

# Materiality 5 Further Strengthening of Our Sustainable Management Base



**We will tackle the strengthening of our management base, which is the foundation stone toward the realization of our long-term vision of being a company that supports the society of the future.**



In our long-term vision, the Teijin Group advocates being a company that supports the society of the future. We have designated the three years from FY2020 to FY2022 as a period for creating growth platforms toward sustainable growth. We aim to achieve growth by creating and providing value in three fields of business—environmental value solutions; safety, security, and disaster mitigation solutions; and demographic change and increased health consciousness solutions.

Such growth cannot be realized without a sustainable management base. Therefore, we will endeavor to build an environment in which diverse human resources, the driving force toward the realization of our long-term vision, can be active and to train such human resources; to strengthen corporate governance, which is essential for sound and sustained growth; to promote corporate ethics and compliance activities as the basis of trust; to respond properly to various risks; to ensure information security, which is becoming increasingly important in the IT society; to engage in responsible procurement and manufacturing to gain customer trust; and to give due consideration to the environment, security and disaster prevention, and health.

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## Sustainability

# Diversity and Inclusion

The Teijin Group fosters a corporate environment that makes use of employee diversity and facilitates the continuous creation of new value required by society, promotes diversity and inclusion, and seeks to carry out various work styles that will achieve this.

To promote our business activities globally, it is essential to make full use of the abilities of diverse human resources who differ in race, religion, gender, cultural background, or other attributes. To invigorate the Teijin Group's organization and accelerate innovation, we will further promote diverse workstyles, the advancement of women, and diverse human resources. Through these efforts, we aim to be an organization that can leverage the capabilities of human resources with various values and experience to the greatest extent possible, and that can spur diverse collaborations.



## Promotion of Diversity & Inclusion

Human Resources System and Global Human Resources Recruitment

Human Resources Development and Global Talent Management

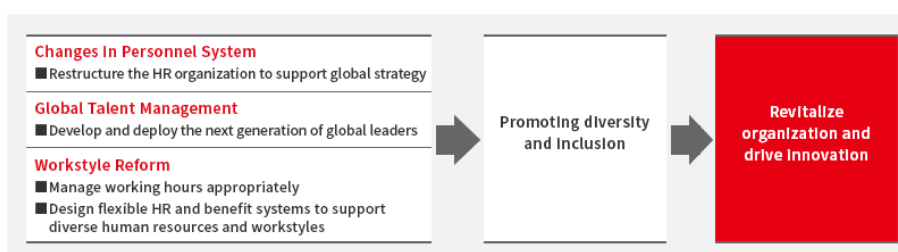
Workstyle Reform and Work-Life Balance

## Promotion of Diversity & Inclusion

The Teijin Group has maintained the belief that making full use of the abilities of diverse human resources helps enhance its creativity and promote innovation. Since establishing the Diversity Office in 2000, we have been actively engaging in such efforts as recruiting global personnel and promoting the advancement of women.

In light of the globalization of our businesses, we are currently expanding these efforts on a worldwide basis. Under our Medium-Term Management Plan 2020-2022, we have created regional strategies that address the issues in each region of operation and established group-wide diversity and inclusion KPIs as follows.

### Main Actions



## KPIs

		October 2019 <sup>*6</sup>	April 2020 <sup>*6</sup>	April 2021 <sup>*6</sup>	April 2022 <sup>*6</sup>	April 2023 <sup>*6</sup> (Milestone)	April 2031 <sup>*6</sup>	
Diversity of executives <sup>*1</sup>	Female executives	3	4	4	5	6 or more	10 or more	
	Non-Japanese executives	3	5	5	4	6 or more	12 or more	
Key goals for women's advancements <sup>*2</sup>	Japan <sup>*3</sup>	Managers (or higher)★	117	127	143	162	174	300 or more
	U.S.	Senior managers <sup>*4</sup>	2	2	2	3	4	10
	EU	Global core talent <sup>*5</sup>	0	1	1	3	3	10
	China	Senior managers <sup>*4</sup>	-	4 <sup>*7</sup>	4	7	9	12
	ASEAN	Senior managers <sup>*4</sup>	-	5 <sup>*7</sup>	5	7	5 or more	8 or more

\*1 Board of Directors, statutory auditors, Group executive officers, and Group corporate officers.

\*2 Key goals are set based on regional situations (Targets in China and ASEAN were set in September 2020).

\*3 Major subsidiaries in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

\*4 President or his/her direct report in a Group company.

\*5 Female senior managers selected and certified as executive candidates.

\*6 As of October 1 and April 1, respectively.

\*7 As of August 1, 2020, the most recent data at the time when KPIs were established.

## Power of culture project

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The Teijin Group maintains the belief that corporate culture has a close relationship with innovation. Guided by this belief, we aim to foster a new corporate culture that is agile, innovative, and inclusive. To that end, we launched an initiative to transform our corporate culture, the "Power of Culture Project," in September 2020. Under this project, we aim to clarify the desired corporate culture for the Group and promote reforms geared toward realizing that culture.

As the first stage of this project, in FY 2020 all corporate officers in Japan and overseas gathered together to discuss the kind of new corporate culture we should foster and what actions need to be reinforced to foster such a culture. As a result of this discussion, the Group's management agreed to the new Teijin Group Leadership Charter, thereby demonstrating its commitment to reform.

In FY2021, we held a series of workshops in Japan and overseas, for general managers and core talent below executive level. First, we formulated our own commitments through an understanding the direction of the transformation based on the Leadership Charter as well as the need for it. A few months later, we shared with each other the status of the implementation of the commitments we had made. We expect the introduction to the senior management to be almost complete by the end of the three-year plan at the end of FY2022.

## Designing the future award

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In FY2021, we established the "Designing the Future Award" to commend outstanding initiatives that have yet to show economic effects in the three domains of "Diversity and Inclusion," "Innovation," and "Sustainability."

The award is open to all Teijin Group employees. In the first year 58 applications were received globally and five awards were conferred after two rounds of screening. More than 120 people participated from all over the world in the online award ceremony. The ceremony also featured a demonstration of the executive team's commitment in actively supporting challenges the employees take on.

We are committed to building a corporate culture that promotes collaboration among organizations and innovation creation while also sharing these values within the Group and globally.

## Global engagement survey

In FY2021, we commenced a global engagement survey targeting roughly 19,500 employees around the globe in an effort to ascertain employee awareness of the Company and relevant organizations and employee willingness to contribute to performance.

In the first round of this survey, around 60% of the participants responded with "very satisfied" or "satisfied" and about 30% answered "normal," indicating that the level of engagement was overall good.

Going forward, we aim to continue to implement measures for improvement for issues at the department and section level through regular surveys. Establishing an inclusive and highly engaged environment in which all employees can demonstrate their skills to the greatest extent possible will enable our employees to contribute to the success of our business activities. We are committed to the realization of our long-term vision through the implementation of the PDCA cycle for engagement surveys.

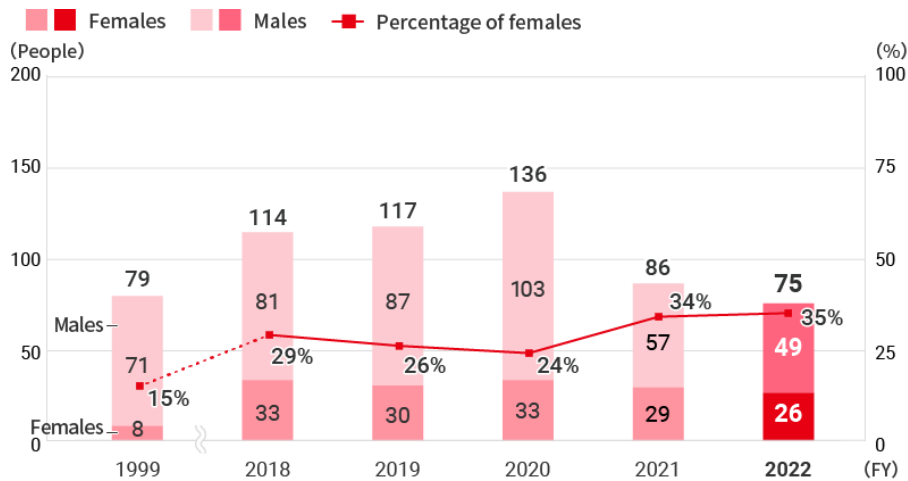
## Accelerating female career development

The Teijin Group first created a specialized organization to promote the empowerment of women in 2000. Since then, we have created systems and conducted training and education to achieve four objectives: Expand the population of female employees, promote a good work-life balance, foster a corporate climate of diversity and inclusion, and support the career continuation and enhancement of women.

Since 2002, we have set goals for number of female managers in Japan and the heads of each business and function (officers) have set KPI for individual businesses and functions and supported the development and careers of female employees. In addition, CHO reports on the status of diversity and inclusion to the Board of Directors.

Further, Empowerment of Women's Advancement training (half-year training that includes group training, action learning, and presentations) is continuously conducted for selected employees of major Group companies in Japan, who are one step away from a management position. In FY2021, which is the eleventh time this program has been conducted, 28 employees participated, bringing the total number of participants to 226. Among them, there are who are currently enrolled in a select program for core human resources and those who have been promoted to management positions where they are exhibiting leadership at their workplaces.

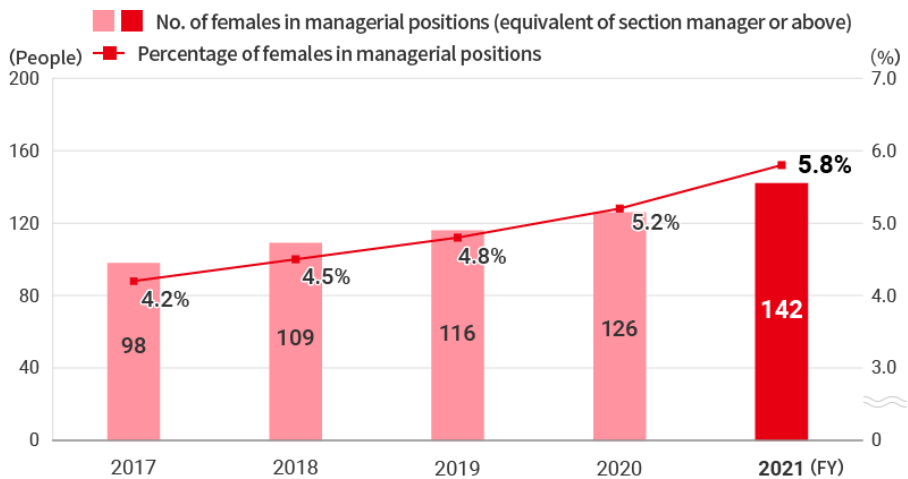
## Changes in number and ratio of newly recruited career-oriented female university graduates★



\* Figures are totaled based on number of employees recruited as of April of each fiscal year.

\* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

## Changes in number of female employees in managerial positions★



\* Data as of March 31 of each fiscal year

\* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

\* Percentage of female employees in managerial positions of the total number of managerial positions in the companies.

## Career building support for employees

There are few female role models in positions such as sales, research and development, and engineering compared to other jobs. In FY2021, we held online workshops conducted by guest lecturers to encourage young sales employees to know about the theory of mind necessary for sales. In addition, round-table discussions were held with senior employees to develop the career awareness of women in science and technology who are engaged in research and development, among other things.



At the same time, in our participation in the "Riko-challe" sponsored by the Cabinet Office for the first time, we entrusted our group of young science and engineering employees with everything from planning to operations, and were thus able to build a network transcending business and organizational boundaries.

Some employees must unavoidably interrupt their careers when a spouse is transferred overseas. We established a leave program for employees accompanying a spouse to an overseas assignment that permits leaves of up to three years so that these employees can continue their careers. While on leave, some employees study a language or engage in other self-development and enhance their work skills and then return to work. To date, 22 employees have made use of this program.

## Re-employment systems

Teijin Limited and Teijin Pharma Limited have established the Hello-Again system for employees who left the companies for reasons including marriage, pregnancy, child-rearing, nursing care, or work transfer of their spouses. Employees in this situation who wish to return to the Teijin Group due to the reason for leaving no longer applying will be rehired as full-time employees on the condition that it is not more than 10 years since they left and if the need exists. Up to the end of FY2021, 14 employees who had left the companies had been rehired through the Hello-Again system.

We have also established a system by which employees at all domestic group companies may continue to work after retirement. In FY2021, a total of 46 employees★ continued to work after retirement at 43 group companies.

## Employment of people with disabilities

As of April 1, 2022 at 31 group companies (consolidated) subject to a legal requirement to employ people with disabilities in Japan, the total number of employees with disabilities\* was 275★, more than the 272 specified by the related laws and regulation. Due to the large impact of the higher statutory employment rate and the retirement effective from March 2021, etc., 16 individual companies★ failed to meet the legal requirement for employment of people with disabilities. In FY2022, we will share successful cases of hiring employees with disabilities in each company in an attempt to employ more people than the recruitment number required by laws and regulation.

In February 2019, Teijin Limited established the special subsidiary Teijin Soleil Co., Ltd., with the objective of creating workplaces in which people with disabilities can experience the satisfaction and enjoyment of working. Teijin Soleil offers a diverse range of workplaces and work duties mainly in agricultural work (cultivation and sale of produce and flowers) and office support (administrative assistance). In April 2021, we launched a new office support team in Iwakuni district. In addition, we established a support team and started a cleaning business in the Hino district as well in June 2021. Since then, we have continued working to expand the range of work duties and work sites in each region.

\* Number of employees with disabilities does not refer to the headcount, but to number of persons with disabilities calculated taking into consideration the type of disability and the working hours. These form the basis for calculating the employment rate of persons with disabilities as per the employment quota system for persons with disabilities.

## Expanding diversity awareness

To strongly promote our business activities globally, it is essential to make full use of the abilities of diverse human resources who differ in nationality, race, gender, sense of values, ideas and experience. The Teijin Group upholds "Empowering Our People" as part of its corporate philosophy, and accordingly has put in place a work environment in which every Group member can fully harness their individuality and attractiveness to make the most of their abilities.

We promote diversity and inclusion as a management strategy, and management uses various opportunities to disseminate our diversity and inclusion objectives and policies to employees.

We have also issued a pamphlet entitled "together" to raise awareness of diversity every year since 2002. Starting with the 2020 version, in addition to the Japanese version, an English version is prepared so that it can be distributed to all group employees. In the latest 2022 issue, we have presentations by five executives including the current CEO discussing the significance of Power of Culture and their own experiences in a roundtable discussion format, under the theme of "Creating a New Corporate Culture." Further, the issue includes a special feature on domestic and global initiatives on innovation creation and efforts to promote the active participation of women.

We have incorporated LGBTQ issues in diversity courses conducted as a part of new employee training and new manager training since FY2015 to raise understanding., and from FY2019, training on LGBTQ issues was conducted in conjunction with Teijin Group Corporate Ethics Month training. In addition, we conducted training and e-learning for human resources and general affairs personnel who serve as contacts for LGBTQ related employee consultations using virtual reality.

Since FY2017, interested employees have participated in the Tokyo Rainbow Pride parade, one of Japan's largest LGBTQ event. From July 2020, we have revised the human resources and salary systems at Teijin Limited and Teijin Pharma Limited, ensuring that same-sex partners of LGBTQ parties concerned are treated in the same way as spouses for various allowances and benefits. Following on from last year, in recognition of these efforts, we received the gold certification at work with Pride in 2021 as well.

We will continue our efforts to create an environment of acceptance regarding sexual orientation, sexual identity, sexual expression, and so on in the future.



# Diversity and Inclusion

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Promotion of Diversity & Inclusion

**Human Resources System and Global Human Resources Recruitment**

Human Resources Development and Global Talent Management

Workstyle Reform and Work-Life Balance

## Human Resources System and Global Human Resources Recruitment

One of the key actions in the Medium-Term Management Plan for Diversity & Inclusion is to advocate changes in the human resources system, and we are restructuring the human resources setup to support global strategy.

### Global management of human resources

In April 2020, the Corporate human resources organization was established under the Human Resources Division. Our aim is to build and operate a globally shared human resources system that can foster and manage human resources at our bases in Japan and overseas.

In FY2021, in order to address personnel issues, we established a section-level organization under the regional HR directors in Europe and the Americas, and strengthened functions related to talent management, D&I, human resource development, and recruitment.

In FY2021, we identified four candidates for overseas dispatch as part of the Overseas Practical Training Program launched in FY2019 as a new initiative, (which aims to enable young employees to gain practical experience at overseas group companies, hone their international awareness, and build interpersonal networks). Although the dispatch period of some candidate employees was changed due to the COVID-19 pandemic, we dispatched two people during FY2021. (Dispatch of the remaining two has been deferred to FY2022).

### Recruitment of global human resources in Japan

In FY2021, we proactively pushed forward with initiatives to recruit global human resources, including participation in seminars for foreign university students on exchange in Japan. As a result, we hired one student of foreign nationality and 11 individuals with extended experience living or studying overseas as new career-oriented recruits in FY2021.

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## Human Resources Development and Global Talent Management

One of the key actions in the Medium-Term Management Plan for Diversity & Inclusion is to advocate global talent management, and we are strengthening the nurturing of the next generation of global leaders.

### Teijin group basic human resources policy

In 2003, we established the Teijin group basic human resources policy.

#### Teijin Group Basic Human Resources Policy

##### Goals of human resources management

- Fulfill the corporate philosophy of “Empowering Our People”
- Realize continuous improvements in employees' productivity and enhance their quality of life

##### Basic Policies

1. Strive to maintain good employment relationships with employees
2. In the treatment of employees, emphasize factors relating to the employees' duties, achievements and capabilities while pursuing transparency, fairness and understanding
3. Endeavor to assign the right persons to the right positions, taking into consideration work requirements and human resource conditions
4. Actively support the development of employees' capabilities
5. Respect diversity

## Teijin group medium-to long-term personnel plan

The medium-term management plan from FY2020 to FY2022 positions the promotion of diversity and inclusion as a priority measure for the creation of innovation. We are promoting the diversification of work styles, the empowerment of women, and the diversification of human resources more than ever and accelerating the revitalization of organizations and creation of innovation.

### Penetration of diversity and work style reforms

Anticipating an improved QOL for each and every employee, create systems that supports a wide variety of work style choices and life plans

### Promoting the success of human resources regardless of gender, nationality

Create human resources systems that enable flexible personnel appointment/relocation across countries, companies and organizations to meet the wishes of all employees

### Promoting the design of systems to support diverse work styles in step with the times

Create a training/education system enabling career development to meet all employees' needs

## Leadership development programs (core human resource cultivation)

Based on the results of the discussions we held as part of the Power of Culture Project, we established new leadership development programs in FY2020. The new programs incorporate strategic assignments, external personnel evaluations, and mentoring as well as KPIs on female employee and employee of foreign nationality participation.

In fiscal 2021, all corporate officers undertook mentor training, and with respect to core human resources, mentoring was conducted for 11 persons.

## Increase number of selected excellent overseas human resources for core human resources development programs

The following programs are implemented with a view to developing core human resources who will forge the future of the Teijin Group. In FY2021, we reviewed our core human resources development program, and in STRETCH I and STRETCH II we changed the system so that personnel from all countries, regardless of their country of origin, receive the same training with English as the common language.

### 1) STRETCH I ,STRETCH II

The Strategic Executive Team Challenge (STRETCH) I and STRETCH II are Group-wide core human resources development programs used to develop human resources who can work actively on the global stage. The programs target employees at all group companies including overseas. In FY2021, 11 employees participated in selection training for STRETCH I , a program for employees in positions close to department manager, and 23 employees participated in selection training for STRETCH II , a program for employees in positions close to section manager.

### 2) JuMP

JuMP stands for Junior Management Program, a three-year program for select trainees aimed at developing core human resources candidates. In FY2021, everything was conducted online due to the COVID-19 pandemic. There were 31 new persons selected and 35 persons in the second round of selection. At the end of the training, they were divided into groups and they presented proposals for new businesses.

In addition, in FY2021, 16 new persons from each region, including Japan (11 of whom participated from overseas), were newly selected for the biennial overseas course, and preparations are ongoing for proposing new projects.

## Group-wide leadership training program, EaGLES

“EaGLES” is the name of the Teijin Group's shared leadership training program launched in FY2011.

EaGLES training is as an opportunity for all employees in managerial positions in the Teijin Group to acquire leadership experience and learn the Teijin Group's values, management policies and history. As such, all employees in Japan and overseas requiring these skills and knowledge are sequentially completing this training program every year.

EaGLES consists of three steps: (1) e-learning (available in Japanese, English, Chinese and Thai), (2) group training in five world regions (Japan, EU, the United States, China and Thailand) and (3) measuring learning outcomes. For group training overseas, we hold informal gatherings with regional representatives of Teijin Limited which serve as valuable opportunities to interact.

In FY2021 as well, the training program was held online to prevent the spread of the COVID-19, and 55 people took the course in Japan.



EaGLES

## Human resources development and training

The Teijin Group promotes and encourages self-development based on the independent study of each and every employee and coordinates on-the-job training, a job rotation/appointment system and other training programs as part of a systematic approach to developing Group human resources.

### Basic Approach to Human Resources Development and Training

A fundamental part of human resources development is to promote and encourage self-development based on the independent study of each and every employee.

#### 1. On-the-job training

A means for leaders to promote the self-development/study of each team member through individual training and guidance in the course of daily work. This supports the growth of each employee based on the sense of fulfillment/achievement attained through having a sense of urgency in relation to work and through the process of completing work.

#### 2. Job rotation/appointment

An opportunity for each individual to develop/extend capabilities and a means to encourage further self-development/study. Leaders should have a good understanding of the strengths and personalities of team members and work to implement appropriate job rotation/appointments based on self-applications and other information.

#### 3. Training

This refers to off-the-job training, which is a means to provide employees with content based on requirements for present and future execution of duties and management needs, and an opportunity to provide each individual with an opportunity for self-development/study. Leaders should proactively send team members to training in order to encourage wider outlooks and mutual development with other employees inside and outside the group.

#### 4. Career development and 360-degree evaluation

Company employees and supervisors have self-application system and supervisors conduct career development of employees once a year. Further, in order to encourage employees' own awareness, a 360-degree evaluation is conducted targeting all management employees.

The results of the personnel evaluation are conveyed as feedback by supervisors to the concerned personnel, and guidance and advice that will lead to the growth of employees is provided. If one is not satisfied with the results of the personnel evaluation, one can use the self-application system by which one can directly report independently to the Human Resources Department.

## Job rotation / transfer system

The Teijin Group has set a range of measures to ensure that employees are appointed to positions based on their desires and suitability for positions with consideration to Group-wide human resources needs.

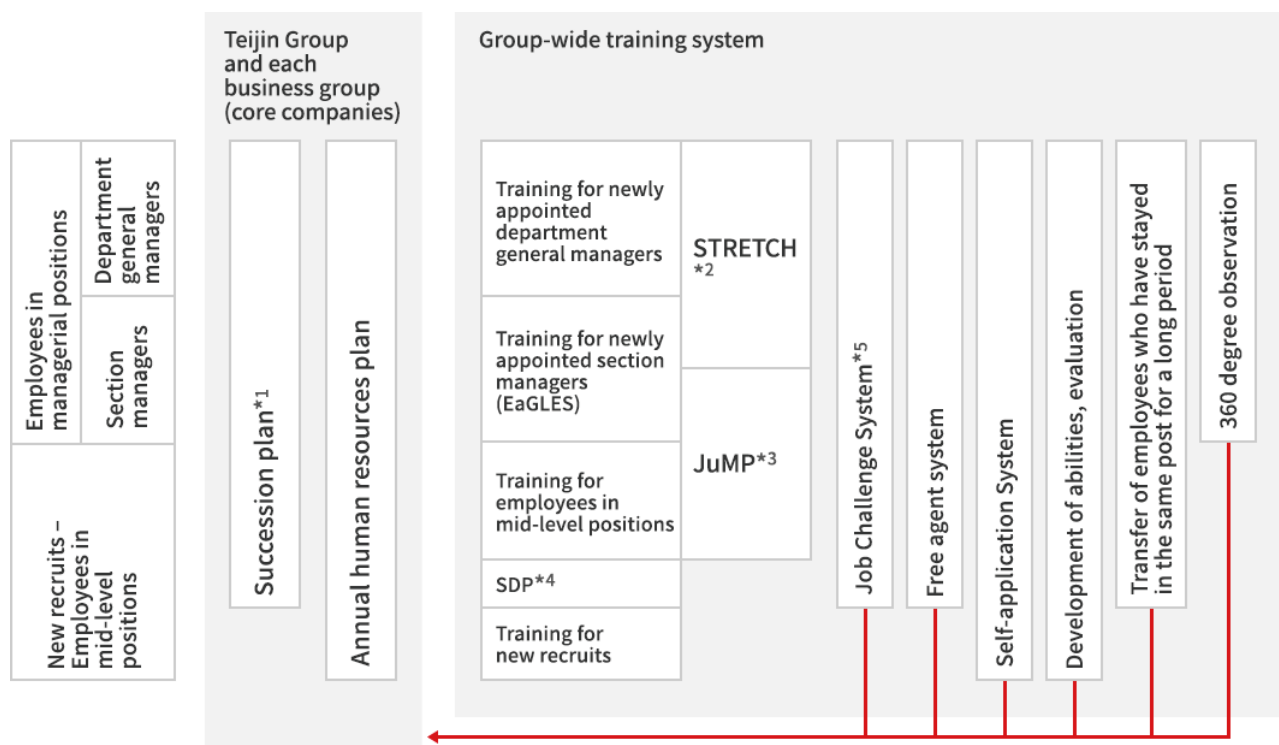
In relation to personnel transfers, we have established an annual personnel plan at all group companies, aiming to realize objectivity and transparency in relation to transfers. Group companies in Japan also have a self-application system that respects each employee's desire regarding transfers and new appointments. Additionally, in as early as 1988, we introduced an in-house staff recruitment system (Job Challenge System) that was pioneering for Japanese companies at the time. In FY2021 10 people were transferred using this system.

Furthermore, from January 2018, we introduced the "FA (Free Agent) System" to release employees to the business unit they wish to be transferred to in order to match their abilities, experience and so on, and made the selection of transfer destination possible. 10 people used this system in FY2021.

We also implement systematic transfers of core human resources selected for STRETCH from among group companies worldwide, with the transfers extending beyond business departments and country borders.

At group companies in Japan, we also review the appointment status of contract employees and temporary staff every year. In FY2021, reviews were conducted at 29 group companies in Japan. We will continue to check the status on a regular basis.

## The Teijin Group training and job rotation / transfer system



\*1 Succession plan: A plan to foster successors to important posts from the viewpoint of business continuity.

\*2 Strategic Executive Team Challenge (STRETCH): A group core human resources development system for leaders.

\*3 Junior Management Program (JuMP): A leadership training program for mid-level employees aimed at developing executive talent.

\*4 Specialty Development Program (SDP): An educational program designed to enable career-oriented employees to gain specialized knowledge relating to marketing, engineering or clerical work.

\*5 Job Challenge System: An in-house staff recruitment system. Any employee can file an application for a position without permission from the division manager, and the manager cannot overrule decisions.

# Diversity and Inclusion

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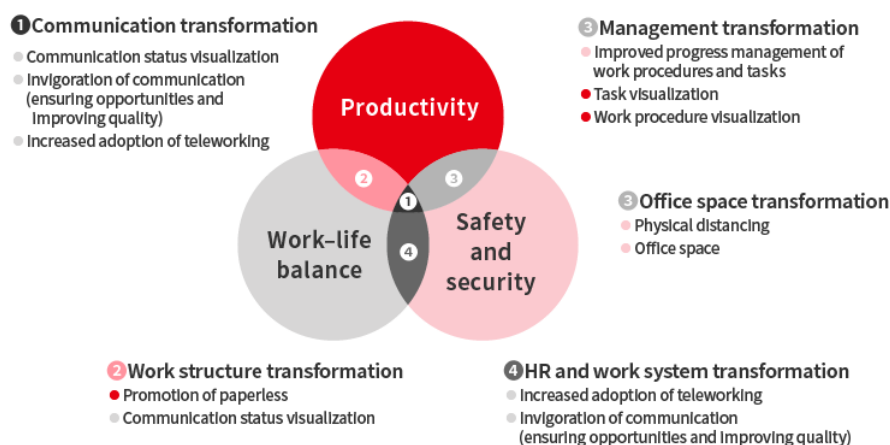
One of the key actions in the Medium-Term Management Plan for Diversity & Inclusion is to advocate workstyle reform, and we are committed to promoting appropriate management of working hours and to designing flexible human resources and employee-treatment systems to support diverse human resources and workstyles.

## Workstyle Reform

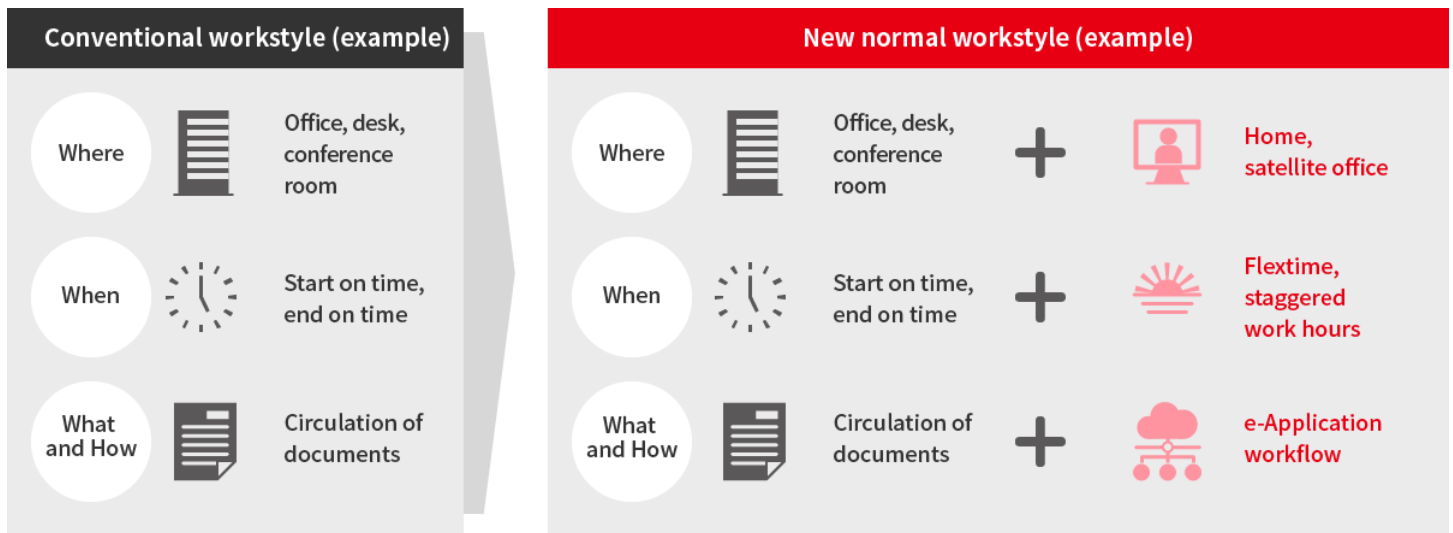
The Teijin Group embraces telework as an effective means of realizing new workstyles that respond to the new normal era in which coming to the office is not a prerequisite.

In FY2021, we implemented specific measures for the five themes of "paperless," "work visualization," "communication," "office space and physical distancing," and "systems and evaluations," examined in FY2020. For example, in the case of "paperless," we investigated the types and contents of operations that required the use of paper through quarterly surveys and identified the status of reduction in usage over time. Simultaneously, we promoted the digitization of operations through business consolidation and elimination of projects, review of internal rules, and by introducing a workflow system. As a result of understanding the current situation and working on specific measures, we were able to reduce the amount of paper used by more than 50%.

In FY2021, we continued to expand the use of telework mainly at our head offices in Tokyo and Osaka, from the perspective of countermeasures against COVID-19.







## Status of the work-from-home system

In FY2019, Teijin Limited and Teijin Pharma Limited introduced telework programs that allow employees to work outside the office even in the absence of a reason such as childcare or family care.

We are also making full use of the telework program as a means of preventing the spread of COVID-19 infections, and to this end, we have implemented the following temporary measures: (1) elimination of the limit of 70 hours of telework per month; (2) payment of telework duty allowances; (3) allowing newly-hired recent college graduate employees, part-time employees, and temp workers, who were previously excluded, to use the telework program; and (4) use of empty rooms in company housing as satellite offices.

In addition, as a temporary measure to deal with the temporary closure of schools nationwide, we relaxed the criteria for availing independent paid leave apart from annual paid leave, granted special leave, and compensated for the cost of using babysitters, among other things.

By adopting these measures, we are working to reduce the risk from the COVID-19 infections while increasing the flexibility of workstyles and enabling employees to demonstrate their full capabilities.

## Promoting Work-Life Balance

In order to strengthen the promotion of work-life balance, Teijin Limited introduced a system in October 2014 under which the spouses of employees who are transferred overseas for work may also take leave from work to be with their spouses. They may take leave for three years. As of the end of March, 2022, 22 employees had used the system and 13 employees had returned to work.

In April 2018, the Childcare Work-Life Balance Handbook for Everyone was created not only for female employees with a baby, but also for their supporting partners, superiors at the workplace, team members, and everyone to promote a better understanding of the demands of working while raising children, so that supportive workplace environments can be created.

In FY2021, we implemented an online seminar to gain an understanding about the relationship between women's body cycles and the workplace and invited employees as well as their families to participate.

Furthermore, there is a shortage of nursery schools mainly in urban areas, and there are cases where employees cannot return to work as scheduled after childcare leave, as nursery schools have not yet been determined. Since 2017, we have been providing support for activities related to children's enrollment in nursery schools during the period of childcare leave. In FY2021, we introduced the "Childcare Future Concierge" and promoted its online usage increasing convenience and leading to a smoother return to work.

In addition, in October 2020, we introduced a shortened working hour system for treatment of illnesses and other matters, to support a balance between work and treatment for employees with cancer and other conditions and employees undergoing infertility treatment.



Childcare Work-Life Balance Handbook for Everyone

## Reducing actual working hours

For some time now, group companies in Japan have been utilizing a system that requires applying for overtime in advance and actively promoting no-overtime days.

In FY2021, the four core group companies\* in Japan reported an average overtime of 13.6 hours per month ★ (an increase of 1.7 hours compared to FY2020). The utilization of annual paid holidays was 76% ★ (an increase of 1 point compared to FY2020). In FY2022, we will strive to improve results as compared to the previous fiscal year, with the aim of further reducing actual working hours.

In order to realize appropriate working hours, we are using IT tools and external consultants to conduct survey on work and work visualization and exerting all efforts to comprehensively revise tasks (IT utilization, standardization of operations, making meetings efficient, etc.). As a specific measure we are prioritizing the development of RPA (Robotic Process Automation) to promote the reduction of working hours and the optimization and equalization of labor loads by automating and improving the efficiency of operations.

The Teijin Group in Japan has set the goal of "overall actual working hours of 2000 or less for all employees and 10 days or more of annual paid leave." At present, this is yet to be achieved, but we are committed to achieving this goal while building a new way of working in anticipation of a post-corona era.

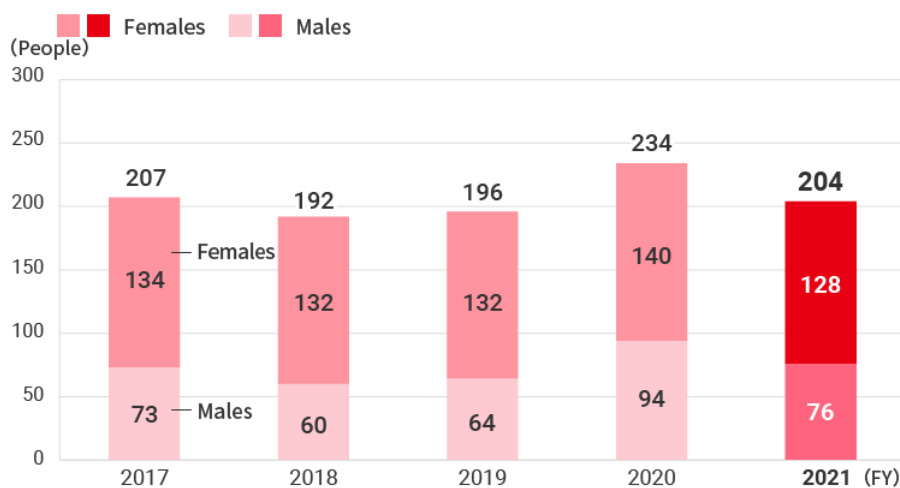
\* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

## Promoting childcare leave for employees

In group companies in Japan, besides preparing a support manual to promote supervisors' understanding and smooth communications with female employees during pregnancy or before/after maternity leave, in order to promote childcare leave for male employees, activities that raise awareness of the importance of promoting childcare leave, among other matters, have been incorporated into action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Amended Next-Generation Act). For example, we have been sending individual monthly e-mails to male employees eligible to take childcare leave and their superiors in order to provide information about how to obtain childcare leave and other related matters. This aims to create an environment in which it is easy for male employees to take childcare leave.

In FY2021, a total of 204 employees ★ took childcare leave at the four core group companies in Japan. Of these, number of male employees who took childcare leave was 76, and although there is variation depending on the number of children born, the gender gap for employees taking childcare leave is narrowing. We will continue to conduct awareness raising activities so that employees can start planning to take childcare leave before they have children. At the same time, we will work to develop a workplace environment that is conducive for male employees to take long-term childcare leave.

### Trends in number of employees taking childcare leave ★



\* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

\* Includes employees who took holidays for childcare.

# Balancing work and nursing care

In the future, as the baby boomer generation reaches the late elderly age, there will be an increase in number of employees who will need to balance work and nursing care. As a countermeasure, we have launched the "Wakaru Kaigo Biz," a service that allows employees who are providing nursing care as well as those who may be have to provide it in the future to look up any information they need at any time.

In addition, we have commenced support for the introduction of care managers to long-distance caregivers providing care for relatives who are far away.

Nursing care is something that can become necessary suddenly. In the future, we are committed to supporting the balance between nursing care and work by developing measures that focus on preparations for nursing care, and on information provision that ensures immediate access to necessary information when faced with a need for nursing care, as well as on support for long-distance caregivers.

制度名	対象	内容
介護の相談窓口	従業員	<ul style="list-style-type: none"> <li>介護の相談窓口を開設し、介護に関する相談に対応。</li> <li>介護の相談窓口を開設し、介護に関する相談に対応。</li> <li>介護の相談窓口を開設し、介護に関する相談に対応。</li> </ul>
介護の準備支援	従業員	<ul style="list-style-type: none"> <li>介護の準備支援を実施し、介護に関する相談に対応。</li> <li>介護の準備支援を実施し、介護に関する相談に対応。</li> <li>介護の準備支援を実施し、介護に関する相談に対応。</li> </ul>
テレワークシステム	従業員	<ul style="list-style-type: none"> <li>テレワークシステムを導入し、介護に関する相談に対応。</li> <li>テレワークシステムを導入し、介護に関する相談に対応。</li> <li>テレワークシステムを導入し、介護に関する相談に対応。</li> </ul>
育児・介護休暇	従業員	<ul style="list-style-type: none"> <li>育児・介護休暇を導入し、介護に関する相談に対応。</li> <li>育児・介護休暇を導入し、介護に関する相談に対応。</li> <li>育児・介護休暇を導入し、介護に関する相談に対応。</li> </ul>

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Information posted on the intranet



14

# Nursing care leave system

Our nursing care leave system operating at three of the four core group companies in Japan allows each applicant to take up to 730 days of nursing care leave per reason (also obtainable in portions). This far exceeds the total of 93 days of leave specified under the Child Care and Family Care Leave Law.

In addition, the systems for nursing care reduced working hours, flexible work start/finish time, etc. can be used for as long as an employee is providing nursing care.

In FY2021 there were 2 employees ★ taking nursing care leave and 3 employees on shorter working hours for nursing care, for the four core group companies combined.

The baby boomers generation will be reaching late elderly age in the future, and an increase among the current generation of workers who are providing nursing care while working is expected. We will continue to hold seminars to raise awareness and strive to foster a corporate culture with a good work-life balance.

# Volunteer leave system

With a view to encouraging volunteer activities, the Teijin Group has introduced a paid Volunteer Leave System at Teijin Limited and Teijin Pharma Limited. As of March 31, 2022, there were 15 employees using the Volunteer Leave System.

# Determining the Status of Group-Wide Labor Management

The Teijin Group carries out regular surveys on labor management at group companies. We identify management issues in our Group personnel management system and implement effective measures as required, particularly from the viewpoint of labor CSR. Survey forms are sent to 43 group companies in Japan and 22 overseas, every year. From the survey, we obtain data on basic labor CSR indicators. After amendments to labor-related laws or if otherwise needed, the Teijin Group reviews the labor management status, employment rules and personnel systems of all group companies in Japan.

Since labor laws and regulations differ from country to country, with regard to overseas group companies, we conduct surveys of basic items, and also implement additional surveys on the human resources system and salary systems, as necessary.

## Survey items (group companies in Japan)

### Basic labor CSR indicators - conducted annually

- (1) Number of employees (by position/gender)
- (2) Average years at company and average age
- (3) Number of newly recruited employees (by position/gender/career stage (new versus mid-career)/type of work (administrative versus technical))
- (4) Number of retired employees (by position/reason)
- (5) Data on re-employment after age-limit retirement (by position)
- (6) Number of executives by gender
- (7) Number of fixed-term employees
- (8) Overtime hours (per month)
- (9) Rate of taking annual paid holidays/Number of annual paid holidays taken
- (10) Use of childcare leave/childcare short-time work system
- (11) Use of nursing care leave/nursing care short-time work system

### Status of labor management - conducted when required

#### [Legal compliance]

- (1) Employment of the elderly
- (2) Work hours
- (3) Temporary/Contract workers
- (4) Maternity protection and childcare
- (5) Care and nursing
- (6) Equal-opportunity employment

#### [Labor affairs measures]

- (1) Work-life balance (e.g. overtime hours/annual paid holidays/flex-time system)
- (2) Retirement allowance system
- (3) Progress in promoting diversity
- (4) Recruitment and education
- (5) Health and welfare system (dormitories/other issues)
- (6) Other issues (e.g. existing issues for which demand for support exists)

## Survey items (overseas group companies)

### Survey of the following basic labor CSR indicators

- (1) Number of employees
- (2) Average years at company and average age
- (3) Number of new recruits
- (4) Number of employees who retired

## Maintaining Sound Industrial Relationships

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The Teijin Group sees the labor union as an important stakeholder, and we are working to maintain and improve our good relationship with the union. As fundamental concepts in industrial relations, we emphasize “mutual understanding and thorough prior consultation.”

In regards to labor-management meetings, Teijin Limited adheres to a comprehensive collective bargaining agreement by which meetings will be called upon request from either the company or union side.

At group companies in Japan, all employees except directors and managers belong to the labor union. At the Group Labor-management Council, which brings management and main union officials together, and also at Labor-management Committee meetings (held as required), members exchange opinions on businesses as a whole and hold discussions with the aim of improving workplace environments.

In initiatives to date, we have held discussions on expanding the system to promote work-life balance. In this regard, both workers and management have worked together to bring about the implementation of an hourly-based annual paid holiday system and a short-time work for childcare system that can be divided into intervals. Furthermore, to limit long working hours, workplace patrols on no-overtime days are being continued through the cooperation of workers and management.

In FY 2021, following FY2020, kindergartens, nurseries, and schools were occasionally closed and home schooling was adopted to prevent the spread of the COVID-19 infection. This caused a significant burden on employees raising children. Therefore, we support employees by relaxing the requirements for taking backup leave (lapsed paid reserve leave) and family-care leave and covering the cost of using babysitter services.

Labor unions and work councils (joint labor-management councils) have been established in overseas group companies, and consultations are held between the company and representatives of the employees to achieve a better work environment and working conditions.

### **Preamble of Labor Agreement between Teijin Limited, Teijin Pharma Limited and Teijin’s Labor Union (largest labor union of Teijin Group)**

Teijin Limited, Teijin Pharma Limited and Teijin’s labor union mutually respect the position of one another, and work together towards establishing industrial peace through the sound development of business and consideration of union member’s welfare. With this in mind, the Teijin Labor Agreement was concluded, and both sides are committed to observing it in good faith.

\* The labor agreement with Teijin's Labor Union is applicable to all full-time and fixed-term employees, except managers.

Sustainability

# Corporate Ethics and Compliance

**The Teijin Group considers compliance to be essential for creating a sound corporate culture. With this in mind, the Group is committed to ensuring that its officers and employees always act responsibly with high ethics.**

**Promotion System**

Main Activities

Security Export Control

## Compliance and Risk Management (CRM) Promotion System

We hold meetings of the Group CSR Committee, which is chaired by the Chief Social Responsibility Officer and has the general managers of each business unit as its members, as a forum for deliberation and sharing information on compliance and risk management policies, measures, and activities within the group.

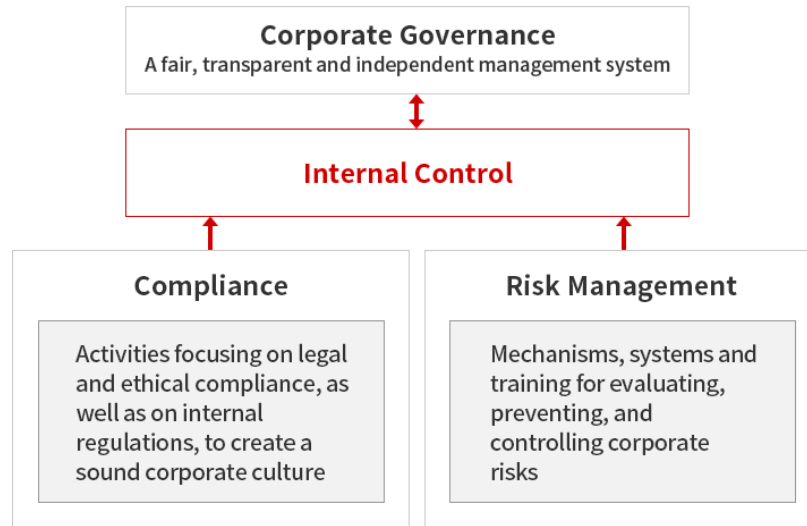
In addition, the Group Compliance Subcommittee, which is chaired by the general managers of CSR and Compliance Department and has the general manager of departments responsible for compliance in each business group or unit as its members, is established. The Subcommittee deliberates and shares information on specific measures and activities in accordance with the policies of the Chief Social Responsibility Officer and disseminates that information to each business division.

Compliance and Risk Management Promotion Managers (CRM Promotion Managers) are appointed at each worksite and promote the implementation of activities.

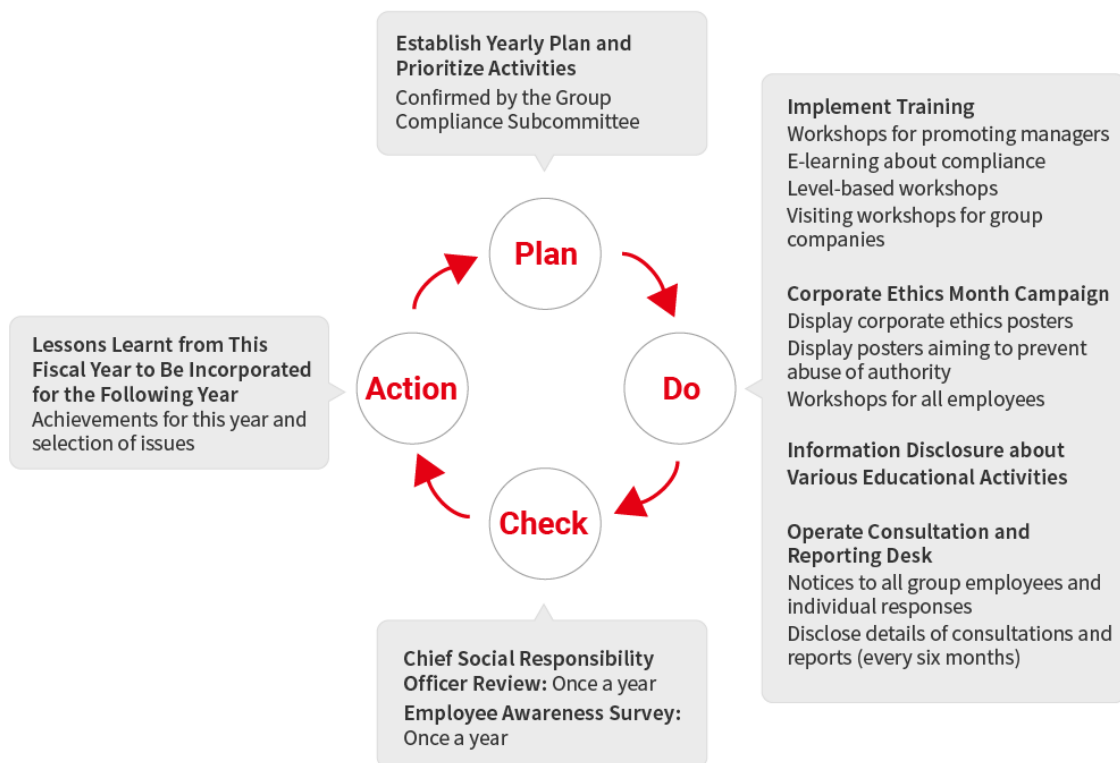
In addition, we hold the global CSR meeting, which has compliance personnel at main overseas group companies as its members. In FY2021, the meeting was postponed due to effects of the COVID-19 pandemic.

The Teijin Group is expanding into a diverse range of businesses, and as it continues to do so, it will need to address the increasing social demands and self-regulation. To this end, we are committed to reviewing and further strengthening our compliance promotion system in the new Medium-Term Management Plan scheduled to commence in 2023.

# Positioning of compliance and risk management



# PDCA cycle of compliance and risk management activities



Sustainability

# Corporate Ethics and Compliance

The Teijin Group considers compliance to be essential for creating a sound corporate culture. With this in mind, the Group is committed to ensuring that its officers and employees always act responsibly with high ethics.

[Promotion System](#)
[Main Activities](#)
[Security Export Control](#)

## Corporate Ethics and Compliance Activities

Promoting compliance is essential for creating a sound corporate culture. With this in mind, we carry out educational programs not only on internal rules and laws relevant to our business but also on various aspects of corporate ethics.

We also operate a counseling and reporting system (hotline) that is designed to facilitate self-resolution of internal legal and ethical problems.

## Spreading Awareness about the Code of Conduct

The Teijin Group has established the Code of Conduct as its approach to realize the Group's corporate philosophy and ensures that all officers and employees of the Group are fully acquainted with it. When they join the company, employees pledge to comply with the employment rules and other regulations, including the Code of Conduct, and to work sincerely.

The Teijin Group Code of Conduct comprises the five following elements, which are derived from the letters of T/E/I/J/IN.

Respect diversity: Together

Emphasize the environment, safety, and health: ESH

Value good faith: Integrity

Recognize one another and create vitality: Joy at work

Aim for innovation: INnovation



New Code of Conduct.

In FY2021, we created videos with subtitles in the local languages of all regions and countries in which the Teijin Group operates, to deepen understanding of the Code of Conduct in the context of more specific behavior, and disseminated them to all Group companies.

The videos are animations featuring five characters using the five colors of the Code of Conduct conceptual diagram, and presents the story of learning about the Code of Conduct through behaviors in various situations at the workplace.

In FY2021, we made four videos on "Information Security (Protection of Information)", "Accurate Recording and Fair Information Disclosure and Dialogue", "Conflict of Interest", and "Compliance with Competition Laws". Further, by the end of FY2022, we plan to release educational videos on ten key points selected from the "Corporate Ethics Handbook", both within and outside the company.

### Related information

[Videos on the Code of Conduct](#) 

## Tax policy of the Teijin Group

In order to comply with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which the Teijin Group operate, we have established a tax policy as a basic standard for taxation in April, 2022. By paying taxes appropriately in accordance with this policy, we aim to perform our social responsibilities and become a corporate group that can gain the understanding and sympathy of society at large while at the same time striving to increase our corporate value.

[Tax policy of the Teijin Group\(PDF:155KB\)](#) 

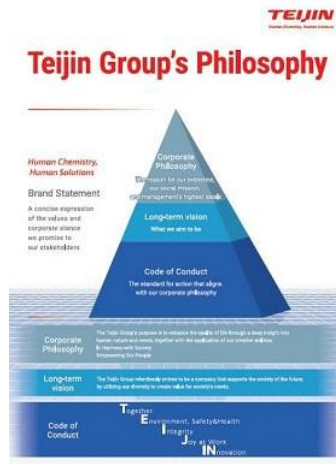


## Workshops for all employees during the Corporate Ethics Month

The Teijin Group has designated October every year as the Corporate Ethics Month when training is conducted targeting all executives and employees (including contract/temporary employees), and posters are also put on display.

In FY2021, we continued utilizing online workshops in response to the COVID-19 pandemic. For the workshop, we used the Teijin Group Corporate Ethics Handbook available worldwide in the languages of all regions and countries where we conduct business.

We displayed posters with "Be Unique, but Work as One" as the 2021 slogan and encouraged employees to act in accordance with the Code of Conduct. With regard to languages, the posters were prepared in 16 languages--Japanese, English, Chinese (simplified and traditional), Korean, Thai, German, Dutch, Vietnamese, Spanish (European and Latin American), French, Burmese, Portuguese (European), Czech, and Hungarian--of all regions and countries where the Teijin Group conducts business.



## Implementation of the corporate ethics awareness survey

In November 2021, we conducted the Employee Awareness Survey Questionnaire using a global survey platform to determine the extent to which the Teijin Group officers and employees all over the world are acquainted with the Code of Conduct and to what extent it is connected to their behavior.

This questionnaire included a survey of awareness of our corporate philosophy, Code of Conduct, awareness of ethics, and CSR thinking. Further, questions to confirm participation in and level of satisfaction with training for all employees during the Corporate Ethics Month were also included, and each item was evaluated on a five-point scale.

The results of the survey in FY2021 showed that the percentage of respondents who gave a high rating of five or four for awareness of corporate ethics (level of awareness of corporate ethics) was 77%, the participation rate of corporate ethics workshop for all employees during the Corporate Ethics Month was 92% (97% in Japan and 78% overseas), and the percentage of employees who were satisfied with the training (rating of five or four) was 70% (satisfaction).

Going forward, we will continue to analyze survey results, consider measures to raise employees' awareness of corporate ethics, and confirm these through questionnaires.

### Five-point evaluation scale of awareness of corporate ethics (comprehensive evaluation)



### Five-point evaluation of the level of satisfaction with workshops for all employees during the Corporate Ethics Month



# Group-wide application of corporate ethics and compliance

## 1. Level-based workshop training

Every year, as part of level-based workshop training for employees at group companies in Japan, the CSR and Compliance Department conducts training on the reasons why companies undertake corporate ethics and compliance activities and the roles of employees. In FY2020, and subsequently in FY2021 as well, the training was conducted by having participants watch a pre-recorded video in response to the COVID-19 pandemic, and 220 employees participated.

Also, we plan to temporarily suspend overseas corporate ethics and compliance workshops for newly appointed managers, and restructure it.

## 2. Rotational training

We have been conducting on-site corporate ethics training whereby members of the CSR and Compliance Department visit sites of each business and affiliate company since FY 2016. In FY2020, and subsequently in 2021 as well, due to the effects of the COVID-19 pandemic the number of training opportunities decreased, and a total of four training sessions with 127 participants were held.

This training uses case studies from both inside and outside of the Teijin Group and aims to create an awareness that corporate ethics and compliance issues can affect anyone, anytime. Moreover, by creating a curriculum to suit the needs of each business/affiliate company, this training is proving to be even more effective.

## 3. Training for promotion-managers

In the past, this training was held by the CSR and Compliance Department at the Tokyo and Osaka head offices, but in FY2020, and subsequently in 2021 as well, group training was postponed due to effects of the COVID-19 pandemic, so training materials were distributed and the promotion managers conducted independent study. The training materials covered CSR procurement, prevention of bribery, and spreading the Code of Conduct.

## 4. Workplace training/education

The Teijin Group always post educational materials and case studies on its intranet so that promotion managers can conduct training on corporate ethics, compliance, and other topics as needed at each workplace in Japan and overseas and supports environments that facilitate independent training and study by employees.

## Counseling and reporting center operations

The Teijin Group has created counseling and reporting system as a means for officers and employees as well as business partners to report directly on violations, suspicious conduct, and other issues at Teijin and its subsidiaries.

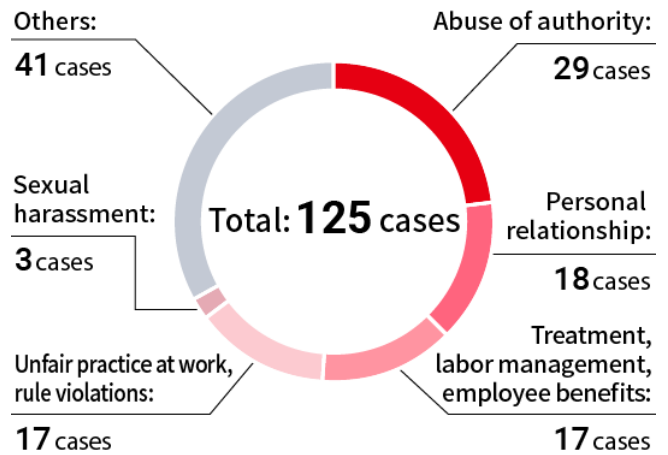
The Teijin Group launched a counseling and reporting system in 1999 for all group employees. Currently, this service is available to anyone working in Japan for an organization of the Teijin Group. A reporting/consultation website page for outside suppliers has been available since 2006. In addition to this, every year since FY2013, during Corporate Ethics Month in October, we directly distribute to employees envelopes for the “Corporate Ethics Opinion Box” to all employees at group companies in Japan.

Employees who work for group companies are able to use the Corporate Ethics Opinion Box, direct reporting, and other means among the group’s counseling and reporting system. In North America, Teijin Holdings USA, Inc., and in China, Teijin (China) Investment Co., Ltd. each established counseling and reporting center, and Teijin Frontier Co., Ltd., INFOCOM Corporation, and Teijin Aramid B.V. established counseling and reporting center and accept counseling and reports from officers and employees of these companies and their affiliated companies.

In March 2019, we also established a new global hotline that enables all officers and employees of overseas group companies to directly report to the Teijin Group headquarters hotline in their local languages.

The Rules for the Teijin Group’s Whistle-Blowing were newly established in 2019 to set for the operational responsibilities, authority, and procedures regarding these Teijin Group counseling and reporting systems. In addition, we have introduced an internal leniency program that allows the Chief Social Responsibility Officer to issue an opinion on reduction of or exemption from disciplinary measures imposed on a person who reports improper conduct according to the circumstances.

Reports and consultations which could possibly become major risk issues are reported to and handled properly by top management. While protecting privacy, the content and responses to all issues raised by employees via consultations/reports are disclosed to employees every six months on the intranet for the purposes of raising employees’ awareness and as a preventative measure.



Number of Reports to Hotlines Operated by Corporate in Japan and Overseas in FY2021

Sustainability

# Corporate Ethics and Compliance

The Teijin Group considers compliance to be essential for creating a sound corporate culture. With this in mind, the Group is committed to ensuring that its officers and employees always act responsibly with high ethics.

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Promotion System

Main Activities

**Security Export Control**

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## Continued Operation and Strengthening of the Security Export Control System

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For the Teijin Group, whose business is expanding globally, compliance with laws and a fully functioning security export control system are vitally important. In light of this, we have established the Group Security Export Control Regulations governing the corresponding Security Export Control Regulations and Detailed Implementation Rules, which apply to each group company that conducts exports. We implement this via a dual-level control system, placing specialist back-office staff at the head office and business groups to ensure a highly reliable level of security export control.

The laws that must be complied with in security export control are frequently amended, so an important factor in training activities is to ensure high levels of awareness and thoroughness in regard to the latest information. In this regard, we conduct regular training and promote skills development of employees by encouraging them to sit external practical skills certification exams.

In FY2021 as well, we have continued working on maintaining and enhancing our internal management system in response to changes in the environment. In order to improve business transparency and effectiveness of operations, we have implemented a security export control system, and have revised the Security Export Control Regulations, among other things, in response to revisions to laws and regulations related to the Foreign Exchange and Foreign Trade Act, for the purpose of clarifying deemed export control.

Sustainability

# Risk Management Activities

**The Teijin Group has in place a Total Risk Management (TRM) systems targeting both strategic and operational risks to comprehensively manage risks, and the TRM Committee has been conducting total risk management.**

## Total Risk Management (TRM)

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In addition to enhancing shareholder value, the mission of the Teijin Group is to conduct sustainable business activities that deliver value to its shareholders and all of its other stakeholders.

In light of this mission, the Group strives to comprehensively and effectively assess, evaluate, and manage the various risks that could threaten the realization of its mission. By doing so, the Group adopts an organizational and systematic approach to risk management that leverages its Groupwide management capabilities.

Specifically, the Group has in place a Total Risk Management (TRM) system targeting both strategic risks which relate to such factors as the formulation of management strategies and plans, the implementation of strategic actions, and the determination of individual investment projects and operational risks, which involve various adverse events that can negatively affect the Group's operations, in order to address the various risks that impact the sustainable growth of the Group.

Established in fiscal 2003, the TRM Committee, chaired by the CEO, serves under the Board of Directors. The Board of Directors deliberates and decides the basic policy and annual plan related to TRM proposed by the TRM Committee.

At the same time, the Board of Directors formulates systems for managing important risks and ensuring business continuity. Also, the statutory auditors conduct audits to check whether the Board of Directors is appropriately handling policy decisions, overseeing, and monitoring with regard to TRM.

The CEO is in charge of assessing strategic risks and provides this assessment as valuable information to the decision-making process of the Board of Directors and other bodies. The Chief Social Responsibility Officer (CSRO) is in charge of overall Groupwide operational risks, including risks facing overseas Group companies, and works on a cross-organizational level to ascertain and confirm the status of risk management in each business group and at each Group company as well as to formulate consistent response policies.

Through these efforts, the CSRO helps reinforce Groupwide risk management. In addition, the Group is working to clarify how risks and opportunities presented by trends in the macroeconomic environment relate to its materiality and follows up on such risks accordingly.

## Responding to risks related to the COVID-19 pandemic

Amid the prolonged COVID-19 pandemic, we are monitoring the impact of the pandemic on the Group's operations and are executing response measures to address areas that have already been impacted by the pandemic. At the same time, we are preparing response measures on an ongoing basis in anticipation of the pandemic's prolongation.

The pandemic's impact on the global economy has had a major effect on our performance in the Materials Business Field, for which automotive and aircraft applications serve as the main market. In particular, demand for carbon fibers for aircraft remains sluggish, although a recovery trend is starting to emerge.

As part of our efforts to address this issue, we are working to enhance production and operational efficiency by expanding into other applications for which demand is robust. We are also striving to increase profitability by improving our sales mix.

Furthermore, while rigorously monitoring profitability, we are promoting development geared toward the acquisition of large-scale programs for carbon fiber intermediate materials for aircraft for which demand is expected to recover over the medium to long term.

In regard to the lockdowns and other policies in China following the country's zero-COVID policy, we are closely monitoring the impact on supply chains and the suspension of operations at our manufacturing facilities and those of our customers.

## Response to Geopolitical Risks

With regard to the Russian invasion of Ukraine in February 2022, we have set up an emergency response structure under which we have been providing humanitarian aid. We have also been carrying out appropriate measures to respond to the risks brought about by this invasion after analyzing and evaluating its direct and indirect impacts on our operations.

## Risk Recognition

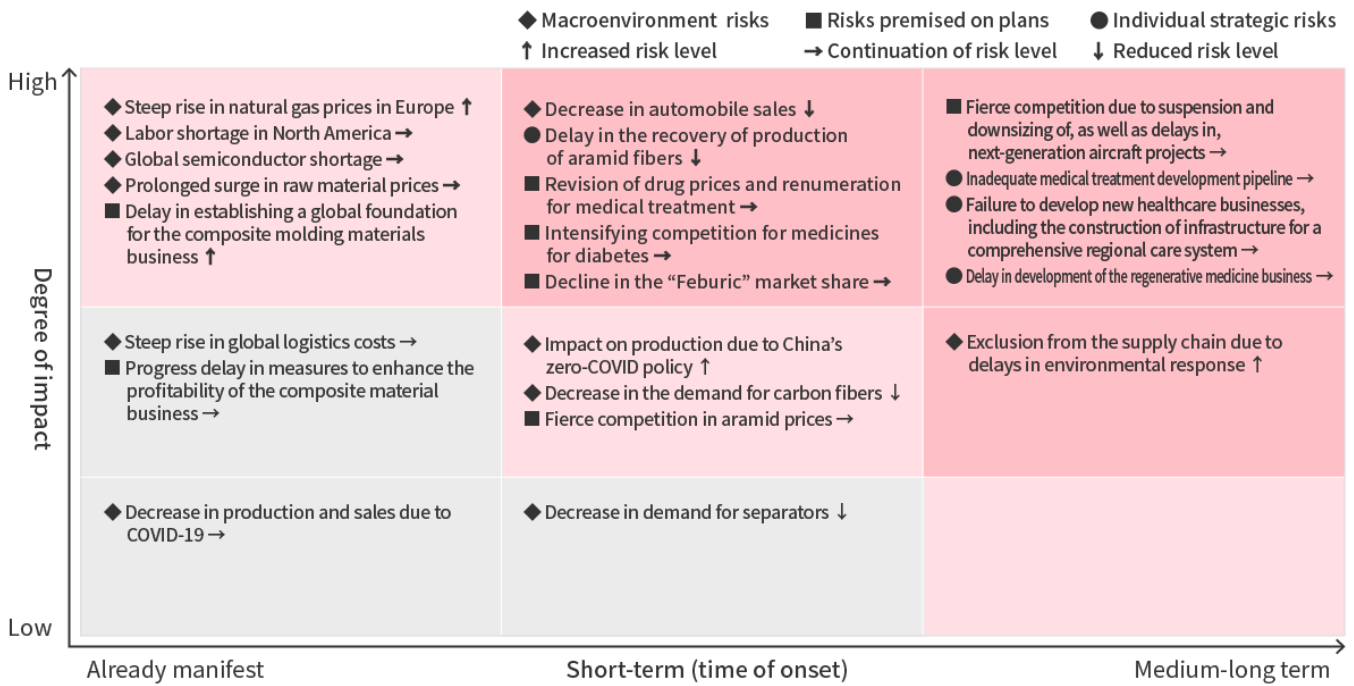
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The details on the recognition of strategic risk and operational risk that the Group manages under the TRM Committee are as follows.

## Strategic Risks: Identification and Analysis, and Relevant Response Measures

We have analyzed specific and recent strategic risks, including those already actualizing in our business strategies, from the perspectives of level of impact, period of actualization, and fluctuation trends, by making use of a risk map. Based on this analysis, we have established response measures in accordance with the level of urgency and impact and have swiftly begun to put these measures into action.

## Identify and analyze strategic risks



## Strategic Risks: Overall Risks and Basic Response Policies

Risk category	Risk summary	Basic response policy
<b>Macro environment risks</b>	<ul style="list-style-type: none"> <li>Fluctuations in sales due to the economic trends and conditions in each country and region of operation as well as the trends in the automotive and aircraft markets, which are major markets where the Group supplies products and services</li> <li>Fluctuations in costs due to changes in raw material and fuel prices</li> <li>Fluctuations in the exchange rates needed to reflect transactions in foreign currencies in the financial statements and convert the foreign currencies in the financial statements of overseas consolidated subsidiaries into yen (e.g., if the yen appreciates by ¥1 against the US\$, over the year it will push down operating income by approximately ¥0.3 billion)</li> <li>Fluctuations in interest expenses due to changing interest rates</li> </ul>	<p>We are taking steps to identify and assess primarily trends that could have a substantial impact on our performance and financial position, such as the impact of the COVID-19 pandemic on the automotive and aircraft markets. We are also working to reduce risks through a broad range of measures. For example, we are stabilizing raw material and fuel prices by securing appropriate inventory levels, entering into long-term purchasing contracts, and implementing appropriate selling price measures. For exchange rates, we are also utilizing foreign exchange forward contracts and procuring funds for overseas investment in local currencies. In terms of interest rates, we are pursuing long-term debt with fixed interest rates.</p>

<b>Policy change risk</b>	<ul style="list-style-type: none"> <li>· Tightening of GHG emissions regulations, plastic product regulations, and other regulations to a greater extent than expected between the U.S. and China as well as rising economic security risks</li> <li>· Emergence of global protectionism including the recurrence of trade conflicts between the U.S. and China as well as rising economic security risks</li> <li>· Acceleration of domestic drug price revisions and other government policies to curtail medical costs</li> </ul>	<p>To respond to policy change risk such as tightening environmental regulations and the emergence of protectionism around the globe, as well as market and competitive environment fluctuation risk, we are creating contingency plans in advance for individual businesses affected by such risks. At the same time, we are promoting ongoing monitoring activities, including detecting signs of risk occurrences, and ensuring we are prepared to swiftly respond to risks by revising our strategies and other measures. In addition, we are working to collect relevant information on economic security to promptly ascertain a potential crisis.</p>
<b>Market and competitive environment fluctuation risks</b>	<ul style="list-style-type: none"> <li>· Fluctuations in supply-demand structure due to changes in the competitive environment</li> <li>· Inventory adjustments that exceed the real economy in each stage of the supply chain caused by changes in end-user demand within the materials, intermediate materials, and components supply businesses</li> <li>· Fluctuations in supply-demand structure due to production activities being impacted by infectious disease outbreaks, natural disasters, and geopolitical risks as well as to supply chain disruptions such as a suspension in logistics activities</li> </ul>	<p>To respond to policy change risk such as tightening environmental regulations and the emergence of protectionism around the globe, as well as market and competitive environment fluctuation risk, we are creating contingency plans in advance for individual businesses affected by such risks. At the same time, we are promoting ongoing monitoring activities, including detecting signs of risk occurrences, and ensuring we are prepared to swiftly respond to risks by revising our strategies and other measures. In addition, we are working to collect relevant information on economic security to promptly ascertain a potential crisis.</p>
<b>Resource investment risks</b>	<ul style="list-style-type: none"> <li>· Cancellation of or delay in the execution of capital expenditures or M&amp;As due to the inability to find projects compatible with strategies</li> <li>· Major divergence of R&amp;D results from targets against the R&amp;D expenses invested</li> </ul>	<p>For large-scale investment projects to create and expand businesses, we are taking steps to ascertain the business environment and prioritizing follow-up measures toward action plans for individual issues.</p>

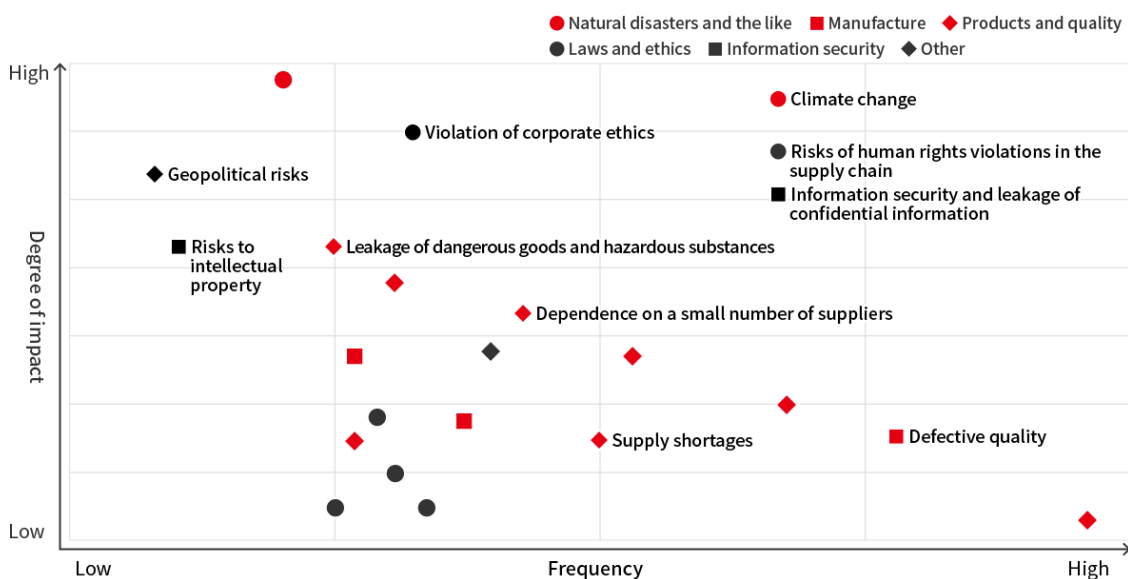


<p><b>Fundraising and financial soundness risks</b></p>	<ul style="list-style-type: none"> <li>· Occurrence of an impairment loss on non-current assets owned by the Group, owing to such factors as a decline in profitability from an extreme worsening of the economic environment, among other factors</li> <li>· Occurrence of loss on deferred tax assets in the event some or all deferred tax assets are deemed unrecoverable due to changes in estimated future taxable income</li> </ul>	<p>In addition to regular monitoring of the ratio of net interest-bearing debt to EBITDA, the shareholders' equity ratio, and the debt-to-equity ratio, we are assessing the scale for risk of loss on shareholders' equity through the continuous monitoring of assets with impairment concerns and deferred tax assets. When procuring funds, we examine optimal procurement methods in consideration of financial soundness and based on demand for large-scale funding over the near to medium term as well as the risk of loss on shareholders' equity. Furthermore, we are making thorough efforts to streamline assets through working capital management and the reduction of cross-shareholdings.</p>
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## Operational Risks: Identification and Analysis, and Relevant Response Measures

We have identified and analyzed recent operational risks based on their level of impact and frequency of occurrence. By doing so, we have positioned four categories of Groupwide risks as "serious Group risks" and are formulating policies to respond to these categories, which include: i) Climate change risks; ii) Risk of human rights infringements in the supply chain; iii) Information security risks; and iv) Geopolitical risks (see table below).

### Identify and analyze operational risks



## Operational Risks: Specific Initiatives toward Serious Group Risks

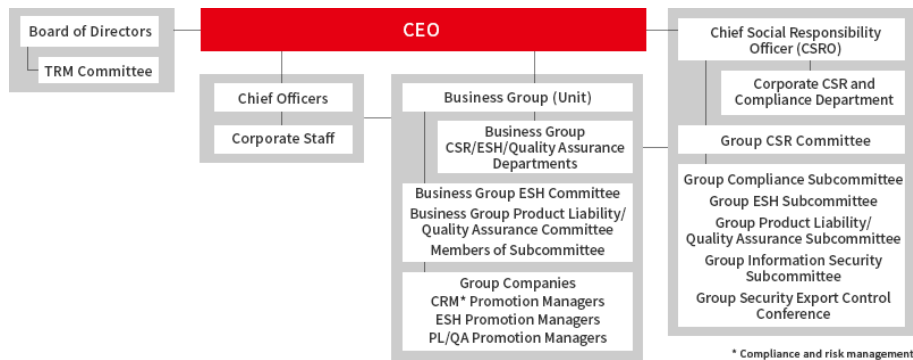
Risk category	Risk summary	Relevant material issues*	Response measures	Frequency of occurrence
<b>Climate change risks</b>	<ul style="list-style-type: none"> <li>· Inability to respond to system and policy changes, etc., resulting from climate change could hinder business continuity.</li> <li>· Occurrence of natural disasters due to climate change. For example, in the Materials Business Field, we anticipate that natural disasters will disrupt logistics operations and impact supply chains. We also expect to see massive increases in raw material and other prices due to energy transitions.</li> </ul>	1	<p>We assess and manage climate change-related risks impacting each of our businesses in a comprehensive and systematic manner. We also work to enhance climate change risk identification and strengthen risk management PDCA cycles in each business.</p> <p>Additionally, risks impacting specific businesses that qualify as strategic risks are responded to as such within our efforts to manage strategic risks.</p>	Medium-High
<b>Risk of human rights infringements in the supply chain</b>	<ul style="list-style-type: none"> <li>· Inability to respond appropriately to human rights-related issues within the supply chain could hinder business continuity.</li> </ul>	5	<p>We use consistent policies and guidelines to assess and monitor not only our business partners' adherence to laws and regulations but also their response to soft laws. In this way, we are strengthening the management of supplier compliance.</p>	Medium-High

<b>Information security risks</b>	<ul style="list-style-type: none"> <li>· Unexpected information leaks could not only damage our competitiveness but also violate laws and be subject to fines.</li> <li>· Cyberattacks could hinder business continuity and result in major information leaks and demands for ransom payments.</li> </ul>	5	<p>We respond to risks related to the management and transfer of information assets and trade secrets and risks related to cyberattacks based on the perspective of physical threats and vulnerabilities, technological threats and vulnerabilities, and human threats and vulnerabilities. To that end, we have set up an information security governance structure and established various processes and are promoting specific initiatives through the Group Information Security Subcommittee.</p>	Medium-High
<b>Geopolitical risks</b>	<ul style="list-style-type: none"> <li>· Conflicts and terrorist attacks could threaten the lives of Group employees and Group assets and could hinder business continuity by severing logistics and procurement systems and infrastructure.</li> </ul>	5	<p>We have been working to establish emergency response structures during normal times to enable the provision of support to our business locations across the globe, should any one of them become involved in a conflict. We are also preparing a global crisis management structure and are implementing relevant training and drills.</p>	Low

\* 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 our sustainable management base

## Groupwide system for operational risk management

We conduct Groupwide operational risk management including overseas subsidiaries based on the system below. The CSRO and the Corporate CSR and Compliance Department strengthens the risk management system for the entire Group by grasping and confirming the individual risk management conducted by each business group (unit) and Group company across the entire Group, and by establishing unified risk response guidelines.



## Operational Risk Management Activities

In FY2021, through risk assessments (July-September) and the Chief Social Responsibility Officer Review (October), we checked the management status of serious material risk items in each business and functional area and confirmed that concrete responses were taken.

In the same fiscal year, in addition to the use of the risk management tool (ERMT) globally, we have positioned the four risks of climate change risk, risk of human rights violations, information security risk, and geopolitical risk as "significant Group risks", and have started examining response guidelines and the like with the Chief Officers.

Further, we are committed to improving the systems and maintenance of risk management-related regulations and frameworks. The Teijin Group's basic concepts of risk management, which have been included in the existing risk management regulations, have been summarized in the Group Risk Management Regulations, and the risk assessment methods and crisis management operation procedures common to the Teijin Group have been clarified as for the Risk Management Implementation Regulations, and reorganized as subordinate rules. Furthermore, as a risk management system for the entire Group, we have newly introduced the "three lines of defense\*" of an integrated framework for internal control.

\* The first line of defense (business units, Group companies, etc.); Basically business units and Group companies respond to risks as risk owners.

The second line of defense (chief officers, CSR Committee, subcommittees, regional control etc.): Basically providing support and monitoring the first line of defense to prevent and reduce serious risks, etc. to the Group among other things.

Third line of defense (Corporate Audit Department): From an independent standpoint from the first and second lines of defense, it provides rational advice and recommendations etc. on risk management.

# Status of Business Operations Risk Responses and Business Continuity Plans

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## Response to Natural Disasters

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There were no reports of damage to Teijin Group personnel or facilities in FY2021 due to the earthquake in Japan. Operations were suspended at some business sites due to the heavy rains in West Japan that occurred in July 2021, but there were no casualties. In the healthcare business that sustains home healthcare, we confirmed the safety of patients using therapeutic oxygen concentrators in areas that were severely affected and delivered spare cylinders.

## Implementation of Business Continuity Drills

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As a part of our Business Continuity Management (BCM) efforts, disaster prevention drills and earthquake evacuation drills are conducted annually at Teijin's business locations and research facilities in Japan.

In FY2021, we began considering Business Continuity Management (BCM) in the event of a large-scale disaster that would affect multiple businesses in a wide area, something that had not been anticipated in the past, including the establishment of a system at the head office.

## Safety Verification Drills

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Safety verification drills for a time of emergency utilizing a system ("Emergency Call") provided by Infocom Corporation of the Teijin Group are conducted annually.

Following the undersea volcanic eruptions in Tonga that occurred on January 15, 2022, in response to tsunami warnings issued by the Japan Meteorological Agency, EMC performed safety checks throughout Japan except the Hokuriku region at midnight of the same day. In the evening of the next day, the Teijin Group in Japan confirmed that there was no direct damage caused by the tsunami.

Sustainability

# Information Security and Personal Information Protection

**Recognizing the possibility of risks that damage competitiveness or obstruct business continuity due to unforeseen information leakage caused by cyberattacks, etc., or the risk of having to pay penalties for legal infringements, the Teijin Group adopts measures to prevent leakage on both the hard and soft sides and responds properly to globally diversifying personal information protection legislation.**

## Information Security

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The Teijin Group identifies the leakage of information assets and business secrets and cyberattacks as information security risks. From the perspectives of physical threats and vulnerability, technical threats and vulnerability, and human threats and vulnerability, we adopt risk countermeasures and respond properly to globally diversifying personal information protection legislation.\*

\* In addition to the General Data Protection Regulation (GDPR) in the European Union, similar regulations are becoming common in the United States, China, and Southeast Asia. In view of these developments, we respond to the various regulations in each country based on our response to the GDPR.

[Privacy Policy](#) >

# Main Initiatives

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The Teijin Group is promoting the building of an information security governance structure and process, as well as specific initiatives through the Information Security Committee. Each division designates a person responsible for information technology, a person responsible for personal information protection, and a person responsible for the management of trade secrets.

These responsible persons check the management status of information assets, such as information systems, networks, facilities, personal information, and business secrets every year. At the same time, the Corporate Audit Department conducts information security audits and personal information protection audits of all Group companies.

In FY2021 the number of cyberattacks threatening to infect Teijin's network with viruses increased over the previous fiscal year, but there were no reports of actual damage caused by information leakage from Teijin's network.

- Response to physical threats and vulnerability  
We are studying our response to facilities and equipment handling confidential information, including entry and exit, as well as our response to such IT devices as servers and computers.
- Response to technical threats and vulnerability  
We are studying the management of access to information assets, etc., as well as antivirus measures, data recovery response, etc.
- Response to human threats and vulnerability  
As measures to reduce risks caused by human factors, we are studying education for employees, etc. (implementation of information security training, irregular targeted email training, caution against suspicious email, etc.), as well as our response to management at work consignees.
- Appropriate response to personal information protection  
In addition to Europe's GDPR, regulations are being tightened in Japan, China, Thailand, and elsewhere. In these circumstances, in FY2021 we strengthened our personal information protection structure by adding the regional headquarters of our three global poles to the Teijin Group Global Personal Information Task Force. Furthermore, through the system of designating persons responsible for personal information protection, we are promoting the thorough implementation of measures.

# ESH Management Activities

**The Teijin Group positions Environment, Safety and disaster prevention, and Health (ESH) as a key issue relating to all business operations and is engaged in activities to reduce environmental impact affecting both the global environment and the local society, as well as to ensure the safety and health of residents and employees. We also quantitatively measure the investment and expenses relating to ESH, leading to efficient promotion and improvement of ESH activities.**

## Teijin Group ESH Basic Policies

1. We make safety our highest priority, following our philosophy of protecting human life.
2. ESH is the responsibility of every production line manager.
3. ESH efforts are integral to every stage of business activities.

## The Teijin Group Global Environmental Activity Goals

### Promotion of environmental preservation activities

1. Throughout our business operations, we will make efforts to reduce our environmental impact, including the reduction of CO<sub>2</sub> emissions, conserve energy and resources, and make effective use of waste.
2. We will appropriately manage biological and chemical substances in compliance with the related laws and regulations to ensure that our use of these substances will not cause damage to the environment or to the safety and health of people.
3. We will provide as many people as possible with appropriate information and support so that our products will be transported, used, and disposed of in a safe and environmentally friendly manner.



### **Promotion of design for environment and environmental business**

4. We will design products in an environmentally friendly manner in cooperation with our customers and suppliers, while promoting green purchasing and procurement as well as green transportation. In addition, we will conduct necessary assessment at the planning stage of business projects, thereby reducing potential risks to human health and the environment.
5. We will further develop technologies for environmental preservation and environmental improvement, including technologies that contribute to energy conservation and 3R activities (activities to promote the reduction, reuse, and recycling of materials) and will expand our environmental business taking advantage of our Group's proprietary technologies and strong market presence.

### **Expansion of environmental communication and social contribution activities**

6. We will clearly show our commitment to making contributions to society by such measures as setting and announcing environmental impact reduction targets and will engage in communication with a range of our stakeholders, including local communities in which we conduct business.
7. We will raise the awareness of all Group employees and provide them with education on environmental preservation as well as support them in conducting environmental preservation activities, such as energy conservation activities at their households and in their local communities.

(Established in December 1992; revised in July 2007)

## **Group ESH Management System**

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The Teijin Group established the Group ESH Subcommittee under the Group CSR Committee to practice integrated ESH (environment, safety, health) management. The Group ESH Subcommittee holds regular meetings twice a year to deliberate on policy, measures and activities regarding ESH management, which are then expanded within the group.

The ESH Committee members appointed for each business group (Unit) serve as Chairpersons of the ESH Committee and promote ESH management for each business.

In addition, the Chairperson of the ESH Committee of each business group and the Chief Social Responsibility Officer conduct ESH audits once a year respectively. In the ESH audits, the ESH management status, any accidents occurrence and the status of countermeasures thereof are checked, and then confirmation and guidance are provided in relation to future issues and actions required before the next audit.

## ESH education

A "Group ESH Educational Workshop" designed to enhance the level of ESH management is held once per annum. The workshop targets the ESH staff of business groups (Unit) and group companies as well as production line managers, group company presidents and factory managers. In FY2021, we postponed implementation due to the impact of COVID-19, among other things. We are considering holding the workshop as a remote course in FY2022.

## ESH assessment

Through the ESH assessment system, Teijin reviews and verifies the related laws and regulations together with the ESH risk related to project implementation and day-to-day matters, and endeavors to implement appropriate measures in line with compliance and risk.

## ESH auditing

We conduct ESH Audits A and B in accordance with our ESH Audit Regulations, forming a double audit system. Audit A is conducted by the Chairperson of the ESH Committee for each business group (Unit) and Audit B is conducted by the Chief Social Responsibility Officer or a person nominated by the Chief Social Responsibility Officer.

As part of the audit process, each business group reports on ESH management status, any accidents, the status of countermeasures, and the status of ESH activities. This content is then audited, and confirmation and guidance is provided in relation to future issues and actions required before the next audit.

### Outline of the ESH Audits

	Outline of the audits	Auditors	FY2021 audit results
ESH Audit A	ESH audits at production sites	Chairperson of Business Group (Unit) ESH Committee	25 bases (14 within Japan, 11 overseas)
ESH Audit B	Audits of the results of each business group and unit's ESH Audits	General Manager of the CSR and Compliance Department	18 cases (2 composites factories, 11 business units/business groups, 5 directly managed companies)

## Training for internal auditors of ESH compliance

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To enhance compliance with laws and regulations related to ESH, every year we hold a course to train group employees as internal auditors for ESH compliance. In FY2021, 92 employees were newly certified as Grade 1 internal auditors for ESH compliance and 28 employees were certified as Grade 2 internal auditors for ESH compliance.

## Group ESH results report

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Every year, the Teijin Group holds the Group CSR Committee, where Group-wide EHS results and activities status are reported. The 2021 Group CSR Committee meeting was held at the Tokyo head office in April 2022 (including online participation). In addition to results and status of activities, future issues and plans were also presented and there was active exchange of opinions.

## Responding to an ESH accident

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In preparation for the occurrence of an ESH-related accident, the Teijin Group defines and enforces rules about swiftly reporting any incidents to the responsible persons within the Group.

Sustainability

# Security, Disaster Prevention, and Occupational Safety Activities

**Following the principle of safety first in everything, the Teijin Group aims to realize zero disasters and zero accidents.**

**Security and Disaster Prevention**

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Occupational Safety

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## Security and Disaster Prevention Activities

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### System to promote disaster prevention management

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The Teijin Group is engaged in disaster-prevention management and has established Group-wide Disaster-Prevention Guidelines. For each fiscal year, we design plans based on these guidelines relating to preventative measures, such as disaster-prevention assessment, fire prevention, and earthquake countermeasures, as well as planning and implementing initiatives including the strengthening of disaster-prevention training and drills and upgrading of fire-prevention equipment.

Each Business Group / manufacturing site manages the implementation status and achievements of these disaster-prevention activities and gives guidance to improve any areas of noncompliance. The results of this are then audited by the Chief Social Responsibility Officer at the end of each fiscal year.

### Implementing disaster prevention assessments

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The Teijin Group has been conducting disaster prevention diagnoses since 1980 and mini disaster prevention diagnoses since 2008 in line with our own independent standards.

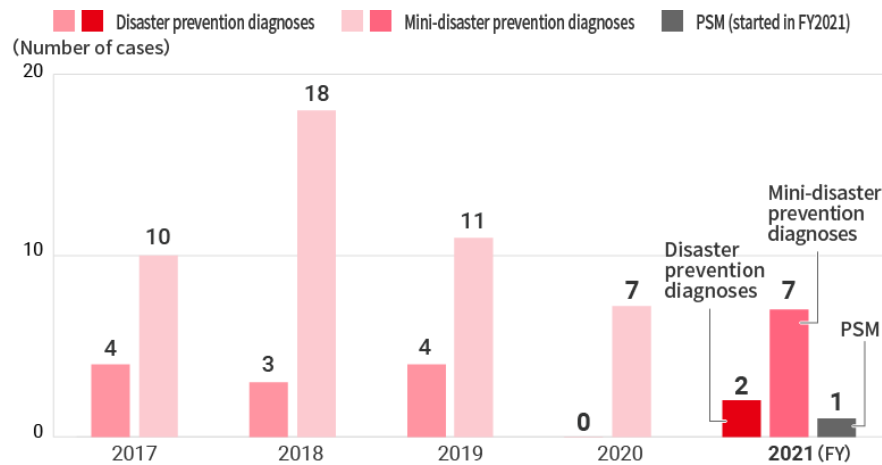
In Teijin's aramid business, process safety management (PSM) has been introduced at Teijin Aramid affiliated chemical plants in Japan and Asia.

Disaster-prevention diagnoses and PSM are used to assess safety every five years by experts in manufacturing, facilities, and ESH\* at a total of 15 plants globally. These are Teijin Group plants where large amounts of hazardous substances are handled.

In FY2021, disaster prevention diagnoses were conducted at two plants and PSM was implemented at one plant.

Mini-disaster-prevention diagnoses mainly examine fire prevention, focusing on small-scale locations with a risk of fires, such as boilers and places where hazardous materials and combustibles are stored (25 factories). We conduct an examination every 5 years. In FY2021, we carried out diagnoses at 18 risk areas in 7 factories.

### Trends in the Number of Disaster-Prevention-Assessed Plants

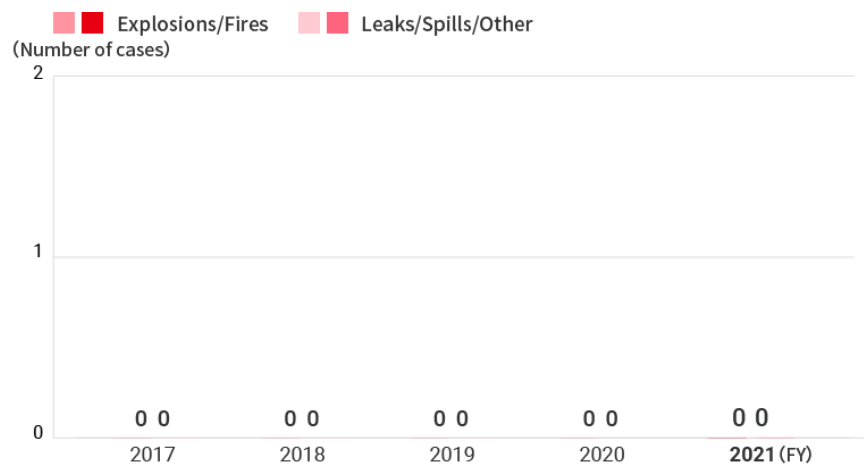


## Other activities aimed at realizing zero serious accidents

To achieve our aim of zero "serious accidents," which we have defined as including explosions, fires, and external leakage/spills of hazardous substances, we are taking various measures to reinforce disaster prevention including disaster prevention diagnoses, training, and drills at our chemical plants and power plants.

In FY2021, there were no serious accidents.

### Trends in the Number of Serious Accidents and Disaster★



\* A serious accident refers to explosions or fire accidents, accidents involving leakage or outflow of hazardous materials or hazardous substances, which have caused human damage (lost-time injury accidents), or have affected the local community, or have involved full-scale company-external support.

\* Figures are calculated based on calendar years

## Fire prevention activities

Since 2008, November 10 has been the Teijin Group Fire-Prevention Day. On this day, each group company conducts its own fire-prevention activities, as well as common activities for the whole Teijin Group, such as periodical fire-prevention checks. These activities are shared Group-wide in order to strengthen the fire-prevention system.



Early-stage fire-extinguishing drills at an overseas factory (China)

## Disaster-prevention training (evacuation drills)

Since the Great East Japan Earthquake struck on March 11, 2011, the Teijin Group has continued to implement evacuation drills assuming the outbreak of a natural disaster. After the drills, we hold review meetings and endeavor to improve our antiearthquake manual.

Training was carried out at plants and facilities in Japan in FY2021 as well (including tabletop exercises).



Evacuation drill roll call (Mishima Factory)

# Security, Disaster Prevention, and Occupational Safety Activities

Following the principle of safety first in everything, the Teijin Group aims to realize zero disasters and zero accidents.

Security and Disaster Prevention

**Occupational Safety**

## Occupational Safety Activities

### Occupational safety promotion system

#### Current status of OHSAS management system certification

To reduce risk in the workplace, the Teijin Group encourages its manufacturing and processing sites to obtain the ISO 45001 occupational health and safety management system certification.

As of the end of March 2022, a total of 32 business sites and plants, comprising 73% of the total worksites recommended to acquire certification have acquired the occupational health and safety management system certification.

<p><b>Japan</b> (10 companies, 15 factories)</p>	<p>Teijin (Iwakuni, Matsuyama, Mishima, Ibigawa) Teijin Frontier (Matsuyama, Ibigawa) Unisel (Iwakuni) Teijin Tedy (Matsuyama) Hiroshima Plastic (Hiroshima) Teijin Eco-Science (Matsuyama) Teijin Kosan (Ehime) Toho Chemical Engineering &amp; Construction (Mishima , Tokushima) Toho Machinery (Tokushima) Infocom West Japan (Matsuyama)</p>
<p><b>Overseas</b> (12 companies, 16 factories)</p>	<p>Netherlands: Teijin Aramid (Delfzijl, Arnhem, Emmen) China: Teijin Chemicals Plastic Compounds Shanghai, Teijin Polycarbonate China (Nantong Teijin Co., Ltd.*), N.I. TEIJIN AIRBAG FABRIC Thailand: Teijin Polyester (Thailand) , Teijin (Thailand), Thai Namsiri Intertex (Weaving, Dyeing), Teijin Corporation (Thailand) Germany: Teijin Carbon Europe Spain: Esteve Teijin Healthcare Portugal: Teijin Automotive Technologies Portugal Czech Republic: Teijin Automotive Technologies Czech</p>

\* Standardization for Safe Production

## Occupational safety promotion activities

### Promoting the three pillars of safety activities

In order to prevent occupational accidents, the Teijin Group has established three pillars of safety activities: the “5S” initiative (referring to the five Japanese words seiri, seiton, seiso, seiketsu, and shitsuke, which correspond to organization, tidiness, cleaning, hygiene, and discipline); the “Hiyari” or “Hatto” (meaning close call or near miss) initiative; and safety patrols. These activities from Japan are expanded as activities common to the Teijin Group including overseas group companies.

Utilizing the information obtained through these activities, we aim to enhance individual awareness of risks and communication in the workplace in order to eliminate occupational accidents within the Teijin Group.

Teijin works to ensure employees’ safety in the workplace and improve its safety activities. To this end, it holds legally stipulated meetings, such as convening of the Health and Safety Committee, and shares information and holds discussions through its own original activities, such as convening of the ESH Promotion Committee.

### Initiatives aimed at preventing lost-time injuries

In FY2021 (April 2021 through March 2022), there were four lost-time injury accidents related to rotors.

Prevention of entanglement in rotors (rotor-related accidents) is addressed as a priority issue. We identify the causes by confirming in detail to conditions of occurrence and strive to more specific and concrete measures to prevent reoccurrence.

Furthermore, in training seminars on machine safety, we are reinforcing awareness of the safety standards and approaches regarding measures to prevent accidents caused by rotors and implementing measures in line with these standards. As for equipment-centric countermeasures, we regularly confirm the status of machine safety promotion within our Group, including overseas locations, and aim to have safe equipment so that disaster can be avoided even in the case of human error.

In FY2022, with the aim of minimizing the occurrence of accidents caused by work or conduct, which account for the majority of lost-time injury accidents, countermeasures utilizing VR technology to raise hazard perception and enhance sensitivity to danger will continue to be taken, along with awareness-building efforts to achieve safe behaviors based on the BBS (behavior based safety) process--with a particular focus on measures targeting inexperienced workers with limited field experience.

Moreover, the Teijin Group receives and assesses reports on lost-time accidents of subcontracting companies that occur at Group business sites and supports/promotes initiatives by subcontracting companies to secure safety.

### Group-wide sharing of occupational accident information and responses at the time of an accident

Information relating to all occupational accidents resulting in lost time due to injury that occur at Teijin group companies is distributed via an Intranet to enable these experiences to be used as a reference and to help prevent the recurrence of similar accidents.

In particular, if the circumstances and cause of the accident satisfy the requirements for a special audit as described in the ESH Audit Regulations, a special audit is performed either by the Head Office or the relevant business group, depending on the details of the accident. Special audits check the status of onsite investigations to determine the cause of the accidents, the progress of recurrence-prevention measures, and whether or not there are any points for improvement.

In FY2021 (April 2021 through March 2022), there was no accident that will be subject to a special audit.

### State of occurrence of occupational accidents

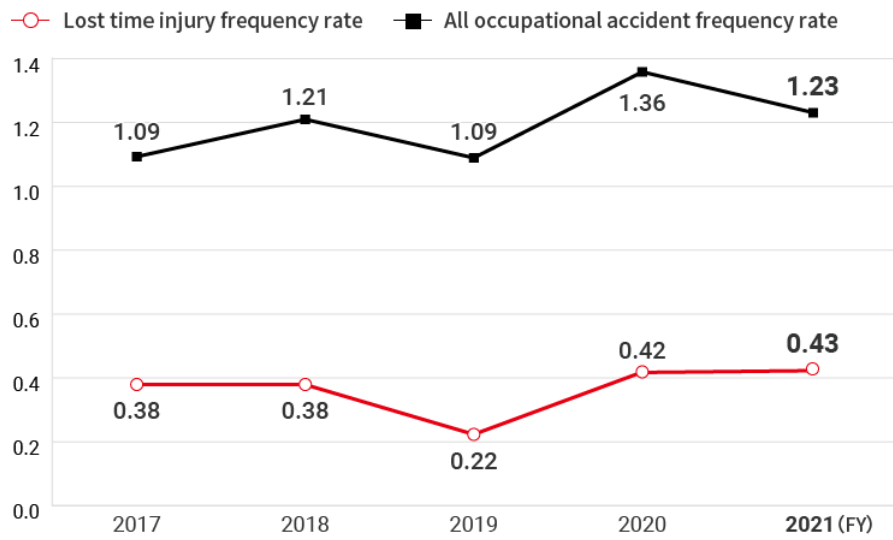
In 2021 (January-December), there were no occupational accidents resulting in the death of an employee or contractor employee. (There was an occupational accident resulting in the death of an employee in 2004 and an occupational accident resulting in the death of a contractor employee in 2017, but there have been none since.)

The frequency rate for all occupational accidents<sup>\*1</sup> in 2021 (January-December) was 1.23 (0.93 in Japan), meaning that we were not able to achieve our target of 1.0 or less.

\*1 Frequency rate for all occupational accidents: Indicates the total number of accident victims (lost worktime and no lost worktime) per one million working hours.



**Lost-Time Injury Frequency Rate ★ and All Occupational Accident Frequency Rate**



\* The frequency rate for lost-time injury frequency rate\* and all occupational accidents are calculated for the January-December period

\* Lost-time injury frequency rate: Indicates the number of lost-time injured persons per one million working hours

\* Starting in FY2020, J.H. Ziegler GmbH will be included

Sustainability

# Health Management

**We are committed to promoting the mental and physical health of our employees and to the creation of a comfortable workplace.**

## Promoting Health Management

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The Teijin Group has for many years proclaimed through its corporate philosophy both internally and externally to be a company that values employee health. In FY2016 we declared this basic value in the form of the Teijin Group Health Management Declaration, and are engaged on an ongoing basis a variety of activities. As part of this health management initiative, we compiled and distributed the Health Management Handbook as an opportunity for each of our employees to contemplate their own health as an important issue. Strongly believing that employees are a company's ultimate management resource, each individual company of the Teijin Group will continue to work in close collaboration to promote the creation of positive, meaningful working environments with employees who enjoy both physical and mental health.

The Teijin Group was recognized as a Certified Health and Productivity Management Organization by the Ministry of Economy, Trade and Industry for our excellent health management. We have received this recognition six years running.

### **The Teijin group health management declaration**

The Teijin Group believes that employees are the ultimate management resource.

We are committed to promoting the development of employees who are full of vigor and to the creation of vibrant workplaces for the sustainable growth of the company, and will continue to actively promote the mental and physical health of our employees.

At the same time, the Teijin Group strives to contribute to the health of people around the world and improve quality of life through its business activities.

(Established on June 16, 2017)

# Health management policy

The Teijin Group is strategically involved in the health management of its employees based on its corporate philosophy.

## Health Management Policy



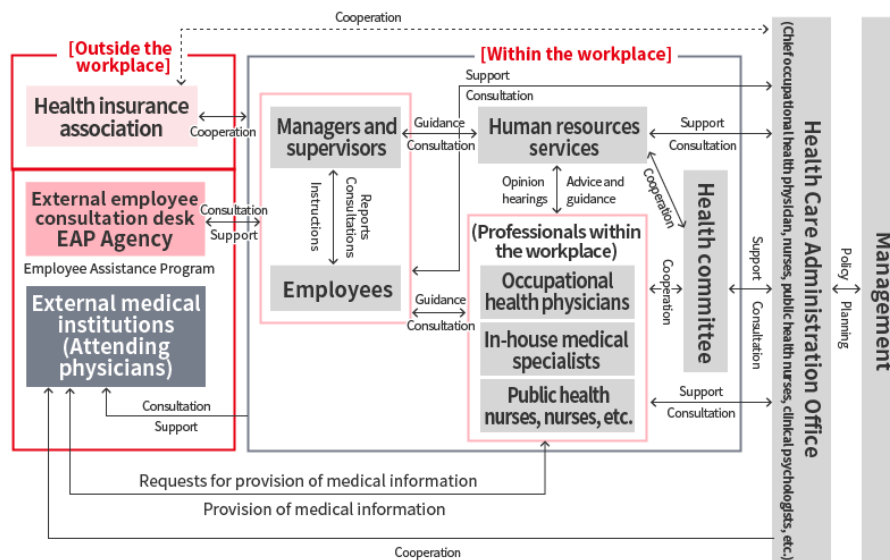
# System for promoting health management

The Health Care Administration Office is positioned as a promotion department, and health management is promoted in cooperation with the Teijin Group Health Insurance Association, industrial physicians, and occupational health staff under the direction of top management.

The following four priority issues are listed.

1. Improvement of lifestyle-related diseases
2. Reducing the risk of onset of disease
3. Promoting workstyle reform
  - Improve work engagement
  - Build highly engaged organizations
4. Reducing stress

## Organization Chart of the Promotion System



## Mental health care measures through close cooperation

In regards to mental health, Teijin has established consultation services for employees both internal and external to the company and the Health Care Administration Office provides tailored mental support under the guidance of medical specialists.

In 2021, staff of the Health Care Administration Office (clinical psychologists, health nurses, nurses) and the external EAP (Employee Assistance Program) received a total of 2,658 consultations including online and telephone consultations. Preventive education for mental health is also carried out periodically. In FY2021, an online system was used for staff at the Health Care Administration Office to conduct various training sessions such as new employee self-care seminars and line-care seminars. In all, 23 online sessions were held, attended by approximately 1,000 individuals.



Implementation of training and education focused on mental health care at various locations and companies

## Implementation of a diagnosis to measure the "Iki-Iki" level of individuals and workplaces

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The Teijin Group has been diagnosing stress levels in all workplaces in Japan every year since 2003. Furthermore, in line with stress check legislation, in July 2016 it implemented the annual initiative of a diagnosis to measure the iki-iki (cheerfulness) level of individuals and workplaces. This diagnosis combines the workplace stress diagnosis with a stress diagnosis for individuals.

Those workplaces which were diagnosed as exceeding a certain level were the focus of workplace improvement activities to achieve bottom-up improvement through discussions with employees in the field. The results of the June 2021 diagnosis (an effectiveness measurement) showed that these activities had led to improvements in around 75% of the workplaces concerned.

Furthermore, from FY2019, we have been conducting "briefings on how to view the results of diagnosis to measure the iki-iki (cheerfulness) level of workplaces" targeting managers and encourage each department to improve the understanding of the results of group analysis and the methods of utilizing it, and are working on promoting activities to improve the workplace environment.

Teijin will continue aiming to create cheerful and comfortable workplaces through these diagnosis and improvement activities.

## Prevention and health promotion measures for health in collaboration with health insurance providers

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The Teijin Group is collaborating with health insurance providers to implement a data health plan (Colla-Health) based on analysis of health data. This involves utilizing the data of individual employees held by our company and health insurance providers to roll out health insurance business narrowing down the target by risk type and deploying various health insurance businesses ranging from popular approach (approaching a particular group overall) to severe illness prevention.

# Product Liability and Quality Assurance

**The Teijin Group rigorously complies with laws and regulations and customer contract stipulations pertaining to quality, while taking steps to establish a quality assurance structure that responds to its global development.**

## **Product Liability / Quality Assurance System**

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Current status of certifications

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## Product Liability / Quality Assurance Management System

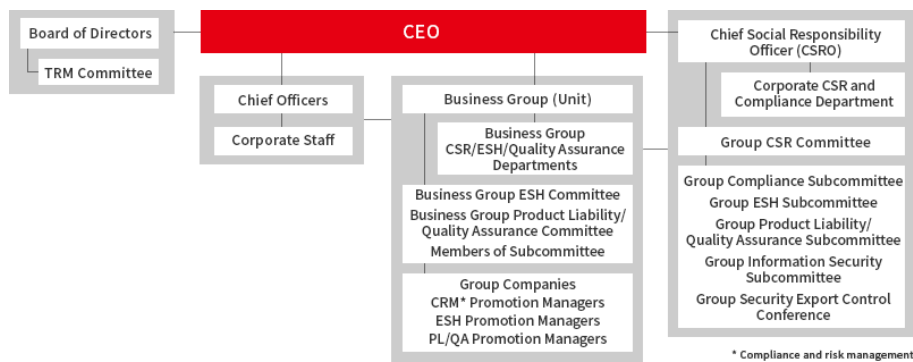
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The Teijin Group Product Liability / Quality Assurance Regulations apply to all Teijin Group products and services and are the basis for our product liability / quality assurance activities. Based on these regulations, the Group CSR Committee and the Group Product Liability / Quality Assurance Subcommittee decide the basic policies and associated targets for all product liability / quality assurance issues of the Teijin Group, and reflect them in product liability / quality assurance activities conducted by business groups (Unit).

We have also created an original unit-based management system for product liability / quality assurance that is applied to the products of each business group. This management system aims to enhance customer satisfaction, prevent product defects, and ensure appropriate responses in the event that defects occur. The system not only covers the scope of the ISO 9001 standards for quality management systems but also incorporates perspectives of product liability / quality assurance, such as response to customers and product safety.

# Group-wide product liability / quality assurance system

As of April 1, 2021



## Implementation of Product Liability / Quality Assurance Audits

Product liability / quality assurance activities are conducted as the responsibility of each product liability / quality assurance unit. The CSR and Compliance Department, which is in charge of supervising Group-wide quality, audits these activities and checks that product liability / quality assurance mechanisms are operating appropriately.

In FY2021, we conducted regular audits of 10 business units and 6 directly managed companies with the objective of verifying operational status. Based on feedback from the audit results, we are continually enhancing the product liability / quality assurance system and process.



# Product Liability and Quality Assurance

The Teijin Group rigorously complies with laws and regulations and customer contract stipulations pertaining to quality, while taking steps to establish a quality assurance structure that responds to its global development.

Product Liability / Quality Assurance System

Current status of certifications

## Current status of certifications

As of January 1, 2022

<p><b>Japan</b> (24 companies, 53 factories)</p>	<p>Teijin (Matsuyama Polymer Factory 1, Conex Factory, Technora Factory, Resin [Matsuyama Production Division, Mihara Production Division], Mishima Business Site, Ibigawa Business Site, Composites Development and Production Center [Matsuyama], Medical Device Business Development Project [Hino])            Teijin Frontier (functional fibers , cords, monofilament)            Teijin Tedy            Unisel            Teijin Cordley (Mihara, Shimane)            Teijin Frontier Knitting (Komatsu, Kaga, Kushi, Shibayama)            Frontier Tex            Kansai Shizai            GH Craft (Funakubo, Itazuma)            Hiroshima Plastic            Teiyo            Kinkai Chemicals            Teijin Pharma (Iwakuni Medical Plant, Home Medical Care Technical Service Center, Medical Quality Assurance Department)            Teijin Nakashima Medical            Teijin Medical Technologies            Infocom            Infocom East Japan            Infocom West Japan            Grandit            Teijin Engineering (Osaka, Iwakuni, Matsuyama, Tokyo)            Teijin Eco-Science (Ibaragi Technical Center, Hamura Technical Center, Matsuyama Technical Center, Matsuyama Factory)            Teijin Logistics (Osaka, Ehime, Tokuyama, Tokyo, Hokuriku, Tokai)            Toho Chemical Engineering &amp; Construction            Toho Machinery</p>
<p><b>Overseas</b> (28 companies, 49 factories)</p>	<p>China: Nantong Teijin, N.I. Teijin Airbag Fabric (Nantong), Nantong Teijin Automotive Fabrics Finishing (Nantong), Chemicals            Plastic Compounds (Shanghai), Teijin Polycarbonate China, Teijin Automotive Technologies China (Tangshan, Changzhou), Teijin Medical Device (Shanghai), J.H.Ziegler            Korea: Teijin Lielsort Korea            Thailand: Teijin Polyester (Thailand), Teijin (Thailand), Teijin Cord (Thailand), Thai Namsiri Intertex (two factories), Teijin FRA Tire Cord (Thailand), Teijin Corporation (Thailand) (two factories)            USA: Teijin Carbon America, Renegade Materials Corporation, Teijin Automotive Technologies US (head office, 10 factories)            Mexico: Teijin Automotive Technologies Mexico (two factories)            France: Teijin Automotive Technologies France            Germany: Teijin Carbon Europe GmbH (two factories), J. H. Ziegler (two factories), Teijin Automotive Technologies Germany            Hungary: J.H.Ziegler            Netherlands: Teijin Aramid (three factories)            Spain: Esteve Teijin Healthcare            Portugal: Teijin Automotive Technologies Portugal (two factories)            Czech Republic: Teijin Automotive Technologies Czech (three factories)</p>

Certification rate for the Teijin Group's major operation bases and factories\*: 88%

\* With 50 or more employees

Sustainability

# Supply Chain Sustainability

The Teijin Group aims to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders).

## Basic Policy for Purchasing and Procurement

CSR Procurement

Green Purchasing

To All Our Suppliers

## Basic Policy for Purchasing and Procurement

The Teijin Group aims to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders). It is an important social responsibility to provide superior products in a sustainable and stable manner to satisfy customers. We believe that to fulfill this responsibility, it is vital to improve the quality of our purchasing and procurement of raw materials, components, and services, and we have therefore established this Basic Policy for Purchasing/Procurement with the aim of forging sound relationships with suppliers. We have also determined Basic Stance of Persons in Charge of Purchasing / Procurement that describes in specific terms how purchasing / procurement personnel should behave to ensure that they do not establish inappropriate relationships with suppliers, and to promote initiatives based on cooperation with the aim of sustainable purchasing and procurement.

## Basic Policy for Purchasing and Procurement

### 1. Compliance with laws and regulations

The Teijin Group observes laws and regulations of respective countries and endeavors to understand and respect international norms and guidelines in conducting its procurement activities.

### 2. Fair trade

The Teijin Group endeavors to engage in highly transparent transactions that are just and fair, and does not participate in cartels or bid-rigging.

### 3. Basis of product and supplier assessment

The Teijin Group, in addition to quality, prices, delivery dates, and procurement periods, properly assesses the financial situation, technological capabilities, social responsibility initiatives, etc. of suppliers, and engages in transactions that are based on rational decision-making.

### 4. Human rights/Labor

The Teijin Group promotes purchasing and procurement from suppliers that respect human rights and do not commit human rights infringements such as unjust discrimination, slave labor, forced labor, child labor, human trafficking, etc.

### 5. Safety and Health

The Teijin Group promotes purchasing and procurement from suppliers that properly manage health and safety risks and take action to improve occupational health and safety on an ongoing basis.

### 6. Environment

The Teijin Group promotes purchasing and procurement from suppliers that practice environmental management by, for example working to conserve the environment and protect natural resources.

### 7. Blocking of relationship with antisocial forces

The Teijin Group blocks relationships with antisocial forces such as crime organizations, refuses inappropriate requests, and does not provide them with money.

### 8. Relationship with stakeholders

The Teijin Group proactively communicates with stakeholders and promotes sustainable purchasing and procurement based on cooperation grounded in trust relationships. Furthermore, the Teijin Group collaborates with suppliers to promote initiatives based on the CSR Procurement Guidelines.

(Established September 1, 2006; Revised November 1, 2017)

## Basic Stance of Persons in Charge of Purchasing and Procurement

### 1. Compliance with laws and regulations

Purchasing/procurement personnel observe relevant country laws and regulations. In addition, they will constantly monitor international norms and guidelines, industry standards and their trends and strive to respect them in engaging in transactions.

### 2. Fair trade

(1) Purchasing/procurement personnel do not participate in cartels or bid-rigging, and endeavor to maintain sound relationships with suppliers. They also do not abuse their status to demand inappropriate discounts, services, contributions, etc.

(2) Purchasing/procurement personnel do not have personal interests with any supplier, and do not accept personal benefits such as rewards or gifts.

### 3. Information security

Purchasing/procurement personnel carefully manage confidential information relating to transactions and safeguard intellectual property rights.

### 4. Basis of product and supplier assessment

Purchasing/procurement personnel rigorously assess goods and services, and engage in transactions where consideration is given to quality, prices, delivery dates, and procurement periods, as well as the financial situation, technological capabilities, corporate approach, and social responsibility initiatives of the suppliers.

### 5. Human rights/Labor

Purchasing/procurement personnel do not force inappropriate transaction terms on suppliers nor force them to accept unreasonably low prices, etc. and promote purchasing and procurement from suppliers that respect human rights and do not support forced labor or long working hours.

### 6. Safety and Health

Purchasing/procurement personnel promote purchasing and procurement from suppliers that ensure occupational health and safety and take action to maintain and improve the health of their workers.

### 7. Environment

Purchasing/procurement personnel promote green purchasing and procurement and purchasing/procurement of environmentally-friendly products and services.

### 8. Blocking of relationship with antisocial forces

Purchasing/procurement personnel adopt a firm attitude toward criminal organizational and other antisocial forces, not allowing their involvement, and blocking any and all relationships with them.

### 9. Relationship with stakeholders

Purchasing/procurement personnel collaborate with suppliers to promote initiatives based on the CSR Procurement Guidelines. Furthermore, they endeavor to ensure suppliers' understanding of the Guidelines and collaborate with suppliers with regard to initiatives for improvement.

(Established September 1, 2006; Revised November 1, 2017)

# Supply Chain Sustainability

The Teijin Group aims to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders).

Basic Policy for Purchasing  
and Procurement

**CSR Procurement**

Green Purchasing

To All Our Suppliers

## CSR Procurement

To manufacture and distribute its products, the Teijin Group procures a large amount and wide variety of raw materials, equipment, components and services from many companies around the world. Furthermore, to realize a sustainable supply chain globally, we have established the CSR Procurement Guidelines as one of the criteria for determining whether it is advisable to conduct business. We require our suppliers to conduct activities in compliance with our guidelines.

When selecting suppliers, we adhere to our purchasing guidelines based on fair and rational judgments.

CSR Procurement Guidelines(PDF:148KB) 

## CSR Procurement Guidelines

With regards to the Teijin Group's purchasing and procurement activities, we request that suppliers take the following action. In addition, we will promote to purchase and procure from suppliers that have been taking these actions.

1. Quality and safety
 

Products must meet safety and quality standards prescribed under laws and regulations in individual countries as well as industry standards.

Chemical additives must be properly managed, and by, for example, obtaining external certification such as ISO 9001.

Furthermore, a quality management system must be deployed and continuously maintained and improved to promote quality assurance.
2. Human rights and labor
  - (a) Forced labor
 

Slave labor, human trafficking, debt bondage, labor based on violence, threats, or political oppression, or any other form of forced labor is prohibited.
  - (b) Child labor and young workers
 

Children under the age of 15 years must not be hired in any country in which you have activities. Furthermore, you must not allow young workers between the ages of 15 and 17 to work at night, work overtime, or perform work that puts their health or safety at risk. You must also pay young workers appropriate remuneration and respect their right to learn.
  - (c) Foreign workers
 

Foreign workers must be provided with an employment contract and rules of employment in languages which employees can understand. Employers and temporary staffing agencies (including business cooperatives and nonprofit organizations) must not confiscate and prevent the use by workers of government-issued identity cards, passports, and work permits (unless holding work permits is required by law) as well as migrant applications. Furthermore, employers and temporary staffing agencies must not charge fees to workers.
  - (d) Working hours and holidays
 

Working outside regular hours (overtime, working on holidays, etc.) is only permitted if the worker agrees to it. Except under special circumstances, workers cannot be required to work more than the maximum weekly working hours prescribed under local laws and workers must be given at least one contiguous 24-hour period off per week. Furthermore, paid holidays and statutory holidays must be provided in accordance with local laws.
  - (e) Wages and welfare benefits
 

After explaining the components of wages and the method used for calculating them, you must pay workers at least minimum wage. You must also provide statutory welfare benefits. Wages for work performed outside regular hours must be calculated in accordance with applicable laws and must be higher by a reasonable percentage than wages for regular work.

- (f) **Discrimination**  
Recruitment, remuneration, welfare benefits, training opportunities, work duties, promotions/wage increases, and discipline/dismissal must not be influenced by race, nationality, gender, religion, age, disability, marital status, family background, organizations joined, gender identity, sexual orientation, or political ideology. You must implement measure for preventing discrimination such as providing training to all workers.
- (g) **Harassment**  
Workers must be treated with respect and dignity, and must not be exposed to any sort of harassment or pestering. You must implement measure for preventing harassment such as providing training to all workers.
- (h) **Freedom of association**  
The right of workers to freely exercise the right to organize and the right to collective bargaining must be recognized. You must also make efforts to resolve labor disputes and engage in effective and periodic communication with workers and their representatives.

### 3. Safety and Health

- (a) **Permits relating to labor safety and health**  
You must apply for permits relating to labor safety and health for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. in order to properly manage them.
- (b) **Sanitary facilities**  
You must endeavor to maintain the health of employees in order to prevent diseases and occupational accidents. Workers must be provided with a safe and hygienic working environment, and access to sanitary facilities such as toilets and dining rooms must not be unjustly restricted. Furthermore, dormitories for workers must be equipped with proper sanitary facilities and kept clean.
- (c) **Preparedness for emergencies**  
To prepare for emergencies, workers must be provided with training concerning notifications and evacuation procedures, and proper equipment such as fire extinguishers and fire alarms must be installed and maintained. In other words, efforts must be made to minimize damage in the event of an emergency.
- (d) **Safety training**  
Proper training concerning workplace health and safety must be provided on an ongoing basis in languages which employees can understand. Furthermore, information relating to health and safety must be clearly displayed in the workplace.
- (e) **Measures to ensure the safety of machinery**  
Machinery needs to be assessed for safety risks. If there is a risk of workers suffering injury due to machinery, physical protection measures must be implemented such as guard rails, interlocks, protective walls, etc. as required and the machinery concerned must be properly maintained and managed.
- (f) **Occupational health**  
The risk which chemical, biological, and physical substances will influence workers must be identified, assessed, and managed. We also recommend that all workers receive a medical examination by the frequency pursuant to laws or at least once a year, whichever is more.
- (g) **Occupational accidents**  
Classification and records of injuries resulting from occupational accidents and illnesses must be kept, the necessary treatment must be provided, the causes of occupational accidents must be investigated, corrective action must be taken to eliminate the causes of them, and a process must be followed for enabling workers to return to the workplace.
- (h) **Occupational health and safety management system**  
A management system for occupational health and safety, such as one based on ISO 45001, must be deployed and internal audits must be performed in order to facilitate ongoing improvements in occupational health and safety. We also recommend the management of health and safety risks.

### 4. Formulation of business continuity plan

We recommend that a business continuity plan be formulated and strategically administered to allow business operations to continue or be promptly restarted in the event of a disaster or accident.

## 5. Fair trade and ethics



- (a) **Prohibition of bribery**  
The exchange or provision of entertainment, gifts, or money for the purpose of illicit gain in the course of engaging in transactions is prohibited. You must also formulate and implement a policy and measure for preventing corruption, bribery, and extortion.
- (b) **Fair business**  
You must not engage in private monopoly, inappropriately restrict trading (through cartels, bid-rigging, etc.), employ unfair business methods, or abuse your status, and you must comply with competition laws in individual countries and territories. You must also confirm legal or regulatory developments that apply to your company and inform workers about them. We also recommend that you provide all workers with training on fair trading and ethics.
- (c) **Intellectual property**  
You must endeavor to safeguard and utilize your company's intellectual property rights. Furthermore, you must not unjustly infringe the intellectual property rights of other companies.
- (d) **Information disclosure and presentation** You must properly disclose or display information concerning labor, health/safety, and environmental initiatives, business activities, financial condition, products, and corporate structure and performance in accordance with applicable regulations, etc.
- (e) **Information security**  
You must only obtain personal information and confidential information using appropriate methods. You must also strictly manage and protect it, and only use it within a reasonable scope.
- (f) **Conflict minerals**  
You must take care that minerals that you procure or that are used in your products do not provide any sourcing of finance for armed groups or organizations involved in human rights violations, environmental disruption, corruption, etc. in conflict regions and high-risk areas. In particular, "conflict minerals" must not be used in principle.  
  
\* Conflict minerals: Designated metal ore (gold, tin, tantalum, and tungsten) mined in conflict regions and high-risk areas with the concern to provide sourcing of finance for armed groups or organizations involved in human rights violations, environmental disruption, corruption, etc.
- (g) **Blocking of relationships with antisocial forces**  
You must adopt a firm attitude toward criminal organizations and other antisocial forces, not allowing their involvement, and blocking any and all relationships with them.

## 6. Export control Compliance

With regard to products or technologies subject to your national export control laws and/or regulations and other applicable export control-related laws and regulations of other countries, you must implement thorough measures to ensure that you comply with them and are not involved in illegal exports.

## 7. Environmental conservation

- (a) **Action on climate change**  
You must endeavor to devise methods for improving energy efficiency and minimizing the consumption of resources. You must also identify current emissions of greenhouse gases by each of your facilities and by your company as a whole and take action to reduce them.
- (b) **Permits relating to environmental conservation (air, wastewater, noise, vibration, etc.)** You must apply for environmental-conservation-related permits for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. in order to properly manage them.
- (c) **Minimizing environmental impact (air, water, soil)**  
To prevent air, water, and soil pollution, you must manage and treat discharged substances.
- (d) **Management of chemical substances** Chemical substances that could cause environmental pollution must be managed safely. Chemical substances that are prohibited under the laws and regulations of individual regions and territories must not be used. Furthermore, regarding the substances whose use has been limited by laws and regulations you must notify customers of whether those substances are contained in products. In addition, SDS must be issued and updated.

- (e) Waste reduction (3Rs)  
You must pursue the 3Rs(reduce, reuse, and recycle) in order to reduce waste and byproducts.
  - (f) Water usage control  
You must manage water intake and water discharge and you must strive to optimize water usage.
  - (g) Environmental management system  
You must formulate an environmental policy, take action and develop products, raw materials, and technology for preventing pollution, and make efforts to conserve the environment. We also recommend that you conduct internal audits, obtain certification, such as ISO 14001, for your environmental management system, and perform environmental impact assessments.
  - (h) When purchasing or procuring products or services, we recommend that you consider the environment, and purchase and procure from suppliers that are endeavoring to reduce environmental impact such as by selecting products and services with the minimum environmental impact.  
Regarding hazardous substances found in raw materials, these must be managed in accordance with the Teijin Group's "[Substances Prohibited to be Procured\(PDF:176KB\)](#)  " and "[Substances Principally Prohibited to be Procured\(PDF:226KB\)](#)  ."
8. Consideration for local communities  
When conducting business in local communities, we recommend that you engage in dialog with local residents (including indigenous peoples) in advance and adapt your business activities to suit the community.
  9. Contact point for consultations and internal reporting  
You must deploy and operate a system for seeking advice and internal reporting that ensures that its users need not fear retribution, such as by being forced into a disadvantageous position. We recommend that you install a neutral advice and internal reporting point operated by the third party to protect internal reporters and prevent retribution.
  10. Responsible supply chain promotion  
You must inform your suppliers about the contents of these guidelines and you must endeavor to ensure compliance. We also recommend that you monitor compliance and work together with suppliers to address inadequacies.

(Established May 7, 2007; Revised April 1, 2021)

## Survey of Suppliers for Sustainable Procurement

### Implementation of surveys

As one of its survey methods, the Teijin Group conducts a CSR procurement questionnaire survey once a year, about whether suppliers operate in compliance with CSR Procurement Guidelines.

- Survey target  
Suppliers with high domestic and overseas purchase volumes related to the supply of products and services of each business of the Teijin Group.
- Survey items  
The following 10 items:  
CSR promotion system, product safety and quality assurance, human rights and labor, health and safety, business continuity plan, fair trade and ethics, export control compliance, environmental conservation, consideration for local communities, and contact point for consultations and internal reporting.
- Evaluation method  
Scores on a 100-point scale  
Suppliers are ranked into five levels from A-E depending on their scores on the survey, with A, B, and C ranks defined as "no problems as a supplier", and D and E ranks as "priority target of guidance for improvement."



## Results for FY2021

In FY2021, we sent questionnaires to 1,446 suppliers and received responses from 661 companies. The following table shows the survey results of the five-level ranking for the 661 suppliers at the time of primary tabulation as well as in the subsequent follow-up survey (converted to number of companies).

Level	Primary Tabulation	Follow-up Survey
A	244 companies	244 companies
B	234 companies	238 companies
C	149 companies	154 companies
D	31 companies	23 companies
E	3 companies	2 companies

Results of a follow-up survey to examine suppliers (34 companies) who were ranked in levels D and E in the primary tabulation, shows that 25 suppliers came to be ranked in these levels.

We are committed to promoting education and improvement through seminars and other means for these 25 suppliers, and to continued follow-up on their improvement status.

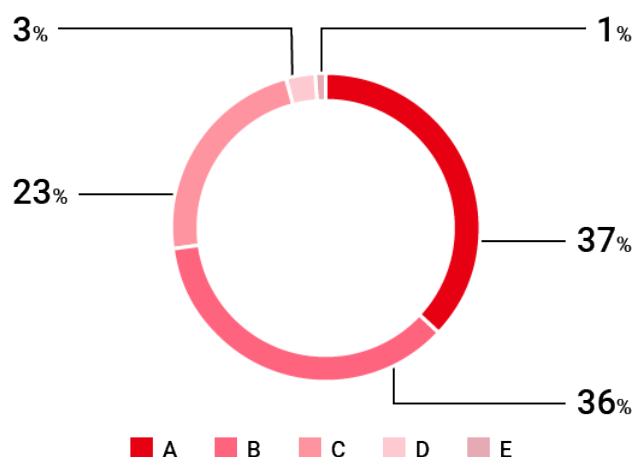
In addition to the five levels of A-E, we were concerned about the replies of 51 companies to a question relating to respect for human rights, which the Teijin Group sets as a key issue. As a result of a follow-up survey, the number of companies actually recognized as a cause for concern was three. We will continue to check on the state of improvements in these three companies.

### Summary of the FY2021 CSR procurement questionnaire survey

Distribution of questionnaire (A)	Number of respondents (B)	Companies that were ranked D and E and those for which there were concerns regarding respect for human rights as a result of careful examination (C)
1446 companies	661 companies	28 companies
Percentage	65% (Percentage of procurement value from 661 companies from among procurement value from all 1,446 companies)	4.2% (C)/(B)

- Survey exemption for excellent suppliers  
We send CSR Procurement Guidelines, instead of questionnaires, to excellent suppliers who have been evaluated as low-risk in past surveys. Their receipt of the Guidelines helps in making the follow-up procedures more simplified. 149 suppliers were targeted in FY2021.

### Distribution of Supplier Rankings



## Care for contractors and work contracts

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The Teijin Group is focusing on maintaining proper work contracts based on mutual trust and cooperation with contractors to whom we have outsourced. In addition to respecting the position of workers, not to mention careful attention to labor compliance and human rights, we also give due consideration to occupational health and safety. Following this, in order to maintain this status, we have been conducting regular awareness-raising activities at various worksites.

## Supply Chain Seminar

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### CSR supply chain seminar held to strengthen CSR procurement initiatives

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Since 2012, Teijin Frontier Co., Ltd. has been globally expanding an integrated value chain from the development and procurement of materials to product realization on an ongoing basis. The company has been promoting a companywide “CSR Procurement Project.” Teijin Frontier has established a particularly large number of apparel production bases across Asia, and believes that it is important to raise awareness of CSR procurement locally on an ongoing basis. As one element of this, the company conducts CSR supply chain seminars every year at overseas production bases for local sewing and embroidery factories, material manufacturers, etc. with the aim of enforcing legal compliance and the protection of human rights.

### Results for FY2021

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#### Lecture in China

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An online seminar was held on August 27, 2021 for Chinese suppliers, in which there was participation from 22 companies. For lectures, we received the cooperation of the Shandong Qingtai Law Firm, a former State Environmental Protection Administration (SEPA) official, and EG\*. Specific themes were as follows:

1. Trends in CSR and sustainable procurement
2. Nantong Teijin's initiatives for safety and the environment
3. Recent trends in labor rights and human rights
4. Recent environmental trends

#### Lecture in Vietnam

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An online seminar was held on December 16, 2021 for Vietnamese suppliers, attended by 29 individuals from 16 companies. For lectures, we received the cooperation of the Better Work Vietnam, GAIA Vietnam, and EG\*. Specific themes were as follows:

1. Trends in CSR and sustainable procurement
2. Better Work program
3. Environmental issues in Vietnam and how to resolve them

#### Lecture in Japan

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In FY2021, online seminars were held in Japan and 106 companies participated. Specific themes were as follows:

Online seminars

1. Trends in CSR and sustainable procurement
2. Labor rights and human rights initiatives of Teijin Frontier
3. Environmental measures at Teijin Frontier

# Supply Chain Sustainability

The Teijin Group aims to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders).

Basic Policy for Purchasing  
and Procurement

CSR Procurement

**Green Purchasing**

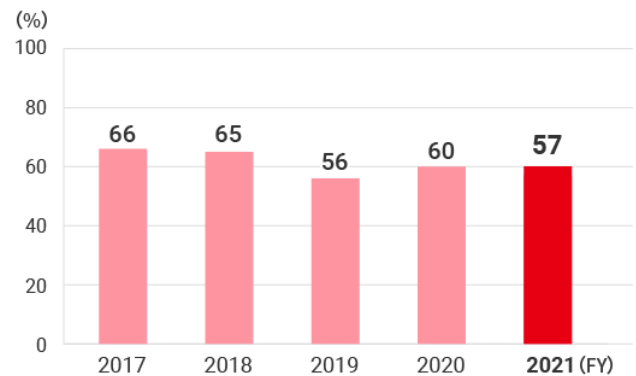
To All Our Suppliers

## Green Purchasing

The Teijin Group established the Green Purchasing Policies and Green Purchasing Guidelines in March 2001 to promote green purchasing (preferential purchasing) of environmentally friendly products and services. For office supplies, we have promoted the preferential purchasing of products meeting the requirements of the Green Purchasing Standards for Office Supplies, also established by the Teijin Group.

Cost reductions and an expansion of green purchasing products was broadly implemented across Group companies. However, compared with FY2020, the ratio of green purchases dropped in FY2021.

### Initiatives for environment-friendly products for office supplies



#### Green Purchasing Policies

1. Fully consider the necessity of purchasing before buying a product or service. Curtail the quantity as much as possible when purchasing.
2. Purchase environmentally friendly products and services based on an assessment of their entire lifecycle, including collection of resources, manufacture, distribution, use, disposal, and recycling.
3. Give preference to suppliers that are active in environmental conservation.
4. Pursue environmental information necessary for making decisions on green purchasing from a broad range of sources, and request that manufacturers and distributors provide such information.

#### Green Purchasing Guidelines

1. Reducing environmental pollutants
2. Saving resources
3. Saving energy
4. Long durability
5. Recyclability
6. Regenerated materials, etc.
7. Ease of treatment and disposal

Sustainability

# Supply Chain Sustainability

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**To All Our Suppliers**

## To All Our Suppliers

### Request for participation in questionnaire on the status of sustainability promotion in your company

In order to fulfill its social responsibilities in procurement activities in Japan and overseas, the Teijin Group has established CSR Procurement Guidelines and promotes procurement activities that emphasize the protection of human rights, consideration for occupational safety and health, and preservation of the environment among others.

In order to promote CSR procurement, it is essential to obtain the cooperation of suppliers involved in procurement activities of the Teijin Group. The Group aims to develop transactions with suppliers who can promote CSR procurement activities together, and we request companies engaged in purchasing and procurement to extend their understanding and cooperation for sustainability promotion activities.

Therefore, as part of the sustainability promotion activities, we ask suppliers to participate in CSR procurement questionnaires. These questionnaires are implemented via internet questionnaire sites. The content of the responses is managed by The Global Alliance for Sustainable Supply Chain (ASSC) and is used solely for the intended purpose without disclosure to any third party other than the Teijin Group.

The results of the responses are compiled and a feedback report is sent at a later date, so it can be used as reference for future sustainability promotion activities.

[About the Teijin Group CSR Procurement Guidelines >](#)

Sustainability

# Social Contributions

In addition to developing social contribution activities common to the Teijin Group, we also engage in social contribution activities that take advantage of the individuality of each business unit and business site.



The Teijin Group established the Basic Policies for Social Contributions based on its SDGs Approach Policy.

**Teijin Group Basic Policies for Social Contributions**

To realize our corporate philosophy of "Enhancing the Quality of Life" and become a company that supports the society of the future, the Teijin Group contributes to the development of a sustainable world, our focus will be on people, through our business. As good corporate citizens, we contribute to society in an appropriate manner to evolve together with our local communities in harmony with nature and with showing respect for the particular characteristics of the business and region.

- For the earth** We strive to coexist with the global environment and value nature and life. We contribute to the mitigation of climate change and the preservation of biodiversity and environment.
- For society** We appreciate our local communities and act as one of its members. We focus on the fields of health, sports, and support for disaster-stricken areas, taking advantage of our business.
- For people** We engage in social contribution activities to support the development of the next generation that supports the society of the future through academics, education, and sports. We encourage and support volunteer activities of employees within the company.

# Teijin Group System to Promote Social Contribution Activities

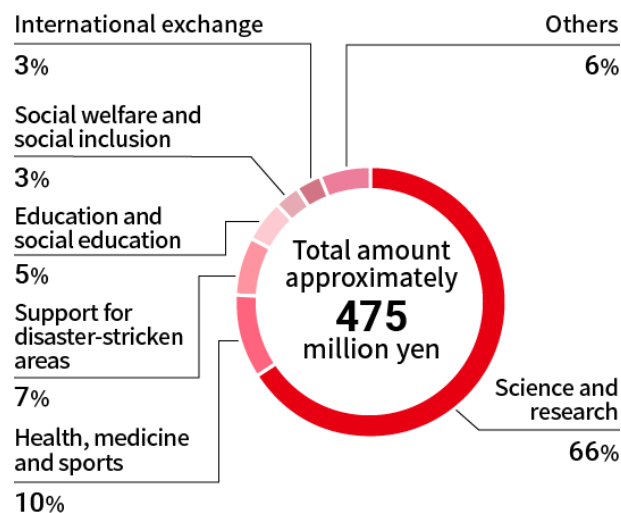
Based on the Code of Conduct, the Teijin Group promotes social contribution activities in each business group and business site from the standpoints of science and education, culture, health and sports activities, environmental preservation activities and disaster prevention activities.

In addition, the CSR Planning and Promotion Department plays a central role in supporting volunteer activities and proposing Group-wide social contribution programs in which employees can easily engage. Through these programs, we are fostering human resources who can participate independently in and promote social contribution activities.

## Expenses of Social Contribution Activities in FY2021

Since joining the Keidanren (Japan Business Federation) 1% Club in FY2003, the Teijin Group has been aiming to set aside at least 1% of ordinary income for social contribution costs. Expenses of social contribution activities in FY2021 were approximately 475 million yen, 1.0% of ordinary income.

### Expenses of social contribution activities in FY2021



**Breakdown of expenses of social contribution activities in FY2021**

Item	Description	Amount (millions of yen)
<b>Monetary</b>	Monetary donations and other expenses for social contribution activities	362
<b>Donations of goods</b>	Donations of our products and other goods to social welfare organizations	8
<b>Free renting of company facilities</b>	Expenses for free renting of company facilities such as gyms and playgrounds	30
<b>Participation/Dispatch of employees</b>	Personnel expenses for employees who participated in philanthropic activities during their work hours, such as joining local events as part of their work, and employees who gave lectures at meetings	74
<b>Total</b>		475

\* Data for all group companies, based on the Keidanren "Procedures for Implementing FY2018 Survey on Results of Corporate Philanthropic Activities".

## Supporting the Development of Local Communities

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### Science and education

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#### Scholarship system in Japan and China

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Since 1953, the Teijin Group has offered the Teijin Kumura Scholarship named after Seita Kumura, a pioneer in the Japanese chemical fiber industry, with the aim of passing on and developing an original R&D spirit and fostering young scientists who will contribute to social development and the creation of new culture (reorganized to the Teijin Scholarship Foundation in 2011). One of the oldest scholarships in Japan established and operated by a private company, it was awarded to 48 people in 2021 and has benefited more than 1,700 technical students so far.

## Establishment of the Nantong Teijin Charitable Scholarship Fund

In April 2014, Nantong Teijin Co., Ltd. established the Nantong Teijin Charitable Scholarship Fund for students enrolled in junior and senior high school and university in Nantong, Jiangsu Province, China. Nantong Teijin Co., Ltd. is the Teijin Group's manufacturing and sales base for textiles in China. This fund was established with the aim of contributing to the community of Nantong by providing economic assistance to local students; it was the first charitable fund associated with a company name in the Nantong Economic and Technological Development Zone. In FY2021, we extended support of about the same amount of 18,000 yuan to the Nantong Teijin Charitable Scholarship Fund.

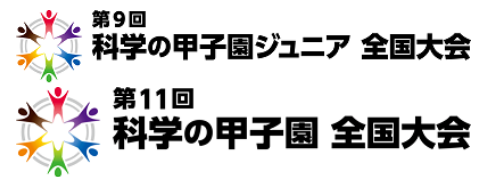


## Co-sponsor of the "All Japan Science Koshien"

Aiming to foster human resources for science and technology by integrating industry-government-academia research groups, the Japan Science and Technology Agency established the Science Koshien in FY2011.

The Teijin Group has co-sponsored the Science Koshien for senior high school students since FY2011, and also began sponsoring the newly established "Science Koshien Junior" for junior high school students from FY2013.

The All Japan Science Koshien Junior for junior high school students was held in December 2021, and the all Japan Science Koshien for senior high school students was held in March 2022. The awards ceremonies were held without spectators to prevent the spread of COVID-19, and scenes from the event were streamed live via the internet.



Logo of the "All Japan Science Koshien"

## On-site Course on the SDGs

The Teijin Group conducted an on-site course for sixth graders at an elementary school located near a Group company housing facility.

This was a valuable opportunity, not just to provide environmental education to the students, but also as an aspect of career education in which the students learned about advanced efforts by companies.



An on-site course



## Sports activities

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### Co-sponsor of the All Japan High School Soccer Tournament

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On the basis of our corporate philosophy of "enhancing the quality of life" and growing "in harmony with society," the Teijin Group has co-sponsored the All Japan High School Soccer Tournament since 1991 in line with our goal of contributing to society by supporting amateur and youth sports.

Every year we donate soccer balls using CORDLEY artificial leather to the participating schools representing each prefecture in Japan.



A soccer ball made with CORDLEY® artificial leather

### Supporting youth football in Southeast Asia

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Teijin Polyester (Thailand) Limited (TPL) has been an official sponsor of the Japan Dream Football Association (JDFA) since 2012. The JDFA is an organization set up in 2011 by Masao Kiba, the former captain of Gamba Osaka professional soccer team. By conducting football workshops and other activities in Southeast Asian countries, the JDFA aims to inspire children to pursue their dreams for the future, along with spurring the development of soccer in Japan and Asia.



## Environment

### Cosponsor of the Green Lane environmental diary project

The Teijin Group cosponsors the Green Lane environmental diary project, an environmental education initiative organized by Green Cross Japan for elementary school children in Japan. This project involves children keeping an environment-related diary for 12 weeks, thereby raising their awareness of the importance of the environment.

In FY2021 about 100,000 diaries were distributed to elementary schools and other facilities nationwide. The Teijin Group's initiatives in pursuit of a carbon-free society were introduced in these diaries. The environmental diary contest was held in October 2021, with 4,159 entries received from 128 organizations. Although the award ceremony was cancelled due to the COVID-19 pandemic, award certificates were sent to the recipients.



### Exhibit at EcoPro 2021: Toward the realization of a sustainable society

The Teijin Group exhibited at EcoPro 2021, Japan's largest environmental exhibition, raising environmental issues and presenting information on materials, products, and initiatives for solving problems. The Teijin booth also displayed drawings made by children concerning the theme "What will become of our world?"



### Beautification programs

Employees of Teijin Chemicals Plastic Compounds Shanghai Ltd. participate in beautification programs as a part of the company's environmental preservation and community contribution measures.

In FY2021, a total of 74 employees collected trash from a road near the company's plant.



# Fostering Volunteer Personnel

## Group-wide activities

### Promotion of Volunteer Support Program

In June 2011, we established the Volunteer Support Program. Under this program, the administration committee decides which volunteer activities are to be supported from volunteer activities that group employees in Japan are engaged in, and partial financial support for the activities is provided via the Teijin Group Social Contribution Fund made up of donations from volunteer employees and directors as well as from companies.

The fund donated operating money to the following 9 nonprofit organizations (NPOs) in FY2021:

- Tokachi Soratabidan Hot Air Balloon Club (100,000 yen)
- Group to Enliven Kushiro with Marimo (100,000 yen)
- (NPO) Kodomo e no Manazashi (100,000 yen)
- (NPO) Minuma Farm 21 (100,000 yen)
- (NPO) Matsuyama Suicide Prevention Center (100,000 yen)
- Protecting the Nature of Hino Organization (100,000 yen)
- (NPO) Japan Association for Galapagos (100,000 yen)
- Teijin Soccer School (100,000 yen)
- (Public Interest Incorporated Association) Natural Environment Conservation Society of Osaka (100,000 yen)



Tokachi Soratabidan Hot Air Balloon Club



(Public Interest Incorporated Association) Natural Environment Conservation Society of Osaka

### Picture book donating activities-Book Dream Project

The Book Dream Project, which started in FY2008, uses money received in exchange for used items provided by Group employees in Japan to buy Japanese picture books and donate them to libraries overseas. Before donations are delivered, volunteer employees affix translated seals to the books so that they can be read in the local language.

In FY2021, we donated 36 picture books to a library, special-needs school, elementary school, and kindergarten in Indonesia. We also donated 44,288 yen of the money received from the exchange of books to a mobile library activity operated by Sikkha Asia Foundation in Thailand.



The picture book shown in the photo is The Big Turnip at Fukuinkan Shoten  
Photo courtesy the Sikkha Asia Foundation

# Support for Areas Affected by Disaster, Humanitarian Support

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## Support for areas affected by the Great East Japan Earthquake

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To support the areas affected by the Great East Japan Earthquake, the Teijin Group has extended support of over 500 million yen in total, including monetary donations; blankets, masks and other relief goods; and free provision of home healthcare equipment such as oxygen cylinders and oxygen concentrators.

In addition, we are also engaged in ongoing reconstruction support through our business activities. In 2013, the IT Business Group's Infocom Corporation opened a multipurpose facility "Minna no Ie" (Home-for-All) in Iwanuma City, Miyagi Prefecture. From this facility, Infocom is providing reconstruction support for agriculture utilizing IT and creating businesses to support ongoing reconstruction. In FY2021, we supported direct sales by farmers impacted by the disaster and worked to develop "sixth industry" products using produce grown directly by farmers.



"Minna no Ie" (Home-for-All) in Iwanuma City

## Examples of support for areas affected by Natural Disasters

The Teijin Group makes donations and provides products free of charge with the aim of helping people and communities recover from natural disasters.

### Main support in Japan

On July 20, 2020, Teijin Limited donated a total of 3 million yen as assistance for the region affected by torrential rainfall in that month.

On the occasion of the torrential rainfall in July 2020, Teijin Healthcare Limited, a member of the Teijin Group, giving top priority to ensuring the safety of patients, confirmed safety, sent oxygen cylinders, and installed oxygen concentrators and other equipment. In addition, on the occasion of a magnitude 7.1 offshore earthquake that hit Fukushima Prefecture on February 13, 2021, amid concern about the spread of COVID-19, Teijin Healthcare again placed top priority on the safety of patients and, after completing the confirmation of safety as quickly as possible, implemented emergency response support.



Evacuation shelter in Kurashiki City, Okayama Prefecture (elementary school)

### Main support overseas

Teijin Automotive Technologies, a Group company, donated 200 U.S. dollar in food and toiletries and 700 U.S. dollar in cash to the Indiana Dream Center, a facility in Kentucky that was severely damaged in the tornado disaster that struck six states of the United States in December 2021.

In July 2020, Teijin Limited donated 500 kg of OLSORB, a high-performance oil-absorbent sheet, to assist the cleanup of fuel oil spilled when the freighter Wakashio ran aground off the island of Mauritius in the Indian Ocean. (This amount would allow the absorption of about 10 tons of oil.) Teijin made the donation to the government of Mauritius through Mitsui O.S.K. Lines, Ltd., which was tackling environmental recovery in the area.



A certificate of appreciation received by Teijin Automotive Technologies from the Indiana Dream Center

## Humanitarian support for Ukraine

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The Teijin Group decided to donate up to 40 million yen in humanitarian aid to Ukraine. Based on this, Group companies in Japan, Europe, and other regions donated 10 million yen to the United National Children's Fund (UNICEF) and the United Nations High Commissioner for Refugees (UNHCR) and made other donations.

Teijin Automotive Technologies provided financial assistance to directly-employed Ukrainian employees to support refugee families with day-to-day and housing expenses. Teijin Carbon Europe and Ziegler provided clothing, bedding, medical supplies, and other goods to displaced families. Additional support will be provided on an on-going basis.



Goods provided to refugees in Poland

## Support for the prevention of COVID-19 infection

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The Teijin Group as a whole (domestic and overseas) made donations of approximately 119,000 masks, 300 protective clothing wear, 3,200 nitrile rubber gloves, and 2,800 medical gowns to facilities, including medical institutions, welfare nursing homes, and airline companies (return charter flights) where essential workers were engaged in work.

Furthermore, in Japan, we provided polycarbonate resin sheets for use in face shields (equivalent to 700,000 yen) and non-woven fabric for masks (equivalent to 1,500,000 yen ) free of charge to manufacturing companies and others.

Overseas, Esteve Teijin Healthcare (Spain) donated about 700,000 yen to hospitals, Continental Structural Plastics Holdings Corporation (United States) donated about 100,000 yen to food banks, Teijin Chemicals Plastic Compounds (Shanghai) donated about 50,000 yen to charities, and Inapal (Portugal) guaranteed salaries for employees who worked as volunteer firefighters. This aid is equivalent to 22 million yen (from February 2020 to end of March 2022).

In addition, the Group has declared support for the prevention of COVID-19 infections and stated that it will not seek any consideration or compensation for acts aimed at the diagnosis, prevention, containment, and termination of the spread of COVID-19 infections and will not exercise patent rights, utility model rights, design rights, and copyright rights held by the company for a certain period of time.