



Initiatives to Address Material Issues for Enhancing Corporate Value

Material Issues/2018 Results & 2019 Issues and Goals

Material issues	ESG fields	Key initiatives	Issues and goals of FY2018/12
Development and provision of high value-added products that will contribute to innovation	Social (S)	Further improvement of customer satisfaction	Promote a strategy of building close relationships with customers/Strengthen marketing
			Maintaining and improving quality management systems
		Contributions to innovations and resolution of social issues	Develop and manufacture cutting-edge materials that contribute to advancement of industry and technological innovation
			Development of new businesses
			Open innovation
		Enhancement of personnel measures	Social (S)
Promoting a good work-life balance			
Diversity and inclusion	Continue promotion of corporate activities that leverage diversity		
	Promotion of women in the workplace		
Respect for human rights and fair working conditions	Continue initiatives to maintain fair personnel and employment systems		
	Prevention of harassment		
Enhancement of corporate governance	Governance (G)	Strengthen effectiveness of corporate governance	Ensure management transparency and constantly enhance governance
			Continuously update internal control regulations on a global basis
		Compliance	Continue activities to instill compliance
			Respond to internal reporting incidents
		Risk management	Strengthen TOK Group's risk management system
			Strengthen crisis management
			Prepare for large-scale earthquakes
			Maintain, manage, and improve information management systems, confirm and review application of rules for information management

[Self-assessment of goal achievement]

- Took steps, achieved results
- △ Took steps, but need to do more
- × Did not take steps

Main achievements and progress in FY2018/12	Evaluation	Issues and goals of FY2019/12	Pages	Related SDGs
<ul style="list-style-type: none"> ■ Consolidated net sales: Increased by 4.8% year on year ■ Increased new development projects 	○	<ul style="list-style-type: none"> ■ Rapidly and steadily work to develop a support structure rigorously focused on customer satisfaction along with R&D ■ Through rigorous marketing, TOK will carefully identify solutions that lead to the creation of new value for customers as it makes intensive and proactive efforts to address those solutions 	P40–43 P56–63	    
<ul style="list-style-type: none"> ■ Improved detection sensitivity for metal impurities that comply with customer development roadmaps 	○	<ul style="list-style-type: none"> ■ Improve detection sensitivity for metal impurities that comply with customer development roadmaps 	P6 P58	
<ul style="list-style-type: none"> ■ Increased total net sales of cutting-edge photoresists (EUV, ArF and KrF) by 5% year on year 	△	<ul style="list-style-type: none"> ■ Ambitiously develop the technologies required by 5G, IoT and innovation 	P40–43	
<ul style="list-style-type: none"> ■ Promoted development and commercialization of high-functional films and biochip materials 	△	<ul style="list-style-type: none"> ■ Advance development and strengthen commercial viability of high-functional films, optical materials, and life sciences-related materials 	P25 P32–33	
<ul style="list-style-type: none"> ■ Built a new R&D Building ■ Increased number of collaborative projects with other companies and groups by 5% year on year 	○	<ul style="list-style-type: none"> ■ Smoothly commence operations of new R&D Building ■ Expand collaborative projects with other companies and groups 	P25 P58–59	
<ul style="list-style-type: none"> ■ Total number of participants in Level-based Training Program: 3,685 people ■ Total number of participants in TOK Global Practical Training for Selected Members: 49 people 	○	<ul style="list-style-type: none"> ■ Personnel measures for a “100-Year Company” ■ Bolster human resources that will pursue the possibilities of business with a variety of customers and continue to tackle challenges until they succeed 	P26 P48–51	
<ul style="list-style-type: none"> ■ Ratio of paid leave taken: 75.3% 	△	<ul style="list-style-type: none"> ■ Continue promoting a good work-life balance 	P48–51	
<ul style="list-style-type: none"> ■ Ratio of non-Japanese employees: 22.6% ■ Ratio of local hires in overseas management positions (consolidated basis): 61% 	△	<ul style="list-style-type: none"> ■ Continue promotion of corporate activities that leverage diversity 	P48–51 P69	
<ul style="list-style-type: none"> ■ Ratio of women in senior and middle management: 2.4% ■ Ratio of female new graduates hired: 43.3% ■ Increased childcare leave taken by both male and female employees 	△	<ul style="list-style-type: none"> ■ Continue to promote women in the workplace 	P48–51 P69	
<ul style="list-style-type: none"> ■ Promoted initiatives to introduce a new personnel system via the personnel system reform project and the Human Resources Div., while considering issues raised in personnel system examination meetings 	○	<ul style="list-style-type: none"> ■ Continue initiatives to introduce a new personnel system via the personnel system reform project and the Human Resources Div., with plans to roll out the new system in January 2021 	P48–51	
<ul style="list-style-type: none"> ■ Percentage of employees who have received harassment prevention training: 100% ■ Employees who have felt harassed raised their voices 	△	<ul style="list-style-type: none"> ■ Continue efforts to prevent harassment 	P51	
<ul style="list-style-type: none"> ■ Created position of Chairman and Representative Director (January 2019) ■ Established the Nomination and Compensation Advisory Committee 	△	<ul style="list-style-type: none"> ■ Settle in and smoothly operate Nomination and Compensation Advisory Committee (meet once a year) ■ Continue PDCA cycle for improving the effectiveness of the Board of Directors (assess its effectiveness once a year) ■ Review decision-making authority of the Board of Directors, etc. (already reviewed at TOK in April 2019, plan to do at subsidiaries in January 2020) 	P66–69 P76–78	
<ul style="list-style-type: none"> ■ Clarified and shared regulations that needed updating at subsidiaries ■ Updated regulations at European and Chinese subsidiaries ■ Created EHS (environment, health and safety) management regulations ■ Updated Group information management regulations and standards documentation with cross-references in documents at each company 	○	<ul style="list-style-type: none"> ■ Continuously update internal control regulations on a global basis ■ Continue PDCA cycle for internal controls (confirm progress and review policies twice a year) 	P82–85	
<ul style="list-style-type: none"> ■ Compliance Committee Secretariat conducted compliance training at all domestic sites, and additional compliance training tailored to situations at Group departments and sites 	○	<ul style="list-style-type: none"> ■ Continue activities to instill compliance ■ Minimize legal risks 	P82–85	
<ul style="list-style-type: none"> ■ Based on three reports received, moved to understand all the facts, and for those involved, gave instructions, took disciplinary actions, and other corrective measures from an objective viewpoint 	○	<ul style="list-style-type: none"> ■ Further enhance internal reporting system 	P83	
<ul style="list-style-type: none"> ■ Performed risk assessments, and took steps to reduce risks deemed likely to have an outsized impact. Achieved 20% of reduction goals 	×	<ul style="list-style-type: none"> ■ Work to reduce new risks identified in risk assessments and ongoing risks 	P83	
<ul style="list-style-type: none"> ■ Updated Business Continuity Plan (BCP) with review of alternative transportation options considering the damage caused by torrential rainfall in western Japan in July 2018. Finished a formulation of initial action guidelines applicable to all production sites of the Group, including overseas subsidiaries 	○	<ul style="list-style-type: none"> ■ Create a unified BCP for the Group that addresses various risks 	P83	
<ul style="list-style-type: none"> ■ Conducted drills to improve awareness of safety confirmation system during major natural disasters. 100% of planned drills held, response rate remained at a high level 	○	<ul style="list-style-type: none"> ■ Continue to hold drills to increase awareness, aim to keep response rate high 	P83	
<ul style="list-style-type: none"> ■ Conducted a regular review of the BCP to maintain an up-to-date BCP for earthquakes directly beneath the greater Tokyo area 	○	<ul style="list-style-type: none"> ■ Create unified BCP for the Group that addresses various risks 	P83	
<ul style="list-style-type: none"> ■ Maintained, managed, and improved information management systems, updated information management regulations ■ Rules governing email usage not applied in some cases 	△	<ul style="list-style-type: none"> ■ Maintain and entrench information management standards ■ Promote effective use of information, retrain employees on scope of confidential disclosures ■ Better understand and fix problems related to email usage 	P84–85	

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Material Issues/2018 Results & 2019 Issues and Goals

Material issues	ESG fields	Key initiatives	Issues and goals of FY2018/12			
Environmental protection	Environment (E)	Promotion of environmental management	Develop and produce environmentally friendly products	<ul style="list-style-type: none"> Stably supply i-Line photoresists for power semiconductors Develop materials for next-generation power semiconductors 		
			Eradicate environmental accidents that affect external parties	<ul style="list-style-type: none"> Number of environmental accidents: Severe accidents: Zero 		
			Proactive response to new environmental regulations	<ul style="list-style-type: none"> Accurately respond to regulations in Japan and abroad, address new environmental regulations 		
			Proactive disclosure of environmental information	<ul style="list-style-type: none"> Proactively disclose information Publish the CSR Report and Annual Report, and disclose environmental information on the website 		
			Create an environmental ISO organization and systems	<ul style="list-style-type: none"> Build a stronger environmental system 		
		Address climate change issues	Improve energy-related CO ₂ emissions per base unit [Medium-term target] Reduce energy-related CO ₂ emissions (per base unit) by 10 points by 2019 compared with 2009 (reduction of 1 point annually)	<ul style="list-style-type: none"> Reduce CO₂ emissions (per base unit) by 9 points compared with 2009 Reduce energy-related CO₂ emissions (per base unit) by at least 1 point from the previous year 		
			Improve energy consumption per base unit [Medium-term target] Reduce energy consumption (per base unit) by 10 points by 2019 compared with 2009 (reduction of 1 point annually)	<ul style="list-style-type: none"> Reduce energy consumption (per base unit) by 9 points compared with 2009 Reduce energy consumption (per base unit) by at least 1 point compared with the previous year 		
			Improve energy consumption per base unit in distribution	<ul style="list-style-type: none"> Reduce energy consumption (per base unit) by at least 1 point compared with the previous year 		
			Measures to prevent global warming at overseas manufacturing sites	<ul style="list-style-type: none"> Develop production activities from standpoint of energy conservation 		
		Promote resource recycling	Initiatives to address water risk	<ul style="list-style-type: none"> Reduce water pollution risk by reassessing water drainage paths Examine ways to reduce water usage in regions with high water risk 		
			Reduce industrial waste [Medium-term target] Reduce industrial waste (per base unit) by 5 points by 2020 compared with 2015 (reduction of 1 point annually)	<ul style="list-style-type: none"> Reduce industrial waste (per base unit) by 3 points compared with 2015 and by 1 point compared with the previous fiscal year Reduce industrial waste disposed in landfills Maintain zero emissions (keep less than 1%) 		
		Preserve air, water and soil environments	Prevent air, water and soil pollution	<ul style="list-style-type: none"> Prevent air, water and soil pollution Keep under operational thresholds 		
			Countermeasures against ozone-depleting substances	<ul style="list-style-type: none"> Manage CFC leakage volume through proper management of equipment Promote switch to alternative CFC 		
			Comply with PRTR Law	<ul style="list-style-type: none"> Conduct survey for reducing PRTR-regulated substances 		
		Preserve biodiversity	Improve awareness of biodiversity based on TOK Biodiversity Protection Declaration and encourage participation in related activities	<ul style="list-style-type: none"> Promote understanding of the importance of preserving biodiversity 		
		Chemical substance management	Precisely address laws and regulations	Carry out appropriate and reliable management of chemical substances	<ul style="list-style-type: none"> Obtain information about revisions to laws and regulations, maintain deployment procedures Maintain upstream management system 	
				Properly comply with PCB Special Measures Act	<ul style="list-style-type: none"> Properly collect and store PCB-containing equipment, quickly dispose of PCB waste (low and high concentrations) 	
		Occupational health and safety/ Security and disaster prevention	Social (S)	Occupational health and safety/ Reduction of risks posed by chemical substances	Foster a safety culture	<ul style="list-style-type: none"> Implement preventive measures based on actual occupational accidents
					Safety education and training, disaster drills	<ul style="list-style-type: none"> Systematically implement emergency response training Periodically implement environmental awareness training Prevent environmental accidents and workplace accidents caused by third-party vendors
				Promote risk assessment in handling chemical substances	<ul style="list-style-type: none"> Strengthen initiatives for reducing risk in handling highly corrosive chemical substances 	
Zero workplace accidents	<ul style="list-style-type: none"> Maintain zero workplace accidents 					

[Self-assessment of goal achievement]

- Took steps, achieved results
- △ Took steps, but need to do more
- × Did not take steps

Main achievements and progress in FY2018/12	Evaluation	Issues and goals of FY2019/12	Pages	Related SDGs
■ Stably supplied i-Line photoresists for power semiconductors	○	■ Stably supply i-Line photoresists for power semiconductors	P30–31 P47	
■ Number of environmental accidents: Severe accidents: Zero	○	■ Number of environmental accidents: Severe accidents: Zero		
■ Unified the formats of legal and other required lists company-wide ■ Reviewed procedures for ascertaining compliance with laws and regulations	○	■ Introduce an electronic manifest	P44–46 P98–101	
■ Published the CSR Report 2018 and Annual Report 2017/12, and disclosed environmental information on the website	○	■ Proactively disclose information Publish the Integrated Report and disclose environmental information on the website		
■ Created the framework for a new structure to build a stronger environmental system	○	■ Launch and start operating the company-wide environmental committee		
■ Reduced CO ₂ emissions (per base unit) by 3 points compared with 2009	×	■ Reduce CO ₂ emissions (per base unit) by 10 points compared with 2009	P92–93	
■ Increased CO ₂ emissions (per base unit) by 3 points compared with the previous year	×	■ Reduce energy-related CO ₂ emissions (per base unit) by at least 1 point from the previous year	P92–93	
■ Reduced energy consumption (per base unit) by 15 points compared with 2009	○	■ Reduce energy consumption (per base unit) by 10 points compared with 2009	P92–93	
■ Energy consumption (per base unit) increased by 2 points compared with the previous year	×	■ Reduce energy consumption (per base unit) by at least 1 point compared with the previous year	P92–93	
■ Reduced energy consumption (per base unit) by 6 points compared with the previous year	○	■ Reduce energy consumption (per base unit) by at least 1 point compared with the previous year	P92–93	
■ Developed production activities from standpoint of energy conservation	○	■ Develop production activities from standpoint of energy conservation	P93	
■ Started a project to reduce water risks and examined plans to reduce water risks and water usage, including a reassessment of water drainage paths at all sites	○	■ Create measures to prevent water pollution	P94–95	
	△	■ Set targets and propose plans for initiatives		
■ Reduced industrial waste (per base unit) by 17 points compared with 2015 and by 2 points compared with the previous fiscal year	○	■ Reduce industrial waste (per base unit) by 4 points compared with 2015 and by 1 point compared with the previous fiscal year	P96–97	
■ Industrial waste disposed in landfills ⇒ less than 1% Achieved zero emissions	○	■ Industrial waste disposed in landfills ⇒ less than 1% Achieve zero emissions		
■ Incidents where operational thresholds were exceeded: None	○	■ Incidents where operational thresholds are exceeded: None	P98–99	
■ Estimated CFC leakage volume ⇒ 23t-CO ₂ Examined switch to equipment that uses alternative CFC	△	■ Manage CFC leakage volume through proper management of equipment ■ Promote switch to equipment that uses alternative CFC		
■ Reviewed production processes and improved sealing capability	○	■ Review factors for PRTR-regulated substance emissions and transportation volume		
■ Employee training: 208 people participated in total ■ Dispatched employees to participate in activities at the Kanagawa Trust Midori Foundation	○	■ Implement ongoing employee training ■ Continue activities to preserve forests	P99	
■ Updated information on whether they contain substances subject to assessment and product compositions ■ Created a system that included products under development	○	■ Maintain upstream management system ■ Continue to strengthen and operate chemical substance management system	P100–101 P103	
■ Disposed 119kg (82%) of 146kg of PCB waste (high concentration) ■ Created lists and summaries for all sites	○	■ Finish disposal of all PCB waste (high concentration) in April 2019 Create a roadmap for disposing PCB waste (low concentration) by 2027 deadline, and properly implement the plan		
■ Created guidelines to prevent accidents based on past incidents, horizontally rolled out countermeasures	○	■ Prepare to acquire ISO45001	P102–103	 
■ Implemented emergency response training ■ Implemented environmental awareness training ■ Examined content of Third-party Vendor Management Guidelines as common company-wide rules governing matters to be confirmed before/after projects and matters to be transferred to third-party vendors, in order to prevent environmental accidents and workplace accidents during construction, caused by third-party vendors working at TOK sites	△	■ Systematically implement emergency response training ■ Periodically implement environmental awareness training ■ Create Third-party Vendor Management Guidelines and raise awareness at each site		
■ Strengthened safety measures for the handling of highly corrosive chemical substances	○	■ Improve risk assessments (take action to reduce high-severity risks at each site) ■ Enhance level of safety through collaboration with external organizations		
■ Injuries resulting in lost workdays: 2	×	■ Maintain zero workplace accidents		

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