

Take the next move while promoting compliance

Mitsuhiro Umezu, Ph.D., Associate Professor at Keio University Faculty of Business and Commerce

I hear that the Teijin Group received two awards* for last year's CSR Report. This is secure proof that your steady CSR activities through your long history and tradition have born significant fruit, and I think it is a wonderful result.

Last year, I suggested that you address the issue of "leakage of corporate information due to acts by employees posting something about their work on their own blog or the like." Without delay, in this year's CSR Report you state that this issue was flagged by the IT Planning Division. This is proof of your "sincerity" cultivated in the Teijin Group's corporate heritage. In addition, it is laudable that you have implemented a "Corporate Ethics Awareness Survey" for both regular employees and non-regular employees, and have been able to improve employee satisfaction year by year. I think "quizzes to raise awareness of sexual harassment and power harassment" is a unique approach to raising awareness of harassment issues. Your efforts to raise awareness among employees working at overseas business sites by creating corporate ethics handbooks and posters in local languages are also laudable. However, I encourage you to take the new step of

focusing on work-life balance, contributions to the next generation, work sharing and the like, while continuing to promote compliance.

Currently, CSR is said to be in a transition phase. I think the coming years will see an increasing tendency in the concept that companies should conduct CSR activities while gaining profits by maximizing their own business expertise. From the viewpoint of sustainability, companies most likely always ask themselves the question "Is it really good to continue CSR activities, which are likely to result in increased overall cost?" A strategy is required where CSR-related investments can be collected in the future. If Japanese companies continue to transfer Japan's technology overseas as an essential "function of expanding the market" in accordance with the "CSR-oriented idea of aiding foreign countries," then these efforts might bear greater fruit. I encourage you to expand the application of the Teijin Group's technology in the fields of education, awareness and the like, including raising public awareness of recycling and environmental conservation and bettering the image of chemical substances, not only in Japan, but also overseas.

Regarding governance and corporate ethics



Graduate of Keio University Faculty of Letters, and postgraduate doctorate from Loyola University of Chicago. A top researcher of corporate ethics and applied ethics, offering corporate ethical education and consulting services via the Business Ethics Research Center (BERC). Senior Researcher at Keio University Global Security Research Institute. Author of "Bijinesu-no-Rinnigaku (Business Ethics)" published by Maruzen, and other books.

* The Sustainability Report Grand Prix in the 12th Environmental Communication Awards (cosponsored by the Ministry of the Environment of Japan), "The Excellence Award in the 12th Environmental Report Awards and Sustainability Report Awards" (cosponsored by Toyo Keizai, Inc.)

What is the relation between Teijin Group Activities and trends in Japan and the Wider World?

Mitsutsune Yamaguchi, Guest Professor, Research Center for Advanced Science and Technology, University of Tokyo

After reading your CSR report every year, I can feel that the Teijin Group is making sincere effort to achieve steady progress, and has a strong desire to attain the goal shared by all employees by making efforts across the Teijin Group through concerted actions. Regretfully, however, too many katakana and English terms are used in the reports. I suggest you restate such expressions in Japanese as much as possible to facilitate understanding by readers.

I am very much interested in the Features section. Regarding "Toward Expanding ECO-CIRCLE," specific numerical values for CO₂ emissions reduction are presented, and this is a convincing demonstration of your efforts. The chemical recycling technology used in the system is of high significance for society. As for "Home Health Care Business," there are increasing expectations for your contribution in this area against the background of rapid aging of the general population in recent years. The Teijin Group is engaged in a variety of business operations over a broad range of areas on a global scale, and many of its operations are quite interesting. I appreciate your policy on "Environmental Businesses" with a focus on measures against global warming and water purification

treatment. Carbon fiber, in particular, is attracting much attention as a material for aircraft bodies and wind turbine generators, and makes significant contributions to measures against global warming.

It seems, however, that the relationship between Teijin Group activities and overall global and Japanese trends is generally weak. I think, for example, that your carbon fiber business is very promising, since the EU is willing to include CO₂ emissions from aircraft within the scope of Cap & Trade in 2013 if no agreements are concluded in the International Civil Aviation Organization. Additionally, the EU ETS*1 will newly cover the chemical segment, which has traditionally been excluded, after the start of Phase 3. What do you think about this? This year marks a turning point for the post-Kyoto Protocol international negotiations on global warming, with the COP15*2 scheduled to take place in December. To this end, the national government, administrative agencies, companies, NGOs and other entities are now working actively. Amid this situation, what role is the Teijin Group playing? I hope that you will report the facts about the relationship your initiatives have with these trends in a clearer way.

Regarding environmental management



Graduated from Keio University Faculty of Economics. After working at Tokyo Marine Fire Insurance Co., Ltd. and serving as a professor of the Faculty of Economics at Keio University, he assumed his current position. Specializing in environmental issues, he is the Lead Author of the IPCC Third Working Group, representative for the Japanese Government for the OECD Joint Committee of the Environment and Trade, and member of various governmental committees, including the Industrial Structure Council. Author of "Environmental Management, Revised Edition" (The Society for the Promotion of the University of the Air) and other books.

*1: EU Emissions Trading Scheme
*2: 15th United Nations Climate Change Conference of Parties

In the future disclosure of information on Labor CSR befitting the Current Environment Is expected

Yoshiki Midorikawa, Co-Chairperson (CSR Research Group Organizer), The Valdez Society

The "2008 Teijin Group CSR Report" was highly appraised, and your efforts in employment and labor areas ranked at top levels. This year's report well reflects the progress of your CSR activities, particularly for gender and diversity issues, from performance over the past several years to the next targets, and you have also significantly enhanced your activities for human resources development.

Currently, employment issues are posing a major social problem, revealing inadequacy in the system for non-regular employees such as temporary workers. Employment adjustment is about to involve regular employees. There is an urgent demand for implementing emergency measures against the harsh economic environment, as indicated by the press release "Cut capital investments by half, reduce about 2,500 non-regular employees" launched by Teijin Limited in April 2009. Considering the time span suggested, this should be a key issue for information disclosure to be reported in next year's CSR Report. Overall information on employee composition including non-regular employees is reported in this year's report, and non-regular employees have been newly covered in the Employee Satisfaction Survey section. I hope that you

will make further improvements in the treatment for non-regular employees, and implement labor CSR assessments in supply chain management for contract workers.

I can see that you now place emphasis on the recruitment of career adoption. I hope that during the coming economic recovery period, you will increase recruitment to prevent the prolongation of the misfortune for young people in what is becoming a new employment "ice age," and also engage in activities to convince the government of Japan to materialize personal capacity development policies that would allow individual companies to realize active recruitment. Regarding activities to secure labor safety, you made appreciable achievements, including progress in acquirement of certification for occupational health and safety management system OHSAS18001 in domestic and overseas group companies, as well as reduction in the frequency of injuries with lost days. As for measures against mental health problems, I urge you to report the results of remedial actions as early as possible. I hope that in this new era, you will promote the quality of life for your employees, including non-regular employees, vigorously.

Regarding human resources and labor safety management



Engaged in labor administration as a municipality employee for 24 years. Participated in NGO/NPO activities, including the foundation in 1991 of the Valdez Society, an environmental NPO that carries out research and makes recommendations concerning corporate environmental and social responsibility. Established the CSR Research Group in 2004 within the Valdez Society. Co-wrote "CSR Practice with Clear Effects," "CSR Management," "Shopping Guide for Green Consumers" and other books.

Besides expanding Volunteer Activities, I encourage you to consider making donations

Noboru Hayase, Director and Chief of the secretariat for the Social Welfare Corporation Osaka Voluntary Action Center

This year's report states that the Teijin Group is always endeavoring to materialize its CSR initiatives through specific activities.

Regarding volunteer activities, you have been engaged in nature observation meets and bird watching meets at various business sites in cooperation with local citizens' group to make social contributions across the group. I can see these activities have been making steady progress. In the "Picture Book Donation Activities - book dream project -," which started as an activity for collecting secondhand picture books and buying new ones for donation, it is good that you have expanded the coverage to include used books and DVDs to allow every employee to participate in the project.

In "Classic Music Felt by Mind and the Body in MATSUYAMA," Matsuyama Factory employees implemented volunteer activities, including safety guidance for the invitees, which were highly regarded by those concerned. This represents a good linkage of corporate philanthropic activities and volunteer activities, and I appreciate it as a new approach to CSR. I hope that you will formalize sponsoring concerts like this to expand the coverage of your activities steadily.

Regarding mental health, your corporate

culture is laudable where employees are able to consult readily with others when something concerns them. It also provides the consultants with a chance of feeling their own value as helpers to those in distress. It would be nice if this aspect was reported, because your "humanistic" corporate culture unique to the Teijin Group would be highlighted.

Finally, although monetary donations tends to be considered as less contributory to society than volunteer activities, it is quite an important approach for busy people to take part in social reformation. Making a donation also means to give something to a person or organization that can better implement a project than the donor. For this reason, provided that the Teijin Group arranges a system that allows easier contributions, then the activities of the Teijin Group as a whole will be appraised even more highly.

Regarding contribution to society



Graduated from the Kyoto Institute of Technology's Department of Industrial Arts, completed Osaka Prefectural Shakai Jigyo Tankidaigaku (presently Osaka Prefecture University). Vice-President of the Japan NPO Center. Active in promoting CSR activities through the Kansai CSR Forum and NPO networks supporting CSR activities. Author of "Introduction to Civilian Activities for Corporate Staff and Seniors" and other books.

Opinions from Third Parties/Independent Review Report

This year's report allocates four pages to describing your mid-term plan and self-evaluation, meaning that information on the Teijin Group's efforts for CSR has been expanded. We greatly appreciate your positive attitude to information disclosure. On the other hand, we would encourage you in future CSR Reports to use a larger amount of quantitative data to describe the targets for the coming year and the performance for the current year to ensure that the readers are also able to make objective assessments of the progress of the Teijin Group's mid-term plan. At overseas bases, you are making efforts that may lead to upgrading of product designs and process improvements for the Teijin Group as a whole, including water consumption reduction, zero emissions and other activities for reducing the amount of waste generated. We suggest you to consider setting numerical targets for those activities for the Teijin Group mid-term and long-term action plans.

Also, for major overseas factories, you have changed the CO₂ emissions factors for fuels as a premise for calculation of CO₂ emissions, from conventional default values to actual figures based on the table of compositions. This is laudable as you take into account the factors by country and by district in understanding the CO₂ emissions from the Teijin Group as a whole in a more accurate way.

In the context of "Measures to Counter All Uncertainties," the CSR Planning Office took the initiative in identifying a wide variety of risks both in Japan and abroad. Regarding social concerns that are expected to be increasingly important on a global scale, such as earthquakes, pandemics, terrorism, and climate change issues, we suggest you consider pursuing your responsibilities and roles to be fulfilled as a corporate entity, as well as promoting business continuation plans.



KPMG AZSA Sustainability Co., Ltd. Manager Tae Maki



Independent Review Procedures

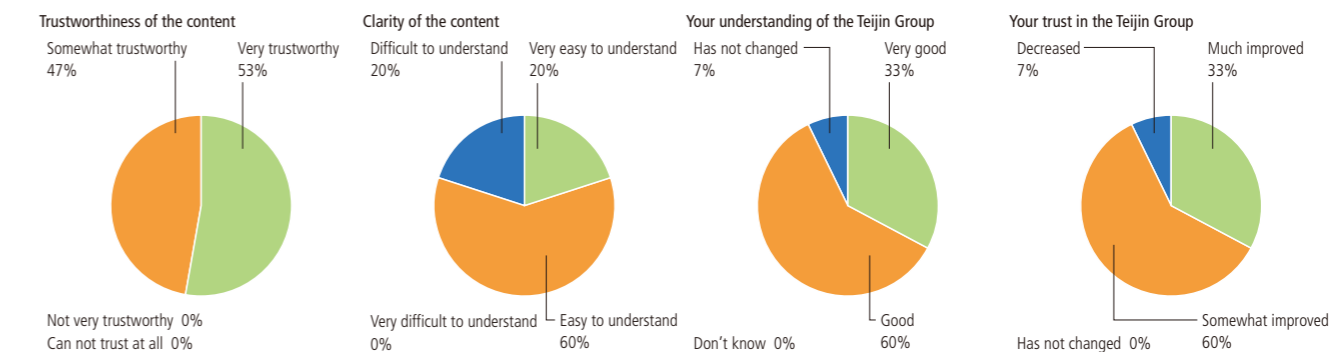
Determine the review plan	Preparatory work and planning	Asked questions regarding how the previous year's remarks were solved. Verified the changes in the scope of the company's policies on reporting and disclosure, the way of data collection and compilation. Determined the review schedule and the operating sites for on-site review.
Perform review procedures	Obtainment of the draft of the CSR report	Obtained the draft of the report to be subject to the review.
	Questions regarding the company's policies on reporting and disclosure	Asked questions regarding the company's policies on reporting and disclosure. Asked questions regarding Teijin's attitudes to corporate social responsibility (CSR).
	Review procedures at Teijin Limited and group companies	Assessed the company's standards for data collection, compilation and reporting. Asked questions regarding the data collection and compilation processes and evaluated the internal controls. Performed review procedures such as analytical review, vouching, recalculation and observation. Considered the validity and sufficiency of the data disclosure.
	Visits to operating sites	Visited operation sites and performed review procedures at two domestic plants (Teijin Mihara Factory, Teijin Chemicals Mihara Plant).
Check the final draft of the CSR report	Checking the final draft of the CSR report	Checked the final draft of the CSR report and verified that the content was accurately revised in response to our findings.
Hold an internal discussion regarding our opinion on the CSR report	Internal review meeting	Under the internal quality control system, evaluated the procedures as well as the results of the review, and formed the opinion at the internal review meeting.
Submit independent review report	Submission of independent review report	Submitted the independent review report, which is the result of the independent review, to Teijin.
Hold a wrap-up meeting with the company	Wrap-up meeting	Prepared documentation on the procedures performed and other findings that caught our attention, and reported those to Teijin for further improvement.

Opinions from Readers

Some readers of the 2008 Teijin Group CSR Report kindly returned the attached questionnaire. We greatly appreciate your opinions and suggestions, which are useful for our CSR activities and help us to improve our future reports. Here are some of the comments we received:

Opinions expressed by readers

- The description in the "Design for Environment" section is difficult to understand for general readers, so I want you to write in a more easily understandable way.
- I would like you to provide more readable explanations. I cannot understand the content because it includes so many English words that are unfamiliar to me.
- Readers tend to view the environment as something indefinable, so I suggest you focus on fewer selected points.
- Your company's stock price fell down and down, as oil prices surged. Could you not say that your current management is unsustainable?
- I think this brochure is more beneficial to young employees than the 90th Anniversary book because information on future efforts is disclosed (a Teijin Limited employee).
- As characters, figures and photographs are arranged in a good balance, the Report makes a favorable impression.
- Your ECO-CIRCLE initiatives are laudable. I urge you to implement fair trade activities in the field of textiles.



Response to the opinions from third parties and the Independent Review Report

Last year, the 2008 Teijin Group CSR Report received "The Sustainability Report Grand Prix in the 12th Environmental Communication Awards held in Japan," cosponsored by the Ministry of the Environment of Japan, and also received "the Excellence Award in the 12th Environmental Report Awards" and "Sustainability Report Awards," cosponsored by Toyo Keizai, Inc. Traditionally, the Teijin Group's CSR Report Editorial Committee seems to have been engaged in producing CSR reports in our own way, without being disturbed by outside evaluations, using the catchphrase "Befitting the Scale, Steadily, and Honestly." We cannot help being astonished that our relatively understated CSR Report received such high praise from society.

Each year's report has been subjected to an independent review by an auditing firm's subsidiary since the issuance of the 1998 edition (environmental report). Although we believe we had trained ourselves to ensure that data are collected in an appropriate way, and that the data compiled are accurate, we could not finish editing this year's report due to corrections until just before its issuance. Additionally, since the issuance of the 2006

Report, we have received advice and guidance from outside experts in the areas of (1) governance and corporate ethics, (2) the environment, (3) human resources and labor CSR, and (4) contributions to society. These matters have been most helpful not only in upgrading our CSR reports, but also in enhancing our CSR activities themselves. For this year's report, we received valuable opinions on a broad range of issues, which included some severe suggestions.

This year's stakeholder dialogue took place with a focus on "Toward Expanding ECO-CIRCLE." We believe the richly varied and free-ranging ideas expressed by the participants from outside our group gave helpful hints to business operators.

The table of self-evaluation was brushed up to improve the readability by increasing the number of pages assigned. However, a number of items still need to be quantified and we are well aware that there is still room for improvement. Regarding environmental goals, specific targets for the three areas of (1) global warming, (2) chemical substances, and (3) waste are disclosed at the beginning of the Environment category. As for environ-

mentally friendly design, for which we received much criticism for a lack of clarity, the status of progress is described explanations that are as plain as possible.

This year's report was produced amid the harsh financial situation of suffering a deficit in ordinary profit for the holding company. The editorial staff were devoted to editing the report while being fully aware of heavy economical responsibilities. Nevertheless, we are determined to endeavor to improve our CSR activities steadily and honestly, without overextending ourselves, in accordance with the catchphrase "Befitting the Scale, Steadily, and Honestly" even in these challenging circumstances.

Once again this year we were allowed to use the real names of many suppliers, organizations such as NPOs, and persons. Every one of them provided outstanding cooperation in enabling us to disclose this information. We would like to take this opportunity to thank everyone for their cooperation and support.

Teijin Limited CSR Planning Office

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://www.j-sus.org/>).