

TOYOINKGROUP

Toyo Ink Group
**Integrated
Report
2021**



Toyo Ink Group's Philosophy

Corporate Philosophy | **People-oriented management**

Corporate Policy | **We, the Toyo Ink Group, endeavor to be a company that contributes to the enrichment of life and culture throughout the world.**

- Contribute to the affluence and culture of people worldwide.
- Create lifestyle value for the new age.
- Provide advanced technology and quality products and services.

Guiding Principles

- Provide knowledge that enhances customer trust and satisfaction.
CS (Customer Satisfaction)
- Respect the realization of all employees' ambitions.
ES (Employee Satisfaction)
- Act as a responsible corporate citizen in harmony with society and the environment.
SS (Social Satisfaction)
- Respect shareholders' rights, improve shareholder value and enhance market valuation.
ShS (Shareholder Satisfaction)

Established April 1993, Revised April 2014





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About the Integrated Report 2021

<Period covered>

January 1, 2020 to December 31, 2020 (fiscal 2020)
* Some sections cover the period before fiscal 2019 or fiscal 2021.

<Areas covered>

Information in this report covers Toyo Ink SC Holdings Co., Ltd. and its consolidated subsidiaries and equity-method affiliates in Japan and overseas.

* The areas covered differ for some information, including environmental data and personnel data.

<Guidelines used as reference>

- International Integrated Reporting Council (IIRC), International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- SDGs (Sustainable Development Goals)



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On the publication of the Integrated Report 2021

The Toyo Ink Group has published CSR reports summarizing our environmental and CSR initiatives and other reports. Previously, we also disclosed financial information via securities reports, our Fact Book, financial statements, supplemental data for results briefings and other materials. This time, we have published this Integrated Report as our new report for sharing the Toyo Ink Group's management plans, business strategies, and activities including its CSR activities and value provision, in an integrated manner to provide a comprehensive picture of the Toyo Ink Group to all stakeholders. We will be happy if this report enables you to understand how we are sustainably increasing the corporate value of the Toyo Ink Group, the value we will provide to society, and the management strategies and corporate activities we implement to achieve the above.

We have compiled our business and CSR activities into the Integrated Report 2021 with a focus on the value creation stories of the Toyo Ink Group based on this year being the first fiscal year of the SIC-II medium-term management plan, which is the second phase of Scientific Innovation Chain 2027 (SIC27), our long-term corporate vision. In the editing of the Integrated Report, which we plan to publish annually, we will remain committed to the continued evolution of the report to ensure that each report we provide better fulfills your needs.

Caution concerning forward-looking statements

The opinions and forward-looking statements contained in this report are our views as of the time of the creation of this report. We do not guarantee or promise the accuracy or completeness of this information. Accordingly, future results may differ from those expressed in our forward-looking statements.

Overview of the Toyo Ink Group

Business Segments

The business activities of the Toyo Ink Group are divided into four segments, the Colorants and Functional Materials Business, the Polymers and Coatings Business, the Packaging Materials Business, and the Printing and Information Business. Group companies work within these businesses with the three core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd. playing central roles.

Colorants and Functional Materials Business

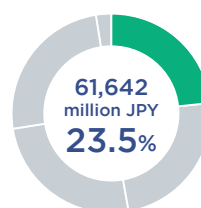
The Toyo Ink Group is a leading company of colorants, and the synthetic technologies for organic pigments are one of the areas we have been developing since our foundation. In addition, the nano-level dispersal technology that we have cultivated in the manufacturing of inks and coatings is applied far beyond the purpose of coloring objects. It is also used in flat panel display (FPD) color filters, automotive lithium ion batteries, and other products.

〈Core operating company〉 Toyocolor Co., Ltd.

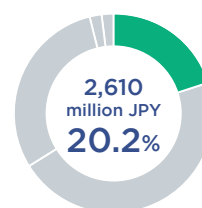
〈Main products〉 General purpose pigments, functional pigments, pigment dispersions, resist materials for LCD / imaging sensor, colorants for plastics, coating materials for data recording, functional dispersions, inkjet inks*, etc.

Fiscal 2020

Net sales



Operating profit



Polymers and Coatings Business

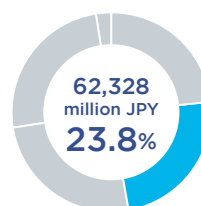
We use resins (polymers), one of the core materials developed by the Group, to create an array of products that respond to the needs of the times. A large number of functional products that we have developed, leveraging our synthetic and coating technologies, are applied in fields that are essential for daily life, such as the medical and health care field, as well as the fields of automobiles, electronics, and energy including solar cells.

〈Core operating company〉 Toyochem Co., Ltd.

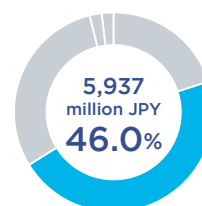
〈Main products〉 Adhesives, PSA (pressure sensitive adhesives), laminating adhesives, hot-melt adhesives, coating materials, can coatings, hard coating materials, medical products, resins, natural extracts, etc.

Fiscal 2020

Net sales



Operating profit



Packaging Materials Business

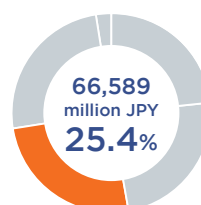
We provide a diverse array of highly functional products for manufacturing processes of packaging materials, which are essential for our lives. In the field of food packaging, where security and safety are required, we are expanding the replacement of inks with water-based and non-solvent ones. We are also proactively developing biomass products ahead of others in the industry, with the goal of breaking free from dependence on petrochemicals and establishing a sustainable society.

〈Core operating company〉 Toyo Ink Co., Ltd.

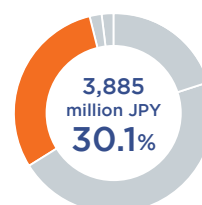
〈Main products〉 Gravure inks, flexographic inks, solvents for gravure printing, gravure printing systems and prepress, etc.

Fiscal 2020

Net sales



Operating profit



Printing and Information Business

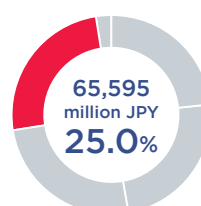
The Toyo Ink Group has been engaged in this business since its very beginning. It has remained one of our mainstay businesses. Taking advantage of our strengths in integrated production, from raw materials such as pigments and resins down to end-products, we develop a diverse array of products, including environmentally friendly products and highly functional UV curing inks. We also provide solutions, including support for the standardization of customers' printing processes.

〈Core operating company〉 Toyo Ink Co., Ltd.

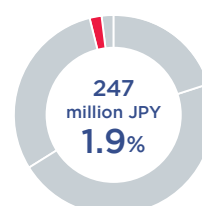
〈Main products〉 Offset inks (web, sheet-fed), newspaper inks, metal decorative inks, UV curing inks, screen inks, (inkjet inks*,) printing materials and machinery, etc.

Fiscal 2020

Net sales



Operating profit



*Intersegment transactions and Company-wide expenses have not been deducted from the figures for each business segment above.

*Segment changes: Effective January 2021, inkjet inks are classified as products of the Colorants and Functional Materials Business instead of the Printing and Information Business.

Global Expansion

The Toyo Ink Group is globally engaged in business activities, working from its bases in more than 20 countries. We develop, produce, and sell products and provide technological services that respond to the market needs in each country or region. In FY2020, overseas sales ratio was 46.4%. This means sales outside Japan were nearly half of the Group's consolidated net sales.

Japan: **22** companies
(**32** sites)

Overseas: **49** companies
(**74** sites)

Overseas sales ratio:
46.4%

Europe and Africa

Asia

Japan

Americas

11

companies
(12 sites)

33

companies
(55 sites)

22

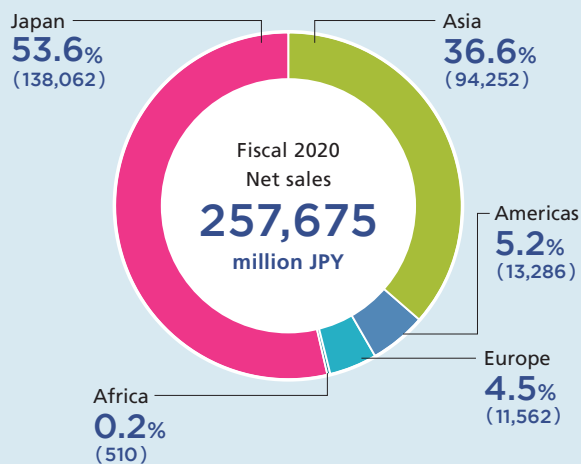
companies
(32 sites)

5

companies
(7 sites)

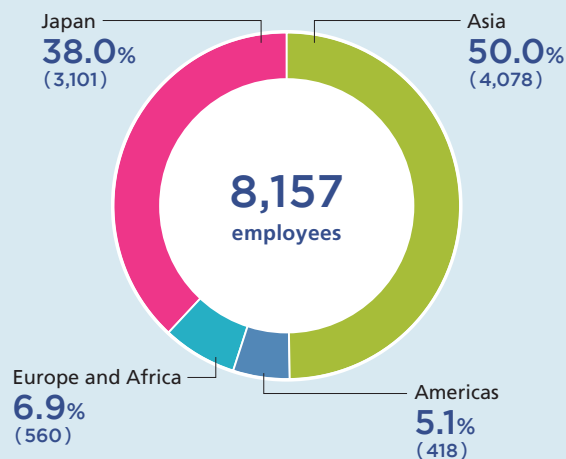
Net Sales by Business Area (consolidated)

(Unit: million JPY)



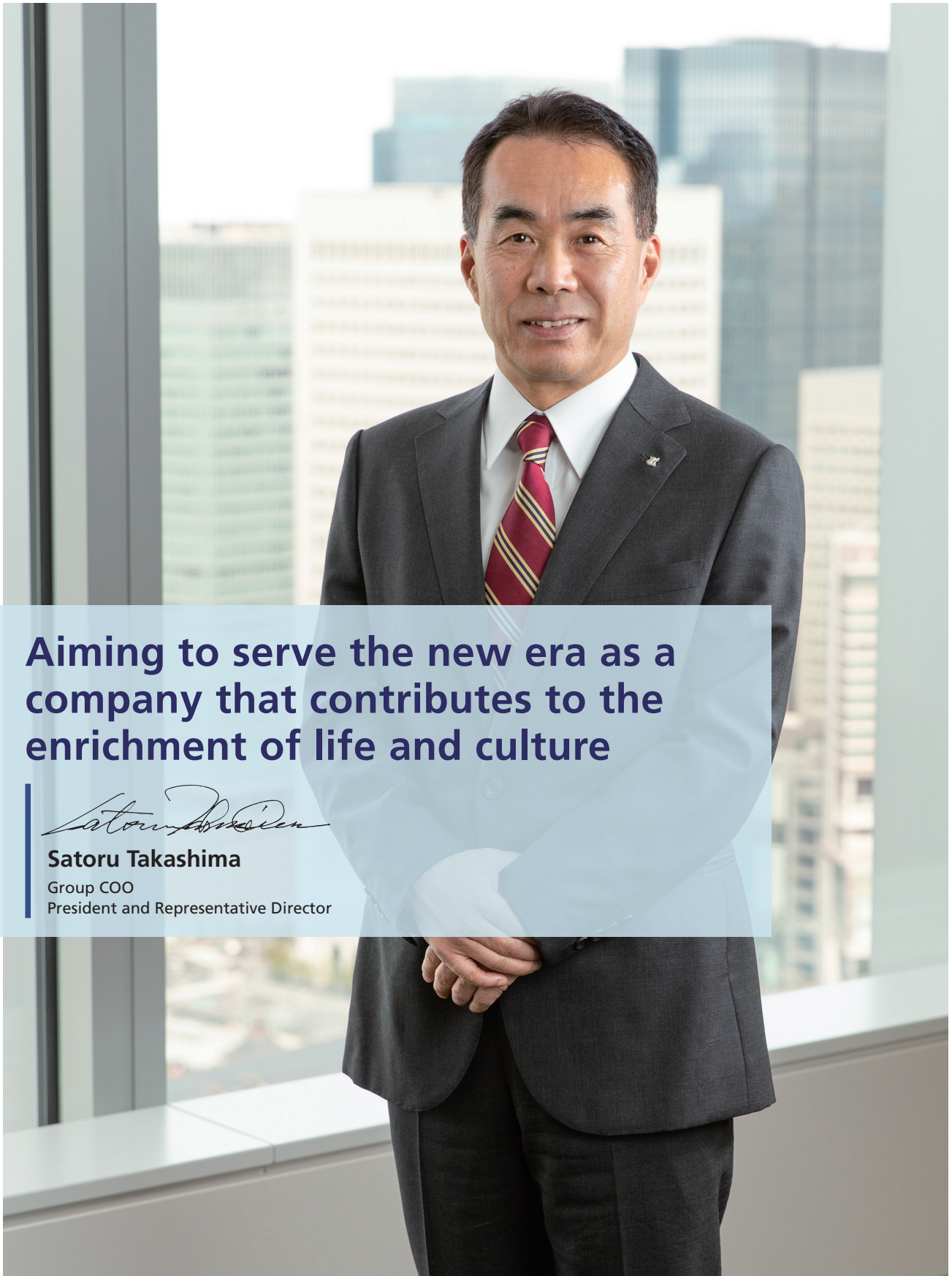
Employees by Business Area (consolidated)

(Unit: Number of employees)



(As of December 31, 2020)

Top Message



**Aiming to serve the new era as a
company that contributes to the
enrichment of life and culture**

Satoru Takashima

Group COO
President and Representative Director

Realities exposed by COVID-19

The lives and livelihoods of many people around the world are still at risk due to the COVID-19 pandemic, and the foundations of society are seriously threatened. I would like to express my sincere condolences to everyone who has lost a friend, loved one, or family member to COVID-19 and my heartfelt sympathies to everyone who is or has contracted COVID-19. I also wish to express my profound respect and gratitude to the people working very hard on the medical front lines to treat patients and save their lives.

The pandemic that has confronted people around the world has revealed a number of realities. In response to the state of emergency declared by the Japanese government in April last year, the Toyo Ink Group requested that employees work from home under its basic policy, *do not get infected or infect others*. We also requested that the employees involved in production, working at factories, plants, and similar facilities, continue the production activities at their workplaces while taking thorough measures to control infection. As a person entrusted with the management of the Toyo Ink Group, I continued to ask myself why we were requesting that some of our employees go to their workplaces in this situation. After struggling deeply with this, I was convinced that the Toyo Ink Group, a chemical manufacturer, produces and supplies products that are needed by society — We are an entity needed by society, and we have a responsibility to continue supplying these necessary goods. Then I remembered what happened following the Great East Japan Earthquake in 2011.

A major supplier was affected by the disaster, and we were exposed to the risk that supply of printing ink ingredients may be stopped. Newspaper companies contacted the Japan Printing Ink Makers Association, to which we belong, requesting that the supply of newspaper inks never stop. We began initiatives such as the use of alternative materials and the reformulation of products, enabling us to continue supplying black ink in cooperation with our competitors. This is how we were able to overcome the circumstances. Being needed by society means that we bear a grave responsibility, but it also means that society believes that we are a meaningful entity. This reinforced my thought that we must provide the products and services that are truly needed by society as we move toward a post-pandemic era.

The Group's stance in a changing world

The pandemic can be regarded as a temporary phenomenon that will end some time in the future. However, there is no doubt that it is changing the world significantly. In particular, I feel strongly that the pandemic has accelerated the changing of the time to be much faster than it would have been. To give one example in corporate activities, remote working and online meetings, which had begun to be practiced a long time ago, quickly became ubiquitous because of the COVID-19 pandemic, leading many companies to implement workstyle reforms. Without the pandemic, these reforms would take several more years. In addition, digital transformation (DX) has accelerated in many fields, including education, medicals, restaurants, and logistics. As a result, our lives and the way things are have changed greatly.

Further, I think that global warming and plastic waste problem, which have been global environmental issues for quite a long time, have begun to be common topics in daily conversation. This may also be a result of the COVID-19 pandemic. Encountering the global threat of the pandemic

may have made us more aware of these other issues as our own problems.

I feel that society, which has needed the products made by the Toyo Ink Group, has changed rapidly, and we have entered a new era, or new normal created by the COVID-19 pandemic that will continue during and after the pandemic. This has caused people to evaluate their lifestyles, thinking, sense of value, and other aspects of their lives on different scales than before. I think that our duty as a corporate group in this changing world is to explore, develop, and provide the products and services needed in this new era and by this society. I think this is the path we should follow to remain needed by society.

Corporate Policy and the SIC-II medium-term management plan

The Corporate Policy of the Toyo Ink Group states, “We, the Toyo Ink Group, endeavor to be a company that contributes to the enrichment of life and culture throughout the world.” This policy, established in 1993, integrated the various slogans and mottos that had been advocated internally. Since the establishment of this policy, we have been attaching greater value to the words, “a company that contributes to the enrichment of life and culture.” We desire to be an entity that creates goods that are needed by people all over the world while they seek not just economic wealth but also spiritual fulfillment through their own individual values, lives and cultures.

In 2018, based on this Corporate Policy, we formulated the Scientific Innovation Chain 2027 (SIC27), our long-term corporate vision. This grand design describes what the Toyo Ink Group, which has adopted the ideas of the SDGs, should be like in ten years (in 2027). Specifically, the Toyo Ink Group defines the value it provides as *a world where all consumers, living beings, and the global environment share vibrant lives* and its contributions towards the realization of this world. In SIC27, we define the concept of *sustainable growth* as the Toyo Ink Group growing sustainably and contributing to improvement of society’s sustainability through our corporate activities to provide the value discussed above. Within this framework, we formulate and implement three-year medium-term management plans.

In SIC-II, the new medium-term management plan begun in January 2021, we laid out the vision of being, “*A company that contributes to a new era through the enrichment of life and culture.*” This means that we will provide the things that are needed in the new normal of the pandemic and post-pandemic world. We will concentrate all of our management resources on the areas where we contribute to society. Those resources include the products we deliver to consumers and things that are less visible such as the materials, technologies, and expertise used in the creation of these products. And we will improve our sustainable growth to a level where we are able to provide sufficient solutions for many social issues. This is the foundation of SIC-II.

SIC-II has following three basic policies.

- (1) Improve the profitability of businesses
- (2) Create more priority areas of development
- (3) Enhance the value of management resources for sustainable growth

SIC-II is a three-year management plan with FY2023 targets of net sales at 300 billion JPY, operating profit at 22 billion JPY, and ROE at 7% or higher. To steadily implement this plan and produce achievements, we need to helm the company with a perspective that encompasses multiple timescales. I think that it is not possible for a company to survive without thinking about management dynamism based on the ‘C’ of the “MQY3DC.” We must monitor our monthly status (M) and dis-

close our results on a quarterly basis (Q). We close the books and pay taxes on a yearly basis (Y). We formulate medium-term management plans as three-year plans (3) and set our long-term corporate vision by looking a decade ahead (D). In addition to these, we must manage the company going forward by looking a century ahead (C) with an awareness of the sustainability of the global environment and society. Even in our vision of that distant future, the idea of being a company that contributes to the enrichment of life and culture, which is our Corporate Policy, remains a firm cornerstone, a timeless and invariant pillar.

Create more priority areas of development

I think that every aspect of society's needs will change greatly, for example, type, quality, quantity, and speed, due to the changes in people's awareness. Those changes have been caused by their experiencing the COVID-19 pandemic and the roadmap to the achievement of the SDGs, as we have less than ten years left to achieve them. In SIC-II, we have narrowed down society's needs and placed them into three categories that we should cater to as a chemical manufacturer. One category is *Green* needs, which reflect the widespread knowledge that the sustainability of the global environment is at risk, which has led to increasing environmental awareness and actions across all layers of society, from individuals to nations. We will also cater to *Digital* needs created by the need for social distancing and rapid progress in digitalization. The other category is *Health* needs, which are created by the rising awareness of safety, security, and health. The importance of them have been reaffirmed during the COVID-19 pandemic. We have established the following three priority areas of development so that we will be able to cater to these three categories of needs.

■ Sustainable Science Area

We will provide new materials and systems for creating a sustainable society. Products in this area include biomass materials and recycling systems for eco-conscious packaging materials, as well as functional materials for lithium-ion batteries that support the evolution of EVs and the stable use of renewable energy, etc.

■ Communication Science Area

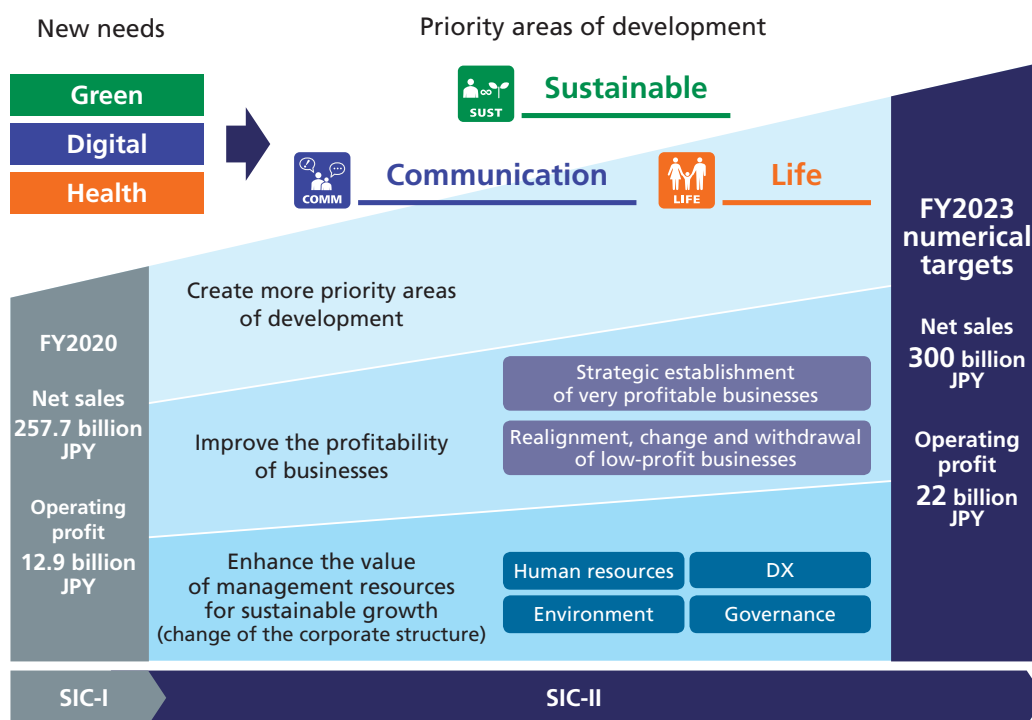
We will contribute to 5G and IoT society with key materials and solutions that form the foundation of digital devices. Products in this area include optical control materials used for IoT devices and image sensors, as well as low-dielectric polymer materials and functional film materials intended for enhanced mobile broadband (eMBB) and the semiconductor market.

■ Life Science Area

We will create products and solutions enrich people's lives and improve their health. Products in this area include transdermal patches, which are attracting attention as a safer dosing technology, as well as next-generation printing technologies and inkjet printing materials that are used in every industry.

It is easy to imagine that markets will evolve rapidly and more sophisticated needs will appear in these priority areas of development. As a materials manufacturer, the Toyo Ink Group has reorganized its R&D divisions, which had been consolidated at the Group's head office. We have established new specialized research centers within the three core operating companies that are primarily responsible for our businesses, positioning these research centers as the core of our medium-term (two to five years) development strategies. Thus, we will strengthen the cooperation between the R&D, marketing, and production and supply divisions to improve our ability to develop

Outline of SIC-II, the new medium-term management plan



materials and accelerate our creation of new products and businesses. In parallel with this, we will invest intensively in growth markets, such as the markets for EV-related materials, medical supplies, and packaging materials in emerging countries, to globally promote the creation of priority areas of development. We plan to invest approx. 40 billion JPY during the period of SIC-II. We will take advantage of synergy, aiming to increase net sales in the markets of the priority areas of development, which are presently approx. 44 billion JPY, to approx. 80 billion JPY.

Improve the profitability of businesses

The new era that we envision is not an era where the business environment returns to stability after a transition period. To confront the rapidly changing business environment, we will again scrutinize the businesses we have been operating and those we are working to develop, divide them into the businesses which are expected to be highly profitable and those we expect will face difficulties unless measures are taken, and apply specific strategies for them.

In highly profitable businesses, we will strategically advance initiatives such as the differentiation of our products and services by integrating our technology and marketing divisions, narrowing down targets to the ones we should focus on to survive amid global competition, and clarifying the position we aim to achieve, in our efforts to expand our businesses aggressively and maximize profits. On the other hand, we will review our existing basic strategies in low-profit businesses, and

focus our efforts on markets and fields where a certain level of profit can be expected. At the same time, we will restructure our bases, reform workflows, and take other initiatives to optimize these businesses. If the measures prove ineffective and it is difficult to improve, withdrawal is one strategic option.

When I became the president in April last year, I expressed my determination to manage the company with two core goals. One is to be useful to society and do our best for the world. As I mentioned at the onset, the COVID-19 pandemic has reinforced my thought on this matter. And the other is the maximization of profit and increase of our corporate value. By increasing profit and achieving growth, a company acquires the ability to dedicate itself to society. This is the idea of *Giri Goitsu* (the unity of public interest and private interest) advocated by Eiichi Shibusawa in his book, *Rongo to Soroban* (the Analects and the Abacus). The act of pursuing profit as a company and the act of following the path of righteousness by contributing to society do not conflict: both are essential for the survival of a company.

Enhance the value of management resources for sustainable growth

We will create more priority areas of development to supply the things that are needed by society in the new normal created by the COVID-19 pandemic. And we will improve the profitability of businesses to acquire the capacity needed to supply them. The third policy, “Enhance the value of management resources,” will form the foundation for the Toyo Ink Group’s implementation of the above two policies for achieving sustainable growth. The management resource that we regard as most important is people — our employees. The success or failure of the reform of employees’ workstyles and the personnel system will greatly influence our business achievements during SIC-II, as well.

What human resources will be in demand in the new era? I feel that we are now in a world where each person hones their abilities to compete in the world, where each person brings their own traits to the fore, trying to stand high and achieve something without minding that they are different from others, and where these people are respected. I would like to make the Toyo Ink Group a corporate entity that creates new opportunities for individuals to improve their abilities, that values their unique characteristics properly, and that gives new chances even after they take on challenges and fail.

The active participation of women is an area where we are far behind others, and it is imperative that we take measures to address this. At the Toyo Ink Group, women presently make up a low 4% of managers in Japan. In comparison, the average percentage of women managers for all industries is 7.8%, and the target set by the government is 30%. In response, we have vowed to ensure that 8% of our managers in Japan are women before the end of the SIC-II period, in our Declaration of Active Participation of Women. While the reform of our personnel system is of course necessary, it was reported to me that our women employees are not willing to be promoted to executive positions. This does not mean that these women are unmotivated. Our male employees should be aware that the company as a whole has an atmosphere, corporate culture and climate that makes women unwilling to be promoted. I would like to launch radical initiatives to change this culture and climate, including institutional reforms, within the period of this medium-term management plan. I would also like to ensure that the Toyo Ink Group respects diversity, including the diversity of people’s nationalities, gender identities, religions, ages, presence or absence of disabilities, and oth-

er attributes, more than ever, as we expand globally and horizontally.

The adoption of remote working accelerated because of the COVID-19 pandemic. We have officially introduced a remote work system for us to utilize in the post-COVID-19 era. When the first state of emergency was declared, the purpose of teleworking was only social distancing. At present, however, its primary purposes are the improvement of productivity, the improvement of employees' work-life balances and the creation of innovation. We have also introduced a hot desking system and other measures in our office environment to permit more flexible workstyles. We are improving our information system infrastructure to ensure the security of the remote work environment.

We are also working hard to reform our governance system to transform our corporate culture. At the Annual General Meeting of Shareholders held in March, we reduced the number of directors, with half of them being outside directors, revised the compensation directors receive, and made other changes, thus taking the first steps toward the greater independence of our directors and Audit & Supervisory Board members, increased transparency of their compensation system, and a stronger connection of their compensation to our business performance. We have set Shareholder Satisfaction (ShS; respecting shareholders' rights and improving shareholder value) as one of the Group's Guiding Principles. Our efforts to reform our governance will not wane, so that we continue to earn the trust of our shareholders and investors.

The DX of the Toyo Ink Group

We believe that, amid the changing times and the shift of the source of value from goods to knowledge and information, business reforms leveraging digital technologies are a task that management must take on, and the growth of manufacturing companies depend significantly on it. The Toyo Ink Group is advancing its DX focusing on three initiatives: using, creating, and changing.

Using is the utilization of digital technologies as tools. Having established an intra-Group, cross-sectoral task force to improve efficiency and productivity, we are promoting the utilization of DX in four fields. The first is to accelerate R&D activities using material informatics in the R&D divisions, with the goal of developing new technologies. Second, we will fully leverage the internet and data in the sales and marketing divisions for more effective business building. Third, we will use data technologies within production sites to improve the efficiency of production processes and the precision of quality control. And fourth, we will push forward initiatives in the administrative divisions, such as the transition to paperless operations and the reduction of necessary labor.

Creating is the initiatives for realizing the evolution of technologies, including methods for enhanced mobile broadband (eMBB) such as 5G and 6G, and also IoT, by developing new materials. We are developing materials in the telecommunications field in the Communication Science Area as one of the priority areas of development laid out in SIC-II.

Changing is changing the business models of the Toyo Ink Group itself. For example, we have developed the *Fichvita*TM brand of non-optical behavior detection system. We will apply this system in the automated driving of transportation systems and customer data management at stores, among other uses, to collect and analyze big data and create comprehensive solutions for customers. We will move a step forward from our existing business domains, where we work as a materials manufacturer, to create value that is not clearly visible and propose it to customers.

Promotion of environmental management

The environment is a social issue that the Toyo Ink Group, a chemical manufacturer, has been addressing continuously as a top priority issue. Among the diverse products that we supply to society, the products positioned as *environmentally friendly products* feature environmental impact that is lower than standard, such as reduced CO₂ emissions, VOC content, petroleum-derived materials content, chemicals, energy consumption, and waste, in each phase of the product lifecycle from the raw materials to disposal and recycling. In SIC-II, we set the target of expanding the development of these environmentally friendly products and increasing the sales of these products to 70% of total sales. For this purpose, we are currently promoting an array of R&D activities, including into biomass and biodegradable materials, the replacement of solvents with water-based and non-solvent alternatives, energy conservation during production and use, and the improvement of recycling efficiency.

We are addressing climate change, which is an urgent social issue globally, by positioning it as an issue of particular importance among numerous environmental issues. We expressed our support of the TCFD in November last year. We will continue to identify risks and opportunities, analyze scenarios, formulate management and business strategies, and disclose information in light of the fact that disclosure in line with the TCFD recommendations is encouraged as a result of the revision of the Corporate Governance Code that occurred in March this year. The three-year period of SIC-II is too short to address this issue. We need to take action based on a roadmap that looks at a longer period. Therefore, the Toyo Ink Group established long-term environmental targets with a target year of 2050, as an extension of the environmental targets established in SIC-II. The direction of the long-term targets are the same as the existing targets, that is: (1) reducing the environmental impact of manufacturing, (2) providing products and services that realize a sustainable society, and (3) promoting coexistence with nature and community. We are strongly motivated to achieve our quantitative targets and create initiatives to reduce CO₂ emissions and achieve carbon neutrality by 2050. We would like to achieve this new long-term environmental target to contribute to the resolution of the social issues the SDGs seek to address.

I believe that, to actively implement various reforms and produce results that contribute to the new era, the Toyo Ink Group must be an attractive corporate entity where employees are able to practice independent workstyles. Relationships between the companies and employees are changing. In the past, it was taken for granted that employees felt loyalty and dedicated themselves to their companies. Hereafter, the relationship will change and employees will work for companies to enrich their lives instead of depending on their companies. I think how attractive companies are able to grow to attract excellent human resources is the essence of the keyword, *Engagement*. It is a bidirectional relationship and not a one-way loyalty. The company and employees have built a good relationship under which they need each other without an excessive dependency. The Toyo Ink Group will be an organization like this and an entity that is needed by society. I will lead all of the reforms that are needed to achieve the above from the front. This is my duty as the president. In addition, to fulfill the expectations of our stakeholders who have entrusted me with the duty, I will be dedicated to my duties and value the people around me, who kindly keep me on track with constructive opinions without flattery.

The Toyo Ink Group Value Creation Model

The Toyo Ink Group started its SIC-II medium-term management plan in 2021 to reflect global issues and the Group's strengths. This plan was established under our Corporate Policy, a timeless and invariant pillar, with the goals of ensuring the sustainable growth of the Group and society and providing the value described in Scientific Innovation Chain 2027 (SIC27), our long-term corporate vision. We will create new value in the priority areas of development laid out in SIC-II, with the goal of helping build a sustainable society.

Major social issues

- Climate change
- Marine pollution
- Global population growth
- Evolution of transportation infrastructure
- Medical issues due to the aging of the population
- Epidemics of infectious diseases etc.
- Ubiquitization of renewable energy
- Depletion of resources

Financial capital

- Amount of equity capital
209,704 million JPY
- Cash Flows (cash and cash equivalents at the end of the period)
73,117 million JPY

Non-financial capital

- Relationship of trust with customers that have been developed since our foundation in **1896**
- Number of patents we hold that are the foundation of our creation of solutions
Japan: **1,892**
Overseas: **825**
- Diverse human resources working at our business locations all over the world
Number of employees (consolidated): **8,157**
- Manufacturing and sales networks in **24 countries**

Toyo Ink Group's

At the Toyo Ink Group, we will using materials

Materials & Technology

High level of technological capabilities related to the molecular design and synthesis of colorants/polymers, as well as compounding, dispersion, coating, etc.

Scientific Innovation Chain 2027 (SIC27) —

We will contribute to improving the sustainability of consumers,

SIC-II — New Medium-term Management Plan

Ideal state: A company that contributes to a new era through

Basic Policies

1. Improve the profitability of businesses

2. Create more priority areas of development

Material issues supporting our growth

Material Issue 1

Provide Value that Exceeds Customer Expectations and Contribute to Society

Material Issue 2

Co-exist in Harmony with the Environment through Innovative Technologies

Material Issue 3

Co-exist and Co-prosper with the Supply Chain and Fulfill the Trust of Stakeholders

We will create new value in the priority areas of development, with the goal of realizing a sustainable society.

strengths

continue to propose new value and technologies.

Value Provision & Co-creation

Provision and co-creation of new value suitable for customer needs, which are enabled by integrated production covering all stages from materials to products

Long-term Corporate Vision

living beings, and the global environment

the enrichment of life and culture

3. Enhance the value of management resources for sustainable growth (change of the corporate structure)

Material Issue 4

Value Employees and Pursue Their Happiness and Job Satisfaction

Material Issue 5

Build a Solid Base that Underpins Trust

12 of the SDGs that are closely related to the Toyo Ink Group's business activities



Results

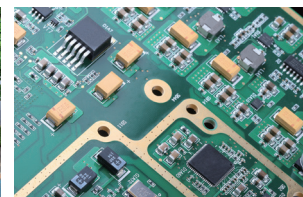
For creating a sustainable society

- Eco-conscious packages
- EV / New energy



Contribute to a 5G and IoT society with key materials and solutions

- IoT / Sensors
- 5G / Semiconductor



Enrich people's lives and improve their health

- Medical
- Digital printings



For Achieving Sustainable Growth — SIC27 Long-term Corporate

In the coming era uncertainty will increase, and the importance of thinking from a long-term perspective will increase.

The Toyo Ink Group established SIC27, our long-term corporate vision, setting 2027 as its target year. We have divided this nine-year period into three steps: SIC-I (FY2018 to 2020), SIC-II (FY2021 to 2023) and SIC-III (FY2024 to 2026). Thus, we will implement PDCA under the three-year medium-term management plans with the goal of achieving sustainable growth.

Long-term Corporate Vision “SIC27”

Concept of our activities toward 2027, to achieve sustainable growth

Scientific Innovation Chain

《Scientific implementation x Innovative ideas x Chain of activities》

The value provided by the Toyo Ink Group as a whole

For a Vibrant World

What is the value that will we provide to society as a result of the activities of the Scientific Innovation Chain? The answer is *For a Vibrant World*.

This represents our contribution towards realizing a world where all consumers, living beings, and the global environment share vibrant lives.

SIC-I basic policy

1 Transformation of existing businesses and development of new businesses for growth

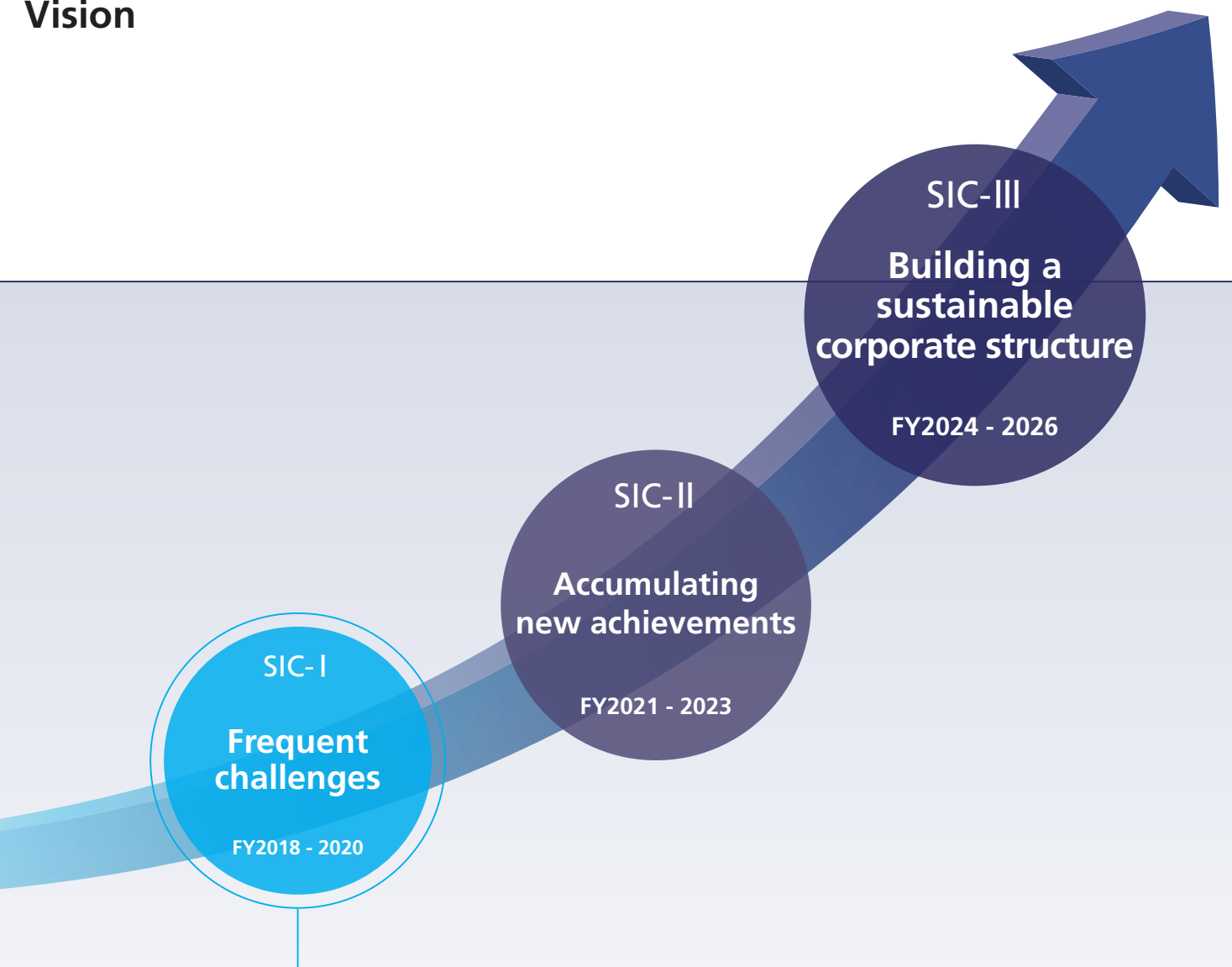
We will be working to cooperate with and integrate our overseas business locations and to expand our product line, developing a wide range of business areas to enhance growth potential in global markets. We will also be creating new value through the development of new types of materials based on the integration of our existing core materials and core technologies, and will be expanding into new markets and new business areas, taking on the challenge of establishing new businesses.

2 Promotion of manufacturing innovation to increase sustainability

We will be building on our previous manufacturing innovation measures (including the building of a global manufacturing network, the creation of environmentally friendly manufacturing systems, and the putting in place of globalized chemical substance management and trade management systems, etc.) to further develop these measures, implementing a manufacturing innovation that both contributes to the enhancement of sustainability for consumers, living beings, and the global environment, and helps to ensure the continued profitability of the Toyo Ink Group.

3 Overhaul of management foundations

In order to support the various business measures being implemented as part of SIC-I, besides promoting the global integration of business systems, recruiting human talent capable of leading change, and overhauling personnel systems, etc., we will also be promoting CSR activities that are closely integrated with business management, and strengthening management infrastructure so that it is capable of generating innovation on an ongoing basis.



SIC-I achievements and issues

Achievements

- Shifted the source of revenue to the priority areas of the Polymers and Coatings Business and the Packaging Materials Business
- Invested resources in new businesses (including materials for lithium ion batteries and for sensors, and materials related to medical products)
- Expanded environmentally friendly products (including biomass inks and pressure sensitive adhesives)
- Promoted expansion to overseas areas (including Turkey, Africa, and China)

Issues

- Further expedite structural reforms
- Create pillars that support new products and businesses
- Take measures to address quick changes in the market structure due to the COVID-19 pandemic

SIC-II — New Medium-term Management Plan (Fiscal 2021 - 2023)

The SIC27 long-term corporate vision consists of three medium-term management plans. Under SIC-II, the second stage, we aim to continue to add achievements and provide the value that is truly needed by society to respond to the changing needs of society.

Comprehensive picture of the medium- to long-term management plan

SIC27 — Long-term Vision

We will contribute to improving the sustainability of consumers, living beings, and the global environment

SIC-II — New Medium-term Management Plan (Fiscal 2021 - 2023)

Ideal state: A company that contributes to a new era through the enrichment of life and culture

SIC-II basic policy

1 Improve the profitability of businesses

- Strategic establishment of very profitable businesses
- Realignment, change and withdrawal of low-profit businesses

2 Create more priority areas of development

Priority areas of development

- Sustainable Science
- Communication Science
- Life Science

Reinforce the R&D structure

Intensive investment in growth markets

3 Enhance the value of management resources for sustainable growth (change of the corporate structure)

Reform of workstyles and personnel systems

Advancement of DX

Transformation of the governance system

Promotion of environmental management

Impact of COVID-19

- FY2021: Economy will gradually trend toward recovery
- Economic recovery to the pre-COVID-19 level will occur in FY2022 or after
- Overseas markets will recover quickly

Social Issues

- Environmental problems including climate change and marine pollution
- Response to the new normal created by the COVID-19 pandemic (changes in values and workstyles) and the rapid acceleration of digitalization
- Rising awareness of safety, security, and health attributed in part to the aging of the population

The Toyo Ink Group advances initiatives under three basic policies, with the goal of being a company that contributes to a new era through the enrichment of life and culture.

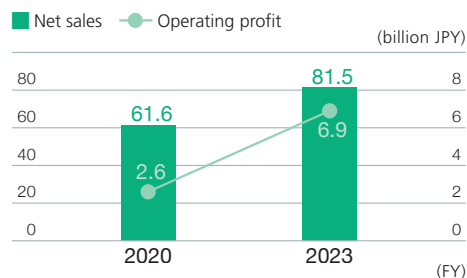
Basic Policy 1 Improve the profitability of businesses

We will increase the earning capacity of our businesses through the strategic establishment of very profitable businesses and the realignment, change and withdrawal of low-profit businesses, thus building a resilient business portfolio which enables sustainable growth.

Colorants and Functional Materials

Establish the main source of revenue in the growth market

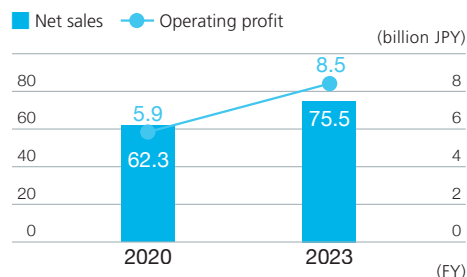
- **Materials related to electric vehicles (EVs)** Global expansion of materials for lithium ion batteries
 - **Materials related to digital technologies** Increase the market share of the resist inks for FPD color filters in China, strengthen the business of resist materials for imaging sensors, and expand inkjet inks*1 globally
 - **Plastic colorants** Rebuild global bases and expand high value-added products
- (▶ For further details, see page 28)



Polymers and Coatings

Expand the adhesives business overseas and expand business into growth markets with new polymers

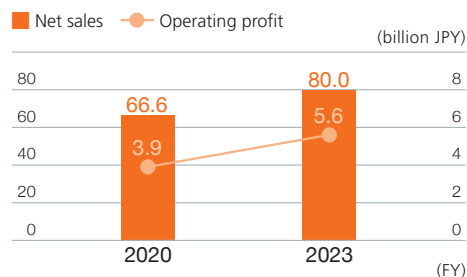
- **Packaging and industrial materials** ... Achieve overseas expansion by increasing production capacity and enhancing environmentally friendly products
 - **Electronics (5G and IoT)** Establish a position in the 5G market and enter the semiconductor market
 - **Medical and health care** Expand and develop related products
- (▶ For further details, see page 30)



Packaging Materials

Take the lead in eco-friendly initiatives and strive to achieve growth and expansion, particularly in the Asian market

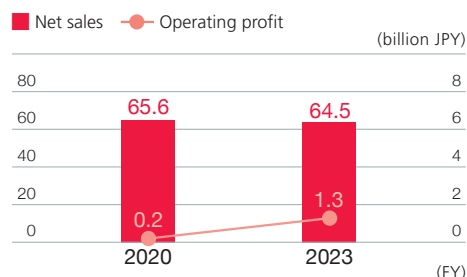
- Promote the commercialization of a system for recycling plastic container packaging materials
 - Intensively invest in overseas growth markets, such as China, India, Turkey and Southeast Asia
- (▶ For further details, see page 32)



Printing and Information

Move forward with our evolution into a profitable business structure that adapts to market conditions

- Increase sales of functional inks*2 for packaging applications such as paper containers and use in the industrial field
 - Facilitate the launch of the color communications business
- (▶ For further details, see page 34)



*1 Segment changes: Effective January 2021, inkjet inks are classified as products of the Colorants and Functional Materials Business instead of the Printing and Information Business.

*2 Functional inks: UV curing inks, metal decorating inks, and screen inks

Basic Policy 2 Create more priority areas of development

At the Toyo Ink Group, we have identified *Green*: Increasing awareness of environmental problems, *Digital*: Rapid acceleration of digitalization, and *Health*: Rising awareness of safety, security, and health as new social needs and have established three priority areas of development corresponding to the respective issues: Sustainable Science, Communication Science, and Life Science. We will strengthen R&D functions and investment in the priority areas of development, to provide the value that is truly needed for each group of social needs and create and expand new businesses.

Priority areas of development



Sustainable Science

For creating a sustainable society

Green



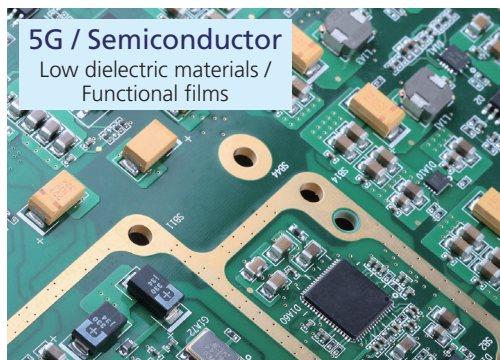
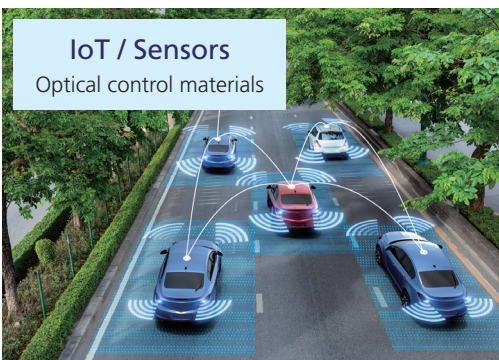
Sales target
FY2020
34 billion JPY
▼
FY2023
59 billion JPY



Communication Science

Contribute to a 5G and IoT society with key materials and solutions

Digital



Sales target
FY2020
5.4 billion JPY
▼
FY2023
13 billion JPY



Life Science

Enrich people's lives and improve their health

Health



Sales target
FY2020
4.5 billion JPY
▼
FY2023
7.5 billion JPY

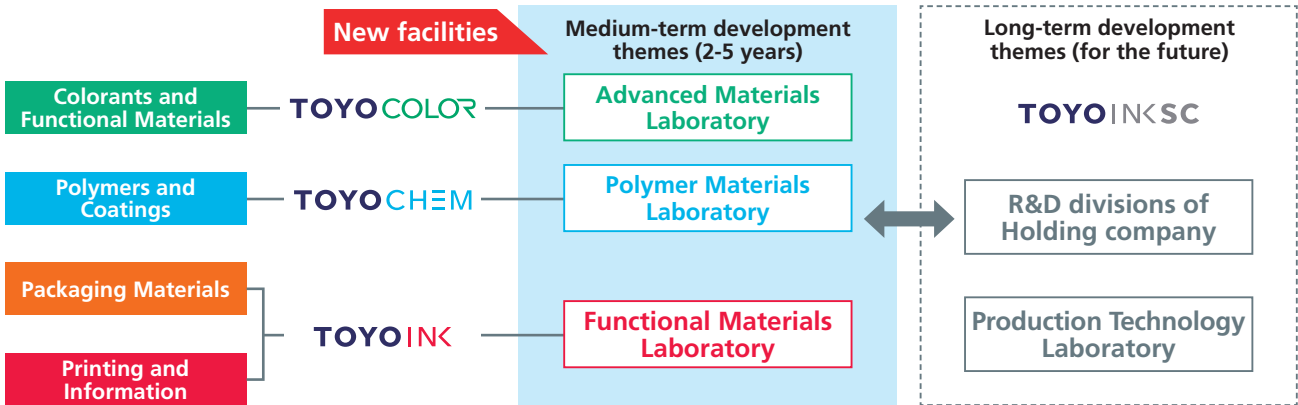
Reinforce the R&D structure

We will establish new research laboratories that will be in charge of medium-term development, at the companies responsible for each business segment, with the goal of strengthening R&D functions. We will improve our medium-term development capabilities and accelerate the creation of new products and businesses.

Establish new research laboratories that will be operated by companies responsible for respective business segment

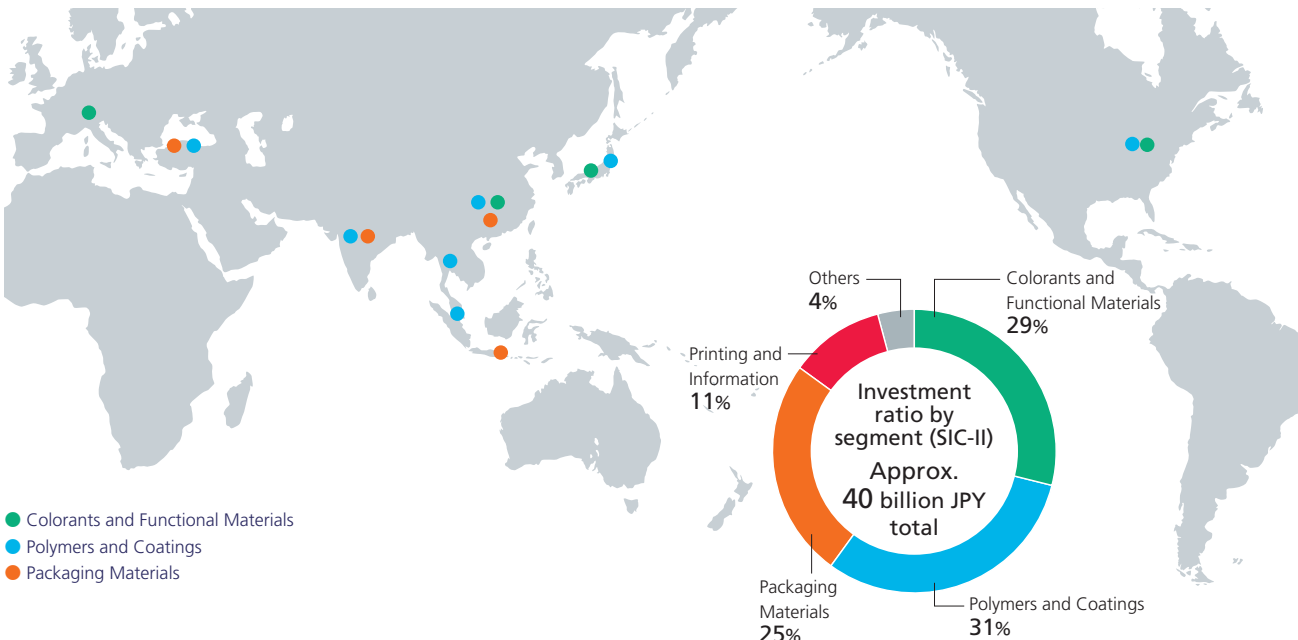
Dedicated to producing development strategies on a medium-term basis

Acceleration of the creation of new products and businesses.



Intensive investment in growth markets

We will invest intensively in target growth markets, including markets for materials related to electric vehicles (EVs) and pharmaceuticals, as well as the packaging material markets of emerging countries, to create more priority areas of development more quickly. During SIC-II, we plan to invest a total of approx. 40 billion JPY.



Major investment destinations during SIC-II (FY2021 to 2023) and SIC-III (FY2024 to 2026)

<p>Colorants and Functional Materials About 20 billion JPY</p> <ul style="list-style-type: none"> Japan, China, United States, Europe (EV related materials) 	<p>Polymers and Coatings About 30 billion JPY</p> <ul style="list-style-type: none"> Moriyama (Pharmaceuticals) Kawagoe (Synthesis new polymers) United States, China, India (Adhesives, PSA) 	<p>Packaging Materials About 40 billion JPY</p> <ul style="list-style-type: none"> Turkey India China Indonesia
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Basic Policy 3 Enhance the value of management resources for sustainable growth (change of the corporate structure)

To improve the value of the management resources that support our sustainable growth, we will strengthen initiatives for reforming workstyles and our personnel system, advancing digital transformation (DX), transforming our governance system, and promoting environmental management.

Reform of workstyles and personnel systems

- Strengthen performance-linked evaluation systems
- Declaration on the Active Participation of Women (percentage of managers in Japan that are women: from 4% in FY2020 to 8% in FY2023)
- Increase employment opportunities on a full-year basis
- Maintain the proper size and deployment of the Group's employees
- Introduce remote offices (innovation, office reform)

Advancement of DX

- Key management issues for sustainable growth

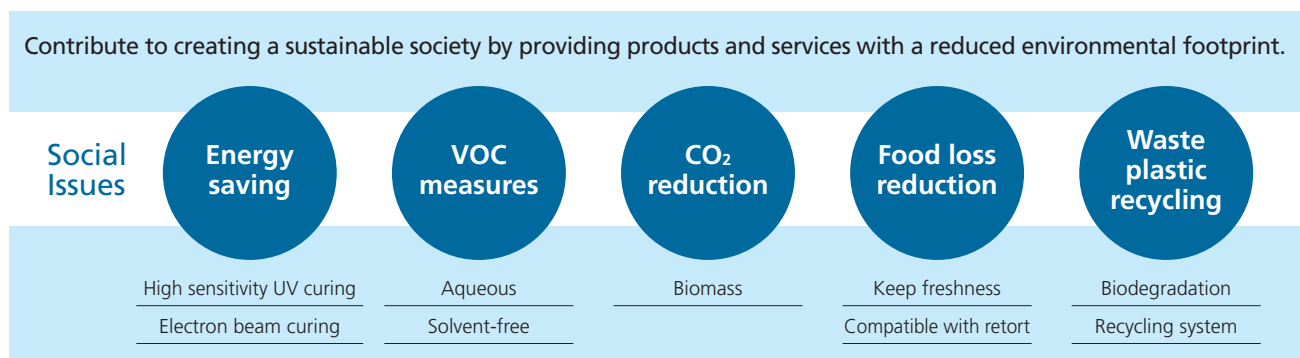
Sales	<ul style="list-style-type: none"> Digital marketing Establishment of new business models 	R&D	<ul style="list-style-type: none"> Utilization of materials informatics Efforts to move development forward at a faster rate
Production	<ul style="list-style-type: none"> Smart factory Process evolution using IoT 	Management	<ul style="list-style-type: none"> Automation and improvement of the efficiency of operations to be achieved through RPA Training to facilitate DX

Transformation of the governance system

- Enhance the independence of the directors and Audit & Supervisory Board members
- Adopt a transparency-oriented and performance-linked remuneration system
- Strengthen risk management
- Reduce cross-shareholdings

Promotion of environmental management

- Develop and increase environmentally friendly products



- Climate change initiatives

Reduction of CO₂ emissions	2050 : Efforts in CO ₂ reductions will be made for carbon neutrality
Continuation of energy-saving activities	Won the Chairman of ECCJ (Energy Conservation Center, Japan) Prize at the Energy Conservation Grand Prize Award (FY2020, Kawagoe Factory of Toyochem Co., Ltd.)

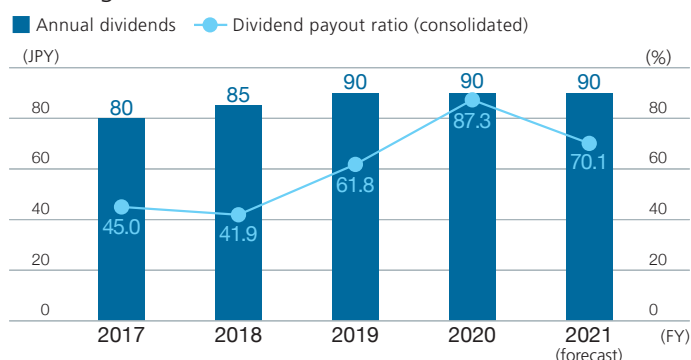
Financial policy and numerical targets

We will advance the allocation of resources by stressing the importance of the appropriate balancing of financial soundness, growth investment and shareholder returns, to support the Group's sustainable growth during SIC-II.

Financial policy

Financial soundness	<ul style="list-style-type: none"> Total shareholders' equity ratio Securing liquidity on hand
Proactive investments for growth	<ul style="list-style-type: none"> Investment in plant, equipment and technology Investment in human resources M&A
Shareholder returns	<ul style="list-style-type: none"> Continuation of stable dividend payments Treasury stock worth 5 billion JPY acquired in February 2021

Changes in the amounts of annual dividends*



*The annual dividends shown in the graph are the amounts calculated taking into consideration the reverse stock split implemented on July 1, 2018.

Numerical targets

SIC-II medium-term management plan targets	
Net sales	300 billion JPY
Operating profit	22 billion JPY
Operating margin:	7% or higher
ROE	7% or more

	(billion JPY)			
	FY2020 (results)		FY2023 (planned)	
	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	61.6	2.6	81.5	6.9
Polymers and Coatings	62.3	5.9	75.5	8.5
Packaging Materials	66.6	3.9	80.0	5.6
Printing and Information	65.6	0.2	64.5	1.3
Others and Adjustments	1.5	0.2	-1.5	-0.3
Total (consolidated)	257.7	12.9	300.0	22.0

Message from Management

During the SIC-II medium-term management plan, the Toyo Ink Group will attach greater importance to operating profit and operating margin as indexes for gauging corporate value than to pursuit of net sales as an indicator of company size. In the last several years, the Group has been in a standstill, just below achieving net sales of 300 billion JPY and operating profit of 20 billion JPY. We therefore aim to break these barriers.

Our cash flow policy during SIC-II will be to implement strategies while stressing the importance of the balance between financial soundness and investments/shareholder returns. Regarding investments, we will proactively and intensively invest in growth markets and growth regions and also invest aggressively in the promotion of DX and human resource development, among other areas, to build a foundation for the Group's sustainable growth.



Hiroya Aoyama

Senior Managing Director,
Chief Financial Officer

A 125-Year History of the Continuous Pursuit of Material Chemistry

Over the more than 120 years since its foundation, the Toyo Ink Group has continued to grow by responding flexibly to the changing conditions and demands of society. During each era the Group experienced, we made major decisions on strategy and persistently and tirelessly implemented them, enabling the Group to be what it is today. We will continue to pass down our intent to “contribute to the enrichment of life and culture of people worldwide,” which is a part of our corporate DNA, to realize a sustainable society.



Founder
Kamataro Kobayashi
(1875 - 1938)

Aiming to popularize high-quality printing inks that will aid learning and education

Kamataro Kobayashi moved from Yokohama to Tokyo when he was 11 years old. After apprenticing for a sign maker and working as a clerk at an art supply store, he became independent and opened a printing ink shop in Nihombashi, Tokyo in 1896. Kamataro could not attend school since his early childhood and remained illiterate throughout life. Therefore, he believed that learning and education are the most important factors for the development of Japan, and established Toyo Ink Manufacturing Co., Ltd. in January 1907, with the goal of domestically producing and improving the quality of printing inks for books and textbooks, which are necessary for learning and education.

1896 - Establishment of Kobayashi & Co.

Having witnessed the significant progress that was occurring at the time in color printing technologies, Kamataro established *Kobayashi & Co.*, a printing ink shop, in 1896. In those days, most printing business operators did not purchase inks as finished products. They bought raw materials, such as pigments and varnishes (resins for inks), and custom-mixed them to produce original inks. In response, Kamataro began providing a custom-mixed ink service as an outsourcing service for small- and medium-sized business operators who did not have the staff to dedicate to making inks. Later, Kobayashi & Co. grew to the scale of manufacturing and selling finished inks, but Kamataro faced a barrier: expensive imported raw materials were indispensable for the manufacturing of high-quality inks. And this barrier led Kamataro toward a new dream, the realization of the in-house production of raw materials.



Ink color sample sheets used by Kobayashi & Co.

1907 - Toward the integrated production of inks made in Japan

Kamataro established the first stock company in the ink industry in 1907 and began researching the in-house production of pigments and varnishes, the raw materials of inks, with the goal of producing high quality inks that were fully made in Japan. Catalyzed by the difficulty of procuring organic colorants during the First World War, he accelerated R&D efforts. In 1920, Toyo Ink Manufacturing succeeded in the in-house production of azo pigments, which excel in color development and durability. Then, in 1937, the company succeeded in the in-house production of Phthalocyanine Blue, which later became a flagship pigment product from the Toyo Ink Group. In this way, Toyo Ink Manufacturing acquired the technological capabilities to support integrated production ranging from materials to printing inks and developed into a leading ink manufacturer in Japan.



Head office of Toyo Ink Manufacturing Co., Ltd. in its early days (around 1910)

1950 - From an ink manufacturer to a chemical manufacturer

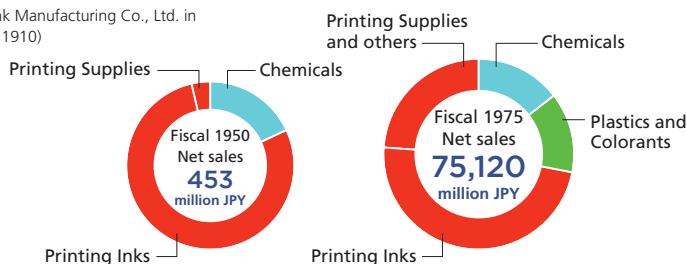
In 1951, Toyo Ink Manufacturing entered into a technological tie-up with Interchemical Corporation (now known as BASF SE), which was the largest chemical company in the United States, and introduced synthetic resin technologies. This resulted in the creation of a synthetic resin-based ink featuring excellent colors, gloss, and durability that were unachievable with conventional inks. In addition, the company also acquired technologies for pigment textile printing agents, metal coating agents, adhesives, and pressure-sensitive adhesives, and other technologies, and entered a new business with polymer materials beyond printing inks. The company was also proactively developing applications for new products and evolved as a chemical manufacturer providing a wide variety of products, including coating agents for beverage cans, plastic colorants, and double-sided tapes.



“ORIBAIN™”, Pressure sensitive adhesive



“DOUBLE-FACE™”, Double-sided adhesive tape

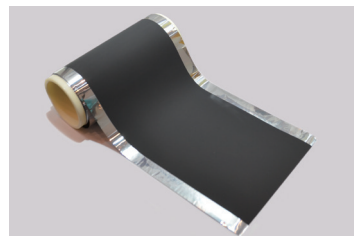


〈Changes in net sales and portfolio〉



2010 - Taking on challenges to realize a sustainable society

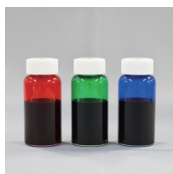
The Toyo Ink Group, which adopted a holding company system in 2011, has been developing advanced products for new markets as a material chemical company, taking on challenges to realize a sustainable society. This has led to a wide array of achievements, including printing inks made from biomass raw materials, seal materials that improve the efficiency and life of solar cells, carbon nanotube (CNT) electrode materials for lithium ion batteries, and color universal design technology with AI. In 2016, the company acquired the transdermal medical patch business from Sekisui Medical Co., Ltd. and accelerated its entry into the medical field. In SIC27 long-term corporate vision, which started in 2018, the Toyo Ink Group aims for sustainable growth of the company and society over the next 100 years.



"LIOACCUM™",
Electrode material for lithium ion batteries

1990 - Expanding into new markets mainly leveraging the company's own technologies

Since the 1990s, the company has been advancing R&D activities to create applications for its own technologies used in existing products, such as printing inks, adhesives, coatings, and plastic colorants, in new industrial fields. The company evolved its technologies to add functionality, based on the electric and optical properties of organic pigments and polymers, the thin-film formation technologies of printing and coating, and the dispersion control technologies used for the development of adhesives and plastic colorants, then the company developed and sold materials such as organic colorants for CD-Rs, conductive inks, color resists, and electromagnetic wave shielding films for new markets for the Toyo Ink Group, including electronics, displays, telecommunication, automobiles, and solar cells.



"Liocure™",
Color resist for FPD



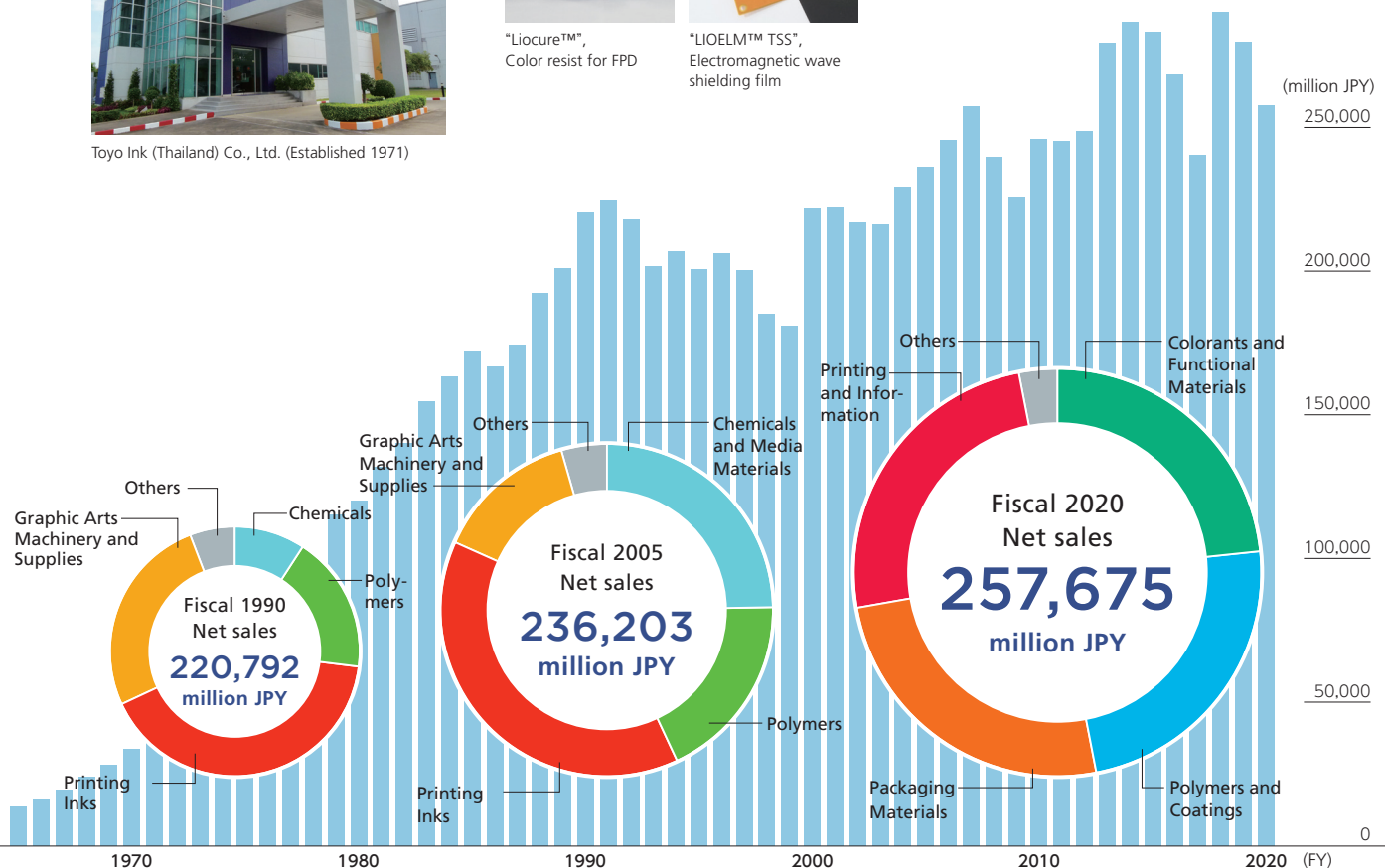
"LIOELM™ TSS",
Electromagnetic wave shielding film

1960 - Expansion and growth into a global company

In 1961, in parallel with its growth in the domestic market, the company established an overseas representative office in Hong Kong, with the goal of full-scale product exports to China and Southeast Asia. In 1963, the company established its first overseas subsidiary in Hong Kong in a joint venture with Interchemical Corporation and built bases in Singapore and Malaysia. In the 1970s, the company established bases in South Korea, Thailand, Belgium, and the United States. In the 1980s, it quickly increased its bases in China and Southeast Asian countries, building a foundation for the global management of the Toyo Ink Group. Since the 2000s, the Toyo Ink Group has been expanding into emerging markets such as India, the Middle East, Turkey, and Central and South America.



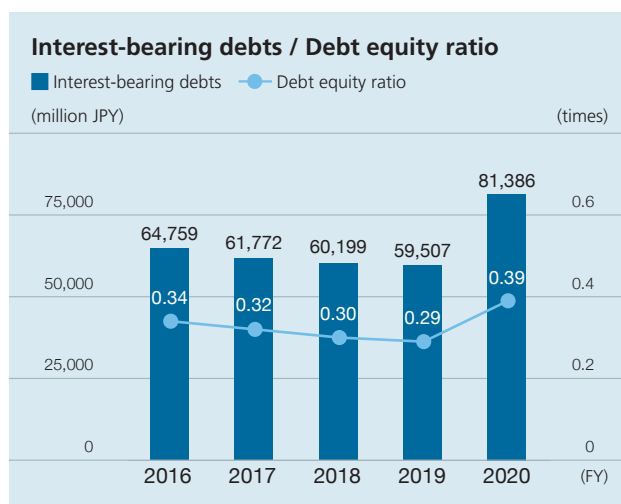
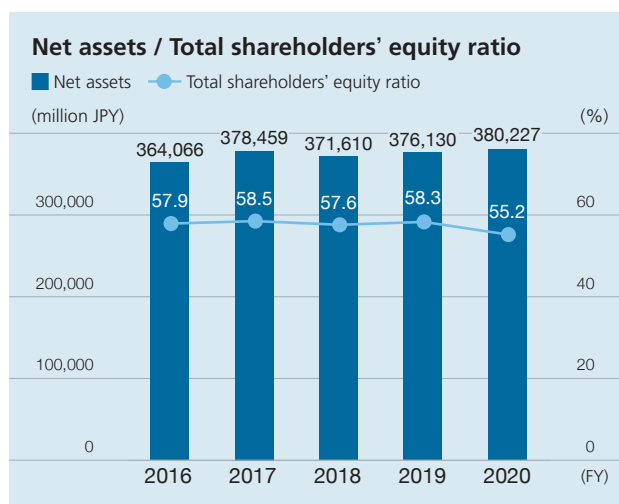
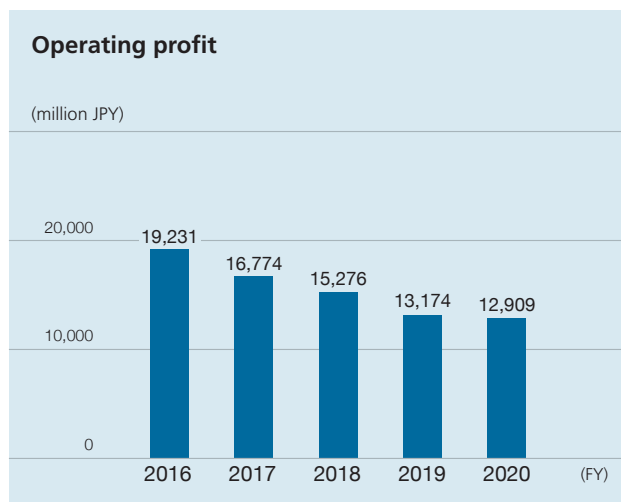
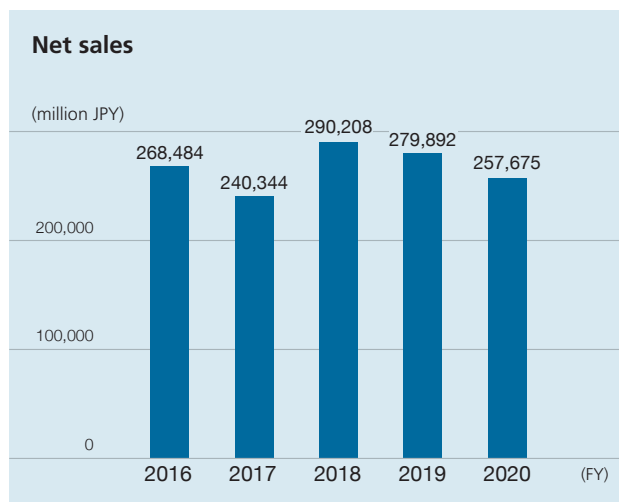
Toyo Ink (Thailand) Co., Ltd. (Established 1971)



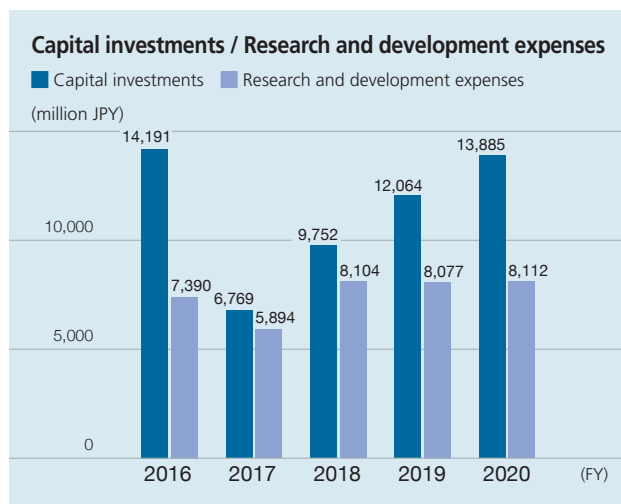
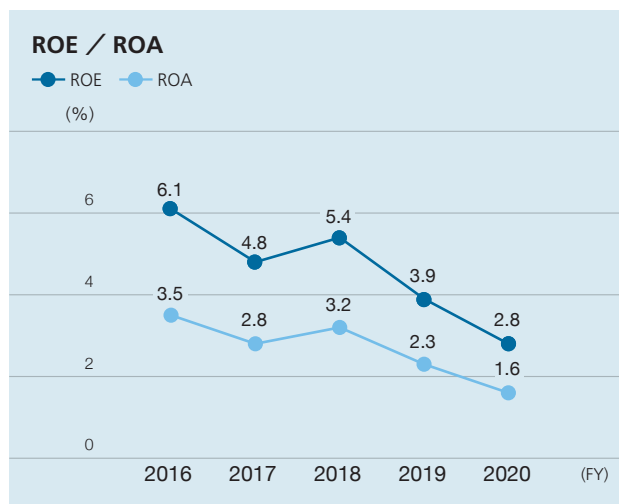
FY1999 and before: Non-consolidated results, FY2000 and after: consolidated results

Financial / Non-financial Highlights

Financial Highlights



Increased cash on hand in FY2020 through new borrowing as a measure to address the COVID-19 pandemic.

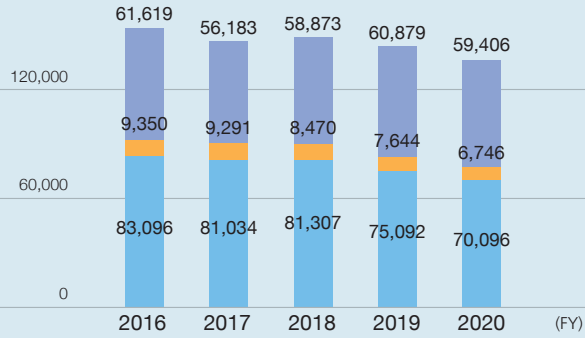


Due to the change of the fiscal year-end date, fiscal 2017 data for Toyo Ink SC Holdings Co., Ltd. and its subsidiaries in Japan from March 31 to December 31, cover the nine-month period from April 1, 2017 to December 31, 2017. The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued on February 16, 2018) are applied to values for total assets and total shareholders' equity ratio for the period since the beginning of FY2019.

Non-financial Highlights

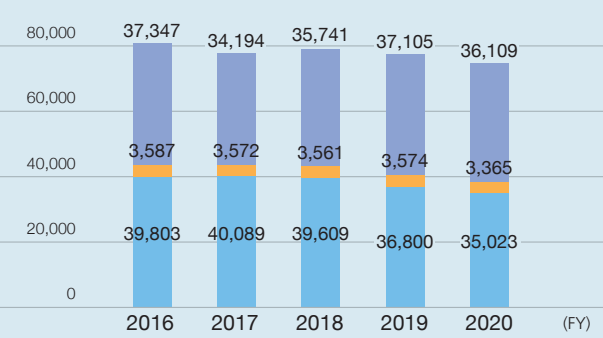
CO₂ Emissions

■ Holding company + Core operating companies ■ Affiliates in Japan
■ Overseas affiliates
(t-CO₂)



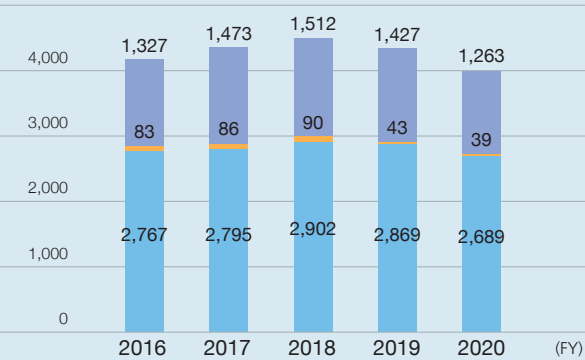
Energy consumption

■ Core operating companies ■ Affiliates in Japan ■ Overseas affiliates
(kL)



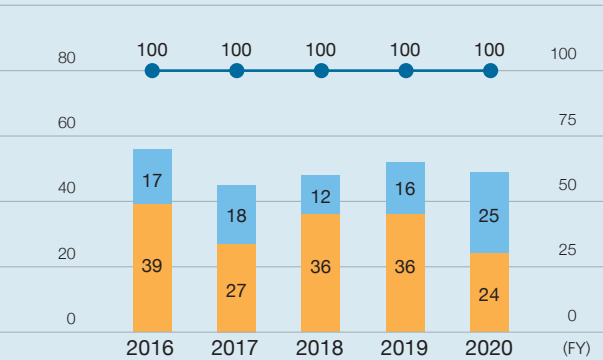
Water consumption

■ Core operating companies ■ Affiliates in Japan ■ Overseas affiliates
(thousand m³)



Number of employees taking childcare leave (Japan)

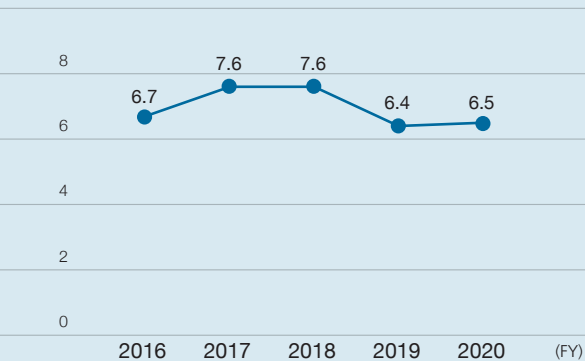
■ female ■ male ● Rate of return to work after childcare leave
(persons) (%)



* The numbers of persons are during the period from January to December of each year.

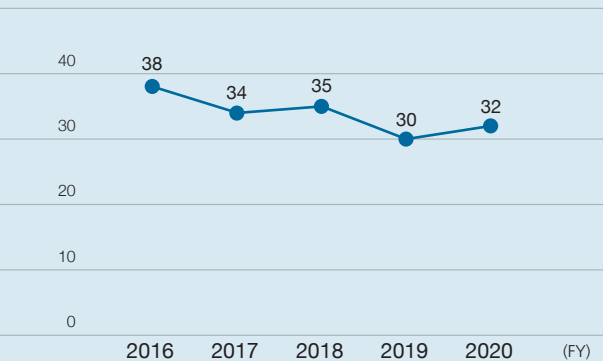
Average overtime hours (Japan)

(hours/month)



Rate of hiring of female graduates (Japan)

(%)



* Rate of hiring of female graduates joining the company each year in April.

Colorants and Functional Materials Business

Pursuing technologies to achieve colors and functionality, with organic pigments as the starting point

Colorants provide people with richness of mind, and functional materials contribute to resolve social issues. We will enable advanced technologies for both colorants and functional materials to evolve and continue to deploy them in the market, to help improve the sustainability of society and establish our own raison d'être. This is our mission.



Category	Main products	Main applications
Chemicals	Pigments, pigment dispersions	Printing inks, paints for vehicle, plastic colorants, etc.
High functional chemicals	High functional pigments, pastes for color filter	Resist for color filter of flat panel display (FPD), inks for digital printing
Display materials	Color resist	Color filters for FPD, imaging sensors, etc.
Plastic Colorants	Color Masterbatches, Functional Masterbatches, Functional Compounds	Plastic containers, vehicle interior / exterior, OA equipment, electrical appliances, etc.
Developed products and others	Paints for data recording materials, carbon dispersions, inkjet inks*, etc.	Magnetic tape for data storage, lithium ion batteries, Signboards, labels, etc.

*Segment changes: Effective January 2021, inkjet inks are classified as products of the Colorants and Functional Materials Business instead of the Printing and Information Business.

FY2020 results

In commodity-type pigments, sales of products for printing ink applications remained weak throughout the year, and sales of those for automotive coatings also grew at a sluggish pace owing to the slump in automobile sales during the first half.

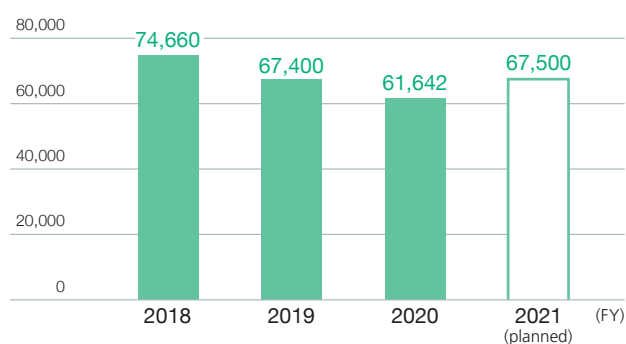
In high functional pigments and materials for FPD color filters, sales of those for use in big screen TVs and smartphones were weak due to U.S.-China trade friction and the COVID-19 pandemic in the first half but recovered in the second half. In addition, sales of products for use in computers and tablets grew. Meanwhile, the market shift towards China led to increased pressure to reduce costs,

putting a squeeze on profits.

In the plastic colorants business, sales of products for container applications related to hygiene grew in Japan, but sales of those for use in beverage bottle caps and cosmetics containers grew at a slow pace as people refrained from going out and the inbound market slumped. In addition, sales of plastic colorants for use in construction materials and solar cells also decreased. Meanwhile, sales of plastic colorants used in office equipment were sluggish in Southeast Asia and sales of those for automotive applications were also lackluster in North America and Europe.

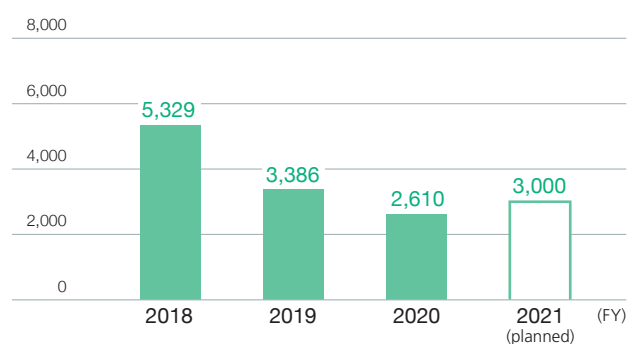
Net sales

(million JPY)



Operating profit

(million JPY)



Business Strategy

Measures to increase earnings during the SIC-II new medium-term management plan (FY2021 to 2023)

Establish the main source of revenue in the growth market

Materials related to electric vehicles (EVs) ... Global expansion of materials for lithium ion batteries

Materials related to digital technologies Increase the market share of the resist inks for FPD color filters in China, strengthen the business of resist materials for imaging sensors, and expand inkjet inks globally

Plastic colorants Rebuild global bases and expand high value-added products

Priority measures for FY2021

Making an aggressive, strategic move to establish the main source of revenue

In the functional dispersion business, we will increase production capacity by establishing new production bases in the United States and Europe in addition to existing ones in Japan and China, to respond to the rapid growth of demand for lithium ion battery materials reflecting the acceleration of EV development. We will increase sales of colorants for use in FPDs, which is a major application of colorants for color filters, with differentiated products and cost competitiveness by focusing on the expanding Chinese market. Meanwhile, for colorants for use in imaging sensors, we will establish our

own development and quality assurance systems, aiming to reinforce the business foundation and expand sales.

Inkjet inks were transferred from the Printing and Information Business segment in FY2021. We will take this as an opportunity to build an integrated development system covering the process from pigment synthesis to the production of inks and increase their competitiveness. In the plastic colorants business, we will consolidate less profitable bases to improve the earnings structure.

Risks

- A decline in demand for pigments for printing inks attributed to the greater-than-expected acceleration of digitalization
- A decline in demand for plastic products, resulting from growing environmental awareness, including awareness of the plastic waste problem

Opportunities

- Growing demand for lithium ion battery materials reflecting the rapid global shift to EVs
- Increase in needs for sensor materials attributed to growing demand for sensing for multi-camera smartphones, the self-driving of automobiles, security cameras and other applications
- Increase in needs for environmentally friendly products, including colorants for biodegradable plastics

Contribution to the SDGs through business

Electrode materials that contribute to improving the performance of lithium ion batteries

While the shift from gasoline vehicles to EVs is accelerated around the world, lithium ion batteries (LiB) are the key device attracting attention not only for their use in automobiles but also as a linchpin of the electricity infrastructures of a decarbonized society, to be used in, for example, power storage systems for the stable supply of electricity from solar energy and wind energy. We are seeing demand for the increase of the capacity and the reduced weight, safety and durability of LiBs.

The performance of LiBs depends greatly on the conductivity and composition of electrodes. LIOACCUM™, a carbon nanotube (CNT) dispersion for LiB from Toyocolor Co., Ltd., is an electrode material which is high purity CNT made into a dispersion, and is easy to handle. The addition of a tiny amount of this material enables high conductivity and large capacity. It also contributes to higher efficiency and the improvement of the safety of LiB production. The Toyo Ink Group contributes to the ubiquitization of renewable energy and the promotion of the decarbonized society through our global production and supply systems.



Polymers and Coatings Business

Providing value to diverse markets based on polymers with greater functionality

The COVID-19 pandemic has dramatically changed society and the environment surrounding our customers. We will adapt flexibly to these changes and engage in initiatives such as the creation of new business models and the promotion of the “New Polymer Manufacturing Reformation”, to evolve into a company that can contribute to the world through solution models based on manufacturing.



Toshinori Machida

President and
Representative Director
Toyochem Co., Ltd.

Category	Main products	Main applications
Adhesives	Adhesives, pressure sensitive adhesives, laminating adhesives, hot-melt adhesives	Packaging films, flat panel display (FPD), bookbindings, body-wrapping labels for PET bottle, etc.
Coating materials	Adhesive tapes, film materials for electronics, marking films	Double-sided adhesive tapes, electronic products, signboards and interior / exterior decoration, etc.
Paints and resins	Can coatings, resins, hard coating materials	Beverage cans, food cans, drums, architectural paints, functional films, FPDs, etc.
Developed products and others	Medical products, natural extracts	Transdermal patches, foods, feeds, etc.

FY2020 results

In the coating materials business, sales of products for smartphones fell during the first half due to supply chain disruptions and decreased demand, but there was a recovery in the second half. Progress was also made in developing and expanding the sales of electromagnetic wave shielding films for high-speed communication.

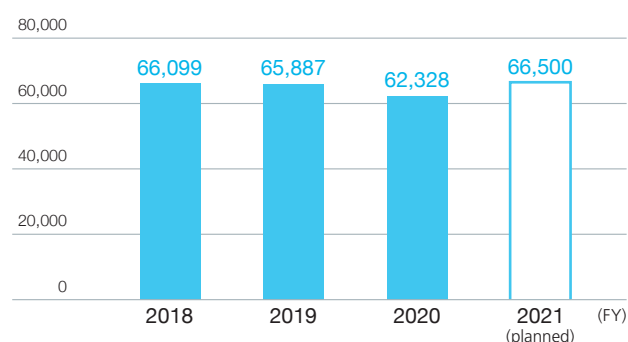
In the adhesives business, sales of adhesives for packaging in Japan remained firm. However, sales of adhesives for use in lithium ion batteries grew sluggishly. In the overseas business, sales in China and Southeast Asia were weak due to the temporary suspension of business activities in response to

COVID-19. In the pressure sensitive adhesive business, sales of products for automotive applications in Japan grew at a slow pace, but sales of adhesives for labels remained strong, and sales of those used for display protection films expanded in Japan and overseas.

In the can coatings business in Japan, sales of products for canned alcoholic beverage applications grew but sales of those for canned coffee and soft beverages sold in vending machines and convenience stores languished because people refrained from going out. Sales of can coatings were also weak in China and North America.

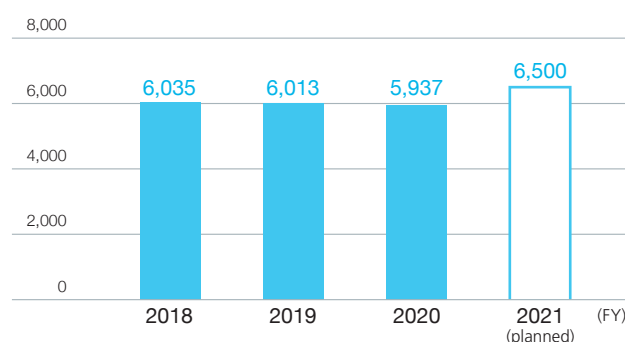
Net sales

(million JPY)



Operating profit

(million JPY)



Business Strategy

Measures to increase earnings during the SIC-II new medium-term management plan (FY2021 to 2023)

Expand the adhesives business overseas and expand business into growth markets with new polymers

- Packaging and industrial materials ... Achieve overseas expansion by increasing production capacity and enhancing environmentally friendly products
- Electronics (5G and IoT) Establish a position in the 5G market and enter the semiconductor market
- Medical and health care Expand and develop related products

Priority measures for FY2021

Expansion of environmentally friendly products and foray into the 5G market

In the adhesive business, we will use the merger of Toyochem Co., Ltd. and Toyo ADL Corp. in January 2021 as an opportunity to integrate the two companies' technologies for environmentally friendly pressure sensitive adhesives and hot-melt adhesives. We will also improve our marketing capabilities through the synergy created by the companies, to advance the development of environmentally friendly products for the packaging materials, electronics, and health care markets and expand the number of the products in these markets. As part of the "New Polymer Manufacturing Reformation", we have established new facilities for develop-

ing technologies for synthesizing new polymer materials in Japan. Overseas, we will accelerate our global expansion by enhancing production equipment in India, the United States, China, and other countries and regions.

In addition, we will develop and expand sales of differentiable products for the rapidly expanding markets of high-speed communications (5G) and semiconductors whose appeals are the solutions they provide to technological issues in these markets, such as the requirements for low dielectricity and high conductivity.

Risks

- Petrochemical raw materials price surges and unstable supply resulting from tougher environmental regulations, the requirements of society, and other factors
- The rejection of materials and fiercer competition resulting from changes in the specifications of smartphones and other electronics products
- Delays, changes, and cancellation of schedules for the development and commercialization of materials for the medical and health care markets

Opportunities

- Growth of demand for environmentally friendly products such as biomass and biodegradable products due to globally increasing environmental awareness
- Growth in demand for electronics-related materials resulting from the expansion of the 5G-related market and the mobile device market
- Increase in demand for medical testing materials and transdermal formulations reflecting measures to control infection and the diversification of approaches to chronic diseases

Contribution to the SDGs through business

Sensor materials that contribute to the safety and security of transportation facilities

Sensor devices are essential technologies for building safe, secure living spaces. Many optical sensors, such as the ones in security cameras and automotive cameras, are used in our living spaces, increasing the convenience in our lives. However, there are complex issues involving these optical sensors, including the violation of privacy, psychological stress caused by the sense of being watched, and the existence of dead angles.

Fichvita™, a non-optical behavior detection system from Toyochem Co., Ltd., detects the presence and movements of people and things with a sensor unit embedded in floors, store fixtures, and other objects. Because it is non-optical, it can be installed in locker rooms, restrooms, and similar spaces. The system ensures simultaneous, high-sensitivity detection over a wide area. It can detect changes in people's postures and centers of gravity and visualize the crowdedness of indoor facilities. At present, we are conducting demonstration experiments, including the collection of passenger information from self-driving buses, toward the full-scale application of the system.



Demonstration experiment in a self-driving bus

Packaging Materials Business

Providing environmentally friendly packaging materials in view of a product's entire lifecycle

We will enhance our presence as a leading company of environmentally friendly packaging materials by steadily and continuously marketing environmentally friendly solutions, such as biomass products, water-based products, and recycling systems, amid the global trends of increasing environmental awareness and stricter regulations.



Category	Main products	Main applications
Liquid inks	Gravure inks, flexographic inks, solvents for gravure printing	Flexible packaging materials, building materials, corrugated cardboard, labels, paper containers, etc.
Gravure printing systems and prepress	Gravure printing systems, gravure and flexographic plate making	Gravure / flexographic printing, precision plate making for electronics

FY2020 results

Sales of mainstay gravure inks for packaging materials in Japan were firm for household foods, such as frozen, chilled, and retort foods, as people refrained from going out, offsetting a slump in inbound demand. They were also firm for hygiene products, notably, sales of biomass inks grew. Meanwhile, demand for gravure inks for publication continued to shrink, sales of gravure inks for construction materials were also weak, and solvent and equipment sales also fell.

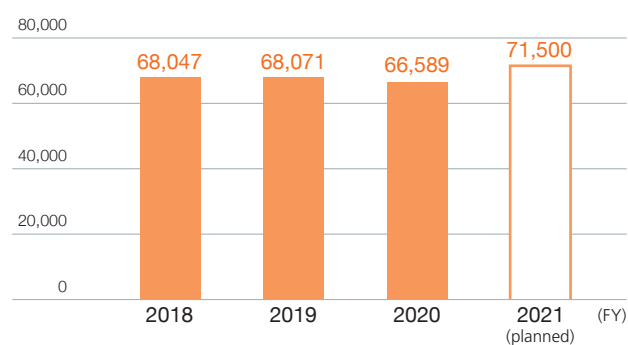
Overseas, client companies and our bases in China,

Southeast Asia, India, and other areas were affected by the shutdown of operations in response to the COVID-19 pandemic. However, we were able to resume operations relatively quickly as we belong to a daily necessities industry. In addition, there was also progress in the expansion of the sales of environmentally friendly products.

In the gravure cylinder platemaking business, sales of products for packaging were sluggish in the second half, but sales of products for precision plate making related to electronics expanded.

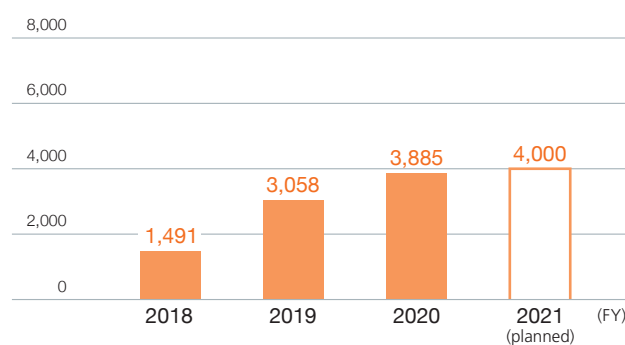
Net sales

(million JPY)



Operating profit

(million JPY)



Business Strategy

Measures to increase earnings during the SIC-II new medium-term management plan (FY2021 to 2023)

Take the lead in eco-friendly initiatives and strive to achieve growth and expansion, particularly in the Asian market

- Promote the commercialization of a system for recycling plastic container packaging materials
- Intensively invest in overseas growth markets, such as China, India, Turkey and Southeast Asia

Priority measures for FY2021

Driving environmentally friendly solutions

We have begun to see words such as the SDGs and ESG in many media reports with increasing frequency. To respond to the growing environmental awareness, we are developing environmentally friendly products, such as biomass, biodegradable, and water-based products. At the same time, we are collaborating with partner companies to build environmentally friendly systems, such as a system for the material recycling of waste plastics. In addition, we continue to work toward the development of antibacterial and antiviral products in response to growing awareness against infectious diseases and the increasing safety and hygiene

needs.

However, in addition to growing environmental awareness, the packaging material markets are expanding in emerging countries, reflecting the growth of the population and the improvement of the standard of living. We will respond to this expansion of demand through measures such as the construction of new plants (in Jiangmen city of China and Turkey) that we will quickly bring on line, and the intensive input of human and technological resources (Southeast Asia and India) to establish supply structures and expand our business.

Risks

- Decrease in demand for consumption of inks for plastic containers and packaging resulting from growing environmental awareness, including awareness of the plastic waste problem
- Petrochemical raw materials price surges and unstable supply resulting from tougher environmental regulations, the requirements of society, and other factors

Opportunities

- Growth of demand for environmentally friendly products such as biomass, biodegradable, and water-based products due to globally increasing environmental awareness
- Growth of demand for food containers for home meal replacements and single-serving foods, which is associated with longer hours spent at home during the COVID-19 pandemic
- Increase in demand for food packaging for long storage intended to reduce food loss and to be used for foods stockpiled for disasters
- Expansion of markets of products related to packaging materials, resulting from population growth and improvement in living standards mainly in emerging countries

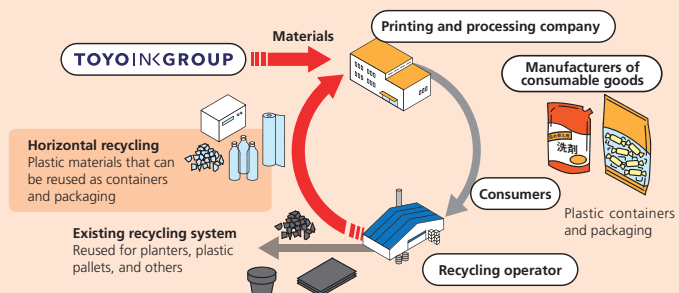
Contribution to the SDGs through business

Material recycling system for plastic containers and packaging

We must address the plastic waste problem to build a recycling-oriented society. Many of the plastic containers and packaging, which account for nearly 50% of general waste, are made of multi-layer films created by bonding together sheets of different materials. Therefore, it is difficult to recycle these materials. While there has been progress in the shift using single-material products, it is still a challenge to maintain the functionality that is required of packaging materials.

At the Toyo Ink Group, we have developed materials that enable the recycling of plastic containers and packaging by removing inks and separating the bonded films. In the recycling system using these products, multi-layer films are separated into the separate materials, permitting the horizontal recycling of packaging materials to packaging materials as transparent, high-quality plastic materials. At present, we are working on a high-quality material recycling business in collaboration with several companies, aiming to start the business in 2022.

Recycling system for containers and packaging that the Toyo Ink Group aims to establish



Printing and Information Business

Deploying products in the high-value added printing market featuring environmentally friendly technologies and technologies that enable superior functionality

We will steadily advance the fundamental reform of our business portfolio by adapting to rapidly accelerating changes in the offset printing market. We will continue to deploy functional ink products that we have differentiated using environmentally friendly technologies and technologies enabling superior functionality to the market in our efforts to secure profit in the high-value added printing market.



Category	Main products	Main applications
Offset inks	Offset inks, newspaper inks, metal decorative inks, UV curing inks	Flyers, books, magazines, newspapers, stickers / labels, paper containers, beverage cans, food cans, etc.
Printing materials and machinery	Offset printing materials, printing inspection equipments	Offset plate making, printing paper surface inspection, etc.
Developed products and others	Screen inks (inkjet inks*), others	Signboards, corrugated cardboard, stickers / labels, packaging, printed electronics materials, etc.

*Segment changes: Effective January 2021, inkjet inks are classified as products of the Colorants and Functional Materials Business instead of the Printing and Information Business.

FY2020 results

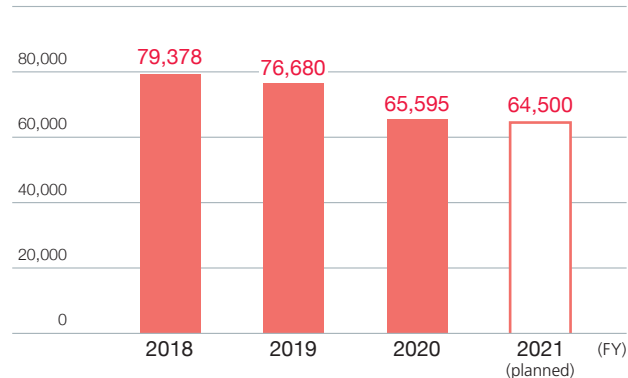
While the information-related printing market continued to shrink due to digitalization, in Japan we strongly promoted the optimization of the scale of business, collaboration and cooperation with other companies in the same business and cost reduction in our efforts to secure profits. Meanwhile, overseas, we sought to expand and enhance our global bases. We worked to develop and expand sales of high-sensitivity UV curing inks and inkjet inks for on-demand printing. Further, we are also advancing price revisions

to partially reflect the increase of raw materials prices due to environmental regulations in sale prices.

However, due to the prolonged COVID-19 pandemic, people are refraining from going out and events have been cancelled in Japan, leading to a significant decline in hand-outs, advertisements, and other printed materials, causing ink demand to weaken. We were also forced to temporarily suspend business activities in some regions such as China and India.

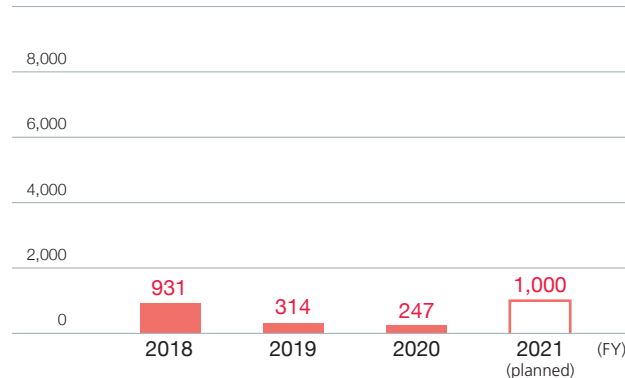
Net sales

(million JPY)



Operating profit

(million JPY)



Business Strategy

Measures to increase earnings during the SIC-II new medium-term management plan (FY2021 to 2023)

Move forward with our evolution into a profitable business structure that adapts to market conditions

- Increase sales of functional inks* for packaging applications such as paper containers and use in the industrial field
- Facilitate the launch of the color communications business

*Functional inks: UV curing inks, metal decorating inks, and screen inks

Priority measures for FY2021

Accelerating changes to make the business profitable

The reduction of demand for printing inks, which is attributed to the digital transformation (DX) of the printing market and the information media market, is expected to continue to accelerate due to the ongoing COVID-19 pandemic. Therefore, we will continue the thorough structural reform of the entire production, logistics, and sales systems. In addition, the prices of raw materials for UV curing inks rose steeply due to the environmental regulations that have

become more strict globally and we will continue to reduce costs and improve the formulas and manufacturing process to reinforce the profit structure.

Meanwhile, in the packaging materials market, including products with growing demand such as stickers, labels, and paper containers, we will shift to high-value added products by globally deploying biomass UV curing inks and other functional inks.

Risks

- A greater-than-expected decline in the demand for printing inks and worsening business conditions surrounding our customers and business partners
- Petrochemical raw materials price surges and unstable supply resulting from tougher environmental regulations, the requirements of society, and other factors

Opportunities

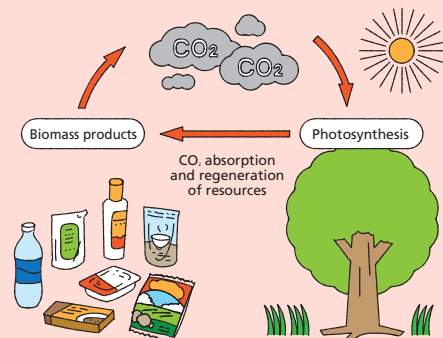
- Growth of demand for environmentally friendly products such as biomass and biodegradable products due to globally increasing environmental awareness
- Expansion of markets of products related to packaging materials, resulting from population growth and improvement in living standards mainly in emerging countries
- Increasing need for functional printed materials with antibacterial and antiviral features triggered by the COVID-19 pandemic

Contribution to the SDGs through business

Biomass inks that contribute to the reduction of CO₂ emissions from package printing

Conventional printing inks use petroleum-derived (fossil-resource derived) raw materials for their constituent resins and solvents. In contrast, Toyo Ink Co., Ltd.'s biomass inks use biomass (renewable, biological materials excluding fossil resources) raw materials. Biomass raw materials are carbon neutral materials that do not increase overall CO₂ emissions even when incinerated because the plants that are the source of these materials absorb CO₂ as they grow.

Our extensive lineup of biomass ink products, including inks for offset printing, screen printing, and package printing, contain 10% to 40% biomass components. They have been certified by the Japan Organics Recycling Association, then, they are used by many printing companies and used for food packaging, convenience store private brand products, and other products.



Corporate Governance


The Toyo Ink Group strives to build an appropriate corporate governance system, with the goals of ensuring prompt management decision-making, enhancing supervision, and improving transparency.

Corporate governance system

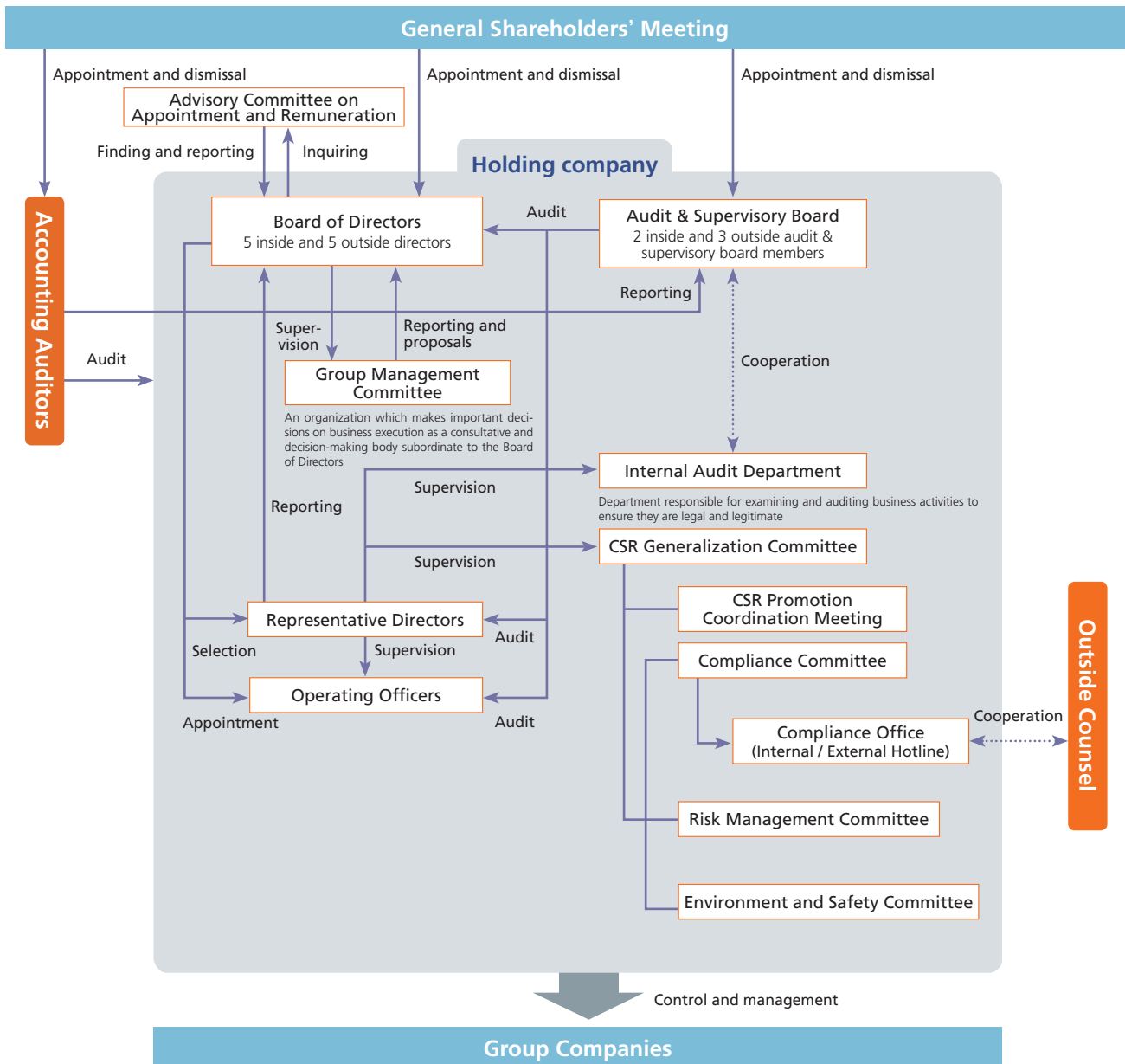
Toyo Ink SC Holdings Co., Ltd., the holding company, holds monthly Board of Directors meetings as it is an important organization making decisions regarding the overall management of Group. The company's Group Management Committee also meets regularly. It is an organization which makes important decisions on business execution as a consultative and decision-making body subordinate to the Board of Directors. Auditors attend all meetings of both of these bodies. This system enables auditors to suf-

ficiently oversee the directors' execution of their duties. Further, we have introduced an operating officer system (term: one year) to clarify the segregation of their duties to supervise management and execute business. Thus, we have ensured prompt decision-making and strengthened supervision related to the execution of business.

Additionally, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd., the core operating companies of the group, each have an Operating Company Management Committee that regularly meets to share management policies and strategies, and discuss issues and achievements regarding the execution of business. Directors of the holding company attend these meeting.

 Our Basic Corporate Governance Policies are shown in the Investors section of our official website.

Corporate governance system (FY2021)



Roles and members of major meeting bodies related to corporate governance (As of March 24, 2021)

	Board of Directors	Audit & Supervisory Board	Group Management Committee	Advisory Committee on Appointment and Remuneration
Members	10 persons 5 inside directors + 5 outside directors (including 2 female directors)	5 persons 2 inside Audit & Supervisory Board members (full-time) + 1 outside Audit & Supervisory Board member (full-time) + 2 outside Audit & Supervisory Board members	9 persons 5 inside directors + 1 inside Audit & Supervisory Board member (full-time) + 3 representative directors from core operating companies	6 persons 2 inside directors + 4 outside directors (including 2 female directors)
Roles	<ul style="list-style-type: none"> An organization making decisions regarding the overall management of the Group, which meets every month to make decisions on legal matters and important management matters and oversees the status of business execution 	<ul style="list-style-type: none"> Preparation of audit reports Full-time Audit & Supervisory Board members exchange opinions with representative directors, directors, and operating officers on a regular basis and conduct on-site inspections of major companies and business locations in Japan and overseas as necessary 	<ul style="list-style-type: none"> Making important decisions on business execution as a consultative and decision-making body subordinate to the Board of Directors To audit directors' execution of their duties, an Audit & Supervisory Board member always participates in the meetings of the committee 	<ul style="list-style-type: none"> Making decisions on the appointment of directors and their remuneration while ensuring transparency and objectiveness
	Number of meetings held in FY2020 17 times	Number of meetings held in FY2020 13 times	Number of meetings held in FY2020 25 times	Meeting date in FY2020 January 31, 2020

Board of Directors

The Board of Directors appoints and dismisses executives, nominates candidate directors and Audit & Supervisory Board members, and makes important management decisions on the execution of business to fulfill its fiduciary responsibilities to shareholders through sustainable growth and the medium- and long-term improvement of corporate value. The board ensures fair, transparent management by fulfilling its role of comprehensively supervising the management of the business. At the same time, it determines major directions, such as management strategies, and makes decisions on the allocation of important management resources.

To ensure the directors' efficient performance of their duties, additional meetings of the Board of Directors are held as and when necessary, in addition to the regular monthly board meetings, with the goal of accelerating management decisions and efficiently operating businesses.

Audit & Supervisory Board

The Audit & Supervisory Board consists of five auditors, including three outside auditors. Outside auditors fulfill their management supervision functions objectively from the viewpoint of external persons, such as by attending the Board of Directors' meetings and by obtaining management information through important documents and other means. The Internal Audit Department conducts audits to check if the operations of each Group company comply with laws and the Articles of Incorporation and if they are appropriate. It reports the results of audits to the representative director and the director in charge of internal control as well as to the Board of Auditors.

In addition, auditors and the Internal Audit Department collaborate in auditing by holding information exchange meetings every month, in principle. Further, the General Manager of the Internal Audit Department has been added to opinion exchange sessions of auditors and accounting auditors, thereby strengthening the three-way auditing system.

Group Management Committee

The Group Management Committee makes important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors. An Audit & Supervisory Board member always participates in the committee's meeting as part of a system that enables sufficient oversight of the directors' execution of their duties. Because the Group Management Committee mainly examines the Group's business strategies, business-related issues, and business results, its meetings are always attended by the representative directors of the Group's core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.

Advisory Committee on Appointment and Remuneration

We established the Advisory Committee on Appointment and Remuneration in 2017, with the goal of improving the transparency and objectivity of the decisions and the decision-making process regarding appointment of directors and their remuneration. The committee deliberates on director candidates and their remuneration before making a proposal to the annual general meeting of shareholders.

Meetings of this committee are attended by four outside directors who meet the "Standards Concerning the Independence of Outside Directors" that we have stipulated.

Outside directors and Outside Audit & Supervisory Board members

We have five outside directors and three outside Audit & Supervisory Board members. The Group believes that the five outside directors are able to fulfill their roles in the strengthening of our corporate governance through their oversight of our management from an objective perspective, reflecting their wealth of experience and knowledge as management experts familiar with this industry, their high level of knowledge as legal scholars, and their international perspective and broad insight

into the global situation cultivated through foreign diplomacy in out business. The opinions they provide from ESG and other perspectives are discussed at the Board of Directors' meetings.

We believe that the three outside Audit & Supervisory Board members are effectively auditing the Group from an objective perspective based on their wealth of experience and extensive track records in the field of corporate management, their deep knowledge of this industry, and their high level of expertise in corporate strategy, marketing, and corporate accounting.

 Standards Concerning the Independence of Outside Directors are shown in the Investors section of our official website.

Response to the Corporate Governance Code

In response to the coming into effect of Japan's Corporate Governance Code in June 2015, we formulated the "Basic Corporate Governance Policies" in November 2015 (these were subsequently revised, in December 2018). Since then, we have submitted a Corporate Governance Report to the Tokyo Stock Exchange every year.

 The latest version of the Corporate Governance Report are shown in the Investors section of our official website.

Evaluation of the effectiveness of the Board of Directors

Every year, the Toyo Ink Group conducts a questionnaire survey of all directors and Audit & Supervisory Board members, including outside directors and Audit & Supervisory Board members, to evaluate the appropriateness and effectiveness of the Board of Directors in accordance with its Basic Corporate Governance Policies.

In FY2020, the questionnaire survey was conducted to evaluate the composition of the Board of Directors, its capabilities, operating methods, agenda, and other aspects. As a result, the sound operation of the Board of Directors was confirmed, with discussions being unrestricted at all times including appropriate questions and the presentation of issues by outside directors and Audit & Supervisory Board members, and opinions and suggestions given from each expert's perspective.

At the same time, however, opinions were expressed indicating that the Board of Directors needs to improve and correct the asymmetry of information about the company

and its operations that is possessed by internal directors and outside directors. Based on the above assessment, the Board of Directors will continue to work to improve its effectiveness to achieve sustainable growth.

<Main contents of the questionnaire>

- Composition of the Board of Directors
- Roles of the Board of Directors (examinations and supervision concerning management strategies)
- Operations of directors, etc.

Facilitating animated discussion by the Board of Directors

Documents regarding agendas are distributed to Board of Directors meeting participants in advance to facilitate spirited discussion.

Training of directors and operating officers

Regular training is provided to directors and operating officers with the goal of enabling them to improve their knowledge. In FY2020, training was provided to all directors, operating officers, and executive employees after the CSR Conference.

Remuneration for directors and Audit & Supervisory Board members

The amount of remuneration for directors, etc. in FY2020 was determined based on the Group's policy that remuneration should be a level that enables the Group to attract and retain talent to increase our corporate value and a level that is in consideration of the balance between economic conditions and corporate performance. Remuneration consists of basic compensation, which is a cash-based, fixed compensation, and stock options, which are a performance-linked, stock-based compensation.

The amount of basic compensation for directors in FY2020 was determined based on the standard amount of compensation for each position while comprehensively considering such factors as economic conditions, the contributions of each director to corporate management, and the achievements resulting from the duties of each, while ensuring that the annual amount would not exceed 600 million JPY, the amount de-

Total amounts of remuneration, etc. by position and by type of compensation and the number of eligible persons in FY2020

Position	Total amount of remuneration, etc. (million JPY)	Total amount of remuneration, etc. by type (million JPY)		Number of eligible persons
		Fixed compensation (basic compensation)	Performance-linked compensation (stock options)	
Directors (excluding outside directors)	331	322	9	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	48	48	—	2
Outside directors and Audit & Supervisory Board members	70	70	—	8

The number of people and the amounts of compensation above include the four directors who resigned at the closing of the Annual General Meeting of Shareholders held on March 26, 2020.

terminated based on a resolution passed at the Annual General Shareholders' Meeting held on June 29, 2006. (The number of eligible directors was 19 when the resolution was passed.)

At the meeting held on February 12, 2021, the Board of Directors passed resolutions to review the overall remuneration of directors and Audit & Supervisory Board members, introduce restricted stock compensation as an alternative to stock options, and revise the amounts of director compensation. The proposals to introduce restricted stock compensation and revise the amounts of director compensation were submitted to, approved and passed at the 183rd Annual General Shareholders' Meeting held on March 24, 2021.

We understand that remuneration of directors and Audit & Supervisory Board members is an important matter impacting corporate governance. Based on this understanding, we established five basic policies. In addition, the remuneration system is operated by the Advisory Committee on Appointment and Remuneration, which is chaired by an outside director and operates from an objective perspective.

Policies on the remuneration of directors and Audit & Supervisory Board members

- ① The level of remuneration should be determined in consideration of the balance between economic conditions and corporate performance.
- ② Remuneration should be at a level that enables the Group to attract and retain talent to increase its corporate value.
- ③ The remuneration system should embody the Group's Corporate Policy, reflect its medium- and long-term management strategies, and strongly inspire sustainable growth.
- ④ Remuneration should be performance-linked and inspire the achievement of disclosed performance targets.
- ⑤ Remuneration should be designed to be fair and rational from the perspective of accountability to the stakeholders. It should be determined through an appropriate process with a high level of objectivity and transparency.

Based on the above policies, from the perspective of ensuring transparency and focusing on performance, the remuneration of directors excluding outside directors shall consist of basic compensation, performance-linked compensation, and restricted stock compensation. Regarding the amount of remuneration, the Annual General Shareholders' Meeting held on March 24, 2021 passed a resolution deciding that the total amount of basic compensation and performance-linked compensation (monetary compensation) for the directors including outside directors would not exceed 500 million JPY a year, and that the total amount of restricted stock compensation (non-monetary compensation) would be 100 million JPY a year or less, outside the 500 million JPY framework for monetary compensation. The percentage of each constituent element of compensation (standard amount when the 100% of the targets for performance-linked compensation are achieved) is as follows: 65% basic compensation, 35% performance-linked compensation, and 5% restricted stock compensation.

The remuneration of outside directors is fixed and composed of only basic compensation in light of their duties and

roles of supervising of the execution of business.

The remuneration of Audit & Supervisory Board members is also fixed and composed of only basic compensation in light of their duties and roles of conducting audits of the directors' execution of their duties. The amounts are determined through the discussion of the Audit & Supervisory Board members within the upper limit of 100 million JPY, which was determined based on a resolution passed at the Annual General Shareholders' Meeting held on June 29, 2006.

Approach to cross-shareholdings for listed shares

Regarding cross-shareholdings for listed shares, their economic viability is examined at meetings of the Board of Directors each year. Benefits from holding the shares, status of transaction, and other elements are examined on a stock-by-stock basis in comparison with the capital cost. Where it is deemed to be inappropriate to hold shares in a particular company, the number of shares we own will be reduced, taking into consideration the conditions of the said company and market trends. In the previous fiscal year, we sold all of the shares of two stocks that we held and some of the shares of five stocks that we held.

Voting rights in relation to cross-shareholdings for listed shares are exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including us, and the qualitative and overall impact it will have on the Toyo Ink Group in terms of their management and businesses. Where an issuing company has special circumstances, such as significant damage to its corporate value or a serious violation of laws, regulations, or other rules, or where there is a concern that an issuing company may damage the corporate value of us as its shareholder, we will determine the actions to be taken carefully by collecting sufficient information through dialogue with the issuing company and other means.

Dialogue with shareholders and investors

We believe that our shareholders and investors are important stakeholders in the Group. We have set Shareholder Satisfaction (ShS) as one of the Group's Guiding Principles, and we make effort to respect shareholders' rights and improve shareholder value. In particular, we believe in the importance of constructive dialogue with shareholders and investors. We appoint a director in charge of finance, general affairs, and IR, and ensure that information is shared through cooperation between related departments. The General Affairs Department and the Corporate Communication Department works to promote dialogue with shareholders and investors, respectively. If the feedback obtained through dialogue is deemed to be important, it is reported to the director in charge as necessary.

Top Management (As of March 24, 2021)

Directors

Katsumi Kitagawa

Chairman and Representative Director, Group CEO

April 1977 Joined our company
 March 2020 Chairman and Representative Director
 Number of the Company's shares owned 40,000 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Member of Advisory Committee on Appointment and Remuneration

Hiroyuki Hamada

Managing Director, General Manager of Corporate Planning Division (in charge of Legal Affairs)

April 1981 Joined our company
 June 2016 General Manager of Corporate Planning Division
 March 2019 Managing Director
 Number of the Company's shares owned 5,423 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)

Keiko Kimura

Outside Director (independent director)

October 2002 Joined Anzai & Sotoi Law Offices (currently Anzai Law Offices)
 June 2016 Outside Director of our company
 June 2017 Outside Director (Audit and Supervisory Committee member) of Yashima & Co., Ltd.
 Number of the Company's shares owned 1,000 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Member of Advisory Committee on Appointment and Remuneration

Yutaka Yokoi

New

Outside Director (independent director)

April 1979 Joined the Ministry of Foreign Affairs of Japan
 August 2013 Ambassador Extraordinary and Plenipotentiary of Japan to Turkey
 March 2016 Ambassador Extraordinary and Plenipotentiary of Japan to the People's Republic of China
 December 2020 Retired from the Ministry of Foreign Affairs of Japan
 March 2021 Outside Director of our company
 Number of the Company's shares owned 0 share
 Rate of attendance at Board of Directors meetings —
 Member of Advisory Committee on Appointment and Remuneration

Satoru Takashima

President and Representative Director, Group COO

April 1984 Joined our company
 March 2020 President and Representative Director
 Number of the Company's shares owned 16,166 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Member of Advisory Committee on Appointment and Remuneration

Kazuhito Nakano

Managing Director (in charge of Quality Assurance, Production and Environment, Information Systems, CSR) General Manager of Production-Logistics Division

April 1980 Joined our company
 March 2019 Managing Director
 January 2021 Division Director of Production-Logistics Division
 Number of the Company's shares owned 6,641 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)

Shingo Kaneko

Outside Director

April 1973 Joined Toppan Printing Co., Ltd.
 June 2019 Chairman and Representative Director of Toppan Printing Co., Ltd.
 March 2020 Outside Director of our company
 Number of the Company's shares owned 800 shares
 Rate of attendance at Board of Directors meetings 77% (13/17)

Hiroya Aoyama

Senior Managing Director, CFO (in charge of Human Resources, Finance & Accounting, General Affairs, Corporate Communication and Internal Audit Department)

April 1979 Joined our company
 June 2015 Senior Managing Director
 Number of the Company's shares owned 18,300 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)

Kimito Amari

Outside Director (independent director)

June 2013 Outside Audit & Supervisory Board Member (part-time) of our company
 June 2015 Outside Director of our company
 October 2019 Joined Kasiwagi Amano Law Offices
 April 2020 Professor Emeritus of Sophia University
 Number of the Company's shares owned 3,100 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Chairman of Advisory Committee on Appointment and Remuneration

Chise Onodera*1

New

Outside Director (independent director)

April 2018 Professor of College of Law, Nihon University
 March 2019 Outside Audit & Supervisory Board member (part-time) of our company
 March 2021 Outside Director of our company
 Number of the Company's shares owned 900 shares
 Rate of attendance at Board of Directors meetings —*2
 Member of Advisory Committee on Appointment and Remuneration

*1 The legal name (name in family register) of Ms. Chise Onodera, an outside director, is Chise Tutsumi.

*2 Ms. Chise Onodera, an outside director, attended the Board of Directors' meetings as an outside Audit & Supervisory Board member in FY2020 with an attendance rate of 100% (17/17).

Audit & Supervisory Board members

Toshihiko Nobe

Audit & Supervisory Board member (full-time)

April 1982 Joined our company
 March 2019 Audit & Supervisory Board member (full-time)
 Number of the Company's shares owned 5,800 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Rate of attendance at Audit & Supervisory Board meetings 100% (13/13)

Hidetaka Kakiya

Outside Audit & Supervisory Board member (full-time)

April 1973 Joined Toppan Printing Co., Ltd.
 June 2014 Senior Managing Director of Toppan Printing Co., Ltd.
 March 2018 Outside Audit & Supervisory Board member (part-time) of our company
 June 2018 Retire from Senior Managing Director of Toppan Printing Co., Ltd.
 March 2019 Outside Audit & Supervisory Board member (full-time) of our company
 Number of the Company's shares owned 1,000 shares
 Rate of attendance at Board of Directors meetings 100% (17/17)
 Rate of attendance at Audit & Supervisory Board meetings 100% (13/13)

Toshiaki Hirakawa

New

Audit & Supervisory Board member (full-time)

April 1982 Joined our company
 June 2013 Director
 March 2021 Audit & Supervisory Board member (full-time)
 Number of the Company's shares owned 11,000 shares
 Rate of attendance at Board of Directors meetings —*3
 Rate of attendance at Audit & Supervisory Board meetings —

Jusuke Ikegami

Outside Audit & Supervisory Board member (part-time) (independent director)

June 2015 Outside Audit & Supervisory Board member (part-time) of our company
 April 2017 Professor of Graduate School of Business Administration, Waseda University
 Number of the Company's shares owned 2,600 shares
 Rate of attendance at Board of Directors meetings 88% (15/17)
 Rate of attendance at Audit & Supervisory Board meetings 100% (13/13)

Minoru Matsumoto

New

Outside Audit & Supervisory Board member (part-time) (independent director)

October 1983 Joined Tohmatsu & Aoki Audit Corp. (currently Deloitte Touche Tohmatsu LLC)
 September 2012 Retired from Deloitte Touche Tohmatsu LLC
 October 2013 Established Minoru Matsumoto CPA Office
 June 2015 Outside Director of Foster Electric Co., Ltd.
 February 2016 Outside Director (Audit and Supervisory Committee member) of JASTEC Co., Ltd.
 March 2021 Outside Audit & Supervisory Board member (part-time) of our company
 Number of the Company's shares owned 0 share
 Rate of attendance at Board of Directors meetings —
 Rate of attendance at Audit & Supervisory Board meetings —

*3 Mr. Toshiaki Hirakawa, a full-time Audit & Supervisory Board member, attended the Board of Directors' meetings as a director in FY2020 with an attendance rate of 100% (17/17).

Expertise and careers (skills matrix) of directors and Audit & Supervisory Board member

Name and position	Main expertise and careers						
	Corporate Management	R&D Production	Sales Marketing	Global	Finance Accounting	Human Resources	Compliance Risk Management Governance
Katsumi Kitagawa Chairman and Representative Director, Group CEO	●	●	●				
Satoru Takashima President and Representative Director, Group COO	●		●	●			
Hiroya Aoyama Senior Managing Director, CFO					●	●	●
Hiroyuki Hamada Managing Director			●	●	●		●
Kazuhito Nakano Managing Director		●		●			
Kimito Amari Outside Director (independent director)							●
Keiko Kimura Outside Director (independent director)						●	●
Shingo Kaneko Outside Director	●		●				
Chise Onodera Outside Director (independent director)							●
Yutaka Yokoi Outside Director (independent director)				●			●
Toshihiko Nobe Audit & Supervisory Board member (full-time)							●
Hidetaka Kakiya Outside Audit & Supervisory Board member (full-time)	●			●	●		
Toshiaki Hirakawa Audit & Supervisory Board member (full-time)					●		
Jusuke Ikegami Outside Audit & Supervisory Board member (independent director)	●		●	●			
Minoru Matsumoto Outside Audit & Supervisory Board member (independent director)					●		●

Top Message

Toyo Ink Group Strategies

Toyo Ink Group Businesses

Systems Supporting Sustainable Growth

Corporate Information

Message from Outside Directors



Contributing to the company's sustainable growth by taking advantage of external point of view and my expertise

Chise Onodera
Outside Director

I believe that the company values its employees highly. It operates on the underlying belief that, to make the society happy, both the company and its employees must also be happy. This warm-heartedness is a virtue the company has held as a company that has a history of more than 100 years in Japan and I reaffirm its value every day.

While the company is currently facing many requirements imposed by external parties, such as the Corporate Governance Code, it proactively works to provide outside directors with information and training. The period of the new medium-term management plan has started, and it is possible that the reorganization of the Group could come in the future. I will make use of my experience and knowledge in the area of Companies Act and in other areas to contribute more greatly than before to improving the corporate value of the company.

One example of the risks that the company will face in its global operation of businesses is the environmental laws and

regulations of other countries. Where more strict compliance with laws and regulations is required, I will appropriately judge how to respond and I will be actively committed to avoiding risk as an outside director.

One of the points on which the company should strengthen is its efforts to promote women to higher positions. I will provide support from the perspective of an outside director to enable people with diverse perspectives to hold leading positions in the company's businesses. The company also needs to strengthen its corporate communications measures. In my daily contact with students, I feel that the company cannot communicate the appeals of its features, strengths, and other aspects to younger generations. I would like to proactively share my opinions from an external perspective at the Board of Directors' meetings as well, so that the company is able to strengthen its defense for a better offense from the perspective of funding procurement, and also attract and retain human resources.

Employing diverse perspectives to enhance the foundation of overseas business and ensure the Board of Directors operates in an open manner

Yutaka Yokoi
Outside Director



Having worked as a resident officer in China, Turkey, and other countries, I feel that we are in an era when diversity is required for corporate management. I will fully leverage my own background, different than that of the other outside directors, to contribute to the company's sustainable growth.






While the company is responding appropriately to the Corporate Governance Code, I feel that it is continuing to improve its governance. I think that an example of this improvement is the percentage of its Board of Directors that are outside directors. The company achieved a board that is 50% outside directors because it increased the number of outside directors while reducing the total number of directors to enable prompt decision-making.

The discussions among the Board of Directors are animated, and the company also holds meetings of its independent outside directors to facilitate communication between them. I will be dedicated to ensuring the Board of Directors functions properly leveraging all of our diverse characteristics.

The new medium-term management plan began this fiscal year. The period of the previous medium-term management plan was a turning point — a time when the COVID-19 pandemic caused major change in people's lives and awareness, in industries, and in other aspects of society. Now that significant change has occurred inside of the Group, as well as in the Group's external environment, it is extremely important to fulfill our accountability by accurately communicating the kind of corporate entity the Toyo Ink Group is and the ideas we have. I would also like to proactively provide information about the Group's current status and issues to ensure they have been fully communicated. For the sustainable growth of the company it is important that we build operations systems overseas, develop human resources for overseas business, improve our treatment of them, and ensure that we evaluate them fairly. I would like to proactively support the development and improvement of the treatment of human resources in our overseas business, so that the Group is not inward-focused.

Toyo Ink Group's Material Issues

The Toyo Ink Group determined its CSR material issues after repeated dialogue with its stakeholders. In FY2018, we began to advance CSR activities based on these material issues in conjunction with the SIC-I medium-term management plan. Under SIC-II, we will continue to advance CSR activities in a well-planned manner, while also striving to further integrate those activities with our management strategy.

Material issues	Targets during SIC-I (FY2018 - 2020)	Targets during SIC-II (FY2021 - 2023)
<p>Material Issue 1</p> <p>Provide Value that Exceeds Customer Expectations and Contribute to Society</p> <p>P43-44</p> 	<ul style="list-style-type: none"> Expansion of new products (Colorants and Functional Materials: 5 billion JPY, Polymers and Coatings: 4 billion JPY, Packaging Materials and Printing and Information: 14 billion JPY) Construction rate of quality management system: 100% Continuing to hold private shows 	<ul style="list-style-type: none"> Creation of products, services and technologies that contribute to provision value to society Initiatives to improve quality: Operation of the Quality Global Standard at all production bases around the world
<p>Material Issue 2</p> <p>Co-exist in Harmony with the Environment through Innovative Technologies</p> <p>P45-46</p> 	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products : 62% (up 3 percentage points from the FY2017 level) Eco-conscious efficiency index: 9.2 (up 0.5 points from the FY2017 level) CO₂ emissions (Japan): 88,000t (down 4% from the FY2017 level) Specific energy consumption (overseas): 154 L/t (down 6% from the FY2017 level) ISO 14001 certification acquisition rate at overseas production bases: 80% (up 5 percentage points from the FY2017 level) 	<ul style="list-style-type: none"> Reduction of CO₂ emissions (Japan): 67,500 t (down 12% from the FY2020 level) Improvement of specific energy consumption (overseas): 165.0 L/t (down 3% from the FY2020 level) Reduction of chemical emissions (Japan): 62.2 t (down 10% from the FY2020 level) Reduction of amount of waste treated off-site (Japan): 10,500 t (down 19% from the FY2020 level) Increasing of sales ratio of environmentally friendly products: 70.0% (up 4 percentage points from the FY2020 level) Conservation of forest and aquatic ecosystems: Tree-planting, ecological surveys, strengthening of water intake / drainage management at production bases with high water risks, etc.
<p>Material Issue 3</p> <p>Co-exist and Co-prosper with the Supply Chain and Fulfill the Trust of Stakeholders</p> <p>P47-48</p> 	<ul style="list-style-type: none"> Implementation rate of assessment based on the Criteria for Selecting Suppliers for major suppliers in Japan: 100% Promoting the penetration of the Procurement Principles among overseas affiliates Attendance rate of human rights education during overseas assignment training: 100% 	<ul style="list-style-type: none"> Implementation of major supplier assessments based on the Criteria for Selecting Suppliers (Continuation of 100% implementation rate) Conducting a sustainability suppliers: Implementation rate 100% Promoting efficiency and sustainability improvements through collaboration in logistics Thorough human rights education during overseas assignment training: Continuation of 100% attendance rate
<p>Material Issue 4</p> <p>Value Employees and Pursue Their Happiness and Job Satisfaction</p> <p>P49-50</p> 	<ul style="list-style-type: none"> Continuing to be selected as <i>White 500</i> the Certified Health and Productivity Management Organization, and acquire <i>Eruboshi</i> certification the corporate promoting women's advancement Zero serious accidents Continuing 30% hiring rate of female graduates (Japan) Total number of employees who participated in the trainings of the Toyo Ink Academy: 1,500 employees 	<ul style="list-style-type: none"> Continuing to be selected as <i>White 500</i> by promoting health and productivity management Continuing acquirement <i>Eruboshi</i> certification by promoting women's employment and active participation: Continuing 30% female recruitment ratio in Japan, and female manager ratio in Japan to be 8% Continuing acquirement <i>Kurumin</i> certification promoting childcare and nursing care support: Continuing 80% childcare leave acquisition (10 days or more) rate for male employees in Japan Zero serious accidents / disasters and continuing reduction of lost-workday-injury
<p>Material Issue 5</p> <p>Build a Solid Base that Underpins Trust</p> <p>P51 ~ 54</p> 	<ul style="list-style-type: none"> Zero serious compliance violations Increasing the number of participants in compliance meeting in each site Increasing the number of participants in various seminars (Anti-monopoly Act, Subcontract Act, and bribery prevention, etc.) Implementation of various seminars at overseas affiliates Implementation rate of risk assessment: 100% Formulation rate of disaster response manual at each business location in Japan: 100% Continuing and expanding activities for communication with local communities Continuing and expanding educational / cultural activities in local communities 	<ul style="list-style-type: none"> Zero serious compliance violations Comprehensive implementation and content enhancement of compliance meeting in each site Formulation of the Compliance Programs tailored to local circumstances of each site of the Group, and continuing implementation of education (Anti-monopoly Act, Subcontract Act, bribery prevention, privacy protection regulations, etc.) Promoting activities for communication with local communities Promoting educational / cultural activities in local communities Promoting social contribution activities: Volunteer activities or their support, disaster countermeasure support, etc.

Material issues

1

Provide Value that Exceeds Customer Expectations and Contribute to Society






Basic approach and policy

With globalization and the evolution of technology proceeding at an unprecedented pace, our lives, industries, and businesses are also changing at an unimaginable speed due to the COVID-19 pandemic in addition to the development of IoT, big data, AI and other technologies. To “Provide Value that Exceeds Customer Expectations and Contribute to Society” in this new era, it is important to understand the social issues faced by consumers and society, including the issues related to the SDGs, and to continue to propose effective solutions to the issues.

We believe that, to propose these solutions, it is essential to pursue the possibilities of the unique technologies we have cultivated to date, expand our technological base, and acquire technologies in new areas, to enable our products and services to evolve into new ones which help solve social issues.

The Toyo Ink Group will contribute to solving social issues, including the issues related to the SDGs, through its businesses with a focus on the priority areas of development established in the SIC-II medium-term management plan that began in 2021. In addition, we will provide safety and security to customers by ensuring that product information is provided and that product quality is thoroughly controlled and through an array of communication activities.

Priority areas of development focused on during SIC-II

 <p>Sustainable Science</p> <p>For creating a sustainable society</p> <p>Biomass inks, recycling system for plastic containers and packaging, materials for lithium ion batteries, etc.</p>	 <p>Communication Science</p> <p>Contribute to a 5G and IoT society with key materials and solutions</p> <p>Non-optical behavior detection system, high-frequency EMI shielding materials, low dielectric materials, etc.</p>	 <p>Life Science</p> <p>Enrich people’s lives and improve their health</p> <p>Transdermal patches, adhesives for medical tapes, inkjet inks, etc.</p>
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Actions to address material issues and major initiatives in FY2020

Actions	KPIs / Achievements
Create the enrichment of life and culture based on the three strategic orientations of Life, Communication and Sustainability	<ul style="list-style-type: none"> Created new products and services to create value (biodegradable pressure sensitive adhesives, highly biomass pressure sensitive adhesives, antiviral functional hard coatings, UV curing antibacterial varnishes, black color masterbatch compatible with plastic recycling, etc.) Hosted the “Co-Creation Forum”, an online private show, where we introduced approx. 50 new products, technologies, and solutions.
Build customer trust through safe products and services	
Assure highest quality	
Achieve a high level of customer satisfaction	

*Details of SDGs goals and targets related to the material issue are shown on our official website.



Status of the implementation of major actions

Assure highest quality

Our approach to quality assurance

The Toyo Ink Group dependably implements quality assurance at all stages, from planning and R&D to sales and after-service, to provide products of guaranteed quality. New products and businesses are evaluated and verified according to our regulations before commercialization. We have also implemented ISO 9001 standards for quality to enhance and strengthen quality assurance throughout the company.

In addition, we revised our quality assurance rules in April

Basic Policy on Quality Assurance

1. Build a market-oriented quality assurance system by having the idea and action based on “Provide advanced technology and quality products and services,” which is included in the Corporate Policy of the Toyo Ink Group, instilled in the overall operations. The term “quality” covers not only functions of goods but also safety and environmental initiatives related to products.
2. Implement company-wide activities for enhancing and strengthening quality assurance by using ISO 9001 international standards. Where an approach to quality assurance is set forth separately in a law, etc., quality assurance activities shall be enhanced and strengthened to follow that approach.

2020, reflecting the fact that because we have expended our business into the field of medical care, we follow the Good Manufacturing Practice (GMP) standards on the manufacturing and quality management of pharmaceuticals including transdermal medical patches.

Quality assurance system

We work to establish quality assurance systems and improve the level of quality assurance at all production bases of the Toyo Ink Group, with the leading by the Quality Management Committee. At the quarterly meetings of the committee, strategies for quality assurance activities are shared by all production bases in Japan and overseas.

To reduce out-of-control processes* in Japan, we are engaged in mainly measures for intangible aspects, including measures to reduce human error from the perspective of cerebral physiology. Thus, we are striving to reduce the number of out-of-control processes caused by human factors. In addition, as a new initiative during SIC-II, we have established the Quality Global Standard for production systems to ensure that we supply products with the same high quality anywhere in the world, and we are applying this standard at our production bases.

*Out-of-control process: Potential defects that may be risks for complaint and rejection

Achieve a high level of customer satisfaction

Communications with customers

The Toyo Ink Group established an inquiry system on its website for products, services, business activities and the like. The languages handled are Japanese, English and Chinese. PRTRs and SDSs are provided on our customer portal site, “*Sommelier*”.

Protection of personal information

The Toyo Ink Group appropriately handles and takes steps to protect personal information. In addition to enacting the “Privacy Policy” and “General Rules Regarding Personal Information Based on the Privacy Policy,” we established “Personal Information Management Rules” and appointed personal information managers to each department. A personal information ledger is used to properly manage information as part of our efforts to maintain customer confidence. We are also advancing our compliance with the EU General Data Protection Rule (GDPR).

Online private show: Co-Creation Forum 2020

We hosted the Co-Creation Forum 2020 (September 28 to October 9, 2020), an online trade show for invited guests only, as a new form of trade show during the COVID-19 pandemic. We hold a private show every year with the aim of solving social issues and gain a foothold for future co-creation by combining the Toyo Ink Group products and solutions with customers’ technologies and ideas. This year, we made product information, seminars, and videos available online, to enable visitors to feel the possibilities of innovations taking advantage of the materials and technologies of the Toyo Ink Group.



Material Issue

2

Co-exist in Harmony with the Environment through Innovative Technologies



Basic approach and policy

Tackling environmental problems including climate change is an essential task for manufacturers. The Toyo Ink Group included acting in harmony with the environment in its Guiding Principles, based on our understanding that the events caused by environmental problems threaten our lives. Guided by this principle, we promote energy conservation in manufacturing and develop and sell environmentally friendly products to contribute to the creation of a sustainable society that is in harmony with the environment.

The Toyo Ink Group has revised its environmental goals and set new goals to accelerate its initiatives.

Three Directions of Environmental Goals		Targets during SIC-II (FY2021 -2023)	Medium- and long-term environmental goals	
			FY2030	FY2050
1. Reducing the Environmental Impact of Manufacturing	CO ₂ emissions (Japan)	Down 12% from the FY2020 level	Down 35% from the FY2020 level (Down 50% from the FY2013 level)	Work to reduce CO ₂ emissions to achieve carbon neutrality
	Chemical emissions (Japan)	Down 10% from the FY2020 level	Down 30% from the FY2020 level	
	Amount of waste treated off-site (Japan)	Down 19% from the FY2020 level	Down 50% from the FY2020 level	
Specific energy consumption (overseas, major production bases)	Down 3% from the FY2020 level			
2. Providing Products and Services that Realize a Sustainable Society	Increasing the sales ratio of environmentally friendly products	70% (up 4 percentage points from the FY2020 level)	80% (up 14 percentage points from the FY2020 level)	
3. Promoting Coexistence with Nature and Community	Promotion of biodiversity	Conservation of forest and aquatic ecosystems through tree-planting, ecological surveys, strengthening of water management at production bases	Continuing and enhancing environmental conservation activities	

Promotion system

Environmental management based on the environmental goals and fiscal year objectives is promoted by the Environment and Safety Committee chaired by the director in charge of the environment, which falls under the CSR Generalization Committee. Activities, their achievements, and other issues are discussed at the CSR Conference as a Group-wide meeting. In addition, the Production-Logistics Division of Toyo Ink SC Holdings Co., Ltd. oversees safety, environmental affairs, quality assurance, chemical management, and trade management of the overall Group as a dedicated organization. It also manages environmental investments. We are striving to acquire ISO 14001 certification, mainly at production bases of Group companies in Japan and overseas, in our efforts to build environmental management systems based on ISO 14001.

Message from the management



Kazuhito Nakano
Managing Director
in charge of Environment

At the Toyo Ink Group, we take initiatives based on a belief that it is particularly important to tackle climate change among other environmental problems.

As a manufacturing company, we will focus on further reducing the CO₂ emissions from our business activities. In addition, under the basic policy (2) of the SIC-II medium-term management plan, “Create more priority areas of development,” one of its fields of focus is Green, which includes environmentally friendly products and new energy.

In addition, we will continue to develop products with less environmental impact, such as a new packaging material as an alternative to plastics, and components of lithium ion batteries. Thus, we will contribute to solving social issues, at which SDGs aim, through our business activities.

Actions to address material issues and major initiatives in FY2020

Actions	KPIs / Achievements
Development and dissemination of innovative technologies, products, and services that reduce environmental impact	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 66.0% (up 3.4 percentage points year on year) Eco-conscious efficiency index: 9.4 (up 0.2 points year on year)
Efforts to solve and respond to the problem of climate change	<ul style="list-style-type: none"> CO₂ emissions (Japan): 76,843t (down 7.1% year on year) Specific energy consumption (overseas): 163.2L/t (up 0.2% year on year)
Appropriate management of chemical substances	<ul style="list-style-type: none"> New acquisition of ISO 14001 certification at an overseas production base: Toyo Ink Vietnam Co., Ltd. Expressed support for the TCFD
Steady promotion of environmental management	

*Details of SDGs goals and targets related to the material issue are shown on our official website.



Status of the implementation of major actions

Development and dissemination of innovative technologies, products, and services that reduce environmental impact

Environmentally friendly products

The Toyo Ink Group formulates the “Environmentally Friendly Product Management Rules”, and criteria are set for each stage in the product lifecycle according to the “Environmentally Friendly Product Criteria Table”. Products that meet certain requirements are registered as environmentally friendly products.

In FY2020, sales of environmentally friendly products stood at 94.9 billion JPY (down 0.19% year on year) and sales of all products also declined. However, the sales ratio of environ-

mentally friendly products was 66%, up 3.4% year on year, because the sales ratio increased in gravure inks, flexographic inks, and laminating adhesives.

We will continue to avoid use of harmful chemicals for raw materials and remain proactive in using natural products as materials. At the same time, we will advance initiatives for reducing environmental impact of customers’ use of our products and developing products which can contribute to reducing CO₂ in the overall life cycle, in consideration of the life cycle assessment (LCA).

Examples of environmentally friendly products

Representative products	Benefits	Relevant SDGs goals
Non-toluene gravure inks, VOC-free offset printing inks, water-based gravure inks / coatings / adhesives, etc.	Reduction of environmental impact with reduced use of chemicals	
High-sensitivity UV curing inks, low-VOC / VOC-free inks / coatings, dispersion liquids for lithium ion batteries, etc.	Reduction of environmental impact and energy conservation when using the products	
Easy-removal UV curing inks, PVC-free marking films	Reduction of waste emissions	
VOC-free / biomass gravure ink, water-based gravure inks / flexographic inks, biomass UV curing inks, biomass / water-based / solvent-free laminating adhesives / adhesives, etc.	Reduction of CO ₂ emissions	

Efforts to solve and respond to the problem of climate change

Renewable energy initiatives

The Toyo Ink Group has introduced solar power generation facilities in Japan and overseas as well as using co-generation systems and by-product liquid fired boilers in our efforts to reduce CO₂ emissions.

In January 2021, Gujarat Plant of Toyo Ink India Pvt. Ltd. introduced solar power generation facilities that can cover approx. 20% of total electricity consumed in the plant, with the goal of reducing CO₂ emissions and transforming itself into the Green Factory. Phase-2 construction work is planned in 2022.



Solar power generation facilities of Gujarat Plant of Toyo Ink India Pvt. Ltd.

Support for the TCFD

The Toyo Ink Group expressed support for the Task Force on Climate-related Financial Disclosures (TCFD)* in November 2020, thought that addressing climate change is an important environmental task. Moving forward, we will enhance and accelerate our environmental initiatives, including ones on climate change, and disclose information in accordance with TCFD recommendations.

*The TCFD is an organization established by the Financial Stability Board (FSB) in 2015, to analyze the impact of climate change on the financial affairs of companies and it recommends the disclosure of information about strategies and other initiatives to address climate change.



Material Issue

3

Co-exist and Co-prosper with the Supply Chain and Fulfill the Trust of Stakeholders



Basic approach and policy

The Toyo Ink Group has been developing its business globally, with about 70 companies in over 20 countries around the world. This global expansion has made the Group’s supply chains more complex.

Frameworks such as the OECD Guidelines for Multinational Enterprises, the California Transparency in Supply Chains Act, and the UK Modern Slavery Act 2015 require companies to fulfill their social responsibilities covering their supply chains. We therefore focus on initiatives in consideration of human rights, labor, the environment, and other factors by including our supply chains in the scope of our social responsibilities.

In addition, recognizing that business activities must be premised on respect for human rights, we specify rules related to respect for human rights, including the prohibition of child labor and forced labor, in our “Code of Business Ethics” and the “Human Resources Policy”. At the same time, we take comprehensive measures to ensure that these rules will be reflected in the overseas assignment training and that the guidelines will be applied and implemented at overseas Group companies.

Promotion system

The deployment of the Human Resources Policy, which includes our approach to respect for human rights, and human rights education in overseas assignment training are undertaken by the Human Resource Department of Toyo Ink SC Holdings Co., Ltd. Noncompliance, including human rights violations, is handled by “Compliance Office,” the internal / external hotline.

Supply chain management related to the procurement of raw materials is undertaken by the Group Purchasing Department of Toyo Ink SC Holdings Co., Ltd. through cooperation with each bases of the Toyo Ink Group.

Message from the management



Tadashi Murakami
Operating Officer
in charge of Purchasing

Expectations for companies’ CSR have been growing year after year among stakeholders, and CSR activities in the overall supply chain, including business partners, are required. In addition, regulations related to the environment and hazardous items have been made stricter, and it is necessary to respond to new regulations.

Throughout its entire supply chain, the Toyo Ink Group responds promptly to these changes and promotes CSR procurement in consideration of human rights and the environment, as defined by international social norms such as the OECD Guidelines for Multinational Enterprises.

Actions to address material issues and major initiatives in FY2020

Actions	KPIs / Achievements
Co-existence and co-prosperity in the supply chain through collaboration	<ul style="list-style-type: none"> • Implementation rate of assessments based on the Criteria for Selecting Suppliers for major suppliers in Japan: 100% • Penetration rate of the Procurement Principles among overseas affiliates: 100%
Respect for the human rights of all stakeholders	<ul style="list-style-type: none"> • Implementation rate of surveys about conflict minerals (3TG) and cobalt for major suppliers in Japan: 100% • Number of employees who took human rights education during overseas assignment training: 14 employees (100% of all trainees) • Running the Global HR Community Website (Japanese and English)

*Details of SDGs goals and targets related to the material issue are shown on our official website.

Status of the implementation of major actions

Co-existence and co-prosperity in the supply chain through collaboration

Promotion of CSR procurement

The Toyo Ink Group has established the “Rules for the Purchasing of Raw Materials” and promotes CSR procurement, which conforms to the “Procurement Principles” and the “Criteria for Selecting Suppliers”. Through CSR procurement, we aim to contribute to ensuring legal compliance in the supply chain and improving both the working environment and the global environment. To do this, we have implemented measures to 1) make the Procurement Principles well-known, 2) conduct examinations and audits for our suppliers, and 3) deepen employee understanding about CSR procurement.

In FY2020, we informed our major suppliers of the Toyo Ink Group’s Procurement Principles and requested that they carry out CSR procurement in accordance with these principles, with the goal of promoting CSR procurement in our supply chain.

- **EcoVadis assessment (Toyo Ink SC Holdings Co., Ltd.):**
2021 scoring 55 (Silver medal)

 Related policies are shown on our official website.

We also respond to surveys conducted using third-party platforms, such as EcoVadis, and the CSR questionnaire, thereby promoting the development of a supply chain management system together with our customers.

Measures against conflict minerals and cobalt procurement

The Toyo Ink Group is taking action to avoid the use of minerals (gold, tin, tantalum, and tungsten) that can lead to conflict. Minerals such as these are produced in the Democratic Republic of the Congo and neighboring countries, and serve as sources of funding for local armed groups.

We have confirmed that minerals from these areas have not been used in the raw materials of the suppliers with whom we trade indirectly, as well as those with whom we trade directly. We will continue to investigate and check newly adopted raw materials, and also strengthen our measures to prevent the use of minerals from regions of conflict. We will also continue investigations and confirmations to ensure responsible cobalt procurement.

Respect for the human rights of all stakeholders

Human rights policy

In accordance with the corporate philosophy of *People-oriented management*, the Toyo Ink Group has established rules on respect for human rights and compliance with the labor laws of each country and engages in business activities with consideration for the local culture and values of each region, aiming to create a corporate culture that enables the development and active participation of diverse human resources.

In addition, based on our belief that negative impacts of our business activities on human rights should be identified and reduced, we share our Code of Business Ethics, which stipulates respect for basic human rights and others, with overseas Group companies as well, in our efforts to entrench the idea of respect for human rights in the overall Group. Further, in consideration of the international human rights movements recently, we have issued and informed the Human Resources Policy, which is aimed at developing and improving personnel management systems of overseas Group companies. In this policy, our basic approach to personnel affairs is described systematically.

 Related policies are shown on our official website.

Impact of business activities on human rights

Procurement	<ul style="list-style-type: none"> • Child labor or forced labor is suspected at a supplier. • A supplier is suspected of using mineral resources mined in conflict regions, including the Democratic Republic of the Congo and other African countries (conflict minerals). • Health hazards to employees and consumers are caused by insufficient information about chemical substances that was provided by a supplier.
Production	<ul style="list-style-type: none"> • An overseas affiliate makes its employees work extra hours, exceeding the limits set in local labor standards, or pays them salaries below minimum wage. • A strike or boycott occurs due to abnormal labor-management negotiations, resulting in the shut-down of production. • Gas or water discharged from a plant causes air or water pollution, causing health issues for local residents.
Sales	<ul style="list-style-type: none"> • Insufficient information about chemical substances (hazardous materials) causes health issues for consumers.

Material Issue

4

Value Employees and Pursue Their Happiness and Job Satisfaction



Basic approach and policy

The Toyo Ink Group has a corporate philosophy of *People-oriented management*. One of our guiding principles has been to *respect the realization of all employees' ambitions*. To make use of the Group's strengths to contribute to society, we are committed to creating a workplace where diverse personnel can demonstrate their individual abilities to the fullest regardless of gender, nationality, age, or disability, and work meaningfully with motivation. We also respect the diverse values and desired careers of employees. We are committed to developing human resources who can take on challenges in new fields and carry out high-quality work, and promoting the active participation of women.

To provide a safe and healthy workplace, we work to eliminate workplace injuries, provide safety education, carry out appropriate labor management, and improve mental health. We are also promoting work style reforms with a focus on work-life balance through support for childcare, nursing care, and workplace communication.

Promotion system

The use and cultivation of human resources, the promotion of health and productivity management, and work style reform in Japan are carried out under the initiative of the Human Resources Department of Toyo Ink SC Holdings Co., Ltd. At the Toyo Ink Academy, established in 2007, various training programs and self-development activities are conducted. In addition, we have disseminated the Toyo Ink Group Human Resources Policy to our overseas affiliates to establish a personnel management system for the overall Group and unify the direction of all Group companies.

Activities for safety and the prevention of workplace injuries are carried out by the Quality Assurance & Safety Section, Production-Logistics Division through collaborations with the safety department of each business location.

Related policies are shown on our official website.

Message from the management



Junji Sekino
General Manager of
Human Resources
Department

The employment and work environment is seeing rapid change, including the falling birthrate and the aging population, the increase in the number of employees from double-income households and those with families in need of nursing care, and the tightened labor laws. We must also respond to the digitalization and the new normal created by the COVID-19 pandemic. The important issues in Japan are the promotion of the active participation of women, childcare support, the development of human resources for the promotion of DX, and the continuation of health and productivity management. The issue overseas is cultivating and securing next-generation leaders.

We will create an environment where all employees have job satisfaction and enjoy working in order to establish a comfortable workplace environment that enables self-actualization.

Actions to address material issues and major initiatives in FY2020

Actions	KPIs / Achievements
Thorough occupational safety and health, and promote health and productivity management, which are closely linked to employee satisfaction	<ul style="list-style-type: none"> Continued to be selected as a <i>White 500</i> company and acquired <i>Eruboshi</i> certification Zero serious accidents
Foster diversity to invigorate the organization	<ul style="list-style-type: none"> Frequency of lost-workday injuries in Japan: 0.289, lost-workday-injury severity rate in Japan: 0.01, rate of occurrence of accidents in Japan: 2.2 Rate of hiring female graduates in Japan: 32%
Cultivate human resources that have global perspectives and abilities	<ul style="list-style-type: none"> Total number of employees who participated in the training of the Toyo Ink Academy: 2,542 employees

Details of SDGs goals and targets related to the material issue are shown on our official website.



Status of the implementation of major actions

Cultivate human resources that have global perspectives and abilities

We respect the diverse values and career orientations of individual employees. To develop human resources who will take on new challenges in new realms and those who have the capability for high quality work, we focus our efforts on training employees with the “Human Resource Rotation System” and the “Toyo Ink Academy” as the two pillars.

Human Resource Rotation System

The Human Resource Rotation System consists of development transfers, transfers based on self-assessments, in-house recruitment system, and overseas workshop programs. Under our system of development transfers, we help individual employees to build their careers through systematic transfers. For transfers based on self-assessments, we conduct an annual self-assess-

ment survey and strive to carry out transfers based on employees’ intentions. The in-house recruitment system is a program that allows employees to apply for their desired jobs. Several employees are successfully transferred each year under this program.

The overseas workshop programs are aimed at developing globally competitive human resources. Those who participate in the programs experience working for overseas Group companies as interns and acquire cross-cultural communication skills and the capability to adapt to overseas business.

We provided training to 28 people from FY2012 to FY2020, although we were unable to dispatch anyone in FY2020 due to the COVID-19 pandemic.

Foster diversity to invigorate the organization

Promotion of women’s participation and advancement

In January 2021 we announced our “General Employer Action Plan Based on the Act on Promotion of Women’s Participation and Advancement in the Workplace”, and in it we established the target of ensuring that women are at least 30% of the people we hire. For five consecutive years, 30% or more of the new graduates we have hired have been women.

In addition, in the SIC-II medium-term management plan, we established the target of increasing the percentage of managers (in Japan) that are women from 4% in FY2020 to 8% in FY2023.

We provide career training intended for our female future leaders and take other initiatives, thus encouraging our female

employees to attempt new jobs and duties with confidence and courage.

Formulation of action plan promoting women’s participation and advancement

1. Increasing the female recruitment ratio to 30% or more
2. Ensuring the annual paid leave acquisition rate as 60% or more


Eruboshi Company certification

Toyo Ink SC Holdings Co., Ltd. is certified as an *Eruboshi* company under the Act on Promotion of Women’s Participation and Advancement in the Workplace. The company was evaluated for its achievements recruitment, continuous employment, working hours, and diversity of career paths.



Thorough occupational safety and health, and promote health and productivity management, which are closely linked to employee satisfaction

We believe that each employee is an important asset to the company and it is important to develop an environment which enables our employees to fully exercise their abilities, based on our corporate philosophy of *People-oriented management*. For this, we are building a workplace environment capable of ensuring the good health of our employees through initiatives for their health such as promoting good health, preventing diseases, protecting the mental health, etc.

 Information about our system promoting health and productivity management is shown on our official website.

The Toyo Ink Group selected as a Certified Health and Productivity Management Organization

The Toyo Ink Group was recognized in the large enterprise category (White 500) of the 2021 Certified Health and Productivity Management Organization Recognition Program. The Group has been recognized by this program for five consecutive years.



Material Issue

5

Build a Solid Base that Underpins Trust



Basic approach and policy

Strengthening corporate governance involves more than just preventing corruption and avoiding corporate risk; it can also support the enhancement of corporate profitability and medium- and long-term corporate value, as well as providing a basis for sustainable growth. For a company to be able to enjoy continued sustainable growth, the firm needs to remain committed to using dialogue to identify the concerns and expectations of local communities and build a “virtuous circle” of interrelatedness.

The Toyo Ink Group has been working to strengthen its corporate governance framework, focusing on timely decision-making, clear delineation of responsibility, the establishment of sound, transparent management systems, strengthening of the role played by outside directors, etc. At the same time, we have outlined our vision of an ideal corporate governance framework in the Group’s CSR Action Guidelines. Through the activities of the CSR Generalization Committee’s subcommittees, we have been implementing compliance and risk management measures.

Furthermore, by working to solve the problems experienced by local communities through dialogues and implementing society contribution activities, the Toyo Ink Group is contributing to the realization of a sustainable society; at the same time, through these measures and through proactive relevant information disclosure, the Group is aiming to earn society’s trust and enhance the Group’s corporate value.

Promotion system

Toyo Ink SC Holdings Co., Ltd. as the holding company plays the central role in governance. It develops Group strategies and performs tasks for risk management and accountability.

We work continuously to enhance our corporate governance based on basic policies so as to realize the sustainable growth of the Group and improve its medium- and long-term corporate value. At the same time, we have outlined our vision of an ideal corporate governance framework in the Group’s CSR Action Guidelines. Through the activities of the CSR Generalization Committee’s subcommittees, we have been implementing various compliance and risk management measures.

Message from the management



Hiroyuki Hamada
Managing Director
in charge of Legal Affairs

While diverse new risks have successively become apparent due to the COVID-19 pandemic, measures to address them being taken by companies are attracting attention in many settings. We will strive to earn the trust of the market and society as a material and chemical manufacturer that contributes to the sustainable growth of society.

For this purpose, we will enable our BCM, which supports our stable supply of products, to evolve and take measures to strengthen our risk management, including the improvement of risk sensitivity and the establishment of an overseas compliance system. We will also promote the continuing reform of our internal control system and governance, with the goal of being a company that contributes to a new era through the enrichment of life and culture.

Actions to address material issues and major initiatives in FY2020

Actions	KPIs / Achievements
Ensure compliance	<ul style="list-style-type: none"> Held compliance meetings in each site (3,785 participants)
Eliminate corruption	<ul style="list-style-type: none"> Held various compliance seminars (Antimonopoly Act: 11 seminars with a total of 470 participants, Subcontract Act: 16 seminars with a total of 273 participants)
Promote effective risk management and disaster preparedness	<ul style="list-style-type: none"> Held compliance meetings using the Code of Business Ethics and its explanatory materials which are translated into local languages Appropriate response to natural disasters (earthquakes, floods caused by typhoon, etc.)
Implement timely, appropriate and proactive information disclosure, and strengthen stakeholder communication	<ul style="list-style-type: none"> Response to the COVID-19 pandemic (formulation of guidelines, etc.) Implementation of risk assessment (at a rate of 100% in Japan and 97% overseas) Formulation of disaster response manual at each business location in Japan (formulation rate: 82%)
Contribute to local community development through our business activities	<ul style="list-style-type: none"> Continued implementation of risk communication activities (Kawagoe Factory of Toyochem Co., Ltd. in February 2020)
Contribute to the resolution of problems affecting local communities	<ul style="list-style-type: none"> Continued acceptance of work experience programs for local junior high school students (Saitama Plant of Toyo-Morton, Ltd. in February 2020)

*Details of SDGs goals and targets related to the material issue are shown on our official website.

Compliance

Compliance activities of the Toyo Ink Group are based on the belief that it is important that every single employee should be aware of compliance. We discuss compliance in daily operations, aiming to steadily instill within the Group an awareness of the importance of compliance with laws and regulations.

Policies on Compliance Activities in FY2020

We will implement appropriate compliance measures such as strengthening of corporate governance including overseas affiliates in order to construct a solid corporate base that underpins trust in our CSR management, and gain sufficient trust of our stakeholders in an era of increasing opacity and uncertainty.

1. We will guide compliance activities that each base in Japan and overseas will implement as the leading role.
2. We will reinforce and monitor the system for addressing overseas legal risks.
3. We will provide compliance education with an emphasis on preventing the occurrence of serious legal risks.

Compliance system

We are disseminating the way of thinking about compliance and providing education on regulations throughout the Group, with the leading role played by the Compliance Committee under the CSR Generalization Committee. We are also proactive in creating opportunities to deepen our awareness of compliance related to daily operations, with the central role played by compliance leaders in each operation site.

Compliance system



Whistleblowing system

We have established internal / external Compliance Office as a consultation desk for compliance. We have also established the "Operating Regulations of Compliance Office" to ensure fair and proper operation of the office. We investigate the fact based on consultation, and take measures immediately if there

is any concern of problem occurrence. In addition, we give maximum consideration to protection and confidentiality of whistleblowers. In consultations with the Compliance Office in FY2020, no issues were reported that could lead to serious risks.

Major activities in FY2020

• Compliance meetings at each operation site

Compliance leaders, who play a leading role in our compliance activities, held meetings at each operation site (3,474 participants) using Group-common materials, while taking measures against infection such as utilizing web conference tools, etc. Through these efforts they promoted the identification of issues and the formulation and implementation of solutions.

• Compliance Improvement Month held in October

We held meetings at each operation site (3,785 participants) while taking measures against COVID-19 infections. We confirmed and studied response status of the issues identified at each site, as well as any newly occurred risks, to entrench, improve, and strengthen our CSR and compliance awareness. In addition, we sent the Toyo Ink Group's Code of Business Ethics and its explanatory materials, which are translated into local languages, to all representatives at overseas affiliates, and requested that they hold compliance meetings and strengthen their awareness of compliance.

• Compliance education

We ran some educational programs tailored to different levels and duties, including Compliance Training for New Employees, Overseas Assignment Training, etc.

We also held web seminars on the Antimonopoly Act (11 seminars with a total of 470 participants) and on the Subcontract Act (16 seminars with a total of 273 participants.)

• Compliance auditing, with the goal of creating an organization with integrity

In FY2020, we conducted a questionnaire survey on the regulation of the abuse of dominant bargaining positions as addressed by the Antimonopoly Act and interviewed employees as necessary. As a result, we found no matters which were immediately deemed illegal.

• Response to overseas legal risks

We also established external hotlines for overseas sites to facilitate whistleblowing and informed overseas representatives and local staff of these hotlines. Further, in China, we check the status of operations in the country every six months based on the "Bribery Prevention Regulations".

Risk Management

The Toyo Ink Group advances initiatives based on our understanding that identifying risks that may affect business continuity and addressing these risks promptly and appropriately to minimize the impact of the risks is an important task.

Action Policies on Risk Management in FY2020

1. (Emergency response) We will establish countermeasures and systems for responding to emergencies that may affect the overall Group.
2. (Prevention of the actualization of risks, response to reduction/transfer of loss) We will identify and select existing risks which may affect the overall Group, investigate measures to address the risks, and inform employees of the measures.
3. (Awareness-raising activities) We will improve sensitivity to new risks.

Risk management system

The Risk Management Committee, whose secretariat is the General Affairs Department, exhaustively and comprehensively manages the risks of the entire Group under the operating officer in charge of risk management (the head of the Risk Management Committee under the CSR Generalization Committee). In addition, Group companies and departments identify, assess, and examine the risks involved in changes in social environments and in their daily operations and implement measures to address these risks.

The Risk Management Committee assesses the risks of each company and department based on the frequency of occurrence and severity, and creates and shares a risk map. The committee checks the progress and level of achievement of activities for the mitigation of serious risks. It reports Group-wide risks, which need to be addressed by the Toyo Ink Group as a whole, to the Group Management Committee. If a new

problem arises that could develop into a serious risk, we establish an emergency headquarters to address the risk.

Major activities in Fiscal 2020

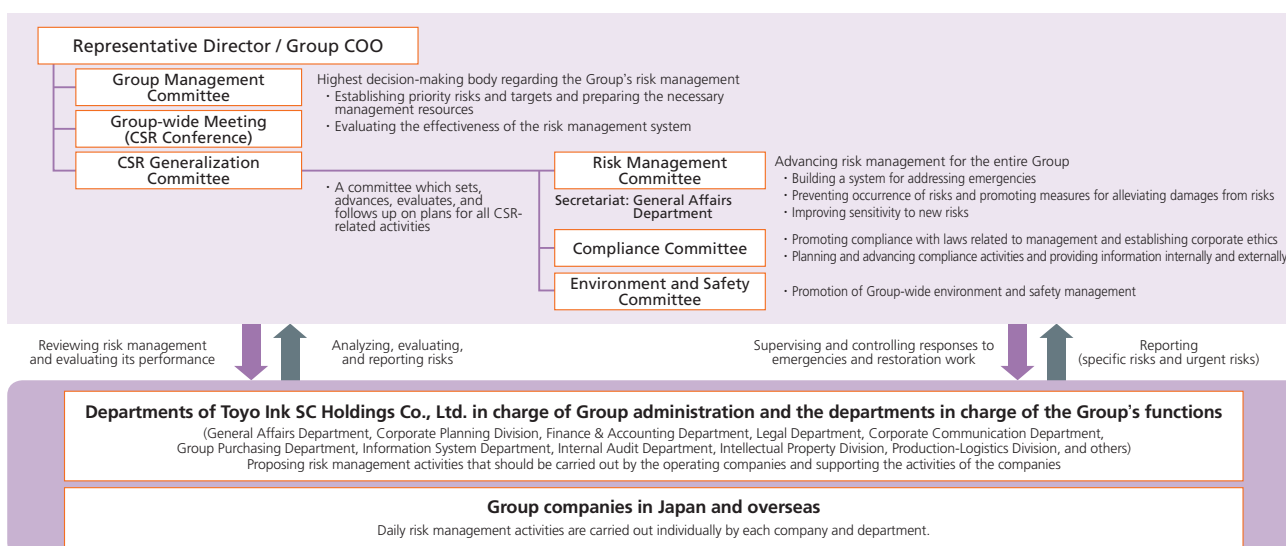
In FY2020, we addressed the spread of COVID-19 as a global risk and advanced initiatives focused on two goals, (1) ensuring employees' health (including the revision of in-house hygiene rules and personnel systems to reduce the risk of infection) and (2) business continuity (the continuation of procurement, manufacturing, and order acceptance and the promotion of working from home and remote working for operations), while ensuring that the safety and security of our employees and stakeholders all over the world was our top priority. We published the "COVID-19 Countermeasures Handbook" and "Telecommuting Guidelines" for employees. Since June 2020, teleworking has been a part of our new normal.

In addition, we had planned to hold Safe Driving Seminars at many locations as a part of the New Rules for the Safety of Company Vehicles with the goal of eliminating accidents involving our commercial vehicles. The seminar was moved to the internet where it was provided simultaneously to the employees in charge of sales at all locations in Japan. We carried out this and other risk management activities in accordance with the conditions of the new normal created by the COVID-19 pandemic.

Internal controls

At the Toyo Ink Group, we recognize that the improvement and utilization of the internal controls system is an important management issue. The Board of Directors has formulated the "Basic Policy on the Internal Controls System", and we strive to put in place the implementation systems and monitoring systems needed to ensure that we carry out our business activities in an appropriate manner.

Risk management system



Typical business risks and our response

Risk item	Typical risks concerning the entire Group	Examples of our response to risks
1. Risks related to overseas operations	<ul style="list-style-type: none"> Changes in laws and regulations, and changes in tax systems that could have adverse effects The adverse effect of inadequate social common capital on corporate activities Unfavorable political factors Social turmoil caused by terrorism, war, or infectious disease Unexpected rapid change in the work environment 	<ul style="list-style-type: none"> Expanding business in worldwide and improving the balance of business fields, aiming to build an earnings structure that is unlikely to be affected by economic trends or other risks in individual countries Establishing supply chain management that enables a flexible response to risk Reducing fixed costs and variable costs such as raw materials expenses
2. Risks related to information leakage, loss, and damage	<ul style="list-style-type: none"> Risk of information leakage, loss, or damage due to computer viruses or security violations Loss of social trust, a breach of a non-disclosure agreement, or a decline in competitiveness due to an outflow or loss of expertise, resulting from information leakage, loss or damage 	<ul style="list-style-type: none"> Reduction of risks through the reinforcement of the information security management system, internal training and awareness-raising activities, which are implemented by the dedicated information security department Implementing security measures related to the promotion of teleworking and the formulation of operating rules
3. Risks related to quality and product liability	<ul style="list-style-type: none"> Risks related to accidents or complaints caused by the quality of products 	<ul style="list-style-type: none"> Ensuring compliance with legal regulations related to quality and safety and carrying out activities to strengthen quality assurance Enhancing and strengthening quality assurance in a Group-wide manner through the application of the ISO 9001 international standard related to quality, and other measures
4. Risks related to natural disasters and epidemics	<ul style="list-style-type: none"> Risks related to natural disasters, such as large-scale earthquakes, floods caused by heavy rains and epidemics in Japan and other countries Risks related to the sourcing of raw materials caused by the spread and prolongation of the COVID-19 pandemic Interference with production activities and the impact of the global slowdown of consumption activities on business performance Supply risk caused by the stagnation of logistics functions in the supply chain, among other factors 	<ul style="list-style-type: none"> Creating manuals tailored to specific risks and providing regular training to tackle them Implementing measures to control COVID-19 and other infectious diseases and establishing related guidelines and operating systems Establishing a disaster control system and systems for complementary production in Japan and overseas, through business continuity management (BCM)
5. Risks related to the sourcing of raw materials	<ul style="list-style-type: none"> Risks of raw materials price increases and stock shortages due to the fluctuation of market conditions, natural disasters, accidents, government policies, and other factors Risks of being impacted by suppliers' suspension of raw materials supply Risks of compensation for damages or the like resulting from an inability to supply products to customers 	<ul style="list-style-type: none"> Sourcing raw materials for appropriate prices by increasing and accuracy of market price and demand forecast Securing stocks of raw materials according to their characteristics by sourcing them from a wide range of suppliers Promoting procurement based on the Procurement Principles
6. Risks related to exchange rate fluctuations	<ul style="list-style-type: none"> Risk that dramatic fluctuations in exchange rates fluctuation affect business performance and financial conditions 	<ul style="list-style-type: none"> Taking steps to reduce exchange rate fluctuation risks, including exchange forward contracts and the balancing of foreign currency receivables and payables
7. Risks related to general legal restrictions	<ul style="list-style-type: none"> Risks of changes to legal restrictions in Japan and overseas and the resulting changes in markets Risks of litigation or other legal procedures that seriously affect the Group's businesses, including litigation related to environmental issues, product liability, and patent infringement 	<ul style="list-style-type: none"> Collecting information about legal restrictions in Japan and overseas and taking measures to address them Review of compliance-related policies and implementation of measures by the Compliance Committee, a committee dedicated to compliance matters Managing the overall Group with internal control system and improving the effectiveness of the management
8. Risks of environmental burdens	<ul style="list-style-type: none"> Changes to environmental laws and regulations in Japan and overseas and the resulting changes in markets Risks of increased expenses caused by delays in taking measures to reduce environmental impact Risks imposed on business performance by delays in environmental measures (such as the shift away from plastics and the achievement of carbon neutrality) in society 	<ul style="list-style-type: none"> Advancing environmental measures (including the reduction of CO₂ emissions, the development of VOC-free products, and the recycling of materials) by reviewing manufacturing processes in the long-term management plan Strengthening the management of chemicals and systematizing management
9. Risks related to common debt collection	<ul style="list-style-type: none"> Risks interfering with the collection of trade receivables and other claims due to the worsening of customers' financial conditions Risks related to the procurement of funds and financing 	<ul style="list-style-type: none"> Regular review of customers' credit risk Implementing measures to protect receivables and strengthening credit management

* Details of business risks are shown in the securities reports.

Financial Information

Consolidated Financial Data (10 years)

		March 2012	March 2013	March 2014
Net sales	(million JPY)	245,337	248,689	279,557
Operating profit	(million JPY)	13,648	17,547	19,728
Ordinary profit	(million JPY)	13,445	18,468	20,553
Profit attributable to owners of parent	(million JPY)	7,238	8,714	12,260
Comprehensive income	(million JPY)	4,902	18,169	30,351
Net assets	(million JPY)	146,913	161,322	186,608
Total assets	(million JPY)	283,144	299,571	336,601
Net assets per share**	(JPY)	2,398.55	2,628.10	3,031.96
Profit per share (Basic)**	(JPY)	121.29	146.02	205.46
Profit per share (Diluted)**	(JPY)	–	–	–
Total shareholders' equity ratio	(%)	50.6	52.4	53.7
Interest-bearing debts	(million JPY)	67,600	71,059	74,441
Return on total shareholders' equity ratio***	(%)	5.1	5.8	7.3
Return on total assets ratio****	(%)	2.6	2.9	3.6
Price earnings ratio	(times)	14.1	15.1	10.1
Cash flows from operating activities	(million JPY)	18,453	17,460	17,603
Cash flows from investing activities	(million JPY)	-10,354	-14,363	-13,249
Cash flows from financing activities	(million JPY)	-1,880	-1,465	-7,305
Balance of cash and cash equivalent	(million JPY)	32,644	35,333	34,723
Dividend payout ratio	(%)	49.5	41.1	31.6
Number of employees	(employees)	7,351	7,469	7,781

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

** The Company implemented a consolidation of its common stock at the ratio of five shares to 1 share on July 1, 2018. Accordingly, the above figures have been calculated assuming such share

*** Return on equity(%)=Net income attributable to owners of the parent/Net worth

**** Return on asset(%)=Net income attributable to owners of the parent/Total assets

Sales to Foreign Customers (10 years)

	March 2012	March 2013	March 2014
Asia	68,809	72,790	95,018
The Americas	8,360	9,732	11,863
Europe	1,800	1,628	5,171
Africa	109	134	254
Total	79,080	84,286	112,398
Overseas sales ratio**	32.2	33.9	40.2

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

** Overseas sales include sales of Toyo Ink and its consolidated subsidiaries in countries or regions other than Japan (excluding internal sales among consolidated subsidiaries).

March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020
286,684	283,208	268,484	240,344	290,208	279,892	257,675
18,210	18,236	19,231	16,774	15,276	13,174	12,909
19,411	18,466	19,262	17,473	15,429	13,847	12,543
13,304	11,818	12,702	10,376	11,847	8,509	6,019
32,605	5,196	13,179	16,371	-2,441	10,675	-3,993
213,756	211,859	216,979	228,384	221,091	226,892	217,325
364,262	359,395	364,066	378,459	371,610	376,130	380,227
3,473.08	3,442.76	3,608.23	3,792.89	3,668.36	3,757.35	3,589.24
222.98	198.09	214.98	177.73	202.93	145.72	103.06
–	198.05	214.84	177.53	202.60	145.44	102.85
56.9	57.2	57.9	58.5	57.6	58.3	55.2
66,924	68,786	64,759	61,772	60,199	59,507	81,386
6.9	5.8	6.1	4.8	5.4	3.9	2.8
3.8	3.4	3.5	2.8	3.2	2.3	1.6
12.6	11.4	12.5	18.8	12.0	18.3	19.1
25,702	25,727	23,370	18,663	19,197	19,673	16,743
-6,198	-17,457	-10,611	-5,912	-10,828	-10,404	-13,294
-13,585	-5,817	-11,231	-8,355	-5,695	-6,247	16,221
42,546	43,744	44,132	49,262	50,958	53,765	73,117
32.5	39.1	37.2	45.0	41.9	61.8	87.3
7,919	8,116	8,021	8,135	8,274	8,246	8,157

consolidation was conducted at the beginning of the fiscal year ended March 2010.

(Unit: million JPY, excluding figures for overseas sales ratio, which indicate percentage)

March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020
101,550	101,329	86,992	95,699	106,304	101,361	94,252
13,983	15,275	13,660	13,940	14,909	14,386	13,286
7,464	7,581	12,212	12,825	12,912	12,393	11,562
401	434	309	461	513	576	510
123,399	124,621	113,175	122,926	134,639	128,718	119,613
43.0	44.0	42.2	51.1	46.4	46.0	46.4

Top Message

Toyo Ink Group Strategies

Toyo Ink Group Businesses

Systems Supporting Sustainable Growth

Corporate Information

Consolidated Balance Sheets

(Unit: million JPY)

	December 2019	December 2020
Assets		
Current assets	199,969	214,097
Cash and deposits	56,691	76,469
Notes and accounts receivable	90,173	87,126
Securities	29	57
Merchandise and finished goods	30,535	28,328
Work in process	1,319	1,070
Raw materials and supplies	16,654	16,790
Other	5,350	5,178
Allowance for doubtful accounts	-786	-924
Non-current assets	176,161	166,130
Property, plant and equipment	99,577	102,616
Buildings and structures	99,260	100,156
Accumulated depreciation	-63,319	-65,629
Buildings and structures, net	35,940	34,526
Machinery, equipment and vehicles	151,688	152,140
Accumulated depreciation	-129,921	-131,816
Machinery, equipment and vehicles, net	21,767	20,324
Tools, furniture and fixtures	24,798	25,303
Accumulated depreciation	-21,925	-22,067
Tools, furniture and fixtures, net	2,873	3,236
Land	30,669	30,529
Leased assets	5,006	4,996
Accumulated depreciation	-962	-1,269
Leased assets, net	4,043	3,726
Construction in progress	4,282	10,273
Intangible assets	4,202	3,113
Investments and other assets	72,381	60,399
Investment securities	61,071	48,440
Net defined benefit asset	7,964	8,608
Deferred tax assets	2,333	2,398
Other	1,194	1,143
Allowance for doubtful accounts	-182	-191
Total assets	376,130	380,227
Liabilities		
Current liabilities	106,747	91,411
Notes and accounts payable	59,543	54,608
Short-term loans payable	30,315	19,379
Income taxes payable	1,279	1,082
Other	15,608	16,340
Non-current liabilities	42,490	71,491
Long-term loans payable	27,460	60,492
Deferred tax liabilities	9,584	6,561
Provision for environmental measures	2,348	1,485
Net defined benefit liability	1,885	1,914
Asset retirement obligations	31	31
Other	1,179	1,005
Total liabilities	149,237	162,902
Net assets		
Shareholders' equity	205,891	206,706
Capital stock	31,733	31,733
Capital surplus	32,500	32,499
Retained earnings	146,627	147,390
Treasury shares	-4,969	-4,916
Accumulated other comprehensive income	13,548	2,998
Valuation difference on available-for-sale securities	14,273	5,699
Foreign currency translation adjustment	-2,843	-5,284
Remeasurements of defined benefit plans	2,118	2,583
Subscription rights to shares	265	249
Non-controlling interests	7,187	7,370
Total net assets	226,892	217,325
Total liabilities and net assets	376,130	380,227

Consolidated Statements of Income

(Unit: million JPY)

	December 2019	December 2020
Net sales	279,892	257,675
Cost of sales	219,559	200,479
Gross profit	60,333	57,196
Selling, general and administrative expenses	47,159	44,286
Packing and transportation expenses	7,181	6,657
Salaries and allowances	11,698	11,272
Bonuses	2,651	2,559
Welfare expenses	3,030	2,917
Depreciation	1,879	1,962
Research and development expenses	3,438	3,224
Other	17,279	15,692
Operating income	13,174	12,909
Non-operating income	1,964	2,012
Interest income	214	245
Dividend income	1,137	1,280
Other	611	485
Non-operating expenses	1,290	2,377
Interest expenses	644	520
Foreign exchange losses	130	1,129
Share of loss of entities accounted for using equity method	37	77
Other	478	650
Ordinary income	13,847	12,543
Extraordinary income	2,088	91
Gain on sales of non-current assets	30	23
Gain on sales of investment securities	2,057	67
Other	-	0
Extraordinary losses	3,629	2,636
Loss on sales and retirement of non-current assets	284	411
Impairment losses	364	247
Loss on business restructuring	-	1,040
Loss on remittance fraud at overseas subsidiaries	-	519
Shut down cost	-	363
Provision for environmental measures	2,688	-
Special investigation expenses	283	-
Other	8	54
Profit before income taxes	12,306	9,999
Income taxes, current	3,313	3,124
Income taxes, deferred	90	388
Profit	8,901	6,486
Profit attributable to non-controlling interests	392	467
Profit attributable to owners of parent	8,509	6,019

Consolidated statements of comprehensive income

(Unit: million JPY)

	December 2019	December 2020
Profit	8,901	6,486
Other comprehensive income	1,773	-10,480
Valuation difference on available-for-sale securities	2,381	-8,579
Foreign currency translation adjustment	-1,493	-2,243
Remeasurements of defined benefit plans, net of tax	922	465
Share of other comprehensive income of entities accounted for using equity method	-36	-123
Comprehensive income	10,675	-3,993
Comprehensive income attributable to owners of parent	10,486	-4,529
Comprehensive income attributable to non-controlling interests	188	535

Consolidated Statements of Cash Flows

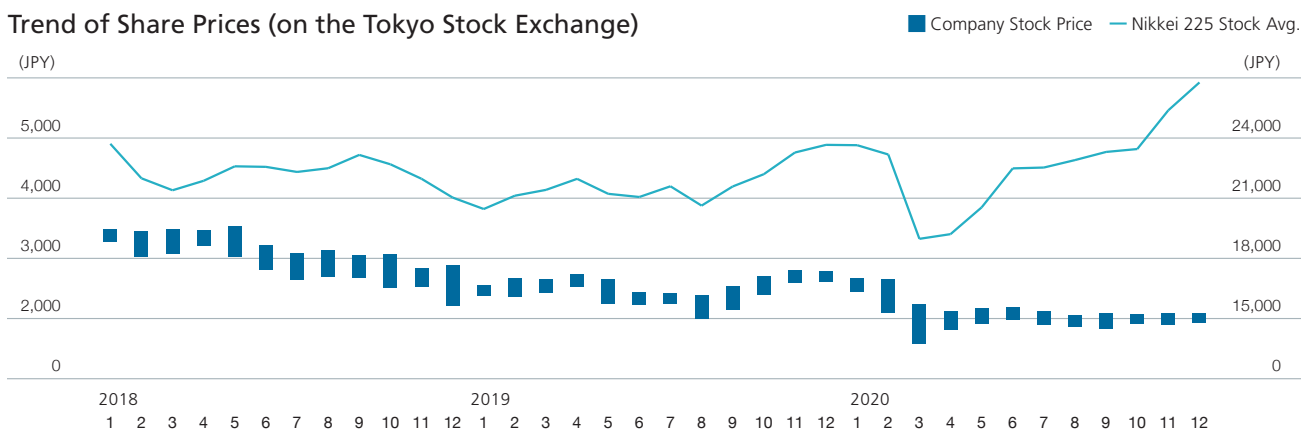
(Unit: million JPY)

	December 2019	December 2020
Cash flows from operating activities		
Profit before income taxes	12,306	9,999
Depreciation	9,087	9,187
Impairment loss	364	247
Loss on remittance fraud at overseas subsidiaries	–	1,040
Interest and dividend income	-1,352	-1,526
Interest expenses	644	520
Share of profit/loss of entities accounted for using equity method (negative is profit)	37	77
Loss/gain on sale of property, plant and equipment (negative is gain)	-17	87
Loss on disposals of property, plant and equipment	76	59
Loss/gain on sales of investment securities (negative is gain)	-2,057	-38
Special investigation expenses	283	–
Decrease/increase in notes and accounts receivable (negative is increase)	4,773	1,747
Decrease/increase in inventories (negative is increase)	-273	1,213
Increase/decrease in notes and accounts payable (negative is decrease)	-4,972	-2,768
Other	3,453	-719
Subtotal	22,353	19,127
Interest and dividend income received	1,383	1,519
Interest expenses paid	-640	-527
Special investigation expenses paid	-191	-92
Income taxes paid	-3,231	-3,283
Net cash provided by operating activities	19,673	16,743
Cash flows from investing activities		
Payments into time deposits	-10,789	-2,677
Proceeds from withdrawal of time deposits	9,623	2,140
Purchase of property, plant and equipment	-10,326	-13,096
Proceeds from sales of property, plant and equipment	105	97
Purchase of intangible assets	-774	-64
Purchase of short-term and long-term investment securities	-231	-192
Proceeds from sales and redemption of short-term and long-term investment securities	2,748	391
Purchase of shares of subsidiaries	-775	–
Other	16	105
Net cash used in investing activities	-10,404	-13,294
Cash flows from financing activities		
Net increase/decrease in short-term loans payable (negative is decrease)	-2,167	1,388
Proceeds from long-term loans payable	1,035	33,408
Repayments of long-term loans payable	-183	-12,585
Repayments of lease obligations	-364	-374
Cash dividends paid	-5,254	-5,256
Expenditure for acquisition of subsidiary shares without change of consolidation scope	–	-281
Proceeds from share issuance to non-controlling shareholders	780	–
Other	-92	-77
Net cash used in financing activities	-6,247	16,221
Foreign currency translation adjustments on cash and cash equivalents	-214	-317
Net increase/decrease in cash and cash equivalents (negative is decrease)	2,806	19,352
Cash and cash equivalents, beginning of period	50,958	53,765
Cash and cash equivalents, end of period	53,765	73,117

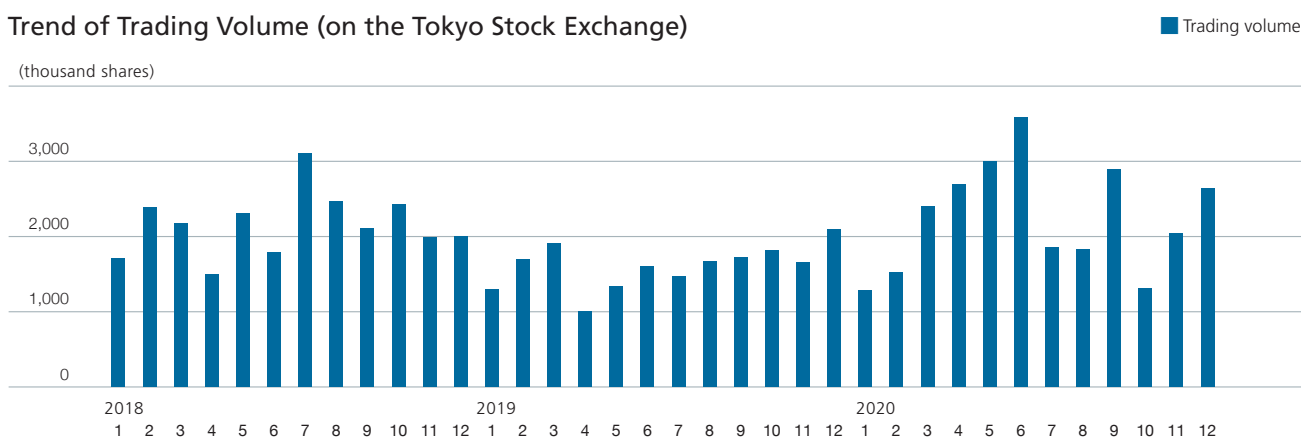
Stock Information (As of December 31, 2020)

Stock exchange listing	First section of Tokyo Stock Exchange
Code	4634
Number of Authorized Shares	160,000,000 shares
Number of Outstanding Shares	60,621,744 shares
Number of Shareholders	12,200 shareholders

Trend of Share Prices (on the Tokyo Stock Exchange)



Trend of Trading Volume (on the Tokyo Stock Exchange)



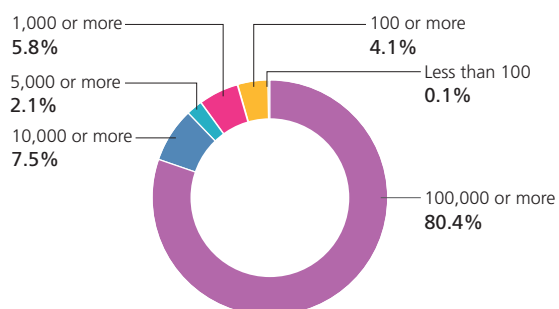
* Figures for the price and trading volume of the Company's stock in June 2018 and before reflect the ratio of consolidation of the reverse stock split implemented on July 1, 2018.

Major Shareholders

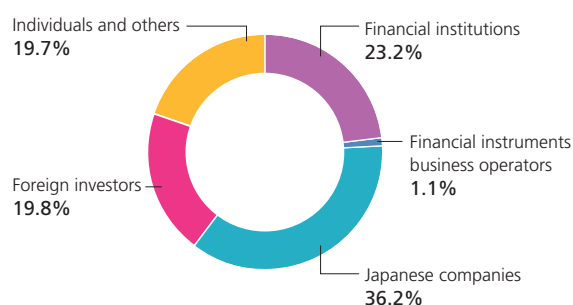
	Name of Shareholder	Number of shares held (thousands of shares)	Ratio of voting rights
1	Toppan Printing Co., Ltd.	13,646	23.41%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	3,172	5.44%
3	Sakata Inx Corp.	2,335	4.01%
4	Custody Bank of Japan, Ltd. (Trust Account)	2,099	3.60%
5	Nippon Shokubai Co., Ltd.	1,661	2.85%
6	Employees' Stock Club	1,488	2.55%
7	National Mutual Insurance Federation of Agricultural Cooperatives	1,296	2.22%
8	Client stock ownership	994	1.71%
9	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST. BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	875	1.50%
10	STATE STREET BANK AND TRUST COMPANY 505001	797	1.37%

* Excluding 2,195,524 treasury shares.

Shareholder Composition by Number of Shares Held



Shareholder Composition by Type of Shareholder



Corporate Profile (As of December 31, 2020)

Toyo Ink SC Holding Co., Ltd.

Head Office	: 2-1, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN
Founded	: January 1896
Established	: January 15, 1907
Representative	: Katsumi Kitagawa, Chairman and Representative Director, Group CEO Satoru Takashima, President and Representative Director, Group COO
Capital	: 31,733,496,860 JPY
Number of Affiliates	: 21 in Japan, 48 overseas (62 consolidated subsidiaries and 7 equity-method affiliates)
Number of Employees	: 420 employees (Non-consolidated), 8,157 employees (Consolidated)
Website	: https://schr.d.toyoinkgroup.com/en/

Company List of Toyo Ink Group

Holding Company

Toyo Ink SC Holdings Co., Ltd.

Consolidated Subsidiaries

Japan

Toyocolor Co., Ltd.
 Toyochem Co., Ltd.
 Toyo Ink Co., Ltd.
 Toyo Ink Hokkaido Co., Ltd.
 Toyo Ink Tohoku Co., Ltd.
 Toyo Ink Chushikoku Co., Ltd.
 Toyo Ink Kyushu Co., Ltd.
 Toyo ADL Corp.
 Toyo Ink Engineering Co., Ltd.
 Toyo Ink Graphics Co., Ltd.
 Toyo Ink Graphics Nishinohon Co., Ltd.
 Toyo SC Trading Co., Ltd.
 Toyo FPP Co., Ltd.
 Toyo B-Net Co., Ltd.
 Toyo Visual Solutions Co., Ltd.
 Toyo Management Service Co., Ltd.
 Toyo-Morton, Ltd.
 Matsui Chemical Co., Ltd.

Asia

TIPPS Pte. Ltd.
 Toyochem Specialty Chemical Sdn. Bhd.
 Toyo Ink (Thailand) Co., Ltd.
 Toyo Ink (Philippines) Co., Inc.
 Toyo Ink Compounds Corp.
 PT. Toyo Ink Indonesia
 PT. Toyo Ink Trading Indonesia
 Toyo Ink (Middle East) Fze.
 Toyo Ink Middle East Fze.
 Toyo Ink Vietnam Co., Ltd.
 Toyo Ink Compounds Vietnam Co., Ltd.
 Toyo Ink India Pvt. Ltd.
 Toyo Ink Arets India Pvt. Ltd.
 Toyo Ink Myanmar Co., Ltd.
 Tianjin Toyo Ink Co., Ltd.
 Shanghai Toyo Ink Co., Ltd.

Shanghai Toyo Ink Mfg. Co., Ltd.
 Toyo Ink Asia Ltd.
 Shenzhen Toyo Ink Co., Ltd.
 Jiangmen Toyo Ink Co., Ltd.
 Zhuhai Toyocolor Co., Ltd.
 Jiangsu Toyo Shenlanhua Pigment Co., Ltd.
 Chengdu Toyo Ink Co., Ltd.
 Sichuan Toyo Ink Mfg. Co., Ltd.
 Toyo Ink Far East Ltd.
 Dong Da Li Chemical Co., Ltd.
 Toyo Advanced Science Taiwan Co., Ltd.
 Toyo Ink Korea Co., Ltd.
 Hanil TOYO Co., Ltd.
 Sam Young Ink & Paint Mfg. Co., Ltd.

Europe and Africa

Toyo Ink Europe International N.V.
 Toyo Ink Europe N.V.
 Toyo Ink Europe UK Ltd.
 Toyo Ink Europe Deutschland GmbH
 Toyo Ink Europe Specialty Chemicals S.A.S
 Toyo Ink Europe France S.A.S
 UAB "Toyo Ink Europe Baltica"
 Toyo Ink North Africa S.A.R.L. AU
 Toyo Printing Inks Inc.
 Toyo Ink Hungary Kft.

Americas

Toyo Ink International Corp.
 Toyo Ink America, LLC
 LioChem Inc.
 Toyo Ink Brasil Ltda.
 Toyo Ink Mexico S.A. de C.V.

Equity-Method Affiliates

Nippon Polymer Industries Co., Ltd.
 MAVERIQ Partners Inc.
 Logi Co-Net Corp.
 Sumika Polymer Compounds (Thailand) Co., Ltd.
 Heubach Toyo Colour Pvt. Ltd.
 Zhuhai Sumika Polymer Compounds Co., Ltd.
 Sumika Polymer Compounds Europe Ltd.

External recognition

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. The constituents of this index are companies with high ESG evaluations selected from among the constituents of the MSCI Japan IMI Top 700 Index. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF).

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Equity Women's Empowerment Index (WIN)

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their promotion of gender diversity. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF).



S&P / JPX Carbon Efficient Index

This is an investment index designed by S&P Dow Jones Indices LLC and Japan Exchange Group, Inc. Its constituents are selected from among the TOPIX constituents, weighted by the status of their disclosure of environmental information and carbon efficiency. Toyo Ink SC Holdings Co., Ltd. has been evaluated according to the methodology of the S&P Carbon Global Standard as a 1st Decile constituent and its carbon information disclosure status is "Disclosed."



SOMPO Sustainability Index

This is an investment index designed by Sompo Asset Management Co., Ltd. This index comprises approx. 300 companies with outstanding ESG initiatives. It is used in SOMPO Sustainable Management, an investment product from SOMPO Asset Management Co., Ltd. that is adopted by multiple pension funds and institutional investors oriented toward the long-term holding of stocks.



EcoVadis Sustainability Rating Silver status achieved

EcoVadis is a company which certifies sustainable supply chains. It evaluates companies' policies, measures, and performance in the four fields of the environment, labor & human rights, ethics, and sustainable procurement. The Silver rating is awarded to companies ranked in the top 6% to 25% of approx. 65,000 evaluated companies.



2021 Health and Productivity Management Outstanding Organizations (White 500) certification

This is a recognition program run by the Ministry of Economy, Trade and Industry, under which the ministry certifies corporations taking excellent health and productivity management measures based on the initiatives for promoting good health advanced by the Nippon Kenko Kaigi. Toyo Ink SC Holdings Co., Ltd. was recognized as one of the top 500 corporations (White 500) in the large enterprise category after a health and productivity management survey. The company has been recognized by this program for the five consecutive years since 2017, when it was recognized for the first time.



Excellence award in the Environmental Report Category of the 24th Environmental Communication Awards

This award program aims to improve the quality of environmental information disclosure while encouraging businesses, etc. to engage in environmental management and communications by recognizing outstanding environmental reports and environmental management reports. Toyo Ink SC Holdings Co., Ltd. won the excellence award in the 18th, 20th, and 21st Environmental Communication Awards and a special award from the reviewing committee in the 22nd Environmental Communication Awards.



Prize of the Chairman of ECCJ awarded in the 2020 Energy Conservation Grand Prize

Hosted by the Energy Conservation Center, Japan (ECCJ), this program is designed to reward the excellent energy conservation activities of business operators and workplaces as well as products and business models with outstanding energy-saving features. The prize was awarded in recognition of our proposal-based energy conservation flow, an initiative taken at the Kawagoe Factory of Toyochem Co., Ltd., and a greater than 10% reduction of energy consumption.

* The inclusion of Toyo Ink SC Holdings Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Toyo Ink SC Holdings Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

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