

Our Resources

Management resources to enable continued enhancement of economic value and social value

TOK has never stopped refining its core value in the semiconductor-related business, addressing customer needs and social issues in each era, and accumulating robust financial capital and unique nonfinancial capital.

TOK will further increase its capital to enhance both economic value and social value, while various global risks continue to emerge.



- Financial capital policy for the super-long term
- Dividend policy based on net assets

■ Balance Sheet Management

Pursuing an optimal balance between investment, cash reserves, and shareholder returns

- Executing the niche top strategy in cutting-edge fields
- Aggressively taking risks as an R&D-driven company

■ Strategic Policy on Cash Reserves

Established a policy on cash reserves of working capital, investment reserves, and risk reserves

- Developing technologies with a super-long time frame, continuously tackling challenges over a super-long time frame, and responding to unexpected events, such as major disasters
- Representing top-class financial soundness in the chemicals sector (equity ratio 75.3%, D/E ratio 0.07 times*)

* Both as of December 31, 2020

■ Enhancement of Dividends

A dividend policy targeting a DOE of 3.5%

- Steady and continuous shareholder returns

■ Pursuit of Higher Asset Efficiency

Target ROE: 7% (FY 2021/12*) / 10% or higher (FY 2030/12)

- Promoting investment and business strategies using ROIC and IRR as monitoring indicators

* The targets for FY 2021/12 are based on figures announced on February 15, 2021.



- World-leading microprocessing technology
- World-leading high purification technologies

■ Microprocessing Technology

Development and manufacture of materials to make semiconductor circuit line widths fine and materials used to make high-density semiconductor packages

- Development and manufacture of materials for stacking semiconductor devices in three dimensions
- Continuing to satisfy the sophisticated needs of the manufacturers of semiconductor and electronic components

■ High Purification Technologies

Supplying clean solutions, thinner, and developing solutions with the highest purity in the world by absolutely minimizing impurities in the product

- Realizing shared value with customers by improving yields on mass production lines for cutting-edge devices
- Making our strengths effective in highly challenging domains, such as controlling performance down to the molecule

■ Niche Top Products

DNA of the founder, Shigemasa Mukai: "Create materials that are supported by advanced technologies and that cannot easily be imitated by other companies"

- Focusing on niche business fields shaped by radical and rapid technological changes
- Developing a business model that continues to develop and bring to market new, high-end, high-value-added products



- Sustaining high levels of R&D investment
- Corporate culture supporting long-run development

■ High Ratio of R&D Costs to Net Sales

Maintaining ratio of R&D costs to net sales around 8%

- Strengthening R&D functions in Japan, the United States, South Korea, and Taiwan
- Continuing development for the further evolution of microprocessing and high purification technologies centered on research into functional polymer materials and the development of applied technologies
- Focusing on the development of new high-functional materials, equipment, and production technologies; Also expanding and accelerating open innovation

■ Marketing Capabilities in R&D

Blue ocean strategy

- Thirty percentage point increase in R&D efficiency* in the past five years as a result of setting development fields with a view to future blue oceans and further refining the marketing of technologies
- R&D efficiency = Operating income over the past five years / R&D costs over the preceding five years

■ Long-run Development

A willingness to accept challenges based on the management principle of creating a frank, open-minded business culture

- Fostering a frank, open-minded business culture that can support the persistent pursuit of development over 10 years development in cutting-edge fields becomes more difficult each year



- Personnel measures that emphasize happiness
- Diversity and inclusion

■ Policy on Utilizing Human Resources "Never forget that business all begins with people"

Increasing investment in human capital

- Average annual salary per person increased by ¥1.59 million over the past 10 years*1, and average tenure figure rose by 3.4 years*1.
- Ratio of paid leave taken stood at 72.0%, significantly higher than the national average of 56.3%*2.

*1 Tokyo Ohka Kogyo Co., Ltd. only

*2 Source: Ministry of Health, Labour and Welfare's 2020 Summary of General Survey of Working Conditions for 2019 or fiscal 2018

■ Pursuit of Happiness in Personnel

Pursuing measures that align with individual values of personnel and their happiness

- Introduction of new personnel system (planned for 2022)
- Establishment of the Executive Fellow system (implemented in 2019)
- Revision of remuneration system for directors (implemented in 2020)

■ Advancing Promotion of Non-Japanese Employees and Female Personnel

Merit-based hiring and promotions regardless of nationality or gender

- The consolidated ratio of non-Japanese employees has increased, and local personnel with a deep understanding of the management principles in the sales, development, and manufacturing divisions are making a significant contribution to cutting-edge value creation.
- The number and ratio of female employees increased, and a female general manager of the Human Resources Division was appointed in 2020. Advancing diversity and inclusion into the next stage



- Staying abreast of customers who are leading global cutting-edge technology
- Supplier engagement

■ Establishing Development and Manufacturing Sites in the United States, South Korea, and Taiwan, Where Many Customers Are Located

Introducing prototype production lines equal to the ones of customers who are leading global cutting-edge technology

- Quickly commercialize the results of development and build a robust customer base with solid trust relationships in the fast-changing semiconductor and electronics industry

■ Building Innovation Ecosystems with Various Stakeholders

Collaborating with stakeholders and customers to drive innovation in the cutting-edge semiconductor fields where difficulty in development has been increasing each year

- Discovering and supporting venture companies with technological advantages, engaging in joint research with academics, and participating in a variety of consortiums

■ Creating Cutting-edge Value with Suppliers

Strengthening and improving supplier engagement

- Creating cutting-edge semiconductor materials for semiconductors from the formulation of raw materials together with suppliers
- Cooperating closely with suppliers to manage chemical substance risks to protect the global environment



- Creating environmental value through business activities
- Minimizing environmental risks

■ Creation of Environmental Value in Both Materials and Equipment

Provision of environmentally beneficial products

- Reducing energy consumption through miniaturization of semiconductors by supplying cutting-edge photoresists
- Having a top share* of the world market for g-Line and i-Line photoresists is essential in the manufacture of power semiconductors used to conserve and control energy in renewable energy systems, electric vehicles, and hybrid cars. Sales of g-Line and i-Line photoresists have reliably accounted for almost 10% of consolidated net sales.

- Developing multiple types of power semiconductor manufacturing equipment with repeat orders from many customers

* Based on the projected shipment volume in 2020 (calculated based on Fuji Chimera Research Institute, "Current Status and Future Outlook of Cutting-edge/Noticeable Semiconductor-related Markets 2020")

■ Responsible Care Activities

Appropriate management as a manufacturer that handles chemical substances and uses large volumes of water in the production processes, combined with efforts to reduce greenhouse gases toward decarbonization

- Focusing efforts on minimizing environmental risk in the production process and throughout our supply chain
- Focusing on Responsible Care activities* as a part of our GMS (Group Management System) that reinforces the Group management structure globally

* Activities in which companies handle chemical substances voluntarily implement environmental, safety, and health measures in every process from chemical substance development through manufacturing, logistics, use, and final consumption to disposal and recycling, and announce the results of these activities while communicating with the public (Defined by Japan Chemical Industry Association)