Aiming to be a company creating new values for human culture throughout the world

Toyo Ink Group’s Philosophy System

Corporate Philosophy

| People-oriented management |

Corporate Policy

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

Guiding Principles

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

TOYO INK SC HOLDINGS CO., LTD.

Strengthens the Group’s strategy functions, promotes rapid management and maintains the balance between the Group’s total optimization and optimization in individual business segments to increase the value of the Group as a whole and implement management that is responsible to the economy, society, people and the environment.

TOYO INK CO., LTD.

Engages chiefly in the printing and information-related business, the Toyo Ink Group’s fundamental business since its founding, as well as in packaging materials-related business by supplying offset inks, gravure inks and many other high-function products related to printing.

TOYO CHEM CO., LTD.

Leads the polymers and coatings-related business that extends familiar adhesives, resins and processed products to areas of electronics and energy as well as the colorants and functional materials business that handles a wide range of products from colorants to those with specialty functions.
Editorial Policy

In April 2011, the Toyo Ink Group shifted to a holding company structure and two operating companies were incorporated. Under the new structure, the Group made a fresh start toward evolving into a globally useful specialty chemical manufacturer as defined in our vision. The 2011 edition of our Social and Environmental Report was produced to make the Toyo Ink Group’s initiative for building a sense of unity and unifying force and its policies on social and environmental activities and goals clear and known to our stakeholders, including employees. Specifically, it carries a greater number of stories from overseas and an improved special feature section, and adopts UD fonts and color universal design (CUD) to make it more reader-friendly. In line with the Group’s global expansion, this edition will also for the first time be published in Chinese.

As part of the production 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 and Environmental Report

■ Period covered
This Social and Environmental Report primarily deals with fiscal 2010 (April 1, 2010 to March 31, 2011).

The environmental impact at overseas affiliates, however, was calculated based on data recorded during the period of January 1, 2010 to December 31, 2010. In addition, since the original Japanese-language version of this report was published in October 2011, information on significant accomplishments occurring up to July 2011 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 4-5.

■ Guidelines used as reference
Social and Environmental Reports
Our Social and Environmental Reports are edited and produced in accordance with the Ministry of the Environment’s Environmental Reporting Guidelines 2007, the Global Reporting Initiative’s Sustainability Reporting Guidelines 2006 and the ISO 26000.

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 2010 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 2011 (Next edition to be published in October 2012)
English language version: December 2011 (Next edition to be published in December 2012)
Chinese language version: December 2011 (Next edition to be published in December 2012)
The Toyo Ink Group Profile

The Toyo Ink Group has instituted its vision and long-term plan titled SCC 2017. In a bid to accomplish this, it enacted SCC-II, the second medium-term management plan, in April 2011. At the same time, it drastically changed its corporate governance system to adopt a holding company structure. Accordingly, two core operating firms were set up: TOYO INK CO., LTD. and TOYOCHEM CO., LTD.

Corporate Data

The Toyo Ink Group

Number of affiliates: 21 in Japan, 51 overseas
(63 consolidated subsidiaries and nine equity-method affiliates)
Consolidated net sales: 245,732 million yen
Consolidated number of employees: 7,155

TOYO INK SC HOLDINGS CO., LTD.

Headquarters: 3-13 Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 Japan
Founded: January 8, 1896
Established: January 15, 1907
Chairman and Representative Director: Kunio Sakuma
President and CEO: Katsumi Kitagawa
Capital: 31,733 million yen
Website >> http://schd.toyoinkgroup.com/

Fiscal 2010 Corporate Data

During fiscal 2010, the world economy was driven by strong demand in emerging countries in the first half. In the second half, sharp appreciation of the yen slowed Japan’s economic recovery and the Great East Japan Earthquake on March 11, 2011 brought unprecedented damage and economic loss. Under these circumstances, the Toyo Ink Group saw sluggish domestic printing ink demand and suffered the impacts of soaring material prices and the disaster. Despite these effects, the Group carried out structural reform and innovations to achieve sales growth. In addition, massive income growth was attained as a result of sales expansion of high-function products and cost-cutting efforts.
Business Segments

Printing and Information-related Business

This segment is centered on printing inks, which we have handled since our foundation. Its integrated production, which covers all stages ranging from pigments and resins used as raw materials to finished products, gives it a distinct advantage. It develops and offers products that are not only environmentally friendly but highly functional and with high added value, including wide-color gamut inks comparable to RGB in color production and inkjet inks for industrial use and print-on-demand (POD).

- Offset inks
- Inkjet inks
- Radiation cure (RC) products
- Newspaper inks

Polymers and Coatings-related Business

Polymers are among the raw materials for printing inks and the Toyo Ink Group’s core materials. Toyocem has constantly created new functions and cultivated new markets by integrating its long-cultivated unique technologies with finely designed polymers. These products are used in a wide variety of applications, such as signs, beverage cans, electronic products and solar cells for next-generation energy.

- Adhesives
- Can coatings
- Resins
- Coatings
- Lamination adhesives
- Natural extracts
- Adhesive and coating material products
- Coatings for metals

Packaging Materials-related Business

Packaging is part of our everyday life. Toyo Ink works together with group companies to address the packaging market. It offers inks and coating materials suited to varied purposes and applications including food packaging, other soft packaging, paper containers and cardboard, in contributing to assured safety of packaging and reduced energy and material consumption in the package production processes.

- Gravure inks
- Flexographic inks
- Screen inks
- Gravure printing systems and prepress

Colorants and Functional Materials-related Business

This segment deals with organic pigments as principal materials for printing inks and with plastic colorants, a notable type of coloring material comparable to pigments. Color filter materials for liquid crystal displays of digital image devices have been created by combining pigment miniaturization technology developed with printing inks and coatings and dispersion technologies. Colorful products with various functions added by advanced technical integration are used in various aspects of society.

- Pigments
- Plastic colorants
- Recording material coatings
- Color filter materials
- LCD color filter materials
- Organic pigments

Research and Development

The Toyo Ink Group has introduced three different technology platforms (TPFs) as technical systems providing a foundation for development of products and new businesses. For the Specialty Materials Technology Platform, technologies associated with existing color materials, polymers and optical functional materials and technologies for synthesis, degeneration and similar will be upgraded and developed into specialty materials and advanced technologies for application in the coming generation. For the Material Processing Technology Platform, we will seek further differentiation, greater functionality and higher added value in our distinguished specialty materials by applying material processing technologies, which consist not only of existing core technologies but also of leading-edge technologies such as nano-dispersion and hybrid materials. The Component Converting Technology Platform encompasses sophisticated technologies for improved precision to enable our effective response to increasingly diverse and sophisticated markets and needs. Relevant sections of our group companies in Japan and beyond are collaborating on research and development efforts.
Global Network and Acquisition of ISO 14001 Certification  (as of Oct. 1, 2011)

★ indicates ISO 14001 certification

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

**China and East Asia**
- ★ 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 TAIWAN CO., LTD. – Taiwan
- ★ TOYO INK CHEMICALS TAIWAN CO., LTD. – Taiwan
- 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

**Asia and Oceania**
- TOYO INK PAN PACIFIC PTE. LTD. – Singapore
- ★ TOYOCHEM SPECIALITY CHEMICAL SDN. BHD. – Malaysia
- ★ TOYOCHEM INK PTE. LTD. – Singapore
- ★ TOYO INK (THAILAND) CO., LTD. – Thailand
- Sumika Polymer Compounds (Thailand) Co., Ltd. – Thailand
- TOYO INK (PHILIPPINES) CO., INC. – The Philippines
- ★ TOYO INK COMPOUNDS CORPORATION – The Philippines
  - PT. TOYO INK INDONESIA – Indonesia
  - TOYO INK (MIDDLE EAST) FZE. – Dubai
  - Sumitomo Chemical Polymer Compounds Saudi Arabia Co., Ltd. – Saudi Arabia
  - TOYO INK VIETNAM CO., LTD. – Vietnam
  - ★ TOYO INK COMPOUNDS VIETNAM CO., LTD. – Vietnam
  - TOYO INK INDIA PVT. LTD. – India
  - TOYO INK BUSINESSNETWORK INDIA PVT. LTD. – India
  - ★ TOYO INK AUSTRALIA PTY. LTD. – Australia
  - TOYO INK NEW ZEALAND LTD. – New Zealand
  - TOYO INK (THAILAND) CO., LTD.
  - TOYO INK COMPOUNDS CORPORATION
Scope of Social and Environmental Report

“The Toyo Ink Mfg.” as referred to in this report is the company name before reorganization into a holding company, whereas “Toyo Ink” refers to “Toyo Ink Co., Ltd.,” an operating company after introduction of the holding company structure in April 2011. “The Toyo Ink Group” includes Japanese and overseas affiliates (and the two central operating companies for fiscal 2011).

**Social Activities**
The report covers the societal aspects of the Toyo Ink Group’s actions and events of Japanese and overseas affiliates.

**Environmental Safety Activities**
The report covers environmental performance data and activities of the Toyo Ink Group including Japanese affiliates, and overseas affiliates certified with ISO 14001.
Striving to achieve genuine CSR management
as a manufacturing company under
the motto of “actualizing
the SCC 2017 vision”

The Toyo Ink Group shifted its governance system to a holding company structure on April 1, 2011, and TOYO INK SC HOLDINGS CO., LTD. was concurrently incorporated. The Group’s operations were split into two newly incorporated central operating firms of TOYO INK CO., LTD. and TOYOCHEM CO., LTD and the Group made its fresh start. We call this move a “second launch” for new attempts and leaps forward. This reflects our strong aspiration to continuously serve our customers.

Katsumi Kitagawa
President and CEO, TOYO INK SC HOLDINGS CO., LTD.

SCC-II Renaissance Plan

Under the holding company structure, a three-year-long medium-term management plan called SCC-II was launched. At a time when we were nearly ready to make fresh attempts toward further growth, the Great East Japan Earthquake struck on March 11, 2011.

We extend our heartfelt sympathies to those affected by the disaster and our wishes for the soonest possible recovery. Our new medium-term management plan SCC-II has been renamed the Renaissance Plan, incorporating our aspirations toward recovery leading to regeneration. The plan includes such policies as “contributing to recovery through product development in fields such as environment and energy,” “enhancing manufacturing from the viewpoints of stronger CSR and risk management” and “managing supply risks.” We will carry out aggressive management to achieve our basic strategies of “developing growth drivers,” “achieving manufacturing innovation” and “harnessing the benefits of the holding company structure.”

Four New Business Domains

We have defined four new business domains with great potential for future growth and we will strive to develop them. They are Living & Healthcare, Information & Communication, Fine Imaging & Printing, and Energy & Environment. Specifically, we will broaden the array of environmentally friendly products including VOC-free inks and eco-inks for print-on-demand (POD). We will expedite development of hard coating for touch panels, adhesives, solar cells, lithium ion rechargeable batteries and other new products and their applications. Through these initiatives, we will aim to increase the ratio of new product sales in all four domains to total sales to one-third within three years.

Since fiscal 2007, when we celebrated the 100th anniversary of our foundation, we have held the Toyo Ink Group Private Show. In this event series, we continue to showcase our Group that develops toward accomplishing our Group vision of SCC 2017.

Global Expansion Centered on Emerging Countries

For fiscal 2010, the Toyo Ink Group saw an overseas sales ratio of 30%. We will place greater emphasis on operation mainly in emerging countries in an attempt to boost this ratio to 50% in fiscal 2017. In China, we will actively work to cultivate markets in inland regions in addition to the coastal areas, including Shanghai and Tianjin where we already operate. In India, we will launch gravure ink production in fiscal 2012 in addition to the current production of offset inks. In Indonesia, we will obtain a new site for beginning construction of a new plant. In Brazil, we plan to commence local production of printing inks in fiscal 2012.

Fiscal 2011 is the year when SCC-II, our new medium-term management plan, comes into action. Under the motto of “actualizing the SCC 2017 vision,” we will consistently consider and meet the true needs of all stakeholders, including customers and local communities, as we aspire to be a corporate group that earns people’s mutual understanding, and to harmoniously coexist with the world.

The hope is that this report will make the Toyo Ink Group’s social and environmental activities understood by many.
Capitalizing on our brand power and our network built to enrich lives and provide new value for people around the world

In April 2011, TOYO INK CO., LTD. made a fresh start as a central operating company in the Printing and Information-related Business and Packaging Materials-related Business in the Toyo Ink Group.

Our products and services are all closely linked with everyday life as they add attractiveness or safety and reassuring features to printed materials and product packages that meet the eyes of people around the world. These include high-sensitivity UV curable printing inks that help to slash energy consumption in the printing process and high-function coating products indispensable in keeping food fresh. We understand that our mission is to deliver new value to life and society through these innovative technologies and products.

We provide three advantages. The first is our strong brand power based on more than 100 years of history. The second is our supply chain network that extends across the globe. The third is our product development capabilities based on sciences that we pursue as a specialty chemical manufacturer. As a global leader among printing ink manufacturers, we maximize these advantages to deliver original, environmentally friendly, and high-function products to people around the world. We thus contribute to creating rich lifestyles in line with the times.

We will strive to attain evolution into a globally useful specialty chemical manufacturer, as stated in the SCC 2017 Toyo Ink Group vision and to meet our responsibility as a central operating company in the Group.

TOYO INK

Expediting attempts toward reform and expansion in the categories of life, electronics and energy

TOYO CHEM CO., LTD. is the other central operating company in the Toyo Ink Group that covers the Polymers and Coatings-related Business and Colorants and Functional Materials-related Business from among the Group’s four business domains. Based on our technology for synthesizing organic pigments and polymers, which has been developed through internal production of materials for printing inks, we create and offer a variety of chemical products incorporating dispersion, coating and other technologies.

Our products that are close in everyday life include coatings for beverage cans, food packages, sticker adhesives and colorants for containers and automobiles. Our electronics-related products include colorants for liquid crystal display color filters, conductive or insulation materials for circuit boards and electromagnetic shield materials. Our many years of proven performance help us earn the trust of our customers.

Now, in line with the start of the SCC-II medium-term management plan and the new business domains, we will accelerate our domestic business reform and global expansion in the life category and open new areas such as healthcare products and active use of natural materials. In the category of electronics, we will press ahead with introduction of printed electronics material products in the growing markets of mobile and tablet terminals and medical systems. In the Energy and Environment domain, where further growth is expected in the future, we will focus on product development for solar cells and rechargeable battery materials based on specialty materials. We will exhaustively address global supply chain management (SCM)* while constructing the environmental safety and quality assurance system fundamental to our brand strategy and meeting compliance.

We will continue to value high ambition toward creation and reform and the culture of esteem for our colleagues who are addressing challenges. Under accelerated management, we will strive to evolve into a globally useful specialty chemical manufacturer that actively proposes products based on advanced science.

Katsumi Yamazaki
President and CEO
TOYO INK CO., LTD.

Motohiko Kashioka
President and CEO
TOYO CHEM CO., LTD.

*Supply chain management (SCM): A management approach of sharing and managing the flow of goods supplied from production to consumption between different divisions or companies for the purpose of achieving total optimization of the business process.
Visible Science for Life

On the occasion of its 100th anniversary in 2007, the Toyo Ink Group instituted SCC 2017 as its future vision. Its objective was accomplishing evolution into a globally useful specialty chemical manufacturer by 2017. In April 2011, SCC-II, the second medium-term management plan, was put into action. We defined four new business domains of Living & Healthcare, Information & Communication, Fine Imaging & Printing and Energy & Environment and new technology platforms (TPFs) as we embarked on action toward future growth.

Defining the transition to the holding company structure in fiscal 2011 as a second launch, we have adopted the brand message of “Visible Science for Life.” We have already begun efforts to making the Toyo Ink Group’s stance broadly known to the public.

Commencing in April 2011, SCC-II is renamed the Renaissance Plan, which incorporates the notion of recovery leading to regeneration. It has three basic policies.

The first is to develop growth drivers. In the four new business domains, we will conduct product development, market cultivation and business expansion unhindered by conventional framework. To strengthen our revenue base and risk management, we will pursue a second policy of achieving manufacturing innovation based on seeking the right type, material, quantity and place. Harnessing the benefits of the holding company structure is among the basic policies. On the occasion of the shift to the holding company structure, we will adopt business operations that emphasize speed and make effective use of management resources in the entire Group to increase the Group’s value and maximize synergy.

With these actions, we will aim for consolidated sales of 310 billion yen, operating income of 27.0 billion yen and an overseas sales ratio of 40% in the fiscal year ending March 31, 2014. We will review and improve all actions to fulfill the spirit behind SCC-II.

Under SCC 2017, the Toyo Ink Group aims to become the group of companies it envisions by executing three-year-long medium-term management plans. In the first stage from fiscal 2008 to fiscal 2010, we executed the SCC-I and the SCC-I Revival Plan, which incorporated some revisions following the recession sparked by the Lehman Brothers collapse.

For the structural reform designated as a pillar of the Revival Plan we made steady progress in exhaustive cost cuts, construction of a production structure that flexibly responds to demand fluctuations and improvement in SCM. In terms of innovation as another pillar, we made a number of achievements in expansion of the lineup of environmentally friendly products and in enhancement of proposals for total solutions.

Three Basic Policies

- Developing growth drivers
  Push ahead with new product development, business cultivation and business creation under a strategic mechanism to develop growth drivers

- Achieving manufacturing innovation

- Management that benefits fully from the holding company structure
Vision—SCC 2017

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

Based on our core technologies and materials, we aim to be a company focusing on scientific thinking and methods for it. We will be exhibiting our originality through marketing and seeking coexistence with customers and stakeholders to achieve positive performance.

Drives based on the second launch

Growth strategies in SCC-II medium-term management plan

New products, businesses and markets
- Develop and implement a scenario for growth in new business domains
- Upgrade technologies based on new technology platforms (TPFs)
- Push ahead with business expansion from upstream to downstream in preparation for any situation

Global expansion
- Expedite business expansion in growing emerging countries
- Develop and improve products and resources
- Increase brand power and capitalize effectively on external resources

Increase in market share
- Enlarge business by bolstering the solution proposing abilities
- Capture niche needs in specific areas to open new markets
- Horizontally expand knowhow

Achieving manufacturing innovation
- Carry out structural reform to solidify the revenue base
- Upgrade the product lineup
- Focus on global procurement and SCM

Management that benefits fully from holding company structure
- Improve and implement brand strategy
- Utilize resources in effective ways
- Stimulate collaboration with outside parties
Toward Evolution into a Specialty Chemical Manufacturer

In April 2011, the Toyo Ink Group embarked on a new effort as it shifted to a holding company structure. This shift is defined as a second launch for the next century of the company. To achieve our long-term vision SCC 2017 for evolving into a globally useful specialty chemical manufacturer, we fixed our sites on markets with great potential for future growth and established four new business domains that are free from the past framework to determine our orientation for future business expansion.

Executing the second launch, the Toyo Ink Group will run businesses in the new business domains of Living & Healthcare, Information & Communication, Fine Imaging & Printing and Energy & Environment. Operating companies will work together or display group synergy to create new business through flexible ideas and efforts that transcend the framework of existing businesses. In so doing, we will lead the entire Group toward a growth track and achieve evolution into a globally useful specialty chemical manufacturer.

The SCC-II medium-term management plan for SCC 2017 commences in fiscal 2011. On this occasion, we have also adopted a new slogan of “Visible Science for Life” to more plainly communicate our own corporate stance to the public. The slogan encapsulates our dedication to creation of technologies never before seen elsewhere, unprecedented products and unique solutions aided by science and to providing them in tangible forms. We strive to serve people across the globe by increasing convenience and comfort through our products and services.

As we review our accumulated technologies from the perspective of our new business domains, we find some specific courses of action for product development. Take the energy category as an example. We have already been offering many different materials that held increase power generation efficiency and durability of solar cells and our technical development for materials related to rechargeable batteries is in progress. We must be able to make different forms of contributions for tackling the energy problem, an urgent global issue.

We showcased part of the future potential of our new technology and product development at the Toyo Ink Group Private Show 2011, our own exhibition held in January 2011.

Four New Business Domains that Support the Drives for Growth

- **Living & Healthcare**
  - Provide functional materials and natural materials to the packaging and lifestyle market for a more comfortable and healthy everyday life
  - Products for automobile interiors and exteriors
  - Naturally derived materials, etc.

- **Information & Communication**
  - Support the accelerating and diversified needs required by the information society with new ideas and technical capability
  - Adhesives for optical materials
  - FPD and PFC products, etc.

- **Fine Imaging & Printing**
  - Pursue the ultimate in fine imaging technology using our printing-related technical strength cultivated since the company was founded
  - POD inkjet inks
  - Wide color gamut inks, etc.

- **Energy & Environment**
  - Contribute toward the universal theme of harmony between energy and the environment through a range of new materials and new proposals
  - Solar cell materials
  - Electrode materials for rechargeable batteries, etc.
Exhibiting Our Potential for Evolution in Private Shows

Since its centenary year of 2007, the Toyo Ink Group has organized the Toyo Ink Group Private Show every year for the purpose of creating business opportunities without being swayed by the conventional business framework.

The Private Show is composed chiefly of two parts: an exhibition of newly developed products for new growth markets on which we focus, and technical seminars presenting the direction of our product development. The show thus exhibits the current state of the continually evolving Toyo Ink Group.

Private Show 2011, the fourth event of this kind, was designed to address two main objectives. The first was to communicate to those inside and outside the Group our multiple reform attempts taken on a full scale toward our evolving into a specialty chemical manufacturer. These include introduction of our four new business domains and our new technology platforms serving as foundations for future business expansion. The second objective was to develop our proposals on solutions centered on further sophisticated high value-added products into business opportunities.

The show also focused on stressing to a broad array of stakeholders the new formation introduced as our second launch, consisting of the two central operating companies of TOYO INK CO., LTD. and TOYO CHEM CO., LTD. We added some new twists to the latest event. We held the show at two locations – Tokyo and Osaka. A promotional video presented our new structure, and our global strategy was explained. The vastly different operation and presentation of Private Show 2011 compared to past shows must certainly have impressed visitors in how it communicated the evolution of the Toyo Ink Group’s structure.

The show included displays of products in separate sections for the individual new business domains, technical seminars on two subjects (the ink sector and chemical sector), a seminar on chemical control with an eye toward future global expansion and a seminar on our solution business in the graphics sector beyond product categories. Greater emphasis was placed on the Toyo Ink Group’s course of action and growth strategy.

The number of visitors reached 2,300 in total from the two venues, exceeding our initial goal of 2,000, and we were able to realize their high expectations for the new Toyo Ink Group. We received more than 100 specific inquiries on products. The show succeeded in making positive results in terms of its second objective of broadening business opportunities.

Private Show 2011 created a greater sensation than the past three events in the series. We will upgrade the next and future shows into opportunities for advertising our new products and technologies representing the new Toyo Ink Group that is fully operating after the second launch and proactively endeavoring to achieve new growth.

VOICE | Staff Voice

We will continue to evolve based on dedication to manufacturing

Private Show 2011 wrapped up SCC-I, our medium-term management plan until fiscal 2010. I remember that the Private Show was launched in July 2007 under the name of the new product presentation as part of the Toyo Ink Group’s 100th Anniversary Satisfaction (100AS), the prototype of today’s Private Shows organized across the Group. As a chemical manufacturer, we have long dedicated ourselves to manufacturing. I feel we enjoy our current position because we have seriously considered how to win the understanding of market players and evolve together with them based on our dedication, and because we continuously addressed these initiatives.

Makoto Haruta
Manager, Business Development Department
TOYO SC TRADING CO., LTD.
Toward Evolution into a Specialty Chemical Manufacturer

Report on Toyo Ink Group Private Show 2011

On the verge of its shift to a holding company structure with central operating companies of TOYO INK CO., LTD. and TOYOCHEM CO., LTD., the Toyo Ink Group unveiled a wide variety of technologies and products in four new business domains.

Product on Display: Offset Inks (TOYO INK CO., LTD.)

Shifting from Oil to Plant-Based Materials and toward Reuse of Waste Oil

Showcasing what is happening in the world of inks pursuit of harmony with the environment

Commonly used for magazines, brochures, books and other printed matters close to us, offset inks consume a large volume of oil as a material in their initial production. Oil is among our precious resources with a limited reserve. Volatile organic compounds (VOCs), contained in oil-based materials, have an environmental drawback in that they cause photochemical smog and other forms of air pollution. To address these problems, the Toyo Ink Group quickly commercialized offset inks produced with reduced use of oil-derived materials and offered them to the printing industry. In recent years, we have furthered this action. We are now encouraging a total shift to offset inks completely free of oil-based solvents.

In line with the efforts to discontinue using oil-based materials, the use of soybean oil expanded. A high proportion of soybeans and other plant-derived materials, however, come from North America. This gave rise to a new problem concerning long distance transport that increases CO2 emissions. To cope with this problem, the Toyo Ink Group pressed ahead with efforts under the principle of local consumption of local products. For example, we increase the use of materials derived from local natural produce, such as Japanese rice bran and Indonesian palm oil, in an effort to curtail transport mileage. We have thus attained a reduction in the CO2 emissions resulting from material transport.

We also must not forget that many plant-derived materials also serve as food; a significant role they must to play amid concern about the global food crisis. We have responded by establishing a technology of refining used cooking oil, which was previously discarded, such as waste frying oil, into an ink material for making more effective use of valuable resources. At the same time we have built a reuse system. This social system for recovery and reuse of used cooking oil is aimed at encouraging a shift of materials for all kinds of offset inks from oil derived from edible soybeans to recycled vegetable oil. Adoption of used cooking oil and rice bran oil as materials for offset inks helps slash CO2 emissions from the production and refining processes.

Toyo Ink Group Private Show 2011 presented our various efforts to achieve environmental friendliness with our offset inks. Offset printing pertains to a wide variety of printed matters including publications, brochures and even product packaging. Since many companies are working on green procurement, the presentation attracted many visitors. Under the new structure, TOYO INK CO., LTD. takes charge of developing products and technologies for offset inks.

CO2 Emissions Reduction per Kilogram of Sheet-Fed Printing Ink

```
<table>
<thead>
<tr>
<th></th>
<th>Soy ink</th>
<th>Recycled oil-based ink</th>
<th>NV rice ink</th>
<th>Recycled oil NV ink</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in CO2 emissions from material procurement</td>
<td>4.03</td>
<td>3.37</td>
<td>3.18</td>
<td>2.59</td>
</tr>
<tr>
<td>Reduction in CO2 emissions from vegetable oil production and refinement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in CO2 emissions from material production and refinement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in CO2 emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```
Circuit boards are now essential for all electronic devices. In the early days, electronic circuits on the boards were created by printing. As electronic devices evolved into lighter, thinner and smaller forms, they incorporated finer circuits and it became difficult to create them by printing. Photo etching is currently the customary technology for circuit production.

However, the environmental disadvantages of the photo etching method came to light as environmental consideration recently began to spread as an action for rethinking not simply products but also their production processes. The production process with photo etching requires a tremendous volume of water since the portion other than the circuit is removed using chemicals. Waste liquid and unwanted metals are discarded in large quantities. On the other hand, printing and ink technologies have made striking progress. Though it used to be considered difficult, very fine circuits with a high level of reliability can now be created by printing. Producing only the necessary circuit at the necessary place, printing entails no need for use of great quantities of water or treatment of waste liquid containing chemicals and metals. The trend toward printing for electronic circuit production is gathering attention as a green production process, and the shift in its direction has already begun.

Conductive silver paste is now used for touch panels for the rapidly increasing numbers of smartphones and tablet terminals. Beneath the black frame surrounding the touch panel, wiring approximately 100 microns* wide is printed to support complicated operations on the panel. The technology for finer wiring is so important that it has a direct bearing on easy touch operations. The Toyo Ink Group has developed high-precision silver paste enabling touch panels to achieve a width of 50 microns.

The era of printed electronics is already here, in which new printing technologies bring continual advancement of electronic devices. The Private Show featured the outlook for the near future for electronic devices to demonstrate the unique potential of the Toyo Ink Group with its abundant knowledge and expertise in printing ink technologies. In the future, TOYOCHEM CO., LTD. will take charge of product and technology development in this field and seek even higher-precision printing.

* One micron is 1/1,000 of a millimeter.
Corporate Governance and Commitment to CSR

In 2005, the Toyo Ink Group developed its basic policy on and system for CSR management. After the shift to a holding company structure in April 2011, our principle of implementing CSR management across the Group remains intact. The CSR Generalization Committee takes the initiative in our CSR activities.

Stance on CSR

The Toyo Ink Group’s management framework consists of the Corporate Philosophy System and CSR Value System. The Corporate Philosophy System has our corporate philosophy at its top and serves the purpose of creating value. The CSR Value System clearly states the Group’s commitment to its social responsibility. These two systems are inextricably linked.

Aiming to be a company creating new value for human culture throughout the world, as proclaimed in its Corporate Policy, the Toyo Ink Group believes that the CSR management it envisions will be implemented as we carry out corporate management as a good partner in the global market, fulfilling our social responsibility as a chemical company.

CSR Promotion System

To step up CSR management, the Toyo Ink Group has a CSR promotion framework built into its corporate governance system and established the CSR Generalization Committee for practical implementation of CSR management. Responsible for planning, promotion and follow-up of CSR-related activities, the Committee works together with three subordinate committees on compliance, risk management and environmental and safety matters to improve our response to corporate risks. Apart from the CSR Generalization Committee, the Group established a Monozukuri Innovation Committee as another companywide committee in July 2010. With the activities of its subordinate Quality Management Subcommittee, we are striving to constantly increase product safety and reliability.

Corporate Governance Implementation System

The Toyo Ink Group’s Board of Directors meets on a monthly basis as a body for making key managerial decisions. Regular meetings are also held by the Group Management Committee, which is responsible for significant decisions on business operations. To delineate between management supervision functions and business operation functions, we have introduced an executive system, under which executive officers are appointed for one-year terms, to expedite the decision-making process and improve operational supervisory capabilities.

The Group has also adopted an auditing system. The Board of Directors consists of 13 directors, including two external directors, while the Board of Auditors has five auditors, including three external auditors. Our external directors and auditors attend and provide comments in important meetings and inspect minutes, documents seeking management decisions and other materials to better understand critical details. This ensures a management monitoring function that incorporates outsiders’ perspectives.

Implementation of Corporate Governance

During fiscal 2010, the Board of Directors met 13 times for the purposes of making decisions on statutory matters and other important business issues and overseeing operating performance. The Group Management Committee met 24 times, the Executive Committee (deliberative body that confers management issues and strategies for the entire group) twice and the Business Execution Committee (deliberative body that confers management issues and strategies for individual enterprises) 10 times.

On a quarterly basis we published information about business performance and managerial conditions on our website. The disclosures included segment information to be reported. In November 2010 and May 2011, 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 improve and operate an effective internal control system in our organizational structure under the direct control of the CEO.
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 coexisting 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 exert 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.

**Toyo Ink Group CSR Charter (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.

**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 (for Fiscal 2011)**

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.
Corporate Governance and Commitment to CSR

The Toyo Ink Group CSR Action Policies and Achievements in Fiscal 2010

The Toyo Ink Group pursued numerous initiatives in four key areas determined in its CSR action policies for fiscal 2010: 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 CSR Action Policies for Fiscal 2010</th>
<th>Achievement</th>
<th>Main Achievements in Fiscal 2010</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting and cultivating compliance activities:</td>
<td>We will present efficient and effective compliance activities primarily at key business locations.</td>
<td>Compliance leader meetings were held at individual locations. Problems were identified via the leaders’ initiative and activities for solving the problems are steadily implemented.</td>
<td>p. 20</td>
</tr>
<tr>
<td>To ensure consistent CSR management, we will promote activities that lay the foundations for compliance across the board.</td>
<td>We will deal with compliance risks, creating a new system.</td>
<td>Compliance activities for constructing and reviewing the group compliance system were conducted in view of the shift to a holding company structure.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>We will promote education on compliance, considering risk management.</td>
<td>The Regulations on Compliance with the Antimonopoly Act were instituted and made known across the company for achieving compliance with the Act.</td>
<td></td>
</tr>
<tr>
<td>Improving risk management activities:</td>
<td>We will identify risks affecting the entire Toyo Ink Group and their trends and will bolster the Group’s ability to deal with the risks, gathering information on them.</td>
<td>(Specific Actions) • Compliance leader meetings • Compliance meetings at individual locations • Legal affairs and compliance committees in affiliated companies • Compliance auditing • Compliance education (including training for new recruits, training for new managers, workshops for production managers, training for those assigned to overseas locations)</td>
<td>p. 18</td>
</tr>
<tr>
<td>We will carry out day-to-day administrative risk management activities and continuous monitoring listed in annual departmental targets.</td>
<td>We worked to step up day-to-day administrative risk management activities by checking departmental risk issues and action policies determined at the beginning of fiscal year and by monitoring the departmental risk response statuses on a regular basis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We will implement day-to-day administrative risk management in the form of reviews of serious risks identified and classified from business operations examined in the Risk Management Committee and appoint committee members in charge of expected risks.</td>
<td>• The CO2 Reduction Project worked to visualize CO2 emissions chiefly from factories and devised CO2 reduction measures. Despite that, CO2 emissions rose 0.1% from fiscal 2009. • All production bases in Japan achieved zero emissions.</td>
<td>p. 38</td>
<td></td>
</tr>
<tr>
<td>We will take steps to combat global warming and pollution and will achieve zero emissions through a Companywide CO2 Reduction Project.</td>
<td>• Sales of eco-friendly products rose 5.7% from fiscal 2009 but their ratio to total sales tumbled to 51.3%. • The Japan Printing Inkers Association instituted the product category rule (PCR) for calculating the carbon footprint (CFP) of printing inks, and this rule has been approved.</td>
<td>p. 37</td>
<td></td>
</tr>
<tr>
<td>Improving environment and safety activities:</td>
<td>We will promote the development and sale of eco-friendly products and will also develop products that will contribute to reducing the burden on the environment when they are used.</td>
<td>• Our establishments in Japan endeavored to reduce risk through activities of the Environment and Safety Network Meeting and Risk Reduction Conference. Outside Japan, we carried out inspection visits to establishments with high electrostatic risks, specifically those in Tianjin (China), Indonesia, Malaysia and Thailand. • 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 GHS*1 in Taiwan, labeling and the existing chemical substance registration.</td>
<td>N/A</td>
</tr>
<tr>
<td>We will perform a range of activities to ensure both employee and product safety.</td>
<td>• We continued with the WET** compliant environmental risk assessment of effluent from four manufacturing plants. Based on the assessment findings in past fiscal years we rectified effluent treatment and confirmed lowered environmental risks on living organisms.</td>
<td>p. 44</td>
<td></td>
</tr>
<tr>
<td>We will undertake activities aimed at preserving biodiversity to minimize the impact that our business activities have on the global environment.</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>pp. 28-31</td>
<td></td>
</tr>
<tr>
<td>Putting social contribution activities into practice:</td>
<td>We will continue to promote interaction and activities as a member of the community at each of our business locations worldwide, maintaining harmony with society.</td>
<td>• We organized seminars and workshops on color universal design (CUD) and dispatched lecturers to color universal design courses in an effort to disseminate expertise on UDesign. • We adopted used vegetable oil and rice bran oil as materials for offset inks to eventually reduce CO2 emissions from the production process.</td>
<td>p. 47</td>
</tr>
<tr>
<td>We will contribute to the creation of a pleasant and comfortable society through activities designed to make the most of our expertise as a manufacturer.</td>
<td>• We worked to step up day-to-day administrative risk management activities by checking departmental risk issues and action policies determined at the beginning of fiscal year and by monitoring the departmental risk response statuses on a regular basis.</td>
<td>p. 12</td>
<td></td>
</tr>
<tr>
<td>We will contribute to the creation of a healthy, sustainable society through fair corporate conduct.</td>
<td>We will carry out day-to-day administrative risk management activities and continuous monitoring listed in annual departmental targets.</td>
<td>• We continued with the WET** compliant environmental risk assessment of effluent from four manufacturing plants. Based on the assessment findings in past fiscal years we rectified effluent treatment and confirmed lowered environmental risks on living organisms.</td>
<td>pp. 42-43</td>
</tr>
</tbody>
</table>

*1 GHS (Global Harmonization 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

*2 WET (Whole Effluent Toxicity): An approach of understanding the total impacts of chemical substances contained in effluent from a manufacturing plant by paying attention to bioresponse and then taking countermeasures against them
From fiscal 2011 onward, the Tokyo Ink Group will institute action policies for four different activities—compliance, risk management, environment and safety, and social contribution—in an aim to carry out CSR activities.

Given that our production and other facilities were damaged by the Great East Japan Earthquake on March 11, 2011 and the East Shizuoka earthquake on March 15, we added activities for reducing large-scale earthquake risks to activities for risk management and risk reduction. In compliance activities, we will address compliance risks after the shift to a holding company structure. Regarding social contribution, we will continuously upgrade practical activities while following and maintaining the past action policies.

Toyo Ink CSR Action Policies for Fiscal 2011

From fiscal 2011 onward, the Tokyo Ink Group will institute action policies for four different activities—compliance, risk management, environment and safety, and social contribution—in an aim to carry out CSR activities.

Given that our production and other facilities were damaged by the Great East Japan Earthquake on March 11, 2011 and the East Shizuoka earthquake on March 15, we added activities for reducing large-scale earthquake risks to activities for risk management and risk reduction. In compliance activities, we will address compliance risks after the shift to a holding company structure. Regarding social contribution, we will continuously upgrade practical activities while following and maintaining the past action policies.

Toyo Ink CSR Action Policies for Fiscal 2011

From fiscal 2011 onward, the Tokyo Ink Group will institute action policies for four different activities—compliance, risk management, environment and safety, and social contribution—in an aim to carry out CSR activities.

Given that our production and other facilities were damaged by the Great East Japan Earthquake on March 11, 2011 and the East Shizuoka earthquake on March 15, we added activities for reducing large-scale earthquake risks to activities for risk management and risk reduction. In compliance activities, we will address compliance risks after the shift to a holding company structure. Regarding social contribution, we will continuously upgrade practical activities while following and maintaining the past action policies.

The Toyo Ink CSR Action Policies for Fiscal 2011

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 under the holding company 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 annual goals 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 as well as corporate risk management.
- In the wake of the Great East Japan Earthquake, we will work to reduce risks and damage especially in the event of a large-scale earthquake.

Stepping up environmental and safety activities
Bolstering environmental and safety activities across the Toyo Ink Group including overseas establishments to implement environmental load reduction and safe and reassuring manufacturing

- We will push ahead with global warming prevention through CO2 reduction activities in the entire Toyo Ink Group. We will also move forward with activities for preventing pollution and zero emissions.
- We will develop and market environmentally friendly products and reduce environmental impact at the stage of use.
- We will create regulations and rules on employee and product safety and carry out activities for ensuring safety.
- We will take steps to help preserve biodiversity to reduce the impact that our business activities have on the global environment.
- We will step up safety measures in preparation for large-scale earthquakes.

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 sites the world over.
- We will create comfortable living environments through activities that capitalize on our expertise as a supplier.
Reinforcing our Risk Management System

The Toyo Ink Group defines improving risk management activities as one of its CSR action policies. It proactively works to develop its system for promoting such activities in efforts to establish a risk management system.

Risk Management Promotion System

Risk management activities are implemented in the Toyo Ink Group via the initiative of the Risk Management Committee under the CSR Generalization Committee. With risk management units as permanent bodies and subcommittees for dealing with emergency issues, the promotion system is designed to help establish a risk management system covering the entire Toyo Ink Group.

Structure of the Risk Management Committee (in Fiscal 2010)

<table>
<thead>
<tr>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management Committee</td>
</tr>
<tr>
<td>Information Security Office</td>
</tr>
<tr>
<td>Shinrokunana Committee</td>
</tr>
<tr>
<td>Overseas Risk Management Committee</td>
</tr>
<tr>
<td>Credit Management Committee</td>
</tr>
</tbody>
</table>

Activities of the Risk Management Committee

In fiscal 2010, we continued day-to-day risk management activities for addressing departmental issues and performed new analyses and classification of serious risks involved in everyday operations in different departments. The Risk Management Committee gathered information about these activities and studied them. It also received reports from the Compliance Committee and Environment and Safety Committee under the CSR Generalization Committee so that risk information could be shared among the committees.

In addition, we 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. The following outlines major activities in fiscal 2010.

Establishment of System for Compliance with GHS

The Global Chemicals Control Project was launched in April 2010. We worked to develop the Group’s uniform standard for MSDS* and product labeling compliant with the GHS in different countries.

Education for Overseas Safety Operations

We took steps to unify the format of monthly production reports sent monthly from overseas affiliates in efforts to achieve central management of information. For our Malaysia subsidiary, we offered safety operation education after performing on-site inspection.

Increased Risk Management by Stationed Personnel

To address country risks that grow with the expansion of global activities, we actively took part in seminars, exhibitions, workshops and other events to collect information, and offered the latest information to our stationed personnel.

Measures Relating to Credit Management

The Credit Management Committee takes the initiative in Group-wide measures relating to credit management.

In fiscal 2010, for the purpose of reconstructing the credit management approach for tougher risk control, regular meetings of the Committee were increased and credit control standards were revised on each occasion.

For the purpose of customer management based on the restructured credit management standards, the Committee determined measures to be taken based on qualitative information from the sales team and asked the team to properly implement them.

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 preparation.

In fiscal 2010, we revised our response manuals addressing the event of an earthquake directly below the Tokyo area and the expected Great Tokai Earthquake. Our establishments in the Tokyo area, specifically, the headquarters, Jujo Center and Kawaguchi Center, jointly conducted an emergency communication drill using satellite phone systems and a safety registration drill. However, the Great East Japan Earthquake on March 11, 2011 caused unprecedented damage. For fiscal 2011, we will revise the manuals for greater effectiveness and review the means of emergency communication in view of the impacts of the recent major earthquake.
Response to the Great East Japan Earthquake and Future Disaster Control Measures
(as of July 31, 2011)

We extend our deepest sympathies to all those affected by the recent Great East Japan Earthquake. On March 14, shortly after the quake, the Toyo Ink Group set up an Emergency Response Headquarters1 headed by our President to carry out a swift response. The following reports the Toyo Ink Group’s response and initiatives taken as of the end of July 2011.

1 * On April 28, the Emergency Response Headquarters was dissolved after confirming that the situation no longer required emergency action. The Monozukuri Innovation Committee and other committees and departments addressed problems that remained unsettled.

Damage

The Great East Japan Earthquake on March 11, 2011 and the East Shizuoka earthquake on March 15 caused minor direct damage to our production facilities and did not force them to suspend operations. However, production activities were hampered by difficulty in procuring some materials and by the power supply shortage in the regions served by Tohoku Electric Power Co., Inc. and Tokyo Electric Power Co., Inc.

The impacts on business activities are expected to be significant and lengthy enough that corporate efforts cannot cope with them. With respect to the impacts on our financial results for the fiscal year ending March 31, 2012, a shortfall of 30 million yen from the target set for the initial fiscal year of the SCC-II medium-term management plan is forecast. While placing emphasis on CSR, the Toyo Ink Group will work to fulfill its obligation to supply products to customers, respond flexibly to demand fluctuations and carry out risk management in efforts to minimize the negative impacts on financial results.

<table>
<thead>
<tr>
<th>Damage Facts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor Damage</td>
</tr>
<tr>
<td>Property Damage</td>
</tr>
<tr>
<td>Measuring equipment fell</td>
</tr>
</tbody>
</table>

Response and Support

Alternative Measures in Material Procurement
After a chemical manufacturer suffered damage, it became difficult to procure some of the materials for printing inks, rotary offset inks and newspaper inks. In collaboration with the Japan Printing Ink Makers Association, the Toyo Ink Group is working to procure printing inks from overseas affiliates and has studied application of alternative materials.

Response to Radioactive Substances
After the Fukushima Daiichi Nuclear Power Plant incident following the Great East Japan Earthquake, there have been increasing requests for radioactivity inspections and disclosure of radioactivity certificates for chemical industrial products. The Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association announced their action policies.

On May 23, the Toyo Ink Group set up the Radioactivity Information Supply (RIS) Subcommittee under the Monozukuri Innovation Committee to press ahead with the action. To answer customer inquiries on radioactive substances, we present our own written declarations of origin certifying that the environmental radioactivity level at the place of origin was below the level specified in the recommendation from the International Commission on Radiological Protection (ICRP), along with signed certificates from the chamber of commerce and industry. We also introduced measurement performed by third-party bodies and measuring equipment for independent measurement.

Response to Power Supply Shortage
In May 2011, a Cabinet order for restriction on the use of electricity was issued for reasons associated with the nuclear plant accident. Applicable to large consumers with contracted wattage of 500 kW or more in the regions served by Tokyo Electric Power and Tohoku Electric Power, the order set the limit at a level 15% lower than the maximum power consumption at the same time in fiscal 2010. In the Toyo Ink Group, six establishments, including affiliates, were subject to this restriction. In the region covered by Kansai Electric Power Co., Inc., a request was issued in July for power consumption reduction of at least 10%. Three establishments in our Group were subject to this request. In the Toyo Ink Group, these establishments monitored the peak power consumption and checked if the reduction goal, or upper limit on consumption, was met on a weekly basis. As of July, the consumption did not exceed the upper limit. Leveling of the peak power consumption is expected to adversely increase power consumption. We calculate and manage the total power consumption of our establishments in the area covered by Tokyo Electric Power, including those consuming small quantities of power.

Recovery and Reconstruction Support Activities
The Toyo Ink Group donated 50 million yen via Keidanren (Japan Business Federation) to provide support for those affected by the Great East Japan Earthquake and the afflicted regions. For Toyo Ink Tohoku Co., Ltd., a Group company suffering damage from the earthquake, we raised donations internally and sent masks, gasoline, toilet paper, beverages and other supplies.

Post-Quake Safety Audits—For Sustainable Production Activities

In June 2011, the Production and Distribution Headquarters carried out post-quake safety audits chiefly at factories. These were intended for assessing their quake risks, to check on improvements made after the earthquake and diffuse them horizontally. Including anchoring of equipment, fall-prevention measures, introduction of quake-proof load cells,3 and stopping systems linked with seismometers, measures taken based on past risk assessment results were confirmed as helping to reduce damage.

The Toyo Ink Group will share the audit findings within the Group and consistently endeavor to improve quake resistance of buildings and facilities, carry out medium- to long-term redevelopment of production bases and construct a cross-border backup production system.

3 * Measuring instruments that detect the force in mass or torque and convert it into electric signals.
Compliance Activity Implementation

The Toyo Ink Group understands the importance of every single employee behaving with an awareness of compliance. In fiscal 2010, we carried out pragmatic compliance activities in an effort to implement sound CSR management.

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 all staff members working for the Group understand the concept of compliance and share it with other staff members, 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 Group, 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.

Compliance Activities in Fiscal 2010

For fiscal 2010, we set activity targets as outlined below to carry out compliance activities.

Activity Targets for Fiscal 2010

- We will demonstrate successful compliance activities centered on locations that can be found efficient and effective.
- We will address compliance risks in view of the new structure.
- We will improve compliance education in consideration of risk management.

Institution of the Regulations on Compliance with the Antimonopoly Act

The Antimonopoly Act is so closely connected to the Toyo Ink Group’s business activities that any form of incompliance will have serious adverse impacts on our company’s business administration. Laws and regulations become tougher each year, and under these circumstances we have defined compliance with the Antimonopoly Act as a priority task for fiscal 2010 and instituted the Regulations on Compliance with the Antimonopoly Act for the purpose of making a definite commitment to compliance with the legislation and lowering the risk of violation. We also organized briefings at individual sales offices for heightening awareness of its importance among staff members.

Compliance Education

To implement successful compliance activities centered on locations as one of the activity targets for fiscal 2010, we emphasized compliance education for employees. Specifically, major programs including compliance training for new employees, training for newly appointed managers and a managerial knowledge acquisition program were run systematically as programs of the Toyo Ink Academy. Programs tailored to different levels enabled employees to gain a better understanding about compliance by making comparison with their day-to-day operations.

Development of Compliance Leaders

Compliance leaders are appointed at each of our locations and we had 140 compliance leaders across Japan in fiscal 2010. They play a significant role in building compliance awareness in the workplace. In fiscal 2010, members of the office for the Compliance Committee visited different locations to hold meetings for the purpose of nurturing compliance leaders. They confirmed that identification of problems and activities for solving them were implemented on an everyday basis on the initiative of compliance leaders.

Compliance Improvement Month

The Toyo Ink Group defines each November as an opportunity to establish a stronger awareness of compliance. On the initiative of compliance leaders, meetings are held at separate locations, and identified key compliance issues. The Compliance Committee checked the progress in efforts to sort out these issues. These activities helped reduce the risk level throughout the Toyo Ink Group.
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, a system centered on the Information Security Office has been established for preventing information leaks and for emergency response.

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 to offer continuous internal education for maintaining a robust protection system. At each division, a personal information supervisor is appointed and personal information logs are prepared for sound management matched to the details and form of information.

Information Asset Protection Measures

To ensure business continuity, we are equipped with an emergency power generation system so that our principal servers and devices can remain in operation at the time of power failure in addition to disaster response measures at the Systems Operation Center to deal with earthquakes, fire and lightning strikes. In the wake of the Great East Japan Earthquake on March 11, 2011, these measures worked effectively for maintaining continuous operation of all our systems. In addition, networks of our Group affiliates are under central control to protect such systems from unauthorized access and computer viruses from outside the Group. A monitoring system is also in place.

Main 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

Fact-finding surveys given to all systems users on information security have been conducted since fiscal 2009. We learn from the replies how many staff members know about and comply with the rules and adjust our activities accordingly.

Inventory of Memory Media and PCs for External Use

In an effort to reduce risk, every year since fiscal 2008 we have conducted inventory on USB memory, external hard disks and other memory media used by employees. From fiscal 2009, personal computers authorized for external use are also subject to annual inventory.

Information Security Awareness Activities

1) Distribution of Pamphlets for Information Security Education

In fiscal 2007, we published an educational pamphlet titled Guide to Information Security. Since then, we have distributed it to employees throughout Japan, including temporary employees and employees assigned to subcontractors’ sites. Our internal audits regularly check for if each employee carries his or her own copy and understands its content.

2) Information Security Presentations

The Toyo Ink Group has adopted a set of Information Security Awareness Regulations and systematically offers education for information security supervisors from the Group’s affiliates and locations. They hold awareness-building meetings in their respective divisions to ensure that the regulations are known and respected by staff. They also assist in strengthening security within individual departments. Each April we provide group education for new recruits.

3) Raising Awareness among 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. We also distribute educational pamphlet and provide the same training as that for regular employees.

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.
In fiscal 2010, the Toyo Ink Group returned to the basics of CSR procurement and global procurement. By reconfirming the Procurement Principles with suppliers, we have deepened the relations of trust with them and solidified the foundation for sustainable CSR procurement.

Establishment of 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.

New Procurement Scheme and Management System

For fiscal 2010, the new procurement scheme consisted of two pillars. The first was CSR improvement activities in procurement of products and solvents for gravure inks and the second was to construct the indirect material procurement system.

For gravure inks, we toughened the companywide system of quality management and formula control for dilution solvents for gravure inks marketed under our brand and pushed ahead with collaborations with contract manufacturers and suppliers in a bid to build a system for automatically issuing GHS-compliant labels and MSDSs.

For building the indirect material procurement system, we have already conducted trials at three locations. We aim to visualize the procurement process and details and to cut total fixed costs.

From the environmental perspective, the Chemical Management Department introduced the global environmental system. We will upgrade our chemical control to improve our brand power.

Global Procurement of Raw Materials

The Toyo Ink Group imports 28% of all the raw materials it consumes. Of the imported materials, 60% are procured via trading firms and the remaining 40% directly from Group companies and overseas suppliers. The network with overseas companies in the Group helped us procure materials that became difficult to purchase in the aftermath of the Great East Japan Earthquake.

In the future, we will pursue global procurement linked with the Group’s growth strategies as we aspire to achieve procurement in the right places, stable supply and sharing of information on raw materials. We will expand the procurement bases from Japan to further regions appropriate for procurement. In each of these regions, a satellite base of the procurement department will be set up to take the initiative in supplier marketing and information gathering operations. We will institute basic rules for procurement within the Group in line with the new direction and construct a network of materials information based on the environment system to expedite information sharing and push ahead with global procurement.

Conclusion of Purchase Agreements and Statements

Since fiscal 2008, the Toyo Ink Group 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 2010, we concluded new agreements with 23 companies. Agreements and statements at that point had been signed by a cumulative total of 72 companies, of which 31 are manufacturers and 41 trading companies. Prior to the shift to a holding company structure in fiscal 2011, we proactively negotiated to persuade more suppliers to sign the agreements and statements. We ultimately succeeded in signing them with numerous firms as they agreed with us on suppliers’ social responsibility and the stance on quality and the environment.

When selecting suppliers, we strive to assess prospective suppliers, whether based in Japan or overseas, in consideration of employment and working conditions in addition to compliance, safety and financial responsibility.

Procurement Principles

1. Fair and honest dealings
2. Selection of suppliers
3. Mutual understanding and confidence
4. Propriety in procurement activities
5. Green procurement
6. Maintaining confidentiality
7. Supplier CSR

* For the Standard for Selecting Suppliers, please visit our webpage at: http://schd.toyoinkgroup.com/en/csr/group/procurement.html
Responsibility to Shareholders and Investors

To fulfill its responsibility as a listed company to 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.

Stance on IR Activities

The Toyo Ink Group regards shareholders and investors as among its important stakeholders, comparable with customers and local communities, and endeavors to proactively and impartially disclose managerial and overall business information. In fiscal 2010, we introduced a revised approach for information disclosure in an attempt to make the Group better understood and narrow the information gaps between Japan and overseas and between individual and institutional investors.

Information Disclosure

Earnings Briefings

The Toyo Ink Group holds two earnings briefings a year, one in May and the other in November. In fiscal 2010, each briefing attracted approximately 70 participants, including securities analysts, institutional investors, and journalists. On those occasions, we presented a report on the financial results and financial outlook for the following fiscal year and gave specific details about our next medium-term management plan SCC-II in an effort to make our Group’s direction understood.

For more information about the earnings briefing for fiscal 2010, please visit our webpage at: http://schd.toyoinkgroup.com/en/release/2011/11052501.html

One-to-One Meetings

In fiscal 2010, we held about 150 one-to-one meetings with securities analysts and institutional investors. The meetings provide opportunities for giving in-depth explanations on financial results, the Group’s managerial strategies and recent business conditions on the initiative of the Public Relations Organization of General Affairs Department (currently the Corporate Communication Department) and senior IR officers. They are also opportunities for improving bidirectional communication with investors.

For details on the renewal of the takeover defense measures, please visit our webpage at: http://schd.toyoinkgroup.com/en/release/2011/11061303.html

Information Disclosure on the Website

The Toyo Ink Group’s website published 39 news releases in fiscal 2010, including 27 releases related to business administration. Our securities reports, financial statements and results briefing materials issued in the past five years or earlier are immediately made available in PDF format. From fiscal 2010, notices of calling general shareholders meetings and notices of resolutions have also been made available.

For fair disclosure to overseas investors, we publish English translations of major IR materials in PDF format. In April 2010, we revamped the IR-related content on our English website to achieve full linkage with our Japanese website.

* For IR materials, please visit our webpage at: http://schd.toyoinkgroup.com/en/ir/index.html

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 offered in PDF format 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, some of our key events and survey results.

Revision and Maintenance of Takeover Defense Measures

Introduced in 2008, our takeover defense measures against large-scale purchases of the Company’s shares expired at the end of June 2011. We referred a proposal for renewal of these measures to the Annual General Shareholders Meeting held in June 2011, and it was approved. During the three-year period after the introduction, the Toyo Ink Group examined whether the measures were appropriate and whether they would be continued in view of changes in social and economic circumstances and progress in deliberations on them. We decided to continue the measures while making partial revisions for the purpose of maintaining and increasing the Group’s corporate value and shareholders’ common interests.

* For details on the renewal of the takeover defense measures, please visit our webpage at: http://schd.toyoinkgroup.com/en/release/2011/11061303.html

Organization of General Shareholders Meetings and Return to Shareholders

Our 173rd Annual General Shareholders Meeting took place on June 29, 2011. It was the first such meeting after the shift to a holding company structure. The agenda included an approved proposal for the year-end dividend of 6 yen/share, which meant an annual dividend payment of 12 yen/share with an increase of 2 yen from the preceding fiscal year, in consideration of our financial results for fiscal 2010, strengthening of our managerial footing and future business expansion. According to our forecast, the annual dividend for fiscal 2011 will be 12 yen per share; with 6 yen paid at the end of the second quarter and the remaining 6 yen at the end of the fiscal year.

* For our dividend policy and other information, please visit our webpage at: http://schd.toyoinkgroup.com/ja/release/2011/11062901.html
Creating an Environment Conducive to Productive Work

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

Basic Concept on Human Resources

In accordance with people-oriented management as a part of its corporate philosophy, the Toyo Ink Group acknowledges diversity of its staff members and endeavors to create working environments that enable them to experience self-fulfillment in their roles.

Number of Employees (including those of overseas affiliates)

<table>
<thead>
<tr>
<th></th>
<th>TOYO INK MFG</th>
<th>Japanese affiliates</th>
<th>Overseas affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of March 2010</td>
<td>2,091</td>
<td>1,118</td>
<td>3,701</td>
</tr>
<tr>
<td>End of March 2011</td>
<td>2,149</td>
<td>1,053</td>
<td>3,953</td>
</tr>
</tbody>
</table>

Reasons for Leaving TOYO INK MFG, and Japanese Affiliates

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Time Employees</td>
<td>Part-Time Employees</td>
</tr>
<tr>
<td>Company Circumstances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Circumstances</td>
<td>21</td>
<td>27</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>N/A</td>
</tr>
<tr>
<td>End of Contract Period</td>
<td>N/A</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>36</td>
</tr>
<tr>
<td>Annual Turnover*2</td>
<td>1.54%</td>
<td>14.00%</td>
</tr>
</tbody>
</table>

*1 The figure represents the number of those reaching mandatory retirement age who did not wish to be re-employed.
*2 The figure is calculated by dividing the number of those retiring due to personal circumstances and the end of the period of leave by the number of employees as of the end of fiscal year.

Average ratio of paid holidays taken*3

<table>
<thead>
<tr>
<th>(%)</th>
<th>2008</th>
<th>2009</th>
<th>2010 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>47.0</td>
<td>52.2</td>
<td>53.4</td>
</tr>
</tbody>
</table>

*3 The figure is calculated by dividing the total number of holidays taken by the total number of holidays granted in a year.

Childcare Support

The Toyo Ink Group endeavors to develop an environment that facilitates a balance between work and private life. In July 2010, we were awarded a second recognition under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Kurumin accreditation mark. Irrespective of gender, our employees take advantage of our childcare support programs. Male employees also take childcare leave and benefit from our program offering shorter working hours for childcare.

Reasons for Leaving TOYO INK MFG, and Japanese Affiliates

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Time Employees</td>
<td>Part-Time Employees</td>
</tr>
<tr>
<td>Company Circumstances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Circumstances</td>
<td>21</td>
<td>27</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>N/A</td>
</tr>
<tr>
<td>End of Contract Period</td>
<td>N/A</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>36</td>
</tr>
<tr>
<td>Annual Turnover*2</td>
<td>1.54%</td>
<td>14.00%</td>
</tr>
</tbody>
</table>

*1 The figure represents the number of those reaching mandatory retirement age who did not wish to be re-employed.
*2 The figure is calculated by dividing the number of those retiring due to personal circumstances and the end of the period of leave by the number of employees as of the end of fiscal year.

Average ratio of paid holidays taken*3

<table>
<thead>
<tr>
<th>(%)</th>
<th>2008</th>
<th>2009</th>
<th>2010 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>47.0</td>
<td>52.2</td>
<td>53.4</td>
</tr>
</tbody>
</table>

*3 The figure is calculated by dividing the total number of holidays taken by the total number of holidays granted in a year.

Disability Employment

Employees at TOYO INK SC HOLDINGS, with disabilities comprised 1.63% of the total workforce as of June 2011. This figure falls short of the statutory minimum level of 1.80%. Our future recruitment and appointment will give consideration to the aptitude of people with disabilities and redouble our efforts to ensure that they can remain with us and work for a long duration.

Reconsideration of Working Hours

Since 2009, we have worked on duty-sharing and efficiency enhancement in a continuous effort to cut overtime hours. We monitor overtime work with the use of a work management system and take action through interviews with long-working staff members. Overtime hours resolutely stood at an average of 5.1 hours/month in fiscal 2010.
Introduction of Communication Support Program

In July 2011, a communication support program was launched for the purpose of boosting teamwork in the workplace. With the program, the Company covers a predetermined percentage of expenses on trips and recreational events organized at individual worksites. The program is for promoting greater workplace solidarity by helping participants spend non-working time together.

Respect for Humanity in Business Administration

The Toyo Ink Group Business Conduct Guidelines expressly indicate respect for fundamental human rights as a prerequisite to mutual tolerance and understanding. The English translation of the Guidelines has been distributed to overseas affiliates to share and ingrain the concept behind them. At Japanese locations, compliance meetings are held with the aims of raising employees’ awareness and eradicating discrimination based on race, faith, sex, nationality, disability, age and other unreasonable grounds. In utilization of human resources, we hire more foreign nationals and appoint more executives from among them. At overseas affiliates as well, non-Japanese staff members are increasingly promoted to the director level.

Directors Promoted from Employees at Overseas Affiliates (as of July 1, 2011)

<table>
<thead>
<tr>
<th>Role</th>
<th>Number</th>
<th>Ratio to Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>52</td>
<td>23.5%</td>
</tr>
<tr>
<td>Chairpersons and Presidents</td>
<td>15</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

* Anyone holding more than one post counts as one person for each post.

Concept behind Human Resource Development

The Toyo Ink Group Guiding Principles stipulate that we will achieve customer satisfaction (CS), employee satisfaction (ES) and social satisfaction (SS) through our business activities. For making employees feel fulfilled with their work and achieving higher quality of work, we provide the Group’s staff members in Japan and overseas with opportunities for career development and education based on two pillars: the Toyo Ink Career Advancement Program (T-CAP) and Toyo Ink Academy.

The Toyo Ink Career Advancement Program (T-CAP)

Consisting of development transfers, transfers based on self-assessments and internal open competition for positions, the Toyo Ink Career Advancement Program (T-CAP) is a career-oriented development transfer scheme that supports personal career building through transfers within an organization. These account for 71% of all transfers. In fiscal 2010, we held open internal competition for seven positions and saw three employees transferred under the program. We also conduct a self-assessment survey annually in an effort to determine the levels of employees’ career ambitions and to carry out their transfers based on the findings. In fiscal 2011, we will review the system in an attempt to bolster personnel development for versatile abilities with a view toward globalization.

<table>
<thead>
<tr>
<th>Type of Transfer</th>
<th>Fiscal 2008</th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Effective Transfers</td>
<td>754</td>
<td>589</td>
<td>504</td>
</tr>
<tr>
<td>Development Transfers</td>
<td>422</td>
<td>418</td>
<td>358</td>
</tr>
<tr>
<td>Transfers Based on Self-Assessments</td>
<td>88</td>
<td>87</td>
<td>83</td>
</tr>
</tbody>
</table>

Percentage of Development Transfers among All Transfers

<table>
<thead>
<tr>
<th>Type of Transfer</th>
<th>Fiscal 2008</th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Effective Transfers</td>
<td>754</td>
<td>589</td>
<td>504</td>
</tr>
<tr>
<td>Development Transfers</td>
<td>422</td>
<td>418</td>
<td>358</td>
</tr>
<tr>
<td>Transfers Based on Self-Assessments</td>
<td>88</td>
<td>87</td>
<td>83</td>
</tr>
</tbody>
</table>

Response to Globalization

(Toyo Ink Academy)

The Toyo Ink Academy is home to the Toyo Ink Group’s staff education aimed at training human resources in Japan and abroad to perform actively in the global arena. For employees serving in Japan, it offers job-specific programs in individual departments, focused on areas such as sales, engineering, production and management. With the TIG Global Bank in operation, it also offered training on management strategies, cross-cultural communication and business administration as part of the education program for prospective overseas representatives. For overseas personnel, training for prospective executives in our overseas affiliates was offered in China and English-speaking regions in an aim to deepen the trainees’ understanding that managers need to have on the Group’s common principles and human resource development. The Toyo Ink Academy offered training courses to a cumulative total of 989 participants over 201 days in one year.

Reviewing the significance of executives’ duties

Robin Loke
A Technical GM, Press Chemical, TOYOCHEM SPECIALTY CHEMICAL SDN. BHD. (Malaysia)

The training for prospective overseas executives helped expand my experience and horizons. After returning from the Academy, I reconsidered the meaning of my own job and realized how closely it was linked with CSR. My contribution to society may be still limited but I strongly hope that we will be united as a group to continuously produce new value for people's lifestyles and culture around the world.
Enhancing Employees’ Health and Safety

The Toyo Ink Group is committed to its employee’s 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 2010 included domestic and overseas safety measures and actions for prevention of heat stroke.

For Health and Safety of Employees

The Toyo Ink Group in fiscal 2009 embarked on a five-year health improvement plan in line with the Toyo Ink Group Basic Health Management Policy. In fiscal 2010, more health improvement activities took place at individual locations.

Five-Year Health Improvement Plan

In fiscal 2009, the Toyo Ink Group established a health improvement support framework centered on individual establishments. In view of future challenges, including promoting and ingraining health improvement activities for all employees through the function of frameworks at different offices and factories, in fiscal 2010 we defined and worked on two specific initiatives at the establishment level as common companywide events: Non-Smoking Day and non-smoking support, and walking.

For the first initiative, in May and June we instituted smoke-free times at 13 bases in tandem with the World Health Organization’s World No Tobacco Day on May 31 and organized lectures by public health nurses and other experts. These actions led to a ban on smoking in cars used for business and continued observation of smoke-free timeslots.

In the second initiative, walking and alternative events took place at 11 establishments, with 468 people participating, including employees and family members. One employee commented that the event provided opportunities for cross-departmental communication and another said that it put him in the habit of doing exercise.

Health Improvement Targets

The Toyo Ink Group has defined health-related targets to be met by the end of fiscal 2013, the final year of the five-year health improvement plan. The following shows our achievements through fiscal 2010 from efforts to attain the targets.

The percentage of employees habitually exercising is increasing, but so is the ratio of those exceeding the appropriate weight range. In the future, we will focus on nutrition management.

Health-Related Actions and Results

<table>
<thead>
<tr>
<th>Health-Related Actions (Fiscal 2013 Targets)</th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase employees habitually exercising (to 30% or more)</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>Increase employees weighing in the appropriate range: body mass index (BMI) value below 25 (to 20% or more)</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Increase those receiving education or training on mental health measures and communication skills enhancement (to 50% or more)</td>
<td>26%</td>
<td>35%</td>
</tr>
</tbody>
</table>

We planned and organized training on mental health measures and communication at the headquarters and different locations. A non-cumulative total of 1,203 employees, 35% of all personnel in the Company, have taken mental health training, including 294 taking the first training in fiscal 2010. In the wake of the Great East Japan Earthquake, we offered mental health counseling to all employees in the afflicted areas in Tohoku region and grasped the impact of the disaster on their mental and physical condition.

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 product facilities could have adverse repercussions for the health or safety of employees working there. The Toyo Ink Group continues to take a range of initiatives to ensure safety and prevent disasters.

Training before Overseas Assignment

Our Corporate Policy, as a steadfast and primary standard, broadly permeates our employee ranks including those working for domestic and overseas affiliates. Overseas representatives assigned to overseas affiliates have a significant duty of meeting the responsibility for overall management of the environment and safety at their locations in accordance with the Corporate Policy, including maintenance of safety and health in connection with production activities and prevention of fires and other accidents. Prior to their assignment, they receive education on environment and safety management, which tends to be the responsibility of specialized staff in domestic operations, to help improve their skills and renew their awareness similarly to training on management of quality, expenses, quantities and delivery dates.

Specifically in terms of environment management, the training explains the need to reduce effluent, exhaust gas, waste and other emissions from factories, along with reduction approaches. In terms of safety and health, it details the importance of preventing accident recurrence and new disaster risks based on past accidents and response actions and on risk assessment methods. It also covers education on measures against static electricity. The training contributes to
improving our Group-wide commitment to the environment and safety.

**Actions for Prevention of Heat Stroke**

An intense heat wave hit Japan in 2010, causing some 54,000 nationwide to be diagnosed with heat stroke after ambulance transport during the July-September period. This figure reflects a 415% jump from the 2009 level according to statistics from the Ministry of Internal Affairs and Communications. In 2011, power consumption had to be reduced after the Great East Japan Earthquake, for instance by raising air conditioner temperature settings. This is expected to have a harsh effect on the working environment, thus it is necessary to implement stronger measures for heat stroke prevention than in 2010.

The Toyo Ink Group in July 2010 saw one employee at the Saitama Factory suffer heat stroke during outdoor work. Fortunately, swift and appropriate treatment helped him recover. Since that event, the Saitama factory has taken heat stroke prevention measures not only for indoor but also outdoor workers. Specifically, forklifts are now equipped with drinking water facilities. Portable cooler boxes are filled with ice, isotonic drinks and other items for heat stroke prevention so that outdoor workers can easily take in water and salt. These measures helped to drastically reduce heat stroke risks.

As a manufacturer, the Toyo Ink Group understands that employees’ health and safety are fundamental to corporate activities. In line with this, we introduced WBGT* gauges to alert employees, distributed cooling neck wraps to employees and took other actions for preventing heat stroke while suppressing power consumption at individual locations.

> *WBGT (wet-bulb globe temperature): A convenient indicator for evaluating the heat stress on workers in hot working environments. The Toyo Ink Group adopts simple, portable WBGT gauges with a function for automatically calculating the WBGT value for measuring on worksites.*

---

**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: human resources, machinery, methods and management. We have also instituted and currently implement a rule of examining whether measures for preventing recurrence of accidents arising from similar equipment are incorporated into capital investment proposed for approval. For the purpose of this examination, the database of past accidents must be searched. The database is used in safety education within the company and in the training of personnel who will be assigned to overseas locations.

With a firm resolution of ensuring that the tragedy will never be forgotten or repeated, TIEC established February 27 as Safety Day. In 2011, it recompiled information on the circumstances surrounding the accident and its causes into materials for internal education titled “Why Did the Accident Happen?” and used it among education on the 2011 Safety Day. The materials will be used in the future in safety education such as training for new recruits and incoming employees and safety conferences to help continuously boost safety awareness among employees.

**Trends in the Frequency of Lost-Workday Injuries**

![Graph showing trends in lost-workday injuries](image)

*1 Number of lost-workday injuries or fatalities per million work hours

**Trends in the Lost-Workday-Injury Severity Rate**

![Graph showing trends in lost-workday injury severity rate](image)

*2 Number of lost-workdays per thousand work hours

* The outside data are cited from the Ministry of Health, Labour and Welfare’s Summary on Industrial Accidents (Results of Survey on Establishments) issued on April 26, 2011.
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.

Risk Communication Activities

(Kawagoe Factory of TOYOCHEM CO., LTD.)

The TOYOCHEM CO., LTD. Kawagoe Factory has continuously conducted risk communication activities since the model project on risk communication run by the Ministry of the Environment in 2003.

In July 2011, a risk communication session took place 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 presentation on the results of whole effluent toxicity (WET) testing on factory effluent using bioreponse methods, a briefing on fire prevention and safety and health activities, a factory tour, and concluded with an exchange of opinions. “Seeing WET testing and other methods we gained a good understanding of your active environmental efforts. We hope these efforts will continue, as it is important to eliminate anxiety of local residents.” commented a Saitama Prefectural Government official.

Including its other establishments, TOYOCHEM will continuously strive to reduce environmental risks and eliminate anxiety from neighboring communities.

Cooperation through Acceptance of Three-Day Challenge (Saitama Factory of Toyo-Morton, Ltd.)

In fiscal 2010, the Saitama Factory of Toyo-Morton Ltd. cooperated with the local community as it agreed to offer a social experience program called the Three-Day Challenge for junior high school students. Accepting a request from Namegawa Junior High School operated by the Namegawa Town Government, it offered practical work experience on the mornings and afternoons of November 10-12. A teacher and three students visited the factory and put on anti-static safety shoes, work suits, working trousers, helmets and gloves the company gave them, as well as masks for certain types of work. They experienced simple work processes by following instructions of on-site personnel after being given an outline of the work and precautions and rules.

Collection of Plastic Bottle Caps

(Fuji Factory of TOYOCHEM CO., LTD.)

The TOYOCHEM CO., LTD. Fuji Factory takes part in an initiative for collecting plastic bottle caps and donating vaccines to children around the world run by the Ecocap Movement’s non-profit organization.

The initiative has three objectives: (1) Aiming effectively use limited resources by collecting and recycling plastic bottle caps; (2) Seeking to suppress carbon dioxide emissions from incineration to help improve the global environment and (3) Striving to contribute to the welfare of children in developing countries by donating vaccines. Supporting this initiative, the Fuji Factory had collected more than 20,000 caps by June 2011 and delivered them to the Ecocap Movement.

CSR Activities in Thailand

(TOYO INK [THAILAND] CO., LTD. and TOYO INK COATING [THAILAND] CO., LTD.)

In Thailand, TOYO INK (THAILAND) CO., LTD. (TIT) and TOYO INK COATING (THAILAND) CO., LTD. (TCT) proactively engage
in different CSR activities each year.

In December 2010, they called for assistance for hundreds of people affected by the prolonged floods in Lopburi Province, about two hours' drive north of Bangkok, and sent donations of everyday goods.

In the wake of the Great East Japan Earthquake in March 2011, they offered Japan a donation of around 1.2 million yen collected from employees.

They also continue steady CSR efforts and positive contribution to local communities, including donation of stationary items for study to nearby schools.

**Contribution to Firefighting in the Neighborhood (LIOCHEM, INC.)**

On February 22, 2011, LIOCHEM, INC., based in the U.S. state of Georgia, received a phone call from the Rockdale Fire Station, in charge of its area, reporting a fire at a neighboring building. Upon hearing the circumstances, the company thought that the chemical-based fire could not be put out with normal water and advised the station to inject 200 gallons of aqua film foam*, one of its products, into the fire engine. After obtaining approval from the fire station chief, it called out its own emergency fire squad. Ten minutes later, its trucks began to fill the fire engine with the foam. The fire was extinguished about one hour later. There were no injuries, the building was saved and indoor damage was minimized. The company received a certificate of gratitude and a letter of thanks for its assistance from the Rockdale Fire Station.

* A watersoluble fire extinguishing substance that turns into foam when sprayed

**First Presentation in ExpoPrint Latin America 2010 in Brazil**

The Toyo Ink Group made its first-ever presentation in South America as an exhibitor in the ExpoPrint Latin America 2010 tradeshow featuring printing-related items, held in Sao Paolo, Brazil on June 23-29, 2010.

For this show, the Toyo Ink Group adopted a theme of “Image the Future—Together, Our Potential is Limitless.” This incorporates our aspirations to penetrate the South American market as a printing materials developer and serve the printing industry in Brazil and other neighboring countries as a business partner that will grow and cooperatively open future avenues.

**First Participation as Exhibitor in Print Pack India 2011**

On January 16-21, 2011, Print Pack India 2011, a six-day tradeshow of printing-related materials, India’s largest in scale, took place in New Delhi. That was the first event in the country in which the Toyo Ink Group presented its exclusive exhibition booth.

Held in alternate years, this year’s Print Pack show featured 406 exhibitors and attracted a total of 55,000 visitors. The great success of the event symbolized India’s fast-growing economy. Welcoming more than 1,000 corporate visitors, our booth broadly demonstrated the Toyo Ink Group’s stance of making steps toward a new phase of development in India.
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 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. Contribution to society through business
   The Toyo Ink Group will contribute 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.

2. Development of corporate culture that values social contribution activities
   To develop a corporate culture that values social contribution activities, the Toyo Ink Group will engage in support activities based on its expertise cultivated through business, and actively encourage and support employees’ voluntary activities.

Winning the NAPIM Printing Ink Pioneer Award (TOYO INK AMERICA, LLC)

At the official banquet at Doral Golf Resort & Spa in Miami, on April 12, 2011, John Copeland, president of TOYO INK AMERICA LLC and general manager of the printing ink segment in the Americas region, won the 2011 NAPIM* Printing Ink Pioneer Award. This prize is awarded to leaders in the industry in recognition of their years of contribution to the corporation and industry.

Since 2006 he has served NAPIM as a board member, and since 2009 has headed NAPIM's financial department. He is a volunteer in the NAPIM committee.

* NAPIM (National Association of Printing Ink Manufacturers): The industry association set up for the objectives of offering information and support for improvement in management of member companies and leading the printing ink industry in the United States

Picked as a 2010 Advanced Foreign Enterprise in the Songjiang District of Shanghai (SHANGHAI TOYO INK MFG. CO., LTD.)

Inaugurated in Shanghai’s Songjiang district in September 2004, SHANGHAI TOYO INK MFG. CO., LTD. merged with SHANGHAI TOYO PLASTIC COLORANT CO., LTD. located in the same district in 2009. Since then, it has produced and sold a broad range of Toyo Ink Group products.

Located in a suburb of Shanghai, it proactively hires employees from across China and currently operates with a staff of approximately 350. Given that a majority of the products it deals with are hazardous materials and chemicals, the company needs to conduct environmentally conscious production activities. It therefore strives to carry out its production and business efforts in consideration of environmental impacts on local communities, residents and businesses in the vicinity and on its employees.

In recognition of these corporate efforts, in February 2011 the company was designated by the Songjiang District People’s Government as a 2010 Advanced Foreign Enterprise in Songjiang. Around 10,000 businesses operate in this district. The company was recognized as having attained rapid growth in performance and in payment of value-added tax, income tax and business tax to serve the local economy, and contributing to the safety and stability of local society by achieving safe production with no accidents, promoting energy-saving activities, focusing on environmental conservation, hiring workers with physical disabilities and offering welfare programs. It was thus included among 90 selected companies.

When a fire broke out in adjacent vacant land in March 2011, the company’s self-defense fire squad worked quickly to prevent it from spreading. After the recent designation, this contribution is considered to have resulted not only from everyday drills but also from the improved awareness among the employees of acting as a good corporate citizen.

Research Seminars Hosted as a JPDA Member (TOYO INK CO., LTD.)

As a member of the Japan Package Design Association (JPDA), TOYO INK CO., LTD. engages in many different activities including research aimed at communicating the value of package designs and making them appealing.

On July 6, 2011, it hosted the Second Research Seminar, organized by the JPDA’s Research Committee at its headquarters in Kyobashi, Tokyo. "Universal Design
“Industrial and Economic Cycle with TOYO KING NEX NV100 Rice” was the research subject for 2011. The Promotion Group in TOYO INK’s Corporate Planning Department reported the activities of the Research Committee and presented a website for members called The Forest of Information on Universal Design and Packaging. This seminar also included a keynote lecture by Dag Klingstedt, president of Ergonomidesign Japan KK, titled “Especially Now, Learn Universal Lifestyles from the Perspective of Swedish Ergonomics.” He presented some examples from Sweden as a country advanced in universal design and raised some problems facing Japan heading toward a highly aged society.

Presentation at Tokyo Designers Week 2010

The Toyo Ink Group participated as an exhibitor at Tokyo Designers Week 2010, one of Japan’s largest design-related events, held at Meiji Jingu Gaien from October 29 to November 3, 2010. With the theme of “Love Blue,” the event was intended to express the viability and potential of design for global and living environments. Based on the concept of “the power of colors to create comfortable lifestyles for everyone,” the Toyo Ink Group used a combination of actual displays and videos to showcase its materials and solutions that enrich everyday life.

Products on Display
- UDing Series color universal design support tools
- Color Finder color samples compliant with color universal design
- PITTO attachable special indoor decoration sheeting

Participation in SOPTEC Tohoku 2011 (TOYO INK TOHOKU CO., LTD.)

In July 2011, TOYO INK TOHOKU CO., LTD. joined the printing-related exhibition SOPTEC Tohoku 2011. Held after the Great East Japan Earthquake, this year’s event differed from past events in the series. On the subjects of reconstruction of the Tohoku region, local consumption of local products, and the environment, the company chiefly presented TOYO KING NEX NV100 Rice, an eco-friendly VOC-free sheet-fed printing ink made from regionally produced rice bran oil and from recycled vegetable oil. The product will be offered to customers to indirectly provide support for reconstruction and to implement environmental measures.

At the exhibition venue, we gave visitors notebooks in which rice ink was used and bamboo leaf masks. With the help of picture book author Tatsuya Miyanishi, an autograph session was organized and on-site sales of picture books raised money to be donated to the Tohoku District Printing Production Technology Forum.

From Our Partners

White rice is our staple food, and in the process of polishing raw brown rice to produce it, rice bran is generated. Produced from this rice bran, rice bran oil is the only vegetable oil made almost solely from Japan-based materials. Toyo Ink proposed contributing to reconstruction of the Tohoku region through printing with rice ink produced mainly from our mainstay product, rice bran oil. We welcomed this and we are thrilled to see the launch of this initiative toward regional reconstruction.

We hope to keep serving the Tohoku region by continuing the initiative as a local firm with its factory in Yamagata Prefecture.
Environmental and Safety Principle and Management System

The Toyo Ink Group has developed its Environmental and Safety Principle and 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 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 Environmental and Safety Action Policies to act as a basis of environmental management policy in accordance with the 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

The Toyo Ink Group has set up a CSR Generalization Committee. It is chaired by the president and CEO, who is charged with executing CSR management. The Environment and Safety Committee was also established as its subordinate technical committee. It engages in strengthening risk response to different matters and improving the Group’s environmental management systems. The Environmental Conference, held annually, is a Group-wide conference with participation of representatives from affiliates and heads of relevant divisions to review the environmental goals and discuss Group-wide environmental and safety strategies.

Environmental and Safety Management System

Organization of the Environmental and Safety Management System
Overview of Environmental Impacts and MFCA Activities

The Toyo Ink Group soundly maintains and manages its equipment and devices and monitors and measures boiler exhaust, effluent and other waste generated from the product manufacturing process to acquire a clear picture of emissions and minimize their environmental impact.

Environmental Impact Mass Balance

In fiscal 2010, TOYO INK MFG. CO., LTD. saw its environmental impact grow on the whole from the preceding fiscal year. While specific energy consumption remained almost flat from the previous fiscal year, the economic recovery led to increased production volume and accordingly to emissions of environmentally hazardous substances. The final disposal volume of waste rose slightly, to reach the fiscal 2008 level. In the future, we will make further efforts to cut environmental impact.

<table>
<thead>
<tr>
<th>INPUT</th>
<th>OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>CO₂</td>
</tr>
<tr>
<td>Electricity</td>
<td>53.54 million kWh</td>
</tr>
<tr>
<td>Heavy fuel oil A</td>
<td>1,488 kℓ</td>
</tr>
<tr>
<td>Liquid petroleum gas</td>
<td>37 tons</td>
</tr>
<tr>
<td>Municipal gas</td>
<td>21.2 million m³</td>
</tr>
<tr>
<td><strong>Raw materials</strong></td>
<td>Chemicals*1</td>
</tr>
<tr>
<td>Solvent</td>
<td>55,216 tons</td>
</tr>
<tr>
<td>Resin</td>
<td>59,415 tons</td>
</tr>
<tr>
<td>Pigment</td>
<td>26,672 tons</td>
</tr>
<tr>
<td>Other</td>
<td>113,868 tons</td>
</tr>
<tr>
<td>Total</td>
<td>255,171 tons</td>
</tr>
<tr>
<td>(amounts regarded as chemicals*:1,57,771 tons)</td>
<td></td>
</tr>
<tr>
<td><strong>Supplementary materials</strong></td>
<td>Environmental pollutant</td>
</tr>
<tr>
<td>Drums</td>
<td>5,726 tons</td>
</tr>
<tr>
<td>Five-gallon drums</td>
<td>2,657 tons</td>
</tr>
<tr>
<td>Other metal containers</td>
<td>1,401 tons</td>
</tr>
<tr>
<td>Total</td>
<td>9,786 tons</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Waste material</td>
</tr>
<tr>
<td>Water supplied</td>
<td>180,000 m³</td>
</tr>
<tr>
<td>Industrial-use water</td>
<td>0 m³</td>
</tr>
<tr>
<td>Groundwater</td>
<td>2,630,000 m³</td>
</tr>
<tr>
<td>Total</td>
<td>2,830,000 m³</td>
</tr>
</tbody>
</table>

Products 194,724 tons

- Ink
- Coating materials
- Paints and varnish
- Chemical products
- Resins, gums, and adhesives
- Colorants
- Display materials

The figures represent the results produced by TOYO INK MFG. in fiscal 2010. Its four factories and one plant are responsible for nearly 86% of the total energy consumption of all manufacturing facilities in Japan.

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

**Linkage between MFCA and TPM Activities**

Material flow cost accounting (MFCA) is a method for environmental and cost improvement. 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.

In fiscal 2010, we studied calculation in monetary value of the effect of TPM*2 efficiency improvement activities implemented at the Moriyama Factory. According to MFCA, the manufacturing process costs are split three ways: material cost (MC), system cost (SC), including personnel and other expenses, and energy cost (EC). A basic formula for calculating TPM’s effect of cutting time in MC, SC and EC was created in an attempt to link MFCA and TPM activities.

*2 TPM (Total Productive Maintenance): A method according to which manufacturing companies sustainably maintain their profits by creating systems and mechanisms for continuously developing human resources and improving processes and equipment.
Environmental Objectives and Achievements

In 2009, the Toyo Ink Group revised its medium-term environmental objectives in line with SCC2017 and set new medium-term environmental objectives to be attained by fiscal 2017. In fiscal 2010, we defined targets for the fiscal year and strove toward achieving the objectives for fiscal 2017.

Environmental Objectives and Achievements in Fiscal 2010 and Environmental Objectives for Fiscal 2011

The Toyo Ink Group’s vision, as set out in 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.

Based on this, our new medium-term environmental objectives for fiscal 2017 urge the Japan-based factories, plants and production-related affiliates 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 2010, we fell short of the goals in terms of environmental impact, except for water consumption, as a result of increased production quantities. Energy consumption for fiscal 2011 is expected to surpass the previous fiscal year’s level due to a shift of operations to holidays in response to the power supply shortage after the Great East Japan Earthquake. Energy consumption cannot be dramatically reduced solely by energy-saving efforts at factories, plants and affiliates. We believe it is necessary to reconsider the basis of manufacturing, such as the formula and locational assignment of processes. These issues are discussed in the CO2 Reduction Project and other inter-departmental collaborative efforts. The findings are incorporated into the environmental objectives.

As their sales steadily grew, environmentally friendly products successfully met the target in terms of share in net total sales. After the efforts on the initiative of the Japan Printing Ink Makers Association to formulate a product category rule (PCR) system, the recognized PCRs have been published. We will continue to seek manufacturing with lower environmental impact by introducing the concept of life cycle assessment (LCA) into product development and into research and development.

To address biological diversity issues, the Toyo Ink Group has continuously implemented environmental risk assessment of its own factory effluent with the use of WET-compliant biological indicators in an effort to ensure safe and reassuring output from its establishments. As a pioneer in risk assessment using biocriteria, we will carry out ongoing assessment aimed at reducing the environmental impact of effluent. The impacts of the Great East Japan Earthquake and East Shizuoka earthquake on corporate activities will be so prolonged that we may have to revise the objectives, but the Toyo Ink Group will continue its endeavors to cut environmental impact.
Medium-Term Environmental Objectives

Continue to preserve the environment after improvements at overseas production-related business locations and the protection of tropical rain forests, including third-party views and opinions.

Secure suitable locations for risk simulation training at all Japan-based production sites.

Implement process improvements at domestic production-related affiliates, giving guidance to them and revise regulations and rules on chemicals management.

Enhance the materials and programs for environmental education by creating a database on educational materials.

Increase risk communication. Hold risk communication sessions at least once a year at four factories.

Implement the ISO 14001 mechanism into management plans.

Review the share of sales of environmentally friendly products in net product sales stood at 51.3%, failing to reach the target.

To address the carbon footprint issue, we performed LCA on printing inks and other core products to calculate CO2 emissions at the stages from material procurement and production to consumption.

We prompted the Japan Printing Ink Makers Association to formulate PCRs and produced a PCR draft for printing inks, which was published as a recognized PCR on March 28, 2011.

The Global Chemicals Management Project was launched to examine the current state of chemicals management at overseas affiliates, and revise and regulate policies and chemicals management. A Global Environmental System ready for issuing MDSIDs and product labels was also constructed.

Continue compliance activities.

Review the share of sales of environmentally friendly products in net product sales stood at 53.3% of net product sales.

Reduce water consumption of factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce specific energy consumption for domestic shipping and transport operations to 10.3 liters per ton, or by 1.0% compared to the fiscal 2010 level.

Reduce industrial waste emissions from factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce water consumption of factories, plants and domestic production-related affiliates to 3.82 million m³, or by 3% compared to the fiscal 2010 level.

Carry out appropriate soil and groundwater surveys in the event of land change.

Review assessment of environmental impact assessment for overseas location.

Reduce sales of environmentally friendly products to 53% of net product sales.

Reduce specific energy consumption for TOYO INK MFG. domestic shipping and transport operations to 10.3 liters per ton, or by 1.0% compared to the fiscal 2010 level.

Reduce specific energy consumption for TOYO INK MFG. domestic shipping and transport operations to 10.3 liters per ton, or by 1.0% compared to the fiscal 2010 level.

Reduce water consumption of factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce industrial waste emissions from factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce specific energy consumption for TOYO INK MFG. domestic shipping and transport operations to 10.3 liters per ton, or by 1.0% compared to the fiscal 2010 level.

Reduce water consumption of factories, plants and domestic production-related affiliates to 3.82 million m³, or by 3% compared to the fiscal 2010 level.

Carry out appropriate soil and groundwater surveys in the event of land change.

Review the share of sales of environmentally friendly products in net product sales stood at 51.3%, failing to reach the target.

To address the carbon footprint issue, we performed LCA on printing inks and other core products to calculate CO2 emissions at the stages from material procurement and production to consumption.

We prompted the Japan Printing Ink Makers Association to formulate PCRs and produced a PCR draft for printing inks, which was published as a recognized PCR on March 28, 2011.

The Global Chemicals Management Project was launched to examine the current state of chemicals management at overseas affiliates, and revise and regulate policies and chemicals management. A Global Environmental System ready for issuing MDSIDs and product labels was also constructed.

Continue compliance activities.

Review the share of sales of environmentally friendly products in net product sales stood at 53.3% of net product sales.

Reduce water consumption of factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce specific energy consumption for domestic shipping and transport operations to 10.3 liters per ton, or by 1.0% compared to the fiscal 2010 level.

Reduce industrial waste emissions from factories, plants and domestic production-related affiliates to 150 liters per ton, or by 2.0% compared to the fiscal 2010 level.

Reduce water consumption of factories, plants and domestic production-related affiliates to 3.82 million m³, or by 3% compared to the fiscal 2010 level.

Carry out appropriate soil and groundwater surveys in the event of land change.
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 2010

For fiscal 2010, the environmental costs incurred by five major domestic production-related affiliates rose 627 million yen from the level of fiscal 2009, while capital investment was down 13 million yen. The quantitative effects of environmental preservation are calculated by comparing all manufacturing quantity adjustments against those for fiscal 2009, using of production volume in the fiscal year in question as a ratio of the preceding fiscal year. The ratio for fiscal 2010 is 1.021. Indicators showing the effects relating to water resources suggested positive effects were produced while negative effects were suggested for the previous fiscal year. However, increased production volume led to growth in items with negative effects. The total economic effect was up 11% from fiscal 2009 and the environmental business had a positive effect valued at 5,343 million yen.

Environmental Costs

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal 2010</th>
<th>Fiscal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs within business area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>Costs</td>
<td>Investment</td>
</tr>
<tr>
<td>120,1,275</td>
<td>1,291,314</td>
<td></td>
</tr>
<tr>
<td>Break-down</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>13,714</td>
<td>36,595</td>
</tr>
<tr>
<td>Global environmental protection</td>
<td>44,127</td>
<td>40,260</td>
</tr>
<tr>
<td>Resource recycling</td>
<td>63,434</td>
<td>53,459</td>
</tr>
<tr>
<td>Upstream and downstream costs</td>
<td>0,111</td>
<td>0,112</td>
</tr>
<tr>
<td>Environmental management</td>
<td>6,449</td>
<td>12,456</td>
</tr>
<tr>
<td>Research and development</td>
<td>214,3,323</td>
<td>212,2,661</td>
</tr>
<tr>
<td>Break-down</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>159,3,083</td>
<td>201,2,392</td>
</tr>
<tr>
<td>Technology development</td>
<td>55,239</td>
<td>12,268</td>
</tr>
<tr>
<td>Social activities</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td>Environmental damage</td>
<td>0,32</td>
<td>0,20</td>
</tr>
<tr>
<td>Total</td>
<td>340,5,192</td>
<td>353,4,565</td>
</tr>
</tbody>
</table>

Period: April 1, 2010 to March 31, 2011
Companies included: Toyo Ink itself and major production-related affiliates in Japan
* Total expenditures for research and development for the current term: 6,888 million yen (Toyo Ink alone); 7,179 million (consolidated).

Direct Quantitative Effects of Environmental Preservation (within business area)

<table>
<thead>
<tr>
<th>Description</th>
<th>Category</th>
<th>Fiscal 2010</th>
<th>Fiscal 2009</th>
<th>Index value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effects related to resources used in operations</td>
<td>Total energy used (crude-oil equivalent: x1,000 kℓ)</td>
<td>39.8</td>
<td>38.7</td>
<td>–0.3</td>
</tr>
<tr>
<td></td>
<td>Volume of water resources used (x10,000m³)</td>
<td>283.6</td>
<td>294.3</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Volume of PRTR- and JCA-designated chemicals handled (x1,000 tons)</td>
<td>57.4</td>
<td>55.7</td>
<td>–0.5</td>
</tr>
<tr>
<td></td>
<td>CO₂ emissions (x1,000 tons-C)</td>
<td>72.7</td>
<td>73.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Effects related to environmental burden and waste from business activity emissions</td>
<td>Emissions of PRTR- and JCA-designated substances (tons)</td>
<td>65.0</td>
<td>90.2</td>
<td>27.1</td>
</tr>
<tr>
<td></td>
<td>Total volume of wastewater (x10,000m³)</td>
<td>261.2</td>
<td>273.0</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>Volume of waste generated (x1,000 tons)</td>
<td>14.2</td>
<td>13.4</td>
<td>–0.5</td>
</tr>
<tr>
<td></td>
<td>Volume of waste sent to landfills (tons)</td>
<td>9.1</td>
<td>0.0</td>
<td>–9.1</td>
</tr>
<tr>
<td></td>
<td>SO₂ emissions (tons)</td>
<td>2.5</td>
<td>1.3</td>
<td>–1.1</td>
</tr>
<tr>
<td></td>
<td>NOx emissions (tons)</td>
<td>69.8</td>
<td>48.5</td>
<td>–20.3</td>
</tr>
<tr>
<td></td>
<td>Particulate emissions (tons)</td>
<td>1.4</td>
<td>1.0</td>
<td>–0.3</td>
</tr>
<tr>
<td></td>
<td>CO₂ emissions (tons)</td>
<td>87.3</td>
<td>80.3</td>
<td>–5.3</td>
</tr>
</tbody>
</table>

| Companies included: Toyo Ink only |
* Direct quantitative effects of environmental protection activities are calculated by comparing data for the year with data for the previous fiscal year, with adjustments for productions quantity.
* Index value = environmental burden for previous fiscal period x (production quantity for current fiscal period / production quantity for previous fiscal period) – environmental burden for current fiscal period

Economic Effect

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal 2010</th>
<th>Fiscal 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sale of valuable resources</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>2. Energy conservation</td>
<td>33</td>
<td>47</td>
</tr>
<tr>
<td>3. Resource conservation</td>
<td>388</td>
<td>267</td>
</tr>
<tr>
<td>4. Recycling of containers, etc.</td>
<td>28</td>
<td>91</td>
</tr>
<tr>
<td>5. Reduction of waste-disposal costs</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Total environmental effects</td>
<td>483</td>
<td>434</td>
</tr>
<tr>
<td>Environmental business</td>
<td>5,343</td>
<td>3,234</td>
</tr>
</tbody>
</table>

Companies included: Toyo Ink only
* Environmental business = net sales of environmentally friendly products x operating profit margin

Dealing with Asset Retirement Obligations

In fiscal 2010, the Accounting Standards for Asset Retirement Obligations came into effect. According to the Standards, the costs of asbestos treatment, disposal of equipment containing polychlorinated biphenyl (PCB), soil contamination surveys and similar required by law, regulations 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. Capacitors, transformers, fluorescent lamp ballasts and other electric devices containing PCB as insulation oil, for which manufacturing is currently banned, must be under strict control for disposal and storage pursuant to the Act on Special Measures against PCB Waste. The Toyo Ink Group checks the state of storage and disposal at all establishments on a quarterly basis and manages it by incorporating the results into the management ledger.

Following detoxification, disposal of equipment containing PCB in storage must be finished by July 15, 2016. We will carry out sound disposal in an organized manner.

Example of storage of equipment containing PCB

Indication of PCB storage...
Environmentally Friendly Products and Eco-Conscious Efficiency Index

The Toyo Ink Group understands that key challenges in environmental management are 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

The Toyo Ink Group has set standards for environmentally friendly products and life cycle stages ranging from material procurement to disposal or recycling; such as those for sheet-fed printing systems free from volatile organic compounds (VOCs) in all processes of offset printing. Any product satisfying any one of these standards is defined as environmentally friendly products.

In fiscal 2010, environmentally friendly products accounted for 51.3% of our sales. This means that the fiscal 2010 goal of 52% was not attained. We will revise the standards for environmentally friendly products to suit the current technical level and product category. We will redouble our efforts to develop and promote environmentally friendly products toward attaining the medium-term environmental objective of 60%.

Net Product Sales 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*1 by the integrated environmental impact index*2, which is an indicator of factors that negatively impact the environment. A higher score indicates greater progress in terms of environmental management.

For fiscal 2010, the eco-conscious efficiency index value stood at 7.3, meeting the goal of 7.2. This success came after a rise in the index for sales of environmentally friendly products. Aware that it has a task of lowering the score of the integrated environmental impact index in the future, the Toyo Ink Group will continue its endeavor to cut environmental impact striving toward the medium-term environmental objective of reaching an eco-conscious efficiency index score of 10.0 in 2017.

*1 Index for sales of environmentally friendly products: An indicator reflecting sales of environmentally friendly products expressed in the form of an index value with the base fiscal year 2000 level set at a value of 100

*2 Integrated environmental impact index: A uniquely weighted indicator reflecting carbon dioxide (CO2), nitrogen oxide (NOx) and sulfur oxide (SOx) emissions, chemical oxygen demand (COD), final waste disposal volume and chemical emissions, with the base fiscal year 2000 level set at a value of 100

Product Life Cycle Stages and Characteristics of Environmentally Friendly Products

<table>
<thead>
<tr>
<th>Life Cycle Stage</th>
<th>Notable Points of Environmentally Friendly Products</th>
<th>Minor Category</th>
<th>Examples of corresponding products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low environmental impacts and safety at material stage</td>
<td>Use of safe and clean materials containing no hazardous or polluting substances</td>
<td>Reduction in or freedom from aromatic solvents / Eight items concerning reduction in or freedom from VOC content</td>
<td>Aroma-free offset inks, toluene-free gravure inks, offset UV inks, etc.</td>
</tr>
<tr>
<td></td>
<td>Use of materials not derived from depleting oil</td>
<td>Use of water as solvent / Use of plant resources / Use of recycled biomass resources</td>
<td>Water-based gravure inks, coating materials and adhesives, offset and newspaper inks containing soybean oil, Kumazasa bamboo extracts</td>
</tr>
<tr>
<td>Reduction of environmental impact at the production, packaging and distribution stages</td>
<td>Products produced through material- and/or energy saving manufacturing, packaging and distribution processes</td>
<td></td>
<td>MP drum system*</td>
</tr>
<tr>
<td>Reduction of environmental impact at the stage of consumption by the customer or in the market</td>
<td>Contribution to energy saving in customers’ production process</td>
<td>Low-temperature dried offset rotary press inks, high-sensitivity UV inks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contribution to enhanced safety of customers’ processes involving use</td>
<td>Adhesive tapes compatible with lead-free solder</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contribution to reduction in chemical emissions at the time of usage</td>
<td>Low- or non-VOC inks and coating materials</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product equipped with a function for reducing environmental impact</td>
<td>Soil remediation agents, VOC treatment systems</td>
<td></td>
</tr>
<tr>
<td>Reduction of environmental impact at the disposal stage</td>
<td>Materials and composition that can be treated with existing recycling facilities and systems</td>
<td></td>
<td>Easily removable hybrid inks</td>
</tr>
</tbody>
</table>

A unique weighted indicator reflecting carbon dioxide (CO2), nitrogen oxide (NOx) and sulfur oxide (SOx) emissions, chemical oxygen demand (COD), final waste disposal volume and chemical emissions, with the base fiscal year 2000 level set at a value of 100.

* A thin-wall interior cartridge drum that helps recycle drums for offset ink transport

Trend in Eco-Conscious Efficiency Index

Trends in the Index for Sales of Environmentally Friendly Products and Integrated Environmental Impact Index
Our business activities consume significant energy in the form of electricity, oil and gas. We are committed to combating the process of global warming, defining an accurate tracking of energy consumption and initiatives to reduce energy consumption as one of our priority management challenges.

**Energy Consumption and CO₂ Emissions**

The Toyo Ink Group launched the CO₂ Reduction Project in fiscal 2010. It began with work on the visualization of energy consumption at factories and plants. For individual locations, we developed medium- and long-term energy saving plans centered on energy conservation measures and set a goal of cutting CO₂ emissions by 15,000 tons by fiscal 2016 compared to the fiscal 2009 level. In fiscal 2010, we did not reach our goal.

In fiscal 2011, we will continue the project as a collaborative activity in the Group and expand the energy visualization to domestic affiliates. We will also implement activities from a broader perspective, including innovation of manufacturing methods and change of business structure. Power saving efforts will take place not only at locations subject to consumption restriction but all locations concerned with the Toyo Ink Group. We will clarify the impacts of these efforts to incorporate them into future CO₂ reduction plans.

**Energy Consumption and CO₂ Emissions in Fiscal 2010**

In fiscal 2010, energy consumption and CO₂ emissions were both up from the previous fiscal year after growth in production at the four factories and one plant operated by TOYO INK MFG., at domestic and overseas affiliates. The specific energy consumption of TOYO INK MFG. and domestic affiliates fell just 0.5% partly due to the major earthquake in March 2011.

The environmental objective for fiscal 2010 of achieving a 2.0% reduction from the preceding fiscal year was not fulfilled. On the other hand, two more of our overseas affiliates were certified with ISO 14001 in fiscal 2010, bringing the total to 13. Accordingly, their energy consumption and CO₂ emissions increased.

**Energy Saving through TPM Activities at the Fuji Factory**

Responsible for nearly half of the energy consumption of TOYO INK MFG., the Fuji Factory is conducting TPM activities leading to energy saving since their launch in fiscal 2010. These activities are aimed at preventing losses through self-maintenance as well as at improving productivity at worksites, slashing energy consumption and developing human resources through a range of improvement activities. Self-maintenance refers to cleaning of machinery and maintenance performed by production personnel themselves. With clear objectives, these may look easy to those engaged in manufacturing, but they cannot be effective without careful preparation.

A preparation committee was set up in fall 2009 for initiating these activities. It began by making TPM known to leaders at individual workplaces. In February 2011, improvement circles were formed at separate workplaces for holding monthly on-site improvement guidance sessions with guest instructors. In fall 2011, activities will be upgraded to put full-scale self-maintenance activities into operation.
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 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 Business 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 2010**

For fiscal 2010, waste emissions from TOYO INK MFG. (i.e., its four factories and one plant), domestic affiliates and overseas affiliates rose from fiscal 2009 by 776 tons (5.8%), 115 tons (3.2%) and 1,186 tons (33.4%), respectively. The growth resulted mainly from increased production volume and the rise in the figure for overseas affiliates due to the addition of two firms in the scope of calculation in fiscal 2010. With the same scope of calculation as in fiscal 2009, the figure rose 294.3 tons or 7.7%.

For fiscal 2010, the final disposal volume from TOYO INK MFG. increased to 9 tons after some heat insulators had to be discarded by landfill. For domestic affiliates, the figure stood at 4 tons. Despite that, all our domestic establishments remained in status we defined as zero emission.

**Actions at Overseas Locations**

In foreign countries where laws and systems concerning waste vary, the Toyo Ink Group aims to reduce waste emissions and final disposal volume. For fiscal 2010, industrial waste emissions from overseas affiliates grew as production volume surged following Chinese economic growth. We will continue efforts to perform proper treatment and reduce waste emissions per unit production.

**Industrial Waste Emissions**

The Toyo Ink Group endeavors to reuse waste. Our new environmental objectives adopted in fiscal 2009 focus on industrial waste and call for a reduction in industrial waste emissions themselves. However, for fiscal 2010 we failed to meet the target as the industrial waste emissions from TOYO INK MFG. and domestic affiliates totaled 8,890 tons. A major reason behind this failure is decreased demand for a byproduct that was expected to be sold, which obligated the company to dispose of it as industrial waste.

**Enhancing On-Site Check of Intermediate Treatment Operators**

Promulgated in May 2010, the amendment to the Waste Management Act provides that emitting businesses should endeavor to perform checks on disposal status as part of their care duties. In response to this change in circumstances, the Toyo Ink Group is working to revise the checklist for on-site checks of intermediate treatment operators to bolster operations.
Environmental Pollutants and the Environmental Impact of Distribution Activities

The Toyo Ink Group implements stricter management of boilers and other combustion equipment as well as effluent with a view toward reducing air and water pollutant emissions. It also endeavors to slash CO₂ emissions from vehicles used in product transport and delivery.

Progress in Environmental Pollutant Reduction in Fiscal 2010

The Toyo Ink Group has been taking steps to cut nitrogen oxide (NOₓ), sulfur oxide (SOₓ), soot and dust and other air polluting substances emitted from its boilers and other combustion equipment. Our initiatives in Japan include a change in fuel and the introduction of co-generation equipment. These helped reduce air pollutant emissions but in fiscal 2010 the emissions increased partly due to a growth in production volume. We also calculate such emissions from overseas establishments certified with ISO 14001. In fiscal 2010, the emissions figure rose after two firms were added to the scope of calculation. In the future, we will implement even tougher management in order to lower air pollutant emissions.

Environmental Impact Reduction in Distribution

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 2010, our domestic transport volume reached 65.89 million ton-kilometers. Specific CO₂ emissions stood at 28.5 tons of CO₂ equivalent, or 98.7% of the previous year’s level, and specific energy consumption at 11.0 liters of crude oil equivalent, or 98.5% of the level attained a year earlier.

Implementation of Modal Shift at LOGI CO-NET CO., LTD.

LOGI CO-NET CO., LTD. works proactively to cut environmental impact in its distribution business. In fiscal 2010, it worked on a modal shift, specifically from long-distance truck transport to Japan Freight Railway’s container transport. It is currently implemented at the Saitama Factory, Kawagoe Factory, Fuji Factory and Seishin Plant. The switchover from truck to rail helps reduce emissions of carbon dioxide, a greenhouse gas. Among others, the modal shift for transport from the Saitama Factory to the distribution base in Neyagawa in the Kansai region is expected to produce a considerable positive effect given that the transport volume doubled from the preceding year.

Apart from that, LOGI CO-NET carries out companywide activities for reducing environmental impact, including efforts to increase fuel efficiency and load efficiency.

Japan Freight Railway’s container
Actions to Prevent Soil and Groundwater Contamination

In April 2010, the Soil Contamination Countermeasures Act was significantly amended to toughen its restrictions. The Toyo Ink Group endeavors to properly address soil and groundwater pollution in accordance with laws, regulations and ordinances, and 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 Environment and Safety Committee, the Soil and Groundwater Contamination Countermeasures Sub-committee investigates past use of specified hazardous substances, including use by domestic and overseas affiliates. It takes voluntary and other necessary actions for its establishments with high contamination risks.

In the past, when 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. In the event of discovery of dioxins at the Second Tomei Expressway construction site in Fuji City sold to Central Nippon Expressway Co., Ltd. (formerly the Japan Highway Public Corporation), we constructed an impermeable wall as a measure of preventing spread of the contamination in accordance with the decision by the countermeasures committee made up of academic experts, government officials and local residents.

* TOYO PREPRESS CO., LTD. and TOYO SEIHAN CO., LTD. were integrated and renamed into TOYO FPP CO., LTD. as a result of organizational changes.

Soil Contamination Survey at the Kawagoe Factory and Countermeasures

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 within the premises. We therefore followed up with a soil contamination survey in compliance with the Osaka Prefectural 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. In the event of creating free land from the site of the Josshinetsu Sales Office, which was closed down in March 2009, we conducted the same survey in September 2010 to confirm that the standard limits were surpassed for none of the specified hazardous substances.

End of Groundwater Monitoring at the Kawagoe Factory

In 2005, we voluntarily conducted a soil and groundwater survey at the places where volatile organic compounds (VOCs) had been used. The survey found partial soil and groundwater contamination with Class I Designated Hazardous Substances. To deal with soil pollution at two points, the excavation and removal work was finished by October 2005. At other points with groundwater contamination, regular monitoring was conducted for about five years and the findings were reported to the Kawagoe City Government. We discontinued the monitoring in August 2010 after gaining consent from the Kawagoe City Government since the concentrations of Class I Designated Hazardous Substances stayed below the groundwater standard limits during the monitoring period.

Check on Containment of Dioxins at the Fuji Factory

After studying the impermeable method for preventing proliferation of soil contamination with dioxins in Fuji City, a countermeasures committee decided that visual inspection of the impermeable wall will be immediately carried out in the event of an earthquake with a seismic intensity of at least 4 on the Japan Meteorological Agency (JMA) scale and that repair work and survey on the impact on the neighboring areas will be performed if damage is detected. When the East Shizuoka earthquake struck on March 15, 2011, the Fuji Factory saw an intensity of 6-lower, and we accordingly executed onsite inspection of the impermeable wall to confirm there was no damage and reported the results to the Fuji City Government.
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

Understanding that management of chemicals is part of its key activities, the Toyo Ink Group endeavors to ensure that all chemical substances contained in its products are managed properly. With the adoption of raw materials as the starting point of management, we have developed the Chemical Risk Management Regulations and other internal rules. We have also revamped the database of raw materials and chemicals and constructed an Environmental System as a mechanism for adapting to the global trend towards tighter chemical control and regulations in an effort to provide customers with appropriate material safety data sheets (MSDSs). We are extending this system to achieve compliance with overseas laws and regulations. The seminar at the Private Show in January 2011 contained a presentation on these chemical management activities.

Chemical Emissions in Fiscal 2010

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. In fiscal 2010, we calculated the volume of emissions of these Class I Specific Chemical Substances as well as substances designated by the Japan Chemical Industry Association.

For fiscal 2010, TOYO INK MFG. generated chemical emissions of 65.0 tons, down 25.2 tons, or 27.9%, from the preceding year. Domestic affiliates generated 59.1 tons, up 7.3 tons, or 14.0%, and overseas affiliates generated 75.3 tons, down 3.2 tons, or 4.1%. The growth of emissions from domestic affiliates is explained by increased production volume from the fiscal 2009 level. The massive decline in emissions from TOYO INK MFG. is attributable to a close check on the volumes of emissions and treatment. We will continue our efforts to review the formulas and cover volatile organic compounds (VOCs) as we strive to lower chemical emissions.

Complying with Overseas Chemical Regulations

The REACH Regulation is the European Union’s comprehensive regulation on chemical substances. To comply with this rule, the Toyo Ink Group finished registration of substances to be registered by December 2010. In association with application of CLP classification to substances, it is now compulsory to submit the classification to the Classification and Labeling Inventory*1 under the CLP Regulation*2. We finished the submission for substances concerned.

Registration schemes are increasing outside the European Union. We have finished preparations to fulfill the obligations to report substances exceeding 1 ton/year in Turkey and to report substances subject to Taiwan’s Inventory of Existing
To meet this challenge, we launched a companywide project called the Global Chemical Management Project in fiscal 2010 to standardize chemical management in its group companies based in Japan and abroad. The Toyo Ink Group has since fiscal 2010 been working to globally extend our chemical management system by conforming with laws and regulations on chemicals in different countries, incorporating hazardoustness and toxicity data and enabling MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

We have since fiscal 2010 been working to globally extend our chemical management system by conforming with laws and regulations on chemicals in different countries, incorporating hazardoustness and toxicity data and enabling MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

The Toyo Ink Group finished its action to ensure compliance with the GHS in MSDS and labeling for products manufactured at production bases in China and for products imported from Japan and other countries to China. The Toyo Ink Group owns testing facilities recognized to conform with Good Labor Practice (GLP) under the Industrial Safety and Health Act and we perform the Ames test*3 to examine genetic toxicity. This test assesses all processes from material to product in order to ensure the safety of workers and products.

We have introduced the GHS to Toyo Ink Group companies in Japan and beyond. With the three action pillars of internal rules, systems, and education, it disseminates collaborative activities among the operation, information and chemical management departments to Toyo Ink Group companies in Japan and beyond.

1) Revision of the Chemical Management Regulations
As part of the action to develop a system for risk-based management, the Toyo Ink Group has revised its Chemical Management Regulations to bolster communication in the supply chain, increase consistency with international regulations and standardize chemical management in its group companies based in Japan and abroad.

We have also introduced a materials survey sheet and created a system under which GHS data on materials are imported to the Global Environmental System and incorporated in product information. This system is successively expanded aiming at providing stakeholders with more accurate production information concerning chemicals.

2) Globalization of the Chemical Management System
In addition to its conventional chemical management of materials and products with the use of IT systems, the Toyo Ink Group has since fiscal 2009 been implementing chemical management including MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

We have since fiscal 2010 been working to globally extend our chemical management system by conforming with laws and regulations on chemicals in different countries, incorporating hazardoustness and toxicity data and enabling MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

We have since fiscal 2010 been working to globally extend our chemical management system by conforming with laws and regulations on chemicals in different countries, incorporating hazardoustness and toxicity data and enabling MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

We have since fiscal 2010 been working to globally extend our chemical management system by conforming with laws and regulations on chemicals in different countries, incorporating hazardoustness and toxicity data and enabling MSDS creation for prototypes and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that initiates with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management.

The Toyo Ink Group owns testing facilities recognized to conform with Good Labor Practice (GLP) under the Industrial Safety and Health Act and we perform the Ames test*3 to examine genetic toxicity. This test assesses all processes from material to product in order to ensure the safety of workers and products.

Amid growing importance placed on chemical control, we proactively propose and conduct exploration and research for more appropriate chemical management through genotoxicity tests that are more accurate and have greater relevance for humans.

*3 A test method for evaluating mutagenic properties of chemicals with the use of bacteria
Biodiversity Initiatives

With the tenth Conference of the Parties (COP10) to the Convention on Biological Diversity and Nippon Keidanren’s declaration, biodiversity conservation is now a worldwide challenge. The Toyo Ink Group is also actively committed to preserving biodiversity.

Basic Policy on Biodiversity

The Toyo Ink Group instituted its Basic Policy on Biodiversity in fiscal 2009. The Toyo Ink Group Business Conduct Guidelines includes our commitment to natural conservation initiatives including efforts to preserve biodiversity. Accordingly, we engage in local afforestation, release of young fish, creation of biotope gardens, cleanup of rivers and other activities.

Environmental Impact and Risk Assessment with Bioassay

As part of its efforts to preserve biodiversity, the Toyo Ink Group has since 2007 been studying a method of assessing environmental impact of effluent discharged from factories in compliance with the wastewater regulations with the use of bioassays*, jointly with the National Institute of Environmental Studies. We combined the bioassay-based assessment method with those specified by the Organisation for Economic Co-operation and Development (OECD)** and in the ISO standards and determined conditions for producing accurate results in a short period of time. We thus evaluate the environmental influence risks with the use of algae, water flea, zebrafish and luminescent bacteria as test organisms to quantify and monitor the characteristics and extent of impact on life.

The results until fiscal 2009 suggest that at all factories there was no risk of adverse impact on eco-systems under the actual discharge conditions. In fiscal 2010, we improved the process based on the findings to lower the risks of factories that have relatively substantial impact. In fiscal 2011, we will continue to perform bioassay-based assessment of factory effluent and consider taking action aimed at reducing the risks of such factories.

* Organisation for Economic Co-operation and Development (OECD)
** An international cooperation organization dedicated to expanding trade and providing assistance to developing countries.

Creation of a Biotope Garden at the Fuji Factory

As part of its environmental preservation activities, the Fuji Factory created a biotope garden six years ago to provide employees and neighbors with a relaxing space. The name “biotope garden” has been coined by combining “biotope,” consisting of bio- (life) and -topos (place), with “garden” to indicate that it is a garden offering a wildlife habitat with biotope characteristics to put people at ease.

The biotope garden provides a relaxing space.

**Voice from Staff**

Tooru Segawa
Environmental Safety Sec., General Affairs Dept.
Fuji Factory

The Fuji Factory has been in operation in the environment with ordinary residences nearby since its inauguration and placing importance on harmony with local communities. When a new parking lot was created in 2004, the Factory Location Act required us to secure 20% green space. A proposal then arose to create a biotope garden in part of that green space. Our study for planning found this it would be beneficial to neighbors as well as to the view from trains. Fortunately, the plan was approved for a public subsidy. We thus managed to bring it into completion. Today, it serves not only as a relaxing place for employees it also delights neighbors with its Firefly Evening, which takes place in the garden in early summer.
Environmental Education and Communication

The Toyo Ink Group has been developing relationships with people’s lives and cultures through its products. Understanding that it is one of our most notable corporate duties to conserve the global environment, we keep abreast of environmental issues and engage in diverse environmental activities as top priority managerial challenges.

Publication of the Toyo Ink Group Social and Environmental Report 2010

The Toyo Ink Group has been adding refinement to stakeholders’ lifestyles in different situations through its operations and products and contributing to cultural richness through communication. Published in October 2010, the Toyo Ink Group Social and Environmental Report 2010 features improved reader-friendliness based on universal design (UD) fonts, revision of special features, and enriched overseas stories. Similarly to its fiscal 2009 edition, it carries a plain, illustrated description of how to calculate the carbon footprint per copy of the report.

Stakeholder Dialog

The Toyo Ink Group organized a Stakeholder Dialog on May 25, 2011. With the participation of 11 students from the Sophia University Graduate School of Global Environmental Studies and the Faculty of Economics at Keio University, the event produced active exchange of opinions on the Toyo Ink Group’s CSR and environmental activities and on its report. Suggestions for improvement and comments on future expectations will be studied for our future environmental activities and for producing easier to understand and increasingly informative reports.

Exhibiting in Eco-Products 2010

Continuing from fiscal 2009, the Toyo Ink Group took part in Eco-Products 2010, one of Japan’s largest-scale environmental trade fairs, held at the Tokyo International Exhibition Center (Tokyo Big Sight) on December 9-11, 2010. We delivered panel presentations and displayed actual products to showcase our actions to preserve biodiversity and our environmentally friendly products. We also gave clear explanations, using illustrations, on the linkage between our products and society.

In the event section we organized a handcraft workshop for making Christmas ornaments. Participants applied different shapes of stickers made of Dynacal Ecosign* onto a plate shaped like a Christmas tree. Our exhibition staff members finished ornaments and presented them to participants. This workshop was a great success.

* A non-PVC color marking film

Comments from students who participated in the dialog

Wishing for Continued Pursuit of Reader Friendliness

Takayoshi Umehara
Fujii Seminar, Graduate School of Global Environmental Studies, Sophia University

I appreciate the Social and Environmental Report 2010 since it incorporates efforts to strengthen communication, including illustrated explanations and a design created with UDing, the Toyo Ink Group’s unique support tool for color UD production. The Stakeholder Dialog had active exchange of opinions as some employees raised questions. However, I feel that the time allotted was too short to allow deep discussions on individual activities and made it hard to understand which of the environmental activities were focused on. Through the dialog, I found the Toyo Ink Group’s report to be characterized by the readers’ perspective and a focus on reader friendliness. I hope that the future reports will retain these merits.

Sparking an Interest in Businesses’ Social and Environmental Activities

Members of the Yutaka Akiyama Seminar
Faculty of Economics, Keio University

The Stakeholder Dialog gave us an opportunity to read the Social and Environmental Report for the first time. We found the Toyo Ink Group’s report was beautifully colored. We were impressed and realized that this was unique to an ink company. The content was somewhat hard to understand because we had no prior knowledge about technical matters, but simple diagrams and photos sufficiently made up for the difficulty and allowed us to enjoy reading it. Regrettably, the criteria for evaluation of the achievements of activities were ambiguous, and this resulted in it being unclear what results were attained. On the whole, we are grateful for the opportunity for a productivity exchange of opinions that have sparked our interest in businesses’ social and environmental activities.
Carbon Footprint of This Report and UDing

The Toyo Ink Group currently implements carbon footprint initiatives for helping visualize the environmental impacts of products and services as well as efforts on color universal design (color UD, or CUD).

### Carbon Footprint

A carbon footprint is an indicator of greenhouse gas emissions in a product’s entire lifecycle. Used in everyday life, a product entails a tremendous amount of energy consumption during the period from production to disposal. Given that oil, coal, natural gas, and other fossil fuels are burned to generate the energy, carbon dioxide and other greenhouse gases that cause global warming are emitted.

The carbon footprint visualizes the greenhouse gas emissions throughout the product lifecycle, from material procurement to disposal or recycling, by indicating them in the form of CO₂ volume. Calculation needs to be accurate and must therefore be verified by the Ministry of Economy, Trade and Industry (METI).

#### Carbon Footprint System

![Carbon Footprint System Diagram]

**CO₂ emissions from raw material acquisition**

**CO₂ emissions from product transport**

**CO₂ emissions from product production**

**CO₂ emissions from product use**

Total amount of CO₂ emissions: Carbon Footprint

123g CO₂

Carbon Footprint of Products (CFP) symbol

### Carbon Offset*1

In an effort to reduce environmental impact, we managed to offset the carbon footprint of this report, or CO₂ emissions throughout its lifecycle, by operating a domestic forestry project. Mitsubishi UFJ Lease & Finance Co., Ltd. served as an offset provider.

*1 Counterbalancing CO₂ emissions by investing in afforestation and similar

### Mechanism of Carbon Offset

- **CO₂ generation**
- **CO₂ absorption**
- **Financing**
- **Offset**
- **Certification**

### Carbon Footprint at Individual Stages in the Life Cycle of the Report

#### Procurement of Materials

- Proofreading Paper
- dampening Water
- Packaging Materials
- Inks

**410g-CO₂e** *2

*2 Quantity of greenhouse gases converted into CO₂ equivalents

#### Production

- DTP
- Plate
- Cutting and Bookbinding
- Packaging

**51g-CO₂e**

#### Distribution

- Materials for Transport
- Head Office
- Plants and Branches
- Exhibitions and Other Events
- General Readers

**47g-CO₂e**

#### Use and Maintenance

- Use (i.e., reading)

**0g-CO₂e**

#### Disposal and Recycling

- Incineration
- Preparation for Recycling

**10g-CO₂e**

Carbon Footprint: 518g-CO₂e per copy

#### Breakdown

- **Use and Maintenance:** 0%
- **Distribution:** 9%
- **Production:** 10%
- **Disposal and Recycling:** 2%
- **Procurement of Materials:** 79%
Considerations in Production—UDing

Color universal design (color UD or CUD) is a concept of removing inconvenience arising from difference in color vision type in the design phase. To support CUD production, the Toyo Ink Group has developed the UDing software and since 2004 has offered it free of charge as part of its social activities for the purpose of raising awareness about CUD, about which there is still little public awareness. To date, more than 10,000 copies have been distributed. We continue to offer the UDing tool broadly on our website to public institutions, manufacturers and designers.

Production of any design with CUD considerations is meaningless if color consistency is not attained in actual printing. To address this challenge, the Toyo Ink Group has additionally invented the color universal design workflow. By following this workflow consisting of UDing and DDCP*3, it is possible to create CUD-compliant printed matters in a smooth and appropriate manner. This is helpful for presentations and explanations in proofreading.

At the stage of producing this report, we used UDing for color design and adopted CUD workflow.

*3 DDCP (Direct Digital Color Proof): A digital printer system that outputs PC-generated data with colors extremely close to those in real printed matters.

Summary of the Color Universal Design Workflow

- Design data are created while checking with UDing.
- Original four-color data that have been checked are passed to the DDCP system.
- Use of the TOYO INK Standard Color ICC Profile on the DDCP system enables CUD check using the printing results.

Upon client approval, printing is carried out with TOYO INK’s inks applied to the original sample.

CUD-compliant printed matters are produced, and communicate accurate information.

Evolution of Social Activities with UDing

The Toyo Ink Group receives numerous requests from governmental bodies, various organizations and businesses for opportunities to learn about color universal design and for explanations about CUD initiatives. We respond with proactive efforts to build CUD awareness and disseminate it in seminars and workshops on the topic.

In the new evolution of social activities with UDing, we began to receive requests for lecturers to be dispatched to CUD education programs for students aspiring to be graphic and web designers. In fiscal 2010, our dispatched lecturers delivered lectures at two vocational schools on the importance of CUD and how to use our tool.
It is hoped that CSR management will advance based on the Group’s serious and proactive attitude.

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

We held two sessions for exchange of opinions during the process of producing this report and on those occasions the editors humbly listened to our comments. The resulting publication reflects their earnest attitude. The Report has comprehensive and in-depth coverage of necessary topics, and it shows a sense of seriousness. It also reflects the Toyo Ink Group’s positive commitment to global expansion. This is seen in the facts that a Chinese language version was launched and the ISO 26000 standards were added to the reference guidelines.

In corporate reports, it is vital to state the company’s vision and the process toward it. This report includes clear description of the Group’s vision of SCC 2017. The summary of SCC-II is persuasive. We give it high marks since it presents the vision and process more specifically than in the previous year’s report. Reported in the special feature, adoption of plant-derived materials and used vegetable oil as materials for offset inks and environmentally friendly production processes based on printing technologies, among other efforts, superbly demonstrate the potential of a specialty chemical manufacturer. These initiatives are thought to fully help develop a sense of unity and cohesion in the Group with the new structure and to meet the objectives of the editorial policy. The colorful icons on the cover are impressive. The cover is another key medium for delivering messages, the linkage between the Toyo Ink Group’s products and society is represented and businesses’ diversity and breadth are exhibited, boosting familiarity with the Group.

Notable in the 2011 Report are stories related to the Great East Japan Earthquake. Thinking that the recent disaster is sure to trigger a significant paradigm shift in society and industry, we hoped that the report would refer to the challenges that emerged in the wake of the earthquake and the new mission to meet them. In the Report, we find the phrase “recovery leading to regeneration” in the Message from the President and some anticipated references in the section Post-Quake Safety Audit – For Sustainable Production Activities. However, we wish it had more specific reference based on strong awareness of the growing impetus toward a shift of values and sense of shared social responsibility in Japanese society.

The Toyo Ink Group has a corporate philosophy of “people-oriented management.” This gives us, the readers, greater expectation of reference to human rights from its report than from reports issued by other companies. However, we must say that the Report has insufficient coverage in this respect. Human rights are among the seven principles of social responsibility and the seven central issues. The recently revised OECD Guidelines for Multinational Enterprises and GRI Guidelines 3.1 also place increased emphasis on statements on human rights. A recent survey on report-reading in China suggests greater interest in initiatives addressing human rights issues than in Japan. We anticipate that human rights infringement in corporate business activities will draw more attention. We hope that future reports will check the Group’s actions with reference to these guidelines and take a more proactive stance to covering human rights issues.

With respect to CSR management, the report refers to achievement of guideline CSR management and implementation of CSR management. The relationship between a specialty chemical manufacturer and CSR management is quite interesting but, regrettably, it is unclear. On the whole, the description of SCC 2017 and the Message from the President place so much emphasis on the future growth strategy that the report provides inadequate explanation on CSR management and a strategy for it. Future reports should define the CSR management and the approach for bolstering it in the framework of SCC-II and SCC-III so that the Group’s CSR management will advance.

Regarding environmental initiatives, we hope that future reports will pay greater attention to global implementation. In fiscal 2010, energy consumption and CO2 emissions increased considerably, partly due to the fact that two companies were added to the scope of calculation. It is hoped that the report will present the policy and action plan for suppressing and reducing them while pressing ahead with globalization.

The Workers Club for Eco-Harmonic Renewable Society
The Workers Club for Eco-Harmonic Renewable Society is a citizens’ group with specific non-profit 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.
http://www.nord-ise.com/junkan/
The Workers Club for Eco-Harmonic Renewable Society has offered comments on the Toyo Ink Group Social and Environmental Reports and helped us improve and evolve them since publication of the 2006 edition.

In the previous year, it commented on inadequacy in presentation of the vision behind SCC 2017 and the medium-term management plan. We strove for in-depth descriptions to address this problem. The icons on the cover were intended to make readers feel a greater sense of familiarity with us. Our 2011 Report received high marks for greater concreteness in descriptions of the vision and process, which led to increased familiarity. We, the production team, feel we successfully met part of our goals.

On the other hand, the Report was judged insufficient in descriptions on human rights and explanation of CSR management. We take this remark seriously and are determined to give information disclosure that meets ISO 26000 requirements and other needs of the times for future improvements. The Toyo Ink Group will continuously strive to boost the reliability of its corporate activities and increase its corporate value.

Features of This Report

Rice Ink

The Rice Ink series uses rice bran oil instead of soybean oil as a solvent. Soybean oil comes from soybeans grown and harvested in North America and the oil expression process takes place outside Japan (though a part of the oil is expressed in Japan). On the other hand, a majority of rice bran oil is from Japan-based raw materials and expressed in Japan. This helps reduce the transport mileage for import/export and provides an advantage in the carbon footprint.

Vegetable Oil Ink

Soybean oil is a predominant environmentally friendly offset ink that constitutes more than 70% of such inks. However, it is made from soybeans, which essentially serve as food and are in growing demand for many different purposes. It is undesirable to depend solely on this as a material for environmentally friendly inks. Vegetable oil inks are defined as environmentally friendly inks made from soybean oil and oil derived from other inedible plants.

FSC-Certified Paper

The Forest Stewardship Council (FSC) is an international non-profit organization established in 1993 and headquartered in Bonn, Germany. Under the FSC certification program, bodies that it recognizes certify forests under sound management in social, environmental and economic terms, and a certification logo is awarded to lumber and wood products originating from such forests. FSC-certified paper refers to paper produced under FSC control.

UDing

UDing embodies the Toyo Ink Group’s corporate ethos of supporting a universal design society by supplying materials and tools based on its unique technologies. Production of this report uses CUD production support software, the UDing Color Tool, to eliminate inconvenience arising from difference in color vision type in the design phase. Offered free of charge, UDing Color Tool is used in various design processes.
About the cover image:
The Toyo Ink Group’s products are used not just for decoration and packaging but for communication, energy conservation and support for healthy lifestyles. They are applied in various aspects of society to add to the cultural richness of our lives. The image’s colorful icons represent the Toyo Ink Group’s linkage with society.