

## Message from the Director in Charge of the Environment



**We will focus on the Environment, Health, and Safety (EHS) activities to enhance corporate value toward 2030 and 2050.**

**Yuichi Murakami** *Director, Officer, Department Manager, Manufacturing Department*

### Risks and opportunities

#### ● Recognizing risks coupled with opportunities and our social responsibility

In FY 2020/12, TOK achieved record-high performance by steadily grasping growth in the semiconductor market that resulted from the global acceleration of DX during the COVID-19 infection and the dissemination of 5G and IoT, combined with the increased demand for remote working and staying at home, as well as enhanced cloud services. Semiconductor demand is still increasing, and our business opportunities are continuously expanding both for semiconductor materials and for devices in cutting-edge segments, legacy segments, front-end processes, and back-end processes.

On the other hand, the production of some semiconductor manufacturers was interrupted by several accidents and natural disasters, and it caused production delays in various industries. Because semiconductor-related industries now affect all parts of our daily lives, we are keenly aware that increased opportunities signify increased risks and social responsibility at the same time. The TOK Group will retain its unspoken rule of never interrupting our plant operation and never interrupting the customer production line as basic manufacturing policies. As prerequisites for these policies, we will establish a safe and comfortable work environment and ensure a stable supply at the quality levels required by customers at all sites in Japan and overseas, thereby fulfilling our supplier responsibility as the manufacturer with the largest global market share of semiconductor photoresists.

#### ● Reinforce earning powers under the new environmental policy and occupational health and safety policy

To put into practice the basic policies above, we will continue to appropriately upgrade the EHS activities, thereby minimizing operating interruption risks, environmental risks, and infectious disease risks under the environmental policy and the occupational health and safety policy that have been revised in accordance with the new CSR policy. In this way, we will reinforce our earning power while reducing short-term and medium- to

long-term growth inhibitors, thereby leading to sustainable improvement of corporate value.

### Environmental Policy

TOK Group strives to do businesses by achieving a sustainable society through investing appropriate management resources and ensuring health, safety and an appropriate environment through the Responsible Care Initiatives\*.

- Complies with all environmental laws and regulations in each country and region in which we operate.
- Strengthens the safe-and-environmentally-friendly handling and management of chemical substances.
- Promote efficient use, reuse, and recycling of resources.
- Improves energy-saving and global warming prevention activities.
- Promote environmental pollution prevention activities.
- Promotes a healthy biodiversity.

\* Activities to ensure the environment, health, and safety related to all processes of chemical substances from development, manufacturing, distribution, use, final consumption, and final disposition.

### Support innovative value creation with EHS

#### ● Strengthen information provision concerning chemical substances

The driving force of TOK growth is contributing to the resolution of social issues in each era through state-of-the-art fine chemicals. We will advance this business model by reinforcing our EHS activities. For example, EUV photoresists that support the cutting-edge miniaturization of semiconductors usually contain new chemical substances as the raw materials. Therefore, we take utmost care in providing adequate information to customers, including information on safe use, disposal method, toxicology, and applicable laws. We also closely share the raw material information with all suppliers and ensure safety training for employees, as well as work environment maintenance, thereby reducing risks for all stakeholders in the supply chain.

### Occupational Health and Safety Policy

TOK Group, as prioritizing workers'\* health and safety, fosters safety cultures by preventing accidents, disasters, and illnesses in the workplace.

- Complies with all laws related to occupational health and safety in each country and region.
- Reduces risks by completing job hazards analysis.
- Provides comprehensive education and training for employees.
- Strives to strengthen our safety and disaster prevention systems for the purpose of minimizing and mitigating damage for accidents, disasters, or any other unforeseen event.
- Makes effective and continuous improvements by investing appropriate resources.

\* Any and all labor providers to TOK.

### Tighter Environmental and Safety-Related Laws and Regulations, etc. around the World

- **Japan**
  - Revisions to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Law) (June 2017)
- **U.S.A.**
  - Revision to the Toxic Substances Control Act (TSCA) (June 2016)
- **Europe**
  - The European Chemicals Agency (ECHA) list of chemical substances of very high concern
- **South Korea**
  - Revisions to the Chemicals Control Act (proposed revisions published in January 2019)
  - Revisions to the Occupational Safety and Health Act (January 2019)
- **Taiwan**
  - Revisions to the New and Existing Chemical Substances Registration Act (March 2019)
  - Revisions to the Toxic Chemical Substances Control Act (January 2019)

Because the pursuit of global environmental sustainability has accelerated and expanded around the world, increasingly stringent environment and safety laws, as well as chemical substance management regulations, are being applied. The TOK Group complies with all applicable laws and regulations, including the EU REACH regulation\*<sup>1</sup> and provides enhanced support for regulatory compliance by all customers. As specific measures, TOK issues a warranty for the non-use of prohibited/controlled substances to help in the acquisition of CE marking\*<sup>2</sup> and other certifications for customer products. Our EHS Division provides detailed information, thereby establishing a stronger relationship of trust with customers.

\*<sup>1</sup> EU regulation that manages the registration, evaluation, and accreditation of chemical substances through an integrated system with the aim of ensuring complete fulfillment of responsibility on the producers' part, as well as thorough compliance with preventive principles.

\*<sup>2</sup> Marking that certifies product conformance to the essential EU requirements

#### ● Responding to laws and regulations in advance is as important as developing cutting-edge technologies

The primary domain of TOK is the semiconductor and electronic component fields with rapid technological change and intense competition. Therefore, understanding the information on new

laws and regulations in advance for proactive action is as important as developing cutting-edge technologies. For example, we have steadily removed persistent, bioaccumulative, and toxic substances from the list of candidate materials for our products. PFOS\*<sup>1</sup> and PFOA\*<sup>2</sup> were completely abolished as of March 2021. There is a new ongoing trend toward more stringent PFAS\*<sup>3</sup> regulations, and we are collecting information in preparation. In 2021, we increased the update monitoring frequency on laws and regulations to quarterly. To support the measures above through DX, we have continuously strengthened the in-house linkage of the chemical substance database from the development stage.

\*<sup>1</sup> Perfluorooctane sulfonate

\*<sup>2</sup> Perfluorooctanoic acid

\*<sup>3</sup> Per- and polyfluoroalkyl substances

### TOK Medium-Term Plan 2021, material issues, and initiatives toward TOK Vision 2030

#### ● Restructuring EHS activities in the COVID-19 pandemic

TOK regards the integrated management of chemicals, reduction of environmental impacts, and occupational health and safety for employees as important management requirements, and the company has promoted responsible care activities, while minimizing the influence of apparent risks in Japan and overseas, while operating the Group Management System (GMS) since 2015 to prevent potential risks from becoming apparent. Because the structures have been established to a certain level in Japan, we aim to disseminate robust risk management into all sites, including overseas subsidiaries, under the TOK Medium-Term Plan 2021, which was started in 2019, thereby reinforcing the chemicals and environmental risk management both for human resources and for organizations. In FY 2020/12, we strengthened the EHS structure in Taiwan. Because travel was restricted due to the COVID-19 pandemic, we restructured the EHS activities leveraging online meetings, remote audits, and paper audits. In the coming years, we will promote more effective use of online measures to share honest opinions and subtle implications, which were conventionally exchanged face to face.

#### ● Continuously strengthen BCP

To cope with the risks coupled with the increasing business opportunities, we continuously strengthen BCP.

Regarding the direct impact of the climate change risk, we are enhancing resilience on a short-term, medium-term, and long-term basis through risk analyses based on the Task Force on Climate-Related Financial Disclosures (TCFD) (**see pages 54-55**). We strengthened risk distribution through a multi-site system after learning lessons from the Great East Japan Earthquake in 2011. We will maintain and strengthen this system because its effectiveness was verified during the Kumamoto Earthquake in 2016. We also have a rule to maintain the raw material stock equivalent to three months, assuming an emergency at the suppliers. We will continue to fulfill our supplier responsibility by continuously upgrading the BCP as above, led by the Risk Management Committee chaired by the president and chief executive officer.

**Enhance earning powers by achieving higher product quality and reducing environmental impact**

Regarding creating new value through renovation of the production sites as one of the management strategies under TOK Vision 2030, we will renew equipment with models of higher energy efficiency. Future renovation plans will be crystallized in the next medium-term plan. To establish a high-quality production system as a key measure for the strategy above, we will pursue company-wide strategies for the medium-term plan and initiatives for material issues under the quality policy, while continuously advancing production technology to ensure a stable supply at the quality levels required by customers, thereby further enhancing earning power. To this end, we will further upgrade customer-oriented strategies based on the trinity of sales, development, and manufacturing, and we will achieve higher product quality and reduce environmental impact through collaboration with customers, TOK, and suppliers.

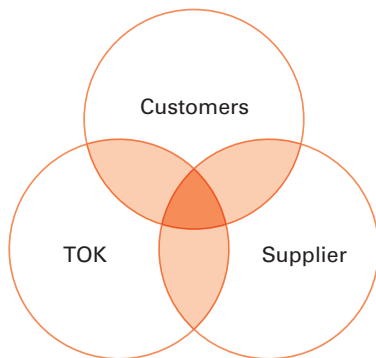
**Quality Policy**

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

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

1. Strengthen marketing ability, set goals seriously, be motivated by a strong sense of crisis, prepare well, and take immediate action.
2. Promote human resource development for global operation.
3. Establish a system to capture customer's voice accurately and to respond them immediately.

**Linked activities by customers, TOK, and suppliers**



**Common goals:** achieving higher product quality and reducing environmental impact

**Road map toward ISO 45001 certification**

2020	2021	2022	2023
<Acquired certification> Gotemba Plant	<Review in progress> Koriyama Plant Utsunomiya Plant Aso Plant Shonan Operation Center	<Review in progress> Sagami Operation Center Headquarters Kumagaya Plant	<Review in progress> Logistics Center
			<b>2023 Complete acquisition at all sites in Japan</b>

**Incorporating third-party perspectives to further disseminate an occupational safety culture**

Regarding the reinforcement of environment and health and safety systems, as another key measure for renovation of the production sites to create new value, we achieved zero accidents with lost workdays in FY 2020/12 and reduced workplace accidents by 46% compared with the previous year. However, there is room for further improvement. We will apply the results of the RBA-VAP audit\* conducted on Koriyama Plant in 2020 for improvement at other sites and promote measures toward ISO 45001 certification at each site, thereby further disseminating our occupational safety culture.

\* RBA-VAP audit: Validated Audit Program conducted by Responsible Business Alliance

**Focus on decarbonization toward a sustainable future**

Decarbonization has become a major trend in Japan and overseas. We recognize it as a means of achieving the sustainable future stated in the new management vision, and we will powerfully advance toward the goal set by the Japanese government to achieve carbon neutrality by 2050. As a preliminary step, we have slightly raised the CO<sub>2</sub> emissions reduction target by 2030, which was set in 2020 (see page 98). The TOK Group specializes in fine chemicals, and the company will strengthen its earning power by advancing decarbonization initiatives, while progressing toward the target in collaboration with internal and external stakeholders. We ask for your continued expectations for value creation by the TOK Group.



**Kimitoshi Kato**  
General Manager, EHS Div.

**We will also pursue the achievement of a circular economy and the risk assessment of infrequent operations**

Since its founding, TOK has been based on *integrated thinking* to ensure that all management resources and initiatives ultimately lead to *contributions to society*. TOK will continue to contribute to the resolution of social issues through fine chemical products, while strengthening its earning power through initiatives for the environment and for occupational health and safety. As environmental initiatives, we will pursue the achievement of a circular economy and decarbonization. Regarding occupational health and safety, we will incorporate third-party perspectives while enhancing the risk assessment of infrequent operations.