

February 21, 2024



Sustainability Meeting

TOYOBO CO., LTD.

Based on our corporate philosophy, we will sustainably enhance corporate value through our business activities.

Corporate Philosophy "Jun-Ri-Soku-Yu"

(Adhering to reason leads to prosperity)

Corporate value = economic value (earning power) × social value (trust)

- Thing that should be done =

Continue to create the solutions needed by people and the earth

- Trust of society is the basic premise for corporate activities

I . Sustainable Vision 2030

II . Environment

III. Innovation

IV. Human Capital and Human Rights

V . Safety and Disaster Prevention, Quality

VI. Governance

I . Sustainable Vision 2030

The TOYOBO Group philosophy “Jun-Ri-Soku-Yu”

was a personal maxim of our founder Eiichi Shibusawa, an industrialist who contributed greatly to Japan’s modernization. It has been the foundation of Toyobo Group’s business ever since.



Founder
Eiichi Shibusawa



Handed down from our founder, Eiichi Shibusawa

Corporate Philosophy Framework TOYOBO PVVs

We systematized “Jun-Ri-Soku-Yu” in 2019.

Principle

“Jun-Ri-Soku-Yu”

Adhering to reason leads to prosperity

Vision
















We will continue to create the solutions needed by people and the earth with our materials and science.

Values

We welcome change, enjoy change, and create change.

TOYOBO Spirit : Challenge, Reliability, Collaboration

“Jun-Ri-Soku-Yu”, or adhering to reason leads to prosperity

Ideals we seek to realize	<h3 style="text-align: center;">Innovation</h3> <p style="text-align: center;">We will be a group that continues to create the solutions needed by people and the Earth with materials and science</p>														
Social change and trends in 2030	Standardization in dealing with safety, human rights and social justice issues	Increased and diversified needs concerning access to medical care/health promotion	Demographic change, humancentric innovation, accelerated urbanization	Decarbonization, resources circulation, limited natural resources											
Social issues to be solved through commitment	<table border="0" style="width: 100%; text-align: center;"> <tr> <td colspan="3" data-bbox="384 591 1531 686">People</td> <td colspan="2" data-bbox="1538 591 2438 686">Planet</td> </tr> <tr> <td data-bbox="384 691 894 958">  Employees' well-being and human rights in the supply chain </td> <td data-bbox="901 691 1411 958">  Healthy lifestyle and health care </td> <td data-bbox="1419 691 1928 958">  Smart community and comfortable space </td> <td data-bbox="1936 691 2438 958">  Decarbonized society and circular society </td> <td data-bbox="1936 691 2438 958">  Good condition of water area, atmosphere and soil, and biodiversity </td> </tr> </table>					People			Planet		 Employees' well-being and human rights in the supply chain	 Healthy lifestyle and health care	 Smart community and comfortable space	 Decarbonized society and circular society	 Good condition of water area, atmosphere and soil, and biodiversity
People			Planet												
 Employees' well-being and human rights in the supply chain	 Healthy lifestyle and health care	 Smart community and comfortable space	 Decarbonized society and circular society	 Good condition of water area, atmosphere and soil, and biodiversity											
Challenges toward the future	People First: Employees' safety, pride and rewarding work Respecting human rights in the entire supply chain	Contributing to the field of infectious diseases Contributing to improving QOL	Contributing to realizing humancentric, digital society Creating comfortable space	Helping achieve carbon neutrality Establishing an ecosystem for circulating resources	Bettering the environment through solutions Food loss reduction and sustainable food										
The state it wants to be in by 2030	<h3 style="text-align: center;">Prosperity</h3> <p style="text-align: center;">“Spiraling up” to a prosperous society where people can live with peace of mind and enhancement of corporate value</p>														

We will be a group that continues to create the solutions needed by people and the Earth with materials and science

1. Contributing to solving social issues through business operations
2. Sustainable growth (solid foundation and track for future growth)
3. People First (safe working environment where employees can work with peace of mind, pride and rewarding work, self-growth)

Sustainability indices

Serious incidents

ZERO

Employee engagement score

Over **70%**

GHG emissions cut (over FY 3/14)

Over **46%**

Carbon neutrality in FY 3/51

Ratio of green materials in main business operation*

60%

*Assumed to be film business

Financial indices

Consolidated sales

600 billion yen

Operating profit margin

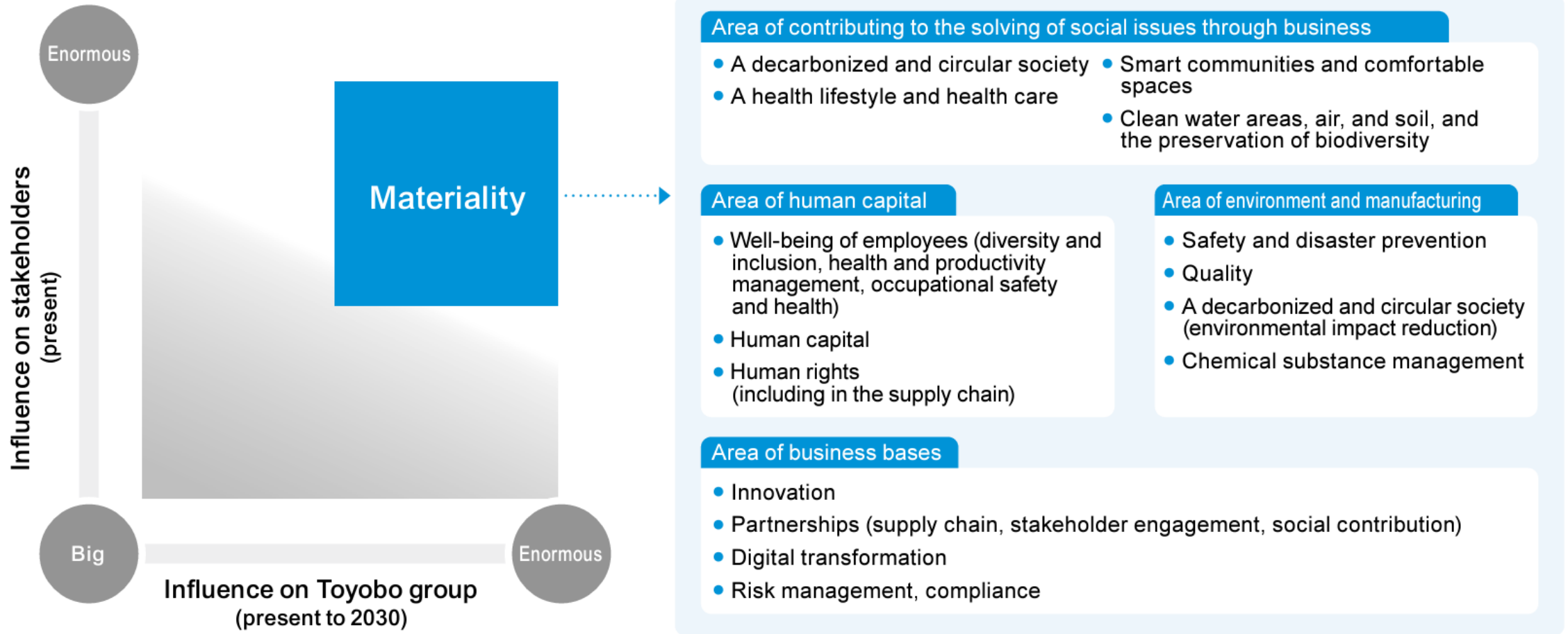
Over **8.3%**

ROE

Over **9%**

ROIC

Over **7%**



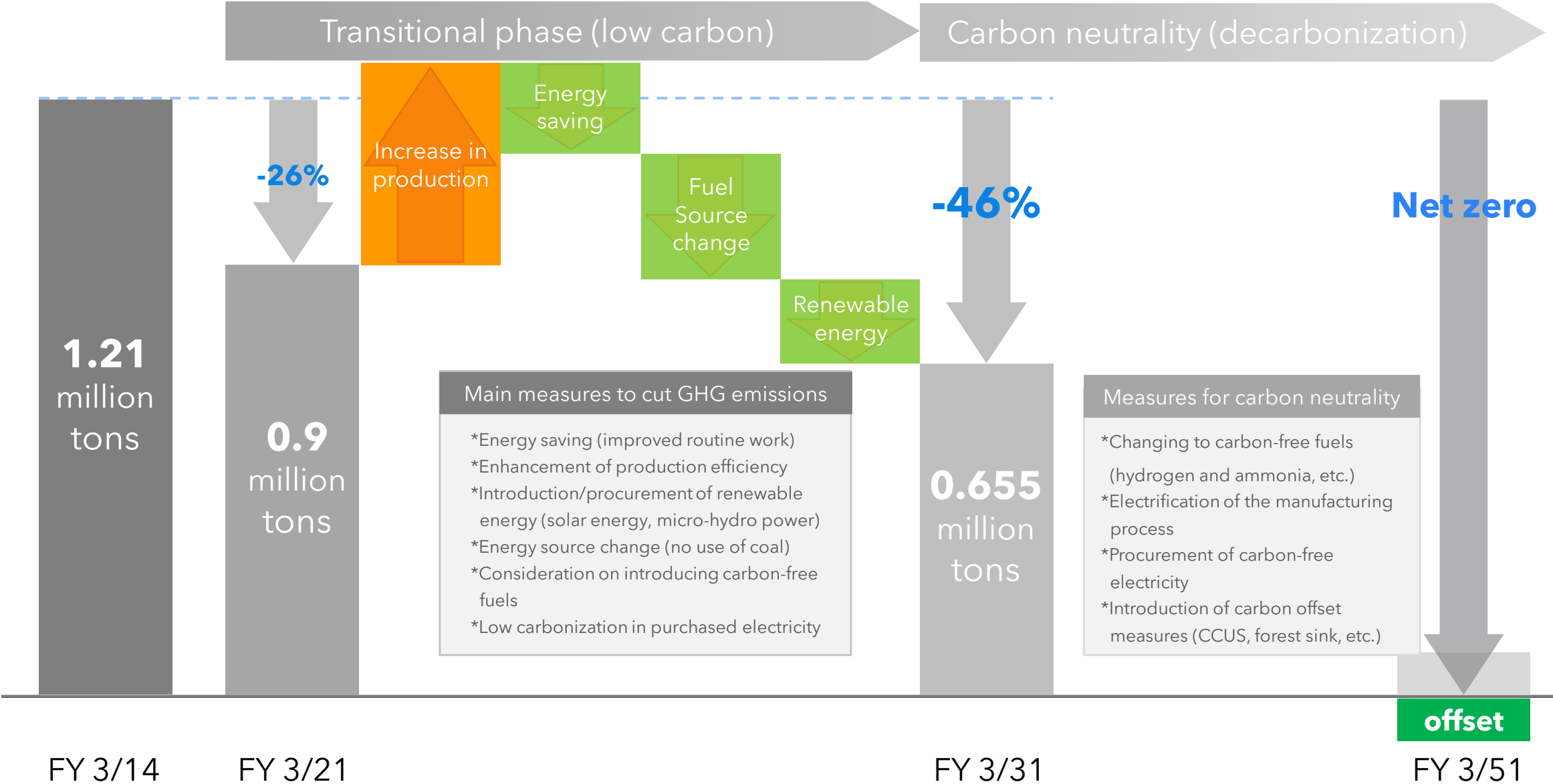
Today's explanation

**“Environment” “Innovation” “Human Capital and Human Rights”
“Safety and Disaster Prevention, Quality” “Governance”**

II . Environment

- Initiatives to Reduce GHG Emissions
- Eco-Conscious Products

GHG Emissions Reduction: Roadmap for Carbon Neutrality



Initiatives

■ Fuel conversion (away from coal)

Renewing our in-house thermal power generation plant at the Iwakuni Production Center (construction completed in October 2023, CAPEX: approx. ¥9.0 bn.)

- Conversion from coal to liquefied natural gas and RPF*

*Solid fuel made mainly from used paper and waste plastic

- Expected to reduce GHG emissions of 80 thousand tonnes per year

→ Equivalent to approx. 40% of FY 3/14 emissions at the Iwakuni Production Center

■ Introduction of renewable energy

Installation of solar power generation equipment at the Inuyama Plant

(in operation since March 2023)



Newly constructed in-house thermal power generation plant at the Iwakuni Production Center

GHG emissions results (FY 3/23)

	GHG emissions (thousand tonnes-CO ₂)	Reduction rate (compared to FY 3/14)	
		Results (FY 3/23)	Targets (FY 3/31)
Scope1	712	26.4%	At least 46%
Scope2	182		
Scope3	5,290	—	—

Validated by **SBT Initiative**

(December 2022)

Toyobo group's targets of reducing GHG emissions by FY 3/31 have been validated by SBT Initiative



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Organizations dedicated to climate change issues

Participate in **GX* League** by the Japanese government (Ministry of Economy, Trade and Industry) (May 2023)

*Green transformation



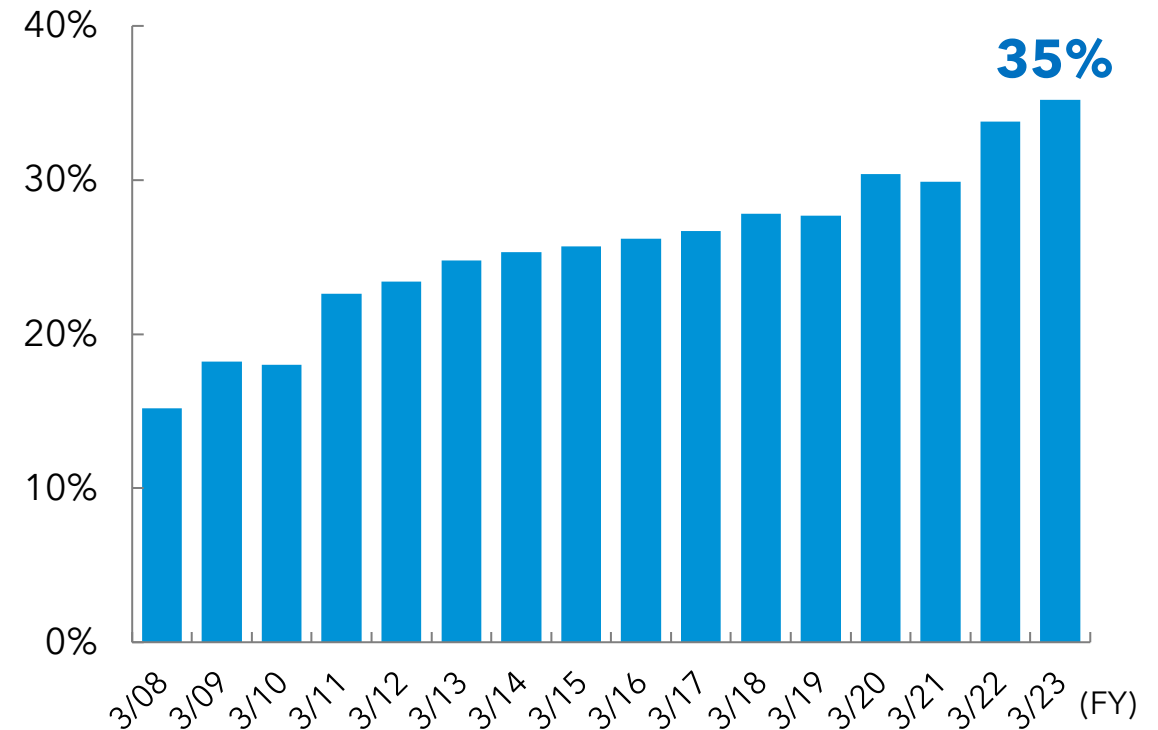
Our Group's Eco-Conscious Products

Examples of eco-conscious products

Corresponding field/market	Examples of products
Climate change measures	<ul style="list-style-type: none"> - Film of recycled PET resin "RESHINE" - Three-dimensional cushion material "BREATHAIR"
Antipollution measures	<ul style="list-style-type: none"> - Photosensitive water-wash nylon resin relief printing plate "Printight" - Solvent recovery equipment, equipped with "K-FILTER" - Transparent vapor-deposited film "ECOSYAR"
Solving water resource problems	<ul style="list-style-type: none"> - Reverse osmosis membranes for seawater desalination "HOLLOSEP"
Recycling systems (recycling and resource reduction)	<ul style="list-style-type: none"> - Modifier for recycled PET "VYLON" RF series - Recycled nylon resin for airbag scraps "ECOKURELEAF" - PET-based synthetic paper "Crisper" - Spun yarn using unused cotton "ECOT" - Recycled nonwoven fabrics "e-VOLANS"
Other (environmentally friendly products)	<ul style="list-style-type: none"> - Ultra-high-strength polyethylene fiber "IZANAS"

Sales ratio held by eco-conscious products

(TOYOBO CO., LTD. only)



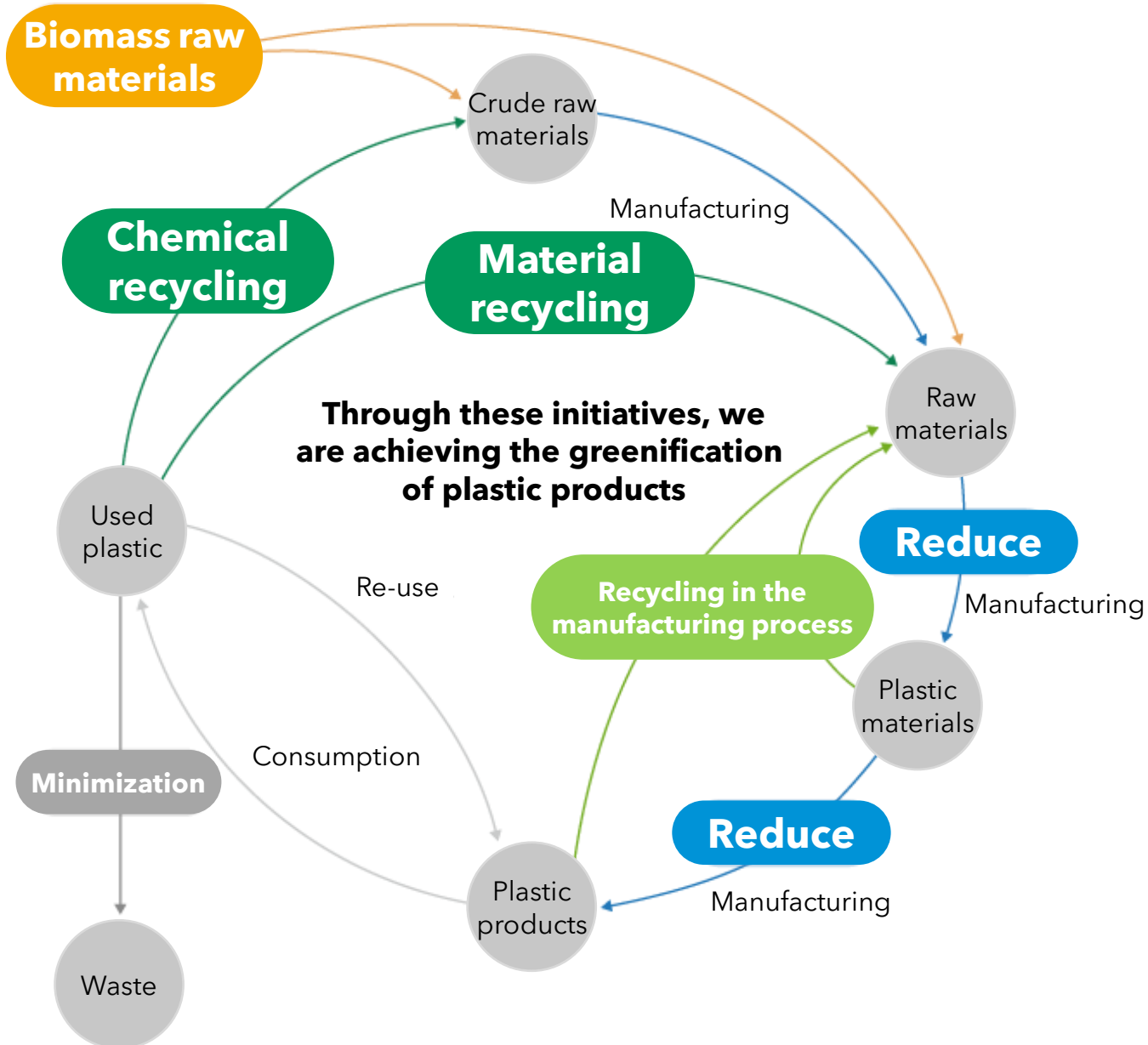
"ECO-PARTNER SYSTEM"

Our unique system to certify products that meet evaluation standards from five aspects as eco-conscious products (in operation since 1998)

Considering expanding the scope of application to include group companies

* Preventing climate change, resource conservation, waste reduction, reduction of chemical substance use, biodiversity and other

Films Products related to Resource Circulation



Biomass raw materials	Plant-derived raw materials <ul style="list-style-type: none"> ● "BIOPRANA" 100% biomass resin <ul style="list-style-type: none"> ● PEF (Polyethylene furanoate)
Chemical recycling	Chemical recycling to crude raw materials <ul style="list-style-type: none"> ● R Plus Japan, Ltd.
Material recycling	Use of recycled resin <ul style="list-style-type: none"> ● "CYCLE CLEAN" "SPACECLEAN" "Crisper" "KAMISHINE" "RESHINE" Enabling recycling through use of mono-material <ul style="list-style-type: none"> ● "PYLEN EXTOP" "ECOSYAR" Resistant to thermal degradation even after repeated recycling <ul style="list-style-type: none"> ● "TOYOBO GS Catalyst"
Recycling in the manufacturing process	<ul style="list-style-type: none"> ● "KAMISHINE NEO" ● Recycling of mold releasing film for MLCC
Reduce	Volume reduction, thickness reduction <ul style="list-style-type: none"> ● "SPACECLEAN" "PYLEN EXTOP" Food loss reduction <ul style="list-style-type: none"> ● "ECOSYAR"

■ The target greening rate of 60% in FY 3/31 and 100% in FY 3/51 (Biomass, Recycling, Volume reduction)

■ Examples of products

Ultra-highly rigid polypropylene film "PYLEN EXTOP"

Rigidity approximately 1.7 times that of general biaxially oriented polypropylene films
20% **thickness reduction** and **mono-materialization** are possible.

Reduce

PEF (Polyethylene furanoate)

100% **biomass** plastic
Better barrier properties than polyester films
⇒ Extension of expiration dates of contents and reduction of food loss

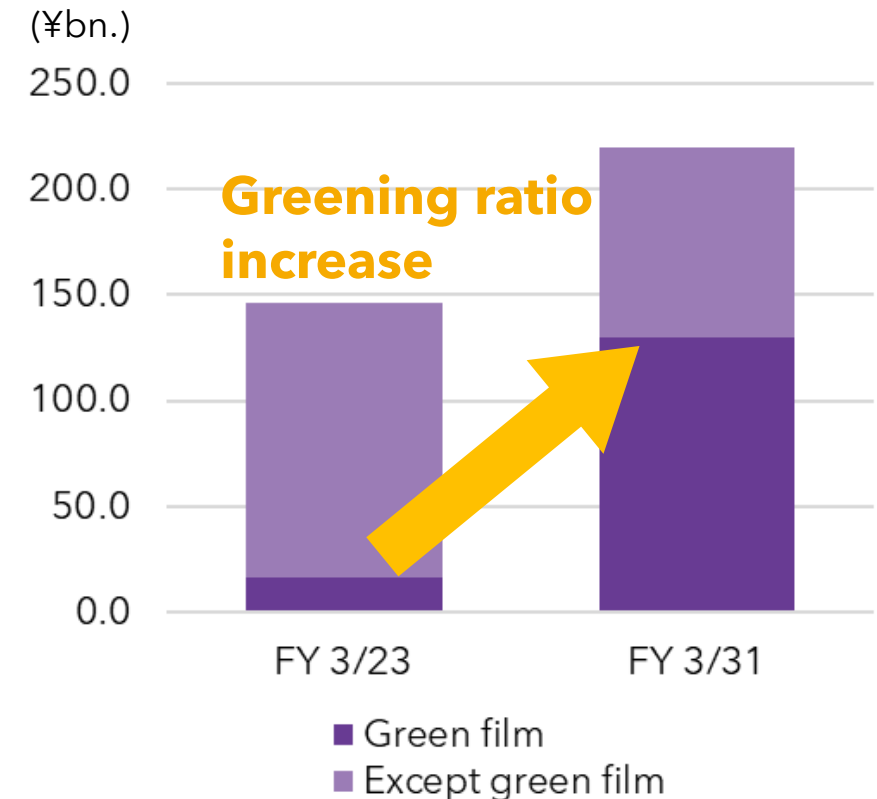
Biomass

"KAMISHINE NEO"

Development of a film-type release paper for labels
Turning the release paper (label backing paper) into a film makes it **recyclable**
Participation in Resource Recycling Project

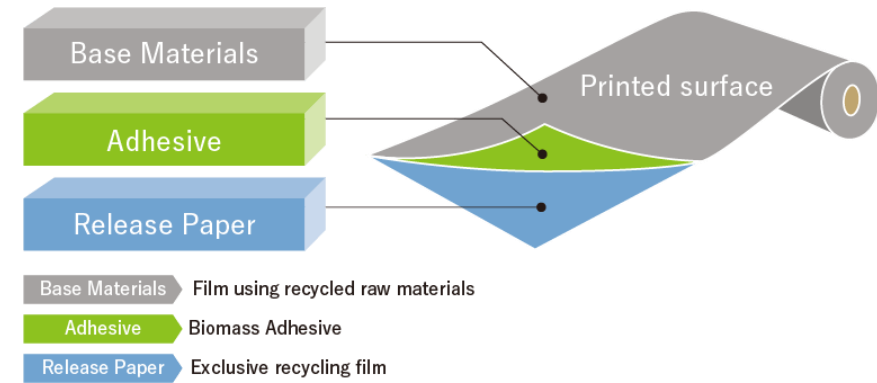
Material recycling

Net sales targets for films business



“KAMISHINE NEO”

- Polyester-based synthetic papers made from recycled plastic bottles
- Development of “KAMISHINE” into the **release paper (label backing paper)**
- Label backing paper after use or collection is used as part of the raw materials **to enable recycling.**



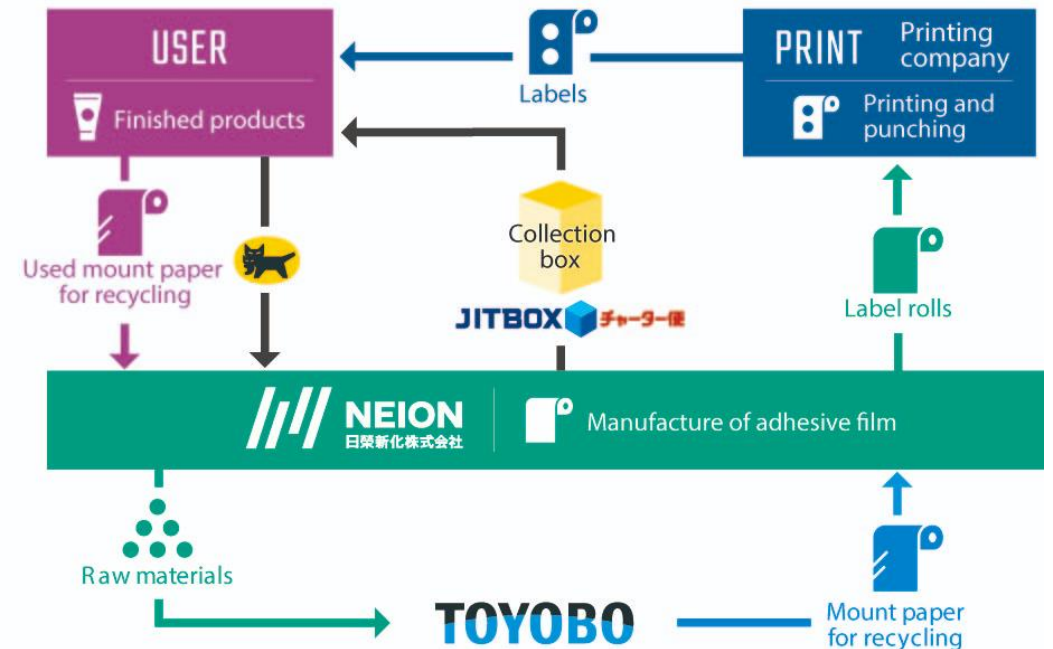
Resource Recycling Project



- Cooperate with NEION Film Coatings Corp., TOPPAN INFOMEDIA CO., LTD., Shionogi Pharma Co., Ltd. and MITSUI BUSSAN CHEMICALS CO., LTD.
- Horizontal recycling project for label backing paper utilizing “KAMISHINE NEO”
- Aiming for zero waste of label backing paper. Projected 12.4% reduction in CO₂ emissions.
- Received the excellence award at the 6th EcoPro Awards



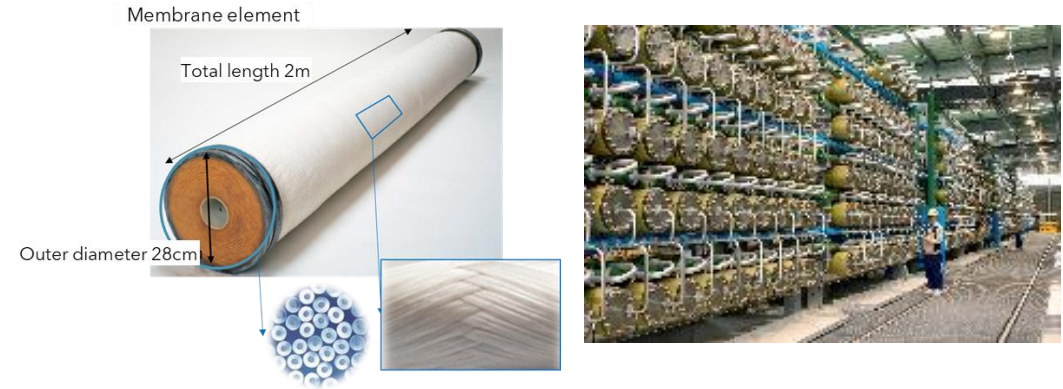
By establishing arterial industry functions and venous industry functions, we are achieving a circular recycling scheme.



Water Treatment Solution

RO membranes (RO : Reverse Osmosis)

- Cellulose triacetate (CTA) hollow fiber membranes
 - Applications: seawater desalination
 - 20% share in Middle East and Gulf countries
- ⇒ Produce 6.4 million people / day (1.6 million tones / day) water for domestic use

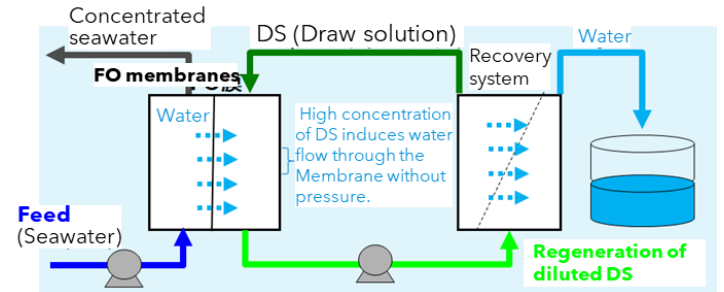


FO membranes (FO : Forward Osmosis)

- Only our company for hollow fiber type
- Applications: seawater desalination, osmotic pressure power generation

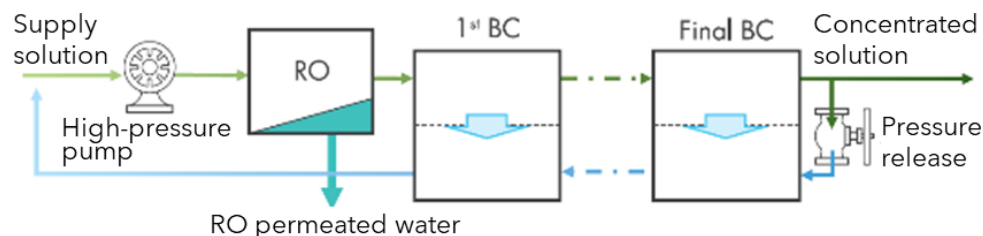
Energy savings in seawater desalination process using FO membranes

Using a solution with higher osmotic pressure than seawater requires high pressure
Roughly 75% less energy is used compared to RO membranes

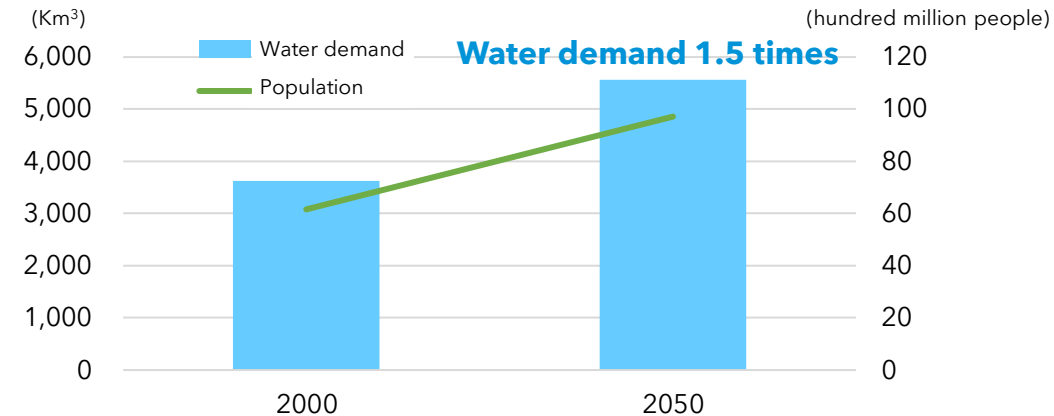


BC membranes (BC : Brine Concentration)

- Treating high-concentration salt water
- Lower energy consumption compared to evaporation method, etc.
- Applications: salt making, wastewater treatment, recovery of valuable substances



World population and water demand forecasts



(Source) Created by the Company based on the following world population : United Nations "World Population Prospects 2022" water demand : OECD "Environmental Outlook to 2050 (2012)"

Products related to EVs

Engineering plastics

- Components around batteries
- Insulation, sound absorption, and lighter weight mainly with fine foam formation
- High rigidity, high dissipation, and electromagnetic wave shielding materials

“VYLOSHOT”

Low-pressure sealing and molding resin

- Waterproof and protect electronic components (sensors, camera modules, etc.)
- Environmentally friendly solvent-free resin



“HARDLEN”

Polyolefin chlorinated or acid modified resin

- Lithium-ion battery pouch adhesive etc.
- Laminate adhesive with superior chemical resistance
- Compatible with dry lamination (composition: PP film/HARDLEN/aluminum)



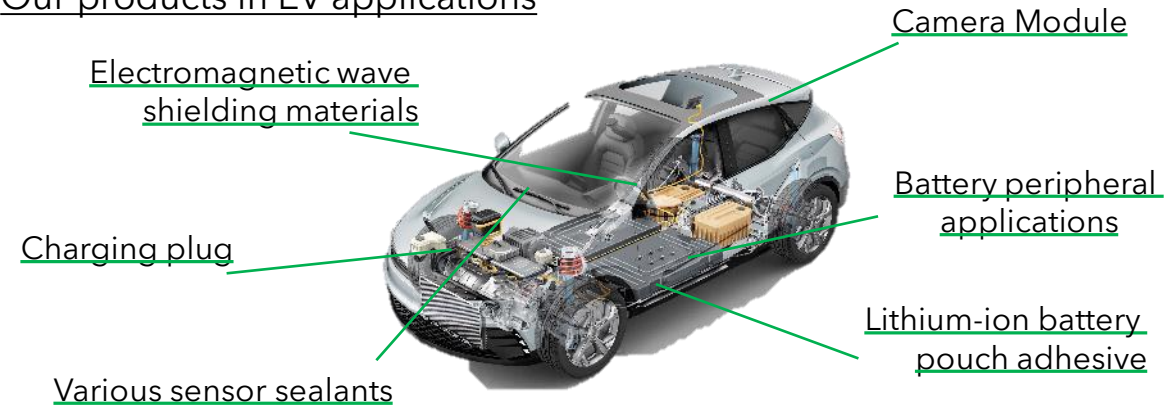
VOC* recovery equipment

* VOC: volatile organic compounds

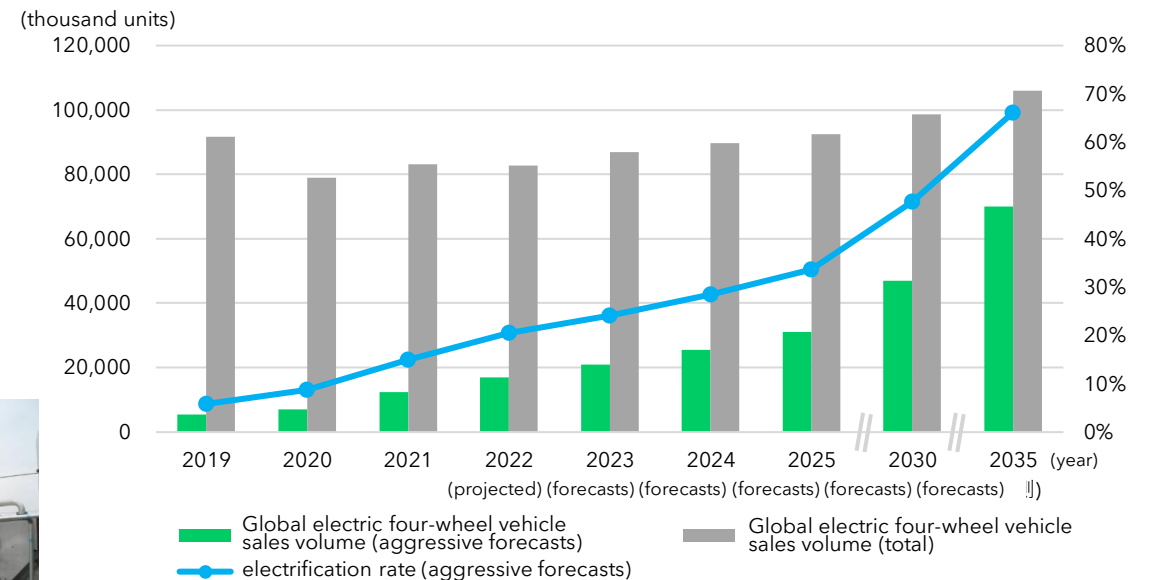
- Equipped with our unique activated carbon fiber adsorbent “K-FILTER”
- Absorb dichloromethane generated in the manufacturing process of lithium-ion battery separator



Our products in EV applications



Global electric four-wheel vehicle sales volume forecast



Source: Created by the Company based on Yano Research Institute's global electric four-wheel vehicle market research 2023 (April 28, 2023); global electric four-wheel vehicle sales volume and electrification rate based on the aggressive forecasts of Yano Research Institute
 Note 1: Figures for 2019-2021 (sales volume basis) are Yano Research Institute estimates based on the data of industry associations in each country
 Note 2: EVs include hybrids (HEVs), plugin hybrids (PHEVs), battery EVs (BEVs), and fuel cell EVs (FCEVs)
 Note 3: Figure for 2022 is projected; figures for 2023 and beyond are forecasts
 Note 4: Passenger vehicles are segments A to E; commercial vehicles are small commercial cars with a gross weight of no more than 3.5t; vehicles with a gross weight of 3.5t or more refer to trucks and buses
 Note 5: Aggressive forecasts are calculated on the uptake of BEVs, irrespective of vehicle class, owing to the rollout of fast-charging infrastructure and the like

■ CDP Supplier Engagement Ratings

Selected as **Supplier Engagement Leader** (2021, 2022)



■ Selected for the first time for inclusion

on the list of **Asia-Pacific Climate Leaders 2023** (July 2023)

■ Selected as a constituent stock in all **ESG indices** of Japanese stocks adopted by GPIF

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

MSCI Japan Empowering Women Index (WIN)

Morningstar Gender Diversity Index (GenDi) : First selection in 2023

S&P/JPX Carbon Efficient Index

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



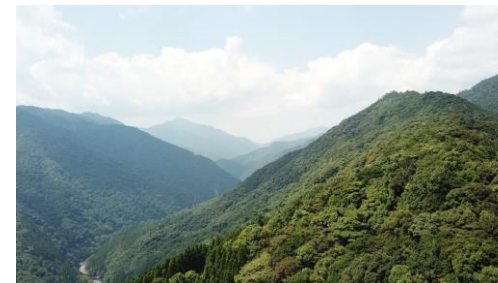
■ A forest owned by the Toyobo Group “Toyobo Aya-no-Mori” has been certified

as **a site for coexistence with nature by the Ministry of the Environment** (October 2023)

- One of our group-owned forests “Toyobo Aya-no-Mori”

Started holding in 1971, 140 hectares

- Evaluated as an area where biodiversity is being conserved,
to be registered in the international database as OECDM*



“Toyobo Aya-no-Mori” forest
(Aya Town, Higashimorogata-gun,
Miyazaki Prefecture)

*Other Effective area-based Conservation Measures

III. Innovation

- System for Innovation Creation
- Challenge for New Domains by Integrating Core Technologies
- New Technologies and Products in New Domains

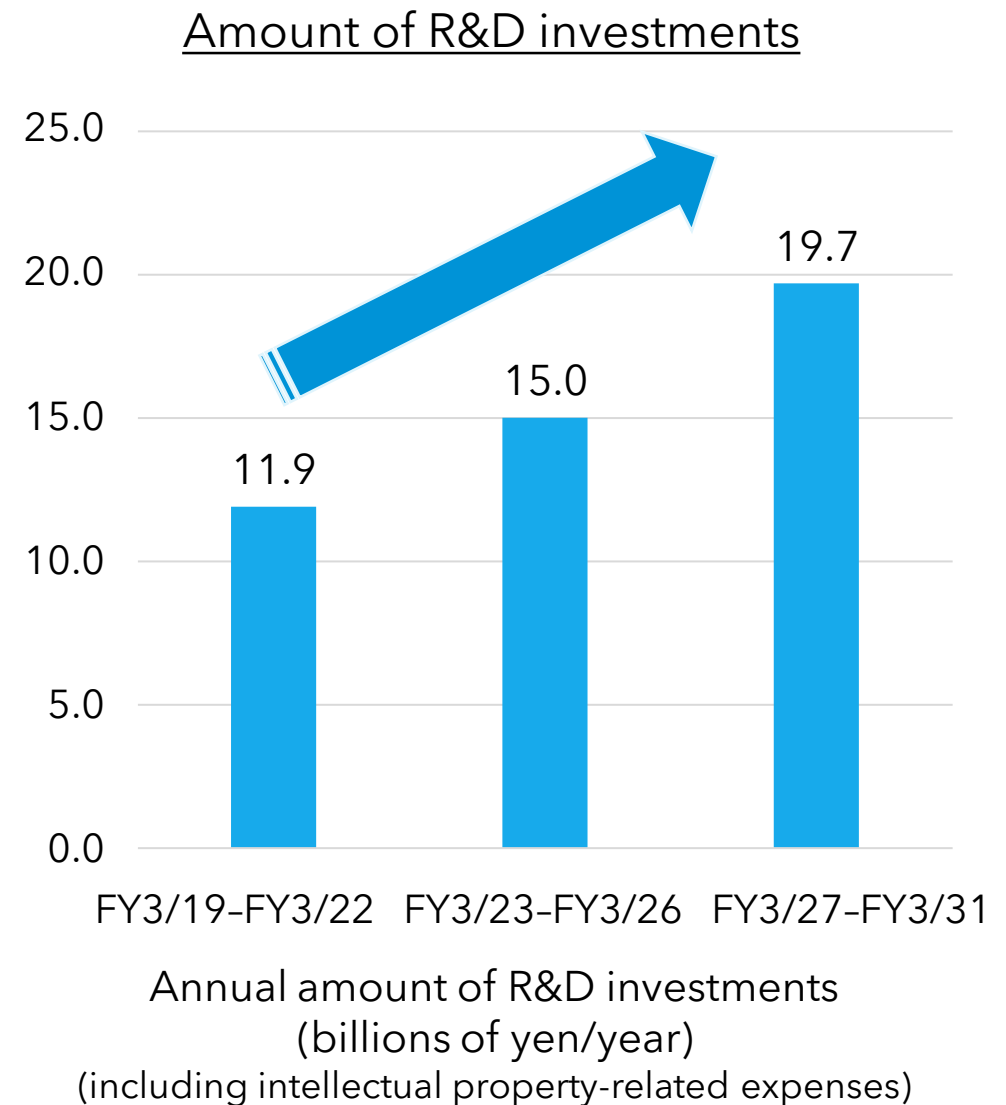
Structures for Innovation Creation

Company-wide innovation system through collaboration between corporate research and divisional development



Examples of open innovation

- Use of fermentation process technology to improve productivity in biotechnology businesses (Investment in U.S. biotech venture DMC Biotechnologies Inc.)
- Joint research in the environmental and life science fields (Comprehensive partnership agreement with Kobe University)

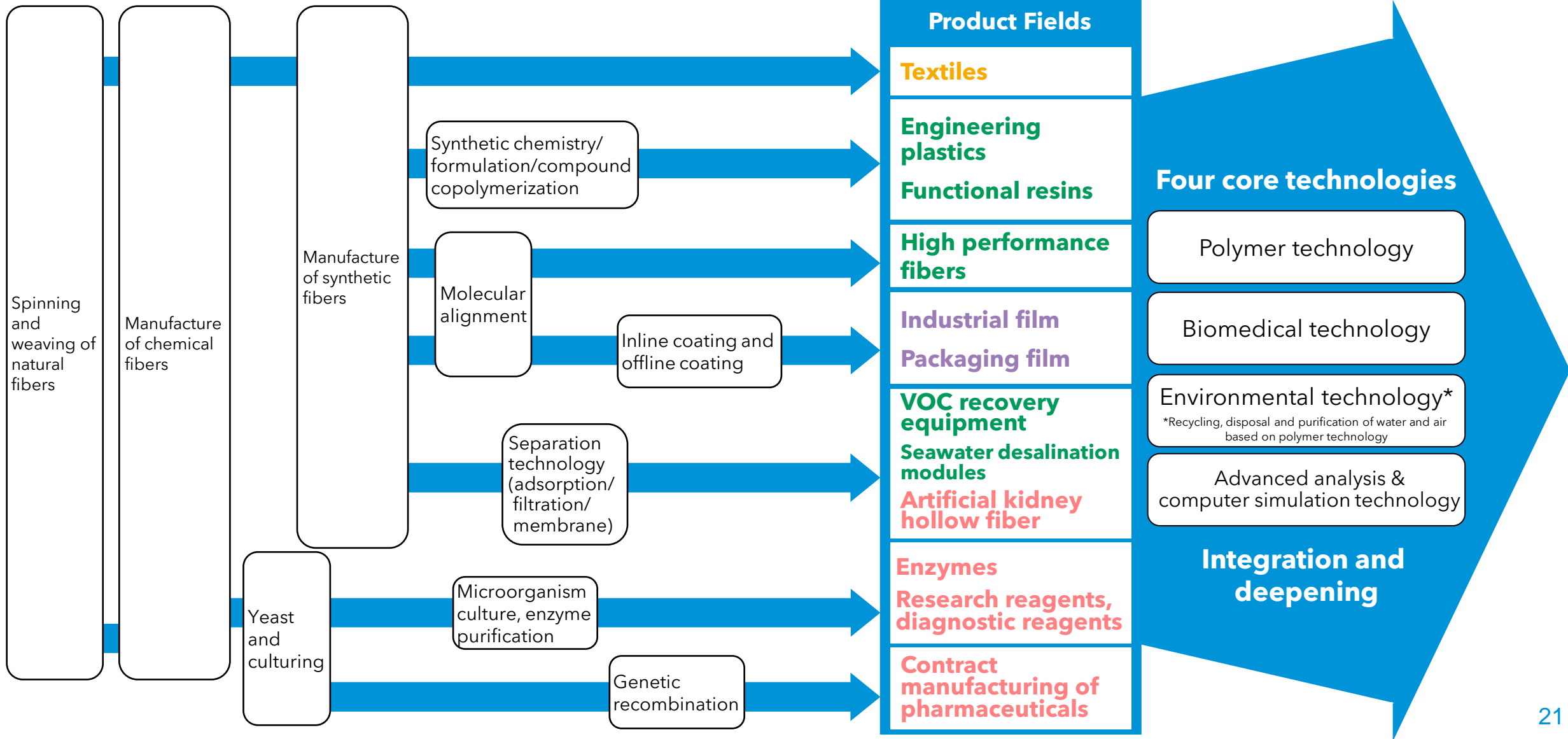


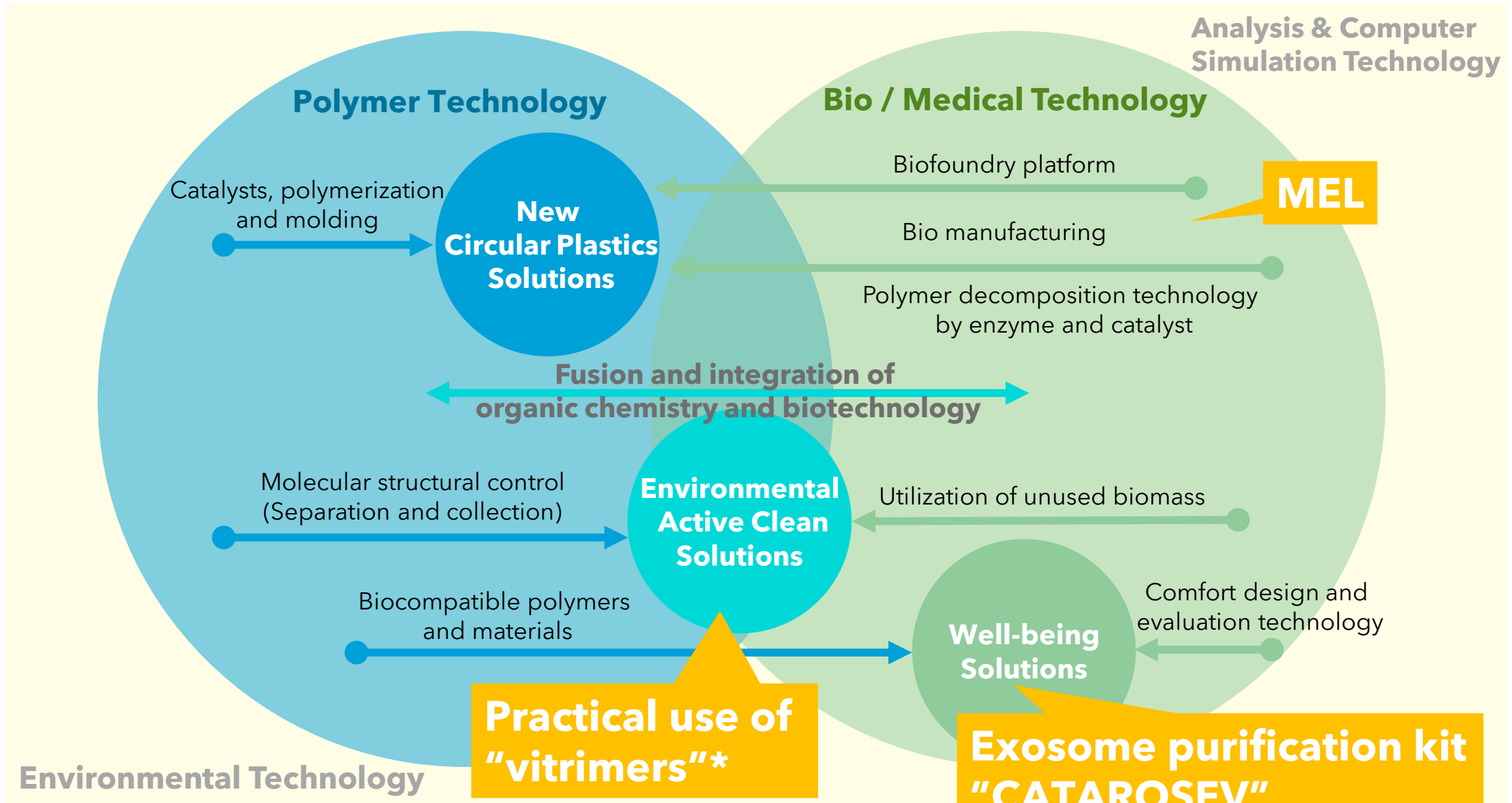
Overview of our Group's Technology

Establishment~

Present

Future~





* "Vitimer" is a registered trademark of FONDS ESPCI PARIS.

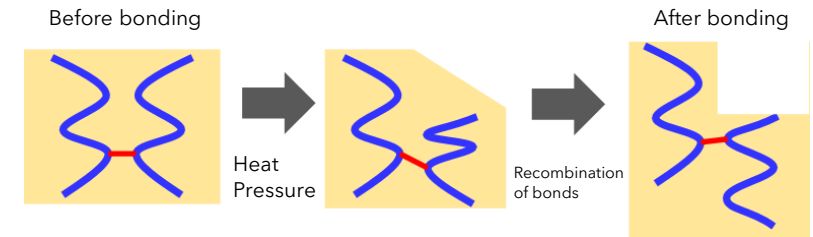
Practical use of "vitrimers"*

Polymer technology × Environmental technology

* "Vitrimer" is a registered trademark of FONDS ESPCI PARIS.

About "vitrimers"

- Highly functional polymer with reforming, self-adhesive and self-healing
- Robust and solid at room temperature → low deformation even when force is applied, chemical resistant, stable shape for a long period of time
- Deformation under heat and pressure → processing, adhesion (thermal pressure bonding between base materials)



Mechanisms of "vitrimers"

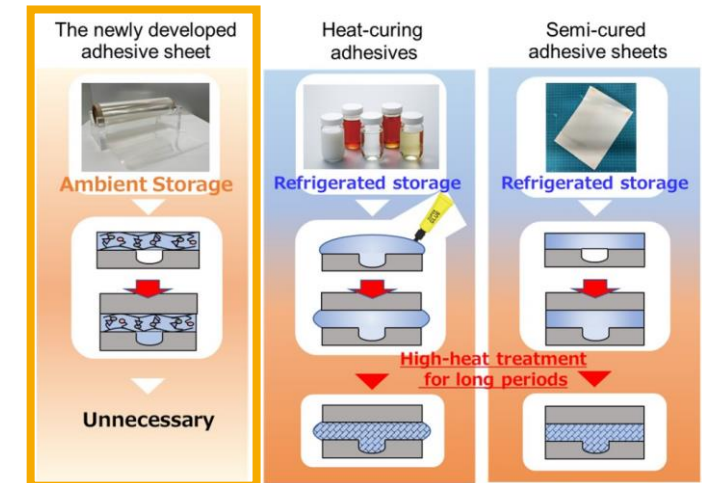
Application to adhesive sheets for electronic materials

- **Eco-friendly, solvent-free** and high-heat-resistant adhesive sheet which **can be distributed at ambient temperatures.**
- **Because they do not require thermal cross-linking treatment, the manufacturing process can be shortened and energy can be saved.**
- Adhesive applications for electronic components on flexible printed circuit boards, etc.
- Samples to be provided around the first half of 2024

	Newly developed adhesive sheet	Heat-curing adhesives	Semi-cured adhesive sheets
Type	Solvent-free	Solvent	Solvent-free
Storage/transportation	Ambient temperatures	Refrigerated	Refrigerated
Thermal cross-linking	Unnecessary	Necessary	Necessary
Resin dripping/protrusion	No	Yes	Almost none

➤ Further development

Expansion into decorative film applications, solar cell applications, automotive applications, etc.

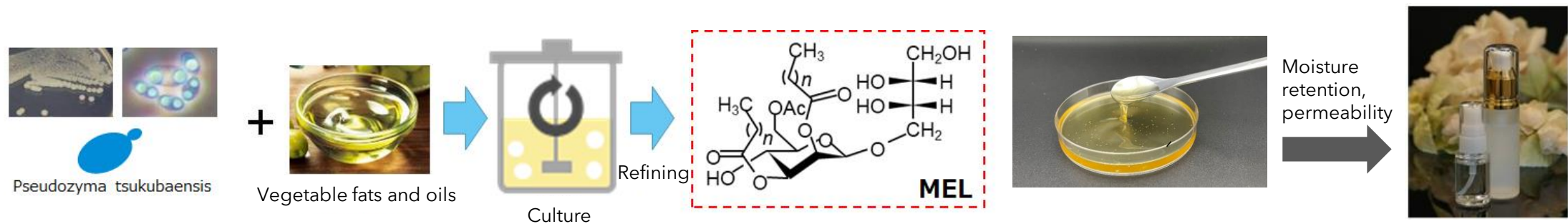


MEL (mannosylerythritol lipid)

Biomanufacturing

* Surfactants of natural origin produced by microorganisms

- A type of biosurfactant* produced by yeast
- Adopted as a cosmetic material for skincare products by major cosmetics manufacturers, etc.



Selected for NEDO "Research and Development of Technologies to Promote Biomufacturing"

Significant cost reductions (Development of high-producing bacteria, continuous culture production and scale up, technology of separation, refining and processing)

Effective use of unused resources and reduction of environmental burden (Development of technology to switch raw materials from vegetable fats to waste cooking oil)

➤ Expansion of MEL application fields

Agricultural spreading agent (reduction of chemical pesticide use)

Blending agents for feed (reduction of methane gas emissions from cow burps)

Coating agent for sanitary materials

Agricultural spreading agent



Blending agents for feed



Coating agent for sanitary materials



Exosome purification kit "CATAROSEV"

Biomedical technology × Environmental technology

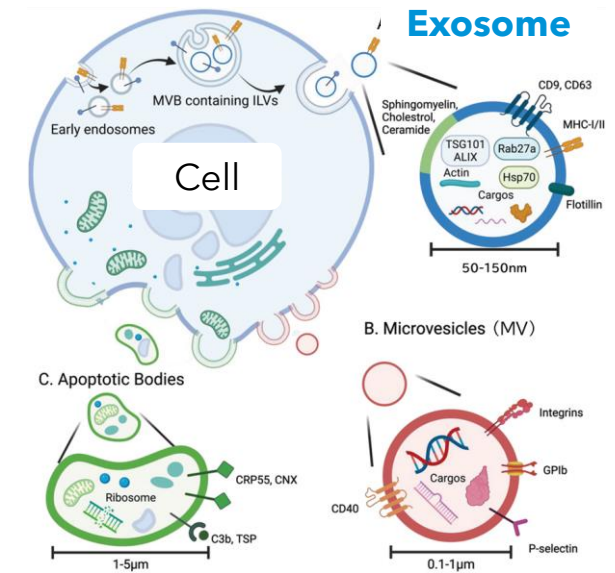
About exosomes

- Fine particles measuring 50 to 150 nanometers that are secreted from cells
- Carrying RNA, proteins, and other bioactive related substances
- An important role in intercellular communication
- Involved in disease onset/suppression, aging, homeostasis, etc.

Increasing attention has been paid to exosomes as a next-generation therapeutic approach that can be applied to a wide range of fields, including regenerative medicine and the diagnosis and treatment of diseases such as cancer

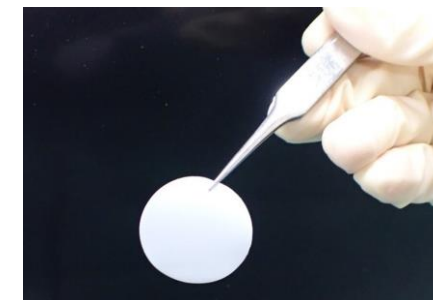
Development of "CATAROSEV"

Purification kit to recover exosomes with high efficiency, purity and yield



Source: Partially modified based on <https://onlinelibrary.wiley.com/doi/full/10.1002/adv.202103222>

	New technology method "CATAROSEV"	Ultracentrifugation method	Magnetic beads method
Method	Recovery using size and charge of exosomes	Recovery of exosomes sedimented and separated by centrifugal force	Recovery of exosomes using magnetic beads conjugated with antibodies, etc.
Purity	★★★★	★★☆☆	★★★★☆
Yield	★★★	★★☆	★★☆☆
Time	~ 30 minutes	Several hours ~ several days	~ Several hours



IV. Human Capital and Human Rights

Each individual can work with a sense of growth, pride, and satisfaction.

■ Human resource management

New human resource system (from July 2022)

Promoting and supporting capacity building, treating and evaluating in accordance with job responsibilities, enhancing management skills, and encouraging the active participation of diverse professional human resources

■ Nurturing the next generation of management

Policy support for the development of successor candidates as well as selection and rotation of human resources through Human Resources Conference

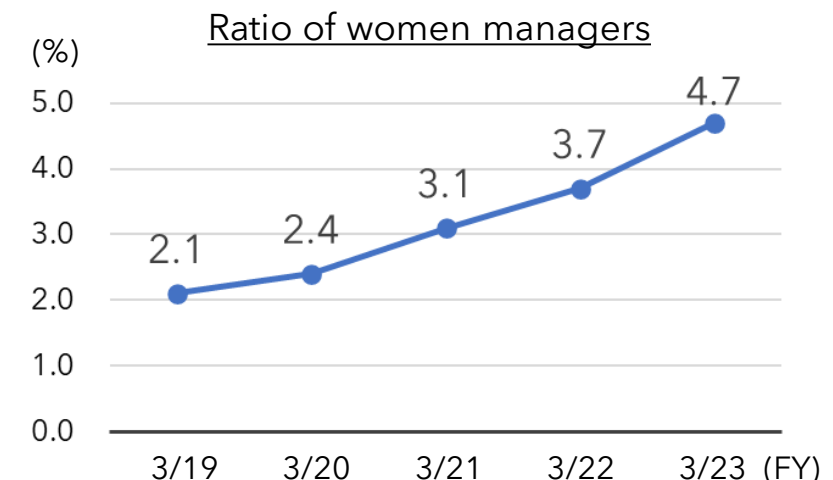
- Company-Wide Human Resources Conference : Discussion of successors for management posts
- Departmental Human Resources Conference : Discussion of successors for highly specialized positions

■ Promotion of diversity

Initiatives	Results (FY 3/23)	Targets (FY 3/26)
Ratio of women in managerial positions	4.7 %	5.0 % or above
Ratio of women in career track positions	18 %	22 % or above
Ratio of men employees taking childcare leave Average number of days	104.3 % 14.8 days	Over 80 % 14 or more days (20% increase from FY3/21)

Main measures implemented

- Women leader development seminars (cumulative number of participants: 189)
- Maintain women's share of new graduate recruitment at a level of at least 40%
- Notification to men employees taking paternity leave and their superiors, and interviews before and after the leave
- Babysitter support system, establishment of a nursery within the company



← Toyobo Nursery School at the Research Center

■ Onsite leader development

Improvement of an engineer education system and training program (Onsite leader training attendees: 129)

■ KAERU - Connecting awareness from dialogue to change -

- Workshops to instill "TOYOBO PVVs"
- T-UP (boosting team capabilities through TOYOBO TALK, our in-house term for organizational development)
- Casual discussions on serious issues (dialogue between president and employees: 46 times, 257 employees)



Dialogue between president and employees

■ Employee engagement

Launched a survey on organizational climate and job satisfaction, targeting all officers and employees in 2021

	Results (FY 3/23)	Targets (FY 3/26)
Employee engagement score	55 %	Over 70 %



Executive officers' workshop

■ External evaluation

- Eruboshi (second level) (December 2021)
- Platinum Kurumin certification (July 2023)
- First Certified as a top tier company for Outstanding Health and Productivity Management (March 2023)



2023
健康経営優良法人
Health and productivity
ホワイト500

Respect basic human rights of all stakeholders, including officers and employees, in accordance with TOYOBO Group Human Rights Policy

■ Survey on human rights of our group (non-consolidated in FY 3/23)

- At our domestic (non-consolidated) business sites, we conducted a survey addressing matters including child labor, employment equality, and occupational safety and health.
 - We confirmed the absence of any violations of human rights laws and ordinances.
- For technical intern trainees from overseas, we surveyed implementation and management of technical internships and compliance with labor-related laws and ordinances.
 - We confirmed implementation and compliance in all cases.

■ Human rights-related education and training

- Education and awareness-raising concerning the human rights of foreign workers (from FY 3/20)
- Training, lectures, etc. on human rights in each business site
- Video distribution to all officers and employees
- Compliance study sessions for managers



Respect basic human rights of all stakeholders, including officers and employees, in accordance with TOYOBO Group Human Rights Policy

■ CSR procurement survey

For risk assessment, we conduct questionnaire surveys every other year aimed at major business partners worldwide, based on our CSR Procurement Guidelines.

Results (FY 3/22)

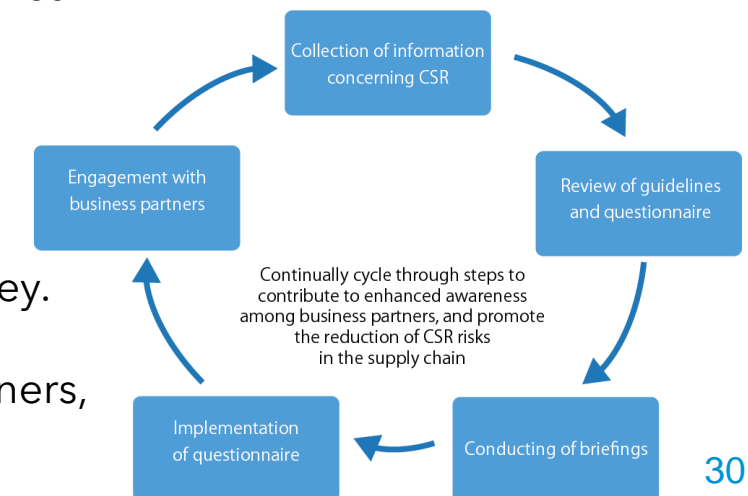
- Return rate for tier-one suppliers was 93% (172 out of 185 companies).
No compliance violations relating to matters such as the environment or product quality. With regard to supply chain management, an area where evaluation performance tended to be quite low overall, we asked each company to promote measures in this area.
- Secondary suppliers (115 suppliers) were also surveyed.
No suppliers were identified as being at high risk.

Survey underway (FY 3/24)

- Expansion of target suppliers to group companies (approximately 500 companies)
Attach a movie of Toyobo group CSR procurement briefing when requesting the survey.
- Questionnaires are currently being collected.
Analyze and evaluate (by the end of the fiscal year), select engagement business partners, and engage in dialogue



Evaluation scores of CSR procurement survey (FY 3/22)



V. Safety and Disaster Prevention, Quality

Our safety declaration

Promote activities according to the roadmap

“We will thoroughly implement 'putting safety first,' and we will emphasize labor safety, environmental safety, product safety, and equipment safety.”

Our slogan "Protect yourself, protect your colleagues, and speak up when noticing something."

■ Fostering a culture of safety

- Workshops for specific position levels : expansion from executive management to business unit management
- Utilization of a safety awareness survey : expand opportunities for participation in safety activities and continue safety dialogue

■ Fortifying safety infrastructure

- On-site safety inspections : capital investment measures have been completed, and soft measures are being enhanced.
- Safety and disaster prevention training centers:
Iwakuni Production Center (2021), Inuyama Plant (2023)

■ Acquisition of occupational safety and health management system certification (ISO45001)

- Utsunomiya Plant, Iwakuni Production Center, Tsuruga Research and Production Center

Safety and disaster prevention training centers



Iwakuni Production Center



Inuyama Plant

Safety, Disaster Prevention : Roadmap

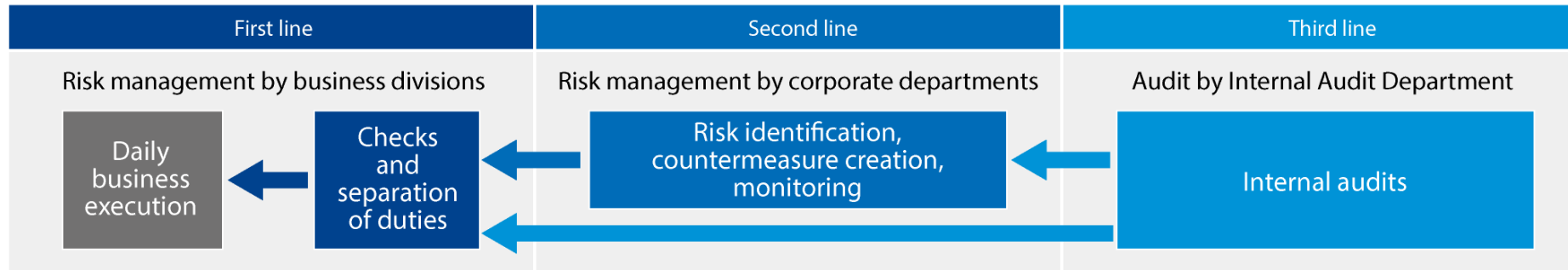
	FY 3/24	FY 3/25	FY 3/26	FY 3/27	FY 3/28 onward
Priority issues for the year	<ul style="list-style-type: none"> ◆ Establish on-site dialogue ◆ Establish safety and disaster prevention workshops ◆ Follow-up on safety awareness survey (1st) <p>Dependent stage</p>	<ul style="list-style-type: none"> ◆ Check the work certification system ◆ On-site inspection (2nd stage) ◆ Continue disaster prevention inspections activities ◆ Expand to overseas sites (disaster prevention) <p>Challenge to independent stage</p>	<ul style="list-style-type: none"> ◆ Continue safety and disaster prevention workshops ◆ Continue on-site inspection ◆ Safety awareness survey (2nd) ※ Expand to domestic group companies <p>To independent stage</p>	<ul style="list-style-type: none"> ◆ On-site inspection (3rd stage) ◆ Follow-up on safety awareness survey (2nd) ◆ Follow-up on various inspection activities <p>Challenge to interdependent stage</p>	<ul style="list-style-type: none"> ◆ Establish company-wide system ◆ Safety awareness survey (3rd) ◆ Evaluation of various inspection activities
Fostering a culture of safety Change in behavior and awareness Reestablish shared values and communications	<p>Workshops for specific position levels Executive management, business unit heads and managers</p> <p>Broaden to group companies and overseas sites</p> <p>Repeat education</p> <p>Utilization of safety awareness surveys Expand opportunities for participation in safety activities and continue safety dialogue</p>				
Fortifying safety infrastructure Systems, human resource development Reduction of on-site risks Incorporation into daily management Synchronize with all-company risk management activities	<p>On-site 3S activities (production innovation, small group) Continuously maintenance</p> <p>On-site inspections Stage 1: by equipment measures Stage 2: by soft measures Stage 3: Comprehensive measures</p> <p>Response to disaster prevention inspections 71% 85% 100%</p> <p>Disaster prevention management project: broaden to overseas group companies Reassessment of risk</p> <p>Establishment of Safety and disaster prevention training centers: active use to for subcontractors and group companies Deployment of self-inspection activities</p> <p>Acquisition of ISO45001 IY Assessing the effectiveness of ISO operations Consideration of expansion to other sites</p>				

Promote activities according to the roadmap

Strengthening the quality risk management system

- "Three lines of defense" (business divisions / Quality Assurance Division / Internal Audit Department)
: establishment of the multi-layered structure

The three lines model for quality control



Product safety and quality assurance training

- Quality assurance seminar, development of core human resources(Qace seminar*), case studies involving quality irregularities etc. *Qace : Qa_assurance, Qc_control, Qe_ensurance

Response to the quality-related misconduct incidents

- Engineering plastics : ISO9001 certification Working on reacquisition at the end of FY 3/24
UL certification** Sequentially reacquired **Underwriters Laboratories
- Contract manufacturing of pharmaceuticals : the Warning Letter was lifted by the FDA in July 2023

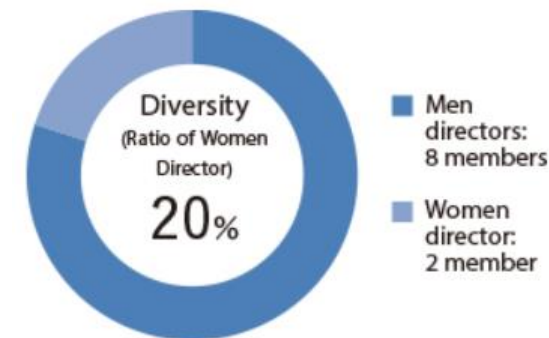
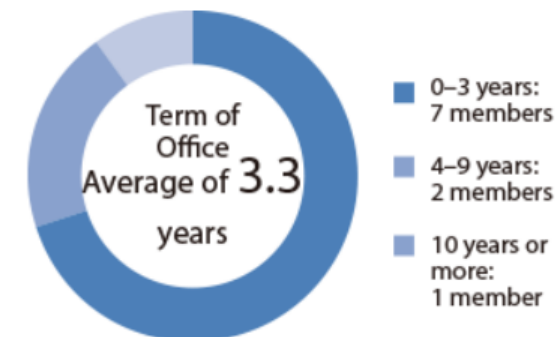
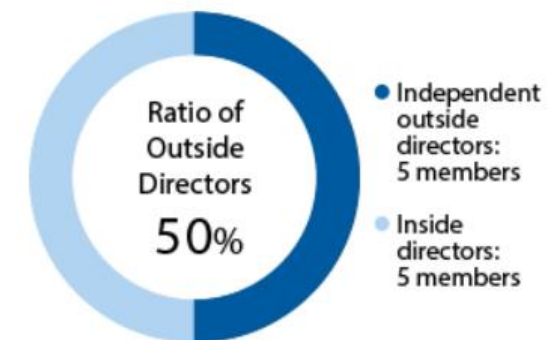
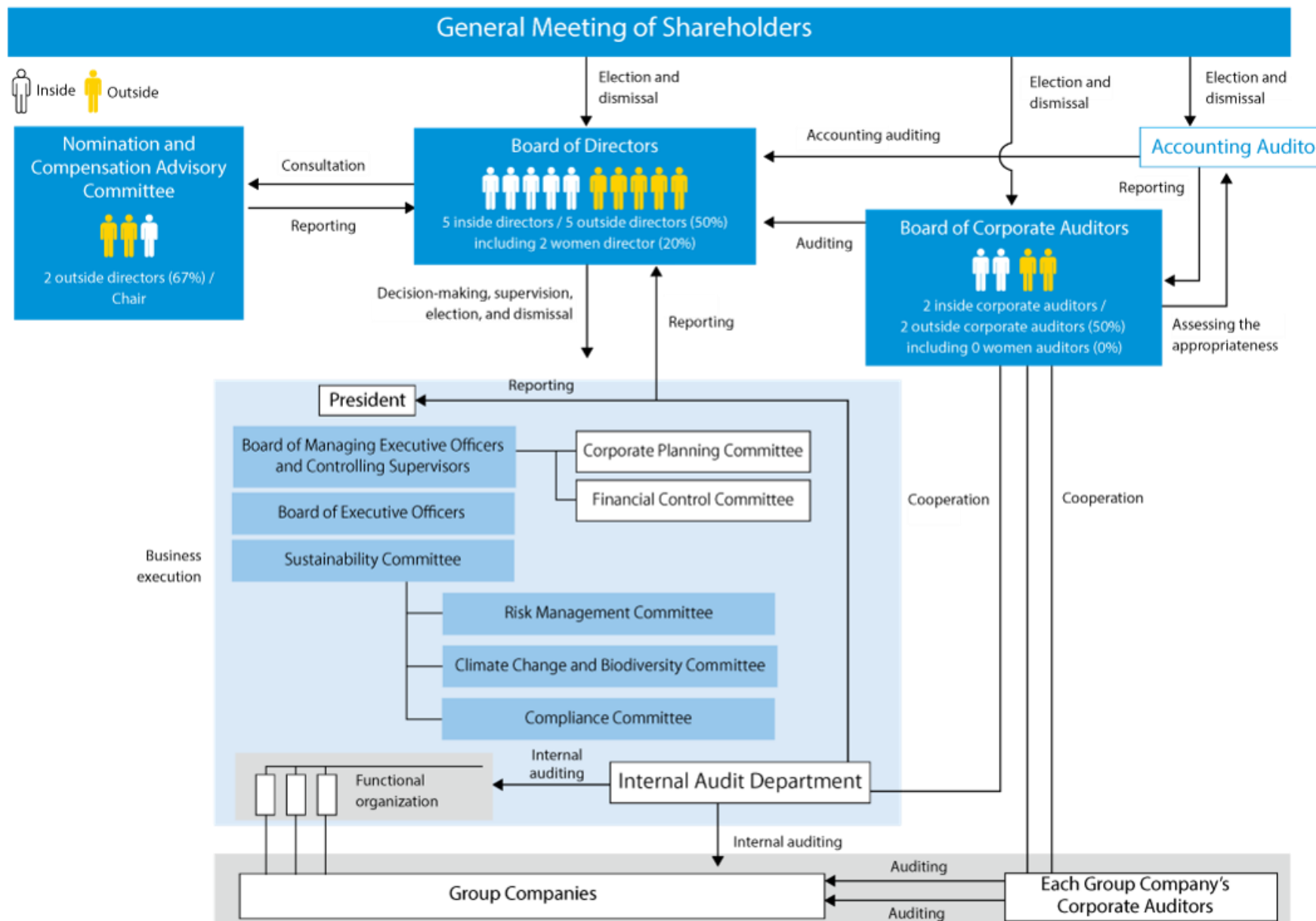
Quality : Roadmap

	FY 3/22	FY 3/23	FY 3/24	FY 3/25	FY 3/26
Priority Issues	<p>Regain trust</p> <p>Inspections to guarantee quality, build quality in the processes</p>			<p>Unwavering trust</p> <p>Instill the concept of quality assurance across the product lifecycle</p>	
Emergency Measures	<p>Respond to external certifications</p> <p>Revise assessment processes</p> <p>Respond to customers</p>				
Corrective Measures	<p>Create guidelines for quality DX</p>	<p>Horizontally expand to affiliates and overseas offices</p> <p>Promotion of quality data online ⇒ Accelerate conversion to smart factories</p>			
Standardization	<p>Management structure (verification of effectiveness): Three lines of defense system, Risk Management Committee</p> <p>Diligent quality assurance management (actively apply ISO to operations)</p> <p>Create a map of quality-related human resources, train and actively use specialists in the professional system</p>				
Changing Awareness	<p>Corporate Philosophy: Return to the roots of Jun-Ri-Soku-Yu, deeply instill "safety first"</p> <p>Change the organizational culture and awareness</p> <p>Instill QA as an activity for everyone!</p> <p>Train QA personnel and foster quality awareness</p>				

VI. Governance

- Governance structure
- Evaluation of Effectiveness of the Board of Directors
- Expectations and Issues for TOYOBO Group

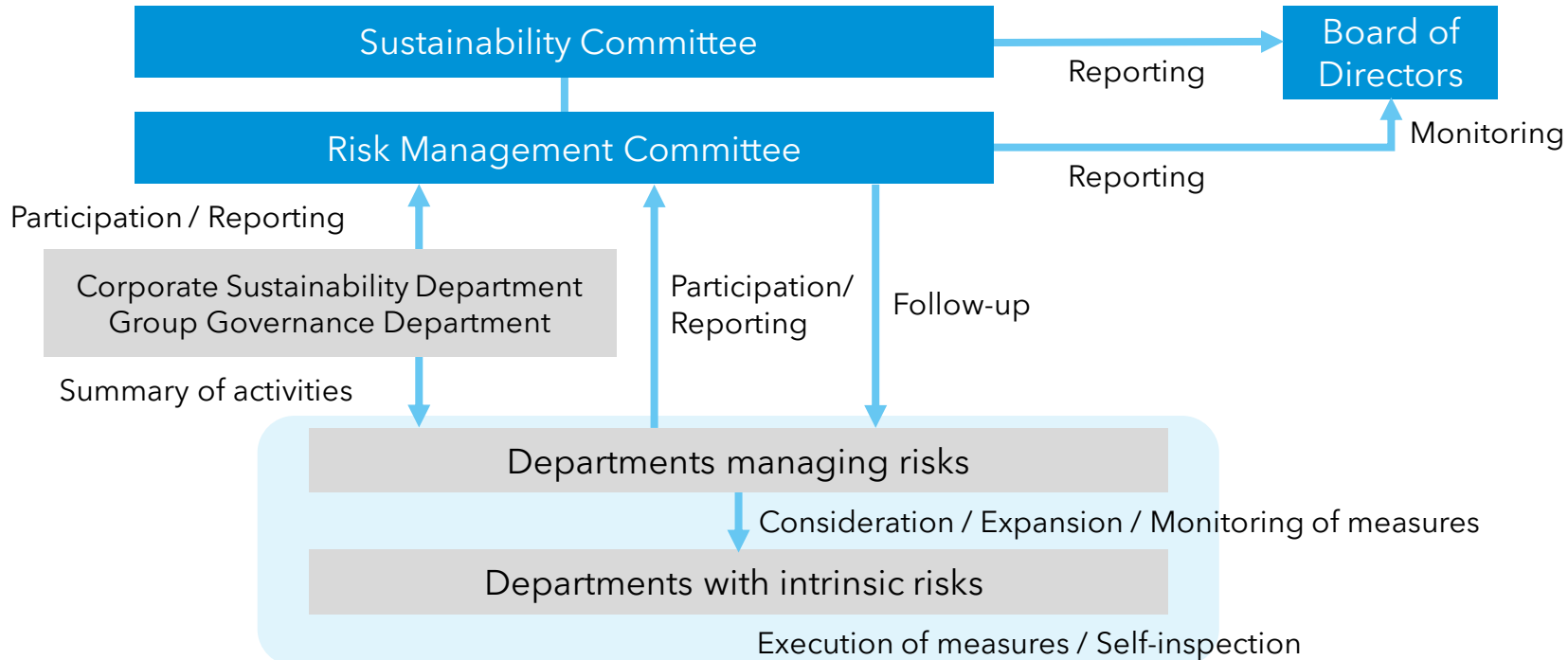
Corporate governance structure (as of June 2023)



■ Initiatives

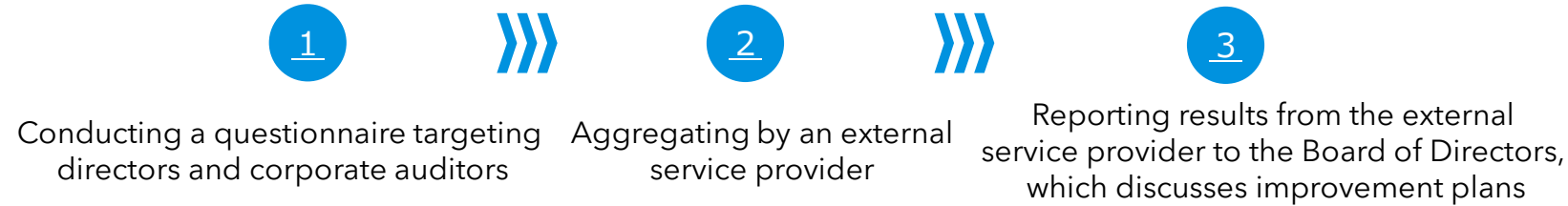
- Assessment of company-wide risks (Identification and monitoring of serious risks)
- Resource allocation to minimize risks
- Deepening and upgrading our activities by continuing to run PDCA
- Deployment to group companies
- Follow-up by both departments managing risks (risk management and compliance functions) and departments with intrinsic risks (risk owners)

■ Management structures and processes



Results of the Evaluation of Effectiveness of the Board of Directors, and Future Issues

【Process of evaluation of effectiveness】



【Issues extracted during the previous survey, and improvement plans (March to April 2023)】

Major issues	Major improvement plans
- Risk management including of safety and disaster prevention, and QA	- We will further enhance the risk management systems of our group as a whole, by means including supervision of the status of our initiatives for KPIs and materiality targets.
- Revision of our business portfolio	- We will set this as a priority theme in our annual plans, and will take it up at the beginning and work to enhance discussions. - We will engage in a review of our business portfolio, with group companies included.
- Strengthening of group governance	- We will receive reports on risk management at group companies and on other topics from the Corporate Business Management Department, and will engage appropriately. - We will ensure the effectiveness of internal audit functions through means including audit plans from the Internal Audit Department and reports on their outcomes, and will work to strengthen group governance.
- Initiatives for CEO succession planning and appointment procedures	- We will further ensure transparency and fairness by means including activity reports from the Nomination and Compensation Advisory Committee.
- Initiatives aimed at DX, human capital, environmental action, etc.	- We will set this as a priority theme in our annual plans, and will take it up at the beginning and work to enhance discussions.

- Looking back annually (PDCA cycle) : The results of evaluation for FY3/24 are scheduled to be conducted in March 2024. This will include identification of residual issues.

Outside Director

Hiroshi Fukushi



- April 1984 Joined Ajinomoto Co., Inc.
- June 2011 Executive Officer
- June 2013 Director & Managing Executive Officer
General Manager, Bio-Fine Business Division
- June 2019 Director, Vice President & Executive Officer
Chief Digital Officer
- June 2021 Director, Representative Director & Vice President
- June 2022 Special Advisor (to present)
- June 2022 Outside Director of the company (to present)
- June 2022 Outside Director, MEGMILK SNOW BRAND Co., Ltd. (to present)

The Company elected Hiroshi Fukushi so that his extensive experience and wide-ranging knowledge as a manager and high level of expertise in the biotechnology field and digital field can be leveraged to provide advice and supervision to the Company's management.

■ **Revision of our business portfolio**

- Evaluation and board discussion on reorganization of our business portfolio
- Advantages or areas to be improved in reorganization of our business portfolio

■ **Strengthening group governance**

- Key points of corporate governance to focus on most in order to achieve sustainable growth.
- Contribution to governance as outside directors with various backgrounds

Appendix

2025 Medium-Term Management Plan: Four Measures (Announced in May 2022)

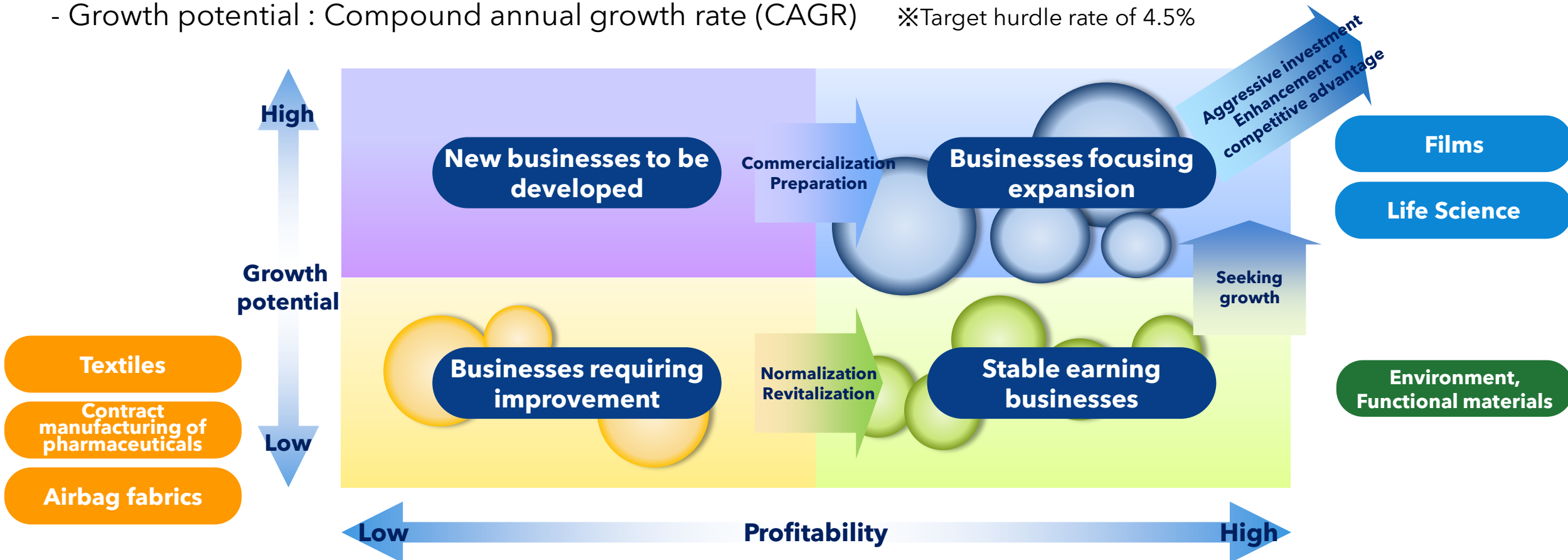
Measure 1	Thorough safety, disaster prevention, and quality assurance	<ul style="list-style-type: none">- Execute a master plan for safety and disaster prevention “zero accidents”- Reconstruct the quality assurance management structure- Risk management structure
Measure 2	Reorganization of the business portfolio	<ul style="list-style-type: none">- Stratify businesses (return on capital employed and growth potential)<ul style="list-style-type: none">(1) Focused expansion: proposal and implementation of growth measures, and enhancement of competitive advantage(2) Stable earning: seeking growth or maintenance and improvement(3) Requiring improvement: implementation of the master plan for what the business should be
Measure 3	Preparations for the future	<ul style="list-style-type: none">- Creation of new businesses and technologies: strengthening of environment and biotechnology related business, and Mirai Pro POC- DX strategy : SFA, MI, Smart Factory, and new earning ways- Roadmap for carbon neutrality (2050)
Measure 4	Reestablishment of foundation	<ul style="list-style-type: none">- Promote human resources development, diversity- Workplace capabilities in manufacturing- Development of the business base- Governance / Compliance - Change of the organizational culture

2025 Medium-Term Management Plan: Reorganization of the Business Portfolio

(Announced in May 2022)

Assess and stratify each business into 4 quadrants with 2 axes: "Profitability" and "Growth potential"

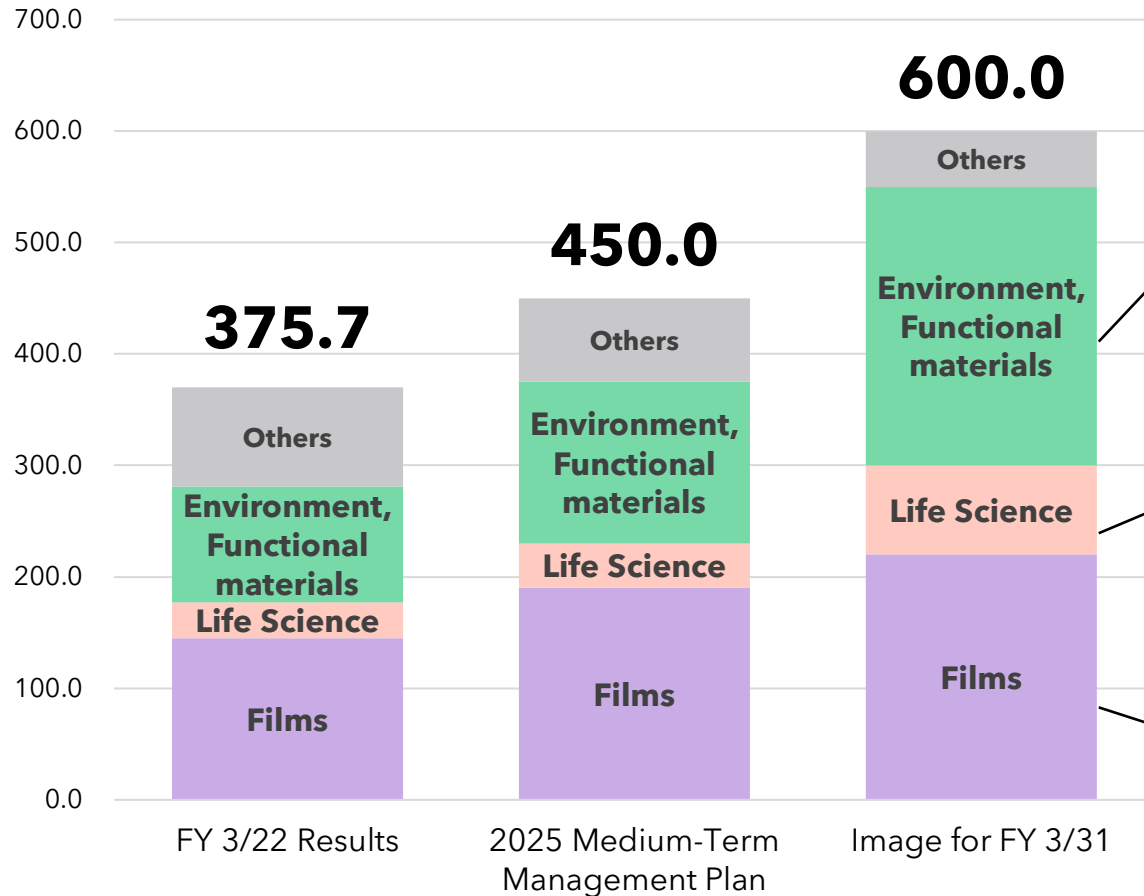
- Profitability : Return on capital employed (ROCE) = Operating profit / Capital employed ※Target hurdle rate of 6.5%
- Growth potential : Compound annual growth rate (CAGR) ※Target hurdle rate of 4.5%



- Determine whether the business is a "stable earning business" or a "business requiring improvement," taking into account not only the hurdle rate but also qualitative information.
- The entire Group's capital efficiency indicator is ROIC, and the management indicator for each business is ROCE.

Reorganization of the Business Portfolio: Aggressive Expansion Measures in Three Fields (Announced in May 2022)

Changes in net sales of the Group (¥bn.)



Main expanding businesses

- Engineering plastics
- "VYLON", "HARDLEN"
- VOC recovery equipment
- RO, FO membranes
- High-performance fibers

Environment, Functional materials
(Mainly TOYOBO MC Corporation)

- Infection diagnosis-related products
- Artificial kidney hollow fiber
- Virus removing filters
- Blood purification membranes

Life Science

- Mold releasing film for MLCC
- Transparent vapor-deposited film
- Laminate film for steel plates
- Eco-friendly films

Films

Recover earning power to create the future

1. Thorough safety, disaster prevention and quality assurance, and compliance

2. Recover earning power

- (1) Price revisions: Prices that match value. Carrying out our responsibility for supply. Creating the future.
- (2) Cost reduction: Narrow down manufacturing, procurement and logistics costs, and SGA expenses
- (3) Improve cash flow: Compress inventory, narrow down CAPEX, and realize effects of investment
- (4) Measures and initiatives for businesses requiring improvement

3. Implementation of four measures of Medium-Term Management Plan

- (1) Thorough safety, disaster prevention, and quality assurance
- (2) Reorganization of the business portfolio (measures for businesses requiring improvement and starting up of TOYOBO MC Corporation)
- (3) Preparations for the future
- (4) Reestablishment of foundation

The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.

TOYOBO CO., LTD.

All Rights Reserved

TOYOBO
Beyond Horizons