginning with Greece. Consequently, this year has forced the company to return to the basics of our corporate activities and review our future direction.

In overcoming these issues, the TOK Group developed a new appreciation of the fact that it is upholding its corporate social responsibility to develop along with society by providing high quality products and services that satisfy the needs of the customer based on our management principles, the foundation of corporate management. Furthermore, we plan to improve our corporate value further by creating shared values with society through our business activities.

Provision of Key Technology: Increasing social contribution by expanding business

TOK has been working to ascertain the various impacts on the environment of all processes throughout a product's lifecycle, from development to procurement, production, sales and disposal, and to balance environmental conservation and pollution prevention activities with production activities.

As a result, we have been developing and selling environmentally friendly products. Specifically, we have produced the "Zero Newton[®]," a wafer-handling system for processing through-silicon via (TSV) that improves levels of semiconductor integration while decreasing power consumption, as well as our next-generation solar cell manufacturing process, which contributes to the creation of clean energy. These products are a dynamic combination of independently developed new technology and accumulated technology resources, independent of our existing business fields.

In this way, we have worked to create shared values with society by supplying products that aid in the development of a low-carbon society through the power of technology. Going forward, we have no plans to slow down, but are committed to increasing our contribution to society by expanding our business through the further development of existing business fields and the development of new business fields, all while continuing to provide products that improve social development.

Trusted TOK: Initiatives for compliance that support business activities

Under the slogan "Rebirth of TOK," developed in 2008, TOK has been implementing initiatives to realize our management vision of "becoming a company with a high level of trust from stakeholders by strengthening the company's core competence and expanding our existing business while developing new businesses". In order to achieve this, we are making efforts to improve our technological capabilities and promote management with a strong awareness of corporate social responsibility, which includes strengthening our corporate governance system.

Recently there have been numerous corporate scandals involving illegal conduct and breaches of corporate ethics that have not only instantly damaged corporate brands and social trust that were developed over many years, but that have also resulted in a deterioration in the relationship of trust with stakeholders, greatly affecting the existence of some companies. In this environment, we have developed a system to increase the awareness of compliance among all our executives and employees, and have made efforts to enhance our compliance system, which clarifies shared values and our code of conduct. Going forward, we will ensure that compliance is achieved in our daily activities and we will conduct a more transparent and highly robust management.

Aiming to develop as a company, together with society

The TOK Group is aware that conducting business activities in order to realize the management principles of "continue efforts to enhance technology," "raise the quality levels of our products," "contribute to society" and "create a frank and open-minded business culture" is the foundation of CSR. Furthermore, the group has aimed to contribute to the advancement and development of society by constantly providing high-quality products and services that satisfy the needs of the customer. In the future, we will continue to develop common values with society and work to become a corporate group with sustainable development through *monozukuri* (the art of manufacturing).

We would like to ask all stakeholders for their understanding of our TOK business activities in the future.

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Ikuo Akutsu Representative Director President and Chief Executive Officer Tokyo Ohka Kogyo Co., Ltd.

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TOK's Technologies Creating Shared Value for Society

Semiconductor Manufacturing Field

Semiconductor Manufacturing Field

Along with the technological advancement of semiconductors, the convenience of electrical devices we use in our everyday lives is rapidly increasing, because of highly integrated, high-speed semiconductors mounted on them. At the same time, the miniaturization and thinning of semiconductors has prompted resource conservation, and our products contribute to such miniaturization and thinning technologies. With respect to the demand of semiconductors, the increasing global awareness of energy saving has triggered the demand of power semiconductors that can save electricity consumption. Power semiconductors are used in various kinds of devices such as electrical appliances including refrigerators and air conditioners, and hybrid automobiles and industrial robots that require sophisticated electronic controls.



ArF Immersion Photoresist



ArF immersion photoresist, which is used in the advanced production process of semiconductors, has a circuit line width of 30-nanometers \star . This enables the miniaturization and high integration of semiconductors, thereby contributing to resource conservation.

 \star nanometer (nm) : a nanometer is one millionth of a millimeter.

Semiconductor Packaging/MEMS Manufacturing Fields

With highly integrated, high-speed semiconductors, digital products such as mobile phones and devices are increasingly becoming lighter, thinner, and more multifunctional. Our semiconductor packaging technology plays an important role in manufacturing these lightweight and slim devices.

System for Producing System-in-package Chips Using TSV (Wafer-handling System "Zero Newton")

There is an increasing demand for thin, three-dimensional semiconductor chips that can achieve high density and compact size of devices as well as faster speed and lower power consumption. Our innovative technology "Zero Newton[®]" enables us to produce thinner chips by mounting a support plate on a silicon wafer and making a much faster electrical connection through the wafer. By forming the through silicon via (TSV), the silicon wafer can easily be separated from the support plate without stress. We have developed this technology by using our temporary joint materials, support plates, stripping agents as well as support plate mounting devices and separators.



LCD Manufacturing Field

LCDs are used in various fields ranging from consumer equipment such as TVs, PCs and smartphones through to displays of industrial equipment. Demand for a "clearer, sharper image" and "higher environmental efficiency" has been growing. In supplying materials and devices necessary for the manufacture of LCDs, we have been contributing to the improvement of LCDs by integrating our material design technologies with coating technologies in order to produce a large-sized, high precision display, conserve energy/resources and eliminate restricted substances.



Black Resist

An LCD panel controls three primary colors (red, green and blue) plus a black matrix. The black matrix was previously made of chromium, but we have replaced it with a black photoresist (one of our products),



Solar Cell Manufacturing Fields

As a source of clean and natural energy, solar cells are viewed as one of the key elements to prevent global warming as well as a viable substitute to nuclear energy. Therefore, a rapid growth in demand for these cells is expected in coming years.

We are jointly developing with IBM the manufacturing process of CZTS★ solar cells, which have attracted attention as a next generation solar cell. In this process, we aim to utilize our coating technologies developed in the LCD manufacturing field and improve the productivity of CZTS solar cells by simplifying its coating process. In addition, we offer "EPLUS[®]", a high-purity coating-type

dispersing agent for the most popular silicon solar cells, which enables to improve the efficiency of the cells and simplify the production process.

★ CZTS: A compound material used in the form of a thin film based on the elements of copper, zinc, tin, sulfur, and selenium.

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LED Materials

Compared to conventional light sources, LEDs are an environmentally conscious product offering energy saving and a long life cycle. They can be used in many ways including illuminations, backlighting of LCD televisions and traffic lights. Our photolithography technology is also utilized in manufacturing LEDs.



Environment-Friendly Products http://www.tok.co.jp/en/company/csr/development.html

Further promotion of CSR Management

TOK's mission is to contribute broadly to social progress while achieving growth by supplying superior products backed by an aggressive R&D program that accurately targets market needs. In order to achieve that mission, all TOK executives and employees understand their responsibilities involving corporate citizenship. Our business activities are constantly guided by CSR that reflects a comprehensive perspective covering environmental, social, and economic factors. We are determined to remain a company that can use this approach to earn high levels of trust and satisfaction among all stakeholders to remain a companization.

★ Stakeholders: Include but are not limited to consumers(customers), employees, shareholders, suppliers, communities, government agencies, non-government organization and other entities.

Corporate Governance*

Basic Concept

Aiming to become a company that can earn the trust of all stakeholders, we position the enhancement of corporate governance as one of the most important management issues. To achieve this, we strive to ensure a sound and transparent management and enhance operational efficiency by speeding up the decision-making process.

★ Corporate governance: A system to supervise a company's business operations through streamlining of operations and enhancement of compliance, in order to increase its corporate value that will lead to the benefit of its stakeholders.

Corporate Governance System

As a company with corporate auditors, we adopt 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.



Directors and the Board of Directors

We have seven directors including one outside director \star .

Their term of office is one year, which permits us to respond swiftly to changes in the business environment and clarify the responsibility of directors in each fiscal year. In addition, we elect one outside director with an independent status in order to enhance the transparency of the board and their supervisory function. The board, composing of representative directors and directors, has an optimal structure in executing its required functions of managerial decision-making and supervision.

★ Number as of June 28, 2012

Officers and the Committee of Officers

We have thirteen officers, including six officers concurrently serving as directors **†** .

While strengthening the functions of the Board of Directors, i.e. managerial decision-making and supervision, we also focus on the function of business execution. In order to reinforce this function, we set up the Committee of Officers composing of the chief executive officer, chief operating officer, senior executive officer, executive officers and officers, based on their respective duties and responsibilities.

★ Number as of June 28, 2012

Auditors and the Board of Auditors

We have three auditors, including two outside auditors \star .

Each auditor is required to perform his/her duties allocated in accordance with the auditing standards (Corporate Auditor Auditing Regulations) and the auditing policies 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.

★ Number as of June 28, 2012

Internal Auditing Division

We set up the Internal Auditing Division, under the direct control of the President, composing of four 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 28, 2012

Corporate Governance http://www.tok.co.jp/en/company/about/governance.html

Compliance*

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.

★ Compliance : A generic term that describes a company's responsibility to conform to laws and regulations and the norms of society in all corporate activities.

Compliance Framework

The Compliance Committee, a secretariat, provides information, training and other assistance to compliance leaders who are responsible for compliance activities at each TOK business site. Furthermore, every department involved with compliance programs provides executives and employees with information, training, consultation, and other supports involving compliance.

Establishment of the Standards of conduct

The objectives are to raise awareness of the importance of compliance and to establish a clearly defined set of shared values and code of conduct.

All employees have received a copy of the TOK Group Compliance Standards of Conduct Handbook. We are also holding compliance briefings at all sites to raise awareness of the code of conduct.

Whistle-blowing System

Our whistle-blowing system has three options to protect internal whistle-blowers: a direct reporting, indirect reporting (to auditors) and external 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 "whistle-brown" should not receive a dismissal or other negative consequences, except in cases where such whistle-blowing was done with a dishonest intent.

Risk Management*

In order to deal with various risks that may seriously affect our business operations, we constantly conduct risk management trying to reduce and prevent risks. In addition, we set up the Contingency Management System to prepare for emergency events and minimize damages.

★ Risk management: A process to identify potential risks which are likely to affect the continuity of a company's business, formulate preventive and response measures for such risks and evaluate their effectiveness.

Risk Management System

We run the Contingency Management Meeting as a companywide meeting to clarify potential risks that may seriously affect our business operations and review preventive and response measures for emergency events in advance.

Aiming to prevent and manage these risks, we set up a risk management system based on a PDCA cycle. In this cycle, we first identify and analyze risks, and then formulate preventive measures for risks deemed to be material. Later we evaluate the effectiveness of such measures.

Since Fiscal 2008, we have extended the scope of the risk management system to our overseas offices and plants, while selecting and introducing additional risk management measures.

Contingency Management Committee

The Contingency Management Committee is composed of the manager of the General Affairs Department as a chairperson, and other department managers. In a peace-time situation,



Note: The Contingency Management Conference is made up of representatives of the responsible persons on contingency plan and actual activity persons on contingency plan in each TOK operating department.



Governance

they review the Group's contingency management system and formulate contingency management policies. At the time of the Great East Japan Earthquake that occurred in March 2011, the Committee set up a contingency management center within the headquarters, and provided advice and assistance for a swift recovery of the devastated areas by closely communicating with our local staff working in the areas.

Information Security

Aiming to become a company that can earn the trust of all stakeholders, we are continuously working to manage and maintain information security and appropriately protect our exclusive information as well as externally obtained information including personal information.

Information Management System

Information Security Operating Framework

We establish an information security operating framework led by the Management Information Systems Division. Under the framework, we manage the progress of information security measures, and conduct employee training and audits on information security, aiming to achieve a high level of information security. In addition, we set the risk management for information security directly linking to the contingency management framework.

Standardization of Security Measures and Actions

We have standardized various measures to maintain a high level of information security. All our employees and related parties are required to strictly adhere to the standards.

Employee Training

We provide regular educational programs on information security for officers and employees through e-learning and other tools, as well as compliance training for new employees. In this way, we try to increase their awareness of the importance of protecting confidential information including personal information and complying with information management procedures.

Information Security Audits

Our Internal Auditing Division conducts audits on the division responsible for information security (i.e., the Management Information Systems Division). Likewise, the division responsible for information security audits on the compliance status of employees with the standardized information security measures. Through this mutual supervision system, we are continuously working to improve the operating framework and measures for information security.

🗖 Business Continuity Plan (BCP) ★

Since the Great East Japan Earthquake that occurred in March 2011, companies have become more aware of the importance of a BCP.

At that time, our Koriyama Plant was damaged by the earthquake. However, we have successfully minimized inconvenience to customers by implementing our business continuity plan, in which we transferred the damaged production lines of some products to other plants.

Taking a lesson from this experience, we have reviewed and further enhanced our BCP. Accordingly we set up a back-up system at the Sagami Operation Center to ensure stable shipping from the Koriyama Plant, which manufactures our state-of-the art materials.

★ Business Continuity Plan (BCP) : An emergency preparedness plan for companies that lays out the actions to be taken during normal periods as well as the methods and measures at the time of emergency, such as a natural disaster and severe earthquake, in order to minimize damages and make a swift recovery of their business operations.

Aiming to Become a Company that Can Earn the Trust of its Stakeholders

We are fortunate to receive a great deal of support from various stakeholders including customers, employees, shareholders, investors and local communities. Therefore, we are determined to earn a high level of their trust and satisfaction by continuously making utmost efforts in conducting CSR activities, such as supplying quality products, disclosing sufficient and transparent management information, and creating a pleasant working environment.

Relationship with Employees

Our priority is to create a safe, healthy and pleasant workplace for our employees. Since our foundation, we have been complying with our "Basic Policy of Human Resources" (as shown in the right) that underpins our motto "Our human resources are our most valuable asset".

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

• Personnel Training and Development

Personnel System

Our personnel system comprises the "rank system", "remuneration system", "evaluation system" and "job challenge system". Our goal is to set 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" according to aptitude, education, assignment and rotation; and the "qualification rank system" according to duties and responsibilities.

Remuneration System

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

Evaluation System

We have incorporated a goal management approach into the employee 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 duties and responsibilities while attaining their goals. This system completely eliminates factors such as age, academic background and gender of employees in evaluating their performance.

Job Challenge System

This system aims to support employees who take their career development seriously and wish to challenge a new position at their own risk. The system has 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 related 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, not only to accept the assignment made by the Company but to voluntarily extend their career path.

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.

Self-Reporting System

Under this system, all employees 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.

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. As of the end of March 2011, the number of rehired employees was 26, reaching a total of 110.

Labor Relations

The Tokyo Ohka Kogyo Labor Union was formed in 1976. The Company has a union shop agreement with the labor union.

From the beginning the Company and the labor union have established a good relationship, maintaining the principle of "Labor-Management Cooperation." We hold a central labor-management meeting every two months to discuss the operational environment and other labor-management issues.

• Realizing Ideal Working Conditions

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 the leave for up to two years, which exceeds the length of the statutory leave period. The employee who has taken childcare leave can return 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 primary school. In addition, we introduced a flextime scheme for child care in October 2007 in order to further enhance the support for employees' child-rearing.

As of the end of March 2011, a total of 60 employees were using the childcare leave system, 32 employees applied to reduce their working hours and 34 employees were using the flextime scheme for child care.

We also set up a range of welfare schemes for "family nursing care leave", "charitable activity leave", "bone-marrow donor leave" and "sick/injured child-care leave".

In fiscal 2011, we formulated the third phase action plan in accordance with the "Act on Advancement of Measures to Support Raising Next-Generation Children", which promotes a pleasant and productive workplace to help employees perform their jobs while also fulfilling responsibilities at home.

As of June 2012, we applied for the Kurumin Certification, which is granted to a company whose support for the next generation meets the certain requirements stipulated by the Ministry of Health, Labour and Welfare.

Sick Leave System

In March 1993, we adopted the sick leave system that supports employees 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 by a unit of 0.5 day.

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Relationship with Employees http://www.tok.co.jp/en/company/csr/com-activity/employees.html

Occupational Safety and Health

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 rising. Therefore, the importance of mental health care is increasingly recognized.

In April 2004, we launched the 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 Association to promote employees' good health. Consultations are provided upon request.

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.

Prevention of Sexual Harassment

In order to prevent and deal with sexual harassment, we distribute a sexual harassment prevention handbook to all employees as well as conducting seminars on this topic.

In addition, we have established the "Detailed rules concerning sexual and power harassment" that clarifies contact points and procedures for handling such incidents.

Prevention of Workplace Accidents

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.

Unfortunately, we had one lost time incident in fiscal 2011. We will continue to make concerted efforts to prevent workplace accidents, with the goals of zero accident as well as zero accident risk.

Quality Management Initiatives

TOK conducts customer surveys in order to obtain objective evaluations. The results are provided to sales representatives and related departments so that they can respond by creating specific reforms and plans for countermeasures.

The company also conducts activities to ensure the stability of product quality from the initial stages of massproduction by conducting risk assessments for newly developed products in their early stages, in order 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 so as to ensure stable manufacturing processes.

TOK has also introduced MES★ in order to further improve quality and process management at the Koriyama Plant and the Sagami Operation Center, a mass production plant for our state-of-the-art photoresist. This system has provided an environment for efficiently manufacturing high-quality products and promoting continuous improvement in quality.

Each plant has acquired ISO9001 certification (the international standard for quality management systems) and the entire company is working together to implement initiatives for quality management under systems in which all departments participate by periodically conducting various types of meetings to communicate and exchange ideas regarding the effectiveness of our quality management systems.

In addition, we have received certification from each corporation we deal with, showing that our products meet the standards of their Green Procurement Guidelines.

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

★ MES : Manufacturing Execution System

The MES (Manufacturing Execution System) provides information in order to manage and optimize production activities from the time orders for products are placed until completion.

Interaction with Customers http://www.tok.co.jp/en/company/csr/com-activity/customers.html

Interaction with Business Partners (Suppliers) – CSR Procurement –

We use various chemical substances during the process of manufacturing our products.

We believe that it is important to not just maintain a safe and healthy work environment, but also to reduce our impact on the environment and conduct CSR procurement activities. In order to achieve this, it is necessary to manage the chemical substances contained in products appropriately; for this, cooperation with our business partners (suppliers) is essential.

Along with communicating requirements based on our independent "TOK List of Prohibited Substances" to all of our business partners (suppliers) from the procurement stage of raw materials, we ask them to submit documents such as "Non-Use Certificates" and "MSDSs \star " to us to ensure that prohibited chemical substances are not being used. In addition, our group companies believe that it is important that transactions are mutually advantageous, by building a relationship of mutual trust through constantly sharing our values with all business partners without unilaterally forcing our business partners to accept our values.

★ MSDS: Material Safety Data Sheets are documents that include basic information on chemical products, including the names and amounts of chemicals contained in the products. The sheets also include information on how to handle products, the degree of danger, the effect on the environment, safety measures and other items.

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Environmental Performance *****

TOK evaluates the effects that its business activities have on the environment and takes various measures 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.

Manufacturing Input (Fiscal 2011)

Input 1		
X Total	15,135kL crude oil equivalent	
Electric power	40,040,000kWh (10,091kL crude oil equivalent)	R&D
Petroleum (heavy oil)	2,200kL (2,219kL crude oil equivalent)	
Gas	2,290,000m [°] (2,662kL crude oil equivalent)	Procurement
Used water	410,000m²	× ·
Chemical substances (Class I Designated Chemical Substances on the PRTR Law	,) 2,000t	maer au
Output 2	Input Output	2 Manufacturing Program
📥 CO2	28,000t	Sales and Recourse recycling
sox ★	3.3t	distribution manufacturing system
BOD 🛧	0.4t	Products
General administrative waste	148t (Recycling rate: 80%)	
General industrial waste	1,918t (Recycling rate: 43%)	Customers
Specially controlled industrial waste	4,279t (Recycling rate: 80%)	
		Endusers

★ Sulfur oxides (SOx): Produced from the combustion of fuels containing sulfur. These are 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 (Fiscal 2011) http://www.tok.co.jp/en/company/csr/env-activity/load_data.html

The TOK Environmental Policy

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

Processing chemicals for main pillar, TOK Group affects the environment primarily through releases and air emission by vaporization of organic solvents and other substances during production processes and following the use of the Company's products. Since its inception, TOK has placed priority on handling and disposing of these materials properly. 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 towards environment-conscious management on the part of the group as a whole.

Environmental Policy

Fulfilling our corporate social responsibility is a major theme of our 4th medium-term management plan. Accordingly, we will track our impact on the environment in all phases, from product development to procurement, production, sale, and disposal, and we will balance production with environmental conservation and the prevention of pollution.

- Enhance handling and management with consideration for chemical safety and the environment
- Promote activities to conserve energy and mitigate global warming
- Bromote efficient use, reuse, and recycling of resources

 WEB
 Environmental Policy

 http://www.tok.co.jp/en/company/csr/env-activity/policy.html



History of environmental conservation activities http://www.tok.co.jp/en/company/csr/env-activity/history.html

Environmental Risk Management

At every business site in Japan, we examine all environmental overt and potential risks in accordance with items required by the ISO 14001 standard 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 aspects. 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 aspect: Factors involving organizational activities, products and services that could have an environmental impact.

Contingency Management Organization

Each business site has its own Responsible person and Actual Activity person on Contingency Plan. These individuals work closely together to perform their tasks based on a common understanding of potential risks.

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 2011, environmental conservation expenses totaled ¥449 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.

Environmental Conservation Cost

Investments are the sum of investments in 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.

Environment Conservation Cost (by Business Category) (Millio				
	Category	Key activity	Investment	Cost
(1)	(1) Business area cost		61	367
	① Pollution prevention cost	Air, water and other pollution prevention equipment and its renewal, operation, maintenance and management	41	124
	2 Global	Action to conserve energy	20	4
	③ Resource circulation cost	Waste processing	0	238
(2)Upstream/downstream cost		Green purchasing, collection of used products	0	7
(3)Administration cost		Approach to environmental management system	0	68
(4)R&D cost		Research and development of equipment and products for reducing environmental impact	0	4
(5)Social activity cost		Clean-up programs around plants	0	1
(6)Environmental remediation cost			0	0
Total		61	449	

Economic benefit 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 TOK's waste disposal cost.

Economic Effect Associated with Environmental Conservation Activities (Actual Effect) (Millions of yen)

Description of effects		Amount
Revenue	Generating income by recycling medicinal solution during operating processes	18
Expense saving	Reducing waste disposal costs through reducing waste disposal	10
Total		29

Note: Scope of environmental accounting is production facilities in Japan and distribution center excluding the headquarters and marketing offices. Reference is Environmental Accounting Guidelines 2005, published by the Ministry of the Environment.

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

Environmental Awareness and Training

TOK has an environmental education program designed to raise awareness of environmental issues among all employees. Each business unit receives the Environmental Manual to use as the basis for its environmental activities. The aim is to encourage everyone to help reduce our environmental impact in many ways.

Requirements for ISO and Training for Management Systems

Employees attended classes to study the relationship between TOK's systems and the requirements for ISO9001 quality management system and ISO14001 environmental management system certification. This training enables employees to deepen their understanding of how TOK's management systems meet the requirements.

Compliance with Laws and Environmental Regulations

Each domestic production site has prepared the 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 notices, applications and reports, performing measurements and enforcing compliance. The list is used to clarify the frequency of evaluations by the sections responsible. We were designated as one of the specified business operators found in the Revised Act on the Rational Use of Energy in fiscal 2010, and as a specified consigner in fiscal 2011, and have been establishing management structures corresponding to each of these. Furthermore, the result of monitoring and measurements showed that no cases arose in which the standard values were exceeded in fiscal 2011.

Voluntary Soil Contamination Survey at Our Ikuno Plant

We implemented a voluntary soil contamination survey at our Ikuno Plant (Asago City, Hyogo Prefecture), which was closed at the end of March 2010. When this was performed we discovered that there were regions within the plant's premises wherein the state of contamination by specified toxic substances did not conform to the standard values. The maximum contaminant level for specified toxic substances on the plant's premises and the size of these regions are shown in the table on the upper right-hand side.

The groundwater sampled within the plant's premises was up to standard. The soil contamination was reported to the relevant government authorities, with the plan being to continue to monitor the impact on the groundwater in the future under the guidance of said authorities.

"Substance name"	"Maximum contaminant concentration value"	"Area of the contaminated region"	"Standard value"
Fluorine and its compounds (elution)	3.4 mg / L	1,000 m ²	0.8 mg / L
Lead and its compounds (content)	620 mg / kg	1,000 m ²	150 mg / kg

Note: The contaminated regions overlap, and amount to 1,500m² in terms of their area.

Conducting a Management System for Substances Covered by the PRTR *****

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 2011, TOK handled 47 of the PRTR Law's 462 Class I Designated Chemical Substances. TOK handled 2,000 tons of these Class I chemicals during the fiscal year and released an estimated 7 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.

★ Pollutant Release and Transfer Register (PRTR): A system for collecting and officially announcing data on the sources and amounts of hazardous chemicals have been released into the environment or carried out of the plant as waste material.

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List of Substances Covered by the PRTR Law http://www.tok.co.jp/en/company/csr/env-activity/prtr.html

Prescreening for Harmful Substances at Product Design and Development Stages

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. Starting with the design stage of new products, we perform assessments of chemicals to be certain that all newly developed TOK products are free of prohibited substances.



Chemical Substance Management at the Raw Materials Procurement Stage

As environmental problems of a global scale, such as global warming and the depletion of resources, grow in severity, laws and regulations have been enhanced internationally in the aim of making them tougher, while the responsibility of companies to be environmentally responsive has also increased.

The chemical industry to which Tokyo Ohka Kogyo belongs is an industry that handles chemical substances that place a burden on human health and the environment. For this reason, we pursue our business activities in accordance with the concept of responsible care that seeks to have industry as a whole, "Make the utmost efforts to ensure safety and safeguard the environment, security, and health based upon the principles of self-determination and self-responsibility in every process from product development to disposal.

In order to reduce the environmental burden from the raw materials procurement stage, we enacted Chemical Substance Management Standards in January 2005 that stipulated chemicals which should be prohibited or managed, and comply with typical chemical regulations such as $RoHS \star$ and $ELV \star$ found in EU directives. Furthermore, in the wake of the enactment of and alterations to chemical regulations in various countries, such as $REACH \star$, we revised our Chemical Substance Management Standards.

We will strive to continue to revise these standards as appropriate in the future based upon trends in chemical regulations in Japan and overseas.

- ★ RoHS: Abbreviation for Restriction of Hazardous Substances. This is an EU directive that restricts the content of designated toxic substances such as lead and mercury in electrical and electronics equipment.
- ★ ELV: Abbreviation for End of Life Vehicle (restrictions related to the toxic substances contained in end of life vehicles). This is an EU directive related to vehicle recycling and substances that have an impact on the environment which aims to reduce waste from end of life vehicles and properly dispose of them. It restricts the use of the 4 substances of lead, mercury, cadmium, and hexavalent chromium.
- ★ REACH: Abbreviation for Registration, Evaluation, Authorisation and Restriction of Chemicals. This is an EU regulation that manages the registration, evaluation, and authorisation of chemicals under a single integrated system with the goals of thoroughly ensuring producer responsibility and the precautionary principal.

Providing Environmental and Safety Information on Products

We have adopted a system that manages information on chemical substances, prepares material safety data sheets (MSDSs), 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 Material Safety Data Sheets (MSDSs) that we are currently issuing contain information about safety

measures for physical and chemical characteristics, hazards, dangers, environmental impact, safety, reactions and disposal methods of products based on real-time investigation of laws and regulations inside and outside Japan. To comply with GHS★, we already provide MSDSs and labels that are compliant with GHS for our products for the domestic market. When it comes to our exported products as well, we are sequentially moving ahead with providing MSDSs and labels 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 the like. The results of this are reflected on the label and MSDSs, and are put to good use for the prevention of disasters, human health, and environmental protection.



Management of PCB★ and Waste Materials Incorporating PCB

At the Sagami Operation Center, the Shonan Operation Center and the Utsunomiya Plant, waste materials containing PCB are stored under strict control. In fiscal 2007, we inspected electrical substation facilities at all business sites in Japan. This process revealed that the Sagami Operation Center, the Shonan Operation Center and the Utsunomiya Plant are using some transformers that have insulating oil containing minute amounts of PCB. We are closely managing



Electrical substation facility at the Sagami Operation Center, where PCB contamination was found



their use. In addition, the proper notices have been submitted to governmental bodies. We plan to properly dispose of these PCB waste materials once the required disposal framework has been established.

★ Polychlorinated biphenyl (PCB): One kind of organic compound, PCB was formerly considered a chemical that excelled in terms of heat resistance and electrical insulation and was used for thermal media, insulating oils, paints and other applications. However, due to the lack of degradability and high toxicity of PCB, PCB production was discontinued in 1972. Nevertheless, there is little progress in its disposal, and managers responsible for its storage are required to place it under strictly controlled conditions.

Results of Activities in Fiscal 2011

We will report on the major environmental activities that we undertook in order to lessen the environmental impact generated by our business activities in fiscal 2011 and their outcomes.



- \star General industrial waste : Industrial waste that does not require special controls.
- Unit requirement : The amount of energy consumed and industrial waste generated converted into a number showing these figures in relation to a certain volume of products manufactured.
- Specially controlled industrial waste : Industrial waste that requires special management due to its explosivity, toxicity, infectious properties or other hazards.

Mid-term Objectives

Volume of Energy Resources

Reduce the amount of energy used by 2020 (basic unit index) 10 points on a crude oil equivalent, using fiscal 2009 as 100

Industrial Waste

By fiscal 2015, reduce industrial waste by 10 points compared with fiscal 2010 (unit requirement index)

Effort to Reduce the Environmental Impact

Reduction in the Input of Energy Resources

We are working to lessen our environmental impact 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, installing additional inverters on our current facilities, and changing our lighting over to LED lamps.

Our energy consumption for electricity, heavy oil, city gas, and other forms of energy in fiscal 2011 was approximately 1% lower than in the previous fiscal year, amounting to 15,135kL on a crude oil equivalent. In terms of our basic unit index (using fiscal 2009 as 100), which takes the production output into consideration, this

came in at 93 points, 1 point improvement compared to the previous fiscal year. This was due to the results of energy saving activities at each of our sites and the results of concentrating production sites. We are overhauling the way in which we tally the basic unit index around the period for setting objectives.



Note: Reduce the amount of energy used by 2020 (basic unit index) 10 points on a crude oil equivalent, using fiscal 2009 as 100 Note: The above figures have been re-calculated after omitting the figures of Yamanashi Plant and Ikuno Plant. Therfore, they differ from the corresponding figures in the "2011 Environmental Report."

Reduction of Air Pollution

We are working to reduce emissions of greenhouse gases \star by improving our product manufacturing processes and through the proper 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 little in the way 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.

Our emissions of CO_2 in relation to our business activities in fiscal 2011 came out to about largely the same as in the previous fiscal year.

SOx emissions increased by 0.8 tons from the level of fiscal 2010 to about 3.3 tons, because of increase in the consumption of petroleum (heavy oil).

★ 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.



Note: The above figures have been re-calculated after omitting the 2011 figures of Yamanashi Plant and Ikuno Plant. Therfore, they differ from the corresponding figures in the "Enviromental Report."

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. All equipment using ozone-depleting substances is inspected at regular intervals and managed and discarded as stipulated by law.

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

Emissions to Water

Effluents from plants undergo an activated sludge treatment process and other cleansing processes at wastewater treatment facilities before being released to sewer systems and rivers. As a result of these activities BOD emissions were the same level as in fiscal 2010.

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

Volume of BOD Emissions





Non-gas treatment equipment (Sagami Operation Center)

Environmental Measures during Distribution

Environmentally Responsible Logistics

The distance our products are transported increased as a result of the concentration of our production sites following the closure of the Ikuno Plant. What is more, as a result of the increase in our production output our transportation volume came to 30.5 million ton-kilometers (tkm), and we were designated as a specified consigner that transports more than 30 million tkm. By way of future initiatives, we will reduce our fuel consumption through proactive efforts for a modal shift \star over to railroad container transport and by improving our cargo loading ratio, while also enhancing monitoring. Our aim in this is to reduce our basic unit by an annual rate of 1%.

★ Modal shift: To reduce environmental impacts, cargo transportation is being shifted from trucks and other motor vehicles to trains and ships, which produce lower CO₂ emissions per cargo unit.

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. This reflects our commitment to 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.

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

TOK owns a fleet of 44 motor vehicles (including by lease). As of March 31, 2012, 77% of these vehicles used hybrid engines and other means to reduce emissions and protect the environment.



Measures to Achieve Zero Emissions*

To achieve a recycling-based society \bigstar , we conduct a 3R campaign to reduce the volume of waste materials in order to achieve our goal of zero emissions.

★ Zero emissions: This concept aims to establish a production infrastructure in which all members of society endeavor to eliminate all types of waste materials. One

example of how this can be achieved is recycling waste generated by the production activities of one industry or using such waste as a raw material in another industry.

Recycling-based society: As opposed to a society characterized by mass production, mass consumption and mass disposal, a recycling-based society refers to a society that aims to achieve both environmental conservation and pursuit of economic efficiency by reducing the volume of waste material generated and promoting its reuse and recycling while at the same time minimizing the input of new resources.



Note: By fiscal 2015, reduce industrial waste by 10 points compared with fiscal 2010(unit requirement index) Note: The above figures have been re-calculated after omitting the figures of Yamanashi Plant and Ikuno Plant. Therfore, they differ from the corresponding figures in the "2011 Environmental Report."

🔵 Reduce ★

TOK manufacturing bases are taking many actions to reduce energy consumption and the generation of waste materials associated with production processes. There are many initiatives aimed at reducing the volume of waste materials. Major programs include installing wastewater treatment facilities to process effluents internally; sorting waste materials to transform materials into items of value; and lowering the generation of waste materials by improving production processes. With regard to the amount of industrial waste generated at all of our sites within Japan in fiscal 2011, both general industrial waste and specially controlled industrial waste decreased compared to the previous fiscal year. In terms of the unit requirement index for waste materials generated, which reflects production volume, there was a reduction of 12 points for general industrial waste and a decline of 6 points for specially controlled industrial waste compared with fiscal 2010. We will set new target values and continue to promote activities to cut down on waste.

★ 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.

🔵 Reuse ★

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 incorporating organic solvents are transported using tanker trucks. We are also beginning to use returnable containers for some photoresist products, chiefly those used in the manufacture of LCD panels.

★ 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.



Tanker truck



18-liter returnable containers



1-ton returnable container

Recycle *

We are conducting a variety of recycling programs in order to utilize the Earth's limited volume of resources effectively. Organic solvents (process effluents) used and collected during manufacturing processes at a plant are sent 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. TOK production facilities are conducting programs to reduce the volume of waste sent to landfills and other final disposal sites. Specific categories of waste materials are collected separately to facilitate recycling. We also conduct a 3R campaign, review methods for disposing of these materials and take other steps to cut the volume of waste materials. On the strength of these efforts, we succeeded in completely eliminating waste materials sent for final disposal in fiscal 2004. The zero disposal rate was maintained through 2011.

★ 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.

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.



Environment

Considering Biodiversity

The progression of climate change and the destruction of the environment caused by factors such as the mass consumption of natural resources and energy and the production of green house emissions is having a great impact on the world's ecosystems, and there is an urgent need to take measures to preserve biodiversity.

In an effort to minimize the impact our business activities have on biodiversity, we have clarified our initiatives to reduce our burden on the environment through our environmental policy and are implementing a variety of activities.

Ecosystem Conservation Initiatives

At the Gotemba Plant, a biotope★ is being created using a regulating pond called the "Komakado Tombo - Ike" for the purpose of regenerating forests in the region and conducting research. Furthermore, at the Aso and Gotemba plants, carp are being bred and monitored utilizing part of the wastewater treatments facilities.

In addition, we are taking measures that take ecosystem conservation into account in our business activities. We have made efforts to limit our impact on the environment by installing a gas emissions processing device during the main manufacturing process in order to remove hazardous substances contained in gas emitted from our plants and to ensure that hazardous substances contained in the atmosphere of the plant are not leaked externally. Going forward, we will thoroughly manage wastewater and control gas emissions, and will continue our steady

★ Biotope: A German term derived from the words "bio," which means life, and "top," which means place. Biotope refers to a particular space that is created for wild plants and animals.



environmental conservation and social contribution activities.

