

Sustainability

Materiality 5 Further Strengthening of Our Sustainable Management Base



We will tackle the strengthening of our management base, which is the foundation stone toward the realization of our long-term vision of being a company that supports the society of the future.



In our long-term vision, the Teijin Group advocates being a company that supports the society of the future. We have designated the three years from FY2020 to FY2022 as a period for creating growth platforms toward sustainable growth. We aim to achieve growth by creating and providing value in three fields of business —environmental value solutions; safety, security, and disaster mitigation solutions; and demographic change and increased health consciousness solutions.

Such growth cannot be realized without a sustainable management base. Therefore, we will endeavor to build an environment in which diverse human resources, the driving force toward the realization of our long-term vision, can be active and to train such human resources; to strengthen corporate governance, which is essential for sound and sustained growth; to promote corporate ethics and compliance activities as the basis of trust; to respond properly to various risks; to ensure information security, which is becoming increasingly important in the IT society; to engage in responsible procurement and manufacturing to gain customer trust; and to give due consideration to the environment, security and disaster prevention, and health.

Sustainability

Diversity and Inclusion

The Teijin Group fosters a corporate environment that makes use of employee diversity and facilitates the continuous creation of new value required by society, promotes diversity and inclusion, and seeks to carry out various work styles that will achieve this.

To promote our business activities globally, 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 invigorate the Teijin Group's organization and accelerate innovation, we will further promote diverse workstyles, the advancement of women, and diverse human resources. Through these efforts, we aim to be an organization that can leverage the capabilities of human resources with various values and experience, to the greatest extent possible, and that can spur diverse collaborations.



Initiatives toward Diversity and Inclusion

Human Resources Development and Training

Work-Life Balance / Labor Management

Initiatives toward Diversity and Inclusion

The Teijin Group has maintained the belief that making full use of the abilities of diverse human resources helps enhance our creativity and promote innovation. Since establishing the Diversity Office in 2001, we have been actively engaging in such efforts as recruiting global personnel and promoting the advancement of women. To foster female leaders, we have been implementing Groupwide training for selected female employees on an ongoing basis since fiscal 2012. Additionally, we have been dispatching female employees to external training sessions with the aim of promoting their development through interaction with women working in other industries.

Although our initiatives toward diversity and inclusion have thus far focused on Japan, in light of the globalization of our businesses, we will expand these efforts on a worldwide basis. The main actions and KPI of the Group as a whole are as follows.

Main Actions for Diversity and Inclusion



KPIs

| | | | FY2019 | FY2022 Milestone | FY2030 |
|--|-------|----------------------------------|--------|------------------|-------------|
| Diversity of executives ^{*1} | | Female executives | 3 | 6 or more | 10 or more |
| | | Non-Japanese executives | 3 | 6 or more | 12 or more |
| Key goals for women's advancements ^{*2} | Japan | Managers (or higher) | 116★ | 174 | 300 or more |
| | U.S. | Senior managers ^{*3} | 2 | 4 | 10 |
| | EU | Global core talent ^{*4} | 0 | 3 | 10 |
| | China | Senior managers ^{*3} | — | 9 | 12 |
| | ASEAN | Senior managers ^{*3} | — | 5 or more | 8 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 to be set in September 2020)

*3 President or his/her direct report in a group company

*4 Human resources of female senior managers selected and certified as executive candidates

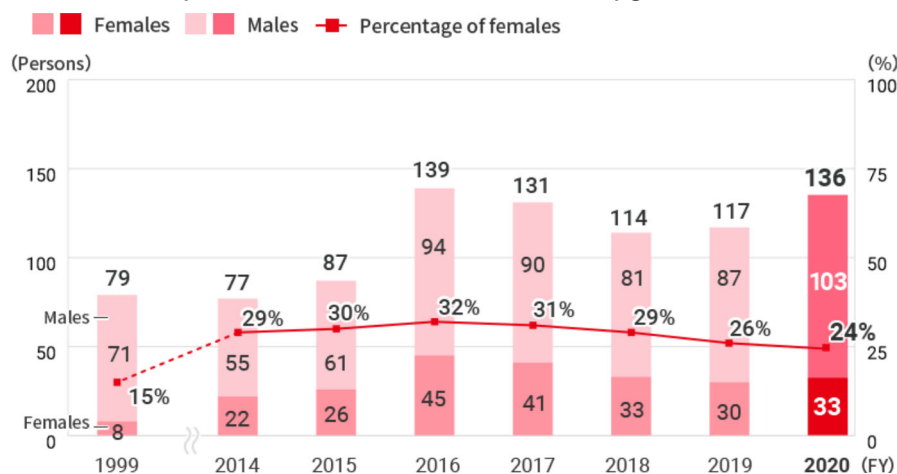
Accelerating female career development

The Teijin Group first created a specialized organization to promote the empowerment of women in 2000. Since then, we have created systems and conducted training and education to achieve four objectives: Expand the population of female employees, promote a good work-life balance, foster a corporate climate of diversity and inclusion, and support the career continuation and enhancement of women.

To achieve these KPI, the heads of each business and function (officers) have set KPI for individual businesses and functions and supported the development and careers of female employees. In addition, CHO reports on the status of diversity and inclusion to the Board of Directors.

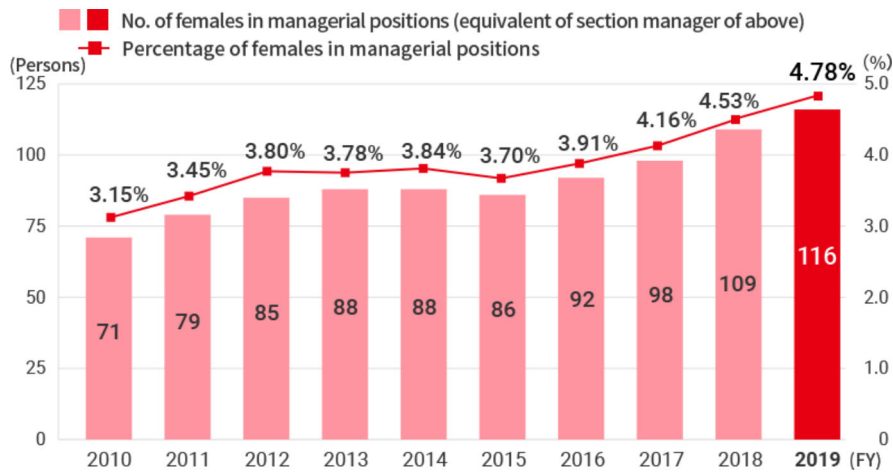
With regard to overall initiatives, Empowerment of Women's Advancement training (half-year training that includes group training, action learning, and presentations) is continuously conducted for selected employees who are one step away from a management position in different groups. In FY2019, which is the ninth time this program has been conducted, 20 employees participated, bringing the total number of participants to 177. Of these, 11 are currently enrolled in a select program for core human resources and 14 have been promoted to management positions where they are exhibiting leadership at their workplaces.

Changes in the number and ratio of newly recruited career-oriented female university graduates ★



* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

Changes in the number of female employees in managerial positions ★



* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

* Percentage of female employees in managerial positions of the total number of managerial positions in the companies.

Career building support for employees

There are few female role models in positions such as sales and engineering compared to other jobs. In light of these conditions, we participate in the New-Generation Eijyo College Forum, joint initiative by different industries, so that female employees can gain a first-hand sense of working styles and career development in sales positions and we implement sales training for female employees so that women in sales positions can enhance their skills and develop their mindsets. With regard to female engineers in particular, the numbers throughout the entire Teijin Group are low, so we have established meetings to facilitate interaction by employees in different organizations and taken other measures.

Some employees must unavoidably interrupt their careers when a spouse is transferred overseas. We established a leave program for employees accompanying a spouse to an overseas assignment that permits leaves of up to three years so that these employees can continue their careers. While on leave, some employees study a language or engage in other self-development and enhance their work skills and then return to work. To date, 20 employees have made use of this program.

Re-employment systems

Teijin Limited and Teijin Pharma Limited have established the Hello-Again system for employees who left the companies for reasons including marriage, pregnancy, child-rearing, nursing care, or work transfer of their spouses. Employees in this situation who wish to return to the Teijin Group due to the reason for leaving no longer applying will be rehired as full-time employees on the condition that it is not more than 10 years since they left and if the need exists. Up to the end of FY2018, 14 employees who had left the companies had been rehired through the Hello-Again system. We have also established a system by which employees at all domestic group companies may continue to work after retirement. In FY2019, a total of 114 employees ★ continued to work after retirement at 51 group companies.

Status of the work-from-home system

In FY2019, Teijin Limited and Teijin Pharma Limited introduced telework programs that allow employees to work outside the office even in the absence of a reason such as childcare or family care. Previously, such programs were premised on employees working from home, but they can now work from satellite offices that have entered into corporate agreements, and employees can briefly step out from work at their own convenience. This increases the flexibility of workstyles and enables each employee to demonstrate their full capabilities.

In addition, we are also making full use of the telework program as a means of preventing the spread of COVID-19 infections, and to this end, we have implemented the following temporary measures: (1) elimination of the limit of 70 hours of telework per month, (2) use of empty rooms in company housing as satellite offices, and (3) allowing newly-hired recent college graduate employees, part-time employees, and temp workers, who were previously excluded, to use the telework program.

Going forward, we will create new workstyles for the post-COVID era and take measures to implement them.

Recruitment of global human resources

The Teijin Group engages in recruitment activities with the motto of accelerating and promoting the globalization of human resources and diversity.

In FY2019, we proactively pushed forward with various initiatives, including recruiting activities targeting local university students in the U.S. and Japanese university students on exchange programs, as well as holding seminars for foreign university students on exchange in Japan. As a result, we hired three students of foreign nationality and 26 individuals with extended experience living or studying overseas as new career-oriented recruits in FY2019 (started in April 2020).

Expanding diversity awareness

To strongly promote our business activities globally, it is essential to make full use of the abilities of diverse human resources who differ in nationality, race, gender, sense of values, ideas and experience. The Teijin Group upholds “Empowering Our People” as part of its corporate philosophy, and accordingly has put in place a work environment in which every Group member can fully harness their individuality and attractiveness to make the most of their abilities.

We promote diversity and inclusion as a management strategy, and management uses various opportunities to disseminate our diversity and inclusion objectives and policies to employees.

In addition, the understanding of management is crucial for promoting diversity and inclusion, and since FY2018, we have conducted a diversity index survey of all officers and general managers of the department or higher. The survey objectively measures the awareness and understanding of management that cannot be expressed numerically in the same manner as the ratio of female managers and other such measures and use this information when considering future policies.

We have also issued a pamphlet entitled “together” to raise awareness of diversity every year since 2002. Starting with the 2020 version, in addition to the Japanese version, an English version is prepared so that it can be distributed to all group employees. The 2020 version includes a discussion with the CEO and CHO on their image of a future when diversity and inclusion have been achieved as well as special features on initiatives by group companies in Japan and overseas.



We have incorporated LGBT issues in diversity courses conducted as a part of new employee training and new manager training since FY2015 to raise understanding. In FY2019, training on LGBT issues was conducted for all employees in conjunction with Teijin Group Corporate Ethics Month training.

In addition, we conducted training for human resources and general affairs personnel who serve as contacts for employee consultations using virtual reality so that these personnel can respond with a deeper understanding of the feelings of employees.

Since FY2017, interested employees have participated in the Tokyo Rainbow Pride parade, one of Japan's largest LGBT event.

We will continue our efforts to create an environment of acceptance regarding sexual orientation, sexual identity, sexual expression, and so on in the future.



Tokyo Rainbow Pride

Employment of people with disabilities

As of April 1, 2020 at 28 group companies (consolidated) subject to a legal requirement to employ people with disabilities in Japan, the total number of employees with disabilities was 249 ★, less than the 251 specified by the related laws and regulation. Due to the large impact of the higher statutory employment rate and the retirement effective from April 2018, etc., eight individual companies ★ failed to meet the legal requirement for employment of people with disabilities.

In FY2020, we will share successful cases of hiring employees with disabilities in each company in an attempt to employ more people than the recruitment number required by laws and regulation.

In February 2019, Teijin Limited established the special subsidiary Teijin Soleil Co., Ltd., with the objective of creating workplaces in which people with disabilities can experience the satisfaction and enjoyment of working. Teijin Soleil offers a diverse range of workplaces and work duties including office support (administrative assistant) and agricultural work (cultivation and sale of produce and flowers).

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Initiatives toward Diversity and Inclusion

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Teijin Group Basic Human Resources Policy

In 2003, we established the Teijin Group Basic Human Resources Policy.

Teijin Group Basic Human Resources Policy

Goals of human resources management

- Fulfill the corporate philosophy of "Empowering Our People"
- Realize continuous improvements in employees' productivity and enhance their quality of life

Basic Policies

1. Strive to maintain good employment relationships with employees
2. In the treatment of employees, emphasize factors relating to the employees' duties, achievements and capabilities while pursuing transparency, fairness and understanding
3. Endeavor to assign the right persons to the right positions, taking into consideration work requirements and human resource conditions
4. Actively support the development of employees' capabilities
5. Respect diversity

Teijin Group Medium-to Long-Term Personnel Plan

The medium-term management plan from FY2020 to FY2022 positions the promotion of diversity and inclusion as a priority measure for the creation of innovation. We are promoting the diversification of work styles, the empowerment of women, and the diversification of human resources more than ever and accelerating the revitalization of organizations and creation of innovation.

Penetration of diversity and work style reforms

Anticipating an improved QOL for each and every employee, create systems that supports a wide variety of work style choices and life plans

Promoting the success of human resources regardless of gender, nationality

Create HR systems that enable flexible personnel appointment/relocation across countries, companies and organizations to meet the wishes of all employees

Promoting the design of systems to support diverse work styles in step with the times

Create a training/education system enabling career development to meet all employees' needs

Human Resources Development and Training

The Teijin Group promotes and encourages self-development based on the independent study of each and every employee and coordinates on-the-job training, a job rotation/appointment system and other training programs as part of a systematic approach to developing Group human resources.

Basic Approach to Human Resources Development and Training

A fundamental part of human resources development is to promote and encourage self-development based on the independent study of each and every employee.

1. On-the-job training

A means for leaders to promote the self-development/study of each team member through individual training and guidance in the course of daily work. This supports the growth of each employee based on the sense of fulfillment/achievement attained through having a sense of urgency in relation to work and through the process of completing work.

2. Job rotation/appointment

An opportunity for each individual to develop/extend capabilities and a means to encourage further self-development/study. Leaders should have a good understanding of the strengths and personalities of team members and work to implement appropriate job rotation/appointments based on self-applications and other information.

3. Training

This refers to off-the-job training, which is a means to provide employees with content based on requirements for present and future execution of duties and management needs, and an opportunity to provide each individual with an opportunity for self-development/study. Leaders should proactively send team members to training in order to encourage wider outlooks and mutual development with other employees inside and outside the group.

Increase the number of selected excellent overseas human resources for core human resources development programs

The following programs are implemented with a view to developing core human resources who will forge the future of the Teijin Group. In FY2015, the Teijin Group further enhanced the framework by fundamentally reforming the selection requirements and content of the training programs and introducing short-term attendance at overseas business schools as well as liberal arts training.

1) STRETCH I ,STRETCH II

The Strategic Executive Team Challenge (STRETCH) I and STRETCH II are Group-wide core human resources development programs used to develop human resources who can work actively on the global stage. The programs target employees at all group companies including overseas.

In FY2019, 7 employees participated in selection training for STRETCH I, a program for employees in positions close to department manager, and 18 employees participated in selection training for STRETCH II, a program for employees in positions close to section manager.

2) JuMP

JuMP stands for Junior Management Program, a three-year program for select trainees aimed at developing core human resources candidates. Until FY2017, only Japanese individuals working at Teijin Limited or group companies in Japan were eligible for this program. But starting in FY2018, eligibility was extended to personnel whose nationality belongs to any of the countries in which a Teijin group company operates. In FY2019, 34 employees including three employees from overseas group companies were selected to participate in the program. Also, 49 employees in the second year of selection gave presentations on proposal regarding issues at the conclusion of the joint training including Japanese and overseas courses.

Global management of human resources

From 2009, we have established the Corporate HR organization in the Human Resources Division to create a human resources management system and mechanism of appointment to aid Teijin Group employees to be active on a global basis. We have also designated managers to be in charge of human resources in each region (Europe, the United States and China) and have been implementing our HR strategy and measures on a global level. In FY2019, we launched the overseas practical training program as a new initiative to enable young employees to gain practical experience at overseas group companies, hone their international awareness, and build interpersonal networks.

Group-wide leadership training program, EaGLES

“EaGLES” is the name of the Teijin Group’s shared leadership training program launched in FY2011.

EaGLES training is as an opportunity for all employees in managerial positions in the Teijin Group to acquire leadership experience and learn the Teijin Group’s values, management policies and history. As such, all employees in Japan and overseas requiring these skills and knowledge are sequentially completing this training program every year.

EaGLES consists of three steps: (1) e-learning (available in Japanese, English, Chinese and Thai), (2) group training in five world regions (Japan, EU, U.S.A., China and Thailand) and (3) measuring learning outcomes. For group training overseas, we hold informal gatherings with regional representatives of Teijin Limited which serve as valuable opportunities to interact.

In FY2019, the program was conducted in Japan and in Europe, and was attended by 42 participants and 14 participants respectively. There are plans to continue the program in FY2020 as well.



EaGLES

Training responding to the globalization of business

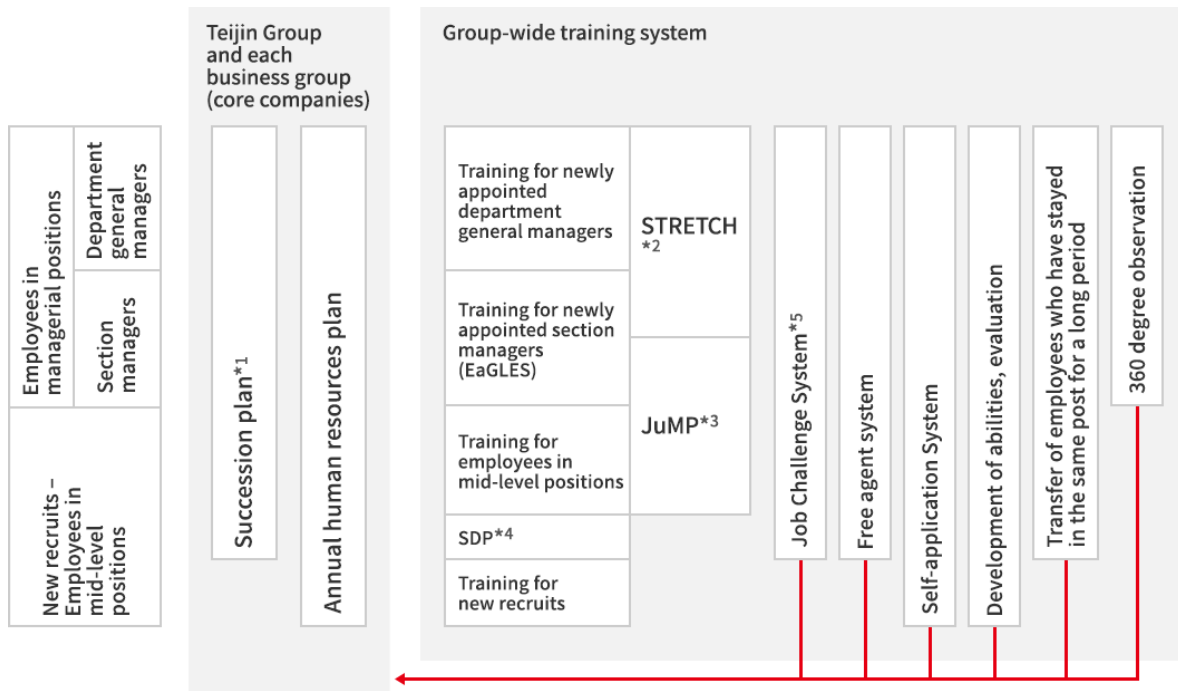
The Teijin Group has been dispatching all new recruits of the three core group companies (Teijin Limited, Teijin Frontier Co., Ltd., Infocom Corporation) in Japan to emerging countries for training in order to respond to business globalization. Beginning with dispatches to China and India in FY2011, we added Indonesia as a new dispatch destination in FY2013, followed by Vietnam in FY2014 and Thailand in FY2016. The program is enhancing the recruits’ awareness of globalization by allowing them to gain firsthand experience of various cultures through visits to companies and government offices, discussions and field work with high-achieving local human resources of the same generation, and other activities.

This program was suspended in 2020 to prevent the spread of COVID-19 infections. A determination regarding resumption will be made while monitoring conditions.



Overseas training for new recruits

The Teijin Group training and job rotation / transfer system



*1 Succession plan: A plan to foster successors to important posts from the viewpoint of business continuity.

*2 Strategic Executive Team Challenge (STRETCH): A group core human resources development system for leaders.

*3 Junior Management Program (JuMP): A leadership training program for mid-level employees aimed at developing executive talent.

*4 Specialty Development Program (SDP): An educational program designed to enable career-oriented employees to gain specialized knowledge relating to marketing, engineering or clerical work.

*5 Job Challenge System: An in-house staff recruitment system. Any employee can file an application for a position without permission from the division manager, and the manager cannot overrule decisions.

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Work-Life Balance / Labor Management

Measures to Promote Work-Life Balance

Review of work-life balance systems

In order to strengthen the promotion of work-life balance, Teijin Limited introduced a system in October 2014 under which the spouses of employees who are transferred overseas for work may also take leave from work to be with their spouses. They may take leave for three years. As of the end of June, 2020, 20 employees had used the system and 10 employees had returned to work.

In April 2018, the Childcare Work-Life Balance Handbook for Everyone was created not only for female employees with a baby, but also for their supporting partners, superiors at the workplace, team members, and everyone to promote a better understanding of the demands of working while raising children, so that supportive workplace environments can be created.

According to a survey by the Ministry of Health, Labour and Welfare, one out of every two Japanese persons will suffer from cancer during their lifetime. In the future, we will consider introducing measures to balance work and treatment when employees become ill.



Childcare Work-Life Balance Handbook for Everyone

Reducing actual working hours

For some time now, group companies in Japan have been utilizing a system that requires applying for overtime in advance and actively promoting no-overtime days.

In FY2019, the four core group companies in Japan* reported an average overtime of 13.0 hours per month ★ (a decrease of 0.3 hours compared to FY2018). The utilization of annual paid holidays was 83% ★ (a 6 point increase compared to FY2018). In FY2020, we will strive to improve results as compared to the previous fiscal year, with the aim of further reducing actual working hours.

In order to realize appropriate working hours, we are using IT tools and external consultants to conduct survey on work and work visualization and exerting all efforts to comprehensively revise tasks (IT utilization, making meetings efficient, etc.) and realize appropriate working hours with good balance (correct long working hours).

As part of this effort, we are currently using PC logs to provide reference data for ascertaining working hours, and introducing robotic process automation (RPA) to business tasks, along with chatbots. This utilization of IT both reduces the amount of work and makes processes more efficient.

Moreover, as the target for appropriate working hours to be achieved by the group companies in Japan by the end of FY2020, we have set “overall actual working hours of 2000 or less for all employees and 10 days or more of annual paid leave.” The Revised Labor Standards Act that went into effect in April 2019 now legally require employees to take five days of paid leave annually, and we are taking measures that should allow this goal to be met.

* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

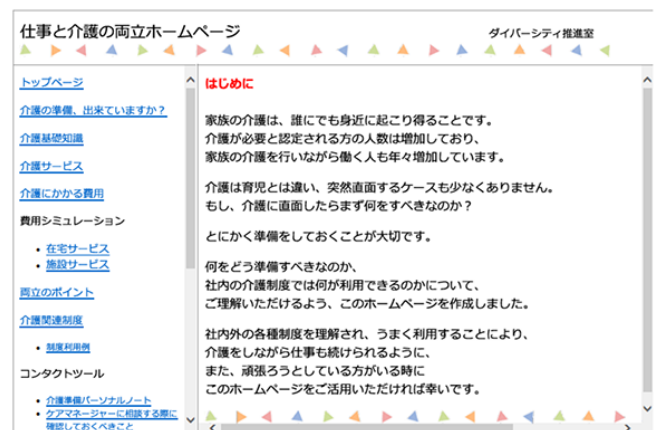
Balancing work and nursing care

As the baby boomer generation reaches late elderly age, it is expected that employees who are balancing work with nursing care for a family member will increase.

In FY2019, we conducted a survey of all Teijin Limited and Teijin Pharma Limited employees to determine employee conditions, their level of understanding of nursing care programs, whether employees are preparing for the possibility of providing nursing care, and other matters and we held nursing care web seminars in which employees could participate with their family members and workshops in the form of card games.

In addition, from time to time we post specific information on preparations for providing nursing care while working, the methods of use of programs, and other topics on the Teijin Group shared intranet and established a Nursing Care Consultation Desks that connects employees with external specialists.

Nursing care is something that can become necessary suddenly. Going forward, we will emphasize preparations for nursing care and hold seminars and other programs to support employees who are providing nursing care while working.



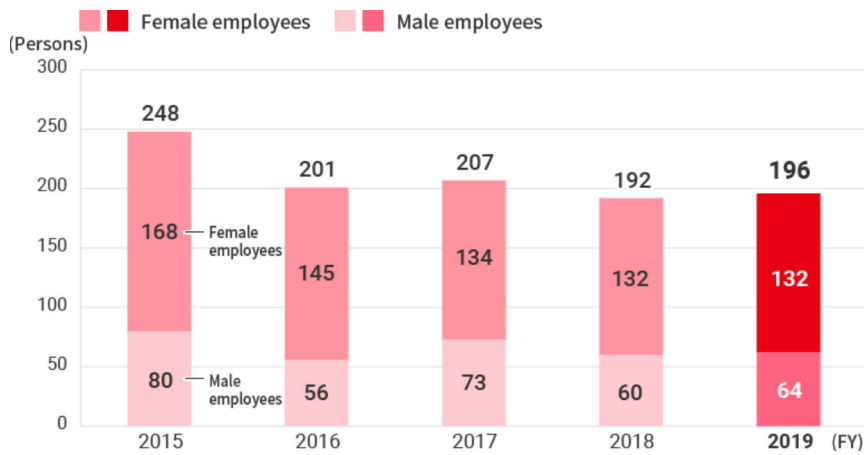
Website relating to the nursing care leave system

Promoting childcare leave for employees

In group companies in Japan, besides preparing a support manual to promote supervisors' understanding and smooth communications with female employees during pregnancy or before/after maternity leave, in order to promote childcare leave for male employees, activities that raise awareness of the importance of promoting childcare leave, among other matters, have been incorporated into action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Amended Next-Generation Act). For example, we have been sending individual monthly e-mails to male employees eligible to take childcare leave and their superiors in order to provide information about how to obtain childcare leave and other related matters. This aims to create an environment in which it is easy for male employees to take childcare leave.

In FY2019, a total of 196 employees ★ took childcare leave at the four core group companies in Japan. Of these, the number of male employees who took childcare leave was 64 ★, three times higher than when the initiative began. We will continue to conduct awareness raising activities so that employees can start planning to take childcare leave before they have children. At the same time, we will work to develop a workplace environment that is conducive for male employees to take long-term childcare leave.

Trends in the number of employees taking childcare leave ★



* Four core group companies in Japan: Teijin Limited, Teijin Pharma Limited, Teijin Frontier Co., Ltd., Infocom Corporation

Nursing care leave system

Our nursing care leave system operating at three of the four core group companies in Japan allows each applicant to take up to 730 days of nursing care leave per reason (also obtainable in portions). This far exceeds the total of 93 days of leave specified under the Child Care and Family Care Leave Law.

In addition, the systems for nursing care reduced working hours, flexible work start/finish time, etc. can be used for as long as an employee is providing nursing care.

In FY2019 there were 3 employees ★ taking nursing care leave and 4 employees on shorter working hours for nursing care, for the four core group companies combined. This shows that more people are using the systems.

The baby boomers generation will be reaching late elderly age in the future, and an increase among the current generation of workers who are providing nursing care while working is expected. We will continue to hold seminars to raise awareness and strive to foster a corporate culture with a good work-life balance.

Volunteer leave system

With a view to encouraging volunteer activities, the Teijin Group has introduced a paid Volunteer Leave System at Teijin Limited and Teijin Pharma Limited. As of March 31, 2020, there were 11 employees using the Volunteer Leave System.

Determining the Status of Group-Wide Labor Management

The Teijin Group carries out regular surveys on labor management at group companies. We identify management issues in our Group personnel management system and implement effective measures as required, particularly from the viewpoint of labor CSR. Survey forms are sent to 51 group companies in Japan and 19 overseas, every year. From the survey, we obtain data on basic labor CSR indicators.

After amendments to labor-related laws or if otherwise needed, the Teijin Group reviews the labor management status, employment rules and personnel systems of all group companies in Japan.

Survey items (group companies in Japan)

Basic labor CSR indicators - conducted annually

- (1) Number of employees (by position/gender)
- (2) Average years at company and average age
- (3) Number of newly recruited employees (by position/gender/career stage (new versus mid-career)/type of work (administrative versus technical))
- (4) Number of retired employees (by position/reason)
- (5) Data on re-employment after age-limit retirement (by position)
- (6) Number of executives by gender
- (7) Number of fixed-term employees
- (8) Overtime hours (per month)
- (9) Rate of taking annual paid holidays/Number of annual paid holidays taken
- (10) Use of childcare leave/childcare short-time work system
- (11) Use of nursing care leave/nursing care short-time work system

Status of labor management - conducted when required

[Legal compliance]

- (1) Employment of the elderly
- (2) Work hours
- (3) Temporary/Contract workers
- (4) Maternity protection and childcare
- (5) Care and nursing
- (6) Equal-opportunity employment

[Labor affairs measures]

- (1) Work-life balance (e.g. overtime hours/annual paid holidays/flex-time system)
- (2) Retirement allowance system
- (3) Progress in promoting diversity
- (4) Recruitment and education
- (5) Health and welfare system (dormitories/other issues)
- (6) Other issues (e.g. existing issues for which demand for support exists)

Survey items (overseas group companies)

Survey of the following basic labor CSR indicators

- (1) Number of employees
- (2) Average years at company and average age
- (3) Number of new recruits
- (4) Number of employees who retired

Job rotation / transfer system

The Teijin Group has set a range of measures to ensure that employees are appointed to positions based on their desires and suitability for positions with consideration to Group-wide human resources needs.

In relation to personnel transfers, we have established an annual personnel plan at all group companies, aiming to realize objectivity and transparency in relation to transfers. group companies in Japan also have a self-application system that respects each employee's desire regarding transfers and new appointments. Additionally, in as early as 1988, we introduced an in-house staff recruitment system (Job Challenge System) that was pioneering for Japanese companies at the time. In FY2019 13 people were transferred using this system. Currently, these systems are in operation at major group companies in Japan such as Teijin Limited, but we are working to gradually introduce similar systems for overseas group companies in a form most suitable for the laws and employment practices of each country.

Furthermore, from January 2018, we introduced the "FA (Free Agent) System" to release employees to the business unit they wish to be transferred to in order to match their abilities, experience and so on, and made the selection of transfer destination possible. 11 people used this system in FY2019.

We also implement systematic transfers of core human resources selected for STRETCH from among group companies worldwide, with the transfers extending beyond business departments and country borders.

At group companies in Japan we also review the appointment status of contract employees and temporary staff every year. In FY2019, reviews were conducted at 31 group companies in Japan. We will continue to check the status on a regular basis.

Maintaining Sound Industrial Relationships

The Teijin Group sees the labor union as an important stakeholder, and we are working to maintain and improve our good relationship with the union. As fundamental concepts in industrial relations, we emphasize "mutual understanding and thorough prior consultation."

In regards to labor-management meetings, Teijin Limited adheres to a comprehensive collective bargaining agreement by which meetings will be called upon request from either the company or union side.

At group companies in Japan, all employees except directors and managers belong to the labor union. At the Group Labor-management Council, which brings management and main union officials together, and also at Labor-management Committee meetings (held as required), members exchange opinions on businesses as a whole and hold discussions with the aim of improving workplace environments.

Preamble of Labor Agreement between Teijin Limited, Teijin Pharma Limited and Teijin's Labor Union (largest labor union of Teijin Group)

Teijin Limited, Teijin Pharma Limited and Teijin's labor union mutually respect the position of one another, and work together towards establishing industrial peace through the sound development of business and consideration of union member's welfare. With this in mind, the Teijin Labor Agreement was concluded, and both sides are committed to observing it in good faith.

In initiatives to date, we have held discussions on expanding the system to promote work-life balance. In this regard, both workers and management have worked together to bring about the implementation of an hourly-based annual paid holiday system and a short-time work for childcare system that can be divided into intervals. Furthermore, to limit long working hours, workplace patrols on no-overtime days are being continued through the cooperation of workers and management.

In FY2019, we introduced guidelines on intervals between work periods in order to achieve appropriate working hours and introduced a telework program that can be used regardless of the reason in order to increase the flexibility of workstyles. The introduction of this telework program has also been extremely effective in the transition to working from home as a means of preventing the spread of COVID-19.

At overseas group companies, Teijin Aramid B.V. in the Netherlands and Toho Tenax Europe GmbH in Germany have established work councils (labor-management councils) where management and employee representatives discuss ways to realize good workplace environments.

Sustainability

Corporate Ethics and Compliance

Compliance is essential for creating a sound corporate culture. With this in mind, we seek to always act responsibly with high ethics.

Promotion System

Main Activities

Measures for the
Prevention of Corruption

Security Export Control

Compliance and Risk Management (CRM) Promotion System

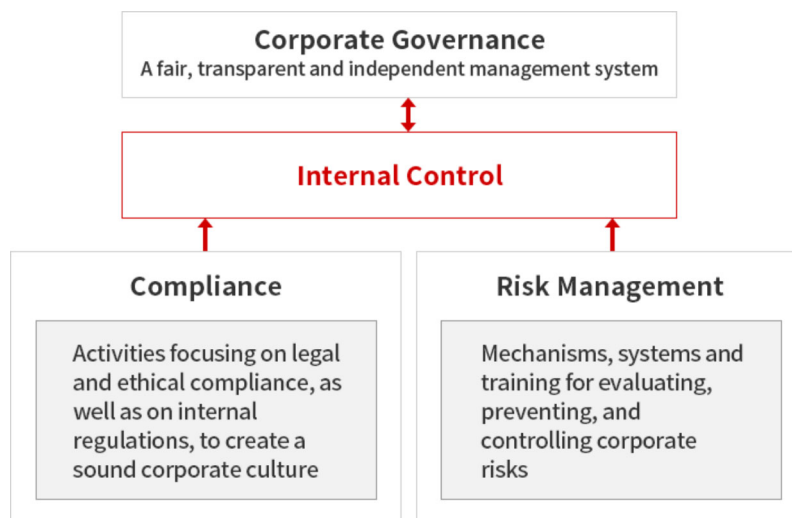
We hold meetings of the Group CSR Committee, which is chaired by the Chief Social Responsibility Officer and has the general managers of each business unit as its members, as a forum for deliberation and sharing information on compliance and risk management policies, measures, and activities within the group.

In addition, the Compliance Subcommittee, which is chaired by the general managers of CSR and Compliance Department and has the general manager of departments responsible for compliance in each business group or unit as its members. The Compliance Subcommittee deliberates and shares information on specific measures and activities in accordance with the policies of the Group CSR Committee and disseminates that information to each business division.

Compliance and Risk Management Promotion Managers (CRM Promotion Managers) are appointed at each worksite and promote the implementation of activities.

In addition, we hold the global CSR meeting, which has compliance personnel at main overseas group companies as its members.

Positioning of compliance and risk management



PDCA cycle of compliance and risk management activities



Sustainability

Corporate Ethics and Compliance

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Promotion System

Main ActivitiesMeasures for the
Prevention of Corruption

Security Export Control

Corporate Ethics and Compliance Activities

Compliance is essential for creating a sound corporate culture. With this in mind, we carry out educational programs not only on internal rules and laws relevant to our business but also on various aspects of corporate ethics.

We also operate a counseling and reporting system (hotline) that is designed to facilitate self-resolution of internal legal and ethical problems.

Revision to the code of conduct

The Teijin Group Code of Conduct comprises the five following elements, which are derived from the letters of T/E/I/J/IN.

Respect diversity: Together

Emphasize the environment, safety, and health: ESH

Value good faith: Integrity

Recognize one another and create vitality: Joy at work

Aim for innovation: INnovation

The Code of Conduct was comprehensively revised in June 2018 as the shared values of all employees in order to contribute to the development of a sustainable society and support the society of the future.

In FY2019, we undertook activities to disseminate the Code of Conduct globally. We prepared a handbook (Teijin Group Code of Conduct Practice Handbook) with the objectives of supporting the dissemination and practice of the new Code of Conduct, distributed it to Group employees worldwide, and made sure to explain the Code of Conduct during various compliance training.

Furthermore, responsible personnel from main group companies engaged in an exchange of opinions on measures to promote the Code of Conduct throughout the group at the global CSR meeting held in the Netherlands in October 2019.

With the aim of sharing this Code of Conduct with the entire Teijin Group, in August 2020 we created a video message featuring our CEO which was sent to all our group companies with subtitles in local languages of all regions and countries in which the Teijin Group operates.



New Code of Conduct.

Corporate ethics workshop for all employees

Teijin Group holds the Corporate Ethics Workshop every year targeting all executives and employees (including contract/temporary employees).

The participation rate in FY2019 in Japan was 89%, which was 2 points lower than the previous fiscal year. Overseas, the number of eligible group companies that participated, rose to 72 from 70 the previous fiscal year. The participation rate of individuals overseas was 61% (9,108 people).

As material for this training, we prepared five Japanese-language case studies and three English-language case studies on corporate ethics so that employees could sense the close relevancy of such topics with themselves. In FY2019, we examined cases of human rights issues concerning sexual minorities.

Check sheets to survey all employees at the corporate ethics workshop

Every year, we use check sheets to survey executives and employees of group companies in Japan (including contract/temporary employees) to measure the participation rate in workshops for all employees and examine the level of interest and comprehension of corporate ethics. In FY2019, we surveyed a total of 11,697 employees and received 11,624 responses (response rate of approx. 99%).

The participation rate in workshops for all employees was 89% for group company executives and employees in managerial positions and 90% for other employees. Adding those who could not participate but studied by themselves, nearly 100% of employees learned about corporate ethics at every employee level.

As regards a question about the content of the workshops for all employees, approximately 79% of the participants replied that they had deepened their understanding. This was because the workshop materials contained themes and explanations appropriate for each workplace, and were designed to help the participants deepen their understanding.

Group-wide application of corporate ethics and compliance

1. Level-based workshop training

Every year, as part of level-based workshop training for employees at group companies in Japan, the CSR and Compliance Department conducts training that includes group discussions on the reasons why companies undertake corporate ethics and compliance activities and the roles of employees (in FY2019, 344 participants in total).

Overseas, we promoted greater awareness of corporate ethics through e-learning as part of the EaGLES training program for personnel newly appointed to managerial positions.

2. Rotational training

In FY2016, we began full implementation of rotational training, whereby members of the CSR and Compliance Department visit sites of each business and affiliate company to conduct corporate ethics training.

This training uses case studies from both inside and outside of the Teijin Group and aims to create an awareness that corporate ethics and compliance issues can affect anyone, anytime. Moreover, by creating a curriculum to suit the needs of each business/affiliate company, this training is proving to be even more effective. In FY2019, rotational training was conducted 33 times with a total of 516 people participating.

3. Training for promoting-managers

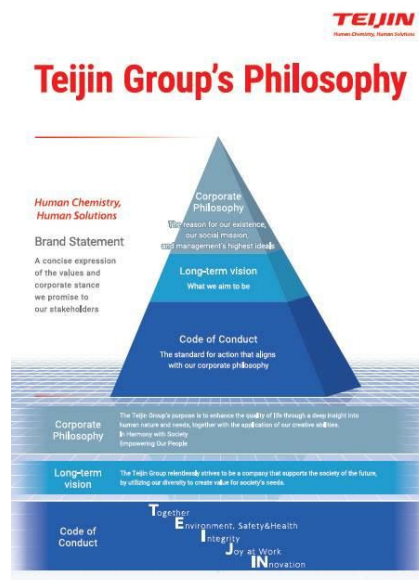
The CSR and Compliance Department organizes training sessions held at the Tokyo and Osaka head offices. In FY2019, training on corporate ethics, compliance, and human rights was conducted with 53 promoting-managers participated. In addition, a group-work based case study was implemented with training materials to be used in workshops for all employees in the Corporate Ethics Month campaign. By discussing a case that actually occurred at other companies, they learned important points for conducting workshops for all employees.

4. Workplace training/education

Promoting-managers conduct regular training at each workplace in Japan and overseas continuously. Relevant materials and case examples are always available on the intranet to create an environment that facilitates employees to learn independently in the workplace.

During the 2019 Corporate Ethics Month (October), we displayed posters with the slogan “Are you aware? Business and Human Rights” and created forums at each worksite for issues to be presented and discussed. The CEO’s message emphasized the usefulness of promoting diversity and inclusion and called for thinking and action on creating a culture that respects the rights of others and values people.

We are increasing the number of languages the CEO’s message is disseminated in each year, and in FY2019, the 13 languages of from last year (Japanese, English, Chinese (simplified and traditional), Thai, Indonesian, German, Korean, Dutch, French, Spanish, Vietnamese and Burmese) were supplemented by Portuguese, Hungarian, and Czech, making 16 languages in total.



Implementation of Employee Awareness Survey

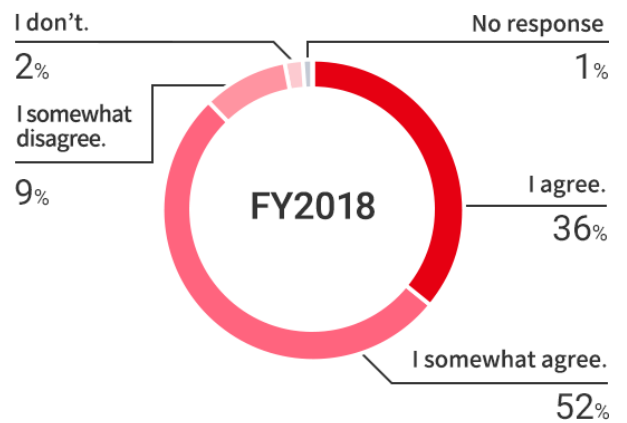
In November 2018 we conducted the Employee Awareness Survey targeting all employees worldwide to gauge the state of employees' awareness and action in light of our corporate philosophy setup, including the new Code of Conduct, and to mull dissemination measures. This survey embraced questions about CSR in general, including our corporate philosophy and brand statement, awareness of ethics, degree of employees' satisfaction and diversity. Scores were given to answers so as to rank degree of permeation and awareness in five stages. Survey results are shown in the graph.

The results revealed that 85% of respondents answered "Yes" or "I suppose so" to the question, "Do you think Teijin Group's awareness of ethical issues serves as a model for society?".

"If you discover or suspect non-compliant conduct in the workplace, would you promptly report it to and consult with your superior?" 90% of respondents answered "Yes" or "I suppose so".

Our aim is to further improve ethics awareness in the future, and engage in educational activities to create workplaces where it is easy to consult others about problems and where problems can be solved internally.

Question:
Do you agree that the Teijin Group has a sufficient level of ethical awareness to serve as a good model for society?



Results of FY2018 Ethics Awareness Survey

Counseling and reporting center operations

The Teijin Group has created counseling and reporting system as a means for officers and employees as well as business partners to report directly on violations, suspicious conduct, and other issues at Teijin and its subsidiaries.

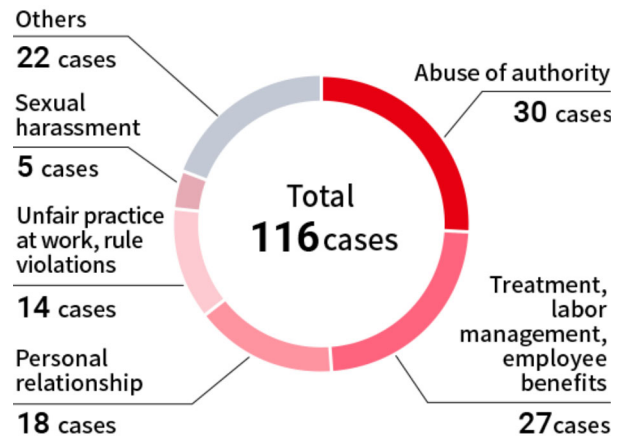
The Teijin Group launched a counseling and reporting system in 1999 for all group employees. Currently, this service is available to anyone working in Japan for an organization of the Teijin Group. A reporting/consultation website page for outside suppliers has been available since 2006. In addition to this, every year since FY2013, during Corporate Ethics Month in October, we directly distribute to employees envelopes for the “Corporate Ethics Opinion Box” to all employees at group companies in Japan.

Employees who work for group companies are able to use the Corporate Ethics Opinion Box, direct reporting, and other means among the group’s counseling and reporting system. In North America, Teijin Holdings USA, Inc., and in China, Teijin (China) Investment Co., Ltd. each established counseling and reporting center, and Teijin Frontier Co., Ltd., INFOCOM Corporation, and Teijin Aramind B.V. established counseling and reporting center and accept counseling and reports from officers and employees of these companies and their affiliated companies.

In March 2019, we also established a new global hotline that enables all officers and employees of overseas group companies to directly report to the Teijin Group headquarters hotline in their local languages.

The Rules for the Teijin Group’s Whistle-Blowing were newly established in 2019 to set for the operational responsibilities, authority, and procedures regarding these Teijin Group counseling and reporting systems. We also plan to complete the review of operational program designs in accordance with the Whistleblower Protection Act during FY2020. In addition, we have introduced an internal leniency program that allows the Chief Social Responsibility Officer to issue an opinion on reduction of or exemption from disciplinary measures imposed on a person who reports improper conduct according to the circumstances.

Reports and consultations which could possibly become major risk issues are reported to the Total Risk Management (TRM) Committee, and are handled by top management. While protecting privacy, the content and responses to all issues raised by employees via consultations/reports are disclosed to employees every six months on the intranet for the purposes of raising employees’ awareness and as a preventative measure.



Content of Reports/Consultation from Group Employees in FY2019

Sustainability

Corporate Ethics and Compliance

Compliance is essential for creating a sound corporate culture. With this in mind, we seek to always act responsibly with high ethics.

Promotion System

Main Activities

**Measures for the
Prevention of Corruption**

Security Export Control

Basic Approach to the Prevention of Corruption

The Teijin Group is a signatory to the Global Compact promoted by the United Nations.

We agree with the principle that “businesses should work against corruption in all its forms, including extortion and bribery,” and we prohibit corrupt conduct including bribery, money laundering, and insider trading in our Code of Conduct.

Bribery of public officials in particular is conduct that destroys the foundations of social trust, and Teijin Limited established the Rules on Anti-bribery of Public Officials, etc. in March 2019 and established anti-corruption procedures and systems.

Anti-Corruption Procedures and Systems

When the Teijin Group conducts business with public institutions such as governmental organizations and provides benefits such as entertainment and gifts or makes donations, prior approval by the designated responsible person is required. The same applies to transactions between private companies in countries and regions where the provision of benefit, donations, and so on between private companies are regulated.

In addition, we perform due diligence to confirm the eligibility of potential business partners from the perspective of preventing corruption conducted by external partners. We also conduct appropriate due diligence of target companies when conducting corporate acquisitions to confirm that there is no past or current corruption. We require new business partners to comply with our CSR procurement policies including the prohibition of bribery.

While taking these measures, we regularly conduct compliance education and training relating to anti-corruption and conduct internal audits.

FY2019 Activity Results

Risk Assessment

In FY2019, we conducted assessments of the domestic and overseas sales functions of each Teijin group company in order to study the exposure of the risk of corruption throughout the entire group companies. The results did not identify any sales departments with significant corruption risks. In business with public institutions including governmental organizations, however, it was recommended that development of management systems and regular and proper trainings be conducted preferentially in accordance with Teijin Limited fundamental policies, taking into consideration characteristics at the site of business.

In FY2020, we plan to conduct assessments of manufacturing functions.

Education

During Corporate Ethics Month (October) we conducted anti-corruption education for domestic and overseas Teijin Group officers and employees. The education was an opportunity for personnel to consider anti-corruption using case studies.

In addition, we held an anti-corruption compliance lecture conducted by an outside attorney for executives of Continental Plastic Parts and Renegade, which were recently acquired, in February 2020.

Status of Violations of Laws and Regulations Relating to Corruption

There were no incidents resulting in employee discharge or the imposition of legal measures for corrupt conduct in FY2019.

Future Issues

We will periodically conduct internal audits and risk assessment surveys and assess and review (the PDCA cycle) management systems for the prevention of corruption so that we can maintain ongoing and effective management in accordance with rules.

In addition, we will encourage Group employees who encounter corruption and other risks to make extensive use of consultation hotlines and reporting systems, and for outside business partners, we will proceed with development in stages including education and the creation of channels for the provision of information.

Status of the Provision of Capital

Within the Teijin Group, Teijin Pharma Limited, which engages in the pharmaceutical business, established a policy relating to transparency in relationships with medical institutions and discloses the status of the provision of funds to such organizations in accordance with that policy.

Sustainability

Corporate Ethics and Compliance

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Promotion System

Main Activities

Measures for the
Prevention of Corruption

Security Export Control

Continued Operation and Strengthening of the Security Export Control System

For the Teijin Group, whose business is expanding globally, compliance with laws and a fully functioning security export control system are vitally important. In light of this, we have established the Group Security Export Control Regulations governing the corresponding Security Export Control Regulations and Detailed Implementation Rules, which apply to each group company that conducts exports. We implement this via a dual-level control system, placing specialist back-office staff at the head office and business groups to ensure a highly reliable level of security export control.

The laws that must be complied with in security export control are frequently amended, so an important factor in training activities is to ensure high levels of awareness and thoroughness in regard to the latest information. In this regard, we conduct regular training and promote skills development of employees by encouraging them to sit external practical skills certification exams.

In FY2018, business group committee members gathered in August and December for the Group Security Export Control Conference. These opportunities allowed participants to share information about regulatory trends by the US government, such as the National Defense Authorization Act, and related points of caution and to raise their awareness of the importance of security export control work, which is showing signs of expanding.

Sustainability

Information Security and Personal Information Protection

We have enacted measures to prevent information leaks from both hard and soft perspectives. At the same time, the Group is promoting an appropriate response to personal information protection laws, which are diversifying on a global basis.

Information Security

The Teijin Group clearly understands the kind of important information that needs to be protected within its business operations. Based on that understanding, the Group has enacted measures to prevent information leaks from both hard and soft perspectives.^{*1} At the same time, the Group is promoting an appropriate response to personal information protection laws, which are diversifying on a global basis.^{*2}

- *1 From a hard perspective, we are promoting physical measures such as establishing security systems to protect against cyberattacks and enhancing our office security. From a soft perspective, we are establishing rules through guidelines and handbooks and implementing educational activities and other types of training regarding these rules.
- *2 In addition to the General Data Protection Regulation (GDPR) in the EU, similar regulations are becoming widespread in the United States, China, and Southeast Asia. In light of these developments, the Group is responding to the various regulations in each country using the response to the GDPR in Europe as a guideline on how to do so.

Main Initiatives

The Teijin Group not only has put in place measures to prevent leakage of trade secrets, technological information, personal information, and other information, but also maintains and improves its information security by taking the utmost care in managing its information systems.

In each of the Company's divisions, we decide upon the person responsible for IT, the person responsible for personal information protection, and the person responsible for the management of trade secrets. Every year, these responsible persons check the management status of information assets like information systems, networks, facilities, personal information and trade secrets. Moreover, the Corporate Audit Department conducts yearly audits of information security and personal information protection at all group companies.

In FY 2019, we worked to enhance our security servers and more thoroughly enforce trade secret management in Japan based on the Trade Secret Protection Handbook. At overseas Group companies, we commenced efforts to survey the status of trade secret management, paying close attention to the laws and regulations related to trade secret management in each country.

In addition to accelerating our efforts to implement GDPR and conducting training sessions in June for the responsible persons in Teijin Group Europe region, we have also developed an emergency system at our head office in the event of any leakage of personal information.

Further, we implemented multiple training sessions Groupwide based on the assumption of a targeted e-mail attack. This training aimed to have our employees experience what a targeted e-mail attack was like and improve their awareness of such attacks. We also reconfirmed the process for enacting countermeasures in the event of an emergency so that our employees can appropriately handle and report any issue. Furthermore, we established the months of July, August, and September as information security awareness months, and during this time we held group learning sessions at each office. In fiscal 2019, there were no substantial leaks of information due to external cyberattacks or other threats.

Sustainability

Security, Disaster Prevention, and Occupational Safety Activities

Following the principle of safety first in everything, the Teijin Group aims to realize zero disasters and zero accidents. We also promote the mental and physical well-being of employees and the building of employee-friendly workplaces.

Security and Disaster Prevention

Occupational Safety

Health and Sanitary Measures

Security and Disaster Prevention Activities

System to promote disaster prevention management

The Teijin Group is engaged in disaster-prevention management and has established Group-wide Disaster-Prevention Guidelines. For each fiscal year, we design plans based on these guidelines relating to preventative measures, such as disaster-prevention assessment, fire prevention, and earthquake countermeasures, as well as planning and implementing initiatives including the strengthening of disaster-prevention training and drills and upgrading of fire-prevention equipment.

Each Business Group / manufacturing site manages the implementation status and achievements of these disaster-prevention activities and gives guidance to improve any areas of noncompliance. The results of this are then audited by the Chief Social Responsibility Officer at the end of each fiscal year.

Implementing disaster prevention assessments

The Teijin Group has been conducting disaster prevention diagnoses since 1980 and mini disaster prevention diagnoses since 2008 in line with our own independent standards.

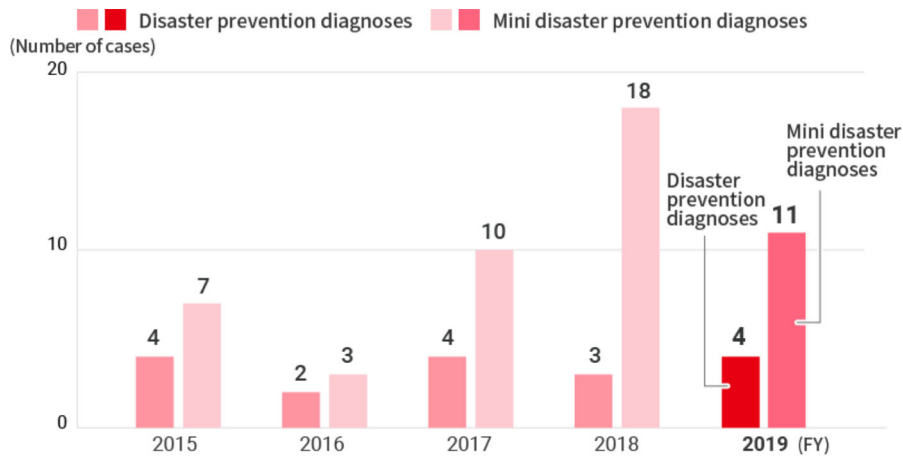
In disaster-prevention diagnoses, safety is assessed every five years by experts in manufacturing, facilities, and ESH¹ at a total of 14 plants globally. These are Teijin Group plants where large amounts of hazardous substances are handled. Results of the assessments are reported at the following year's disaster-prevention diagnosis meeting. In FY2019, assessments were conducted at four plants, and the results of the assessments of three plants conducted in FY2018 were reported.

Mini-disaster-prevention diagnoses mainly examine fire prevention, focusing on small-scale locations with a risk of fires, such as boilers and places where hazardous materials and combustibles are stored (25 factories). We conduct an examination every 5 years. In FY2019, we revised diagnosis implementation criteria in order to prevent fires in warehouses and buildings and, in line with the new standards, carried out diagnoses at 36 risk areas in 11 factories.



Disaster prevention diagnosis meeting

Trends in the Number of Disaster-Prevention-Assessed Plants



Other activities aimed at realizing zero serious accidents

To achieve our aim of zero “serious accidents,” which we have defined as including explosions, fires, and external leakage/spills of hazardous substances, we are working to enhance disaster-prevention management at our chemical plants and power plants.

In FY2019, we carried out sound disaster-prevention activities, including a disaster-prevention diagnostics report meeting that included a report and discussions on “Preparation for Natural Disasters” and a disaster prevention event bringing together administrators of chemical plants and power plants. At the disaster prevention event, we discussed “Lessons learned from recent Teijin Group disaster prevention accidents (Don't for Disaster Prevention*)” and “Enhancement of facility management for disaster prevention”. We also held a disaster-prevention management liaison meeting for group companies, which endeavored to upgrade disaster-prevention management through, among other things, the sharing of information.

In the future, with the objective of maintaining zero serious accidents, we will strive to further enhance our disaster-prevention management level.

* Don't for Disaster Prevention identifies the lessons to be learned from past accidents at the Teijin Group, with personnel engaged in onsite plant management explaining points that must not be allowed in disaster-prevention management. The first edition was issued in 2009, the second in 2012, and the third in 2018 to bring the material in line with changes in accidents occurring in the Teijin Group, environmental changes inside and outside the Group, and changes in disaster-prevention management technology.

Activities of the specialist disaster prevention team

The Teijin Group has established a team comprising current and former employees and external experts with vast knowledge and experience in disaster prevention. This team, known as the Teijin Group Chemical Accident Preventions Specialist Team (TCAP), provides technical support for voluntary disaster-prevention activities at our chemical plants and in-house power plants.

In FY2019, the TCAP team held training for disaster-prevention control technology and provided guidance relating to disaster-prevention diagnoses, mini-disaster-prevention diagnoses, and accident case studies in four Japanese plants and two overseas plants in accordance with a diagnosis schedule. Overseas, TCAP provided support on disaster-prevention control to two plants in Thailand: Teijin Polyester (Thailand) Limited and Teijin (Thailand) Limited.

In addition, 16 persons completed training in disaster-prevention manager skills to foster onsite disaster-prevention administrators.

Fire prevention activities

Since 2008, November 10 has been the Teijin Group Fire-Prevention Day. On this day, each group company conducts its own fire-prevention activities, as well as common activities for the whole Teijin Group, such as periodical fire-prevention checks. These activities are shared Group-wide in order to strengthen the fire-prevention system.



Early-stage fire-extinguishing drills conducted overseas

Disaster-Prevention Training (Evacuation Drills)

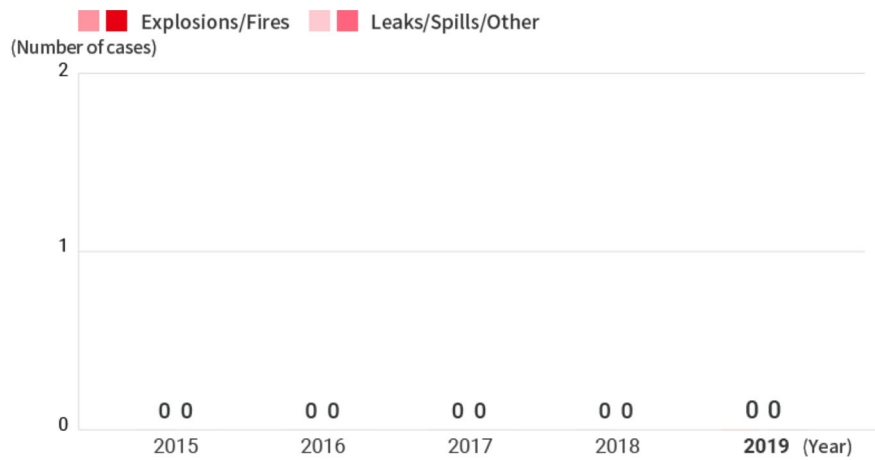
Since the Great East Japan Earthquake struck on March 11, 2011, the Teijin Group has continued to implement evacuation drills assuming the outbreak of a natural disaster. After the drills, we hold review meetings and endeavor to improve our antiearthquake manual. In FY2019 as well, such drills were held at all of our plants and other facilities in Japan.



Evacuation drill

Trends in the Number of Serious Accidents and Disaster ★

Thanks to the implementation of various disaster-prevention strengthening measures, including disaster-prevention diagnoses and training, in 2019 the Teijin Group was able to achieve the goal of zero serious accidents.



* A serious accident refers to explosions or fire accidents, accidents involving leakage or outflow of hazardous materials or hazardous substances, which have caused human damage (lost-time injury accidents), or have affected the local community, or have involved full-scale company-external support.

* Figures are calculated based on calendar years.

Sustainability

Security, Disaster Prevention, and Occupational Safety Activities

Following the principle of safety first in everything, the Teijin Group aims to realize zero disasters and zero accidents. We also promote the mental and physical well-being of employees and the building of employee-friendly workplaces.

[Security and Disaster Prevention](#)
[Occupational Safety](#)
[Health and Sanitary Measures](#)

Occupational Safety Activities

Occupational Safety Promotion System

Current status of OHSAS management system certification

To reduce risk in the workplace, the Teijin Group encourages its manufacturing and processing sites to obtain the ISO 45001 and OHSAS 18001 occupational health and safety management system certification. In August 2019, the Nantong Teijin Co., Ltd. acquired the “Standardization for Safe Production” certification for occupational safety management systems in China.

As of the end of March 2020, a total of 34 business sites and plants, comprising 72% of the total worksites recommended to acquire certification have acquired the occupational health and safety management system certification.

Business sites that have acquired OHSAS 18001 certification are switching as appropriate to ISO 45001. In FY2019, four sites in Japan and two overseas completed the shift.

| | |
|--|--|
| Japan (13 companies, 19 factories) | Teijin (Iwakuni, Matsuyama, Mihara, Mishima*ISO 45001, Ibigawa) Teijin Frontier (Matsuyama, Gifu) Unisel Teijin Tedy Hiroshima Plastic Teijin Eco-Science (Matsuyama) Teijin Logistics (Iwakuni) Teijin Kosan (Ehime) Teijin Engineering (Matsuyama, Iwakuni) Toho Chemical Engineering & Construction (Mishima *ISO 45001, Tokushima*ISO 45001) Toho Machinery *ISO 45001 Infocom West Japan (Matsuyama) |
| Overseas (12 companies, 15 factories) | Netherlands: Teijin Aramid (Delfzijl, Arnhem, Emmen) China: Teijin Chemicals Plastic Compounds Shanghai, Teijin Polycarbonate China (Nantong Teijin Co., Ltd.,*Standardization for Safe Production) Thailand: Teijin Polyester (Thailand) *ISO 45001, Teijin (Thailand), Thai Namsiri Intertex (Weaving, Dyeing), Teijin Corporation (Thailand) *ISO 45001 Germany: Toho Tenax Europe Spain: Esteve Teijin Healthcare Portugal: Inapal Plasticos Czech Republic: Benet*ISO 45001 |

Occupational Safety Promotion Activities

Promoting the Three Pillars of Safety Activities

In order to prevent occupational accidents, the Teijin Group has established three pillars of safety activities: the “5S” initiative (referring to the five Japanese words seiri, seiton, seiso, seiketsu, and shitsuke, which correspond to organization, tidiness, cleaning, hygiene, and discipline); the “Hiyari” or “Hatto” (meaning close call or near miss) initiative; and safety patrols. These activities from Japan are expanded as activities common to the Teijin Group including overseas group companies.

Utilizing the information obtained through these activities, we aim to enhance individual awareness of risks and communication in the workplace in order to eliminate occupational accidents within the Teijin Group.

Teijin works to ensure employees’ safety in the workplace and improve its safety activities. To this end, it holds legally stipulated meetings, such as convening of the Health and Safety Committee, and shares information and holds discussions through its own original activities, such as convening of the ESH Promotion Committee.

Initiatives Aimed at Preventing Lost-Time Injuries

In FY2019 (April 2018 through March 2019), there were one lost-time injury accident related to rotors.

Prevention of entanglement in rotors (rotor-related accidents) is an ongoing issue, and when such an accident occurs, we exert all efforts to investigate the root cause at the concerned workplace and establish measures for preventing recurrence, as well as implementing countermeasures from the perspectives of both education and equipment.

Furthermore, in training seminars on machine safety, we are reinforcing awareness of the safety standards and approaches regarding measures to prevent accidents caused by rotors and implementing measures in line with these standards. As for equipment-centric countermeasures, we regularly confirm the status of machine safety promotion within our Group, including overseas locations, and aim to have safe equipment so that disaster can be avoided even in the case of human error.

In FY2020, with the aim of minimizing the occurrence of accidents caused by work or conduct, which account for the majority of lost-time injury accidents, we will push forward with countermeasures utilizing VR technology and particularly measures targeting inexperienced workers with limited field experience.

Moreover, the Teijin Group receives and assesses reports on lost-time accidents of subcontracting companies that occur at Group business sites and supports/promotes initiatives by subcontracting companies to secure safety.

Group-wide Sharing of Occupational Accident Information and Responses at the Time of an Accident

Information relating to all occupational accidents resulting in lost time due to injury that occur at Teijin group companies is distributed via an Intranet to enable these experiences to be used as a reference and to help prevent the recurrence of similar accidents.

In particular, if the circumstances and cause of the accident satisfy the requirements for a special audit as described in the ESH Audit Regulations, a special audit is performed either by the Head Office or the relevant business group, depending on the details of the accident. Special audits check the status of onsite investigations to determine the cause of the accidents, the progress of recurrence-prevention measures, and whether or not there are any points for improvement. In FY2019 (April-March), there was one accident that occurred in the end of December that will be subject to a special audit, and we plan to conduct the special audit for this incident in FY 2020.

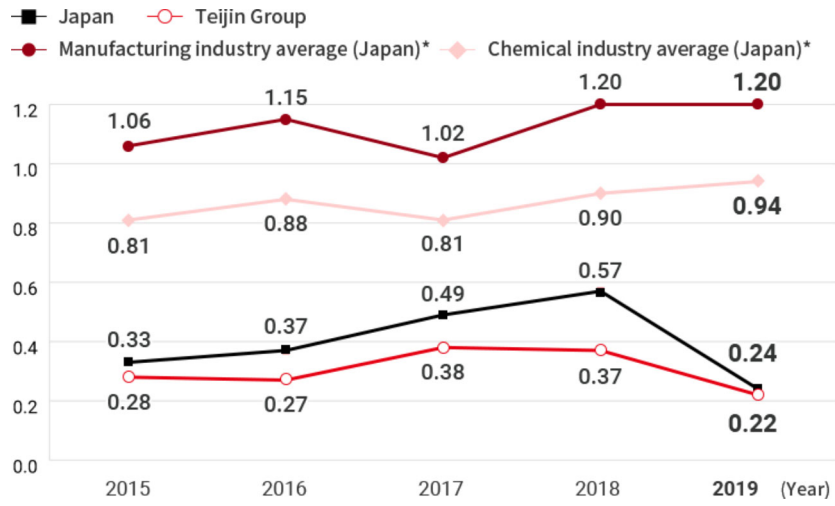
State of Occurrence of Occupational Accidents

In calendar year 2019 (January-December), there were no occupational accidents resulting in death. In the past three years (2017-2019), there were no occupational accidents resulting in death.

The lost-time injury frequency rate* in 2019 was 0.22 (0.24 in Japan), meaning that we were able to achieve our target of 0.25 or less. Starting in FY2020, the Teijin Group will also consider non-lost-time injury accidents as items to be managed and work with the aim of achieving the target value of 1.0 as the frequency rate for all occupational accidents (lost-time injury accidents+non-lost-time injury accidents).

* Lost-time injury frequency rate: Indicates the number of lost-time injured persons per one million working hours.

Lost-Time Injury Frequency Rate ★



- Figures are calculated based on calendar years.
- The abovementioned values do not include Continental Structural Plastics Inc.
- Starting in FY2019, CSP (Continental Structural Plastics) will be included.
- * Source: Ministry of Health, Labor, and Welfare, Japan, Survey of Industrial Accidents.

Sustainability

Security, Disaster Prevention, and Occupational Safety Activities

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[Security and Disaster Prevention](#)
[Occupational Safety](#)
[Health and Sanitary Measures](#)

Health and Sanitary Activities

Health Management

The Teijin Group has for many years proclaimed through its corporate philosophy both internally and externally to be a company that values employee health, and in FY2016 we declared this basic value in the form of the Teijin Group Health Management Declaration. As part of this health management initiative, we compiled and distributed the Health Management Handbook as an opportunity for each of our employees to contemplate their own health as an important issue. Strongly believing that employees are a company's ultimate management resource, each individual company of the Teijin Group will continue to work in close collaboration to promote the creation of positive, meaningful working environments with employees who enjoy both physical and mental health.

The Teijin Group was recognized as a Certified Health and Productivity Management Organization (White 500) by the Ministry of Economy, Trade and Industry for our excellent health management. We have received this recognition four years running.

The Teijin Group Health Management Declaration

The Teijin Group believes that employees are the ultimate management resource.

We are committed to promoting the development of employees who are full of vigor and to the creation of vibrant workplaces for the sustainable growth of the company, and will continue to actively promote the mental and physical health of our employees.

At the same time, the Teijin Group strives to contribute to the health of people around the world and improve quality of life through its business activities.

(Established on June 16, 2017)

Mental Health Care Measures through Close Cooperation

In addition to clinics at our head office and major operation bases, the Teijin Group runs a Health Care Administration Office in our Tokyo head office. This office is a specialized organization responsible for planning and promoting Group-wide physical and mental health management measures as well as verifying the effects thereof.

Particularly in regards to mental health, Teijin has established consultation services for employees both internal and external to the company and the Health Care Administration Office provides tailored mental support under the guidance of medical specialists. In 2019, staff of the Health Care Administration Office (clinical psychologists, health nurses, nurses) and the external EAP (Employee Assistance Program) received a total of 2,416 consultations.

Furthermore, in order to promote the spread of preventive education, staff at the Health Care Administration Office regularly conduct various training sessions such as new employee self-care seminars and line-care seminars, and to date have implemented approximately 1,400 employees with such preventative mental health education on 63 separate occasions.



Training and Education Activities with a Focus on Mental Health Care held at Individual Plants/Companies

Implementation of a Diagnosis to Measure the “Iki-Iki” Level of Individuals and Workplaces

The Teijin Group has been diagnosing stress levels in all workplaces in Japan every year since 2003. Furthermore, in line with stress check legislation, in July 2016 it implemented the annual initiative of a diagnosis to measure the iki-iki (cheerfulness) level of individuals and workplaces. This diagnosis combines the workplace stress diagnosis with a stress diagnosis for individuals.

Those workplaces which were diagnosed as exceeding a certain level were the focus of workplace improvement activities to achieve bottom-up improvement through discussions with employees in the field. The results of the July 2019 diagnosis (an effectiveness measurement) showed that these activities had led to improvements in around 60% of the workplaces concerned.

Furthermore, from FY2019, we have been conducting briefings on how to view the results of diagnosis to measure the iki-iki (cheerfulness) level of workplaces” targeting managers and encourage each department to improve the understanding of the results of group analysis and the methods of utilizing it, and are working on promoting activities to improve the workplace environment.

Teijin will continue aiming to create cheerful and comfortable workplaces through these diagnosis and improvement activities.

Prevention and Health Promotion Measures for Health in Collaboration with Health Insurance Providers

The Teijin Group is collaborating with health insurance providers to implement a data health plan (Colla-Health) based on analysis of health data. This involves utilizing the data of individual employees held by our company and health insurance providers to roll out health insurance business narrowing down the target by risk type and deploying various health insurance businesses ranging from popular approach (approaching a particular group overall) to severe illness prevention.

Sustainability

Supply Chain Sustainability

To ensure that CSR initiatives within the supply chain are reinforced on a global basis, the Teijin Group is promoting CSR activities in each business group based on the CSR Procurement Guidelines.

[CSR Procurement](#)
[Green Procurement](#)
[Green Purchasing](#)
[Questionnaire on CSR](#)

Basic Policy for Purchasing and Procurement

The Teijin Group aims to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders). It is an important social responsibility to provide superior products in a sustainable and stable manner to satisfy customers. We believe that to fulfill this responsibility, it is vital to improve the quality of our purchasing and procurement of raw materials, components, and services, and we have therefore established this Basic Policy for Purchasing/Procurement with the aim of forging sound relationships with suppliers. We have also determined Basic Stance of Persons in Charge of Purchasing / Procurement that describes in specific terms how purchasing / procurement personnel should behave to ensure that they do not establish inappropriate relationships with suppliers, and to promote initiatives based on cooperation with the aim of sustainable purchasing and procurement.

Basic Policy for Purchasing and Procurement

1. Compliance with laws and regulations

The Teijin Group observes laws and regulations of respective countries and endeavors to understand and respect international norms and guidelines in conducting its procurement activities.

2. Fair trade

The Teijin Group endeavors to engage in highly transparent transactions that are just and fair, and does not participate in cartels or bid-rigging.

3. Basis of product and supplier assessment

The Teijin Group, in addition to quality, prices, delivery dates, and procurement periods, properly assesses the financial situation, technological capabilities, social responsibility initiatives, etc. of suppliers, and engages in transactions that are based on rational decision-making.

4. Human rights/Labor

The Teijin Group promotes purchasing and procurement from suppliers that respect human rights and do not commit human rights infringements such as unjust discrimination, slave labor, forced labor, child labor, human trafficking, etc.

5. Safety and Health

The Teijin Group promotes purchasing and procurement from suppliers that properly manage health and safety risks and take action to improve occupational health and safety on an ongoing basis.

6. Environment

The Teijin Group promotes purchasing and procurement from suppliers that practice environmental management by, for example working to conserve the environment and protect natural resources.

7. Blocking of relationship with antisocial forces

The Teijin Group blocks relationships with antisocial forces such as crime organizations, refuses inappropriate requests, and does not provide them with money.

8. Relationship with stakeholders

The Teijin Group proactively communicates with stakeholders and promotes sustainable purchasing and procurement based on cooperation grounded in trust relationships. Furthermore, the Teijin Group collaborates with suppliers to promote initiatives based on the CSR Procurement Guidelines.

(Established September 1, 2006; Revised November 1, 2017)

Basic Stance of Persons in Charge of Purchasing and Procurement

1. Compliance with laws and regulations

Purchasing/procurement personnel observe relevant country laws and regulations. In addition, they will constantly monitor international norms and guidelines, industry standards and their trends and strive to respect them in engaging in transactions.

2. Fair trade

- (1) Purchasing/procurement personnel do not participate in cartels or bid-rigging, and endeavor to maintain sound relationships with suppliers. They also do not abuse their status to demand inappropriate discounts, services, contributions, etc.
- (2) Purchasing/procurement personnel do not have personal interests with any supplier, and do not accept personal benefits such as rewards or gifts.

3. Information security

Purchasing/procurement personnel carefully manage confidential information relating to transactions and safeguard intellectual property rights.

4. Basis of product and supplier assessment

Purchasing/procurement personnel rigorously assess goods and services, and engage in transactions where consideration is given to quality, prices, delivery dates, and procurement periods, as well as the financial situation, technological capabilities, corporate approach, and social responsibility initiatives of the suppliers.

5. Human rights/Labor

Purchasing/procurement personnel do not force inappropriate transaction terms on suppliers nor force them to accept unreasonably low prices, etc. and promote purchasing and procurement from suppliers that respect human rights and do not support forced labor or long working hours.

6. Safety and Health

Purchasing/procurement personnel promote purchasing and procurement from suppliers that ensure occupational health and safety and take action to maintain and improve the health of their workers.

7. Environment

Purchasing/procurement personnel promote green purchasing and procurement and purchasing/procurement of environmentally-friendly products and services.

8. Blocking of relationship with antisocial forces

Purchasing/procurement personnel adopt a firm attitude toward criminal organizational and other antisocial forces, not allowing their involvement, and blocking any and all relationships with them.

9. Relationship with stakeholders

Purchasing/procurement personnel collaborate with suppliers to promote initiatives based on the CSR Procurement Guidelines. Furthermore, they endeavor to ensure suppliers' understanding of the Guidelines and collaborate with suppliers with regard to initiatives for improvement.

(Established September 1, 2006; Revised November 1, 2017)

Overall Consideration of Supply Chains Based on CSR Procurement Guidelines

To manufacture and distribute its products, the Teijin Group procures a large amount and wide variety of raw materials, equipment, components and services from many companies around the world. When selecting suppliers, we adhere to our purchasing guidelines based on fair and rational judgments.

Furthermore, to implement CSR throughout the supply chain, we established the CSR Procurement Guidelines (see below) and we require our suppliers to conduct activities in compliance with our guidelines.

The Teijin Group's CSR procurement activities are being promoted centering on CSR and Compliance Department of Teijin Limited, and the Basic Purchasing and Procurement Policy and CSR Procurement Guidelines, which are published on the Teijin Group website in Japanese, English and Chinese.

CSR Procurement Guidelines

With regards to the Teijin Group's purchasing and procurement activities, we request that suppliers take the following action. In addition, we will promote to purchase and procure from suppliers that have been taking these actions.

1. Quality and safety

Products must meet safety and quality standards prescribed under laws and regulations in individual countries as well as industry standards.

Chemical additives must be properly managed, and by, for example, obtaining external certification such as ISO 9001.

Furthermore, a quality management system must be deployed and continuously maintained and improved to promote quality assurance.

2. Human rights and labor

(a) Forced labor

Slave labor, human trafficking, debt bondage, labor based on violence, threats, or political oppression, or any other form of forced labor is prohibited.

(b) Child labor and young workers

Children under the age of 15 years must not be hired in any country in which you have activities. Furthermore, you must not allow young workers between the ages of 15 and 17 to work at night, work overtime, or perform work that puts their health or safety at risk. You must also pay young workers appropriate remuneration and respect their right to learn.

(c) Foreign workers

Foreign workers must be provided with an employment contract and rules of employment in languages which employees can understand. Employers and temporary staffing agencies (including business cooperatives and nonprofit organizations) must not confiscate and prevent the use by workers of government-issued identity cards, passports, and work permits (unless holding work permits is required by law) as well as migrant applications. Furthermore, employers and temporary staffing agencies must not charge fees to workers.

(d) Working hours and holidays

Working outside regular hours (overtime, working on holidays, etc.) is only permitted if the worker agrees to it. Except under special circumstances, workers cannot be required to work more than the maximum weekly working hours prescribed under local laws and workers must be given at least one contiguous 24-hour period off per week. Furthermore, paid holidays and statutory holidays must be provided in accordance with local laws.

(e) Wages and welfare benefits

After explaining the components of wages and the method used for calculating them, you must pay workers at least minimum wage. You must also provide statutory welfare benefits. Wages for work performed outside regular hours must be calculated in accordance with applicable laws and must be higher by a reasonable percentage than wages for regular work.

(f) Discrimination

Recruitment, remuneration, welfare benefits, training opportunities, work duties, promotions/wage increases, and discipline/dismissal must not be influenced by race, nationality, gender, religion, age, disability, marital status, family background, organizations joined, gender identity, sexual orientation, or political ideology. You must implement measure for preventing discrimination such as providing training to all workers.

(g) Harassment

Workers must be treated with respect and dignity, and must not be exposed to any sort of harassment or pestering. You must implement measure for preventing harassment such as providing training to all workers.

- (h) Freedom of association
The right of workers to freely exercise the right to organize and the right to collective bargaining must be recognized. You must also make efforts to resolve labor disputes and engage in effective and periodic communication with workers and their representatives.

3. Safety and Health

- (a) Permits relating to labor safety and health
You must apply for permits relating to labor safety and health for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. in order to properly manage them.
- (b) Sanitary facilities
You must endeavor to maintain the health of employees in order to prevent diseases and occupational accidents. Workers must be provided with a safe and hygienic working environment, and access to sanitary facilities such as toilets and dining rooms must not be unjustly restricted. Furthermore, dormitories for workers must be equipped with proper sanitary facilities and kept clean.
- (c) Preparedness for emergencies
To prepare for emergencies, workers must be provided with training concerning notifications and evacuation procedures, and proper equipment such as fire extinguishers and fire alarms must be installed and maintained. In other words, efforts must be made to minimize damage in the event of an emergency.
- (d) Safety training
Proper training concerning workplace health and safety must be provided on an ongoing basis in languages which employees can understand. Furthermore, information relating to health and safety must be clearly displayed in the workplace.
- (e) Measures to ensure the safety of machinery
Machinery needs to be assessed for safety risks. If there is a risk of workers suffering injury due to machinery, physical protection measures must be implemented such as guard rails, interlocks, protective walls, etc. as required and the machinery concerned must be properly maintained and managed.
- (f) Occupational health
The risk which chemical, biological, and physical substances will influence workers must be identified, assessed, and managed. We also recommend that all workers receive a medical examination by the frequency pursuant to laws or at least once a year, whichever is more.
- (g) Occupational accidents
Classification and records of injuries resulting from occupational accidents and illnesses must be kept, the necessary treatment must be provided, the causes of occupational accidents must be investigated, corrective action must be taken to eliminate the causes of them, and a process must be followed for enabling workers to return to the workplace.
- (h) Occupational health and safety management system
A management system for occupational health and safety, such as one based on ISO 45001, must be deployed and internal audits must be performed in order to facilitate ongoing improvements in occupational health and safety. We also recommend the management of health and safety risks.

4. Formulation of business continuity plan

We recommend that a business continuity plan be formulated and strategically administered to allow business operations to continue or be promptly restarted in the event of a disaster or accident.

5. Fair trade and ethics

- (a) Prohibition of bribery
The exchange or provision of entertainment, gifts, or money for the purpose of illicit gain in the course of engaging in transactions is prohibited. You must also formulate and implement a policy and measure for preventing corruption, bribery, and extortion.
- (b) Fair business
You must not engage in private monopoly, inappropriately restrict trading (through cartels, bid-rigging, etc.), employ unfair business methods, or abuse your status, and you must comply with competition laws in individual countries and territories. You must also confirm legal or regulatory developments that apply to your company and inform workers about them. We also recommend that you provide all workers with training on fair trading and ethics.
- (c) Intellectual property
You must endeavor to safeguard and utilize your company's intellectual property rights. Furthermore, you must not unjustly infringe the intellectual property rights of other companies.
- (d) Information disclosure and presentation
You must properly disclose or display information concerning labor, health/safety, and environmental initiatives, business activities, financial condition, products, and corporate structure and performance in accordance with applicable regulations, etc.
- (e) Information security
You must only obtain personal information and confidential information using appropriate methods. You must also strictly manage and protect it, and only use it within a reasonable scope.

- (f) Conflict minerals
You must take care that minerals that you procure or that are used in your products do not provide any sourcing of finance for armed groups or organizations involved in human rights violations, environmental disruption, corruption, etc. in conflict regions and high-risk areas. In particular, “conflict minerals” must not be used in principle.

* Conflict minerals: Designated metal ore (gold, tin, tantalum, and tungsten) mined in conflict regions and high-risk areas with the concern to provide sourcing of finance for armed groups or organizations involved in human rights violations, environmental disruption, corruption, etc.

- (g) Blocking of relationships with antisocial forces
You must adopt a firm attitude toward criminal organizations and other antisocial forces, not allowing their involvement, and blocking any and all relationships with them.

6. Export control Compliance

With regard to products or technologies subject to your national export control laws and/or regulations and other applicable export control-related laws and regulations of other countries, you must implement thorough measures to ensure that you comply with them and are not involved in illegal exports.

7. Environmental conservation

- (a) Action on climate change
You must endeavor to devise methods for improving energy efficiency and minimizing the consumption of resources. You must also identify current emissions of greenhouse gases by each of your facilities and by your company as a whole and take action to reduce them.
- (b) Permits relating to environmental conservation (air, wastewater, noise, vibration, etc.)
You must apply for environmental-conservation-related permits for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. in order to properly manage them.
- (c) Minimizing environmental impact (air, water, soil)
To prevent air, water, and soil pollution, you must manage and treat discharged substances.
- (d) Management of chemical substances
Chemical substances that could cause environmental pollution must be managed safely. Chemical substances that are prohibited under the laws and regulations of individual regions and territories must not be used. Furthermore, regarding the substances whose use has been limited by laws and regulations you must notify customers of whether those substances are contained in products. In addition, SDS must be issued and updated.
- (e) Waste reduction (3Rs)
You must pursue the 3Rs(reduce, reuse, and recycle) in order to reduce waste and byproducts.
- (f) Water usage control
You must manage water intake and water discharge and you must strive to optimize water usage.
- (g) Environmental management system
You must formulate an environmental policy, take action and develop products, raw materials, and technology for preventing pollution, and make efforts to conserve the environment. We also recommend that you conduct internal audits, obtain certification, such as ISO 14001, for your environmental management system, and perform environmental impact assessments.
- (h) Promotion of green purchasing and procurement
When purchasing or procuring products or services, you must give consideration to the environment, and promote to purchase and procure from suppliers that are endeavoring to reduce environmental impact such as by selecting products and services with the minimum environmental impact.

8. Consideration for local communities

When conducting business in local communities, we recommend that you engage in dialog with local residents (including indigenous peoples) in advance and adapt your business activities to suit the community.

9. Contact point for consultations and internal reporting

You must deploy and operate a system for seeking advice and internal reporting that ensures that its users need not fear retribution, such as by being forced into a disadvantageous position. We recommend that you install a neutral advice and internal reporting point operated by the third party to protect internal reporters and prevent retribution.

10. Responsible supply chain promotion

You must inform your suppliers about the contents of these guidelines and you must endeavor to ensure compliance. We also recommend that you monitor compliance and work together with suppliers to address inadequacies.

(Established May 7, 2007; Revised April 1, 2021)

Supplier Surveys

Implementation of supplier surveys*

Teijin Limited and the group companies in Japan have been conducting questionnaire-type surveys targeting its major domestic suppliers since FY2007 and some of its suppliers in Europe, the United States, and China too since FY2012 to verify whether or not these suppliers operate in compliance with the CSR Procurement Guidelines. The content of the questionnaire was changed following a revision of the CSR Procurement Guidelines in FY2017 and the scope of the surveys were widened in FY2018 to include suppliers in each business. Questions were added concerning “human rights and labor” and “safety and health,” and in other items as well including consultation and internal reporting point and promotion of responsible supply chains, and compatibility with the CSR Procurement Guidelines in general was improved. A similar survey was also conducted in FY2019.

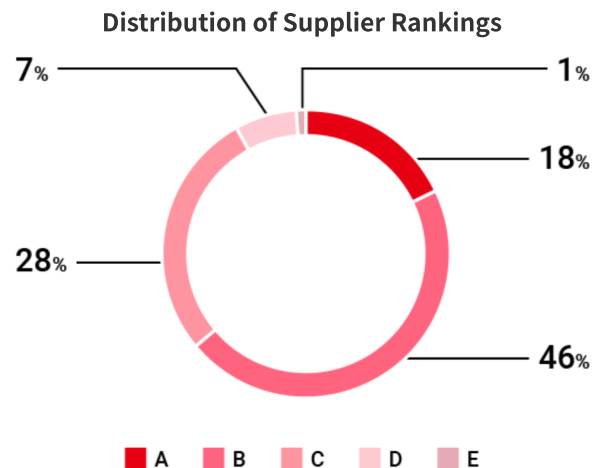
In overseas group companies, supplier surveys with the same content questionnaires as in Japan were started at three companies in China and Thailand, and surveys of their respective business partners were conducted by two companies in the Netherlands and Germany using their own independent methods. We are also expanding to other overseas group companies one by one.

* There were some errors in the description and they were corrected on January 29, 2021.

Results of survey of suppliers and guidance and support for improvement in initiatives*

The Teijin Group ranks suppliers in five levels from A to E depending on their questionnaire scores. Ranks A, B, and C are defined as “no problems as a supplier.”

The number of companies replying to the questionnaire in FY2019 was 829(751 domestic suppliers, 78 overseas suppliers), and the procurement value ratio was 75%. Of the 829 companies that responded, the ratio of companies ranked A, B, or C was 92%.



Companies whose replies to questions concerning important topics, such as human rights, were considered insufficient, were given guidance for making improvements regardless of their ranking. The content of their replies was confirmed and they were asked to compile improvement plans in accordance with the status of the initiatives. The results of these measures will be checked in FY2020.

In addition, regarding suppliers in ranks D and E that were judged to be a risk in light of their questionnaire replies, we labeled such suppliers as “in need of priority guidance for making improvements,” requesting them to compile improvement plans during FY2019, checking the state of implementation, and providing support if necessary.

* There were some errors in the description and numerical values in item “Results of survey of suppliers to Teijin limited and group companies in Japan and guidance and support for improvement in initiatives” and item “Results of survey of suppliers to overseas group companies and guidance and support for improvement of initiatives”, which were corrected to item “Results of survey of suppliers and guidance and support for improvement in initiatives” on January 29, 2021.

Care for contractors and work contracts

The Teijin Group is focusing on maintaining proper work contracts based on mutual trust and cooperation with contractors. In FY2007 in Japan, in response to the social issue of regulation of temporary/contract work management, the procurement department and manufacturing department cooperated to implement a series of independent inspections of work contracts. By FY2008, we completed actions to voluntarily improve contracts which are legally correct but require revisions to more closely reflect the demands of society (applying to 32% of all work). This particularly applied to contracts for nonregular work*. Following this, in order to maintain this status, we have been conducting regular awareness-raising activities at various worksites.

* Nonregular work: Maintenance, repair, or other work that are not part of regular duties. The number of occupational accidents that occur during this kind of work is relatively high.

Supply Chain Seminar

CSR supply chain seminar held in Vietnam to strengthen CSR procurement initiatives

Since 2012, Teijin Frontier Co., Ltd. has been globally expanding an integrated value chain from the development and procurement of materials to product realization on an ongoing basis. The company has been promoting a companywide “CSR Procurement Project.” Teijin Frontier has established a particularly large number of apparel production bases across Asia, and believes that it is important to raise awareness of CSR procurement locally on an ongoing basis. As one element of this, the company conducts CSR supply chain seminars every year at overseas production bases for local sewing and embroidery factories, material manufacturers, etc. with the aim of enforcing legal compliance and the protection of human rights.

Lecture content

On September 18, 2019, a total of 63 people from 29 companies (providers of sewing, inspection, logistics, and other industry members) took part in the CSR supply chain seminar held in Ho Chi Minh City, Vietnam. For lectures, we received the cooperation of the NGOs GNC¹, EG², and MSD³. Specific themes were as follows:

1. CSR trends
2. Environmental challenges and countermeasures, precedent cases
3. Workers’ rights in Vietnam—Recent trends and direction
4. Child labor related to corporate activities and children’s rights

Lecture content

On October 25, 2019, a total of 37 people from 24 companies participated in a CSR supply chain seminar held in Qingdao, China. For lectures, we received the cooperation of the Ministry of Human Resources and Social Security, Shandong Province, the Ministry of Ecology and Environment, Shandong Province, and EG². Specific themes were as follows:

1. CSR trends
2. CSR Procurement Policy and initiatives of Teijin Frontier Co., Ltd.
3. Recent trends in labor and human rights
4. Recent environmental trends

Lecture content

In addition, CSR supply chain seminars were held not only overseas but also in five locations in Japan including in Hokuriku, Tokyo, Osaka (twice), and Nagoya. Specific themes were as follows:

1. CSR trends
2. CSR Procurement approaches at Teijin Frontier Co., Ltd.
3. Initiatives for the Technical Intern Training Program for Foreigners

*1 GNC : Gaia Nature Conversation

*2 EG : Energetic Green

*3 MSD : Management for Sustainable Development

Sustainability

Supply Chain Sustainability

To ensure that CSR initiatives within the supply chain are reinforced on a global basis, the Teijin Group is promoting CSR activities in each business group based on the CSR Procurement Guidelines.

[CSR Procurement](#)
[Green Procurement](#)
[Green Purchasing](#)
[Questionnaire on CSR](#)

Green Procurement

Since establishing the Green Procurement Guidelines in FY2003, the Teijin Group has continued to confirm whether suppliers who provide specified substances are operating an environmental management system, and, if not, to request that those suppliers put such a system in place. Furthermore, since FY2007, our green procurement standards have been posted on our website (in Japanese and English) to ensure the full awareness of our suppliers.

Furthermore, the Teijin Group Chemical Substance Self-Imposed Control Guideline was established in FY2004 aiming for not only recognizing the status of environmental management in suppliers, but also controlling chemicals and minimizing risk in the Teijin Group's business activities. We conduct the management of chemicals based on the degree of risk.

We are also focusing on the management of hazardous substances found in raw materials that may have become included in our products, and strengthening our controls on chemical substance purchasing, such as those relating to substances specified in the RoHS regulations and the Law Concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances. We have listed prohibited substances including those prohibited in principle on our website in Japanese and English to ensure that suppliers are fully aware of these substances.

Green Procurement Guidelines

Substances Prohibited to be Procured >

These refer to a group of substances that are prohibited to be used under any international treaty or domestic law. Needless to say, the Teijin Group will not procure such chemicals, nor will the Group procure items containing any of such chemicals in order to support its business activities, including unintentional procurement of such items.

Furthermore, we request suppliers to verify that no prohibited substances are contained in the materials they supply. In addition, substances prohibited by the domestic laws of the countries where Teijin group companies are located are subject to the same laws.

- This category contains substances designated in the POPs Treaty, Class 1 specified chemicals under the Law Concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances, substances prohibited to be manufactured under the Industrial Safety and Health Act, Japan, etc.

Substances Principally Prohibited to be Procured >

A group of substances subject to control or similar regulation under international treaty or law.

We require examination of such substances by expert staff of the Teijin Group and approval of the head of the business group.

- This category contains Class 2 specified chemicals under the Law Concerning the Examination and Regulation of Manufacture, etc., of Chemical Substances, EU/RoHS Directive substances, high-risk endocrine disrupting chemicals, etc.

Substances Prohibited to be Procured

| No | CAS No | Substance |
|----|--|---|
| 1 | | Polychlorobiphenyl (mixture) |
| 2 | | Polychloronaphthalene (Cl>=3)(including isomers) |
| 3 | 118-74-1 | Hexachlorobenzene |
| 4 | 309-00-2 | 1,2,3,4,10,10-hexachloro-1,4,4 a,5,8,8a-hexahydro-exo 1,4-endo 5,8-dimethanonaphthalene |
| 5 | 60-57-1 | 1,2,3,4,10,10-hexachloro-6,7 - Epoxy-1,4,4 a,5,6,7,8,8a-octahydro-exo 1,4-endo 5,8-dimethanonaphthalene |
| 6 | 72-20-8 | 1,2,3,4,10,10-hexachloro-6,7 - Epoxy-1,4,4 a,5,6,7,8,8a-octahydro-endo 1,4-endo 5,8-dimethanonaphthalene |
| 7 | 50-29-3 | 1,1,1-trichloro-2,2-bis(4-chlorophenyl) ethane |
| 8 | 12789-03-6 3734-48-3 5103-71-9 5103-74-2 5566-34-7 57-74-9 76-44-8 | 1,2,4,5,6,7,8,8 - Octachloro-2,3,3 a,4,7,7a-hexahydro-4,7-methano-1H-indene, 1,4,5,6,7,8,8 - Heptachloro-3a,4,7,7a-tetrahydro-4,7-methano-1H-indene and mixtures of these analogous compounds |
| 9 | 56-35-9 | bis(tributyltin) oxide |
| | | Bis-n-tributyl tin oxide |
| 10 | 15017-02-4 | N,N'-ditolyl-p-phenylenediamine, N-tolyl-N'-xylyl-p-phenylenediamine or N,N'-dixylyl-p-phenylenediamine |
| 11 | 732-26-3 | 2,4,6-Tri-tert-butylphenol |
| 12 | 8001-35-2 | Polychloro-2,2-dimethyl- 3-methylidenebicyclo[2.2.1] heptane |
| 13 | 2385-85-5 | Dodecachloropentacyclo[5.3.0.0 (2, 6).0 (3, 9).0 (4, 8)] decane |
| 14 | 115-32-2 | 2,2,2-trichloro-1,1-bis(4-chlorophenyl)ethanol |
| 15 | 87-68-3 | Hexachlorobuta-1,3-diene |
| 16 | 3846-71-7 | 2-(2H-1, 2, 3-benzotriazol 2-yl)-4, 6-di-tert-butyl phenol |
| 17 | | Polychlorinated dibenzo-p-dioxins |

| No | CAS No | Substance |
|----|-------------|--|
| 18 | | Polychlorinated dibenzofurans |
| 19 | | Yellow phosphorus matches |
| 20 | 531-85-1 | Benzidine and its salts |
| 21 | 531-86-2 | |
| 22 | 92-87-5 | |
| 23 | 92-67-1 | 4-aminodiphenyl and its salts |
| 24 | 12172-73-5 | Amosite |
| 25 | 12001-28-4 | Crocidolite |
| 26 | 92-93-3 | 4-nitrodiphenyl and its salts |
| 27 | 542-88-1 | Bis(chloromethyl) ether |
| 28 | 91-59-8 | β -naphthylamine and its salts |
| 29 | | Asbestos and materials containing asbestos in excess of 0.1% of the weight of the relevant product |
| 30 | | Rubber cements containing benzene whose capacity exceeds 5% of the solvents (including diluents) of the relevant rubber cement |
| 31 | 1763-23-1 | Perfluoro(octane-1-sulfonic acid) and its salt forms |
| | 307-35-7 | For example: |
| | 2795-39-3 | potassium(CAS no. 2795-39-3); |
| | 29457-72-5 | lithium perfluorooctane sulfonate (CAS no. 29457-72-5); |
| | 29081-56-9 | ammonium perfluorosulfonate (CAS no. 29081-56-9); |
| | 70225-14-8 | diethanolammonium perfluorooctane sulfonate(CAS no. 70225-14-8); |
| | 56773-42-3 | tetraethylammonium perfluorooctane sulfonate(CAS no. 56773-42-3); |
| | 251099-16-8 | didecyldimethylammonium perfluorooctane sulfonate (CAS no.251099-16-8) |
| 32 | 307-35-7 | Perfluoro(octane-1-sulfonyl)= fluoride |
| 33 | 608-93-5 | Pentachlorobenzene |
| 34 | 319-84-6 | Alpha-hexachlorocyclohexane |
| 35 | 319-85-7 | Beta-hexachlorocyclohexane |

| No | CAS No | Substance |
|----|-------------|---------------------------------------|
| 36 | 58-89-9 | Lindane(gamma--hexachlorocyclohexane) |
| | 143-50-0 | Chlordecone |
| 37 | 36355-01-8 | Hexabromobiphenyl |
| 38 | 40088-47-9 | Tetrabromodiphenyl ether |
| 39 | 32534-81-9 | Pentabromodiphenyl ether |
| 40 | 68631-49-2 | Hexabromodiphenyl ether |
| 41 | 207122-15-4 | Heptabromodiphenyl ether |
| | 446255-22-7 | |
| | 207122-16-5 | |

Substances Principally Prohibited to be Procured (The following substances are procured with permission.)

| No | CAS No | Substance |
|----|-----------|---|
| 1 | 79-01-6 | TRICHLOROETHYLENE |
| 2 | | Tetrachloroethylen |
| 3 | 56-23-5 | CARBON TETRACHLORIDE |
| 4 | 1803-12-9 | Triphenyltin N,N-dimethyldithiocarbamate |
| 5 | 379-52-2 | Triphenyltin fluoride |
| 6 | 900-95-8 | Triphenyltin acetate |
| 7 | 639-58-7 | Triphenyltin chloride |
| 8 | 76-87-9 | Triphenyltin hydroxide |
| 9 | | Triphenyl tin fatty acid salts (Carbon number of fatty acid 9-11) |
| 10 | 7094-94-2 | Triphenyl tin chloroacetate |
| 11 | 2155-70-6 | Tributyl tin methacrylate |
| 12 | | Bis (tributyltin) fumarate |

| No | CAS No | Substance |
|----|------------------------|---|
| 13 | | Tributyl tin fluoride |
| 14 | | Bis (tributyl tin) 2,3-dibromosuccinate |
| 15 | 56-36-0 | Tributyltin acetate |
| 16 | 3090-36-6 | Tributyltin laurate |
| 17 | 4782-29-0 | Bis (Tributyltin) phthalate |
| 18 | 67772-01-4 | Alkyl acrylate methyl methacrylate Tributyltin methacrylate copolymer (Carbon number of Alkyl acrylate = 8) |
| 19 | 6517-25-5 | Tributyltin sulfamate |
| 20 | | Bis (tributyltin) maleate |
| 21 | 1461-22-9 7342-38-3 | Tributyltin chloride |
| 22 | 85409-17-2 | Tributyltin cyclopentanecarboxylate and mixtures of these analogous compounds |
| 23 | 26239-64-5 | Tributyltin 1,2,3,4,4 a,4 b,5,6,10,10a-decahydro-7-isopropyl-1,4a-dimethyl- 1-phenanthrenecarboxylate and mixtures of these analogous compounds |
| 24 | | Lead (Pb) (1,000 ppm or more) |
| 25 | | Mercury (Hg) (1,000 ppm or more) |
| 26 | | Cadmium (Cd) (100 ppm or more) |
| 27 | | 6 value chromium (Cr6+) (1,000 ppm or more) |
| 28 | | Polybrominated biphenyl (PBB) |
| | | (1,000 ppm or more) |
| 29 | | Poly diphenyl ether bromide (PBDE) |
| | | (1,000 ppm or more) |
| 30 | | Nonyl phenol (including ethoxylated nonylphenols) |
| 31 | 140-66-9 | 4-t-octyl phenol (including ethoxylate) |
| 32 | 335-67-1 | Perfluorooctanoic acid (PFOA) |

Sustainability

Supply Chain Sustainability

To ensure that CSR initiatives within the supply chain are reinforced on a global basis, the Teijin Group is promoting CSR activities in each business group based on the CSR Procurement Guidelines.

[CSR Procurement](#)
[Green Procurement](#)
[Green Purchasing](#)
[Questionnaire on CSR](#)

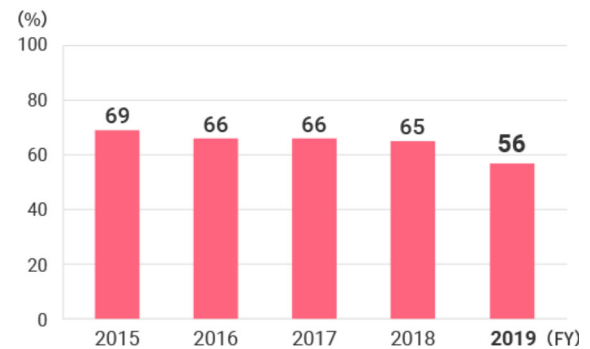
Green Purchasing

The Teijin Group established the Green Purchasing Policies and Green Purchasing Guidelines in March 2001 to promote green purchasing (preferential purchasing) of environmentally friendly products and services. For office supplies, we have promoted the preferential purchasing of products meeting the requirements of the Green Purchasing Standards for Office Supplies, also established by the Teijin Group.

Following on from FY2018, in FY2019, Teijin broadly extended cost reductions and expansion in green purchasing products to group companies, but the ratio of green purchases decreased compared to the average year.

Initiatives for environment-friendly products for office supplies

The green purchasing



Green Purchasing Policies

1. Fully consider the necessity of purchasing before buying a product or service. Curtail the quantity as much as possible when purchasing.
2. Purchase environmentally friendly products and services based on an assessment of their entire lifecycle, including collection of resources, manufacture, distribution, use, disposal, and recycling.
3. Give preference to suppliers that are active in environmental conservation.
4. Pursue environmental information necessary for making decisions on green purchasing from a broad range of sources, and request that manufacturers and distributors provide such information.

Green Purchasing Guidelines

1. Reducing environmental pollutants
2. Saving resources
3. Saving energy
4. Long durability
5. Recyclability
6. Regenerated materials, etc.
7. Ease of treatment and disposal

Sustainability

Supply Chain Sustainability

To ensure that CSR initiatives within the supply chain are reinforced on a global basis, the Teijin Group is promoting CSR activities in each business group based on the CSR Procurement Guidelines.

[CSR Procurement](#)

[Green Procurement](#)

[Green Purchasing](#)

[Questionnaire on CSR](#)

Questionnaire on CSR

Request for participation in questionnaire on the status of CSR promotion in your company

In order to fulfill its social responsibilities in procurement activities in Japan and overseas, the Teijin Group has established CSR Procurement Guidelines and promotes procurement activities that emphasize the protection of human rights, consideration for occupational safety and health, and preservation of the environment among others.

In order to promote CSR procurement, it is essential to obtain the cooperation of suppliers involved in procurement activities of the Teijin Group. The Group aims to develop transactions with suppliers who can promote CSR procurement activities together, and we request companies engaged in purchasing and procurement to extend their understanding and cooperation for CSR activities.

Therefore, as part of the CSR activities, we ask suppliers to participate in CSR questionnaires. These questionnaires are implemented via internet questionnaire sites. The content of the responses is managed by The Global Alliance for Sustainable Supply Chain (ASSC) and is used solely for the intended purpose without disclosure to any third party other than the Teijin Group.

The results of the responses are compiled and a feedback report is sent at a later date, so it can be used as reference for future CSR activities.

[About the Teijin Group CSR Procurement Guidelines](#) >

Sustainability

Risk Management Activities

The Teijin Group has in place a Total Risk Management (TRM) systems targeting both strategic and operational risks to comprehensively manage risks, and the TRM Committee has been conducting total risk management.

Total Risk Management (TRM)

The Teijin Group has in place a Total Risk Management (TRM) system targeting both strategic and operational risks, as a preventative measure against the uncertainty that the Company may face, and the TRM Committee has been conducting total risk management. 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 formulates our stance on managing important risks and ensuring business continuity. Also, the statutory auditors conduct audits to check whether the Board of Directors is appropriately conducting policy decisions, supervising, and monitoring regarding TRM.

The CEO is in charge of assessing strategic risk and provides this assessment as materials valuable to the decision-making process to the Board of Directors and other bodies. The Chief Social Responsibility Officer (CSRO) is in charge of establishing a cross-sectional risk management system regarding operational risk, and shall identify and deal with problems and respond to crises when they occur.

Risk Recognition

The details on the recognition of strategic risk and operational risk that the Group manages under the TRM Committee are as follows.

Strategic risk

Strategic risks are primarily identified from factors that have the potential to significantly impact our business performance and financial position, and these risks are assessed based on the assumption of such impact. For risks related to market and competitive environment fluctuations, in particular, we create contingency plans in advance. At the same time, we conduct monitoring of these risks on an ongoing basis, including signs of potential risk occurrence, and prepare ourselves so that we can swiftly adapt our management strategies and other policies should such risks occur. Amid the current slowdown in the global economy and the decline in demand for automobiles and aircraft, two key markets, due to the impact of COVID-19, we are putting our contingency plans into action and implementing response measures with a focus on the medium to long term.

| | | Details on risks that impact business performance and financial position | Business primarily impacted by risk |
|--|---|---|--|
| Macroeconomic risk | Economic trends | <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 | Materials/Fibers & Products Converting |
| | Fuel prices | <ul style="list-style-type: none"> Fluctuations in costs due to changes in the prices of raw materials used for products and fuel used in the production process | |
| | Foreign exchange rates | <ul style="list-style-type: none"> 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 ¥0.4 billion) | |
| | Interest rates | <ul style="list-style-type: none"> Fluctuations in interest rates for interest-bearing debt | Overall |
| Market and competitive environment fluctuation risk | Competitive environment | <ul style="list-style-type: none"> Fluctuations in supply–demand structure due to changes in the competitive environment | Overall |
| | Impact on demand in the supply chain | <ul style="list-style-type: none"> 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 | Materials/Fibers & Products Converting |
| Resource investment risk | | <ul style="list-style-type: none"> Forgo 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 | Overall |
| Policy change risk | | <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 Acceleration of domestic drug price revisions and other government policies to curtail medical costs | Overall |
| Financial soundness risk | Impairment loss on noncurrent assets | <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 | Overall |
| | Reversal of deferred tax assets | <ul style="list-style-type: none"> 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 | Overall |

Operational risk

For operational risks that negatively affects the Company, we plot each specific risk item on a two-axis risk map by the occurrence frequency and the estimated amount of damage to identify the major risk items that have a large impact and manage them accordingly. Through this risk identification process, risk trends for the Group and each business group are summarized, and comparisons and analyses are conducted over the years. The risk extraction and evaluation methods are reviewed according to the changes in the business environment and the evolution of risk management methods in society.

| | Details on risk that impacts business operations | Main countermeasures |
|----------------------------------|--|---|
| Natural disaster risk | <ul style="list-style-type: none"> Storm and flood damage and landslide damage due to typhoons, heavy rains, etc., stemming from climate change Occurrence of large-scale earthquakes, tsunamis, etc. Rapid spread of infectious diseases | Aim to minimize damages and promptly recover when a disaster occurs through revisions of BCPs as needed and the implementation of various disaster training programs |
| Manufacturing risk | <ul style="list-style-type: none"> Burden on the environment from the inappropriate handling of hazardous chemical substances, industrial waste, etc. Explosions, fires, or other major accidents at chemical plants owned by the Group | Set KPIs and work to manage and reduce hazardous chemical substances and landfill waste. Also, carry out various measures such as disaster-prevention examinations and educational activities and training based on disaster-prevention guidelines |
| Product and quality risk | <ul style="list-style-type: none"> Occurrence of major quality issues such as product and service defects | Establish independent divisions dedicated to secure quality and reliability at Teijin Limited and major subsidiaries such as Teijin Pharma Limited, thereby setting up a system to ensure quality assurance across all business activities based on strict quality management standards |
| Legal and ethical risk | <ul style="list-style-type: none"> Occurrence of scandals such as violations of various laws/regulations, sexual harassment, power harassment, etc. Occurrence of human rights issues within the supply chain | Amid increasing diversity of employees through M&As and other business activities, utilize Corporate Ethics Handbook to reinforce corporate ethics and the Code of Conduct on a global scale and thoroughly promote compliance. Also, strengthen efforts such as human rights due diligence and CSR procurement |
| Information security risk | <ul style="list-style-type: none"> External leakage of information due to disasters, cyberattacks, unauthorized access, etc. | Implement information security measures from both hard and soft perspectives in the handling of important information related to R&D, manufacturing, and sales as well as personal information |

Groupwide system for operational risk management

We conduct Groupwide operational risk management including overseas subsidiaries based on the system below. The CSRO and the Corporate CSR and Compliance Department strengthens the risk management system for the entire Group by grasping and confirming the individual risk management conducted by each business group (unit) and Group company across the entire Group, and by establishing unified risk response guidelines.



Operational risk management activities

In FY2019, we revised the operational policies of Chief Social Responsibility Officer Review, that plays an important role in risk management systems. The Chief Social Responsibility Officer Review enables the Chief Social Responsibility Officer to mutually confirm with business managers and others the status of operational risk management in business units and other organizations in accordance with the Regulations for the Teijin Group's Risk Management and is intended to ensure reliable implementation of the PDCA cycle in risk responses. Through the review, business units and other organizations are able to bolster their risk management completion capabilities, and the company enhance their Group-wide internal control capabilities in relation to oversight functions. Previously, the Chief Social Responsibility Officer Review was conducted in February, but this year it was changed to October so that the indications can be reported to and deliberated by the TRM Committee and necessary responses can be reflected in the annual plan for the following fiscal year, which starts in April.

Status of Business Operations Risk Responses and Business Continuity Plans

Response to natural disasters

Due to heavy rains in the Kyushu region in July 2019, Typhoon No. 19 in October, and other natural disasters, there were power outages at several factories in Japan and other minor impacts on facilities, but there was no direct harm to employees or their families. In the healthcare business, which supports home healthcare, we confirmed the safety of patients who use therapeutic oxygen concentrators in areas that incurred significant damage and delivered spare tanks and other necessary supports to them.

Implementation of business continuity drills

As a part of our Business Continuity Management (BCM) efforts, disaster prevention drills and earthquake evacuation drills are conducted annually at Teijin's business locations and research facilities in Japan.

In FY2019, we augmented the Iwakuni Office general disaster preparedness drill by conducting a cooperation drill that included emergency contact via satellite telephone to the Tokyo headquarters. We confirmed procedures for the Headquarters to rapidly gather information on the emergency conditions at factories in Japan and connect to the public relations division.

Safety verification drills

Safety verification drills for a time of emergency were held from July 2018 to February 2019 utilizing a system ("Emergency Call") provided by Infocom Corporation of the Teijin Group are conducted annually. In FY2016, we introduced a process to trace and re-confirm the safety of employees whose safety cannot be confirmed within 24 hours of reporting, and the rate for verifying employee safety within 48 hours after alarm activation in FY2019 was 99.8%, about the same as the 99.9% rate in FY2018.

Responses to COVID-19

In response to the global spread of COVID-19 infections, the Teijin Group established an Emergency Response Headquarters in January 2020 and continuously grasped circumstances throughout the Group, formulated and implemented countermeasures according to the stage of infection, and disseminated information and coordination of support materials within the Group.

The Group has actively responded to the spread of COVID-19 through various countermeasures and activities including the provision of pharmaceuticals and medical products manufactured by the Group, supply of medical gowns and other equipment to support medical fields, and other measures.

Sustainability

ESH Management Activities

The Teijin Group positions Environment, Safety and disaster prevention, and Health (ESH) as a key issue relating to all business operations and is engaged in activities to reduce environmental impact affecting both the global environment and the local society, as well as to ensure the safety and health of residents and employees. We also quantitatively measure the investment and expenses relating to ESH, leading to efficient promotion and improvement of ESH activities.

Teijin Group ESH Basic Policies

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

The Teijin Group Global Environmental Activity Goals

Promotion of environmental preservation activities

1. Throughout our business operations, we will make efforts to reduce our environmental impact, including the reduction of CO₂ emissions, conserve energy and resources, and make effective use of waste.
2. We will appropriately manage biological and chemical substances in compliance with the related laws and regulations to ensure that our use of these substances will not cause damage to the environment or to the safety and health of people.
3. We will provide as many people as possible with appropriate information and support so that our products will be transported, used, and disposed of in a safe and environmentally friendly manner.

Promotion of design for environment and environmental business

4. We will design products in an environmentally friendly manner in cooperation with our customers and suppliers, while promoting green purchasing and procurement as well as green transportation. In addition, we will conduct necessary assessment at the planning stage of business projects, thereby reducing potential risks to human health and the environment.
5. We will further develop technologies for environmental preservation and environmental improvement, including technologies that contribute to energy conservation and 3R activities (activities to promote the reduction, reuse, and recycling of materials) and will expand our environmental business taking advantage of our Group's proprietary technologies and strong market presence.

Expansion of environmental communication and social contribution activities

6. We will clearly show our commitment to making contributions to society by such measures as setting and announcing environmental impact reduction targets and will engage in communication with a range of our stakeholders, including local communities in which we conduct business.
7. We will raise the awareness of all Group employees and provide them with education on environmental preservation as well as support them in conducting environmental preservation activities, such as energy conservation activities at their households and in their local communities.

(Established in December 1992; revised in July 2007)

Group ESH Management System

The Teijin Group established the Group ESH Subcommittee under the Group CSR Committee to practice integrated ESH (environment, safety, health) management. The Group ESH Subcommittee holds regular meetings twice a year to deliberate on policy, measures and activities regarding ESH management, which are then expanded within the group.

The ESH Committee members appointed for each business group (Unit) serve as Chairpersons of the ESH Committee and promote ESH management for each business.

In addition, the Chairperson of the ESH Committee of each business group and the Chief Social Responsibility Officer conduct ESH audits once a year respectively. In the ESH audits, the ESH management status, any accidents occurrence and the status of countermeasures thereof are checked, and then confirmation and guidance are provided in relation to future issues and actions required before the next audit.

ESH education

A "Group ESH Educational Workshop" designed to enhance the level of ESH management is held once per annum. The workshop targets the ESH staff of business groups (Unit) and group companies as well as production line managers, group company presidents and factory managers.

In FY2019, a basic class in ESH education was held by e-learning, with the participation of 259 employees.

ESH assessment

Through the ESH assessment system, Teijin reviews and verifies the related laws and regulations together with the ESH risk related to project implementation and day-to-day matters, and endeavors to implement appropriate measures in line with compliance and risk.

ESH auditing

We conduct ESH Audits A and B in accordance with our ESH Audit Regulations, forming a double audit system. Audit A is conducted by the Chairperson of the ESH Committee for each business group (Unit) and Audit B is conducted by the Chief Social Responsibility Officer or a person nominated by the Chief Social Responsibility Officer.

As part of the audit process, each business group reports on ESH management status, any accidents, the status of countermeasures, and the status of ESH activities. This content is then audited, and confirmation and guidance is provided in relation to future issues and actions required before the next audit.

Outline of the ESH Audits

| | Outline of the audits | Auditors | FY2019 audit results |
|-------------|--|---|--|
| ESH Audit A | ESH audits at production sites | Chairperson of Business Group (Unit) ESH Committee | 23 bases (15 within Japan, 8 overseas) |
| ESH Audit B | Audits of the results of each business group and unit's ESH Audits | General Manager of the CSR and Compliance Department | 11 business groups and units, 5 directly managed companies and 2 composites factories (including document auditing for 6 business units/head office and 5 directly managed companies) |

Training for internal auditors of ESH compliance

To enhance compliance with laws and regulations related to ESH, every year we hold a course to train group employees as internal auditors for ESH compliance. In FY2018, 32 employees were newly certified as 1st-grade auditors and 8 as 2nd-class auditors.

Group ESH results report

Every year, the Teijin Group holds the Group CSR Committee, where Group-wide EHS results and activities status are reported. In regards the results for FY2018, the Group CSR Committee was held in April 2019 at the Tokyo head office. Reports were made on the results of ESH across the whole business group, the status of ESH activities, as well as future issues and plans, and opinions were actively exchanged.

Responding to an ESH accident

In preparation for the occurrence of an ESH-related accident, the Teijin Group defines and enforces rules about swiftly reporting any incidents to the responsible persons within the Group.

Sustainability

Product Liability and Quality Assurance

The Teijin Group rigorously complies with laws and regulations and customer contract stipulations pertaining to quality, while taking steps to establish a quality assurance structure that responds to its global development.

Product Liability / Quality Assurance System

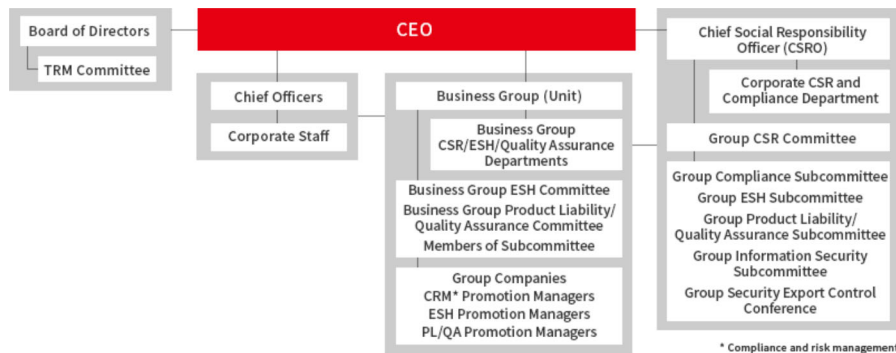
Current status of ISO 9001, ISO 13485, IATF 16949, and other certifications

Product Liability / Quality Assurance Management System

The Teijin Group Product Liability / Quality Assurance Regulations apply to all Teijin Group products and services and are the basis for our product liability / quality assurance activities. Based on these regulations, the Group CSR Committee and the Group Product Liability / Quality Assurance Subcommittee decide the basic policies and associated targets for all product liability / quality assurance issues of the Teijin Group, and reflect them in product liability / quality assurance activities conducted by business groups (Unit).

We have also created an original unit-based management system for product liability / quality assurance that is applied to the products of each business group. This management system aims to enhance customer satisfaction, prevent product defects, and ensure appropriate responses in the event that defects occur. The system not only covers the whole scope of the ISO standards for quality management systems but also incorporates perspectives of product liability / quality assurance, such as response to customers and product safety.

Group-wide product liability / quality assurance system



Implementation of Product Liability / Quality Assurance Audits

Product liability / quality assurance activities are conducted as the responsibility of each product liability / quality assurance unit. The CSR and Compliance Department, which is in charge of supervising Group-wide quality, audits these activities and checks that product liability / quality assurance mechanisms are operating appropriately.

In FY2019, we conducted regular audits of 11 business units and 6 directly managed companies with the objective of verifying operational status. Based on feedback from the audit results, we are continually enhancing the product liability / quality assurance system and process.

Sustainability

Product Liability and Quality Assurance

The Teijin Group rigorously complies with laws and regulations and customer contract stipulations pertaining to quality, while taking steps to establish a quality assurance structure that responds to its global development.

Product Liability / Quality Assurance System

Current status of ISO 9001, ISO 13485, IATF 16949, and other certifications

Current status of ISO 9001, ISO 13485, IATF 16949, and other certifications

As of April 1, 2019

| | |
|---|--|
| Japan (25 companies, 52 factories) | Teijin (Matsuyama Polymer Factory 1, Conex Factory, Technora Factory, Resin [Matsuyama Production Division, Mihara Production Division], TF Factory, Mishima Business Site, Ibigawa Business Site, Composites Development and Production Center [Matsuyama], Medical Device Business Development Project [Hino]) Teijin Frontier Teijin Tedy Unisel Teijin Cordley (Mihara, Shimane) Teijin Modern Yarn (Komatsu, Kaga) Frontier Tex Shinwa Limited (Modern Yarn Business Division [Komatsu], Knit Business Division [Shibayama]) Kansai Shizai GH Craft (Funakubo, Itazuma) Hiroshima Plastic Teiyo Kinkai Chemicals Teijin Pharma (Iwakuni Medical Plant, Home Medical Care Technical Service Center, Medical Quality Assurance Department) Infocom Infocom East Japan Infocom West Japan Grandit Teijin Nakashima Medical Teijin Medical Technologies Teijin Engineering (Osaka, Iwakuni, Matsuyama, Tokyo) Teijin Eco-Science (Ibaragi Technical Center, Hamura Technical Center, Matsuyama Technical Center, Matsuyama Factory) Teijin Logistics (Osaka, Ehime, Tokuyama, Tokyo, Hokuriku, Tokai) Toho Chemical Engineering & Construction Toho Machinery |
| Overseas 20 companies, 40 factories) | China: Nantong Teijin, N.I. Teijin Airbag Fabric (Nantong), Nantong Teijin Automotive Fabrics Finishing (Nantong), Chemicals Plastic Compounds (Shanghai), Teijin Polycarbonate China, Teijin Medical Device (Shanghai) Korea: Teijin Lielsort Korea Thailand: Teijin Polyester (Thailand), Teijin (Thailand), Teijin Cord (Thailand), Thai Namsiri Intertex (two factories,)Teijin FRA Tire Cord (Thailand) USA: Teijin Carbon America, Continental Structural Plastics Holdings (head office, 12 factories) Germany: Teijin Carbon Europe (two factories), J. H. Ziegler (four factories) Netherlands: Teijin Aramid (three factories) Spain: Esteve Teijin Healthcare Portugal: Inapal Plasticos (two factories) |

Sustainability

Social Contributions

In addition to developing social contribution activities common to the Teijin Group, we also engage in social contribution activities that take advantage of the individuality of each business unit and business site.

System to Promote
Social Contribution
Activities



Expenses of Social
Contribution
Activities



Supporting the
Development of
Local Communities



Fostering Volunteer
Personnel



Support for Areas
Affected by Disaster



Teijin Group Basic Policies for Social Contributions

1. Social contribution activities are positioned as a pursuit of the Teijin Group corporate philosophy and as practical implementation of the Code of Conduct.
2. Social contribution activities are to be implemented proactively, and show respect for the particular characteristics of the business and region.
3. Volunteer activities of employees are encouraged and support shall be provided to foster volunteer personnel.
4. Priority fields in social contributions in terms of group-wide activities are the environment, international exchange and social education.
5. Donations shall be made according to need for humanitarian purposes such as after natural disasters.

Teijin Group System to Promote Social Contribution Activities

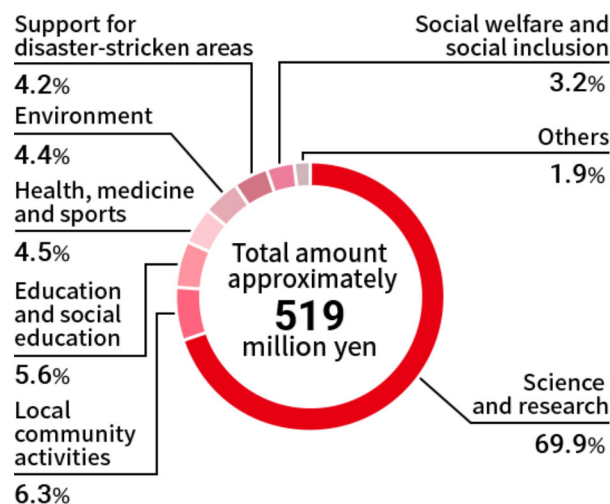
Based on the Code of Conduct, the Teijin Group promotes social contribution activities in each business group and business site from the standpoints of science and education, culture, sports activities, environmental preservation activities and disaster prevention activities.

In addition, the CSR Planning and Promotion Department plays a central role in supporting volunteer activities and proposing Group-wide social contribution programs in which employees can easily engage. Through these programs, we are fostering human resources who can participate independently in and promote social contribution activities.

Expenses of Social Contribution Activities in FY2019

Since joining the Keidanren (Japan Business Federation) 1% Club in FY2003, the Teijin Group has been aiming to set aside at least 1% of ordinary income for social contribution costs. Expenses of social contribution activities in FY2019 were approximately 519 million yen, 1.0% of ordinary income.

Expenses of social contribution activities in FY2019



Breakdown of expenses of social contribution activities in FY2019

| Item | Description | Amount (millions of yen) |
|-------------------------------------|--|--------------------------|
| Monetary | Monetary donations and other expenses for social contribution activities | 421 |
| Donations of goods | Donations of our products and other goods to social welfare organizations | 2 |
| Free renting of company facilities | Expenses for free renting of company facilities such as gyms and playgrounds | 16 |
| Participation/Dispatch of employees | Personnel expenses for employees who participated in philanthropic activities during their work hours, such as joining local events as part of their work, and employees who gave lectures at meetings | 80 |
| Total | | 519 |

* Data for all group companies, based on the Keidanren "Procedures for Implementing FY2018 Survey on Results of Corporate Philanthropic Activities".

Supporting the Development of Local Communities

Science and education

Scholarship system in Japan and China

Since 1953, the Teijin Group has offered the Teijin Kumura Scholarship named after Seita Kumura, a pioneer in the Japanese chemical fiber industry, with the aim of passing on and developing an original R&D spirit and fostering young scientists who will contribute to social development and the creation of new culture (reorganized to the Teijin Scholarship Foundation in 2011). One of the oldest scholarships in Japan established and operated by a private company, it was awarded to 43 people in 2019 and has benefited more than 1,600 technical students so far.

Additionally, in June 2010, we established a scholarship system in China offering annual scholarships of 8,000 yuan per student with no repayment obligation. Recipients are technical master's degree students of Peking University, Tsinghua University, Fudan University, and

Shanghai Jiao Tong University. Continuing from FY2017, scholarships were granted to 36 students in FY2019.

Establishment of the Nantong Teijin Charitable Scholarship Fund

In April 2014, Nantong Teijin Co., Ltd. established the Nantong Teijin Charitable Scholarship Fund for students enrolled in junior and senior high school and university in Nantong, Jiangsu Province, China. Nantong Teijin Co., Ltd. is the Teijin Group's manufacturing and sales base for textiles in China. This fund was established with the aim of contributing to the community of Nantong by providing economic assistance to local students; it was the first charitable fund associated with a company name in the Nantong Economic and Technological Development Zone. In FY2019 too, we extended support of about the same amount of 160,000 yuan to the Nantong Teijin Charitable Scholarship Fund.



Co-sponsoring "All Japan Science Koshien"

Aiming to foster human resources for science and technology by integrating industry-government-academia research groups, the Japan Science and Technology Agency established the Science Koshien in FY2011.

The Teijin Group has co-sponsored the Science Koshien for senior high school students since FY2011, and also began sponsoring the newly established "Science Koshien Junior" for junior high school students from FY2013. As a company focusing on diversity development, the Teijin Award is presented to the team that has excellent results among the teams in which the number of female students is high.

At the national "Science Koshien Junior" championship held for junior high school students in December 2019, the Hiroshima Prefectural national team was presented with the Teijin Award. The national "Science Koshien" for high school students which was scheduled to be held in March 2020, has been cancelled to prevent the spread of COVID-19.



The Teijin Award at the seventh national Science Koshien Junior championship (awarded to the Hiroshima National Team)

Sports activities

Co-sponsoring the All Japan High School Soccer Tournament

On the basis of our corporate philosophy of "enhancing the quality of life" and growing "in harmony with society," the Teijin Group has co-sponsored the All Japan High School Soccer Tournament since 1991 in line with our goal of contributing to society by supporting amateur and youth sports. The Group donates soccer balls made of Teijin's high-grade artificial leather CORDLEY to the participating schools representing each prefecture of Japan.



Supporting youth football in Southeast Asia

Teijin Polyester (Thailand) Limited (TPL) has been an official sponsor of the Japan Dream Football Association (JDFA) since 2012. The JDFA is an organization set up in 2011 by Masao Kiba, the former captain of Gamba Osaka professional soccer team. By conducting football workshops and other activities in Southeast Asian countries, the JDFA aims to inspire children to pursue their dreams for the future, along with spurring the development of soccer in Japan and Asia.



Environment

Environmental education at Eco-Pro 2019

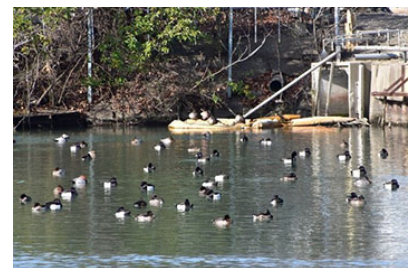
The Teijin Group exhibited at Japan's largest environmental exhibition, Eco-Pro2019, and held an environment-related class at its booth. This class was an opportunity for visitors to learn about the process of recycling used plastic bottles into polyester fiber by handling actual samples and to gain firsthand experience of the importance of recycling and the points to be careful of when collecting plastic bottles.



Fixed-point observation event for wild birds

With the cooperation of members of the Wild Bird Society of Japan, the Teijin Iwakuni Factory conducts annual fixed-point observation events for wild birds for the purpose of confirming the significance of pondage in terms of safety and biodiversity, as well as fostering stronger interest in the environment.

In FY2019, the event was held on January 18, 2020, with the participants observing about 100 wild birds of 8 species, including the tufted duck. The event confirmed that as a result of Teijin's environmental preservation activities, the water is being kept in excellent condition.



Fostering Volunteer Personnel

Group-wide activities

Promotion of Volunteer Support Program

In June 2011, we established the Volunteer Support Program. Under this program, the administration committee decides which volunteer activities are to be supported from volunteer activities that group employees in Japan are engaged in, and partial financial support for the activities is provided via the Teijin Group Social Contribution Fund made up of donations from volunteer employees and directors as well as from companies.

The fund donated operating money to the following 11 nonprofit organizations (NPOs) in FY2019:

- (NPO) NGO Quatro (100,000 yen)
- Work Life Collabo (100,000 yen)
- (NPO) Kodomo e no Manazashi (100,000 yen)
- (NPO) Matsuyama Suicide Prevention Center (100,000 yen)
- Protecting the Nature of Hino Organization (60,000 yen)
- Nijinokai, an NPO supporting the nurture and welfare of children with developmental impediments (100,000 yen)
- (NPO) Japan Association for Galapagos (100,000 yen)
- (NPO) Minuma Farm 21 (100,000 yen)
- Nature Conservation Educators Tokyo Liaison Office, The Nature Conservation Society of Japan (1000,000 yen)
- Teijin Soccer School (100,000 yen)
- (Public Interest Incorporated Association) The Natural Environment Conservation Society of Osaka (100,000 yen)



NGO Quatro



Nature Conservation Educators Tokyo Liaison Office, The Nature Conservation Society of Japan

Picture book donating activities-Book Dream Project

The Book Dream Project, which started in FY2008, uses money received in exchange for used books provided by Group employees in Japan to buy Japanese picture books and donate them to libraries overseas. Before donations are delivered, volunteer employees affix translated seals to the books so that they can be read in the local language. In FY2019, we donated 36 picture books to a library, special-needs school, elementary school, and kindergarten in Indonesia. We also donated 64,337 yen of the money received from the exchange of books to a mobile library activity operated by Sikkha Asia Foundation in Thailand.

Environmental photo contest held

As a way of encouraging employees to think about the environment, the Teijin Group runs a photo contest in which participants take photos of the natural environment. In FY2019, we called for entries on the theme of "Let's Protect! The Abundance of Nature and Living Things." From among entries that capture shots of the rich expressions of our planet, the winning entries for each award and a Chief Social Responsibility Officer Special Award were selected based on an online poll of Teijin Group employees.



Gold Award: "The Milky Way and Mount Fuji"



Silver Award: "The sunset and the clouds"



Bronze Award: "The great ginkgo"



Special Award: "Towards the future"

Support for Areas Affected by Disaster

Support for areas affected by the Great East Japan Earthquake

To support the areas affected by the Great East Japan Earthquake, the Teijin Group has extended support of over 500 million yen in total, including monetary donations; blankets, masks and other relief goods; and free provision of home healthcare equipment such as oxygen cylinders and oxygen concentrators.

In addition, we are also engaged in ongoing reconstruction support through our business activities. In 2013, the IT Business Group's Infocom Corporation opened a multipurpose facility "Minna no Ie" (Home-for-All) in Iwanuma City, Miyagi Prefecture. From this facility, Infocom is providing reconstruction support for agriculture utilizing IT and creating businesses to support ongoing reconstruction. In April 2015, Teijin Frontier Co., Ltd. and Otsuma Women's University donated 700 high-performance T-shirts to children affected by the Great East Japan Earthquake. These T-shirts are made of the high-performance polyester fabric ECOPURE, which remains comfortable even when the wearer is sweating. Since FY2015, Teijin Frontier Co., Ltd. has been supporting the Oxfam Trailwalker event, a global walking event held at Mount Adatara in Fukushima Prefecture every year since FY2015 as part of reconstruction efforts after the Great East Japan Earthquake.



"Minna no Ie" (Home-for-All) in Iwanuma City

Support for areas affected by the Kumamoto Earthquake

The Teijin Group has been providing support to areas affected by the Kumamoto Earthquake that struck in April 2016, in the form of donations of both money and Teijin products for use as relief supplies.

<Relief supplies>

- Attack Suppori bedding: 600
- Lightweight, warm blankets (using V-LAP): 600
- Water-absorbing pads (using BELL OASIS): 20,000
- Nonwoven medical masks: 52,250
- Brackets (Conex used): 100
- Fabric for partitions in evacuation shelters: Approx. 1,000 meters

Additionally, in December 2016 the IT Business Group's Infocom Corporation established a multipurpose facility "Minna no Ie" (Home-for-All) at the temporary housing complex in Mashiki Town, Kumamoto Prefecture. At the completion ceremony, 700 bags of freshly harvested rice (Hitomebore brand; approximately 700 kg) were distributed for free to residents of the temporary housing complex.



"Minna no Ie" (Home-for-All) at Techno Temporary Housing Complex in Mashiki Town

Support for areas affected by Natural Disasters

The Teijin Group makes donations and provides products free of charge with the aim of helping people and communities recover from natural disasters.

<Main support in Japan>

Teijin Limited donated a total of 11 million yen to areas hit by the Heavy Rain Event of July 2018 on July 18, 2018, and a total of 3 million yen to support the area affected by the Hokkaido Eastern Iburi Earthquake on September 27, 2018.

On October 25, 2019, a total of five million yen was donated to support the areas affected by Typhoon Hagibis in the first year of Reiwa.

For flood evacuees at shelters, our group company Teijin Frontier provided recycled paper tubes and cloth to set up partitions for privacy, thereby supporting the area affected by heavy rain and subsequent flooding in July 2018.



Evacuation shelter in Kurashiki City, Okayama Prefecture (elementary school)

<Main support overseas>

On October 24, 2018, our group company Teijin Carbon Fibers, Inc. donated US\$5,000 to the Harvest Hope Food Bank, a South Carolina-based NPO helping disaster-stricken areas in the aftermath of Hurricane Florence. Continental Structural Plastics Inc. donated toiletry sets to residents of coastal communities through its factory in North Carolina.

Support for the prevention of COVID-19 infection

The Teijin Group as a whole (domestic and overseas) made donations of approximately 95,000 masks, 300 protective clothing wear, and 3,200 nitrile rubber gloves to facilities including medical institutions, welfare nursing homes, and airline companies (return charter flights) where essential workers were engaged in work.

Further, in Japan, we provided polycarbonate resin sheets for use in face shields (equivalent to 700,000 yen) and non-woven fabric for masks (equivalent to 900,00 yen) free of charge to manufacturing companies among others.

Overseas, Esteve Teijin Healthcare (Spain) donated about 700,000 yen to hospitals, Continental Structural Plastics Holdings Corporation (U.S.) donated about 100,000 yen to food banks, Teijin Chemicals Plastic Compounds (Shanghai) donated about 50,000 yen to charities, and Inapal (Portugal) guaranteed salaries for employees who worked as volunteer firefighters.

This aid is equivalent to 13 million yen (from February to end of June 2020).

In addition, the Group has declared support for the prevention of the COVID-19 infection and stated that it will not seek any consideration or compensation for acts aimed at the diagnosis, prevention, containment, and termination of the spread of COVID-19 infection and will not exercise patent rights, utility model rights, design rights, and copyright rights held by the company for a certain period of time.