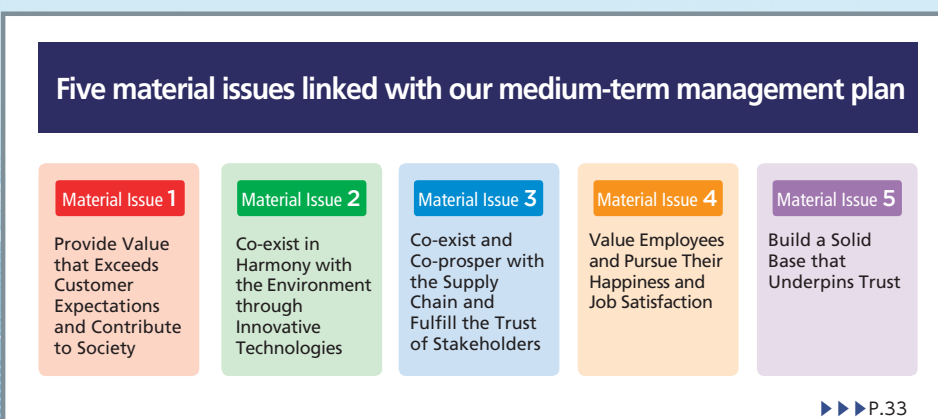


Toyo Ink Group Value Creation Looking Ahead to 2050

In order to adapt to the rapidly changing business environment, the Toyo Ink Group is working to achieve the goals of its long-term corporate vision that target year is 2027, Scientific Innovation Chain 2027 (SIC27) by implementing three-year medium-term management plans. In SIC27 we define the concept of “Sustainable Growth” as the Toyo Ink Group growing sustainably and contributing to the improvement of society’s sustainability through our corporate activities to provide value by realizing a world where all consumers, living beings, and the global environment share vibrant lives. We have also identified five material issues aimed at both achieving sustainable growth for the Group and improving the sustainability of society, and are engaged in a range of sustainability activities in conjunction with our medium-term management plan.

The Group has also established the Sustainability Vision “TSV2050/2030,” which is closely linked with SIC27, with long-term practical targets for its sustainability activities. We have established this vision with a view to 2050, based on our belief that initiatives with a more long-term outlook will be needed beyond SIC27 and our material issues, in order to respond to recent global trends regarding climate change, carbon neutrality and initiatives for the achievement of the SDGs, as well as the current social situation which requires that companies fulfill increasing demands for sustainability.



Reflecting the specific goals of TSV2030 and linking TSV and the medium-term management plan

Formulating a long-term vision to adapt to the rapidly changing business environment

2018 2021 2024 2027 2030 2050

• Contributing to the achievement of the SDGs

• Achievement of carbon neutrality

Sustainability Vision TSV2050/2030	
TSV2030	TSV2050
1. Providing products and services that realize a sustainable society	
<ul style="list-style-type: none"> The percentage of sales from sustainability-enhancing products will be 80% Increasing the number of products able to contribute to the reduction of CO₂ emissions throughout their lifecycle 	<ul style="list-style-type: none"> Making all products sustainability-enhancing products Helping customers achieve decarbonization
2. Reducing the environmental impact of manufacturing	
<ul style="list-style-type: none"> CO₂ emissions: 35% reduction in Japan (from the FY2020 level), 35% reduction overseas (compared to the FY2030 BAU) Amount of waste treated off-site (Japan): 50% reduction (from the FY2020 level) Harmful chemical substance emissions (Japan): 30% reduction (from the FY2020 level) 	<ul style="list-style-type: none"> Achieving net zero CO₂ emissions from production activities and minimizing their environmental impact Minimizing waste generation Realizing sustainable water use
3. Building a foundation for trust	
<ul style="list-style-type: none"> Sourcing raw materials in ways that are friendly to the environment and good for society Respecting the diversity of employees and co-existing in harmony with the natural environment and local communities Continually restructuring our governance system 	<ul style="list-style-type: none"> Continuing to reform and transform our supply chain, human resources, regional activities, and governance from the perspective of environmental and social contribution

Set interim targets as a milestone by backcasting

Formulating a vision from a more long-term perspective and responding to recent social conditions

Business environment and social conditions

Social and environmental issues

Toyo Ink Group's ideal corporate image

All products and services provided contribute to sustainability

Minimizing the environmental impact of manufacturing

Being a company that can contribute to the improvement of social sustainability

Setting direction and goals by backcasting starting from our ideal corporate image

TSV2050/2030 consists of TSV2050, which indicates a direction to reach our ideal vision with 2050 as the target year, and TSV2030, which sets various interim targets by backcasting toward 2030 as a milestone.

TSV2050 is our basic vision for driving various corporate activities. It outlines our ideal vision, as a company that contributes to sustainability through all of the products it provides, minimizes the environmental impact of manufacturing, including carbon neutrality, and can contribute reliably to the improvement of social sustainability. In contrast, TSV2030 is a milestone on the road to achieving TSV2050, setting interim targets to drive our contributions as a corporate Group toward the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations. TSV2050/2030 is the basis for all of the Group's CSR, sustainability and ESG-related initiatives.

Value Creation Model Aiming for the Sustainable Growth of the Group and Society

The Toyo Ink Group began implementing its SIC-II medium-term management plan in 2021 to reflect our recognition of global issues and an understanding of the Group's strengths. This plan was established under our Corporate Policy, a timeless and invariant pillar, with the goals of ensuring the sustainable growth of the Group and society and providing the value described in Scientific Innovation Chain 2027 (SIC27), our long-term corporate vision. As a company that contributes to a new era through the enrichment of life and culture, we will continue working to create new value in the priority areas of development laid out in SIC-II.



Capital Sources of Value Creation

The Toyo Ink Group’s six forms of capital—financial, manufactured, human, intellectual, social and relationship and natural—support its management base and serve as sources of value creation. By freely utilizing these sources of capital, we will continue to engage in business activities that solve various social issues. The economic value, environmental value and lifestyle value created by the Group’s business activities will act as a driving force for strengthening its management base and achieving further value creation.

* Figures are as of the end of December 2021 unless stated otherwise.



Financial capital

A sound financial base that emphasizes the balance between investment and shareholder returns

Investments for the sustainable growth of the Group can be realized with a sound financial base. The Toyo Ink Group supports its value creation activities by allocating resources with an emphasis on achieving an appropriate balance between the three elements of “financial soundness,” “active investment for growth” and “shareholder returns.”

■ Total assets	406,896 million JPY
■ Profit attributable to owners of parent	9,492 million JPY
■ Net income attributable	218,449 million JPY
■ Cash flows (balance of cash and cash equivalent)	60,949 million JPY



Manufactured capital

A manufacturing platform that serves as the foundation for the enrichment of life and culture

Since the time of its founding, the Toyo Ink Group has aspired to contribute to society as a manufacturing company. Through an integrated production system that enables production of everything from raw materials such as pigments and polymers to products such as inks and other functional products, we realize *enriching life and culture* that we hold. By sharing formula, know-how and production technologies among the Group companies in Japan and overseas, we can build a system of local production for local consumption and global quality management, and provide solutions that exceed expectations for the needs of each region and market.

■ Integrated production system from raw materials to products	
■ Global quality management network	
■ Production bases	13 bases in Japan, 30 bases overseas
■ Capital investments	19,680 million JPY
■ Overseas production ratio (quantity basis)	61.9%
■ Frequency rate of lost-workday injuries	0.569 (Japan)



Human capital

Diverse human resources and good employee engagement to support value creation

The management resources that the Toyo Ink Group regards as most important are its employees. Approximately 8,000 diverse human resources are engaged in various missions around the world, supporting the Group’s value creation. Through various HR strategies, training and development programs, we are working to build good engagement between the Group and its employees by promoting diversity and inclusion, creating a rewarding work environment and supporting the career development of each employee. In order to accelerate business reform through digital technologies, we are also working to develop human resources who can respond to digital transformation needs.

■ Number of consolidated employees	7,887 employees (3,077 in Japan, 4,810 overseas)	■ Number of overseas managers recruited locally	508 persons
■ Ratio of female hires (new graduate and mid-career recruits)	33.3% (employees registered at Toyo Ink SC Holdings)	■ Employee satisfaction	84.5% (positive response rate in employee awareness survey in Japan)
■ Number of female managers	24 persons (as of January 2022 in Japan)		



Intellectual capital

Technology infrastructure and systems to drive the creation and expansion of new businesses

■ R&D system divided and layered into basic research, applied research, and product development		■ Research and development expenses	8,496 million JPY
■ Technology platform that enables a wide range of business development		■ Number of patents	1,991 patents in Japan, 869 patents overseas
■ Number of employees in R&D and Technology departments	778 persons in Japan		



Social and relationship capital

Network for promoting local production for local consumption and sound supply chain

■ Number of Affiliates	61 consolidated subsidiaries, 7 equity-method affiliates	■ Major suppliers	Approx. 300 companies in Japan
■ Business regions and sites	24 countries or region, 106 sites	■ Time spent maintaining trusting relationships with customers	126 years (Founded in 1896)
■ Overseas sales ratio	49.9%		



Natural capital

Global environment and resources supporting sustainability of the Group and society

■ Energy consumption	89,709kL [crude-oil equivalent]	■ Raw materials (fossil, non-fossil)	168,356t
■ Water consumption	5,650 thousand m³		

