

Akimoto Uchikawa and Yukako Uchinaga Talk about D&I

Why Does Teijin Need to Foster D&I?

Reaffirming the importance of leveraging diverse human resources

In his 2023 commemorative message on the anniversary of Teijin's founding, CEO Akimoto Uchikawa expressed his ideas about D&I and Teijin's business and system reforms as follows: By meeting our customers where they stand and helping them to overcome their challenges, we will be able to create businesses that support society. The Teijin Group has a range of employees, and by promoting D&I we can make the Group an even more creative organization. I would like all members of the Group to share its corporate DNA and purpose so that we can achieve reforms as a unified team.

The Teijin Group has been fostering D&I since 2000. That means it is now time to go back and ask ourselves why the Teijin Group needs to foster D&I—and then answer the question in a way that speaks to our shared values. To this end, we interviewed CEO Akimoto Uchikawa and Yukako Uchinaga, who is a leading figure in the promotion of D&I and served as outside director of the Teijin Group for five years. In the interview, the two leaders talked about the present and future of Teijin's D&I with Fumiaki Sakurai, who became the CHRO of the Group in April 2023 and served as the facilitator of the discussion.



Profile

Akimoto Uchikawa

President and CEO, Representative Director of the Board

Joined Teijin Limited in 1990. Engaged mainly in the development of fiber technologies and worked in the Netherlands as an expat for five years from 2003. Became a corporate officer of the Teijin Group in April 2017 and was appointed as an executive officer and member of the Board of Teijin Limited in June 2021. Has been in the current position since April 2022.

Yukako Uchinaga

Chairperson and Representative Director, Japan Women's Innovative Network
Former Outside Director of Teijin Limited

Joined IBM Japan, Ltd. in 1971. Became the company's first female director in 1995 and was subsequently appointed as a managing director and senior executive officer of the company. In 2007, established the Japan Women's Innovative Network (J-Win)* as a specified non-profit corporation to support companies in promoting and establishing diversity management. Served as an outside director of Teijin Limited from 2018 to June 21, 2023.

* J-Win is an organization formed to support companies in promoting and establishing diversity management. It is composed of corporate members, including the Teijin Group.

Facilitator

Fumiaki Sakurai

Teijin Group Corporate Officer, Chief Human Resources Officer (CHRO)

After heading the human resources division and serving in other positions at Astellas Pharma Inc., became the chief administrative officer (CAO) and chief ethics & compliance officer (CECO) of the company until his resignation in September 2022. Has been in the current position since April 2023.

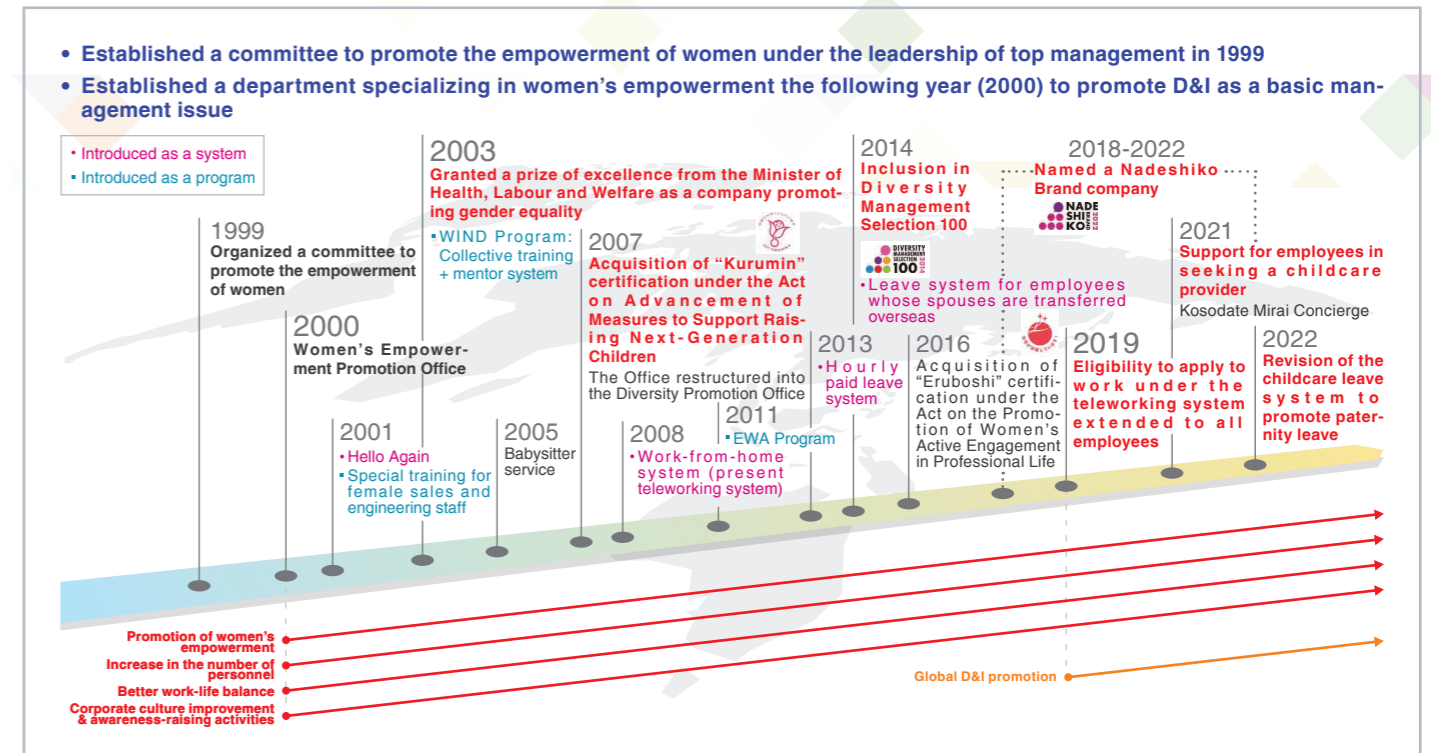


Figure 1: Teijin Group's Diversity Promotion History

Teijin has been promoting D&I in step with the development of its employees. For further promotion, we need to make a shared commitment to D&I across the board.



—The Teijin Group established the Women's Empowerment Promotion Office in Japan in 2000 to foster workplace diversity ahead of other companies. The support target was subsequently expanded to include non-Japanese employees and people with disabilities. Since 2019, the Office has been implementing D&I promotion measures not only in Japan but also internationally as the Global Diversity & Inclusion Team. (See Figure 1: Teijin Group's Diversity Promotion History.)
What do you think about Teijin's current D&I-related situation?



Uchikawa: Looking at the entire Teijin Group, the number of non-Japanese employees accounts for more than 50% as we are expanding our business overseas. This means that we are not

short on diversity in terms of our human resources. Going forward, I therefore think it is necessary to foster inclusion or "mixing."

In Japan, however, we still have many challenges to meet and have been unable to keep up with the pace set by other companies regarding D&I.

Uchinaga: At J-Win*, we are analyzing the progress made with diversity by companies in Japan and presenting the results as numerical figures. The analysis has revealed that the Teijin Group is paying a lot of attention to the promotion of D&I but has not yet achieved adequate results in Japan.

—Why do you think this is?

Uchinaga: I am afraid that the basic concept of D&I has not yet been widely shared across the Group. Top leaders including Mr. Uchikawa have a deep understanding of the concept, but other managers, particularly male managers who have achieved success by adopting a conventional style and conventional values, seem not to. But this does not mean that these managers don't take D&I seriously. They just tend to give priority to dealing with the immediate business at hand. To put it another way, there is much room for improvement.



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Uchikawa: Teijin employees take their work very seriously, which sometimes means they focus too much on the measures themselves rather than the reason for implementing them. Initially, they started to implement D&I promotion measures to achieve the clear goal of enabling diverse personnel to thrive as a precondition for corporate growth. But I think over time they began to focus solely on the actual measures, including the setting and obeying of rules. Now they also seem to be overly absorbed in achieving KPIs, such as increasing the ratio of women among new employees and managers to certain levels.

Uchinaga: Maybe they have lost a bit of focus regarding the rationale for implementing the measures.

Uchikawa: I think it is important for employees to have a genuine understanding of why they need to promote D&I. I therefore want to redo the process to enable employees to develop such a shared understanding, starting by indicating the direction in which the Teijin Group should head. The Teijin Group is also beginning to implement a project to set a Group purpose. When I became president, I promised our employees that I would work to help them truly understand and share the goal of promoting D&I, which I think is very important.

D&I is necessary for the realization of the long-term vision and to transform Teijin into a resilient organization.

—Please let me ask you again why you need to promote D&I.



for which we regard the promotion of D&I as one of our important management strategies. Also, for the Teijin Group to transform itself from a rigid organization into a resilient one, D&I is essential. We have been doing everything rigidly,

Uchikawa: The Teijin Group is in the process of reviewing its management strategies, choosing to continuously foster reforms for further growth. To achieve such growth we need to create new business models and innovations,

and being rigid is one of our strengths. However, such rigidly recently left us unable to deal with some unexpected events.

Uchinaga: Some people mistake the promotion of D&I with dealing with human rights-related issues. They are two different things, however, and promoting D&I is both a means to strengthen the company and a management strategy for survival in business. Let me share my own experience regarding this. When IBM fell into the red in 1993, an outsider named Louis Gerstner was invited in to lead the process of rebuilding the company, and what he did as the last part of the rebuilding process was to promote diversity. Thanks to that reform, women's empowerment was also robustly promoted at IBM Japan, where I was working at the time. Later, when he visited Japan, I had an opportunity to meet Mr. Gerstner and thank him for his reform. He replied: "I did it not for women but for the company." He also said that for the reform of IBM he had deemed it necessary to draw on people with different backgrounds in terms of race, experience and others, in addition to WASPs (White Anglo-Saxon Protestants), who until then had accounted for a large proportion of the company's employees. What he said left a lasting impression on me.

Uchikawa: In the days when companies sought to beat the competition by mass-manufacturing products of uniform quality for a low cost, a homogenous organization might have been easier for management to reform.

Uchinaga: Yes, it was OK in the age of "Japan as No. 1."

Uchikawa: If our company had decided to go on doing the same thing going forward, it might be all right for it to continue as it is. However, we have decided to support society in facing complex changes, and we therefore need to change ourselves. We must achieve mutual growth by respecting diversity.

Uchinaga: Now is the best timing for such a change, I think. When I asked the CEO of a certain company, "What does D&I mean to you?" the person answered, "It means to make a rough organization." In Japan people tend to value organizational harmony, good teamwork and the like. But as



What is an Old Boys Network (OBN)?

The term OBN is a shorthand characterization of the implicit culture and atmosphere of long-established successful organizations and companies. It includes unwritten promises, rules, work practices and communication methods.

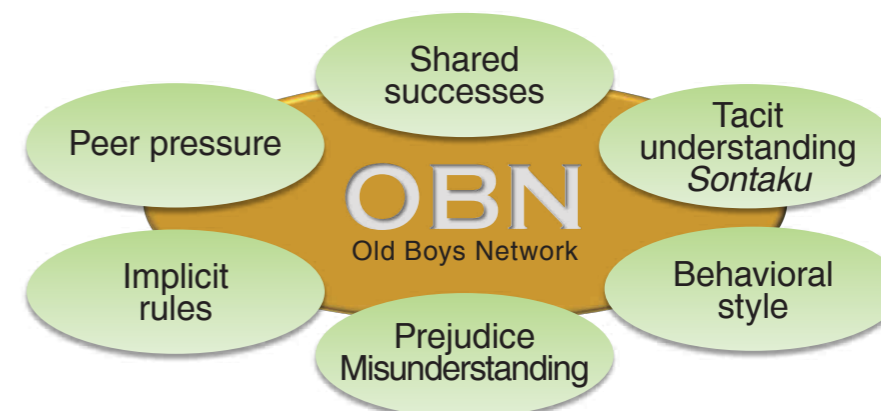


Figure 2: What is an OBN? (Source: Reference materials provided by J-Win)

a prerequisite for innovation you need to make your organization "rough" by including stones of various shapes in addition to round stones.

Uchikawa: The Teijin Group already has diverse personnel. Going forward, we will provide employees in Japan with more opportunities to work with their non-Japanese colleagues. We will also further promote the empowerment of women to speed up the promotion of D&I across the Teijin Group.

Empowerment of women has been hindered in Japan due to OBN and unconscious bias

Uchinaga: Personally, I think companies need to further empower women as the first step to promote D&I in Japan, because they have so many talented female employees who have a lot of knowledge about the company and have accumulated sufficient skills and expertise but are not trapped by past successes.

Uchikawa: Empowerment of women is a must.

Uchinaga: Japan is behind other countries, particularly in terms of the empowerment of women in the fields of politics and economics. In the gender gap index ranking provided by the World Economic Forum, Japan was in 94th place in 2010 and then dropped substantially in the ranking to 116th in 2022. [According to the 2023 survey results announced after this dialogue meeting was held, Japan is currently ranked

125th, hitting a new low.] Why do you think Japan's ranking is lower than that of 12 years ago when the government and companies have been striving to narrow the gender gap?

Uchikawa: I think it is because the rest of the world has made improvements ahead of Japan.

Uchinaga: Exactly. Over the past decade, technologies have advanced rapidly, leading to substantial changes in business models. An old organization composed mainly of people with a shared experience of past success cannot hit upon new ideas. For innovation, it is critical to leverage diverse human resources by measures such as women's empowerment. The rest of the world has recognized this fact earlier than Japan.

—Teijin has been focusing on implementing measures to support the empowerment of women for a long time. However, we have not yet substantially increased the number of female leaders. Ms. Uchinaga, you have long been developing female leaders at J-Win. Could you propose a solution for this?

Uchinaga: Companies are facing the same issue across Japan. First, you need to change the male-oriented corporate culture. We call a men-oriented closed organization and culture an "Old Boys Network," or OBN (see Figure 2: What is an OBN?), and I am afraid Teijin has a strong OBN. What percentage of your employees are women?

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—In Japan, female employees make up around 20% of the total. The share of female managers is about 7%, which is low compared with our major Group companies outside Japan, where in some cases it is approaching 30%.

Uchinaga: Male managers might tend toward the view that “it’s difficult for women to do this job while having babies and raising children.” Having and raising children are indeed important life events, but there are women who want to take on more responsibility at work while at the same time raising a family.

Uchikawa: So the unconscious bias of management is a factor that prevents women from moving up in their careers. If we change our work rules to give more support to employees who want to develop their careers despite having restrictions on their working hours and as a result much more women can thrive and contribute to the company, it will be a truly wonderful thing for the company. This way of thinking will help clarify the true goal of empowering women, and we can set new rules not as a goal but as a means to achieve the goal of reforming our work practices as part of our D&I promotion effort.

Women need to understand the rewards of stepping up their career and to have the courage to grab opportunities

Uchinaga: Male managers need to change their mindsets, and I also want more female employees to understand how rewarding it can be to step up their career. There are cases where women turn down promotions, even though the company is very keen to promote them.

Uchikawa: As a matter of fact, some female employees have declined our offer to provide them with career development opportunities.

Uchinaga: In the past, women did not have enough opportunities to discover how rewarding it is to be promoted and what it is like to play the role of a manager and view things from higher up in the organization, which I think is a factor causing some women to be reluctant to take a promotion.

Uchikawa: What advice do you give to women who do not want to be promoted?

Uchinaga: To a woman who says, “I have no self-confidence. I cannot do it,” I will say, “You have subordinates and do not need to do everything on your own.” To a woman who says, “But my manager seems to have hard time,” I say, “You may face similar difficulties to your manager, but you can also make use of the company’s systems and money to do what you want to do and contribute to society. Don’t you think that would be wonderful?” In order to do what you want to do, you need to be in a higher position within the company. Many men know how fun it is to be promoted, don’t they?



Uchikawa: Speaking for myself, I did not think it was fun to be promoted, as I work for reasons of self-realization. It is, however, true that you have more authority and can do a wider range of things when you occupy a higher position. For me, working overseas as an expat helped me a lot in terms of developing my career. I also have opportunities for self-realization in my private life, but business accounts for a large part of my life.

Uchinaga: Beyond self-realization, you can also make contributions to society together with so many employees as the top representative of Teijin, which is a blue-chip company. It must be great fun.

Uchikawa: It is wonderful that I can do it not as an individual but together with all members of the company, and I hope female employees will not hesitate to grasp the growth opportunities provided by the company and to embrace challenges boldly.

By the way, is it a problem peculiar to Japan that the number of female leaders is not readily increasing?

Uchinaga: No, it is a global problem. However, the world has been changing a lot thanks to the emergence of a large number of female role models, who are demonstrating the benefits of climbing the career ladder. I hope that the Teijin Group will have more female directors and general managers



who can demonstrate those benefits to junior employees based on their own experiences.

Three important tips to promote the empowerment of women

- **Managers should seek to rid themselves of the unconscious bias that “it is difficult to entrust duties of great responsibility to women.”**
- **Female employees need to be aware of the joys of stepping up their careers and grasp the opportunities offered with ownership as members of the organization.**
- **All employees should understand that women’s empowerment is necessary not only for women but also for the growth of the entire company.**

Promoting D&I across the Teijin Group to make it an organization able to undertake reforms

Uchikawa: I see. Men-oriented organizations need to be changed, and women also need to get involved in organizations more proactively. These two are both necessary. Talking with you today has made me think that we can expect female employees to play even more roles in the workplace while establishing more support systems for them.

Uchinaga: Yes, indeed. You should have more expectations for female employees. By going to female employees directly and asking them to “please do this for Teijin,” the CEO and the direct managers of the employees can communicate the magnitude of their expectations, which will in turn increase their motivation to work hard. Without this, the employee might think, “They say they will promote me because the government wants them to promote women, but actually they expect little from me.”



—I would like to lead the establishment of a system to support employees to autonomously develop their careers as part of the personnel system. This will help broaden

the scope of women’s empowerment. Finally, please share your message to employees.



Uchikawa: Let me reiterate the need to transform the Teijin Group into a resilient organization that is able to undertake reforms. To this end, promoting D&I is very important. Teijin will announce its new medium-term management plan next

year. Toward the announcement we need to hold discussions to set our corporate purpose and make the importance of D&I more widely understood across the Group, which I think is essential.

Uchinaga: I would like to ask female employees of Teijin to embrace challenges more proactively. Teijin has a lot of talented employees. Please keep stepping up your career to achieve personal fulfillment, as working for a company until the age of 60 to 70 means devoting your prime years to it.



This dialogue meeting was held on June 8, 2023.