

CORPORATE SOCIAL RESPONSIBILITY

MANAGEMENT PHILOSOPHY AND CORPORATE SOCIAL RESPONSIBILITY

Corporations comprise relationships with numerous stakeholders, including local communities, stockholders, customers, as well as employees and their families, and thus owe their existence to society. As corporate citizens, the continued existence of companies and their profits are premised on the trust and confidence of society. In essence, corporate activities are meaningful to the extent that they contribute to society, with the value of these activities reflected in corporate profits.

In this context, the Tomen Management Philosophy provides a set of common values for all directors and employees and underpins the Tomen Group Code of Conduct. Tomen views this philosophy and Code of Conduct as the central platform for fulfilling its social responsibility of providing economic, social, and environmental value to its stakeholders.

The Tomen Management Philosophy (please see Page 1) has three main components. The first is a clear statement of Tomen’s mission. As a basis for achieving this mission, the second and third components establish a Code of Conduct for each and every employee, and Management Guidelines in the form of management commitments, respectively. Based on the Tomen Management Philosophy, the Code of Conduct establishes ten basic rules of behavior that are to be followed by every employee in the conduct of daily operations from the standpoint of corporate ethics and legal compliance.

To ensure that the Tomen Management Philosophy and Code of Conduct remain at the heart of business operations, Tomen has a system for carrying out PDCA (plan, do, check, act) cycles throughout the group. Management is committed to following and maintaining this system.

MANAGEMENT GUIDELINES “Three Promises”

1

Optimal Management Company-wide to Create Profits and Values

- Active and strategic distribution of company-wide resources
- Emphasis on and cultivation of areas of competitive advantage
- Selection, investment, and nurturing of leading-edge and next-generation areas

2

Dynamic Management to Stimulate Employee Enthusiasm and Conduct

- Support for self-realization through work
- Fostering and appointment of management and professional human resources
- Rational personnel assignment and performance-based personnel evaluation

3

Transparent Management to Guarantee Responsibility and Fairness

- Clarification of responsibility through separation of company-wide management and administrative responsibility
- Positive information disclosure to society and build-up of favorable relations with society
- Due consideration for the environment and safety and thorough responsibility as a corporate citizen

ESTABLISHMENT OF A COMPLIANCE-CSR COMMITTEE

Companies must satisfy a growing and increasingly complex range of obligations, as societal, economic, and environmental changes prompt the enactment of legislation in areas such as consumer protection, disclosure, and environmental protection. Furthermore, the transition to an IT-driven society is building closer relationships

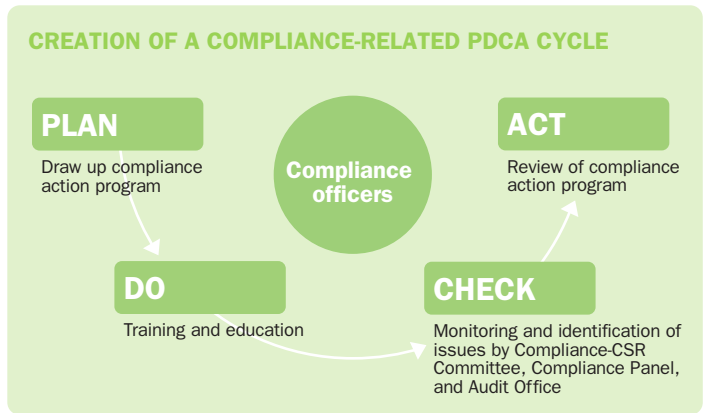
between companies and various stakeholders, including local communities. It is thus essential to swiftly respond to a range of stakeholder requirements.

The Risk Management Committee has traditionally played a central role in the planning and promotion of compliance policies on a company-wide basis. Additionally, this committee has been instrumental in the monitoring of these activities, training of employees and directors throughout the group and other initiatives. However, Tomen has determined that comprehensive, CSR-oriented policies are essential to effectively address the above-noted societal changes. Accordingly, in April 2005, the Company established a Compliance-CSR Committee, as an organization independent from the Risk Management Committee.

The Compliance-CSR Committee will conduct activities focused on three areas—the economy, society, and the environment. Some of Tomen’s CSR activities covering these areas include promoting traceability to ensure food safety, verifying the safety of chemical substances, and strictly managing exports.

CREATION OF A COMPLIANCE-RELATED PDCA CYCLE

To ensure compliance on a company-wide basis, Tomen has appointed the following key personnel as compliance officers: the heads of operating divisions, presidents of overseas subsidiaries and all affiliates, and heads of departments. Compliance officers will work to ensure compliance in each of the respective organizations under their charge. A Compliance Panel has also been set up under the Compliance-CSR Committee to discuss, propose, and monitor specific CSR measures, including compliance-related activities.



ENVIRONMENTAL MANAGEMENT

On the environmental front, Tomen has established the Tomen Environmental Charter, which sets forth the fundamental principle of “executing our businesses mindful of sustainable development and the preservation of the global environment.” In 1991, Tomen set up the Global Environmental Committee, led by the Company’s representative directors. Guided by this committee, Tomen has addressed global environmental issues from a company-wide perspective in line with the Tomen Environmental Charter. Since April 2005, these activities have been conducted in cooperation with the Compliance-CSR Committee to promote more comprehensive CSR activities, including environmental initiatives, for the entire Tomen Group.

Moreover, Tomen has introduced an Environmental Management System and applies PDCA cycles across all business activities to quickly identify and reduce risk while implementing preventive measures. Specifically, the Company applies strict environmental assessments to projects as a means of avoiding environmental risk.

In 1999, Tomen obtained ISO 14001 certification, the international standard for environmental management systems. Tomen remains committed to making ongoing improvements in its environmental management activities through periodic checks of its environmental management by external auditors and other means.

ISO 14001 certification

