



TOSOH

TOSOH REPORT 2020
KEY DATA & REFERENCES

TOSOH CORPORATION

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ENVIRONMENT & SOCIETY



ENVIRONMENT & SOCIETY

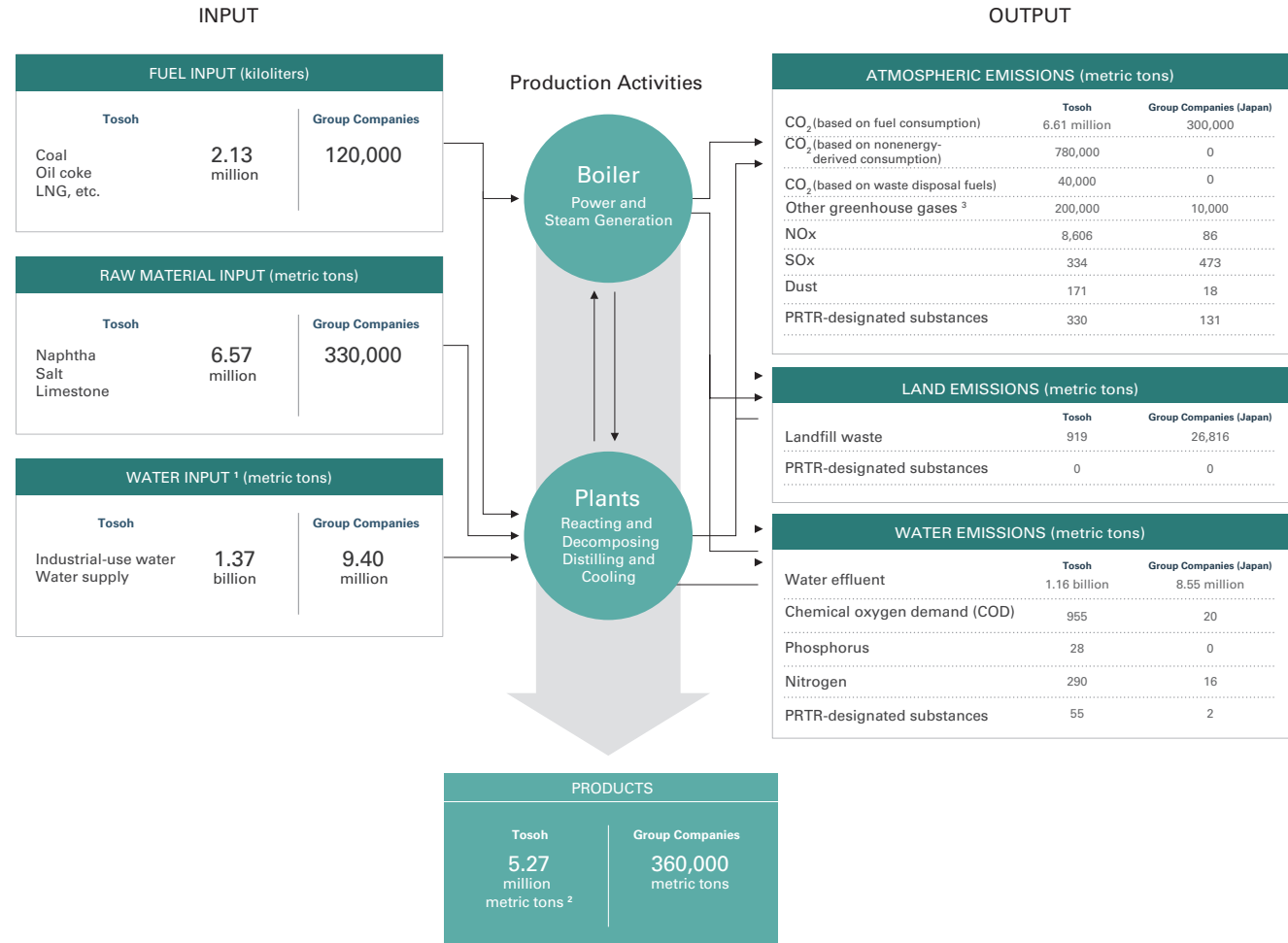
Tosoh Group Input and Output

The Tosoh Group is reducing the environmental impact of its products throughout their life cycles. It even manufactures its products in a way that makes the most effective use of limited resources or “inputs”—such as fuel, raw materials, and water resources—and that minimizes waste “outputs” and the extent of the company’s environmental loading on air and water.

Scope of calculation

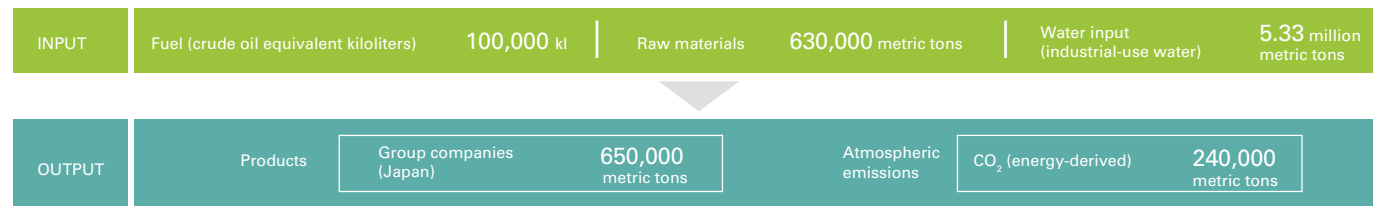
Tosoh: Nanyo Complex, Yokkaichi Complex, Tokyo Research Center, Polyurethane Research Laboratory
 Group companies (Japan):
 Asia Industry Co., Ltd.
 Tosoh AIA, Inc.
 Tosoh SGM Corporation
 Tosoh Quartz Corporation
 Tosoh Silica Corporation
 Tosoh Speciality Materials Corporation
 Tosoh Zeolum, Inc.
 Tosoh Ceramics Co., Ltd.
 Tosoh Hyuga Corporation
 Tosoh Finechem Corporation
 Tohoku Tosoh Chemical Co., Ltd.
 Toyo Polymer Co., Ltd.
 Nippon Miractran Co., Ltd.
 Hokuetsu Kasei Co., Ltd.
 Minamikyushu Chemical Industry Co., Ltd.
 Rinkagaku Kogyo Co., Ltd.
 Rensol Co., Ltd.

1. Totals for water input include industrial-use water, seawater, groundwater, and tap water.
2. Excludes internally consumed products.
3. Totals for other greenhouse gases represent the total of N₂O, CH₄, SF₆, and HFCs.



ENVIRONMENT & SOCIETY

Group Companies (overseas)



Scope of calculation

Tosoh (Shanghai) Polyurethane Co., Ltd.
 Tosoh (Ruian) Polyurethane Co., Ltd.
 Tosoh (Guangzhou) Chemical Industries, Inc.

P.T. Standard Toyo Polymer
 Philippine Resins Industries, Inc.
 Tosoh Polyvin Corporation

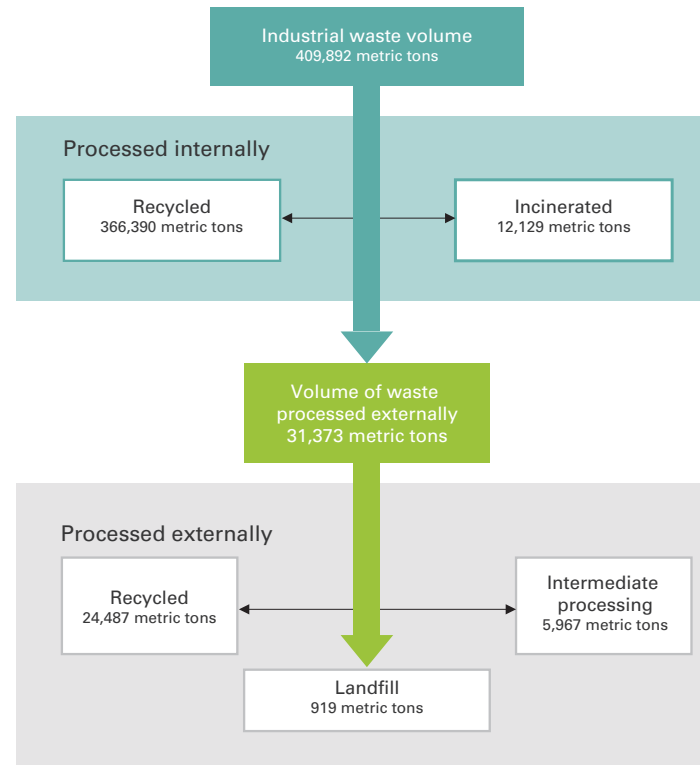
Mabuhay Vinyl Corporation
 Tosoh Hellas A.I.C.
 Tosoh Advanced Materials Sdn. Bhd.

Industrial Waste Volume

The Tosoh Group promotes the three Rs—reduce, reuse, and recycle—chiefly through resource recycling. It has set a target to reduce its amount of final waste disposal about 70% compared with its fiscal 2000 level for final waste disposal. This target aligns with the fourth target under the Japan Business Federation’s Voluntary Action Plan for Establishing a Sound Material-Cycle Society.

Tosoh’s final disposal volume for fiscal 2020 was 919 metric tons, well under the target volume of 1,515 metric tons. Group companies also work hard to manage and dispose of waste.

Industrial Waste Processing Flow

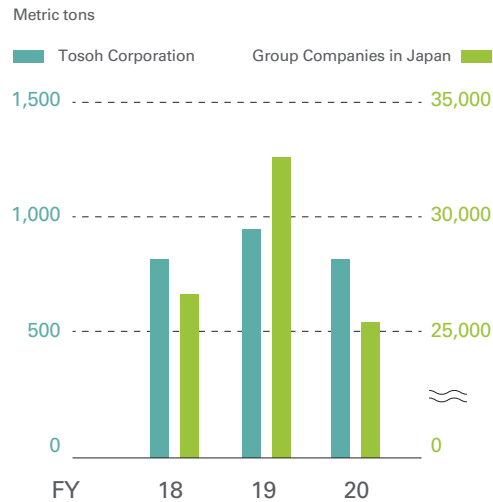


Data collection method: Data is aggregated from volume data recorded in the manifest.

The values given are totals for the Nanyo Complex, Yokkaichi Complex, Tokyo Research Center, and Polyurethane Research Laboratory. In fiscal 2020, final disposal by landfill accounted for 0.22% of those facilities’ total industrial waste volume.

ENVIRONMENT & SOCIETY

Total Landfill Waste



In our recycling efforts, we promote the proper and eager handling of resources. When outsourcing waste processing to external contractors, for example, we manage the outsourced waste using electronic manifests. We also encourage the recycling of plastic waste collected by local governments using a “local production for local consumption” model. That sees us eagerly accepting external plastic waste and making effective use of it as a raw fuel in cement production.

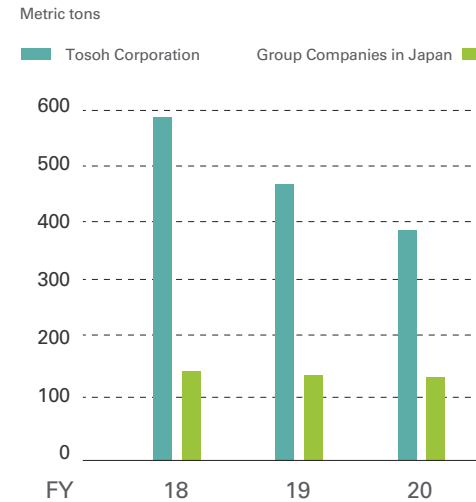
We ensure that waste is managed and disposed of appropriately at our domestic group companies as well.

FY 18: Total industrial waste 424,215 metric tons/landfill waste 830 metric tons, or 0.2%

FY 19: Total industrial waste 433,955 metric tons/landfill waste 937 metric tons, or 0.22%

FY 20: Total industrial waste 409,862 metric tons/landfill waste 919 metric tons, or 0.22%

PRTR-Applicable Substance Emission Volume



Tosoh Group companies in Japan are striving to reduce their emissions of chemical substances subject to Japan’s Pollutant Release and Transfer Register (PRTR) system by setting voluntary targets. This system aligns with Japan’s Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register), which governs materials that require movement and discharge quantity reporting.

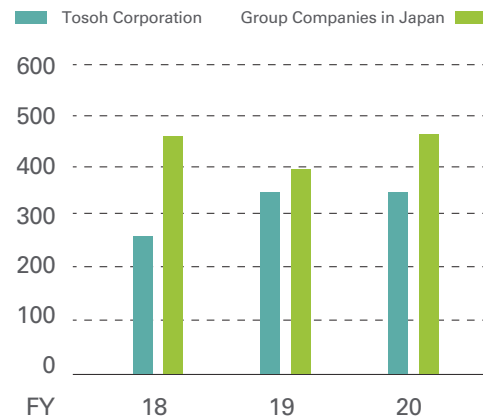
Tosoh’s emissions in fiscal 2020 amounted to 385 metric tons. This was below its target of 424 metric tons or less and a reduction of more than 30% from the complex’s chlorobenzene emissions in fiscal 2016.

Total emissions by the Tosoh Group’s domestic companies in fiscal 2020 amounted to 133 metric tons. This was a decrease of 2 metric tons from fiscal 2019.

ENVIRONMENT & SOCIETY

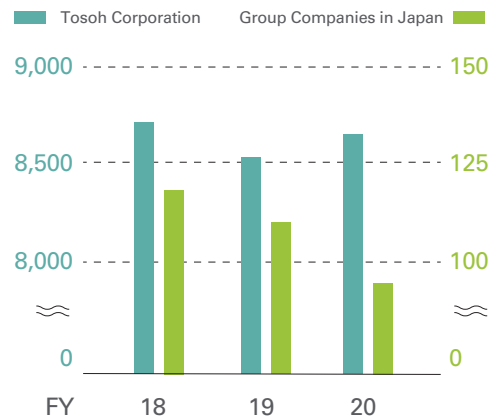
SOx (sulfur oxide)

Metric tons



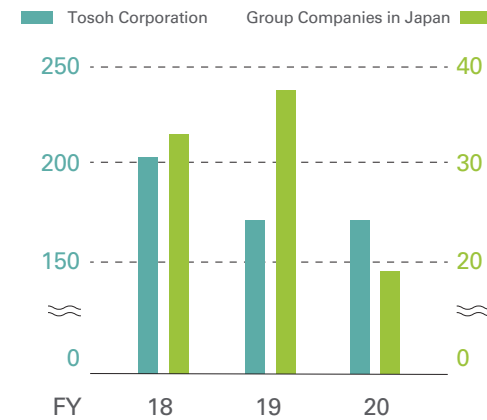
NOx (nitrogen oxide)

Metric tons



Dust

Metric tons

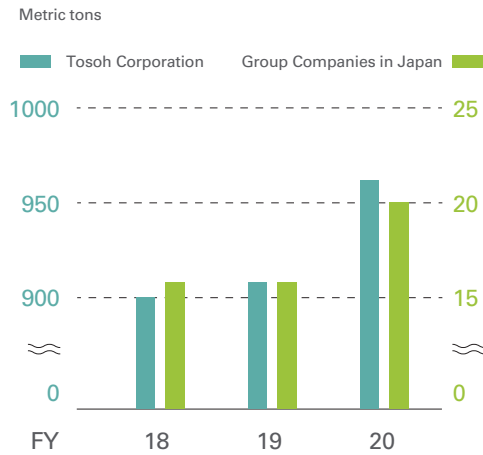


Tosoh Group domestic companies monitor their emissions of air pollutants in accordance with Japan's Air Pollution Control Act. Those companies did not exceed any legal regulatory or agreed-to values in fiscal 2020 for such pollutants as sulfur oxides (SOx), nitrogen oxides (NOx), particulate matter, and volatile organic compounds (VOCs).

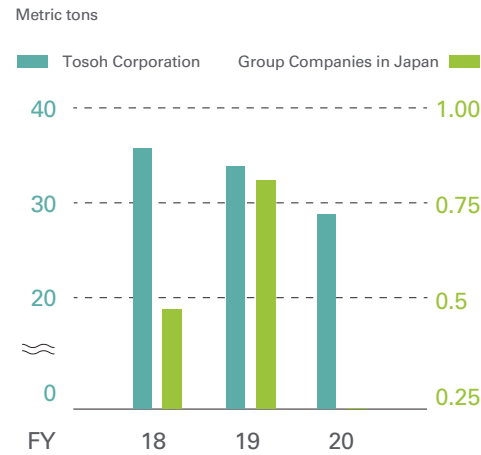
In fiscal 2020, Tosoh emitted 1,066 metric tons of VOCs, a reduction of approximately 65% compared with fiscal 2001's 3,044 metric tons. Tosoh Group companies in Japan emitted 114 metric tons of VOCs, down 17% from fiscal 2019.

ENVIRONMENT & SOCIETY

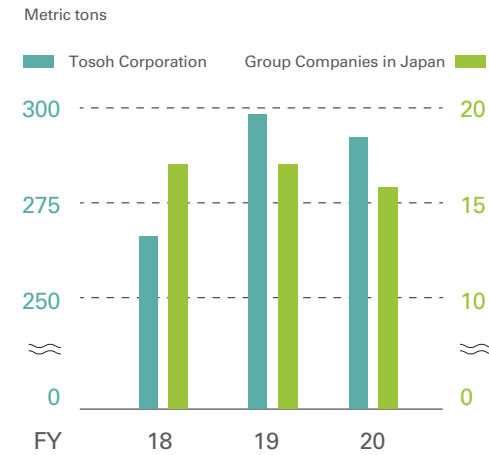
COD (chemical oxygen demand)



Phosphorus

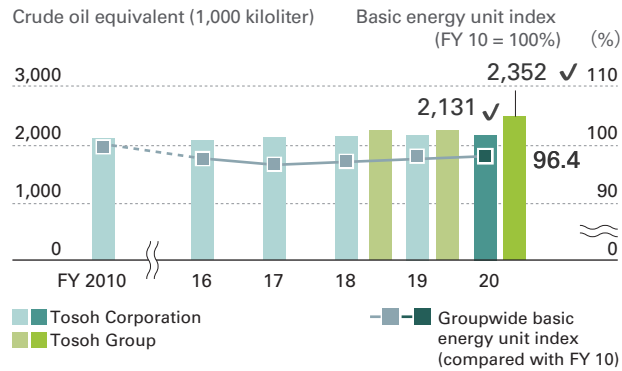


Nitrogen



The companies within the Tosoh Group in Japan monitor their emissions of COD (chemical oxygen demand), nitrogen, phosphorus, and other pollutants in wastewater based on Japan's Water Pollution Control Act. In fiscal 2020, they experienced one instance where the quality of a certain volume of water exceeded regulatory values established in a prefectural ordinance.

Energy Consumption Index of Energy Used

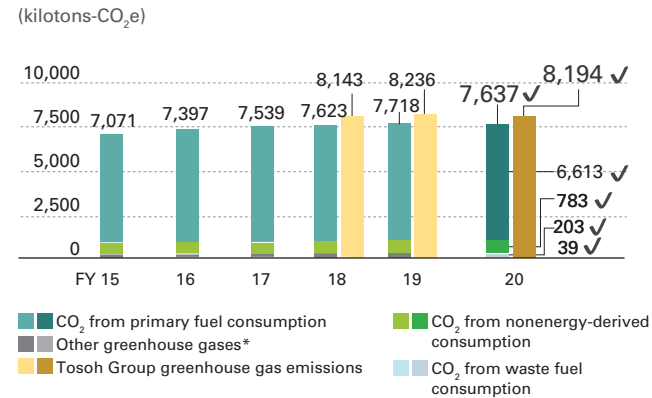


Tosoh Corporation’s fiscal 2020 energy unit consumption index was 96.4% compared with fiscal 2010. This marked a decrease of 1.5 percentage points from fiscal 2019. The company has implemented an energy reduction plan, including energy efficiency improvements, at the ethylene plant at the Yokkaichi Complex.

*Values for the crude oil equivalent of energy used and for the energy consumption index versus fiscal 2010 are calculated using the method stipulated by Japan’s Act on the Rational Use of Energy. When calculating energy consumption specifically for Tosoh Corporation, we deduct the consumption of energy sold to other firms. The data presented here includes emissions from the former Nippon Polyurethane Industry Co., Ltd. (NPU), for the period from fiscal 2010 to September of fiscal 2015, before NPU’s merger with Tosoh. Data for fiscal 2018 does not include emissions from the former Tosoh F-Tech, Inc.

Note: Figures with a ✓ have been certified by an independent third-party institution.

Greenhouse Gas Emissions



GHG emissions for Tosoh Corporation in fiscal year 2020 totaled 7,637 kilotons-CO₂e, a decrease of 81 kilotons-CO₂e compared with fiscal year 2019 due to progress in the energy reduction plan. The company is also on target to reduce its energy-derived CO₂ emissions, as it is furthering its capital investment in fuel conversion and energy conservation as planned. We are on track to reduce CO₂ emissions equivalent to 3.2% of the 6.0% reduction in BAU emissions in fiscal 2026.

The Tosoh Group’s GHG emissions decreased 0.51% compared with fiscal 2019.

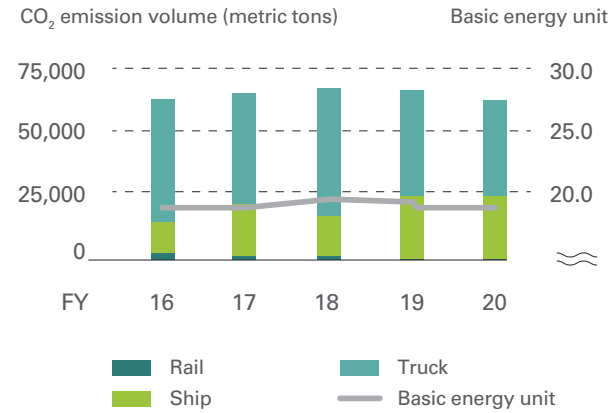
*Greenhouse gas emissions are calculated using Japan’s Mandatory Greenhouse Gas Accounting and Reporting System. The data presented here includes emissions from the former NPU for the period from fiscal 2010 to September of fiscal 2015, before NPU’s merger with Tosoh. Data for fiscal 2018 does not include emissions from the former Tosoh F-Tech, Inc. Data to fiscal 2018, moreover, is for CO₂ and N₂O emissions only, whereas data for fiscal 2019 onward represents the total of CO₂, N₂O, CH₄, SF₆, and HFC emissions.

10,000

Logistics-Related CO₂ Emissions and Basic Energy Unit

Tosoh's CO₂ emissions from logistics fell 3.3% in fiscal 2020 compared with fiscal 2019 owing to an improvement in energy use, in kilotons. The logistics basic energy unit—energy consumption converted to crude oil (kiloliter) / transport tonne-kilometers (one million tonne-kilometers)—was 18.6, unchanged from fiscal 2019.

Tosoh is working to reduce its CO₂ emissions by improving its energy efficiency through a modal shift in transport that sees it promoting marine and rail transport. It is also improving its fuel efficiency.



Business and Other Risks

The Tosoh Group identifies and analyzes risks that may have a significant impact on its operations and responds appropriately. Should risks arise, it takes measures to minimize their impact and protect corporate value.

Risk Promotion System

Under the supervision of the Board of Directors, the Tosoh Group has established a system to analyze and respond to risks that could have a significant impact on the management of every aspect of its operations. Each operation is responsible for the systematic implementation of risk measures and for prompt response to crises.

Major Risk Items

The following are the principal risks that the Tosoh Group is aware of that could materially affect its business performance, financial position, and cash flow. Forward-looking statements in the text are based on the judgment of the Tosoh Group as of March 31, 2020.

Climate Change

The adoption of the Paris Accord has led to worldwide efforts to reduce greenhouse gas emissions. These emissions are believed to be the cause of climate change and global warming.

The Tosoh Group's business performance, financial position, and cash flow could be affected by the introduction of quantitative restrictions or the imposition of taxes related to CO₂ and other emissions and the use of fossil fuels or emergence

of nonfossil fuel alternatives, which could reduce demand for petroleum-related products. To this end, the Tosoh Group has established the CO₂ Reduction and Effective Use Promotion Committee to promote technological improvements for CO₂ reduction and use.

The occurrence of extreme weather events, such as typhoons and floods caused by climate change, could result in damage to Tosoh Group production facilities and to roads and other transportation routes. In preparation, the Tosoh Group is working on adaptation measures for its various facilities.

Quality Issues

Defects in a product may lead to a loss of public trust in the product and its maker, to the discontinuation of sales of the product, or even to legal action against the product's maker. Each or all of these could affect the Tosoh Group's business performance, financial position, and cash flow. The Tosoh Group has, therefore, established a quality management system for its products and ensures that each of its members carries product liability insurance.

Environmental and Other Legal Regulations

Legal regulations governing the environment and other matters are strengthening globally, as is the emphasis on corporate social responsibility. This may lead to restrictions on business activities, heightened capital investment, and unanticipated expenses that could have an impact on the Tosoh Group's business performance, financial position, and cash flow. So the Tosoh Group conducts its business activities in the recognition that environmental protection and health and safety and the like are management issues of the highest priority.

Raw Material and Fuel Procurement

The sources for raw materials and fuels are often specific to regions and suppliers. Anything that disrupts the procurement of those materials and fuels—from natural disasters to accidents, regional politics and conflicts, and supplier insolvencies—could affect the Tosoh Group's business performance, financial position, and cash flow. To mitigate the risk of disruption, the Tosoh Group procures raw materials and fuels on a stable basis from a diversity of sources. It concludes medium- and long-term contracts with suppliers and makes purchases through the spot market.

ENVIRONMENT & SOCIETY

Information Security

Cyberattacks are an ever-increasing, ever-present issue that threaten the safety of production facilities and the sanctity of intellectual property. The hacking of a plant control system or other mission-critical system at a plant or office could force the Tosoh Group to suspend one or more key operation. That, in turn, could affect the Tosoh Group's business performance, financial position, and cash flow and result in the loss of public confidence in the safety of the Tosoh Group's operations.

Similarly, if select information is leaked to outside parties as the result of a cyberattack or other means the Tosoh Group's public trust and competitiveness could be compromised. And this, too, could negatively affect the Tosoh Group's business performance, financial position, and cash flow.

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Given the risks to safety and to intellectual property, the Tosoh Group has implemented various measures to protect itself from cyberattacks and other forms of theft. Its commitment to the management of confidential and personal information, for example, takes the specific form of compliance with the European Union (EU) General Data Protection Regulation (GDPR).

Other Risks are as Noted Below:

- Occurrences of accidents, disasters, and infectious diseases
- Fluctuations in international market prices for products and fuels
- Changes in inventory valuations
- Shifts in domestic and international economic conditions, supply and demand, and competition
- Increases, decreases, or issues with acquisitions, capital alliances, and business restructuring
- Fluctuations in exchange rates
- Troubles in domestic and overseas business activities
- Fluctuations in interest rates
- Increases, decreases, or problems with capital investments
- Increases in litigation
- Infringements and loss of intellectual property
- Innovations to technology
- Impairments in fixed assets
- Revaluation of securities
- Reversal of deferred tax assets
- Rises in retirement benefits
- Estimates based on construction progress standards

ENVIRONMENT & SOCIETY

Response to the COVID-19 Pandemic

The Tosoh Group extends its sympathies to the victims of the novel coronavirus (COVID-19) and to their families, friends, and associates. At the same time, the Tosoh Group expresses its deepest gratitude to the medical professionals on the front lines of health care and this pandemic specifically and to the many other essential workers who daily maintain our social infrastructure.

Basic Approach

The Tosoh Group's approach to preventing the spread of COVID-19 falls under its CSR policy of ensuring the safety and health of every person involved in its business activities. To help overcome this global health crisis, we are working with customers, business partners, and local communities to sustain business activities and provide a stable supply of the products essential to society and especially physical well-being.

Infection and Plant Operation Status

As of the end of September 2020, the Tosoh Group had recorded three confirmed cases of COVID-19 at its companies in Japan and 22 cases at its companies overseas.

Earlier, in August, a Tosoh Group company in China that produces urethane resumed operations after being forced to shut down months before amid the surge in infections in that country. The Tosoh Group is thankful that none of its other members, in Japan and abroad, were seriously affected as a result of this pandemic.

Measures to Prevent the Spread of Infection:

In accordance with its disaster countermeasure regulations, the Tosoh Group has established headquarters at each workplace and tasked those headquarters with putting into action the means to combat COVID-19. Implementing the countermeasures is based on a phased management approach in response to the spread of infection. Tosoh Group members overseas, moreover, are introducing measures to prevent the spread of infection in line with

the guidance of national, regional, and local governments and authorities. Collectively, all Tosoh Group members are working to ensure the health and safety of employees and their families.



Temperature checks for visitors (headquarters)

Infection Prevention Measures

- Use of web (video) conferencing and teleconferencing systems
- Suspension of overseas business travel
- Restrictions on nonessential domestic business trips and meetings
- Restrictions on participation in training and group dining
- Implementation of temperature checks for visitors and placing of disinfectant solution at each facility entrance and exit

- Encouragement of staggered work hours and telecommuting; up to 80% of employees at headquarters, branches, and some laboratories are homebound
- Strengthening of health observation (temperature checks, distribution of masks)
- Recommendation for the use of Contact-Confirmation Application (COCOA)
- Installation of splash-proof partitions in offices, distribution of masks.

Response at Complexes

Many more people than just employees enter and exit Tosoh Group facilities daily in support of operations. This is as true for our plants as for our offices.

And that is what compelled us in spring 2020 to emphasize countermeasures to protect against COVID-19 at our Nanyo and Yokkaichi Complexes in Japan. Both facilities were scheduled for large-scale maintenance work, which meant the introduction there of numerous outside workers alongside regular employees. Gratefully, our efforts resulted in no outbreaks of infection during the maintenance periods at either complex.

Business Activity and Product Contributions

The Tosoh Group contributes to society in a wide range of fields, including the supply of products designed to combat infectious diseases. These products include infection-blocking vinyl sheets, rubber and polyethylene gloves, and chlorine disinfectants.

Coronavirus Test Kit Development

Tosoh has also developed and launched a reagent to detect the novel coronavirus using the TRC reaction method, which amplifies and detects ribonucleic acid (RNA). Using that detection reagent with our TRCReady-80 automated molecular analyzer, it is possible to detect the novel coronavirus easily and accurately and in only about 40 minutes.

Sodium Hypochlorite Supply

Sodium hypochlorite is widely used to disinfect water, sewage, and food. Households employ it to sterilize, disinfect, and bleach. And now it is proving highly effective in novel coronavirus sterilization and disinfection. As a manufacturer of sodium hypochlorite, the Tosoh Group is helping to stop the spread of COVID-19 infection by providing a stable supply of this useful

Infection Prevention Measures

- Introduction of temperature checks by thermal camera at the time of entry
- Disinfection of contact areas at each shift
- Mandatory wearing of masks depending on the phase
- Enforcement of social distancing with visitors
- Maintenance of records of entry and exit to all aspects of a facility



TRCReady-80

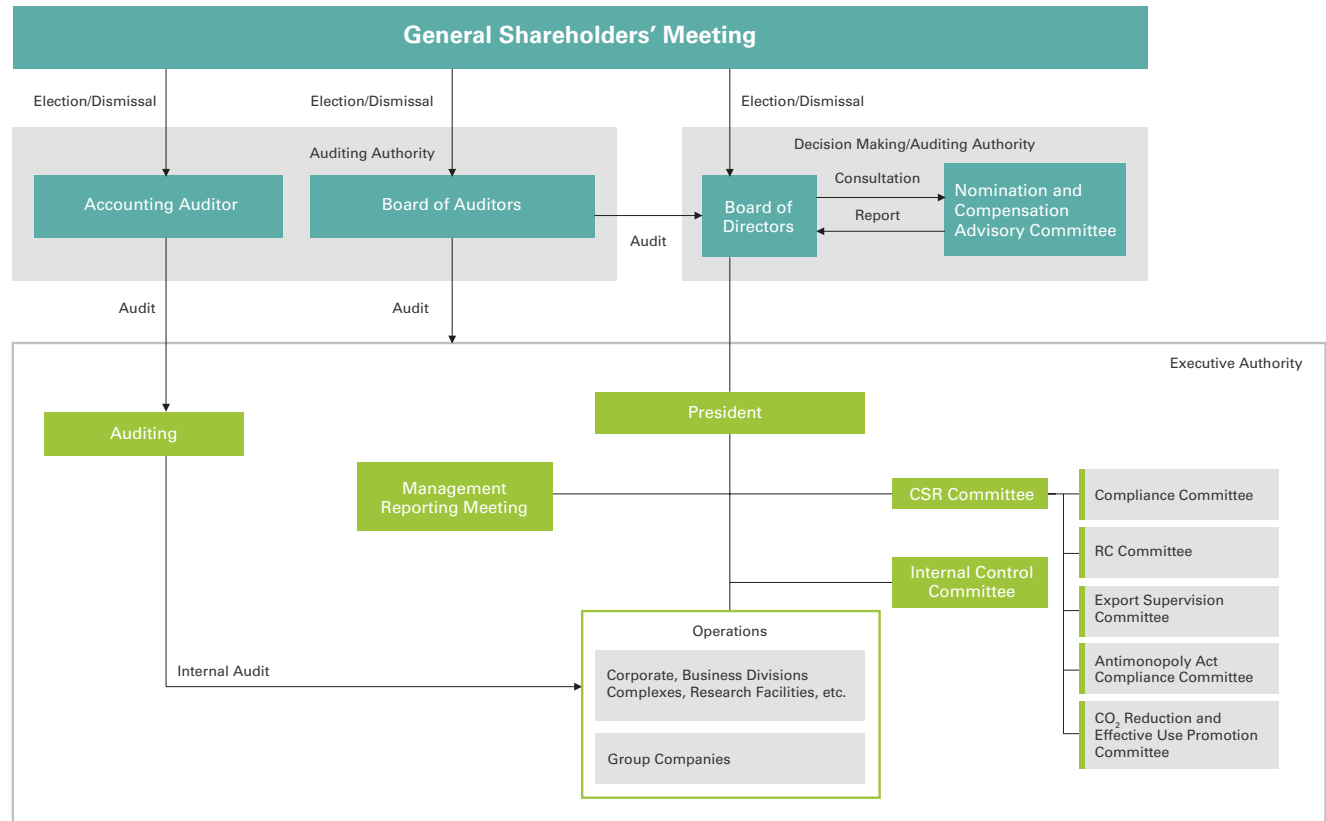
G O V E R N A N C E



GOVERNANCE

Governance Structure

To improve our corporate value, we have established an organizational structure that enables us to respond swiftly and efficiently to changes in our business environment. We are also working to ensure sound, fair, and transparent corporate management. We respect the intent and spirit of Japan's Corporate Governance Code and work in continuous pursuit of ideal corporate governance.



GOVERNANCE

Directors and Auditors



Toshinori Yamamoto
Representative Director
and President

Yamamoto has worked in accounting, sales, purchasing and logistics, overseas business, and business planning and management. He was appointed to Tosoh's Board of Directors in June 2009 and to its presidency in March 2016. He has a wealth of knowledge about the Tosoh Group and its management and is therefore well equipped to make important, executive-level decisions and to supervise Tosoh Group operations worldwide.



Katsushi Tashiro
Representative Director and
Senior Executive Vice President

Tashiro worked in manufacturing, production engineering, and construction before becoming the deputy general manager of the Yokkaichi Complex, among other posts. He was made a director in June 2013. He possesses a comprehensive understanding of the Tosoh Group's operations and management. As such, he contributes greatly to crucial decisions and the supervision of the Tosoh Group's operations.



Masayuki Yamada
Director and Executive Vice
President

Yamada was involved in research, research planning, overseas business, and business planning before becoming the head of the Bioscience Division and then, in June 2013, being named a director. His knowledge of the Tosoh Group's business areas is prodigious and his insight into corporate management considerable. His contributions to decision-making and Tosoh Group operational supervision are thus significant.



Mamoru Kuwada
Director and Executive Vice
President

Kuwada is experienced in manufacturing, production engineering, construction projects, and business and facilities management. He served as the senior general manager of the Yokkaichi Complex prior to his appointment as a director in June 2020. His expansive knowledge of the Tosoh Group's operations and management serve him well in adding to important corporate decisions and in supervising the Tosoh Group's operations.



Toru Adachi
Director and Executive Vice
President

Adachi worked in accounting, finance, corporate planning, and business management. He was appointed to the Tosoh Group's Board of Directors in June 2020 following service as the general manager of Corporate Strategy. His wide-ranging knowledge of diverse aspects of Tosoh Group operations and insights into corporate management make his inclusion in vital decision-making a must to the same extent that his involvement in the supervision of Tosoh Group operations is an imperative.

GOVERNANCE

Directors and Auditors



Tsutomu Abe
External Director

Abe was a representative director and vice president of Mizuho Bank, Ltd., and the president and CEO of IBJ Leasing Co., Ltd. (now Mizuho Leasing Co., Ltd.). He became a Tosoh Group external director in June 2015. Abe has a wealth of knowledge in finance, corporate management, and other fields that he brings to the table in helping to make decisions on matters of importance to the Tosoh Group and in his role as a supervisor and adviser to its management.



Keiichi Miura
External Director

Miura was a director and senior executive officer of Taiheiyo Cement Corporation before becoming a Tosoh Group external director in June 2020. His comprehension of research and planning, corporate management, and other areas makes him an ideal contributor to Tosoh Group decision-making and to managerial oversight and advice.



Yoshihiro Hombo
External Director

Hombo's positions prior to being named a Tosoh Group external director in June 2020 included those of executive vice president and representative director of Mitsui & Co. Today, he is the president and chief operating officer of Valqua, Ltd. He has extensive knowledge of sales, overseas operations, business management, corporate management, and other areas. He therefore appropriately supervises and advises Tosoh Group management and, as such, contributes to decisions on issues of importance to the Tosoh Group.



Mariko Hidaka
External Director

Hidaka is a certified public accountant and former senior partner at EY Ernst & Young ShinNihon LLC. She became a Tosoh Group external director in June 2020. She is extremely knowledgeable in accounting, auditing, corporate management, and other fields and is an asset in supervising and advising Tosoh Group management.

GOVERNANCE

Directors and Auditors



Sukehiro Itoh
External Auditor

Itoh was involved in banking for many years with The Industrial Bank of Japan, Limited (now Mizuho Bank, Ltd.). He then became a representative managing director and the head of the Chlor-alkali and Petrochemical Groups of the Tosoh Group. He was made a Tosoh Group external auditor in June 2017. His vast knowledge of finance, corporate management, and more ensures the soundness of his audits of Tosoh Group directors' execution of their duties.



Kouji Kawamoto
Internal Auditor

Kawamoto possesses experience of finance, accounting, information systems, and purchasing and logistics. He sat on the Board of Directors and served as an executive vice president of the Tosoh Group before being appointed to its Board of Auditors in June 2019. He is fully versed in finance and accounting and in corporate management and is thus a big contributor to ensuring the smooth functioning of the Tosoh Group.



Tetsuya Teramoto
External Auditor

Teramoto was a director and then the president and chief executive officer and finally the chairman of the board of Eiken Chemical Co., Ltd. He became a Tosoh Group corporate auditor in June 2014. His profound knowledge of corporate management and other matters enables him to fully audit all aspects of Tosoh Group directors' performance of their duties.



Tsuneyasu Ozaki
External Auditor

Ozaki served as a public prosecutor before joining the Special Investigations Department of the Tokyo District Public Prosecutors Office in 1996. He registered as an attorney in 2005 and today heads the Fukuoka branch of the law firm Nishimura & Asahi LPC. His appointment to the Tosoh Group's Board of Auditors was made in June 2014. His extensive legal background makes him an astute auditor of all aspects of Tosoh Group directors' execution of their duties.

R E S P O N S I B L E C A R E



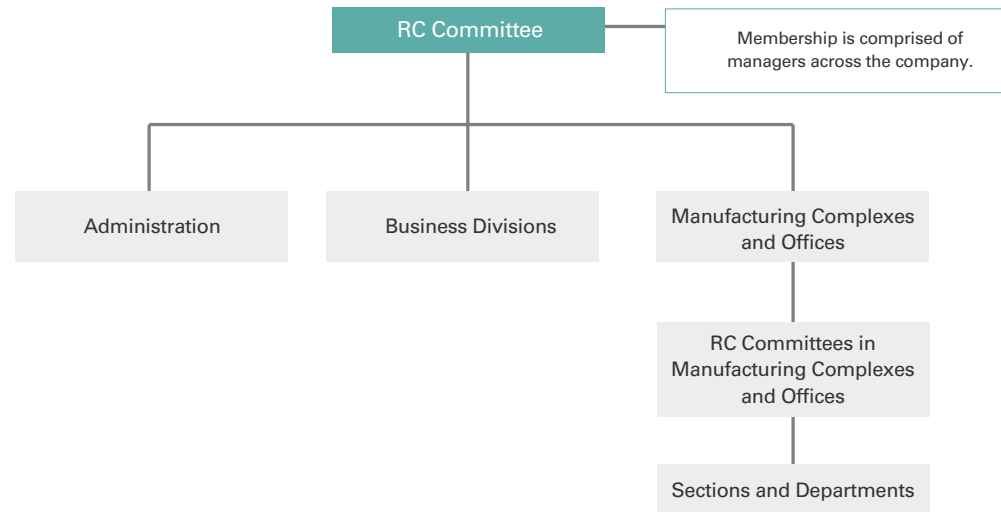
RESPONSIBLE CARE

RC Promotional Structure

Tosoh's RC Committee is chaired by the director in charge of the Environment, Safety, and Quality Control Division and consists of the heads of each of the administrative division, business division, and business office. The committee formulates RC action policies for the Tosoh Group; deliberates, advises, and approves important RC matters; and devises key measures related to RC activities. The results of the proceedings of its meetings and of its annual action policies are discussed and approved at Board of Directors meetings.

The status, meanwhile, of the RC activities at individual departments is ascertained through RC audits. The results of those audits are then reflected through the plan-do-check-act (PDCA) cycle incorporated in the RC Committee's improvement plan for the ensuing fiscal year in an attempt to enhance the Tosoh Group's RC activities.

The yearly results of the Tosoh Group's RC activities are provided in the annual, Japanese-language CSR Report and during exchange forums with local communities.



RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Safety and Disaster Prevention and Occupational Safety and Health	Achieve zero abnormal events and work time lost (Tosoh Corporation)	<p>Experienced three abnormal events and lost time by nine employees because of accidents</p> <hr/> <p>(1) Rolled out voluntary 5S and Hazard Prediction Training activities company-wide; referred to activities of other departments through the use of manufacturing complex patrols; had RC chairman conduct 5S patrols and awards</p> <p>(2) Promoted safety by transferring technology through completion of know-why materials and the utilization of an operational support system</p> <p>(3) Completed what-if study and studied the reduction of residual risk as planned</p> <p>(4) Promoted the investigation of in-house accident occurrences, informed governing bodies of causes and horizontal deployment</p> <p>(5) Created “construction risk assessment” and “construction procedure and hazard prediction sheet” protocols and put into use</p>	<p>Achieve zero abnormal events and incidents of work time lost because of accidents</p> <hr/> <p>(1) Attend to comprehensive basic safety activities, promote voluntary 5S and Hazard Prediction Training activities, and create and disseminate 5S guidelines and Hazard Prediction implementation standards</p> <p>(2) Implement risk assessment for instances of unsteadiness and modification, and focus on completing unsteadiness risk assessment</p> <p>Enhance risk assessment by reverifying safety equipment and constructing a means for the applying an abnormality reaction information system</p> <p>(3) Launch initiatives to eliminate the recurrence of industrial accidents, such as the reconfirmation of environment-setting procedures at manufacturing divisions</p> <p>(4) Strengthen construction system</p> <p>(5) Apply new technologies by promoting the succession of technologies related to the operational support system on-site construction</p>
	Promote earthquake and tsunami countermeasures	<p>(1) Proceeded as planned with seismic measures for high-pressure gas storage tanks, and completed work on 12 of 16 targeted tanks</p> <p>(2) Proceeded as planned with seismic reinforcement construction, and completed work on 14 of 36 targeted buildings Began formulating seismic and flooding countermeasures for power rooms</p>	<p>(1) Apply seismic measures for high-pressure gas storage tanks, and focus on implementing seismic response plan for completion in fiscal 2021</p> <p>(2) Promote seismic measures for key buildings, and study tsunami countermeasures, applying planned seismic reinforcement construction at the Nanyo Complex, while continuing to study tsunami countermeasures</p>

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Safety and Disaster Prevention and Occupational Safety and Health	Reconstruct security management system	<p>(1) Confirmed RC activity policies in manufacturing complex plans and progress at security meeting, and participated in audits</p> <p>(2) Began identifying sources of hazards and reviewing change management and education system</p>	<p>(1) Fortify headquarters structure by establishing a system where process engineers contribute to quality control</p> <p>(2) Assure certification requirements are enforced, and focus on enhancing the security management system</p>
	Reduce abnormal events and work time lost at group companies compared with fiscal 2017	<p>Experienced one abnormal event and lost time by 16 employees because of accidents</p> <p>(1) Held six safe environment exchange sessions at five companies</p> <p>Conducted two safe environment web conferences</p> <p>Conducted four safety and two environment education sessions using external trainer</p> <p>(2) Progressed with seismic diagnosis and restoration plans for key buildings</p> <p>Investigated and followed up on current status of earthquake and tsunami countermeasures</p> <p>(3) Conducted work audit for one company</p>	<p>Achieve zero abnormal events and incidents of work time lost because of accidents at group companies</p> <p>(1) Provide guidance to Tosoh Group companies by continuing safe environment exchange sessions and by promoting the use of safe environment web conferences</p> <p>(2) Continue to promote earthquake and tsunami countermeasures at Tosoh Group companies</p> <p>(3) Cooperate in work audits of overseas Tosoh Group companies (manufacturing companies)</p>

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Environmental Conservation	Pursue legal compliance for zero instances of noncompliance with legal or agreed values	<p>Exceeded Air Pollution Control Law control values in one case, agreed values in one case, and voluntary regulatory values in three cases</p> <p>(1) Implemented countermeasures where values were exceeded</p> <p>(2) Implemented environmental education, explanations of legal amendments, and training for pollution control managers Revised environmental management guidelines to ensure legal compliance</p> <p>(3) Conducted investigation of status of legal compliance using checklist, and gave instructions for revision and improvement as necessary</p>	<p>Pursue legal compliance for zero instances of noncompliance with legal or agreed values</p> <p>(1) Comply with voluntary control values; strengthen oversight of facilities specified by law; promote precautionary measures related to deviations; and conduct reeducation in cases of exceeding control values, including dissemination</p> <p>(2) Complete legal compliance in general, complete legal compliance specifically for other than measurement issues, and promote environmental education and employee competence in environmental issues</p> <p>(3) Create framework for management of Tosoh Group companies legal compliance</p>
	Reduce PRTR-designated substance emissions 30% compared with fiscal 2016	<p>Achieved PRTR-designated substance emissions of 385 metric tons</p> <p>Installed and began operation of monochlorobenzene (MCB) reduction equipment as planned</p> <p>Began planning of processing equipment for n-hexane</p>	<p>Achieve PRTR-designated substance emissions of less than 424 metric tons per year</p> <p>Promote n-hexane countermeasures</p> <p>Consider MCB emissions control (wastewater)</p> <p>Control emissions of all targeted substances in accordance with revision to law</p>
	Keep industrial waste disposal at less than 1,000 metric tons per year	<p>Achieved final landfill industrial waste disposal volume of 919 metric tons</p> <p>(1) Implemented treatment of wastewater as resource for cement</p> <p>(2) Continued intermediate processing of sludge and recycling of waste powder</p>	<p>Meet final reduction target for industrial waste disposal of less than 1,000 metric tons per year</p> <p>Achieve reductions in total emission volume and external processing volume</p> <p>Promote acceptance of waste plastic from external sources</p>

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Environmental Conservation	Promote planned disposal of equipment containing PCBs	<ul style="list-style-type: none"> (1) Implemented review of disposal plan (2) Scheduled completion of disposal by fiscal 2021 	<ul style="list-style-type: none"> (1) Implement planned disposal of equipment with low concentrations of PCBs (2) Complete disposal of equipment with high concentrations of PCBs by deadline
	Promote biodiversity conservation activities	<ul style="list-style-type: none"> (1) Published two case studies in Japan Business Federation's Private Sector Engagement Partnership for Biodiversity Implemented cleanup, volunteer, and community contribution activities in various areas (2) Looked at unique activities at manufacturing complexes and research facilities that consider regional characteristics (3) Revised Basic Principles Regarding the Environment, Safety and Health 	<ul style="list-style-type: none"> (1) Promote biodiversity conservation activities at forests, rivers, and coastlines; participate in community contribution activities, such as cleanups; and pursue the reduction, reuse, and recycling of waste material (2) Look at unique Tosoh Group business activities that consider regional characteristics
Quality Assurance and Pharmaceutical Quality Assurance	Reduce product complaints	<p>Received 18 complaints concerning products, achieved target</p> <ul style="list-style-type: none"> (1) Exposed instances of recurring complaints, confirmed validity of countermeasures, and implemented additional countermeasures in some cases Promoted contamination risk assessment after identifying contamination countermeasures as key issue based on reanalysis of complaints (2) Continued strengthening collaboration between quality control and manufacturing divisions Continued quality site inspections and quality-related communication, and strengthened and continued collaboration with manufacturing divisions (3) Performed raw material supplier audits at 83 companies 	<p>Reduce product complaints to less than 30 ppm</p> <ul style="list-style-type: none"> (1) Reduce product complaints and focus on preventing recurring complaints originating from identical causes and on enhancing and expanding contamination countermeasures (excluding for medical products and high-purity chemicals) (2) Strengthen cooperation between quality control and manufacturing divisions, and continue quality site inspections and communication (3) Strengthen the management of raw material suppliers, including for packing materials, as part of strengthening of supply chain management and communication

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Quality Assurance and Pharmaceutical Quality Assurance	Fortify quality control system for products from manufacturing contractors	<p>(1) Carried out manufacturing contractor quality audits at 19 companies</p> <p>(2) Reconstructed and began operation of product test result report system for product from some contractors</p> <p>Implemented construction of systems at eight external tank bases</p>	<p>(1) Fortify quality control system for products from manufacturing contractors by conducting quality audits of manufacturing contractors and clarifying their quality control systems</p> <p>(2) Strengthen the management of raw material suppliers, including for packing materials, by implementing planned audits of raw material suppliers</p>
	Confirm quality management system	<p>(1) Continued quality management investigations internally and at Tosoh Group companies, and conducted audits at 25 Tosoh Group companies that detected neither legal violations nor serious impacts on the environment or safety</p> <p>(2) Implemented follow-up interview audits at 3 companies</p>	<p>(1) Continue quality management audits internally and at Tosoh Group companies</p> <p>(2) Follow up on quality management audits of group companies</p>
	Fortify quality control system for Bioscience Division products	<p>(1) Implemented audits, constructed management systems, and revised related documents for research reagents and measurement products</p> <p>(2) Audited diagnostic product manufacturing facilities as planned</p> <p>(3) Audited product design divisions as planned</p> <p>(4) Planned to respond to revision in QMS ordinance upon enactment</p>	<p>(1) Ensure management of quality audits and shipment of research reagents and measurement products, just as with diagnostic products</p> <p>(2) Implement audits of diagnostic product plants</p> <p>(3) Implement audits of product design divisions</p> <p>(4) Respond to revision in QMS ordinance</p>
	Strengthen quality control system for pharmaceutical manufacturing and sales operations	<p>(1) Audited pharmaceutical manufacturing plants as planned</p>	<p>(1) Continue audits of pharmaceutical manufacturing sites</p>

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Chemical and Product Safety	Respond appropriately to chemical substance laws and regulations in Japan and overseas	<p>Achieved target (zero instance of serious noncompliance)</p> <p>(1) Implemented chemical substance risk assessment at each manufacturing complex</p> <p>Implemented system repair and formulated SDS renewal plan in accordance with revisions to SDS-related JIS</p> <p>Provided information on substances scheduled to be targeted by Japan's Poisonous and Deleterious Substances Control Law</p> <p>(2) Responded to revisions in Japan's Chemical Substances Control Law as planned</p> <p>Completed advance K-REACH declaration prior to deadline</p> <p>(3) Provided product information to users, including chemical substances contained, hazard and toxicity information, etc.</p>	<p>Achieve zero instances of serious noncompliance</p> <p>(1) Observe legal obligations</p> <p>Confirm risk assessments of chemical substances are being conducted</p> <p>Handle SDS and label reform in compliance with JIS</p> <p>Respond properly to Poisonous and Deleterious Substances Control Law with regard to newly identified substances</p> <p>(2) Handle notification and application</p> <p>Apply for new chemical substances, notify manufacturing, and observe export volume under Japan's Chemical Substances Control Law and Industrial Safety and Health Act</p> <p>Implement explanatory session for overseas legal regulations and prepare for registration in Korea and Taiwan</p>

RESPONSIBLE CARE

RC Activities

		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Logistics Safety	Investigate logistics incidents and complaints	<p>Incurred incidence rate of 70 ppm and did not achieve target</p> <hr/> <p>Conducted 54 follow-ups over a two-year period with Tosoh Logistics to confirm effectiveness Called attention to incident trends in advance Introduced truck sonar and jet pumps Strengthened guidance to logistics contractors through various patrols</p>	<p>Reduce logistics incidents and complaints to less than 70 ppm</p> <hr/> <p>Continue to follow up and to confirm effectiveness Continue to analyze incident trends using an incident reporting system and prevent incidents</p>
	Examine major accidents	<p>Recorded one major accident and did not achieve target</p> <hr/> <p>Conducted bridge resource management (BRM) training for 22 vessels Conducted Hazard Prediction Training based on the 4-Round Method Implemented work-oriented patrols once per month from August 2019 through March 2020</p>	<p>Aim for zero major accidents</p> <hr/> <p>Continue BRM training for crews on regular chartered vessels Continue support for Tosoh Logistics' reconstruction of safety culture</p>
	Ensure logistics safety	<p>Handled major issues as planned Implemented risk assessment for on-site work and considered risk reduction countermeasures Launched initiatives to improve particularly hazardous loading work resulting from investigation of customer loading work Completed responses to 239 cases (out of 500) of hazardous work and environmental improvement at manufacturing complexes</p>	<p>Investigate and consider improvement measures for high-risk customer cargo handling duties Implement risk assessment for on-site work and consider risk reduction countermeasures</p>

RESPONSIBLE CARE

RC Activities

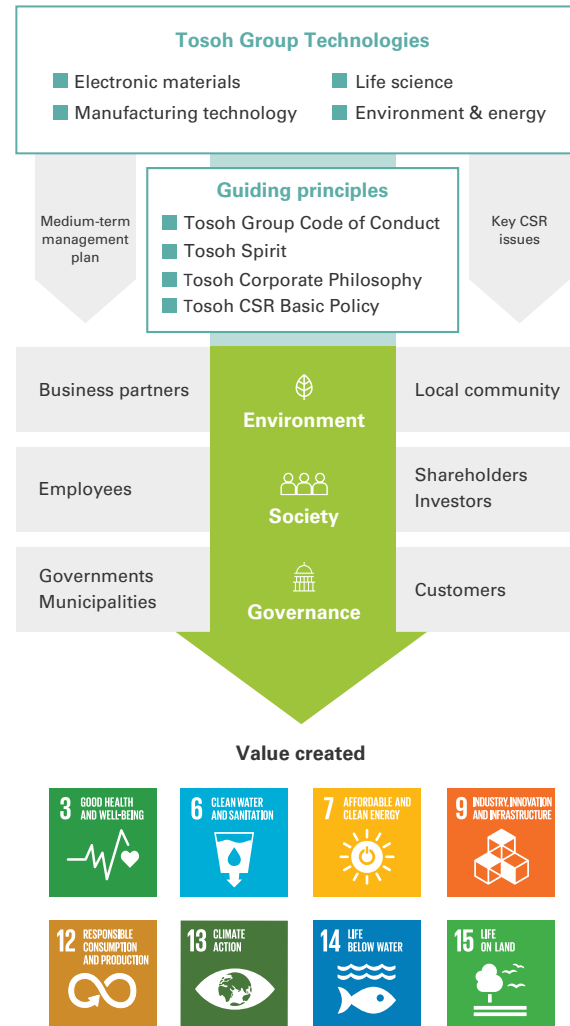
		Fiscal 2020 Activity Results	Fiscal 2021 Goals
Public Dialogue	Promote risk communication activities	Continuously conducted media training	Continue media training
	Promote cooperation with local community	Engaged in dialogue with communities, and conducted factory tours and exchanges with residents' associations	Promote cooperation with local community through community dialogue, factory tours, and exchanges with residents' associations, schools, and governments

RESPONSIBLE CARE

Value Creation

The Tosoh Group's value-creation process correlates with CSR and can be likened to a tree. Beneath the sun of the Tosoh Group's corporate philosophy and CSR Basic Policy, the value-creation tree will not wither and die even in an environment of harsh global social issues. To the contrary, it will flourish under management's tending and fertilization with the five tenets of the Tosoh Spirit and the Tosoh Group Code of Conduct. Its increasingly sturdy trunk embodies the Tosoh Group's embrace of society, the environment, and corporate governance.

Our value-creation tree's embrace of society involves strengthening relationships of trust with stakeholders. Working with stakeholders ensures our further growth and, in turn, raises our ability to achieve the SDGs and resolve diverse other social issues in the name of more value creation and more giving back to society. Through a kind of virtuous circle of CSR activities, the Tosoh Group hopes that in fulfilling its corporate social responsibilities it contributes to the realization of a sustainable society.



RESPONSIBLE CARE

Relationships with Stakeholders

Acting on its corporate philosophy and CSR Basic Policy, the Tosoh Group provides value to its stakeholders through its products and services and its environmental, social, and governance (ESG) initiatives.

We are aware that ongoing communication with our stakeholders is an excellent means of gaining and maintaining the trust of society and of sustaining our growth.

Stakeholder	Tosoh's Role	Communication Tools	Communication Opportunities
Shareholders and investors	Disclosing business results, business policies, management strategy, and other information at the right time and as appropriate Building relationships of trust with shareholders and investors Ensuring appropriate return on investment	Annual reports Financial results, financial presentations Securities reports Business reports Questionnaires from ESG evaluation agencies	General meeting of shareholders Financial results presentation Teleconferences Small meetings Individual interviews Plant tours
Customers	Providing safe, secure, consistent, and high-quality products and services Building relationships of trust with customers Developing products that meet customer needs and improving customer satisfaction	Product pamphlets Safety data sheets (SDS) Help desk	Business activities Quality assurance support Exhibitions User audits Call centers
Local communities	Ensuring safe and secure operations Contributing to community development Building and maintaining relationships of trust with local communities	Pamphlets about the Nanyo and Yokkaichi Complexes and the laboratories	Plant tours Exchange through community events Community dialogues and opportunities to exchange ideas
Municipalities	Complying with laws Disclosing information appropriately and in timely fashion	CSR procurement guidelines CSR self-assessment questionnaire (SAQ)	Filings Meetings
Suppliers	Ensuring fair trade		Purchasing activities
Employees	Providing a pleasant and meaningful place to work Improving systems and education to maximize the abilities of employees Ensuring stable lives for employees and their families	Internal newsletters Intranet Consultation and reporting hotlines	Labor-management council Training Business reports (interviews with supervisors) Dialogues with management Workplace roundtable

CREATING SHARED VALUE



CSR Basic Policy

The Tosoh Group places CSR activities at the core of management and aims to realize its corporate philosophy by sharing and practicing the following CSR basic policy.

Contribute to the sustainable development of society through business activities

We provide innovative and reliable products and services that resolve social issues and contribute to people's well-being by deepening our proprietary chemical-based technologies and by collaborating with our global business partners.

Ensure safe and stable operation

We recognize that ensuring the safety and health of people involved in our business activities and enabling stable operations are the most important of management issues and work diligently to foster a culture of safety and stability as foundational to our operations.

Develop and hand down a free and open corporate culture

We seek a vibrant corporate culture that our employees and their families can be proud of by developing an open and rewarding work environment where human rights and diversity are respected.

Preserve the global environment

We comprehensively manage our chemical substances to minimize the environmental impact of our business activities across the breadth of our value chain globally.

Pursue integrity in corporate activities

We work to be a global corporate group that is trusted by its stakeholders by ensuring thorough compliance, integrity, and transparency in our corporate activities based on dialogue and collaboration.

Message from the CSR Director

As we entered the second year since our implementation of the Tosoh Group CSR Basic Policy in fiscal year 2018, we continued to promote activities related to the policy and to key CSR issues among employees. Those efforts were led by the departments in charge.

We also continued and will continue to participate in external initiatives regarding CSR. Those initiatives exemplify the United Nations Global Compact, which we signed in April 2019, and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which we endorsed in November 2019. And they raise our internal awareness and promotion of our contributions to the SDGs.

Masayuki Yamada
Director and Executive Vice President



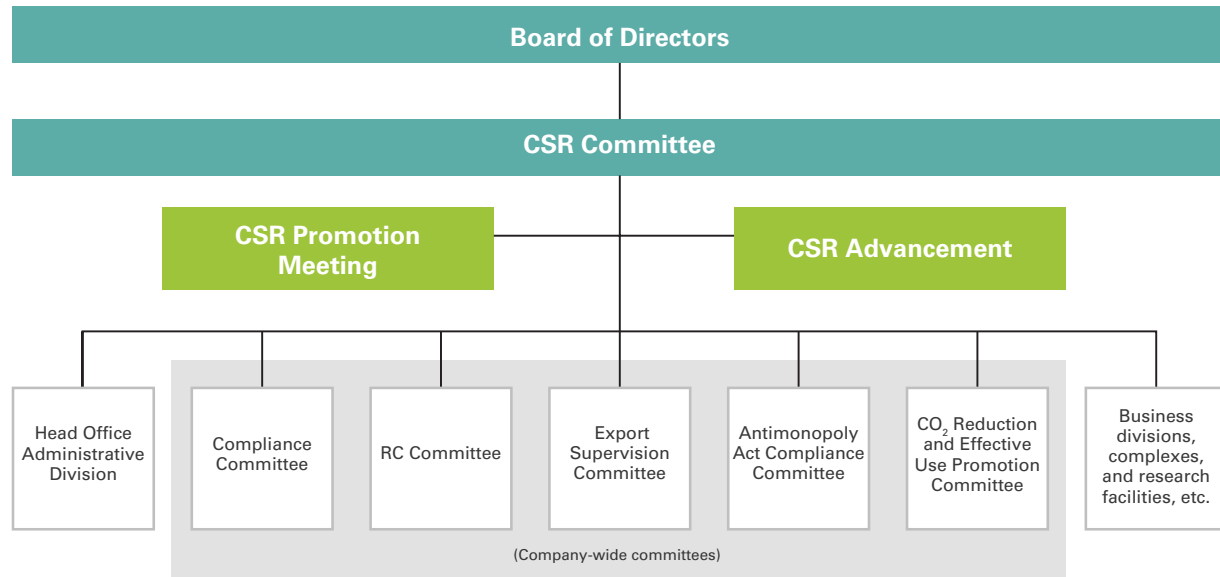
CSR Promotion System

Tosoh's CSR Committee is chaired by the president of Tosoh Corporation and consists of members of the Management Reporting Meeting, of the heads of management departments at Tosoh's headquarters, and of the chairpersons of the company's various other committees. The CSR Committee formulates policies on CSR activities, manages the progress of key CSR issues, and reports its policies and the progress thereon to the Board of Directors.

Tosoh has also formed a CSR Promotion Meeting and a CSR Advancement Office. The former complements the CSR Committee, while the latter serves as the secretariat for the CSR Committee and the CSR Promotion Meeting as a dedicated CSR department.

In fiscal 2020, the CSR Committee met twice. In August, the committee deliberated on the identification of material CSR issues. In March, it verified progress in achieving targets related to those issues.

In the second year since the establishment of the Tosoh Group CSR Basic Policy, the committee endeavored to make the policy more widely known within the Tosoh Group. It participated in external evaluations of and focused on disseminating information about the policy.



CREATING SHARED VALUE

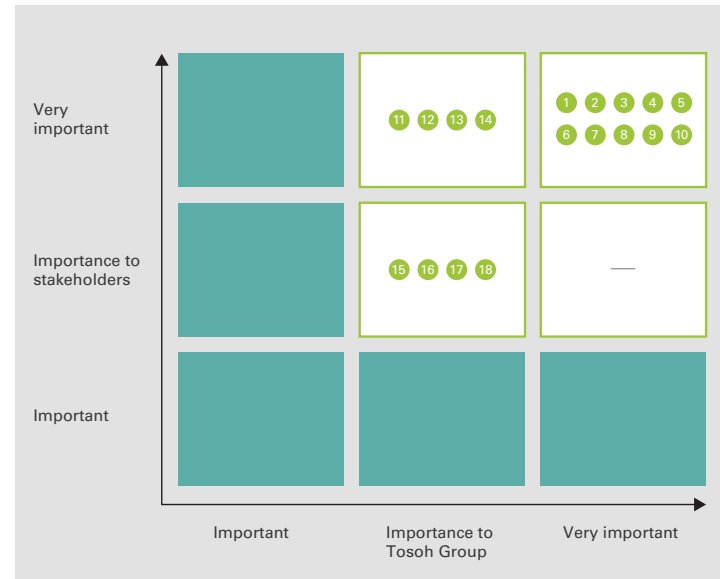
Key CSR Issues (Materiality)

The Tosoh Group identified candidate material issues in CSR first based on the ISO 26000 and GRI standards and trends at other companies. ISO 26000 is a globally recognized International Organization for Standardization (ISO) designation for organizational social responsibility. The GRI is an international standard for sustainability issued by the nongovernmental organization (NGO) the Global Reporting Initiative (GRI).

Following this, the Tosoh Group narrowed the number of possible key issues using a biaxial assessment matrix. It plotted the importance of each issue to stakeholders along one axis and their importance to the Tosoh Group along the other.

This assessment in hand, and after further deliberations at the CSR Committee meeting held in August 2018, the Tosoh Group identified 18 material CSR issues for achieving sustainable growth, for the Tosoh Group and for society at large. Since then, we've also defined key performance indicators (KPIs) for those issues and set medium-term targets and the CSR activities needed to achieve those targets.

Materiality Matrix



- | | |
|--|---------------------------------------|
| 1 Products and Technologies to Resolve Social Issues | 10 Diversity |
| 2 Compliance | 11 Stakeholder Communication |
| 3 Safe, Stable Operations | 12 Personnel Development |
| 4 Climate Change Responses | 13 CSR Supply Chain Management |
| 5 Quality Management | 14 Employment and Recruitment |
| 6 Occupational Safety and Health | 15 Cybersecurity |
| 7 Chemical Substance Management and Product Safety | 16 Business Continuity Planning (BCP) |
| 8 Environmental Conservation | 17 Biodiversity |
| 9 Comfortable Workplace | 18 Human Rights |

CREATING SHARED VALUE

Key CSR Issues

Key Issues	Key Performance Indicators (KPI)	Targets			Results	
		FY 2019	FY 2020	FY 2021	FY 2020	Achieved Yes/No
1) Products and Technologies to Resolve Social Issues	Development and provision of innovative products and technologies (number of news releases, newspaper articles)	8	3 or more	3 or more	15	Yes
	Announcement of research results through Tosoh research and technology reports (number of posts)	24	10 or more	10 or more	28	Yes
	Implementation of open innovation to resolve social issues (number of news releases)	3	2 or more	2 or more	2	Yes
2) Compliance	Number of major legal violations	Zero	Zero	Zero	Zero	Yes
	Continuation of educational activities for legal compliance and corporate ethics	Further spread awareness of the Tosoh Group Code of Conduct and provide training on compliance company-wide or by division.			Implemented as planned	Yes
3) Safe, Stable Operations	Number of accidents (abnormal events)	Internal: 2 Group companies: 1	Zero	Zero	Internal: 3 Group companies: 1	No
	Number of accidents (major logistics accidents)	1	Zero	Zero	1	No

CREATING SHARED VALUE

Key CSR Issues

		FY 2019	FY 2020	FY 2021	FY 2019	Achieved Yes/No
4) Climate Change Responses	Reduction in energy-derived CO ₂ emissions	1.5% decrease in Business as Usual (BAU) emissions volume by FY 2026	<ul style="list-style-type: none"> Reduction target: 6% decrease in BAU emissions volume by FY 2026 (against FY 2013 standard) Applicable from FY 2019 		3.2% decrease from presumed BAU emissions volume in FY 2026	Probable achievement
	Measurement of basic unit for energy use	0.6% average annual decrease	1% average annual decrease	1% average annual decrease	0.2% average annual decrease	No
	Measurement of basic unit for energy use in logistics	1.8% average annual decrease	1% average annual decrease	1% average annual decrease	0.4% average annual decrease	No
5) Quality Management	Number of complaints about products manufactured at complexes	50	35 or fewer	30 or fewer	18	Yes
	Incidence rate of logistics complaints and problems	116 ppm	50 ppm or fewer	70 ppm or fewer	70 ppm	No
	Incidence rate of small-lot transport complaints	60 ppm	Incorporate into logistics complaint and problem incidence rate		-	-
	Ratio of quality audits conducted for manufacturing contractors	58%	50% or more of companies targeted	50% or more of companies targeted	41% (impact of COVID-19)	No
	Number of quality audits conducted for Tosoh internally or for its domestic consolidated subsidiaries	24	All manufacturers targeted (24)	All manufacturers targeted (24)	24	Yes

CREATING SHARED VALUE

Key CSR Issues

Key Issues	Key Performance Indicators (KPI)	Targets			Results	
		FY 2019	FY 2020	FY 2021	FY 2019	Achieved Yes/No
6) Occupational Safety and Health	Number of employees who lost time because of accidents	Internal: 2 Group companies: 9	Zero	Zero	Internal: 2 Group companies: 10	No
	Number of affiliated company accidents requiring time off work	Internal: 5 Group companies: 4	Zero	Zero	Internal: 7 Group companies: 6	No
7) Chemical Substance Management and Product Safety	Number of major nonconformities	Zero	Zero	Zero	Zero	Yes
8) Environmental Conservation	Number of violations of environmental laws and regulations and agreements	Zero	Zero	Zero	Zero	Yes
	Number of deviations from regulatory or agreed values	1	Zero	Zero	1	No
	Reduction in PRTR-designated substance emissions	462 metric tons	424 metric tons or less (30% decrease against FY 2016)	424 metric tons or less (30% decrease against FY 2016)	385 metric tons	Yes
	Reduction in industrial waste disposal volume	937 metric tons	1,000 metric tons or less	1,000 metric tons or less	919 metric tons	Yes
	Promotion of disposal of polychlorinated biphenyl (PCB)-containing equipment	Complete the disposal of equipment containing high PCB concentrations in FY 2021			Disposal scheduled for completion within FY2021	Yes

CREATING SHARED VALUE

Key CSR Issues

Key Issues	Key Performance Indicators (KPI)	Targets			Results	
		FY 2019	FY 2020	FY 2021	FY 2019	Achieved Yes/No
9) Comfortable Workplace	Ratio of male employees taking paternity leave	81.7%	90% or more	95% or more	89.7%	No
	Ratio of male employees taking childcare leave	14.4%	10% or more	13% or more	14.9%	Yes
	Ratio of all employees taking annual paid leave	75.5%	78% or more	80% or more	79.2%	Yes
	Ratio of regular employees taking annual paid leave	65.7%	67% or more	70% or more	70.4%	Yes
	Implementation of health-promoting activities	Improve physical fitness, lifestyle, and mental health as three pillars of health-promoting activities, and plan and implement effective activities to achieve all three			Implemented as planned	Yes
10) Diversity	Proportion of female employees hired in regular positions	14.6%	20% or more	20% or more	17%	No
	Number of management-level female employees	10	15 or more	18 or more	13	No
	Ratio of disabled person employment	1.9%	2.2% or better	2.2% or better	2%	No
	Ratio of retired employee reemployment	87%	80% or more	80% or more	94%	Yes

CREATING SHARED VALUE

Key CSR Issues

Key Issues	Key Performance Indicators (KPI)	Targets			Results	
		FY 2019	FY 2020	FY 2021	FY 2019	Achieved Yes/No
11) Stakeholder Communication	Promotion of understanding and timely and appropriate disclosure of information through proactive dialogue with shareholders and investors	<ul style="list-style-type: none"> • Improve IR activities through dialogue with institutional investors and analysts • Strengthen IR activities for retail investors • Upgrade content of disclosure information • Upgrade shareholder relations (SR) activities • Diversify exercising of voting rights (e.g., by smartphone) 			Implemented as planned	Yes
	Coexistence with communities	<ul style="list-style-type: none"> • Conduct factory tours for local residents • Participate in community events • Support community through sports 			Implemented as planned	Yes
12) Personnel Development	Implementation of education and training at all levels, and correct placement of personnel	<ul style="list-style-type: none"> • Conduct education and training meetings • Conduct education and training at all levels 			Implemented as planned	Yes
	Enhancement of language skills through education and training	Conduct overseas language study, training			Dispatch not yet conducted (impact of COVID-19)	–
13) CSR Supply Chain Management	Preparation and performance of CSR procurement	<ul style="list-style-type: none"> • Devise and disclose basic procurement policy • Organize CSR procurement requests from users • Review and send self-assessment questionnaire (SAQ) 			Implemented as planned	Yes
14) Employment and Recruitment	Maintenance of employment to achieve growth strategy	Attract personnel appropriate to achieving medium-term business plan			Implemented as planned	Yes

CREATING SHARED VALUE

Key CSR Issues

Key Issues	Key Performance Indicators (KPI)	Targets			Results	
		FY 2019	FY 2020	FY 2021	FY 2019	Achieved Yes/No
15) Cybersecurity	Number of major cybersecurity incidents	Zero	Zero	Zero	Zero	Yes
16) Business Continuity Planning (BCP)	Consideration of measures for ensuring physical safety in emergencies	<ul style="list-style-type: none"> • Prepare review of types of disaster countermeasure regulations • Provide crisis management measures for staff overseas or traveling on business • Conduct education and training on types of regulations 			Implemented as planned	Yes
	Consideration of facility restoration period				Implemented as planned	Yes
17) Biodiversity	Promotion of biodiversity preservation	<ul style="list-style-type: none"> • Ascertain correlation between business activities and biodiversity • Formulate biodiversity action policy • Promote biodiversity preservation 			Implemented as planned	Yes
18) Human Rights	Holding of education sessions for new human rights concept and harassment prevention	<ul style="list-style-type: none"> • Conduct new human rights concept training in stratified manner • Conduct harassment prevention training 			Implemented as planned	Yes

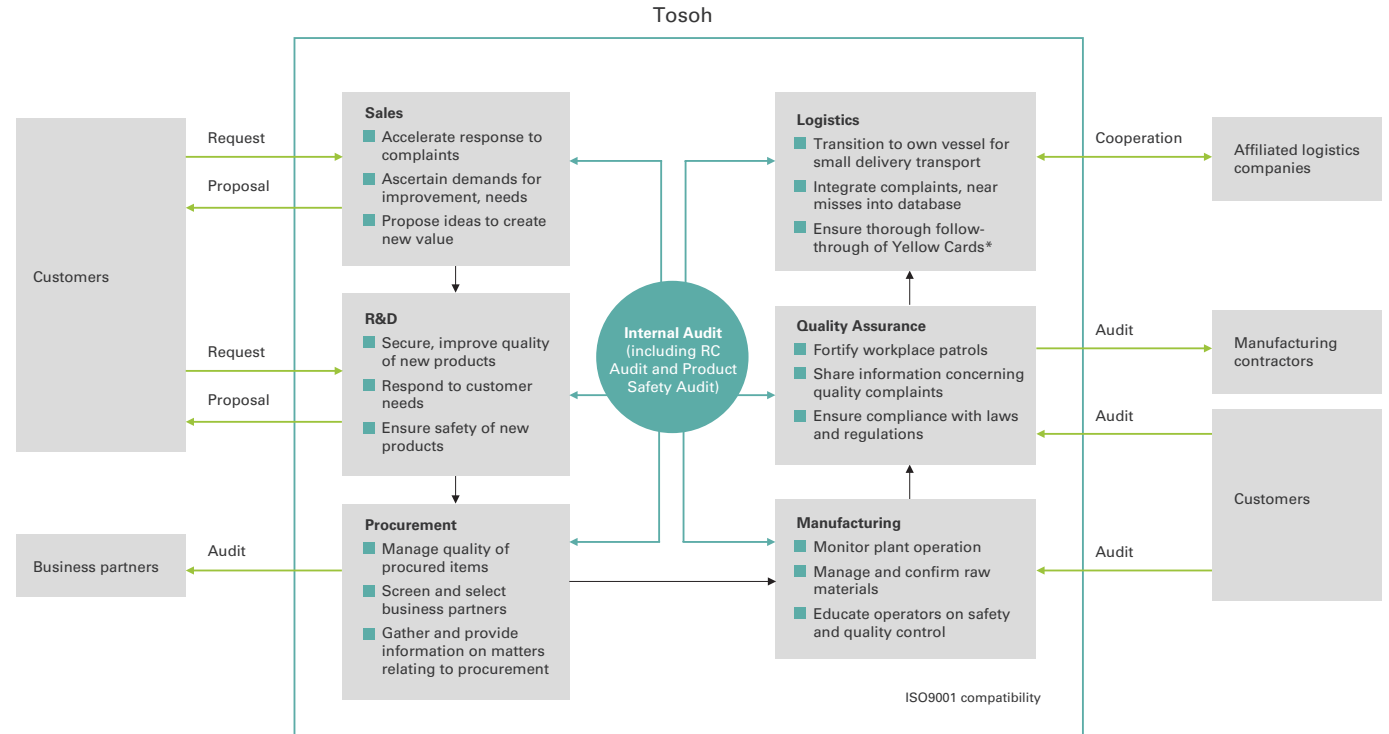
QUALITY MANAGEMENT



QUALITY MANAGEMENT

Improving Quality in Logistics

Tosoh Group companies in Japan transport their products to customers mainly by truck and ship. Because some of our products contain substances classified under Japan's Fire Service Act and Poisonous and Deleterious Substances Control Act, their management during transport is critical. We are therefore always improving our transport oversight—primarily through our Logistics Division—to reduce our annual incidence rate for logistics-related accidents, complaints, and problems. We calculate our incidence rate as follows: the number of logistics accidents, complaints, and problems / the number of products transported × 1 million.



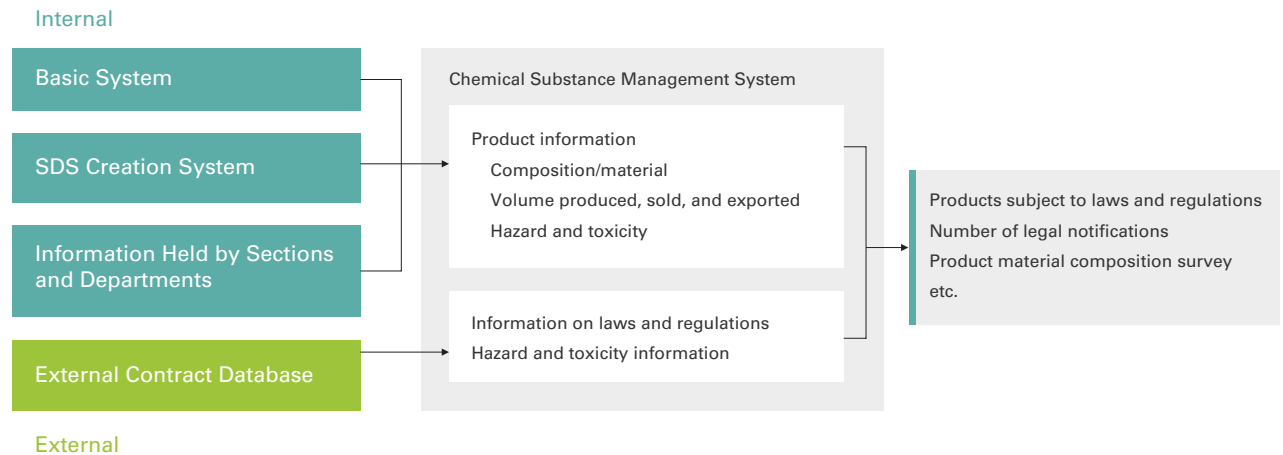
*Yellow Cards are part of activities recommended by the Japan Chemical Industry Association (JCIA). The cards contain information about the right actions to take if an accident occurs. They provide contact details to ensure proper responses by transportation companies, firefighters and police officers if an accident occurs during the transport of chemical substances. Transport personnel must carry these cards at all times.

Chemical Substance Management System

In fiscal 2016, Tosoh introduced a chemical substance management system to centralize its management of chemicals and to ensure its compliance with all laws and regulations worldwide. That system has involved compiling a database of the chemical substances in each Tosoh product. The database makes it possible to search not just for products and their chemicals but also for the laws and regulations that apply to each chemical.

To comply with Japan’s Food Sanitation Act Positive List, we improved the search function of and added a survey function to the database in fiscal 2020. We will continue to improve our chemical substance management system overall, including adding to the functionality of its database.

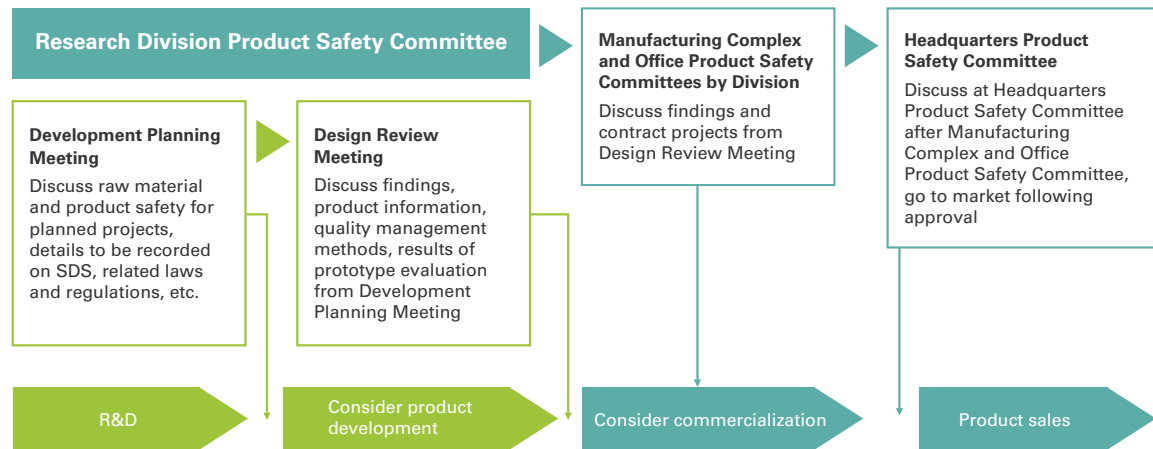
The Tosoh Group, meanwhile, has certificate-issuing authority for some of its products. As with our database, this facilitates a swift response to customer requests to know the chemical content of those products.



Product Safety Audits

In Japan, Tosoh Group employees work in line with Japan's Product Liability Act to ensure product safety. This entails providing accurate information on our products.

Our Product Safety Review Committee meets to verify the safety of our product's raw materials and of our products and deliberates on legal regulations at each phase of product involvement within the Tosoh Group, from R&D to sales. In fiscal 2020, the committee met 46 times.



IN HARMONY WITH
OUR EMPLOYEES



IN HARMONY WITH OUR EMPLOYEES

Creating Comfortable Workplaces

The Tosoh Group seeks work-life balance for its employees. On the work side, it strives to provide workplace environments where employees can continue to feel fulfilled in ways that carry over into their lives. We are putting in place, moreover, policies related to our workplaces that better fit contemporary employee lifestyles.

	FY 18	FY 19	FY 20
Regular employees ¹	3,404	3,501	3,576
New employees	163	215	208
Employees with foreign citizenship ²	11	10	15
Reemployed employees ²	48	53	47
Disabled person employment rate ²	2.03%	1.91%	2.00%
Average age ¹	39.9	39.5	39.1
Average years of continuous service ¹	14.7	14.6	14.6
Employee turnover ³	0.59%	0.91%	0.98%
Employee retention rate (three years after joining)	98.7%	97.4%	96.9%

1. Figures include employees from Tosoh Group companies seconded to Tosoh Corporation but exclude Tosoh Corporation employees seconded to Tosoh Group companies.

2. Figures include Tosoh employees seconded to group companies.

3. Figures reflect voluntary retirees, excluding mandatory retirees; transfers to Tosoh Group companies; promotions to executive positions; expirations of sick leave period; and punitive dismissals.

IN HARMONY WITH OUR EMPLOYEES

Work Style Reform

We introduced work style reforms in April 2015. These include reducing annual working hours and establishing more comfortable workplaces.

We are promoting a morning work schedule and using a working hour management system to visualize the status of attendance. The latter is fostering greater awareness of time and optimizing working hours. We have also established a refreshment support leave scheme that encourages employees to take at least five consecutive-day vacations each year to improve our annual leave utilization rate.

The Tosoh Group's goal is to put in place a virtuous cycle that improves the work environment and job satisfaction of employees and that builds a strong corporate structure that supports the Tosoh Group's sustainable growth.

FY 20 Results	
Annual total working hours ¹	1,897 hours/person
Annual total overtime working hours ¹	205 hours/person
Rate of use of annual paid leave ²	79.2%

1. Data is for nonexecutive level personnel.

2. Data is for employees, and the calculation period is July of the current year through June of the following year.

Female Employee Recruitment and Engagement

Tosoh prioritizes the recruitment and engagement of women. In the last three years, we have added 81 women to our employee ranks, steadily raising the percentage of female employees in our workforce to 9.8% as of the end of fiscal 2020.

Our Japanese operations have in place an action plan for female employment based on Japan's Act on the Promotion of Women's Participation and Advancement in the Workplace. Our focus is on increasing our ratio of and broadening our job categories for female employees, cultivating female managers, and working toward the retention and advancement of women within our operations.

	FY 18	FY 19	FY 20
Number of female employees	302	322	336
Number of female new graduates or mid-career female hires	20	26	35
Number of management-level female employees*	9	10	13
Proportion of management-level female employees*	0.90%	0.98%	1.26%

*Figures include seconded employees.

IN HARMONY WITH OUR EMPLOYEES

Work-Life Balance

Tosoh is expanding and upgrading its regulations for a workplace culture that helps employees balance work and life outside work.

We have established childcare and family care leave and extended leave systems, including a reduced working hour scheme, to facilitate childcare. And we have transformed our nursing and family care leave systems into paid leave to make it easier for employees to use.

We also issued a family care guidebook presenting basic family care knowledge and information on how to follow government regulations and introducing our support systems in an easy-to-understand format. By making this information widely available, to employees engaged in family care and their coworkers not engaged in family care, we aim for an understanding work environment where all employees can work with peace of mind.

We will continue to establish a workplace environment that, while fostering the motivation and satisfaction of all employees, recognizes and values diverse employee lifestyles.

		FY 18	FY 19	FY 20
Childcare leave recipients (new) and percentage taken/returned to work	Men	1 Leave taken: 0.7% Returned: 100%	22 Leave taken: 14% Returned: 100%	22 Leave taken: 15% Returned: 100%
	Women	13 Leave taken: 100% Returned: 100%	13 Leave taken: 100% Returned: 90%	13 Leave taken: 100% Returned: 100%
Paternity and childcare leave recipients		122 Leave taken: 87%	125 Leave taken: 82%	157 Leave taken: 90%
Employees taking advantage of reduced working hours to facilitate child care		41	40	38
Extended family care leave recipients		1	0	0
Family care leave recipients		1	14	19

IN HARMONY WITH OUR EMPLOYEES

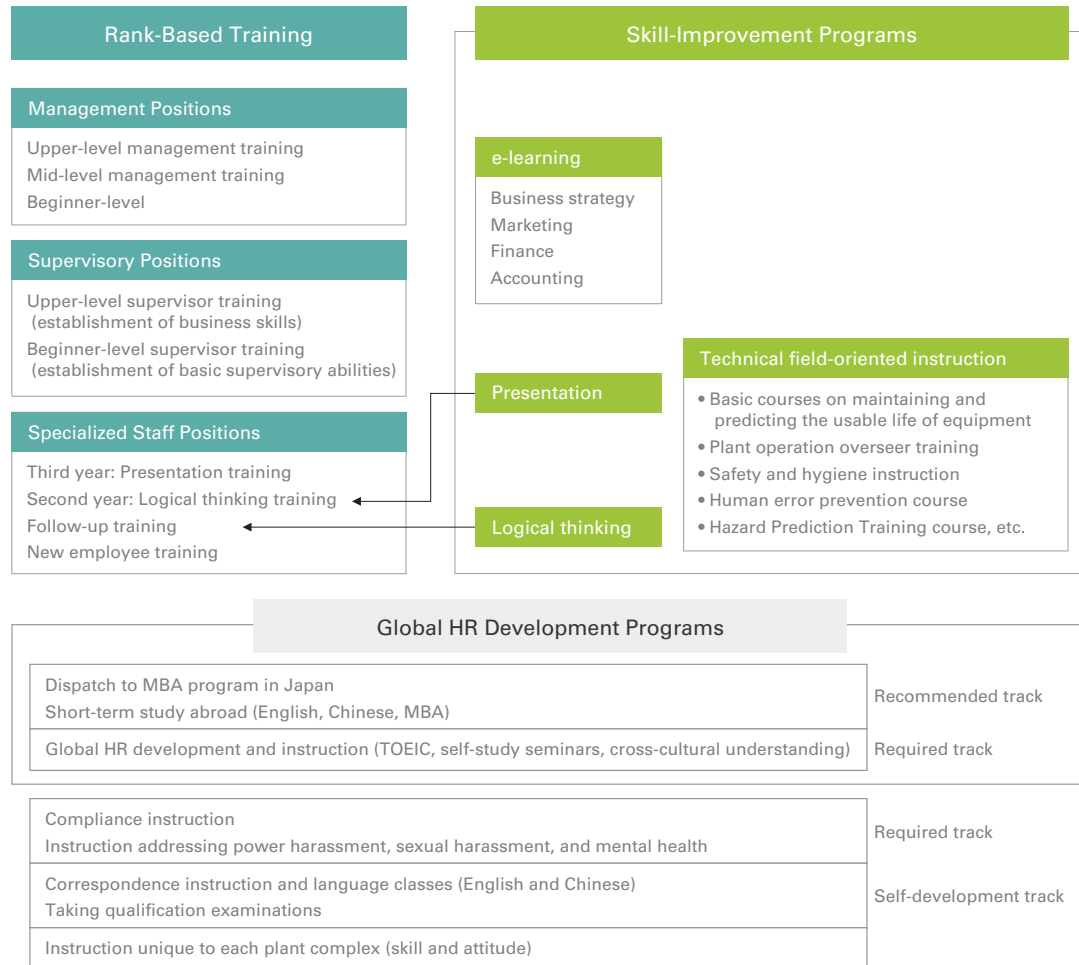
Rank-Based Training

We provide training to match the needs of employees of all ranks.

New employee training and logical thinking training are provided for the first through third years of employment to strengthen and consolidate basic skills as a member of society. Beginning-level supervisor training is provided for fourth- and fifth-year employees through which they can acquire problem-solving skills.

Mid-level employees who have worked at Tosoh for more than five years use e-learning programs to acquire business skills, such as business strategy and marketing skills. Those about to be promoted to management positions benefit from practical, case-based exercises where they apply the skills they've acquired through e-learning.

Executives are provided with training that gives them an understanding of the roles of employees at each rank. They also acquire the business skills they'll need as future management executives.



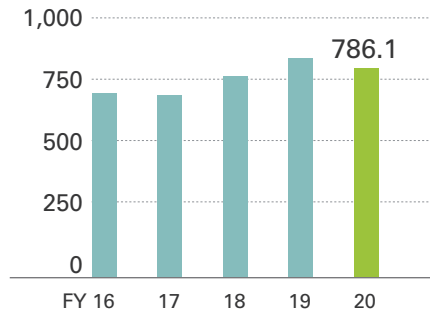
FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS

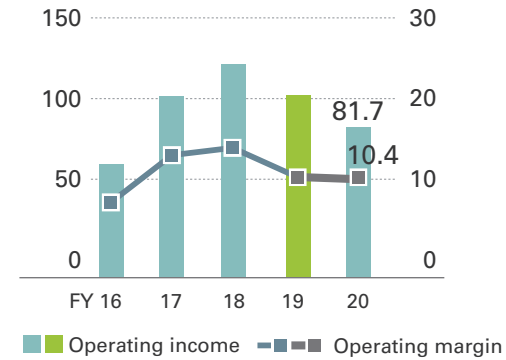
Net Sales

(billions of yen)



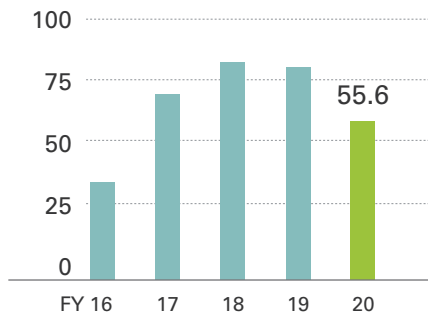
Operating Income/Operating Margin

(billions of yen)



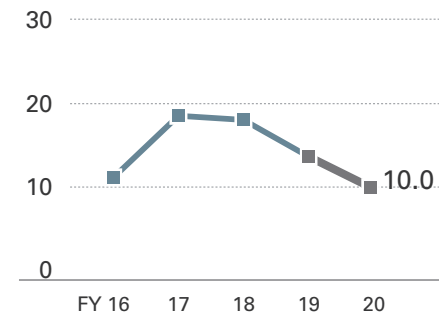
Profit Attributable to Owners of the Parent Company

(billions of yen)

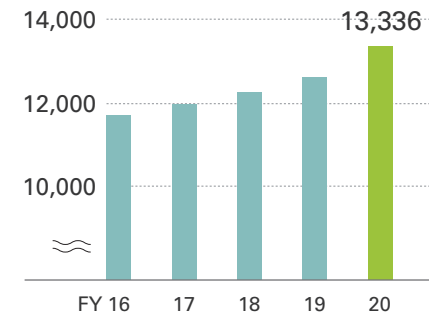


Return on Equity (ROE)

(%)



Number of Employees



FINANCIAL HIGHLIGHTS

Petrochemical Group

Olefins

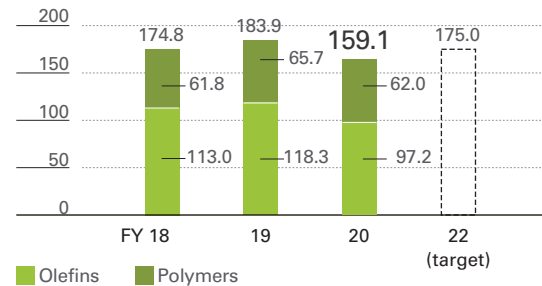
The olefins business centers on the naphtha cracker at the Yokkaichi Complex. Tosoh produces basic petrochemical raw materials, such as ethylene and propylene.

Polymers

Tosoh supplies polymers to meet a wide range of needs. It also integrates its polyethylene and functional polymer operations to produce an array of distinctive products.

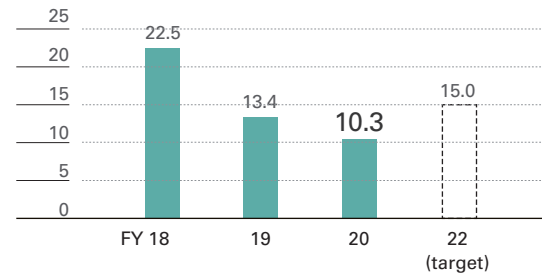
Net sales

(billions of yen)



Operating income

(billions of yen)



Fiscal Year 2020 Results

Petrochemical Group net sales decreased ¥24.8 billion, or 13.5%, to ¥159.1 billion, compared with fiscal 2019. Operating income likewise decreased, ¥3.1 billion, or 23.1%, to ¥10.3 billion.

Shipments of olefin products, such as ethylene, decreased owing to a drop in production. Olefin production declined because of an increase in the number of regular maintenance days and a decrease in demand amid a global economic slowdown.

Exports of polyethylene resin increased for solar cell encapsulation membrane applications. However, exports of chloroprene rubber decreased, mainly to Asia.

In addition, olefin and polyethylene product prices declined as a result of lower prices for naphtha and other raw fuels and price declines in overseas markets.

The dip in operating income was attributable chiefly to decreased shipments of functional polymer products, such as chloroprene rubber, which have high profit margins. Also contributing to diminished operating income was a deterioration in the difference between product receipts and payments because of lower prices for such raw materials as naphtha.

FINANCIAL HIGHLIGHTS

Chlor-alkali Group

Chemical Products

Our production of chlor-alkali involves the joint manufacturing of caustic soda and chlorine at Asia's largest electrolysis facility.

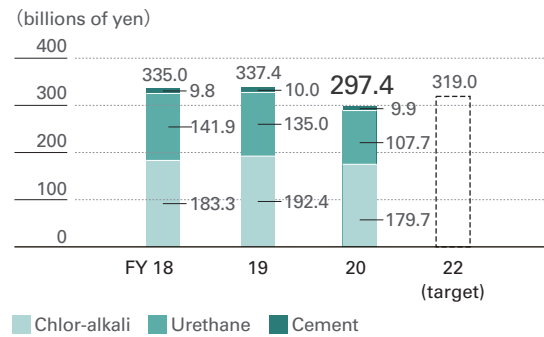
Urethanes

We manufacture polyurethane raw materials used in automobiles, home electronics and homes in general, and industrial materials.

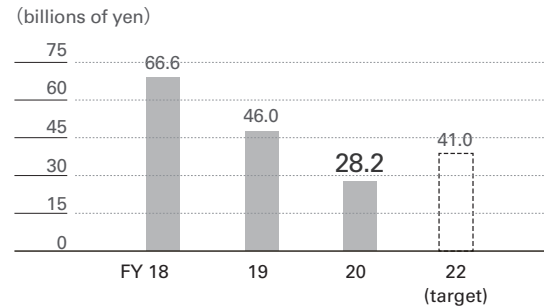
Cement

We produce cement using recycled raw materials, including waste plastic, automobile shredder residue (ASR), and construction waste soil.

Net sales



Operating income



Fiscal Year 2020 Results

The Chlor-alkali Group's net sales decreased ¥40.0 billion, or 11.9%, to ¥297.4 billion, compared with fiscal 2019. Operating income, too, was down, ¥17.8 billion, or 38.7%, to ¥28.2 billion.

Prices for urethane raw materials, caustic soda, and polyvinyl chloride (PVC) products fell because of a decline in naphtha prices and difficult overseas market conditions. Shipments of raw materials, such as urethane, fell as a result of stagnant demand in Japan and abroad.

PVC products faced significantly harsh trade conditions despite declines in the prices of naphtha and other raw materials and fuels. The impact of decreased urethane and caustic soda prices simply could not be overcome and dragged down the Chlor-alkali Group's operating income.

An increase in fixed costs resulting from the implementation of large-scale repairs at the Nanyo Complex power plant also contributed to the decrease in operating income.

FINANCIAL HIGHLIGHTS

Specialty Group

Organic Chemicals

The core chemical products Tosoh manufactures are ethyleneamines, environmental chemicals, bromine, and flame retardants.

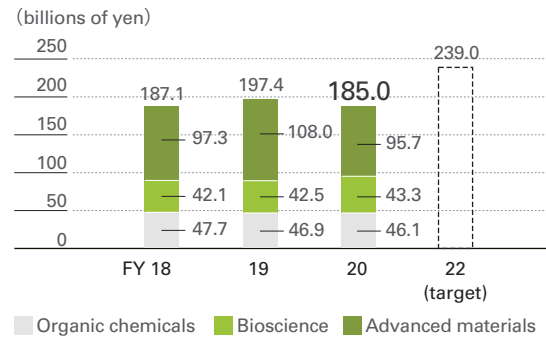
Bioscience

We develop and manufacture instruments and reagents for the measurement and diagnostic fields.

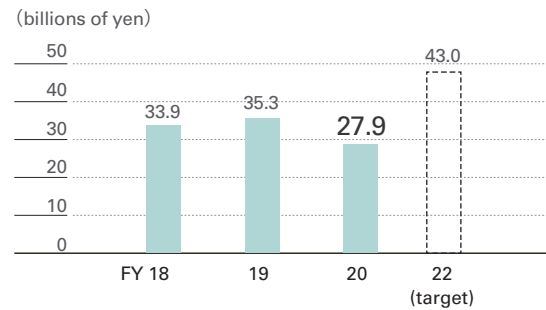
Advanced Materials

Tosoh's development and manufacturing of advanced materials covers an expansive range of products that includes synthetic zeolites, zirconia, and silica glass.

Net sales



Operating income



Fiscal Year 2020 Results

Net sales by the Specialty Group decreased ¥12.4 billion, or 6.3%, to ¥185.0 billion, compared with fiscal 2019. Operating income fell ¥7.5 billion, or 21.1%, to ¥27.9 billion.

Shipments of silica glass products, zirconia, and high-silica zeolite declined because of decreased demand. In addition, the yen equivalent of net sales of foreign subsidiaries decreased as a result of the yen's appreciation against the euro and the US dollar.

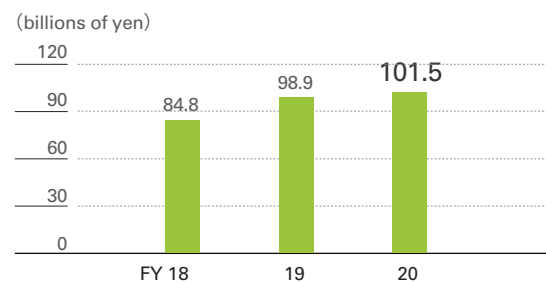
The decrease in operating income owed itself primarily to the impact of lower sales volumes. Deteriorating trade conditions because of the yen's appreciation and increasing costs for depreciation and labor associated with capital investments also contributed significantly to diminish operating income.

FINANCIAL HIGHLIGHTS

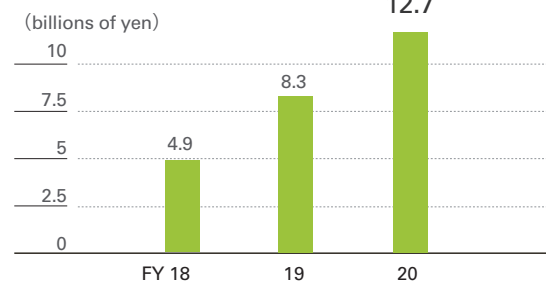
Engineering Group

The Engineering Group manufactures and sells water treatment systems and operates construction and repair businesses.

Net sales



Operating income



Fiscal Year 2020 Results

The Engineering Group's net sales increased ¥2.6 billion, or 2.6%, to ¥101.5 billion, compared with fiscal 2019. Operating income also increased, ¥4.4 billion, or 53.4%, to ¥12.7 billion.

The water treatment business benefited from significant progress on major electronics industry construction projects in Japan and Taiwan. Service solutions, such as maintenance and equipment modification in various fields, also performed well.

Growth particularly for the plant division of the water treatment business was among the reasons for the increase in operating income. Improved profitability owing to cost reductions in projects in Japan and overseas and increased sales by the service solutions division, for which profit margins are high, also bolstered operating income.

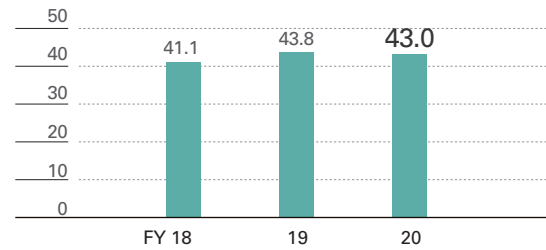
FINANCIAL HIGHLIGHTS

Ancillary

Tosoh's ancillary operations encompass a wide array of businesses, ranging from transportation and warehousing to inspection and analysis and information processing.

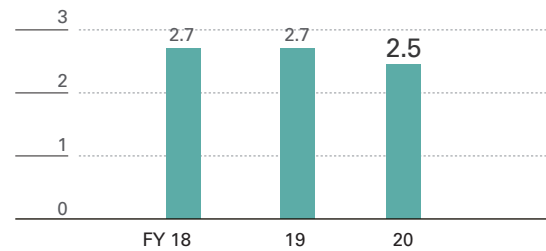
Net sales

(billions of yen)



Operating income

(billions of yen)



Fiscal Year 2020 Results

Ancillary net sales for fiscal 2020 decreased ¥0.8 billion, or 1.7%, to ¥43.0 billion, compared with fiscal 2019. Operating income likewise decreased, ¥0.2 billion, or 6.1%, to ¥2.5 billion.

Sales declined at ancillary companies, including trading companies.

10-YEAR FINANCIAL HIGHLIGHTS (CONSOLIDATED)

(millions of yen, unless otherwise indicated)

10-Year Financial Highlights (consolidated)										
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Business Results										
Net Sales	684,398	687,131	668,494	772,272	809,683	753,736	743,028	822,857	861,456	786,083
Petrochemical	181,916	193,323	187,641	223,458	223,746	175,436	161,747	174,768	183,926	159,140
Chlor-alkali	261,597	243,792	237,287	286,269	294,333	279,849	279,684	335,023	337,377	297,356
Specialty	133,548	135,266	131,746	153,425	174,855	174,531	175,880	187,116	197,422	185,042
Engineering	67,703	74,526	72,740	68,562	75,745	84,184	86,566	84,824	98,918	101,496
Ancillary	39,632	40,221	39,077	40,555	41,003	39,734	39,149	41,124	43,811	43,047
Operating Income	33,531	23,737	24,463	41,573	51,397	69,444	111,216	130,580	105,739	81,658
Petrochemical	10,383	12,498	10,543	14,789	6,920	11,608	20,072	22,521	13,392	10,299
Chlor-alkali	-3,479	-9,969	-1,606	3,874	8,321	17,987	47,926	66,620	45,996	28,198
Specialty	20,326	13,054	8,981	19,225	29,981	32,700	35,382	33,899	35,348	27,885
Engineering	3,626	5,746	4,360	1,258	3,330	4,576	5,145	4,868	8,303	12,740
Ancillary	2,675	2,407	2,183	2,425	2,843	2,570	2,689	2,671	2,698	2,534
Ordinary Income	29,821	24,773	33,580	49,508	60,197	65,814	113,094	132,256	113,027	85,963
Profit Attributable to Owners of Parent Company	10,014	9,379	16,867	29,564	62,297	39,675	75,664	88,795	78,133	55,550
Earnings Per Share	16.74	15.67	28.17	49.35	103.97	62.61	116.56	273.49	240.62	171.03
Financial Position										
Total Assets	725,917	708,720	735,102	721,748	764,205	734,770	782,623	852,803	878,194	886,591
Current Assets	372,226	380,893	411,110	401,966	430,275	415,682	448,014	500,620	500,759	482,079
Fixed Assets	353,690	327,827	323,991	319,781	333,930	319,087	334,608	352,182	377,434	404,512
Liabilities	532,405	508,522	515,816	471,951	443,421	361,045	334,287	324,736	298,692	276,931
Current Liabilities	332,428	334,933	366,460	340,636	318,170	259,850	247,886	254,552	242,253	220,223
Fixed Liabilities	199,976	173,589	149,356	131,314	125,250	101,195	86,400	70,184	56,439	56,708
Net Assets	193,512	200,197	219,285	249,797	320,783	373,724	448,335	528,066	579,501	609,660
(including equity capital)	164,750	171,068	188,747	219,195	288,959	340,157	413,210	490,824	540,836	567,546

10-YEAR FINANCIAL HIGHLIGHTS (CONSOLIDATED)

(millions of yen, unless otherwise indicated)

10-Year Financial Highlights (consolidated)										
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cash Flow	49,643	55,322	36,075	67,238	54,106	99,884	115,715	115,429	77,511	99,923
Cash Flow from Investment Activities	-26,986	-17,582	-23,447	-26,065	-34,114	-27,916	-34,723	-43,129	-63,310	-70,335
Cash Flow from Financing Activities	-25,907	-22,661	-24,517	-45,533	-20,718	-50,826	-68,829	-51,744	-26,962	-23,964
Free Cash Flow	22,657	37,740	12,628	41,172	19,991	71,967	80,992	72,300	14,200	29,588
Key Indicators										
Equity Ratio (%)	22.7	24.1	25.7	30.4	37.8	46.3	52.8	57.6	61.6	64.0
Operating Income Ratio (%)	4.9	3.5	3.7	5.4	6.3	9.2	15.0	15.9	12.3	10.4
Return on Equity (%)	6.1	5.6	9.4	14.5	24.5	12.6	20.1	19.6	15.1	10.0
Return on Assets (%)	4.1	3.5	4.7	6.8	8.1	8.8	14.9	16.2	13.1	9.7
Net Debt-to-Equity Ratio (times)	1.9	1.6	1.4	1.1	0.7	0.4	0.1	-	-	-
Capital Expenditures	24,712	19,303	26,191	23,701	27,923	27,923	37,755	39,494	64,829	61,134
Depreciation and Amortization	49,165	43,240	35,011	31,827	32,789	31,788	27,407	29,755	31,308	32,057
R&D Expenses	13,427	12,879	12,208	12,513	12,877	13,743	14,370	15,502	16,643	18,244
Interest-Bearing Debt	364,173	343,558	325,996	286,204	271,526	199,574	139,843	107,840	101,072	95,858
Number of Employees (consolidated)	11,221	11,238	11,268	11,421	11,594	12,037	12,292	12,595	12,955	13,336
Number of Consolidated Companies	113	112	113	112	106	107	107	106	105	107
Total Number of Shares Outstanding	601,161	601,161	601,161	601,161	601,161	650,161	650,161	325,080	325,080	325,080
Number of Shareholders	42,638	42,511	41,619	34,629	32,597	34,274	27,596	29,464	32,057	32,446
Dividend Per Share (yen)	6.00	6.00	6.00	6.00	10.00	14.00	24.00	56.00	56.00	56.00
Dividend Payout Ratio (%)	35.9	38.3	21.3	12.2	9.6	22.4	20.6	20.5	23.3	32.7
Foreign Stock Owners Ratio (%)	21.25	23.05	21.73	23.67	26.19	25.53	32.35	36.24	31.40	30.9
Price Earnings Ratio (times)	17.9	14.7	9.3	8.1	5.8	7.6	8.4	7.6	7.2	7.2

Note: For fiscal year 2018, figures account for the one-to-two reverse stock split of common shares executed on October 1, 2017.

NONFINANCIAL HIGHLIGHTS



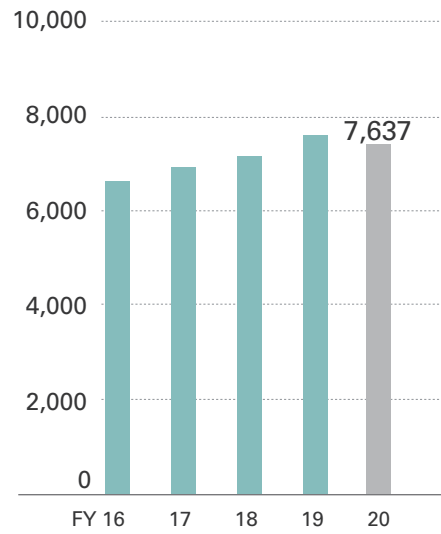
NONFINANCIAL HIGHLIGHTS

Greenhouse Gas Emissions

(Scope 1 and 2)

Emission Volume (basic unit)

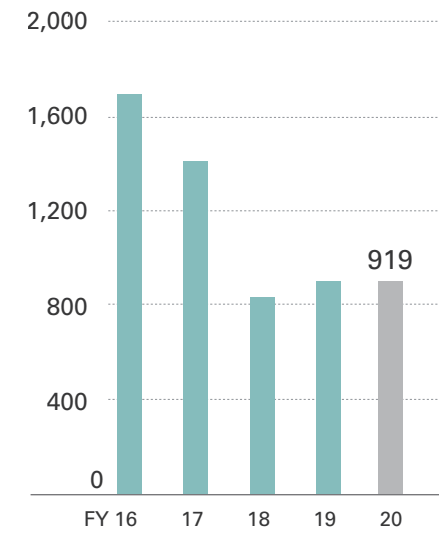
(kilotons-CO₂e)



Industrial Waste

Final Disposal Volume (basic unit)

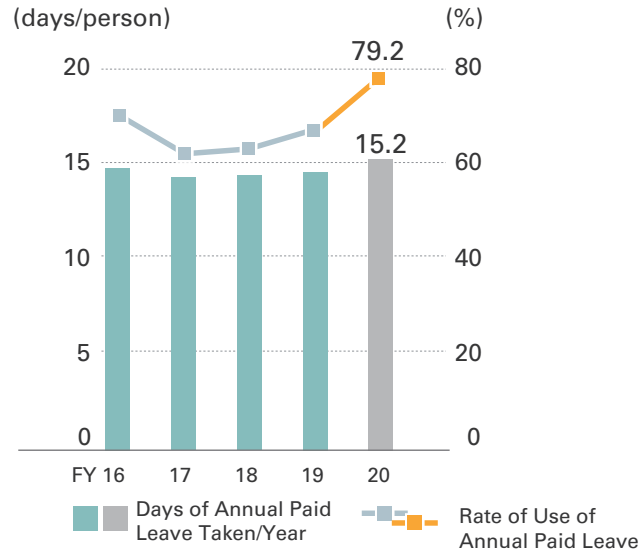
(tons)



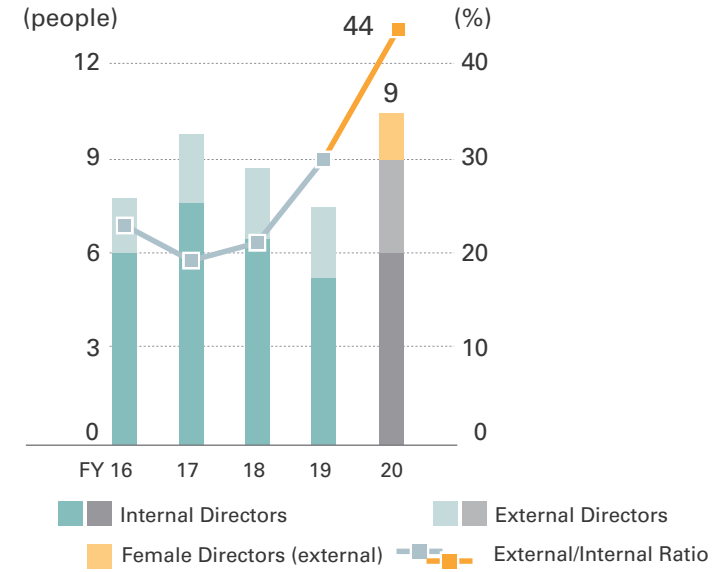
NONFINANCIAL HIGHLIGHTS

Days of Annual Paid Leave Taken/Year

Rate of Use of Annual Paid Leave



Composition of Board of Directors





3-8-2, Shiba, Minato-ku, Tokyo 105-8623, Japan
Tel: +81 (3) 5427 5118 Fax: +81 (3) 5427 5198
Stock Exchange Ticker Symbol: 4042
www.tosoh.com

TOSOH CORPORATION