



2015 RESPONSIBLE CARE REPORT

TOSOH CORPORATION



Tosoh strives to continuously refine its
Responsible Care structure and activities to
ever more reliably and safely supply products
that are of benefit to society.

CORPORATE PHILOSOPHY

Contribute to
bettering society
through the
chemistry of
innovation

BASIC PRINCIPLES ON ENVIRONMENT, SAFETY, AND HEALTH

Tosoh is aware in all of its business operations that the protection of the environment, safety, and health are paramount management priorities. Management works tirelessly to ensure that Tosoh contributes to the development of society through innovation in chemicals that leads to its provision of products and services that earn customer satisfaction for, among other things, their preservation of the environment, safety, and health.

ACTION POLICIES

1. Fundamental Approach

- Promote an awareness of the need for legal and regulatory compliance and for personal responsibility
- Set targets, draft action plans, and execute initiatives that evoke the participation of all
- Reflect audit results in future action plans

2. Environmental Protection Initiatives

- Conserve energy and resources through the maximum utilization of minimal resources
- Reduce emissions and waste through improved manufacturing processes and operational management

3. Safety Assurance Initiatives

- Prevent accidents and incidents [defined, respectively, as events that result in injury or death and as events that don't but could result in injury or death] and respond to disasters through facility safety management
- Manage emergency response capabilities through safety and disaster drills
- Eliminate accidents and incidents and minimize the effects of disasters through case study analyses

4. Product-Related Environmental and Safety Assurance Initiatives

- Design products and develop manufacturing processes in line with environmental, safety, and health considerations
- Undertake prior assessments before developing products and processes
- Ensure product safety through total quality management

5. Communication Initiatives

- Provide information on product and chemical safety management
- Boost public trust through dialogue about business activities

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Responsible Care 2015 Outline: Tosoh has followed the 2012 *Environmental Reporting Guidelines* of Japan's Ministry of the Environment in producing this RC report.

Period covered: April 2014 to March 2015 (a portion of the information also refers to fiscal 2016, beginning April 2015).

Published: July 2015 (previously published: July 2014; next planned publication: July 2016).

Companies covered: Unless otherwise indicated, the information in this report refers only to the parent company, Tosoh Corporation, and its principal domestic subsidiaries:

Asia Industry, Co., Ltd.
Tosoh AIA, Inc.
Tosoh SGM Corporation
Tosoh F-Tech, Inc.
Tosoh Quartz Corporation
Tosoh Silica Corporation
Tosoh Speciality Materials Corporation
Tosoh Zeolum, Inc.
Tosoh Ceramics Co., Ltd.
Tosoh Hi-Tec, Inc.

Tosoh Hyuga Corporation
Tosoh Finechem Corporation
Tosoh Organic Chemical Co., Ltd.
Tohoku Tosoh Chemical Co., Ltd.
Toyo Polymer Co., Ltd.
Nippon Miractran Co., Ltd.
Hokuetsu Kasei Co., Ltd.
Rinkagaku Kogyo Co., Ltd.
Rensol Co., Ltd.

Management



MESSAGE FROM THE PRESIDENT

“Each Tosoh employee must be aware of and take responsibility for safety to further Tosoh’s growth as a safe chemical manufacturer.”



Kenichi Udagawa
President

In fiscal 2016, our overriding task is to get every member of the Tosoh Group to correctly and fully implement Responsible Care (RC) activities. We are targeting zero accidents and incidents and lost time therefrom, continued improvement in profitability, and the expansion of our businesses.

Tosoh’s 80th Anniversary

Tosoh began operations in 1935 as a commodities manufacturer of soda, which it produced based on the ammonia method, and of cement. Since then, we have had our ups and downs. Among the more recent of

them are our failure to achieve the goals of our 1985 medium-term business plan, our success in developing and in expanding our vinyl chloride chain, and our struggles in dealing with the adverse economic impact of the so-called Lehman Shock. Our predecessors courageously overcame obstacles in the process of transforming Tosoh into the dual commodities and specialties company it is today.

In fiscal 2015, we took another step forward in our evolution by merging with Nippon Polyurethane Industry Co., Ltd. (NPU). I am determined to ensure that Tosoh celebrates its 90th and 100th anniversaries as a profitable company trusted by stakeholders far and wide. Courageously but cautiously, I intend to accelerate the company’s growth.

Eliminating Accidents, Incidents, and Lost Time

An event in our 80-year history that we must never forget is the explosion and fire that occurred in November 2011, resulting in the loss of a precious life. Tosoh is implementing a wide range of safety measures to ensure that such an accident never reoccurs. We are, for example, increasing our plant maintenance budgets for the three fiscal years starting in fiscal 2015. The additional funds are mainly for preventative maintenance.

Fortunately, the number of incidents is declining. But even with only two in fiscal 2015, we have not eliminated them entirely. Reflecting on the frequency of lost time, moreover, I am concerned that our safety measures have not been fully implemented in all our operations.

My visits to our Nanyo and Yokkaichi Complexes, however, also leave me concerned that one of the causes of recent problems is the additional time burden that our safety measures place on our employees.

In the year ahead, I will look at ways to ensure safety at Tosoh’s operations and to establish workplaces where employees can calmly and carefully do their jobs.

Coexisting with Local Communities

In fiscal 2015, we resumed our opinion exchange meetings with associations from the communities neighboring our Nanyo Complex. We likewise resumed our dialogue about RC measures at our Yokkaichi Complex with neighboring Yokkaichi city. Through these and our many other points of contact with our neighbors, we endeavor to provide continuous and proactive disclosure. We aim to establish relationships whereby the communities surrounding our facilities know that they can reliably trust in the safety of our operations.

A Trustworthy Tosoh

Tosoh is establishing a business structure increasingly immune to external factors. That involves strengthening our commodities and expanding our specialties operations. Above all, it involves commitment from Tosoh to reliably produce safe products that contribute to a better society through innovations in chemistry. We will, in other words, strive for growth while ever mindful of the imperative to remain a company trusted by all its stakeholders.

MESSAGE FROM THE CHAIRMAN OF THE RC COMMITTEE

“Tosoh continues to respond to its stakeholders’ trust by improving its RC activities.”



Dr. Yasuyuki Koie

Managing Director, Chairman of Tosoh's RC Committee

RC activities at Tosoh are conducted based on policies determined by the company's RC Committee. Through a process of verifying results and discussing the company's RC activities to date, the committee brings to light issues that are reflected in the following fiscal year's RC activities. This process sees the committee endeavor to develop and refine Tosoh's RC activities through a plan-do-check-act (PDCA) cycle.

It is my impression, meanwhile, that Tosoh is achieving results with the disaster prevention and

safety reform measures it is implementing. The number of incidents and accidents is declining. Regrettably, they have yet to be eliminated entirely.

Reflecting on the nature of these events in fiscal year 2015, however, leads me to believe that their causes have changed since Tosoh's implementation of safety reform measures. Previously, such events occurred for lack of proper operation manuals or understanding of the purpose behind safety measures. Today's incidents and accidents appear to be more the result of inadequate equipment and facilities maintenance and defects in Tosoh's safety plans. The company therefore must reexamine the content of its safety reform measures.

Tosoh again in fiscal 2015 endured frequent lost-time events. I think the causes included excessive employee job pressure and the absence of a calm frame of mind on the part of employees. The paucity of activities to ensure sound working processes and to predict safety risks also contributed to lost time. Having room to calmly and correctly do the job is vital to all aspects of safety. Time and consideration are essential to knowing the properties of the chemical substances in Tosoh's manufacturing processes; to minimizing emissions or effluents of those substances into the atmosphere, water, and soil; and to safely handling those substances and the products made from them.

Tosoh's mission is to safely and surely deliver its products to its customers. For that purpose, I intend

to increase the RC Committee's emphasis on logistics and transport management, including stepping up the committee's communication and collaboration with logistics services vendors.

Tosoh collaborates with the chemical industry associations of numerous countries to enhance RC activities globally. For this purpose, in February 2006 the company signed the Responsible Care Global Charter formulated by the International Council of Chemical Associations (ICCA). That charter was recently revised by the ICCA to make it easier to understand for nonindustry stakeholders. And Tosoh re-signed the newly revised Responsible Care Global Charter in September 2014.

Revisiting the Responsible Care Global Charter has refreshed my awareness of the RC Committee's responsibilities. It has renewed my recognition of the importance of working hand in hand with all who are involved with or affected by Tosoh's operations. This includes all the people involved with our supply chain, the customers who appreciate what we furnish, and the people who reside in the vicinity of our production facilities. As such, I intend to continue to raise the level of the company's RC activities.

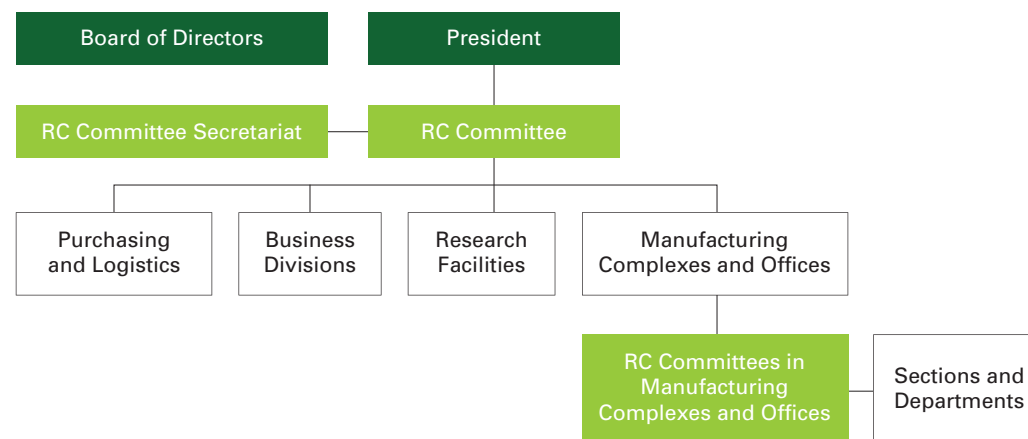
Responsible Care Activities



RESPONSIBLE CARE PROMOTION STRUCTURE

Tosoh's RC Committee consists of a committee chair—typically the manager in charge of the company's Environment, Safety and Quality Control Division—and committee members from among the general managers of Tosoh's Purchasing and Logistics Division, Corporate R&D, business divisions, and manufacturing complexes and offices.

The committee's audit team, which includes the RC committee chair and secretariat, discusses issues for years subsequent to the year under way and selects the parties to be audited based on RC activity results from previous years. Proposed policies are then deliberated by the RC Committee, which submits a report to the president. Final decisions regarding policies are made by the company's Board of Directors. Each business group, production facility, and so on will then make its own determination on detailed action plans based on policy guidelines determined at the corporate level.



RC ACTIVITY RESULTS AND GOALS

Despite our safety efforts, two incidents occurred in fiscal 2015 that prevented us from achieving our aim of zero incidents. We are seeing progress, but work-related accidents, too, are not yet declining. It is urgent that we work to stop such events. Equally urgent is the need for us to investigate and prevent the repeat of some of the logistics incidents that we experienced in fiscal 2015.

Fiscal 2015 RC Activity Results		Fiscal 2016 RC Activities
Priority: Instill a thorough awareness of RC activities in each employee through active communication and other efforts to change individual mindsets		Priority: Ensure that all Tosoh Group employees are safe in their performance of basic functions through the continued, group-wide promotion of RC activities and realize a workplace where communication begins with "hello"
Safety and Disaster Prevention and Occupational Safety and Health	<ul style="list-style-type: none"> · Experienced two incidents and multiple work-related accidents despite safety reform efforts · Reviewed various actions in preparation for earthquakes and tsunami, including improving facility earthquake resistance 	<ul style="list-style-type: none"> · Promote safety and security activities with shared investment by all staff in aiming for no incidents and no accidents resulting in lost work time (Each employee must think about and act on safety reform with an understanding of basic operation and compliance with rules, communication, management, facility administration, and so on.) · Push earthquake and tsunami countermeasures (From an understanding of administration trends, we must review the suitability of our planning and enact countermeasures.)
Environmental Conservation	<ul style="list-style-type: none"> · Aimed to achieve emissions target for PRTR substances (347 mt/yr) · Continued to reduce industrial waste for final disposal to achieve RC target (1,768 mt/yr by FY 2015) · Promoted the disposal of PCB-containing equipment (We completed the off-loading of equipment with high PCB concentrations to intermediary storehouses and environmental safety firms.) 	<ul style="list-style-type: none"> · Continue to manage emissions of PRTR substances while maintaining stable operation · Reduce industrial waste for final disposal (RC target: 1,768 mt/yr) · Promote disposal of equipment containing PCBs (Tosoh plans to begin disposing of small equipment containing low concentrations of PCB.)
Chemical and Product Safety	<ul style="list-style-type: none"> · Complied with new regulations regarding safety data sheets (SDS) · Complied with foreign laws and regulations (During the year under review, Tosoh complied with Chinese dangerous chemical registration regulations and with changes in China's GHS-related national standards. We also continued to comply with the EU's REACH regulation.) 	<ul style="list-style-type: none"> · Continue to comply with regulations regarding SDS · Continue to comply with foreign laws and regulations (In the year ahead, we will comply with Korea's K-REACH and with Taiwan's Toxic Substance Control Act and will continue to comply with the EU's REACH regulation.)
Quality Assurance	<ul style="list-style-type: none"> · Inspected and strengthened the quality assurance system · Assessed the cause of logistics incidents and discussed countermeasures for prevention in response to logistics-related complaints 	<ul style="list-style-type: none"> · Promote the inspection and strengthening of the quality assurance system to prevent future complaints · Establish Logistics Conference as additional fact-finding entity to Logistics RC Promotion Committee in effort to reduce logistics-related complaints
Logistics Safety	<ul style="list-style-type: none"> · Experienced mid-transport leakage incidents involving hazardous substances · Continued to oversee and educate logistics operators 	<ul style="list-style-type: none"> · Clarify root of problems and enact countermeasures to prevent future occurrences
Public Dialogue	<ul style="list-style-type: none"> · Disseminated risk communication booklet—the Nanyo Complex's <i>Substance Handling Guide</i>—to staff and nearby residents 	<ul style="list-style-type: none"> · Continue to promote linkages with the community · Share information to promote risk communication

Safety



AVOIDING FURTHER ACCIDENTS AND INCIDENTS

The November 13, 2011, fire and explosion at our Nanyo Complex, which halted operation at the No. 2 Vinyl Chloride Monomer Plant, is foremost in mind as we work to bolster safety and restore community faith in our operations. Among our featured initiatives is presidential direct discussion, which serves a dual purpose in relaying the president's safety-related decisions to staff members and allowing staff members to convey safety-related information to the president.

The Incident Investigation and Countermeasures Committee established to inspect the events of the 2011 explosion released the *Nanyo Operations Center No. 2 Vinyl Chloride Monomer Plant Explosion Incident Investigation and Countermeasures Committee Report*. At the heart of that report is the "Proposal to Combat Issues behind the Incident." The policies espoused have been compiled by the Safety Improvement Committee and published as the company's *Safety Assurance Declaration* (page 10).

PROPOSAL TO COMBAT ISSUES BEHIND THE INCIDENT

Among the proposals to be implemented immediately is that of building manufacturing facilities worthy of pride and trust. Proposals for long-term improvements include establishing a manufacturing facility system that ensures safety, promoting proactive communication with the local community, and fostering a culture of safety.

Presidential direct discussion (page 11), meanwhile, serves a twofold purpose. Safety-related decisions by the president can be shared with employees, and employees can report directly to the president on their progress in meeting the various safety-related proposals.

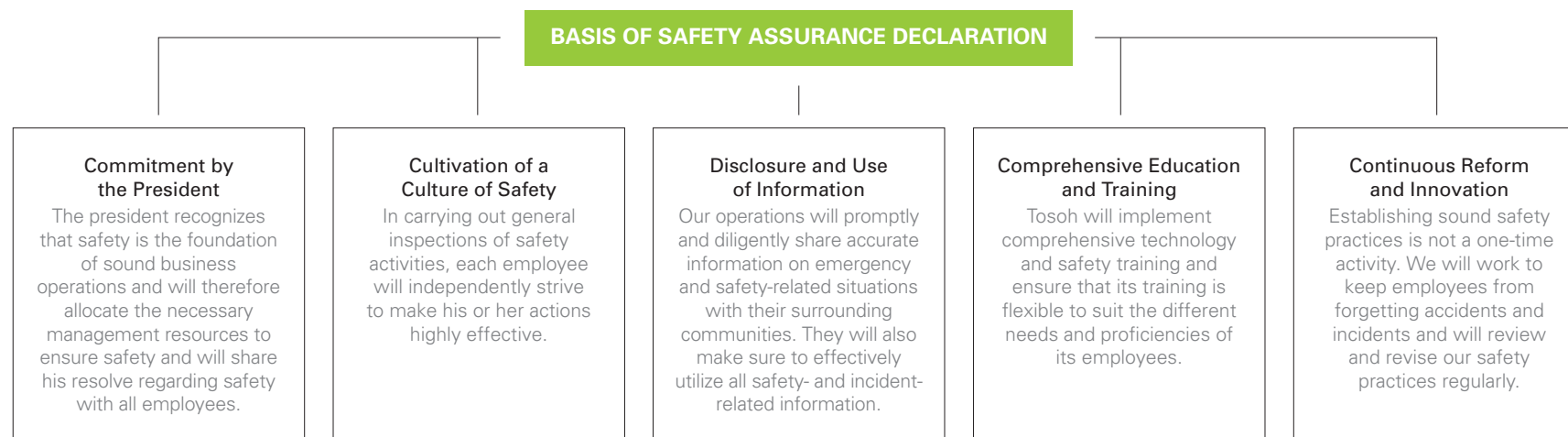
Safety Assurance Declaration

OBJECTIVES

To be a safe chemical manufacturer where incidents and accidents such as the 2011 fire and explosion are not repeated and are prevented from occurring in the first place

To be a safe workplace for our employees

To be a trusted and contributing member of the local community and society overall



PRESIDENTIAL DIRECT DISCUSSION INITIATIVE

Presidential direct discussion is an important facet of our safety-related activities, as it facilitates dialogue between the president and Tosoh employees. This was initiated to disseminate and raise understanding of the president's decisions on safety among employees and to provide a means for employees to engage the president about safety issues. In its three years to date, more than 2,500 employees, the total number at Tosoh's domestic manufacturing facilities, have utilized presidential direct discussion.

A CONDUIT FOR MANAGEMENT AND STAFF TO EXCHANGE OPINIONS

Fiscal 2015 marked our fourth year of safety reform activities since their initiation in 2012. Tosoh management enacted the following policies based on employee requests made through presidential direct discussion: allocated safety reform measure budgets for use by plant managers, increased safety expenses after reviewing facility safety plans, prescribed limits to how many additional training instructors are permissible beyond those mandated, among others. Presidential direct discussion is significant because it directly brings voices from each production site to the president and leads directly to rapid management decisions.

We anticipate further input through presidential direct discussion in fiscal 2016 based on any new issues that arise from our ongoing safety reforms. We will again assess the nature of these issues and then propose and execute actions to resolve them.

Topics By Fiscal Year

Fiscal
2013

The President's Statements of Resolve

1. We do not speak in such terms as "safety first and profit second"; safety is simply a must for this firm's survival. An unsafe firm will find itself without a community. It is unimaginable that business could continue while ignoring safety.
2. The chemical industry involves safely handling dangerous things. I feel a sense of pride in this sort of job. I want managers in particular to keep their charges on their toes, maintaining that sense of urgency that comes with running a plant.
3. We have to approach safety correctly. We, myself included, must work ourselves into a frenzy over this. I have great hopes for all of you on the production lines. I particularly want to see that spark of interest in safety from plant managers.

Fiscal
2014

Checking up on the Status of the Safety Measure Reform Budget

The president visited each of the company's domestic production operations, checking the status of facility reforms pertaining to the Safety Measure Reform Budget.

Fiscal
2015

Checking up on the Status of Safety Reform Initiatives

We established a means—presidential direct discussion—by which employees, from the junior staffers who will carry our flag into the next generation to our most seasoned and skilled veterans, are able to report to the president on the progress of safety reform initiatives. The president feels a great emotional bond to all those who report; the promise that they display demonstrates that mindsets are changing for the better with regard to safety.

AIMING FOR EVER GREATER SAFETY

Despite safety reform activities to achieve no incidents, no accidents, and no lost time, two incidents and nine accidents causing lost work time occurred in fiscal year 2015.

Toward Eliminating Industrial Accidents and Incidents

The *Action Plan for Industrial Safety*, a trade organization initiative aiming to prevent industrial accidents, was enacted by the Japan Petrochemical Industry Association in July 2013. The plan contains guidelines that members should implement. Tosoh is implementing initiatives to ensure safe operations, taking into account its accidents and incidents to date and the five items listed in the guidelines.



1 Commitment to Industrial Safety by Company Managers

The message from our president on topics such as basic safety, the environment, health principles, safety reform policies, and our vow to uphold safety gives us an opportunity to directly transmit information from the highest level to our employees. We are also engaging stakeholders regarding our commitment to sustaining and boosting safety.

Our allocation of resources toward becoming a safer company includes regularly acquiring talent, enhancing training and drills, raising facility safety expenses, and providing budgetary authority to production facilities to rapidly achieve stable and safe production.



2 Establishment of Goals for Industrial Safety

Our expectations of our safety reform activities are no incidents and no accidents causing lost work time.



3 Consolidation of a Policy Execution Plan for Industrial Safety

RC policies and activities include

- rigorous basic safety training;
- strengthening and enhancing plant technology and safety education, including know-why procedures;
- rigorously ensuring the safety of nonregular work;
- initiatives for eliminating incidents and work-related accidents; and
- initiatives for preventing problems arising from facility administration.



4 Investigation and Evaluation of Goal Achievement and Policy Execution

Our investigations disclosed two incidents and nine accidents—four involving Tosoh employees and five the employees of partner companies—leading to lost work time. Our evaluation revealed that some lost-time incidents and accidents could have led to major disasters, suggesting that our safety reform activities have not yet borne fruit. Examining the causes of the accidents showed several were due to lack of caution and poor communication.



5 Efforts toward Independent Safety Activities

Given the causes of incidents and accidents in fiscal 2015, we continue to implement more-rigorous RC measures in basic safety training, in cultivating and retaining talent, in promoting risk assessment during times of irregularity, and in strengthening our facility safety plans and administration. We are also issuing internal commendations to those of our facilities with strong safety records and no lost-time events and with excellent activity in other categories. As well, we continue to utilize commendations from such external bodies as the Japan Petrochemical Industry Association.

PREPARING FOR A MAJOR EARTHQUAKE

The 2011 Great East Japan Earthquake has prompted discussions by the Japan Central Disaster Management Council and other organizations on how to react to major earthquakes even in areas where such events rarely occur. Discussions in March and August 2012 focused on a model assuming a major Nankai Trough earthquake and resulted in new hypotheses on earthquakes and tsunami. Taking these hypotheses into account, Yamaguchi Prefecture and Mie Prefecture, home to our Nanyo and Yokkaichi Complexes, respectively, released detailed tsunami flooding scenario charts in December 2013 and March 2014, respectively.

Both complexes are ensuring their conformity with the various laws, including the Fire Services Act, the High-Pressure Gas Safety Act, the Building Standards Act, and so on. They also have put in place a standard protocol for executing safe shutdowns in the event of detecting an earthquake of a given magnitude. Some of the complexes' facilities, such as power generation, are excluded from this protocol for reasons of safety.

Protecting human life is our priority in our earthquake countermeasures. To that end, we are exploring necessary responses, including but not

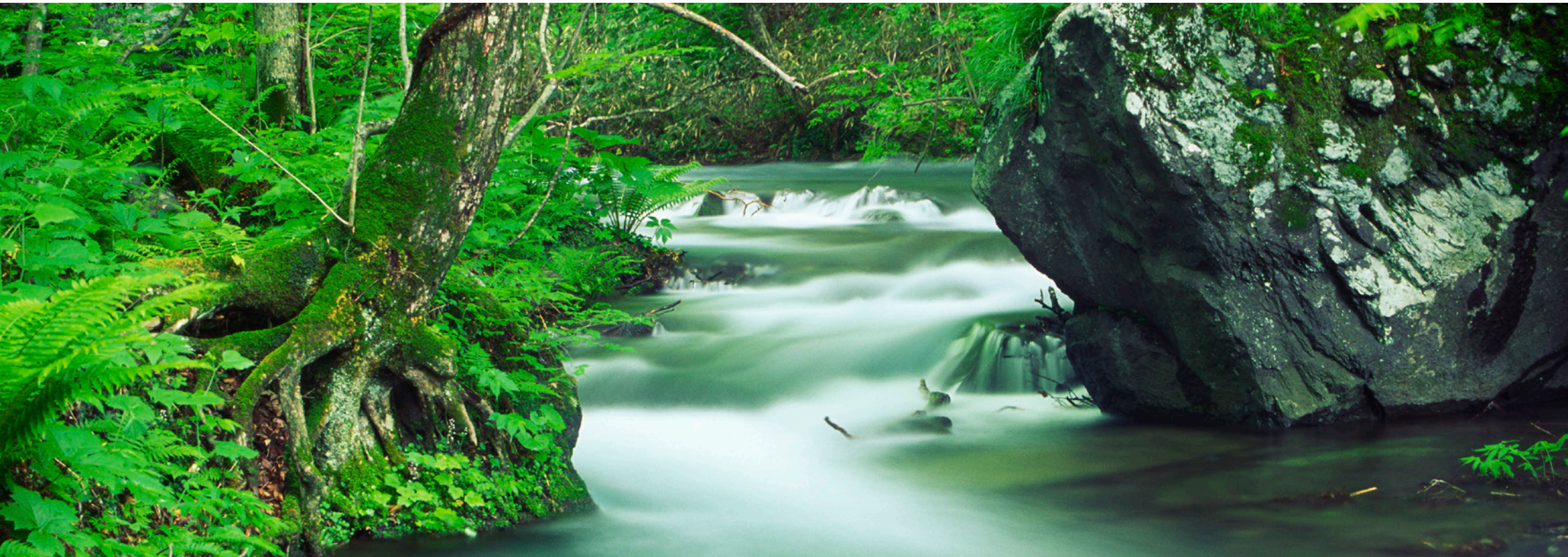
limited to executing general earthquake disaster drills; installing more web-based monitoring cameras for better understanding the situation inside facilities during a crisis; pushing for crucial buildings—especially those with employees inside—to be made earthquake resistant through inspection and renovation; developing countermeasures and evacuation procedures based on hypotheses for earthquake-caused liquefaction or tsunami-caused flooding; and stockpiling food and water for employees unable to return to their homes.

Following a May 2014 government directive, we drafted and submitted an action plan in May 2015 for equipment that was installed before the earthquake standards were revised. We also launched refit plans to improve the earthquake proofing of our facilities.

ACTION STATUS REGARDING THE FIRE SERVICES ACT

We are working in steps to refit all applicable equipment by the specified deadline to conform with 1977's revised earthquake-proofing standards and, following the 2003 Hokkaido earthquake, 2005's enhanced standards for hazardous material tanks.

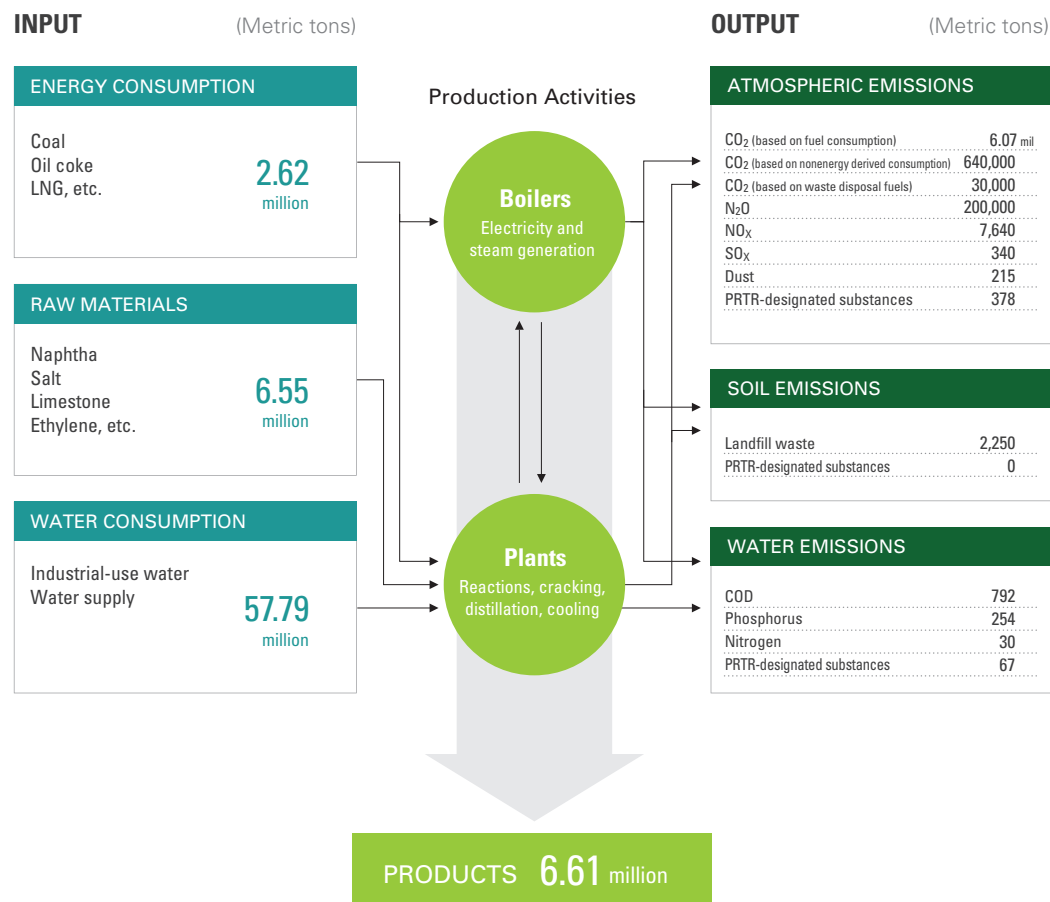
Environment & Society



INPUT AND OUTPUT

At Tosoh, we react and distill raw materials to manufacture our products. We use the steam from boilers as a heat source for reacting and decomposing, and we use the electricity generated by boilers to operate equipment. To reduce reaction heat, we use industrial-use water and seawater.

In the manufacturing process, we manage the balance between fuel input and the resulting power generation and product output at each plant. We also manage emissions of substances affecting the air, water, and soil to limit the burden placed on the environment.



EFFECTIVE UTILIZATION OF RESOURCES



Industrial waste produced by our in-house power generators, including coal ash, is almost wholly recycled at company facilities, such as at our cement plant. The Nanyo Complex reuses or reprocesses almost all of the industrial waste it produces and, furthermore, brings in industrial and general waste from outside the company for use as fuel in its cement plant. Note that final disposal volumes for fiscal year 2015 comprise 0.6% of Tosoh's company-wide industry waste generated. We will endeavor going forward to even more effectively utilize finite resources.

USING INDUSTRIAL WASTE MORE EFFECTIVELY WITHIN THE COMPANY AND SHOULDERING THE RESPONSIBILITY OF BUILDING A MORE ENVIRONMENTALLY FRIENDLY SOCIETY

Our October 2014 merger with Nippon Polyurethane Industry Co., Ltd. (NPU), adds approximately 6,600 metric tons annually to the industrial waste generated at the Nanyo Complex. We are exploring the option of recycling this added waste and approximately half of the externally derived waste in our cement plant as a way of more effectively utilizing resources in-house and of cutting down on the amount of waste shipped off-site or otherwise disposed of unused.

As of the end of fiscal 2015, our cement plant is accepting ASR (automobile shredder residue), a by-product of automobile disposal. We have also, early in fiscal 2016, begun looking in earnest at a local production for local consumption model whereby plastic waste generated at our Shunan plant is recycled into fuel locally. We have in the past conducted plant tests of this model.

ENVIRONMENTAL ACCOUNTING

Tosoh's environmental accounting initiatives seek to better quantify the investments and expenses involved in environmental conservation. In fiscal 2015, our investment figures were up ¥8.15 billion, to ¥9.06 billion, compared with the previous year because of the completion of large-scale construction projects.

Scope: Nanyo Complex, Nanyo Research Laboratory,* Technology Center, Yokkaichi Complex, Yokkaichi Research Laboratory,* Tokyo Research Laboratory,* Corporate Headquarters

Target Period: April 1, 2014–March 31, 2015

For the most part, our figures follow the *Environmental Accounting Guidelines* of Japan's Ministry of the Environment. Some figures, however, are unspecified by said guidelines and are aggregated based on in-house rationale.

*On October 1, 2014, the Nanyo, Yokkaichi, and Tokyo Research Laboratories were reorganized to form the Advanced Materials, Life Science, Polyurethane, Functional Polymers, Organic Materials, Inorganic Materials, and Polymer Materials Research Laboratories.

Safety Investment (Millions of yen)

For improved safety, we revised the fundamental policies of our facility safety plan in fiscal 2015, greatly boosting facility refit expenses.

	Investment Amount		
	FY 13	FY 14	FY 15
Facility Renewal	1,176	965	3,404
Improving Workplace Safety and Environment	192	176	536
Natural Disaster Countermeasures, Including for Earthquakes	148	368	99
Other	36	45	168
Total	1,552	1,554	4,207

Environmental Conservation Cost (Hundreds of millions of yen)

Classification	Major initiatives	Investments ¹			Expenses ²
		FY 13	FY 14	FY 15	FY 15
Business Area Cost		23.0	8.5	89.5	125.6
Public Hazard Prevention Cost	Exhaust gas and wastewater treatment	14.4	6.9	77.4	78.0
Global Environmental Conservation	Power and fuel reduction	4.4	1.0	3.0	20.4
Resource Circulation Cost	Raw material and waste product recovery	4.2	0.6	9.1	27.2
Administration Cost	Environmental management, environmental impact assessment, environmental report publishing, environmental load monitoring	0.2	0.5	0.9	5.6
R&D Cost	Environmental load reduction technology and environmentally conscious product development	0.3	0.1	0.2	14.0
Social Activity Cost	Association membership fees, replanting and beautification, community environmental support	0.0	0.0	0.0	0.2
Other		0.0	0.0	0.0	0.7
Total		23.5	9.1	90.6	146.1

1. Facility investment and other expenditures used for environmental conservation
 2. Expenses, including variable and labor costs, used for environmental conservation

Economic Benefit (Hundreds of millions of yen)

		FY 13	FY 14	FY 15		
				Nanyo Research Laboratory	Yokkaichi Research Laboratory	Tokyo Research Laboratory
Revenue	Revenue from contract and sale of waste for recycling and from unusable products	5.8	5.4	2.4	3.2	—
Expense Savings	Energy Conservation	36.5	24.7	23.7	2.1	—
	Resource Conservation	16.1	27.3	8.5	17.5	—
Total		58.4	57.4	34.6	22.8	0.0

ENSURING PRODUCT SAFETY AND BOOSTING CUSTOMER CONFIDENCE

Among the raw materials and products that we handle are chemicals regulated under the Fire Services Act and the Poisonous and Deleterious Substances Control Law. Ensuring safety is essential in all facets of our work, from research and development to manufacturing and shipping. Meticulous inspections inspired by the key RC aims of chemical and product safety, quality assurance, and logistical safety at the research and development through commercialization stages ensure the safety of our customers and our employees and boost society's confidence in our operations.

OVERALL INITIATIVES

Responsive

In accordance with the Globally Harmonized System of Classification and Labeling of Chemicals (GHS), Tosoh provides safety data sheets (SDS) and labels with its products that contain crucial information for their handling. Tosoh complies with JISZ7253:2012 with regard to safety data sheets.

Transparent

Tosoh submits notifications, registrations, and applications in compliance with such Japanese laws as the Chemical Substance Control Law, the Industrial Safety and Health Law, and the Pharmaceuticals and Medical Device Act.

Global

Tosoh complies with such foreign regulations pertaining to chemicals as Europe's Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

Proactive

Tosoh participates in the voluntary Japan Initiative of Product Stewardship (JIPS), an organization promoted by the Japan Chemical Industry Association that exists to minimize the effects of chemicals on health and the environment. Tosoh continues to evaluate and publish product risk information for public view.



R&D INITIATIVES**Ensuring Product Safety**

Tosoh's development of new products may involve the first-time handling of compounds or chemicals. The company has for this reason established Product Safety Review Regulations to maintain the safety of its workers and customers from raw material to finished product. During the development and prior to the release of a new product, a Product Safety Review Committee of R&D, manufacturing, quality assurance, and sales personnel audits the product's quality and intended use, methods of manufacture and shipping, and conformity with laws and regulations.

MANUFACTURING INITIATIVES**Safe Operation**

Tosoh regularly conducts disaster drills at its Nanyo and Yokkaichi Complexes and all its plants in preparation for any emergency. In addition, facility managers conduct monthly inspections of all manufacturing sections to improve disaster prevention and safety and to protect the health of employees. The Tosoh Group's Environment, Safety and Quality Control Division has constructed an incident and injury information communication system by which to utilize and relay information gleaned from the disaster drills, the monthly inspections, and actual incidents and accidents to prevent and deal with disasters.

QUALITY ASSURANCE INITIATIVES**Product Safety and Confidence**

As an indication to our customers that they can use our products safely and confidently, we have acquired ISO 9001 certification at our Nanyo and Yokkaichi Complexes. This is the International Organization for Standardization (ISO)'s recognition that we have in place a comprehensive quality management system (QMS) at each of those complexes.

We also, moreover, are certified under Japan's Pharmaceutical and Medical Device Act to manufacture and sell products such as in vitro diagnostic agents and medical devices. Tosoh boasts a production system and QMS in this regard that accord with Japanese Ministry of Health, Labour and Welfare ordinances.

In addition, Tosoh holds ISO 13485 certification. This supplement to ISO 9001 signifies our compliance with international guidelines regarding medical devices. It specifies that Tosoh's operations are in accordance with global expectations regarding risk management, the health of key personnel, cleanliness, product contamination, and all aspects related to the manufacturing and provision of safe, functional medical devices.

LOGISTICS INITIATIVES**Safe Product Delivery**

A large part of Tosoh's RC mission is to safely deliver its products to its customers. In fulfilling this mission, we partner with Tosoh Logistics Corporation, our principal logistics contractor, and regularly meet with shipping companies to, among other things, conduct training on handling chemical products, including drills for emergency contingencies. In addition, as a way to maintain and improve our logistics administration we have formed a Logistics RC Promotion Committee composed of Tosoh Group logistics departments and logistics firms. It is tasked with investigating problems and sharing information in the interest of preventing disasters.

Tosoh Logistics, meanwhile, works directly with Tosoh's plants and logistics and quality control departments to break down the causes for complaints, incidents, and near misses and to patrol loading zones and audit shipping companies, packaging manufacturers, and flexible container cleaning firms. In this way, Tosoh Logistics contributes to gathering and disseminating information with which to prevent logistics-related problems.

As part of its mandate with us, Tosoh Logistics holds expert lectures to raise safety awareness within the shipping companies that we use. It also hands out commendations to our top-rated shippers, including sea freight firms, at its yearly safety convention.

AIMING FOR JOB SATISFACTION IN OUR WORKPLACE

HR SYSTEM

Tosoh strives to reward employees who are proactive and passionate and who demonstrate a sense of ownership.

Basic Principles

- **Creative Organization:** Where employees can maximize their potential
- **Challenging Environment:** Where a grading system is applied for evaluating employees
- **Fair, Impartial Treatment:** Where employees who go the extra mile are rewarded

DIVERSE TALENT

We make every effort to expand our pool of talent by hiring from both genders and from among the ranks of disabled persons.

TRAINING PROGRAMS

Beyond the customary on-the-job training, Tosoh offers training away from the workplace. Our intent is to help employees develop core skills as members of society and to cultivate core and foreign talent. Our programs include rank-based training, specialized education, globalization education, human rights education, and personal development support. For

the best in on-site training, our Nanyo and Yokkaichi Complexes host plant safety and stable operation programs that take into account the observations of experienced, hands-on employees.

Rank-Based Training and Specialized Education

Tosoh conducts scheduled rank-based training to cultivate skills and characteristics appropriate to employees' career stages. For new hires, the aim is to awaken an awareness of their role in society. And mid-career employees are taught leadership and communication and additional skills.

Tosoh's efforts at specialized education include striving to make employees of all ranks aware of issues facing the company. Typically, this involves sharing with employees what is shared directly between production chiefs and the company president. Specialized education also, of course, involves enhancing skills through the use of simulators and hands-on training equipment.

The structure and content of our training programs are always under review. Tosoh puts every effort into ensuring that it transforms employees' overall awareness and abilities and duty-specific skills.

Employee Data

(numbers in parentheses represent the number of female employees in each segment)

	FY 13	FY 14	FY 15
Regular Employees	2,516 (195)	2,548 (203)	3,048 (262)
New Hires	133 (12)	148 (16)	164 (19)
Rehired Staff	239	239	250
Avg. Age of Regular Employees*	40.5	40.0	39.1
Avg. Years Employed*	18.8	18.4	17.4
Turnover Rate [†]	2.27%	0.86%	0.33%

*Rehired and special assignment employees are excluded from average age of regular employees and from average years employed.

[†]Personnel who retired in fiscal 2015 at the normal retirement age are excluded from turnover rate.

Corporate Governance



GOVERNING COMMITTEES

Much of Tosoh's added value comes by way of an efficient, fair, transparent, and robust organizational structure capable of responding rapidly to changes in the company's business environment. We have established five committees consisting of directors and managers from across the organization: the Internal Control, Compliance, Antimonopoly Act Compliance, Export Supervision, and RC Committees. Each enacts measures to earn for Tosoh the trust of society.

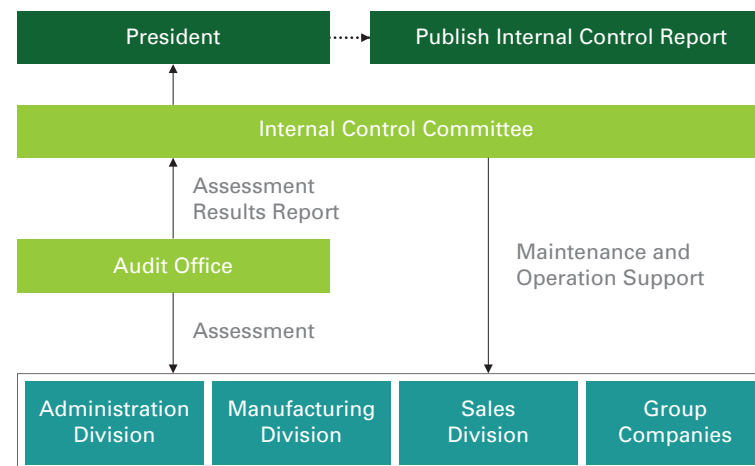
INTERNAL CONTROL COMMITTEE

The Internal Control Committee maintains and improves internal controls. This includes internal controls for compliance with corporate law and internal control report systems aligned with the financial reporting regulations stipulated in Japan's Financial Instruments and Exchange Act.

This committee meets at least four times a year and designs yearly assessments for its internal financial reporting controls. It checks the effectiveness of those assessments based on evaluations by Tosoh's auditing team. And it makes its internal control reports available to the public.

In fiscal 2015, Tosoh undertook a fundamental review of its internal control system. This has resulted in a clarified legal compliance system from a business management standpoint, including clarifying actions to be taken with regard to group companies. It has also clarified our management of various risks. Our revised internal control system policy is available via the Tosoh website.

Tosoh is also working, meanwhile, to enhance its compliance education, a component of its rank-based training. As well, we are focusing on activities to boost a group-wide awareness of internal controls.



COMPLIANCE COMMITTEE

Our Compliance Committee meets at least twice a year to sculpt our compliance structure and design guidelines therefor. It also develops and executes compliance-related training and audits the progress of these initiatives. In April 2014, it revised its compliance guidelines, expanding their scope to all Tosoh Group employees and directors.

The new Tosoh Group Code of Conduct (page 24) has been issued in Japanese, English, and Chinese and is available in other local languages upon request. The new code aims to promote and deepen group-wide compliance. To increase compliance among its domestic companies, Tosoh holds a yearly group compliance conference that, in fiscal 2015, was attended by 46 firms.

The Compliance Committee has additionally established a compliance hotline that allows anonymous internal reporting. The committee, moreover, engages with employees to educate and learn from them. It sends out news and quizzes on compliance topics, executes surveys on a yearly basis, and reflects employees' opinions and level of awareness in its future activities. The committee strives to heighten employees' awareness of and desire to act on compliance.

ANTIMONOPOLY ACT COMPLIANCE COMMITTEE

The Antimonopoly Act Compliance Committee meets when necessary to debate and determine the measures necessary for Tosoh's compliance with Japan's Antimonopoly Act. It then prepares internal regulations and manuals based on its determinations.

The company's Legal Office serves as the committee's secretariat and confers with Tosoh's sales divisions on changes in sales prices, checks the records of meetings with other firms in Tosoh's industry, and holds hearings on Tosoh's bids for government contracts.

The Antimonopoly Act Compliance Committee holds yearly seminars to enhance employees' understanding of the Antimonopoly Act and of the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (the Subcontract Act). In fiscal 2015, 349 participants attended a seminar on the Antimonopoly Act, and 295 participants attended a seminar on the Subcontract Act. The committee also holds a biannual Overseas Legal Risk Seminar for staff on overseas assignments and for staffers at corporate headquarters who need educating on laws applicable overseas. Fully 53 staff members attended this seminar in fiscal 2015.

EXPORT SUPERVISION COMMITTEE

The Export Supervision Committee likewise meets when necessary to debate and determine measures necessary for export control and compliance with Japan's Foreign Exchange and Foreign Trade Act. It then prepares internal regulations and manuals based on its determinations.

The committee defines export administrative procedures applicable to list and catchall controls, forming the system by which Tosoh's exporting divisions manage their operations. It also holds yearly seminars on compliance with relevant laws for export managers, 464 of whom took part in these seminars during fiscal 2015.

Tosoh Group Code of Conduct

Fundamental Policies: Each of us will comply with all laws, internal regulations, and social mores that pertain to our business.

1

Build a workplace where each employee can realize his or her potential

Compliance with laws, employment regulations, and social norms, including prohibiting discrimination and harassment, respecting human rights, establishing a healthy work environment, and more

2

Live up to the expectations of shareholders and the trust of customers and partners

Prohibition of bribery and corruption, including complying with Japan's import-export laws and Antimonopoly Act and related laws, forbidding and severing ties to antisocial elements, disallowing insider trading, and more

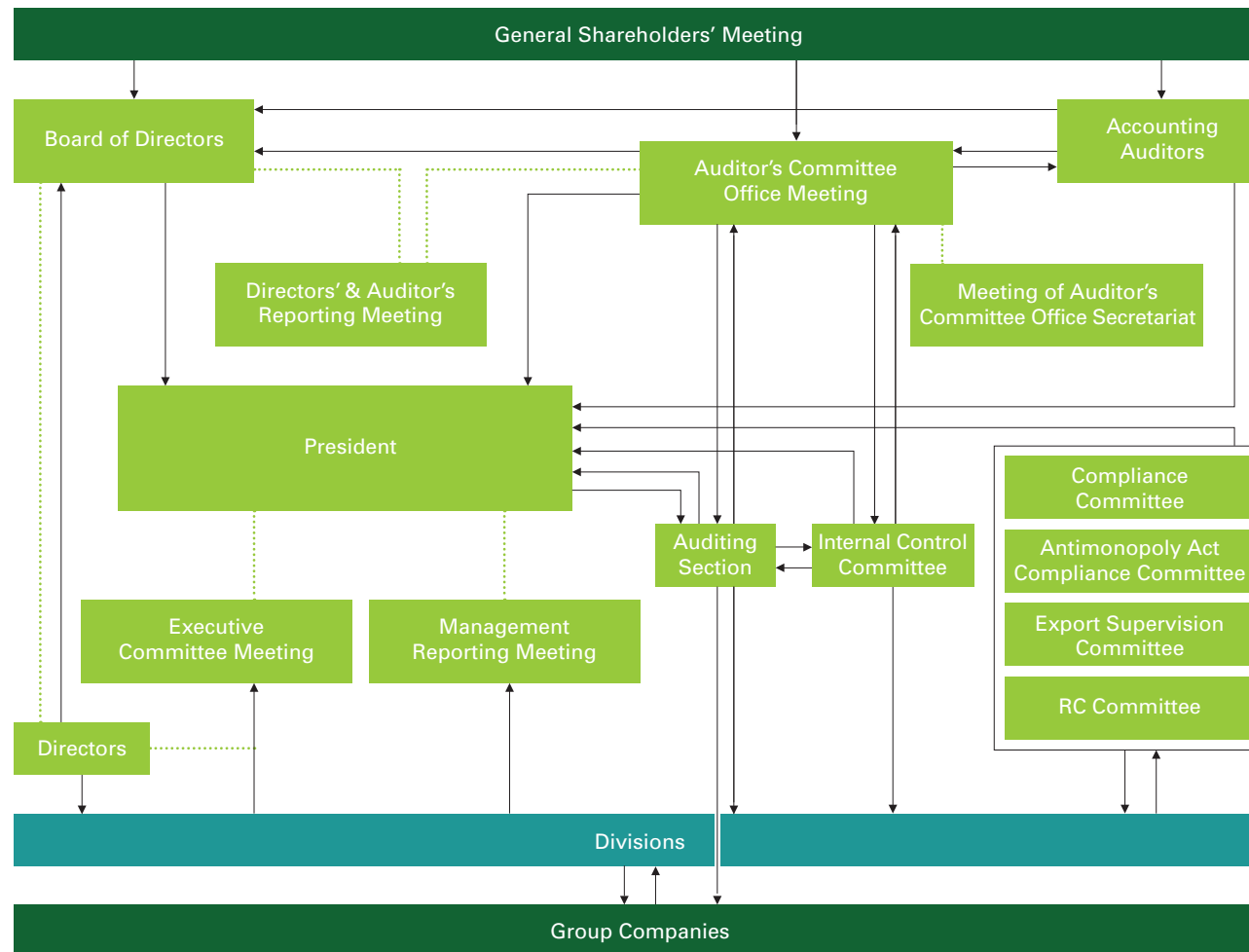
3

Contribute to the healthy development of society

Preservation and protection of the environment, including maintaining a healthy and safe workplace and ensuring consciousness at a high level of the need for social responsibility

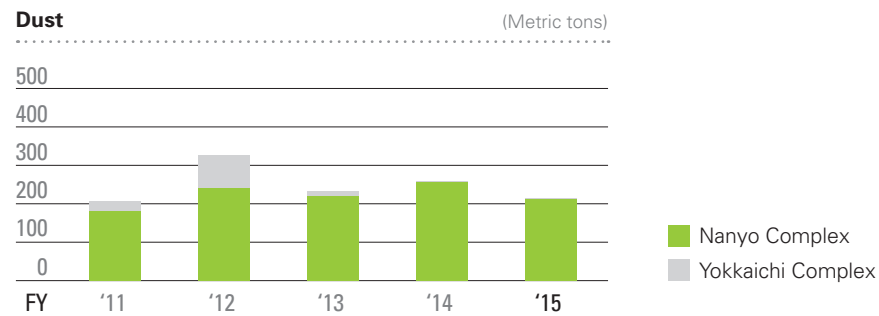
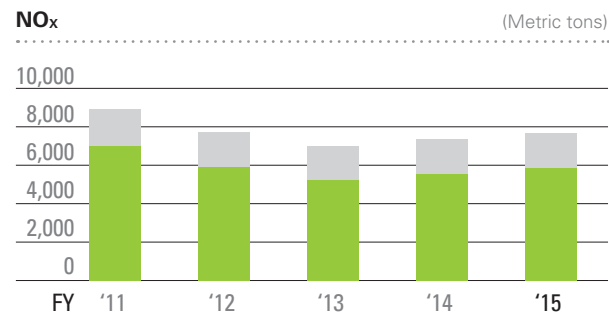
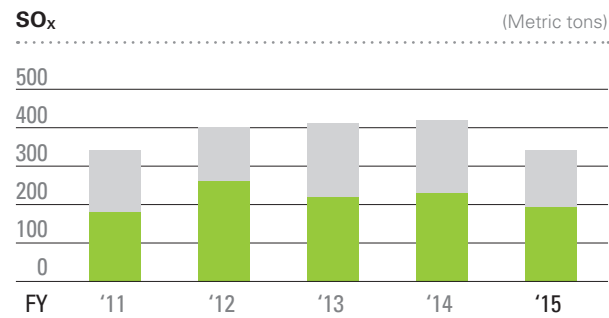
Corporate Governance Organization

(As of the end of June 2015)



Key Data & References

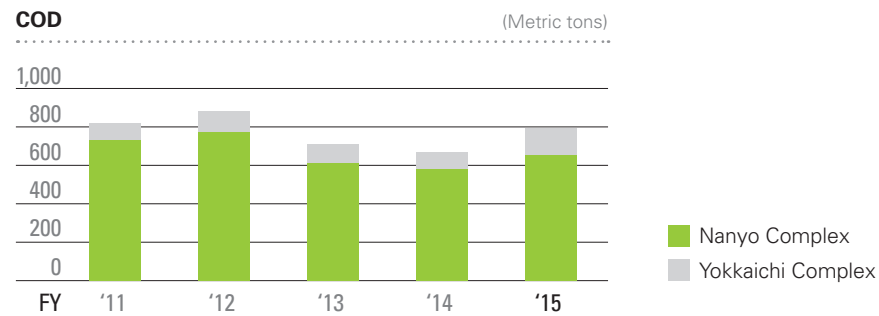
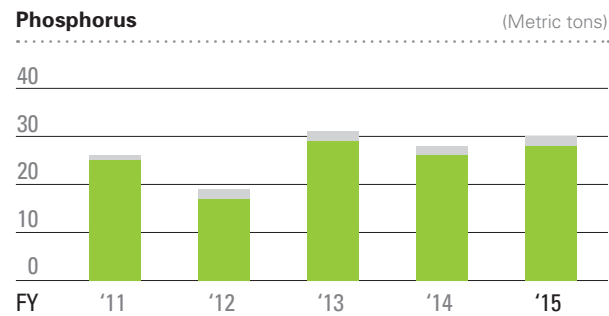
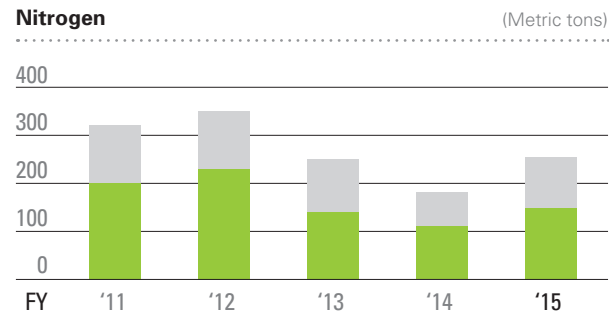




ENVIRONMENTAL CONSERVATION

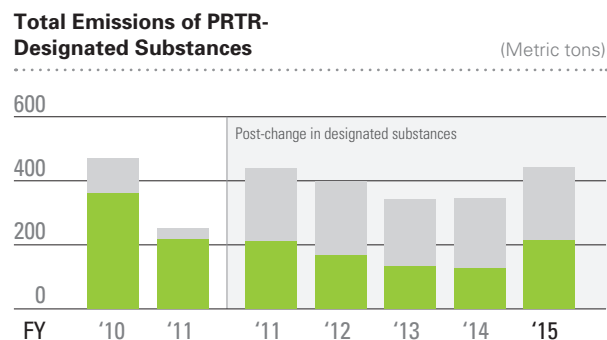
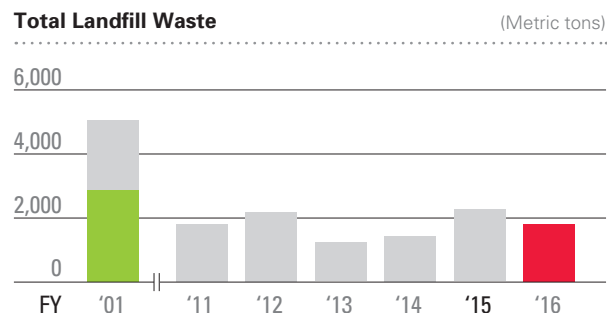
PRESERVATION OF THE ATMOSPHERE

Our fuel-burning boilers and furnaces release smoke containing SO_x (sulfur oxide), NO_x (nitrogen oxide), and particulate matter into the atmosphere. Tosoh, however, meets all Japanese and local government emission standards. What is more, Tosoh has set in-house emission targets that exceed any demanded by outside parties.



WATER PRESERVATION

We release industrial-use water used for cooling and other purposes into waterways. But our standards for discharged water are beyond anything required by law or agreed to with local communities. Nitrogen emissions increased in fiscal 2015 but did not exceed outside authorities' regulations because of the optimized operation of devices installed in fiscal 2014.



- Nanyo Complex
- Yokkaichi Complex
- Company-wide target for fiscal 2016

INDUSTRIAL WASTE FINAL DISPOSAL

Unfortunately, we were unable to meet our RC targets for industrial waste final disposal volumes in fiscal 2015 because of plant expansion and a malfunctioning boiler electric dust collector. We are pushing forward with discussions on how to best utilize industrial waste as a resource in seeking to achieve our RC targets in fiscal 2016.

PRTR-APPLICABLE SUBSTANCE EMISSION TRANSFER VOLUMES

To reduce the burden posed by chemical substances on the environment, Tosoh endeavors to manage its emissions of Class 1 chemical substances under the Pollutant Release and Transfer Register (PRTR) Law. Our merger with NPU in October 2014 added 106 metric tons of emissions to our annual emissions, raising our total yearly emissions to 441 metric tons. Excluding the additional emissions accounted for by the merger, our emissions in fiscal 2015 totaled 335 metric tons, bettering our RC target for the year of 349 metric tons.

PRTR Substances: Emissions and Volumes

(Metric tons)

Nanyo Complex

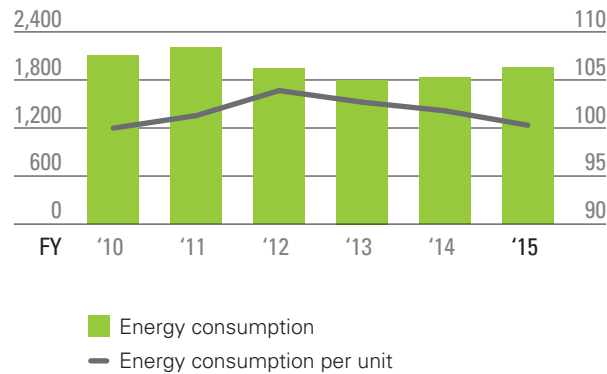
Substance	Atmospheric emissions	Water emissions	Soil emissions	Landfill disposal	Total emissions inside plant	Sewage disposal	Transport outside plant site
Chlorobenzene	92.1	0.4	0.0	0.0	92.5	0.0	16.5
Vinyl chloride	38.1	2.2	0.0	0.0	40.3	0.0	0.0
Ethylenediamine	3.0	10.2	0.0	0.0	13.2	0.0	0.0
1,2-dichloroethane	8.5	1.4	0.0	0.0	9.9	0.0	42.3
Chloroform	1.3	8.1	0.0	0.0	9.4	0.0	0.0
Vinyl acetate	3.4	3.7	0.0	0.0	7.1	0.0	0.0
1,4-dioxane	6.1	0.8	0.0	0.0	6.9	0.0	69.3
1,1,2-trichloroethane	5.9	0.5	0.0	0.0	6.4	0.0	28.6
Methacrylic acid	0.0	5.4	0.0	0.0	5.4	0.0	0.0
Phenol	0.2	4.5	0.0	0.0	4.6	0.0	0.2
Toluene	3.8	0.0	0.0	0.0	3.9	0.0	0.6
Water-soluble zinc compounds	0.0	3.6	0.0	0.0	3.6	0.0	0.0
Triethylenetetramine	0.0	3.5	0.0	0.0	3.5	0.0	0.0
O-dichlorobenzene	3.4	0.0	0.0	0.0	3.4	0.0	1.2
1,3-butadiene	1.9	1.6	0.0	0.0	3.4	0.0	0.0
N-alkylbenzenesulfonic acid and its salts	0.0	3.0	0.0	0.0	3.0	0.0	0.0
Styrene	1.7	0.9	0.0	0.0	2.6	0.0	0.0
Tetraethylenepentamine	0.0	1.5	0.0	0.0	1.5	0.0	0.0
N-hexane	1.1	0.0	0.0	0.0	1.1	0.0	0.1
Dioxins (mg-TEQ)	36.8	181.0	0.0	0.0	217.8	0.0	0.0
53 other substances	3.5	1.9	0.0	0.0	5.4	0.0	540.9

Yokkaichi Complex

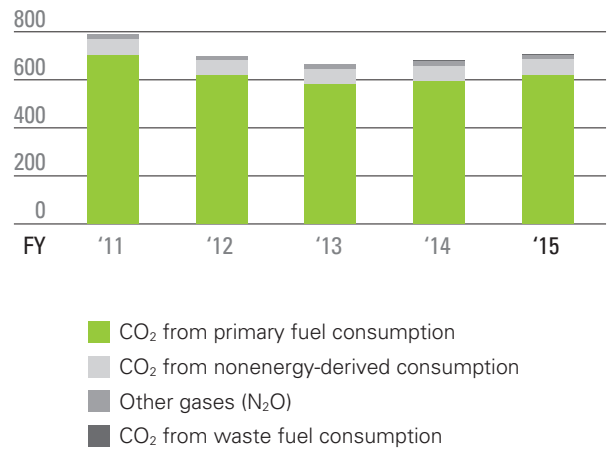
Substance	Atmospheric emissions	Water emissions	Soil emissions	Landfill disposal	Total emissions inside plant	Sewage disposal	Transport outside plant site
n-hexane	163.9	0.3	0.0	0.0	164.2	0.0	1.9
1,2-dichloroethane (EDC)	11.8	0.0	0.0	0.0	11.9	0.0	1.7
Cumene and isopropylbenzene	8.7	0.0	0.0	0.0	8.7	0.0	0.0
Triethylamine	0.0	8.5	0.0	0.0	8.5	0.0	0.0
Chloroethylene (VCM)	4.3	0.0	0.0	0.0	4.3	0.0	0.0
Water-soluble zinc compounds	0.0	3.9	0.0	0.0	3.9	0.0	0.0
Vinyl acetate	3.3	0.6	0.0	0.0	3.9	0.0	0.0
Xylene	3.7	0.0	0.0	0.0	3.7	0.0	2.0
Toluene	2.5	0.0	0.0	0.0	2.5	0.0	0.3
Dichlorodifluoromethane (CFC-12)	2.3	0.0	0.0	0.0	2.3	0.0	0.0
BHT	1.8	0.0	0.0	0.0	1.8	0.0	0.0
Dioxins (mg-TEQ)	1.0	1.7	0.0	0.0	2.7	0.0	0.0
25 other substances	1.4	0.1	0.0	0.0	1.5	0.0	41.5

Energy Consumption and Basic Unit

(Crude oil equivalent, millions of liters) (Energy consumption per unit)

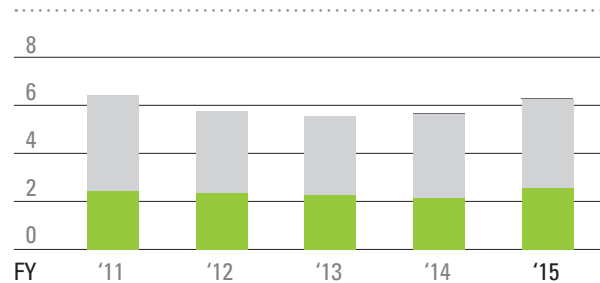
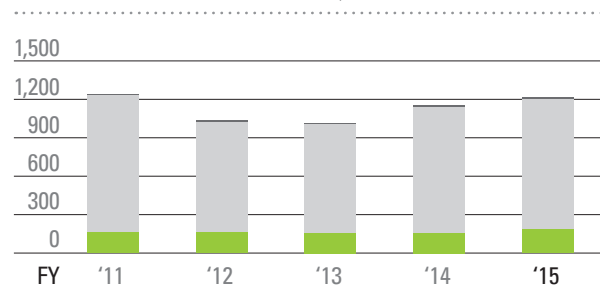
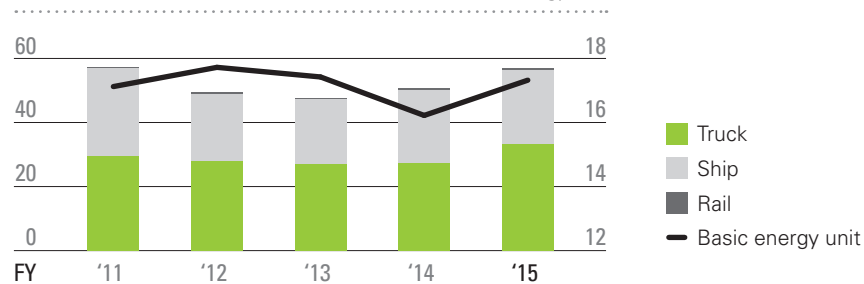
**Atmospheric Emissions of Greenhouse Gases**

(Millions of metric tons)

**COMBATING GLOBAL WARMING**

Our energy consumption index in fiscal 2015 was 100.3% compared with the index in fiscal 2009 and represented a 1.4% improvement over fiscal 2014. The improvement owed itself primarily to our increased production of vinyl chloride monomer, caustic soda, and urethane-based products, which correlated to four-fifths of the 1.4% improvement. The heightened production of these products, however, increased our emissions of greenhouse gasses (energy-derived CO₂) by approximately 270,000 metric tons year on year, for total emissions of approximately 6.2 million metric tons in fiscal 2015.

Tosoh participates in the Japan Chemical Industry Association's Action Plan for a Low-Carbon Society. We continue to strive, therefore, to reduce our energy consumption and greenhouse gas emissions through green initiatives.

Transport Volume (Millions of metric tons)**Transport Metric Ton-Kilometers** (Millions of metric ton-kilometers)**CO₂ Emissions and Basic Energy Unit**
(Thousands of metric tons) (Basic energy unit)**LOGISTICS**

Our transport metric ton-kilometers increased 6% year on year in fiscal 2015, to 1.216 billion metric ton-kilometers because of our merger with NPU.¹ The merger also led to more use of trucks, and that, in turn, increased our CO₂ emissions to 57,000 metric tons in fiscal 2015, a 12% jump over a year earlier.

Our energy use per metric ton-kilometer for fiscal 2015 went from 16.2 in fiscal 2014 to 17.3.² Sea freight constitutes a large portion of Tosoh's shipping, and we continue to hold informational meetings with sea freight companies on the subject of reducing energy use and CO₂ emissions. Tosoh continues in its efforts to reduce its CO₂ emissions from transport.

1. Transport metric ton-kilometers (tkm) = metric tons shipped x kilometers shipped

2. Energy use per metric ton-kilometer = crude oil energy consumption equivalent (kl) ÷ transport metric ton-kilometers (tkm millions)

HEAD OFFICE

Tosoh Corporation
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Minato-ku, Tokyo 105-8623
Japan

For further information, please contact
International Corporate Development
Tel: +81 (3) 5427 5118
Fax: +81 (3) 5427 5198
info@tosoh.com www.tosoh.com

DATE OF INCORPORATION

February 11, 1935

PAID-IN CAPITAL

¥40.6 billion

NUMBER OF EMPLOYEES

11,594

INDEPENDENT AUDITORS

KPMG AZSA LLC

As of March 31, 2015

 **READ MORE ONLINE**

COMMON STOCK

Authorized: 1,800,000,000 shares
Issued: 601,161,912 shares

NUMBER OF SHAREHOLDERS

22,926

STOCK EXCHANGE LISTING

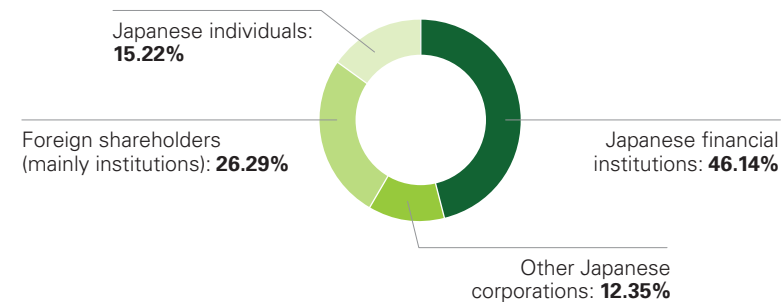
Tokyo Stock Exchange
Ticker Symbol: JP: 4042

TRANSFER AGENT FOR SHARES

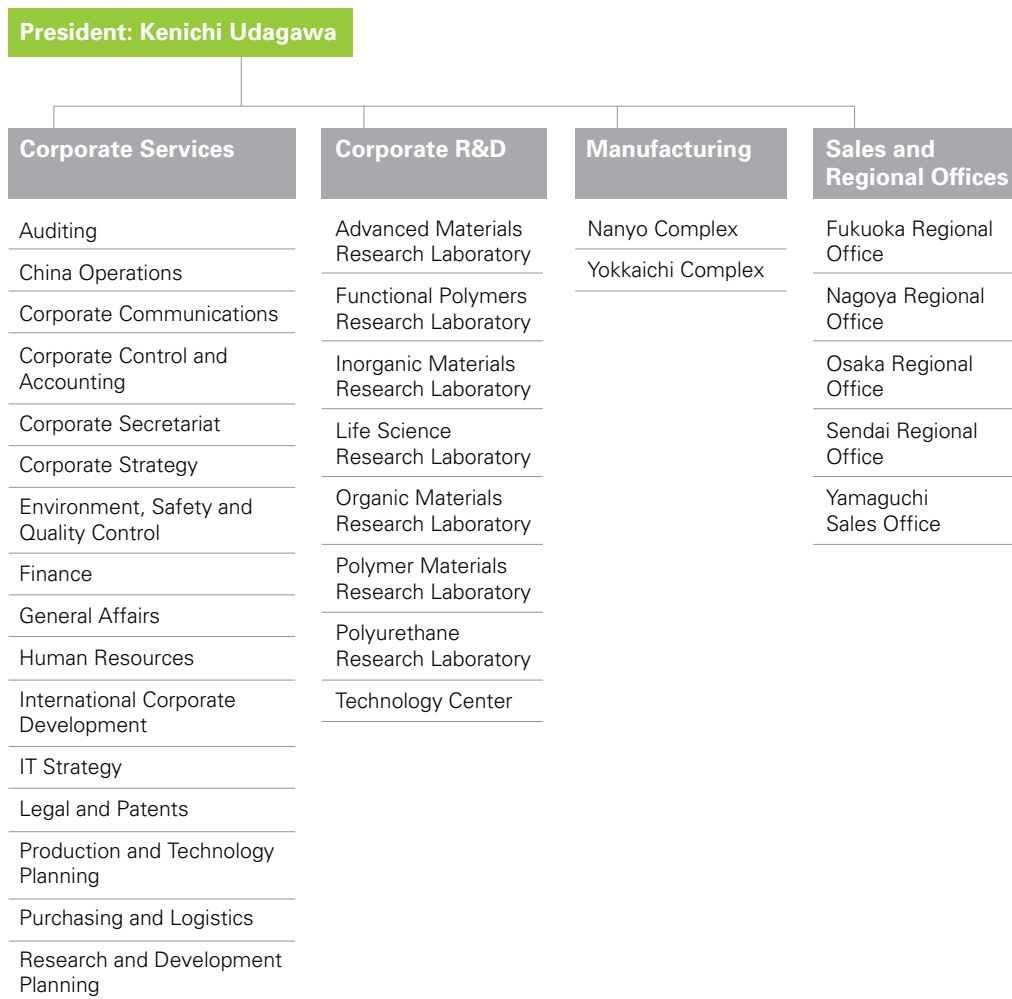
Sumitomo Mitsui Trust Bank, Ltd.
2-8-4, Izumi
Suginami-ku, Tokyo 168-0063
Japan

LARGEST SHAREHOLDERS

	Shares held (Thousands of shares)	Percent of total
Japan Trustee Services Bank, Ltd. (Trust Account)	34,166	5.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,577	5.25
Mizuho Corporate Bank, Ltd.	22,057	3.67
Mitsui Sumitomo Insurance Co., Ltd.	16,559	2.75
Mitsui Sumitomo Trust and Banking Co., Ltd.	15,004	2.50
Nippon Life Insurance Company	13,366	2.22
The Norinchukin Bank	12,985	2.16
Yamaguchi Bank Co., Ltd.	9,944	1.65
Aioi Nissay Dowa Insurance Co., Ltd.	9,920	1.65
Tosoh Kyowa Association	9,859	1.64

STOCK HELD BY INVESTOR TYPE

ORGANIZATION CHART



BUSINESS DIVISIONS

Advanced Materials	Administration, planning and business development, electronic materials, battery materials, ceramics and zeolites
Basic Chemicals	Planning and coordination, chlor-alkali sales and marketing
Bioscience	Planning and business development, sales, research and development, customer service, separation media production
Cement	Planning and coordination
Olefins	Sales and marketing
Organic Chemicals	Planning and business development, amines, bromine and flame retardants, eco-business
Polymers	Planning and coordination, polyethylenes, high-performance polymers
Urethane	Planning and business development, isocyanates, functional urethanes

BOARD OF DIRECTORS (As of June 26, 2015)

Representative Directors	Kenichi Udagawa (President), Toshinori Yamamoto (Managing Director)
Managing Directors	Toshinori Yamamoto, Sukehiro Itoh, Masaki Uchikura, Keiichiro Nishizawa, Katsushi Tashiro
Directors	Kouji Kawamoto, Masayuki Yamada, Nobuaki Murashige, Hiroto Murata, Tsutomu Abe

 **READ MORE ONLINE**



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