

TEIJIN

TEIJIN LIMITED

<https://www.teijin.com>



ALWAYS EVOLVING

INTEGRATED REPORT 2022

Year ended March 31, 2022

Quality of Life

The Teijin Group's purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities.

In Harmony with Society**Empowering Our People****Long-Term Vision****What we aim to be****To Be a Company That Supports the Society of the Future**

The Teijin Group relentlessly strives to be a company that supports the society of the future, by utilizing our diversity to create value for society's needs.

Code of Conduct**The standard for action that aligns with our corporate philosophy**

We—the Teijin Group, including its officers and employees—act according to our conscience, with the aim of enhancing the quality of life for all stakeholders.

**T
ogether**

We are united in building shared, sustainable values through mutual respect for our unique differences.

**E
nvironment,
Safety & Health**

We put the global environment, human safety and health as our top priorities when conducting business.

**I
ntegrity**

We act with integrity in compliance with laws and regulations, and show respect for human rights and the local communities in which we operate.

**J
oy at Work**

We are committed to building a fulfilling and joyous workplace, where each of us is passionate about our work.

**I
N
ovation**

We challenge ourselves for transformation and provide innovative solutions, anticipating the needs of our customers and society.

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About the Photo on the Cover of This Report

Since 2020, Teijin has been supporting the UK-based Envision Racing Formula E Team (ERT), which competes in the ABB FIA Formula E World Championship, a formula car race for electric vehicles. Through this support, we communicate our corporate stance toward "climate change mitigation and adaptation," one of our five material issues, to a wide range of stakeholders. We also raise awareness of our products and services for the automotive industry that help reduce environmental impact. In addition, we accumulate technologies and know-how needed for electric vehicles in the next generation. Since 2021, our meta-aramid fiber *Teijinconex neo* has been used for the official racing suit of ERT.



Efforts toward Shaping the Society of the Future

To realize a sustainable world, our focus is on people, delivering innovative solutions to enhance the Quality of Life, while minimizing the negative impacts of our activities on the environment and society.



Environmental Value Solutions

Provide products and services contributing to global environmental goals such as prevention of climate change and achievement of a circular economy



Safety, Security, and Disaster Mitigation Solutions

Provide products and services protecting lives and livelihoods from various risks such as disasters and accidents



Demographic Change and Increased Health Consciousness Solutions

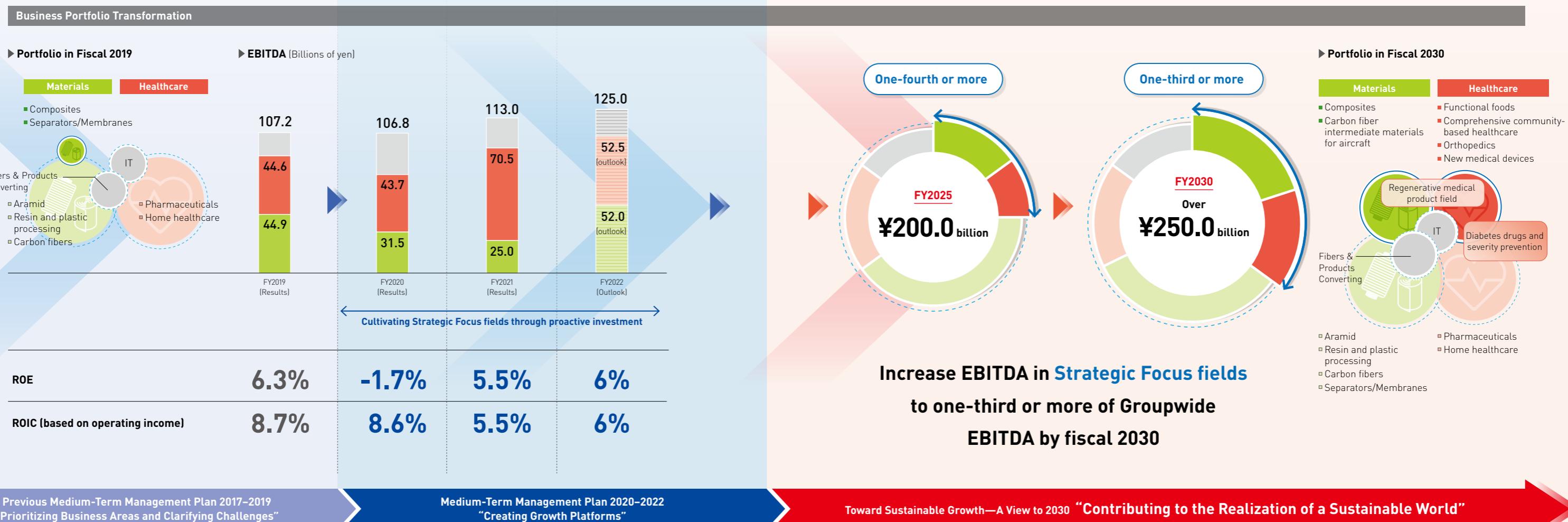
Provide products and services supporting healthy and comfortable living for people of all ages



Executive Summary

As part of the initiatives we have been pursuing over the past two years under Medium-Term Management Plan 2020–2022: ALWAYS EVOLVING, we have proactively carried out investments to enhance production capacity in the Materials Business Field and to acquire marketing approvals for diabetes drugs and implement M&A with a regenerative medicine business in the Healthcare Business Field. Meanwhile, due to the impact of the rapid changes in the external business environment, we expect that it will be difficult to achieve our targets for fiscal 2022, which we established at the time of the medium-term management plan's formulation, including the target

for EBITDA of ¥150.0 billion. In fiscal 2022, the final year of the plan, we will make every effort to create growth platforms, which is a major theme of the plan, and improve profitability. We will also further strengthen initiatives aimed at achieving our long-term environmental targets, which we raised in fiscal 2021.



| Targets Related to Climate Change | | | | | Independently assured indicators | |
|---|-------------------------|-------------|-------------|---------------------------|--|---------------------------------------|
| | Fiscal 2018 (Base year) | Fiscal 2020 | Fiscal 2021 | Compared with fiscal 2018 | | |
| Group CO₂*1 emissions**2★ (Million t-CO₂) | 1.48 | 1.37 | 1.38 | 7% reduction | Fiscal 2030 30% reduction compared with fiscal 2018 | Fiscal 2050 Net zero emissions |
| Supply chain (upstream) CO₂ emissions***3★ (Million t-CO₂) | 2.89 | 2.69 | 2.56 | 11% reduction | Fiscal 2030 15% reduction compared with fiscal 2018 | |
| Total CO₂ emissions*4 (Million t-CO₂) | — | 5.18 | 5.07 | — | | |
| Avoided CO₂ emissions*5 (Million t-CO₂) | — | 1.65 | 2.46 | — | | |

*1 Includes CO₂, methane, and N₂O. *2 Calculated with the GHG Protocol as reference. The amount of CO₂ emissions equivalent to the amount of energy sold to other companies has not been deducted from this data. With regard to coefficients for fuel, we use emissions coefficients based on the Law Concerning the Promotion of the Measures to Cope with Global Warming. As for emissions coefficients for electricity, we use adjusted emissions coefficients of individual electric power companies for power purchased in Japan. For power purchased overseas, we use power company-specific coefficients, in principle. However, in cases where the power company-specific coefficient is unknown, we apply the latest available IEA country-specific emissions coefficient. *3 Covers Scope 3 emissions in Category 1 (purchased goods and services) except emissions from products purchased in the Fibers & Converting Business for the purpose of sale. Category 1

emissions are calculated by multiplying the purchased weight or purchased value of purchased goods and services by the emissions intensity in units of weight or value. Emissions intensity data for monetary units is from Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.2) [March 2022] (Emissions Unit Values Database V.3.2)*, published by the Ministry of Economy, Trade, and Industry and the Ministry of the Environment. Emissions intensity data for weight units is based on the intensity data of the Ecoinvent Database (operated by Ecoinvent Association) or the GaBi Database (operated by Sphera). *4 Total CO₂ emissions Groupwide and in the supply chain upstream. *5 Calculated as the amount of avoided CO₂ emissions that the Company's products have contributed to in the supply chain downstream.

Road Map to Achieving Our Long-Term Vision



Building a Robust Team That Can Form Close Connections with Customers and Patients and Resolve Social Issues

My name is Akimoto Uchikawa, and I have recently been appointed as president and CEO, representative director of the Board. I strongly feel that my appointment represents an important turning point from the 100 years since the founding of the Teijin Group, and that I am entrusted with an extremely important time in which I will lead the Group into the next 100 years. This feeling stems from the Group's 100-year anniversary event that was held in 2018. This event left a profound impact on me as I had several conversations with mid-career employees in the Healthcare Business Field, with whom I had not much involvement up until that point. From those conversations, I was able to see how these employees were earnestly trying to develop an intimate understanding of the suffering of patients. Although we had been moving forward with efforts to transform our business model in the Materials Business Field, from providing customers with materials to providing them with solutions, these conversations made me realize that it is most important to be keenly aware of the issues facing customers and to base our decisions accordingly on that awareness. This moment also made me understand that if we are able to base our thinking on the issues of our customers, then this will lead to new business opportunities. I believe that the strengths and purpose of the Teijin Group is understanding the concerns of customers and the suffering of patients and addressing and resolving social issues. While adhering to this belief, I will strive to continue to lead efforts to transform our businesses and corporate structures as we head into the next 100 years.

Akimoto Uchikawa

President and CEO, Representative Director of the Board

Born in Shiga Prefecture in 1966, Akimoto Uchikawa joined Teijin Limited in 1990. Since then, Mr. Uchikawa had been primarily engaged in the development of fiber technologies until he became a Teijin Group corporate officer in April 2017. After serving as a management coordinator for the president of the Material Business of the Teijin Group and the president of the Composites Business Unit, he became an executive officer and president of the Material Business in April 2021. In June of the same year, he was appointed as a director and executive officer. Since April 2022, he has been serving as president and CEO, representative director of the Board.



Looking Back on the Second Year of the Medium-Term Management Plan

Since fiscal 2020, the Teijin Group has been moving forward with Medium-Term Management Plan 2020–2022: ALWAYS EVOLVING with a view toward realizing our long-term vision of being "a company that supports the society of the future" by providing three solutions: "Environmental Value Solutions," "Safety, Security, and Disaster Mitigation Solutions," and "Demographic Change and Increased Health Consciousness Solutions." Looking back on the first two years of the plan, I believe we have been steadily getting closer to accomplishing one of the plan's major themes, which is to create growth platforms. On the other hand, our business performance has unfortunately been struggling due to the major impact of changes in the external environment, particularly in the Materials Business Field. In fiscal 2021, although net sales increased over 10% year on year, to ¥926.1 billion, operating income declined 19.5%, to ¥44.2 billion, and profit attributable to owners of parent stood at ¥23.2 billion. In terms of our important management indicators, EBITDA was ¥113.0 billion and ROE and ROIC based on operating income were both 5.5%.

With regard to the progress that we are making under the medium-term management plan, starting with the Materials Business Field, we have been working to expand our production capacity in the aramid business, which we position as a Profitable Growth fields, by increasing facilities at our factories in the Netherlands. In addition, we have been moving forward as planned with efforts to automate and digitalize factory operations. In the resin and plastic processing business, we have been shifting our focus over the past several years toward high-value-added products. As a result, this business has established a firm foundation that can secure a stable profit without being impacted as much as it was before by the condition of raw material prices. In terms of Strategic Focus fields, the carbon fibers business has been impacted by the delays in new model development among aircraft manufacturers due to the COVID-19 pandemic. However, the business was able to accomplish the major initiative of establishing a new plant in North America. In addition, the composites business completed several successful initiatives, including the establishment of a new plant in Texas, which handles the major program of pickup boxes for Toyota Motor North America Inc.'s Tundra pickup truck (2022 model), as well as the automation of molding processes.

In the Healthcare Business Field, numerous initiatives are proceeding as planned. For Profitable Growth fields, the functional integration of the pharmaceutical and home healthcare businesses, whose business models differ in nature, has been

progressing without delay, even as we are unable to conduct opinion exchanges face-to-face due to the COVID-19 pandemic. Additionally, amid fierce competition, in fiscal 2021 we were able to secure our expected sales volumes for the diabetes drugs that we took over from Takeda Pharmaceutical Company Limited. In terms of Strategic Focus fields, we have started to see promising developments in our businesses related to comprehensive community-based healthcare systems, including the establishment of a web media service that supports visiting nurses. We are also getting a clear view of the direction for which we will aim going forward, which is to provide unique pharmaceuticals, medical devices, and medical services by leveraging the foundation of the home healthcare business.

Despite the government demand for protective medical equipment (gowns) coming to an end, reflecting the declining severity of the pandemic, the Fibers & Products Converting Business is starting to become a more robust business entity that can generate stable profits thanks to the structural reforms that we have been promoting.

In the IT Business, efforts to strengthen promotions for e-comic services have led to a steady increase in the number of service users, even without the special demand for these services that we saw from the trend of people staying inside due to the pandemic. In the field of IT services, we have been welcoming into the Group companies that excel in healthcare-related IT technologies in order to establish new services and enhance our product lineup. In these ways, we have been promoting various growth-oriented initiatives.

In terms of the "Others" segment, we have completed preparations to launch a CDMO (contract development and manufacturing organization) business*1 for regenerative medical products that will leverage the business foundation of Japan Tissue Engineering Co., Ltd. (J-TEC), which we acquired in March 2021. Through this effort, we strive to enter into domains that combine the Materials and Healthcare Business Fields. We will also pursue co-creation activities between the regenerative medicine business and the orthopedic implantable devices business, which was transferred to the Corporate Business Incubation Division under the control of the CEO in fiscal 2022. In this way, we have positioned this regenerative medicine business as a new business that can spur innovation from a long-term perspective and are focusing our efforts to develop it as such.

*1 Business that accepts delegation of development and manufacture of regenerative medical products from companies, universities, and research institutions domestically and overseas

Leveraging Price Pass-Throughs to Mitigate the Impact of Soaring Raw Material and Fuel Prices—The Key to Achieving Our Targets for Fiscal 2022

As I mentioned before in this message, we are making steady overall progress with the major theme of the medium-term management plan, creating growth platforms, and I believe we will reach this goal during fiscal 2022, the final year of the plan. However, with regard to our quantitative targets for fiscal 2022—EBITDA of ¥150.0 billion, ROE of 10% or more, and ROIC based on operating income of 8% or more—we find ourselves in a situation where it will be difficult to reach these targets due to a variety of factors. These include delays in efforts to improve the profitability of the composites and carbon fibers businesses caused by the pandemic as well as the downward pressure being placed on profits by soaring raw material and fuel prices, which has been made worse due to the situation in Ukraine. While it is extremely unfortunate that we will not be able to achieve these quantitative targets during the period of the current plan, we have established EBITDA of ¥125.0 billion, ROE of 6%, and ROIC based on operating income of 6% as our new

quantitative targets, and we will push forward with Groupwide efforts until the very last day of the plan to achieve these targets and bring us closer to the plan's initial vision for the Company from a qualitative perspective.

The key to achieving these targets for fiscal 2022 is the extent to which we can gain customer understanding regarding the cost increases that have followed the major hike in raw material and fuel prices and to which we can pass on those increases to our customers. In the Materials Business Field, many of the transactions we engage in are based on contracts with fixed sales prices as a means to mitigate the risk of market fluctuations. This was part of the reason that, in fiscal 2021, it took a great deal of time to implement price pass-throughs when the price of raw materials and natural gas soared to levels that exceeded our expectations. In this sense, contract-based transactions functioned as a detriment to our performance. However, I do not believe our policy of increasing the types of contracts we enter into centered on the provision of materials and solutions that are vital to our customers was a mistake, because such transactions help stabilize profits in the Materials Business Field, where there had always been a high level of volatility. To that extent, we should feel neither too negative nor too positive regarding this situation. The fact that we have already been able to implement price pass-throughs to a certain degree is a testament to the fact that our customers view our products and services as unique solutions that cannot easily be replaced. Accordingly, I believe we will be able to further gain the understanding of our customers in fiscal 2022 and reflect that understanding in our sales prices.

In light of soaring raw material and fuel prices and other factors that have greatly changed the expectations we had when formulating the medium-term management plan, it is imperative that we change the actions that we had initially wanted to carry out under the plan. Fiscal 2022 is a year in which we will formulate the next medium-term management plan, and it is therefore important that we carry out a fact-based analysis of the strategies and measures we have implemented thus far. Doing so will allow us to separate initiatives that have not gone as planned into two categories: ones whose time frame for success have simply been delayed due to the impact of the pandemic and ones for which the assumptions we used to formulate them have changed and therefore need to be adjusted accordingly. Understanding this difference will help us formulate appropriate medium- to long-term policies. Additionally, geopolitical risks are believed to be greater than they have ever been in the past 10 years, and, as such, we must further widen the scope of our total risk management (TRM) framework to ensure that we are prepared for unexpected occurrences to the greatest extent possible.



Strengthening Our Ability to Achieve Our Targets under the Next Medium-Term Management Plan by Enhancing a Sense of Teamwork

I want the formulation process for the next medium-term management plan to serve as an opportunity for our employees to once again consider the long-term vision that we adopted in fiscal 2016. As I mentioned at the beginning of this message, I believe the Company's strengths lie in our employees' ability to form close connections with customers and patients and tackle the issues they face, as well as that society faces, head on. Teijin's Healthcare Business Field involves home healthcare, which means that it engages in not only product development and sales but also the direct provision of services to patients, such as monitoring patients at home and confirming their safety in the event of a disaster. This gives our Healthcare Business unique characteristics that distinguish it from a typical pharmaceutical manufacturer. Looking back on our history, the Materials Business Field approximately 20 years ago had already adopted a stance of addressing global issues, demonstrated by such initiatives as commencing the chemical recycling of petrochemicals and examining the commercialization of the soil purification process through the extraction of metal-based catalysts. I believe this makes Teijin one of the few companies that promotes efforts to take care of not only people's mental and physical health but also the health of the planet, and I feel that such efforts represent our purpose as a company. Through M&As and other activities, the number of overseas Group companies has risen, and I feel that now is an important time for all Group employees to come together as one team with a shared vision by once again considering Teijin's purpose.

The 100-year anniversary event that I introduced at the beginning of this message served as an extremely useful experience in terms of building such a team. We have made the examination process for the workshop held at this event, which involved considering the future in 100 years' time, available online, thereby sharing our ambitions with not only event participants

but all employees as well as our various stakeholders. In the formulation of the next medium-term management plan, rather than adopting a top-down approach, we are holding discussions nearly every week on important examination items while also promoting interactive examinations that involve the participation of not only Management Committee members, through off-site meetings and other events, but also a wide range of other members. I believe the contents of our business planning are fleshed out quite well, but what matters most of all is the ability to put plans into action and realize their targets. For that reason, it is imperative that we deepen the understanding of each Group employee and enhance their sense of teamwork.

I also believe that building a robust team with a shared vision is a concept that fits perfectly with our corporate culture. When an earthquake strikes, employees in the home healthcare business of the Healthcare Business Field carry oxygen cylinders on their backs and head out to confirm the safety of our patients. If we can approach our customers and social issues in a similar manner, then I believe we can pursue solutions in a self-motivated and autonomous manner without the need for direction before acting. The Company's home healthcare business originated from a material called "membranes," and the stance of acting on one's own initiative is something that runs through the very core of the Company itself. Rather than being led by the charisma of just one person at the top, I want Teijin to be a company where people with individual expertise come together to hold discussions and make decisions and then take Companywide actions based on these decisions. I also believe that the right kind of leadership approach for Teijin is one in which I help enhance our employees' desire to resolve social issues and provide them with appropriate support. To that end, my first step will be to take it upon myself to build this kind of robust team, first, within the managerial ranks.

Pursuing the Discovery of New Growth Platforms—Our Main Purpose as a Tier 1 Supplier in the Materials Business Field

Looking at the direction of our business over the medium to long term, for the Materials Business Field, we have generally completed upfront investment to enhance production capacity in the aramid and carbon fibers businesses, and we are now entering into a stage where we will pursue profit growth. Although we are not currently able to generate profits in the composites business, a robust business foundation is starting to take shape due to the investments we have executed thus far. For the time being, we will focus our efforts on large-scale program acquisitions while allocating resources to high-profit projects primarily in North America, where we possess a commanding presence. Doing so will allow us to shift our focus on profitability moving forward.

The primary purpose of acquiring Continental Structural Plastics Holdings Corporation (CSP, now Teijin Automotive Technologies NA Holdings Corporation) in 2017 was to establish ourselves as a Tier 1 supplier that can directly understand the issues facing automotive manufacturers, and our actual understanding of the automotive industry has been growing constantly since making this acquisition. In order to achieve long-term growth, it will be imperative that we draw on this understanding to discover new businesses in Strategic Focus fields. When I speak with internal personnel on this matter, there are some who voice the opinion that it may be difficult for Teijin to make such accomplishments on its own. However, up until we began examinations on the

CEO Message

acquisition of CSP, it was difficult to imagine that Teijin would become the company that it is today. Establishing a vision for becoming a company that provides solutions to automobile manufacturers and acquiring CSP accordingly is precisely what

allowed us to become a Tier 1 supplier. Now that we are in this position, I believe we can expand our field of vision to discover areas we could not see before. This, in turn, will allow us to establish and pursue a new vision for the Company.

Further Expanding into Healthcare Domains Where We Can Leverage Our Uniqueness

In the Healthcare Business Field, drawing on the foundation we have thus far established in the pharmaceutical and home healthcare businesses, we have expanded the scope of our initiatives to encompass medical treatment, rehabilitation and nursing care, and preventative care and health promotion. Over the course of doing so, we held repeated discussions and examinations on how to leverage our unique business foundation that provides services to patients that are deeply rooted in local communities. This helped us determine the ideal direction for the products and services we aim to offer. For example, we are leveraging *VitalLink*, a system for sharing patient information between medical professionals, to roll out the drug *Somatuline*,^{*2} which is used to treat rare diseases such as acromegaly. In addition, our business foundation is being utilized for *Xeomin*, a botulinum neurotoxin that requires stringent logistics management systems and the acquisition of certification for medical practitioners to administer the drug. With the entry of generic versions of *FEBURIC* into the market in fiscal

2022, we will make concerted efforts to minimize the impact on profits in the near term. At the same time, from a medium- to long-term perspective, we will ascertain diseases and conditions for which our unique business foundation can be leveraged to help provide effective treatment and work to develop and acquire pipelines for relevant pharmaceuticals, medical devices, food products, and digital services, which we will offer as part of our unique product and service lineups. By doing so, we will build a profit foundation in the Healthcare Business Field that will help us achieve sustainable growth. With regard to rare diseases and pediatric diseases, I believe these are areas where we can leverage Teijin's uniqueness as they require not only medical treatment but also comprehensive support and services for patients, their families, and medical professionals.

*2 Drug used to treat acromegaly, pituitary gigantism, neuroendocrine tumors, and thyroid-stimulating hormone-secreting pituitary adenoma. *Somatuline* is the registered trademark of Ipsen Pharma, France.

Enhancing Our Ability to Spur Innovation through Interactions between Diverse Personnel

Innovation is absolutely essential in ensuring growth well into the future, and I believe that innovation is created through interactions between people with diverse ways of thinking. I feel that we have more than a sufficient level of diversity, as we engage in a wide range of businesses—resulting in our sometimes being referred to as a conglomerate—and as over half of all Group employees are non-Japanese. Accordingly, I believe the next step we need to take is facilitating more interaction between this diverse pool of personnel. To that end, over the past two years, the Chief Human Resources Officer (CHO) has led the way with the promotion of the Power of Culture Project, which aims to foster an innovative corporate culture. The project also involved workshops with managerial personnel of different nationalities and genders in which we engaged in discussion on a wide range of topics. These efforts provided us with extremely meaningful opportunities to understand the importance of diversity and inclusion, and going forward, I hope that we can expand this understanding across the entire Group. By doing so, we will aim to leverage the diversity of our human capital so that our employees can receive consultation for and become involved in aspects that they cannot understand based on their own perspective alone. I believe that, in turn, this will

lead to a great number of significant breakthroughs in terms of innovation. We will therefore first place emphasis on developing a corporate culture that invigorates such interactions.

Promoting digital transformation (DX) is another crucial aspect in spurring innovation. Through the utilization of DX, we aim to make such achievements as creating new businesses and enhancing added value, innovating our management and boosting productivity, implementing business process innovation, and realizing workstyle reforms. As a result of the COVID-19 pandemic, we have made significant progress with the further digitization of paper documents and the shift to online communication. In addition, we have started to incorporate the utilization of AI and data within the R&D and intellectual properties activities of our individual businesses. At the moment, we are proceeding with internal discussion on how to promote these kinds of DX initiatives on a Companywide basis and how to ensure that they lead to business model and organizational reforms. We are also discussing the appropriate structure for DX promotion and the cultivation of personnel to support such a structure. With a view to the next medium-term management plan, we will first conduct training sessions to help our managerial personnel enhance their level of DX literacy.

Aiming to Become a Company with Advanced ESG Management through the Pursuit of Substance

The Teijin Group supports and participates in the United Nations Global Compact, which adopts 10 principles covering the themes of human rights, labor, the environment, and anti-corruption. If our purpose is to address and resolve the issues facing our customers and society as a whole, then it is imperative that we promote ESG-related initiatives. We therefore aim to be a company that provides solutions which not only eliminate negative social and environmental impacts but also bring about positive ones. We also aim to be an advanced company whose ESG initiatives are recognized on a global basis. By becoming such a company, I believe we can develop a greater presence among both our customers in Japan and those in Europe and the U.S. We began promoting efforts toward the environment very early on in our history. At the same time, we have been ahead of the times with our ESG-related efforts, including the undertaking of governance reforms in 1999. To this day, we are still actively promoting bold initiatives such as introducing an internal carbon pricing (ICP) system and conducting Life Cycle Assessment (LCA)

of our materials. Going forward, we will continue to position ESG at the center of our management in order to become a company that garners the attention of stakeholders across the globe.

To that extent, we will establish non-financial key performance indicators (KPIs) under the next medium-term management plan. We have already established and are working toward KPIs for the environment and diversity and inclusion under the current medium-term management plan, but with the next plan we will set KPIs for each of five material issues and expand the scope of our efforts accordingly. What will be important in doing so will be to discuss and establish substantive KPIs that are deeply integrated in our management. Rather than efforts that will garner a favorable evaluation externally, we will pursue efforts that provide genuine benefit to the environment and society. Doing so will allow us to gain the trust of our customers and other stakeholders as partners in tackling the issues they face, which in turn will lead to the growth of our business.

Message to Our Stakeholders

I believe that an integrated report serves as the most important means for depicting a company's vision and strategies and communicating them to the stakeholders. I have read the integrated reports of automobile manufacturers and other companies as a fixed point of observation, and this has helped me gain numerous realizations on the yearly changes and differences between industries in terms of such matters as climate change policies. I therefore hope that this integrated report thoroughly communicates Teijin's policies and comprises content that reflects the management of the Company itself.

By addressing and becoming closely involved in social issues and resolving them in turn, the Teijin Group aims to be a company that brings happiness to people's lives. We will also strive to realize the future that we promised to deliver to society. To our stakeholders who share in our vision, starting with our shareholders and other investors, I would like to ask for your continued support as we pursue these endeavors over the long term.



Akimoto Uchikawa

President and CEO,
Representative Director of the Board



CFO Message



While Maintaining a Sound Financial Structure, We Will Seize Opportunities to Implement Growth Investments and Work to Improve Shareholder Returns, Thereby Enhancing Corporate Value

Akihisa Nabeshima

Executive Officer, Representative Director of the Board
Chief Financial Officer

Overview of Fiscal 2021 and Forecasts for Fiscal 2022

Business Environment and Market Trends in Fiscal 2021

In fiscal 2021, the COVID-19 pandemic persisted and restrictions to social and economic activities remained ongoing as a result. Although the economy started to show a recovery in demand, centered on the automotive and aircraft industries, the supply chains of various industries experienced disruptions while semiconductor shortages continued and prices for raw materials, fuel and logistics rose significantly. These factors, among others, had a major impact on corporate performance. Furthermore, after Russia began its invasion of Ukraine, energy prices started to increase due to an unstable supply. As a result, the outlook for the global economy became increasingly unclear.

Results of Key Management Indicators in Fiscal 2021

In fiscal 2021, net sales rose 10.7% year on year, to ¥926.1 billion, while operating income declined 19.5%, to ¥44.2 billion. Profit attributable to owners of parent stood at ¥23.2 billion (compared with a loss of ¥6.7 billion in the previous fiscal year). With regard to operating income, in the Healthcare Business Field, profits rose significantly on the back of the robust sales of *FEBURIC* and the impact of the transfer of Japan-based sales of diabetes drugs. In addition, the IT Business was able to secure solid profits. On the other hand, profits declined in the Materials Business Field owing in part to the impact of semiconductor shortages, soaring raw material and fuel prices and logistics costs, and production stoppages caused by periodic maintenance and power outages in certain business subsegments. These factors offset recovery in demand from the impact of the COVID-19 pandemic, mainly for products for automotive and aircraft applications, and the resulting increase in sales volumes of those products. Additionally, profits declined

in the Fibers & Products Converting Business due to the end of government demand for medical protective equipment such as gowns.

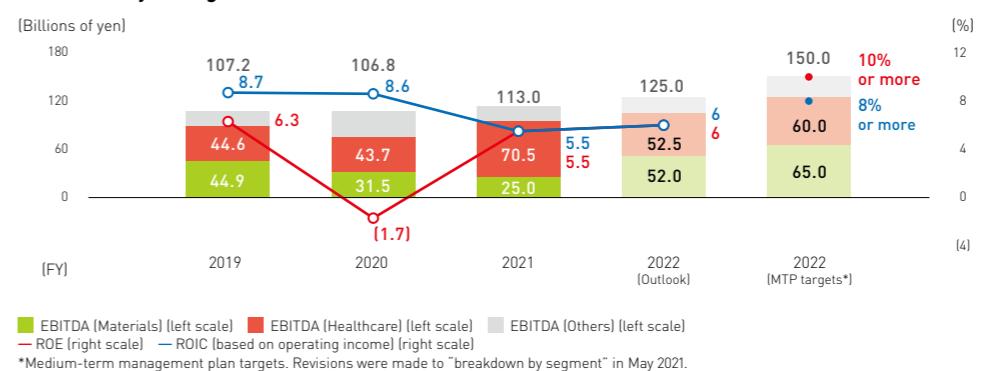
As a result, although ROE improved to 5.5% (compared with -1.7% in the previous fiscal year), ROIC based on operating income was 5.5% (compared with 8.6% in the previous fiscal year) due to an increase in invested capital following large-scale investments (transfer of Japan-based sales of diabetes drugs), and EBITDA came to ¥113.0 billion, exceeding the amount in the previous fiscal year of ¥106.8 billion.

Forecast for Key Management Indicators in Fiscal 2022

Uncertainty in the economic environment has been rising recently due to not only soaring energy and raw material prices but also the emergence of various geopolitical risks. We therefore anticipate that we will fall short of our quantitative targets for fiscal 2022, the final year of the medium-term management plan. In fiscal 2022, we forecast EBITDA of ¥125.0 billion (target of ¥150.0 billion under the plan), ROE of 6% (target of 10% or more under the plan), and ROIC based on operating income of 6% (target of 8% or more under the plan). We will fall ¥25.0 billion short of our target for EBITDA, and the breakdown by segment is as follows: ¥13.0 billion short in the Materials Business Field, ¥7.5 billion short in the Healthcare Business Field, and ¥4.5 billion short in other businesses including the Fiber & Products Converting Business and the IT Business. The main reasons for not reaching our target in the Materials Business Field include the greater-than-anticipated rise in raw material costs and delays in efforts to improve profitability due to soaring labor costs in the composites business. Other factors include the impact of the shortage of sellable inventory at the beginning of the fiscal year in the aramid business due to the extension of periodic maintenance and power outages at a raw material plant in the previous fiscal year. Meanwhile, in terms of the Healthcare Business Field, despite the significant contributions from the transfer of Japan-based sales of diabetes drugs from Takeda Pharmaceutical Company Limited, we were unable to reach our EBITDA target due to delays in efforts to turn a profit from new business, including the implementation of M&As. In addition, for ROIC based on operating income, we proceeded with the investment of capital to establish foundations in each business largely in line with the medium-term management plan. However, we do not expect to reach our target of 8% or more as operating income has fallen short of our expectations. For fiscal 2022, our forecast for ROIC based on operating income by segment is 4% in the Materials Business Field, 13% in the Healthcare Business Field, 6% in the Fiber & Products Converting Business, and 58% in the IT Business.

In terms of year-on-year forecasts, we expect EBITDA to surpass the amount in fiscal 2021 (¥113.0 billion) by ¥12.0 billion due to an increase in sales in the Materials Business Field and the effects of sale price revisions and cost-cutting measures, which should offset the impact of the entry of generic versions of *FEBURIC* into the market in the Healthcare Business Field. We also expect ROE and ROIC based on operating income to improve during fiscal 2022 (both were 5.5% in fiscal 2021).

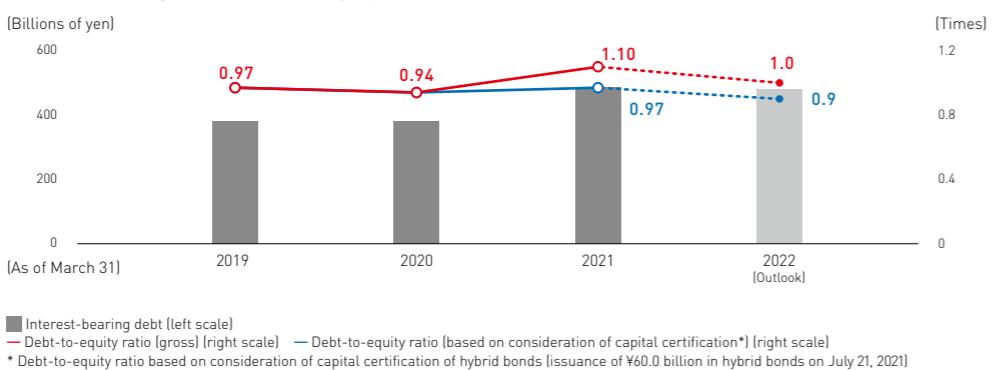
Trends in Key Management Indicators



Investment Policy and Evaluation of Financial Structure

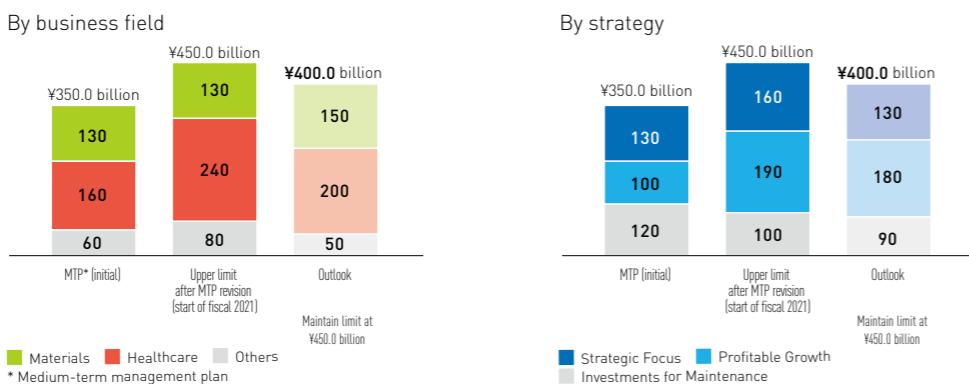
In fiscal 2021, a wide range of factors led to increases in fixed assets and interest-bearing debt. These include investment for the transfer of Japan-based sales of diabetes drugs, investments to increase production capacity of para-aramid fibers in the Netherlands, and the construction of a new composites plant in Texas for automotive composites in North America. To partially fund the transfer of sales of diabetes drugs, we issued hybrid bonds totaling ¥60.0 billion on July 21, 2021, of which 50% received capital certification from Rating and Investment Information, Inc. Through this issuance, we were able to improve our temporarily deteriorating financial position and secure financial soundness for supporting investments in Strategic Focus fields. As a result, the debt-to-equity ratio in fiscal 2021 was 1.10 times, or 0.97 times based on consideration of the capital certification of the aforementioned hybrid bonds. The shareholders' equity ratio was 36.4%.

Interest-Bearing Debt / Debt-to-Equity Ratio



Our financial structure has been reinforced through the structural reform efforts we have carried out to date. In terms of our current capital structure, I believe we have struck a balance between financial soundness and capital efficiency. Going forward, however, there will be a need to further enhance our financial structure in order to implement strategic investments geared toward future growth and to enhance shareholder returns. To that end, we aim to promptly improve our debt-to-equity ratio to around the 0.9 times level. For capital expenditures and M&As, we originally anticipated an upper limit of ¥350.0 billion over the three-year period from fiscal 2020 to fiscal 2022 at the time of the medium-term management plan's formulation. However, as we expect to quickly generate cash from the transfer of Japan-based sales of diabetes drugs, which represented a large-scale investment, we expanded this limit to ¥450.0 billion so that we could continue to actively invest in creating growth platforms. At the moment, we expect a cumulative three-year total for capital expenditures and M&As of roughly ¥400.0 billion, but we intend to utilize the full limit of ¥450.0 billion if we discover an investment that can contribute to future growth, especially within Strategic Focus fields. However, in order to place greater emphasis on growing

Breakdown of Capital Expenditures and M&As Over the Three Years of the Medium-Term Management Plan



stable profits, our decision regarding such an investment will involve considerations to increase investment and the careful selection of profitable projects primarily in the composites business. Furthermore, we will execute such an investment after sufficient consideration by management, based not only on compatibility with our ideal portfolio but also on examinations from various perspectives, including competitive advantages and risks, and evaluations of economic efficiency with an awareness of capital costs.

Enhancement of Corporate Value

Investment Efficiency and Awareness of Capital Cost

Realizing returns that exceed capital costs is essential to enhance corporate value. To that end, we are working to improve investment efficiency while placing emphasis on ROE and ROIC based on operating income. At the same time, we are taking steps to reduce capital cost. Specifically, we are moving forward with a broad range of initiatives. These include reducing profit volatility by transforming our portfolio and improving the product mix in each business, realizing an optimal capital structure, reducing invested capital through the sale of cross-shareholdings and other assets, and strengthening communication with shareholders and other investors.

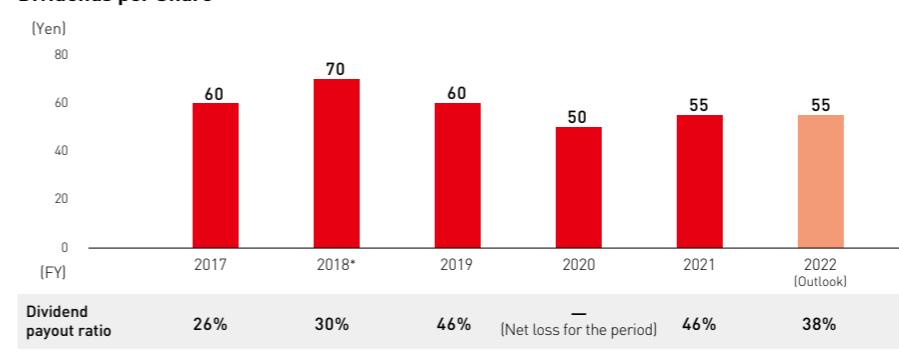
Fiscal 2022 represents the final year of the medium-term management plan. During this year, we will improve and strengthen profitability in Strategic Focus fields with a view to creating future growth platforms. We will also focus on maintaining and expanding profits in Profitable Growth fields while working to enhance investment efficiency. In these ways, we aim to maximize corporate value.

Shareholder Return Policy

We will prioritize the allocation of generated cash to strategic investments for the future while working to maintain a sound financial structure. Under our shareholder return policy, we target a medium-term consolidated dividend payout ratio of around 30% of net income. We also examine dividend amounts in consideration of stable and continuous dividend payments while working to increase dividend amounts in line with profit growth. Additionally, we implement flexible capital policies such as the purchase of treasury stock in accordance with our current condition. Based on these policies, we issued an annual dividend of ¥55 per share in fiscal 2021, up ¥5 from the previous fiscal year. In fiscal 2022, we intend to maintain the amount of ¥55 per share.

Within the ever-changing business environment, while we will work to ensure the soundness of our financial structure to prepare ourselves for risk, we will also strive to implement growth investments that seize on opportunities, realize shareholder returns appropriately, and enhance corporate value. I recognize that navigating the way between these two approaches is my duty as the CFO. I would like to ask our shareholders and other investors for their continued understanding and support of the Teijin Group's growth over the medium to long term and of the initiatives we are implementing to continuously enhance corporate value.

Dividends per Share



Our Value Creation

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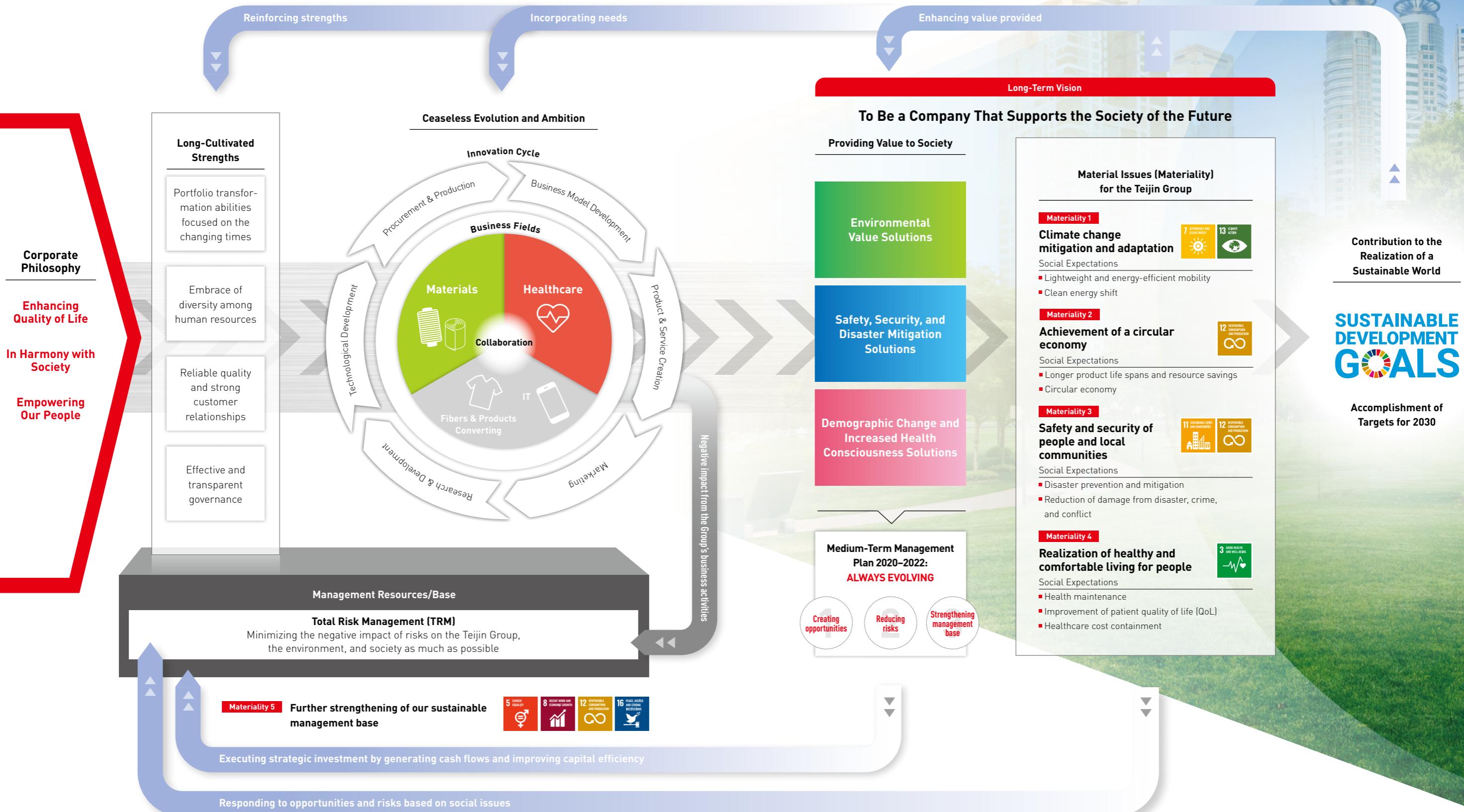
39 Human Resource Strategy

42 CHO Message



Value Creation Model

With the Teijin Group Corporate Philosophy as our starting point, we leverage our long-cultivated strengths to contribute to the resolution of social issues. We aim to provide value to society in three fields of "Environmental Value Solutions," "Safety, Security, and Disaster Mitigation Solutions," and "Demographic Change and Increased Health Consciousness Solutions" to realize a sustainable world and to enhance our corporate value.



The Story of the Teijin Group

Over the course of its more than 100 years since its founding, the Teijin Group has continued to transform its portfolio by anticipating the changes in the times and the needs of society while helping to realize a prosperous and comfortable lifestyle for people across the globe and further expanding its business. While remaining fully committed to constantly increasing the value of our products and services in order to realize a greener global environment, a more enriched society, and safer, more secure, and healthier lifestyles for people worldwide, we will ambitiously embrace the challenge of providing new solutions that help resolve the issues of society.

» 1918–1960s

Transitioning from Rayon Fibers to Synthetic Fibers

At the time of its founding, Teijin established Japan's first technology for manufacturing semi-synthetic rayon fibers and spearheaded the development phase of the rayon business as a leading company. Thereafter, Teijin proactively expanded its business, supported by the highly profitable polyester fiber TETORON. The Company also successively established manufacturing sites in Japan and overseas, growing into a global synthetic fiber manufacturer.



Bird's-eye view of a factory from the 1920s



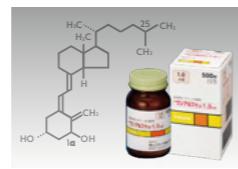
Polyester fiber TETORON

01

» 1970s–1980s

Leveraging Our Fundamental Technologies to Pursue New Businesses

While continuing to drive growth with TETORON as its mainstay product, Teijin expanded its business as a high-performance materials manufacturer by boldly embracing the challenge of developing and commercializing new businesses. Teijin also commenced pharmaceutical and home healthcare businesses by drawing on its knowledge and experience in synthetic chemistry and polymer chemistry. In addition, by establishing its information systems division as a subsidiary and commencing the external sales business, the Company created its current business foundation that spans across the three fields of Materials, Healthcare, and IT.



Creation of active Vitamin D3 drug



Development of oxygen concentrators for home use

Chemicals

(Resins and films)

02

Synthetic Fibers
[Rayon fibers → Polyester fibers]

Changes in social needs (for enhancement of quality of life)
► Needs for sufficient goods and quantities
(Transition from natural ingredients to man-made ingredients)

03

» 1990s–2000s

Expanding Our Business into High-Value-Added Fields

In 1999, Teijin acquired an equity stake in Toho Rayon Co., Ltd. (later renamed as Toho Tenax Co., Ltd.) with the aim of entering into the carbon fibers business. Subsequently, in 2000, the Company acquired the Twaron para-aramid business from Acordis B.V. of the Netherlands. With these moves, Teijin expanded its business into high-value-added fields. In addition, the Company established the Teijin Composites Innovation Center in 2008, setting the stage for the start of its R&D activities in composite materials.



Twaron application

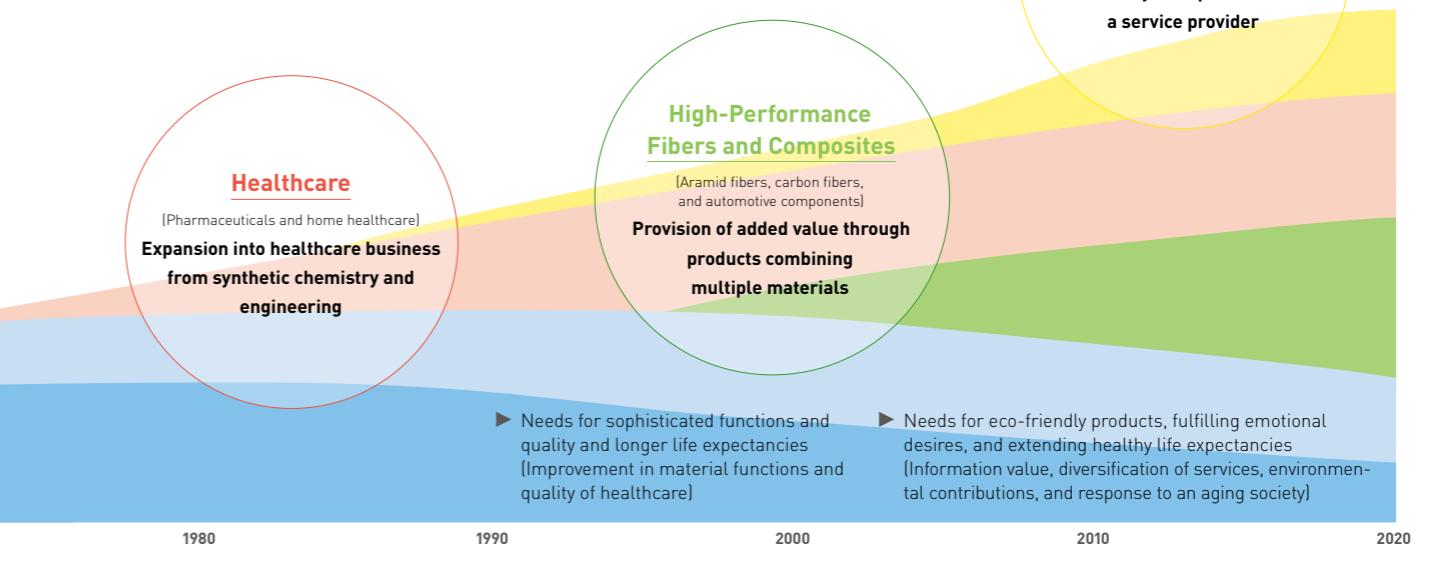


Thermoplastic CFRP concept car

03

IT

Expansion of IT business
from a system provider to
a service provider



Solutions toward an enriched and comfortable lifestyle

Ceaselessly transform portfolio that anticipates social changes

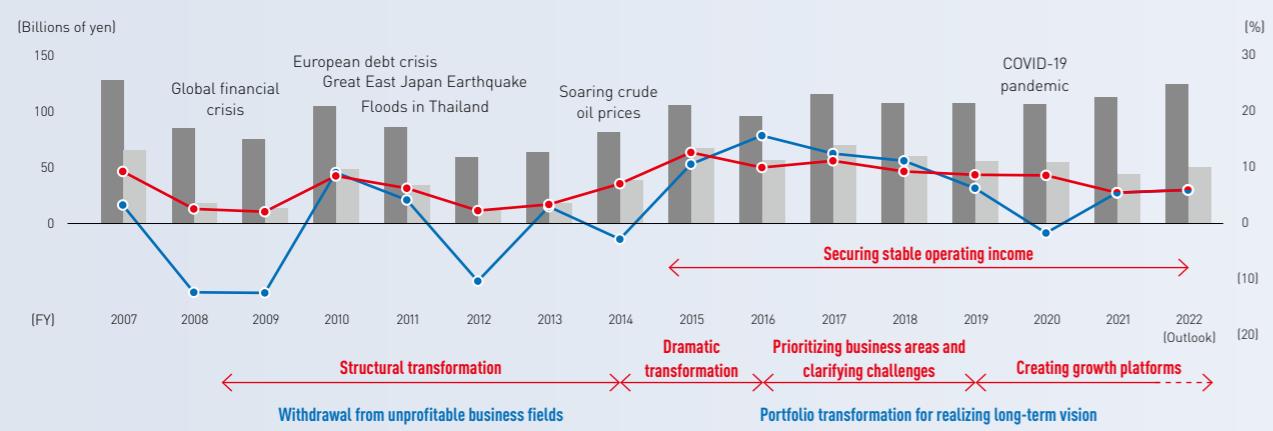
- Development of fundamental technologies through in-house R&D and introduction of new technologies
- Ceaseless portfolio transformation into high-value-added businesses from commoditized businesses
- Ambitious pursuit of new business model based on fundamental technologies

Safety, Security, and Disaster Mitigation Solutions

Demographic Change and Increased Health Consciousness Solutions

Environmental Value Solutions

Trends in Key Management Indicators



» 2010s ~

Transforming Our Business Model to Become a Solutions Provider

At the start of the 2010s, Teijin continued to proceed with structural reforms amid a sluggish business performance due to the deep economic recession precipitated by the global financial crisis and the commoditization of materials. In 2014, Teijin enacted dramatic initiatives based on its revised medium-term management plan. Thereafter, the Company established Medium-Term Management Plan 2017–2019 (hereinafter, "the previous plan") as well as its long-term vision for 10 years into the future. Guided by the previous plan and long-term vision, Teijin promoted transformations to its business portfolio to center on the combination of multi-materials, collaboration between businesses, and solution provision.

Under the current Medium-Term Management Plan 2020–2022, Teijin is working to further refine the approach it adopted under the previous plan and has clarified the direction of its initiatives by identifying material issues (materiality). In the Materials Business Field, Teijin is strengthening its high-value-added applications by increasing high-performance materials and pursuing a multi-materials strategy. Meanwhile, in the Healthcare Business Field, the Company is creating and providing comprehensive healthcare services including in fields that are not covered by medical insurance. Through these efforts, Teijin is working to transform its business portfolio to achieve its vision for 2030.

04



Automotive composites



Barley product BARLEYmax



Carbon fiber intermediate materials for aircraft

Our Long-Cultivated Strengths

The Teijin Group has cultivated its strengths throughout its history of pursuing ceaseless evolution and ambition. We will continue to solidify our competitive edge in the years ahead to achieve our long-term vision of being "a company that supports the society of the future."



Portfolio Transformation Abilities Focused on the Changing Times

Striving to establish new business models that support the society of the future in anticipation of social needs

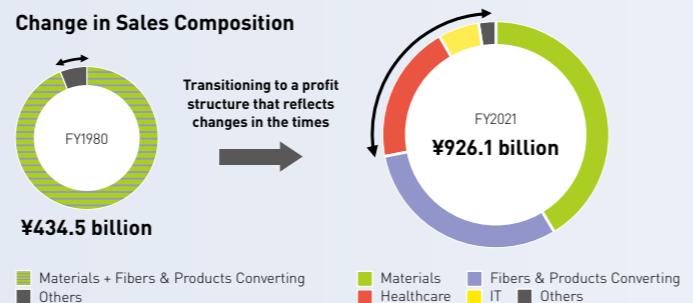
Drawing on its technological foundation, which was built through internal research and the introduction of external technologies, the Group has developed high-value-added products and commercialized them in a timely manner.

Through such means as integrating technologies in a way that transcends the barriers of its business fields as well as collaborating with customers and joint-research partners to promptly develop products, the Group has created a unique business portfolio unlike that of any other company.

In the Materials Business Field, we are working to reduce the environmental impact of our business activities and address the needs of society through the realization of stronger, more durable, and lighter materials. In view of this, we have turned our attention to the development of the composites business, which has gained a foothold through acquisition of the largest manufacturer of automotive composite materials in North America, and the carbon fiber intermediate materials business for aerospace applications.

In the Healthcare Business Field, we aim to become a comprehensive community-based healthcare services provider by

drawing on the technological capabilities and business foundation cultivated in the pharmaceutical and home healthcare businesses to roll out new products and services, such as functional foods, digital health, and rehabilitation solutions. Also, in 2021, we branched out into the regenerative medicine business, which has the potential to generate synergies with the materials and engineering fields and for which the market is expected to grow going forward.



At the Teijin Group, we are constantly dedicated to building strong relationships of trust with our customers around the world by providing high-performance materials that offer outstanding levels of quality as well as products and services that closely reflect the needs of customers and local communities.

For example, when manufacturing automotive composite materials in the Materials Business Field, we work together with customers from the development stage of components to ensure that they are lightweight and can be mass-produced while maintaining their strength and durability. In the case of *Twaron* aramid fibers, they have provided added value to customers from an environmental front by reducing the CO₂ emissions from the tires and conveyor belts in which they are used by more than 200,000 tons a year.

As for the Healthcare Business Field, we continue to forge trust-based relationships with customers through our

development of an array of services that provide support to both patients and healthcare workers, in addition to our provision of pharmaceuticals and medical devices. In addition, we are working to meet medical needs in local communities through multidisciplinary team sales comprising such members as medical representatives, home healthcare sales personnel, home healthcare care staff, visiting nurses, and clinical laboratory technicians.

94% Customer Satisfaction Rate*

* Based on a customer satisfaction survey carried out in fiscal 2021. Indicates the percentage of customers who responded with a rating of four or more on an overall average five-point scale. Survey coverage ratio [Total sales of businesses that conducted the survey ÷ Consolidated net sales] was 80%.



Embrace of Diversity among Human Resources

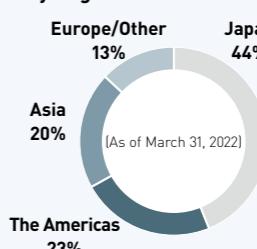
Accelerating innovation through the further promotion of diversity and inclusion

The Teijin Group operates businesses in 20 countries or more around the globe. At our 169 Group companies, employees from diverse backgrounds are thriving and making a difference. Many of our major overseas Group companies, which now account for over 50% of the Group's personnel, have joined the Group through business acquisitions and are brimming with a variety of cultures and backgrounds. The Group prides itself on its ability to seamlessly integrate these companies into the Group by respecting their individual cultures and embracing diversity.

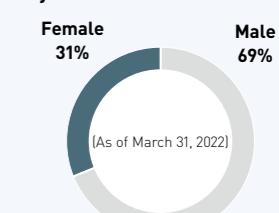
We have established key performance indicators (KPIs) for the diversity of executives and managers, including their nationality, and are promoting diversity and inclusion on a global level with a view to fostering a corporate culture that further invigorates our organization and spurs innovation. By combining this with our diverse range of expertise in the materials, healthcare, and IT

fields and injecting more energy into our collaborations both internally and externally, we will strive to enhance our lineup of innovative products and services.

Percentage of Employees by Region



Percentage of Employees by Gender



Reliable Quality and Strong Customer Relationships

Further refining our ability to make proposals that meet advanced customer needs

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As for the Healthcare Business Field, we continue to forge trust-based relationships with customers through our



Effective and Transparent Governance

Continuing to evolve our advanced efforts toward governance

In 1999, the Teijin Group carried out governance reforms in an effort to quickly reinforce its corporate governance. Through these reforms, in addition to the Nomination Advisory Committee and the Compensation Advisory Committee, which consist of the CEO, Chairperson, and outside directors from diverse backgrounds, the Group established the Advisory Board, which consists mainly of outside directors and globally active external experts to provide advice on the Group's overall management, including its global strategies.

Our Continuously Evolving Governance System

| | |
|------|--|
| 1999 | <ul style="list-style-type: none"> Reduced the number of directors from 24 to 9 Introduced the corporate officer system Established Advisory Board Appointed three independent outside statutory auditors (comprising the majority of the Board of Statutory Auditors) |
| 2003 | <ul style="list-style-type: none"> Appointed three independent outside directors |
| 2012 | <ul style="list-style-type: none"> Appointed four independent outside directors |
| 2015 | <ul style="list-style-type: none"> Established Nomination Advisory Committee and Compensation Advisory Committee |

| | |
|------|--|
| 2021 | <ul style="list-style-type: none"> Ensured that an outside director will always chair the Board of Directors Revised officer compensation system, introducing "restricted stock" and "performance share units" compensation |
| 2022 | <ul style="list-style-type: none"> Revised the structure and functions of the Advisory Board (the role of chair is now held by the outside director who chairs the Board of Directors while the nomination and compensation advisory functions of all directors, including the CEO and Chairperson, were consolidated into a single function in the form of the Nomination and Compensation Advisory Committee) |



P.66 Corporate Governance

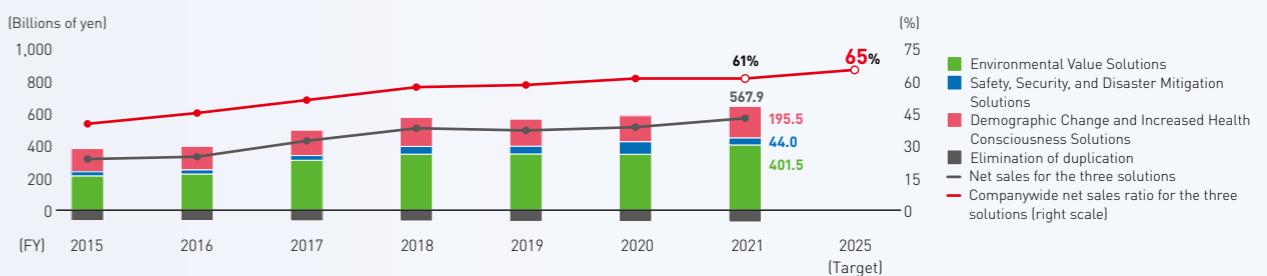
The Teijin Group's Materiality

The Teijin Group's materiality represents important issues toward which we are prioritizing our efforts in order to achieve our long-term vision. Under Medium-Term Management Plan 2020–2022, we have organized the opportunities and risks facing the Company and identified five material issues that we must address. By establishing key performance indicators (KPIs) for each of these issues and promoting initiatives toward them accordingly, we are working to realize our long-term vision.

Process for Identifying Materiality

We extensively confirmed and organized social issues and the Sustainable Development Goals (SDGs) in an effort to analyze and identify important issues from the perspectives of the level of importance to the Teijin Group and the level of impact on our stakeholders. Furthermore, after holding dialogues with various external experts regarding the issues identified through this process, the Teijin Group's materiality was formally identified at a meeting held by members of our top management and subsequently approved by the Board of Directors.

Net Sales Ratio of the Three Solutions



| Important Issues (Materiality) | Opportunities for the Teijin Group | | | Relevant Businesses and Examples of Products and Services <small>Please see pages 29, 44–56 for more details.</small> | | | Risks for the Teijin Group | KPIs <small>Please see pages 31–32, 39 for more details.</small> | |
|--|--|---|--|--|----------------------|--|---|--|---|
| Materiality 1 Climate change mitigation and adaptation <small>7 ATTENDING CLIMATE CHANGE 13 CLIMATE ACTION</small> | Environmental Value Solutions | <ul style="list-style-type: none"> Contribution to mitigating climate change through energy efficiency and clean energy | | | | | <ul style="list-style-type: none"> Automotive composites, carbon fiber intermediate materials for aircraft, hydrogen tanks, hydrogen pipeline, battery separators, high-performance fiber reinforcing material, rainwater storage blocks, cooling material, thermal insulation-related products, etc. | <ul style="list-style-type: none"> Stricter environmental regulations impacting the Group's business activities Environmental impact due to an increase in Group CO₂ emissions Storm and flood damage at head offices and factories impacting the Group's business activities | <ul style="list-style-type: none"> Sales ratio of the three solutions Avoided CO₂ emissions Group CO₂ emissions Supply chain CO₂ emissions |
| Materiality 2 Achievement of a circular economy <small>12 RESPONSIBLE CONSUMPTION AND PRODUCTION 10 CIRCULAR ECONOMY</small> | Environmental Value Solutions | <ul style="list-style-type: none"> Contribution to a circular economy by extending the life spans of products and promoting the 3Rs (Reduce, Reuse, Recycle) | | | | | <ul style="list-style-type: none"> Reinforcing material for high-performance tires, recycled polyester, bio-based material, chemical recycling licensing services, fishing net recycling business, home healthcare medical device rental business, etc. | <ul style="list-style-type: none"> Stricter environmental regulations impacting the Group's business activities Depletion of resources Environmental damage and impact upon disposal of the Group's products Environmental impact of manufacturing activities | <ul style="list-style-type: none"> Sales ratio of the three solutions Freshwater intake volume per sales unit Landfill waste volume per sales unit |
| Materiality 3 Safety and security of people and local communities <small>11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</small> | Environmental Value Solutions | <ul style="list-style-type: none"> Contribution to preventing and remediating environmental pollution using clean technology Contribution to building a safe and resilient society with high-performance materials and IoT Contribution to realizing a more comfortable life through the power of fibers | | | | | <ul style="list-style-type: none"> Protection apparel, high-performance fiber reinforcing material, rainwater storage blocks, safety confirmation services, disaster response and support map systems for home healthcare patients, seat sensor membranes, ultra-lightweight ceiling materials, airbag fabrics and other safety components, asbestos substitutions, bag filters, disaster mitigation-related fiber products, environmental engineering, etc. | <ul style="list-style-type: none"> Loss of trust due to a decline in the safety of the Group's products and services Damage claims stemming from such factors as product defects Destruction of ecosystems and environmental pollution due to hazardous chemical substances, etc. | <ul style="list-style-type: none"> Sales ratio of the three solutions Hazardous chemical substance emissions per sales unit |
| Materiality 4 Realization of healthy and comfortable living for people <small>3 GOOD HEALTH AND WELL-BEING</small> | Demographic Change and Increased Health Consciousness Solutions | <ul style="list-style-type: none"> Contribution to maintaining people's health and extending life spans through medical and health support Contribution to realizing a more comfortable life through the power of fibers | | | | | <ul style="list-style-type: none"> Pharmaceuticals, home healthcare devices, orthopedic implantable devices, regenerative medical products, functional foods, services related to comprehensive community-based healthcare systems, hospital systems, functional interior products, high-performance apparel, heat stroke prevention clothing, medical gowns, etc. | <ul style="list-style-type: none"> Waning competitiveness due to an inability to respond to diversifying medical needs Drop in employee satisfaction due to worsening working environments | <ul style="list-style-type: none"> Sales ratio of the three solutions |
| Materiality 5 Further strengthening of our sustainable management base <small>5 GENDER EQUALITY 8 DECENT WORK AND EQUITABLE AND SUSTAINABLE INDUSTRIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE, AND INCLUSIVE ECONOMY</small> | Information Security and Personal Information Protection Corporate Governance Corporate Ethics and Compliance Promotion of Diversity and Inclusion Supply Chain Sustainability (CSR Procurement) | <p>For details of each item under "further strengthening of our sustainable management base," please refer to the pages on the right as well as our Sustainability website.</p> | | P.66 | Corporate Governance | | Information Security and Personal Information Protection Security, Disaster Prevention, and Occupational Safety Activities Product Liability and Quality Assurance | <p>https://www.teijin.com/csr/materiality5/security.html https://www.teijin.com/csr/materiality5/disaster_prevention_safety.html https://www.teijin.com/csr/materiality5/quality_assurance.html</p> | <ul style="list-style-type: none"> Diversity of executives Key goals for women's advancements |

Promoting Initiatives to Realize Carbon Neutrality

To realize a sustainable world, the Teijin Group is accelerating efforts to address its material issues (materiality). In this section, we introduce some representative examples of such efforts, centered on "climate change mitigation and adaptation," which has recently become an especially important issue.



Main Initiatives in Fiscal 2021

» Establishing New Targets for Reducing CO₂ Emissions

In July 2021, we raised our target for reducing CO₂ emissions, which we have adopted as part of long-term environmental targets under the medium-term management plan, from a 20% reduction compared with fiscal 2018 to the more ambitious level of a 30% reduction. At the same time, we set a target of a 15% reduction compared with fiscal 2018 for the portion of emissions that accounts for over two-thirds of overall emissions in the supply chain.



» Becoming the First Chemical Manufacturer in Japan to Receive SBT Approval for "Well Below 2°C" Targets

In November 2021, the Teijin Group's targets for greenhouse gas (GHG) emissions were officially validated as targets that limit global temperature rise to "well below 2°C," thereby receiving approval from the Science Based Targets initiative, which recognizes GHG emission targets that are scientifically consistent with the targets of the Paris Accord. This marked the first time for a Japanese chemical manufacturer to receive "well below 2°C" validation.



» Implementing LCA of Carbon Fibers

In December 2021, we established a method for calculating CO₂ emissions during the manufacture of carbon fibers, thereby making it possible to conduct Life Cycle Assessment (LCA) of all carbon fibers offered by the Company. By doing so, we became the first company in the industry to be able to conduct LCA of carbon fibers. This calculation method has been certified by an international third-party organization in accordance with the ISO 14040 and ISO 14044 standards. In addition to our own manufacturing processes, this calculation method can be adapted to evaluate the carbon footprint of our customers' manufacturing processes.

» Commencing Efforts to Achieve Carbon Neutrality at Our Separator Plant in South Korea

In March 2022, we introduced renewable energy-derived electricity at a plant of Teijin Lielsort Korea Co., Ltd., which produces and sells separators for lithium ion secondary batteries (LIBs) in South Korea. With this introduction, we initially expect to replace approximately 30% of the plant's annual electricity consumption with renewable energy and will eventually aim for a full conversion to renewable energy by 2025. In addition, we will offset the CO₂ emissions from gas used at the plant by purchasing CO₂ emission-reduction credits generated in worldwide renewable-energy projects.

CASE STUDY

Solutions to Mitigate Climate Change

► Realizing Sturdy Lightweight Automobiles

For customers in the automotive industry striving to reduce their GHG emissions, the Teijin Group provides solutions to help reduce vehicle weight, which in turn helps reduce exhaust gas emissions and improve fuel performance. One such solution is *TCA Ultra Lite*, a 1.2 specific gravity ultra-lightweight sheet molding compound formulation that uses glass fiber reinforced plastic (GFRP). Another example of these solutions is *Sereebo*, a carbon fiber-reinforced thermoplastic. Conventional carbon fiber-reinforced plastic (CFRP) that utilizes thermosetting resins requires several minutes to several hours to mold, making it unfit for components used in mass-produced automobiles. However, by making use of thermoplastic resins, we have been able to significantly reduce these molding times. This has allowed us to establish the world's first mass production technology that is able to mold CFRP in only one minute.



Carbon fiber-reinforced thermoplastic *Sereebo* used in pickup trucks manufactured by U.S.-based General Motors Company

Furthermore, in fiscal 2021, we commenced the full-scale implementation of LCA, which calculates the environmental impact in all product-related processes. Focusing our attention on disclosing CO₂ emissions from such products as glass fiber and carbon fiber composites, which are used for the outer plates and structural components of automobiles, starting from the manufacture of such materials to their disposal, we will strive to reduce CO₂ emissions throughout entire life cycles of our value chain.

► Creating Eco-Friendly Aircraft for the Future

Reducing GHG emissions has become a top priority in the aircraft industry. By developing and providing carbon fiber intermediate materials, which are 10 times stronger than iron while being only one-fourth of the weight, we are helping to reduce aircraft weight. The carbon fiber *TENAX*, which is used in intermediate materials, boasts high levels of quality and a high share in the global market. Through *TENAX* we will strengthen our production structure in accordance with aircraft demand, which is expected to grow over the medium to long term, and increase our avoided CO₂ emissions.



Aircraft that uses carbon fiber intermediate materials

By further enhancing our solution proposal capabilities as a market leader in carbon fiber products for aircraft, we will strive to realize our long-term vision of being "a company that supports the society of the future."

► Reducing CO₂ Emissions through Recycling and the Use of Plant-Derived Materials

Teijin Frontier Co., Ltd., a core company for the Fibers & Products Converting Business, has adopted the *THINK ECO* environmental initiative under which it works to develop greener materials and products for applications ranging from clothing to industrial textiles and materials. At the same time, the company is striving to reduce the environmental impact of its manufacturing processes. For example, Teijin Frontier is offering to apparel manufacturers numerous products that help reduce CO₂ emissions, including *ECOPET*, a recycled polyester fiber that utilizes used PET bottles and fiber scraps as raw materials, and *SOLOTEX*, which uses plant-derived ingredients for a portion of its polymers. Additionally, the company is helping to realize an energy-efficient society through the provision of cooling materials and heat insulation



Products that make use of *CORDLEY*, an artificial leather that uses recycled polyester fibers

SPOTLIGHT Introducing an Internal Carbon Pricing System

In fiscal 2020, the Teijin Group established and introduced an internal carbon pricing (ICP) system* targeting capital expenditure plans throughout the Group that can lead to an increase or decrease in CO₂ emissions. In fiscal 2021, we began applying this ICP system to our capital expenditures. Under this system, we apply a uniform internal carbon price (€50/t-CO₂) Groupwide and globally, thereby quantifying CO₂ emissions as costs that we can consider when making investment decisions. Through the launch of this system, we will promote capital expenditure plans that help reduce CO₂ emissions with the aim of achieving our long-term goals for CO₂ emission reduction and to prepare the Company for expected future rises in global carbon prices.

* A system that creates economic incentives to reduce CO₂ emissions by establishing internal carbon prices to quantify CO₂ emissions as costs, thereby promoting internal efforts to respond to climate change

The Teijin Group's Materiality

Disclosure Based on TCFD Recommendations

» Governance

Under the guidance and supervision of the Board of Directors, the Teijin Group is making efforts to address climate change-related issues as part of its efforts toward sustainability and risk management, and has put the Chief Social Responsibility Officer (CSRO) in charge of these efforts. The direction, planning, and progress of the Group's climate change efforts are deliberated by the organizations mentioned on the right. The Board of Directors provides instruction on these efforts.

» Strategy

When formulating the medium-term management plan, we analyzed opportunities and risks by referencing the SDGs and considering our vision for the Group in 2030 and then thinking in reverse on how to achieve that vision. We view climate change mitigation as a business opportunity and are providing Environmental Value Solutions centered on the transition to lightweight, highly durable mobility realized through high-performance and high-value-added materials. For climate change adaptation, we are offering Safety, Security, and Disaster Mitigation Solutions, which help reduce damage and facilitate a prompt recovery in the event of a natural disaster, through infrastructure reinforcement materials that make use

- Deliberations on basic plans and reports of their progress take place at the Total Risk Management (TRM) Committee. The details of these discussions are then reported to the Board of Directors (twice a year).
- The CSRO reports the performance status of their duties to the Board of Directors (once a year).



Climate Change Initiatives
https://www.teijin.com/csr/environment/climate_change.html

of high-performance materials and technologies and services in the IT and healthcare domains. Meanwhile, in an effort to reduce the impact our business activities have on the global environment, we are phasing out coal-fired thermal power while promoting energy conservation and renewable energy and pursuing process innovation and other types of technological innovation.

In addition, we analyzed the impact of climate change-related transition risks and physical risks on our operations from the three perspectives listed below. Based on this analysis, we have established long-term environmental targets and are making efforts to reduce our CO₂ emissions accordingly.

Climate Change-Related Opportunities and Risks

| Category | Major opportunities | Time frame | Major initiatives |
|--|--|---|--|
| Opportunities concerning products and services | <ul style="list-style-type: none"> Increase in profits through the provision of solutions that contribute to "climate change mitigation and adaptation" | Short term-Long term | <ul style="list-style-type: none"> Provision of Environmental Value Solutions that leverage lightweight and energy-efficient technologies |
| Opportunities concerning resilience | | Short term-Long term | <ul style="list-style-type: none"> Provision of Safety, Security, and Disaster Mitigation Solutions that help reduce damage and facilitate a prompt recovery in the event of a natural disaster |
| Category | Major risks | Time frame | Major initiatives |
| Transition risks | <ul style="list-style-type: none"> Policies and legal regulations Market and reputation | <ul style="list-style-type: none"> Short term-Long term Medium term-Long term | <ul style="list-style-type: none"> Monitoring of trends in various policies and regulations Introduction of internal carbon pricing system targeting capital expenditures that can lead to an increase/decrease in CO₂ emissions Management of CO₂ emissions of Group companies both in Japan and overseas, including affiliated companies Formulation of road map for achieving long-term environmental targets |
| Physical risks | Acute and chronic risks | Short term-Long term | <ul style="list-style-type: none"> Suspension of business activities as a result of climate change, including increased intensity of natural disasters such as typhoons and floods, long-term temperature increases, and rising sea levels Regular review of business continuity plan (BCP) and implementation of various disaster prevention drills |

Scenario Analysis Related to Climate Change

After identifying businesses and industries that have the potential to be significantly impacted by climate change, the Teijin Group has been conducting an analysis of the level of this impact based on the 2°C scenario and the 4°C scenario,*1 referencing World Energy Outlook (WEO), published by the International Energy Agency (IEA).

In fiscal 2020, we reviewed our base scenario in light of the changing trends in the aircraft industry due to the COVID-19 pandemic and revised our plans for profits in the carbon fibers business following the delayed growth in demand for carbon

fiber intermediate materials for aircraft. Going forward, we will continue to closely monitor trends as we examine appropriate investment timing and resource allocation.

We are once again conducting scenario analysis as we formulate the next medium-term management plan. In addition, we are examining specific measures to enact during the period of the next plan so that we are able to adhere to our road map for CO₂ reductions.

*1 2°C scenario: IEA WEO Sustainable Development Scenario/IEA WEO 450;
*2 4°C scenario: IEA WEO Stated Policies Scenario

» Risk Management

We position climate change-related risks as "Serious Group Risks" and are working to manage them accordingly under our total risk management (TRM) framework. Transition risks and physical risks faced by Group companies are identified and responded to alongside other risks via our TRM risk assessment. For transition risks, we have established a road map for achieving net zero CO₂ emissions while monitoring the trends of government policies around the globe. We have also introduced an internal carbon pricing (ICP) system that targets capital expenditures linked to increases or decreases in CO₂ emissions. Furthermore, we are striving to reduce Groupwide

GHG emissions and GHG emissions within the supply chain. Through such efforts, we are curtailing the impact of transition risks. In addition, to address physical risks such as those involving rising temperatures and sea levels, we are evaluating and implementing the necessary measures to respond to water risks. At the same time, we are revising our BCPs as needed and implementing various kinds of disaster prevention drills.

P.72 Total Risk Management

★ Independently assured indicators

Group CO₂*6 Emissions*

Through the early phase-out of all coal-fired power generation and the gradual transition to renewable energy sources for our electricity, we are working to decouple our business growth from GHG emissions. In fiscal 2021, although Group CO₂ emissions increased 1% compared with the previous fiscal year, to 1.38 million t-CO₂★, as production activities recovered from the impact of the COVID-19 pandemic, this result still represented a 7% decrease in emissions compared with fiscal 2018.

Target (Scope 1 + Scope 2):

Fiscal 2030 **30% reduction** (compared with 1.48 million t-CO₂ in fiscal 2018)
Fiscal 2050 **Net zero** emissions

Results:

Fiscal 2021 **1.38 million t-CO₂** (7% reduction compared with fiscal 2018)
Scope 1: **0.77 million t-CO₂★**
Scope 2: **0.61 million t-CO₂★**

Supply Chain CO₂ Emissions

Our target for supply chain CO₂ emissions covers Scope 3 emissions in Category 1 (purchased goods and services) except the trading businesses of the Fibers & Products Converting Business. In fiscal 2021, our supply chain CO₂ emissions decreased 5% compared with the previous fiscal year, to 2.56 million t-CO₂★, representing an 11% decrease compared with fiscal 2018.

Target:

Achieve goal of making the amount of avoided CO₂ emissions larger than total CO₂ emissions by fiscal 2030



Results:

| | |
|--|--------------------------------------|
| Total CO ₂ emissions | Avoided CO ₂ emissions |
| Fiscal 2020 5.18 million t-CO₂ | 1.65 million t-CO₂ |
| Fiscal 2021 5.07 million t-CO₂ | 2.46 million t-CO₂ |

Target:

Fiscal 2030 reduction of **15%** compared with fiscal 2018

Results:

Fiscal 2021 reduction of **11%** compared with fiscal 2018

*2 Equivalent to a 47% reduction in CO₂ emissions compared with fiscal 2013 (Reference information: Japanese government target of 46% reduction in GHG emissions compared with fiscal 2013)

3 Covers Scope 3 emissions in Category 1 (purchased goods and services) except emissions from products purchased in the Fibers & Converting Business for the purpose of sale

*4 Calculated as the amount of avoided CO₂ emissions that the Company's products have contributed to in the supply chain downstream

*5 Total CO₂ emissions Groupwide and in the supply chain upstream

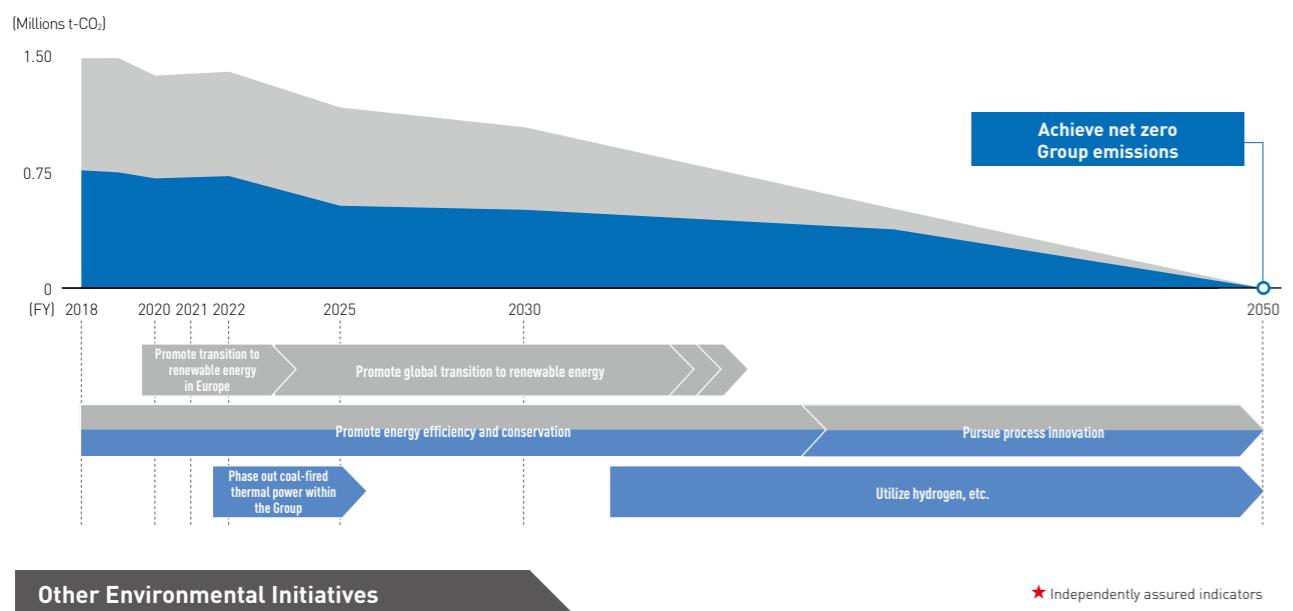
*6 Includes CO₂, methane, and N₂O

7 Calculated with the GHG Protocol as reference

* For details on other calculation methods, please see the Executive Summary section on pages 4-5.

The Teijin Group's Materiality

Road Map for Reducing Group CO₂ Emissions (Scope 1 + Scope 2)



Other Environmental Initiatives

The Teijin Group strives to respect biodiversity and reduce environmental impact over the entire life cycle of products, including all processes from material procurement through to production and use. In addition to CO₂ emission reductions, the Group has established fiscal 2030 targets related to water, hazardous chemical substances, and landfill waste. The Group

has established a road map for reaching these targets and is promoting efforts in accordance with this road map.

Please see the Group's sustainability website for details on specific initiatives.

Global Environment
<https://www.teijin.com/csr/environment/>

Reducing Water Consumption

We are expanding the number of products that use less water during the production process and are using water efficiently in our business activities. In these ways, we aim to achieve our targets for reducing the amount of freshwater intake with a focus on curtailing water use at manufacturing sites and other locations that use high volumes of water. In fiscal 2021, the freshwater intake volume increased 6% compared with the previous fiscal year, to 66.6 million tons★, as production activities recovered from the impact of the COVID-19 pandemic. However, this result still constituted a 4% improvement in per sales unit compared with the previous fiscal year due to efforts to curtail water use at the Matsuyama Factory.

Freshwater Intake Volume per Sales Unit*

Target:
Fiscal 2030 30% improvement
compared with fiscal 2018 (7.81 thousand tons/¥100 million)

Results:
Fiscal 2021 7.19 thousand tons/¥100 million★
(8% improvement compared with fiscal 2018)

The amount of freshwater intake is the total of industrial water, groundwater, and tap water.

Reducing Hazardous Chemical Substance Emissions

We are working to reduce emissions of hazardous chemical substances through ongoing efforts to prevent leaks of such substances and the transition to processes that create less emissions. In fiscal 2021, our hazardous chemical substance emissions increased 12% compared with the previous fiscal year, to 741 tons★, due to such factors as problems with capturing emissions from certain processes and the recovery in production activities from the impact of the COVID-19 pandemic, amounting to a worsening of 1% in per sales unit compared with the previous fiscal year. However, this result still constituted a 15% improvement compared with fiscal 2019, prior to the pandemic.

Hazardous Chemical Substance Emissions per Sales Unit*

Target:
Fiscal 2030 20% improvement
compared with fiscal 2018 (101.6 kg/¥100 million)

Results:
Fiscal 2021 80.0 kg/¥100 million★
(2% improvement compared with fiscal 2018)

Among the Class 1 designated chemical substances under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and chemical substances indicated by the Japan Chemical Industry Association, chemical substances emissions to atmosphere, water, and soil which are harmful to aquatic environments and the ozone layer are subject to the calculation of emissions.

Landfill waste volume is calculated based on the amount of waste disposed of directly in landfills.

* The per sales unit for each indicator is calculated by using consolidated net sales as the denominator.

The Teijin Group's Innovations

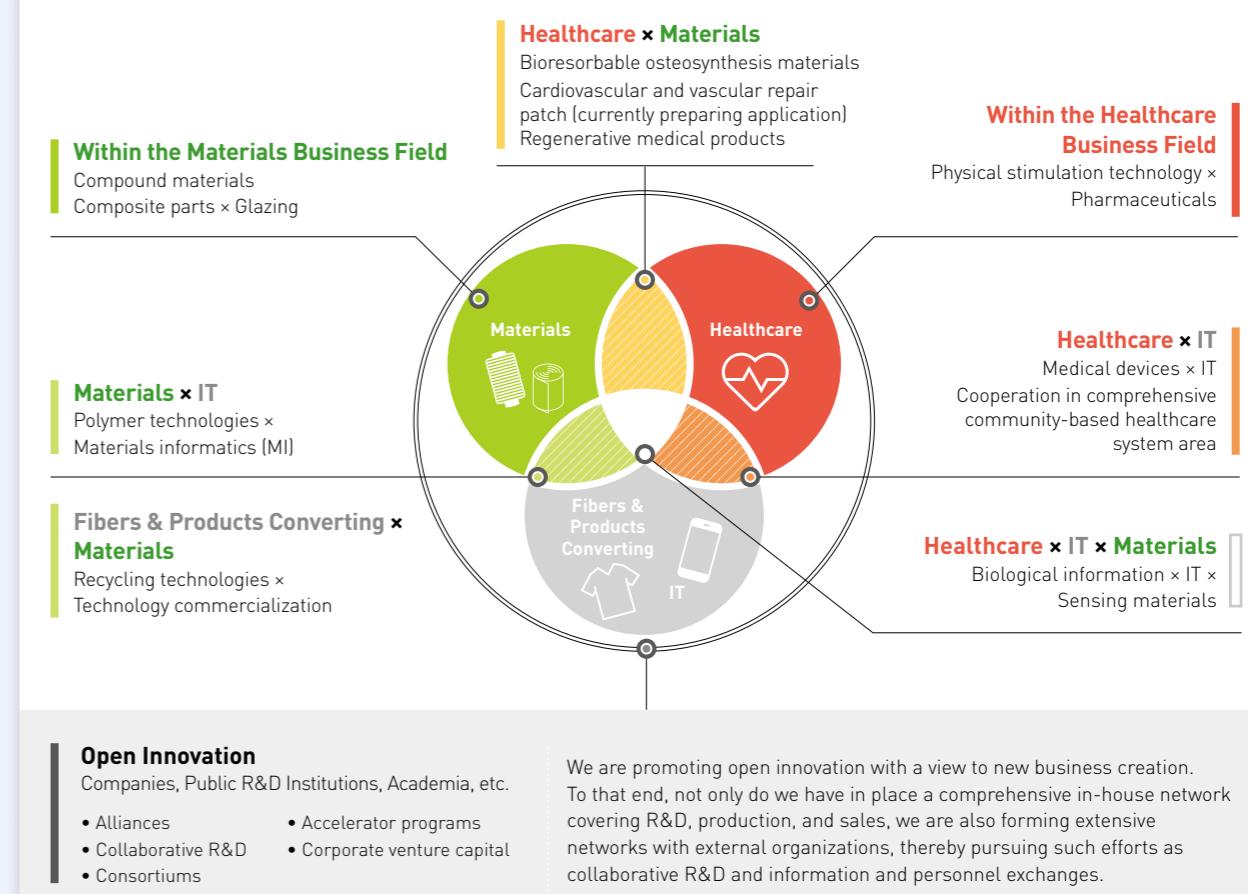
Basic Concept

Envisioning tomorrow, the Teijin Group has continued to take on the challenge of creating products and services that will support the society of the future. As society undergoes a transformation at unprecedented speeds due to the evolution of technology, we will leverage the distinctive characteristics found in our diverse business fields of Materials, Healthcare, and IT. We will also respond to social issues through the three solutions of "Environmental Value," "Safety, Security, and Disaster Mitigation," and "Demographic Change and Increased Health Consciousness."

The Teijin Group views innovation as a series of activities involved in building a business, ranging from product and

service creation to profit making. In order to address social needs and issues from a global perspective, we aim to leverage the unique comprehensive strengths and agility of the Teijin Group. Drawing on our research and development (R&D) network, which comprises 13 R&D laboratories overseas and 12 in Japan, we are invigorating our organization by strengthening collaboration between Group companies. At the same time, we are incorporating frameworks to accelerate innovations by respecting the diverse backgrounds of all employees and enabling them to exercise their individual abilities while fostering a sense of Groupwide unity.

Enhancing Unique, Innovative Products and Services through Collaboration Within and Outside the Teijin Group



FOCUS

Confirming the Performance of the Cardiovascular and Vascular Repair Patch through Clinical Trials with a View to Practical Application

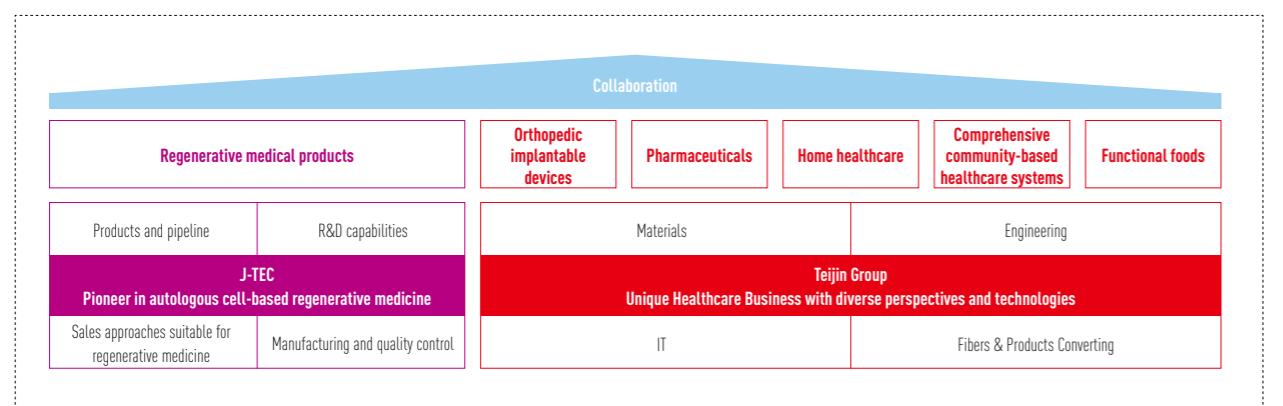
The cardiovascular and vascular repair patch OFT-G1 (provisional name), which we are jointly developing with Osaka Medical and Pharmaceutical University and Fukui Tateami, Co., Ltd., achieved the primary endpoint in the clinical trial. Follow-up operations for stenosis and patch deterioration and calcification after receiving repair patch implantation surgery as the patient grows have been a burden on patients for congenital heart diseases until they become adults. OFT-G1 is expected to alleviate the need for reoperation. We have been contributing to the development of OFT-G1 through our product design technologies that make use of polymer and our medical device development know-how.

Cultivating New Profit Sources through Collaboration

Collaboration with J-TEC

In March 2021, we welcomed Japan Tissue Engineering Co., Ltd. (J-TEC), a pioneer in regenerative medicine in Japan, into the Teijin Group. Regenerative medical products have become a pillar that supports ever-diversifying medical treatment methods (modalities*)¹ and have the potential to provide treatment options for diseases for which there has been no effective treatment in the past. As the market for regenerative medical products is expected to grow, we will work to develop a

field of integration in which we can fully leverage J-TEC's technologies, know-how, and experience, together with the Teijin Group's technologies and business foundations in the Healthcare and Materials Business Fields, as well as the Group's engineering capabilities. By doing so, we will accelerate the "innovative medical treatment" initiative adopted under Medium-Term Management Plan 2020–2022.



Target Business Areas and Domains

Through collaboration with J-TEC, we aim to not only enter the CDMO business*² for regenerative medical products but also develop J-TEC's existing regenerative medical products into a business in the Strategic Focus fields that can serve as a future profit source.

Our CDMO business will be active primarily in autologous and allogeneic products produced in Japan, as well as autologous products from overseas. By 2030, regenerative medical products are expected to grow into an ¥850.0 billion market in Japan, with over 90% of products in this market deriving from overseas.*³ In addition, cell products such as ex vivo gene therapy,*⁴ cell transplantation,*⁵ and tissue transplantation,*⁶ are expected to comprise the majority of this market.*³ A large number of allogeneic cell products will likely be mass-produced overseas and then exported to Japan. Meanwhile, autologous cell products are tailor-made, and it is ideal to produce these products in locations close to patients for local consumption. Accordingly, we believe that overseas start-up companies and pharmaceutical companies entering the Japanese market will need services to manufacture

products in Japan and comply with Japan's unique pharmaceutical regulations. The criteria for approval to manufacture cell products are extremely strict, and the application itself must be prepared in a highly precise manner.*⁷ To that end, in the CDO business,*⁸ we will fully leverage J-TEC's presence in the Japanese market as well as the company's advanced technological capabilities in reproducing the cell product manufacturing process, ensuring quality levels that enable products to be scaled up in size, and establishing product standards and quality control methods to respond to regulations for regenerative medical products. For the CMO business,*⁹ we will leverage J-TEC's existing strengths, such as its ability to establish manufacturing lines based on a firm understanding of Japan's regulations for regenerative medical products, stringent quality control, and the provision of supply chains that help ensure a stable supply.

Furthermore, to expand J-TEC's regenerative medicine business, we will work with the company to roll out their products overseas, expand into the orthopedic surgery domain, and create relevant new businesses.

*1 Pharmaceutical treatment methods involving the use of low molecule compounds, peptide drugs, protein drugs including antibody drugs, nucleic acid drugs, and regenerative medical products including gene therapy *2 Contract development and manufacturing organization: Services that accept delegation of development and manufacture of regenerative medical products from companies, universities, and research institutions domestically and overseas *3 Fiscal 2019 Final Report on Regenerative Medicine and Gene Therapy Market Research, compiled by the National Research and Development Agency and the Japan Agency for Medical Research and Development (AMED)'s contract research organization (Arthur D. Little Inc.) in March 2020 *4 ex vivo gene therapy: CAR-T cell therapy and other therapies in which cells are genetically modified outside of the body to enhance their functions, and then they are returned to the patient's body *5 Cell transplantation: Method of administering cells themselves into a patient to achieve therapeutic effects *6 Tissue transplantation: Method of transplanting cultured tissue to restore the function of a tissue or organ that has lost its function *7 "The Fifth Industrial Revolution" Led by Biotechnology, presentation materials of the Ministry of Economy, Trade and Industry (METI), February 2021 *8 Contract development organization: Services that accept delegation of development and manufacturing of products to be developed and production of formulations in clinical trials *9 Contract manufacturing organization: Services that accept delegation of commercial production of products

Net Sales in the Regenerative Medicine Business (Forecast)



| Business | Fiscal 2021–Fiscal 2024 Establishment of business structure | Fiscal 2025–Fiscal 2030 Business expansion | Fiscal 2031–Fiscal 2035 Profit maximization |
|--|--|---|---|
| CDMO business (joint) | CMO | <ul style="list-style-type: none"> • Facility start-up • Commencement of commercial production • Facility expansion | <ul style="list-style-type: none"> • Increase in the number of contracts following market expansion • Increase in the number of contracts following facility and market expansion |
| | CDO | <ul style="list-style-type: none"> • Facility start-up • Commencement of production of formulations for clinical trials | <ul style="list-style-type: none"> • Acquisition of CMO transition projects • Facility expansion |
| Expansion of J-TEC's business (joint) | Overseas expansion | <ul style="list-style-type: none"> • Commencement of out-licensing activities • Acceleration of overseas sales of LabCyte • Commencement of examinations for successor to LabCyte | <ul style="list-style-type: none"> • Overseas partner companies launch of J-TEC products • Increase in out-licensed products • Launch of successor to LabCyte |
| | Orthopedic surgery business | <ul style="list-style-type: none"> • Start of sales collaboration with other Group companies • Start of examinations for new products | <ul style="list-style-type: none"> • Expansion of sales collaborations with other Group companies • Launch of new products |
| J-TEC's existing businesses (organic J-TEC) | <ul style="list-style-type: none"> • Launch of ACE02 • Continuous in-licensing examination | <ul style="list-style-type: none"> • Expansion of application of JACC for osteoarthritis • Launch of Allo-JaCE03 • Launch of in-licensed products • Continuous in-licensing examination | <ul style="list-style-type: none"> • Launch of in-licensed products • Continuous in-licensing examination |

Major Risks with a High Level of Impact

| Risk summary | Response measures | Actualization period | Trend in risk level fluctuation |
|---|--|----------------------|---------------------------------|
| <ul style="list-style-type: none"> • Delay in expanding the regenerative medicine business | At the moment, we are making progress with the regenerative medicine business as planned, and therefore the occurrence of a delay is unlikely. However, we will continue to monitor progress and, should a delay occur, we will take measures to address the reason for the delay. | Medium—Long | ➡ |

Promoting Growth Strategies That Leverage Collaboration

In fiscal 2020, the Teijin Group's net sales in the regenerative medicine business, which then was only J-TEC's business, was approximately ¥2.0 billion, and we aim to expand this amount to over ¥20.0 billion by fiscal 2030.

With regard to the CDMO business, we are working with J-TEC to establish new CMO and CDO facilities (TEIJIN CDMO) and will strive to maximize profits by fiscal 2025 through the acquisition of both domestic and overseas contracts. Furthermore, we will establish a structure that enables seamless collaboration between the CMO and CDO operations.

For J-TEC products that have currently acquired approval only in Japan, we will leverage our overseas licensing experience and know-how to promote the international rollout of these products. For example, we are currently examining the overseas rollout of the allogeneic cultured epidermis product Allo-JaCE03.*¹⁰ Allo-JaCE03 is an allogeneic product and therefore can be systematically mass-produced. It also possesses other features that make it suitable for an overseas rollout, including the fact that, in its dried form, Allo-JaCE03 can be stored and transported at normal temperature. Also, as the world begins to abandon animal experiments, we believe the market for products that can help replace animal

experiments will expand rapidly going forward. We will therefore promote the overseas rollout of J-TEC's LabCyte series, which comprises human cultured epidermis models and human cultured corneal epithelium models for research use, starting first with the markets of Asia. Additionally, through the combination of Teijin's material technologies and J-TEC's human culture and tissue culture technology, we will pursue the collaborative development of a successor to LabCyte in the market for products to replace animal experiments.

In the orthopedic surgery domain, by leveraging Teijin's technological capabilities we are helping to improve JACC (J-TEC's autologous cultured cartilage product) surgery, from a physician's perspective in such ways as reducing the invasiveness of patient treatment and simplifying surgical procedures. In addition to the artificial joints of Teijin Nakashima Medical Co., Ltd. and the decellularized ligaments*¹¹ being jointly developed by Teijin and a partner company, we will combine the materials and R&D capabilities of other Group companies to create new products and treatments that provide comprehensive support for the knee joint area.

TEIJIN CDMO
<https://www.teijin-cdmo.com>

*10 "Allo-JaCE03" is a dried epidermal cell sheet derived from healthy human skin that is slated to be launched in the Japanese market in fiscal 2025.
*11 Medical device for ligament reconstruction from which cellular components are removed from the living tissue.

Intellectual Properties

Basic Policy on Intellectual Properties

Intellectual properties of the Teijin Group shall be created, protected, and used in accordance with intellectual property strategies that are formulated from a Groupwide medium- to long-term perspective and the perspective of global competition, and that constitute part of the business strategies of Teijin Limited and each business group.

1. Creation of intellectual property

The Teijin Group shall obtain and establish intellectual properties created through both internal and external research and development as "Intellectual property" and "Intellectual property rights," which will serve as high barriers to entry.

2. Protection of intellectual property

The Teijin Group shall acquire, maintain, and manage intellectual properties in accordance with its business strategies so as to protect them in an appropriate manner.

3. Use of intellectual property

The Teijin Group shall exercise intellectual property rights or license other companies to use intellectual properties based on their properly assessed values, as part of its business strategies.

4. Respect for intellectual property rights owned by other companies

The Teijin Group shall respect intellectual property rights owned by other companies even if they impede business activities of the Teijin Group, and take necessary measures to appropriately respond to such intellectual property rights.

5. Response to the outflow of technology

The Teijin Group shall prevent the outflow of technology and thereby maintain their global technological competitiveness.

Intellectual Property Governance System

The Teijin Group has established a governance system for its intellectual properties (IP) and intangible assets. Under this system, the Chief Officer (Legal, Intellectual Property) in charge of formulating and promoting IP strategies in line with business and technological strategies reports to the Board of Directors important IP-related matters that involve the Company. Also, each business division reports to the Board of Directors IP-related matters that can help enhance the competitiveness of that respective division. In these ways, this governance system enables the Board of Directors to effectively

supervise Companywide strategies and investment activities pertaining to IP.

In addition, the Intellectual Property Division engages in constant communication with the Chief Officer (Legal, Intellectual Property) and each business division to update them on IP-related matters that are necessary to consider in management decision-making. At the same time, through this communication the division works to reflect management policies within the Company's IP strategies.

Intellectual Property Investment Activities

IP Strategies to Help Realize Management Strategies

The Teijin Group aims to transform its IP portfolio in order to realize important management strategies for business portfolio transformation. As a basic policy, we are working to create IP and intangible assets in Strategic Focus fields, where we strive to cultivate future sources of profit, and Profitable Growth fields, in which we aim to achieve further business growth.

In Strategic Focus fields, we have formulated IP creation targets based on business strategy-specific themes in a bid to secure a competitive advantage. To that end, we are working to create and acquire IP that will help us achieve these targets through not only our R&D activities but also M&As and other methods. In Profitable Growth fields, we seek to create and acquire on an ongoing basis IP that will help us enhance the longevity of our existing IP so that we can maintain and further improve our business competitiveness. In addition, we adopt a scheme in which we strictly control technological know-how as trade secrets, thereby ensuring that our competitive

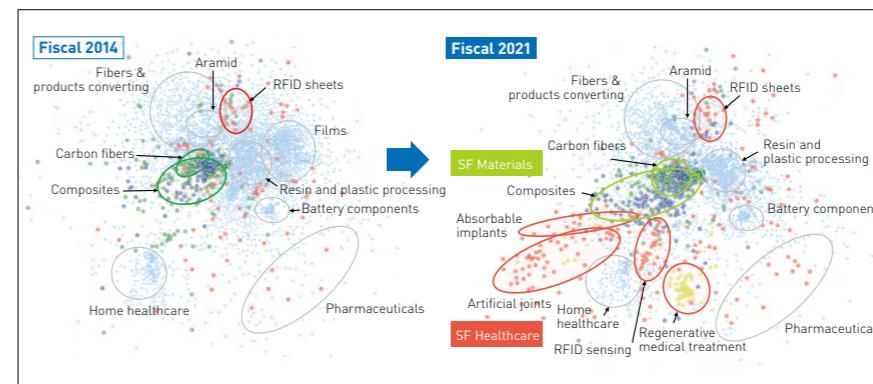
advantages are sustained even after the expiration of IP rights related to fundamental technologies.

Through the promotion of IP activities based on strategies in these fields, we have started to see our Group IP portfolio transform. For example, technical domains covered by Group-owned patent rights are being steadily maintained in Profitable Growth fields and expanded in Strategic Focus fields (please refer to the Teijin Group Patent Portfolio on page 37).

Also, the ratio of patent right value in Strategic Focus fields to the total value of patent rights owned by the Group (measured by the Patent Asset Index™*) has been gradually increasing as we steadily push forward with the transformation of our IP portfolio, with a view to realizing business portfolio transformation (please refer to Strategic Focus fields/Profitable Growth fields Patent Value Ratio on page 37).

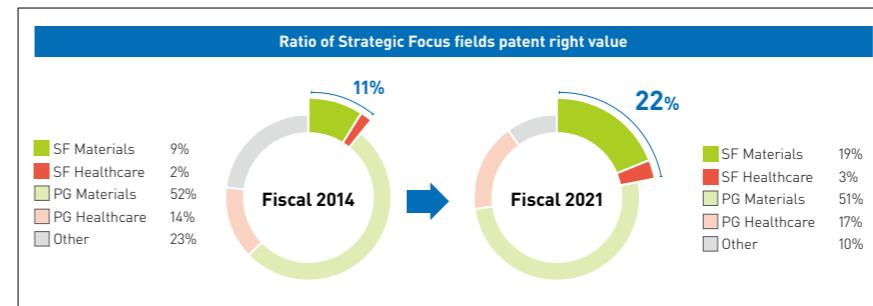
* The Patent Asset Index™ is calculated based on the degree of patent citation for each patent by examiners in each country [technological relevance] and the status of patent applications and the granting of rights in each country [market coverage].

Teijin Group Patent Portfolio



Note: Each point in this graphic represents a patent, and the space between each point is determined based on technological similarity. Through the use of text mining technology, patents that are technologically similar have been grouped together to form a set.

Strategic Focus Fields/Profitable Growth Fields Patent Value Ratio



Note: SF = Strategic Focus fields, PG = Profitable Growth fields

Initiatives to Make Use of the IP Landscape* Within Management and Business Strategy Decision-Making

We utilize information analysis methods that combine global IP information with non-IP information such as academic papers and market information, as well as patent value analysis methods. These methods greatly assist us with management and business strategy decision-making in such areas as searching for and evaluating candidates for M&As and business alliances, investigating new businesses and new R&D themes, analyzing our competitors, and evaluating the value of our own IP rights and streamlining their ownership and management.

* "IP landscape" involves establishing certain hypotheses based on publicly available data related to marketing and businesses and internal information such as information on business strategies, and then carrying out analysis of these hypotheses based on IP information to verify whether or not they are accurate. This in turn helps visualize the current status of the IP portfolio as well as future IP prospects. The results of this analysis are then shared with managers and other relevant business personnel and put to use in management and business strategy formulation and decision-making.

Management of Trade Secrets as Business Assets

We understand that trade secrets such as essential technological know-how are a type of intangible asset and also serve as an important business asset that helps us secure a competitive advantage in the same manner as IP rights. Based on this understanding, we have rigorously managed trade secrets on an ongoing basis in accordance with the Guidelines for Group Management of Trade Secrets, a set of guidelines that are consistently applied throughout the Group.

Receipt of the Intellectual Property Merit Award

We received the fiscal 2021 METI Minister's Award in the Intellectual Property Merit Award system, which is managed by Japan's Ministry of Economy, Trade and Industry (METI), in recognition of the efforts we make in our IP activities, including the promotion of IP strategies that align with our medium-term management plan, the utilization of IP landscapes, and the ownership and utilization of IP rights on a Groupwide basis.

Maintaining patent portfolio in Profitable Growth fields while expanding portfolio in Strategic Focus fields

Doubled in ratio of SF patent right value to total patent right value over a seven-year period

DX Strategy

Basic Policy and Overview

The Teijin Group is actively pursuing digital transformation (DX) in order to drive innovation. To that end, the Group is promoting DX-related efforts in a broad range of businesses and fields. For example, in addition to strengthening our structure for collaboration with Infocom Corporation, the company that handles the core of our IT Business, we are updating zero trust security models and other security technologies so that we can respond to the "new normal" environment by providing employees with diverse workstyles that allow them to work from any location. We are also reinforcing our R&D activities by leveraging materials informatics (MI), enhancing productivity at manufacturing sites through the promotion of smart plants and other measures, and utilizing IP landscapes to support

decision-making within our management and business strategies. Additionally, with regard to utilizing big data and digital technologies in specialized fields, we are moving forward with joint research with academic institutions and collaborations with corporations with the aim of creating new services and businesses in the Materials, Healthcare, and IT Business Fields. We have set up the Smart Technology Center, which promotes efforts toward achieving this aim, and are working to acquire and utilize AI, IT, and other cutting-edge technologies.

 P.37 Initiatives to Make Use of the IP Landscape Within Management and Business Strategy Decision-Making

| What we aim to achieve through DX | Materials | Healthcare | Common |
|-----------------------------------|--|--|--|
| | We are utilizing ICT* as a means to enhance the added value of high-performance materials and to accelerate the expansion of multi-materials. In addition, we are promoting business operations that focus on the effective use of data to enhance value by applying ICT to sales and production activities. | | |
| | | We are leveraging ICT to establish a foundation for integrating the sales and R&D functions of the pharmaceutical and home healthcare businesses and to create new services such as health management support. By doing so, we aim to expand services related to comprehensive community-based healthcare systems. | |
| | | | We are promoting such efforts as establishing a research foundation in the Materials and Healthcare Business Fields, developing materials that utilize information processing technologies, and transforming the R&D process through the use of AI and advanced data. In addition, we are introducing cutting-edge ICT and establishing next-generation networks. For example, in terms of human resources and general affairs, we will leverage ICT to realize new workstyles that enable us to put our corporate philosophy into action while maintaining and enhancing productivity and securing a sound work-life balance. |

* ICT: Information and communications technology

CASE STUDY

► Utilizing Data to Accelerate Materials Development

In 2020, we commenced collaboration with Hitachi, Ltd., a company that possesses an impressive lineup of advanced technologies in the IT domain. Through this collaboration, we have been working to enhance the productivity of materials development by transitioning to a new R&D style based on data visualization and estimation. Specifically, we have been taking steps to make materials development more efficient and advanced by further accelerating the use of MI derived from simulation data and experimental data. In addition, based on internal and external technological information and patent information accumulated in a newly established integrated database, we have been leveraging AI to promote advanced data utilization, thereby enhancing our information infrastructure. In addition to such efforts, we will also aim to enhance the productivity of materials development by further invigorating personnel and organizational collaboration.



Tsutomu Morioka

Teijin Group Corporate Officer,
Chief Information Officer

Accelerating Innovation through DX

As a major initiative to spur innovation, the Teijin Group is actively pursuing DX through the utilization of digital and IT technologies. Our aim is to enhance corporate value by promoting more advanced and efficient corporate activities through the utilization of rapidly evolving digital technologies and data. To achieve this aim, we are proactively establishing and optimizing our foundation for utilizing information system and digital technologies. At the same time, we are implementing robust security measures to realize the safe use of data. These efforts are being promoted through collaboration with external institutions and collaboration between each business and functional organization. We are also examining additional measures to help further accelerate these activities going forward.

Human Resource Strategy

The Teijin Group understands that human resources provide the source of a corporation's competitiveness.

Furthermore, to drive innovation on a global level, we believe it is essential to make full use of the abilities of diverse human resources who differ in race, religion, gender, cultural background, or other attributes. To that end, as part of our action plans under Medium-Term Management Plan 2020–2022: ALWAYS EVOLVING, we are implementing a human resource strategy in tandem with our management and business strategies that is aimed at maximizing the value of our human capital.

 Diversity and Inclusion
https://www.teijin.com/csr/materiality5/diversity_inclusion.html

that openly accepts and supports mid-career hires.

Also, we have set up human resource and salary systems under which same-sex partners of employees who belong to the LGBT community are treated in the same manner as spouses for various allowances and benefits. We have also established the special subsidiary Teijin Soleil Co., Ltd. with the objective of creating workplaces in which people with intellectual disabilities can experience the satisfaction and enjoyment of working. In these ways, we are creating environments that embrace the personalities and characteristics of each employee and allow them to leverage their capabilities to the greatest extent possible.

Promoting Diversity and Driving Innovation



Cultural Transformation

Power of Culture Project / Employee Engagement Survey / Designing the Future Award

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

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

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

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

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

*5 Female senior managers selected and certified as executive candidates

*6 As of October 1 and April 1, respectively

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

The Teijin Group's Innovations

Important Action Plans under the Medium-Term Management Plan

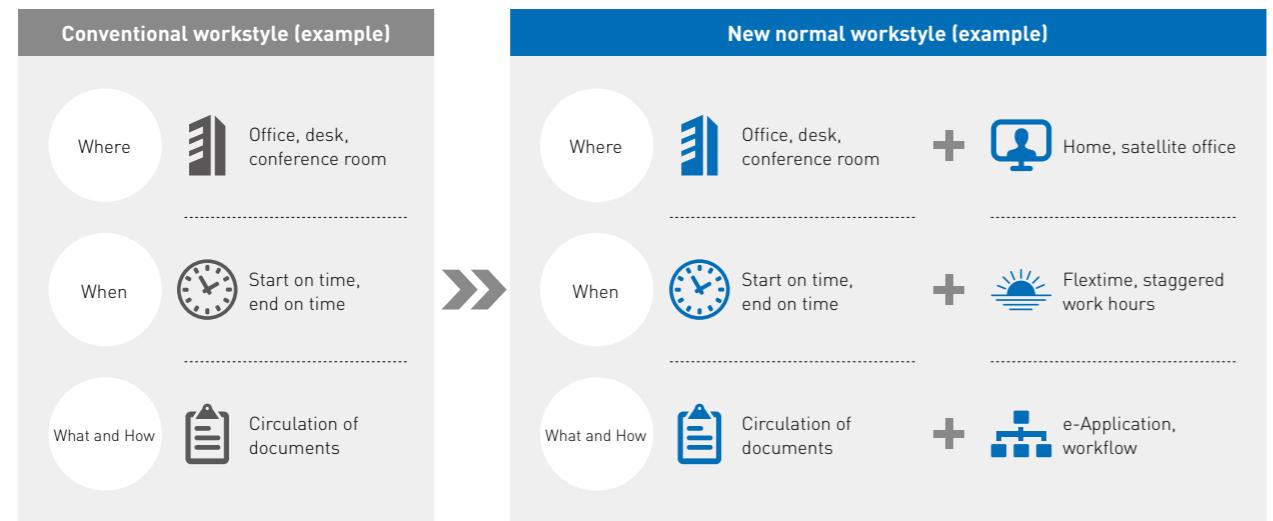
Globalization of Human Resource Systems

The Company has assigned a director of personnel management in each region across the globe (Japan, Europe, the U.S., China, and Asia-Pacific), directly under the Chief Human Resources Officer, to conduct global human resource management. By doing so, we have developed an organization that allows directors to share personnel strategies and contribute to the global business strategies in a unified manner within and beyond their respective regions.

Global Talent Management

In order to develop future leaders for the Teijin Group's global management, the Group selects core human resources among the employees of the Group companies across the globe and conducts leadership development programs. Since fiscal 2020, the Group has been comprehensively revising the program by, for example, introducing strategic assignments (broadening experience), a mentoring system by management, a new evaluation system for core human resources, and KPIs based on the proportion of female and non-Japanese candidates (25% or more).

Optimizing Workstyles



Corporate Culture Transformation

In fiscal 2020, we commenced the Power of Culture Project at the executive level with the aim of transforming our corporate culture to be innovative, agile, and inclusive of diverse personnel and organizations. In fiscal 2021, the project was expanded to the managerial level on a global basis. We have also been discussing the ideal vision for our executive personnel and have established the Leadership Charter—Power of Culture, which serves as our foundation for corporate culture transformation going forward.

Leadership Charter—Power of Culture

| | |
|--|---|
| Leading the organization through: | <ul style="list-style-type: none"> Encouraging people to move between divisions and locations Exploring synergies across the businesses |
| Leading individuals through: | <ul style="list-style-type: none"> Supporting individuals in changing their mindset to "we have to change" rather than "we don't need to change" Treating everyone as a person, not a number, and encouraging open exchange of opinions from a diverse range of people Being brave and giving people more freedom to act |
| Leading teams through: | <ul style="list-style-type: none"> Removing the barriers that limit people from speaking up Encouraging a trial and error mindset, experimenting more and engaging with people who are different from ourselves, seeking to learn from each other Encouraging more delegation through trust |

Introduction of the Designing the Future Award

Since fiscal 2021, we have been offering the Designing the Future Award, which is applicable to all Group employees and recognizes outstanding initiatives in the areas of D&I, innovation, and sustainability that have yet to have an economic impact. Through this award, we are fostering a corporate culture that provides greater opportunities for cross-organizational collaboration and innovation while sharing values on both a Groupwide and global basis.

Employee Engagement Survey

In fiscal 2021, we commenced a global engagement survey targeting roughly 19,500 employees around the globe in an

effort to ascertain employee awareness of the Company and relevant organizations and employee willingness to contribute to performance. In the first round of this survey, around 60% of employees answered that they were "very satisfied" and "satisfied" while around 30% of employees said that they had a "normal" level of satisfaction. We will implement improvement activities on an ongoing basis to address the issues identified through this survey. By doing so, we aim to establish environments with a high level of employee engagement that enables all employees to leverage their capabilities to the greatest extent possible. We also aim to use this survey to enhance business performance and realize our long-term vision.

TOPICS | Teijin Soleil Wins the Challenge Award at Noufuku Awards 2021



Producing Results as a Team by Drawing on the Unique Capabilities of People with Disabilities

Takayuki Suzuki
Director, General Manager
Teijin Soleil Co., Ltd.

Teijin's special subsidiary Teijin Soleil Co., Ltd. was established with the objective of creating workplaces in which people with disabilities can experience the satisfaction and enjoyment of working. Teijin Soleil currently has offices at Teijin's Tokyo Head Office, Tokyo Research Center, and Iwakuni Office. In addition to handling office support and cleaning duties, we operate an agricultural business in Abiko City, Chiba Prefecture.

In the agricultural business, we have received praise for the collaborative agricultural and welfare-related initiatives we have been promoting that are deeply rooted in the local community. For example, we work closely with such locations as welfare offices and special-needs schools in Abiko City and surrounding areas to promote recruitment activities. In addition, the moth orchid arrangements we produce in this business have been registered as a thank-you gift under Abiko City's Furusato Nozei (hometown tax) program. In February 2022, we received the Challenge Award at

Noufuku Awards 2021, which are hosted by the Ministry of Agriculture, Forestry and Fisheries and other organizations.

Our approach in the recruitment of people with disabilities is to build teams that produce results by drawing on the unique capabilities of such people. For example, our moth orchid production team comprises primarily people with severe intellectual disabilities (autism), and these employees have the unique capability of being able to enjoy watering plants throughout the whole day. It truly is an amazing gift to be able to continue to enjoy work that requires such patience, so we entrust plant-watering duties to these individuals.

The production and sale of vegetables and moth orchids is a novel initiative within the Group, and it has helped increase Groupwide awareness of the importance of employing people with disabilities. It is my hope that an even greater number of employees believe in the potential of people with intellectual, developmental, and mental disabilities and entrust them with even more office support tasks. I also hope that more and more employees develop a passion for working with people with disabilities within their own respective departments.



CHO Message



Karola Japke
Teijin Group Corporate Officer
Chief Human Resources Officer

Steady Progress in 2021 and Outlook for 2022

Despite another challenging year for Teijin, we continued our efforts in 2021 to provide our employees with an environment in which they feel valued and in which they can strive to perform at their very best. Several D&I initiatives were carried out by our global D&I team in close collaboration with the newly established regional D&I managers in the EU and the Americas. Examples of such initiatives include the following:

- **New mentor program for core talent**
Upon completion of our mentor training program for top executives, we offer a mentor program for Teijin's core talent.
- **Employee Resource Groups that support STEM Women* and young employees in the healthcare field in Japan**
- **Training of senior managers and core talent under the Power of Culture Project, reflecting the Company's efforts to transform its corporate culture**

In fiscal 2021, we were able to increase the number of female executives from 4 to 5 and the number of female managers in Japan from 143 to 162. We also conducted our first global engagement survey in the same fiscal year, with 70% of the total Teijin Group workforce participating in the initiative. This survey provided a great opportunity for the Company to ascertain its areas of strength as well as areas that need improvement. Based on the results, we followed up with specific measures on a global, regional, and local level and will measure their effectiveness from the results of the next engagement survey, in summer 2022.

Finally, I am proud to report that the inaugural event of the global Designing the Future Award was a total success. We celebrated the award winners for their exceptional initiatives in D&I, Innovation, and Sustainability. Regarding workplace flexibility, employees at our Tokyo and Osaka head offices worked either from home or at satellite offices.

The last year of the current medium-term management plan is fiscal 2022, and we will work very hard to achieve our D&I milestone targets for female and non-Japanese executives. With the lifting of COVID-related travel restrictions, we are resuming our in-person leadership programs and the global trainee program for junior employees, and we are also inviting two global interns to Japan for the first time. We will roll out Employee Resource Groups in the EU and the Americas and offer the mentor program to the participants of Employer Women Advancement (EWA), a leadership program for young women. The expansion of the paternity leave program will be one of our key activities in Japan.

Last, but not least, we will complete phase 1 of the Power of Culture Project with training for the remaining general managers as well as for new participants of the leadership program.

* Promotion of women in the fields of Science, Technology, Engineering, and Mathematics (STEM)



Our Performance and Strategies

44 Materials Business Field

50 Healthcare Business Field

54 Fibers & Products Converting Business

56 IT Business

The outlook for fiscal 2022 in this section is as of May 12, 2022.



Materials Business Field



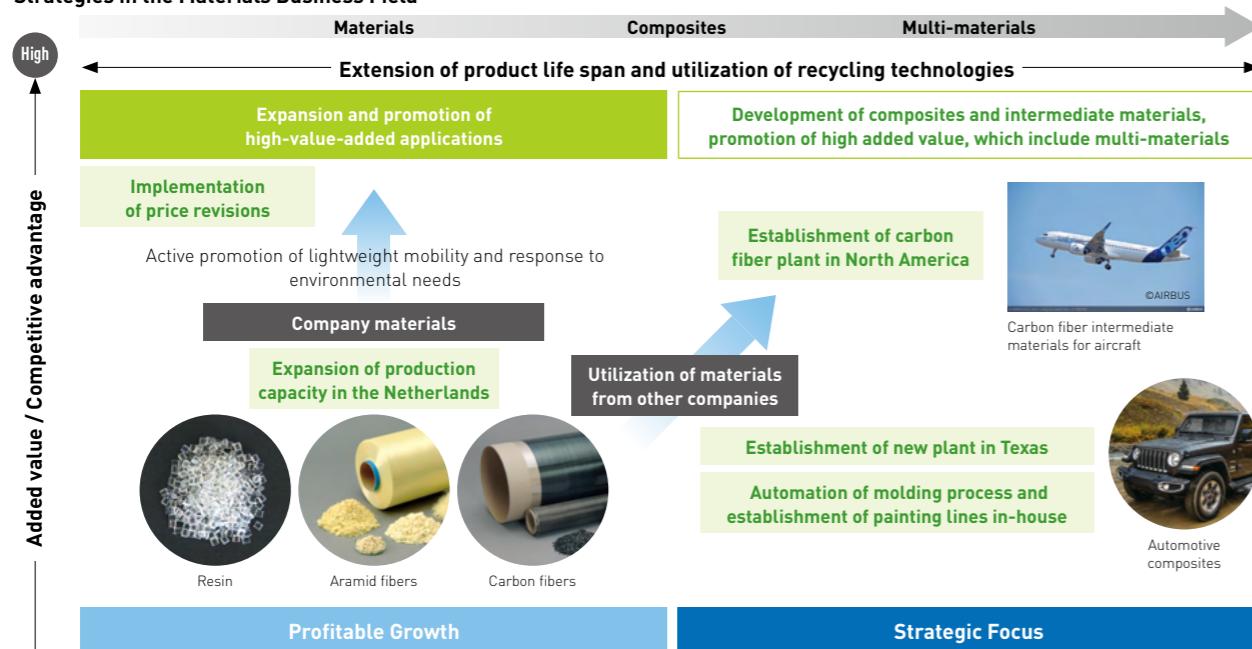
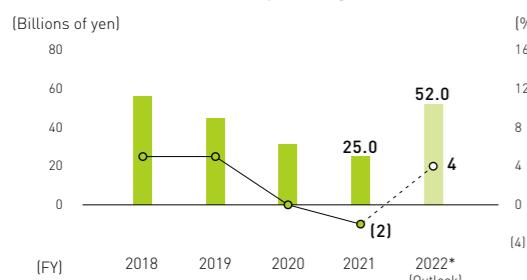
Eiji Ogawa

Executive Officer, Member of the Board
President, Material Business of Teijin Group

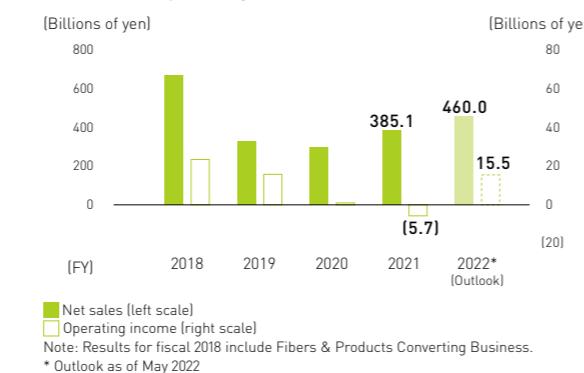
**Basic Policy and Business Outline**

In the Materials Business Field, we aim to achieve growth and contribute to the realization of a sustainable world by seizing on the opportunities presented to us by various social needs, such as lightweight materials for mobility and eco-friendly materials and components. Under the medium-term management plan, one major strategy for the Materials Business Field is to accelerate the rollout of high-value-added applications by increasing high-performance materials and pursuing the multi-materials strategy. For Strategic Focus fields, we are developing automotive composites and carbon fiber intermediate materials

for aircraft. At the same time, for Profitable Growth fields, we are working to expand and promote high-value-added applications of our aramid fibers, high-performance resins, and carbon fibers. At the moment, profitability in the Materials Business Field has been rapidly declining due to a significant rise in the price of raw materials, natural gas, and logistics as well as increasing labor costs in North America, among other factors. We are therefore pressed with the urgent task of restoring and enhancing profitability in the overall Materials Business Field.

Strategies in the Materials Business Field**EBITDA / ROIC (based on operating income)**

■ EBITDA (left scale)
— ROIC based on operating income (right scale)
Note: Results for fiscal 2018 include Fibers & Products Converting Business.
* Outlook as of May 2022

Net Sales / Operating Income

■ Net sales (left scale)
□ Operating income (right scale)
Note: Results for fiscal 2018 include Fibers & Products Converting Business.
* Outlook as of May 2022

**Automotive Composites**

Leveraging our presence as the largest Tier 1 supplier of automotive composites in North America, we are engaged in the design of parts and the provision of components to automakers. In the automotive industry, there is a need for lightweight and mass-produced automotive parts that maintain strength and durability. To meet this need, we are strengthening our proposal-making capabilities in such ways as collaborating with our customers from the parts development stage. Furthermore, to comply with increasingly stringent environmental regulations, we are expanding the materials we use and collaborating with other manufacturers.

| SWOT | |
|----------------------|---|
| Strengths | <ul style="list-style-type: none"> Outstanding composites technology with stable quality Solid partnerships with major automakers in North America, customer-oriented business model Global business base, including in Europe and Asia Stable supply of diverse components for automotive applications |
| Weaknesses | <ul style="list-style-type: none"> Securing profitability during a period of business expansion Ability to respond to changes in the business environment (labor market, fluctuation in demand from automobile manufacturers) |
| Opportunities | <ul style="list-style-type: none"> Needs for reducing exhaust emissions and improving fuel efficiency by reducing automobile weight as well as the need for LCA optimization Advancement in information sharing with automobile manufacturers due to digital transformation, thereby improving demand forecast accuracy |
| Threats | <ul style="list-style-type: none"> Decline in automobile demand Changes in material needs due to structural changes in the industry Intensifying competition from other industries |

**Major Risks with a High Level of Impact**

| Risk summary | Response measures | Actualization period | Trend in risk level fluctuation |
|---|---|---------------------------|---------------------------------|
| <ul style="list-style-type: none"> Labor shortages in North America Prolonged soaring raw material prices Global semiconductor shortages Decrease in the number of automobiles sold | We are working to automate manufacturing lines and transition to establishing painting lines in-house. We are also striving to reduce risk by implementing appropriate pricing policies. In addition, we are accurately assessing trends in automobile demand while steadily launching large-scale programs. At the same time, we are making appropriate revisions to strategies in accordance with changes in the business environment and the competitive nature of each business area. | Already actualized- Short | ➡ |
| Delays in establishing global foundation | We are making appropriate revisions to strategies in accordance with changes in the business environment and the competitive nature of each business area. | Already actualized | ⬆ |

In fiscal 2021, suspensions in the production activities of automobile manufacturers, the main customers of Teijin Automotive Technologies U.S., continued due to semiconductor and component shortages. These suspensions had an adverse impact on the production of Teijin Automotive Technologies U.S.'s mainstay products, which include composites for SUVs and pickup trucks. In addition, raw material prices continued to rise significantly due to a tightening supply-demand situation, leading to significant increases in manufacturing costs. To respond to these circumstances, Teijin Automotive Technologies U.S. negotiated revisions to its selling prices with its customers and carried out these revisions for certain customers starting from the fourth quarter. The labor force participation rate in the U.S., which has remained low even after the conclusion of additional benefits for unemployment, started on a gradual trend of recovery. This trend helped improve the condition of recruitment activities at Teijin Automotive Technologies U.S.

The composites business saw a year-on-year increase in net sales while operating income declined. In fiscal 2022, constraints on production activities due to semiconductor shortages should gradually be resolved, and we expect to see a clear recovery trend in demand from automobile manufacturers, primarily for SUVs and pickup trucks, the main vehicles for which Teijin Automotive Technologies U.S. supplies components. In addition, sales volumes are expected to increase due to the full-year operation of the new Seguin Plant in Texas, which handles the new major program of producing pickup boxes for the Toyota Tundra pickup truck (order received from Toyota Motor North America). Although the rise in raw material prices will likely continue, we forecast an improvement in profitability due to the sales price revisions we have been able to achieve with a wide range of automobile manufacturers. Furthermore, we will work to further enhance productivity in the composites business by reducing costs through the automation of molding processes and the establishment of painting lines in-house.

FOCUS 1**Revising Our Global Strategy with a View to Enhancing Profitability**

In the automotive composites business, we acquired Continental Structural Plastics Holdings Corporation (CSP, now Teijin Automotive Technologies NA Holdings Corp.), the largest Tier 1 supplier of automotive composites in North America, in 2017. Since then, we have

been working to expand our area of operations to also cover Europe and China. However, during fiscal 2022, we will complete the upfront investments we have been executing to acquire a strong market presence and transition into a phase in which we will focus on enhancing profitability. In this phase, we will carefully select areas in which to invest based on the conditions in each region of operation.

Business Strategy

In terms of total cost, composites have a competitive advantage over iron and aluminum, and the composites market in North America has been steadily expanding. In this market, the Teijin Group is widely recognized by automobile manufacturers as the only supplier (estimated market share of over 70%) in North America that can provide a stable supply for large-scale programs. Furthermore, we have been engaging in solution-based businesses by promoting programs in collaboration with automobile manufacturers starting from the design stage. Through these businesses, we have been receiving orders for highly promising new programs. Our North American operations are supported by the trust-based relationships we have cultivated with automobile manufacturers over many years and the overwhelming market presence that we have developed. Under these circumstances, we will strive to improve profitability.

centered on the composites business, by leveraging price pass-throughs to mitigate the impact of soaring raw material prices while selecting orders for new large-scale programs that can generate steady profits. Furthermore, as a means to improve productivity, we expect to reduce annual costs by roughly ¥2.0 billion through the automation of molding processes and the establishment of painting lines in-house.

Meanwhile, further investment and time are required for us to establish a solid position in the highly competitive markets of Europe and China. To that end, we will carefully select areas in which to invest based on the market and competitive environment, as well as the future potential, in each region of operation. Also, we will position Japan primarily as a base for our R&D activities and production activities for materials.



Carbon Fiber Intermediate Materials for Aircraft

With 10 times the strength and only one-quarter of the weight of steel, carbon fiber is attracting interest as a material that contributes to reductions in CO₂ emissions and provide other benefits. This growing interest has driven expansion in demand particularly for aerospace and general industrial applications, such as wind power generation. TENAX carbon fibers boast world-leading quality and high global market share, mainly in aircraft applications. In addition to promoting the development of intermediate materials for aircraft, we are working to respond to the current strong demand for general industrial applications, such as wind power generation, and recreational applications, among others.

| SWOT | |
|---------------|---|
| Strengths | • Technological capabilities for intermediate materials for aircraft, which are expecting future growth (thermoplastic prepreg, non-crimp fabric) |
| Weaknesses | • Limited track record for the supply of current mainstream intermediate materials (thermoset prepreg) • Long time frame from development to commercialization and profitability |
| Opportunities | • Needs to reduce exhaust emissions and improve fuel efficiency by reducing aircraft weight • Need to reduce manufacturing costs |
| Threats | • Decline in aircraft demand • Intensifying competition, commoditization |



Major Risks with a High Level of Impact

| Risk summary | Response measures | Actualization period | Trend in risk level fluctuation |
|---|---|----------------------|---------------------------------|
| • Intensifying competition resulting from next-generation aircraft projects being suspended, reduced in scale, or delayed | While thoroughly ascertaining the business environment, we are working to disperse risks by expanding and diversifying our customers. Also, in addition to collecting information on trends at other companies, we are strengthening our proposal-making capabilities from both technological and sales perspectives and swiftly rolling out recovery measures when risks do actualize. | Medium-Long | ↗ |

In fiscal 2021, sales volume of the carbon fiber **TENAX** increased for various applications, including aircraft, wind power generation, and recreation. In addition, we carried out price revisions in light of the impact from soaring main raw material prices, which have stemmed from the tight supply-demand situation. As a result, in fiscal 2021, both net sales and operating income increased year on year in the carbon fibers business. We commenced operations of a new plant in North America through which we are continuing to develop carbon fiber intermediate materials for aircraft with a view to the future.

In fiscal 2022, the recovery in travel demand for international flights in the aviation market will likely be limited. However, we expect to see an ongoing recovery in demand for domestic flights, and as such, we expect aircraft

demand to recover faster than we initially anticipated. In addition, we will continue to promote development geared toward the acquisition of large-scale programs for intermediate materials for aircraft.

Until we see a genuine recovery in aircraft demand, we will allocate the additional production volume of the new North American plant to cover the booming demand for industrial applications, such as wind power generation, and recreational applications. By doing so, we intend to swiftly reach full production and sales. In addition, by increasing production at our plant in Vietnam, we will strive to expand sales of thermoset prepreg for recreational and other applications.



Aramid

Aramid fibers can be divided into two broad categories: para-aramid fibers and meta-aramid fibers. Para-aramid fibers are particularly outstanding in terms of strength and heat resistance. Accordingly, they are mainly used as reinforcement for tires and friction material for automotive brake pads, as well as reinforcement for optic fiber cables. In addition, para-aramid fibers are used for ballistic applications and protective apparel. The market for para-aramid fibers is expected to grow at an annual rate of 3% to 5%. Meta-aramid fibers have excellent long-term heat resistant and flame-retardant properties and are therefore used in heat-resistant filters and special environment uniforms such as those worn by firefighters, as well as in other industrial textiles and materials. The Teijin Group boasts a global presence in terms of aramid fibers, thanks to their high levels of quality and competitive costs.

| SWOT | |
|---------------|--|
| Strengths | <ul style="list-style-type: none"> Market leader in para-aramid fibers Cost competitiveness integrated supply chain from raw materials to the supply of products and high barrier of entry Highly automated and digitalized processes Front-runner in sustainable solutions and supply chain Robust client relationships |
| Weaknesses | <ul style="list-style-type: none"> Overconcentration of production base Heavy reliance on the automotive market |
| Opportunities | <ul style="list-style-type: none"> Needs for improving automotive fuel efficiency and durability, demand for replacing materials Dissemination of next-generation communications (5G) Needs for protective clothing and equipment to ensure security and safety Entry into the aerospace market Improvement in productivity by achieving economies of scale through further capacity expansions |
| Threats | <ul style="list-style-type: none"> Emergence of competing manufacturers Tightening regulations on the Chemical Industry by the EU |

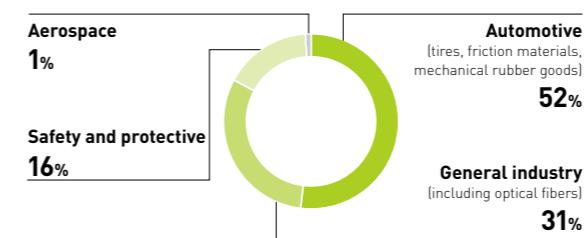


Major Risks with a High Level of Impact

| Risk summary | Response measures | Actualization period | Trend in risk level fluctuation |
|--|---|--------------------------|---------------------------------|
| • Profit deterioration due to further increases in natural gas prices in Europe | We are moving forward with cost-cutting measures such as facility improvements and energy conservation while also working to reduce risks through appropriate pricing policies. | Already actualized-Short | ↑ |
| • Reduction in sales volumes due to delayed recovery in production and inventory shortages | We are steadily carrying out projects to realize a recovery in production volumes, thereby working to ensure stable production and supply over the long term. | Short-Medium | ↓ |

In fiscal 2021, sales volumes of **Twaron** para-aramid fibers, the major product in the aramid business, increased on the back of a recovery in demand in each market, centered on automotive applications. On the other hand, inventories were depleted and sales volumes were negatively impacted by a variety of factors, including the implementation of large-scale periodic maintenance in the first quarter and the extension of such maintenance as well as the suspension of production at a raw material plant in the third quarter, which occurred due to a power outage. Furthermore, we carried out a sales price revision in response to the impact of rising fuel costs resulting from the soaring price of natural gas in Europe. As a result of such factors, net sales in the aramid business increased while operating income declined.

Sales Volume Ratio by Application in Fiscal 2021



In fiscal 2022, we expect to continue to see steady demand for aramid fibers in key applications, such as automotive, industrial textiles and materials, ballistic, and protective apparel. With this demand, and efforts to enhance the production capacity at plants in the Netherlands, we expect to increase sales volumes. We will also continue to promote selling price revisions to address the ongoing hike in natural gas and other raw material and fuel prices. Additionally, the impact in fiscal 2021 from large-scale periodic maintenance and its extension, along with the suspension of production at a raw material plant caused by a power outage, will resolve itself in fiscal 2022. Accordingly, we forecast a year-on-year increase in profits.

Furthermore, by strengthening our production capacity to realize integrated production from the raw material stage, we will bolster our cost competitiveness. At the same time, we will promote the development of new applications while maintaining and enhancing our leading position in the para-aramid industry. In addition, we will reinforce our efforts toward sustainability to further enhance the social value of the aramid business.

FOCUS 2

Developing Recycling Technologies for Twaron Para-Aramid Fibers

In November 2021, Teijin Aramid B.V., which operates the Group's aramid business, successfully developed recycling technologies for *Twaron* filament fibers.

In an effort to contribute to sustainability, the Teijin Group has been working for over 20 years to recover end-products, such as rope, cable, and tires, that make use of *Twaron* filament fibers, recycling them by converting them into pulp and then reusing them within such applications as automobile brake pads and gaskets. In recent years, we have introduced an independent calculation system that is able to quantify the environmental impact of *Twaron* use. We have also developed production technologies for *Twaron* that make use of bio-derived materials. Additionally, in 2021, we were able to reduce CO₂ emissions throughout the life cycle of *Twaron* by 30% compared with 2014. In these ways, we have been further strengthening our efforts toward reducing environmental impact.

Amid these efforts, Teijin Aramid recently succeeded with the development and pilot production of technologies that recycle used *Twaron* filament fibers and produce them again as usable filament fibers. This technology involves removing fibers from recovered end-products and cutting them into small pieces. These small pieces are melted together with virgin materials and then spun into yarn. Teijin Aramid has confirmed that these recycled and

reproduced filament fibers achieve nearly the same performance as original *Twaron* filament fibers. Accordingly, Teijin Aramid is currently applying for a patent related to this long fiber recycling technology. Also, in conjunction with the development of this technology, Teijin Aramid has been collaborating with industrial cable manufacturers and rope manufacturers in the marine transport and fishing industries to promote verification tests of end-products comprising over 90% recycled filament fibers.

Going forward, Teijin Aramid aims to commence sales of this recycling technology in 2024 and will constantly work to make various improvements. In addition, to realize net-zero CO₂ emissions, Teijin Aramid will strive to achieve a sustainable value chain by strengthening collaboration with various business partners and customers. The company will also continue to recover and recycle end-products from various applications that use aramid fibers.



Resin and Plastic Processing

With an impact resistance 200 times greater than glass, and only half the weight, polycarbonate (PC) resins possess a wealth of outstanding features, including heat resistance, dimensional stability, electrical characteristics, and transparency. These resins are now widely used in electronics, automobiles, precision machinery, and medical treatment. The Teijin Group has leading-class production capacity for PC resins in Asia and is working to actively roll out high-value-added applications that offer high quality and technological capabilities.

| SWOT | |
|----------------------|---|
| Strengths | <ul style="list-style-type: none"> Technologies (interfacial property control for resin products, special design, etc.) World-leading, high-quality polycarbonate resins Marketing, sales, and customer support capabilities for a wide range of applications High-value-added product development capabilities |
| Weaknesses | <ul style="list-style-type: none"> Concentration of production and sales bases in specific regions |
| Opportunities | <ul style="list-style-type: none"> Dissemination of next-generation communications (5G) Need for high-performance materials in the electric vehicle and automated driving market Improvement in productivity through the digital transformation of production and sales |
| Threats | <ul style="list-style-type: none"> Deteriorating supply-demand balance due to the emerging trend of increased facilities in China |



In fiscal 2021, sales volumes in the resin business declined slightly year on year due to the impact of the reduced operating rate among customers brought about by semiconductor shortages and the COVID-19 pandemic. In addition, we promoted selling price revisions to respond to the impact of the soaring price of the main raw material bisphenol A (BPA). As a result, both net sales and operating income increased year on year in the resin and plastic processing business.

In fiscal 2022, we expect the impact from the ongoing COVID-19 pandemic, semiconductor shortages, and

electricity shortages in China to ease, resulting in an increase in sales volumes. Although we anticipate ongoing price competition in the commodity products market, we expect to secure operating income at around the same level of that in fiscal 2021 through efforts to ensure stable profits by further expanding products with high added value. Going forward, we will continue to develop and expand sales of resins for growth industries, such as 5G, automated driving, electric vehicles, and medical devices.

SPOTLIGHT Promoting Initiatives to Develop Markets for Biomass Bisphenol A and Biomass Polycarbonate Resins

Teijin and Mitsui Chemicals, Inc. commenced joint efforts to develop Japan's first markets for biomass BPA and biomass PC resins. PC resins are used for a wide range of applications, including car headlights and electrical and electronic components. As products that use PC resins which have been recovered from the market and recycled gradually become more prevalent in the market, there are greater expectations for new products that have a low environmental impact.

In the procurement of biomass BPA from Mitsui Chemicals, we are working to obtain ISCC PLUS certification so that we can become the first company in Japan to produce biomass using mass balance methods in accordance with this certification.* From the perspective of physical properties, biomass BPA and biomass PC resins can easily replace those derived from petroleum. They therefore can contribute to reducing greenhouse gas (GHG) emissions through the entire product life cycle and realizing carbon neutrality.

* Mass balance methods based on ISCC PLUS certification: When raw materials with special characteristics (e.g., biomass-derived raw materials) and petroleum-derived raw materials are mixed throughout the process from raw material procurement to product processing and distribution, the ratio of the raw materials with special characteristics in certain parts of the product can be assigned in accordance with the amount of such materials introduced in the product.

Battery Materials

In the battery materials business, we offer *LIELSORT*, an innovative separator that can dramatically improve the performance of lithium ion secondary batteries (LIBs). This is realized by fully leveraging Teijin's unique polymer technologies and coating technologies to uniformly coat polymer layers on the polyolefin microporous membrane. In addition, *LIELSORT* is able to flexibly control parameters such as the pore size and thickness of the coating layers. By doing so, *LIELSORT* greatly enhances the potential of LIBs designed and developed for consumer electronics, in-vehicle use, and various other applications.

In fiscal 2021, the sales volume of *LIELSORT* increased for smartphone applications. In addition, the battery materials business licenses its coating technologies to another company, and, by doing so, the business saw an increase in licensing income from the ongoing sales of separators for electric-vehicle LIBs that make use of this technology. As a result, the battery materials business achieved year-on-year increases in both net sales and operating income.

In fiscal 2022, although stay-at-home demand and special demand resulting from teleworking will gradually subside, we expect to continue to see strong demand for *LIELSORT* in IT device applications such as smartphones.

In addition, with the continued growth in the electric vehicle market primarily in Europe and China, we will work to expand separators for electric-vehicle LIBs in collaboration with the company for which we provide licenses.



FOCUS 3

Commencing a Joint Project to Enhance the Reliability of Recycled Material Utilization

In July 2022, Teijin and Fujitsu Limited launched a joint project to realize a platform for enhancing the environmental value of recycled materials.

The Teijin Group has established a method for calculating GHG emissions within the manufacturing process of carbon fibers, aramid fibers, and other materials. The Group is also promoting initiatives toward the recycling of fiber-reinforced plastic components. Fujitsu has an extensive track record in establishing systems

utilizing block chain technologies that ensure high transparency and traceability and make it virtually impossible to falsify information. Under this joint project, we will work with Fujitsu to meld the long-cultivated technologies of both companies with the aim of leading the industry with the establishment and market application of platforms that promote the use of recycled materials and environment-friendly designs by providing manufacturers that design products from recycled materials with accurate information about their environmental footprint, including proof of origin of recycled materials and highly reliable data on GHG emissions.



Healthcare Business Field



Naohiko Moriyama

Executive Officer, Member of the Board
President, Healthcare Business of Teijin Group

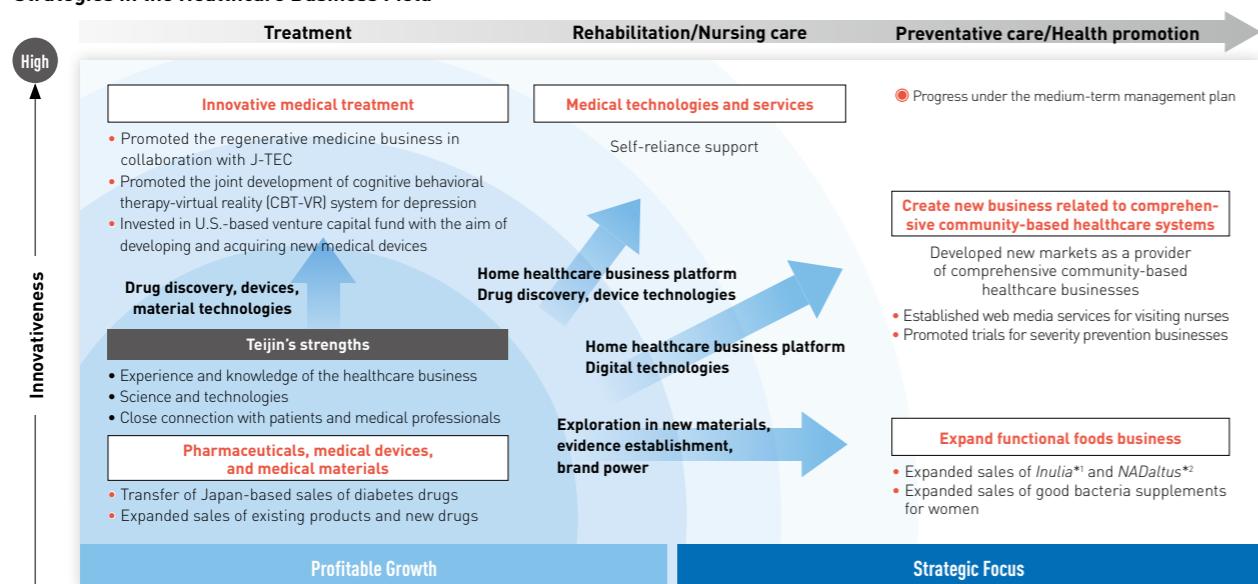


Basic Policy and Business Outline

The Teijin Group aims to become a comprehensive community-based healthcare services provider offering products and services that cater to each individual process within the entire healthcare cycle—from preventative care/health promotion to medical treatment through to rehabilitation/nursing care. We will realize this aim through the unique business foundation we have cultivated for over 40 years, comprising tangible and intangible assets, and our community-based team sales structure. Under Medium-Term Management Plan 2020–2022: ALWAYS EVOLVING, we aim to create new businesses in Strategic Focus fields that go beyond the health insurance domain to cover such themes as

“innovative medical treatment,” “medical technologies and services to support self-reliance,” “new business related to comprehensive community-based healthcare systems,” and “functional foods business.” In fiscal 2022, we expect profits to decline due to the entry of generic alternatives of our mainstay pharmaceutical *FEBURIC* into the market. Accordingly, in addition to enacting measures to outweigh the negative impact this entry will have on profits, the Healthcare Business Field is pressed with the task of strengthening its business foundation and its products and services in order to realize sustainable growth.

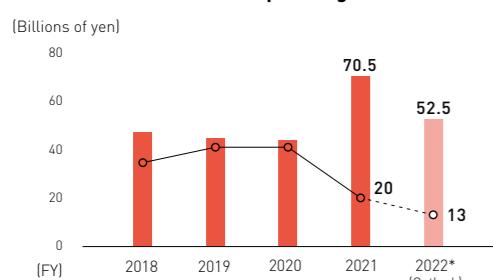
Strategies in the Healthcare Business Field



*1 Functional food that contains fermentable dietary fiber *Inulia*

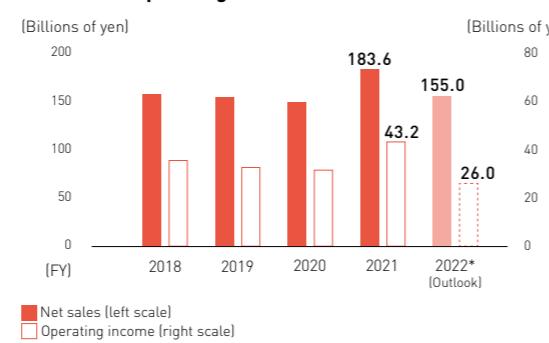
*2 Supplement that contains nicotinamide mononucleotide (NMN). Maintaining NMN within the body is expected to help keep the body in a healthy condition.

EBITDA / ROIC (based on operating income)



* Outlook as of May 2022

Net Sales / Operating Income



* Outlook as of May 2022

| SWOT | |
|----------------------|---|
| Strengths | <ul style="list-style-type: none"> Product and service creativity and market cultivation capabilities focused on unmet needs Robust business base established in the pharmaceutical and home healthcare businesses Provision of high-quality services centered on patients via multidisciplinary team sales Creation of unique products and services using material and IT technologies |
| Weaknesses | <ul style="list-style-type: none"> Internal ability to expand in the global market |
| Opportunities | <ul style="list-style-type: none"> Needs for comprehensive community-based healthcare and home healthcare that require multidisciplinary collaboration Personalized medical treatment Progression in the digitalization of medical treatment Needs for extending healthy life span, preventative care, and health promotion |
| Threats | <ul style="list-style-type: none"> Downward revisions to drug prices and medical service fees based on government policies to curtail medical costs in Japan Increase in R&D expenses related to new drugs and intensifying R&D-related competition |

Major Risks with a High Level of Impact

| Business | Risk summary | Response measures | Actualization period | Trend in risk level fluctuation |
|--|---|--|----------------------|---------------------------------|
| Pharmaceuticals and home healthcare | • Decline in sales due to downward revisions to drug prices and medical service fees | We have incorporated into our business plans the impact of downward revisions to certain drug prices and medical service fees and are working to minimize this impact by expanding our market share and sales volumes. | Short-Medium | ➡ |
| | • Shortage of products in development pipeline | We are introducing new products and promoting internal research in a bid to make our development pipeline more sufficient. | Medium-Long | ➡ |
| | • Declining share of <i>FEBURIC</i> due to entry of generic alternatives into the market • Intensifying competition for diabetes drugs | While accounting for a certain level of impact from these risks in our business plans, we are working to minimize their adverse impacts by generating synergies between products and expanding sales channels and volumes. | Short-Medium | ➡ |
| New healthcare businesses | • Inability to achieve the expansion of new healthcare businesses, including establishing the foundation for comprehensive community-based healthcare system businesses | We monitor the progress of strategies on an ongoing basis and, in the event the assumptions on which we formulated a strategy change, we enact appropriate response measures to address the reasons for such change. | Medium-Long | ➡ |

New Healthcare Businesses

In an effort to establish new businesses that can provide a future source of profits, along with comprehensive community-based healthcare systems, new medical devices, and medical materials, we are promoting functional foods leveraging our technological ability, including evidence establishment and candidate substance discovery know-how through our pharmaceutical R&D activities.

In fiscal 2021, the orthopedic implantable devices business,*¹ whose main products include artificial joints and absorbable osteosynthesis materials, recorded steady sales growth of new products due to a recovery in the number of surgeries. Additionally, in February 2022, Teijin Nakashima Medical Co., Ltd., which operates the orthopedic implantable devices business, acquired the spine and trauma (fracture) business of KiSCO Co., Ltd., a subsidiary of Otsuka Holdings Group's Otsuka Medical Devices Co., Ltd. With regard to the business related to comprehensive community-based healthcare systems, in September 2021, we set up the web media service *NsPace*, which is tailored to visiting nurses and home care providers. Through this service, we aim to establish a networking platform for visiting nurses and home care providers, providing the market of visiting nurses that face recruitment challenges with critical information, know-how regarding staff recruitment and educational services, and office management, as well as opportunities for exchange with others of the same profession. In the functional foods business, we launched *melito*, a new brand of good bacteria supplements for women, under which we commenced the sale of three new lactic acid bacteria and bifidobacterial products.

In fiscal 2022, drawing on the foundation we have cultivated in the home healthcare business, we will strengthen the foundation of the business related to comprehensive community-based healthcare systems by combining our products and services with those from other companies through M&As and capital and business alliances (see FOCUS on page 53). In the functional foods business, we will develop applications centered on prebiotic material and probiotic material and enhance our product lineup of these materials. At the same time, we will strive to expand sales, including overseas sales, of such products as super barley *BARLEYmax*, fermented dietary fiber *Inulia*, and the NMN-containing supplement *NADaltus*. In the orthopedic implantable devices business, we will proceed with preparations to expand sales in Asian markets such as Thailand, which have large potential for development.

*1 In fiscal 2022, the orthopedic implantable devices business was transferred to the Companywide "Others" segment.





Pharmaceuticals and Home Healthcare

In the pharmaceutical business, the mainstay drug *FEBURIC*, a gout and hyperuricemia treatment, was being sold in approximately 80 countries and regions around the world as of June 2022. In addition, the drug has earned the top market share*² in Japan. In April 2021, we expanded our product portfolio in this business through the transfer of Japan-based sales of diabetes drugs from Takeda Pharmaceutical Company Limited. In the home healthcare business, we boast the strengths of a service structure that can provide support to patients on a 24-hour, 365-day basis and a customer base that is the largest in the home healthcare industry, comprising approximately 500,000 customers in Japan and overseas. We have secured a leading market share*³ in Japan for home oxygen therapy (HOT) and continuous positive airway pressure (CPAP) therapy.*⁴

In fiscal 2021, we steadily moved forward in the pharmaceutical business with the transfer of Japan-based sales of diabetes drugs, even amid ongoing restrictions on hospital visitations due to the COVID-19 pandemic, and worked to strengthen online promotions of these drugs, thereby realizing solid sales growth. We also sought to enhance the profitability of the business and establish a foundation for future business expansion, including in the area of severity prevention. In addition, *FEBURIC*, the mainstay drug of this business, and *Somatuline**⁵ realized solid growth in sales volumes as did *XEOMIN*,*⁶ for which additional indication was approved in June 2021. Furthermore, the pharmaceutical business received licensing income for the start of clinical trials of the Alzheimer's treatment candidate that Teijin had licensed to Merck & Co., Inc. in the U.S., in 2017. In the home healthcare business, there was a roughly 3% increase in the number of rented HOT devices from the previous fiscal year-end due to the ongoing restrictions on hospitalizations and the continued shift to home healthcare. In the market for CPAP devices, the number of examinations recovered gradually, leading to an approximately 8% increase in the number of rented CPAP devices from the end of the previous fiscal year. As a result, the pharmaceutical and home healthcare businesses posted record-high operating income.

In fiscal 2022, to minimize the impact from the entry of generic alternatives of *FEBURIC* into the market, we will implement measures to decrease SG&A expenses and other costs through the pursuit of an efficient operating structure and to increase sales volumes by maintaining and enhancing the profitability of existing mainstay products and new products. Specifically, we will bolster the productivity of our medical representatives (MRs) by rolling out promotions of multiple products targeting medical

institutions and hospital departments. At the same time, we will seek to increase productivity and reduce costs of our home healthcare operations through such efforts as reducing maintenance costs by introducing new medical devices and boosting the efficiency of our operating structure by utilizing IoT. In addition, we will strengthen in-person promotion activities for diabetes drugs by sharing knowledge such as success stories, issues, and improvement measures of various initiatives, thereby maintaining sales levels. For *XEOMIN* and *Somatuline*, we will expand sales while leveraging *VitalLink*, a system that helps healthcare workers follow up with their patients and share information on their condition (see FOCUS on page 53). With regard to CPAP devices, for which the number of examinations continues to gradually recover, we will further increase rental numbers of devices by pursuing sales synergies (cross-sales) at medical facilities that prescribe diabetes drugs.

*2 Copyright©2022 IQVIA. Source: In-house analysis based on IQVIA JPM, April 2021–March 2022. Reprinted with permission.
 *3 Estimated from external reports and Teijin's rental volume
 *4 Ventilators for the treatment of sleep apnea syndrome (SAS)
 *5 Drug used to treat acromegaly, pituitary gigantism, gastroenteropancreatic neuroendocrine tumors, and thyroid-stimulating hormone-secreting pituitary adenoma. *Somatuline* is the registered trademark of Ipsen Pharma, France.
 *6 Drug used to treat upper limb/lower limb spasms. *XEOMIN* is the registered trademark of Merz Pharma GmbH&Co, KGaA, Germany.



SPOTLIGHT Introducing AI Technologies in the Small Molecule Drug Discovery Process

In April 2022, we entered into an R&D collaboration agreement with Iktos SAS, a French-based venture company, regarding the use of AI technologies for enhancing the efficiency and speed of candidate compounds for the drug discovery process. Under this agreement, we will work toward boosting the efficiency and acceleration of R&D activities with the aim of swiftly developing and launching groundbreaking drugs into the market.

FOCUS

Building a Solid Profit Foundation with a View to Realizing Sustainable Growth

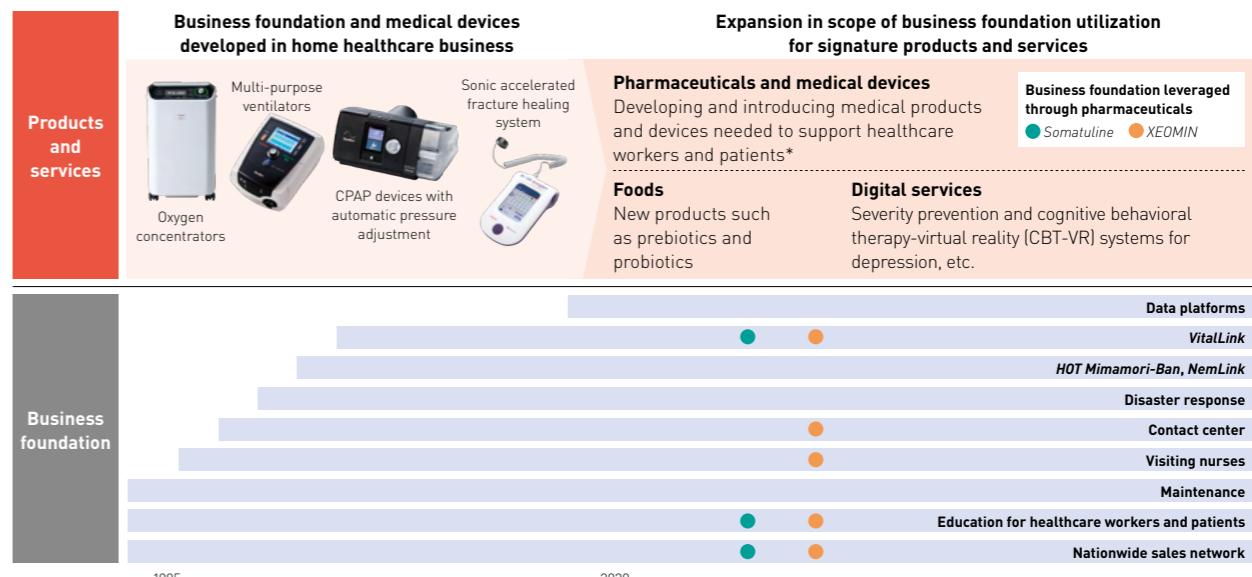
Strengthening Product and Service Pipelines by Leveraging Our Unique Business Foundation

In the over 40-year history of its involvement in home healthcare, the Teijin Group has formed close bonds with local communities and built trust-based relationships with medical institutions and patients. This has been realized through a wide range of efforts we have made over the course of this history, including not only the provision of products and services to treat patients but also the provision of information for the appropriate use of medical devices not just to healthcare workers but to patients at their home, and the establishment of a 24-hour call center and visiting nurse station to ensure that patients are receiving appropriate at-home care. These have also included the offering of services to secure the safety and peace of mind of patients during a disaster, such as an earthquake or flood, by confirming their safety and providing oxygen cylinders.

These efforts have also helped the Group build a robust foundation in the Healthcare Business.

We have taken steps to expand this business foundation to cover not only home healthcare but also pharmaceuticals such as *Somatuline* and *XEOMIN*. We have also been leveraging this foundation as a solution to address the concerns of patients and healthcare workers. Through these means, we have steadily increased prescriptions. For example, *XEOMIN* is a botulinum neurotoxin and, as such, requires the use of a stringent logistics management structure and the acquisition of administration qualification for healthcare workers. Our business foundation enables the provision of this kind of support. Going forward, we will aim for medium- to long-term growth by developing and acquiring special products and services for patients and medical conditions that enable us to effectively make use of our unique foundation in comprehensive community-based healthcare.

Business foundation and medical devices developed in home healthcare business



* For example, pharmaceuticals and medical devices for the rare disease and pediatric domains, etc.

Product and Service Pipelines (As of May 31, 2022)

| | Application for approval / Preparation for market launch / Newly launched | Approved and market launches in the past year | |
|---|--|--|--|
| | | Under development | |
| Pharmaceuticals | <i>XEOMIN</i> (lower limb spasms): Approved for an additional indication in June 2021 ITM-058 (osteoporosis with high risk of fracture): Approved in March 2021 and currently preparing for market launch | NT 201S (chronic drooling syndrome): Phase III TMX-67HK (pediatric gout and hyperuricemia): Phase II TCK-276 (rheumatoid arthritis): Phase I | |
| Medical devices | — | New medical devices (devices for respiratory organs and headache relief* ³ etc.) Cognitive behavioral therapy virtual-reality (CBT-VR) system for depression* ⁴ Advisory services for nutrition management* ⁵ | |
| Comprehensive community-based healthcare services | Web media service for visiting nurses <i>NsSpace</i> : Set up in September 2021 | Severity prevention services* ⁶ Hospitalization and discharge coordination support service* ⁷ Web media service for visiting nurses | |
| Functional foods | Women's supplement <i>melito</i> [<i>UREX</i> ,* ¹ <i>LGG</i> ,* ² and <i>BB 12</i> * ²]: Commenced sales in July 2021 | New products such as prebiotics and probiotics | |
| Implantable medical devices | UNIOS PL Spacer (device for spinal fusion): Approved in April 2021 | New/improved artificial joints and osteosynthesis materials OFT-G1 (cardiovascular and vascular repair patch): Currently preparing for application OFT-G1 application products | |
| Regenerative medical products (J-TEC) | <i>Ocural</i> (corneal epithelial stem cell deficiency): Approved in June 2021 <i>ACE02</i> (Vitiligo vulgaris): Application in April 2022 | Allogeneic cultured epidermis (second-degree burns) Autologous cultured cartilage (secondary osteoarthritis of the knee) Autologous CAR-T cells (acute lymphocytic leukemia) | |

*1 *UREX* is a registered trademark of Chr. Hansen Holding A/S, Denmark. *2 *LGG* and *BB 12* are trademarks of Chr. Hansen Holding A/S, Denmark.

*3 Obtained exclusive development and sales rights from electroCore, Inc. (U.S.) *4 Alliance with Jolly Good Inc. *5 Alliance with Meathy Inc.

*6 Alliance with PREVENT Inc. *7 Alliance with 3Sunny, Inc.

Fibers & Products Converting Business



Yasunari Hirata

President and CEO
Teijin Frontier Co., Ltd.



Basic Policy and Business Outline

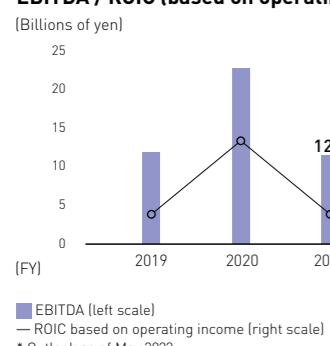
The Fibers & Products Converting Business operates in conjunction with Teijin Frontier Co., Ltd. as its core company. Teijin Frontier, a trading company specializing in fibers, combines the functions of both a manufacturer—making goods from raw materials to finished products—and a general trading company, organically linking customers, suppliers, and markets. Teijin Frontier creates new businesses based on strengths resulting from its extensive value chain, which spans the spectrum from the development of polymers for polyester fibers to the production and sale of various fiber products, and its diverse customer base and range of applications in the fields of both Textiles &

Apparel and Industrial Textiles and Materials. In addition, in-house research laboratories in Japan, China, and Thailand and manufacturing sites in Japan and overseas develop products that are competitive in the market, such as new materials that make extensive use of cutting-edge technologies and high-performance fibers with added new functions. Furthermore, Teijin Frontier strives to provide solutions geared toward solving social issues by operating environment-friendly plants and proactively rolling out materials and products that help conserve the environment.

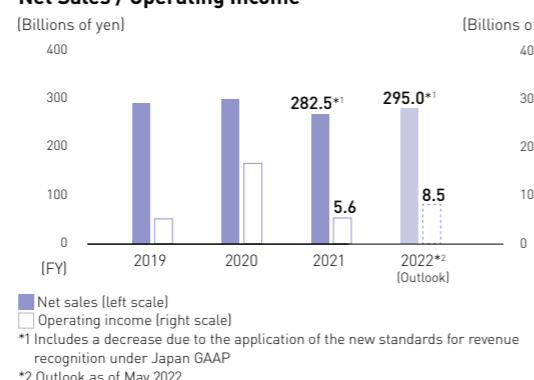


| SWOT | |
|----------------------|---|
| Strengths | <ul style="list-style-type: none"> Various application development and a diversified customer base Strategic product allocation between parent factory (development and production of cutting-edge materials) and OEMs (optimized cost and production efficiency) for realizing a speedy and efficient supply system Active development of eco-friendly businesses |
| Weaknesses | <ul style="list-style-type: none"> Prolongation of the cultivation of new businesses |
| Opportunities | <ul style="list-style-type: none"> Growing needs for fuel efficiency, weight reduction, and safety in mobility Reinforcement of social measures toward environmental issues, natural disasters, and infrastructure degradation |
| Threats | <ul style="list-style-type: none"> Decline in automobile demand Stagnation in the clothing market due to the COVID-19 pandemic and unfavorable weather |

EBITDA / ROIC (based on operating income)



Net Sales / Operating Income



Textiles & Apparel

We offer a wide range of products, from raw materials to textiles and apparel, in the Textiles & Apparel Business. In the raw materials field, the business offers products with a variety of added functions, such as moisture absorbency, quick drying time, heat retention, and non-transparency, centered on polyester fibers, and devotes efforts to developing environment-friendly materials using recycled and plant-derived materials. In the textiles field, with manufacturing sites in several locations—including the Hokuriku manufacturing region of Japan, China, and Thailand—the business develops and produces fabrics with superior functionality and comfort for sports, fashion, and uniforms, selling such fabrics on a global basis mainly in Japan, the U.S., and Europe. In the apparel field, we handle a wide range of products, including heavy clothing, such as suits and coats, and casual wear, sportswear, and children's clothing. In apparel, our strength lies in our ability to propose integrated production, from materials through to products.

In fiscal 2021, despite signs of a recovery in sales of materials and products for Europe, the U.S., and China and sales of heavy clothing in Japan, we faced tough conditions overall as a result of sluggish market conditions in Japan stemming from COVID-19, lockdowns at overseas plants, and skyrocketing raw material and fuel prices and logistics costs.

In fiscal 2022, we will proceed with the global restructuring of our textile manufacturing and apparel weaving sites in order to solve supply chain issues brought to light by the COVID-19 pandemic.

Industrial Textiles and Materials

We offer materials and products necessary for people's daily lives and industry in the Industrial Textiles and Materials Business, covering a broad array of fields including mobility, the environment and infrastructure, and healthcare. In the mobility field, we promote products that underpin the safe operation of automobiles, including reinforcements for automotive rubber materials, such as tires and transmission belts, and airbag fabrics that protect passengers from traffic accidents. In the environmental field, we provide high-value-added solutions aimed at environmental conservation. These include materials and products for liquid filters and bag filter that maintain clean water and air, and heat-insulating film that contributes to energy conservation. Turning to the infrastructure field, we handle products including concrete flaking prevention sheets that use aramid fibers, ultra-lightweight ceiling materials, large temporary tents, and a complete disaster mitigation platform—a package consisting of various disaster mitigation products—with the goal of protecting livelihoods from disasters. In the healthcare field, meanwhile, we provide support for healthy and comfortable living by offering nursing care- and healthcare-related products for the advent of the aging society and masks and bedding with antimicrobial and antiviral functions.

In fiscal 2021, automotive parts, chemicals for electronic components, and polyester staple fibers for water treatment filters maintained their favorable performance while the business moved forward with selling price revisions in response to rising costs. However, the decrease in automobile production numbers resulting from semiconductor shortages affected the business from the second quarter.

In fiscal 2022, we will aim to increase production of mobility-related components—for which the market is showing signs of recovery—and polyester staple fibers for water treatment filters and artificial leather, which are seeing ongoing demand growth.

FOCUS

Raising of Basic Profitability through Business Selection and Concentration

The Fibers & Products Converting Business promotes the measures listed on the right to enable the Teijin Group to achieve its target for ROIC (based on operating income), with strengthening of basic profitability and reduction of invested capital as priority issues.

| Priority issues | Measures |
|--------------------------------------|---|
| Strengthening of basic profitability | <ul style="list-style-type: none"> Boost profits in mobility-related businesses Reduce low-profitability transactions and restructure Group companies Establish sales support subsidiaries to enhance operational efficiency |
| Reduction of invested capital | <ul style="list-style-type: none"> Sell cross-shareholdings Improve the cash conversion cycle |



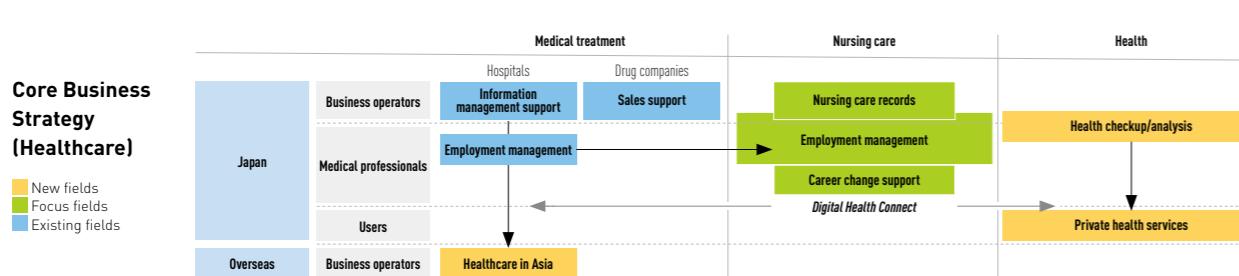
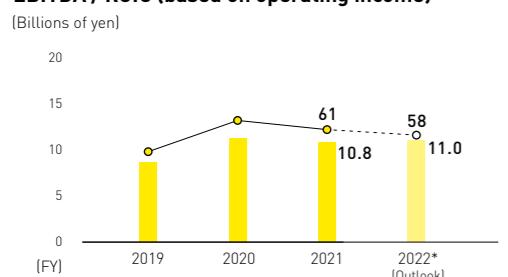
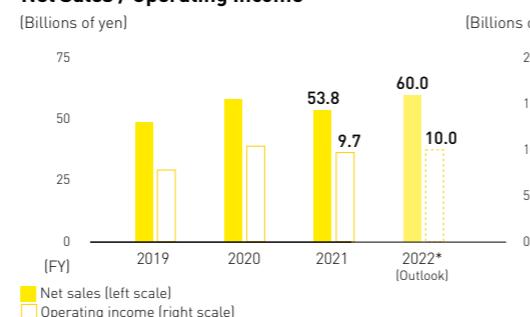
Norihiro Takehara

President and CEO
Infocom Corporation

Our IT Business centers on Infocom Corporation and comprises two business fields: digital entertainment and business solution. With the digital entertainment field, Infocom provides customers with such services as the e-comic distribution service, leveraging its know-how and track record built from the early days of the mobile phone business. In the e-comic market, the service which Infocom provides has grown to become one of Japan's largest stores. For the business solution field, Infocom possesses know-how and developmental technologies cultivated in the medical industry and leverages these strengths to provide high-value-added services, such as system and packaged products for corporate, medical, and public institutions.

While net sales in the digital entertainment field in fiscal 2021 declined on a drop in the previous fiscal year's special demand for e-comic services—which had been prompted by voluntary restraint from going outdoors due to the COVID-19 pandemic—and the ongoing impact of piracy websites, profits were on a par with the level of the previous fiscal year thanks to the optimization of advertising expenses. Although the business solution field performed solidly amid the persistent effects of the pandemic, operating income was down overall due to a temporary rise in SG&A expenses, primarily as a result of office relocation.

In fiscal 2022, we plan to continue implementing favorable marketing measures in the digital entertainment field. In the third quarter, we are also scheduled to launch an e-comic distribution service in the U.S. The Healthcare Business will strive to expand its business scale through the participation of Medical Create Co., Ltd., which became a subsidiary in fiscal 2021 and has national hospitals as its major customers, and Alterbooth Inc., which excels in cloud development technology.

**EBITDA / ROIC (based on operating income)****Net Sales / Operating Income**

Our Management System

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Roundtable Discussion between the Outside Directors



Yoichi Suzuki

Yukako Uchinaga

Fumio Ohtsubo

Masaru Onishi

Appointment of the New CEO and Expectations Going Forward

At a Board of Directors' meeting held in December 2021, Teijin decided on the appointment of a new President and CEO, Representative Director of the Board. In this roundtable discussion (held in May 2022), the Company's four outside directors exchanged opinions regarding the selection process for the new CEO, which was handled by the Advisory Board, expectations of the new CEO, and future issues facing the Company.

The Selection Process for the New CEO and the Role of the Advisory Board

Ohtsubo Meetings of the Advisory Board have been held two times a year, making use of the internet at times due to the COVID-19 pandemic, to observe presentations and conduct interviews with a wide range of employees, from those at the executive level to those who are candidates for future management positions. Through this process, the Advisory Board narrowed down the candidates for the Company's next CEO. The selection process commenced when the former president and representative director, CEO, Jun Suzuki, was appointed in 2014. After I joined Teijin as an outside director in 2016, I met with roughly 25 candidates for CEO, and also met with the finalists who remained among these candidates a total of three to four times. In the selection process for the new CEO, we had candidates conduct presentations on topics that were relevant to their current position and then asked them more detailed questions regarding these topics after their presentations were finished. In addition to the four outside directors, these interviews involved questions from Alexander H.G. Rinnooy Kan, a professor at the University of Amsterdam, and Thomas M.

Connelly, Jr., executive director and CEO of the American Chemical Society. The selection process also involved discussions with personnel in charge of evaluating the performance of candidates in specialized managerial educational programs in which the candidates participated. In these ways, I believe Teijin has adopted an excellent system for selecting a new CEO, as the selection is based on an extremely diverse range of perspectives.

In addition to having a firm understanding of Teijin's overall business, one point that I believed to be particularly important for candidates was whether they have the mentality to lead major reforms based on a future vision. Also, as Teijin is a major corporation, I believe all of us involved in the selection process evaluated a candidate to be suitable for the position of CEO based on whether they had the personality and leadership capabilities that would allow them to gain the trust and support of employees.

Uchinaga The nomination advisory function of the Advisory Board is a very rare framework to adopt among Japanese companies as it evaluates candidates based on their potential ability to lead the Group into the future more so than their current position and their abilities and accomplishments in that position. Just because a candidate is an outstanding general manager does not necessarily mean that they are able to assume responsibility for the entire Group and lead, and this is



It Is Important to Hold Discussions from the Perspective of Enhancing Corporate Value

Fumio Ohtsubo

Fumio Ohtsubo joined Matsushita Electric Works, Ltd. (currently Panasonic Corporation) in 1971 and became president of the company in 2006. He became chairman of the board at Panasonic Corporation in 2012 and assumed the role of special advisor at Panasonic in 2013. In 2016, he joined Teijin as an outside director and member of the Advisory Board. He resigned from his position with the Company in June 2022.

why I believe that Teijin's evaluation methods are truly valuable. I also feel that the participation of overseas experts in the Advisory Board offers a huge advantage as many overseas companies adopt similar frameworks to swiftly discover and cultivate executive-level personnel.

What I focused on with the candidates for CEO was the ability to objectively analyze the Company's strengths and weaknesses and the ability to think logically about the actions that need to be taken in response to social trends. These abilities are indispensable within the current business environment, where the pace of change is rapidly accelerating. However, such abilities alone would only make a candidate excel at strategy formulation, and—as Mr. Ohtsubo mentioned—I also evaluated candidates based on whether they had the attributes and charisma to lead people.

Suzuki I became an outside director in 2018, and therefore began participating in the Advisory Board right as it was in the middle of the selection process. Despite this, I was able to have numerous chances to meet with various personnel, including young employees, that could potentially become part of the Company's senior management in the future. This experience was extremely meaningful. Although I also came in contact with such personnel via the business reports they provided to the Board of Directors, the Advisory Board provided me with a unique opportunity to ascertain the personalities of these candidates as I was able to observe them in a setting that differed from their day-to-day work. In the case of Teijin, in particular, the Company's business centers on the two pillars of materials and healthcare, and so the majority of the Company's human resources are only involved in one of these two pillars. Accordingly, it was important for us involved in the selection process to ask questions and talk with candidates about how they would oversee the business in which they have no experience and generate overall synergies between these two businesses. Moreover, given the fact that overseas businesses account for 40% of Teijin's overall net sales, I focused on discerning whether a candidate could develop a future vision for the Company while demonstrating leadership based on a broad global outlook.

Ohtsubo The Advisory Board represents an excellent framework of the Company, and I believe that it is the concerted efforts of each participant to ensure this framework functions properly, such as the meticulous preparation of documents before meetings are held. This is what makes the Advisory Board so outstanding. I also believe the same could be said in regard to how well the Board of Directors functions.

In fiscal 2022, the Company has redefined the position of the Advisory Board, and, as a result, its functions have changed slightly. However, I feel the board continues to play a substantive

Roundtable Discussion between the Outside Directors



The Company Should Devise a Specific Road Map and Establish Priorities

Yukako Uchinaga

Yukako Uchinaga joined IBM Japan, Ltd. in 1971 and became a senior executive officer and director of the company in 2004. In 2007, she established the non-profit organization Japan Women's Innovative Network, and began serving as board chair of the organization (as of July 2022, she has been serving as chairperson and representative director). In 2009, she was appointed as an executive vice president and director at Benesse Holdings, Inc. In 2013, she became president & CEO of Globalization Research Institute Co., Ltd. She joined Teijin in 2018 as an outside director and member of the Advisory Board.

and significant role even after this repositioning. Specifically, the advisory function regarding the nomination and compensation of the CEO and chairperson has been transferred from the Advisory Board to the Nomination Advisory Committee and the Compensation Advisory Committee. Discussions on the Company's overall management will still be primarily held at meetings of the Advisory Board, where the two overseas experts offer their valuable opinions, while final decision-making on specific management matters will be conducted by the Nomination Advisory Committee and the Compensation Advisory Committee, which serve as advisory bodies comprising directors appointed by the General Meeting of Shareholders. I deem this reorganization to be appropriate.

Steps to Be Taken to Resolve the Downturn in the Stock Price

Ohtsubo I attended an ESG briefing session held by the Company in February 2022. At this seminar, I became keenly aware of the issues Teijin is facing based on the numerous questions and points raised by investors. The Company has garnered praise from investors regarding the frameworks of its corporate governance and Board of Directors as well as the high level of effectiveness at which these frameworks function. Nevertheless, that effectiveness has not translated to the enhancement of corporate value, and the Company's actual stock price has remained stagnant for the past four to five years. I once again considered the reasons why this is the case and came to the conclusion that the Company must look at this situation from a different perspective. At Board of Directors' meetings, opinions are actively exchanged on the vision, strategies, and issues raised by the corporate officers in charge of business execution. However, discussions on how to further develop a vision or strategy or how to resolve an issue are often held based on the Company's current situation. Rather than

this approach, I believe it is more important to hold discussions from the broader perspective of enhancing corporate value. For example, rather than thinking "corporate value will rise if we resolve our current issues and remain on our current course toward our long-term vision and medium-term strategies," Teijin needs to be considering "what can we change in our current situation in order to enhance corporate value." I will be resigning from my position at the Ordinary General Meeting of Shareholders in June 2022, so it is my hope that the new chair of the Board can lead Board of Directors' meetings based on this kind of thinking.

Uchinaga Discussions on the current issues facing Teijin are extremely lively, which means they take up a lot of time. As a result, there tends to be little time left in Board meetings for discussion on the true value offered by the Company's businesses and the ideal vision for these businesses, as Mr. Ohtsubo mentioned. Of course, discussions on current issues are essential for understanding the current situation, so how we allocate time during meetings is certainly a challenging proposition. However, it is crucial to lead the Board meetings and hold discussions with a clear focus on the points that are important to investors and other external parties.

It is also essential that Teijin create a specific road map for achieving its long-term vision. Teijin's long-term vision and strategies themselves are excellent, but even as an outside director of the Company, I am still a bit unclear as to what kind of road map the Company has for achieving the long-term vision and how it is moving forward in line with that road map. If the Company can convey how it is steadily taking steps toward accomplishing its goals or, in other words, how it is actually acting on the initiatives it presents to the public, then I believe it can gain even more trust from the market. Furthermore, to gain public trust in its execution capabilities, the Company should establish priorities in terms of areas on which it is focusing and those on which it is not. I understand that personnel in charge of specific projects are, in a sense, putting everything on the line for their own projects, so it is difficult to accept the idea of abandoning those projects. Nevertheless, I feel the Board needs to better clarify priorities and act accordingly.

Suzuki We can very much understand investors taking issue with the fact that the Company's outstanding governance structure has not led to improved performance and stock price, and we often discuss this issue at Board of Directors' meetings. All of the outside directors commend and support Teijin's long-term vision of "being a company that supports the society of the future" as well as the Company's ambition to transform itself into a company that provides solutions that are truly needed by society. With that said, I can understand the desire of the shareholders and other investors to see results quickly. Of course, producing results in the near term is important, but as Teijin is a company that is really moving in a good direction, I do sometimes wish that shareholders and other investors would look at things from a longer-term perspective. To that extent, as Teijin has created a story regarding the kind of company it aims to be in the future, it is imperative that it enhances the appeal of that story in order to gain the further understanding of its shareholders and other investors about how to increase corporate value in the future.

Onishi I also feel that Teijin must provide explanations to investors in an even more detailed way going forward, as there is certainly room for improvement in the current manner the Company offers such information. To that end, Teijin must take proactive steps to explain the current action it is taking in a more comprehensive manner to ensure the understanding of investors. Stagnation in stock price is not a short-term issue, so the Company must take the feedback it receives from investors with the utmost seriousness. Right now, Teijin finds itself in an adverse environment, so the first step toward addressing this situation is achieving the targets the Company has set for fiscal 2022 and regaining trust from the market. In that sense, the new CEO and representative director, Akimoto Uchikawa, has assumed office at an extremely important time for the Company.

Future Issues for Teijin and Expectations of CEO Uchikawa

Ohtsubo CEO Uchikawa will have to take on the pressing issues facing each of Teijin's business pillars, which are dealing with two very different situations. In the Materials Business Field, although Teijin has formulated a strong vision and strategies, there are various issues that need to be tackled now. In the Healthcare Business Field, recent performance has been solid, but the road map to achieving the future vision and the establishment of priorities in this business field remain unclear, given the recent entry of generic versions of Teijin's mainstay pharmaceutical *FEBURIC* into the market. The actions that need to be taken and the necessary capabilities of personnel in charge of addressing these issues differ for each business pillar. Additionally, to obtain the support from investors, Teijin must generate synergies between these two business fields and work to eliminate the conglomerate discount. The Company is undertaking efforts to eliminate the silos and promote the exchange of human resources between business divisions, which is no doubt an extremely daunting task. To truly make a breakthrough in these circumstances, the Company must cast aside the conservative nature that is typical of a company with a 100-year history. Companies such as Teijin with long histories are often extremely conservative as they act based on an awareness that, even if there is some fluctuation in profits, they can still continue to do business as usual without having to worry about going bankrupt over a several-year period. However, it is necessary to have the courage to make dramatic, wide-reaching reforms to every aspect of Teijin's business while maintaining the core pieces that have helped the Company sustain itself over the course of 100 years, and I believe Teijin has that potential. Former CEO Suzuki established a significant vision for the future of the Company, and



The Downturn in the Stock Price Must Be Taken with the Utmost Seriousness in Consideration of the Evaluation of the Company by Investors

Masaru Onishi

Masaru Onishi joined Japan Airlines Co., Ltd. in 1978. After serving in such positions as representative director and president of Japan Airlines International Co., Ltd., he became president of Japan Airlines in 2011 and chairman and director of the company in 2012. He joined Teijin in 2019 as an outside director and member of the Advisory Board.

Although the Foundation Is Experiencing Growing Pains, I Hope That CEO Uchikawa Continues to Push Forward without Hesitation

Yoichi Suzuki

Yoichi Suzuki joined the Ministry of Foreign Affairs of Japan in 1975. After serving as the ambassador to Singapore and then France, he became the government representative and ambassador in charge of the Kansai region in 2016. In 2017, he became the ambassador for international economic affairs and chief negotiator for the Japan EU EPA. He left the Ministry of Foreign Affairs of Japan in 2018, and in the same year joined Teijin as an outside director and member of the Advisory Board.



now CEO Uchikawa is pressed with the tremendously important task of making that vision a reality so that the Company can continue to realize growth over the next 100 years.

Uchinaga I would very much like to see CEO Uchikawa appoint overseas human resources at the senior management level. While overseas personnel are already starting to be appointed to important positions, I would like to see Teijin take on a more dynamic approach to recruitment in order to become a truly global company, especially since the Materials Business Field operates primarily overseas. CEO Uchikawa worked in the Materials Business Field and has experience overseas, so I have very high expectations of him in this regard.

I also would like the Company to be more proactive in promoting young personnel. People inevitably tend to focus on past experiences of success, but I think it is also important to promote personnel based more so on their potential than on their achievements in order to promote true reform. In that sense, the Advisory Board has been an extremely effective framework. The Advisory Board evaluated personnel based on their potential as future leaders, and this allowed Teijin to compile a pool of human resources that can be appointed to management positions other than CEO regardless of their current standing in the Company. Furthermore, this evaluation style helped foster an awareness among the personnel in this pool and helped them gain the support of the employees working around them.

Suzuki Former CEO Suzuki laid the foundation for providing solutions that support society going forward. Although that foundation is currently experiencing some growing pains, I believe the future of Teijin is extremely bright. I therefore hope that CEO Uchikawa continues to push forward without hesitation, even if it takes a certain amount of time, and we as outside directors will do everything we can to support him as he does so. CEO Uchikawa has stated that sustainability and globalization are important criteria to abide by, and I believe these criteria are firmly rooted in the Company's DNA. With regard to globalization, it is particularly important to understand what is

needed in each region of operation based on the perspectives and values of the local communities. To that end, I believe Teijin can realize true globalization if it is able to cultivate and appoint personnel who can see things from another person's perspective and have a level of sensitivity where they can make decisions by comparing their own viewpoints and values with those of other people. As CEO Uchikawa has experience working in Europe, I have high expectations of him in terms of promoting globalization.

Also, members of the Advisory Board had voiced their concerns that Teijin was starting to gradually adopt an overly cautious corporate culture that avoids taking risks. However, CEO Uchikawa has stated that the Company will pursue a trial-and-error approach to business and withdraw from projects if they turn out to be unsuccessful. I think this agile way of thinking will be extremely important for Teijin moving forward.

Onishi Teijin currently finds itself in a so-called plateau state. In other words, the Company is slowly starting to develop a "boiling frog syndrome." For this reason, how the new CEO communicates with employees will be an extremely important issue going forward. In order for Teijin to truly transform itself, CEO Uchikawa must make the dangers of Teijin's current position known in order to foster a Groupwide awareness that change is absolutely necessary. If he waits a year or two to adopt this approach, it will be too late in my opinion. In his first year as CEO, Mr. Uchikawa is garnering the attention of employees, so every word he says will have a profound impact. While it may be difficult for employees to understand from the beginning, I believe they will eventually gain a sense of how the Company needs to change if the CEO can put together a set of relevant examples over time. Above all else, it is crucial that CEO Uchikawa takes the initiative on his own with a high level of energy and passion.

Message from the Chairperson

I Will Provide Support to the New CEO as We Strive to Become a "Company That Supports the Society of the Future"

Jun Suzuki

Chairperson, Member of the Board



It Is Important That We Continue to Change

In April 2022, I was appointed Chairperson, Member of the Board. I would like to express my sincere gratitude to all those who supported me during my eight-year tenure as President and CEO. The drafting of the next succession plan for CEO coincided with my appointment in 2014, and the selection of my successor and timing of the change was discussed and proposed by the Advisory Board, of which I am a member.* I feel that fiscal 2022, when considerations are being made for the next medium-term management plan, was an appropriate time to change our structure as a company.

Looking back on my eight years as CEO, we completed structural reforms to break away from commoditized businesses. In addition, since the previous medium-term management plan was formulated in 2017, we have aspired to be "a company that supports the society of the future"—our long-term vision. To this end, we have conducted our management from the perspective of how we as a company can contribute to society. As part of this approach, we promoted diversity and inclusion and undertook the Power of Culture Project to reform our

corporate culture so that the entire Group could think flexibly while taking on new initiatives in order to create new businesses that differed from our conventional ones. As a result, we are seeing signs that an agile and innovative corporate culture is growing. Somewhat frustratingly, however, we have yet to see new businesses contribute to profits, which, I accept, represents a lack of ability on my part.

I expect CEO Uchikawa to "inherit and transform." A change in leadership is a great opportunity for transformation, and I understand that, even if previous strategies and policies are rejected, I am in a position to support such decisions. However, CEO Uchikawa also shares the overarching orientation toward continued change for the Teijin Group to fulfill its vision to support the society of the future, and I feel he will maintain this approach going forward.

* As of April 2022, the functions for advising the nomination and compensation of the CEO and chairperson have been transferred from the Advisory Board to the Nomination Advisory Committee and the Compensation Advisory Committee.

I Will Serve as an Interface for Further Invigorating Discussion between Outside Directors and Internal Directors

Moving forward, I will provide support to CEO Uchikawa as a non-executive Chairperson without the authority of representation. One of my roles is to undertake activities in the business community in order to allow CEO Uchikawa to focus on management. I am also very aware that an integral aspect of my role as Chairperson will be to serve as an interface between shareholders and outside directors, and inside directors. Although Teijin dedicates a sufficient amount of time for sharing and discussing information at meetings of the Board of Directors, the asymmetry of information between inside and outside directors is still a difficult issue to resolve. To address

this issue, I believe I can make sufficient contributions from a non-executive standpoint while maintaining an understanding of the context of internal discussions. Moreover, I would like to speak from a more shareholder-oriented perspective going forward, so that we can truly engage with the opinions of our shareholders and reflect their views in our management trajectory. We must continue to evolve our governance, not as a formality but in pursuit of effectiveness. I believe that in doing so, profits and stock prices will follow.

Board of Directors, Statutory Auditors, and Other Members of Management

(As of July 2022)

Board of Directors



**Chairperson of Teijin Limited,
Member of the Board
Jun Suzuki**

1983 Joined Teijin Limited
2011 President, Teijin Holdings Netherlands B.V.
2012 Teijin Group Corporate Officer
Chief Marketing Officer, Director of BRCs Business
2013 Executive Officer, Director, Teijin Limited
General Manager, Advanced Fibers and Composites
Business Group
2014 President and CEO (Chief Executive Officer)
Representative Director
2022 Chairperson of Teijin Limited and Member of the
Board (incumbent)



**President and CEO,
Representative Director of the Board
Akimoto Uchikawa**

1990 Joined Teijin Limited
2017 Teijin Group Corporate Officer
Management Coordinator for the President, Material
Business of Teijin Group
Assistant to General Manager, Fibers and Products
Converting Business Group (for Technology,
Production, Restructuring Initiatives)
2020 General Manager, Composites Business Unit
2021 Teijin Group Executive Officer
President, Material Business of Teijin Group
Executive Officer, Director, Teijin Limited
2022 President and Representative Director (incumbent)
Chief Executive Officer (incumbent)



**Senior Executive Officer,
Representative Director of the Board
Akihisa Nabeshima**

1982 Joined Teijin Limited
2015 Teijin Group Corporate Officer
2017 Teijin Group Executive Officer
General Manager, Healthcare Business Group
President, Teijin Pharma Limited
2019 President, Healthcare Business of Teijin Group
Executive Officer, Director, Teijin Limited
2021 Executive Officer, Representative Director, Teijin Limited
Chief Financial Officer (incumbent)
2022 Senior Executive Officer, Representative Director of the
Board, Teijin Limited (incumbent)



**Executive Officer, Member of the Board
Toshiya Koyama**

1986 Joined Teijin Limited
2013 Teijin Group Corporate Officer (Riji)
General Manager, New Materials Business
Development Department
Chief Representative, Teijin Electronics Korea Co., Ltd.
2015 Teijin Group Corporate Officer
2017 Teijin Group Executive Officer
General Manager, Material Business Group
2020 President, Material Business of Teijin Group
Executive Officer, Director, Teijin Limited (incumbent)
2021 Chief Social Responsibility Officer (incumbent)



**Executive Officer, Member of the Board
Eiji Ogawa**

1985 Joined Teijin Limited
2016 Teijin Group Corporate Officer
General Manager, Resin and Plastic Processing
Business Unit
2019 Chief Officer (Corporate Strategy)
2020 Corporate Officer, Director, Teijin Limited
2021 Executive Officer, Director, Teijin Limited (incumbent)
2022 President, Material Business of Teijin Group (incumbent)



**Executive Officer, Member of the Board
Naohiko Moriyama**

1990 Joined Teijin Limited
2017 Teijin Group Corporate Officer
Management Coordinator for the President,
Healthcare Business of Teijin Group
2019 General Manager, Healthcare New Business Division
2021 Teijin Group Executive Officer
President, Healthcare Business of Teijin Group
(incumbent)
Executive Officer, Director, Teijin Limited (incumbent)



**Independent Outside Director
Yukako Uchinaga**

1971 Joined IBM Japan, Ltd.
2004 Senior Executive Officer, Director,
IBM Japan, Ltd.
2007 Board Chair, Japan Women's
Innovative Network (NPO)
2009 Executive Vice President, Director,
Benesse Holdings, Inc.
2013 President & CEO, Globalization Research
Institute Co., Ltd. (incumbent)
2018 Director, Teijin Limited (incumbent)
Member of the Advisory Board,
Teijin Limited (incumbent)
2022 Chairperson and Representative
Director of the Japan Women's
Innovative Network (J-WIN) (NPO)
(incumbent)



**Independent Outside Director
Yoichi Suzuki**

1975 Joined Ministry of Foreign Affairs of
Japan (MFA)
2008 Director-General for Economic Affairs
of MFA
2010 Ambassador to Singapore
2013 Ambassador to France
2016 Government Representative and
Ambassador in charge of
the Kansai region
2017 Ambassador for International
Economic Affairs and Chief Negotiator
for the Japan EU EPA
2018 Director, Teijin Limited (incumbent)
Member of the Advisory Board,
Teijin Limited (incumbent)



**Independent Outside Director
Masaru Onishi**

1978 Joined Japan Airlines Co., Ltd.
2011 President, Representative Director,
Japan Airlines Co., Ltd.
2012 Chairman, Representative Director,
Japan Airlines Co., Ltd.
2014 Chairman, Director,
Japan Airlines Co., Ltd.
2018 External Affairs Representative,
Japan Airlines Co., Ltd.
2019 Director, Teijin Limited (incumbent)
Member of the Advisory Board,
Teijin Limited (incumbent)
2020 Director, Teijin Limited (incumbent)
Member of the Advisory Board,
Teijin Limited (incumbent)



**Independent Outside Director
Masaaki Tsuya**

1976 Joined Bridgestone Corporation
2012 Representative Director, CEO,
Bridgestone Corporation
2013 Representative Director, CEO,
Chairperson of the Board, Bridgestone
Corporation
2016 Representative Executive Officer, CEO,
Chairperson of the Board, Bridgestone
Corporation
2020 Chairperson of the Board, Bridgestone
Corporation
2021 External Advisor, Bridgestone
Corporation (incumbent)
2022 Director, Teijin Limited (incumbent)
Member of the Advisory Board,
Teijin Limited (incumbent)

Statutory Auditors



**Full-Time Statutory Auditor
Masanori Shimai**

1987 Joined Teijin Limited
2010 General Manager, Business Strategy Office
2016 General Manager, Accounting Department
2017 General Manager, Material Business Strategy Division
2019 Statutory Auditor (incumbent)



**Full-Time Statutory Auditor
Akio Nakaishi**

1987 Joined Teijin Limited
2016 Teijin Group Corporate Officer
General Manager, Carbon Fibers & Composites
Business Unit
President, Toho Tenax Co., Ltd.
2017 General Manager, Composites Business Unit
2020 Statutory Auditor (incumbent)



**Independent Outside Statutory Auditor
Gen Ikegami**

1983 Registered as a Certified Public Accountant
1992 Registered as CPA in the state of California, USA
2000 Representative Partner, Audit Corporation
Ota Showa Century
2002 Board Member, International Auditing and Assurance
Standards Board (IAASB)
2005 Board Member, International Federation of
Accountants (IFAC)
2010 Vice President, The Japanese Institute of Certified
Public Accountants
2015 Representative of Gen Ikegami CPA Office (incumbent)
Statutory Auditor, Teijin Limited (incumbent)
2016 Advisor, The Japanese Institute of Certified Public
Accountants



**Independent Outside Statutory Auditor
Hitomi Nakayama**

1991 Admitted to the Bar (Daini Tokyo Bar Association)
Joined Kasumigaseki-Sogo Law Offices
1994 Partner Lawyer, Kasumigaseki-Sogo Law Offices
(incumbent)
2011 Vice President, Daini Tokyo Bar Association
2013 Executive Governor, Japan Federation of
Bar Associations
2017 Statutory Auditor, Teijin Limited (incumbent)



**Independent Outside Statutory Auditor
Jun Arima**

1982 Joined Ministry of International Trade and Industry
(MITI); currently, Ministry of Economy, Trade and
Industry (METI)
1996 Counsellor, Permanent Delegation of Japan to the
OECD (Energy Advisor)
2002 Head, Country Studies Division, International Energy
Agency (IEA)
2006 Director, International Affairs Division, Agency of
Natural Resources and Energy (ANRE)/METI
2007 Counsellor, International Energy Negotiation;
ANRE/METI
2008 Deputy Director General for Global Environmental
Affairs, METI
2011 Director General, Japan External Trade Organization
(JETRO), London Special Advisor on Global
Environmental Issues, METI
2015 Professor, Graduate School of Public Policy, University
of Tokyo
2020 Statutory Auditor, Teijin Limited (incumbent)
2021 Project Professor, Graduate School of Public Policy,
University of Tokyo (incumbent)

| | | |
|--|---------------------|---|
| Teijin Group Executive Officer | Ichihiro Watanabe | Management Coordinator for the President, Healthcare Business of Teijin Group (for Teijin Pharma President, Teijin Pharma Limited |
| Teijin Group Corporate Officers | Shukei Inui | General Manager, Carbon Fibers Business Unit |
| | Yasuhiko Kuriyama | Management Coordinator for the President, Healthcare Business of Teijin Group (Strategy Promotion) |
| | Karola Japke | Chief Human Resources Officer |
| | Tsutomu Igawa | Chief Officer (Global Business Strategy) |
| | Kenichiro Kataoka | Senior Executive Officer, Member of the Board, Teijin Pharma Limited (General Manager, Research, Development & Technology Unit) |
| | Tadashi Sakata | General Manager, Material New Business Division |
| | Tsutomu Morioka | Chief Information Officer |
| | Noboru Yamanishi | General Manager, Resin & Plastic Processing Business Unit |
| | Peter ter Horst | General Manager, Aramid Business Unit President, Teijin Aramid B.V. |
| | Steve Rooney | General Manager, Composites Business Unit |
| | Toshihiko Sakaguchi | Senior Corporate Project Officer Responsible for External Affairs Group |
| Teijin Group Corporate Officers | Noriko Higuchi | General Manager, Corporate Business Incubation Division |
| | Ton de Weijer | General Manager, Material Technology Center |
| | Akihiko Uchiyama | Chief Officer (Legal, Intellectual Property General Manager, Intellectual Property Department |
| | Teruo Aoyagi | Chief Officer (Engineering) Deputy Chief Social Responsibility Officer (for Disaster Prevention) Director, Effective Utilization of Factories Project Director, Iwakuni Factory and Matsuyama Factory |
| | Masato Tanaka | General Manager, Marketing & Sales Unit, Executive Officer, Member of the Board, Teijin Pharma Limited |
| | Junji Kitahama | Deputy Chief Financial Officer, General Manager, Accounting Department |
| | Masataka Akiyoshi | Chief Officer (Corporate Strategy) |
| Presidents of independent Group companies | Yasunari Hirata | President and CEO, Teijin Frontier Co., Ltd. |
| | Norihiro Takehara | President and CEO, Infocom Corporation |
| | Kenichiro Hata | President and CEO, Japan Tissue Engineering Co., Ltd. |

Corporate Governance



Basic Concept

Based on the basic mission of the sustainable improvement of shareholder value, the Teijin Group has been strengthening its governance to fulfill its responsibilities to various stakeholders. The basics of corporate governance are "improving transparency," "ensuring fairness," "accelerating decision-making," and "ensuring the independence of monitoring and supervision," and we are working to establish and strengthen an effective corporate governance system through items such as an "Advisory Board," a "Nomination and Compensation Advisory Committee," a "Board of Directors including Independent Outside Directors and a Corporate Officer System," and a "Board of Statutory Auditors System including Independent Outside Statutory Auditors." Furthermore, the Group has established and published the Teijin Group Corporate Governance Guide, which serves as its corporate governance guidelines.

Major Initiatives for Strengthening Governance

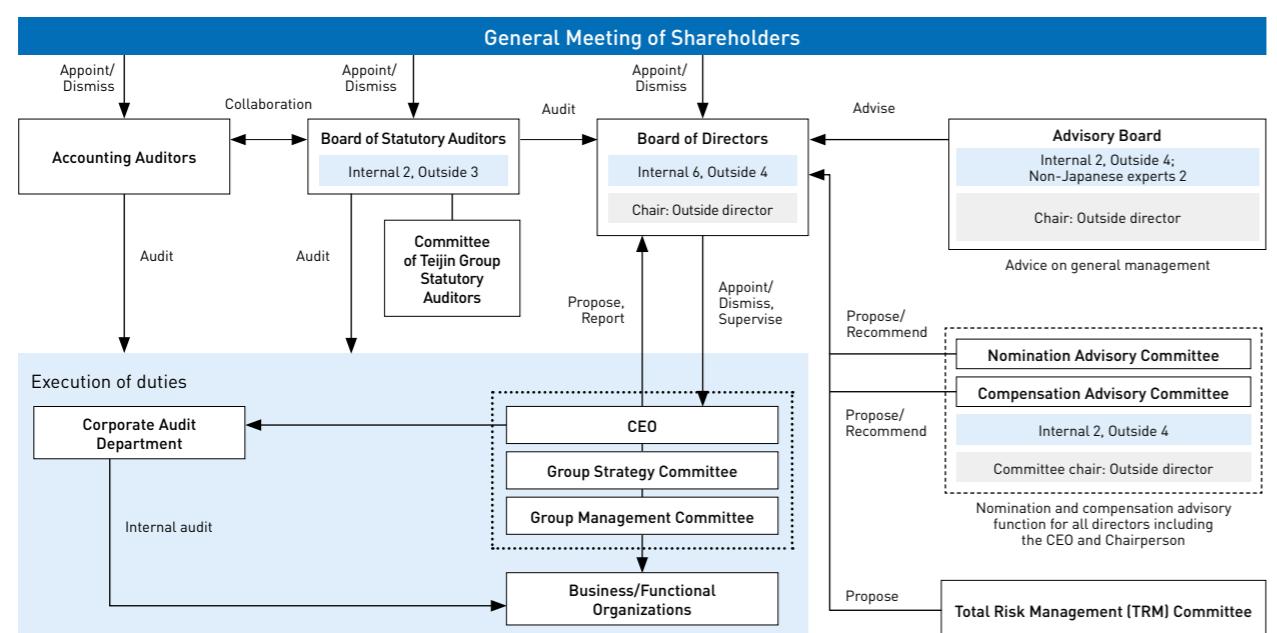
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|------|--|
| 1999 | <ul style="list-style-type: none"> Reduced the number of directors from 24 to 9 Introduced the corporate officer system → Accelerating decision-making for execution of business and clarifying system of responsibility Established Advisory Board → Enhancing management transparency Appointed three independent outside statutory auditors (comprising the majority of the Board of Statutory Auditors) |
| 2003 | <ul style="list-style-type: none"> Appointed three independent outside directors |
| 2012 | <ul style="list-style-type: none"> Appointed four independent outside directors |
| 2015 | <ul style="list-style-type: none"> Established Nomination Advisory Committee and Compensation Advisory Committee |
| 2021 | <ul style="list-style-type: none"> Ensured that an outside director will always chair the Board of Directors Shortened the term of Chairperson (internal regulation) Revised the composition of the Nomination Advisory Committee and the Compensation Advisory Committee (now all outside directors participate in these committees) Created a general rule that the role of Senior Advisor will only be established when there is a vacancy in the Chairperson post* Abolished the honorary advisor system* Abolished the advisor/special advisor system Revised officer compensation system, introducing "restricted stock" and "performance share units" compensation |
| 2022 | <ul style="list-style-type: none"> Revised the structure and functions of the Advisory Board (the role of chair is now held by the outside director who chairs the Board of Directors while the nomination and compensation advisory functions of all directors, including the CEO and Chairperson, were consolidated into a single function in the form of the Nomination and Compensation Advisory Committee) |

* Applicable from the current Chairperson

Corporate Governance System (As of June 2022)

Organization Structure Company with Board of Statutory Auditors

The current Companies Act requires the Board of Directors to appropriately carry out two roles: making important business decisions and monitoring and supervising management. To properly fulfill these roles, the Company deems that a corporate governance system based on two core functions—[1] the execution of business led by the internal directors (limited to executive directors) and [2] management oversight and supervision focused on by outside directors and the Chairperson of the Board of Directors as well as monitoring and auditing carried out by statutory auditors and the Board of Statutory Auditors—is appropriate. Therefore, the Company has decided to continue to be a company with a Board of Statutory Auditors, for the time being.



Board of Directors

The Board of Directors meets once a month, in principle, and deliberates and determines/approves important matters, such as Groupwide management policies and plans, as well as any other items required by laws, regulations, and the Company's Articles of Incorporation. The Board also oversees directors' performance of their duties. To expedite decision-making and clarify accountability of business execution, the Company's Articles of Incorporation set the maximum number of directors at 10, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Also, in the Articles of Incorporation, the term of office for directors is set at one year. The chair of the Board of Directors' meetings is selected from the outside directors as part of the Board's efforts to separate monitoring and supervision from business execution.

Evaluation of Board of Directors' Effectiveness

In order to further ensure the effectiveness and enhance the functions of the Board of Directors, the Company conducts analysis and evaluation of the effectiveness of the entire Board of Directors once a year. The method of the Board of Directors' effectiveness evaluation for fiscal 2021 and an overview of the results are as follows.

Analysis and Evaluation Method

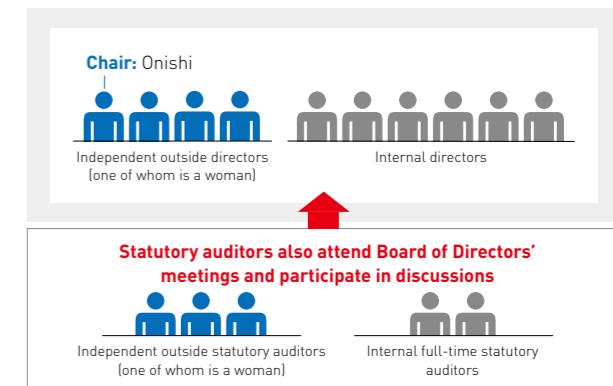
A self-evaluation questionnaire of all directors and statutory auditors (15, including outside directors and outside statutory auditors) where the respondents gave their name was conducted based on the advice of external experts. The evaluation points in the questionnaire were compiled from the following eight fields. Respondents evaluated the questionnaire's 41 questions based on a five-step scale and made comments. In addition, external experts conducted interviews with a total of four directors and statutory auditors based on the questionnaire, aiming to deepen understanding of the management issues to be discussed at the Board of Directors' meetings and to formulate a concrete action plan to address the issues. Based on the results of these questionnaires and interviews, deliberations were held by the Board of Directors regarding the Board's effectiveness as well as issues to be addressed and improvement measures to be implemented.

- 1** Strategy and execution thereof
 - 2** Risk and crisis management
 - 3** Corporate ethics
 - 4** Performance monitoring
 - 5** Organization and business restructuring-related transactions
 - 6** Management team evaluation, compensation, and succession planning
 - 7** Stakeholder dialogue
 - 8** Composition and operation of the Board of Directors

Evaluation Results

The results of the Board of Directors' effectiveness evaluation conducted via the above process found that there was no issue with the current corporate governance system and its implementation, and that the Company's Board of Directors was generally functioning properly and its effectiveness was verified. In addition, the questionnaire results indicated that there was a high ratio of positive evaluations (generally around 80%) for all items.

Members of the Board of Directors



Status of Response to Issues Recognized in the Fiscal 2020 Evaluation

Deepening discussions on business creation utilizing data and digital technology

In fiscal 2021, the Board of Directors set aside sufficient time to discuss the status of digital technology utilization. There, the Board confirmed the status of digital technology utilization in each business and discussed the ideal form of the Teijin Group's core system. For the formulation of the next medium-term management plan, the Board confirmed that clarification of the vision and further discussions would be needed on the direction of the strategy and future resources to be invested.

Deepening discussions on the business portfolio

In fiscal 2021, the Board of Directors set aside sufficient time to discuss portfolio transformation. There, the Board discussed portfolio valuation methods and the future direction of the portfolio, and confirmed that it would be necessary to further deepen discussions on the business portfolio in the future while linking it to the formulation of the next medium-term management plan. In addition, at the discussion on verification of the rationale regarding the public listing of both parent and subsidiary companies and examination of possible options, from the viewpoint of maximizing the corporate value of the Teijin Group, Infocom Corporation, and Japan Tissue Engineering Co., Ltd. (J-TEC), the Board confirmed the rationale for maintaining the listing of Infocom and J-TEC, and shared possible options if the Group were to discontinue the public listing of both parent and subsidiary companies. In fiscal 2022, the Board of Directors will continue to discuss the rationale for maintaining the public listing of both Group companies.

Deepening discussions on issues identified through stakeholder dialogue analysis

In fiscal 2021, the Board of Directors set aside sufficient time to discuss the Stakeholder Communication Report. The Board examined the status of the stock price and valuation, shared comments obtained through dialogue with investors, and discussed issues that could be extracted from the comments. In fiscal 2022, the Board of Directors will continue to deepen

Corporate Governance

■ Status of Activities of Directors, Statutory Auditors, and Non-Japanese Experts

| | Name | Areas where directors and statutory auditors can demonstrate their expertise and experience | | | | | | | | Expected role | Advisory Board | Nomination Advisory Committee/ Compensation Advisory Committee | Status of meeting attendance in fiscal 2021 |
|--|------------------------------|---|--------------------|------------------------------------|-------------------|-------------------------|-----------------------------|------------------|-------------------------|--|----------------|--|---|
| | | Corporate management | Finance/Accounting | Legal and business risk management | Global management | Environmental solutions | Health and safety solutions | IT/DX/Innovation | Diversity and inclusion | | | | |
| Directors | Jun Suzuki | ✓ | | | ✓ | ✓ | ✓ | ✓ | | Supervise the executive directors and strengthen corporate governance by taking advantage of his extensive experience as CEO for eight years | ✓ | ✓ | Attended 12 out of 12 Board of Directors' meetings |
| | Akimoto Uchikawa | ✓ | | | ✓ | ✓ | ✓ | ✓ | | Play the role of CEO in formulating and executing management policies to enhance the corporate value of the Teijin Group | ✓ | ✓ | Attended 9 out of 9 Board of Directors' meetings |
| | Akihisa Nabeshima | ✓ | ✓ | | | | ✓ | ✓ | | Help secure timely and appropriate funding and maintain a sound financial base by leveraging his knowledge and insight cultivated in finance and accounting fields and the Company's businesses | | | Attended 12 out of 12 Board of Directors' meetings |
| | Toshiya Koyama | | | ✓ | ✓ | ✓ | ✓ | ✓ | | Pursue sustainable management and promote risk management by leveraging his knowledge and insight cultivated in the Materials Business Field | | | Attended 12 out of 12 Board of Directors' meetings |
| | Eiji Ogawa | | ✓ | ✓ | ✓ | | | ✓ | | Further expand profits in the Materials Business Field and develop and promote Strategic Focus fields, an area of priority | | | Attended 12 out of 12 Board of Directors' meetings |
| | Naohiko Moriyama | | | | | | ✓ | ✓ | | Further increase profitability in the Healthcare Business Field and grow new healthcare businesses, a Strategic Focus fields theme | | | Attended 9 out of 9 Board of Directors' meetings |
| Independent Outside Directors | Yukako Uchinaga | ✓ | | | ✓ | | | ✓ | ✓ | Monitor business management and provide suggestions on business execution based on her experience as vice president of a listed company and deep knowledge of diversity | ✓ | ✓ | Attended 12 out of 12 Board of Directors' meetings |
| | Yoichi Suzuki | | | ✓ | ✓ | ✓ | | | | Monitor business management and provide suggestions on business execution based on his experience as a diplomat, wealth of knowledge, and high level of insight from a global perspective | ✓ | ✓ | Attended 12 out of 12 Board of Directors' meetings |
| | Masaru Onishi | ✓ | | | ✓ | ✓ | ✓ | ✓ | | Monitor business management and provide suggestions on business execution based on his experience as president and chairman of a listed company, abundance of business experience, and high level of insight | ✓ | ✓ | Attended 12 out of 12 Board of Directors' meetings |
| | Masaaki Tsuya | ✓ | | ✓ | ✓ | | | | ✓ | Monitor business management and provide suggestions on business execution based on his experience as CEO and chairman of a listed company, abundance of business experience, and high level of insight | ✓*1 | ✓*1 | Appointed in June 2022 |
| Statutory Auditors | Masanori Shimai | | ✓ | ✓ | | | | | | Monitor overall management and provide advice based on his wealth of knowledge and experience in finance and accounting fields and his deep understanding of the Company's business | | | Attended 12 out of 12 Board of Directors' meetings Attended 12 out of 12 Board of Statutory Auditors' meetings |
| | Akio Nakaishi | | | | ✓ | ✓ | | ✓ | | Monitor overall management and provide advice by leveraging his knowledge of technologies in the Materials Business Field and wealth of practical experience | | | Attended 12 out of 12 Board of Directors' meetings Attended 12 out of 12 Board of Statutory Auditors' meetings |
| Independent Outside Statutory Auditors | Gen Ikegami | | ✓ | ✓ | ✓ | | | | | Contribute to maintaining and improving the Company's compliance, monitor management, and provide advice based on his insight and experience as a certified public accountant | | | Attended 12 out of 12 Board of Directors' meetings Attended 12 out of 12 Board of Statutory Auditors' meetings |
| | Hitomi Nakayama | | | ✓ | | | ✓ | | ✓ | Contribute to maintaining and improving the Company's compliance, monitor management, and provide advice based on her insight and experience as a lawyer | | | Attended 12 out of 12 Board of Directors' meetings Attended 12 out of 12 Board of Statutory Auditors' meetings |
| | Jun Arima | | | ✓ | ✓ | ✓ | | | | Contribute to maintaining and improving the Company's compliance, monitor management, and provide advice based on his insight and experience with global environmental issues, etc. | | | Attended 12 out of 12 Board of Directors' meetings Attended 12 out of 12 Board of Statutory Auditors' meetings |
| Non-Japanese Experts | Alexander H.G. Rinnooy Kan*2 | | | | — | | | | | Provide advice and suggestions for management based on his wealth of knowledge related to global economics and business management and his high level of insight from a global perspective | ✓ | | — |
| | Thomas M. Connelly, Jr.*3 | | | | — | | | | | Provide advice and suggestions to improve corporate value based on his abundance of corporate and business management experience on a global level | ✓ | | — |

*1 Member from fiscal 2022 *2 Professor, University of Amsterdam, the Netherlands *3 Executive Director and CEO, American Chemical Society

discussions on issues identified through the stakeholder dialogue analysis.

Reviewing the agenda of Board of Directors' meetings and enhancing discussions on management strategies

The agenda items of Board of Directors' meetings are decided after items, such as those identified as issues at the Board of Directors' effectiveness evaluation, are added to regular items, including settlement of accounts, and confirmed by the chair of the meetings at the beginning of the period, except for those emerging unexpectedly during the period. In fiscal 2021 as well, the Board of Directors set a number of agenda items related to management strategies, such as discussion on portfolio transformation and the policy for formulating the next medium-term management plan, and discussed the ideal future of the Teijin Group. In fiscal 2022, we will continue to deepen discussions on management strategies as well as the next medium-term management plan.

Issues Identified in Fiscal 2021 and Measures Going Forward

In fiscal 2022, we identified the following issues as a result of discussions held at the Board of Directors' meeting based on the evaluation of effectiveness conducted in fiscal 2021, and will further promote efforts to address them together with discussions on the next medium-term management plan.

- Discussions on innovation creation utilizing data and digital technology
- Discussions on the business portfolio
- Discussions on the rationale behind the public listing of both parent and subsidiary companies
- Discussions on BCPs including the supply chain
- Discussions on allocation of management resources to human capital/intellectual property, etc.

The Company aims to increase the effectiveness of the Board of Directors and further strengthen corporate governance through these measures.

■ Board of Statutory Auditors and Committee of Teijin Group Statutory Auditors

The Company's statutory auditors possess a high level of expertise and experience in fields such as law, finance, and accounting. These statutory auditors oversee the execution of duties by the directors based on their abundance of expert insight. Furthermore, the Committee of Teijin Group Statutory Auditors, which comprises statutory auditors of Group companies and other members, meets regularly to enhance the effectiveness of Groupwide monitoring and audits.

Basic Policy of the Board of Statutory Auditors in Fiscal 2021

- Conduct audits with a focus on the soundness of the Company's business activities
- Emphasize preventative audits based on the perspective of risks
- Collaborate appropriately with the accounting auditors and the Corporate Audit Department

Key Audit Matters

- Governance
- Corporate ethics and compliance
- Preparation for operational risk
- Preparation for strategic risk

Members of the Board of Statutory Auditors



Independent outside statutory auditors
(one of whom is a woman)



Internal full-time statutory auditors

■ Group Strategy Committee and Group Management Committee

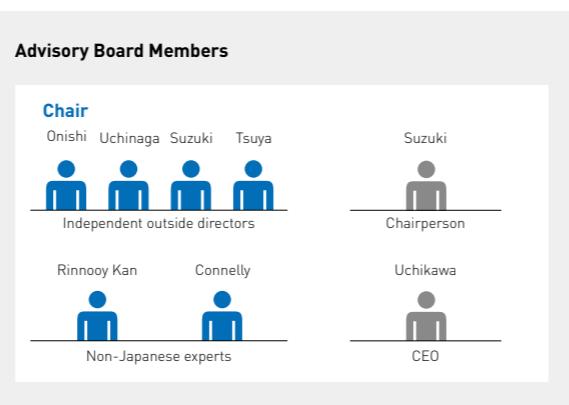
Important matters related to business execution of the Company and the Teijin Group, for which authority has been delegated by the Board of Directors, are decided by the CEO through deliberation in the Group Strategy Committee, which meets at least twice a month in principle, and the Group Management Committee, which meets once a month in principle. The Group Strategy Committee and the Group

Management Committee comprise the CEO, presidents of the Company's respective business fields, chief officers, and others designated by the CEO. The CEO convenes and chairs the meetings of both committees. In addition to these members, the committees are also attended by the internal full-time statutory auditors.

Corporate Governance

Advisory Board

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general from a broad and long-term perspective, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors (currently, it comprises four independent outside directors and two non-Japanese experts) as well as the Chairperson of the Board of Directors (whose seat is left vacant in the case of a vacancy in the Chairperson's post) and the CEO. The Advisory Board is chaired by the independent outside director who chairs the Board of Directors.



Nomination Advisory Committee and Compensation Advisory Committee

The Nomination Advisory Committee and the Compensation Advisory Committee are established as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Each committee deliberates on the following matters and makes recommendations to the Board of Directors.

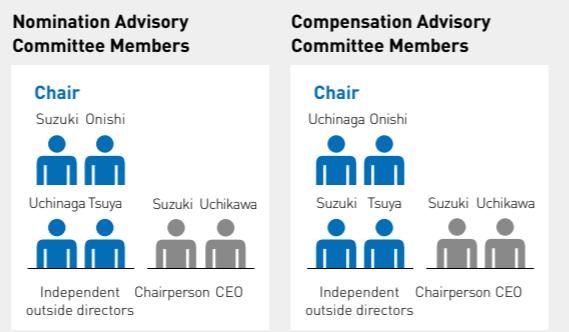
Nomination Advisory Committee

- Deliberation on CEO succession and recommendation of successor
- Selection and dismissal of candidates for representative directors
- Selection and dismissal of candidates for directors (including Chairperson)
- Selection and dismissal of candidates for statutory auditors
- Promotion, demotion, selection, and dismissal of internal directors and senior management
- Deliberation on matters concerning the criteria for independence of outside directors and outside statutory auditors
- Selection of candidates for CEO and review of the CEO's plan and progress thereof for developing potential successors

Compensation Advisory Committee

- Deliberation on matters concerning the compensation system of corporate officers of the Teijin Group
- Deliberation on matters concerning the level of compensation of corporate officers of the Teijin Group
- Evaluation on the performance of and deliberation on matters concerning the amount of compensation for internal directors (including the CEO) and senior management

For matters concerning the current CEO, in principle, the CEO leaves the room and does not participate in the deliberations. For matters concerning the Chairperson, the Chairperson leaves the room and does not participate in the deliberations. Four independent outside directors, the Chairperson of the Board of Directors (whose seat is left vacant in the case of a vacancy in the Chairperson's post), and the CEO participate as members of the committees while the outside director who chairs the committees presides over the meetings of each committee.



Officer Compensation

The Company revised its officer compensation system in fiscal 2021 from the viewpoint of corporate governance and the stakeholders and to further enhance corporate value creation based on strengthening management from a medium- to long-term perspective, including in terms of sustainability and ESG initiatives. In line with this revision, the Company has introduced "restricted stock" and "performance share units" systems with the aim of providing an incentive for directors to achieve the targets of the Company's medium-term management plan and to enhance corporate value over the medium to long term. As a result of introducing these systems, the ratio of share-based remuneration has increased. In addition, this revised officer compensation system has been applied to all corporate officers on a global basis in order to further strengthen the Group's management foundation.

Basic Policy on Compensation Systems (Revised in Fiscal 2021)

- The system should enhance awareness of contributing to medium- to long-term increases in earnings and corporate value.
- The system should be closely linked to the Company's performance and highly transparent and objective.
- The system should be primarily focused on sharing value with stakeholders and enhancing management's awareness of the interests of shareholders.
- The system should maintain sufficient compensation levels and content to act as incentives to secure high-quality management personnel.

Officer Compensation System

The compensation structure for internal directors (excluding the Chairperson and Senior Advisors) is as follows.

| Position | Fixed compensation | | Variable compensation | | Total |
|--|--|---------------------------|--|----------------------------------|-------|
| | Basic compensation (cash) | Restricted stock (shares) | Performance-linked compensation (cash) | Performance share units (shares) | |
| President & Representative Director, CEO | 45% | 10% | 20% | 25% | 100% |
| Other directors | 50% | 10% | 25% | 15% | 100% |
| Monetary compensation | | Stock compensation | | | |
| Fixed compensation | Basic compensation A fixed amount is paid in the form of basic compensation to directors according to their position. | | Restricted stock A fixed number of restricted shares are provided to directors according to their position. | | |
| Variable compensation | Performance-linked compensation Performance-linked compensation is paid to directors in an amount based on individual performance assessments and the level of achievement of the three key management indicators in the medium-term management plan: consolidated ROE (profitability indicator), consolidated EBITDA (growth indicator), and consolidated ROIC (indicator of profit efficiency relative to amount of capital invested). | | Performance share units (see chart below) Restricted shares are provided to directors on the basis of their level of achievement, etc., of total shareholder return (TSR), which reflects the perspectives of shareholders, and non-financial indicators [① changing portfolio, ② diversity and inclusion], which take into account sustainable growth and environmental, social, and governance (ESG) factors, as evaluation indicators, in addition to key management indicators in the medium-term management plan. | | |

Note: The Chairperson, Senior Advisors, outside directors, and statutory auditors are not eligible to receive performance-linked compensation, restricted stock (shares), and performance share units and are only paid basic compensation.

Performance Evaluation Indicators and Performance Evaluation Period for Performance Share Units (Portion applicable during the period of the current medium-term management plan)

| Performance evaluation indicators | Targets | Composition ratio of standard amounts of share-based compensation by position (annual amount) | Performance evaluation period | Timing of share allotment |
|--|---|---|-------------------------------|--|
| Consolidated ROE | 10% or more | 40% | One year | Annually |
| Consolidated EBITDA | Fiscal 2022: ¥150 billion or more | 40% | | |
| TSR | The Company's TSR >= Benchmark TSR | 10% | | |
| Non-financial indicators [①] Strategic Focus EBITDA >= 15% [②] More than six female executives and six non-Japanese executives in fiscal 2022* | [①] Fiscal 2022: Strategic Focus EBITDA >= 15% [②] More than six female executives and six non-Japanese executives in fiscal 2022* | 10% | Two years | The year after the final year of the medium-term management plan** |

*The number of shares to be allotted for the performance evaluation period is calculated at once by multiplying the number of years in the performance evaluation period during the process of calculating the number of shares to be allotted.

**The term "executives" includes corporate officers.

Officer Compensation Amounts (Fiscal 2021)

| Position | Total compensation amount (millions of yen) | Total compensation amount by type (millions of yen) | | | | Number of officers receiving compensation |
|---|---|---|---------------------------------|------------------|-------------------------|---|
| | | Basic compensation | Performance-linked compensation | Restricted stock | Performance share units | |
| Directors (excluding outside directors) | 304 | 218 | 43 | 43 | — | 7 |
| Statutory auditors (excluding outside statutory auditors) | 74 | 74 | — | — | — | 2 |
| Outside directors | 71 | 71 | — | — | — | 4 |
| Outside statutory auditors | 39 | 39 | — | — | — | 3 |

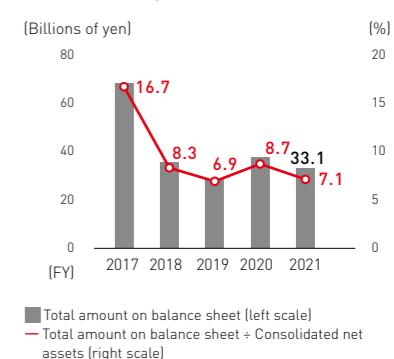
Note: Since the targets for the fiscal year under review were not achieved, the portion of performance share unit compensation for directors (excluding outside directors) corresponding with business execution was not granted.

SPOTLIGHT Basic Policy Concerning Cross-Shareholdings

The Company holds shares of issuing companies that it has determined to be instrumental in increasing its corporate value over the medium to long term, with the objective of maintaining and strengthening transactions with them and promoting business alliances with them. The Board of Directors regularly reviews whether or not it is appropriate to hold shares based on an examination of the purpose of holding the shares and the rationale for holding each individual stock from a medium- to long-term perspective. In these reviews, the Board of Directors takes into account a comprehensive range of factors, including the significance from a strategic standpoint and in terms of business relationship, in addition to weighing dividends, transaction amounts, and other quantitative impacts against the cost of capital.

After these reviews, those shares for which the purpose of holding has diminished are liquidated, in principle. Through this process, the Company endeavors to reduce cross-shareholdings.

Total Number of Cross-Shareholdings and Percentage of Net Assets



Compliance and Total Risk Management

The Board of Directors is responsible for ensuring accountability and works to clarify its policies on compliance and how to manage risks surrounding the Company, and supervise the implementation of such policies.

Compliance

Integrity represents the source of Teijin's compliance and serves as the most fundamental course of action for "enhancing quality of life," which is a central theme of the Company's Corporate Philosophy. To ensure that our business activities are carried out with integrity, we rigorously promote the practical application and observance of our Corporate Philosophy, Code of Conduct, Group Ethics Regulations, and other internal regulations. In addition to complying with laws and regulations, we require our corporate officers and employees to act with integrity and in accordance with social norms.

Guided by the examples set by upper management, we promote compliance education and awareness-raising activities. In addition, through employee awareness surveys and

compliance-related incident reports, we take steps to ascertain compliance-related issues in each department within the Company and reflect such issues in the promotion of compliance initiatives in these departments. The status of such initiatives is confirmed by the Group Compliance Subcommittee. Furthermore, we operate an internal whistleblowing system for responding to and resolving reports of inappropriate conduct.

Lastly, we request that our business partners adhere to compliance policy and procedures and conduct due diligence in accordance with transaction-related risks.

 Corporate Ethics and Compliance
<https://www.teijin.com/csr/materiality5/compliance.html>

 P.75 CSR Promotion Structure

Total Risk Management

In addition to enhancing shareholder value, the mission of the Teijin Group is to conduct sustainable business activities that deliver value to its shareholders and all of its other stakeholders. In light of this mission, the Group strives to comprehensively and effectively assess, evaluate, and manage the various risks that could threaten the realization of its mission. By doing so, the Group adopts an organizational and systematic approach to risk management that leverages its Groupwide management capabilities. Specifically, the Group has in place a Total Risk Management (TRM) system targeting both strategic risks—which relate to such factors as the formulation of management strategies and plans, the implementation of strategic actions, and the determination of individual investment projects—and operational risks, which involve various adverse events that can negatively affect the Group's operations, in order to address the various risks that impact the sustainable growth of the Group.

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

same time, the Board of Directors formulates systems for managing important risks and ensuring business continuity. Also, the statutory auditors conduct audits to check whether the Board of Directors is appropriately handling policy decisions, overseeing, and monitoring with regard to TRM. The CEO is in charge of assessing strategic risks and provides this assessment as valuable information to the decision-making process of the Board of Directors and other bodies. The Chief Social Responsibility Officer (CSRO) is in charge of overall Groupwide operational risks, including risks facing overseas Group companies, and works on a cross-organizational level to ascertain and confirm the status of risk management in each business group and at each Group company as well as to formulate consistent response policies. Through these efforts, the CSRO helps reinforce Groupwide risk management. In addition, the Group is working to clarify how risks and opportunities presented by trends in the macroeconomic environment relate to its materiality and follows up on such risks accordingly.

 P.66 Corporate Governance System
 P.75 CSR Promotion Structure

■ Responding to Risks Related to the COVID-19 Pandemic
Amid the prolonged COVID-19 pandemic, we are monitoring the impact of the pandemic on the Group's operations and are executing response measures to address areas that have already been impacted by the pandemic. At the same time, we are preparing response measures on an ongoing basis in anticipation of the pandemic's prolongation. The pandemic's impact on the global economy has had a major effect on our performance in the Materials Business Field, for which automotive and aircraft applications serve as the main market. In particular, demand for carbon fibers for aircraft remains sluggish, although a recovery trend is starting to emerge. As part of our efforts to address this issue, we are working to enhance

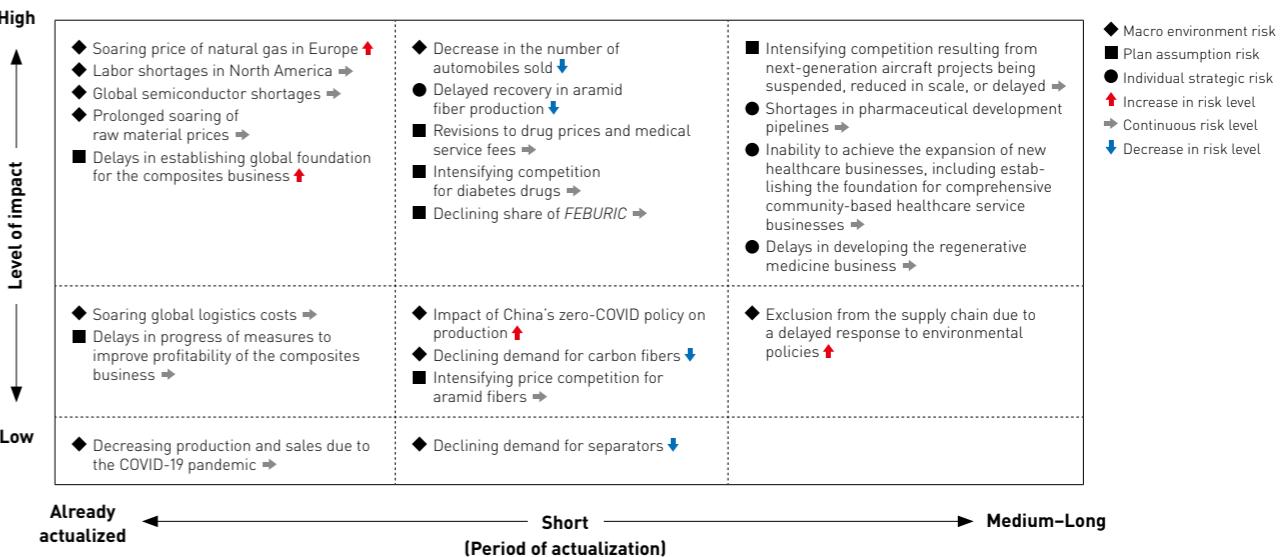
production and operational efficiency by expanding into other applications for which demand is robust. We are also striving to increase profitability by improving our sales mix. Furthermore, while rigorously monitoring profitability, we are promoting development geared toward the acquisition of large-scale programs for carbon fiber intermediate materials for aircraft for which demand is expected to recover over the medium to long term. In regard to the lockdowns and other policies in China following the country's zero-COVID policy, we are closely monitoring the impact on supply chains and the suspension of operations at our manufacturing facilities and those of our customers.

■ Response to Geopolitical Risks

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

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

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



Strategic Risks: Overall Risks and Basic Response Policies

| Risk category | Risk summary | Basic response policy |
|--|---|--|
| Macro environment risks | <ul style="list-style-type: none"> Fluctuations in sales due to the economic trends and conditions in each country and region of operation as well as the trends in the automotive and aircraft markets, which are major markets where the Group supplies products and services Fluctuations in costs due to changes in raw material and fuel prices Fluctuations in the exchange rates needed to reflect transactions in foreign currencies in the financial statements and convert the foreign currencies in the financial statements of overseas consolidated subsidiaries into yen (e.g., if the yen appreciates by ¥1 against the US\$, over the year it will push down operating income by approximately ¥0.3 billion) Fluctuations in interest expenses due to changing interest rates | <p>We are taking steps to identify and assess primarily trends that could have a substantial impact on our performance and financial position, such as the impact of the COVID-19 pandemic on the automotive and aircraft markets.</p> <p>We are also working to reduce risks through a broad range of measures. For example, we are stabilizing raw material and fuel prices by securing appropriate inventory levels, entering into long-term purchasing contracts, and implementing appropriate selling price measures. For exchange rates, we are also utilizing foreign exchange forward contracts and procuring funds for overseas investment in local currencies. In terms of interest rates, we are pursuing long-term debt with fixed interest rates.</p> |
| Policy change risks | <ul style="list-style-type: none"> Tightening of GHG emissions regulations, plastic product regulations, and other regulations to a greater extent than expected Emergence of global protectionism including the recurrence of trade conflicts between the U.S. and China as well as rising economic security risks Acceleration of domestic drug price revisions and other government policies to curtail medical costs | <p>To respond to policy change risk such as tightening environmental regulations and the emergence of protectionism around the globe, as well as market and competitive environment fluctuation risk, we are creating contingency plans in advance for individual businesses affected by such risks. At the same time, we are promoting ongoing monitoring activities, including detecting signs of risk occurrences, and ensuring we are prepared to swiftly respond to risks by revising our strategies and other measures. In addition, we are working to collect relevant information on economic security to promptly ascertain a potential crisis.</p> |
| Market and competitive environment fluctuation risks | <ul style="list-style-type: none"> Fluctuations in supply-demand structure due to changes in the competitive environment Inventory adjustments that exceed the real economy in each stage of the supply chain caused by changes in end-user demand within the materials, intermediate materials, and components supply businesses Fluctuations in supply-demand structure due to production activities being impacted by infectious disease outbreaks, natural disasters, and geopolitical risks as well as to supply chain disruptions such as a suspension in logistics activities | |
| Resource investment risks | <ul style="list-style-type: none"> Cancellation of or delay in the execution of capital expenditures or M&As due to the inability to find projects compatible with strategies Major divergence of R&D results from targets against the R&D expenses invested | <p>For large-scale investment projects to create and expand businesses, we are taking steps to ascertain the business environment and prioritizing follow-up measures toward action plans for individual issues.</p> |
| Fundraising and financial soundness risks | <ul style="list-style-type: none"> Occurrence of an impairment loss on non-current assets owned by the Group, owing to such factors as a decline in profitability from an extreme worsening of the economic environment, among other factors Occurrence of loss on deferred tax assets in the event some or all deferred tax assets are deemed unrecoverable due to changes in estimated future taxable income | <p>In addition to regular monitoring of the ratio of net interest-bearing debt to EBITDA, the shareholders' equity ratio, and the debt-to-equity ratio, we are assessing the scale for risk of loss on shareholders' equity through the continuous monitoring of assets with impairment concerns and deferred tax assets. When procuring funds, we examine optimal procurement methods in consideration of financial soundness and based on demand for large-scale funding over the near to medium term as well as the risk of loss on shareholders' equity. Furthermore, we are making thorough efforts to streamline assets through working capital management and the reduction of cross-shareholdings.</p> |

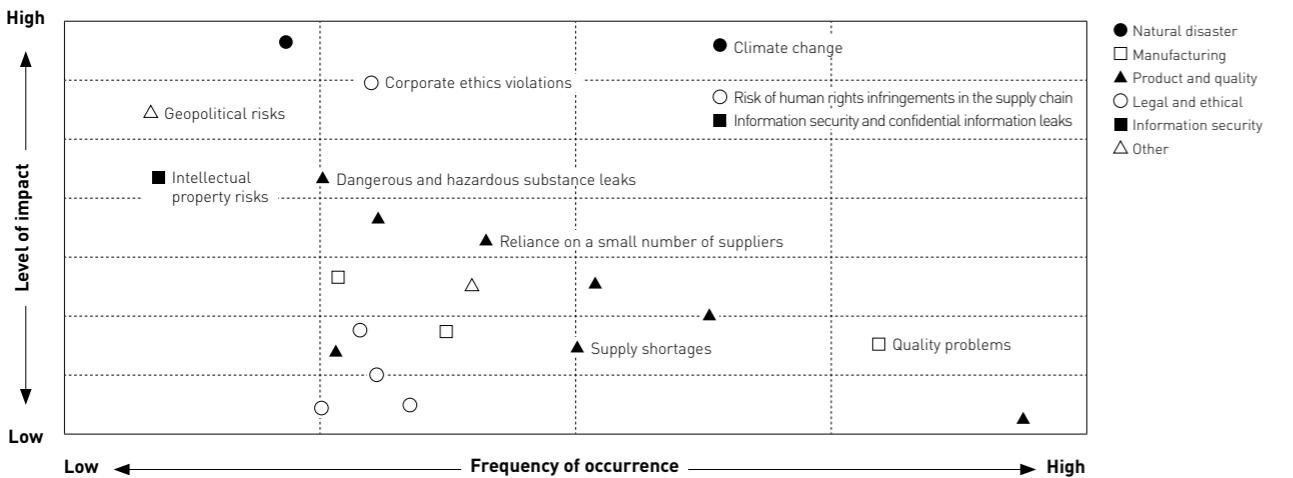


For more on risks related to business strategies, please see the "Business Strategies" section on pages 44–56 and the "Cultivating New Sources of Profit through Collaboration" section on page 35.

Compliance and Total Risk Management

Operational Risks: Identification and Analysis, and Relevant Response Measures

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



Operational Risks: Specific Initiatives toward Serious Group Risks

| Risk category | Risk summary | Relevant material issues* | Response measures | Frequency of occurrence |
|--|---|---------------------------|---|-------------------------|
| Climate change risks P30 Disclosure based on TCFD recommendations | <ul style="list-style-type: none"> Inability to respond to system and policy changes, etc., resulting from climate change could hinder business continuity. Occurrence of natural disasters due to climate change. For example, in the Materials Business Field, we anticipate that natural disasters will disrupt logistics operations and impact supply chains. We also expect to see massive increases in raw material and other prices due to energy transitions. | A | We assess and manage climate change-related risks impacting each of our businesses in a comprehensive and systematic manner. We also work to enhance climate change risk identification and strengthen risk management PDCA cycles in each business. Additionally, risks impacting specific businesses that qualify as strategic risks are responded to as such within our efforts to manage strategic risks. | Medium-High |
| Risk of human rights infringements in the supply chain | <ul style="list-style-type: none"> Inability to respond appropriately to human rights-related issues within the supply chain could hinder business continuity. | E | We use consistent policies and guidelines to assess and monitor not only our business partners' adherence to laws and regulations but also their response to soft laws. In this way, we are strengthening the management of supplier compliance. | Medium-High |
| Information security risks | <ul style="list-style-type: none"> Unexpected information leaks could not only damage our competitiveness but also violate laws and be subject to fines. Cyberattacks could hinder business continuity and result in major information leaks and demands for ransom payments. | E | We respond to risks related to the management and transfer of information assets and trade secrets and risks related to cyberattacks based on the perspective of physical threats and vulnerabilities, technological threats and vulnerabilities, and human threats and vulnerabilities. To that end, we have set up an information security governance structure and established various processes and are promoting specific initiatives through the Group Information Security Subcommittee. | Medium-High |
| Geopolitical risks | <ul style="list-style-type: none"> Conflicts and terrorist attacks could threaten the lives of Group employees and Group assets and could hinder business continuity by severing logistics and procurement systems and infrastructure. | E | We have been working to establish emergency response structures during normal times to enable the provision of support to our business locations across the globe, should any one of them become involved in a conflict. We are also preparing a global crisis management structure and are implementing relevant training and drills. | Low |

* Materiality: A = Climate change mitigation and adaptation; B = Achievement of a circular economy; C = Safety and security of people and local communities; D = Realization of healthy and comfortable living for people; E = Further strengthening of our sustainable management base

CSR Activities

Promotion Structure

With the aim of achieving the sustainable development of its businesses and society, the Teijin Group has appointed a Chief Social Responsibility Officer (CSRO),* who oversees the Group's CSR activities. Under the guidance and supervision of the Board of Directors, the CSRO is promoting CSR activities that are integrated with the Group's business activities.

CSR-related policies and plans, as well as the progress of those plans, are discussed twice a year at meetings of the Group CSR Committee. Important CSR-related issues in each business group and at each Group company are confirmed via CSRO reviews, which are conducted once a year.



* Environment, Safety, and Health

The status of those initiatives is deliberated by the organizations as mentioned on the right. The Board of Directors provides instruction on these efforts.

- In terms of important operational risks, deliberations on basic plans and reports of their progress take place at the Total Risk Management [TRM] Committee. The details of these discussions are then reported to the Board of Directors [twice a year].
- The CSRO reports the performance status of their duties to the Board of Directors [once a year].

The details of deliberations by the TRM Committee are shared with the Group CSR Committee and then reflected in the activities of each business and administrative division and in the short-term plans of these divisions in the following fiscal year.

* Diversity and inclusion efforts are overseen and promoted by the Chief Human Resources Officer.

Promotion Activities

Group CSR Committee

The Group CSR Committee meets twice a year and is chaired by the CSRO.

Agenda items

- Sharing information on the status or response to important Group CSR issues and the progress toward achieving CSR goals
- Identifying issues related to important Group CSR items and proposing solutions
- Sharing details of TRM Committee deliberations and reflecting those details in the formulation of plans in the following fiscal year

In fiscal 2021, the Group CSR Committee invited external experts to share information regarding cyber security and the driving of innovation. In addition, the committee held discussions on a variety of initiatives to address important issues, such as establishing a structure to promote business aimed at reducing CO₂ emissions, devising ways to approach targets to reduce Scope 3 CO₂ emissions, creating supply chain BCPs/BCM to respond to complex disasters, and responding to revisions to foreign exchange-related laws.

Implementation of the CSRO Review

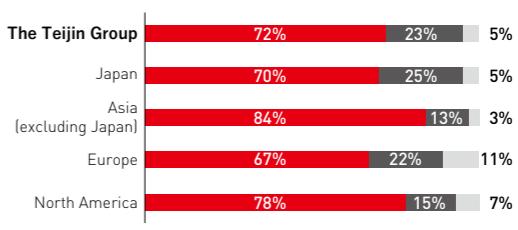
With regard to the Group's CSR activities, every year the CSRO conducts a review to confirm how each business group and Group company are responding to important CSR-related issues. The review also confirms the status regarding major law violations, incidents, and accidents. The CSRO review conducted in fiscal 2021 confirmed that there had been no major law violations, incidents, or accidents during the previous fiscal year.

Implementation of an Employee Awareness Survey

We have been implementing an employee awareness survey to monitor the understanding and behavior of employees in light of our corporate philosophy, including the Code of Conduct, and to consider future measures to achieve greater understanding and awareness of our philosophy. In fiscal 2021, we introduced a new system for this survey, offering the survey in 15 different languages and expanding its scope to include Group corporate officers and employees working directly for Group companies. Of the 19,060 personnel targeted by the survey, 11,726 people responded (response rate of 62%). Ranking the level of penetration regarding CSR-based thinking on a five-point scale, 72% of respondents provided a high ranking of 4 or 5 (favorable).

Going forward, we will continue to analyze the results of this survey in order to examine measures to ensure that employees act in accordance with our Code of Conduct. We will also carry out additional surveys to confirm the progress of such measures.

Level of Penetration for CSR-Based Thinking



Favorable Neutral Unfavorable

Efforts toward Respecting Human Rights and Combating Corruption



Efforts toward Human Rights Due Diligence

In March 2019, the Board of Directors of the Teijin Group resolved the Teijin Group Human Rights Policy. Guided by this policy, the Group has built a human rights due diligence framework and is working to assess and address human rights-related risks in each business and region.

In fiscal 2021, we continued our efforts to promote awareness-raising and improvement activities targeting suppliers that had an overall low score in our CSR procurement survey. Additionally, we are working to establish whistleblowing systems that can be utilized by our suppliers. We have been conducting impact assessments to identify human rights-related issues facing

non-Japanese workers in our domestic business operations in the Fibers & Products Converting Business, where there are particular concerns about the risk of human rights violations. The assessments revealed that there have been no business human rights issues confirmed at this moment.

In fiscal 2022, under the supervision of the Board of Directors, we will promote initiatives to ensure respect for human rights and disclose information in accordance with the UN Guiding Principles on Business and Human Rights, while conducting assessments on human rights from a broader perspective.

Human Rights Dialogue

At the "2021 Business and Human Rights Conference in Tokyo," held by Caux Round Table Japan in October 2021, our Chief Social Responsibility Officer (CSRO) held a dialogue with overseas experts regarding human rights issues facing the Teijin Group and the status of initiatives to address these issues.

Main Comments from Experts

- The Teijin Group's CEO and Board of Directors have a clear commitment to respecting human rights and are demonstrating strong leadership to that end. In addition, I think it is wonderful that the Group is working to identify potential new issues, such as human rights issues that are linked to the impact of the COVID-19 pandemic, and is constantly adapting to change.
- The Teijin Group places the focus of its human rights efforts on its workers, which is obviously the correct thing to do. However, understanding how environmental issues tie into human rights concerns is an extremely important task, and I therefore hope that the Group can identify issues from that perspective and enact appropriate response measures.

Humanitarian Support to Ukraine

We have donated and will donate up to ¥40 million in total in an effort to provide humanitarian support to Ukraine and areas to where Ukrainian refugees are fleeing. Teijin Automotive Technologies Czech s.r.o. has offered financial assistance to its Ukrainian employees to support the daily lives and living expenses of their displaced families. Furthermore, the Group

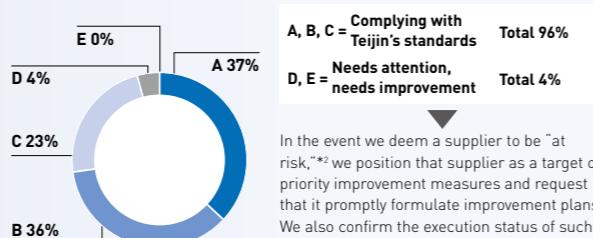
has dispatched an investigator from the Tokyo head office's CSR and Compliance Department to Teijin Automotive Technologies Czech in order to conduct interviews regarding the status of Ukrainian employees and their families and is working to formulate future human rights initiatives for the company in accordance with these principles.

Supply Chain Sustainability (CSR Procurement)

In 2017, we revised the Teijin Group CSR Procurement Guidelines to include human rights-related matters. In addition to requesting that our suppliers promote various initiatives based on these guidelines, we are also confirming the status of such initiatives via our CSR procurement survey.

In the Fibers & Products Converting Business, we recognize that there are potential risks within sewing and converting processes. To that end, we compile lists of major suppliers and conduct on-site investigations on a regular basis. Furthermore, we hold regular CSR seminars on labor, human rights, and environmental issues in an effort to raise the level of awareness of our suppliers and other companies in the same industry.

Results of the Fiscal 2021 CSR Procurement Survey*1



A, B, C = Complying with Teijin's standards
D, E = Needs attention, needs improvement

Total 96%
Total 4%

In the event we deem a supplier to be "at risk,"*2 we position that supplier as a target of priority improvement measures and request that it promptly formulate improvement plans. We also confirm the execution status of such plans and provide support when needed.

*1 Evaluation results of 661 companies out of the 1,446 companies to which the survey was sent. Also, companies that received an A or B ranking in the previous fiscal year or an A ranking two fiscal years ago were not surveyed.

*2 Determined based on the details of answers provided and direct dialogue

Establishment of the Anti-Corruption Policy

As a participating member of the UN Global Compact, the Teijin Group has been striving to prevent corruption. With the growing social demand to address corruption, the Group's Board of Directors established the Teijin Group Anti-Corruption Policy in September 2021 and, in November of the same year, made revisions to its guidelines for preventing the bribery of public officials, clarifying the Group's policy of forbidding bribery, including any amount. The Group is taking steps to thoroughly communicate the details of the policy and guidelines in-house. Going forward, the Group will strengthen its response to corruption-related issues and disclose relevant information in an appropriate manner.

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Eleven-Year Consolidated Financial Summary

| Years ended/As of March 31 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022/2021 | Thousands of U.S. dollars |
|--|----------|-----------|----------|----------|-----------|-----------|-----------|------------|------------|------------|------------|-----------|---------------------------|
| | | | | | | | | | | | | | |
| Management Indicators | | | | | | | | | | | | | |
| EBITDA | ¥ 86,348 | ¥ 59,234 | ¥ 63,742 | ¥ 82,116 | ¥ 106,024 | ¥ 95,843 | ¥ 115,478 | ¥ 107,551 | ¥ 107,156 | ¥ 106,771 | ¥ 113,024 | 5.5 | \$ 923,474 |
| ROE (%) | 4.2 | (10.3) | 3.0 | (2.8) | 10.6 | 15.7 | 12.5 | 11.2 | 6.3 | (1.7) | 5.5 | | |
| ROIC (based on operating income) (%) | 6.3 | 2.3 | 3.4 | 7.1 | 12.7 | 10.0 | 11.2 | 9.3 | 8.7 | 8.6 | 5.5 | | |
| Operating Results | | | | | | | | | | | | | |
| Net sales | ¥854,371 | ¥745,713 | ¥784,425 | ¥786,171 | ¥790,748 | ¥741,292 | ¥834,986 | ¥ 888,589 | ¥ 853,746 | ¥ 836,512 | ¥ 926,054 | 10.7% | \$ 7,566,419 |
| Operating income | 34,044 | 12,358 | 18,078 | 39,086 | 67,130 | 56,512 | 69,823 | 60,000 | 56,205 | 54,931 | 44,208 | -19.5% | 361,206 |
| Profit (loss) attributable to owners of parent | 11,979 | (29,131) | 8,356 | (8,086) | 31,090 | 50,133 | 45,556 | 45,057 | 25,252 | (6,662) | 23,158 | — | 189,215 |
| Financial Position | | | | | | | | | | | | | |
| Total assets | ¥762,118 | ¥762,399 | ¥768,411 | ¥823,695 | ¥823,429 | ¥964,053 | ¥981,967 | ¥1,020,654 | ¥1,004,223 | ¥1,041,131 | ¥1,207,583 | 16.0% | \$ 9,866,680 |
| Interest-bearing debt | 261,034 | 270,765 | 281,524 | 308,246 | 303,298 | 376,218 | 344,242 | 369,195 | 381,928 | 380,043 | 485,167 | 27.7% | 3,964,107 |
| Shareholders' equity | 292,030 | 271,252 | 281,680 | 287,074 | 300,113 | 338,384 | 392,925 | 410,727 | 394,162 | 406,150 | 439,579 | 8.2% | 3,591,625 |
| Cash Flows | | | | | | | | | | | | | |
| Cash flows from operating activities | ¥ 53,669 | ¥ 64,305 | ¥ 38,587 | ¥ 76,030 | ¥ 80,641 | ¥ 79,040 | ¥ 80,092 | ¥ 80,899 | ¥ 94,214 | ¥ 107,729 | ¥ 89,656 | | \$ 732,544 |
| Cash flows from investing activities | (35,165) | (37,868) | (47,279) | (49,624) | (40,323) | (127,650) | (51,307) | (41,288) | (67,922) | (79,587) | (198,375) | | (1,620,843) |
| Free cash flow | 18,504 | 26,437 | (8,692) | 26,406 | 40,318 | (48,610) | 28,784 | 39,611 | 26,291 | 28,142 | (108,719) | | (888,300) |
| Cash flows from financing activities | (14,123) | (12,606) | (7,902) | 10,394 | (8,317) | 63,765 | (31,485) | (15,353) | (8,059) | (20,878) | 71,113 | | 581,036 |
| | | | | | | | | | | | | | Yen |
| | | | | | | | | | | | | | U.S. dollars |
| Per Share Data | | | | | | | | | | | | | |
| Profit (loss) attributable to owners of parent | ¥ 60.9 | ¥ (148.1) | ¥ 42.5 | ¥ (41.1) | ¥ 158.2 | ¥ 254.9 | ¥ 231.3 | ¥ 232.4 | ¥ 131.6 | ¥ (34.7) | ¥ 120.6 | | \$ 0.99 |
| Shareholders' equity | 1,483.5 | 1,380.0 | 1,433.1 | 1,460.4 | 1,526.2 | 1,720.1 | 1,986.3 | 2,141.3 | 2,053.6 | 2,115.6 | 2,288.1 | | 18.7 |
| Cash dividends | 30.0 | 20.0 | 20.0 | 20.0 | 35.0 | 55.0 | 60.0 | 70.0 | 60.0 | 50.0 | 55.0 | | 0.45 |
| | | | | | | | | | | | | | Millions of yen |
| | | | | | | | | | | | | | Thousands of U.S. dollars |
| Other Data | | | | | | | | | | | | | |
| Capital expenditure | ¥ 32,294 | ¥ 36,261 | ¥ 30,182 | ¥ 28,098 | ¥ 38,341 | ¥ 46,224 | ¥ 44,610 | ¥ 62,828 | ¥ 68,622 | ¥ 60,319 | ¥ 200,801 | | \$ 1,640,665 |
| Depreciation and amortization | 52,304 | 46,877 | 45,664 | 43,030 | 38,894 | 39,331 | 45,655 | 47,551 | 50,950 | 51,840 | 68,816 | | 562,268 |
| R&D expenses | 31,845 | 33,184 | 32,234 | 32,366 | 33,285 | 35,417 | 35,926 | 36,423 | 34,482 | 32,719 | 33,341 | | 272,416 |
| Number of employees | 16,819 | 16,637 | 15,756 | 15,780 | 15,756 | 19,292 | 19,711 | 20,671 | 20,075 | 21,090 | 21,815 | | |

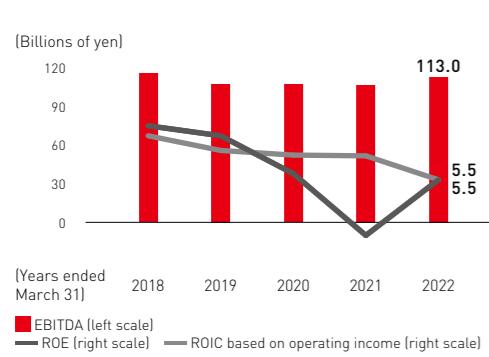
Notes: 1. The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

2. Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated as operating income plus depreciation and amortization. Return on equity (ROE) is calculated as profit attributable to owners of parent divided by the average shareholders' equity between the beginning and the end of the fiscal year. Return on invested capital (ROIC) based on operating income is calculated as operating income divided by the average invested capital between the beginning and the end of the fiscal year. Invested capital is calculated as net assets plus interest-bearing debt, minus cash and deposits.

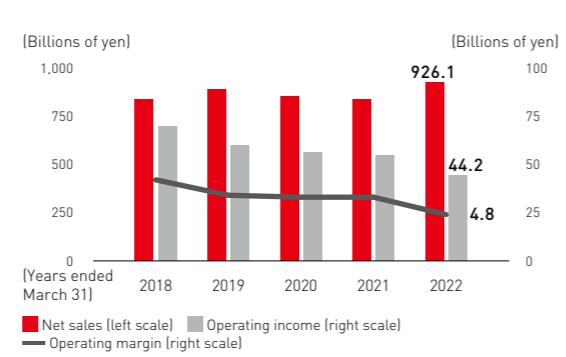
3. Shareholders' equity is calculated as total net assets at year-end, less subscription rights to shares at year-end and non-controlling interests at year-end. The debt-to-equity ratio is calculated as interest-bearing debt at year-end divided by shareholders' equity at year-end.

4. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018)" from fiscal 2018, and the posted figures for total assets in fiscal 2017 have had these accounting standards retroactively applied.

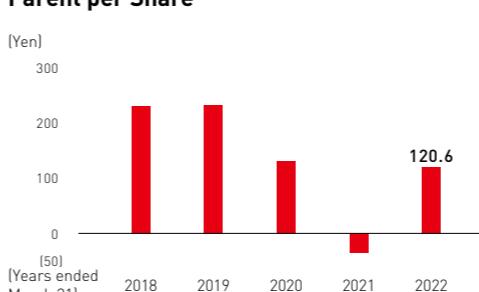
EBITDA / ROE / ROIC (based on operating income)



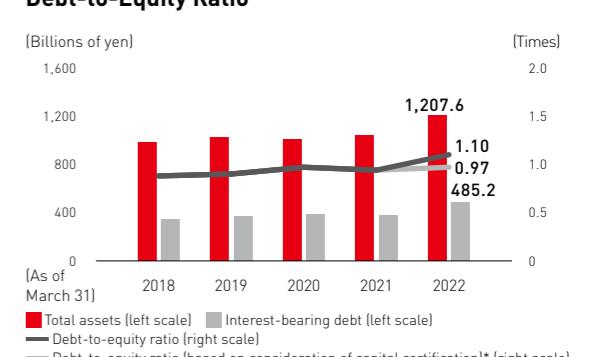
Net Sales / Operating Income / Operating Margin



Profit (Loss) Attributable to Owners of Parent per Share



Total Assets / Interest-Bearing Debt / Debt-to-Equity Ratio



Financial Review

Results of Operations

In fiscal 2021, the year ended March 31, 2022, the Teijin Group posted net sales of ¥926.1 billion, an increase of 10.7% year on year, and operating income of ¥44.2 billion, a decrease of 19.5% year on year. Ordinary income came to ¥49.7 billion, down 7.4% year on year, mainly due to the recording of equity in earnings of affiliates, and profit attributable to owners of parent stood at ¥23.2 billion (compared with a loss of ¥6.7 billion in the previous fiscal year), reflecting such factors as the recording of impairment losses. Operating income in the Healthcare Business Field significantly increased due to the strong sales of *FEBURIC* and the favorable impact of the transfer of Japan-based sales of diabetes drugs, while the IT Business also was able to secure a solid profit. On the other hand, the Materials Business Field saw a decline in operating income despite a recovery in demand from the impact of the COVID-19 pandemic, mainly for products for automotive and aircraft applications, and the resulting increase in sales volumes of those products. This decline stemmed from the impact of the semiconductor shortage, which materialized in the second quarter, soaring raw material and fuel prices and logistics costs, and production stoppages caused by periodic maintenance and power outages in a subsegment of the Materials Business Field. The Fibers & Products Converting Business also suffered a decrease in operating income due to the end of governmental demand for medical protective equipment such as gowns.

As a result, ROE, an indicator of profitability, stood at 5.5%, which was significantly under the target for fiscal 2022, the final year of the medium-term management plan, of 10% or more, and ROIC based on operating income was 5.5%, which was also lower than the fiscal 2022 target of 8% or more. However, EBITDA, an indicator of our ability to generate cash,

came to ¥113.0 billion, representing an increase from the ¥106.8 billion recorded in the previous fiscal year.

Please see the graphs below for details on the breakdown of EBITDA (increase/decrease) in the Materials Business Field and the Healthcare Business Field.

Financial Position

Total assets at year-end were up ¥166.5 billion from the previous fiscal year-end, to ¥1,207.6 billion. Current assets increased ¥37.4 billion from the previous fiscal year-end due to changes in cash and deposits, accounts receivable, and other current assets. Noncurrent assets increased ¥129.0 billion from the previous fiscal year-end. This resulted from an increase in tangible fixed assets of ¥32.7 billion due to capital expenditures exceeding depreciation and an increase in sales rights of ¥118.2 billion owing to the acquisition of marketing approvals for diabetes drugs from Takeda Pharmaceutical Company Limited. These factors more than offset a decrease in assets related to a reduction in retirement benefits of ¥22.8 billion, stemming from the partial return of assets contributing to retirement benefit trusts.

Total liabilities at year-end were up ¥132.0 billion from the previous fiscal year-end, to ¥742.8 billion.

Net assets increased ¥34.4 billion from the previous fiscal year-end, to ¥464.8 billion. This was mainly due to the recording of ¥23.2 billion in profit attributable to owners of parent and an increase in foreign currency translation adjustments due to the depreciation of the yen against major currencies.

As a result, the debt-to-equity ratio was 1.1 times and the shareholders' equity ratio was 36.4%. [At the end of fiscal 2020, the debt-to-equity ratio was 0.94 times and the shareholders' equity ratio was 39.0%.]

In terms of interest-bearing debt, we strive to reduce the cost of fundraising, while the majority of loans for capital expenditures are fixed through the utilization of not only long-term fundraising methods but also interest rate swaps that are not excessively impacted by the risk of interest rate fluctuations. Furthermore, to partially fund the transfer of Japan-based sales of diabetes drugs, which occurred on April 1, 2021, we issued hybrid bonds totaling ¥60.0 billion on July 21, 2021, of which 50% received capital certification from Rating and Investment Information, Inc. (R&I). By doing so, we were able to improve our temporarily deteriorating financial position and secure financial soundness for supporting investments in Strategic Focus fields.

Primarily as a result of issuing these bonds, interest-bearing debt increased ¥105.1 billion over the previous fiscal year-end, to ¥485.2 billion. Going forward, we aim to promptly improve our debt-to-equity ratio to the level of 0.9 times on a basis that recognizes the equity credit attributes of these hybrid bonds.

Analysis of Cash Flows

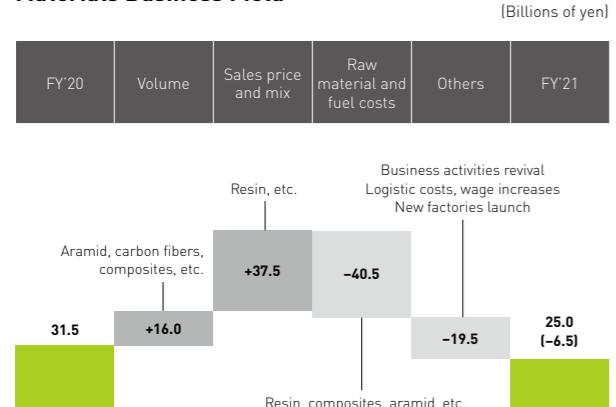
Net cash provided by operating activities in the fiscal year under review came to ¥89.7 billion, compared with ¥107.7 billion in the previous fiscal year. This inflow resulted mainly from the recording of income before income taxes, non-cash items such as depreciation, and income from the partial return of assets contributing to retirement benefit trusts, which offset outflows from the increase in working capital.

Net cash used in investing activities was ¥198.4 billion, compared with ¥79.6 billion in the previous fiscal year, resulting from the acquisition of marketing approvals for diabetes drugs from Takeda Pharmaceutical and capital and other expenditures, which outweighed inflows from the sale of investment securities.

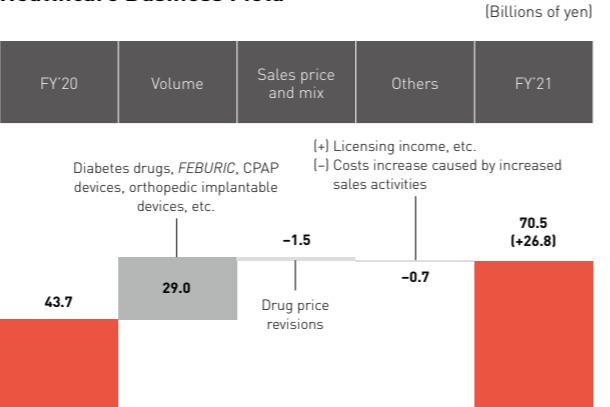
As a result, free cash flow, which is the sum of cash flows from operating activities and investing activities, came to an outflow of ¥108.7 billion, compared with an inflow of ¥28.1 billion in the previous fiscal year.

Net cash provided by financing activities was ¥71.1 billion, compared with ¥20.9 billion used in financing activities in the previous fiscal year, owing in part to the issuance of corporate bonds and inflows from short-term and long-term loans, which outweighed the payment of dividends. As a result, cash and cash equivalents at end of year decreased ¥35.8 billion from the previous fiscal year-end, which included the effect of exchange rate changes on cash and cash equivalents.

Breakdown of EBITDA (Increase/Decrease) in the Materials Business Field



Breakdown of EBITDA (Increase/Decrease) in the Healthcare Business Field



Overview of the Consolidated Balance Sheets

| | | (Billions of yen) |
|--------------------------|-----------------------|-------------------|
| Current assets | 572.0 (+37.4) | |
| Liabilities | 742.8 (+132.0) | |
| Noncurrent assets | 635.6 (+129.0) | |
| Net assets | 464.8 (+34.4) | |

• Cash and deposits -35.7
• Merchandise and finished goods +13.7
• Other current assets +36.0

• Property, plant and equipment +32.7
• Sales rights +118.2
• Net defined benefit assets -22.8

• Interest-bearing debt +105.1

• Profit attributable to owners of parent +23.2
• Foreign currency translation adjustments +20.6

Overview of the Consolidated Statements of Cash Flows

| | | | | | (Billions of yen) |
|--|--|--------------------------------------|---|--|-------------------|
| Cash and cash equivalents at beginning of year | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities and other* | Cash and cash equivalents at end of year | |
| 166.5 | +89.7 | -198.4 | +73.0 | 130.7 (-35.8) | |
| Income before income taxes, depreciation, and partial return of assets contributing to retirement benefit trusts | Inflow from bond issuance and short-term and long-term loans, etc. | | | | |

* Including +1.8 effect of exchange rate changes on cash and cash equivalents

Consolidated Balance Sheets

| As of March 31 | Millions of yen | | | Thousands of U.S. dollars* | | | As of March 31 | Millions of yen | | | Thousands of U.S. dollars* | | |
|--|-----------------|------------|--------------|----------------------------|------|------|----------------|--|----------|-----------|----------------------------|------|------|
| | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 | | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 |
| ASSETS | | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | | |
| Cash and time deposits | ¥ 170,185 | ¥ 134,480 | \$ 1,098,783 | | | | | Short-term loans payable | ¥ 95,387 | ¥ 110,524 | \$ 903,048 | | |
| Receivables: | | | | | | | | Current portion of long-term debt | 38,075 | 39,185 | 320,165 | | |
| Notes and accounts receivable—trade: | | | | | | | | Payables: | | | | | |
| Unconsolidated subsidiaries and affiliates | 190 | 197 | 1,610 | | | | | Notes and accounts payable—trade: | | | | | |
| Other | 180,830 | 191,104 | 1,561,435 | | | | | Unconsolidated subsidiaries and affiliates | 915 | 589 | 4,812 | | |
| Short-term loans receivable: | | | | | | | | Other | 91,629 | 100,594 | 821,914 | | |
| Unconsolidated subsidiaries and affiliates | 13,677 | 17,067 | 139,448 | | | | | Other | 33,408 | 30,326 | 247,782 | | |
| Other | 129 | 6 | 49 | | | | | Income taxes payable | 5,577 | 7,186 | 58,714 | | |
| Other | 10,634 | 46,072 | 376,436 | | | | | Provision for business structure improvement | 2,330 | — | — | | |
| Inventories | 141,044 | 164,620 | 1,345,045 | | | | | Accrued expenses | 23,645 | 25,653 | 209,600 | | |
| Other current assets | 18,226 | 18,838 | 153,918 | | | | | Other current liabilities | 19,088 | 37,699 | 308,024 | | |
| Allowance for doubtful accounts | (334) | (389) | (3,178) | | | | | Total current liabilities | 310,054 | 351,756 | 2,874,058 | | |
| Total current assets | 534,580 | 571,996 | 4,673,552 | | | | | | | | | | |
| Property, plant and equipment: | | | | | | | | | | | | | |
| Land | 42,813 | 43,255 | 353,419 | | | | | Long-term debt | 233,857 | 320,972 | 2,622,535 | | |
| Buildings and structures | 190,334 | 215,364 | 1,759,654 | | | | | Net defined benefit liabilities | 37,500 | 37,076 | 302,933 | | |
| Machinery, equipment and vehicles | 563,225 | 634,122 | 5,181,159 | | | | | Asset retirement obligations | 1,077 | 1,257 | 10,270 | | |
| Tools | 113,788 | 123,518 | 1,009,216 | | | | | Deferred tax liabilities | 6,943 | 9,568 | 78,176 | | |
| Construction in progress | 39,470 | 43,508 | 355,487 | | | | | Lease obligations | 11,275 | 12,963 | 105,916 | | |
| Other | 15,698 | 18,668 | 152,529 | | | | | Other long-term liabilities | 10,061 | 9,180 | 75,006 | | |
| Subtotal | 965,329 | 1,078,435 | 8,811,463 | | | | | Total long-term liabilities | 300,713 | 391,016 | 3,194,836 | | |
| Accumulated depreciation | (682,469) | (762,922) | (6,233,532) | | | | | | | | | | |
| Total property, plant and equipment | 282,860 | 315,514 | 2,577,939 | | | | | | | | | | |
| Intangible assets: | | | | | | | | | | | | | |
| Goodwill | 33,903 | 29,920 | 244,464 | | | | | Contingent liabilities | | | | | |
| Sales rights | 1,061 | 119,297 | 974,728 | | | | | | | | | | |
| Other | 43,516 | 41,535 | 339,366 | | | | | | | | | | |
| Total intangible assets | 78,479 | 190,752 | 1,558,559 | | | | | | | | | | |
| Investments and other assets: | | | | | | | | | | | | | |
| Investment securities: | | | | | | | | | | | | | |
| Unconsolidated subsidiaries and affiliates | 22,895 | 26,440 | 216,031 | | | | | | | | | | |
| Other | 61,902 | 58,574 | 478,585 | | | | | | | | | | |
| Long-term loans receivable: | | | | | | | | | | | | | |
| Unconsolidated subsidiaries and affiliates | 1,443 | 1,523 | 12,444 | | | | | | | | | | |
| Other | 655 | 734 | 5,997 | | | | | | | | | | |
| Net defined benefit assets | 31,124 | 8,289 | 67,726 | | | | | | | | | | |
| Deferred tax assets | 4,642 | 5,002 | 40,869 | | | | | | | | | | |
| Other | 23,754 | 30,006 | 245,167 | | | | | | | | | | |
| Allowance for doubtful accounts | (1,202) | (1,247) | (10,189) | | | | | | | | | | |
| Total investments and other assets | 145,212 | 129,321 | 1,056,630 | | | | | | | | | | |
| Total assets | ¥1,041,131 | ¥1,207,583 | \$ 9,866,680 | | | | | | | | | | |

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

Our Value Creation

Our Performance and Strategies

Our Management System

Financial and Corporate Data

Consolidated Statements of Operations

| | Millions of yen | | Thousands of U.S. dollars* |
|--|-----------------|----------|----------------------------|
| Years ended March 31 | 2021 | 2022 | 2022 |
| Net sales | ¥836,512 | ¥926,054 | \$7,566,419 |
| Costs and expenses: | | | |
| Cost of sales | 581,515 | 655,033 | 5,352,014 |
| Selling, general and administrative expenses | 167,347 | 193,473 | 1,580,791 |
| Research and development expenses | 32,719 | 33,341 | 272,416 |
| Operating income | 54,931 | 44,208 | 361,206 |
| Other income (expenses): | | | |
| Interest and dividend income | 2,002 | 1,677 | 13,702 |
| Interest expenses | (2,831) | (3,252) | (26,571) |
| Gain on sales of investment securities | 2,626 | 5,738 | 46,883 |
| Gain on sales of non-current assets | 1,821 | 64 | 523 |
| Foreign exchange losses | (3,615) | (3,811) | (31,138) |
| Contribution | (373) | (356) | (2,909) |
| Gain on valuation of derivatives | 2,276 | 6,186 | 50,543 |
| Gain (loss) on investments in partnerships | (998) | 93 | 760 |
| Loss on sales and retirement of non-current assets | (2,192) | (2,088) | (17,060) |
| Loss on valuation of investment securities | (1,001) | (515) | (4,208) |
| Impairment loss | (44,101) | (8,915) | (72,841) |
| Reversal of impairment loss | — | 1,059 | 8,653 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 2,548 | 5,556 | 45,396 |
| Gain on step acquisitions | 2,009 | — | — |
| Other, net | (3,753) | (1,581) | (12,918) |
| Total other income (expenses) | (45,580) | (143) | (1,168) |
| Income before income taxes | 9,351 | 44,065 | 360,038 |
| Income taxes: | | | |
| Current | 12,467 | 14,797 | 120,900 |
| Deferred | 1,098 | 3,302 | 26,979 |
| Total income taxes | 13,565 | 18,099 | 147,880 |
| Net income (loss) | (4,213) | 25,966 | 212,158 |
| Profit (loss) attributable to non-controlling interests | 2,448 | 2,808 | 22,943 |
| Profit (loss) attributable to owners of parent | ¥ (6,662) | ¥ 23,158 | \$ 189,215 |
| | Yen | | U.S. dollars* |
| Profit (loss) attributable to owners of parent per share | ¥(34.70) | ¥120.58 | \$0.99 |
| Profit attributable to owners of parent per share—diluted | — | 115.72 | 0.95 |
| Cash dividends applicable to the year | 50.00 | 55.00 | 0.45 |

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

Consolidated Statements of Comprehensive Income

| | Millions of yen | | Thousands of U.S. dollars* |
|---|-----------------|---------|----------------------------|
| Years ended March 31 | 2021 | 2022 | 2022 |
| Net income (loss) | ¥ (4,213) | ¥25,966 | \$212,158 |
| Other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 9,894 | (1,208) | (9,870) |
| Deferred gains or losses on hedges | 1,627 | (688) | (5,621) |
| Foreign currency translation adjustments | 15,195 | 19,364 | 158,216 |
| Remeasurements of defined benefit plans, net of tax | 1,912 | 1,255 | 10,254 |
| Share of other comprehensive income of associates accounted for using the equity method | 949 | 1,291 | 10,548 |
| Total | 29,577 | 20,013 | 163,518 |
| Comprehensive income | ¥25,363 | ¥45,979 | \$375,676 |
| Breakdown of comprehensive income: | | | |
| Comprehensive income attributable to owners of the parent | ¥22,429 | ¥43,742 | \$357,398 |
| Comprehensive income attributable to non-controlling interests | 2,935 | 2,237 | 18,278 |

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

Our Value Creation
Our Performance and Strategies

Our Management System
Financial and Corporate Data

Consolidated Statements of Changes in Net Assets

| | Millions of yen | | | | | | Millions of yen | | | | | | | | |
|---|----------------------------------|-----------------|-------------------|-------------------------|----------------------------|----------------------------|---|-----------------------------------|--|---|--|-------------------------------|---------------------------|------------------|-----------|
| | Shareholders' equity | | | | | | Accumulated other comprehensive income | | | | | | | | |
| | Number of shares of common stock | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Subscription rights to shares | Non-controlling interests | Total net assets | |
| Balance at March 31, 2020 | 197,953,707 | ¥71,833 | ¥103,692 | ¥247,055 | ¥[13,131] | ¥409,449 | ¥12,403 | ¥(1,020) | ¥[23,217] | ¥(3,452) | ¥(15,286) | ¥772 | ¥16,475 | ¥411,409 | |
| Changes of items during the period: | | | | | | | | | | | | | | | |
| Dividends from surplus | | | | (10,557) | | (10,557) | | | | | | | | | |
| Net loss | | | | (6,662) | | (6,662) | | | | | | | | | |
| Purchase of treasury stock | | | | | (8) | (8) | | | | | | | | | |
| Disposal of treasury stock | | | | (31) | | 91 | | | | | | | | | |
| Transfer of loss on disposal of treasury stock | | | | 31 | (31) | — | | | | | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | 64 | | 64 | | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | | | | | | | | |
| Total | — | 64 | [17,250] | 84 | [17,102] | | 9,438 | 1,627 | 16,130 | 1,895 | 29,090 | 127 | 6,841 | 36,058 | |
| Balance at March 31, 2021 | 197,953,707 | ¥71,833 | ¥103,756 | ¥229,805 | ¥[13,047] | ¥392,346 | Total | 9,438 | 1,627 | 16,130 | 1,895 | 29,090 | 127 | 6,841 | 18,955 |
| Cumulative effects of changes in accounting policies | | | | (461) | | (461) | Balance at March 31, 2021 | ¥21,840 | ¥ 607 | ¥ [7,087] | ¥(1,557) | ¥ 13,804 | ¥899 | ¥23,316 | ¥430,364 |
| Restated balance | 71,833 | 103,756 | 229,344 | (13,047) | 391,885 | | Cumulative effects of changes in accounting policies | | | | | | | | |
| Changes of items during the period: | | | | | | | Restated balance | 21,840 | 607 | [7,087] | (1,557) | 13,804 | 899 | 22,981 | 429,569 |
| Dividends from surplus | | | | (10,082) | | (10,082) | Changes of items during the period: | | | | | | | | |
| Net income | | | | 23,158 | | 23,158 | Dividends from surplus | | | | | | | | |
| Purchase of treasury stock | | | | | (19) | (19) | Net income | | | | | | | | |
| Disposal of treasury stock | | | | (37) | | 127 | Purchase of treasury stock | | | | | | | | |
| Share-based payments with transfer restrictions | | | | (51) | | 209 | Disposal of treasury stock | | | | | | | | |
| Transfer of loss on disposal of treasury stock | | | | 89 | (89) | — | Share-based payments with transfer restrictions | | | | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | 1 | | 1 | Transfer of loss on disposal of treasury stock | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | |
| Total | — | 1 | 12,987 | 318 | 13,306 | | Net changes of items other than shareholders' equity | | | | | | | | |
| Balance at March 31, 2022 | 197,953,707 | ¥71,833 | ¥103,757 | ¥242,332 | ¥(12,729) | ¥405,192 | Total | (649) | (688) | 20,636 | 1,285 | 20,584 | (96) | 1,448 | 21,936 |
| Thousands of U.S. dollars* | | | | | | | | | | | | | | | |
| | Shareholders' equity | | | | | | Accumulated other comprehensive income | | | | | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity | | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Subscription rights to shares | Non-controlling interests | Total net assets | |
| Balance at March 31, 2021 | \$586,919 | \$847,749 | \$1,877,645 | \$[106,602] | \$3,205,703 | | \$178,446 | \$ 4,960 | \$ [57,905] | \$[12,722] | \$112,787 | \$7,345 | \$190,506 | \$3,516,333 | |
| Cumulative effects of changes in accounting policies | | | | (3,767) | | (3,767) | Balance at March 31, 2021 | | | | | | | | |
| Restated balance | 586,919 | 847,749 | 1,873,879 | (106,602) | 3,201,936 | | Cumulative effects of changes in accounting policies | | | | | | | | |
| Changes of items during the period: | | | | | | | Restated balance | 178,446 | 4,960 | (57,905) | (12,722) | 112,787 | 7,345 | 187,769 | 3,509,837 |
| Dividends from surplus | | | | (82,376) | | (82,376) | Changes of items during the period: | | | | | | | | |
| Net income | | | | 189,215 | | 189,215 | Dividends from surplus | | | | | | | | |
| Purchase of treasury stock | | | | | (155) | (155) | Net income | | | | | | | | |
| Disposal of treasury stock | | | | (302) | | 1,038 | Purchase of treasury stock | | | | | | | | |
| Share-based payments with transfer restrictions | | | | (417) | | 1,708 | Disposal of treasury stock | | | | | | | | |
| Transfer of loss on disposal of treasury stock | | | | 727 | (727) | — | Share-based payments with transfer restrictions | | | | | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | 8 | | 8 | Transfer of loss on disposal of treasury stock | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | |
| Total | — | 8 | 106,112 | 2,598 | 108,718 | | Net changes of items other than shareholders' equity | | | | | | | | |
| Balance at March 31, 2022 | \$586,919 | \$847,757 | \$1,979,998 | \$[104,004] | \$3,310,663 | | Total | (5,303) | (5,621) | 168,609 | 10,499 | 168,184 | (784) | 11,831 | 179,231 |

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

Consolidated Statements of Cash Flows

| Years ended March 31 | 2021 | 2022 | Thousands of U.S. dollars* |
|---|-----------------|------------------|----------------------------|
| Cash flows from operating activities: | | | |
| Income before income taxes | | | |
| ¥ 9,351 | ¥ 44,065 | \$ 360,038 | |
| Depreciation and amortization | 51,840 | 68,816 | 562,268 |
| Impairment loss | 44,101 | 8,915 | 72,841 |
| Increase (decrease) in net defined benefit liability | 822 | 663 | 5,417 |
| Decrease (increase) in net defined benefit asset | (307) | 22,782 | 186,143 |
| Increase (decrease) in allowance for doubtful accounts | (630) | 65 | 531 |
| Increase (decrease) in provision for business structure improvement | (5) | (2,330) | (19,038) |
| Interest and dividend income | (2,002) | (1,677) | (13,702) |
| Interest expenses | 2,831 | 3,252 | 26,571 |
| Equity in losses (earnings) of affiliates | (2,548) | (5,556) | (45,396) |
| Loss (gain) on sales and retirement of noncurrent assets | 370 | 2,023 | 16,529 |
| Loss (gain) on sales of investment securities | (2,626) | (5,571) | (45,518) |
| Loss (gain) on valuation of derivatives | (2,276) | (6,080) | (49,677) |
| Loss (gain) on valuation of investment securities | 1,001 | 515 | 4,208 |
| Loss (gain) on step acquisitions | (2,009) | — | — |
| Decrease (increase) in notes and accounts receivable—trade | (6,765) | (5,794) | (47,340) |
| Decrease (increase) in inventories | 7,558 | (16,935) | (138,369) |
| Increase (decrease) in notes and accounts payable—trade | 7,455 | 2,129 | 17,395 |
| Other, net | 10,957 | (5,935) | (48,493) |
| Subtotal | 117,119 | 103,346 | 844,399 |
| Interest and dividend income received | 6,245 | 6,507 | 53,166 |
| Interest expenses paid | (2,883) | (3,158) | (25,803) |
| Extra retirement payments | (1,058) | (2,417) | (19,748) |
| Income taxes paid | (11,694) | (14,622) | (119,471) |
| Net cash and cash equivalents provided by operating activities | 107,729 | 89,656 | 732,544 |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment | (56,817) | (60,593) | (495,081) |
| Proceeds from sales of property, plant and equipment | 2,221 | 135 | 1,103 |
| Purchase of intangible assets | (4,109) | (139,883) | (1,142,928) |
| Purchase of investment securities | (2,194) | (4,554) | (37,209) |
| Proceeds from sales of investment securities | 6,991 | 9,596 | 78,405 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (22,226) | — | — |
| Net decrease (increase) in short-term loans receivable | (713) | (2,263) | (18,490) |
| Other, net | (2,739) | (813) | (6,643) |
| Net cash and cash equivalents used in investing activities | (79,587) | (198,375) | (1,620,843) |
| Cash flows from financing activities: | | | |
| Net increase (decrease) in short-term loans payable | (6,046) | 9,423 | 76,992 |
| Proceeds from issuance of bonds | — | 90,000 | 735,354 |
| Redemption of bonds | — | (20,000) | (163,412) |
| Proceeds from long-term loans payable | 35,692 | 23,529 | 192,246 |
| Repayment of long-term loans payable | (37,835) | (16,439) | (134,317) |
| Purchase of treasury shares | (8) | (18) | (147) |
| Cash dividends paid | (10,557) | (10,082) | (82,376) |
| Cash dividends paid to non-controlling shareholders | (753) | (953) | (7,787) |
| Other, net | (1,371) | (4,346) | (35,509) |
| Net cash and cash equivalents provided by (used in) financing activities | (20,878) | 71,113 | 581,036 |
| Effect of exchange rate changes on cash and cash equivalents | | | |
| 2,901 | 1,841 | 15,042 | |
| Net increase (decrease) in cash and cash equivalents | 10,165 | (35,764) | (292,213) |
| Cash and cash equivalents at beginning of year | 156,290 | 166,455 | 1,360,038 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | — | 5 | 41 |
| Cash and cash equivalents at end of year | ¥166,455 | ¥ 130,696 | \$ 1,067,865 |

* The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 to US\$1.00, the prevailing exchange rate at March 31, 2022.

Independent Assurance Report



Independent Assurance Report

To the President and CEO of Teijin Limited

We were engaged by Teijin Limited (the "Company") to undertake a limited assurance engagement of the environmental performance indicators for the period from April 1, 2021 to March 31, 2022, the Group CO₂ emissions for the period from April 1, 2018 to March 31, 2019 and the number of female managers (or higher) in Japan as of April 1, 2022 marked with a star ★ (the "Indicators") included in its Integrated Report 2022 (the "Report") for the fiscal year ended March 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Iwakuni Factory selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director

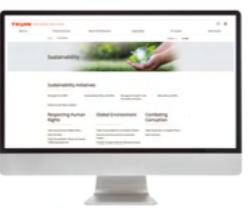
KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

September 22, 2022

SASB Standards Comparative Table

The comparative table below shows information on the following topics in reference to “Sustainability Accounting Standards for Chemicals” of the Resource Transformation Sector (October 2018 version) within the SASB Standards, which are disclosed by the former U.S.-based Sustainability Accounting Standards Board (SASB) (now integrated with the International Financial Reporting Standards [IFRS]).



On our Sustainability website, we disclose more detailed information regarding our environmental and social initiatives and our non-financial data.

Sustainability
<https://www.teijin.com/csr/>

- Non-Financial Data**
<https://www.teijin.com/csr/data/>
- Boundaries for Reporting of ESH Data**
https://www.teijin.com/csr/data/esh_boundary.html
- ESH-Related Accounting**
https://www.teijin.com/csr/data/esh_data.html

Sustainability Disclosure Topics & Accounting Metrics

| Topic | Code | Accounting Metric | Unit of Measure | Status of Response / Location of Disclosure |
|--------------------------------------|--------------|--|--|--|
| Greenhouse Gas Emissions | RT-CH-110a.1 | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | Metric tons (t) CO ₂ -e, Percentage (%) | Gross global Scope 1 emissions: P.31 Metrics and Targets |
| | RT-CH-110a.2 | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | n/a | P.30 Disclosure based on TCFD Recommendations |
| Air Quality | RT-CH-120a.1 | Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs) | Metric tons (t) | (1) (2) (3) Reducing Hazardous Substance Emissions https://www.teijin.com/csr/environment/hazardous_substance.html (4) — |
| Energy Management | RT-CH-130a.1 | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy | Gigajoules (GJ), Percentage (%) | (1) 18.4 × 10 ⁶ GJ (2) 19.7% (3) 3.1% (4) 11.2 × 10 ⁶ GJ Note: (2) and (3) are percentages calculated with the inclusion of the amount of energy sold to other companies. (4) includes the amount of energy sold to other companies. |
| Water Management | RT-CH-140a.1 | (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | Thousand cubic meters (m ³), Percentage (%) | — |
| | RT-CH-140a.2 | Number of incidents of non-compliance associated with water quality permits, standards, and regulations | Number | — |
| | RT-CH-140a.3 | Description of water management risks and discussion of strategies and practices to mitigate those risks | n/a | Management of Water Resources https://www.teijin.com/csr/environment/water_resources.html |
| Hazardous Waste Management | RT-CH-150a.1 | Amount of hazardous waste generated, percentage recycled | Metric tons (t), Percentage (%) | — |
| Community Relations | RT-CH-210a.1 | Discussion of engagement processes to manage risks and opportunities associated with community interests | n/a | Management System and Promotion Activities https://www.teijin.com/csr/sustainability/management.html |
| Workforce Health & Safety | RT-CH-320a.1 | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | Rate | — |
| | RT-CH-320a.2 | Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks | n/a | ESH Management Activities https://www.teijin.com/csr/materiality5/esh.html |

| Topic | Code | Accounting Metric | Unit of Measure | Status of Response / Location of Disclosure |
|--|--------------|--|---|--|
| Product Design for Use-phase Efficiency | RT-CH-410a.1 | Revenue from products designed for use-phase resource efficiency | Yen | Total net sales of Environmental Value Solutions, including products designed to enhance resource efficiency during the stage of product use, such as lightweight solutions: ¥401.5 billion |
| Safety & Environmental Stewardship of Chemicals | RT-CH-410b.1 | (1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment | Percentage (%) by revenue, Percentage (%) | — |
| | RT-CH-410b.2 | Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact | n/a | (1) Reducing Hazardous Substance Emissions https://www.teijin.com/csr/environment/hazardous_substance.html (2) — |
| Genetically Modified Organisms | RT-CH-410c.1 | Percentage of products by revenue that contain genetically modified organisms (GMOs) | Percentage (%) by revenue | 0% |
| Management of the Legal & Regulatory Environment | RT-CH-530a.1 | Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry | n/a | — |
| Operational Safety, Emergency Preparedness & Response | RT-CH-540a.1 | Process Safety Incident Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) | Number, Rate | Security, Disaster Prevention, and Occupational Safety Activities https://www.teijin.com/csr/materiality5/disaster_prevention_safety.html Note: Information on Process Safety Incidents is not disclosed. However, the Group promotes activities aimed at realizing zero disasters and zero accidents following its principle of safety first in everything. In fiscal 2021, the number of serious accidents (as defined by the Company) was zero. |
| | RT-CH-540a.2 | Number of transport incidents | Number | — |

Activity Metrics

| Activity Metric | Code | Unit of Measure | Location of Disclosure |
|----------------------------------|-------------|---|------------------------|
| Production by reportable segment | RT-CH-000.A | Cubic meters (m ³) and/or metric tons (t) | — |

Corporate Data (As of March 31, 2022)

| | |
|--|--|
| Established | June 17, 1918 |
| Head Offices | Tokyo Head Office Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan Phone: +81-3-3506-4529 |
| | Osaka Head Office Nakanoshima Festival Tower West, 2-4, Nakanoshima 3-chome, Kita-ku, Osaka 530-8605, Japan Phone: +81-6-6233-3401 |
| Fiscal Year-End | March 31 |
| Common Stock Authorized | 600,000,000 shares |
| Common Stock Issued | 197,953,707 shares |
| Paid-in Capital | ¥71,833 million |
| Shareholders | 99,037 |
| Number of Teijin Group Companies | Japan: 52 Overseas: 117 Total: 169 |
| Number of Teijin Group Employees (Consolidated) | Japan: 9,654 Overseas: 12,161 Total: 21,815 |
| Stock Exchange Listing | Tokyo |
| Stock Code | 3401 |
| Stock Transfer Agent | Mitsubishi UFJ Trust and Banking Corporation |
| Dividends | Dividends are usually declared in May and November. |
| Annual Meeting of Shareholders | The annual meeting of shareholders is held before the end of June. |
| Accounting Auditors | KPMG AZSA LLC |
| Website | https://www.teijin.com/ Teijin's website offers a wealth of corporate and product information, including the latest financial results, Corporate Governance Report, and corporate news. |
| Investor Relations | If you have any questions, please contact: Investor Relations Department, Kasumigaseki Common Gate West Tower, 2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo 100-8585, Japan |

Editorial Policy

In the creation of Integrated Report 2022, we referenced the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation (formerly the International Integrated Reporting Council [IIRC]) as well as the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.

Furthermore, in regard to the ESG information contained in this report, we referenced Environmental Reporting Guidelines 2018 of the Ministry of the Environment, the Sustainability Reporting Standards of the Global Reporting Initiative, the latest report by the Task Force on Climate-related Financial Disclosures, and the standards for the Chemical Industry within the SASB Standards disclosed by the IFRS Foundation (formerly disclosed by the U.S.-based Sustainability Accounting Standards Board [SASB]).

Reporting Period

Unless otherwise specified, this report covers the period from April 2021 to March 2022. However, some activities in or after April 2022 are also included.

Reporting Organizations

This report covers the entire Teijin Group (Teijin Limited and 52 domestic Group companies and 117 overseas Group companies).

Information in Integrated Report 2022

This report gives priority to information that is particularly important to the Teijin Group's value creation as well as to the Group's stakeholders. For more comprehensive and detailed information, please refer to Teijin's corporate website in conjunction with this report.

Financial Information

For Investors
<https://www.teijin.com/ir/>

Non-Financial Information

Sustainability
<https://www.teijin.com/csr/>

External ESG Evaluations and Stock Selections and Participation in Initiatives

External ESG Evaluations and Stock Selections (As of August 2022)

- Status of inclusion in SRI indices



- Included in JPX-Nikkei Index 400



- Included in all five ESG indices used by GPIF



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Participation in Initiatives

WE SUPPORT



UN Global Compact
Since 2011 the Teijin Group has endorsed and been participating in the UN Global Compact, which sets voluntary principles concerning "human rights," "labor," "the environment," and "anti-corruption," to promote and practically implement high-quality CSR management as a global company engaged in business.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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