

TEIJIN

Human Chemistry, Human Solutions

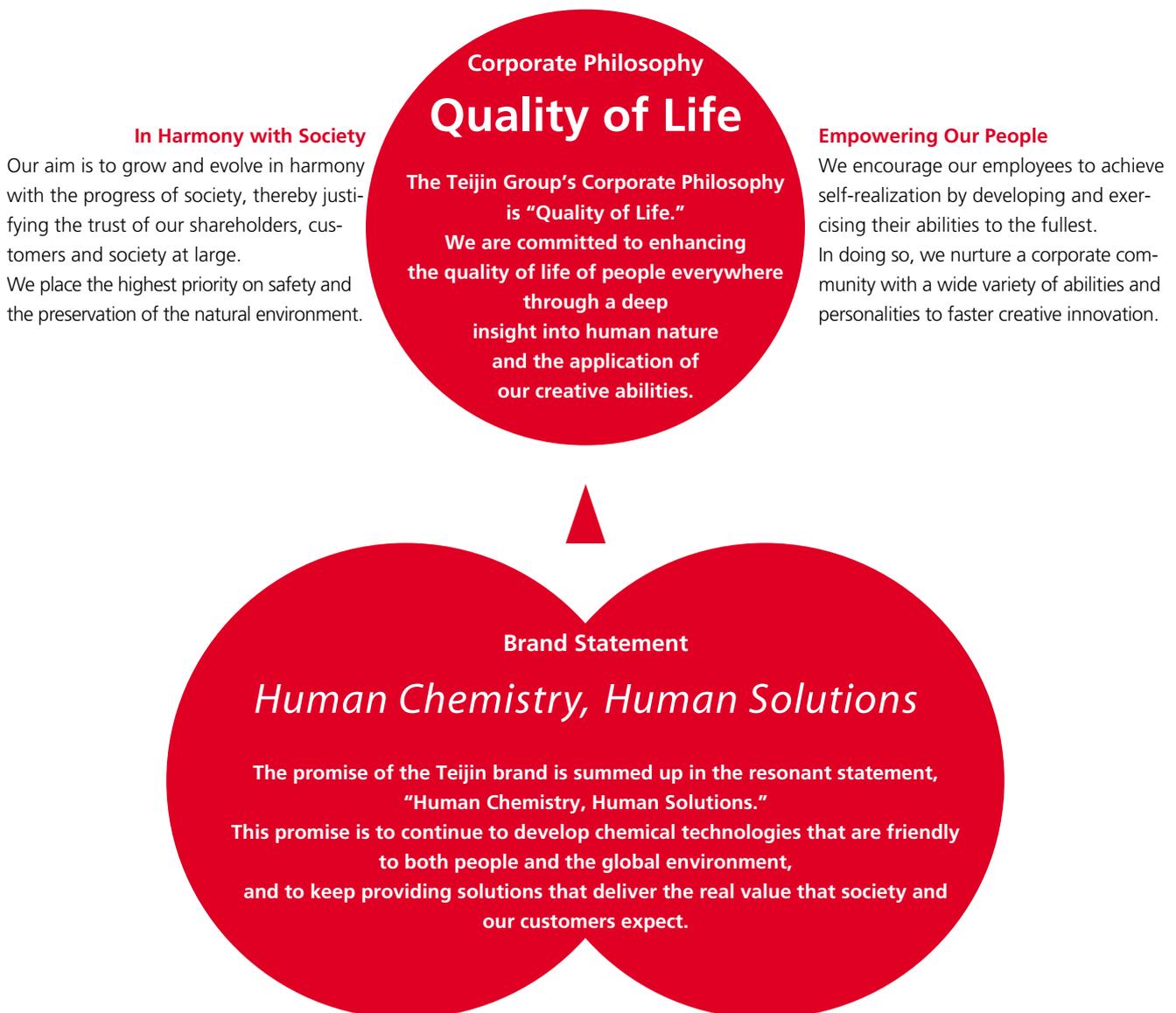
2006 Teijin Group CSR Report

[Record for fiscal 2005]



To Continue Being a Corporate Group that has a Strong Presence in the World

The Teijin Group established "Quality of Life" as our corporate philosophy in June 1993, 75 years after our foundation. Ten years later, in April 2003, we established "Human Chemistry, Human Solutions" as our brand statement. We will continue to fulfill our mission, developing and enhancing our "Quality of Life" corporate philosophy, and performing as a corporate group that can be trusted by society and by our customers.



"Chemistry" and "Solutions" are richly meaningful as Teijin Group goals in the 21st century.

"Chemistry" implies that we develop our chemical technologies with respect for humankind and the Global environment.

"Solutions" means that the technologies, products and services we create out of this respect will provide optimum solutions and deliver real value.

"Chemistry" is also a characteristic of good relationships, expressing the importance of trust, good will and mutual benefit.

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TEIJIN

Before Reading Our Report:

The 2006 Teijin Group CSR Report was designed to provide complete transparency and a clear and thorough explanation of the Teijin Group's approach to Corporate Social Responsibility (CSR) to all readers.

Completeness and Materiality

With regard to Socially Responsible Investment (SRI), all contents in the following report adhere to the guidelines and questionnaires below. With regard to the business conditions of our company group, the contents were specifically selected to clarify the issues most critical to the focus of this special issue. Teijin Group's diverse business activities involve numerous transactions with our partners, some of which may be either unclear or irrelevant to general customers. In this publication, we emphasize our company's communications and our active engagement with society.

Clarity

Most readers of this report are interested in our approach to CSR. We have therefore endeavored to limit the number of pages for concision—and to make the reading experience as pleasant as possible. We have also arranged our chapters to conform to the specific features of our group's CSR management. User-friendly search features, such as (▶PXX), refer readers directly to the pages introduced in our contents and subheadings, making our report that much easier to navigate.

Reliability

The Teijin Group strives for comprehensive and reliable disclosure of information. Corporate ethics is one of the most important components of our management. We have asked KPMG AZSA Sustainability Co., Ltd. to serve as independent review of this report.

The Coverage of Boundaries

The data published in this report is from January to December 2005 of the calendar year, and April 2005 to March 2006 of the fiscal period. The descriptive information is the very latest available as of May 2006. Information about all Teijin Group Companies (84 domestic and 67 overseas group companies) is covered in this report. However, for ESH* management, human resource management and other divisions that do not fall under the control of all Teijin Group Companies, relevant materials are provided in separate sections.

Additional Information

Detailed information about our business activities, financial information, and Eco-products and Eco-services is published and updated regularly on our company Web site. In addition, the following forms are available upon request:

- CSR Report (English)
- Company Profile (Japanese)
- Annual Report (English)
- Fact Book (Japanese/English)
- Statement of Accounts (Japanese/English)
- Shareholders' Report (Japanese)

Guidelines as References

- "Environmental Reporting Guidelines (FY2003 version)" Japan's Ministry of the Environment
- "Sustainability Reporting Guidelines 2002" Global Reporting Initiative (GRI)

ESH* Report

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*ESH = Environment, Safety and Health

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Message from the President

Business Strategy, Corporate Governance and CSR form a Trinity

Group Restructuring and Corporate Governance

Aiming to be a company with global presence, the Teijin Group has been actively promoting globalization and expanding operations since the late 1990s. While consolidating many companies that can display corporate synergy, we have conducted selection and concentration by selling to other companies the businesses that are not expected to develop as our long-term core businesses. Our new business structure was almost settled in 2003 by the holding company, Teijin, and over one-hundred group companies.

Among our group companies, some were once divisions of Teijin, while others are new additions to the Teijin Group. But we took many risks in making

such rapid changes and restructuring. In order to help our one hundred plus companies to operate fairly and swiftly with the same corporate philosophy under the holding company, Teijin, we have endeavored to strengthen corporate governance.

Since 1999, by establishing the Advisory Board, hiring directors from outside of our company and recruiting third-party corporate auditors, we have made our management style more transparent. At the same time, by adopting a corporate officer system, we ensure the prompt action of management, and by establishing the total risk management committee, we strengthen the system to deal with the risks. We expressly stipulated a series of measures in our "Corporate Governance Guide 2003" report, and announced them both inside and outside the company.

Brand Statement and CSR

Amid our rapid and drastic changes, I became concerned that we might lose sight of the force and passion that both drive and unify our company. In response, we worked to strengthen our corporate brand and the unifying force among our employees within our new business structure, hoping to expand upon our presence in the global market. I myself was involved in establishing our brand statement, "Human Chemistry, Human Solutions." I interviewed our directors on "the future of the Teijin Group," "what our company should be like," and so forth, while referring to questionnaires for 1,500 of our employees.

As a result, we established the brand statement of our "promise to society," which states that we will "continue developing chemical technologies that are friendly to both people and the global environment and provide solutions that deliver the real value society and our customers have come to expect." I have repeatedly stated to our group employees that our brand statement is "our promise to society," a real commitment, and I truly believe that within this "promise" lies our philosophy of CSR.



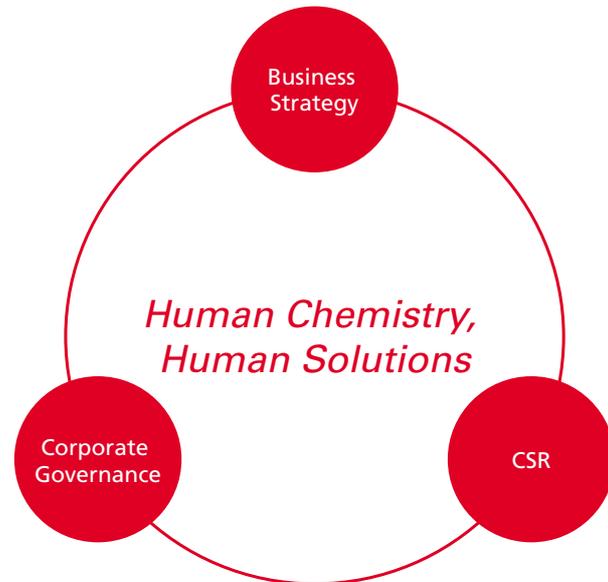
Re-organization of CSR Activities and Employee Awareness

Until now, the Teijin Group has tackled issues such as the environment, safety, health, corporate ethics, risk management and the promotion of female employees without much awareness of CSR. However, we have considered that we should firmly place these activities within the group from the CSR's perspectives, and that it has become necessary to conduct well-balanced activities within the entire Teijin Group. In April, 2005, we consolidated the Chief Risk Management Officer (CRO) who is in charge of corporate ethics and risk management and the Chief Environment, Safety & Health Officer (CESHO) who is in charge of environment, safety and health activities in order to establish a Chief Social Responsibility Officer (CSRO) to assist the CEO. Under this system, many activities were restructured from the CSR's perspectives, and our CSR medium-term management plan was formulated in March 2006.

It is crucial to have the empathy and participation of our employees in all of our CSR activities. Without the empathy of our employees, it is not possible to maintain a good relationship with our external stakeholders. The corporate brand represents the Teijin Group itself, and its success depends upon the understanding of our employees, and the actions they undertake. We held numerous training programs to educate our employees. At the same time, I visit business sites of our group to directly communicate with as many of our employees as possible.

Teijin will Achieve Sustainable Growth in Corporate Value Based on a Trinity: Business Strategies, Corporate Governance and CSR

2005 was the final year of "WING 2003," the Medium-Term Management Plan that began in 2003 that resulted in an operating income ROA of 8.5% exceeding the initial target of 7.5%. A new Medium-Term Management Plan, "STEP UP 2006," was introduced in 2006. Business strategies, Corporate Governance and CSR form our holy trinity of priorities, and not one of them can be neglected.



Teijin will achieve sustainable growth in corporate value based on a trinity: Business Strategies, Corporate Governance and CSR

Without an optimal business strategy, we cannot respond to the needs of our customers and the market. At the same time, if we do not follow proper procedures of corporate governance, we cannot maintain healthy management. Finally, if we cannot fulfill CSR, society's requirements, we cannot maintain the trust of our stakeholders. I genuinely believe that by practicing and fulfilling the requirements of our trinity, we will, for the first time, see the growth and enhancement of our sustainable corporate values.

At the briefing for our new Medium-Term Management Plan, held for both domestic and overseas business sites from February 2006, we explained these concepts to our employees by placing them on a detailed chart, which included our commitment to brand consciousness. I firmly believe that all of our employees now understand its meaning.

We know that management, employees and society all have many difficulties at the beginning of this age where sustainability is required. However, I believe that business strategies, corporate governance and CSR will become the new triple bottom line for a sustainable corporate management.

It is the Teijin Group's great hope to see both sustainable growth and the birth of a sustainable society, while we respond to global issues in unity with our overseas partners-incorporating and fulfilling the principles of CSR management. I would appreciate receiving your comments and proposals.

Toru Nagashima
President and CEO
June 2006

Profile of Teijin Group

Globally Expanding Our Areas of Business

The Teijin Group's various advanced material technologies and solutions know-how, together with our brand statement, "Human Chemistry, Human Solutions," connects us directly to the lives of everyday people through the business activities of our partners.

Teijin Group's Business Development

Teijin group was established in 1918 as the first company in Japan to produce rayon yarn. Since our launch of polyester concern, we have expanded into a diverse range of businesses which are produced using our proprietary fiber technologies. Teijin Limited and its about 150 group companies are now active in the fields of "synthetic fibers," "films and plastics," "pharmaceuticals and home health care," "trading and retail" and "IT." Our company also conducts business on a global scale, spanning the borders of the United States, Europe and Asia.

With the restructuring of our businesses, we saw changes in the number of our employees. Currently, there are about 19,000 group company employees, approximately about 8,000 of which work at overseas companies, with about 200 from Japan. In addition, although the average annual number of temporary employee for domestic and overseas companies was about 2,800 for FY2005, they are not included in the number of group employees.

The Teijin Group is primarily involved in the production of materials and in business activities that do not link us directly to consumers. However, through our engagement in various fields of industry and the numerous products and services of other corporations, we achieve a deep and enduring relationship with everyday consumers.

Profile of Teijin Limited

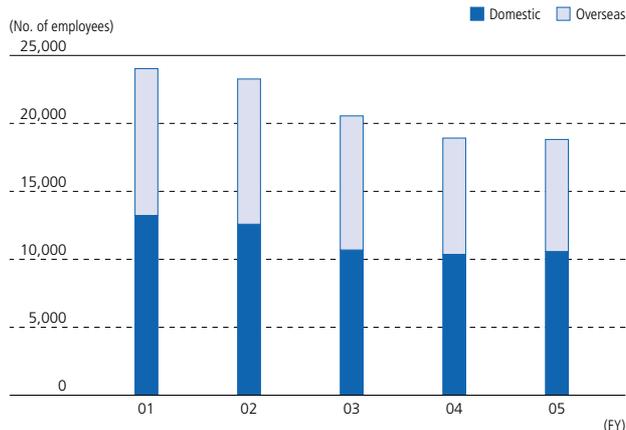
Established	June 17, 1918
Capital	70,787 million yen
Osaka Head Office	6-7, Minami-Hommachi 1-chome, Chuo-ku, Osaka 541-8587, Japan Tel: +81-6-6268-2132
Tokyo Head Office	1-1 Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8585, Japan Tel: +81-3-3506-4529
Representative	Toru Nagashima, President and CEO
URL	http://www.teijin.co.jp/english/

Group Outline

Holding Company	1
Domestic Group Companies	84
Overseas Group Companies	67
Total	152
Number of Employees in Japan	10,372
Number of Employees overseas	8,447
Total	18,819

(As of March 31, 2006)

Trends in Group Employees

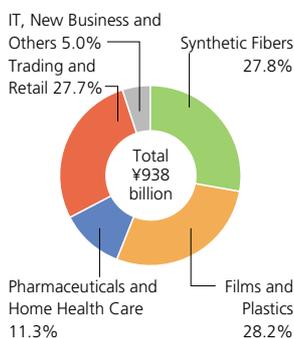


Trends in Consolidated Net Sales and Operating Income

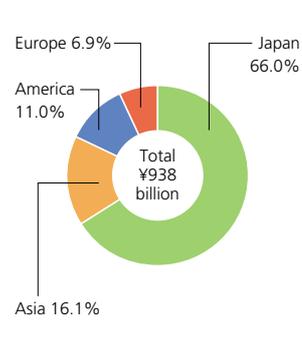


Consolidated Sales Breakdown for FY2005

Sales by Business Field

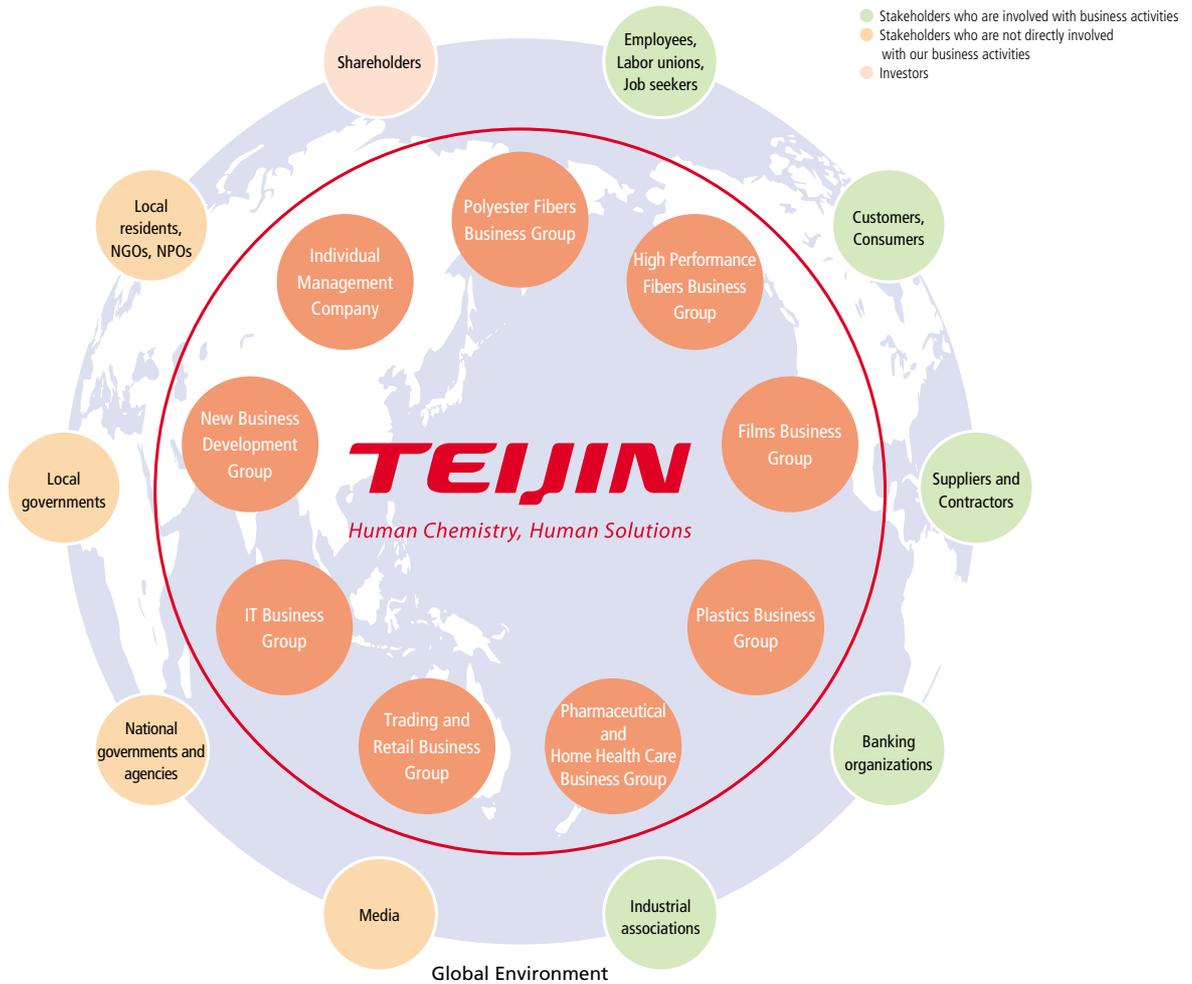


Sales by Business Area



For more information, see our Web site
<http://www.teijin.co.jp/english/ir/>

Relationship between Teijin Group and Stakeholders



Synthetic Fibers Business (63 companies)

Polyester Fibers Business Group
Teijin Fibers Limited is the principal company, but various materials are produced at P.T. Teijin Indonesia Fiber Corporation and in other areas. We develop, manufacture and sell a wide range of products such as clothing, interior goods, et cetera, and we produced the "ECOCIRCLE," complete recycling system globally.

High Performance Fibers Business Group
Including such core companies as Teijin Techno Products Limited, Toho Tenax Co., Ltd. and Teijin Twaron B.V., this group manufactures aramid, carbon and other high performance fibers for industrial applications. The group boasts the second highest productivity rates in the world for both aramid and carbon, and accounts for approximately 50% of the global market share in para-aramid fibers.

Films and Plastics Business Group (27 companies)

Films Business Group
With the Teijin Films Limited as the main company, this group operates through Teijin DuPont Films Japan Limited and other companies. It is the world's largest manufacturer of polyester films and Polyethylene naphthalate (PEN) films, which the company developed independently, and it holds almost 100% of the global share.

Plastics Business Group
The world's fourth largest manufacturer of polycarbonate resin, Teijin Chemicals Ltd. and other companies hold a 70% share of global DVD production. We are also working on recycling and the re-use of plastics.

Pharmaceuticals and Home Health Care Business Group (9 companies)

Pharmaceuticals and home health care Business Group, led by Teijin Pharma Limited and other companies, manufactures pharmaceuticals and medical devices, and provides services for home medical care and hospitals. We will step up efforts to develop new medicines at Teijin America, Inc. and our R&D facilities in North America, Europe and Japan.

Trading and Retail Group (25 companies)

With NI Teijin Shoji Co., Ltd. at its core, Teijin Associa Retail Limited and Teiken Limited and other companies handle the total planning and sales of fiber materials, textiles, industrial materials, films and plastics, and the retail sales of apparel and miscellaneous household products.

IT Business Group (11 companies)

Teijin's IT Business group is focused on Infocom Corporation, and other companies. It provides a wide range of IT solutions, in addition to system management and content distribution services.

New Business Development Group (1 company)

This group established in Teijin Limited is responsible for introducing new technologies and conducting activities to create and develop businesses for expansion into emerging markets.

Others (15 companies)

Teijin Engineering Limited, Teijin Logistics Co., Ltd. and other companies offer various businesses and services both within and outside of the group.

Contributing to Society through Our Business Activities

Offering Safety, Comfort and Security through Original Technologies

Teijin Group, which is the one of the highest market shareholders in the world of fibers and chemical products, offers safety, comfort and security for all through our advanced technologies in the fields of trading and retail, pharmaceuticals and home health care, and IT solutions.

Synthetic Fibers Business

Teijin Fibers develops, manufactures and sells an extensive range of products based on both polyester fibers—notably *Tetoron*—and textiles in global markets around the world. The driving force behind the group's development efforts is the extensive technological expertise acquired by the Teijin Group in the area of polymer science and fiber manufacturing. We are also developing environmentally friendly products and technologies.

In the high performance fibers area, we are supplying products for a broad range of applications. Aramid fibers, the mainstay of the area, comprise para-linked and meta-linked aramid fibers. Para-linked aramid fibers boast excellent strength and tensile modulus, while of meta-linked aramid fibers are value for outstanding heat and flame resistance. Carbon fibers are being developed for airplanes, fuel cell batteries, and automobiles. *Tenax*, which also boasts strength and lightweight features, is used in the Airbus A380 and related applications.

Self-Regulating Sportswear

Teijin Fibers Limited has developed a groundbreaking self-regulating fiber, provisionally named the *M.R.T. Fiber*. *M.R.T. Fiber* is capable of reversible transformation: it expands and contracts when moisture is absorbed, and shrinks when it dries out. The fiber has enabled the realization and control of outstanding moisture absorption and stretch functionality through the fusion of the following new polymer and yarn-making technologies.



NIKE SPHERE REACT

Twaron® and *Technora*® Support Safety



Twaron and *Technora* account for 50% of the global market share for para-aramid fibers, and are used by police forces and militaries worldwide in ballistic applications such as bullet proof vests. They are also used in automotive brake pads, clutch, and other friction-based materials, asbestos alternatives and optical fiber reinforcements.

Films and Plastics Business

The Films Business Group focuses primarily on polyester films. Operations are focused on a global joint venture between Teijin Limited and DuPont Teijin Films U.S. Limited Partnership, which is striving to become the world's largest manufacturer in this field.

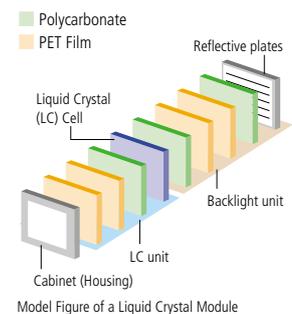
Polyethylene naphthalate (PEN) films which was developed by the Teijin Group, is a film that is mostly used in magnetic media, and for hybrid vehicles parts and fuel cells. Its use has recently been expanded to flexible displays and other industrial materials.

The Teijin Group is also the world's premier manufacturer of high-purity polycarbonate resin, the material used to make DVDs and CDs, and accounts for approximately 70% of the global market shares of products. We are working to commercialize a system that chemically recycles used polycarbonate resin.

The Expansion of the Usage of Coated Film

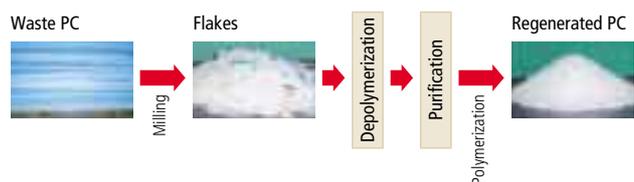
Processed film, created from Teijin's own knowledge of polymer science and product development technologies, is now being used in flat panel displays, digital electronic materials, semiconductors and medical materials. In LCD televisions, the polycarbonate film, *Panlite sheet*, and the polyester film *Teijin Tetron films*, are both widely used to make them thinner, power saving and realize higher image quality.

For more details, please visit http://www.teijin.co.jp/english/rd/rd05_01.html



Polycarbonate: Chemical Recycle

We have developed a chemical recycling system in which highly pure bisphenol A (primary raw material for polycarbonate resin) equivalent of the one produced from petroleum is recovered from waste polycarbonate (PC) resin.



Pharmaceuticals and Home Health Care Business

The Pharmaceuticals and home health care Business Group, led by Teijin Pharma Limited, focuses on bone and joint diseases, respiratory illnesses, and cardiovascular and metabolic diseases, and holds one of the largest shares in the global market for such applications. In Japan, we have created a nationwide home health care network, providing both medicine and home health care equipment around the clock.

Nationwide Home Health Care Service Begins



Continuous Positive Airway Pressure (CPAP) ventilators

Teijin Home Health care Limited develops, manufactures and offers 24-hour rental, maintenance and follow up support for the those needing home health care. We are also working hard to develop Continuous Positive Airway Pressure (CPAP) ventilators.

Trading and Retail Business

NI Teijin Shoji Co., Ltd. spearheads the efforts of the Fiber Products Marketing Business Group, which is in charge of fiber trading, apparel and retail operations. The company also oversees a wide range of trading operations not only for textile fibers, but also for industrial materials such as vehicles and interior furnishings. Its superior expertise and extensive global network make the company perfectly suited to respond to the needs of a diverse range of customers.

AEROSHELTER®II Makes Key Contribution to Disaster Relief

This is a large and inflatable para-glider-like tent. Of standard size, with a usable area of 170m², it can be pitched in just thirty minutes, and is made of a light-weight, high strength polyester cloth. It is designed for temporary use, originally for allowing people to work in the rain, and for outdoor events. However, following the Niigata-Chuetsu Earthquake in 2004, it was used in various disaster prevention and rescue operations.



IT Business

With Infocom Corporation at its core, this group provides a wide range of total IT solutions, in addition to system management and content distribution services. We aim to be the best in the mobile contents and health care solutions market, and we are now offering *GRANDIT*, a wholly Internet-based next-generation Enterprise Resource Planning (ERP*) software package.

*: ERP software attempts to integrate all departments and functions across a company into a single, comprehensive computer system that can serve the particular needs of each department—facilitating the effective use of management resources and enhancing management efficiency.

EMC System

EMC (Emergency Call) is a system developed to inquire about employees' safety and to secure emergency headquarters personnel in the event of major disasters or accidents. Presently, this system was recognized as a risk management and prevention program, and is used in many private educational organizations as an "information system that protects the safety of children."

EMC Outline

(1) Emergency Call

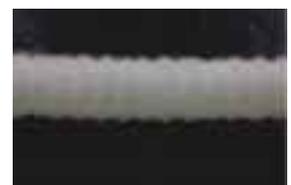


New Business Development

To create new businesses, we examined Teijin's core competencies—information and electronics, environment and energy, automobiles and aircraft, and health care—to ascertain the next lines of business we should undertake.

New Materials Using Nanofibers for the Reproduction of Medical Treatments

It was necessary to find materials that would create a three-dimensional textured finish for reproducing lost tissue. Using the electro-spinning technology and biodegradable materials, we were able to produce the base for nanofibers. The minute structure of nanofibers is convenient for cell adhesion or permeation, and it would be expected to contribute to normal organizational restoration in the living body.



Tube for nerve reproduction

Corporate Governance and CSR Management System

CSR Management System Linked with Corporate Governance

Since 1999, Teijin has continued to revolutionize its management structures, and in April 2005, we appointed a CSRO (Chief Social Responsibility Officer) to oversee CSR activities, and to ensure that our CSR issues work together.

Corporate Governance

Any company that secures capital from shareholders is expected to create consistent, profitable growth through its business activities, and to achieve steadily increasing shareholder value.

Accordingly, the Teijin Group strives to fulfill a variety of responsibilities to its shareholders and employees, suppliers, customers, consumers, and local residents and communities. Corporate Governance is vital as we proceed with our business activities.

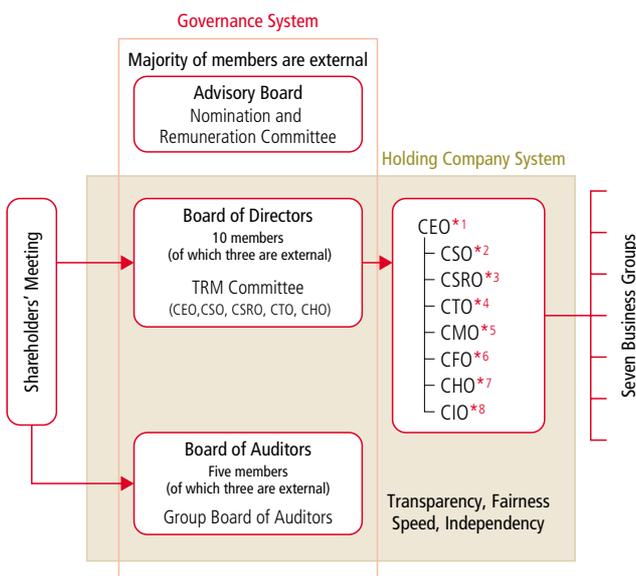
Since 1999, The Teijin Group implemented a series of management reforms, including establishing an Advisory Board and a system of corporate officer. The company believes that corporate governance is an essential part of solving management issues including related to the selection of directors, financial determination, observation of management, and ensuring compliance, and consequently seeks to raise transparency, ensure fairness and independency, and expedite decision making.

In May 2006, a new Japanese Corporate Law was established stating that a company is obliged to hold a corporate resolution meeting and implement an auditor's meeting for internal control maintenance systems. Teijin Limited had already begun to do this in March.

For more details, see our corporate governance guide http://www.teijin.co.jp/english/about/about04_10.html

The Teijin Group's Corporate Governance System

(as of May 2006)



- *1: Chief Executive Officer
- *2: Chief Strategy Officer
- *3: Chief Social Responsibility Officer
- *4: Chief Technology Officer
- *5: Chief Marketing Officer
- *6: Chief Financial Officer
- *7: Chief Human Resources Officer
- *8: Chief Information Officer

CSR Management System

Teijin Group established a new CSR management system in April 2005. CSRO has the same responsibility as the president on all our CSR activities.

We fully recognize that “the environment, safety, and health are indispensable problems.” Under our CESH (Chief Environment, Safety and Health Officer), we implemented a company-wide system to address these critical issues. In 1970, we established our “Basic Policies on ESH,” and in 1992 we created “The Teijin Group Global Environmental Charter.” We continue to aggressively promote employee safety, along with industrial waste reduction, earth management and local environmental conservation.

To further promote corporate ethics, we established our “Corporate Code of Conduct” in 1993. Five years later in 1998, our “Standards of Conduct” helped to directly educate and enlighten our employees about the implementation of proper workplace ethics. We then integrated our corporate ethics and

Board of Directors and Corporate Officer System

We have set the number of directors on Teijin’s Board of Directors at a maximum of ten to expedite decision making and clarify accountability. We have also introduced a corporate officer system and delegated considerable authority and responsibility to corporate officers. The President and Chairman are appointed from among the internal directors, and the other internal directors also serve as chief officers. Three directors are independent individuals appointed from outside the Group and engaged by Teijin under limited responsibility agreements. We created the positions of Chairman and CEO to separate their responsibilities. For example, the chairman is in charge of Board of Directors.

TRM Committee

A Total Risk Management (TRM) Committee was also established within the Board of Directors to counter the various uncertainties facing the Teijin Group. Integrated management for serious risks will be implemented for operating management risks.

Advisory Board

We have established an Advisory Board that includes experts from Japan and overseas to advise on management issues and evaluate the performance of top executives, thereby enhancing the effectiveness and transparency of management. The Advisory Board is comprised of domestic and overseas intelligence, as well as the chairman, president and CEO of Teijin. Teijin’s chairman serves as chairman of the committee, which meets twice a year. Within the Advisory Board, we have created a Nomination and Remuneration Committee, which handles the appointment and retirement of presidents and the recommendation of successors, as well as appraising the remuneration systems, salary levels and performance of President and CEO. In 2005 we saw the appointment of a new chairman, so the Advisory Board took part in the above activities.

Corporate Auditor and Internal Auditing

The Board of Corporate Auditors consists of all the Corporate Auditors and is in charge of surveying and auditing management. Having the majority of the Corporate Auditors be outside and independent helps secure the transparency of the board. Additionally, we established the system in which monitoring and auditing can work effectively through establishing Board of Directors comprised of the auditors of group companies. A business audit room is installed as an internal audit system CEO, exemplifying the validity of an internal control overseeing cross-sectional activities. Auditors and Board of Auditors comprise Trinity Auditing System through close cooperation with “business audit room” and “accounting auditors.”

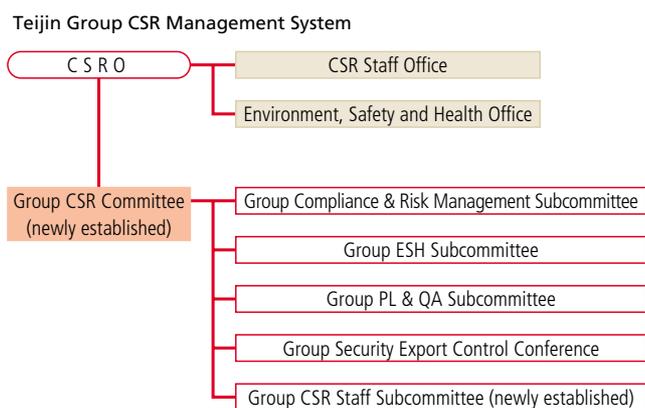
Teijin Limited, through the above governance system, is realizing its audit functions by strengthening the surveillance of management to align the management of the committee system with commercial law. Moreover, there is no relationship between Teijin Limited and its outside auditors, directors, human resources, capital, corporate communications, etc.

risk management activities and transformed the Corporate Ethics Committee into the Group Compliance and Risk Management Committee, which has been developed and overseen by our CRO (Chief Risk Management Officer) since 2003. (➡P33)

A CSR Working Group was voluntarily formed by members of the Sustainability Report Editorial Board in May 2003. In February 2004, The Teijin Group CSR promotion committee was established to respond to the sharp increase in social requests for CSR. The committee was chaired by the Executive Vice-President of Teijin Limited, and was composed of the heads of ten staff organizations. In April 2005, based on the results of discussions in committee meetings, a senior managing director was appointed Chief Social Responsibility Officer (CSRO) to consolidate all CSR functions.

Auditing by the CSRO

Followed by the annual CRO audit since FY2003, a compliance and risk management audit by the CSRO was implemented in February 2005. The ESH audit by the CESHQ was implemented in FY2005 under the responsibility of the CSRO. (➡P19)



We established the Teijin Group CSR Committee under the CSRO, integrating the roles of the CESHQ and the CRO. All existing committees and subcommittees were reorganized under the Group CSR Committee. The Teijin Group CSR Staff Subcommittee was newly established to promote activities not covered by other subcommittees, such as social contribution and activities to enhance dialogues and relationships with stakeholders. The CSR Staff Office (previously the CRO Staff Office) and the Environment, Safety and Health Office, our core staff, are in charge of these operations.

Wishing for a Dynamic Advancement in Our CSR Activities

By developing chemical technologies that are friendly to both people and the global environment, and providing solutions that deliver the real value that society and our customers expect, the Teijin Group aims to continuously increase its corporate values. In our Medium-term Management Plan “STEP UP 2006” that was launched this year, our CSR activity, together with business strategy and governance, is one of our top three important management systems.

I was appointed as the CSRO of the Teijin Group in charge of the CSR of the group in April 2005. Since then, wide-ranging activities have been systematically conducted under the name of CSR (Corporate Social Responsibility). My initial work in the areas of activities such as corporate ethics, compliance, ESH (Environment, Safety and Health), disaster prevention, PL, quality control, risk management and contribution to society has become the direction of these activities for the future.

First, corresponding to the increasing requirements of society, I proposed the policy to further strengthen the basic CSR activities such as ESH, disaster prevention and compliance. Securing a safe workplace and following the rules of society are the most important activities that we can pursue. In addition, contribution to the global environment has become increasingly important.

Secondly, I emphasized the importance of the extensive activities to materialize the CSR concept in human resources and labor policies as well as purchases and logistics policies. Thirdly, the policy of more active participation in social contribution was incorporated in the Medium-term Plan of the group for the first time.

Based on these basic policies, through the participation of all Teijin Group employees various CSR programs will be planned and put into practice over the next 3 years. The CSRO and staff will be supporting all of these CSR activities through enforcement by the entire group. We promise to

aim at realizing a more affluent “quality of life” for the future.

May 2006



Takayuki Katayama
Senior Managing Director
Corporate Social Responsibility Officer

Feature 1 Medium-Term CSR Plans and Revisions to Code of Conduct For the Promotion of CSR Management

The 2006 medium-term CSR plan was based on issues taken from outside evaluation and incorporated into our trinity of business strategies, corporate governance and CSR. We will promote more CSR management activities under our new Corporate Code of Conduct.

Establishment of Medium-Term CSR Plan

The social responsibility of a corporation is dependent upon open communications and interactions between all the various stakeholders. The issues selected were not accidental or self-righteous, but were rather those requested externally by the independent baseline assessment of Sustainable Management Rating Initiative. The assessment was made in 2002-2004 by the company, and the results emerged as "Teijin Group's CSR. We established medium-term CSR plans from FY2006.

In the medium-term plan, our CSR was not self-reliant. Instead, it was one component of our trinity of, business strategies, corporate governance and CSR—one of our management visions to increase sustainable corporate value. This plan is therefore a top priority for the management system of our company.

Revisions to the Corporate Code of Conduct

The Teijin Limited first established its Code of Conduct in 1993 to further enhance our corporate ethics. We viewed ourselves as a global corporation, with CSR as an integral part of our activities, revised the contents of our code dramatically in FY2005.

More precisely, we have referred to the UN Global Compact as the keystone of such topics as "the protection of human rights", "the prohibition of child labor and forced labor", "human rights and the supply chain", fostering diversity, and the prohibition of bribes and corruption.

For these issues, the CSR Staff Office has drafted a proposal and received input from the Compliance and Risk Management Subcommittee, the CSR Staff Subcommittee, and the main overseas Teijin Group companies. At the Board of Director's meeting, we received valuable

advice from individuals with broad global and overseas experience, and we incorporated this advice into our code.

The revised Code of Conduct is available for review on our Web site.



Teijin Group "Corporate Code of Conduct" Website
<http://www.teijin.co.jp/english/about/about04-09.html>

CSR Basic Policy

1. Fulfill its social responsibility through Teijin Group's Corporate Philosophy and Corporate Code of Conduct.
2. Balance out Management and Business activities and CSR activities to work in harmony with society to continue Teijin Group's development.
3. Enhance communication with stakeholders to better understand the needs of society and incorporate CSR management.
4. Take voluntary actions on global environmental issues in the global society, and treat this as a priority.
5. Safety and disaster prevention is acknowledged as the highest risk management factor, so risk management is focused on these.
6. Under the acknowledgement of the stakeholders, the employees shall deploy safety and health activities.
7. CSR activities are promoted on the common level of the Teijin Group and alternative activities performed by group companies are also promoted.

Medium and Long Term Issues

(Established on February 2006)

1. Thorough Enhancement of Basic CSR

Thoroughness of CSR activities in each of these fields: corporate ethics, compliance, risk management, ESH (environment, safety and health), disaster prevention, PL, and quality control.

2. Strengthening of Extended CSR

Under the coordination of each of the main divisions, promotional support will be given through CSR in the fields of human resources, labor, purchase and distribution.

(1) Strengthen work-life balance of the employees.

Responding to measures for the low birthrate and a rapidly aging society as well as establishing a volunteering system.

(2) Consideration of Diversity

Hiring more female workers, hiring more local staff overseas, and supporting senior citizens and the physically challenged.

(3) Provide adequate request and assistance for the supply chain dealing with CSR.

3. Promotion of Selective CSR

(1) Provide assistance in social contributing activities on the local level.

(2) Common philanthropic issues that are promoted by the group will see new efforts being taken in a) the conservation of nature, b) international relations, c) social education.

(3) Assistance for employees who are engaged in volunteer activities (including re-examining HR, benefit and welfare programs.)

Standardizing the Standard of Conduct According to Country

Under the common code of conduct around the world, a more concrete corporate ethics was defined, and the Teijin Group has announced that this will become standards of conduct. We have distributed the English version of this in the past, but due to differences in policies, lifestyles, and culture, it was not utilized to its fullest.

So the person in charge of the Corporate ethics in CSR Staff Office was dispatched to China, Indonesia and Thailand to present a brief orientation session calling for the establishment of the standards of conduct according to each country. It took one year to collect information from the local and the dispatched

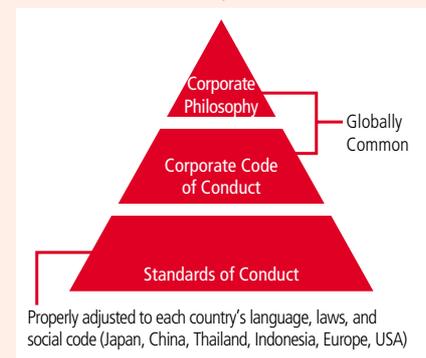
staff. At the end, the CSR Staff Office examined all the related documents from around the world, making sure there was no disagreement between the world common code of conduct and the standards of conduct of each country, and established a new standards of conduct in the end of fiscal 2005. For example, in the Chinese standards of conduct, we integrated the importance of working together with



From left side books of standards of conducts, USA version, Thailand version, Chinese version, Indonesia version

Japan, creating a diverse standards of conduct for each country. The United States, Europe, China, Indonesia, and Thailand are the five regions that have new standards of conduct since FY2005.

Corporate Code of Conduct / Standards of Conduct System



Corporate Code of Conduct of the Teijin Group

Established on June 17, 1993 Latest revision: March 1, 2006

(Environment, Health and Safety)

1. Respect human life and give due consideration to the environment, health and safety

The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities as well as to exist in harmony with the natural environment and to cherish nature and life.

(Relations with Society)

2. Contribute to Society

The Teijin Group contributes to society through its operations. In addition, from the perspective of promoting mutually beneficial coexistence with society, the Teijin Group conducts appropriate activities to contribute to society as a responsible corporate citizen, mainly through participation in and support for the fields of science, education, culture, and athletics, as well as the preservation of the environment, prevention of disasters, and rescue operations.

3. Respect cultures and practices

In conducting its operations on a global basis, the Teijin Group respects the cultures and practices of the country or the region in which it operates.

4. Respect stakeholders

In conducting its operations, the Teijin Group respects the interests of its stakeholders, including shareholders, employees, customers, suppliers, local community residents and others, and strives to engage in dialogue with them.

In addition, with the exception of trade secrets and other confidential information, the Teijin Group is committed to disclosing publicly, in an appropriate manner, any information that is both related to its operations and important to society.

(Human Rights)

5. Protect human rights

The Teijin Group respects the human rights of people involved in its business activities and does not allow child or forced labor. With respect to these policies, the Teijin Group strives to obtain the positive understanding and cooperation of suppliers, who are also involved in the same supply chain.

6. Respect the personality and individuality of employees

The Teijin Group respects the personality and individuality of its employees and accepts their diversity including nationality, gender, religion and attributes. The Teijin Group also secures safe and comfortable working environments, while encouraging its employees to realize an affordable and abundant lifestyle.

(Customs)

7. Observe laws and customs

In conducting its operations, the Teijin Group observes the laws and customs of the country or the region in which it operates.

The Teijin Group also maintains upright and lawful relations with politicians and governments and avoids relations with any individual or organization that obstructs social order or its healthy operations.

8. Ensure fair and proper transactions

In its operations, such as procurement and product sales, the Teijin Group negotiates with every customer in good faith and observes fair and proper practices. In addition, the Teijin Group neither accepts bribery nor is involved in any type of corruption.

9. Respect intellectual property rights

The Teijin Group acknowledges intellectual property rights, including trade secrets, and vows not to violate the rights of other companies or groups, as well as to protect and preserve its own intellectual property rights.

10. Maintain accurate and complete records and protect confidential information

The Teijin Group maintains accurate and complete reports and other records in accordance with relevant legal and other requirements, and ensures they are stored safely. The Group also respects the confidentiality of its trade secret and personal information and pledges not to disclose such information to external parties.

Feature 2 Strengthening Compliance System

Striving for a Corporate Identity with an Open Policy to Never Repeat Mistakes

We are educating ourselves from past mistakes to prevent them from ever happening again. Also, by improving the direct CSRO hotline, we can ensure transparency in internal reports. And by educating our employees about our corporate ethics, we are striving to heighten compliance awareness.

Enhancing Our Compliance Activities after the Scandal in March 2004

The Teijin Group is conducting its activities with our corporate ethics and a law-abiding spirit, using “Safety is our number one priority” as a theme. However, as we reported in last year’s CSR report, there was a violation of the High Pressure Gas Safety Law at the Tokuyama Factory of Teijin Fibers Limited in March 2004, resulting in a governmental safety measure of a 20-day closing of our operations.

CEO Nagashima noted that he was extremely disappointed and called for action, urging all employees to receive training on corporate ethics based on the “Teijin Group Corporate Ethics Handbook”. At each group company, training sessions were held under the leader responsible for compliance.

Afterwards, Teijin Fibers Limited set March 11 as “Compliance Day,” and every year on that day, employees read the “Teijin Group Corporate Ethics Handbook” out loud and attend education and training seminars.

Exclusive Advice Given in Discourse

In December 2004, Teijin Eco-Science Limited Kansai Factory Osaka Marketing Department received an on-the-spot inspection by the Japan Fair Trade Commission, and accepted elimination measures in June, 2005*1. This case was based on vicious past customs, and the persons concerned were instructed in the Teijin Groups regulations.

The Mis-indication Problem of the Measuring Instruments

In October 2005, the measuring instrument for thickness*2 using Éj(gamma) ray that was being imported and sold by an American manufacturer through Teijin Engineering Limited was found with mis-indications about standards. It had already been sold and supplied to customers since 1990*3. This incident was reported by inside sources while compliance education and training were being enhanced and regular checks were being carried out. Actions were promptly taken through notification of the related offices. In addition, the persons concerned were instructed and punished in the Teijin Groups regulations.

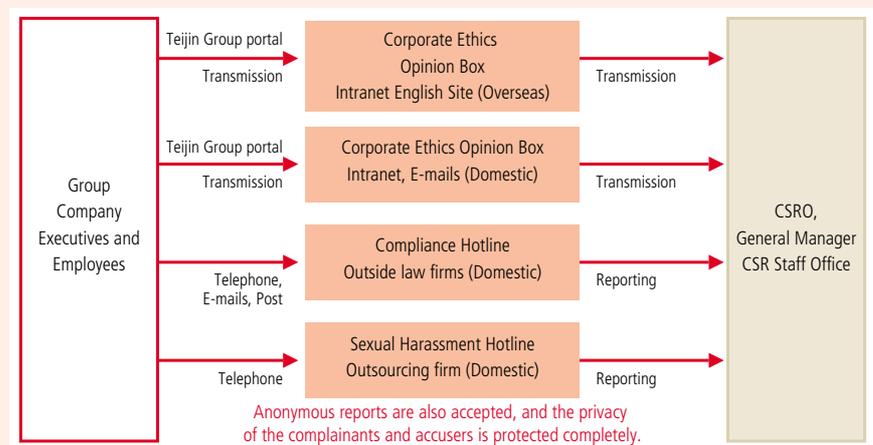
A Hot Line that Contributes to the Independently and Quickly Solution of Various Problems

The system of internal reporting and consultation first begin with the “speak out” system in 1999, where employees can directly talk or propose ideas to the CEO using the Teijin Group’s intranet. In 2003, the “speak out” corner on the corporate ethics homepage changed to the “corporate ethics opinion box”, which links the CRO (the present CSRO) directly to employees who had something to say. A “compliance hot line” that connects to an external law officer was developed as well. The sexual harassment hotline, which was outsourced since 1999, linked to the same system. Teijin Group have kept protecting the privacy of the complainants and accusers since many problems were solved thanks to the reporting.

In May 2005, all information collected by the hot line was disclosed for the first time within all the groups, without breaching the privacy of the complainants and the accused. As a result, interest in the hot line increased and the number of posts rose 1.5 from the previous year, to a total of 29. All information was disclosed again for the end of fiscal 2005 on

*1: Advice violating the regulations of the Antimonopoly Law was received for a competition whose order determined an order-received schedule, thus corrupting the bidding process for an environmental analysis project involving water and soil in the city of Osaka.
 *2: The machine which measures the thickness of a film sheet in the manufacturing process
 *3: After acquiring the selling rights in 1987, one of our U.S. affiliates began import sales of a different measurement apparatus. In 1990, when they began to sell instruments of a different standard for high-performance measurement, they were improperly labeling products with the existing standard because of lax procedures—and they continued to do so until their error was discovered. Although there was no direct safety risk and we provided proper data about the amount of ray leakage, meeting all safety standards, 12 companies sold 16 such machines to our distributors.

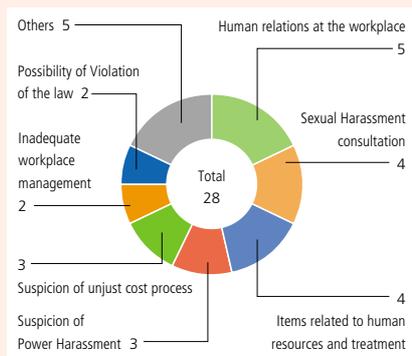
Teijin Group Hot Line System



the company intranet site and within the group, which again brought attention to some of the problems of corporate ethic that occurred in the company.

In FY2005, there were 28 cases within all three lines, enabling the company to solve these reported problems independently and quickly. In addition, in response to the public-benefit report company protection policy enforced in April 2006, we revised the regulation for hot line management of corporate ethics regulations, and decided to receive reports from suppliers and customers as well.

Breakdown of Cases and Reports in FY 2005



The ESH Compliance internal audit training seminar held at the Osaka head office in September 2005. The number of participants grows with each seminar. While a few social problems remain within the groups, we feel that the employees awareness of corporate ethics is improving.



A "global top meeting" for the presidents of overseas group companies was held for the first time in September 2005 in Singapore. Common values were discussed and opinions were exchanged with extended business group members. During the risk management seminar, for example, a case study on how to handle tempting bribes was held.

Employees Wishing to Participate in the Internal Audit Training Seminar Increases

Aiming at strengthening of the compliance relevant to ESH (environment, safety, health), the compliance internal audit training seminar started for the domestic group company in January 2005. This seminar educates the employees on laws regarding ESH, distributing a paper to test the understanding and see who qualifies to become an internal auditor. By March 2006, the test was held four times, with the number of participants increasing every time. A total of 236 qualified to become internal audit members.

Those who qualified are being trained and coached by each company, division and factory on internal audit systems and laws for EMS (environmental management system) and OHSMS (Occupational Health and Safety Management System) procedures.

Striving for an Open Policy and Reforming the Employee Consciousness

In recent years, the demands for corporate CSR are increasing, and "corporate ethics" is one of the most important drivers of CSR. The Teijin Group dubbed October 2005 "Corporate Ethics Month," and president Nagashima posted a message to all group executives and employees stating that, "A company cannot continuously develop soundly unless we fulfill our corporate responsibilities to society."

The Teijin Group takes violations of compliance seriously, for we are aiming for 100% participation rates in corporate ethics education. We are strengthening our monitoring procedures to prevent recurrences, and to bring about an open company policy to improve our employee's compliance consciousness. (➡P33)



Using the poster for Corporate Ethics Month, CEO Nagashima leads the group promotion.

Main Activities During Corporate Ethics Month

- 1) CEO Nagashima posted a message concerning activities for the Corporate Ethics Month
- 2) Posters about the Corporate Ethics month were displayed
- 3) Posters cautioning employees against sexual harassment were put up
- 4) Quizzes were posted on our intranet to raise awareness of sexual harassment (A power harassment quiz was posted for FY2005.) (➡P34)
- 5) A corporate ethics awareness questionnaire survey took place on about 10% of group company employees working in Japan
- 6) Group executives received "Compliance E-learning" training concerning laws and regulations related to work for company members (➡P33)

Feature 3 Progress of Teijin Group's Recycling Business

"ECOCIRCLE®" a Never-Ending Ring of Recycling Resources

The Teijin Group leads with our complete recycling resource system, "ECOCIRCLE." This system turns polyester products into raw materials, and raw materials into products, in a never-ending ring of recycling resources. It is used in Fibers, PET bottles and other products.

The "ECOCIRCLE®" Complete recycling system

Teijin Group's development and commercialization of the world's first chemical recycling technology*1 for polyester allows polyester fibers and PET bottles to chemically decompose and be converted into new polyester raw materials*2 equal in quality to those made from petroleum. This enables us to reproduce polyester fibers and PET bottles many times over. The "ECOCIRCLE" complete recycling system has attracted enormous attention from the ecological community.

A "fiber-to-fiber" recycling has been operating since 2002. Each year, more companies begin using this system. At present, there are seventy companies participating in this system, and together with them the Teijin Group is overseeing product development, collection and recycling. Our "Bottle-to-Bottle" business began in 2003 as well. In the future, we hope to develop a "film-to-film" system as well.

Steady Expansion of "fiber-to-fiber®" Recycling

Since the establishment of the "fiber-to-fiber" technology, the rings of the "ECOCIRCLE" have grown steadily. In the beginning, the members of the "ECOCIRCLE" were limited to apparel makers and wholesalers who manufactured uniforms. Now, the members include companies manufacturing interior goods, student uniforms, school PE uniforms, and sportswear.

For example, when female Yakult salespersons needed their uniforms renewed in FY2005, we collected their old uniforms and used them as recycled polyester fiber. The "ECOCIRCLE" was also used for similar purposes for Matsushita Electric Industrial Co., Ltd. and Hitachi, Ltd.'s workers' uniforms and Kumamoto Prefecture Minamata City Office's staff uniforms. Renewal of the uniforms at the Minamata City Office was the first case in which the "ECOCIRCLE" was used.

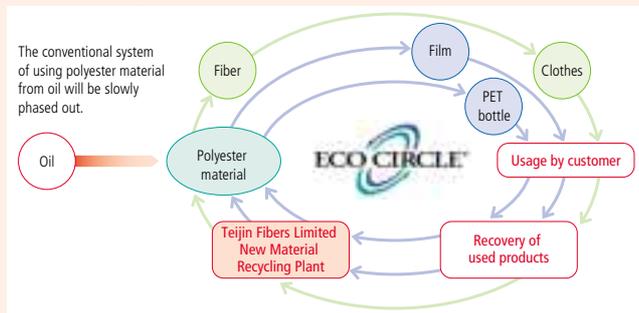
Other who have expressed an interest in participating in the "ECOCIRCLE" include general clothing companies such

as Patagonia, Inc. (→Topics "ECOCIRCLE" spreads around the world), AEON Co., Ltd, and the ASICS CORPORATION. As a large retail business, AEON's first participation in the "ECOCIRCLE" was to deploy and collect clothing bearing their private brand, "SELF @ SERVICE," aimed at women in their 20-30's, and use the "fiber-to-fiber" recycling system to re-sell the clothes as new.



The Minamata employees "cool biz" work shirt, which will be worn by employees starting in June 2006, uses "ECOCIRCLE".

"ECOCIRCLE" System



Advantages of "Bottle-to-Bottle" Recycling and Future Outlook

Teijin fiber tested "Bottle-to-Bottle" recycling and material recycle, which uses the fiber from PET bottles just once, to ascertain their energy resource productivity*3. We discovered that "bottle-to-bottle" was 2.4 times more efficient in resource capital than material recycling.

However, due to PET bottles being shipped abroad these past few years, it has become more difficult to collect an appropriate amount of recyclable PET bottles. Since "bottle-to-bottle" recycling was proven to be efficient, we are trying to develop a steady flow of incoming bottles and are seeking the aid of governments and municipalities.

*1: New material recycle technology, LCA's Research Results
According to a LCA (life-cycle assessment) report, the production of polyester fibers using "fiber-to-fiber" recycling consumes 84% less energy and emits 77% less CO₂ than the production of polyester fibers from petroleum. (Ministry of Economy, Trade and Industry Fiber Products 3R Promotion Meeting. "Report on Fiber precuts LCA Research," October 2003.)

*2: Dimethyl terephthalate

*3: This indicator shows if the level of efficiency has added financial value. It is calculated on the basis of the financial value of the product and services, divided by resource energy.

Toward the Creation of a Recycling-Oriented Society

Polyester accounts for 40% of fiber production worldwide, but the percentage recycled is still very low. With the depletion of oil resources and increase of waste, the recycle of polyester using oil as a raw material should play a big role the creation of a recycling in society.

However, in order to develop a recycling in society, it is necessary for each and every person to change their attitude towards the environment. This is not something that Teijin can do alone.

(➡Advantages of “Bottle-to-Bottle” Recycling and Future Outlook). It is important to get understanding and cooperation from the customers and companies supporting the “ECOCIRCLE.”

A successful approach to this challenge is “CLUB-E²,” which was established with the cooperation of sportswear

manufacturers such as ASICS CORPORATION., TOMBOW Co., Ltd. (formerly Teikoku Co., Ltd.) and MIZUNO to recycle school physical education (PE) uniforms. This study was undertaken to achieve environmental protection as well as business growth in the area of school and PE uniforms. Group members collaborated to appeal for increased awareness of their cause, and to demand deregulation. With the cooperation of NPOs, we have worked to broaden and promote recycling with the government and local communities, and to raise awareness of environmental issues.



An easy-to-understand pamphlet for elementary school children about the “fiber-to-fiber” and “Bottle-to-Bottle” recycling system

The Perpetual Complete Recycling Technology Receives High Praise

We have received the following accolades for our role in trying to create a recycling in society by introducing highly advanced recycling technologies in 2005.

(➡P18)

“Good Design Award”

(New Field Design Section/Society Infrastructure Design) Japan Industrial Design Promotion Organization

“Love the Earth Award”

Japan Association for the 2005 World Exposition “The 15th Nikkei Earth Environment Technology Award”

Nihon Keizai Shimbun, Inc. (Japan Economics Newspaper)

“The Third Japan Environmental Management Award”

(Creative Environmental Project Award) Japan Environment Management Award Committee

Topics

“ECOCIRCLE” Spreads Around the World

A recycling program started in cooperation with Patagonia, Inc. which is world famous and has lots of fans in the world and a Ventura, outdoor gear and apparel manufacturer, in which Teijin Fibers Limited uses the “ECOCIRCLE” system to recycle Patagonia’s Capilene baselayers (underwear) since september 2005.

This was one of the first activities of the “ECOCIRCLE” outside of Japan. The “ECOCIRCLE” has been receiving attention from North American and European companies who handle polyester fiber products. We are going to try proposing actively from now on for these companies.



Recycle box at a shop of Patagonia, Inc.

Topics

Complete Recycling with “Necktie to Necktie” Recycling

Tamaki Corporation. was founded in 1961 as a manufacturer of ties of uniforms for governments, corporations and schools. Now we are working in collaboration with Teijin Fibers Limited, using their “fiber-to-fiber,” “ECOCIRCLE” recycling system to collect and recycle neckties for a “total complete recycling of polyester neckties”. We would like to do our share to promote a recycling society. Our product was praised by the recipient of the Nobel Peace Prize, Wangari Maathai, and sold as Itochu Co., Ltd.’s licensed product “MOTTAINAI”—a Japanese expression indicating that we should not be wasteful.



Tamaki Corporation. President and CEO Harumi Tamaki

News Flash

There are Important Reporting Topics except “Highlights” for FY2005

Involvement with WBCSD

The WBCSD (World Business Council for Sustainable Development) was established in 1995 and brings together about 180 companies who share a commitment to sustainable development through economic growth, ecological balance and social progress. At the general assembly meeting held in Nagoya in June 2005, CEO Nagashima and CSRO Katayama participated as representatives of Teijin, which is a corporate member. In 2006, with the goal to creating a long-term vision for sustained support of the Biochemical Industry, plans for a “WBCSD Chemical Center Project” will be launched under the cooperation of corporate members. Teijin will be participating in this project.



Promoting Biomass Fuel to Reduce CO₂ Emission

At Teijin Techno Products, the implementation of an in-house power plant boiler for biomass fuel at the Mihara Factory will be completed at the end of FY2006. This biomass fuel plan is registered in Japan’s Ministry of the Environment’s 2005 Voluntary Emissions Trading Scheme (JVETS) and is also scheduled to participate in the domestic greenhouse effect gas emission trading project. The existing dust coal boiler is utilized and the Matsuyama Factory is also considering mixed combustion utilization of biomass and coal in an existing dust cool boiler. (➡P22)

Teijin Group is Awarded the IR Excellent Corporation Award

The Teijin Group was selected as the winner of “the 2005 Japan Investor Relations Association’s IR Excellent Corporation Award”. This was the 10th year of the award, conferred upon a company that understands IR deeply, actively pursues proper measurements and tasks, and has strong support from the market based on significant achievements. The award highlights key company qualities such as striving for proper disclosure, the relationship between the IR section and management, the accumulation of information required for good investment judgment, and explanations about corporate governance.



Award Ceremony of “IR Excellent Corporation Award 2005”



Responding to Asbestos Issue

Seeing the intensity and the importance of the asbestos issue in 2005, the Teijin group has proceeded to address this problem within the company. Three of the main steps taken were (1) Implementation of employee medical examination for asbestos, (2) Exposure prevention of the asbestos dust, and (3) Replacing the material containing asbestos with the one not containing asbestos.

For the employee medical examination for asbestos, standards were set for all of Teijin Group’s former employees. In FY2005, announcements were mailed to about 11,000 people, 900 of whom followed up with the health check. This asbestos health check for former employees will continue until FY2008. At present March 2006, there were four former employees (all deceased) who were diagnosed with mesotheliomas caused by asbestos, and we are doing our utmost to provide certification to those four employees’ families so that they can receive the Workers’ Accident Compensation Insurance.

For the replacing of material containing asbestos with material that does not contain asbestos, we have divided up products containing asbestos into dispersing, non-dispersing, semi-dispersing, and fugacious categories to handle all risk that may be involved with asbestos. The disposal of the fugacious asbestos possibly sprayed onto exposed areas was completed before the March 2006 deadline. Regarding the insulators and fire resistant materials that contain semi-dispersing asbestos, an alternate method is being prepared for March 2008 for use of these items in highly exposed areas.

Conditions for Adopting the SRI Index

Teijin Limited has been a member of the FTSE4Good Index Series and of the Ethibel Sustainability Index, two major international indicators of SRI. Furthermore, we were recently named as one of the 150 companies listed on the domestic Morningstar Socially Responsible Investment Index.



Our Recycling Technology has Received Numerous Awards

Teijin Fiber's recycling of new materials was awarded the "Good Design Award" in the "New Frontier Design Category" sponsored by the Japan Industrial Design Promotion Organization. The design showed the company leading the industry and society in this field. All group companies using the new recycle system material will be using the G-mark from now on, and this will help advance and promote the company's environmental activities.

Furthermore, the "Bottle-to-Bottle" recycling system was selected for the "Love the Earth" award as one of the 100 top technologies helping to solve a portion of the earth's environmental problems at the 2005 World Exposition in Aichi, Japan. (➡P15)



Recognition shield of the "Love the Earth" award



G-mark

Teijin Twaron Receives the AWWN Social Innovation Award

In December 2005, Teijin Twaron received the AWWN Social Innovation Award from Holland's general employers association (AWNV), the equivalent of Japan's Keidanren. At Teijin Twaron, a lifetime savings system was established as a new system for payment procedures for those seeking early retirement or vacation time. As a result, the employees were able to save vacation days up to three months, which can be used for early retirement or summer vacation. Those taking pregnancy leave are now able to take up to six months off. In Holland, where the government raised the pension age from 62 to 65 to terminate early retirement funds and preserve pension funds, Teijin Twaron's vacation savings system was supplementing the national innovation system, and was thus highly praised.

Opening of the Hasegawa Laboratory - the First Fellow

The "Teijin Group Fellows" was established in July 2005 to foster new technicians and researchers, the development and progress of proactive and technical skills, and the advancement of research development skills and fundamental technological development in the entire Teijin Group. Mr. Kinji Hasegawa, a long time member of the Teijin Chemicals Ltd. various film development and research groups, became the first Fellow. The "Hasegawa Laboratory" was established under the direct guidance of the CEO. The Hasegawa Lab intersects with the Teijin Group and will promote hi-tech development in the film domain for the entire group business. (➡P38)



The first Fellow, Mr. Hasegawa

President Iizuka Receives the Nantong Honorary Citizen's Award

In Nantong, China, a Nantong Honorary Citizen Award is given every year to those who have contributed to society in cultural and financial aspects. There was only one recipient of the award in 2005: Shiho Iizuka of the Nantong Teijin Co., Ltd. President. Qualifications for receiving this award include the large amount of investment in facilities, the invitation of the car seat business of Teijin Modern Yarn Co., Ltd., and the support given to the Chinese Labor Union (Koukai). Especially, the support for the Koukai was regarded highly and interviewed for the local Koukai Newspaper.



Award Ceremony of Nantong Honorary Citizen Award

Other Topics

"ECOCIRCLE" Spreads Around the World (➡P16)
 Complete Recycling with "Necktie to Necktie" Recycling (➡P16)
 Re-examining Everyday Lifestyle through "Eco-Marathon" (➡P22)
 Enforcing Soil Pollution Decontamination at the Osaka Research Center (➡P22)
 Implementation of Oil Fence Drills (➡P26)
 Activities at Mihara Factory is Award the JCIA / JRCC Safety Award (➡P27)
 Teijin's Technologies Play a Key Role in the Protection of Airbus Parts (➡P31)
 Technola® rod: Effective Use of Thinned Wood (➡P32)

Raising Awareness of the Personal Information Protection through E-Learning (➡P36)
 Promoting Interaction between the CEO and the Employees (➡P38)
 Providing Diversity Measures and Policies from Outside Companies (➡P40)
 Creating Technology and Target Strategy (➡P42)
 A Wide Range of Social Contribution Activities are Developed in the Netherlands (➡P44)
 Protect the Natural Forest within the Factory Grounds in Luxemburg (➡P45)
 Promoting the Understanding of Teijin Group through Internships (➡P46)
 Communication with the Customers in the Medical Field (➡P46)

ESH Management

The Environment, Disaster Prevention, Safety and Health are Integrated, and Managed in the Concept of PDCA Cycle

In accordance with our corporate philosophy, we have determined the Teijin Group Global Environmental Charter, Activity Goals and Basic Policies on ESH. We have established integral management concerning the environment, disaster prevention, safety and health issues. We set our midterm plan and activity goals and we will continue to improve the system.

Group ESH Management Organizations

The Teijin Group has established the Group ESH Subcommittee under the Group CSR Committee (➡P10) to unify and promote environment, disaster prevention, safety and health issues. The Group ESH Subcommittee is comprised of the chairperson of each business group's ESH committee and the Corporate staff, discusses and determines group policies, midterm targets, and yearly priority activities. It also periodically audits the status of ESH activities.

ESH General Assembly and Debriefing Session

In addition to the ESH audit, the Teijin Group has held the general assembly and debriefing session concerning ESH activities, to gather all of that year's those activities, to review by the Directors, and to attempt a continuous improvement for the next fiscal year. At the group's ESH debriefing session, each business group's ESH activities are reported by the head of groups to CEO. The directions to those reports are examined in the Group ESH Subcommittee, and are reflected in group activities the following year.

The Teijin Group Global Environmental Charter

To fulfill the Teijin Group's corporate philosophy that "We place the highest priority on safety and the preservation of our natural environment," we will:

1. Carry out business activities with a priority on environmental conservation and safety. Also, we will provide products and services that harmonize with the global environment.
2. Strive to reduce the environmental impact through efficient use of resources and energy, as well as through product recycling.
3. Cooperate with local and international communities using our expertise and technology to help conserve the global environment and promote society's sustainable development.

Teijin Group's Basic Policies on ESH

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

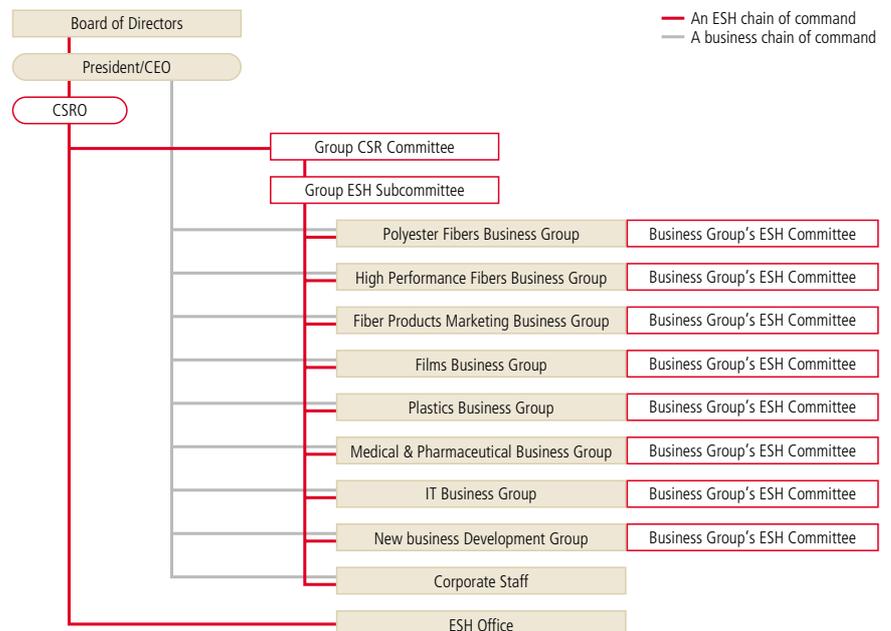
Description of ESH Audits and the Auditors

	Description of ESH audits	Auditor	FY2005 Audit Results
ESH audit I	ESH audits at production sites	Chairperson of business group's ESH committee	Domestic 25 businesses, Overseas 8 businesses
ESH audit II	Audits mainly concerning environmental activities	Same as above	Once for every 8 business groups
ESH audit III	Audits of the results of ESH audits conducted by individual business groups	CSRO	Carried out for 8 business groups and individual management companies

Midterm Targets and Results

Items	Numerical Target of FY2005	FY2005 Results
Discharge of harmful chemical substances	50% decrease since FY1998	63% decrease since FY1998
Energy efficiency	1% increase per year (7% increase since FY1998)	8.6% increase since FY1998
Discharge amount of no-efficient-use waste	50% decrease since FY1998	63% decrease since FY1998

ESH Promotional Organizations



ESH Educational Programs

To enhance the ESH management in overseas and domestic group companies, the Teijin Group offers educational programs to those involved with ESH management and activities.

The educational programs were established in 2002 for domestic group companies' management, but gradually broadened to overseas business groups as well. It is offered once a year in Japan and every two years in Southeast Asia, North America and Europe.

In Japan, a record-breaking 103 people in workshop participated in FY2005, and in North America and Europe, the workshop was held two years consecutive-ly to raise awareness of ESH activities there.

Midterm Plan

For the new Midterm plan, which will begin from FY2006, we stipulate strategies to tackle environment, disaster prevention, safety and health issues as well. Aiming at our midterm targets, the entire group will endeavor to enforce the measures and policies with the total and integrated management.

ESH New Midterm Targets: Issues and Strategies

Common Targets

1. **Strengthen the foundation of ESH management**
 - 1) Improve ESH assessment system
 - 2) Reinforce ESH educational program
 - 3) Foster ESH staff
 - 4) Evaluate the introduction of ESH statute system
 - 5) Organize ESH related guideline
2. **Implementation of ESH activity for supply chains**
 - 1) Cooperation activities with subcontractors at the factory
 - 2) Examine the expansion of CSR supplies
3. **Communication with society**
 - 1) Enhance and establish local risk communication activities
 - 2) Consider the publication of the ESH report to businesses and factories

Environment

1. **Active engagement in global environmental issues**
 - 1) Prevention of global warming
 - 2) Chemical substances management
 - 3) Waste management
 - 4) Green procurement of raw and processed materials
 - 5) Education of global environmental issues
2. **Decontamination and prevention of soil and groundwater pollution**
 - 1) A complete pollution prevention guideline
 - 2) Pursue groundwater quality in suspected areas of pollution
 - 3) Handling soil pollution by oil

Disaster Prevention

1. **Implement preventive measures for major accidents and disasters**
 - 1) Disaster prevention power difference correction between groups
 - 2) Preventive measures for high risk facilities
 - 3) Implement disaster prevention checks
2. **Strengthen measures for major earthquakes**
 - 1) Re-examine the guideline and facilities for securing the safety of employees and their families
 - 2) Consider the measure in the base of "business continuity plan"
3. **Contributing to society through disaster prevention**
 - 1) Cooperation of disaster prevention measures with the local community and municipalities
 - 2) Contribute to society through educational training for safety and disaster prevention

Safety

Promote effective prevention of accidents at the workplace

- 1) Establish a rate numerical target of lost-time injury frequency rate
- 2) Thoroughness of work risk assessment
- 3) Establish and revise of machine design assessment
- 4) Prevention of accidents caused by human error

Health

Promote and secure employee's health conditions

- 1) Handle asbestos issues
- 2) Investigate and promote measures for risks from harmful chemical substances
- 3) Promote mental health care
- 4) Promote closed off smoking areas
- 5) Prevention of diseases associated with adult lifestyle habits

New Midterm Targets

Classification	Target	Contents
Accidents and disasters	Entire group	Zero serious accident/disaster (Level A ESH-related accidents/disaster under the Teijin Group Rules)
Global warming	Domestic	Reduce CO ₂ emission by over 10% by FY 2010 compared to FY1990.
	Overseas	Reduce CO ₂ discharge unit by 1% compared to the previous year
Chemical substance	Group	Reduce the discharge amount to the environment by over 30% by FY 2011 compared to FY2005.
	Domestic	Reduce the VOC (volatile organic compound) substances found under the Legal provision of the prevention of air pollution by over 50% by FY 2010 compared to FY2000.
Waste	Group	Reduce the no-efficient-use waste*1 by over 50% by FY2011 compared to FY2005.
	Domestic	For factories and plants emitting over 500 tons of waste in one year, achieve the Zero Emission*2 by FY2011.
Lost-time injuries frequency rate	Group	Sustain the rate of lost-time injury frequency to under 0.3 by FY2007.

*1: Waste going into simple incineration or landfill disposal.

*2: Reducing the amount of no-efficient-use waste to less than 1% of the total amount generated.

Environmental Performance

Various Measures Taken to Reduce Environmental Impact in All Life Cycles

By understanding the various environmental impacts caused by business activities in the entire life cycle, we can establish positive measures and aims to reduce the environmental impacts from each factory and office, while at the same time reducing the environmental impacts caused by products.

Environmental Impact of the Teijin Group

The Teijin Group's operations affect the environment impacts in several ways, usage of energy, water consumption and its production processes generate chemical substances and others impacts. Observing the rules and regulations for environmental impacts with local governments, the group is tackling various activities to reduce overall environmental impacts.

It is necessary to consider the environmental impacts brought on by the consumption, use, and disposal of products by customers of the Teijin Group. For this reason, the environmental impact of the product is considered, recyclables and reusability are pursued, and the development of new functions to reduce this impact is being pursued.

*1: [Energy-saving index] = [corrected amount of energy saved] / [Energy consumption in FY1998 (based on heavy oil)]
 *2: [Corrected amount of energy saved] = [amount of energy saved each fiscal year (based on heavy oil)] x [FY1998 production] / [production in each fiscal year]

Prevention of Global Warming and Energy Conservation Efforts

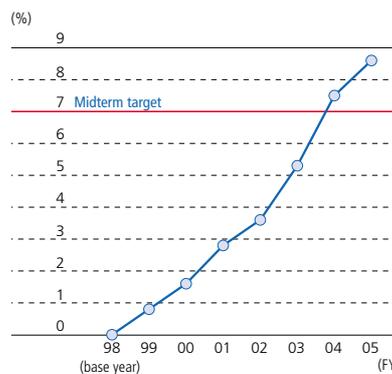
Midterm Target (1998-2005)
 To improve energy efficiency by 1% per year by the end of FY2005, using FY1998 as the base year.

The Teijin Group is working to improve energy efficiency to prevent global warming by promoting energy conservation. In our group, we express energy efficiency in terms of the energy-saving index*1 and have been tackling to improve the energy-saving index by 1% per year, which means that we carry out the corrected amount of energy saved*2 equal

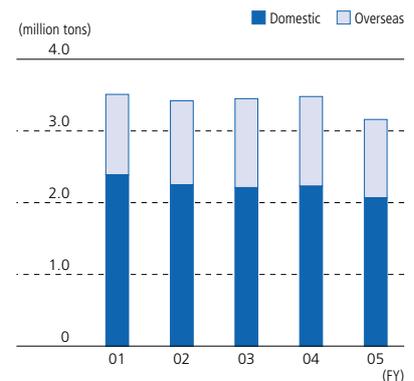
to 1% of the amount of the energy used in the base year. For FY2005, the energy-saving index improved by 1.1 point by ratio over FY2004, and by 8.6% in total over the seven years since FY1998.

The Teijin Group's CO2 emission in Japan for FY2005 was 2.07 million tons, a 17.2% reduction compared to FY1990. However, it is expected that advances in production and in expansion will increase that amount to 2.40 million tons by FY2010. Considering this, in the new midterm plans launched in FY2006, we are following the Kyoto Protocol established in February 2005 and set a goal to reduce the CO2 emissions in Japan by 10% in FY2010 compared to FY1990.

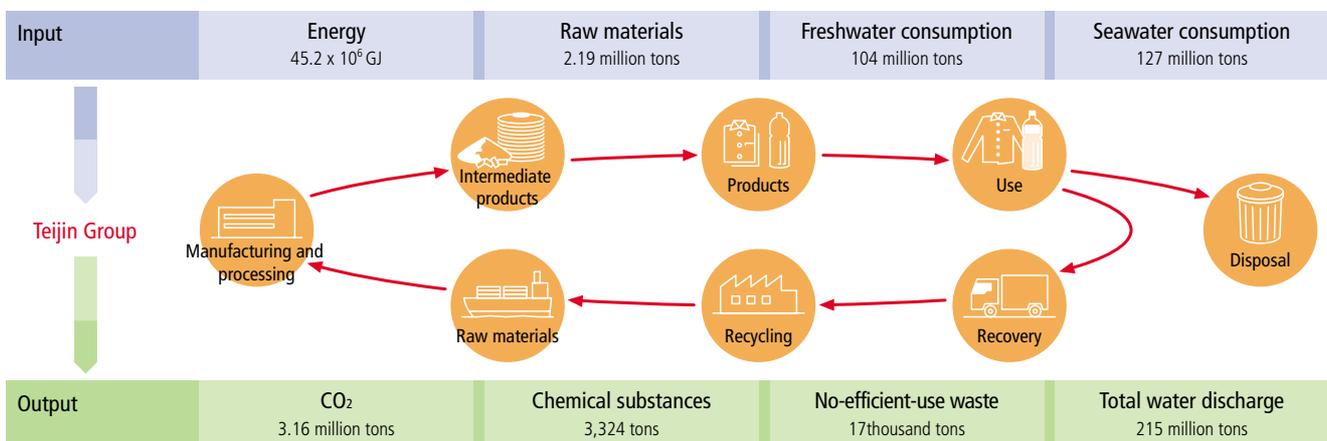
Trends in Energy-saving Index



Trends in CO2 Emissions



Environmental Impacts of the Teijin Group in 2005



From now on, reduction of CO₂ emission will be further handled and tackled by implementing biomass fuels and other energy conservation tactics.

Furthermore, because of Teijin Akura's withdrawal from the group business, the overseas CO₂ emissions were reduced by about 200 thousand tons in FY2005. We will further improve on reducing CO₂ emission units and do our best to meet the target goals.

Promotion of Biomass Fuel

To further enforce reduction of CO₂ emissions, the group is utilizing in-house power plant boilers that use biomass fuel. Unlike conventional boilers that use coal, this boiler uses a fuel that can be recycled, thereby reducing the emission of CO₂. The Teijin Group will be using this biomass boiler at the Mihara Factory and the Matsuyama Factory. This will significantly help in the reduction of CO₂ emissions. For example, the boiler used at the Mihara Factory will make it possible to reduce CO₂ emissions by about 32 thousand tons a year which is equivalent to about 1.3% of all of Teijin Group.



Biomass Fuel Storage
At Teijin Techno Products (TTP), the Mihara Factory uses wood biomass fuels, such as bark, wood chips and construction waste, as well as recycled fuels, such as waste tires and RPF* as fuel for the boiler, which will be activated at the end of 2006.

*Refuse Paper and Plastic Fuel. A fuel that can be made with old paper that is unrecyclable and plastic waste.

Energy Conservation Efforts at the Office

The Teijin Group is participating in the "Team Minus 6%" campaign promoted by the Japan's Ministry of the Environment, cooperating in both the Cool Biz and Warm Biz campaigns in an effort to conserve energy at the office. As part of this effort, the Osaka headquarters was dubbed as the model energy conservation office, and began promoting energy conservation and natural resource

activities. The promotion period will last two years, from April 2005 to March 2007, and a detailed guideline will be established for future activities.

Furthermore, we are enforcing energy conservation in the everyday lifestyles of our employees. We have established an "Eco-Marathon" campaign where the employees will self-evaluate their own energy conservation methods practiced at home.

Topics

Re-examining Every Day Lifestyle through "Eco-Marathon"



Teijin DuPont Films
Japan Limited
Gifu Factory
Tomoko Itagaki

The "Eco-Marathon" in 2005 saw some 1,872 participating employees, with a total reduction of CO₂ emissions of 59,900kg. I also participated in this campaign and received a first-place certificate, although I didn't do anything particularly special. I feel that it is important to just get rid of any wasteful activity in your everyday life.

Of course, receiving this award is a boost, but more important is for the many employees participating in this campaign to participate in the overall energy conservation movement.

Topics

Enforcing Soil Pollution Decontamination at the Osaka Research Center

In October 2004, a voluntary survey on soil pollution was conducted in preparation for the sale of the land then used for an employee's recreational facility at Teijin's Osaka Research Center in Ibaraki City, Osaka. The survey results revealed pollution of soil and groundwater in part of the lot at concentrations exceeding the standards. We reported that to Ibaraki City immediately, decontamination of the polluted soil by an advice of the city began in February 2005 and the work is basically completed. We will continue to monitor

additional work left to be done, and if the control levels continue to stay within the standard levels, then our decontamination work has been successful.



Construction area of soil decontamination

Environmental Performance

Reduction of Chemical Substances Discharge

Midterm Target (1998-2005)
 To reduce the discharge of harmful chemical substances into the environment by 50% by the end of FY2005, using FY1998 as the base year.

The amount of chemical substance that the Teijin Group has discharged into the environment under the Class 1 chemical substances specified under the Chemical Substance Management Law*¹ (354 substances*²) and by the Japan Chemical Industry Association (280 substances*²) since FY1998 was 8,989 tons. We have established a midterm target of a 50% cut in releases of such harmful chemicals into the environment by the end of FY2005, and have implemented a system to recover the discharged chemical substances and promote the introduction of decomposition technology. We drew up a group guideline for reducing those which are most harmful and most residual substances to lessen the environmental

*1: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.
 *2: Considering overlapping listings by the Chemical Substance Management Law and the Japan Chemical Industry Association, the number of substances covered totals 480.

Trends in Chemical Substance Discharge



impacts of these chemical discharges.

In the new midterm target that began in FY2006, our aim is to reduce the discharge to the environment by over 30% by FY2011 in comparison to FY2005. We are also striving to reduce the VOC Substance amount specified under the Air Pollution Control Law by more than 50% by FY2010 in comparison to FY2005 in Japan.

Discharge Situation for FY2005

Due to the strengthening of the absorption and recovery of gas discharged into the air and the introduction of contact combustion processing, the discharged amount of these substances in FY2005 was 13.5% lower than the previous year, at 3,324 tons, a 63% decrease from FY1998, reaching our Midterm target. Within these numbers, the discharged amount for the Class 1 Chemical Substances Specified under the Chemical Substance Management Law was 1,938 tons, a decrease of 21.0% compared to the previous year.

The amount of chemical substances handled by the Teijin Group in FY2005 was 2.19 million tons, and the amount of specified substances that was discharged into the environment was 0.15% of that amount. 90.3% was dis-

charged into the air, 9.7% was discharged into water, and there was no discharge in the soil or landfill.

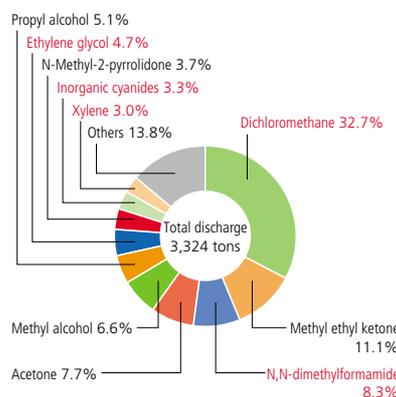
Air, Wastewater of Discharge and COD (BOD) Load

The Teijin Group generated 6.9 thousand tons of SOx in domestic group companies and 3.5 thousand tons for overseas group companies, for a group total of 10.3 thousand tons, representing nearly the same as FY2004.

The amount of industrial water (including groundwater) and drinking water used in FY2005 was 89 million tons for domestic group companies and 15 million tons for overseas group companies, totaling 104 million tons (including 31 million tons of groundwater) for the Teijin Group as a whole, representing nearly the same as the FY2004 level.

For the overseas group companies, we adopted each country's water standards and are working on the preservation of water resources as well. In parts of the domestic factories, we have implemented using 127 million tons of seawater instead of industrial water for cooling water on some of the equipment which can use seawater. The total amount of water discharged in this seawater was

Chemical Substances Discharged in FY2005

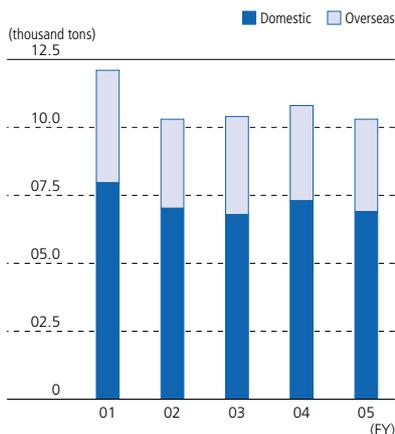


Note: The red letters indicate chemicals in class 1 chemical substances under the Chemical Substance Management Law

Class 1 Chemical Substances Discharged under the Chemical Substance Management Law

Name of Substance	(tons)
Dichloromethane	1,086.8
N,N-dimethylformamide	274.7
Ethylene glycol	157.6
Inorganic cyanides	110.5
Xylene	99.6
Toluene	92.3
Acrylonitrile	58.7
Zinc compounds (water-soluble)	10.0
Benzene	7.4
Acetaldehyde	6.4
Others	33.6
Total	1,937.7

Trends in SOx Emissions



215 million tons in 2005, which was about the same as FY2004.

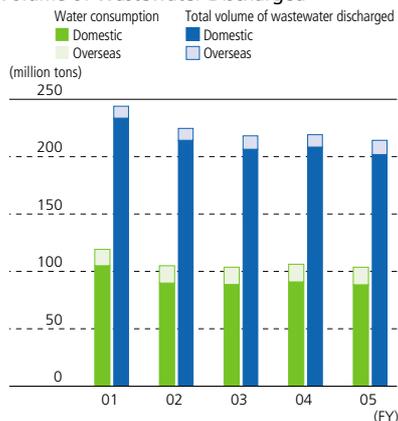
The amount of COD (Chemical Oxygen Demand) load and BOD (Biochemical Oxygen Demand) load following the drainage is tallied separately from FY2005. The total amount of the group's COD for FY2005 was 1,061 tons and BOD was 135 tons and the total amount was a 27% decrease from the previous year. This resulted from the stoppage in production at one of our overseas group company, which caused in a 17% decrease. We will continue to properly manage this on a daily basis.

Reduction and Management of Waste

Midterm Target (1998-2005)
To reduce no-efficient-use waste by 50% by the end of FY2005, using FY1998 as the base year.

The Teijin Group has changed its methods of industrial waste treatment from simple incineration, which leads to global warming, and landfill, which represents resource waste, to such methods as material, chemical and thermal recy-

Trends in Water Consumption and Total Volume of Wastewater Discharged

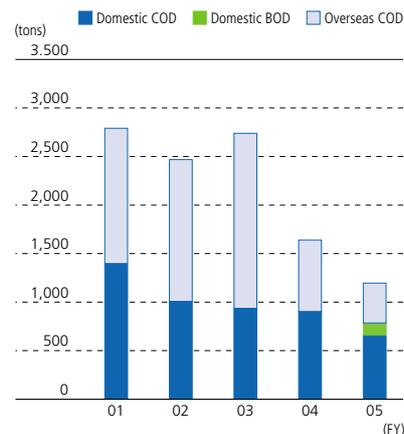


cling. After promoting the use of recycled waste products in many areas, the Mihara Factory and Hiroshima Plastics reached the Zero Emissions. There are now six domestic factories and two overseas factories that have reached the Zero Emissions.

In FY2005, the amount of no-efficient-use waste generated was 17 thousand tons, representing a 63% reduction from the FY1998 level of 46 thousand tons.

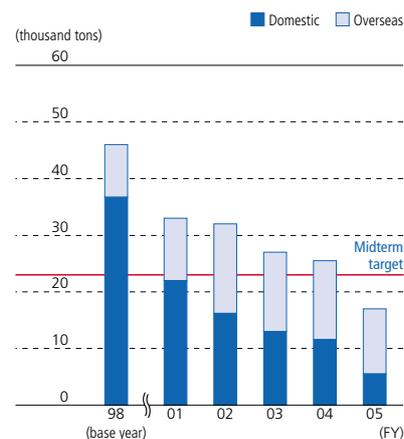
In the new midterm target for FY2006, the goal is to reduce the amount of no-efficient-use waste by 50% of FY2005 levels by the end of fiscal 2011. As part of our goal to reach the Zero Emissions, all businesses and factories in Japan that are discharging over 500 tons a year will be attempting to reach the Zero Emissions by the end of fiscal 2011.

Trends in COD (BOD) Load



Until FY2003, the COD (BOD) load was calculated by summing up the amounts discharged to terminal water treatment factories and directly into public water. From FY2004, the calculation base was changed to only include the amount discharged directly into public water.

Trends in Discharge of No-efficient-use Waste



Disaster Prevention, Safety and Health Performance

Securing a Peace of Mind for the Local Community, Safety and Health for the Employees

In order to secure safety for the local community and the employees, we have promoted various types of disaster prevention measures and communication activities with the local area.

We have also deployed various activities with OHSAS18001 at their core to protect the safety and health of our employees.

Disaster Prevention

In order to aim for the prevention of accidents and disasters such as explosions, fires, leaks or spills of hazardous/harmful substances, we are working on disaster prevention management in many ways. By making the group's common guidelines, we are promoting prevention activities such as education and drills, disaster prevention diagnosis and earthquake provision measures.

Moreover, accidents and disasters which affect local community are defined as serious accidents and disasters, information on the disclosure of leaks or spills of hazardous/harmful substances, building collapses, etc. will also be collected in addition to explosions and fires since 2003. We reveal this information within the group to

strive for recurrence prevention.

Achievements in FY2005

Following these achievements from our activities, we were able to reduce the number of serious accidents and disasters in FY2005. However, although there was no accident which impacted on the local community, there was one fire and one hazardous substance leakage accident. So while we are still working on accident and disaster recurrence prevention, and horizontal development in our group.

Following the hazardous substance leakage accident at Teijin Techno Products' Iwakuni Factory in May 2005, the facility received a temporary cease work order from the public fire department. The Group reflected upon this accident deeply and improved operation and

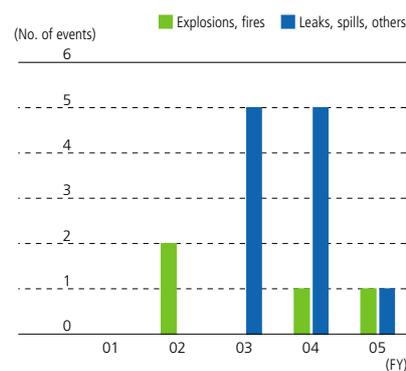
equipment management of hazardous substance facility and communication. We are further promoting the ability to prevent disaster for on-site facilities to prevent serious accidents and disasters.

Disaster Prevention Diagnoses

The Teijin Group has been implementing disaster prevention diagnoses by voluntary standard since 1980. Safety is assessed every five years by expert inspectors at key plants where large amounts of hazardous substances or high-pressure gases are handled.

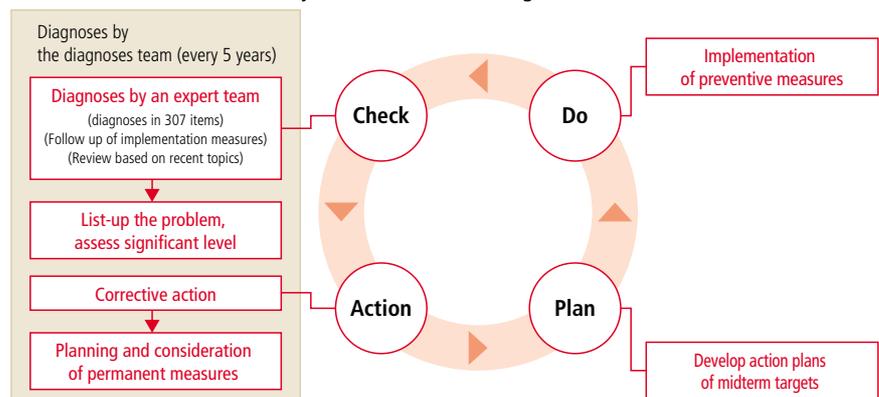
In FY2005, disaster prevention diagnoses were performed at four overseas companies (four plants) for the first time. Presently, diagnoses are ongoing at 25 plants, and we will continue to verify and strengthen disaster prevention framework.

Trends in the Number of Serious Accidents and Disasters



The number of explosions and fires in FY2001 were zero. The data of leaks, spills and others have captured since FY2003.

Disaster Prevention PDCA Flow by Disaster Prevention Diagnoses

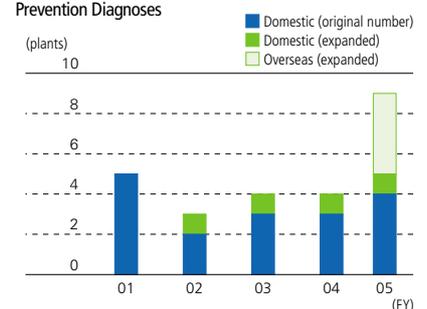


Disaster prevention drill at the Teijin Mihara Factory, performed together with the public fire department.



After disaster prevention diagnoses, displays on these pipes were improved and the chimney was renewed.

Trends in the Number of Plants that had Disaster Prevention Diagnoses



Total: 25 plants in 5 years

We have further adopted a mini disaster prevention diagnosis for smaller scale areas, such as hazardous substance storage areas, combustibles warehouses and boilers, to further perform substantial disaster prevention diagnoses in the future.

Prevention of Serious Accidents and Disasters

In view of the serious accident that occurred in and outside the group companies in 2003, the Teijin Group formulated the Teijin Group Action Plan for the Prevention of Serious Accidents and Disasters. We are determined to prevent disasters from occurring in terms of personnel, equipment and management.

In FY2005, we audited plants that had a very high risk of disaster to follow progress of the action plan. The result was that in all fields, the review and improvement of staff supplement plans, skills transferring plans, and equipment renewal plans and preventive maintenance system were being carried out according to the action plans.

In the near future, many veteran employees with highly specific skills are preparing for retirement, so we have established a disaster-prevention support

team to prevent the degradation of our preventive ability.

Seismic Measures

Following the Hanshin-Awaji Earthquake, we implemented measures to lower the damage during large earthquakes. Seismic diagnoses at 59 buildings in domestic companies were completed in accordance with the Earthquake-resistant Building Renewal Promotion Law. We are implementing seismic retrofitting and planning to replace buildings found to be non-compliant with the legal regulations.

In FY2005, seismic diagnoses at two of the affected buildings of companies that have newly joined the Teijin Group were performed. We will continue with risk assessment and seismic diagnoses for the buildings out of control the law alongside our risk management activities to further enhance earthquake countermeasures.

We have established an earthquake measures guideline where each group company will provide countermeasures in advance. Together with our risk management activities, we will further promote earthquake measures in the future.

Local Risk Communication

To fulfill our social responsibilities for accountability to the local community, communication measures are being taken with the local community so we can be known as a business with an open-door policy. Following the enforcement of the Chemical Substance Management Law in April 2001, the Teijin Group began exchanging information with neighboring town associations, school personnel, local governments, etc., at major domestic factories, to assure our neighbors that we will remain accountable for our management of chemical substances, environmental conservation, and disaster prevention.

From February 2002 to the end of FY2005, we were able to hold local risk communication session at nine factories in seven locations. We described ESH management at those factories to the participants and solicited their opinions, many of which turned out to be quite valuable. Tours of the factories were also held and through these activities we hope to deepen the understanding of our ESH activities. We will continue to hold regular risk communication sessions at our factory.

Topics

Implementation of Oil Fence Drills

On October 19 2005, the Teijin Limited Iwakuni Factory Port held an Oil Fence Extension Drill. This drill followed the ISO14001 correspondence training for emergencies. The drill situation was that a cargo piping junction section got separated due to an earthquake, and an oil spill from a tanker can be seen on the sea's surface. Activities such as lowering the boat by a crane, extension of the oil fence were handled by all participating

crew, to make sure they are able to reduce the impact of an actual situation.



Extend oil fence with a boat



In March 2005, 11 people from neighboring town associations, school personnel and local government representatives were invited to the Mihara Factory. The second local risk communication session was held following the first one in April 2003.

Disaster Prevention, Safety and Health Performance

Safety for Employees

Incidents caused by lost-time injuries in overseas group companies have tended to decrease, thanks to the unified efforts in ESH activities throughout the Teijin Group that began in April 2002. In domestic group companies, however, the number is less than a satisfactory level. For the new midterm target, we will aim for the number of lost-time injuries frequency rate*1 to under 0.3% by FY2007.

In 2006, we will have safety guidance for factories experienced accidents and conduct work risk assessments for small business sites that are not scheduled to acquire management system certification for occupational health and safety (OHSAS 18001). Since there are many fall

incidents every year, we are planning to promote fall-prevention strategies as well.

Prevention of Human Error

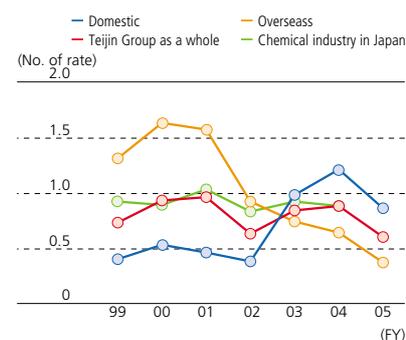
More than half of the labor accidents that occurred at the Teijin Group were caused by human error. Increasing awareness of the employees is indispensable for the implementation of labor safety measures. In order to raise awareness, the Teijin Group places a focus on the 5S*2 activity, Hiyari-Hatto activity, and checks the implementation of the 5S, the place pointed by Hiyari-Hatto in the safety patrol. We will further promote danger prediction activities and Finger-pointing and name-calling activities to raise all employees' consciousness of labor accident prevention.

injury by the interaction between machines and workers during establishing, remodeling and renewal procedures of the machines as well as specify the residual risks that might have been overlooked during the design stages. We will also work to reduce risks from hazardous chemical substances which are not listed under the regulations.

Promote the Certification of OHSAS 18001

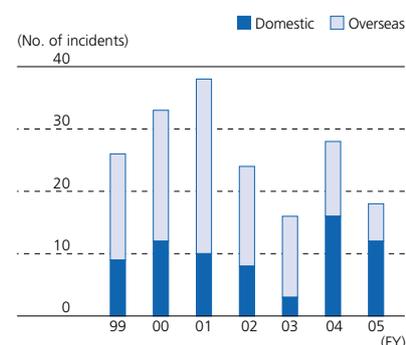
With the aim of further expanding and strengthening our safety management system, we have introduced the Occupational Health and Safety Management System OHSAS18001, in addition to reviewing the standards and rules. In FY2005, Kure Kogyo acquired this certification. Altogether, 12 domestic factories and seven overseas factories totaling 19 factories have acquired this certificate, and about 60% of the factories that wish to obtain this certificate have done so.

Trend in Lost-Time Injury Frequency Rate



Note: Frequency based on the number of direct employees injured seriously enough to lose work time or killed in accidents

Trend in Lost-Time Injuries



Note: Number of labor accidents affecting direct employees

Enforcement of Machine Design Assessment

The Machine Design Assessment Regulations were implemented in January 2001 before the holding company shifted to Teijin Limited, and from 2003, they were expanded to all domestic group companies. These regulations will attempt to reduce risks to the tolerable level of

*1 Number of persons injured seriously enough to lose work time or killed in accidents per million work hours
*2 5S = Neatness, Orderliness, Cleanliness, Cleanness and Discipline (In Japanese, they all start with the letter S)

Topics

Activities at Mihara Factory are Awarded the JCIA /JRCC Safety Award

Teijin Limited Mihara Factory was awarded the 30th Safety Award co-sponsored by the JCIA (Japan Chemical Industry Association) and the JRCC (Japan Responsible Care Council). The safety award commends businesses that have obtained safe results through safety control measures that can serve as a model for other industries. The Mihara Factory has had zero lost-time injuries in the past 10 years, and after careful screening of documentations and an on-site screening process, the Mihara Factory was selected. With this award as a backbone, the Mihara Factory will continue to sustain and provide a safe work place.



The on-site screening by the JCIA/JRCC judges

Health of Employees

Efforts for Mental Health Care

In 2002, a telephone service concerning mental health and a case support service using specialized external organization (EAP*1) was inaugurated. We distribute Hotline for the Heart cards to all our employees in group companies in Japan to get the telephone service known to them.

We have dubbed the period of February to March “Mental Health Care Month,” and we have assessed the employees’ work stress once a year since 2004. This assessment system*2 is based on 12 questions on the intranet where the employee can assess their superiors, support from co-workers, workload amount and rate of discretion. Then the system automatically assesses the stress level and health risks on a nationwide level. Depending on the number of this assessment, each section will take different measures.

The amount of health risks is on the rise every year, and the number of employees taking a long-term break (over a month) due to mental dysfunction has increased. As a subsystem of the Group ESH Subcommittee, we are planning to establish a new health care special sec-

Stress Diagnoses Results

Implemented year (year))	Sex	Number of respondents	Health risk (the lower the better)		
			Work risk	Support risk	Total risk
2004	Male	5,583	106	96	101
	Female	1,309	106	94	99
	Total	6,892	105	97	101
2005	Male	4,901	106	98	103
	Female	1,298	107	95	101
	Total	6,199	105	99	103
2006	Male	5,471	106	99	104
	Female	1,474	106	97	102
	Total	6,945	105	100	105

*1 Employee Assistance Program

*2 This is based on the system developed by the Occupational Stress and Health Cohort Study Group in a 1995-1999 project by Japan's Ministry of Health, Labor and Welfare titled “Study of Prevention of Work-Related Diseases.”

tional meeting to strengthen measures for mental health care in FY2006. Also, the meeting will promote lifestyle-related disease prevention.

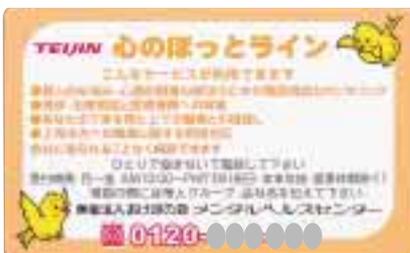
Efforts for Passive Smoking Control

Health Promotion Law was established in May 2003. The Teijin Group established the Passive Smoking Control Promotion Standards to achieve complete division of workplaces into smoking and nonsmoking areas, and this regulation was unified throughout the entire group in 2004. March 2007 as the deadline, smoking rooms, in accordance with the Guidelines

for Tobacco Control at Workplaces formulated by Japan's Ministry of Health, Labor and Welfare, will be installed to tackle the dividing up of the smoking and non-smoking areas. We will expand this coverage of the standard to overseas group companies so we can prevent passive smoking in our facilities throughout the globe by December 2007.

Responding to Asbestos Issues

See the Teijin Group's response to the Asbestos issue in the “News Flash” section (➡P17)



“Hotline for the Heart” card

Teijin Group's Basis for Passive Smoking Control

1. Space dividing the workplace into smoking and non-smoking sections

1) Company owned building

With March 2007 as the deadline, all building must have a separate smoking room or the entire building must be non-smoking.

2) Non-company owned building (Rented)

(1) Coordinate with the building owner to set up a separate smoking room or set up a smoking corner and communicate the decision to the employees.

(2) Set up a smoking room or a smoking area by March 2007.

2. Ventilation Method for a smoking room/area

1) Fundamental basis should be that the smoke is discharged outside as much as possible.

2) If it is difficult to directly discharge smoke outside, set up an air purifier as a last measure.

ESH Management Data

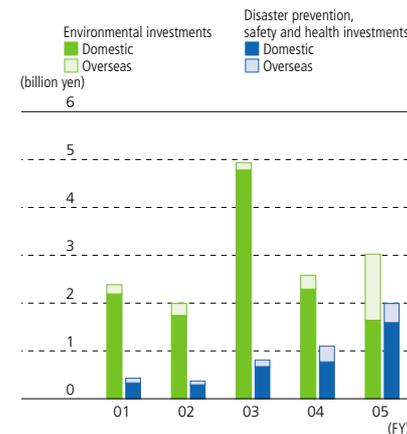
Establish a Management System that Unifies the Environment, Labor Safety, and Quality Assurance

We are creating a management system based upon specified certifications such as ISO and OHSAS. Furthermore, we are implementing ESH accountings such as disaster prevention, safety and health into our ESH related investments in addition to environment.

ESH-related Accountings

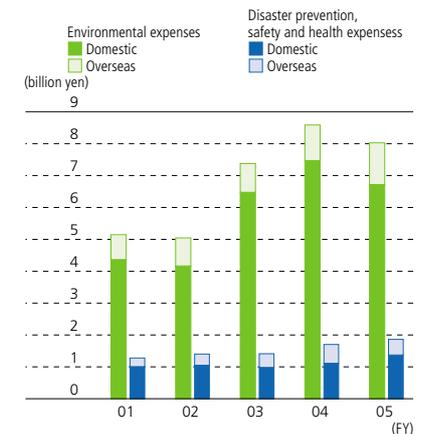
Referring to the environmental accounting guidelines published by the Ministry of the Environment, the Teijin Group will calculate the investments, expenses and the effects of environmental conservation, energy conservation, conserving natural resources and recycling activities by the overseas and domestic group companies, as well as the investment and expenses used for disaster prevention, safety and health.

Trends in ESH-related Investments



The environmental investments by the group in FY2005 totaled 3.03 billion yen, an increase of 17% compared to FY2004. The increase resulted from investments in environmental conservation when we established our new factory in China, and our investment in the reduction of chemical substances discharge.

Trends in ESH-related Expenses



Expenses for disaster prevention, safety and health in FY2005 were 1.86 billion yen, an increase by 9% compared to FY2004. The increase resulted from reinforcement measures for buildings and the improvement of work environment measures.

ESH-related Accountings of the Teijin Group in FY2005 (unit: million yen)

	Item	Description	Investment	Expenses	Economic benefit*1	Physical effect	
Environment	Costs in business areas	Pollution prevention	17.70	19.32	0.00	Reduced discharges of chemical substances into the environment (→P23) Controls on SOx emissions and COD loads (→P24) etc.	
		Global environment conservation	8.80	3.20	1.00	Improved energy-saving index (→P21)	
		Resource recycling	2.53	34.29	7.03	Reduced amount of no-efficient-use waste (→P24) Expenses for surveys for pollution of soil and groundwater and decontamination of polluted soil (→P22)	
	Products and services	Measures necessary to promote recycling of used products	0.00	0.54	0.33	–	
	Administration	Establishment and maintenance of an environmental management system, including costs for administrative personnel	–	5.19	–	–	
	R&D	R&D of environmentally friendly technologies and products	1.23	4.27	–	–	
	Social activities	Environmental information disclosure at exhibitions; SOx levy, environmental association membership fees	–	6.27	–	–	
	Repairing environmental damage	Surveys and countermeasures to deal with past pollution (soil, underground water and others)	–	7.10	–	Expenses for surveys for pollution of soil and groundwater and decontamination of polluted soil (→P22)	
	Total			30.25	80.17	8.37	–
	Disaster prevention, safety, health*2	Labor safety	Ensuring labor safety	6.12	3.42	–	Rates of occurrence of lost-time injury improved (→P27)
Workplace environment improvement		Ventilation, lighting, workplace environmental measurement, and other measures for maintenance and improvement of workplace environments	4.73	1.80	–	–	
Health promotion		Physical examinations and other measures for health promotion	0.82	3.75	–	–	
Disaster prevention		Investigation of the seismic resistance of buildings, maintenance and improvement of fire prevention and extinguishing systems	8.17	2.64	–	Disaster prevention activities were improved (explosion/ fire incidents) (→P25)	
R&D		R&D of equipment and systems for safety and disaster prevention	0.00	0.17	–	–	
Administration		Establishment and maintenance of occupational health and safety management systems, including costs for administrative personnel	–	6.81	–	–	
Total			19.84	18.59	0.00	–	

*1: Hypothetical calculations are not included.

*2: Activities concerning disaster prevention, safety and health are described in the "Disaster prevention, safety, health performance."

Acquiring Management System Certifications (Status of ISO and OHSAS Certification)

The Teijin Group actively promotes the acquisition of management system certifications for environmental management (ISO

14001), occupational health and safety (OHSAS 18001) and quality assurance (ISO 9001). Certification of the entire group under universally recognized management systems will enable us to make continuous improvements in a standardized framework.

Current Status of ISO 14001 Certification of Approval (Facilities newly certified in FY2005 are in red print)

<p>Domestic (26 companies, 44 offices/plants)</p> <p>Teijin (Iwakuni, Matsuyama, Mihara, Osaka Research Center), Teijin Fibers (Tokuyama), Teijin DuPont Films Japan (Gifu, Utsunomiya), Teijin Chemicals (Matsuyama, Mihara, Chiba), Hiroshima Plastic, Teiyo, Toho Tenax (Mishima, Tokushima, Ibigawa), Teijin Monofilament, Teijin Modern Yarn (Komatsu, Kaga, Mihara), Teijin Teclath, Owari Seisen, Wako, Teijin Nestex, Otsuka Polymer Industry, Teijin Tedy, Teijin Cordley (Shimane), Teijin Pharma (Tokyo Research Center), Teisan Pharmaceuticals, Union Tire Cord, Unisel, Teijin Logistics (Iwakuni, Ehime, Mihara), Infocom (Head office, Odaiba, Kansai, Yodoyabashi, Shinyokohama, Shikoku), Teijin Eco- Science (Matsuyama), Teijin Kosan (Ehime, Mihara), N.I.Textile, Naps</p> <p>Overseas (12 companies, 15 offices/plants)</p> <p>Netherlands: Teijin Twaron (Delfzijl, Arnhem, Emmen) Indonesia: P.T. Teijin Indonesia Fiber, P.T. INDONESIA TEIJIN DUPONT FILMS China: Nantong Teijin, Teijin Chemicals Plastic Compound Shanghai Thailand: Teijin Polyester (Thailand), TEIJIN (THAILAND), Thai Namsiri Intertex (Weaving, Dyeing), TEIJIN CORD (THAILAND) Singapore: TEIJIN POLYCARBONATE SINGAPORE United States: Teijin Monofilament U.S. Germany: Teijin Monofilament Germany</p>
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Current Status of OHSAS 18001 Certification of Compliance (Facilities newly certified in FY2005 are in red print)

<p>Domestic (17 companies, 25 offices/plants)</p> <p>Teijin (Iwakuni, Matsuyama, Mihara), Teijin Cordley (Mihara), Teijin Fibers (Tokuyama), Teijin Chemicals (Matsuyama, Mihara), Teijin DuPont Films Japan (Gifu, Utsunomiya), Teijin Modern Yarn (Mihara), Union Tire Cord, Unisel, Teijin Tedy, Teijin Monofilament, Hiroshima Plastic, Teisan Pharmaceuticals, Kure Kogyo (Matsuyama, Iwakuni), Teijin Eco-Science (Matsuyama), Teijin Logistics (Iwakuni, Ehime, Mihara), Teijin Kosan (Ehime, Mihara), Teijin Engineering (Matsuyama station)</p> <p>Overseas (5 companies, 7 office/plants)</p> <p>Netherlands: Teijin Twaron (Delfzijl, Arnhem, Emmen) Indonesia: P.T. Teijin Indonesia Fiber Thailand: Teijin Polyester (Thailand), TEIJIN (THAILAND) Singapore: TEIJIN POLYCARBONATE SINGAPORE</p>
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Current Status of ISO 9001 Certification of Approval (Facilities newly certified in FY2005 are in red print)

<p>Domestic</p> <p>Teijin Fiber (Tetoron Filament Plant, Tetoron Staple Fibers Plant, Tetoron Polymers Plant 1, Tetoron Polymers Plant 2, Matsuyama Raw Materials Plant, Tokuyama Raw Materials & Tetoron Polymer Plant), Wako, Teijin Modern Yarn, Teijin Tedy (Plant 1), Teijin Teclath, Teijin Nestex, Owari Seisen, Teijin Techno Products (Iwakuni Tetoron Industrial Yarn Plant, Conex, Technora), Teijin Monofilament, DuPont Teijin Advanced Paper, Teijin Cordley (Mihara, Shimane), Toho Tenax (Production & Technology Div.), Toho Chemical Engineering & Construction (Mishima, Tokushima), Toho Machinery, Union Tire Cord, Teijin DuPont Films Japan (Gifu, Utsunomiya, Ibaragi), Film Product, Teijin Chemicals (Matsuyama, Mihara, TF, LCD Material, Plastics Technical Center), Hiroshima Plastics, Teijin Engineering, Kure Kogyo (Iwakuni, Matsuyama), Teijin Eco-Science (Ibaraki, Hamura High Performance Analysis Center), Teijin Entech (Matsuyama Utility Plant), Teijin Logistics (Osaka, Ehime), Teijin Pharma (Iwakuni Medical Factory), Infocom</p> <p>Overseas</p> <p>China: Nantong Teijin, Teijin Chemicals Plastic Compound Shanghai Thailand: Teijin Polyester (Thailand), TEIJIN (THAILAND), TEIJIN CORD (THAILAND), Thai Namsiri Intertex Indonesia: P.T. Teijin Indonesia Fiber, P.T. INDONESIA TEIJIN DUPONT FILMS United States: Teijin Monofilament U.S. Germany: Teijin Monofilament Germany, Teijin Twaron (Wuppe), Toho Tenax Europe Netherlands: Teijin Twaron (Delfzijl, Arnhem, Emmen, Arnhem Central Office, QRI) Singapore: TEIJIN POLYCARBONATE SINGAPORE</p>
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Range of ESH Report

<p>Teijin</p> <p>Polyester Fibers</p> <p>Domestic: Teijin Fibers, Teijin Tedy, Teijin Modern Yarn, Teijin Nestex, Wako, Teijin Teclath, Owari Seisen, Otsuka Polymer Industry, Teijin Kosan, Teijin Monofilament, Union Tire Cord, Unisel Overseas: Teijin Polyester (Thailand), TEIJIN (THAILAND), P.T. Teijin Indonesia Fiber, TEIJIN CORD (THAILAND), Thai Namsiri Intertex, Nantong Teijin, Teijin Monofilament U.S., Teijin Monofilament Germany</p> <p>High Performance Fibers</p> <p>Domestic: Teijin Techno Products, Toho Tenax, Toho Textile, Toho Chemical Engineering & Construction, Toho Sales, Toho Machinery, Toho Dyrac, Teijin Cordley Overseas: Teijin Twaron, Toho Tenax Europe</p> <p>Films</p> <p>Domestic: Teijin DuPont Films Japan, Gifu Kosan, Film Products Overseas: P.T. INDONESIA TEIJIN DUPONT FILMS</p> <p>Plastics</p> <p>Domestic: Teijin Chemicals, Hiroshima Plastic, Kinkai Chemicals, Teiyo Overseas: TEIJIN POLYCARBONATE SINGAPORE, Teijin Chemicals Plastic Compound Shanghai, TEIJIN POLYCARBONATE CHINA</p> <p>Pharmaceuticals and Home Health Care</p> <p>Domestic: Teijin Pharma, Teisan Pharmaceuticals, Teijin Home Healthcare</p> <p>Trading and Retail</p> <p>Domestic: NI Teijin Shoji, Teiken, Teijin WOW, Teijin Associa Retail, Folkner, O.B.C, Shinwa Gosen Fibers, Shin-San Knit, Teiyo Lace, Teisho Sangyo Overseas: FASHION FORCE NO.1 FACTORY</p> <p>IT</p> <p>Domestic: Infocom</p> <p>New Businesses</p> <p>Domestic: Teijin Advanced Films</p> <p>Individual Management Companies</p> <p>Domestic: Kure Kyogyo, Teijin Logistics, Teijin Eco-Science, Teijin Engineering</p> <p>Corporate Staff, others</p> <p>Teijin Creative Staff, Teijin Entech</p>

Note: Company names are as of May 2006
 Note: Company names are shown without Limited, Co., Ltd., Ltd., Inc., GmbH, Corporation

Eco-Products/Eco-Business

Promoting Environmental Management on a Global Scale, Aiming for the Establishment of a Recycle-Oriented Society

The Teijin Group is promoting and incorporating the "3R's" into its business to be a leading environmental company. While establishing the Environmental Management Research Study Group to investigate and discuss the group's eco-business strategies, we will continue to pursue the development of our eco-products by participating in the Eco-Products Exhibition to broaden the appeal of our environmental business.

Research and Development of Eco-Business and Eco-Products

To be a leading environmental company, the Teijin Group promotes and incorporates the "3R's" concept, "Reduce, Reuse and Recycle," into our business activities, from development through manufacturing, distribution and consumption, under our own mission statement: "Toward the creation of Recycle-Oriented Technologies and Products." Aiming for the establishment of a recycling-oriented society, the realization of "Environmental management" on a global scale is an important mission for our cross-border business operations.

The Environmental Management Research Study Group

In April 2006, a new study group with the theme of environmental management was established. This study group is directly linked with the CSRO, CTO and CMO and will discuss and investigate Teijin Group's environmental management style, such as environment conservation activity to reduce the

Points to Consider for Environmental Friendliness

- 1) Less energy consumed during manufacture compared to conventional products by group companies.
- 2) Energy saved during use of products
- 3) More durable than conventional products by group companies
- 4) Easily reusable and recyclable after use
- 5) Reuse and use of recycled materials
- 6) Substitutes for substances with environmental impact
- 7) Lower emission of substances with environmental impact (during manufacturing stage)
- 8) Lower emission of substances with environmental impact (during use)
- 9) Lower emission of substances with environmental impact (after use)
- 10) Environmental cleanup functions
- 11) Others

Eco-Products and Eco-Service of the Teijin Group

Starting with the recycling technology of polyester (➡P15), we have developed the following environmentally friendly products and materials included in the categories below.

- 1) Apparels, Interior Goods, Daily Products
- 2) Packaging Materials
- 3) Vehicle Markets
- 4) Electric Appliances, Electronic Components, and Semiconductors
- 5) Building and Civil Engineering Materials
- 6) Environmental Cleanup and Conservation

See more details in the guidebook "Toward the Creation of Recycle Oriented Technologies and Products."

URL: <http://www.teijin.co.jp/english/>

For questions on this topic email: ekoha@teijin.co.jp

environmental impact, environmentally friendly product design and environmen-

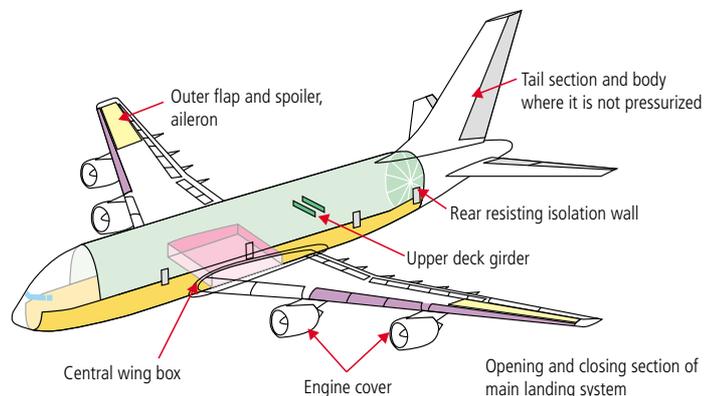
tal business in the manufacturing, processing, sales and marketing stages.

Topics

Teijin's Technologies Play a Key Role in the Production of Airbus Parts

The Airbus A380 is made out of more than 20% carbon fiber composite to reduce weight and save costs (conservation of fuel) and decrease noise around the airport and surrounding areas.

One of Teijin Group's group companies, Toho Tenax, holds the majority of the global market share in carbon fiber materials for A380.



*Reference:
Amount of carbon fiber materials used for Airbus A380: about 34 tons per aircraft.
(The conventional Airbus A380 uses about 15 tons per aircraft.)

Participation at Eco-Products Exhibitions

To show off our environmentally sensitive technology and products, and to have these products be more useful for society, we are actively participating in domestic and overseas "eco-products" exhibitions.

At the "Eco-Products 2005 exhibition," a general environmental exhibition held in December 2005, we displayed the Teijin Group's environmental materials and technologies, alongside other ongoing projects to respond to environmental concerns with the concept of "contribut-

ing to the establishment of a recycling-oriented society with state-of-the-art materials and technologies."

In October 2005, the Teijin Group participated for the first time had a single booth in the "Eco-Products International Exhibition" in Bangkok, Thailand. This event is held to boost environmental awareness in companies and customers living in Far East Asia. At the opening ceremony, executive advisor Yasui sat among Thailand's governmental figures and gave the keynote address, stating Teijin's goal to "achieve and maintain a sustainable world." It was a great opportunity for us

to convey to customers and to the world that Teijin is placing importance on environmental issues.

Reusable Cups

PEN (Polyethylene naphthalate) Plastic (*Teonex*) developed by the Teijin Group is a resin that has good heat resistance and chemical resistance, which makes it great material for reusable containers. It has been used to create reusable cups to replace disposable ones at events in Tokyo's Chiyoda Ward and other areas.



Teijin Group's booth at Japan's largest general exhibition "Eco-Products 2005"



Teijin's single booth at the "Eco-Products International Exhibition" in Thailand



Reusable cups using *Teonex*

Topics

Technora® rod: Effective Use of Thinned Wood

Those involved in the timber industry in Japan are trying to think of ways to effectively use thinned wood. Unless thinning is properly implemented, trees that can be used will not grow. However, even though the trees thin out, unless there is an effective use for them, the wood will only be left in the mountains.

Teijin Techno Products Limited has collaborated with the local municipalities, NPOs and tree experts to carry out some research. As a result, by using the *Technora rod* made from Para-aramid fiber, which is a high strength and elas-

tic-fitting material, the thinned wood was able to be used for soundproof freeway walls and advertising display panels on public facilities.

This product is gentle on the environment, and is welcomed as an eco-friendly panel that can replace metal and concrete. It has been used in Oume City, Tokyo and Mihara City, Hiroshima prefecture, and also to create information panels at the "Aichi Expo 2005."



Although the *Technora rod* is used for material that holds together the hollow thinned wood, it is hardly visible from the outside.

Compliance and Risk Management

Unified Management of Compliance and Risk Management

We believe that compliance and risk management is the basis for governance and the establishment of a unified management system.

Various measures, such as education of compliance consciousness and the level of risk, involve company-wide participation.

The Role of Corporate Ethics and Risk Management in Internal Control

Corporate governance is defined by its management system and how it conveys fair and transparent management to the shareholder. At the same time, the basis of the internal control that connects governance with compliance and risk management involves all employees. All group companies conduct systematic activities under the control of the Corporate Ethics Committee and the Risk Management Committee, which were established in 1999 and 2001 to further enhance corporate ethics, compliance and risk management activities.

Corporate ethics and compliance activities bring about a healthy corporate culture through the sharing of knowledge about social norms and internal rules, whereas risk management is the structure, system, and educational activities that evaluate, prevent and scientifically evaluate the

risk a company faces. These two complement each other in many ways. The Teijin Group combined the two committees in 2003, and furthermore, when we established our CSR system in 2005, we also established an integrated management system of Compliance and Risk Management subcommittees.

Compliance Activities

Compliance E-Learning

Compliance E-Learning was launched in 2004, using original case studies for the purpose of educating employees on correct knowledge of the regulations of the business. Since this ended for the executives of the group companies in June 2005, we implemented this study for leading employees in line for promotion and employees who volunteered in November 2005.

Although it takes about four hours, 1,597 employees participated in the course in FY2005, and 1,160 passed the

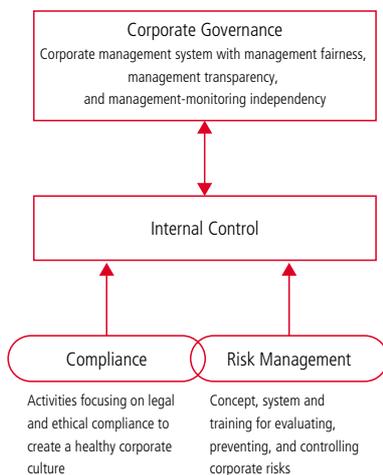
test and were given certificates. The success rate for passing the test was 73% for the year. Since its implementation in 2004, the number of participants within all domestic group companies was 2,919, 28% of the group, and those who passed the test totaled 2,426.

We will continue to carry out and make revisions to the related regulations after FY2006 as well.

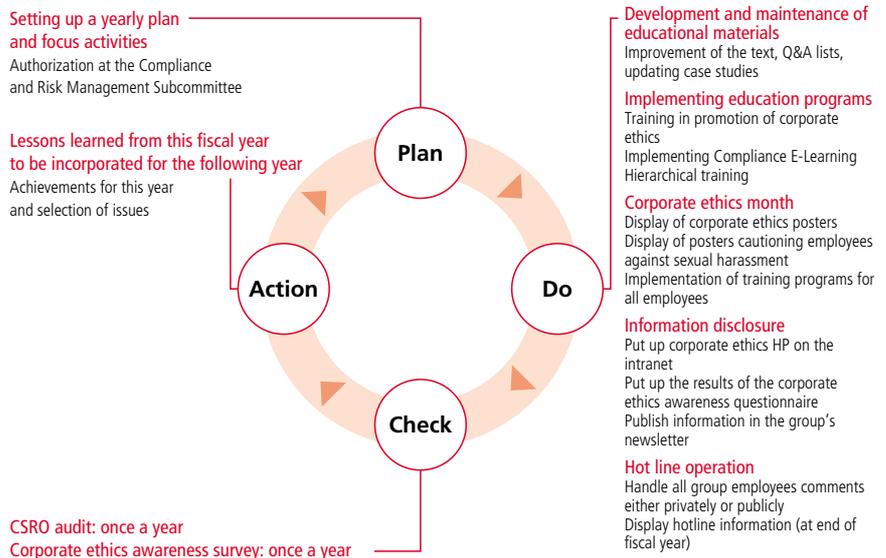
Implementing Corporate Ethics Awareness Survey

The corporate ethics awareness survey that has been implemented every year since 1999 was again distributed in 2005. Out of all the domestic group company's employees and directors, 10% are chosen at random to answer about 50 questions. The percentage of replies was 67%, the same as the previous year, and we found out that there are more respondents supporting corporate ethics activities than ever before. (Reference→P36,38)

Positioning of Corporate Ethics and Risk Management



PDCA Cycle of Corporate Ethics Activities



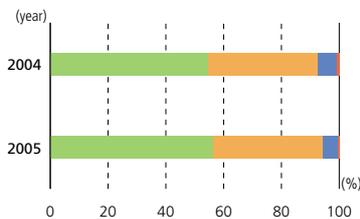
Implementing Power Harassment Checklist

We implemented a checklist so that employees could test their levels of awareness regarding power harassment. In October 2005, during the Corporate Ethics Month, This was to resolve the many comments and counseling done on power harassment, which seems to have increased in recent years, and to warn all employees about it. We had a professional consultant look over the answers to the corporate ethics awareness questionnaire, and the results were published in the group's newsletter.

The Necessity of Corporate Ethics in Corporate Activities

"Do you feel that corporate ethics is a necessary part of corporate activities?"

- Very necessary
- Better to have
- Neither
- Not necessary/not interested



Source: Corporate ethics awareness survey

Some of the advances that represent increased awareness compared to the previous year include the collection, notation and storage of information, the confidentiality, the prevention of inside laundering, the handling of confidential information, the understanding of regulations of monopolizing, and fair trade. At the same time, a backward movement could be seen in using E-mails for private purposes.

Risk Management Activities

Implementing Total Risk Management

A self-check of the company's risks was carried out, and the results were reported to each Head of business group and the CRO Staff Office (the present CSR Staff Office) once a year since FY2003.

The system was implemented in 92 companies in FY2005, finding out almost 3,800 risks and identifying 600 major risks in each company.

Furthermore, as a holding company, we gathered together all the major risks and set up a management system for total control. Since there are many manufacturers in our group companies, some of the major risks were ESH risks, PL and quality assurance risks, and facilities or equipment destruction risks.

Responding to Major Earthquake and Disasters

A common major risk to all the business groups are earthquakes and other natur-

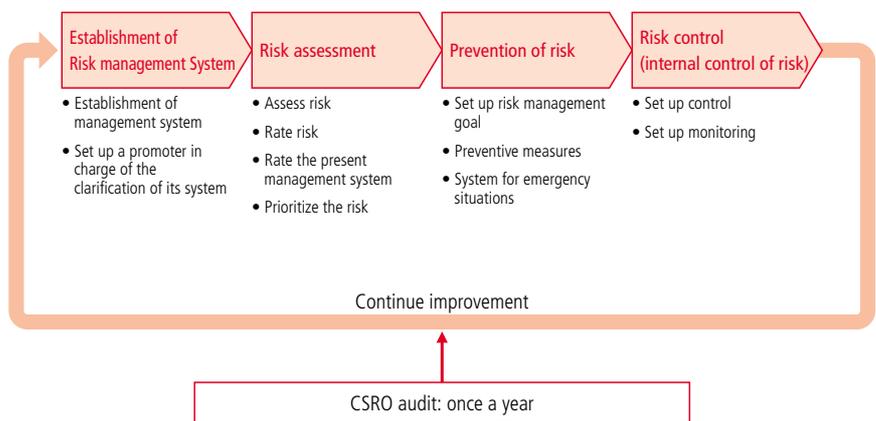
al disasters that the Teijin Group is prepared for. We established an emergency call system to inquire about employee safety and to secure emergency headquarters personnel in the event of massive disasters such as large earthquakes or a major terrorist incident. One hundred employees were registered with the system for each of Teijin's Tokyo and Osaka Head Office Districts. In FY2005, preparing for possible disconnections of the public circuit, we introduced the satellite phone. A Business Continuation Plan (BCP) at the Tokyo Head Office was established as well.



Newly bought satellite phones

Teijin Group's Risk Management Activities

Implemented: FY2003 → Enhanced: FY2004 → Established: FY2005



Quality Assurance Management

Promoting Measures that Enhance our Communication with Customers

With PL and quality assurance at its core, we are promoting measures where the customer comes first in means of communication. As our activities in PL and quality assurance go further with assessments and audits, we are putting in efforts to provide more information to our customers, and to make sure that personal information is protected under MSDS.

Product Safety and Quality Assurance Activities System

The Group is making efforts to ensure product quality and safety based on the "Teijin Group Regulations for Group PL and Quality Assurance." We have been working to establish an integral action system based on the Teijin Group Products Safety Management Rules to achieve continual improvement in PL and quality assurance activities. In April of 2003, we established a Group PL and Quality Assurance Committee (the present subcommittee) to discuss Teijin Group's basic policies and goals concerning PL and quality assurance, to provide advice and guidance, and to audit business groups. It was formed independently from the Group ESH Committee to establish a system for unified conduct of PL and quality assurance activities, and the regulations were completely reformed.

Also, to answer to the ever-changing needs of the social environment, and to have our customers using products that are safe, we have expanded the field of

management to all products and services within the groups.

Improvements and Maintaining PL and Quality Assurance Activities System

In order to continuously improve our overall activities, a PL and Quality Assurance Manager is designated for each line of products, and we are enforcing a PL and Quality Assurance Unit System for continual improvement using the PDCA cycle which includes customers. This PL and Quality Assurance Unit System is our own management system added to the International ISO9001's quality management system. Since April 2003, we began our efforts for these activities. Some of the main domestic companies and European and U.S. group companies have finished building this system internally, and we are in the midst of further attempting to broaden and implement this system in overseas group companies outside of Europe and the U.S. as well. (➡P30 Current Status of ISO 9001 Certification of Approval)

Major Activities in FY2005

Coping with Claims

In 2005 the Teijin Group received no claim leading to lawsuits concerning PL (Product Liability). However, we received 14 important claims regarding quality, including Teijin Engineering Limited's illegal display problem (➡P13). We have taken this issue seriously and implemented measures to prevent the recurrence of similar accidents.

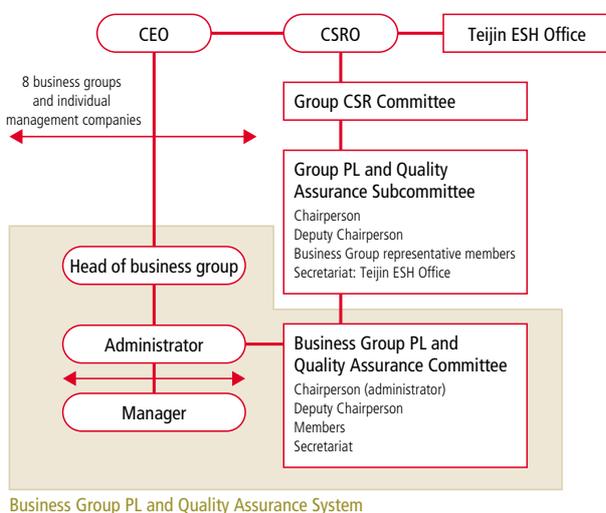
PL and Quality Assurance Assessment

Before new products go out to the market, the Teijin Group has a "PL and Quality Assurance Assessment System," where we check the products' life cycle and confirm their quality and safety. In 2005, there were 46 cases in the Pharmaceuticals and home health care business group.

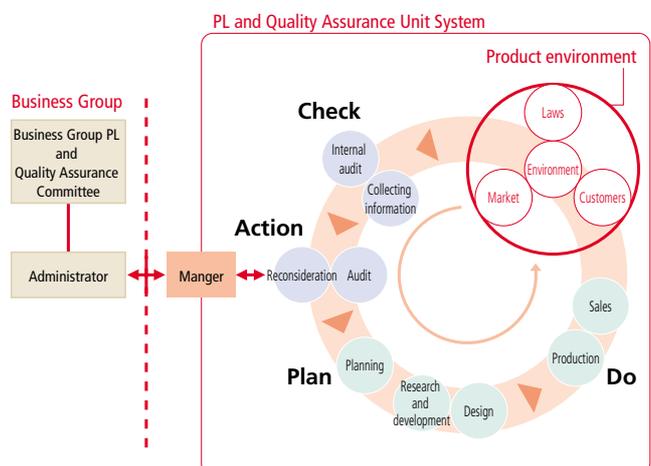
PL and Quality Assurance Audit

From FY2005, in all the business groups that have implemented the PL and Quality Assurance Unit System we have begun an

Teijin Group PL and Quality Assurance System



The PDCA Cycle of PL and Quality Assurance Unit System



audit system to check on how the activity system has settled in, and to verify the effectiveness of the system. Because very little time has passed since we implemented this system, there was a wide range of differences in each business group, but all were proceeding with activities tailored to their business, assuring us that the results of the system were indeed improving.

Furthermore, in order to authenticate PL and Quality Assurance, we are looking into new issues discovered after the audits to try and tackle those problems as well. We will continue to seek more effective PL and Quality Assurance activities.

Information Management System of Chemical Substances

To prepare for the implementation of Europe's new legislation REACH (Registration, Evaluation and Authorization of Chemicals) in the spring of 2007, we have been re-organizing our chemical substance information management system since FY2006. Through this system, we hope to actively communicate information to our customers. We have also set up a MSDS* and other systems to receive opinions from our customers that reflect upon our products.

PL and Quality Assurance New Midterm Targets

Prevention of PL Accidents and major claims

- 1) Set the basis for PL and Quality Assurance Unit System activities.
- 2) Broaden scope of PL and Quality Assurance Unit System activities to overseas group companies.
- 3) Offer clear information about the purchased products' quality and usage to the customer and provide as much information as possible.
- 4) Improve and enhance the standards and regulations.

*: Material Safety Data Sheet: This sheet informs industrial purchasers and users of the hazardous chemicals contained in a product. The Teijin Group's MSDS is based on JISZ7250.

Protecting Personal Information

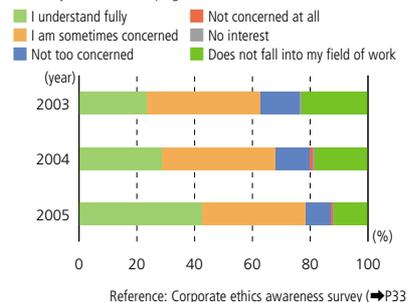
Leaks of personal information have become a major social issue. In April 2005, the Personal Information Protection Law was put into effect. Previously, in April 2004, the Teijin Group Taskforce on Compliance with the Personal Information Protection Law had been organized to establish a personal information protection system across the group, with an Information Security Manager appointed for each of about 80 domestic group companies.

We formulated the "Teijin Group Privacy Policy" to specify the group's viewpoint of personal information protection in August 2004. In February 2005, "the Teijin Group Personal Information Protection Rules" and "Teijin Group Personal Information Protection Guidelines" were formulated. Individual group companies have established policies

in line with these Rules and Guidelines, including response by contact personnel to inquiries from outside the group, establishment of a privacy policy, disclosure of allowed purposes for the use of personal information and availability of personal information for Teijin Group's business use on their websites, review of commissioned agreements with outside consignees, and measures against leak of information.

Awareness of Collection, Notation and Storage of Information and Confidentiality

"Do you understand and carry out the standards of conduct of practice for collecting, noting and storing information, and are you aware of keeping classified information confidential?"



Topics

Raising Awareness of the Personal Information Protection through E-Learning



Teijin Limited
CIO Staff Office
Shigemi Tugishi

We provided E-Learning based educational programs on personal information protection every month from December 2004 to September 2005 to raise the awareness of employees and to improve the handling of personal information. They were for the executives and employees who handle sensitive personal information, and for volunteers in domestic group companies. The recent social issues concerning this matter inspired more people to participate in this program. At the end, 9,200 employees, about 92% of the domestic group employees, participated, and about 7,700 people (84%) finished the program.

The corporate ethics awareness survey that was given from October to November 2005 saw an increase in the awareness of handling sensitive information.



The text was made up of six chapters with two review sections in each. There is a review test at the end of each session.

Human Resource Management

Aiming for the Growth of All Employees and the Total Realization of Our Business Development

In line with our corporate philosophy to “Empowering our people,” we are working to improve the lifestyle of each and every employee as well as setting up training programs for employees to help them grow. Promoting female employees’ activities for diversity *1 and placing an importance on employee QOL (Quality of Life) and setting up a work-life balance *2 are some of our global activities for our group.

Medium and Long Term Goals and Measures

Since shifting to a holding company system in 2003, we have established a “Teijin Group’s Basic Policy for Human Resource” to enforce our corporate philosophy, “empowering our In the medium term target for FY2006, we consider the policy: “secure, educate and apply to cultivate human resources” as one of the most important for the Teijin Group, and defined the following four ideals as the focus of our human resource management; “create strong competition among companies,” “an active corporate culture,” “a company that employees can be proud of and grow together,” and “a company respected by society.”

These are some of the goals of our human resource activities. Specifically, we want to promote a work-life balance system, diversity, and the enforcement of compliance into the education and training of our employees, along with a smooth exchange of technological knowledge in a manner that ensures effective group and global management.

Developing Human Resources

The Teijin Group has implemented many educational and training programs such as SDP*3, SLP*4 and Stretch*5.

Furthermore, we are formulating programs in human resource development and apprenticeships at manufacturing sites, broadening educational training programs for managers and employees of group companies, and creating and promoting a global training program.

We will comply with the changes in human resources and will review and enhance our educational training materials periodically to strengthen our system.

Teijin Group’s Basic Policy for Human Resources

Goals of Human Resource Management

- To recognize that employees are the ultimate management resources, and to act to fulfill the corporate philosophy “Empowering Our People.”
- The Teijin group aims at improving the quality of life of its employees while attaining talented people and an improvement in human productivity, which is the base of continuous growth and development.

Basic Human Resources Policy

1. Employment

- 1) To continue a good working relationship between the company and the employee, the company shall make every effort to improve and continue with business development and profits.
- 2) Employees will do their best to grow, leading to the improvement of corporate performance, and the contributing to a constant productivity drive based on a fruitful relationship with the company.

2. Treatment

- 1) The base for treatment shall be “duty, achievement, capability and action.”
- 2) Treatment shall be pursued with transparency, fairness and employees’ high degree of conviction.

3. Development

- 1) Fulfillment, accomplishment and progress are indispensable to the growth of employees themselves as well as the growth of the company, which needs an applicable human resource management and skill development system (assignments, educational training, and self-awareness).
- 2) While taking into consideration the capability and motivation of employees and the demands of doing business, a company strives to manage and support the development of employee knowledge.

4. Assignment

- 1) Assignments shall be based on placing the right people in the right positions based on the work situation and job requirement.
- 2) Assignments shall raise the abilities of employees and help nurture their merits and characters. The company shall evaluate of the employees’ merits and characters, and the employee shall be assigned based on self-assessment and other relevant information.

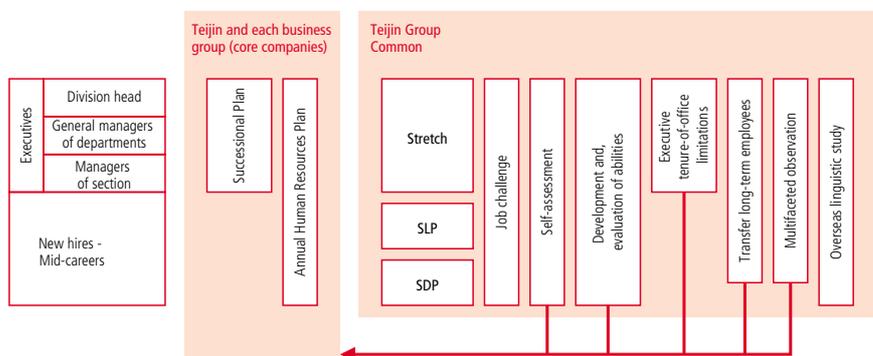
5. Evaluation

- 1) Employee evaluation is a means of assessing the employees’ abilities and results and shall be managed as an important means of fostering and developing their abilities.
- 2) Evaluation by pre-judgment and first impressions shall be eliminated. We shall strive to evaluate the employee’s degree of conviction based on objective facts.

6. Diversity

Respect the personality and individuality of the employees and accept their diversity including gender, age, nationality, race and the differently abled. We welcome various values and ideas so we can offer job satisfaction and challenges, and we hope to create a working environment where employees can apply their abilities in full.

Teijin Group’s Educational / Training System and Organization Chart of Assignments and Transfers



*1: Diversity is respecting multiplicity. (▶P39 Promoting Diversity in Employees)

*2: Work-Life Balance is improving the quality in lifestyle by balancing out work and private activities. (▶P40 Promoting Work-Life Balance System)

*3: Specialty Development Program: an educational program to gain specialized knowledge for employees on the main career track

*4: Strategic Leader Development Program: Leadership skill development program for mid-careers

*5: Strategic Executive Team Challenge: A human resources development system for leader of business sites.

Introduction of Fellowship Program

The improvement and enhancement of research and technological skills is one of the most important topics of the Teijin Group. The fellowship program was introduced in order to raise the motivation of the researcher or engineer and to aim for acknowledgement of our presence both within and outside the company.

This program names those who are a part of important research or technological development that is widely accepted by society "Teijin Group Fellows." The main researcher or engineer who excelled in the results of his or her research will be named the "Principle Researcher or Principle Engineer of the Teijin Group" to support the development activities of R&D.



In January 2006, in the presence of the CEO and CHO, the Fellowship was given to one person. Two researchers received the Principle researcher designations, and four engineers received the Principle engineer designations—the first in the Teijin Group.

Assignments and Transfers

At the Teijin Group, in order to realize "justifying the right person in the right positions for personnel" in the entire Teijin group and "implementing transfers that reflect the employees' abilities and will," we have adopted various measures.

For personnel transfers, we have established an "annual human resource plan" for employees in main career track and above, to carry out objective and transparent transfer plans. A self-assessment system was added to this system to make sure we hear the voices of the employees, and to respect their wishes regarding the new assignment or transfer. We are also continuing with the "Job Challenge System" established in 1988 as an in-house staff recruitment system.

Career Challenge System

For new employees on the main career track in FY2007, we will implement a hiring and transferring method to Teijin group company five years after they have joined Teijin. At this time, we have also created a system in which, if the employees wish, they can have a meeting with their division manager and request a

transfer. For employees already working at the company, the same system will be applied along with the self-assessment system in FY2007, and will be operated under the career challenge system.

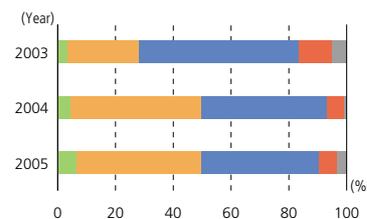
Employee Satisfaction Survey

To understand and acknowledge the degree of employee satisfaction, the Teijin Group has implemented a comprehensive employee awareness survey every other year. The survey was not conducted in FY2005, but we have included in the corporate ethics awareness survey to investigate employee satisfaction.

Degree of Satisfaction of Respect for the Employees' Character and Individuality

"Do you think that the Teijin Group is respectful of your character and individuality?"

Very satisfied (green), Somewhat satisfied (orange), Neither (blue), A little dissatisfied (red), Very dissatisfied (grey)



Reference: Corporate ethics awareness survey (P33)

Topics

Promoting Interaction between the CEO and the Employees

The Teijin Group is promoting interaction and communication between the employees and the CEO. Since February 2004, the CEO has visited the group companies and office to hold direct communication meetings with the employees. While talking to the employees about brand awareness, social responsibility and the importance of improving the system, he also listens to

the opinions of the employees and conveys their comments to the management of the company. So far, these meetings were held at 14 companies and offices with a total of 871 employees in FY2005. Three hundred and twenty-six employees participated in the smaller sessions.



Mr. Nagashima (CEO) at the direct communication meeting held at Toho Tenax headquarters in December 2005.

Human Resource Management

Promoting Employee Diversity

The Teijin Group respects the personality and individuality of the employees and accepts their diversity including gender, age, nationality, race, and the differently abled at the stage of recruiting, employment and promotion. We welcome various values and ideas so we can offer job satisfaction and challenges, and hope to create a working environment where employees can apply their abilities in full.

During the hiring process, we have increased career positions and introduced measures such as internships, year-round employment and other systems. We have promoted the hiring of those who are differently abled, with the percentage of differently abled employees in 11 main group companies* now at 1.82%. We are also in the process of employing those over 60 years of age. At the same time, we will continue to increase appointments to managerial positions for various personnel in all areas of the business.

Promotion and Support of Female Employees' Activities

Efforts to promote and support female employees are undertaken by the

Diversity Development Section to enhance complete equality, as well as to promote female employees' activities. We are especially putting our efforts in the hiring process of female employees, and we set a target to have females employees on the main career track comprised the above 30% of newly recruited university graduates. In the long term, we hope to reach 30% females employees on the main career track as well. We are increasing opportunities for female employees main career track and looking for females with professional skills to take managerial posts so that the FY2002 number of female employees in managerial posts will be tripled to 60 by the end of FY2006. As of March 2006, there are 45 females in managerial posts.

Various Hierarchical Training systems

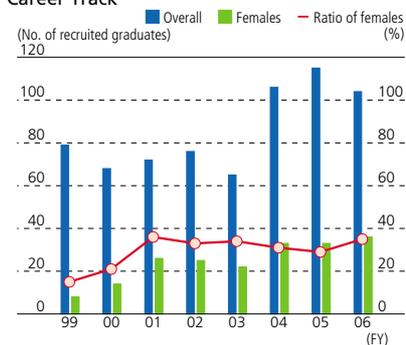
The Training Program for Female managers has been carried out every year since 2003 for the purpose of changing the awareness of training female employees for executives, and the awareness of female employees in general. Training for executives has been held every year since FY2002, offering workshops and seminars about the meaning of promoting

female employees' activities, "positive action" and the points to be noted in the training of female co-workers. One hundred and ten people participated in those workshops and seminars. A "Career-Up seminar" and an "Upgrade Seminar" are held every year for female employees in general positions.

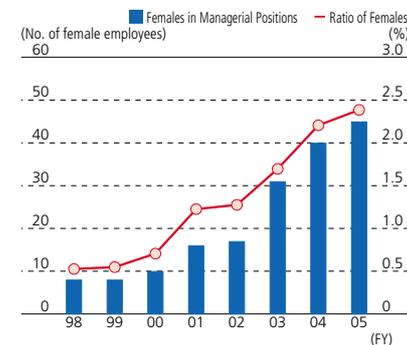
Forum for Promoting Female Employees' Activities

The Female Employees' Activity Forum held its fourth session in January 2006 for two straight days. With the goal of creating networks for female employees in different businesses and sections as well as listening to females in managerial posts talk about their experiences, this forum offers speeches and group discussions on female employees at managerial posts (role models). This year, about 40 people, male and female, executives and those in managerial posts, participated. With the same contents but on a much smaller scale, we offer the same group discussions and seminars in several offices every year, with a total of about 100 participants so far.

Trends in the Number of Newly Recruited Female University Graduates on the Main Career Track*



Trends in the Number of Female Employees for Managerial Positions*



In the case of the number of female employees in managerial positions within the entire company's managerial positions.



"The Fourth Female Employees' Activity Forum" where both men and women participated.

*The data for FY2002 and earlier applied only to the employees of Teijin Limited. The employees of 11 core group companies (72% of the domestic group companies) comprised the subject population for FY2003 as the partner.

Promoting Work-Life Balance System

In response to the request for CSR management and a wider range of employee needs, we are making Personnel transfer system correspond to each employees situation and diversifying our working system to make sure that the employee feels satisfaction, accomplishment and happiness. In the future, promotion of childcare leave for fathers, a strong implementation of the no-overtime day, improvements in the rate of acquisition of annual paid holidays, considerations for a telecommuting (work at home) system, and other such systems will be re-organized from the work-life balance perspective.

Supporting Work-Life Balance

For those employees resigning because of marriage, childbirth, childcare, nursing care, and spouse transfers, we started the "HELLO-AGAIN" system in May 2001, wherein these employees can register (three years). When the time comes for

them to return to work, the company will re-hire them full time. In FY2005, three employees were re-hired from this system.

We have expanded our childcare and nursing care support system and are promoting the use of these systems by announcing their existence to all employees. As a result, we offered childcare leave to all employees who need it in FY2005. These systems have a fundamental policy welcoming all our employees back to their positions once their leave time is over. And simultaneously, measures for childcare and nursing caused our shot-term leaves of absence rate to increase.

Action Plan on Regulation for Next Generation

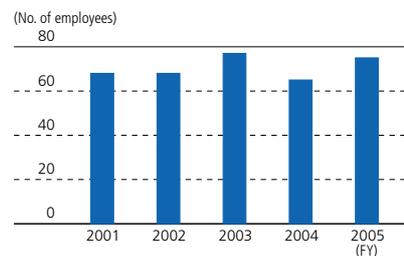
In April 2005, the Law for Measures to Support the Development of the Next Generation were implemented, and the 12 companies adopted this action plan. To coincide with this plan, we have implemented the promotion of childcare leave and the paid holiday system for childcare leave, as well as childcare leave for fathers and support for the working hours of employees with preschool children. Other means of labor management further enhance this action plan.

Childcare and Nursing Care Support System

Extension of childcare leave (Revised April 2005)	For children aged one and a half years or any child past the age of one before April 30th, whatever a long term the employee desires*1
Reduction of work hours system	Childcare: Until first grade, elementary school (previously it was for children past the age of 3 past April 1st) Nursing care: for one year, can reduce working hours for under 2 hours per a day*2
Childcare support Infrastructure	Tie-up with external childcare institutions; corporate contract with a babysitter service*3
Nursing care leave (Revised April 2005)	Maximum 365 days for one person in need of care (possible to take leave in sections)*1
"HELLO-AGAIN" System	See details*2

*1: 11 main group companies *2: 8 main group companies *3: 77 domestic group companies

Trends in the Number of Employees Taking Childcare Leave*



The female employee activity handbook "together" published every year to raise awareness in the company. Up-to-date topics such as gender harassment and work-life balance are introduced with specific examples.

Topics

Providing Diversity Measures and Policies from Outside Companies

To exchange information with other companies and to create networks, the Teijin Group is positively pursuing communication with outside companies. The "Kansai Women's Networking Forum" was held in September, following the first session in February 2005 together with ASICS Co., Ltd., Daikin Industries, Ltd., and Matsushita Electric Industrial Co., Ltd., who co-planned and organized the forum with 24 companies and 280 participants. The forum also began in Tokyo for the first time in February 2006. Four companies and 50 people participated, with many working females exchanging information that crossed the borders of com-

pany organizations. Moreover, we participated as one of the six companies that organized the "Diversity-Western Japan Study Group," established in 2004 to discuss the best practical method for achieving diversity and a work-life balance, and to serve as a connection to local and national governments.



"The 2nd Kansai Women's Networking Forum" held in September 2005.

Collaboration with the Industrial World, Universities and Government Organizations

Aspiring for the Development and Procurement that's Adaptable to Society

We are aiming for a shift from Green Procurement to CSR Procurement with the cooperation of related companies. Through collaboration with the industrial world, universities and government organizations, we would like to expand our research activities in industrial and educational developments, and offer the accumulated know-how of our business to play a larger part in society.

From Green Procurement to CSR Procurement

The Teijin Group has been procuring various materials and parts from companies around the globe. Under the "Green Procurement Guidelines," which urges major suppliers to establish an environmental management system and report on the actual status of its operations, we have enforced green procuring. For the procurement of materials and product parts for the future, we will establish a "Green Procurement Basis" and manage all chemical substances in all processes under this system.

For securing work contracts in the service field, a new system will start in FY2006, so we can promote the legal compliance policies and activities and follow up on social requests. To be considerate towards the earth, we will operate on a paperless system.

For CSR Procurement

We will create new content about our "materials procurement activities" and exhibit it on our Web site so suppliers can view the Group's standards and the basics of our procurement system. We are planning to gradually publish our basic policies and ethics for purchasing some time in FY2006. We will also strengthen our

relationship with our present suppliers to work on these activities together and administer a CSR activity questionnaire to raise social trust.

We will analyze the results by using a database as a means of communication to give feedback to the suppliers for further improvement.

Green Logistics

To reduce the amount of environmental impacts by transportation vehicles, the Teijin Group began using trains more often, reducing energy consumption and increasing the rate of packaging. Also to reduce the use of trucks, we are accessing the nearest ports possible for exporting materials.

We are putting in more efforts into the recovery and reuse of packaging material for our products. Over 80% of the palettes we use for shipments are recovered and reused.

The revised Law concerning the Rational Use of Energy, including a report on the amount of reduced energy to lower environmental impact, was conveyed to shippers also on April 1, 2006. In alignment with this law, the Teijin Group is enhancing its activities to lower any and all environmental impacts.

Green Purchasing

For office supplies, we have advocated the purchasing of products with lower environmental impact in their lifecycles, meeting the requirements of the Green Purchasing Standards for Office Supplies formulated by Teijin Group. To promote green purchasing for office supplies, the Teijin Group has been using "Benri Net." The percentage of environmental friendly products purchased through "Benri Net" was 75% in FY2005.

Green Purchasing Policies

- 1) Fully consider the necessity of purchasing before buying a product or service. Minimize the quantity 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

Green Procurement Guidelines

Subject items:	Substances contained in raw materials, parts and products that account for 70% or more of the minimum manufacturing material costs.
Description:	Urge suppliers of subject items to establish an environmental management system (EMS)* and confirm its establishment.

*: Environment Management System: ISO14001 Certified or Eco-Action 2 (environmental activity evaluation program) Registered and Certified.

Collaborative Research with Universities, Government Organizations and Industries

The Teijin group realizes that research and development activities bring about sustainable growth for a company. We have been collaborating with universities, governments and industries since the 1970s in various fields, and are promoting and accelerating collaborative research with universities, governments and industries to promote technological strategies. For example, we are working with universities and research organizations in the areas of basic research and future technologies, and with our customers on our product development and applied technology. Moreover, in order to cultivate the knowledge of our research engineers, we are actively participating in academic conferences and research study groups, and researchers are being dispatched to universities within and outside the country.

The Fuji Susono 21st Century Forum

Ever year, the "Fuji Susono 21st Century Forum" is held at the Fuji Institute of Education and Training. At this forum, top researchers in the fields of high polymer and biotechnology-related fields at Japanese universities or public research organizations are invited to exchange information and discuss the development of basic science. Also participating students had the chance to see a variety of corporate activities.

The fourth annual forum held in



A collection of lectures: "The Fourth Fuji Susono 21st Century Forum"

January 2006 had a total of 140 participants, and 14 lectures and presentations were held in the field of environmental issues and the science and technology of Japan. At the evening forum, a long discussion was held regarding research development skills in China and collaborative research activities with other Asian countries. A poster session with 40 presentations, including one by Teijin, was held. Four presenters received the Teijin Award and other accolades.

Research Exchange with Universities

The Teijin group, which has extensive technology, promotes research exchange with universities. In January 2006, Teijin Limited and Hokkaido University announced a partnership program to facilitate research efforts in areas integrating nanotechnology and biotechnology.

Contribution to Societies

For many years at the Society of Fiber Science and Technology, Japan, individuals who excelled in the development of industrial fiber and fiber technology and who supported the development of the conference itself were given an achievement award. In March 2006, a researcher at Teijin Fibers who studied the "The Research Development of High Efficient Polyester Fiber of Reformulation of Polymer" received the award.

In addition, the Teijin Group, as part of the management committee for the Society of Polymer Science, Japan and other research study groups, will actively participate in these meetings and conferences, and we continue to support their development.

Topics

Creating Technology and Target Strategy



Teijin Limited
Managing Director and CTO
Takashi Yamagishi

The Teijin Group is a company that boasts top level synthetic chemistry, high polymer, medical and biotechnology, and the nanotechnology that organically links them together. We challenge ourselves to discover new sciences and technologies, and use and analyze the results to offer higher quality products and services.

The "creative technologies" promoted by the Teijin Group links management strategies and technological strategies to create core technologies, strengthen human resources, and produce original technologies through R&D firmly rooted in the market. In R&D, we put emphasis on consideration of the environment and humanity. We identified four anticipated growth areas making as "strategy targets" and are constantly making progress.

May 2006

- 1) Promote the development of processed products, carbon fibers and aramid fibers used for next generation products and new materials in the vehicle and aircraft markets.
- 2) Through innovation in environmental and energy technologies, we will reduce environment impacts and work towards creating a complete recycling in society.
- 3) In the information and electronics fields, electronic components and display functional materials are offered through the development of advanced materials.
- 4) In the healthcare fields, we pursue the global development of next generation drugs for bone and joint disease, respiratory disease and cardiovascular and metabolic disease and a home health care system.

Contributions to Society and Communication Activities

Promote Communication with Society as a Corporate Citizen

From the Medium-term management target that began in FY2006, we've set a detailed program for contributing to society, focusing our efforts on the fields of environment, social education and global interaction. As a corporate citizen, we will deploy support activities and encourage employee volunteer activities to sustain this program.

Teijin Group's Social Contribution Activities

The Group's Common Program for Social Contribution

The Teijin Group, its group companies and factories have been implementing corporate citizen activities together in the past. While respecting these corporate citizen activities particular to specific areas and businesses, a social contribution program common to all groups for first year of own midterm management target that began FY2006 is now established.

As a "selective CSR plan," this program has designated the environment, social education and global interaction as the three main fields of focus. We will raise employee awareness of social issues by having direct contact with society, and will promote volunteer activities as the core of the program.

Corporate Citizen Activities of the factories

The track and field club of Teijin Fibers Limited Tokuyama Factory has designated May 30th as the "zero garbage" day and held the "Charity Clean Relay Marathon," where the runners pick up empty cans and other garbage as they run. This relay was part of a charity TV program tie-up in 2005. We collected about two mini trucks' worth of garbage that day and raised more than 100,000 yen in charities.

The "Teijin Soccer School" is run by the former members of the Teijin soccer club. They teach kids not just skills for winning, but also good social skills, contributing to the value of physical and mental growth.

Corporate Citizen Activities of Group Companies

Teijin Fibers Limited has donated 2,400 pieces (24 million yen worth) of *Scoron*, an insect repellent clothing, to a volunteer group working in Africa to eradicate malaria. Using their knowledge and technologies of system development, Infocom Western Japan Corporation has established a computer class for Citizens in Shunan City, Yamaguchi Prefecture, Japan.

The Teijin Group has participated in a project for environmental learning support programs for children, conducted by NPOs and The Learning and Ecological Activities Foundation for Children. We will expand our environmental learning support activities to teach the next generation the importance of recycling in society.



The track and field club members of both the Tokuyama and Iwakuni Factories participated together with a total of 85 members of local sports organizations in the "Charity Clean Relay Marathon."



Hiroshima Prefecture Plant Festival and Hiroshima "Mountain Day" held in October 2005. 51 Union Tire Cord Limited employees volunteered to help clean the mountain area and trim grass.



Application poster for the "Free Computer Class 2005"



The "Teijin Soccer School" is a volunteer team that is comprised of 18 trainers and secretariat members to teach 190 children how to play soccer.



Insect repellent clothing line *Scoron* prevents insects from sucking blood through a contact-avoidance type of insect control process.



The development of the environmental learning program, in which on-site classes were held with this year's environmental learning support project's theme: "Recycling of clothing."

Support for Major Disasters

Following the devastations of Hurricane Katrina in August 2005, Teijin Holdings USA Inc. donated \$10,000 to the American Red Cross, and Teijin Limited donated 1 million yen to the Japanese Red Cross Society. Teijin Limited also donated 1 million yen to the Japanese Red Cross Society to aid victims of the Pakistan Earthquake in October 2005.

Teijin Limited received a Medal with Blue Ribbon in January 2006 for the donations and relief supplies sent to the victims of the Niigata-Chuetsu Earthquake in 2004.

Support for Fine Arts, Culture, and Sports Activities

To support amateur sports, the Teijin Group has sponsored the All Japan High School Soccer tournament, American Football Japan Championship, and the Japan Wheelchair Basketball Championship. From FY2005, we have also supported the Teijin All Japan Veteran Tennis Championship and the Kindergarten and Primary School Manner Kids Tennis Project, which is sponsored by the Japan Tennis Association.



The Teijin All Japan Veteran Tennis Championship held in Nagoya in October 2005. This championship saw the participation of famous former players. Presently, there are 32 different divisions for players aged 35 to 80. They are placed in groups of five years in age, with 780 players participating in total.

Collaboration of a Tree-Planting in China

From 2006 to 2008, the Teijin Group has been supporting the "Japan-China Environmental Tree-Planting Project," aiming for the prevention of flood damage and to preserve the environment, supported by Nippon Keidanren (Japan Business Federation) in Chongqing, China.

Scholarship Foundation for Young Scientists

The Teijin Foundation has been set up the Teijin Kumura scholarship, the name taken from Seita Kumura, who was a pioneer in the chemical fiber industry for the purpose of developing international societies and cultures for young chemical engineering



Seita Kumura: The Father of Japan's Rayon Industry

technicians. So far, about 1,400 students have profited from this scholarship, and about 20 students will receive this scholarship at the 54th in FY2006.

Support of Volunteer Activities by the Employees

With the goal of supporting a life long plan for employees who pursue volunteer activities, the Teijin Group has implemented a voluntary retirement for volunteer activities in FY1999. Since its establishment, 61 employees have registered, and as of March 31, 2006, 27 employees are utilizing this system.

Topics

A Wide Range of Social Contribution Activities are Developed in the Netherlands

For our overseas activities, the Teijin Twaron B.V., whose headquarters is in the Netherlands, became the main sponsor for the Het Gelders Orchestra, one of the leading orchestras in the Netherlands contributing to local cultural activities.

Moreover, the same company is the main sponsor of a solar car racing team of Delft University of Technology in the Netherlands, providing materials for the race. "2005 World Solar Challenge" held in September 2005 was a long and rigorous 3,010km race from Darwin to

Adelaide in Australia. The Delft University of Technology won three years in a row.



The solar car, Nuna3 that won "2005 World Solar Challenge" uses Teijin Twaron B.V.'s aramid fiber.

Contributions to Society and Communication Activities

Communication Activities

Participation in Numerous Exhibitions

Through numerous participations in CSR-related exhibitions, we will introduce Teijin Group's advanced technology to the outside world.

NI Teijin Shoji Co., Ltd.'s lightweight large-sized temporary tent, *AEROSHelter II*, was exhibited at the "Security & Safety Trade Expo 2005" held in October 2005. This product can be prepared with air blown in by a locally powered operated fan. So this shelter can be easily raised even during blackouts and is ideal for use in disaster areas using a hybrid car power supply.

At the "32nd International Home Care & Rehabilitation Exhibition" held in September 2005, there were a total of 135,825 visitors in the three days of the exhibition. At this largest domestic exhibition of its type, the Teijin Group introduced healthcare related products and business.



The tent (*AEROSHelter II*) is inflated by air from the fan connected to a hybrid car power supply.



We introduced healthcare related products and business at the "32nd International Home Care & Rehabilitation Exhibition."

Communication Activities with the Local Community

The Teijin Group will pursue better mutual communication with local communities to promote the understanding of our corporate activities and introduce the Teijin Group's activities.

In October 2005, at the "Kirara Products and Interaction Fair 2005" held in Yamaguchi city, Yamaguchi prefecture, local commodities of private companies were exhibited and introduced. Teijin Fibers Limited Tokuyama Factory also took part in the "Iki Iki Eco Fair" (vitality eco fair) and introduced the "Bottle-to-Bottle" recycling system, *ECOPET* recycling system and other environmental activities by the group.

In October 2005, Ehime Prefecture held a networking event titled "Business Matching 2005," to vitalize the prefecture's economy in which the Matsuyama Factory participated. "fiber-to-fiber," Morphotex, magnetic shield, a bagged soil dehydration, polyester elastomer *ECOCAL*, insect repellent wear *Scoron* and other Eco-products and Eco-services were exhibited.



We introduced our environmental friendliness at the "Kirara Products and Interaction Fair 2005."



At the "Business Matching 2005," Eco-products and Eco-services such as "fiber-to-fiber" and insect repellent wear *Scoron* were introduced.

Topics

Protect the Natural Forest within the Factory Grounds in Luxembourg

"The glycol reuse project in a polymerization process" by the DuPont Teijin Films Luxembourg S.A. met standards of ecology, innovation, validity and economy and received the "First Environmental Prize for Industry" award from the Luxembourg's Ministry of the Environment in November 2005. The prize money 3,500 euros was donated to the company's retirement funds organization. It will be used for national forest preservation within the factory grounds.



At the awards ceremony, DuPont Teijin Films Europe's Vice President Watanabe joined the project members to attend the event. The prize money and certificate was given by The Minister of the Environment (right).

Renewal of Teijin Group's Mail Magazine

For the goal of gaining more Teijin fans, Teijin Limited delivers a corporate activity information newsletter via e-mail. To have the members feel closer to the Teijin Group, the contents were revised in 2005 to introduce the group's products familiar with the public, new items and business contents as well.



An example of the mail magazine screen

Topics

Promoting the Understanding of Teijin Group through Internships

The Teijin Group has been accepting those students who are preparing to look for a job or an internship since 1998. In 2005, along with the "work experience course" (32 participants) for science and mathematics department students, we also began for the first time a "corporate understanding course" (about 100 participants) for students in the humanities



field to produce a "commercial message" for Teijin.

Some students who participated in these activities offered these comments: "This company seems to be quite opened" and "this company seems to respect its employees." Through these activities, we hope to increase the number of Teijin fans and to improve and strengthen "Teijin Group's recruiting competition rate."

Through the production of a commercial message, we had about 100 student participants divided into 14 teams, in which each team had opportunities to interview some of Teijin Group's workplace personnel for further understanding of our company and corporate culture. They had about a month to create a one minute commercial message, and three pieces of works were chosen by careful judgment. These three were put up on Teijin's homepage and recruiting Web site, "Riku-Navi", where we plan to introduce the recruitment process and procedures for FY2007.

Topics

Communication with the Customers in the Medical Field

Nationwide Seminars on Sleep Apnea Syndrome

Since Sleep Apnea Syndrome (SAS) is a disease that causes drowsiness during the daytime, it leads to traffic and labor accidents. Although more than 2 million people are reportedly affected in Japan, only 70,000 patients are on treatment. We have offered free lectures on prevention and treatment of this disease nationwide since FY2004, with the cooperation of medical and health organizations and governments. In FY2005, we collaborated with the ResMed. to tour 23 locations in Japan.

Supporting Respiratory Disorder Patients who are Receiving Home Care

Teijin Pharma Limited., As one of the leading companies in the field of home oxygen therapy, is supporting the activities of patient organizations helping those receiving home healthcare, together with companies in the same business field. In October 2005, the NPO organization, Japan Respiratory Impaired Information Center (J-Breath) gathered about 70 people in the medical field and affiliated businesses to hold "the 10th Study Group for a Better Breath Discussion." The current situation and patients' needs were dis-

cussed based on "Proposal to the future when the 20th anniversary of home oxygen therapy was expected" and "Japanese White Paper on Home Respiratory Care."

Secured and Trustworthy Home Health Care Even in Major Disasters

The Teijin Group's home health care business has full-time staff at about 80 offices offering a 24-hour service that is closely to the local community. In light of the recent major earthquakes, snow and flood disasters, these staff members can reach patients receiving home oxygen therapy quickly to confirm the patients' safety, deliver, check and collect oxygen concentrators, and supply them with new oxygen cylinders. We are making every effort for patients and their families to feel be secured and to develop a lasting and trusting relationships.



Employees transferring the equipment by a sled since cars cannot enter because of snow.

Opinions from the Specialists

Expectations of Improvement in the World and Good Chemistry through CSR

Associate Professor, Faculty of Business and Commerce, Keio Gijuku University
Doctor of Philosophy
Mitsuhiro Umezu

Mainly regarding corporate ethics
and governance

One of the unique points of the Teijin Group's CSR is that CSR has been promoted in close cooperation with the corporate governance system. This indicates the management team has recognized the importance of CSR. For example, Mr. Nagashima, the president himself got involved in establishing its brand statement. Moreover, the Teijin Group set up a new and innovative CSR promotion system where CSRO supervises a broad range of CSR activities. It is a very deliberately established system, based on knowledge that the Teijin Group has accumulated through vigorous activities of enhancing corporate ethics since 1993, preceding all other companies.

Another feature of the Teijin Group's CSR includes its commitment to retaining continuity with its core business. As Teijin has exploited the technological resources throughout an ever-widening area since its start as a chemical fiber company, the exploitation has led to creating environment-friendly systems such as "Eco-Circle" and

building the "management system of chemical substances." This is CSR unique to Teijin, and I hope that the Teijin Group will continue to conduct such CSR activities.

It is particularly worth noting that the violation of compliance and appropriate countermeasures are openly described in this report over two pages. This is based on the group's commitment to enhancing transparency, which should be highly appreciated.

It would be better to explain a bit more on how the employees regard and deal with the strong commitments of the management team to improve CSR activities if the group is eager to strengthen future activities of CSR.

As the Teijin Group develops the target of "Making the Teijin Group a Key Global Player," it now faces the question about what, in fact, makes the Teijin a respected and recognized company throughout the world. The profound and significant implications contained in the brand statement, "Human Chemistry, Human Solutions" pro-

vide the answer to that question. As the word "Chemistry" has a meaning of affinity between people, I expect Teijin to develop technology, strengthening ties with people all over the world through current technological resources.



After graduating from the Faculty of Letters, Keio Gijuku University, studied and obtained his doctorate at Chicago Loyola University Graduate School. Associate professor at the Faculty of Business and Commerce, Keio Gijuku University, and Doctor in Philosophy. One of Japan's leading researchers on corporate ethics and applied ethics. Consultant for many corporations through the Business Ethics Research Center. Author of "Ethics in Business" (Maruzen) and others.

Teijin's Unique Environmental Preservation Activities are Highly Evaluated

Professor, Faculty of Economics, Teikyo University
Guest Professor, Research Center for Advanced Science and Technology, Tokyo University
Mitsutsune Yamaguchi

Mainly regarding environmental management

The Teijin Group fulfills its responsibility for accountability and transparency regarding CSR efforts through a wide range of environmental protection activities and has demonstrated good performance so far. This is my frank impression.

Especially, its efforts in establishing a recycling-oriented society are excellent. What deserves special mention is the technological development of "Fiber to Fiber" and "Bottle to Bottle" through "Eco-Circle," a perfect recycling system. Articles stating that "Eco-Circle" is spreading worldwide strongly encourage us.

Adopting carbon fiber composites in aircraft and using thinning wood demonstrate Teijin's strong commitment to environment protection while energy saving activities in offices and eco-marathons are good examples of its steady efforts. It would be even better to explain the environmental activities the employees conduct at home.

I found that the Teijin Global Environmental Charter includes the principle of

"conducting its business activities with a priority on environmental conservation and safety." But, from the viewpoint that it is impossible to care for the environment and safety without sound management, it would be more appropriate to change it to "conducting its business activities, placing great emphasis on environmental conservation and safety in line with sound management." For example, one of the key questions is how much money can be allocated to environment conservation activities if business is in the red. As long as Teijin is a joint-stock company, it is allowed to invest to the extent approved by shareholders. We make efforts to set up a system where society evaluates a company which invests in dealing with environmental issues on such occasion.

Although it enthusiastically works on CSR as a whole, I recommend that it should hold regular meetings with NGOs, consumers, academic experts, etc. The next step Teijin should take is delivering more information about its activities to the world. It needs to offer an

English version of the report and disclose information via the Internet. In addition, the top management is required to actively take part in international meetings and introduce its efforts to the world. As the Teijin Group is a member of WBCSD, I expect it to participate in international conferences and state its ideas more actively to become a CSR leader, representing other Japanese companies.



Graduated from the Faculty of Economics, Keio Gijuku University. Assumed his current position after entering Tokio Marine and Fire Insurance Company, Limited and a professor of the Faculty of Economics at Keio Gijuku University. Expert on general environmental issues and take charges as a lead author of Working Group III of IPCC, the government representative of the OECD Joint Working Party on Trade and Environment, a member of committees of the Council of Industrial Structure and Chairman of ISO/TC 207 National Commission for Climate Change. Author of "Environment Management" (The Society for the Promotion of the University of the Air), "Global Environmental Issues and Company" (Iwanami Shoten) and others.

Efforts to Promote the Advancement of Female Employees are Highly Evaluated and Meeting the Challenge of a Wide Range of Tasks is Expected

The Valdez Society Co-Chairperson (CSR Research Group Organizer)
Yoshiki Midorikawa

In the process of the shift from the environment report to the CSR report, strong demands for information disclosure in the field of employment and labor have been recognized. The Teijin Group devotes a full 6 pages to the explanation of employment and labor, introducing its commitment to placing a high priority on human resources. It is reflected in the title name, the department name and the word "human resources" expressed in the 4 pages on "human resources management." I think it is very favorable. In the "employment" section of the human resources policy, the goal of "ensuring a good relationship between the company and the employee" is defined and it has helped to create a variety of systems. In disclosing information about human resources management, priority is placed on joint participation by male and female workers as well as work-life balance. In particular it is highly praised that the group sets a target in employing female workers on the main career track and promoting them to managerial

posts. The policy of work-life balance is forward-looking and contains positive plans such as the management of working hours and child-care leave, some of which are paid, although it is still at the early stage of responding to the law concerning next generation development support.

Looking at the overall picture of employment and labor, I find information disclosure of basic data is unlikely to be sufficient. The basic data includes concrete and fundamental working conditions such as workforce breakdown, the total and breakdown of recruitment and retirement, payment by gender and working hours. Information was added in some areas but I hope the group continues to make more effort to put the information of the many group companies in order.

I also hope that the group works on the problem of working hours which accounts for a basic matter of work-life balance from a long-term perspective in order to avoid the risk of being criticized as a company that owes its

growth to unfairly long working hours by international society.

I recommend that Teijin should facilitate actions of responding to the rapidly changing work environment, like setting up a mental health system, obtaining good results in a short time and disclosing those results to the public. Teijin, as a global group, is expected to focus on the promotion of CSR and the disclosure of CSR information, including information on overseas operation.



Engaged in labor administration and consumer administration as a municipality employee for about 30 years. Participated in NGO/NPO activities such as the Valdez research group that researched and recommended responsibility for environment conservation to companies in 1991. Established the "CSR Research Group" in 2004, along with members of the Valdez research group. Co-wrote "CSR practice method with clear effects," "CSR management," "Shopping guide to become a Green Consumer" and others.

It is Important to Collaborate with NPOs for CSR Promotion

Social Welfare Corporation Osaka Volunteer Action Center
Chief Executive Officer, Director General
Noboru Hayase

My impression of the Teijin Group CSR report is that the 2006 edition examines CSR more profoundly and deepens the contents while the 2005 edition focused on the environmental issues. There are many reports where only figures are converted even if they are published every year. But Teijin's 2006 report changes the structure and improves comprehensiveness, which I think is valuable.

Especially, the article about "social contribution and communication activities," which NPO workers will read with great interest, helps us to understand how the Teijin Group takes active roles as a corporate citizen. It is also admirable that the report states the group's activities in cooperation with an NPO for supporting the home care of patients with respiratory disease. If Teijin develops "Bottle to Bottle" technology in concert with an NPO, it will be easily understood and clearly recognized by consumers, thereby increasing the number of 'Teijin fans.' In European countries, the companies

which work on CSR issues with NPOs continue to gain increased reliability and credibility. By clarifying the viewpoint that the Teijin Group is eager to deal with many CSR issues with NPOs, the group will be regarded as an open-minded company.

One of the superior points in the report is that the group takes up the asbestos problem, which demonstrates very well the serious effort made by Teijin for social responsibility. The article stating that persons in charge of corporate ethics at the CSR Staff Office were sent to China, Indonesia, Thailand or other countries to draw up a code of conduct by country together with local employees, is highly appreciated and regarded as a good example of approach in foreign countries.

It is also nice and fair that the report contains not only encouraging opinions, but also less positive feedback from readers.

As mentioned above, the report describes how the Teijin Group obtains a broad array of information from stakeholders

and improves communication with them. I am impressed by the fact that this report is so mature that it effectively delivers its message.



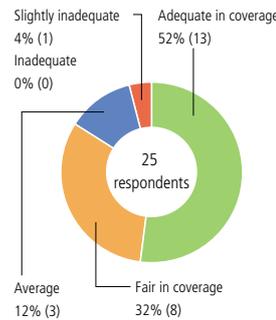
Graduated from the Department of Mechanical and System Engineering at Kyoto Institute of Technology. Completed Osaka Prefecture Shakai Jigyo Tankidaigaku (present Osaka Prefecture University.) Chief Executive Officer of Osaka Voluntary Action Center. A managing director of Japan NPO Center Engaged in the promotion of CSR through civil activities and set up the Kansai CRS Forums and the NPO network that help CSR promotional activities. Author of 'Q&A to understand NPO' (Iwanami Shoten) and others.

Mainly regarding contribution to society and communication

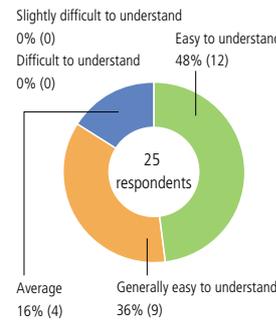
Opinions from Readers

Of those who read "2005 The Teijin Group CSR Report," 25 readers responded to the attached questionnaire. We greatly appreciate your opinions and suggestions. They help us promote our CSR activities and improve our future reports. Here are some sample comments we received:

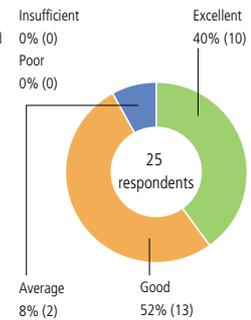
Q. How would you rate this report?



Q. How was its readability?



Q. How would you rate Teijin's corporate social responsibility performance?



Some Opinions Expressed by the Respondents

- The recycling technology is good, but what is the environmental impacts of that recycling system?
- After re-reading the entire report, I couldn't find any idea or proposals that really moved me.
- I would like to have seen more information on affiliated companies. As an ex-employee, I would like to watch over what is happening.
- Please use bigger letters or fonts. Don't just announce information on the Web and in magazines, but maybe use newspapers for simple announcements about what Teijin is up to.
- I am a member of the ESH promotion committee so I was very concerned about the increase in the amount of accidents. I am always thinking of ways to secure safety by the select few.
- There is a sudden increase since FY2003 in the number of accidents in the domestic Teijin Group's lost-time injuries frequency rate. Maybe it is necessary to take crucial measure.
- In the "message from the President," president Nagashima makes a clear statement about the accident in 2003, but he needs to speak out more about securing safety for his employees in the future.

Web site Information

Information or data beyond what is contained in this report is published in greater detail on our Web site. Please visit the "CSR & Environmental preservation activities (temporary name)" on our Web site. We are planning to renew the Web site in July 2006 to make it easier to understand and navigate. <http://www.teijin.co.jp/english/>

Additional Information on our Web site (including scheduled information)

CSR Management System
 Corporate Governance Guide 2003
 Corporate Ethics Regulations
 Current Status of Certification of Approval

Teijin Group CSR Report
 Domestic Group Company's Environmental Performance Data
 Overseas Group Company's Environmental Performance Data
 Status of Human Resource Data
 GRI Guideline Index
 Questionnaire Form
 CSR Report Archives

Eco-Web (The TEIJIN Group's Environment, Safety and Health Activities)
 Toward the Creation of Recycle Oriented Technologies and Products
 Eco-Partners
 Eco-Products and Eco-Technologies
 Press Releases
 Basic Policy for Environmental Conservation
 Teijin Group's goals and midterm targets
 Group ESH Management Organizations
 Environmental Activity Performance and Awards
 Green Purchasing
 Philanthropic activities
 Links
 Key Word Glossary
 Eco-Quizzes

Independent Review Report

The review placed importance on information on environmental impacts of overseas sites, above all.

I did not see the management level of observance for laws and regulations remarkably differ from that in Japan. Meanwhile, rules of some overseas sites for collecting and compiling the amount of chemical substances displaced or discharged, or the amount of waste, for example, do not comply with Teijin Group's rules based on the laws and regulations of Japan. Laws and regulations in other countries are not always the same as those in Japan.

In globally-consolidated management, understanding data from the viewpoint of the laws and regulations in Japan is not enough. Now the strictest environmental regulation in the world may have to be referred to, with a universal viewpoint on the management. For example, if classification of the wastes is prepared by nature of the wastes, it can provide the universal way of management.

As the attempt to establish "Teijin's global standards" on conduct has already started, establishing and expanding new standards for a global management, with such a universal viewpoint, is a part of the CSR that Teijin is expected to pursue.



Yukinobu Matsuo
Manager
KPMG AZSA Sustainability Co., Ltd.



After Receiving the Review Report

The following has been focused on CSR Report in the FY2006.

- 1 The relationship between business activities of the Teijin Group and society
- 2 The relationship between Teijin Group's corporate philosophy and brand statement and/or CSR
- 3 More information related to overseas offices will be published
- 4 Carrying out external stakeholder opinions

Though we were considering implementing a stakeholders dialog for the FY2006 edition, we decided to ask for the opinions of four CSR specialists. Specifically, we solicited their opinions in the four fields of governance and corporate ethics, the environment, human resources and labor and social contributions. First, we asked them to read our CSR report, we, the CSR committee, had individual discussions with persons in charge of the environ-

ment and safety departments in Tokyo. Then these discussions, we asked them to write up reports based on these discussions.

What we realized at these discussions was the terms used at ordinary around us were mostly company-orientated or full of business terminology, making it difficult for general readers to understand. Moreover, since environmental and human resource management issues have strict information disclosure polices, we did our best to increase transparency. The discussions were the first of their kind, but the input and opinions from specialists served as a great reference, and we realized that these opportunities were very meaningful.

KPMG AZSA Sustainability's review was exhaustive and required the grounds and/or evidences for overall description of the CSR Report. We took considerable time responding to it. As a result, we believe that the cred-

ibility of the report has been enhanced.

Finally, we would like to express our gratitude to all the internal and external group company employees and all the staffs who took part in creating this report.

We were allowed to use the real names of many organizations, local government divisions and NPOs. Everyone of them understands the meaning of our CSR report, and we obtained a great amount of cooperation enabling us to disclose this information. We would like to take this time to thank you all for your cooperation and support.

The production bureau for the CSR Report used to be under the Environment Safety and Health Office. In FY2006, it was transferred to the CSR Staff Office.

Teijin Limited
CSR Staff Office



The South American Morpho butterfly is said to be the world's most beautiful. But its unique colors are not a result of pigmentation. Instead, the Morpho's brilliance is an example of iridescence — a process by which reflection of light is used to produce various beautiful colors. *MORPHOTEX* is a nanotechnology based on the structural color principle of the Morpho butterfly, using layers of polyester fiber arranged so that they produce color when struck by rays of light. It is an environmentally friendly technology, requiring neither the dyes and pigments nor the water and energy normally consumed in the dyeing process. And the skin irritations that can result from harsh pigments or dyes are no longer a concern. Presently, *MORPHOTEX* is used in high-grade apparel, paints and cosmetics. As a technology sensitive to both humanity and our environment, *MORPHOTEX* is a fabric for the future.

Learning from the principles of nature...
That is the Teijin way.

TEIJIN LIMITED

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The Teijin Group's
'fully closed recycling systems' won
2005 Good Design
Award.



This report is printed on recycled paper with soy ink.

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