The social wealth created by the Toyo Ink Group in each of its four business domains is expressed with paper cutouts. The Toyo Ink Group’s products are used in the following settings: Living & Healthcare, Information & Communication, Fine Imaging & Printing, and Energy & Environment.

This brochure is printed using rice ink, which uses rice bran oil instead of soy ink for reduced global warming gas emissions.
Aiming to be a company creating new values for human culture throughout the world

**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, expanding its business domains from the familiar products that use resins (polymers) as core materials, such as beverage can coatings and adhesives for food packaging and stickers, to cutting-edge domains, such as materials for electronic devices and solar cells.

**TOYO COLOR CO., LTD.**
Leads the Colorants and Functional Materials-related Business. The company started with the in-house production of pigments for printing inks, and is now expanding the application of its colorants to a variety of high-function products such as plastic colorants and LCD materials. The company is also working toward applying these colorants in the future development of material technologies.

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**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.

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**People-oriented management**

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

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**Corporate Philosophy**

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

**Corporate Policy**

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

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**Guiding Principles**

- Flexible and innovative
- Challenging the status quo
- Adaptability to change

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Editorial Policy
This report mainly discusses the social and environmental aspects of the activities Toyo Ink Group has been engaged in since it shifted to a holding company structure in April 2011. It also includes businesses and other information pertaining to Toyocolor Co., Ltd. which was founded in April 2012. Covering various products of the Toyo Ink Group, this report uses images to illustrate the relationship between the Group’s businesses and society in an easy-to-understand way. In the special feature section, we focus on printing inks and polymer-related products, which are the Group’s principal products, describing how they evolved and how they will develop in the future to achieve “Visible Science for Life,” Toyo Ink Group’s brand message. The report also includes accounts of the Group’s review of its Business Continuity Plan (BCP) in response to the Great East Japan Earthquake and the flooding in Thailand, the progress of reviews, and the Group’s quality assurance system. The report has adopted UD fonts and a color universal design (CUD) to make it more reader-friendly.

In producing this report, we obtained feedback from the non-profit organization Workers Club for Eco-Harmonic Renewable Society (President: Tamio Yamaguchi). We also asked them to provide us with third-party views and opinions for this report.

Scope of Social and Environmental Report

- **Period covered**
  This Social and Environmental Report 2012 primarily deals with fiscal 2011 (April 1, 2011 to March 31, 2012).
  The environmental impact at overseas affiliates, however, was calculated based on data recorded during the period of January 1, 2011 to December 31, 2011. In addition, since the original Japanese-language version of this report was published in October 2012, information on significant accomplishments occurring up to June 2012 is also included.

- **Areas covered**
  For details of the areas covered under the social and environmental components of this report, please refer to the diagram on pages 6-7.

- **Guidelines used as reference**
  - Social and Environmental Report
    This Social & Environmental Report was edited and produced in accordance with the Ministry of the Environment’s Environmental Reporting Guidelines 2012, the Global Reporting Initiative’s Sustainability Reporting Guidelines 3.1, and the ISO 26000, international standards on social responsibility. To show how each story pertains to the ISO 26000, the relevant ISO 26000 Core Subjects are shown above each subhead, and we verified the relevance of our activities to these core subjects.
  - 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 this report 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 2012 (Next edition to be published in October 2013)
    - English language version: December 2012 (Next edition to be published in December 2013)
    - Chinese language version: December 2012 (Next edition to be published in December 2013)

For Further Information, Please Contact:
Corporate Communication Department
Toyo Ink SC Holdings Co., Ltd.
3-13, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN
Tel: 81-3-3272-5720 Fax: 81-3-3272-9788
E-mail: master@toyoink.co.jp

Invitation to Our Website
Our Social and Environmental Reports published from 1999 to 2011 are available from the Social and Environmental Activities section of our website at:
Environmental performance data and other information are also posted in this section.

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Business and Management

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Thank you very much for taking the time to read Toyo Ink Group’s Social & Environmental Report 2012.

The Toyo Ink Group issued its first annual Environmental Report in 1999, and this is our 14th issue. We began producing an English version in 2002. In 2005, we changed the title to Social & Environmental Report, and began discussing the CSR activities we engage in as a chemical manufacturer. In order to become a more global company, last year we started producing a Chinese version of the report as well in order to make the Toyo Ink Group known to as many people worldwide as possible.

In recent years, it has become common practice for companies of a certain size to engage in CSR activities and issue annual CSR reports. What we must beware of as we continue to pursue our endless CSR mission over a long period of time is the tendency to carry out these activities “as usual” and keep them “unchanged from before.” It is not necessarily a bad thing to be familiar with the mission, but there is the tendency to lose the keen awareness we initially had, and to carry out our mission simply through force of habit, without being aware of it. Before long, this attitude toward CSR activities will make us completely different from a “company that society can rely on,” lead us to the misconception that “we always engage in CSR activities properly, so there should be no problems,” and possibly result in a serious problem in the end.

Therefore, to ensure that we always approach our CSR activities with an open mind and keen awareness, as we endeavor to be a corporate group to be a “good neighbor that is friendly with the local community.”

In April 2011, the Toyo Ink Group shifted its governance system to a holding company structure. At the same time, Toyo Ink SC Holdings Co., Ltd. was incorporated as the holding company and the Group’s operations were split into two newly incorporated central operating companies of Toyo Ink Co., Ltd. and Toyochem Co., Ltd. In April 2012, Toyocolor Co., Ltd. was incorporated as the third central operating company, and the Group established a system under which these three companies lead the businesses of the entire Group. Created in consideration of our future growth strategies, this is the optimal governance system for our evolution into a specialty chemical manufacturer and our transformation into a global company. The system is aimed at having the holding company strive to improve the corporate value as the core of the group management system, while at the same time ensuring that each Group company accelerates the decision-making process in business and responds flexibly to changes in the business environment as it operates, while also creating synergy between the businesses as one of the advantages of a corporate group.

Toyo Ink Group has established SCC 2017 as its long-term vision to be achieved. Under this vision, it aims to accomplish evolution into a globally useful specialty chemical manufacturer by March 2017. In the SCC-II Renaissance Plan, the medium-term management plan that comprises the second step toward the above vision, a variety of reforms including the shift to the new governance system are positioned as a “second launch.” As the basic policies of the Plan, the Group has specified “developing growth drivers through product development, market cultivation and business expansion,” “strengthening our revenue base and risk management further by achieving manufacturing innovation based on seeking the right type, material, quantity and place,” and “practicing sustainable business management to set the new governance system in place and harness its benefits.” We carry out aggressive management to achieve these policies.
This report includes a special feature entitled “Visible Science for Life.” The slogan “Visible Science for Life” is the corporate concept of the Toyo Ink Group under SCC 2017, and expresses the group brand we wish to establish. Its message is that we will use our creativity and scientific capabilities to create technologies and products unlike anything seen before and offer them to society in a clearly “visible” form.

The special feature shows how the Toyo Ink Group, which started as a company engaged in custom mixing (the business of using machines to mix the raw materials of ink, such as pigments and varnishes, for customers), has been responding to changing social needs, the challenges its employees have been taking on, the technologies the Group has developed, and the kinds of products the Group has offered to which markets, among other things. This story describes how dreams and ideas that arose in our employees’ minds were translated into actual products with scientific thinking and technologies developed over many years, and how the “better lives” envisioned by people were achieved with the products made by the Toyo Ink Group. In other words, the Toyo Ink Group’s mission is to support people’s lives by changing the “invisible” into the “visible” with its cutting-edge science and technology. I hope this special feature will enable you to get a feel for our approach.

This report covers the CSR activities of the Toyo Ink Group in fiscal 2011 (the period covered extends to June 2012 in some sections). Immediately before the start of the fiscal year, the Great East Japan Earthquake occurred on March 11, and the East Shizuoka earthquake occurred on March 15. We extend our heartfelt sympathies to those affected by these disasters. The earthquakes caused minor direct damage to our sales subsidiary in Miyagi Prefecture and our production facilities in Shizuoka Prefecture. In addition, our production activities were hampered by difficulty in procuring some materials and by the power supply shortage. Accordingly, we reported our response to these disasters during the period up until the end of July 2011 in last year’s report. We actually emerged from a state of emergency by the end of April 2011. Since then, we have been proceeding with measures such as post-quake safety audits, making buildings and facilities quake resistant, reorganizing the material procurement system, and implementing countermeasures against power supply shortages and radioactive substances in a methodical manner as part of our daily business operations.

This report describes those measures on a page based on the business continuity plan (BCP), a set of advanced measures to prepare for such disasters. It also describes the countermeasures that were implemented by our local subsidiary against the major flooding in Thailand, which broke out in September 2011.

Meanwhile, environmental and safety activities constitute an important part of the Toyo Ink Group’s CSR activities. This is because, as stated in the Toyo Ink Group CSR Charter, we identify ourselves as a corporate group, built around chemical manufacturing, that exert a very significant impact on society. We have therefore been focusing our efforts on environmental protection and occupational safety for a substantial amount of time.

In contemporary society, we are surrounded by a wide array of chemical substances. Some of those substances possibly affect the safety and security of our lives. In recent years, we have also seen chemical substances that may accumulate in the human body over a long period of time, possibly resulting in serious harm to the body. The Toyo Ink Group has been engaged in environmental and safety activities systematically for almost 40 years. In 2004, we developed internal regulations for chemical risk management, and our production department, material procurement department, and chemical substances management department have been making concerted efforts to ensure the safety and security of the customers who use our products and the consumers beyond them.

Through the initiatives for the “second launch,” the Toyo Ink Group will make further efforts to be a corporate group that society can rely on as a “good neighbor that is friendly” with everyone who lives in this society.
The Toyo Ink Group Profile

To achieve the SCC 2017 long-term vision, in April 2011 the Toyo Ink Group introduced a new governance system consisting of a holding company with operating companies under it. For the Toyo Ink Group to evolve into a specialty chemical manufacturer, management and operations need to be separated from each other to ensure that decisions on daily operational issues are made quickly and such issues are tackled promptly. As a measure to achieve this, the Colorants and Functional Materials Related Business of the Toyo Ink Group was split and restructured, and Toyocolor Co., Ltd. was incorporated in April 2012.

Corporate Data

The Toyo Ink Group

| Number of affiliates: | 22 in Japan, 49 overseas (62 consolidated subsidiaries and nine equity-method affiliates) |
| Consolidated net sales: | 245,337 million yen |
| Consolidated number of employees: | 7,351 |

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 2011 Corporate Data

In fiscal 2011, the business environment surrounding the Toyo Ink Group was extremely severe, with events such as difficulty procuring some materials and the power supply shortage due to the Great East Japan Earthquake, which hampered our production activities, the supply chain disruption caused by the flooding in Thailand, the escalation of the European financial crisis, the slowdown of the global economy, and the sharp appreciation of the yen. In this environment, the Toyo Ink Group engaged in business activities based on our basic strategies in the medium-term management plan, that is, “developing growth drivers,” “achieving manufacturing innovation” and “harnessing the benefits of the holding company structure.” However, we experienced a decline in profits due in part to material prices, which increased more than expected.

Net Sales by Business Segment (consolidated)

<table>
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<tr>
<th>(million yen)</th>
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<tbody>
<tr>
<td>Other</td>
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<tr>
<td>Colorants and Functional Materials</td>
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<td>Polymers and Coatings</td>
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<td>Packaging Materials</td>
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<tr>
<td>Printing and Information</td>
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<tr>
<td>North, Central, and South America</td>
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Net Sales by Business Area (consolidated)

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<th>(million yen)</th>
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<td>North, Central, and South America</td>
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<td>Europe</td>
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<td>Asia and Oceania</td>
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<td>Japan</td>
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Employees by Business Area (consolidated)

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<th>(Number of employees)</th>
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<td>North, Central, and South America</td>
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<td>Europe</td>
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<td>Asia and Oceania</td>
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<td>Japan</td>
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Net Sales (consolidated)

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Operating Income, Net Income and Research and Development Expenses (consolidated)

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<td>2009</td>
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Research and Development Expenses

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<th>(million yen)</th>
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<td>2007</td>
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**Business Segments/Core Operating Companies**

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 of monitor displays and inkjet inks for industrial use and print-on-demand (POD).

- Offset inks
- Inkjet inks
- UV curable inks
- Newspaper inks

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 prepregs

Polymers are among the raw materials for printing inks and the Toyo Ink Group's core materials. Toyochem 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

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 - Pigment dispersers
- Plastic colorants
- Recording material coatings
- Color filter materials

**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 April 1, 2012)

The Toyo Ink Group has a worldwide business network consisting of Group companies in various regions. Our Group companies strive to develop and offer products aimed at providing better quality of life to customers all over the world by responding faithfully to needs that are common around the world, such as security, safety, and environmental friendliness, as well as to the local needs of each region. Above all, we utilize ISO 14001 as a tool for making continuous improvements in the areas of security, safety, and environmental friendliness. We are actively encouraging the acquisition of ISO 14001 certification by our overseas production companies.

★ indicates ISO 14001 certification

Asia and Oceania

- TOYO INK PAN PACIFIC PTE. LTD. – Singapore
- TOYO CHEM SPECIALTY CHEMICAL SDN. BHD. – Malaysia
- TOYO CHEM 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

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 CHEM CO., LTD. – China
- ZHUHAI SUMIKA POLYMER COMPOUNDS CO., LTD. – China
- JIANGSU TOYO YABANG PIGMENT CO., LTD. – China
- CHENGDU TOYO INK 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

★ indicates ISO 14001 certification
Scope of Social and Environmental Report

“TOYO INK MFG.” as referred to in this report is the company name before the shift to the holding company system, whereas “TOYO INK” refers to “TOYO INK CO., LTD.” a central operating company after the introduction of the holding company structure in April 2011.

The Toyo Ink Group includes Japanese and overseas affiliates (and the three central operating companies for fiscal 2012).

Social Activities
This report covers the social activities of the Toyo Ink Group’s Japanese and overseas affiliates.

Environmental Safety Activities
This report contains examples of the environmental and safety activities of the Toyo Ink Group, including its Japanese affiliates and overseas affiliates.

The environmental performance data shown in this report are those of the Group’s overseas affiliates with ISO 14001 certification, and its Japanese affiliates.

The production volume of the overseas affiliates with ISO 14001 certification accounts for approximately 60% of the total production volume of all the overseas affiliates.

Establishment of a Joint Venture Pigment Company in Changzhou City, Jiangsu Province, China (April 2012)

Toyo Ink SC Holdings Co., Ltd. established Jiangsu Toyo Yabang Pigment Co., Ltd., a joint venture with Yabang Investment Holding Group Co., Ltd. (Yabang Group), to strengthen the sales of pigments in China and overseas. With this joint venture, we will develop the production and sales structure for Chinese organic pigments that can be validated globally by joining the international brand strength and technical know-how of safety and security as well as the environmentally responsive technologies of the Toyo Ink Group with the production infrastructure, domestic marketing power, capacity for procuring raw materials, and market sales strength in China of the Yabang Group.

Establishment of TOYO SC TRADING CO., LTD. (July 2011)

Toyo Ink SC Holdings Co., Ltd. established Toyo SC Trading Co., Ltd. as a subsidiary that functions as a general trading company for the Toyo Ink Group. The company undertakes imports and exports of products from Group companies such as Toyo Ink Co., Ltd., Toyochem Co., Ltd. and Toyocolor Co., Ltd. raw materials, indirect materials, and facilities in an integrated manner. In addition, Toyo SC Trading Co., Ltd. serves as a general trading company that actively introduces globally competitive products from Group companies in China and other Asian countries into emerging markets in Russia, Central and South America, and Africa, while providing comprehensive support to the overall process of establishing bases, procuring materials, and creating sales channels in those emerging markets, as well as research into the markets.

North, Central, and South America

TOYO INK INTERNATIONAL CORP. – The United States
TOYO INK MFG. AMERICA, LLC – The United States
TOYO INK AMERICA, LLC – The United States
★ LIOCHEM, INC. – The United States
TOYO INK BRASIL LTDA. – Brazil
Sumika Polymer Compounds America Inc. – The United States

Japan

TOYO INK SC HOLDINGS CO., LTD.

A Advanced Materials Research Laboratory
A Advanced Business Research Laboratory
★ A Polymer Materials Research Laboratory
A Process Innovation Research Laboratory

TOYO INK CO., LTD.

★ L Chubu Branch Office
L Kansai Branch Office
★ M Saitama Factory

TOYOCHEM CO., LTD.

★ M Kawagoe Factory
M Seshin Factory

TOYOCOLOR CO., LTD.

★ M Fuji Factory
★ M Moriyama Factory
M Mobera Plant
★ M Okayama Plant

Affiliates

S TOYO INK HOKKAIDO CO., LTD.
★ S TOYO INK TOHOKU CO., LTD.
★ S TOYO INK CHUSHIKOKU CO., LTD.
★ S TOYO INK KYUSHU CO., LTD.
★ S ga city Corporation
★ M TOYO ADL CORPORATION
M TOYO INK ENGINEERING CO., LTD.
★ S TOYO INK GRAPHICS CO., LTD.
★ S TOYO INK GRAPHICS NISHINIHON CO., LTD.
★ S TOYO SC TRADING CO., LTD.
★ M TOYO FPP CO., LTD.
★ M TOYO COLORTECH CO., LTD.
M TOYO B-Net CO., LTD.
★ M TOYO MANAGEMENT SERVICE CO., LTD.
★ M Toyo-Morton, Ltd.
★ M NIPPON POLYMER IND. CO., LTD.
★ M MATSUI CHEMICAL CO., LTD.
★ M LOGI CO-NET CORP.

TOPICS

Press conference announcing the establishment of the joint venture company

Manufacturing  R Research and Development
B Branch  S Sales
O Other

Establishment of TOYO SC TRADING CO., LTD. (July 2011)

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Relationship between the Toyo Ink Group’s Businesses and Society

You are surrounded by a wide variety of products from the Toyo Ink Group. They are used in various items you see or use on a daily basis. For example, our products are used for printed materials such as books, newspapers, and station posters. They are also used for the packaging of food and canned beverages displayed in supermarkets and convenience stores. Other applications of our products include the pigments of TV screens, the touch panels of smartphones, and multifunctional adhesive materials used for bonding parts of smartphones together, among others. Our products support the lives of people around the world in various situations, 365 days a year, while keeping a low profile.

“Visible Science for Life”

The vision for the future pursued by the Toyo Ink Group is the coexistence between human life and cutting-edge science and technology.

Printing and Information-related Business
Packaging Materials-related Business
Polymers and Coatings-related Business
Colorants and Functional Materials-related Business

Home electronic appliances
- Adhesives for laminated steel sheets for home electronic appliances
- Masterbatches for exterior panels of air conditioners and other home electric appliances

Flooring and walls
- Inks for decorative building materials

Paper diapers
- Hot-melt pressure sensitive adhesives for paper diapers
- Permeable compounds

Doors
- Chips for woodwork coatings

Wooden fences
- Dispensing agents for woodwork coatings

Power cables
- Masterbatches for power cables

Tables
- Inks for decorative building materials and decorative sheets

Books and magazines
- Offset inks
- Toning agents for papers and magazines

Hot-melt adhesive for the world’s thinnest shrink label

We participated in the development of the world’s first shrink label utilizing the Roll-On-Shrink-On (ROSO) method of Suntory Beverage & Food Limited. The adhesive we developed for the project keeps both the label surface and the adhered surface neat, even after a heat shrinking process, which is a key factor in achieving the ROSO method. The 18 μm label is the world’s thinnest and enables a 50% reduction in CO2 emissions compared with ordinary labels (TOYO ADL CORPORATION).

High-precision gravure cylinder making/high-resolution silk screen printing

Our gravure cylinder making and silk screen printing technologies are used for a variety of products you encounter on a daily basis, such as colorful packaging, for which high quality is required, and book cover designs, which are required to enhance the presence of books. By making use of these core technologies, we are aggressively developing technologies for industrial uses, including those for high-precision gravure cylinder making and high-resolution silk screen printing applied in the electronics field (TOYO FPP CO., LTD.).
Radio Frequency Identification (RFID)

Conductive inks for RFID antennas

Newspapers and publications

Newspaper inks
Hot-melt adhesives for bookbinding

Automobiles

Interior and exterior decorative sheets
Adhesives for heat insulation materials, sound insulation materials, sliding sheets, and vibration insulation materials
Non-melt adhesives for door mats
Colorants for bumpers
Dispersing agents for bumper coatings
Colorants and dispersing agents for interior and exterior coatings

Functional resins for concrete architecture coatings

Dispersing agents for heavy-duty coatings

Architectural coatings

Building materials

Pet food

Pet food containing bamboo grass extract (for dogs)

Functional resins for concrete architecture coatings

Dispersion agents for heavy-duty coatings

Adhesives for heat insulation materials, sound insulation materials, sliding sheets, and vibration insulation materials

Pipes

Masterbatches for water service pipes

Signboards (on buses)

Inks for printed signboards
Marking films for signboards

Inkjet inks for printed signboards
Marking films for vehicles

Inks for labels for PET bottles
Inks for pot noodle containers
Inks for paper pads
Inks for paper containers and paper cups
Inks for snacks
Inks for bread and snack packaging
Adhesives for laminating films
Adhesives for labels
Hot-melt adhesives for paper and plastic containers
Coatings for internal and external surfaces and lids of beverage cans

Conductive inks for touch panel circuits
Heat-resistant double-sided adhesive tapes for flexible printed circuits
Electromagnetic shield films
Tapes for fitting electronic components
Adhesives for optical materials
Insulation resist
Resist inks for liquid crystal displays
Overcoat materials for touch panels

Sanitary goods

Inks for container packaging
Sawabiyori soap
Chips for bathing products
Masterbatches for shampoo and hair conditioner bottles

Dispensing agents for hair colors
Dispensing agents for nail colors

Cosmetics

T-shirts

Dispensing agents for printing

Toyon ink Group Social & Environmental Report 2012
Visible Science for Life

Visible Science for Life—It is our own corporate stance.
With its corporate stance symbolized in the slogan “Visible Science for Life,” the Toyo Ink Group will continue to support the lives of everyone in the world by developing and offering superior products and services based on the technical capabilities we have developed during 100 years of operations.

Our ink business has always evolved, and will continue to evolve, by responding primarily to the wishes of society.

Since its foundation, the Toyo Ink Group has contributed to people’s quality of life by responding promptly to a variety of social issues ahead of other companies with continuous research and development efforts and a pioneer spirit. This section shows the history and future prospects of our ink business, with which we aim to contribute to society as a specialty chemical manufacturer by offering advanced technologies and quality products.

1896

Contributing to the lives of people suffering as a result of supply shortages with the technical and development capabilities maintained since our foundation

The history of the Toyo Ink Group goes back to 1896, when its predecessor, Kobayashi’s Ink Shop, launched a business involving the custom mixing of printing inks. Since its early days, the Toyo Ink Group has been proactive in making new attempts, such as the creation of a book of ink samples and being the first to be incorporated in the industry in Japan. The Group has thus led the industry as a pioneer.

After the First World War, many of the materials needed to manufacture inks were difficult to obtain due to the serious supply shortage. We therefore focused our efforts on research to produce the necessary raw materials ourselves. We succeeded in producing barium chloride, which was particularly difficult to obtain, and vermillion, which was used for printing stock certificates.

1945

Creation of various high-performance inks through active technology research

To contribute to the further development of the ink industry, Toyo Ink Mfg. formed a technical alliance for printing inks with the U.S. firm Interchemical Corporation (now BASF) in 1951. By applying overseas technologies, we developed synthetic resin ink. This ink produced an array of printing effects which had not been possible with the polymerized linseed oil ink used in Japan previously, including bright colors, a beautiful gloss, and high rub resistance. Using those technologies, we began marketing the “Speed King” series of inks in 1957. These inks were quick drying, highly lustrous, and highly transferable—properties that had been sought for many years—and brought a breath of fresh air to the ink industry at that time.

During the post-war high economic growth period, the volume of printed materials increased significantly. Newspapers and magazines were printed in large quantities, resulting in the streamlining of printing factories. This led to rising demand for inks with high stability and high work efficiency. In response, we released the “Jet King” series of inks, which are quick drying and...
I have heard that rice bran contains a lot of vitamins and minerals. I have been in the habit of eating brown rice for about 30 years, and I have remained healthy despite working irregular hours. Partly because of my personal feeling of gratitude toward rice bran, I was happy when rice ink was introduced to me. I thought, “I have finally found what I have been looking for.” This printing ink contributes to environmental protection and the solution to the food problem on the global level, and it is also associated with the Tohoku region. I believe it is an ink that Japan should be proud of sending around the world. We have fully adopted this ink ahead of others and feel that it is steadily producing added value.

After the period of high postwar economic growth, we saw the emergence of various environmental problems, such as the depletion of petroleum resources and air pollution. In response, Toyo Ink Mfg. began working on the development of eco-inks, or environmentally friendly inks, ahead of its competitors. In 1992, we developed Japan’s first vegetable oil ink using soya oil varnish. By using a plant-derived ingredient, we succeeded in reducing the use of petroleum-based materials. Further, in response to the global food crisis, we also began undertaking research into switching from oil derived from edible soybeans to recycled vegetable oil. In 2001, we established a technology for recycling used cooking oil such as waste frying oil into an ink ingredient and achieved the reduction of CO₂ emissions from the refining process. At the same time, we created a social system for collecting used cooking oil. Our ultimate goal is to replace the ingredients of all our offset inks with recycled vegetable oil.

In addition to environmentally-friendly products, we have also developed UDing, a tool for assisting with the creation of designs that are easy for people with different color perceptions to identify. We developed this tool to introduce the concept of color universal design (color UD) to society, which recommends the use of colors that can be easily distinguished by everyone, including people with color perception defects and the elderly. We continue to provide this software free of charge to entities in a wide variety of fields, including public organizations, manufacturers, and designers. We also hold seminars on color UD and have created a color sample book corresponding to the UDing. In this way, we are committed to raising awareness of and disseminating color UD as a color professional.

I have heard that rice bran contains a lot of vitamins and minerals. I have been in the habit of eating brown rice for about 30 years, and I have remained healthy despite working irregular hours. Partly because of my personal feeling of gratitude toward rice bran, I was happy when rice ink was introduced to me. I thought, “I have finally found what I have been looking for.” This printing ink contributes to environmental protection and the solution to the food problem on the global level, and it is also associated with the Tohoku region. I believe it is an ink that Japan should be proud of sending around the world. We have fully adopted this ink ahead of others and feel that it is steadily producing added value.

Jun Kikuchi
HARIU Communications CO., LTD
Adhesives actually have a very long history that goes back to the Stone Age. It is said that the first adhesive was asphalt made from natural materials, which was used for fixing arrow tips made of obsidian or other materials to tree branches. Later, technologies for adhesives evolved along with the development of mankind, until the emergence of synthetic adhesives, which are much easier to mass-produce than those made of natural materials. Adhesives that fix things to each other have become an essential part of our lives.

The adhesive and adhesive tape business of the Toyo Ink Group commenced in 1957, when the Group introduced technologies by Interchemical Corporation of the United States. At the time, demand for adhesives had been growing in various industries, such as processing related to printing. We began to import and sell adhesives, and at the same time we began to work on the development of technologies for producing adhesives on our own. Above all, Oribain, an adhesive we began producing in Japan in 1962, became extremely popular, supporting the booming popularity of emblem patches in anticipation of the 1964 Tokyo Olympic Games.

In 1964, we commenced the domestic production of Double Face, a double-sided tape. In those days, double-sided tapes were yet to be widely recognized in Japan, so the name Double Face became synonymous with double-sided tapes. As businesses subsequently diversified, demand for direct mail increased rapidly, and Double Face tapes became widely used for sealing envelopes. In 1973, we released an improved version of Double Face, which we developed in pursuit of workability. It contributed to the improvement of work efficiency with its easy-to-remove paper liner and strong adhesive power, which were highly acclaimed.

1955 – 1974

Commencement of production of polymer related products for stationery, sundries, and other products for everyday use

1965 – 1989

Wider application of adhesives and double-sided tapes for greater convenience of life

From 1965, demand for adhesives increased and further improvement in their quality was in demand. Toyo Ink Mfg. released products including BPS3233, an acrylic resin adhesive for which the company had been undertaking research. Compared with previous adhesives made mainly from natural rubber or synthetic rubber, the BPS3233 featured stronger adhesive power and higher durability, thereby contributing significantly to the quality improvement of industrial products. We later worked on the development of water-based adhesives and succeeded in developing an acrylic emulsion adhesive, which we utilized for paper and labels.

Acrylic adhesives became the mainstream for double-sided tapes and began to be widely utilized in products for everyday use, including home electric appliances, processed paper products, and toiletries. They later began to be utilized for bonding together parts of automobiles and precision equipment, as they are today.

Meanwhile, the retort pouch for packaging ready-made curry was developed in 1970 and spread rapidly. Adhesives used for those laminating films were required to be not only strong but also resistant to heat and chemicals. Accordingly, a high level of technical capability was needed. In response, we concluded a contract for the exclusive import and distribution of laminating adhesives and other products with Morton Specialty Chemicals Co. of the United States and began marketing Adcote products. In 1975, we established Toyo-Morton, Ltd., a fifty-fifty joint venture with Morton Specialty Chemicals Co., for the full-scale production and sale of the products in Japan. This joint venture began to manufacture the products in Japan in 1979 and released products that are essential in our daily lives, including adhesives for food packaging and print lamination and functional coating agents.
Our adhesives are used in various industrial fields. Their applications include stickers and labels, construction materials, home electronics, and precision equipment.

Our adhesives are also used in a variety of other fields. Some are used for food packaging, such as laminating films, while others are used for packaging materials for medical equipment.

Coatings including double-sided adhesive tapes and marking films, which are referred to as "coatings for affixing," are used for signboards, including those on vehicles, and daily necessities.

The Toyo Ink Group is determined to take initiatives to solve global issues by further developing its Polymers and Coatings Related Business, which has been expanding greatly in keeping with changes in society.

1989 – 2008
"Coatings for affixing" provide vibrant colors to signboards and vehicles—Reduction of waste with environmentally friendly products and materials

In 1989, we developed DYNACAL marking films by making use of the technologies we had developed through manufacturing adhesives and pigments and other colorants created in our ink business. Boasting a wide variety of colors, which we were able to offer by taking advantage of being an ink manufacturer, and weather resistance for outdoor use, DYNACAL was widely used as a "coating for affixing," mainly by companies. Used for signboards and vehicles, it provided vibrant colors to every corner of cities and towns.

In the development of DYNACAL, we also worked on measures for tackling environmental problems as a global issue. The DYNACAL ECOSIGN we developed in 2002 is an environmentally friendly product designed to reduce the environmental burden throughout the entire process from the collection of resources and manufacturing to disposal. It also avoids the generation of dioxin and hydrogen chloride gas, a cause of acid rain, because it uses acrylic resins rather than vinyl chlorides for the adhesive and resin. In addition, acrylic resins offer superior weather resistance for outdoor use and therefore ensure a long service life, which results in lower lifecycle costs. Moreover, when affixed to acrylic boards, the boards can be disposed of and recycled without having to strip off the film. This results in less waste, lower recycling costs, and a significant reduction in the environmental burden.

Environmental friendliness has now become an essential element of all products, and adhesives are no exception. As a leading company, we have been developing high solid adhesives, adhesives with low VOC content, dehalogenated adhesives, and adhesives with reduced formaldehyde content, for example, in addition to continuing our efforts to develop water-based adhesives.

2008 –
Supporting a prosperous society with cutting-edge technologies covering tablet terminals, medical equipment, solar cells, and rechargeable batteries

In recent years, we have seen remarkable developments in electronic devices, which have become essential in our daily lives. In response to the demand for higher performance and smaller dimensions, the Toyo Ink Group has been undertaking research to utilize its accumulated technologies and knowledge for electronic devices. For example, we have developed a material for printed electronics, or the application of printing technologies for the creation of electronic circuits, in our response to the accelerated evolution of touch panels such as those for smartphones and tablets. We have also developed optical adhesives and hard coating agents for flat panel displays, thereby contributing to downsizing and improving the operability of the products.

Meanwhile, we have also expanded the application of laminating adhesives beyond packaging, based on our expertise with regard to durability, humidity and heat resistance, and strong adhesive power, which we have accumulated through our experience in handling adhesives for food packaging. For example, Dynagrand laminating adhesive, which is used for the back sheets of solar cells, is highly acclaimed in the market as it has made a significant contribution to improving power generation efficiency and extending the service life of solar cells. We are currently developing adhesives for the packaging of rechargeable batteries, thereby contributing to improving the productivity and moldability of the laminated packs of rechargeable batteries, as well as extending battery life.

Toyo Ink Group will continue to take initiatives to ensure the sustainability of our future society by supporting prosperous lives through technology development to lead the evolution of state-of-the-art equipment, as well as by contributing to performance improvement and cost reduction in the new energy field, including solar cells and rechargeable batteries.
Corporate Governance and Commitment to CSR

In 2005, the Toyo Ink Group developed its CSR management system by establishing the CSR Charter and CSR Action Guidelines, which are its basic policies on CSR management. Since our shift to a holding company structure in April 2011, we have been furthering CSR activities based on our principle of implementing CSR management across the Group. The initiative in our CSR activities is taken by the CSR Generalization Committee and the CSR Committee, which consists primarily of three subordinate committees.

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 the CSR Generalization Committee and three subordinate committees on compliance, risk management and environmental and safety matters built into its corporate governance system. All these committees are aimed at furthering CSR activities. The CSR Generalization Committee is responsible for the planning, promotion and follow-up of CSR-related activities, while the subordinate committees work to improve our response to corporate risks. Aside from the CSR Generalization Committee, the Group established a Quality Management Committee in April 2012. Through the activities of this committee, we are striving to further increase product safety and reliability.

Our underlying Corporate Philosophy System and our CSR Value System are inextricably linked and underpin all CSR activities undertaken by the Toyo Ink Group.

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 11 directors, including two external directors, while the Board of Auditors has five auditors, including three external auditors. We maintain the independence of our external directors and auditors by following the relevant standards of the Tokyo Stock Exchange. They attend Board of Directors meetings and other 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 objective perspectives of outsiders.

Implementation of Corporate Governance

During fiscal 2011, the Board of Directors met 17 times for the purposes of making decisions on statutory matters and other important business issues and overseeing operating performance. The Group Management Committee met 21 times, and the management committee of the central operating companies met 12 times.

We publish information about our business performance and managerial conditions on our website and by other means on a quarterly basis. In May and November 2011, we organized briefings 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. The Board of Directors has formulated the Basic Policy on Internal Control System, under which efforts are being continued to improve the operating system and auditing system to ensure fair operating practices.
Special Feature
Business and Management
Social Activities
Environmental and Safety Activities

Corporate Governance System and CSR Promotion System (for Fiscal 2012)

Toyo Ink Group CSR Charter (Established April 18, 2005)

Since its establishment, the Toyo Ink Group has sought to create new lifestyles for customers, employees, and the society through our business activities, products and services. To achieve this goal, we have always given top priority to 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.

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 2012)
Corporate Governance and Commitment to CSR

The Toyo Ink Group CSR Action Policies and Achievements in Fiscal 2011

The Toyo Ink Group pursued numerous initiatives in four key areas determined in its CSR action policies for fiscal 2011: promoting and cultivating compliance activities, improving environment and safety activities, and putting social contribution activities into practice.

In particular, we took initiatives to reduce the risks of large-scale earthquakes for our risk management activities and environment and safety activities, and to tackle compliance risks associated with our shift to a holding company structure in April 2011 for our compliance activities. We responded promptly to the flooding in Thailand by holding an emergency meeting of the Overseas Risk Management Committee under the Risk Management Committee.

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<tr>
<td><strong>Promoting and cultivating compliance activities:</strong></td>
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<tr>
<td>To ensure consistent CSR management, we will promote activities that lay the foundations for compliance across the board.</td>
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<tr>
<td>We will present efficient and effective compliance activities primarily at key business locations.</td>
<td>Achieved</td>
<td>• Meetings organized by compliance leaders were held in individual locations after group training of the leaders was undertaken. At the meetings, the specific problems of individual locations were identified and methods of solving the problems were confirmed. We also provided compliance education by holding training sessions.</td>
<td>p. 18</td>
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<td>We will deal with compliance risks under a holding company structure.</td>
<td>Achieved</td>
<td>• We revised the Toyo Ink Group Business Conduct Guidelines in response to our shift to a holding company structure. We also created English and Chinese versions of the Guidelines and distributed them to all our employees worldwide.</td>
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<td>We will promote education on compliance, considering risk management.</td>
<td>Achieved</td>
<td>• The collection of model cases of compliance was revised and distributed to individual locations to ensure that they are used effectively in each location’s meetings. [Specific Actions: • Compliance leader meetings • Compliance meetings at individual locations • Compliance auditing • Compliance Office (for consultation services) • Compliance education (including training for new recruits, training for those assigned to overseas locations, and training for newly appointed managers of affiliates, a managerial knowledge acquisition program)</td>
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<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>Achieved</td>
<td>• An Intellectual Property Risk Committee was established to deal with risks related to intellectual property. • To boost our risk response capabilities, we recognized the risk response status of the entire Group through assessment of the annual action policies of risk management committees and regular reports on their risk response status. • An emergency meeting of the Overseas Risk Management Committee was held to respond to the flooding in Thailand.</td>
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<td>We will continuously monitor day-to-day administrative risk management activities listed in annual departmental targets.</td>
<td>Achieved</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>pp. 20–21</td>
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<td>In addition to managing corporate risks, 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.</td>
<td>Achieved</td>
<td>• The Emergency Response Headquarters Manual was revised, and Rules on the Response to Measures against Earthquakes (Prevention of Collapses, Leakages, Fires, and Object Falls) were established.</td>
<td>p. 38</td>
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<td>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.</td>
<td>Achieved</td>
<td>• We will take steps to combat global warming and pollution and will achieve zero emissions through group-wide activities for reducing CO₂. • Measures for reducing CO₂ emissions were devised in a project based on companywide cooperation, with a focus on energy-saving activities in factories. As a result, CO₂ emissions were reduced by 2% from fiscal 2010. (The targeted 5% year-on-year reduction was not achieved.) • All production bases in Japan achieved zero emissions again.</td>
<td>pp. 38 pp. 39</td>
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<td><strong>Improving risk management activities:</strong></td>
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<tr>
<td>We will identify and fully understand a wide range of risks and will improve risk management activities throughout the Company.</td>
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<tr>
<td>We will continuously monitor day-to-day administrative risk management activities listed in annual departmental targets.</td>
<td>Achieved</td>
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<td>pp. 38 pp. 39</td>
</tr>
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<td>We will promote the development and sale of eco-friendly products and will also further the reduction of the environmental burden resulting from the use of our products.</td>
<td>Achieved</td>
<td>• We will promote the development and sale of eco-friendly products and will also further the reduction of the environmental burden resulting from the use of our products.</td>
<td>p. 34</td>
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<tr>
<td>To ensure both employee and product safety, we will establish rules and regulations and perform a range of activities.</td>
<td>Achieved</td>
<td>• Sales of Environmentally-friendly Products declined 2% from fiscal 2010, but their ratio to total sales rose to 52.8%. • The amount of CO₂ emissions from products and the value of the carbon footprint (CPF) of the Social &amp; Environmental Report were calculated based on the CPF calculation method.</td>
<td>p. 45</td>
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<td>We will undertake activities aimed at preserving biodiversity to minimize the impact that our business activities have on the global environment.</td>
<td>Achieved</td>
<td>• We will continue with the WET³¹ compliant environmental risk assessment of effluent from four manufacturing factories. • Our affiliates in Malaysia continued to participate in the Roundtable on Sustainable Palm Oil (RSPO)³² for ensuring the sustainable production of palm oil.</td>
<td>pp. 26–27 pp. 36–37</td>
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<td>We will enhance safety measures in preparation for large-scale earthquakes.</td>
<td>Achieved</td>
<td>• We will enhance safety measures in preparation for large-scale earthquakes.</td>
<td>p. 42</td>
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<tr>
<td><strong>Putting social contribution activities into practice:</strong></td>
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<tr>
<td>We will contribute to the creation of a healthy, sustainable society through fair corporate conduct.</td>
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<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>Achieved</td>
<td>• We organized seminars on color universal design (CUD) in an effort to disseminate expertise on UDing, a tool for assisting with the creation of CUD. • We furthered the reduction of CO₂ emissions throughout the entire lifecycle with rice ink made from rice bran oil and LED curable inks.</td>
<td>p. 21</td>
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*1 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 bioreactivity and then taking countermeasures against them

*2 RSPO (Roundtable on Sustainable Palm Oil): A non-profit organization aimed at the sustainable production and use of palm oil
Toyo Ink CSR Action Policies for Fiscal 2012

In fiscal 2005, the Toyo Ink Group instituted action policies for four different activities—compliance, risk management, environment and safety, and social contribution. We have been focusing on implementing these policies ever since.

For the fiscal 2012 policies of our CSR activities, we added the enhancement of compliance education and risk management in overseas locations in response to the accelerated overseas business development. For environmental and safety matters, we included actions to prevent soil and groundwater contamination in response to the redevelopment of our production bases. Regarding social contribution, we will continuously upgrade practical activities while following and maintaining the past action policies.

The Toyo Ink SCR Action Policies for Fiscal 2012

■ 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 (with a focus on education in overseas locations).

■ 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.
● We will expand globally and strengthen our domestic risk prevention systems and measures for addressing risks that have occurred.

■ 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.
● We will advance research and countermeasures related to soil and groundwater contamination in response to the redevelopment of our production bases.

■ Putting social contribution 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.

*The underlined items were added in fiscal 2012.
Compliance Activity Implementation

The Toyo Ink Group understands the importance of every single employee behaving with an awareness of compliance. In fiscal 2011, we undertook a wide range of deeply rooted compliance activities to ensure the consistent execution of CSR management.

Basic Stance and Positioning

We conduct our 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 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 awareness of compliance has taken root in our corporate culture, we will enjoy superior ties with the many different stakeholders that have relationships with us. That will enhance our CSR activities still further.

Organization for Raising Awareness of Compliance

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

Whistle-Blowing System (Compliance Offices)

Compliance Offices have been established both inside and outside the company as contacts for consultation services related to compliance. Regarding the issues addressed as part of the consultation services, factual investigations are conducted, and action is taken immediately against issues that could lead to the occurrence of problems. Every possible measure is taken to protect whistleblowers and keep their identities confidential.

Activities in Fiscal 2011

Revision of the Business Conduct Guidelines

The Toyo Ink Group Business Conduct Guidelines detail the basic concepts and actions that everyone working for the Toyo Ink Group is required to follow. We must all be fully aware of these Guidelines as we undertake compliance activities. In response to the shift to a holding company structure, we made additions and corrections to these Guidelines to make them fit the reality of practical operations in consideration of revisions and tightening of laws and regulations.

Revision of the Collection of Model Cases of Compliance

In fiscal 2011, we revised the Collection of Model Cases of Compliance by adding a number of new model cases that fit the reality of practical operations, based on the opinions of compliance leaders. The revision was aimed at making the guidelines more concrete and easier for employees to apply in their operations. Accordingly, the revised version shows specific examples of potential problems and how to handle them. Through this revision, we further deepened employees’ awareness of compliance.

Compliance Education

We position compliance education as a top priority task, so we implemented initiatives to ensure that our employees gain a thorough understanding of compliance. We ran major programs including compliance training for new employees, training for newly appointed managers, training for those assigned to overseas locations, and a managerial knowledge acquisition program systematically as programs of the Toyo Ink Academy. Programs tailored to different levels enabled employees to gain a better understanding of compliance by making comparisons with their day-to-day operations.

Development of Compliance Leaders

To nurture compliance leaders, we held compliance leader meetings at Kyobashi, Kawagoe, and Saitama. Based on these meetings, the compliance leaders organized meetings in individual locations. As a result, each location’s problems were identified and activities for solving them were implemented steadily.

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. Key compliance issues were identified by using the Collection of Model Cases of Compliance, with copies distributed in time for the month. The Compliance Committee checked the progress of the activities for solving the issues, which helped reduce the risk level throughout the Toyo Ink Group.
Information Security Measures

The Toyo Ink Group recognizes that the management of information assets constitutes part of CSR activities. Based on this recognition, it conducts organized information security improvement activities and gives periodical education to its employees to ensure the protection, management and proper use of information and information assets.

Information Security Improvement System

The Information Security Office has been set up as part of the Risk Management Committee, which in turn is subordinate to the companywide CSR Generalization Committee. An information security supervisor is selected and appointed in each division. 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

We established a Policy on the Protection of Personal Information and internal rules, based on which we offer continuous internal education to maintain 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 times of power failure, in addition to disaster response measures at the Systems Operation Center to deal with earthquakes, fire and lightning strikes. These measures worked effectively in the wake of the Great East Japan Earthquake in 2011. In addition, we monitor these systems and take measures to protect them from unauthorized access and computer viruses from outside the Group.

Main Information Security Improvement Activities

Control of Access to Information Assets with Personal Authentication

In fiscal 2009, a personal authentication system using gate entry cards was introduced to our intranet portal. This has facilitated the management of security when transferring information via the intranet to different recipients.

Management of Information Equipment Removed from Offices

It is mandatory to encrypt data stored on mobile PCs and storage media (such as USB memory sticks) that are removed from offices, and registrations and permissions are required for the removal of this information equipment. We also conduct an inventory of the equipment every year to reduce the risk level.

Fact-Finding Survey on Information Security

Fact-finding surveys of more than 3,000 system users have been conducted on information security since fiscal 2009. From the replies, we learn the status of their compliance with the rules and adjust our awareness-raising activities accordingly.

Information Security Awareness Activities

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 whether each employee carries his or her own copy and understands its content.

Information Security Training

We have adopted a set of Information Security Awareness Regulations and systematically offer education for information security supervisors from the Group’s affiliates and divisions. They hold awareness-building meetings in their respective divisions to ensure that the regulations are known and respected by staff, thereby striving to strengthen security within individual divisions. We have also introduced lectures on information security in our employee training programs to enhance our awareness education.

Raising Awareness of and Managing Temporary Employees and Contract Staff

For temporary employees and contract staff working for the Toyo Ink Group, we present material containing excerpts from our information security guidelines and obtain confirmation signatures from them before issuing them with system-access IDs.

Distribution of Information Security Bulletins

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

Raising Awareness of Overseas Affiliates

Fact-finding surveys on the information security of our overseas Group companies have been conducted since fiscal 2011 via individuals responsible for IT systems appointed within individual companies. We also provide them with rules, guidelines, and Information Security Bulletins for their reference in an effort to improve the level of information security at our overseas locations.
Risk Management Activities

The Toyo Ink Group defines improving risk management activities as one of its CSR action policies. It has developed a system for promoting these activities in its efforts to establish and strengthen a Group-wide 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. In response to the Group’s overseas business development, efforts have also been focused on risk management activities in overseas locations.

Structure of the Risk Management Committee (in Fiscal 2011)

- Information Security Office
- Shinrokunana Committee
- Overseas Risk Management Committee
- Credit Management Committee
- Intellectual Property Risk Committee

Activities of the Risk Management Committee

The Risk Management Committee performs day-to-day risk management activities for addressing departmental issues as its basic activities. It assesses and examines serious risks involved in everyday operations in different departments, which are analyzed and classified in each department, and plans and implements countermeasures against the risks. The Risk Management Committee also shares risk information with the Compliance Committee and Environment and Safety Committee.

In fiscal 2011, in addition to the basic activities described above, we examined countermeasures against the major flooding in Thailand. In addition, we established an Intellectual Property Risk Committee by assuming intellectual property risks (including risks related to patent guarantees, patent infringements, and brand imitation) that have a material impact on management.

Overseas Risk Management Activities

In terms of our overseas risks, the Overseas Risk Management Committee prompts our overseas affiliates to carry out the necessary activities. The major activities undertaken in fiscal 2011 are outlined in the following.

1) Establishment of System for Compliance with Overseas Laws and Regulations (GHS**)

The Global Chemicals Control Project, which was launched in fiscal 2010, played the leading role in our continuous efforts for developing the Group’s uniform standard for SDS*1 and product labeling compliant with the GHS in different countries, and in establishing related rules and regulations.

*1 GHS (Globally Harmonized System of Classification and Labeling of Chemicals): A system according to which chemicals are classified by the type and degree of their hazards in accordance with a universal standard, and information about the hazards is provided via labels and safety data sheets to ensure that it can be seen at a glance.

*2 SDS (Safety Data Sheet): A document that provides information about the properties, hazard and toxicity of a specific chemical substance when it is transferred or shipped to any other business.

2) Education for Overseas Safety Operations

We reorganized the emergency communications network to ensure that the relevant people, including the top management, are promptly informed about accidents and disasters that occur in our overseas locations. In addition, we held a group training session on environmental and safety education in Japan by inviting environmental and safety managers in Southeast Asian countries. We also undertook environmental and safety audits of our affiliates in China, South Korea, and the United States, and confirmed their systems and measures for safety operations.

3) Increased Risk Management by Stationed Personnel

To address risks in our overseas locations, we collected information at seminars, exhibitions, workshops, and other events and offered the latest information to our stationed personnel. We also undertook a safety registration drill.

Measures Relating to Credit Management

The Credit Management Committee takes the initiative in Group-wide measures relating to credit management. In fiscal 2011, we continued to hold regular meetings, at which the Committee determined measures to be taken based on qualitative information from the sales team and asked the team to properly implement them.

Disaster Control Measures

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 2011, in the wake of the Great East Japan Earthquake, we fully revised our response manuals addressing the event of an earthquake directly below the Tokyo area and the expected Great Tokai Earthquake. We integrated them into a single disaster response manual, which applies universally to all types of disasters and all geographical areas. Every year, we also conduct an emergency communication drill using satellite phone systems and a safety registration drill. For details of these activities, see the next page: “Business Continuity Plan (BCP) and Disaster Control Measures.”
**Business Continuity Plan (BCP) and Disaster Control Measures**

(as of June 30, 2012)

We extend our deepest sympathies to everyone affected by the Great East Japan Earthquake. At the Toyo Ink Group, we reviewed our BCP by getting the General Affairs Department and Production-Logistics-Procurement Headquarters to play a leading role in making improvements related to problems that were discovered as we responded to the disaster, including ill-preparedness for disasters, the insufficient quake resistance of our facilities, and issues regarding material procurement and the backup production system.

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**Measures Based on BCP**

**Reorganization of System for Responding to Emergencies**
In the wake of the damage caused by the Great East Japan Earthquake, which was worse than anticipated, we integrated our response manuals addressing the event of an earthquake directly below the Tokyo area and the expected Great Tokai Earthquake into a single disaster response manual, which is more practical and effective. The new manual has a wider scope of applications, also covering wind and flood damage and fire. It classifies disasters into three different levels, and clarifies the actions to take in response to each. It also contains flow charts showing the organization and roles of the Emergency Response Headquarters and each response team, which were reviewed, and the procedures for responding to a disaster.

**Disaster Communication**
We conducted a safety confirmation drill by using the Safety Confirmation System of mobile phones and PCs. We also have satellite phone systems installed in our key locations to retain our means of communication in the event of a disaster. We are currently planning to move our servers to multiple locations to maintain head office functions in the event of a disaster.

**Improvement of Quake Resistance of Facilities**
We formulated the Rules on the Response to Measures against Earthquakes (Prevention of Collapses, Leakages, Fires, and Object Falls) based on the results of the post-quake safety audits carried out in June 2011. The guidelines show specific measures for preventing object falls, leakages, and fires by assuming a seismic intensity of 6 upper on the Japan Meteorological Agency (JMA) scale.

**Raw Material Procurement**
Due to the Great East Japan Earthquake, we had difficulty procuring some of the raw materials of printing inks because chemical manufacturers supplying the materials were affected by the disaster. We fulfilled our obligation to supply products to customers by using an inventory of products and importing the materials as an emergency measure. In response to this situation, we have begun to replace materials available from limited sources (limited-source materials) with widely available ones. We are planning to replace key limited-source materials with widely available ones or procure them from dual sources by fiscal 2014.

**Response to Power Supply Shortage**
The Toyo Ink Group responded to the power supply shortage by using a co-generation system and off-grid power generation system. We also set power-saving targets for individual locations and reduced peak power consumption by not using some air conditioners and lights, reducing the number of facilities operating at the indirect and technical departments, shifting production sites to other locations including overseas, shifting operating hours (to early morning hours or evening hours), and shifting operating days (to the weekend and other holidays) to reduce the number of operating days on weekdays.

**Response to Radioactive Substances**
In the wake of the Fukushima Daiichi Nuclear Power Plant incident, the Toyo Ink Group set up the Radioactivity Information Supply (RIS) Subcommittee under the Monozukuri Innovation Committee in May 2011 to move forward with the action. To answer customer inquiries on radioactive substances, we presented 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 and confirmed that both our products and their materials are free of any problems.

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**Response to Disasters on a Global Level**

**Damage from the Flooding in Thailand**
In September 2011, Thailand was hit by major flooding, which was said to be the worst in the past 50 years. The floods affected more than two million people, flooding their houses or causing other damage. In Ayutthaya in central Thailand, seven industrial estates were completely submerged.

At Toyo Ink (Thailand) Co., Ltd. (TIT), the staff worked together night and day to protect the factory premises by using sandbags, drum cans, and plastic sheets, and by monitoring the premises continuously. As a result, they were able to prevent direct damage to the premises. However, the houses of approximately half of the 570 local TIT employees were flooded. The Toyo Ink Group carried out backup production for part of TIT’s operations and sent relief money and aid supplies donated by employees.

**Response to Disasters on the Global Level**
In response to the flood damage suffered by TIT, we held an emergency meeting of the Risk Management Committee, at which we collected information about the situation in the local area and discussed how the entire Group should respond to the situation. We also sent engineering department employees to the local area to confirm the safety measures and other measures taken in the recovery from the damage caused by the disaster. Further, we established a channel for communicating information about accidents that occur overseas, thereby establishing a system under which the entire Group can respond promptly to accidents and disasters that occur outside Japan. We are planning to circulate the above measures, which are based on lessons we have learned from major disasters such as the Great East Japan Earthquake and the flooding in Thailand, progressively to other countries.
For Our Customers

The Corporate Policy of the Toyo Ink Group includes our vow to "Provide superior technology and quality." The maintenance and improvement of product quality is our top priority. We also provide our customers with information that is essential for handling our products, such as SDSs.

Stance on Quality Assurance

At the Toyo Ink Group, we ensure that we undertake quality assurance of our products throughout the entire process from planning, research, and development to sales activities and after-sales service. This is why we are always able to provide our customers with products with assured quality. What we mean by quality includes the safety and environmental friendliness of our products. We utilize ISO 9001, an international quality standard, to enhance and strengthen the quality assurance activities of the entire Toyo Ink Group.

Quality Assurance System

In fiscal 2012, the Toyo Ink Group established a Quality Management Committee as an independent organization in its efforts to further enhance its quality assurance activities. The Quality Management Committee consists mainly of responsible people from the quality assurance departments of factories and the Business Administration Department and from the Technology Innovation Headquarters, with the central role played by the Production-Logistics-Procurement Headquarters (Secretariat: Project Planning Office). General meetings of the Committee are held each quarter, and the quality-related information reported by the individual departments is shared.

Responsibility to Shareholders and Investors

Stance on IR Activities

We regard shareholders and investors as among our important stakeholders, comparable with customers and local communities, and endeavor to proactively and impartially disclose managerial and overall business information. We have also introduced a revised approach for information disclosure in an attempt to narrow the information gaps between Japan and overseas and between individual and institutional investors.

Active IR Activities

Earnings Briefings

The Toyo Ink Group holds two earnings briefings a year, one in May and the other in November. In fiscal 2011, 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, reported the progress of the growth strategy of each business segment, and gave a briefing on the new products of each business domain in an effort to make our Group’s direction understood.

Initiatives for Customer Satisfaction

Customer Contact

The majority of Toyo Ink Group products are aimed at corporate customers, and we receive requests from them via our salespeople. We have also set up a contact point for customer inquiries on our website, where we respond to inquiries concerning not only our products and services, but also our corporate activities.

Communications with Customers

The Toyo Ink Group operates “Sommelier,” a portal site for receiving orders from customers via the internet. Sommelier also provides customers with PRTR information and Safety Data Sheets (SDS) on the Toyo Ink Group’s products.

To communicate with our customers via our products, we hold the Private Show every year. We also exhibit at trade shows. In 2011, these included the International Graphic Arts Show (IGAS2011) and All in Print China 2011.

One-to-One Meetings

In fiscal 2011, we held about 130 one-to-one meetings with securities analysts and institutional investors and gave in-depth explanations of our management information. These meetings are also opportunities for improving bidirectional communication with investors.

Information Disclosure on the Website

The Toyo Ink Group’s website published 25 news releases in fiscal 2011. The website also provides our securities reports, financial statements, and results briefing materials issued in the past five years or earlier. Notices of calling general shareholders meetings and notices of resolutions have also been made available.

For overseas investors, we publish English and Chinese translations of major IR materials. We also revamped the IR-related content on our English and Chinese websites to achieve full linkage with our Japanese website.

Provision of IR Tools

We publish our Fact Book each year in Japanese-English bilingual form. 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. We issue a shareholder newsletter called For Shareholders twice a year. The newsletter provides explanations of fiscal information, information about some of our key events, and other details.

CSR Procurement/Global Procurement

To further CSR procurement, the Toyo Ink Group carries out procurement activities based on the Procurement Principles and the Standard for Selecting Suppliers. We have also commenced global procurement by collaborating with our domestic and overseas Group companies and suppliers.

CSR Procurement Based on the Procurement Principles and the Standard for Selecting Suppliers

The Toyo Ink Group aspires to contribute to society by offering outstanding products to customers, and to build relationships of trust with suppliers through fair procurement activities carried out on an equal footing so as to achieve shared prosperity. For fair and equitable purchasing transactions, we support CSR procurement, which conforms to the Procurement Principles and the Standard for Selecting Suppliers.

System for Promoting CSR Procurement of Indirect Materials

Not only raw materials such as solvents and resins but also indirect materials including safety shoes and work suits need to be managed by the entire Group as subjects of CSR procurement.

The Toyo Ink Group began to build an indirect material procurement system in fiscal 2011. We plan to start applying the system to our locations in a gradual manner from fiscal 2012, when the development of the associated programs is completed. This system will enable the visualization, strengthening of governance, and reduction of fixed costs of the procurement of indirect materials, which used to be carried out separately in individual locations and departments. This means that we will have systems for managing the procurement of both raw materials and indirect materials.

Global Procurement

The Toyo Ink Group has commenced global procurement linked to its growth strategies. In fiscal 2011, we held a Procurement Conference in Shanghai, China, inviting people from domestic and overseas Group companies. At the conference, the Group companies shared their awareness of raw material procurement. A study session aimed at improving their capability as buyers also formed part of the conference. They also visited China Coat, the largest trade show in China on inks and coatings.

Further, as part of the measures for global procurement, we will strengthen our collaborations for purchases between Group companies. To encourage the joint purchase of raw materials by Group companies, we will strengthen our relationships with suppliers who are capable of supplying their products globally. At the same time, we will share raw material information and make Group-wide efforts involving domestic and overseas affiliates to encourage procurement at optimal prices based on safety and reliability.

BCP

In the aftermath of the Great East Japan Earthquake, we had difficulty procuring some raw materials, which hampered our production activities. We therefore renewed the database on the production locations and stock of all the raw materials and identified those raw materials for which no BCP has been formulated and those whose stable supply will be difficult in an emergency. We made improvements accordingly. We will promote the creation of a system under which the stable supply of materials will be ensured, even in an emergency.

Sound Trade via Purchase Agreements

The Toyo Ink Group has been requesting that suppliers enter into purchase agreements and statements to ensure the proper environmental management and quality assurance of the materials produced. As a result, we have succeeded in signing these with numerous firms. When selecting suppliers, we 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

We will take a broad view in carrying out procurement for our business activities and conduct our transactions with suppliers on a fair and equal basis. We will select suppliers in accordance with appropriate standards, comprehensively taking into account all factors affecting an economically rational and operationally reliable arrangement, including observance of laws and societal norms, technological capability, product quality, price, delivery terms, creditability, bidding capability, and ability to provide information.

We will strive for greater mutual understanding with suppliers, work to build relationships of mutual confidence, and strive to achieve mutual progress. We will conduct our procurement activities with propriety, in accordance with all applicable laws and based on our corporate ethics. We will have no personal interest in any transaction. We will maintain an unceasing concern for the preservation of resources and environmental protection in conducting our transactions and will strive to maintain and improve the global environment.

We will not disclose to any third party confidential business-related or technological information acquired in the course of transacting business with a supplier, without the supplier’s approval.

We will conduct our procurement activities while maintaining an awareness of our social responsibilities as a business enterprise. We designate observance of International Labor Organization labor standards, compliance, and green purchasing as standards for selecting suppliers, and we will request or direct related actions by suppliers.

* For the Standard for Selecting Suppliers, please visit our webpage at: http://schd.toyoinkgroup.com/en/csr/group/procurement.html
Creating an Environment Conducive to Productive Work

With people-oriented management as part of its corporate philosophy, the Toyo Ink Group respects the diversity of its employees and seeks to create working environments in which all employees can work with vigor for a long time.

Respect for the Diversity of Human Resources

The Toyo Ink Group prohibits discriminatory treatment on the basis of race, faith, sex, nationality, age or any other unreasonable grounds. With people-oriented management as part of our corporate philosophy, we strive to create work environments that enable individual employees to experience self-fulfillment by allowing each of them to exert his or her potential and creativity to the full.

In the utilization of human resources, we hire more foreign nationals and appoint more executives from among them. Within our overseas affiliates as well, non-Japanese staff members are increasingly promoted to the director level. We also introduced a half-day leave system in April 2012 to enable our employees to work in diverse ways as appropriate for the given workplace environment or life circumstances of each of them. Moreover, we have also introduced a cafeteria plan that allows employees to choose between different types of benefits in accordance with their life plans.

Directors Promoted from Employees at Overseas Affiliates (as of July 1, 2012)

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number</th>
<th>Ratio to Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairs</td>
<td>55</td>
<td>22.5%</td>
</tr>
<tr>
<td>Pres.</td>
<td>16</td>
<td>32.0%</td>
</tr>
</tbody>
</table>

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

Number of Employees

<table>
<thead>
<tr>
<th></th>
<th>End of March 2011</th>
<th>End of March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Toyo Ink Mfg.</td>
<td>1,921</td>
<td>228</td>
</tr>
<tr>
<td>Toyo Ink SC Holdings Co., Ltd.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Toyo Ink Co., Ltd.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Toyochem Co., Ltd.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Japanese affiliates</td>
<td>927</td>
<td>126</td>
</tr>
<tr>
<td>Overseas affiliates</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

* The Group shifted to a holding company structure on April 1, 2011 (staff members who belong to Toyo Ink Mfg. = Toyo Ink SC Holdings Co., Ltd. + TOYO INK Co., Ltd. + TOYOCHEM Co., Ltd.)

Reasons for Leaving Toyo Ink Mfg. and Japanese Affiliates

<table>
<thead>
<tr>
<th>Reason</th>
<th>Fiscal 2010</th>
<th>Fiscal 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Time Employees</td>
<td>Part-Time Employees</td>
</tr>
<tr>
<td>Company Circumstances</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Personal Circumstances</td>
<td>28</td>
<td>17</td>
</tr>
<tr>
<td>Mandatory Retirement Age</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>End of Period of Leave</td>
<td>5</td>
<td>N/A</td>
</tr>
<tr>
<td>End of Contract Period</td>
<td>N/A</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>23</td>
</tr>
<tr>
<td>Annual Turnover</td>
<td>1.54%</td>
<td>11.00%</td>
</tr>
</tbody>
</table>

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

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

**Purpose 1**
Creating workplaces where employees can use systems to make it easier for them to balance career and childcare in multiple aspects

**Purpose 2**
Continuing to support flexible initiatives to help employees balance career and childcare. Initiatives that will exceed those set out in the Childcare and Familycare Leave Act.

**Purpose 3**
Improving work conditions and reviewing approaches to working

Respect for Human Rights

The Toyo Ink Group Business Conduct Guidelines expressly state the prohibition of any form of discrimination, the prohibition of sexual harassment and power harassment, respect for privacy, and the prohibition of child labor and forced labor. We undertake internal activities to raise awareness of these guidelines by holding compliance meetings in each workplace, for example. We share the Business Conduct Guidelines with our overseas affiliates and strive to ensure that they take root throughout the entire Group.

Childcare Support

The Toyo Ink Group was awarded recognition under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Kurumin accreditation mark. In fiscal 2011, the rate of return to work after childcare leave was 100%.

Disability Employment

Employees at Toyo Ink Group with disabilities comprised 1.52% of the total workforce as of June 2012. 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.

Percentage of Employees with Disabilities

<table>
<thead>
<tr>
<th>(%)</th>
<th>2.5</th>
<th>1.94</th>
<th>1.63</th>
<th>1.52</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012 (as of June)</td>
<td></td>
<td></td>
<td></td>
<td>2012 (as of June)</td>
</tr>
</tbody>
</table>
Reemployment System

In 2001, the Toyo Ink Group introduced a system of extended employment for staff members who had reached the mandatory retirement age. In 2009, the reemployment period for those reaching the mandatory retirement age was extended to the age of 65, and all such employees who meet specific standards and are in good health continue to be employed if they wish to be.

<table>
<thead>
<tr>
<th>Number of Reemployed Staff Members</th>
<th>Fiscal 2009</th>
<th>Fiscal 2010</th>
<th>Fiscal 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees reaching the mandatory retirement age</td>
<td>75</td>
<td>65</td>
<td>58</td>
</tr>
<tr>
<td>Number of reemployed staff members</td>
<td>40</td>
<td>53</td>
<td>46</td>
</tr>
</tbody>
</table>

Workplace Communications

In fiscal 2011, we introduced a system of support for workplace communications, under which the company provides a specified amount of financial support for trips and other recreational events organized by each workplace to promote interactions between its staff members. This system also applies to part-time employees and temporary employees, as well as regular employees, and leads to vigorous interactions and communications throughout each workplace. In fiscal 2011, approximately 65% of employees participated in these events.

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. We respect the diverse values and career ambitions of our employees. To allow them all to achieve higher quality in their work, we are committed to fostering human resources based on two pillars: the Toyo Ink Career Advancement Program (T-CAP) and Toyo Ink Academy.

The Toyo Ink Career Advancement Program (T-CAP)

The Toyo Ink Group implements the T-CAP, a system aimed at career development, which consists of development transfers, transfers based on self-assessments, and internal open competition for positions.

The development transfer is a system aimed at supporting personal career building through transfers within an organization. Under the system of transfers based on self-assessments, we 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. Reflecting our emphasis on personal career building, transfers based on these systems account for approximately 85% of all transfers. In addition, four employees have been transferred as a result of internal open competition for positions.

Further, we introduced an overseas workshop program in fiscal 2012 to develop human resources who can demonstrate their capabilities globally. Under this program, employees are sent to overseas locations to work for about six months. We have sent five employees overseas under this program.

Response to Globalization (Toyo Ink Vocational College)

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. It also offers job-class-specific training programs to staff members of various ranks, from new employees to managers. With the TIG Global Bank in operation, the Toyo Ink Academy also offers training for prospective overseas representatives in a well-planned manner. For overseas personnel, it provides training for prospective executives in our overseas affiliates and training for environmental and safety managers.

In fiscal 2011, the Toyo Ink Academy offered training courses to a cumulative total of 945 participants over the course of 183 days in one year.

Voice

Having the broad perspective required for an executive

Zhang Liping
Manager of Quality Assurance Dept. Shanghai Toyo Ink Mfg. Co., Ltd.

The training for prospective overseas executives has enabled me to broaden my perspective further. I was also able to confirm the Corporate Policy of the Toyo Ink Group and the responsibilities it should fulfill as a corporate entity. I would like to make use of what I learned in the training in the development of the Toyo Ink Group, and ultimately in the improvement of the lifestyles of people 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.

In addition, in our safety and disaster prevention activities, we enhanced our training programs for employees assigned overseas and environmental and safety managers, as well as our disaster prevention measures.

For Health and Safety of Employees

For the purpose of improving its employees’ health, the Toyo Ink Group strives to ensure the comprehensive management of work hours and encourage employees to take paid holidays.

In addition, in fiscal 2009, we embarked on a five-year health improvement plan in line with the Toyo Ink Group Basic Health Management Policy.

Initiatives for Reviewing and Improving Work Hours

We have created a manual for managing work hours to enhance time management in each department and reduce overtime hours. Overtime hours stood at an average of 5.7 hours/month in fiscal 2011 (compared to 5.1 hours in fiscal 2010). In response, we have introduced a half-day leave system to encourage employees to take more paid holidays.

Health Improvement Targets

Health improvement activities in which the company should play the leading role include education and awareness-raising activities concerning mental health and the improvement of the workplace environment, such as designating smoking areas. On the other hand, it is important for each employee to improve and maintain his or her own health with a sense of purpose.

Based on these beliefs, under the Toyo Ink Group’s five-year health improvement plan, we have implemented a variety of measures with a special emphasis on 1) the improvement of health and the prevention of disease, 2) mental health measures, and 3) the improvement of the work environment for maintaining the health of employees. The following table shows the targets to be achieved by the end of fiscal 2013, the final year of the five-year health improvement plan, and the progress of the activities undertaken to date toward the targets.

The percentage of employees habitually exercising declined from fiscal 2010. We planned and organized training on mental health measures and communication in different locations. A total of 43% of all personnel in the domestic Group companies have undergone mental health training. In fiscal 2011, we conducted a further Brief Job Stress Questionnaire in an effort to raise employees’ awareness of self-care.

Five-Year Health Improvement Plan

In fiscal 2011, our activities focused on Non-Smoking Day with nonsmoking support and health improvement activities in individual locations.

For Non-Smoking Day with nonsmoking support, we expanded the activities to 20 locations (from 13 locations in fiscal 2010), and instituted smoke-free times and restricted smoking areas, among other activities, in tandem with the World Health Organization’s World No Tobacco Day on May 31. With regard to health improvement activities in individual locations, an array of activities including a walking event and sports tournaments are taking place. The sports tournaments are attended by not only employees but also their families, enhancing the network beyond the employees.

Safety and Disaster Prevention Activities

The Toyo Ink Group uses a wide variety of chemical substances in the operation of its production facilities in numerous plants 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 not only the employees who work there but also the people who live nearby. The Toyo Ink Group continues to implement a range of initiatives to strengthen safety management and prevent disasters.

Training before Overseas Assignment

Overseas representatives assigned to overseas affiliates have a significant duty to meet the responsibility for the overall management of the environment and safety in their locations in accordance with the Environmental and Safety Principle and Environmental and Safety Action Policies, including the main-
tenance of safety and health and the prevention of fires and other accidents. Prior to their assignment, they receive education on environment and safety management from specialized staff to help improve their skills and renew their awareness, similarly to training on the management of quality, expenses, and delivery dates.

Specifically, in terms of environment management, the training explains the necessity and methods of reducing effluent, energy consumption, exhaust gas, waste and other emissions from factories, for example. 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. It also explains risk assessment methods and how to implement safety measures. The training contributes to improving our Group-wide commitment to the environment and safety, involving our overseas affiliates as well.

Training of Overseas Environmental and Safety Managers

The Toyo Ink Group has been expanding its business globally, with a focus on emerging countries. As a measure for supporting this expansion, in fiscal 2011 we began to implement a new training program for fostering environmental and safety managers responsible for our overseas plants (local employees). In fiscal 2011, we implemented the training program on two occasions in Japan by inviting a total of seven local employees from Malaysia, the Philippines, Indonesia, and Vietnam. We gave lectures on the safety management mechanisms of the Toyo Ink Group, examples of accidents that have occurred in the Group, and activities for risk prediction, among others. The trainees also visited Kawagoe Factory and Saitama Factory, where they received risk simulation training on potential accidents such as being caught in machines, participated in a meeting of the Safety and Health Committee, and experienced the actual safety and health initiatives implemented in the factories, such as measures against static electricity. At the end of the training program, we asked the trainees to confirm the issues regarding safety and health risks in their own locations based on the training in Japan and instructed them to make improvements in the individual locations.

The level of safety management will not improve rapidly. We will verify the impact of our continued efforts through environmental and safety audits. We will provide the training to other overseas locations in sequence, aiming to establish a system under which the PDCA cycle is implemented toward improving the safety management level of the entire Toyo Ink Group.

Efforts to Prevent Accidents in Workplaces

On February 27, 2008, an employee of a Group company died when a piece of equipment toppled over on top of him. Taking this incident seriously, the Toyo Ink Group has reinforced its safety activities so that such a serious accident will never occur again.

Recent years have seen an increasing number of industrial accidents involving young workers and employees with relatively limited workplace experience. Young employees are accustomed to the established safety of their workplaces, resulting in a lack of enough risk awareness and risk sensitivity. As a result, they run the risk of engaging in dangerous behaviors without being aware of the danger. To ensure comprehensive safety education, we introduced risk simulation training, repeated practice, and other activities in 2012 while continuing to implement existing training programs. We are consequently implementing activities for re-establishing the safety training system of the entire company. We will strive to create safety indicators for the entire Toyo Ink Group to ensure that accidents are prevented.
Together with Society

The Toyo Ink Group is committed to contributing to society based on its core business as one of its main social satisfaction (SS) activities. At the same time, we are continuing our activities in local communities for addressing immediate issues in Japan and overseas, aiming to coexist successfully with local communities.

Our Concept of Social Contribution Activities

The Toyo Ink Group’s basic principle for coexisting with society is “to fulfill our social responsibility by understanding the basic ways of thinking of citizens, making much of the points of view of consumers, and considering the impact and effect of the actions of each one of us on society.” Based on this principle, we have created our Business Conduct Guidelines to show specifically how each of us should act, and have provided a copy of the Guidelines to each of our employees. The Business Conduct Guidelines were revised in July 2011 in response to the shift to a holding company structure.

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.

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 bioresponse 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. This initiative was introduced in a book detailing model cases of environmental communication, which was issued in March 2012 by the Air Environment Division in the Environment Department of the Saitama Prefectural Government. We will continue striving to reduce environmental risks and disclose information to local residents.

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

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. In fiscal 2011, accepting a request from Namegawa Junior High School operated by the Namegawa Town Government, it offered practical work experience from November 9-11. A teacher and three 1st-year students visited the factory and put on work suits, anti-static safety shoes, helmets...
and gloves the company gave them. They experienced simple work processes by following the instructions of on-site personnel after being given an outline of the work and precautions and rules.

**Presentation at Tokyo Designers Week 2011 (Toyo Ink Co., Ltd.)**

Toyo Ink Co., Ltd. participated as an exhibitor in Tokyo Designers Week 2011, which was held at Meiji Jingu Gaien from November 1-6, 2011. Under the main theme of “1050+”, a Project for Pursing the Infinite Possibilities of Colors,” Toyo Ink held an exhibition entitled “Feeling in ‘1050+’ Colors.” The exhibition enabled visitors, including designers and other professionals working with colors, to experience the enjoyment of colors in a new way by using smartphones.

*“1050+” is the name of Toyo Ink’s project on the color business, which is aimed at undertaking various trials centered on colors and the infinite possibilities of colors. The number 1050, which is the number of colors in our book of ink color samples, symbolizes the history of Toyo Ink, while the “+” symbolizes our corporate concept (long-term vision) and our expansion into a variety of fields including the automotive sector, LCD, organic EL, and ink jet.*

**Winning the Prime Minister Award and the Small and Medium Business Administration Award of South Korea (Sam Young Ink & Paint Mfg. Co., Ltd.)**

On March 21, 2012, President Chang Hyung Soon of Sam Young Ink & Paint Mfg. Co., Ltd. received the Prime Minister Award. This award, which is sponsored by the government of South Korea, was granted to the company in recognition of its many years of contribution to the printing ink and paint manufacturing industry. On the previous day, March 20, the company also received the Small and Medium Business Administration Award at a ceremony held to commemorate the 50th anniversary of South Korea Paint and Ink Cooperative.

**Toyo Ink Tohoku Private Show 2012 Business Match Tohoku 2012 (Toyo Ink Tohoku Co., Ltd.)**

On March 14, 2012, Toyo Ink Tohoku Co., Ltd. held the Toyo Ink Tohoku Private Show 2012 at Miyagi-ken Insatsu Kaikan. On this occasion, the Private Show represented its determination to “take the first anniversary of the Great East Japan Earthquake as an opportunity to rise to our feet, change from what we were before the earthquake, and undertake recovery efforts together with our customers and the local community.” On the day of the event, the company introduced a wide range of products from rice ink to chemical products, and a keynote lecture entitled “The Mechanism of Color Perception” was given by Associate Professor Ichiro Kuriki of Tohoku University. On March 13, the previous day, the company exhibited at Business Match Tohoku 2012, a cross-industrial trade show at which 300 companies and organizations seeking the reconstruction of the Tohoku area gathered.

**A Research Seminar by the Japan Package Design Association (JPDA) (Toyo Ink Co., Ltd.)**

On July 6, 2011, Toyo Ink Co., Ltd. hosted the Second Research Seminar, organized by the Research Committee of the Japan Package Design Association (JPDA), at the headquarters in Kyobashi, Tokyo. “Universal Design and Packaging” 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 Design 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 as it heads toward a highly aged society.

**Seminar for Introducing Model Cases of Color Universal Design (Toyo Ink Co., Ltd.)**

On August 25, 2011, the Seminar for Introducing Model Cases of Color Universal Design was held at the headquarters of Toyo Ink Co., Ltd. in Kyobashi, Tokyo. The seminar, which was attended by 120 people, included a report on the prevalence of color universal design (CUD), the introduction of model cases of companies utilizing UDing, software that assists with the creation of CUD, and specific explanations of how to use the software.
Environmental and Safety Principle/Management System

The Toyo Ink Group has established its Environmental and Safety Principle and Environmental and Safety Action Policies as the basis of its environmental management. It will implement these policies in 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. We will continue striving to achieve 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: April 2011

Environmental and Safety Management System

The Environment and Safety Committee, a subordinate technical committee of the CSR Generalization Committee, has set medium-term environmental goals linked with SCC 2017 toward which it promotes the environmental and safety management of the Toyo Ink Group. The Environment and Safety Committee has four subordinate organizations: the Energy and Resource Conservation Subcommittee, the Safety Subcommittee, the Chemical Substances Subcommittee, and the Soil and Groundwater Contamination Countermeasures Subcommittee. These subcommittees implement environmental measures and enhance safe operations in their respective fields. We also hold the Environmental Conference in February every year. At this conference, representatives of operating companies and affiliates and heads of relevant divisions review the environmental goals and discuss Group-wide environmental and safety strategies.

Management of Hazardous SUBstances

In fiscal 2011, there were no reported leakages of hazardous substances, including asbestos and polychlorinated biphenyl (PCB), from any business establishments in the Toyo Ink Group. Concerning asbestos, which is easily dispersed, we undertook investigations of all our domestic business establishments in 2005 and completed work to remove or contain the substance. We hold the PCB waste of transformers, capacitors, and fluorescent ballasts at 13 business establishments in Japan and report the status of its management and disposal to the government.

Organization of the Environmental and Safety Management System

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Overview of Environmental Impacts/ MFCA Activities

The Toyo Ink Group uses raw materials, supplementary materials, energy, and other resources to manufacture products. This involves the generation of CO₂, chemical substances, and waste, resulting in an environmental impact. For our production process, we obtain a complete view of inputs and outputs and make effective use of resources to reduce the environmental impact.

### Environmental Impact Mass Balance

In fiscal 2011, the environmental impact of the two central operating companies of the Toyo Ink Group (four factories, one plant) was reduced overall from fiscal 2010. Energy consumption and CO₂ emissions were reduced due to the reduced production volume. However, the reduction of energy consumption was lower than that of the production volume, resulting in an increase of specific energy consumption from fiscal 2010. Emissions of environmentally hazardous substances remained almost flat from the previous fiscal year. There was also a small amount of waste subject to final disposal, as in fiscal 2010. We will make further efforts to reduce the environmental impact.

<table>
<thead>
<tr>
<th>INPUT</th>
<th>OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>CO₂</td>
</tr>
<tr>
<td>Electricity</td>
<td>Volume of CO₂ emissions</td>
</tr>
<tr>
<td>50.65 million kWh</td>
<td>70,247 tons</td>
</tr>
<tr>
<td>Heavy fuel oil A</td>
<td>1,265 kℓ</td>
</tr>
<tr>
<td>Liquid petroleum gas</td>
<td>33 tons</td>
</tr>
<tr>
<td>Municipal gas</td>
<td>Chemicals*1</td>
</tr>
<tr>
<td>20.829 million m³</td>
<td>44.4 tons</td>
</tr>
<tr>
<td>Raw materials</td>
<td>Wastewater</td>
</tr>
<tr>
<td>Solvent</td>
<td>Wastewater generation</td>
</tr>
<tr>
<td>46,920 tons</td>
<td>Volume of wastewater</td>
</tr>
<tr>
<td>Resin</td>
<td>2,620,000 m³</td>
</tr>
<tr>
<td>57,205 tons</td>
<td>Chemicals*1</td>
</tr>
<tr>
<td>Pigment</td>
<td>SOx emissions</td>
</tr>
<tr>
<td>25,841 tons</td>
<td>2.7 tons</td>
</tr>
<tr>
<td>Other</td>
<td>NOx emissions</td>
</tr>
<tr>
<td>102,903 tons</td>
<td>67.3 tons</td>
</tr>
<tr>
<td>Total (amounts regarded as chemicals*1)</td>
<td>1,290 tons</td>
</tr>
<tr>
<td>232,869 tons</td>
<td>COD emissions</td>
</tr>
<tr>
<td>Supplementary materials</td>
<td>Waste material</td>
</tr>
<tr>
<td>Drums</td>
<td>Volume of waste material generated</td>
</tr>
<tr>
<td>5,722 tons</td>
<td>13,071 tons</td>
</tr>
<tr>
<td>Five-gallon drums</td>
<td>19 tons</td>
</tr>
<tr>
<td>2,663 tons</td>
<td>Volume of waste for landfill disposal</td>
</tr>
<tr>
<td>Other metal containers</td>
<td>19 tons</td>
</tr>
<tr>
<td>1,290 tons</td>
<td>19 tons</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>9,673 tons</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Water supplied</td>
<td></td>
</tr>
<tr>
<td>190,000 m³</td>
<td></td>
</tr>
<tr>
<td>Industrial-use water</td>
<td>0 m³</td>
</tr>
<tr>
<td>Groundwater</td>
<td></td>
</tr>
<tr>
<td>2,740,000 m³</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>2,930,000 m³</td>
<td></td>
</tr>
</tbody>
</table>

### MFCA Activities (Visualization of Energy Losses with MFCA)

In fiscal 2008, the Toyo Ink Group began undertaking measures to introduce material flow cost accounting (MFCA)*1 as a method of environmental accounting, including launching the course MFCA Practice Program at the Toyo Ink Academy. The Group also participates in a study group on the visualization of energy loss with MFCA as a member of the MFCA Forum Japan.

In fiscal 2011, given the increasing awareness of energy conservation following the Great East Japan Earthquake, the study group investigated losses of utility facilities*2 and analyzed energy losses of cogeneration systems*3 of Fuji Factory and Kawagoe Factory. Energy losses were analyzed by type. This revealed a total energy loss rate of 28%, which was attributed mainly to energy conversion (from kinetic energy to electricity), heat release, heat of exhaust, and unused low-temperature heat. Based on the findings of the study group, we will look for ways of ensuring the efficient operation of the utility facilities.

*1 Material flow cost accounting (MFCA): MFCA is a method of 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 September 2011, MFCA was established as an international standard, ISO 14051.

*2 Utility facilities: Facilities that serve as auxiliary facilities to main facilities.

*3 Cogeneration system: A type of off-grid power generation system that is used for extracting multiple types of energy (such as electricity and heat) from a single type of energy.

#### Mechanism of a Cogeneration System

- **Gas**
- **Cooling water**
- **Engine**
  - **Hot exhaust gas**
  - **Hot water**
- **Steam**
- **Cold water**
- **Electricity**
## Environmental Objectives and Achievements in Fiscal 2011/ Environmental Objectives for Fiscal 2012

We defined targets for fiscal 2011 and sought to achieve our medium-term environmental objectives for fiscal 2017. Despite the reduced production volume, CO₂ emissions decreased only 2.7% from fiscal 2010. Specific energy consumption declined 0.6%. Both these figures are below our targets. Energy consumption and CO₂ emissions cannot be dramatically reduced solely through energy-saving efforts in each location. We believe that production innovation and a fundamental review of our production system are necessary for a significant reduction. These issues are discussed in the CO₂ Reduction Project and other inter-departmental collaborative efforts. The findings are incorporated into the environmental objectives.

We significantly reduced chemical emissions and industrial waste, which were down 19.9% and 15.2% respectively compared to the fiscal 2010 levels. However, water consumption increased 2.6% from the previous year. The share of sales of environmentally friendly products in net sales rose 1.5% from fiscal 2010, but we were not able to achieve the targeted value of 53%. On the other hand, the eco-conscious efficiency index score, which is one of the key performance indicators (KPIs) of the Toyo Ink Group's environmental management, was 7.8, which means we achieved our target.

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. Based on this, we calculated the carbon footprint (CPF) per copy of the Social & Environmental Report 2011. We will continue to target manufacturing with a lower environmental impact by introducing the concept of life cycle assessment (LCA) into production development and into research and development.

To address biological diversity issues, we have continuously implemented environmental risk assessments of our own factories. We expand the environmental education program of the Toyo Ink Vocational College to overseas sites and enrich environmental education.

### Medium-Term Environmental Objectives (for Fiscal 2013)

<table>
<thead>
<tr>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve an eco-conscious efficiency index score of 10.0.</td>
</tr>
<tr>
<td>Put material flow cost accounting (MFCAP) in place at factories, plants and production-related affiliates to help reduce non-product costs.</td>
</tr>
<tr>
<td>Continue to make ongoing improvements at domestic production-related affiliates, incorporating ISO 14001 mechanisms into management plans.</td>
</tr>
<tr>
<td>Obtain ISO 14001 certification and continue to make ongoing improvements at overseas production-related affiliates.</td>
</tr>
<tr>
<td>Expand the environmental education program of the Toyo Ink Vocational College to overseas sites and enrich environmental education.</td>
</tr>
<tr>
<td>Actively interact and coexist with local communities.</td>
</tr>
<tr>
<td>Increase sales of environmentally friendly products to 53% of net product sales.</td>
</tr>
<tr>
<td>Visualize the environmental impacts of product development and distribution activities via the life cycle assessment (LCA) and proceed with education and communication in relation to new environmentally friendly products.</td>
</tr>
<tr>
<td>Implement strict chemical management and establish a quality assurance system on chemicals to minimize product risk.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 2.95 million m³; by 0.4% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce energy consumption in oil equivalents of factories, plants and domestic production-related affiliates to 17,307,000 kT or by 20% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce chemical emissions from the Toyo Ink Group's transport and distribution, the volume of fuel consumed per fixed volume of items carried, by 10% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 12,516 liters per ton or by 35% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce energy consumption in oil equivalents of factories, plants and domestic production-related affiliates to 13,700,000 kT or by 20% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce energy consumption in oil equivalents of factories, plants and domestic production-related affiliates to 10,850,000 kT or by 30% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Establish an environmental contamination prevention system to eliminate issues such as leaks and soil contamination in Japan and abroad.</td>
</tr>
<tr>
<td>Establish a system for environmental preservation, work safety, disaster prevention and others in Japan and abroad.</td>
</tr>
<tr>
<td>Reduce the specific energy consumption of Toyo Ink Co., Ltd. domestic shipping and transport operations to 12.9 liters per ton, or by 1.0% compared to the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce greenhouse gas emissions from the Toyo Ink Group's transport and distribution, the volume of fuel consumed per fixed volume of items carried, by 10% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce industrial waste emissions from factories, plants and domestic production-related affiliates to 2.245 million cubic meters (m³) or by 30% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce chemical emissions from domestic production sites by 2.0% from the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce industrial waste emissions from factories, plants and domestic production-related affiliates to 2,435 tons; down 5.5% from the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 163,000 liters per ton or by 10% compared to the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 15,000 liters per ton or by 10% compared to the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 10,850 liters per ton or by 40% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 8,670 liters per ton or by 40% compared to the fiscal 2007 level.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 2.950 billion m³; down 0.4% from the fiscal 2010 level.</td>
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</tr>
</tbody>
</table>

### Environmental Objectives for Fiscal 2011

<table>
<thead>
<tr>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase sales of environmentally friendly products to 53% of net product sales.</td>
</tr>
<tr>
<td>Perform LCA for all core products to decision making.</td>
</tr>
<tr>
<td>Reduce the water consumption of factories, plants and domestic production-related affiliates to 2.950 billion m³; down 0.4% from the fiscal 2010 level.</td>
</tr>
<tr>
<td>Reduce greenhouse gas emissions from domestic production sites by 2.0% from the fiscal 2010 level.</td>
</tr>
<tr>
<td>Improve the environmental and safety training in Japan.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Establish an environmental contamination prevention system to eliminate issues such as leaks and soil contamination in Japan and abroad.</td>
</tr>
<tr>
<td>Continue to make ongoing improvements at domestic production-related affiliates incorporating the ISO 14001 mechanisms into management plans.</td>
</tr>
<tr>
<td>Conduct environmental impact assessments at overseas production-related affiliates certified with ISO 14001 and commence preparation for certification.</td>
</tr>
<tr>
<td>Complete the environmental education program of the Toyo Ink Vocational College to overseas sites and enrich environmental education.</td>
</tr>
<tr>
<td>Actively interact and coexist with local communities.</td>
</tr>
<tr>
<td>Increase sales of environmentally friendly products to 55% of net product sales.</td>
</tr>
<tr>
<td>Construct a roadmap for reduction toward 2017.</td>
</tr>
<tr>
<td>Improve risk communication for factory and another factory.</td>
</tr>
<tr>
<td>Continue to publish Social and Environmental Reports.</td>
</tr>
<tr>
<td>Secure locations for risk simulation training at all domestic production sites.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Conduct ongoing environmental risk assessments using bio-indicators and minimize environmental impacts.</td>
</tr>
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<tr>
<td>Implement system to eliminate issues such as leaks and soil contamination in Japan and abroad.</td>
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<tr>
<td>Conduct environmental risk assessments using bio-indicators compliant with the WET (Whole Effluent Toxicity) standards and work to minimize environmental risks with wastewater from factories.</td>
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</tr>
<tr>
<td>Take action aimed at preserving biodiversity such as the preservation of eco-systems in the vicinity of business locations and the protection of tropical rain forests.</td>
</tr>
<tr>
<td>Promote the development of a system that will enable a prompt response to the introduction of the activities at the Fuji Factory.</td>
</tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>Conduct risk communication with neighboring community associations and governments.</td>
</tr>
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</tr>
<tr>
<td>Conduct ongoing improvements at domestic production-related affiliates.</td>
</tr>
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</tr>
<tr>
<td>Continuing the improvement activities at the Fuji Factory.</td>
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</table>
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- Increase the eco-consciousness index score to 8.0.

- Reflect the result of the visualization of energy issues with MFPCA in our energy conservation activities.

p. 27

- We published the Social and Environmental Report 2011 in Japanese, English, and Chinese, with third-party reviews and in accordance with the recognized PCR.

- We continued to publish Social and Environmental Reports, including third-party views.

- We continued the CO2 Reduction Project as a collaborative activity in the Toyo Ink Group.

- We reduced annual CO2 emissions from domestic production sites to 75,000 tons for fiscal 2012.

- We reduced specific energy consumption at domestic production sites to 149 liters per ton, down 2.0% from the fiscal 2011 level.

- We reduced the specific energy consumption for domestic shipping and transport operations to 149 liters per ton, down 2.0% from the fiscal 2011 level.

- We reduced the amount of industrial waste from domestic production sites to 7,160 tons; down 5.0% from the fiscal 2011 level.

- We reduced the water consumption of domestic production sites to 2.95 million m³; down 5.0% from the fiscal 2011 level.

- We established a roadmap for reduction toward 2017 at all domestic production sites.

- All domestic production-related affiliates obtained ISO 14001 certification, and their continuous improvement efforts were confirmed in internal audits and renewal audits.

- We continued compliance activities.

- We conducted compliance auditing on waste to examine whether intermediate treatment operations performed on-site checks again in fiscal 2011.

- We conducted ongoing environmental risk assessments using bioindicators compliant with the WEF (World Effluent Toxicity) standards and work to minimize environmental risk with wastewater from factories.

- We continued our environmental risk assessment of wastewater from four factories.

- We maintained the biotope garden of the Fuji Factory and the natural habitat of LOCHEM, INC. of the United States.

- We used FSC-certified paper for the Social and Environmental Report 2011 and other documents.

- We maintained the tree plantations and the protection of tropical rain forests.

- We have adopted the liaison of the factory's utility facilities by participating in a study group as a member of the MFCA Forum Japan.

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Eco-Conscious Efficiency Index/Environmentally Friendly Products

The Toyo Ink Group calculates the eco-conscious efficiency index by weighting the level of the provision of environmentally friendly products and services, the degree of the environmental impact of their production, and other factors. We will continue to make improvements and disclose information using this index as the key performance indicator (KPI) for our environmental management.

Providing Environmentally Friendly Products

The Toyo Ink Group has set standards for environmentally friendliness for the individual life cycle stages of products, ranging from material procurement to disposal or recycling. Any product satisfying any one of these standards is defined as an environmentally friendly product.

Sales of environmentally friendly products can be calculated by using each company’s accounting system. In fiscal 2011, environmentally friendly products accounted for 52.8% of our sales, up 1.5% from the fiscal 2010 level. However, the fiscal 2011 goal of 53% was not achieved.

We will continue our efforts to develop and promote environmentally friendly products toward attaining the medium-term environmental objective, that is, increasing the share of sales of environmentally friendly products in net total sales to 60% in 2017. We have revised the standards for environmentally friendly products by adding a standard for reducing the environmental impact of the use of our products by our customers, in addition to the existing standards.

Eco-Conscious Efficiency Index

The eco-conscious efficiency index as a KPI of our environmental management is calculated by applying the following formula.

\[
\text{Eco-conscious efficiency index} = \frac{\text{Index for sales of environmentally friendly products}}{\text{Integrated environmental impact index}}
\]

The index for sales of environmentally friendly products is 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. The integrated environmental impact index is a uniquely weighted indicator reflecting the environmental impact in the production phase, with the base fiscal year 2000 level set at a value of 100. In weighting the indicator, we refer to a method suggested by (then) Professor Hiroshi Takatsuki of Kyoto University based on the results of comparative risk assessment (CRA)*1 undertaken by the National Institute for Environmental Studies.

*1 Comparative risk assessment (CRA): A method developed by the US Environmental Protection Agency for prioritizing environmental problems and for other purposes. With this method, a comprehensive list of environmental problems concerning a particular geographical area is created, and the seriousness of each problem is graded through comparative assessments based on their risks.

Typical Environmental Impacts and their Weighted Indicators

<table>
<thead>
<tr>
<th>Material environment impact</th>
<th>Alternative indicator</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global warming</td>
<td>CO₂ emissions</td>
<td>30</td>
</tr>
<tr>
<td>Increase of waste</td>
<td>Amount of waste subject to final disposal</td>
<td>20</td>
</tr>
<tr>
<td>Water pollution</td>
<td>COD emissions</td>
<td>10</td>
</tr>
<tr>
<td>Air pollution</td>
<td>NOₓ and SOₓ emissions</td>
<td>10</td>
</tr>
<tr>
<td>Increase of hazardous chemical substances</td>
<td>Chemical emissions</td>
<td>30</td>
</tr>
</tbody>
</table>

For fiscal 2011, the eco-conscious efficiency index value stood at 7.8, meeting the goal of 7.5, although the net sales of environmentally friendly products did not increase from the previous year. This success is attributed to the reduction of major environmental impacts.

The Toyo Ink Group will continue its endeavors to increase the sales of its environmentally friendly products and cut its environmental impact striving toward the medium-term environmental objective of reaching an eco-conscious efficiency index score of 10.0 in 2017.

Trends in the Index for Sales of Environmentally Friendly Products and Integrated Environmental Impact Index
Environmental Accounting

The Toyo Ink Group quantitatively and exhaustively measures environmental costs and effects to ensure that its efforts to protect the environment are effective. We also quantify and disclose our asset retirement obligations, the legal obligations generated when fixed assets are retired, to fulfill our accountability.

Environmental Accounting for Fiscal 2011

For fiscal 2011, the environmental costs incurred by Toyo Ink Co., Ltd. and Toyochem Co., Ltd. as the central operating companies and six major domestic affiliates declined 172 million yen from the level of fiscal 2010, while the amount of investment rose 114 million yen. The quantitative effects of environmental preservation were calculated through comparison with the previous fiscal year by excluding the impact of the increase/decrease in the production volume. As a result, positive effects were seen in the indicators relating to the emissions of PRTR- and JICIA-designated chemicals, while a negative effect was seen in the total volume of wastewater. However, a positive effect was produced for COD emissions as the indicator for the degree of clarification of wastewater. The total economic effect was almost the same as the fiscal 2010 level, and the value for the environmental business was 25 million yen.

Economic Effect

<table>
<thead>
<tr>
<th>Category</th>
<th>Fiscal 2010</th>
<th>Fiscal 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sale of valuable resources</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td>2. Energy conservation</td>
<td>33</td>
<td>35</td>
</tr>
<tr>
<td>3. Resource conservation</td>
<td>388</td>
<td>401</td>
</tr>
<tr>
<td>4. Recycling of containers, etc.</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>5. Reduction of waste-disposal costs</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Total environmental effects</td>
<td>483</td>
<td>481</td>
</tr>
<tr>
<td>Environmental business</td>
<td>5,343</td>
<td>2,500</td>
</tr>
</tbody>
</table>

Dealing with Asset Retirement Obligations

At the Toyo Ink Group, the costs of asbestos treatment, the disposal of equipment containing polychlorinated biphenyl (PCB), soil contamination surveys and similar required by laws, regulations or contracts at the time of dismantling, selling, discarding or otherwise retiring any tangible fixed asset are posted in advance as asset retirement obligations. The reported amount of asset retirement obligations for the fiscal year ended March 2012 was 31 million yen.

PCB would be used for the insulating oil of electric equipment and other assets, but its production and import has been banned since 1972. Waste containing PCB must be kept under strict control by the business operator in accordance with laws, and must be disposed of by July 2016. Meanwhile, an extremely low concentration of PCB is found in the insulating oil of some electric equipment that was manufactured in 1972 or thereafter. Such insulating oil can undergo detoxification treatment at our certified facilities.

The Toyo Ink Group undertook the detoxification treatment of insulating oil containing low concentrations of PCB when it renewed the transformers of the Kawagoe Factory in May 2012. We will continue to carry out the sound disposal of equipment containing low-concentration PCB that is in storage at our establishments in an organized manner.

Detoxification treatment of insulating oil containing low concentrations of PCB at the Kawagoe Factory
Proper Management of Chemicals

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

Viewpoint about and Framework for Chemicals Management

The management of chemicals is part of the key environmental and safety activities and CSR activities of the Toyo Ink Group. To ensure that chemical substances are used safely, they need to be managed properly in all stages, including import or manufacturing, storage, emissions, and transport. 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 safety data sheets (SDSs). We have extended this system into a Global Environmental System to achieve compliance with overseas laws and regulations.

Approach to Chemical Management

- Environmental and Safety Principle
- Environmental and Safety Action Policies
- Ascertaining and managing chemical properties and legislation
- Ascertaining and managing chemicals handled
- Complying with environmental legislation
  - WEEE, RoHS, REACH
  - GHS
- Environmentally friendly technology
- Environmentally friendly products
- Environmentally friendly manufacturing processes
- Chemical management

Trends in Chemical Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Affiliates</th>
<th>Overseas Affiliates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>66.9</td>
<td>117.0</td>
</tr>
<tr>
<td>2008</td>
<td>71.0</td>
<td>101.2</td>
</tr>
<tr>
<td>2009</td>
<td>81.3</td>
<td>95.4</td>
</tr>
<tr>
<td>2010</td>
<td>90.2</td>
<td>78.5</td>
</tr>
<tr>
<td>2011</td>
<td>59.1</td>
<td>59.3</td>
</tr>
<tr>
<td>2012</td>
<td>65.0</td>
<td>44.4</td>
</tr>
</tbody>
</table>

Complying with Overseas Chemical Regulations

The registration of chemical substances in overseas countries used to be undertaken by our local operating companies individually. However, regulations on chemical substances have been growing stricter in emerging countries. In response, the Toyo Ink Group has been working to establish a system for the central management of substances by its Chemical Management Department. For EU countries, China, Taiwan, and the Philippines, we have developed a network with our business locations in countries where chemical substances are registered. We have thus completed a system for managing the registrations of chemical substances for the entire Group on a global level.

We will continue global management concerning REACH Korea, TSCA of the United States, and related laws and regulations in Asian countries that are expected to be enforced or revised in the future.

Global Chemical Management Rules

The Toyo Ink Group has formulated the Global Chemical Management Rules as the standard for chemical management on a global level to improve communications in the supply chain and its ability to respond to international regulations on chemical substances. We are strengthening the chemical manage-
ment of the entire Toyo Ink Group with the three action pillars of rules and standards, education, and systems.

The Global Chemical Management Project
In addition to its conventional chemical management of materials and products with the use of IT systems, since fiscal 2009 the Toyo Ink Group has been implementing chemical management including SDS creation and monitoring information on PRTR substance emissions. This system is linked to the internal workflow that is initiated with the acquisition of new materials and is more closely connected with day-to-day operations to achieve sound management. In addition, we have been working to centralize the management of information on the compositions of the chemical substances handled by the Toyo Ink Group and the related laws and regulations, through the development of a Global Chemical Management System. The entire Group has been cooperating to develop a system that will enable the creation of SDSs in multiple languages and ensure faster, more appropriate responses to overseas laws and regulations.

1) Management of GHS Data of Raw Materials
We manage GHS data and the hazardousness data of raw materials by using an external database containing data on laws and regulations and data on the hazardousness and toxicity of each country, as well as the data obtained from the supply chain. In addition, we are planning to consolidate data from around the world into a single database via the Global Environmental System and apply it to chemical management in each country.

2) Status of Expansion of Chemical Management System
We will introduce the Global Environmental System to our locations worldwide with the aim of standardizing our chemical management in manufacturing and sales activities. We will initially introduce the system to Japan, Taiwan, China, and South Korea, where the GHS system has been introduced, followed by all our overseas locations.

3) Continuing Education
Briefing sessions and workshops on chemical management activities are organized in our domestic and overseas locations and provided to employees in a wide range of job categories. In addition, education on chemical management has been introduced to the program for the international business department of the Toyo Ink Academy in an attempt to upgrade chemical management in overseas locations.

Management of Chlorinated Organic Solvents
It was recently reported that employees of a proof printing company, which used cleansing agents containing chlorinated organic solvents such as dichloromethane and dichloropropane, had died from bile duct cancer.

No product from the Toyo Ink Group contains those chlorinated organic solvents. However, a cleansing solvent containing a chlorinated organic solvent was included in products purchased by Toyo Ink Co., Ltd. and some affiliates from a solvent manufacturer. Chlorinated organic solvents have not been confirmed as a direct cause of bile duct cancer, however we responded to the news report by deciding to immediately discontinue sales of products containing chlorinated organic solvents, giving top priority to the peace of mind and safety of customers who use our products.

In addition, products not containing chlorinated organic solvents that we offer as alternatives must comply with applicable laws, such as the Fire Service Act, the Ordinance on the Prevention of Organic Solvent Poisoning, and the Ordinance on the Prevention of Hazards due to Specified Chemical Substances. We have confirmed the label indications, SDSs, user instructions, and other information concerning not only cleansing solvents but also other products that are not related to the problem, in an effort to ensure the safety of the users of our products.

Measures against the Unintentional Inclusion of PCB in Organic Pigments
In February 2012, the Japan Dyestuff and Industrial Chemicals Association advised the Ministry of Economy, Trade and Industry that polychlorinated biphenyl could be included in organic pigments unintentionally. In response, the Toyo Ink Group has been checking for PCB inclusion in the organic pigments we market. As of the submission of the first report to the administrative authorities in May 2012, there was no organic pigment with prohibited levels of PCB concentration among the products from the Toyo Ink Group. In addition, we voluntarily measured the PCB concentration of wastewater discharged from our domestic establishments that manufacture or use organic pigments. All the establishments were found to comply with the standards concerning wastewater discharged from specified business establishments.

VOICE Voice from Staff

Winning Trust in International Society by Promoting Security Trade Control
Noriko Baba
Examination Group, Chemical Management Department, Production - Distribution - Procurement HQ Toyo Ink SC Holdings Co., Ltd.

In recent years, we have seen consecutive cases of major companies’ violations of the Foreign Exchange and Foreign Trade Act, which has led to the increasing strictness of and emphasis on security trade control. As we develop our businesses globally, we at Toyo Ink Group are establishing our system for security trade control based on the Foreign Exchange and Foreign Trade Act, and are implementing export controls such as list rules and catchall rules strictly and definitely as a corporate group that is trusted by global society. We operate under appropriate rules that are based on our proper understanding of laws and regulations.
Energy Consumption and CO₂ Emissions

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

CO₂ Reduction Project

The Toyo Ink Group has set a goal of cutting CO₂ emissions by 15,000 tons by fiscal 2016 compared to the fiscal 2009 level (CO₂ emissions from domestic production sites in fiscal 2016: 68,000 tons). We have since been implementing activities toward achieving this goal under the CO₂ Reduction Project.

In fiscal 2011, we continued our activities to reduce CO₂ emissions through cooperation within the Group under an organization consisting of environmental and safety managers of factories, corporate planning departments of central operating companies, Production and Distribution Headquarters, and others. The activities included visualizing energy at domestic affiliates, planning energy conservation activities and implementing manufacturing method innovations at each business establishment, and revising production plans including alliances. Our fiscal 2011 target for CO₂ emissions was to reduce emissions from domestic production sites by 5% from the fiscal 2010 level, to 78,930 tons. In fact, however, we were only able to reduce them by 2.7%, to 80,842 tons. Under the CO₂ Reduction Project for fiscal 2012, we will aim to reduce the CO₂ emissions to 75,000 tons by reviewing the optimal production system.

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Energy Consumption and CO₂ Emissions in Fiscal 2011

In fiscal 2011, the production volume decreased from the fiscal 2010 level in the two central operating companies (Toyo Ink Co., Ltd. and Toyochem Co., Ltd.), domestic affiliates, and overseas affiliates. Accordingly, both energy consumption and CO₂ emissions declined from the previous fiscal year in Japan, while the specific energy consumption of the central operating companies increased from 204 liters per ton to 209 liters per ton.

For the results of our overseas production sites, which cover those with ISO 14001 certification, energy consumption was almost unchanged and CO₂ emissions declined from the fiscal 2010 levels, although the number of firms included in the scope of the calculation increased in fiscal 2011 with the addition of Sam Young Ink & Paint Mfg., Ltd.

Response to Power Supply Shortages

In response to the restrictions on power consumption and the request to conserve power, the Toyo Ink Group also set power-saving targets for individual locations and reduced peak power consumption. Specific measures include not using some air conditioners and lights, not using some facilities of indirect and engineering departments, shifting production sites to other locations, including overseas countries, shifting operating hours (to the early morning or evening), and shifting operating days (to the weekend and other holidays to reduce the number of operating days on weekdays accordingly).

We responded to the rolling blackouts with isolated operations of co-generation systems and the introduction of off-grid power generation systems. At the same time, we checked the peak power consumption of the entire Group on a weekly and monthly basis and disclosed the result via the intranet portal to raise awareness of power conservation.

As a result of these efforts, the business establishments concerned were able to achieve their targets during the periods when power consumption was restricted and power conservation was requested.
Suppressing Waste Emissions

The Toyo Ink Group sees waste oil, waste plastics, sludge and other waste generated in its business activities as causing significant environmental impacts and is striving to minimize the generation of this waste and cut the volume subject to final disposal. We also undertake initiatives to ensure the proper management of waste treatment.

Viewpoint on Waste and Policy on Activities

In terms of its domestic establishments, the Toyo Ink Group counts the volume of industrial waste prior to treatment by contracted operators, valuable resources, and waste prior to intermediate treatment for internal reuse and other purposes 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. We calculate the volume of waste prior to volume reduction by incineration or other methods as the final disposal volume.

At the environmental conference in February 2002, the Toyo Ink Group defined zero emissions as the state in which the ratio of the final disposal volume to waste emissions, or the final disposal ratio, is 1% or less. We aim to maintain this zero emission status at our domestic business establishments and achieve it at our overseas establishments.

Waste Emissions and Final Disposal Volume in Fiscal 2011

For fiscal 2011, waste emissions from central operating companies (four factories, one plant) declined from fiscal 2010 by 1,116 tons (7.9%), while those from domestic affiliates rose by 512 tons (13.7%) and those from overseas affiliates rose by 1,021 tons (21.6%) from the previous fiscal year. The growth and decline in Japan resulted mainly from the production volume. The rise in the figure for overseas affiliates is attributed to an increase in the number of firms in the scope of calculation (i.e. the number of overseas affiliates with ISO 14001 certification). With the same scope of calculation as fiscal 2010, the figure rose by 228 tons, or 4.8%.

For fiscal 2011, the final disposal volume increased to 19 tons after waste that had to be discarded by landfill was generated as a result of dismantling the operations at a factory. For domestic affiliates, the figure dropped to 3 tons. As a result, all our domestic business establishments achieved zero emissions (a final disposal ratio of 1% or less) in fiscal 2011 again.

Trends in Waste Emissions and Final Disposal Volume

**Actions at Overseas Locations**

In foreign countries where laws and systems concerning waste vary, the Toyo Ink Group aims to control waste emissions and reduce the final disposal volume. For fiscal 2011, industrial waste emissions from our overseas affiliates grew positively due to the increased production volume. For our overseas affiliates, we have introduced the concept of waste emission factors (waste emissions per unit production). We will continue making efforts to reduce the emissions and undertake the proper treatment of waste.

**Industrial Waste Emissions**

The Toyo Ink Group encourages the recycling of waste and its reuse as a valuable resource. For industrial waste (waste for which we issue a manifest when consigning its treatment), we implement measures to reduce the amount generated. Our environmental objective for fiscal 2011 was to reduce the industrial waste emissions from factories, plants and domestic production-related affiliates by 2.5% from the fiscal 2010 level, to 8,670 tons. The actual amount of industrial waste emissions from those establishments was 7,541 tons in fiscal 2011, which means we achieved the target. We will continue to encourage the recycling of waste and strive to reduce industrial waste emissions.

Trends in Industrial Waste Emissions

**Proper Management of Waste and Sharing of Information**

The revised Waste Management Act, which came into force in April 2011, provides that emitting businesses should perform on-site checks of the disposal status as part of their duties. On-site checks have been made mandatory by some local governments.

The Toyo Ink Group performs on-site checks of intermediate treatment operators efficiently by consolidating information about each emitting business. As a part of our environmental education, we lend out educational DVDs concerning on-site checks and waste management and disseminate the information throughout the Group.
Environmental Pollutants/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.

Environmental Pollutant Emissions in Fiscal 2011

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, the introduction of cogeneration equipment, and the appropriate management of combustion conditions. We also calculate such emissions from overseas establishments with ISO 14001 certification, and one firm was added to the scope of the calculation in fiscal 2011.

However, NOx emissions and Chemical Oxygen Demand (COD), an indicator for the level of water pollution, decreased from fiscal 2010 level both in Japan and overseas, while emissions of other air polluting substances remained almost flat.

Concentrations of environmental pollutant emissions have been kept below their regulated limits in our domestic and overseas locations. We will take further steps to reduce them.

Environmental Impact Reduction in Distribution

The Toyo Ink Group works with Logi Co-Net Co., Ltd., an affiliate specializing in distribution, to make environmental improvements in the transport and delivery of products, materials, and other items. In fiscal 2011, the domestic transport volume of the two central operating companies (Toyo Ink Co., Ltd. and Toyochem Co., Ltd.) was 56.91 million ton-kilometers. Specific CO₂ emissions stood at 28.2 tons of CO₂ equivalent per ton, or 99.2% of the previous year's level, and specific energy consumption was 51.3 kiloliters of crude oil equivalent per million ton-kilometers, or 98.8% of the level attained a year earlier.

Since fiscal 2011, the domestic transport volume of Toyo Ink Co., Ltd. has exceeded 30 million ton-kilometers due to the shift to a holding company structure. Accordingly, from fiscal 2012, we will submit plans to reduce energy consumption and reports on the results of the plans to the Ministry of Economy, Trade and Industry as a “Specified Consigner,” pursuant to the provisions of the revised Act on the Rational Use of Energy.

Initiative for Reducing the Environmental Impact of the Distribution Business (Logi Co-Net Co., Ltd.)

As the fiscal 2011 initiatives for reducing environmental impact, Logi Co-Net Co., Ltd. introduced driving recorders for its vehicles to promote eco-driving and the improved efficiency of transport routes.

A driving recorder is a device that records the position information of a particular vehicle and path traveled by it and enables the analysis of the data via PC, thereby contributing to visualizing distribution operations. Using driving recorders, we collected and analyzed a vast amount of data. Based on our analyses, we improved the efficiency of transport routes (with an increase in the loads and a reduction in the distance traveled). As a result, we succeeded in cutting fuel consumption by 3.5%. Environmental and safety data, including data on idling, sudden accelerations, and sudden starting, are recorded in daily reports along with the results of the scoring of the data. Accordingly, the company and its drivers are making concerted efforts to ensure eco-driving.
Preventing Soil and Groundwater Contamination/Reducing Water Consumption

The Toyo Ink Group tackles soil and groundwater pollution earnestly by undertaking voluntary measures as well. We will endeavor to properly address soil and groundwater pollution in accordance with laws, regulations and ordinances, particularly when we restructure our bases. We are also making efforts to reduce water consumption at our factories, plants and other facilities.

Implementation Structure and Past Activities

The Toyo Ink Group has established the Soil and Groundwater Contamination Countermeasures Subcommittee to investigate past use of specified hazardous substances, including use by domestic and overseas affiliates, and to take 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 the 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 for preventing the 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.

Actions to Soil and Groundwater Contamination

Measure for Preventing the Spread of the Contamination with Dioxins (Fuji Factory)

With regard to the soil contamination with dioxins in Fuji City, we implemented measures to prevent the spread of the contamination, including constructing an impermeable wall with steel sheet piles and concrete placement, laying protective sand and impermeable sheets, and asphalt pavement. When the East Shizuoka earthquake struck on March 15, 2011, we undertook an onsite inspection of the impermeable wall and confirmed that there was no damage. We inspect the wall on a regular basis and carry out tests for dioxins in the atmosphere and in the observation well built near the wall four times a year.

Soil Contamination Survey at Jujo

We are moving ahead with a plan to construct a new company building on part of our land at Jujo and sell the other part of the land. In accordance with this plan, we investigated the past use of the land and conducted a soil contamination survey of the land where the building will be constructed, pursuant to the Tokyo Metropolitan Ordinance on Environmental Preservation and the non-statutory regulations of Itabashi Ward. Trichloroethylene and other substances were used at Jujo, but no soil or groundwater contamination was found in the land where the new building is to be constructed. We are planning to undertake a soil contamination survey on the part of the land to be transferred.

Response to the Revised Water Pollution Prevention Act

The revised Water Pollution Prevention Act came into force in June 2012. The key points of the revision are 1) expanded scope of subject facilities including specified hazardous substance storage facilities, 2) requirement to comply with the standards concerning structure, etc., and 3) mandatory regular inspections. Business establishments of the Toyo Ink Group with facilities specified by the Water Pollution Prevention Act had meetings with the government authorities prior to the enforcement of the revised law, and some of the establishments registered their facilities as specified hazardous substance storage facilities. We have also commenced regular inspections in accordance with the law.

Water Resources and Reduction of Water Consumption

The water consumption of the domestic production sites of the Toyo Ink Group in fiscal 2011 was 3,038,000 m³, up 2.6% from the fiscal 2010 level. Approximately 90% of the water was taken from underground.

Fuji Factory, where pigments are produced, consumes approximately 70% of all the water consumed by the Toyo Ink Group in Japan. To ensure the efficient use of water in this factory, we remodeled the water storage tank to use water from underground multiple times as cooling water before using it for the production process, and we undertake other initiatives to reduce water consumption. We will strive to further reduce water consumption by using the lifting pump in an optimal manner to reduce the amount of water taken, and by using water even more efficiently.

Trends in Water Consumption
Biodiversity Initiatives

The Toyo Ink Group has been assessing the environmental impact of effluent discharged from its factories over the past five years to ensure that its business activities do not affect the diversity and connections of living organisms (biodiversity). We have also undertaken a broad range of other activities in line with the Toyo Ink Group Basic Policy on 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 include our commitment to natural conservation initiatives including efforts to preserve biodiversity, based on which we undertake a wide variety of activities for protecting the eco-system.

- **Maintenance of Natural Habitat (Liochem, Inc.)**
  Liochem, Inc. of the United States pays close attention to the effluent it discharges to prevent the leakage of chemical substances into rivers. It has built a concrete bank and created lowland to contain effluent in the event of an emergency. All the land including the lowland, which is owned by the company, is a natural habitat where intact vegetation is preserved. This natural habitat has been preserved since 1994, before the company obtained ISO 14001 certification.

- **Participation in RSPO**
  (Toyochem Specialty Chemical Sdn. Bhd.)
  Toyochem Specialty Chemical Sdn. Bhd. (TSC) of Malaysia has been part of the non-profit organization Roundtable on Sustainable Palm Oil (RSPO) since 2008. To address diverse issues related to palm oil production, such as rainforest fragmentation and the use of agricultural chemicals, the RSPO has established 8 principles and 39 criteria, and endeavors to ensure sustainable palm oil production. TSC cooperates with the Malaysian government’s policy for expanding the use of palm oil, and in 2009 it achieved the practical use of a printing ink made using palm oil. Currently, this ink is used by a number of newspaper companies and printing companies as ink for newspapers and non-VOC sheet-fed printing ink for digital camera packaging.

- **Continuation of Environmental Impact and Risk Assessment with Bioassay**

  Since fiscal 2007, the Toyo Ink Group has been assessing the environmental impact of effluent discharged from its factories by applying a new management method using real aquatic organisms (the WET method) in conjunction with the National Institute for Environmental Studies. This method has already been applied in Europe, the United States, and South Korea, and Japan’s Ministry of the Environment is also planning to introduce it. Specifically, the environmental impact of the effluent is estimated by exposing test organisms (algae, water fleas, zebrafish and luminescent bacteria) to diluted effluent discharged from factories and quantifying the response of each.

  The results up until fiscal 2011 suggest that at all four subject factories, there was virtually no risk of an adverse impact on eco-systems under the actual discharge conditions. We will continue undertaking surveys and monitoring of the effluent and identifying environmental impact factors in the effluent to control them fully. We will thus continue striving to reduce the environmental impact of the effluent and preserve biodiversity.

*A method of examining safety and toxicity of a substance by measuring response of an organism to the substance

- **VOICE Comments from third parties**

  Living organisms constitute a measure of environmental impact.

  **Dr. Norihisa Tatarazako**  
  National Institute for Environmental Studies

  A significant amount of effort and costs are required to comply with the effluent standard of the Water Pollution Control Act. On the other hand, the Great East Japan Earthquake made us painfully aware that security and safety are difficult to ensure, even if we observe the laws. In Japan, it has yet to be made mandatory to attempt to assess the environmental impact of effluent discharged from business establishments with a bioresponse. However, it is important to know whether effluent is affecting, or may affect, the environment. Knowledge of the current status is the first step toward peace of mind in the future. I look forward to the Toyo Ink Group’s ongoing efforts.
Environmental Education and Communication

The Toyo Ink Group has continued to publish the Social and Environmental Report and inform its diverse stakeholders of the progress and achievements of its environmental and safety activities. We also train our employees in order to disseminate our ideas regarding the environment and safety among them.

Environmental Education

The Toyo Ink Group provides environmental and safety education in training sessions for its employees in various job classes. For new employees, the Environment & Safety Promotion Department gives a lecture in April every year to ensure that they understand the importance of safety and health, the CSR policies of the Toyo Ink Group, and its environmental measures. In fiscal 2011, we provided our new employees with explanations on the basics of safety and health, accidents and disasters experienced by the Toyo Ink Group, its initiatives regarding CSR and the environment, the legislative system on the environment, and other matters.

Student opinions

- The report details not only the good results, but also the targets that the Group was not able to achieve.
- The report clarifies the Group’s intention to look at what is happening in society now and undertake corporate activities aimed at achieving a sustainable society. This is achieved through the descriptions of the Group’s response to the Great East Japan Earthquake and its disaster control measures, for example.
- Since it is published in English and Chinese as well as Japanese, the report is aimed at a global audience.

- It was difficult to understand what points in particular the Group is focusing on.
- The addition of future initiatives to the targets and results would make the report even easier to understand.

Environmental Communication

Annual Publication of the Social and Environmental Report

We published the Social and Environmental Report 2011 in October 2011 under the new holding company structure of the Toyo Ink Group. The report was aimed at developing a sense of unity and unifying force within the Group, as well as clarifying and sharing the policies and targets of its social and environmental activities. We published an English version of the report in December of the same year. For this year’s report, we have published a Chinese version for the first time. Copies of the report are distributed to our domestic and overseas stakeholders.

Participation in Stakeholder Dialog

In March 2012, we participated in a Stakeholder Dialog organized by the Network for Sustainability Communication (NSC). The companies that participated in this session provided explanations on their CSR and environmental activities to students and graduate students studying environmental reports from Yokohama National University, Chuo University, Meiji University, and Hosei University. This was followed by a question and answer session.

The following opinions and assessments were received regarding our Social and Environment Report 2011. We referred to these opinions when creating this year’s Social and Environmental Report.

Exhibiting in Eco-Products 2011

The Toyo Ink Group participated in Eco-Products 2011, an environmental trade fair held at Tokyo Big Sight from December 15-17, 2011. We delivered panel presentations and displayed products to showcase our actions to preserve biodiversity and our eco-friendly products in an easy-to-understand manner.

Exhibiting at Carbon Market EXPO 2012

The Toyo Ink Group participated in Carbon Market EXPO 2012, an event for providing information regarding encouraging a low carbon society that was held at Tokyo International Forum in March 2012. We introduced our initiative for offsetting the carbon footprint of the Social and Environmental Report 2011 at the event.

Lecture at University for Senior Kojo Gakuen of Nagoya City (Chubu Branch Office)

University for Senior Kojo Gakuen of Nagoya City was established to help senior citizens find new purposes in life and develop human resources who will play a central role in community activities. The school has a large student body aged 60 or older, all highly motivated to learn. Our Chubu Branch began giving lectures at the school in 2005. In January 2012, we explained the environmental impact of printing inks, the visualization of the impact as a carbon footprint, and our activities for reducing the carbon footprint in a 90-minute lecture.
A well-balanced report that is sensitive to social concerns

The report was summarized based on serious consideration of our comments and views. The Third Party Views and Opinions were written after two sessions for the exchange of opinions that were held during the process of producing the report.

What is important in a message from the president in this kind of report is that the top manager states the CSR policies and approach of the company in his/her own words so that readers realize that the president is exercising leadership. It is also important that the content of the message is consistent with the information provided in the report. The content of the Message from the President in the report meets these requirements sufficiently. It is an excellent message that provides an overview of the entire report in plain language.

We also rank the report highly in three other areas. One is the Special Feature, which shows what can be referred to as the history of innovations of the Toyo Ink Group. Above all, this section describes the history of its ink business along with the social background and issues of each period, which makes the content highly persuasive. The development of rice ink encourages the effective use of domestic resources. Moreover, it is closely related to the reconstruction of areas affected by the Great East Japan Earthquake. We read this story with interest.

Second, the report provides information about issues of social interest and concern. Typical examples include the disaster control measures, the response to radioactive substances, the discontinuation of the sale of products containing chlorinated organic solvents that are strongly suspected to be a cause of bile duct cancer, and the response to the unintentional inclusion of PCB in organic pigments. The report is sensitive to what stakeholders want to know, rather than only describing what the company wants to reveal. This is extremely important for eliminating the asymmetry of information.

The third area is that the report also discloses negative information, such as soil and groundwater contamination and an industrial accident, making the entire contents well-balanced. Countermeasures against those negative events are also reported with sincerity, enabling readers to discern the transparency of the report and the integrity of the company.

In short, the report is well put together. However, it is essential for further steps to be taken to respond to social requirements, new guidelines, and global standards. What we expect of the report at its next stage is summarized in the following three points.

First, the report should provide more overseas information. Japanese employees of the Group constitute only 43% of the total number. We hope that more information will be collected from overseas sites and reflected in the content of the report. With regard to the environmental issues, we would like to know how the Group is responding to the rapid increase in chemical emissions in its overseas locations.

The second point is the enhancement of CSR activities based on ISO 26000. The report shows the corresponding core subjects of ISO 26000 at the start of each section. We hope that initiatives concerning issues related to each of these core subjects will also be examined, the domains of the CSR will be expanded in a way that means that the current “defensive CSR” will be developed into “strategic CSR,” and that the CSR activities will be enhanced to a level of the creation of shared values.

The third point is the introduction of regional versions of the report. Currently, the report is published in English and Chinese, in addition to Japanese. However, the report will not meet the expectations of Chinese readers as long as it provides little information about activities in China.

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 methods of creating a renewable society in harmony with natural eco-systems 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. It studies what CSR should be like, and makes recommendations through CSR Workshop.
http://www.nord-ise.com/7unkar/
Considerations in the Production and Printing of This Report

The Toyo Ink Group is currently making efforts regarding color universal design (CUD), and is implementing carbon footprint (CFP) initiatives to help visualize the environmental impact of products and services. Continuing from the previous year, the report received both CUD and CFP certification, and we offset its carbon footprint.

Considerations in Production—UDing

Color universal design (CUD) is a concept of creating designs that ensures ease of use for different people with different color perceptions. To support CUD production, the Toyo Ink Group has developed UDing software, and has offered it free of charge since 2004. To date, more than 14,000 copies have been distributed, and the software is used by a large number of people.

At the stage of producing the report, we used UDing for color design and adopted CUD workflow, the details of which are illustrated on the right. The report has also received certification from the Colour Universal Design Organization.

Considerations in the Printing

Carbon Footprint

CFP 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. During the three years from fiscal 2009 until fiscal 2011, a CFP Pilot Project was implemented by the Ministry of Economy, Trade and Industry and others. Accordingly, Product Category Rules (PCRs) were developed for a variety of products and services, including published matter and printing inks, and a system for validating calculated CFP values was introduced.

The CFP value of the report was calculated and validated based on the PCRs for promotional and commercial printed matter.

Carbon Offset

Carbon offset means offsetting the amount of greenhouse gas emissions from a particular source by reducing or absorbing the emissions elsewhere.

To reduce the environmental impact of the report, we offset the amount of CO₂ emitted in the entire lifecycle of the report through the Project for Promoting the Thinning of the Municipal Forest of Fukuoka City, a project with J-VER certification (offset provider: Mitsubishi UFJ Lease & Finance Co., Ltd.).

Mechanism of Carbon Offset

CO₂ absorption

Funding or other forms of support

Offset

Credit

Carbon Footprint: 500g-CO₂e per copy

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

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*2 Quantity of greenhouse gases converted into CO₂ equivalents

500g CO₂

Carbon Footprint of Products (CFP) symbol

CO₂ generation

Logo for Municipal Forest of Fukuoka City J-VER
The social wealth created by the Toyo Ink Group in each of its four business domains is expressed with paper cutouts. The Toyo Ink Group’s products are used in the following settings: Living & Healthcare, Information & Communication, Fine Imaging & Printing, and Energy & Environment.

This brochure is printed using rice ink, which uses rice bran oil instead of soy ink for reduced global warming gas emissions.