

[Achievements in FY2013]

Endeavoring to Provide New, Technology-driven Solutions Globally

The Teijin Group upholds its brand statement “Human Chemistry, Human Solutions” as its promise to society and its customers.

Under the statement, we are globally expanding our wide range of businesses that include advanced fibers & composites, electric materials & performance polymer products, healthcare, products converting and IT. In line with our corporate philosophy, we continue striving to enhance the quality of life of people everywhere.

Progressing with technological innovation at the core of operations, we will continue to create new solutions in response to various global issues and needs. In doing so, our aim is to evolve as an organization that is worthy of society’s highest expectations and esteem.

Teijin Group Corporate Philosophy

In Harmony with Society

Quality of Life

The Teijin Group’s purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities.

Empowering Our People

Brand Statement

Human Chemistry, Human Solutions

Our promise is to keep delivering real value through the development of chemical technologies that are friendly to both people and the global environment, and through the provision of solutions that society and our customers expect.

Editorial Policy

Explanatory Note

The 2014 Teijin Group Corporate Social Responsibility (CSR) Report has been planned and edited on the basis of the following policy to ensure that the Teijin Group's CSR activities are understood by a wide range of stakeholders.

Materiality and Completeness

The contents of this CSR Report have been chosen according to strict criteria from items that the Teijin Group has specified as important CSR issues, and with reference to the following guidelines and questionnaires on socially responsible investment (SRI). Notably, the features section introduces initiatives relating to themes that are particularly important to the Teijin Group and also important to society.

Reference Guidelines

- "Environmental Reporting Guidelines, 2012"
(Ministry of the Environment, Government of Japan)
- "Sustainability Reporting Guidelines, 2006"
(Global Reporting Initiative)

● Reporting on Website

To ensure completeness in reporting of our CSR activities, we use both this report and our website. Items reported on the website are introduced in the "Reference information on website" column for each of the CSR issues shown on pages 23 to 43. In addition, a list of website references is shown on page 50.

 **Teijin Corporate Social Responsibility page**
URL: <http://www.teijin.com/csr/>

Enhanced Clarity and Ease of Searching

After referring to readers' responses to questionnaires, we have made efforts to create a report that is easy to read, easy to understand and readily accessible. We have minimized the report's length as much as possible, and used graphs and figures for reporting the main points of annual activities. Furthermore, we have considered ease of searching via features such as cross-referenced pages.

Assurance of Reliability

This report has been independently reviewed by KPMG AZSA Sustainability Co., Ltd., who have provided assurance of its reliability. Indicators on which assurance is provided are marked with a red star (★).

Time Period

This report includes information corresponding to the period from April 2013 to March 2014. However, some information is included that corresponds to the 2013 calendar year or activities implemented after April 2014.

Boundaries of Report

Information in this report refers to all Teijin Group companies (Teijin Limited, plus 55 in Japan and 95 overseas). However, for some items, such as ESH management and human resources management, we have included notes indicating that the information refers to a separate group of companies.

Additional Information

Information related to our CSR activities is also contained in the following:

- Teijin Group CSR Report (English/Chinese)
- Teijin Group Company Profile (Japanese/English)
- Annual Report (Japanese/English)
- Fact Book (Japanese/English)
- Financial Statements (Japanese/English)
- Shareholders' Report (Japanese)
- Teijin corporate website (Japanese/English/Chinese)

CONTENTS

Message from the President	3
Profile of the Teijin Group	5

Features

Towards Solutions for Social Issues – Shared Value with Society	9
The 8th Stakeholder Dialogue	15
The Teijin Scholarship Foundation Celebrates its 60th Anniversary	21

CSR Management

CSR Basic Policy and Promotion System	23
Corporate Governance	25
Compliance and Risk Management	26
Message from the Chief Social Responsibility Officer ..	28

Environment, Safety and Health Report

ESH Management	29
Environmental Preservation	30
Design for Environment	34
Disaster Prevention Activities	35
Occupational Safety and Health	36

Social Report

Quality Assurance	37
Human Resources Management and Labor CSR	38
CSR Procurement	41
Social Contributions	42

Economic Report

Distribution of Added Value to Stakeholders	43
Comparative Table with Corporate Code of Conduct	44
FY2013 Plans, Goals, Performance and Self-evaluations	45
Comparative Table with ISO 26000	49
List of Website References	50
List of Assurance Indicators	51
Independent Assurance Report	52

All product and service names in this report are trademarks or registered trademarks of the Teijin Group. Other names of products and services are trademarks or registered trademarks of their respective companies.

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Bringing Together the Group's Overall Strength, Aiming to be a Prominent, Globally Admired Corporate Group

My name is Jun Suzuki, President and CEO of Teijin Limited from April 2014 and successor to former president Shigeo Ohyagi.

In my new role, I will dedicate myself to the sustainable growth of the Teijin Group and I ask for your continuous advice and support in these efforts.

The Teijin Group's Value Creation

In 2012, the Teijin Group formulated "CHANGE for 2016," the medium- to long-term management vision, which encapsulates our long-term aim to be a Group that provides the values society needs and secures profitable, sustainable growth. I believe that this vision shows the right direction for Teijin to take going forward. I will continue following this vision in the coming years, and firmly implement "transformation and growth strategies" looking five and ten years ahead.

To achieve our goals, there are many challenges that must be faced, but I believe that the Teijin Group has sufficient potential and the technologies to overcome these challenges. As we move forward, I will lead from the front as we bring together the Group's overall strength, aiming to be a prominent, globally admired corporate group.

Accelerating "CHANGE for 2016"

The Teijin Group's corporate philosophy includes "Enhancing the Quality of Life," "In Harmony with Society", and "Empowering Our People." This is also the starting point for our CSR. I firmly believe that businesses have the social responsibility of continuing to create the real value that society needs in order to improve the quality and standard of people's lives, and that, by fulfilling that responsibility, a company can contribute to the sustainable growth of society and itself.

There is a range of predictions being made about the future of the international community – further population growth, food and water resource shortages, heightened demand for fossil fuel resources and increased CO₂ emissions accompanying the economic growth in emerging countries, and increases in medical care and social-security needs due to the further progression of an aging society. In response to these social and environmental changes, we are creating and providing real value unique to the Teijin Group. This is achieved through innovations based on technologies in our strengths of high-performance materials, healthcare and IT, and our overlapping business domains. Bringing together the Group's overall strength, we will secure profitable sustainable growth through providing real value in the form of solutions needed by society; that is, values such as greater energy and resource efficiency, clean energy, safety and peace of mind, and comfort.

CSR Aligned to Management Strategies

Based on the management strategies described above, I will outline two major aspects of CSR initiatives introduced to uphold our corporate philosophy of “Enhancing the Quality of Life,” “In Harmony with Society” and “Empowering Our People.”

■ Enhancing Environmental Management

Environmental problems, such as global warming, the depletion of fossil fuels and environmental pollution, are one of the key issues in which the international community must make all-out efforts for the sustainable development of humankind. In addition, while making the guarantee of safety a basic foundation, many successive achievements will be required to overcome challenges in areas such as “low- carbon society,” “effective materials circulation” and “existing in harmony with nature.”

The Teijin Group has been addressing these issues from an early stage. In 1992, we established the “Teijin Group Global Environmental Charter,” under which we have carried out voluntary activities aiming to contribute to building a sustainable society. Furthermore, in 2007, we announced the “Declaration of Sustainable Environment Initiatives” under which we have been striving to reduce the environmental impact of business processes, provide environment-conscious products and services, and create businesses that contribute to environmental improvements. Moreover, we have set environment and energy as one of the five key fields of “transformation and growth strategies” in our medium- to long-term management vision.

Until now, the Teijin Group has focused its efforts mainly on reducing environmental impact by utilizing its technological prowess. However, in order for the Teijin Group to secure sustainable growth, we will need to create real value that meets customer needs and link it to our businesses. Accordingly, I intend to take our previous environmental management approach to an even deeper level, bring together the Group’s overall strength and press forward with environmental management unique to the Teijin Group.

To start with, aiming to enhance customer satisfaction, we will visualize the various environmental values of the Teijin Group’s wide range of products and services. We will also actively communicate with our customers from as early as the R&D stage and work to create value better matched to customers’ needs. In our business processes, we will visualize environmental impact in the supply chain, and promote reducing environmental impact together with the supply chain.

In order to advance these efforts, I believe it is imperative to work closely together with all stakeholders. From this point forward, we will put even more efforts into environmental communication and work hard to assertively communicate information by engaging in dialogue with stakeholders and other means.

■ Accelerating Diversity

One of the pillars for sustainable growth in the Teijin Group’s medium- to long-term management vision is restructuring the human resources portfolio. To achieve reform, we are actively promoting acceleration of globalization and diversity of human resources, and we have been working to increase the number of women in managerial positions and to develop young global leaders.

Our efforts have been rewarded as the Teijin Group was named as one of the Ministry of Economy, Trade and Industry’s “Diversity Management Selection 100” in March 2014. The judges highly evaluated the fact that our female employee appointed by management engaged in creating new businesses and developing new products that resulted in innovations.

The selection should encourage further acceleration of diversity and we will work hard to build a corporate culture and environment where talented human resources can develop and realize their potential to the fullest, regardless of nationality, age, gender, etc.

The Teijin Group will keep providing the real values society needs, aiming to become a prominent globally admired corporate group. We ask all stakeholders for their continued understanding and support.

July 2014



Jun Suzuki

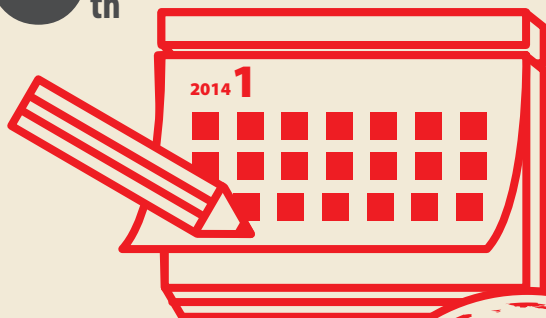
President and CEO, Teijin Limited

Teijin Viewed as Numbers (as of March 31, 2014)

Anniversary

96th

Teijin Limited was founded in 1918. Its first business was fibers, but the business of the Teijin Group has expanded, and currently includes advanced fibers and composite, electronics materials and performance polymer products, healthcare, products converting, and IT among others.



784.4 billion yen

Along with our plan to further expand the highly profitable businesses centered on advanced fibers, healthcare and IT, we will continue to cultivate new business in overlapping domains in order to realize sustainable growth.

No. of Group Companies

150

The Teijin Group is comprised of Teijin Limited, 55 companies in Japan, 52 companies in Asia, 23 companies in the USA and 20 companies in Europe, and continues to expand business on a global scale.



Sales Territory

Over 80 countries

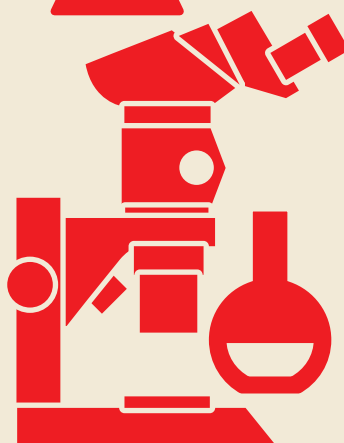
The Teijin Group began full-scale global expansion in the 1970s. Currently, products of the Teijin Group are sold in over 80 countries.

No. of Group Employees



15,756

The Teijin Group has 15,756 employees, including 6,320 employees at overseas subsidiaries; 199 of which are dispatched from Japan.



R&D Expenses

32.2 billion yen

The Teijin Group considers technological innovation as the core of sustainable growth, and spends 4-5% of the total sales for R&D every year. We have approximately 1,600 researchers.

Teijin Limited Corporate Data

Established: June 17, 1918

Capital: 70,816 million yen

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Tokyo Head Office

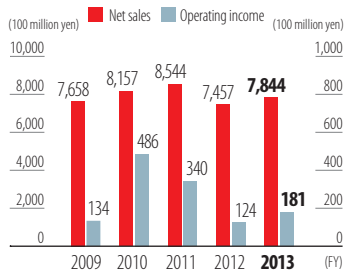
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Representative

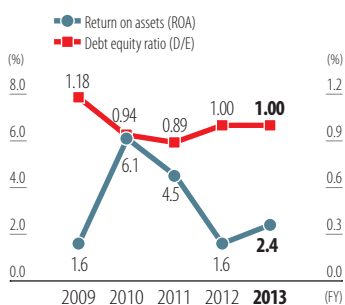
Jun Suzuki, President and CEO

Website URL: <http://www.teijin.com>

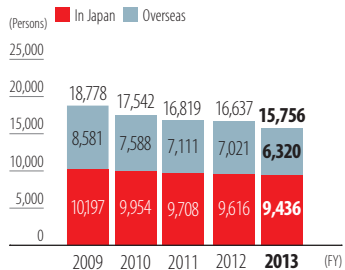
Trend in Consolidated Net Sales and Operating Income



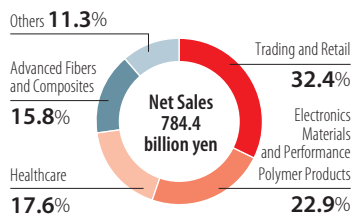
Trend in Main Management Indexes



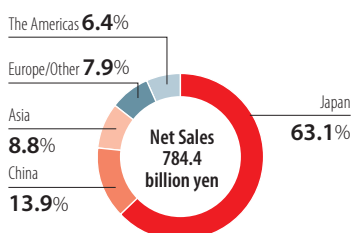
Trend in No. of Group Employees



Consolidated Net Sales by Business Segment



Consolidated Net Sales by Domicile of Customers



Teijin Group Business

Advanced Fibers & Composites Business

As a global market-leading company in advanced fibers such as aramid fibers and carbon fibers as well as in composites, we are aspiring to expand our business further.



Aramid fibers



Carbon fibers

Electric Materials & Performance Polymer Products Business

We are expanding globally, holding a major share of the polyester films market worldwide and of polycarbonate resin in growing Asian markets.



Films



Resins

Healthcare Business

We provide unique, breakthrough medical solutions, leveraging our strength in the pharmaceuticals and home healthcare fields.



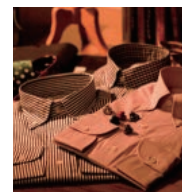
Pharmaceuticals



Oxygen concentrator for home oxygen therapy (HOT)

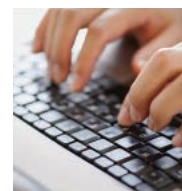
Products Converting Business

We provide wide-ranging solutions from materials development to products to meet a variety of needs in the markets of apparel and industrial materials.



IT Business

We provide various IT services, and we are branching out in internet-based digital content distribution/e-commerce businesses.

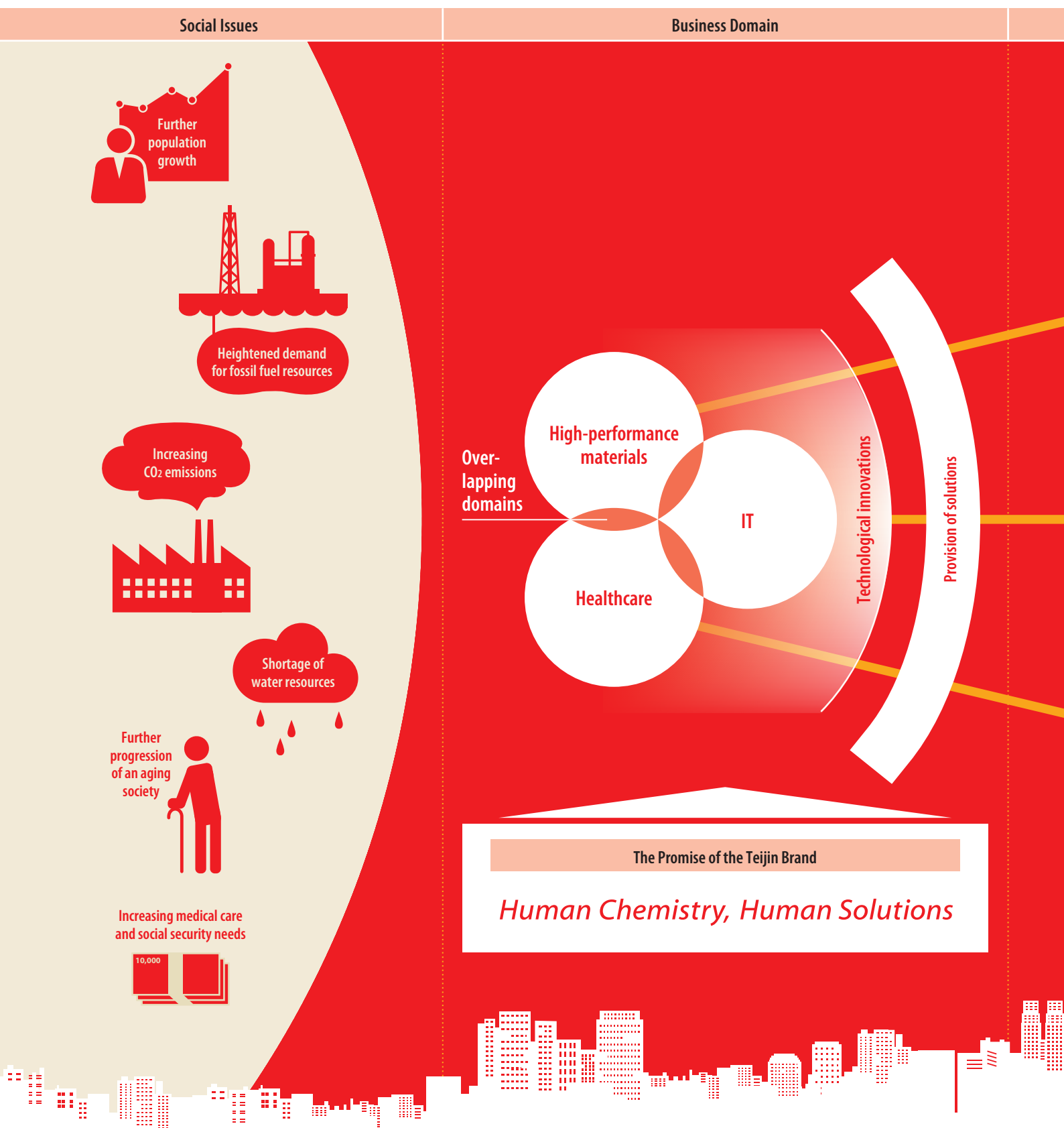


New Business Development

We are aiming to create new business in the fields of battery materials, water treatment, bioplastics, printable electronics materials and healthcare as soon as possible.

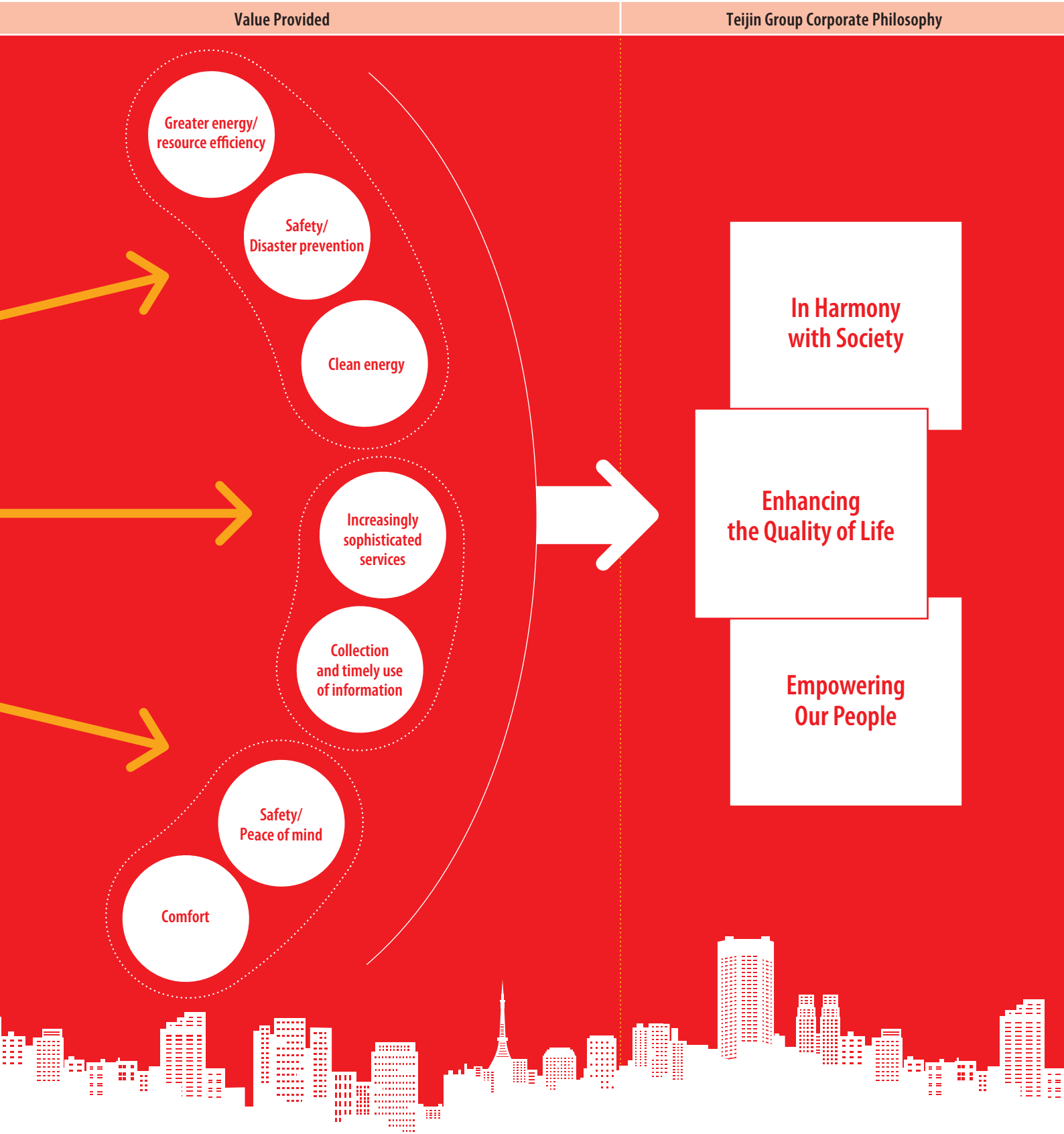


Utilizing Core Technological Innovation to Provide Values Society Needs



Amidst a range of social issues such as further population growth, shortage of water resources, heightened demand for fossil fuel resources, increasing CO₂ emissions, and increasing medical care and social security needs due to the further progression of an aging society, part of our corporate philosophy, "Enhancing the Quality of Life," reflects the mission of the Teijin

Group, which is to improve the quality and standard of people's lives and contribute to the sustainable growth of society and itself. With technological innovation as the core, we are concentrating our capabilities beyond organization, business, territories and borders, and focusing on creating and providing solutions to social issues.



Teijin's Advanced Solutions Contribute to Building a Sustainable Society

Together with the economic and societal development and changes in demographics, various social issues have arisen in every field including environment/energy, medical services/healthcare and safety/security, and there is demand for initiatives to realize a sustainable society.

In order to fulfill its responsibility as a Group that is expanding its businesses globally and contribute to solutions for social issues, the Teijin Group has set the five key fields of Sustainable Transportation, Information and Electronics, Safety and Protection, Environment and Energy, and Healthcare based on the core of technological innovation. Through provision of advanced solutions based on long-cultivated technologies, we not only respond to customer and market demands but also aim to create new value to support the future of society.



Solution

1

Sustainable Transportation

Using CFRP Realizes Weight Savings in Vehicle Bodies and Helps to Reduce CO₂ Emissions

Use of New CFRP Enables Body Weight to be Reduced to Approx. 1/5 that of Conventional Vehicles

Amid the expansion of motorization worldwide, important themes in the automotive industry are energy savings and reduction of CO₂ emissions by improving fuel efficiency. The key to this is promoting weight savings in the vehicle body



Structure of concept car made using CFRP

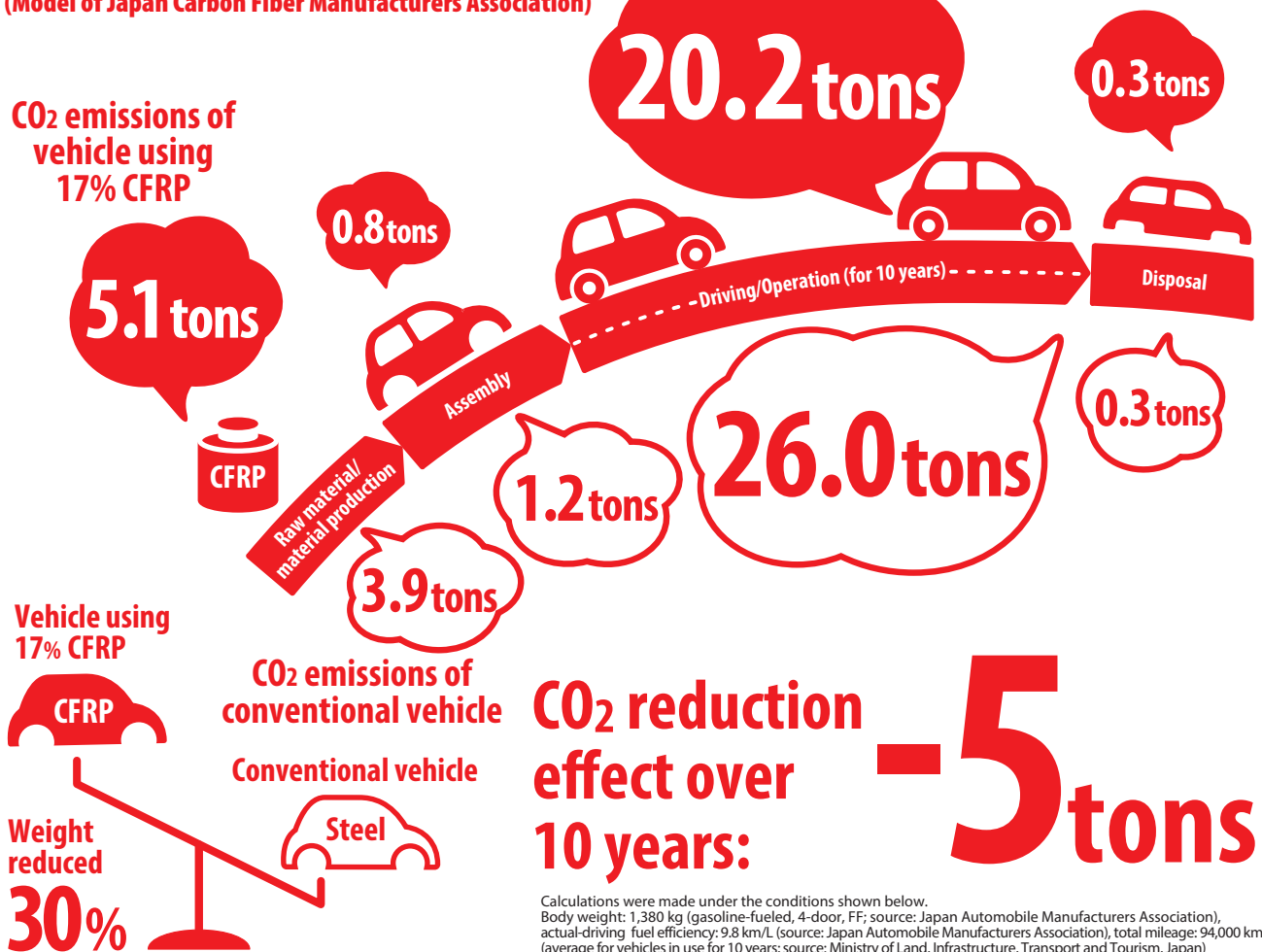
through the use of CFRP. If the body, the heaviest part of a vehicle, can be made lighter, then size/weight reduction of other parts such as the engine and transmission are also possible which enables weight savings throughout the whole vehicle, thus realizing better fuel efficiency.

Based on the above, new Carbon Fiber Reinforced Plastic (CFRP) is currently in the spotlight for its ability to dramatically lighten the vehicle body while maintaining safety. CFRP, a composite material of carbon fiber and synthetic resin, has approximately 1/4 the weight and 10 times the strength of steel. In 2011, the Teijin Group made a four-seat concept car using thermoplastic CFRP with improved molding performance. The concept car minimizes the use of metal and has a chassis weighing 47kg, light enough for two adults to lift. Compared to a conventional steel framework, the weight is approximately one-fifth.

Through future expansion of this lightweight and strong body to mass-produced vehicles worldwide, we will contribute not only to further progress in the transportation field but also reduced energy consumption and CO₂ emissions.

Life cycle of vehicle and CO₂ reduction effect of using CFRP (Model of Japan Carbon Fiber Manufacturers Association)

CO₂ emissions of vehicle using 17% CFRP



Calculations were made under the conditions shown below.
 Body weight: 1,380 kg (gasoline-fueled, 4-door, FF; source: Japan Automobile Manufacturers Association),
 actual-driving fuel efficiency: 9.8 km/L (source: Japan Automobile Manufacturers Association), total mileage: 94,000 km
 (average for vehicles in use for 10 years; source: Ministry of Land, Infrastructure, Transport and Tourism, Japan)

Solution
2

Information and Electronics

Improving Lithium-ion Battery Quality Contributes to a Wide Range of Industrial Fields

World-first Coating Technology Realizes Higher Output and Longer Lifespan

Lithium-ion batteries (LIBs) can be used over a long time frame through repeated charging while also having high power-supply performance yet small volume. For these reasons, it is used widely in applications from smartphones and tablets to electric vehicles and aircraft. Furthermore, as their use expands, there is demand for higher output and longer lifespan.

Teijin Limited provides materials called separators that isolate positive and negative electrodes of LIBs. One of these is *LIELSORT*®, an innovative separator that dramatically improves LIB performance. Using a world-first process of coating either meta-aramid or fluorine-based compound on a polyethylene base material, we have realized approximately 20% higher output and a lifespan several times longer than previously. In addition, because *LIELSORT*® coated with meta-aramid maintains its form even if 250°C heat is applied, it prevents LIBs from becoming overly hot and improves safety. On the other hand, *LIELSORT*® coated with a fluorine-based compound has adhesive properties allowing it to strongly adhere to the electrode and separator, thereby contributing to a longer

lifespan for laminated LIBs. Through provision of *LIELSORT*®, we will contribute to manufacturing that ensures a long lifespan, safety and high performance.

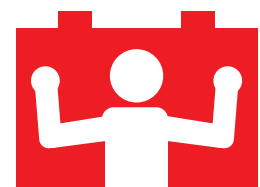


LIELSORT®

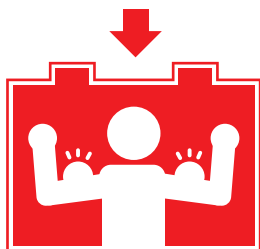
Compared to conventional LIBs,
output is improved by approx.

20%

Battery has longer life and
fewer charges needed



Conventional LIB

LIB using
LIELSORT®
separator

Solution**3****Safety and Protection****Supporting People and Social Infrastructure with Aramid Fiber Material****Peoples' Safety Ensured through High Flame Resistance**

Amid the increasing awareness for security/safety in work and life, Teijin Limited's meta-aramid fiber, **TEIJINCONEX®**, is playing an important role in protecting the bodies of people working at disaster sites or high-risk work sites. **TEIJINCONEX®**, an advanced fiber with high flame/burn resistance, prevents flames from spreading, doesn't melt or adhere to the skin and has excellent heat-shielding performance and chemical resistance.

Teijin Limited's original technologies also ensure that clothing developed using **TEIJINCONEX®** is comfortable to wear too. We support security/safety in various situations with uses including not only uniforms for firefighters and rescue teams but also uniforms worn at electrical installation sites, chemical factories and filling stations.

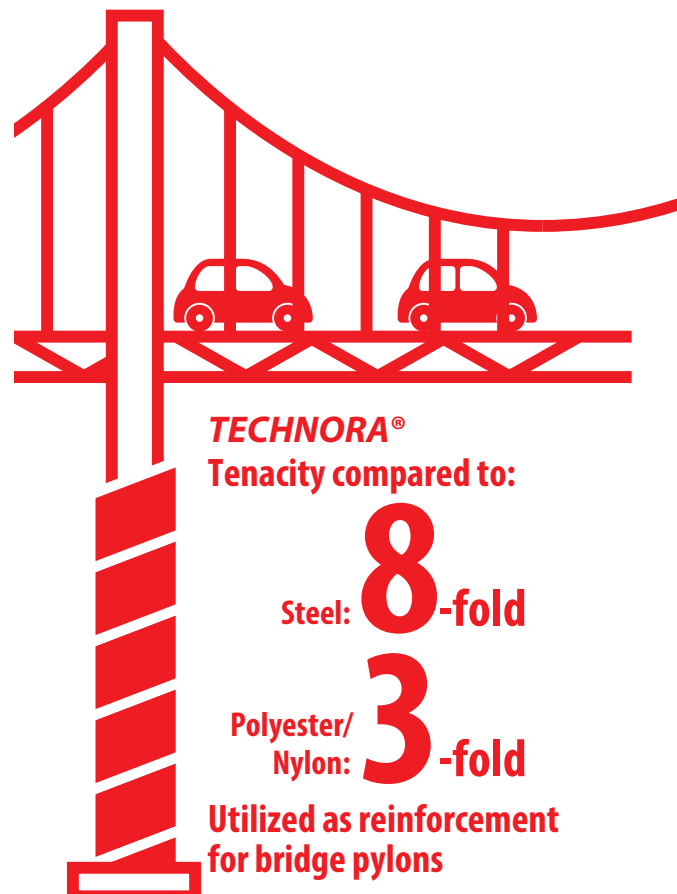
**TEIJINCONEX®****Contributing to Disaster Prevention Based on Reinforcement Material for Concrete Structures**

In Japan, a lot of social infrastructure such as roads and bridges were constructed during the period of high economic growth in the 1960s. Now, half a century later, countermeasures for deteriorated infrastructure is a major social issue. From the perspective of preventing disasters such as earthquakes, proper maintenance/renewals are required.

TECHNORA®, a para-aramid fiber developed by Teijin Limited, has outstanding tenacity, tensile modulus and dimensional stability, so it is widely used as a material for concrete structures to repair/reinforce and in products to reinforce foundations. It is also used for protective clothing material and as a tire reinforcement material to protect people from accidents and disasters in daily life.

**TECHNORA®**

TEIJINCONEX®
Used in firefighting
uniforms with heat
resistance of up to **400°C**



**Solution
4**

Environment and Energy

Technologies, Systems and Bioplastics Helping to Realize a Recycling-oriented Society

ECO CIRCLE™: Enabling Repeated Recycling of Polyester

In emerging countries, the increased waste accompanying economic growth is becoming a major social issue. From an early stage, the Teijin Group has been engaged in developing recycling technologies that realize recycling/circulation of petroleum and water resources. The foremost example is a world-first polyester chemical recycling technology.

Utilizing this technology is *ECO CIRCLE™*, a consistent closed-loop recycling system, from the collection of polyester products to recycling of these products and conversion into new products. As a result, polyester products can be recycled repeatedly without compromising quality. The expansion of *ECO CIRCLE™* began in 2002, and has now developed into a joint project with more than 150 partner companies worldwide. In many countries, it contributes to reducing the usage of petroleum resources and waste.



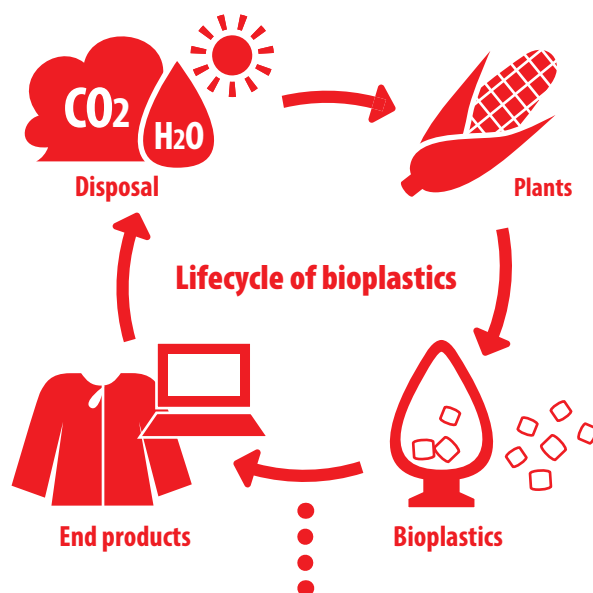
BIOFRONT®: Helping to Overcome Bioplastic Issues

Considering the important global need to cope with resource depletion and control greenhouse gas emissions, a promising alternative material for petroleum-derived plastic is bioplastic made from biomass. However, because conventional bioplastic is inferior to petroleum-derived plastic in terms of heat resistance, hydrolysis resistance and moldability, there have been issues limiting its application.

To overcome these weak points, Teijin Limited developed *BIOFRONT®*. Besides realizing heat resistance with a melting point of 210°C, it ensures sufficient hydrolysis resistance and moldability to allow it to be applied for wide range of uses. The use of *BIOFRONT®* is also expected to expand in sectors requiring durability such as the automotive, electrical/electronic device and apparel sectors as well as in medical, civil engineering and construction and oil field (mining of shale gas) applications.



BIOFRONT®



BIOFRONT®
realizes heat
resistance of up to

210°C

Iron temperature

180~190°C

Solution 5

Healthcare

Contributing to Patients' QOL* while Perceiving Social and Lifestyle Changes

* QOL: Quality of Life.

First New Treatment for Worldwide Modern-day Disease in 40 Years

Along with the changes in dietary habits and social environment, there have been an increased number of people diagnosed with hyperuricemia. The number of potential patients is estimated to be approximately 16 million in Japan. This disease not only causes gout and urinary tract stone disease but also leads to lower functioning of the liver. Furthermore, recently, there have reports of a relationship between hyperuricemia and various therapeutic areas including high-blood pressure and diabetes.

Teijin Pharma's self-developed treatment for hyperuricemia and gout* is the first new treatment in this area for approximately 40 years worldwide. It is receiving a lot of attention because it is a once-a-day medication and can be taken even by patients with a certain level of decreased liver functioning.

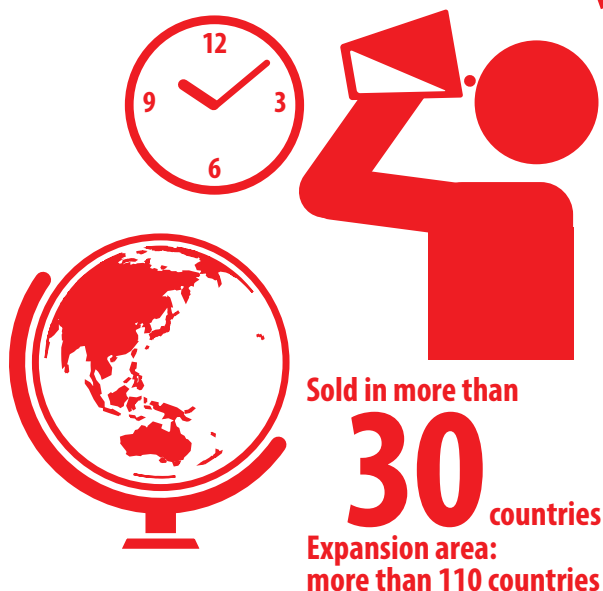
* Product names: **FEBURIC®** (Japan/Asia), **ULORIC®** (North America), **ADENURIC®** (Europe/Lebanon/New Zealand)



FEBURIC®

FEBURIC® can lower the uric acid level to the target value by taking

one tablet a day



Developing/Improving Oxygen Concentrators From the Perspective of Patients

Currently in Japan, there is said to be approximately 150,000 users of home oxygen therapy (HOT), a treatment for chronic respiratory distress through provision of oxygen inhalation at home.

At Teijin Pharma, a provider of oxygen concentrators for HOT, we are aiming to enhance the QOL of patients through developing and improving various services and products matched to changes in users' needs and lifestyles. For example, we have improved the legibility and operability of display panels based on the fact that most users are elderly, reduced power consumption, and newly developed a model that is compact, lightweight, quiet and easy to carry. In addition, we are building a system for 24-hour-a-day monitoring of equipment status through immediately detecting a device abnormality or drop in performance.



Hi-Sanso™ Portable α



Hi-Sanso™ 3S

Responding to diverse needs
Hi-Sanso™ series

More than **10**
different models



True Diversity — The Next Step in the Advancement of Female Employees

In its “Empowering Our People” corporate philosophy, the Teijin Group upholds diversity in that it aims to nurture a talented employee group with diverse abilities and personalities. On March 31, 2014, in order to consider what we should do to further promote diversity, we held a dialogue with female employees and two distinguished guests well-versed in diversity management.

Changes in Diversity at the Teijin Group

Yukako Kurose: Today, we have the pleasure of having Ms. Iwata who has been supporting the advancement of women in the workplace in both government and private sectors and Ms. Kawaguchi, who researches socially responsible investment (SRI), to join female employees of the Teijin Group who are active on the frontline to discuss the “Diversity of the Teijin Group.” I hope everyone can take this opportunity to think about what we should do to further promote diversity.

Kimie Iwata: I have an impression looking from the outside

that Teijin is one of the leading companies promoting the advancement of female employees. When did this start and what approaches have you taken?

Noriko Hidaka: The Teijin Group’s promotion of women’s advancement in the workplace was initiated as a top-down policy in 1999. The trigger came when the then-president saw female employees playing an active part in European and American companies and realized with a sense of urgency that the advancement of women in the workplace is essential for a company expanding its businesses globally. In 1999, we



Yaohua Jin

Film Technology Dept.
Teijin DuPont Films Japan Limited

Miho Fujii

Teijin Pharma Limited
Pharmaceutical Scientific Area
Promotion Department

Haruna Kubota

Teijin Limited
Human Resources
Development Section
Human Resources
Development and General
Administration Department

Kimie Iwata

Vice President of Japan National
Committee for UN Women
Chairwoman of Japan Institute
of Workers’ Evolution
Advisor, Shiseido Co., Ltd.

started the Women's Advancement Committee, and six months later a dedicated body called the Women's Advancement Section with a female manager. In 2001, we set a goal to maintain the ratio of newly recruited career-oriented female university graduates at 30% or more, which has since been achieved almost every year. Another key policy is increasing the number of female employees in managerial positions, a figure which reached 85 at the end of FY2012. Part of the Teijin Group corporate philosophy is "Empowering Our People," through which the Group upholds diversity with the aim of realizing an appealing employee group that has diverse individuality. This is underpinned by the idea that the advancement of female employees is essential for expanding business globally.

Kimie Iwata: That's wonderful. Teijin's early initiatives for the advancement of female employees has now become one of its corporate values. What has it been like for others here today who have experienced these changes?

Miho Fujii: I joined the company in 1993, had two children and I am now in a managerial position. When I returned to work after childcare leave for the first child, I worked a regular schedule which I found a bit hard. Upon the birth of my second child, however, there were substantial changes in the environment with many female employees caring for children and I could work shorter hours. In fact, I was

reinstated after having retired once when my husband was assigned overseas after I returned from the first childcare leave. Throughout these periods, I was assigned to similar work. This April, I will be transferred to another department where I will be a team leader. My concern was whether I could manage employees as a leader with shorter working hours, but with more understanding of the situation by my co-workers, I thought I would give it a try. I think the company has changed a lot.

Aya Shiroki: I am in charge of sales. When I joined the company in 2004, I was told it had been decades since a career-oriented woman had worked in sales in the head office. There was a period when I felt a sense of panic that I had to work harder but I think I am doing my duties in a natural way now.

Yaohua Jin: I joined the company in 2009. There were many female employees, and being Chinese, the situation didn't feel special—it seemed normal to me. Over the past three years, the ratio of newly recruited foreigners has been 10% or more of the total every year and a Laotian is expected to join next year. I am happy that the workplace is becoming more global every year.

Haruna Kubota: I joined in 2006 when the policy had already been set for maintaining the ratio of newly recruited career-oriented female university graduates to 30% or more,



Mariko Kawaguchi

Daiwa Institute of Research Ltd.
Chief Researcher
Research Division

Noriko Hidaka

Teijin Limited
Manager
Human Resources
Planning Department
Diversity Development
Section

Yasuhiro Hayakawa

Teijin Limited
Teijin Group Corporate Officer
Chief Human Resources Office

Aya Shiroki

Teijin Limited
Engineering Fibers
Department
High Performance Fiber
Business Unit

MC

Yukako Kurose

Teijin Limited
General Manager
CSR Planning Office

so there were already many female university graduates around me. I belong to the Human Resources Development Group and I am in charge of planning and operation of employee training, so I have many opportunities to listen to what employees have to say and I feel that there is an increased understanding of diversity today.



What should be done to further promote the advancement of female employees?

Kimie Iwata: What are the issues involved in further promoting the advancement of female employees?

Noriko Hidaka: The Teijin Group has specified three issues: encouraging activities of employees who take care of their children, fostering awareness among male employees and reforming the working style.

Kimie Iwata: These are issues common to all advanced companies, aren't they?

Mariko Kawaguchi: That's right, and of these issues, reforming the working style would be the most pressing issue. I think the whole of society should share the awareness that the advancement of female employees in Japanese companies is still "too little, too late" compared to other countries and we must accelerate the advancement of women further to revitalize both society and the economy. From the survey conducted by the Japanese Cabinet Office, positive correlations can be seen between the participation ratio of the female workforce and GDP per working hours as well as between corporate value and the advancement of women in the workplace. Even in Japan, there are results showing that the share performance of companies with female directors excels on the TOPIX. In an indicator showing the degree of male and female equality in the four sectors of economy, education, politics and health of each country announced in 2013 by the World Economic Forum (held in Davos), Japan is only ranked 105th among a total of 136 countries despite being an advanced country. Organizations that ensure diversity are considered more adaptable and sustainable. It may also be a good idea to support the advancement of female employees at suppliers through business dealings. For example, when evaluating suppliers regarding procurement, it may be worthwhile allocating

points to companies where women are highly active using indicators, or alternatively, procuring from companies managed by women if all other conditions are the same. Looking beyond procurement, it is important to take measures to promote the advancement of women together with external stakeholders. Overseas, there are cases of companies with high involvement of women are prioritized for procurement. I hope the Teijin Group can progress to the next stage.

Kimie Iwata: The United Nations Women's Empowerment Principles also call for liaison and cooperation with stakeholders.

Yukako Kurose: It may still be difficult in Japan but I think we should take note of it for future activities.

Latent Issues Behind the System to Support the Advancement of Female Employees

Kimie Iwata: Incidentally, while it's true that the more diversity-minded a company is, the more measures they will have for work-life balance, the situation will be different when it comes to activities. For example, the phrase "mommy track" is used to refer to a different career track for child-rearing female employees only. Specifically, there are situations where opportunities diminish for female employees when they become mothers. Although they may still be employed by a company, the scope of work is so limited that they cannot play an active part. They may not be able to enhance their expertise or it may be difficult for them to be promoted while taking care of their children. In addition, various support given to an employee over a long period may result in that employee becoming overly reliant on that support and may work negatively in terms of growth and career development. What is important is not to exempt employees from work but to support them to work as usual even when rearing children. To achieve this, there are two important points: to eliminate overtime work for the company as a whole and to increase flexibility in labor conditions.

Mariko Kawaguchi: It is important to change the style in which we work as a result of women joining the company; for example, eliminating overtime or allowing employees to



work at hours they choose as long as the required work is done properly. If we could do this, the company would be a more pleasant place to work not only for female employees, but also for foreigners and people with a disability. I think that rather than setting the final goal solely in relation to childcare leave and shorter working hours for child-rearing female employees, it should also be set in relation to securing diversified ways of working for employees.

Kimie Iwata: Actually, I once tried and failed to eliminate overtime. Halfway measures such as reducing overtime by 10% or turning off all lights at 8 p.m. were not successful. From this experience, I would like to stress the importance of aiming to reform the working style so that there is no overtime.

Yasuhiro Hayakawa: The Human Resources Development Group is now reviewing a system designed to reform the working style. As global expansion continues, the first step is to realize change in the head office in Japan.



Towards True Diversity

Yukako Kurose: Ms. Jin, is the advancement of female employees in China much different from that in Japan?

Yaohua Jin: Well, many women in China hold important positions, so I was rather surprised to learn that childcare leave taken by male employees has become a matter of concern in terms of supporting the advancement of female employees.

Mariko Kawaguchi: The image of leaders must also be diversified in order to create a workplace where it feels normal for there to be a female manager. In the past in Japanese society, there have been many “follow me” type leaders, but I think it would be good if there were also “let’s do it together” type leaders who unify what everyone is feeling into one direction.

Noriko Hidaka: The policy of maintaining the ratio of newly recruited career-oriented female university graduates at 30% or more leads to an increase in the number of female managers. Several excellent women are not sufficient to bring about change. That’s why I think it important to increase the actual number of women.

Yukako Kurose: Ms. Shiroki, you have experience working overseas. Did you feel a “gap” or any other differences when you returned to Japan?

Aya Shiroki: In regards to the childcare leave that Ms. Jin was talking about earlier, the idea of taking leave was quite unique in Germany where I was working. My male German colleague was negotiating with the president about working at home not for consecutive days, but one or two days a week. As his partner was also working, their style was to balance working hours so that one of them was at home. To begin with, regardless of having a child or not, they don’t do any overtime in principle. It’s only been one year since I returned to Japan, but before I knew it, I was returning to the former Japanese working style in which it is normal to work long hours. I keep telling myself that it is not right.

Mariko Kawaguchi: In an era in which double-income households exceed households with full-time homemakers, I think continuing to work in the same style as during the high economic growth period with long working hours, etc., is also negative for males. It is important to create a base so that people with diverse attributes and experience can work positively together.

Kimie Iwata: As part of creating such an environment, I have been suggesting that employees be evaluated on the basis of hourly performance. If we did this, the evaluation of female employees with time constraints for childcare or nursing care would become relatively higher.

Haruna Kubota: If the performance is the same for employees who stay in the office for a long time and for those who stay for a short time, the latter should be entrusted with work. I want the company to change to become that kind of company.

Yaohua Jin: In my workplace, I have a senior who has three children. She works shorter hours but she works hard and performs her duties very well. I think supporting the advancement of female employees will benefit the company greatly.

Yasuhiro Hayakawa: To increase productivity within a limited timeframe, we are now discussing how to minimize the time and workflow for the approval of management and superiors. It is not realistic to expect people to do the same workload in reduced working hours, so we are aiming to eliminate overtime and reduce physical strain instead.



Kimie Iwata: I see. Teijin is creating mechanisms to reduce workload. It's certainly true that in order to reduce work without negatively affecting sales, there are no choices except selection and concentration. Therefore, this issue must be addressed by all levels of the organization including management. There is, however, the question of how to produce the same results with less labor. This involves many issues such as whether decisions can be made by individuals or whether a meeting is required, as well as reflection of this in the way agendas are decided and materials are prepared. That said, I'm sure Teijin will be able to overcome these issues.

Taking One Step Forward in Valuing Diverse Individuality

Yukako Kurose: Lastly, I would like you all to comment briefly on your impression of this dialogue and your future vision.

Noriko Hidaka: The diversity promotion measures of the Teijin Group started with a move for the advancement of female employees, but I think true diversity is to value the differences between each person. Just like the differences between men and women, understand that value lies in such differences, and allow each person to reach his/her full potential. I also think we need to review the method of training in relation to diversity.

Haruna Kubota: For me, this dialogue underlined the importance of broadening my views to accept diverse individuality. I would like to go out on my own accord and create an external network to broaden my views.

Aya Shiroki: I think it would be nice to be able to grow by sharing values with diverse people, regardless of whether they are men, women, Japanese or foreigners. For this reason, I would like to keep on absorbing many things.

Yaohua Jin: Because the Teijin Group is expanding its businesses globally, I think it is important to always have the flexibility to adapt to ways of thinking specific to particular regions and incorporate the opinions of local employees overseas.

Miho Fujii: I think it is important to reconcile differences in

the way of thinking of each and every employee and his/her workplace, as well as to use ingenuity to promote diversity as the Group becomes more and more global. I think a company with diversity is very appealing, and I hope that this aspect will progress further.

Mariko Kawaguchi: Diversity is not about drawing a line between the company and private life or differentiating between black and white. Rather, it is about how to foster independent individuals with a good balance between the three roles of employee, family member and citizen. I would really like the Teijin Group to aim for that realm.



Kimie Iwata: When someone joins a company, diversity is fostered at work through various duties. But I think true diversity comes about in people's individual lives outside the company. Diversity is created by the experiences of each and every person, whether it be finding an opportunity to study and then studying with enthusiasm or participating in social contribution activities.

Yasuhiro Hayakawa: We will continue to consider how to support every Teijin Group employee in developing his/her capabilities and individuality.

Yukako Kurose: I would like for us to be a company in which diverse possibilities can "chemically react" with each other to produce something better. Thank you very much for your participation today.

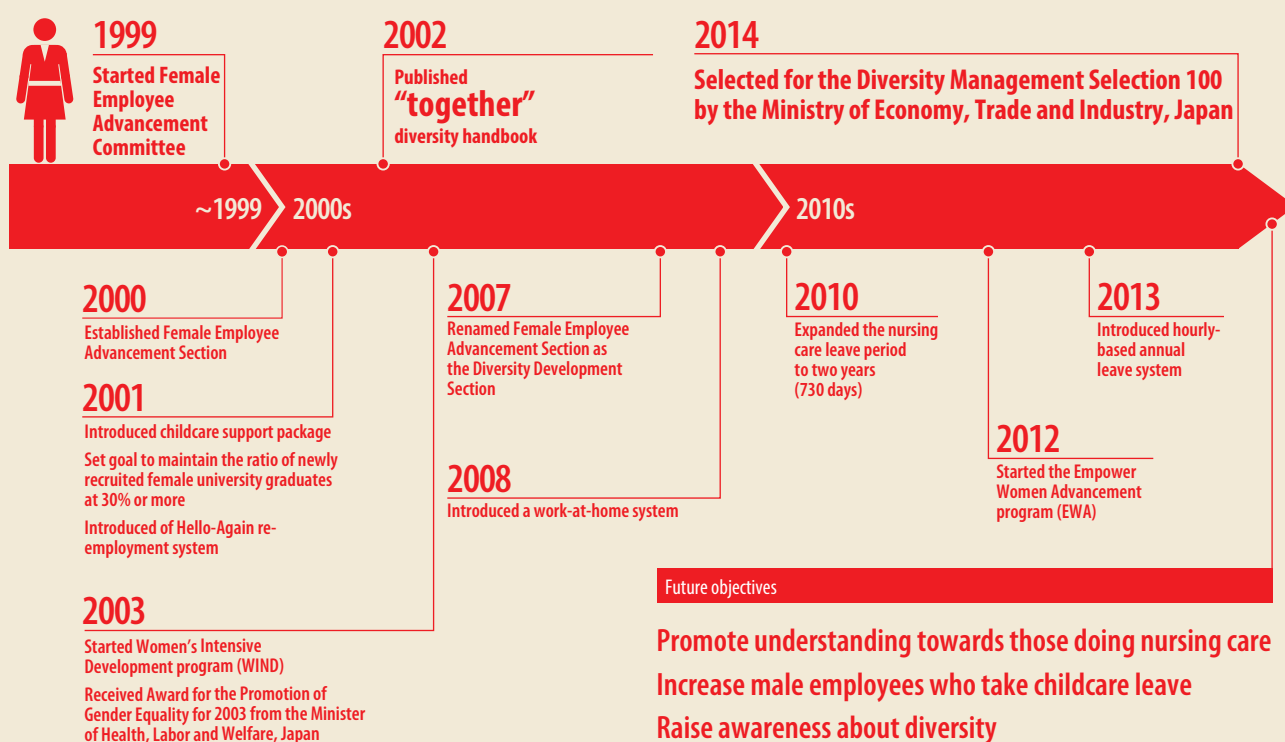


Aiming to Realize an Appealing Employee Group with Diverse Individuality

In promoting global business activities, it is essential to create a strong organization leveraging human resources with diversity in terms of nationality, race, gender, sense of value, ideas, experience, etc. The Teijin Group upholds part of its corporate philosophy, "Empowering Our People," based on the concept that every single employee is the ultimate management resource.

The Teijin Group started promotion of diversity in 1999 and has since focused on preparing and maintaining a system and environment to enable employees to fully reach their potential

while feeling motivated to work. At the same time, we have also taken measures to raise awareness about diversity. To reform the human resources portfolio in the medium- to long-term management vision "CHANGE for 2016," the Teijin Group is promoting diversity in recruitment/discovery, faster development and suitable global placements of human resources. With diversity of human resources as a driving force for enhancing competitiveness, the Group will continue its efforts to promote diversity as a management strategy.



Publication of "together" Diversity Handbook

Enlighten Employees with Various Diversity Initiatives

The Teijin Group publishes a public relations magazine called "together" every year to report the latest news on its human resources portfolio. In addition to various messages from external experts and interviews with employees including foreign staff and those on childcare leave, every issue includes round-table employee discussions about diversity. In this way, while considering how we can support diverse employee activities, we communicate information useful for raising awareness of employees.



The April 2014 issue carried an interview with external experts titled "Do-it-yourself life career planning" from the viewpoint of career design as well as an article based on a round-table talk between foreign nationals working in Japan with the concept of thinking about diversity from global perspective.

Selected for the Diversity Management Selection 100 by Ministry of Economy, Trade and Industry

High Evaluation of the Project Led by a Female Employee

In March 2014, Teijin Limited was selected for the Diversity Management Selection 100 by the Ministry of Economy, Trade and Industry, Japan, as one of the companies utilizing a wide variety of human resources to foster innovation.

The selection this time was for the Teijin Group's initiatives for the facilitation of diversity in a company-wide cross-organizational project being developed jointly with Nitro Co., Ltd. Judges highly evaluated the fact that a female employee took the lead in engaging in the creation of new business and development of new products and the way in which the project became a model case for transforming business to company-wide cross-organizational business model. Encouraged by this evaluation, we are working to further promote diversity.



Awards ceremony

An Important Supporter of Young Scientists



Networking event for
Teijin Kumura Scholarship students

From a desire “to support young scientists with ambitions to realize big dreams and aspirations,” the Teijin Scholarship Foundation was created 60 years ago as a scholarship system established by a private company in Japan and as one of the foundations with the greatest history and legacy. This spirit has since been continuously passed down from generation to generation and spreading around the globe.

Created Mirroring the Spirit Seita Kumura, One of the Founders Who Devoted His Life to Research

Created the Teijin Kumura Scholarship in 1953 commemorating the 35th anniversary of the Teijin Group. It was named after Mr. Seita Kumura who was one of the founders of the Teijin Group and also called the father of the Japanese chemical fiber industry.



Seita Kumura

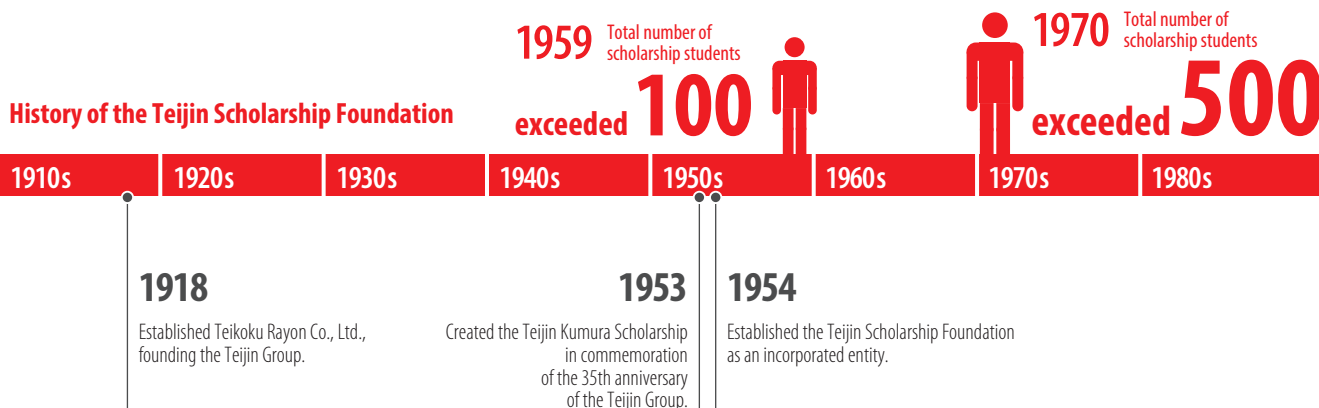
Seita Kumura, who devoted his life to continuous research, once said, “All of you need to keep improving yourselves, develop your abilities and exert yourselves.” This spirit lives on today in the present Teijin Scholarship Foundation that fosters young scientists. The scholarship now applies across a wide range, to the medical and pharmaceutical, bio-science, science and technology, engineering, information science and other fields. The philosophy is to pass on and develop a creative R&D spirit as well as to foster excellent human resources to contribute to the development of society. Furthermore, there are no obligatory constraints in terms of career options after graduation.

Support Realizing Many Excellent Scientists, Now Globally

During its 60-year history, 1,542 students have so far benefited from the scholarship (as of March 31, 2014). Many graduates of the scholarship program are teaching at universities or actively involved in government and private research institutions. One notable example is Dr. Ei-ichi Negishi, Distinguished Professor at Purdue University and recipient of the 2010 Nobel Prize in Chemistry, was awarded the Teijin Kumura Scholarship in its fifth year.

In recent years, the philosophy of “fostering promising human resources capable of contributing to the society” has been expanded globally and since 2005, foreign students studying in Japan have also become eligible for the scholarship. The Teijin Scholarship Foundation also established a scholarship system in China in 2010 and has supported students of Peking University, Tsinghua University, Fudan University and Shanghai Jiao Tong University. By 2014, foreign scholarship recipients exceeded 100 students.

History of the Teijin Scholarship Foundation





Certification Ceremony and Networking Event in China
Held for the purpose of motivating scholarship students and promoting exchange between scholarship students of different universities and specialties.



Symposium Commemorating 60th Anniversary
Held on September 27, 2013. In addition to the commemorative speech by Dr. Ei-ichi Negishi, a panel discussion was held. Approximately 400 people joined from every part of the country, providing many people of different generations and nationalities with an opportunity to deepen exchanges.

The Spirit Lives on Today: Fostering the Diverse Next Generation

The spirit of Seita Kumura reaches beyond “fostering young scientists,” with an expansive scope that includes support for “fostering next-generation scientists” through social contribution activities.

The scholarship supports contributions in a wide variety of fields such as science and education, culture, sports activities

and environmental preservation activities, giving children of the next generation the opportunity to take on various challenges. We will continue to support children, always giving thought to what kind of assistance will be characteristic of the Teijin Group.

Science and Education



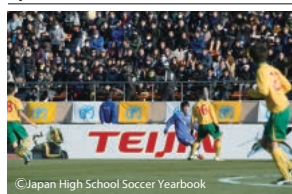
Co-sponsored the Koshien Tournament of Science to expand the pool of science-loving students.

Culture



Expanded “Book Dream Project” to send picture books to children of Indonesia and Thailand.

Sports Activities



Co-sponsored All Japan High School Soccer Tournament to support sports activities of the youth.

Environmental Preservation Activities



Co-sponsored Midorino Komichi (Green path) environmental diary project for ecological education of children through diary-writing.

Teijin Group Corporate Philosophy

In Harmony with Society

Our aim is to grow and evolve in harmony with the progress of society, thus justifying the trust of our shareholders, customers and the public at large. To this end, we strive constantly to raise corporate value and place our highest priority on safety and the environment.



1987 Total number of scholarship students

exceeded **1,000**

1990s

2000s

2010s

2005

Started providing scholarships to foreign students studying in Japan.

2010

Established scholarship system in China.



2011 Total number of scholarship students

exceeded **1,500**

2011

Re-established the Teijin Scholarship Foundation as a public interest incorporated entity.

2013

With the 60th anniversary in June, held 60th Anniversary Symposium in September.

CSR Basic Policy and Promotion System

The Teijin Group has appointed a Chief Social Responsibility Officer under whose strong leadership we are implementing comprehensive group-wide CSR management. We classify various CSR issues into three fields, and have created a CSR management system that is appropriate to each respective field.

CSR Basic Policy (2012–2015)

1. To recognize common value of business strategy and CSR management as a driving force toward sustainable development of the society
2. To contribute to Teijin's achieving the global excellence as a global player, by obtaining and maintaining a global recognition as "CSR champion" in Teijin's way.
3. To realize "co-existence with global environment" by actively promoting environmental management.
4. To help realize improvement of "Quality of Life," by providing safe and reliable products and services.
5. To be recognized as a benchmark of Basic CSR activities such as compliance and risk management by their thorough implementation.
6. To build "Win-Win" relationships with stakeholders in and outside the Teijin Group by two-way dialogues and active involvement in their development and enhance their satisfaction.

CSR Pyramid



Reference information on website

- Participation in the Global Compact

Features of Activities to Promote CSR

The Teijin Group considers CSR to be an important element of corporate management, and aims to promote CSR as an integral part of management. We have created the new post of Chief Social Responsibility Officer to act as proxy for the Chief Executive Officer (CEO) in managing all CSR-related affairs and we are promoting activities under the strong leadership being shown.

To implement the Teijin Group's CSR management in a unified, efficient manner, various CSR issues are classified into three fields, "basic," "expansive" and "selective." A main division/organization in charge is specified for each field, and starting with planning for the medium- to long-term and single fiscal years, we continuously implement the Plan, Do, Check, Act (PDCA) cycle.

● Basic CSR

The Teijin Group's "basic" CSR is promoted under the direct control and supervision of the Chief Social Responsibility Officer. While observing laws and international standards,

we are striving to reach a level beyond these standards.

● Expansive CSR

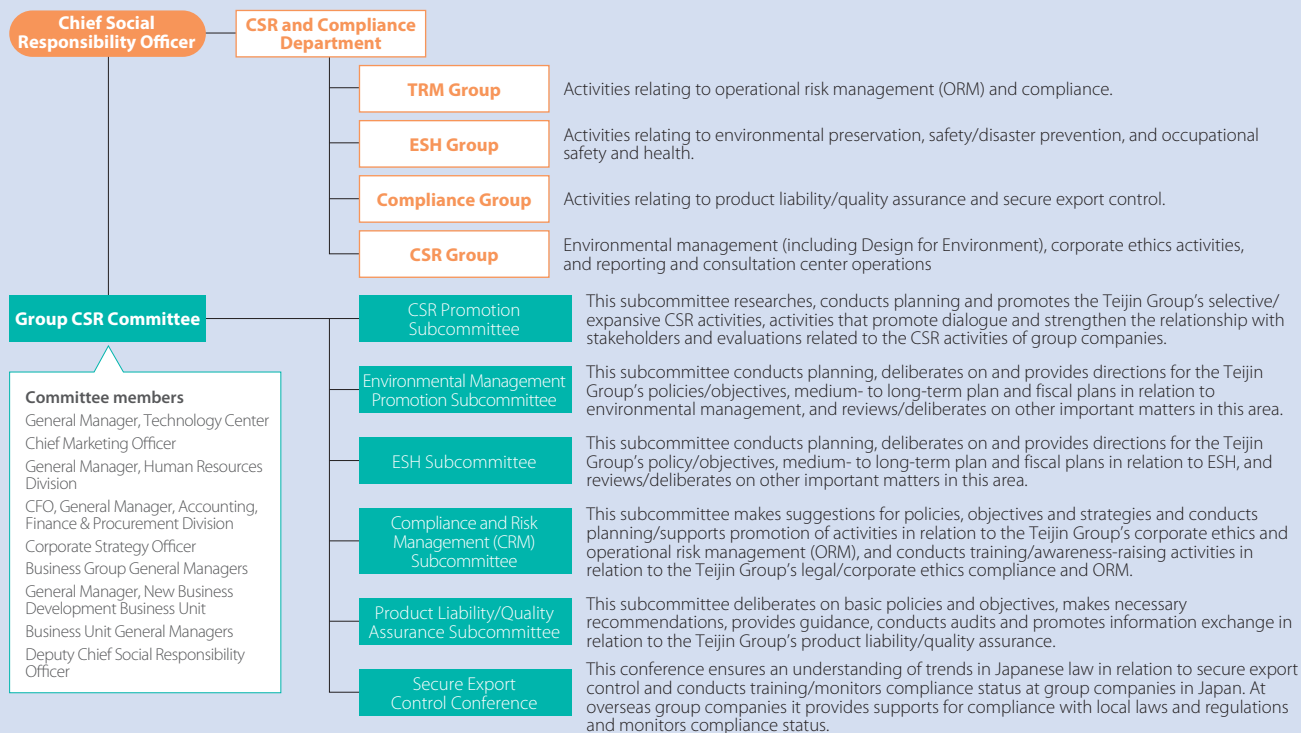
This field includes human resources/labor and purchasing/procurement to meet supply chain needs. Conventionally, human resources/labor is directly controlled and supervised by the General Manager of the Human Resources Division and purchasing/procurement by the General Manager of the Accounting, Finance & Procurement Division. As of recently, in order to respond to advancing social needs, the Chief Social Responsibility Officer advises/supports the General Manager of the Human Resources Division and the General Manager of the Accounting, Finance & Procurement Division.

● Selective CSR

In "selective" CSR, companies conduct voluntary activities irrespective of legal obligations. The Teijin Group is actively expanding various social contribution activities in this field.

CSR Management System

As of April 1, 2014

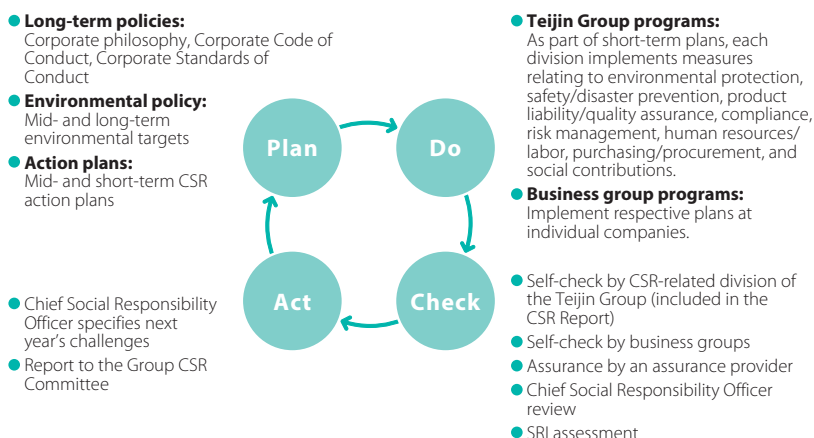


Role of the Teijin Group CSR Committee

The Teijin Group has established the Group CSR Committee to discuss and take action on key issues and initiatives relating to group-wide CSR. The Committee meets twice a year: in FY2013, meetings were held in April and October. Restructuring of the product liability/quality assurance system, response for earthquake BCP and strengthening of environmental management were among the items deliberated on.

Under the Group CSR Committee, there are six subcommittees or conferences. Four of these subcommittees discuss and address specific issues in "basic" CSR, a focus of the Teijin Group. "Expansive" and "selective" CSR issues are discussed and promoted by the Group CSR Promotion Subcommittee. From FY2012, in order to accelerate the promotion of environmental management group-wide, the Group Environmental Management Promotion Subcommittee was established.

PDCA Approach to CSR Activities

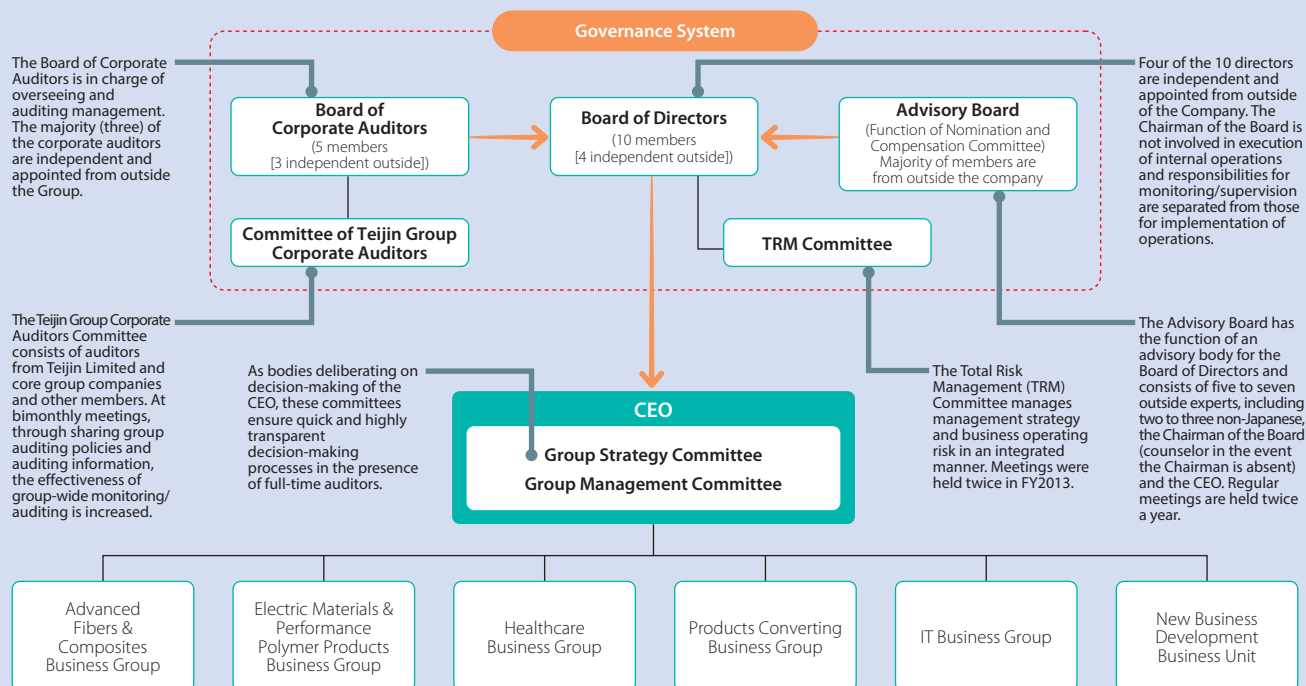


Corporate Governance

The Teijin Group positions corporate governance as an essential element in realizing sustainable improvements in shareholder value and fulfilling our responsibility to various stakeholders including employees, business partners, the local community and residents, and we are implementing measures to strengthen corporate governance.

Corporate Governance System

As of April 1, 2014



Reference information on website

- Members of the Advisory Board
- Example of Advisory Board Deliberation Items

Strengthening Corporate Governance

Since 1999, we have implemented a series of groundbreaking management reforms relating to basic elements of corporate governance with the aim of enhancing transparency, ensuring fairness and objectivity, and accelerating decision-making. These reforms include establishing the Advisory Board, reducing the number of directors, introducing a corporate officers' system and establishing a compensation system for directors in accordance with consolidated return on assets (ROA).

At present, we have adopted a system of governance with the following features. First, the function of monitoring and supervising management fulfilled by a board of directors including independent outside directors, a corporate officer system and a board of corporate auditors system including independent outside corporate auditors, and second, the function of a nomination and compensation committee fulfilled by an advisory board. All these features actively incorporate outside perspectives to ensure the function of monitoring and supervising management, which in turn helps

to enhance transparency and ensure fairness.

For the Board of Directors and corporate officer system, with the aim of accelerating decision-making and ensuring clear accountability, our articles of incorporation limit the size of Teijin Limited's board to 10 members and we have delegated considerable authority and responsibility to corporate officers.

Internal Control

The internal control system is operated and improved according to annual decisions made by the Board of Directors regarding its functioning.

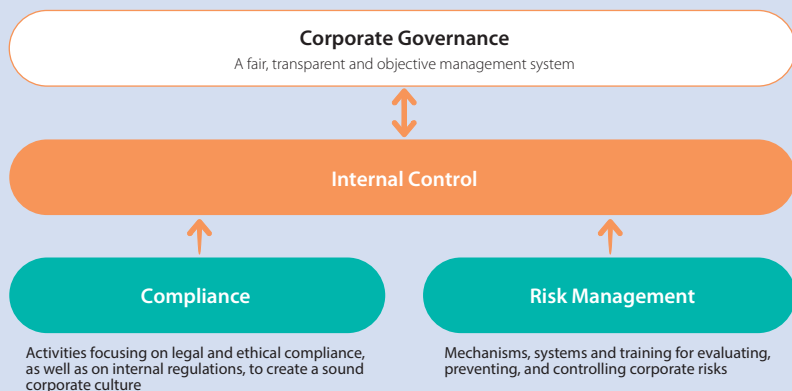
An internal control report is also submitted every year. In accordance with the Financial Investments & Exchange Act, this report includes the opinions of an accounting auditor regarding system maintenance/operating status and helps to ensure the reliability of financial reporting.

In addition, the Corporate Auditing Department, which is under the direct control of the CEO, was established in order to increase the effective of our internal control activities.

Compliance and Risk Management

We believe that compliance and risk management are the two inseparable pillars of internal control. They form the basis for sound corporate governance and are a focus of our CSR activities. We are working hard to ensure that corporate ethics are strictly upheld at all group companies and to promote business continuity management (BCM).

Positioning of Compliance and Risk Management



Participants Trained as Personnel Responsible for Promoting Compliance and Risk Management ★

68

A group-work based case study was implemented with training materials used for workshops for all employees in the Corporate Ethics Month campaign. By discussing cases that actually occurred at other companies, we learned important points for conducting workshops for all employees.

Activities in Corporate Ethics Month



Corporate Ethics Month campaign poster

During the Corporate Ethics Month campaign every October, we hold the Corporate Ethics Workshop for All Employees targeting all executives and employees (including contract/temporary employees). In addition, a message from the CEO is distributed in six languages (Japanese, English, Chinese, Thai, Indonesian and German) and campaign posters are displayed. The poster slogans are chosen from employee suggestions every year.

Compliance and Risk Management (CRM) Promotion System

The Group CRM Subcommittee, established under the Group CSR Committee, meets twice a year to deliberate on CRM-related policies, measures and activities and promote their group-wide expansion.

In Japan, at business groups and group companies, we have appointed a person in charge of promoting CRM who manages/operates activities at respective workplaces. Overseas, each business group and group company conducts its own independent training, and global compliance meetings organized by Teijin Limited are held in main overseas regions every year. In FY2013, we held one meeting in Japan with key personnel from Europe and we closely collaborated and held information exchanges with key personnel from the U.S.A.

Results of Reviews by Chief Social Responsibility Officer (Law Violations and Occurrence of Accidents)

Every February, the Chief Social Responsibility Officer reviews the CRM activities for the

previous calendar year of business groups and group companies. This review assesses whether there were any serious violations of laws or accidents during CRM activities, and confirms the compliance and risk management activities of business groups and group companies on the basis of the compliance and risk management activity survey submitted.

For major incidents and accidents in the group reported to the CEO and Chief Social Responsibility Officer during FY2013, there were no reports of serious accidents. However, there were four small-scale accidents involving leakage of chemical substances at plants of an overseas subsidiary. None of the accidents had an effect on the environment.

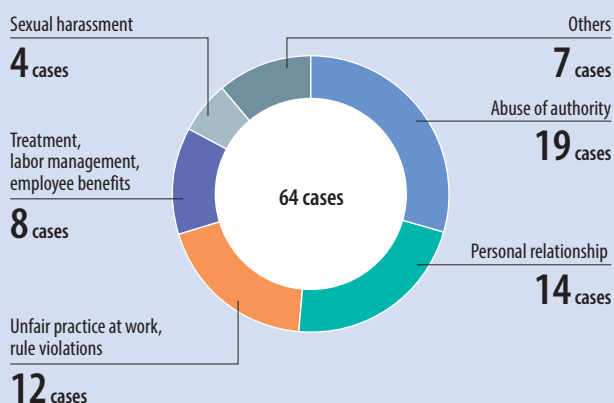
In addition, in FY2013, as a new initiative, we established focused reporting items for each business group and group company and we reviewed items considered to be high-risk in terms of business characteristics and other factors.

Reference information on website

- Group-wide Application of Corporate Ethics and Compliance
- Check Sheets to Survey All Employees at the Corporate Ethics Workshop
- Corporate Ethics Awareness Survey

Compliance and Risk Management

Content of Reports/Consultation From Employees/ Those Outside the Group (Total in Japan/Overseas) ★



The counseling and reporting system is operated under the direction of the Chief Social Responsibility Officer. While protecting privacy, the content and responses to all issues raised by group employees in Japan via discussions and reports are disclosed to employees every six months on the intranet. Overseas, Teijin Holdings USA, Inc. and Teijin Aramid B.V. conduct discussions and receive reports from employees.

Promotion of BCM

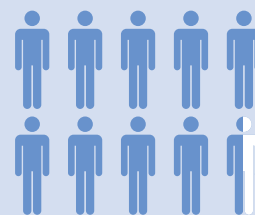


Earthquake evacuation drill

As part of BCM, earthquake evacuation drills and reporting drills are conducted twice a year. The earthquake evacuation drills are conducted at approximately 300 sites.

Safety Reporting Rate After 48 hours in Reporting Drill

95%



A total of 12,242 people participated in a reporting drill which utilized a system to verify employees' safety in emergencies. (★)

Reference information on website

- Progress of Business Continuity Plans and Business Continuity Management
- Information Security

Review of the Teijin Group Corporate Ethics Handbook

In FY2011, we reviewed the Corporate Code of Conduct and Corporate Standards of Conduct to more clearly define our approach to environmental management and our response to international standards such as the UN Global Compact. In FY2012, we published the Japanese version of the Corporate Ethics Handbook which reflected the results of this review. In FY2013, working towards publishing overseas versions, we made preparations based on the legal system of each country/region.

Risk Management Activities

In FY2013, to implement risk management with greater centralization and integration than previously, we newly established the CSR and Compliance Department under the Chief Corporate Social Responsibility Officer. Under this, we established the Total Risk Management (TRM) Group to comprehensively manage risk (see page 24).

In FY2012, changes were made to the risk

countermeasures sheet used to identify/evaluate risks in order to enable quantitative evaluations, and in FY2013, the use of this new countermeasures sheet was expanded to major group companies (41 companies in Japan and 50 overseas companies). The submission rate of the countermeasures sheet from target group companies was 100% in Japan and 98% overseas. We have taken measures for risks such as problems in procuring main materials and serious quality problems identified by these risk evaluations. In FY2014, we will review the risk classification chart in order to implement risk management appropriate to the present situation, clarify priorities and promote measures to control risks.

Summary of FY2013 and Plans for FY2014

To create sustainable value for society, we will strive to carry out a wide variety of consistent CSR activities and disclosure of clear information to stakeholders.

As climate change and economic stagnation continues worldwide, Japan is facing risks related to energy problems as well as the declining birthrate and aging population and there are increasing aspirations for the sustainability, security and safety of society. In these circumstances, in FY2013, we made steady progress in a wide range of CSR activities in areas such as compliance and risk management (operational risk management), ESH, product liability/quality assurance and social contributions.

Strengthening Operational Risk Management Functions

We are working to strengthen monitoring and control functions centered on ESH, product liability/quality assurance and compliance activities.

In FY2013, in the area of safety and disaster prevention, we performed detailed investigations into the background and causes for accidents involving fires by explosions at another company's plants and we shared issues for improvement and preventive measures among our factories. We also completed the introduction of Emergency Call, a system to confirm the safety of employees in the event of natural disasters and started reviewing the BCP. In the area of product liability/quality assurance, we tried to improve systems and functions throughout the group by having quality assurance functions of each business under the direct supervision of the relevant business executives, and we have taken measures such as clarifying the scope of high risk projects. In the area of environmental preservation, we continued our efforts to reduce greenhouse-gas emissions. In corporate ethics and compliance activities, a workshop for all employees was held during the Corporate Ethics Month (October) on the subject of actual events involving misconduct that have occurred internally/externally in the past.

Summary of FY2013

While advances such as these have been made, accidents also occurred that require serious reflection. At chemical plants of overseas subsidiaries, four accidents occurred, which although small-scale, involved leakage of chemical substances. Fortunately, there were no human casualties and no effect on the environment, but we regrettably caused much concern among local residents.

As a chemical company, the Teijin Group regularly focuses on measures to prevent explosions, fires, leakages of hazardous substances and workplace accidents, but we will seek to raise our activities to an even higher level in the future.



Toward FY2014

As a wide variety of risks become apparent on a global basis and there is heightened social anxiety and sense of uncertainty about the future, the perspective of investors is shifting from a short-term centric approach to emphasis on the mid- to long-term. Based on these shifts, there is a trend towards a requirement for corporations to disclose an "integrated" report to investors that includes not only financial information, but also non-financial information such as environment, society and corporate governance (ESG) information.

The source from which a corporate entity continues to create its value is not limited to financial capital. Various types of capital are required whether it be human, manufacturing and intellectual capital in the form of people, goods and information or society-related and nature-related capital corresponding to the relationship with stakeholders and environmental preservation/impact. With the awareness of this basic premise, it is clear that the information disclosed to investors from now on will be required to include qualitative and quantitative explanations on increases/decreases in these different kinds of capital as well as coherent and concise explanations of the corporation's mid- to long-term value creation capabilities on the basis of extensive relationships between different types of capital.

In order to respond to the demands of investors and all other stakeholders, the Teijin Group is conducting internal reviews to facilitate clearer information disclosure through the integration of financial and non-financial information.

As the Chief Social Responsibility Officer, I will work to steer a forward course for the CSR management of the Teijin Group. I look forward to the guidance and support of all stakeholders.

Round-table Talk Held, Working Towards Integrated Report

On May 28, 2013, as a part of our efforts to prepare an integrated report, we invited Mr. Hidemi Tomita, an expert from LRQA Japan, to a round-table talk with Mr. Yamamoto, Chief Financial Officer, Mr. Nishikawa, Chief Social Responsibility Officer and staff concerned. Through this talk, we were able to deepen our understanding and awareness of the International Integrated Reporting Council (IIRC) framework, which is the international standard, and share knowledge internally about the process of selecting important issues.



ESH Management

The Teijin Group positions ESH as a key issue relating to all business operations and is engaged in activities to reduce environmental impact both globally and locally, and ensure the safety and health of residents and employees.

Obtaining ESH Management System Certifications

We strive to acquire internationally recognized environmental management system certifications for each company and factory, and promote continuous improvements.

Current ISO 14001 Certification



Current OHSAS 18001 Certification



No. of Participants in Group ESH Education ★



Group ESH education



Group ESH educational workshops aimed at enhancing the level of ESH management are held in Japan and overseas.

Reference information on website

- Teijin Group ESH Basic Policy
- Teijin Group Global Environmental Activity Goals
- Outline of the ESH Audits
- Group ESH Education
- Group ESH Debriefing Session and Business Group Annual ESH General Assembly
- ESH-related Accounting
- Acquisition of Management System Certifications

Group ESH Management System

The Teijin Group established the Group ESH Subcommittee under the Group CSR Committee to perform integrated ESH management (see page 24). The Group ESH Subcommittee meets twice a year to deliberate on policy, measures and activities regarding ESH management, which are then expanded within the group.

In addition, the Chairperson of the ESH Committee of each business group and the Manager of the Teijin CSR and Compliance Department conduct audits once a year. In the audits, the ESH management status, any accidents and countermeasures status are checked, and then confirmation and guidance are provided in relation to future issues and actions required before the next audit.

Group ESH Education

Group ESH educational workshops designed to enhance the level of ESH management are held periodically. The workshops target business group and group company ESH staff and production line managers as well as

group company presidents and factory managers. Workshops are held once a year in Japan, and every two years overseas.

In fiscal 2013, we held workshops at the Osaka head office and P.T. Indonesia Teijin DuPont Films and there were 201 participants in total.

Training for Internal Auditors of ESH Compliance

To enhance compliance with laws and regulations related to ESH, every year we hold a course to train Group employees as internal auditors for ESH compliance. In fiscal 2013, 31 employees were newly certified as 1st-grade auditors and six as 2nd-class auditors (★), bringing the total number of employees certified to 803 since the course was introduced in 2005.

Environmental Preservation

Aiming to reduce CO₂ and chemical substance emissions as well as reduce and manage waste, we're introducing measures to reduce our environmental impact by evaluating the impact of our business activities over the entire life cycle of each product and ensuring that employees clearly understand how and why our business activities impact biodiversity.

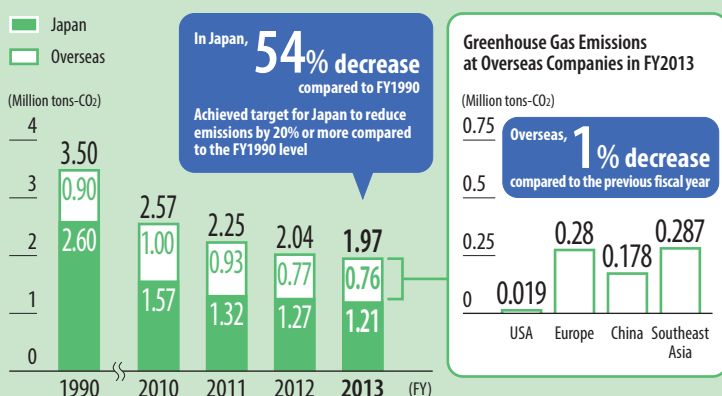
Reductions in Greenhouse Gas Emissions from Manufacturing Operations

Targets for 2012–2020

Group target: Achieve a CO₂ emissions reduction ratio of 1% or more per year (compared to the level in the base year in FY2011).

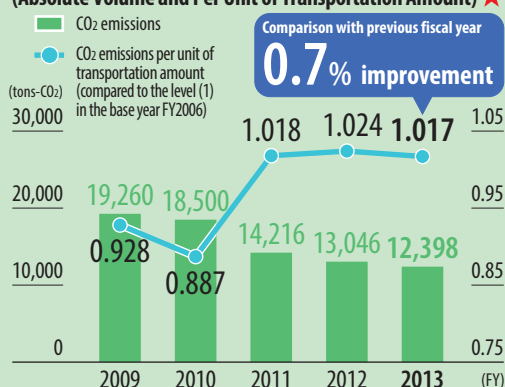
Target for Japan: Reduce CO₂ emissions by 20% or more compared to the FY1990 level by FY2020.

Trend of Greenhouse Gas Emissions from Manufacturing Operations ★



- Includes CO₂, methane and nitrous oxide.
- Calorific values and CO₂ emissions are calculated according to the coefficient specified in the Law Concerning the Promotion of Measures to Cope with Global Warming (an emissions factor for electricity of 0.555 kg-CO₂/kWh is used for every fiscal year). For power purchased overseas, where known, the relevant emissions factor is used for calculations.

Trends in CO₂ Emissions in Logistics (Absolute Volume and Per Unit of Transportation Amount) ★



- In FY2006, the current Teijin Limited (excluding some parts of the High Performance Fibers Business Unit), Teijin DuPont Films Japan Limited and the apparel business of Teijin Frontier Co., Ltd. were classified as Teijin Group specific consignors under energy-saving laws in Japan. As such, the boundary of CO₂ emissions in logistics applies to these businesses.

Climate Change Initiatives

● Reducing Greenhouse Gases Emitted During Manufacturing

In FY2013, Teijin Group CO₂ emissions released during manufacturing totaled 1.97 million tons, a 12% decrease from FY2011.

In Japan, CO₂ emissions were 1.21 million tons (5% decrease from FY2012) owing to active promotion of energy-saving projects such as the reduction of energy loss in each business as well as the withdrawal from the paraxylene business at Matsuyama Factory and films business at Ibaraki Factory.

Overseas, CO₂ emissions were 0.76 million tons (1% decrease from FY2012) thanks to the effect of a steam reduction project at a factory in the Netherlands and influenced by declining production at a factory in Singapore.

● Reducing CO₂ Emissions in Logistics

In logistics, CO₂ emissions were 12,398 tons (648-ton decrease from FY2012) owing to the expanded use of Japanese domestic ships and railway transportation, improved loading efficiency through batch transportation and

reduced number of shipments. CO₂ emissions per unit of transportation amount in FY2013 were 0.100 tons per 1,000 ton-kilometers, equal to 1.017 as indexed by setting FY2006 to 1. This represents a 0.7% improvement, less than our annual target of reducing CO₂ emissions per unit of transportation amount by 1% or more compared to the previous fiscal year.

In FY2014, we will further expand modal shift initiatives and improve the loading efficiency through batch transportation based on the collaboration between business sites. We will also shift from use of trucks to ships for transportation between Matsuyama and Mihara, expand the use of railways, and work to reduce transportation other than that for shipping to customers such as transportation between business sites.

Reference information on website

- Reducing CO₂ Emissions Associated with Use of Company Vehicles
- Efforts to Reduce CO₂ Emissions from Offices

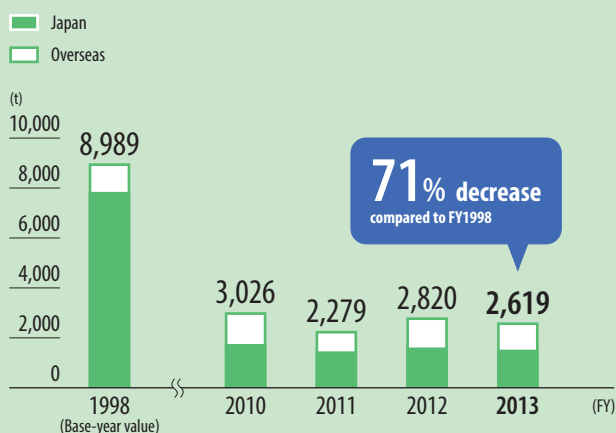
Environmental Preservation

Reducing Chemical Substance Emissions

Targets for FY2012–2020

Group target: Reduce chemical substance emissions by 80% or more compared to the FY1998 level by FY2020.

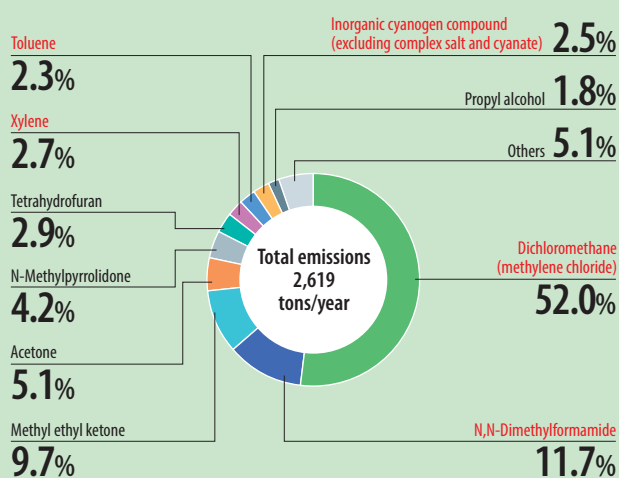
Trends in Chemical Substance Emissions ★



● Emissions of Class 1 chemical substances listed in the Chemical Substances Management Law* and chemical substances specified by the Japan Chemical Industry Association. The figures shown are the total of emissions into the atmosphere, soil and water, and landfill amount within business sites.

* Chemical Substance Management Law: Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.

Top 10 Chemical Substance Emissions ★



● Red text denotes chemical substances specified as Class 1 in the Chemical Substances Management Law.

Reference information
on website

- Environmental Impact of Chemical Substance Emissions Using LIME2

Reducing Chemical Substance Emissions

● Chemical Substance Emission Reduction Results

The Teijin Group is actively committed to reducing emissions of all chemical substances listed as Class 1 chemical substances in the Chemical Substances Management Law* revised in April 2010 (462 substances), and those specified by the Japan Chemical Industry Association (433 substances). Excluding duplicated listings, there are 575 specified chemical substances.

FY2013 emissions of targeted chemical substances into the environment were 2,619 tons, a 7% decrease from FY2012. In Japan, we achieved a 5% year-on-year decrease and overseas a 9% year-on-year decrease particularly as a result of measures taken to control discharge of solvents.

In FY2013, of the total chemical substances emitted into the environment, 99.0% was released into the atmosphere, 1.0% into the water, and 0% into landfill or the soil.

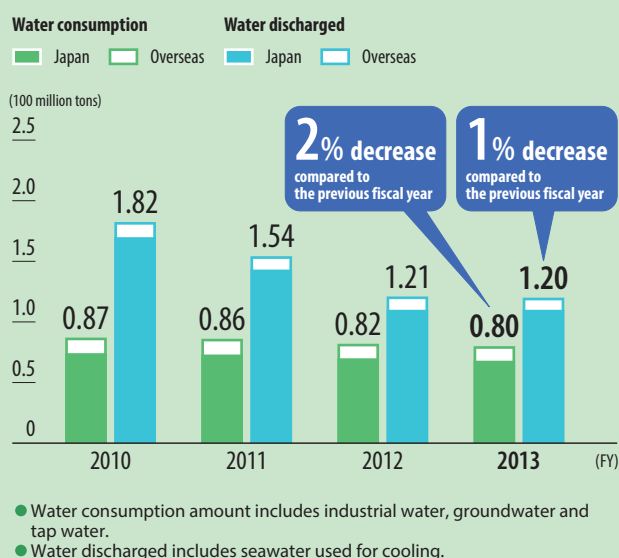
● Promoting Targeted Reductions From an “Environmental Impact Risk” Perspective

The Teijin Group utilizes LIME2* to focus on managing/reducing chemical substances that have a large impact on the environment and ecosystems. LIME2 allows quantitative measurement of the environmental impact of chemical substances on human health, biodiversity and sectors such as agriculture, fisheries and forestry.

Focusing on managing and reducing substances that have a large impact on the environment even in small amounts, targets are set based on not only the volume of chemical substances emitted, but the level of impact they have as well. In FY2013, the environmental impact assessment value (integration coefficient) for the Teijin Group as a whole decreased 10% compared to FY2012.

* LIME2: The second version of the Life Cycle Impact Assessment Method Based on Endpoint Modeling (LIME), a life cycle assessment (LCA) method developed through a national project of the National Institute of Advanced Industrial Science and Technology (Japan).

Trends in Water Consumption and Total Water Discharged ★

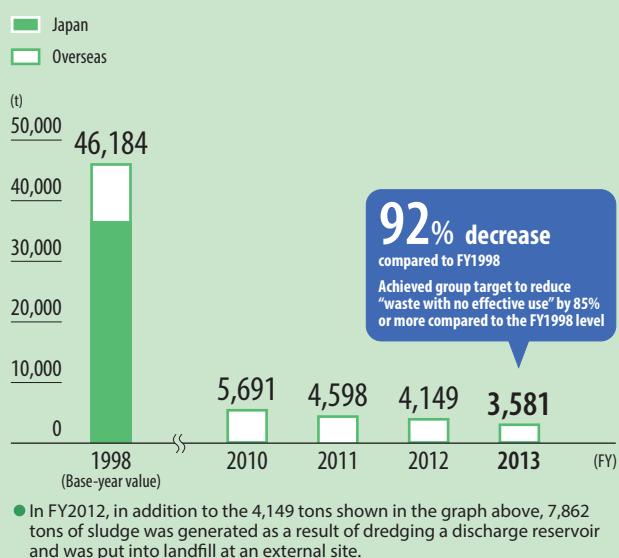


Reduction of "Waste with No Effective Use"

Target for FY2020

Group target: Reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020.

Trends in "Waste with no Effective Use" ★



● Impact on Atmosphere and Impact Due to Water Usage and Wastewater

In FY2013, the Teijin Group used a total of 80 million tons of freshwater (industrial water, groundwater and tap water). In addition, we used 47 million tons of seawater, mainly for cooling applications. Freshwater consumption was reduced 2% compared to FY2012. Group-wide, despite efforts to reduce the discharge amount, a total of 120 million tons of water was discharged, only a 1% decrease from FY2012. The total amount of chemical oxygen demand (COD) load and biochemical oxygen demand (BOD) load associated with the water discharged group-wide was 818 tons (7% increase from FY2012)(★).

Meanwhile, SOx emissions resulting from fuel use in FY2013 were 3.9 kilotons (4% decrease from FY2012) (★). Of this total, overseas emissions were less than 100 tons.

Reducing/Managing Waste

● Reduction of "Waste with No Effective Use" (Waste Simply Incinerated or Put into Landfill)

The Teijin Group is committed to reducing the amount of waste it generates, as well as to reducing "waste with no effective use" through promoting a shift to reuse and recycling based on material, chemical or thermal processing.

In FY2013, we generated 3.6 kilotons of "waste with no effective use" (6.1% of the total 59 kilotons of waste transferred).

● Improvements through Using Waste per Unit of Production as an Indicator

The Teijin Group has defined zero emissions as reducing the ratio of "waste with no effective use" to 1% or less of the total waste generated.

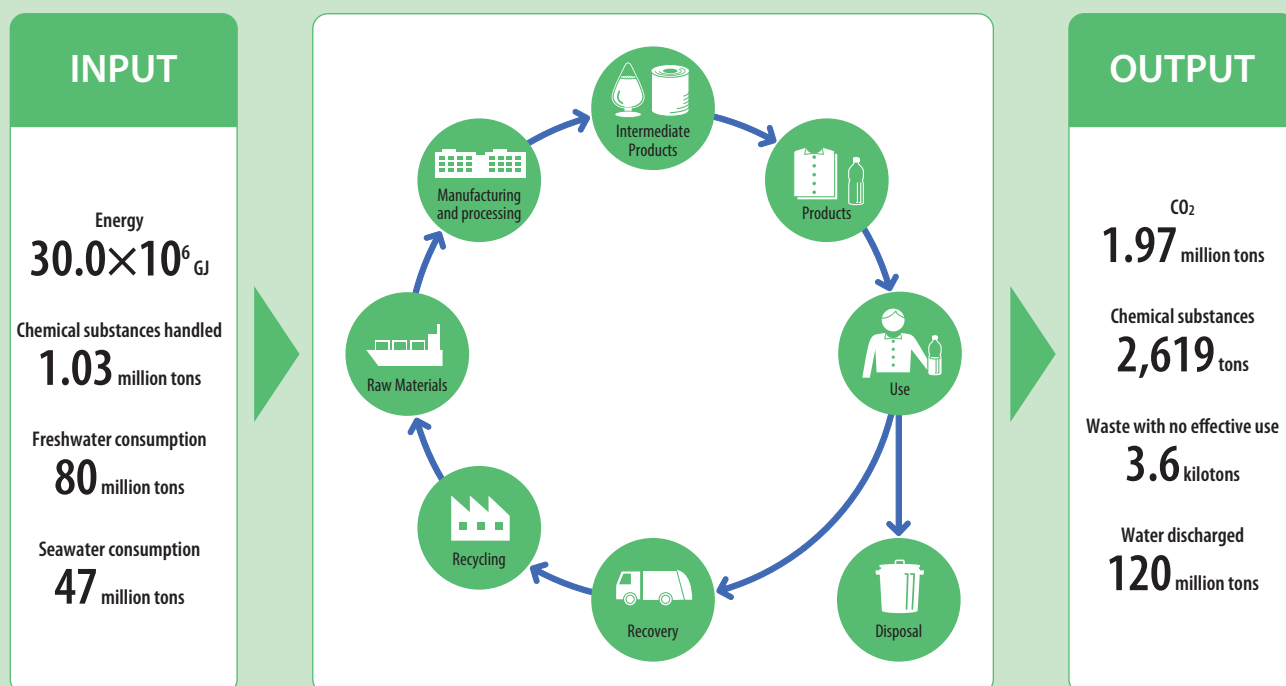
In Japan, all factories that produce 500 tons or more of waste per year achieved zero emissions by FY2011. Starting from FY2012, we have set a new target to reduce the total waste discharged per unit of production amount by 1% compared to the previous

Reference information on website

- Preventing Soil/Groundwater Pollution

Environmental Preservation

Environmental Impact in FY2013 by Input/Output ★



Reference information on website

- Environmental Input/Output (Trends in the past five years)
- Basic Approach for Biodiversity
- Maps of Risks (Biodiversity Loss Due to Business Activities) and Initiatives (Biodiversity Conservation)

fiscal year.

In FY2013, the waste per unit of production amount in our main materials businesses (high-performance fibers, carbon fibers, resin, films, raw materials and polymers) improved 0.7% compared to the base year FY2011. As the average improvement over two years is only 0.4%, we are progressing with reviews geared towards further improvements.

Biodiversity Conservation

We are a promotion partner of the Keidanren (Japan Business Federation) Declaration of Biodiversity and we are actively working to preserve biodiversity.

To visualize the effect that factors such as chemical substances, greenhouse gases and waste resulting from business activities have on biodiversity, the Teijin Group has clarified the risks relating to loss of biodiversity due to business activities and activities to conserve biodiversity. As a result, this will facilitate Teijin Group employees having a clear awareness of the impact of business activities

on biodiversity, helping to propel conservation activities forward. Future efforts will involve reviews aiming towards quantifying the effect of each initiative.

Initiatives to Reduce Environmental Impact in All Processes from Procurement to Disposal

In addition to compliance with rules and regulations and agreements with local governments relating to environmental impact, the Teijin Group is carrying out various voluntary activities aiming to further reduce the overall environmental impact of our business activities. These include efficient use of energy and various resources, minimizing chemical substance emissions, managing/reducing waste, preventing soil and groundwater pollution, and conserving biodiversity.

Design for Environment

The Teijin Group defines Design for Environment as “product design that aims to reduce the environmental impact of each product through evaluating the overall environmental impact throughout the product life cycle including procurement, production, use and disposal” and we are taking measures for the reduction of environmental impact.

Products that Received Design for Environment Approval in FY2013

Aramid fiber recycled pulp



We recover products as well as waste fiber and fiber scraps generated in manufacturing processes, turn them into thread or pulp form and reuse them in brake pads and brake linings.

Environmental Benefits

Reduced use of natural resources and reduction of CO₂ emissions through use of recycled resources

Artificial leather *CORDLEY*® (Use of recycled polyester)



We used recycled polyester for artificial leather *CORDLEY*® which is used in sports shoes, balls, vehicles, school bags and other applications.

Environmental Benefits

Reduced use of natural resources, reduction of CO₂ emissions and reduction of chemical substances with large environmental impact through use of recycled resources.

Design for Environment Approved Products *EARTH SYMPHONY*® Logo



This logo is used to promote awareness among the general public of our initiative for harmonization with the global environment through environmentally conscious corporate activities based on the Teijin Group Design for Environment Guidelines.

Promotion of Design for Environment

We established the Teijin Group Design for Environment Guidelines in January 2008, and we design our products based on comprehensive evaluations of their impact on the environment throughout their life cycles. Using a special checklist, we evaluate new and improved designs for products, manufacturing processes and IT/services, review various measures for reducing environmental impact and apply the results of the reviews in product design.

In FY2013, we reviewed existing issues and directions for the future in order to apply Design for Environment more effectively. In FY2014, we plan to simplify the evaluation method by reviewing the self-checklist and incorporating Design for Environment into R&D processes.

Design for Environment Approved Products *EARTH SYMPHONY*®

EARTH SYMPHONY® is the trademark utilized for products and services that have received Design for Environment approval. In FY2013, two products were additionally approved, bringing the total number of Design for Environment approved products to 32. For these products, to ensure reliability of *EARTH SYMPHONY*®, we conduct regular audits even post-approval to evaluate whether or not to continue approval.

EARTH SYMPHONY® has become a registered trademark of the Teijin Group in Japan, the EU, China, Singapore, India and Indonesia.

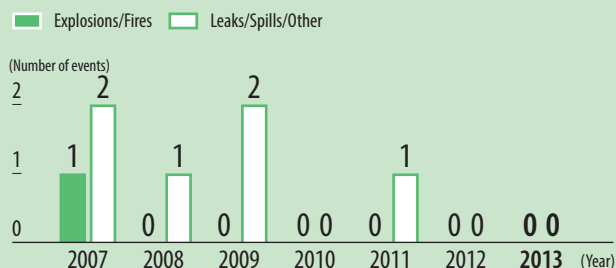
Reference information on website

- Summary of the Design for Environment Evaluation Checklist
- Design for Environment Organizational Bodies
- List of Products and Processes that have Received Design for Environment Approval
- Supporting Widespread Use of the Guidelines for Calculating Avoided CO₂ Emissions

Disaster Prevention Activities

In order to prevent accidents and disasters such as explosions, fires, and leaks/spills of hazardous substances, we adhere strictly to disaster prevention management standards, and we are committed to preventative action/recurrence prevention as well as earthquake/tsunami countermeasures.

Trend in the Number of Serious Accidents and Disasters ★



● Figures are calculated based on calendar years.

TCAP Disaster Prevention Activities



TCAP stands for the Teijin Group Chemical Accident Prevention Specialist Team. The photo shows guidance being given on disaster prevention diagnosis.

Measures for Compliance with the Promotion of Building Earthquake-resistance Reinforcement Law

In order to minimize damage caused by a large-scale earthquake, we are systematically continuing with earthquake-resistance measures for buildings. Of 61 buildings specified under the Promotion of Building Earthquake-resistance Reinforcement Law in 1995, we have already completed earthquake-resistance reinforcement or removal of all 38 buildings which were found to be non-compliant. We are now continuing with measures for the 19 buildings that were found not to comply with a 2006 revision of the Promotion of Building Earthquake-resistance Reinforcement Law and we completed earthquake-resistance measures for eight buildings by the end of FY2013. We plan to complete measures for the remaining 11 buildings in FY2014.

1995
Buildings found to be
non-compliant

Measures for
**all 38
buildings**
completed



2006
Buildings to which
the law newly applied

Measures for
**eight out of
19 buildings**
completed

Reference information on website

- System to Promote Disaster Prevention Management
- Implementing Disaster Prevention Diagnosis

Activities Aimed at Realizing Zero Serious Accidents

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

In FY2013, working to maintain zero serious accidents, we continued efforts to prevent explosions, fires and leakage of chemical substances. Information regarding accident causes and countermeasures involving fires caused by explosions at another company’s chemical plants in Japan were shared among our factories, and in order to prevent similar accidents from happening, inspections were carried out at all companies. In line with the safety and accident prevention guidelines of the Japan Chemical Industry Association (JCIA), we also implemented measures such as inspections and improvements, and disaster prevention education/training. Activities such as these enabled us to achieve zero serious accidents. In the future, with the objective of maintaining zero serious accidents, we will strive to further enhance our accident prevention management level.

Activities of the Specialist Disaster Prevention Team

The Teijin Group has set-up a team consisting of current/former employees and external experts who have vast knowledge and experience in disaster prevention. This team, known as TCAP, provides technical support for voluntary disaster prevention activities at our chemical plants and in-house power generation plants.

In FY2013, the team provided guidance to the division responsible for implementing disaster prevention diagnosis and supported accident-prevention measures being put into practice at each factory. In addition, the team conducted inspections according to the JCIA safety and accident prevention guidelines.

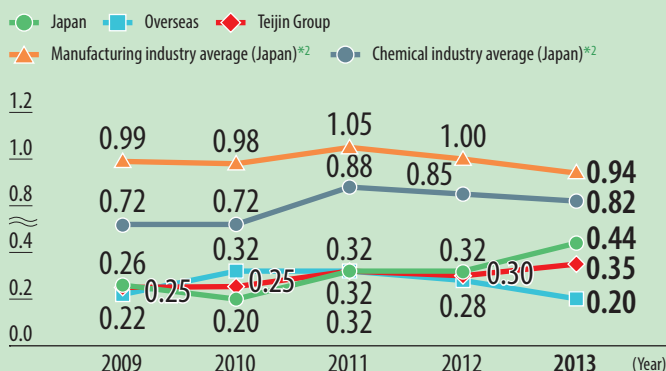
Fire Prevention Activities

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

Occupational Safety and Hygiene

A company cannot attain sustainable growth without ensuring the occupational safety and health and hygiene of its employees. In order to provide workplace environments created considering safety and health, we are taking steps to realize zero occupational accidents, redress long working hours and support the mental health of employees.

Lost Time Injury Frequency Rates*1 ★



● Figures are calculated based on calendar years.

*1 Lost time injury frequency rate: The number of lost time injuries per one million working hours.

*2 Source: Survey on Industrial Accidents, Japanese Ministry of Health, Labour and Welfare

As activities to prevent workplace accidents, we have set a occupational safety mid- and long-term target to maintain the annual lost time injury frequency rates*1 to under 0.3, we are promoting the three pillars of our safety activities*2 and we conduct ESH training and guidance in Japan and overseas.

*3 Three pillars of safety activities: the "5S" initiative (five Japanese words [seiri, seiton, seisou, seiketsu and shitsuke] which correspond to organization, tidiness, cleaning, hygiene and discipline), the "Hiyari-Hatto" (meaning close call or near miss) initiative and safety patrols.

Training and Education Activities with a Focus on Mental Health Care



Mental health training/education including topics such as care from management and self-care was conducted a total of 30 times group-wide.

Mental Health Care Measures

No. of employees who took part in planned personal interviews and surveys

Approx. **1,600**

Human resource managers implement proactive measures to help prevent mental health problems.



Initiatives Aiming for Prevention of Lost Time Injuries

For the 2013 calendar year, we set a goal to achieve a lost time injury frequency rate of 0.25 or less and focused particularly on the prevention of accidents involving being caught in rotors (accidents caused by rotors) that occurred in 2012 as well as damage to health caused by chemical substances.

However, the lost time injury frequency rate in 2013 was 0.35 (0.44 in Japan and 0.20 overseas) and we did not achieve the target. Following another accident caused by rotors in September 2013, we established the Accident Investigation Committee and are now investigating the root cause and introducing recurrence prevention measures. As for preventing damage to health caused by chemical substances, the use of organic solvents was investigated. Based on the results, relevant departments have adopted measures such as thoroughly observing laws and regulations and improving work environment management. As a result, there have been zero cases of health damage.

Mental Health Care Measures through Close Cooperation

In Japan, the Health Care Administration Office is responsible for planning/promoting group-wide health management measures.

In FY2013, in order to support mental health care measures, the Health Care Administration Office and human resource managers of each business group and business site coordinated and conducted personal interviews and surveys with employees to check for any problems or worries. The approximately 1,600 employees targeted were those with a particularly high workload in general; that is, those who work long hours or those who have been through a substantial environmental change such as promotion or transfer. As a result of continuous follow-up activities with employees who showed signs of a mental health disorder, there were no cases of deterioration or cases that resulted in lost work-time.

Reference information on website

- Promoting the Three Pillars of Safety Activities
- Group-wide Sharing of Occupational Accident Information and Responses at the Time of an Accident
- Current OHSAS 18001 Certification
- Preventing Nano-material-related Health Problems
- Teijin Group Health Walk Held

Quality Assurance

The Teijin Group conducts product liability/quality assurance activities under an original management system that ensures safe products are provided to our customers and enables quick response to needs in the ever-diversifying social environment.

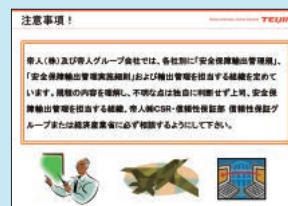
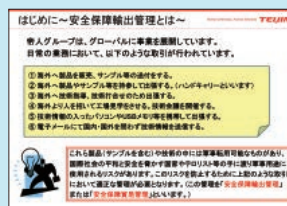
Enhancing the Product Liability/Quality Assurance System



Quality management inspection

In FY2013, in order to enhance the management of product liability and quality assurance, each business group established a quality assurance department, which is independent of sales, R&D and manufacturing. The general manager of the Quality Assurance Department is assigned as the responsible person in charge to make it an effective organizational structure. We improved the quality assurance system by placing the responsibility of controlling product shipment processes under the charge of the Quality Assurance Department.

Group Security Export Control Conference Held



Security export control training materials

In September 2013, we held the Group Security Export Control Conference attended by the committee members of each business group. In the conference, laws and regulations that had been revised between 2012 and 2013 were reconfirmed, and information regarding transactions within the Group was shared. Group employees were also made aware of the significance of secure export control and internal procedures through training.

Current Status of ISO 9001, ISO 13485, ISO 16949 and Other Certifications



Reference information on website

- Product Liability/Quality Assurance System
- Continuing Operation of and Strengthening the Security Export Control System
- Examples of Efforts to Ensure Customer Satisfaction

Product Liability/Quality Assurance Management System

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

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

product liability/quality assurance such as the response to customers and product safety.

Implementation of Product Liability/Quality Assurance Audits

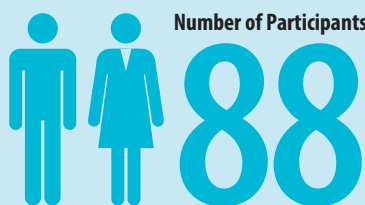
In the Teijin Group, product liability/quality assurance activities are conducted as the responsibility of each respective product liability/quality assurance unit (six business groups and nine directly managed companies as of March 2014). The CSR and Compliance Department, which is in charge of supervising group-wide quality, audits these activities and checks that quality assurance mechanisms are operating appropriately.

In FY2013, we continued our regular audits of each product liability/quality assurance unit, and conducted in-depth audits of specific business groups with the objective of analyzing the root cause of quality issues and preventing the recurrence of claims. Based on feedback from the audit results, we are aiming to continually enhance the product liability/quality assurance system and process.

Human Resources Management and Labor CSR

As a basic human resources policy, the Teijin Group aims to improve employees' quality of life while practicing our corporate philosophy of "Empowering Our People." As part of this management, which is being carried out from group-wide and global perspectives, we are pushing ahead with measures to secure employment, promote diversity and realize work-life balance.

EaGLES Leadership Training Program



Training in Japan



Training in China

EaGLES is a training program that develops leaders capable of responding to the globalization of human resources and our businesses. The program is implemented in four languages (Japanese, English, Chinese and Thai) and consists of three steps: (1) e-learning, (2) group training in five regions (Japan, EU, USA, China and Thailand) and (3) measuring learning outcomes.

All New Recruits of Five Core Group Companies in Japan Dispatched Overseas for Training



Overseas training for new recruits

Aiming to improve the fast-tracking of human resources development in response to the globalization of business and foster globally minded employees, new employees have been dispatched overseas for training since FY2011. In FY 2013, employees were dispatched to China, India and Indonesia.



China



India



Indonesia

Global Management of Human Resources

In 2009, we established the Global Human Resources Office in the Human Resources Division to create a human resources management system and mechanism of appointment to aid Teijin Group employees to be active on a global basis. In April 2014, the general manager of the Human Resources Department of a Group company in Europe was appointed as the assistant general manager of the Human Resources Division and Corporate Officer.

As a part of this initiative, in addition to expanding the Group's shared leadership training program, EaGLES, to five regions worldwide since FY2011, we have been dispatching all new recruits of the five core group companies in Japan to China and India for training in order to respond to business globalization. In FY2013, we added Indonesia as a new dispatch destination, and allow recruits to gain firsthand experience of various cultures through discussions with high-achieving local human resources of the same generation, visits to companies, participation in NGO activities and so on.

Group-wide Leadership Training Program, EaGLES

EaGLES is positioned as an opportunity for all employees in managerial positions in the Teijin Group to acquire leadership experience and learn the Teijin Group sense of value, management policies and history. All employees in Japan and overseas requiring these skills and knowledge are successively taking this training program.

In FY2014, of the courses given under this program, those necessary for all employees will be made available via the Teijin Learning Center, a newly established library on the Intranet. The environment will be prepared and maintained for all employee levels, enabling them to study without worrying about time or location. English and Chinese versions will be successively prepared and utilized to expand training globally.

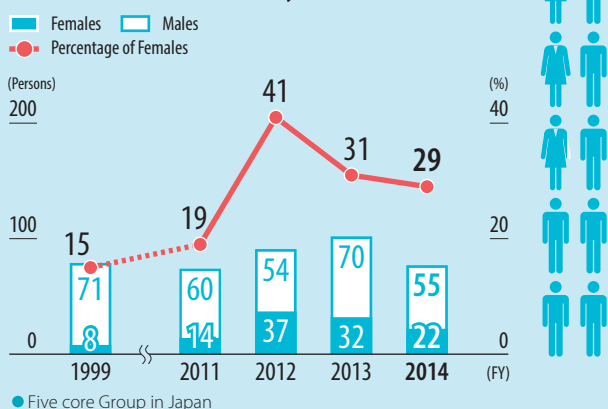
Reference information on website

- [Teijin Group Human Resources Policy and Medium- to Long-term Plan](#)
- [Basic Approach to Human Resources Development and Training](#)
- [Human Resources Development and Training](#)
- [Increase the Number of Overseas Employees Selected for the Core Human Resources Training Program](#)
- [Recruitment of Global Human Resources](#)

Human Resources Management and Labor CSR

Accelerating Female Career Development

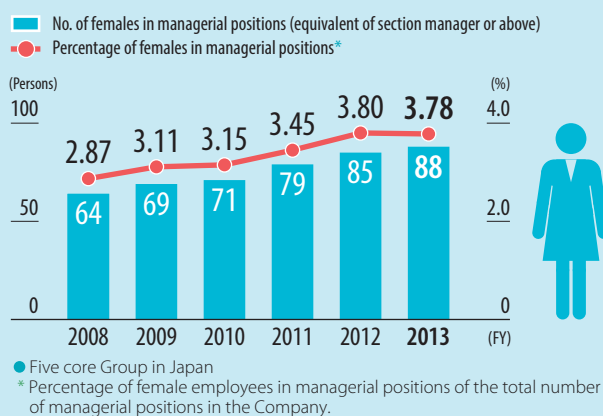
Changes in the Number and Ratio of Newly Recruited Career-oriented Female University Graduates ★



29%

For recruiting new career-oriented university graduates, the five core Group in Japan set the goal of maintaining the ratio of female recruits at 30% or more. In FY2014, as a candidate turned down offers during the final stage of selection, the ratio was 29%; however, we are aiming for 30% or more again for FY2015.

Changes in the Number of Female Employees in Managerial Positions ★



3.78%

In FY 2013, there were 88 females in managerial positions. Aiming to raise the number to 120 by the end of FY 2014 and 160 by the end of FY 2016, we are continuing female leadership training. A total of 20 employees attended the training in FY 2013, which was the third year.

Reference information on website

- Re-employment Systems
- Employment of People with a Disability

Expanding Diversity Awareness

In all facets of our business, and particularly in recruiting, employment and promotion, we respect the sense of value held by a wide variety of human resources, regardless of nationality, age, gender, race, disability etc., and support them to reach their full potential.

Since 2002, we publish a diversity handbook, "together," (Japanese and English versions) every year to promote employee awareness of diversity. It is distributed to all Group employees in Japan and the managers of Group companies overseas. The theme of each issue is set so as to raise employee awareness and bring external environmental change to their attention. We use it as an effective enlightenment tool by always providing the latest information in this field. We also introduce topics regularly via a Group (internal) newsletter.

The 8th Stakeholders' Dialogue ▶P15~19

Accelerating Female Career Development

Since December 1999, the Teijin Group has been engaged in efforts to promote and support female employees to work to the best of their abilities, including setting the target of maintaining the ratio of newly recruited career-oriented female university graduates and the number of females in managerial positions. Concerning training for female managers, in FY2014, we plan to add a managerial perspective to the conventional program of focusing on better understanding oneself (reflection), change it to a program of redefining responsibilities and issues in the workplace from a higher perspective and learn through participating in actual tasks together with superiors.

Career Building Support for Female MRs

The Healthcare Business Group has a relatively high ratio of female career-oriented sales staff—mainly medical representatives (MRs)—and there is an increasing number of female employees who continue to work as sales representatives even after giving birth.

Results of Re-employment by Hello-Again System ★

Until the end of FY 2013 (accumulated total)



Hello-Again targets employees who left the company for reasons including marriage, pregnancy, child-rearing, nursing care, or work transfer of their spouse. Employees in this situation who wish to return to the Teijin Group due to the reason for leaving no longer applying will be rehired as full-time employees on the condition that it is not more than 10 years since they left and provided that the need exists.

Awareness-raising Seminars on Successfully Balancing Work and Family Care

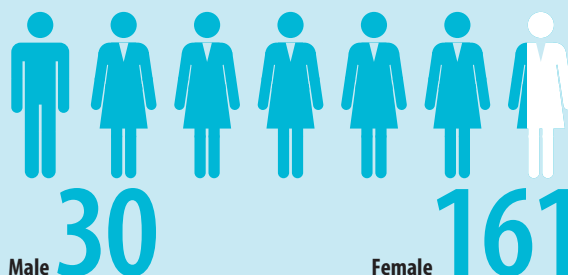


Seminar on successfully balancing work and family care

In FY2013, seminars were held a total of four times targeting employees working at the Osaka headquarters, Tokyo headquarters and the Tokyo Research Center. A special textbook was prepared to help male employees understand work-life balance as a personal issue. A total of 59 employees attended the seminars.

Number of Employees Taking Childcare Leave ★

191



In FY2013, a total of 191 employees took childcare leave at the five core Group in Japan. Two of the male employees took leave for one month or more. We will continue to conduct activities to raise awareness and endeavor to create a workplace culture that enables male employees to take long-term childcare leave.

Having employees with time constraint issues such as childcare engaged in MR duty with unfixed working hours is a big challenge for both employees themselves and the workplace. However, a smooth return to the workplace and support after returning are ensured through interviews with human resource managers, superiors and the Diversity Development Section. As of April 2014, there are two female MRs on shorter working hours and three on normal working hours, and there are two more expected to return to work in the autumn of 2014.

Review of Work-Life Balance Systems

With the intention of enhancing work-life balance, in FY2013, we reviewed the systems used in Japan, incorporating the perspective of "raising motivation." Four systems were targeted for review: Childcare Part-time Work, Work at Home, Childcare Leave and Nursing Care Leave. Each was made easier for employees to participate in and use flexibly depending on the situation.

In the Childcare Part-time Work System,

for example, we eliminated the restriction for the number of applications allowed, thereby enabling working hours to be adjusted flexibly according to child growth and newly established an hourly-based annual leave system so that the mother (or father) can fulfill responsibilities at home while minimizing the impact on work.

Respect for Human Rights

To raise awareness of human rights, training sessions targeting all employees are held at each workplace during Corporate Ethics Month.

Overseas, in the sewing industry, one of the major problems is a poor working environment. As a company deeply involved in the industry, Teijin Frontier Co., Ltd. takes exhaustive measures in employee training and enforces strict management of CSR procurement to ensure that it is never involved in such human rights problems.

Reference information on website

- Job Rotation/Transfer System
- Measures to Promote Work-Life Balance (Nursing Care Leave, Volunteer Leave, etc.)
- Determining the Status of Group-wide Labor Management
- Maintaining Sound Working Relationships
- Employee Satisfaction Survey
- Data on Human Resources (number of regular employees, employees in managerial positions, retirees and others)

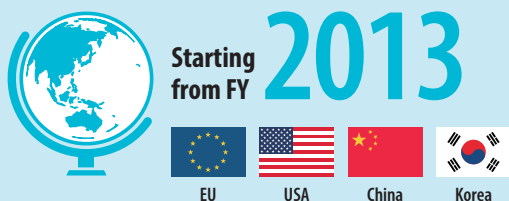
CSR Procurement

As part of CSR in supply chain management, we clarify and put into practice our viewpoints and standards relating to CSR procurement and purchasing. Examples of this relate to improving the environmental performance of procured goods, encouraging environmental consideration, legal compliance and protection of human rights by suppliers, and also promoting fair trade practices with suppliers.

Supporting the Expansion of CSR Procurement to Society as a Whole Through Our Supplier's CSR Management System

The Teijin Group developed and launched the Supplier's CSR Management System, an original system for rating the CSR of its suppliers in five levels. The system is now being managed by Fiberfrontier Co., Ltd., a company jointly established by chemical and synthetic fiber companies in Japan, and is supporting the expansion of CSR procurement to society as a whole.

Expanding Overseas Suppliers Subject to the Survey



In FY2013, we surveyed 25 overseas suppliers (★). By FY2015, we plan to expand the survey to all main suppliers worldwide.

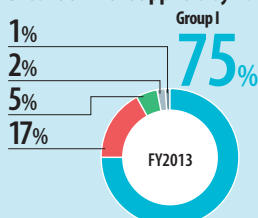
Number of Suppliers Surveyed

503 companies



In FY2013, companies surveyed were expanded from the conventional main suppliers of our Purchasing Division in Japan to the main suppliers of the General Affairs and Human Resources Division, as well as our Group companies overseas. In total, 503 suppliers were surveyed, covering 81% of the total purchase amount of our Purchasing Division in Japan (i.e., a 5% increase compared to the previous year).

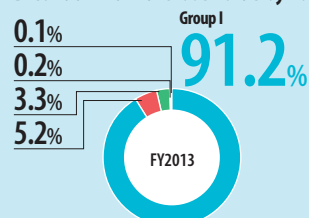
Breakdown of Suppliers by Rating ★



■ Group I ■ Group II ■ Group III ■ Group IV ■ Group V

* The ratios were calculated excluding the purchase amounts of the General Affairs and Human Resources Division and those of our Group companies overseas.

Breakdown of Purchase Value by Rating ★



Using the five-level ranking of our Supplier's CSR Management System, 97% of the suppliers were classified into groups I-III, the groups designated as "Okay to continue business" (94% in FY2012). The ratio of purchases from Group I, II and III suppliers was 99.7% (99% in FY2012).

Reference information on website

- Basic Policies for Purchasing and Procurement Activities
- Purchasing Policy
- Purchasing Stance
- Overall Consideration of Supply Chains Based on CSR Procurement Guidelines
- CSR Procurement Guidelines
- Care for Contractors and Work Contracts

Surveys and Ratings of Suppliers

The Teijin Group developed and launched an original system for surveying and rating the CSR of its suppliers. The system utilizes an online questionnaire to confirm whether or not suppliers are complying with the Teijin Group CSR Procurement Guidelines, and the results are used to determine their place in a 5-level ranking system. Suppliers respond to 70 itemized questions, receive a score and are then ranked according to the score and their credit status as ongoing suppliers. Using a matrix of these two rankings, suppliers are ranked from I to V (groups I - III equate to a CSR guidelines compliance ratio of 40% or more, and ranks IV and V to a ratio of under 40%).

In FY2013, we improved the system by increasing the number of choices for each question from three to five to enable more accurate evaluation, adding a temporary save function for use when answering questions, and including a function for providing feedback to suppliers.

Guidance/Support to Improve CSR Activities of Suppliers

Suppliers corresponding to groups IV-V in the results of the survey are the target of improvement guidance; that is, they receive individual guidance/support to enable them to continue as suppliers. Out of the companies ranked as groups IV-V in FY2012, we supported the establishment of CSR Procurement Guidelines for 11 suppliers. As a result, 26 of the 38 suppliers who were ranked in groups IV-V in FY2012 improved their ranking to groups I-III in FY2013.

In the past, results were only fed back to suppliers classified into groups IV and V, but from FY2013, we started providing feedback to outstanding suppliers classified into groups I to III as well in order to encourage further improvement. Furthermore, from FY2014, we will study the possibility of an audit visit to outstanding suppliers.

Social Contributions

Through conducting social contribution activities that draw on the unique characteristics of business groups and business sites, we support the development of local communities. In addition, we are engaged in group-wide activities and we are working to foster a corporate culture that vitalizes development of volunteer personnel.

Expenses of Social Contribution Activities in FY2013 ★



Since joining the Keidanren (Japan Business Federation) 1% Club in FY2003, the Teijin Group has been setting aside at least 1% of ordinary income for social contribution costs. Expenses of social contribution activities in FY2013 were approximately 1.2 billion yen, 6% of ordinary income.

● The categories in the graph to the left correspond to the items of the Keidanren 1% Club.

Supporting the Development of Local Communities



Free-of-charge provision of uniforms for elementary school in Zhejiang, China



Support of school lunch program for children in developing countries

Support for volunteer activities of employees

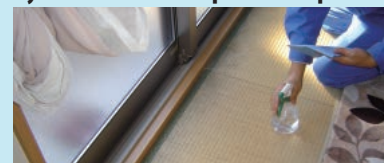


NGO KAPATID (supporting the management of kindergartens in the Philippines)



Nature conservation society in Hino

Support for areas affected by the Great East Japan Earthquake



Mold-protection measures verification test for temporary housing



Multipurpose facility in Iwanuma

The Teijin Scholarship Foundation Celebrates its 60th Anniversary ▶P21~22

Contributing to Society and Supporting the Development of Local Communities

The Teijin Group promotes mutually beneficial coexistence with society as a responsible corporate citizen. To this end, in countries and regions where our bases are located, our social contribution activities include actively participating in and supporting the fields of science, education, culture and sports, as well as environmental preservation and disaster prevention. In addition, to enable employees to be actively engaged in activities that contribute to society and local communities, we have established a Volunteer Leave System and a leave system for bone-marrow transplant donors and registered firefighters.

From FY2011, we introduced the Volunteer Support Program as an initiative to encourage employees' social contribution activities and to foster the volunteer spirit. Under this program, a committee decides which volunteer activities are to be supported from volunteer activities that group employees in Japan are engaged in, and partial financial support for the activities is provided via the Teijin Group Social Contribution

Fund made up of voluntary donations from employees and directors as well as from companies. In FY2013, providing financial support to four nonprofit organizations (NPOs), we donated 100,000 yen for the activities of each organization.

Support for areas affected by the Great East Japan Earthquake

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

In addition, we are also engaged in ongoing reconstruction support, such as promotion of a project aimed at improving the living environment at emergency temporary housing, a joint project with Fukushima University Post-disaster Reconstruction Research Institute, and agricultural support utilizing IT in a multipurpose facility in Iwanuma managed by Infocom Corporation in the IT Business Group.

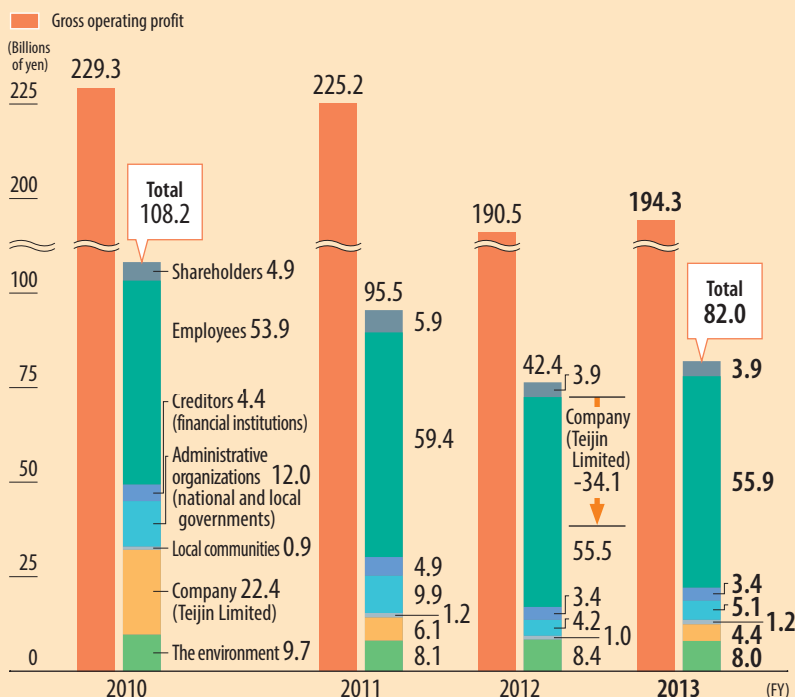
Reference information on website

- Teijin Group Basic Policies for Social Contributions
- System to Promote Social Contribution Activities
- Breakdown of Spending on Social Contribution Activities in FY2013
- Other Social Contribution Activities

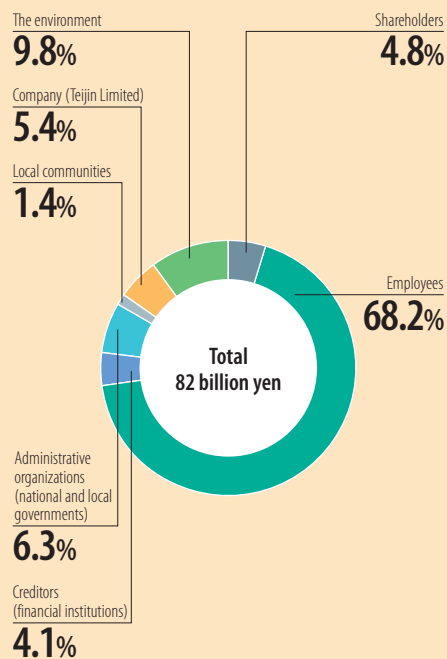
Distribution of Added Value to Stakeholders

As the social responsibility of the Teijin Group, we place importance on maintaining a profit through our business, and distributing the resulting added value to stakeholders in an appropriate manner.

Trends in Added Value Distribution to Stakeholders ★



Percent Allocation of Added Value to Stakeholders



Reference information on website

- Table of Added Value Distribution to Stakeholders

Distribution Results in FY2013

The added value obtained in FY2013 was distributed to major stakeholders as shown above.

The total amount of added value was calculated by subtracting expenses for transportation, R&D, marketing promotion and tenancy, tariffs, depreciation, and other selling, general and administrative expenses (SGA) from gross operating profit (net sales minus cost of sales), and adding independently calculated social contribution expenses and environmental preservation expenses.

These final two expenses are included in either other SGA or manufacturing costs. Additionally, social contribution expenses include the use of company facilities by local residents and services provided by employees converted to a monetary value. For distribution of added value, the stakeholder classification is listed as "local communities."

Teijin Group Stakeholders



Comparative Table with Corporate Code of Conduct

The table below shows activities corresponding to the Corporate Code of Conduct.

Corporate Code of Conduct	Activities	Reference page(s)
1. Respect human life and give due consideration to safety and health concerns The Teijin Group has respect for human life and strives to maintain people's safety and health at all stages of its business activities.	Disaster Prevention Activities Occupational Safety and Health Quality Assurance Human Resources Management and Labor CSR	P35 P36 P37 P38-40
2. Coexistence with the global environment The Teijin Group aspires to ensure society's sustainable development, to exist in harmony with the natural environment and to cherish nature and life.	ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health) Environmental Preservation Design for Environment Distribution of Added Value to Stakeholders	P29 P30-33 P34 P43
3. Contribute to society and support the development of local communities The Teijin Group contributes through its business operations to the development of the economy of the countries or regions in which it locates its bases. In addition, from the perspective of promoting mutually beneficial coexistence with society, the Teijin Group conducts appropriate activities to contribute to society as a responsible corporate citizen, and actively participates in and supports the fields of science, education, culture, and athletics, as well as preservation of the environment, prevention of disasters, and rescue operations.	Social Contributions Distribution of Added Value to Stakeholders	P42 P43
4. Respect cultures and practices In conducting its business activities on a global basis, the Teijin Group respects the cultures and practices of the country or the region in which it operates.	Compliance and Risk Management Human Resources Management and Labor CSR	P26-27 P38-40
5. Respect stakeholders In conducting its operations, the Teijin Group respects the interests of its stakeholders, including shareholders, employees, customers, suppliers, local community residents and others, and strives to engage in dialogue with them. In addition, with the exception of trade secrets and other confidential information, the Teijin Group is committed to disclosing publicly, in an appropriate manner, any information that is both related to its operations and important to society.	Quality Assurance Human Resources Management and Labor CSR CSR Procurement Distribution of Added Value to Stakeholders	P37 P38-40 P41 P43
6. Protect human rights The Teijin Group respects the human rights of its employees and all other people involved in its business activities and does not allow child or forced labor. With respect to these policies, the Teijin Group strives to obtain the positive understanding and cooperation of concerned parties in the value chain in which it is involved.	Human Resources Management and Labor CSR CSR Procurement	P38-40 P41
7. Respect the personality and individuality of employees The Teijin Group respects the personality and individuality of its employees and accepts their diversity including nationality, gender, religion and attributes. The Teijin Group also secures safe and comfortable working environments, while encouraging its employees to realize an affordable and fulfilling lifestyle.	Human Resources Management and Labor CSR Distribution of Added Value to Stakeholders	P38-40 P43
8. Observe laws and customs In conducting its business activities, the Teijin Group observes the laws and customs of the country or the region in which it operates. The Teijin Group also maintains upright and lawful relations with politicians and governments and avoids relations with any individual or organization that obstructs social order or its healthy operations.	Compliance and Risk Management Quality Assurance	P26-27 P37
9. Ensure fair and proper transactions In its operations, such as procurement and product sales, the Teijin Group negotiates in good faith and observes fair and proper practices. In addition, the Teijin Group neither accepts bribery nor is involved in any type of corruption.	CSR Procurement	P41
10. Respect intellectual property rights The Teijin Group respects intellectual property rights, including trade secrets, and vows not to violate the effective rights of other companies or groups, as well as to protect, preserve and utilize its own intellectual property rights.	CSR Procurement	P41
11. Maintain accurate and complete records and protect confidential information The Teijin Group maintains accurate and complete reports and other records in accordance with relevant legal and other requirements, and ensures they are stored safely. The Group also protects the confidentiality of its trade secret and personal information and pledges not to disclose such information to external parties except in accordance with legal requirements and sound business practices.	Corporate governance Compliance and Risk Management	P25 P26-27

FY2013 Plans, Goals, Performance and Self-evaluations

The Teijin Group organizes CSR issues into three categories; Basic, Expansive and Selective. We set mid-/long-term and fiscal-year goals for each area and self-evaluate achievements to reflect them in the goals for the next fiscal year.

CSR issues		Mid- and long-term goals	FY2013 goals	
Corporate governance		Enhance corporate governance and ensure compliance with laws and regulations.	Review corporate governance regularly.	
CSR general		Keep careful track of social demands and use the knowledge gained to enhance management.	Identify issues through continuing to hold stakeholder dialogues (at least once a year).	
		Promote common CSR education.	Instill and enhance CSR activities through employee training and using internal newsletter.	
Basic CSR	Corporate ethics/Compliance	Promote corporate ethics/compliance education activities.	Revise Corporate Ethics Handbook for China and USA.	
			Have all Teijin Group employees participate in the Corporate Ethics Workshop for All Employees.	
			Hold global compliance meetings (at least two locations a year).	
		Operate the consulting and reporting center.	Set up (English) Customer Reporting Desk on global website.	
	Risk management	Increase recognition and enhance risk management activities.	Formalize risk management using the new risk countermeasures sheet.	
			Continue to implement earthquake drills (in Japan, conduct EMC reporting drills at all group companies and evacuation drills at all business sites twice a year).	
		Create and improve BCPs.	Continue to expand BCPs to directly managed companies.	
			Review and formalize simulated earthquake damage.	
	Product liability/Quality assurance	Secure globally high level of effectiveness.	Continue to implement measures to improve operations.	
			Continue security export control operations.	
	Environment	Efforts to prevent global warming	Group-wide: Achieve a CO ₂ emissions* ¹ reduction ratio* ² of 1% or more per year (compared to the level in the base year FY2011).	Group-wide: Achieve a CO ₂ emissions reduction ratio of 1% or more per year (compared to the level in the base year FY2011).
			Japan: Reduce CO ₂ emissions* ¹ by 20% or more compared to the FY1990 level by FY2020.	Japan: Reduce CO ₂ emissions by 20% or more compared to the FY1990 level by FY2020.
		Managing/Reducing chemical substance emissions	Reduce chemical substance* ³ emissions by 80% or more compared to the FY1998 level by FY2020.	Promote total amount of reduction required for achieving mid-to-long-term target.
			Adopt LIME2, the second version of the Life Cycle Impact Assessment Method Based on Endpoint Modeling (LIME) developed in Japan and focus on reducing chemical substances that have a large impact on the environment.	Continue to promote chemical substance reduction through the use of LIME2. Start reviewing causes other than chemical substances that have a negative impact on the environment.
		Waste reduction	Group-wide: Reduce "waste with no effective use"* ⁴ by 85% or more compared to the FY1998 level by FY2020.	Group-wide: Reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020.
			Group-wide: Achieve zero emissions* ⁵ at all major business sites in Japan and overseas. Japan: Excluding coal ash and similar waste, work to reduce the amount of waste generated and achieve zero emissions for group companies in Japan. Japan: Reduce the total waste discharged per unit of production amount by 1% compared to the previous fiscal year.	Japan: Reduce the total waste discharged per unit of production amount by 1% compared to the previous fiscal year.
	Disaster prevention	Achieve zero serious accidents.	Promote measures for preventing explosions, fires and leaking of chemical substances to maintain zero serious accidents (level A).	
			Systemize facility earthquake-resistance assessment and countermeasures.	
		Take measures for the 19 buildings that were found not to comply with a 2006 revision of the Promotion of Building Earthquake-resistance Reinforcement Law.	Complete measures for the 18 buildings targeted by the end of FY2014.	
	Occupational Safety and Health	Maintain the annual lost time injury frequency rate at under 0.3.	Maintain the lost time injury frequency rate at under 0.25.	
			Prevent accidents caused by rotors and damage to health caused by chemical substances.	

CSR Pyramid

Selective CSR

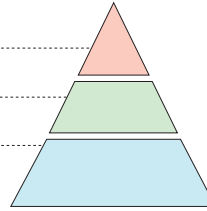
Social contribution activities

Expansive CSR

Human resources/Labor; Purchasing/Procurement

Basic CSR

Compliance; Risk management; Environmental preservation, Safety and disaster prevention, and Health; Product liability/Quality assurance



Self-evaluation Ratings A: Goals achieved B: Goals achieved to a certain extent C: Inadequate

	FY2013 performance and results	Self-evaluation	FY2014 challenges	Reference page(s)
	Inspected and responded to governance operation through TRM Committee, etc.	A	Respond based on inspection of governance operation by TRM Committee, etc.	P25
	Held a dialogue under the theme of Diversity on March 31, 2014.	A	Identify issues through continuing to hold stakeholder dialogues (at least once a year).	P15-19
	Implemented awareness-raising activities through level-based workshops, Intranet and internal newsletter.	A	Promote common CSR education.	Website
	Global dissemination of the Corporate Code of Conduct revised in FY2012.	C	Establish rules for the global expansion of Corporate Ethics Principles.	P27
	Participation rate in the Corporate Ethics Workshop for All Employees: Japan: 91% Overseas: 47%	C	Have all Teijin Group employees participate in the Corporate Ethics Workshop for All Employees.	P26
	Teijin Limited held global compliance meeting with managers of Teijin Aramid B.V. in November.	B	Corporate Ethics Month event Hold global compliance meetings (at least one location a year).	P26
	Set up (English) Customer Reporting Desk on global website.	B	Operate Consultation/Reporting Desk trusted by Group company employees.	P27
	Formalized risk management by risk extraction/assessment using the new risk countermeasures sheet (submission rate of new risk countermeasures sheet of main group companies: 100% in Japan and 98% overseas).	A	Promote more precise risk management by revising risk classification chart, etc.	P27
	Conducted earthquake drills twice at all group companies in Japan. Conducted EMC reporting drills at all group companies in Japan. Updated EMC due to deterioration and introduced disaster countermeasures (installed redundant server).	A	Continue to implement earthquake drills (in Japan, implement EMC reporting drills at all group companies and evacuations drills at all business sites twice a year).	P27
	Continued to expand BCPs to directly managed companies.	A	Improve Corporate BCP contents.	P27
	Continued to take measures in line with the review of simulated damage by municipalities in which factories are located.	A	Continually improve BCP for respective individual projects.	P27
	Reviewed organizational structure and continued to implement measures to improve operations.	B	Improve product liability/quality assurance processes.	P37
	Communicated information within the group and held training (information sessions) and meetings.	A	Continue security export control operations.	P37
	Group-wide: Achieved a 12% reduction compared to FY2011 (a 6% improvement in annual average).	A	Group-wide: Achieve a CO ₂ emissions reduction ratio of 1% or more per year (compared to the level in the base year FY2011).	P30
	Japan: Reduced CO ₂ emissions by 54% compared to the level of FY1990.	A	Japan: Reduce CO ₂ emissions by 20% or more compared to the FY1990 level by FY2020.	P30
	Reduced chemical substance emissions by 71% compared to the level of FY1998.	C	Promote total amount of reduction required for achieving mid-to-long-term target.	P31
	The FY2013 environmental impact assessed by LIME2 showed a reduction compared to FY2012. Other than chemical substances, conducted a review on water resources.	B	Continue to promote chemical substance reduction through use of LIME2. Continue to review causes other than chemical substances that have a negative impact on the environment.	P31, 32
	Group-wide: Reduced "waste with no effective use" by 92% compared to the level of FY1998.	A	Group-wide: Reduce "waste with no effective use" by 85% or more compared to the FY1998 level by FY2020.	P32, 33
	Japan: Improved the total waste discharged per unit of production amount by 0.7% compared to FY2011 (a 0.4% improvement in annual average).	C	Japan: Reduce the total waste discharged per unit of production amount by 1% compared to the previous fiscal year.	P32, 33
	Developed various disaster prevention activities, such as disaster prevention assessment, activities on Fire Prevention Day and dissemination of disaster prevention information, and achieved zero serious accidents.	A	Continue to maintain zero serious accidents.	P35
	Facility earthquake-resistance assessment and countermeasures were to be implemented in disaster prevention assessment and implemented at factories targeted in FY2013.	A	Completed and no additional targets set.	P35
	Completed measures for 8 buildings.	B	Complete measures for all buildings targeted.	P35
	Lost time injury frequency rate of 0.35.	C	Maintain lost time injury frequency rate below 0.25.	P36
	Two lost time injury accidents caused by rotors occurred (February and September), installation of Accident Investigation Committee. Gave guidance to divisions concerned for compliance with laws based on usage investigation of organic solvents and for improvement of work environmental management, etc. Achieved no damage to health caused by chemical substances.	B	Zero lost time injury accidents caused by rotors by developing recurrence preventive measures.	P36

FY2013 Plans, Goals, Performance and Self-evaluations

CSR issues		Mid- and long-term goals	FY2013 goals	
Expansive CSR	Human Resources/ Labor	Promote work-life balance measures. Promote work-life balance as a platform to "accelerate globalization and diversity" as part of the reform of the human resources portfolio in the medium- to long-term management vision "CHANGE for 2016."	Review systems (operations) with a view to enhancing work-life balance and motivation and increase users.	
			• Childcare Part-time Work System	
			• Work at Home System	
			• Childcare Leave System	
			• Nursing Care Leave System	
			—	
			Expand definition and awareness of work-life balance.	
			• Hold awareness-raising seminars on successfully balancing work and family care.	
			• Workshops on work-life balance systems targeting newly assigned managers.	
		Promote diversity.	Accelerate female career development.	
			• Maintain the hiring ratio of career-oriented female university graduates at 30% or more.	
			• Take positive action in the pharmaceutical sales division (career development support for female MRs).	
			Increase the ratio of female employees in managerial positions.	
			Continue to hold female leadership training.	
			Promote greater awareness about diversity.	
	Purchasing/ Procurement	Establish global human resources management. Instill the Teijin way at all group companies and promote recruitment of global human resources.	• Publish internal-use diversity handbook called "together."	
			• Publish articles in the internal newsletter.	
			Secure, discover and develop outstanding human resources in an open manner.	
			Enhance global recruitment competitiveness.	
		Formalize and enhance activities for CSR procurement.	Continue/Expand the EaGLES leadership training program.	
			Follow-up on selected overseas human resources.	
			Evaluate the CSR performance of suppliers through surveys and provide guidance for improvement. Select, evaluate and rate main suppliers: 500 companies or more.	
			Expand cooperation with other companies in CSR procurement activities.	
			Work towards full-scale CSR procurement activities in China.	
Selective CSR	Social contributions	Manage group-wide donations (monetary and other) and support volunteer activities of employees.	Continue to spend at least 1% of current profits on donations converted to a monetary value.	
			Expand the volunteer support program.	

*1 CO₂ emissions include methane and N₂O emissions.

*2 CO₂ emissions reduction ratio: Reduction ratio of absolute CO₂ emissions when setting FY2011 as the base year (previously, this was described as CO₂ emissions per unit of production amount).

*3 Chemical substances: 462 chemical substances listed as Class 1 chemical substances in the Chemical Substances Management Law (Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management) revised in April 2010, and 433 substances specified by the Japan Chemical Industry Association. Excluding duplicated listings, there are 575 specified chemical substances.

CSR Pyramid

Selective CSR

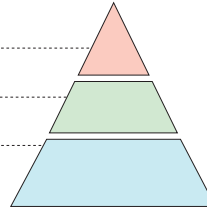
Social contribution activities

Expansive CSR

Human resources/Labor; Purchasing/Procurement

Basic CSR

Compliance; Risk management; Environmental preservation, Safety and disaster prevention, and Health; Product liability/Quality assurance



Self-evaluation Ratings A: Goals achieved B: Goals achieved to a certain extent C: Inadequate

	FY2013 performance and results	Self-evaluation	FY2014 challenges	Reference page(s)
	Reviewed programs (operations) from the viewpoint of enhancing work-life balance, and increasing motivation and users.		Review systems (operations) with a view to enhancing work-life balance and motivation and increase users.	
	• A total of 179 employees used the Childcare Part-time Work System (changed to no maximum number of use).	A	• Enhance convenience for employees to use Childcare Part-time Work System.	P40
	• A total of 30 employees used the Work at Home System.	B	• Expand Work at Home System.	P40
	• Promoted childcare leave for male employees by posting on the Intranet. • A total of 191 employees (including 30 men) took childcare leave, including two men taking leave for one month or more.	A	• Increase male users of Childcare Leave System.	P40
	• A total of five employees used the Nursing Care Leave System.	A	• Enhance convenience for using Nursing Care Leave System.	P40
	• Introduced annual leave system on based on hours.	A	• Formalize the system.	P40
	Expanded definition and increased awareness of work-life balance.		Expand definition and increase awareness of work-life balance.	
	• Prepared a special textbook and held seminars a total of four times at the Osaka headquarters, Tokyo headquarters and Tokyo Research Center, attended by 59 employees.	A	• Revise the textbook according revisions in the public nursing-care insurance system. Hold seminars mainly at business facilities.	P40
	• Held three times attended by 57 employees.	A	• Hold workshops on work-life balance systems targeting newly assigned managers.	Website
	Accelerated female career development.		Accelerate female career development.	
	• The hiring ratio of career-oriented female university graduates was 29%.	C	• Maintain the hiring ratio of career-oriented female university graduates at 30% or more.	P39
	• Supported return of child-rearing female MRs (eight MRs interviewed before and after return).	A	• Maintain positive action in the pharmaceutical sales division (career development support for female MRs).	P39
	The ratio of female employees in managerial positions was 3.78%.	B	Increase the ratio of female employees in managerial positions.	P39
	A total of 20 participants took part in the third female leadership training program.	A	Continue to hold female leadership training (provide management viewpoints and redefine responsibilities and issues in the workplace from a higher perspective).	P39
	Promoted greater awareness about diversity.		Promote greater awareness about diversity.	
	• Published annually	A	• Publish internal-use diversity handbook called "together."	P20, 39
	• Published three times a year in the internal newsletter (quarterly).	B	• Write features and publish every time.	P39
	Promoted the quick selection of outstanding human resources.	A	Quick selection and acceleration of developing global leaders.	P38
	Introduced new global internship (16 students). Jobs offered to six through foreign student seminars, etc. (of them, two Chiense were recruited locally).	A	Secure outstanding human resources on a global basis.	P38
	Introduced in Europe, China and Japan between May 2013 and January 2014. 88 participants (14 European, 15 Chinese and 59 Japanese)	A	Continue EaGLES program. Maintain and operate Teijin Learning Center.	P38
	Established a collaborative structure with global human resources managers.	B	Study a process and system to promote collaboration between group companies.	P38
	Based on the FY2012 evaluation of suppliers' CSR performance through surveys, supported the establishment of CSR Procurement Guidelines for 11 suppliers. FY2013 evaluations of suppliers' CSR performance through surveys: 503 suppliers. Improved survey system interface and added a temporary save function.	B	Improve the survey system (add an automatic feedback function). Enhance feedback system (feedback evaluation results to all suppliers surveyed and evaluated).	P41
	Expanded the target of supplier CSR performance evaluations through surveys given to departments other than purchasing (cost-related General Affairs, Information Systems, etc.).	A	Expand the target of supplier CSR performance evaluations through surveys given to departments other than purchasing as well as to the suppliers of group companies, etc.	P41
	Implemented extensive CSR survey for Chinese suppliers with the cooperation of the International Purchasing Department (Shanghai).	B	With the cooperation of the International Purchasing Department (Shanghai), give guidance and raise awareness of CSR procurement activities for group companies associated with China.	P41
	Spending on social contribution activities totaled 1.2 billion yen (6% of current profits).	A	Continue to spend at least 1% of current profits on donations converted to a monetary value.	P42
	Donated 100,000 yen each to four volunteer organizations that employees participate in.	A	Expand the volunteer support program.	P42

*4 Waste with no effective use: Waste that is simply incinerated or put directly into landfill.

*5 Zero emissions: Reducing the ratio of "waste with no effective use" to 1% or less of the total waste generated.

Comparative Table with ISO 26000

This table introduces Teijin Group activities as they apply to the seven core subjects of ISO 26000, international standards for social responsibility.

Core subjects	Issues	Activities	Reference page(s)
Organizational governance	1. Organizational Governance	CSR Management Plans, Goals, Performance and Self-evaluations	P23-28 P45-48
Human rights	1. Due diligence	Risk Management	P26-27
	2. Human rights risk situations	—	—
	3. Avoidance of complicity	CSR Procurement	P41
	4. Resolving grievances	Counseling and Reporting System	P27
	5. Discrimination and vulnerable groups	Promoting Diversity Among Employees	P15-20, 39-40
	6. Civil and political rights	Corporate Ethics Month campaign	P26
	7. Economic, social and cultural rights	Human Resources Management	P38-40
	8. Fundamental principles and rights at work	Corporate Ethics Month campaign Human Resources Management and Labor CSR CSR Procurement	P26 P38-40 P41
Labour practices	1. Employment and employment relationships	Human Resources Management and Labor CSR	P38-40
	2. Conditions of work and social protection	Human Resources Management and Labor CSR	P38-40
	3. Social dialogue	Maintaining Sound Working Relationships	Website
	4. Health and safety at work	Occupational Safety and Health	P36
	5. Human development and training in the workplace	Human Resources Management Risk Management Disaster Prevention Activities	P38 P26-27 P35
The environment	1. Prevention of pollution	Environmental Preservation (Reducing Chemical Substance Emissions) Preventing Soil/Groundwater Pollution Compliance and Risk Management	P31 Website P26-27
	2. Sustainable resource use	Solutions for Social Issues Environmental Preservation (Reducing/Managing Waste) Design for Environment	P13 P32-33 P34
	3. Climate change mitigation and adaptation	Solutions for Social Issues Environmental Preservation (Climate Change Initiatives)	P10 P30
	4. Protection of the environment, biodiversity and restoration of natural habitats	Biodiversity Conservation Social Contributions	P33 P42
Fair operating practices	1. Anti-corruption	Compliance and Risk Management	P26-27
	2. Responsible political involvement	Compliance and Risk Management	P26-27
	3. Fair competition	Compliance and Risk Management	P26-27
	4. Promoting social responsibility in the value chain	CSR Procurement	P41
	5. Respect for property rights	Compliance and Risk Management	P26-27
Consumer issues	1. Fair marketing, factual and unbiased information and fair contractual practices	Efforts to ensure customer satisfaction	Website
	2. Protecting consumers' health and safety	Quality Assurance	P37
	3. Sustainable consumption	Design for Environment	P34
	4. Consumer service, support, and complaint and dispute resolution	Quality Assurance	P37
	5. Consumer data protection and privacy	Information Security	Website
	6. Access to essential services	Efforts to ensure customer satisfaction	Website
	7. Education and awareness	Efforts to ensure customer satisfaction	Website
Community involvement and development	1. Community involvement	Social Contributions	P42
	2. Education and culture	Social Contributions	P21-22, 42
	3. Employment creation and skills development	Social Contributions	P42
	4. Technology development and access	—	—
	5. Wealth and income creation	—	—
	6. Health	Social Contributions	P42
	7. Social investment	—	—

List of Website References

Information that could not be included due to space limitations has been published on our website.

<http://www.teijin.com/csr/>

Contents of this report		Reference information on website
CSR Management	CSR Basic Policy and Promotion System	<ul style="list-style-type: none"> • Participation in the Global Compact
	Corporate Governance	<ul style="list-style-type: none"> • Members of the Advisory Board • Example of Advisory Board Deliberation Items
	Compliance and Risk Management	<ul style="list-style-type: none"> • Group-wide Application of Corporate Ethics and Compliance • Check Sheets to Survey All Employees at the Corporate Ethics Workshop • Corporate Ethics Awareness Survey • Progress of Business Continuity Plans and Business Continuity Management • Information Security
Environment, Safety and Health Report	ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health)	<ul style="list-style-type: none"> • Teijin Group ESH Basic Policy • Teijin Group Global Environmental Activity Goals • Outline of the ESH Audits • Group ESH Education • Group ESH Debriefing Session and Business Group Annual ESH General Assembly • ESH-related Accounting • Acquisition of Management System Certifications
	Environmental Preservation	<ul style="list-style-type: none"> • Reducing CO₂ Emissions Associated with Use of Company Vehicles • Efforts to Reduce CO₂ Emissions from Offices • Environmental Impact of Chemical Substance Emissions Using LIME2 • Preventing Soil/Groundwater Pollution • Environmental input/output (Trends in the past five years) • Basic Approach for Biodiversity • Map of Risks (Biodiversity Loss Due to Business Activities) and Initiatives (Biodiversity Conservation)
	Design for Environment	<ul style="list-style-type: none"> • Summary of the Design for Environment Evaluation Checklist • Design for Environment Organizational Bodies • List of Products and Processes that have Received Design for Environment Approval • Supporting Widespread Use of the Guidelines for Calculating Avoided CO₂ Emissions
	Disaster Prevention Activities	<ul style="list-style-type: none"> • System to Promote Disaster Prevention Management • Disaster Prevention Diagnosis
	Occupational Safety and Health	<ul style="list-style-type: none"> • Promoting the Three Pillars of Safety Activities • Group-wide Sharing of Occupational Accident Information and Responses at the Time of an Accident • Current OHSAS 18001 Certification • Preventing Nano-material-related Health Problems • Teijin Group Health Walk Held
	Quality Assurance	<ul style="list-style-type: none"> • Product Liability/Quality Assurance System • Continuing Operation of and Strengthening the Security Export Control System • Examples of Efforts to Ensure Customer Satisfaction
Social Report	Human Resources Management and Labor CSR	<ul style="list-style-type: none"> • Teijin Group Human Resources Policy and Medium- to Long-term Plan • Basic Approach to Human Resources Development and Training • Human Resources Development and Training • Increase Number of Overseas Employees Selected for Core Human Resources Training Program • Recruitment of Global Human Resources • Re-employment Systems • Employment of People with a Disability • Job Rotation/Transfer System • Measures to Promote Work-Life Balance (Nursing Care Leave, Volunteer Leave etc.) • Determining the Status of Group-wide Labor Management • Maintaining Sound Working Relationships • Employee Satisfaction Survey • Data on Human Resources (number of regular employees, employees in managerial positions, retirees and others)
	CSR Procurement	<ul style="list-style-type: none"> • Basic Policies for Purchasing and Procurement Activities • Purchasing Policy • Purchasing Stance • Overall Consideration of Supply Chains Based on CSR Procurement Guidelines • CSR Procurement Guidelines • Care for Contractors and Work Contracts
	Social Contributions	<ul style="list-style-type: none"> • Teijin Group Basic Policies for Social Contributions • System to Promote Social Contribution Activities • Breakdown of Spending on Social Contribution Activities in FY2013 • Other Social Contribution Activities
	Economic Report	<ul style="list-style-type: none"> • Table of Added Value Distribution to Stakeholders

List of Assured Indicators

From the perspective of improving reliability, the following indicators have been independently assured by KPMG AZSA Sustainability Co., Ltd.

Contents of this report		Assurance indicator	Reference page(s)
CSR Management	Compliance and Risk Management	Number of Participants Trained as Personnel Responsible for Promoting Compliance and Risk Management	P26
		Content of Reports/Consultation From Employees/Those Outside the Group (Total in Japan/Overseas)	P27
		Number of Participants Trained to Utilize Emergency Safety Confirmation System	P27
		Number of Participants Trained by Level	Website
		Number of e-learning Students and Number That Completed Course	Website
		Number of Replies and Response Ratio for Check Sheets Surveying All Employees at the Corporate Ethics Workshop	Website
		Number of All Participants and Attendance Ratio of Employees Trained at Group Companies Overseas	Website
Environment, Safety and Health Report	ESH Management (Environmental Preservation, Safety and Disaster Prevention, and Health)	Number of Participants in Group ESH Education Program (Japan)	P29
		Number of Participants in Group ESH Education Program (overseas)	P29
		Number of People Certified as ESH Compliance Internal Auditor	P29
		Outline of ESH Audits	Website
		ESH-related Accounting (ESH-related investments/expenses)	Website
	Environmental Preservation	Greenhouse Gas Emissions from Manufacturing Operations	P30
		CO ₂ Emissions in Logistics (Absolute Volume and Per Unit of Transportation Amount)	P30
		Chemical Substance Emissions	P31
		Top 10 Chemical Substance Emissions	P31
		Water Consumption and Water Discharged	P32
		COD/BOD Load	P32
		SO _x Emissions	P32
		Waste with No Effective Use	P32
		Environmental Impact by Input/Output in FY2013	P33
		CO ₂ Emissions Associated with Use of Company Vehicles	Website
		CO ₂ Emissions from Offices	Website
	Disaster Prevention Activities	Number of Serious Accidents and Disasters	P35
		Number of Disaster-prevention-assessed Plants	Website
		Number of Cases of Mini Disaster Prevention Assessments	Website
	Occupational Safety and Health	Lost Time Injury Frequency Rate	P36
Social Report	Human Resource Management and Labor CSR	Number and Ratio of Newly Recruited Career-oriented Female University Graduates	P39
		Number of Female Employees in Managerial Positions	P39
		Results of Re-employment Using Hello-Again System	P40
		Number of Employees Taking Childcare Leave	P40
		Number of Former Employees Re-employed after Mandatory Retirement	Website
		Number of Employees with a Disability	Website
		Number of Companies Achieving Employment Rate of Employees with a Disability	Website
		Average Overtime per Month for Employees and Ratio of Annual Taken Paid Holidays	Website
		Number of Employees Taking Nursing Care Leave	Website
		Number of Employees Taking Volunteer Leave	Website
		Data on Human Resources	Website
	CSR Procurement	Breakdown of Suppliers by Rating	P41
		Breakdown of Purchase Value by Rating	P41
		Number of Overseas Suppliers Given Survey	P41
	Social Contributions	Expenses of Social Contribution Activities	P42
		Breakdown of Spending on Social Contribution Activities	Website
Economic Report	Distribution of Added Value to Stakeholders	Added Value Distribution to Stakeholders	P43
		Table of Added Value Distribution to Stakeholders	Website

Independent Assurance Report



Independent Assurance Report

To the President and CEO of Teijin Limited

We were engaged by Teijin Limited (the "Company") to undertake a limited assurance engagement of the environmental, social and economic performance indicators marked with a red star ★ for the period from April 1, 2013 to March 31, 2014 (the "Indicators") included in its 2014 Teijin Group CSR Report (the "Report") for the fiscal year ended March 31, 2014, and the completeness of material sustainability information in the Report.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Sustainability Reporting Guidelines version 3.0 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment, and for including the material sustainability information defined in the 'Sustainability Reporting Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Gifu Factory of Teijin DuPont Films Japan Limited selected on the basis of a risk analysis.
- Assessing whether or not all the material sustainability information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material sustainability information defined by J-SUS is not included in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

October 30, 2014

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Published in October, 2014

J-SUS: Regarding the reliability of the sustainability information published in this CSR report, the J-SUS mark on the back cover is registration proof that the report satisfies the J-SUS mark standards formulated by the Japanese Association of Assurance Organizations for Sustainability Information (<http://j-sus.org/english.html>).