

# TOYOBO GROUP SUSTAINABILITY REPORT 2021

## Sustainability

Toyobo Group's sustainability aims to create solutions to the social issues through our business activities and contribute to the realization of the sustainable society.



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## ESG Related Data

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# TOYOBO GROUP SUSTAINABILITY REPORT 2021

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# Message from the President

On September 27th, 2020, a fire broke out at Toyobo's Inuyama Plant, resulting in the loss of two employees and one injury. On behalf of Toyobo's Board of Directors and employees, I pray for those who have lost their precious lives, and pledge to take thorough preventive measures and develop a solid organizational culture that ensures such an accident will never happen again.

## Providing solutions required by people and the earth, we will contribute to the realization of sustainable society.

As I assume the post of president in April 2021, I pledge that Toyobo will continue to pursue sustainable management. The goal of Toyobo's management, as our corporate principle indicates, is to put into practice "*Jun-Ri-Soku-Yu*," a term that means adhering to reason leads to prosperity. Adhering to reason here means to help make society more sustainable by providing solutions needed by people and the earth. The Toyobo Group aims to attain sustainable growth by delivering such solutions.

While I am confident and excited about the Toyobo Group's future, it is certainly true that we are now facing a very challenging situation. The management deeply regrets a plant fire and inappropriate quality cases with certain products that were detected in fiscal 2020. Both these incidents could harm our credibility as a manufacturer. Restoring public trust in Toyobo Group will be a top priority in fiscal 2022.



*Shiro Takenuchi*

President & Representative Director  
TOYOBO CO., LTD.

## Response to COVID-19 pandemic

I pray for the souls of COVID-19 victims and offer my sincere condolences to their families.

The COVID-19 pandemic has brought about fundamental changes in economic activities and people's behavior. Toyobo is maintaining production by prioritizing the safety and wellbeing of our employees and ensuring that every possible measure is taken to prevent the spread of the virus. We are supporting the medical field by providing PCR test kits and nonwoven cloth for masks. Also, we have made adjustment to stably supply products, including films for food packaging, to meet the growing demand of more people staying at home.

## Staying true to our corporate philosophy framework

In 2018, Toyobo reorganized its corporate philosophy system to accentuate *Jun-Ri-Soku-Yu*, a personal motto of our founder Eiichi Shibusawa. This system, called PVVs, encapsulates *Jun-Ri-Soku-Yu* (our principle), the ideal corporate form we aspire to achieve (our vision), what we cherish (our values) and the nine commitments we uphold as a company (the Toyobo spirit).

When we were reorganizing our PVVs, I participated in discussion as a member of management team. I initially proposed the phrase "Do not fear change, but enjoy it" to summarize our corporate values. However, it was rightly pointed out that not only should we enjoy change, we should also "create change" to be a successful company. This notion of creating change has since been woven into our values.

It is rather pointless to merely memorize the words that make up Toyobo's corporate philosophy system. I would like for each employee to understand and embrace the core meaning of our corporate philosophy and use this as the guideline for their daily actions and decision making.

## Aiming for sustainable growth of society and Toyobo in 2030

To envision Toyobo's future in 2050, I am currently thinking about our company in 2030. In a nutshell, I expect Toyobo to have realized sustainable growth for the company and the society by then. Toyobo's ideal state will rest on three central pillars.

First, Toyobo will contribute to solving social issues through our business activities, and come up with “the solutions needed by people and the planet” – a goal the Group wants to attain.

Second, the company will grow sustainably. To achieve this, Toyobo must develop a growth path based on a solid foundation. To make the company durable and sustainable, the company should strengthen its corporate governance, such as internal audits and compliance, and reform its organizational culture. Specifically, I want to create a workplace where employees are encouraged to express their own views more freely.

Third, the company must ensure that each one of the employees are the central players in each workplace. I want Toyobo to be a company at which employees work with passion and pride, and feel their efforts are properly rewarded.

I believe these three factors are indispensable if Toyobo wishes to attain its goals in 2030.

In January 2020, the Toyobo Group signed the U.N. Global Compact – a global movement to mobilize sustainable companies and stakeholders – and endorsed proposals by the Task Force on Climate-related Financial Disclosure. Toyobo will conduct corporate activities based on 10 principles in the four areas of human rights, labor, environment and anti-corruption, and utilize its cutting-edge technologies to contribute to the global SDGs (sustainable development goals).

## Examining the significance of “materiality” issues and reviewing it as necessary

To remain a Group that “creates the solutions needed by people and the earth,” we identified eight materiality issues from the perspective of sustainability in fiscal 2020. We have steadily made progress on issues that can be quantitatively measured, such as reducing greenhouse gas emissions, but we have yet to establish specific key performance indicators (KPIs) for some issues. A single-minded pursuit of KPIs, however, risks losing sight of the broader picture. I believe it is necessary to carefully consider, understand and deepen the significance of each materiality issue.

## Holistically looking at the product life cycle

Under our corporate philosophy system, the Group aspires to “continue to create the solutions needed by people and the earth with materials and science.” During the course of daily corporate activities, we tend to think only about the customers we meet and contact directly. But we also must closely consider the entire supply chain and solve problems by holistically looking at the product life cycle – what happens to our products after customers start using them. In other words, we must examine how we can contribute to customers who bought our products. Thinking about issues by putting ourselves in the shoes of all stakeholders in the value chain and our customers, or end users, will culminate in attaining greater sustainability.

## Tackling plastic film problems

Polymer materials – such as films, fibers and engineering plastics – account for more than 80 percent of the Group's operating profits. We are focusing more than ever on reducing the negative environmental impacts of these products. We promptly address plastics-related agenda as part of our commitment to reduce carbon dioxide emissions, establish a circular economy and mitigate negative impacts on the ecosystem. These measures include using biomass and recycled materials as well as reducing use of materials derived from crude oil.

For example, films for food packaging can prolong the best-by date, thus helping reduce food wastage. We will develop thinner films to cut packaging volume and boost use of biomass and recycled materials, thereby strengthening and expanding our efforts toward realizing a circular economy.

## **Contributing to society by “welcoming, enjoying and creating change”**

Placing the Group's stakeholders in one over the other is an impossible task. We treasure, respect, and appreciate each and every stakeholder. But if I had to choose, I think our employees would come first, and then our clients, the communities, and stockholders. Toyobo can build excellent relations with clients and community only if our employees appropriately respond to clients' opinions as a valued member of the community. Our workplaces are central to making a company that remains trusted by the society. To “welcome, enjoy and create change,” every employee must grow and be passionate about their job, which will in turn help the company prosper and be useful to society. We will build a better future by harnessing Toyobo's expertise and cutting-edge technologies to solve many social issues and make society more sustainable.

# TOYOBO Group's Sustainability

## TOYOBO Group Charter of Corporate Behavior

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.

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

# Sustainability Management

## Our Officers' Commitment

### Value creation platform ESG Management



Nobuya Fujiwara  
Executive Officer  
Supervisor of Corporate  
Sustainability Department

The Toyobo Group has been growing and expanding its business by responding to the demands of society and contributing solutions to social issues since its founding in 1882, long before the concept of CSV was formed. In recent years, we have been broadening the concept of CSR to encompass initiatives for environmental conservation and contribution to local communities.

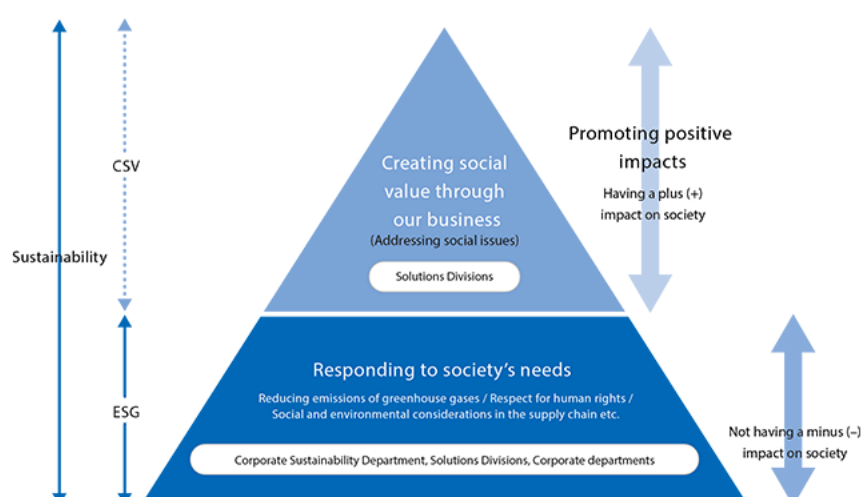
Sustainability is a natural extension of this for a company with such a history, and in fiscal 2021 we began full-fledged sustainability management activities.

To be sustainable, the Toyobo Group must have both economic value and social value. The Corporate Sustainability Department was created in April 2020 with the objective of building those two values by incorporating ESG elements into the Group's management and strategies and by improving the communication of information to stakeholders. Some of the main activities under way in 2021 include steps to achieve carbon neutrality and a circular economy as well as measures to apply risk management from an overall company perspective.

I believe there are two main avenues to achieving sustainability. The first is to apply an ESG perspective to identifying opportunity and risk and strengthening the management base. The second is to apply a CSV perspective to using our business to address social issues and making that a driver for business growth that gives us a competitive advantage. Utilizing the Group's various technologies and services in solutions for social issues and to achieve the SDGs, such as by helping reduce environmental burden, will be directly connected to the company's purpose for its existence.

In addition, in the future society made up of people with different values, it will be essential that each employee feels pride and purpose in their work. 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.

### Conceptual Framework-Sustainability, CSV and ESG



# Policy and Approach

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## 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 TOYOBOPVVs. 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.

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 system

In April 2020, the Toyobo Group reorganized its organizational structure from product-oriented to solution-oriented with the intention of contributing to solving social issues even more than in the past by providing solutions. At the same time, we positioned sustainability at the core of management and established the Corporate Sustainability Department to promote sustainability companywide, and became the Department that directly reports to the president in April 2021. This department will provide recommendations on incorporating the sustainability perspective into growth strategy and support strategies for achieving it as well as strengthening the compilation of internal information on ESG and dissemination of this information internally and externally.

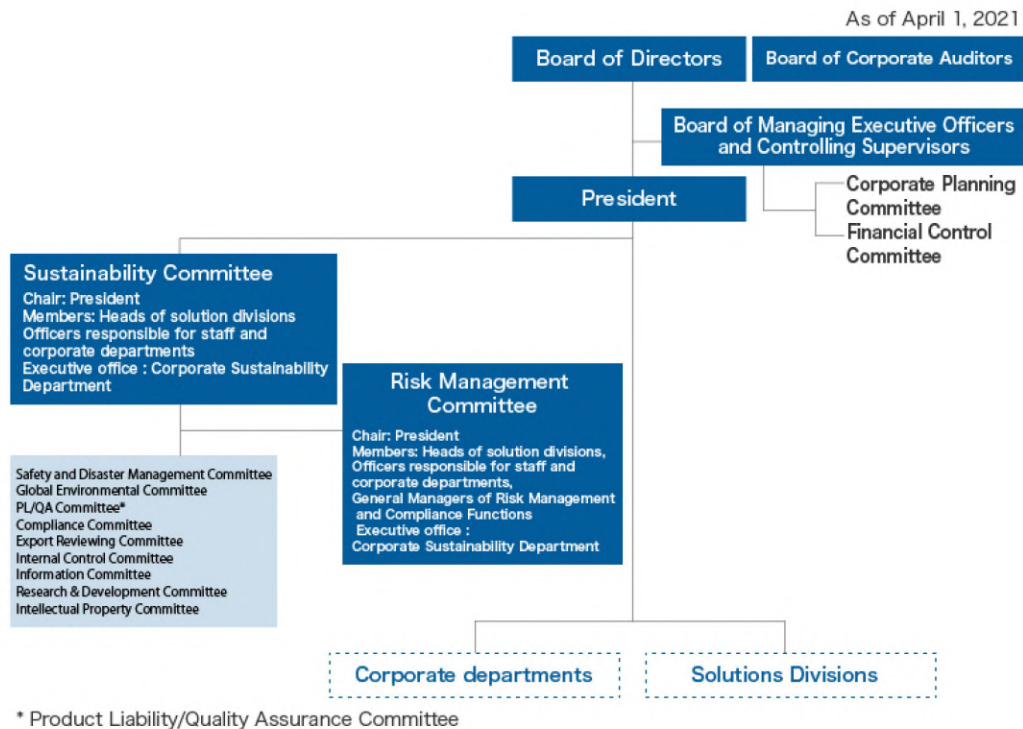
The officer with responsibility for sustainability is the Executive Officer who is Controlling Supervisor of the Corporate Sustainability Department.

Toyobo has also established the Sustainability Committee (executive office: Corporate Sustainability Department) chaired by the President to promote sustainability companywide. The committee checks on the progress of companywide sustainability activities each quarter and discusses issues that require new initiatives as well as company-wide risks. The content of these discussions is reported regularly to the Board of Directors. Going forward, this system also leads progress management for the material issues.

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

\* 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



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)

The Toyobo Group's Vision is to be a group that continuously creates solutions demanded by people and the global environment through "Materials and Science."



As part of its efforts, the group aims to help realize a sustainable society through the provision of products and services.

The Toyobo Group has expressed its support for recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium of companies and financial institutions in Japan that agree on the recommendations.

Now, we are undertaking analyses of our key businesses and aim to disclose the information early.

# Our Value Creation Story

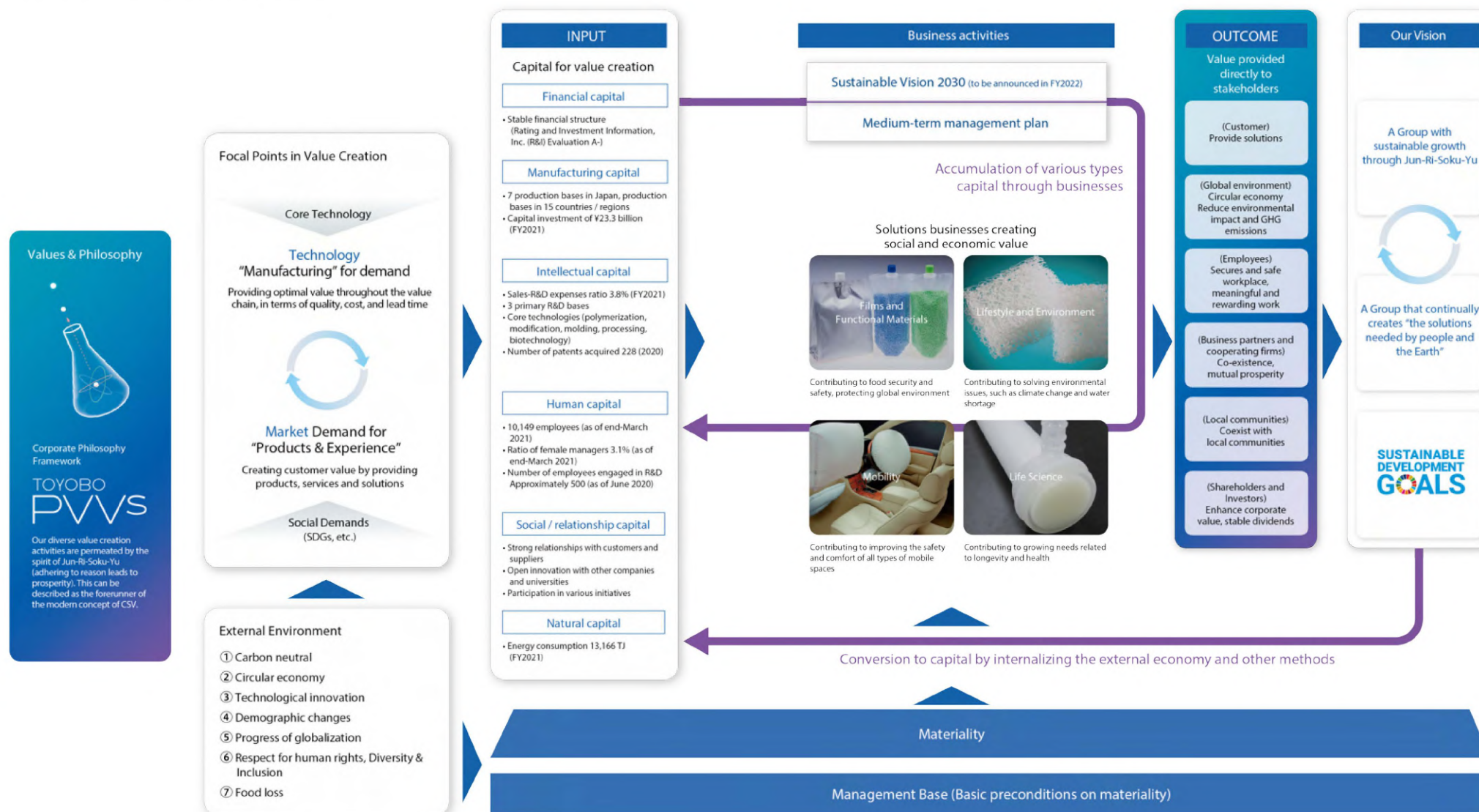
## Value Creation Process

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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 >](#)

# Value Creation Process



# Materiality

## Identifying Material Issues

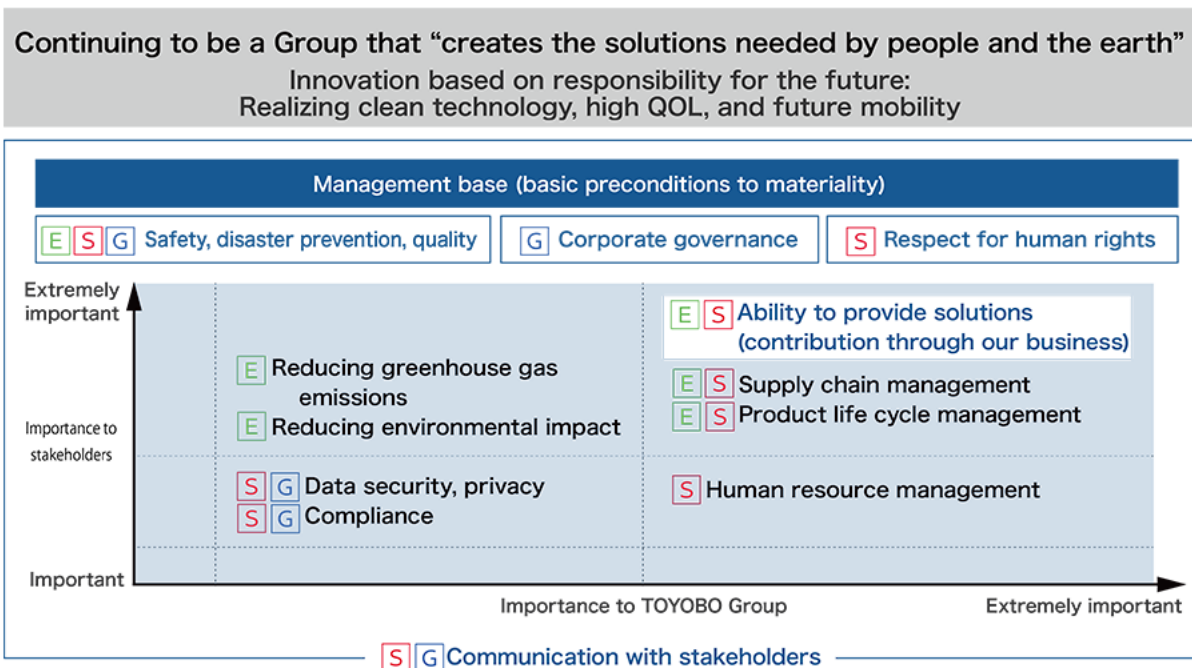
### Achieving our vision

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, responding to the demands and expectations of our stakeholders, the Toyobo Group identified CSV- and ESG-related material issues in eight items, to realize our vision of being a Group that continually “creates the solutions needed by people and the earth.” We have also positioned three items for which society’s expectations are particularly high as Management Base (Basic preconditions to materiality). These items represent the foundations of the Toyobo Group’s business activity.

We will also regularly review the material issues through communication and engagement with our stakeholders.

#### Identified Material Issues



#### Find more information about materiality

[Safety, disaster prevention](#) >

[Quality](#) >

[Corporate governance](#) >

[Respect for human rights](#) >

[Supply chain management](#) >

[Reducing greenhouse gas emissions](#) >

[Reducing environmental impact](#) >

[Human resource management](#) >

[Data security, privacy](#) >

[Compliance](#) >

[Communication with stakeholders](#) >

## Targets and KPIs

In conjunction with the identification of material issues, we established new KPIs in November 2020 in order to promote initiatives. These are reported below, including those which are currently under consideration.

## Identifying materiality based on social impact

When identifying materiality, we selected candidate social issues with reference to external initiatives and 12 international guidelines, including the GRI Standards.

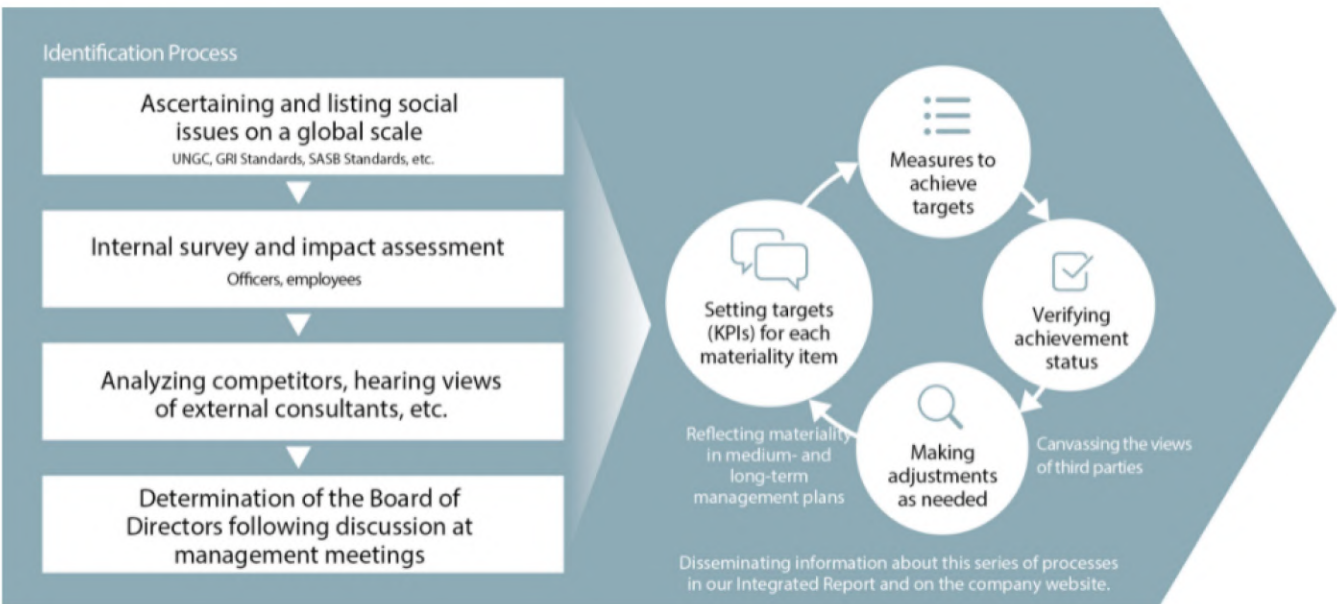
We then clarified the positive and negative impact of these social issues through internal surveys and interviews. The Board of Directors made the final determination on materiality, taking into account the views of external parties such as institutional investors.

Our materiality is organized along the two axes of “materiality for stakeholders” and “materiality for the Group.”

## Appointing responsible company officers and setting targets (KPIs)

In November 2020, we appointed company officers to be responsible for each materiality item, and we also drew up the relevant targets (KPIs), so as to further enhance progress management in this area.

Regarding the targets (KPIs) for Ability to provide solutions and for Product life cycle management, we will be discussing and deciding on these in concert with strategy formulation for the company’s next medium-term management plan, implementation of which is scheduled to begin in fiscal 2023.



Category	Main topic	Officer in charge	KPIs: timeframe for achievement set for each theme		
			Themes	Targets	FY2021 results
Management base (basic preconditions to materiality)	Safety and disaster prevention	<b>Chikao Morishige</b> Senior Managing Executive Officer Head, Safety and Disaster Management Division	<ol style="list-style-type: none"> <li>No. of major incidents*</li> <li>Frequency rate of workplace accidents resulting in lost workdays</li> <li>No. of fires or explosions</li> <li>No. of environmental incidents</li> </ol> <p>* Major incidents: Defined according to internal standards based on the definition stipulated by the Ministry of Health, Labour and Welfare</p>	<ol style="list-style-type: none"> <li>0 incidents per year</li> <li>0.25 or less</li> <li>0 incidents per year</li> <li>0 incidents per year</li> </ol> <p>All targets apply every year (calendar year)</p>	<ol style="list-style-type: none"> <li>1 incident</li> <li>0.70</li> <li>1 incident</li> <li>0 incidents</li> </ol>
	Quality	<b>Yoshio Araki</b> Director, Executive Officer Head, Quality Assurance Division Controlling Supervisor of Production Technology Innovation Division	<ol style="list-style-type: none"> <li>No. of incidents related to products*</li> <li>Implementation status of product safety and quality assurance training</li> </ol> <p>* Incidents related to products: Defined according to internal standards based on the definition stipulated by the Ministry of Economy, Trade and Industry</p>	<ol style="list-style-type: none"> <li>0 incidents per year</li> <li>100%</li> </ol> <p>All targets apply every year</p>	<ol style="list-style-type: none"> <li>0 incidents</li> <li>80%</li> </ol>
	Corporate governance	<b>Masakatsu Shirai</b> Director, Executive Officer Controlling Supervisor of HR and Corporate Communication Division	<ol style="list-style-type: none"> <li>No. of meetings of the Board of Directors / committees</li> <li>Attendance rate of officers at meetings included in 1.</li> <li>Disclosure of details of evaluation of the Board of Directors' effectiveness</li> </ol>	<ol style="list-style-type: none"> <li>Disclosure of results</li> <li>Disclosure of results</li> <li>Disclosure of details of effectiveness evaluation</li> </ol>	<ol style="list-style-type: none"> <li>25 times</li> <li>Published in report and on web</li> <li>Published in report and on web</li> </ol>
	Respect for human rights	<b>Masakatsu Shirai</b> Director, Executive Officer Controlling Supervisor of HR and Corporate Communication Division	<ol style="list-style-type: none"> <li>Implementation status of human rights education and training</li> </ol>	<ol style="list-style-type: none"> <li>1) Once a year for 20% of nonconsolidated* employees</li> </ol> <p>* "Nonconsolidated" here refers to TOYOBO CO., LTD., TOYOBO STC CO., LTD., and TOYOBO INFORMATION SYSTEM CREATE CO., LTD.</p> <p>Target for FY2026</p>	<ol style="list-style-type: none"> <li>24.1%</li> </ol>
Materiality	Ability to provide solutions	We discuss and consider this when formulating the next Medium-term Management Plan from April 2021			
	Ability to provide solutions (Research and Development, intellectual property)	<b>Yasuo Ota</b> Managing Executive Officer Controlling Supervisor of Innovation Division	<ol style="list-style-type: none"> <li>(In corporate research) In addition to the SDGs (6,12,13,14) corresponding to the "Ability to provide solutions" we set up, a ratio of research themes that contribute to the target, including 3,7 necessary for a sustainable society</li> <li>(Including research of business division) Understand the current status of company-wide research themes and set company-wide goals</li> <li>No. of analysis on intellectual property rights</li> <li>No. of business suspensions due to patent violation</li> <li>No. of decisions for foreign applications in consultation with business divisions and development departments</li> <li>Completion of examining the application for solution excellent award</li> <li>No. of intellectual property education for our company, No. of intellectual property education for group companies</li> </ol>	<ol style="list-style-type: none"> <li>75% or above in FY2022 (90% or above in 2025)</li> <li>—</li> <li>Yearly target 20 cases</li> <li>Yearly target 0 cases</li> <li>Yearly target 2 times</li> <li>Target End of 2021</li> <li>Yearly target Toyobo 13 cases, Group company 6 cases</li> </ol>	<ol style="list-style-type: none"> <li>—</li> <li>—</li> <li>17 cases</li> <li>0 times</li> <li>2 times</li> <li>—</li> <li>Toyobo 13 cases. Group company 5 cases</li> </ol>

# Toyobo Group Materiality/KPIs and Targets

October 18, 2021  
Sustainability Committee

Category	Main topic	Officer in charge	KPIs: timeframe for achievement set for each theme		
			Themes	Targets	FY2021 results
Materiality	Supply chain management	<b>Nobuya Fujiwara</b> Executive Officer Controlling Supervisor of Procurement and Logistics Department	1. Ratio of CSR procurement surveys returned 2. Ratio of reduction in CO2 emissions related to logistics(sales)	1. 90% or above (In years when a survey is not implemented, we carry out dialogue with business partners that past survey had issues) 2. Year on year reduction of 0.5%	1. Establishing a system for conducting questionnaires (FY2022 response 92%) 2. Year on year reduction of 0.6%
	Product life cycle management	We discuss and consider this when formulating the next Medium-term Management Plan from April 2021			
	Reducing greenhouse gas emissions	<b>Yoshio Araki</b> Director, Executive Officer Head, Quality Assurance Division Controlling Supervisor of Production Technology Innovation Division	1. Greenhouse gas emissions 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 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. 902 thousand tonnes 2. — 3. —
	Reducing environmental impact	<b>Yoshio Araki</b> Director, Executive Officer Head, Quality Assurance Division Controlling Supervisor of Production Technology Innovation Division	1. Atmospheric emissions of VOC substances Discharge of hazardous substances 2. into water Amount of waste emission 3. Final disposal (landfill disposal) rate 4. Expanding products and services 5. that contribute to the environment (ECO-PARTNER SYSTEM®)	1. 60% reduction* from FY2015 2. 80% reduction* from FY2015 3. 15% reduction from FY2016 4. Less than 1% every year 5. Sales ratio of products and services that contribute to the environment 40% (TOYOBO CO., LTD. only)  *Targets for FY2031	1. 50% reduction compared to FY2015 2. 53% reduction compared to FY2015 3. 4% increase compared to FY2016 4. 0.2% 5. 29.9%
	Human resource management	<b>Masakatsu Shirai</b> Director, Executive Officer Controlling Supervisor of HR and Corporate Communication Division	1. Training core overseas personnel in Japan 2. Training investment per employee (Time spent on education ) 3. Achievement of female manager ratio target 4. Ratio of annual paid leave taken 5. Reduction of overtime work hours (No. of people over 360 hours per year / No. of target persons) 6. Ratio of male employees taking childcare leave 7. Employment ratio of people with disabilities 8. Obtainment of certification of Health and Productivity Management 500 9. Improvement of employee's "degree of affirmation for work style" based on engagement surveys ①Increase of positive response ratio on "no difficulty in daily work" ②Increase of positive response ratio on "respect the diverse views and ideas of each person"	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. Total number of days of absence leave taken increased by at least 20% for at least 80% of those eligible for absence leave* 7. 2.3% 8. Acquisition / maintenance 9. ①Increase of positive response rate ②Increase of positive response rate  *Targets for FY2026	1. Canceled because of COVID-19 2. ¥24,000, 16.54hrs 3. 3.1% 4. 64% 5. (3.0%) 6. 80.0% 7. 12 days absence leave taken 8. 2.2% 9. ①33% ②42%

# Toyobo Group Materiality/KPIs and Targets

October 18, 2021  
Sustainability Committee






















Category	Main topic	Officer in charge	KPIs: timeframe for achievement set for each theme		
			Themes	Targets	FY2021 results
Materiality	Compliance	<b>Masakatsu Shirai</b> Director, Executive Officer Controlling Supervisor of HR and Corporate Communication Division	(Increase in awareness of compliance) 1. Improvement in compliance questionnaire responses 2. No. of compliance study sessions for managers and various other trainings held  (Awareness and use of compliance consultation desks) 3. Improvement in compliance questionnaire responses 4. Consultation desks support  5. No. of serious legal violations	1. • Whether company emphasizes compliance • Awareness of "Compliance Mini Study" 2. Disclose results  3. • Awareness of compliance consultation desks • Ease of use of compliance consultation desks 4. Disclose results  5. 0 violations per year	1. • I feel that way, or I somewhat feel that way 88% (down 5%) • (down 8%) 2. 11 times (1,209 participants) + video delivered to all employees, various other trainings 13 times  3. • 92% • Want to use it 62% 4. 37 cases  5. 2 violations
	Compliance (Research and Development, intellectual property)	<b>Yasuo Ota</b> Managing Executive Officer Controlling Supervisor of Innovation Division	1. No. of violations related to product safety and quality assurance in the R&D QA system 2. No. of violations against guidelines of each ministry and rules of fund allocation organizations 3. Violation against rules related to handling of research data 4. No. of receiving administrative orders for action related to misleading representation	1. 0 cases per year 2. 0 cases per year 3. 0 cases per year 4. 0 cases per year	1. – 2. – 3. – 4. 0 cases per year
	Data security, privacy	<b>Naoki Fujii</b> Executive Officer Controlling Supervisor of Corporate Planning Division	1. No. of instances of information security education provision 1 2. No. of incidents1 (information leaks, service outages, etc.) 3. Implementation of information security measures 2  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 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
All inclusive	Communication with stakeholders	<b>Masakatsu Shirai</b> Director, Executive Officer Controlling Supervisor of HR and Corporate Communication 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 cases per year 2. 150 cases per year* 3. At least 30 times per year 4. Twice a year  All targets for FY2022 * August, 2021-July, 2022	1. 90 cases 2. 144 cases 3. 14 times 4. 2 times

## Relationship between Materiality and the SDGs

In June 2020, we mapped the relationships between the Toyobo Group's identified management base (basic preconditions to materiality) and the material issues, and the relevant SDGs and ESG.

Going forward, we will further deepen the connectedness of business activities with the SDGs during the review process for the material issues to be conducted through communication with stakeholders and obtaining the opinions of outside experts.

**E** Environment **S** Social **G** Governance

Related ESG	Management base (basic preconditions to materiality)	Related SDGs
<b>E S G</b>	Safety, disaster prevention, quality	
<b>G</b>	Corporate governance	
<b>S</b>	Respect for human rights	
Related ESG	Materiality	Related SDGs
<b>E S</b>	Ability to provide solutions (contribution through our business)	   
<b>E S</b>	Supply chain management	
<b>E S</b>	Product life cycle management	 
<b>E</b>	Reducing greenhouse gas emissions	 
<b>E</b>	Reducing environmental impact	   
<b>S</b>	Human resource management	 
<b>S G</b>	Data security, privacy	
<b>S G</b>	Compliance	
<b>S G</b>	Communication with stakeholders	

# Contribution through Our Business

## Feature Films

### Establishing a Foundation to Create Synergies in Expanding Markets

#### Complementing the technologies and human resources of two companies

In fiscal 2020, Toyobo Group entered into a stock purchase agreement with Teijin Limited for its subsidiary Teijin Films Solutions Limited to become a member of our Group. We changed the name of the company to Toyobo Film Solutions Limited and completely integrated it within our existing businesses in fiscal 2022.

Since signing the purchase agreement, we have worked while being mindful of the post-merger integration (PMI) process. We specifically created a meeting structure for each process, including sales, technology, research and logistics, and both companies took various opportunities to hold discussions. Furthermore, we held monthly debriefing sessions to share information closely, experienced no major obstacles to the integration process by clearing all issues one by one, and are proceeding with operations smoothly even after the completion of the integration.

I think one of the main reasons for this was the shared values of helping the larger society and growing as companies in the corporate philosophies of the Teijin and Toyobo Groups, which are "In Harmony with Society" and *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity), respectively.



Chikao Morishige  
Representative Director & Senior  
Managing Executive Officer  
Head of Safety and Disaster Management  
Head of Films and Functional Materials  
Solutions

#### Demonstrating synergies

With the demand for IoT-related products rapidly growing, we anticipate that demand for mold releasing films for MLCC will continue to steadily increase into the future.

Toyobo was always dominant in products for small ceramic capacitors, while Teijin Film Solutions Limited was strong in premium market segment products for larger sizes. We directly expect there to be synergies through integration in this field. There are also many other products and fields with demonstrable synergies. In fiscal 2021, we established an independent department within the Marketing Strategy Department to consider ideas that will bring about future development so we could further develop new products to grow sustainably. We plan to use this to plant the seeds that will become the pillars for our revenue in five and ten years in the future.

In addition, we will put our focus on providing products that are unique to the Group and cannot be emulated by others, and explore the possibility of multilaterally creating synergies.



Utsunomiya Plant  
(established in April 2021 through the business  
integration of Toyobo Film Solutions Limited)

## Message from the Executive Assistant to Head



Yoshihiro Nomi  
Executive Assistant to Head of Films and  
Functional Materials Solutions Division  
General Manager, Films and Functional  
Materials Marketing Strategy Operating  
Department

Served as President and Representative  
Director of Teijin Film Solutions Limited, and  
striving for synergies as the Executive  
Assistant to the Head since merger with  
Toyobo

### Creating chemistry

I personally have known about Toyobo for a long time, so I welcomed the opportunity when it came. However, because a number of employees still have some reservations, we have prepared communication plans for all levels while always remembering that we need to address these feelings respectfully. As a result, we successfully integrated two companies with histories of outstanding world-class human resources and technologies.

Before the integration, the main focus was inevitably on sustaining the business while finding a balance during the restructuring. After it was complete, there were changes such as proactive investment for sustainable business growth, and the implementation of bold strategies while assessing risks from a long-term perspective. These major differences in the stance of management toward the business were very refreshing.

We have fought as rivals and tried to find our own particular advantages, which is why I would like to create chemistry by combining both of our cultivated strengths.

### Synergies

Product	Synergies
Mold releasing films for MLCC	<b>TEIJIN</b> Has long sold large in-line release films, that form a coating layer during film formation, in the premium market segment <b>TOYOBO</b> Developed release films for the production of extremely small ceramics ➡ Combination allows sharing of various information and technologies
PEN films	<b>TEIJIN</b> Developed heat-resistant PEN films new to Toyobo <b>TOYOBO</b> Many film customers with optical applications and general industrial uses, and high market share ➡ Demand of PEN films is increasing due to insulation of wind power generation motors, etc. Plans to develop new products through combination of PEN films and Toyobo's strong markets, and by improving raw materials
Laminating films for cans	<b>TEIJIN</b> Lineup of laminating films for food cans <b>TOYOBO</b> Lineup of laminating films exclusively for beverage cans ➡ Demand for canned goods expected to increase, especially in U.S.

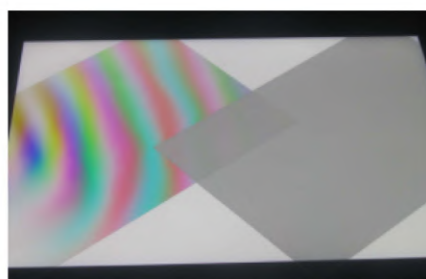
## Investing in COSMOSHINE SRF®

We will also continue to concentrate on COSMOSHINE SRF®, a polarizer protective film for LCDs used in TVs and other devices. Demand is strong, and with the Inuyama Plant production line that was expanded in July 2020 to be fully operational in fiscal 2022, we will be able to provide a more stable supply to the world.

However, we will need to carefully ascertain how long this demand will continue in the medium- to long-term future. We have also seen the arrival of OLEDs, micro-LEDs and others as competing products to replace LCDs, and they may develop their advantages and expand in market share. In addition, LCD display manufacturers from South Korea are moving production to China, and Chinese manufacturers may have a large presence in the future. We will carefully watch these trends while considering capital and R&D investments.



Expanded production line at Inuyama Plant



COSMOSHINE SRF®

## Becoming the No. 1 global manufacturer of eco-conscious films

Our long-term goal is to become the No. 1 global manufacturer of eco-conscious films in the films and functional materials field. Currently, by adopting bio-based raw materials, reducing the amount of raw materials through the development of thin and high-strength films, promoting the development of material recycling<sup>1</sup> and chemical recycling<sup>2</sup> for films and other such initiatives, we aim to contribute to the realization of a circular economy and measures to combat climate change. We have expanded the food packaging film business and commercialized products as being eco-conscious, and they have received more attention in recent years, with sales growing steadily. We believe that this technology eventually can be adopted in industrial films.

The Group will continue to develop films with less environmental impact, in addition to various technologies contributing to creating a circular economy.

1 Reusing resins without changing their chemical composition

2 Reusing raw materials by changing their composition through chemical reactions

## Feature Life Science

### Strengths and Growth Strategy for the Diagnosing Infectious Diseases

#### Developing in vitro diagnostic reagents for SARS-CoV-2 utilizing expertise cultivated through research reagents

Amid the rapid spread of COVID-19 in 2020, we launched SARS-CoV-2 genetic test reagents to be used when conducting research on the virus in April. It has been used in research ever since. In addition, we released in vitro diagnostic products in July and have supplied them to medical institutions and testing centers.

We have manufactured and sold research reagents for genetic testing since the 1980s, including reagents to test for norovirus, a common cause of gastroenteritis.

Due to the technical similarities with testing for SARS-CoV-2, we started development from the desire to contribute to society by utilizing these commonalities. We have continuously invested resources in research and development in the genetic testing field and refined our technologies for more than 20 years, constituting our technological foundation. Because of this, we were able to quickly move forward with this development.

Furthermore, launched an in vitro diagnostic SARS-CoV-2 detection kit using immunochromatography in June 2021.



Yutaka Ouchi  
Director & Managing Executive Officer  
Head of Life Science Solutions

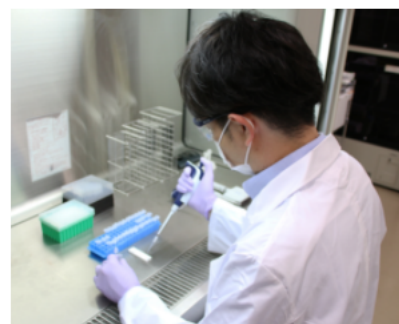
#### Promoting joint research for the establishment of more efficient testing methods

In fiscal 2021, we also undertook research aimed at improving the reliability and safety of tests, and shortening the time it takes from collecting specimens to assessing the results.

Reducing the duration of the test will allow us to test a larger volume of specimens, leading to more efficient testing. For this, we started a collaborative research project with the Kitasato Institute and Tsubakimoto Chain Co. to establish a next-generation automated testing system. This research started when the Kitasato Institute approached us after recognizing our achievements in the research reagents field. We strongly endorsed the meaningful project and decided to participate in the joint research. The research was adopted and started by the Japan Agency for Medical Research and Development (AMED) as part of the FY2021 Program to Develop Countermeasure Technologies against Viral and Other Infectious Diseases (3rd) (Development and Demonstration Research Support for Establishing New Testing Methods and Systems, etc. to Achieve Early and Mass Infectious Disease Testing).

The joint research uses a pooling test method. We previously had to collect saliva samples from one person, test it once, and then see if it was positive or negative. However, with the pooling test method, specimens from up to five people can be collected and tested together at once. While we would normally have to perform 100 tests if we collected 100 different specimens, if they are all negative, it only takes 20 tests, or just one-fifth the number. When a group tests positive, we only need to test those five specimens again. This greatly reduces the number of tests and leads to increased efficiency and cost savings.

We are conducting this research not only in the medical field, but also with a view to utilizing it in entry screen at airports, which require rapid and mass testing systems, and the construction of testing infrastructure at venues such as large-scale international sporting events.



## Aiming to become the No. 1 provider of solutions for the diagnosis of infectious diseases

In the genetic testing field, we manufacture the reagents for PCR tests in addition to the raw materials for them. For example, according to our own estimates, we boast the world's second largest share of the raw materials for biochemical reagents used in the measurement of neutral fat and cholesterol during medical examinations and other settings. In addition, we possess an outstanding level of biotechnology, particularly with highly functional proteins such as enzymes and antibodies. For instance, the antigen testing kit using antibodies for SARS-CoV-2, which was developed in collaboration with the University of Toyama, is an example of the utilization of our unique technology for highly functional proteins. The antibodies it uses were developed through participation in AMED's FY2020 Research Program on Emerging and Re-emerging Infectious Diseases (2nd) (Research on the Development of Immediate Clinical Testing Methods for SARS-CoV-2).

Although the world had paid insufficient attention to the threat of infectious diseases, a global response is now required to combat the spread of COVID-19. In addition to COVID-19, there are other infectious diseases, including avian influenza, that risk causing pandemics in the future and finding measures against them have become an important social issue.

In the future, we will actively invest in the infectious disease diagnostics area and set broader targets. We aim to become the top provider of solutions for diagnoses of infectious diseases not only domestically but also globally, with an eye on genetic testing and the entire diagnosis business at large. In this way, we want to contribute even more to solving the global issue of the spread of infectious diseases.



Fully automated gene analysis system  
GENE CUBE®



(From left)  
[SARS-CoV-2 Detection Kit -N set-]  
[SARS-CoV-2 Detection Kit -N2 set-]

## Message from the General Manager



Atsushi Sogabe  
General Manager,  
Biotechnology Operating  
Department and Manager,  
Bioproducts Sales Department, and  
Bioproducts Development  
Department

### Creating edgy technologies

Our Group has been in the PCR business for more than 30 years. In 1995, we started selling PCR enzymes under the KOD<sup>®</sup> brand, and have continuously reviewed and changed models since then.

To improve the performance of PCR reagents, it is important to also remember the substances that assist the function of the main enzymes. Because both are made of proteins, we cannot produce good reagents without excellent technology to make proteins.

We have refined the technology to enhance the function of proteins and to produce them efficiently through many years of research. In addition, we have also enhanced the performance of reagents themselves by combining them with these highly functional proteins, as well as creating reagents with many distinct properties.

Thanks to these achievements, we enjoy a high degree of recognition in the reagent industry. The Group has many opportunities to participate in joint development and other activities as a result of being introduced to cutting-edge technologies by professors in academia.

### History of Research Reagents

1982	Started business with three restriction enzymes
1989	Launched our first PCR enzyme, rTth DNA polymerase
1995	Launched the PCR enzyme KOD <sup>®</sup> DNA Polymerase, our current core brand, and have continued improvements
2014	Launched the Norovirus Detection Kit, a norovirus testing reagent, and have continued improvements
2020	Gained approval for our SARS-CoV-2 genetic testing reagent to be covered by public medical insurance as a method in conformance with the Manual for Pathogen Detection 2019-nCoV (issued by the National Institute of Infectious Diseases)

# (Overview by Solution) Films and Functional Materials

## Growth Strategy

### We focus on creating environmental value added solutions, while expanding existing product sales

The Films and Functional Materials Solutions Division was created by combining our films, adhesives and coating-related operations.

Food loss is a growing social issue. In the packaging field, we will continue to increase sales of transparent vapordeposited film ECOSYAR®—a food storage film with excellent performance and cost. In the industrial films field, we intend to strengthen our capacity to supply COSMOSHINE SRF® by introducing offshore OEMs, while aiming to increase our market share from the current 35% to 50%. In mold releasing films for MLCC, we aim to raise our market share from 25% to 30% to meet solid demand, by expanding facilities at the Tsuruga Research and Production Center.

As well as increasing sales of these existing products, we will accelerate new cross-departmental initiatives. The deepening collaboration between the films and functional materials departments is one example of this. We aim to boost sales and realize efficiencies through deeper information sharing between the two departments. We will also tackle the challenge of creating new value and solutions by optimally integrating our assets in various fields.

We will also focus on the development of biomass-derived polymers in cooperation with the new Renewable Resources Business Development Department, as we aim to become a global leader in environmentally sound products and solutions.



Chikao Morishige  
Representative Director & Senior Managing  
Executive Officer  
Head of Safety and Disaster Management  
Head of Films and Functional Materials  
Solutions
















### Future Vision

- No.1 global manufacturer of eco-conscious films
- Comprehensive provider of resins

### < Key Products >

Films, functional materials (VYLON®, HARDLEN® / plastics processed products)

# Value Creation Flow

Process	ESG aspects		■ Related material issues
	 <b>Enhancement of positive effects</b> (increasing opportunities)	 <b>Mitigation of negative effects</b> (reducing risk)	
Procurement	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>Procuring recycled raw materials from PET bottles(Films)</li> </ul>		Product life cycle management
Manufacturing	 <b>Preventing climate change</b> <ul style="list-style-type: none"> <li>Installation of gas cogeneration facilities, conversion of fuel from coal to gas</li> </ul>		Reducing greenhouse gas emissions
	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>Re-use of recycled raw materials Crisper®, KAMISHINE®, SPACECLEAN®, CYCLE CLEAN®, RESHINE®(Films)</li> <li>Re-use of non-conforming products COSMOSHINE SRF® (Films)</li> <li>Re-use of HAGIPRO resin* full-scale start of production scheduled for October 2021 (Films)</li> </ul> <p>* Impurity-free PET made by removing the surface treatment of films that would otherwise reduce recyclability</p>		Product life cycle management
Sales / Use	 <b>Solutions for customer challenges and social issues</b> <ul style="list-style-type: none"> <li>Saving resources and reducing GHG emissions by using recycled raw materials and developing thinner products Shrink film SPACECLEAN® Film of recycled PET resin CYCLE CLEAN® Film of plant-derived raw materials BIOPRANA®</li> <li>Enables long-term food storage, reducing food loss Transparent vapor-deposited film ECOSYAR®</li> <li>Enhances the performance of communications equipment Polarizer protective films for LCDs COSMOSHINE SRF® Mold releasing films for MLCC COSMOPEEL®</li> <li>Replaces metals, reducing weight Copolymerized polyester VYLON®</li> <li>Does not use solvents, reducing environmental impact Environmentally conscious printing plates Printight®, Cosmolight®</li> </ul> <div>       </div> <div>   </div>		Ability to provide solutions (contribution through our business)
			Reducing greenhouse gas emissions
			Reducing environmental impact
Disposal / Re-use	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>Collecting and recycling silicon-coated films (Films)</li> </ul>		Product life cycle management

# Major ESG Topics in Business Processes

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## Resource circulation

We promote resource circulation by collecting offcuts from the manufacturing process and used end products, recycling them and using them as materials. We also help to reduce the volume of resources used by developing high-strength and thin products.

## Preventing climate change

We continue to install gas cogeneration facilities, which can efficiently use the waste heat produced from power generation. We are also promoting conversion of fuel from coal to gas. Through these initiatives, we are reducing CO<sub>2</sub> emissions.

# Value Provided Through Products and Services

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## Films that help reduce food loss

The transparent vapor-deposited film ECOSYAR®, which demonstrates outstanding gas barrier characteristics, is ideal for long-term food storage and helps to reduce food loss.

As no metals are vapor deposited, the film is also suitable for heating in microwave ovens.



Food packaging using ECOSYAR®

## Films that enhance the functionality of LCD displays

COSMOSHINE SRF® polarizer protective film for LCDs is a product that eliminates the coloration caused by birefringence seen in conventional polyester films. With the increasing size of LCD TVs, as well as the shift to bezel-less screens and open-cell panels, the product has gained a large market share.

## Films that help save resources

Toyobo develops and provides films for PET bottle labels that help to save resources through the use of recycled raw materials and a thinner product profile. For example, CYCLE CLEAN®, a film of recycled PET resin, has increased the ratio of recycled resin to a world-leading 80% while retaining the properties of conventional products.

Meanwhile, the heat-shrinkable polyester film SPACECLEAN® is the world's thinnest polyester film, at 20 µm. This is at least 50% thinner than conventional products, and helps to significantly save on resources.



CYCLE CLEAN®

## **Mold releasing films for ceramic capacitors, supporting the shift to IoT**

Ceramic capacitors are multipurpose electronic components that adjust electric current and temporarily store electricity. They are used in various types of electronic circuit.

Our mold releasing films for MLCC, including COSMOPEEL®, are essential to the production of ceramic capacitors. Toyobo is the only manufacturer with an integrated process from production of the raw film to coating of the releasing layer, supporting the spread and development of IoT and AI.

# (Overview by Solution) Mobility

## Growth Strategy

### We optimize Group synergies to meet social and market expectations, including improving environmental performance and safety

Against a backdrop of technological innovation in various fields and increasing consumption of lifestyle services, the automotive industry is entering a 1-in-100-year period of great change, with further market expansion anticipated.

In our engineering plastics business, where replacing metal with plastic components helps to realize more lightweight products and reduce CO<sub>2</sub> emissions, the Mobility Solutions Division has established systems for rapidly gathering information from our sales bases worldwide and developing/proposing products. This has resulted in a comprehensive lineup of materials, and we are expanding sales through a combination of advanced technology and attentive after-sales support.

In the airbag business, which supplies products that keep passengers safe, we aim to double net sales by recovering market share in Asia following the establishment of a new fabric plant in Thailand, and by stepping up sales promotion to multinational customers.

In addition, more than 10 business divisions and operating departments within the Toyobo Group provide a variety of automotive materials. Going forward, we aim to create synergies by promoting Group cross-organizational systems and initiatives, including a "Mobility Marketing Strategy Department" and "Mobility Strategy Council." We are aiming to achieve further growth through participation in CASE<sup>\*1</sup> and MaaS<sup>\*2</sup> projects, development of composite materials, and initiation of M&A.

<sup>\*1</sup> Abbreviation of "Connected, Autonomous, Shared, Electric." Refers to the latest technological advances in automobiles

<sup>\*2</sup> Abbreviation of "Mobility as a Service." Refers to the provision/use of various forms of transportation as a one-stop service, and the systems for that



Shigeo Takenaka  
Senior Managing Executive Officer  
Head of Mobility Solutions Division

### Future Vision

- No. 1 global airbag fabric manufacturer
- Top-tier engineering plastics manufacturer
- Partnerships with global automakers

#### < Key Products >

Engineering plastics, airbag fabrics, etc.

## Realizing our vision
















The Mobility Solutions Division aims to create social value through the fusion of materials and technology in areas such as textiles, films, resins and healthcare, cultivated by the Toyobo Group over many years.

Through active collaboration with customers, academic institutions and partnering technology firms, we propose total solutions in areas targeted by the future mobility market, such as improving comfort in the interior space of vehicles, eliminating the painting process and significantly reducing CO<sub>2</sub> emissions by shifting to monomaterials, and extending cruising range through improved electric power efficiency.



Manipularer® concept car Based on the concept of "manipulating air," it employs more than 50 Toyobo materials and technologies

# Value Creation Flow

Process	ESG aspects		■ Management base
	 <b>Enhancement of positive effects</b> (increasing opportunities)	 <b>Mitigation of negative effects</b> (reducing risk)	■ Related material issues
Procurement	 <b>Chemical substances management</b> <ul style="list-style-type: none"> <li>Conducting reviews to ensure compliance with legal regulations and switching to alternative components</li> </ul>		Reducing environmental impact
	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>Promoting use of recycled resin</li> </ul>		Product life cycle management
Manufacturing	 <b>Preventing climate change</b> <ul style="list-style-type: none"> <li>Establishing efficient production methods, promoting energy conservation</li> </ul>		Reducing greenhouse gas emissions
	 <b>Developing human resources</b> <ul style="list-style-type: none"> <li>Hiring local workers in overseas plants</li> <li>Providing technology support to domestic and overseas Group companies</li> </ul>		Human resource management
	 <b>Worker health &amp; safety</b> <ul style="list-style-type: none"> <li>Raising awareness of preventive maintenance to prevent accidents</li> </ul>		Safety, disaster prevention, quality
Sales / Use	 <b>Solutions for customer challenges and social issues</b> <ul style="list-style-type: none"> <li>Reducing GHG emissions, enhancing energy efficiency and improving safety in next-generation mobility</li> <li>Helping to realize a pleasant vehicle interior space (safety and comfort)</li> </ul> Engineering plastics: Polyester resin specially targeted for injection molding VYLOPET® Thermoplastic polyester elastomer PELPRENE® High-performance polyamide resin GLAMIDE® Biomass polyamide resin VYLOAMIDE® Thermoplastic stampable sheet QuickForm® Non-coated and coated fabrics for airbags		Ability to provide solutions (contribution through our business)  Reducing greenhouse gas emissions
	     		
Disposal / Re-use	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>Collecting and recycling airbag fabric offcuts, and recycled as engineering plastics resins</li> <li>Collecting and recycling packaging film offcuts, and recycle as engineering plastics resins</li> </ul>		Product life cycle management

## Major ESG Topics in Business Processes

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### Resource circulation

We are working to recycle resources that were previously discarded, by collecting and utilizing offcuts from the manufacturing process. For example, we collect the fabric offcuts that are produced during airbag manufacturing and recycle them into highly heat-resistant resin. We also re-use certain packaging film offcuts as the raw material for engineering plastics.

### Preventing global warming

By combining the Toyobo Group's functional materials (resins, adhesives, films, etc.), we aim to reduce and substitute the processes for vehicle painting lines—said to consume the most energy during automobile production—and help to realize Japan's "Well-to-Wheel Zero Emission" challenge.\*

\* A policy set out by Japan's Ministry of Economy, Trade and Industry, which aims to reduce greenhouse gas emissions from energy production and vehicle travel to zero

### Developing human resources

As Toyobo's operations become increasingly global, we actively employ local workers to optimize operation of our overseas plants. We also provide technical support to our domestic and overseas Group companies to develop human resources.

## Value Provided Through Products and Services

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### Engineering plastics contribute to vehicle weight reduction

High-performance polyamide resin GLAMIDE® contains 70% reinforced fibers, far exceeding global standards. This gives it sufficient strength as an alternative to metals, contributing significantly to reducing component weight. High-melting-point polyamide VYLOAMIDE® is made from biomass, but also has outstanding heat resistance and cuts water absorption—a shortcoming of nylon—to one-third that of previous polyamide resins.

Thermoplastic stampable sheet QuickForm® demonstrates high strength and high elasticity, as well as outstanding impact resistance, and contributes to lighter component weight. We also anticipate its use in the structural components of automobiles.

Thermoplastic polyester elastomer PELPRENE® has excellent heat and oil resistance, and a lower specific gravity than vulcanized rubber, while its thermoplasticity makes it suitable for re-use. As a result, it has various applications.

### Airbag yarn and fabrics, keeping passengers safe

The airbag yarn and fabrics provided by the Toyobo Group are used in 40% of all airbags worldwide.

ECOKURELEAF® is a nylon resin for molding materials, manufactured from the offcuts of fabrics collected during the manufacturing process. It is re-used as a material in engine covers and airbag covers.



Provision of airbags fabrics

# (Overview by Solution) Lifestyle and Environment

## Growth Strategy

### We employ our unique technologies to help solve global issues such as climate change and water shortages

The Lifestyle and Environmental Solutions Division targets fields that relate to our daily life and the surrounding environment. Previously, each division had an independent strategy, but from now on this Division will gather information and draw up strategies that match growth markets to the technology assets of each division and affiliated company. We will provide in-demand solutions to our customers and society, expand our existing businesses, and accelerate the creation of new business opportunities.

In particular, we will proactively contribute to resolving various global issues with our unique membrane/filter technologies and functional materials—including climate change, air pollution and water shortages, where urgent action is needed.

More specifically, we will be focusing on water-related businesses, in addition to systems and filters that recover VOCs—one of the causes of photochemical smog. With regard to membranes used in desalination plants, our unique RO membranes have been helping to resolve water shortages. In the coming years, we will be actively developing and expanding sales of more energy-efficient forward osmosis (FO) and brine concentration (BC) membranes, which are similarly used in the desalination process (the latter are also effective in purifying industrial wastewater).

Based on the slogan “breaking down conventional barriers,” the newly formed Lifestyle and Environmental Solutions Division will work with speed as we combine the technological know-how in our product offerings of each division.



Shigeo Nishiyama  
Senior Managing Executive Officer  
Head of Lifestyle and Environment Solutions  
Division














### Future Vision



- Leading global manufacturer of functional nonwoven fabrics
- Environmental solutions provider
- Industrial and consumer materials provider with functional textiles and trading expertise

### < Key Products >

Desalination membranes, wastewater treatment systems, equipment for VOC emissions treatment, high-performance nonwoven fabrics (various applications including automotive components, materials, filters), chemical synthetic fiber, super fibers, textiles

# Value Creation Flow

Process	ESG aspects		■ Management base
	 <b>Enhancement of positive effects</b> (increasing opportunities)	 <b>Mitigation of negative effects</b> (reducing risk)	■ Related material issues
Procurement	 <b>Resource circulation</b> <ul style="list-style-type: none"> <li>• Use of renewable plant-derived materials (Environment, Functional Textiles)</li> <li>• Use of materials recycled from PET bottles (Nonwoven Fabrics, Functional Textiles)</li> </ul>		Product life cycle management
	 <b>Preventing climate change</b> <ul style="list-style-type: none"> <li>• Energy conservation through systems improvement and greater production efficiency (Nonwoven Fabrics)</li> <li>• Reduction of transport-related GHG emissions through local production (Nonwoven Fabrics, Environment, Functional Textiles)</li> </ul>		Reducing greenhouse gas emissions
Manufacturing	 <b>Quality and customer health &amp; safety</b> <ul style="list-style-type: none"> <li>• Regular Quality Assurance meetings with customers to strengthen quality control (Nonwoven Fabrics, Functional Textiles)</li> </ul>		Safety, disaster prevention, quality
	 <b>Developing human resources</b> <ul style="list-style-type: none"> <li>• Active employment of local workers by Saudi Arabian affiliated company (Environment)</li> <li>• Chinese affiliated company has assigned local workers to managerial and sales positions (Nonwoven Fabrics, Functional Textiles)</li> </ul>		Human resource management
Sales / Use	 <b>Solutions for customer challenges and social issues</b> <ul style="list-style-type: none"> <li>• Supplying the world with safe water Seawater desalination and wastewater treatment systems (RO, BC, FO membranes)</li> <li>• Harmful substances are adsorbed, reducing the impact on the environment Activated carbon fiber K-Filter®, Equipment for VOC emissions treatment Functional nonwoven fabrics (electret air filter ELITOLON®, heavy metal ion adsorbent spunbond COSMOFRESH NANO™) PPS fibers for bag filters PROCON®</li> <li>• High functionality, recyclable, enhanced comfort Three-dimensional cushion material BREATHAIR®</li> <li>• Reduces weight and conserves resources Super fibers IZANAS®, Tsunooga®, ZYLON®</li> </ul>		Ability to provide solutions (contribution through our business)
	     		Reducing greenhouse gas emissions

Disposal / Re-use	<div>  <b>Resource circulation</b> </div> <ul style="list-style-type: none"> <li>Hollow fiber membrane materials are biodegradable after disposal (Environment)</li> </ul>	Reducing environmental impact
	<div>  <b>Health &amp; safety of local residents</b> </div> <ul style="list-style-type: none"> <li>Prevention of soil contamination, control of poisonous gases during combustion (Environment)</li> </ul>	Product life cycle management
		Reducing environmental impact

## Major ESG Topics in Business Processes

### Resource circulation

We are committed to selecting raw materials with a focus on resource circulation. For example, hollow fiber membranes use renewable plant-derived materials and in 2010, Toyobo achieved Biomass Mark\* Certification. In addition, polyester staple fibers use materials recycled from PET bottles.

\* Biomass Mark: A mark awarded to environmental products that use biomass and comply with quality and safety-related legal regulations, criteria and standards.

### Preventing global warming

As well as reducing the volume of CO<sub>2</sub> emitted in manufacturing processes, we are cutting CO<sub>2</sub> emissions during transportation. For example, we manufacture desalination membranes in the Middle East to provide for the desalination plants there.

### Developing human resources

We have established local affiliated companies in the Middle East and other regions, and local affiliated companies in China and emerging markets actively hire local workers, contributing to industrial diversification and employment creation.

## Value Provided Through Products and Services

### Activated carbon fiber for recovery of VOCs

K-FILTER® is a uniquely activated carbon fiber developed by the Toyobo Group, which we are the first to commercialize in the world. Over 1,500 equipment for VOC emissions treatment using this filter have been supplied both in Japan and internationally, and are helping to prevent air pollution.



K-FILTER® equipment for VOC emissions treatment

## Membranes for desalination and wastewater treatment

Numerous large-scale desalination plants in the Middle East have adopted the Toyobo Group's RO membranes for desalination, to eliminate water shortages.

We have also developed the BC membranes for wastewater treatment, based on our RO membrane technology. It is more energy-efficient than the existing evaporation method.



RO membrane for seawater desalination

## Filters that protect the body from harmful substances

The electret air filter Elitolon® is used in masks, air purifiers and air conditioning systems, among other applications. It protects the body from dust, tobacco smoke, NOx, SOx, radioactive iodine, PM2.5, viruses, etc.

## Nonwoven fabric for preventing soil contamination, etc.

Functional PET spunbond nonwoven fabrics, which use recycled polyester materials, have a variety of applications including automotive, construction, civil engineering, packaging, and hygiene products.

They help protect the environment and mitigate companies' environmental impact in various ways, including preventing soil contamination.

## Cushion materials with high antibacterial properties

The three-dimensional cushion material BREATHAIR® excels in air permeability, cushioning characteristics, water permeability, and durability. It also includes antibacterial properties, and is widely used in hospitals and nursing care facilities.



BREATHAIR®

# (Overview by Solution) Life Science

## Growth Strategy

### Contributing to the development of healthcare and improvement in QOL with one-of-a-kind products

The mission of the Life Science Solutions Division is to consistently “create the solutions for people and the earth” in the healthcare and life science field. Based on our bio- and membrane technologies, we strive to find solutions for the issues faced by users and society, through the fusion and synergy of diverse technologies.

In the diagnostic reagent business, we bring our long-standing expertise in research reagents, to contribute in improving public health, with a focus on developing gene testing agents and their associated materials for a variety of infectious diseases. We are also expanding our lineup of highly functional antibodies for immunity testing agent materials.

In the pharmaceuticals business, we specialize in contract manufacturing of sterile injections to meet growing demand, where our strengths lie in compliance with regulations in Europe, the United States and Japan.

In the medical membranes field, we are improving our manufacturing technology and developing a new business model for active use in areas including hemodialysis, blood purification and antibody drug processes.

In the medical equipment field, we are working hard to expand sales of regenerative medical materials, aiming for standardized treatment. Moreover, we are accelerating research and development by utilizing products from our other businesses as well as employing external expertise.

Through these strategies, we develop and provide “one-of-a-kind” products that our competitors are unable to emulate, thereby contributing to the development of healthcare and improvement in quality of life (QOL).



Yutaka Ouchi  
Director & Managing Executive Officer  
Head of Life Science Solutions











### Future Vision





- Top domestic provider of solutions for genetic diagnoses of infectious diseases
- Global-leading medical membrane manufacturer

#### < Key Products >

Bioproducts (research reagents, diagnostic systems, raw materials for diagnostic applications), pharmaceutical products (contract manufacturing of injections, etc.), medical equipment (nerve regeneration inducing materials, bone regeneration inducing materials, biocompatible polymers), medical membranes (artificial kidney hollow fiber membrane, hollow fiber membrane for blood purification, virus-removing hollow fiber membrane for antibody drug processes)

# Value Creation Flow

Process	ESG aspects		■ Management base
	<div> <div>  </div> <div> <b>Enhancement of positive effects</b> (increasing opportunities)                 </div> </div>	<div> <div>  </div> <div> <b>Mitigation of negative effects</b> (reducing risk)                 </div> </div>	■ Related material issues
Procurement	<div> <div>  </div> <div> <b>Quality and customer health &amp; safety</b> </div> </div> <ul style="list-style-type: none"> <li>Acceptance testing based on GMP (Pharmaceuticals)</li> <li>Ensuring complete traceability of raw materials in products intended for implant</li> </ul>		<div>Safety, disaster prevention, quality</div>
Manufacturing	<div> <div>  </div> <div> <b>Worker health &amp; safety</b> </div> </div> <ul style="list-style-type: none"> <li>Conducting prior reviews concerning the safety of chemical substances</li> </ul>		<div>Safety, disaster prevention, quality</div>
	<div> <div>  </div> <div> <b>Quality and customer health &amp; safety</b> </div> </div> <ul style="list-style-type: none"> <li>Strict controls based on GMP (Pharmaceuticals)</li> </ul>		<div>Safety, disaster prevention, quality</div>
	<div> <div>  </div> <div> <b>Preventing climate change</b> </div> </div> <ul style="list-style-type: none"> <li>Promoting energy conservation by upgrading to highly efficient equipment (Medical Membranes)</li> </ul>		<div>Reducing greenhouse gas emissions</div>
	<div> <div>  </div> <div> <b>Resource circulation</b> </div> </div> <ul style="list-style-type: none"> <li>Collecting offcuts, etc. and providing these to manufacturers that regenerate raw materials (Pharmaceutical Membranes)</li> <li>Reducing packaging material volumes by simplifying packaging (Medical Equipment)</li> </ul>		<div>Product life cycle management</div>
Sales / Use	<div> <div>  </div> <div> <b>Solutions for customer and social issues</b> </div> </div> <ul style="list-style-type: none"> <li>Enhancing QOL through our contributions to medical settings Nerve regeneration conduit Nerbridge® Artificial kidney hollow fiber membranes Fully automated gene analysis system GENECUBE® Sterile injections, etc.</li> </ul> <div> <div>  </div> <div>  </div> </div>		<div>Ability to provide solutions (contribution through our business)</div>

Disposal / Re-use	<div>  <b>Quality and customer health &amp; safety</b> </div> <ul style="list-style-type: none"> <li>Formation of scientific support group to prevent incorrect use of products (Medical Equipment)</li> </ul>	Safety, disaster prevention, quality
	<div>  <b>Chemical substances management</b> </div> <ul style="list-style-type: none"> <li>Selection of specified collection contractors for organic solvents, etc. (Medical Equipment)</li> </ul>	Reducing environmental impact
	<div>  <b>Worker health &amp; safety</b> </div> <ul style="list-style-type: none"> <li>Installation of exhaust ducts at sites where organic solvents are handled (Medical Equipment)</li> </ul>	Safety, disaster prevention, quality
	<div>  <b>Health &amp; safety of local residents</b> </div> <ul style="list-style-type: none"> <li>Outsourcing of waste material processing to specialist operators (Medical Equipment)</li> </ul>	Safety, disaster prevention, quality  Reducing environmental impact

## Major ESG Topics in Business Processes

### Resource circulation

In the medical membrane field, we collect offcuts during manufacturing and provide these to manufacturers that regenerate raw materials, realizing resource circulation. In the medical equipment field, wherever possible we simplify packaging at the point of sales to avoid wasting resources, while always ensuring quality.

### Health & safety

In the pharmaceuticals field, besides implementing GMP control measures, we carry out product-specific initiatives in each area. For example, in the medical equipment field, we ensure complete traceability of raw materials in products intended for implant. The scientific support group also trains users to prevent incorrect use.

## Value Provided Through Products and Services

### Enzymes and analysis systems supporting diagnostics

To contribute to the health of people worldwide, we supply diagnostic-use enzymes to diagnostic reagent manufacturers for use in biochemical diagnosis.

We also provide the fully automated gene analysis system GENECUBE®, which uses our unique high-speed nucleic acid amplification technology to simplify and shorten the process from nucleic acid extraction to amplification and detection. This helps to reduce treatment times and cut drug costs.

### Reagents aiding research into SARS-CoV-2

Employing our unique enzymes, SARS-CoV-2 Detection Kit enables the genetic extraction process to be completed in as little as two minutes.

By optimizing the enzyme action through the preparation of a reagent compound, the time taken to amplify the extracted genes has been cut by more than half. The process from extraction to measurement can be completed in under 60 minutes.

### Medical equipment promoting regeneration of peripheral nerves

The nerve regeneration conduit Nerbridge® is a device that promotes the regeneration of peripheral nerves severed or damaged as a result of an injury or related causes. It is the first treatment device to obtain approval in Japan using this technology. There is no need to harvest undamaged nerves, unlike in conventional treatment, which shortens surgery time and helps to reduce the burden on the patient. After nerve regeneration, the product is dissolved and absorbed safely by the patient's body.



Nerbridge®

### Hollow fiber membranes helping to improve dialysis patients' treatment and QOL

Toyobo provides artificial kidney hollow fiber membranes with the aim of improving treatment results for dialysis patients and their quality of life (QOL). Our membranes boast outstanding filtering performance and stable waste removal performance, with little degradation over time, while also demonstrating superior biocompatibility.



Dialyzer for artificial kidney using a hollow fiber membrane

# The Future our R&D is Creating

The Toyobo Group is advancing innovation to prepare for the future to fulfil our corporate vision.

We are pursuing innovation various directions ranging from researching clean technology for carbon neutrality and a circular economy to developing new life science products which are become increasingly important amid concern about the potential spread of infectious diseases. With the advances in digitalization, we are also exploring the promise of new technologies, such as Materials Informatics, that are opening the door to new possibilities.

## Message from Controlling Supervisor of Innovation Division

### We are creating the Toyobo that will contribute to the society of 2030



**Yasuo Ota**

Managing Executive Officer,  
Controlling Supervisor of Innovation Division

Innovation is the source of the Group's competitiveness. Our focus in recent years has become geared more to the long term and to addressing social issues. The Mirai Value Proposition Project is bringing together members from various departments to envision Toyobo in the year 2030— what kind of business will we engaging in, what value do we want to be providing, and who will we be providing it to. We are not waiting for someone to take the lead; every person is making their own future.

### Spurring innovation through active collaboration

We are also engaging open innovation and other collaborative activities with other companies. Toyobo is at the middle of a value chain enabling smooth and quick communication both upstream and downstream. Our positioning facilitates open innovation and makes it one of our strengths. This strength gives us greater latitude to pursue our objectives. For example, we are approaching achieving carbon neutrality by using our technologies while also considering if sharing our technology with other companies could help us attain our goal.

We are also spurring open innovation with startup companies that can apply our technologies by actively providing venture capital investment in venture companies, universities, and research institutes designing advanced manufacturing technologies. One of our investment initiatives is to provide venture capital to support R&D and technological development of venture concepts with a focus on seed ideas in the earliest stages at universities. The Toyobo Group has a successful history of building seed ideas from the R&D stage, and our investments are not focused on introducing technologies that are already developed but on technologies that we can build together.

In addition, we are rebuilding the Research Center to create an atmosphere of active and open innovation where it is easy for people to gather and generate various ideas. The institute also has systems and facilities designed to accommodate career professionals and foreign and female researchers to support the diversity that is key to innovation.

## A spirit of creating new businesses with tenacity and without fear of failure

To realize the Group vision and grow sustainably, we will continue expanding our R&D in markets we expect to grow and in which the Group has competitive leads, such as high-performance films and other functional materials, life sciences, and the environmental field. In functional materials, we will accelerate research on next-generation products that can provide solutions not just from the aspect of materials but from the perspective of customer needs. In the life science field, in addition to advancing our core business in diagnostics, we are also targeting fields where we can support well-being for a vast number of people. For example, we have developed our “*kansei*” engineering technology which is quantifying and evaluating comfort levels from 1970s. We are seeking to expand this technology to encompass psychological and physiological evaluations while also broadening our product range from clothing to living spaces. In the environmental field, we will develop technologies that will help realize a carbon neutral society and circular economy, beginning with our own various clean technologies and biopolymers. We also plan to give more emphasis to R&D related to carbon capture, use and storage (CCUS), such as in carbon dioxide immobilization and storage methods.

I tell our researchers that I want them to always have the spirit of creating a new business. I also encourage them to take on challenges without fear of failure and to broaden their radar and connections inside and outside our company and overseas as well.

The slogan we follow to encourage innovation is “Try many, fail quickly.”

## Toyobo Research Center innovation in “leading-edge technology”



Research Center

Research Center began operations in 1931 with the R&D of fibers and textiles and for 90 years has been expanding its research to meet changing needs for a full range of films, biotechnology, and high-performance products. The center has grown into an expansive research complex with its own production department and currently serves as the R&D base for the whole Toyobo Group.

Toyobo's Research Center has approximately 500 employees concentrating on strengthening and integrating basic technologies that will lead to new products and technologies and pursuing innovative technologies, products, and solutions that can contribute to solving social issues.

Within the center, the Corporate Research Center directs our basic research by establishing the clear relationships from the proposal stage between our research themes and the 17 SDGs for the year 2030 and beyond.

# The Development of ImmunoArrow™ SARS-CoV-2

## Quick and accurate SARS-CoV-2 detection



ImmunoArrow™ SARS-CoV-2

Antigen test kits are increasingly being used in Japan and overseas as a reliable method for quick and accurate detection of SARS-CoV-2 (which causes new coronavirus infections (COVID-19)) and as an aid to preventing the spread of the disease. In June 2021, the Toyobo Group introduced the immunochromatographic ImmunoArrow™ SARS-CoV-2 antigen test kit for medical institutions and testing laboratories. The "arrow" in the name reflects the test's ability to detect the SARS-CoV-2 antigen as quickly and accurately as an arrow.

We responded to the urgency of the situation and strong social need by vastly accelerating our developmental processes. Below is a dialogue between two of the researchers involved in the project.

## We stepped up R&D to meet the urgency of the social situation and successfully created a product

**Okamoto** The Group has previously developed and delivered the GENECUBE® fully automated gene analysis system and SARS-CoV-2 genetic test reagents. We also thought that creating an antigen test kit could lessen the burden on medical professionals and help prevent the virus from spreading.

**Nishimura** Polymerase chain reaction (PCR) testing requires equipment that is generally only available at larger medical institutions. We thought that there was a strong need for an antigen test kit that does not require special equipment so it could be used at smaller medical clinics and be available wider testing.

**Okamoto** We were already conducting R&D in immunochromatographic testing as one of our base technologies, and when the pandemic broke out we started talking about whether we could develop it for COVID-19. One of our biggest challenges was the fact that this was the first time we were trying to create a product that used the immunochromatographic technique.

**Nishimura** Honestly, we felt like we were in a huge hurry because we knew that it had to be developed quickly and also because the situation was rapidly changing and other makers had already released immunochromatographic products. But it was a fantastic experience to strongly believe that we could create a better product than what was available and then to bring it to full fruition.



(left)

### Jun Okamoto

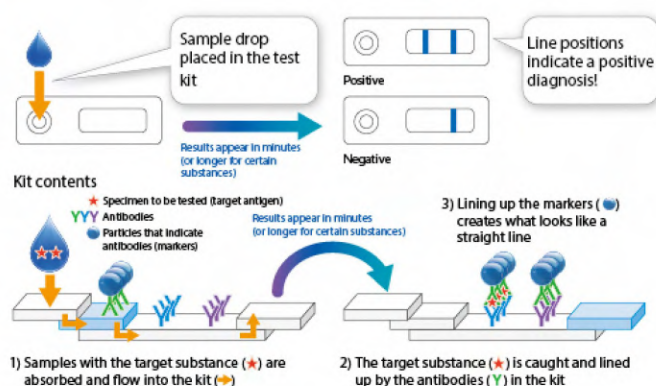
Bio-Science & Medical Research Unit,  
Corporate Research Center  
New Development Group, Biotechnology  
Research Laboratory

(right)

### Kengo Nishimura

Bio-Science & Medical Research Unit,  
Corporate Research Center  
(Previously IVD Development Group,  
Biotechnology Research Laboratory)

## What is immunochromatography?



Immunochromatography is a quick diagnostic method that using capillary action to measure antigen-antibody reaction, and is used around the world to diagnose influenza and test for pregnancy. The advantages of immunochromatography for SARS-CoV-2 testing and detection are that it is quicker than PCR tests and it does not require special equipment.

## Technological teamwork with the University of Toyama and others were critical

**Nishimura** The kit's accuracy requires highly sensitive and specific antibodies and particles to act as markers for visualizing the reaction. The antibodies were developed using the Company's base technologies and through technical cooperation with the University of Toyama. Working together, we conducted multifaceted evaluation testing and in a very short time were able to very efficiently identify promising antibodies from a huge number of candidates.\*

**Okamoto** We selected the particles to use as markers by testing which ones had the highest sensitivity, which led to choosing particles different from those used in conventional immunochromatography methods. A major feature of this product is superior antibodies and particles that it uses.

**Nishimura** We also enhanced kit performance by adding features like technology to suppress non-specific reactions and to enhance reactivity.

**Okamoto** That was our first experience with manufacturing, so we did many trial tests and made many improvements to the technology before we released the product.

**Nishimura** We had to work through many different opinions about how many trials to conduct and how to balance quality with the delivery period, but everyone wanted to put out a product that we all agreed on. We always returned to that as our starting point, and that enabled us to keep working with mutual understanding and respect.

**Okamoto** We were also hurrying to get it out because we were starting later than other companies and did not yet have a kit on the market. At the same time, everyone on our team felt it was essential to ensure the kit's reliability.

**Nishimura** I think it was a major point that, through all of the many discussions, everyone on the team had the same mindset. Because of that, a sense of teamwork naturally developed. In the end, I think it worked really well because each person understood their role, and was able to work as a team while thinking independently about who should do what and when. I think the collaboration inside and outside the company is what ultimately made the project successful.

\* The antibody used in this product was produced in participation with the Research Program on Emerging and Re-emerging Infectious Diseases (second open recruitment) and Research on the development of immediate clinical testing systems for SARS-CoV-2 of the Japan Agency for Medical Research and Development (AMED) in fiscal 2020.



## Immunochromatography will continue to be used for quick action on infectious diseases and mutant viruses

**Okamoto** When we were creating the immunochromatography method for the kit, we developed our own antibodies, antigens, and other biomaterials in-house. But as we worked, I had the impression that the Company's base materials are fertile ground for creating many more materials. I think there is potential to fuse our non-woven fabrics, membranes, and other base materials with biomaterials to produce new all-Toyobo products with distinctive features.

**Nishimura** In addition to the PCR test reagents, I would like to build out and serialize the ImmunoArrow™ brand to provide a wide range of solutions for infectious diseases, which is one of our objectives in the life science field. I wonder if, in the future, testing can be easier and be done in more situations, such as before entering a stadium or train station.

We created this kit for COVID-19, but would like to continue improving our antibody acquisition and production technology and our development and production technology related to immunochromatography so we can make test kits more quickly when a highly infectious influenza virus or other type of new virus mutation appears.

I would like us to continue working in this area to become one of the leading companies in the solution business for diagnosing infectious diseases.

Whatever direction we go in, I would like us to continue placing the emphasis on teamwork.

## Development team members

### Bio-Science & Medical Research Unit, Corporate Research Center



Biotechnology Research Laboratory



Diagnostic System Department



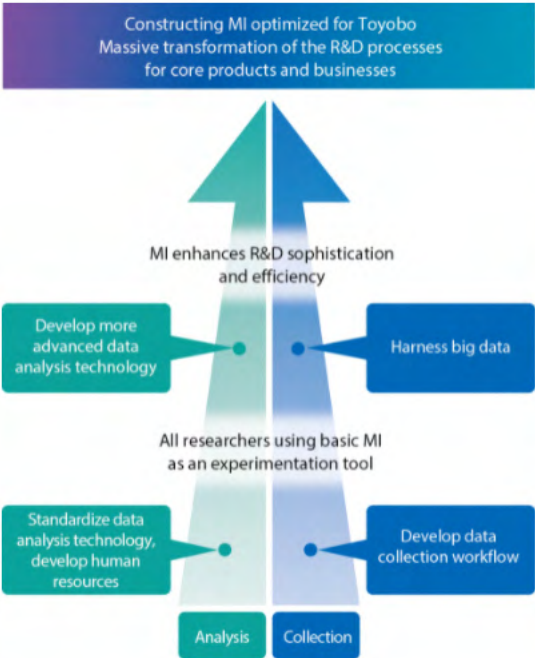
# Construction of the Optimal Materials Informatics System

## Transforming R&D with DX —Integrating materials informatics

Amid the rapid changes in our society, the Toyobo Group is aiming to use IT and DX to bring out the full potential of its technologies in various areas. Materials informatics (MI) is one of the key technologies we are integrating to our R&D operations. MI applies information science (informatics) methods with AI, machine learning, and statistical analysis to efficiently identify and develop materials.

We are harnessing the power of digital technology to accelerate the creation of new solutions and businesses.

### Building a structure to utilize materials informatics throughout the Company



In fiscal 2021, the Group established the IT and DX Planning Department at the head office and the DX Promotion Office at the Research Center. These two departments are spearheading construction of the optimal MI system, which will enable a significant advance in the R&D processes for the Group's core products and businesses. The first objective is for all of our researchers using basic MI as an experimentation tool by the end of fiscal 2023.

Key will be storing and analyzing the experiment data. As we build a database capable of continuously collecting and storing experiment records from all of the Group's research centers, we will train analysts and standardize the technology needed for the data analysis.

Following is an interview with a Toyobo researcher who is using and developing MI at the Research Center.

## Making the technology as easy to use as possible

### Developing analysis technology

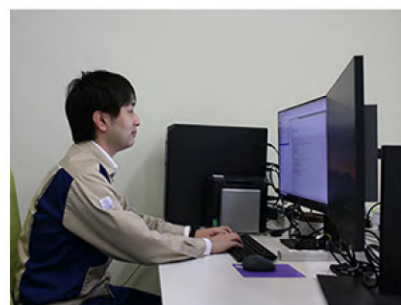


**Natsuki Ito**

Computational Research Center,  
Corporate Research Center  
and DX Promotion Office, Research Center

I work in two departments, the DX Promotion Office and the Computational Research Center. The DX Promotion Office is working with the people who will actually be using the MI with the aim of creating worksites where MI can easily be used. To that end, the office is creating a learning structure for MI-based analysis and the software needed for the analysis. I have worked on experiments as a researcher and understand that people who have not used MI before could feel reluctant to use it. That is why I'm always trying to make the software as easy to use as possible for people who are unfamiliar with the programs or digital tools.

At the Computational Research Center, we are working with the people who will actually be using the MI for experiments to broaden the range of areas where the MI will be used. In the future, we want to combine the MI and simulation to help further advance our material development.



## I want to examine and use data from both inside and outside the Company

### MI and research on seawater desalination membranes

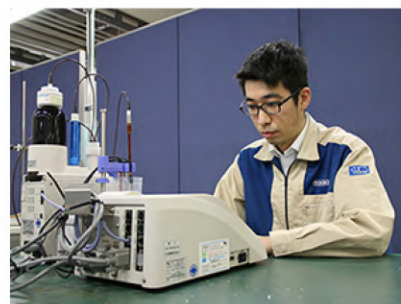


**Masafumi Shibuya**

Advanced Processing Technology Unit  
Corporate Research Center

My research group is developing next-generation seawater desalination membranes. Membrane production must satisfy certain conditions, but each condition has numerous parameters and there is never enough time to test every parameter. We use MI to instantly organize the parameters and create the optimum production conditions. My group has just begun using MI, and we are both arranging the parameters and gathering data at the same time. I'm looking forward to sharing information with the DX Promotion Office so we can quickly develop the MI system to its full potential.

Collecting in-house data is undoubtedly important, but so is data from outside the Company, such as research papers and patents, so in the future I would like to also actively incorporate public data into our analysis. However, public data is not necessarily correct, so we will need to apply our own analysis to verify its veracity.



## MI provides new perspectives on R&D

### MI and research on conductive adhesives



**Michihiko Irie**

Chemical Research Unit  
Corporate Research Center

I use MI to accelerate the R&D on conductive adhesives. I struggled with using MI at first because it was a different approach from the usual R&D processes. However it was extremely quick to find materials which in my experience wouldn't normally be considered. As we continue using MI, I think it will enable even employees with minimal experience to engineer materials like experienced professionals. I also think that improving our R&D efficiency will lead to workstyle reform. Since I'm the team leader, I would like my team members to all be using MI as a normal part of their jobs.

I also think we need to rethink where we have our researchers expend their energies. Using MI will open up time for us to focus our attention in other areas. I would like to use that time to look at outcomes that are different from conventional knowledge, and analyze and consider what mechanisms are at work.



## Collecting the data needed to find solutions

### MI and the development copolymerized polyester



**Masami Hamano**

Vylon Technology Center  
Hardlen and Vylon Development Department


At the Vylon Technology Center, we are using MI for both the analysis and collection of data. The ultimate goal is to be able to input the resin composition to the MI and instantly be able to determine the physical properties. We are improving our analysis methods and accumulating the data we will need to make that possible. Since ensuring accuracy will need a considerable amount of data and time, this is a multiyear project.

For the business divisions, it is important how quickly we can respond to customer requests for products. In the past, researchers would rely on their experience and repeated trial and error until they found the right solution. Sometimes we lost customers to competitors because they were quicker to produce a solution. Increasing the use of MI will make us faster and boost the competitiveness of our business divisions.



# Communication with Stakeholders

## Dialogue with Stakeholders

Materiality	
Related ESG: S G	
Communication with stakeholders	

### 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 help enhance its corporate value. These activities are based the following approaches.

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

#### < Goals >

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 (FY2021)
<ul style="list-style-type: none"> <li>• Active dissemination of information, strengthening of disclosure</li> <li>• Dialogue with shareholders and investors</li> <li>• Dialogue with employees</li> <li>• Collaboration and dialogue with industry, government, and academia</li> <li>• Coexistence with local communities</li> </ul>	1. No. of press releases	1. 75 per year	1. 90
	2. No. of interviews with investors	2. 150 per year	2. 144
	3. Frequency of meetings with employees and labor unions	3. At least 30 times per year	3. 14
	4. Frequency of engagement with stakeholders	4. Twice a year	4. 2 times

## 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 teleconferences for the presentations of first and third quarter results at which the Executive Officer who is Controlling Supervisor of the Corporate Planning Division 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 Annual Financial Reports, Financial Results, and Integrated Reports as well as financial data available for download 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. Toyobo also began publishing the Q&A scripts for the financial results presentations in fiscal 2020 and the teleconferences in fiscal 2021 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

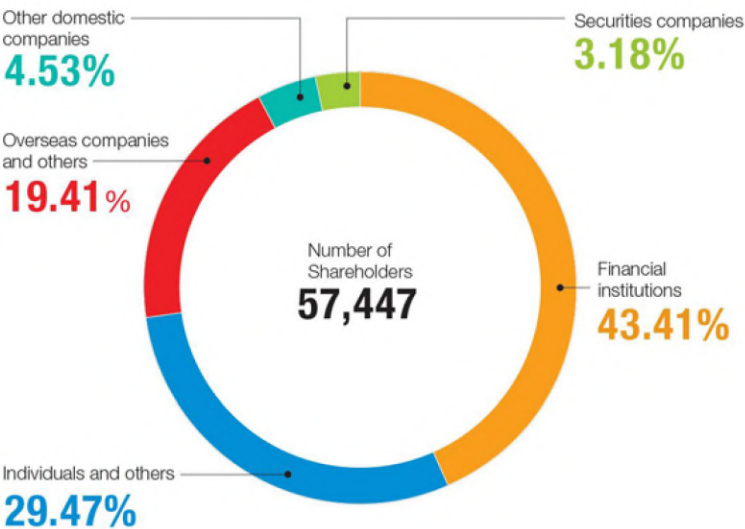
The Annual General Meeting of Shareholders is held each year in late June at Toyobo's Head Office in Osaka.

As the 163rd Annual General Meeting of Shareholders held on June 24, 2021 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, 2021)

Number of shares authorized for issue	200,000,000
Shares issued to date	89,048,792 (Including 203,350 treasury shares)
Number of shareholders	57,447

Composition of Shareholders by Type (As of March 31, 2021)



■ 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.

The Central Management Consultation Meeting is held by the labor union (headquarters) and the company once a year, and Branch Management Consultation Meetings are held once by each of the eight branches nationwide. The headquarters officers participate for the union while the President participates in the Central Management Consultation Meeting and the respective Controlling Supervisors participate in the Branch Management Consultation Meetings representing the company. The meetings usually take place face-to-face, but were held in writing in fiscal 2021 in view of the COVID-19 pandemic.

## ■ 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 are planning to have the online gatherings.

## ■ Stakeholders

Toyobo carried out two cases of communication in fiscal 2021 such as:

- 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



## ■ Local communities

Please see the Local Communities page for more details.

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

## External evaluation

### ■ Inclusion in ESG Indexes

Toyobo is listed on the following ESG Indexes , as of June 2021.

- FTSE Blossom Japan Index
- MSCI Japan Empowering Women Index (WIN)



### 2021 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

THE INCLUSION OF TOYOCO CO., LTD. IN ANY MSCI INDEX AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOYOCO CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI.MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### ■ 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 >](#)

# Activity Report : Environment

## Management Approach

### TOYOBO Group Fundamental Policy on the Global Environment

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#### 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.

#### 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.

##### 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.

# Environmental Safety Management System

In order to position and further improve safety, security, and disaster prevention as a top management priority, we established a Safety and Disaster Management Division on December 1, 2020, as an organization with strong authority directly under the president, and that specializes in this function.

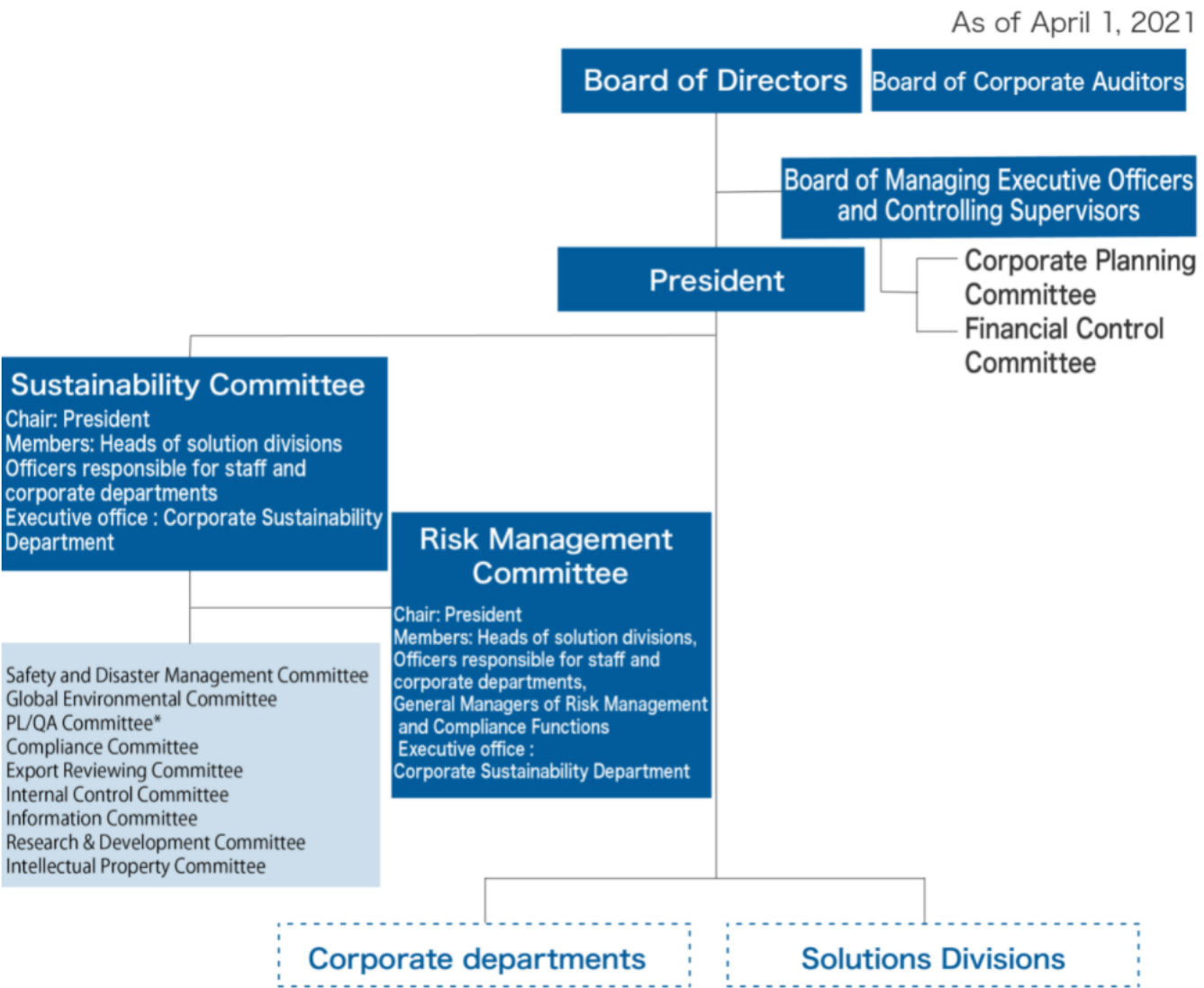
Furthermore, our Global Environment and Safety Committee has been reorganized into the Safety and Disaster Management Committee and the Global Environment Committee. The Toyobo Group has established a Global Environment Promotion Committee under the Global Environment Committee to promote global environmental protection activities.

The Global Environment Promotion Committee deliberates and decides on policy for environmental protection activities, discusses and determines specific matters, and manages their progress. Committee members visit each of our offices and plants as well as our group companies in order to conduct safety and environmental assessments, and to check the status of local activities.

To respond to climate change, the "Carbon Neutral Strategies Council" and "Carbon Neutral Strategies Cross-Functional Team" were established on April 1, 2021. We will formulate and promote our group strategy for the realization of carbon neutrality in 2050.

[Find more information about our Structure to achieve carbon neutrality here >](#)

## Organizational Chart



\* Product Liability/Quality Assurance Committee

# Environmental Management

## Environmental supply chain

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Toyobo is engaged in green procurement and green purchasing with the aim of maintaining and strengthening our environmental activities.

### Promoting green procurement and green purchasing

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 2019, we revised our "Chemical Content Information Sheet" based on the information sharing scheme "chemSHERPA<sup>®</sup>," developed by Japan's Ministry of Economy, Trade and Industry, and requested that our business partners respond. In October 2020, we revised our "CSR Procurement Guidelines."

In fiscal 2022, we plan to again revise the "Chemical Content Information Sheet" based on revisions to laws and regulations, and request that our business partners respond. For general purchased goods, we are promoting green purchasing with the use of environmental labels.

[Find more information about our Energy-saving initiatives in logistics here >](#)

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

\* "chemSHERPA<sup>®</sup>" is a registered trademark of the Japan Environmental Management Association for Industry (JEMAI).

## Environmental compliance

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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 2019 to 2021, there were no environmental-related fines or penalties.

[Find more information about our ESG Performance Data for the number of violations in fiscal 2019-2021 here >](#)

## Safety and environment assessment

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In order to improve the safety and environment levels of the Toyobo Group, the Safety and Disaster Management Promotion Committee and Global Environment Promotion Committee conduct safety and environment assessments in accordance with company regulations. As well as carrying out annual self-evaluations based on a checklist, we conduct on-site audits of each of our locations once every three years in order to maintain and improve management levels.

In fiscal 2021, we are planning to conduct on-site audits at two Toyobo business sites and eight Group companies. However, due to the spread of new coronavirus infections (COVID-19), we carried out the audits at one business site 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
2019	3 business sites	9 companies	All performed well
2020	3 business sites	10 companies	All performed well
2021	1 business site	3 companies	All performed well

There were no environmental-related accidents in fiscal 2019 to 2021.

## ISO 14001 certification status

The Toyobo Group is building and operating an environmental management system compliant with international standard ISO 14001 in order to establish and enhance our environmental management system, and promote its continuous improvement. As of the end of March 2021, 17 business sites (50% of the Group's production sites: 17 out of 34) have acquired external certification of 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

Ratio of business sites acquiring ISO 14001 certification 50% (17 out of 34 sites)

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

## Environmental education

The Toyobo Group promotes a variety of educational and awareness activities in order to improve the environmental awareness of the employees.

During Environment Month, we hold an annual environmental seminar with outside lecturers invited, in which many employees 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 2022, due to the spread of COVID-19, we held environmental seminars, connecting the lecturer and audience online. 294 employees attended the seminars, where they lively exchanged questions and answers despite being held through a screen.



FY2020 Environmental seminar



FY2021 Environmental seminar



FY2022 Environmental seminar

### Environmental exhibition

Up until fiscal 2020, the environmental exhibition had been held every year, but was canceled for fiscal 2021 in light of the spread of COVID-19.

In 2022, the environmental exhibition was changed to held in parallel with the web.

### 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, and the number of participants in fiscal 2021 reached 559. 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.

# Eco-conscious products

## Mechanism for certification of eco-conscious products

As clearly stated in the Toyobo Group's Charter of Corporate Behavior, the Toyobo Group strives to save energy as well as reduce and re-use resources. We also develop products and technologies that help mitigate our impact on the environment. These products and technologies are defined and evaluated under our Eco-Review system. This system evaluates the following aspects at every stage in the product life cycle: "climate change prevention," "reduction of chemical substances," "resource conservation," "reduction in waste," 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. Consequently, we are contributing to the environment as we develop our products and technologies.

### Eco-review Evaluation Items

Design and development	• Designing eco-conscious products
Raw materials	• Using recycled materials and alternative petroleum raw materials • Considering biodiversity
Production	• Using energy-saving and clean energy • Reducing water use and effectively using raw materials • Reducing waste through distribution and packaging
Distribution and packaging	• Reducing transportation energy • Reducing packaging waste
Use and consumption	• Saving energy • Increasing lifespan
Recycling, disposal and incineration	• Reducing hazardous chemical emissions • Biodegradability and recyclability

### Review and Certification Process



## Ratio of ECO-PARTNER SYSTEM® product sales increases to 29.9% (FY2021)

Our goal is to increase the ratio of ECO-PARTNER SYSTEM® product sales to 30% of total sales by fiscal 2031 (the ratio was 25% until fiscal 2016). In fiscal 2020, the ratio was 30.4% (sales of 60.6 billion yen), achieving the target. Accordingly, we have set new targets of 40% by fiscal 2031 and 60% by fiscal 2051. We will continue to create eco-conscious products.

In addition, we are considering expanding the applicable range of the certification system to Group companies, and have begun to identify issues in order to calculate the sales ratio of ECO-PARTNER SYSTEM® products for the entire Group.



## Targets and KPI

〈Targets〉

- We will contribute to reducing environmental impact and conserving the environment through our products and solutions.

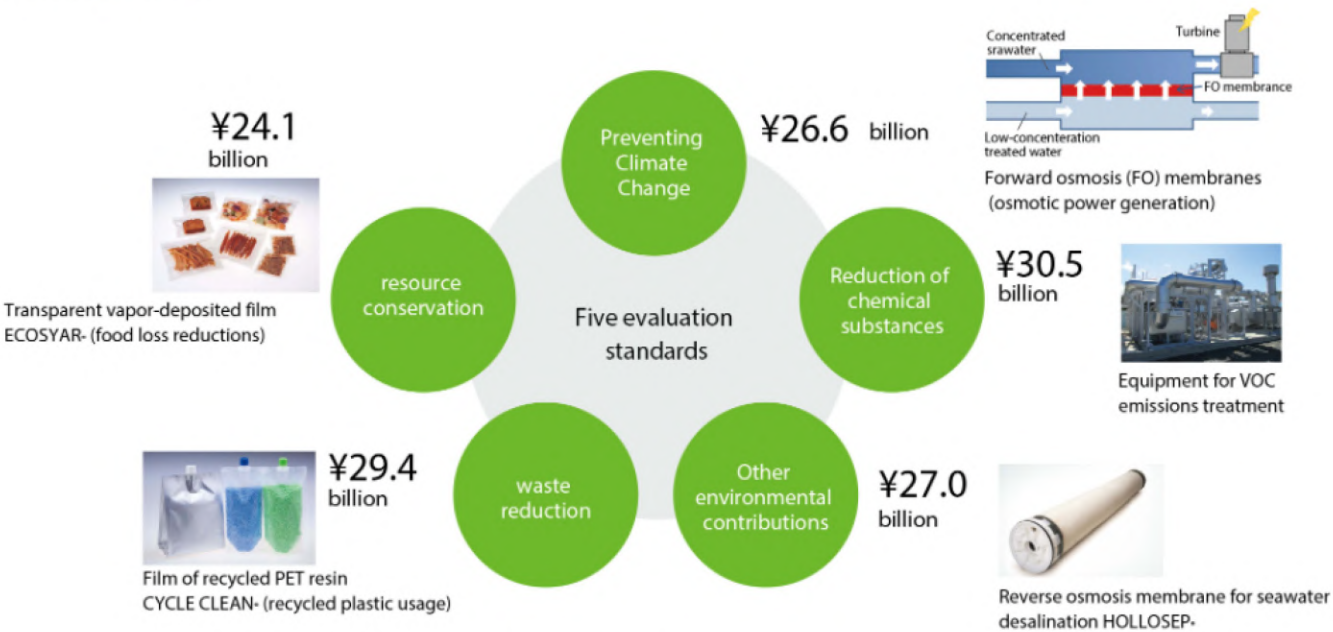
〈KPI and Results〉

Initiatives	KPI	Target (FY2031)	Results (FY2021)
• Preventing air and water pollution • Giving consideration to biodiversity	• Expanding products and services that contribute to the environment (ECO-PARTNER SYSTEM®)	• Sales ratio of products and services that contribute to the environment 40% (TOYOBO CO., LTD. only)	• 29.9%

Sales by evaluation standard of ECO-PARTNER SYSTEM® products\*

Evaluation standards for the ECO-PARTNER SYSTEM® comprise five categories, including items such as “climate change prevention” and “conservation of materials.”

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.



\* Net sales in the figure include duplicates because they are set with 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

## Long-term vision and KPI

The Paris Agreement, an international framework on climate change, aims to limit global temperature rise to less than 2 degrees Celsius from pre-industrial levels, or less than 1.5 degrees if possible. In recent years, countries worldwide have been accelerating their initiatives to reduce greenhouse gas (GHG) emissions to virtually zero by 2050 in order to achieve the goal of the agreement.

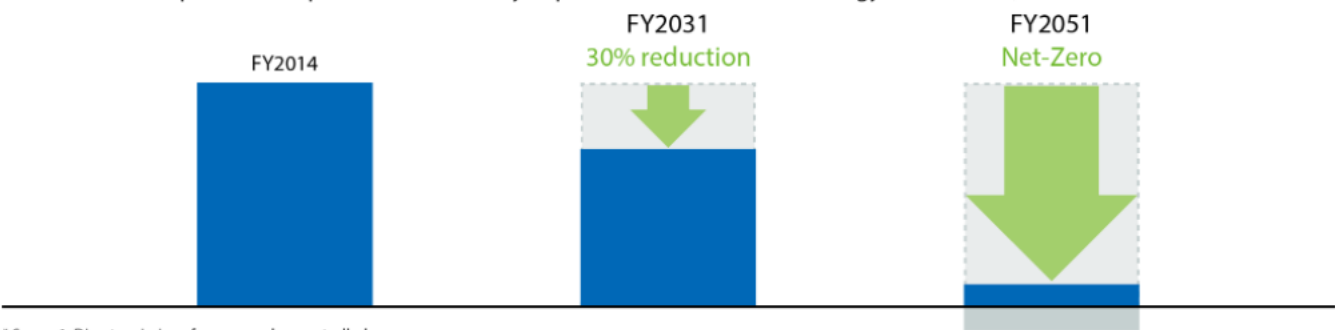
Toyobo Group seriously considers this social environment, and recognizes the risks and opportunities posed by climate change on our business, which is why we have set the goal of achieving carbon neutrality or net-zero GHG emissions by fiscal 2051. We will promote the reduction of GHG emissions from our business activities by improving production efficiency, converting fuels in our production activities, and promoting the introduction of renewable energy such as solar power to achieve net-zero emissions by fiscal 2051.

Now, we participate in KEIDANREN's (Japan Business Federation) Commitment to a Low Carbon Society through Japan Chemical Fibers Association and are working to achieve the objectives. Also we are reporting greenhouse gas emissions according to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

In addition, we will make efforts to reduce GHG emissions in the entire value chain through actions such as reducing product weight, reviewing raw materials, and promoting green logistics. Also, we will expand contributed GHG reductions using solutions based on the Group's unique products and technologies. Specifically, we are developing a RO hollow fiber membrane that contributes to energy saving in seawater desalination plants, and reducing the weight of engineering plastics to contribute to improvement of fuel efficiency in automobiles, we are also providing films and FO membranes used in wind power generation and osmotic power generation, and developing organic film solar cells boasting the world's highest power generation efficiency under indoor lighting. Furthermore, we are developing carbon recycling technology that separates and captures CO<sub>2</sub>, in addition to other activities. We will calculate the contributed reductions as the amount of GHG emissions reduced through these efforts, and we aim to achieve carbon neutrality by making it higher than that of the entire value chain by fiscal 2051.

### Targets for Scope 1 and Scope 2\*

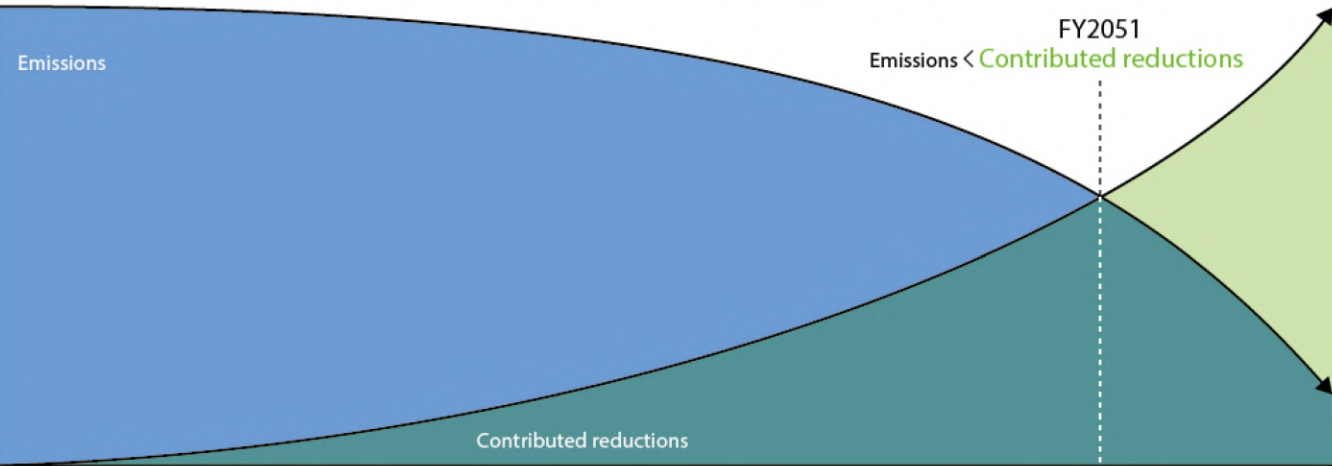
Emissions reductions from business activities  
(fuel conversion promotion / production efficiency improvements / renewable energy introduction, etc.)



\* Scope 1: Direct emissions from owned or controlled sources  
Scope 2: Indirect emissions from the use of purchased electricity, heat and steam

Targets for Entire Value Chain

Contribution through products and solutions  
(raw material conversion / carbon recycling technology / renewable energy-related materials, etc.)



Materiality	
Related ESG: <b>E</b>	<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>13 CLIMATE ACTION</div></div>
Reducing greenhouse gas emissions	

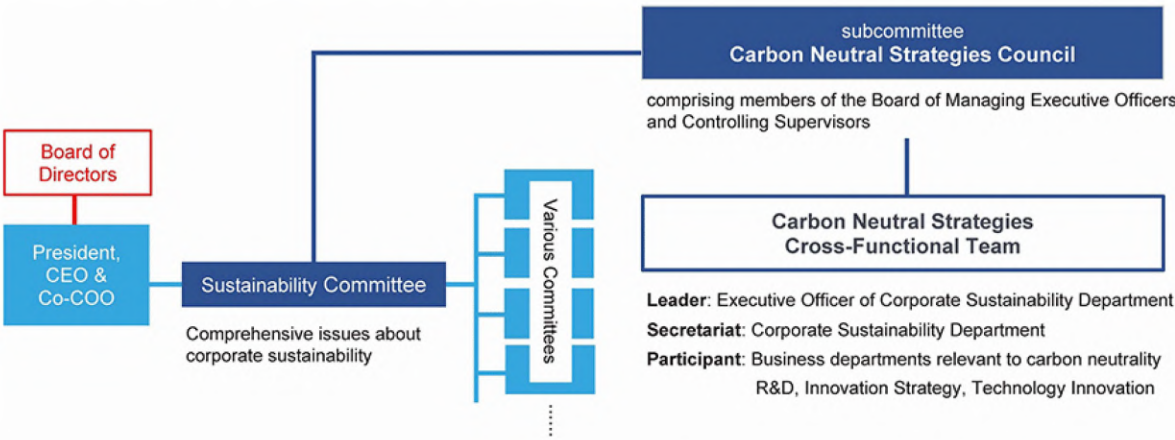
Structure to achieve carbon neutrality

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

The Council consists of Corporate Executive Officers and Controlling Supervisors, and will formulate strategies to pursue and milestones to reach based on three objectives in order to diligently make efforts to achieve carbon neutrality company wide. The Cross-Functional Team consists of members from throughout the company and will study and implement substantive measures, such as encouraging innovation, promoting alliances, accelerating research and development, and creating solution businesses from a long-term perspective.

Three objectives to achieve by formulating carbon neutral strategies

- ①Minimize greenhouse gas emissions generated from Toyobo Group's production activities
- ②Contribute to reducing greenhouse gas emissions and ultimately achieving carbon neutrality through solutions provided by Toyobo Group
- ③Place emphasis on developing technologies for separating and capturing greenhouse gases



## Support for the TCFD and participation in the TCFD Consortium

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In January 2020, the Toyobo Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) proposals, and joined the TCFD Consortium, which consists of companies and financial institutions that agree with the recommendations.

The TCFD was established by the Financial Stability Board (FSB), whose members include representatives of central banks, financial supervisory authorities, and others from 25 major countries and regions, and its recommendations urge companies, organizations, and others to disclose information about climate-related risks and opportunities. In Japan as well, preparations are underway to respond to TCFD proposals, including the publication of the "Guidance on Disclosure of Climate-related Financial Information (TCFD Guidance)" by the Ministry of Economy, Trade and Industry.

In the Toyobo Group, we have set being a "Group that continues to use materials and science to create solutions required by people and the planet" as our corporate vision. As a part of this, by providing products and services that help solve climate-related problems, we aim to both contribute to the realization of a sustainable society, and achieve long-term growth. In 2019, we decided upon "Long-term global warming countermeasures," and we have set a target to achieve net-zero (substantially zero) greenhouse gas emissions by fiscal 2051.

With the announcement of our endorsement of the TCFD proposals and our participation in the consortium, we will continue to meet requirements for accountability to our stakeholders by further analyzing and responding to the risks and opportunities to our business posed by climate change, and by expanding our disclosure of relevant information.

## Reducing GHG emissions

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With the establishment of these long-term global warming countermeasures, the medium-term target for the period up to fiscal 2031 has been increased from a 17% reduction (compared to fiscal 2014) to a 30% reduction (Scope 1 and Scope 2 combined, compared to fiscal 2014) and our short-term targets from an annual 1% reduction (compared with fiscal 2014) to an annual 1.8% reduction. We plan to revise the targets depending on our achievement.

Moreover, in fiscal 2020 we constructed the Group's fourth gas cogeneration facility\* at the Tsuruga Research and Production Center. This has been in operation since fiscal 2020, and is expected to further reduce emissions of greenhouse gases.

We will also consider the introduction of renewable energy and switching to CO<sub>2</sub>-free fuels in the future.

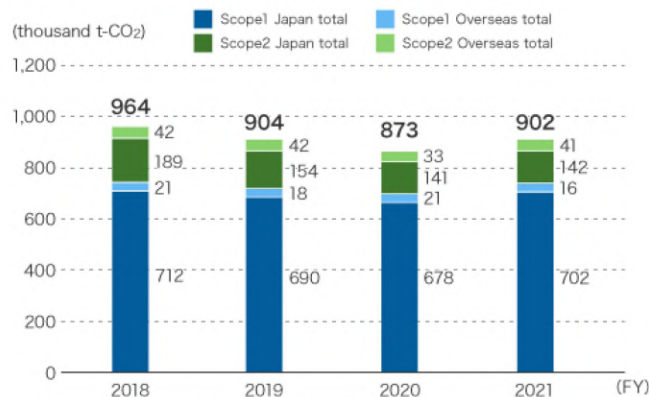
\* An energy recycling system, harnessing waste heat (from clean natural gas-fired electric generation) to produce steam and hot water used in manufacturing processes, supplying hot water, air conditioning, etc.

## GHG emissions

In fiscal 2021, the CO<sub>2</sub> emissions for Scope 1 and Scope 2 totaled approximately 902 thousand tonnes, 25.7% lower than the reference fiscal year (fiscal 2014). The increase from the previous fiscal year is due to additional emissions from the Utsunomiya Plant, which joined the Toyobo Group.

We have set greenhouse gas emissions as a KPI, and we will continue to work towards achieving this target through energy conservation, production efficiency improvements, the introduction of renewable energy, and fuel conversion.

### Scope 1, 2 GHG Emissions (Japan, overseas)

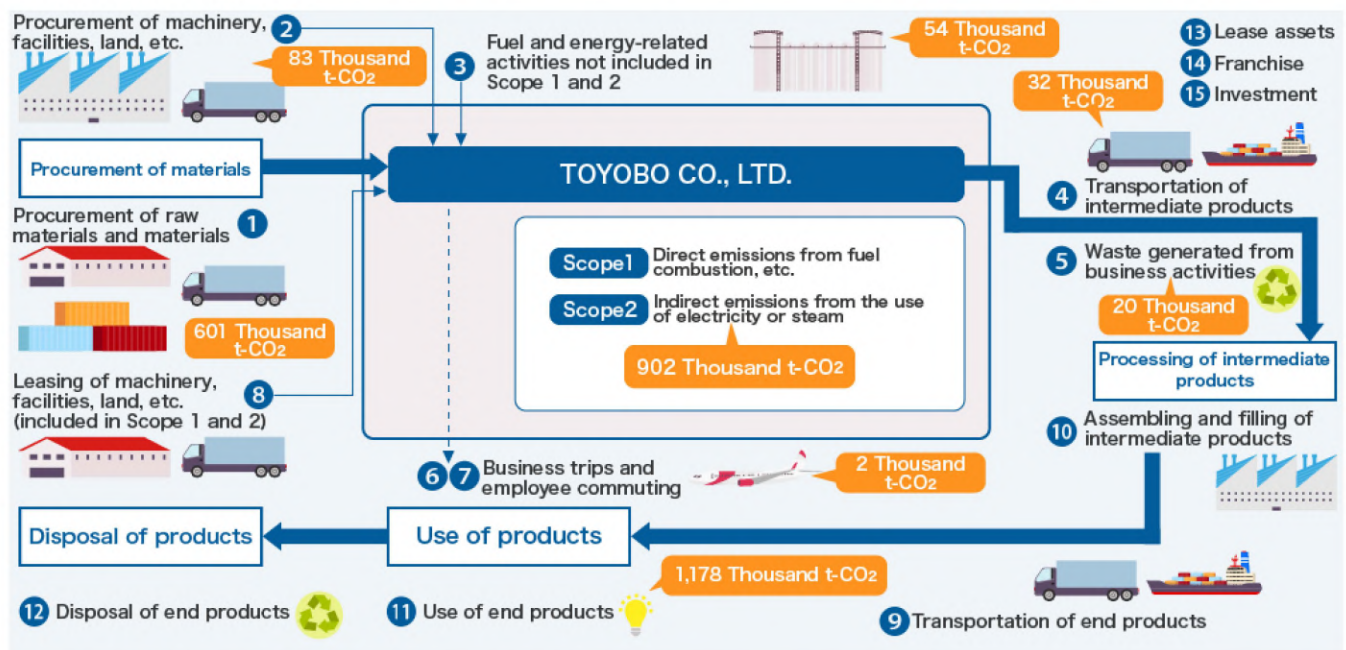


1 Japan total: Total for TOYOBO CO., LTD. and domestic consolidated subsidiaries

2 Overseas total: Total for overseas consolidated subsidiaries

### Scope 3 emissions

#### Greenhouse Gas Reduction in the Supply Chain (FY2021)



Numbers ① through ⑮ in the figure are Scope 3 category.

⑨ ⑩ ⑫ are not calculated because our products are intermediate products.

⑧ ⑬ ⑭ ⑮ are not applicable to the Company.

From FY2021, ⑪ is also included in the total.

\* Scope1 + Scope2: Global, Scope3 (③): Global, Scope3 (Except for ③): TOYOBO CO.,LTD.

Given that the highest emissions in the supply chain are those related to the purchasing of raw materials, in the future we will continue to promote green procurement.

Energy usage

Energy usage in FY2021 was 13,166 TJ. Due to the increase in production, energy consumption increased by 10 % over the previous year.

Energy-saving initiatives in logistics

Our annual goal is a 0.5% year-on-year reduction in CO<sub>2</sub> emissions in logistics.

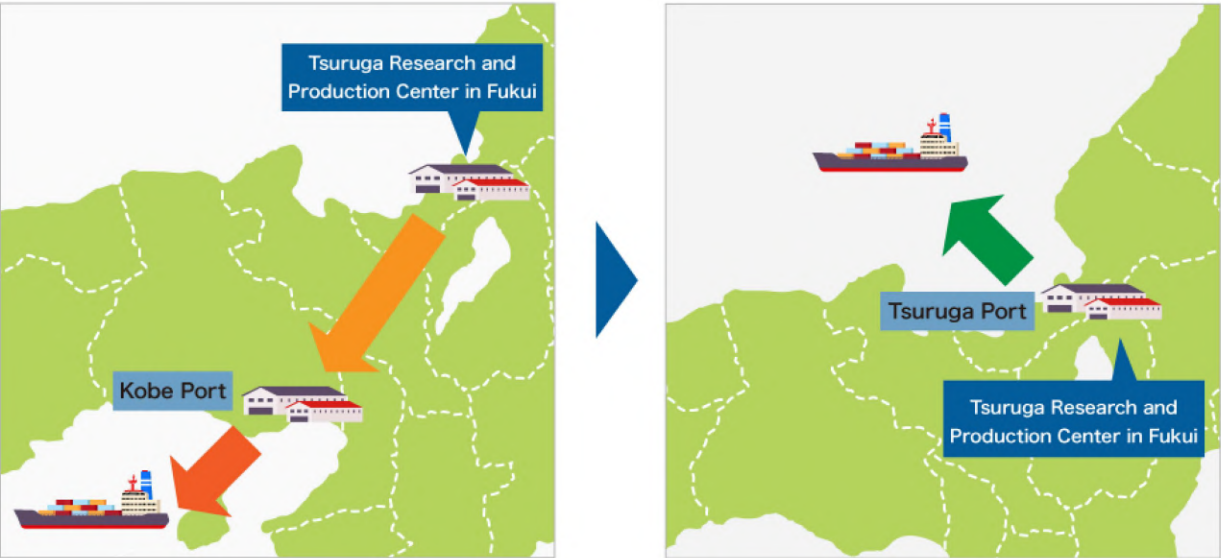
In the Logistics Department, we launched the Green Logistics Promotion Project in 2006, and as well as working to improve quality and cost rationality, we are also continuously working on environmental conservation such as energy saving, resource saving, and prevention of global warming. Up until now, 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 offices, 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 CO<sub>2</sub> emissions.

In recognition of these efforts, in 2014 we were awarded the "Green Logistics Partnership Conference Special Award" by the Green Logistics Partnership Council, a joint initiative between the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, the Japan Institute of Logistics Systems, and the Japan Federation of Freight Industries.

In fiscal 2016, some raw materials were transported by truck from Okayama to Fukui. However, when their origin was changed to Hiroshima, we switched to using sea transport from there to Fukui. This switch from road to sea transport provided an approximate 1,000 t-CO<sub>2</sub> reduction (46%) in CO<sub>2</sub> emissions, and a 3% drop in energy intensity.

In addition, in fiscal 2020, overseas exports of some products had previously required road transport from the Tsuruga Research and Production Center in Fukui to Kobe Port, but by switching to using the nearest port (Tsuruga Port), we achieved a 59 tonnes (0.2% reduction) in CO<sub>2</sub>, with a 0.3% drop in energy intensity.

In fiscal 2021, CO<sub>2</sub> emissions decreased by 56 tonnes (0.2% reduction) by reducing the number of truck deliveries by utilizing the return vehicles to Tsuruga for shipments from the Ogaki warehouse to Hokuriku area. In addition, we shortened the land transportation distance by changing the transport route for overseas affiliates products from Tokyo Port to Hokuriku via Utsunomiya to from Yokkaichi port to Hokuriku via Ogaki, thereby reducing CO<sub>2</sub> emissions by 78 tonnes (0.2% reduction).



## Energy-saving initiatives in offices

The Toyobo Group is promoting the conversion to LED lighting, reductions in the usage of copy paper, and the conversion to eco-cars throughout the Toyobo Group offices, including at the head office.

## Introduction of renewable energy

Malaysia is currently promoting the introduction of clean energy, and TOYOBO TEXTILE (MALAYSIA) SDN. BHD. has decided to install solar power generation facilities in its new factory. Once all plans are completed, solar power is expected to provide approximately 7% of all energy used by the whole factory. This will result in a yearly CO<sub>2</sub> reduction of 915 tonnes, which is equivalent to a Group-wide 0.1% reduction in energy consumption.

## Contribution through products & solutions

### Example of GHG emissions reduction contribution: FO membrane for osmotic power generation

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 CO<sub>2</sub> 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 ECO-PARTNER SYSTEM® here >](#)



# Preventing Contamination and Waste Reduction

Materiality	
Related ESG: <b>E</b>	   
Reducing environmental impact	

## Waste reduction

### Initiatives

At Group manufacturing sites, we are working to minimize the amount of waste sent to landfill by reducing to the extent possible waste products produced by our production activities. Given this, we are working to reduce, reuse, and recycle waste, aiming for 15% reduction in the amount of waste emission (compared to FY2016) and annual final disposal rate (landfill rate)\* of under 1%.

We achieved this target in fiscal 2021, with a final disposal rate of 0.2% continuing our success in achieving targets since fiscal 2015. We will continue making efforts to further reduce the final disposal rate by reducing waste quantities through reviews of our sorting and disposal methods as well as moving to resource recovery.

Toyobo takes a systematic approach to appropriate disposal of polychlorinated biphenyl (PCB) waste. The disposal rate up to end of fiscal 2021 was 94% (unit volume basis). With regard to electric facilities containing low-concentration PCBs, which we currently use, we are implementing updated plans so as to meet the statutory disposal deadlines.

Toyobo Group has long taken a proactive approach to leveraging recycling to reduce waste, such as using recycled resin made from PET bottles as the raw material for chemical synthetic fiber and film products. Reuse of recycled raw materials in films is at 800 tonnes per annum, with recycling of non-conforming products also proceeding. For example, we collect the fabric offcuts that are produced during airbag manufacturing and recycle them into highly heat-resistant resin. We also reuse certain packaging film offcuts as the raw material for engineering plastics.

\* Amount of landfill waste as percentage of total waste

## Management of chemical substances

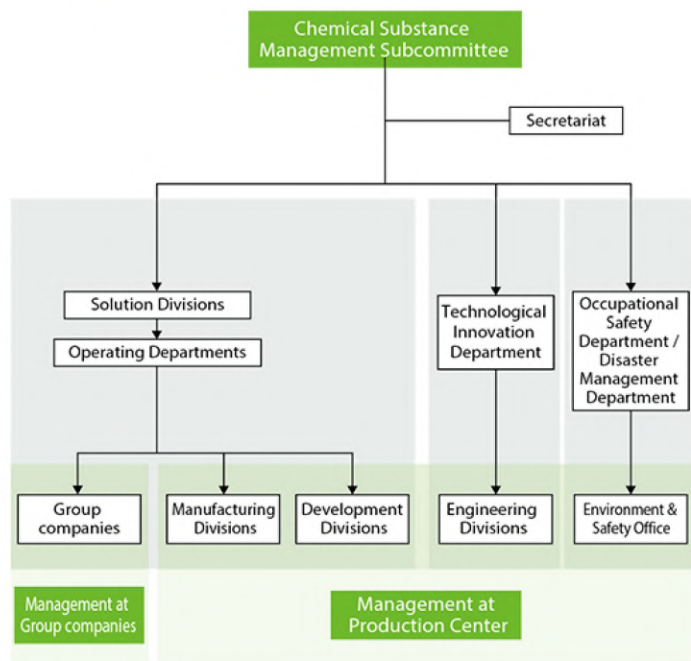
The Toyobo Group endeavors to manage chemical substances appropriately throughout the product lifecycle (research, development, design, manufacturing, sales, use, and disposal), in order to help conserve the global environment, disaster prevention, ensure workers' health and safety, and ensure product safety.

### Chemical substance management structure

For appropriate management of chemical substances, the Toyobo Group has established a management system at each office. Each solutions division supervises the activities of the offices and group companies under their jurisdiction.

In addition, we have created a "TOYOBO Chemical Substance Management Classification" in compliance with 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 Act <sup>1</sup> , Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, Act on the Protection of the Ozone Layer, Act on the Prohibition of Chemical Weapons, POPs <sup>2</sup> , PIC <sup>3</sup> , etc.
B	Substances requiring strict management	Chemical Substances Control Act, PRTR <sup>4</sup> , Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, etc.
C	Substances requiring strict exposure prevention measures	Chemical Substances Control Act, PRTR, Industrial Safety and Health Act, 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 Act: Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.  
2 POPs (treaty): Prevention and Reduction of Persistent Organic Pollutants  
3 PIC (treaty): The Prior Informed Consent Regulation (trade)  
4 PRTR: Pollutant Release and transfer Register

## Chemical substance management activities

Recent years have seen requirements to manage chemical substances within the supply chain. These requirements also apply to Japan following the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Act), as well as other regulations relating to the chemical substances 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 procurement 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.

Given the global expansion of the Toyobo Group's operations, we are creating a database of chemical substance-related laws and regulations in Asia, Europe, and North and South America. Furthermore, in order to identify and mitigate chemical substance handling risk, we have established rules concerning matters including the replacement/reduction of hazardous chemical substances, proper maintenance of the workplace and environments, and the management of chemical substances in products.

## Reduction of hazardous substance emissions

In order to reduce the amount of hazardous chemical substances emitted, the Toyobo Group assesses and reports the release and transfer volumes of chemical substances subject to the Pollutant Release and Transfer Register Act (PRTR Act) for each office, and then analyzes the overall results which are published every year in an effort to reduce our own emissions and quantities transferred.

We are working to reduce emissions by improving and updating manufacturing facilities and equipment, improving operating conditions, installing equipment to remove the substances in question, and substituting raw and auxiliary materials, and hope to meet our fiscal 2031 target by setting reduction targets of 60% for emissions to air and 80% for emissions to water compared to fiscal 2015.

### Release and Transfer Volumes of PRTR Substances

(tonnes)

FY	Transfer volume	Emissions to air	Emissions to public sewage system	Emissions to soil	Landfill volume
2018	1,174	154	20	0	0
2019	1,085	103	12	0	0
2020	1,169	95	19	0	0
2021	1,336	86	21	0	0

Coverage: TOYOBO CO., LTD. and affiliated companies in Japan

# Atmospheric

## NOx and SOx emissions

(tonnes)		
FY	NOx	SOx
2018	969	988
2019	883	1,018
2020	922	959
2021	1,251	968

Coverage: TOYOBO CO., LTD. and affiliated companies in Japan

## Fluorocarbons emissions

(t-CO <sub>2</sub> )	
FY	Fluorocarbons emissions
2018	239
2019	460
2020	733
2021	452

Coverage: TOYOBO CO., LTD.

# Plastic Resource Circulation

## Initiatives centered on plastic resource circulation

### Basic approach

In recent years, there have been growing expectations in society for the creation of a circular economy; an economic system that recycles and reuses previously discarded products as new resources.

In Toyobo Group, we have been active in developing products and technologies aimed at reducing environmental impact. For our mainstay plastic products, we are working to increase the ratio of recycled resins and biomass (plant-derived) materials, and to commercialize biomass plastics that retain their high functionality.

To add to this, we have long been taking a broad view in searching for new technologies. One such example is a technology that creates polyester raw materials from wood. Anellotech Inc., a U.S. biochemical venture company is currently developing this technology.

### Structure

To further accelerate these initiatives and contribute to creating a sustainable society, in April 2020 we launched the Renewable Resources Business Development Department.

By 2030, we hope to shift to using biomass for polyester resin, and establish technologies for material and chemical recycling.\* These technologies will contribute to reductions in greenhouse gases emitted from thermal recycling process of plastic waste, as well as reductions in the environmental impact from emissions of pollutant release.

Based on our slogan of "Catalyzing Circular Economy," we will continue to fulfill our responsibility toward the future and thus aim for sustainable growth.

\* Material recycling: conversion to flakes and pellets, and reuse as resin materials.

Chemical recycling: using chemical reactions to change the composition of materials, and reuse these as raw materials.

## Mission of Renewable Resources Business Development Department

Ensuring the supply  
of renewable  
resources

Developing  
recycling-related  
technologies

Expanding  
business

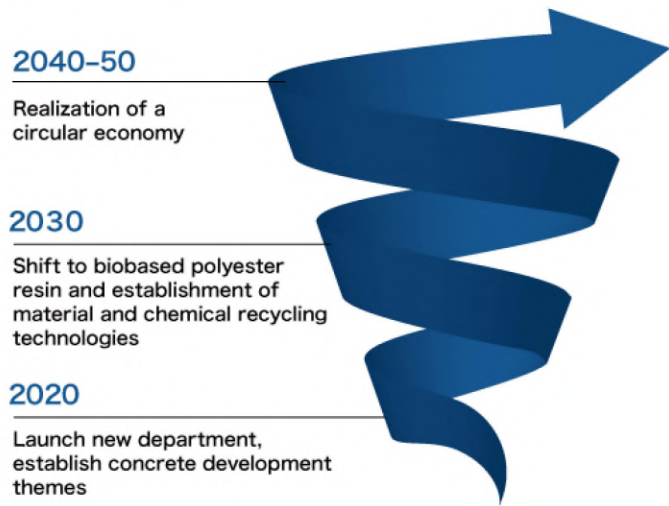
To ensure that the materials the Toyobo Group provides are sustainable, we are promoting the use of biobased and recycled materials. As well as in-house development, we will continue to search for related technologies around the world.

While we pursue company-wide cross-divisional cooperation, we will collaborate with external organizations and companies as we commercialize our products.

# Long-term vision

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We have drawn up a roadmap to 2030—while also looking towards 2050—based on government policies in Japan and overseas, as well as 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 material and chemical recycling. Working closely with each Solutions division, we will also adapt flexibly to changes in the business environment.



# Strategy

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A move to biomass as well as recycling are complementary when it comes to promoting plastic resource circulation. Transitioning to biomass helps us reduce our dependence on limited petrochemical materials, and recycling allows more efficient use of available resources. We are promoting a strategy to make all our film products renewable (recycling and biomass) by 2050.

## Strategy 1: Using biomass for polyester 100% biomass plastic for 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 2023. We plan to use this FDCA to produce PEF film.

We are also exploring other initiatives besides PEF in order that we can make all of our film products renewable (recycling and biomass) by 2050.

## Strategy 2: Material recycling developing catalysts to increase PET recyclability

TOYOBO GS Catalyst<sup>®</sup>, 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. With the excellent recyclability of the produced PET resin, we will develop this business worldwide in cooperation with Indorama.



TOYOBO GS Catalyst<sup>®</sup> (front) enables synthesis of resins with higher transparency than other catalysts



PET bottles synthesized using TOYOBO GS Catalyst<sup>®</sup>

## Strategy 3: Chemical recycling R Plus Japan initiatives

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 July 2021, this number has grown to 29 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 2027. 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.

# Overview of Toyobo Group circular economy strategy

## Improvements in recycling technology

### Chemical recycling

Developing technologies to turn plastic waste into raw materials, and to produce recycled plastics.

Products that are in no way inferior to new products, with increasing applications.

- R Plus Japan, Ltd.\*

Strategy 3

### Material recycling

Improving recyclability by preventing the deterioration of raw materials, even after repeated, bottle-to-bottle recycling.

- TOYOBO GS Catalyst\*aluminum catalyst

Strategy 2

Reuse of materials including:

- Collection and recycling of airbag fabric offcuts\*
- Packaging and industrial films\* using recycled materials

#### Reference initiatives

- Japan Chemical Industry Association  
(Waste plastic and chemical recycling working group)

## Expansion of biomass materials

### Biomass plastics

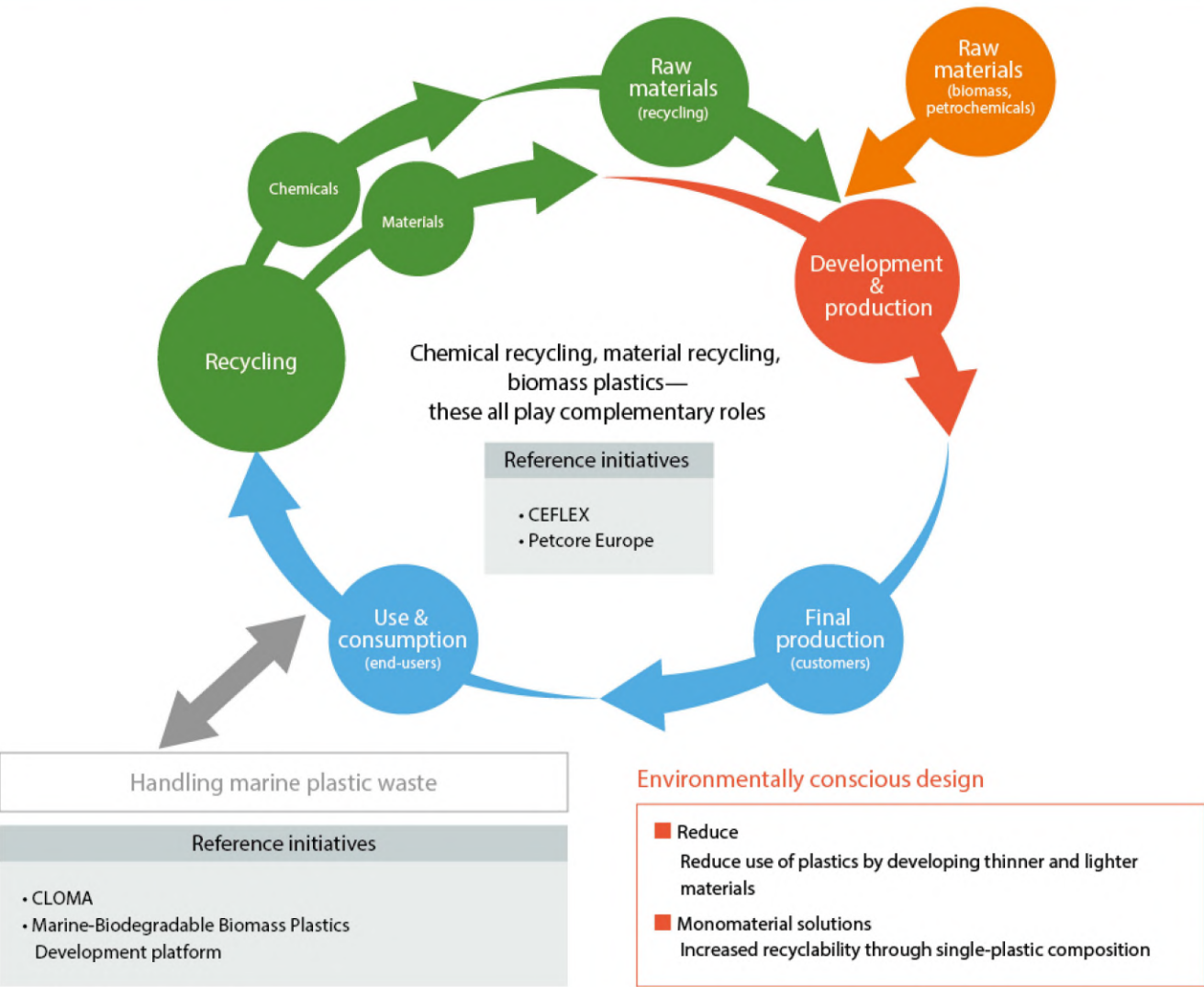
Biomass is made from plants which absorb CO<sub>2</sub> from the atmosphere, so it can be offset even when CO<sub>2</sub> is emitted during incineration.

- BIOPRANA\*\*
- VYLOAMIDE\*\*
- Polyethylene Furanoate (PEF)\*

Strategy 1

#### Reference initiatives

- Japan BioPlastics Association
- Japan Plastics Industry Federation  
(Bioplastic usage promotion working group)



\* Toyobo initiatives and products

## 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.



### 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.



# Water Resources

## Approaches

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It is said that only about 0.01% of the water on the earth is fresh water that is easily accessible to humans.

The Toyobo Group is striving to minimize the use of limited water resources. We are conserving water resources in Japan and overseas through our products and businesses, such as the seawater desalination project, and promoting lean water use by recycling in our business activities.

## Structure

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Policies for the protection of water resources are discussed by the Global Environment Committee under the Sustainability Committee, and this plans to decide on future policies.

## Targets and results

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The Toyobo Group stipulates "environmental compliance and audits" as its code of conduct in the TOYOBO Group Fundamental Policy on the Global Environment. In addition to complying with the regulations set forth by the national and local governments, etc., and the environmental preservation agreement, we have set voluntary management standards. We have established voluntary control standards for water discharged from factories, etc., which are stricter than those required by law, and have installed detoxification equipment and taken other measures to make the discharge less harmful to the environment.

Furthermore, we are currently analyzing the water risk for each site using the Aqueduct Water Risk Atlas developed by the World Resources Institute. After the analysis, we will draw up the objectives and measures according to the risk of each site.

Four years from FY2018 to FY2021, there were no regulatory violations or incidents related to water quality or quantity.

## Water draw

(Thousand tonnes)

FY	Japan	Overseas
2018	90,769	1,326
2019	86,406	1,162
2020	89,139	1,410
2021	83,411	1,061

## Discharge

(Thousand tonnes)

FY	Japan	Overseas
2018	87,763	1,261
2019	82,775	1,055
2020	84,858	892
2021	80,267	636

## Products and technologies contributing to resolving problems with the water environment

### Seawater desalination membranes help to eliminate water shortages

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.

### HOLLOSEP® hollow fiber forward 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.



RO membrane for seawater desalination

# Biodiversity

## Approaches

Our lives are supported by innumerable chemicals. Textiles, packaging/containers, and pharmaceutical products are just some of the things that are essential to daily life. However, various ecosystems are endangered when the raw chemical substances generated as a byproduct of manufacturing are released into the air, water or the soil. The Toyobo Group's "Fundamental Policy on the Global Environment" calls for the Group to actively protect the environment in the society and community, and to support/participate in activities to preserve biodiversity, as a good 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", 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 (genetic, species, 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 >](#)

## Activities based on the action guidelines

We will establish the following activities as activities based on the action guidelines for biodiversity conservation, and we will set the quantitative targets and check the results in the future.

- Dissemination of the CSR Procurement Guidelines and promotion of White Logistic
- Increase of environmental conscious products
- Social contribution activities at each site
- Management of chemical substances and genetically modified organisms

## 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.

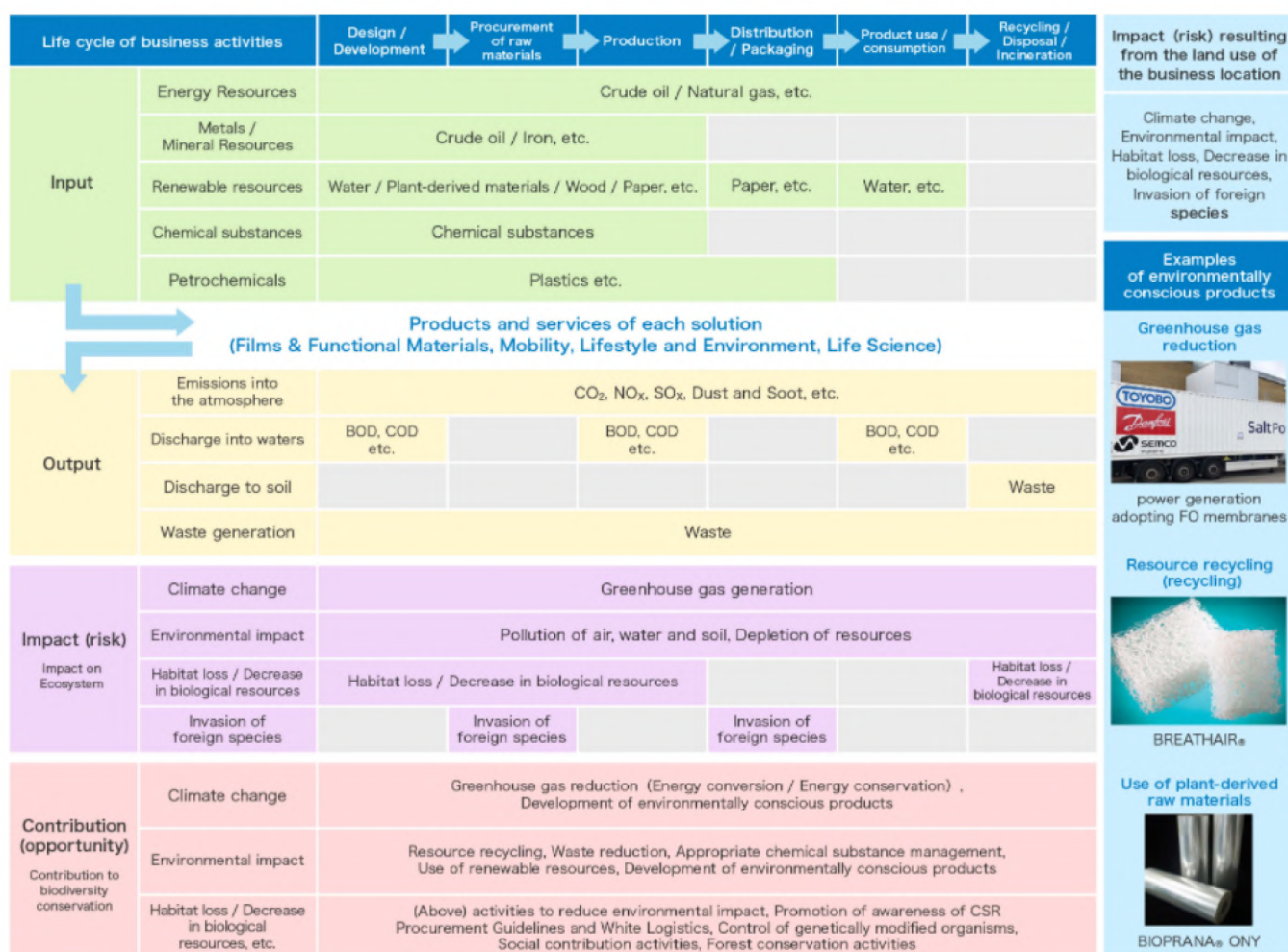
In addition, at all domestic and overseas production sites of our group, by using IBAT<sup>\*1</sup>, we will conduct surveys to determine whether there are any rare species or natural environments such as the World Natural Heritage sites, IUCN<sup>\*2</sup> Protected Area Management Categories I-VI, and the Ramsar Convention that should be conserved within 1 km around the site, and we have picked up the following bases.

※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 1km (but less than 2km) 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 to remove harmful chemical substances from water and gases emitted at our offices and factories. We also strive to improve our manufacturing processes so as to minimize their impact. In addition, we have installed monitoring systems within our business processes to ensure that no harmful chemical substances are released accidentally.

With our eyes fixed firmly on the future, we are working hard to help protect the natural environment throughout the supply chain. This includes developing technologies that allow renewable resources to be used as raw materials when manufacturing various types of products, and biodegradable plastics that return to nature after use.

## 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 participated in the "Corporate Forest" organized by Wakayama prefecture and are working on Forest Conservation Activities 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 Lake Biwa

At our Research Center, situated on the shores of Lake Biwa in Otsu City, Shiga Prefecture, every year, over 600 staff, more than half of all Center's staff, participate in the environmental conservation activities such as mowing grass and picking up litter in the area, including the lakeshore. This activity has been ongoing for about 20 years, intending to preserve the environment of Lake Biwa, rivers, and its surrounding area, which is a habitat for many precious creatures and a water resource for people. In 2020, we suspended employee activities due to the influence of the new coronavirus. However, in 2021 we plan to conduct activities with consideration for infection control, such as limiting the number of participants.



"Otsu Citizen Cleanup of Lake Biwa" activities

# Activity Report : Social

## Respect for Human Rights

Materiality	
Related ESG: <b>S</b>	
Respect for human rights	

### Management approach

#### Policy and approach

Respecting human rights is essential for the Toyobo Group to fulfill its responsibilities as a member of society and continue as a trusted company. Within this, respecting the rights of employees and trading partners, who are important stakeholders for the Group, is crucial to enable them to work with vigor and energy. This is the essence of the One-Third Thoughts\* approach to strengthening business foundation, a concept which is important to the Group. In this way, recognizing the importance of this issue, we have included “respect for human rights” and “active employee participation” within the 10 principles that make up our Charter of Corporate Behavior. We have also positioned them as relevant materialities and fundamental prerequisites to materialities 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. In October 2020, we revised the TOYOBO Group Charter of Corporate Behavior and also formulated the TOYOBO Group Human Rights Policy based on the 10 principles of the UN Global Compact and other international requirements. 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.

\* To give equal priority to three aspects of the Company: its current performance, future growth and our business foundation

#### < 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, the Toyobo group established a group in charge of human rights in the Human Resources Department with the aim of actively and systematically working on "respect for human rights."

Director & Executive Officer overseeing the HR and Corporate Communication Division is responsible for human rights.

## Targets and KPI

### < 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.

### < KPI and Results >

Initiatives	KPI	Target (FY2026)	Results (FY2020)
<ul style="list-style-type: none"> <li>• Avoid human rights violations</li> <li>• Eliminate forced and child labor</li> <li>• Respond to human rights laws and regulations (Modern Slavery Act, etc.)</li> <li>• Ensure equality in recruitment and treatment of employees</li> </ul>	1. Implementation status of human rights education and training	1. Once a year for 20% of non-consolidated employees※	1. 24.1%

※ 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. We form labor unions through our Union Shop System\* and employees who are eligible to join unions under the labor agreement between management and labor join the union for all employees. 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 78.09% of all employees are union members (as of FY2021).

\* A system under which all employees at a workplace are required to join its union

## ● Dialogue Between Management and Labor

In order to realize TOYOBOPPVs, we carry out frank discussions between labor and management to build a foundation that will ensure motivation and job satisfaction for each individual employee. A Central Management Council is held between the labor union headquarters and the company once a year and Branch Management Council meetings are held once a year at each of eight branches across Japan. The union is represented by union leadership while the company is represented by the president at the Central Management Meeting and by controlling supervisors at Branch Management Meetings. These meetings are usually held face to face but due to the spread of new coronavirus infections (COVID-19), in FY2021 they are being conducted through documents. At the meetings, discussions are held on themes such as the state of business, amendments to wage rises, and the state of working environments.

## Respecting human rights in the supply chain

In October 2020, 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 LGBT) 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.

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

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

## 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	FY2017	FY2018	FY2019	FY2020	FY2021
Major violations of laws, regulations, or rules	Incidents	Global	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 also inform employees of rules and examples regarding respect for human rights, the prohibition of discrimination, the prohibition of child and forced labor, and the protection of personal information through the TOYOBO Group Compliance Manual.

Furthermore, we also hold seminars on respect for human rights alongside other initiatives to improve awareness of human rights among employees. In FY2020, we provided training for Group company employees concerning the human rights of overseas workers, and also instructed our various trading partners to do so as well.

# Safety, Disaster Prevention

Materiality	
Related ESG: <b>E</b> <b>S</b> <b>G</b>	<div>8</div> <div>働きがいも 経済成長も</div> <div></div>
Safety, disaster prevention, quality	

## Management approach

### Policy and approach

We recognize that ensuring health and safety is a major premise for corporate activities, and are striving to ensure employee safety and to improve the health environment under the TOYOBO Group Basic Policy on Health & Safety.

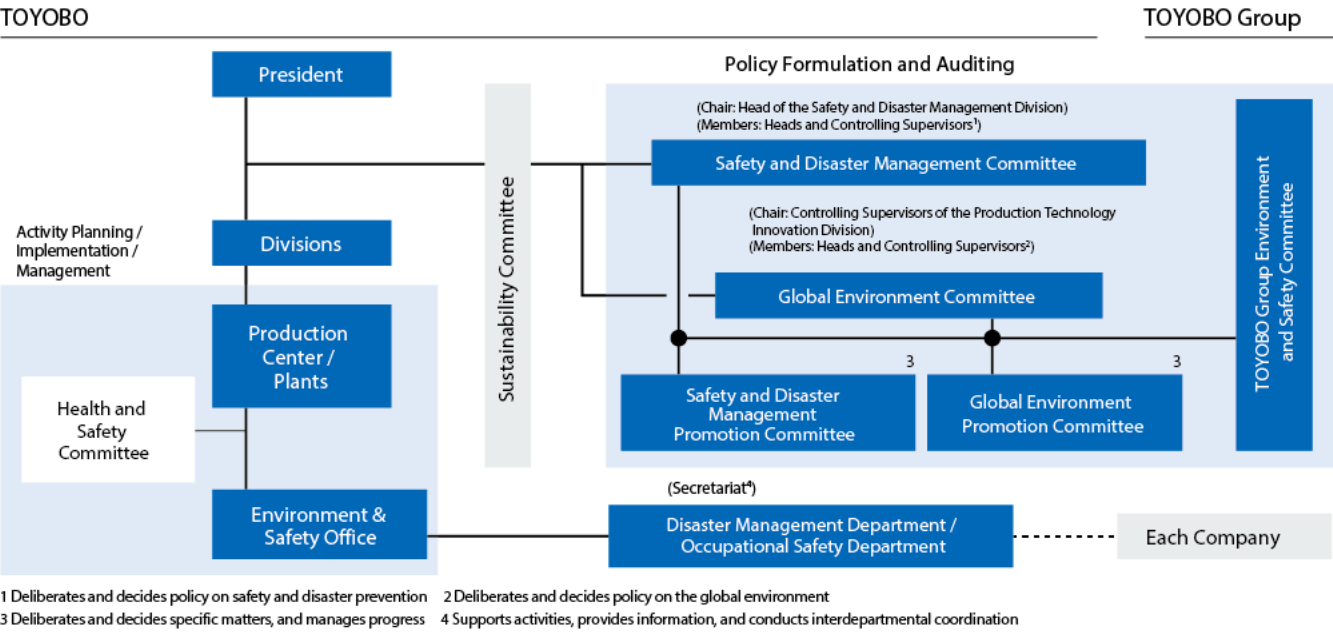
In order to prevent the memory and lessons learned from the fire and fatalities that occurred at our Inuyama Plant on September 27, 2020 from being forgotten, we will continue to observe TOYOBO Group Disaster Preparedness Day on September 6. Also, we are newly designating September as Disaster Preparedness 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.

### Structure

We consider safety, security, and disaster prevention to be one of our most important management issues. In order to strengthen our efforts in this area, on December 1, 2020, we launched the Safety and Disaster Management Division to specialize in this function as an organization that is directly supervised by the president and holds a lot of authority. Regarding committees, the Global Environment and Safety Committee has been reorganized into the Safety and Disaster Management Committee and the Global Environment Committee .The progress of initiatives related to safety and disaster management is regularly reported to the Board of Directors.

Toyobo Group Structure for Safety, Disaster Prevention, and Environment



## Targets and KPI

### < Targets >

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

### < KPI and Results >

Initiatives	KPI	Targets	Results (2020)
<ul style="list-style-type: none"><li>• <b>Build a culture of safety</b></li><li>• <b>Prevent workplace accidents (make human-operated equipment safer, promote security and disaster prevention)</b></li></ul>	1. Number of major incidents*	1. 0 incidents per year	1. 1 incidents
	2. Frequency rate of workplace accidents resulting in lost workdays	2. 0.25 or less	2. 0.70
	3. Number of fires or explosions	3. 0 incidents per year	3. 1 incidents
	4. Number of environmental incidents	4. 0 incidents per year	4. 0 incidents

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

## Safety

### Approach to safety

Under the principles and activities set out in TOYOBO Group Basic Policy on Health & Safety, we are working to achieve zero accidents involving employees based on the concept that ensuring safety and sanitation is a major premise for business activities.

## Policies

The Group strives to create safe work environments according to the following policies.

### < 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 (Health and Safety management)

### < Health and Safety management structure >

The Group has established a Safety and Disaster Management Promotion Committee under the Safety and Disaster Management Committee to promote safety and disaster prevention activities.

The Safety and Disaster Management Committee considers and decides policy regarding safety and disaster prevention activities and the Safety and Disaster Management Promotion Committee considers, decides, and manages the implementation of specific initiatives. Committee members conduct safety and environmental assessments of our offices and plants as well as Group companies, in order to check the status of onsite activities.

The chair of the Safety and Disaster Management Committee is the Senior Managing Executive Officer, and its members consist of the Senior Managing Executive Officers, Managing Executive Officers and Executive Officers in charge of each Solutions Division.

In addition, Corporate Auditors and those designated by Committee members can attend meetings as observers and express their opinions. Ordinary committee meetings are held once a year in principle, and extraordinary committee meetings are held when necessary to deliberate and determine policies regarding safety and disaster management activities. The committee members met once in fiscal 2021.

Furthermore, the subordinate Safety and Disaster Management Promotion Committee meets six times a year to manage the progress of activities. Promotion Committee members visit our production centers, plants, and Group companies to perform safety and environmental assessments and check the progress of local activities.

Each month, management and employees at the Health and Safety Committee, consisting of employee representatives, managers, and experts, jointly investigate and consider matters relating to safety, disaster prevention, and health at each production center and plant. The employee representatives then give feedback to employees regarding the decisions taken.

Labor union representatives also participate in discussions at the Safety and Disaster Management Promotion Committee and the Health and Safety Committee. Additionally, we hold regular management meetings with the labor union to discuss issues and the progress of matters related to safety, disaster prevention, and health, and to share information.

All production centers use risk assessment methods to evaluate employee health and safety risks in workplaces, and carry out activities to mitigate elevated risks.

The progress of initiatives related to safety and health regularly reported to the Board of Directors

## 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 incidents from occurring. We carry out risk assessments and research procedures to understand onsite risk and then make improvements to equipment and procedures. We then include this information in procedure manuals and carry out education in order to prevent incidents from occurring in advance. In cases when an incident does occur, we investigate it to prevent similar incidents from occurring in the future. Additionally, when incidents occur at other companies and workplaces, we check whether there is a similar risk at our own workplaces and take steps if necessary.

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

In response to the large fire at Tsuruga Research and Production Center that occurred in 2018, we have conducted an overall inspection of Toyobo Group's main production sites using the Inspection Guidelines for Fire Risk. And we are promoting measures to reduce duct fire risks in addition to improving the functionality of fire-fighting equipment at our sites of production.

Moreover, to respond to the fire and fatalities at the Inuyama Plant in 2020, we have launched the Disaster Prevention Audit Project to further reduce fire risks by adding the perspective of a third party. We are also revising the content of our training drills so that they are more practical and planning for all workers to participate in them in order for everyone to be able to protect their own workplaces in the event of fires.

As an important management issue, 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.

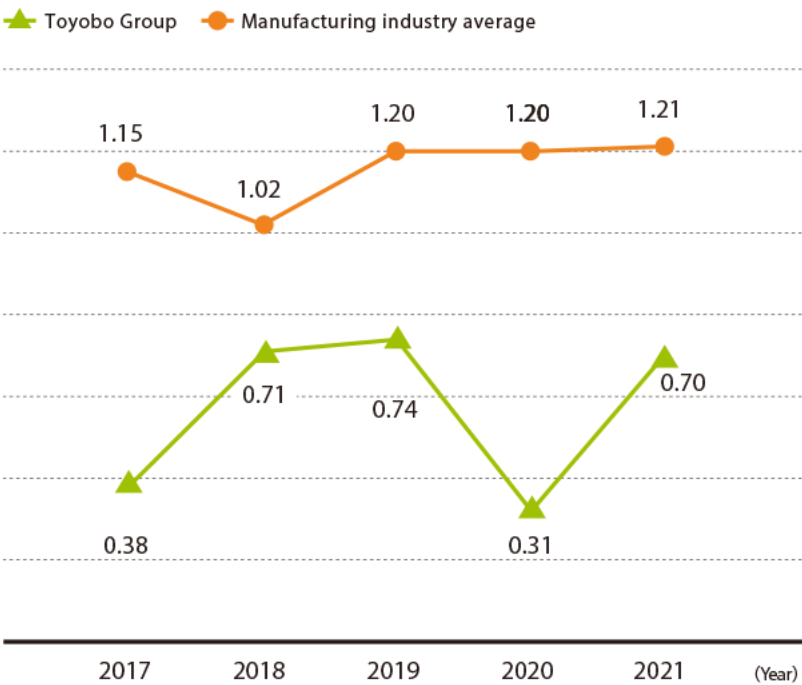
For natural disasters, we will continue to implement disaster mitigation measures by reinforcing buildings against earthquakes, improving office and plant infrastructure, and conducting emergency response drills.

### ● 3S activities and training

We will focus on 3S (sort, sweep, and standardize) activities from the perspective of safety and disaster management, and have adopted "Everything we do starts with heartfelt 3S activities" as our slogan for fiscal 2022. We are undertaking and promoting tangible 3S activities with all employees.

In addition, we have established a safety training system common to all companies, and conduct necessary safety prevention training for each job level. We will create training spaces in all offices to experience the fear of disasters using simulation equipment, and for safety and disaster prevention knowledge training to reflect on past incidents and prevent them from being forgotten.

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 0.70 in FY2021, including affiliated businesses at the same business site.

We have set a goal of zero major incidents\*2 as a KPI. However, in 2020, a major incident occurred at Inuyama plant.

\*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 incidents: 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 >](#)

## Disaster prevention

### Approach to disaster prevention

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 newly designating September as Disaster Preparedness Month to promote the awareness of disaster prevention, including fires. The whole Group is making concerted efforts to review our security and disaster prevention activities and is continuously promoting “the creation of workplaces and personnel that are strongly equipped to deal with fires” at all Group locations with the aim of making our production bases more resilient and regaining the trust of society.

We consider safety, security, and disaster prevention to be one of our most important management issues and in order to strengthen our efforts in this area, on December 1, 2020, we launched the Safety and Disaster Management Division to specialize in this function as an organization that is directly supervised by the president and holds a lot of authority. Regarding committees, the Global Environment and Safety Committee has been reorganized into the Safety and Disaster Management Committee and the Global Environment Committee.

## Initiatives

Our production plants contain a large number and variety of risks connected to materials and equipment that if not managed and handled correctly, can result in a major accident, such as hazardous and poisonous materials, large volumes of combustible materials, and electrical equipment. It is crucial to ensure all employees understand the risks involved and take steps to reduce these risks and avoid accidents in advance.

Following last year's fire and fatal accident at Inuyama plant, we are working on the above "promotion of security and disaster prevention" by launching a "disaster prevention audit project" that adds a third party's perspective and reviewing disaster prevention drills.

Our management is advancing a firm response to strengthening disaster prevention at each plant, with the aim of realizing workplaces where fires will not occur and, in the unlikely event that a fire does occur, ensuring there are no human casualties and that other damage is minimized. From FY2020 onward, we are holding fire prevention events at all plants on the TOYOBORO Group Disaster Preparedness Month, which are also attended by the president. We also invite experts to give disaster prevention seminars to raise awareness of disaster prevention. Since the leadership of top management is significant for safety and disaster prevention, we will start a safety workshop for executives and launch training for all managers.

With regard to training, we have revised the company-wide training system for safety and disaster prevention in order to continually enhance employees' awareness of disaster prevention, and have also enhanced the curriculum relating to disaster prevention.

## Fire prevention measures

### Overview of the fire at the Inuyama Plant

#### Situation regarding the outbreak of the fire

Place of outbreak	Developments following the outbreak
Packaging film production line	Sunday, September 27, 2020
TOYOBORO CO., LTD. Inuyama Plant	Approximately 21:00 Fire breaks out on a film
344, Aza Maehata, Oaza Kizu, Inuyama City, Aichi	production line at the Inuyama Plant
Prefecture	Monday, September 28, 2020
Time of outbreak	01:10 Public fire department announces that it has the
Approximately 21:00 on Sunday, September 27, 2020	fire under control
	07:45 Public fire department announces that it has
	extinguished the fire

#### Damage

<b>Casualties</b>	<b>Property damage</b>
Two deaths and one injury (all Toyobo employees)	Damage to the packaging film production building and some production equipment

### Revisions to the safety framework

Following the fire accident in September 2020, the Toyobo Group completely revised the framework, education, and all elements related to disaster prevention and created an Occupational Safety and Disaster Prevention Roadmap.

In December 2020, the Group established the Disaster Management Department and the Occupational Safety Department in the Safety and Disaster Management Division, which is directly overseen by the president. The two new departments are leading the Group's efforts to apply the PDCA cycle for improving the Group's safety, security and disaster prevention framework. In addition, the Business Division, Management and Administrative Division, Audit Division adopted a "three lines of defense" structure with each division holding respective responsibilities for implementing risk reduction measures related to safety and security risks.

The Business Division carries out comprehensive disaster prevention and site inspections using a safety management system (SMS) and emergency management system (EMS). The Management and Administrative Division follows up on the progress of implementation from a professional standpoint.

The Risk Management Committee and the Safety and Disaster Management Division use the risk map to implement risk reduction measures throughout the Group. The Risk Management Committee also recommends risk reduction measures to the Board of Directors.

### Revisions to the safety education system

The Company has expanded its safety education programs provided at worksites and has also created an education program for management level employees with the aim of promoting awareness among all employees about the importance of placing the highest priority on safety and security and the prevention of accidents.

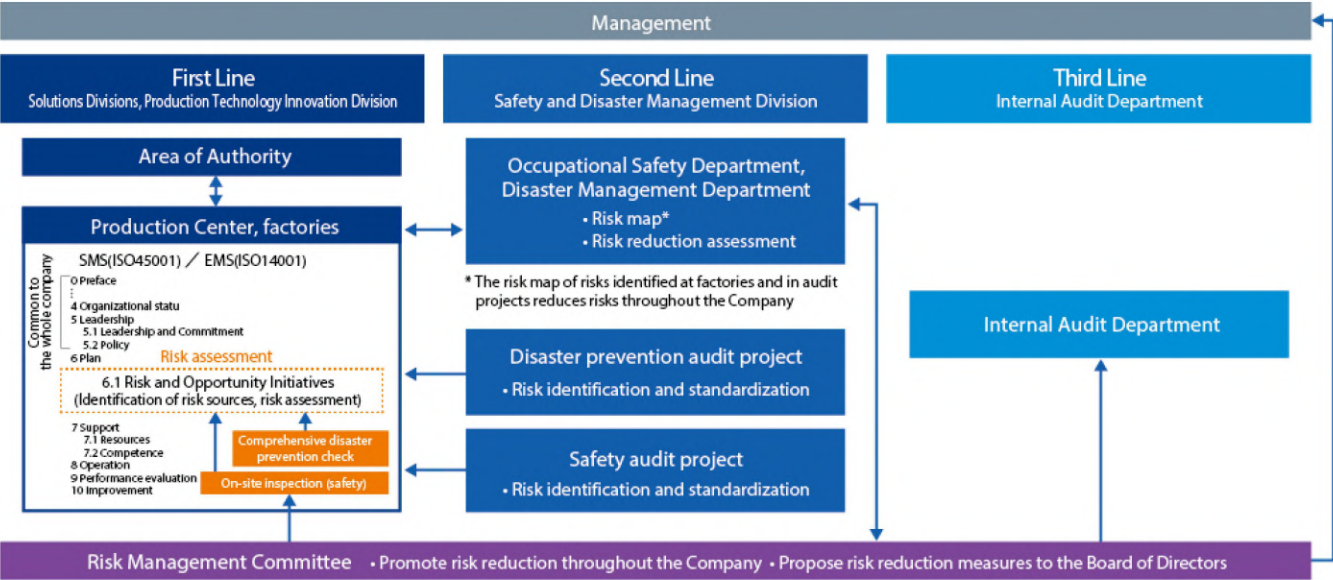
In fiscal 2022, we plan to introduce a new safety education program created by external institutions and designed for specific position levels in the Company. The new program will first be provided to corporate officers and then to other position levels in stages.

### On-site disaster prevention activities

We will initiate on-site disaster prevention activities related to the equipment, personnel, systems, and organization, with the aim of ensuring safe and secure production at our factories.

<b>Hardware</b>	Safety: assess risks of equipment, and make it safe Disaster prevention: assess fire risks and strengthen fire defense equipment.
<b>Software</b>	Continuously improve through the PDCA cycle with EMS and SMS Visualize on-site risk of site in accordance with company-wide standard for disaster prevention supervision. Promotion of 3S on site
<b>Education</b>	Raise awareness of safety first through safety and disaster prevention training at different levels including top management. Efforts to prevent accidents from fading away, establishment of training center, company-wide safety education, securing of instructors, and implementation of exchange meetings across departments
<b>Organization</b>	Deployment of disaster prevention experts, increase of personnel, deployment of on-site disaster prevention personnel, and review of the production workforce

Three Lines of Defense Structure




Occupational Safety and Disaster Prevention Roadmap

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025 and forward
Priority issues for the year	<ul style="list-style-type: none"><li>•Top management commitment statement</li><li>•Start on-site dialogues</li><li>•Start safety and disaster prevention workshops</li><li>•Organize the mission of the Safety and Disaster Management Division</li><li>•Organize the SMS and EMS policies of all companies</li></ul>	<ul style="list-style-type: none"><li>•Establish on-site dialogue as standard</li><li>•Establish safety and disaster prevention workshops as standard</li><li>•Construct a Group SMS and EMS system</li><li>•Create overview of on-site inspection activities</li><li>•Start of human resource development exchange meetings</li></ul>	<ul style="list-style-type: none"><li>•Expand to all Group companies</li><li>•Establish the Group SMS and EMS system</li><li>•Establish human resource development exchange meetings as standard</li></ul>	<ul style="list-style-type: none"><li>•Develop for overseas sites</li></ul>
Fostering a culture of safety (employee behavior and awareness)	Mostly dependent stage <sup>1</sup> → Increasing independent stage <sup>1</sup> → Emerging interdependent stage <sup>1</sup>			
Reestablish shared values and communications	Top management commitment statement An expression of management commitment and action, and a demonstration of tangible leadership (Declaration of Action, on-site dialogues)			
	Workshops for specific position levels (all levels → broaden to Group companies and overseas bases)			
Safety infrastructure (systems, human resource development)	3S <sup>2</sup> activities (production innovation, small group) Continuously improve ability to identify on-site risks, develop human resources capable of noticing and rectifying abnormalities			
	Establish safety and disaster prevention training centers at all bases, construct a disaster prevention education program			
	Appoint disaster prevention personnel, strengthen organization (secure personnel and specialists)			
Steadily implement emergency response and incorporate into daily management	Reconstruct the safety and security disaster prevention risk management system Continuous risk management at all companies			
	Audit Project			
Synchronize with all-company risk management activities	Conduct on-site inspections Review the comprehensive disaster prevention checks			
	Establish RA activities, review of case studies (strengthen horizontal development)			
	Disaster prevention budget, set work stoppage schedule			
Mechanism to establish a tradition of learning	Inspect ducts Duct fire countermeasures			
	Medium-term safety and disaster prevention plan (update aging equipment, remove wooden buildings, replace firefighting equipment, etc.)			

1. These stages are derived from the DSS Bradley Curve of the progressive maturity of a safety culture.  
2. 3S activities: Seiri (sort), Seiton (set in order), and Seiso (shine)

# Quality

Materiality	
Related ESG: <b>E</b> <b>S</b> <b>G</b>	
<b>Safety, disaster prevention, quality</b>	

## Management approach

### Approach to quality

In order to gain the trust and ensure the satisfaction of customers through high quality products and services that are safe, environmentally friendly, and in compliance with laws and regulations, the Group has formulated and advances activities under the TOYOBO Group Basic Policy on Quality Assurance (QA) and the TOYOBO Group Basic Policy on Product Safety. We have strived to construct an appropriate management system, conduct quality inspections following appropriate procedures, and handle data appropriately in order to ensure the quality and safety of the products and services we provide.

However, there were quality fraud incidents in our engineering plastics business. We will take these issues seriously, completely review our daily processes and management standards, and rebuild our manufacturing system to regain the trust of our customers and 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

< TOYOBO 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 permanent committee that oversees product liability (PL) and quality assurance (QA). The chair of the committee is the Controlling Supervisor Director of the Production Technology Innovation and 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 the promotion committee comprising general managers is held six times a year. The committee met eight times in fiscal 2021.

We have established the new Quality Assurance Division on April 1, 2021 as one of the measures to prevent recurrences of this inappropriate conduct. We will ensure the independence of the Quality Assurance Division, which was previously in each business division (Solutions Division), and strengthen its control over the business divisions. In addition, the Quality Assurance Department will be given the authority to guide and suspend the businesses, development and production of the Company and affiliated companies regarding product safety and quality assurance of the Toyobo Group, and will continue to redouble its efforts to restore trust, such as by working to reconstruct an appropriate quality management system and strengthen governance.



# Target and KPI

## Target

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

## KPI and Results

Initiatives	KPI	Targets	Result (FY2021)
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%	80%

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

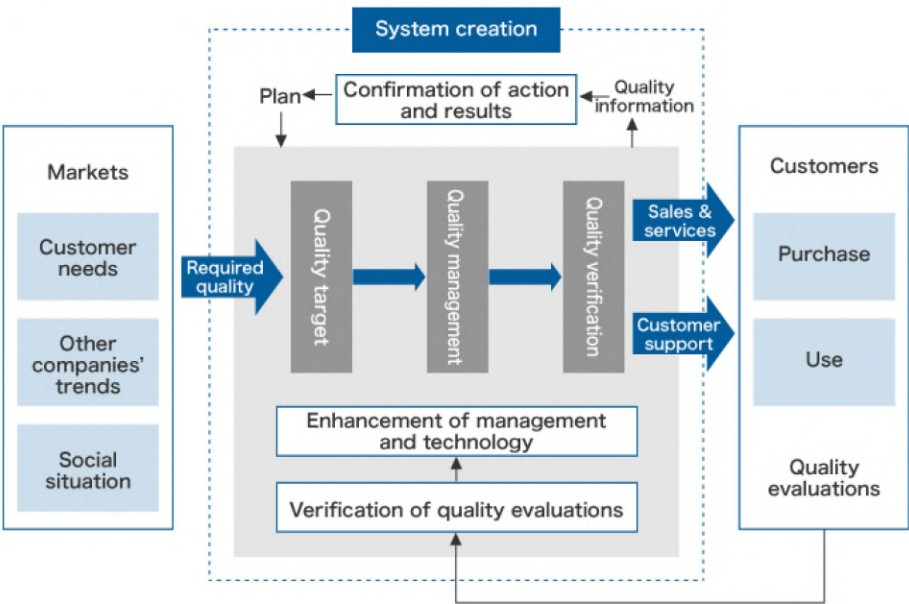
# Initiatives

## 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, the Quality Assurance Guidelines provide the basis for developing a system that guarantees quality. In January 2021, we reviewed our Quality Assurance Guidelines to enhance the effectiveness of our assurance and management systems.

Moreover, a QA system is established for each product and service so that quality and product safety can always be guaranteed at each stage. 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



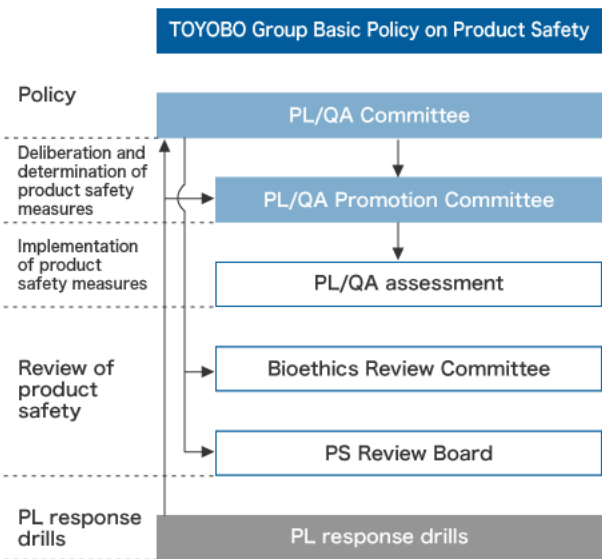
Product safety promotion activities

For each department and group company, we conduct PL/QA assessments carried out by third parties or quality assurance personnel from different departments to verify and improve Product Safety (PS) activities. Moreover, we have established criteria for assessing PS and PL risks, and based on these criteria, we carry out inspections at each stage, from product development to sales. By addressing risks in advance, we work to mitigate risks pertaining to customers and employees.

We have prepared tools to help create Safety Data Sheet (SDS) and provide the sheet to our customers when necessary.

All possible measures are taken to ensure product safety, and training drills are also conducted regularly every year at all business divisions based on PL incident scenarios. Product safety remains a crucial theme throughout the whole of the Group, and we will continue to mitigate risk as much as possible to fulfill our social responsibility.

PL Response System



ISO 9001 Certification Status

[Find more information about our ISO9001 Certification Status here >](#)

Response to the quality misconduct incident

Steps to prevent incidents of quality misconduct

Following the incidents discovered in fiscal 2021, Toyobo is aiming to prevent and eliminate any potential for quality-related misconduct by changing its culture, systems, and awareness related to quality with the aim of conducting manufacturing that fulfills its promise to provide safety and security from the customer's perspective.

Toyobo is planning to implement several changes to fulfill our promise to customers. We are forming the new three lines of defense structure, which includes the Quality Assurance Division directly headed by the Company president, and strengthening the check system when transferring business. In addition, we will fortify the internal auditing function and compliance training systems, promote the use of the internal reporting and employee rotation systems, and strengthen the quality management system by engaging outside experts to participate in special projects centering on quality topics.

Investigation and response to the incident

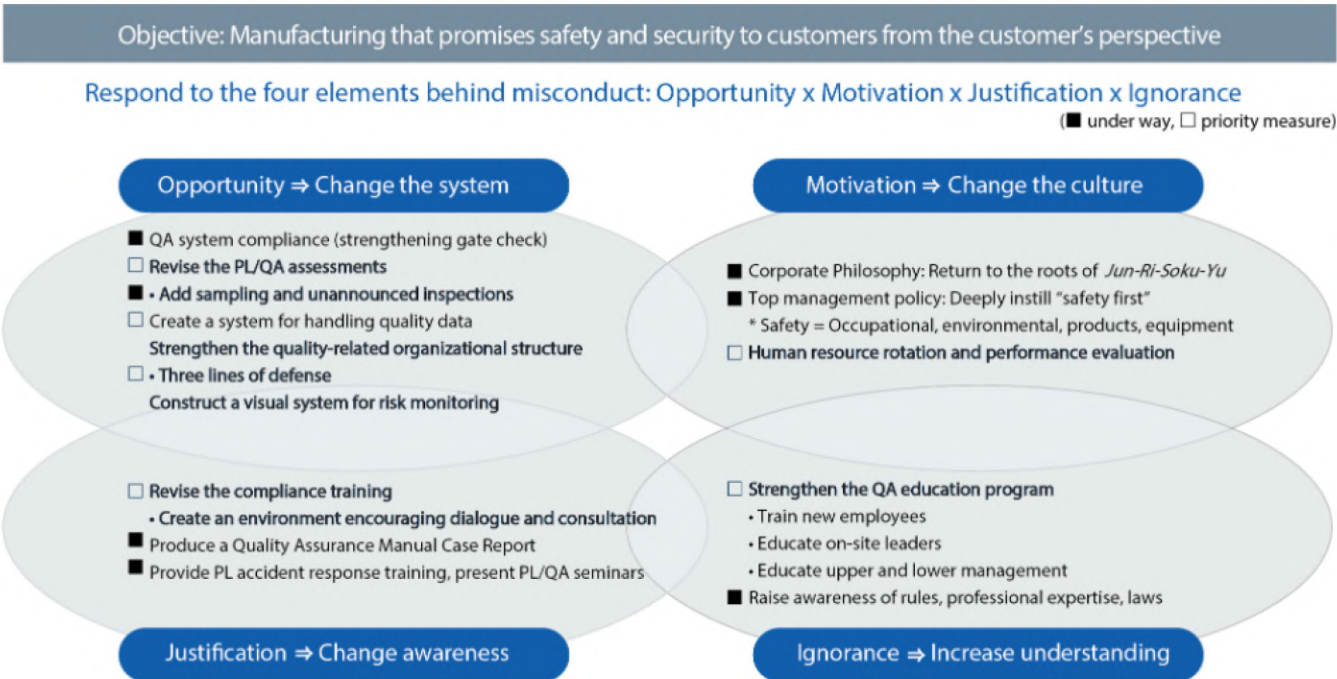
Toyobo established a case committee to review the "PLANAC" and other engineering plastics involved in the quality incident, which was composed of outside directors and auditors to ensure the investigation's fairness and independence from the Company's executive bodies. In addition, the Company engaged lawyers without any affiliation with the Company to conduct an investigation.

The results of the investigation into the causes of the incidents and recommendations for measures to prevent recurrence produced are shown in the following chart. The Company is diligently implementing measures following the recommendations.


Quality Incidents Investigation Findings (causes and prevention measures)

Cause	Prevention Measures
Inadequate check system for business transfer	Revise and apply rules for due diligence at the time of business transfer
Insufficient auditing function	Expand the audit scope, conduct on-site sampling and unannounced inspections
Low compliance awareness	Provide compliance training to improve officer and employee awareness
Malfunctioning internal reporting system	Provide compliance training to improve officer and employee awareness
Internal conditions of the division in charge	Investigate and respond to the sense of reluctance to use the system

Specific Measures to Prevent Incidents of Quality Misconduct




Roadmap for Building the Quality System

	FY2022	FY2023	FY2024	FY2025 and forward
Priority Issues	<div>Regain trust</div> <div>Inspections to guarantee quality, build quality in the processes</div>			<div>Unwavering trust</div> <div>Instill the concept of quality assurance across the product lifecycle</div>
Emergency Measures	<div>Respond to external certifications</div> <div>Revise assessment processes</div> <div>Respond to customers</div>			
Corrective Measures	<div>Create guidelines for Quality DX</div>	<div>Horizontally expand to affiliates and overseas offices</div> <div>Horizontally develop quality DX examples ⇒ Accelerate conversion to smart factories</div>		
Standardization	<div>Management structure (verification of effectiveness): Three lines of defense system, Risk Management Committee</div>	<div>Diligent quality assurance management (actively apply ISO to operations)</div> <div>Create a map of quality-related human resources, train and actively use specialists in the professional system</div>		
Changing Awareness	<div>Corporate Philosophy: Return to the roots of Jun-Ri-Soku-Yu, deeply instill "safety first"</div> <div>Change the organizational culture and awareness</div> <div>Train QA personnel and foster quality awareness</div>	<div>Instill QA as an activity for everyone!</div>		

\* Quality control and quality assurance using DX (Digital Transformation)

# Supply Chain Management

Materiality	
Related ESG: <b>E</b> <b>S</b>	
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 LGBT), and Green Procurement Guidelines that are considerate of the environment. In October 2020, 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 and, maintain sound relationships with society and stakeholders, including customers and business partners.

#### ■ Toyobo’s Basic Policy

Advance strategic procurement optimized and improved for the entire company through “procurement innovation.”

1. Strengthening relationships with good business partners based on an “open door policy”  
We will strengthen procurement structure by cultivating new business partners and applying a procurement value system to actualize shared issues with existing business partners so that we can align vectors.
2. Promoting cost planning activities (development purchasing) with the aim of realizing prices in line with the needs of the market  
We are promoting organizational VA and VE activities based on standardization and revising prices for over-specified products in order to achieve cost price targets.
3. Ensuring thorough compliance and fair business practice  
In relationships with business partners, we practice fair and highly transparent business in full compliance with procurement-related laws, such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.
4. Advancing CSR procurement

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

### Procurement structure

We have positioned our Procurement & Logistics Division as a companywide procurement function supporting our other business divisions (manufacturing, sales, development). It operates as an organization for developing a collaborative structure unifying four parties, including good suppliers, based on a spirit of realizing win-win relationships, with the aim of providing mutual prosperity and as a result, supporting the growth of the Group’s business.

## CSR procurement

We have formulated our CSR Procurement Guidelines and Green Procurement Guidelines with the aim of fulfilling our social responsibilities, such as ensuring product quality and safety and respecting 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.

Training for the person in charge of CSR procurement is conducted at the yearly read-through with the compliance manual. At the read-through, group managers of procurement and logistic departments familiarize the employees with the CSR Procurement Guidelines, which are involved in Chapter 5 "Responsible Procurement and Logistics" of the manual.

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

## Targets and KPI

### < 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 CO<sub>2</sub> emissions by promoting green logistics, such as implementing a modal shift to rail and sea transportation and improving loading efficiency.

### < KPI and Results >

Initiatives	KPI	Targets	Results (FY2021)
<ul style="list-style-type: none"> <li>Realize sustainable, responsible procurement and logistics</li> <li>Carry out transactions that are fair and respect human rights</li> <li>Build a low-carbon society</li> </ul>	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. Establishing a system for conducting questionnaires [FY2022 response 92%]
	2. Ratio of reduction in CO <sub>2</sub> emissions related to logistics (sales)	2. Year on year reduction of 0.5%	2. Year on year reduction of 0.6%

## Initiatives

### CSR Procurement Survey

We globally conduct a survey among key business partners, based on the "CSR Procurement Guidelines". This allows us to verify the status, while facilitating them to deepen their understanding of CSR activities.

The 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 evaluate the risks of our business partners regarding social issues through this survey.

We ask new business partners at the start of business and ask existing partners regularly to cooperate with the survey.

In fiscal 2021, the survey response rate from the primary suppliers was 92%. If any issues are in the surveys, we take corrective measures.

\* Business partners occupying 90 percent of the whole procure amount

## 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 2019, 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 requested our business partners to respond. 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 >](#)

## 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 of Japan 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.

The spread of new coronavirus infections (COVID-19) has led to supply uncertainty and logistics delays in some areas. We are endeavoring to gather information from suppliers, logistics partners, and others and share this information throughout the company in a centralized manner, and are taking measures including the use of alternative parts and routes in order to minimize damage.

# Human Resource Management

Materiality	
Related ESG: <b>S</b>	 
Human resource management	

## Management approach

### Policy and approach

In line with our own corporate growth strategy, the Toyobo Group aims to realize the TOYOBO PVVs corporate philosophy framework, which is centered around human resource management in which “each individual can work with a sense of growth, pride, and satisfaction.” To achieve this, we will respect employee diversity and support work practices that allow employees to demonstrate their individual skills, and build environments where a diverse work force can thrive. As an example of this, we have formulated and shared a Human Resources Development Plan and we are increasing the amount we invest in employee education. Also, we prohibit inappropriate behavior, such as various forms of harassment, in our workplaces and ensure there is no discrimination in the way we recruit and treat employees.

### Structure

The individual responsible for the Group's human resources management is Masakatsu Shirai, Director, Executive Officer, Controlling Supervisor of HR and Corporate Communication Division. 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 KPI

#### < 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.

< KPI and Results >

Initiatives	KPI	Targets	Results (FY2021)
<ul style="list-style-type: none"> <li>• Nurture human resources (build careers, develop capabilities)</li> <li>• Promote work-life balance</li> <li>• Ensure equality in recruitment and treatment of employees</li> <li>• Realize diversity and inclusion</li> <li>• Maintain people-friendly work environments (promote health)</li> </ul>	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. ¥24,000, 16.54hrs
	3. Achievement of female manager ratio target	3. 5.0% or above	3. 3.1%
	4. Ratio of annual paid leave taken	4. 75%	4. 64%
	5. Reduction of overtime work hours (No. of people over 360 hours per year / No. of target persons)	5. Reduction of 20% (2.0%)*	5. (3.0%)
	6. Ratio of male employees taking childcare leave	6. Total number of days of absence leave taken increased by at least 20% for at least 80% of those eligible for absence leave*	6. 80.0%
	7. Employment ratio of people with disabilities	7. 2.3%	7. 2.2%
	8. Obtainment of certification of Health and Productivity Management 500	8. Acquisition / maintenance	8. —
	9. 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"	9. ① Increase of positive response rate ② Increase of positive response rate	9. 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

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### 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 Director & Executive Officer who oversees the HR and Corporate Communication 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.

In recent years we have been training human resources who can put CSV into practice, and are focusing on developing employees who can make our TOYOBO PVVs corporate philosophy framework and growth strategies a reality.

Education & Training System

Job Level	Standard Training									Job Category-Specific Training			Business Department Training	Self-education
	Career Design	Training by Level	OJT	Selectable Seminars	Training for Executive Management Candidates	Role-based Training	Global Response Training	Participation of Women in the Workforce	Other	Sales	Technical/Research	Permanent Employees		
Manager (M Position)														
Levels 1-3	Mid-career Design Seminar	M Position Advancement Training Quality Assurance Training		Management Skills Seminars (MSS)	External seminars for selected employees "Practical Business Management" Reciprocal Improvement Program	Basic Organizational Management Training New Employee Mentor Training Line Manager Training	English Improvement Measures Short-term Overseas Operational Training	Management Seminars for Supervisors	Intermediate Women's Leadership Training Seminars Voluntary Participation Seminars		Production Technology Innovation Course for Section Chiefs 1		Various training	Distance Learning / E-Learning
Level 4		New Career Employee Training		Business Skills Seminars (BSS)		OJT Leadership Training		Overseas Study	Basic Women's Leadership Training Seminars	Intermediate Sales Training	Onsite Leadership Training Practical Engineering Seminar (EJS) Basic PSE Seminar		Supervising Department Training	
Level 5		Basic Business Training Career Design Seminar, New employee training (first semester/second semester)								Basic Sales Training	Basic Engineering Seminar (EKS)			
Level 6		Level 5 Advancement Training		First Skills Seminars (FSS)										
Level 7														
Required training				Advancement-related			Selection required		Voluntary or by appointment					

Education & Training-Related Results

	Results (FY2021)
Training hours per employee	16.5hrs
Training investment per employee	¥24,000
Total training attendees	1,793
Total training hours	32,496hrs

## Initiatives

### Nurturing the next generation of management

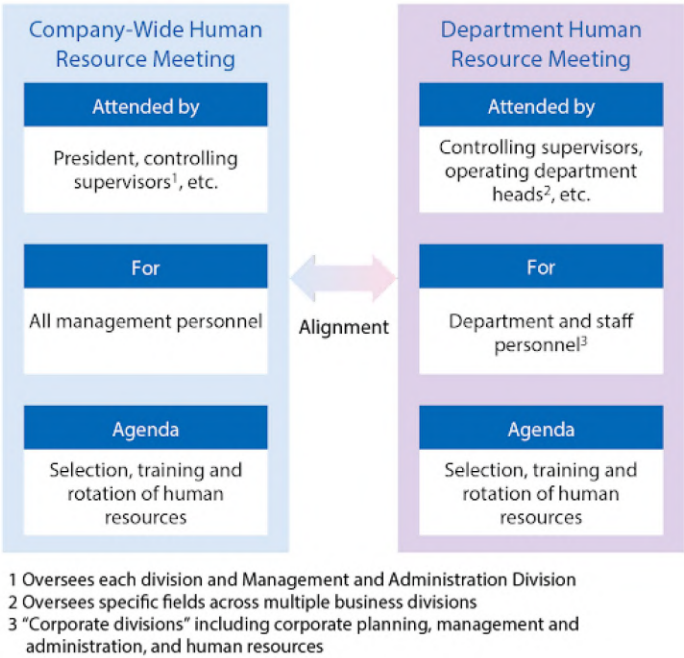
For Toyobo Group's initiative to train the next generation of management, the Group plans to provide chosen personnel with internal and external management executive development training. In order to further broaden their experience, we will also give them the opportunity to undertake business operation and management duties to hone their management skills, which will help us achieve our succession plan.

Moreover, in order to expand the perspective of developing human resources of not just business divisions or departments but the entire company, we will visualize positions and human resources, and determine exactly who should have what experience.

The Group will begin holding 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.

Specifically, we are taking a company-wide perspective in actively rotating selected personnel, including to overseas, as well as sending them to business schools.

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.



### 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.

## 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 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.



## Work-life balance

### Approach to work-life balance

We are engaged in work style reform so that our employees can work with renewed efficiency and achieve a good balance between work and personal life and we also provide support such as the Childcare Shortened Work Hour Program, Nursing Care and Flextime system, and Teleworking scheme. 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. Also, 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 FY2020, Childcare Leave has offered five days of paid leave. In conjunction with this change in the system, we are encouraging men to take Childcare Leave. Male 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 male 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.

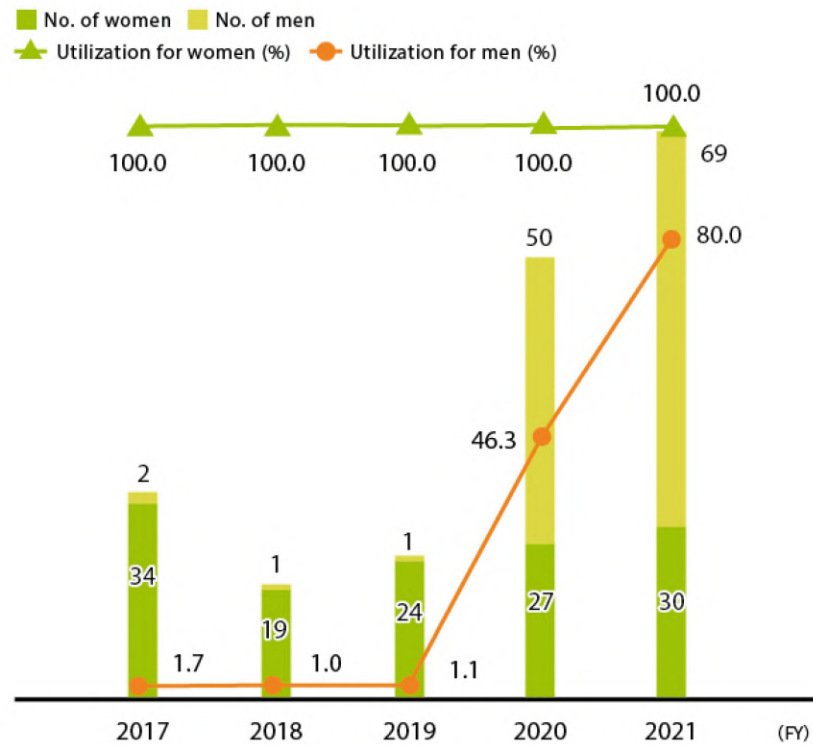
We are also increasing the number of days of leave at other offices and we are creating opportunities for employees to spend quality personal time together with family and friends, such as holding a No Overtime Day at least once a month. In fiscal 2020, we introduced a Teleworking scheme at head and branch offices, and have expanded to also include other offices in fiscal 2021.



Scheme Usage

	2017	2018	2019	2020	2021
Women taking childcare leave	34	19	24	27	30
Ratio of women taking childcare leave (%)	100	100	100	100	100
Men taking childcare leave	2	1	1	50	69
Ratio of men taking childcare leave (%)	2	1	1	46	80
Employees taking childcare shortened work hour program	50	66	75	64	70
Annual paid leave utilization ratio (%)	65	66	68	73	64

Childcare Leave Utilization



## Main Support Systems

	Main System	Details
<b>Systems supporting diverse work styles</b>	Teleworking Scheme	Employees can work outside the office, in principle at their home, for up to five days per month. 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.
<b>Systems supporting work-life balance</b>	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: <b>S</b>		
Human resource management		

## 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 established the Female Empowerment Promotion Group within the Human Resources Department, and the Group has been engaged in activities to promote the empowerment of women. We have held presentations, seminars for managers, career design seminars, female leader development seminars, etc., 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](#) >



The Company-operated nursery inside the Research Center

## 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 are not influenced by differences such as gender and nationality, and we are cultivating a corporate culture in which diverse employees can participate actively and find job satisfaction.

We are promoting employment by introducing a senior employee system. We rehire employees who have retired at the age of 60 according to their wish if they are deemed to be able to work normally.

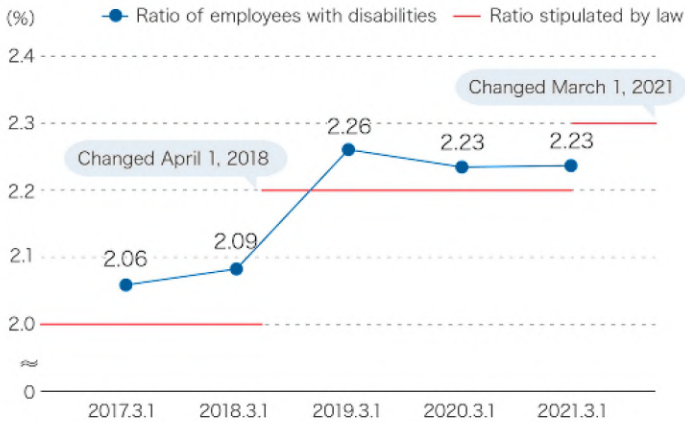
In regard to raising the ratio of employees with disabilities, it is crucial that initiatives are carried out at a company-wide level, at meetings of the managers of General Administration Departments at each business site held four times a year, we share information and actively encourage the recruitment of people with disabilities.

To improve the working environment, Tsuruga Research and Production Center and Inuyama Plant have promoted barrier-free in each office. Other sites are also improving the building to be barrier-free sequentially.

### < KPI and Result >

KPI	Target (FY2026)	Result (FY2021)
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<sup>\*1</sup> 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 female managers<sup>\*2</sup> (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 female managers rising three-fold to 13, and the female 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<sup>\*3</sup>. In parallel with this, we have also been expanding the range of work roles open to women, substantially increasing the number of female employees on the managerial career track assigned to the sales and manufacturing divisions, which in the past had very few managerial career track female 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.

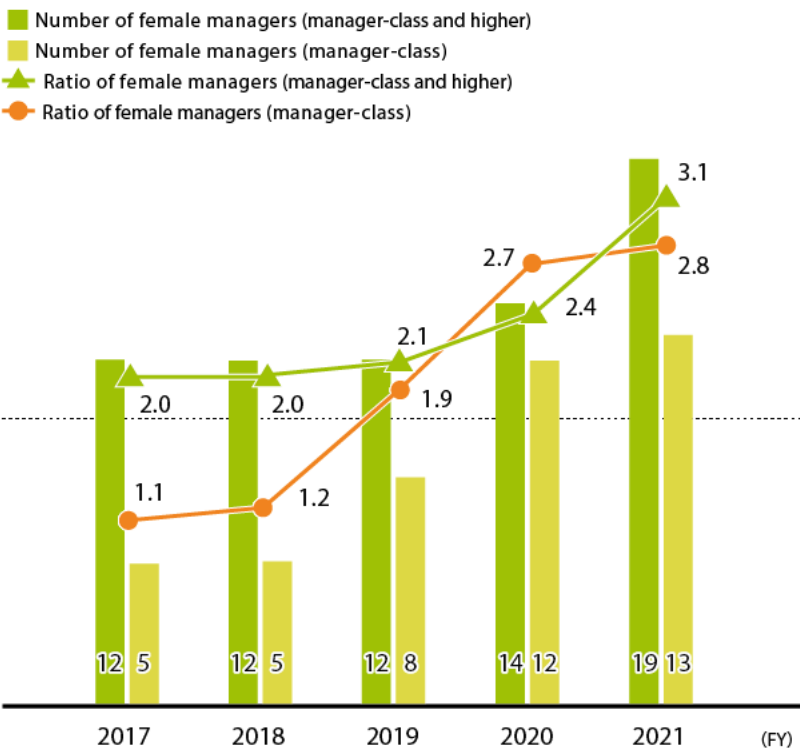
Nevertheless, the percentage of female managers is still not sufficiently high, and the relatively limited number of female candidates for managerial positions is also an issue that needs to be addressed. In response to this situation, in fiscal 2021 we set the ratio of female managers as a KPI for Toyobo Group. The Group is now working to achieve this target.

<sup>\*1</sup> Defined as all employees on the managerial career track, including those who have only just joined the company.

<sup>\*2</sup> Including all female employees with the rank of section chief or higher.

<sup>\*3</sup> Career track for employees who are expected to be active throughout the entire company.

### Ratio of Female Managers



## Main Measures Implemented

Seminars		Male employees taking childcare leave (fiscal 2021)  Percentage: 80%	Interviews: Held with a cumulative total of 907 employees (approximately 150 per year, including male employees)
Female leader development seminars (introductory and intermediate)	Held 7 times		
Career planning seminars	Held 19 times		
Seminars for managers on managing female employees	Held 38 times	Female Empowerment Promotion Project:	Activities implemented continuously over a four-year period, with changing participants
Babysitter support system Childcare costs incurred while away on business trips  Entirely covered by the company			
Mentoring system: A total of 226 mentoring pairs (achieved over a period of two years, with pairs being changed every six months)		Establishment of a nursery within the company (at the Research Center) Enrollment capacity: 10 children Cumulative total no. of users: 25 children over three years	

## Formulating new 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 female 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 female managers.

In addition, we introduced a new Career Development Support Program for female employees who are currently on the regional career track<sup>\*4</sup>. 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 female employees regional career track, such a path has now been created, and the company is continuing to provide support to help female employees to fully develop their capabilities. In addition, by having individual units compile and implement female 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 Challenge<sup>\*5</sup> goal announced by the Japan Business Federation (Keidanren) to raise the ratio of female executives to 30% by 2030, and for the Women's Empowerment Principles<sup>\*6</sup>, which outline a code of conduct for actively promoting female empowerment; Toyobo has signed a statement committing itself to act in accordance with the WEPS.

Through these activities, Toyobo is aiming to secure 2-star Eruboshi certification<sup>\*7</sup> for promoting women's advancement by fiscal 2022.

<sup>\*4</sup> Career track for employees whose career is expected to be confined to one specific business site.

<sup>\*5</sup> 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.

<sup>\*6</sup> The Women's Empowerment Principles were formulated jointly by UNGC and UN Women in 2010.

<sup>\*7</sup> 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

<b>Target No. 1</b>	Raise the share of managers who are women to at least 5.0% by the end of fiscal 2026 (compared to 3.1% in March, 2021)
April, 2021 onwards:	Implement female leader cultivation training for female managers and female candidates for managerial positions (continued implementation since August, 2017)
April, 2021 onwards:	Implement female leader cultivation training for female section chiefs and female candidates for section chief positions (continued implementation since September, 2019)
April, 2021 onwards:	Implement mid-career hiring of female managers
September, 2021 onwards:	Establish and implement women empowerment promotion action plans at the unit level
<b>Target No. 2</b>	Raise the share of women on the career track to at least 22% by the end of fiscal 2026 (compared to 17.1% in March, 2021)
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 female employees
April, 2021 onwards:	Implement follow-up interviews for female employees (continued implementation since April, 2015)
April, 2021 onwards:	Establishment and operation of a three-year career development support program
<b>Target No. 3</b>	Raise the percentage of eligible male 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 (compared to 80% and 12 days respectively in fiscal 2021)
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 male and female 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.



**Noriko Tsuchiya**

Women Empowerment  
Promotion Group Manager  
Human Resources Strategy  
Department, Human  
Resources Department

# 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. In fiscal 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).

In fiscal2022, 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 be a "strong and good Toyobo Group" which offers growth potential and stability.

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 Co., Ltd. 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), Masakatsu Shirai, Director, Executive Officer, Controlling Supervisor of HR and Corporate Communication Division, the Labor Affairs Department, the occupational physician 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.

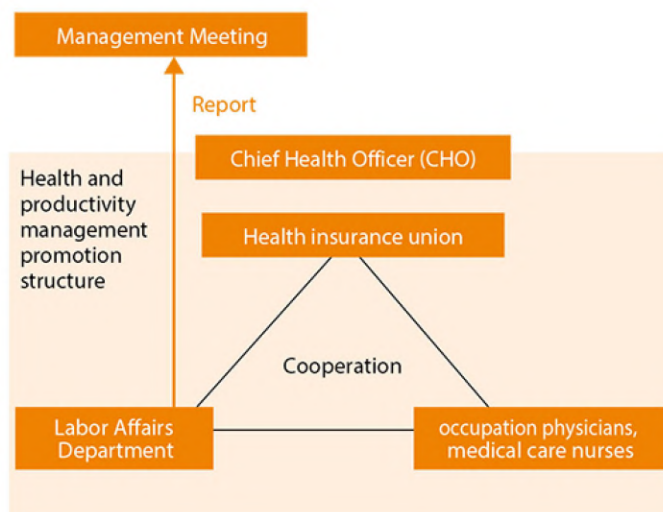
Such initiatives were highly evaluated, leading to Toyobo's recognition as a Certified Health and Productivity Management Outstanding Organization, for the first time. Toyobo will aim to enhance its corporate value further by strengthening and promoting its health and productivity management further 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), Masakatsu Shirai, Director, Executive Officer, Controlling Supervisor of HR and Corporate Communication Division, the Labor Affairs Department, industrial physicians, occupational health nurses/medical care nurses, and the health insurance union are working together on key measures.



## Key measures under the TOYOBO Health & Productivity Management Declaration

Under the TOYOBO Health & Productivity Management Declaration, 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

## Initiatives

### Health checkups

Toyobo aims to have a 100% rate of health checkups by industrial health staff at each business site. Our examinations for lifestyle-related diseases and cancer are more comprehensive than as required by law.

In cooperation with the health insurance society we have in place cancer screenings for any staff (employees and their dependents) who want these, 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 staff. If necessary, they also provide examinations and treatment at clinics, and referrals to specialized medical institutions. 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

At Toyobo, if long working hours exceed a certain standard\* within a three-month period, including for 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. Through these initiatives, we promote reduction of the extreme over time. We have also set the number of employees eligible for overtime work hours as a KPI, and have set a reduction of 20% as a target.

Management and employees at each business site have put in place Family Day (No Overtime Day), and we have established a campaign that encourages 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 as legally mandated, and we hold interviews with industrial physicians.

\* Over 80 hours overtime in two consecutive months + 45 hours in the third month

### Mental healthcare initiatives

Toyobo invites mental health specialists as guest lecturers to provide annual training for managers, to increase their awareness and understanding of mental healthcare. Individual consultations are also given by industrial health staff (one to five) in place 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 in the rapid increase in working-from-home situations, adopted also as a measure to tackle the spread of new coronavirus infections (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.

## 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, providing information about infection prevention, and distributing masks, among other measures.

[Find more information about our Safety, Disaster Prevention here >](#)

# Local Communities

## Management approach

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### 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

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### 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.

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 FY2021, five candidates were granted research subsidies amounting to a total of 27.5 million yen and these were presented at an online ceremony on February 25, 2021. As of the current fiscal year, we have granted long-term research subsidies to a cumulative total of 211 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.



Recipients of FY2021 long-term research subsidies and other people connected to the Foundation

**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. Before the spread of the new coronavirus infection (COVID-19), our employees had served as judges at events showcasing their activities.

\*In FY2021, recruitment of participants for the "Shiga Junior Research Grant" was postponed by the spread COVID-19.



The Shiga Tech Plan Gran Prix finals held on July 31, 2021



The representative of the Renato Science Team, which won the Toyobo Award, and Toyobo managing executive officer Yasuo Ota who served as a judge at the finals

\* Masks were removed to take this photo

## Supporting sports

The Toyobo Group is supporting young people who want to compete globally through the following initiative.

### Becoming gold sponsor of FC Basara Mainz

In September 2019, the Toyobo Group has become a gold sponsor of FC Basara Mainz, a team playing in the sixth level of the German soccer league. The club was founded in 2014, and one of the founders of the club, a professional soccer player Shinji Okazaki (currently playing for Huesca in Spain's La Liga) who has also been involved in the Toyobo Group's advertising and PR activities, with the aim of "creating a place where Japanese players can grow as people through German soccer." The team is working to encourage sports in a way that benefits the local area through initiatives such as holding origami classes that use Olyester Origami, a material developed by Toyobo.



FC Basara Mainz team photo

## Social Contribution Activities

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### 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.

### Welcome to Toyama Production Center! Holding site tours for students (Toyama Production Center)

On March 10, 2021, a company tour was held by Nanto City, Toyama Prefecture. Nine university students and high school students from the same city visited the Inami factory. On March 16th, 18 second-year students from Takaoka Daiichi High School visited the Shogawa Factory.

After a welcome speech from the manager of the Toyama Production Center and a company introduction, we showed the students around the factory. The students listened to the explanations from the staff besides the actual machines and products.

After the tour, there were many questions such as "What is the best-selling product?" "Which soccer team's uniforms are made of the materials?" "When do you feel it rewarding?" The Toyama Plant will continue to actively accept students from neighboring areas for company tours and work experiences.



### Visiting lecture at high school

#### Conducted an experimental training of PCR test! (Tsuruga Research and Production Center)

On July 19, 2021, we conducted an experimental training on PCR test for 33 second grade students of Fukui Prefectural Tsuruga High School.

The purpose of the training was to have students know what the PCR test, which is used to diagnose the new coronavirus, looks like, and to raise their interest in medicine and pharmacy.

After giving a lecture on the mechanism of PCR testing, the students were divided into eight groups and experienced the test procedure. The students were working on the experiment with a serious expression, even though they struggled with the detailed work. This training was a good opportunity for the students to become interested in the field of biotechnology.



### Conducted a visiting lecture at after-school daycare (Tsuruga Research and Production Center)

On August 20, 2021, we conducted a visiting lecture at after-school daycare "Children's Development Support Room Plus up" (Tsuruga City, Fukui Prefecture). In this class, we let the children know about our company in the local area and think about "working."

First, after explaining the overview of Tsuruga Research and Production Center, we conducted a quiz to guess the brand of the three-dimensional cushion material BREATHAIR®. The children compared the differences by touching and sitting to hit the same sample that was distributed from among the four cushions with different hardness.


The children were happy to clap their hands when they answered the quiz correctly. At the end of the class, a child said "I learned a lot about Toyobo. It was fun!"



[Find more information about our activities in the past here >](#)

# Activity Report : Governance

## Corporate Governance

Materiality	
Related ESG: <b>G</b>	
Corporate 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.

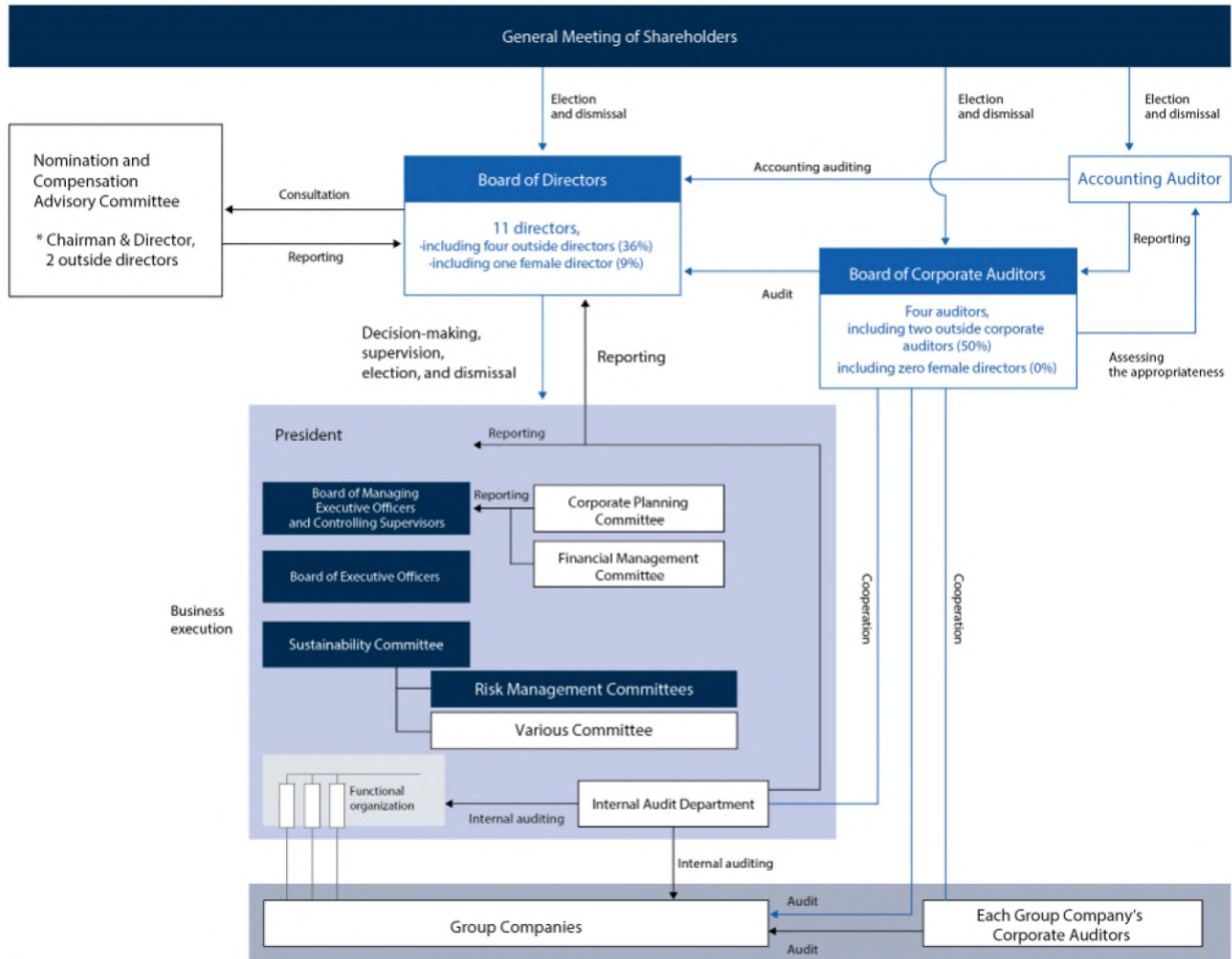
The Company, to respond to the changing times and enhance sustainable corporate value in the future as well, has established the policies of (1) ensuring timeliness and accuracy in decision-making, (2) ensuring transparency in management, and (3) emphasizing fairness, and will work to appropriately collaborate 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 management regulations, 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 2021)



Main issues (FY2021)

Number of meetings held	
Board of Directors	18
Board of Corporate Auditors	15
Nomination Committee	5
Advisory Board on Compensation	3
Board of Managing Executive Officers and Controlling Supervisors	31
Sustainability Committee	4
Corporate Planning Committee	8
Financial Control Committee	19

## Board of Directors

At the Annual General Meeting of Shareholders held in June 2021, one director was added to the Board of Directors to make a total of 11, including four outside directors. A director's term of office is set at one year to ensure a swift response to changes in the business environment and to clarify the responsibilities, and this is led by the Chairman & Director.

In order to separate decision-making and supervision from business execution, we have built a system in which the Board is elected from outside directors and executive officers who oversee departments that are engaged in operations with a company-wide scope. This system makes it easier for executive officers, who are responsible for specific businesses, to concentrate on their respective businesses and fields, however so that directors can supervise the execution of business appropriately and smoothly, we increased the number of executive officers in charge of specific offices by one to a total of two.

Board of Directors meetings are in principle held monthly, and otherwise as needed. In fiscal 2021, they made decisions on matters stipulated in laws and the Articles of Incorporation, and on important investment deals including acquisitions. In addition, the Board received reports on each business and conducted appropriate supervision.

### Main issues (FY2021)

- (1) Important Investment deals
- (2) Fire accidents, quality deficiency-related incidents
- (3) Risk management-related
- (4) Revision of the Charter of Corporate Behavior, formulation of Human Rights Policy, etc.
- (5) Sustainability related (identifying materiality, handling carbon neutrality, etc.)
- (6) Reports on the Nominations Committee and Advisory Board on Compensation
- (7) Evaluation of Board of Directors' effectiveness
- (8) Cross-shareholdings (policies, verification)
- (9) Reports on the Emergency Safety Meeting, etc.

## Board of Corporate Auditors

The Board of Corporate Auditors has four members, two of whom are outside corporate auditors (Both are independent officers: 50%). Their responsibilities include attending meetings of the Board of Directors and other important meetings, stating their opinions when necessary, and auditing each department's operation in order to audit directors' execution performance.

KPMG AZSA LLC has been appointed to conduct the Toyobo Group's independent audits required under Japan's Companies Act. The Board of Corporate Auditors receives auditing plans and reports from the independent auditor and meets with the independent auditor periodically to exchange information. The Board of Corporate Auditors also exchanges information with the internal audit department, which monitors the effectiveness of internal control.

## Board of Corporate Executive Officers and Controlling Supervisors

There are 20 corporate officers, including some who serve concurrently as directors. The Board of Corporate 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, which has been entrusted by the Board of Directors. The Corporate Planning Committee and the Financial Management Committee are established under the Board of Corporate Executive Officers and Controlling Supervisors. They deliberate on important investments and new projects, important borrowing, etc. from their respective realms of expertise, thereby managing business risk.

A working group comprised of directors was also established to discuss issues including the future vision of the Toyobo Group.

## Nomination and Compensation Advisory Committee

Up until now, the Nomination Committee and Advisory Board on Compensation have been formed for deliberating and reporting to the Board of Directors from the perspective of ensuring transparency and fairness in the determination of nomination and compensation of directors and other officers.

However, in order that bodies consulting on nominations and compensation could operate in an integrated manner as well as further increase functionality and transparency, on April 1, 2021, these two committees were reorganized into the Nomination and Compensation Advisory Committee.

This committee comprises the two outside directors (Both are independent officers : 67%), the Chairman & Director, and an outside corporate auditor as an observer, and is led by an outside director.

## Targets and KPI

### < Targets >

The Toyobo Group is building a fair and highly transparent governance structure through compliance with the Corporate Governance Code and proactive information disclosure.

### < Targets and Results >

Initiatives	KPI	Targets	Results (FY2021)
<ul style="list-style-type: none"><li>• Strengthen corporate governance</li><li>• Strengthen information disclosure</li></ul>	1. No. of meeting of the Board of Directors/committees	1. Disclose results	1. Board of Directors' meetings: 18, Other meetings: 7
	2. Attendance rate of officers at meetings in 1.	2. Disclose results	2. <a href="#">Share on the company website &gt;</a>
	3. Disclosure of details of evaluation of Board of Directors' effectiveness	3. Disclose details of effectiveness evaluation	3. <a href="#">Share on the company website &gt;</a>

\* Nomination Committee and Advisory Board on Compensation

## 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"> <li>Established the Ethics Committee (the current Sustainability Committee) To promote company-wide compliance activities as a key element of management</li> </ul>
2004	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
2005	<ul style="list-style-type: none"> <li>Introduced a corporate officer system, reduced the number of directors To split the decision-making/supervisory and executive functions</li> </ul>
2015	<ul style="list-style-type: none"> <li>Increased number of outside directors to two To strengthen the supervisory function by multiple appointments</li> <li>Established an outside officer liaison meeting To hold regular information exchange meetings to optimize the functions of outside officers</li> <li>Established the Nomination Committee (the current Nomination and Compensation Advisory Committee) To ensure transparency and fairness in procedures for nominating/dismissing directors</li> </ul>
2016	<ul style="list-style-type: none"> <li>Made an analysis/evaluation of the overall effectiveness of the Board of Directors Will annually identify issues and make improvements</li> </ul>
2018	<ul style="list-style-type: none"> <li>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</li> </ul>
2019	<ul style="list-style-type: none"> <li>Increased number of outside directors to four (adding a female director) To further promote diversity among members of the Board of Directors</li> <li>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</li> </ul>
2020	<ul style="list-style-type: none"> <li>Implemented further separation between decision-making/supervision and business execution in regard to election of directors</li> </ul>
2021	<ul style="list-style-type: none"> <li>Established the Nomination and Compensation Advisory Committee Integrated advisory and compensation advisory bodies, and improved their functionality</li> </ul>

## **Policies and procedures for the appointment of officers**

For the appointment of top management and nomination of candidates for directors, the Nomination and Compensation Advisory Committee, comprising a majority of outside directors as members and chaired by an outside director, has been established as an advisory body to the Board of Directors, and decisions are made by the Board of Directors based on the deliberations and reports of the Committee. In the nomination of candidates for inside directors, we recommend individuals who have knowledge, experience, and a track record in their areas of responsibility, and who possess a company-wide perspective and qualifications suitable for the post. In the nomination of candidates for outside directors, we recommend individuals who can objectively provide supervision of management, and who have the abundant experience and well-developed insight to increase corporate value. In the nomination of corporate auditors, we recommend individuals who are outstanding in terms of their insight and capabilities with the agreement of the Board of Corporate Auditors.

Furthermore, for the dismissal of a senior management member, 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, then based on the report from the Nomination and Compensation Advisory Committee, the Board of Directors deliberates and decides on the dismissal of a senior management member.

## Director Skill Matrix (as of June,2021)

Attendance record at Board of Directors and Corporate Auditors, skills (as of June 2021)

		Outside	Independent	Age	Gender	Nomination and Compensation Advisory Committee	Chair of Each Committee	Attendance record (attendance percentage) FY2021					Within the experience and background required by the Company, skills that are particularly beneficial (two for inside officers and one for outside officers)						
								Board of Directors	Board of Corporate Auditors	Nomination Committee	Advisory Board on Compensation		Corporate Management / Strategy	Production Technology / Quality / Safety	R&D / Intellectual Property	Sales / Marketing	Legal Affairs / Ethics	Talent Development / Labor affair management	Accounting / Finance
Director	Seiji Narahara			64	Male	○	Board of Directors	18/18 (100%)	—	5/5(100%)	5/5(100%)		○						○
	Ikuo Takeuchi			58	Male		Board of Managing Executive Officers and Controlling Supervisors	14/14(100%)	—	—	—		○			○			
	Chikao Morishige (Newly appointed)			61	Male			—	—	—	—			○	○				
	Yutaka Ouchi (Newly appointed)			64	Male			—	—	—	—					○		○	
	Hiroshi Otsuki			60	Male			14/14 (100%)	—	—	—		○						○
	Yoshio Araki			61	Male			14/14(100%)	—	—	—			○	○				
	Masakatsu Shirai			58	Male			14/14(100%)	—	—	—						○	○	
	Masaru Nakamura	○	○	67	Male	○ (Chair)		18/18(100%)	—	5/5(100%)	3/3(100%)		○						
	Takafumi Isogai	○	○	72	Male			18/18(100%)	—	5/5(100%)	3/3(100%)			○					
	Kimie Sakuragi	○	○	62	Female	○		18/18(100%)	—	5/5(100%)	3/3(100%)						○		
Corporate Auditor	Masaaki Harima	○	○	70	Male			14/14(100%)	—	4/4(100%)	2/2(100%)						○		
	Yasuhiro Iizuka			62	Male			18/18(100%)	15/15(100%)	—	—				○	○			
	Takayuki Tabo (Newly appointed)			60	Male			—	—	—	—						○		○
	Hiroyuki Sugimoto	○	○	68	Male	Observer		18/18(100%)	15/15(100%)	5/5(100%)	—								○
	Akihiko Irie (Newly appointed)	○	○	64	Male			—	—	—	—		○						

\* Change to integrated management from April 2021

## 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

### 1. 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.

### 2. 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 Advisory Board on Compensation\*.
- 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 Advisory Board on Compensation\*, 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.

### 3. 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).

### 4. Ratios 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).

5. 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 Advisory Board on Compensation, 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 Advisory Board on Compensation 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 Advisory Board on Compensation\*.

\*On April 1, 2021, the Advisory Board on Compensation merged with the Nomination Committee to form the new Nomination and Compensation Advisory Committee.

Details of Officer Compensation (FY2021)

\*Including mid-period appointments and resignations

Position	Total compensation, etc.	Total compensation by type			Number of officers*
		Basic compensation	Performance-based compensation	Non-monetary compensation (Compensation for granting restricted shares)	
	(¥ mn)	(¥ mn)	(¥ mn)	(¥ mn)	Name
Directors (including outside directors)	325 (41)	251 (41)	50 (-)	23 (-)	15 (5)
Corporate Auditors (including outside corporate auditors)	66 (15)	66 (15)	- (-)	- (-)	4 (2)
Total (including outside officers)	391 (57)	318 (57)	50 (-)	23 (-)	19 (7)

## Evaluating the effectiveness of the Board of Directors

From January to April 2021, 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 2021 with the support of an external organization. An outline of this evaluation is as follows.

### Method of analysis and evaluation of effectiveness

We have conducted a survey with 40 questions for our directors and corporate auditors, and the responses to this survey are continuously provided directly to the external organization.

Analyses and evaluations after the survey was conducted were carried out by the Board of Directors based on the aggregated survey reported by the external organization.

### Summary of evaluation results

#### 1. Analysis and Evaluation

- (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) Efforts are underway to further separate decision-making / supervision from execution, but there is insufficient discussion on solutions to medium- to long-term management issues such as digital transformation (DX), human resources strategies, and business portfolios.
- (3) Fire accidents and quality deficiency-related incidents need to be taken seriously, and further efforts should be made to improve the effectiveness of the risk management system by strengthening this and confirming how it is progressing.

#### 2. Issues and Future Initiatives

In order to improve the effectiveness of the Board of Directors, we have identified the following issues and initiatives for future attention.

- (1) Strengthened risk management including of safety and disaster prevention, and quality assurance  
→ Establish the Risk Management Committee, and monitor its activities to further enhance the Group-wide risk management system.
- (2) Strengthen the Group-wide internal audit functionality  
→ In order to strengthen the internal audit functionality, have a mechanism by which to periodically report directly to the Board of Directors the status of internal audits.
- (3) Initiatives including ESG, DX, and business portfolios for continuously increasing corporate value  
→ We will set up a venue separate from the Board of Directors as necessary to discuss medium- to long-term themes such as ESG, DX, and business portfolios that require ongoing discussions.
- (4) Further initiatives towards succession planning and appointment procedures for Chief Executive Officers  
→ In order to achieve transparency, fairness, and effectiveness of the decision-making procedures regarding the nomination of officers and their compensation, review the operations of the advisory body to the Board of Directors.
- (5) 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 the efficiency of management of meetings procedures, and to ensure sufficient time for deliberation on important management issues.
  - 1) Narrow down the number of individual cases by reviewing the criteria for selecting items on the agenda
  - 2) Earlier advance distribution of materials
  - 3) More thoroughly organize issues, and shorten explanations
  - 4) Establish an annual agenda plan (incorporating important themes)

Through these initiatives, the Board of Directors is working to increase its own effectiveness.

## Return to the origins of manufacturing

### My approach as an outside director



Masaaki Harima  
Outside Director

I have been involved investigations related to whistle-blowing incidents and providing recommendations for the public interest as a member of corporate and academic third-party investigation committees examining the causes of misconduct, proposing measures to prevent recurrence, and serving on community compliance committees. I have also participated in corporate auditing of the business execution of directors as an outside corporate auditor, and in accounting and public sector auditing as a local government auditor.

As a member of an independent committee related to anti-takeover measures, over the past six years I have learned a great deal about the Company's business from the perspective of protecting the common interests of shareholders. Now that I have been appointed as an outside director, I look forward to deepening my understanding of the Company.

As an outside director representing the common interests of all shareholders, I will endeavor to provide corporate governance oversight from a standpoint that is independent from the executive officers.

### Reflections after a year as an outside director

Toyobo's efforts to engage in fair business and profit-making activities following the corporate philosophy of *Jun-Ri-Soku-Yu* (adhering to reason leads to prosperity) has garnered praise for the Company as an earnest, high-quality company. Nevertheless, the Company's reputation has suffered in the past year from incidents that went against the core philosophy. The Company has already begun implementing corrective measures, but it will take a full and concerted effort to regain the trust that has been lost as a manufacturer. I believe that to regain that trust we must once again identify, fully comprehend, and take steps against all risk.

The perspective I will take when providing counsel for the Company's execution of business will be to follow the philosophy and strictly ensure that the profit it generates does not include any inappropriate activities.

### Board of Directors effectiveness

The purpose of evaluating the effectiveness of the Board of Directors is to improve the Board's ability to promote the sustainable growth of the Company and enhance corporate value over the medium to long term.


Measures under way to ensure the Board's effectiveness include improving management procedures, determining policy for medium- and long-term issues, and implementing more extensive risk management, and I will be encouraging greater effort in these areas. I will also advise management to ensure full compliance with revised Corporate Governance Code of the Tokyo Stock Exchange, to be fully dedicated to addressing Company issues, and to continue to improve its effectiveness.

### Addressing issues

Toyobo has various issues that it must confront, and I have been impressed with the speed and flexibility of its responses. I also think the Board of Directors has been fully open to accepting the advice of its outside directors. I believe the Company will soon begin seeing tangible results from the organic connections that are developing among the various projects and committees created at the advice of the outside directors to address the Company's issues.

I am committed to doing my very best to ensure the Board of Directors acts in full conformity with the fundamental philosophy and to create organically-linked actions and initiatives to reestablish the trust in Toyobo as a manufacturer as quickly as possible.

# Compliance

Materiality	
Related ESG: S G	
Compliance	

## 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. Handling of company secrets
2. Handling of personal information
3. Engaging in fair transactions
4. Appropriate transactions with subcontractors
5. Responsible procurement and logistics
6. Rules on security trade control (export management)
7. Management of export/import cargo and prevention of undeclared exports and imports
8. Handling of gifts and entertainment (prevention of bribery)
9. Handling of political donations, etc.
10. Intellectual property
11. Proper accounting
12. Conclusion of contracts
13. Rules on credit management
14. Timely and appropriate information disclosure
15. Prohibition of insider trading
16. Respect for human rights
17. Ensuring quality and safety
18. Provision of information on products and services
19. Appropriate handling of quality data, etc.
20. Rules on research and development activities
21. Customer service
22. Respect for diversity in the workplace
23. Prevention of harassment
24. Safety and health
25. Appropriate working hours management
26. Business activities taking the global environment into consideration
27. Promotion of social contribution
28. Process safety and disaster prevention
29. Duty of care on overseas assignments and business trips
30. Response to anti-social forces, etc.
31. Ensuring cybersecurity
32. Social rules

**Relevant Policies and Guidelines, etc.**

[Find more informaion TOYOBO Group Human Rights Policy >](#)

[Find more information about Toyobo Group Personal Information Protection Policy >](#)

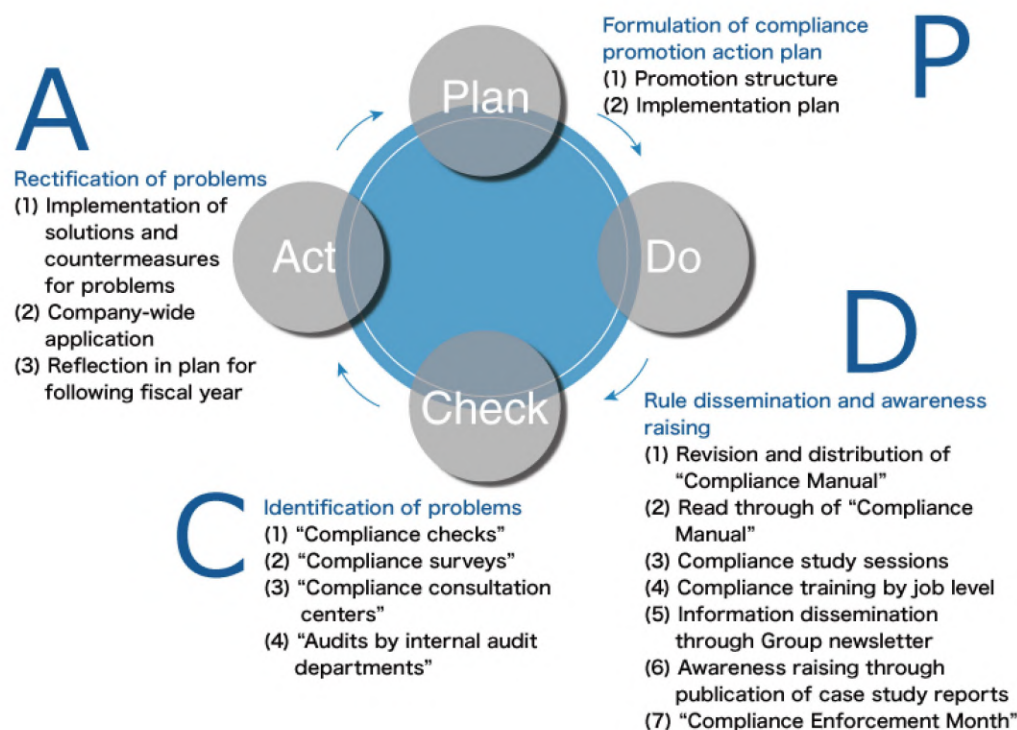
[Find more information about our Anti-Bribery Policy here >](#)

## 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 2021, the Compliance Committee convened twice, and the Compliance Promotion Committee convened four times. Working with the theme of “considering compliance together with the people and the workplace,” this worked toward enhancing the effectiveness of education, training, and preventive measures.

### Compliance Promotion Cycle



### Compliance consultation desks

Toyobo provides an internal reporting service and internal/external compliance consultation desks for all Group employees. This receives reports and gives 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 works toward early detection of these problems together with rectifying these 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.

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) Other conduct suspected of being illegal or dishonest, etc.

Number of Consultations for Compliance Consultation Desks (including internal reporting service)

FY2017	FY2018	FY2019	FY2020	FY2021
20	15	32	35	37

Details of Consultations

Details of consultaions	Incidents
Abuse of authority (including percieved or actual)	10
Related to COVID-19	8
Violation of the internal rules	6
Confirming internal rules, etc.	4
Personal relationships & communication	4
Sexual harassment	1
Others	4

[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 KPI

### < Targets >

Each and every employee complies with laws, regulations, and rules and acts transparently and appropriately, fostering an ethical corporate environment and culture.

### < KPI and Results >

Initiatives	KPI	Targets	Results (FY2021)
• <b>Increase in awareness of compliance</b>	1. Improvement in compliance questionnaire responses 2. No. of compliance study sessions for managers and various other trainings held	1. • Whether company emphasizes compliance • Awareness of "Compliance Mini Study" 2. Disclose results	1. • I feel that way, or I somewhat feel that way 88% (down 5%) • (down 8%) 2. 11 times (1,209 participants) + video delivered to all employees, various other trainings 13 times
• <b>Awareness and use of compliance consultation desks</b>	3. Improvement in compliance questionnaire responses 4. Consultation desks support	3. • Awareness of compliance consultation desks • Ease of use of compliance consultation desks 4. Disclose results	3. • 92% • Want to use it 62% 4. 37 cases
• <b>Legal compliance and reports of violations</b>	5. No. of serious legal violations	5. 0 violations per year	5. 2 violations*

\* "Partial Deficiency in Environmental Monitoring in Contract Manufacturing Business of Pharmaceuticals" and "Misconduct Involving Toyobo's PBT Resin "PLANAC"

## Initiatives in fiscal 2021

In fiscal 2021, 37 incidents were brought to their attention. Of these, there were 21 requests for investigation or approaches to the workplace, and 16 with consultations or questions, with no specific action requested. Many of these matters were related to suspicions of abuse of authority or to do with COVID-19. Depending on the details of these consultations, in the event problems are identified we recommend corrective measures or disciplinary action, and we also provide the complainant with advice and answers to questions.

### 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.

This compliance manual (Japanese and English versions) is revised to the latest version and distributed every year during the Compliance Enforcement Month in October. At each overseas site, we have created a local version with the customization and other changes. In each workplace, we have employees read through the manual together to familiarize the group employees with the charter of corporate behavior.

The items in the compliance manual include anti-corruption, safety and hygiene, and proper working hours management.

## Anti-corruption initiatives

Toyobo Group positions the prevention of corruption in all forms such as bribery as a priority issue for compliance. In particular with regard to bribery, in addition to Toyobo policies and regulations, we have also decided upon guidelines that detail specific rules such as judgments and monetary standards when giving gifts and entertainment.

We ensure that these are well understood by outlining details in the compliance manual and providing explanations in meetings and trainings. Additionally, in order to build fair and healthy relationships with business partners, we have put in place rules for when accepting gifts and entertainment. These include declining to accept money or its equivalent, or gifts and entertainment that exceed socially accepted norms, and the introduction of a reporting system for when these are received.

In fiscal 2021, there were no violations of the law and administrative disposition regarding corrupt activities, employee dismissal, fines, and surcharges.

[Find more information about Toyobo Group Anti-Bribery policy here >](#)

## Compliance education

We use a variety of measures such as study sessions and issuing reports in order to increase overall awareness of compliance, and carry out compliance education by job level and occupations as a part of training for new employees, sales staff and expats. In fiscal 2021, we started study sessions by headquarters as a part of considering compliance together with the workplace.



Seminar on gift giving and entertaining

## Hosting seminars

In fiscal 2021, we held 11 study sessions targeting management-level personnel from all Toyobo business sites including headquarters, branches, production centers, and at 38 affiliated companies. We also held this remotely as a COVID-19 measure.

With members of the Compliance Department and IT Department acting as lecturers, 1,209 employees participated, and 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 edited for general employees, and distributed this to Group companies.

## 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 in October every 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 2021, we received 5,094 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.

# Risk Management

## 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 2021-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 chairman, and in its first year since establishment in fiscal 2022, is scheduled to convene four times.

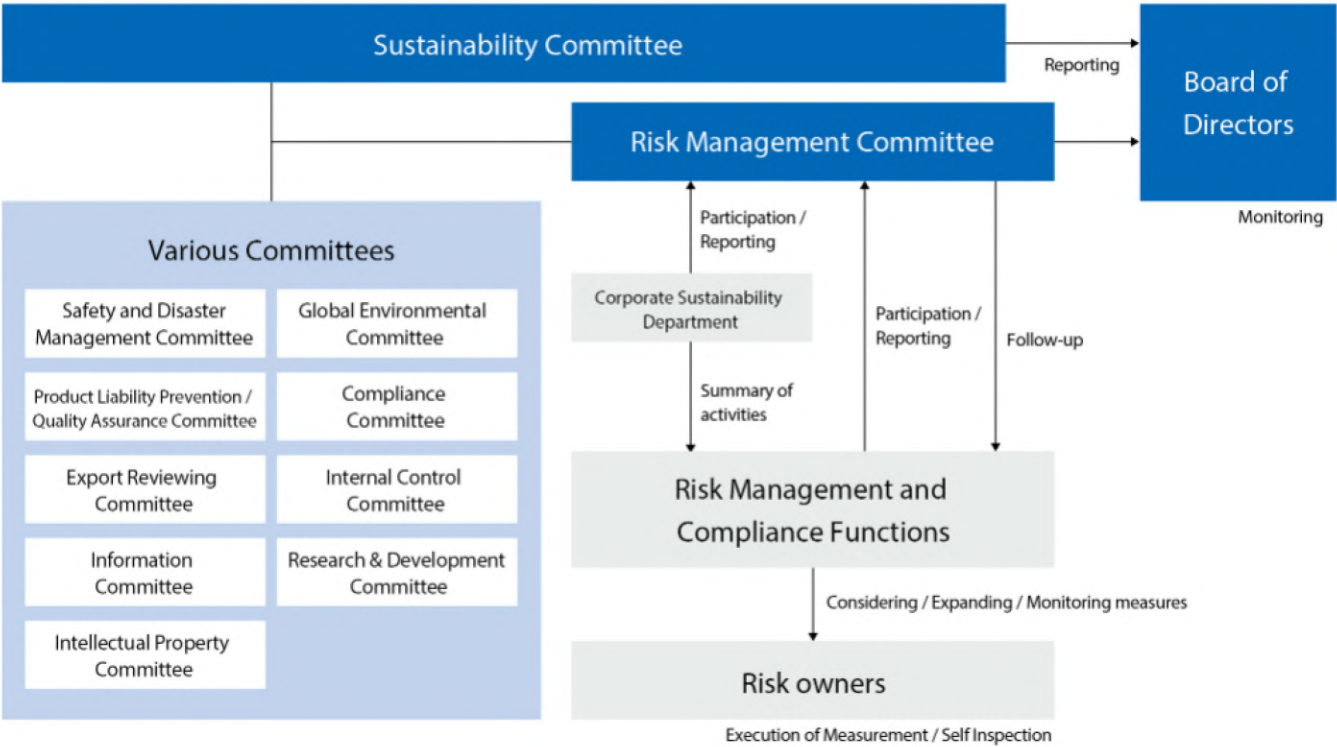
There are two main reasons for the establishment of this committee. The first of these is to work towards a management policy that switches from survival thinking to sustainable thinking, and to aim to be a company capable of sustainable growth. The second of these is because of the fire that broke out at our Inuyama Plant last year and the incidents concerning our response to engineering plastics quality issues. As management, we have built a company-wide system to identify risks throughout the company, prevent these and ensure early detection, and are putting in place preventative measures.


This Risk Management Committee brings together risk management activities (identification, analysis, evaluation, and response), as well as formulates 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 2021, we developed an infrastructure (processes, committees, regulations) upon which to pursue our risk management activities. In fiscal 2022, we will operate our designed system and promote activities aimed at reducing risks. We also plan to achieve Group-level risk management as well as develop reduction activities targeting specific risks.

We have also established the Corporate Planning Committee and Financial Control Committee under the Board of Corporate Executive Officers and Controlling Supervisors. Specialist committee members selected from each department deliberate on proposals for new projects or important investment and borrowing, and control business risk from a multi-faceted perspective.

Management Structures and Processes



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 2021, we created individual regulations to make this policy a reality. We have also created videos explaining the policy together with guidelines and education materials for management and users, and are working to promote awareness of these basic rules.

TOYOBO INFORMATION SYSTEM CREATE CO., LTD., which is our group company, has obtained ISO 27001\*.

\* 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 >](#)

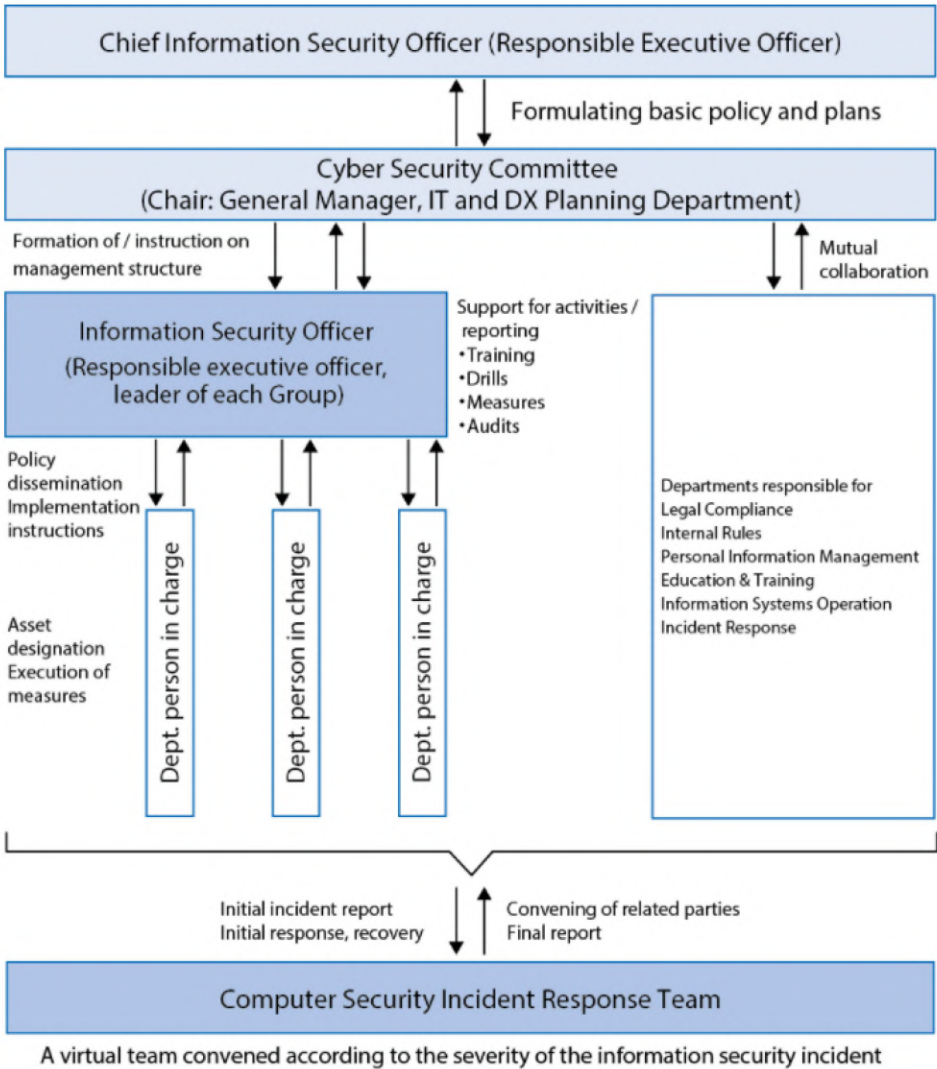
## Structure

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.

### 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 KPI

### < 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.

### < KPI and Results >

Initiatives	KPI	Targets (FY2021)	Results (FY2021)
<ul style="list-style-type: none"> <li>• Ensure cyber security</li> <li>• Protect confidential corporate information, personal information, and customer information</li> </ul>	1. No. of times information security education provided*1	1. 15 times per year	1. 19 times
	2. No. of incidents (information leaks, service outages, etc.)*1	2. 0 per year	2. 0
	3. Implementation of information security measures*2	3. Disclosure of promotion contents	3. Under discussion at the Cyber Security Committee

\*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.
  - ①Sales (visualization of sales activities) / marketing automation
  - ②Utilization of MI (Materials Informatics) in R&D field
  - ③Smart 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 CO., LTD., TOYOBO STC CO., LTD., and Toyobo Information System Create Co., Ltd.

As a new initiative, we also carried out security comprehension testing in order that employees can self-check and reflect on their understanding of our education and awareness-raising activities.

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.

## Business Continuity Plan (BCP)

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### 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.

Going forward, 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 will put in place a structure that keeps damage to a minimum in any situation, thereby facilitating business continuity.

\* On December 1, 2020, eight sub-committees were reorganized into nine sub-committees.

[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 wellbeing 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, there have 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 now moving towards a "new normal" 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
- Following the government's emergency declaration, kept the ratio of employees attending the office to under 20%, and gradually relaxed this after the state of emergency was lifted, with employee safety the top priority
- Implemented robust infection prevention and control measures

#### < Maintaining continuity of plants and production activities >

- Operation under BCP procedures
- Flexible inventory and production adjustments

#### < Finance >

- Securing cash on hand
- Cash-generating activities: Overcome Coronavirus 100

### Response to natural disasters, etc.

In recent years, various areas of Japan 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 companywide 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 companywide 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

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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 / Energy		Unit	Scope*	2018	2019	2020	2021
GHG emissions (Scope1,Scope2)	<div>KPI</div>	Thousand tonnes-CO <sub>2</sub>	Japan	901	844	820	844
			Overseas	63	60	54	58
			Global	964	904	873	902
GHG emissions (Scope1)		Thousand tonnes-CO <sub>2</sub>	Japan	712	690	678	702
			Overseas	21	18	21	16
			Global	733	709	699	718
GHG emissions (Scope2)		Thousand tonnes-CO <sub>2</sub>	Japan	189	154	141	142
			Overseas	42	42	33	41
			Global	231	196	174	184
Energy-related greenhouse gas emissions	CO <sub>2</sub>	Thousand tonnes-CO <sub>2</sub>	Global	947.5	895.5	866.3	894.1
Non energy-related greenhouse gas emissions	CO <sub>2</sub>	Thousand tonnes-CO <sub>2</sub>	TOYOBO CO., LTD.	15.2	7.7	5.8	6.3
	N <sub>2</sub> O			1.2	1.1	1.0	1.1
	HFC			0.1	0.4	0.1	0.4
	PFC			0.0	0.0	0.0	0.0
	CH <sub>4</sub>			0.2	0.1	0.1	0.2
	SF <sub>6</sub>			0.0	0.0	0.0	0.0
	NF <sub>3</sub>			0.0	0.0	0.0	0.0
GHG emissions intensity per unit of sales		Thousand tonnes-CO <sub>2</sub> /million yen	Global	28.6	26.6	25.5	26.7
GHG emissions reduction rate (base: FY2014)		%	Global	20.6	25.5	28.1	25.7
Energy consumption		TJ	Global	11,840	12,221	11,942	13,166

GHG emissions(Scope3) **	1. Purchased goods and services	Thousand tonnes-CO <sub>2</sub>	TOYOBO CO., LTD.	463	489	656	601
	2. Capital goods		TOYOBO CO., LTD.	57	33	40	83
	3. Fuel- and energy-related activities(not included in Scope 1 or Scope 2)		Global	60	52	48	54
	4. Upstream transportation and distribution		TOYOBO CO., LTD.	32	29	30	32
	5. Waste generated in operations		TOYOBO CO., LTD.	6	17	17	20
	6. Business travel		TOYOBO CO., LTD.	2	2	4	0
	7. Employee commuting		TOYOBO CO., LTD.	2	2	2	2
	8. Upstream leased assets		-	-	-	-	-
	9. Downstream transportation and distribution		-	-	-	-	-
	10. Processing of sold products		-	-	-	-	-
	11. Use of sold products		TOYOBO CO., LTD.	1,415	821	907	1,178
	12. End-of-life treatment of sold products		-	-	-	-	-
	13. Downstream leased assets		-	-	-	-	-
	14. Franchises		-	-	-	-	-
	15. Investments		-	-	-	-	-

\*\* 9, 10, 12 are not calculated because our products are intermediate products.

8, 13, 14, 15 are not applicable to the Company.

From FY2021, 11 is also included in the total.

Waste	Unit	Scope*	2018	2019	2020	2021
Waste volume <b>KPI</b>	Thousand tonnes	Japan	95	99	92	106
		Overseas	5	4	5	6
		Global***	99	103	97	112
Amount recycled externally	Thousand tonnes	Japan	79	83	76	102
		Overseas	3	3	4	6
		Global	82	86	80	107
Landfill	Thousand tonnes	Japan	0.4	0.4	0.2	0.3
		Overseas	0.0	0.0	0.1	0.2
		Global	0.4	0.4	0.3	0.5
Landfill rate for industrial waste <b>KPI</b>	%	Japan	0.5	0.4	0.3	0.2
		Overseas	0.0	0.0	2.0	3.4
		Global	0.4	0.4	0.3	0.4

PRTR Substances	Unit	Scope*	2018	2019	2020	2021
Emissions	Tonnes	Japan	173	115	113	107
Transfer volume			1,174	1,085	1,169	1,336
Emissions to air			154	103	95	86
Emissions to public sewage system <b>KPI</b>			20	12	19	21
Emissions to soil			0	0	0	0
Landfill volume			0	0	0	0

Air	Unit	Scope*	2018	2019	2020	2021
VOC emissions <b>KPI</b>	Tonnes	Japan	-	103	95	86
NOx emissions			969	883	922	1,251
SOx emissions			988	1,018	959	968
Soot and dust emissions			-	-	-	-
Fluorocarbons emissions	Tonnes-CO <sub>2</sub>	TOYOBO CO., LTD.	239	460	733	452

Water	Unit	Scope*	2018	2019	2020	2021
Total water intake	Thousand tonnes	Japan	90,769	86,406	89,139	83,411
		Overseas	1,326	1,162	1,410	1,061
		Global	92,095	87,569	90,549	84,472
Tap water	Thousand tonnes	Japan	520	427	422	439
		Overseas	-	-	141	120
		Global	-	-	563	559
Ground water	Thousand tonnes	Japan	33,228	31,376	32,504	28,783
		Overseas	-	-	699	450
		Global	-	-	33,173	29,233
Industrial water	Thousand tonnes	Japan	2,036	2,422	2,564	2,551
		Overseas	-	-	546	452
		Global	-	-	3,110	3,003
Seawater	Thousand tonnes	Japan	0	0	0	0
		Overseas	-	-	6	0
		Global	-	-	6	0
River water	Thousand tonnes	Japan	54,980	52,181	53,650	51,638
		Overseas	-	-	45	45
		Global	-	-	53,695	51,683
Other water	Thousand tonnes	Japan	0	0	0	0
		Overseas	-	-	46	38
		Global	-	-	46	38
Recycled water	Thousand tonnes	Japan	60,277	60,924	66,268	59,182
		Overseas	-	-	0	0
		Global	-	-	66,268	59,182

Water discharge	Unit	Scope*	2018	2019	2020	2021
Total water discharge	Thousand tonnes	Japan	87,763	82,775	84,858	80,267
		Overseas	1,261	1,055	892	636
		Global	89,024	83,830	85,750	80,904
Sewage system	Thousand tonnes	Japan	262	355	296	324
		Overseas	153	154	67	76
		Global	415	509	363	400
Freshwater	Thousand tonnes	Japan	41,320	36,853	36,452	35,473
		Overseas	1,108	901	773	519
		Global	42,428	37,754	37,225	35,992
Seawater	Thousand tonnes	Japan	45,085	44,269	45,216	44,020
		Overseas	0	0	6	4
		Global	45,085	44,269	45,222	44,024
Groundwater	Thousand tonnes	Japan	-	-	-	0
		Overseas	-	-	-	0
		Global	-	-	-	0
Other	Thousand tonnes	Japan	1,096	1,298	2,894	450
		Overseas	0	0	46	38
		Global	1,096	1,298	2,940	488
COD, BOD emissions	Tonnes	Japan	919	972	1,009	860
Total nitrogen emissions			199	188	161	156
Total phosphorus emissions			19	25	25	37

Environmental Accounting	Unit	Scope*	2018	2019	2020	2021
Environmental preservation costs (investment)	Billion yen	TOYOBO CO., LTD.	0.7	1.1	1.6	0.6
Environmental preservation costs (expenditure)			1.5	2.3	2.3	2.6
Economic benefits of environmental preservation			1.5	2.6	2.0	2.0

Visualization of Environmental Contribution	Unit	Scope*	2018	2019	2020	2021
ECO-PARTNER SYSTEM® products sales	Billion yen	TOYOBO CO., LTD.	56.3	55.2	60.6	59.0
ECO-PARTNER SYSTEM® products sales ratio <b>KPI</b>	%		27.8	27.7	30.4	29.9

Others	Unit	Scope*	2018	2019	2020	2021
Environment-related accidents <b>KPI</b>	Cases	Global	1	1	0	0
Violations to environmental laws and regulations			0	0	0	0
Total fine	Yen	Global	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

\*\*\* Excluding the amount of construction waste from affiliated companies

- No data

# ESG Performance Data - Social

## Social

(FY)

Employees		Unit	Scope*	2017	2018	2019	2020	2021
Number of employees by region		people	TOYOBO CO., LTD.	3,021	3,080	3,108	3,181	3,365
			Global	9,572	9,494	9,215	10,073	10,149
Number of employees by gender	Male	people	TOYOBO CO., LTD.	2,265	2,286	2,301	2,349	2,479
	Female			756	794	807	832	886
	Total			3,021	3,080	3,108	3,181	3,365
	Female ratio	%		25.0	25.8	26.0	26.2	26.3
Number of employees by age	10s (Ages 18 or over)	people		65	66	57	40	62
	20s			439	460	471	516	559
	30s			790	804	783	771	775
	40s			1,085	1,041	1,027	973	994
	Over 50s			642	709	770	881	975
Ratio of employees with disabilities <div>KPI</div>		%	TOYOBO CO., LTD.	2.1	2.1	2.3	2.2	2.2

KPI

Number of Management personnel	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	585	574	560	572	589
	Female			12	12	12	14	19
	Total			597	586	572	586	608
	Female ratio <b>KPI</b>	%		2.0	2.0	2.1	2.4	3.1
Number of Management personnel(manager-class)	Male	people		505	490	472	481	498
	Female			12	12	12	14	18
	Total			517	502	484	495	516
	Female ratio	%		2.3	2.4	2.5	2.8	3.5
Number of Management personnel(general manager-class)	Male	people		80	84	88	91	91
	Female			0	0	0	0	1
	Total			80	84	88	91	92
	Female ratio	%		0.0	0.0	0.0	0.0	1.1

Comfortable Working Environment		Unit	Scope*	2017	2018	2019	2020	2021
Average years of service	Male	Years	TOYOBO CO., LTD.	17.2	17.4	17.3	17.5	17.1
	Female			17.9	17.6	16.6	17.1	16.7
	Total			17.4	17.4	17.1	17.4	17.0
Number of Employee turnover	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	65	58	82	92	106
	Female			21	33	34	34	28
	Total			86	91	116	126	134
Number of Voluntary turnover	Male	people	TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	49	32	58	69	70
	Female			11	9	20	27	21
	Total			60	41	78	96	91
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	24	25	0	0
	Management personnel			98	86	107	106	95
	Total			122	110	132	106	95
	Ratio	%		4.6	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) <b>KPI</b>		%		-	-	-	2.6	3.0
Monthly average overtime hours		Hours		12.0	10.0	10.3	10.1	9.4
Ratio of taking paid leave <b>KPI</b>		%		64.9	66.2	68.2	72.5	64.0

Number of employees taking childcare leave	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	2	1	1	50	69
	Female			34	19	24	27	30
	Total			36	20	25	77	99
Ratio of taking childcare leave	Male <b>KPI</b>	%		1.7	1.0	1.1	46.3	80.0
	Female			100	100	100	100	100
	Total			21.2	17.4	21.6	57.0	85.0
Return rate of employees from childcare leave	Male	%		100	100	100	100	100
	Female			100	95	96	100	100
	Total			100	95	96	100	100
Number of employees taking short working hour program for childcare	Male	people		0	1	1	1	2
	Female			50	65	74	63	68
	Total			50	66	75	64	70
Number of employees taking telecommuting systems	Male	people	0	0	0	135	1,415	
	Female		0	0	0	71	630	
	Total		0	0	0	206	2,045	
Number of employees taking family care leave		people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	1	0	1	0	0
Number of employees taking short working hour program for family care				3	0	1	0	0
Number of employees taking telecommuting systems for family care				0	0	0	0	0
Union membership rate		%		83.7	84.1	84.4	86.2	84.3

(FY)

Recruitment		Unit	Scope*	2017	2018	2019	2020	2021
Number of new hires	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	82	114	134	172	277
	Female			52	65	58	62	102
	Total			134	169	192	234	379
	Female ratio	%		38.8	38.5	30.2	26.5	26.9
Number of mid-career hires	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	33	52	76	108	183
	Female			6	29	19	19	43
	Total			39	71	95	127	226
	Female ratio	%		15.4	40.8	20.0	15.0	19.0
Number of new university graduates(technical positions)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	20	24	24	24	31
	Female			13	12	15	15	13
	Total			33	36	39	39	44
	Female ratio	%		39.4	33.3	38.5	38.5	29.5
Number of new university graduates(administrative positions)	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	6	8	6	11	10
	Female			13	9	6	10	10
	Total			19	17	12	21	20
	Female ratio	%		68.4	52.9	50.0	47.6	50.0
Number of new junior college/high school graduates	Male	people	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	23	30	28	29	68
	Female			20	15	18	18	27
	Total			43	45	46	47	95
	Female ratio	%		47	33	39	38	28

(FY)

HR Development & Evaluation, Human Rights	Unit	Scope*	2017	2018	2019	2020	2021
Education hours per employee	Hours	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	10.8	12.6	14.1	14.9	16.5
Education investment per employee <b>KPI</b>	Ten thousand yen		2.9	3.8	5.6	3.7	2.4
Number of overseas core personnel trained in Japan <b>KPI</b>	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	1,793
Education & training Total training hours	Hours		-	-	-	36,248	32,496
Implementation status of human rights education and training <b>KPI</b>	%		-	-	-	-	24.1

(year)

Safety/Prevention	Unit	Scope*	2016	2017	2018	2019	2020
Number of major incidents <b>KPI</b>	Cases	Japan	0	0	0	0	1
Number of abnormal events, accidents(fire & explosion accidents)			3	5	5	2	1
Number of Abnormal events, accidents(environmental accidents) <b>KPI</b>			0	1	1	0	0
Occupational accident frequency rate(lost time) (including accidents at affiliated companies) <b>KPI</b>	Lost workday injuries per million hours worked		0.38	0.71	0.74	0.31	0.70

(FY)

Quality	Unit	Scope*	2017	2018	2019	2020	2021
Number of incidents related to products <b>KPI</b>	Cases	Japan	0	0	0	0	0
Implementation status of product safety and quality assurance training <b>KPI</b>	%		100	100	100	100	80

(FY)

Occupational Health	Unit	Scope*	2017	2018	2019	2020	2021
Average rate of lifestyle-related diseases	%	TOYOBO CO., LTD.	32.6	33.1	34.0	36.2	36.7
Severity rate of sick leave			55.9	51.1	47.9	43.9	44.6
Smoking rate			25.9	25.4	25.7	25.0	24.6
Injury and illness allowance	Yen		31,524,760	19,434,872	16,081,899	26,724,497	30,843,349
Legal benefit cost			498,031,550	496,578,559	513,571,748	544,275,419	502,477,649

(FY)

Data Security & Privacy	Unit	Scope*	2017	2018	2019	2020	2021
Number of instances of information security education implementations <b>KPI</b>	Cases	TOYOBO CO., LTD., TOYOBO STC CO., LTD., TOYOBO INFORMATION SYSTEM CREATE CO., LTD.	-	-	-	17	19
Number of incidents (information leaks, service outages, etc.) <b>KPI</b>	Cases		-	-	-	2	0

(FY)

Communication with stakeholders	Unit	Scope*	2017	2018	2019	2020	2021
Number of press releases <b>KPI</b>	Cases	TOYOBO CO., LTD.	-	-	-	74	90
Number of interviews with investors <b>KPI</b>			-	-	-	130	144
Number of meetings with employees and labor unions <b>KPI</b>	Cases		-	-	-	30	14
Number of engagement with stakeholders <b>KPI</b>			-	-	-	-	2

(FY)

Social Contributions	Unit	Scope*	2017	2018	2019	2020	2021
Social contribution expenditure	Million yen	Japan	33	19	30	34	28

## \* 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*	2017	2018	2019	2020	2021
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
	Female ratio	%		0	0	10	10	9
	Outside directors	people		(2)	(3)	(4)	(4)	(4)
	Independent directors			(2)	(3)	(4)	(4)	(4)
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
	Female ratio	%		0	0	0	0	0
	Outside corporate auditors	people		(2)	(2)	(2)	(2)	(2)
	Independent corporate auditorss			(2)	(2)	(2)	(2)	(2)
Number of meetings of the Board of Directors / committees 		Cases	TOYOBO CO., LTD.	20	21	21	22	25

(included number)

Research & Development		Unit	Scope*	2017	2018	2019	2020	2021
R&D expenses	Billion yen	Global		11.1	10.4	11.0	11.7	12.7
Ratio of R&D expenses to net sales	%			3.4	3.1	3.3	3.5	3.8

Compliance	Unit	Scope*	2017	2018	2019	2020	2021
Serious legal and regulatory violations <b>KPI</b>	Cases	Global	0	0	0	0	2
Number of consultations for compliance consultation desks (including internal report contact office)			20	15	32	35	37
Recommendations for exclusion by relevant authorities(including the Japan Fair Trade Commission)		Japan	0	1	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
Number of Compliance study sessions for managers and various other trainings <b>KPI</b>		Global	-	-	-	41	24 + video distribution for all employees

Other	Unit	Scope*	2017	2018	2019	2020	2021
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.

GRI Standards	Disclosures	References
GRI102 : General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organization	<a href="#">Corporate Data</a> >
102-2	Activities, brands, products, and services	<a href="#">Corporate Data</a> > <a href="#">Products</a> >
102-3	Location of headquarters	<a href="#">Corporate Data</a> >
102-4	Location of operations	<a href="#">Corporate Data</a> > <a href="#">Worldwide Locations</a> >
102-5	Ownership and legal form	<a href="#">Corporate Data</a> >
102-6	Markets served	<a href="#">Corporate Data</a> > <a href="#">Annual Financial Reports</a> >
102-7	Annual Financial Reports	<a href="#">Corporate Data</a> > <a href="#">Annual Financial Reports</a> >
102-8	Information on employees and other workers	<a href="#">ESG Performance Data &gt; Social</a> >
102-9	Supply chain	<a href="#">Supply Chain Management</a> >
102-10	Significant changes to the organization and its supply chain	Merged with Toyobo Film Solutions Ltd. in April 2021
102-11	Precautionary Principle or approach	<a href="#">Environment &gt; Management Approach</a> > <a href="#">Environmental Management</a> > <a href="#">Risk Management</a> >
102-12	External initiatives	<a href="#">Sustainability Management &gt; Participation in Initiatives</a> > <a href="#">Plastic Resource Circulation &gt; Participating in initiatives</a> > <a href="#">Dialogue with Stakeholders &gt; External evaluation</a> > News > Toyobo joins "Challenge Zero" project led by Keidanren News > ~ Promoting Initiatives Aimed at Sustainable Logistics ~ Toyobo submits Declaration of Voluntary Action under "White logistics" campaign

102-13	Membership of associations	<ul style="list-style-type: none"> <li>• Japan Business Federation (Keidanren)</li> <li>• Kansai Economic Federation (Kankeiren)</li> <li>• Japan Chemical Industry Association</li> <li>• Japan BioPlastics Association (JBPA)</li> <li>• Japan Chemical Fibers Association (JCFA)</li> <li>• Japan Spinners' Association</li> </ul>
2. Strategy		
102-14	Statement from senior decision-maker	<a href="#">Message from the President</a> >
102-15	Key impacts, risks, and opportunities	<a href="#">Annual Financial Reports</a> > <a href="#">Risk Management</a> > <a href="#">Integrated Reports</a> >
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	<a href="#">Corporate Philosophy</a> > <a href="#">TOYOBO Group Charter of Corporated Behavior</a> >
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Compliance</a> >
4. Governance		
102-18	Governance structure	<a href="#">Corporate Governance</a> >
102-19	Delegating authority	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-22	Composition of the highest governance body and its committees	<a href="#">Corporate Governance</a> > <a href="#">Corporate Governance Report</a> >
102-23	Chair of the highest governance body	<a href="#">Corporate Governance</a> > <a href="#">Corporate Governance Report</a> >
102-24	Nominating and selecting the highest governance body	<a href="#">Corporate Governance</a> > <a href="#">Corporate Governance Report</a> >
102-25	Conflicts of interest	<a href="#">Corporate Governance Report</a> >
102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="#">Corporate Governance</a> >
102-27	Collective knowledge of highest governance body	<a href="#">Corporate Governance</a> >
102-28	Evaluating the highest governance body's performance	<a href="#">Corporate Governance</a> >
102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Risk Management</a> >

102-30	Effectiveness of risk management processes	<a href="#">Risk Management</a> >
102-31	Review of economic, environmental, and social topics	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-32	Highest governance body's role in sustainability reporting	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-33	Communicating critical concerns	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	<a href="#">Corporate Governance</a> > <a href="#">Corporate Governance Report</a> >
102-36	Process for determining remuneration	<a href="#">Corporate Governance</a> > <a href="#">Corporate Governance Report</a> >
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	<a href="#">Communication with Stakeholders &gt; Dialogue with Stakeholders</a> > <a href="#">Local Communities &gt; Management approach</a> >
102-41	Collective bargaining agreements	<a href="#">Communication with Stakeholders &gt; Dialogue with Stakeholders</a> > <a href="#">Respect for Human Rights &gt; Respecting worker's right</a> >
102-42	Identifying and selecting stakeholders	<a href="#">Communication with Stakeholders &gt; Dialogue with Stakeholders</a> >
102-43	Approach to stakeholder engagement	<a href="#">Communication with Stakeholders &gt; Dialogue with Stakeholders</a> >
102-44	Key topics and concerns raised	<a href="#">Materiality</a> >
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	<a href="#">Annual Financial Reports</a> > <a href="#">Worldwide Locations</a> >
102-46	Defining report content and topic Boundaries	<a href="#">Editorial Policy</a> >
102-47	List of material topics	<a href="#">Materiality</a> >
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	<a href="#">Editorial Policy</a> >
102-51	Date of most recent report	"TOYOCO REPORT 2021" was issued in September 2021

102-52	Reporting cycle	<a href="#">Editorial Policy</a> >
102-53	Contact point for questions regarding the report	<a href="#">Support/Contact</a> >
102-54	Claims of reporting in accordance with the GRI Standards	<a href="#">GRI Content Index</a> >
102-55	GRI content index	<a href="#">GRI Content Index</a> >
102-56	External assurance	—
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	<a href="#">Materiality</a> >
103-2	The management approach and its components	<a href="#">Corporate Governance</a> > <a href="#">Safety, Disaster Prevention &gt; Management approach</a> > <a href="#">Quality &gt; Management approach</a> > <a href="#">Respect for Human Rights &gt; Management approach</a> > <a href="#">Materiality</a> > <a href="#">Environment &gt; Management Approach</a> > <a href="#">Supply Chain Management &gt; Management approach</a> > <a href="#">Human Resource Management &gt; Management approach</a> > <a href="#">Diversity &amp; Inclusion &gt; Management approach</a> > <a href="#">Health and Productivity Management &gt; Management approach</a> > <a href="#">Local Communities &gt; Management approach</a> > <a href="#">Compliance &gt; Management approach</a> > <a href="#">Risk Management &gt; Data security, privacy</a> >
103-3	Evaluation of the management approach	<a href="#">Sustainability Management &gt; Sustainability management system</a> >
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	<a href="#">Annual Financial Reports</a> > <a href="#">Financial Results</a> > <a href="#">ESG Performance Data &gt; Social &gt; Social Contribution Experience</a> >
201-2	Financial implications and other risks and opportunities due to climate change	—
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Annual Financial Reports</a> >
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	<a href="#">Compliance</a> >
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	<a href="#">Tax Policy</a> >
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 301: Materials 2016		
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	<a href="#">Preventing Contamination and Waste Reduction</a> >
301-3	Reclaimed products and their packaging materials	—
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	—
302-4	Reduction of energy consumption	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
302-5	Reductions in energy requirements of products and services	<a href="#">Environment Management &gt; Ratio of ECO-PARTNER SYSTEM® product sales increase to 29.9% (FY2021)</a> >

GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	<a href="#">Water Resources</a> >
303-2	Management of water discharge-related impacts	—
303-3	Water withdrawal	<a href="#">Water Resources</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
303-4	Water discharge	<a href="#">Water Resources</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
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	<a href="#">Biodiversity</a> >
304-2	Significant impacts of activities, products, and services on biodiversity	—
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	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
305-4	GHG emissions intensity	<a href="#">ESG Performance Data &gt; Environment</a> >
305-5	Reduction of GHG emissions	<a href="#">Climate Change</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
305-6	Emissions of ozone-depleting substances (ODS)	—
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">ESG Performance Data &gt; Environment</a> >
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	<a href="#">Preventing Contamination and Waste Reduction</a> > <a href="#">ESG Performance Data &gt; Environment</a> >
306-2	Management of significant waste-related impacts	<a href="#">Preventing Contamination and Waste Reduction</a> > <a href="#">ESG Performance Data &gt; Environment</a> >

306-3	Waste generated	<a href="#">Preventing Contamination and Waste Reduction &gt;</a> <a href="#">ESG Performance Data &gt; Environment &gt;</a>
306-4	Waste diverted from disposal	<a href="#">ESG Performance Data &gt; Environment &gt;</a>
306-5	Waste directed to disposal	<a href="#">ESG Performance Data &gt; Environment &gt;</a>
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	<a href="#">Environment Management &gt; Environmental Compliance &gt;</a> <a href="#">ESG Performance Data &gt; Environment &gt;</a>
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	—
308-2	Negative environmental impacts in the supply chain and actions taken	—
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	<a href="#">ESG Performance Data &gt; Social &gt;</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	<a href="#">Human Resource Management &gt; Work-life balance &gt;</a> <a href="#">ESG Performance Data &gt; Social &gt;</a>
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	<a href="#">Safety, Disaster Prevention &gt;</a>
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Safety, Disaster Prevention &gt;</a> <a href="#">TOYOBO's Way of Manufacturing &gt; Security and Disaster prevention Initiatives &gt;</a>
403-3	Occupational health services	<a href="#">Safety, Disaster Prevention &gt;</a>
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Safety, Disaster Prevention &gt;</a>
403-5	Worker training on occupational health and safety	<a href="#">Safety, Disaster Prevention &gt;</a>
403-6	Promotion of worker health	<a href="#">Health and Productivity Management &gt; Management approach &gt;</a>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Safety, Disaster Prevention &gt;</a>
403-8	Workers covered by an occupational health and safety management system	<a href="#">Safety, Disaster Prevention &gt;</a>

403-9	Work-related injuries	<a href="#">Safety, Disaster Prevention</a> > <a href="#">ESG Performance Data &gt; Social</a> >
403-10	Work-related injuries	<a href="#">Safety, Disaster Prevention</a> > <a href="#">ESG Performance Data &gt; Social</a> >
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	<a href="#">Human Resource Management</a> > <a href="#">ESG Performance Data &gt; Social</a> >
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Human Resource Management</a> >
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Human Resource Management</a> >
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	<a href="#">Corporate Governance</a> > <a href="#">ESG Performance Data &gt; Governance</a> > <a href="#">Human Resource Management</a> > <a href="#">ESG Performance Data &gt; Social</a> >
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	<a href="#">Compliance &gt; Compliance Consultation desks</a> >
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	<a href="#">Respect for Human Rights &gt; Respecting worker's right</a> >
GRI408 : Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Respect for Human Rights</a> > <a href="#">Supply Chain Management</a> >
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Respect for Human Rights</a> > <a href="#">Supply Chain Management</a> >
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	<a href="#">Respect for Human Rights &gt;</a> <a href="#">ESG Performance Data &gt; Social &gt;</a>
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	<a href="#">Supply Chain Management &gt;</a> <a href="#">CSR Procurement Guidelines &gt;</a>
414-2	Negative social impacts in the supply chain and actions taken	—
GRI 415: Public Policy 2016		
415-1	Political contributions	<a href="#">ESG Performance Data &gt; Governance &gt;</a>
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	<a href="#">ESG Performance Data &gt; Governance &gt;</a>
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	<a href="#">Quality &gt;</a>
417-2	Incidents of non-compliance concerning product and service information and labeling	—
417-3	Incidents of non-compliance concerning marketing communications	—
GRI 418 : Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">Risk Management &gt; Data Security, Privacy &gt;</a>
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	<a href="#">ESG Performance Data &gt; Governance &gt;</a>

# Editorial Policy

## Editorial policy

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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 2021 (April 1, 2020 to March 31, 2021)

\* Results of some activities in fiscal 2022 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

December 2021 (next update planned: December 2022)

## Guidelines referenced

- Global Reporting Initiative (GRI) GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines 2018, Ministry of the Environment
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry

### Financial Information



#### TOYOBO 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 dialog with shareholders, investors, and other stakeholders.

<https://ir.toyobo.co.jp/en/ir/library/integrated.html>

Website

#### Investor Relations

<https://ir.toyobo.co.jp/en/ir.html>

#### Annual Financial Report

<https://ir.toyobo.co.jp/en/ir/library/securities.html>

#### TOYOBO NOW shareholder newsletter (in Japanese)

<https://ir.toyobo.co.jp/ja/ir/library/toyobonow.html>

#### FACT BOOK

<https://ir.toyobo.co.jp/en/ir/library/fact.html>

### Non-financial Information

Website

#### Sustainability

<https://www.toyobo-global.com/sustainability/>

#### Sustainability Reports

<https://www.toyobo-global.com/sustainability/report/>

PDF versions, compiled in November each year, of sustainability related information posted on the company website

#### Corporate Governance Report

<https://ir.toyobo.co.jp/en/ir/library/governance.html>