

Materiality and KPIs

The Teijin Group recognizes social, environmental, and other sustainability-related matters as management issues. Based on this recognition, the Group has identified the following risks and opportunities as important social and management issues. By establishing key performance indicators (KPIs) for each of these issues and promoting initiatives toward them accordingly, we are working to realize our long-term vision.

Important Social Issues

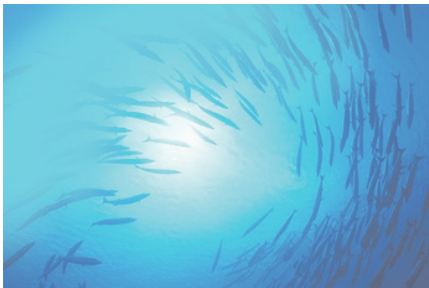
Materiality 1 Climate Change Mitigation and Adaptation




With regard to climate change mitigation, we provide solutions centered on the transition to lightweight, highly durable mobility realized through high-performance and high-value-added materials. For climate change adaptation, we are offering solutions that help reduce damage and facilitate a prompt recovery in the event of a natural disaster, through infrastructure reinforcement materials that make use of high-performance materials and technologies and services in the IT and healthcare domains. Moreover, in an effort to reduce the impact our business activities have on the global environment, we are phasing out coal-fired thermal power while promoting energy conservation and renewable energy and pursuing process innovation and other types of technological innovation.

Oppor tunities	<ul style="list-style-type: none">• Contribution to climate change mitigation and adaptation by utilizing technologies and sales channels developed through existing businesses <ol style="list-style-type: none">1. Weight reduction, longer driving distances and electrification in mobility market2. Transition to renewable energy in infrastructure & industrial market
Relevant Businesses and Examples of Products and Ser vices <div><div>Materials</div><div>Fibers & Products Converting</div><div>New Business Development</div></div>	<p>Automotive composites, carbon fiber intermediate materials for aircraft, pressure vessels, optical fiber cable reinforcement materials, mooring ropes for offshore wind power generation, battery separators, high-performance fiber reinforcing material, rainwater storage blocks, cooling material, thermal insulation-related products, etc.</p> A photograph of a blue SUV parked on a dirt road in a desert-like environment with mountains in the background.
Risks	<ul style="list-style-type: none">• Environmental impact due to an increase in Group and supply chain CO2 emissions• Storm and flood damage at head offices and plants impacting the Group's business activities
KPIs	<ul style="list-style-type: none">• Avoided CO2 emissions>• Group CO2 emissions>• Supply chain CO2 emissions>

Materiality 2 Achievement of a Circular Economy




By providing highly durable and high-quality products that extend the lifespans of products, such as reinforcing material for high-performance tires and conveyor belts, and recycling technologies, such as polyester and aramid fibers, we are improving resource circulation throughout the value chain. Furthermore, as part of our efforts toward resource circulation in our business activities, we strive to reduce waste through reuse and recycling initiatives, expand products that require less water, and use water more efficiently in these activities.

Oppor tunities	<ul style="list-style-type: none"> • Contribution to a circular economy by extending the lifespans of products and promoting the 3Rs (Reduce, Reuse, Recycle) • Response to increasingly advanced environmental regulations for realization of a circular economy (separation, chemical recycling technology development, etc.)
Relevant Businesses and Examples of Products and Ser vices <div> <div>Materials</div> <div>Fibers & Products Converting</div> <div>healthcare</div> <div>New Business Development</div> </div>	<p>Reinforcing material for high-performance tires, polyester fiber recycling technology, aramid fiber recycling technology, bio-based material, chemical recycling licensing services, fishing net recycling business, home healthcare medical device rental business, etc.</p> 
Risks	<ul style="list-style-type: none"> • Stricter environmental regulations impacting the Group's business activities • Depletion of resources • Environmental damage and impact upon disposal of the Group's products • Environmental impact of manufacturing activities
KPIs	<ul style="list-style-type: none"> • Freshwater intake volume per sales unit > • Landfill waste volume per sales unit >

Materiality 3 Safety and Security of People and Local Communities




We deliver solutions using information technology and high-performance materials providing both security and functionality, such as aramid fiber, which can withstand the high temperatures of fires; ultra-lightweight ceiling materials that reduce the risk of ceilings collapsing at times of earthquake disaster, and safety confirmation services. Furthermore, by means of our filters utilizing nano-level microtechnology and environmental engineering, we help prevent environmental pollution and contribute to environmental purification. We also thoroughly monitor and manage hazardous chemicals in our business activities that could damage ecosystems or pollute the environment and make systematic efforts to reduce such chemicals.

Oppor tunities	<ul style="list-style-type: none"> • Contribution to preventing and remediating environmental pollution using clean technology • Contribution to building a safe and resilient society with high-performance materials • Contribution to realizing a more comfortable life through the power of fibers
Relevant Businesses and Examples of Products and Ser vices <div> <div>Materials</div> <div>Fibers & Products Converting</div> <div>Healthcare</div> <div>New Business Development</div> </div>	<p>Protection apparel, high-performance fiber reinforcing material, rainwater storage blocks, disaster response and support map systems for home healthcare patients, seat sensor membranes, ultra-lightweight ceiling materials, airbag fabrics and other safety components, asbestos substitutions, bag filters, disaster mitigation-related fiber products, environmental engineering, etc.</p> 
Risks	<ul style="list-style-type: none"> • Stricter environmental regulations impacting the Group's business activities • Loss of trust due to a decline in the safety of the Group's products and services • Damage claims stemming from such factors as product defects • Destruction of ecosystems and environmental pollution due to hazardous chemical substances, etc.
KPIs	<ul style="list-style-type: none"> • Hazardous chemical substance emissions per sales unit >

Materiality 4 Realization of Healthy and Comfortable Living for People



Through the comprehensive utilization of pharmaceuticals, medical devices, medical products, and IT services, we provide solutions that support a healthy and comfortable living for people. In particular, we aim to resolve issues for patients, families, and communities in need of greater support, centered on the areas of rare and intractable diseases. Also, to provide workers with safe and healthy work environments, we are taking measures to eliminate occupational accidents, remedy long working hours, and improve employee's mental health.

Opportunities	<ul style="list-style-type: none"> Contribution to resolution of issues for patients, families, and communities in need of greater support by harnessing our home healthcare service platform Contribution to realizing a more comfortable life through the power of fibers
Relevant Businesses and Examples of Products and Services <div>Fibers & Products Converting</div> <div>Healthcare</div> <div>New Business Development</div>	<p>Pharmaceuticals, home healthcare devices, implantable medical devices, regenerative medical products, services related to comprehensive community-based healthcare systems, functional interior products, high-performance apparel, heat stroke prevention clothing, medical gowns, etc.</p> 
Risks	<ul style="list-style-type: none"> Waning competitiveness due to an inability to respond to diversifying medical needs Drop in employee satisfaction due to worsening working environments
KPIs	<ul style="list-style-type: none"> Employee engagement score >

Important Management Issues

Materiality 5 Further Strengthening of Our Sustainable Management Base



We are working to strengthen our management base, which serves as the foundation for realizing our long-term vision of becoming "a company that supports the society of the future." To that end, we 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.

KPIs	<ul style="list-style-type: none"> Diversity of executives (female executives and non-Japanese executives) > Percentage of female department/section managers > All occupational accident frequency rate >
-------------	--

KPIs related to the environment

KPIs related to diversity and engagement

Materiality Identification Process

The Teijin Group ascertains and organizes a wide range of social issues, and analyzes and identifies important issues from the perspective of importance to the Teijin Group and impact on stakeholders. The Chief Sustainability Officer then engages in dialogue with external experts, and identifies Teijin Group materiality at the Management Committee meeting.



STEP1 Ascertain and organize issues

Ascertain and organize a wide range of trending issues in society, starting with the Sustainable Development Goals (SDGs)

STEP2 Determine degree of importance

Determine degree of importance to the Teijin Group based on degree of impact on businesses (both positive and negative), and probability of anticipated occurrence

STEP3 Extract important issues

Among issues analyzed in STEP 2, those of particular importance to the Teijin Group with a particularly high impact on stakeholders are extracted as important issues

STEP4 Dialogue with external experts

Dialogues are held with external experts regarding the Teijin Group's materiality identification process and the extracted issues

STEP5 Identify materiality

Teijin Group materiality is identified through discussions and confirmation by meetings of the Management Committee meeting

[Details of Materiality Identification Process\(PDF:2.17MB\)\(PDF:\)](#)