



Basic Stance

Given that the Teijin Group is globally expanding its wide range of businesses, including materials, healthcare, and IT, we understand that the environmental impact of our business activities is not small. Mindful of this, we recognize this impact and are working to provide solutions to social issues and reduce environmental risks. In these ways, we are striving toward the sustainable development of both society and the Company.

Environmental Management and Reduction of Environmental Impact

We believe that environmental management refers to the management for reducing environmental impact over the entire life cycle of products, including all processes from material procurement through to production, use, and disposal. Not only do we adhere to laws and regulations and agreements with local governments, we also focus on ascertaining the environmental impact over the entire product life cycle, reducing CO₂*¹ emissions, minimizing emissions of chemical substances, and managing and reducing waste materials.

Environmental Impact during Manufacturing in Fiscal 2019 by Input/Output ★

| Input | Output |
|--|--|
| Energy* ² 24.9 x 10⁶ GJ | CO ₂ * ¹ 1.43 million tons-CO₂ |
| Chemical substances handled 488 thousand tons | Hazardous chemical substances 803 tons |
| Freshwater intake 69.9 million tons | Landfill waste 16.3 thousand tons |
| | Water discharged 61.7 million tons |

*1 Includes CO₂, methane, and N₂O. We deduct the amount of CO₂ emissions equivalent to the amount of energy sold to other companies.

*2 Energy is calculated according to the calorific values per unit as specified in the Act on the Rational Use of Energy. We deduct the amount of energy sold to other companies.

Climate Change Initiatives

The Teijin Group understands that climate change is a significant issue that directly affects the continuity of its business foundation but also provides opportunities for value creation. To that end, the Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2019. Under the new medium-term management plan, the Group has designated “climate change mitigation and adaptation” as an important social issue (materiality) and will further reinforce efforts toward addressing this issue going forward.

Governance

We view “climate change mitigation and adaptation” as a material issue, and it has been adopted as such by the Board of Directors. Executive functions on climate change are under the control of the Chief Social Responsibility Officer (CSRO), and the direction, planning, and progress of relevant efforts are deliberated by the organizations mentioned on the right. The Board of Directors provides instruction on these efforts.

- 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).
- Reports on executive functions are provided to the Board of Directors by the CSRO (once a year).

▶ P. 53 Total Risk Management (TRM)

Strategies

Risks and Opportunities Related to Climate Change

When formulating the new 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 backwards on how to achieve that vision. Within this analysis, we evaluated the impact of climate change risks on our operations from the three perspectives listed on the right. In addition, we have been identifying climate change-related opportunities for each business and incorporating them into our business strategies. Taking into account the above actions, we have decided to allocate resources (capital expenditures and other investments) to the Environmental Value Solutions fields under the new plan as we aim for business expansion.

At the same time, we have established long-term environmental targets and are working to reduce our CO₂ emissions.

| Risks |
|---|
| <ul style="list-style-type: none"> • Physical risks (typhoons, floods, etc.) • Transitional risks (carbon tax, EU Emissions Trading Scheme, etc.) • Group CO₂ emissions |
| Opportunities |
| <ul style="list-style-type: none"> • Provision of solutions that contribute to “climate change mitigation and adaptation” |

▶ P. 44 The Teijin Group's Materiality

Scenario Analysis Related to Climate Change

The aviation and automotive industries have the potential to be significantly impacted by climate change, and our carbon fibers business and composites business serve customers in

these industries. Accordingly, in fiscal 2019 we carried out an analysis of the trends in these industries based on the 2°C scenario and the 4°C scenario. Under both scenarios, the

changes in industrial trends had either a minimum impact on demand or ended up having their positive and negative impacts to our business offset each other. Accordingly, we confirmed that these changes would have no major impact on

our business strategies and profits. Going forward, we will continue to closely monitor trends as we examine appropriate investment timing and resource allocation.

Risk Management

Groupwide Management Methods for Climate Change Risks

Physical risks and transitional risks are managed within our TRM framework and analyzed along with other risks through TRM risk assessment. In this way, we identify important risks. In addition to formulating BCPs to respond to physical risks, we are monitoring the status of CO₂ emissions both in Japan and overseas, including at affiliated companies.

Risk Management Structure

1. Implementation of risk management in accordance with the frontline operations of each business
2. Confirmation and instruction by the CSRO on the risk management status of each business via the CSR Committee and the CSRO review
3. Reports and proposals related to Groupwide risk management by the CSRO at the TRM Committee, followed by discussions and instruction
4. Reporting of the contents of discussions at the TRM Committee to the Board of Directors by the CSRO; deliberation on basic TRM plans

Indicators

Avoided CO₂ Emissions

The Teijin Group aims to reduce CO₂ emissions throughout the entire supply chain by using its long-cultivated technologies for reducing weight and increasing efficiency. Also, we calculate the impact of using our products on reducing CO₂ emissions in the downstream supply chain as "avoided emissions." By fiscal 2030, we aim to make the amount of our avoided emissions larger than our total emissions, which comprise our Groupwide CO₂ emissions and CO₂ emissions from the upstream supply chain.

Results: Fiscal 2019

Total CO₂ emissions:
4.4 million tons-CO₂

Avoided CO₂ emissions:
3.3 million tons-CO₂

Target:

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



Group CO₂ Emissions

The Teijin Group is working to abolish all in-house power facilities that use coal-fired thermal power as early as possible and gradually replace our current source of electricity with renewable energy sources. By doing so, we are working to decouple our business growth with greenhouse gas emissions.

Results: Fiscal 2019 1.43 million tons-CO₂* ★

Target : Fiscal 2030 20% reduction
(vs. 1.48 million* tons-CO₂ in fiscal 2018)
: Fiscal 2050 Net zero emissions

* Includes CO₂, methane, and N₂O. CO₂ emissions are calculated according to the coefficients specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming. (Adjusted emissions coefficients of individual electric power companies are used for power purchased in Japan, and the latest available IEA country-specific emissions coefficients are used for power purchased in other countries.) However, for power purchased overseas, where known, power company-specific emissions coefficients are used for the calculations. We deduct an amount of CO₂ emissions equivalent to the amount of energy sold to other companies.

Other KPIs

Freshwater Intake Volume per Sales Unit

We are expanding the number of products that use less water during the production process and making efficient use of water in our business activities. We are also reducing water risks in regions where such risks are high.

Results: Fiscal 2019

8.18 thousand tons/¥100 million
(Freshwater intake: 69.9 million tons ★)

Target:

Fiscal 2030 30% improvement
vs. fiscal 2018 (7.81 thousand tons/¥100 million)

Hazardous Chemical Substance Emissions* per Sales Unit

In addition to steadily responding to various regulations, we are striving to improve yield rate within processes that use hazardous chemical substances.

Results: Fiscal 2019

94.1 kg/¥100 million
(Hazardous chemical substances: 803 tons ★)

Target:

Fiscal 2030 20% improvement
vs. fiscal 2018 (101.6 kg/¥100 million)

Landfill Waste Volume per Sales Unit

We are taking steps to reduce waste through the effective use of resources with a view to the achievement of a circular economy.

Results: Fiscal 2019

1.91 tons/¥100 million
(Landfill waste: 16.3 thousand tons ★)

Target:

Fiscal 2030 10% improvement
vs. fiscal 2018 (1.96 tons/¥100 million)

* Among the class 1 designated chemical substances under the Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management and chemical substances indicated by the Japan Chemical Industry Association, chemical substances harmful to aquatic environments and the ozone layer are subject to the calculation of atmospheric, water, and soil emissions.



Initiatives for Reduction of Environmental Impact
<https://www.teijin.com/csr/environment/preservation/>

Climate Change Mitigation and Adaptation
<https://www.teijin.com/csr/environment/preservation/?open=tab-02&move=tab-02>