

Sustainability

Message from CSRO

Toward the Realization of a Sustainable Society



Toshiya Koyama
Executive Officer, Member of the Board
Chief Social Responsibility Officer

In recent years it seems as though not a day goes by when the word "sustainability" does not appear in newspapers and other media. I am always a little puzzled, however, because the word is often used without a subject. What exactly is it that must be sustained? Thinking about this question, I understand that the subject must be the society in which we live. So, what is the starting point of this social sustainability?

The origin of corporate social responsibility in Europe apparently was the issue of unemployment among young people in the 1990s. Since European society could not be sustained if the matter were left untouched, not only governments but companies also set about tackling the youth unemployment issue. Every person constitutes an essential asset for society. Therefore, since companies were handling social assets, they had to accept the accompanying responsibility. Companies educate and train people and then have them create value. Accordingly, I believe that human rights definitely lie at the root of social sustainability.

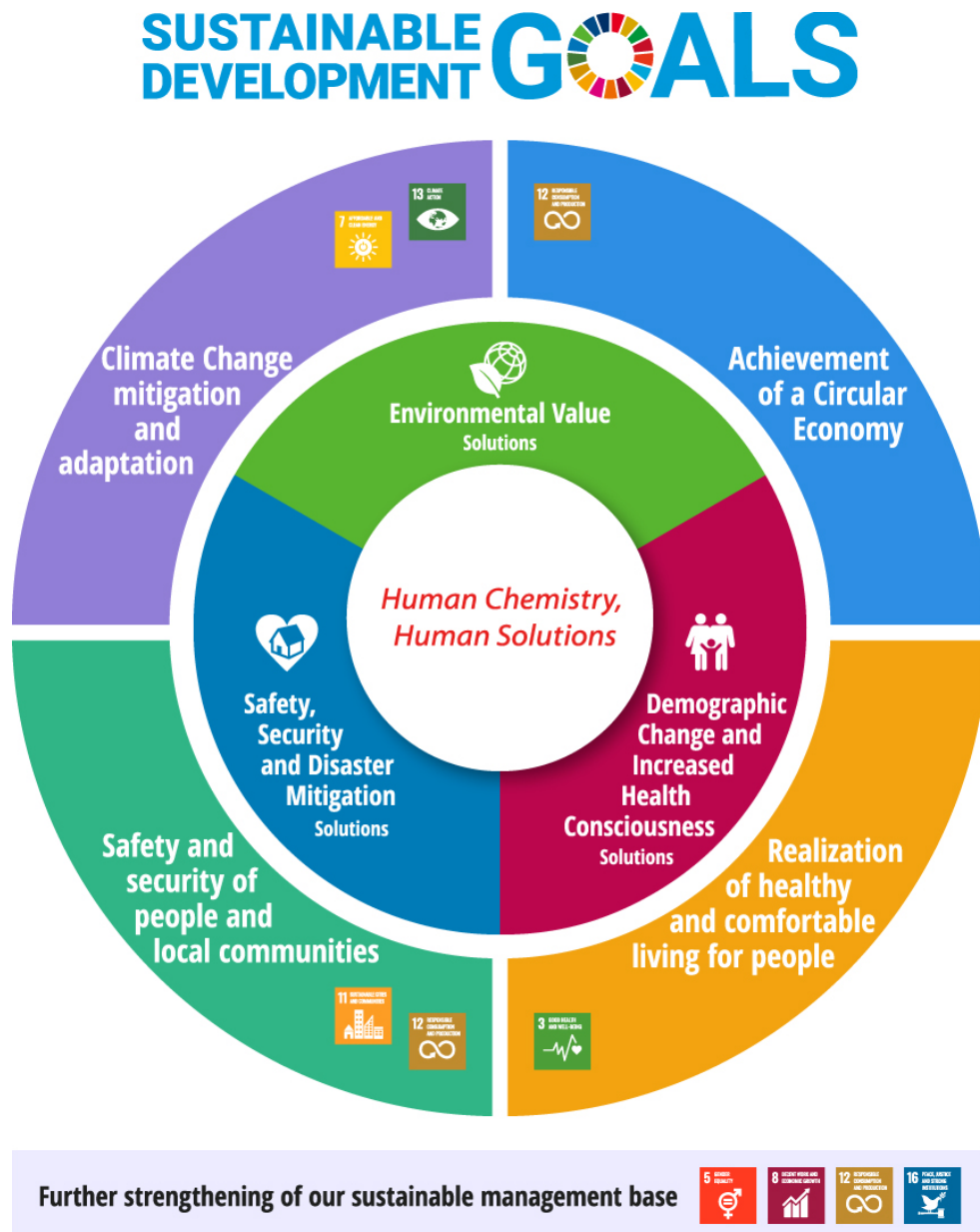
Besides human rights, our business would not survive without the sustainability of suppliers. In addition, in the supply of goods and services, it would be inexcusable if they were harmful to people. Furthermore, in the process from producing the goods and services that we supply to delivering them to the customer, the emission of much carbon dioxide would mean that we were cohorts in bringing about climate change.

In this way, to sustain society, steady efforts are necessary to solve multiple problems one by one. The Teijin Group intends to contribute to the sustainability of society by continuing to challenge issues around the clock in our effort to enhance the quality of life, which is our corporate philosophy.

Sustainability

Sustainability Policy and SDGs

Based on the following sustainability policies, the Teijin Group contributes to the development of a sustainable world by providing value to solve social issues through three solutions focusing on people: (1) environmental value solutions; (2) safety, security and disaster mitigation solutions; and (3) demographic change and increased health consciousness solutions.



SDGs Approach Policy

To realize a sustainable world, our focus will be on people, to provide innovative solutions to enhance the quality of life, while minimizing the impacts of our activities on the environment and society.

For the earth	 Environmental value solutions Provide products and services that contribute to global environmental goals such as prevention of climate change and achievement of a circular economy.
For society	 Safety, security and disaster mitigation solutions Provide products and services that protect lives and livelihoods from various risks such as disasters and accidents.
For people	 Demographic change and increased health consciousness solutions Provide products and services that support healthy and comfortable living for people of all ages.

CSR Basic Policy

The Teijin Group defines its CSR Basic Policy as follows. Basically it's a long-term policy, but enumeration of specific issues in it are reviewed in the medium term.

CSR Basic Policy

1. Basic Stance: Sustainable Development of Business and Society

Work positively and proactively on important issues related to corporate social responsibility such as the environment, society and governance (materiality) with high sensitivity to aim for sustainable development of business and society as “an enterprise that is essential to tomorrow’s society.”

2. Contribute to Society through Business

Proactively grasp those problems that society needs to solve related to the environment, safety/security/disaster mitigation and health, and provide sustainable solutions to such problems through business.

3. Appropriately Respond to Various Risks

Manage various risks related to business activities appropriately such as corporate ethics and compliance, environmental impacts, quality assurance, occupational safety, etc., and demonstrate strong resilience even when risks actualize.

4. Dialogue with Society to Improve Continuously

Maintain positive dialogue with society and continuously improve these recognitions and practices. At the same time, contribute to gaining and maintaining social recognition as a “sustainability advanced enterprise” globally.

Participation in the Global Compact

Teijin Limited joined the UN Global Compact* in March 2011 by a decision of the Board of Directors. Participation in this global initiative for sustainable development is voluntary. Participating companies are required to follow the 10 basic principles of the Global Compact relating to “human rights,” “labor,” “environment” and “anti-corruption.”

As a global company, in order to practically implement high-quality CSR management, in FY2011, the Teijin Group reviewed its Corporate Code of Conduct and Corporate Standards of Conduct based on the principles of the UN Global Compact. In addition, in terms of business activities, we clarified policies to practically implement the basic principles such as respecting human rights.

Further the Teijin Group has revised its previous Corporate Code of Conduct and Standards of Conduct to the Code of Conduct to clarify the Group’s engagement with the United Nations’ Sustainable Development Goals (SDGs), the Global Compact and other frameworks in accordance with changes in the social environment in June 2018. Our new Code of Conduct now includes the statement, “Integrity: We act with integrity in compliance with laws and regulations, and show respect for human rights and local communities in which we operate.”

Additionally, in March 2019, we established the Teijin Group Human Rights Policy. Under this policy, we pledge to endeavor not to be involved directly-or to be complicit indirectly by way of external affiliates-in any kind of human rights violations in our business activities, in recognition of the fact that respect for human rights is an important social responsibility to be fulfilled as a company.

* UN Global Compact: A set of voluntary corporate-action principles proposed by the former Secretary General Kofi Annan during the World Economic Forum (Davos Forum) held in January, 1999.

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Sustainability

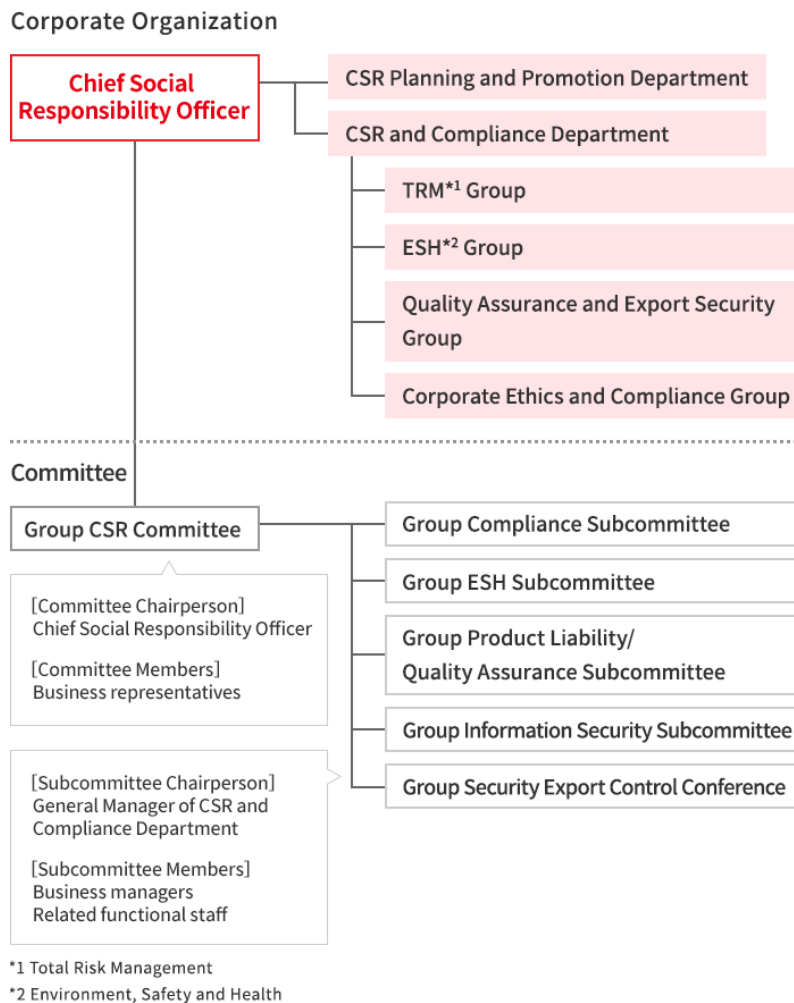
Management System and Promotion Activities

We have organized the risks and opportunities the Teijin Group faces, and established a sustainable management base to promote CSR activities.

Management System

The Teijin Group aims for sustainable development of business and society by promoting CSR activities integrated in business, and has appointed a Chief Social Responsibility Officer as the person in charge of CSR activities, who is demonstrating strong leadership.

The basic CSR policy and strategies are discussed in the Group CSR Committee, and the CSR Officer comprehensively considers the internal and external environmental audits and internal audit results to make proposals to the management committee. That management committee deliberates and makes decisions for the CSR basic policy and strategies.

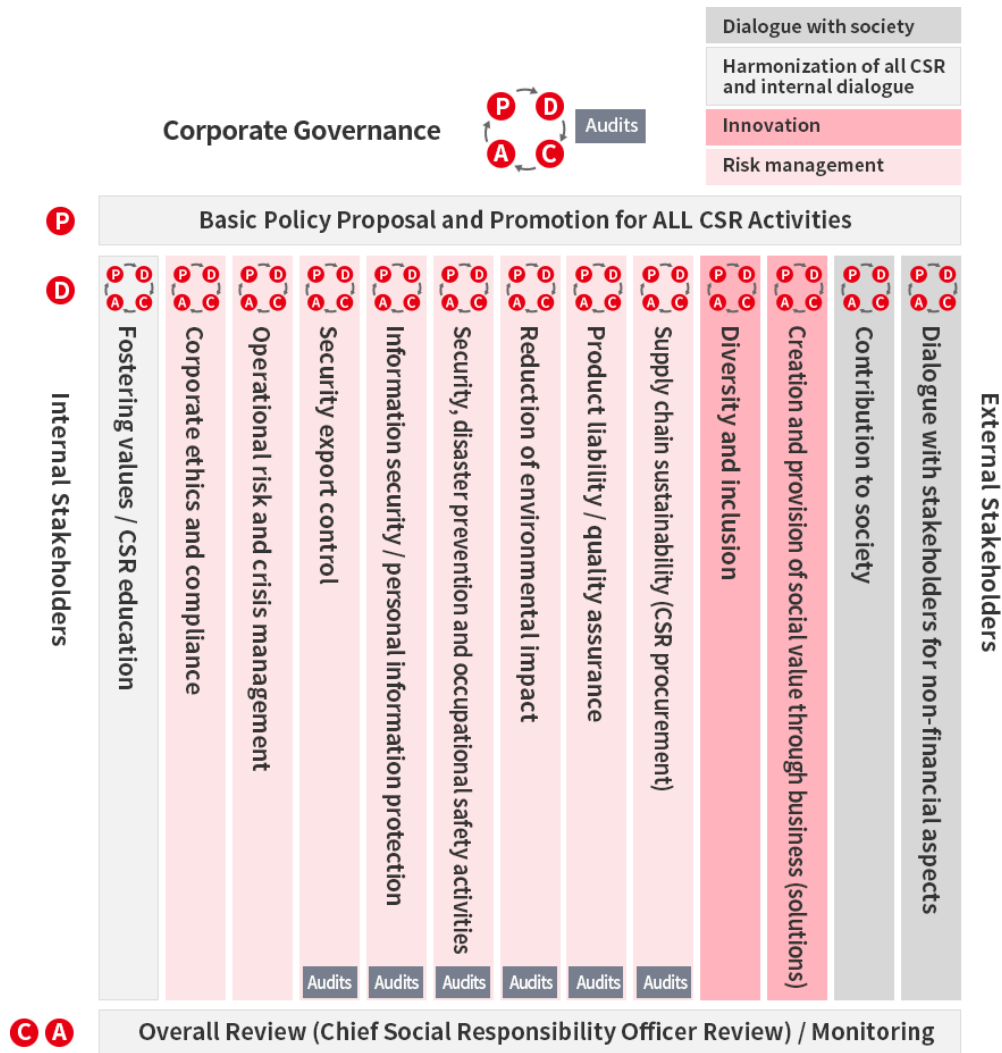


Promotion Activities

We have organized the risks and opportunities the Teijin Group faces with the aim of contributing to the development of a sustainable world, and established a sustainable management base to promote CSR activities.

In order to implement the Teijin Group's CSR activities in a unified and effective manner, a main division/organization in charge is specified under the supervision of the CSR Officer for each important CSR issue. This main division/organization then starts the PDCA cycle of planning medium- to long-term and single fiscal years (Plan), implementing this plan (Do), evaluating (Check), and improving (Action) to achieve ongoing improvement and enhancement of our CSR activities.

PDCA approach to CSR activities



Group CSR committee

The Teijin Group has regular meetings of the Group CSR Committee chaired by the CSR Officer twice a year.

[Topics]

- Sharing the Group's response to important CSR issues and progress toward achieving its goals
- Extracting issues related to important CSR matters of the Group and making proposals for countermeasures

In FY2020, we invited external experts and discussed initiatives on important issues such as an Environmental Medium-term Plan Roadmap , internal carbon pricing, supply chain BCP, and BCM, while also sharing information on anti-corruption compliance and global regulation for the protection of personal data.

Results of reviews by Chief Social Responsibility Officer (Law violations and occurrence of accidents)

The Teijin Group conducts a survey by the Chief Social Responsibility Officer of the Compliance and Risk Management(CRM) activities in business groups and group companies. This review checks the response of each business group and group company to important CSR issues and assesses whether there were any serious violations of laws or accidents based on the compliance and risk management activities survey submitted from business units and group companies. Of the matters reported to the Chief Social Responsibility Officer in October 2020, there were no serious ones relating to violations of laws or accidents.

Implementation of employee awareness survey

We have been implementing an employee awareness survey to monitor the understanding and behavioral of employees in light of our philosophy, including the Code of Conduct, and to consider future measures to achieve greater understandings and awareness.

In FY2020, we shelved the implementation of the questionnaire and are re-setting target values based on the new Medium-Term Management Plan and reviewing our operations and systems for global expansion with the survey scheduled to resume from FY2021.

External Evaluations

Status of inclusion in SRI indices (as of August 2021)

The Teijin Group was evaluated on its initiatives for ESG to date, and for its transparency in information disclosure. As a result, we continue to be included in the following leading socially responsible investment (SRI) indices.

Inclusion in Socially Responsible Investment (SRI) Indices

- Dow Jones Sustainability Indices
- FTSE4Good Index Series
- Ethibel Investment Register



Selected for the components of all four ESG Indices used in Government Pension Investment Fund (GPIF)

- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- FTSE Blossom Japan Index
- S&P/JPX Carbon Efficient Index



Note: The inclusion of the Teijin Group in the MSCI Index and the use of the MSCI logo, trademark, service marks or index names by the Teijin Group, are not attempts by MSCI and affiliated companies to sponsor, advertise or promote sales. The MSCI indices are the exclusive property of MSCI and the names and logos of MSCI and MSCI Indexes are trademarks or service marks of MSCI or its affiliates.

As a company with excellent ESG initiatives, we have been selected for two programs

- Nadeshiko Brand 2021 for promoting the active role of women in the workplace
- Company with Excellent Health Management (White 500)

Sustainability

Materiality and KPIs











We introduce the five material issues of the Teijin Group, and the key performance indicators (KPIs) and target values.

Materiality of the Teijin Group

Materiality is social issues that we prioritize in our actions to realize our long-term vision of being a company that supports the society of the future.

In the Medium-Term Management Plan 2020-2022, based on global social issues and the goals set forth in the SDGs, we have organized risks and opportunities that our company faces and identified five material issues to be addressed as management issues from fiscal 2020 onward.

Materiality and SDGs

Materiality	Major initiatives	Related SDGs
Climate Change mitigation and adaptation	Environmental value solutions (mitigation of Climate Change such as weight reduction) Safety, security and disaster mitigation solutions (adaptation to Climate Change)	 
	Reduction of greenhouse gas emissions from operations	
Achievement of a circular economy	Environmental value solutions (such as recycling)	
	Effective use of resources and reduction of waste	
Safety and security of people and local communities	Safety, security and disaster mitigation solutions	 
	Environmental pollution prevention and chemical substance management	
Realization of healthy and comfortable living for people	Demographic change and increased health consciousness solutions	
	Improve employee health and satisfaction	
Further strengthening of sustainable management basis	Corporate governance	
	Corporate ethics and compliance	
	Diversity & Inclusion	 
	Information security and personal information protection	
	Security, disaster prevention and occupational safety activities	 
	Product liability/Quality assurance	
	Supply chain sustainability (CSR procurement)	

Learn more about materiality here

Climate Change mitigation and adaptation >

Achievement of a circular economy >

Safety and security of people and local communities >

Realization of healthy and comfortable living for people >

Further strengthening of sustainable management base >

Process of identifying materiality

The Teijin Group grasps a wide range of social issues and screens them by conducting a materiality analysis from the perspective of their degree of importance to the Teijin Group and degree of impact on stakeholders. The Chief Social Responsibility Officer then consults with external experts. The Teijin's Group Management Committee finally identifies the materiality to the Teijin Group.

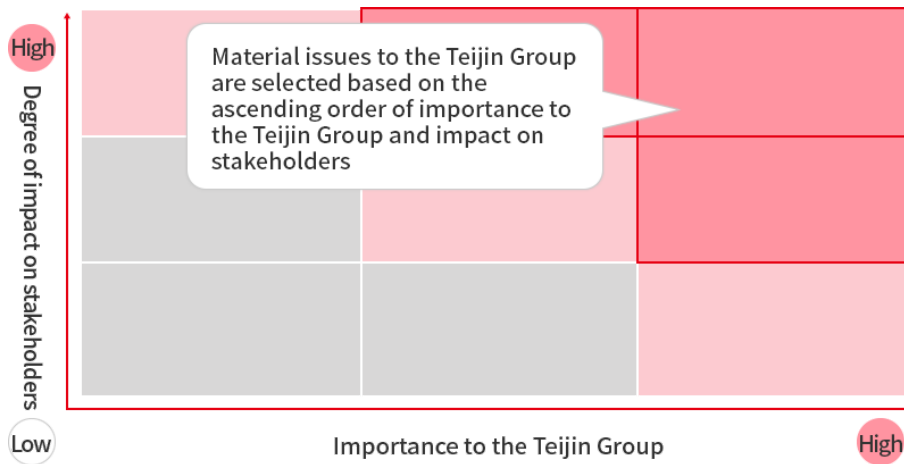


STEP1 Grasp and screen

Grasp the trends of a wide range of social issues including the SDGs, and digest them

STEP2 Analyze materiality

The digested social issues are analyzed and mapped two-dimensionally, with importance of the social issues to the Teijin Group in ascending order along the horizontal axis, and impact on stakeholders in ascending order along the vertical axis.

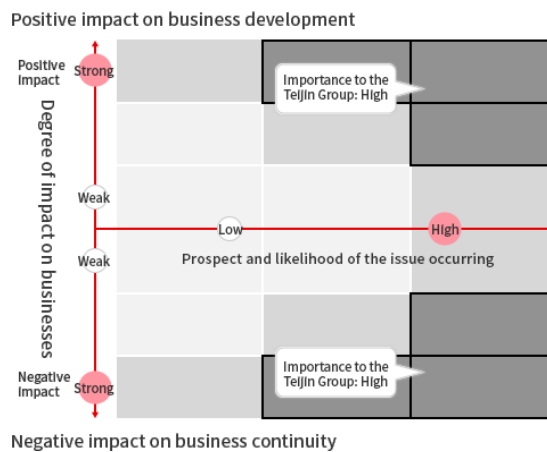


Method for determining impact on stakeholders (vertical axis)

Stakeholders are categorized into (1) shareholders and investors, (2) employees, (3) customers, (4) suppliers, and (5) local residents. The ascending order of degree of impact on stakeholders is determined by whether a social issue is of particular interest to each stakeholder category and then categorizes into high, medium and low.

Method for determining degree of importance to Teijin Group (horizontal axis)

Importance to the Teijin Group is determined from both the degree of impact on business (taking into account both the positive and negative aspects), and also the prospect and likelihood of the issues occurring.



STEP3 Select material issues

From the issues analyzed at STEP 2, we select those issues which have a particularly high importance to the Teijin Group and a high degree of impact on stakeholders.

STEP4 Dialogues with external experts

We conduct dialogues with external experts about the Teijin Group's process of identifying Materiality and the selected issues.

Details of Implementation

We conducted dialogues about the Group's process of identifying materiality and the selected issues in October 2019, and received inputs from external experts from a wide range of perspectives.

Connecting business fields with solutions helps improve corporate value



Hidemi Tomita
Director,
Lloyd's Register Japan K.K.

When organizing its materiality with a focus on the SDGs, I believe Teijin can establish a greater sense of a narrative by showing how its three solutions, which are created as a result of its business activities, contribute to society. In addition, Teijin should be able to enhance its corporate value to an even greater extent by extending a particular material or business across multiple solutions. I also think it is important for each employee to gain an understanding on the kind of business opportunities that are created by responding to the SDGs.

Backcasting from the future with a view to the next 100 years is important



Ken Shibusawa
Founding Partner & Chairman of the Board,
Commons Asset Management, Inc.

From the viewpoint of a long-term investor, the purpose of a corporation's efforts toward ESG and the SDGs is to achieve sustainable value creation over the long term. To that end, it is important to accumulate existing businesses and make commitments to the future and then think backwards on how to accomplish them. In addition to considering "what" actions it should undertake, Teijin should think about "why" they are pursuing a particular action. I therefore would like to see Teijin promote backcasting with a focus on the next 100 years. Going forward, the extent to which Teijin can ascertain changes in the business environment and consider aspects outside the perspective of its past successes will become increasingly more important.

Looking forward to long-term value creation related to climate change



Toshihiko Goto
Chief Executive Officer, Sustainability Forum Japan
Board Member, Global Compact Network Japan

From a short-term perspective too, Teijin deserves praise for supporting the Task Force on Climate-related Financial Disclosures (TCFD). I think the Company could benefit from adopting a more long-term perspective with its vision and strategies. I would like to see Teijin establish goals for 2030 through a backcasting approach that considers the kind of company Teijin aims to be by its 150-year anniversary. If Teijin's management is able to indicate the direction toward which the Company is heading, I believe that knowledge of this path will spur various ideas from employees on how to reduce CO₂ emissions and other matters. To survive as a company going forward, it is crucial to pursue efforts from the perspective of value creation related to climate change.

Key dialogues held in the past

- [Dialogue on human rights with external expert \(FY 2019\) \(PDF:49KB\)](#)
- [Corporate Governance Talk \(FY 2018\) \(PDF:161KB\)](#)
- [Promoting of Diversity & Inclusion \(FY 2017\) \(PDF:170KB\)](#)
- [Materiality Initiatives \(FY2016\) \(PDF:9.29MB\)](#)
- [Holding a consultation about CSR procurement \(FY2015\)\(PDF:91KB\)](#)
- [Identify Material CSR Issues \(FY2014\)\(PDF:154KB\)](#)
- [True Diversity -- The Next Step in the Advancement of Female Employees \(FY2013\)\(PDF:2.5MB\)](#)
- [How Teijin Aramid Creates Qualitative Value in the Chain \(FY2012\) \(PDF:3.36MB\)](#)
- [CSR in Disasters \(FY2011\) \(PDF:3.57MB\)](#)
- [How Should Environmental Initiatives for China be Structured? \(FY2010\)\(PDF:3.23MB\)](#)
- [Toward Better Home Oxygen Therapy \(FY2009\)\(PDF:993KB\)](#)
- [Toward Expanding ECO-CIRCLE® \(FY2008\) \(PDF:2.38MB\)](#)
- [Operation of the Environmentally Friendly Design Guidelines \(FY2007\)\(PDF:1.03MB\)](#)
- [Promotion of "ECO-CIRCLE®" \(FY2006\)\(PDF:1.41MB\)](#)

STEP5 Identify material issues

The Group Management Committee deliberates, checks, and identifies the Teijin Group's Materiality. The current five material issues were identified at the Group Management Committee in December 2019.

KPIs & Targets

The KPIs for each material issue set by the Teijin Group are indicated below.

Materiality

1. Climate Change mitigation and adaptation
2. Achievement of a circular economy
3. Safety and security of people and local communities
4. Realization of healthy and comfortable living for people
5. Further strengthening of sustainable management base

Materiality	KPIs		Target		Reference		
1.2.3.4	Sales ratio of the three solutions		by FY2030	75% or more of total sales	Newly created in April 2020		
1	Avoided CO ₂ ¹¹ emissions ²		by FY2030	Avoided emissions > Total emissions	Newly created in April 2020		
1	Climate Change (Group CO ₂ ¹¹ emissions)		FY2030	30% reduction vs. FY2018 (total amount)	Revised in July 2021		
			FY2050	Net Zero Emissions	Newly created in April 2020		
1	Climate Change (Supply Chain CO ₂ ¹¹ emissions ³)		FY2030	15% reduction vs. FY2018 (total amount)	Newly created in July 2021		
2	Water (Freshwater Intake)		FY2030	30% improvement vs. FY2018 (volume of freshwater intake per sales unit)	Newly created in April 2020		
3	Hazardous Substance		FY2030	20% improvement vs. FY2018 (hazardous chemical substance emissions per sales unit)	Updated in April 2020		
2	Resources Recycling		FY2030	10% improvement vs. FY2018 (volume of landfill waste per sales unit)	Updated in June 2020		
5	Diversity & Inclusion						
	Diversity of Executives ⁴	No. of female executives		April 1, 2031	10+	Updated in April 2020	
		No. of non-Japanese executives		April 1, 2031	12+	Update in April 2020	
	Women's advancement key goals ⁵	Japan ⁶	No. of managers (or higher)		April 1, 2031	300+	Update in April 2020
		US	No. of senior managers ⁷		April 1, 2031	10	Newly created in April 2020
		EU	No. of global core talents ⁸		April 1, 2031	10	Newly created in April 2020
China		No. of senior managers ⁷		April 1, 2031	12	Newly created in September 2020	

		KPIs		Target		Reference
		ASEAN	No. of senior managers ^{*7}	April 1, 2031	8+	Newly created in September 2020

*1 Includes CO₂, methane and nitrous oxide

*2 CO₂ emissions that the Company's products have contributed to in the supply chain downstream

*3 Covers Scope 3 emissions in Category 1 (purchased goods and services) except trading businesses

*4 Total number of board directors, statutory auditors, group executive officers, and group corporate officers

*5 Key goals are set based on regional situations

*6 Major subsidiaries in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

*7 President or his/her direct report in a Group company

*8 Human resources of female senior managers selected and certified as executive candidate

Sustainability

Solutions and Value Creation

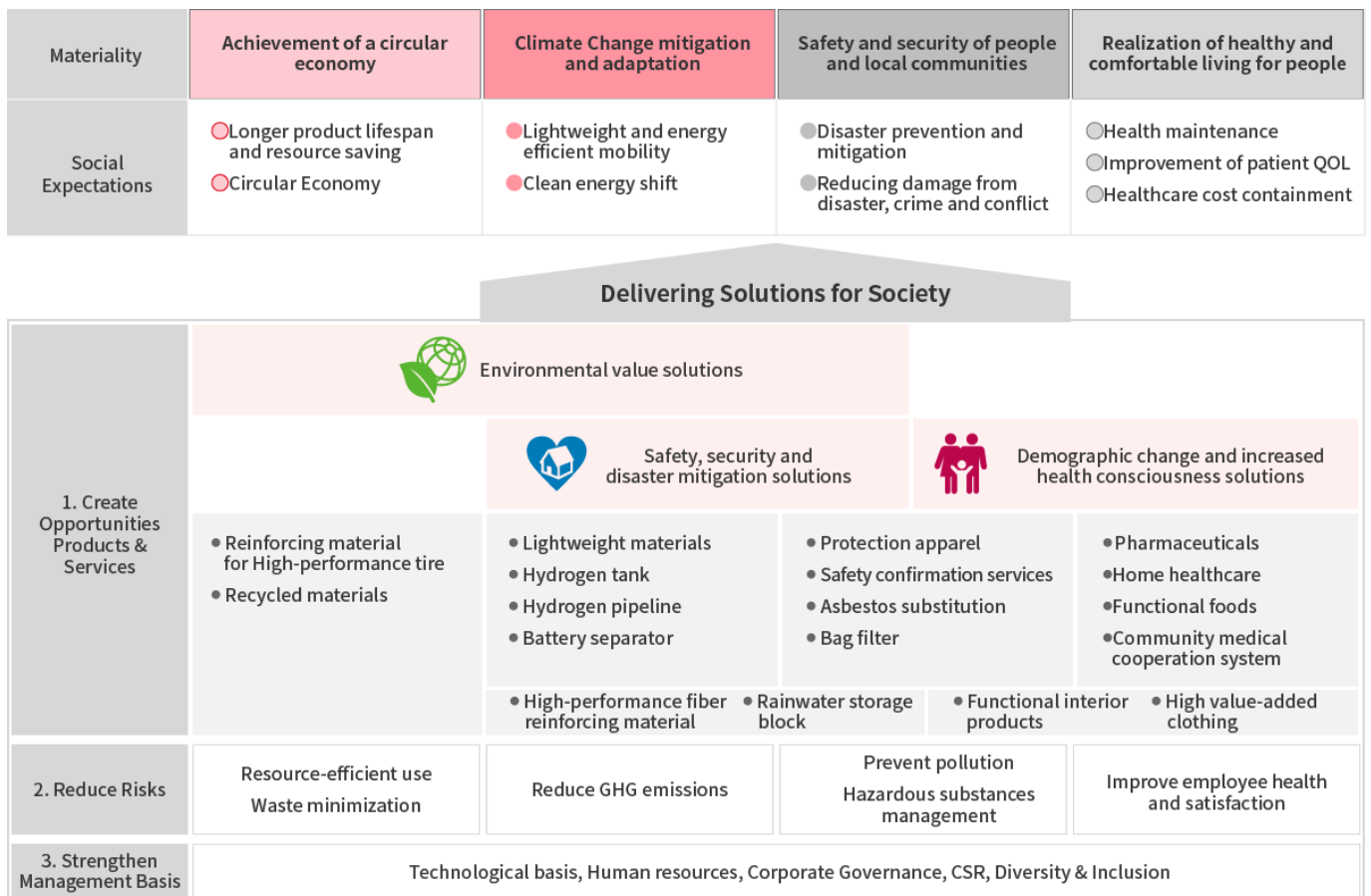
The Teijin Group creates new value and provides it to society through three solutions that leverage its strengths.

Solutions and Value Creation




The Teijin Group has inherited the DNA of “Evolution and Ambition”. In our 100-year history, we have been solving the challenges of that era and providing various solutions. Our current goal is to contribute to the realization of a sustainable world. To this end, we will strive to create new value that society needs in three fields: “Environmental value solutions,” “Safety, security and disaster mitigation solutions” and “Demographic change and increased health consciousness solutions.”

In addition, we will further focus on strengthening the management base, which is the foundation for that, and responding to risks appropriately.

Value creation at a glance



Value provided that contributes to solving problems

Solutions	Value provided	Products & Services		
 <p>Environmental value solutions</p>	<p>Contribute to a circular economy by extending the life spans of products and promoting 3R</p> <ul style="list-style-type: none"> ■ Extend the life spans of products and promote sharing (reduce, reuse) by using high-durability and high-quality materials. ■ Improve resource circulation (recycling) throughout the value chain by utilizing partnerships forged through the development and provision of recycling technologies. 	<ul style="list-style-type: none"> •Reinforcing material for High-performance tire •Recycled materials 	<p>Achievement of a circular economy</p>	
	<p>Contribute to mitigating climate change through energy efficiency and clean energy</p> <ul style="list-style-type: none"> ■ Use high-performance materials and components to realize lightweight and electric mobility. ■ Decarbonize society with products that are essential to hydrogen-based social infrastructure. 	<ul style="list-style-type: none"> •Lightweight materials •Battery separator •Hydrogen pipeline •Hydrogen tank 		<p>Climate Change mitigation and adaptation</p>
	<p>Contribute to preventing and remediating environmental pollution using clean technology</p> <ul style="list-style-type: none"> ■ Prevent the release of and remove pollutants and microplastics in the atmosphere and water using filtering that employs Nano-level microtechnology. 	<ul style="list-style-type: none"> •Asbestos substitution •Bag filter •Environmental engineering 		
 <p>Safety, security and disaster mitigation solutions</p>	<p>Contribute to building a safe and resilient society with high-performance materials and IoT</p> <ul style="list-style-type: none"> ■ Use high-durability materials and the IoT to reduce and promptly restore damage from natural disasters. ■ Use high heat resistant, high-durability materials and the IoT to protect people and lives from fire, traffic accidents, crime, and so on. 	<ul style="list-style-type: none"> •High-performance fiber reinforcing material •Rainwater storage block •Safety confirmation services •Protection apparel •Seat sensor membranes 	<p>Safety and security of people and local communities</p>	
	<p>Contribute to realizing more comfortable life through the power of fibers</p> <ul style="list-style-type: none"> ■ Realize "comfortable clothing," "comfortable living spaces," and "comfortable movement" by developing innovative technologies. 	<ul style="list-style-type: none"> •Functional interior products •High value-added clothing •Car seat fabric •Train seats •Automotive sound absorbing material 		
 <p>Demographic change and increased health consciousness solutions</p>	<p>Contribute to maintaining human health and extending life spans through medical and health support</p> <ul style="list-style-type: none"> ■ Use innovative drugs and medical devices to improve standards of treatment and support patient life. ■ Use ICT to support healthcare professionals and interregional medical cooperation. ■ Use functional foods and sleep support to improve health levels. 	<ul style="list-style-type: none"> •Pharmaceuticals •Home healthcare •Functional foods •Community medical cooperation system •Hospital system 	<p>Realization of healthy and comfortable living for people</p>	

Sales for the “three solutions”

The Group’s targets for FY2030

Total sales ratio of 75% or more for the three solutions

Statistics of sales for the “three solutions”

