

Risks, opportunities, and materiality in achieving the vision

Materiality KPIs

April 1, 2024

Category	Major items	Risks	Opportunities	KPIs					
				Themes	Targets from FY2025 onward	Officer in charge	FY2024 targets	FY2024 results	
Domain contributing to solving social issues through business	A decarbonized and circular society	Short, medium, and long term <ul style="list-style-type: none"> Greenhouse gas (GHG) reduction efforts Increase in environmental impact costs Losses due to environmental pollution 	Short, medium, and long term <p>Growth and expansion of products and businesses contributing to the following:</p> <ul style="list-style-type: none"> A decarbonized society A resource-circulating society People's well-being Comfortable living 	1. Expansion of ECO-PARTNER SYSTEM® products and services that contribute to the environment	1. Sales ratio of 40%*3 2. Green ratio of 60%*3	Taichi Sakai Senior Managing Executive Officer Head, Safety and Disaster Management Division, and Controlling Supervisor of Production Technology Division and Procurement and Logistics Department	1. Sales ratio of 40%*3 2. Green ratio of 60%*3	1. 31% 2. 13%	
	A healthy lifestyle and healthcare			1. Number of tests through the provision of infectious disease diagnostic reagents 2. Number of dialysis patients served with dialysis membranes	1. 10 million times per year*3 2. 250,000 patients per year*3	Takahito Sagara Managing Executive Officer Head, Life Science Division	1. 10 million times per year*3 2. 250,000 patients per year*3	1. 4 million times per year*3 2. 250,000 patients per year*3	
	Smart communities and comfortable spaces				1. Expansion of sales volume for products supporting DX: 1.5 times FY2021	1. 1.5 times FY2021*3	Muneo Hirooka	1. 1.5 times FY2021*3	1. 1.51 times
Human capital domain	Employee well-being (diversity, equity, and inclusion, health and productivity management, occupational health and safety)	Short and medium term <ul style="list-style-type: none"> Human rights violations in the supply chain Productivity decline due to mental health issues and dissatisfaction Losses and business impact from occupational accidents 	Medium and long term <ul style="list-style-type: none"> Work-style reforms emphasizing diversity Talent development and creating a supportive workplace Retaining top talent through health and productivity management 	1. Ratio of overworked employees 2. Number of core overseas personnel undergoing training in Japan 3. Training investment per employee and training time 4. Ratio of women managerial staff 5. Employment ratio of people with disabilities 6. Ratio of annual paid leave taken per year 7. Reduction in annual time worked outside statutory working hours (number of employees working more than 360 hours of overtime per year / total number of eligible employees) 8. Ratio of men employees taking childcare leave 9. Certification as a "White 500" enterprise with Outstanding Health and Productivity Management 10. Improvement in how positive employees feel about their work, based on employee engagement surveys	1. Improvement compared with the previous fiscal year (ratio) 2. 15 people per year*1 3. ¥50,000 per year, 21 hours*1 4. 5.0% or more*1 5. 2.7%*2 6. 75%*1 7. - 8. At least 80% of eligible employees*1 9. Maintained 10. Improvement in positive response rate	Takehiko Inada Managing Executive Officer Controlling Supervisor of HR, Administration and Legal Division	1. - 2. 15 people per year*1 3. ¥50,000 per year, 21 hours*1 4. 5.0% or more*1 5. 2.7%*2 6. 75%*1 7. 2.0% or less (20% reduction from FY2020)*1 8. At least 80% of eligible employees*1 9. Maintained 10. Establish a system for annual implementation	1. - 2. 7 people per year 3. ¥50,000 per year, 18.22 hours 4. 5.5% 5. 2.29% 6. 83.2% 7. 4.3% 8. 97.7% 9. Maintained 10. Not implemented	
	Human capital			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					
	Human rights (Toyobo group)				1. Implementation of human rights education and training	1. Holding human rights study sessions and training for group employees 10 times or more per year		1. 4 times or more	5 sessions for managerial staff, 18 sessions for others Number of participants: 2,767
Environmental and manufacturing domain	Safety and disaster prevention	Short and medium term <ul style="list-style-type: none"> Recurrence of similar disasters or troubles Loss of social credibility due to accidents or scandals 	Short, medium, and long term <ul style="list-style-type: none"> Cultivating a safety culture Accumulating know-how in preventive maintenance 	1. Number of major accidents* 2. Frequency rate of workplace accidents resulting in lost workdays 3. Number of fires or explosions 4. Number of spills * Set internal standards based on definitions stipulated by the Ministry of Health, Labour and Welfare Note: Items 1-4 are aggregated from January to December	1. 0 incidents per year 2. 0.25 or less 3. 0 incidents per year 4. 0 incidents per year	Taichi Sakai	1. 0 incidents per year 2. 0.25 or less 3. 0 incidents per year 4. 0 incidents per year Note: Items 1-4 are aggregated from January to December	1. 0 incidents 2. 1.15 3. 0 incidents 4. 1 incident	
	Quality	Short, medium, and long term <ul style="list-style-type: none"> Loss of social credibility due to inaccurate data handling or inappropriate product shipments 	Short, medium, and long term <ul style="list-style-type: none"> Improving customer satisfaction and social credibility 	1. Number of incidents related to products* 2. Implementation of product safety and quality assurance training * Set internal standards based on definitions stipulated by the Ministry of Economy, Trade and Industry	1. 0 incidents per year 2. 100%	Masakazu Iwasaki Executive Officer Head, Quality Assurance Division General Manager, Quality Assurance Management Department	1. 0 incidents per year 2. 100%	1. 0 2. 100%	
	Chemical substances management	Short, medium, and long term <ul style="list-style-type: none"> Loss of business opportunities due to non-compliance with chemical substance regulations 	Short, medium, and long term <ul style="list-style-type: none"> Strengthening business profitability through compliance with laws and regulations Improving customer satisfaction and social credibility 	1. Major disasters (Level IV) 2. Number of environmental accidents (Level III) 3. Environmental law violations (Level III); Pollution control laws, Poisonous and Deleterious Substances Control Act, Waste Management and Public Cleansing Law	1. 0 incidents 2. 0 incidents 3. 0 incidents		Taichi Sakai	-	-
	A decarbonized and circular society (reducing environmental impact)	Short, medium, and long term <ul style="list-style-type: none"> Increased risk of extreme weather and natural disasters due to climate change Environmental impact from waste and emissions Water resource shortages or depletion 	Short, medium, and long term <ul style="list-style-type: none"> Expanding demand for products contributing to climate change mitigation (resource conservation, energy saving, low carbon) Reducing energy costs through improved production efficiency Lowering environmental conservation costs 	1. GHG emissions Scope 1 and 2 (consolidated) 2. VOC emissions (domestic total) 3. Discharge of hazardous substances into water bodies (domestic total) 4. Amount of waste emissions (consolidated) 5. Final disposal (landfill disposal) rate (domestic total)	1. At least 46% reduction compared with FY2014*3 2. 60% reduction compared with FY2015*3 3. 80% reduction compared with FY2015*3 4. 15% reduction compared with FY2016*3 5. Less than 1% per year	Taichi Sakai	1. At least 46% reduction compared with FY2014*3 2. 60% reduction compared with FY2015*3 3. 80% reduction compared with FY2015*3 4. 15% reduction compared with FY2016*3 5. Less than 1% per year	1. 31.6% reduction (831 thousand t-CO ₂) 2. 77% reduction 3. 73% reduction 4. 3% increase 5. 0.52%	

The names marked with ® or "TM" are trademarks registered or pending registration in Japan for the group. Items in blue are newly established for FY2025. *1 FY2026 target *2 FY2027 target *3 FY2031 target

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Business foundation domain	Governance	Medium and long term <ul style="list-style-type: none"> Compliance with laws and regulations, and responding to system changes Social demands for strengthening corporate governance 	Medium and long term <ul style="list-style-type: none"> Practicing sustainability management aimed at enhancing corporate value 	<ol style="list-style-type: none"> Number of meetings of the Board of Directors/Nomination and Compensation Advisory Committee Attendance rate of officers at meetings in 1. above Effectiveness evaluation of the Board of Directors, content disclosure 	<ol style="list-style-type: none"> Disclosure of results Disclosure of results Disclosure of details of effectiveness evaluation 	Takehiko Inada	<ol style="list-style-type: none"> Disclosure of results Disclosure of results Disclosure of details of effectiveness evaluation 	<ol style="list-style-type: none"> 22 times Attendance by directors and corporate auditors at meetings ⁽¹⁾ Evaluation of the effectiveness of the Board of Directors ⁽¹⁾
	Innovation	Medium and long term <ul style="list-style-type: none"> Delays in creating new products and new businesses due to decreased competitiveness in R&D Decline in product demand due to changes in customer needs 	Medium and long term <ul style="list-style-type: none"> Creating new markets by developing new products and businesses that address social issues Early response to changes in customer needs and strengthened regulations 	<ol style="list-style-type: none"> Promotion of development in the three key themes Number of new inventors Number of intellectual property education sessions for Toyobo and group companies Percentage of research themes contributing to the achievement of Sustainable Vision 2030 Direct investments in open innovation (e.g., proof of concept for commercialization with invested companies, joint development) Number of intellectual property information analyses Number of business suspensions due to patent infringement Number of intellectual property training sessions for employees (Toyobo and group companies) Number of comprehensive industry-academia-government collaborations 	<ol style="list-style-type: none"> At least 75% At least 30 people 20 times per year 	Katsuya Ito Executive Officer Controlling Supervisor of Innovation Division	<ol style="list-style-type: none"> - - 19 times 90% or more*¹ 4 cases or more per year 20 cases per year 0 cases per year 2 cases 	<ol style="list-style-type: none"> - - 20 times 90% 4 cases 32 cases 0 cases 2 cases
	Partnerships (supply chain)	Short, medium, and long term <ul style="list-style-type: none"> Negative impact on business activities due to illegal actions or compliance violations by suppliers 	Short, medium, and long term <ul style="list-style-type: none"> Securing social sustainability and long-term competitive advantage 	<ol style="list-style-type: none"> Ratio of CSR procurement surveys returned Ratio of reduction in CO₂ emissions (intensity) related to logistics (sales) 	<ol style="list-style-type: none"> Ratio of surveys returned, or engagement with business partners with room for improvement Reduction of 0.5% year on year 	Taichi Sakai	<ol style="list-style-type: none"> 90% or more Reduction of 0.5% year on year 	<ol style="list-style-type: none"> 94% Reduction of 0.53%
	Partnerships (stakeholder engagement)	Short, medium, and long term <ul style="list-style-type: none"> Failure to fulfill accountability leading to unestablished trust with stakeholders Reputational risk 	Short, medium, and long term <ul style="list-style-type: none"> Building strong trust relationships with diverse stakeholders 	<ol style="list-style-type: none"> Number of press releases Number of interviews with investors Number of meetings with employees and labor unions Frequency of engagement with stakeholders 	<ol style="list-style-type: none"> At least 75 per year At least 150 per year At least 60 times per year 3 times 	Takehiko Inada	<ol style="list-style-type: none"> At least 75 per year At least 150 per year At least 60 times per year 3 times 	<ol style="list-style-type: none"> 84 cases 113 cases 360 times 3 times
	Data security, privacy	Short, medium, and long term <ul style="list-style-type: none"> Information leaks, system failures, or stoppages due to cyberattacks Loss of customer trust, deterioration of relationships with business partners, and decreased competitiveness 	Short, medium, and long term <ul style="list-style-type: none"> Gaining customer trust, maintaining good relationships with business partners, and improving competitiveness 	<ol style="list-style-type: none"> Promotion of information security measures <ul style="list-style-type: none"> Renewal of network security infrastructure Renewal of computer security infrastructure Number of information security training sessions Number of incidents (e.g., information leaks, service outages) Completion of activities centered on the Information Security Sub-committee 	<ol style="list-style-type: none"> 50% completion of renewal (FY2025-FY2026) 15 sessions per year* 0 incidents per year <p>* The standard for the number of sessions has been changed due to a modification in the format of the events.</p>	Ichiro Takai Senior Managing Executive Officer Controlling Supervisor of Corporate Planning Division	<ol style="list-style-type: none"> - 60 times per year 0 cases per year Completion of activities 	<ol style="list-style-type: none"> - 97 times per year 0 cases per year Completion of activities
	Compliance	Short, medium, and long term <ul style="list-style-type: none"> Business activity stagnation, loss of social credibility, and damage to corporate value 	Short, medium, and long term <ul style="list-style-type: none"> Establishing a stable management foundation Strengthening risk management systems Fostering a culture of compliance awareness 	<ol style="list-style-type: none"> Enhancement of compliance awareness Awareness and utilization of the Compliance Consultation Desks Number of serious legal violations 	<ol style="list-style-type: none"> Improvement in compliance questionnaire responses <ol style="list-style-type: none"> Does the company emphasize compliance? Awareness of case study reports, expansion of compliance study sessions and other training Frequency of compliance study sessions (managerial staff) and other training Improvement in compliance questionnaire responses <ol style="list-style-type: none"> Awareness of Compliance Consultation Desks Ease of use of Compliance Consultation Desks 0 cases 	Takehiko Inada	<ol style="list-style-type: none"> Improvement in compliance questionnaire responses <ol style="list-style-type: none"> Does the company emphasize compliance? Awareness of case study reports, expansion of compliance study sessions and other training Frequency of compliance study sessions (managerial staff) and other training Improvement in compliance questionnaire responses <ol style="list-style-type: none"> Awareness of Compliance Consultation Desks Ease of use of Compliance Consultation Desks 0 cases 	<ol style="list-style-type: none"> I feel that it does, or by and large I feel that it does: 78% I read every issue, or I sometimes read it, or I read those articles that are of interest to me: 77% Compliance study sessions: 22 times + video streaming to all employees Other training: 40 times <ol style="list-style-type: none"> 89% 83% 102 cases 0 cases
Compliance (R&D, intellectual property)			<ol style="list-style-type: none"> Achievement rate of education and anti-fraud activities related to R&D Implementation of audits related to compliance with intellectual property regulations Number of product safety or quality assurance violations in the R&D quality assurance system Number of serious rule violations related to guidelines from ministries and funding allocation agency rules Number of serious rule violations related to the handling of research data Number of orders for corrective actions regarding labeling 	<ol style="list-style-type: none"> 100% 100% 	Katsuya Ito	<ol style="list-style-type: none"> - - 0 cases per year 0 cases per year 0 cases per year 0 cases per year 	<ol style="list-style-type: none"> - - 0 violations 0 violations 0 violations 0 violations 	

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