

TOYOBO GROUP SUSTAINABILITY REPORT 2022



SUSTAINABLE VISION 2030 > We launched our SUSTAINABLE VISION 2030 in May 2022 



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TOYOBO

TOYOBO GROUP SUSTAINABILITY REPORT 2022

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Message from the President

In 2022 we celebrated our 140th anniversary. We would like to thank our customers, business partners, local communities, and many others for their continued support.

We took this occasion to renew our corporate logo for the first time in 60 years. The curved line running across the letter mark at the center indicates the Earth's outline, or the horizon, which reflects the company's aim to create solutions needed by people and the Earth. This is exactly what we are aiming for under our corporate philosophy of "*Jun-Ri-Soku-Yu*" (Adhering to reason leads to prosperity).



Change toward sustainable growth

In addition to corporate logo renewal, we also launched our Sustainable Vision 2030. Sustainable Vision 2030 projects changes in the future business environment and shows the ideal state we seek based on our corporate philosophy, as well as our sustainability indices and action plans. We want to be a sustainable company that helps promote sustainability, while changing our corporate culture to one oriented toward sustainable growth.

The Toyobo Group aims to continue to create the solutions needed by people and the earth with our materials and science. This Vision is composed of three elements. Firstly, to contribute to solving social issues through business operations. Secondly, to attain sustainable growth and lastly, People First: it is each employee at workplace who accomplishes the above. Creating safe working environment where employees can work with pride and satisfaction is essential for Toyobo Group's further development.

We will contribute to solving social issues through our products and technologies for "Spiraling up" to a prosperous society where people can live with peace of mind and enhancement of corporate value.

Beyond Horizons - Let's go beyond and further forward

The tagline under the corporate logo reads "Beyond Horizons".

It transcends not only geographical boundaries but also temporal ones. We are responsible not only for what we can see today but also for what lies ahead. We aim to be a sustainable company that continues to contribute to healthier earth for our future. The plural "Horizons" indicates the determination of each of us to move forward beyond our own limitations and boundaries and to take on the challenges of a changing world.

Welcome change. Enjoy change. Create change.

Now a new transformation starts.

A handwritten signature in black ink that reads "Shiro Takeuchi". The signature is written in a cursive, flowing style.

President & Representative Director
TOYOBO CO., LTD.

<Related information>


Corporate Philosophy System TOYOBO PVs <https://www.toyobo-global.com/company/philosophy/>

2025 Medium-Term Management Plan <https://ir.toyobo.co.jp/en/ir/library/plan.html>

Sustainable Vision 2030 https://www.toyobo-global.com/sustainability/pdf/en_sustainable_vision2030.pdf

140th anniversary project <https://www.toyobo-global.com/140th/logo-and-monument/>



PDF CEO Message in the Integrate Report 2022 (330 KB) 

TOYOBO Group's Sustainability

[TOYOBO Group Charter of Corporate Behavior >](#)

We will act with high ethical standards and social common sense based on the ten principles in order to continue being a corporation that people trust.

[Corporate Philosophy Framework TOYOBO PVVs >](#)

In March 2019, we established the corporate philosophy framework TOYOBO PVVs. "PVVs" is the name of the TOYOBO group's philosophy framework and is a combination of the English acronyms for "principle," "vision," and "values".

[Sustainable Vision 2030 >](#)

Sustainable Vision 2030 projects changes in the future business environment and shows the ideal state we seek based on our corporate philosophy, as well as our sustainability indices and action plans.

[Sustainability Management >](#)

We are instilling the concept of sustainability along with our corporate philosophy into our business approach and integrating sustainability into our management and business strategies as we seek to fulfill our long-term vision.

[Our Value Creation Process >](#)

Our value creation process takes the TOYOBO PVVs corporate philosophy framework as its starting point, and demonstrates how we use various types of capital to create value and increase value for all stakeholders.

[Materiality >](#)

Our materiality is organized along the two axes of "materiality for stakeholders" and "materiality for the group." We will also regularly review the material issues.

[TCFD >](#)

We announced our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and have been working on initiatives and disclosures that follow them.






The photo shows the "TOYOBO WINDOW," a monument in the lobby of the head office.

The round shape represents the "TOYOBO WINDOW," open to society and a bridge between people.

It expresses the significance of TOYOBO's mission to help solve problems for people and the earth and make lasting changes for the future.

TOYOBO Group Charter of Corporate Behavior

PDF Charter (14KB) 

This Charter of Corporate Behavior applies to all directors, corporate auditors, executive officers, and employees of the Toyobo Group (TOYOBO CO., LTD. and all of its affiliated companies). The term “Toyobo Group” as used in this charter refers to all of these people.

We here at the Toyobo Group contribute to the realization of a sustainable society by aiming to become a Group that continues to create the solutions needed by people and the earth with materials and science. Also, in order to continue being a corporation that people trust, we will act with high ethical standards and social common sense based on the following ten principles.

1. Contribution to a sustainable society

We will contribute to sustainable economic growth and the resolution of social issues by developing and providing products and services that will create a safe and affluent future.

2. Fair business practices

We will maintain a sound relationship with society, including our customers and business partners, by engaging in fair competition and transactions, and responsible procurement.

2-1. We will appropriately use and manage trade secrets, personal data and other such forms of information.

2-2. We will engage in fair and unrestricted competition in adherence to laws and regulations relevant to fair competition such as antitrust law.

2-3. We will establish proper transaction policies and engage in responsible procurement and logistics in a manner that supports development of a sustainable society.

2-4. We will properly manage and declare cargo when importing and exporting, in adherence to relevant laws and regulations.

2-5. We will not engage in corrupt practices such as offering gifts, hospitality, monies, or other benefits to public officials, customers or business partners, whether locally or overseas, that would result in gaining unfair benefits, or accepting offers of such gifts, hospitality, monies or other benefits.

2-6. We will build highly transparent relationships with those in politics and government.

2-7. We will protect and make effective use of our intellectual property rights derived from results we have obtained through research and development, and will likewise respect the intellectual property rights of others. We will appropriately display our trademarks and otherwise take steps to heighten the brand value of the Toyobo Group.

2-8. We will not engage in accounting practices that would result in erroneous financial statements.

2-9. We will make decisions based on our *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity) corporate philosophy and adhere to our in-house rules.

3. Communication with stakeholders

We will carry out fair and appropriate information disclosure and enhance corporate value through communication with our stakeholders.

3-1. We will appropriately disclose information in a timely manner and otherwise strive to maintain constructive dialogue with society.

3-2. We will carefully handle information and will not engage in insider trading.

4. Respect for human rights

We support the International Bill of Human Rights and Guiding Principles on Business and Human Rights and will conduct business activities that respect the human rights of all persons.

4-1. We will conduct our business activities in a manner that shuns harassment and discrimination on grounds of race, religion, gender, age, family origin, nationality, disability, sexual orientation or otherwise. Moreover, we will reject child and forced labor. We will also respect collective bargaining rights and freedom of association based on the laws and regulations of the countries and regions in which we do business.

5. Earn customers' trust and satisfaction

We will strive to ensure the quality and safety of our products and services and earn the trust and satisfaction of customers and consumers.

5-1. We will take steps to ensure the quality and safety of our products and services by building appropriate management frameworks.

5-2. We will provide accurate and precise information regarding our products and services in order to earn our customers' satisfaction and trust.

5-3. We will engage the proper procedures in carrying out quality inspections and other such testing, and will appropriately handle data and other information.

5-4. We will strive to develop products that contribute to society. Moreover, we will appropriately manage and use external funds particularly those covering research expenses, and will strongly refrain from acts that involve fabrication or falsification of data results.

5-5. We will sincerely address customer inquiries, complaints and other interactions and will strive to manufacture products and provide services in a manner that leverages such feedback.

6. Active employee participation

We will respect employee diversity and support work practices that allow employees to demonstrate their individual skills. Also, we will provide workplaces that are conducive to productive work while taking health and safety into consideration.

6-1. We will work toward developing workplace environments that facilitate active participation among a diverse range of human talent.

6-2. We will prevent various types of harassment and other forms of mistreatment in our workplaces, and accordingly we will not engage in discriminatory practices neither in regard to hiring nor terms of employment.

6-3. We will strive to create workplaces that are safe, hygienic and rewarding, and will work to prevent excessive workloads and reduce overtime work.

7. Engagement in environmental issues

We will strive to improve energy conservation and reduce/recycle the resources used by our business, and move forward with the development of products and technologies that contribute to reducing the burden on the environment.

7-1. We will strive to improve energy conservation and reduce/reuse the resources used by our business, and will implement measures that address our environmental risks.

8. Social contribution

We will actively participate in society as a good corporate citizen and contribute to its development.

9. Thorough crisis management

We will conduct thorough crisis management in the face of actions by antisocial forces, terrorism, cyber attacks, natural disasters and other crises that pose a threat to corporate activity.

9-1. We will strive to prevent disasters and will also develop a crisis management framework for addressing emergency situations.

9-2. We will take a firm stand against antisocial forces and otherwise fully reject any and all ties therewith.

9-3. We will strive to ensure cyber-security.

10. Responsibilities of the management

Directors and the Board of Directors, operating under the spirit of this Charter, shall strive to resolve issues while working together with the entire Group and should also encourage behavior based on the principles of this Charter within the Group's supply chain. In the event that the Group violates the spirit of this Charter and loses the trust of society, directors and the Board of Directors shall proactively take responsibility to respond to the situation, including resolving the problem, investigating the causes, and preventing the problem from recurring.

Seiji Narahara
Representative Director, President and CEO, Co-COO
TOYOBO CO., LTD.
October 26, 2020

Sustainable Vision 2030

Sustainable Vision 2030

In May 2022, Toyobo observed the 140th anniversary of its founding. We launched our Sustainable Vision 2030 and 2025 Medium-Term Management Plan.

Sustainable Vision 2030 anticipates changes in the business environment of the future and shows the ideal state we seek based on our corporate philosophy, as well as our sustainability indicators and action plans. We want to be a sustainable company that helps promote sustainability, while changing our corporate culture to one oriented toward sustainable growth.

Realizing Sustainable Growth

Toyobo has formulated Sustainable Vision 2030 in May 2022 to achieve sustainable growth while moving away from survival thinking that overemphasizes short-term results. Through innovation and the 3Ps (people, planet, and prosperity), we aim to usher in both a prosperous society and the enhancement of corporate value by making contributions to solving social issues.



In formulating the vision

We have formulated this vision with a strong determination to make sustainability the cornerstone of our management. The subtitle of our long-term vision is "Achieving Sustainable Growth". Going forward, we will make a major shift to a "sustainable growth orientation," moving away from the culture of "survival thinking" that was fostered during the long-term structural reform period, in other words, away from an emphasis on short-term results.

Our company's "Sustainable Growth" has two meanings. The first is that our company itself is sustainable and sustainable. The second is to improve the sustainability of society. "Sustainable Growth" expresses our desire to realize the former by contributing to the latter.


Our Vision for 2030

– Realization of a "prosperous" society where people can live with peace of mind and a spiral increase in corporate value –

From the perspective of sustainability, which is a global issue, we have clarified more specifically "in what areas and how we will contribute to sustainability."

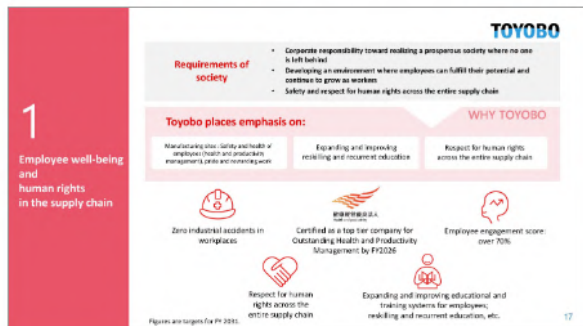
The "ideal state" of our group in 2030 is a state of spiral improvement, in which we realize a "prosperous" society where people can live with peace of mind by solving the following five social issues, and as a result, our corporate value will also increase.

"Jun-Ri-Soku-Yu" : adhering to reason leads to prosperity

Ideals we seek to realize	Innovation To be a group that continually creates materials and science that become solutions for people and the planet			
Social change and trends in 2030	Standardization in handling safety, human rights and social justice issues	Increased and diversified needs concerning access to medical care/health promotion	Demographic changes, humancentric innovation, accelerated urbanization	Decarbonization, resource circulation, limited natural resources
Social issues to be solved through commitment Goals for the future	People		Planet	
	 <div style="display: flex; flex-direction: column;"> <div data-bbox="901 857 1433 999"> <p>1 Employee well-being and human rights in the supply chain</p> <ul style="list-style-type: none"> • People First: employee safety, company pride and rewarding work • Respect for human rights across the entire supply chain </div> <div data-bbox="901 999 1433 1111"> <p>2 A healthy lifestyle and health care</p> <ul style="list-style-type: none"> • Contributing to the field of epidemiology • Contributing to improve quality of life </div> <div data-bbox="901 1111 1433 1223"> <p>3 Smart communities and comfortable spaces</p> <ul style="list-style-type: none"> • Contributing to the realization of a humancentric digital society • Creating comfortable spaces </div> <div data-bbox="901 1223 1433 1335"> <p>4 A decarbonized and circular society</p> <ul style="list-style-type: none"> • Contributing to carbon neutrality • Establishing an ecosystem for circulating resources </div> <div data-bbox="901 1335 1433 1447"> <p>5 Clean water areas, air and soil, and the preservation of biodiversity</p> <ul style="list-style-type: none"> • Improving the environment through solutions • Food loss reduction and sustainable food </div> </div>			
Where we'd like to be by 2030	Prosperity Ushering in both a prosperous society where people can live with peace of mind, and the enhancement of corporate value 1) Contributing to solving social issues through our business 2) Sustainable growth: a solid foundation and trajectory for future growth 3) People First: safe and secure workplaces, rewarding work employees can be proud of, and the opportunity for personal development			
	■ Sustainability Indicators Serious incidents zero Employee engagement score over 70% GHG emissions cut (over FY2014) Scope1 and 2 over 46% Ratio of green materials in main business operations* 60%		■ Financial Indicators Consolidated sales 600 billion yen Operating profit margin over 8.3% ROE over 9% ROIC over 7%	

Challenges toward the future — Solving five social issues —

With an eye on various environmental changes and issues, we forecast how the business environment will evolve in the next 10 years. Based on these forecasts, we have established "five social issues" that the group can contribute to solving, such as human rights throughout the supply chain, people's health, creating comfortable spaces, and realizing a decarbonized society. We will contribute to solving these issues through our own endeavors and by providing solutions.



PDF

What society requires, what Toyobo can contribute, and targets for FY2030 (577KB)



[Five Social Issues]

"People: contributing to solutions for social issues in a humancentric way"

1. Employee well-being and human rights in the supply chain
2. A healthy lifestyle and health care
3. Smart communities and comfortable spaces



"Planet: contributing to solutions for social issues in consideration of the entire Earth"

4. A decarbonized and circular society
5. Clean water areas, air and soil, and the preservation of biodiversity

Sustainability goals by social issue

Five social issues

FY2031 target







 <p>Employee well-being and human rights in the supply chain</p>	<ul style="list-style-type: none"> •Zero industrial accidents in workplaces •Certified as a top tier company for Outstanding Health and Productivity Management by FY2026 •Employee engagement score: over 70% •Respect for human rights across the entire supply chain •Expanding and improving educational and training systems for employees 	
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[Find more information about Human Resources Management here >](#)

[Find more information about Health and Productivity Management here >](#)

[Find more information about Diversity & Inclusion here >](#)

[Find more information about Supply Chain Management here >](#)



 <p>A healthy lifestyle and health care</p>	<ul style="list-style-type: none"> •Number of tests conducted by the provision of infectious disease diagnostics: 10 million per year •Number of dialysis patients provided with dialysis membranes: 250,000 •Share in the market of raw materials for biochemical and other tests: 30% •Number of patients provided with regenerative inducers: 100,000 per year •Proliferation and expanded sales of 3D network-structured fiber materials in the medical and nursing care fields 	
 <p>Smart communities and comfortable spaces</p>	<ul style="list-style-type: none"> •Sales of product groups supporting DX: 1.5-fold increase over FY2021 •Total sales of car cabin air filters: 1.2 million units •Creation of a comfortable space inside electric vehicles through sound and heat management 	
 <p>A decarbonized and circular society</p>	<p>(A decarbonized society)</p> <ul style="list-style-type: none"> •Cutting emissions in Scope 1 & 2 by over 46% in FY2031 vs FY2014 Net zero in FY2051 Avoided emissions > Amount of GHG emissions throughout the entire value chain •Entry into new solution fields Osmotic power generation, offshore cables and insulating resin for wind power generation, adhesive sheets for cells used in fuel cell vehicles, electrode materials for large storage batteries, hydrogen-related materials, etc. <p>(A circular society)</p> <ul style="list-style-type: none"> •Achieve final disposal rate from business activities: less than 1% •Ratio of green films: 60% •Join resource circulation ecosystem (R PLUS JAPAN) 	

[Find more information about Climate Change here >](#)

[Find more information about Plastic Resource Circulation here >](#)

[Find more information about Waste reduction here >](#)

[Find more information about Chemical Substances Management and Reducing the Environmental Impact here >](#)

 <p>Clean water areas, air and soil, and preservation of biodiversity</p>	<ul style="list-style-type: none"> •Air volume treated by the volatile organic compound recovery unit: 7 billion Nm³ per year •Desalination of sea water by membrane: equivalent to the volume of tap water for 10 million people •Sales volume of highly functional films that contribute to reducing food loss: fourfold increase over FY2021 •Entry into sustainable food field 	
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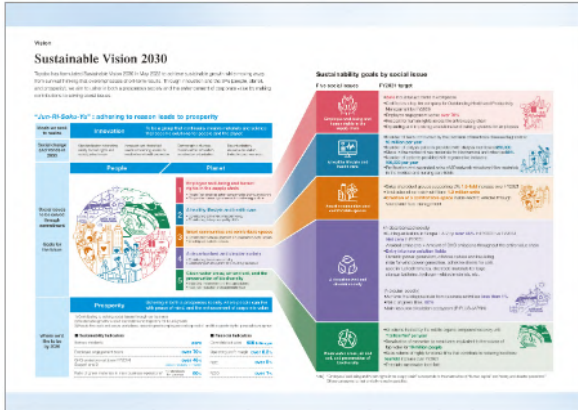
[Find more information about Water Resources here >](#)

[Find more information about Biodiversity here >](#)

“Employees’ well-being and human rights in the supply chain” corresponds to the materialities of “human capital” and “safety and disaster prevention.” Others correspond to their similarly named materialities.

For achieving sustainable vision 2030 — the people at our worksites —

Being a company where each and every person works with a sense of pride and purpose is fundamentally essential to achieving sustainable growth. The people at our worksites are naturally the central players in the long-term vision. The long-term vision shows clearly the company what we want to be and the areas we want to contribute. Linking the work in front of us to company's future gives meaning to the work each of us is doing so we can all make the vision our own.



[PDF](#) Sustainable Vision 2030 in the Integrate Report 2022 (11.70MB) [↓](#)



[PDF](#) Sustainable Vision 2030 press release (2.15MB) [↓](#)

[Find more information about our Medium-Term Management Plan here >](#)

Sustainability Management

▼ Our officer's commitment ▼ Policy and approach ▼ Participation in initiatives

Our officer's commitment

Practicing sustainability management



Nobuya Fujiwara
Executive Officer
Head of Corporate
Sustainability Division

People around the world understand the terms and messages related to sustainability, and the importance of carbon neutral, a circular economy, and other concepts is widely recognized. Recently, a new idea has risen to the forefront: nature positive.

Nature is a broad concept covering both animate and inanimate objects, and the word evokes a strong sense wanting to restore the nature that people have lost.

From ancient times, people who have considered humans as part of nature and thought of people and animals along with non-living things like water and mountains all as part of nature can easily grasp the message of "nature positive."

Our corporate philosophy of *Jun-Ri-Soku-Yu* means adhering to reason leads to prosperity. In this phrase, reason has a broad meaning, which also means law of nature. The nature positive message can also be said to align with our philosophy, in the sense that it represents following the law of nature.

Carbon neutral, circular economy, and nature positive are all very closely related, and any initiatives for them must be based on scientific evidence.

We announced our Sustainable Vision 2030 (long-term vision) in May 2022 . Following our long-term vision, we are promoting a science-based innovation approach to realizing sustainable management for our ultimate customers —people and the planet.

The long-term vision defines five areas where the Toyobo group will focus on solving problems and clearly sets the direction for the group to move forward. One of those five areas is "employees well-being and human rights in the supply chain." We will develop an environment where employees can fulfill their potential and continue to grow as workers, and use engagement surveys to continue improving the worksites. We will also broaden our CSR in procurement activities and throughout the supply chain.

As an effort to contribute to a decarbonized society, we formulated a plan to reduce GHG emissions with the goal of achieving carbon neutrality in fiscal 2051. We recently increased the reduction target amount for fiscal. We are making steady progress toward achieving our target using an internal carbon pricing system and TCFD scenario analysis while we are also preparing to earn SBT certification.

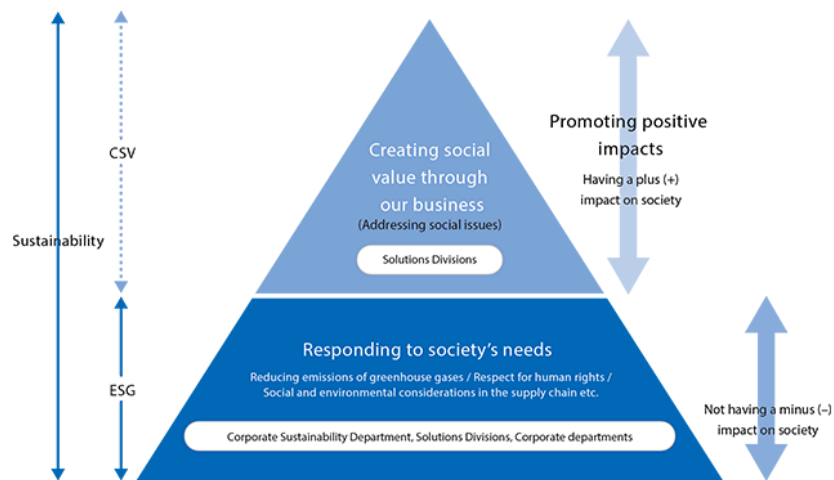
Nature positive initiatives to create "good conditions of water areas, atmosphere and soils and biodiversity" include our efforts to provide water, atmosphere, and soil solutions, reduce food loss and waste, and create sustainable food products.

These activities contribute to resolving social issues and create a competitive advantage for the company. Applying the Toyobo group's many solutions to solve social issues and contributing to attaining the SDGs are directly connected to the purpose of our existence. Our long-term vision is to create new value in two ways —by helping realize a prosperous society where people can live with peace of mind (social value) and by enhancing our corporate value. We will share with stakeholders via various media our progress following our vision to create new value.

[Find more information about our Sustainable Vision 2030 here >](#)

[Find more information about our Climate Change here >](#)

Conceptual Framework-Sustainability, CSV and ESG



Policy and approach

Policy:

1. Management focused on social sustainability
Social sustainability is the foundation for our corporate sustainability
2. Sustainability to establish a solid management base: Management base axis (ESG)
3. Sustainability to fortify competitiveness and drive growth: Business axis (CSV)

Approach:

Since being founded in 1882 as Japan's first large-scale spinning mill company in the private sector, the Toyobo group has addressed a range of issues as a good member of society through the supply of clothing fibers. We have also expanded and grown with the times and contributed to solving social issues with a focus on the environment in our aim to realize better lives for people around the world.

In 2019, we redefined our corporate philosophy *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity). After many discussions based on it, we enhanced our corporate philosophy system TOYOBO PVs. Through this discussion process, we were convinced that the essence of the Toyobo Group's activities to date lies in making a contribution to ensuring the sustainability of people and the earth.

We announced our Sustainable Vision 2030 (long-term vision) in May 2022.

Contributing to the realization of a sustainable society is the embodiment of the Toyobo group's vision "We will continue to create the solutions needed by people and the earth with materials and science." This expresses the Toyobo group's approach to sustainability.

At the same time, it is important to continually enhancing corporate value. The Toyobo group's contribution to realizing a sustainable society generates profits leading to enhancement of the group's corporate value. This enhancement of corporate value leads in turn to the next level of realization of a sustainable society through growth in the group's business. Maintaining this positive spiral is what the Toyobo group regards as sustainability.

To meet the expectations of stakeholders, the Toyobo group will further enhance its dissemination of information as well as taking active initiatives so that all employees feel personally involved in sustainability in order to promote companywide activities as a united force.

Sustainability management structure

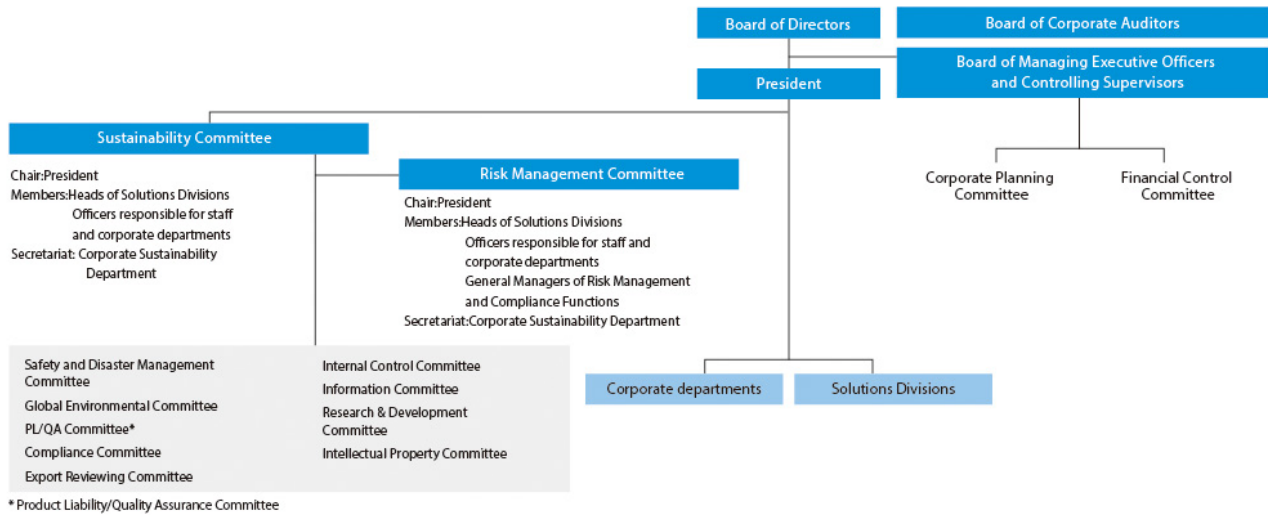
The group has established a Sustainability Committee (chaired by the President), which meets on a quarterly basis to confirm the progress made in implementing sustainability activities and to discuss new issues that need to be addressed. In fiscal 2022, we discussed several themes, including: (1) GHG emission reduction scenarios as part of efforts toward carbon neutrality; and (2) measures and KPI settings based on the results and analysis of employee engagement surveys as part of work-style reforms. We have also established a Risk Management Committee under the Sustainability Committee to enhance our sustainability risk management.

Nine committees* which handle more specialized, individual themes have been established below the Sustainability Committee and work in collaboration with it.

The officer with responsibility for sustainability is the Executive Officer who is Head of Corporate Sustainability Division. In April 2020, the Corporate Sustainability Department was established as the organization responsible for formulating and promoting various specific measures, disseminating them externally and facilitating external dialogue. In April 2021, it was put under the direct supervision of the President, and in April 2022, the Corporate Sustainability Division was established.

* Nine committees: Safety and Disaster Management Committee, Global Environment Committee, Product Liability Prevention/Quality Assurance Committee, Compliance Committee, Export Reviewing Committee, Internal Control Committee, Information Committee, Research & Development Committee, and Intellectual Property Committee... as of December 1, 2020, the eight committees will be reorganized into nine committees

Sustainability Promotion Structure



Our sustainability activities

Since its founding, the group has practiced the idea of growing its own business by contributing to the prosperity of society through a forerunner of today's CSV concept, based on the corporate philosophy of *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), which was one of the mottos of our founder, Eiichi Shibusawa.

Since fiscal 2021, we have been fully promoting activities aimed at sustainability management. We have set strategies and milestones, particularly focused on our carbon neutral and circular economy initiatives.

Period	Initiatives and their purpose
Jan. 2020	Signed the UN Global Compact and joined the Global Compact Network Japan. Announced our support for the TCFD recommendations.
Apr. 2020	Established the Corporate Sustainability Department. Incorporated ESG elements into management and strategy to enhance information dissemination to stakeholders.
Apr. 2020	Established the Sustainability Committee, chaired by the President (renamed the CSR Committee).
Apr. 2021	Placed Corporate Sustainability Department under the direct supervision of the President.
Apr. 2021	Established the Risk Management Committee, chaired by the President.
Apr. 2021	Established a structure to promote the realization of carbon neutrality. Established the Carbon Neutral Strategies Council and the Carbon Neutral Strategies Cross-Functional Team.
Apr. 2022	Established the Corporate Sustainability Division.

Participation in initiatives

UN Global Compact (UNGC)

In January 2020, TOYOBO CO., LTD. became a signatory to the UN Global Compact (UNGC), and also joined Global Compact Network Japan, which comprises Japanese companies and organizations that are UNGC signatories. As a responsible corporate citizen, this reflects our endorsement of the goal to resolve global issues and realize sustainable growth. We also gather information through our participation in the subcommittees of Global Compact Network Japan, utilizing this in our day-to-day activities. From fiscal 2021, we are participating in the following subcommittees: ESG, Supply Chain, Environmental Management, Kansai-based regional subcommittee, Reporting Research. Toyobo will abide by the ten principles of UNGC and strengthen measures to realize a sustainable society.



The Ten Principles of UNGC

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Task Force on Climate-related Financial Disclosures (TCFD)



Recognizing the scale of the impact of climate change on our group and stakeholders, we have identified a “decarbonized society and circular society” as one of our materialities. In January 2020, we announced our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and have been working on initiatives and disclosures that follow them.

In FY2022, we analyzed how climate change would impact our business based on two scenarios for our core film business, which is expected to be relatively largely impacted.

Strategy and Practice of Value Creation

Disclosure Based on TCFD Recommendations

Recognizing the scale of the impact of climate change on our group and stakeholders, we have identified a “decarbonized society and circular society” as one of our materialities. In January 2020, we announced our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and have been working on initiatives and disclosures that follow them.

TCFD Recommendations

Governance

The board should oversee and report on climate-related risks and opportunities. It should also ensure that the organization has adequate climate-related risk management in place. The board should also ensure that the organization has adequate climate-related risk management in place.

Strategy

Climate-related risks and opportunities

The organization should identify climate-related risks and opportunities. It should also ensure that the organization has adequate climate-related risk management in place. The board should also ensure that the organization has adequate climate-related risk management in place.

TCFD Recommendations

Climate-related risks and opportunities

The organization should identify climate-related risks and opportunities. It should also ensure that the organization has adequate climate-related risk management in place. The board should also ensure that the organization has adequate climate-related risk management in place.

Future direction of scenario analysis

The TCFD has published guidance on scenario analysis for companies to use in their climate-related disclosures. This guidance is intended to help companies to better understand the potential impacts of climate change on their business and to better manage those risks and opportunities.

PDF Disclosure based on TCFD Recommendations in the Integrate Report 2022 (55.1KB) [Download](#)

[Find more information about our Climate Change here >](#)

Disclosure Based on TCFD Recommendations

Recognizing the scale of the impact of climate change on our group and stakeholders, we have identified a “decarbonized and circular society” as one of our materialities. In January 2020, we announced our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and have been working on initiatives and disclosures that follow them.

Governance

The entire Toyobo group is working together to formulate a strategy to achieve carbon neutrality by 2050, and to contribute to realizing a carbon neutrality in society as a whole. Under the Sustainability Committee, which is chaired by the President, we established a subcommittee called the Carbon Neutral Strategies

Council in April 2021 as a platform to accelerate our initiatives. The Carbon Neutral Strategies Cross-functional Team, made up of members from across the company to formulate strategies and milestones for carbon neutrality, has been placed under the Council to work on concrete measures.

Strategy

Scenario analysis

First, we analyzed how climate change would impact our business based on two scenarios for our core film business, which is expected to be relatively largely impacted.

In the scenario limiting temperature rise to 2°C, societal changes associated with the shift to a decarbonized society could affect our business. In response, we will begin to examine rationalization of the manufacturing process, study the introduction of renewable energy and carbon-free fuel (hydrogen, ammonia, etc.).

If the temperature rise is around 4°C, our business may be affected by damage to production facilities and suspended supplies of raw materials due to extreme wind and flood damage. We will work to prevent this by periodically reviewing and updating our BCP, reviewing raw material inventory levels, and considering multiple purchases. On the other hand, our analysis shows that we may be able to capture new business growth opportunities as our technologies and products meet the growing expectation and demand of customers for products that contribute to low carbon emissions.

Scenarios	2°C	4°C
Vision of society	Bold policies and technological innovations will be promoted to limit the average temperature increase to 1.5°C by the end of the century and to achieve the development of a sustainable society. The societal changes brought by the transition to a decarbonized society will likely affect businesses. <Examples> <ul style="list-style-type: none"> Introducing a carbon tax and higher carbon prices Shifting to automobile electrification and expanding renewable energy 	Although Intended Nationally Determined Contributions (INDCs) and other national policies have been implemented in line with the Paris Agreement, the average global temperature will rise by about 4°C by the end of this century. Climate change, with rising temperatures, will likely affect businesses. <Examples> <ul style="list-style-type: none"> Increasing flood damage due to heavy rain
Reference	<ul style="list-style-type: none"> SDS (IEA WEO2020/ETP2020, 2°C scenario) NZE (IEA Net Zero by 2050: A Roadmap for the Global Energy Sector, 1.5°C scenario) RCP2.6 (IPCC AR5, 2°C scenario) 	<ul style="list-style-type: none"> RCP8.5 (IPCC AR5, 4°C scenario) STEPS (IEA WEO2020/ETP2020, 4°C scenario)
Risks and opportunities	Transitional risks and opportunities are likely to materialize	Physical risks and opportunities are likely to materialize

Climate change-related risks and opportunities

Based on the 2°C and the 4°C scenarios, we identified risks and opportunities for the film business. We extracted and consolidated highly important risk and opportunity items, then summarized them from the perspective of societal change and discussed proposed measures for each.

Toyobo group has set the goal of achieving carbon neutrality by reducing greenhouse gas(GHG) emissions

at least 46% (Scope 1 and 2, compared to fiscal 2014) by fiscal 2031, and achieving net zero emissions by fiscal 2051 (▶p.047 Climate Change). From April, 2022, we introduced an internal carbon pricing system, and will utilize this system as one of the criteria for future investment decisions. We are accelerating investments such as in low-carbon and decarbonization facilities, energy efficiency, and development facilities aiming to increase avoided emissions.

Societal change and its impact	Risks/Opportunities			Our measures
	Risk	Medium-term	Increasing raw material prices (carbon price pass-through, etc.)	
(1) Introduction and rise of carbon pricing		Medium- to long-term	Introduction and rise of carbon pricing	<ul style="list-style-type: none"> Expanding introduction and procurement of renewable energy Promoting higher efficiency and energy conservation in production processes Switching from fuels such as coal to those with fewer GHG emissions for in-house electricity generating equipment Examining use of carbon-free fuels (such as hydrogen and ammonia) Examining introduction of innovative technologies, including CCU and CCS
		Medium-term	Fluctuating costs due to the introduction of renewable energy	<ul style="list-style-type: none"> Selecting renewable energy procurement methods
(2) Cost impact of decarbonization	Risk/ Opportunity	Medium- to long-term	Fluctuating costs due to the promotion of energy conservation, the introduction of high-efficiency equipment, and other factors	<ul style="list-style-type: none"> Pursuing innovation and ultra-high efficiency in production processes Increasing efficiency of production in the entire value chain (integration and strengthening of cooperation with affiliate companies, M&As)
		Medium-term	Fluctuating costs due to the introduction of renewable energy	<ul style="list-style-type: none"> Selecting renewable energy procurement methods
(3) Growing demand for low-carbon products	Opportunity	Medium- to long-term	Increasing need and demand for low-carbon and decarbonization-related products	<ul style="list-style-type: none"> Expanding production and sales of eco-conscious products (products that contribute to GHG emissions reduction) Developing and expanding sales of materials related to renewable energy and carbon-free fuels Promoting research and development of low-carbon and decarbonization-related products and technologies
			Expanded sales of eco-conscious products using various certifications	
	Risk	Medium-term	Decreasing demand for products derived from petrochemical raw materials, and tighter plastics regulations	<ul style="list-style-type: none"> Utilizing recycled raw materials and biomass materials Developing recycling-oriented materials and products and establishing recycling scheme
			Demand for decreased carbon content during product manufacturing	<ul style="list-style-type: none"> Expanding introduction and procurement of renewable energy Promoting higher efficiency and energy conservation in production processes Switching from fuels such as coal to those with fewer GHG emissions for in-house electricity generating equipment Examining use of carbon-free fuels (such as hydrogen and ammonia) Examining introduction of innovative technologies, including CCU and CCS
(4) Intensifying wind and flood damage due to rising temperatures	Risk	Medium-term	Disrupted raw material supplies due to frequent disasters	<ul style="list-style-type: none"> Reviewing inventory levels, and expanding multiple purchases
		Medium- to long-term	Damaged equipment and suspended operations due to extreme weather conditions	<ul style="list-style-type: none"> Conducting BCP training and enhancing measures for production sites in coastal areas Decentralizing production sites, and introducing highly durable equipment
(5) Product demand fluctuations due to rising temperatures	Opportunity	Medium-term	Increasing demand for measures to prevent infectious diseases (prevention/treatment) due to rising temperatures	<ul style="list-style-type: none"> Expanding demand for food packaging-related products Promoting research and development of products and technologies to prevent infectious diseases

Future direction of scenario analysis

In the future, we plan to conduct scenario analyses for company-wide and individual businesses and other factors that will take CO₂ emissions and financial impacts into account.

Our Value Creation Process

Value Creation Process

Our value creation process arises from the TOYOBO PVVs corporate philosophy framework and demonstrates how we use various types of capital to create value and increase value for all stakeholders. Through this process, the Toyobo group aims to accumulate and convert capital to continue creating the solutions needed by people and the earth.

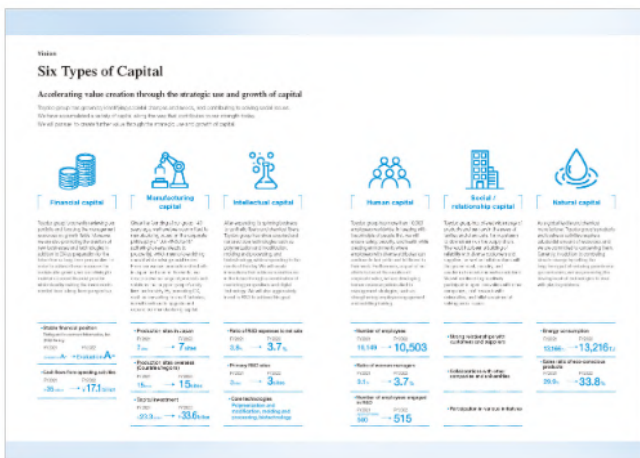
[Find more information about our Materiality here >](#)



[PDF](#) Value Creation Process in the Integrate Report 2022 (89.2KB) [Download](#)

Six Types of Capital

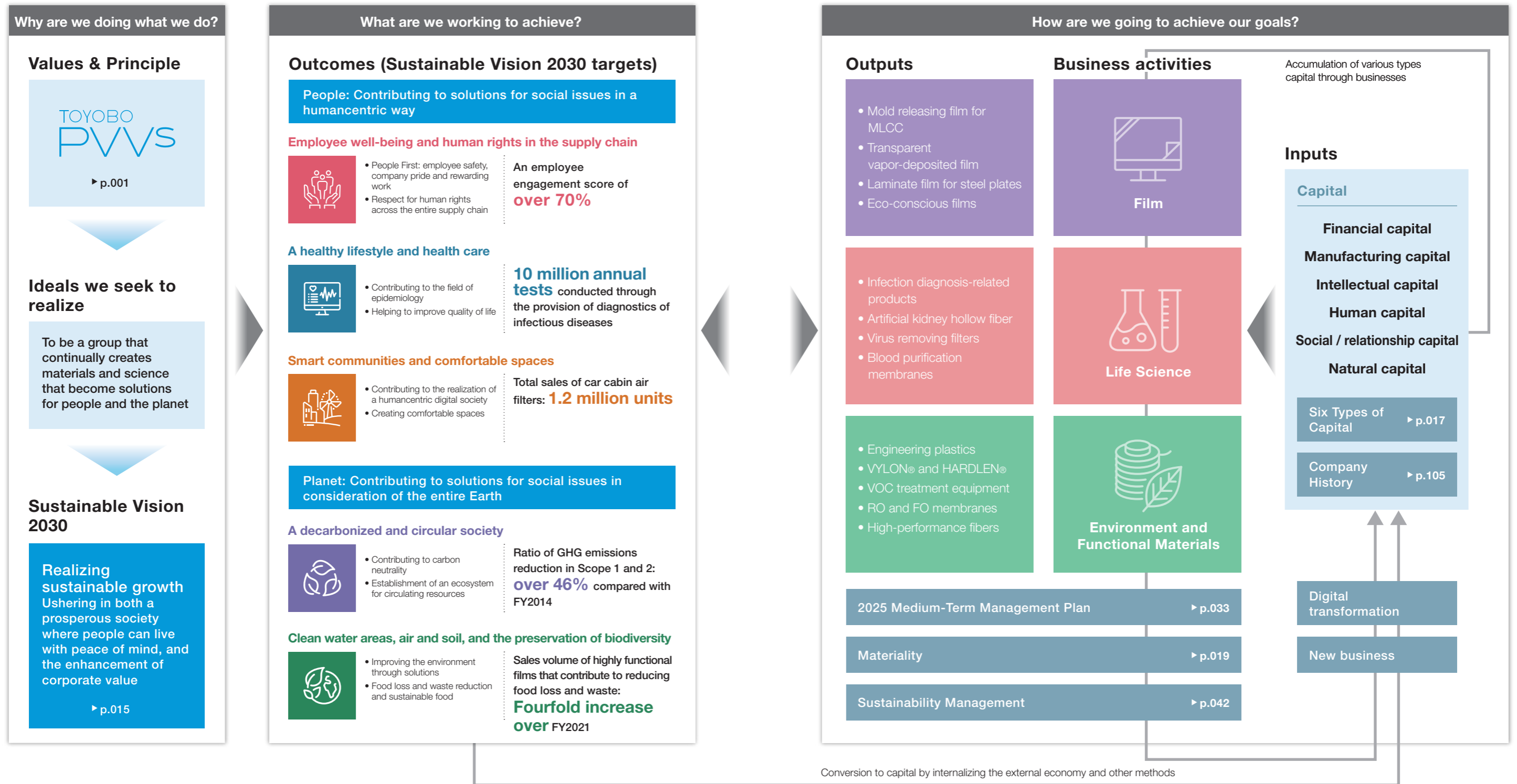
Toyobo group has grown by identifying societal changes and needs, and contributing to solving social issues. We have accumulated a variety of capital along the way that contributes to our strength today. We will pursue to create further value through the strategic use and growth of capital.



[PDF](#) Six Types of Capital in the Integrate Report 2022 (61KB) [Download](#)

Value Creation Process

Our value creation process takes the TOYOBO PVV's corporate philosophy framework as its starting point, and demonstrates how we use various types of capital to create value and increase value for all stakeholders. Through this process, the Toyobo group aims to accumulate and convert capital to continue creating "the solutions needed by people and the earth."



Vision

Six Types of Capital

Accelerating value creation through the strategic use and growth of capital

Toyobo group has grown by identifying societal changes and needs, and contributing to solving social issues. We have accumulated a variety of capital along the way that contributes to our strength today. We will pursue to create further value through the strategic use and growth of capital.



Financial capital

Toyobo group is currently reviewing our portfolio and focusing the management resources on growth fields. Moreover, we are also promoting the creation of new businesses and technologies in addition to DX as preparation for the future from a long-term perspective. In order to achieve these measures for sustainable growth, we are striving to maintain a sound financial position while steadily making the investments needed from a long-term perspective.

• **Stable financial position**

Rating and Investment Information, Inc. (R&I) Rating

FY2021 **Evaluation A-** → **Evaluation A-**
FY2022

• **Cash flows from operating activities**

FY2021 **¥35 billion** → **¥17.1 billion**
FY2022



Manufacturing capital

Since the founding of our group 140 years ago, we have been committed to manufacturing based on the corporate philosophy of “Jun-Ri-Soku-Yu” (adhering to reason leads to prosperity), which means to enriching oneself while solving social issues. From our various production sites both in Japan and around the world, we create a diverse range of products and solutions that support people’s daily lives and society. By promoting DX, such as converting to smart factories, we will continue to upgrade and expand our manufacturing capital.

• **Production sites in Japan**

FY2021 **7 sites** → **7 sites**
FY2022

• **Production sites overseas (Countries/regions)**

FY2021 **15 sites** → **15 sites**
FY2022

• **Capital investment**

FY2021 **¥23.3 billion** → **¥33.6 billion**
FY2022



Intellectual capital

After expanding its spinning business to synthetic fibers and chemical fibers, Toyobo group has since acquired and nurtured core technologies such as polymerization and modification, molding and processing, and biotechnology, while responding to the needs of the day. We will create innovations that address social issues in the future through a combination of marketing perspectives and digital technology. We will also aggressively invest in R&D to achieve this goal.

• **Ratio of R&D expenses to net sale**

FY2021 **3.8%** → **3.7%**
FY2022

• **Primary R&D sites**

FY2021 **3 sites** → **3 sites**
FY2022

• **Core technologies**

Polymerization and modification, molding and processing, biotechnology



Human capital

Toyobo group has more than 10,000 employees worldwide. In keeping with the principle of people first, we will ensure safety, security, and health while creating environments where employees with diverse attributes can continue to feel pride and fulfillment in their work. Furthermore, as part of our efforts to boost the creation of corporate value, we are developing human resource policies tied to management strategies, such as strengthening employee engagement and reskilling training.

• **Number of employees**

FY2021 **10,149** → **10,503**
FY2022

• **Ratio of women managers**

FY2021 **3.1%** → **3.7%**
FY2022

• **Number of employees engaged in R&D**

FY2021 **Approximately 500** → **515**
FY2022



Social / relationship capital

Toyobo group has offered wide range of products and services in the areas of textiles and chemicals, from upstream to downstream on the supply chain. The result has been a building of reliability with diverse customers and suppliers, as well as collaborations with the government, industry, and academia to create innovative solutions. We will continue to proactively participate in open innovation with other companies, joint research with universities, and initiatives aimed at solving social issues.

• **Strong relationships with customers and suppliers**

• **Collaborations with other companies and universities**

• **Participation in various initiatives**



Natural capital

As a global textile and chemical manufacturer, Toyobo group’s products and business activities require a substantial amount of resources, and we are committed to conserving them. Currently, in addition to combating climate change by setting the long-term goal of reducing greenhouse gas emissions, we are promoting the development of technologies to deal with plastic problems.

• **Energy consumption**

FY2021 **13,166_{TJ}** → **13,216_{TJ}**
FY2022

• **Sales ratio of eco-conscious products**

FY2021 **29.9%** → **33.8%**
FY2022

Materiality

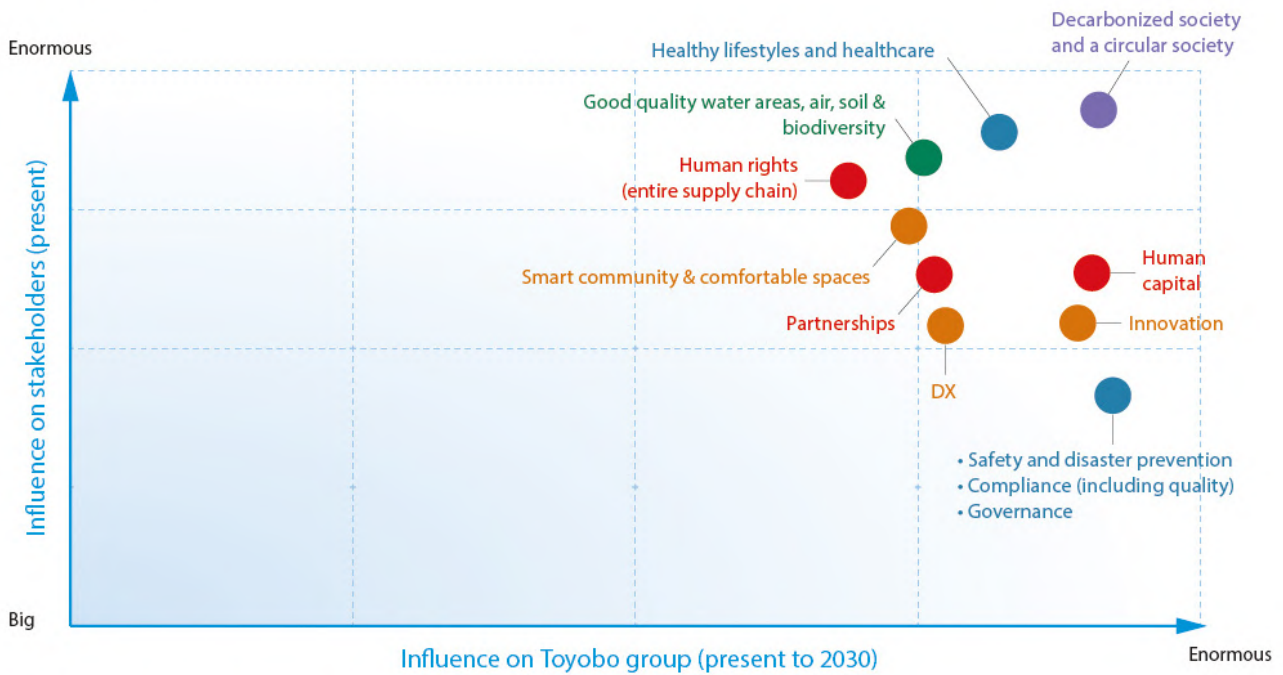
Identifying Material Issues

Reviewed based on our future vision Sustainable Vision 2030

In recent years, the expectations placed on companies, in terms of becoming carbon-neutral and contributing towards the realization of a circular economy, have grown. Enterprises need to address a wide range of issues, such as human rights, working conditions, and the impact of climate change.

In fiscal 2021, Toyobo group identified material issues in response to the demands and expectations of our stakeholders, and to realize our Vision of being a “group that will continue to creates the solutions needed by people and the earth.” In fiscal 2022, we reviewed them based on our future vision, Sustainable Vision 2030.

Materiality map



[Note] “Employee well-being” is included in the materialities of “human capital” and “safety and disaster prevention.”

Human capital: Human resources management (education, securing), diversity & inclusion, health management

Partnerships: Supply chain, social contribution, stakeholder engagement

Find more information about materiality

[Safety and disaster prevention](#) >

[Compliance](#) >

[Quality](#) >

[Governance](#) >

[Human rights \(entire supply chain\)](#) >

[Decarbonized society](#) >

[Circular society](#) >

[Good quality water areas, air, soil](#) >

[Biodiversity](#) >

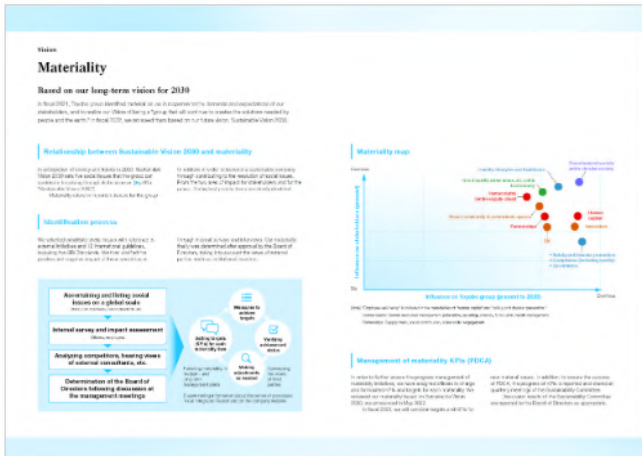
[Human capital : Human resources management](#)

[Human capital : Diversity & inclusion](#) >

[Partnerships: Supply chain](#) >

[Partnerships: Stakeholder engagement](#) >

[Partnerships: Social contribution](#) >



[PDF](#) [Materiality in the Integrate Report 2022 \(330KB\)](#) [Download icon](#)

Targets and KPIs

In conjunction with the identification of material issues, we established KPIs in November 2020 in order to promote initiatives. These KPIs are adjusted as necessary to correspond to the target achievement status. (As of April 2022)

[PDF](#) [Toyobo Group Materiality/KPIs and Targets \(426KB\)](#) [Download icon](#)

Category	Main topic	Related ESGs	Related SDGs	Officer in charge	KPIs: timeframe for achievement set for each theme			
					Themes	Targets	FY2021 results	FY2022 results
Management base (basic preconditions to materiality)	Safety and disaster prevention	E S G	3,8,11,12,17	Taichi Sakai Executive Officer Head, Safety and Disaster Management Division	1. No. of major accidents* 2. Frequency rate of workplace accidents resulting in lost workdays 3. No. of fires or explosions 4. No. of spill accidents *Major accidents: Defined according to internal standards based on the definition stipulated by the Ministry of Health, Labour and Welfare We are continuing to consider target setting for "accident prevention initiatives"	1. 0 accidents per year 2. 0.25 or less 3. 0 accidents per year 4. 0 accidents per year All targets apply every year (calendar year)	1. 1 accident 2. 0.70 3. 1 accident 4. 0 accidents	1. 0 accidents 2. 0.42 3. 1 accident 4. 2 accidents
	Quality	S G	8,12	Yoshio Araki Director, Executive Officer Head, Quality Assurance Division	1. No. of incidents related to products* 2. Implementation status of product safety and quality assurance training * Incidents related to products: Defined according to internal standards based on the definition stipulated by the Ministry of Economy, Trade and Industry We are continuing to consider target setting for "Quality-related" themes	1. 0 incidents per year 2. 100% All targets apply every year	1. 0 incidents 2. 80%	1. 0 incidents 2. 100%
	Corporate governance	G	16	Masakatsu Shirai Director, Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1. No. of meetings of the Board of Directors / committees 2. Attendance rate of officers at meetings included in 1. 3. Disclosure of details of evaluation of the Board of Directors' effectiveness	1. Disclosure of results 2. Disclosure of results 3. Disclosure of details of effectiveness evaluation	1. 25 meetings 2. Disclosed in the Toyobo Report (integrated report), and on the company website 3. Disclosed in the Toyobo Report (integrated report), and on the company website	1. 24 meetings 2. Disclosed in the Toyobo Report (integrated report), and on the company website 3. Disclosed in the Toyobo Report (integrated report), and on the company website
	Respect for human rights	S	3,4,5,8	Masakatsu Shirai Director, Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1. Implementation status of human rights education and training 2. Employment ratio of people with disabilities	1. 1) Once a year for 20% of nonconsolidated* employees 2. 2.3% * "Nonconsolidated" here refers to TOYOBO CO., LTD., TOYOBO STC CO., LTD., and TOYOBO INFORMATION SYSTEM CREATE CO., LTD. Target for FY2026	1. 24.1% 2. 2.2%	1. 27.6% 2. 2.2%
Materiality	Ability to provide solutions (R&D, and intellectual property)	E S	3,4,6,7,8,9,12,13,14	Yasuo Ota Managing Executive Officers Controlling Supervisor of Innovation Division	1. (Corporate research) Percentage of research themes that contribute towards the realization of SDGs 6, 12, 13 and 14, which are related to the ability to provide solutions as defined by Toyobo, and to the realization of SDGs 3 or 7, which are necessary for the achievement of a sustainable society 2. (Research undertaken by individual business divisions) Clarification on a company-wide basis of the current situation in regard to research themes, and setting of company-wide targets 3. No. of cases of intellectual property information analysis 4. No. of cases of business termination due to patent infringement 5. No. of overseas patent applications finalized through collaboration with business divisions or with R&D units 6. Completion of review of Outstanding Patent Application Award candidates 7. No. of intellectual property education projects targeting TOYOBO CO., LTD., and no. of such projects targeting Toyobo group companies	1. At least 75% by FY2022 (and at least 90% by FY2026) 2. - 3. Annual target: 20 cases 4. Annual target: 0 cases 5. Annual target: 2 applications 6. Target: By Dec. 31, 2021 7. Annual target: TOYOBO CO., LTD.: 13 projects; Toyobo group companies: 6 projects	1. - 2. - 3. 17 cases 4. 0 cases 5. 2 applications 6. - 7. TOYOBO CO., LTD.: 13 projects; Toyobo group companies: 5 projects	1. 71% 2. - 3. 20 cases 4. 0 cases 5. 2 applications 6. Review completed. Awards scheduled to begin in FY 2023. 7. TOYOBO CO., LTD.: 15 projects; Toyobo group companies: 6 projects
	Supply chain management	E S	1,2,3,6,8,12,13,14,15,16	Nobuya Fujiwara Executive Officer Controlling Supervisor of Procurement and Logistics Department	1. Ratio of CSR procurement surveys returned 2. Ratio of reduction in CO ₂ emissions per unit of transportation* related to logistics * CO ₂ emissions per unit of transportation (g-CO ₂ /t-km) represent CO ₂ emissions (in grams) for every 1 tonne of goods transported over 1 km.	1. 90% or above (In years when a survey is not implemented, we carry out dialogue with business partners that past survey had issues in past survey) 2. Year on year reduction of 0.5%	1. Establishing a system for conducting questionnaires 2. Year on year reduction of 0.6%	1. 93% 2. Year on year reduction of 0.5%

Category	Main topic	Related ESGs	Related SDGs	Officer in charge	KPIs: timeframe for achievement set for each theme			
					Themes	Targets	FY2021 results	FY2022 results
Materiality	Reducing greenhouse gas emissions	E	7,13	Taichi Sakai Executive Officer Head, Safety and Disaster Management Division	1. Greenhouse gas emissions (consolidated) 2. R&D investment targeting climate change 3. TCFD / scenario analysis disclosure	1. 30% reduction from FY2014* 2. We will start to discuss and respond to this issue from now on 3. We will start to discuss and respond to this issue from 2H FY2022 *Target for FY2031 Set target in anticipation of increase in greenhouse gas emissions accompanying net sales growth (FY2031: ¥500.0 billion)	1. 26% reduction (902 thousand t-CO ₂) 2. - 3. -	1. 26% reduction (900 thousand t-CO ₂) 2. - 3. Report (integrated report), and on the company website
	Reducing environmental impact	E	6,12,14,15	Taichi Sakai Executive Officer Head, Safety and Disaster Management Division	1. VOC emissions (total for operations in Japan) 2. Discharge of hazardous substances into water (total for operations in Japan) 3. Waste volume (consolidated) 4. Final disposal (landfill disposal) rate (total for operations in Japan) 5. Expanding products and services that contribute to the environment (ECO-PARTNER SYSTEM®) (TOYOBO CO., LTD. only)	1. 60% reduction from FY2015* 2. 80% reduction from FY2015* 3. 15% reduction from FY2016* 4. Less than 1% every year 5. Sales ratio held by ECO-PARTNER SYSTEM® products 40%* *Targets for FY2031	1. 14% reduction 2. 56% reduction 3. 4% increase 4. 0.2% 5. 30%	1. 29% reduction 2. 36% reduction 3. 8% increase 4. 0.2% 5. 34%
	Human resource management	S	3,4,5,8	Masakatsu Shirai Director, Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1. Training core overseas personnel in Japan 2. Training investment per employee (and training time) 3. Achievement of women manager ratio target 4. Ratio of annual paid leave taken 5. Reduction in annual time worked outside specified working hours (no. of employees working more than 360 hours of overtime per year / total no. of employees) 6. Ratio of men employees taking childcare leave 7. Certified as a "White 500 Company" for Outstanding Health and Productivity Management 8. Improvement in how positive employees feel about their work, based on an employee engagement survey a. Percentage of respondents agreeing with the statement that they do not feel that their day-to-day work is difficult to perform b. Percentage of respondents agreeing with the statement that the company respects the diverse views and ideas of each individual employee	1. 15 employees per year* 2. ¥50,000 per year* (21hrs) 3. 5.0% or above* 4. 75%* 5. Reduction of 20% (2.0%)* 6. At least 80% of eligible men employees taking childcare leave* 7. Obtain / Maintain* 8. a. Increase in the percentage of respondents agreeing with this statement b. Increase in the percentage of respondents agreeing with this statement *FY2026 targets	1. Canceled because of COVID-19 2. ¥24,000 (12.95hrs) 3. 3.1% 4. 64.0% 5. (3.0%) 6. 80.0% 7. Certified as a Health and Productivity Management Organization 2021 8. -	1. Canceled because of COVID-19 2. ¥50,000 (17.67 hrs) 3. 3.7% 4. 72.3% 5. (3.8%) 6. 64.4% 7. Certified as a Health and Productivity Management Organization 2022 8. a. 33% b. 42%
	Compliance	S G	16	Masakatsu Shirai Director, Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1.. Increase in awareness of compliance 2. Awareness and use of compliance consultation desks 3. No. of serious legal violations	1. Improvement in compliance questionnaire responses a. Dose the company emphasizes compliance ? b. Awareness of "Compliance Mini Study" Expansion of compliance study sessions (Managers)and various other of training c. Compliance study sessions Various other trainings 2. Improvement in compliance questionnaire responses a. Awareness of compliance consultation desks b. Ease of use of compliance consultation desks Disclosure of no. of cases handled 3. 0 violations per year	1.. a. I feel that it does, or by and large I feel that it does: 88% b. I read every issue, or I sometimes read it, or I read those articles that are of interest to me: 78% c. Compliance study sessions Held 11 times + video delivered to all employees Various other trainings Held 13 times 2. a. 92% b. I would like to try using it, or I can't really say one way or the other: 89% 37 cases handled 3. 2 violations	1.. a. I feel that it does, or by and large I feel that it does: 79% b. I read every issue, or I sometimes read it, or I read those articles that are of interest to me: 78% c. Compliance study sessions Held 10 times + video delivered to all employees Various other trainings Held 21 times 2. a. 87% b. I would like to try using it, or I can't really say one way or the other: 93% 62 cases handled 3. 0 violations

Category	Main topic	Related ESGs	Related SDGs	Officer in charge	KPIs: timeframe for achievement set for each theme			
					Themes	Targets	FY2021 results	FY2022 results
Materiality	Compliance (R&D and Intellectual Property)	S G	16	Yasuo Ota Managing Executive Officer Controlling Supervisor of Innovation Division	1. No. of product safety or quality assurance violations in the R&D QA system 2. No. of violations of ministerial guidelines or of funding bodies' rules 3. Violations of rules governing handling of research topics 4. No. of cease and desist orders received relating to display items	1. 0 violations per year 2. 0 violations per year 3. 0 violations per year 4. 0 orders per year	1. - 2. - 3. - 4. 0 orders	1. 0 violations 2. 0 violations 3. 0 violations 4. 0 orders
	Data security, privacy	S G	17	Ichiro Takai Managing Executive Officer Controlling Supervisor of Corporate Planning Division	1. No. of information security education provision* 2. No. of incidents1 (information leaks, service outages, etc.) 3. Implementation of information security measures** * Scope is TOYOBO CO., LTD., TOYOBO STC CO., LTD., and TOYOBO INFORMATION SYSTEM CREATE Co., Ltd. ** Scope is consolidated subsidiaries (determined while monitoring the situation) Specific measures aimed at consolidated subsidiaries • Application of Information Security Policy • Roll out of measures to strengthen office automation and factory automation	1. 15 times per year 2. 0 incidents per year 3. Disclosure of promotion contents All targets for FY2022	1. 19 times 2. 0 incidents 3. Under discussion at the Cyber Security Committee	1. 23 times 2. 0 incidents 3. Activities being promoted, with the Cyber Security Committee playing a central role
All Inclusive	Communication with stakeholders	S G	17	Masakatsu Shirai Director, Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1. No. of press releases 2. No. of interviews with investors 3. Frequency of meetings with employees and labor unions 4. Frequency of engagement with stakeholders	1. 75 per year 2. 150 per year* 3. At least 30 times per year 4. Twice a year All targets for FY2021 * Target covers the period from August 2021 to July 2022	1. 90 2. 144 3. 14 times 4. 2 times	1. 93 2. 148 3. 47 times 4. 1 time

Ability to provide solutions: Specific contribution areas have been outlined in the Sustainable Vision 2030, and, going forward, the setting of KPIs will be discussed.
 Product lifecycle management: This item has been deleted pursuant to the revision of the company's materiality.

Contribution through Our Business

▼ Features in the past

Contributing to Solving Social Issues through Business Operations >

Through our business, we will contribute to solving the following four social areas.

- A healthy lifestyle and health care
- Smart communities and comfortable spaces
- A decarbonized and circular society
- Clean water areas, air and soil, and the preservation of biodiversity

Major Business Growth Strategies >

We launched the 2025 Medium-Term Management Plan in April 2022.

We designate three businesses of film, life science, and environment and functional materials as businesses focusing on expansion.

Overview by Solution Business

For more information about an overview of FY2022 and FY2023 estimates by Solution Business here (PDF).



PDF

Overview by Solution
Business in the Integrate
Report 2022 (353KB)



Features in the past

FY2021



PDF The Future our R&D is Creating (542 KB) [Download](#)



PDF The development of ImmunoArrow® SARS-CoV-2 (353 KB) [Download](#)



PDF Integrating materials informatics (269 KB) [Download](#)

FY2020



PDF TOYOBO's Way of Manufacturing (1.13 MB) [Download](#)

Overview by Solution

Films and Functional Materials Solution

Overview of fiscal 2022

In fiscal 2022, Toyobo's Films and Functional Materials Solutions Division had net sales of ¥170.3 billion, and operating profit of ¥19.9 billion.

In the film business, the packaging film field had a challenging year, due to the impact of rising raw materials prices. Within the industrial film field, COSMOSHINE SRF®, a polarizer protective film for LCDs, achieved a sales revenue increase of approximately 20% as a result of a new production line commencing operation, while mold releasing films for MLCC posted sales revenue increase of approximately 15% for the same reason.

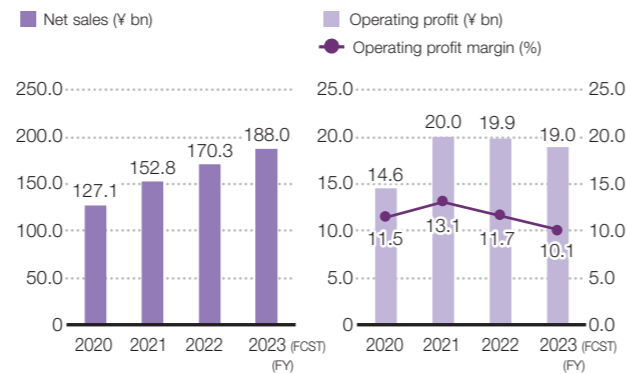
In the functional materials business, our VYLON® industrial adhesive product saw strong sales for electronic applications.

Forecast for fiscal 2023

It is anticipated that persistently high raw materials prices will have a negative impact on performance in fiscal 2023. On the other hand, we will be adding a new production line for manufacturing mold releasing films for MLCC in response to growing demand in the telecommunications

equipment market. We will also be expanding production of COSMOSHINE SRF®, a polarizer protective film for LCDs, through the installation of a new production line, supported by steady demand for use in the manufacturing of large-screen TV sets.

Based on the above, we anticipate net sales of ¥188 billion and operating profit of ¥19 billion in fiscal 2023.



Mobility Solution

Overview of fiscal 2022

In fiscal 2022, Toyobo's Mobility Solutions Division had net sales of ¥44.7 billion and operating loss of ¥1.8 billion.

The engineering plastics business posted strong sales overseas, and was able to adjust prices overseas in response to rising raw materials prices. Within Japan, however, price adjustments failed to keep pace with rising raw materials prices.

The airbag fabrics business saw an increase in sales due to the recovery in automotive sector production volumes. However, inability to adjust prices sufficiently in response to rising raw materials prices caused difficulties.

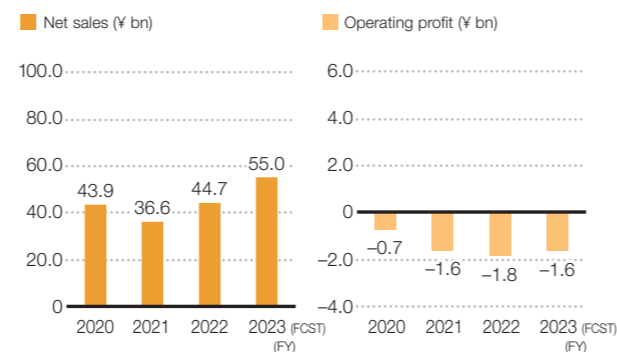
Forecast for fiscal 2023

In the engineering plastics business, raw materials prices are expected to remain high, but we will continue to adjust our sale prices.

We are also proceeding with price adjustments in the airbag fabrics business, and we are striving to improve the revenue structure of this business. Our new yarn plant in Thailand was scheduled to begin operation in 2022,

aiming to start full-scale commercial production in 2023, and we are in the process of obtaining certification from customers.

Based on the above, we anticipate net sales of ¥55 billion and operating loss of ¥1.6 billion in fiscal 2023.



Lifestyle and Environment Solutions

Overview of fiscal 2022

In fiscal 2022, Toyobo's Lifestyle and Environment Solutions Division had net sales of ¥114.3 billion and operating profit of ¥3.5 billion.

In the environmental solutions business, there was a fall in orders for VOC treatment equipment, which is used to recover solvents, resulting from the slowdown in business activity overseas in the previous year.

With regard to the nonwoven fabrics business, sales of spunbond nonwoven filament fiber were negatively affected by the reduction in production volume in the automotive sector and by rising raw materials prices.

In the functional fiber materials business, demand for IZANAS® and ZYLON® super-fibers recovered, leading to increased sales of these products.

As regards the textiles business, while there was strong demand for traditional Arabic fabric, demand for products oriented towards sports applications and uniforms was depressed.

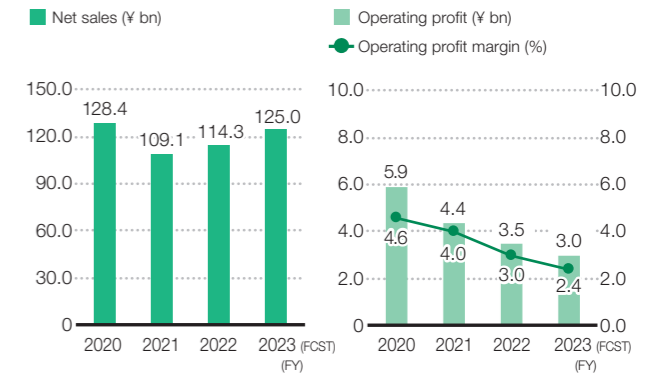
Forecast for fiscal 2023

In the environmental solution business, we will be

responding to the increased demand for VOC treatment equipment that is related to the growth in the number of lithium-ion battery production facilities being established in response to the global trend toward electric vehicle adoption.

We will be enhancing the efficiency of our textiles business through the integration of resources made possible by the restructuring of group companies.

Based on the above, we anticipate sales of ¥125 billion and operating profit of ¥3 billion in fiscal 2023.



Life Science Solution

Overview of fiscal 2022

In fiscal 2022, Toyobo's Life Science Solutions Division had net sales of ¥35 billion and operating profit of ¥8.7 billion.

In the biotechnology business, there was an increase in sales of raw materials and reagents for use in PCR testing, and of genetic screening devices and diagnostic drugs.

The contract manufacturing business of pharmaceuticals was relatively subdued due to reduced capacity utilization relating to the response to FDA requirements.

In the medical products business, sales of artificial kidney hollow fiber membranes and of virus-removing membranes were robust.

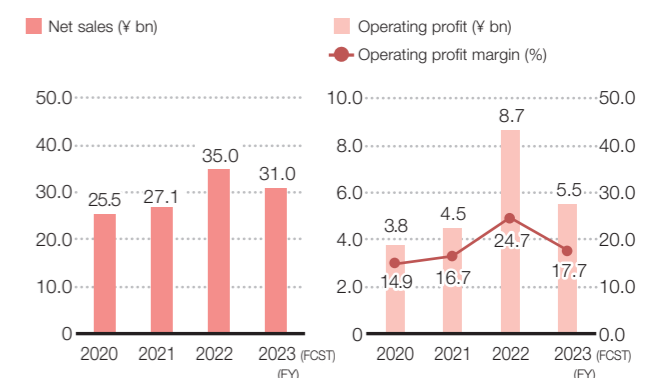
Forecast for fiscal 2023

In the biotechnology business, demand for PCR testing is expected to fall as the COVID-19 pandemic eases.

The main focus in the contract manufacturing business of pharmaceuticals will be on responding to FDA requirements, aiming to get the business back on a normal footing as soon as possible.

In the medical materials business, we will continue to expand sales of artificial kidney hollow fiber membranes and of virus-removing membranes. We are working actively to develop sales of Nerbridge® nerve regeneration conduit in the U.S. market, and striving to grow sales of Bonarc® bone regeneration inducing materials in the Japanese market.

Based on the above, we anticipate sales of ¥31 billion and operating profit of ¥5.5 billion in fiscal 2023.



Contributing to Solving Social Issues through Business Operations





[▼ Contributing through business operations](#)
[▼ CSV examples \(topics\)](#)
[▼ CSV examples \(products\)](#)

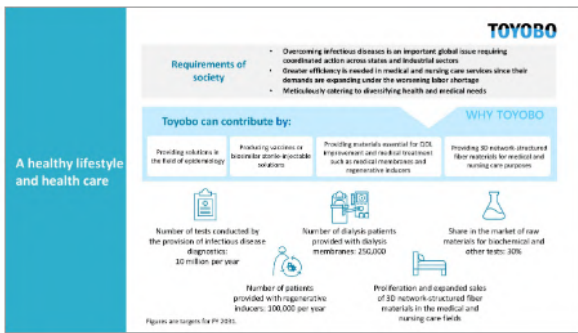
Contributing through business operations

Through our business activities, we contribute to solving the following four social areas.

people	A healthy lifestyle and health care	<ul style="list-style-type: none"> Contributing to the field of epidemiology Contributing to improve quality of life (QOL)
	Smart communities and comfortable spaces	<ul style="list-style-type: none"> Contributing to the realization of a humancentric digital society Creating comfortable spaces
planet	A decarbonized and circular society	<ul style="list-style-type: none"> Contributing to carbon neutrality Establishing an ecosystem for circulating resources
	Clean water areas, air and soil, and the preservation of biodiversity	<ul style="list-style-type: none"> Improving the environment through solutions Food loss reduction and sustainable food

Main Goals for 2030

People: Contributing to solutions for social issues in a humancentric way				
	A healthy lifestyle and health care	Number of tests conducted by the provision of infectious disease diagnostics: 10 million per year	Number of dialysis patients provided with dialysis membranes: 250,000	Number of patients provided with regenerative inducers: 100,000 per year
	Smart communities and comfortable spaces	Sales of product groups supporting DX: 1.5-fold increase over FY2021	Total sales of car cabin air filters: 1.2 million units	Creation of a comfortable space inside electric vehicles through sound and heat management
Planet: Contributing to solutions for social issues in consideration of the entire Earth				
	A decarbonized and circular society	Cutting emissions in Scope 1 & 2 by over 46% in FY2031 vs FY2014	Ratio of green films: 60%	Entry into the market of osmotic power & wind power generation/ electrode materials for large storage batteries
	Clean water areas, air and soil, and the preservation of biodiversity	Air volume treated by the volatile organic compound recovery unit: 7 billion Nm ³ per year	Desalination of sea water by membrane: equivalent to the volume of tap water for 10 million people	Sales volume of highly functional films that contribute to reducing food loss: fourfold increase over FY2021



PDF What society requires, what Toyobo can contribute, and targets for FY2030 (564KB)

CSV examples (topics)

Here are some examples of CSV cases in which we are contributing to solving various social issues.

* CSV: creating shared value



Expand high-end applications with film with superior smoothness mold releasing film for MLCC

Ceramic capacitors are generic electronic components that regulate current and temporarily store electricity. They are used in a variety of electronic circuits, automotive applications, and consumer appliance applications.

Our releasing films such as COSMOPEEL®, mold releasing film for MLCC, are indispensable when manufacturing ceramic capacitors. We support the spread and development of IoT and AI as the only manufacturer in Japan with an integrated process from production of the raw film to coating of the releasing layer.

We also have the film forming technology to achieve superior smoothness, and plan to manufacture films for high-end applications with inline coating. We will install inline coating facilities at our Utsunomiya Plant in fiscal 2025.

*Inline coating is the implementation of a process to form a coating layer during the film forming process. Forming the coating layer during the film forming process at a high speed enables high productivity, while stretching the coating layer after forming realizes a superior uniform thickness.



[Find more information about our products here >](#)



Contribute to reducing food loss transparent vapor-deposited film ECOSYAR®

ECOSYAR® is a transparent vapor-deposited film with superior gas barrier properties, and contributes to the reduction of food loss and waste through its strength in the long-term storage of food.

Since it is not vapor-deposited with metal, it can be heated in a microwave. Another strength is that it contains no chlorine compounds and does not generate chlorine gas when burned.

The transparent vapor-deposited film market is growing globally at 10% per year. Toyobo group aims to quadruple its sales volume of barrier films, which contribute to food loss and waste reduction, in this market by fiscal 2031 compared to fiscal 2021. Our plant in Indonesia went into full operation in fiscal 2021, aiming to meet global demand.

[Find more information about our products here >](#)



Expand in the genetic testing field such as PCR testing raw enzymes, reagents, diagnostic reagents, and diagnostic equipment for genetic testing

Toyobo group has expanded its diagnostics business to include raw enzymes, reagents, diagnostic reagents, and diagnostic equipment for genetic testing, with its strength in the technology to produce highly functional proteins.

We supply enzymes for diagnostic reagents used in biochemical diagnosis to diagnostic agent manufacturers, and also provide GENECUBE®, a fully automated gene analysis system that can easily and quickly perform processes from nucleic acid extraction to amplification and detection using our unique high-speed nucleic acid amplification technology. This contributes to the earlier diagnosis of diseases and the proper use of medicines. Furthermore, the SARS-CoV-2 Detection Kit -Multi- uses a unique, inhibition-resistant gene amplification enzyme, which enables the elimination of the gene extraction and purification processes. The optimization of enzyme functions by adjusting reagent formulations reduces the time required for the amplification process of extracted genes to less than half of the traditional process. Processes from extraction to easurement can be completed in as little as 60 minutes.

Toyobo also contributes to overseas demand with enzymes for biochemical diagnostic reagents (blood glucose, cholesterol, creatinine, GOT and GPT, etc.).

[Find more information about our products here >](#)



Excellent biocompatibility due to cellulosic membrane artificial kidney hollow fiber membrane

Toyobo provides artificial kidney hollow fiber membrane with the aim of contributing to the improvement of treatment outcomes and quality of life of the growing number of dialysis patients every year.

The hollow fiber membrane boasts an outstanding waste removal performance with little degradation over time. The membranes are made from natural cellulose, which reduces the incidence of allergic reactions during treatment and provides superior biocompatibility.

In cooperation with Nipro Corporation, we have decided to establish a new plant that can integrate production from hollow fiber production to processing and commercialization into dialyzers. In order to meet the globally increasing demand for dialyzers, we aim to start operations in July 2024 and to enhance our production system.



Integrated production plant for CTA dialyzers



Nipro Corporation's CTA dialyzer that uses Toyobo's hollow fiber membrane

[Find more information about our press release on new plant here >](#)

CSV examples (products)



Speeding up diagnostics

SARS-CoV-2 Detection Kit



[Find more information about our products here >](#)



Supporting the lives of dialysis patients

Artificial kidney hollow fiber membranes of stable and reliable quality

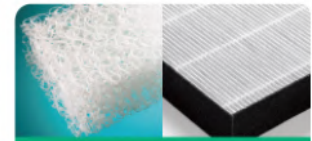


Shortening operation times and reducing the burden on patients

Nerve regeneration conduit Nerbridge-



[Find more information about our products here >](#)



Providing comfort and security

Three-dimensional cushion material BREATHAIR, Electret air filter ELITOLON-



[Find more information about our electret air filter here >](#)
[Find more information about our BREATHAIR® here >](#)



Improved LCD screen performance

LCD film with more natural color reproduction



[Find more information about our products here >](#)



Protecting lives in accidents

Airbag yarn and fabrics



Improving fuel and electricity consumption efficiency of automobiles

Engineering plastics



[Find more information about our products here >](#)



Creating future mobility

Manipularer- concept car



Recycling and resource conservation

Film of recycled PET resin CYCLE CLEAN-



[Find more information about our products here >](#)



Eliminating water shortages

RO membranes for seawater desalination



[Find more information about our products here >](#)



Balancing air pollution prevention and resource recovery

VOC recovery equipment



Food loss reduction

Transparent vapor-deposited film ECOSYAR-



[Find more information about our products here >](#)

Major Business Growth Strategies

- ✓ 2025 Medium-Term Management Plan
- ✓ Mitsubishi Corporation and Toyobo top management discuss the new joint venture
- ✓ Growth strategy by solution

2025 Medium-Term Management Plan

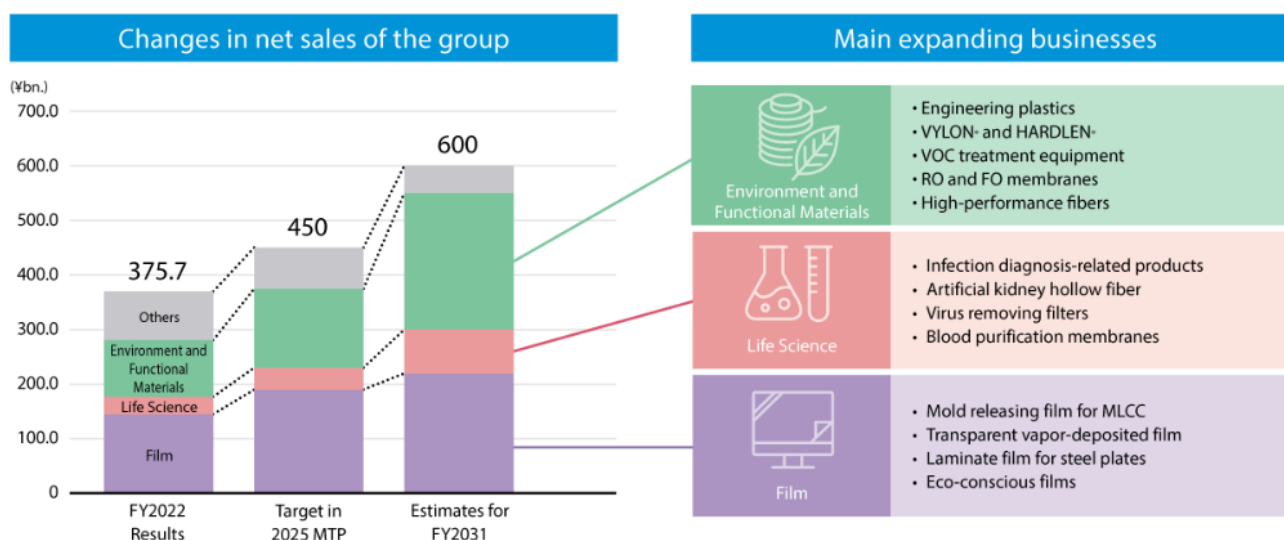
We launched the 2025 Medium-Term Management Plan in April 2022. We are calling “Four years to remake and prepare” (the next five years will be the “Five years to achieve growth”). The current plan has four core initiatives: establish thorough safety, disaster prevention, and quality assurance, reorganize the business portfolio, prepare for the future, and reestablish our business foundation.

Reorganization of the business portfolio

—Film, Life Science, and Environment and Functional Materials as businesses focusing on expansion—

In order to take measures for business stratification, we have evaluated each business on the two axes of profitability and growth potential, and classified each business into four quadrants: new businesses to be developed, businesses focusing on expansion, businesses requiring improvement, and businesses with stable earnings.

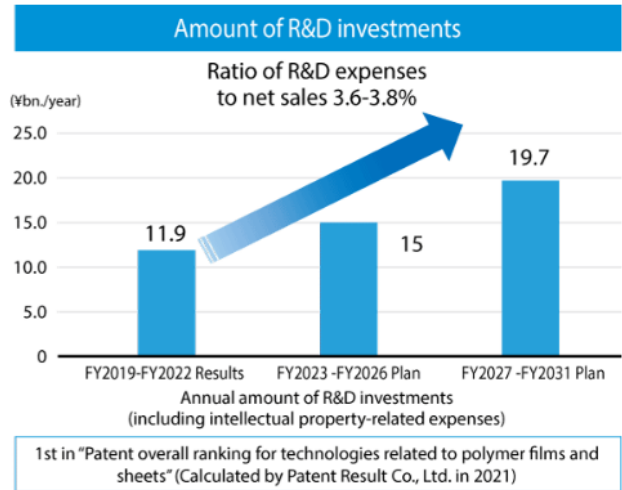
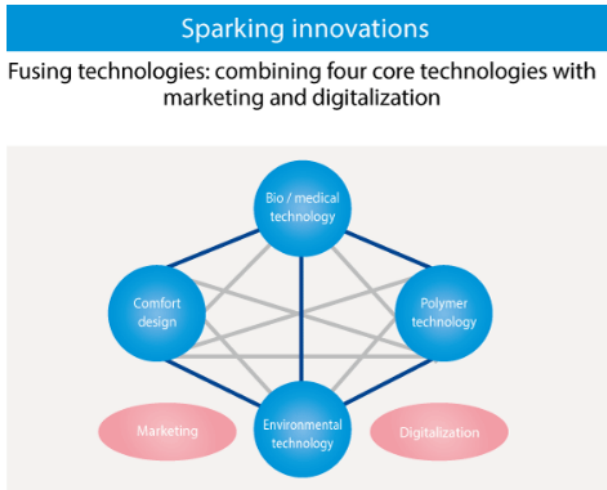
We are aiming for the normalization of the textile, airbag fabrics, and contract manufacturing of pharmaceuticals businesses by fiscal 2026, each of which are businesses requiring improvement. In the environment and functional materials business, we anticipate significant business opportunities from the response to environmental issues and the growth of electric vehicles. We expect the environment and functional materials business to become our third pillar following the film and life science businesses, and are aiming for the further expansion and growth in the new joint venture with Mitsubishi Corporation. After this reorganization, we designated these three businesses of film, life science, and environment and functional materials as businesses focusing on expansion.



Preparations for the future

By combining Toyobo group's four core technologies with technology and know-how related to marketing and digitalization, we are promoting the creation of innovation from a long-term perspective. One example of this is sustainable food products, which we are currently working to commercialize. We are also developing innovative products and technologies that will meet the needs of the new era, including renewable polymers, acute blood purification products, raw materials for nucleic acid medicine manufacturing, and organic photovoltaics materials.

For R&D investment, we expect to allocate 3.6% to 3.8% of net sales, which is the average level in the industry. We are considering future resource allocation based on a broad overview of the entire process, including capital expenditure related to R&D. In order to accelerate innovation in all of our business activities, we are also proactively promoting the development of IT environments from various perspectives.



Mitsubishi Corporation and Toyobo top management discuss the new joint venture

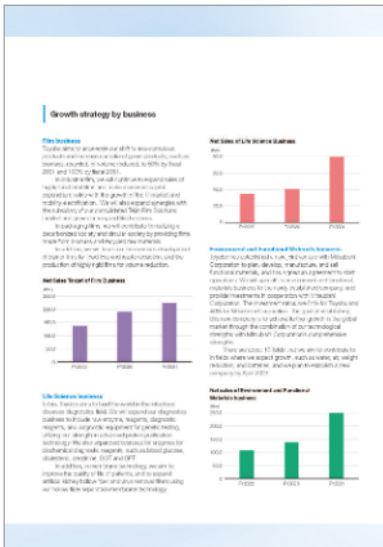
Mitsubishi Corporation and Toyobo are joining forces with a new company aimed at capturing the global market growth. Kotaro Tsukamoto, Mitsubishi Corporation Group CEO and head of the Industrial Materials Group, and Toyobo CEO Ikuo Takeuchi talked about the process leading to the partnership and their vision of the new company's future.



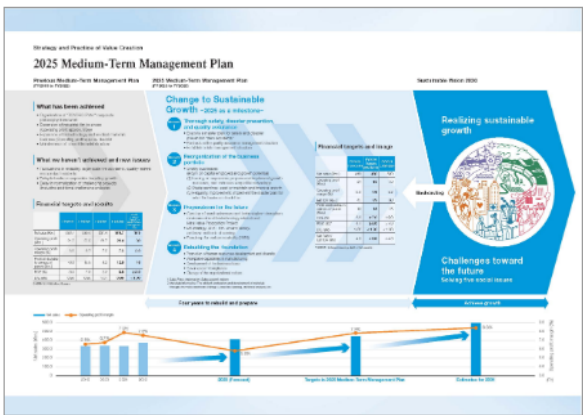
[PDF](#) Top management discuss the new joint venture in the Integrate Report 2022 (503KB) [↓](#)

Growth strategy by solution

We have positioned the Film, Life Science, and Environment & Functional Materials businesses as priority expansion businesses. Please see the PDF for the FY2022 overview and FY2023 forecast for each business.



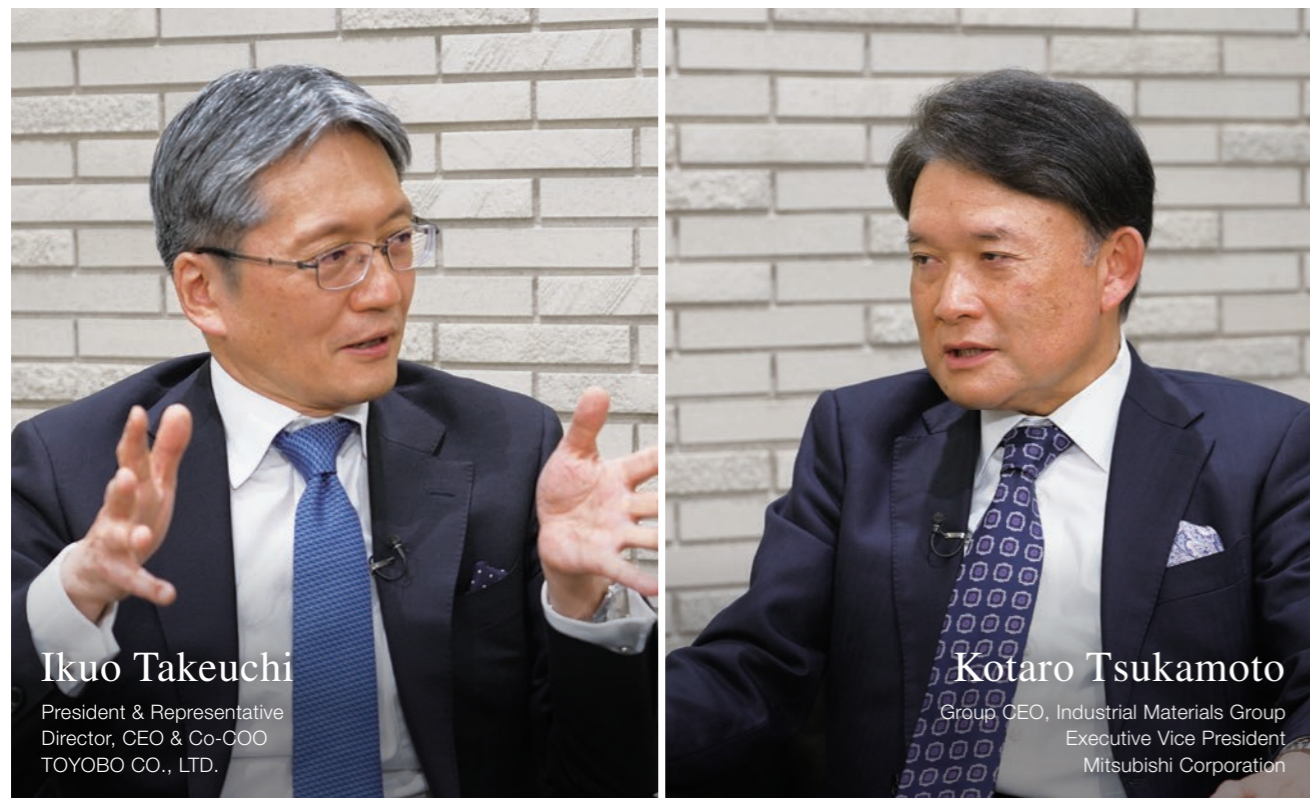
[PDF](#) Growth Strategy by Solution in the Integrate Report 2022 (97KB) [↓](#)



[PDF](#) 2025 Medium-Term Management Plan in the Integrate Report 2022 (270KB) [↓](#)

[Find more information about our Medium-Term Management Plan here >](#)
[Find more information about our Sustainable Vision 2030 here >](#)

Vision



Special Feature Mitsubishi Corporation and Toyobo Top Management Discuss the New Joint Venture

Mitsubishi Corporation and Toyobo are joining forces with a new company aimed at capturing the global market growth. Kotaro Tsukamoto, Mitsubishi Corporation Group CEO and head of the Industrial Materials Group, and Toyobo CEO Ikuo Takeuchi talked about the process leading to the partnership and their vision of the new company's future.

New joint venture that enhances both company's value

Tsukamoto We approached Toyobo three years ago about the prospect of creating a business together. What was your initial reaction when we brought up the idea?

Takeuchi I remember that we originally talked about possibly doing one business together. Later as we continued talking and you saw our wide variety of products, the discussion expanded to a collaboration

across a broader range of businesses.

There was one business in particular that we had been involved in for over 20 years but we were just not able to achieve significant growth. As we talked about ways we could collaborate, we realized that working together could create huge potential for the business.

Tsukamoto At that time, our company had just transitioned to a new group structure. The Industrial Materials Group had been established about six months earlier, and we were looking for ways to grow our business. We had always been a trading business and invested in related businesses, but we wanted to

partner with strong businesses to try and compete in global markets.

In addition, we wanted to not only generate profit, but to also fulfill our duty to create a sustainable business that would contribute to society and protect the environment. I told you our idea and said perhaps what our company was thinking was quite close to what Toyobo was thinking.

Takeuchi At the time, I was Controlling Supervisor of Corporate Planning Division, not yet CEO, and we had just started putting together the Sustainable Vision 2030 (long-term vision) and 2025 Medium-Term Management Plan [FY2023-2026] (2025 MTP), both of which we announced in May 2022. We were deep in discussions about how to base them on our corporate philosophy of *Jun-Ri-Soku-Yu*, which means adhering to reason leads to social prosperity. Right at that time, your company told us that our products can play a greater role in society, which reminded us of our company's existence value.

Fresh insight from an external perspective triggers change

Tsukamoto The Industrial Materials Group needed to implement significant changes, and we engaged in numerous discussions before making the decision to establish the joint venture (JV). We also asked ourselves, what functions can we offer Toyobo? and can we play a meaningful role in raising the company's corporate value and bring about the change that will elevate it to the next stage that you envision?

At the same time, we looked at what we had to offer. Our extensive knowledge as a general trading company could help give the JV a strong management foundation, and our worldwide network could maximize the multiplying effect with Toyobo's technology for business growth overseas. Those two points were

behind our decision to go ahead with the plan.

Takeuchi Our objective in creating the new company, as we state in our 2025 MTP is to develop environment and functional materials business into a third pillar of earnings and our next growth driver. One expectation I have for the JV is that it will provide an outside perspective on Toyobo's business approach and practices, so we can reexamine them and create more added value. The benefits of the JV are not only from the new company, but also from the positive effects that can reverberate throughout the Toyobo group.

This partnership with Mitsubishi Corporation could also open doors for more options to develop our overall business in many areas, such as procurement, environmental measures, and business expansion overseas. I see the connection with Mitsubishi Corporation as a major intangible asset that will undoubtedly enhance our ability to respond to the changes in society over the next 10 and 20 years.

Tsukamoto The business environment for the materials field is changing dramatically with the transition to electric vehicles requiring lighter materials and movement in society to become carbon neutral. We are responding by constructing a resilient management foundation, setting up an unconventional business model for co-creation, and pursuing global alliances—all of which will contribute to increasing the overall global competitiveness of the Japanese materials industry.

Takeuchi Our materials technology offers highly competitive environmental performance. Together with Mitsubishi Corporation's vast network, I would like to build the JV into a global player.

Tsukamoto To do that, we want to start with the small details, such as refining the business processes, and let the business develop to generate good synergy effects.

Takeuchi The JV will be a major change for Toyobo, since we will be transferring roughly 25% of all of our business into the company. Some employees may feel some apprehension about that, but if we can start

accumulating successes -even just small successes- I think everyone will see that the plan is working and get behind it. That's why the first three to six months will be critical.

Tsukamoto I agree. Building a track record of successes will be essential. I also think it will be important to create a sense of anticipation.

Mitsubishi Corporation currently has roughly 100 so-called consolidated companies just in the Industrial Materials Group. Of course, not all of them are growing, but the ones that are doing well seem to have frontline employees that are excited about their work.

Takeuchi That sense of nervous excitement and anticipation that comes with change is really important. The chance for younger employees to work side by side with everyone at Mitsubishi Corporation to tackle the new challenge will be a particularly good experience that will become an asset for our group in the future.

A shared vision to grow by contributing to solving social issues

Tsukamoto We also announced a three-year medium-term management plan in May 2022, which centers on what we call "MC Shared Value" (creating shared value). The plan highlights our message that we are going to put all of the MC Group's energy into addressing social and industrial issues and continuously create shared value. This is precisely what we are trying to do with the creation of the new joint venture.

Takeuchi Yes, that is absolutely true. I've been looking at your company's advertisements and other materials and thinking about various ways we can put Toyobo technology to use.

In our long-term vision, we state that we are aiming to "Realizing sustainable growth." We hear that term a lot these days, but we actually mean two separate sustainabilities. The first is to be a sustainable group,

and the second is to improve the sustainability of society. We believe contributing to the sustainability of society will underpin the sustainability of our company.

We believe the JV embodies that concept. The company will be engaging in the environment and functional materials business and will focus on creating a lineup of products that contribute to resolving the environmental issues that society is now facing. So helping address the problems the world is facing will generate growth for the new company and, when it grows into a third pillar of earnings, will lead to the growth of Toyobo.

Tsukamoto That aligns perfectly with our company's way of thinking and core essence. We want to build a third pillar of earnings by creating businesses that provide solution for various social issues.

Injecting a market perspective, spirit of taking on new challenges, and a strong commitment to growth into the Toyobo group

Tsukamoto One more objective I have for the joint venture is to take the businesses that have established steady earnings in the Japan market, and to steadily expand them overseas. My biggest dream is to grow the JV into the first company that our customers contact to meet their needs.

Takeuchi The Toyobo group generally approaches business by thinking about the technology, but we need to change that and get into the habit of thinking from a market perspective. I think that may be a crucial point for the management of the new company.

When we celebrated the group's 140th anniversary in May 2022, the message I conveyed to employees was that it was not by chance that the company has been around for 140 years, rather it was inevitable. We

have survived this long because we have always lived up to the reliability society puts in us and because we have evolved our business as the world has changed. For our business to evolve, we had to be continuously creating something new. With the new JV, we intend to create a new second business that is new in every aspect from business and technology to human resources.

Tsukamoto Taking on new challenges is absolutely essential. I strongly convey to our employees that we will certainly sometimes fail, but we should learn from our failures and move on to the next challenge. I definitely want to pass on that spirit to the new JV.

Takeuchi That is correct. In my discussions with your company, I feel the strong desire and commitment to grow. Your company has taken on numerous challenges. Our company has finally stabilized after coming through a rough period when we were fighting for our survival, and we could easily get stuck with an attitude of "we're fine as we are." I hope that your company will provide a positive stimulation so we can change that mindset.

Safety and compliance are absolutely fundamental

Tsukamoto Our group is a trading company, but we also have some manufacturing businesses, so safety and compliance are the top priorities. In my view, they are non-negotiable.

Takeuchi That will surely provide peace of mind to the employees at the worksites. During the four years of the previous medium-term management plan, our group had two fire accidents and we lost two colleagues. We also had quality-related misconduct incidents. The entire company is now working to restore reliability and reestablish unwavering trust in our company. I believe that what Toyobo is aiming for and Mitsubishi

Corporation's approach to its manufacturing businesses share the same principles and underlying premises.

Becoming the "first call" for domestic and overseas customers

Tsukamoto Starting with the concept what kind of company we want the JV to be in the future, we are asking what our goals should be and how will we achieve them. From there we will set the management plan and draw up rules for the daily operations. That's all ahead of us, but right now everyone in our group is very excited about the potential. I am looking forward to getting the business up and running as quickly as possible.

I want to create a company that everyone knows that wherever they go in the world, if you contact that company they will provide the functional materials you need.

Takeuchi It truly will be "the company you call first."

Most of the employees at the JV are from our group, so we are the ones who must take the initiative. We cannot passively wait for Mitsubishi Corporation to bring in business ideas. It's essential that we actively work together with your company to go across boundaries and be actively pursue ideas as a single company.

The ultimate key to making the company a success will be each employee's individual engagement. I would like our employees to work with the attitude of "welcome change, enjoy change, and create change," which is one of our group values. I look forward to our group employees and everyone at Mitsubishi Corporation working together to make this venture a success and achieve growth. Thank you for talking with me today.

Tsukamoto Thank you very much.

Growth strategy by business

Film business

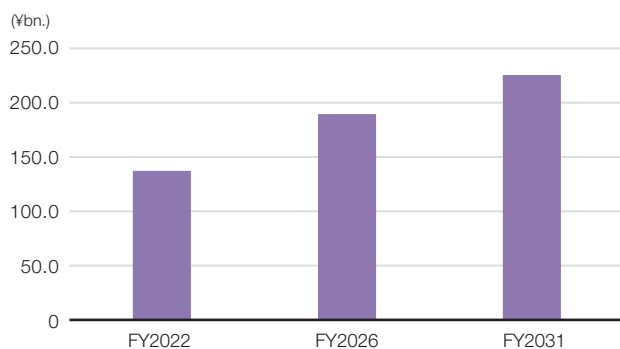
Toyobo aims to accelerate our shift to eco-conscious products and increase our ratio of green products, such as biomass, recycled, or volume-reduced, to 60% by fiscal 2031 and 100% by fiscal 2051.

In industrial film, we will continue to expand sales of highly functional films and make increased capital expenditure in line with the growth of the IT market and mobility electrification. We will also expand synergies with the subsidiary of our consolidated Teijin Film Solutions Limited and grow our recycled film business.

In packaging films, we will contribute to realizing a decarbonized society and circular society by providing films made from biomass and recycled raw materials.

In addition, we will focus on the overseas development of barrier films for food loss and waste reduction, and the production of highly rigid films for volume reduction.

Net Sales Target of Film Business

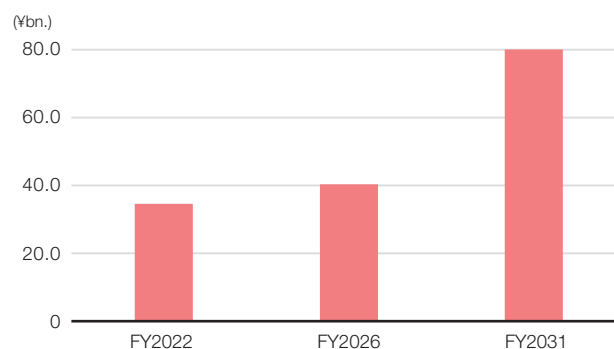


Life Science business

In bio, Toyobo aims to lead the world in the infectious diseases diagnostics field. We will expand our diagnostics business to include raw enzyme, reagents, diagnostic reagents, and diagnostic equipment for genetic testing, utilizing our strength in advanced protein purification technology. We also expanded overseas for enzymes for biochemical diagnostic reagents, such as blood glucose, cholesterol, creatinine, GOT and GPT.

In addition, in membrane technology, we aim to improve the quality of life of patients, and to expand artificial kidney hollow fiber and virus removal filters using our hollow fiber separation membrane technology.

Net Sales of Life Science Business

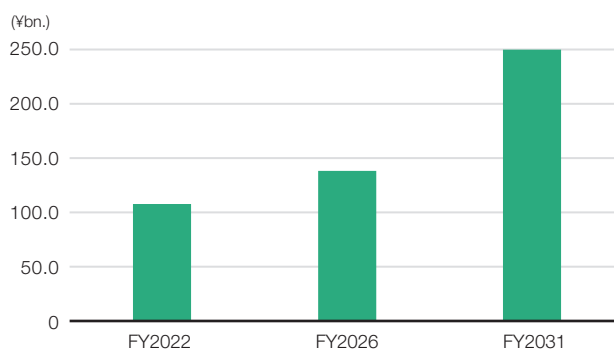


Environment and Functional Materials business

Toyobo has established a new joint venture with Mitsubishi Corporation to plan, develop, manufacture, and sell functional materials, and has signed an agreement to start operations. We will spin off its environment and functional materials business to the newly established company, and provide investments in cooperation with Mitsubishi Corporation. The investment ratios are 51% for Toyobo and 49% for Mitsubishi Corporation. The goal of establishing this new company is to achieve further growth in the global market through the combination of our technological strengths with Mitsubishi Corporation's comprehensive strengths.

There are about 10 fields that we aim to contribute to in fields where we expect growth, such as water, air, weight reduction, and batteries, and we plan to establish a new company by April 2023.

Net sales of Environment and Functional Materials business



Communication with Stakeholders

Dialogue with Stakeholders



As a member of society, we meet the expectations of our stakeholders and contribute to the sustainable development of the community through collaboration with our partners to solve social issues and cooperation in the areas where we operate.

Dialogue with ESG Investors

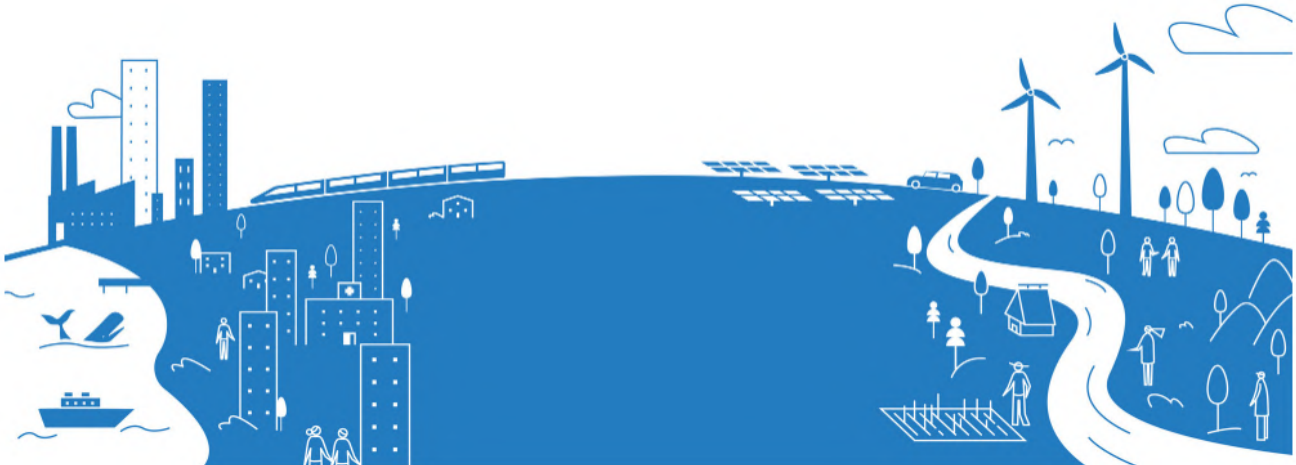


We engage in active communication with our stakeholders to enhance our corporate value.

External Evaluation (ESG Factors)




The indexes in which we are included as well as evaluations from ESG rating agencies are as follows.



Dialogue with Stakeholders

- ▼ Policy and approach
- ▼ Dialogue with stakeholders and investors

Materiality	
Related ESG: S G	
Partnership: Stakeholder engagement	

Policy and approach

Based on its corporate philosophy *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), the TOYOBO Group Charter of Corporate Behavior states “Communication with stakeholders: We will carry out fair and appropriate information disclosure and enhance corporate value through communication with our stakeholders.” In accordance with this basic approach, the Toyobo group actively disseminates information and engages in communication activities. The content of activities are also regularly reported to the management team. The group strives to disseminate information in a timely, appropriate, and accurate manner to society as a whole, including our stakeholders such as customers, suppliers, shareholders and investors, employees, and local communities.

In our communication activities, we aim to promote an accurate understanding of the Toyobo group and continuously enhance the Toyobo brand and corporate value while building relationships of trust by striving for two-way communication with stakeholders and the wider society as a whole.

Basic approach to information disclosure

The Toyobo group endeavors to provide timely and appropriate information disclosure with consideration given to fairness and impartiality in order to continue to be a trusted company. The group also communicates actively with stakeholders, including shareholders and investors, to enhance its corporate value. These activities are based the following approaches.

- Information disclosure as a social responsibility (accountability)
- Communication to enhance corporate value
- Communication to prevent damage to corporate value

<Targets>

As a member of society, the Toyobo group will meet the expectations of stakeholders and contribute to the sustainable development of communities through collaboration with partners and cooperation in the regions where the group operates with the aim of solving social issues.

<KPIs and Results>

Initiatives	KPIs	Targets (FY2022)	Results (FY2022)
<ul style="list-style-type: none">• Active dissemination of information, strengthening of disclosure• Dialogue with shareholders and investors• Dialogue with employees• Collaboration and dialogue with industry, government, and academia• Coexistence with local communities	1. No. of press releases	1. 75 per year	1. 93
	2. No. of interviews with investors	2. 150 per year*	2. 148
	3. Frequency of meetings with employees and labor unions	3. At least 30 times per year	3. 47
	4. Frequency of engagement with stakeholders	4. Twice a year	4. once

* Target covers the period from August 2021 to July 2022

Dialogue with stakeholders and investors

Financial Results

The President provides an explanation of business performance at the presentations of full-year and second quarter financial results. In addition, Toyobo holds financial results presentations for financial institutions, including institutional investors and analysts at which the President explains the details of financial results and future management policy.

Toyobo holds online financial results briefing for the presentations of first and third quarter results at which Executive Officer overseeing IR operations provides an explanation of business performance.

• IR Information

Toyobo is enhancing and expediting information disclosure in Japanese and English on the company's investor relations website.

Toyobo also provides its "Business Result Presentation", "Annual Securities Report", "Flash Report", "Integrated Report", "Fact Book" on its investor relations website together with archives. Timely disclosure materials (financial results, etc.) are posted on the investor relations website at the same time as public announcements are made.

In addition, Toyobo provides on-demand streaming of presentation videos for a certain period after the date of the financial results presentations. In FY2021, we began disclosing briefing scripts in addition to the Q&A summaries. In FY2021, we extended the posting period of on-demand distribution, Q&A summaries, and briefing scripts from three months to one year, to promote fair information disclosure.

Going forward, Toyobo will endeavor to enhance the materials and functions it provides to facilitate ease-of-use for all shareholders and investors.

• Annual General Meetings of Shareholders

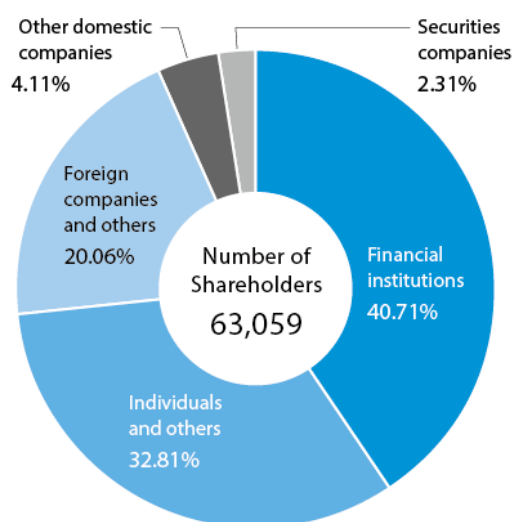
The Annual General Meeting of Shareholders is held each year in late June at Toyobo's Head Office in Osaka.

As the 164th Annual General Meeting of Shareholders held on June 24, 2022 took place during the COVID-19 pandemic, Toyobo strongly advised shareholders to exercise their voting rights by post or online rather than attending the meeting in person.

Number of Shares and Shareholders (As of March 31, 2022)

Number of shares authorized for issue	200,000,000
Shares issued to date	89,048,792 (Including 152,550 treasury shares)
Number of shareholders	63,059

Composition of Shareholders (Based on number of shares held) (As of March 31, 2022)



■ Employees

Toyobo group communicates with employees by introducing the company's management policies and activities through various media such as the group newsletter in the booklet, the intranet, and the company-wide bulletin board.

The group has started an "organizational culture and job satisfaction survey" for all employees in 2021.

Meetings of the Central Management Council, attended by representatives of the labor union headquarters and of company management, are held once a year, and meetings of the Branch Management Councils are held once a year at each of the nine branches in Japan.

The labor union is represented at meetings of the Central Management Council by staff from the union headquarters, and is represented at Branch Management Council meetings by staff from the relevant union branch, while the company is represented by the President at meetings of the Central Management Council, and by the business site manager or plant manager at Branch Management Council meetings.

KAERU Project

In April 2018, with the support of a majority of its employees, Toyobo group started the KAERU Project (kaeru means "to change") throughout the company with the participation of all officers and employees. Within this activity, we hold presentations, talk sessions, dialogue, and exchange workshops to deepen communication between officers and employees.

- Presentations and talk sessions: 21 held with a total of approximately 1,470 participants
- Dialogue and exchange workshops: around 180 held with a total of approximately 730 participants (all officers, the president and employees, in each workplace, across departments, etc.)

Lunchtime Learning

In 2022, we launched the "Lunchtime Learning" program. Held each month during the lunch break, it is intended to provide an opportunity for employees to communicate with each other while learning about what kind of work is being done at the company. In addition to participation at the venue, we also offer webcasts, which are attended by teleworkers and employees outside the head office. The events have been great successes, with many participants each time.



First "Lunchtime Learning" session

■ Overseas business sites

In response to the globalization of its business activities, the Toyobo group engages in communication with overseas business sites.

Each year, local staff of overseas business sites visit Japan for training. The curriculum is available in English and Japanese and has the three following objectives.

- a. Deepening understanding of Toyobo;
- b. Deepening interaction with Japanese employees;
- c. Applying what learned in the home countries of trainees.

Toyobo also has an overseas business training system for selected young employees to spend six months out of a one-year program at an overseas business site learning the basics of language, culture, and overseas business while interacting with local staff.

With the COVID-19 is severely restricting cross-border mobility, we are taking care to reduce the distance between Japan and the outside world more than ever before on a day-to-day basis by making effective utilization of digital technology such as online conferencing.

In the past, the President of Toyobo has visited several overseas business sites each year to encourage expatriate and local staff. However, Assuming that the COVID-19 pandemic will be prolonged, we had the online gatherings.

■ Stakeholders

Toyobo carried out four cases of communication in 2020 — June 2022 (Position at that time) :

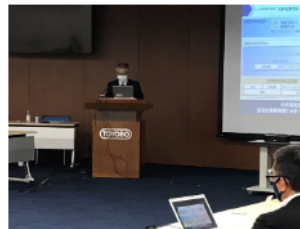
- In October 2020, " ESG as a demand of the times "
Mr. Megumi Sakuramoto, Chief ESG Analyst, Investment Div. Responsible Investment Group, Asset Management One Co., Ltd.
- In January 2021, " Corporate sustainability initiatives at Mitsubishi Corporation "
Mr. Takehiro Fujimura, General Manager, Corporate Sustainability & CSR Department, Mitsubishi Corporation
- In December 2021, "Mitsui Chemicals Group's Approach to ESG Promotion"
Mr. Ken Migita, General Manager, Corporate Sustainability Division, Mitsui Chemicals, Inc.
- In June 2022, "Business and Human Rights" — Human Rights Initiatives in the Corporate Sector
Ms. Akiko Sato, Business and Human Rights Liaison Officer, United Nations Development Programme



Mr. Megumi Sakuramoto
Chief ESG Analyst, Investment Div.
Responsible Investment Group,
Asset Management One Co., Ltd.



Mr. Takehiro Fujimura
General Manager, Corporate
Sustainability & CSR Department,
Mitsubishi Corporation



Mr. Ken Migita
General Manager, Corporate
Sustainability Division,
Mitsui Chemicals, Inc.



Ms. Akiko Sato
Liaison Officer, UNDP

■ Local communities

Please see the Local Communities page for more details.

[Find more information about our Local Communities here >](#)

Dialogue with ESG Investors

We are engaging in active communication with our stakeholders to enhance our corporate value. Please see below for the contents of the dialogues.



Toyobo President Ikuo Takeuchi sat down with Mr. Megumi Sakuramoto, Executive ESG Analyst at Asset Management One Co., Ltd. to discuss the sustainable growth of the Toyobo group on May, 2022.



Toyobo President (At the time) Seiji Narahara sat down with Mr. Ken Shibusawa, founder of Commons Asset Management and the great-great-grandson of Toyobo founder, Eiichi Shibusawa, to talk about sustainability within the Toyobo group on May, 2020.

Dialogue with ESG Investors in the Integrate Report 2022 (222 KB) [PDF](#) [Download](#)

Dialogue with ESG Investors in the Integrate Report 2020 (698 KB) [PDF](#) [Download](#)

— DIALOGUE —

Dialogue with ESG Investors

ESG Analyst

President & Representative Director

Toyobo President Ikuo Takeuchi sat down with Megumi Sakuramoto, Executive ESG Analyst at Asset Management One Co., Ltd. to discuss the sustainable growth of the Toyobo group.

A bold and clear long-term vision for sustainable growth

Sakuramoto First, I would like to share my general impressions of the recently announced Sustainable Vision 2030 (long-term vision) and 2025 Medium-Term Management Plan [FY2023 -2026] (2025 MTP). When I saw the shift the company has made to pursue sustainable growth, my impression, to exaggerate just a little, was the sleeping lion has finally awakened.

I also watched the video where you presented the company's objectives and found your narrative easy to understand terms and convincing.

Takeuchi I'm pleased to hear that. I made every effort to word and explain my objectives plainly so they would be understood. I wanted not just our investors and stakeholders, but all our employees and group employees to have a clear understanding our long-term vision and 2025 MTP. We started from the corporate philosophy and projected forward for our long-term vision, and from there we backcast to map out our medium-term management plan. That enabled us to ultimately put together a consistent story.

Sakuramoto Working back from the long-term vision and then presenting the medium-term plan as preparation for the future is particularly commendable.

The long-term vision forcefully and clearly states the three core objectives for what you want the company to be in 2030: Contributing to solving social issues through business operations; Sustainable growth with a solid foundation and track for future growth; and People First with safe workplaces where employees can work with peace of mind, pride, and a sense of rewarding work and self-growth.

Takeuchi The elements behind those core objectives are basically the same as those I expressed when I became president. I tried many ways to put them into succinct words until they were finally boiled down to what they are now.

Sakuramoto The vision is very clearly built around the concepts of sustainability, the company's people, and earning profits by contributing to solving social issues. I felt it was both faithful to our fundamentals and also sharp and forceful, not a like a razorblade but like a saw that would still cut even if some teeth were to break off.

I'd also like to point out that the ESG elements in the long-term vision would not immediately affect your business performance, but will work more subtly over time, like traditional Chinese medicine. That's why it will

be so important to stay on course with the long-term vision. A view of the future is crucial in an era of VUCA (volatility, uncertainty, complexity and ambiguity) when it's difficult to anticipate what's ahead. The vision is exceptional for the clarity of its image of the future of society and the markets.

With the vision in place, all that is left is execute the plan, which is where we hope you will show strong leadership.

*VUCA: volatility, uncertainty, complexity and ambiguity

Takeuchi I understand. I am going to lead by facing challenges head on and fostering a corporate culture with the whole group focusing on sustainable growth. I will talk often with group employees to inspire them and create a mindset for enjoying the change.

A completely new portfolio focuses on growth

Sakuramoto Looking at the 2025 MTP, I see that Toyobo is taking a long-term perspective and challenging itself to pursue goals that would be difficult to achieve with medium-term plans every four years.



Profile

Megumi Sakuramoto

Executive ESG Analyst,
Responsible Investment Group, Investment Division,
Asset Management One Co., Ltd.

Mr. Sakuramoto began his career at Pacific Consultants International and joined Yasuda Trust & Banking (now Mizuho Trust & Banking) in March 1990, where he was a fund manager and analyst in the investment operations of the Pension Management Division. He later worked at the Mizuho Pension Research Institute and joined Asset Management One as an ESG analyst in October 2016. He was appointed to his present position in January 2021.



Profile

Ikuo Takeuchi

President & Representative Director,
CEO & Co-CEO TOYOBO CO., LTD.

Mr. Takeuchi joined Toyo Boseki (now Toyobo) in April 1985 became General Manager of Corporate Planning Office in October 2014. After serving as Chairman of a Chinese subsidiary, he was appointed Head of the Functional Membrane and Environmental Division. He was appointed Executive Officer in April 2018 and Managing Executive Officer in April and Director in June 2020. He was appointed to his present position in April 2021.

You have even reorganized the business portfolio. Setting quantitative standards, assessing and stratifying each business in terms of profitability and growth potential, and planning to concentrate resources in key focus areas all create intriguing potential.

Takeuchi Portfolio reform has always been a major management theme at Toyobo. Past reform only aimed at eliminating unprofitable and low-profit businesses. We're taking a completely different approach now in that we are asking how we can build a business that contributes to society, and how we can then increase our profits from that business. Our focus is now fully on those two points. At the same time, the joint venture with Mitsubishi Corporation increases the growth potential for businesses that are already generating steady earnings.

The portfolio reform symbolizes our conceptual shift from survival to pursuing sustainable growth, which underlies the long-term vision.

Key to fulfilling the vision is fully convincing our officers and employees

Sakuramoto I mentioned that solid leadership will be important to fulfilling the long-term vision and 2025 MTP, but it will also be essential to gain the understanding and cooperation of everyone in the company. That is especially critical now with the drastic reforms you are planning.

Takeuchi I view the changes less as drastic and more as a natural progression. We are following the *Jun-Ri-Soku-Yu* principle and just "adhering to reason."

Still, because of the various organizational structures and positionings, it's by no means easy to do this across all our companies. That's where your idea of having everyone in the company making it their own personal the long-term vision is so important. The Corporate Sustainability Department, as the secretariat for the vision, and held multiple discussions with the Solutions Divisions (Business Division) and Corporate Departments (operations departments) when forming the draft vision. The executive officers then also met numerous times to put the vision together. During the discussions, the officers looked at the bigger picture beyond their own departments or position and primarily focused on what would be best for the group. When the

final version of the vision came out, all of our department managers considered it not as some plan that suddenly appeared but as the long-term vision that everyone had created together.

The vision's success will depend on all of the company's officers and employees getting behind it and making it their own. If you think the vision is separate from what you are doing at the company, you will not be successful. Your work is part of the long-term vision. I would even say the long-term vision can give meaning to your life and work. If you can feel that connection to your life, then the long-term vision will be meaningful to you.

Sakuramoto It will take a constant effort to make the vision permeate deeply among employees.

Takeuchi Yes, that will be critical, and I've already started to work on that. The other day when I announced the long-term vision to the group, in my message I included a question for everyone to think about: What is the purpose of creating a long-term vision? I wanted to convey that our aim is not to create the long-term vision but that it is important for group employees to make the vision "personal" and to take action to make it a reality.

I also recommended the leaders at all of the worksites to explain the long-term vision and 2025 MTP for the group and for their departments and then to thoroughly discuss them with everyone to hear what they think and how they feel about it.

In addition to linking our current activities to the long-term vision, each department and individual must have an action plan. We also know that "execution is everything" and will be diligently conducting follow up for the plan.

A human resources strategy linked to the management strategy

Sakuramoto In recent years, investors have been increasingly looking at corporate policies related to employees, or human capital, as a way of assessing a company from a long-term perspective. The rapidly changing market conditions and changing workstyles during the pandemic are creating a whole new value system, making it more important than ever that the strategy vectors of management and human resources are aligned. What is Toyobo's human resources strategy?

Takeuchi Our basic strategy is to foster worksites

where diverse human resources can thrive and be the driving force for the transformation that we are aiming for in our long-term vision and 2025 MTP. We will stimulate innovation by securing staff with diverse experience, sensibilities, values, and expertise and encouraging them to work together and develop their abilities.

One specific step we took was to introduce a new personnel system in fiscal 2023. The system is designed to create a workplace where every group employee can experience growth and work with pride and purpose. We are also constructing a Personnel Database that we will be able to use to plan and implement a human capital strategy closely linked to our management strategy by enabling three key activities: nurturing next-generation managers, providing job matching and reskilling. Along with this, we plan to make our biggest ever increase in investment for human resource development.

Combining external and internal knowledge for DX

Sakuramoto Digital transformation (DX) is also central to the 2025 MTP. What is your plan for DX?

Takeuchi We had already been working on DX, but we recently hired a new director for the IT and DX Planning Department to speed up the transformation. In June 2022, we also brought in Mr. Hiroshi Fukushi as an Outside Director from Ajinomoto Co., Inc., where he was the Chief Digital Officer and leading the company's management reform and DX. He will provide an objective view on what we are doing, and I look forward to hearing his frank opinions and recommendations.

Sakuramoto You are indeed actively moving on DX. I'd also encourage you the Toyobo DNA from your 140-year history. The knowledge of internal personnel who are deeply familiar with the company will be extremely important to obtain the full potential of DX.

Takeuchi That is very true. Combining knowledge from both inside and outside the company will be key. Mr. Fukushi has already been talking with executives and employees about the DX strategy. I'm looking forward to what the changes will bring for the company.

Importance of disclosure and dialogue about corporate activities

Sakuramoto Lastly, I would like to ask you about the company's information disclosure policies and dialogue with stakeholders. Risk disclosure is crucial to earning the trust of investors and financial markets. Disclosure related global issues like climate change are important, but so is disclosure of Japan-specific risk, such as earthquakes or tsunamis related to the Nankai Trough.

Takeuchi We actively seek to identify and respond to risk with our highest priority on risk related to safety, accident prevention, and quality, and make every effort to conscientiously disclose the related information. We also seek to identify other forms of risk, create comprehensive risk maps, and formulate and implement workaround and mitigation measures. Earthquakes are indeed a material issue that occurs frequently in Japan, and I would like to reexamine the risk and formulate a practical business continuity plan.

I want to fully disclose these risks, and I also want to communicate to investors and other stakeholders the measures we are taking to mitigate the risks.

Sakuramoto I think the company could also be more proactive about disclosing positive information. If investors don't hear about countermeasures, they will assume there are none.

Takeuchi I realized the importance of that in 2021 when I saw the positive reaction in the capital markets after we issued our integrated report. I was even told by some people that sharing information more widely could even boost our stock price.

Sakuramoto Toyobo has a solid principle, technology, and many other positive attributes. I feel that the company is not disclosing all that it could. I would like to see Toyobo receiving the recognition that it deserves.

Takeuchi That is excellent advice. We will steadily advance our long-term vision and 2025 MTP and share the progress, issues, and results with investors and other stakeholders. Thank you for coming today.

Sakuramoto Thank you very much. It was a pleasure talking with you.

External Evaluation (ESG Factors)

External evaluation

■ Inclusion in ESG Indexes

Toyobo is listed on the following ESG Indexes , as of March 2022.

- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)



**FTSE Blossom
Japan**



**FTSE Blossom
Japan Sector
Relative Index**

**2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

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■ Other evaluations

Toyobo has received the following evaluations.



[Find more information about our Health and Productivity Management here >](#)

[Find more information about our Participation of women in the workforce here >](#)

[Find more information about our Climate Change here >](#)

【Activity Report】

Environment

These sections introduce our group's environmental policy, environmental management structure, and related initiatives.

[Management Approach](#) >

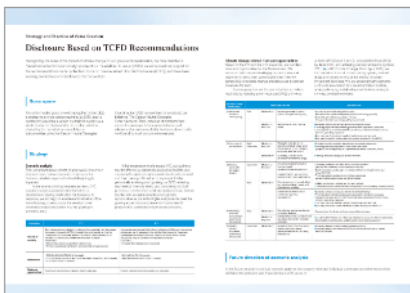
[Eco-Consious Products](#) >



A decarbonized and circular society

Toyobo group recognizes climate change as a very significant social issue that will have a significant impact on our business. We support the "Glasgow Climate Pact" and aim to achieve carbon neutrality by the fiscal year 2051, which is consistent with the global 1.5°C target.

[Climate Change](#) >



Disclosure based on
TCFD Recommendations
in the Integrate Report
2022 (55.1KB)

PDF



Increasing consumption of natural resources and energy, and increasing generation of waste, are becoming serious problems throughout the world. As a result, there is a global trend to realize a transition away from conventional uni-directional resource usage toward the circular economy, in which resources are used in a sustainable manner.



Toyobo group is aiming to help realize the circular economy through its business activities by implementing initiatives to achieve the greenification (i.e., utilization of biomass and recycled raw materials, and volume reduction) of plastic in the value chain, reduce waste, and conserve water resources.


[Plastic Resource Circulation](#) >

[Waste Reduction](#) >

[Water Resources](#) >




Polymerization of 100% bio-based PET resin in the Integrate Report 2022 (192KB)



Clean water areas, air and soil, and preservation of biodiversity

Our daily lives and our economy are supported by the benefits that we receive from a wide range of living creatures and ecosystems, or in other words, from biodiversity.

Toyobo group handles a wide range of chemical products, and produces items such as textile products, containers and packaging, and raw materials for pharmaceutical products. To minimize the negative impact that our operations have on the global environment and on ecosystems, we are working to conserve biodiversity, by implementing thorough management of chemical substances, as well as striving to reduce our impact on the environment, including the atmosphere and on water area.

[Chemical Substance Management and Reducing Environmental Impact >](#)

[Biodiversity >](#)

[Find more information about our ESG Performance Data >](#)

Management Approach

▼ Policy and approach ▼ Structure ▼ Environmental Management System

Policy and approach

In 1992, we established our Global Environmental Charter and Action Guidelines, and in 1997, compiled our Environmental Philosophy, Environmental Activity Policy, and Code of Conduct into the "TOYOBO Group Fundamental Policy on the Global Environment" and launched a company-wide global environmental conservation initiative.

In addition to reducing the environmental impact of our business activities, we will contribute to society through people- and planet-friendly technologies.

TOYOBO Group Fundamental Policy on the Global Environment

1. Environmental philosophy

We are striving to contribute to society through technologies friendly to both people and the environment, protect the global environment, and to leave a better planet and a more prosperous society to future generations.

2. Environmental activity policy

Development of technologies

By devoting all of our efforts, the Toyobo group is developing technologies (products and manufacturing processes) that are friendly to both people and the environment, and we are promoting environmental measures.

Environmental protection

At every stage, from product development through to design, manufacture, sale, disposal, and collection, we are forecasting, evaluating, and reducing their impact on the environment, working towards its protection.

Contribute to society

With the aim of bringing about a better global environment, as well as using our business activities, as a good corporate citizen we will actively support and participate in environmental protection and biodiversity conservation activities throughout society and in local regions.

3. Code of conduct

(1) Think : Technical development and evaluation

In development and design, strive to develop environmental technology and evaluate environmental protections.

(2) Value: Environmental protection and reuse

Strive to develop, improve, and reuse environmental technologies in the production, sales, distribution, and disposal phases.

(3) Participate: Disclose technologies and share information

Strive to disclose developed environmental technologies and provide environmental information.

(4) Protect: Environmental compliance and auditing

Strive to set and maintain environmental regulations and self-management standards set by national and local governments, etc., and carry out audits.

(5) Train: Internal and external systems

Strive to enhance our internal environment-related systems, and carry out education and awareness-raising activities.

Structure

Our environmental conservation activities (climate change, waste, water resources, biodiversity, etc.) are promoted by the Global Environmental Committee and the Global Environmental Promotion Committee under the Sustainability Committee.

The Sustainability Committee deliberates and decides on overall sustainability activities, including climate change, and reports on the progress of these activities to the Board of Directors once a year. Receiving the report, the Board of Directors supervises the progress of the activities and also manages the progress of company-wide materiality activities under this system. In May 2022, we announced our "Sustainable Vision 2030" based on the resolution of the Board of Directors to realize "a decarbonized and circular society," which is one of the materialities of our group. This includes global environmental protection activities such as reduction of greenhouse gas emissions.

The Global Environmental Committee is responsible for determining policies and managing the progress of global environmental conservation activities, including climate change response, as part of the company-wide sustainability activities. The committee is chaired by the Head of Safety and Disaster Management Division, who is also an executive officer, and is composed of officers in charge of each division and department. In principle, the committee meets once a year.

The Global Environmental Promotion Committee meets six times a year to discuss and decide on specific matters based on policies and to manage the progress of activities. The committee also consists of a promotion committee chair and a team of committee members, who visit each of our offices, production sites, and group companies to conduct "safety and environment assessment" activities, including supervision of compliance with local environmental laws and regulations.

Organizational Chart



Environmental management system

Basic approach

In order to maintain and improve our environmental conservation efforts, we have established an environmental management system that conforms to the ISO 14001 international standard at each of our production sites and laboratories.

In addition, to improve the environmental level of the group, we are continuously conducting "safety and environment assessment" and environmental education for both management and employees.

ISO 14001 certification status

As of March 31, 2022, 17 business sites (50% of all group production sites: 17 out of 34 production sites) have acquired external certification for environmental management system standards.

Business Sites Acquiring ISO 14001 Certification

TOYOBO CO., LTD. Business Sites	Date of Certification
Research Center (Otsu, Shiga)	Dec. 1996
Tsuruga Research and Production Center (Tsuruga, Fukui)	Dec. 1996
Inuyama Plant (Inuyama, Aichi)	Mar. 1998
Utsunomiya Plant (Utsunomiya, Tochigi)	Feb. 1999
Takasago Plant (Takasago, Hyogo)	Mar. 1999
Toyama Production Center. Shogawa Mill (Imizu, Toyama)	Jul. 2001
Iwakuni Production Center (Iwakuni, Yamaguchi)	Nov. 2002

Group Companies	Date of Certification
Toyo Cloth Co., Ltd., Tarui Plant (Sennan, Osaka)	Dec. 1999
Japan Exlan Co., Ltd., Saidaiji Plant (Okayama, Okayama)	Jun. 2001
PT. INDONESIA TOYOBO FILM SOLUTIONS (Indonesia)	Jun. 2001
Miyukikeori Co., Ltd., Yokkaichi Plant (Yokkaichi, Mie)	Apr. 2002
Cosmo Electronics Co., Ltd., (Yokkaichi, Mie)	Jan. 2004
Kureha Limited (Ritto, Shiga)	Jun. 2005
Toyo Cloth Co., Ltd., Iwakuni Plant (Iwakuni, Yamaguchi)	Oct. 2005
Toyobo Photo Chemicals Co., Ltd., Saidaiji Factory (Okayama, Okayama)	Oct. 2017
Toyobo Saha Safety Weave Co., Ltd. (Thailand)	May. 2019
Toyobo Kankyo Techno Co., Ltd. (Osaka, Osaka)	Jun. 2019

Group Companies (Equity Method Affiliate)	Date of Certification
Cast Film Japan Co., Ltd., Tsuruga Plant (Tsuruga, Fukui)	Dec. 2000

Safety and environment assessment

To improve the safety and environmental level of the group, the Safety and Disaster Management Promotion Committee and the Global Environmental Promotion Committee conduct "safety and environment assessments" as an internal audit of all production sites, including group companies, in accordance with our company's rules. The assessment includes confirmation of the status of various environmental laws and regulations, environmental pollution risk management, and promotion of environmental conservation activities such as energy-saving initiatives.

In addition to annual self-assessments using a checklist, each site undergoes an on-site audit once every three years to maintain and improve the level of management.

Items to be checked in the safety and environment assessment (partial)

- Complying with laws and regulations and managing the risk of environmental pollution
- Promoting environmental conservation activities (energy conservation, waste reduction, green purchasing, etc.)
- Acquiring third-party certification for its environmental management system
- Implementing appropriate management of chemical substances

In fiscal 2022, we carried out the audits at two business sites and three group companies. The audit results showed that all of these sites and companies performed well in terms of safety and environmental management.

Locations at which Audits Have Been Performed in the Last Three Years

FY	TOYOBO CO., LTD.	Group Companies	Audit results
2020	3 business sites	10 companies	All performed well
2021	1 business site	3 companies	All performed well
2022	2 business sites	3 companies	All performed well

Environmental compliance

The Toyobo group is committed to reducing emissions by not only complying with legal and regulatory standards, but by also making continuous improvements in the prevention of air and water pollution. We will continue to further reduce our environmental impact.

For fiscal 2020 to 2022, there were no environmental-related fines or penalties.

[Find more information about our ESG Performance Data for the number of violations in fiscal 2020-2022 here >](#)

Environmental education

The Toyobo group promotes a variety of educational and awareness activities in order to improve the environmental awareness of the employees and corporate officers, including the management level.

During Environment Month, we hold an annual environmental seminar with outside lecturers invited, in which many employees and corporate officers, including the management level participate. In addition, at each business site, we hold environmental exhibitions featuring panels that introduce our group's environmental activities as well as exhibitions of eco-conscious products, and these introduce the Toyobo group's environmental activities to our employees and the local community.

In addition, we are promoting environmental education through a unique curriculum tailored for new employees.

Environmental seminars

In fiscal 2023, two seminars were held on the theme of "Biodiversity." Both face-to-face and online seminars were held, with a total of approximately 500 participants.



FY2021 Environmental seminar



FY2022 Environmental seminar



FY2023 Environmental seminar



FY2023 Environmental seminar

Past Seminar Themes

FY 2022: Policy Trends Toward Carbon Neutrality by 2050

FY 2021: From CSR as Ethics to ESG as Strategy New Normal in the Age of SDGs

FY 2020: Achieving the SDGs and corporate initiatives

FY 2019: A Changing World with the Sustainable Development Goals (SDGs)

FY 2018: CSR and Corporate Environmental Activities

Environmental exhibition

The Toyobo group held an environmental exhibition once a year to deepen employees' understanding of the group's efforts to conserve the global environment (since fiscal 2022, the exhibition has also been held via the Internet). In fiscal 2023, the exhibition introduces our action guidelines for "biodiversity conservation" and the activities being conducted at each of the group's production sites.

Environmental education on joining the company

Education upon joining the company is provided not only to fresh hires, but also to mid-career employees at all locations, including at group companies. In addition to explaining plans and achievements regarding the global environmental conservation system and initiatives, the training helps participants understand why environmental protection is important by linking it with the Toyobo Group Charter of Corporate Behavior, and explains what is expected of employees of the Toyobo group.

Session for management

In June 2021, we invited an outside lecturer to hold a study session on carbon neutrality at the Carbon Neutral Strategies Council for the management level.

Green purchasing

For general purchases such as office supplies, the Toyobo group promotes green purchasing by specifying target items and utilizing "environmental labels."

In fiscal 2022, the green purchasing rate was 100% for 10 of the 12 items targeted. We will continue to expand the range of items covered by the scheme, keeping an eye on the green purchasing rate and trends in the world.

* Copy paper, toilet paper, files, tape for label printers, computers, copy machines, printers, fax machines, lighting equipment, fire extinguishers, air conditioners (for home use), work clothes and uniforms

Eco-Consious Products

- ▼ Basic approach
- ▼ Mechanism for certification of eco-conscious products
- ▼ Targets and results

Basic approach

Under the "TOYOBO Group Fundamental Policy on the Global Environment," the Toyobo group promotes the development of technologies friendly to both people and the environment. At every stage, from product development through to design, manufacture, sale, disposal, and collection, we are forecasting, evaluating, and reducing their impact on the environment, and working towards its protection.

[Find more information about TOYOBO Group Fundamental Policy on the Global Environment here >](#)

Mechanism for certification of eco-conscious products

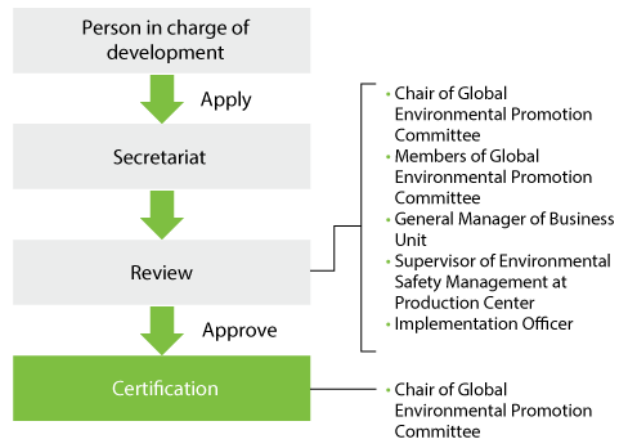
Since 1998, the Toyobo group has operated the "Eco-Review System" as a system for evaluating the environmental impact of our products.

This system evaluates the following aspects at every stage in the product life cycle: preventing climate change, reduction of chemical substance use, resource conservation, waste reduction, and other environmental contributions. Products that meet these standards are certified as ECO-PARTNER SYSTEM® products. Since the Eco-Review is carried out at every product life cycle — from R&D to commercialization — issues that require improvement from an environmental protection perspective are identified and improved at an early R&D stage prior to the subsequent review. As products and technologies are developed, they are improved to reduce their environmental impact and contribute to the environment.

Eco-Review Evaluation Items

Design and development	<ul style="list-style-type: none"> • Designing eco-conscious products
Raw materials	<ul style="list-style-type: none"> • Using recycled materials and alternative raw materials to petroleum-based raw materials • Considering biodiversity
Production	<ul style="list-style-type: none"> • Using energy-saving and clean energy • Reducing water use and effectively using raw materials • Reducing waste
Distribution and packaging	<ul style="list-style-type: none"> • Reducing transportation energy • Reducing packaging waste
Use and consumption	<ul style="list-style-type: none"> • Reducing resource consumption • Increasing lifespan
Recycling, disposal, and incineration	<ul style="list-style-type: none"> • Reducing hazardous chemical emissions • Biodegradability and recyclability

Review and Certification Process

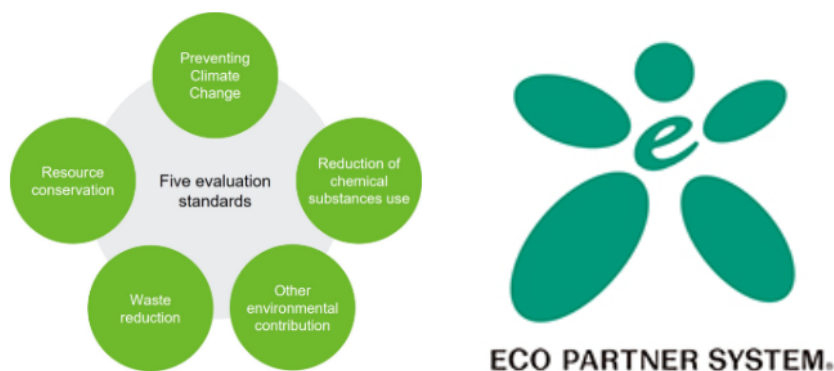


ECO-PARTNER SYSTEM®

Products that meet or exceed certain standards in the Eco-Review System are designated as "ECO-PARTNER SYSTEM®" products which are friendly to people and the global environment with reduced environmental impact.

Evaluation standards for the ECO-PARTNER SYSTEM® comprise five categories, including items such as "preventing climate change" and "resource conservation."

The life cycle of products are divided into six stages from raw materials through to disposal, and the environmental impact at each stage is evaluated and certified.



Targets and results

In fiscal 2022, we raised the sales ratio target for "ECO-PARTNER SYSTEM®" products and set a new target of 40% of total sales by fiscal 2031. We have also set a long-term target of 60% by fiscal 2051.

In fiscal 2022, sales of ECO-PARTNER SYSTEM® products accounted for 33.8% of the company's total sales. Going forward, we will continue to create eco-conscious products.

In addition, we are considering expanding the scope of application of the certification system to include group companies, and have begun to identify issues in order to calculate the sales ratio held by ECO-PARTNER SYSTEM® products for the entire group.

Initiatives	Targets (FY2031)	Results (FY2022)
Sales ratio held by ECO-PARTNER SYSTEM® products (TOYOBO CO., LTD. only)	40%	33.8%

Sales by Evaluation Standard of ECO-PARTNER SYSTEM® Products

Five evaluation standards				
Preventing climate change	Resource conservation	Waste reduction	Reduction of chemical substance use	Other environmental contributions
¥45.7 billion	¥28.4 billion	¥49.3 billion	¥44.0 billion	¥29.1 billion


Note: Net sales in the figure include duplicates because they are determined based on multiple criteria.

Major ECO-PARTNER SYSTEM® Products

Corresponding field/market	Usage	Materials used
Climate change measures	Film of recycled PET resin	RESHINE®
	Three-dimensional cushion material	BREATHAIR®
Antipollution measures	Liquid water-holding agent	ESPECK®
	Solvent recovery apparatus	K-FILTER®
	Bag filters for thermal power plants	PROCON®
	Photosensitive water-wash nylon resin relief printing plate	Printight®
	Transparent vapor-deposited film	ECOSYAL®
Solving water resource problems	Reverse osmosis membranes for seawater desalination	HOLLOSEP®
	Water purification UF membrane modules	DURASEP®
Recycling systems (recycling and resource reduction)	Modifier for recycled PET	VYLON® RF series
	Recycled nylon resin for airbag scraps	ECOKURELEAF®
	Recycled PET textile products	ECHORCLUB®
	PET-based synthetic paper	Crisper®
	Spun yarn using unused cotton	ECOT®
	Recycled nonwoven fabrics	e-VOLANS®
Other (environmentally friendly products)	Ultra-high-strength polyethylene fiber	IZANAS®

Climate Change

- ▼ Basic approach
- ▼ Structure
- ▼ Targets
- ▼ Results
- ▼ Initiatives related to our manufacturing business
- ▼ Initiatives related to the entire value chain
- ▼ Strengthening climate change measures

Materiality	
Related ESG: E	
A decarbonized and circular society	

Basic approach

The Glasgow Climate Pact was adopted at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in 2021, with the aim of addressing the global issue of climate change. The Pact incorporates a commitment to strive to keep the rise in average global temperatures within 1.5°C, which would have a less severe impact than the earlier target of 2°C, by utilizing the latest scientific know-how, and it thus set a de facto goal for the world to work toward. The Pact confirmed that the next 10 years will be vitally important for realizing this, and that it is important to reduce overall global CO₂ emissions by 45% by 2030 compared to 2010, and to cut emissions to net zero by 2050.

We recognize climate change as a very significant social issue that will have a critical impact on our business. We support the "Glasgow Climate Pact" and aim to achieve carbon neutrality by the fiscal year 2051, consistent with the global 1.5°C target.

Structure

CEO has the highest responsibility for climate change-related issues. The Sustainability Committee, chaired by the CEO, determines high-level policies for resolving climate change-related issues. Progress of efforts in line with the policy is reported to the Board of Directors once a year.

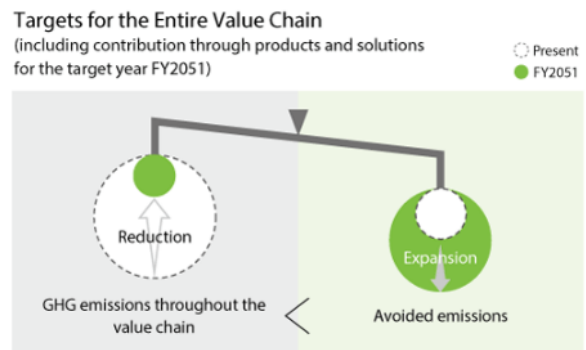
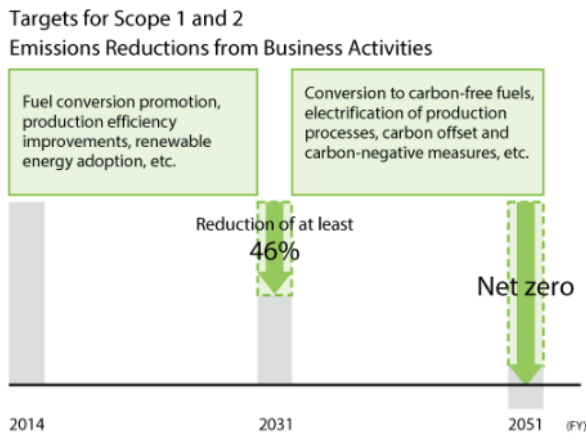
[Find more information about structure on corporate environmental issue here >](#)

Targets

With regard to Scope 1 and 2 greenhouse gas (GHG) emissions associated with our business activities, we have set ourselves the target of realizing net zero emissions by fiscal 2051. In response to the growing momentum toward the realization of a decarbonized society, the Board of Directors passed a resolution to raise our intermediate-term target for fiscal 2031 to a target of reducing emissions by at least 46% compared to fiscal 2014 in May 2022.

In order to contribute toward realizing the decarbonized society, we are proceeding with efforts to reduce GHG emissions from the entire value chain deriving from activities that are related to our own business, while also working to expand the contribution that we make toward reducing GHG emissions through our products and services.

- * Scope1 : Direct emissions from owned or controlled sources
- Scope2 : Indirect emissions from the use of purchased electricity, heat and steam



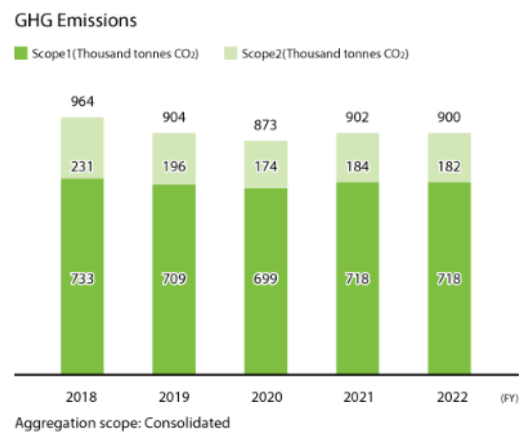
Results

As regards the results in fiscal 2022, total Scope 1 and 2 GHG emissions came to 900 thousand tonnes CO₂, 26% reduction from FY2014.

While sales increased by 11.4%, because we were implementing energy-saving activities and measures to enhance production efficiency, GHG emissions remained at roughly the same level as in fiscal 2021.

Initiatives	Targets (FY2031)	Results (FY2022)
Scope 1 and 2 GHG emissions (consolidated)	Reduction of at least 46% (compared to fiscal 2014)	26% reduction (900 thousand tonnes CO ₂)

Consolidated: TOYOBO CO., LTD. and consolidated subsidiaries



[Find more information about our GHG emission here >](#)

Initiatives related to our manufacturing business

Reduction of Scope 1 and 2 emissions

We have formulated plans for Scope 1 and 2 emissions reduction aimed at realizing carbon neutrality, and our emissions reduction measures have taken concrete shape. Based on the plans, we have raised our intermediate-term target for fiscal 2031 to a target of reducing emissions by at least 46% compared to fiscal 2014, and we are proceeding with emissions reduction activities.

Our emissions reduction activities include continuous efforts in the areas of energy-saving activities and enhancing production efficiency. We are also implementing a transition toward low-carbon energy use, by switching to fuels with lower carbon contents for our in-house electricity generating equipment, and installing additional gas co-generation system* equipment. Besides the adoption of renewable energy, including photovoltaics and small-scale wind power systems, to help us become carbon-neutral, and the electrification of production processes, we are also exploring the potential for switching over to carbon-free fuels, including mixed combustion.

* Gas co-generation systems are systems that use natural gas to generate electricity, with the waste heat being harnessed to produce steam and hot water that are used in manufacturing processes, for supplying hot water, for air conditioning, etc.

Introduction of renewable energy

We are proceeding with the installation of photovoltaic power generation and small-scale wind power generation facilities at each of our business sites, making use of roof spaces and unused land.

Solar power generation (total capacity of 600 kW) is currently being installed at the Inuyama and Utsunomiya plants and their operation are scheduled to begin in the spring of 2023.

Initiatives related to the entire value chain

Reduction of Scope 3 emissions

With regard to Scope 3 emissions, we are implementing reduction measures mainly for Category 1¹ and Category 11² emissions, which account for a particularly large share of Toyobo group's emissions.

In the case of Category 11 emissions, we have identified GHG emissions hotspots when VOC recovery equipment is in use, for electric power and other utilities, and we are implementing measures to control these emissions. More specifically, we are working to substantially reduce emissions at the level of individual units, by enhancing the performance of the adsorbent materials and desorbent materials used, and by building energy-saving drive systems.

[Find more information about our Scope 3 emission here >](#)

1 Category1 : Emissions from activities (such as manufacturing) relating to purchased goods and services

2 Category11 : Emissions from use of sold products

Expanding our avoided emissions

Most of the Toyobo group's products are materials or intermediate goods. Many of these products contribute toward reducing GHG emissions, and we are performing calculations to quantitatively determine the size of the contribution. We will expand our contribution to reducing emissions by increasing sales of forward osmosis (FO) membranes for osmotic power generation, reverse osmosis (RO) membranes for seawater desalination, renewable energy materials, and recycled materials, in particular.

Energy-saving initiatives in logistics

Our annual goal is a 0.5% year-on-year reduction in CO₂ emissions per unit of transportation in relation to logistics.

In the Logistics Department, we launched the Green Logistics Promotion Project in 2006, and as well as working to improve quality and cost rationality, we are also continuously working on environmental conservation such as energy saving, resource saving, and prevention of global warming. Up until now, we have implemented a variety of measures in order to reduce the environmental impact of logistics. These measures include shortening transportation distances by using the nearest port to our production sites, and using efficient stacking and bulk transport of cargo in order to reduce the number of vehicles used. We are also actively promoting the usage of ship and rail transportation which have lower specific energy consumption than truck transportation, together with lower CO₂ emissions.

We have been introducing a logistics system since 2019. Based on dispatch simulations, we worked to further improve loading efficiency by optimizing the allocation of vehicles and we were able to reduce CO₂ emissions by 218 tonnes in fiscal 2022.

As a result of these efforts, we were able to reduce CO₂ emissions per unit of transportation by 0.5% in fiscal 2022 compared to the previous year.

Strengthening climate change measures

Structure to achieve carbon neutrality

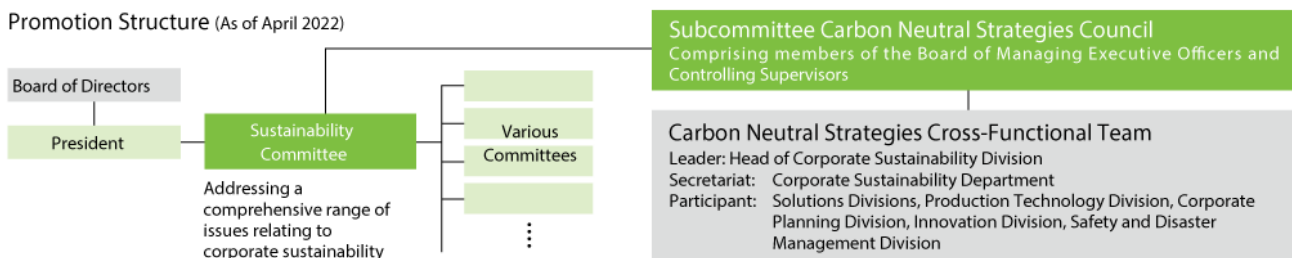
In April 2021, Toyobo established the Carbon Neutral Strategies Council and the Carbon Neutral Strategies Cross-Functional Team (CN-CFT) to formulate and promote strategies to achieve carbon neutrality.

In order to make steady progress towards the realization of carbon neutrality, we have also established working groups (WGs), with members from different units across the entire company, within the CN-CFT.

WGs' main initiatives

- Formulation of the plans for Scope 1 and 2 emissions reduction (covering the period through to fiscal 2051)
- Calculation and promotion of life cycle assessment, the company's carbon footprint, and avoided emissions
- Promotion of related innovation

Promotion Structure (As of April 2022)



Introduction of internal carbon pricing system

On April 1, 2022, we introduced an internal carbon pricing (ICP) system in which the company use its own standards to set a theoretical price on each tonne of GHG emissions for reference in making capital investment. By using the ICP system as a yardstick for evaluating investment decisions, we will accelerate making investments not only in low or net-zero emission facilities and energy-saving technologies, but also in relevant equipment and facilities for research and development.

Outline of Toyobo's ICP system

Internal carbon pricing fee (tax)	10,000 yen for each tonnes of CO ₂
Targets of investment	Capital investment in facilities with fluctuating CO ₂ emissions
How to use it	Based on the internal carbon pricing fee, calculating CO ₂ fluctuation by the proposed facilities (including facilities for research and development) as costs. The calculations will be made in accordance with capital investment plans.

Disclosure based on TCFD Recommendations

Recognizing the scale of the impact of climate change on our group and stakeholders, we have identified "a decarbonized and circular society" as one of our materialities. In January 2020, we announced our support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and have been working on initiatives and disclosures that follow them.

[PDF](#) Disclosure based on TCFD Recommendations in the Integrate Report 2022 (55.1KB) [↓](#)

Development of technologies that contribute to the realization of a decarbonized society

Osmotic power generation using high-salinity geothermal water, a source of renewable energy, has been receiving public attention. Toyobo has developed a forward osmosis (FO) membrane for the power plant core used in this method, and are running demonstration tests at a power plant in Europe.

Geothermal water osmosis power generation uses the high osmotic pressure of geothermal water with high salt concentrations pumped from underground. Compared with solar and wind power, the weather and time of day does not affect geothermal power generation, and a 1 MW geothermal osmotic power plant can reduce annual CO₂ emissions by 7,200 tonnes compared with coal power generation. In addition, it does not emit harmful substances such as nitrogen oxides and sulfur oxides normally emitted during combustion.

We are currently performing demonstration tests on the FO membrane using highly concentrated salt water at a salt manufacturing plant in Europe, in the hope of putting it to practical use as soon as possible.

Find more information about the oher technologies here.

[PDF](#) Eco-conscious products in the Integrate Report 2022 (205KB) [↓](#)



Involvement in organisations dedicated specifically to climate-related issues

We are participating in the "Green x Digital Consortium", which aims to create a new society and market using digital technology to achieve carbon neutrality in society as a whole.

Plastic Resource Circulation

- ▼ Basic approach
- ▼ Structure
- ▼ Target
- ▼ Initiatives
- ▼ Participating in initiatives

Materiality	
Related ESG: E	
A decarbonized and circular society	

Basic approach

Plastic is an indispensable material for modern society, but it is also associated with issues such as the problem of waste, depletion of natural resources, and its impact on climate change. Against this background, the promotion of plastic resource circulation is becoming increasingly important. In Japan, April 1, 2022 saw the coming into effect of the Act on Promotion of Resource Circulation for Plastics, the aim of which is to realize a strengthening of comprehensive resource circulation systems in relation to the plastics that are used in so many different things in our daily lives.

Toyobo group has been actively engaged in developing products and technology that reduce the impact on the environment, to contribute to realizing the circular economy. With regard to plastic products, we are proceeding with greenification (i.e., utilization of biomass and recycled raw materials, and volume reduction) in order to make the materials that we provide sustainable. Besides increasing the usage rate for biomass and recycled raw materials, we are also working on the commercialization of biomass plastic that maintains high functionality. Furthermore, when designing new products, we implement eco-conscious design, by reducing the amount of plastic used or using mono-material design. We are also working to re-use materials including offcuts in our production processes.

When developing and commercializing related technologies, we explore technologies from all over the world, and we proactively collaborate with external organizations and other companies.

Having adopted the slogan "Catalyzing Circular Economy," Toyobo group is contributing toward the realization of the circular economy through a wide range of initiatives, and by fulfilling our responsibility to future generations, we are aiming to realize sustainable growth.

* This excludes some products where safety or lifespan is an issue.

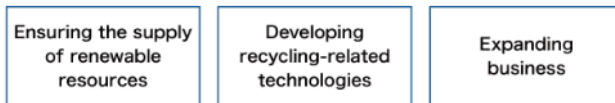
Structure

In April 2020, we established Renewable Resources Business Development Department in order to further accelerate our efforts related to plastic resource circulation and contribute to a sustainable society.

Renewable Resources Business Development Department is searching for technologies and collaborating with other companies to promote the conversion to biomass raw materials and the use of recycled raw materials.

We have drawn up a roadmap to 2030 — while also looking towards 2050 — based on government policies in Japan and overseas, as well industry targets for the environment. In collaboration with our partners worldwide, we aim to shift to biobased products focused on polyester resin, and to establish technologies related to mechanical and chemical recycling. Working closely with each Solutions Division, we will also adapt flexibly to changes in the business environment.

Missions



Long-Term Vision

2040-50

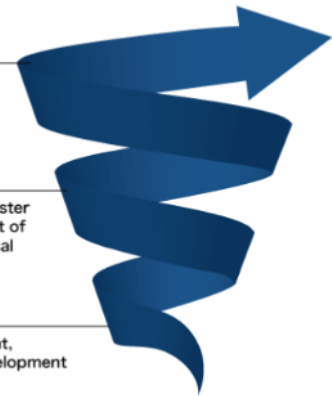
Realization of a circular economy

2030

Shift to biobased polyester resin and establishment of mechanical and chemical recycling technologies

2020

Launch new department, establish concrete development themes



Target

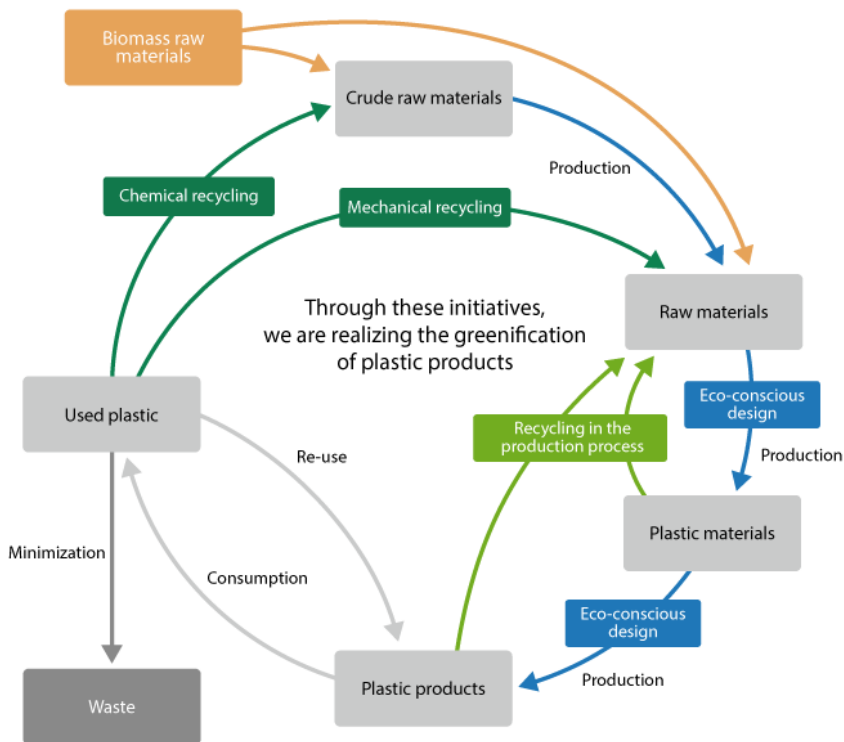
In May 2022, Toyobo group announced its "Sustainable Vision 2030," which outlines its aspirations for the year 2030.

In this vision, we set a target of ratio of green materials in main business operation* for 60% in 2030.

* Assumed to be film business

Initiatives

Toyobo Group's Initiatives in Relation to the Plastic Lifecycle and Resource Circulation



Biomass raw materials

It is anticipated that the use of biomass raw materials will reduce dependence on fossil fuel resources as a raw material for plastics, and help mitigate climate change through the reduction of CO₂ emissions. Toyobo group is switching over to and expanding the use of biomass raw materials and is working actively to develop new raw materials and materials.

Related technologies and products	Collaborative projects and other joint initiatives
<ul style="list-style-type: none"> • BIOPRANA® • VYLOAMIDE® • HOLLOSEP® • Polyethylene Furanoate (PEF) resin (currently under development) 	<ul style="list-style-type: none"> • Partnership with Avantium N.V. to develop PEF resin • Partnership with Suntory Group and Anellotech, Inc. to develop PET resin that uses 100% plant-based raw material • Japan BioPlastics Association • Japan Plastics Industry Federation

Chemical recycling¹

We are one of the founders of R Plus Japan, Ltd., through which we are actively promoting the development of chemical recycling technology to produce high-quality recycled plastic by turning used plastic back into crude raw material.

Collaborative projects and other joint initiatives

- R Plus Japan, Ltd.
- Anellotech, Inc.
- Japan Chemical Industry Association

Mechanical recycling²

We are working actively to develop and sell products that contribute toward conserving resources through the use of recycled materials. We have also developed TOYOBO GS Catalyst®, an innovative polyester polymerization catalyst that reduces PET degradation when PET material is used repeatedly in closed-loop recycling such as “bottle-to-bottle” recycling. Utilizing this technology, and with a main focus on PET, we are working to expand our presence in the global mechanical recycling technology and mechanical recycling materials markets.

Related technologies and products	Collaborative projects and other joint initiatives
<ul style="list-style-type: none"> • ECHORCLUB® • Crisper® • TOYOBO GS Catalyst® 	<ul style="list-style-type: none"> • Licensing of technology to Indorama Ventures Public Company Limited

Eco-conscious design

Toyobo group is working to make its products more eco conscious. Reduce

- Reducing the amount of raw material needed, by developing and commercializing thinner, lighter materials
- Reducing the amount of packaging material used, by simplifying packaging

Mono-material solutions

Increasing recyclability by having products consist of just one type of plastic

Related technologies and products

- SPACECLEAN®
- Highly heat-resistant, high-rigidity biaxially oriented polypropylene (OPP) film

Recycling in production processes

We collect airbag material offcuts and film product offcuts, and re-use them as material for producing either the same type of product or different products. In this way, we are able to reduce the amount of waste generated by our production processes.

Related technologies and products	Collaborative projects and other joint initiatives
<ul style="list-style-type: none"> • ECOKURELEAF® • ECOVYLOPET® • COSMOSHINE SRF® 	<ul style="list-style-type: none"> • Resource circulation project (KAMISHINE® mold releasing film)

Responding to the issue of marine plastic waste and microplastics

With the aim of reducing the amount of marine plastic waste, Toyobo is participating in initiatives such as the Clean Ocean Material Alliance (CLOMA) established in Japan, and is undertaking the development and dissemination of substitute materials.

Collaborative projects and other joint initiatives

- CLOMA

- 1 Chemical recycling: This refers to chemically breaking down used plastic to turn it back into crude raw material that can be reused.
- 2 Mechanical recycling: This refers to crushing and melting used plastic to generate raw resin, which is used as a material for recycled plastic.

Exsamples of initiatives

Biomass raw materials

100% bio-based plastic as food packaging film

Our focus is on furandicarboxylic acid (FDCA) as a biomass raw material. FDCA is polymerized using our proprietary technology to produce polyethylene furanoate (PEF), a high-performance polyester. PEF is a 100% biomass plastic with excellent gas barrier properties, and when formed into a film can help extend the shelf life of food contents, and thus reduce food losses. The world's first FDCA production plant is scheduled to be opened by Avantium in 2024. We plan to use this FDCA to produce PEF film.

Biomass raw materials

Polymerization of 100% bio-based PET resin

In December 2021, Suntory Group and Anellotech, Inc. jointly developed a prototype PET bottle made from 100% plant-derived raw materials. Toyobo contributed to the development through its polymerization technology.



[PDF](#) Polymerization of 100% bio-based PET resin in the Integrate Report 2022 (192KB) [Download](#)

Contributing to the Development of Prototype PET Bottles Made from 100% Plant-Derived Raw Materials

Toyobo group is actively promoting the switch to biomass raw materials and the utilization of recycled raw materials, with its goal to increase the ratio of green film products¹ to 60% by 2030. We have used our core technologies to develop a variety of eco-conscious products.

In December 2021, Suntory Group and Anellotech, Inc. jointly developed a prototype PET bottle made from 100% plant-derived raw materials (100% bio-based PET bottles) using one of our core technologies, polymerization.² Generally, PET resin is produced by the

polymerization of terephthalic acid and ethylene glycol, which are both derived from fossil fuel resources. Anellotech's technology enabled to produce terephthalic acid efficiently from plant-derived raw materials. The group's success in polymerizing 100% bio-based PET resin from bio-based terephthalic acid and bio-based ethylene glycol contributed significantly to the development of 100% bio-based PET bottles.

¹ Promotion of the use of biomass and recycled raw materials, and volume reduction
² Chemical reactions to produce desired polymers

always watching for any abnormalities in each and every process. As a result, we were able to obtain the same quality. It was a true relief when all of the polymerization was completed.

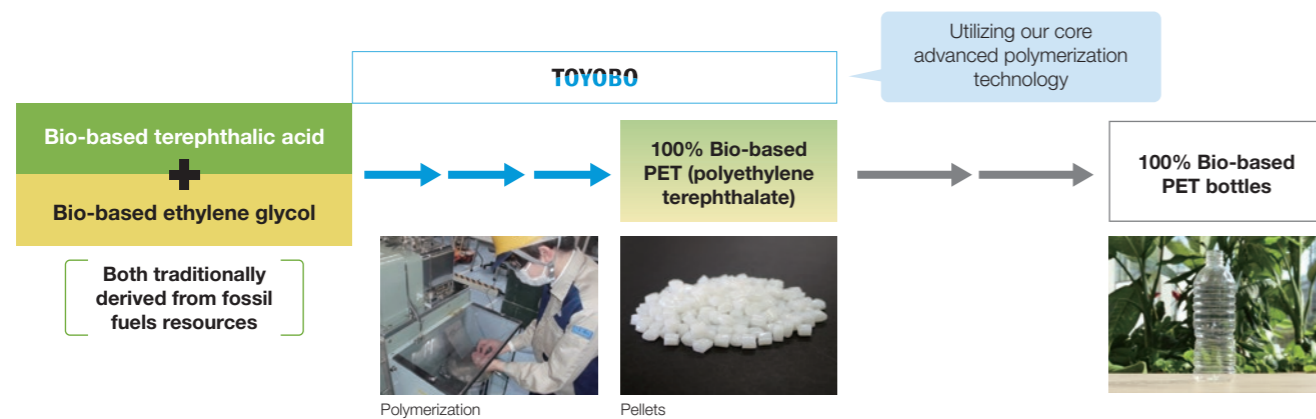
I believe that the skills I cultivated since joining the company and the abundant PET-related data and expertise that was accumulated over many experiences were key to this success. In working on polymerization, I learned many things from my managers and those in my department. I believe that it was this warm support that enabled us to succeed even while being pressured not to fail.

I would like to continue engaging in various projects to further increase confidence in Toyobo's technological capabilities, and contribute to the development of products that positively contribute to society.



Team members of 100% bio-based PET resin project

Manufacturing Flow of 100% Bio-Based PET Bottles



Polymerization of 100% bio-based PET resin

Key to success is a thorough preliminary examination leveraging cultivated knowledge and technical capabilities



Yuichiro Matsuura
 Polymers Development Center,
 Tsuruga Research and
 Production Center

Creating bio-based terephthalic acid has been considered difficult. While it was successfully generated using Anellotech's technology, it resulted in only a few dozen kilograms as a polymerization sample, which was much smaller quantity than anticipated. When implementing polymerization, we normally expect some failures, but with such a small amount, not even a single failure is acceptable. For this reason, after thoroughly analyzing and preparing the raw materials and equipment, respectively, the team determined the polymerization conditions after numerous discussions. The actual polymerization was repeated more than a dozen times in small quantities in order to disperse the risk and produce as much 100% bio-based PET resin as possible. However, the increased frequency requires an awareness of variations in quality. Each operation to adjust the temperature or pressure was performed carefully step by step to avoid such variations, and then fine-tuned according to differences among lots of raw materials and in the daily temperature and humidity. I remember

Creating an organization that can pass on skills

Fostering a culture of nurturing young engineers throughout Functional Materials Production and Technology Operating Department



Gaku Maruyama
 General Manager of Tsuruga
 Polymers Plant
 and Manager of Polymers
 Development Center,
 Tsuruga Research and
 Production Center

I am very happy to have contributed to the development of a 100% bio-based PET bottles prototype with Toyobo's technology, and I am proud of the members who accomplished this.

Toyobo's facilities enable consistent technological development, from basic studies like those in university laboratories to condition studies for commercial production in plants. Our strength lies in our extensive facilities and wealth of data and know-how based on many years of experience. We have earned the confidence of customers in our polymerization technology, and they often entrust us with various polymerizations.

In such a privileged environment, our department actively assigns large projects to young engineers in the second and third year of their careers in order to encourage them to grow as professionals. We know that there is a lot of pressure and anxiety associated with "can't-fail" projects such as these, and we do our best to support them.

Throughout the projects, engineers deal with advanced technology in addition to the polymerization work itself. As a result, I feel that the young engineers have learned and adapted the technologies that were inherited from predecessors at Toyobo.

I feel rewarded when I hear feedback such as, "I am glad I had this experience even though I made some mistakes," or when I see young participants in this project using their knowledge to help engineers who are less experienced.

The Functional Materials Production and Technology Operating Department as a whole has this kind of "culture of nurturing young engineers." I would like to continue to develop human resources and contribute to the company's growth by giving younger engineers work they are responsible for, and providing them with the support to do so.

Development of the catalyst that can increase the recyclability of PET

TOYOBO GS Catalyst[®], a polymerization catalyst developed by Toyobo, is the world's first aluminum catalyst that does not contain any heavy metals. PET degrades during repeated melting processes in recycling, but the PET obtained using this catalyst does not deteriorate when melted, making it well suited to recycling.

Toyobo has already licensed the technology to Thailand's Indorama Ventures Public Company Ltd., the world's largest PET resin manufacturer. Toyobo also participated in The Packaging Conference 2022, an international conference which held in America, and held exhibition and presentation. With the excellent recyclability of the produced PET resin, we will contribute to realize the circular economy in cooperation with Indorama.

[Find more information about technology licensing contract with Indorama >](#)

[Find more information about showcase at The Packaging Conference 2022 >](#)



TOYOBO GS Catalyst[®] (front) enables synthesis of resins with higher transparency than other catalysts

PET bottles synthesized using TOYOBO GS Catalyst[®]

Chemical recycling initiatives of R Plus Japan

Anellotech's technological development has enabled a new technology to efficiently recycle a wide variety of used plastics. Following this, in June 2020 the joint venture company R Plus Japan, Ltd. was established by a group of 12 companies operating in Japan's plastics value chain, which includes Toyobo. As of August 2022, this number has grown to 40 companies, and together with Anellotech it is continuing with the development of new technologies.

So that we can contribute to solving the common worldwide problem of plastics, we aim to have this technology in practical use by 2030. To do this, we are collaborating with companies in a range of industries, including those in sorting and processing of collected plastics, distribution, and production of monomers, polymers, packaging and containers, and beverages.

Participating in initiatives

The Toyobo group is working closely with a variety of companies and organizations, and is active in a number of initiatives aimed at contributing to the construction of a plastics value chain that is appropriate to the era of the circular economy.

Japan BioPlastics Association

This group was established in 1989 with the aim of promoting the use of bioplastics*, and establishing a testing and evaluation system. An executive from Toyobo serves as the Vice Chairman, and we are active in the association's activities including participation in executive meetings and various committees.



* Collective term for biodegradable and biomass plastics

CLOMA (Clean Ocean Material Alliance)

CLOMA is an organization established in Japan with the aim of increasing the effective use of marine plastic waste through reductions and recycling. Its members include more than 350 companies throughout the supply chain involved in the manufacturing, processing, and use of packaging and other materials. Toyobo has been a member of the alliance since it was established in 2019.

Through collaboration with other CLOMA members, which includes manufacturers, processors and users of packaging and other materials, we will work to develop and promote the use of alternative materials.



J4CE (Japan Partnership for Circular Economy)

This partnership was founded for the purpose of strengthening public and private partnerships, with the aim of further fostering understanding of the circular economy among a wide range of stakeholders, including domestic companies, and promoting initiatives in response to the accelerating global trend toward a circular economy. We participated in J4CE in September 2022.



CEFLEX (Circular Economy for Flexible Packaging)

In August 2019, Toyobo group joined the European consortium Circular Economy for Flexible Packaging (CEFLEX). Established in 2017, CEFLEX is a consortium that promotes the realization of a circular economy through the use of flexible packaging. This includes more than 130 companies and organizations involved in the flexible packaging value chain, including leading materials manufacturers and recycling companies. Its goals include establishing by 2025 a Europe-wide collection, sorting, and reprocessing infrastructure for used flexible packaging. While understanding the latest information and trends regarding recovery systems and regulations, we will focus on developing and supplying eco-friendly technologies and products to contribute to the realization of a circular economy.



Petcore Europe

Petcore Europe is a consortium of more than 80 companies and organizations spanning the entire value chain of European PET-related companies. The Toyobo group joined Petcore Europe in January 2020. We will take this opportunity of participating in Petcore Europe to further focus on the development and provision of sustainable PET products and technologies, and work towards contributing to the realization of a circular economy that is friendly to people and the earth.



Waste Reduction

▼ Basic approach ▼ Targets and results ▼ Initiatives

Materiality	
Related ESG: E	
A decarbonized and circular society	

Basic approach

In line with the TOYOBO Group Fundamental Policy on the Global Environment, each of Toyobo group's production sites is implementing initiatives to reduce, reuse, and recycle waste. By reducing the amount of waste through measures such as recycling non-conforming products and offcuts, and by finding ways to effectively utilize, as far as possible, the waste that we do generate, we are striving to minimize the amount of waste sent to landfill.

Targets and results

We have set ourselves the goal of reducing waste by 15% (compared to fiscal 2016), and we will keep the final disposal (landfill disposal) rate down to less than 1% while proceeding with waste reduction.

Initiatives	Targets (FY2031)	Results (FY2022)
Waste volume (consolidated)	15% reduction (compared to FY2016)	8% increase

Consolidated: TOYOBO CO., LTD. and consolidated subsidiaries

In fiscal 2022, the amount of waste increased by 8% compared to fiscal 2016. This was due to an increase in production volume. On the other hand, we achieved a consolidated final disposal rate of 0.4%, continuing to successfully meet our target in this regard.

Initiatives

To reduce the amount of waste, we are collecting offcuts produced during manufacturing processes and reusing them as material for producing either the same type of product or different products. We are also making effective use of items such as used plastic packaging materials by recycling them in the form of pallets. Furthermore, when outsourcing the disposal of industrial waste, we select outsourcing providers that are capable of implementing recycling.

With regard to polychlorinated biphenyl (PCB) waste, we are proceeding with appropriate disposal in a systematic manner. We are proceeding with systematic renewal of electric facilities containing low-concentration PCBs that are currently still in use.

Water Resources

- ▼ Basic approach
- ▼ Structure
- ▼ Identifying risks
- ▼ Identifying opportunities
- ▼ Results
- ▼ Environmental compliance
- ▼ Initiatives related to risk reduction
- ▼ Initiatives related to expansion of opportunities

Materiality	
Related ESG: E	
A decarbonized and circular society	

Basic approach

Water is a precious resource that keeps us alive and supports our lifestyles, and conserving water resources is an important global issue.

The Toyobo group has committed in the TOYOBO Group Charter of Corporate Behavior to reduce and reuse resources used, including water resources, and to take measures to address environmental risks. In the area of business activities, we are working to minimize the use of water resources and conserve them by promoting water recycling.

Meanwhile, aiming to be a group that "continue to create the solutions needed by people and the earth with materials and science", our group will contribute to the conservation of water resources in Japan and abroad through our seawater desalination business and other activities.

[Find more information about TOYOBO Group Charter of Corporate Behavior here >](#)

Structure

Policies for the protection of water resources are discussed by the Global Environmental Committee under the Sustainability Committee.

[Find more information about structure on corporate environmental issue here >](#)

Identifying risks

To identify water risks (water stress, drought, flooding, water quality, etc.) in the operations of our business sites around the world, we use the AQUEDUCT Water Risk Atlas published by the World Resources Institute (WRI) to conduct our assessment. As a result, our two business sites in Thailand and Saudi Arabia were assessed as having high risk in terms of the amount of water available (existence of risk of drought occurrence and variation in the amount of water available from year to year).

Based on these results, we discussed with the relevant departments and confirmed the following for the two sites concerned.

- Located in an industrial park that is properly managed under the regulations of the country where the site is located, and measures are in place to minimize risk to an extent feasible (e.g., water supply backup system, etc.).
- Water consumption is less than 0.1% of the Toyobo's total water intake.

The group therefore does not currently consider itself to be exposed to any water risks that could have a significant financial or strategic impact.

Identifying opportunities

Almost all of the water covering the globe is seawater, with limited quantities of the fresh water that we use. As a result, regions where fresh water is difficult to use are facing water shortages. The Middle East and the Gulf region in particular are seeing ongoing, remarkable economic development, with improved living standards and increased populations. As a result, securing water for both industrial and domestic use has become problematic, and the introduction of desalination plants^{*} is underway. The Toyobo group supplies the membranes used in seawater desalination facilities, thereby helping to eliminate water shortages in these regions.

* Seawater desalination facilities: These removes the various salts present in seawater in order to produce fresh water, providing water for drinking and industrial use.

Results

The following table shows the water intake by region for fiscal 2022.

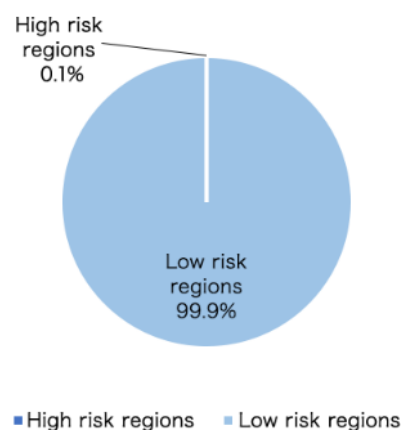
Despite a more than 10% increase in sales in fiscal 2022 compared to the previous year, the group's water intake was kept at a slight increase of about 2% over last year, as a result of ongoing water conservation efforts at each site to reduce the amount of water intake.

[Find more information about water intake by source and discharge by destination here >](#)

Draw water volume by Region

	(thousand m ³)	
	FY2021	FY2022
High risk regions ¹	78	94
Low risk regions ²	84,394	85,830
Total	84,472	85,924

Draw Water Volume by Region for FY2022



1 High-risk regions: Regions rated as high risk in terms of the amount of water available in the AQUEDUCT Water Risk Atlas.

2 Low-risk regions: Regions other than high-risk areas.

Environmental compliance

Three years from fiscal 2020 to fiscal 2022, there were no regulatory violations related water quantity permits, standards and regulations.

Initiatives related to risk reduction

Water recycling system

Our group's manufacturing process includes the cooling process for plastic resin products. Water used as cooling water is repeatedly used without being discharged.

Collaboration with local community

The Tsuruga Research and Production Center of our group participates in the "Tsuruga City Water Environment Improvement Roundtable", which consists of local government officials, academics, residents, companies, and NGOs that have come together for the purpose of groundwater management. The report provides information on measures to achieve the reduction targets promised to the local government and citizens, as well as the results of activities and future plans.

Initiatives related to expansion of opportunities

HOLLOSEP® hollow fiber reverse osmosis membranes

The Toyobo group's hollow fiber type reverse-osmosis (RO) membrane element HOLLOSEP® boasts high water recovery rate, offers superior chlorine tolerance, and can inhibit the proliferation of microorganisms through chlorine sterilization. We produce high quality drinking water in the Middle East and Gulf countries that have high-temperature, highly saline seawater, harsh conditions for reverse osmosis membranes. With over 30 years' usage, these are highly acclaimed and hold a high market share. These are also used domestically, in Japan's largest seawater desalination plant.

Chemical Substance Management and Reducing Environmental Impact

[▼ Chemical Substance Management](#)
[▼ Reducing Environmental Impact](#)

Chemical Substance Management

Materiality	
Related ESG: E	
Clean water areas, air and soil, and preservation of biodiversity	

Basic approach

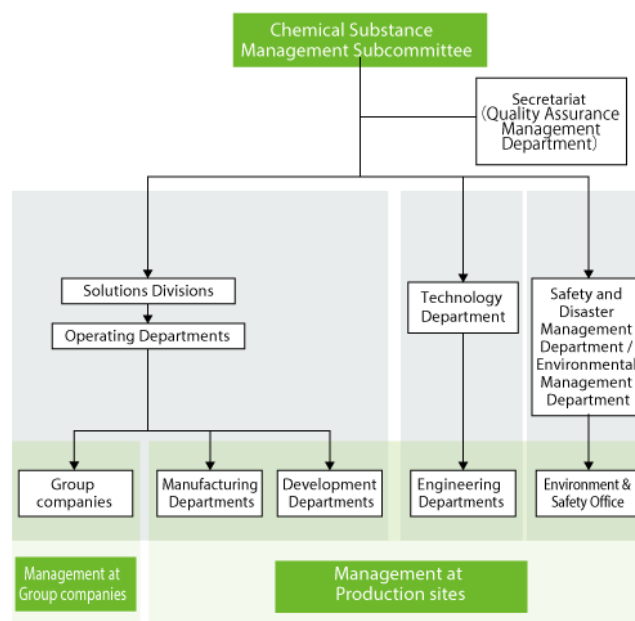
In line with the TOYOBO Group Fundamental Policy on the Global Environment, Toyobo group endeavors to manage chemical substances appropriately throughout the product lifecycle (research, development, design, manufacturing, sales, use, and disposal), in order to help conserve the global environment, support disaster prevention, ensure workers' health and safety, guarantee product safety, and ensure conformity with each country's chemical substance regulations.

Chemical substance management structure

In order to promote appropriate management of chemical substances, Toyobo group has established a management structure at each production site. Each Solutions Division supervises the activities of the production sites and group companies under their jurisdiction.

In addition, we have created the TOYOBO Chemical Substance Management Classification in compliance with relevant laws and regulations—both international and domestic—as well as client requests. This classifies the chemical substances we handle into five levels, and the management procedures are specified for each level or “rank.” Use of substances in rank A and B is permitted only when the risks are thoroughly assessed, mitigation measures are taken, and the risk is deemed tolerable. We are continuously making efforts to reduce the overall usage volume of rank A and B substances by optimizing and replacing these substances.

Chemical Substance Management Structure



TOYOBO Chemical Substance Management Classification

Rank	Management Category	Notes (laws and regulations, etc.)
A	Substances requiring particularly strict management	Chemical Substances Control Law, ¹ Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, Act on the Protection of the Ozone Layer through the Control of Specified Substances, etc. and Other Measure, Act on the Prohibition of Chemical Weapons and Control, of Specific Chemicals, POPs, ² PIC, ³ RoHS, ⁴ REACH, ⁵ etc.
B	Substances requiring strict management	Chemical Substances Control Law, PRTR, ⁶ Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, REACH, etc.
C	Substances requiring strict exposure prevention measures	Chemical Substances Control Act, PRTR, Industrial Safety and Health Law, Poisonous and Deleterious Substances Control Act, Fire Service Act, etc.
D	Substances requiring exposure prevention measures	PRTR, Industrial Safety and Health Act, etc.
E	Others	Other than A–D

1 Chemical Substances Control Law: Act on the Regulation of Manufacture and Evaluation of Chemical Substances

2 POPs (treaty): Stockholm Convention on Persistent Organic Pollutants

3 PIC (treaty): Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade

4 RoHS: Restriction of the use of certain Hazardous Substances in electrical and electronic equipment

5 REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals

6 PRTR: Pollutant Release and Transfer Register

Chemical substance management activities

Recent years have seen new requirements to manage chemical substances within the supply chain. Such requirements also apply in Japan, following the coming into effect of the Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Law), as well as other regulations relating to chemical substance management. Additionally, the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) has been adopted by the United Nations.

In view of this situation, Toyobo has introduced a chemical substance management system covering every stage from procurement through to manufacturing and sales. This is to realize green procurement while providing accurate and prompt support to our customers. We employ this system to investigate the use of regulated substances and carry out surveys regarding content in products. The system also supports suppliers in creating safety data sheets (SDS) for chemical substances.

Green procurement

We prioritize procurement of raw materials with a low environmental impact, and work with business partners who take a proactive approach to protecting the environment. Together, we are promoting green procurement to help build a sustainable society. We ask our business partners to provide information about the chemical substances contained in products, as follows.

- (1) That the material does not contain any of the prohibited substances specified by Toyobo.
- (2) That the content of hazardous substances specified by Toyobo has been identified.

In fiscal 2022, we revised our "Chemical Content Information Sheet" based on the information sharing scheme "chemSHERPA[®]," developed by Japan's Ministry of Economy, Trade and Industry, and revisions to laws and regulations, and request that our business partners respond.

We also participate in Joint Article Management Promotion-consortium (JAMP) for the smooth disclosure and transmission of information on chemical substances contained in products in supply chain.

[Find more information about Green Procurement Guidelines >](#)

* "chemSHERPA[®]" is a registered trademark of the Japan Environmental Management Association for Industry (JEMAI).

Reducing Environmental Impact

Materiality	
Related ESG: E	
Clean water areas, air and soil, and preservation of biodiversity	

Basic approach

In line with the TOYOBO Group Fundamental Policy on the Global Environment, with regard to chemical substances that are emitted into the atmosphere or into water areas, Toyobo group has set self-management standards stricter than the statutory requirements and reduction targets. Based on these, we implement rigorous management and are working to reduce emissions.

Targets and results

We have set ourselves the targets of reducing emissions into the atmosphere of substances that have an impact on the environment by 60%, and of reducing such emissions into water area by 80%, compared to fiscal 2015, by fiscal 2031.

Category	Initiatives	Targets (FY2031)	Results (FY2022)
Atmosphere	VOC emissions (Japan total)	60% reduction (compared to FY2015)	29% reduction
Water	Discharge of hazardous substances into water (Japan total)	80% reduction (compared to FY2015)	36% reduction

Japan Total: TOYOBO CO., LTD. and domestic consolidated subsidiaries

In fiscal 2022, we succeeded in reducing emissions into the atmosphere by 29%, and emissions into water area by 36%, compared to fiscal 2015.

Environmental compliance

There were no incidents of non-compliance with air pollution or water quality permits, standards and regulations for the three years from fiscal 2020 to 2022.

Initiatives

Compliance with the Pollutant Release and Transfer Register Act (PRTR Law)

Toyobo group estimates and reports the amount of emissions and amount transferred for chemical substances that are subject to PRTR Law. Based on the overall results that are announced each year, we strive to utilize this information effectively in reducing the amount of emissions and the amount transferred.

We are proceeding with the improvement and replacement of production equipment and installations, the improvement of operating conditions, the installing of equipment for removing relevant substances, and the adoption of substitute raw materials and auxiliary materials, in order to reduce emissions.

Initiatives for preventing air and water pollution

Toyobo group complies with environmental regulations set by national and local government authorities and rules set by environmental conservation agreements. In addition, we implement management for air emission and water discharge from our production sites, by setting self-management standards more rigorous than the statutory requirements in some cases.

We have installed monitoring systems within our production process, and remove harmful chemical substances from gases and water emitted at our production site by utilizing a variety of environmental protection technologies, including in-house developed VOC treatment equipment. We also strive to improve our manufacturing processes so as to minimize the amount of these substances that is used and emitted.

Biodiversity

- Policy and approach
- Identifying risks and opportunities
- Initiatives

Materiality	
Related ESG: E	
Clean water areas, air and soil, and preservation of biodiversity	

Policy and approach

Toyobo Group Fundamental Policy on the Global Environment calls for the group to actively support and participate in environmental protection and biodiversity conservation activities throughout society and in local regions, as a good corporate citizen. In doing this, we strive to minimize the impact of our business activities on ecosystems. We are working on environmental conservation activities such as local cleanup activities at each site. To strengthen the efforts for biodiversity conservation, we formulated the "Action Guidelines for Biodiversity Conservation" in November 2021 and endorsed the "Initiative based on the Declaration of Biodiversity by Keidanren" in January 2022. We are promoting activities based on the following guidelines with respecting "Declaration of Biodiversity, Guide to Action Policy" issued by Keidanren (Japan Business Federation), and "Guidelines for Private Sector Engagement in Biodiversity" formulated by the Ministry of the Environment.



Action Guidelines for Biodiversity Conservation

We recognize that biodiversity is an essential part of a sustainable society. As a group which continues to create the solutions needed by people and the earth, understanding the impact of our business activities on conservation of biodiversity, we will endeavor to conserve the three types of biodiversity (species, genetic, and ecosystem diversity) through various activities.

- We will work to understand how the group's business activities depend on and affect biodiversity, and endeavor to avoid or minimize negative impacts.
- We will strive to give consideration to biodiversity conservation throughout the entire value chain.
- We will contribute to the conservation by promoting development of Biodiversity-conscious products and technology.
- We will support and promote conservation activities through the employee's participation, and cooperation and collaboration with various stakeholders including local communities and NGOs.
- We will comply with domestic and overseas agreements on biodiversity.

[Find more information about Fundamental Policy on the Global Environment here >](#)

Identifying risks and opportunities

Toyobo group's business activities and its involvement in biodiversity

The relationships between Toyobo group's activities and biodiversity are organized as shown in the figure below.

In addition, at all domestic and overseas production sites of our group, by using IBAT,¹ we will conduct surveys to determine whether there are any rare species or natural environments such as the World Natural Heritage sites, IUCN² Protected Area Management Categories I-VI, and the Ramsar Convention³ that should be conserved within 1 km around the site, and we have picked up the following bases.

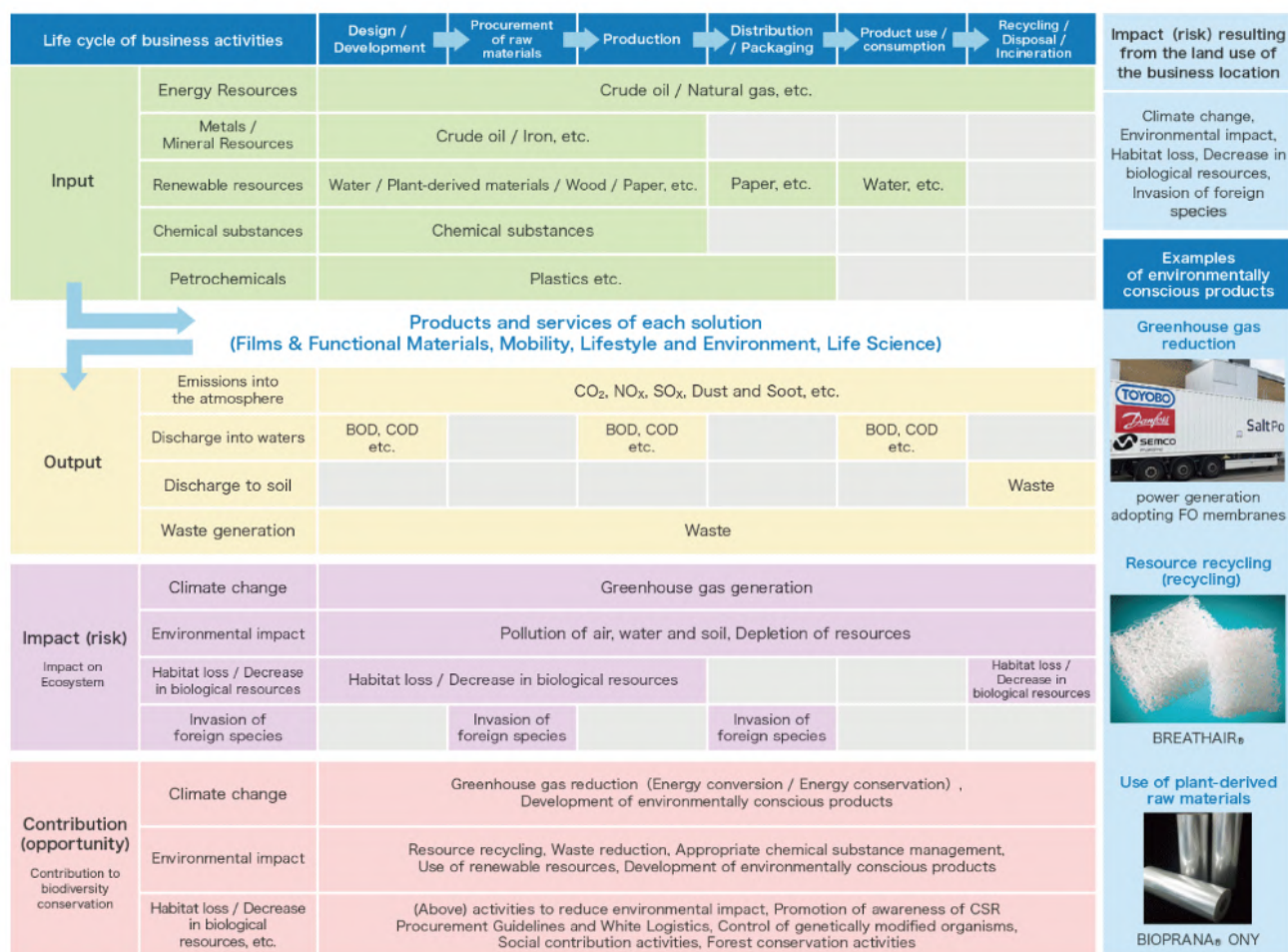
In addition, we will set up initiatives in accordance with each local situation at our sites where natural environments to be preserved are located, and confirm their progress at a company-wide meeting (Global Environmental Promotion Committee) starting in fiscal 2024, along with the promotion of biodiversity conservation.

1 Abbreviation of "Integrated Biodiversity Assessment Tool" Refers to a database of the world's protected areas in which the United Nations Environment Programme (UNEP) and other organizations participate.

2 Abbreviation of "International Union for Conservation of Nature" Refers to an international nature conservation network consisting of national, governmental and non-governmental agencies.

3 Official name is "Convention on Wetlands of International Importance Especially as Waterfowl Habitat". It aims to conserve wetlands, which are an important habitat for a variety of organisms and a valuable resource for human life, through international cooperation and promote the wise use.

Relationship between Business Activities and Biodiversity [Risks and Opportunities]



Made with reference to the "Map of Relationships between Corporations and Biodiversity" published by the Japan Business Initiative for Biodiversity.

Sites with a Natural Environment to be Conserved

Site name	IBAT assessment result	Explanation
Toyobo Tsuruga Research and Production Center (Tsuruga, Fukui)	Species and habitat management areas	Natural Habitat Conservation Areas, National Wildlife Protection Areas
Toyobo Iwakuni Production Center TOYO CLOTH CO., LTD Iwakuni Plant (Iwakuni, Yamaguchi)	Protected landscape areas Resource conservation areas	Part of a national park or quasi-national park Areas to be protected for the sustainable use of natural resources
Toyobo Takasago Plant (Takasago, Hyogo)	Resource conservation areas	Areas to be protected for the sustainable use of natural resources
Toyobo Research Center (Otsu, Shiga)	Species and habitat management areas	Natural Habitat Conservation Areas, National Wildlife Protection Areas
TOYO CLOTH CO., LTD Tarui Plant (Sennan, Osaka)	Resource conservation areas	Areas to be protected for the sustainable use of natural resources
JAPAN EXLAN COMPANY., Ltd. TOYOBO PHOTO CHEMICALS CO., LTD. (Okayama, Okayama)	Resource conservation areas	Areas to be protected for the sustainable use of natural resources

* Toyobo Tsuruga Research and Production Center, and Takasago plant: Areas to be protected are located more than 1 km (but less than 2 km) from the site, but are included in the scope of this activity

Initiatives

To minimize the negative impact on biodiversity, we are proceeding following activities.

Contributing through business processes and products

The Toyobo group utilizes a variety of environmental protection technologies, including in-house developed VOC treatment equipment, to remove harmful chemical substances from water and gases emitted at our production site. In addition, we have installed monitoring systems within our production process to ensure that no harmful chemical substances are released accidentally. We also strive to improve our manufacturing processes so as to minimize the amount of these substances that is used and emitted.

Forest conservation activities at "Toyobo Future Forest" in Wakayama prefecture

Forest has multifaceted functions such as conservation of biodiversity and the global environment. We have worked on Forest Conservation Activities of "Toyobo Future Forest" in a mountain forest in central Wakayama prefecture. Since its inception in 2006, in cooperation with the local Hidaka town and the forest association of Kichuu (or central Wakayama prefecture), we have been working on tree planting and weeding, etc. In November 2021, we supplementally planted broadleaf trees such as wild cherry, sawtooth oak, and maple.

Wild deers live in this area of the forest and sometimes eat the seedlings of the trees. For the coexistence of deers and trees, the area around the "Future Forest" is enclosed with nets which use our material, IZANAS® to prevent animals from entering.

Through forest conservation activities in Wakayama prefecture, we will contribute to issues such as biodiversity and climate change.



Putting covers preventing feeding damage by deers on saplings (November 2021)

Participation in cleanup activities to preserve the biodiversity of the Seto Inland Sea

The Seto Inland Sea is one of the most important areas for biodiversity conservation. Iwakuni Production Center, Takasago Plant, TOYO CLOTH CO., LTD., JAPAN EXLAN COMPANY, LIMITED, TOYOBO PHOTO CHEMICALS CO., LTD. are located in this surrounding area. These business sites, and companies conduct cleanup activities at least once a year to pick up litter along the coast and in rivers flowing into the Seto Inland Sea.



Cleanup activities at Iwakuni Production Center



Cleanup activities at Takasago Plant



Cleanup activities at JAPAN EXLAN COMPANY, LIMITED and TOYOBO PHOTO CHEMICALS CO., LTD.

Lake Biwa day event: 100 sites eDNA survey

The Toyobo group has supported "Lake Biwa Challenge: 100 sites eDNA survey," a project to research living organisms in Lake Biwa, Japan's largest lake in Shiga Prefecture. The survey, conducted by Ryukoku University's Center for Biodiversity Science, is a sub-project of "Ryukoku Lecture with Shiga Prefecture related to Lake Biwa Day," an open lecture of Ryukoku University.

"Lake Biwa Challenge: 100 sites eDNA survey," started in 2021, involves collecting water samples annually at 100 locations along the entire lake by local citizens, organizations, and companies. The samples will be analyzed for environmental DNA* at the university's center, to obtain data essential for conserving biodiversity, such as the habitat distribution, and proliferation of invasive species.

The Research Center, a Toyobo research hub also located in Shiga Prefecture, has participated in local environmental activities and launched its own campaigns to clean up the lake with the aim of conserving the lake's biodiversity. As part of its support for the latest project, Toyobo will regularly take its own water samples at a company site on the lakeside to obtain data over time in addition to participating in the annual lake water sampling. Toyobo will also consider conducting joint projects with the university center that use technology to analyze environmental DNA.

*DNA expelled by living organisms, such as those originating in their body fluids and feces.

[Find more information here >](#)

Engagement with governments and non-profit organizations

At the environmental seminar held every year as part of the group's environmental education, a study session was held in fiscal 2023 under the theme of "biodiversity conservation" with lecturers invited from the Ministry of the Environment (Office for Mainstreaming Biodiversity) and an NPO (The Citizens Environmental Foundation).

A total of over 500 people participated in each seminar, including online participants, who deepened their knowledge of biodiversity conservation by asking questions to the lecturers.



Scenes of Environmental Seminars in FY2023

Collaboration with local community

The Tsuruga Research and Production Center of our group participates in the "Tsuruga City Water Environment Improvement Roundtable", which consists of local government officials, academics, residents, companies, and NGOs that have come together for the purpose of groundwater management. The report provides information on measures to achieve the reduction targets promised to the local government and citizens, as well as the results of activities and future plans.

The Toyobo group will continue to work with local communities to properly manage groundwater use in order to conserve biodiversity.

Social



Employee well-being and human rights in the supply chain

We are working to create workplaces ("People Fast") where employees feel safe secure and comfortable, and pride and rewarded, to ensure the safety and health of employees (health and productivity management), to enhance reskilling and recurrent education, and to respect human rights throughout the supply chain.

Respect for Human Rights >

Safety, Disaster Prevention >

Quality >

Supply Chain Management >

Human Resource Management >

Diversity & Inclusion >

Health and Productivity Management >

Local Communities >



Zero industrial accidents
in workplaces



Respect for human rights
across the
entire supply chain



Employee engagement
score: over 70%



Expanding and
improving educational
and training systems
for employees;
reskilling and recurrent
education, etc.

[Find more information about our ESG Performance Data here >](#)

Respect for Human Rights

Materiality	
Related ESG: S	
Human rights (entire supply chain)	   

Management approach

Policy and approach

Respecting human rights is essential for Toyobo group to fulfill its responsibilities as a member of society and continue as a trusted company. In this regard, respecting the rights of employees and trading partners, who are important stakeholders for the group, is crucial to enabling them to demonstrate their abilities, and to work with vigor and energy. In recognition of this, we have included “4. Respect for Human Rights” and “6. Active Employee Participation” within the 10 principles of the Toyobo Group Charter of Corporate Behavior. We have also positioned relevant items as materiality (key issues) and are advancing initiatives accordingly. As a statement of this intent, in January 2020, the group became a signatory to the UN Global Compact. The UN Global Compact is a voluntary initiative in which companies participate creating a global framework for solving global issues as responsible corporate citizens and realizing sustainable growth. Signatory companies are required to constantly strive to realize these goals based on a leadership commitment to complying with 10 principles in the four areas of human rights, labor, environment, and anti-corruption. We also support and respect other international agreements relating to human rights, such as the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Children’s Rights and Business Principles. The TOYOBO Group Human Rights Policy, which was drawn up in October 2020, conforms to the UN Guiding Principles on Business and Human Rights. Additionally, the group complies with laws and regulations in the countries and regions in which we do business and provide employees with appropriate compensation that exceeds stipulated minimum wages.

<TOYOBO Group Human Rights Policy>

Over a history of almost 140 years, the Toyobo Group has developed business that addresses the needs and challenges of the times through technology, based on the spirit of *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), which is the cornerstone of the PVVs corporate philosophy system.

At present, under our vision of “we will continue to create the solutions needed by people and the earth with materials and science,” we are working to evolve into a company that can “help society flourish and our Company grow” by actively contributing to solving social issues and continuously creating value for society.

We believe that respecting human rights is crucial to achieving the Group’s vision, and in the TOYOBO Group Charter of Corporate Behavior (“Charter”) and the TOYOBO Group Employee Conduct Standards (“Code”) we have stated that we respect human rights and maximize the value that can be generated from diversity under the slogan “respect for human rights and diversity.”

The TOYOBO Group Human Rights Policy (“this policy”) outlines our policy for handling human rights based on the Charter and Code and it applies to all of the Group’s directors, corporate auditors, executive officers, and employees.

Also, as a good corporate citizen, the Group recognizes the importance of respecting human rights and will strive to respect the basic human rights of all stakeholders, including officers and employees.

1. Compliance with laws, regulations, and norms concerning respect for human rights

The Toyobo Group supports and respects international norms concerning human rights including the International Bill of Human Rights, which stipulates the basic human rights that should be enjoyed by everyone in the world, and the ILO Declaration on Fundamental Principles and Rights at Work by the International Labour Organization (ILO) which stipulates the fundamental rights regarding labor (freedom of association and collective bargaining rights, the elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation).

Also, this policy was formulated in accordance with the UN's Guiding Principles on Business and Human Rights.

The Group complies with the laws and regulations in every country and region in which it does business. Furthermore, in cases where internationally recognized human rights and the laws and regulations of a country or region are in conflict, we will pursue a course of action that has maximum respect for international human rights principles.

2. Duty to respect human rights in all business activities

The Toyobo Group will not infringe on the human rights of another individual, will minimize the adverse effects on human rights that might occur through its business activities, and will actively expand the practice of respect for human rights in its business activities.

3. Practicing human rights due diligence

The Toyobo Group recognizes the importance of practicing human rights due diligence to minimize any adverse effects of our business activities on human rights. Based on this recognition, we will build a human rights due diligence framework.

Additionally, while this framework has yet to be designed, it will include identifying, preventing, and reducing actual and potential adverse effects on human rights in our business activities and value chains, integrating internal processes for measures related to the above, and publicizing our efforts.

4. Correction and relief

In cases where it is revealed that the Toyobo Group has had an adverse effect on human rights or furthered such an adverse effect, it will take appropriate steps to correct this and provide relief. Also, even in cases where the Group has not directly furthered an adverse effect on human rights, if a business partner of the Group or other related party has a direct connection to an adverse effect on human rights through their business, we will strive to cooperate with stakeholders to make improvements, and ensure that human rights are respected and not infringed upon.

5. Cooperation and dialogue with stakeholders

The Toyobo Group promotes respect for human rights through actions stipulated in its Charter, Code, and other policies and guidelines. Furthermore, we will respond to any actualized or potential adverse effects on human rights through dialogue and cooperation with the relevant stakeholders.

6. Education for officers and employees

The Toyobo Group will reflect this policy in the procedures required to ensure it is applied in all business activities and will provide appropriate education and training for officers and employees to ensure implementation based on a correct understanding of this policy.

7. Information disclosure

The Toyobo Group will report on various initiatives concerning respect for human rights based on this policy in a timely manner through its website and various reports.

8. Selection of priority human rights issues

As changes in society and other situations can change the specific human rights issues that should be addressed, the Toyobo Group will revise its priority issues through dialogue and cooperation with stakeholders and external experts.

Seiji Narahara
Representative Director, President and CEO, Co-COO
TOYOBO CO., LTD.
October 26, 2020

Related Policies

[TOYOBO Group Charter of Corporate Behavior: 4. Respect for human rights, 6. Active employee participation](#) >

Structure

In April 2021, Toyobo group established a unit responsible for human rights within the Human Resources Department, with the aim of emphasizing respect for human rights in Toyobo group in a proactive, systematic manner. We are deepening our understanding of international human rights related issues that companies need to be aware of, and preparing for initiatives on human rights due diligence.

The Managing Executive Officer who is the Controlling supervisor of the HR Division has overall responsibility for matters relating to human rights.

Targets and KPIs

<Targets>

- The Toyobo group will carry out initiatives to ensure respect for basic human rights and diversity throughout the entire group, including providing training to foster such respect among employees.
- Through these initiatives, we will aim to be a fair company that is trusted by society.

<KPIs and Results>

Initiatives	KPI	Target (FY2026)	Result (FY2022)
<ul style="list-style-type: none">• Avoid human rights violations• Eliminate forced and child labor• Respond to human rights laws and regulations (Modern Slavery Act, etc.)• Ensure equality in recruitment and treatment of employees	1. Implementation status of human rights education and training	1. Once a year for 20% of non-consolidated employees※	1. 27.6%

※ TOYOBO CO., LTD., TOYOBO STC CO., LTD., and TOYOBO INFORMATION SYSTEM CREATE CO., LTD.

Initiatives

Establishment of complaint handling and internal reporting systems

The Complaint Handling Committee and the compliance consultation centers within the internal reporting system provide consultations and handle reports regarding human rights. In order to ensure that employees can use these systems without concern, the name and other details of employees making reports or receiving consultations are kept private and we guarantee that these individuals will not be negatively affected by their action. We also strive to detect and solve human rights issues at an early stage through compliance surveys.

[Find more information about our compliance consultation desks here >](#)

[Find more information about our initiatives to prevent harassment here >](#)

Respecting workers' rights

● Respecting freedom of association and collective bargaining rights

The Toyobo group respects freedom of association and collective bargaining rights based on its participation in the UN Global Compact.

We have set shared targets for labor and management to realize TOYOBO PVVs and we strive to build constructive and stable relationships between management and workers. Labor union activity at Toyobo is based on the union shop system,* and all employees that are eligible to join a labor union under the labor-management agreement reached between labor and management join the labor union. Our unions represent all their members and the results of negotiations between management and labor are applied to all members without conditions. Additionally, based on an agreement between management and labor, employees at management level or above are not eligible to join, and 79.0% of all employees are union members (as of FY2022).

* The union shop system is a system whereby all workers employed at a particular workplace are required to join the labor union for that workplace.

● Dialogue between management and labor

We arrange repeated opportunities for frank discussion between labor and management aimed at realizing the TOYOBO PVVs, and we promote the building of the foundations needed for every single employee to be able to work with energy and enthusiasm.

Meetings of the Central Management Council, attended by representatives of the labor union headquarters and of company management, are held once a year, and meetings of the Branch Management Councils are held once a year at each of the nine branches in Japan.

The labor union is represented at meetings of the Central Management Council by staff from the union headquarters, and is represented at Branch Management Council meetings by staff from the relevant union branch, while the company is represented by the President at meetings of the Central Management Council, and by the business site manager or plant manager at Branch Management Council meetings. Topics addressed during discussions between labor and management include the operational status of the company, changes in the amount of pay rises, and the working environment.

Respect for human rights from a global perspective

In the countries and regions, where Toyobo group has business sites, there are various human rights related issues that reflect the specific political, economic and social circumstances. Such issues may include discrimination in regard to employment and work roles, unfair labor practices, forced labor and child labor, infringement of the human rights of foreign workers, and involvement in corruption. For each Toyobo group business site, it is vitally important to give due consideration to these human rights related issues.

In order to identify the issues that Toyobo group needs to take into consideration from among the human rights related issues existing in each region, we are participating in the relevant sub committees of Global Compact Network Japan, alongside human rights NGOs and other participant companies. We are aiming to deepen our understanding of human rights by gathering information on international human rights issues and other issues that corporations need to pay attention to. Going forward, we will continue to identify human rights related issues that we need to consider at each of the Toyobo group's business sites.

Respecting human rights in the supply chain

In September 2022, we reviewed the "CSR Procurement Guidelines". To achieve the SDGs in the supply chain, we will carry out a review that strengthens respect for human rights and environmental consciousness.

The guidelines clearly state that human rights matters (such as child labor, forced labor, and prohibiting discrimination against people of all attributes that include LGBTQ) should be taken into consideration selecting a business partner.

We conduct a survey among key business partners, based on the "CSR Procurement Guidelines". There are human rights items in the survey, and through these items, we can confirm the status of our business partners' efforts regarding human rights.

We ask new business partners at the start of business and ask existing partners regularly to cooperate with the survey, and familiarize them with respect for human rights.

Based on the responses to the questionnaire, we conduct an evaluation taking into account the country/region, industry, and personnel composition as well and follow up with partners who may be at high risk by conducting dialogues.

[Find more information about our Supply Chain Management here >](#)

[Find more information about our CSR Procurement Guidelines here >](#)

Participation in initiatives related to labor standards

We participate in the labor subcommittee meetings of the industry associations, Spinners' Association of Japan and Chemical Fibers Association of Japan. The subcommittee discusses work-related issues (working hours, leave systems, personnel systems, retirement benefits, etc.), including labor standards, and labor issues (e.g., measures against COVID-19, teleworking and other work styles).

Reducing excessive working hours

We are engaged in workstyle reform, so that our employees can work with renewed efficiency and achieve a good balance between work and personal life.

[Find more information about our Work-life balance here >](#)

Enhancing diversity and equal opportunities

The Toyobo group believes that personal and organizational growth is achieved through a process of mutual respect among our employees, with their differing work styles, careers, gender, nationality, race, and beliefs, and through cooperation to achieve our shared objectives. We respect different opinions and a wide range of values, and cooperate to achieve ambitious goals together.

[Find more information about our Diversity & Inclusion here >](#)

Handling of Non-Compliance with Labor Standards

	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Major violations of laws, regulations, or rules	Incidents	Global	0	0	0	0	0
Serious non-compliance with labor standards	Incidents	Total in Japan	0	0	0	0	0
Number of incidents of serious human rights violations	Incidents	Total in Japan	0	0	0	0	0
Compliance-related incidents that resulted in a criminal complaint	Incidents	Total in Japan	0	0	0	0	0

Internal education initiatives

The Toyobo group has created English and Chinese versions of the TOYOBO Group Charter of Corporate Behavior in order to implement internal education that enables employees around the world to share the same vision.

We inform employees of rules and examples regarding respect for human rights, the prohibition of discrimination, the prohibition of child labor and forced labor, and the protection of personal information through the TOYOBO Group Compliance Manual.

Furthermore, we held training sessions, which include the familiarization and understanding of the "Human Rights Policy", on respect for human rights alongside other initiatives aimed at improving awareness of human rights among employees. In fiscal 2022, as in the previous fiscal year, in each business site, we implemented training for new hires, grade-specific education, lectures, and training sessions for personnel appointed as promoters of human rights, with a total of 396 personnel participating in such activities.

In order to identify the issues that Toyobo group needs to take into consideration from among the human rights related issues existing in each region, we are participating in the relevant sub committees of Global Compact Network Japan, alongside human rights NGOs and other participant companies. We are aiming to deepen our understanding of human rights by gathering information on international human rights issues and other issues that corporations need to pay attention to and apply it to our awareness-raising activities.

Engagement with local communities

In order to protect the human rights of local stakeholders while living in harmony with the local community, we conduct engagement on issues affecting human rights in the community through information exchange and steady public relations activities with neighborhood residents, local community associations and cooperative unions, etc., in cooperation with the local government. The results of the engagement are used for measures against noise, odor, and wastewater.

Safety, Disaster Prevention

Management approach Fire prevention measures (FY2022)



Management approach

Policy and approach

Toyobo group recognizes that ensuring health and safety is a precondition for successful corporate activities. We have formulated the Toyobo Group Basic Policy on Health & Safety, which applies not only to our employees but also to the personnel of partner companies (contractors), and we are striving to build a safe workplace environment. Our safety declaration for fiscal 2023 is “We will thoroughly implement ‘putting safety first,’ and we will emphasize labor safety, environmental safety, product safety, and equipment safety.”

In order to prevent the memory and lessons learned from the fire and fatalities that occurred at our Inuyama Plant on September 27, 2020 from being forgotten, we will continue to observe TOYOBO group Disaster Preparedness Day on September 6. Also, we are designating September as Disaster Preparedness Month to promote the awareness of disaster prevention, including fires.

We will review our safety and disaster prevention activities, and continuously promote “the creation of workplaces and personnel that are strongly equipped to deal with fires” at all group sites to create resilient production bases. We will work together as a group to make concerted efforts to regain the trust of society.

<TOYOBO Group Basic Policy on Health & Safety>

1. Health & Safety Principle

Based on the concept that ensuring safety and sanitation is a major premise for business activities, we will actively work to ensure the safety of employees, enhance the cleanliness of working environments, and improve health under the spirit of respect between people with the aim of creating cheerful, happy workplaces and a prosperous society.

2. Policy for Health & Safety Activities

(1) Ensuring workplace safety

The Toyobo Group works to enhance the safety and security of environments at its workplaces with the aim of achieving zero accidents.

(2) Enhancing environmental sanitation and improving health

The Toyobo Group is enhancing the sanitation of environments at its workplaces and working to improve the health of its employees with the aim of realizing happy workplaces.

(3) Compliance with social norms

The Toyobo Group complies with social rules and works to realize a prosperous society and communities with which the Company can coexist.

Structure

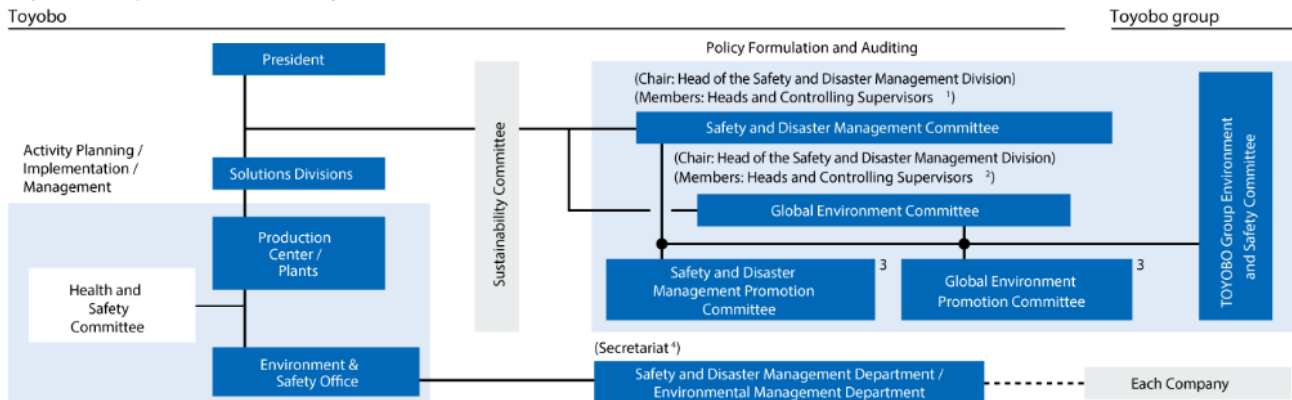
In order to achieve steady progress in initiatives relating to safety and disaster prevention, which are the most important management issues, we have established the Safety and Disaster Management Division, which is a body reporting directly to the President, with a high degree of decision-making authority.

We have also established the Safety and Disaster Management Committee and the Safety and Disaster Management Promotion Committee under the Sustainability Committee, which deliberate on matters relating to safety and disaster prevention activities, decide on policies, verify progress, and report to the Board of Directors. The Safety and Disaster Management Committee is chaired by the Executive Officer who is head of the Safety and Disaster Management Division, and its members comprise the Co-COO, Senior Managing Executive Officer and Managing Executive Officers responsible for overseeing individual divisions and departments. In addition, Corporate Auditors and other persons appointed by the committee chair can also attend meetings of the committee as observers, and express their views. Ordinary committee meetings are held once a year in principle. The Safety and Disaster Management Promotion Committee meets six times a year, to discuss and decide on concrete matters and manage activity progress status, in accordance with the Basic Policy. The Committee also organizes teams, composed of the committee chair and committee members, which visit individual production centers, plants, and group companies to perform safety and environmental assessments and on-site inspections of activity status.

Furthermore, each production center and plant has its own Health and Safety Committee, which is composed of employee representatives, managers and experts, and which investigates and deliberates on matters relating to employee safety, disaster prevention and health, including risk assessment status, at each workplace.

Labor union representatives also participate in the discussions of the Safety and Disaster Management Promotion Committee and the Health and Safety Committee.

Toyobo Group Structure for Safety, Disaster Prevention, and the Environment



- 1 Deliberates and decides policy on safety and disaster prevention 2 Deliberates and decides policy on the global environment
3 Deliberates and decides specific matters, and manages progress 4 Supports activities, provides information, and conducts interdepartmental coordination

Targets and KPIs

<Targets>

- We will strive to prevent disasters and accidents by clarifying and thoroughly complying with basic safety throughout the entire Toyobo group.

<KPIs and Results>

Initiatives	KPIs	Targets	Results (2021)
<ul style="list-style-type: none"> • Build a culture of safety • Prevent workplace accidents (make human-operated equipment safer, promote security and disaster prevention) 	1. Number of major accidents*	1. 0 accidents per year	1. 0 accidents
	2. Frequency rate of workplace accidents resulting in lost workdays	2. 0.25 or less	2. 0.42
	3. Number of fires or explosions	3. 0 accidents per year	3. 1 accidents
	4. Number of spill accidents	4. 0 accidents per year	4. 2 accidents

* Major accidents: Defined according to internal standards based on the definition stipulated by the Ministry of Health, Labour and Welfare

Safety initiatives

Under the TOYOBO Group Basic Policy on Health & Safety, we are implementing the following occupational safety initiatives.

● Making people, equipment, and processes safer

We identify major sources of potential danger and take steps to prevent major accidents from occurring. We clarify onsite risk, and we make improvements to equipment and procedures on the basis of risk assessments and research procedures. We then include this information in procedure manuals and utilize it in safety education. In cases when an accident does occur, by investigating it, we help to prevent similar accidents from occurring in the future. Additionally, with regard to accidents that occur at other companies and workplaces, we check whether there is a similar risk at our own workplaces and take steps if necessary.

In April 2020, we began to issue "Safety and Disaster Prevention News." Using the lessons from accidents and disasters that have actually occurred in the past, it helps to spread awareness by providing easy-to-understand explanations, supported by illustrations, regarding key points to note to conduct operations safely, and how to respond in the event of an accident.

In production centers where the foreign technical training system (overseas trainees) is in operation, we have assigned instructors to provide Japanese language education and support for daily life to ensure the safety and livelihood (communication) of the trainees.

As an example, for trainees to work safely, we devise ways to make it easier for them to understand, such as translating the standard operating procedure (SOP) and using hiragana to write the reading kana.

● Promotion of disaster prevention

Learning from fire accidents, we have revised the content of our training drills so that they are more practical, and have endeavored to ensure that all workers are able to participate in them at least once a year, in order for everyone to be able to protect their own workplaces in the event of fires.

We will promote reliable measures to enhance disaster prevention at all sites with the aim of creating sites that do not allow fires to occur, and that prevent casualties and minimize other damage if they do occur. To this end, we have formulated fire prevention equipment guidelines and disaster prevention management standards, and we are working to reduce the risk of fires.

With regard to natural disasters, we will continue to implement disaster mitigation measures by reinforcing buildings against earthquakes, improving office and plant infrastructure, and conducting emergency response drills.

● 3S activities and training

We undertake 3S (sort, sweep, and standardize) activities, which are the foundation for safety and disaster prevention activities, on a company-wide basis. We have put in place a safety and disaster prevention training system that is shared throughout the company, and we provide the safety and disaster prevention training that is needed at each level.

In addition, with the aim of realizing effective safety and disaster prevention knowledge training, we have installed Disaster Prevention Training Workshops—training spaces in which panel-type displays play a central role—in all production centers, and we have established Disaster Prevention Experience Training Facilities at key sites.

Establishment of a disaster prevention training center at the Iwakuni Production Center

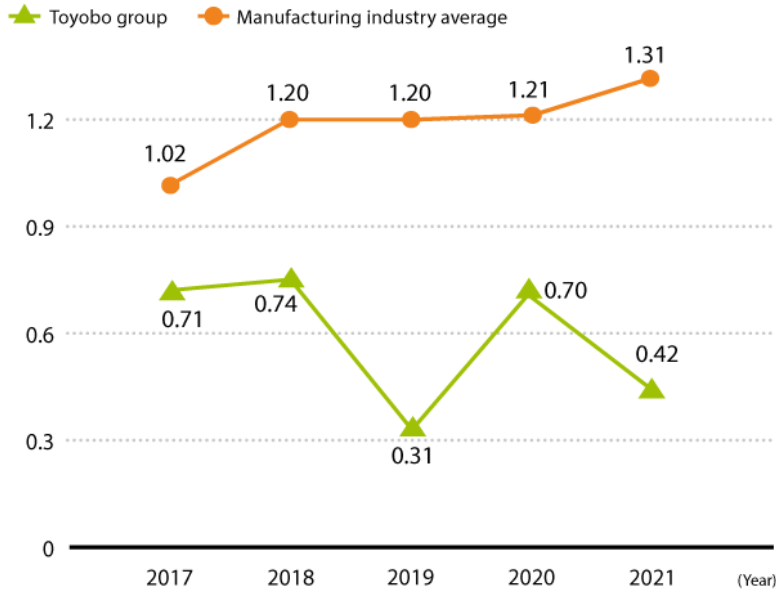
With the aim of looking back on and learning from accidents that have occurred in the past, and preventing the lessons from being forgotten, in August 2021 a new Disaster Prevention Training Center was opened at the Iwakuni Production Center, where personnel can experience the terrifying nature of accidents and make use of simulation equipment.

This is a training center, where, for example, besides being able to experience the awfulness of fires and explosions, such as dust explosions and fires caused by static electricity, it is also possible to experience the horror of accidents that involve being pulled into machinery. The center also shares case studies of accidents that have occurred in Toyobo group in the past.

To provide additional opportunities for personnel to enhance their knowledge of and awareness of fires and smoke, and to pay more attention to safety and disaster prevention, we have started internal training and are promoting internal education. Going forward, we will be considering how to put in place a framework that can be utilized effectively throughout Toyobo group.



Frequency Rate of Lost Workday Injuries (Japan)



The Toyobo group is striving to achieve zero accidents in accordance with the TOYOBO Group Basic Policy on Health & Safety. We place importance on the frequency rate of workplace accidents resulting in lost workdays^{*1}. This was 0.42 in 2021, including affiliated businesses at the same business site.

We have set a goal of zero major incidents^{*2} as a KPI, we achieved zero major accidents.

^{*1} Frequency rate of workplace accidents resulting in lost workdays refers to the rate of accidents resulting in lost workday injuries per one million hours worked

^{*2} Major accidents: Defined according to internal standards based on the definition stipulated by the Ministry of Health, Labour and Welfare

[Find more information about our Health and Productivity Management Efforts here >](#)

Fire prevention measures (FY2022)

In the wake of the September 2020 fire accident at the Toyobo Inuyama Plant, the Toyobo group is taking two main approaches to improving safety prevention. We are fostering a culture of safety by clearly establishing safety as the highest priority and revising our education structure. We are also fortifying our safety infrastructure by formulating a plan to enhance our safety and disaster prevention equipment and management and by developing specific PDCA cycles.

Fostering a culture of safety

We had always stated that worksite "safety is the highest priority," but we now recognized that the problem was that management involvement was insufficient. To foster a deeply imbedded culture of safety, in April 2022 we announced the New Safety Declaration. The New Safety Declaration clarifies for all employee our management stance of placing the highest priority on safety related to occupational labor and conditions, our products, and our equipment. Measures to change our awareness of safety issues include revamping the position-based safety education system and introducing safety workshops and education programs for management level employees led by external organizations. A safety workshop for management-level employees was held in December 2021, with all of the participating company executives having the opportunity to study safety conditions at various companies.

We distributed video footage of the Inuyama Plant fire to each worksite to stimulate discussions about safety and to ensure the lessons learned from the disaster are not forgotten.

Fortifying for safety infrastructure

We continue to apply the PDCA cycle to fortify our safety and disaster prevention infrastructure. The group established the Disaster Management Department and the Occupational Safety Department under the Safety and Disaster Management Division, which is directly overseen by the president, in fiscal 2021. Subsequently, to improve the efficiency and simplify the organization of our safety management, we reorganized the structure and the Safety and Disaster Management Department and Environmental Management Department were brought under the Safety and Disaster Management Division in April 2022.

In fiscal 2022, we also launched a project with safety specialists advising on the formulation of disaster prevention management standards for fire prevention that will apply across the group. The standards were carefully constructed to allow sites to conduct their own inspections in accordance with their specific conditions. We have also added a system for safety specialists to conduct regularly scheduled inspections of the operating conditions at each worksite.

A Medium-term Safety and Disaster Prevention Plan has also been created to avoid the situation of short-term budget planning for business operations leading to postponements of measures and spending for safety and disaster prevention. We worked with external specialists to create detailed risk maps for 15 sites for evaluating the natural disaster risk at each site and to guide the implementation of disaster countermeasures. The risk map will also be used in our planning for future production sites. In addition, we plan to review the disaster prevention measures at all sites and identify sites requiring additional measures for fire containment, such as to prevent a fire from spreading to adjacent buildings. We are preparing a budget with ¥18.6 billion in additional funds to be used for prevention measures by fiscal 2026.

We are also setting up disaster prevention training spaces at all of the group's primary production sites. In August 2021, the Iwakuni Production Center conducted a training program to raise awareness of disaster prevention that included simulating past accidents with reenactments. We plan to set up and utilize more safety training spaces in the future.

Steps to Enhance Our Culture of Safety

	FY2022	FY2023	FY2024	FY2025
	Mostly dependent stage ¹ → Increasing independent stage ¹ → Emerging interdependent stage ¹			
Fostering a culture of safety (employee behavior and awareness)	Top management commitment statement An expression of management commitment and action, and a demonstration of tangible leadership (Declaration of Action, on-site dialogues)			
Reestablish shared values and communications	Workshops for specific position levels (all levels) → broaden to group companies and overseas sites			
	3S ² activities (production innovation, small group) Continuously improve ability to identify on-site risks, develop human resources capable of noticing and rectifying abnormalities			

¹ This expression is a quote from the dss⁺ Bradley curve of the stages of safety culture development.

² 3S: Sort, straighten, sweep

Quality

- Management approach
- Response to the quality-related misconduct incidents (FY2022)

Materiality	
Related ESG: S G	
Compliance (including quality issues)	

Management approach

Approach to quality

Toyobo group is striving to ensure customer satisfaction and win customers' trust, not only through the safety of our products and services, demonstrating concern for the environment and maintaining compliance with relevant laws and regulations, but also through high quality standards. In order to achieve this, we have formulated the TOYOBO Group Basic Policy on Quality Assurance and the TOYOBO Group Basic Policy on Product Safety. To safeguard the quality and safety of the products and services that we provide, we have established an appropriate management system, we perform quality inspections using suitable procedures, and we also strive to ensure that data is properly handled.

Responding to the quality-related misconduct incidents that were discovered in our engineering plastics business in fiscal 2021, we are putting new systems in place in order to win back the trust of our business partners and of all other stakeholders.

<TOYOBO Group Basic Policy on Quality Assurance>

1. Quality Assurance Principle

We will gain the trust and ensure the satisfaction of consumers and customers by always taking our customer's standpoint and ensuring each individual employee prioritizes quality as we develop and supply products and services that are safe, environmentally friendly, take into account the protection of information, and benefit society.

2. Policy for Quality Assurance Activities

- (1) Toyobo Group anticipates the changing needs of customers and society to realize manufacturing that offers quality and safety that enables us to share our joy with customers
- (2) Toyobo Group complies with relevant laws, regulations, and standards concerning products and we voluntarily set our own standards and conform to these.
- (3) Toyobo Quality practices quality assurance throughout a product's lifecycle and throughout our supply chain

<TOYOB0 Group Basic Policy on Product Safety>

1. Safe Product Principle

We will make an even greater contribution to society by supplying even safer products using technologies that are considerate of people and the environment with the aim of creating a prosperous society for the 21st century.

2. Policy for Product Safety Activities

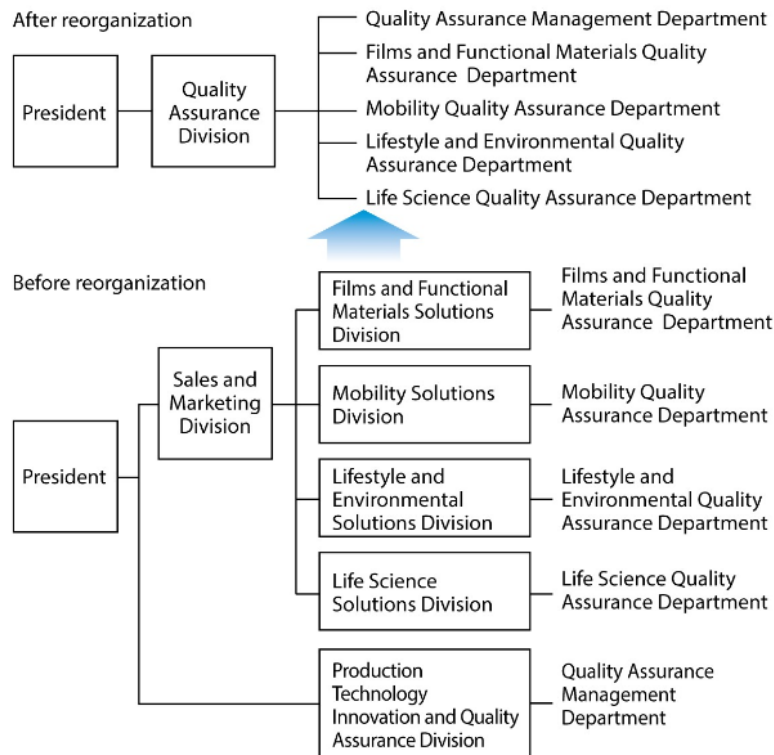
- (1) The Toyobo Group provides highly safe and reliable products and services that meet the changing needs and expectations of society, customers, and consumers.
- (2) In order to ensure product safety, the Toyobo Group naturally complies with all relevant laws, regulations, and standards. We also voluntarily set safety standards that are higher than required and conform to these.
- (3) The Toyobo Group plans safety that naturally takes into account the future application of a product and a degree of mistaken use that can be rationally predicted.
- (4) The Toyobo Group plans the safety of a product throughout its entire lifecycle, from development, design, manufacturing, sale, and usage through to disposal.
- (5) The Toyobo Group works to enhance the awareness of product safety of all its employees and participates in information provision, education, and awareness raising activities for stakeholders.

Structure

Toyobo group has established the PL/QA Committee as a standing committee that oversees product liability (PL) and quality assurance (QA). The chair of the committee is the Controlling Supervisor Director of the Quality Assurance Division, which comprises persons in charge from each business and persons in charge (executives) from the corporate staff. Ordinary committee meetings are held twice a year in principle, and meetings of the PL/QA Standing Committee comprising general managers are held six times a year. The committee met eight times in fiscal 2022.

We established the new Quality Assurance Division on April, 2021 as one of the measures to prevent recurrence of inappropriate conduct. Under the new division, we have placed the Quality Assurance Management Department, and also the Quality Assurance Departments which are in charge of Solutions Division. By establishing the independence of the quality assurance related departments, a function which was previously implemented in each business division (Solutions Division), we have strengthened its control over the business divisions. In addition, the Quality Assurance Management Department has been given the authority to guide and suspend the development, production, and sales of the company and group companies regarding product safety (PS) and QA of Toyobo group, and we are working to reconstruct an appropriate quality management system and strengthen governance.

Before and After Reorganization of the QA Structure



Targets and KPIs

<Targets>

- We will increase customer satisfaction by practicing quality management throughout our entire supply chain, including upstream areas, and ensuring quality that can be trusted.

<KPIs and Results>

Initiatives	KPIs	Targets	Results (FY2022)
1. Realize stable supply, contribute to solutions for customer issues, fulfill customer needs	No. of incidents related to products*	0 incidents per year	0 incidents
2. Ensure product safety and quality	Implemented status of products safety and quality assurance training	100%	100%

*Incidents related to products: Defined according to internal standards based on the definition stipulated by the Ministry of Economy, Trade and Industry

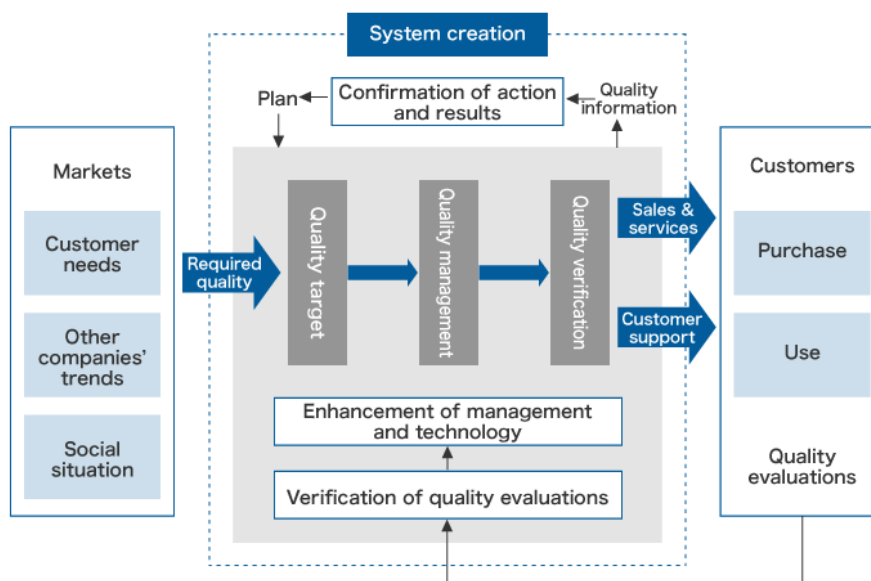
Initiatives

QA activities

Employees have shared access to the Quality Assurance Manual, which describes the basic approach and code of conduct for all employees when implementing Toyobo group's development, production and sales activities, and use it as the basic philosophy for Toyobo group manufacturing.

In addition, we have formulated the Quality Assurance Guidelines, and we are aiming to develop a system that guarantees quality. Moreover, a QA system is established for each product and service so that quality and product safety can always be guaranteed at each stage. In September 2021, we implemented a revision of the Quality Assurance Guidelines, adding definitions for online systems that will reduce manual processing and manual intervention when handling quality data, so as to eliminate opportunities for data falsification from the perspective of enhancing data reliability. Additionally, checks are repeatedly carried out by business supervisors, related internal and external parties, and experts, to ensure that no incidents occur in the market.

Overview of QA Activities



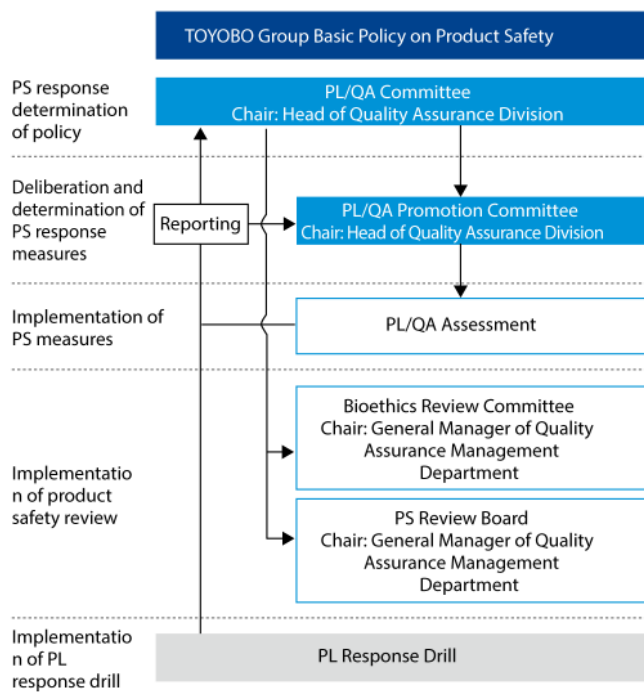
Product safety promotion activities

For each department and group company, we conduct PL/QA assessments carried out by the Quality Assurance Division, which has been made independent of the business divisions, or by QA personnel from different departments, to verify and improve PS activities. Moreover, we have established criteria for assessing PS and PL risk, and based on these criteria, we carry out inspections at each stage, from product development to sales, striving to reduce risk.

All possible measures are taken to ensure PS, and training drills are also conducted on a regular basis at all business divisions based on PL incident scenarios. PS remains a crucial theme throughout the whole of the group, and we will continue to mitigate risk as much as possible and strive to fulfill our social responsibility.

PL Response System

Product Liability (PL) Response System



Product safety and quality assurance training

We implement PS and QA training not only for new employees and new managers, but also for other employees at each level.

In fiscal 2022, we conducted training for new employees and department-specific training through e-learning in a packaged format, with four online courses over the year. In all, 302 people received this training. In fiscal 2023, we intend to begin implementing case study sessions focused on quality-related misconduct incidents, to further enhance awareness.

As part of our efforts to strengthen our awareness-raising system in response to quality-related misconduct incidents, we have designated November as Quality Month, and this is implemented annually. During this period, we conduct various awareness-raising activities, including the displaying of messages from the President relating to QA in each business site using digital signage and posters, and the holding of seminars on PL/QA.

ISO 9001 Certification Status

[Find more information about our ISO9001 Certification Status here >](#)

Response to the quality-related misconduct incidents (FY2022)

The Toyobo group is responding to the quality-related misconduct incidents discovered related to the PLANAC® and other engineering plastics in 2020 by firmly establishing “manufacturing that fulfills our promise to provide safety and security from the customer’s perspective” and by fortifying the inspection and quality confirmation mechanisms in the group’s risk management system.

Status of the engineering plastics department

Following the quality-related misconduct incidents to PLANAC® and other products, we have been in contact with our customers individually have and reacquired certification from Underwriters Laboratories (UL) for some of our products.

We also proceeded to investigate the status of all of our product through questionnaires and other methods. Any quality-related matters in the Engineering Plastics Department that were considered serious issues, such as violations of our agreements with customers, were considered priority issues and reported individually to all associated customers.

Our investigations and confirmations with the cooperation of our customers have found no significant defects related to product safety or basic functionality. We are continuing to make improvements. Full-scale investigations into the incidents as part of our comprehensive investigation following the discovery of quality issues with the PLANAC® products, in spring 2021 Toyobo conducted an anonymous questionnaire survey of all 10,101 group employees and officers (excluding the already completed questionnaires of the Engineering Plastics and certain other departments) to determine if there was knowledge of any additional product quality issues. The company received 7,391 responses (response rate; 73.2%), in which were reported 111 cases requiring additional investigation. A follow-up questionnaire was then conducted of respondents who had provided their name, but since more than half of the responses were anonymous, the company issued new questionnaires requiring respondents to provide their name.

The follow-up questionnaire was distributed in summer 2021 to 9,452 group employees and officers in Japan and overseas, from which 8,866 responses (response rate: 93.8%) were received. We confirmed from the questionnaire responses that there were some agreement violations. We discussed the issues with the customers and received confirmation that the issues were not related to quality. Including this result, at this time we have not identified any serious quality-related issues.

We recognize that violations of agreements with customers, non-observance or the lack of internal rules, and concerns about compliance awareness are priority issues that must be addressed. We will make these issues known internally and use the findings from the questionnaires to continue recurrence prevention measures at all of the group’s work sites and organizations.

Strengthening the quality risk management system

The company responded to the quality-related misconduct incidents by adopting a “three lines of defense” structure at the start of fiscal 2022. The multi-layered structure for detecting and preventing quality-related misconduct positions the business divisions as the first line of defense and the Quality Assurance Division and Internal Audit Department as the second and third lines of defense.

The Quality Assurance Division, which is the second line of defense, identified improper inspections and other items as significant quality-related risks, and led and assisted risk assessments at each business unit. The division formulated measures to reduce risk and has begun assisting in the application of the measures.

The Internal Audit Department, the third line of defense, created a Risk Management Audit Team to perform quality audits for the first and second lines of defense. The department collects information on the operation status and current issues of the Quality Assurance Division and the business divisions, and examines the best approach to coordinating audits.

In the second half of fiscal 2022, the Internal Audit Department began a first line audit with the Quality Assurance Division. The department also audited the Quality Assurance Division and had a frank dialogue with the division about expectations for its supervision of the Solutions Divisions.

We also implemented data integrity (DI) measures related to quality, including automating the inspection report processes of the Solutions Divisions’ Quality Assurance Departments to reduce human error, among other initiatives.

The Three Lines Model for Quality Control



Supply Chain Management



Management approach

Policy and approach

The Toyobo group is contributing to achieve the SDGs, which support the development of a sustainable society, throughout our entire supply chain by establishing an appropriate trading policy and conducting procurement and logistics responsibly.

To realize this, we have formulated CSR Procurement Guidelines that deal with matters such as legal compliance, fair trade, consideration for the environment, and respect for human rights (including the prohibition of child labor or forced labor and discrimination based on gender identity including LGBTQ), and Green Procurement Guidelines that are considerate of the environment. In September 2022, we revised the CSR Procurement Guidelines based on various recent global issues.

Additionally, based on the principle of “2. Fair business practices” in the TOYOBO Group Charter of Corporate Behavior, we practice fair competition and dealings, responsible procurements & logistics and, maintain sound relationships with society and stakeholders, including customers and business partners.

■ Toyobo’s Basic Policy on Transactions in Procurement and Logistics

1. Compliance

We comply with the laws and regulations of the countries and regions in which we operate, respect corporate ethics and social norms, and behave conscientiously.

2. Securing fairness, equality and transparency

We open the door wide to all companies and make fair and impartial judgments to ensure that business transactions are conducted in a highly transparent manner.

3. Partnership

We make efforts to build sustainable partnerships with our business associates so that we can all grow by deepening mutual understanding through active dialogue.

4. Promotion of CSR-based procurement

We promote business practices that meet our standard of corporate social responsibility, such as respect for human rights, environmental protection, product safety, quality assurance and industrial safety and health.

[Find more information about our CSR Procurement Guidelines here >](#)

CSR procurement

We have formulated our CSR Procurement Guidelines and Green Procurement Guidelines with the aim of fulfilling our social responsibilities, such as ensuring legal compliance, product quality and safety and respect for human rights, and enhancing value throughout our entire supply chain through initiatives such as contributing to regional communities and environmental conservation. In addition to sharing these guidelines through our website, we carry out CSR procurement surveys for business partners requesting their understanding and cooperation in actively advancing initiatives.

[Find more information about our CSR Procurement Guidelines and Green Procurement Guidelines here >](#)

Targets and KPIs

<Targets>

Throughout its supply chain, the Toyobo group aims to realize procurement and logistics that involve fair and sincere transactions, respect human rights, are environmentally friendly, and consider impact on both society and the environment.

We will reduce CO₂ emissions by promoting green logistics, such as implementing a modal shift to rail and sea transportation and improving loading efficiency.

<KPIs and Results>

Initiatives	KPIs	Targets	Results (FY2021)
<ul style="list-style-type: none"> Realize sustainable, responsible procurement and logistics Carry out transactions that are fair and respect human rights Build a low-carbon society 	1. Ratio of CSR procurement surveys returned	1. 90% or above (In years when a survey is not implemented, we carry out dialogue with business partners that past surveys have shown have issues)	1. 93%
	2. Ratio of reduction in CO ₂ emissions per unit of transportation* in relation to logistics	2. Year on year reduction of 0.5%	2. Year on year reduction of 0.5%

* CO₂ emissions per unit of transportation (in g-CO₂/t-km) represents the number of grams (g) of CO₂ emitted per tonne of goods transported over one kilometer.

Initiatives

CSR Procurement Survey

In the recent context of rapid globalization and the expansion of social issues to be solved, there is an even stronger demand for CSR activities and risk management, as "contribution to the building and development of a sustainable society" is a corporate social responsibility.

In this environment, it is imperative for us to promote procurement activities that place greater emphasis than ever before on CSR factors such as the natural environment and labor environment, and human rights, in addition to the conventional quality, performance, price, and delivery conditions, when procuring products, materials, raw materials, and other items.

Accordingly, we conduct a survey among our key business partners throughout the world, based on the CSR Procurement Guidelines. We evaluate the risks of our business partners regarding social issues through the survey, and familiarize them with the CSR Procurement Guidelines. This survey consists of items related to social issues such as safety, human rights, labor, compliance including anti-corruption such as bribery and embezzlement, and security. We ask the partners to fill out questionnaires, and through improvement activities based on the results of the self-assessment, we will advance "promotion of CSR procurement to enhance social sustainability" with both suppliers and buyers by giving consideration to social and environmental impacts and reducing risks.

We ask new business partners at the start of business and ask existing partners regularly to cooperate with the survey.

In fiscal 2022, the survey response rate from the primary suppliers was 93%. If any issues are in the surveys, we take corrective measures.

* Business partners occupying 90 percent of the whole procure amount

[Results obtained in CSR procurement surveys in FY2022]

CSR procurement surveys covers social issues such as the environment, safety, human rights, labor, and compliance (including prevention of bribery, embezzlement, and other forms of corruption), as well as information security. Through these surveys, we are able to evaluate suppliers' risk in relation to social issues. We collaborate with suppliers to address the issues identified through risk assessment, and we strive to enhance the overall level of CSR activities throughout the supply chain. When we begin doing business with a new supplier, we ask them to assist us by responding to a survey, and we also ask existing suppliers to collaborate on surveys. If issues are identified through a CSR procurement survey, we take corrective measures.

■ Survey overview

- **Aggregation scope and no. of suppliers covered** 185 suppliers representing 90% of overall transaction volume
- **Breakdown of Suppliers**

Raw materials suppliers	60%	Logistics providers	6%
Equipment and machinery suppliers	15%	Outsourced manufacturers, etc.	19%

● Survey content

The survey was drawn up based on the Toyobo group's CSR Procurement Guidelines. The CSR Procurement Guidelines were compiled with reference to SDGs, the UN Global Compact, and the Charter of Corporate Behavior promoted by the Japan Business Federation (Keidanren).

● Survey items

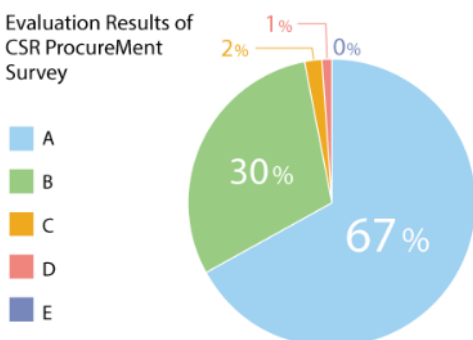
Compliance and ethics / Supply chain management / Stakeholders / Risk management / Environmental activities / Human rights and working conditions / Promotion structure / Product safety

■ Aggregated results

The survey completion and return rate for tier-one suppliers was 93% (172 out of 185 companies).

Risk assessment rank	Points band	No. of companies	Share of total	Content and response
A	96 points or higher	116	67%	CSR measures implemented are excellent ⇒ Feedback on survey results
B	80–95 points	51	30%	CSR measures implemented are adequate ⇒ Feedback on survey results
C	60–79 points	4	2%	Response: engage in dialogue with the supplier
D	40–59 points	1	1%	Response: engage in dialogue with the supplier and request improvements
E	Less than 40 points	0	0%	Response: engage in dialogue with the supplier, request improvements, and consider whether to continue doing business with that supplier

Evaluation Results of CSR Procurement Survey



Evaluation Scores of CSR Procurement Survey



■ Evaluation results

The survey results showed no compliance violations relating to matters such as the environment or product quality. With regard to supply chain management, an area where evaluation performance tended to be quite low overall, we asked each company to promote measures in this area, emphasizing its importance.

With respect to the five companies that were deemed to have relatively high risk (i.e., those companies ranked as C or D) based on the evaluation results, we undertook verification by engaging in dialogue with these companies. Through this process, we confirmed that two of the companies in question were actually implementing CSR measures without any significant problems. The remaining three companies had been unable to implement CSR measures properly because they did not have a CSR promotion structure in place. We provided them with support and guidance by introducing case studies of measures that we had taken, and we asked them to put in place the necessary systems and promote CSR.

• Secondary suppliers (115 suppliers) were also surveyed, but no suppliers were identified as being at high risk.

Fairness and transparency in trade

We take a rigorous approach to ensuring fairness and transparency, based on sound trading. We do not give or accept gifts or entertainment in order to secure unjust profit or preferential treatment from our business partners, and we have established a prior consent system to strengthen our checking system to ensure that actions that go beyond what is deemed socially acceptable do not occur.

Green procurement

In order to contribute to the creation of a sustainable society, we carry out procurement from suppliers who actively work to conserve the environment and procure materials that have low environmental impact on a priority basis. Additionally, we have formulated Green Procurement Guidelines with the aim of promoting environmentally friendly procurement. We ask our business partners to understand our green procurement approach and provide the following information regarding chemical content.

(1) That the material does not contain any of the prohibited substances specified by Toyobo.

(2) That the content of hazardous substances specified by Toyobo has been identified.

In fiscal 2022, we revised our "Chemical Content Information Sheet" based on the information sharing scheme "chemSHERPA®", developed by Japan's Ministry of Economy, and the "Information Sheet on Chemical Substance Content" has been revised in accordance with amendments to laws and regulations, and the survey has been carried out among suppliers. For general purchased goods, we are promoting green purchasing with the use of environmental labels.

* "chemSHERPA®" is a registered trademark of the Japan Environmental Management Association for Industry (JEMAI).

[Find more information about our Green Procurement Guidelines here >](#)

Educational activities for sustainable procurement

As training, we have all personnel (100%) with responsibilities for procurement and logistics read through the TOYOBO Group Compliance Manual -including the CSR Procurement Guidelines—together on an annual basis. During these training activities, each Procurement and Logistics Department group manager ensures that relevant personnel are familiar with the CSR Procurement Guidelines.

We also guide and foster our procurement and logistics staff by setting "contribution to sustainable procurement (stable procurement)" as a target in their personnel performance evaluation and managing their progress.

In addition, we call for improvement proposals on sustainable procurement activities, etc., and award prizes for outstanding proposals.

Participation in initiatives

In January 2020, we joined the "Global Compact Network Japan", and since fiscal 2020, through participation in its supply chain subcommittee, we have been gathering information and applying it to our daily activities.

Resolving social issues in logistics

To resolve social issues in logistics, we are pushing forward with initiatives to reduce the environmental impact and reform the work style in logistics. To reduce our impact on the environment, we are shortening the transportation distance by using the ports closest to our business sites, implementing a modal shift, and improving loading efficiency. We are also sharing logistics and storage with other companies (including joint shipment, making use of returning trucks, securing joint storage space), and are encouraging the introduction of systems that enable visualization of the logistics situation.

Additionally, we formulated a voluntary action declaration in support of the “White Logistics Movement”^{*} advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry and Ministry of Agriculture, Forestry and Fisheries. We disclose our various initiatives, including “Logistics improvement proposals and cooperation,” “Utilization of pallets, etc.,” “Modal shift to sea and rail transport,” “Consideration of compliance with applicable legislation when selecting logistics operators,” and “Safety measures for freight handling.”

^{*} A movement in which all the parties involved in logistics cooperate to propose and implement mutually beneficial improvements

Toyobo's Voluntary Action Declaration in Support of the “White Logistics Movement”

Action	Details
Cooperation and proposed improvements regarding logistics	We will deal sincerely with requests from business and logistics partners concerning cooperation and proposed improvements regarding logistics.
Use of pallets, etc.	We will use pallets to transport some of our products, reducing the amount of work hours required for transportation.
Modal shift to sea and rail transport	For long-distance transportation, we will shift from truck transport to ferry or rail. Additionally, we will encourage the use of the ports closest to our plants.
Consideration of compliance when choosing contractors	When selecting logistics contractors, we will consider their record of compliance with relevant laws and regulations.
Safety measures during cargo handling	We will implement measures to prevent accidents during cargo handling work, such as clearly demonstrating safe work procedures.

Response to natural disasters, etc.

In recent years, various areas have experienced significant damage from earthquakes, typhoons, and sudden localized rainstorms. We have gained knowledge in the process of responding to these events, and aim to realize even more stable procurement and logistics.

As part of our Business Continuity Plan (BCP), we strive to identify and manage risks throughout the supply chain. For procurement, we are looking to procure raw materials from multiple regions, and for logistics, we are establishing alternative transportation means and routes in collaboration with logistics operators.

Human Resource Management

- Management approach
- Human resources development
- Work-life balance

Materiality	
Related ESG: S	 
Human capital: Human resource management	

Management approach

Policy and approach

The Toyobo group aims to realize its corporate philosophy framework, "TOYOBO PVVs," and to become an organization that continues to transform itself to create new value.

We put into operation the new human resource system in July 2022. implements specific policies such as promoting and supporting capacity building, treating and evaluating in accordance with job responsibilities, enhancing management skills, and encouraging the active participation of diverse professional human resources, so that each of our employees can feel growth, pride, and satisfaction.

Structure

The Managing Executive Officer in charge of the HR Division is responsible for the group's human resources management. Our operating departments responsible for human resources and labor affairs create regular opportunities for discussion and information sharing with the departments responsible for human resources at each business site and affiliated company, which leads to the formulation and execution of human resources management plans. Regarding key issues in the annual management plan, reports are made to the relevant executive officer each quarter and the issues are also deliberated on by the Sustainability Committee. Important measures are also discussed by the Board of Corporate Executive Officers and Controlling Supervisors and Board of Directors.

Targets and KPIs

<Targets>

The Toyobo group will build an organizational structure for the entire group that enables employees to work easily and feel satisfaction with their work, that ensures fairness and integrity, and that is considerate of diversity and human rights.

<KPIs and Results>

Initiatives	KPIs	Targets	Results (FY2022)
<ul style="list-style-type: none"> • Nurture human resources (build careers, develop capabilities) • Promote work-life balance • Ensure equality in recruitment and treatment of employees • Maintain people-friendly work environments (promote health) 	1. Training core overseas personnel in Japan	1. 15 employees per year	1. Canceled because of COVID-19
	2. Training investment per employee (Time spent on education)	2. ¥50,000 per year, 21hrs	2. ¥50,000, 17.67hrs
	3. Ratio of annual paid leave taken	3. 75%	3. 72.3%
	4. Reduction of overtime work hours (No. of people over 360 hours per year / No. of target persons)	4. Reduction of 20% (2.0%)	4. 3.8%
	5. Improvement of employee's "degree of affirmation for work style" based on engagement surveys ① Increase of positive response ratio on "no difficulty in daily work" ② Increase of positive response ratio on "respect the diverse views and ideas of each person"	5. ① Increase of positive response rate ② Increase of positive response rate	5. ① 33% ② 42%

* Targets for FY2026

Initiatives for preventing harassment

The Toyobo group strives to maintain harassment-free workplace environments and we are focusing on anti-harassment measures based on an approach that providing work incentives and raising job satisfaction leads to the securement and cultivation of excellent human resources. As a preventative measure, we are implementing management training to deepen understanding within the organization, and as a response measure, we carry out thorough internal reporting through compliance consultation centers and a Complaint Handling Committee, which includes labor union representatives, so that we can detect and solve issues at an early stage.

[Find more information about our efforts for establishment of complaint handling and internal reporting systems here >](#)

[Find more information about our compliance consultation desks here >](#)

Human resources development

Approach to human resources development

Toyobo group considers human resources to be our most important asset. We support the growth of each and every one of our employees, while respecting their diversity. We believe that the continuation and development of the Group as a whole can be achieved by building an environment in which our employees can flourish both inside and outside the company and realize their own potential.

Toyobo carries out human resource development based on a training program categorized by job level, type and objective, from the newly employed to top management. Over our long history, we have fostered an approach of valuing "people"—our most important asset—and this is shared throughout the group.

Based on this idea, under the Managing Executive Officer in charge of the HR Division and is responsible for the execution of human resources management, in September, 2021, we established a group specializing in human resource development and actively support training for employee skill development.

Education & Training System

April, 2022

Job Level	Standard Training							Job Category-Specific Training			Training held at each plant	Self-education	
	Career Design	Training by Level	OJT	Selectable Seminars	Next Generation Leader Development	Training for each position to acquire the role	Global Response Training	Other	Sales	Technical/Research			Permanent Employees
Manager (M Position)		Training for all managers			External seminars for selected employees "Practical Business Management" Regional								
S1, S2	Mid-career Design Seminar	M Position Advancement Training (examination) Quality Assurance Training	New Career Employee Training	Management Skills Seminars (MSS)		Line Manager Training	English Improvement Measures	Voluntary Participation Seminars		Production Technology Innovation Course for Section Chiefs 1		Distance Learning/ E-Learning	Training held at each plant
S3	Intermediate Business Training		OJT for Work Issues	Business Skills Seminars (BSS)		OJT Leadership Training	Overseas Study		Intermediate Sales Training	Practical Engineering Seminar (ES)	On-site Leadership Training		Supervising Department Training
S4	Basic Business Training Career Design Seminar New employee training (first semester/second semester)			First Skills Seminars (FSS)			Short-term Overseas Operational Training		Basic Sales Training	Basic PSE Seminar	Basic Engineering Seminar (ES)		
S5	Level 5 Advancement Training								Sales and Accounting manual program				
S6													

Required training

Advancement-related

Selection required

Education & Training-Related Results

	Results (FY2022)
Training hours per employee	17.67hrs
Training investment per employee	¥50,000
Total training attendees	2,519
Total training hours	40,565hrs
Implementation status of training in career and skills	46.5%

Initiatives

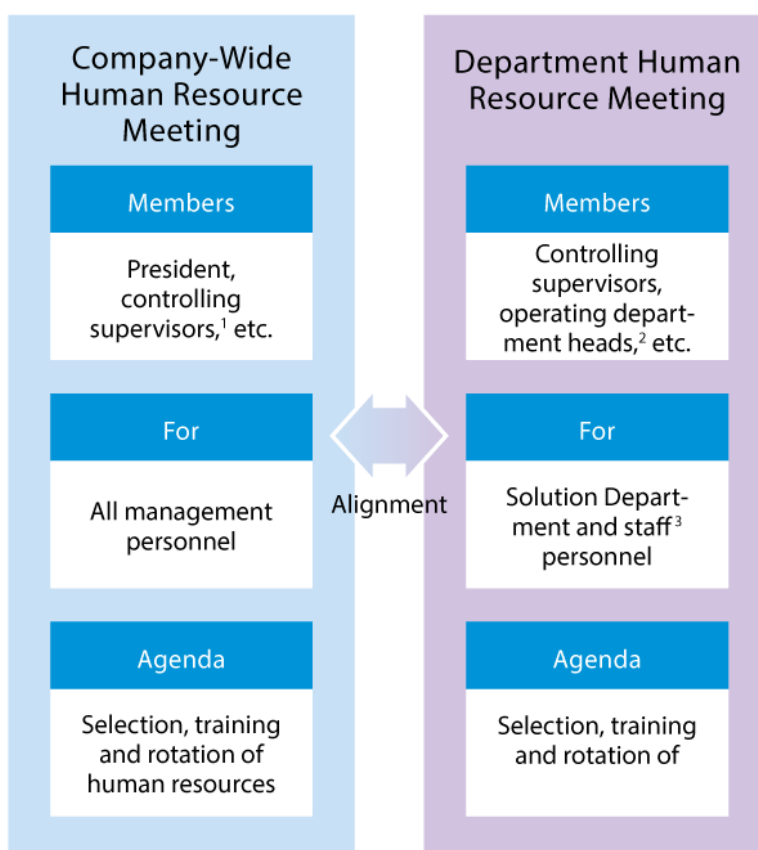
Nurturing the next generation of management

For Toyobo group's initiative to train the next generation of management, the group plans to provide chosen personnel with internal and external management executive development training. In order to further broaden their experience, we will also give them the opportunity to undertake business operation and management duties to hone their management skills, which will help us achieve our succession plan.

The group is operating the Human Resource Meeting to discuss measures to cultivate the next generation of management from fiscal 2022. The meeting will be divided into the Company-Wide Human Resource Meeting, which mainly discusses the succession of management positions, and the Department Human Resource Meeting, which mainly discusses the succession of positions with high levels of operational expertise, and topics will include the selection and rotation of human resources and support for the training of successor candidates. We will be able to find and develop human resources and increase their effectiveness through coordination between these two meetings.

At the same time, we are promoting diversity and inclusion in order to increase our medium to long term capabilities. Besides promoting the participation and advancement of women, we are actively taking on mid-career hires and staff from overseas so that we can bring in more knowledge and experience.

Furthermore, we conduct company-wide training for all managers to ensure the thorough awareness of safety and disaster prevention, occupational safety, quality, our corporate philosophy framework TOYOBO PVVs, and compliance.



1 Oversees each division and Management and Administration Division

2 Oversees specific fields across multiple business divisions

3 "Corporate divisions" including corporate planning, management and administration, and human resources

Developing global human resources

The Toyobo group implements "Short-term Overseas Business Training" in which around 10 employees in two separate groups from Japan are sent overseas for training each year (first and second half of the year). This motivates younger and mid-career employees to participate in Toyobo's global business, and also represents a major opportunity for them to further their careers.

In addition, local candidates for management from overseas offices are selected to undergo training in Japan twice each year. This aims to enhance their understanding of Toyobo and deepen interaction with employees who work in Japan.

Both programs were cancelled in FY2022 due to the COVID-19 pandemic, but the "Short-term Overseas Business Training" will resume in the second half of FY2023, and the training for local candidates for management from overseas offices is scheduled to resume in FY2024.

Employee engagement

We need to align the vectors of organizational goals and personal growth, given that we position companies and employees as being equal. To this end, we started surveys on organizational climate and job satisfaction targeting all officers and employees in 2021.

These surveys will keep us periodically appraised of employee engagement, and create an environment in which they can proactively work with a sense of pride and fulfillment.

Engagement Survey Results

Increase in employee work satisfaction based on engagement survey

	(Year)	
	2021	2022
(1) Percentage of positive responses to "No difficulty in performing daily work"	33%	38%
(2) Percentage of positive responses to "Respects each individual's diverse opinions and ideas"	42%	50%



Work-life balance

Approach to work-life balance

Toyobo group is engaged in work style reform so that our employees can work with renewed efficiency and achieve a good balance between work and personal life. We also provide support such as the Childcare Shortened Work Hour Program, Nursing Care and flextime system, and telecommuting. Building an environment that enables more flexible work styles tailored to each employee's life stage provides an opportunity to enhance creativity. Letting each individual do their best with confidence, pride, peace of mind, and a forward-looking mindset helps to build a stronger foundation for the company.

The TOYOBO Group Charter of Corporate Behavior declares, "We will respect employee diversity and support work practices that allow employees to demonstrate their individual skills. Moreover, we will provide workplaces that are conducive to productive work while taking health and safety into consideration."

Initiatives

Toyobo has introduced schemes that go above and beyond the legal requirements, including the Childcare Shortened Work Hour Program and Nursing Care Leave, and we also provide a flextime system. Since fiscal 2020, five days of paid leave has been offered as Childcare Leave. In conjunction with this change in the system, we are encouraging men to take childcare leave. Men employees who have a child are notified of the system individually and are recommended to take this leave by their immediate supervisor. We will continue these promotion efforts until it becomes normal for men employees to take childcare leave.

We introduced a 15-Minute Shortened Work Hour Program at head and branch offices in FY2018, and at the Research Center in FY2019.

We are also increasing the number of days of leave at other offices and we are creating opportunities for employees to spend quality personal time together with family and friends, such as holding a No Overtime Day at least once a month. In fiscal 2020, we introduced a Teleworking scheme at head and branch offices, and have expanded to also include other offices in fiscal 2021.

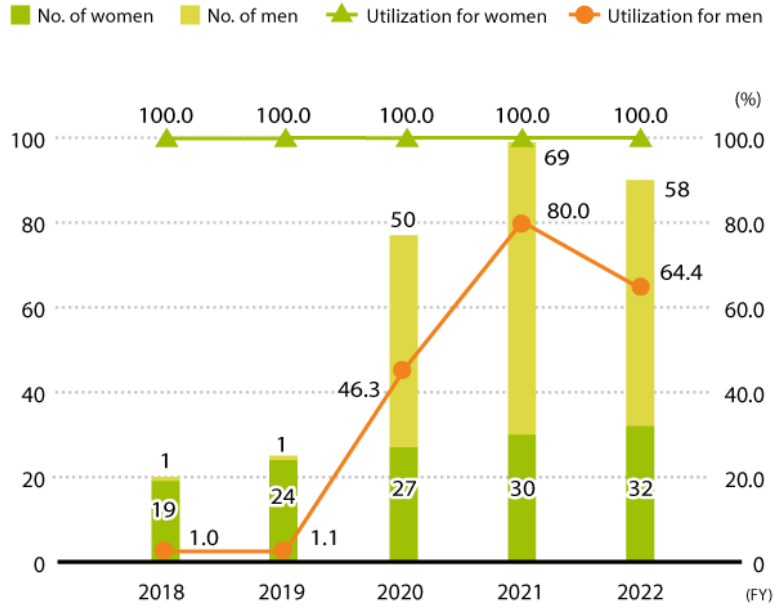


Scheme Usage

(FY)

	2018	2019	2020	2021	2022
Women taking childcare leave	19	24	27	30	32
Ratio of women taking childcare leave (%)	100	100	100	100	100
Men taking childcare leave	1	1	50	69	58
Ratio of men taking childcare leave (%)	1	1	46	80	64
Employees taking childcare shortened work hour program	66	75	64	70	67
Annual paid leave utilization ratio (%)	66	68	73	64	72



Childcare Leave Utilization



Main Support Systems

	Main System	Details
Systems supporting diverse work styles	Teleworking Scheme	Employees can work outside the office, in principle at their home. Can be used in conjunction with Half-Day Annual Leave, Childcare and Nursing Care Shortened Work Hour Programs, and the Flextime system.
	Flextime System	Managed in one-month installments with core time set from 11:00 to 14:00. Introduced in 1990.
	Half-Day Annual Leave	Annual paid leave can be taken in half-day installments. Introduced in 1990.
	Volunteer Leave	Applies to employees participating in the Japan Overseas Cooperation Volunteers initiative. In principle, leave can be up to two years and four months.
Systems supporting work-life balance	Childcare Leave	Can be taken up to the day the child turns two. * Salary is paid from the first day for a period of up to five consecutive days
	Childcare Shortened Work Hour Program	One workday can be shortened in 15-minute installments up to two hours. However, the period from 10:00 to 16:00 has to be worked (including designated breaks). (Can be used up to the child finishes the third grade of elementary school)
	Nursing Care Leave	Can be taken up to three times per case (same illness of the same family member) for a maximum of 366 days (which can be taken in installments).
	Nursing Care Shortened Work Hour Program	Designated work hours for a single day can be shortened by up to two hours for up to two times per case (same illness of the same family member).
	No Overtime Day	Once a month, employees are able to spend quality personal time together with family and friends as an opportunity to improve motivation and enhance creativity.
	Childcare Facilities	In April 2018, a nursery was established inside the Research Center.
	Babysitters	When an employee is on a business trip, the company will pay the cost of a babysitter (but only in cases where another appropriate care provider is not available). In principle, to be taken in three-hour installments for children in the sixth grade of elementary school or below.

Diversity & Inclusion

Materiality	
Related ESG: S	 
Human capital: Diversity and inclusion	

Management approach

Policy and approach

The Toyobo group believes that personal and organizational growth is achieved through a process of mutual respect among our employees, with their differing work styles, careers, gender, nationality, race, and beliefs, and through cooperation to achieve our shared objectives.

We respect different opinions and a wide range of values, and cooperate to achieve ambitious goals together.

The TOYOBO Group Charter of Corporate Behavior also contains the following declaration.

6. Active employee participation

We will respect employee diversity and support work practices that allow employees to demonstrate their individual skills. Also, we will provide workplaces that are conducive to productive work while taking health and safety into consideration.

6-1. We will work toward developing workplace environments that facilitate active participation among a diverse range of human talent.

6-2. We will prevent various types of harassment and other forms of mistreatment in our workplaces, and accordingly we will not engage in discriminatory practices neither in regard to hiring nor terms of employment.

6-3. We will strive to create workplaces that are safe, hygienic and rewarding, and will work to prevent excessive workloads and reduce overtime work.

Participation of women in the workforce

Toyobo group established the Women Empowerment Promotion Group within the Human Resources Strategy Department, and the group has been engaged in activities to promote the empowerment of women. We hold events such as presentations, seminars for managers, women leader development seminars, and Women Empowerment Promotion Project on a continuous basis, in order to realize a change of mentality among our employees.

[Find more information about our promotion of women's participation and advancement here >](#)



Toyobo Nursery School at the Research Center

Targets and KPIs

<KPIs and Results>

Initiative	KPIs	Targets (FY2026)	Results (FY2022)
Realize diversity and inclusion	1. Achievement of women manager ratio target	1. 5.0% or above	1. 3.7%
	2. Ratio of men employees taking childcare leave	2. Total number of days of absence leave taken increased by at least 20% for at least 80% of those eligible for absence leave	2. 64.4% of those eligible for absence leave, 9 days absence leave taken on average

External evaluation

Certified as an Eruboshi (second level) company based on the Law for Promotion of Women's Activities

Toyobo received the second level Eruboshi certification from the Minister of Health, Labour and Welfare as a company that actively promotes the advancement of women on December 14, 2021.

The "Eruboshi" certification is given to companies that have made excellent efforts to promote the activities of women in accordance with the "Act on Advancement of Women in Employment" (Women's Activity Promotion Act).

In 2015, we established a dedicated organization, the Women Empowerment Promotion Group, which has been active in creating an environment and organizational climate where women can play an active role.

Since then, we have held seminars for managers and women employees and introduced a mentoring system. In 2018, we opened a nursery within the company at the Research Center (Otsu City, Shiga Prefecture). Furthermore, to encourage men employees to take paternity leave, the system was amended to pay for five days of childcare leave, and the acquisition rate exceeded 80% in FY2021. Since then, we have continued to promote familiarization activities and have maintained the rate at approximately 65%.

We were certified as a "2-star" company, the second of three levels, based on the evaluation that the items of "recruitment," "continued employment," "work styles such as working hours," and "various career courses" have reached the specified levels.



We are also Kurumin certified by the Minister of Health, Labor and Welfare as a childcare support company.



Active participation of diverse human resources

In addition to activities to promote the participation and advancement of women, we are also working to ensure that the assessment and treatment of employees focuses on ability and is not influenced by differences such as gender and nationality, and we are aiming to cultivate a corporate culture in which diverse employees can participate actively and find job satisfaction.

We have introduced a senior employee system to promote employment by rehiring employees who have retired at the retirement age of 60 and who wish to continue working and are considered capable of working normally. The rehired senior employees actively help to train younger employees and pass on skills.

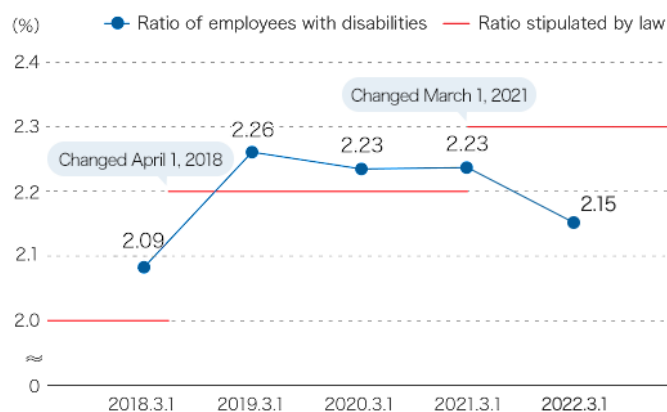
In regard to raising the ratio of employees with disabilities, because it is crucial that initiatives are carried out at a company-wide level, we share information and actively encourage the recruitment of people with disabilities at meetings of the managers of General Administration Departments at each business site held four times a year.

As part of efforts to improve working environments, the Tsuruga Research and Production Center and the Inuyama Plant have been made with a universal design and others are sequentially being upgraded.

<KPI and Result>

KPI	Target (FY2026)	Result (FY2022)
Employment ratio of people with disabilities	2.3%	2.2%

Ratio of Employees with Disabilities



Promotion of Women's Participation and Advancement

Progress so far, and the key issues

Promoting women's participation and advancement from the three perspectives of recruitment, cultivation, and support for employment continuation

Toyobo's initiative to promote women's participation and advancement in the workplace got underway in earnest in fiscal 2016 with the establishment of a dedicated organization: the Women Empowerment Promotion Group.

When this initiative was first launched, there were relatively few women on the managerial career track^{*1} at Toyobo, and the company was not providing adequate opportunities for women's participation and advancement. To improve this situation, we formulated an action plan to be implemented by fiscal 2021, with the aim of putting in place the environment and organizational culture needed for women's advancement.

We set ourselves the goal of doubling the number of women managers^{*2} (compared to fiscal 2016), and of making sure that women accounted for at least 15% of all employees on the managerial career track. We also began to implement various measures from the three perspectives of recruitment, cultivation, and support for employment continuation. The targets set in this initial action plan were met, with the number of women managers rising three-fold to 13, and the women share of employees on the managerial career track increasing to 17.1%.

One factor that contributed greatly towards the achievement of these goals was the adoption of a new recruitment policy that emphasized having women account for at least 40% of recent graduates recruited onto the global career track^{*3}. In parallel with this, we have also been expanding the range of work roles open to women, substantially increasing the number of women employees on the managerial career track assigned to the sales and manufacturing divisions, which in the past had very few managerial career track women personnel. As a result, the issue of women's advancement has been made more directly relevant for many managers, and we have been able to promote a change in attitudes and a transformation of the organizational culture.

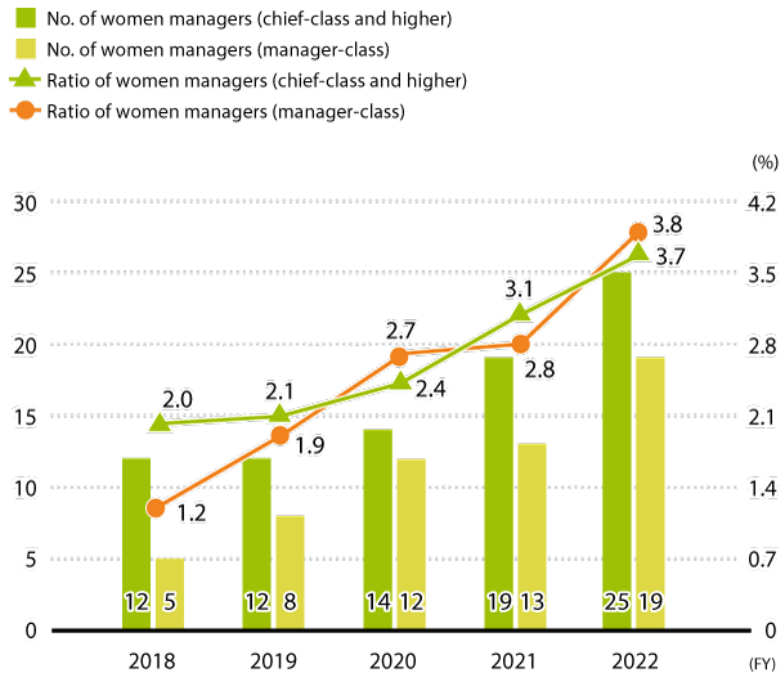
Nevertheless, the percentage of women managers is still not sufficiently high, and the relatively limited number of women candidates for managerial positions is also an issue that needs to be addressed. In response to this situation, from fiscal 2021 we set the ratio of women managers as a KPI for Toyobo group. The group is now working to achieve this target.

*1 Defined as all employees on the managerial career track, including those who have only just joined the company.

*2 Including all women employees with the rank of section chief or higher.

*3 Career track for employees who are expected to be active throughout the entire company.

Ratio of women Managers



Main Measures Implemented

<p>Seminars</p> <p>Female leader development seminars (introductory and intermediate) Held 10 times</p> <p>Career planning seminars Held 19 times</p> <p>Seminars for managers on managing female employees Held 50 times</p>	<p>Men employees taking childcare leave (fiscal 2022)</p> <p>Percentage: 64%</p>	<p>Interviews:</p> <p>Held with a cumulative total of 1,058 employees (approximately 150 per year, including men employees)</p>
<p>Mentoring system:</p> <p>A total of 368 mentoring pairs (achieved over a period of three years, with pairs being changed every six months)</p>	<p>Women empowerment promotion project: Activities implemented continuously over a five-year period, with changing participants</p>	<p>Establishment of a nursery within the company (at the Research Center)</p> <p>Enrollment capacity: 10 children Cumulative total no. of users: 33 children over four years</p>
<p>Babysitter support system childcare costs incurred while away on business trips Entirely covered by the company</p>	<p>Career development support program for women employees Started in fiscal 2022</p>	

Targets and action plans

In April 2021, Toyobo launched a new women empowerment promotion action plan. Besides setting various numerical targets, including raising the ratio of women managers to 5.0% by fiscal 2026, the new action plan also continues to maintain the target of having women account for at least 40% of recent graduates recruited onto the managerial career track, in order to increase the pool of candidates for cultivation as future women managers.

In addition, we introduced a new Career Development Support Program for women employees who are currently on the regional career track⁴. Participants meet with their supervisor over a period of three years to discuss a career development cultivation plan that incorporates a formal schedule for the acquisition of specialist technical know-how and other knowledge, for example through on-the-job training, as well as self-development, etc., with an implementation cycle that includes an annual progress report and refresher training.

Whereas in the past there was no clear career development path for women employees regional career track, such a path has now been created, and the company is continuing to provide support to help women employees to fully develop their capabilities. In addition, by having individual units compile and implement women employee cultivation action plans, we are fostering self-directed activities at the workplace level.

Toyobo also has a policy of participating actively in external initiatives. The company has already expressed its support for 30% by 2030 Challenge⁵ goal announced by the Japan Business Federation (Keidanren) to raise the ratio of women executives to 30% by 2030, and for the Women's Empowerment Principles⁶, which outline a code of conduct for actively promoting women empowerment; Toyobo has signed a statement committing itself to act in accordance with the WEPS.

Through these activities, we received the second level Eruboshi certification from the Minister of Health, Labour and Welfare in December 2021.

*4 Career track for employees whose career is expected to be confined to one specific business site.

*5 This is one of the targets for promoting D&I to realize sustainable growth in line with "The NEW Growth Strategy" announced by the Keidanren in November, 2020.

*6 The Women's Empowerment Principles were formulated jointly by UNGC and UN Women in 2010.

*7 Eruboshi (2-star) criteria: Must meet 3–4 of the specified criteria, and must demonstrate continued improvement for a period of at least two consecutive years.

Targets and Initiative Content

Target No. 1	Raise the share of managers who are women to at least 5.0% by the end of fiscal 2026
April 2021 onwards:	Implement women leader cultivation training for women managers and women candidates for managerial positions (continued implementation since August 2017)
April 2021 onwards:	Implement women leader cultivation training for women section chiefs and women candidates for section chief positions (continued implementation since September 2019)
April 2021 onwards:	Implement mid-career hiring of women managers
September 2021 onwards:	Establish and implement women empowerment promotion action plans at the unit level
Target No. 2	Raise the share of women on the career track to at least 22% by the end of fiscal 2026
April 2021 onwards:	Maintain women's share of new graduate recruitment at a level of at least 40%
April 2021 onwards:	Actively promote mid-career hiring of women employees
April 2021 onwards:	Implement follow-up interviews for women employees (continued implementation since April 2015)
April 2021 onwards:	Establishment and operation of a three-year career development support program
Target No. 3	Raise the percentage of eligible men employees taking childcare leave to at least 80%, and increase the number of days of childcare leave taken by at least 20% by the end of fiscal 2026
April 2021 onwards:	Make eligible employees aware of the childcare leave system (continued implementation since April 2019)
April 2021 onwards:	Send eligible employees' supervisors details of the encouragement that should be provided to subordinates to encourage them to take childcare leave (continued implementation since September 2019)

Message from Manager

Realizing diversity and inclusion by promoting women's advancement

It is vitally important to make effective use of the skills and knowledge of a diverse range of human talent in order to innovate and achieve sustainable corporate growth. Promoting women's advancement has been positioned as the first step in this process, and everyone is focused on identifying one's own capabilities and on creating opportunities to utilize these capabilities to maximum effect.

Since it was first established, the Women Empowerment Promotion Group has benefited from being composed of both men and women employees with a diverse range of viewpoints and experience, and I feel that the group has been able to utilize this diversity effectively in its activities.

In implementing our activities, we have attached particular importance to listening carefully to employees' views, and then reporting these properly to senior management. Fortunately, management has implemented speedy decision-making that takes employees' views into account. For example, when the new nursery was opened at the Research Center in Otsu City in fiscal 2019, this had taken just 10 months to achieve since the concept was first put forward.


Looking ahead to the future, both managerial and non-managerial staff will be making a serious effort to put in place the environment needed to accelerate the fostering of diversity and inclusion, through both bottom-up and top-down approaches.



Masako Tezuka

Women Empowerment
Promotion Group Manager,
Human Resources Strategy
Department

Health and Productivity Management

Materiality	
Related ESG: S	
Human capital: Health and productivity management	

Management approach

Policy and approach

The Toyobo group is engaged in initiatives for maintaining and improving employees' physical and mental wellbeing in order to create people-friendly workplaces that are conscious of employee health.

In fiscal 2020, we embarked on the strategic implementation of health and productivity management, considering health care from a management perspective. Going forward, we will promote initiatives that energize and increase the productivity of the organization, and improve performance through measures such as maintaining and enhancing employees' health and wellbeing. As in 2021, the company received recognition in the large enterprise category of the Certified Health & Productivity Management Outstanding Organization Recognition Program, a project conducted jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

By fiscal 2026, we plan to work towards being awarded White 500 — certification awarded to companies that have outstanding records in health management.

Furthermore, we are investing in employee health based on the approach that having energetic workplaces where employees can work dynamically will lead to the long term growth of the group, and to date, we have been cooperating with the health insurance union on initiatives to support health and wellbeing. We will continue these initiatives with the aim taking another step forward and actively and systematically practicing health and productivity management. In March 2020, we formulated the TOYOBO Health & Productivity Management Declaration containing a declaration by the President, and we have built a health promotion structure.

<TOYOBO Health & Productivity Management Declaration>

Under the Group's corporate philosophy, *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), we aim to become a company which achieves sustainable growth.

We believe that in order to ensure strong, sustainable growth, we need the capabilities, effort, and energy of every employee, and that the growth of the Group is linked to the job satisfaction of our employees and the feeling that they and their families are being enriched.

Health is the source of our employees' energy and effort, and as a Group we recognize that actively working to maintain and improve employee health is an important management issue. At the same time, we believe that this initiative will contribute to realizing a sustainable society.

It is also important that employees themselves realize the importance of their health.

Therefore, we declare that we will actively engage in health and productivity management.

Ikuo Takeuchi
Representative Director, President, and CEO
April, 2021

External evaluation

Recognized as Certified Health and Productivity Management Outstanding Organization

Toyobo was recognized as a Certified Health and Productivity Management Outstanding Organization in the large enterprise category under a certification program jointly sponsored by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

The Toyobo group established the "Health and Productivity Management Declaration" in March 2020 to promote health and productivity management. Under the Chief Health Officer (CHO), the Managing Executive Officer controlling supervisor of the HR Division, the Labor Affairs Department, the occupational physicians and nursing professionals and the health insurance association work in close coordination to enhance healthcare consciousness of employees, improve their lifestyle habits and strengthen mental health-care measures as part of priority programs.

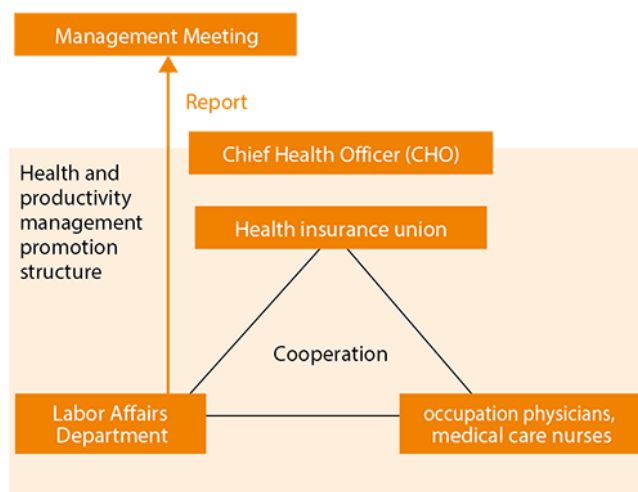
Such initiatives were highly evaluated, leading to Toyobo's recognition as a Certified Health and Productivity Management Outstanding Organization. Toyobo will aim to enhance its corporate value further by strengthening and promoting its health and productivity management further through such efforts as maintaining and improving the health of its employees.



Structure

<Health management system>

In March 2020, the Toyobo group formulated a "Health & Productivity Management Declaration" in order to proactively and systematically address health and productivity management, and also established a structure to promote this. Under the Chief Health Officer (CHO), the Managing Executive Officer controlling supervisor of the HR Division, the Labor Affairs Department, industrial physicians, occupational health nurses/medical care nurses, and the health insurance union are working together on key measures.



Health management strategy (strategy map)

Under the above structure, we organize the linkage between "management issues to be solved through health management," "expected effects," and "specific initiatives" through monthly meeting for the promotion of health management.

Targets and KPIs

<KPIs and Results>

Initiatives	KPI	Target(FY2026)	Result(FY2022)
Maintain people-friendly work environments (Promote health)	1. Certified as a "White 500 Company" for Outstanding Health and Productivity Management	1. Obtain / Maintain	1. Certified as a Health and Productivity Management Organization 2022

We set targets and check our performance over time for various indicators related to health management. By analyzing quantitative data, we are able to understand our health issues and use the information to solve them.

Key measures under the TOYOBO Health & Productivity Management Declaration

We have formulated the TOYOBO Health & Productivity Management Declaration, and we are working on the following key measures.

1. Initiatives for raising employees' health awareness: education and training
2. Initiatives for improving employees' lifestyle habits: exercise, diet, support for quitting smoking, etc.
3. Initiatives for strengthening mental health, including improvement measures for high-stress employees and workplaces

Policy for initiatives

We are organizing and analyzing our health management initiatives from various angles, including the results of health checkups, working with insurers, and utilizing scoring reports and data on various indicators over time.

As an example of improvement in response to specific issues, we worked with insurers to strengthen the implementation rate of specific health guidance in order to enhance awareness of exercise and dietary habits, resulting in an approximately 15% improvement in the implementation rate from FY2020 to FY2021.

In addition, by responding to the annual health management survey, we also utilize the feedback obtained from the survey to review our efforts each year and link them to the following year's activities. Through continuous efforts, we are able to identify issues that we need to focus on. Going forward, we would like to resolve these issues through health management and become a "proud and rewarding company," ultimately contributing to higher corporate value and productivity.

Priority issues to be addressed from FY2022:

- Measures for "exercise" and "smoking"
- Improvement of the stress check inspection rate, which has been an ongoing effort in the past
- Grasping various numerical data to understand the current status and verify effectiveness, and strengthening internal and external communications.

Specific initiatives

In addition to the initiatives that have been in place since the start of health management, we have begun the following efforts to improve the lifestyle habits of employees:

- Regarding "exercise," we encourage employees to walk using our proprietary app.
- Concerning "smoking cessation," we have implemented a smoking cessation program in cooperation with insurers.
- Holding various seminars to improve employees' health literacy, which is the foundation for lifestyle improvement.

Improvement of employees' lifestyle

As the new coronavirus outbreak has revolutionized working styles and lifestyles, forcing various restrictions, we consider mental and physical care to be a top priority. We will improve lifestyle habits while implementing measures for exercise habits, smoking cessation, and providing educational opportunities (e.g., holding seminars) to improve literacy.

In FY2022, we created and deployed our own proprietary application, "Tsunagaru Kenko TOYOBO Zukan," which can be operated with a smartphone. This application was created by the members of a subcommittee of the "KAERU Project," an internal organizational climate reform project, while incorporating a wide range of opinions. The first installment of the "Flower Series" is an application that allows employees to freely interact with each other by taking pictures of flowers they see on their walks and posting them with comments.

We hope that this application will help employees make exercise a habit and connect with other employees, creating a positive chain of events.



Health checkups

Toyobo aims to have a (actual) 100% rate of health checkups by industrial health staff at each business site.

Our health checkups for lifestyle-related diseases, cancer, and other ailments are more comprehensive than required by law. In cooperation with the health insurance association, we conduct cancer screenings for any staff (employees and their dependents) who want them, and we are working to ensure early detection and treatment of diseases including in family members.

Our occupation physicians check the results of health checkups for all employees, and in the event of any abnormal findings, meet with and provide health guidance in cooperation with nursing professionals. If necessary, they also provide examinations and treatment at clinics, and referrals to specialized medical institutions. We also support the maintenance and improvement of employee health by providing health consultation structures and environments. Furthermore, the health insurance association actively provides specific health guidance on approaches to reduce risks faced by high-risk patients.

We continue to improve structures and environments for health examinations and consultations, to support the maintenance and improvement of employee health.

Restricting long working hours

Beginning in fiscal 2019, if long working hours exceed a certain standard* for three months consecutively, for any employee including management staff, then measures to prevent recurrence will be discussed in management meetings. Management and employees at each business site have set a specific cutoff point, and keep tabs on work that leads to excessive hours in order to promote their reduction. We have also set the number of employees doing overtime as a KPI, and have set a reduction of 20% as a target.

Management and employees at each business site have designated a no overtime day, and we encourage employees to go home on time so they can enjoy personal and family time.

Furthermore, in order to prevent mental health issues caused by long working hours, we have put in place stricter standards than legally mandated, and we hold interviews with occupation physicians.

* Over 80 hours overtime in two consecutive months + over 45 hours in the third month

Mental healthcare initiatives

Toyobo provides annual mental health lectures to managers in order to increase their awareness and understanding of mental healthcare. Individual consultations are also given by industrial health staff (one to five) at each business site. We also provide personalized support to employees suffering from high levels of stress, based on the results of a stress checkup. We are planning to identify and resolve issues in high-stress workplaces based on the results of group analysis shortly.

With regard to mental healthcare when telecommuting as a measure to tackle the spread of COVID-19, we have addressed the importance of self-care and so-called "line care," care provided by managers for the wellbeing of the employees and measures to improve the workplace, issuing information so as to maintain and support our employees' physical and mental wellbeing.

Health care support for expatriates

The number of expatriates is increasing every year as our group accelerates its global expansion. We provide medical checkups for employees and their families prior to overseas assignments, vaccinations recommended by the Ministry of Health, Labour and Welfare (hepatitis AB, measles/rubella, tetanus, etc.), support for local medical systems in cooperation with medical assistance services, provision of information on travel destinations, and temporary return home for vaccination against new coronas. We also recognize the importance of the world's three major infectious diseases (tuberculosis, malaria, and HIV/AIDS).

We provide follow-up medical checkups after traveling to the destination and support them in maintaining their health status while engaged in their work. We have a system in place to support the health management of expatriates and their families through collaboration among various internal organizations.

Countermeasures against COVID-19

As countermeasures against COVID-19, we are encouraging working from home and staggered working hours, ensuring employees maintain social distancing when working in the office, and providing information about infection prevention, among other measures.

[Find more information about our Safety, Disaster Prevention here >](#)

To our business partners

At our company, the labor department, health insurance union, and nursing staff play a central role in promoting health management in cooperation with each other.

We may be able to help you with our efforts. We would like to support our business partners in their promotion of health management as well. If you are interested in our efforts, please contact us at the following address for information exchange, and so on.

For inquiries, please contact us at:

Human Resources Department (Telephone) +81-6-6348-3266

Local Communities

▼ Management approach ▼ Cultivating future generations ▼ Social contribution activities

Management approach

Policy and approach

The Toyobo group believes that our business activities can only be carried out with the understanding of local communities. We have positioned the building and maintaining relationships of trust with local communities as fundamental to our business activities. And in addition to disclosing necessary information to members of these communities, we focus on actively participating in regional activities and maintaining close communication.

As a member of society, we think we can support the building of a better society by providing value to regional communities and we work to encourage science and technology, conserve environments, and promote communication with local communities. We think that fulfilling our responsibilities as a good corporate citizen and investing in the future is part of practicing our corporate philosophy: *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity) corporate philosophy.

Additionally, at each business site, we recruit local personnel in order to vitalize the surrounding area.

Related policies:

[TOYOBO Group Charter of Corporate Behavior: 8. Social contribution >](#)

[TOYOBO Group Basic Policy on Health & Safety >](#)

[TOYOBO Group Fundamental Policy on the Global Environment >](#)

Structure

Based on the policies above, each business location works to communicate with its surrounding area.

Cultivating future generations

Approach to cultivating future generations

In the TOYOBO Group Charter of Corporate Behavior, we declare that “we will actively participate in society and contribute to its development.” Therefore, it is important that we cultivate human resources who can take on the task of developing society into the future. To achieve this, we are supporting sports and encouraging science and technology through initiatives such as providing research subsidies through the Toyobo Biotechnology Foundation. We also offer internships to give students an image of what it is like to work through actual workplace experiences.

Initiatives

Supporting science and technology

The Toyobo group is contributing to the development of science and technology by supporting young researchers through our foundation. We are also contributing to the development of technology, industry, and society by participating in industry-academic-government collaboration.

A foundation that contributes to the biotechnology field by supporting young researchers

Advancing science and technology is important for Japan to develop socially and economically into the future. The Toyobo group began to focus on the biotechnology and life science fields when these fields were still new to Japan. In order to encourage scientific research in the biotechnology field and to contribute to society through the results of this research, in May 1982 we celebrated the 100th anniversary of the company by establishing the Toyobo Biotechnology Foundation (hereafter “the Foundation”) and since then, we have been holding study groups and symposiums, and providing research subsidies. Since the establishment of the Foundation to the present day, its efforts have been supported by academics working on the front lines of this field, many of whom have served as directors and advisors. In recent years, the biotechnology and life science fields have grown compared to when the Foundation was established, so we are concentrating activities on supporting the young researchers who will take responsibility for the future of these fields.



Recipients of FY2022 long-term research subsidies and other people connected to the Foundation

The subsidies granted by the Foundation are notable in that they do not stipulate what the funds should be used for. This is because we want to provide comprehensive support for young researchers who are venturing overseas for the first time. From the reports provided by the researchers we sponsor, we can see that they are vigorously engaging in their research activities.

In FY2022, four candidates were granted research subsidies amounting to a total of 22 million yen and these were presented at an online ceremony on February 21, 2022. As of the current fiscal year, we have granted long-term research subsidies to a cumulative total of 214 researchers. Recipients are active on the front lines of the biotechnology and education fields and some of them want to contribute to the cultivation of the next generation of researchers by serving as directors and advisors of the Foundation.

54th L-GRANT Research "Toyobo Polymer Science Award" selected

On 4 February 2022, the award ceremony for the "Toyobo Polymer Science Award" was held at the Research Centre.

The award was established as an open research grant system to support the research fields and personnel sought by the Toyobo group, using the mechanism of the Leave a Nest Research Fund operated by Leave a Nest Co., Ltd.

Based on the desire to "change the world with people who are passionately advancing steady materials research" rather than just "application development", which is often required by recent competitive research funds, the target field was set as "basic and general-purpose research on polymer materials".

Despite this being the first open call for entries, there were 30 applications for research themes that could not be distinguished because of their extremely high level of quality.

Among their applications, two were selected for the 'Toyobo Polymer Science Award' and one for the 'Encouragement Award'.



(From left) Yasuo Ota Controlling Supervisor of Innovation Division;

Yuya Dohi, Nagoya University (on screen), recipient of the Toyobo Polymer Science Award;

Yuya Oyama, Graduate School of Keio University.

Support for initiatives such as the Shiga Tech Planter R&D startup support program and the Shiga Junior Research Grant next generation cultivation project through the Shiga-based Growth Business Identification and Cultivation Consortium

The Shiga-based Growth Business Identification and Cultivation Consortium (hereafter "the Consortium") is an industry-academic-government collaborative organization that aims to encourage industry in Shiga and revitalize the region by creating a framework for generating a succession of industries that leverage the prefecture's strengths and help them grow. As the Toyobo group has a Research Center and the Otsu Pharmaceuticals Plant in Shiga prefecture, we support the aims of the consortium and we have been a partner company of Shiga Tech Planter, an R&D startup support program for cultivating the next generation of researchers, engineers, and entrepreneurs, and the Shiga Tech Plan Gran Prix, a business plan contest run by the program, since the start. We have been a partner of the consortium leading the "Shiga Junior Research Grant" since its inception, which aims to support the research activities of junior and senior high school students in Shiga Prefecture. The Consortium supports the Grant aiming to develop human resources who will be leaders in the creation of next-generation industry.

AISLAB wins the Toyobo Prize in the "7th Shiga Tech Plan Grand Prix"

On 9 July 2022, the "7th Shiga Tech Planter" was held at the Otsu Prince Hotel in Otsu City, Shiga Prefecture, for the seventh SHIGA TECH PLANTER.

This time, the Toyobo Prize was awarded to the team "AISLAB" of Professor Joo-Ho Lee of Ritsumeikan University. This is a proposal to enable flexible space design by placing devices such as sensors and lighting in a space on a MobileModule, which moves while grasping small protrusions placed at regular distances on the walls and ceiling surfaces, so that the space can be rearranged according to room usage and user movement. The potential to move towards spatial comfort design through fusion and expansion with comfort engineering technology was highly evaluated.



The Shiga Tech Plan Gran Prix finals held on July 9, 2022



The representative of the 「AISLAB」 Team, which won the Toyobo Award, and Yasuo Ota Controlling Supervisor of Innovation Division

* Masks were removed to take this photo

The "4th Shiga Junior Research Grant, Results Presentation" was held

On 16 January 2022, the "4th Shiga Junior Research Grant Results Presentation" hosted by the Consortium for Discovery and Development of Growth Industries from Shiga was held at the Shiga Prefectural Government New Wing, with Shoko Uchiyama from the Corporate Research Center (a first-term student of the Mirai Jinzai Juku) from Toyobo participating as a judge.

In FY2020, the project was not adopted due to the COVID-19 pandemic, and this was the first time in two years that the results of the project were presented. Each school continued to search for new "whys" while taking into account the activities of their seniors, and their careful research was full of exciting content.

Among these, the Toyobo Prize was awarded to Moriyama Municipal Moriyama Junior High School for 'Proving the effectiveness of waterweed as a fertiliser using electrical conductivity'. We look forward to further activities in the future.



Ms. Uchiyama, and Moriyama Municipal Moriyama Junior High School students who received the Toyobo Prize.

* Masks were removed to take this photo

Social contribution activities

Materiality	
Related ESG: E S	
Partnership: Social contribution	

Social contribution activities approach and policies

As a materials manufacturer, the Toyobo group provides a variety of information so that local communities can live with peace of mind and we carry out educational and awareness raising activities for these communities. As a good corporate citizen, we also carry out activities that support the creation of flourishing towns and cities, so that we can develop together with the local community.

We provide information through our website and other channels so that people can learn about the group's approach and business.

We communicate with local communities by actively participating in community activities and providing opportunities for them to learn about the group, and the lessons learned from these initiatives are reflected in our business activities.

Initiatives

Each year, all our business locations actively participate in cultural events aimed at vitalizing their local region and carry out initiatives such as site tours that help local community members and employees' families get to know the group better.

"Career Passport" visiting lecture for elementary school students to learn in a fun environment (Toyobo Packaging Operating Department)

On September 14, 2022, we conducted a visiting lecture entitled "The Role of Plastic Films and Environmental Responses" was held at the private Teikyo University Elementary School in Tokyo, Japan, as one of the "Career Passport" programs.

We introduced our business to 24 second grade elementary school students and explained in an easy-to-understand manner the types and features of plastic films, especially the functions that only plastic films can perform. In addition, the students experienced peeling off the multi-layered films and conducted an odor leakage experiment using different materials, and at the end of the session, we called for "recycling instead of littering after use."

During the peeling experience, although the students struggled to peel off the film, they were able to experience how multiple layers of film are combined to form a single bag. The students said, "I want to try this with other bags for snacks," and "I will teach this to my mother back home," and enjoyed learning about plastic films.

(A similar lecture was held at Kougai Elementary School in Tokyo in October.)

* The "Career Passport" is a portfolio designed to enable students to self-evaluate their own transformation and growth by reviewing and reflecting on their own learning status and career development through various career education-related activities from elementary school to high school, with a focus on classroom and homeroom activities of special activities and back and forth with each subject.



Visiting lecture at Teikyo University Elementary School



Students experienced smell differences in an odor leakage experiment.

Visiting lecture on technology related to semipermeable membranes, and science careers (Toyobo Corporate Sustainability Department, Environmental Solutions Operating Department, Iwakuni Membrane Plant)

On September 3, 2022, we conducted a visiting lecture for 23 students of Kobe Ryukoku Senior High School's Advanced Global Science Course on technology related to semipermeable membranes and science careers.

In the lecture titled "Osmosis Phenomenon with Semipermeable Membranes," the lecturers explained the phenomenon of osmosis and the function of semipermeable membranes using experimental equipment and introduced a seawater desalination plant and the semipermeable membrane manufacturing process in operation in an area where water is scarce. The students experienced how water is extracted from seawater using semipermeable membranes by using our "Aqua Hum Hum" reverse osmosis experience machine. In the latter half of the lecture, as part of their career education, the lecturers introduced how they became interested in the field of science, their student life, work at the company, and experiences overseas.

In a cordial atmosphere, students listened to the lecturers' explanations with an enthusiastic gaze and asked questions to them during breaks and after lecture. It was very impressive to see the students pedaling the "Aqua Humumu" pedals with great effort and laughing happily.

Students who took the lecture commented, "I had been looking forward to the lecture and was 'excited' the whole time". "It gave me a chance to imagine what kind of company I would like to work for in the future." "I thought Toyobo is a wonderful company that contributes to the environment and the world."

It was also a very good opportunity for our company members who participated in the visiting lecture. We will continue to create learning opportunities with the students who will lead the next generation.



Held "Summer Vacation Junior Science Class" (Toyobo Iwakuni Production Center)

On August 5, 2022, we held "Summer Vacation Junior Science Class" jointly with Yamaguchi Industrial Promotion Foundation, inviting elementary and junior high school students from Yamaguchi Prefecture.

Yamaguchi prefecture holds "Summer Vacation Junior Science Classes" at various locations in the prefecture, asking universities and companies in the prefecture to hold these classes for the purpose of encouraging the development of human resources in the science field. Iwakuni Production Center also agreed with this program and held this class.

There were many more applicants than the maximum number. On the day of the event, 19 elementary and junior high school students and their parents participated in the class. During the experimental experience of osmosis using a semipermeable membrane, the children seemed relaxed thanks to the gentle and approachable talk of our employees who participated as instructors. Instructors, children, and parents cooperated with each other as they conducted the experiments, bringing the venue together. After the science class, we received many pleasant comments from the participants, such as "it was fun," and "I am glad I could make more friends."

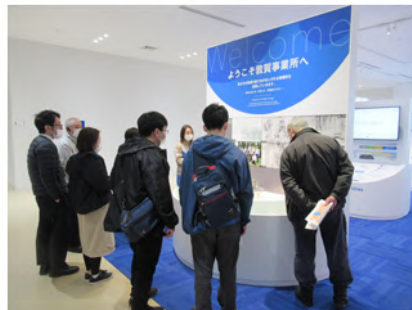


"Machi-Zemi" organized by the Tsuruga Chamber of Commerce and Industry: site tours conducted (Toyobo Tsuruga Research and Production Center)

On 2 March 2022, a tour of the premises was conducted through the "Tsuruga Machi Seminar" organized by the Tsuruga Chamber of Commerce and Industry. The 15 participants toured the N Room (exhibition room) and the Tsuruga Film Plant and listened with great interest to explanations of the products and production facilities. They also walked around the premises to see the various buildings. The tour provided a good opportunity for the local community to get to know the center. We will continue to actively participate in such initiatives in the future and aim to be a center that is open to the community.

* The tour provided a good opportunity for the local community to get to know the center. We will continue to actively participate in such initiatives in the future and aim to be a center that is open to the community.

Abbreviation of "Seminar in the Town to Benefit from." Mini lectures in which shopkeepers and businesses act as lecturers and provide expertise and information free of charge, under the theme 'Learn from Tsuruga's shops'.



What does a materials manufacturer do? First-year high school students visit the Shogawa Plant (Toyobo Toyama Production Center)

On 16 December 2021, 17 first-year students from Takaoka First Private High School visited the Shogawa Plant as part of the school's career education. After a welcome speech by the General Manager of General Affairs Department of Toyama Production Center, the students were briefed on the company and the overview of the plant, and then toured the plant.

The tour was divided into two groups, which visited three areas: the exhibition room at the Development Technology Centre, the Spinning and Weaving Production Plant and the Processing and Production Plant. In the exhibition room, we explained how our materials are used in various applications, such as the 'thawb', the folk costumes of Middle Eastern countries, and sportswear, and that different materials have different textures and functions, even if they are the same fibre. In the Spinning and Weaving Production Plant, visitors saw how yarns are processed into fabrics, and in the Processing and Production Plant, they saw how fabrics are made into products through various processes, such as dyeing.

At the beginning of the tour, when asked, "Who knows about Toyobo?" a few people raised their hands, and all said it was the first time they had been on a factory tour of this kind. During the Q&A session after the tour, there were many questions on a variety of topics, showing their interest in the company's business and the production of materials manufacturers.



Donation of Disaster Stockpiles to Food Bank OSAKA (TOYOBO KANKYO TECHNO CO., LTD.)

TOYOBO KANKYO TECHNO donated disaster supplies stored at its three bases in Osaka, Tokyo, and Okayama to the authorized NPO Food Bank OSAKA.

The company began planning this activity in FY2021 and implemented it on three separate occasions in FY2022. Each year, quantity and expiration dates of stockpiles are checked at each site, and the items are donated three months before their expiration. One employee commented, "I used to think it was difficult when I heard about SDGs initiatives, but now I know that I can think about it more casually, which has lowered the bar a little".

With the acquisition of ISO 14001 in 2019, a medium-term plan for environmental and safety activities was formulated.

Based on the plan, reviewing what can be done as a contribution to society, the company will continue to donate disaster relief supplies.



Donated stockpiles

[Find more information about our activities in the past here >](#)

Governance



Corporate Governance >



Instructor-led

Compliance >




Risk Management >



Tax Policy >

[Find more information about ESG Performance Data >](#)

Corporate Governance

Materiality	
Related ESG: G	
Governance	

Management approach

Basic approach

Based on the corporate philosophy “*Jun-Ri-Soku-Yu*,” the company believes that its purpose is to contribute to solving social issues through its proprietary technologies after ascertaining these issues from a long-term perspective.

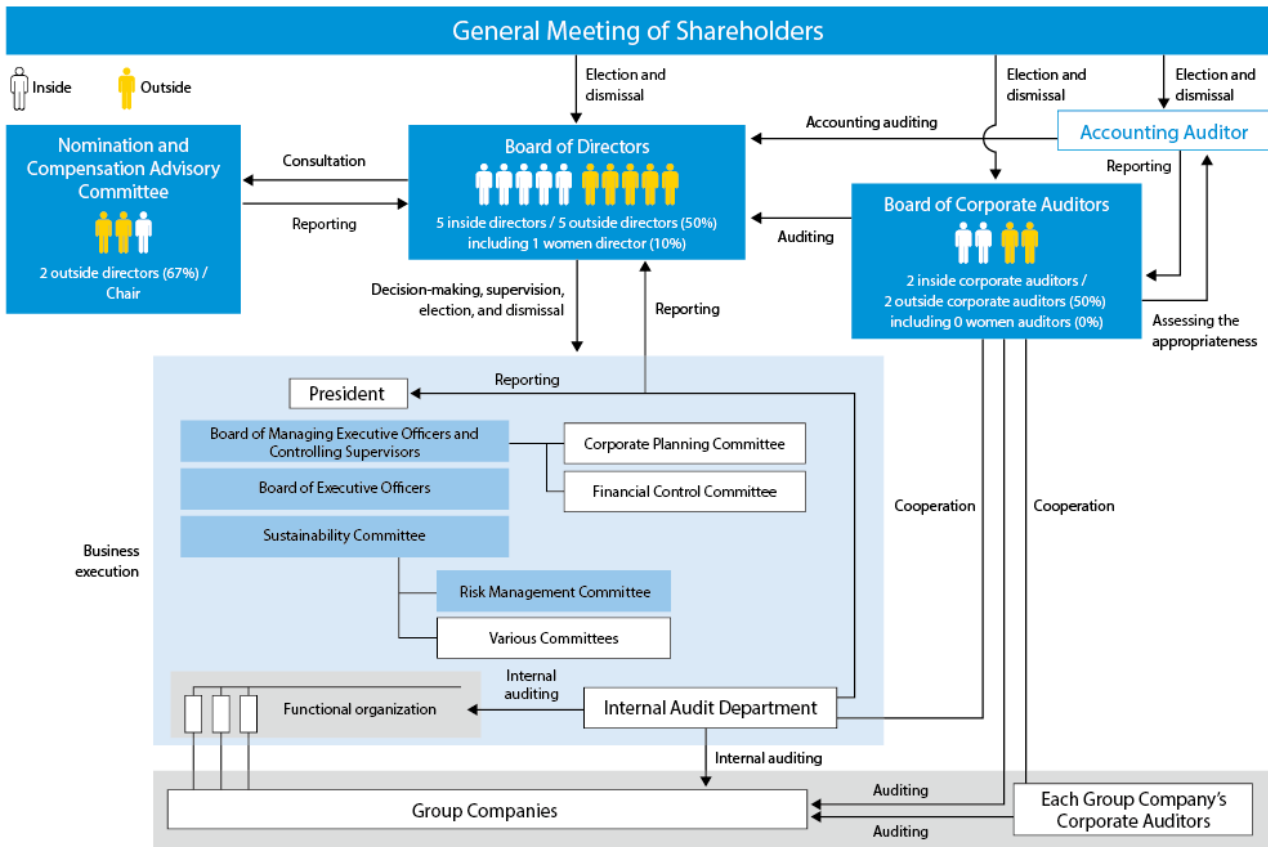
The company, to respond to the changing times and enhance sustainable corporate value in the future as well, has established the policies of (1) ensuring timeliness and accuracy in decision-making, (2) ensuring transparency in management, and (3) emphasizing fairness, and will work to appropriately collaborate with all stakeholders, such as shareholders. Furthermore, by carrying out its fiduciary responsibility and accountability to shareholders, the company will ensure the effectiveness of corporate governance and continually work on its improvement.

[Find more information about our Corporate Governance Report here >](#)

Corporate governance structure

Toyobo is a company with Board of Corporate Auditors and, under this governance system, has adopted the executive officer system. In the executive officer system, which is defined in our Articles of Incorporation, the Board of Directors oversees the business execution of executive officers. Under Toyobo's governance framework, a clear separation is made between the role of the Board of Directors—which oversees decision-making and performs management oversight—and the executive officers who are in charge of business execution. This system enables rapid decision-making and efficient business execution.

Corporate Governance Structure (as of June 2022)



Composition of the Board of Directors



Overview of boards and committees

* As of June 2022

	Members and Roles		Main Issues (FY2022)
Board of Directors Number of meetings held in FY2022: 19	Members	10 members. The Board of Directors consists of the Chair, who chairs the Board of Directors, 5 independent outside directors, and a director who is also as the executive officers. The number of directors on the Board of Directors is set at 14 or less, with at least a third being outside directors, and the term of office for directors is set at one year.	<ul style="list-style-type: none"> • Management policy, and management issues • Business strategy • Sustainable Vision 2030 • Safety and disaster prevention, and quality initiatives • Quality-related misconduct incidents • Human resource system, and human resource development • Important investment deals • Cross-shareholdings • R&D-related • Establishment of joint ventures
	Role	The Board of Directors receives reports on the progress of medium- and long-term themes, including from the perspective of sustainability, and the status of business execution in each business, and conduct appropriate supervision. In addition, by taking our fiduciary responsibility and accountability to shareholders into account, it works to build a corporate governance structure that will enable us to sustainably enhance corporate value.	
Board of Corporate Auditors Number of meetings held in FY2022: 15	Members	4 members, including 2 independent outside corporate auditors.	<ul style="list-style-type: none"> • Determination of auditing policy and auditing plans • Sharing the results of operational and accounting audits, and visiting audit to affiliate companies • Attending and confirming details of important meetings, including Board of Directors • Sharing details of discussions with board • Confirming important documents
	Role	The Board of Corporate Auditors attends the Board of Directors meetings and other important meetings, states opinions when necessary, and audits the execution performance by directors through audits of each department's operation. KPMG AZSA LLC has been appointed to conduct accounting audits required under Japan's Companies Act. The Board of Corporate Auditors receive reports on auditing plans and auditing results from the accounting auditor, and meet with them to periodically exchange information. Information is also exchanged with the Internal Audit Department, which monitors the effectiveness of internal control.	
Nomination and Compensation Advisory Committee Number of meetings held in FY2022: 5	Members	3 members, including 2 independent outside directors and the Chair. The Nomination and Compensation Advisory Committee is led by an outside director. 1 outside corporate auditor also participates as an observer.	<ul style="list-style-type: none"> • Review of officer compensation system • Basic policy and criteria for nomination, election and dismissal of officers • Recommendation of candidates for directors and corporate auditors, and election and dismissal of management team members
	Role	Based on proposals from the President, the Nomination and Compensation Advisory Committee deliberates basic policies and criteria on the nomination of officers and succession planning, and reports to the Board of Directors.	

Board of Managing Executive Officers and Controlling Supervisors Number of meetings held in FY2022: 32	Members	12 members, including those also serving as directors. The Chair and 2 inside corporate auditors may also participate and state their opinions.	Same issues as the Board of Directors
	Role	The Board of Managing Executive Officers and Controlling Supervisors deliberates in advance on matters to be resolved by the Board of Directors, and determines matters related to business execution entrusted by the Board of Directors. The Corporate Planning Committee and the Financial Control Committee have been established under the Board of Managing Executive Officers and Controlling Supervisors to manage risks related to management.	
Sustainability Committee Number of meetings held in FY2022: 4	Members	13 members. The Sustainability Committee consists of the Chair and the members of the Board of Managing Executive Officers and Controlling Supervisors, and the President serves as chair. 2 inside corporate auditors may also participate and state their opinions.	<ul style="list-style-type: none"> • Progress report on materiality and KPIs • Initiatives toward carbon neutrality (Scope 1, 2 GHG emissions reduction plan, etc.) • KPI settings in work-style reforms, etc.
	Role	The Sustainability Committee reviews the progress of company-wide sustainability activities each quarter, and discuss new issues to be addressed and company-wide risks. The content of the Committee's discussions is reported to the Board of Directors on a regular basis.	
Corporate Planning Committee Number of meetings held in FY2022: 9	Members	19 members. The Corporate Planning Committee members are selected from each specialized field and business departments. The Director in charge of planning serves as chair.	<ul style="list-style-type: none"> • Significant capital investment projects • Matters regarding new businesses • Matters regarding the establishment of new companies • Other important matters (investments, technology introductions, business alliances, acquisitions, etc.) • Review of major Corporate Planning Committee matters
	Role	The Corporate Planning Committee provides opinions and deliberates from a professional and managerial perspective on strategic matters, including important capital investments, new businesses, new company establishment, technology introduction, and business alliances, based on the entrustment of the Board of Managing Executive Officers and Controlling Supervisors. This is to improve the efficiency of deliberations and resolutions by the Board of Managing Executive Officers and Controlling Supervisors and to ensure the proper approval process, including matters concerning affiliate companies.	
Financial Control Committee Number of meetings held in FY2022: 15	Members	1 Chairperson, and 4 standing committee members.	The following matters of individual importance: <ul style="list-style-type: none"> • Investments and lending • Guarantees and reservations of guarantees (including management awareness letters) • Collateral provision for third parties
	Role	The Financial Control Committee pursues improving the efficiency of deliberations and resolutions at the Board of Managing Executive Officers and Controlling Supervisors, and the appropriateness of the approval process by expressing opinions and deliberating from a professional and managerial perspective on important individual investments, loans, guarantees, and other matters. In addition, it seeks to streamline the deliberation or resolution of matters not subject to deliberation or resolution at the meetings, as required by various rules and regulations.	

Targets and KPIs

<Targets>

The Toyobo group is building a fair and highly transparent governance structure through compliance with the Corporate Governance Code and proactive information disclosure.

<KPIs and Results>

Initiatives	KPIs	Targets	Results (FY2022)
<ul style="list-style-type: none"> • Strengthen corporate governance • Strengthen information disclosure 	1. No. of meeting of the Board of Directors / committees*	1. Disclose results	1. 24
	2. Attendance rate of officers at meetings in 1.	2. Disclose results	2. Share on the company website >
	3. Disclosure of details of evaluation of Board of Directors' effectiveness	3. Disclose details of effectiveness evaluation	3. Share on the company website >

* Nomination and Compensation Advisory Committee

Progress in system enhancement

The Toyobo group has worked continuously to strengthen corporate governance.

Initiatives to Strengthen Corporate Governance

Year	Initiative & Objective
1998	<ul style="list-style-type: none"> Established the Ethics Committee (the current Compliance Committee) To promote company-wide compliance activities as a key element of management
2004	<ul style="list-style-type: none"> Appointed one outside director, shortened the term of office for directors to one year To clarify management accountability by strengthening the supervisory function and shortening the term of office Established an Advisory Board on Officer Provisions, etc. (the current Nomination and Compensation Advisory Committee) To ensure transparency and fairness in procedures for determining officer compensation
2005	<ul style="list-style-type: none"> Introduced a corporate officer system, reduced the number of directors To split the decision-making/supervisory and executive functions
2015	<ul style="list-style-type: none"> Increased number of outside directors to two To strengthen the supervisory function by multiple appointments Established an outside officer liaison meeting To hold regular information exchange meetings to optimize the functions of outside officers Established the Nomination Committee (the current Nomination and Compensation Advisory Committee) To ensure transparency and fairness in procedures for nominating/dismissing directors
2016	<ul style="list-style-type: none"> Made an analysis/evaluation of the overall effectiveness of the Board of Directors Will annually identify issues and make improvements
2018	<ul style="list-style-type: none"> Increased number of outside directors to three, raising their ratio to one third of all directors To ensure diversity among members of the Board of Directors, as well as strengthen governance
2019	<ul style="list-style-type: none"> Increased number of outside directors to four (adding a female director) To further promote diversity among members of the Board of Directors Revised the officer compensation system (introduced compensation in the form of restricted stock units) To offer longer term incentives and realize greater sharing of value with shareholders
2020	<ul style="list-style-type: none"> Implemented further separation between decision-making/supervision and business execution in regard to election of directors
2021	<ul style="list-style-type: none"> Established the Nomination and Compensation Advisory Committee Integrated advisory and compensation advisory bodies, and improved their functionality
2022	<ul style="list-style-type: none"> Increased number outside directors to five

Election and dismissal of top management and nomination of candidates for directors and corporate auditors

Policy

The election and dismissal of top management members (executive officers who also serve as directors) and the nomination of candidates for directors and corporate auditors are based on whether they are outstanding individuals who have the appropriate insight for their respective posts, while also taking into consideration the criteria for nominating directors and corporate auditors, and are decided by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

(1) Stance on composition of the Board of Directors and Board of Corporate Auditors

a) Board of Directors

The Board of Directors is comprised of the Chair of the Board, outside directors, and directors who also serve as executive officers, in order to have a balanced structure with the expertise and skills necessary to appropriately provide strategic direction and made decisions on important business operations, and the independence necessary to strengthen supervision of management, while also ensuring diversity in terms of professional background, gender, age, etc. Based on the concepts of (1) ensuring timeliness and accuracy in decision-making, (2) ensuring transparency in management, and (3) emphasizing fairness, the Articles of Incorporation stipulate that the Board of Directors must have no more than 14 members, and that the ratio of outside directors be at least one-third of members.

b) Board of Corporate Auditors

The Board of Corporate Auditors comprises human resources with expertise and skills in finance and accounting as well as knowledge of the group's business, from the perspective of ensuring the effectiveness of auditing.

(2) Summary of criteria for nomination, etc.

a) Candidates for directors (excluding candidates for outside directors)

Candidates for directors should have knowledge, achievements, experience, and skills as a manager, as well as a company-wide perspective

b) Candidates for outside directors

- Candidates for outside directors are expected to contribute to the enhancement of corporate value and the strengthening of supervision, such as providing business suggestions and management support
- Candidates for outside directors must meet separately specified independence criteria for outside directors

c) Candidates for corporate auditors

- Candidates for outside corporate auditors are expected to have ability to make appropriate judgments from an independent and objective standpoint in the auditing of the performance of duties, etc.
- Candidates for outside corporate auditors must meet the independence criteria

Procedures for nominations, etc.

The Nomination and Compensation Advisory Committee, comprising a majority of outside directors, has been established as an advisory body to the Board of Directors to ensure fairness and transparency, and is chaired by an outside director.

The Committee deliberates and reports to the Board of Directors on basic policies and criteria for nominating officers and succession planning, etc., based on proposals from the President.

Dismissal policy and procedures

In the event of an act of misconduct, impropriety, or actions suggesting a breach of trust, or of other reasons that make the member unsuitable to serve as an officer, after deliberation by the Nomination and Compensation Advisory Committee, a decision will be made by the Board of Directors on their dismissal.

Attendance Record at Board of Directors and Corporate Auditors, Skill Matrix

Attendance Record at Board of Directors and Corporate Auditors, Skills (As of June 2022)

	Outside	Independent	Age	Gender	Nomination and Compensation Advisory Committee	Chair of Each Committee	Attendance record (attendance percentage FY202)			Of the experience and background required by the company, skills that are particularly essential						Term of Office	Reason for Appointment
							Board of Directors	Board of Corporate Auditors	Nomination and Compensation Advisory Committee	General Management	Business Operation / Sales	Production / Technical / R&D	Finance / Accounting	Risk Management / Compliance	Others		
Directors			55	Men	○	Board of Directors	-5/16(31.2%)	-	5/5(100%)	○				○	11 years	-	
			50	Men		Board of Managing Securities Officers and Controlling Supervisors	-5/16(31.2%)	-	-	○	○			○	2 years	-	
			52	Men			-5/16(31.2%)	-	-	○	○	○			1 year	-	
			51	Men			-5/16(31.2%)	-	-			○	○		2 years	-	
			55	Men			-5/16(31.2%)	-	-		○			○	1 year	-	
		○	○	55	Men	○ (Chair)	-5/16(31.2%)	-	5/5(100%)	○	○			○	5 years	Has leveraged his extensive experience and wide-ranging knowledge as a manager	
		○	○	73	Men		-5/16(31.2%)	-	-			○			4 years	Has leveraged his extensive experience and wide-ranging knowledge in the fields of corporate ethics, compliance, and sustainability	
		○	○	53	Women	○	-5/16(31.2%)	-	5/5(100%)		○		○		3 years	Has leveraged her extensive experience and wide-ranging knowledge in the fields of corporate ethics, compliance, and sustainability	
		○	○	71	Men		-5/16(31.2%)	-	-				○		2 years	Has leveraged his extensive experience and wide-ranging knowledge as an attorney at law	
	○	○	54	Men		-	-	-	○	○	○		○	-	Has leveraged his extensive experience and wide-ranging knowledge as a manager and high level of expertise in the biotechnology and digital fields		
Corporate Auditors			53	Men			-5/16(31.2%)	-5/15(33.3%)	-		○	○			4 years	-	
			51	Men			-5/16(31.2%)	-3/10(30.0%)	-		○		○	○	1 year	-	
		○	○	59	Men	Observer	-5/16(31.2%)	-5/15(33.3%)	5/5(100%)			○	○	○	5 years	Has leverage his extensive experience and wide-ranging knowledge as a certified public accountant	
		○	○	55	Men		-5/16(31.2%)	-3/10(30.0%)	-		○		○		1 year	Has leverage his extensive experience and wide-ranging knowledge of corporate auditors at other companies, including listed companies	

※ Click to enlarge the diagram

Training programs for officers

For our newly appointed directors and corporate auditors, we provide orientation concerning their roles and duties, as they undergo an external training program upon their appointment, in order to acquire the necessary knowledge.

In addition, newly appointed outside directors and outside corporate auditors also attend orientations regarding the company's operations, finances and organization, and more.

They are also encouraged to continue participating in external training programs and lectures to continuously build on their managerial literacy.

Officer compensation system

Basic Policy

Toyobo's system of officer compensation is designed as follows, in line with basic policy, within the monetary amount resolved at the Annual General Meeting of Shareholders.

- 1) Provide incentives that lead to Toyobo group's sustained growth and enhance corporate value over the longer term
- 2) Secure highly talented management personnel
- 3) Set determination procedures that are objective and highly transparent

Compensation structure and levels are reviewed based upon the company's business environment, levels of employee salaries, and other companies' levels based upon surveys conducted by specialized external organizations.

Monetary compensation (including performance-based amounts)

(1) Composition of monetary compensation

Monetary compensation for directors (excluding outside directors) is a fixed monthly compensation, comprising the following two components:

- 1) Compensation by position for directors (representative director, director)
- 2) Compensation by position for directors also serving as executive officers

(2) Compensation by position for directors who also serve as executive officers

- 1) Comprises set amount by position and the short-term incentive reflecting the previous fiscal year company-wide evaluation and performance evaluation of the overseen department.
- 2) The performance indicator (KPI) for the company-wide performance evaluation is the consolidated operating income, given that this is a major management indicator. The specific amount shall be determined in accordance with this by the Board of Directors based upon advice from the Nomination and Compensation Advisory Committee.
- 3) Performance evaluations of overseen departments will be determined by a comprehensive overview of its performance taking into account improvements in operating profit and ROA.
- 4) Compensation is calculated individually using formulas determined by the Nomination and Compensation Advisory Committee, and based upon company-wide performance evaluations and the performance evaluation of the overseen department, and decided upon by the Board of Directors.
- 5) Compensation for the Chairman & Director is the same as the President, taking into account their duties.

Stock compensation

In order to increase incentives to sustainably enhance corporate value and to promote more value sharing with shareholders, a certain percentage of compensation is granted annually as non-monetary compensation for granting restricted shares (non-performance-based, provided in advance).

Ratio of compensation

Compensation for directors also serving as executive officers is designed to appropriately increase incentives to increase corporate value, and the ratio of the fixed portion, short-term incentive portion, and the non-monetary compensation is 7:2:1 (when 100% of KPI achieved). (Shifted to the new compensation system in July 2022)

Other

- (1) Compensation for outside directors is to be fixed monetary compensation in view of their role and independence.
- (2) Compensation for corporate auditors is to be fixed monetary compensation in accordance with their duties and responsibilities, and is to be decided by discussions with the corporate auditors in view of their duties and responsibilities.
- (3) The Nomination and Compensation Advisory Committee, comprising a majority of outside directors as members, has been established as an advisory body to the Board of Directors to ensure the transparency and objectivity of decisions regarding compensation. The Nomination and Compensation Advisory Committee receives advice from the Board of Directors and deliberates on the system, level, and calculation method of officer compensation, in addition to the targets set for the company-wide performance evaluations forming part of the compensation by position. The Board of Directors makes the final decision on the amount of individual compensation based upon the report from the Nomination and Compensation Advisory Committee.

Review of officer compensation system

In fiscal 2022, the Board of Directors partially revised the officer compensation system based on a study of social trends surrounding executive compensation and appropriate incentives to improve performance. The main points of the review are as follows and were implemented starting in July 2022.

(1) Composition of compensation

- a. Reduce the percentage of basic compensation by position and increase the percentage of short-term incentive compensation.
- b. After review, the ratio of basic compensation by position, short-term incentive compensation, and long-term incentive compensation (compensation for granting restricted shares) should be 6:3:1.

(2) Composition of short-term incentive compensation

The ratio of company-wide performance to the performance of the department in charge to be reflected in short-term incentive compensation shall be as follows:

- Representative directors and executive directors: company results only
Directors: company performance = 2, Performance of the department in charge = 1
- Executive officers (full-time): company performance = 1, Performance of the department in charge = 2

(3) Performance indicator for short-term incentive compensation

The performance indicator used to evaluate company-wide performance will be changed from operating income to EBITDA*, in turn linking it to the goals of the 2025 Medium-Term Management Plan.

* Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is an indicator that indicates a company's profit level.

Ratio of Compensation



Evaluating the effectiveness of the Board of Directors

In order to further enhance the functions of the Board of Directors, the company carried out an overall analysis and evaluation of the effectiveness of the Board of Directors in fiscal 2022 with the support of an external organization. An outline of this evaluation is as follows.

Method of analysis and evaluation of effectiveness

- (1) Target: All directors and corporate auditors
- (2) Method: Conducted a survey with approximately 40 questions, and provided the responses directly to an external service provider.
- (3) Analysis and evaluation: The Board of Directors conducted the analysis and evaluation based on reports of aggregate results from the service provider.

Summary of evaluation results

- (1) Member numbers for the Board of Directors, the ratio of internal and external members, and the Chair's management of meetings procedures were evaluated as generally appropriate.
- (2) It was confirmed that certain results and improvements were achieved as a result of addressing the five issues identified previously [1) strengthened risk management including of safety and disaster prevention, and QA, 2) strengthening the group-wide internal audit functionality, 3) tackling medium- and long-term themes, 4) initiatives towards succession planning and appointment procedures for Chief Executive Officers, and 5) further streamlining of Board of Directors' management of meetings procedures].
- (3) However, items 3), 4), and 5) received relatively low evaluations, and were identified as future issues to be addressed in addition to strengthening group governance. Item 1) also remains a future issue to be addressed in order to further improve through continuous initiatives.

Issues and future initiatives

The Board of Directors is working to improve its own effectiveness as a whole through the following initiatives.

(1) Risk management including of safety and disaster prevention, and QA

- We will monitor the activities of the Risk Management Committee to further enhance the group-wide risk management structure.
- We will monitor the progress and ensure the effectiveness of the implementation of the master plan for safety and disaster prevention and the restructuring of the QA management structure.

(2) Enhancing discussion on solutions to medium- to long-term management issues such as DX

- We will address themes set in the annual plan at the beginning of meetings to enhance discussion.
- We will increase the use of venues other than the Board of Directors, and strengthen collaboration with the Sustainability Committee and Risk Management Committee.

(3) Further initiatives towards succession planning and appointment procedures for Chief Executive Officers

We will further ensure transparency and fairness by receiving activity reports from the Nomination and Compensation Advisory Committee, and other initiatives.

(4) Further streamlining of Board of Directors' management of meetings procedures

We will review the operation of the Board of Directors as follows in order to further improve efficiency, and to ensure sufficient time for deliberation on important management issues.

- Earlier advance distribution of materials, and more detailed explanations beforehand
- Streamlined explanations

(5) Strengthening group governance

We will receive reports from the newly established Corporate Business Management Department of Subsidiaries and Affiliates on the business management of group companies, such as on risk management, and become involved appropriately.

Feature: Roundtable discussion with outside directors



Roundtable discussion
with outside directors in
the Integrate Report 2022
(719 KB)

[PDF](#) [Download](#)

Cross-Shareholdings

The company shall periodically review cross-shareholdings from assorted perspectives, such as the impact on improving medium-to long-term corporate value and economic rationality, and sell any stock which is no longer meaningful as is appropriate. On the other hand, the company shall enter into cross-shareholdings with key business partners when judging that the maintenance and strengthening of stable relationships with the business partners will contribute to sustainable growth and enhancement of medium-to long-term corporate value of the company.

The Board of Directors individually reviews cross-shareholdings every year, including future business strategies and operational relationships, and determines whether or not to continue holding these shares.

Also, with regard to the exercise of voting rights in cross-shareholdings, the company deeply considers the status of the business partner and the content of the proposals, and as needed, discusses with the business partner. The company thereby confirms whether these holdings contribute to the sustainable growth and medium-to long-term enhancement of corporate value of the company and its business partner, and makes a comprehensive decision.

Attendance Record at Board of Directors and Corporate Auditors, Skills (As of June 2022)

		Outside	Independent	Age	Gender	Nomination and Compensation Advisory Committee	Chair of Each Committee	Attendance record (attendance percentage) FY2022				Of the experience and background required by the company, skills that are particularly beneficial					Overseas Experience	Term of Office	Reason for Appointment
								Board of Directors	Board of Corporate Auditors	Nomination and Compensation Advisory Committee		General Management	Business Operation / Sales	Production Technology / R&D	Finance / Accounting	Risk Management / Compliance			
Directors	Seiji Narahara			65	Men	○	Board of Directors	19/19(100%)	—	5/5(100%)		○			○	11 years	—		
	Ikuo Takeuchi			59	Men		Board of Managing Executive Officers and Controlling Supervisors	19/19(100%)	—	—		○	○		○	2 years	—		
	Chikao Morishige			62	Men			15/15(100%)	—	—		○	○	○		1 year	—		
	Hiroshi Otsuki			61	Men			19/19(100%)	—	—				○	○	2 years	—		
	Yutaka Ouchi			65	Men			15/15(100%)	—	—			○		○	1 year	—		
	Masaru Nakamura	○	○	68	Men	○ (Chair)		19/19(100%)	—	5/5(100%)		○	○		○	5 years	Has leveraged his extensive experience and wide-ranging knowledge as a manager		
	Takafumi Isogai	○	○	73	Men			19/19(100%)	—	—				○		4 years	Has leveraged his extensive experience and wide-ranging knowledge as an academic specializing in the quality control field		
	Kimie Sakuragi	○	○	63	Women	○		19/19(100%)	—	5/5(100%)			○		○	3 years	Has leveraged her extensive experience and wide-ranging knowledge in the fields of corporate ethics, compliance, and sustainability		
	Masaaki Harima	○	○	71	Men			18/19(95%)	—	—					○	2 years	Has leveraged his extensive experience and wide-ranging knowledge as an attorney at law		
	Hiroshi Fukushi (Newly appointed)	○	○	64	Men			—	—	—		○	○	○	○	—	Has leveraged his extensive experience and wide-ranging knowledge as a manager and high level of expertise in the biotechnology and digital fields		
Corporate Auditors	Yasuhiro Iizuka			63	Men			19/19(100%)	15/15(100%)	—			○	○		4 years	—		
	Takayuki Tabo			61	Men			15/15(100%)	10/10(100%)	—				○	○	1 year	—		
	Hiroyuki Sugimoto	○	○	69	Men	Observer		18/19(95%)	15/15(100%)	5/5(100%)				○	○	5 years	Has leverage his extensive experience and wide-ranging knowledge as a certified public accountant		
	Akihiko Irie	○	○	65	Men			15/15(100%)	10/10(100%)	—					○	1 year	Has leverage his extensive experience and wide-ranging knowledge of corporate auditors at other companies, including listed companies		

Roundtable Discussion with Outside Directors



Masaru Nakamura
Outside Director

Mr. Nakamura has extensive experience and wide-ranging knowledge from his career that commenced in 1977 at Sumitomo Corporation where he went on to serve such as corporate officer, executive officer, managing executive officer, senior managing executive officer, and advisor. He joined Toyobo as an Outside Director in 2017.

Takafumi Isogai
Outside Director

Mr. Isogai has a specialist perspective and wide-ranging expertise in quality control field from his career in academia that began in 1987 as an Assistant Professor and then Professor at Osaka University and subsequently at Kobe University and the University of Marketing and Distribution Sciences. He joined Toyobo as an Outside Director in 2018.

Kimie Sakuragi
Outside Director

Ms. Sakuragi has extensive experience and wide-ranging knowledge in corporate ethics, compliance and sustainability fields from her career at Benesse Holdings. After joining Benesse in 1981, she held the Chief of Business Ethics and Compliance Office and the Audit and Supervisory Board Member. She joined Toyobo as an Outside Director in 2019.

Masaaki Harima
Outside Director

Mr. Harima has a specialist perspective from his background as a lawyer and wide-ranging expertise gained from his career that started as an Assistant Judge in 1977. He later founded the Harima Law Office (now the Fushimimachi Lawyer's Office). He joined Toyobo as an Outside Director in 2020.

That experience and those skills are the basis for my input to discussions.

Harima I have felt completely open about stating my opinions during the two years I have been on the board. The revised criteria for submission to the board's discussion agenda has reduced the items requiring a decision by the board, which is giving us more time to discuss important topics.

Nakamura In addition to attending the board meetings, the outside directors participate in twice-monthly briefings on the agenda items when we can ask for further information or clarification. The time saved from not needing to verify details is giving us more time for deeper discussions at the meetings. The volume of information provided to the outside directors has also been increasing over the past few years.

Sakuragi That freedom to voice opinions has led to some very long and heated discussions that can last over several meetings. Sometimes it's a shock to come out of the meeting and find it's dark outside. The system creates a good atmosphere.

One area I think we should spend more time discussing is the longer-term management strategies. I think the board's primary purpose should be to deliberate and set long-term strategies, business portfolio strategies, and investment strategies. We naturally spend much time on those topics when preparing the Sustainable Vision 2030 (long-term vision) and 2025 Medium-Term Management Plan [FY2023-2026] (2025 MTP), but I believe they warrant continuing discussion going forward.

Isogai I once asked the board why there was so little discussion about the future, and they did then start talking about it more. So they are open to talking about issues for the future, but I agree that more discussion is needed.

Nakamura Much of the discussion over the past three years has been about the fire accident and quality-related misconduct incidents. Those discussions were necessary and I believe that because we kept talking about it we were able to formulate the measures that have been reasonably effective. Of course, we continue to discuss those issues. At the same time, now that the long-term vision and 2025 MTP are under way, I would like to see the board shift its focus to a longer-term perspective on ESG, DX, and the business portfolio.

Isogai I agree. I also think the twice-yearly open discussion meetings with corporate auditors and the information we receive about the annual audit plan and the discussions between the president and corporate auditors are extremely informative. I think the board should also consider holding those meetings more frequently.

Governance for sustainable growth

Evaluation of the governance system and its effectiveness

Nakamura When I was appointed as an outside director in June 2017, there were two outside directors. When the number rose to four in 2019 to meet social standards for governance, I remember feeling that it was easier to share my opinions. Having that feeling made me understand the importance of a Board of Directors that is balanced with outside directors.

Isogai Ms. Sakuragi, you were appointed in 2019.

Sakuragi Yes, I became Toyobo's first women director in

June 2019. To be honest, I felt a lot of pressure.

Nakamura Since you joined the board, it's been very interesting to hear your insight on ethical perspectives. Your views on women's topics like advancement in the workplace and on candidates for when creating succession plans are also invaluable contributions.

Sakuragi Initially, I was worried because I had no experience in the manufacturing industry, but the company was very welcoming. My first impression was that Toyobo greatly values its corporate philosophy. Purpose management has been a popular phrase in recent years, and it is an active part of Toyobo's corporate philosophy. Managers here often talk about the purpose of our business, and the outside directors are often asked too, which makes me feel everyone is

truly committed to the corporate philosophy.

Harima I think the Board of Directors' monitoring function is still getting stronger. In June 2022, the number of outside directors grew to five of the 10 members of the board. Diversity remains an issue though, because there are still few women and no non-Japanese on the board.

Nakamura Diversity in skills is also important. Most of the internal directors came up through the company, so their range of skills can be narrow. Outside directors bring a range of skills. The balance of internal and outside director roles is balanced now, but the experience and knowledge of non-Japanese will be crucial when begin focusing on overseas markets. I believe that this will be an important perspective to keep in mind when considering candidates for director in the future.

Isogai I agree that the skill matrix of candidates is important. My specialty is in quality control, and I have worked with numerous companies on quality issues.

Roundtable Discussion with Outside Directors

Fire prevention measures and response to the quality-related misconduct incidents

Harima Regarding the safety and disaster prevention measures after the fire, the board recognizes that an excessive focus on short-term profits and too much distance between the worksites and the head office were among the causes of the accidents, and it is actively working to establish a new organizational culture that puts safety ahead of everything. One key part of the safety and disaster prevention are the steps to make it easier for people at the worksites to communicate with the head office.

Isogai The company also has established a case committee of corporate auditors and outside directors—including all four of us—to review the quality-related misconduct incidents. The executive department has been resolutely implementing the prevention measures the committee has recommended, and the conditions are improving.

Harima The effectiveness evaluations of the Board of Directors in fiscal 2022 indicated a need to strengthen the internal auditing. In the past, much of the Internal Audit Department's staff were from accounting, and the general corporate audits tended to be primarily examinations of financial items. The internal audits were weak in the area of quality assessments. We recommended that the audits could be improved by staffing the Internal Audit Department with personnel with various areas of expertise, not just financial. We also recommended having an executive officer be in charge the department, which has been done. There is also now a system for regular reporting of the status of the internal audits directly to the board.

Nakamura The company has also created the Risk Management Committee to strengthen its risk management, and there has been a certain degree of improvement in safety and disaster prevention and response to the quality-related misconduct incidents. The 2025 MTP also contains measures in these areas. The executive department is fully engaged in these efforts, and, through the board, we are keeping on top of the situation, providing our advice, and monitoring the progress.

Isogai There have been instances where companies with divisional structures have not shared information because they are in competition with each other. That has led to many times when a business has developed quality issues and other problems because it was pursuing profits. Digitalization is making it easier to create connections between business divisions. I would like to see the company take this as an opportunity to make fundamental changes and to continue working toward realizing comprehensive quality control.

Sustainable Vision 2030 and the 2025 Medium-term Management Plan

Sakuragi The announcement of the long-term vision has finally provided a clear picture of the company's path forward. The long-term vision statement says Toyobo is working for "people and the earth," and we are committed to not being overly rigid in our thinking and to responding flexibly to changes in the surrounding environment. In that spirit, I would ask the board to not view the long-term vision for 2030 as set in stone, but to be willing to modify the vision as necessary.

Harima I also have high expectations for "employee well-being" one of the five social issues set forth in the long-term vision. The long-term vision is to be a company that is people first, with safe work environments where employees can work with peace of mind, pride, rewarding in their work. Management has been trying to work with the worksites since the fire accidents and quality-related misconduct incidents, but there still seems to be some distance between them at times. I really would like to see the company put its total effort into its vision for employee well-being and create a fresh atmosphere. That very well could become the foundation of all the strategies.

Sakuragi Yes, it could. I've also thought that the "inward-looking" aspect of Toyobo's organizational culture could have contributed to the quality incidents. I don't think that aspect has been completely eliminated. I think it's important for each individual employee to look at the changes not just inside the company, but in Japan and the world as well, independently and with their own eyes. I feel strongly that we need to take that wider perspective on the company or else it will be difficult to fully achieve the Sustainable Vision.

I believe that, on the most fundamental level, Toyobo's corporate philosophy and mentality closely match the current sensibilities in society, and I encourage the company to do all it can to incorporate society's perspectives into its businesses and operations.

Isogai The long-term vision and 2025 MTP also reminded me that Toyobo is a deeply committed to its objectives and puts 100% into everything it does.

When I hear the Research Center announcements, I'm astounded by some of the amazing leading-edge technologies they develop. There are so many that have real potential, such as the desalination membranes that turn seawater into drinking water and the super fibers that can be used on floating offshore wind turbines. I was really surprised recently when I heard that Toyobo is developing low environmental impact "sustainable food" production. I had no idea Toyobo was even doing research in that field!

Nakamura That's what Toyobo does. It looks for ways to apply promising technologies to various markets and turn them into successful businesses. A highly sophisticated technology may not have a market. We can't make a product and try to sell it, we have to follow what the market wants.

Isogai That's why finding partners for open innovation and collaboration is also important.

Nakamura The markets are changing so fast that the company needs to accelerate its technology development just to keep up. The company also must formulate a new business model.

Achieving long-term growth

Sakuragi I was most impressed with the detailed numerical targets in the long-term vision and 2025 MTP. When framing a vision for long-term growth, setting ambitious targets for net sales and operating profit is essential, and being obsessive about meeting those targets is critical.

Nakamura President Takeuchi has called the time it took for Toyobo, as a manufacturing industry, to downsiz the textile business and then to get the film business up and running as a period of "survival," but it has also been an extended period when the company was forced to be patient. I'm sure that the fundamental drive to pursue profits was still lingering in management's minds during that time, and they may have thought they could at least try to generate a little profit. That might be why the company was adamant about setting very specific goals when projecting to a long-term perspective.

Harima The view of the company from investors and others is that they want Toyobo to get bigger, and the company is believed to have the resources to do that.


Nakamura We are also strongly of that opinion, and we recommended in the board discussions that the target figures in the long-term vision and 2025 MTP reflect that. The company is planning to establish a joint venture with Mitsubishi Corporation, but overall it has not been very aggressive with M&A. We suggested that more dynamic strategies could be used to create future vision. The Board of Managing Executive Officers and Controlling Supervisors held many meetings about and ultimately announced target figures that are both ambitious but still realistically possible to achieve.

Isogai The company has finally moved beyond survival thinking and begun to focus on the pursuit of sustainable growth. I believe that the businesses that have been nurtured over time are now able to maintain their profitability.

Nakamura The targets are indeed the result of many discussions, and I know the company is absolutely committed to achieving them. The structure for achieving the targets is in place. Following the true spirit of the *Jun-Ri-Soku-Yu* principle, we hope that employees will have an open mind and imagine how fulfilling the vision will benefit our customers and generate profit for the company. I think the company could benefit from discussing how to bring that principle even more into play. We all will do everything we can to help the company succeed.



Compliance

Materiality	
Related ESG: S G	
Compliance (including quality)	

Management approach

Policy and approach

Based upon our corporate philosophy of *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), at the core of Toyobo group's compliance activities is the idea of "Do what must be done" and "Don't do what must not be done."

Furthermore, based on the fundamental principles stated in the TOYOBO Group Charter of Corporate Behavior, the group has summarized the rules that employees must follow in the TOYOBO Group Compliance Manual in a specific and easy-to-understand manner and works to promote understanding and widespread awareness of the rules among group employees.



TOYOBO Group Compliance Manual

1. Contribution to a sustainable society
2. Handling of company secrets
3. Handling of personal information
4. Engaging in fair transactions
5. Appropriate transactions with subcontractors
6. Responsible procurement and logistics
7. Management of export/import cargo and prevention of undeclared exports and imports
8. Rules on security trade control (export management)
9. Handling of gifts and entertainment (prevention of bribery)
10. Handling of political donations, etc.
11. Intellectual property
12. Proper accounting
13. Conclusion of contracts
14. Rules on credit management
15. Timely and appropriate information disclosure
16. Prohibition of insider trading
17. Respect for human rights
18. Ensuring quality and safety
19. Provision of information on products and services
20. Appropriate handling of quality data, etc.
21. Rules on research and development activities
22. Customer service
23. Respect for diversity in the workplace
24. Prevention of harassment
25. Safety and health
26. Appropriate working hours management
27. Business activities taking the global environment into consideration
28. Promotion of social contribution
29. Process safety and disaster prevention
30. Duty of care on overseas assignments and business trips
31. Response to anti-social forces, etc.
32. Ensuring cybersecurity
33. Social rules

Relevant Policies and Guidelines, etc.

[Find more information about TOYOBO Group Human Rights Policy >](#)

[Find more information about Toyobo Group Personal Information Protection Policy >](#)

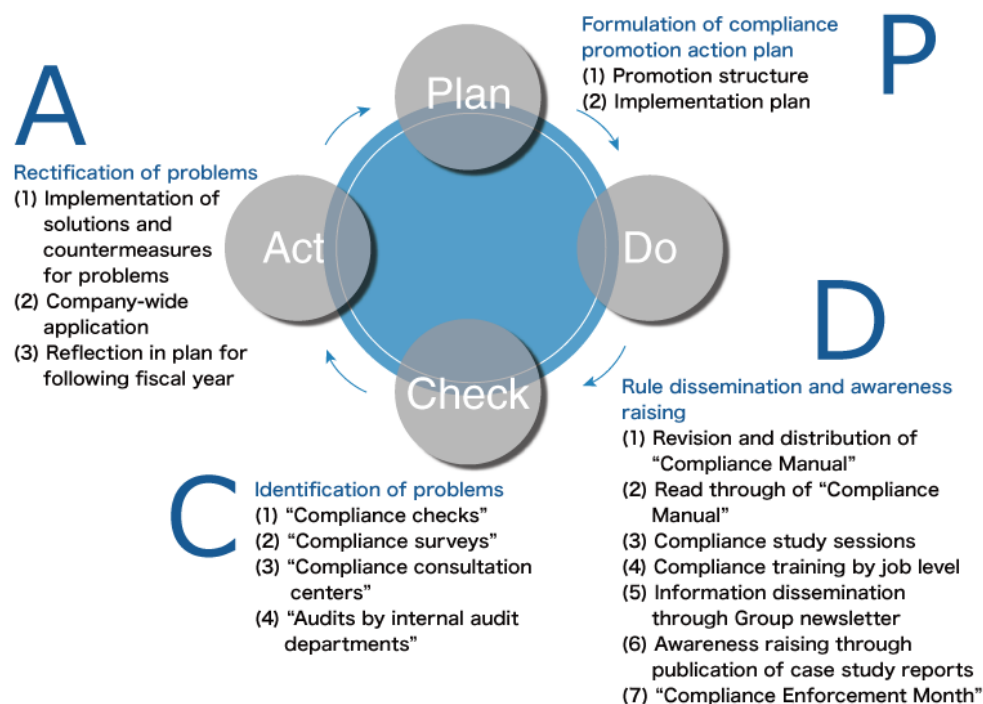
[Find more information about our Anti-Bribery Policy here >](#)

Promotion structure

A Compliance Committee is comprised of members from the Board of Managing Executive Officers and Controlling Supervisors. The goal is to promote group-wide compliance from a management perspective. A Compliance Promotion Committee has also been established as a sub-committee, which considers specific initiatives, and the Legal and Compliance Department promotes compliance throughout the group as a whole.

In fiscal 2022, the Compliance Committee convened twice, and the Compliance Promotion Committee convened four times. Working with the theme of “treating an atmosphere of raising compliance awareness,” this worked toward enhancing the effectiveness of education, training, and preventive measures.

Compliance Promotion Cycle



Compliance consultation desks

Toyobo group provides an internal compliance consultation desk (internal reporting service) and external compliance consultation desk for all group employees. These receive reports and give consultations regarding workplace violations of laws and regulations or fraudulent acts, acts that violate anticompetition laws, corruption—including bribery and embezzlement—and bullying or harassment, and work toward early detection of these problems and toward rectifying them and preventing their recurrence. So that employees can use the consultation desks with peace of mind, we guarantee protection of privacy, including the names of people who seek consultations, and that there will be no disadvantage for employees who consult or report.

To enhance awareness of the consultation desks, in fiscal 2022, special stickers outlining how to use them were produced, and distributed within Toyobo workplaces.

Also, as the quality-related misconduct incidents that were discovered in fiscal 2021, was not reported via the internal compliance consultation desk, in October 2021, an external compliance consultation desk was established, using a specialist external service provider.

Topics for consultation

- (1) Legal violations and violations of internal regulations and rules
- (2) Acts that violate the Compliance Manual “Corporate Code of Conduct”
- (3) Workplace harassment
- (4) Consultation on other compliance issues that are difficult to judge, etc.

Types of compliance consultation desks

- (1) Internal consultation desk
- (2) External professional service company consultation desk (corporate ethics hotline)
- (3) External legal counsel desk
- (4) Corporate auditor's consultation desk

In fiscal 2022, there were a total of 62 consultations, seven of which were made through the external compliance consultation desk. The most frequent breakdown was communication and labour management, followed by suspected power harassment. Depending on the contents of the consultation, we implemented corrective measures, recommended disciplinary action, provided advice to the consulting parties, and answered their questions.

Number of Consultations for Compliance Consultation Desks (including internal reporting service)

FY2018	FY2019	FY2020	FY2021	FY2022
15	32	35	37	62

Details of Consultations (FY2022)

Details of consultations	Incidents
Communication and labor management	14
Suspected abuse of authority	10
Quality and data related matters	5
Questions and opinions relating to internal systems and rules, etc.	5
Matters relating to COVID-19 and/or vaccination	4
Matters relating to working hours, overwork, etc.	3
Bullying or harassment	2
Accounting	2
Inquiries regarding the reporting system / framework, etc.	2
Matters relating to occupational safety	1
Matters relating to the handling of reports	1
Suspected violations of the law	1
Others	12
Total	62

[Find more information about our Establishment of Complaint Handling and Internal Reporting systems here >](#)

[Find more information about our Initiatives for preventing harassment here >](#)

Targets and KPIs

<Targets>

Each and every employee complies with laws, regulations, and rules and acts transparently and appropriately, fostering an ethical corporate environment and culture.

<KPIs and Results>

Initiatives	Targets	Results (FY2022)
Increase in awareness of compliance	Improvement in compliance questionnaire responses	<ul style="list-style-type: none"> Does the company emphasize compliance? I feel that it does, or by and large I feel that it does: 79% (down 9% YoY)¹ Awareness of “Compliance Mini Study” I read every issue, or I sometimes read it, or I read those articles that are of interest to me: 78% (roughly the same as in the previous year)
	Expansion of compliance study sessions (Managers) and various other trainings	<ul style="list-style-type: none"> Compliance study sessions: Held 10 times + video delivered to all employees Various other trainings: Held 21 times
Awareness and use of compliance consultation desks	Improvement in compliance questionnaire responses	<ul style="list-style-type: none"> Awareness of compliance consultation desks: 87% (down 5%) Ease of use of compliance consultation desks I would like to try using it, or I can't really say one way or the other: 93% (up 4%)²
	Disclosure of no. of cases handled	62 cases handled
No. of serious legal violations	0 violations per year	0 violations

¹ In October 2021, “I can't really say one way or the other” was added as one of the responses that could be chosen for the survey question (for reference, the share of respondents choosing this response was 17%)

² There were three possible responses that could be chosen for the survey question: “I would like to try using it,” “I can't really say one way or the other,” and “I would not be keen on using it.”

Education and awareness-raising activities

Revision and dissemination of compliance manual

To promote understanding of compliance by all employees and make the rules well known, based on the principles declared in the "TOYOBO Group Charter of Corporate Behavior", we have created the "TOYOBO Group Compliance Manual" that explains the rules that the employees should follow in a concrete and easy-to-understand manner.

During Compliance Enforcement Month every year, we revise the manual (both the Japanese-language and English-language versions) and distribute it to group employees. We also edit the manual to produce localized versions at our overseas business sites. We familiarize all employees with the TOYOBO Group Charter of Corporate Behavior through reading the manual together at each workplace and other means.

The items in the compliance manual include anti-corruption including bribery and unfair competition prevention, safety and hygiene, and proper working hours management.

Awareness-raising activities during Compliance Enforcement Month

Video messages (covering safety, quality, and compliance) from the President and other executive officers were disseminated. We are also working to raise awareness of the compliance consultation desks, using posters and digital signage.

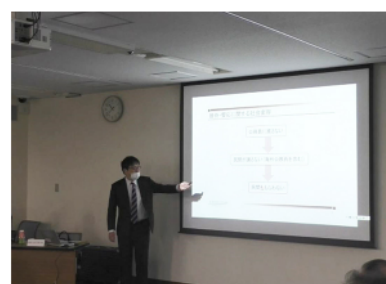
Holding compliance study sessions (training)

We held 10 compliance study sessions (training) targeting management-level personnel (general managers, managers, section chiefs, etc.) from all Toyobo business sites including headquarters, branches, production centers, and at 37 affiliate companies. We also held them face to face in conjunction with remotely as a COVID-19 measure. With members of the relevant departments of compliance, QA, and IT acting as lecturers, a total of 1,084 employees participated in these sessions, which covered topics such as management's role in preventing misconduct, preventing harassment, and cyber security. We have also created a video of the study sessions (training) edited for general employees, and distributed this to group companies.

Various other trainings

As part of level-specific and occupation-specific training for managers, new employees, sales staff, and personnel being sent on overseas assignments, compliance education is provided. In FY2022, a total of 21 various training sessions were held.

Also, we have implemented discussion-type training activities for managers, focusing on topics that are of particular importance to the company, such as safety, quality, and compliance, from fiscal 2022 onwards.



Seminar on gift giving and entertaining

Issuing case study reports

A "Compliance Mini Study," which educates employees about cases of violation in a case study format, is issued monthly, and heads-up reports are issued irregularly based on cases that occurred within Toyobo group.

Carrying out surveys

During Compliance Enforcement Month held each year, we hold an anonymous questionnaire. This includes a survey on employee awareness of compliance including of ethics, safety, quality, confidential corporate information, harassment, the organizational culture, and use of the consultation desks. Through this, we confirm the status of compliance risks in the workplace.

In fiscal 2022, we received 6,765 responses from employees, and results of the questionnaire are disclosed to all employees. Details on individual problems and issues are shared with related departments in a form that does not identify the respondent—this proves useful in improving the situation and preventing problems.

Anti-corruption initiatives

Toyobo group positions the prevention of corruption in all forms, such as bribery, as a priority issue for compliance. Particularly with regard to bribery, in addition to Toyobo policies and regulations, we have also decided upon guidelines that detail specific rules covering matters such as judgments and monetary standards when giving gifts and entertainment.

We ensure that these are well understood. Additionally, in order to build fair and healthy relationships with business partners, we have put in place rules regarding the accepting of gifts and entertainment. These include a requirement to decline to accept money or its equivalent, or gifts and entertainment that exceed socially accepted norms, and the introduction of a reporting system for when gifts or entertainment are received.

In fiscal 2022, as part of our company-wide risk management activities, we implemented a legal compliance risk assessment. Based on a variety of risk scenarios, we performed assessment in terms of the two axes of the severity of impact and the likelihood of a risk occurring. The results obtained confirmed that the level of corruption risk, including bribery, was relatively low across all Sales and Marketing Divisions.

[Find more information about Toyobo Group Anti-Bribery policy here >](#)

Risk Management

▼ Management approach ▼ Data security, privacy ▼ Business Continuity Plan (BCP)

Management approach

Approach to risk management

As well as establishing a "Risk Management Basic Policy" that outlines our fundamental stance on risk management activities, Toyobo group is identifying various types of risk that could pose a threat across the entire range of our business activities, and are managing risk appropriately according to the characteristics of each risk. In an emergency, we immediately set up a task force under the instruction of the relevant corporate officer, and bring the crisis under control through a swift response. By putting these systems in place and conducting the initiatives, we work hard to earn the trust of our customers, the local community, and our shareholders and other stakeholders.

<Basic Policy on Business Risk>

To aim for growth and keep challenging and prevent damage to corporate value, the basic policy on risk management is prescribed as follows.

1. Social responsibility

To practice *Jun-Ri*, meeting expectations of society

2. CSV

To practice *Soku-Yu* (adhering to reason), raising the sustainable growth of the Toyobo group while contributing to social sustainability

3. Responsibility of management staff to the employees and employee responsibility*

Management staff creates a work environment where the employees can work safely, and the employees protect corporate value as their responsibility.

* All employees should take the lead to create an environment where they can work with peace of mind. However, to explicitly show to external stakeholders the principle that management staff should bear the primary responsibility for improving the workplace environment, we clarify the word "management" as the subject.

Business risks

The main risks recognized that could have a material impact on the Toyobo group's operating results and financial position are as listed below. The list does not include all the risks related to the Toyobo group.

Forward-looking statements were determined by the group as of fiscal 2022-end.

<Incurred or highly probable risks>

- (1) Occurrence of disasters, accidents, and infections
- (2) Further worsening of political and economic situations
- (3) Inappropriate behavior or similar in details of third-party certification registration

<Medium- to long-term risks>

- (4) Purchase of raw materials
- (5) Product defects
- (6) Securing of human resources
- (7) Climate change
- (8) Environmental burden
- (9) Information security
- (10) Laws, regulations and compliance
- (11) Overseas business activities
- (12) Litigation

<Financial risks>

- (13) Large forex movement
- (14) Large rise in interest rates
- (15) Sharp drop in share prices
- (16) Impairment loss of fixed assets

[Find more information about our Annual Financial Report and the Business risks here >](#)

Risk management structure

On April 1, 2021, Toyobo group established a Risk Management Committee headed by the President for centralized management of risks throughout the group. The committee comprises members of the Board of Corporate Executive Officers and Controlling Supervisors as well as members nominated by the chair, and in fiscal 2022, its first year of establishment, it convened four times.

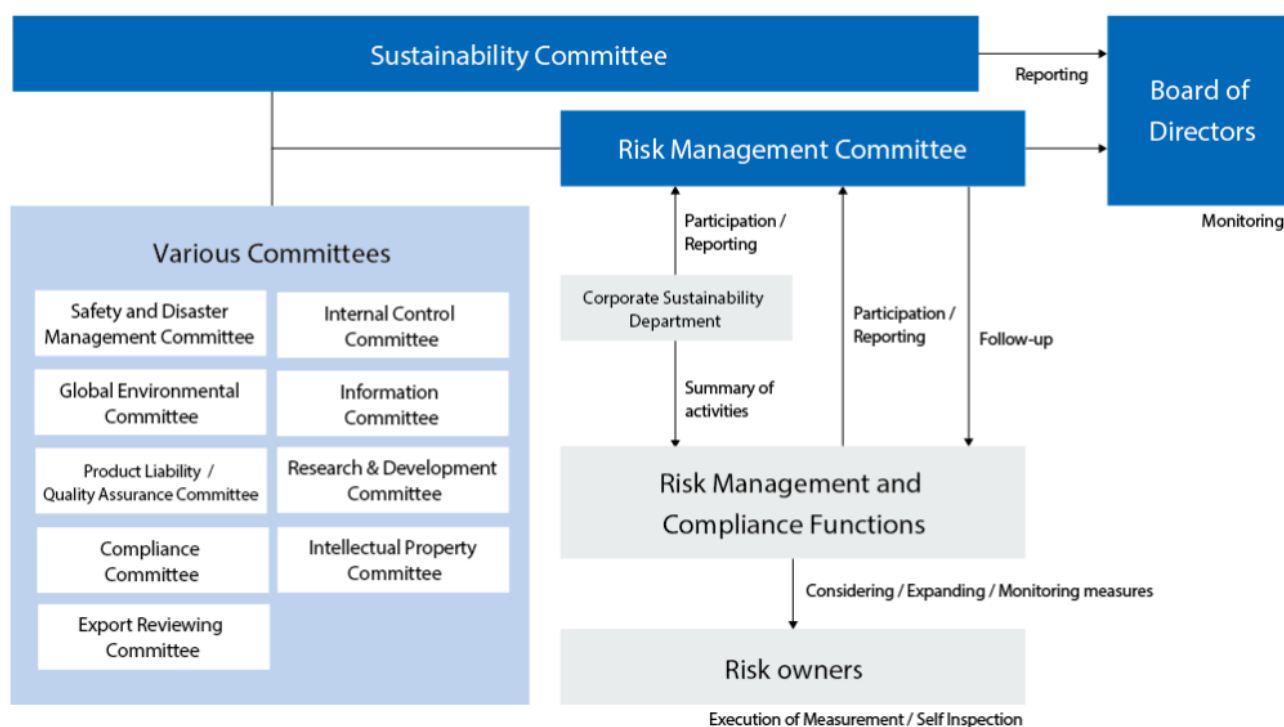
This Risk Management Committee brings together risk management activities (identification, analysis, evaluation, and response), as well as formulating risk management policies for the group as a whole. It is working to strengthen our risk management structure by aiming to build effective and sustainable organizations and approaches.

In fiscal 2022, we began to operate the structure that we had designed and to promote activities aimed at reducing risks. We also started working to achieve company-level risk management and develop reduction activities targeting specific risks.


As a starting-point for these activities, we implemented assessment of company-wide risks. Based on a variety of risk scenarios, we performed assessment in terms of the two axes of the severity of impact and the likelihood of a risk occurring, and the results of this assessment were used to identify major company-wide risks that we need to pay particular attention to. Going forward, we will implement periodic monitoring activities in relation to these risks.

As part of our management operations, in order to build a company-wide structure to identify risks throughout the company, prevent their occurrence and ensure early detection, and also put in place measures to prevent reoccurrence, we are realizing the sustained implementation of self-directed risk management activities appropriate to particular business areas and roles.

Management Structures and Processes



Data security, privacy

Materiality	
Related ESG: S G	
Data security, privacy	

Approach to data security and privacy

Amid the accelerating digitalization of society and increasingly important significance of information, the key to corporate survival will lie in continuing to create value that contributes to society and the environment by leveraging the necessary information to promote development of products and technologies.

On the other hand, inappropriate handling of information causes significant damage and impact. This includes loss of sales opportunities due to leakage of confidential information and information system outages, and legal and social sanctions as well as loss of corporate brand prestige due to leakage of personal and customer information.

The Toyobo group drew up the "Information Security Policy" to ensure the group's correct and safe handling of information and sustainable growth as well as its continuation as a trusted company and strives to appropriately manage and utilize all information assets.

In fiscal 2022, we worked to familiarize employees with the basic rules, for example by disseminating a video explaining the Information Security Policy, and guidelines and training videos for managers and information system users.

Toyobo Information System Create Co., Ltd., one of our group companies, has obtained ISO 27001* certification, and undergoes an external audit based on ISO 27001 on an annual basis to ensure that information security management is being properly implemented. Toyobo Information System Create Co., Ltd. has been commissioned to assign personnel to perform information system management at five Toyobo business sites (head office, the Research Center, the Tsuruga Research and Production Center, the Iwakuni Production Center, and the Inuyama Plant; these five sites represent half of all Toyobo business sites in Japan), and also provides comprehensive management at other business sites using Toyobo Information System Create's management system.

* One of the international standards related to information security management system

<Information Security Policy (theme excerpts only)>

- Organizational measures
- Employee-focused measures
- Information asset management
- Handling of personal information
- Access restrictions and authentication
- Physical measures
- Use of IT tools
- Introduction and operation of IT infrastructure
- Outsourced management
- Incident response

[Find more information about our Personal Information Protection Policy here >](#)

Structure

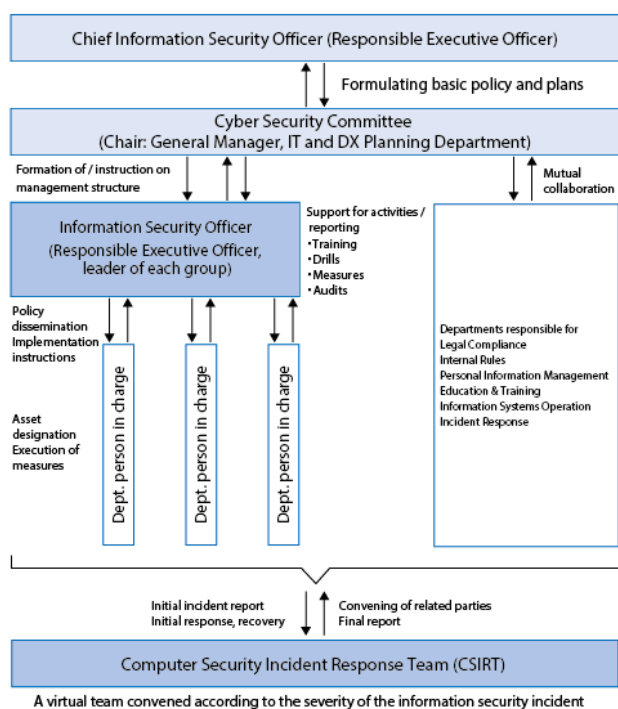
In fiscal 2019, as a subordinate organization of Information Committee, the Toyobo group set up a "Cyber Security Committee" which promotes our information security measures. The Cyber Security Committee grasps the status of company-wide information security, formulate the basic policy, maintain a management system, and implement and supervise each measure.

Each team is set up as a working unit to promote measures based on the committee's decisions. At the "Cyber Security Committee" which is held regularly, the risk countermeasures are evaluated and the activities for information security are reported every time.

The problem of cyber-attacks has been getting steadily more serious over the past few years, and Toyobo's overseas business sites and group companies have become targets on many occasions. With this in mind, we have been working to bring the information security measures of our affiliate companies, both in Japan and overseas, up to the same level as Toyobo aiming to strengthen information security through Toyobo group as a whole. As specific measures, we will disseminate and support the maintenance of policies and rules, support the introduction of training for employees and managers, conduct training on targeted e-mail attacks, deploy and inspect IT enhancement measures, and create a security incident response system. In addition, by expanding the activities of the Cyber Security Committee to the entire group, we will spread understanding of information security and ensure the protection of information assets, and create a state in which "data security and privacy" are ensured and trusted throughout the group.

Toyobo Group Information Security Management Structure

We assign a person responsible for information security to each department and built a company-wide information management system to ensure the required information security level.



Targets and KPIs

<Targets>

The Toyobo group establishes a structure to ensure cyber security as well as deepening employee understanding of information security and thoroughly ensuring protection of information.

<KPIs and Results>

Initiatives	KPIs	Targets (FY2022)	Results (FY2022)
<ul style="list-style-type: none"> • Ensure cyber security • Protect confidential corporate information, personal information, and customer information 	1. No. of times information security education provided ¹	1. 15 times per year	1. 23 times
	2. No. of incidents (information leaks, service outages, etc.) ¹	2. 0 incidents per year	2. 0 incidents
	3. Implementation of information security measures ²	3. Disclosure of promotion contents	3. Activities being promoted, with the Cyber Security Committee playing a central role (Share on the company website)

¹ Scope is TOYOBO CO., LTD., TOYOBO STC CO., LTD., and TOYOBO INFORMATION SYSTEM CREATE CO., LTD.

² Scope is consolidated subsidiaries (determined while monitoring situation)

Specific measures aimed at consolidated subsidiaries

- Application of Information Security Policy
- Roll out of measures to strengthen OA/FA

Initiatives

Response to European Union's General Data Protection Regulation

With regard to the European Union's General Data Protection Regulation (GDPR), we have instructed our group companies in the EU (in Germany, Spain and Slovakia) to formulate standards and implement training.

Digital strategy

The development of IT is accelerating the evolution of the digital society. Responding to this change, the Toyobo group is developing an IT system infrastructure that encompasses the entire value chain, and we are transforming our way of business and creating new solutions, making full use of digital technologies. As well as improving business efficiency, we aim to enhance the value we provide to society and our customers.

The Toyobo group has promoted digitalization by actively incorporating IT in our operations. This includes streamlining sales activities using a variety of IT tools, enhancing manufacturing controls with the aid of IT, and more efficiently managing intellectual property through the use of AI.

In April 2020, we established a dedicated Digital Strategy Department to promote such activities on a company-wide basis. In accordance with our road map to 2024, we will strengthen the group's internal IT system infrastructure and push forward with digital transformation.

The IT and DX Planning Department has become a "bridge" that connects digital and business and has begun each initiative to implement organizational and business transformation across the entire company and each business. In the future, the whole company will cooperate with each other to increase the scope and degree of digital utilization.

Status of major digitalization measures

- Conducted company-wide cognitive activities for in-house DX transformation.
- Promoted business transformation by digitalizing each business, operation, and base.
 - ① Sales (visualization of sales activities) / marketing automation
 - ② Utilization of MI (Materials Informatics) in R&D field
 - ③ Smart factory in production and quality field, predictive detection, construction of infrastructure for quality data
- Planned and implemented the migration of legacy system adapted to DX transformation
- Developed DX human resources and strengthened promotion structure

Education and awareness-raising activities

As a part of our education and awareness-raising activities, we conduct biannual targeted email attack drills with differing levels of difficulty and subjects for all employees at Toyobo, Toyobo STC and Toyobo information System Create.

We also carry out security comprehension testing twice a year in order that employees can self-check and reflect on their understanding of our education and awareness-raising activities. In FY2021, a training video on the theme of information security was created in conjunction with Compliance Enhancement Month, and training was provided to the management level and disseminated at each workplace.

So that customer information as well as internal corporate information including confidential is kept secure, we take all appropriate measures such as keeping apprised of the latest threats, strengthening monitoring of office automation and factory automation, fixing vulnerabilities, and preventing unauthorized access.

Protection of information in outsourcing

When outsourcing information assets containing confidential information, the company has established outsourcing management rules for the following procedures: (1) evaluation and contracting of outsourcing partners; (2) monitoring of operations after the contract has been concluded; and (3) handling of information assets after the contract has been terminated.

When newly implementing operations to be outsourced (hereinafter referred to as "specified operations"), the department outsourcing the specified operations evaluates whether or not the candidate companies conform to the "outsourcer evaluation criteria" in accordance with these rules. After the selection, the department submits the 'outsourcer evaluation results' to the head of the information security department for approval. In addition, it is also stipulated that the implementation status of specified operations is to be regularly evaluated by the head of the information security department.

The "outsourcer evaluation criteria" are clearly stated in the "Information Security Policy".

Business Continuity Plan (BCP)

BCP approach and policy

The Toyobo group has drawn up a BCP focused on combining both “fulfillment of our responsibility to supply products as a manufacturer” and “coexistence with the global environment and society,” and we make continual improvements. The BCP clarifies the chronological sequence of the roles and functions of each department from when a crisis occurs, through to its resolution. It also contains specific details of preparations during normal times.

Structure

At Toyobo, the nine sub-committees established under the auspices of the Sustainability Committee headed by the President as chair identify and verify the risk factors relevant to each sub-committee. In an emergency situation, we immediately set up a task force under the instruction of the relevant corporate officer, and bring the crisis under control through a swift response.

We are studying the function of risk management in particular among the functions of the Sustainability Committee in order to develop and establish a risk management structure that manages and responds to risk and have put in place a structure that keeps damage to a minimum in any situation, thereby facilitating business continuity.

[Find more information about our Sustainability Committee here >](#)

Initiatives

Response to COVID-19

In our response to infectious diseases, the Toyobo group's top priority is the safety and well-being of our employees and their families, with the primary goal of protecting both society and the company, which we believe leads to business continuity.

Due to the new coronavirus infection (COVID-19) pandemic from early 2020, initially, there had been some concerns about supply and delays in logistics. However, we have swiftly collected supply chain information and promoted measures such as utilization of alternative products and routes to keep damage to a minimum. COVID-19 has sent shock waves through society, and we are forced to reformulate our society in the era of living with COVID-19 and after COVID-19. The Toyobo group will increase crisis resilience and strengthen business continuity through the activities of the Sustainability Committee and the sub-committees under its auspices.

<Ensuring employee safety>

- Encouraged home-based working and staggered working hours
- Ensured that the attendance rate is below 30% during the period of semi-emergency (coronavirus) spread prevention measures
- Implemented robust infection prevention and control measures

<Maintaining continuity of plants and production activities>

- Operation under BCP procedures
- Flexible inventory and production adjustments

Response to natural disasters, etc.

In recent years, various areas have experienced significant damage from earthquakes, typhoons and sudden localized rainstorms. We have gained knowledge in the process of responding to these events, and aim to realize even more stable business continuity.

Each of our main business sites have formulated a BCP, which is reviewed at irregular intervals. We recognize that a pressing issue is a company-wide BCP review in light of the recent increasing complexity and diversification of risks.

In terms of our emergency response, we have established an emergency response process in "Risk Management and Disaster Prevention, etc.," a company-wide regulation, as well as setting out the systems for verifying damage and communication and the people with overall command, and structures and roles for carrying out recovery work. We have also established work procedures for recovery and the order of priority for recovery work after a disaster. In addition, we have introduced a safety confirmation system for employees and their families.

Buildings at our plants and business sites comply with the Act on Promotion of Seismic Retrofitting of Buildings. We also check hazard maps for the locations of our production plants, and each business site has formulated response procedures for the disaster risks (flooding, landslides, etc.). As part of our BCP, we strive to identify and manage risk throughout the supply chain. For procurement, we are looking to procure raw materials from multiple countries and regions, and for logistics, we are establishing alternative transportation means and routes in collaboration with logistics operators.

Tax Policy

Toyobo Group's Tax Policy

The Toyobo Group (hereafter the Group) is committed to contributing to society by providing solutions needed by people and the earth while trying to improve corporate values of the Group in a sustainable manner, based on the corporate philosophy of *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity).

The Group is engaged in business activities in various countries and regions around the world. Therefore, the Group has a basic policy to respect the taxation laws of all the international tax jurisdictions it operates in, as well as international taxation rules, and to pay taxes properly. At the same time, it will contribute to the development of those countries and regions to fulfill its social responsibilities.

Compliance

The Group properly files corporate tax returns and pays taxes due, observing taxation laws applied in the countries/regions where it is engaged in business, and international taxation rules. Moreover, the Group uses its Toyobo Group Compliance Manual to maintain and enhance tax compliance by heightening awareness of compliance among its employees.

Governance

The Group is committed to establishing an effective tax governance system by appointing the CFO of Toyobo Co. Ltd., as the leader of the task, with Toyobo's Accounting and Control Department sharing information with the accounting division of each Group company.

If any tax issue arises, the accounting division is required to report it to the Accounting and Control Department of Toyobo and if necessary, the department will report it to the Board of Directors.

When improvement is required, Toyobo's Accounting and Control Department will monitor such efforts and report the result to the President, the CFO, Corporate Auditors and other parties concerned.

Tax Planning

The Group undertakes legitimate and proper tax planning to improve cash flow in its business operations, but it is implemented in compliance with related laws and regulations and not for the purpose of avoiding tax excessively.

Managing Tax Risk

If its tax position is uncertain, the Group endeavors to minimize tax risks by seeking the advice of qualified external experts and consulting with the tax authorities in advance.

Transfer Pricing

In transactions with foreign affiliated parties, the Group observes the OECD Transfer Pricing Guidelines; establishes prices in accordance with the arm's length principle and transfer pricing taxation in each country; and distributes income appropriately among the concerned parties. The Group also prepares proper transfer pricing documentation based on transfer pricing taxation in each country.

Relationship with Taxation Authorities

The Group endeavors to build and maintain healthy and amicable relationships with the taxation authorities by responding to requests from them in good faith.

【ESG Performance Data】

ESG Performance Data - Environment

Environment

(FY)

Greenhouse gas (GHG) emissions from business activities		Scope*	Unit	2018	2019	2020	2021	2022
Scope1 and Scope2	Scope1	Japan	Thousand tonnes-CO ₂	901	844	820	844	833
		Overseas		63	60	54	58	67
		Global		964	904	873	902	900
	Scope2	Japan		712	690	678	702	698
		Overseas		21	18	21	16	20
		Global		733	709	699	718	718
	Scope2	Japan		189	154	141	142	135
		Overseas		42	42	33	41	48
		Global		231	196	174	184	182
	GHG emissions reduction rate (base: FY2014) KPI			Global	%	21	26	28
GHG emissions intensity per unit of sales		Global	Tonnes-CO ₂ /million yen	2.9	2.7	2.6	2.7	2.4
Energy consumption		Global	TJ	11,840	12,221	11,942	13,166	13,216

(FY)

Scope1		Scope*	Unit	2018	2019	2020	2021	2022
Energy-related GHG emissions	CO ₂	Global	Thousand tonnes-CO ₂	716.5	699.7	692.5	710.3	710.5
Non energy-related GHG emissions	CO ₂	TOYOBO CO., LTD.		15.2	7.7	5.8	6.3	6.1
	N ₂ O			1.2	1.1	1.0	1.1	1.2
	HFC			0.1	0.4	0.1	0.4	0.7
	PFC			0.0	0.0	0.0	0.0	0.0
	CH ₄			0.2	0.1	0.1	0.2	0.2
	SF ₆			0.0	0.0	0.0	0.0	0.0
	NF ₃			0.0	0.0	0.0	0.0	0.0

(FY)

GHG emissions throughout the value chain		Scope*	Unit	2018	2019	2020	2021	2022
Scope3	1. Purchased goods and services 2. Capital goods 3. Fuel- and energy-related activities(not included in Scope 1 or Scope 2) 4. Upstream transportation and distribution 5. Waste generated in operations 6. Business travel 7. Employee commuting 8. Upstream leased assets 9. Downstream transportation and distribution 10. Processing of sold products 11. Use of sold products 12. End-of-life treatment of sold products 13. Downstream leased assets 14. Franchises 15. Investments	Global	Thousand tonnes-CO ₂			—**	2,571	Calculation is in progress
							1,028	
							104	
							54	
							55	
							35	
							1	
							5	
							—**	
							—**	
							1,288	
							—**	
							—**	
							—**	
							—**	
Ratio of reduction in CO ₂ emissions per unit of transportation in relation to logistics (year on year) KPI		TOYOBO CO., LTD.	%	—	—	△ 0.6	△ 0.6	△ 0.5

** Data from fiscal 2018 through fiscal 2020 are not publicly available due to a revision of the calculation method since fiscal 2021. 9, and 12 are not disclosed due to negligibly small. 10 are not calculated because our products are intermediate products. 8, 13, 14, 15 are not applicable to the company.

(FY)

Waste	Scope*	Unit	2018	2019	2020	2021	2022
Amount of waste generation	Japan	Thousand tonnes	110	108	99	110	109
	Overseas		6	4	6	6	11
	Global		116	113	105	116	120
Amount of waste emission	Japan		95	99	93	104	103
	Overseas		5	4	6	6	11
	Global***		99	103	99	109	114
Amount recycled externally	Japan		90	93	85	99	98
	Overseas		3	3	5	6	11
	Global		93	96	90	104	109
Landfill	Japan	0.6	0.6	0.5	0.3	0.2	
	Overseas	0.0	0.0	0.9	0.2	0.2	
	Global	0.6	0.6	1.4	0.5	0.5	
Landfill rate	Japan	%	0.6	0.6	0.5	0.2	0.2
	Overseas		0.0	0.0	14.6	3.4	2.2
	Global		0.6	0.6	1.3	0.4	0.4

*** Excluding the amount of construction waste from affiliated companies

(FY)

Water intake	Scope*	Unit	2018	2019	2020	2021	2022	
Total water intake	Japan	Thousand m ³	90,769	86,406	89,139	83,411	84,494	
	Overseas		1,326	1,162	1,410	1,061	1,430	
	Global		92,095	87,569	90,549	84,472	85,924	
	Tap water		Japan	520	427	422	439	452
			Overseas	—	—	141	120	170
			Global	—	—	563	559	622
	Groundwater		Japan	33,228	31,376	32,504	28,783	29,708
			Overseas	—	—	669	450	565
			Global	—	—	33,173	29,233	30,273
	Industrial water		Japan	2,036	2,422	2,564	2,551	2,700
			Overseas	—	—	546	452	639
			Global	—	—	3,110	3,003	3,339
	Seawater		Japan	0	0	0	0	0
			Overseas	—	—	6	0	0
			Global	—	—	6	0	0
	River water		Japan	54,980	52,181	53,650	51,638	51,634
			Overseas	—	—	45	45	0
			Global	—	—	53,695	51,683	51,634
	Other		Japan	0	0	0	0	0
			Overseas	—	—	46	38	56
			Global	—	—	46	38	56
Recycled water	Japan	60,277	60,924	66,268	59,182	57,527		
	Overseas	—	—	0	0	0		
	Global	—	—	66,268	59,182	57,527		

(FY)

Water discharge	Scope*	Unit	2018	2019	2020	2021	2022	
Total water discharge	Japan	Thousand m ³	87,763	82,775	84,858	80,267	82,611	
	Overseas		1,261	1,055	892	636	960	
	Global		89,024	83,830	85,750	80,904	83,571	
	Sewage system		Japan	262	355	296	324	377
			Overseas	153	154	67	76	167
			Global	415	509	363	400	544
	Freshwater		Japan	41,320	36,853	36,452	35,473	35,968
			Overseas	1,108	901	773	519	734
			Global	42,428	37,754	37,225	35,992	36,702
	Seawater		Japan	45,085	44,269	45,216	44,020	46,064
			Overseas	0	0	6	4	3
			Global	45,085	44,269	45,222	44,024	46,067
	Groundwater		Japan	—	—	—	0	0
			Overseas	—	—	—	0	0
			Global	—	—	—	0	0
	Other		Japan	1,096	1,298	2,894	450	202
			Overseas	0	0	46	38	56
			Global	1,096	1,298	2,940	488	258

(FY)

PRTR Substances		Scope*	Unit	2018	2019	2020	2021	2022
Emissions		Japan	Tonnes	213	188	151	221	197
	Emissions to atmosphere			193	176	136	200	166
	Emissions to rivers and other waterways KPI			20	12	18	21	32
	Emissions to soil			0	0	0	0	0
Transfer volume				1,151	1,153	1,179	1,237	2,302
	Transfer to public sewage system			0	0	0	0	0
	Transfer to waste			1,151	1,153	1,179	1,237	2,302

(FY)

Air emissions		Scope*	Unit	2018	2019	2020	2021	2022
VOC emissions KPI		Japan	Tonnes	193	176	136	200	166
NOx emissions				969	883	922	1,251	1,077
SOx emissions				988	1,018	959	968	907
Soot and dust emissions				—	—	—	—	—
Fluorocarbons emissions		TOYOBO CO., LTD.	Tonnes-CO ₂	239	460	733	452	784

(FY)

Effluents		Scope*	Unit	2018	2019	2020	2021	2022
COD, BOD emissions		Japan	Tonnes	919	972	1,009	860	1,022
Total nitrogen emissions				199	188	161	156	200
Total phosphorus emissions				19	25	25	37	35

(FY)

Visualization of Environmental Contribution		Scope*	Unit	2018	2019	2020	2021	2022
ECO-PARTNER SYSTEM® products sales		TOYOBO CO., LTD.	Billion yen	56.3	55.2	60.6	59.0	81.8
ECO-PARTNER SYSTEM® products sales ratio KPI			%	27.8	27.7	30.4	29.9	33.8

(FY)

Environmental Accounting		Scope*	Unit	2018	2019	2020	2021	2022
Environmental preservation costs (investment)		TOYOBO CO., LTD.	Billion yen	0.7	1.1	1.6	0.6	1.5
Environmental preservation costs (expenditure)				1.5	2.3	2.3	2.5	2.9
Economic benefits of environmental preservation				1.5	2.6	2.0	2.0	3.0

(FY)

Compliance with Environmental Laws and Regulations		Scope*	Unit	2018	2019	2020	2021	2022
Environment-related accidents		Global	Cases	0	0	0	0	0
Violations to environmental laws and regulations			Cases	0	0	0	0	0
Total fine			Yen	0	0	0	0	0

* Scope

TOYOBO CO., LTD.: TOYOBO CO., LTD. only

Japan: TOYOBO CO., LTD. and domestic consolidated subsidiaries

Overseas: Overseas consolidated subsidiaries

Global: Whole Group in Japan and overseas

—: No data

ESG Performance Data - Social

Social

(FY)

Employees		Unit	Scope*	2018	2019	2020	2021	2022
Number of employees by region	people	TOYOBO CO., LTD.		3,080	3,108	3,181	3,365	3,831
			Global	9,494	9,215	10,073	10,149	10,503
Number of employees by gender	Male	people	TOYOBO CO., LTD.	2,286	2,301	2,349	2,479	2,868
	Female			794	807	832	886	963
	Total			3,080	3,108	3,181	3,365	3,831
	Female ratio			%	25.8	26.0	26.2	26.3
Number of employees by age	10s (Ages 18 or over)	people	TOYOBO CO., LTD.	66	57	40	62	82
	20s			460	471	516	559	684
	30s			804	783	771	775	841
	40s			1,041	1,027	973	994	1,096
	Over 50s			709	770	881	975	1,128
Ratio of employees with disabilities	KPI	%	TOYOBO CO., LTD.	2.1	2.3	2.2	2.2	2.2
Number of Management personnel	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	574	560	572	589	648
	Female			12	12	14	19	25
	Total			586	572	586	608	673
	Female ratio			KPI	%	2.0	2.1	2.4
Number of Management personnel (manager-class)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	490	472	481	498	546
	Female			12	12	14	18	23
	Total			502	484	495	516	569
	Female ratio			%	2.4	2.5	2.8	3.5
Number of Management personnel (general manager-class)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	84	88	91	91	102
	Female			0	0	0	1	2
	Total			84	88	91	92	104
	Female ratio			%	0.0	0.0	0.0	1.1

(FY)

Comfortable Working Environment		Unit	Scope*	2018	2019	2020	2021	2022
Average years of service	Male	Years	TOYOBO CO., LTD.	17.4	17.3	17.5	17.1	15.1
	Female			17.6	16.6	17.1	16.7	15.3
	Total			17.4	17.1	17.4	17.0	15.2
Number of Employee turnover	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	58	82	92	106	124
	Female			33	34	34	28	35
	Total			91	116	126	134	159
Number of Voluntary turnover	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	32	58	69	70	87
	Female			9	20	27	21	14
	Total			41	78	96	91	101
Number of employees whose overtime hours exceeded 80 hours a month	Non-management employees	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	24	25	0	0	0
	Management personnel			86	107	106	95	68
	Total			110	132	106	95	68
	Ratio			%	4.1	4.8	3.3	2.8
Overtime work hours(Ratio of employees working more than 360 hours of overtime / total number of employees)	KPI	%	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	—	—	2.6	3.0	3.8
Monthly average overtime hours		Hours	INFORMATION SYSTEM CREATE CO., LTD.	10.0	10.3	10.1	9.4	10.4
Ratio of taking paid leave	KPI	%	INFORMATION SYSTEM CREATE CO., LTD.	66.2	68.2	72.5	64.0	72.3
Number of employees taking childcare leave	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	1	1	50	69	58
	Female			19	24	27	30	32
	Total			20	25	77	99	90
Ratio of taking childcare leave	Male	%	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	1.0	1.1	46.3	80.0	64.4
	Female			100	100	100	100	100
	Total			17.4	21.6	57.0	85.0	73.8
Return rate of employees from childcare leave	Male	%	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	100	100	100	100	100
	Female			95	96	100	100	100
	Total			95	96	100	100	100

(FY)

Comfortable Working Environment		Unit	Scope*	2018	2019	2020	2021	2022
Number of employees taking short working hour program for childcare	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	1	1	1	2	2
	Female			65	74	63	68	65
	Total			66	75	64	70	67
Number of employees taking telecommuting systems	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	0	0	135	1,415	1,688
	Female			0	0	71	630	725
	Total			0	0	206	2,045	2,413
Number of employees taking family care leave		people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	0	1	0	0	1
Number of employees taking short working hour program for family care				0	1	0	0	2
Number of employees taking telecommuting systems for family care				0	0	0	0	0
Union membership rate				%	84.1	84.4	86.2	84.3

(FY)

Recruitment		Unit	Scope*	2018	2019	2020	2021	2022
Number of new hires	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	114	134	172	277	507
	Female			65	58	62	102	130
	Total			169	192	234	379	637
	Female ratio	%		38.5	30.2	26.5	26.9	20.4
Number of mid-career hires	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	52	76	108	183	371
	Female			29	19	19	43	76
	Total			71	95	127	226	447
	Female ratio	%		40.8	20.0	15.0	19.0	17.0
Number of new university graduates (technical positions)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	24	24	24	31	43
	Female			12	15	15	13	13
	Total			36	39	39	44	56
	Female ratio	%		33.3	38.5	38.5	29.5	23.2
Number of new university graduates (administrative positions)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	8	6	11	10	12
	Female			9	6	10	10	13
	Total			17	12	21	20	25
	Female ratio	%		52.9	50.0	47.6	50.0	52.0
Number of new junior college /high school graduates	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	30	28	29	68	81
	Female			15	18	18	27	28
	Total			45	46	47	95	109
	Female ratio	%		33	39	38	28	25.7

(FY)

HR Development & Evaluation, Human Rights		Unit	Scope*	2018	2019	2020	2021	2022
Education hours per employee		Hours	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	12.6	14.1	14.9	12.8	17.67
Education investment per employee		Ten thousand yen		3.8	5.6	3.7	2.4	5.0
Number of overseas core personnel trained in Japan		people	Global	—	—	20	※Canceled because of COVID-19	
Education & Training-Related Total training attendees		people	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	—	—	1,564	1,558	2,269**
Education & training Total training hours		Hours		—	—	36,248	25,120	40,565**
Implementation status of human rights education and training		%		—	—	—	24.1	27.6

**Includes trainings related to women empowerment promotion from FY2022

(Year)

Safety/Prevention		Unit	Scope*	2017	2018	2019	2020	2021
Number of major accidents	KPI	Cases	Japan	0	0	0	1	0
Number of abnormal events, accidents (fire & explosion accidents)	KPI			5	5	2	1	1
Number of spill accidents	KPI			1	1	0	0	2

(Year)

Safety/Prevention	Unit	Scope*	2017	2018	2019	2020	2021
Occupational accident frequency rate (lost time) (including accidents at affiliated companies)	Lost workday injuries per million hours worked	Japan	0.71	0.74	0.31	0.70	0.42
Number of fatalities due to work-related accidents (employees)	people	Japan	0	0	0	2	0
Number of fatalities due to occupational accidents (cooperative companies(contractors))			0	0	0	0	0
Number of employees trained on safety	people	Japan	—	—	—	—	7,152
Number of employees trained on health	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	—	—	—	—	700
ISO45001 Number of certified sites	site	TOYOBO CO., LTD.	—	—	—	—	1
Number of sites in denominator			—	—	—	—	7
Ratio of certified sites			—	—	—	—	14.3

(FY)

Quality	Unit	Scope*	2018	2019	2020	2021	2022
Number of incidents related to products	Cases	Japan	0	0	0	0	0
Implementation status of product safety and quality assurance training	%		100	100	100	80	100

(FY)

Occupational Health	Unit	Scope*	2018	2019	2020	2021	2022
Average rate of lifestyle-related diseases	%	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	33.1	34.0	36.2	36.7	35.0
Severity rate of sick leave			51.1	47.9	43.9	44.6	54.5
Smoking rate			25.4	25.7	25.0	24.6	23.2
Injury and illness allowance	Yen		19,434,872	16,081,899	26,724,497	30,843,349	27,360,253
Legal benefit cost			496,578,559	513,571,748	544,275,419	502,477,649	620,239,062

(FY)

Supply Chain	Unit	Scope*	2018	2019	2020	2021	2022
CSR Procurement Survey(conducted every other year) response ratio	%	TOYOBO CO., LTD.	—	—	—	—	93

(FY)

Data Security & Privacy	Unit	Scope*	2018	2019	2020	2021	2022
Number of instances of information security education implementations	Cases	TOYOBO CO., LTD., TOYOBO STC CO., LTD.,TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	—	—	17	19	23
Number of incidents (information leaks, service outages, etc.)	Cases		—	—	2	0	0

(FY)

Communication with stakeholders	Unit	Scope*	2018	2019	2020	2021	2022
Number of press releases	Cases	TOYOBO CO., LTD.	—	—	74	90	93
Number of interviews with investors	Cases		—	—	130	144	148
Number of meetings with employees and labor unions	Cases		—	—	30	14	47
Number of engagement with stakeholders	Cases		—	—	—	2	1

(FY)

Social Contributions	Unit	Scope*	2018	2019	2020	2021	2022
Social contribution expenditure	Million yen	Japan	19	30	34	28	123

* Scope

TOYOBO CO., LTD. : TOYOBO CO., LTD. only

Japan : TOYOBO CO., LTD. and domestic consolidated subsidiaries

Overseas : Overseas consolidated subsidiaries

Global : Whole Group in Japan and overseas

ESG Performance Data - Governance

Governance

(FY)

Board of Directors		Unit	Scope*	2018	2019	2020	2021	2022	
Number of Directors	Male	people	TOYOBO CO., LTD.	9	9	9	9	10	
	Female			0	0	1	1	1	
	Total			9	9	10	10	11	
	Outside directors			(2)	(3)	(4)	(4)	(4)	
	Independent directors	(2)		(3)	(4)	(4)	(4)		
	Ratio of outside directors	%		22	33	40	40	36	
	Female ratio	%		0	0	10	9	9	
Number of Corporate Auditors	Male	people	TOYOBO CO., LTD.	4	4	4	4	4	
	Female			0	0	0	0	0	
	Total			4	4	4	4	4	
	Outside corporate auditors			(2)	(2)	(2)	(2)	(2)	
	Independent corporate auditors	(2)		(2)	(2)	(2)	(2)		
	Ratio of outside corporate auditors	%		50	50	50	50	50	
	Female ratio	%		0	0	0	0	0	
Number of meetings of the Board of Directors / committees**		KPI	cases	TOYOBO CO., LTD.	21	21	22	25	24

** Nomination and Compensation Advisory Committee

Research & Development		Unit	Scope*	2018	2019	2020	2021	2022
R&D expenses	Billion yen	Global		10.4	11.0	11.7	12.7	13.8
Ratio of R&D expenses to net sales	%			3.1	3.3	3.5	3.8	3.7

Compliance		Unit	Scope*	2018	2019	2020	2021	2022	
Serious legal and regulatory violations	KPI	cases	Global	0	0	0	2	0	
Number of consultations for compliance consultation desks (including internal report contact office)				15	32	35	37	62	
Recommendations for exclusion by relevant authorities (including the Japan Fair Trade Commission)			Japan	1	0	0	0	0	
Operational suspension due to misconduct				0	0	0	0	0	
Criminal prosecution for compliance-related incidents and accidents				0	0	0	0	0	
Exposure of price cartels			Overseas	0	0	0	0	0	
Exposure of bribery				0	0	0	0	0	
Exposure of other violations				0	0	0	0	0	
Violations and administrative disciplines relating to corrupt activities			Global	0	0	0	0	0	
Dismissal of employees relating to corrupt activities				0	0	0	0	0	
Fines and penalties relating to corrupt activities				0	0	0	0	0	
Number of Compliance study sessions for managers and various other trainings	KPI		Global		—	—	41	24 + video distribution for all employees	31 + video distribution for all employees

Other		Unit	Scope*	2018	2019	2020	2021	2022
Political donations		Million yen	TOYOBO CO., LTD.	0.05	0.05	0.05	0.05	0.05

* Scope

TOYOBO CO., LTD.: TOYOBO CO., LTD. only

Japan: TOYOBO CO., LTD. and domestic consolidated subsidiaries

Overseas: Overseas consolidated subsidiaries

Global: Whole Group in Japan and overseas

GRI Content Index

GRI Content Index

This content index shows the GRI Guideline references on our website and other communication channels.

[General Disclosures](#)
[Economic](#)
[Environmental](#)
[Social](#)

GRI Standards	Disclosures	References
GRI102 : General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organization	Corporate Data >
102-2	Activities, brands, products, and services	Corporate Data > Products >
102-3	Location of headquarters	Corporate Data >
102-4	Location of operations	Corporate Data > Worldwide Locations >
102-5	Ownership and legal form	Corporate Data >
102-6	Markets served	Corporate Data > Annual Securities Reports >
102-7	Annual Financial Reports	Corporate Data > Annual Securities Reports >
102-8	Information on employees and other workers	ESG Performance Data > Social >
102-9	Supply chain	Supply Chain Management >
102-10	Significant changes to the organization and its supply chain	Merged with Toyobo Film Solutions Ltd. in April 2021 Founded Toyobo Textile Co., Ltd. in April 2022
102-11	Precautionary Principle or approach	Environment > Management Approach > Risk Management >
102-12	External initiatives	Sustainability Management > Participation in initiatives > Plastic Resource Circulation > Participating in initiatives > External Evaluation (ESG Factors) >

		<p>News > Toyobo joins "Challenge Zero" project led by Keidanren</p> <p>News > ~ Promoting Initiatives Aimed at Sustainable Logistics ~ Toyobo submits Declaration of Voluntary Action under "White logistics" campaign</p>
102-13	Membership of associations	<ul style="list-style-type: none"> • Japan Business Federation (Keidanren) • Kansai Economic Federation (Kankeiren) • Japan Chemical Industry Association • Japan BioPlastics Association (JBPA) • Japan Chemical Fibers Association (JCFA) • Japan Spinners' Association
2. Strategy		
102-14	Statement from senior decision-maker	Message from the President >
102-15	Key impacts, risks, and opportunities	Annual Securities Reports > Risk Management > Integrated Reports >
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Corporate Philosophy > TOYOBO Group Charter of Corporated Behavior >
102-17	Mechanisms for advice and concerns about ethics	Compliance >
4. Governance		
102-18	Governance structure	Corporate Governance > Sustainability Management > Sustainability management structure >
102-19	Delegating authority	Sustainability Management > Sustainability management structure >
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Management > Sustainability management structure >
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Management > Sustainability management structure >
102-22	Composition of the highest governance body and its committees	Corporate Governance > Corporate Governance Report >
102-23	Chair of the highest governance body	Corporate Governance > Corporate Governance Report >
102-24	Nominating and selecting the highest governance body	Corporate Governance > Corporate Governance Report >
102-25	Conflicts of interest	Corporate Governance Report >

102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance >
102-27	Collective knowledge of highest governance body	Corporate Governance >
102-28	Evaluating the highest governance body's performance	Corporate Governance >
102-29	Identifying and managing economic, environmental, and social impacts	Risk Management > Sustainability Management > Participation in initiatives > Task Force on Climate-related Financial Disclosures (TCFD) >
102-30	Effectiveness of risk management processes	Risk Management >
102-31	Review of economic, environmental, and social topics	Sustainability Management > Sustainability management structure >
102-32	Highest governance body's role in sustainability reporting	Sustainability Management > Sustainability management structure >
102-33	Communicating critical concerns	Sustainability Management > Sustainability management structure > Risk Management >
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	Corporate Governance > Corporate Governance Report >
102-36	Process for determining remuneration	Corporate Governance > Corporate Governance Report >
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
5. Stakeholder engagement		
102-40	List of stakeholder groups	Dialogue with Stakeholders > Local Communities >
102-41	Collective bargaining agreements	Dialogue with Stakeholders > Respect for Human Rights > Respecting worker's right >
102-42	Identifying and selecting stakeholders	Dialogue with Stakeholders >
102-43	Approach to stakeholder engagement	Dialogue with Stakeholders >
102-44	Key topics and concerns raised	Materiality >
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	Annual Securities Reports > Worldwide Locations >

102-46	Defining report content and topic Boundaries	Editorial Policy >
102-47	List of material topics	Materiality >
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Editorial Policy >
102-51	Date of most recent report	" TOYOBO REPORT 2022 " was issued in September 2022
102-52	Reporting cycle	Editorial Policy >
102-53	Contact point for questions regarding the report	Support/Contact >
102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index >
102-55	GRI content index	GRI Content Index >
102-56	External assurance	—
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Materiality >
103-2	The management approach and its components	Corporate Governance > Management approach > Safety, Disaster Prevention > Management approach > Quality > Management approach > Respect for Human Rights > Management approach > Materiality > Environment > Management approach > Supply Chain Management > Management approach > Human Resource Management > Management approach > Diversity & Inclusion > Management approach > Health and Productivity Management > Management approach > Local Communities > Management approach > Compliance > Management approach > Risk Management > Data security, privacy >
103-3	Evaluation of the management approach	Sustainability Management > Sustainability management structure >

GRI Standards	Disclosures	References
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Annual Securities Reports > Financial Results > ESG Performance Data > Social > Social contribution expenditure >
201-2	Financial implications and other risks and opportunities due to climate change	Annual Securities Reports > Sustainability Management > Participation in initiatives > Task Force on Climate-related Financial Disclosures (TCFD) >
201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Reports >
201-4	Financial assistance received from government	—
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	—
203-2	Significant indirect economic impacts	—
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	—
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance >
205-3	Confirmed incidents of corruption and actions taken	—
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—
GRI 207: Tax 2019		
207-1	Approach to tax	Tax Policy >
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns related to tax	—
207-4	Country-by-country reporting	—

GRI Standards	Disclosures	References
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	ESG Performance Data > Environment >
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	—
302-4	Reduction of energy consumption	Management Approach > Environmental management system > Safety and environment assessment > Climate Change > ESG Performance Data > Environment >
302-5	Reductions in energy requirements of products and services	Eco-Consious Products > Targets and results > Climate Change > Development of technologies that contribute to the realization of a decarbonized society >
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Water Resources >
303-2	Management of water discharge-related impacts	Chemical Substance Management and Reducing Environmental Impact > Reducing Environmental Impact >
303-3	Water withdrawal	Water Resources > ESG Performance Data > Environment >
303-4	Water discharge	ESG Performance Data > Environment >
303-5	Water consumption	—
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity > Identifying risks and opportunities >
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity > Identifying risks and opportunities >

304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Climate Change > ESG Performance Data > Environment >
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change > ESG Performance Data > Environment >
305-3	Other indirect (Scope 3) GHG emissions	Climate Change > ESG Performance Data > Environment >
305-4	GHG emissions intensity	ESG Performance Data > Environment >
305-5	Reduction of GHG emissions	Climate Change > ESG Performance Data > Environment >
305-6	Emissions of ozone-depleting substances (ODS)	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Performance Data > Environment >
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Waste Reduction > ESG Performance Data > Environment >
306-2	Management of significant waste-related impacts	Waste Reduction > ESG Performance Data > Environment >
306-3	Waste generated	Waste Reduction > ESG Performance Data > Environment >
306-4	Waste diverted from disposal	ESG Performance Data > Environment >
306-5	Waste directed to disposal	ESG Performance Data > Environment >
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Management Approach > Environmental management system > Environmental compliance > Chemical Substance Management and Reducing Environmental Impact > Reducing Environmental Impact > Environmental compliance > Water Resources > Environmental compliance > ESG Performance Data > Environment >

GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management > CSR Procurement Guidelines > Green Procurement Guidelines >
308-2	Negative environmental impacts in the supply chain and actions taken	—

[General Disclosures](#)
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GRI Standards	Disclosures	References
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	ESG Performance Data > Social >
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	Human Resource Management > Work-life balance > ESG Performance Data > Social >
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	—
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Safety, Disaster Prevention >
403-2	Hazard identification, risk assessment, and incident investigation	Safety, Disaster Prevention > TOYOBO's Way of Manufacturing > Security and Disaster prevention Initiatives >
403-3	Occupational health services	Safety, Disaster Prevention >
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety, Disaster Prevention >
403-5	Worker training on occupational health and safety	Safety, Disaster Prevention >
403-6	Promotion of worker health	Health and Productivity Management >
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety, Disaster Prevention >
403-8	Workers covered by an occupational health and safety management system	Safety, Disaster Prevention >
403-9	Work-related injuries	Safety, Disaster Prevention > ESG Performance Data > Social >
403-10	Work-related injuries	Safety, Disaster Prevention > ESG Performance Data > Social >

GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Human Resource Management > Human resources development > ESG Performance Data > Social >
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Management > Human resources development >
404-3	Percentage of employees receiving regular performance and career development reviews	Human Resource Management >
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Corporate Governance > ESG Performance Data > Governance > Human Resource Management > Diversity & Inclusion > ESG Performance Data > Social >
405-2	Ratio of basic salary and remuneration of women to men	—
Ratio of basic salary and remuneration of women to men		
406-1	Incidents of discrimination and corrective actions taken	Compliance > Compliance consultation desks >
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respect for Human Rights > Respecting worker's right >
GRI408 : Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights > Supply Chain Management >
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights > Supply Chain Management >
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	—
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	—
GRI 412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	—
412-2	Employee training on human rights policies or procedures	Respect for Human Rights > ESG Performance Data > Social >
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—

GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	—
413-2	Operations with significant actual and potential negative impacts on local communities	—
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supply Chain Management > CSR Procurement Guidelines >
414-2	Negative social impacts in the supply chain and actions taken	—
GRI 415: Public Policy 2016		
415-1	Political contributions	ESG Performance Data > Governance >
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	—
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Performance Data > Governance >
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Quality >
417-2	Incidents of non-compliance concerning product and service information and labeling	Quality >
417-3	Incidents of non-compliance concerning marketing communications	—
GRI418 : Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Risk Management > Data security, privacy >
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	ESG Performance Data > Governance >

Editorial Policy

Editorial policy

The Toyobo group endeavors to provide comprehensive and easy-to-understand information disclosure, focused on ESG information, on the Sustainability website in order to promote sustainability activities and build even better relationships with all of our stakeholders.

The group also discloses basic company information on the About Toyobo website and information on financial results on the Investor Relations website. In addition, since fiscal 2020, the Toyobo group has issued the Integrated Report which summarizes financial and non-financial information in one publication as a tool for gaining understanding of the group's medium- to long-term growth strategy.

Period covered by the report

Fiscal 2022 (April 1, 2021 to March 31, 2022)

* Results of some activities in fiscal 2023 are also included

Scope of the report

The scope of the report is TOYOBO CO., LTD. and its consolidated group companies. However, where it is difficult to gather information on the consolidated basis, the report discloses information on a non-consolidated basis or for group companies in Japan. In either of these cases, the scope of reporting is stated.

Updated

November 2022 (next update planned: November 2023)

Guidelines referenced

- GRI “Sustainability Reporting Standards”
- International Integrated Reporting Council (IIRC) “International Integrated Reporting Framework”
- Ministry of the Environment “Environmental Reporting Guidelines” (2018 versions)
- Ministry of Economy Trade and Industry “Guidance for Collaborative Value Creation”

Financial information



TOYOB0 REPORT (Integrated Report)

This report outlines our company’s value creation-oriented growth strategy, and presents an overview of our business operations. We actively utilize this report as a tool for dialogue with shareholders, investors and other stakeholders.

<https://www.toyobo-global.com/sustainability/report/>

Our website

Investor Relations

Here, we bring together investor relations (IR) materials such as financial results, annual financial reports and business results presentations for the benefit of shareholders and investors. We also present an overview of the company’s current financial status and business performance, stock information, an IR calendar, and a FAQ, etc.

<https://ir.toyobo.co.jp/en/ir.html>

Annual Financial Report

Prepared in accordance with the requirements of Paragraph (1), Article 24 of the Financial Instruments and Exchange Act, the Annual Financial Report presents a summary of the company’s current situation, details of its business areas, the current state of its facilities, its operational status, and its financial statements, etc.

<https://ir.toyobo.co.jp/en/ir/library/securities.html>

FACT BOOK

The FACT BOOK presents key financial data, for both the company as a whole and individual segments, covering a period of 11 years. It also presents non-financial data covering a period of five years.

<https://ir.toyobo.co.jp/en/ir/library/fact.html>

Sustainability-related Information

Our website

Sustainability

Here, we present information about Toyobo group’s ESG-related initiatives, along with relevant data.

<https://www.toyobo-global.com/sustainability/>

Sustainability Reports

PDF versions, compiled in November each year, of sustainability-related information posted on the company’s website.

<https://www.toyobo-global.com/sustainability/report/>

Corporate Governance Report

This report presents information about Toyobo group’s approaches and systems, in accordance with Japan’s Corporate Governance Code.

<https://ir.toyobo.co.jp/en/ir/library/governance.html>