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Editorial Policy

The 2010 edition of our Social and Environmental Report has been produced in pursuit of reader-friendliness. To this end, we have introduced Universal Design (UD) fonts, revised special features, expanded coverage of overseas stories and made other improvements in the hope that this report will be read by as many stakeholders as possible. Given that we are set to adopt a next-generation management system with the introduction of a holding company structure in April 2011, this report delivers a clear presentation of the SCC2017, a new vision for the Toyo Ink Group, to provide readers with an understanding of our evolution into a globally useful specialty chemical manufacturer.

As part of the compilation of this report, we have again sought out and actively referred to the independent opinions of non-profit organization Workers Club for Eco-Harmonic Renewable Society (President: Tamio Yamaguchi).

Scope of Social & Environmental Report

■ Period covered
This Social and Environmental Report primarily deals with fiscal 2009 (from April 1, 2009 to March 31, 2010).
The environmental impact at overseas affiliates, however, was calculated based on data recorded during the period from January 1, 2009 to December 31, 2009. In addition, since the original Japanese-language version of this report was published in October 2010, information on significant accomplishments occurring up to July 2010 is also included.

■ Areas covered
For details of the areas covered under the social and environmental components of this report, please refer to the diagram on pages 6-7.
* As is mentioned in this report, “Toyo Ink” refers to TOYO/INK MFG. CO., LTD. and “the Toyo Ink Group” to the corporate group including Toyo Ink’s affiliates in Japan and overseas.

■ Guidelines used as reference
Social & Environmental Reports
Our Social and Environmental Reports are edited and produced in accordance with the Ministry of the Environment’s Environmental Reporting Guidelines 2007 and the Global Reporting Initiative’s Sustainability Reporting Guidelines 2006.
Environmental Accounting
The Toyo Ink Group first introduced environmental accounting in fiscal 1999 and has been including information on environmental accounting in its environmental reports since fiscal 2000. Our environmental accounting calculations and classification scheme for fiscal 2009 are governed by the following guidelines:
  • The Ministry of the Environment: Environmental Accounting Guidelines 2005
  • Japan Responsible Care Council: Environmental Accounting Guidelines for Chemical Companies

■ Dates of publication
Japanese language version: October 2010 (Next edition to be published in October 2011)
English language version: December 2010 (Next edition to be published in December 2011)

Invitation to Our Website
Our Social and Environmental Reports published in 1999 to 2009 are available from the Social and Environmental Activities section of our website at:
http://www.toyoink.co.jp/en/

* The English language version of the Social and Environmental Report 2010 does neither use UD fonts nor acquire the Color Universal Design (CUD) certification mark.
The Toyo Ink Group has developed SCC2017 as a vision of its ideal of evolving into a corporate group that is a globally useful specialty chemical manufacturer. In a market that has changed dramatically since the collapse of Lehman Brothers, we continue to follow the principle behind the SCC2017 and maintain a management focus on manufacturing. In fiscal 2009, we developed a revival plan for the SCC-1 medium-term business plan. We achieved income growth by strategically cutting fixed costs and by investing resources in solar cell-related materials and other growth areas.

Since fiscal 2007, which marked our centenary, we have been organizing the Toyo Ink Group Private Show, where we exhibit our new products as well as existing products with new value added to customers. The show demonstrates the progress being made by the Toyo Ink Group in realizing the vision of SCC2017. A special feature in this report focuses on the Toyo Ink Group Private Show 2010 on the subject of environmental protection and process innovation. In particular, it explains the current state and future potential of product development for POD-UJ ink and solar cell-related materials. The Toyo Ink Group shares the domains, core technologies, and marketing methods displayed in the private show as guidelines for growth. We are endeavoring to create innovative products and businesses and introduce them to global growth areas.

Building a personnel and employment system that respects individuality and encourages ambition

As life expectancy increases, more and more elderly people want to work until the age of 70. In this aging society, the Toyo Ink Group is becoming an organization with three different generations: young, middle-aged, and elderly workers. I believe that we can achieve new prosperity if we construct a personnel and employment system that is designed to empower younger workers blessed with vigor and sophisticated thinking, so that they can play a central role rather than simply deferring to seniority, and if we combine the leadership of our younger workers and the expertise of senior workers. This report has expanded coverage of personnel and employment affairs. It provides in-depth coverage of the initiatives described above and the development of global human resources. Initiatives underway at our overseas locations are also covered in the section on harmony with local communities and social contribution activities. The Toyo Ink Group believes that respect for the spirit of coexistence will lead to a business model that can generate profits on a global scale.

Environmentally friendly manufacturing for safety and peace of mind

The Toyo Ink Group seeks manufacturing that uses safe, environmentally friendly materials, that focuses on reducing energy and resource consumption, and that produces high value-added products. Since fiscal 2007, we have reviewed our past medium-term environmental objectives and acted in step with a new set of medium-term environmental objectives tailored to the SCC2017. Energy consumption, waste emissions, and other environmental impacts are being steadily reduced. For fiscal 2010, we have launched a comprehensive project to further reduce energy consumption and CO₂ emissions. In one unique activity, we aim to visualize the environmental impact risks of factory effluent, using algae, water flea, and other biological indicators.

In response to increasingly stringent international chemical substances control, as in the REACH Regulations and the GHS, we have set up a global chemical substances control system to ensure control in line with the laws and regulations of different countries.

Transition to the holding company structure

Toyo Ink has decided to reorganize itself under a holding company structure in April 2011. For details, please see pages 8-9. With a holding company, TOYO INK SC HOLDINGS CO., LTD., at the heart of the Group, we will endeavor to boost the corporate value of the entire Group, bolster the value creation functions of operating companies, and bring out Group synergies. In parallel with that, we will reform the structure for Group governance. However, we will retain the concept of the SCC2017. We will continue to take actions to constantly increase customer satisfaction (CS), employee satisfaction (ES), and social satisfaction (SS), so that we can capitalize on excellent technologies, establish manufacturing without depending on fossil fuels, and take part in the process of globalization.

I hope that this report will give a large readership a better understanding of the social and environmental activities being undertaken by the Toyo Ink Group.
Corporate Data

Company Name: TOYO INK MFG. CO., LTD.  
Headquarters: 3-13 Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 Japan  
Founded: 1896  
Established: January 15, 1907  
Capital: 31,733.49 million yen

Net Sales: 226,074 million yen (consolidated), 161,674 million yen (nonconsolidated)

Employees: 6,897 (consolidated), 2,091 (nonconsolidated)

Affiliates: 24 in Japan and 51 overseas, including 67 consolidated subsidiaries and eight equity-method companies

Corporate Philosophy

In 1993, we adopted a corporate philosophy that brings together and encapsulates the spirit of providing services for society as a whole. This philosophy has consistently been present within the Toyo Ink Group’s mission statements and mottos since the Company was established. We have continually pursued our objective of raising levels of satisfaction amongst consumers and our other stakeholders. The corporate philosophy we adopted serves as a basis of all our corporate activities.

The Toyo Ink Group acknowledges that it has a responsibility to operate while taking into account the interests of our stakeholders as well as society at large. To fulfill this responsibility, we have incorporated business values, personal values, and societal values into our guiding principles. All staff members in the Group have a part to play in our corporate activities while constantly reviewing their actions from business, personal, and community perspectives as we put our philosophy into practice.

The Toyo Ink Group’s Philosophy System

Corporate Philosophy  
People-oriented management

Corporate Policy

We, the Toyo Ink Group, would like to be a company creating new values for human culture throughout the world.

• Contribute to people’s wealth and culture worldwide.
• Create new values for life in the next generation.
• Provide superior technology and quality.

Guiding Principles

1. Provide knowledge to enhance customer satisfaction.
2. Respect the realization of all employees’ ambitions.
3. Act as a responsible citizen coexisting with society and the Earth.

The Toyo Ink Group’s Four Business Segments

The Toyo Ink Group aims to be a corporate group that evolves into a globally useful specialty chemical manufacturer. To attain this goal, we embarked on new operations in view of the SCC2017 in fiscal 2010. To boost understanding of our individual businesses, we have introduced new business segments. Centering on the Printing and Information Business segment, the Packaging Business segment, the Polymer and Coating Business segment and the Color and Functional Materials Business segment, we will operate in an effort to provide people with improved lifestyles and cultural enrichment. Based on three technologies in the domains of color materials, polymer and dispersion, we are committed to developing a broad array of products.

Printing and Information Business

- Offset inks
- Newspaper inks
- Inkjet inks
- Radiation cure inks
- Metallic inks
- Printing materials

UV curing offset inks  
Web offset inks  
Sheet-fed offset inks
In fiscal 2009, we made a start amid considerable uncertainty, failing to recover from the global recession triggered by the collapse of Lehman Brothers. While experiencing a revenue decline after sluggish demand, we took steps to expand sales of high-function products and made strenuous efforts to cut costs and attain rapid income growth.

We introduced new business segments in fiscal 2010, but the corporate data presented below are based on the old segments as they cover the figures for fiscal 2009 and earlier.
Linking Business and Society

The Toyo Ink Group’s products have many applications in daily life. They lend not only color and packaging but also cultural riches to our life in the form of communication, energy conservation, and support for healthy lifestyles.

Printing and Information Business
- Architectural coatings
  - Resins for exterior architectural coatings
- Building materials
  - Functional resins for concrete architecture coatings
- Power cables
  - Masterbatches for power cables
- Signboards
  - DYNACAL marking films for vehicles
- Newspapers and publications
  - Newspaper inks
  - Hot-melt adhesives for bookbinding
- Container packaging
  - Inks for labels for PET bottles
  - Masterbatches for PET bottle tops
- Cell phones
  - Organic electro-luminescence materials
  - Heat resistant double-sided adhesive tapes for flexible printed circuits and electromagnetic shielding films
  - Tapes for fixing cell phone frames; tapes for fixing reflection film and black tapes for light leak prevention
- RFID
  - Conductive inks for RFID antennas
- Automobiles
  - Colorants for bumpers
  - Pigments for interior and exterior coatings
  - Marking films for exterior decoration
  - Adhesives for heat insulation materials, cushion materials, sound insulation materials, shading sheets and vibration insulation materials
  - Hot-melt adhesives for floor mats
- Architectural coatings
  - Resins for exterior architectural coatings
- Building materials
  - Functional resins for concrete architecture coatings
- Power cables
  - Masterbatches for power cables
- Signboards
  - DYNACAL marking films for vehicles
- Newspapers and publications
  - Newspaper inks
  - Hot-melt adhesives for bookbinding
- Container packaging
  - Inks for labels for PET bottles
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  - Organic electro-luminescence materials
  - Heat resistant double-sided adhesive tapes for flexible printed circuits and electromagnetic shielding films
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- RFID
  - Conductive inks for RFID antennas
- Automobiles
  - Colorants for bumpers
  - Pigments for interior and exterior coatings
  - Marking films for exterior decoration
  - Adhesives for heat insulation materials, cushion materials, sound insulation materials, shading sheets and vibration insulation materials
  - Hot-melt adhesives for floor mats
Promoting *kumazasa* bamboo extracts to make them closer to everyday life

We successfully extracted the oligosaccharides and polyphenols contained in *kumazasa* bamboo, a traditional Japanese plant, with the use of a very established technology for extracting and refining food dyes from safflower petals. In an aspiration to better serve our communities in everyday life, we are currently introducing *kumazasa* bamboo extracts to materials for dietary supplements, livestock feed, soaps, and other products.
Global Operation and Acquisition of ISO 14001 Certification (as of July 2010)

The Toyo Ink Group has facilities in many different regions and countries to constantly supply products and to pursue social and environmental activities.

An establishment marked with a star (★) symbol has been certified with ISO 14001.

Europe

- TOYO INK EUROPE (PARIS) S.A.S. – France
- ★ TOYO INK EUROPE SPECIALTY CHEMICALS S.A. – France
- TOYO INK EUROPE S.A. – Belgium
- TOYO INK EUROPE PLASTIC COLORANT S.A.S. – France
- Sumika Polymer Compounds Europe Ltd. – Britain

China and East Asia

- Toyo Ink Mfg. Co., Ltd. – China
- ★ TIANJIN TOYO INK CO., LTD. – China
- SHANGHAI TOYO INK CO., LTD. – China
- ★ SHANGHAI TOYO INK MFG. CO., LTD. – China
- Toyo Adhesive Sheet Processing (Tianjin) Co., Ltd. – China
- TOYO INK ASIA LTD. – China
- SHENZHEN TOYO INK CO., LTD. – China
- JIANGMEN TOYO INK CO., LTD. – China
- ZHUHAI TOYO INK CO., LTD. – China
- Zhuhai Sumika Polymer Compounds Co., Ltd. – China
- TOYO INK KOREA CO., LTD. – Rep. of Korea
- HANIL TOYO CO., LTD. – Rep. of Korea
- SAM YOUNG INK & PAINT MFG. CO., LTD. – Rep. of Korea
- TOYO MORTON KOREA LTD. – Rep. of Korea
- TOYO INK TAIWAN CO., LTD. – Taiwan
- ★ TOYO INK CHEMICALS TAIWAN CO., LTD. – Taiwan

Asia and Oceania

- TOYO INK PAN PACIFIC PTE. LTD. – Singapore
- ★ TOYO CHEM SPECIALITY CHEMICAL SDN. BHD. – Malaysia
- TOYO CHEM CORPORATION BHD. – Malaysia
- ★ TOYO CHEM GRAPHICS SDN. BHD. – Malaysia
- ★ TOYO CHEM PRINTING CHEMICAL SDN. BHD. – Malaysia
- ★ TOYO CHEM INK PTE. LTD. – Singapore
- ★ TOYO INK (THAILAND) CO., LTD. – Thailand
- ★ TOYO INK COATING (THAILAND) CO., LTD. – Thailand
- Sumika Polymer Compounds (Thailand) Co., Ltd – Thailand
- TOYO INK (PHILIPPINES) CO. INC. – The Philippines
- ★ TOYO INK COMPOUNDS CORPORATION – The Philippines
- P.T. TOYO INK INDONESIA – Indonesia
- TOYO INK (MIDDLE EAST) FZE. – Dubai
- TOYO INK VIETNAM CO., LTD. – Vietnam
- ★ TOYO INK COMPANIES VIETNAM CO., LTD. – Vietnam
- TOYO INK INDIA PVT. LTD. – India
- TechNova TOYO INK PVT. LTD. – India
- ★ TOYO INK AUSTRALIA PTY. LTD. – Australia
- TOYO INK NEW ZEALAND LTD. – New Zealand

Operations and Corporate Philosophy

TOYO INK GROUP Social & Environmental Report 2010
Erecting a base for stable supply in Latin America

In May 2010, TOYO INK BRASIL LTDA., a sales company that deals chiefly in printing inks, was founded. Regarding Brazil and its surrounding countries as key growth markets, we will construct our bases to ensure a stable supply of products in Latin America.
Our Vision – SCC2017

Celebrating its centenary in 2007, the Toyo Ink Group started to take action towards its next goal, which is the Group’s vision set forth in the SCC2017. To become a corporate group that evolves into a globally useful specialty chemicals manufacturer, we have a broad number of initiatives planned.

For Evolving into a Specialty Chemical Manufacturer

SCC stands for Specialty Chemical Maker Challenge. A specialty chemical manufacturer refers to a company focusing on scientific thinking and approaches that capitalizes on its marketing capabilities to display its uniqueness on the basis of core technology and core materials, and that seeks to coexist with customers and stakeholders to boost its performance. In the processing of addressing this challenge, we will review our current business operations and processes to create and foster new businesses in a bid to achieve the goal of the SCC2017, namely evolution into a globally useful specialty chemical manufacturer.

To reach the goal set out in the SCC2017, we now have put in place the SCC-I Medium-Term Business Plan.

The Foundations of SCC2017

- **A commitment to manufacturing**
  We will use safe, reliable materials and draw on our expertise in energy- and resource-saving to produce high value-added products.

- **A technology-oriented approach**
  We will channel our unique technology and knowledge into our products and services to help enrich people’s lives.

- **Expansion into growth and niche areas**
  We will establish a reliable network and approach the world from a new perspective, to become a company with which people identify and live happily alongside.

- **Incorporating marketing strategy into everyday thinking**
  As citizens, we will think about the genuine needs of our customers, local communities and all other stakeholders at all times.

- **Enhancement of the management system**
  To keep pace with changing business circumstances, we will reform our business management system.

Our Vision – SCC2017

SCC-I Medium-Term Business Plan (for fiscal 2008-2010)

- **New revenue growth**
  Anticipating the needs of the times, we pursue marketing-driven development and market cultivation so that we can generate new revenue growth.

- **Stepping up manufacturing**
  We will establish a new generation of supply chain management* to shift towards manufacturing based on producing appropriate products using appropriate materials in appropriate quantities in line with prevailing needs.

- **Management system**
  We will establish and improve our SCC management system, which focuses on adjusting to different environments, addressing risks and achieving global symbiosis.

* Supply chain management (SCM): A management approach that seeks total optimization of the business process by sharing and managing information on the flow of product supply from production to consumption among different segments and companies.

Drawing up the SCC-I Revival Plan

Constituting the first step towards achieving the SCC2017, the SCC-I Medium-Term Business Plan defines new revenue growth, stepping-up of manufacturing and the management system as basic policies. In fiscal 2009, we drew up a revival plan for the SCC-I Medium-Term Business Plan to better reflect the market conditions, which have changed dramatically since the collapse of Lehman Brothers. We adopted two approaches in a fresh attempt to achieve our vision. The first is structural reform, including fixed cost cutting and the reorganization of affiliates. And the second is innovation aimed at new progress towards the environment and energy sector as well as the natural material market for global growth.
Vision of the Company to be achieved in the fiscal year ending March 2017:

A corporate group that evolves into a globally useful specialty chemical manufacturer

Shifting to a holding company structure with a view towards achieving our vision

To establish our management system and introduce a new corporate governance mechanism, our 172th annual general shareholders’ meetings on June 29, 2010 adopted a resolution to shift to a holding company structure. On the occasion of this transition, our trade name will change to TOYO INK SC HOLDING CO., LTD. Defining this transition to a holding company structure as the starting point, the Toyo Ink Group will continue to work hard towards the vision set forth in the SCC2017.

[Date of Change]
April 1, 2011

[Purposes]
- Bolster the corporate value of all Group companies, revolving around the holding company
- Strengthen the value creating functions of each operating company
- Exert group synergy
These purposes will be addressed in light of the Toyo Ink Group’s growth strategies in the future.

[Method]
The Company will become a holding company and existing operations will be split into two operating companies. After this incorporation-type company split,

- TOYO INK CO., LTD. will take over the printing and information-related business and the package-related business, and
- TOYOCHEM CO., LTD. will take over the polymer, painting and processing-related business and the color materials and functional materials-related business
The Toyo Ink Group’s Corporate Social Responsibility (CSR)

In April 2004, the Toyo Ink Group made its commitment to focus on CSR in its effort to create real social satisfaction (SS) in its business policy for the fiscal year. In the following year, we established a basic policy on CSR management and created a CSR management structure. Since then, we have systematically incorporated the CSR implementation framework into corporate governance and we are now moving forward on practical execution of CSR management.

### Corporate Governance Implementation System

The Board of Directors of the Toyo Ink Group meets on a monthly basis, as a body making key managerial decisions. Regular meetings are also held by the Group Management Committee, which is responsible for significant decisions on business operations, as well as by the Executive Committee and the Business Execution Committee, which are deliberative bodies that confer on management issues and strategies for individual enterprises. The Group has adopted an auditing system. The Board of Directors consists of 14 directors, including two outside directors, while the Board of Auditors has five auditors, including three outside auditors. Our outside directors and auditors attend Board and other important meetings and inspect minutes, while also requesting documents on management decisions and other matters to better understand critical details. This ensures a management monitoring function that incorporates outsiders’ perspectives. To demarcate between management supervision functions and business operation functions, we have introduced an executive system to speed up the decision-making process and improve operational supervisory capabilities.

### Implementation of Corporate Governance

The Board of Directors met 12 times during fiscal 2009 for the purposes of making decisions on legal matters and other important business issues and overseeing operating performance. The Group’s Management Committee met 24 times, the Executive Committee twice and the Business Execution Committee 11 times.

We published on a quarterly basis information about business and managerial conditions on our website. The disclosures included segment information specific to business type and location. In November 2009 and in May 2010, we organized briefings for investors to provide information on our performance and financial standing.

To maintain the reliability of our financial reporting, we are working to establish and operate an effective internal control system in our organizational structure under the direct control of the CEO.
Toyo Ink Group CSR Charter (Established April 18, 2005)

Since its establishment, the Toyo Ink Group has sought to create new lifestyles for customers, employees, and the society through our business activities, products and services. To achieve this goal, we have always given top priority to aligning with society, winning the trust of society, and fulfilling our obligations as a corporate group. We now feel the need to rediscover our identity as a corporate group, built around chemical manufacturing, that exerts a very significant impact on society. Based on this understanding, we recognize the need to establish and sustain good relationships with all stakeholders. In defining our tangible and intangible value as a business and fulfilling our social responsibilities, we consider our most important tasks to be evaluating our business activities from the stakeholder’s point of view and maintaining well-balanced management with respect to the economy, society, people and ecology. The Toyo Ink Group will continue to support free and fair competition and will endeavor to contribute to the achievement of a cultured, happy society.

CSR Action Guidelines (Established April 18, 2005)

- Providing value through products and services
  We will endeavor to provide the utmost confidence and satisfaction to customers and other consumers by creating new value in the market, improving the quality of life, and providing products and services that contribute to the development of culture and help improve the global environment.

- Sincerity in business activities
  We will endeavor to conduct business activities sincerely, fairly, and appropriately at every stage, from the procurement of raw materials to the sales of products. We will make healthy profits through our business activities and return these profits to our shareholders and other stakeholders.

- Active communication and disclosure of information
  We will promote wide-ranging communication with society and disclose management information actively and honestly.

- Social action program
  In order to encourage lifestyles with social value, as a good corporate citizen striving for harmonious coexistence with the community, we will contribute to society through our primary business activities and also implement a program of social action.

- Global environmental protection
  We will make efforts at every stage of our business activities to reduce environmental burdens. We will address global environmental problems as our major challenge and actively work for global environmental protection.

- Creating a comfortable and self-realizing working environment
  We will respect each employee’s character and identity and create a safe and rewarding working environment so that each employee can exercise his or her abilities and initiative. We will create labor environments, whether in Japan or overseas, that are free from discrimination, and we will never permit child labor, forced labor, or any other activity that violates human rights.

- Ensuring compliance
  We will ensure compliance with laws and regulations in Japan and overseas as well as with international treaties and regional social norms, and we will make rational, conscientious, and ethical decisions and act accordingly.

- Ideal corporate governance
  We will establish a group management system that can manage risks appropriately and respond actively and flexibly to changes in the business environment. We will strive to establish a management system that enables us to achieve our ideal—to be viewed by society as a good and desirable company.

Corporate Governance System and CSR Promotion System
The Toyo Ink Group CSR Action Policies and Achievements in Fiscal 2009

The Toyo Ink Group pursued many different initiatives based on its CSR action policies for fiscal 2009, which focused on four key areas: promoting and cultivating compliance activities, improving risk management activities, improving environment and safety activities and putting social contribution activities into practice.

<table>
<thead>
<tr>
<th>The Toyo Ink Group CSR Action Policies for Fiscal 2009</th>
<th>Achievement</th>
<th>Main Achievements in Fiscal 2009</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing on promoting compact but highly effective locally oriented compliance activities while adhering to existing policies as a driving force behind a culture of compliance amid a rapidly changing environment.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We will push ahead with compliance activities that support CSR management amid a rapidly changing environment.</td>
<td></td>
<td>• We bolstered compliance activities to ensure compactness and effectiveness amid a rapidly changing environment in an attempt to help improve the Toyo Ink Group’s CSR management.</td>
<td>P18</td>
</tr>
<tr>
<td>We will identify particular local compliance issues and continuously implement specific processes for dealing with them.</td>
<td></td>
<td>• It is observed that individual facilities independently identified their compliance-related and other issues and continued efforts to resolve them. [Specific Actions]</td>
<td></td>
</tr>
<tr>
<td>We will provide compliance education that will help enhance the risk response and increase profits.</td>
<td></td>
<td>• Compliance leader meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Compliance meetings at individual locations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Compliance education (including training for new managers, training for new recruits and presentations on the Antimonopoly Act)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Compliance auditing</td>
<td></td>
</tr>
<tr>
<td>Identifying and fully understanding a wide range of risks and improving companywide risk management activities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We will identify risks and monitor trends affecting the entire Toyo Ink Group, reinforce response capabilities and gather information.</td>
<td></td>
<td>• To boost our risk-response capabilities, we recognized the risk response status of the entire Toyo Ink Group and identified issues to address in the next fiscal year through an assessment of annual action policies of risk management committees set up at the beginning of the fiscal year and through regular reports on the risk response status of individual committees.</td>
<td>P19</td>
</tr>
<tr>
<td>We will conduct day-to-day administrative risk management activities incorporated into annual departmental plans and monitor them on an ongoing basis.</td>
<td></td>
<td>• We worked to step up day-to-day administrative risk management activities by checking departmental risk issues and annual action policies determined at the beginning of fiscal year and by monitoring the departmental risk response statuses on a regular basis.</td>
<td></td>
</tr>
<tr>
<td>We will improve day-to-day administrative risk management to include preventive security mechanisms and establish operational PDCA mechanisms in each department as a means of controlling risks.</td>
<td></td>
<td>• We carried out the action plan based on the H1N1 influenza control manual, which included finger sterilization and the distribution of masks.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• We organized a joint personal safety registration drill among relevant facilities on the basis of our response manual in the event of an earthquake directly below the Tokyo area and on the basis of our Tokai Earthquake response manual. We also conducted an immediate action drill for setting up an Emergency Headquarters and for using the emergency communication network.</td>
<td></td>
</tr>
<tr>
<td>Stepping up companywide environmental and safety activities to improve our environmental and safety records.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We will promote the development and sale of environmentally friendly products with the aim of providing products and services that will help improve the environment.</td>
<td></td>
<td>• We worked to register more environmentally friendly products and to promote sales of such items. As a result, sales increased 3.2% from the fiscal 2008 level.</td>
<td>P35</td>
</tr>
<tr>
<td>We will implement initiatives designed to reduce our environmental impacts, including efforts to prevent global warming and pollution and to achieve zero emissions.</td>
<td></td>
<td>• We encouraged the Japan Printing Ink Makers Association to draft a PCR11 to calculate the carbon footprint of printing inks.</td>
<td>P44</td>
</tr>
<tr>
<td>We will implement a range of activities to ensure both employee and product safety.</td>
<td></td>
<td>• Our manufacturing plants, factories and production affiliates successfully reduced their energy consumption 0.4% from the fiscal 2008 level and their industrial waste emissions 3.4% from the preceding year.</td>
<td>P27</td>
</tr>
<tr>
<td>We will implement a range of activities to help preserve biodiversity, to reduce the impact that our business activities have on the global environment.</td>
<td></td>
<td>• We conducted a questionnaire on the Industrial Safety and Health Act and the Fire Service Act to check the compliance status of our establishments in Japan and overseas.</td>
<td>P25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• We sought to ensure compliance with existing laws and regulations on chemical substances in different countries and to achieve compliance with new regulations including the GHS2 in Taiwan and the existing chemical substance registration.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Our GHS-compliant facilities were confirmed as compliant as a result of an inspection by the Ministry of Health, Labour and Welfare.</td>
<td>P40-41</td>
</tr>
<tr>
<td>Helping to create a healthy and sustainable society through appropriate corporate activities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We will consist as a member of the local community and continue to engage in interaction and other activities at each of our premises across the globe.</td>
<td></td>
<td>• We continued with the WET3 compliant environmental risk assessment of effluent from four manufacturing plants. For one of them, we also assessed individual discharge channels.</td>
<td>P42</td>
</tr>
<tr>
<td>We will help create comfortable living environments through activities that capitalize on the expertise we have as a manufacturer.</td>
<td></td>
<td>• We stepped up our interaction and other activities, which had been conducted at individual locations in Japan and other countries in an aim to secure coexistence.</td>
<td>P26-27</td>
</tr>
<tr>
<td>We will distribute the Universal Design support tools for color anomaly and endeavored to spread the techniques on UDing.</td>
<td></td>
<td>• We distributed the Universal Design support tools for color anomaly and endeavored to spread the techniques on UDing.</td>
<td>P28</td>
</tr>
</tbody>
</table>

*1 PCR (Product Category Rule): A standard for quantitative calculation of environmental load, i.e. CO2 and other greenhouse gas emissions, of the entire life cycle encompassing materials procurement, disposal and recycling
*2 GHS (Global Harmonized System): A system under which the hazards and toxicity of chemical substances are classified and displayed in accordance with fixed criteria so that they can be understood at a glance
*3 GLP (Compliant Facility): Testing facilities that are certified to comply with the Good Laboratory Practice under the Industrial Safety and Health Act
*4 WET (Whole Efficient Toxicity): An approach of understanding the total impacts of chemical substances contained in effluent from a manufacturing plant by paying attention to bioreponse and then taking countermeasures against them
The Toyo Ink CSR Action Policies for Fiscal 2010

Since the Compliance Committee was launched in 2003, efforts to create and develop compliance activities have been made at separate locations under the leadership of compliance leaders, to establish a culture of compliance. For fiscal 2010, our efforts will be continuously expanded at the initiative of individual facilities. In addition, we will address the compliance risks expected under the new corporate structure introduced in April 2011, namely the holding company structure.

With respect to environmental and safety activities, we organized the CO₂ reduction project for fiscal 2010 to display our commitment to boosting our actions against global warming. While following and maintaining our past CSR Action Policies, we will be further advancing our practical activities in this area.

The Toyo Ink CSR Action Policies for Fiscal 2010

° Promoting and cultivating compliance activities
Pressing ahead with established compliance activities, for consistent CSR management

● We will demonstrate locally oriented compliance activities with distinctive efficiency and effectiveness.
● We will address compliance risks with an eye to the new structure.
● We will bolster compliance education in consideration of risk management.

° Improving risk management activities
Identifying and fully understanding a wide range of risks and improving companywide risk management activities

● We will identify risks and monitor trends affecting the entire Toyo Ink Group, reinforce response capabilities and gather information.
● We will conduct day-to-day administrative risk management activities incorporated into annual departmental plans and monitor them on an ongoing basis.
● Our risk management committee will study significant departmental risks stratified from within the operations as day-to-day administrative risk management.
  We will also appoint committee members responsible for dealing with the expected risks.

° Stepping up environmental and safety activities
Bolstering environmental and safety activities across the Company to attain environmental load reduction and safety assurance

● We will push ahead with to prevent global warming through the activities of the CO₂ reduction project.
  We will also push ahead with to prevent pollution and to achieve zero emissions.
● We will develop and market environmentally friendly products and develop products that help reduce the environmental impact at the stage of use.
● We will take steps to ensure both employee and product safety.
● We will take steps to help preserve biodiversity to reduce the impact that our business activities have on the global environment.

° Putting social activities into practice
Helping to create a healthy and sustainable society through appropriate corporate activities

● We will coexist as a member of the local community and continue to engage in interaction and other activities at each of our premises the world over.
● We will create comfortable living environments through activities that capitalize on our expertise as a supplier.
Reflecting the evolution of the Toyo Ink Group towards achieving the SCC2017

The Toyo Ink Group Private Show is the only private show organized by the Toyo Ink Group. It consists of product exhibitions and technical seminars.

Its purposes are to clearly manifest the Group’s development towards a specialty chemical manufacturer and to create new business opportunities beyond the conventional framework. We place our new products on display in tangible forms to demonstrate our orientation towards a globally useful specialty chemical manufacturer, as set out in the SCC2017.

Aiming to Create New Value with New Products

Launched in fiscal 2007 with the aspiration of producing new value with new products, the Private Show has evolved into a more business-conscious style. It is a change from the display aimed chiefly at showing our gratitude to existing customers as well as our Group’s overall strength, to the creation of business models in new growth fields. We have shifted our focus to approaching our existing and potential customers and creating new value on the basis of product

In January 2010, the Toyo Ink Group Private Show 2010 was held at the Tokyo International Forum. It was the third show in the series launched to commemorate our centenary. In fiscal 2009, the show displayed the Toyo Ink Group’s broad array of functional products designed for different markets in five separate categories: printing, energy, electronics, automobiles and life. The presentation of new products in the show reflected the Group’s evolution towards achieving the SCC2017.

For specific products on display, see pages 16-17

A number of new projects have begun.

The Private Show differs from general trade fairs in that all visitors have an interest in us. Every time we plan and operate the show, our concerns are whether visitors understand the concept behind new product development, whether they are happy with the presentation, and whether the event will help open up any new business. However, companywide efforts do speak to the hearts of visitors. We are delighted to hear that the latest Private Show has resulted in a number of new projects.
development in accordance with the SCC-I medium-term business plan, which is a growth strategy for achieving the SCC2017.

Based on this perspective, new products submitted from separate business headquarters were sorted into their target markets in line with the business strategy. The Private Show introduced a cross-sectional style of product display added with specific application examples. It is also linked with technical seminars focused on individual areas to clearly demonstrate the Group’s direction and its business potential.

The Private Show for Opening Up New Businesses

The Private Show for fiscal 2009 addressed the major issues of resource saving and offsetting CO₂ emissions or carbon footprints. These two challenges now constitute a global trend. Based on own policy of displaying functional products with a focus on areas that have growth potential for chemical products, while displaying total solutions with a product mix serving the purposes of resource saving and offsetting CO₂ emissions for graphical arts products, we placed around 50 groups of products on display and offered technical seminars on four subjects on a twice-a-day basis. The Private Show attracted some 1,600 visitors and a cumulative total of 833 participants in the seminars.

Both figures surpassed the levels attained in the previous fiscal year. Among the visitors, those engaged in electric appliances, semiconductors, engineering and R&D increased, while those from the fields of printing and converters were on the decline. These facts reflect the fact that our actions to expand business to new growth fields and to create new businesses that support the future of our Group are gradually coming to tangible fruition. In the future, we will work to establish the Private Show as an opportunity to present our Group’s business operations to both people within the Group and the public, and to further upgrade the presentation and the operational approach for making the Private Show a key milestone in our product development and business expansion.
Product Development Based on a Key Concept of Environmental Response and Process Innovation

Displaying New Products in Five Categories Associated with Various Situations of Life

The Toyo Ink Group engages in product development based on a concept of environmental response and process innovation. Intended to display new products incorporating state-of-the-art technologies, the Toyo Ink Group Private Show followed this concept and presented five separate categories of products relating to printing and packaging materials, as well as other new products associated with different life situations. These products have been developed from the perspectives of helping increase the safety of customers’ products, contributing to the environment, and facilitating energy and resource conservation in the manufacturing process. Among other achievements, our development of next-generation, on-demand inkjet (IJ) inks that support high-speed printing as well as new materials for solar cells and secondary batteries in important growth industries has made such a good progress that it was given emphasis at the Private Show.

As an attempt to develop a new field, we have proposed printable electronics products, which imply the production of electronics-related products on the basis of our Group’s own printing technologies. Developing, etching*1 and other processes requisite to the traditional method are no longer required. We stressed that this has paved the way for process innovation through a reduced environmental impact and a shortening of the process.

*1 A printing technique in which a copper plate coated with anti-corrosion agent is engraved using a needle and then corroded with nitric acid or other agent to produce an intaglio printing plate.


Today, all markets are seeking to respond to diversifying needs and to the environment. In the printing market, too, these demands are expected to increase in the future. Specifically, there are calls for support for small-lot and short lead-time printing, variable data printing and any printing method and ink that reduces waste. Accordingly, there are growing expectations for digital Print On Demand (POD) solutions.

To meet these market needs, the Toyo Ink Group is working to create POD inkjet (IJ) inks with wide color gamut and support for high speed production printing as IJ inks that are best suited to the POD. Using our Group’s original pigment, dispersion, and resin technologies, as well as our established IJ ink technologies, we develop and proposed water-based ultraviolet curing IJ inks to the markets of label printing, color data printing services, commercial printing, and newspaper and package printing in a bid to facilitate the creation of new printing domains based on a combination of energy and resource conservation in small lot printing and conventional printing.

▼ Prospect of Development of POD-IJ Inks

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Label Printing</strong></td>
<td><strong>Color Data Printing</strong></td>
<td><strong>Commercial Printing</strong></td>
<td><strong>Newspaper and Package Printing</strong></td>
</tr>
<tr>
<td>Development of IJ inks that can be used at practical speed for the label printing market where the lot size is contracting and variable printing is becoming common</td>
<td>Development of IJ inks with jet stability for data printing services amid a growing trend towards color printing and high speed printing</td>
<td>Development of water-based IJ inks for production printing with an eye towards a hybrid work flow with offset printing</td>
<td>Development of IJ inks with upgraded support for high-speed printing and base materials</td>
</tr>
</tbody>
</table>

T-Press™ LIOJET® POD-IJ Ink
Special Feature


Solar power generation is widely seen as a means of combating global warming and reducing CO₂ emissions. To contribute to the cuts in power generation costs essential to the growth of solar power generation, the Toyo Ink Group makes use of its material technologies and material processing technologies to create materials that provide solar cells with enhanced generation efficiency, longer life spans, and lower costs.

Among the materials developed, DYNAGRAND® adhesive for back sheets exhibit a high level of durability that results in a long life span. The Toyo Ink Group has an array of models with improved aging characteristics and ultraviolet curing models that help reduce manufacturing energy consumption and processing costs. Other products developed and commercialized include DYNALOE® highly adhesive primer that slashes the cost of the back sheet manufacturing process, LIO EVER™ color masterbatch that increases the reflectivity and weather resistance of sealants and REXALPHA® conductive inks that lower the resistance level of the collecting electrode to boost electric power generation efficiency.

▼ Prospect of Development of Solar Cell-Related Materials

Energy-saving LED inks
- Rice inks
- CO₂ reduction solutions for soft packaging
- POD-IJ inks, etc.

Products related to solar cells
- Products related to secondary batteries etc.

Low-VOC*2 adhesives
- Conductive materials for vehicle mount antennas etc.

Kumazasa bamboo extracts products
- Food inks
- Environmentally friendly outdoor sign sheets etc.

PET Film
- Aluminum
- Fluorine Film

Printing
- Life
- Energy
- Electronics
- Automobiles

Solar Cell-Related Materials

PICK UP Energy

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▼ Prospect of Development of Solar Cell-Related Materials

First Half 2010

LIO EVER™ masterbatch for sealants
An inorganic pigment dispersion technology providing a high level of weather resistance enhances the power generation efficiency and lengthens life spans of solar cells.

REXALPHA® conductive ink for collecting electrodes
A combination of the polymer design technology and a conductive material dispersion technology ensures low resistance, high resolution and high durability to boost the power generation efficiency of solar cells.

DYNALEO® highly adhesive primer
The polymer design technology achieves powerful adhesion with the sealant as well as high durability. A simpler back sheet structure leads to lower manufacturing energy consumption, lower process costs, and a longer life span.

DYNALEO® conductive ink for collecting electrodes
A combination of the polymer design technology and a conductive material dispersion technology ensures low resistance, high resolution and high durability to boost the power generation efficiency of solar cells.

DYNALEO® conductive ink for collecting electrodes
A combination of the polymer design technology and a conductive material dispersion technology ensures low resistance, high resolution and high durability to boost the power generation efficiency of solar cells.

DYNAGRAND® interlayer adhesive
We have a lineup of models with improved aging characteristics and ultraviolet curing models that help reduce manufacturing energy consumption and processing costs.

*2 VOC (Volatile Organic Compounds): Widely used as solvents for coating agents and adhesives
Compliance

The Toyo Ink Group understands that it is important that every single employee think about and act for compliance. In line with this concept, we carried out higher-quality activities mainly at the location level in fiscal 2009.

Basic Stance and Positioning

The Toyo Ink Group conducts its compliance activities with the aim of steadily encouraging awareness of compliance through discussions in day-to-day operations, based on the notion that it is important that everyone working for the Toyo Ink Group think about compliance. When each staff member working for the Group understands the concept of compliance, they can raise questions or identify issues in their work, eliminating latent risks of ethical or statutory violations. When a corporate culture of compliance has taken root across the Company, we will enjoy superior ties with the many different stakeholders that have relations with us. That will enhance our CSR activities still further.

Organization for Raising Awareness of Compliance

As a driving body, the Compliance Committee plays a central role in promoting compliance activities. It communicates the Toyo Ink Group's principle on compliance and provides education on laws and ordinances across the Group. Compliance leaders at individual locations take the initiative in actively providing opportunities for deepening awareness of compliance associated with day-to-day operations.

Activity Targets for Fiscal 2009

For fiscal 2009, we defined the following activity targets for compliance activities:

<table>
<thead>
<tr>
<th>Activity Targets for Fiscal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>● We will pursue compliance activities that support CSR management in a rapidly changing environment.</td>
</tr>
<tr>
<td>● We will continuously identify individual compliance issues at individual locations and adopt specific solutions.</td>
</tr>
<tr>
<td>● We will provide compliance education that is helpful to risk response and profitability growth.</td>
</tr>
</tbody>
</table>

Compliance Education

With the aim of consistently identifying individual compliance issues and adopting specific solutions—defined as one of the activity targets for fiscal 2009—we placed an emphasis on compliance education for employees. Specifically, major education programs, including compliance training for new employees, training for newly appointed managers and a research curriculum for the development of prospective management personnel, are run systematically as programs of the Toyo Ink Vocational College. Programs tailored to different levels enabled employees to gain a better understanding about compliance by making comparisons with their day-to-day operations.

Development of Compliance Leaders

Compliance leaders are appointed at each of our locations and we had 130 compliance leaders across Japan in fiscal 2009. They play a significant role in building compliance awareness in the workplace. In fiscal 2009, we ran an e-mail-based information provision initiative aimed at developing compliance leaders. Offering information about our stance on compliance, the roles of compliance leaders, case studies of violations at other companies and key legal amendments helped raise awareness to the level of leaders.

Compliance Improvement Month

The Toyo Ink Group defines each November as an opportunity to establish a stronger awareness of compliance. At the initiative of compliance leaders at different locations, meetings are held at each location. In fiscal 2009, the meetings had discussions using examples of compliance violations at other companies as well as a collection of questions received from different locations and answers. The meetings also checked progress with activities to address priority compliance issues identified at individual locations.

Compliance Auditing

At the Toyo Ink Group, matters selected by the Compliance Committee, which operates separately from the internal auditing department, are independently auditing each year. In fiscal 2009, a questionnaire was conducted to investigate the conformity of items subject to outsourced waste treatment and to check subcontract transactions. In the survey, respondents provided a self-assessment.
Reinforcing our Risk Management System

The Toyo Ink Group reviews its CSR system to constantly improve its risk management activities. It also works actively to develop an operational structure that can establish a risk management system for the entire Group.

Risk Management Promotion System

Risk management activities in the Toyo Ink Group were traditionally the responsibility of the Risk Management Subcommittee. With the adoption of the CSR system in fiscal 2009, this subcommittee became the Risk Management Committee, which in turn was placed under the CSR Generalization Committee. From fiscal 2009 onwards, with the Risk Management Committee working to promote action, risk management units are set up as permanent bodies addressing specific priority issues. Subcommittees may also be created to deal with emergency issues. This operational framework is designed to help establish a comprehensive risk management system covering the entire Toyo Ink Group.

Activities of the Risk Management Committee

In fiscal 2009, the Risk Management Committee held a total of five meetings to examine the activities of individual risk management units, to receive reports on the progress of risk response in separate departments, and to verify the risk response status in the Group. In fiscal 2010, a slogan of strengthening risk management was declared in the management policy. We have confirmed the progress of risk response actions taken in accordance with departmental policies, next year’s business risks facing individual departments, and actions to be taken to address them on the basis of identified companywide risks and discovered trends. These risks are incorporated into departmental priority issues. We ensured that the Risk Management Committee would check the progress of actions to deal with them and that each department would carry out their risk management programs in the most effective way.

We have also revised our Group-wide emergency communication network to secure emergency communication channels.

Overseas Risk Management Activities

The Overseas Risk Management Committee acts as a driving force for overseas risk management activities. It spurs our overseas affiliates to carry out the necessary activities.

1 H1N1 Influenza Control

In fiscal 2009, we distributed masks and took other steps to heighten awareness of risk management in the Group and to entrench the business continuity plan (BCP). In accordance with the H1N1 influenza response manual, we announced and implemented in the Group a business operation and communication structure in the event of an outbreak, measures to prevent the spread of infection, the stockpiling of drugs, and other specific response actions.

2 Development of Centralized Control System for Overseas Business Travel

We have developed a system for centralized control of overseas business travel in accordance with the overseas travel regulations, to enable rapid confirmation of the safety of business travelers in the event of any terrorist attack outside Japan.

3 Response to Tightened Export Control Regulations

We have built check systems in individual divisions for safe export and chemicals control. In addition, as we expand our operations on a global scale, we are pressing ahead with risk responses in collaboration with our Group’s overseas locations, in anticipation of many different risks, including the risk of fire at manufacturing facilities.

Measures Relating to Credit Management

The Risk Management Committee introduces comprehensive measures relating to credit management. In fiscal 2009, in an effort to strengthen measures in response to Group-wide credit risks, the committee gathered and compiled credit information from sales departments and combined them with data from external institutions, to enable appropriate action according to our self-imposed warning levels and to ensure the attention of our staff members.

We are also continuing to practice credit management via our customer systems. We take effective measures that help minimize our credit risks through initiatives such as compiling credit management cards in sales departments in the interests of more rigorous supplier management and organizing credit management training sessions.

Earthquake Preparedness

Expected to deal with any earthquake measuring six or seven on the Japan Meteorological Agency (JMA) seismic intensity scale, the Shinrokunana Committee is responsible for earthquake preparations. In fiscal 2009, we worked towards a goal of establishing an intra-Group management system in accordance with our response manual in the event of an earthquake directly below the Tokyo area. The manual was created by the Tokyo Earthquake Headquarters, set up under the Shinrokunana Committee. Specifically, we conducted an emergency communication drill using satellite phones installed at major locations as well as cell phones loaned to departmental and facility managers for use in a disaster. A joint safety registration drill also took place in collaboration among the Headquarters, the Jujo Center, and the Kawaguchi Center in the Tokyo area, with the Fuji Factory and Chubu Branch Office in the Tokai and Chubu region, to ensure safety confirmation in the event of a major earthquake. After the drill, we reviewed the deficiencies identified and used the findings to revise the manual and strengthen the system.
Information Security Measures

The Toyo Ink Group has adopted companywide regulations on information security to conduct organized information security improvement activities. It also gives periodical education to its employees to ensure the protection, management and proper use of information and information assets.

Information Security Improvement System

Information security improvement activities are conducted by the Information Security Office, set up as part of the Risk Management Committee, which in turn is subordinate to the companywide CSR Generalization Committee. Each Group company or division has an information security supervisor, appointed by the company or division head. To minimize information risks, information security supervisors develop an integrated Group system for preventing information leaks and for emergency responses.

Personal Information Protection System

In tandem with the introduction of the Act on the Protection of Personal Information in 2005, we established a Policy on the Protection of Personal Information. At the same time, we drew up internal rules and guidelines to offer continuous internal education for maintaining a robust protection system. At each division, a personal information supervisor is appointed to perform appropriate management using personal information logs and based on the details and form of information.

Information Asset Protection System

In addition to disaster response measures to deal with earthquakes, fire, and lightning strikes, the Systems Operation Center is equipped with an emergency power generation system so that principal servers and devices can remain in operation at the time of power failure. As we also have a backup center, we are able to continue our business and important operations in an emergency. In addition, networks of our Group affiliates are under central control to protect such systems from unauthorized access and computer viruses from outside the Company. A monitoring system is also in place.

Information Security Improvement Activities

Control of Access to Information Assets with Personal Authentication

As a physical security measure, our staff members have been obliged to carry gate entry cards since fiscal 2005. In fiscal 2009, a personal authentication system using the gate entry cards was introduced to our intranet portal. That has facilitated the management of security when transferring information via the intranet to different recipients.

Fact-Finding Survey on Information Security

In fiscal 2009, a questionnaire on information security was sent to all systems users. We will learn from the replies how many staff members know about and comply with the rules and will adjust our activities accordingly.

Information Security Awareness Activities

1 Distribution of Pamphlets for Information Security Education

In fiscal 2007, we published a pamphlet entitled Guide to Information Security. Since then, we have been distributing it to employees throughout Japan, including temporary employees and employees assigned to subcontractors’ premises. Our internal audits regularly check if all our employees carry their own pamphlets and understand its content.

2 Information Security Presentations

The Toyo Ink Group has adopted a set of Information Security Awareness Regulations and delivers presentations for information security supervisors from our Group’s affiliates and divisions. After participating in the presentations, information security supervisors hold awareness meetings in their own departments to ensure that the regulations are known and respect by staff. They also assist in enhancing security within the department. We also provide group education for new recruits in April.

3 Raising Awareness of Temporary Employees and Contract Staff

For temporary employees and contract staff working at the Toyo Ink Group’s establishments, we present material containing excerpts from our Information Security Guidelines and issue them system-access IDs after obtaining their signature of acknowledgement. As we do for our regular employees, we distribute educational pamphlets and provide training.

4 Distribution of Information Security Bulletins

We distribute Information Security Bulletins on a quarterly basis to information security supervisors to share information about new security threats and anti-virus initiatives.

Revision to Rules and Regulations

To keep pace with technical trends and with changing laws and regulations, we revise our internal rules on information security as needed, and seek to ensure continued management and operation in a practical manner.
**CSR Procurement and Global Procurement**

To supply excellent products to customers, we practice CSR procurement and global procurement, while building trust with business partners and suppliers. In the future, we will aim to obtain support for our Procurement Principles from overseas suppliers.

### Establishing the Procurement Principles and the Standard for Selecting Suppliers

The Toyo Ink Group aspires to contribute to society by offering excellent products to customers and to build win-win relationships with suppliers through transactions that produce shared prosperity. For fair and equitable purchasing transactions, we support CSR procurement, which conforms to the Procurement Principles and the Standard for Selecting Suppliers.

### Launch of the Procurement Headquarters

In fiscal 2009, we created a Procurement Headquarters consisting of the Procurement Planning Department, the Purchasing Department, and the Chemical Management Department and put it into operation under the slogan of CSR procurement, green procurement, local procurement, and global procurement. The Procurement Planning Department is responsible for establishing and operating systems to enable the whole Toyo Ink Group to procure tangible and intangible items in the right quantities at the right price and at the right time. In fiscal 2010 in particular, the new Enhanced Procurement Committee will assess our Group's total procurement of subsidiary materials, consumable items, and other indirect materials, including various non-material services and propose a new scheme of procurement. The Purchasing Department is responsible for securing low prices and finding reliable suppliers for multi-sourcing. In collaboration with the Procurement Planning Department, it implements global procurement activities. The Chemical Management Department is in charge of improving the Group-wide system for global management of chemical substances in the Toyo Ink Group and complying with Japanese and overseas chemicals control laws and regulations. For this purpose, we launched the Global Chemicals Management Project in fiscal 2010.

### Global Procurement of Raw Materials

Toyo Ink imports 25% of the raw materials it consumes. Sixty percent of the imported materials are procured from trading firms and the remaining 40% directly from Group firms. We ask trading companies to comply with our wishes to the maximum possible degree in terms of payment methods and handling of complaints. For Group firms, we prepare objective reports on the occurrence of problems and we act on behalf of a factory in negotiations. Finally, we work to achieve a settlement that satisfies both parties in pursuit of total optimization in the Toyo Ink Group.

In global procurement, there are four key factors: the potential for stable and smooth supply, price competitiveness; reliability in terms of quality, and the safety and hygiene of raw materials. All apply universally in any country, but the order of priority and the balance among them vary depending on the region or the market. We must always think about the balance among the four elements and implement optimal procurement.

### Conclusion of Purchase Agreements and Statements

Since fiscal 2008, Toyo Ink has been requesting 60 manufacturers and 60 trading companies to enter into purchase agreements and statements for the purpose of ensuring proper environmental management and quality assurance of the materials produced. In fiscal 2009, we concluded new agreements with 33 companies. Agreements and statements at that point had been signed by a cumulative total of 50 companies, of which 27 are manufacturers and 23 trading companies. The proportion of signing companies is still low and we think that it will take time to obtain consent and support for CSR procurement. In adopting CSR procurement, it is important not only to raise quality awareness among suppliers but also to improve knowledge about environmentally hazardous substances and to lower environmental impacts. We call overseas suppliers for operations that surpass the environmental standards in their countries if necessary. When selecting Japanese and overseas suppliers, we strive to assess prospective suppliers in consideration of employment and working conditions in addition to compliance, safety, and financial responsibility.
Creating an Environment Conducive to Productive Work

With people-oriented management part of its corporate philosophy, the Toyo Ink Group seeks to create working environments in which every employee can work with vigor, achieving their personal goals as they contribute to the Group.

Basic Concept on Human Resources

The Toyo Ink Group respects the diversity of its staff members and endeavors to create working environments that enable them to experience self-fulfillment in their roles.

Number of Employees

<table>
<thead>
<tr>
<th></th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of March 2009</td>
<td>2,123</td>
<td>149</td>
</tr>
<tr>
<td>End of March 2010</td>
<td>2,091</td>
<td>150</td>
</tr>
</tbody>
</table>

Reasons for Leaving in fiscal 2009

<table>
<thead>
<tr>
<th></th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Circumstances</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Death</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Personal Circumstances</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Mandatory Retirement Age 1</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>End of Period of Leave</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
<td>End of Contract Period</td>
<td>—</td>
<td>9</td>
</tr>
<tr>
<td>Employment Transfer</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>36</td>
</tr>
<tr>
<td>Average ratio of paid holidays taken 2</td>
<td>1.1%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

Use of Programs Related to Childcare Support in Fiscal 2009

<table>
<thead>
<tr>
<th>Program</th>
<th>Number or Proportion of Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity Leave</td>
<td>15</td>
</tr>
<tr>
<td>Childcare Leave</td>
<td>19</td>
</tr>
<tr>
<td>Shorter Working Hours for Childcare</td>
<td>11</td>
</tr>
<tr>
<td>Return to Work from Childcare Leave</td>
<td>100%</td>
</tr>
</tbody>
</table>

Action Plan for the second period (fiscal 2010-2014) associated with the Act on Advancement of Measures to Support Raising Next-Generation Children

Purpose 1 Creating workplaces where employees can use systems to make it easier for them to balance career and childcare in multiple aspects
- Provide information through the intranet and in-house newsletters.
- Provide information on examples of employees who struck a balance between career and childcare.
- Create a network with employees who have raised children.
- Provide information on the systems in rank-specific training programs.

Purpose 2 Continuing to support flexible initiatives to help employees balance career and childcare, initiatives that will exceed those set out in the Childcare and Familycare Leave Act.
- Review systems as needed in response to changes in the needs of the Company and employees and in social conditions.
- Provide useful information to support managers and workplaces.

Purpose 3 Improving work conditions and reviewing approaches to working
- Review systems to enable flexible work approaches.
- Provide information on the promotion of work-life balance through the intranet and in-house newsletters.
- Encourage a change in attitudes to achieve an approach to work that does not presuppose overtime.

Childcare Support

At the Toyo Ink Group, 100% of the employees who took childcare leave returned to work in fiscal 2009. We have a selective welfare program that allows employees to choose from the options according to their needs. This has established a workplace culture that supports employees who manage both work and childcare. In July 2010, we obtained a Kurumin accreditation mark for our Action Plan for the first period devised in association with the Act on Advancement of Measures to Support Raising Next-Generation Children. In fiscal 2010, we will be creating a new Action Plan for the second period with an aim of creating an environment that facilitates the balance between work and private life.

Disability Employment

At the Toyo Ink Group, employees with disabilities comprised 1.94% of its total workforce as of June 2010. This percentage was higher than the statutory minimum. As a result of our constant efforts to encourage disabled employees to stay with us and to improve working environments, we were honored by the Association of Employment Development for Citizens, Tokyo as an excellent establishment in disability employment in September 2009.

Percentage of Employees with Disabilities

<table>
<thead>
<tr>
<th>(%)</th>
<th>2.5</th>
<th>2.0</th>
<th>1.85</th>
<th>1.89</th>
<th>2.14</th>
<th>1.93</th>
<th>1.94</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>2006</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td></td>
</tr>
</tbody>
</table>

(As of June)
Reemployment System

In 2001, the Toyo Ink Group introduced a system of extended employment of staff members who had reached mandatory retirement age. The reemployment period for those reaching mandatory retirement age in 2009 lasts up until the age of 65, after which they are eligible to receive the employee pension in full. To step up our efforts to pass on skills to younger workers, we reemployed 40 out of the 75 employees who reached mandatory retirement age in fiscal 2009.

Respect for Fundamental Human Rights

The Toyo Ink Group Business Conduct Guidelines expressly provides for respect for fundamental human rights as a prerequisite to mutual tolerance and understanding. Compliance meetings to raise awareness are held at different locations, with the aim of eradicating discrimination on the basis of race, faith, sex, nationality, disabilities, age, and other unreasonable grounds.

Concept behind Human Resource Development

What we regard as important in fulfilling our social responsibility through our business is that employees derive job satisfaction from their work. To ensure respect for personal values and high-quality work, we base our human resources development on two pillars: the Toyo Ink Career Advancement Program (T-CAP) and the Toyo Ink Vocational College.

The Toyo Ink Career Advancement Program (T-CAP)

To facilitate career development, we run the Toyo Ink Career Advancement Program (T-CAP) as a career-oriented development transfer scheme consisting of development transfers, transfers based on self-assessments and internal open competition for positions. The development transfers are designed for personal career building through transfers within an organization. These personnel transfers account for 71% of all transfers. In fiscal 2009, two employees were transferred under the scheme for internal open competition for positions. We also conduct a self-assessment survey on an annual basis in an effort to determine the levels of employees’ career ambitions and to carry out their transfers based on the findings.

Percentage of Development Transfers among All Transfers

<table>
<thead>
<tr>
<th>Type of Transfer</th>
<th>Fiscal 2007</th>
<th>Fiscal 2008</th>
<th>Fiscal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Effective Transfers</td>
<td>554</td>
<td>754</td>
<td>589</td>
</tr>
<tr>
<td>Development Transfers</td>
<td>356</td>
<td>422</td>
<td>418</td>
</tr>
<tr>
<td>Transfers Based on Self-Assessments</td>
<td>71</td>
<td>88</td>
<td>87</td>
</tr>
<tr>
<td>Percentage of Development Transfers</td>
<td>64.3%</td>
<td>56.0%</td>
<td>71.0%</td>
</tr>
</tbody>
</table>

Response to Globalization (Toyo Ink Vocational College)

To help achieve growth and meet the targets set out in the SCC2017, we launched the TIG Global Bank in 2010. Its objective is the systematic and continuous development of overseas representatives. With organized personnel assignments and training at Toyo Ink Vocational College, we seek to enrich our pre-transfer education and maintain our training for overseas staff, mainly targeting younger workers.

For prospective executive personnel of our overseas affiliates, we have been organizing a three-day program at headquarters since fiscal 2009. The training helps strengthen links with us as members of the Toyo Ink family.

At the heart of our global human resources education, the Toyo Ink Vocational College will step up its actions to develop more global human resources in Japan, construct a mechanism for sharing our corporate philosophy and vision with overseas local staff, and provide education in a bid to achieve the SCC2017.

Internal Open Competitions for Positions

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal 2007</th>
<th>Fiscal 2008</th>
<th>Fiscal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases of Competition</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Cases with Successful Candidates</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Successful Candidates</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Understanding Different Cultures for Better Communication

In the training, trainees systematically learned how to operate as a good partner through insight into the causes of misunderstanding and stress that are likely to occur in communication in human relations and in various cultural and business situations. After assignment to Malaysia, I put what I learned into practice. I feel that I am communicating better with local staff than I had anticipated. I think that understanding differences in cultural traits and the backgrounds behind them is vital to smooth communication.

Reemployment System

Respect for Fundamental Human Rights

Concept behind Human Resource Development

The Toyo Ink Career Advancement Program (T-CAP)

Response to Globalization (Toyo Ink Vocational College)

Internal Open Competitions for Positions

Percentage of Development Transfers among All Transfers

Understanding Different Cultures for Better Communication
Enhancing Employees’ Health and Safety

The Toyo Ink Group is committed to its employees’ health through activities for health improvement and disease prevention, mental health, and the creation of an environment where employees can work in good health. Our safety and disaster prevention activities in fiscal 2009 included domestic and overseas safety measures and studies on safety, health, and disaster prevention.

For Health and Safety of Employees

To help employees look after their physical and mental health, the Toyo Ink Group has since fiscal 2009 been running a five-year plan in line with the Toyo Ink Group Basic Health Management Policy. The plan covers areas such as health improvement, disease prevention, mental health, and the development of an environment for working in good health. In fiscal 2009, we focused on setting up a health improvement support framework, in which we determined actions and targets in order to advance the plan.

Establishment of the Health Improvement Support Framework

Improved health consciousness among employees and health improvement activities bolstered at separate establishments are fundamental to improving employee health. We have therefore created a structure that enables individual establishments to take the health-related steps suited to their needs and scales, at the initiative of their health and safety committees. We have also set up a system for sharing information about health beyond sectional boundaries with the use of the Group’s network to boost workplace activities.

Setting of Actions and Targets

We have set health-related actions and targets to be achieved by fiscal 2013, which is the final fiscal year of the five-year plan. To meet the targets, the company and establishments play central roles in continuously providing training that covers the enhancement of communication skills and mental health measures. We encourage more employees to exercise, pay attention to their diet, and make other health-oriented efforts in everyday life.

<table>
<thead>
<tr>
<th>Health-Related Actions</th>
<th>Numerical Targets for Fiscal 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the number of employees who exercise.</td>
<td>Increase the ratio of those who exercise from 24.6% to at least 30%.</td>
</tr>
<tr>
<td>Increase those weighing in the appropriate range, i.e., a body mass index (BMI) value of between 18.5 and 25.</td>
<td>Reduce the ratio of those with a BMI value of 25 or higher from 22.6% to 20% or less</td>
</tr>
<tr>
<td>Continue actions to raise awareness about mental health measures and communication skills enhancement for all employees.</td>
<td>—</td>
</tr>
<tr>
<td>Increase those receiving education or training on mental health measures and communication skills enhancement.</td>
<td>Increase the ratio of those receiving education or training from around 26% to at least 50%</td>
</tr>
</tbody>
</table>

Mental Health & Enhancement of Communication Skills

From fiscal 2008 to fiscal 2009, we provided basic training, or line care training, on mental health and communication for managers. Including hands-on practice on listening closely to others, 568 people participated in the training. In fiscal 2009, we embarked on an occupational stress survey for all employees. Their responses to our questionnaire are processed into personal stress profiles that help them identify their own stress and perform self-care. The stress profiles also give information on contact addresses for counseling services.

Safety and Disaster Prevention Activities

The Toyo Ink Group uses a wide variety of chemical substances in many establishments in Japan and abroad. Any chemical leakage, fire, explosion or other accident at production facilities could have adverse repercussions for the health or safety of employees working there. The Toyo Ink Group takes a range of initiatives to ensure safety and prevent disasters.

Training before Overseas Assignment

Overseas representatives assigned to overseas affiliates engage in safety measures for production facilities and in safety, health, and disaster control. They have very significant roles to play as key personnel at their locations. Prior to their assignment, our Group provides them with education on capital investment in consideration of safety measures and on safety and disaster prevention, to help them improve their skills level.

1 Capital Investment

In some cases, safety design may be inadequate. For the purpose of fully checking safety at the design stage to prevent accidents, a self-check sheet on the purposes of investment and safety has been created. Each overseas affiliate performs a self-check on backgrounds of the purpose of investment, on the investment effect, and on accident prevention devices incorporated into its equipment and systems. We announced that TOYO INK MFG.’s equipment consultation section should be contacted if any uncertainty or question arises while a decision of approval for an investment project is awaited, so that TOYO INK MFG.’s relevant departments will make deliberations and provide support.

2 Safety and Disaster Prevention

We provide information on safety and disaster prevention initiatives in Japan and overseas to help improve the skills of assigned personnel and to support safety and disaster prevention at separate locations. We offered education on facts about accidents in the Toyo Ink Group, specific examples of accidents, companywide efforts on serious accidents, risk mitigation through risk assessment approaches, work rules, and measures against static electricity as one of the causes of ignition that leads to fires and explosions.
Disaster Prevention Management for Underground Tanks

The Ministry of Internal Affairs and Communications suggests in its accident statistics that the number of fire and leakage accidents at facilities handling hazardous materials is on the increase, climbing from 287 in 1994 to 560 in 2008. These accidents include 65 cases of leakages from underground tanks in 2008. The Hazardous Materials Safety Techniques Association conducted an analysis of underground tank leaks to find that 85.1% of such accidents were due to deterioration in the underground portions of the tanks. It also reveals that underground tanks start to become more accident prone after about 15 years of use. The number of accidents is peaks among tanks that have been 25 to 30 years underground.

In fiscal 2009, we studied the materials used in our underground tank units buried at different locations, when and how they were buried, whether they had buried piping, what the piping was made of, and whether or not daily inspections and functional checks are conducted. On the basis of the findings, we revised our guidelines on the installation, maintenance, and management of underground tanks and incidental buried piping for the first time in seven years.

In 2005, it became compulsory for underground tanks to have a double structure or be placed in tank chambers. Many of our Group’s underground tanks were installed prior to this regulatory change. It is important to perform maintenance and management activities and conduct daily checks to ensure safety and disaster prevention. In the future, we will communicate the revised guidelines and implement appropriate management in collaboration with relevant locations.

A Survey on Health, Safety, and Disaster Prevention at Overseas Production Facilities

The Toyo Ink Group has 25 overseas production facilities where our representatives are stationed. It is vital to understand the production activities and to conduct monitoring and support to bring their operations closer in quality terms to those of TOYO INK MFG. In fiscal 2009, we adopted a slogan of optimizing the manufacturing system from a global perspective in our functional plan and incorporated into it safety management activities in Japan and overseas, support for system enhancement, management of accidents and auditing.

As a tangible initiative, we conducted a survey on health, safety, and disaster prevention activities at our overseas production facilities with stationed representatives. Although discovering some deficiencies at facilities that had yet to be certified with ISO 14001 and at other facilities that were about to come into operation, the survey confirmed a higher rate of compliance with local regulations than expected. The findings were organized into a survey slip and distributed to locations so that they would be useful to improving management on an ongoing basis. In our future onsite audits, we will check improvements and provide appropriate assistance on the basis of this survey sheet.

Efforts to Prevent Accidents in Workplaces

On February 27, 2008, an employee of Toyo Ink Engineering Co., Ltd. (TIEC) died at its Moriyama Plant when a new piece of equipment toppled over while it was being transported into the premises. Taking this event seriously, the Toyo Ink Group has reviewed and redeveloped its safety management system and its safety regulations with a focus on four elements of manufacturing: namely, human resources, machinery, methods, and management. The relevant departments of TOYO INK MFG. took part in the review and redevelopment. In addition, we have instituted a rule to examine whether proposed capital investments incorporate any measure for preventing a recurrence of past accidents arising from similar equipment when the proposal is submitted for approval.

Historical information on accidents has been stored in a database to enable keyword searches and reference prior to the submission of any proposal. The database is used in safety education in the company and in training on safety measures for personnel about to be assigned to overseas locations. TIEC has defined every February 27 as Safety Day. Pledging to ensure that the tragedy will never be forgotten or repeated, the TIEC headquarters carries out inspection tours. Safety patrols and other activities are practiced at other establishments as well.
Coexisting with Local Communities

The Toyo Ink Group believes that successfully coexisting with local communities is one of its main social satisfaction (SS) activities. Our local community activities aim to address immediate issues in Japan and overseas.

Relations with Local Communities

The Toyo Ink Group engages in local community initiatives through its business and non-business activities, always considering the impact of its operations. Specific activities are carried out at individual units based on a model that has four pillars of local economic activities: local environmental activities, local collaboration activities, and local contribution activities. In conducting these activities, we seek to develop closer ties with our local communities.

☐ Saitama Factory: Joint Operation of Large Chartered Buses Powered by Compressed Natural Gas (CNG)

The Saitama Factory takes part in the Bus Operation Committee of the Fujimi Kogyo Danchi Kogyo-Kai (the Association of Businesses in the Fujimi Industrial Park). The association has 52 member companies with an approximate total of 15,000 employees. In collaboration with other companies in the industrial park, it jointly operates buses for employees. At present, three buses powered by compressed natural gas (CNG) are operating. This initiative has reduced the 50 buses for employees individually operated by the companies to the three CNG-powered buses. Helping to reduce both the burden on the environment and traffic congestion around railway stations, this initiative was honored with the 11th Saitama Environment Award in fiscal 2009.

☐ Kawagoe Factory: Risk Communication Activities

The Kawagoe Factory has been organizing risk communication sessions every year since the model project on risk communication run by the Ministry of the Environment in 2003. In fiscal 2009, it held a risk communication session with the participation of representatives from six surrounding community associations, businesses located in surrounding areas, and the Environmental Protection Section of the Kawagoe City Government. This event included a briefing on environmental activities conducted by the Company as a whole and the Kawagoe Factory, a factory tour, exchange of opinions, and a presentation of the results of the soil contamination survey on the factory premises and responses taken. The participants from the municipal government commented that trust with local communities was being built after a series of similar efforts. In the future, risk communication activities like those conducted by the Kawagoe Factory will be expanded to other establishments.

☐ Kawagoe Factory: Acceptance of Visitors to the Factory

The Saitama Prefectural Niiza High School organizes a workplace visit (or factory visit) designed for its first-year pupils as part of their career education. To support this initiative, the Kawagoe Factory agreed to a visit in January 2010. On the day, 40 pupils and two teachers came to the Kawagoe Factory. They listened to explanations about the Factory and its environmental initiatives and inspected the premises. Participating pupils said that they learned that the Factory’s response to environmental issues was very advanced.

☐ Fuji Factory: Cooperation in the Flower Ecology Project Himawari

In response to a call from the Fuji Chamber of Commerce and Industry, the Fuji Factory took part in the sunflower seeding operation at the Flower Ecology Project Himawari. This activity is aimed at helping to reduce CO₂ by growing Russian sunflowers, which excel in CO₂ absorption, on the factory premises. The sunflowers reached full bloom in late August 2009. Harvested seeds were then offered to the Fuji Chamber of Commerce and Industry. In November, the Fuji Factory received toilet rolls made from sunflower stalks from the Fuji Chamber of Commerce and Industry.
Social Initiatives

TOYO INK COATING (THAILAND) CO., LTD: A Wide Range of CSR Activities

TOYO INK COATING (THAILAND) CO., LTD (“TCT”) is committed to environmental and safety activities and to contributing to local communities. In Thai society, the rising dependence on drugs is a major issue and the entire nation is working to eradicate it. TCT was honored with a White Factory award for its campaign advertising the danger of drugs and for its drug-free culture.

In addition, TCT’s contribution to local communities includes donation of stationery and an encyclopedia to school, planting of trees with school children on World Environment Day and offerings to Buddhist priests and temples.

TOYOCHEM SPECIALTY CHEMICAL SDN. BHD.: Participation in the Children’s Forest Project

Based in Malaysia, TOYOCHEM SPECIALTY CHEMICAL SDN. BHD. (“TSC”) has participated in the Children’s Forest Project run by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) as part of its CSR activities since 2008. The project encourages local elementary school children to plant seedlings near their schools to stop forest destruction. It serves the purpose of developing a respectful affection for nature and contributing to their environmental education. The TSC Group donates a maximum of 1% of its consolidated final earnings to OISCA Malaysia’s fund for advancing the project.

Chubu Branch Office: Talks at the Nagoya Municipal Senior College Kojo Gakuen

The Nagoya Municipal Senior College Kojo Gakuen was founded for the purpose of enriching life after retirement and encouraging those who play a core role in local activities. It is attracts many people aged 60 and older who are healthy and eager to learn.

In answer to a request from the College in 2005, the Chubu Branch Office has since been giving talks as part of its communication with the public, contributing to society and fulfilling its ISO14001 obligations. In fiscal 2009, it delivered a talk on “Corporate Actions towards Biological Diversity.” Lasting about 90 minutes, the talks covered the biological diversity initiatives of the national government, industry associations, and individual businesses, as well as the activities of the Toyo Ink Group.

Nagoya has seen great interest in biological diversity, as the city is the host of the tenth meeting of the Conference of the Parties (COP10) to the Convention on Biological Diversity in 2010. The participants listened to the lecture with great enthusiasm.

TOYO INK HOKKAIDO CO., LTD.: Seminar for the Gravure Printing Industry

In April 2010, a seminar for businesses in the gravure printing industry was held under the auspices of TOYO INK HOKKAIDO CO., LTD. The seminar included two talks. One was on the subject of life cycle assessment (LCA) and actions to reduce the carbon footprint while the other was on practical ways to reduce volatile organic compounds (VOCs) by combining plate-making with inks and by the use of equipment. Covering key environmental issues such as carbon footprint and VOC reduction, the seminar attracted more participants than initially expected, with 118 people attending from 29 companies.

We believe that the seminar effectively communicated the Toyo Ink Group’s products and attitudes to the participants. We successfully impressed on the audience in Hokkaido that the Toyo Ink Group would respond to new demand and set new trends by, for instance, commercializing rice inks based on the concept of local production for local consumption at a time of substantial interest in food safety and food self-sufficiency.

Life cycle assessment (LCA): An approach in which the impacts of goods and services on the environment are assessed in all processes, encompassing the collection of raw materials, disposal, and recycling.
Social Contribution Activities

The Toyo Ink Group is committed to contributing to society based on its core business of helping improve local culture with social value. The Group is undertaking activities and support to contribute to society as a good corporate citizen seeking strong ties with local communities.

Our Concept of Social Contribution Activities

Contributing to society through business and active participation in social activities based on an awareness of the role of a good corporate citizen and member of society constitute the main pillar of the philosophy underlying the Toyo Ink Group’s social contribution activities. To put this basic philosophy into practice, we provide each of our employees with a copy of our Business Conduct Guidelines to provide direction for their behavior.

Basic Philosophy of Social Contribution Activities

1. The Toyo Ink Group, aware that it is part of the local community, will actively participate in and cooperate with local community initiatives and strive to develop together with the community.
2. The Toyo Ink Group will engage in social activities that make good use of expertise developed through its business activities, in order to address social needs.
3. The Toyo Ink Group will actively encourage and support volunteer activities by its employees, in order to cultivate a corporate culture imbued with respect for activities that contribute to society.

☐ TOYO INK MFG.: Officer of the French Legion of Honor Awarded

In May 2010, Kunio Sakuma, president and CEO of TOYO INK MFG. CO., LTD., was awarded the insignia of Officer (Officier) of the French Legion of Honor at the French Embassy in Japan, in recognition of his years of service in manufacturing versatile pigments for printing inks, and in the development and production of high functional pigments at factories in the French regions of Picardy and Normandy. Following the reception of a Japan-France Investment Prize, which is awarded to businesses making direct investments in France to contribute to the economic development of both Japan and France, this event suggests that the business activities of TOYO INK MFG. in France was once again appreciated.

☐ TOYO INK MFG.: Officer of the French Legion of Honor Awarded

In July 2009, the Saitama Factory offering training to environmental officers from China, Southeast Asia, the Middle East, and other regions, to help deepen their understanding of the environmental initiatives of Japanese companies, as assistance for a technical cooperation project run by the Japan International Cooperation Agency (JICA)*1. This third round of training that we provided covered an introduction to the Saitama Factory and an inspection tour of the offset ink production line, the TPM*2 safety room, and the wastewater treatment equipment. Some trainees commented that the training was helpful in providing knowledge about electrostatic ignition and explosions, and about catching into a rotating object given that it was normally impossible to have any experience on them. We will continue to offer cooperation in the training like this.

*1 Japan International Cooperation Agency (JICA): One of Japan’s official development assistance (ODA) execution bodies, which provides assistance in human resource development and organizational improvement for developing countries
*2 Total Productive Maintenance (TPM): A method used by manufacturing companies to create a system or mechanism for continuous human resource development and constant improvement of operations and facility to generate sustainable profits

☐ TIANJIN TOYO INK CO., LTD.: Named among China’s Top 100 Factories in Environmental Protection

Since its establishment, TIANJIN TOYO INK CO., LTD. has operated its business with an environmental focus, leading the industry in acquisition of the ISO 14001 certification, the Sony Green Partner certification, and the Chinese certification of environmentally friendly ink company. For these achievements, it was named among China’s top 100 factories in environmental protection and acts as a model company for tours organized by the Environment Bureau. In the future, it will keep global environmental issues in mind and maintain its eco-friendly business operations to contribute to society.

☐ Social Contribution Activities with UDing

In line with the concept of color universal design (UD), under which difficulties arising from disparity in color vision type are removed at the design stage, the Toyo Ink Group has developed a color UD support tool called UDing. To boost awareness of color UD, which was still largely unknown to the public, we started distributing UDing free of charge in 2004. To date, we have given away approximately 10,000 units. As a new social contribution initiative with UDing, we invite applications for the dispatch of lecturers to the Color UD Courses for students wishing to be graphic and Web designers. In fiscal 2009, our lecturers spoke about the importance of Color UD and how to use our tool at three vocational schools.
Communication with Shareholders and Investors

The Toyo Ink Group conducts a range of investor relations (IR) activities, including briefings and one-to-one meetings for securities analysts and institutional investors, as well as information disclosure to individual investors and other stakeholders.

The Toyo Ink Group’s IR Activities

The Toyo Ink Group conducts IR activities that seek to offer insight into our Group’s business strategies, operations, and results, while ensuring fair stock pricing that reflects our corporate value. To this end, we disclose information on many different occasions and seek active communication with shareholders and investors.

☐ Earnings Briefings

The Toyo Ink Group holds two earnings briefings a year, one in May and the other in November. The briefing for fiscal 2009 attracted approximately 100 participants, including securities analysts, institutional investors, and journalists. At this session, we presented a report on the financial results and the financial outlook for the following fiscal year and gave explanations about our businesses to an attentive audience. We also described the progress of our ongoing SCC-I Medium-Term Business Plan and provided an overview of the SCC-I Revival Plan, drawn up to address the global recession that began in the fall of 2008. Our aim was to deepen participants’ understanding of our immediate management strategies and our long-term business strategies.

☐ One-to-One Meetings

Currently, we hold about 100 one-to-one meetings with securities analysts and institutional investors each year. In one-to-one meetings, the Public Relations Group of our General Affairs Department and our senior financial officer play a central role in providing detailed explanations about our financial results, management strategies, and recent business standing. In parallel with that, we listen to opinions from investors’ perspectives to improve communication in both directions.

☐ Information Disclosure on the Website

Our website published 34 news releases in fiscal 2009, 23 of which were related to business administration. Our securities reports, financial statements and other principal IR-related materials issued in at least the past five years are made available in PDF format. Among other documents, information disclosed to the Tokyo Stock Exchange and the materials used in earnings briefings are made immediately accessible to the public, to ensure fair disclosure. For overseas shareholders, who now constitute 10% of our shareholders, we distribute important IR materials and management-related news releases in English.

In November 2009, the IR Information and Electronic Public Notice section of our website was revamped. In the revamp, we considered the handling of electronic public notices following the amendment of the Companies Act and user friendliness to enable individual investors to easily retrieve the information they seek.

☐ Provision of IR Tools

Our Fact Book is one of our key IR tools. It is published each year in Japanese-English bilingual form. It is not only distributed in booklets but also electronically offered on the website. Using graphics and numbers, it offers a clear presentation of financial data for the past ten years, the business standing in the last fiscal year, and quarterly data. As material for shareholders, we issue a biannual report called For Shareholders. The report features simple explanations on fiscal information and some of our key events.

Our documents for shareholders, including reports, adopt our proprietary UDing color universal design technology, to make them more accessible for visually-impaired and color vision-impaired readers.

☐ Organization of General Shareholders Meetings & Preparations for Transition to a Holding Company Structure

On April 26, 2010, TOYO INK MFG. CO., LTD., the head of the Toyo Ink Group, announced that it would be splitting itself into three and adopting a holding company structure in April 2011. On May 17, the Company announced a plan to set up new companies through a corporate split. (Please see pages 8 to 9 for further details.)

The plan was presented to our 172nd Annual General Shareholders Meeting, which took place on June 29, 2010, as a resolution. After we explained the objectives and purposes of the move, the proposal was endorsed by a majority vote. Today, procedures and steps for the structural change are under-way.
Environmental and Safety Principle and Management System

The Toyo Ink Group has developed its Environmental and Safety Principle and the Environmental and Safety Action Policies as a basis of its environmental management. It will implement these policies at domestic and overseas locations to make environmental management part of the Group’s culture, transcending national boundaries.

Instituting the Environmental and Safety Principle and the Environmental and Safety Action Policies

The Toyo Ink Group has been taking steps to improve health and safety and to redress environmental impacts since the launch of the Environmental Improvement Center in 1973. Having established the companywide environmental and safety management regulations in 1990, we developed the Environmental and Safety Principle and the Environmental and Safety Action Policies to act as a basis of environmental management policy in accordance with the Take Off 2007 group philosophy system in June 1996 in an effort to set out a vision for the entire Group. As a global firm, we will continue to strive to realize this vision.

Toyo Ink Group Environmental and Safety Principle

Since its establishment, the Toyo Ink Group has strived to enrich people’s daily lives through the development of color. In carrying out its business activities, the Toyo Ink Group has always committed itself to ensuring safe and sound operations with its reliable products and services, protecting health and safety, preserving the global environment, conserving energy and natural resources, and maintaining harmony with local communities, as well as strictly complying with national and international regulations.

In the future, based on the international principle of sustainable development, the Toyo Ink Group will endeavor to continually improve its operations with respect for the Toyo Ink Group CSR Charter and the perspective of every stakeholder, and to make further efforts to fulfill its social responsibilities.

Environmental and Safety Action Policies

1. As a member of society, each employee of the Toyo Ink Group will contribute to society with a clear awareness of environmental issues.
2. The Toyo Ink Group will develop and provide products while taking into consideration their effect on people’s health and the environment.
3. The Toyo Ink Group will make strenuous efforts to ensure the safety and security of its operations and to reduce its environmental impact by conserving resources and energy in production activities.
4. The Toyo Ink Group will actively provide information about its products, the environment, and safety, and strive to fully communicate with all customers, local communities, and citizens seeking to improve their environment, safety, and health.
5. The Toyo Ink Group will strictly adhere to laws and regulations and cooperate with administrative policies while promoting harmonious, international efforts to address global environmental issues.

Established: June 1996
Revised: May 2005
Kunio Sakuma, President, CEO

Environmental and Safety Management System

The Toyo Ink Group has set up a CSR Committee. The Committee is chaired by the president and CEO, who is charged with executing CSR management. One specialized segment is the Environmental and Safety Committee, which is responsible for operating the Group’s environmental management system. To improve its risk response, this Committee has four subcommittees under its control: the Energy and Resource Conservation Subcommittee, the Safety Subcommittee, the Chemical Substances Subcommittee, and the Soil and Groundwater Contamination Countermeasures Subcommittee.

Organization of the Environmental and Safety Management System

President

CSR Generalization Committee
CSR Secretariat
Environmental and Safety Committee
Committee responsible for promoting Toyo Ink Group environmental and safety management systems
Environmental and Safety Committee working meetings
Environmental Conference
Production and Distribution HQ
Procurement HQ

CSR Committee meetings

Energy and Resource Conservation Sub committee
Safety Subcommittee
Chemical Substances Subcommittee
Soil and Groundwater Contamination Countermeasures Subcommittee

Environment Protection

Energy conservation
Zero emissions
Risk assessment
Occupational health and safety
Safety and accident prevention
Static electricity safety
Chemical management
REACh, GHS

Measures to prevent soil and groundwater contamination

Department responsible for formulating strategies relating to environmental safety, security, disaster prevention etc., coordinating with related departments and evaluating execution and performance

Department responsible for speeding up and commoditizing group procurement based on the selection of raw materials in accordance with local environmental legislation in each country, promoting the use of environmentally friendly and fossil fuel alternative raw materials
Environmental Initiatives

Overview of Environmental Impacts and MFCA Activities

The Toyo Ink Group monitors and measures boiler exhausts, effluent, and other waste generated from the product manufacturing process to minimize their environmental impacts. We also maintain, manage, and replace equipment and devices.

Environmental Impact Mass Balance

In fiscal 2009, TOYO INK MFG. CO., LTD. experienced a slight drop in production volumes from the preceding year, while its energy consumption and CO₂ emissions declined more sharply. While reducing its environmental pollutant release by a modest amount, the Company achieved a 5% cut in chemicals emissions and reduced the final disposal volume of waste to zero.

*1 The chemicals mentioned here refer to 487 substances, consisting of the Class I designated chemical substances listed under the PRTR Act and the substances designated by the Japan Chemical Industry Association.

*2 The figures represent the results produced by TOYO INK MFG. in fiscal 2009. Its four factories and two plants are responsible for nearly 80% of the total energy consumption of all manufacturing facilities in Japan.

*3 The plants here refer to the Seishin Plant as well as the Okayama Plant, which has been operating as the Okayama Plant of AICHI TOYO INK CO., LTD. since June 2009.

TOPOICS

MFCA Makes Negative Product Cost Identifiable

Material flow cost accounting, or MFCA for short, is a method of conducting comprehensive cost evaluations. Focusing on losses in the manufacturing process, it counts the cost of material, processing, and energy invested in the loss as a negative product cost. The Toyo Ink Vocational College offers a training program on MFCA as rank-specific education in its production engineering department. Managers of four sections in our Kawagoe, Saitama and Fuji factories work with personnel of the Production Technology Research Center to run a total of four training sessions for six months under the guidance of the Japan Management Association. The objectives of this training are to identify the losses in individual production lines through the MFCA approach, to develop human resources for cost and environmental improvement, and to produce potential solutions after identifying the focus of reduction. Going forward, we will continue to build on our approaches to total productive maintenance (TPM), estimating the effects of improvement initiatives, and other initiatives.
Environmental Objectives and Achievements

The Toyo Ink Group has revised its medium-term environmental objectives in line with the SCC2017. To achieve our objectives for fiscal 2017, we have set targets for fiscal 2009 and we are currently working towards them.

Environmental Objectives and Achievements in Fiscal 2009 and Environmental Objectives for Fiscal 2010

The Toyo Ink Group’s vision, as set out in the SCC2017, includes a commitment to manufacturing as one of its foundations. We aim to use safe and reassuring materials as well as energy- and material-saving techniques to produce high value-added products.

Our new medium-term environmental objectives urge the Japan-based factories, plants, and production-related affiliates of TOYO INK MFG. to meet a goal of reducing energy consumption by 20% compared to the fiscal 2000 level, and to lower chemical emissions 35%, industrial waste emissions 50%, and water consumption 20% from their fiscal 2007 levels. In fiscal 2009, we fell short of the goals, but specific energy consumption still declined a marked 6.0% from the level of fiscal 2007, while industrial waste emissions also fell 15.8%.

Our activities in fiscal 2009 also include efforts to lower our carbon footprint and to formulate product categories rules (PCR) for printing inks, continued bioresponse-based testing for assessing the environmental risks of wastewaters from four factories, and expansion of the scope of the assessment. Meanwhile, systems that require businesses to cut their CO₂ emissions by imposing definite targets are being created. The Tokyo Metropolitan on Environmental Preservation is an example. In response, the Toyo Ink Group launched a comprehensive CO₂ Reduction Project in fiscal 2010. The project aims to reduce CO₂ emissions, not only by encouraging and boosting our past activities to cut energy and material consumption but also through production innovation and integration.

*1 Material Flow Cost Accounting (MFCA): A method of cost calculation and analysis for an overall estimation of material, processing, and other costs associated with resource and other losses occurring in the manufacturing process

*2 Biotope: A river, forest, or other place with diverse plant and animal life, or a garden or swamp artificially created with the aim of forming eco-systems
Environmental Objectives for Fiscal 2009

Achievements in Fiscal 2009

Ratio

See page (L)

Environmental Objectives for Fiscal 2010

Achievements in Fiscal 2010

Ratio

See page (L)

Implement the NFA on a trial basis at four factories to identify the negative product costs at individual factories.

△ — —

 Increase the environmental efficiency index to 1.2 in fiscal 2009.

— —

 Reduce the environmental efficiency index to 0.7 in fiscal 2010.

— —

 Implement the NFA on the production of four factories to identify the environmental impact and to examine the effect of total productive maintenance (TPM) activities.

— — —

 Increase the NFA on the production of four factories to identify the environmental impact and to examine the effect of total productive maintenance (TPM) activities.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Reduce the environmental efficiency index to 0.7 in fiscal 2010.

— — —

 Implement the NFA on the production of four factories to identify the environmental impact and to examine the effect of total productive maintenance (TPM) activities.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Implement the NFA on the production of four factories to identify the environmental impact and to examine the effect of total productive maintenance (TPM) activities.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Increase the environmental efficiency index to 0.8 in fiscal 2010.

— — —

 Implement the NFA on the production of four factories to identify the environmental impact and to examine the effect of total productive maintenance (TPM) activities.

— — —
Environmental Accounting

Viewing activities to protect the environment as an important part of its social responsibility, the Toyo Ink Group quantitatively and exhaustively measures environmental costs and effects, to ensure that its efforts are efficient and to fulfill its accountability to stakeholders.

Environmental Accounting for Fiscal 2009

For fiscal 2009, the environmental costs incurred by major domestic production-related affiliates decreased 1,373 million yen from the level of fiscal 2008. Meanwhile, capital investment soared 73 million yen. The quantitative effects of environmental preservation is calculated by comparing all manufacturing quantity adjustments against those for fiscal 2008, using of production volume in the fiscal year in question as a ratio of the preceding fiscal year. The ratio for fiscal 2009 is 0.995. Among other indicators, those showing the effects relating to water resources, specifically the water resources input and the total discharge volume, suggested that negative effects were produced. While the total economic effects were very sluggish, falling to 90.9% of the level for the preceding fiscal year, the environmental business had a positive effect valued at 3,234 million yen.

\[
\begin{array}{|c|c|c|c|}
\hline
\text{Environmental costs (unit: ¥1 million)} & \text{Fiscal 2009} & \text{Fiscal 2008} \\
\hline
\text{Costs within business area} & 1,314 & 1,294 \\
\text{Breakdown} & 131 & 131 \\
\text{Pollution prevention} & 595 & 627 \\
\text{Global environmental protection} & 40 & 21 \\
\text{Resource recycling} & 53 & 7 \\
\text{Upstream and downstream costs} & 112 & 120 \\
\text{Environmental management} & 456 & 514 \\
\text{Research and development} & 269 & 361 \\
\text{Total} & 2,261 & 2,228 \\
\hline
\end{array}
\]

Direct quantitative effects of environmental preservation (within business area)

\[
\begin{array}{|c|c|c|c|}
\hline
\text{Description} & \text{Index indicating the effect of environmental protection} & \text{Fiscal 2009} & \text{Fiscal 2008} & \text{Index value} \\
\hline
\text{Effects related to resources used in operations} & & 38.7 & 39.6 & 0.7 \\
\text{Total energy used (crude-oil equivalent: ×1,000 kJ)} & & 294.3 & 290.7 & \triangle 5.0 \\
\text{Volume of water resources used (×10,000m³)} & & 55.7 & 59.4 & 3.4 \\
\text{Volume of PRTR-and JCA-designated chemicals handled (×1,000 tons)} & & 73.0 & 70.3 & \triangle 3.0 \\
\text{CO₂ emissions (×1,000 tons)} & & 90.2 & 95.4 & 4.8 \\
\text{Emissions of PRTR- and JCA-designated substances (tons)} & & 273.0 & 254.6 & \triangle 19.6 \\
\text{Volume of waste generated (×1,000 tons)} & & 13.4 & 13.4 & \triangle 0.1 \\
\text{Volume of waste sent to landfills (tons)} & & 0.0 & 10.3 & 10.3 \\
\text{SO₂ emissions (tons)} & & 1.3 & 1.6 & 0.3 \\
\text{NOx emissions (tons)} & & 48.5 & 49.1 & 0.4 \\
\text{Particulate emissions (tons)} & & 1.0 & 1.1 & 0.0 \\
\text{COD emissions (tons)} & & 80.3 & 80.4 & \triangle 0.3 \\
\hline
\end{array}
\]

Dealing with Asset Retirement Obligations

In fiscal 2010, the Accounting Standards for Asset Retirement Obligations came into effect. According to the Standards, the cost of disposal required by any law, regulation or contract at the time of dismantling, selling, discarding, or otherwise retiring any tangible fixed asset must be posted in advance as an asset retirement obligation. The disposal required by laws and regulations means the obligation to take measures in association with the Act on Special Measures Concerning Polychlorinated Biphenyl (PCB), the Ordinance on Prevention of Asbestos Hazards, and the Soil Contamination Countermeasures Act. The obligation arising from the contract refers to the obligation of restoring the original state by repairing buildings and by purifying contaminated soil.

As part of future costs of environmental preservation, or environmental liabilities, the asset retirement obligations include the costs of asbestos removal, PCB disposal, and soil survey. The Toyo Ink Group posted the relevant asset retirement obligations in its financial results for the fiscal year ending June 2010.

In compliance with the Accounting Standards for Asset Retirement Obligations, we will continuously disclose information on asset retirement obligations.

Example of sprayed asbestos
Environmental Initiatives

Environmentally Friendly Products and Eco-Conscious Efficiency Index

The Toyo Ink Group understands that a key challenge in environmental management is to reduce its environmental impact and to provide environmentally friendly products and services. We adopt the eco-conscious efficiency index as an indicator of our progress in these areas.

Providing Environmentally Friendly Products and Services

TOYO INK MFG. CO., LTD. determines environmental standards for products in individual businesses, including sheet-fed printing systems that require no volatile organic compounds in all processes of offset printing, gravure inks that comply with organic solvent emission regulations, and marking films that help reduce disposal costs and environmental impacts. Our Environmental & Safety Promotion Department examines the products by the environmental standards. Those products confirmed as meeting the stringent standards are defined as environmentally friendly products. Sales of such products are taken into account in a calculation of economic effects in environmental accounting and the eco-conscious efficiency index. That helps stimulate development and sales promotion of environmentally friendly products.

In fiscal 2009, environmentally friendly products accounted for 51.6% of our sales. This means that the 50% goal was attained. We will step up efforts to meet our medium-term environmental objective of increasing this share to 60% by 2017.

Examples of environmentally friendly products:

- **Eco-Conscious Efficiency Index**

The eco-conscious efficiency index is calculated by dividing the index for sales of environmentally friendly products by the integrated environmental impact index. A higher score indicates greater progress in terms of environmental management.

Used in a calculation of this indicator, the index for sales of environmentally friendly products reflects the level of sales of environmentally friendly products. The index year is fiscal 2000, in which sales are equal to 100. The integrated environmental impact index represents the degree of environmental impact, although a special weighting is applied. For this index, a value of 100 corresponds to the level of the environmental impact in fiscal 2000. The weighting is based on the results of a comparative risk assessment conducted by the National Institute for Environmental Studies. Specifically, a 30% weighting is assigned to CO₂ emissions, another 30% to emissions of PRTR substances, 20% to the volume of waste sent to landfills, 10% to NOx and SOx emissions and also to COD emissions. Moreover, the indicator is based on a suggestion from Dr. Hiroshi Takatsuki, then a professor of Kyoto University.

For fiscal 2009, the Eco-Conscious Efficiency Index value stood at 7.1 to attain the goal of reaching 7.0 set for fiscal 2009. This success came after we managed to keep the integrated environmental impact index unchanged from the fiscal 2008 level while the index for sales of environmentally friendly products climbed.

We will continue our efforts to boost sales of environmentally friendly products and to slash the environmental impact, in a bid to meet a medium-term environmental objective of attaining an eco-conscious efficiency index value of 10.0 by 2017.
Reducing Environmental Impacts

Energy Consumption and CO₂ Emissions

Our business activities consume significant energy in the form of electricity, oil, and gas. We are committed to combating the progress of global warming, defining an accurate tracking of energy consumption and initiatives to reduce energy consumption as one of our priority management challenges.

Launch of the CO₂ Reduction Project

The Toyo Ink Group has adopted a medium-term environmental objective of reducing energy consumption in 2017 by 20% compared to the fiscal 2000 level. Given that it is difficult to meet this objective solely by combining the energy conservation activities of separate departments, we have launched a companywide CO₂ Reduction Project to facilitate a more comprehensive approach. The project places a focus on energy saving, chiefly in the manufacturing phase. Specifically, we will seek to highlight areas of energy consumption, change our business structure in recognition of growth areas, and innovate in manufacturing methods and formulae.

Energy Consumption and CO₂ Emissions in Fiscal 2009

TOYO INK MFG. did reduce its total specific energy consumption in fiscal 2009, but this decrease failed to meet the environmental objective for the fiscal year, namely a reduction of 15% compared to the fiscal 2007 level. In fact, it achieved a 3% cut from fiscal 2007. Given the failure to meet the past medium-term environmental objective of lowering specific energy consumption to below the fiscal 1990 level, we will accelerate our efforts in the CO₂ Reduction Project.

Because of 5% growth in the production of domestic affiliates, we saw a rise in both energy consumption and CO₂ emissions. At overseas affiliates, energy saving efforts were made at individual locations to successfully slash energy consumption and CO₂ emissions by around 10%, although production volume held steady.

Energy Saving Initiatives at the Saitama Factory

Our production facilities are steadily working towards cutting the use of steam, electricity, and other forms of energy. For instance, the Saitama Factory, a core factory manufacturing sheet-fed inks, achieved remarkable energy conservation at Building S3 of the OI Production Department.

A material for sheet-fed inks is so viscous at ambient temperature that it must be treated after lowering viscosity under high temperature conditions. At the Saitama Factory, the tanks, milling equipment, and piping involved in the manufacturing process are heated with steam and hot water. For heating purposes, a through-flow boiler is in continuous operation year round. Efforts to reduce consumption of utility gas used as fuel are underway at the OI Production Department, the TIEC (currently, the Equipment Management Department), and the Environmental Safety Department. These individual efforts were able to reduce gas consumption to around 100,000 cubic meters, down nearly 5% compared to the fiscal 2008 level. This reduction is equivalent to some 110 kiloliters of oil.

[Principal Activities in Fiscal 2009]

1. We adopted rigid temperature control of the material tanks and the heat insulation storage spaces, based on the timing of material use, to reduce excessive or unnecessary consumption of steam in day-to-day production activities.

2. Our activities to maintain and manage the equipment included regular replacements of steam traps, swift energy saving actions, and other preservation activities.

3. In fiscal 2009, we embarked on action to reduce the upper limit of steam pressure generated to bring the steam temperature down to the lowest possible level at which the manufacturing process remains unaffected. This had a tremendous effect in suppressing boiler combustion.
Suppressing Waste Emissions

The Toyo Ink Group sees waste oil, waste plastics, sludge, and other waste as causing significant environmental impacts and is striving to minimize the generation of this waste and to cut the volume subject to final disposal. We are committed to proper management to avoid pollution associated with inappropriate dumping.

Viewpoint on Waste and Direction of Activities

The Toyo Ink Group counts the volume of waste prior to reuse or intermediate treatment at domestic establishments as a volume of waste emissions in accordance with the Manual for Formulation of Industrial Waste Treatment Plans by Businesses with High-Level Emissions published by the Ministry of the Environment in June 2001. We calculate the volume of waste prior to volume reduction by incineration or other methods as the volume of final disposal. At its second environmental conference in February 2002, the Toyo Ink Group defined zero emissions as the state in which the ratio of final disposal volume to waste emissions, or the final disposal ratio, is 1% or less. We continue our efforts to attain this zero emission status.

Waste Emissions and Final Disposal Volume in Fiscal 2009

In fiscal 2009, waste emissions from TOYO INK MFG., namely from its four factories and two plants, soared by 44 tons from the fiscal 2008 level, while our domestic affiliates posted a fall in waste emissions of 183 tons, or 4.8%, and our overseas affiliates reduced emissions 636 tons or 25.3%. Although the production slowdown had some influence on waste emissions, the figure for TOYO INK MFG. rose slightly from the preceding year with an increase in the volume of inks discarded as low-grade products.

TOYO INK MFG. achieved a zero final disposal volume. This zero emission status has been maintained since fiscal 2006. At domestic affiliates, waste subject to final disposal stood at 7 tons, a final disposal rate was 0.2%. The combination of TOYO INK MFG. and domestic affiliates achieved a final disposal ratio of 0.04%. Among domestic affiliates, only one establishment failed to attain zero emission status.

Environmental Initiatives

Actions at Overseas Locations

In foreign countries where laws and systems concerning waste vary, the Toyo Ink Group has set a goal of reducing waste emissions and final disposal volume. The scope of calculation used in these indicators at overseas production-related affiliates has been expanded to cover those establishments that have yet to obtain ISO 14001 certification. Waste emissions from 27 overseas establishments, including those not ISO 14001 certified, stood at 11,742 tons. In particular, ZHUHAI TOYO INK CO., LTD. in China emitted over 5,000 tons of waste. We will monitor waste emissions at all production locations and step up actions for proper treatment, emissions reduction, and recycling.

Industrial Waste Emissions

The Toyo Ink Group endeavors to reuse waste through recycling, heat recovery, and other processes. Adopted in fiscal 2009 under the SCC2017, our new environmental objectives focus on industrial waste and call for a reduction in industrial waste emissions themselves. In fiscal 2009, our industrial waste emissions stood at 8,562 tons in total, down 15.8% from the fiscal 2007 level. This means that the goal set for fiscal 2009, a 10% reduction from the fiscal 2007 level, was fulfilled.

Collection of PET Bottles at the Headquarters Building

We have been independently collecting PET bottles at our headquarters building and recycling them since 1999. The recycling of bottles is outsourced to Kyoei Industry Co., Ltd. based in the city of Oyama in Tochigi Prefecture. This company crushes PET bottles and reprocesses them into polyester resin. In fiscal 2009, approximately 1.5 tons of PET bottles were recycled.

Environmental Impacts of Waste Transport

TOYO INK MFG. is classed as a specified consigner as its domestic transport volume in fiscal 2009 reached 66.03 million ton-kilometers (see page 38 for further details). As part of this figure, industrial waste transport volume stood at 590,000 ton-kilometers, a decline of 206,000 ton-kilometers, or 25.9%, from the fiscal 2008 level.
Progress in Environmental Pollutant Reduction in Fiscal 2009

The Toyo Ink Group has been taking steps to cut nitrogen oxides (NOx), sulfur oxides (SOx), soot and dust, and other air polluting substances derived from boiler exhaust gases. Our initiatives include a change in fuel and the introduction of co-generation*. As a result, TOYO INK MFG. and domestic affiliates was able to reduce emissions on a year-on-year basis in fiscal 2009. Among overseas affiliates, some locations did see a rise in emissions in fiscal 2008, but tougher management in the following year resulted in reductions.

Wastewater discharged from wastewater treatment equipment is a possible cause of water pollution. We are lowering the chemical oxygen demand (COD) level in wastewater at domestic and overseas locations.

Complying with the Amended Energy Saving Legislation in Distribution Activities

Since the amendment to the Act on the Rational Use of Energy came into force, consignors and distributors of a certain scale are now obliged to cut energy consumption over the medium and long terms. Subject to this obligation, the Toyo Ink Group will work with LOGI CO-NET CO., Ltd., an affiliate specializing in distribution, to make environmental improvements in the transport and delivery of products, materials and waste.

In fiscal 2009, our domestic transport volume stood at 66.03 million ton-kilometers. This produced CO₂ emissions of 8,840 tons of CO₂ equivalent, or 90.7% of the previous year's level, and energy consumption at 3,409 kiloliters of crude oil equivalent, or 91.2% of the level attained a year earlier.

Activities at the Fuji Branch Office of LOGI CO-NET CO., LTD.

At the Fuji Branch Office of LOGI CO-NET CO., LTD., the top priority is ensuring safety and quality in the transport and delivery of offset inks, newspaper inks, gravure inks, organic pigments and other products. The Office transports and delivers around 7,600 tons of goods each month.

Using the ISO 14001 system, the Office is dedicated to lowering its environmental footprint. Its attempts to cut CO₂ emissions include the implementation of vehicle idle reduction in the premises, boosting of the ratio of modally shifted transport and a switch from gasoline-powered to battery-powered forklifts.

* Co-generation: A system for efficient energy operation that generates electricity with engines, fuel cells or other technology while enabling use of heat generated from it.
Actions to Prevent Soil and Groundwater Contamination

As the Soil Contamination Countermeasures Act came into effect in 2003, countermeasures are now implemented against health hazard caused by soil contamination. The Toyo Ink Group carries out independent surveys on soil contamination, appropriate measures and actions to prevent any new contamination.

Implementation Structure and Past Activities

Set up under the Risk Management Committee in April 2004 and currently under control of the Environmental and Safety Committee, the Soil and Groundwater Contamination Countermeasures Subcommittee investigates past use of specified hazardous substances, including use by affiliates. If any risk of contamination is found, we will take the necessary steps.

In the past, a soil contamination survey at the Aoto Plant, where production was discontinued in 2004, discovered contamination on part of its premises. We carried out excavation, removal, and backfilling with good quality soil. In 2006, contamination with hexavalent chromium was confirmed at the Kyushu Plant of TOYO PREPRESS CO., LTD. and TOYO SEIHAN CO., LTD. in 2006. The findings of the survey were immediately reported to the government authorities and we implemented appropriate removal and cleaning operations.

Results of Soil Contamination Survey at the Kawagoe Factory and Countermeasures

In accordance with the Saitama Prefecture Living Environment Conservation Ordinance, we conducted a soil contamination survey in December 2008 as part of our plan for alteration of the site of our Kawagoe Factory. The results indicated a lead content in excess of acceptable standards at the surface level in two specific areas measuring 140 square meters. No groundwater contamination was observed. These findings were immediately reported to the Kawagoe City Government and presented to local residents associations and businesses in the risk communication session on July 29, 2009.

The areas where contamination was found were covered with a sheet until the alteration plan was executed. On June 5, 2010, remedial work was undertaken in the presence of personnel from the Environmental Conservation Section of the Kawagoe City Government. Some 110 cubic meters of contaminated soil was excavated and removed. The excavated part of the site was backfilled with clean soil and the excavated and removed soil was appropriately treated by calcination.

Results of Soil Contamination Survey at the Neyagawa Center

In association with a plan to create free land in the southwestern part of the Neyagawa Center, we conducted a voluntary survey of land use history in March 2010 to learn that chlorinated organic solvents had been used in the past and that there was formerly a small incinerator in the premises. We therefore followed up with a soil contamination survey in compliance with the Osaka Prefecture ordinances. It verified that the standard limits determined under the ordinances were not exceeded in any of the 26 substances designated as subject to control by the Osaka Prefectural Government.

Monitoring of Groundwater Quality at the Moriyama Factory

The Moriyama Factory is located in Shiga Prefecture, designated as an environmentally advanced prefecture. In August 2008, the Shiga Prefecture ordinance for the prevention of pollution was partly revised to strengthen measures for the prevention of soil and water contamination. Under the revised prefectural ordinance, some of the materials used at the Factory were classified as substances subject to control. After the ordinance came into effect, we created a well for monitoring the groundwater on the premises and carried out regular water surveys to confirm that the water quality standards were being met.

The Moriyama Factory will continue to work actively on environmental conservation and to undertake initiatives that emphasize coexistence and mutual prosperity with local communities.

VOICE • Voice from Staff

Valuing communication with neighboring communities

The Moriyama Factory always incorporates the successful coexistence with local communities into its environmental policy and fiscal-year business plans. We believe that we will be able to achieve understanding of our environmental initiatives through close communication with the government and with our local community as a corporate citizen. Based on this thinking, we once again played an active role in environmental cleanup activities and the environmental fair organized by the government sector in fiscal 2009. We also provided assistance in the operation of the Konan and Koga Environment Association as a local organization dedicated to protecting the environment.

Tatsuo Miyamoto
Manager, Environment and Safety Section, Moriyama Factory
Proper Management of Chemicals

The Toyo Ink Group develops internal rules and management systems and ensures that it is compliant with laws and regulations in Japan and other countries to prevent risks from chemicals. We also measure chemical emissions in accordance with laws with the aim of reducing them.

Viewpoint about and Framework for Chemicals Management

The Toyo Ink Group endeavors to ensure that all chemical substances contained in raw materials and products are managed appropriately. As a first step, we have developed the New Raw Material Screening Regulations, which provide for the examination and management of safety and hazard of newly introduced raw materials, as well as the Chemical Risk Management Regulations, which aim to prevent product risks. We have also revamped the database of raw materials and chemicals and constructed an Environment System as a mechanism for adapting to the global trend towards tighter chemical control and regulations.

Going forward, we will take actions centered on the Global Chemicals Management Project launched in April 2010, to establish management in a framework that covers overseas laws and regulations.

Trends in Chemical Emissions

Chemical Emissions in Fiscal 2009

In October 2009, the amendment to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and the Promotion of Improvements to the Management Thereof came into force to increase the number of Class I Designated Chemical Substances from 354 to 462. Substances added to the Pollutant Release and Transfer Register (PRTR) substances list following the amendment will be registered in fiscal 2011 or later. In fiscal 2009, we calculated the volumes of emissions of 487 substances, which consist of the aforementioned 462 chemicals and 25 others designated by the Japan Chemical Industry Association.

As a result of the calculation, TOYO INK MFG. generated chemical emissions of 90.2 tons, domestic affiliates generated 51.8 tons, and overseas affiliates generated 78.5 tons, respectively down 5.2 tons (5.5%), 19.2 tons (27%), and 2.8 tons (3.4%) from fiscal 2008. We will continue our efforts, including a review of the formulae and a recovery of volatile organic compounds (VOCs), in a bid to lower chemical emissions.

Complying with the REACH Regulation

The REACH Regulation is the European Union’s comprehensive regulation on chemical substances. To comply with this rule, the Toyo Ink Group has taken several actions to date. They include the registration of substances exported in quantities of 1 ton or more per year, information provision by means of material safety data sheets (MSDSs)*1, and the management of substances of very high concern (SVHCs).

In fiscal 2009, we proceeded with registration activities by taking part in a consortium or the Substance Information Exchange Forum (SIEF) for joint registration among the registrants of an identical pigment and other substances. Based on progress in operations, we also registered newly designated substances.

In the European Union, the Classification, Labeling and Packaging (CLP) Regulation came into effect, which followed the United Nations’ call for a globally harmonized system (GHS). As the CLP classification will apply in full to substances from December 2010, we are preparing for its application to classification and labeling inventories.

Complying with the GHS

The Globally Harmonized System (GHS) of Classification and Labeling of Chemicals was developed by the United Nations in 2003. A legislation process is currently being implemented or considered for GHS implementation in 67 countries, including Japan, where GHS labeling for products has been in place under the Industrial Safety and Health
Act since December 2006. It is anticipated that GHS will be implemented in more countries, especially in Asia. While following the United Nations recommendation for GHS, regulations governing GHS labeling vary from country to country, as the implementation may be prescribed in statutes of individual states. The Toyo Ink Group is striving to ensure compliance with the GHS schemes in different countries.

☐ The Global Chemicals Management Project
Management activities in line with the international trend towards tighter chemical management as in the REACH Regulation and the GHS are essential to chemical companies. The Toyo Ink Group understands that it is an immediate challenge facing global chemical firms to conduct swift and efficient material procurement and production activities based on precise chemical management.

To meet this challenge, we have built a Global Chemical Management System in the Global Chemicals Management Project, consisting of departments involved in chemical management, systems, and other functions. The System is designed to provide management of all processes from material selection to product shipment in association with laws, regulations, and restrictions on the application of chemical substances in each country. We will use this System to standardize and bolster the efficiency of chemical management in individual companies in the Toyo Ink Group based in Japan and overseas.

☐ Revamp of the Chemical Management System
In October 2009, our database of raw materials and chemicals was updated and the Environment System commenced operation. This system supports the examination workflow when introducing any new material and performs quicker and more stringent management of chemical information within the Group.

The system is equipped with a function to create GHS-compliant material safety data sheets (MSDSs). It prepares MSDSs while checking the GHS classification and the laws and regulations that apply in Japan. It also works with existing production management systems and with the label creation system. In association with the issuance of product labels, the system ensures accurate statements of chemical information on the labels in accordance with laws and regulations.

☐ Launch of the Sommelier portal for customers
In March 2010, we launched our portal for customers, titled Sommelier. This is a revised and functionally extended version of the online ordering system that had been accessible to customers of the Toyo Ink Group. It supports a feature that enables downloading of GHS-compliant MSDSs and calculated data on procured amounts of PRTR substances. It means that customers can obtain information on chemicals contained in products at any time. The Toyo Ink Group monitors customers’ MSDS downloads and sales staff’s MSDS offerings on the system in an effort to ensure that MSDSs are supplied to customers without fail.

☐ Owning and Utilizing GLP Testing Facilities
The Toyo Ink Group owns testing facilities certified to conform to Good Laboratory Practice (GLP) requirements under the Industrial Safety and Health Act. Since these facilities were certified with GLP in hazard testing in 1991, they have been undergoing a conformity examination every three years. In fiscal 2009, they were inspected by the Ministry of Health, Labour and Welfare and found to remain compliant.

The facilities perform Ames tests*2 as short-term screening for genetic toxicity tests. The test results provide data essential to notification of new chemicals under the Industrial Safety and Health Act. Notification of new chemicals is indispensable to the swift development of new products. Our ownership of testing facilities helps speed up the product development process and gives the Toyo Ink Group an advantage as a specialty chemical manufacturer.

*2 Ames test: A testing method that uses bacteria to evaluate the mutagenic properties of a chemical substance

VOICE • Voice from Staff

As a member of the Global Chemicals Management Project

I think that the Toyo Ink Group’s move to toughen and standardize its chemical control is significant in achieving compatibility between a chemical manufacturer and the environment and in building tomorrow’s society. In the Global Chemicals Management Project, we strive constantly to create not only a system adapted to regulations on chemical substances but a system that provides users of our products with peace of mind. Taking advantage of our experience in manufacturing, with an eye to harmony with the environment, we will upgrade the management standards in line with international trends on chemicals to accommodate related laws and regulations overseas, where cultures and customs are different.

Yasuhiro Tanaka
Chemical Substances Control Dept., Procurement HQ
Biodiversity Initiatives

With the tenth Conference of the Parties (COP10) to the Convention on Biological Diversity and Nippon Keidanren’s Declaration on Biodiversity, recycling-based management initiatives are a matter of global concern. The Toyo Ink Group is also actively committed to preserving eco-systems.

Basic Policy on Biodiversity

Recognizing the importance of biodiversity, the Toyo Ink Group has made a commitment to natural conservation initiatives, including efforts to preserve biodiversity, in the Toyo Ink Group Business Conduct Guidelines. Accordingly, we have conducted several voluntary activities including local afforestation, the release of young fish, creation of a biogarden, and river cleaning. In fiscal 2009, we reviewed and combined the concept and initiatives to institute the Toyo Ink Group Basic Policy on Biodiversity.

Toyo Ink Group Basic Policy on Biodiversity

The Toyo Ink Group is committed to actively promoting activities aimed at protecting biodiversity from any potential impact resulting from its business activities.

1. The Toyo Ink Group will always take biodiversity into consideration when procuring raw materials and will make every effort to use living resources in a sustainable manner.
2. The Toyo Ink Group will actively promote product development with the aim of avoiding chemicals that could potentially affect biodiversity, especially environmental hormones (endocrine disrupting chemicals), and expand its range of environmental hormone-free products.
3. The Toyo Ink Group will actively promote local initiatives aimed at maintaining and preserving water quality.
4. The Toyo Ink Group will actively promote efforts to reduce volatile organic chemicals (VOC) and engage in activities aimed at minimizing the impact of its own actions and those of its customers on biodiversity.
5. The Toyo Ink Group will implement and assist with locally-oriented biodiversity preservation activities in the vicinity of its domestic and overseas plants in conjunction with local authorities and related organizations.
6. The Toyo Ink Group will promote educational activities aimed at raising awareness of biodiversity.

Environmental Impact and Risk Assessment with Bioassay

An environmental impact and risk assessment of factory wastewater discharged in compliance with the wastewater regulations is part of our efforts to preserve eco-systems. We are studying the use of a biological response method based on bioassays*1 with the help of the National Institute for Environmental Studies. We combined the bioassay-based assessment method with those specified by the Organization for Economic Co-operation and Development (OECD)*2 and in the ISO standards and determined conditions for producing accurate results in a short period of time. Under these conditions, we performed an environmental impact and risk assessment with four types of test organisms, specifically algae, water flea, zebrafish, and luminous bacteria. In fiscal 2009, the assessment found that the wastewater from four factories had no environmental impact under the current discharge conditions. We are considering assessments of individual discharge channels to identify the characteristics of plant and animal species that would be affected and to estimate the causes of an impact. We delivered a presentation on this study at the 19th Symposium on Environmental Chemistry. We will continue to carry out tests and assessments to monitor hazards.

Comment from the Cooperating Organization

The National Institute for Environmental Studies (NIES) is involved in research and studies with the aim of introducing to Japan a water environment management method based on biological responses, or the biological response method, to help ensure a safe and reliable water environment. This method is a new approach to understanding the overall impact of chemicals in the environment or in factory effluent and to complement the existing approach based on specific substance management. It envisions that subsequent countermeasures will be implemented to attenuate the environmental impact. At present, we are exploring the approaches and infrastructure needed for operation, such as testing and research institutions and creating technical work procedures in order to achieve completion in fiscal 2012.

We admire the Toyo Ink Group for applying the biological response method in assessing factory effluent from four factories. It is a pioneering attempt among Japanese companies and sufficiently comparable with international efforts to preserve eco-systems. We use the resulting valuable data on specific examples for reference when identifying problems facing us in our effort to institutionalize the biological response method in Japan and when providing solutions to them.

In the West, the method has been used for more than a decade. In neighboring South Korea, it is set to be introduced in 2011. In these circumstances, it is difficult for Japan to ignore. It will take time until a consensus is reached in Japanese society but I believe that the Toyo Ink Group will play a leading role in promoting this new approach. In hopes that the Toyo Ink Group will be a pioneer among Japanese businesses.

Dr. Norihisa Tatarazako
National Institute for Environmental Studies

Zebrafish, used as a test organism
Water flea, also used as a test organism
Environmental Education and Communication

The Toyo Ink Group has been developing relationships with people’s lives and cultures through its products. In parallel with that, we have been constantly paying attention to environmental issues and undertaking a broad array of environmental initiatives in close contact with our communities.

Publication of the Toyo Ink Group Social & Environmental Report 2009

The Toyo Ink Group has been adding refinement, communication, and culture to stakeholders’ lifestyles in different situations through its operations and products. Published in October 2009, the Toyo Ink Group Social and Environmental Report 2009 showcased the Group’s persistent social and environmental initiatives in plain form. It also carried an illustrated description of how to calculate the carbon footprint per copy of the report.

Stakeholder Dialog

As in fiscal 2008, the Toyo Ink Group participated in a stakeholder dialog with three universities organized by the Network for Sustainability Communication (NSC). Toyo Ink was one of three companies at the event, which involved undergraduate and graduate students studying environmental and other reports at Yokohama National University, Chuo University, and Sophia University.

At the dialog, the businesses explained their environmental and CSR activities for about one hour, followed by a Q&A session that lasted about 30 minutes. On a later date, the students gave us their feedback on our environmental initiatives and on the Toyo Ink Group Social and Environmental Report. Some of the feedback is shown at right.

Learning from these comments, in producing the 2010 edition of the Report we introduced a two-column format to replace the three-column style seen in past reports, reduced the volume of text, and adopted Universal Design font. In so doing, we focused on reader-friendliness on the assumption that the report would chiefly be read by employees. We will continue to take advantage of the dialog in our environmental efforts and reporting.

Comments from Students

[Strong Points]

■ The Company is taking initiatives on biodiversity in accordance with its basic policy.

■ It is unique to assess the environmental risks of factory wastewater on the basis of biological response and to develop environmentally friendly products such as rice oil inks and palm oil inks. I hope that these initiatives will be continued and expanded.

[Areas for Improvement]

■ Overall, the report seems so text-heavy that it may tire readers.

■ It is exhaustive but it lacks contrast. It is unclear what the point is and whom it aims to address.

Exhibiting in Eco-Products 2009

TOYO INK MFG. took part in Eco-Products 2009, which was held at the Tokyo International Exhibition Center (Tokyo Big Sight) on December 10-12, 2009. One of Japan’s largest environmental trade fairs, Eco-Products 2009 attracted 721 companies and organizations as exhibitors and more than 180,000 visitors, a new record. Our display at the show highlighted the familiar nature of our products and provided illustrated presentations on environmental features that support everyday life. We also gave clear explanations on the carbon footprint of printed matter, using graphics to draw the attention of visitors.

In the event section, we again organized a handcraft workshop for making Christmas ornaments continuously the previous year. Visitors placed our biodegradable masterbatches onto frames shaped like Christmas fir trees, Christmas stockings, and other items. Our staff then provided the finishing touches. The event was a great success.

Advertising our attitudes towards the environment

In the Eco-Products 2009 trade show, we displayed a presentation panel that depicted the relationships between Toyo Ink products and daily life and created ornaments shaped like snowmen and bells with the use of biodegradable masterbatches. We thus interacted with a large number of visitors. I sensed a strong interest in environmental products, as some visitors told us that they wanted to use the eco-friendly masterbatches at children’s events. We will continue to advertise our products as well as our attitude towards the environment.
Carbon Footprint of This Report and UDing

The Toyo Ink Group is currently implementing a number of carbon footprint initiatives. These initiatives help visualize the environmental impacts of products and services. For this report, we calculated the carbon footprint and gave consideration to color universal design (CUD).

Calculating the Carbon Footprint

In accordance with the product category rules (PCRs)*1, which establish rules for the calculation of CO₂ and other greenhouse gas emissions, we have calculated the carbon footprint, or CO₂ emissions, of the process for production of this Report. For the fiscal year, the carbon footprint of this Report, including its English language version, has been entirely offset.

<table>
<thead>
<tr>
<th>Procurement of materials</th>
<th>Printing and Disposal</th>
<th>Binding Process</th>
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</thead>
<tbody>
<tr>
<td>Paper</td>
<td>Printing Plates</td>
<td>Trimming</td>
</tr>
<tr>
<td>Ink</td>
<td>Printing Press</td>
<td>Folding</td>
</tr>
<tr>
<td>CTP Plates</td>
<td>Waste</td>
<td>Stitching</td>
</tr>
<tr>
<td>Binding Needles</td>
<td></td>
<td>7.5g-CO₂ per copy</td>
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<tr>
<td>379.2g-CO₂ per copy</td>
<td></td>
<td>Carbon Footprint: 434g-CO₂ (per copy)</td>
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</tbody>
</table>

Carbon Offset

Carbon offset refers to the act of recognizing one’s own greenhouse gas emissions and of counterbalancing the greenhouse gas emissions that cannot be cut by purchasing greenhouse gas emission reductions or absorptions achieved elsewhere or by working to attain such reduction or absorption. We managed to entirely offset the CO₂ emissions from the process from the procurement of materials to the production of this Report by adopting an environmentally friendly rice ink that conforms to the concept of local consumption of local produce and by carrying out a state-accredited domestic forestry project under the Japan Verified Emission Reduction (J-VER) scheme. Mitsubishi UFJ Lease & Finance Co., Ltd. served as an offset provider.

Specifications of This Report

**FSC-Certified Paper**

Forests that are appropriately managed from a social, environmental, and economic perspective are certified by certification bodies accredited by an international non-profit organization, the Forest Stewardship Council (FSC). Under this FSC certification scheme, the FSC certification logo is granted to wooden materials and products produced from such forests. The copies of this Report are made of FSC-certified paper, which suggests that the paper is produced under FSC management.

**Rice Ink**

Rice ink has rice bran oil as a solvent ingredient instead of soybean oil. This helps reduce the transport mileage associated with the procurement of materials, given that it is made of the non-petroleum based material and that it follows the principle of local production for local consumption.

**Vegetable Oil Ink**

Not only the soybean oil but also other inedible plant oil is used to reduce the content of petroleum based solvent.

Comparison with and Differences from the 2009 Edition

<table>
<thead>
<tr>
<th>Carbon Footprint per Copy</th>
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<tbody>
<tr>
<td>2009 Edition: 317 g-CO₂</td>
</tr>
</tbody>
</table>

**Differences from the 2009 Edition**

- Paper consumption includes waste sheets.
- Power consumption for facility operation includes that for preparatory operation.
- Indirect electricity consumption for air conditioning, lighting, and other uses is included.
- Material transport, waste disposal, and the preparatory stage of recycling are included.

Considerations in Production

**UDing**

The Toyo Ink Group has set a goal of helping build a society that enables anyone to live in comfort by disseminating our unique color universal design (CUD) concept, UDing, as a general manufacturer of color solutions. We provide a wide range of users including public institutions, printing, and other manufacturers and designers with many different software tools originated from UDing. This Report has texts and diagrams designed in accordance with the color scheme created with this universal design tool. We introduced a CUD workflow with a combination of UDing and direct digital color proofing (DDCP) at the production stage. The Report also underwent CUD examination by the Color Universal Design Organization and was granted a CUD certification mark.

*1 PCRs for reference: 1. The PCR draft for Printing Inks (work in process), 2. The PCR for Publishing & Commercial printing (work in process)

*2 See page 28 for further details.
Impressive Coverage of Ambitious Initiatives
Future Reports Should Feature More Overseas Information

Tamio Yamaguchi, President,
Kojirō Tanaka, Vice President, and
Hiromitsu Kumetani, director
Workers Club for Eco-Harmonic Renewable Society

As we read the Report, we note that the editors addressed two major objectives. First, they made a very strong attempt to make the report reader friendly. Second, they took pains to underline the company’s evolution into a globally useful specialty chemical manufacturer. With respect to the first objective, we appreciate their efforts, including a switch from a three-column to a two-column layout, employment of Universal Design fonts and acquisition of the Color Universal Design (CUD) certification. As for the second objective, their intentions are seen in the coverage of the Group’s vision set out in the SCC2017 and in the special feature on Private Shows, with a focus on environmental action and process innovation. The presentation would have been more powerful if it had also referred to the outlines of SCC-B.

The social initiatives section emphasizes Toyo Ink’s solid and steady efforts. The report does an excellent job in informing us that initiatives and motivations in areas such as compliance, risk management, and information security measures were in line with day-to-day CSR discussion at different locations and that energy was focused on childcare support, human resource development and health and safety actions. It reports that the Group embarked on activities for ongoing improvement of product safety and reliability through the management of underground tanks for disaster prevention following an increase in leaks and through the activities of the Quality Management Subcommittee. They were based on the essence of CSR as they were implemented in light of social issues. Moreover, the report contained some descriptions that are rarely be seen in other companies’ publications. They include sections on the development of compliance leaders, credit management measures, safety and disaster prevention training prior to assignment to overseas locations, and safety and health surveys at overseas facilities. Under adverse employment circumstances, reasons for leaving the company were mentioned. We give high marks to the Company for its attitude towards disclosure. Given that the Company proclaims a people-oriented management approach in its corporate philosophy, we hope that future reports will make extensive reference to human rights.

With respect to overseas information, we strongly expect to see coverage of working environments at overseas locations, actions to address issues, statistics on accidents in workplaces in Japan and overseas, the development of locally employed human resources, and the number of personnel at management level, given that the Toyo Ink Group now has 54% of its workforce outside Japan. We think that descriptions on risk communication are required. While the 2009 edition of the report mentioned a goal of actively expanding the domestic practice of risk communication to overseas locations, no reference to this was found in the 2010 edition. We hope that the report will cover overseas CSR activities that capitalize on local peculiarities to address local issues and to suit local needs.

In the environmental initiatives section, the medium-term environmental objectives were tabulated in a plain schedule listing environmental objectives for fiscal 2009, achievements in fiscal 2009, ratings and environmental objectives for fiscal 2010. The Company deserves high marks for establishing ambitious medium-term objectives that were not in terms of specific consumption but in total energy consumption and in quantitative amounts of chemicals, industrial waste, and water consumption. However, we wonder why the fiscal 2010 goal for energy consumption was set in terms of specific consumption whereas the medium-term objective was in total quantity terms.

Among specific initiatives, determined attempts were reported to be in place, such as the launch of the companywide CO2 Reduction Project, a pioneering introduction of the biological response method to factory wastewater assessments, proper management of chemicals, and inauguration of the Sommelier portal for customers. We praise the Company for maintaining the utility of booklets amid trends towards reports in online formats and for calculating and offsetting the carbon footprint of the report.

In answer to the interests of stakeholders, the information provided in this report was so comprehensive that some descriptions lacked detail. For future editions, we hope that a narrowing of coverage will be considered from the perspective of materiality and that a key performance indicator (KPI) will be defined for setting quantitative targets in addition to the CSR Action Policies. We also hope that this report will become a tool for broadening recognition of the Group’s CSR activities and for helping boost unity and cohesion among employees in sync with the shift to a holding company structure scheduled in April 2011.

The Workers Club for Eco-Harmonic Renewable Society

The Workers Club for Eco-Harmonic Renewable Society is a citizen group with specific nonprofit corporation status that studies ways to create a renewable society in harmony with natural ecosystems from a global perspective for future generations. It is committed to research into, support for, and participation in local citizen, business, and government-led initiatives aimed at creating a renewable society.


Response to the Third Party View and Opinions

We began to exchange opinions with the Workers Club for Eco-Harmonic Renewable Society at the stage of editing this Report and sought a third-party view and opinions when the Report was about to reach completion. We received high marks for our improvements in our intended pursuit of reader-friendliness and for our efforts to realize the SCC2017 including the Private Shows. Each year, the Society gives advice for improving the personnel system and overseas information. In response, we added reasons for retirement and extended coverage of childcare support, human resource development, training for overseas assigned personnel, surveys on safety, health and disaster prevention at overseas locations, as well as overseas initiatives for coexistence with local communities and for social contribution. These additions were highly regarded.

Despite the launch of the companywide CO2 Reduction Project, we failed to set a total energy consumption target and established a conventional specific energy consumption target instead. The Society also commented on the next medium-term business plan. We were unable to cover this subject in the report as the details of the SCC-C medium-term business plan were still being considered. They will be described in the next report.

The Report Production Team produced this report on the assumption that it would be read by employees. As is remarked in the third-party review and opinions, we did so in the hope that it would serve to forge unity and cohesion among employees on the occasion of our transition to a holding company structure. In subsequent fiscal years, we will maintain our stance of producing reports on the Toyo Ink Group in an effort to improve trust in our activities and to enhance our corporate value.
The cover image depicts an affluent society with the use of our COLOR FINDER color chart. The geological formation that supports society represents our century-long history and our strong determination to contribute to a sustainable society. The image demonstrates our continued commitment based on our experience and our profound aspiration to add colors to society.

* Please note that printed colors may differ from the real COLOR FINDER color chart.