

Environmental and Social Report 2005



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Highlights of the Environmental and Social Report 2005

Tokyo Ohka Kogyo Co., Ltd. (TOK) has issued an environmental report each year since fiscal 2002 for the purpose of presenting its environmental policies, activities, goals and achievements in a format that is easy to understand.

This year, we have renamed the publication the Environmental and Social Report. The broader scope of the report's contents reflects our wish to give readers a better understanding of our commitment to corporate citizenship.

TOK views this publication as an important means of communicating with stakeholders. This is one aspect of how we fulfill our responsibility to disclose to the public pertinent information concerning our operations.

- The special report section, on pages 5 through 10, focuses on recycling activities. Individuals engaged in these activities at one of our plants and at a partner company explain how they help TOK reuse certain resources.
- The social responsibility section, on pages 27 through 34, provides much more information on this subject than was contained in the Environmental Report 2004.
- The environmental impact by site section, on pages 35 through 38, includes explanations of key environmental activities in fiscal 2004 at each business site in addition to the statistics.
- To present information in a format that can be understood by a broad spectrum of readers, this report contains numerous photos and charts and avoids technical expressions. Explanations are provided for terms marked with a ★.

● Applicable period

Fiscal 2004 (April 1, 2004 through March 31, 2005)

Note: Data in this report are for fiscal 2004, but the report also covers activities conducted in fiscal 2005.

● Scope of data collection

Headquarters, Osaka Marketing Office, Tohoku Marketing Office, Kyushu Marketing Office, Sagami Operation Center, Shonan Technical Center, Koriyama Plant, Utsunomiya Plant, Kumagaya Plant, Gotemba Plant, Yamanashi Plant, Ikuno Plant, Aso Plant and Distribution Control Center (including SP*)

* SP: Controlled-atmosphere stock points: Chitose, Miyagi, Yamagata, Ojiya, Ibaraki, Yamanashi, Mie, Hiroshima and Yamaguchi.

● Reference guidelines

Environmental Reporting Guidelines 2003, published by the Ministry of the Environment

● Issue date and 2006 issue date

Issue date: October 2005

Date of next issue: October 2006 (tentative)

● For further information, please contact:

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● Corporate Information (As of March 31, 2005)

Corporate Name: TOKYO OHKA KOGYO CO., LTD.
 Established: October 25, 1940
 Headquarters: 150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa 211-0012, JAPAN
 TEL. +81-44-435-3000
 President: Yoichi Nakamura
 Capitalized: ¥14,640 million
 Number of Employees: Unconsolidated: 1,397
 Consolidated: 1,731
 Net Sales (FY2004): Unconsolidated: ¥76,272 million
 Consolidated: ¥88,960 million



Headquarters

● Business Activities



□ Photoresists

Photoresist is a kind of resin with a chemical action and change in response to light. It is also known as photosensitive resin. Photoresists are essential for the microprocesses involved in the manufacture of semiconductors, flat panel displays, printed circuit boards and other electronic products. TOK positions photoresists as its core business, concentrating on the development of high-performance, high-quality photoresists to contribute to progress in the electronics industry.



□ Printing Materials

Products include photosensitive polymer plates used in letterpress/relief printing for corrugated board, wrapping paper and other applications, PS plates used in offset printing and many other platemaking materials. To address environmental issues, TOK is working on the development and refinement of flexographic printing plates. These activities enable the Company to meet customer demands for products that reduce pollution, raise quality and optimize efficiency.



□ Process Equipment

This equipment includes photoresist coating and developing machines used to manufacture flat panel displays as well as a variety of semiconductor manufacturing equipment. By supplying photoresists along with related materials and equipment, TOK can meet a broad range of customer needs.



□ Chemicals

As a comprehensive photoresist manufacturer, TOK leverages its expertise in this field to supply a diverse lineup of chemicals related to photoresists, including developing solution, stripping solution, rinsing solution and thinner. The Company also supplies a variety of high-purity chemicals used in applications as diverse as food additives, cosmetics and batteries.



□ Specialty Chemicals

Advances in semiconductor devices are steadily increasing the number of layers of circuitry. TOK supplies materials for forming interlayer insulation film and planarizing insulation film.

● Management Policy

◎ Basic Policy

Since its establishment, TOK has based its activities on four corporate policies: continue efforts to enhance our technology; raise the quality levels of our products; contribute to society; and promote free-spiritedness. Through this stance, TOK aims to be an organization defined by the concepts listed below. The ultimate goal is sustaining growth in sales and earnings while playing a role in social progress.

- A company that provides many products with high market shares in the fine chemicals field
- A company that boasts solid profits and sound finances
- A company that enjoys the strong trust and satisfaction of its stakeholders
- A company that has an excellent awareness of compliance

Basic Policy for "TOK Challenge 21"

Diverse business in microprocess technology

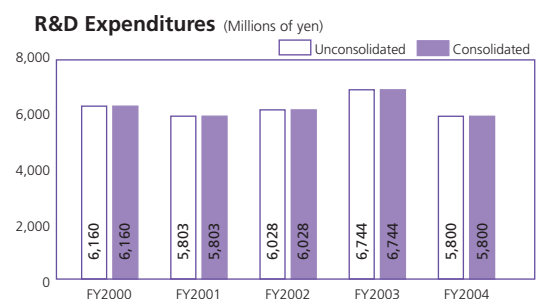
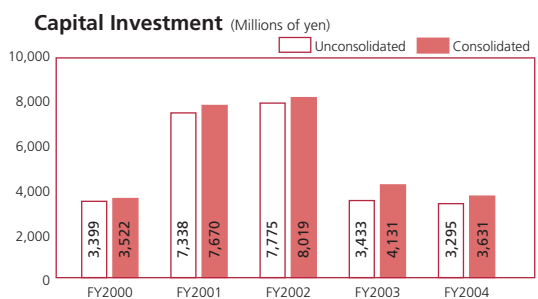
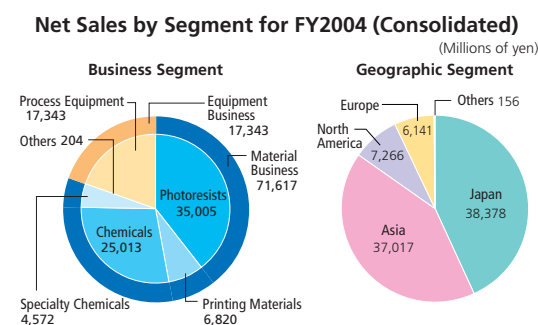
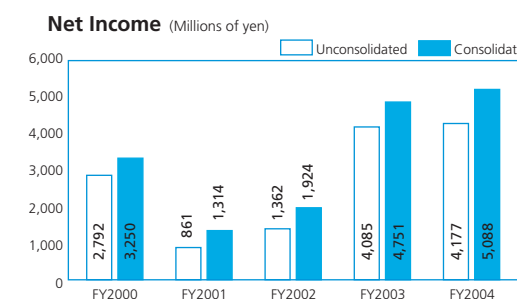
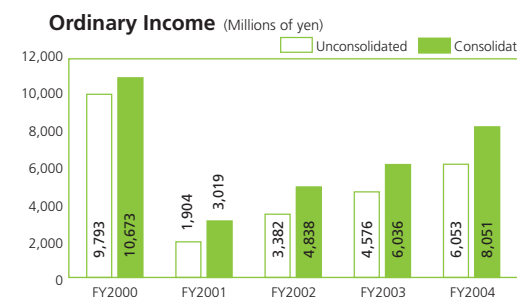
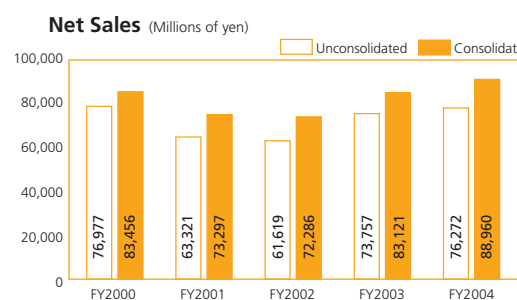
More extensive development of business overseas

Fortification of our management foundation

◎ Medium-Term Business Policy

TOK is currently executing "TOK Challenge 21," its second medium-term plan, which ends in fiscal 2005. The goal is to become an organization that can sustain growth by improving profitability and becoming more competitive.

● Financial Highlights



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The president outlines TOK's environmental obligations as a member of the chemical industry, the Company's stance concerning environmental management and the need to combine the pursuit of earnings with social responsibility.



1 A Message from the President

2 Special Report: The TOK Recycling System 5

This section highlights the Gotemba Plant's recycling system and the process effluent and post-process solvent recycling activities of partner company Taihei Kasei Co., Ltd. These two reports illustrate how a technology-oriented company like TOK approaches recycling programs.



2 Special Report: The TOK Recycling System

3 Environmental Conservation Activities 11

This section presents management of chemical substances; data on environmental performance; associated items concerning objectives, goals and results; and environmental accounting and environmental management systems.

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TOK explains how it fulfills its responsibilities as a corporate citizen. This section discusses management practices, such as corporate governance and compliance, TOK's reliable quality management system for customers, voluntary programs for communities and training and worker safety and health programs for employees.

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5 Environmental Data

1 A Message from the President

Corporate Policies

Continue efforts to
enhance our technology

Raise the quality levels of
our products

Contribute to society

Promote free-spiritedness

For the economy, the environment and society Aiming to be a company worthy of the public's trust

Our Obligation to Society

All members of the chemical industry have the potential of having an enormous impact on the environment due to the nature of the chemicals that they produce and handle. Because of this, chemical companies undergo much closer scrutiny than do companies in other industries. At the same time, ours is a vital industry that greatly contributes to making our lives more comfortable and convenient. Everyone at TOK is well aware of these two aspects of our operations as a chemical company. We are therefore constantly focused on the need to protect the global environment as we sustain our own growth while playing a part in social advances.

In the spirit of the Responsible Care program, we conduct our operations based on the following precept: doing our best for safety, health and the environment by assuming responsibility for our actions across the entire product life cycle, from development through disposal. We believe this statement effectively summarizes our obligation to society.

Environmental Management at the TOK Group

Operating in a manner that reflects positively on environmental issues is a central element of our second "TOK Challenge 21" medium-term plan. Actions needed to create a society that recycles resources are diametrically opposed to the structural components of past practices that were centered on mass production, mass consumption and mass disposal. We are currently conducting environmental management centered on a 3R campaign (reduce, reuse, recycle) that has the ultimate goal of achieving zero emissions.

We are now channeling resources to the photoresist business, which relies on highly advanced technologies. Making these products sometimes

requires the synthesis of entirely new compounds. We exercise particular care concerning safety management when handling these chemicals.

One of the most important point concerning environmental management is the execution of various activities in accordance with a timetable. At business sites with an especially great environmental risk, we have established environmental committees to oversee these activities.

Our dedication to environmental protection extends to the entire TOK Group, including our overseas operations. As a first step, the Oregon Plant of OHKA AMERICA, INC. and the Miaoli Plant of TOK TAIWAN CO., LTD. received ISO 14001 certification in September 2004. Our plants in Japan had already completed the certification process. Certification has raised awareness of environmental issues within the Group. Another benefit is the emergence among employees of a strong desire to make improvements needed to reach even more ambitious goals. We intend to build on this momentum. The TOK Group will continue to strengthen training programs and take other steps to enhance the environmental awareness of management and employees alike.

As a company that handles many types of chemicals, we cannot significantly lower our environmental impact over a short time. Progress demands steady efforts that produce incremental advances. Now that overseas subsidiaries have earned ISO 14001 certification, we have a platform capable of raising environmental management to an even higher plane.

All members of the TOK Group, whether in Japan or overseas, are determined to make further improvements involving environmental management and the establishment of common values throughout the Group concerning the environment.

TOK—One Element of a Sustainable Society

The success of any environmental protection program demands the continuous execution of the necessary initiatives. We must steadily tackle challenges one by one. By making progress in this manner, we aim to gain the recognition of the public as an organization dedicated to environmental responsibility.

Companies exist for the purpose of generating strong earnings. We must focus on the fundamental activities needed to succeed against intense competition and fulfill this goal. We acquire sophisticated technology, quickly develop competitive products, manufacture quality products at a low cost

and sell products to our customers at a reasonable price. But all these activities are meaningless unless they are underpinned by strict compliance to laws and regulations as well as corporate ethics. We fulfill our obligations in this regard by maintaining sound frameworks for corporate governance and compliance. Based on the premise of offering benefits to the environment and society, our goal is to be an organization capable of generating earnings and sustaining growth over the

long term.

This report provides information concerning the results of our environmental activities and our commitment to being a responsible corporate citizen. I am confident that this publication will give you a better understanding of the TOK Group and the principles that guide our activities. I hope that you will take the time to share with us your opinions, ideas and suggestions concerning the contents of this year's Environmental and Social Report.



Yoichi Nakamura
President & Chief Executive Officer



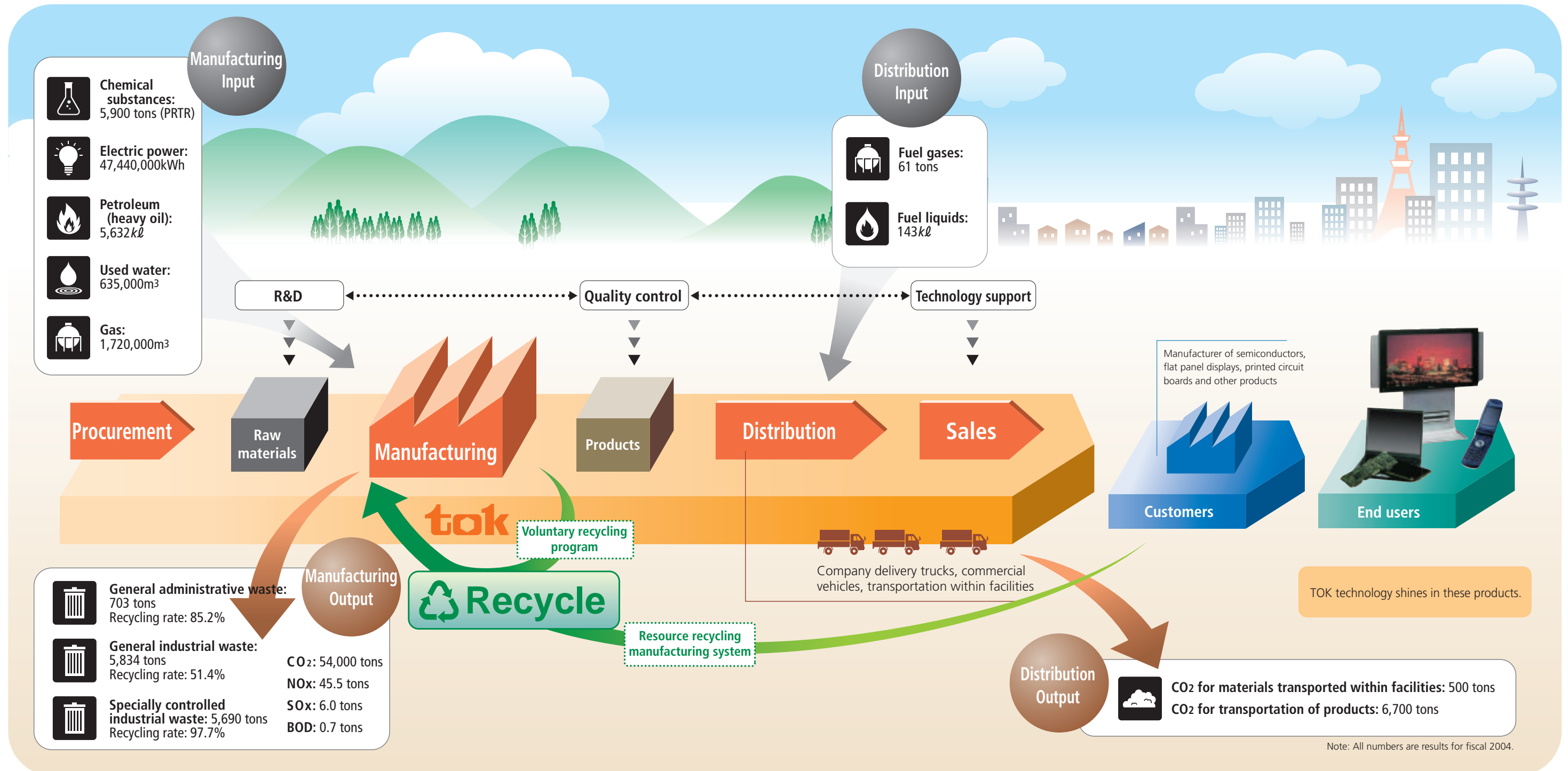
2 Special Report: The TOK Recycling System

Making effective use of the world's finite resources

TOK has grown over the years by leveraging sophisticated know-how in microprocess technology to supply customers with electronic materials and manufacturing equipment. We are dedicated to supplying technologies that meet emerging needs in order to meet the diverse and exacting needs of our customers.

This report spotlights our recycling activities. As a member of the chemical industry, TOK uses production processes that generate a large volume of waste materials. We conduct extensive recycling programs, including the reuse of effluents from production processes and post-process solvents, in order to make effective use of the world's finite resources.

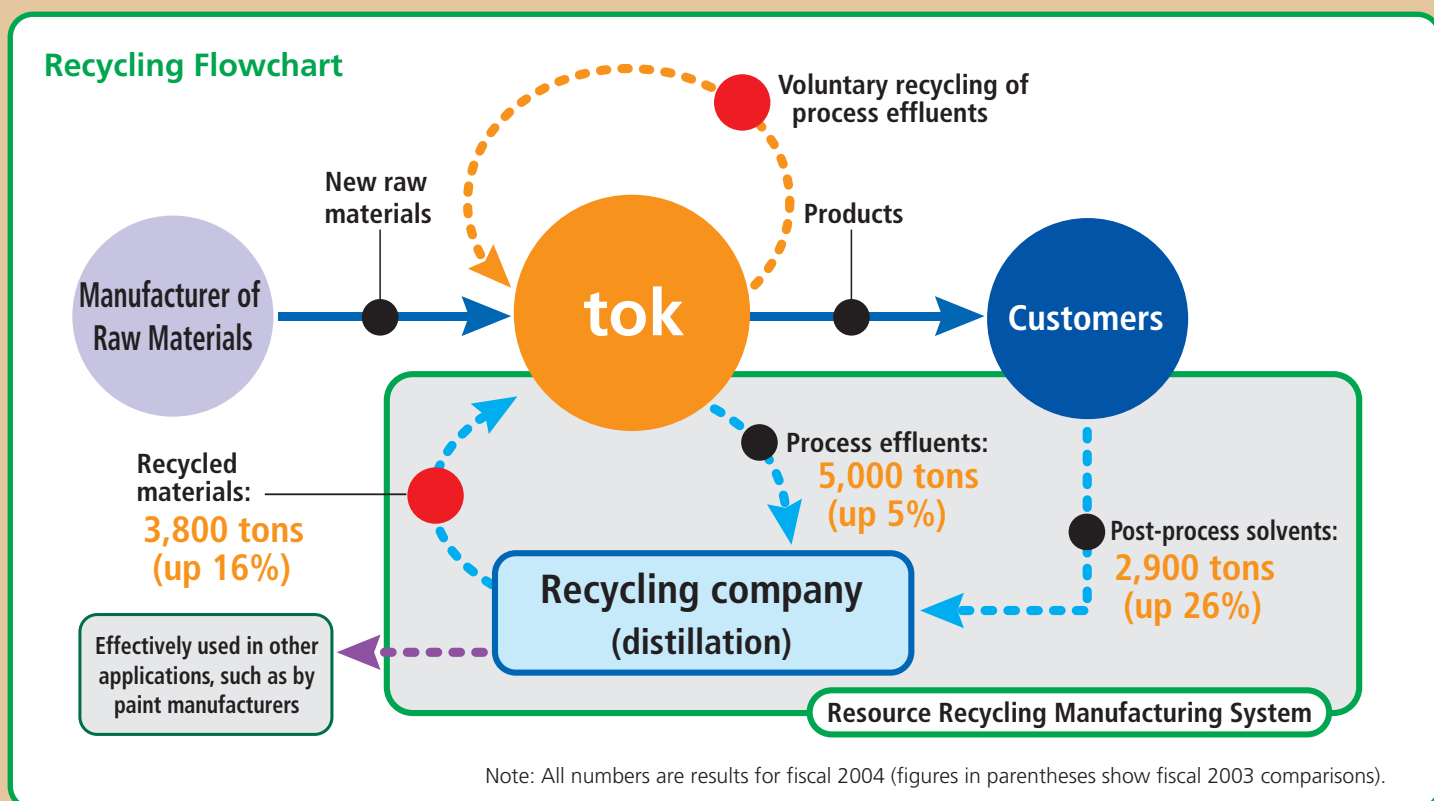
In this special report, we discuss a number of recycling programs. One section covers initiatives at our Gotemba Plant, such as the recycling of process effluents and the recovery of different types of waste materials, such as plastics and plastic chips. We also highlight the activities of partner company Taihei Kasei Co., Ltd., which is an excellent example of the recycling of process effluents and post-process solvents.



The TOK Recycling System

Since process effluents and post-process solvents contain a variety of foreign matter, TOK has until recently viewed these materials as nothing more than waste materials. As such, these liquids were sent off-site for treatment and disposal. However, these effluents are difficult to treat. If not handled properly, effluents and solvents can cause air and soil pollution. In response, we have been working on ways to recycle process effluents and post-process solvents in order to reduce the volume of these liquids that require treatment and disposal.

As one way to accomplish this, we conduct a voluntary recycling program at several factories that reprocesses process effluents on site. Solvents used at each factory differ because of the different products made by these facilities. Nevertheless, we view this reprocessing program as an important means of lowering our environmental impact.



TOK has created the “resource recycling manufacturing system” with regard to the recycling of solvents. Under this system, TOK’s process effluents as well as the post-process solvents of customers are sent to a recycling company for treatment that includes distilling and refining. The treated materials are then sent back to each factory as a raw material that can be used to make products. We are currently working with several recycling companies to recycle these waste liquids.

This system is proving to be highly effective. The volume of process effluents and post-process solvents recovered by recycling companies, as well as the amount of recycled raw materials sent to TOK, has been rising year after year.

TOK will continue to work closely with customers and recycling companies with the goal of effectively using resources and protecting the environment.

The Gotemba Plant—How the Voluntary Recycling Program Functions



Reducing TOK's Environmental Impact

The Gotemba Plant manufactures photoresists and materials for forming interlayer and planarizing insulation film. This activity results in effluents from production processes that are classified as specially controlled industrial waste. In response to growing public interest in protecting the environment, the Gotemba Plant has been seeking ways to reduce the volume of these effluents. A project team was formed to create a voluntary recycling system.

The team began by spending about 18 months collecting data on materials at the plant that can be recycled. This process was conducted with the cooperation of the Manufacturing Technology Section. Reusing process effluents requires achieving a level of purity equivalent to that of new solvents. With this goal in mind, the project team conducted a lengthy trial-and-error process to establish viable methods to raise purity. After the team finished work on the necessary processes, the Gotemba Plant began recycling process effluents such as butyl acetate in fiscal 2003. With this system, the plant recycles between 60% and 70% of solvents used to manufacture products and cuts costs.

We are studying the feasibility of recycling other solvents as well. However, there are many challenges, notably the time needed to build the necessary facilities and the need to balance benefits with maintenance and other expenses. Despite these issues, we remain committed to eliminating waste materials in order to lower our environmental impact. To accomplish this, we will continue to concentrate on a variety of recycling programs.



Shizuo Sonohara
Manufacturing Section 2

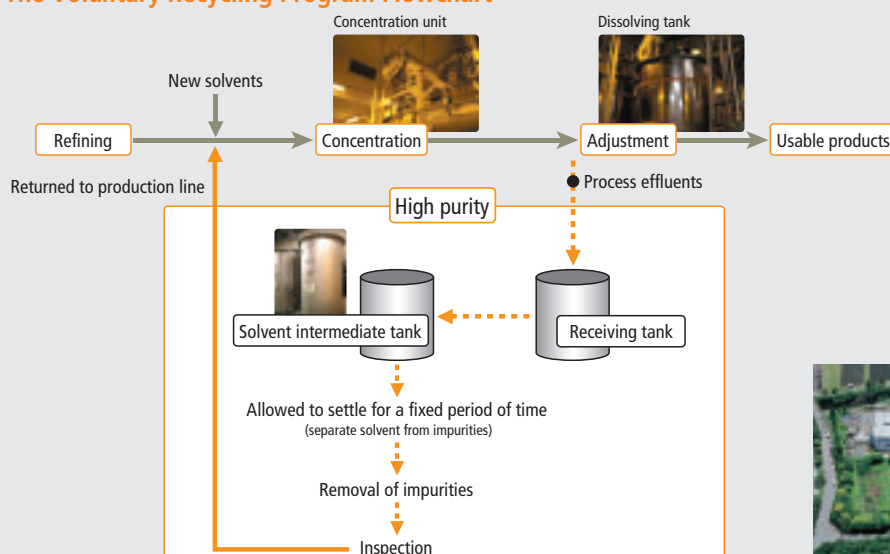


Shigeo Yano
Inspection Section



Shuji Koike
Manufacturing Technology Section

The Voluntary Recycling Program Flowchart



Gotemba Plant

Collaboration with Recycling Companies

Recycling activities that permit the reuse of resources demand the use of external companies that perform various recycling services. These companies perform a vital role as partners in TOK's environmental protection activities. In particular, recycling companies serve as a means of recovering process effluents and post-process solvents and as a source of raw materials.

As one element of this recycling process, process effluents and used solvents are separated from impurities so that the solvent portion of these effluents can be used as a newly supplied solvent. In this section, Mr. Taguchi of Taihei Kasei Co., Ltd. explains how his company recycles effluents and solvents by using a distillation process.



Fulfilling Our Obligations as a Company Kind to People and the Environment

Isao Taguchi
Director and Plant General
Manager, Manufacturing Division,
Taihei Kasei Co., Ltd.

Our main activities are the design and sale of paint and printing thinners and other solvents, as well as the recycling of process effluents and solvents. The biggest feature of our recycling business is our ability to use the waste materials, meaning process effluents and solvents, of our client companies as raw materials to make our own products, namely recycled solvents. Our product becomes a new source of raw materials for our clients. Better still, we can repeat this cycle almost indefinitely.

The first step in the recycling process is distilling the effluents and used solvents to separate the solvents from impurities. We do this by using a combination of heat and pressure to evaporate the solvents, leaving the impurities behind. Next is a cooling unit to return the vaporized solvent to a liquid state. Finally, we process the solvents to match the specific requirements of each user.

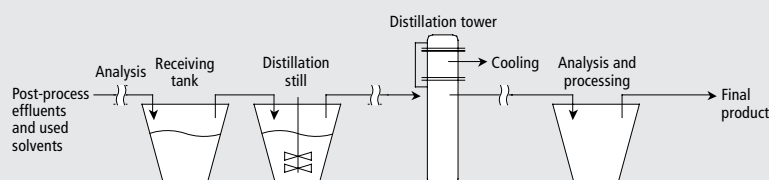
For TOK, we perform this recycling process for four types of solvents, most of which are used as stripping solution and thinners associated with photoresists. Since many of TOK's customers are semiconductor companies, we have to deliver solvents with a very high purity. When we started the recycling business for TOK, we developed a plant using exclusive technology with the help of TOK. For example, we repeat the distilling process; usually, this is only done once. We also have techniques to preserve quality during decompression and to remove metal ions.

Doing business with TOK has left me with a strong impression of this company's commitment to protecting the environment. In fact, working with TOK has helped raise the environmental awareness of people at my company, too. I look forward to continuing to play a part in environmental protection by supplying our customers with recycled products.



Distillation tower

A Look inside the Distillation Process



Other Environmental Programs at the Gotemba Plant

Separation and Collection of Plastics and Plastic Chips

The Gotemba Plant has a program that classifies and collects plastics and plastic chips for recycling. Prior to this program, these materials were simply discarded because of the difficulty of transforming these plastics into materials with a market value. However, the Gotemba Plant began collecting and recycling plastics about two years ago with the assistance of a recycling company.

Recycling plastics is an extremely difficult task because of the immense variety of these materials in terms of their chemical content and other characteristics. To solve this problem, we asked a recycling company to examine waste materials at the Gotemba Plant. This company provided valuable advice on the materials that can and cannot be recycled. We also learned how to identify and classify plastic chips, such as those made of polyethylene, polypropylene and polyamide. As a result, the volume of plastics that were classified and collected at the plant rose from about 600kg in fiscal 2003 to about 2,200kg in fiscal 2004. We are currently working on ways to raise the plastic recycling volume even higher.

Currently, every section of the Gotemba Plant is well aware of the importance of classifying and collecting plastic and plastic chips. This recycling drive has helped make everyone working at the plant more aware of the need to protect the environment.



A sign encouraging workers to classify and recycle plastics

Returning the Environment to Its Original State

The natural environment of local forestlands has been vanishing in recent years. As a part of the initiative to restore it to its original state, in fiscal 2002, the employees of the Gotemba Plant worked with a local volunteer organization to transform a pond on the factory site into a biotope★ called Dragonfly Pond. One feature of the biotope is the use of a pond filled with recycled cooling water for factory machinery. Another feature is the use of vegetation that is native to the Gotemba area. Three years after the start of this project, the pond is undergoing a steady transformation into a small nature preserve that is home to many plants and animals.

About 30 varieties of dragonflies have been seen at the biotope. Additionally, the biotope is home to mormonagrion selenion, which is designated as threatened (vulnerable) by the Shizuoka Prefecture Red Data Book★, and libellula quadrimaculata, which is classified as near threatened. Hopes are high that these rare dragonflies will use the biotope to increase their numbers. The success of this biotope proves that flora and fauna will return on their own if the proper environment is provided. In fiscal 2004, we began work on enlarging our wetlands, a type of environment that is difficult to produce artificially. This project is expected to further increase the biological diversity of the biotope.

We are pleased to bring back the dragonfly, a symbol of clean water, and plants to the Gotemba Plant. We remain committed to conducting more activities aimed at restoring the types of natural environments that are becoming increasingly difficult to find in Japan.



Seiichi Sato
Manufacturing Section 3



Mormonagrion selenion (Ris)
(Photographed by Seiichi Sato)



Libellula quadrimaculata
(Photographed by Seiichi Sato)

★ 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.

★ Red Data Book: A publication containing information on wildlife in danger of becoming extinct.

3 Environmental Conservation Activities

● The TOK Environmental Policy

As a member of the chemical industry, TOK affects the environment primarily through releases of organic solvents and other substances during production processes and following the use of the Company's products by customers. 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.

Fiscal 2003 was the first year of the second "TOK Challenge 21" medium-term plan. When this plan was formulated, we comprehensively reviewed our social responsibilities and the status of past environmental activities. The results of this review became a major part of our new plan. The core environmental elements of "TOK Challenge 21" represent the current environmental policy of the Company.

In July 2004, our environmental policy was revised to include a provision for promoting the management of chemicals from an environmental standpoint.

Environmental Policy

In order to help create a recycling-based society[★], we will work harder than ever to promote work processes and recycling efforts aimed at reducing industrial waste and taking other necessary measures. We will also work hard to have Tokyo Ohka Kogyo recognized as "an active advocate of environmental conservation."

1. Envision future business opportunities by promoting recycling
2. Use products and materials for as long as possible (prolong their life)
3. Minimize the volume of waste generated (reduce emissions)
4. Manage chemicals in an environmentally responsible manner

We will implement this environmental policy by conforming to customer requirements as well as complying with statutory and regulatory requirements, establishing and reviewing goals, continually improving systems and preventing pollution.

[★] 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.

● Fiscal 2004 Objectives, Goals and Results

"Becoming more cost competitive" was established as the fiscal 2004 goal of environmental activities. In line with this core goal, four environmental objectives were created for TOK's operating bases: reduce general industrial waste^{*1}; reduce specially controlled industrial waste; conduct suitable management of chemicals; and eliminate environmental accidents. All TOK bases are working to achieve these objectives as a means of fulfilling their social obligations.

The theme of cost competitiveness was selected because of TOK's belief that striking the proper balance between ecology and economy can directly contribute to lowering the Company's environmental impact. This is because cost reductions can be achieved by reducing the harmful effects on the environment of TOK's activities and by making operations more efficient.

In addition to the aforementioned initiatives, TOK in fiscal 2004 executed an environmental conservation activities covering six items, one of which was enlarging the scope of ISO 14001 certification.







※ 1 General industrial waste: General industrial waste includes waste materials that do not require special controls.

Evaluation level: 😊 Achieved 😊 Achieved by 75% 😞 Achieved less than 75%

Item	Tasks	Goals for fiscal 2010	Medium-term plan for fiscal 2005	Action plans for fiscal 2004	Results of activities in fiscal 2004	Evaluation in fiscal 2004	Related information
Environmental Objectives	Reduce general industrial waste	30% decrease compared with FY2000 (unit requirement index ★) Applied: Six plants have received ISO 14001 certification ※2	25% decrease compared with FY2000 (unit requirement index ★) Applied: Six plants have received ISO 14001 certification ※2	25% decrease	Reduced 19%	😊	P. 21 P. 22
	Reduce specially controlled industrial waste	35% decrease compared with FY2000 (unit requirement index ★) Applied: Six plants have received ISO 14001 certification ※2	30% decrease compared with FY2000 (unit requirement index ★) Applied: Six plants have received ISO 14001 certification ※2	30% decrease	Reduced 36%	😊	P. 21 P. 22
	Conduct suitable management of chemicals	—	Lower risks associated with harmful chemicals	<ul style="list-style-type: none"> Conduct screening for hazardous chemicals in newly developed products Restructure the internal chemicals and PRTR management systems 	<ul style="list-style-type: none"> Screening coverage: 100% Completed restructuring of management systems 	😊	P. 23 P. 24
	Eliminate environmental accidents	—	Continue perfect record of preventing environmental accidents affecting external parties	Conduct emergency response drills	Conducted at 8 sites	😊	P. 17

★ Unit requirement index: The unit requirement is a value obtained by converting the volume of energy consumed or waste material output per unit of production into a certain standard unit. In this report, the unit requirement is expressed as an index calculated with fiscal 2000 as the base year (FY2000 = 100%).

※ 2 Six plants have received ISO 14001 certification: Koriyama, Utsunomiya, Gotemba, Yamanashi, Ikuno and Aso.

Item	Tasks		Action plans for fiscal 2004	Results of activities in fiscal 2004	Evaluation in fiscal 2004	Related information
Environmental Conservation Activities	Expand the application of ISO 14001 standards	Implementing on a Companywide scale	Obtaining ISO 14001 certification at sites that have not yet acquired such certification	Third-party inspections conducted at sites not yet certified (9 SP certified in April 2005) ⇒ All domestic sites have been certified		P. 35 P. 38
	Expand environmental accounting	Expanding the scope of application for the system	Expanding the scope of application to all domestic Group companies	Conducted at all domestic sites Environmental conservation costs: ¥598 million		P. 13 P. 14
	Promote environmental capital investment	Promoting capital investment with the emphasis placed on environmental concerns	Installing a wastewater treatment facility and a waste materials storage facility	Installed a wastewater treatment facility, a waste materials storage facility and a solvent recovery facility Investment costs: ¥51 million		—
	Reduce the environmental impact	Reducing the volume of energy consumption (unit requirement index)	Reducing the volume of electric power, petroleum (heavy oil) and used water (unit requirement index)	Electric power: 25% increased vs. FY2003 Petroleum (heavy oil): 16% increased vs. FY2003 Used water: 26% decreased vs. FY2003		P. 18
	Promote information disclosure	Actively disclosing information	Publishing an environmental report Publishing an environmental report on the web site	The Environmental Report 2004 was published in October 2004 and is also available on our web site		P. 26
	Cooperate with local communities	Participating in local events	Encouraging all domestic production facilities to participate in local events	All domestic production facilities and the Distribution Control Center participated in local events		P. 30

● Environmental Accounting★

TOK has been using environmental accounting since fiscal 2000. This allows the Company to conduct environmental management while monitoring the expenses and benefits of environmental programs. Environmental accounting was extended to all domestic sites in fiscal 2004.

Scope of environmental accounting

All domestic sites: Headquarters, Osaka Marketing Office, Tohoku Marketing Office, Kyushu Marketing Office, Sagami Operation Center, Shonan Technical Center, Koriyama Plant, Utsunomiya Plant, Kumagaya Plant, Gotemba Plant, Yamanashi Plant, Ikuno Plant, Aso Plant, Distribution Control Center (including SP)

Applicable period

Fiscal 2004 (April 1, 2004 through March 31, 2005)

Reference guidelines

Environmental Accounting Guidelines 2002, published by the Ministry of the Environment

★ 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.

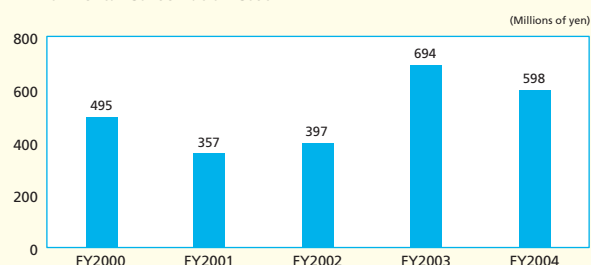
◎ Environmental Conservation Cost

(Millions of yen)

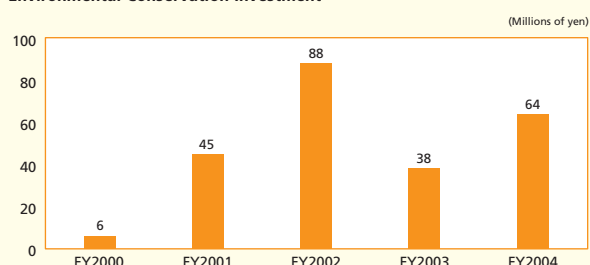
Category	Key activity	Investment	Cost
1) Business area cost		64	454
① Pollution prevention cost	Air, water and other pollution prevention equipment and its operation, maintenance and management	10	155
② Global environmental conservation cost	Replacement of activated charcoal, purchase of battery-powered forklift trucks and others	3	4
③ Resource circulation cost	Disposal of waste materials	51	293
2) Upstream/downstream cost	Collection of containers and packaging materials	0	5
3) Administration cost	Monitoring, measurement and environmental management system	0	122
4) R&D cost	Development of equipment for reducing environmental impact	0	9
5) Social activity cost	Cleaning of plants inside and outside	0	6
6) Environmental remediation cost	Measures to respond to leaks of chemicals at plants	0	1
Total		64	598

Item	Descriptions	Amount
Total investment in current period	Purchase of leak sensors, installation of wastewater treatment facilities, purchase of battery-powered forklift trucks	64
Total R&D cost in current period	Screening for hazardous chemicals in newly developed products, R&D concerning energy-conserving equipment	9

Environmental Conservation Cost



Environmental Conservation Investment



Environmental Conservation Benefit

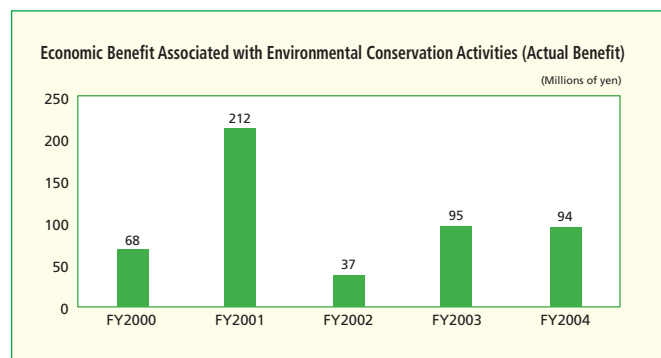
Descriptions of benefit		Indicator		Related information
		Category	Value for indicator	
1) Benefit corresponding to business area cost	① Benefits associated with the input of resources into business operations	Petroleum (heavy oil) Used water	Consumption down 320 kℓ vs. FY2003 Consumption down 29,000m ³ vs. FY2003	P. 18
	② Benefits associated with environmental impact and waste emissions from business operations	General industrial waste Specially controlled industrial waste	Unit waste volume down 19% vs. FY2000 Unit waste volume down 36% vs. FY2000	P. 18 P. 22
		CO ₂ emissions SOx ★ emissions	Emissions down 3,000 tons vs. FY2003 Emissions down 0.2 tons vs. FY2003	
	Others	—	—	—
2) Benefit corresponding to upstream/downstream cost	③ Benefits associated with the goods and services produced by business operations	—	—	—
	Others	—	—	
3) Other environmental conservation benefit	④ Benefits associated with transportation and other operations	—	—	—
	Others	—	—	

★ Sulfur oxides (SOx): Sulfur dioxide (SO₂) and sulfur trioxide (SO₃) and other sulfur-containing gases that are produced mainly from the combustion of fuels such as petroleum (heavy oil), gasoline and coal.

Economic Benefit Associated with Environmental Conservation Activities (Actual Benefit)

(Millions of yen)

Description of benefits		Amount
Revenue	Generating income by the recycling of waste materials and others	8
Expense saving	Reducing energy costs through power saving and reducing waste disposal costs through recycling	85
Total		94



Calculation Method

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.

Environmental conservation benefit

Figures are listed for the benefits of environmental conservation that have performance indicators for which data can be obtained.

Economic benefit associated with environmental conservation activities

Figures are calculated based on internally realized benefits from the sale of materials having value and from the reduction of TOK's environmental cost.

● Environmental Management System

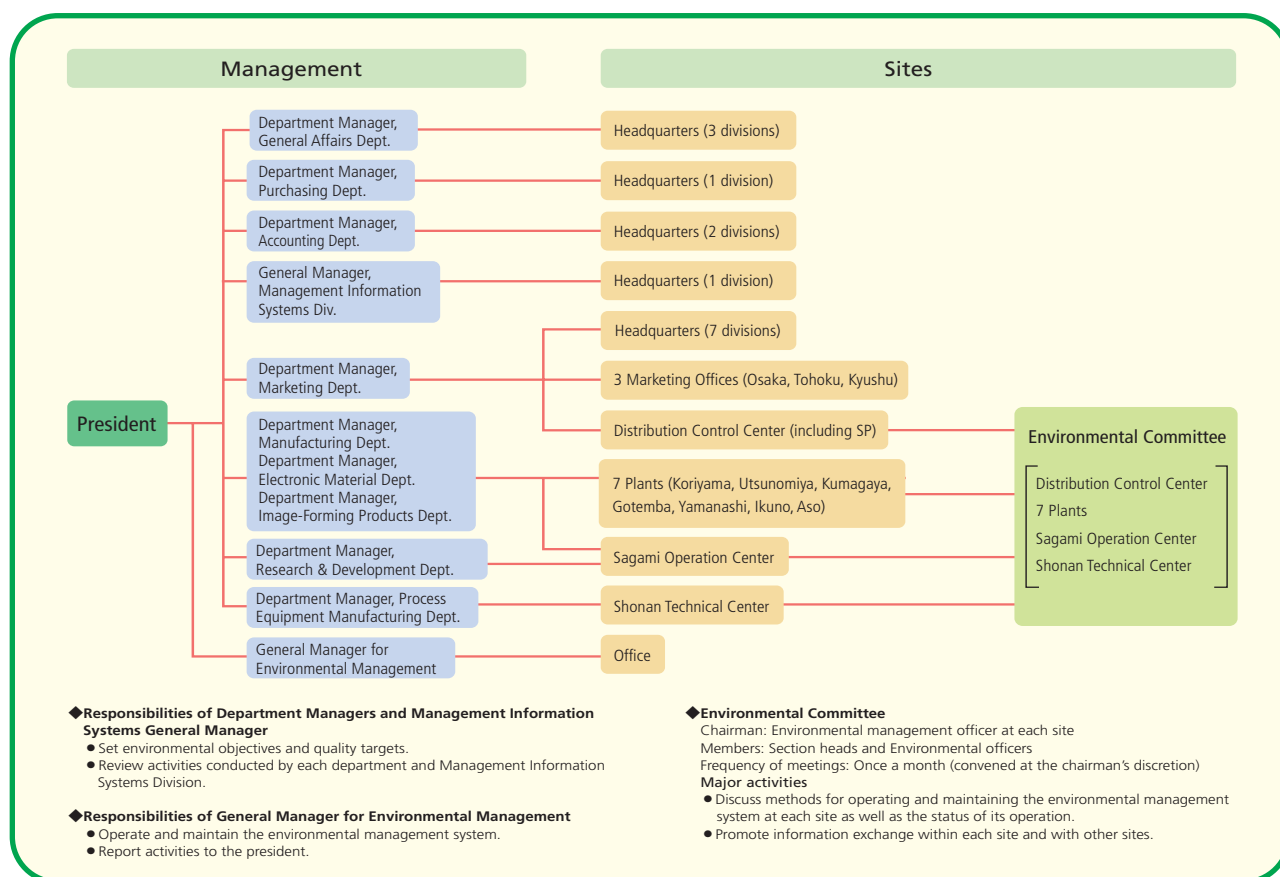
TOK has an environmental management system at all domestic sites. The objective is to contribute to the realization of a recycling-based society by making environmental initiatives a part of all business activities.

◎ Environmental Management Organization

TOK uses its operating divisions to make everyone aware of the environmental decisions made by senior management. In addition, Environmental Committees have been set up at operating bases with particularly significant environmental risks.

The environmental management organization has established a target that combine the objectives and goals of the environmental management system with the quality

targets of the quality management system. In order to further clarify environmental activities within the Company's organizational structure and to conduct environmental activities effectively in consideration of the size of the environmental impact of each business site, the environmental management organization was reviewed and revised.



◎ Method for Conducting Environmental Activities

A plan is formulated based on environmental policy and goals. The next step is execution of the plan, followed by an evaluation of the results. Last comes action to prepare for the next step. This PDCA (plan, do, check, action) cycle provides for continuous improvements in the environmental management system along with a decline in the environmental impact of business operations.

PDCA Cycle



◎ Environmental Audits★

TOK has environmental management and quality management systems. In January 2004, we began conducting integrated audits that combine environmental and quality audits for the purpose of performing internal audits efficiently.

In fiscal 2004, a total of 28 integrated internal audits were performed. These audits focused on compliance with laws and regulations and the verification that business sites are conducting activities in accordance with prescribed procedures.



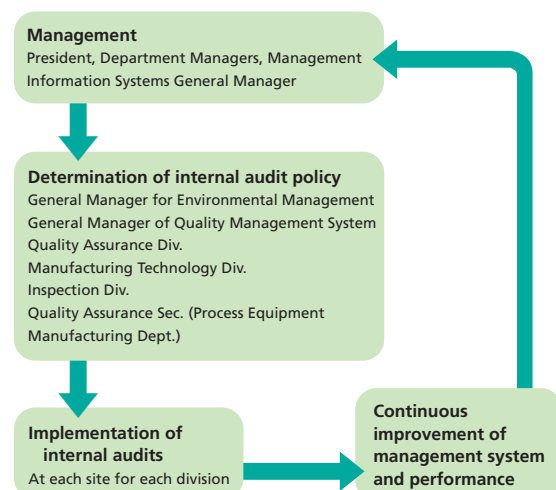
Internal audits held in headquarters

Internal audit results are reported to senior management. This provides for programs that contribute to the continuous improvement of management systems.

In fiscal 2004, TOK underwent its second ISO 14001 inspection by a third party to maintain and expand its certification. Due to this process, the Distribution Control Center's 9 SPs were newly certified in April 2005. This completed the ISO 14001 certification process for all domestic sites.

★ Environmental audits: These audits involve the systematic, corroborative, periodic and objective assessment of compliance with environmental laws and regulations, the implementation of environmental policy and the fulfillment of environmental objectives and goals.

Integrated Internal Audit Process



◎ Compliance with Laws and Environmental Regulations

TOK performs all required tests of its products regarding toxicity and safety, as stipulated in the Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances and the Industrial Safety and Health Law. Through these tests, the Company maintains a framework for strictly conforming to all applicable laws and regulations in Japan and other nations where its products are sold, as well as to international regulations.

Each domestic production site has prepared a List of Legal and Other Required Items and Monitoring and Measurement Table and complies to laws and regulations. On the list, laws, rules, agreements and other regulations that must be observed are compiled 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.

In fiscal 2004, we received one complaint concerning noise from residents near the Sagami Operation Center. The cause was identified and necessary actions were taken.

We have never been fined or punished in any other way due to a violation of environmental regulations. Furthermore, we have never been the defendant in any environmental litigation.

Environment-related laws and regulations	Sites								
	Sagami	Shonan	Plants						
			Koriyama	Utsunomiya	Kumagaya	Gotemba	Yamanashi	Ikuno	Aso
Air Pollution Control Law	○	—	○	○	—	—	○	○	○
Water Pollution Control Law	○	—	○	○	○	○	—	○	○
Sewerage Law	○	○	—	—	○	—	—	—	—
Noise Regulation Law	—	—	○	○	—	○	—	○	○
Vibration Regulation Law	—	—	—	○	—	○	—	○	—
Offensive Odor Control Law	○	—	○	○	○	○	○	○	○
Soil pollution	○	—	○	○	—	○	○	○	○
Ground subsidence	—	—	—	—	—	—	—	—	—
Waste material	○	○	○	○	○	○	○	○	○
Energy conservation	○	—	○	—	—	—	○	—	—
PRTR	○	—	○	○	○	○	○	○	○

Applicable: ○ Not applicable: —

Sagami: Sagami Operation Center; Shonan: Shonan Technical Center

Briefing Session regarding Soil Contamination at Sagami Operation Center

A soil survey in preparation for the construction of a research and development wing at the Sagami Operation Center showed that the soil at the site was contaminated. TOK, in addition to proper treatment of the site in accordance with the guidance of the prefectural government authorities, held briefing sessions for the local residents' association to explain the circumstances and its response.

◎ Environmental Awareness and Training

Environmental awareness and training programs are conducted to give employees a better knowledge of environmental affairs and enable them to perform their jobs while considering the potential environmental impact of all company activities.

Training for Environmental Aspect★

TOK has switched from the evaluation point method to the check sheet method to identify specific factors concerning environmental aspect. This approach makes it possible to specify environmental aspects as well as to make all employees more aware of environmental issues. In conjunction with this change, we held classes to explain the method to specify environmental aspect. Held at each site from January through May 2004, the classes were attended by a total of 254 employees.

★ Environmental aspect: Factors involving organizational activities, products and services that could have an environmental impact.

Training of Certified Internal Auditors

Individuals who perform audits are given training concerning key issues in order to execute internal audits in line with the objectives (central points) of the auditing program.

MSDS★ Training

Many employees at production facilities receive training in the use of Material Safety Data Sheets (MSDSs). This training provides employees with a greater understanding of the dangers, toxicity and environmental impact of the chemicals they handle on a daily basis.

★ 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.

◎ Overseas Environmental Programs

Our overseas subsidiaries actively promote environmental protection activities as a part of the program to reduce the overall environmental load of the TOK Group. In September 2004, OHKA AMERICA, INC. (Oregon Plant) and TOK TAIWAN CO., LTD. (Miaoli Plant) won the ISO 14001 certification. The goal is to realize efficient environmental management through the establishment of environmental management systems. In addition, TOK ITALIA S.p.A. is also preparing to apply for the ISO 14001 certification.

◎ Environmental Emergency Response Drills

Business sites conduct drills so they can minimize the effect of an accident on the environment.

Drills at Sites

Chemical plants tend to use large amounts of solvents. We conduct drills designed to prevent the release of solvents by ensuring a proper response in the event of a leak. In fiscal 2004, drills for dealing with chemical leaks were conducted at eight sites.



Drill to switch path of wastewater flow (Utsunomiya Plant)



Drill to respond to leakage of chemicals (Aso Plant)

As part of our security and disaster prevention activities, drills were conducted at headquarters, all domestic production facilities and the Distribution Control Center to train employees in the initial measures to fight a fire.



Water release drill (Yamanashi Plant)



Fire fighting drill with the residents in company condominium (Sagami Operation Center)



Employees of the Oregon Plant, which earned ISO 14001 certification



Employees of the Miaoli Plant, which earned ISO 14001 certification

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.

Reduction in the Input of Energy Resources

TOK is lowering its energy requirements in numerous ways. Among major initiatives are improvements to manufacturing processes, steps to boost employee productivity and promotion of efficient equipment, including the use of exterior coatings with thermal insulation properties on buildings.

In fiscal 2004, we reduced water consumption on a unit-volume basis by 26% due to a number of actions. One measure was the switch to a circulatory system for the water used in cooling systems for testing equipment. However, consumption on a unit-volume basis was up 25% for electric power and 16% for petroleum (heavy oil) even though the total volume of electric power and heavy oil used was about the same as in fiscal 2003. We are

examining methods to reduce this consumption and plan to execute more energy conservation measures.

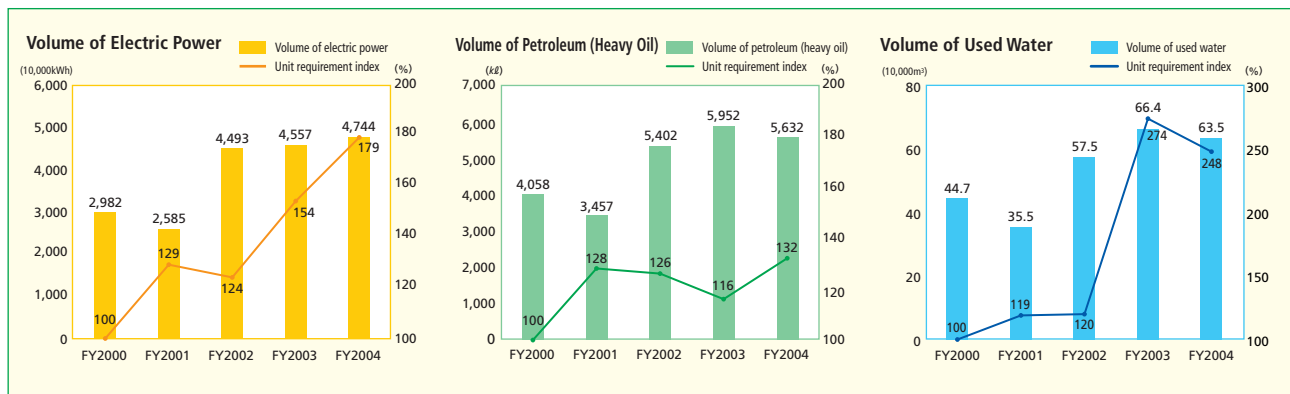
Measures to Reduce the Manufacturing Environmental Impact

Reduction of Air Pollution

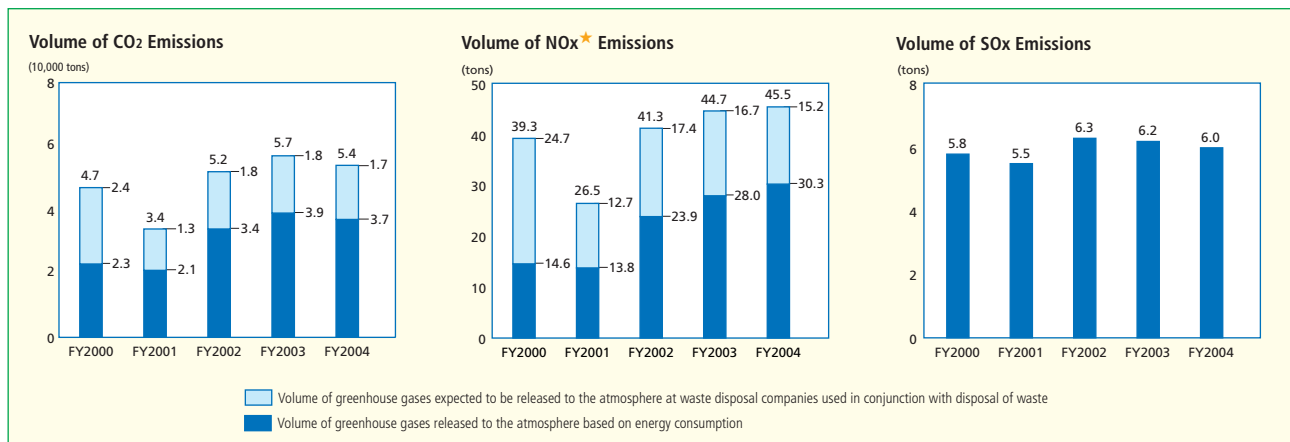
TOK is working on bringing down greenhouse gas★ emissions by improving production processes, changing boiler fuel and carefully managing production equipment. In fiscal 2004, the Sagami Operation Center contributed to lower the Company's SOx emissions by completing the shift to natural gas to fuel its boilers.

★ 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.

Consumption of Energy Resources



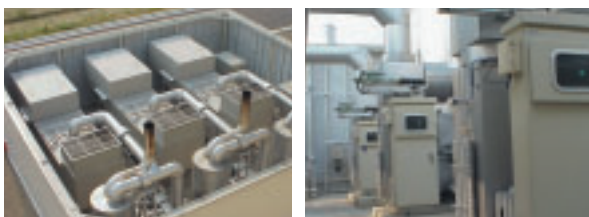
Emission Volume of Air Pollution



★ Nitrogen oxides (NO_x): Nitrogen oxide (NO) and nitrogen dioxide (NO₂) and other nitrogen-containing gases that are produced mainly from the combustion of fuels such as petroleum (heavy oil), gasoline and coal.

Adoption of Cogeneration Systems★

Three boilers for cogeneration systems have been installed at the Koriyama Plant. The boilers collect and reuse heat remaining after the generation of electric power. By investing in environmental facilities such as this, we are working on improving our energy efficiency relative to CO₂ emissions.



Cogeneration systems (Koriyama Plant)

- ★ Cogeneration systems: An energy supply method that effectively utilizes exhaust heat that is produced as electric power is generated. The exhaust heat is used to supply hot water or heat and for other purposes. Cogeneration allows energy to be utilized much more efficiently than in conventional power generation systems.

Measures to Reduce SO_x Emissions

New boiler fuels are being used when plants are updated and old boilers replaced. We are switching to natural gas, low-sulfur heavy oil and other fuels that generate a small amount of SO_x, which is one cause of global warming and air pollution. All boilers at the Sagami Operation Center have been switched to natural gas, resulting in a significant drop in SO_x emissions.



Natural gas boilers
(Sagami Operation Center)

Candle Night (Aso Plant)

In fiscal 2004, the Aso Plant began holding an event called candle night on the summer and winter solstice. On these two evenings, plant workers light their homes for two hours using solely candles to demonstrate their commitment to lowering CO₂ emissions. A large number of employees participated in the event. We believe that the event will contribute to slowing the advance of global warming.



Measures Involving Ozone-Depleting Substances

Chlorofluorocarbons (CFCs)★ 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

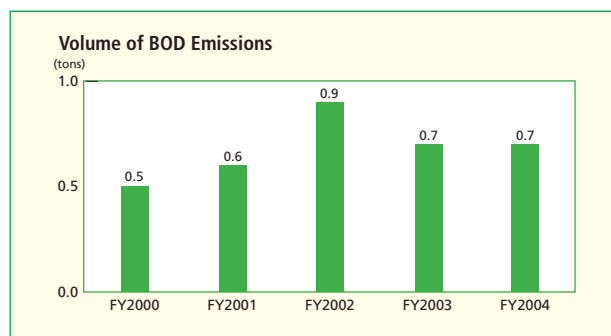
Effluents from plants undergo an activated sludge treatment process before they are discharged to public



Wastewater treatment facilities
(Koriyama Plant)

waters. In fiscal 2004, initiatives were taken to maintain and manage wastewater treatment facilities as well as to continuously improve manufacturing processes.

As a result, BOD★ emissions were the same level as in fiscal 2003. We will continue to review production processes to achieve further reductions in discharges of BOD.



- ★ BOD: Biochemical oxygen demand (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.

◎ Environmental Measures during Distribution

Environmentally Responsible Logistics

The total amount of cargo transported during fiscal 2004 was 23.97 million ton-kilometers. We estimate that these transportation activities, including vehicles at logistics service providers used exclusively for delivering TOK products, generated 6,700 tons of CO₂ emissions.

In fiscal 2004, we reviewed how our products are transported between our production bases and other stock points and customers with the aim of raising efficiency. This process included a modal shift to railroads from trucks to cut CO₂ emissions.

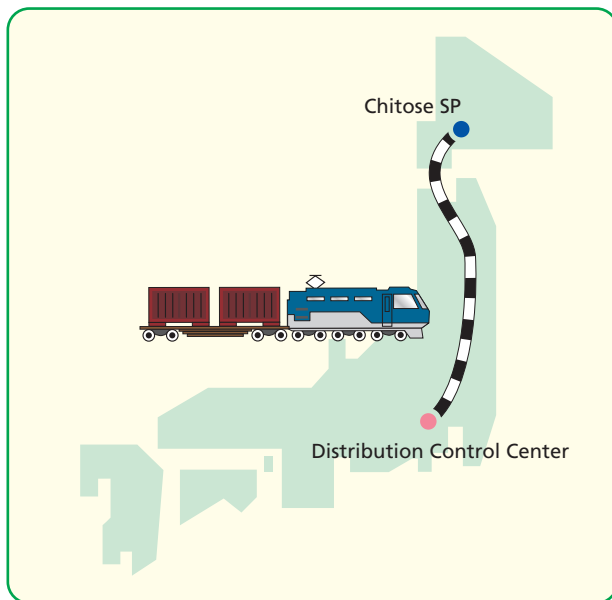
CO₂ emissions are calculated as follows for products transported in Japan.

Ton-kilometer = Volume of products (tons) x One-way distance of vehicles (km)

CO₂ emissions = No. of vehicles x (Round-trip distance / Fuel consumption) x 2.64 (kg-CO₂ / ℓ)

※ The Environmental Report 2004 contains erroneous data for fiscal 2003. The correct fiscal 2003 logistics figures are 22.24 million ton-kilometers and CO₂ emissions of 6,600 tons.

A Modal Shift to Railroads from Trucks



Raising Truck Capacity Utilization

TOK is working on increasing capacity utilization of its trucks by reviewing how goods are carried among various company bases and adopting trucks with twice the capacity of conventional models.



Double-decker truck

Environmental Considerations at Logistics Bases

At logistics facilities, we have switched to battery-powered forklift trucks and enforce restrictions on the idling of truck engines. These measures reduce greenhouse gas emissions, lower noise and create a healthier working environment for employees.

In addition, we are increasing the use of low pollution trucks in response to laws and regulations concerning NO_x and particulate matter★, diesel engines and other items concerning the transportation of cargo by truck.



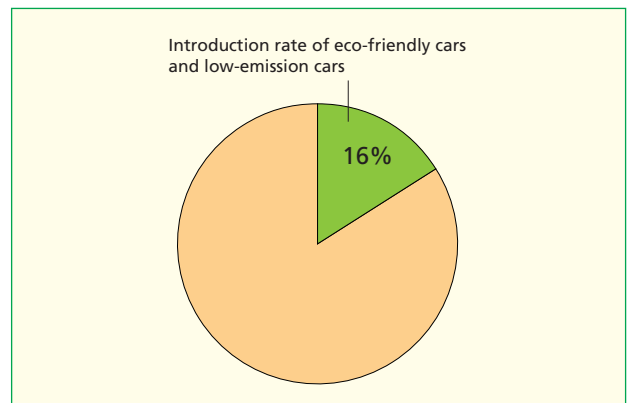
Battery-powered forklift truck

★ Laws and regulations concerning NO_x and particulate matter: Various measures have been enacted by law to improve air quality by cutting the volume of NO_x (nitrogen oxides) and particulate matter emissions from vehicles in designated urban areas where air pollution is highest.

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

TOK owns a fleet of 55 motor vehicles. Currently, 16% of these vehicles use hybrid engines or other means to reduce emissions and protect the environment.

(As of March 31, 2005)



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.



Emergency contact card (yellow card)

Measures to Achieve Zero Emissions★

The public is becoming increasingly aware of the fragile nature of the global environment and the Earth's finite resources. One result is growing demands for measures to create a sustainable society that recycles resources, rather than a society based on mass production and consumption.

Reduce★

TOK manufacturing bases are taking many actions to reduce energy consumption and the generation of waste materials associated with production processes.

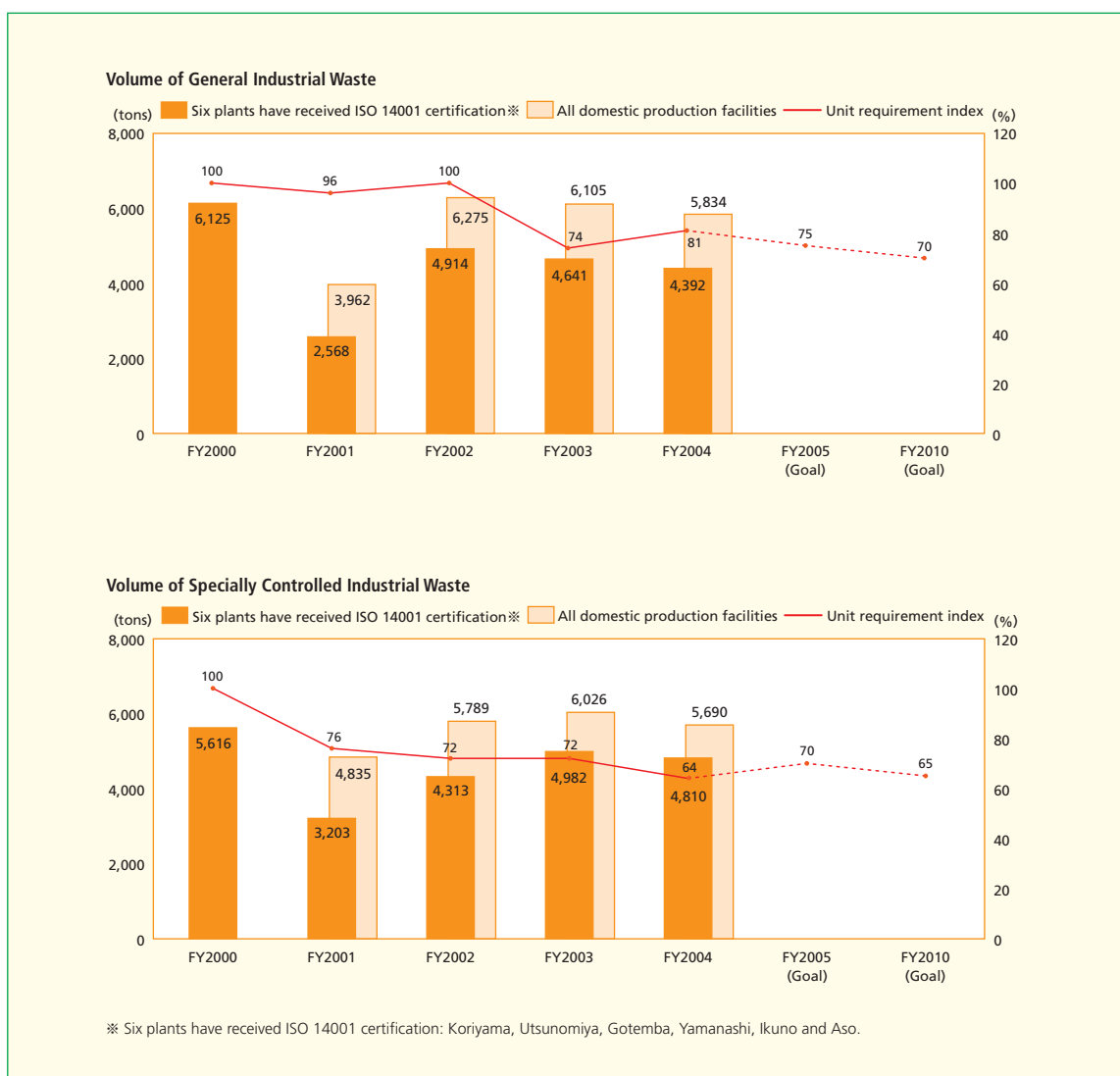
In fiscal 2004, manufacturing bases lowered emissions of both general industrial waste and specially controlled industrial waste. In terms of unit waste generation, which reflects changes in production volumes, there was a decline

As part of this drive, we are conducting our 3R (reduce, reuse, recycle) campaign aimed at achieving 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.

in specially controlled industrial waste but, due to a shift in the product mix, an increase in the general industrial waste index.

★ 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.

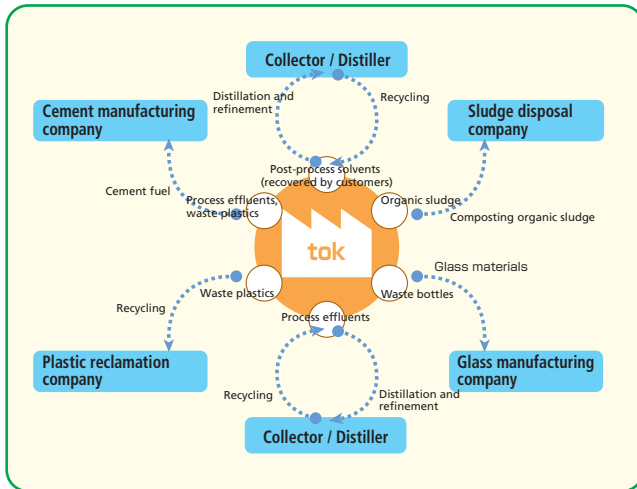


Recycle★

We are conducting a variety of recycling programs in order to utilize the Earth's limited volume of resources effectively.

★ 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 Flow



Recycling of Used Products and Effluents from Production Processes

Organic solvents used in products or to manufacture products are collected and then recovered through distillation in order to reduce emissions of waste materials. 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. Furthermore, waste plastics are reused as a raw material for plastics, used bottles are reused to make glass and other materials are recycled in similar ways.

Composting Organic Sludge★

Three elements are critical to processing organic sludge: volume reduction; stabilization; and elimination of harmful substances. Volume reduction involves condensing water in sludge and then dehydrating and desiccating the sludge. For stabilization, biochemical or thermochemical processing (including combustion) is used to degrade organisms in sludge. This prevents decomposition and other chemical actions that cause pollution. At present, these processes are combined to transform organic sludge into compost at the facilities of sludge disposal companies.

★ Composting organic sludge: This is the process of turning sludge, raw garbage and other organic waste into fertilizer by using microorganisms to ferment the waste. Compost can be used as fertilizer and a soil conditioning agent.

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.



18-liter returnable containers



1-ton returnable container

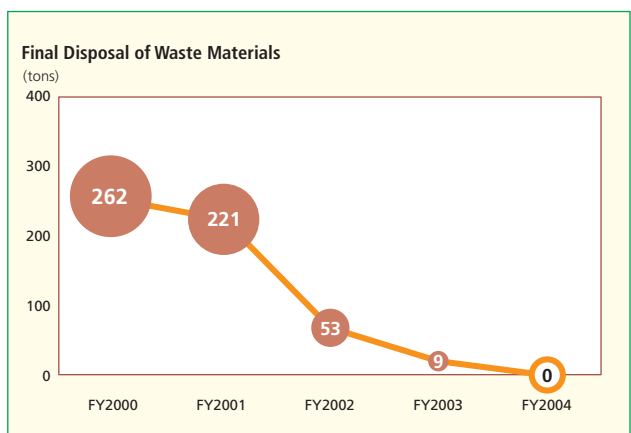


Tanker truck

★ 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.

Final Disposal of Waste Materials

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 (reduce, reuse, recycle) campaign, review methods for disposing of these materials and take other steps to cut the volume of waste materials. Due to these efforts, we succeeded in completely eliminating waste materials sent for final disposal.



● Managing Chemical Substances

TOK uses many types of chemicals in its manufacturing activities. Properly managing these chemicals is essential to maintaining workplace safety and health. We also prioritize the management of chemicals from the standpoint of reducing our environmental impact. In fiscal 2004, we took steps to ensure the proper management of chemicals, such as by introducing a unique system for managing chemicals.

◎ Proper Management of PRTR★ Chemicals

Under Japan's Pollutant Release and Transfer Register (PRTR) Law, companies are required to manage emissions and transfers of certain chemicals and to submit reports. Of the 354 compounds covered by the PRTR Law, TOK handled 42 in fiscal 2004. This is three more than in fiscal 2003 because of a change in the composition of products manufactured. In fiscal 2004, TOK handled 5,900 tons of chemicals and released 50 tons of chemicals into the atmosphere and public water. There was no soil contamination because TOK does not have waste material landfills at its production sites.

In fiscal 2004, TOK restructured its chemicals and PRTR management systems in order to manage chemicals with even greater accuracy.

※ The environmental data section of this report provides a List of Substances Covered by the PRTR Law (see page 42).



Chemicals and PRTR management systems

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

◎ Management of Chemicals when Procuring Raw Materials

One element of our environmental policy is the management of chemicals in an environmentally responsible manner. In line with this policy, we inspect raw materials for hazardous materials and legal conformity when purchases are made. When necessary, we ask suppliers to make

improvements. Through this approach, our environmental activities include the strict management of raw materials and compliance with laws and regulations.

TOK is frequently asked by customers to eliminate certain chemicals from its own products. These requests reflect the needs of customers to reduce their environmental impact and comply with regulations as countries enact increasingly demanding restrictions. We communicate these customer requests to the relevant business units and individuals. Moreover, in fiscal 2004, we formulated our Chemical Management Standards for the purpose of lowering the environmental impact of our raw materials. We are now working on reducing or eliminating chemicals targeted by these standards.

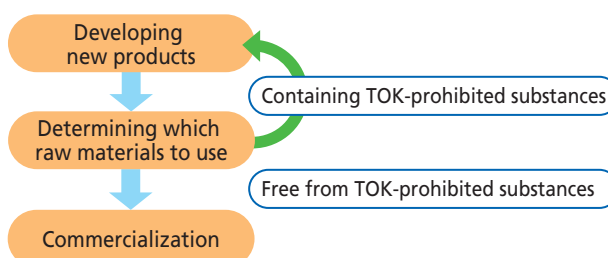


Chemical Management Standards

◎ Advanced Assessment System for Raw Materials Used in Newly Developed Products (Screening for Hazardous Chemicals in Newly Developed Products)

TOK has created its own list of substances that are carcinogenic, mutagenic or toxic to the reproductive system. Called the TOK List of Prohibited Substances, the list complies with laws and regulations in various countries and is based on the hazard rankings of research institutes and other organizations. We use this list to establish a system that permits the assessment of chemicals contained in raw materials used in newly developed products. Through these activities, we are protecting the environment as well as the health and safety of people who use our products.

Conceptual Chart of the Screening for Hazardous Chemicals in Newly Developed Products



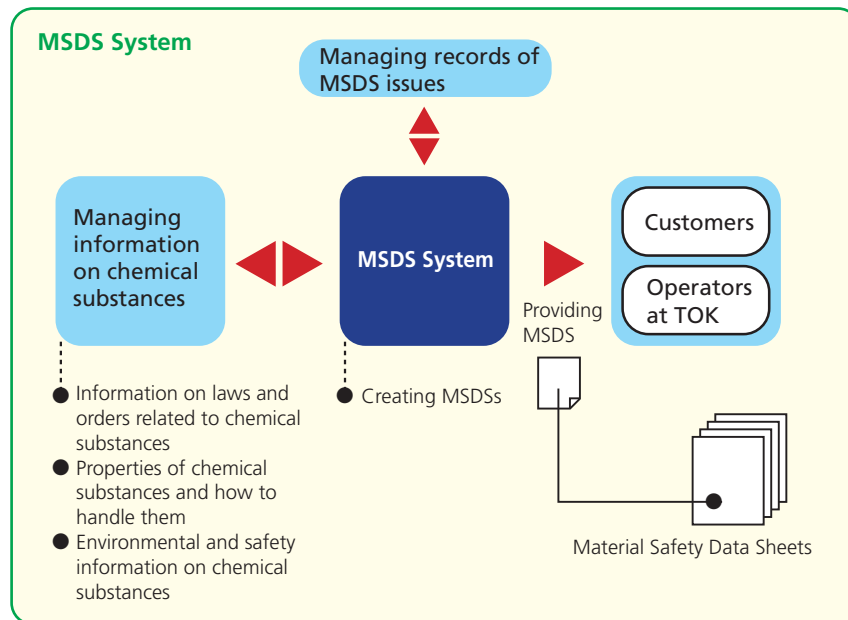
◎ Providing Environmental and Safety Information on Products

TOK creates Material Safety Data Sheets (MSDSs) for hazardous substances as well as all products and prototypes. These sheets use an electronic format that contains information on the properties of substances, how to handle them and environmental and safety matters. We also have a system for creating and managing information on the chemicals that we use and for managing records of MSDSs issued in the past. In this manner, we are committed to supplying accurate MSDSs quickly to our

customers and to operators at our business sites.

All current MSDSs are based on the JIS Z 7250★ standard. The sheets also comply with the PRTR Law, the Industrial Safety and Health Law and the Poisonous and Deleterious Substance Control Law.

★ JIS Z 7250: This refers to the section of the Japanese Industrial Standards (JIS) that stipulates the items, content of descriptions and overall structure for MSDSs.



◎ Management of PCBs★ and Waste Materials Incorporating PCBs

At the Sagami Operation Center, waste materials containing PCBs are stored under strict control in containers designed specifically for this purpose. Furthermore, notices of this PCB storage are submitted to the Kanagawa prefectural government as prescribed in the Law concerning Extraordinary Measures for Promotion of Proper Management of PCB Waste. We plan to treat this PCB waste properly once the proper framework for such treatment has been established.

In fiscal 2004, we inspected electrical substation facilities at the Sagami Operation Center and the Yamanashi Plant. This process revealed that these sites are using six transformers with PCB levels exceeding the standard. We have marked these transformers as PCB-containing devices and are closely managing their use. In addition, the proper notices have been submitted according to the Electricity Utilities Industry Law.



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



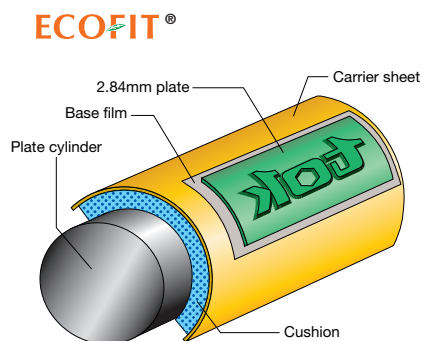
★ Polychlorinated biphenyl (PCB): One kind of organic compound, PCB was formerly considered a chemical that excelled in terms of heat resistance and electrical insulation and was used for thermal media, insulating oils, paints and other applications. However, due to the lack of degradability and high 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.

● Developing Environment-Friendly Products

TOK is helping protect the environment by supplying products that incorporate exclusive technologies accumulated over many years.

◎ ECOFIT®

ECOFIT® is a new flexographic printing system used mainly for printing corrugated board. The name is a combination of the words "ecology" and "fitness." In Japan, conventional printing plates are 5mm to 7mm thick, making them heavy and requiring the use of a large amount of polymer to make the plates. ECOFIT® eliminates these shortcomings by combining an ELASLON® photopolymer plate that is only 2.84mm thick with a magnetic cushioning material. This advance cuts the volume of waste materials by about half while enabling the printing of finer details.



※ ECOFIT®: Registered trademark in Japan, No. 4,743,330
※ ELASLON®: Registered trademark in Japan, No. 2,197,468
Registered trademark in U.S., No. 2,411,993

◎ Spinless®

Normally, an LCD glass substrate is coated using the spin process, a method in which centrifugal force is used to apply photoresist evenly to a substrate. In this process, a substrate must be spun at high speed after a drop of photoresist is placed in the center. But much of the photoresist simply flies off the substrate and is lost. Additionally, spinning substrates consumes a lot of electric power. Another problem is the growing size of these substrates, which makes them more difficult to spin.

To solve these problems, we developed the Spinless® coating technology. Instead of spinning substrates, this technique applies a uniform coating of photoresist by scanning the substrate surface with a slit nozzle. Only the necessary amount of photoresist is applied. For example, this technology cuts the amount of photoresist used on 5-generation glass substrates, which measure 1,100mm x

※ Spinless®: Registered trademark in Japan, No. 4,731,631

◎ Black Resist

Color filters are essential to the operation of color LCDs. The filter has four colors: red, green, blue and a black matrix. Chrome is normally used to form the black matrix. But we have eliminated chrome, which is a source of pollution, by replacing it with a black resist.

We have positioned the black resist as one of our strategic products and continue to work on developing black resist products.



◀ Structure of a color filter
The black matrix is the black border of the lattice containing red, green and blue squares. This black matrix is used to produce an image with greater contrast.

1,250mm, by more than 60%, and cleaning and rinsing solution use is down by 90% with extremely low power consumption.

TOK has completed development of TR117000 S, a version of Spinless® for 7.5-generation LCD glass substrates, and started sales of this product.



The TR117000 S Spinless® coating machine for 7.5-generation glass substrates

● Environmental Communications

TOK fulfills its obligation to disclose information concerning operations by maintaining communications with stakeholders, a group that includes all individuals and parties that are involved with TOK in any way. Stakeholders include but are not limited to consumers (customers), employees, shareholders, suppliers, communities, government agencies, non-profit organizations and other entities. Moreover, we are determined to use feedback from stakeholders to improve our environmental programs.

◎ Publishing the Environmental and Social Report

TOK has been issuing an environmental report each year since fiscal 2002, positioning this publication as an important means of environmental communications. Beginning with the fiscal 2005 edition, this publication has been renamed the Environmental and Social Report. Contents have been expanded to include our social activities as well as environmental programs.

This report minimizes the use of technical terms to provide a format that is easy to read and gives stakeholders a thorough understanding of our activities. We feed back information and suggestions from questionnaires returned

by readers to related divisions in the Company where they are used to develop environmental management programs of an even higher quality.



Environmental Reports 2002 to 2004

◎ Web Site Environmental Page

The Environmental and Social Report as well as archives are available on our web site. The web site also provides information on environment-friendly products.



http://www.tok.co.jp/eco/eco_top-e.htm

◎ Results of the Environmental Report 2004 Questionnaire

Many readers returned the questionnaire that was included with the Environmental Report 2004. Listed below in order of

frequency of responses are several comments and suggestions and the related actions taken in this year's report.

What articles in this report interested or impressed you?

- Special Report: Business Activities and Their Environmental Impact
- Data on Environmental Impact by Site
- History of Environmental Preservation Activities
- Measures to Reduce the Manufacturing Environmental Impact
- Personnel Training and Development Measures

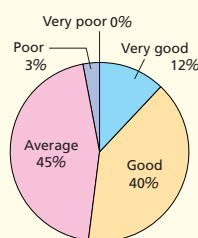
Points most appreciated about the 2004 report

- The thorough explanations of activities concerning environmental issues gave me a strong feeling of TOK's commitment to the environment. After reading the report, I was left with an even stronger impression about this commitment. (male, company executive)
- The report provided a large volume of information and there were many graphs and illustrations. This gave me a good understanding of TOK's environmental activities. (male, company employee)
- I saw how TOK is working hard to preserve jobs as Japan's population ages and the number of children falls. (male, employment security bureau employee)

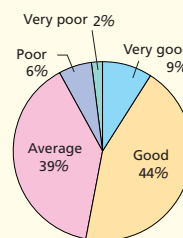
Items requiring improvement

- Activities at each business site should be explained more clearly. (male, company employee)
⇒ A variety of data have been added to the Data on Environmental Impact by Site (pages 35-38) and summaries of environmental activities at each site are now included.

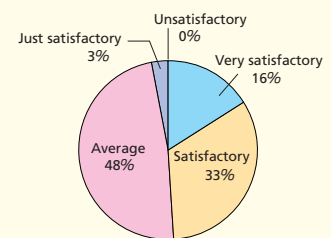
Quality of Content



Ease of Understanding



Informativeness



4 Social Responsibility

● Management

The TOK Group has instituted several systems to enhance the soundness and transparency of management in order to meet the expectations of its stakeholders and fully live up to the trust they have placed in the Group.

◎ Corporate Governance★ System

TOK positions enhancement of corporate governance as one of the most important management issues: the means to maintain a sound and transparent management and to enhance its operational efficiency by speeding up the decision-making process.

★ Corporate governance: A generic term that describes a management supervision system designed to enhance management efficiency and enforce compliance and to promote stakeholders' interests by raising enterprise value.

Board of Directors and Directors

The eight-member Board of Directors holds regular monthly meetings. The Board decides on important matters relating to the execution of operations and supervises the functions of the representative directors and the individual directors.

Following the general shareholders' meeting held on June 29, 2004, several measures were implemented to reshape the management structure. This included limiting directors holding responsible posts strictly to Chairman of the Board and President, both representative directors. This streamlined the members of the Board of Directors into Representative Directors and Directors. The aim was to free the Board of Directors to concentrate on its original mission of management decision-making and supervision.

Committee of Officers and Officers

Alongside strengthening the Board of Directors' functions in management decision-making and supervision, the Company has adopted the scheme of officers to facilitate swift operational management and to enhance accountability.

The Committee of Officers, made up of 15 officers, holds

regular monthly meetings in order to issue instructions and orders regarding decisions made by the Board of Directors, to share information on the activities of each officer and to make decisions on important management issues that do not require referral to the Board of Directors.

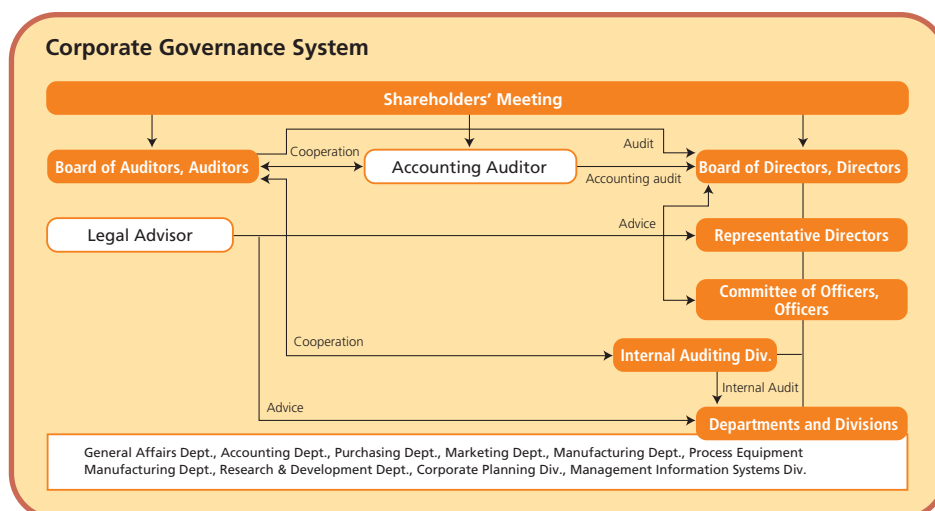
Board of Auditors and Auditors

The Board of Auditors is comprised of four auditors, three of them outside auditors. The Board of Auditors holds regular monthly meetings at which it receives reports from auditors and discusses and makes decisions on important audit issues. Auditors attend meetings of the Board of Directors and other important management meetings, in accordance with the audit policies and responsibilities assigned by the Board of Auditors. They also monitor the activities of directors through review of reports on the execution of business operations received from directors and other management executives.

The Board of Auditors works closely with our accounting auditor on issues related to auditing procedures and receives reports on the results of audits and ensures that the audits are conducted in a fair manner and are in conformity with the law.

Internal Auditing Division

The Internal Auditing Division is a part of our internal organization for compliance. It has full-time staff and reports directly to the president. It conducts such periodic audits as deemed necessary, in cooperation with the auditors, in order to ensure full compliance with the law and company regulations, and also provides guidance and advice on the implementation of measures to improve compliance.



◎ 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, in order to live up to its mission of being a company respected and trusted by society.

★ 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.

Establishment of the Standards of Conduct

In October 2004, we formulated the TOK Group Compliance Standards of Conduct as a tool for enhancing awareness of the importance of compliance, clearly defining our shared values and a code of conduct. The TOK Group Compliance Standards of Conduct became effective on April 1, 2005.

All management executives and employees have received a copy of the TOK Group Compliance Standards of Conduct Handbook. We are also taking measures, including group-wide educational programs, to raise awareness of the code of conduct.



TOK Group Compliance Standards of Conduct Handbook

Internal Reporting System

The TOK Group has established an internal reporting system to ensure that the Company gathers information on and responds quickly and effectively to any possible violation of laws and regulations and the standards of conduct. In order to assure confidentiality, the Company has provided two options for reporting: an internal route of a Compliance Hot Line and an external route of reporting directly to the Company's legal counsel.

◎ Risk Management★

TOK firmly believes that a proper response to the range of risks that business corporations face in their operations is

imperative for sustained growth. To deal with risk, the Company has drawn up the Risk Management Manual and implemented a series of initiatives that include the analysis and evaluation of risk and the development and implementation of adequate measures to hedge such risks. We have established a response system to speedily and precisely respond to any risk that may materialize. The emergency response system includes emergency contact through communication channels defined in the Risk Management Manual and the establishment of an emergency response center.

★ Risk management: A generic term that describes the methods of identifying, preventing and responding to potential and actual risks likely to affect the viability of a business corporation.

◎ IR★ Activities

The primary mission of our investor relations activities is to ensure timely release of corporate information, such as management strategy and financial results, in a manner that is fair and proper for all shareholders and investors.

In fiscal 2004, we held two financial results briefings for investors and securities analysts and arranged one business site tour. In addition, we always welcomed company visits from investors and analysts. We are also actively increasing the volume of content on our web site and adding IR tools to facilitate access of individual investors to our corporate information.

Information and comments obtained through IR activities are fed back to management and used in the formulation of management and operations policies.



Financial results briefing

★ Investor Relations (IR): A generic term that refers to activities related to providing corporate information to shareholders and investors.

IR Business Site Tour (Koriyama Plant)

As part of our IR activities, we conducted a tour of the Koriyama Plant in March 2005. A total of 25 analysts and fund managers participated in the tour, which included the production area and manufacturing equipment and a presentation on the Company's R&D activities. We plan to continue conducting IR tours on a regular basis to keep communications open with individuals involved with financial markets.



● Relationship with Customers

TOK is committed to building a relationship of trust with its clients and to raising customer satisfaction by supplying products that match the needs of customers and which they can use with complete confidence.

◎ Communication with Customers

TOK regularly conducts customer opinion surveys to get an objective evaluation of its services. The results are fed back not only to the sales representatives but also to all

concerned divisions. This information is used to develop concrete reform measures and responses that contribute to improved customer satisfaction.

Tokyo Ohka Seminars

The annual Tokyo Ohka Seminars have been held since fiscal 1980. In addition to lectures by outside experts, the seminars are a forum for presenting our new technology and products and for exchanges of information and identifying the needs of customers.

Approximately 220 people attended the fiscal 2004 seminar, the 25th in the series. We also held seminars in Singapore (TOK Seminar in Singapore) and Shanghai (TOK Seminar in Shanghai).



◎ Quality Management Program

To provide products and services that excel in terms of quality and performance, new products undergo risk assessments at an early stage of their development. This and other activities ensure that products with consistently high quality can be supplied from the time that mass production begins. The quality of existing products is monitored so that any abnormalities can be quickly identified and necessary actions taken.

We are readying for the April 2006 introduction of the Manufacturing Execution System (MES)[★] at the Koriyama Plant, our state-of-the-art photoresist manufacturing facility. The introduction of a database system integrating process control, inventory control and quality control data will enhance efficiency and enable us to consistently manufacture higher-quality products.

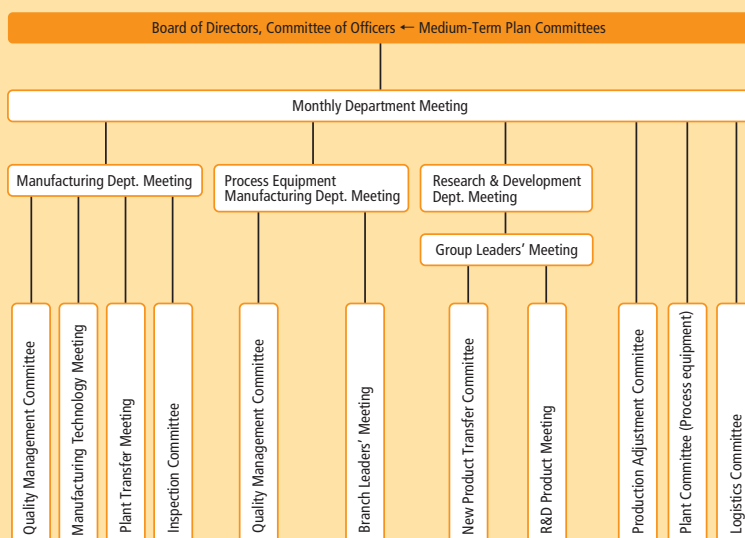
Most of all our production facilities have earned ISO 9001 certification (the international standard for quality management systems). We regularly hold meetings in which all company divisions participate. The goals are to make concerted efforts to enhance quality by actively disseminating information on the effectiveness of the quality management

system and to exchange information.

TOK is committed to continuous improvements in its highly dependable quality management system, as a means to enhance customer satisfaction.

★ Manufacturing Execution System (MES): A technique for providing information for managing and optimizing all manufacturing processes, from receipt of order to manufacture of the product.

System of Meetings for Quality Management



Receipt of the SCQI Award for Three Consecutive Years

We received Intel's prestigious 2004 Supplier Continuous Quality Improvement (SCQI) award. The Company was given the award for the three consecutive years. The SCQI Award is given to companies that provide the most outstanding products and services required for Intel's research and manufacturing activities. The award recognizes the excellence of the litho materials that we supply for the semiconductor production activities of Intel.



1 A Message from the President

2 Special Report: The TOK Recycling System

3 Environmental Conservation Activities

4 Social Responsibility

5 Environmental Data

Relationship with the Community

As a good corporate citizen, the TOK Group is involved in a broad spectrum of volunteer, educational and other social service activities in the regions in which it operates, in order to reach out to and enhance communication with local communities.

Major Volunteer Activities

At all our plants in Japan, employees participate in programs to clean the surrounding area, which helps to raise their awareness of environmental issues. At the Aso Plant, for example, employees work closely with local residents in community activities, including a clean-up program to help preserve *miyama-kirishima*, a protected flowering plant that thrives in the outer rim of the Mt. Aso crater. At the Sagami Operation Center, employees help clear the banks of the nearby Sagami River and participate in patrols to stop illegal dumping of waste. Employees at the center also participate in the community's beautification campaign.

Moreover, employees of OHKA AMERICA, INC. (Oregon Plant) are conducting clean-up activities around the plant.



Activities for cleaning the outer rim of Mt. Aso (Aso Plant)



Activities for cleaning plant surroundings (Sagami Operation Center)



Clean-up activities around the plant (Oregon Plant)



Employees participating in clean-up activities (Oregon Plant)

Factory Study Tours (Yamanashi Plant)

Every year, the Company invites students from nearby high schools to visit the Yamanashi Plant. The study tours provide

students with practical information on products and equipment that supplements their textbook studies.



Factory study tour

Dragonfly Pond Living Nature Observation Tour (Gotemba Plant)

In May 2005, we invited 42 local elementary school students and their parents to the Dragonfly Pond at our Gotemba Plant for a Living Nature Observation Tour. The children enjoyed the chance to view the ecology of the pond and to see dragonfly nymphs and whirligig beetles at close hand.

The Gotemba Plant will continue to contribute to environmental protection and society through this biotope environmental initiative.



Parents and children observing living nature

Noryosai (Sagami Operation Center, Shonan Technical Center)

In August 2004, the Company held the 19th *Noryosai*, summer evening festival, in the grounds of the employee housing bachelor quarters adjacent to the Shonan Technical Center. There was *bon odori*, Japanese summer festival dance, and employees set up refreshment booths. A large number of people, including local residents, customers and business partners, participated in *Noryosai* and spent an enjoyable time together.



Bon dance at Noryosai

◎ Tokyo Ohka Foundation for the Promotion of Science and Technology

The Tokyo Ohka Foundation for the Promotion of Science and Technology was established in May 1987, with the mission of promoting peace and prosperity through advances in science and technology. To this end, the foundation awards grants for research and development and for exchanges for science and technology projects with the potential to contribute to industrial and economic development.



Ceremony for research grant

In fiscal 2004, the foundation distributed ¥13 million in grants to 17 projects. Up to June 2005, the foundation has awarded grants totaling ¥313 million to 416 projects.

Activities:

- ☐ Grants for research projects expected to make significant contributions to the advancement of science and technology
- ☐ Grants for promoting international exchanges that promote the popularization and development of science and technology
- ☐ Grants for promoting exchanges related to experimentation and research in science and technology
- ☐ Incentive awards for outstanding research in science and technology
- ☐ Other projects for achieving the foundation's objectives

● Relationship with Employees

Recognizing that people are our most valuable asset, we place priority on creating a workplace that is safe and healthy and that encourages employees to do their best.

◎ Personnel Training and Development Measures

Basic Policy of Human Resources

Since our inception, we have conducted operations in line with the basic policy that 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 System

TOK's Personnel System, comprising the rank system, the remuneration system, the evaluation system and the "job challenge" system, supports us in promoting a new approach to utilizing human resources. Our goal is to create a more rewarding workplace by evaluating employees on their job performance.

Rank System

The rank system allows talented employees to earn early promotion. The system offers employees the option of a career course based on choosing where you work, depending on aptitude, education, assignment and

rotation, and a career course based on qualifications, depending on 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 the nature of their work and responsibilities. For regular employees, the "base salary" comprises remuneration based on "functional skill grade" and on "job performance." For executives, remuneration primarily reflects their achievement of the performance required in their particular "functional skill grade." Furthermore, there are upper and lower payment limits for each level of qualification. This system eliminates seniority-based salaries and gives younger employees the opportunity to earn more.

Evaluation System

The evaluation system combines the assessment of "performance" measured against the yardstick of accomplishing their respective goals and assignments and the processes by which they achieve their goals and assignments, that is "competency" in carrying out each duty and responsibility. This approach eliminates all other factors, such as age, academic background and gender, from the evaluation system.

“Job Challenge” System

This system was initiated as a means to assist employees take on the challenge of doing new tasks at their own volition. The aim is to have employees take charge of their own careers. The “job challenge” system is composed of the following two systems.

1. Free Agent System

In this system, individuals select the position they wish to fill and are then interviewed. The decision on whether or not to approve the transfer is based on a comprehensive array of factors, such as skills, career goals and self-education. This system encourages individuals to take on new challenges to expand the choice of their career paths, thus moving away from the system where the Company makes assignments.

2. Career Challenge System

This system allows employees to apply for work at a particular location. The request is then referred to the employee’s current division and the desired division and a decision is taken based on the individual’s character, skills and other factors. In principle, employees must return to their original division within five years. This system enables employees to explore their personal growth direction and role within the Company from the medium- and long-term perspectives. It allows individuals to gain experience in more fields of expertise and develop skills by performing various tasks, and it also encourages them to become more motivated to reach career goals.

Self-Reporting System

Employees submit a report on their activities once each year. The report covers qualitative and quantitative items concerning their jobs, the working environment, wishes concerning jobs and work locations, messages to be communicated to management and other items. Studies based on these reports are submitted to the supervising director. The reports are used to develop skills, including careers, ensure the proper deployment of personnel, improve working environments and take other actions.

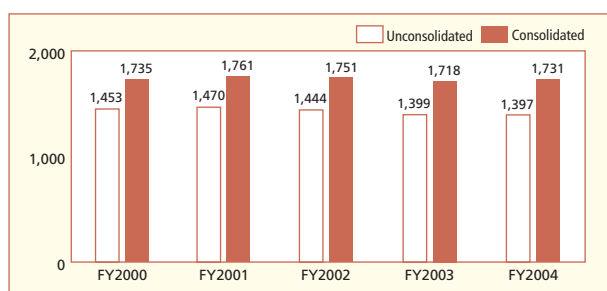
◎ Employment

Unconsolidated Employee Information (As of March 31, 2005)

	Number of employees	Average age	Average service years
Male	1,141	38.0	14.7
Female	108	30.9	9.1
Total or average	1,249	37.4	14.2

※ Number of employees does not include 72 seconded and 148 contract workers.

Number of Employees (As of fiscal year-end)



※ Number of employees includes contract workers and excludes seconded workers.

Rehiring System

A rehiring system was established in April 2003 under which regular and contract employees who have passed the mandatory retirement age may apply to be rehired by the Company. The program targets such individuals who have the motivation, skills and stamina to continue making a contribution. Individuals are rehired until the day they reach the age when they become eligible for the full Welfare Pension program, 63 years old from April 2005.

As of the end of June 2005, 19 individuals had been rehired under this program, reaching 43 individuals in total.

Employment of Disabled Persons

Employees with disabilities represented 1.63% of TOK’s total work force, a level somewhat short of the 1.8% legal minimum. Nevertheless, the ratio of disabled employees as of the end of fiscal 2004 was 0.24 percentage points higher than at the previous fiscal year-end. TOK is committed to achieving the legal minimum rate.

Free Agent System—Employee Opinion

I used to be in charge of photoresist manufacturing technology, a position in which I acquired a broad range of expertise. However, I was not completely familiar with the design and application of the products that I handled. I decided to improve my expertise and applied for a transfer under the Free Agent System. Since approval of my request, I have been working as staff in the Advanced Material Development Division 2, where I have access to plenty of outside information and I am doing fulfilling work. I want to leverage the experience I have gained in my previous position to be able to carry out more comprehensive duties.

Akio Abe
(Manufacturing Technology Section, Utsunomiya Plant ⇒ Advanced Material Development Division 2)



◎ Labor Relations

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

Relations with the Company's labor union have always been cordial from the beginning, as they are grounded in the concept of "Labor-Management Cooperation." Labor and management meet once every two months and exchange opinions on a variety of issues, from the operating environment to labor-management relations.

◎ Realizing Ideal Working Conditions

Time-Off System for Child-Raising

In July 1990, TOK introduced a system that gives employees time-off to look after their children.

In September 2004, TOK revised its Time-Off System for Child-Raising in accordance with the revision of the Child Care and Family Care Leave Law in April 2005. Under the former system, an employee was granted leave from the birth of a child until the child's first birthday. The new system gives an employee the option of taking leave from the birth of a child until the child is 18 months old or the first April 30 after the child's first birthday, whichever is longer. Under certain conditions, this enables an employee to take up to two years' leave. The time-off periods under the new system exceed the leave period required by the law. In principle, an employee can return to his/her former position or a similar position elsewhere. Employees can also ask for shorter working hours from that point until the first day of April following the child's third birthday.

As of the end of June 2005, a total of 41 employees were using the time-off system and 23 employees were using the reduced-time system.

Time-Off System to Care for a Family Member

In July 1992, TOK introduced a system that gives employees time-off to look after a parent or other family member in need of care.

In September 2004, TOK revised its Time-Off System to Care for a Family Member in accordance with the revision of the Child Care and Family Care Leave Law in April 2005. Under the new system, time-off was extended to up to a total of 366 days from up to one continuous year under the former system. The time-off period under the new system exceeds the period under the law and the Company continues to pay health insurance and pension premiums during the time the employee takes off, except for contract workers. In principle, an employee can return to his/her former position or a similar position elsewhere. Employees can also request a shorter working day so that they can care of a family member while continuing to work.

As of the end of June 2005, a total of 7 employees were using the time-off system.

Recovery Holiday System

In March 1993, TOK adopted a system that assists employees who wish to continue working following a serious disease or injury. Under this system, an employee who has the will to work but cannot do so because of serious disease or injury (absence for convalescence) can opt for short-term recovery leave, long-term recovery leave or special long-term recovery leave. The Company supplements an employee's pay depending on the type of leave.

Break-in Working System

On April 1, 2005, TOK introduced the break-in working system to assist employees to return comfortably to work after an absence one month or longer due to illness or injury. The break-in period is limited to one month upon an employee's return and allows the employee a shorter working day during this period.

Charitable Activity Holiday System

Under the charitable activity holiday system, which we have offered since July 1993, employees can take leave for up to two years and four months to participate in activities of Japan Overseas Cooperation Volunteers.

Time-Off System for Child-Raising—Employee Opinion

I was a little uncertain about whether I should take leave to raise my child. Thanks to the consideration shown by my boss and the backup from my colleagues, I could fully concentrate on looking after my child during the leave period. I was able to return to my job on a new note. I am thankful to the system for creating ideal working conditions.

Kazuyo Takamiya
Plant Administration Section, Aso Plant



Occupational Safety and Health

Mental Health Care

In April 2004, we expanded our health care service, establishing a help desk for access to mental health professionals, to promote good health among employees as part of the Tokyo Ohka Kogyo Health Insurance Association. Interviews and 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 any other problem with complete confidence.

Sites distribute materials concerning mental health to educate employees about this subject.

Prevention of Sexual Harassment

A number of measures are taken to prevent sexual harassment and deal with problems. All employees receive a sexual harassment prevention handbook and we have established a detailed set of rules concerning sexual harassment. These rules specify the division responsible for this subject as well as procedures for dealing with any problems.

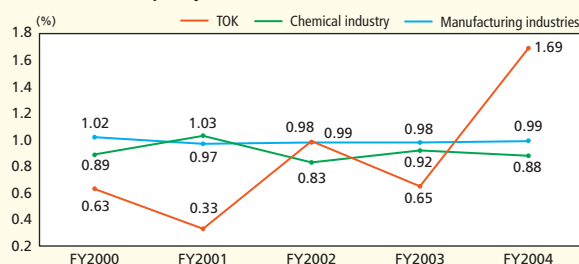
Prevention of Workplace Accidents

Each site has its own Safety and Health Committee to conduct activities aimed at preventing accidents. Employees undergo training and conduct drills in accordance with carefully formulated plans. There is also a corporate-level Safety and Health Committee to facilitate the exchange of information among the sites and perform the comprehensive oversight of various programs. A manual has been prepared so that proper emergency responses can be made in the event of an accident or other incident.

Unfortunately, there were five lost-time incidents in fiscal 2004.

TOK will continue to make concerted efforts to prevent workplace accidents, with the goal of bringing down to zero not just actual accidents but also the risk of accidents.

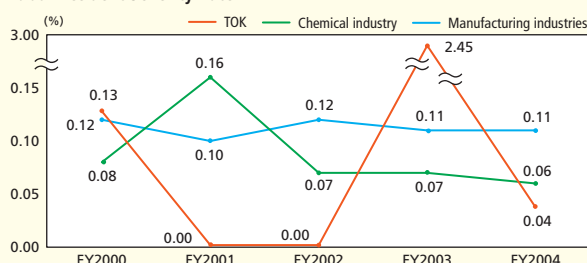
Labor Accident Frequency Rate



Frequency rate: (Casualties due to labor accidents / total working hours) x 1,000,000

Casualties due to labor accidents indicate those who have been killed or injured and have taken one or more days off work.

Labor Accident Severity Rate



Severity rate: (Lost-time days / total working hours) x 1,000

Lost-time days mean total lost-time days resulting from casualties due to labor accidents.

Lost-time days are calculated using the following standards:

Death: 7,500 days
 Permanent total inability to work: Number of days for Grade 1 to 3 physical disabilities (7,500 days)
 Permanent partial inability to work: Number of days for Grade 4 to 14 physical disabilities (50 to 5,500 days according to the applicable class)
 Partial inability to work: Number of days obtained by multiplying the number of idle calendar days by 300/365

Note: Data on the chemical and manufacturing industries used in the graphs come from *The Results of Labour Accident Trend Surveys* published by the Ministry of Health, Labour and Welfare.

The labor accident frequency rate and the labor accident severity rate for fiscal 2003 have been revised to correct errors in the data contained in our Environmental Report 2004.

In-House Fire Fighting

Our production facilities stock several kinds of large fire fighting pumps, fire extinguishers and fire extinguishing agents. The in-house fire service responds immediately in the event of a fire and tries to extinguish or control the fire until the time the fire department arrives.

The in-house fire service actively participates in regional fire fighting technology events to demonstrate its fire fighting techniques, to participate in mutual exchanges of technology and expertise and to polish its fire fighting knowledge on a daily basis.



5 Environmental Data

● Data on Environmental Impact by Site (Fiscal 2004)

This section provides environmental data on individual sites along with brief reports by environmental managers on the major accomplishments of fiscal 2004.

Resources used, emission volumes and waste generated differ greatly for each business site. These variations reflect the scale and nature of the products manufactured and equipment used.

Definitions concerning waste

General administrative waste

Unneeded items (office refuse) other than industrial waste generated by offices

General industrial waste

Industrial waste that does not require special controls (industrial waste is defined as waste produced in conjunction with business activities and includes cinders, sludge, used oils, used acids, used alkalines, used plastics and certain other materials)

Specially controlled industrial waste

Industrial waste that requires special management due to its explosivity, toxicity, infectious properties or other hazards



Headquarters

Acquisition of ISO 14001

Certification:
October 2003

Major Products:
—

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	1,060,000kWh	0kℓ	10,000m ³	34kℓ	0kℓ	0 tons	10,000m ³
Output Volume	CO ₂	NO _x	SO _x				
	500 tons	0.6 tons	0.002 tons				
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	43 tons	0 tons	0 tons				
Recycling Rate (%)	57%	0%	0%				

Waste disposal method	
Reused: 0 tons	Incinerated: 19 tons
Recycled: 24 tons	Heat recovery: 0 tons

Headquarters and marketing offices are conducting environmental programs directly linked to business activities with the goal of raising operating efficiency. Initiatives that target both a reduction in the environmental impact, such as by altering how products are distributed and boosting the efficiency of clerical tasks, and higher operating efficiency are already producing concrete benefits.



Sagami Operation Center

Acquisition of ISO 14001

Certification:
October 2003

Major Products:
Photoresists, Photoresist-related chemicals, Organic chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	13,140,000kWh	0kℓ	110,000m ³	6kℓ	7kℓ	25 tons	1,650,000m ³
Output Volume	CO ₂	NO _x	SO _x				
	14,000 tons	12 tons	0.001 tons				
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	189 tons	1,427 tons	864 tons				
Recycling Rate (%)	86%	33%	97%				

Waste disposal method	
Reused: 0 tons	Incinerated: 1,015 tons
Recycled: 610 tons	Heat recovery: 856 tons

The Sagami Operation Center is making capital expenditures with the goals of increasing measures to prevent air and water pollution. For example, boiler fuel has been completely switched from petroleum (heavy oil) to natural gas to cut SO_x emissions. Other actions include a major improvement in wastewater treatment equipment and the installation of a sophisticated alarm system to enhance the surveillance network.





Shonan Technical Center

Acquisition of ISO 14001 Certification:
October 2003

Major Products:

Coating and developing machines, Dry etching machines, Dry ashing machines

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	3,660,000kWh	0kℓ	20,000m ³	14kℓ	0kℓ	0 tons	70,000m ³
Output Volume	CO ₂	NO _x	SO _x				
	2,000 tons	1 tons	0.001 tons				
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	7 tons	4 tons	8 tons				
Recycling Rate (%)	38%	100%	94%				

Waste disposal method
Reused: 0 tons Incinerated: 5 tons
Recycled: 14 tons Heat recovery: 0 tons

Although this center does not produce a large volume of waste materials, there is an unusually diverse range of waste materials. To recycle these resources, the center has an extensive refuse classification program. As a result, the center now converts about 70% of waste materials that had been discarded into materials with a monetary value. Due to these actions, fiscal 2004 waste disposal expenses at the center were 63% less than in fiscal 2003.



Koriyama Plant

Acquisition of ISO 14001 Certification:
November 1999

Major Products:

Photoresists, Dry film, Photoresist-related chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	7,150,000kWh	2,413kℓ	120,000m³	16kℓ	1kℓ	11 tons	0m³
Output Volume	CO₂	NOx	SOx	BOD	<div>Waste disposal method</div> <div>Reused: 890 tons Incinerated: 725 tons</div> <div>Recycled: 96 tons Heat recovery: 235 tons</div>		
	12,000 tons	10 tons	2.6 tons	293kg			
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	102 tons	668 tons	1,176 tons				
Recycling Rate (%)	94%	0%	96%				

Waste disposal method
Reused: 890 tons Incinerated: 725 tons
Recycled: 96 tons Heat recovery: 235 tons

To reduce the environmental impact of its manufacturing activities, the Koriyama Plant is working on ways to recycle various materials, particularly plastics. Previously, the plant incinerated waste plastics, a process that generated greenhouse gases. Now, waste plastics are a reusable resource, a program that is helping address the issue of global warming.



Utsunomiya Plant

Acquisition of ISO 14001 Certification:
November 1999

Major Products:

Photoresists

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	3,490,000kWh	512kℓ	50,000m³	0.6kℓ	0kℓ	5 tons	0m³
Output Volume	CO₂	NOx	SOx	BOD	<div>Waste disposal method</div> <div>Reused: 251 tons Incinerated: 248 tons</div> <div>Recycled: 74 tons Heat recovery: 117 tons</div>		
	4,000 tons	3 tons	0.5 tons	67kg			
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	71 tons	233 tons	386 tons				
Recycling Rate (%)	89%	8%	93%				

Waste disposal method
Reused: 251 tons Incinerated: 248 tons
Recycled: 74 tons Heat recovery: 117 tons

This plant acquired ISO 14001 certification six years ago. In fiscal 2004, the plant returned to the basics to identify waste materials that can be recycled as useful resources. The result of this drive was an even more extensive waste material separation and classification program that allows the plant to reuse paper and plastic scraps as much as possible.





Kumagaya Plant

Acquisition of ISO 14001

Certification:

October 2003

Major Products:

Chemicals for CRTs,
Inorganic and organic
chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	110,000kWh	20kℓ	2,000m ³	2kℓ	0kℓ	5 tons	0m ³
Output Volume	CO ₂	NO _x	SO _x				
	100 tons	0.1 tons	0.02 tons				
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	3 tons	1 tons	8 tons				
Recycling Rate (%)	48%	67%	0%				

Waste disposal method

Reused: 0 tons Incinerated: 10 tons
Recycled: 1 tons Heat recovery: 1 tons

The Kumagaya Plant generates a small amount of waste materials, but there are many types of materials. This makes managing waste materials difficult. By increasing efforts to separate these materials, the plant is making effective use of resources and reducing its volume of waste materials.



Gotemba Plant

Acquisition of ISO 14001

Certification:

November 1999

Major Products:

Photoresists, Materials for
forming interlayer and
planarizing insulation film

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	6,030,000kWh	459kℓ	110,000m³	6kℓ	0kℓ	1 tons	0m³
Output Volume	CO₂	NOx	SOx	BOD	<div>Waste disposal method</div> <div>Reused: 2,037 tons Incinerated: 530 tons</div> <div>Recycled: 125 tons Heat recovery: 187 tons</div>		
	5,000 tons	5 tons	0.5 tons	175kg			
Output Waste Volume	General administrative		General industrial	Specially controlled industrial			
	51 tons		597 tons	2,230 tons			
Recycling Rate (%)	100%		13%	100%			

Waste disposal method

Reused: 2,037 tons Incinerated: 530 tons
Recycled: 125 tons Heat recovery: 187 tons

The Gotemba Plant has been working on transforming vinyl, polypropylene containers and other materials into materials that can be sold and reused. Previously, these materials were sent to waste treatment firms for incineration or refuse-derived fuel (RDF). As a result, the plant recycles more materials as materials with a monetary value, in the process lowering the amount of waste materials generated.



Yamanashi Plant

Acquisition of ISO 14001

Certification:

November 2001

Major Products:

Photopolymer plates for
printing, Photoresists,
Photoresist-related
chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	4,070,000kWh	1,377kℓ	90,000m³	4kℓ	0kℓ	0.01 tons	0m³
Output Volume	CO₂	NOx	SOx	BOD	<div>Waste disposal method</div> <div>Reused: 0 tons Incinerated: 54 tons</div> <div>Recycled: 939 tons Heat recovery: 1,334 tons</div>		
	9,000 tons	7 tons	1.4 tons	—			
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	169 tons	2,129 tons	27 tons				
Recycling Rate (%)	80%	99%	100%				

Waste disposal method

Reused: 0 tons Incinerated: 54 tons
Recycled: 939 tons Heat recovery: 1,334 tons

The Yamanashi Plant generates more waste material than other TOK plants. This is why the plant is concentrating on lowering the volume of these materials. One way is by streamlining production processes. The plant has also increased programs to reuse certain materials either as materials with a monetary value or as fuel. Due to these initiatives, the plant cut the volume of waste materials by about 20% in fiscal 2004.





Ikuno Plant

Acquisition of ISO 14001

Certification:

November 2000

Major Products:

Dry film, Photoresist-related chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	3,690,000kWh	420kℓ	60,000m³	0.9kℓ	1kℓ	11 tons	0m³
Output Volume	CO₂	NOx	SOx	BOD	<div>Waste disposal method</div> <div>Reused: 2 tons Incinerated: 40 tons</div> <div>Recycled: 79 tons Heat recovery: 89 tons</div>		
	3,000 tons	2 tons	0.5 tons	85kg			
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	33 tons	114 tons	63 tons				
Recycling Rate (%)	94%	70%	94%				

Waste disposal method

Reused: 2 tons Incinerated: 40 tons
Recycled: 79 tons Heat recovery: 89 tons

In fiscal 2004, community activities are a priority at the Ikuno Plant, primarily by removing rubbish from the surrounding neighborhoods. The initial goal was to clean up the area four times. However, a fifth clean-up day was added during fiscal 2004. A total of 78 volunteers collected 74 kilograms of trash.



Aso Plant

Acquisition of ISO 14001

Certification:

November 2000

Major Products:

Photoresists, Photoresist-related chemicals

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	4,320,000kWh	431kℓ	60,000m³	21kℓ	0kℓ	2 tons	0m³
Output Volume	CO₂	NOₓ	SOₓ	BOD	<div>Waste disposal method</div> <div>Reused: 790 tons Incinerated: 418 tons</div> <div>Recycled: 23 tons Heat recovery: 373 tons</div>		
	5,000 tons	4 tons	0.4 tons	59kg			
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	26 tons	650 tons	928 tons				
Recycling Rate (%)	100%	37%	100%				

Waste disposal method

Reused: 790 tons Incinerated: 418 tons
Recycled: 23 tons Heat recovery: 373 tons

In fiscal 2004, reuse and recycle are central themes at the Aso Plant. Major goals are the reuse of containers and the recovery of used oils through distillation. Through these activities, the plant succeeded in greatly lowering its environmental impact. Furthermore, plant employees participated in an event called candle night. Conducted by employees at their homes on the summer and winter solstice, this event demonstrated the plant's commitment to reducing CO₂ emissions.



Distribution Control Center

Acquisition of ISO 14001

Certification:

October 2003

(9 SP certified in April 2005)

Major Products:

—

Input Volume	Electric power	Petroleum (heavy oil)	Used water	Gasoline	Light gas oil	LPG	City gas
	710,000kWh	0kℓ	500m ³	0.5kℓ	27kℓ	0 tons	0m ³
Output Volume	CO ₂	NO _x	SO _x				
	400 tons	1 tons	0.002 tons				
Output Waste Volume	General administrative	General industrial	Specially controlled industrial				
	8 tons	10 tons	0 tons				
Recycling Rate (%)	61%	54%	0%				

Waste disposal method

Reused: 0 tons Incinerated: 8 tons
Recycled: 10 tons Heat recovery: 0 tons

In fiscal 2004, this center has two environmental goals: raise truck capacity utilization by reviewing the use of vehicles for delivering TOK products and cut CO₂ emissions by reducing its fleet of trucks. Due to the hard work of all center employees, the number of trucks was lowered at four locations, bringing down total CO₂ emissions of the center's activities.



● TOK Global Network (As of March 31, 2005)

◎ Domestic Offices and Plants

● Headquarters

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● Osaka Marketing Office

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TEL. +81-6-6337-8711

● Tohoku Marketing Office

Asahi Seimei Koriyama Center Bldg., 2-2-2 Ekimae, Koriyama-shi,
Fukushima 963-8002, JAPAN
TEL. +81-24-931-1222

● Kyushu Marketing Office

1031-7 Yuge, Tatsuda-machi, Kumamoto-shi,
Kumamoto 861-8002, JAPAN
TEL. +81-96-339-2155

● Sagami Operation Center

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Kanagawa 253-0114, JAPAN
TEL. +81-467-75-2151

● Shonan Technical Center

7-8-16 Ichinomiya, Samukawa-machi, Koza-gun,
Kanagawa 253-0111, JAPAN
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● Koriyama Plant

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Fukushima 963-0215, JAPAN
TEL. +81-24-959-6911

● Utsunomiya Plant

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● Kumagaya Plant

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Saitama 360-0844, JAPAN
TEL. +81-48-533-1171

● Gotemba Plant

1-1 Komakado, Gotemba-shi,
Shizuoka 412-0038, JAPAN
TEL. +81-550-87-3003

● Yamanashi Plant

10234 Shimoyama, Minobu-cho, Minami Koma-gun,
Yamanashi 409-2522, JAPAN
TEL. +81-556-62-3151

● Ikuno Plant

373-70 Mayumi Dojun-yama, Ikuno-cho, Asago-shi,
Hyogo 679-3311, JAPAN
TEL. +81-79-679-2611

● Aso Plant

4454-1 Miyaji, Ichinomiya-machi, Aso-shi,
Kumamoto 869-2612, JAPAN
TEL. +81-967-22-4411

● Distribution Control Center

4-1-1 Kamigo, Ebina-shi,
Kanagawa 243-0434, JAPAN
TEL. +81-46-235-2821



※ SP: Controlled-atmosphere stock points



Sagami Operation Center



Shonan Technical Center



Koriyama Plant



Utsunomiya Plant



Kumagaya Plant



Gotemba Plant



Yamanashi Plant



Ikuno Plant



Aso Plant

Domestic Subsidiaries

Subsidiaries	Major Activities
YAMANASHI OHKA CO., LTD.	Manufacturing and processing of photopolymer plates
KUMAGAYA OHKA CO., LTD.	Manufacturing of industrial chemicals
TOK ENGINEERING CO., LTD.	Manufacturing and sales of auto chemical supply machines
TOK TECHNO SERVICE CO., LTD.	Maintenance of process equipment, maintenance service
OHKA SERVICE CO., LTD.	Insurance agent service



◎ Overseas Offices and Plants

● TOKYO OHKA KOGYO CO., LTD.

Singapore Representative Office

8 Shenton Way, #14-01A, Temasek Tower, SINGAPORE
TEL. +65-62261485 FAX. +65-62261893

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

● OHKA AMERICA, INC.

[Manufacturing and sales of photoresists and photoresist-related chemicals]

Headquarters / Oregon Plant

4600 N.W. Shute Road, Hillsboro, Oregon 97124, U.S.A.
TEL. +1-503-693-7711 FAX. +1-503-693-2070

Corporate Sales Office

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

● OHKA EUROPE LTD.

[Sales of photoresists, photoresist-related chemicals, printing materials and other products]

Headquarters

Nettlehill Road, Houstoun Industrial Estate,
Livingston EH54 5DL, U.K.
TEL. +44-1506-4-38755 FAX. +44-1506-4-38541

European Sales Office

Databankweg 12, 3821AL Amersfoort, HOLLAND
TEL. +31-33-4543522 FAX. +31-33-4519646

● TOK ITALIA S.p.A.

[Manufacturing and sales of dry film and photoresist-related chemicals]

Headquarters / Plant

Via Camillo Chiesa, 30, 20010 Pogliano M.SE (MI), ITALY
TEL. +39-02-93559006 FAX. +39-02-93559007

● TOK TAIWAN CO., LTD.

[Manufacturing and sales of photoresist-related chemicals and sales of photoresists]

Headquarters

10F., No. 675, Sec.1, Jingguo Road, Hsinchu City 300, TAIWAN
TEL. +886-3-5345953 FAX. +886-3-5350178

● TOK KOREA CO., LTD.

[Sales of photoresists and photoresist-related chemicals]

Headquarters

15F., DukHeung Bldg., 1328-10, Seocho-dong, Seocho-gu,
Seoul 137-858, KOREA
TEL. +82-2-588-5035 FAX. +82-2-588-5036

● CHANG CHUN TOK (CHANGSHU) CO., LTD.

[Manufacturing and sales of photoresist-related chemicals]

Headquarters / Plant

Changchun Road, Riverside Industrial Park, Changshu
Economic Development Zone, Jiangsu 215537, CHINA
TEL. +86-512-5264-8000 FAX. +86-512-5264-9000

TOK established a subsidiary in Korea in September 2004 and a joint venture in China the following month. These actions give TOK a solid base for extending customer support in these countries as well as growing along with the Asian market. Both Korea and China are expected to continue growing as production bases for semiconductors, flat panel displays and other high-end electronic products.



Above: TOK KOREA CO., LTD. is located in the DukHeung Building
Below: CHANG CHUN TOK (CHANGSHU) CO., LTD.

History of Environmental Conservation Activities

Period	Major events	Awards
1970 1989	<ul style="list-style-type: none"> ● The Committee for the Prevention of Pollution is established. ● Wastewater treatment facilities are completed at Sagami Plant (currently Sagami Operation Center). ● A permit for industrial waste disposal business is obtained. ● The Hazardous Substance Management Committee is formed. ● The Environment Compliance Section is set up. 	<ul style="list-style-type: none"> ◆ The National Industrial Health Week Prize from the director-general of Kumamoto Labour Standards Bureau (Aso Plant)
1990 1995	<ul style="list-style-type: none"> ● Start recycling of used stripping solution by users. ● The recovery and refining of used solvents from manufacturing processes started. ● The ISO Office is set up. ● Battery-powered forklift trucks are introduced at Koriyama Plant. 	<ul style="list-style-type: none"> ◆ A record-making certificate from the director-general of Kanagawa Labour Standards Bureau for a record of 5.4 million hours of Class 1 no-accident operation (Sagami Operation Center) ◆ An official commendation from the Kanagawa Prefecture Environmental Conservation Council for environmental conservation activities (Sagami Operation Center) ◆ An official commendation from the Kumamoto Prefecture Association for the Safety of Hazardous Goods (Aso Plant) ◆ An official commendation from the Shizuoka Prefecture Federation of Labour Standards Association as an excellent place of business in terms of industrial health (Gotemba Plant) ◆ The Excellent Place of Business Award from the Kumamoto Prefecture High-Pressure Gas Safety Association (Aso Plant) ◆ The Best Award for Electric Power Use Rationalization from the Kanto Region Electric Power Use Rationalization Committee (Sagami Operation Center) ◆ The Industrial Health Excellence Award from the Tajima Labour Standards Association (Ikuno Plant)
1997	<ul style="list-style-type: none"> ● Natural gas boiler facilities are introduced at Sagami Operation Center. 	<ul style="list-style-type: none"> ◆ An official commendation from the Governor of Tochigi for efforts in preventing disasters caused by hazardous substances (Utsunomiya Plant)
1998	<ul style="list-style-type: none"> ● The Safety Control Section is set up. ● The Committee for Promoting Acquisition of ISO 14001 Certification is formed. ● Environmental policies are established. ● Environmental manuals are developed. 	<ul style="list-style-type: none"> ◆ An official commendation from the director-general of Tochigi Labour Standards Bureau for efforts to raise the level of industrial health (Utsunomiya Plant) ◆ An official commendation from the Kumamoto Prefecture Industrial Safety and Health Convention (Aso Plant)
1999	<ul style="list-style-type: none"> ● Sagami Operation Center, Koriyama Plant and Yamanashi Plant are designated as Class 2 Energy Management Plants. ● Koriyama, Utsunomiya and Gotemba plants acquire ISO 14001 certification. 	<ul style="list-style-type: none"> ◆ The Industrial Safety Excellence Award from the Tajima Labour Standards Association (Ikuno Plant) ◆ An official commendation from the director-general of Fukushima Labour Standards Bureau for superior business operations (Koriyama Plant)
2000	<ul style="list-style-type: none"> ● The Eco Ice environment-friendly air-conditioning system is incorporated into Headquarters. ● Ikuno and Aso plants acquire ISO 14001 certification. 	<ul style="list-style-type: none"> ◆ The National Industrial Health Week Superiority Award from the director-general of Kumamoto Labour Standards Bureau (Aso Plant)
2001	<ul style="list-style-type: none"> ● Yamanashi Plant acquires ISO 14001 certification. 	<ul style="list-style-type: none"> ◆ An official commendation from the Association for the Safety of Hazardous Goods at the National Convention for the Safety of Hazardous Goods (Aso Plant)
2002	<ul style="list-style-type: none"> ● A biotope is created in Gotemba Plant. ● Cogeneration systems are introduced at Koriyama Plant. ● Battery-powered forklift trucks are introduced at Distribution Control Center. ● Start publishing the Environmental Report. 	<ul style="list-style-type: none"> ◆ The Industrial Health Superiority Award from the Tajima Labour Standards Association (Ikuno Plant) ◆ An official recognition by the Saitama Prefecture Federation of the Associations for the Safety of Hazardous Goods (Kumagaya Plant) ◆ An official commendation from the Kanto-Koshinetsu Region Federation of the Associations for the Safety of Hazardous Goods (Utsunomiya Plant)
2003	<ul style="list-style-type: none"> ● Headquarters, Osaka Marketing Office, Tohoku Marketing Office, Kyushu Marketing Office, Sagami Operation Center, Shonan Technical Center, Kumagaya Plant and Distribution Control Center (excluding SP) acquire ISO 14001 certification. ● The Environmental Report is listed on TOK's web site. ● New environmental policy is established. ● The Energy Saving Committee is set up at Koriyama Plant. 	<ul style="list-style-type: none"> ◆ An official commendation from the Koriyama Regional Fire Fighting and Disaster Prevention Association (Koriyama Plant) ◆ An official commendation from the Kanagawa Prefecture Federation of Association for the Safety of Hazardous Goods (Distribution Control Center) ◆ Commendation from the Saitama Fire Fighting Association as a disaster prevention organization (Kumagaya Plant) ◆ Commendation from the Promotional Committee Leader for the Use of Electric Power in Seven Tohoku Prefectures as an excellent energy management plant (Koriyama Plant)
2004	<ul style="list-style-type: none"> ● The Energy Saving Committee is set up at Sagami Operation Center and Kumagaya Plant. ● Environmental policy is revised. ● All boilers are switched to natural gas at Sagami Operation Center. ● OHKA AMERICA, INC. (Oregon Plant) and TOK TAIWAN CO., LTD. (Miaoli Plant) acquire ISO 14001 certification. 	<ul style="list-style-type: none"> ◆ An official commendation from the Commissioner of Fire and Disaster Management Agency as Top Hazardous Substance Operation at Yamanashi Plant and Aso Plant ◆ The Industrial Safety Excellence Award from the Hyogo Prefecture Labour Standards Federation (Ikuno Plant)
2005	<ul style="list-style-type: none"> ● Battery-powered forklift trucks are introduced at Ikuno Plant in February. ● The Energy Saving Committee is set up at Yamanashi Plant in April. ● All domestic sites acquire ISO 14001 certification in April. 	<ul style="list-style-type: none"> ◆ An official commendation from the Commissioner of Fire and Disaster Management Agency as Top Hazardous Substance Operation in June at Sagami Operation Center, Utsunomiya Plant and Gotemba Plant



List of Substances Covered by the PRTR Law (Fiscal 2004)

In fiscal 2004, TOK emitted or transferred 42 chemicals that are included in the list of 354 Class I Designated Chemical Substances by the Pollutant Release and Transfer Register (PRTR) Law.

Government ordinance number	Chemical substance name	Emission volume (tons)		Transferred volume	Government ordinance number	Chemical substance name	Emission volume (tons)		Transferred volume
		Air	Water	Waste materials			Air	Water	Waste materials
2	acrylamide	0.0	0.0	0.0	230	lead and its compounds	0.0	0.0	3.6
16	2-aminoethanol	0.0	0.0	12.7	232	nickel compounds	0.0	0.0	0.0
19	3-amino-1H-1,2,4-triazole	0.0	0.0	0.0	238	N-nitrosodiphenylamine	0.0	0.0	0.1
25	antimony and its compounds	0.0	0.0	0.0	242	nonylphenol	0.0	0.0	1.2
29	4,4'-isopropylidenediphenol	0.0	0.0	0.0	243	barium and its water-soluble compounds	0.0	0.0	0.0
30	polymer of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane (liquid)	0.0	0.0	0.0	252	arsenic and its inorganic compounds	0.0	0.0	0.0
40	ethylbenzene	4.9	0.0	5.2	254	hydroquinone	0.0	0.0	0.0
43	ethylene glycol	0.0	0.0	0.3	260	pyrocatechol	0.0	0.0	8.1
44	ethylene glycol monoethyl ether	0.0	0.0	0.4	266	phenol	0.0	0.0	12.3
45	ethylene glycol monomethyl ether	0.0	0.0	1.8	270	di-n-butyl phthalate	0.0	0.0	0.1
63	xylene	19.7	0.0	20.8	272	bis (2-ethylhexyl) phthalate	0.0	0.0	0.0
67	cresol	0.0	0.0	34.8	283	hydrogen fluoride and its water-soluble salts	0.0	0.0	1.1
68	chromium and chromium (III) compounds	0.0	0.0	0.0	299	benzene	0.0	0.0	0.0
93	chlorobenzene	0.0	0.0	0.0	304	boron and its compounds	0.0	0.0	0.1
101	2-ethoxyethyl acetate	2.0	0.0	64.9	308	poly (oxyethylene) octylphenyl ether	0.0	0.0	0.0
103	2-methoxyethyl acetate	0.0	0.0	0.7	309	poly (oxyethylene) nonylphenyl ether	0.0	0.0	0.0
113	1,4-dioxane	1.9	0.0	110.8	310	formaldehyde	0.0	0.0	1.0
139	o-dichlorobenzene	0.0	0.0	16.9	311	manganese and its compounds	0.0	0.0	0.1
172	N,N-dimethylformamide	0.0	0.0	6.2	314	methacrylic acid	0.0	0.0	0.0
176	organic tin compounds	0.0	0.0	0.0	316	2,3-epoxypropyl methacrylate	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	0.1	0.0	1.2					
227	toluene	20.8	0.0	13.8					

Editor's Note

Thank you for taking the time to read TOK's Environmental and Social Report 2005.

This year's publication combines information on environmental programs with a section covering our community activities. Our goal is to give readers an even better understanding of the activities and goals of TOK. We have worked hard on reflecting the feedback from readers of past reports in this year's edition. In another step to improve this report, we included sections where TOK employees speak directly about their environmental activities. However, we are well aware that many other aspects of this report need improving.

TOK will continue to place priority on maintaining close communications with its stakeholders. We look forward to hearing your thoughts and suggestions. Your feedback will be carefully examined and used wherever possible to make next year's report even better.

Tokyo Ohka Kogyo Co., Ltd.

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