

<https://www.unitika.co.jp>

Unitika Report 2022

Integrated Report

Connecting people's
lives and technology



UNITIKA
We Realize It!

Our Philosophy

Contributing to society by connecting people's lives and technology

Basic Management Policies

As a corporate group, we are committed to our philosophy of “contributing to society by connecting people’s lives and technology,” and to become an essential corporation for society that contributes to people’s lives and the environment.

While advancing our basic management policies of “strengthening infrastructure as a functional material manufacturer” and “strengthening our corporate character and capital stock,” we maintain our firm belief that contributing to society not only increases our corporate value, but also meets the expectations of our stakeholders.

Safe
and
secure living

Convenient
and
comfortable
living

Living in
coexistence
with the
environment

Notes on the Integrated Report

In FY 2021, the Unitika Group integrated the usual Fact Book and Unitika CSR Report, and issued a Unitika Report that summarizes the financial information and non-financial information in a single book. With this report, we are aiming to further deepen the understanding of our company by a wide range of stakeholders, including shareholders and investors.

Organizations covered in the report: In principle, this report covers the activities of Unitika, Ltd. and the Unitika Group companies, both in Japan and overseas.

Period covered in the report: April 1, 2021 to March 31, 2022 (includes some information from April 1, 2022 onwards)

Issue: October 2022 (Next scheduled issue: October 2023)

Important notes concerning forecasts: The contents of this report are based on the information currently available to the Company, and on certain assumptions the Company determines to be reasonable; the contents are not intended to be a promise by the Company that they will be achieved. The actual results, etc., may differ considerably due to various factors.

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ESG

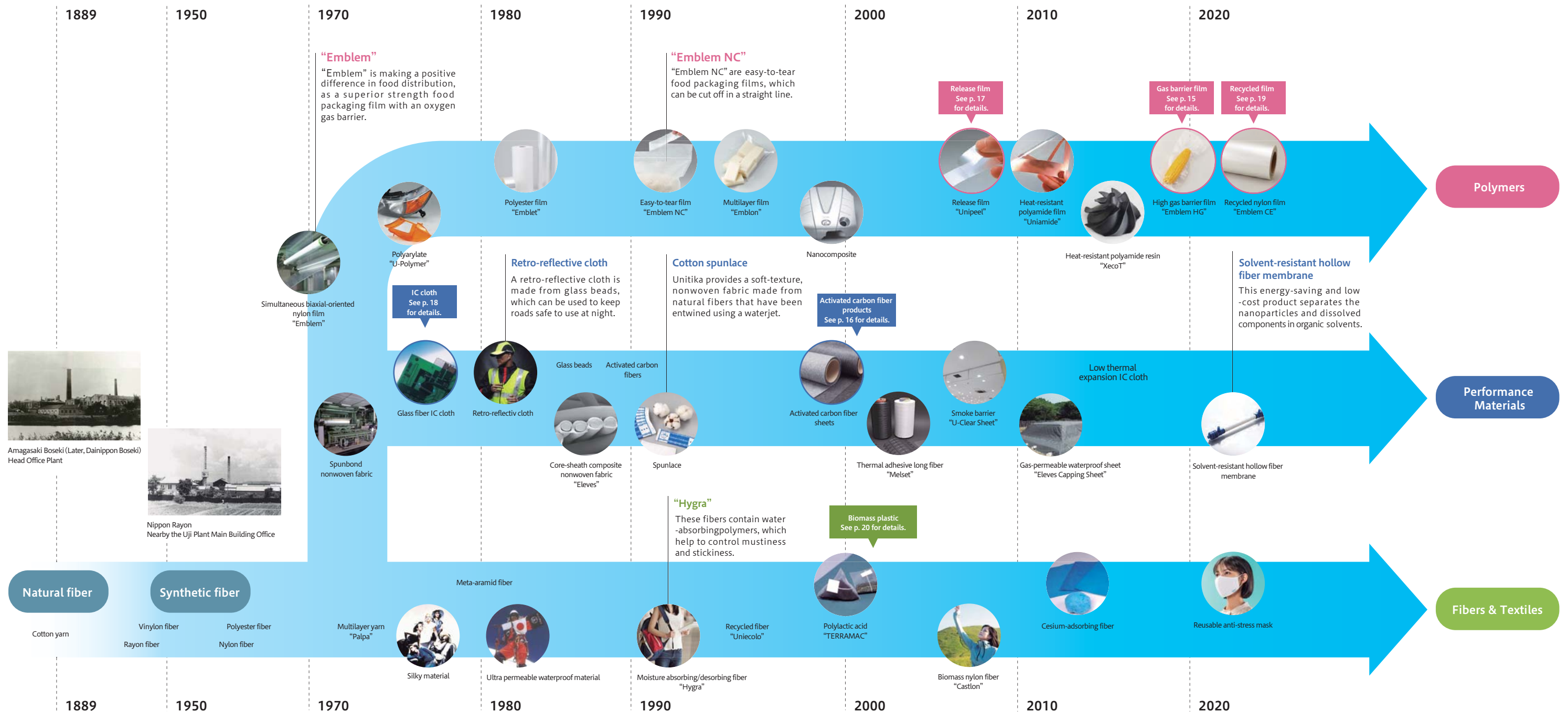
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History of the Unitika Group

Founded as a spinning company, we have expanded our product areas to address the various issues in society.



Founded as a spinning business in modern Japan

The History of the Unitika Group began in 1889, when the company Amagasaki Boseki Ltd. was founded. From 1918, we supported the development of Japan's fiber and textile industry as Dainippon Boseki Co., Ltd., which was regarded as one of the three major spinning companies. Then in 1969, we merged with Nippon Rayon Co., Ltd. to create Unitika Ltd.

Expanded business areas after the post-war slump

The way of living and economic environment in Japan changed considerably following the period of rapid economic growth and the Oil Shock. Amidst that, we forged ahead with differentiating and diversifying Unitika from our competitors, and developed our business into a wide range of areas from films, resins and nonwoven fabrics to activated carbon fibers. We expanded the areas in which Unitika products are used to go beyond just clothing, and also encompass general daily life goods, automobiles, and other applications.

Restructuring and reforming our businesses through selection and focus

After the collapse of the Bubble economy, we reviewed our businesses and set up new companies and overseas subsidiaries of our strong businesses. Unitika moved ahead with its global expansion through a process of business selection and focus. We focused on new businesses in polymers and performance materials, and strengthened development and sales to rebuild our portfolio.

Speeding up the development of environmentally friendly materials and high value-added products


As the global demand for sustainability continues, in many of our business areas, the Unitika Group is speeding up the new development and strengthening of businesses of high value-added products that can meet the needs of customers, and of environmentally friendly materials such as energy-saving products and products that use recycled resources and plant-derived raw materials.

Main Business Areas and Product Groups

* Items numbered with a ■ are Unitika environmentally friendly materials. Items numbered with a ● are Unitika materials. Items marked with a ● are applications.

Unitika Materials		Automobiles and Mobility		Electric and Electronics	Living and Safety	Environment and Energy	(Primary Industry)		
		Automobiles	Other Mobility	Industry	Lifestyle	Civil Engineering and Construction	Fishing and Agriculture		
Polymers	Films	1 Films for industrial use (including "Unipeel" and "Uniamide")		● Semiconductors, Smartphones					
		2 Food packaging films (including highly functional products such as "Emblem HG")				2 ● Processed meat products, Instant food products, Convenience store food, Boil-in-the-bag food products, Seasonal products, Confectionary, Souvenirs, Shampoo, Liquid detergent			
	3 Environmentally-friendly packaging films				3				
	Plastics	4 "U-Polymer"		● Lamps		4 ● Office equipment, Wristwatches			
		5 "Elite", "Arrowbase"		● Sensors, Switches, Smartphone cameras		5 ● Adhesives		● Solar cells	
		6 Functional plastics (including highly functional products such as UNITIKA NANO-COMPOSITE NYLON6)		● Engine covers, Mirrors		● Flat cables			
		7 "TERRAMAC", "XecoT"		● Interior parts, Electrical parts		● Lighting equipment, Office equipment			
				● Office equipment		● Daily necessities			
Performance Materials	ACF	8 Activated carbon fibers		● Deodorizing, Air purification materials		8 ● Deodorizable masks ● Water purification filters ● Water purifiers			
		9 Highly functional porous plates		● Filters (for liquid purification)		9 ● Materials for water absorption and transpiration ● Refrigerators ● Humidifiers			
	Glass Fibers	10 Industrial materials		● Materials for heat radiation		10 ● Electronic materials		● Bag filters ● Civil engineering and construction materials	
		11 Electronic materials (IC cloth)		● Materials for electrical and electronic applications		11		● Transparent non-combustible sheets ● Tents and sheets	
	Glass Beads	12 Glass beads		● Reflective materials, Blasting, Fillers		12 ● High precision, Industrial use		● Reflective materials ● Road markings	
		13 Spunbond		● Engine silencers, Carpet, Automotive interiors		● Filter applications		13 ● Packaging materials, Daily necessities, House wraps ● Infection protective clothes	
	Nonwoven Fabrics	14 "TERRAMAC"				14 ● Daily necessities		14 ● Materials for civil engineering ● Weed proofing sheets	
		15 Spunlace				15 ● Anti-perspiration sheets, Disinfection sheets, Cosmetics goods		15 ● Disinfectant cotton, Medical gowns, Wet towels	
		16 Wet curing sheet for concrete				16		16 ● Materials for concrete curing	
	Industrial Fibers	17 Polyester staple fiber		● High-melting binder fibers		17 ● Functional paper ● Medical and cosmetics		● Materials for civil engineering and construction	
18 Ultra-high-strength polyester filament yarns and monofilaments		● Materials for tire (chafers)		● Conveyor belts ● Hoses		18 ● Gut for fishing and other purposes			
19 "TERRAMAC"				19 ● Filters		19 ● Daily necessities ● 3D printers ● Filaments			
20 PA hollow fiber membrane				20		20 ● Sandbags			
Fibers & Textiles	Garment Fibers	21 Fibers and textiles (garments, lifestyle materials, and bedding)				21 ● Uniforms, Ladies, Sport, Casual, Bedding interior ● Medical gowns			
		22 Ecofriendly, "TERRAMAC"				22			

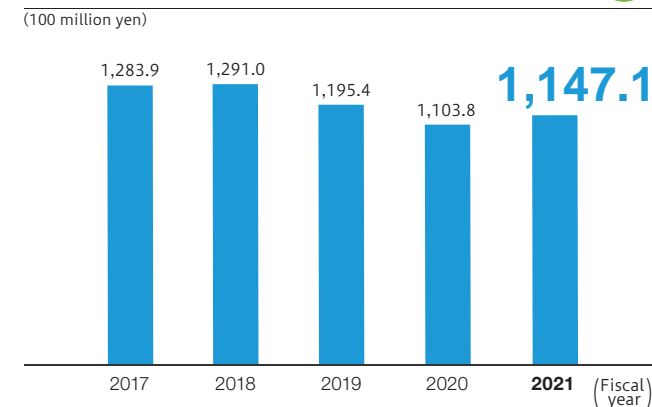
Main Products

<p>Polymers</p>  <p>"Emblem HG" "Emblem HG" is a nylon film with strong gas barrier characteristics. It has high gas barrier retention properties specifically for retorting and boiling applications, and can retain its barrier function even under a high-level of physical stress.</p>  <p>"Uniamide" "Uniamide" is a biaxially oriented high heat-resistant polyamide film. Unitika used its technical expertise and experience in film processing to convert this resin into an oriented film. Uniamide is well-suited to electric and electronic applications.</p>  <p>UNITIKA NANO-COMPOSITE NYLON6 UNITIKA NANO-COMPOSITE NYLON6 is a composite material boasting superior hardness, heat resistance, and moldability. Potential applications for this product are growing, such as in engine covers etc.</p>  <p>"U-Polymer" Unitika was the first in the world to develop industrialized polyarylate resin. It is used in a range of applications, including precision equipment, cars, machinery, medicine, food products, and everyday goods, etc.</p>	<p>Performance Materials</p>  <p>Finished glass fabrics for printed circuit boards Unitika provides a unique level of quality using our comprehensive technologies, from materials through to weaving and surface treatment.</p>  <p>Glass Beads Glass Beads are used for a range of road sign applications, including white lines and pedestrian crossings. Their retroreflective properties increase visibility at night, playing an important role in road safety.</p>  <p>Activated carbon fiber filters Unitika has developed a wide range of filters using activated carbon fiber. These filters are used to remove harmful substances and impurities from water and the air.</p>  <p>"Marix" "Marix" is widely used in automotive and interior applications as a base fabric for carpets.</p>  <p>Cotton spunlace Unitika provides 100% cotton spunlace. It has superior sanitary and environmental properties. We are working on developing a wide range of daily life applications for Cottoace.</p>  <p>"Melset" "Melset" is a high-strength and core-sheath composite structure multifilament, composed of high-viscosity polyester resin at the core and low-melting polyester resin at the sheath. It is a core-sheath binder fiber, which can be molded into various shapes by heat treatment.</p>  <p>"Palpa" "Palpa" is the standard in multilayer yarn products, introduced over 30 years ago. It features polyester staple fibers wrapped in high-quality cotton.</p>
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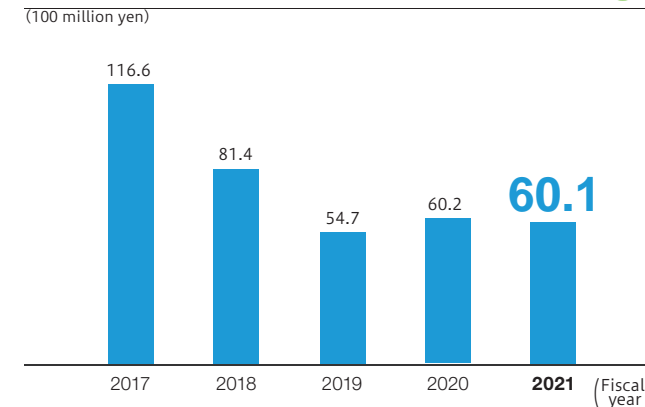
Financial and Non-Financial Highlights

Financial Highlights

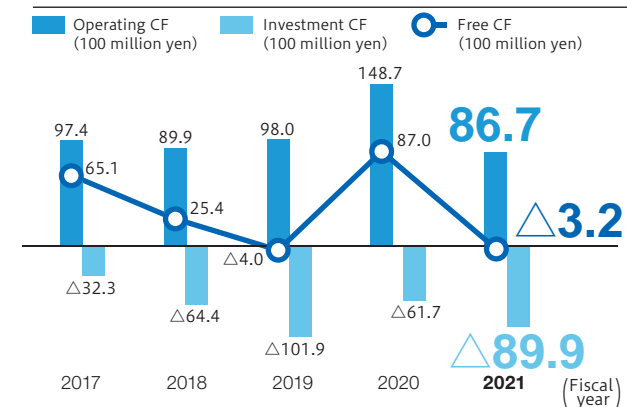
Net sales
Year-on-year
+4,340 million yen 



Operating profit
Year-on-year
▲10 million yen 

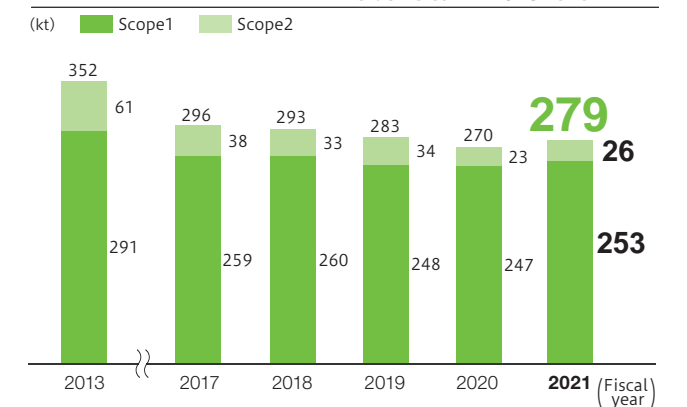


Cash Flow (CF)

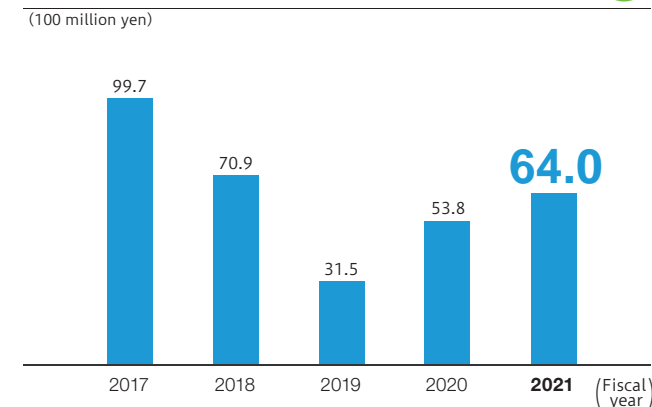


Non-Financial Highlights

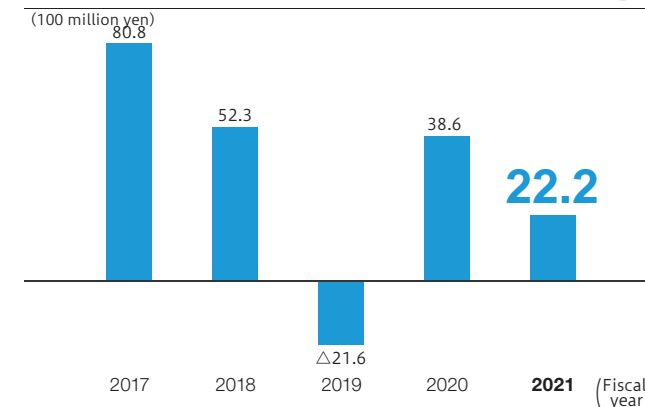
CO₂ emissions from all domestic production sites (Scope1+Scope2)
▲21% relative to FY 2013 level 



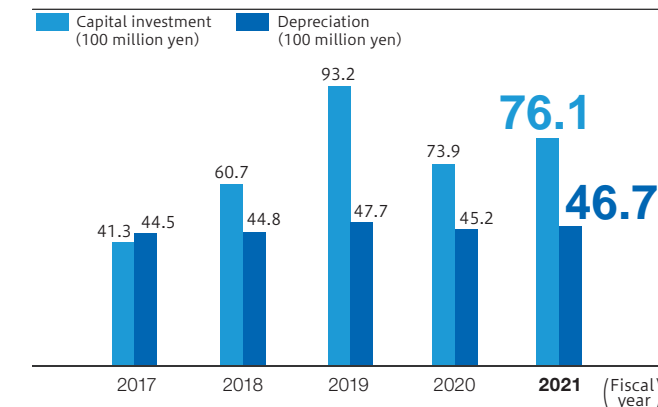
Ordinary profit
Year-on-year
+1,020 million yen 



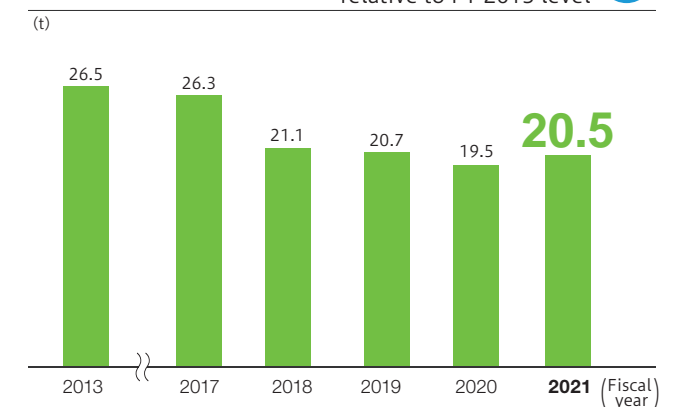
Profit attributable to owners of parent
Year-on-year
▲1,640 million yen 



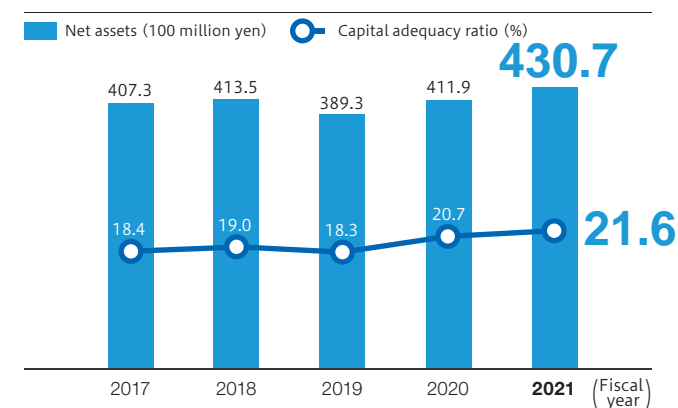
Capital investment/Depreciation (Property, plant and equipment)



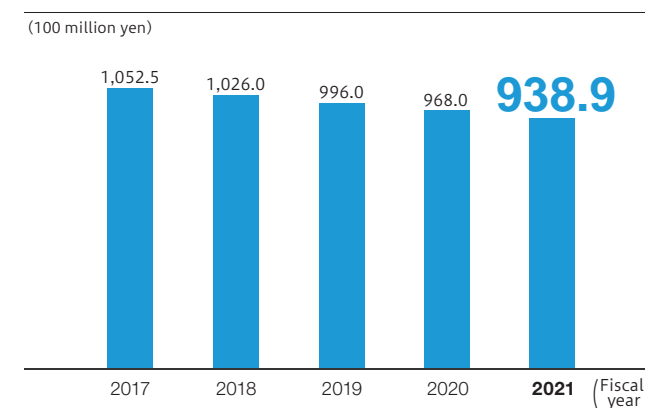
CO₂ emissions related to logistics
▲23% relative to FY 2013 level 



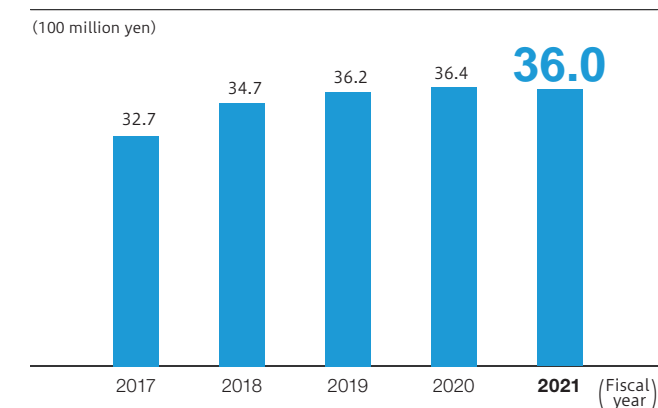
Net assets/Capital adequacy ratio




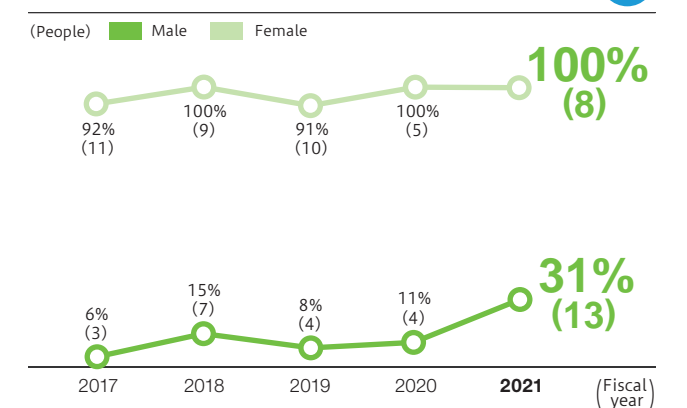
Interest-bearing liabilities



R&D expenditures



Child-rearing leave usage ratio
Year-on-year
+20% 



Message from the President



Shuji Ueno

Representative Director
and President, Chief Executive Officer

Unitika aims to be a company that creates new value aligned with the times, and that is continuously chosen

FY 2021: Rebounding from negative impacts, and securing operating profit on par with the previous fiscal year

Although the impact of COVID-19 was less in FY 2021 than in FY 2020, the rapid and remarkable rise in the prices of raw materials, fuel, and overseas logistics costs are factors that will drive down our results going forward. Operating profit was negatively impacted by around 4,500 million yen due to intense price pressure from the skyrocketing costs of raw materials, fuel, and logistics.

Despite such a tough business environment, we were able to secure an operating profit of 6,000 million yen, which is on par with the previous fiscal year; I believe this was the result of promptly putting in place various measures. We revised our prices and product mix, and coupled with a recovery in sales volume, we somehow managed to rebound from these negative impacts. A driving force that pushed us through these tough times was our shift to primarily high value-added products, such as environmentally friendly materials and highly functional products featuring Unitika's proprietary technologies and with a relatively high profit margin.

Due to an impairment of non-current assets, net income was 2,200 million yen—a tough result of an increase in net sales and decrease in operating profit. Nonetheless, it was also a year of positive achievement in rebounding from the negative impact on operating profit of 4,500 million yen. FY 2022 will be the final fiscal year of the medium-term management plan that we started in FY 2020. I would like everyone to keep steadily making efforts toward achieving our targets.

Steadily implementing the medium-term management plan of 3Gs

The three basic policies of the medium-term management plan G-STEP30 1st are Growth, Global, and Governance.

For Growth, we will strengthen our revenue structure by accelerating the development of high value-added products. An area that has steadily grown within these two years of concerted efforts is highly functional materials in the films business—one of our original main businesses. We smoothly grew sales in FY 2021 as well, for products such as packaging films with enhanced gas barriers, silicon-free release films, industrial use films with high heat resistance and other properties, and ultrathin glass fabrics that are increasingly in demand as electronic materials. Unitika has also been focusing on the development of environmentally friendly materials, such as biodegradable plastics that we started selling over 20 years ago. Recently, special plant-derived resins with high heat resistance are being more widely used in automotive parts and other areas. Unitika has also been in the spotlight for the development of energy-saving and cost-saving nylon hollow fiber membranes including the recycling of waste solvents, as well as for the removal of impurities and condensation of targeted objects in manufacturing processes using microfiltration.

Developing competitive products and launching them in the market in the right time and way are essential for strengthening our earning capacity. We will continue to rebuild an even stronger business portfolio that meets the markets' needs.

For Global, there are many issues that have arisen as a result of the COVID-19 pandemic. We have set



the target of an overseas sales ratio of 30% by 2030; it was roughly 22% before the COVID-19 pandemic and then fell to around 19% in FY 2020. In FY 2021, we were eventually able to return the overseas sales ratio to about 22-23%. Although it may not seem like we are making progress simply by looking at the figures, during this period we have added more production equipment for food packaging films at our subsidiary in Indonesia, and we are also strengthening our sales structure; so we have been making steady progress with these and other preparations. The COVID-19 pandemic has delayed the start of new production equipment, but we will finally begin full-scale operation in FY 2022.

For Governance, we have been focusing on reforming our corporate culture and awareness. This includes printing the Unitika philosophy, action guidelines, and other management principles on a card, and distributing this card to all employees. Our aim is for all employees to carry this card with them at all times, and use it as a guiding principle for “what is the right thing to do” when making decisions and taking action. Risk management has also become more important than ever in these times of increasing uncertainty. In FY 2022, I would like us to once again fundamentally review the Unitika risk management system, and keep making efforts to steadily strengthen it.

FY 2022: An even tougher business environment is ahead

The prices of raw materials and fuel are forecast to soar even higher in FY 2022. Around 80% of the products we handle are chemical products, and the prices of chemical raw materials are already at their highest level in the past 20-30 years. We already revised our prices in FY 2021, but we will have no choice but to make additional price revisions in FY 2022 as well.

Faced with this tough environment, for the FY 2022 results we have set a target of increasing net sales by a little under 10%. However, we forecast operating profit will decrease by about 8% (5,500 million yen) and net income will also substantially fall from 2,200 million yen in FY 2021 to 1,500 million yen in FY 2022.

We should recognize these figures as our “defend to the last” line, and resolve to do our utmost to meet these targets. In addition to revising prices, we will continue working hard to enhance our lineup of environmentally friendly materials and highly functional products that are in high demand in more growth areas, boost our earning capacity, as well as work on developing new applications and cultivating new customers.

Further strengthen technology and development—the source of competitiveness

It goes without saying that the source of Unitika’s competitiveness is our technical capabilities. There are three pillars supporting our technical capabilities—fiber and textiles technologies that we have continued uninterrupted since our foundation, polymer technologies, and advanced processing technologies. Ultrathin glass fabric and similar materials that have been developed recently, and are gathering attention as electronic materials, are made of glass fibers woven together using special processing technologies. This product can be described as a fusion of the strengths of Unitika. We pride ourselves on what we believe are the main strengths of Unitika—combining these technologies to speedily develop and provide products that meet the needs of the markets and times.

At the same time, in the extremely competitive materials industry, we need to constantly keep working hard at further improving these strengths so that we can remain a company that is chosen by customers. Using Unitika’s proprietary technologies to realize the functions customers want, and constantly creating new value. I believe this will enhance our corporate value, and lead to sustainable growth.

As a step towards achieving that, we have been strengthening the collaborations between our Research & Development Center and the research & development teams set up in each business department, as

well as reviewing and maintaining relevant systems and equipment. This has enabled us to more smoothly and speedily manage the processes from developing new technologies to commercializing them into products that meet customers’ needs. We are already seeing the tangible results of our efforts, such as high value-added products created from collaborations between the Research & Development Center and the research & development teams in business departments.

In times of transition like these, where the structure of markets is changing considerably, it is important to apply wisdom and knowledge from both inside and outside the company. To that end, we have been working with Shikibo Ltd., which was a former rival in the fibers business, and leveraging our mutual specialties to develop products and engage in sales and production activities. In addition to entering into business alliances between companies, we are also dispatching our research staff to work at universities and research institutions.

Moving forward with sustainability initiatives

In FY 2021, Unitika specified eight priority issues (materiality). Three of these issues relate to business activities, with many points that overlap with our philosophy and basic management policies and topics that we have been working on for some time. The other five issues relate to corporate activities, and it is important to address them systematically. We recognize that initiatives such as creating a company that is a rewarding place to work at and promoting diversity are also linked to reforming our corporate culture and awareness.

In FY 2021, we launched the Sustainability Committee with myself as the Committee Chairman, and clarified the indexes of the eight priority issues specified in the preceding Sustainable Business Promotion Project. In FY 2022, I would like us to prepare a system for running the PDCA cycle based on clear indexes. We have set 2030 as the target year, and we are currently involving relevant on-site departments in our discussions on setting milestones indexes for the midway point of 2025.

The content and progress of the activities managed by the Sustainability Committee will be reported to the Board of Directors, and also subject to governance from the management side.

To all stakeholders

I strongly feel that in these times of dizzying changes, including the continual and considerable changes to the structures of markets caused by the COVID-19 pandemic, we need to keep our “antenna” even higher to catch all the relevant information. We also need to keep a keen eye on the changes happening around us, gather information from a wide range of sources, make the “right” decisions for ourselves, and then act on them. To all Unitika employees, I always try to send out the message of embracing rather than fearing changes. Have a positive mindset about how to create and provide value that matches these new times, and keep challenging yourself!

Unitika will keep striving to be a company that is continuously chosen by customers, and come together as one Group to embrace challenges and contribute to society through manufacturing. I hope to receive the continued understanding and support of all stakeholders for the activities of the Unitika Group.



Shuji Ueno
Representative Director and President,
Chief Executive Officer

Value Creation Process

Aiming to be a company that is continuously chosen, and contributing to the creation of a sustainable society

Our Philosophy

Contributing to society by connecting people's lives and technology

Business Model

Businesses

Polymer

Performance Materials

Fibers & Textiles

See pp. 25–26 for details.

Strengths

- Responsiveness to diverse needs
- Global niche technologies and products
- Domestic and global top share products
- Seven core technologies

Fibers and textiles technologies, Nonwoven fabric technologies, Film technologies, Polymerization technologies, Compound alloy technologies, Emulsion technologies, Analytical evaluation technologies

Strategies

Medium-term management plan G-STEP30 1st

Preparing a business operation base

See pp. 21–24 for details.

Values Provided



The three items listed here are “business-related priority issues,” which are a part of the priority issues (materiality). See pp. 29–30 for the other priority issues.

Desired Image (Long-term vision)

A company that is continuously chosen by customers

- A company that contributes to society through manufacturing, and is trusted throughout the world
- A company that creates new value with unique technology, and continues to grow sustainably
- A company that increases corporate value and is evaluated highly by a wide range of stakeholders

Targets to be achieved by around 2030

Net sales **200,000** million yen

Operating profit **20,000** million yen

Basic matters underlying the priority issues

Compliance

Strengthen governance

Ensure product safety and quality

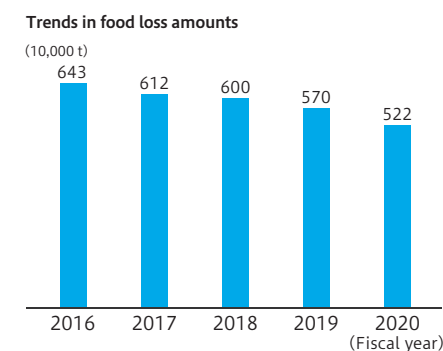
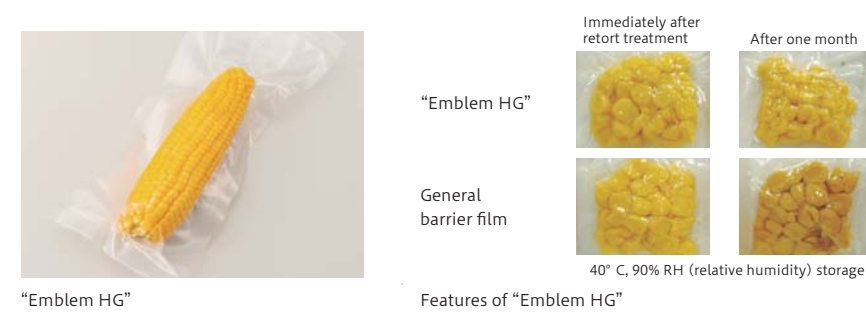
Promote digital transformation

Special Feature: Products in Focus


1 Gas Barrier Film

2 Activated Carbon Fiber Products


Helping to provide safe and secure food products, and reducing food loss.



Source: Ministry of Agriculture, Forestry and Fisheries
"Situation Surrounding Food Loss and Waste, and Recycling"
(June 2022 Edition)

Relevant SDGs



Lifestyle changes, such as an increase in single-person and double-income households and more people having to stay at home due to the recent COVID-19 pandemic, have expanded the demand for ready-made meals. Easy-to-use food packaging films are proving to be useful in such a situation. Unitika is a leading global manufacturer of nylon films that are used mainly in food packaging applications. Using Unitika's technical capabilities, we are manufacturing products with an improved oxygen gas barrier that can be used to control the deterioration of food products.

Unitika is also helping to reduce food waste food loss by preserving the safety and security of daily dietary lifestyles, and making it possible to store food products for longer periods.

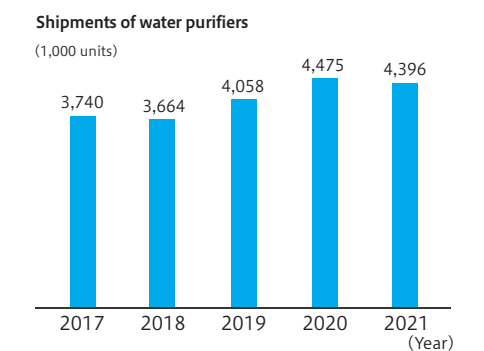
Effectively removing toxic and odoriferous substances, Unitika is supporting a safe and secure daily life.



Activated carbon is used to remove minute amounts of toxic and odoriferous substances contained in tap water and in the air. Unitika's activated carbon fibers have superior speed in adsorbing toxic and odoriferous substances. These activated carbon fibers can also be processed into various shapes, so they can be used in water purifiers to provide delicious and safe tap water for drinking, and also in filter products such as deodorizing and VOC* adsorbing sheets. With our products that purify water and the air and prevent pollution, Unitika is helping people to live safely and with peace of mind.

* Volatile Organic Compounds (VOC):

Organic chemical substances (volatile organic compounds) that volatilize in the air at room temperature. If VOC are emitted into the air and water, they can cause pollution and damage to health.



Source: Japan Water Purifier Association
"Water Purifier Shipment Statistics" (July 2022)

Relevant SDGs



Special Feature: Products in Focus

Products in Focus **3** Silicon-free Release Film

Used in the manufacturing of electronics, and helping to create a comfortable and convenient daily life.

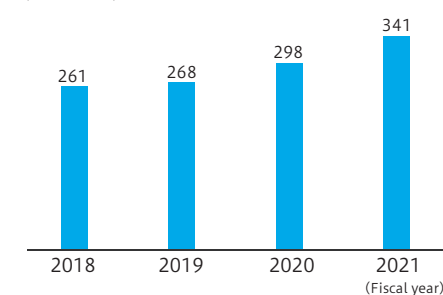


"Unipeel"



Usage example

Unitika's originally developed film "Unipeel" is mainly used in the manufacturing of electronics parts. General release film uses silicon compounds to enable the film to easily peel off from the parts they are attached to. However, the components in these silicon compounds pollute the manufacturing processes and negatively affect the electrical properties of the parts; so release film that uses silicon compounds cannot be used in high-tech electronic parts. "Unipeel" provides a solution to this issue by using silicon-free coating. By solving an issue in the manufacture of mainly electronic parts, Unitika is helping to create a comfortable and convenient daily life.

Trends in PC shipments (Global)
(Million units)

Source: Canalis

Relevant SDGs

Products in Focus **4** Glass Fiber IC Cloth

Used in printed circuit boards, and supporting the functionality of all kinds of high-tech equipment.

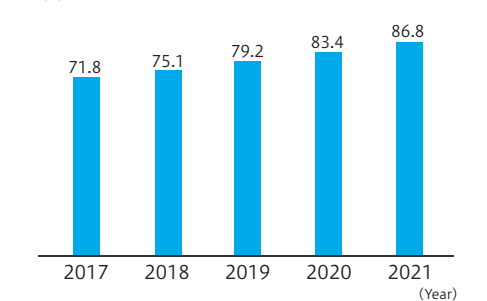


Glass fibers



Usage example

Glass fibers are used in products such as building interior materials, non-combustible tent materials, bag filters, and printed circuit boards. Unitika produces glass fabric using an integrated manufacturing system that manages everything from the raw fibers to weaving and surface treatment processing. Unitika's glass fabric for electronic materials are a fusion of various processing technologies. By combining this glass fabric with special resins, we can provide materials for printed circuit boards used in semiconductors, which have excellent strength, electrical insulation, and dimensional stability. Unitika's world-class ultrathin fabric is being used in digital devices that need to be slim and compact, such as PCs, smartphones, and wearable devices, and helping to make daily life more convenient and comfortable.

Rate of household ownership of smartphones
(%)Source: Ministry of Internal Affairs and Communications
"Information and Communications in Japan — White Paper 2021"

Relevant SDGs



Special Feature: Products in Focus



Providing recycled products to help prevent global warming and reduce waste.



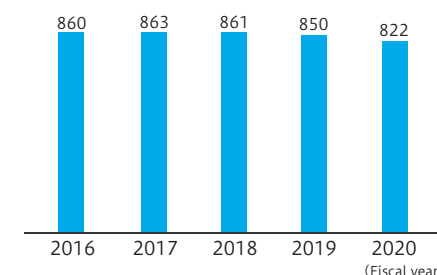
"Emblem CE"



"Unicolo"

Plastics, which are indispensable in our daily life, also need to be recycled to help prevent global warming and reduce waste. Unitika is expanding the range of recycled products beyond just fibers, which we have been recycling for many years, to include films as well. The food packaging films "Emblem CE" and "Emblem CE" are made using recycled materials obtained from chemical recycling and materials recycling methods. Compared with production not using recycled materials, we have calculated a reduction in greenhouse gas emissions generated during production using recycled materials, for manufacturing up to the final product, to be around 40% for "Emblem CE" and about 30% for "Emblem CE".

Total emissions from waste plastic
(10,000 t)

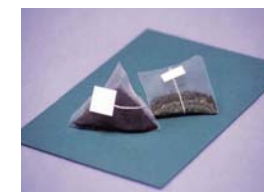


Source: Plastic Waste Management Institute "Situation on the Production, Discarding, Recycling, and Disposal of Plastic Products (2020)"

Relevant SDGs



Proving biodegradable plastic made from biomass materials.



Tea bags



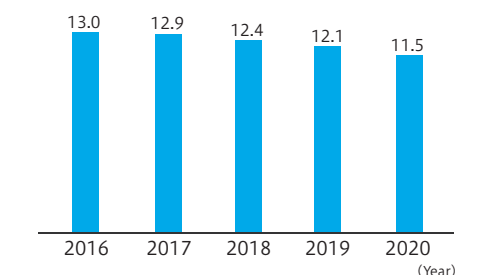
Weed proofing sheets



Body towels

Plant-derived biomass plastic is a material that cycles carbon by absorbing carbon dioxide in the air via the photosynthesis that occurs when its raw materials of plants are growing. Unitika launched "TERRAMAC" in 1998 as an eco-conscious plastic that doesn't use fossil resources. Utilizing the biodegradable features of its raw material polylactic acid, we have developed "TERRAMAC" for use in a wide range of applications in all areas of daily life including resins, nonwoven fabrics, and fibers. Unitika will continue to develop various biomass plastics, and provide materials that can contribute to reducing greenhouse gas emissions.

Total greenhouse gas emissions
(100 million t-CO₂)



Source: Ministry of the Environment, National Institute for Environmental Studies "Japan's National Greenhouse Gas Emissions in Fiscal Year 2020 (Final Figures)"

Relevant SDGs



Progress of Medium-Term Management Plan

Tangibly building our portfolio to strengthen our base and infrastructure, in the headwinds of the COVID-19 pandemic

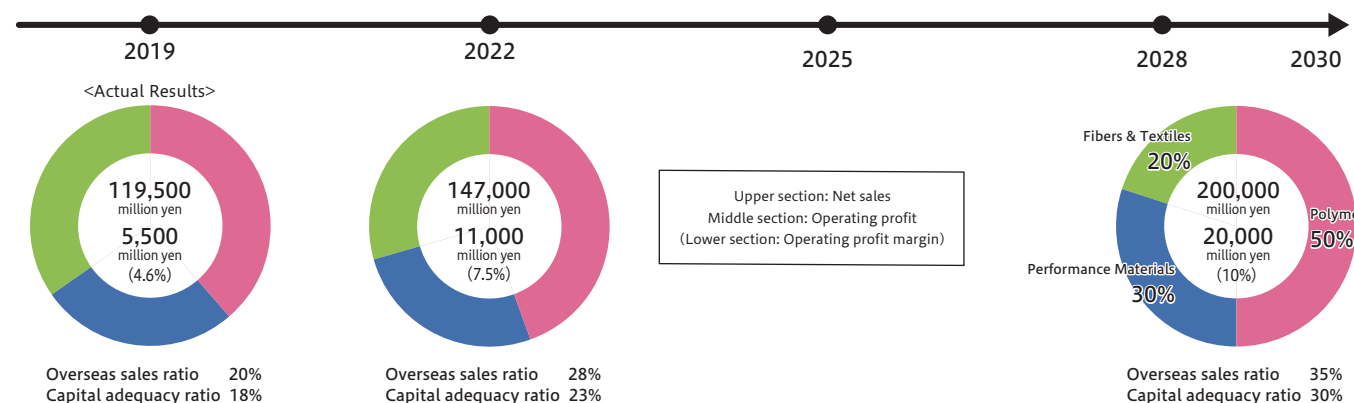
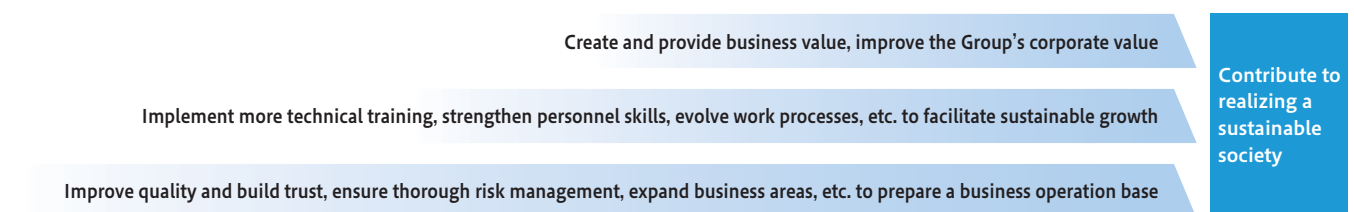
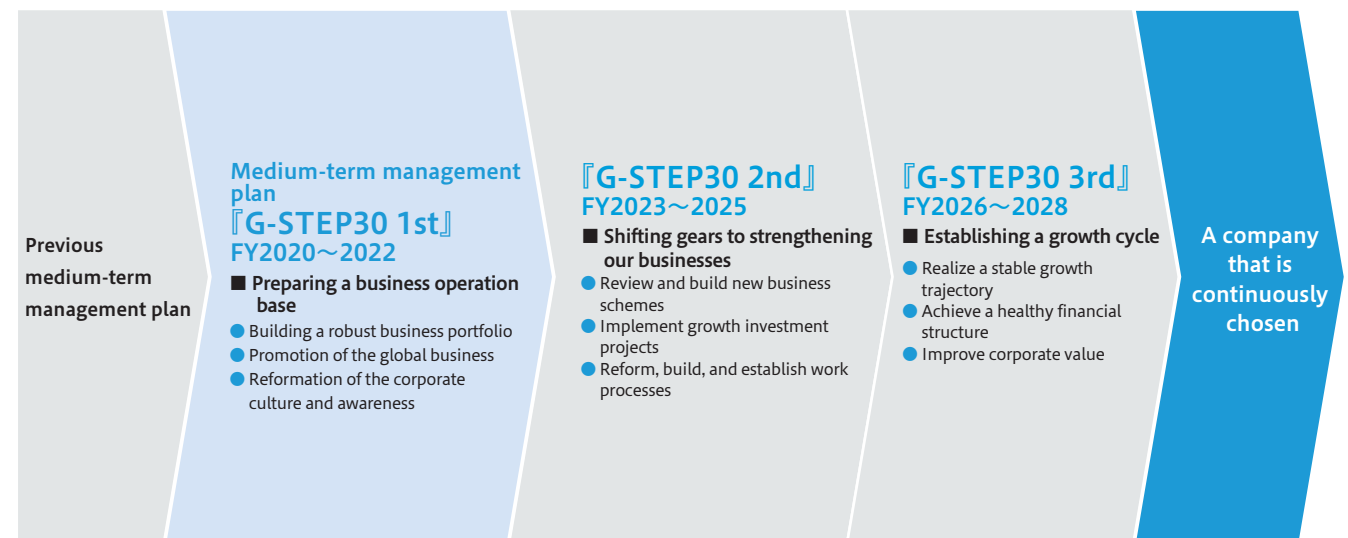
Positioning of G-STEP30 1st, our medium-term management plan

In May 2020, we revised the desired image of Unitika, and formulated G-STEP30, a long-term vision for around 2030.

Under our philosophy of contributing to society by connecting people's lives and technology, we are striving to be a company that is continuously chosen by customers, with the Group mission of contributing to achieving the SDGs through the "three types of living" approach of safe

and secure living, convenient and comfortable living, and living in coexistence with the environment.

We are moving forward with our three-step initiatives toward realizing our long-term vision, as we strive to achieve sustainable growth and contribute to society. As a first step, we have formulated the medium-term management plan G-STEP30 1st, which runs from FY 2020 to FY 2022. Positioning strengthening our base and infrastructure as our top priority issue, we will move forward with our initiatives under the 3Gs themes of Growth, Global, and Governance.



Progress of G-STEP30 1st, our medium-term management plan

Basic policies	Overview	Progress up to FY 2021
Growth	<p>Building a robust business portfolio</p> <p>We will set revenue-strengthening targets for products that are high value-added and are in high demand in society, strengthen our base and infrastructure by accelerating the development of high value-added products, and move forward with initiatives centering on promoting sustainability.</p>	<p>Strengthening our base and infrastructure by speeding up the development of high value-added products</p> <ul style="list-style-type: none"> ● Growth in sales of high value-added products in fields such as food packaging, semiconductors, and water purifiers <p>Promoting sustainability (eco, creation of new business)</p> <ul style="list-style-type: none"> ● Growth in sales of environmentally-friendly food packaging films
Global	<p>Promoting global business development</p> <p>We are working on strengthening our overseas production systems and establishing overseas sales systems, so that we can drive forward overseas development that has a competitive edge. We are also focusing on, as an issue of primary importance, the strengthening and training of the global personnel we need to support our overseas development.</p>	<p>Building a global production system</p> <ul style="list-style-type: none"> ● Continue with increasing and reinforcing overseas production equipment <p>Strengthening sales capabilities through alliances, etc.</p> <ul style="list-style-type: none"> ● Strengthen overseas sales bases ● Strengthen the films sales system <p>Develop and strengthen global human resources</p> <ul style="list-style-type: none"> ● Continue with global human resources development programs including an overseas trainee system
Governance	<p>Reformation of the corporate culture and awareness</p> <p>We have reflected on the inappropriate cases in FY 2019 of certain products being manufactured and sold by the Unitika Group that had quality management issues. These cases have propelled our efforts to reform our corporate culture and awareness to strengthen governance company wide. In our basic policy we have outlined establishing a quality assurance system, rebuilding risk management, and strengthening processes at the production sites as ways to return to the starting point of manufacturing as a manufacturer, and ensure such inappropriate cases of quality management never happen again.</p>	<p>Establishing a quality assurance system</p> <ul style="list-style-type: none"> ● Make our quality assurance systems more advanced ● Implement quality-related employee education <p>Rebuilding our risk management system</p> <ul style="list-style-type: none"> ● Identify risks, and run the PDCA cycle ● Raise awareness and educate employees about compliance and harassment <p>Strengthening manufacturing sites</p> <ul style="list-style-type: none"> ● Move forward with implementing IoT ● Implement personnel training and education, and the teaching of technologies to the next generation of employees

Progress of Medium-Term Management Plan

FY 2021 initiatives

Growth

Development of environmentally-friendly products and high value-added products

In the food packaging applications of high value-added products, sales have grown for the barrier nylon film “Emblem HG”. In semiconductor-related applications, sales have been strong for the silicon-free release polyester film “Unipeel” and the glass fiber IC cloth, particularly the ultrathin type and low thermal expansion type. In water purifier applications, sales have grown for activated carbon fibers, with new uses for overseas markets associated with a recovery in demand for commercial-use water purifiers.

In environmentally-friendly products, sales have grown for environmentally-friendly food packaging films that can help to realize a sustainable society. Also, sales have grown substantially for the high heat resistance polyamide resin “XecoT”, which is made using plant-derived raw materials, as it has been newly adopted in automotive applications and electric and electronic applications.

* See “Business Overview” (pp. 25–26) for related information.

Global

Increasing nylon film production equipment in Indonesia

The demand for food packaging materials is expanding, mainly in Asia. This means we are continuing to operate at full production at the domestic Uji Plant and the Group company P.T. Emblem Asia (Indonesia).

So that we can meet an additional expansion in demand in global markets, we are building a plant in P.T. Emblem Asia to boost production capabilities to 10,000 tons a year. Although there were delays in the initial plan due to the impact of the COVID-19 pandemic, the plant became operational in August 2022.



Governance

Strengthening our quality assurance systems

By making our quality management systems more sophisticated, incorporating inspection results, and automating pass-fail assessments, we are thoroughly managing records and strengthening security. We have also improved data reliability by making efforts to prevent data falsification and reduce human errors.

Furthermore, with the integrated management of measurement data to increase visibility and other measures, we are making quality management work more efficient.

And we will strengthen our quality assurance systems, for their roll out in all departments.

Governance

Identification and management of risks

Under the Risk Management Committee, we are working to prevent risks from occurring, and minimize the loss and damage when risks do occur.

Specifically, we will identify the various risks that we think are internalized within the Group, categorize the degree of impact and frequency of occurrence of the identified risks, and then assess the risks, so as to visualize them. We will select the optimal approach for these risks, and carry out management that will reduce and avoid them.

Global

Building a film sales base in Thailand

In January 2022, we newly opened a films sales department in Unitika Advance (Thailand) Co., Ltd., which has been handling the sales of resins in the Unitika Group.

In order to strengthen the sales capabilities for films manufactured by P.T. Emblem Asia, where we increased production equipment, we have built an inventory and sales system that will enable the quick delivery of small lots in Thailand and other countries in Asia. We are also expanding the sales of highly functional products to meet the increasing demand in markets.



Governance

Strengthening manufacturing sites

We have implemented new production management systems at the Uji Plant and Okazaki Plant. We are currently using the integrated management of data to save on labor and make more sophisticated use of information. Furthermore, we are installing and using data analysis software and other tools to streamline production and improve quality.

We are also systematically implementing personnel training and education and teaching production-related technologies to the next generation of employees. This includes holding annual training sessions aimed at improving the safety management and technical skills level of young employees. Also, for those employees who will become site leaders, we are focusing on establishing a data-driven mindset by having them learn quality management methods.



Global

Full-scale operation of sales company in Europe

The sales company Unitika Europe GmbH (Germany), which we established in FY 2020, has begun full-scale operations. This is a local corporation that has been created from the Unitika Office in Düsseldorf, which has handled market research and other activities, with the additional functions of operations, sales, and imports/exports. Unitika Europe GmbH (Germany) handles the products in all fields of the Unitika Group, and engages in a wide range of activities from customer service to developing new businesses.

At present, the company is mainly handling imports and sales of products from the Unitika Group’s manufacturing bases in Japan, Indonesia, and Thailand. Going forward, we are aiming to expand its functions to include shortening delivery times by selling stock in Europe and making high value-added products using outsourced processing.



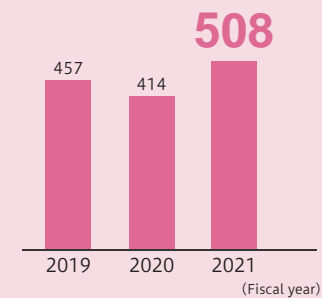
Business Overview

Polymers

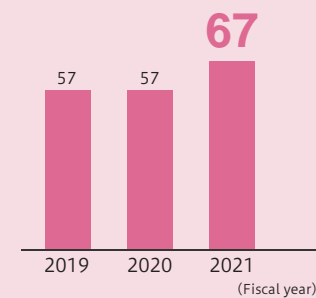
Main businesses and products

- Films business: Nylon films, Polyester films
- Plastics business: Engineering plastics

Net sales (100 million yen)



Operating profit (100 million yen)



FY 2021 Overview

In the Polymers segment, despite the negative impact of skyrocketing prices of raw materials and fuel, unit sales grew as whole on the back of a recovery in demand, resulting in an increase in net sales and operating profit.

In the packaging field in the films business, demand was steady for food packaging films as a new lifestyle of staying at home became established during the COVID-19 pandemic. Sales grew for high value-added products, such as environmentally-friendly food packaging films and the barrier nylon film "Emblem HG". In the industrial field, sales were strong for high value-added products such as those used in semiconductor-related applications and the silicon-free release polyester film "Unipeel". Meanwhile, our overseas subsidiaries were substantially and negatively impacted by turmoil in the ocean freight network and the

soaring costs of ocean freight. This resulted in an increase in net sales and decrease in operating profit for the films business overall.

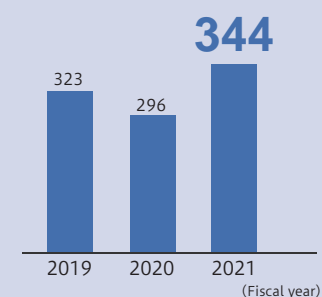
In the plastics business, sales recovered for nylon resins and the polyacrylate resin "U-Polymer". Although the recovery in demand in automotive applications was delayed due to a decline in production units, demand recovered in a wide range of applications including electric and electronic applications. Sales grew substantially for the high heat resistance polyamide resin "XecoT", as it was newly adopted in automotive applications and electric and electronic applications. Sales were also strong for materials for other functional plastics. This resulted in an increase in net sales and operating profit for the plastics business overall.

Performance Materials

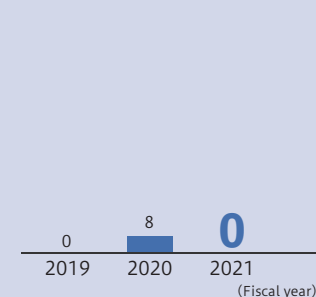
Main businesses and products

- Activated carbon fiber business: Activated carbon fibers
- Glass fiber business: Yarn, Glass fabric
- Glass bead business: Glass beads
- Nonwoven fabric business: Spunbond, Spunlace
- Industrial fiber business: Polyester staple fibers, Composite fibers

Net sales (100 million yen)



Operating profit (100 million yen)



FY 2021 Overview

The Performance Materials segment saw sales grow as a whole, since demand for construction and civil engineering applications recovered in the latter half of the current fiscal year. However, the negative impact of skyrocketing prices of raw materials and fuel and turmoil in the ocean freight network resulted in an increase in net sales and decrease in operating profit.

In the mainstay water purifier applications in the activated carbon fiber business, sales grew on the back of a recovery in demand for commercial-use water purifiers and the acquisition of new customers overseas. However, the business struggled due to a reduction in production associated with a supply shortage of semiconductors for automotive applications and electronics industry-related applications.

In the glass fiber business in the industrial materials sector, sales recovered for construction and civil engineering applications, such as tents and sheets. In the electronic materials sector, in addition to IC cloth, sales were strong for high value-added products such as ultrathin cloth and low thermal expansion cloth.

In the glass bead business, sales for road applications remained flat from the previous fiscal year due to a slow

recovery of demand and the impact of damage from torrential rain. However, overseas sales grew for reflective material applications, and sales were strong for industrial-use blasting applications, etc.

In the nonwoven fabric business, demand for general industrial materials and construction and civil engineering applications moderately recovered, while demand stabilized for medical gowns, disinfectant sheets and other such applications. Demand was sluggish for skin care applications, due to restrictions placed on people's movements. In automotive applications, sales decreased due to the impact of the semiconductor supply shortage and other factors. Additionally, our overseas subsidiaries were substantially impacted by turmoil in the ocean freight network and the rising cost of ocean freight.

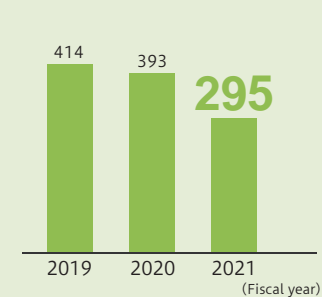
In the industrial fiber business, demand for staple fibers recovered in each application, and sales grew for ultra-high-strength polyester filament yarns, supported by a recovery of demand for construction and civil engineering applications. Sales also grew for the high value-added product of hollow fiber membrane materials. However, all of these products were negatively impacted by the skyrocketing prices of raw materials and fuel.

Fibers & Textiles

Main businesses and products

- Garment fiber business: Fibers (Clothing, Daily necessities, Bedding)

Net sales (100 million yen)



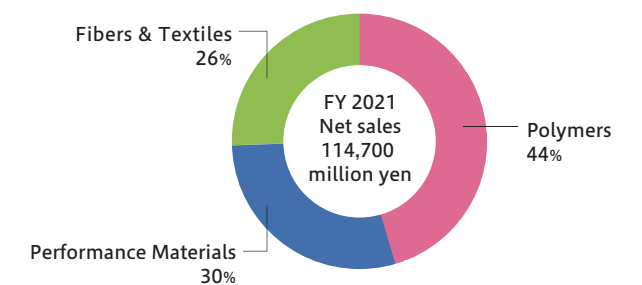
Operating profit (100 million yen)



FY 2021 Overview

In the garment fiber business, sales grew as demand for uniforms and women's clothing moderately recovered. Exports of denim also rapidly rebounded with a recovery of demand from Western countries, which have been early in shifting to measures for living with the COVID-19 pandemic. Meanwhile, the demand for medical gowns, which was vigorous in the previous fiscal year, stabilized and sales declined. In terms of costs, the soaring prices of raw materials and fuel and logistics costs, an increase in processing fees due to lockdowns occurring at overseas sewing bases, and exchange rate factors all overlapped to place substantial upward pressure on costs. As a result of operating in such a severe business environment, both net sales and operating profit decreased.

Sales ratio by business



Sustainability

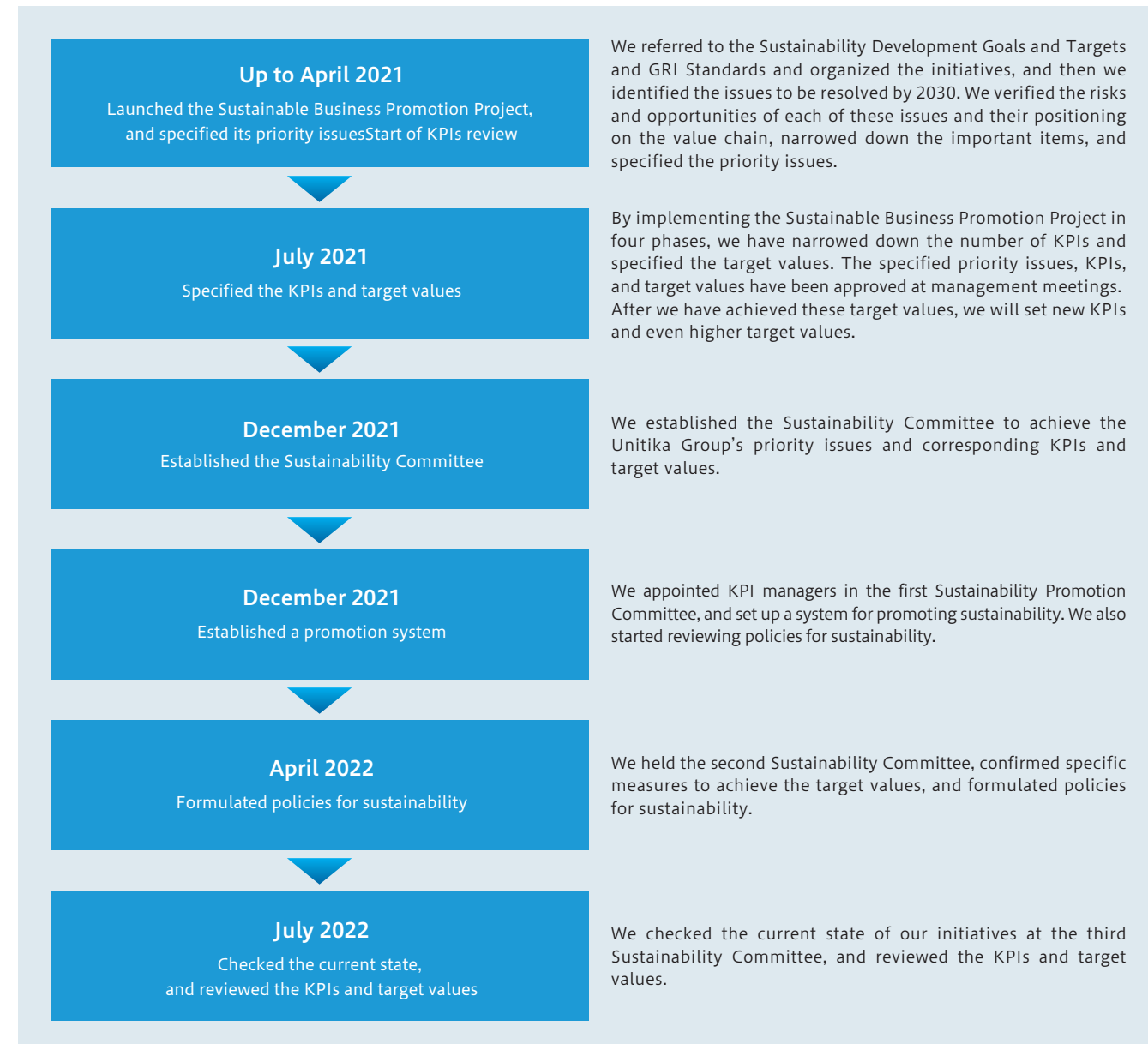
Formulate KPIs for priority issues (materiality), and set up a system for promotion

Progress of the Sustainable Business Promotion Project

In December 2020, we launched the Sustainable Business Promotion Project to fulfill the Group mission set out in the long-term vision of contributing to the SDGs with the “three types of living” approach. We have referred to the SDGs Compass and GRI Standards for this Project and promoted various measures. In FY 2021, we finished specifying the KPIs and priority issues (materiality). We have also established the Sustainability Committee, and set up a system for running the PDCA cycle for sustainability activities.

Some of the KPIs and target values were continually discussed up until FY 2022, and in April 2022 we confirmed the KPIs and target values and established a full-scale promotion system. Going forward, we will move ahead with our initiatives while reviewing methods for managing progress and other areas, and strengthening the promotion system.

We will also work on finding solutions for the priority issues, as well as providing products that are needed and strengthening our corporate infrastructure and base. Through these efforts, we will keep helping people to live a better life, and continue to grow as we strive to be a company that is continuously chosen by customers.



Formulating policies for sustainability

Our policy for sustainability

The Unitika Group will contribute to the realization of a sustainable society by connecting people's lives and technology through its business activities.

In April 2022, the Unitika Group formulated a policy for sustainability at the Sustainability Committee. This policy specifies our philosophy and Group mission for realizing our long-term vision from a sustainability perspective.

We have been working to resolve the eight priority issues under these sustainability policies. The three priority issues related to business, which we have set as priority issues associated with our products' values, are precisely the Group mission for realizing our long-term vision. We are striving to resolve these issues by providing products that protect people from disasters and accidents, crime, damage to health and other incidents, products that are compatible with digitalization and diversifying lifestyle habits, and products that help reduce CO₂ emissions, conserve resources, and prevent environmental pollution.

The five priority issues related to corporate activities are various issues that we should consider when carrying out our business activities. Specifically, the issues we are working on are carrying out environmentally-friendly business activities, respecting the human rights of all stakeholders, ensuring our employees can live a healthy life, preparing a work environment that is motivating and satisfying for a diversity of personnel, and detecting and avoiding risks in the supply chain.

Promotion system

At the Sustainable Business Promotion Project, we discussed which issues should be specified as priority issues. After specifying the priority issues and KPIs and entering the action phase, we launched the Sustainability Committee as an organization for overseeing our actions going forward.

The Committee is composed of general managers and Group company presidents, with the Representative Director and President of Unitika serving as the Committee Chairman. The details of the discussions at the Sustainability Committee are reported to and approved by the Board of Directors.

The top management of each department also participate in the discussions as committee members, so that we can move forward with our initiatives at a companywide level. The committee members oversee all activities, and also take the lead in driving forward initiatives as KPIs managers.

Goal

■ To achieve the Unitika Group's priority issues and corresponding targets, KPIs, and target values.

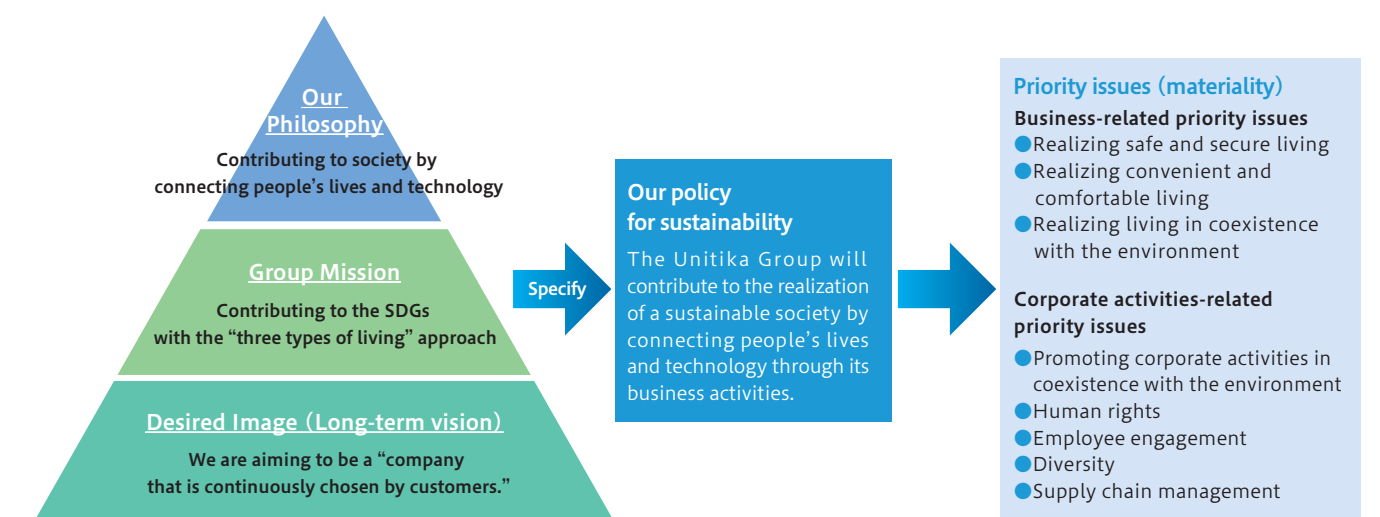
■ Members (8)

President (Committee Chairman), General Manager of Administration Division, General Manager of Technology Development Division (and General Manager of Production), General Manager of Polymers Sector, General Manager of Performance Materials Sector, General Manager of Corporate Planning Division (and General Manager of Corporate Management Division), General Manager of Global Business Promotion Division, President of Unitika Trading

■ Contents of discussions

- Adequately assessing the Unitika Group's priority issues and corresponding targets, KPIs, and target values
- Managing the progress of KPIs, and drafting measures for promoting KPIs
- Reviewing sustainability-related matters such as policies for sustainability









The sustainability policy of the Unitika Group



Promotion of Sustainability

Priority issues (materiality) and KPIs

In July 2021, we formulated the KPIs for our priority issues. At the Sustainability Committee held in July every year, we check the progress of our initiatives, review the measures being implemented, and take additional action as required.

Priority issues	Manager	KPIs	FY 2030 targets	FY 2021 actual results	Relevant products and measures	Relevant SDG	Renewal month/year
Realizing safe and secure living	Masakazu Kitano Director, Senior Executive Officer General Manager of Technology Development Division, and General Manager of Production	Net sales of materials that contribute to the SDGs with the "three types of living"	2.6 times relative to FY 2019 level	1.0 times relative to FY 2019 level	Gas barrier films, Protective clothing, Masks, Differentiating nonwoven fabric, Functional plastics, Glass fibers, Uniamide, Silicon-free release films, Materials recycling fibers, hollow fiber membranes for separating solutions, TERRAMAC fibers, Nylon films for lithium ion batteries, Recycled films		Revised in July 2022
Realizing convenient and comfortable living	Tsunetoshi Matsuda Director, Senior Executive Officer General Manager of Polymers Sector Responsible for Global Business Promotion Division						
Realizing living in coexistence with the environment	Masahiro Hosoda Managing Executive Officer Government Supplies Department President, and Representative Director of Unitika Trading Co., Ltd.						
Promoting corporate activities in coexistence with the environment	Masakazu Kitano Director, Senior Executive Officer General Manager of Technology Development Division, and General Manager of Production	CO2 emissions (All domestic Group companies)	46% reduction relative to FY 2013 level	21% reduction relative to FY 2013 level	Install energy-saving equipment, Emissions trading		Enacted in July 2021
		Amount of industrial waste disposed of outside the plants (All domestic Group companies)	10% reduction relative to FY 2019 level	6% reduction relative to FY 2019 level	Develop new recycling applications for waste within the plants		Enacted in July 2021
Human rights	Eiji Sumi Director, Managing Executive Officer General Manager of Administration Division	Implementation rate of human rights-related education (Entire Group, including overseas companies)	20% (Implemented once throughout the entire Group over five years)	39% (Domestic)	Unitika Human Rights Policy		Revised in July 2022
Employee engagement	Masakazu Kitano Director, Senior Executive Officer General Manager of Technology Development Division, and General Manager of Production	Number of accidents causing lost work time (All domestic Group companies)	0	1	Strengthen the intrinsic safety of manufacturing equipment, and review utilities		Enacted in July 2021
	Eiji Sumi Director, Managing Executive Officer General Manager of Administration Division	Certification as an Excellent Health and Productivity Management Corporation (Unitika Ltd. and some Group companies*)	① Acquire certification ② White 500	Not yet certified	Unitika Health Management Declaration		Enacted in July 2021
Diversity	Eiji Sumi Director, Managing Executive Officer General Manager of Administration Division	Ratio of women at the management level (Entire Group, including overseas companies)	20%	5.9%	Unitika Diversity Management Policy		Revised in December 2021
		Ratio of female new recruits (career position) working at the head office (Unitika Ltd.)	30%	16%			Enacted in July 2022
		Rate of men taking child-rearing leave (All domestic Group companies)	50%	31% (Unitika Ltd. and some Group companies*)			Enacted in July 2022
Supply chain management	Katsuhide Kyunai Managing Executive Officer General Manager of Corporate Planning Division, and General Manager of Corporate Management Division	Response rate of CSR procurement survey (Main clients)	80%	87% (Implemented in FY 2022)	Purchasing Policy, CSR procurement survey		Enacted in July 2021

* Five companies: Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

Environmentally Friendly Materials

Basic Concept: For Life on Earth Tomorrow

From daily living, we can change the environment of tomorrow: The Unitika Group is thinking of ecology, with materials as the starting point. Materials that create products, including daily necessities and parts for industrial products, play a significant role in moving forward towards a more earth-friendly lifestyle. We wish to expand eco-friendly and human-friendly products even further. Unitika cares about and creates life on earth, for tomorrow.

Recycled Materials

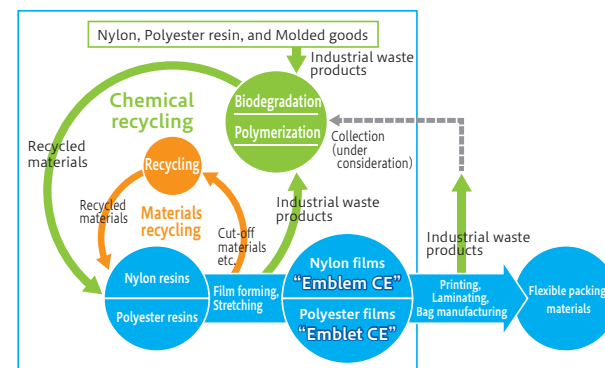
“Emblem CE”, “Emblet CE”

The packaging films “Emblem CE” and “Emblet CE” are made using recycled materials obtained from chemical recycling and materials recycling methods. These films have the same printability and mechanical properties as 100% petroleum-derived plastic films. Also, as we strictly manage the recycled materials used, these films are suitable for food

packaging applications.

Using the Life Cycle Assessment method, we calculated the greenhouse gas emissions associated with their production. A comparison (done by Unitika) with production not using recycled materials shows an expected reduction in greenhouse gases of around 40% for “Emblem CE” and about 30% for “Emblet CE”.

Manufacturing flow of environmentally-friendly food packaging films, and chemical recycling



Unitika Group's activities to reduce environmental impact

“TERRAMAC”
“TERRAMAC” is a biomass material composed of polylactic acid (PLA), which is made from plant-derived sugars.

“XecoT”
“XecoT” is a biomass material made from plant-derived castor oil. It is a highly heat-resistant polyamide resin for automobiles and electronic equipment parts.

Hollow fiber membrane
This filter can separate impurities at the molecular level. It is an energy-saving material that can reduce energy consumption by switching from the distillation method.

UNITIKA NANO-COMPOSITE NYLON6
NANOCON
We provide a colored nylon resin with a good metallic external appearance, even without coating.

For the **EA R T H**

Reduce **Recycle**

“Emblem CE”, “Emblet CE”
“Emblem CE” and “Emblet CE” are nylon films and polyester films for food packaging that make effective use of recycled resources by recycling chemicals.

Ecofriendly
These are our unique environmentally-friendly polyester materials, which are made from used PET bottles and waste materials generated in the production process.

Company-wide activities
We are carrying out activities to reduce the environmental impact centering on our production sites, such as controlling CO₂ emissions, reducing energy usage, and decreasing the amount of waste.

Wet curing sheet for concrete
A wet curing sheet for concrete is made from natural cotton raw material. It can be used repeatedly.

Biomass Materials

“TERRAMAC”

“TERRAMAC” is a biomass material made using polylactic acid (PLA), which is made from plant-derived sugars. It has a wide range of applications including in tea bags, etc. The raw material of “TERRAMAC” is PLA, which is a biodegradable plastic that decomposes into water and carbon dioxide in the natural environment.



Tea bags made from “TERRAMAC”

“Castlon”

“Castlon” is a 100% biomass material of environmentally-friendly polyamide (nylon 11), which is made from castor oil (ricinoleic acid) extracted from the seeds of the non-edible castor oil plant (ricinus). It is a lightweight material with excellent wear resistance. This makes “Castlon” suitable for use in various applications including sportswear, outdoor wear and other clothing materials, as well as materials for shoes. Unitika is also helping to improve poverty among the local farmers who grow the castor oil plants (used to produce “Castlon”) in the Indian state of Gujarat, which has mostly barren land due to little rainfall after an extremely short rainy season.



Eco-bag made using “Castlon”

“XecoT”

“XecoT” is also made from castor oil, the same raw material used to make “Castlon”. It has the highest level of heat resistance among polyamide resins, and so it can also be used in the engine compartment of automobiles. “XecoT” has potential applications as a next-generation engineering resin. “XecoT” has a wide range of properties, including coming in

various grades when combined with other resins using our original compounding technology.



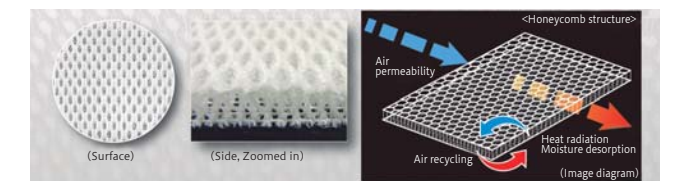
Impeller made using “XecoT”

Energy-Saving Materials

Three-dimensional knitted textile

Unitika provides a three-dimensional cubic knitted textile composed of monofilament connecting fibers with a multifilament and spun yarn front-and-back cloth structure and moderate stiffness. It is used in items such as a futon (Japanese bedding). It is a cushiony and breathable material that is soft on the body, and has good air permeability. Bedding made using this textile does not easily trap heat or moisture (humidity), so you can sleep comfortably even during summer.

Structure of three-dimensional knitted textile



“Thermotron RadiPoka”

“Thermotron RadiPoka” demonstrates a high level of heat retention performance through the synergy effects of energy from sunlight and far-infrared rays. By fusing light-absorbance and heat-conversion functional material and far-infrared ray radiation functional material into a single filament, “Thermotron RadiPoka” is able to absorb sunlight and convert it into heat, which it uses to actively heat up the far-infrared ray radiation functional material and subsequently further boost its radiation of far-infrared rays.



Management of Initiatives for the Environment

Unitika's Environmental Preservation Activity History

The Unitika Group has been continuing with and evolving our environmental preservation activities for over 50 years. We will continue with our environmental management into the future.

Pollution first became a major issue in Japan in 1973. That year, Unitika created the Environmental Preservation Regulations, making a clear distinction between environmental measures and outward-directed production activities, to enable compliance with regulatory and standards values. In 1991, we created a companywide organization called the Environmental Preservation Committee, followed in 1993 by the Unitika Global Environment Charter. That year we began yearly environmental auditing, establishing the basic direction for our environmentally-aware management style that has continued to this day. In 1998, we created the Unitika Charter of Corporate Behavior, a document that sets forth the basic action policy needed to fulfill our Unitika Group mission as a public-spirited corporation. Its first article sets forth our responsibility for environmental and safety awareness.

The Unitika Action Standards created and implemented in April 2001 expanded on the Unitika Action Charter, by setting forth specific action standards for Unitika organizations and employees to comply with in the performance of their routine business activities. Based on this, we started corporate activities grounded in a mindset of corporate social responsibility (CSR). They cover areas such as the environment, safety, compliance and society, and shared awareness with stakeholders.

Basic Environmental Policy

The Unitika Group named 1993 as an Environmental First Year, when we enacted the Unitika Global Environment Charter compiled from our pledge, basic philosophy, and action guidelines. Since then, we have complied with this Charter to ensure that our corporate management methods are environmentally aware, working on a range of environmental activities.

Unitika Global Environment Charter

Pledge

The growth and development of mankind is rapidly altering our planet's air, water and soil, threatening both the global biosphere and our own future, since both must depend on a finite ecosystem. As a corporation with more than a century of business activities contributing to the public good, we are highly aware of the demanding conditions now facing the global environment. The Charter is the declaration of our intention to focus more attention on protecting and helping the environment, making appropriate environmental action the core of our business activities.

Basic Philosophy

Better living through technology, driven by corporate activities that help humans and nature coexist.

Action Guidelines

1. Continual awareness of the global environment
The Unitika Group always considers the effects of our corporate activities on the global environment, following a rigorous set of management procedures during product manufacture to prevent harm to it.
2. Contributing through technology development
We aggressively research and develop technologies to protect and help the global environment.
3. Using resources and energy efficiently
We promote efficient use of resources and energy, and recycle limited resources.
4. Carrying out PR and educational activities
We organize a large number of PR activities that provide information on protecting and helping the global environment, and promote and implement a wide range of educational events.
5. Drawing on the complete range of Unitika Group competencies
Following the mandates of the Charter, we draw on our complete range of competencies to protect and help the global environment.

ISO 14001-Certified Unitika Organizations

The Unitika Group is working on becoming certified under ISO 14001, which is the international standard for environmentally-aware corporate activities. Since 1999, four production sites (Uji, Okazaki, Tarui, and Tokiwa) and major Group companies have become certified. We have started activities to help our affiliates obtain ISO 14001, while also conducting environmental audits of each company.

ISO 14001-Certified Unitika Plants

April 1999	Ad'all Co., Ltd.
January 2001	Unitika Textiles Ltd., Tokiwa Mill
March 2001	Unitika Ltd., Uji Plant
March 2001	Unitika Ltd., Uji Plastic Plant
March 2001	Unitika Ltd., Research & Development Center
March 2001	Unitika Glass Fiber Co., Ltd., Kyoto Plant
October 2001	Unitika Ltd., Okazaki Plant
October 2001	Nippon Ester Co., Ltd., Okazaki Plant
December 2001	Unitika Ltd., Tarui Plant
December 2003	Unitika Glass Fiber Co., Ltd., Tarui Plant
September 2004	Terabo Co., Ltd.

Management System

The Unitika Group's Environment Committee manages the environment-related initiatives of the Group, and also coordinates specific energy-saving activities.

The Environment Committee regularly checks the management of noise levels, industrial waste, exhaust gases and waste water of production sites and related companies carrying out production activities, as well as the emissions of environmentally hazardous substances of concern (SOC) and compliance with laws and regulations. The Committee checks the management of facilities for processing exhaust gases and waste water, and conducts on-site inspections to check how industrial waste and hazardous substances are being stored. Every three years, the Unitika Group formulates a Medium-Term Environmental Plan, and promotes initiatives to achieve that plan.

Every year, the production sites and related companies carrying out production activities share the energy-saving themes they have compiled, and the Committee checks on the progress of these energy-saving activities. The Committee also checks the specific energy consumption (SEC), energy consumption amount, and CO2 emissions, and promotes energy-saving activities with a target of a 1% yearly improvement of the specific energy consumption (SEC).

Endorsing Initiatives

The Unitika Group has been endorsing the Japan Clean Ocean Material Alliance (CLOMA), a platform for promoting initiatives aimed at solving the issue of marine plastics pollution, since CLOMA's establishment. We are also continuing to develop and distribute environmentally-friendly materials.

In March 2022, the Unitika Group also endorsed the GX League Basic Concept, which was announced by the Ministry of Economy, Trade and Industry (METI). We are taking part in discussions on the full-scale start of this initiative in 2023.

In June 2022, the Unitika Group also announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, and carried out climate change risk analyses (see p. 36). We also conduct scenario analyses, and will continue to disclose further information going forward.



Unitika's Environmental Preservation Activity History

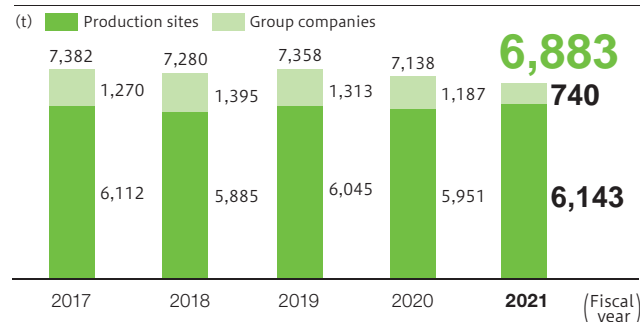
September 1973	Created and implemented Environmental Preservation Regulations.	January 1999	Unitika Chemical was awarded ISO 14001 certification (first in Group).
October 1991	Revised Environmental Preservation Regulations, established Environmental Preservation Committee.	October 2000	Created targets for second Medium-Term Environmental Plan (FY 2000 to 2002).
April 1993	Created and implemented Global Environmental Charter.	April 2001	Created Unitika Action Standards.
May 1993	Revised Environmental Preservation Regulations, enacted and enforced as Environmental Regulations, and set up and held annually the Environment Committee.	October 2002	Published Unitika Environmental Report.
		October 2002	Created targets for third Medium-Term Environmental Plan (FY 2003 to 2005).
May 1994	Started environmental audits (once per year). (Voluntary audits by each production site, and internal audits by headquarters staff.)	October 2005	Created targets for fourth Medium-Term Environmental Plan (FY 2006 to 2008).
		October 2008	Created targets for fifth Medium-Term Environmental Plan (FY 2009 to 2011).
July 1996	Created targets for first Medium-Term Environmental Plan (FY 1997 to 1999).	October 2011	Created targets for sixth Medium-Term Environmental Plan (FY 2012 to 2014).
September 1996	Started publishing Kankyo, our in-house newsletter on environmental issues.	January 2015	Created targets for seventh Medium-Term Environmental Plan (FY 2015 to 2017).
October 1997	Started activities aimed at becoming ISO 14001-certified at our major production sites.	January 2018	Created targets for eighth Medium-Term Environmental Plan (FY 2018 to 2020).
January 1998	Created and implemented Unitika Charter of Corporate Behavior.	October 2020	Created targets for ninth Medium-Term Environmental Plan (FY 2021 to 2023).

Medium-Term Environmental Plan

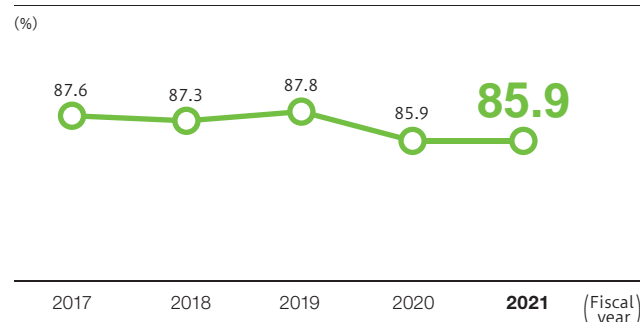
Ninth Medium-Term Environmental Plan (FY 2021 to FY 2023)

In FY 2021, the first fiscal year of the Ninth Medium-Term Environmental Plan, the energy consumption and CO₂ emissions increased slightly due to increased production activities within the Unitika Group. However, we were able to reduce the amount of industrial waste processed outside the plants by making industrial waste a valuable substance and reviewing the manufacturing processes; subsequently, we improved the specific energy consumption (SEC). As a result of these efforts, we were able to achieve three out of five of the targets.

Volume of processed industrial waste products



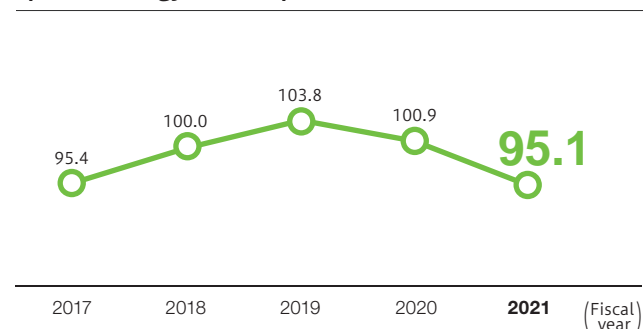
Rate of recycling



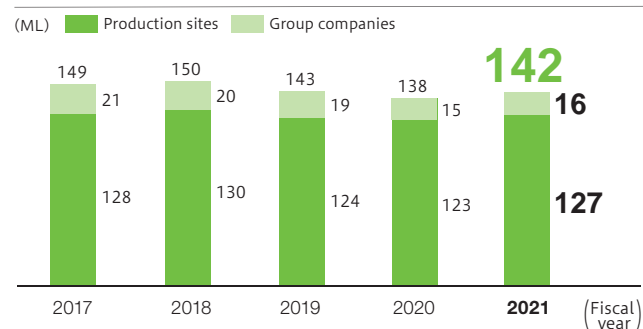
Ninth Medium-Term Environmental Plan (FY 2021 to FY 2023)

Issues	Targets	Baseline values (Performance in a standard year)	FY 2023 target values	FY 2021 actual results	Results
Reduction of the amount of industrial waste disposed of outside the plants	3% reduction relative to FY 2019 level	7,357t	7,063t	6,883t	Achieved
Improvement of recycling rate	1 point improvement relative to FY 2019 level	87.7%	88.8%	85.9%	Not achieved
Reduction of energy consumption volume	5% reduction relative to FY 2018 level	150ML	142ML	142ML	Achieved
Improvement of specific energy consumption (SEC)	3% reduction relative to FY 2018 level	0.759 L/kg	0.736 L/kg	0.722 L/kg	Achieved
Reduction of CO ₂ emissions from energy generation	55% reduction relative to FY 2005 level	489kt	220kt	278kt	Not achieved

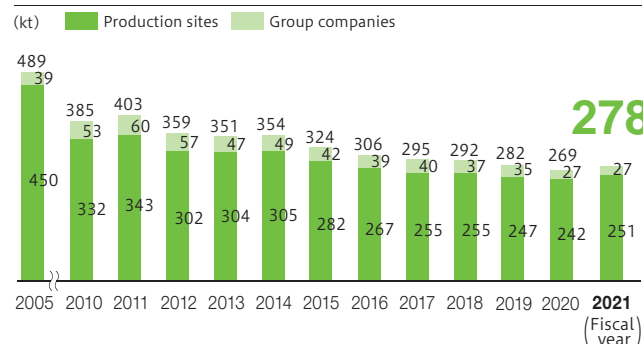
Specific energy consumption (SEC) (index of FY 2018 as 100)



Energy consumption volume (crude oil equivalent)



CO₂ emissions from energy generation



Recognized Climate Change Risks Based on the TCFD Recommendations

Governance

In December 2021, we set up the Sustainability Committee, with the Representative Director and President, Chief Executive Officer of Unitika serving as the Committee Chairman (see p. 27). Under the Sustainability Committee, relevant departments work together to conduct analyses for disclosure on opportunities and risks related to climate change issues. The progress of these activities is reported to and discussed by the Board of Directors, which also gives direction and grants approval to the Committee.

We will continue to further prepare and strengthen a governance system in Unitika that addresses climate change.

Strategies

Unitika recognizes the following items as important

risks and opportunities related to climate change. We will conduct even more in-depth scenario analyses, while selecting the target businesses and application areas in Unitika. Furthermore, we will review the risks and opportunities as required, as we gradually expand the range of information for disclosure.

Risk Management

We are currently considering an integrated process for risk identification, evaluation, and management as well as companywide risk management, and we will continue with our initiatives aimed at this.

Indexes and Targets

We have disclosed Scope1 and Scope2 as the FY 2021 actual results of GHG emissions (CO₂ emissions). We are aiming for a 46% reduction in CO₂ emissions (relative to FY 2013 level) by FY 2030 (see p. 37.)

Main Risks and Initiatives Based on the TCFD Recommendations

Category	Main risks	Period of actualization	Degree of impact	Main initiatives	
Transition risks	Policy and legal risks	Increase in costs associated with introducing a carbon tax and emissions trading	Medium-to-long term	Large	<ul style="list-style-type: none"> Make the manufacturing process more efficient Reduce total greenhouse gas emissions Consider the use of renewable energy
	Market risks	Reduce the demand for materials with a substantial environmental impact	Medium-to-long term	Large	<ul style="list-style-type: none"> Expand the range of recycled products Expand investment and development for the growth of environmentally-friendly businesses
	Reputation risks	Decline in the external evaluation and corporate brand of companies due to insufficient information disclosure and not enough action on environmental issues	Medium-to-long term	Large	<ul style="list-style-type: none"> Enhance information disclosure Formulate a long-term environmental roadmap
Physical risks	Acute and chronic risks	Stop operations of business bases due to typhoons, floods and other disasters	Short-to-long term	Medium-to-large	<ul style="list-style-type: none"> Carry out risk management and a systematic response Implement disaster readiness training

Main Opportunities and Initiatives Based on the TCFD Recommendations

Category	Main opportunities	Period of actualization	Degree of impact	Main initiatives	
Opportunities	Products and services	Strengthen subsidized businesses associated with the development and implementation of environmentally-responsive materials	Short-to-long term	Medium	<ul style="list-style-type: none"> Utilize various subsidized businesses
	Products and services	Increase demand for environmentally-responsive materials and expand business opportunities	Medium-to-long term	Medium-to-large	<ul style="list-style-type: none"> Develop biomass-derived products and recycled products Develop lightweight materials Develop business for "products that contribute to realizing living in coexistence with the environment"

Prevention of Global Warming

Basic Concept

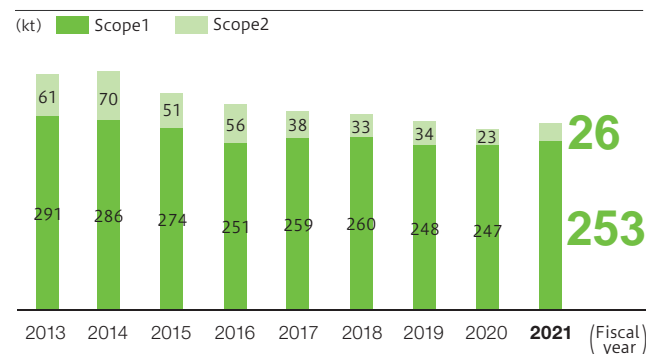
The Unitika Group is focusing on reducing CO₂ emissions, such as by being a leader among other companies in installing cogenerators in our production sites.

In April 2021, the Japanese government raised the domestic greenhouse gas emissions reduction target from 26% to 46% relative to FY 2013 level. Following on from this, the Unitika Group has also set out in the July 2021 Sustainable Business Promotion Project the FY 2030 reduction target for CO₂ emissions from domestic production sites to 46% relative to FY 2013 level. We are aiming for net zero carbon emissions by 2050.

Reduction of CO₂ Emissions Related to Business Activities

The FY 2021 CO₂ emissions of all domestic production sites (including the head office and business offices) in the Unitika Group was 279 kt in total for Scope 1 and Scope 2. Based on the current government target with FY 2013 as the standard year, our reduction rate is around 21%. We will also start to calculate Scope 1 and Scope 2 of our overseas production sites and Scope 3 of the Group as a whole, and continue our efforts to further reduce CO₂ emissions.

CO₂ emissions from all domestic production sites (Scope1+Scope2)



Reduction of CO₂ Emissions Related to Logistics

Unitika undertakes a variety of efforts to reduce the environmental impact associated with the delivery and emission of raw materials, products, waste, and other materials. These include promoting the shift of cargo transportation modes to more environmentally-friendly methods (modal shifts), and streamlining transportation to improve efficiency. As a specified consignor, Unitika reported 60,509 kt/km of freight and 20.5 kt of CO₂ emissions (26% reduction relative to FY 2013 level) to the government in FY 2021. Unitika will strive for eco-friendly logistics within the whole group by implementing a variety of practices. These include but are not limited to: expanding the use of trains, promoting idle stops, and the use of ecological tires.

KPIs (FY 2030 targets) of Priority Issues (Materiality)

CO₂ emissions:
189 kt (46% reduction relative to FY 2013 level)
(domestic production sites)
FY 2021 actual results:
278 kt (21% reduction relative to FY 2013 level)

Waste Reduction

Although an increase in production activities in FY 2021 resulted in more industrial waste being generated at our production sites, we were able to reduce the amount of industrial waste from the previous fiscal year level thanks to efforts such as making scraps of nonwoven fabric and glass fiber, which are usually treated as waste, into valuable substances, and switching to sewage discharge of waste water. We will continue to promote the recycling of disposed plastic and in-process recycling, while also seeking out new usage methods. (See p. 35 for the data)

KPIs (FY 2030 targets) of Priority Issues (Materiality)

Amount of industrial waste disposed of outside the plants:
6,621 t (10% reduction relative to FY 2019 level)
FY 2021 actual results:
6,883 t (6% reduction relative to FY 2019 level)

TOPIC Union Co., Ltd. acquires the S (excellent energy saving) rating for the third consecutive year, in the Business Operator Classification Evaluation System of the Energy Saving Act

The Ministry of Economy, Trade and Industry has awarded Union Co., Ltd., a general manufacturer of glass beads, the S (excellent energy saving) rating for the third consecutive year for its actual results from FY 2018 to FY 2020. The company was evaluated as a business operator (that achieves their targets) with excellent energy-saving initiatives, in the Business Operator Classification Evaluation System (SABC Evaluation System) of the Act on Rationalizing Energy Use (Energy Saving Act). All employees will work together and continue with our energy-saving efforts going forward.

https://www.enecho.meti.go.jp/category/saving_and_new/saving/enterprise/overview/institution/

(The Business Operator Classification Evaluation results are published on the website of the Agency for Natural Resources and Energy.)



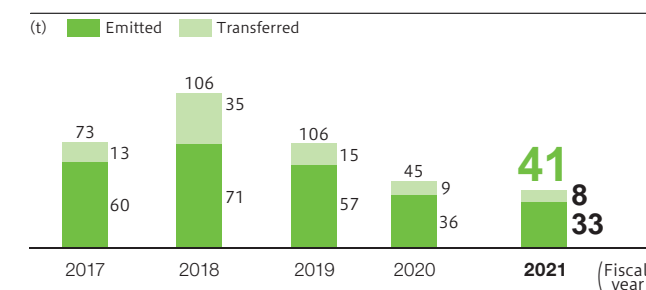
Management of Chemicals

Promotion of the Chemicals Management at Domestic and Overseas Locations

The Unitika Group promotes initiatives that correspond to the Act on the Regulation of Manufacture and Evaluation of Chemical Substances, the European regulations for the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Globally Harmonized System of Classification and Labeling of Chemicals (GHS), and other chemical management systems in Asian countries. With meetings intended for information-sharing and compliance with the laws and regulations, we are also striving to disseminate information within the Group and to share information between relevant personnel.

Management of Substances Subject to PRTR System Notification

The Unitika Group is making efforts to monitor and reduce the volume of chemical substances that are emitted into the atmosphere, as regulated by the Pollutant Release and Transfer Register (PRTR) system as chemical substances that are potentially hazardous to human health and the ecosystem. Compared to FY 2020, in FY 2021 we were able to slightly reduce the emissions and transfers amounts.



* Up until the previous fiscal year, the polymer raw materials included in non-standard products were tallied as unreacted materials in the reported transfers amount; however, as they are reactants, we have excluded polymer raw materials from non-standard products and retallied them.

Promotion of Waste Disposal of Devices that Contain PCB

It is stipulated by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes to complete the disposal of devices that contain PCB by the end of March 2027. The Unitika Group has disposed of devices containing PCB, etc. that are owned by our offices and affiliates.

As of March 2022, we had an 89% progress rate for the disposal of devices containing PCB on a monetary base for the entire Group (only for devices with known disposal costs).

Emissions Amount and Transfers Amount for PRTR System-Regulated Substances in FY 2021 (t/y)

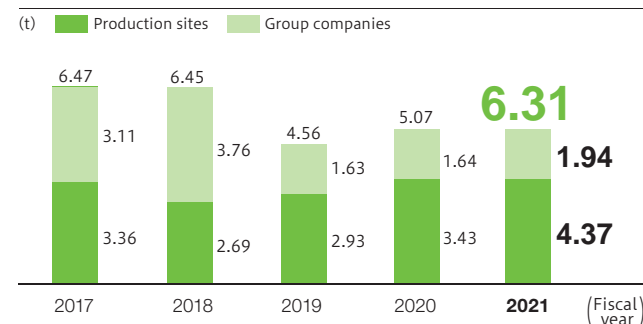
	Emitted			Transferred
	Air	Water	Total	Total
Acetaldehyde	2.4	0.8	3.2	—
Antimony and antimony compounds	—	0.1	0.1	—
Bisphenol A	—	—	—	0.2
ε-Caprolactam	15.7	—	15.7	0.5
1,4-dioxane	—	0.1	0.1	0.1
Dichloromethane (Methylene chloride)	11.1	—	11.1	0.2
Dimethylformamide	0.5	—	0.5	0.9
Terephthalic acid	—	—	—	0.4
Toluene	0.6	—	0.6	3.3
Boron and boron compounds	0.2	—	0.2	—
Polyoxyethylene alkyl ether	—	—	—	1.1
Styrene	—	—	—	0.5
Methyl alcohol	0.5	—	0.5	—
VOC	0.6	—	0.6	0.4
Other	—	—	—	0.4
Unitika domestic plants & on-site group companies total	29.4	1.0	30.2	2.0
Unitika external domestic group companies total	2.2	—	2.2	6.0

Reducing Environmental Impact on Air and Water

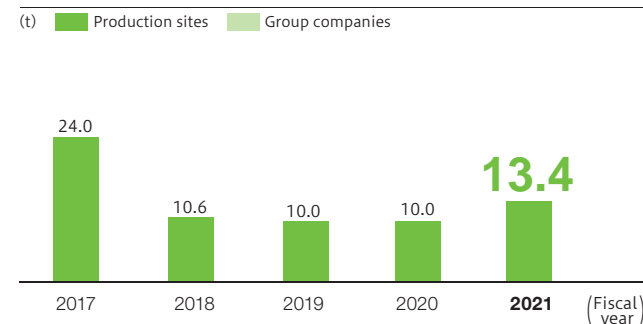
Domestic plants are pursuing measures, such as switching energy from fuel oil to liquid natural gas and stopping diesel power generation, to reduce emissions of dust, nitrogen oxides (NOx), sulfur oxides (SOx), and carbon dioxide (CO2). Unitika also works to reduce the environmental impact on water through the appropriate management of wastewater treatment facilities.

In FY 2021, regular repairs of the gas boiler at the Okazaki Plant increased the operational time of the heavy oil boiler, which subsequently increased the emissions of dust and SOx.

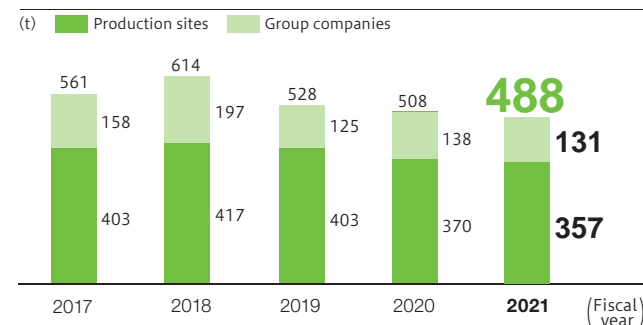
Dust emissions



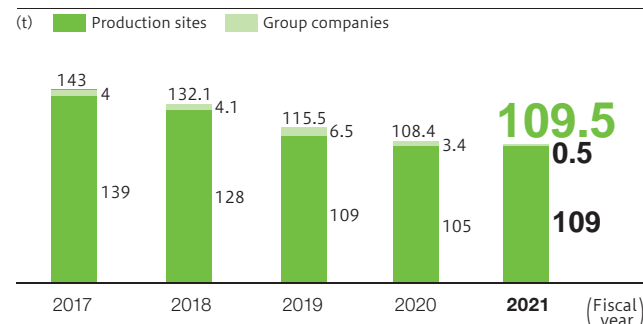
SOx emissions



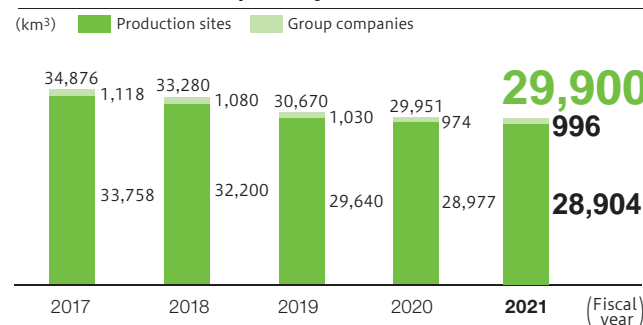
NOx emissions



Environmental load on water (COD)



Total waste water quantity

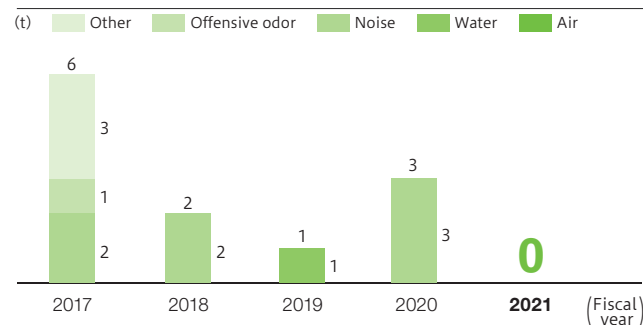


Note) NOx: Nitrogen oxides, SOx: Sulfur oxides, COD: Chemical oxygen demand

Environmental Complaints

The Unitika Group always tries to conduct our business activities with consideration for the lives of people in local communities. In reaction to the complaints we received, we have been putting efforts into preventing any recurrence by immediately examining the causes of the problems and communicating with the people in the community. We will keep improving in order to contribute towards a comfortable living environment for people in the community. In FY 2021, we did not receive any complaints from the surrounding neighborhoods.

Complaints from surrounding neighborhoods



Results by Production Sites

Uji Plant

Site area: 311,781 m²
 ISO 14001 Certification No. JCQA-E-0249
 Main products: Nylon resins, Nylon fibers, Engineering plastics, Nylon/Polyester films, etc.

Tarui Plant

Site area: 165,309 m²
 ISO 14001 Certification No. JCQA-E-0323
 Main products: Spunlace nonwoven fabrics, Glass fabrics

Okazaki Plant

Site area: 313,865 m²
 ISO 14001 Certification No. JCQA-E-0292
 Main products: Polyester resins, Polyester fibers, Spunbond (filament nonwoven fabric), etc.

Tokiwa Mill

Site area: 64,530 m²
 ISO 14001 Certification No. JCQA-E-0221
 Main products: 100% cotton yarns, Synthetic blended yarns and 100% cotton yarns, Woven fabrics with synthetic blended yarns

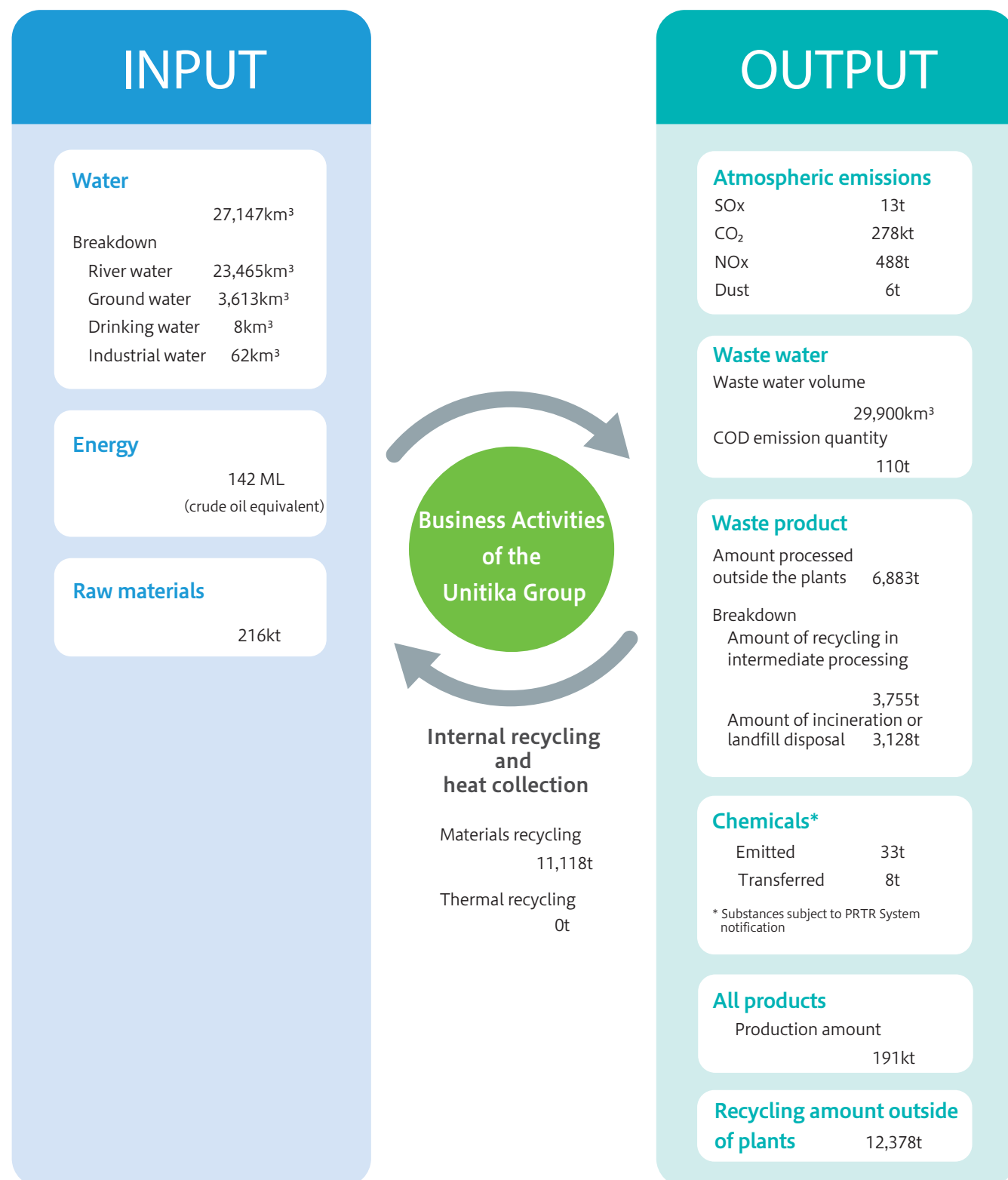
Environmental impact at production sites

Production sites	Air				Water						Location		
	SOx	NOx	Dust	BOD	COD	Suspended matter	Oil	Total nitrogen	Total phosphorus	Main products			
Unit	K-value	ppm	ppm	g/Nm ³	mg/L	kg/day	mg/L	mg/L	kg/day	mg/L	kg/day		
Uji Plant Site area: 311,781 m ²	—	29	199	0.025	—	1131	30	16	—	722	—	98	5 Uji-Tonouchi, Uji-shi, Kyoto
ISO 14001 Certification No. JCQA-E-0249	—	15	28	0.02	2.8	217	6.6	0.7	2.4	138	0.06	3.4	Nylon resins, Nylon fibers, Engineering plastics, Nylon/Polyester films, etc.
Okazaki Plant Site area: 313,865 m ²	—	93	100	0.05	25	905	20	10	15	482	2	62	4-1 Hinakita-machi, Okazaki-shi, Aichi
ISO 14001 Certification No. JCQA-E-0292	—	15	57	0.001>	2.3	53	4	0	1.8	29	0.31	5.1	Polyester resins, Polyester fibers, Spunbond (filament nonwoven fabric), etc.
Tarui Plant Site area: 165,309 m ²	11.5	—	150	0.3	40	109	50	5	120	43	16	5.6	2210 Tarui-cho, Fuwa-gun, Gifu
ISO 14001 Certification No. JCQA-E-0323	7	—	24	0.012	4.9	27	2.6	0.8	1.6	3.6	0.1	0.4	Cotton nonwoven fabrics, Glass fabrics
Tokiwa Mill Site area: 64,530 m ²	17.5	—	130	0.3	80	—	100	2.5	—	—	—	—	88 Nakabara, Soja-shi, Okayama
ISO 14001 Certification No. JCQA-E-0221	0.8	—	83	0.002	<0.5	—	<1	<1	—	—	—	—	100% cotton yarns, Synthetic blended yarns and 100% cotton yarns, Woven fabrics of synthetic blended yarns

(Notes) The displayed regulation values are the most rigorous values mandated by the law (Air Pollution Control Act or Water Pollution Prevention Act), regulations, and prefectural guidance or conventions. These include the environmental impact from affiliates within the production sites. SOx is sulfur oxides, NOx is nitrogen oxides, COD is chemical oxygen demand, and BOD is biological oxygen demand. The displayed air pollution values are the measured values for the major facilities at each production site (the totals are the values for the entire production site). The displayed water quality (pollution) values are the highest values measured at the drain outlets at each site (the loading amounts are the values for the entire production site).

Environmental Impact in Business Activities (FY 2021 Results)

The diagram below shows the Unitika Group's flow of materials for FY 2021.



Environmental Accounting

The Unitika Group implements environmental accounting as part of our environment-conscious business activities.

Purpose of Environmental Accounting

- To make environmental preservation more efficient by quantitatively identifying the amounts of investments and expenses for environmental preservation, and to carry out reasonable decision making for environmental preservation initiatives.
- To disclose environmental accounting information to our stakeholders, and to fulfill our responsibility to keep them informed.

Method of Tallying Environmental Accounting Data

Tally range

Unitika Ltd. domestic plants & on-site group companies
Union Co., Ltd., Osaka Dyeing Co., Ltd., Terabo Co., Ltd.,
Unitika Sparklite., Ltd.

Period

April 1, 2021 to March 31, 2022

Tally method

Investment amounts include environmental investments of items for which the environment is not the main objective. Expense amounts include labor costs, general expenses, and depreciation.

FY 2021 Environmental Costs

Category	FY 2021 (million yen)		Remarks
	Capital investment	Costs	
Business area costs			
Pollution prevention costs	171	469	Pollution (water, air and noise pollution) prevention measures
Environmental preservation costs	3	11	Energy saving, Global warming prevention measures
Resource recycling costs	171	418	Waste volume reduction, Materials recycling, Disposal of PCB/Asbestos
Upstream/downstream costs	—	—	Green procurement activities
Management activity costs	—	100	Environmental management system maintenance, Environmental education, Burden monitoring, Increase of greenery within factories
R&D costs	—	254	Developing environmentally-friendly products
CSR costs	—	2	Regional cleaning activities
Environmental damage costs	129	10	Cost for soil contamination countermeasures, Quantity-based taxes
Total	475	1,263	

FY 2021 Environmental Costs

The Unitika Group's FY 2021 environmental investment was 475 million yen. The main targets of investment are the ones regarding measures for the reduction of the environmental impact, disposal of devices containing PCB etc., and the recycling of raw materials.

The expenses regarding environmental preservation were 1,263 million yen. The main items include the maintenance and management of pollution prevention equipment, disposal of industrial waste (including recycling expenses), research and development of environmentally-friendly products and technologies, and social activities such as afforestation and city beautification initiatives.

FY 2021 Economic Benefits

The table lists items with a clear basis for calculation that have high substantive benefits for environmental preservation. Note that inferred benefits have not been calculated.

FY 2021 Economic Benefits

Item	FY 2021 (million yen)
Proceeds from the recycling of waste generated by business activities and the recycling of used products, etc.	137
Savings effect in emissions processing costs and industrial water costs associated with the cyclical use of water, etc.	23
Savings effect in energy costs from energy-saving activities, etc.	50
Savings effect in processing costs from recycling and measures to reduce waste	20
Savings effect in contributions designated by law associated with reductions in emissions amounts of regulated environmentally hazardous substances of concern (SOC)	—
Total	231

Rebuilding Quality Assurance and a Management System

The Unitika Group regularly holds the Quality Assurance Committee, which is chaired by the President, as we keep working on strengthening our governance.

In addition to thoroughly familiarizing all quality assurance workers with the Guidelines for Quality Assurance, which were enacted in 2019, we are also carrying out quality compliance education for 60 management-level employees of sales departments in the Group and implementing e-learning for 180 employees involved in quality assurance work.

In our management systems, we are strengthening the structure of the quality assurance departments within the Group, and continuously implementing quality audits as a part of our efforts to build and reorganize the quality assurance system. We are also using audits to ensure the reliability of data, make sure we are keeping our promise to customers, and check for any defects and irregularities in the quality assurance system. In these ways, we are striving to prevent inappropriate incidents, and to monitor and improve the state of our quality management.

We will move forward with reforming corporate culture and awareness in order to ensure employees thoroughly understand to “prioritize quality over cost and speedy delivery” as is specified in the Unitika Group Quality Policies, and to ensure there is a Group-wide awareness of compliance, including quality assurance.



Employees learning about quality compliance

Unitika Group Quality Policies

- With our value of “prioritizing quality over cost and speedy delivery,” the Unitika Group provides products that our customers can use safely and with peace of mind.
- We comply with the laws and regulations concerning products and services, and adhere to the agreements we have with our customers.
- To meet quality requirements, we build quality into our products through repeated verifying and testing during design, development, and manufacturing.
- We continually maintain our quality assurance system, and work to improve quality.

Excerpt from the Guidelines for Quality Assurance

<Basic Action>

- Ensure all quality assurance workers comply with laws and regulations related to products and services, and that they are thoroughly aware and strongly motivated to “never do, or let others do, dishonest and falsifying actions.”
- Enter into agreements with customers that can be complied with, and successively check the compliance status.
- Share information related to quality assurance within business departments and among Unitika Group companies and departments with jurisdiction.

Ensuring Product Safety

Unitika has established the Product Safety Management Regulations designed to ensure that we always offer safe products to our customers. These safety management regulations contain detailed provisions on areas such as basic policy, responsibility areas, implementation systems, and bylaws on the implementation and application of manual procedures. Unitika and Unitika Group companies work to ensure that product manufacturing and sales are carried out safely and in compliance with these regulations.

Information on the claims which may bring about an accident is shared by the Quality Assurance Committee and the Central Committee on Product Liability, and such information is used to prevent the recurrence of repeated claims, etc.

IR Activities

At Unitika, we carry out business activities as we strive to be a company that is continuously chosen by customers, under our philosophy of contributing to society by connecting people’s lives and technology. Within this and from the management perspective of focusing on stakeholders, the Unitika Group strives to create several opportunities to enable timely information disclosure to shareholders as well as existing and potential investors. The Unitika Group implements activities to ensure these opportunities run smoothly, and works to improve dialogues with shareholders as well as existing and potential investors.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is held in late June. At this Meeting, the Company outlines its latest business conditions and engages in dialogue with shareholders, through which it seeks to provide a better understanding of the Company’s current management condition and policies.

Announcements of Financial Statements and Explanatory Sessions

Unitika conducts a variety of financial data disclosure activities, including twice-yearly second quarter and full financial year accounting statements for the press, both of which are followed a week or so later by an explanatory session for institutional investors and analysts.

Institutional Investor Visits

Unitika representatives make visits to institutional investors and analysts, in order to provide more specific information as needed.

Publications

- Financial Results (Four times annually, in May, August, November, and February)
- Shareholder Reports (Two times annually, at second quarter and full year closing)
- Corporate Guides
- Unitika Report

Website Disclosures

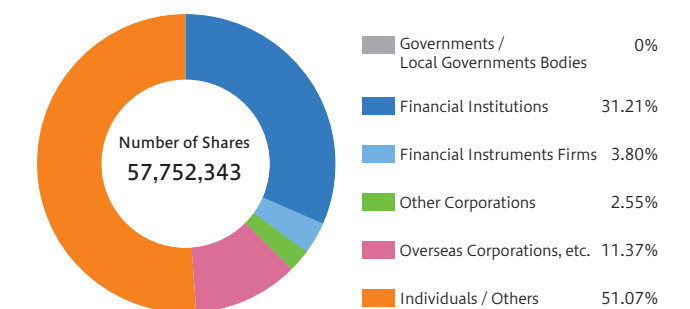
Unitika’s website contains the Investor Relations page for shareholders as well as existing and potential investors; it discloses IR information and press releases on products and services. There is also an archive of past financial results, IR briefings materials and securities reports, etc.

Share Status (as of March 31, 2022)

Total Number of Shares Issued

Common shares 57,752,343
Class A shares 21,740
Class B shares 1,751

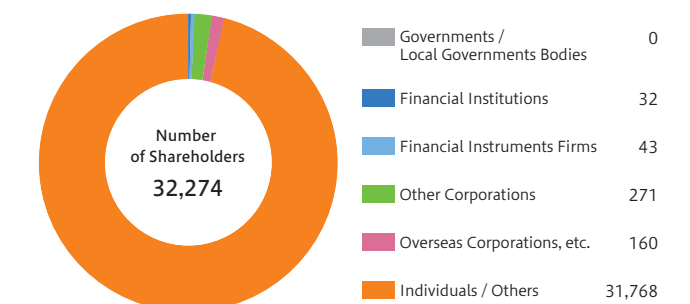
Shareholder Distribution Ratio (Common Shares)



Number of Shareholders

Common shares 32,274
Class A shares 1
Class B shares 2

Shareholder Distribution Ratio (Common Shares)



Promoting Awareness of Human Rights

Unitika Human Rights Policy

In July 2022, the Unitika Group formulated its human rights policy. As a member of the Corporate Report Association of Human Rights Issue, Unitika has been working extensively on human rights issues in a variety of ways, such as by gathering educational information on human rights. We are aware that the world is becoming increasingly conscious of human rights, and we have reflected this in our human rights policy by moving forward with our business activities while protecting the human rights of all stakeholders connected with our businesses.

We will familiarize Unitika employees, business partners and clients, etc., with this human rights policy, and carry out the various measures listed here.

Unitika Human Rights Policy

The philosophy of the Unitika Group is “contributing to society by connecting people’s lives and technology.”

Based on our philosophy, we are aiming to be a “company that is continuously chosen by customers,” as is set in our long-term vision G-STEP30. The Unitika Group is a member of the international society, and so we have set in the Unitika Human Rights Policy (hereinafter, “this human rights policy”) our commitment to respecting the human rights of all stakeholders (suppliers, business partners and clients, Unitika Group employees) as we move forward with our business activities. We believe promoting these initiatives for respecting human rights will facilitate work that is meaningful and humane (decent work) and correct inequalities; this is aligned with the basic position of the SDGs and leads to gaining the support of our global customers.

1. Compliance with international norms and laws and regulations

This human rights policy has been formulated in accordance with the United Nations’ Guiding Principles on Business and Human Rights. The Unitika Group supports and respects the following international norms.

- The International Bill of Human Rights, the most basic and comprehensive human rights norms in the international society
 - The Ten Principles of the United Nations Global Compact, which are ten principles stipulated in the four fields of human rights, labor, the environment, and anti-corruption
 - The ILO Core Labour Standards, in which the International Labour Organization (ILO) stipulates the basic rights in labor
- We will also comply with the laws and regulations of countries and regions where we carry out business activities. When there are differences in the laws and regulations of countries and internationally recognized human rights, we will pursue methods that respect the international principles of human rights.

2. Education and training

The Unitika Group is educating our executive officers and employees, so that they understand and put into practice this human rights policy.

3. Human rights due diligence

We will set up human rights due diligence mechanisms, identify the negative impacts on human rights that the Unitika Group has in society, and correct and lessen these impacts.

4. Dialogue with stakeholders

In regard to the negative impacts on human rights that occur from carrying out our businesses, we will talk to and consult with relevant internal and external stakeholders while also taking into account the views of external experts.

5. Correction and relief

When our business activities directly or indirectly negatively impact human rights, we will enhance the mechanisms for relief by conducting appropriate surveys and responding properly in our affiliates in Japan and overseas.

6. Information disclosure

The Unitika Group has disclosed our human rights initiatives based on this declaration on the Unitika website, etc.

* A resolution of enactment was passed at the Unitika Ltd. Board of Directors meeting held on July 25, 2022.

Raising Human Rights Awareness

The Unitika Group Code of Conduct that is assigned to our employees specifies respect for human rights. We are working towards human rights awareness in the Group by setting up a human rights awareness promotion organization and conducting in-house human rights training for our employees including the president, executives and the presidents of our affiliates.

As a member of the Corporate Report Association of Human Rights Issue, Unitika works on human rights issues in a variety of ways, such as by gathering educational information on human rights.

We have set up support desks at our production sites and Group companies for consultations on sexual harassment, power harassment, maternity harassment, and other forms of harassment related to pregnancy, childbirth, child-rearing and nursing care, with the aim of raising the level of awareness and recognition of our employees.

We are considering expanding these support desks to some overseas production sites to strengthen the response system when our business activities directly or indirectly negatively impact human rights.

Number of human rights training participants (FY 2021)

	Female	Male	Total
Total number of human rights training participants	298	697	995

(People)

Elimination of Forced Labor and Child Labor

Unitika Group companies and overseas affiliates have continually made declarations of their refusal to take part in any form of forced labor or child labor in violation of international agreements, such as the International Covenants on Human Rights or the Convention on the Rights of the Child.

We will continue with our activities to eliminate forced labor and child labor, in accordance with the Unitika Human Rights Policy we have formulated and the various international norms we refer to.

KPIs (FY 2030 targets) of Priority Issues (Materiality)

Implementation rate of human rights-related education (entire Group, including overseas companies):
20% (implemented once throughout the entire Group over five years)
FY 2021 actual results: 39% (domestic)

Utilization of Diverse Human Resources

The Unitika Group is promoting diversity management and utilizing a variety of personnel to create new value. We have formulated the Unitika Diversity Management Policy, which takes into consideration our long-term vision and medium-term management plan.

Unitika Diversity Management Policy

1. Human resources education policy

The Unitika Group is promoting diversity management by utilizing the differences among our varied personnel and maximizing their skills and potential to keep creating added-value.

2. Connection to our management vision

By practicing diversity management and enhancing our corporate value, we are aiming to be a “company that is continuously chosen by customers.”

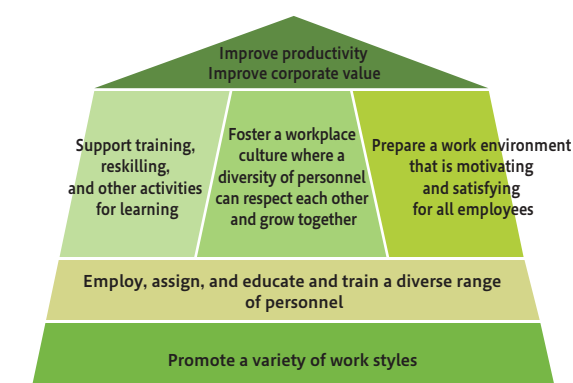
3. Work environment maintenance policy

In order to promote diversity management, the Unitika Group is making efforts to prepare a work environment that is motivating and satisfying for all employees. We are doing this by fostering a workplace culture where a diversity of personnel can respect each other and grow together, promoting a variety of work styles that meet each employee’s life plan, and actively supporting employees to learn independently.

4. Sustainability

We believe promoting these initiatives will facilitate work that is meaningful and humane (decent work) and correct inequalities, which is also aligned with the basic position of the SDGs.

* A resolution of enactment was passed at the Unitika Ltd. Board of Directors meeting held on July 25, 2022.



Initiatives for Promoting Diversity

Unitika set up the Diversity Promotion Group in April 2018 to promote diversity, particularly to speed up the participation of women in the workplace. In order to promote women's participation in the workplace, we feel it is critical to reform the corporate culture. Based on this mindset, we are organizing awareness reform training sessions for management (including officers) and training seminars aimed at female employees. We are striving to foster mutual awareness through continuous training.

In the training we conduct at the time new recruits join the company and in level-specific education, we are fostering understanding and communicating the need to effectively use the diversity in an organization, by accepting and recognizing the individual differences among employees, in order to enhance the Unitika Group's power. This includes employees who are currently child rearing or caregiving, or who are recovering from an illness, have disabilities, are from overseas, identify as LGBTQ+, or are young or elderly.

Employ a Diverse Range of Personnel

The Unitika Group is actively employing a diversity of personnel (including overseas students, persons with disabilities, and the "elder employee system" for rehiring retired workers), as well as employing people at various stages of their career (mid-career recruitment and the Return Employment System).

By employing overseas students from various backgrounds, we will be able to demonstrate the strengths of having diverse sensitivities and an international atmosphere, which will also help to strengthen diversity in the company overall. Our elder employees, who have a wealth of experience, are making use of their accumulated experience and know-how and thriving in a variety of our workplaces.

Also, for the employment of new graduates, as a part of our fair employment activities, Unitika has created an original Unitika Employment Interview Manual based on the gist of the Employment Selection Guidelines issued by The Ministry of Health, Labour and Welfare.

Return Employment System

If a full-time employee who has been working for us for three years or more is required to leave the company for unavoidable family reasons (marriage, child-rearing, caregiving, work transfer of spouse, etc.), and later that situation changes and they are able to return to work, the Return Employment System gives that person a chance to come back and work for Unitika, based on the mutual desire of both the individual and the company.

Number of new employees (FY 2021 Unitika Ltd.)

	Number of people			Ratio of females (%)
	Female	Male	Total	
Number of new employees	7	64	71	9.9
Head office employees	4	21	25	16.0
Production site employees	2	40	42	4.8
Mid-career recruits	1	3	4	25.0

Number and ratio of females at the management level (March 31, 2022 Unitika Ltd.)

	Number of people	Ratio (%)
Females at the management level	13	4.6

Number of overseas students as new employees (new graduates) and ratio that are employed at head office (career position) (FY 2021 Unitika Ltd.)

	Number of people			Ratio (%)
	Female	Male	Total	
Foreign national overseas students (new graduates)	1	0	1	4.0

KPIs (FY 2030 targets) of Priority Issues (Materiality)

Ratio of women at the management level (entire Group, including overseas companies): 20%
FY 2021 actual results: 5.9%

Ratio of female new recruits (career position) working at the head office (Unitika Ltd.): 30%
FY 2021 actual results: 16%

Use of Personnel System

Concept of Personnel System

Unitika's personnel system is designed to encourage employees to develop their careers and improve their abilities. It offers several different educational programs to enable employees to work on their personal growth, with a high degree of motivation and an ambitious mindset. These programs are offered systematically and continuously to enable organizational growth and boost corporate competitiveness.

Personnel Rotation System

Unitika's personnel rotation system is designed to enable systematic education of the human resources needed for the ongoing running of organizations, in accordance with the job level of each individual.

It is designed to enable the career development of each employee, to create synergy among organizations, and to lead to better business opportunities and corporate performance. Employees self-report the positions they want to be posted to, which are considered along with the needs of the Company. This provides the best possible understanding of expected employee roles and ability development goals, and enables more effective operations.

Evaluation System

Unitika's evaluation system is designed to provide a more accurate understanding of the roles employees expect to occupy, and to provide more impartial evaluations of the individuals producing the results needed to fill those roles. Employees are given yearly performance evaluations that rate them based on their competency, ability, role improvement, attainment of results, and job execution processes. They are also given twice-yearly performance evaluations in accordance with the Company's target management system. These evaluations are linked to pay raises, promotions and bonuses.

The evaluation results contribute to operating an evaluation system linked to the ability development and education of each employee going forward, such as receiving reliable feedback through discussions of the evaluation results with superiors, etc.

Human Resources Education

Underpinning Unitika's education system is the concept that raising the skills standards of all our employees leads to strengthening the organization's foundations. We consider on-the-job training (OJT), based on the career paths of employees, as the core of human resource development. Accordingly, we have established a system that more efficiently provides follow-ups for early-career employees, as well as education and support for managers. Off job training (OFF-JT) complements OJT, and enhances level-specific training, function-specific education, and the Global Human Resources Education Program.

In FY 2021 we switched from face-to-face training and education to an online format due to the COVID-19 pandemic, and certain programs were suspended or postponed. From FY 2022, we will resume face-to-face training while taking into consideration the effects of the COVID-19 pandemic.

Education and Training System

- Training during the first 3 years at Unitika, on-the-job training for reinforcement
- Level-specific training ● Selective training
- Diversity-related training
- Function-specific education (for sales, technology development, and manufacturing)
- Human rights training
- Overseas study system for technical positions
- Self-improvement support (for gaining qualifications, etc.)

Training Programs for Global Human Resources (Main Programs)

- Overseas trainee system
- Overseas business trip accompaniment system for young employees
- Assistance for taking foreign language lessons, Recommendation for taking the TOEIC test
- Overseas-related job training (global courses, global business skills training, global management training)
- Training for supervisors at overseas offices
- Training for national staff (for national staff at overseas sites)

Education and Training-related Results (FY 2021)

Education investment/person	29,000 yen	
Training time/person	6.2 hours	
Total number of participants	Male	4,429 people
	Female	1,532 people
Total training time	Male	12,166 hours
	Female	2,854 hours

* Education investment/person = Total education investment / (employees at all domestic Group companies + employees posted overseas)

Creating a Pleasant Workplace

Work-Life Balance

In order to promote the balance between employees' work and private lives, we have implemented "no-overtime days" to reduce the amount of overtime, and introduced child-rearing leave, caregiver leave, time off for sick/injured childcare, and time off for caregivers, all exceeding legal requirements. For employees engaged in child rearing or caregiving and who request half-day paid leave very frequently, we have increased the maximum to 14 times (7 days) per year. We also have a system of shortened work hours for child-rearing. This system allows employees with children who are aged three or older but have not completed the third grade in elementary school to reduce their work time by one hour. Also, we featured an article in the internal newsletter on "Discussion on male child-rearing leave: Creating a corporate culture where male employees can also easily take leave to raise their children," in which four male employees discussed their experience with child-rearing leave. This is one way we are encouraging male employees to take child-rearing leave. And to further support a variety of work styles, we are preparing a flex-time system for some departments, as well as promoting remote work for those workplaces (head office, etc.) where working from home is possible, and reducing the rate of in-office workers. We are also working on improving our productivity, as we aim for an average overtime of under 10 hours.

Number of employees taking child-rearing leave (Unitika Ltd. and some Group companies*)

	Female		Male		Total number of people
	Number of people	Ratio taking leave (%)	Number of people	Ratio taking leave (%)	
FY 2017	11	92	3	6	14
FY 2018	9	100	7	15	16
FY 2019	10	91	4	8	14
FY 2020	5	100	4	11	9
FY 2021	8	100	13	31	21

* Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

Relationship with Our Employees

KPIs (FY 2030 targets) of Priority Issues (Materiality)

Rate of men taking child-rearing leave
(All domestic Group companies): 50%
FY 2021 actual results: 31%
(Unitika Ltd. and some Group companies*)

* Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Ltd.;
Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

Employees' Health

Unitika Health Management Declaration

The philosophy of the Unitika Group is "contributing to society by connecting people's lives and technology."

Based on our philosophy, we are aiming to be a "company that is continuously chosen by customers," as is set in our long-term vision G-STEP30. Our initiatives to continuously understand and improve employees' health condition (health management) are an important investment that will enhance the corporate value of the Unitika Group. Investing in health management is necessary to become a company that is continuously chosen by customers.

We believe these initiatives will also contribute to realizing a sustainable society, from the perspective of ensuring a healthy lifestyle and facilitating work that is meaningful and humane (decent work).

July 2022 Shuji Ueno, Representative Director and President,
Chief Executive Officer

Mental Health Initiatives

Based on the Ministry of Health, Labour and Welfare's "Guidelines for Maintaining and Improving Workers' Mental Health," we conduct mental health training both at the time new recruits join the company and when employees are promoted. We are actively working to promote the mental health of our employees.

We are also conducting stress checks every year, and implementing stress relief measures for those with a check result of high stress levels, as a primary preventive measure for mental health care.

Return Support Guidelines

We have established "Return Support Guidelines" to allow those who were away for an extended period of time to return to work smoothly.

Lifestyle Disease Countermeasures

We conduct blood tests and electrocardiograms, outside of what is required by law, at the once-a-year regular health checkups for employees aged under 35 years. We are also encouraging employees to take an interest in managing their health, before they become middle-aged and older.

Disease Prevention Measures

We administer influenza vaccinations to employees at each production site, and take measures to prevent employees from developing influenza and having it progress into a serious case.

COVID-19 Infection Countermeasures

We are strengthening the following initiatives to prevent the spread of COVID-19 in workplaces.

- (1) Promoting telework
 - Reducing the rate of in-office work at workplaces (head office, etc.) where working from home is possible (target telework rate of 70%)
- (2) Measures to prevent the spread of COVID-19 infections at workplaces and in meetings
 - Ensuring employees wear masks, thoroughly wash and disinfect their hands, and avoid the three c's (closed spaces, crowded places, close contact)
 - Holding meetings that are well planned to include remote participation, shorter times, small groups, good ventilation, and sufficient spacing between seats, etc.
- (3) COVID-19 infection countermeasures for business trips and face-to-face meetings/interviews
 - Refraining as much as possible from business trips and face-to-face meetings/interviews at clients, and using remote participation, etc.
 - Asking employees to refrain from moving between production sites and affiliated companies within the Group (and when business trips and face-to-face meetings/interviews there are unavoidable, ensuring thorough infection prevention measures are being practiced in these places.)

KPIs (FY 2030 targets) of Priority Issues (Materiality)

Certification as an Excellent Health Management Corporation (Unitika Ltd. and some Group companies*):
① Acquire certification ② White 500

* Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Ltd.;
Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

Safety and Health Initiatives

At the Unitika Group, the Central Safety and Sanitation Committee is implementing health and safety activities aimed at eliminating accidents that require time off from work at all production sites and affiliates. We hold safety and sanitation managers meetings three times a year for those Group employees in charge of safety and sanitation. At these meetings, the participants share information such as the analysis of and measures for industrial accidents, initiatives to address companywide issues, and movements for revising laws and regulations. In FY 2020, there were multiple occurrences of industrial accidents including accidents where no worktime was lost. In response to this, we have been conducting general

safety inspections throughout the Group, and steadily implementing activities to reduce the hidden causes of accidents in workplaces. As a result, in FY 2021 we were able to reduce the number of industrial accidents by over 60% compared to the previous fiscal year. We are also supporting the physical, mental, and emotional health of employees by introducing Return Support Guidelines, and following the situation at workplaces based on mental health checks.

Results of industrial safety and health activities over the last 10 years



KPIs (FY 2030 targets) of Priority Issues (Materiality)

Number of accidents causing lost work time: 0
FY 2021 actual results: 1

Disaster Prevention and Readiness Initiatives

Disaster Prevention and Readiness Measures

To prepare for major disasters like the earthquake and tsunami that devastated Tohoku in March 2011, disaster readiness measures are crucial both to fulfill the basic mission of protecting the lives of employees, as well as to uphold the responsibility to stakeholders of continuing business activities. In July 2021, we revised the Unitika disaster prevention and readiness measures outline, and prepared a disaster prevention and readiness system and disaster control measures. Also on October 14, the Central Disaster Readiness Committee held its first disaster prevention and readiness event to make the entire company aware of the importance of disaster prevention and readiness.

Disaster Readiness Training

The Unitika Group has reflected on the fire that occurred at the Uji Plant on January 8, 2019, and we are reviewing overall the fire prevention system and working to prevent the recurrence

of such incidents. We are also actively carrying out accidents and natural disaster training, as well as doing drills at production sites in the spring and autumn seasons of fire prevention activities.

Additionally, as internal standards for managing safety at production facilities, Unitika has enacted a set of "pre-evaluation policies" on safety sanitation and environmental effects at new facilities. As a disaster readiness measure when creating or renovating facilities, a total of two rigorous inspections (during design and upon completion) are carried out in compliance with these standards.

At the Tarui Plant, 133 employees participated in an integrated disaster prevention and readiness drill on November 17, 2021. An outdoor fire hydrant water-discharge operating drill was held on April 16 and November 19, 2021.

On September 24, 2021 we carried out fire-fighting training using water extinguishers and fire hydrants, for the afternoon-shift workers at Unitika Textiles Ltd.

At the Okazaki Plant, 400 employees participated in a large-scale integrated fire prevention and disaster prevention drills on the "Disaster Drill Day at Plants" on November 18, 2021. In addition to evacuation drills in preparation for an earthquake, we partnered with the head office squad and district squads to carry out drills in preparation for a variety of crises including the outflow of chemicals, fire breakouts, and the confinement of employees.

We set March as a fire prevention month at the Uji Plant, and on March 22, 2022, we carried out notification, contact, and evacuation drills at all production sites, in which 523 people participated.

Preparation for Large-Scale Disasters

Unitika has established the Protocols for Returning Home, which encourages employees to stay at their workplaces if trains and other public transportation stop running due to large-scale disasters. This is to prevent employees from having difficulties in returning home, and to prevent them from obstructing the operations of police officers and fire fighters. We are also making other preparations such as storing disaster equipment, supplies, drinking water and preserved food. We have also established a system that allows us to handle requests for support from local residents in surrounding neighborhoods and for cooperation from local governments.



Integrated fire prevention and disaster prevention drills (Okazaki Plant)

Supply Chain Management Initiatives

Purchasing Policy

Unitika's purchasing departments will engage in transparent and fair procurement practices that meet personal and community standards.

They will uphold our duty as a company to engage in responsible procurement practices, placing emphasis on CSR activities. Under our purchasing policy, we will carry out supply chain management initiatives with our business partners and clients.

Purchasing Policy

1. Legal Compliance

When executing purchasing activities, the Company will comply with laws and community standards, engaging in transparent, fair procurement practices and aiming to be a good corporate citizen.

2. Harmony With Environment

When procuring products or services, the Company will value environmental awareness and the preservation of safety, endeavoring to purchase products and raw materials of low environmental impact.

3. Respect for Human Rights; Improving Working Environments

When engaging in purchasing activities, the Company will respect human rights and ensure that all forms of prejudice are eliminated when work is executed. The Company will make efforts to ensure health and safety, and to improve work environments.

4. Partners (CSR Aspects)

The Company will aim to create better partnerships, and ask partners to:

- ① Comply with legal and community standards
 - ② Work on activities to preserve the environment and to ensure safety
 - ③ Respect human rights; value efforts to improve working environments
 - ④ Endeavor to ensure appropriate quality/prices and reliably on-time delivery, and to maintain and improve products and services
 - ⑤ Abide by our chemicals management guidelines
- Additionally, cooperate in surveys and reports related to them

CSR Procurement Survey

The Unitika Group has set strengthening supply chain management as a priority issue. To do this, we will conduct a CSR procurement survey in FY 2022, familiarize employees with our purchasing policy in the supply chain, and work on improving this policy to fortify our supply chain management.

Survey targets

199 companies (total of the business partners and clients with an 80% transaction amount in the purchasing department of Unitika Ltd., and the business partners and clients with a 72% transaction amount in the purchasing department of Unitika Trading Co., Ltd.)

Number of respondents

174 companies (87.4% response rate)

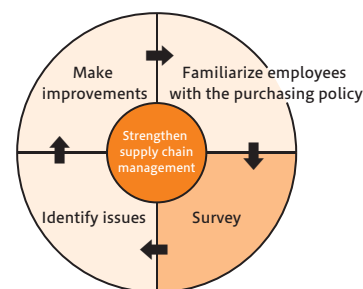
Survey contents

- ① Legal compliance
- ② Harmony with the environment
- ③ Improving working environments and human rights
- ④ Product safety and quality assurance
- ⑤ Setting relevant questions from chemicals management categories

Plans going forward

We will analyze the survey results, identify supply chain-related issues, and make improvements to the supply chain. Going forward, we will regularly conduct surveys to check for improvements. This is how we will continuously run the PDCA cycle, and link it to familiarizing employees with our purchasing policy in the supply chain.

PDCA cycle of supply chain management



KPIs (FY 2030 targets) of Priority Issues (Materiality)

Response rate of CSR procurement survey
(Main business partners and clients): 80%
FY 2022 actual results: 87.4%

Community-focused Initiatives

ECO Kyoto 21

ECO Kyoto 21 is a system run by Kyoto prefecture to certify and register production sites that play a leading role in environmental preservation or local recycling efforts.

Unitika's Uji Plant is participating in ECO Kyoto 21; in 2004, it was certified and registered in the system's Ecostyle category for production sites and organizations engaging in highly original environmental awareness activities.



Participation in Local Beautification Activities

As part of their efforts to give back to the community, Unitika production sites actively take part in environmental beautification drives to clean up their surroundings.

At the Okazaki Plant, every second Thursday of the month around 70 employees take part each time in cleaning up the surrounding area.

At the Uji Plant, employees take part in cleaning up the surrounding area through Clean Uji Initiative. During FY 2021, this initiative was held twice in the year due to the impact of COVID-19 infections; a total of 576 employees participated.

At Unitika Textiles Ltd., each year the company partners with the unions during the annual union events to carry out cleaning activities and strawberry picking in the local area. However, this event was suspended in FY 2021 as well due to the impact of COVID-19 infections, and instead in April the employees cleaned up the ditches surrounding the plant and pruned the cherry blossom trees to prevent falling leaves.

On May 31, 2021, the Sakoshi Plant and Ako Unitech Service Co., Ltd. carried out combined cleaning of the embankment areas from the front gate of the production sites.



Cleaning activities in the areas around the Sakoshi Plant and Ako Unitech Service Co., Ltd.

Initiatives for Preserving the Environment and Biodiversity

Participation in Declaration of Biodiversity

Unitika has endorsed the Declaration of Biodiversity released by Keidanren (Japan Business Federation) in 2009, and is partnering with it in promoting the declaration. The declaration contains seven principles covering areas such as harmonizing business activities with natural cycles, and promoting businesses oriented to these cycles. Unitika's business activities are designed with an awareness of biodiversity.

Unitika no Mori ("Forest of Unitika") Project

Unitika's labor union, Unitika Union, established a volunteer fund in 1992 to develop a variety of domestic and international support activities. As a project that commemorates its 30th anniversary in 2003, Unitika Union started the Midori no Plan ("Green Plan") with the purpose of social contribution and environmental protection in Japan. For the 20-year Midori no Plan, we planted Japanese chestnut oaks, konara oaks and Japanese cypresses in a 2-hectare area (approximately 2.5 acres) of mountain forest that has been named Unitika no Mori, located in Hidakagawa Town, Wakayama Prefecture. Several times a year, Unitika employees visit the site to maintain the forest by clearing underbrush and pruning branches. These activities have been officially recognized by Wakayama Prefecture as "an effort that contributes to CO₂ absorption through forestation." It is expected to result in about 800 metric tons of carbon dioxide absorption in 100 years.

Unitika no Mori was the first "corporate forest" in Wakayama, which was a pioneer nationwide in the establishment of such corporate forests. Unitika no Mori has received high praise for not only its woodland preservation activities but also its contributions to revitalizing the local region by such activities as continuous interaction with the local people. In 2018 it was awarded the Wakayama Prefecture Greening Achievement Award.

Continuing on from the previous year, as a precaution to prevent the spread of COVID-19 infections, the Midori no Plan was not carried out in FY 2021. So far though, over 500 people have participated in this project, and we plan to continue it well into the future, from the 21st year onwards, as a lasting activity.



Group photo at the FY 2019 Midori no Plan event

Corporate Governance

Basic Policies

At Unitika, we carry out business activities as we strive to be a company that is continuously chosen by customers, under our philosophy of contributing to society by connecting people's lives and technology. We have worked to achieve stakeholder-focused management by pursuing stakeholder strategies that include the enhancement of legal compliance and risk management, the timely and appropriate disclosure of information, and the implementation of rapid decision making. We believe this will enable Unitika to maximize corporate value in an increasingly global environment, and continue to grow.

Structural Overview

Under the Companies Act, Unitika has adopted the system of a company with a Board of Directors, and put in place auditors. We have also introduced a voluntary executive officer system.

We divide the decision making and management supervisory (governance) functions of the Board of Directors and the business execution functions of the executive officers. In order to enhance the mobility and effectiveness of the management, we promote cooperation between the directors and the executive officers, while most of the directors also serve as the executive officers with some exceptions.

We believe that our governance system is functioning as expected by means of the establishment of a voluntary committee, an executive officer system, outside directors, and an auditor system.

Board of Directors

The Unitika Board of Directors is composed of eight directors: Representative Director Chairman Hiroyuki Shime (chairman), Shuji Ueno, Eiji Sumi, Masakazu Kitano, Tsunetoshi Matsuda, Minoru Furukawa (outside director), Michihiko Ota (outside director), Noriko Ishikawa (outside director). The outside directors apply their respective extensive experience and broad

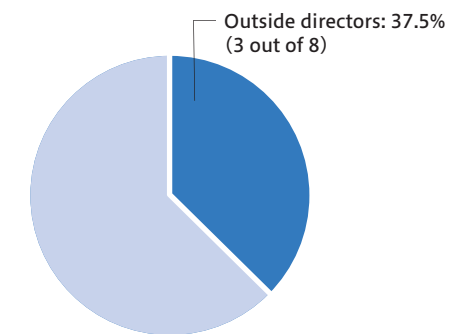
knowledge to provide objective recommendations; this enhances the transparency and integrity of management.

The auditors (Kazuki Oka, Shigeru Sugisawa, Tetsuaki Fukuhara (outside auditor), Sumitaka Maruyama (outside auditor)) attend

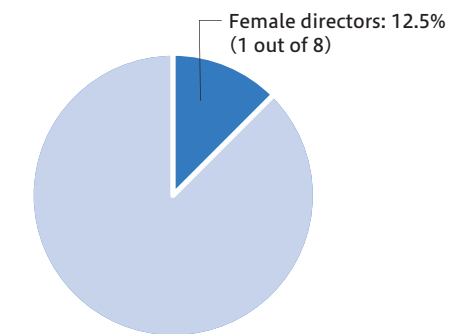
the Board of Directors meetings so that they can speak up and check the decision-making process of management. The Board of Directors meetings are held once a month, and also on an ad-hoc basis as required.

Board of Directors

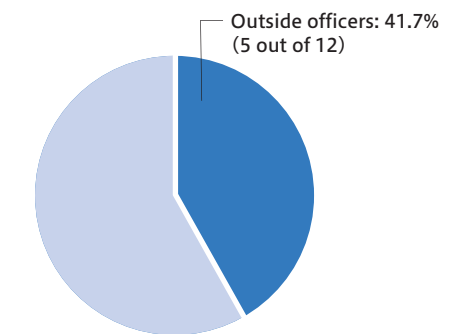
Ratio of outside directors



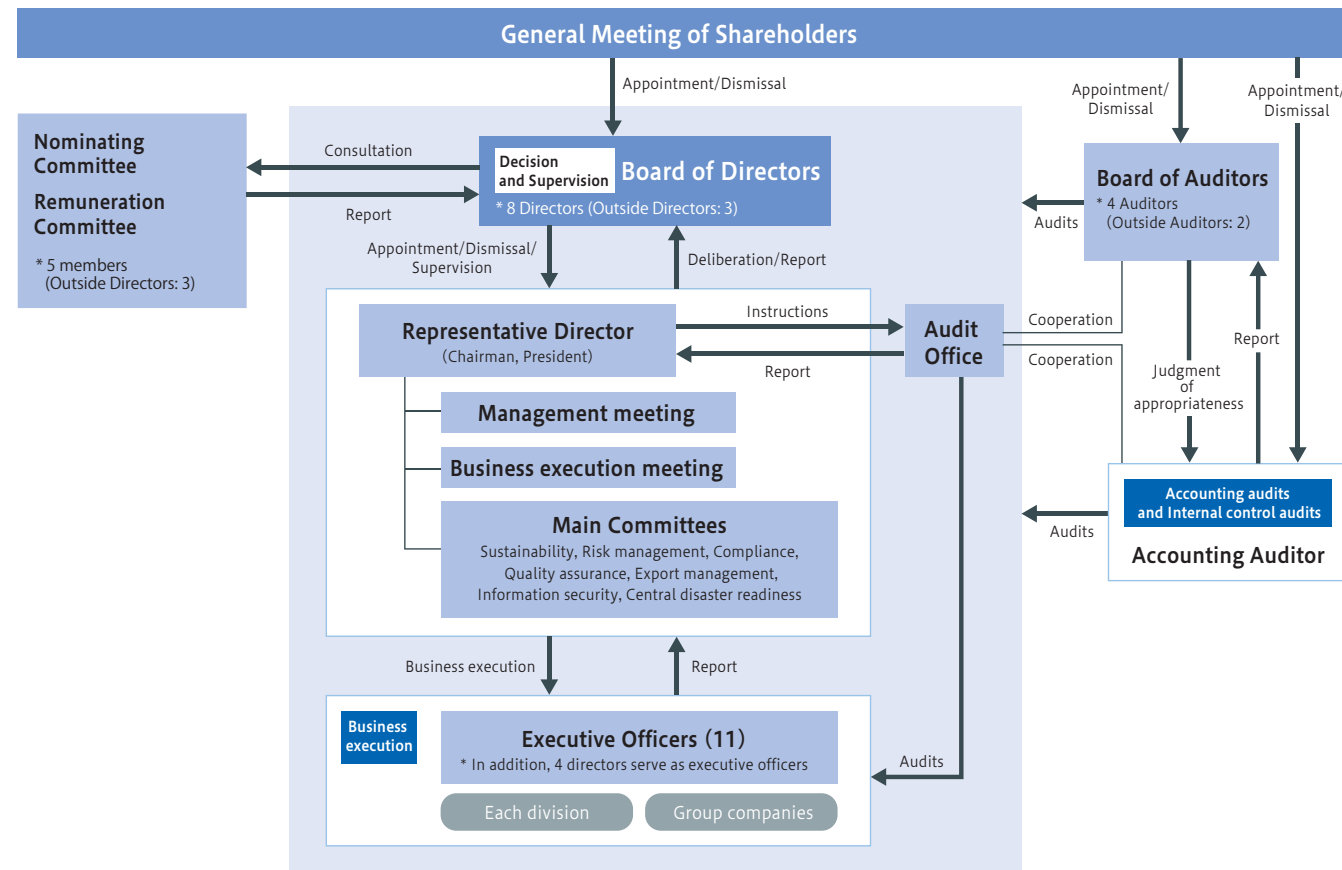
Ratio of female directors



Ratio of outside officers



Governance organizational chart



Skills matrix

Name	Position in the Company	Type	Skills and experience							
			Corporate management Management planning	Sales Marketing	Finance Accounting	Legal Risk management	R&D Manufacturing	Global	Sustainability Human resources and personnel development	
Hiroyuki Shime	Representative Director Chairman		●	●					●	
Shuji Ueno	Representative Director and President, Chief Executive Officer		●					●		●
Eiji Sumi	Director, Managing Executive Officer				●	●				●
Masakazu Kitano	Director, Senior Executive Officer							●		●
Tsunetoshi Matsuda	Director, Senior Executive Officer			●				●	●	
Minoru Furukawa	Director	Outside, Independent	●		●				●	
Michihiko Ota	Director	Outside, Independent	●						●	●
Noriko Ishikawa	Director	Outside, Independent								●

(Note) The table listed above is not a comprehensive listing of the full range of skills and experience the directors have.

Board of Auditors

The Unitika Board of Auditors is composed of four auditors: Kazuki Oka (chairman), Shigeru Sugisawa, Tetsuaki Fukuhara (outside auditor), and Sumitaka Maruyama (outside auditor). These auditors audit and monitor management, such as the management policies, execution of business operations, and preservation of property in accordance with standards including the relevant laws and regulations, the Unitika Articles of Incorporation, and provisions, etc.

Nominating Committee / Remuneration Committee

The Unitika Nominating Committee and Remuneration Committee are each composed of five directors: Minoru Furukawa (outside director) as Committee Chairman, and Hiroyuki Shime, Shuji Ueno, Michihiko Ota (outside director), and Noriko Ishikawa (outside director). These committees deliberate matters concerning the appointment and remuneration of management (executive officers) and the nomination of candidates for directors and auditors, and then report their recommendations to the Board of Directors (for auditor candidates, after approval from the Board of Auditors). This is how these committees are working to ensure the integrity and improve the transparency of matters related to executive officers and determining their remuneration.

Record of main meetings held and attendance

Meeting	Number of times held
Board of Director	16
Board of Auditors	13
Nominating Committee	3
Remuneration Committee	2
Rate of attendance of outside directors at the Board of Directors meeting	98%
Rate of attendance of outside auditors at the Board of Directors meeting	94%
Rate of attendance of outside auditors at the Board of Auditors meeting	96%

Evaluating the Effectiveness of the Board of Directors

In March 2021, Unitika conducted a survey with the recommendations of external institutions on all directors

and auditors comprising the Board of Directors. We then analyzed and evaluated the Board of Directors, taking into consideration the tallied results from the external institutions.

The results were generally a positive evaluation of the composition, operation, management, supervision, and other functions of the Board of Directors. Subsequently, we have evaluated the Board of Directors to be effective overall. There has also been a notable improvement in the items identified in the previous survey as having scope for further review and improvement, including having more diversity among the Board of Directors' members, enhancing the documents and materials for agenda items, and creating opportunities to further strengthen communication between members. This year's survey also indicated the need for discussion on topics such as further strengthening the functions of the Unitika Group's overall internal control systems, training successors, and management strategies based on ESG and SDGs, etc. We will review these views, and continue working on improving the effectiveness of the Board of Directors.

Remuneration of Executive Officers

All Unitika executive officers are remunerated in cash payments. Excluding outside directors and auditors, these payments to executive officers are comprised of position-specific fixed remuneration and performance-linked remuneration as an incentive. Outside directors and auditors only receive fixed remuneration.

The remuneration of Unitika executive officers is determined via consultation with the voluntary Remuneration Committee, which has an independent outside director as the Committee Chairman and is set up as an advisory institution of the Board of Directors. The remuneration of directors is determined by the Board of Directors, and the remuneration of auditors is determined by the Board of Auditors. When determining the level of remuneration for executive officers, we also refer to surveys and other data from external third-party institutions, and take into consideration the views, etc. of outside officers in the Remuneration Committee. The remuneration is appropriately determined within the maximum limit of executive officer remuneration (within 40 million yen per month for directors and within 6 million yen per month for auditors), as stipulated at the Annual General Meeting of Shareholders (June 28, 1990).

Unitika's performance-linked remuneration system targets achieving the medium-term management plan as a strong motivator. It was introduced for executive officers excluding outside directors and auditors, and calculates remuneration based on an evaluation of the achievement rate according to the current fiscal year's results for the medium-term

management plan's revenue target values. The ratio of performance-linked remuneration has been roughly set at around 10% of the position-specific fixed remuneration as a standard level. The evaluation of the achievement rate related to the revenue that is the base for calculating the remuneration is set using a certain weight assigned to consolidated net sales, operating profit, and net profit. Also, the evaluation for calculating the performance-linked remuneration is determined via consultation with the Remuneration Committee.

Details of remuneration of executive officers

Category of executive officers	Total (million yen)	Class-specific total (million yen)	
		Fixed remuneration	Performance-linked remuneration
Directors (excluding outside directors): 6	155	142	12
Auditors (excluding outside auditors): 2	36	36	0
Outside officers: 5	37	37	0

The above figures include one director who retired upon the conclusion of the 211th Annual General Meeting of Shareholders held on June 29, 2021.

Internal Control System

Basic Policies

Under the Companies Act, Ordinance for Enforcement of the Companies Act and Financial Instruments and Exchange Act, Unitika has created a system that ensures the adequate operation of our company and group, as well as the trustworthiness of our financial reports, as follows.

Structural Overview

The Internal Control System stipulates the Unitika's Basic Policy for Internal Control based on Companies Act and the Financial Instruments and Exchange Act. Internal controls for financial reporting are dealt with mainly at the Audit Office, while internal controls regarding offices are set up at our key business branches in order to establish the corporate framework for internal controls. Also, in addition to collecting information within the company and the Group, which is mainly done by the Risk Management Office, we also have systems in place to enable a timely response to matters, including setting up a Compliance Committee and whistleblower contact points within and

outside the company.

Furthermore, we have stipulated the Unitika Group Charter of Corporate Behavior, and are distributing and establishing the Unitika Group Code of Conduct as specific action standards for all officers and employees of the Group. We are also promoting compliance such as by conducting timely training with the Risk Management Office, and through electronic-based education (e-learning) using the internet.

Unitika's Basic Policy for Internal Control (Item Headings)

1. Organization to ensure that the execution of job duties by directors and employees complies with all applicable legislation and the Articles of Incorporation
2. Items pertaining to saving/managing information on directors' execution of job duties
3. Regulations on loss hazard management; other organizational elements
4. Organization to ensure that execution of directors' job duties is performed efficiently
5. Organization to ensure suitability of operations done by corporate groups
6. Items pertaining to ensuring the effectiveness of instructions to employees, and to their independence from directors, when auditors ask for the appointment of those employees to act as assistants
7. Organization for making a report to the auditors, and an organization that ensures the fair treatment of people who make a report to the auditors
8. Items regarding the procedures for the advanced payment or reimbursement of the expenses arising from the performance of duties of the auditors or the policies regarding the processing of other expenses or debts arising from the performance of duties of the auditors
9. Other organizational elements to ensure that auditing by auditors is performed effectively

CSR Promotion System

As the demands and requests from society expand, the weight of the CSR (corporate social responsibility) we should fulfill is also increasing. Unitika is striving to fulfill our CSR, and meet the expectations of our various stakeholders.

We have set up various committees in each area including compliance, risk management, safety and sanitation, the environment, and information security in order to proactively conduct activities in respective areas. In these committees, we deliberate policies (including giving instructions and guidance on important matters) and monitor the situation regarding the permeation of these policies, as well as share information on responses to issues and problems that arise, and actively roll out activities to other areas in Unitika.

Environment, Health, and Safety (EHS) Management

Unitika's Environment Committee and Central Safety and Sanitation Committee are organizations created to oversee environmental management, and health and safety management. The Environment Committee's main functions are examining basic plans on environmentally-aware businesses and verifying their progress, discussing reports of results of environmental audits of production sites and Group companies done by the committee secretary, and discussing other major items related to the environment. The Central Safety and Sanitation Committee discusses measures to prevent work-related accidents and other accidents and disasters, and discusses other major items related to health and safety.

These two committees are higher-level organizations that oversee the Environmental Safety Groups of individual Unitika production sites and Group companies. They play an important role in specifying and compiling Group policies, when lower-level organizations propose and implement measures reflecting their own unique circumstances.

Export Control

In the Unitika Group, export control managers appointed at our business sectors and Group companies carry out the management of daily export operations under the Export Control Committee, based on the Export Control Regulations.

Unitika's regulations have been registered in the CP of the Ministry of Economy, Trade and Industry (METI) since 1988.

The committee administration supervises the situation through audits and other means, while checking the management status in each division. In order to respond to the Deemed Export Control enacted in May 2022, the committee administration also provides explanations to relevant persons within the company, revises provisions, and takes other actions to ensure a thorough response in all areas. We are also carrying out individual training in each division, as well as training for those 27 employees promoted to the position of person in charge and other activities as a part of our education for employees. In FY 2021, we bolstered our management system by inviting external experts to educate export control managers on the Foreign Exchange and Foreign Trade Act and how to prevent the leaking of Unitika technologies.

Information Security Management

Unitika has established a management and operation system centered around the Information Security Committee. This system was set up to prepare and implement measures to prevent and respond to information security incidents, as well as protect the Unitika Group's information assets by educating and raising awareness of information security.

Regarding the protection of personal information, Unitika handles this in accordance with the laws and regulations, such as inspecting the information held and how it is handled, and taking comprehensive measures for security management. Also, to respond to the rising risks and threats of cyber-attacks, we have been continuously using a vulnerabilities diagnostic service provided by a specialist institution, and implementing Group-wide countermeasures including in the supply chain and at production sites in Japan and overseas.

Unitika also strives to prevent accidents in our daily business operations through the enhancement of security tools against new threats and risks, including targeted attacks, and by raising awareness through training and the education of all Unitika Group employees.

Unitika Group Charter of Corporate Behavior

In 1998, the Unitika Group created the Unitika Charter of Corporate Behavior, a document that sets forth the basic action policy needed to fulfill our mission in society, and in 2001 we issued the first edition of the Unitika Action Standards.

On April 1, 2020, we revised each document as the Unitika Group Charter of Corporate Behavior and the Unitika Group Code of Conduct. We are distributing a Code of Conduct booklet to all executive officers and employees in the Unitika Group (as well as a card-sized portable version that can be referred to at all times), and promoting compliance with the Code of Conduct.

Each year we carry out compliance training during the training for new employees and all employees who have been promoted. We are also working to ensure that all employees are aware of compliance and that it is firmly established, such as by creating opportunities for electronic learning using the internet (e-learning).



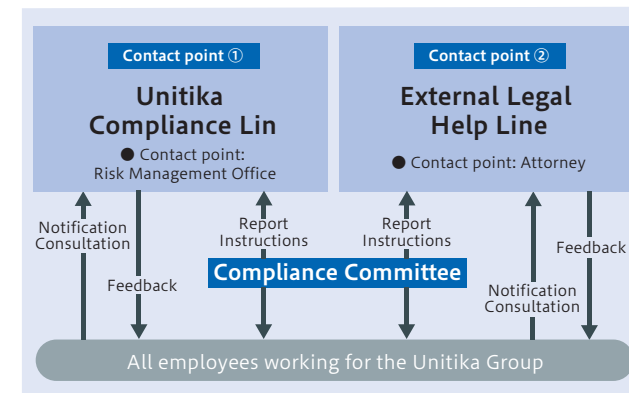
Front cover of the Unitika Group Code of Conduct

Whistleblower Contact Points

Unitika has enacted the Whistleblower Protection Regulations, which specify provisions to protect whistleblower privacy and prohibit prejudicial treatment of them for making a report. We have set up two reporting contact points (one inside and one outside the Company) to enable employees to immediately report any dishonest or illegal conduct they become aware of. We respond in a timely and appropriate manner to any consultations or notifications of such conduct.

We are exhaustively ensuring compliance throughout the Group, mainly through the Compliance Committee chaired by the Chief Compliance Officer.

Unitika's whistleblower contact points



Harassment Consultation Services

We have set up a help desk at each office and Group companies regarding harassment at work, such as sexual harassment, power harassment, harassment in relation to pregnancy, childbirth, parenting and nursing care including maternity harassment, in order to detect and resolve harassment at an early stage.

The Guidelines Regarding the Prevention of Human Rights Violation such as Harassment at Unitika Group was established in 2012, and was revised in December 2016. As we broadly strive toward the prevention of harassment and the establishment of a workplace where all our employees can work comfortably, we have added the statements that sexual harassment cannot be allowed regardless of the victim's sexual orientation and gender identity, and that it is considered as sexual harassment if there is any nonconsensual sexual statements or action, even if it is between people of the same sex.

Risk Management System

We have set up a risk management system in the Unitika Group under the Risk Management Committee and in accordance with the Risk Management Regulations. With this system, we are ensuring the continuity of the Group by preventing the occurrence of risks and minimizing the loss and damage incurred when risks occur.

The Risk Management Committee organizes countermeasures for risks that the entire Unitika Group should be ready for and risks that have a substantial impact on business operations. It inspects the progress status of these countermeasures, and considers and deliberates on matters associated with the danger of loss and damages being incurred by the Unitika Group, such as investigating the causes of risks occurring and considering ways to prevent their recurrence.

The risk management managers in each business and management sectors and Group companies have overall control of risk management in their own sector/company. The Chief Risk Management Officer, who is also the Chairman of the Risk Management Committee, has overall control of risk management for the entire Group, under the direction of the Unitika President.

Directors



Hiroyuki Shime
Representative Director Chairman

Apr. 1975 Joined the Company
June 2008 Director, Senior Executive Officer
July 2012 Director, Managing Executive Officer
June 2014 Representative Director and President, Chief Executive Officer
June 2019 Representative Director Chairman (present)
June 2022 Outside Auditor of DAIHEN Corporation (present)



Shuji Ueno
Representative Director and President, Chief Executive Officer, Responsible for the Audit Office

Apr. 1983 Joined the Company
June 2012 Director, Executive Officer
July 2012 Director, Senior Executive Officer
Apr. 2015 Director, Managing Executive Officer
June 2015 Representative Director, Managing Executive Officer
June 2019 Representative Director and President, Chief Executive Officer (present)



Eiji Sumi
Director, Managing Executive Officer, General Manager of Administration Division

Apr. 1984 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)
June 2013 Executive Officer, Managing Director Head of Global Compliance Division of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (now MUFG Bank, Ltd.), and Executive Officer, Managing Director of Global Compliance Division of Mitsubishi UFJ Financial Group
June 2015 Director and Senior Managing Executive Officer of Mitsubishi UFJ Research and Consulting Co., Ltd.
Apr. 2020 Advisor to the Company (full-time)
June 2020 Director, Managing Executive Officer, General Manager of Administration Division (present)



Masakazu Kitano
Director, Senior Executive Officer, General Manager of Technology Development Division, and General Manager of Production Management Division

Apr. 1985 Joined the Company
Aug. 2007 Manager of Technology Department of Okazaki Plant, Nippon Ester Co., Ltd.
July 2013 General Manager of Okazaki Plant of the Company, and Representative Director and President of Nippon Ester Co., Ltd.
Apr. 2015 Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office
Apr. 2017 Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, and General Manager of Research & Development Center
Apr. 2018 Senior Executive Officer, Deputy General Manager of Technology Development Division, and General Manager of Research & Development Center
Apr. 2019 Senior Executive Officer, General Manager of Technology Development Division, and General Manager of Research & Development Center
Apr. 2020 Managing Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office
Apr. 2021 Managing Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, Responsible for Supervising Production
June 2021 Director, Senior Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, Responsible for Supervising Production
Apr. 2022 Director, Senior Executive Officer, General Manager of Technology Development Division, and General Manager of Production Management Division (present)



Tsunetoshi Matsuda
Director, Senior Executive Officer, General Manager of Polymers Sector, Responsible for Global Business Promotion Division, Stationed in Tokyo

Apr. 1986 Joined the Company
Oct. 2005 Manager of Films Quality Assurance Department of Films Sector
Jan. 2009 Manager of Films Production Department of Films Sector
June 2014 Manager of Technology Development & Planning Office of Technology Development Division
Apr. 2015 General Manager of Research & Development Center of Technology Development Division
Apr. 2016 Executive Officer, General Manager of Research & Development Center of Technology Development Division
Apr. 2017 Executive Officer, Manager of Films Division
Apr. 2019 Executive Officer, Manager of Plastics Division
Apr. 2020 Senior Executive Officer, Manager of Plastics Division
Apr. 2021 Senior Executive Officer, General Manager of Polymers Sector, Responsible for Global Business Promotion Division, Stationed in Tokyo
June 2021 Director, Senior Executive Officer, General Manager of Polymers Sector, Responsible for Global Business Promotion Division, Stationed in Tokyo (present)



Minoru Furukawa
Director (part-time)

Apr. 1966 Joined Hitachi Zosen Corporation
Apr. 2005 Representative Director, President of Hitachi Zosen Corporation
June 2010 Representative Director, Chairman and President of Hitachi Zosen Corporation
Apr. 2013 Representative Director, Chairman and Chief Executive Officer of Hitachi Zosen Corporation
Apr. 2016 Representative Director, Chairman of Hitachi Zosen Corporation
June 2016 Outside Director of the Senshu Ikeda Bank, Ltd.
Apr. 2017 Director, Advisor of Hitachi Zosen Corporation
June 2017 Outside Director of Senshu Ikeda Holdings, Inc. (present)
June 2017 Non-Executive Director of the Senshu Ikeda Bank, Ltd. (present)
June 2017 Director of the Company (present)
June 2018 Outside Director of OKK Corporation (present)



Michihiko Ota
Director (part-time)

Apr. 1975 Joined Marubeni Corporation
Apr. 2012 Senior Executive Vice President of Marubeni Corporation
Apr. 2013 Senior Executive Vice President, Regional COO for ASEAN, Regional CEO for East Asia, Regional COO for Southwest Asia of Marubeni Corporation, Managing Director, Marubeni ASEAN Pte. Ltd.
June 2014 Senior Executive Vice President of Marubeni Corporation
Apr. 2015 Vice Chairman of Marubeni Corporation
June 2016 Outside Board Member of XEBIO Holdings Co., Ltd. (present)
June 2017 Outside Corporate Auditor of Saison Automobile & Fire Insurance Co., Ltd. (present)
Mar. 2018 Outside Director of OYO Corporation (present)
June 2019 Director of the Company (present)



Noriko Ishikawa
Director (part-time)

Apr. 2004 Lecturer at the Research Institute for Economics and Business Administration, Kobe University
Apr. 2005 COE researcher at the Department of Natural Science of Graduate School of Engineering, Kobe University
Apr. 2007 Specially-appointed lecturer at the Faculty of Economics, Kinki University
Apr. 2009 Lecturer at the Faculty of Economics, Kinki University
Apr. 2010 Associate Professor at the Department of Economics, Faculty of Economics, Konan University
Apr. 2016 Professor at the Department of Economics, Faculty of Economics, Konan University (present)
June 2021 Director of the Company (present)

Auditors



Kazuki Oka
Auditor (full-time)

Apr. 1983 Joined the Company
Oct. 2002 General Manager of Administrative Department, Films Division
July 2011 Deputy General Manager of Corporate Planning Division
July 2012 Deputy General Manager of Corporate Planning Division, and General Manager of Global Strategy Promotion Department, and General Manager of Polymerization Administrative Department
June 2014 Executive Officer, General Manager of Global Strategy Promotion Department, and General Manager of Polymerization Administrative Department
Apr. 2018 Executive Officer, General Manager of Global Business Promotion Division
Apr. 2019 Advisor
June 2019 Auditor (present)



Shigeru Sugisawa
Auditor (full-time)

Apr. 1985 Joined the Company
May 2009 General Manager of Environment System Design & Construction Department, Environment & Engineering Division
June 2010 General Manager of Environment Engineering Department, Environment & Engineering Division
July 2012 General Manager of Corporate Control Department, Corporate Planning Division
Apr. 2015 Deputy General Manager of Corporate Planning Department, Corporate Planning Division
Apr. 2017 General Manager of Corporate Planning Department, Corporate Planning Division
Apr. 2020 Executive Officer, General Manager of Corporate Planning Department
July 2020 Executive Officer, General Manager of Corporate Management Division and General Manager of Legal Affairs Office
July 2021 Executive Officer, General Manager of Corporate Management Division
Apr. 2022 Advisor (full-time)
June 2022 Auditor (present)



Tetsuaki Fukuhara
Auditor (part-time)

Apr. 1977 Registration as an Attorney (Osaka Bar Association)
Joined Kuboi & Partners Law Office
Apr. 1986 Opened Meiwa Law Office
Apr. 2003 Opened Mizuki Law Office
Apr. 2013 Chairman of Osaka Bar Association
June 2017 Auditor of the Company (present)



Sumitaka Maruyama
Auditor (part-time)

July 2008 Head of Nishinari Tax Office
July 2009 Manager of Personnel Section 2, General Affairs Department, Osaka Regional Taxation Bureau
July 2014 Assistant Manager of Taxation Department 1, Osaka Regional Taxation Bureau
July 2015 Manager of Taxation Department 1, Osaka Regional Taxation Bureau
Aug. 2016 Registration as a Certified Tax Accountant
June 2019 Outside Auditor of Nippon Shinyaku Co., Ltd. (present)
June 2019 Auditor of the Company (present)

10-year Financial Summary

		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Operating Results:											
Net sales	(100 million yen)	1,601.9	1,626.9	1,591.3	1,464.7	1,262.2	1,283.9	1,291.0	1,195.4	1,103.8	1,147.1
Operating profit	(100 million yen)	55.2	68.0	89.2	104.5	125.4	116.6	81.4	54.7	60.2	60.1
Operating profit margin	(%)	3.4	4.2	5.6	7.1	9.9	9.1	6.3	4.6	5.5	5.2
Ordinary profit	(100 million yen)	38.5	47.1	76.8	68.2	104.8	99.7	70.9	31.5	53.8	64.0
Profit attributable to owners of parent	(100 million yen)	△ 108.8	5.8	△ 270.3	69.3	73.9	80.8	52.3	△ 21.6	38.6	22.2
EBITDA	(%)	110.0	117.4	136.3	150.1	168.3	161.1	126.3	102.3	105.4	106.8
Financial Condition:											
Total assets	(100 million yen)	2,550.5	2,541.8	2,358.8	2,199.6	2,118.7	2,014.5	1,990.9	1,937.3	1,904.0	1,914.0
Net assets	(100 million yen)	213.2	193.7	315.9	379.4	452.6	407.3	413.5	389.3	411.9	430.7
Shareholders' equity	(100 million yen)	178.1	155.4	283.5	346.0	418.4	371.7	378.7	354.8	394.8	413.0
Capital adequacy ratio	(%)	7.0	6.1	12.0	15.7	19.7	18.4	19.0	18.3	20.7	21.6
D/E ratio	(times)	9.4	10.6	4.7	3.7	2.6	2.8	2.7	2.8	2.5	2.3
Interest-bearing liabilities	(100 million yen)	1,665.2	1,645.5	1,339.0	1,263.3	1,093.3	1,052.5	1,026.0	996.0	968.0	938.9
Cash Flow, Investing, Other:											
Cash flow from operating activities	(100 million yen)	160.4	68.4	60.8	116.6	181.1	97.4	89.9	98.0	148.7	86.7
Cash flow from investing activities	(100 million yen)	△ 44.0	△ 41.0	△ 1.5	41.2	△ 41.6	△ 32.3	△ 64.4	△ 101.9	△ 61.7	△ 89.9
Free cash flow	(100 million yen)	116.4	27.4	59.4	157.9	139.5	65.1	25.4	△ 4.0	87.0	△ 3.2
Cash flow from financing activities	(100 million yen)	△ 74.3	△ 30.5	58.7	△ 50.1	△ 190.9	△ 172.1	△ 65.2	△ 34.8	△ 41.4	△ 42.1
Capital investment	(100 million yen)	61.0	50.0	48.1	59.7	48.3	41.3	60.7	93.2	73.9	76.1
Depreciation	(100 million yen)	54.8	49.4	47.2	45.6	42.9	44.5	44.8	47.7	45.2	46.7
R&D expenditures	(100 million yen)	43.5	38.8	39.4	32.0	31.4	32.7	34.7	36.2	36.4	36.0
Per Share Indices, Other Indices:											
Net income per share	(yen)	△ 188.7	10.1	△ 468.7	102.9	110.8	133.3	85.2	△ 43.0	61.4	33.3
Net assets per share	(yen)	308.8	269.4	△ 170.1	△ 67.6	58.0	160.8	229.9	188.4	257.7	303.6
Operating ROA	(%)	2.2	2.7	3.8	4.8	5.9	5.8	4.1	2.8	3.2	3.1
Number of employees	(People)	4,534	4,513	4,458	3,906	3,671	3,677	3,497	3,438	3,007	3,037

Notes

A reverse split (10:1) was implemented on October 1, 2017. "Net income per share" and "Net assets per share" are calculated based on the assumption of said reverse split at the start of the period for FY 2011.

Company Overview

As of March 31, 2022

Unitika Ltd. <https://www.unitika.co.jp>

Founded June 19, 1889

Capital Stock 100,450,000 yen

Outline of Main Businesses

- Polymers**
Films (nylon, polyester),
Resins (nylon, polyester, polyarylate),
Biodegradable materials

- Performance Materials**
Nonwoven fabrics (polyester spunbond, cotton spunlace),
Activated carbon fibers, Glass fibers, Glass beads,
Industrial fibers

- Fibers & Textiles**
Fibers and textiles (polyester)

- Other businesses**
Plants, Technology exports

Head Office

Osaka Head Office
Osaka Center Bldg., 4-1-3 Kyutaro-machi, Chuo-ku,
Osaka 541-8566 Japan
Tel.: +81-6-6281-5695

Tokyo Head Office
Nihombashi-Nichigin Dori Bldg., 4-6-7 Nihonbashi-Hongoku-cho,
Chuo-ku, Tokyo 103-8321 Japan
Tel.: +81-3-3246-7540

Research Laboratory and Production Sites

Research & Development Center 23 Uji-Kozakura, Uji-shi, Kyoto 611-0021 Japan
Tel.: +81-774-25-2214

Uji Plant 5 Uji-Tonouchi, Uji-shi, Kyoto 611-8555 Japan
Tel.: +81-774-25-2029

Okazaki Plant 4-1 Hinakita-machi, Okazaki-shi, Aichi 444-8511 Japan
Tel.: +81-564-23-2311

Tarui Plant 2210 Tarui-cho, Fuwa-gun, Gifu 503-2121 Japan
Tel.: +81-584-22-1201

Sakoshi Plant 846 Kono, Ako-shi, Hyogo 678-0171 Japan
Tel.: +81-791-48-8185

Overseas Offices and Satellite Offices

New York Office
445 Hamilton Avenue, Suite 403, White Plains,
NY 10601, USA



Unitika Europe GmbH
GERMANY



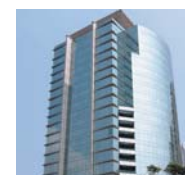
Thai Unitika Spunbond Co., Ltd.
(TUSCO)
THAILAND



P.T. Emblem Asia
INDONESIA



P.T. Unitex
INDONESIA



Unitika (Hong Kong) Ltd.
CHINA



Unitika (Shanghai) Ltd.
CHINA



Unitika do Brasil Industria
Textil Ltda.
BRAZIL



GERMANY



Osaka Head Office



Tokyo Head Office



Uji Plant



Okazaki Plant

Overseas Affiliate Companies

Polymers

P.T. Emblem Asia
Business: Manufacture and sales of nylon films Location: Indonesia Establishment: 1995

Unitika (Hong Kong) Ltd.
Business: Import, export, domestic and overseas sales of mainly resin-related products
Location: Hong Kong Establishment: 1974

UNITIKA ADVANCE (THAILAND) CO., Ltd.
Business: Import, export, domestic and overseas sales of mainly resin-related products
Location: Thailand Establishment: 2017

Performance Materials

Thai Unitika Spunbond Co., Ltd.
Business: Manufacture and sales of polyester spunbond Location: Thailand
Establishment: 1997

Fibers & Textiles

Brazcot Ltda.
Business: Agriculture and forestry (natural rubber) Location: Brazil
Establishment: 1936

Unitika do Brasil Industria Textil Ltda.
Business: Cotton spinning Location: Brazil Establishment: 1958

Main Companies in the Unitika Group

Trading Companies (Manufacturer-type trading companies)

Unitika Trading Co., Ltd.
Metlife Hommachi Square, 2-5-7 Hommachi, Chuo-ku, Osaka 541-0053 Japan
Tel.: +81-6-4705-9011

Polymers

Nippon Ester Co., Ltd.
4-1-3 Kyutaro-machi, Chuo-ku, Osaka 541-0056 Japan Tel.: +81-6-6281-5520

Terabo Co., Ltd.
28-55 Tsuda Minami-cho, Kaizuka-shi, Osaka 597-8511 Japan Tel.: +81-72-431-2424

Unitika Technos Ltd
19 Uji-Yaochi, Uji-shi, Kyoto 611-0021 Japan Tel.: +81-774-23-8088

U.C.S Co., Ltd.
120-1 Mori Minamiouchi, Kumiya-cho, Kuse-gun, Kyoto 613-0024 Japan
Tel.: +81-75-632-5020

Performance Materials

Unitika Glass Fiber Co., Ltd.
45-2 Uji-Kozakura, Uji-shi, Kyoto 611-0021 Japan Tel.: +81-774-25-2361

Union Co., Ltd.
10-1 Omine Minami-machi, Hirakata-shi, Osaka 573-0145 Japan Tel.: +81-72-858-1353

Unitika Sparklite., Ltd
13-8 Ikagahera, Goma, Hiyoshi-cho, Nantan-shi, Kyoto 629-0311 Japan
Tel.: +81-771-74-1075

P.T. Unitex
Business: Spinning Location: Indonesia Establishment: 1971

Unitika (Beijing) Trading Co., Ltd.
Business: Manufacturing-oriented trading company in China Location: China
Establishment: 2002

UNITIKA TRADING VIETNAM Co.,Ltd
Business: Import, export, domestic and overseas sales, consulting Location: Vietnam
Establishment: 2013

P.T. Unitika Trading Indonesia
Business: Import, export, domestic and overseas sales Location: Indonesia
Establishment: 2014

Trading Companies

Unitika America Corporation
Business: Import and export Location: America Establishment: 1973

UNITIKA (SHANGHAI) LTD.
Business: Import and export Location: China Establishment: 2004

UNITIKA EUROPE GmbH
Business: Import and export Location: Germany
Establishment: 2020

Ad'all Co., Ltd.
5 Uji-Tonouchi, Uji-shi, Kyoto 611-0021 Japan Tel.: +81-774-25-2274

Fibers & Textiles

Osaka Dyeing Co., Ltd.
2-1-1 Yamazaki, Shimamoto-cho, Mishima-gun, Osaka 618-0001 Japan
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Unitika Spinning Co., Ltd.
1701 Ikenarimen, Shisa-cho, Matsuura-shi, Nagasaki 859-4518 Japan
Tel.: +81-956-72-2101

Unitika Mate Co., Ltd.
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Tel.: +81-6-4705-9141

Precision Kamijo Co., Ltd.
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Unitika Garment Technology Co., Ltd.
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Unitika Textiles Ltd.
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