

C.I. TAKIRON Group
Integrated Report 2019



Mission of C.I. TAKIRON

Create a people- and earth-friendly future through plastics technology.

Management Philosophy of C.I. TAKIRON

1. We always try to protect the global environment and aim for permanent development and growth of the Company.
2. We will contribute to society by providing a quality and price that will satisfy our customers.
3. We will be ahead of social change and sustain enthusiasm for the challenge to the unknown.
4. We will give consideration to people and respect individual characteristics and ingenuity.
5. We will pursue legitimate profits and strive for fair distribution.

Corporate Message

Supporting today, changing tomorrow

Statement

Here is what we can do for today - In order to support the security of the world we live in, provide consistent supply durable, easy-to-use products. Here is what we can do for today - In order to support the security of the world we live in, provide consistent supply durable, easy-to-use products.

Here is what we can do for tomorrow - In order to make our lives more comfortable create products that meet contemporary needs by using technologies and ideas.

Here is what we should do for today and tomorrow - Continue to explore the potential of plastics and create products that contribute comfort and utility to our everyday lives.

Make our products even more durable, lightweight, elegant and environmentally friendly.

Utilize flexibility of thought in the continuing challenge of manufacturing new products.

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SDGs (Sustainable Development Goals)

Sustainable Development Goals (SDGs) are international targets set from 2016 to 2030 included in The 2030 Agenda for Sustainable Development adopted at the United Nations Summit in September 2015 as a succession to the Millennium Development Goals drafted in 2001. These SDGs are made up of 17 goals and 169 targets to realize a sustainable world.

Editorial Policy

We publish this report for the purpose of deepening communication with all of our stakeholders by providing information about CSR management as well as the basic CSR concepts and specific initiatives of C.I. TAKIRON Group.

Reporting Period

FY 2018

(Sunday, April 01, 2018 to Sunday, March 31, 2019)

*This report includes some information outside of this reporting period.

Reporting Organizations

C.I. TAKIRON Corporation and its Group Companies

Publication Date

September 30, 2019

Main Reference Guidelines

Ministry of Economy,
Trade and Industry

*Guidance for Collaborative Value
Creation*

Ministry of the Environment

Environmental Reporting Guidelines

International Integrated Reporting Council (IIRC)

International Integrated Reporting Framework



Introduction of Communication Tools

We cover basic information about C.I. TAKIRON Group on the company homepage while comprehensive management information is published in the annual report.

*The C.I. TAKIRON website provides online videos for an easy-to-understand business profile. Please take a look.



Corporate Information
<https://www.takiron-ci.co.jp/corporate/>



Annual Report (IR Information):
<https://www.takiron-ci.co.jp/ir/>

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Integrated Report
<https://www.takiron-ci.co.jp/ir/integrated.php>



One Century of History at C.I. TAKIRON

C.I. TAKIRON celebrated its 100th anniversary on October 10, 2019. This century of business is thanks to the support of everyone who was part of the history with us. The C.I. TAKIRON Group will continue to persevere with unflinching passion in order to support the security of the world we live in today as well as make our lives more comfortable for tomorrow.

1919

1930

1960

1970

● Former Takiron
◆ Former C.I. Kasei

1919 Founding

- Sataro Takigawa establishes Takigawa Celluloid Plant in Katae, Ojimura-Oaza in the Higashi-Nari District of Osaka (Ikuno-ku, Osaka today) to begin the sale of remanufactured celluloid.



Sataro Takigawa



Doll made from celluloid sheets

1928

- Takigawa Celluloid Plant begins sale of pearl sheets (celluloid sheet with a pearl-like luster and color).



Pre-war fountain pens made from pearl sheets

1935

- Takigawa Celluloid Plant constructs the new Aboshi Plant in Mitsu-cho in the Ibo District of Hyogo Prefecture (Mitsu-cho, Tatsuno City today).



Aboshi Plant at the time

- Takigawa Celluloid Plant incorporates under the name Takigawa Celluloid Co., Ltd. (3 million yen in capital), Founding President and Representative Director Tsunezo Nishida

1955

- Takigawa Celluloid Co., Ltd. begins the sale of TAKIRON Plate rigid vinyl chloride sheets.

Takiron
The name Takiron was formed from the "Taki" in Takigawa Celluloid and "lon" from nylon and vinylon pronounced "Ron" in Japanese to evoke an image of polymer chemistry.



Product Prototype and Research Group

1958

- Takigawa Celluloid Co., Ltd. starts manufacturing rigid vinyl chloride corrugated sheet using an extrusion process.

1959

- Takigawa Celluloid Co., Ltd. changes its corporate name to Takiron Chemical Co., Ltd. and established a corporate logo.



The corporate logo was designed by combining the infinity symbol and "P" for plastic signifying the aim for infinite development and growth.

1961

- Takiron Chemical Co., Ltd. is listed on the Second Section of the Osaka Securities Exchange.
- Takiron Chemical Co., Ltd. starts manufacturing polycarbonate plates.

1963

- ◆ Yokohama Rubber Co., Ltd. (Yokohama Rubber Company, Limited today) establishes Hama Kasei Co., Ltd. as a joint capital venture with the Zeon Corporation and other Furukawa Group companies (473 million yen in capital).



Hama Rubber Building housing the Hama Kasei headquarters

1964

- ◆ Hama Kasei Co., Ltd. constructs the new Shiga Plant in Ishibe-cho in the Koga District of Shiga Prefecture (Konan City today).



Shiga Plant at the time

1965

- ◆ Hama Kasei Co., Ltd. starts manufacturing agricultural vinyl film.

1971

- ◆ Hama Kasei Co., Ltd. and Kobe Resin Co. Ltd. merge to form C.I. Kasei Co., Ltd. (800 million yen in capital).



The corporate logo for C.I. Kasei overlaps the diamond shapes of the Hama Kasei and Kobe Resin corporate emblems to symbolize an integrated form.

1972

- Takiron Chemical Co., Ltd. starts the sale of polypropylene waste water drainage basins.



Waste water drainage basin with a highly durable shape even underground.

1973

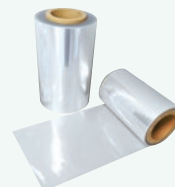
- Takiron Chemical Co., Ltd. listed on the First Section of the Tokyo Stock Exchange.
- Takiron Chemical Co., Ltd. constructs the new Yasutomi Plant in Yasutomi-cho in the Shiso District of Hyogo Prefecture (Yasutomi-cho, Himeji City today).
- Takiron Chemical Co., Ltd. changes its name to Takiron Co., Ltd.

1977

- ◆ C.I. Kasei Co., Ltd. starts the sale of hydrophilic water sealing materials.

1979

- ◆ C.I. Kasei Co., Ltd. starts the sale of heat-shrinkable films.



Heat-shrinkable film able to further various applications, such as labeling for food, pharmaceuticals, cosmetics, and daily necessities

Supporting today,

100th

changing tomorrow

100th Anniversary Website

<https://www.takiron-ci.co.jp/100/>

1980

1980

- ◆ C.I. Kasei Co., Ltd. starts the sale of Belbien self-adhesive decorative film.



Belbien interior dressed lumber providing both design and functionality (surfaces of the round pillar and fixtures shown in the photo)

1982

- ◆ C.I. Kasei Co., Ltd. starts the sale of Binon Hydrotite hydrophobic water sealing materials.

1985

- Takiron Co., Ltd. starts the sale of polycarbonate corrugated sheets.



Polycarbonate corrugated sheets offering superior impact strength, heat resistance, cold resistance and transparency

1989

- ◆ C.I. Kasei Co., Ltd. starts the sale of micro motors.



High-performance motors used in compact robots, precision machines, medical devices and other equipment

1990

1992

- ◆ C.I. Kasei Co., Ltd. starts the sale of agricultural polyolefin film.

1993

- Takiron Co., Ltd. establishes its corporate color.



The color represents beautiful nature and welcoming environment filled with vitality.

- ◆ C.I. Kasei Co., Ltd. starts the sale of BONLEX decorative resin laminate sheets.



BONLEX used as decorative sheeting for kitchen doors and furniture

1994

- Takiron Co., Ltd. starts the sale of Takistron slip-resistant vinyl flooring sheets for condominiums. In the following year Takiron Co., Ltd. starts the sale of Takistep sound insulation and slip-resistant flooring material for stairs.



Takistep helps prevent falls and reduce noise on staircases

1999

- ◆ C.I. Kasei Co., Ltd. constructs the new Okayama Plant in Niimi City, Okayama.

2000

2000

- Takiron Co., Ltd. constructs the new Ibogawa Office in Ibogawa-cho in the Ibo District of Hyogo Prefecture (Ibogawa-cho, Tatsuno City today).



Ibogawa Office at the time

- Takiron Co., Ltd. starts the sale of FM Plates, which are plastic plates conforming to the FM standards.

2005

- Takiron Co., Ltd. starts the sale of the new Jet Line rain gutter system.



Jet Line rain gutters dramatically improve drainage performance

2007

- Takiron Co., Ltd. starts the sale of Lume Carbo large polycarbonate plastic double-layer panels.



Lume Carbo system panel materials providing natural lighting, heat insulation, lightness and high rigidity

2009

- ◆ C.I. Kasei Co., Ltd. starts the sale of whiteboard sheets.

2017

Takiron Co., Ltd.
and
C.I. Kasei Co., Ltd.
undergo management integration
and change the corporate name to
C.I. TAKIRON Corporation.



C.I. TAKIRON Corporation integrated the corporate emblem for Takiron Co., Ltd.  symbolizing plastic and infinite development and growth with the corporate emblem of C.I. Kasei Co., Ltd.  to evoke the idea of forging ahead into a new future as one new company.

CEO Message

Providing a Quality Workplace for a Better Life



We have formulated the
Better Life Management Declaration
as the most vital mission of management
based on the belief that providing
a quality workplace to offer a better life
in turn fosters growth of the company.



Better Life Management Declaration

Representative Director Chairman & CEO

南谷 陽介

Yosuke Minamitani

Desire to Forge a New Corporate Culture

C.I. TAKIRON celebrated its 100th anniversary in 2019. I would like to share my deepest appreciation once again to all of the stakeholders who supported the continuous growth of our organization for so many years.

Over the century from our founding the year after the first world war until today, we have faced tremendous changes in the management environment from the second world war, the rapid economic growth in Japan, and the collapse of that economic bubble to the Great East Japan Earthquake and an aging society with a declining birthrate. Throughout this long history, we have been directly confronted by a wide range of management issues. It is thanks to the support of the shareholders and our business partners as well as the loyalty of our executive officers and employees that we have overcome the changes of the times to merge Takiron and C.I. Kasei in 2017 and succeed in celebrating our 100th anniversary as C.I. TAKIRON.

Using this 100th anniversary as a milestone, the C.I. TAKIRON Group has started the Better Life Management Declaration to provide a quality workplace to offer a better life to our employees and their families toward the next century of business in 2019.

People's values have diversified and the corporate work environment has drastically changed from the times when professional and private life were one in the same, from the Showa Period when the society saw constant economic growth to the end of the Heisei Period where the impact of this growth was clear, and even today in the Reiwa Period.

The Better Life Management Declaration is a message from the company for the purpose of creating a new corporate culture that takes into account the lifestyles of each and every employee to prevent skilled employees passionate about work from losing opportunities to contribute to the company for various reasons such as child raising or nursing care. A better life for our employees is the source of growth for the company.

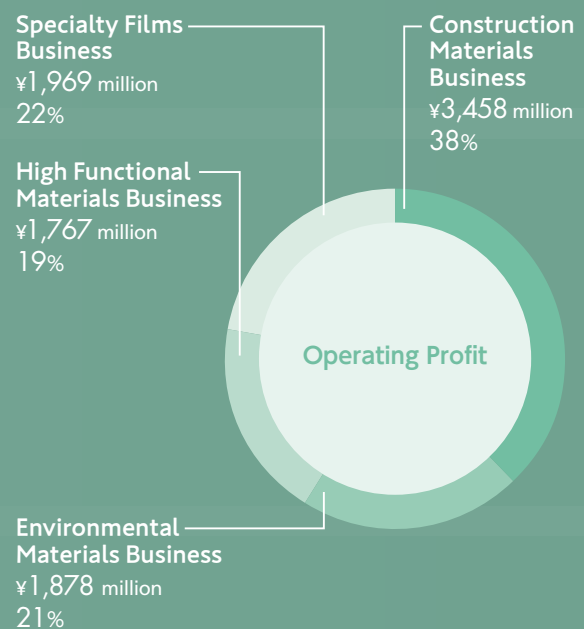
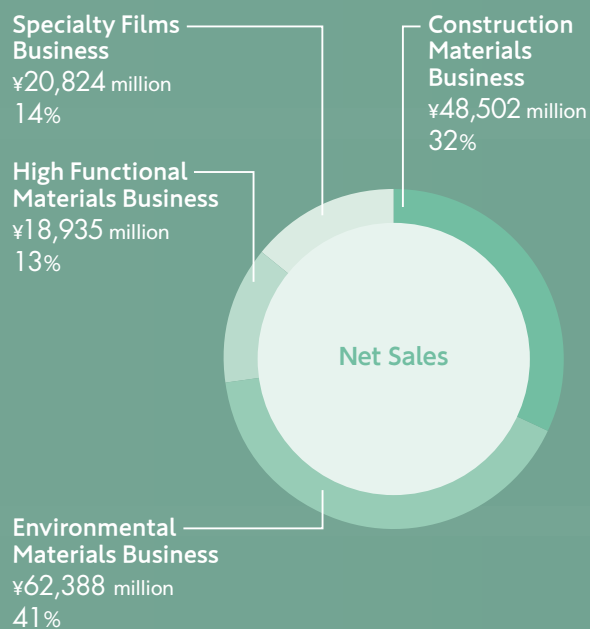
C.I. TAKIRON must provide a work-friendly environment to our employees regardless of how surmountable the hurdle to do so. However, building a quality workplace involves the employees as well and demands employees to have a sense of ownership for their work as ideal human resources. There is no task within a company that can be completed alone. We will do everything we can to play an even greater role for everyone than ever before by building a new corporate culture where employees have a sense of ownership toward the goal of the task at hand in an organization that encourages diversity while the climate supports perseverance without fear of failure.

The Takigawa Celluloid Plant, the initial form of C.I. TAKIRON, also had a history continuously creating value. The C.I. TAKIRON Group continues to aim to provide safety and comfort and contribute to the sustainable development of society according to its mission of creating a people- and earth-friendly future through plastics technology.

Business Overview

C.I. TAKIRON contributes to better life and development of society in addition to solutions toward environmental and social issues in four business sectors driven by plastic production and processing technologies.

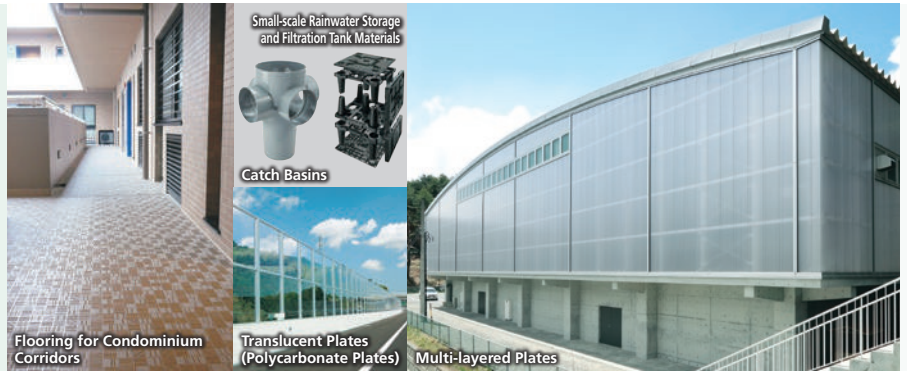
March 2019 Term



Construction Materials Business

**Housing Materials Business/
Flooring and Decorative Materials Business
Supports Comfortable Living and Urban
Environments**

We of course provide safety and durability but also have a broad track record which has earned a high level of trust in the construction field where aesthetics and comfort are essential. Our wide-ranging product lineup supports comfortable living and urban environments.



Environmental Materials Business

**Agriculture Business/
Infrastructure Material Business
Contributes to the Revitalization of
Agriculture and Supports Safety of Social
Infrastructure**

We contribute to the revitalization of agriculture by providing high-quality agriculture materials, such as agricultural films and irrigation tubes. We also offer materials that support the function and safety of social infrastructure according to the various applications and purposes.



High Functional Materials Business

**High Functional Materials Business
Fulfills Requirements for High Reliability from
Industrial Applications to Precision Electronics**

C.I. TAKIRON high functional materials play an important role in many fields from industrial applications in technically demanding semiconductor and liquid crystal manufacturing to the high reliability needs of cameras and RC servos.



Specialty Films Business

**BONSET Business/
SANZIP Business
Optimizes Design for Various Uses from
Product Labels to Packaging Products**

Our internationally-recognized, advanced film technology allows the optimal design, resulting in beautiful product labels that improve product value and packaging films which meet the demand for high hermeticity.



Financial/Non-financial Highlights

Net Sales (Millions of Yen)

<p>147,805</p> <p>March 2018 Term</p>	<p>150,650</p> <p>March 2019 Term</p>
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Point

We were able to cover the impact caused by the reorganization of non-core businesses via decisive action in the expansion of construction and environmental materials through disaster recovery response as well as revision of the sales organization throughout the entire Group. The Group was able to increase revenue 1.9% year-on-year.

Ordinary Profit (Millions of Yen)

<p>8,204</p> <p>March 2018 Term</p>	<p>9,200</p> <p>March 2019 Term</p>
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Point

The impact of soaring raw material costs was equivalent to approximately two billion yen, but we actively promoted reduction of other production costs and product price adjustments. In addition, we improved our profitability through the reorganization of non-core businesses and other such measures to increase revenue 8.6% year-on-year.

Current Net Income Attributable to the Owners of Parent (Millions of Yen)

<p>6,579</p> <p>March 2018 Term</p>	<p>6,391</p> <p>March 2019 Term</p>
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Point

The current net income decreased 2.9% year-on-year due to the recoil of a 1,180 million yen loss in goodwill the previous fiscal year, but exceeded the annual consolidated earnings forecast by 6.5%.

Capital Investment (Millions of Yen)

<p>3,969</p> <p>March 2018 Term</p>	<p>7,430</p> <p>March 2019 Term</p>
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Point

We actively engaged in capital investment increasing the amount 87.2% year-on-year. In Japan, we consolidated production sites for polycarbonate building materials and began rebuilding production sites in the Kanto region for environmental materials. Overseas, we reinforced production capabilities in various countries such as the U.S. and Italy.

Energy Consumption Rate (GJ/Manufacturing Ton)

13.1

FY 2017

13.0

FY 2018

Point

Independently, we were able to increase production while reducing our energy consumption rate through efforts such as the adoption of energy-saving devices. However, the Group companies had a higher energy consumption rate due to decreased production, which offset the energy reduction. This resulted in an almost equivalent energy consumption rate for the Group as a whole. (Year-on-year Rate - 0.9%)

Unit CO₂ Emissions (t/Manufacturing Ton)

0.67

FY 2017

0.63

FY 2018

Point

We reduced our unit CO₂ emissions as a result of measures that included the adoption of energy-saving devices and the transition of some sites to power companies with a low CO₂ emissions factor. (Year-on-year Rate - 6.1%)

Female Employment Ratio (%)

33

FY 2017

29

FY 2018

Point

We hired 14 new graduates (four of whom were women) against our employment plan to hire 15 new graduates (five of whom were women), and our female employment ratio decreased compared to fiscal 2017.

Rate of paid leave taken by employees (%)

55.4

FY 2017

62.4

FY 2018

Point

The rate of paid leave taken by employees increased compared to fiscal 2017 as a result of employee encouragement to take paid leave regularly.



Success Built Over a Century by C.I. TAKIRON

I was appointed President, Representative Director, and COO in April 2019, which is the third year after C.I. TAKIRON was established. The Chairman and CEO will strive to improve corporate value including governance and management quality, and I will lead overall business management and execution.

In 2019, we celebrated the 100th anniversary since our founding in 1919 as Takigawa Celluloid Plant, which is the original form of Takiron. We will continue to step up to challenges in order to contribute to the sustainable development of society by not resting satisfied with the position we have solidified over the last century.

The ability for the businesses of C.I. TAKIRON to persevere for 100 years is evidence our company has always been providing the goods and services required by society. Even if each of these contributions is small,

we have continually provided beneficial value and services to society and industry, and we are honored to have built good mutual relationships with customers who have come to adore C.I. TAKIRON.

In the construction industry for example, these customers have a habit of calling on Takiron for corrugated sheets. Our former company name had become synonymous with this one product line. This crystallized our broad track record in responding to the expectations of our customers. The unflinching perseverance of our predecessors is the foundation behind this broad track record. We must show our respect to those who came in the past to create our current status and grow our organization into a 100-year old company.

We recognize our great responsibility to live up to the expectations of society and pass the fruits of our labor down to the next generation as the people expanding an organization given to us by the passion of those who came before us.

COO Message

Perseverance Beyond the Century

The C.I. TAKIRON Group continues to step up to challenges in an effort to contribute to the sustainable development of society.

Representative Director President & COO

齋藤 一也

Kazuya Saito

Solutions to Social Issues through Business

We have defined our mission as the duty to create a people- and earth-friendly future through plastics technology. We are proud to have brought prosperity, comfort and convenience to people's lifestyles through plastics technology for so many years based on this mission. C.I. TAKIRON has of course provided environment-friendly products and services to many companies in addition to plastic products that prevent environmental pollution, but we have also helped find solutions to social issues through business.

For example, we have provided various seating materials to the market for many years that prevent difficult-to-dispose waste and contaminants from seeping into the ground as a plastic product manufacturer with deep ties to the infrastructure business.

C.I. TAKIRON has also striven to further the lifespan of products. For example, greenhouse films used in agriculture were a mainstream

product that needed to be replaced annually in the past. However, through the technological advancement of C.I. TAKIRON, we have been able to introduce a more durable product that lasts from three to five years. We are working to reduce the amount of waste plastic that is produced by developing products that extend this durability to seven or eight years. Furthermore, with the cooperation of JA agricultural cooperatives and agricultural representatives in each region, we also help to ensure a system to collect used greenhouse films and properly dispose of the plastic. In addition to these types of examples for reducing waste plastic, we are also advancing the volume reduction and resource recycling of waste plastic, such as developing sheets that use raw recycled materials.

The 2020 Tokyo Olympics are attracting a lot of attention. As is widely known, the major urban infrastructures we have today were rapidly constructed for the previous Tokyo Olympics that were held more than 50 years ago. The degradation of the infrastructure built at this time has become a major social issue. As a countermeasure, I believe many people turn to the renovations to renew sewage piping. Our group company,

COO Message

TAKIRON ENGINEERING provides the Field Fabricated Tube-Steam (FFT-S) Method for the refurbishment of sewage piping. FFT-S is a construction method for renewal that introduces special materials made from glass fibers into aging pipes to harden them with steam rather than replacing the existing piping. This method refurbishes social infrastructure without producing waste from the old piping. This is an example of exactly how business helps to solve an issue in an environment-friendly society.

To combat climate change, C.I. TAKIRON provides a broad line-up of environment-friendly products in the polycarbonate building materials business, such as the Lume Carbo large polycarbonate plastic panels that drastically limit heat loss through superior heat insulation and natural polycarbonate materials to reduce energy consumption throughout entire buildings.

On the other hand, marine pollution caused by microplastics has become a major issue worldwide in recent years, and accordingly, plastic is seen as an issue that has similar adverse impact on the global environment as waste plastic. However, this type of modern social issue may not become the core problem with appropriate use under proper management. We still have to navigate a complex web of ideas as we determine what can be done and how to do it.

C.I. TAKIRON has built a 100-year track record of contributions to environmental and social infrastructure. Our mission to help will remain the same in the next century to come as well. We will develop technology and products which play a role in conserving the global environment and building social infrastructure while furthering proposals toward the resolution of social issues through our business.

Overview of the Medium-term Management Plan

The Good Chemistry Good Growth 2020 medium-term management plan drafted in unison with our corporate merger was formulated by reflecting the ideal form of the C.I. TAKIRON Group in 2020. Before the merger, Takiron and C.I. Kasei had almost the same level of sales. However, the significance of the merger goes beyond simply adding the revenue streams of these two companies together like '1+1=2'. We must set our sights higher so that '1+1' can grow to equal 10 or even 100 in order to expand our businesses in the next century. Therefore, we have set quite ambitious targets for 2020, but I do not believe these goals are unattainable.

However, we cannot expect to simply expand our reach doing business

as usually because the business fields of construction materials and environmental materials at C.I. TAKIRON are in relatively mature industries. The Japanese market is also faced with a declining population. For example, the number of housing starts has dropped to 56% today compared to the peak since the Heisei period (1989-2019) in 1990. C.I. TAKIRON has already grown a wide range of businesses in the housing field, but further expansion is impossible by simply sitting and waiting to see what happens. Stepping up to new challenges is vital. I myself take every opportunity I can to advocate innovation as the reason for manufacturers to exist. The continued work of our employees to conceive new ideas, take actions and take on challenges can become a major pillar supporting new growth while cultivating a path to drive C.I. TAKIRON forward into the future.

C.I. TAKIRON has four segments in its area of business, but sustaining our current position is not enough. We will actively approach the business fields where we can see major innovation in the future because these are the areas that still have great potential for growth. For example, AI today is advancing self-driving vehicles and the motorization of power trains. There is also great interest even in the mobility field, such as automobiles and aircrafts, which are attracting attention as a growth industry in the future. This is one field that we will transition to.

FY 2018 Results

In fiscal 2018, the second year of the medium term management plan, we consolidated production sites of polycarbonate building materials, began the reorganization of Group companies in the environmental materials business, maximized integration synergy, and implemented measures to strengthen the growth and profitability of the entire Group while focusing our strengths on establishing avenues of growth to achieve our fiscal 2020 targets. As a result, we were able to outperform the previous fiscal year with 150,650 million yen in net sales (up 1.9% year-on-year), 9,080 million yen in operating profit (up 8.6% year-on-year), and 9,200 million yen in ordinary income (up 12.1% year-on-year).

When looking at each of the four segments independently, the Construction Materials Business, Environmental Materials Business and Specialty Film Business showed steady year-on-year growth. However, the High Functional Materials Business saw a drop in sales of our mainstay industrial plates due to the impact of declining semiconductor and FPD capital investment while various engineering plastics and acetate materials boomed. The High Functional Materials Business as a whole was



unable to cover this decline and fell below the performance of the previous fiscal year.

In the future, C.I. TAKIRON will further enhancements of profitability in business divisions with lower earnings by of course expanding business regions but also broadening business scale and earnings through active injection of management resources in growth regions and integration synergy as well as the introduction of restructuring projects with the aim to reach the targets set out by the medium-term management plan.

Vision for the Ideal form of C.I. TAKIRON in the Coming Century

The C.I. TAKIRON Group will start anew by stepping into the next 100 years from 2020. First, to give shape to our long-term vision, we will incorporate a structure in a new medium-term management plan that aims to resolve the challenges close at hand that must be overcome to realize our ideal form.

I want to emphasize a direction that propels us toward this ideal form throughout C.I. TAKIRON. The foundation for this drive must be our

mission to create a people- and earth-friendly future through plastics technology. I believe our mission for the next century may remain the same because everything that should be shared is epitomized in this mission. Moreover, I believe our ideal form is a company that is able to create and provide the value necessary to accomplish this mission. We have set four points of value that C.I. TAKIRON must create and provide: safety and security, comfort and peace of mind, resilience, and the environment. I feel I must broadcast a message about actively creating value to not only our employees but also our business partners, shareholders, and various other stakeholders.

(P. 20-21 Value Creation Process Chart)

Priority Issues of the C.I. TAKIRON Group

When executing our mission at a business level, it is indispensable to determine the priority of the almost infinite number of challenges we face and steadily address each one. Under a new management system, we have defined new priority issues (materiality) for the C.I. TAKIRON Group

COO Message

as a guide to accomplishing our mission.

Our materiality encompasses four themes: (1) the source of corporate growth, (2) the respect of individuality, (3) our responsibilities to society, and (4) the management platform.

As to the source of corporate growth in our first theme, we will strive to cultivate a corporate climate supporting value creation and evolve plastic processing technology. The corporate climate and culture contribute to the growth of the organization and is the foundation to gain the backing of society. We will promote value creation at the C.I. TAKIRON Group using this as the central axis. Plastic processing technology will strengthen the competitiveness of the C.I. TAKIRON Group while helping address social challenges by furthering the potential of plastics through even more polished technology, which is our mission and pride as a plastics

manufacturer.

As to respect of individuality in our second theme, we will advocate diversity promotion. Securing diverse human resources is an essential element to both human resource development and corporate growth underpinned by a society highly focused on the respect for individuality as the working population declines due to the acceleration of an aging society with a declining birthrate. Taking full advantage of individuality that comes along with wide-ranging values is a source of competitiveness and helps create lasting corporate value. With this in the backdrop, C.I. TAKIRON formulated the Better Life Management Declaration in April 2019. We will heighten our reputation with those looking in at C.I. TAKIRON by communicating inside and outside a company our respect of individuality and the support of the employees who shall respect



individuality as a declaration while publicizing future initiatives and the results and success of those initiatives.

The third theme is our responsibilities to society. As measures toward the protection of the global environment advocated in our corporate philosophy, we will focus on our responsibilities to the environment and have selected handling of marine plastic pollution, promotion of CSR procurement, reduction of the environmental impact, and the expansion of environment-friendly products as core areas of focus. Even among these core areas of focus, marine plastic pollution is an urgent social issue that was discussed at the G20 held in June 2019 and an inevitable issue that must be addressed as a plastics manufacturer. Using initiatives to address these priority issues as an opportunity, we will work in activities to raise greater awareness about the necessity and potential of plastics in society, which is also the responsibility of an organization that has plastic products as its core business.

As to the management platform in our fourth theme, we will improve the proficiency of our response to comprehensive compliance and risk management as well as enhancements to corporate governance. Compliance and risk management always require a high-level of management and operation even from the perspective of defensive corporate measures. We will numerically breakdown and systematically manage the progress of these initiatives and the level of penetration throughout the organization and share our findings both internally and externally to earn the trust of our stakeholders and improve the loyalty of our employees. In recent years, ongoing scandals have shattered the fundamental trust for Japanese organizations. Under this greater scrutiny, strengthening corporate governance is vital to not only reduce the comprehensive and Group-wide risk but also for investors and other stakeholders to properly assess the organization.

(P.22-23 Priority Issues {Materiality})

Fostering Sustainable Growth

The C.I. TAKIRON Group promotes not only financial value as a prerequisite to priority issues in the execution of business, but also ESG management that incorporates environmental, social, and governance aspects into the management foundation. We actively utilize various global frameworks for reference, such as the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, in an effort to fully incorporate solutions to social issues into the C.I. TAKIRON Group businesses.

ESG management does lead to the realization of a sustainable society, but it must also pursue the sustainability of the C.I. TAKIRON Group. Therefore, human resources are paramount. The Better Life Management Declaration shapes our belief that a better life for each and every employee becomes the source of corporate growth. The three pillars of this declaration are support for diverse work styles, support for purposeful work, and support for better health. We have strengthened a welfare and benefit system that can adapt to work styles according to the life stage of each employee by putting in place a workplace environment where anyone can work enthusiastically.

The company will provide a work-friendly environment while expecting the highest level of employee performance. We established the Ideal Human Resources: Communicate, Commit, Be Proactive, Take Initiative, and Drive Forward framework as the next step to the Let's Talk More project that promoted the integration of the two companies at an employee level right after the management integration. If everyone keeps in mind this ideal human resource framework as well as the mission and management philosophy of the C.I. TAKIRON Group, we will always live up to the expectations of our customers and ourselves become the ideal human resources who are able to act as an advisor to customers who know to come to C.I. TAKIRON when confronted by an issue. I expect everyone to step up to challenges with a sense of ownership.

I want all of our employees to be happy and healthy while enjoying their work. The Better Life Management Declaration is the multifaceted support to reach this goal. The ideal human resources expected to contribute to society from a work-friendly environment through this support. I believe that if we achieve both, the company can grow.

(P.34-37 Personnel and Human Resource Development)

Our Responsibilities

I am confident that we can continually provide new value to our lives in the future by properly managing plastics throughout the entire life cycle from raw material procurement to disposal in order to generate new life for plastics as a resource.

The C.I. TAKIRON Group promises to fulfill its responsibilities as a member of society in the next century as it did in the past century by sincerely addressing various social issues and remaining a company that creates a people- and earth-friendly future through plastics technology together with everyone.

Medium-term Management Plan

In FY2018, the second year of the medium term management plan, we consolidated production sites of polycarbonate building materials, began the reorganization of Group companies in the environmental materials business, implemented measures to strengthen the growth and profitability of the entire Group based on the basic management policy of the medium-term management plan set to end in fiscal 2020, while focusing our strengths on establishing avenues of growth to achieve our fiscal 2020 targets.

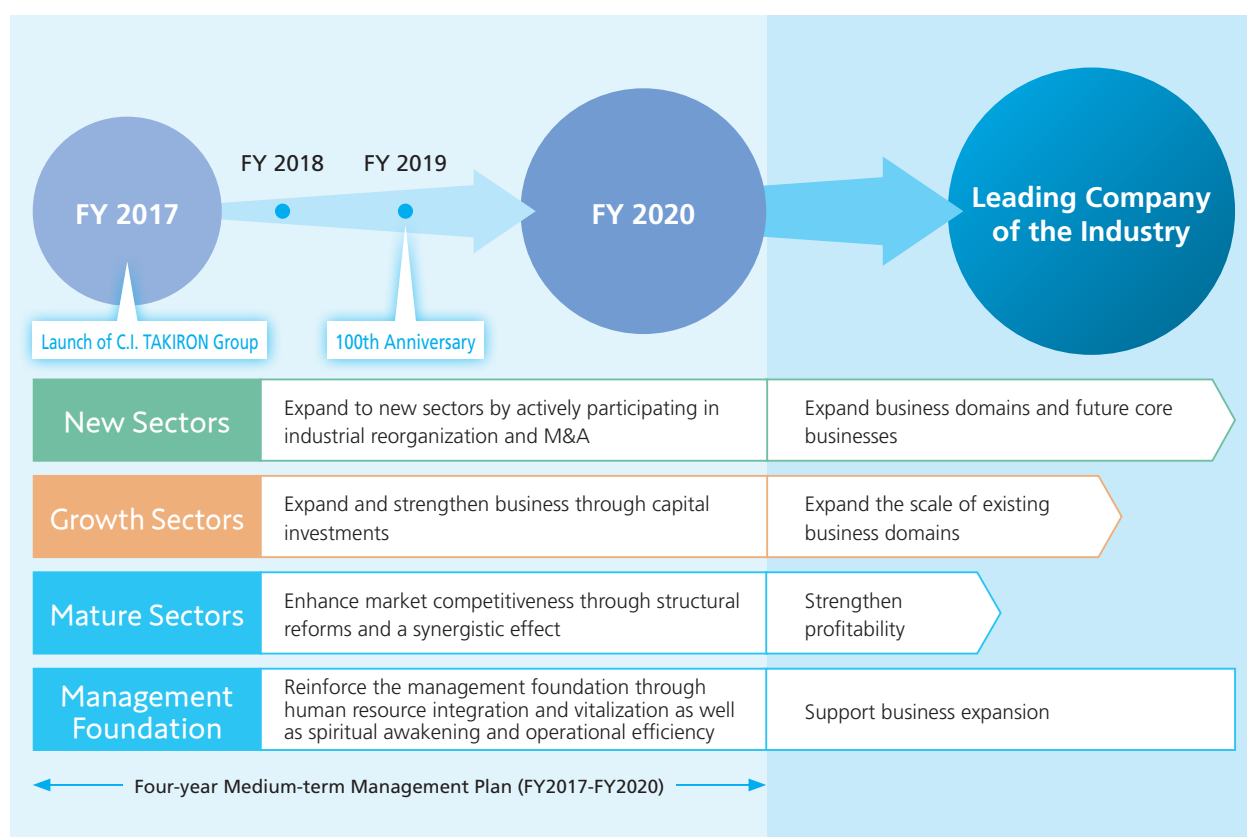
Basic Management Policy



Management Vision and the Road Map

Management Vision

Contributing to society as the industry's leading company by taking on new challenges and continually implementing plans

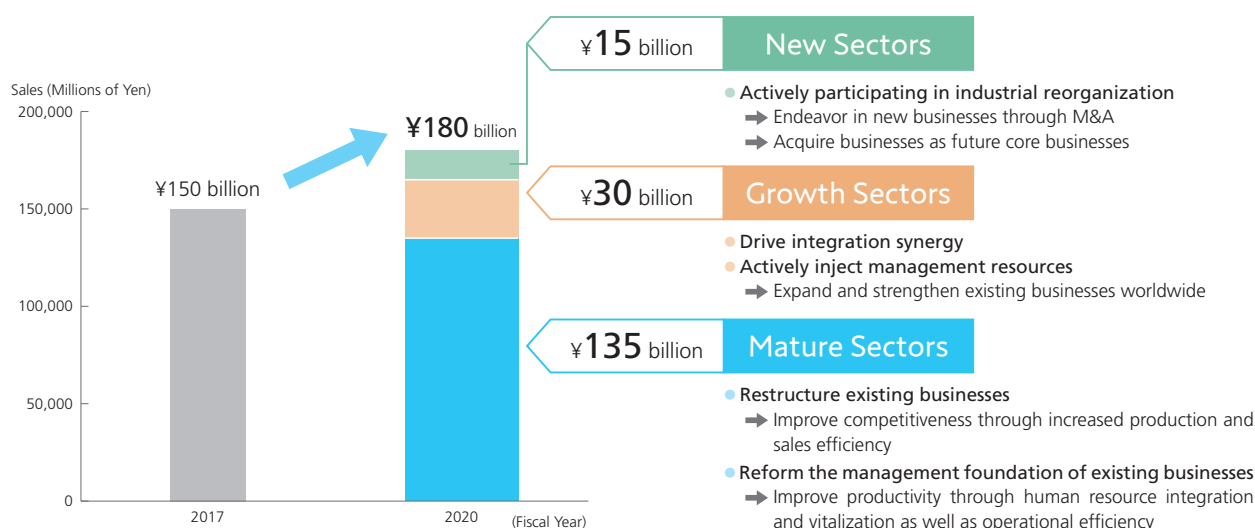


Management Target

Index	FY 2018		Management Target FY 2020	Main Measures
Consolidated Net Sales	¥150.7 billion	↗	¥180 billion	● Expand to growth sectors ● Enhance differentiation and added value
Consolidated Operating Profit	¥ 9.1 billion	↗	¥12 billion	● Reduce production costs ● Reduce sales and administration costs
Consolidated Net Profit	¥6.4 billion	↗	¥7.5 billion	● Expand operating profit
Consolidated ROA	4.6%	→	4.5%	● Improve resource efficiency ● Select and concentrate businesses
Consolidated ROE	8.8%	↗	9.5%	● Expand profit ● Invest in superior businesses
Capital-to-Asset Ratio	57.6%	→	45%	● Financial strategy

Growth Strategy

Accelerate growth through active injection of management resources without sacrificing the growth strategy.



Strategic Investment

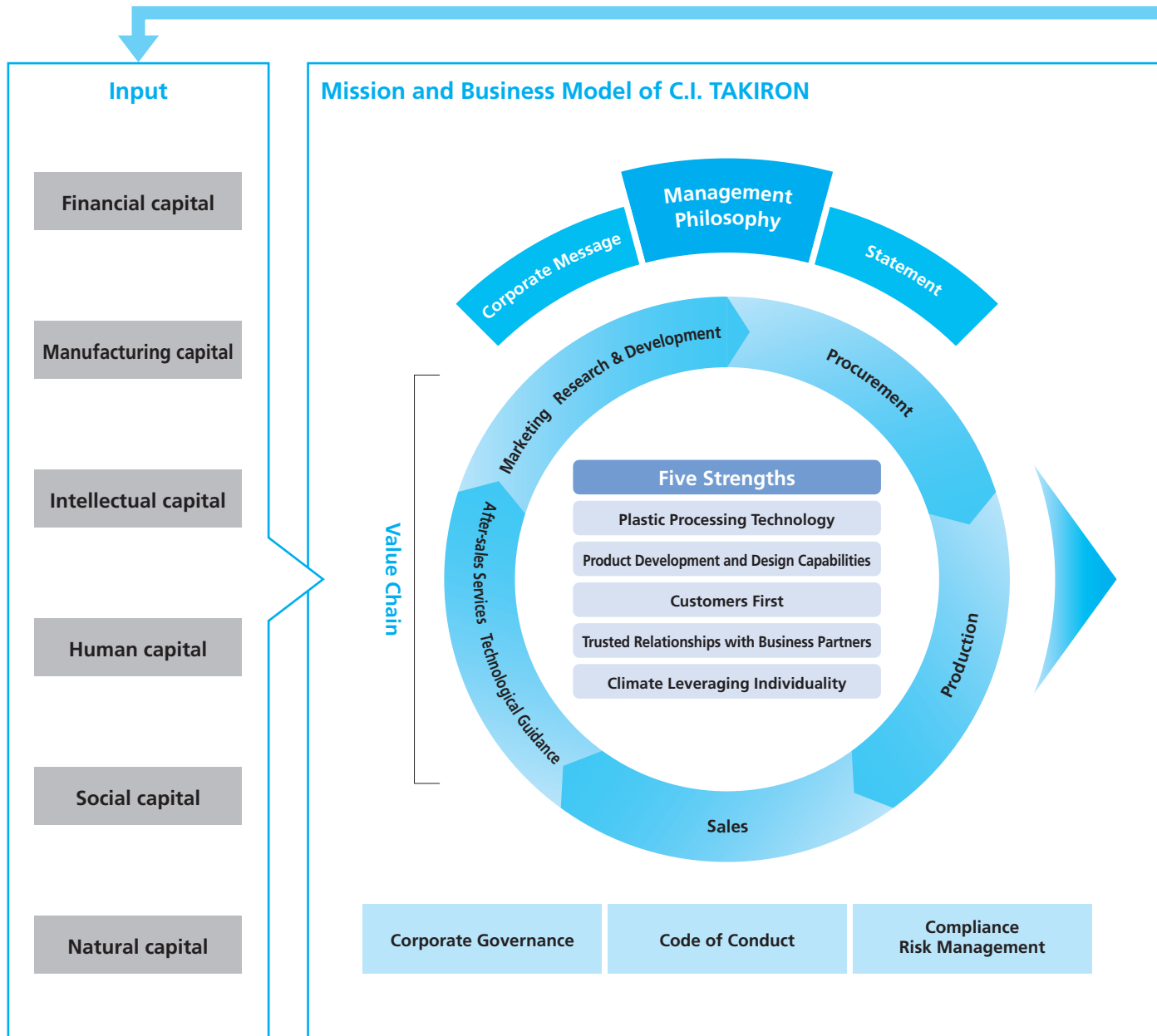
The cash flow obtained over four years from fiscal 2017 to 2020 is applied to strategic investment, growth investment, and a return to shareholders in addition to the standard capital investment. The remaining cash is held internally for future investments.

Amount of Strategic Investment		
New Sectors	Approx. ¥10 billion	Investment in new sectors (M&A) M&A is positioned as an important strategy to expand the business scale and for active investment in excellent opportunities that provide greater medium and long-term corporate value.
Growth Sectors	Approx. ¥8 billion	Investment in growth sectors (development/increased production) Active investment in growth regions strengthens market competitiveness and expands the market share through development and increased production capabilities.
Mature Sectors	Approx. ¥4 billion	Investment in mature sectors (restructuring) Investment to heighten efficiency and streamline mature sectors optimizes people, equipment, material and the value chain as well as improves productivity and strengthens cost competitiveness.

We will secure an investment scope of approximately ¥22 billion over four years in new, growth and mature sectors.

Value Creation Process Chart

C.I. TAKIRON Group aims to contribute to greater sustainable development of society by generating value through products and services that contribute to solutions to social issues in the hope of realizing its mission to create a people- and earth-friendly future through plastics technology.



Social Issues

Increasing frequency and intensity of natural disasters

Diversity of lifestyles

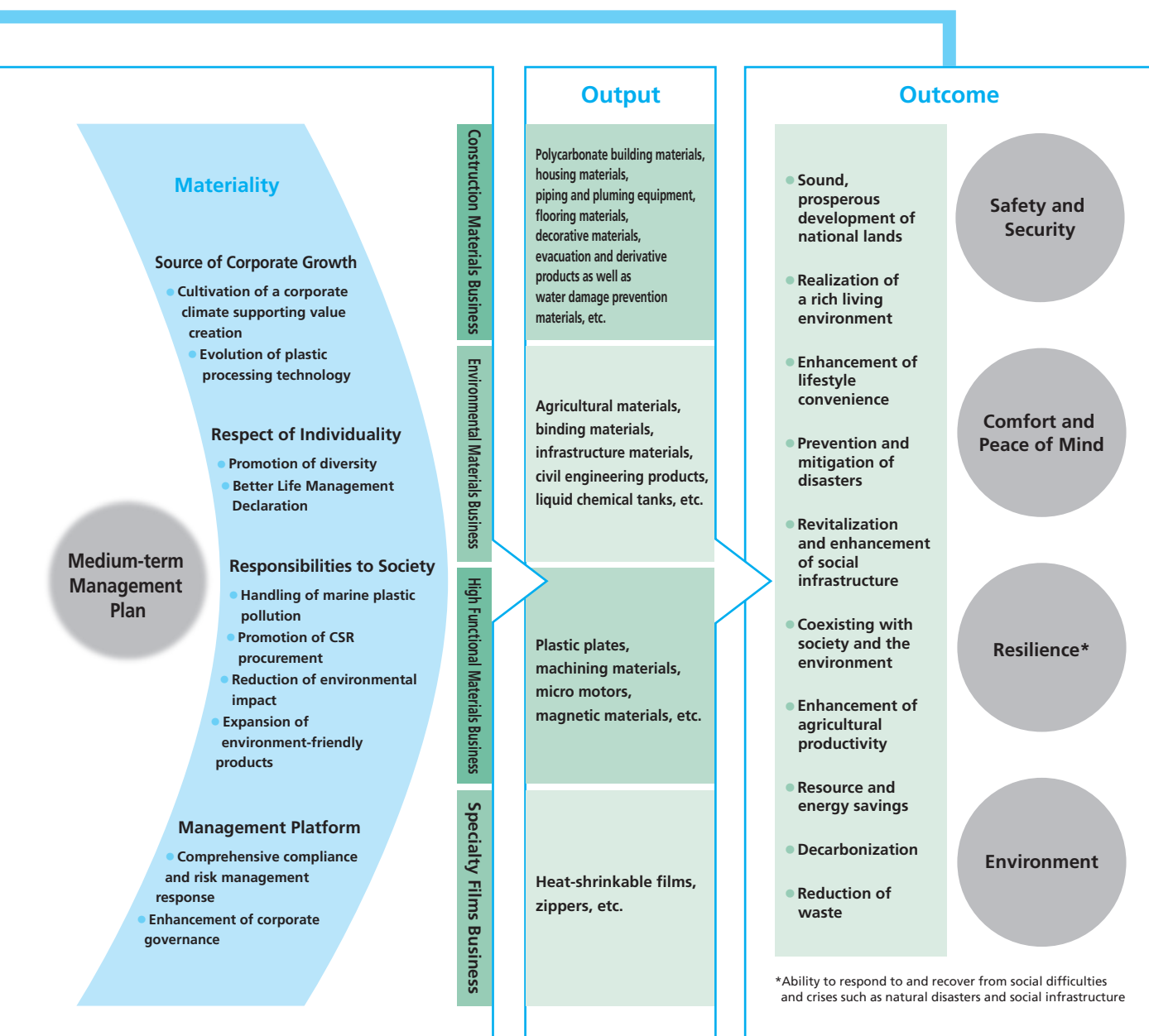
- Pursuit of convenience and prosperity

Growing complexity of labor issues

- Decline in the working population
- Labor shortages
- Working environments

Aging society and declining birthrate

Diversity



Deterioration of the global environment

- Constraints of resources and energy
- Handling of marine plastic pollution
- Unstable agricultural production

SUSTAINABLE DEVELOPMENT GOALS



SDGs
(Sustainable Development Goals)

Sustainable Development Goals (SDGs) are international targets set from 2016 to 2030 included in The 2030 Agenda for Sustainable Development adopted at the United Nations Summit in September 2015.

Priority Issues (Materiality)

The C.I. TAKIRON Group is expanding business activities according to its mission to create a people- and earth-friendly future through plastics technology. Particularly in recent years, society faces drastic changes while environmental issues become even more severe.

Marine plastic pollution is an especially compelling issue close to C.I. TAKIRON.

In this type of business environment, the C.I. TAKIRON Group has defined priority issues (materiality) that the organization should prioritize in its initiatives based on the Sustainable Development Goals (SDGs) via the process describe below.

Process to Define Materiality

1 Identify and organize potential materiality items that should be considered

C.I. TAKIRON received feedback from each business division throughout the Group about potential materiality items while always keeping in mind its corporate philosophy as well as international standards such as the United Nations Global Compact, the SDGs, the ISO 26000, and the OECD Guidelines for Multinational Enterprises.

Next, we referred to various keywords and social trends about the social and business environment surrounding the C.I. TAKIRON Group and its stakeholders to examine how to engage in each issue in the future, such as the way in which to create corporate value, from the perspectives of risk and opportunity as well as the pros and cons in order to define a list of 30 potential items for materiality.

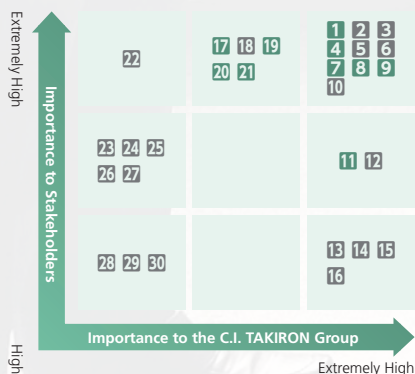
2 Create a materiality matrix by prioritizing and weighting each potential materiality item

We prioritized and assigned weight to each item from a medium- to long-term perspective related to the importance, impact and the creation of corporate value for the C.I. TAKIRON Group and its stakeholders founded in quantitative and qualitative internal assessments and the advice of external experts about the list of 30 potential materiality items in order to create the materiality matrix below.

3 Define the materiality through a management review

We internally formulated an accurate mesh that indicates the correlation between each item with a high importance and priority in the materiality matrix, and then ordered each of these items by referring to the opinions of external experts, the SDGs, feedback from shareholder meetings, and external CSR questionnaires in addition to other information.

We also refined the materiality to emphasize and prioritize as a corporate group after considering changes to the corporate structure, such as the management integration, as well as environmental issues at the forefront of today. Finally, members of management reviewed the potential materiality items refined throughout this process to determine the final ten materiality items.



- 1 Better Life Management Declaration** **2** Strengthen human resource development
- 3** Eradicate occupational accidents **4 Promote diversity** **5** Promote the active participation of women
- 6** Promote the active participation of disabled persons, senior citizens and foreign employees
- 7 Evolve plastic processing technology** **8** Expand environment-friendly products **9** Handle marine plastic pollution
- 10** Reduce and recycle waste **11** Cultivate a corporate climate supporting value creation **12** Enhance quality assurance systems
- 13** Provide attractive and distinct (special) products and services **14** Improve customer satisfaction
- 15** Strengthen trusting relationships with customers **16** Strengthen sales power (problem-solving capabilities)
- 17 Reduce the environmental impact** **18** Reduce the environmental impact throughout the entire value chain
- 19** Engage in comprehensive compliance and risk management response
- 20** Promote CSR procurement **21** Enhance corporate governance **22** Combat climate change
- 23** Ensure disaster response and create a Business Continuity Plan (BCP)
- 24** Disseminate information and engage in a dialogue with stakeholders
- 25** Implement chemical substance management and regulatory compliance (RoHs, etc.)
- 26** Ensure harmony with local communities **27** Promote social contribution activities **28** Expand use of renewable energy
- 29** Pursue globalization **30** Forge academic-industrial alliances and provide academic support



Materiality Defined by C.I. TAKIRON

Below are the ten materiality items defined by the process outlined on page 22 alongside the relevant Sustainable Development Goals (SDGs).

In the future, we will engage in various activities by setting quantitative and qualitative goals (KPI) while incorporating advice from third-party experts about each materiality item defined by C.I. TAKIRON.

Third-party experts and employees also review the results through the PDCA cycle.

Moreover, we review relevant materiality in the event of new changes to the external and social environment.

Category	Materiality Item	Relevant Sustainable Development Goals (SDGs)
Source of Corporate Growth	Cultivate a corporate climate supporting value creation	
	Evolve plastic processing technology	  
Respect Individuality	Promote diversity	  
	Better Life Management Declaration	
Responsibilities to Society	Handle marine plastic pollution	
	Promote CSR procurement	 
	Reduce the environmental impact	  
	Expand environment-friendly products	        
Management Platform	Engage in comprehensive compliance and risk management response	 
	Enhance corporate governance	 

Business Summary by Business Division

01 Construction Materials Division



Director Senior Managing Executive Officer
Chief Operating Officer of the Construction Materials Div.
Akihiro Ueda

The Construction Materials Business handles housing material products to support comfortable housing and urban development centered upon housing materials, piping and plumbing equipment, and engineering materials, polycarbonate building lighting material products with superior characteristics from shock resistance, lightness, and lighting to weatherproofing in addition to flooring material products to support comfortable living on the feet, cosmetic film products with a great tactile feel to use for decorative interiors and exteriors of buildings, and disaster prevention products to contribute to the prevention and reduction of disasters.

We of course provide safety and durability but also support comfortable living environments and urban spaces close to people in the construction field where aesthetics, comfort and a co-existence with society and the environment are essential.

Market Environment

We can expect short-term demand in the construction materials market in Japan due to new construction for the Tokyo 2020 Olympics in addition to even greater needs for infrastructure at the Osaka Expo 2025. In the long term, the number of new housing construction projects will drop below one million homes due to a declining Japanese population, and it is forecast to drop as low as 600 to 700 thousand homes by fiscal 2030. On the other hand, the market for renovations for the elderly as well as housing renewals is expected to grow in the future. In these types of market environments, construction materials must respond to the product requirements of residential renovation markets while expanding to large markets overseas. Furthermore, to adapt to market environments worldwide, construction materials must also pursue waste reduction through recycling.

Achievements and Challenges

The housing materials business has increased sales by strengthening sales power as well as handling the recovery from typhoon damage via comprehensive Group sales of polycarbonate building material products.

The flooring and decorative materials business was unable to reach the level of sales during the previous year in the flooring division due to delays in condominium renovation work caused by typhoons and torrential rain storms. As a result, the Construction Materials Business segment showed net sales of 48,502 million yen (up 3.7% year-on-year) and an operating profit of 3,458 million yen (up 4.9% year-on-year).

In regards to the challenge to expand overseas, we will further strengthen growth to Europe, the United States, China and Asia. In terms of environmental issues, we will promote the reduction of plastic waste by delving deeper into recycling technologies that reuse waste plastics.



Picture of Polycarbonate Folded Plate Installation (Ceiling section)



"Jet Line" Siphon Rain Gutter System



"Rain Save N" Rainwater Storage and Infiltration Tank



"Amaoto-kun" Rainwater Storage Tank



Picture of the Lume Wall
Hollow Honeycomb Polycarbonate Installation

Business Summary by Business Division

Priority Measures for Future Growth

Measure (1) Strengthen Business Infrastructure in the Polycarbonate Building Materials Business

Polycarbonate construction material products are the core product of the polycarbonate building materials business. These products support the infrastructure to build a low-carbon society in the environmental conservation field, such as providing a high level of natural light and heat insulation as well as offering energy savings and a light-weight alternative to glass.

Up until today, three Group companies had been independently charged with the sale of these products. However, C.I. TAKIRON has consolidated the sales structure through an absorption-type split of these respective businesses at NIPPON POLYESTER CO., LTD. and DAINIPPON PLASTICS CO., LTD. for the purpose of fully optimizing management resources. We have even consolidated the production system for these products to the Ibogawa Plant and centralized the development, production and sales processes to strengthen the foundation of the polycarbonate building materials business. C.I. TAKIRON will also promote new product development of highly heat insulative and airtight polycarbonate building materials with an expectation of growing demand in the future due to the expanding scope of the Building Energy Efficiency Act.

Measure (2) Penetrate the Condominium Market with New Flooring Material Products

Takistron WB slip-resistant flooring material is a slip-resistant flooring material dedicated to condominium balconies that replicates a genuine wood grain pattern without sacrificing the conventional durability through a transparent resin layer (clear inlaid structure) with superior weatherproofing and wear resistance. We will actively further sales of this slip-resistant flooring material for balconies as a wood pattern flooring material that is able to offer durability unseen in conventional printed pattern materials. In addition to the durability offered by the conventional Takistron product, we have also developed Extra Care PGE that utilizes a layer of foam vinyl chloride to improve safety in the corridors of condominiums. As a slip-resistant flooring material with a foam layer that can be used outdoors, Plus Care PGE will create a new category that combines durability and safety in a material for condominium corridors.

Measure (3) Develop New Decorative Material Products and Expand Overseas Market

Belbien is a series of architectural, decorative adhesive films. C.I. TAKIRON developed Belbien Plastics as a completely new product line in the Belbien series that realizes infinite possibilities by combining a new embossment with monotone colors from pure white to jet black to achieve unique texture. The product offers a detailed sculpture-like embossment of light and shadow on the surface to offer a distinct texture to walls with neutral colors. This new product line will help further expand the Belbien series.

Even in Europe, the United States, China, and Asia, we aim to further expansion by responding to customer needs in each area. We will actively work to migrate to environment-friendly products worldwide while utilizing and commercializing recycled materials into the mainstream.



Picture of
Belbien+
TEX Installation

Slip-resistant Flooring Material with Foam Layer to Reduce the Risk of Accidents Due to Falling

C.I. TAKIRON introduced technology from America in 1973 to begin the production of slip-resistant flooring. We have already built a more than 40-year history refining slip-resistant flooring since the adoption of this technology, such as stain proofing and heat insulation properties. The Plus Care series offers a new flooring material that drives excellent safety performance in addition to the superior anti-wear performance provided by the inlaid structure and the shock absorption performance provided by the foam layer (three-series expansion for condominiums, pool sides, and facilities for infants). As an aging society progresses in Japanese society, the importance of preventing accidents due to falling grows. One in every three elderly persons is said to experience at least once fall each year. Unforeseen accidents due to falling has surpassed the number of traffic accidents to become the second highest type of accident just below suffocation.

This flooring material product can reduce the risk of injury in accidents due to falling.



Plus Care Series

Lightweight Waterproofing Panels to Protect Valuable Assets from Flood Damage

These panels provide high cut-off performance proven to have no more than 1L/h-m² of leakage even at a 1.7 m/s flow velocity.

A maximum water depth of one meter supports even broad openings, such as entrances to underground shopping areas, by using the intermediate materials as shown in the picture. These panels are so light that they can even be carried by one person.



Flood Safe Panel

Business Summary by Business Division

02 Environmental Materials Division



Director Senior Managing Executive Officer
Chief Operating Officer of the Environmental Materials Div.
Takahisa Miyake

Markets in Japan face a harsh business environment from the spreading impact of an aging society with a declining birthrate to the pressure of opening markets from overseas. However, in the agricultural field, we are furthering the high functionality of agricultural goods, improvements in productivity, and links between agriculture businesses and welfare in addition to other new efforts. In the civil engineering field, we are also expanding new social needs that include the maintenance and refurbishment of decrepit social infrastructure.

C.I. TAKIRON hopes to continue its contributions toward the resolution of social issues in Japan by discovering new needs for the technologies it has cultivated up until now. Furthermore, we believe that our unique products such as highly functional agricultural films and hydrophobic water sealing materials can also contribute to the agricultural efficiency and the preparation of infrastructure in ASEAN and other developing countries overseas.



Example of Extension of Agricultural Polyolefin Film

Market Environment

In the agricultural market, fewer and fewer people are willing to bear the agricultural responsibility as the Japanese population decreases, increasing farmlands left abandoned and increasing the pressure to open markets from overseas.

Furthermore, although the civil engineering market is propped up by demand such as reconstruction from disasters, preparation of new infrastructure for the Tokyo Olympics, and measures to counter the aging of existing infrastructure, the changes in domestic demand is expected to progress because the gap between urban and rural civil engineering becomes greater due to labor shortages and rural impoverishment.

In these various market environments, the agricultural market intends to increase the number of farming families, create greater added value as well as yield of agricultural goods and improve productivity. In the civil engineering market, we expect a shift in demand toward the renewal and maintenance of highways, tunnels, sewage systems and other such infrastructure.

In emerging markets centered upon the ASEAN region, medium- and long-term plans for large-scale development and investment projects have been proceeding via government initiatives and major corporations. A market formation expected to grow with acceleration in the future has been underway.

Achievements and Challenges

As a result of actions to recover from typhoon damage and the favorable shift in the business to renew sewage systems, the Environmental Materials Business segment showed the increase in both sales and profit year-on-year with net sales of 62,388 million yen (up 3.2%) and an operating profit of 1,878 million yen (up 34.3%). In the agriculture business in particular, the increase in demand for agriculture covering films and greenhouses as well as other related materials drove business performance due to disaster recovery response. In the infrastructure materials business, we saw an entire market shift in a favorable direction even with delays in earthquake disaster reconstruction as well as road and tunnel projects because the sales of materials to renew sewage piping remained steady.

Regarding the challenge raised about expansion into the emerging markets of East Asia and the ASEAN region, C.I. TAKIRON will strengthen initiatives to increase demand in local markets by utilizing the technical capabilities and expertise cultivated in the Japanese market because building cooperative relationships with local companies and government agencies is indispensable.



SKYCOAT K-5
Agricultural
Polyolefin Film



SKYCOAT T-5
Agricultural
Polyolefin Film



Suzuran Tape



Safety
Sprinkler Tubes

Business Summary by Business Division

Priority Measures for Future Growth

Measure (1) Review of the Business Structure of the Environmental Materials Segment

C.I. TAKIRON executed a management integration of Group companies DAINIPPON PLASTICS CO., LTD. and TAKIRON PROTECH CO., LTD. (current DAIPLA CORPORATION) as well as transferred some other businesses to other segments to maximize the medium- to long-term value provided to society and the environment as a total value chain of the Environmental Materials Business. The new structure further concentrates efforts in the mainstay businesses of agriculture and infrastructure materials and more effectively operates development, manufacturing and sales processes. We will continue to advance the optimization of the sales and manufacturing structure to flexibly respond to needs.

Measure (2) Increase the Agricultural Market Share in Japan and Expand Overseas

The agricultural business has built a production and sales system throughout the entire Group up until now which has contributed to the evolution of agriculture in Japan with the expansion of new products that respond to market needs. In the future, C.I. TAKIRON will continue to increase its share in Japan and expand the scope of its business by pursuing high functionality and high quality products that are right for modern times while enhancing efforts toward smart agriculture through Group collaboration.

Furthermore, East Asia and the ASEAN region are showing significant growth. The modernization of lifestyles and a growing number of wealthy people are increasing the demand for safe and secure agricultural goods, which in turn fosters growth in the agricultural market. In the future, we foresee ongoing promotion of agricultural investment, which acts as a foundation for economic growth, in each of these countries where the workforce is an abundant resource. Therefore, this business division will consolidate the strengths of the Group around the agricultural business to the expansion of businesses that contribute to agricultural and economic growth in each country.

Measure (3) Respond to Demand for Social Infrastructure Renewal and Expand Overseas

The infrastructure business expects demand to grow with the need for road and tunnel related materials due to the refurbishment of transportation infrastructure tailored to social needs, such as alleviating traffic congestion in major cities and the prevention of urban environmental deterioration (including demand generated by the 2020 Tokyo Olympics) as well as renewal work as countermeasures to disasters in order to increase the lifespan and high functionality of social infrastructure. We will promote the expansion of the existing product lineup and the development of new products that respond to these needs in the infrastructure business with the aim of further propelling progress by strengthening these business regions.

We will penetrate and expand to new markets while also contributing to the preparation of infrastructure and growth of the economy by supplying highly functional products that aid in product development and the preservation of urban environments that respond to local needs for large-scale products in each Asia region where urban development is rapidly accelerating.



Sheet Installation for Ponds



Sheet Installation for Ponds to Cultivate Algae



Tokyo Gaikan Express way Tunnel*



Tokyo Gaikan Express way Tunnel Segment*

*Picture: Provided by Tokyo Gaikan Project

Field Fabricated Tube-Stream (FFT-S) Method

Assisting in the Maintenance and Longer Lifespan of Urban Lifelines

Even while the coverage ratio of sewage systems is improving throughout Japan, the number of broken and deteriorated sewage piping is growing due to factors such as aging. The deterioration of underground sewage piping also comes with high risk related to roadway cave-ins and natural disasters, such as earthquakes, and requires regular reconstruction and refurbishment to increase the lifespan.

However, pipe replacement by open-cut construction is difficult when considering the congestion of water, gas, electric and communication lifelines as well as the obstruction of traffic.

Therefore, in order to solve these social problems, TAKIRON ENGINEERING developed the FFT-S Method (pipe renewal method) that requires no open-cut construction.

The FFT-S method is proud to hold the top share in small- and medium-bore sewage piping renewal for municipals, and it contributes to an urban environment maintaining and increasing the lifespan of vital social infrastructure.



Before Installation



After Installation

Business Summary by Business Division

03 High Functional Materials Division



Managing Executive Officer
Chief Operating Officer of the High Functional Materials Div.
Toshio Tamaki

The High Functional Materials Business Division is made up of the plate division that mainly manufactures and sells universal resins such as PVC, PC, and PET as well as magnetic materials, the ultra-compact motor division, fine particle processing companies and affiliate companies that handle engineering plastics and acetate. Distinct products with a wide range of functionality are expanding worldwide as a result of continually stepping up to the high quality requirements of customers throughout our long history. Even though these may be intermediate materials, we are in fact providing the elements indispensable to the manufacture of semiconductor chips as well as crystal and organic EL panels. By contributing to the development of state-of-the-art technologies such as 5G, AI, and IoT, we are creating the future.

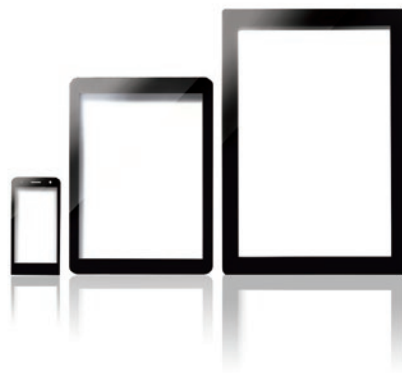
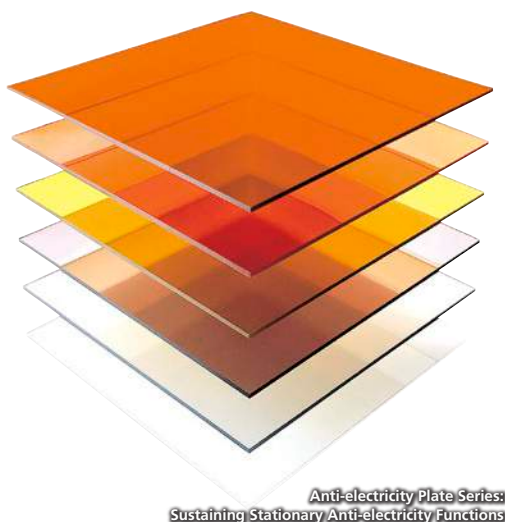
Market Environment

Among intermediate materials centered upon plates, the demand for semiconductor production equipment that had shown a favorable shift sharply decreased due to a decline in memory investment in the second half of last year as well as uncertainty about the future caused by the United States-China trade war. However, standardization of technologies such as 5G, AI, and IoT are expected to drive further demand in the future for semiconductor production equipment. In this field, we will increase production of the industrial plates that have earned trust over so many years immediately when the time is right. Engineering plastics are expected to sustain growth thanks to expansion into a broad range of fields, such as slide members of food processing machines. Thin polycarbonate plates showing higher manufacturing and sales in the Chang Prefecture of China have been active even with the fluctuations that respond to the smartphone demand. Markets around ultra-compact motors are changing dramatically with a tendency toward an increase in various fields such as energy savings, safety and other on-board vehicles measures as well as servers and other information communication fields.

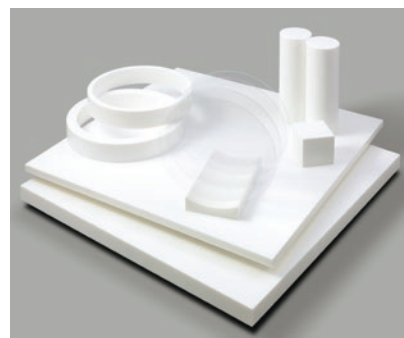
Achievements and Challenges

In the High Functional Materials Business segment, its mainstay product of industrial plates and related products were impacted by a decline in capital investments for semiconductor and FPDs. A drop in sales began from the second half of the second quarter to bring the net sales to 18,935 million yen (down 3.0%) and an operating to 1,767 million yen (down 5.1%). In terms of production however, we further reinforced capabilities through capital investments and productivity improvements in response to the shift toward a high-level demand since the year before last. C.I. TAKIRON has also developed new products able to address market requirements, such as new transparent materials for FPD manufacturing equipment. In terms of sales, we provided the right services to build strong relationships of trust with our customers by gathering extremely detailed information from users worldwide through a robust supply chain. The High Functional Materials Business recognizes the promotion of product development which can cultivate new applications through more advanced functionality as a future challenge.

Motors are mainly used for the important drive sections of customer products. C.I. TAKIRON has further enhanced the quality management structure, responded to advanced quality requirements through sales and technology staff working in unison, and realized flexible customizations and a timely supply. We must pursue the next level of improvements for production efficiency to further increase demand as well as increase production.



Highly Transparent Polycarbonate Plate (Used in Applications such as Smartphone Covers; Handled by: TAKIRON PLASTICS (CHANGZHOU) CO., LTD.)



Engineering Plastic Appropriate for Superior Machining for Crystalline PET Plates and Cylindrical Rod TP-PEX Sliding

Business Summary by Business Division

Priority Measures for Future Growth

Measure (1) Create a High-end World via Superior Composite Technologies: Laser Shielding Plates

C.I. TAKIRON aims to expand its business regions by executing the specific measures below in each business.

In the plate division, the sale of laser shielding plates that ensure safety of the human body by shielding specific wavelength regions of laser beams has quintupled over the last five years to cultivate a powerful product. We view this area as an important strategic field. C.I. TAKIRON will bring together laser processing machine manufacturers and expand sales routes to Europe, which is anticipated to become a major market, as well as sales routes into the United States in addition to Japanese market by expanding product lineup responding to the demand of users.

We will also take on challenges in new regions, such as aircrafts and mobility, by further heightening the fire resistance of plastic materials even in other applications through composite technologies.

Measure (2) Utilize Strong Relationships with Customers to Develop the Value Chain

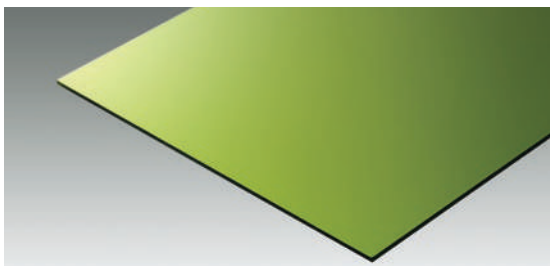
In the plate division, C.I. TAKIRON will continue to maintain an effective supply chain and prioritize trusting relationships with customers above all else while regularly conducting customer satisfaction surveys for every product and service. We will then implement the following measures according to the results of those surveys.

PVC plates have three-types of production equipment—presses, continuous presses, and push systems. We will further enhance these products while optimizing the product lines. These enhancements and optimizations will help improve the instantaneous force in response to increased production.

To improve customer satisfaction from a quality perspective, we aim to eradicate claims and complaints, migrating to the examination and execution of improvements in all processes from manufacturing and sales to inventory.

Measure (3) Enter New Markets with the Hidden Potential for Unlimited Growth

In the motor division, consolidation of management resources has become important in anticipation of future growth fields, such as robots and drones, as new targets. At the same time, we will always improve productivity and aim to generate even higher earnings.



Takisharon
- Protect the Eyes (Retinas) and the Rest of the Human Body from laser beams

Fire Safety Assessment of Materials Complying with the FM4910 Standard (Comparison with Regular PVC) Combustion Test with a Cone Calorie Meter (Conformity to ISO5660, ASTM-E, 1354, and Other International Standards)



Ignites with a 10,000 V Electric Spark



Standard PVC Plate Ignites and Burns after 35 Seconds



FM Plate Carbonizes and Never Burns

FM Plate Driving Unique Macromolecule Technologies to Provide High Added Value

The section introduces the TAKIRON plates that customers have come to adore thanks to advanced composite and fabrication technologies. In 1954 before the management integration, Takiron began manufacturing PVC plates at the Aboshi Plant, which was a core plant of the company. PVC plates have been widely adopted for signage, shop decorations such as displays for the coloration ease, and industrial applications such as plating equipment for the excellent chemical resistance. Today, by leveraging the superior chemical resistance, PVC plates are used for semiconductor wafer cleaning devices and various other liquid chemical processing apparatuses. In 1999, we developed and released FM plates as the world's first PVC material that conformed to the FM standard. This product has become a key product for C.I. TAKIRON today. FM plates are a PVC plate material that possesses a high level of fire resistance in compliance with the FM standard, which is a fire-resistance standard for materials used in semiconductor plants formulated by the American non-life insurance company Factory Mutual (FM).

We will always strive forward by putting the customer first in the development of materials and products that pioneer the industry. Although consumers do not come into direct contact with our products, C.I. TAKIRON contributes to society as an indispensable presence in the backdrop.

Semiconductor Wafer Processing Device Using FM Plates



Business Summary by Business Division

04 Specialty Films Division



Managing Executive Officer
Chief Operating Officer of the Specialty Films Div.
Hiroyasu Kawakami

Global One-Team and De-Facto Standard & Beyond

We produce and sell label shrink films and plastic zipper tapes to customers around the world from Japan and the rest of Asia to North and South America as well as Europe. We promote the best global production and sales system around four key sites worldwide while maximizing the production volume of each site for Japan, Asia as well as North and South America. We will further drive business expansion through a greater global share in addition to pursuing added value beyond de facto standards at both BONSET and SANZIP brands. Furthermore, we will not only address the requirements to protect the global environment, but will also focus on next-generation product development that aims to realize a recycling-oriented society in harmony with the environment.



BONSET/SANZIP Usage Examples

Market Environment

Shrink films are used in applications around the world in an ever broader range of markets, which is expanding the market scale with a growth rate of 3% to 4%. OPS, PET and PVC are used as materials, but we expect that worldwide demand will shift and grow to focus on PET-based products in the future from an environmental response perspective. As actions to accommodate this shift, we are in the middle of capital investments in North America to enhance PET films and plan to achieve the wide introduction of environment-friendly PET films through our own proprietary manufacturing process at the beginning of 2020.

Zipper tapes are also expected to see a roughly 5% to 6% market growth primarily in Japan, developing countries and North America. Japan requires quality centered upon processing convenience (low-temperature sealing, sealing speed, sealing base materials for multiple needs) when used in customer bag manufacturing. On the other hand, the rest of the world emphasizes design requirements more and more, such as zippers making sounds and zippers that cannot be opened by children. We aim to become a solutions provider that is able to supply both the convenience to the processing manufacturers and the designs desired by the end users.

Achievements and Challenges

The Specialty Films Business has remained steady together with the key products of shrink films and zipper tapes thanks to stable demand in Japan and the rest of Asia in addition to Europe as well as North and South America. As a result, the Specialty Films Business segment showed net sales of 208.24 million yen (up 3.2% compared to the same period last year) and an operating profit of 1,969 million yen (down 2.1% compared to the same period last year).

We are also approaching the requirements for environment-friendly plastic products from various directions, including biodegradation, marine decomposition, biomass, recycling, and a transition to mono-materials. Any of these are at the initial stage of technical development in the supply chain. C.I. TAKIRON has already established a recipe able to respond to any type of requirement and is ready and able to execute production at any time.



バイオマス
No.180075

Certifying Body: Japan Organics Recycling Association
No.180075



登録No.327

Certifying Body: Japan BioPlastics Association
No.327



These certifications have been acquired for SANZIP tape. The certification logos are for zipper tapes that use a designated amount of biomass plastics.

Business Summary by Business Division

Priority Measures for Future Growth

Measure (1) Follow the BONSET (Shrink Films) Grand Design

The first step of the Bonset (Shrink Films) Grand Design is to accelerate an optimal global production and sales system around three key sites worldwide in Japan, North America, and South America. Initially, we will run all of our existing manufacturing lines at full capacity in Japan and engage in product development that anticipates the next-generation. Next, we will further the transition to PET on PVC manufacturing lines as part of the restructuring of the production system in North America. By increasing the supply capacity of PET films, which are at the heart of demand, we aim to realize a short lead time and expand orders further in addition to the benefits of the high quality and quick aftercare services that we have always provided. In this way, C.I. TAKIRON will accelerate its optimal global production and sales system to establish a clear foothold as the top shareholder worldwide. The second step of the Grand Design will solidify and leave no doubt that we hold the top share worldwide by establishing subsequent production sites to drive our share on a global basis beginning in 2025.

Measure (2) Follow the SANZIP (Zipper Tapes) Grand Design

The first step of the SANZIP (Zipper Tapes) Grand Design maximizes the production capacity at both plants in Japan and those in the rest of Asia. In Japan, we will maximize the production capacity by fiscal 2019 and accelerate development of new and environment-friendly products as mother plants. In Asia, we will increase capacity by increasing the number of high speed manufacturing lines as well as automating product warehouses by 2023. These efforts will improve our global share and earn us the position as the leading company in the industry. The second step to this Grand Design aims to further improve the global share and establish our position as the leading company in the industry by looking into M&A in parallel with the first step.

Measure (3) Improve Product Development and Productivity

System Development

In the zipper sector, C.I. TAKIRON heightened the processability of zipper users and developed an auxiliary equipment system for bag manufacturing under the name Vertical Drum Stand, which is able to run the drum spun zipper continuously for long hours in order to contribute to labor savings. These innovations have made our zipper tapes more efficient and easy to use. Sales have already started in Japan to earn rave reviews and the scope of sales is set to expand overseas in the future.

Productivity Improvements

In the production of BONSET and SANZIP product lines, we will horizontally expand technical capabilities and expertise to overseas manufacturing sites through plants in Japan as mother plants in an effort to improve productivity while simultaneously adapting to the Business Continuity Plan (BCP).



Vertical Drum Stand

30th Anniversary of the BONSET AMERICA CORPORATION (BAC)

The BONSET (shrink films) born in Japan started its production in the United States for the first time from Greensboro, North Carolina in 1989. In the 30 years since, we have steadily grown the plant in North Carolina as a PVC/PET films production and sales base for its foothold North America, Central and South America as well as Europe and are proud to have the highest production volume in the world for a single plant. BAC has established a firm position to drive BONSET as the de facto global standard of shrink films. In 2012, we also began Bonset Latin America in Uruguay, South America to put in place a vertical production and sales system via North and South America and built a door-to-door delivery system focused on customers in South America. This delivery system was able to win the trust of customers. BAC then deepened cooperation with the Okayama Plant as a mother plant in Japan for efforts that included environmentally-sound products standardized across these three key plants to build a system able to more quickly supply BONSET as the de facto standard to all customers worldwide.



Anniversary Party Celebrating 30 Years of Business at BAC



Full View of BAC

Technology, Research & Development

Creation of New Business and Development of New Products Bearing the Future



Director Managing Executive Officer
Chief Operating Officer of the Corporate Planning Div. &
in Charge of the R & D Dept.

Hideharu Iwasaki

Research and development activities play a vital role in achieving value creation at C.I. TAKIRON. While each business division addresses the themes centered on strengthening existing businesses, the Research & Development Department undertakes research around major themes across each business division for dramatic advancement of our core plastic technologies as well as themes that include completely new research and development. We are actively working to create a people- and earth-friendly future in a form that provides attractive products and fosters new businesses entrusted with the future by striving to integrate technologies with external entities as well as grasp environmental and social needs.

Competitive Advantages (Strengths)

- (1) C.I. TAKIRON has been expanding its corporate scale and business domains as a comprehensive plastics processing manufacture since the management integration in April 2017. The synergistic effect will drive us even in research and development.
- (2) C.I. TAKIRON utilizes advanced mix design technology, equipment design technology, and fabrication technology to fabricate products from films with a thickness of several microns to plates with thicknesses of several dozen centimeters.
- (3) C.I. TAKIRON holds the top share of products in a wide range of business regions through unique and superior material development, film and sheet development with high added value and functionality, technological development for geometric designs, and the development of installation technology and new processing methods.
- (4) C.I. TAKIRON possesses the high-precision analysis devices and analysis capabilities indispensable for development.

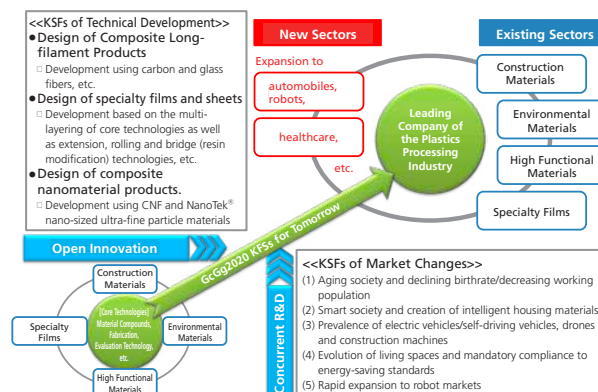


Important Strategies and Progress

C.I. TAKIRON takes full advantage of open innovation and concurrent research and development based on the “for tomorrow” keywords in the Good Chemistry Good Growth 2020 Key Success Factor (KSF) in the medium-term management plan to not only forge new regions but also expand existing regions according to short-term development themes.

As the KSFs of market change, we have outlined measures that include the standardization of AI and robots as measures to address an aging society with a declining birthrate as well as a decrease in the working population, the use of IoT to facilitate a smart society, the creation of lighter and more functional interior materials to help innovate electric vehicles, as well as housing that offers both economic and environmental benefits to evolve living spaces. As the KSFs of technical development, we are furthering medium- to long-term development themes around our three core technologies for the design of composite long-filament products, the design of specialty films and sheets, and the design of composite nanomaterial products.

Ideal Form of Development



Research System

Our research and development activities aim to promote the cultivation of budding new businesses as new growth engines and build businesses as new pillars of income through cooperation across departments in addition to the independent activities of the research and development as well as product development departments.

Furthermore, project activities that link production and sales departments as well as partnerships with affiliate companies promote the development of attractive products that respond to the needs of customers. These collaborative efforts also work in environment-friendly technical and product development based on the environmental preservation activities to address new social issues such as the marine pollution caused by microplastics.

Convening New Product and Technology Presentations

New Product and Technology Presentations primarily asks junior engineers to present the technical themes that they have been working on at a venue to introduce and evaluate new products and technology throughout the entire company once a year. These presentations accelerate research and development by encouraging technical and information exchanges shared within Group companies.



2019 New Product and Technology Presentations Award Ceremony

Core Technology

C.I. TAKIRON hopes to provide specialty products with advanced commoditization. In other words, we will offer attractive products beyond conventional quality standards in addition to providing value from the customer perspective with the aim of becoming the leading company in plastic processing. Therefore, we must pursue the potential of materials in a research effort that ties to the development of a wide range of film, sheet, and panel products that offer distinct features and characteristics. C.I. TAKIRON also strives in research to explore and combine materials as well as integrate fabrication and peripheral technologies to improve added value. In addition, we also work to analyze and evaluate the materials and elements molded in this research while enhancing the base technologies of the C.I. TAKIRON Group to help increase the quality of products.



New Product Topics

(1) Curing Sheets for Blast Machining (Eco Clean Blast Sheet)

The Recyclable Blast Coated Film Removal for Lead and PCB Waste Reduction developed at the Eco Clean Blast Research Association, an organization C.I. TAKIRON has joined as a member, was presented the Minister of the Environment Award in 2018.

Blast methods are techniques adopted in construction to re-apply coatings on steel bridges by first blasting a gridding material onto the coated surface to shave off and remove the old coating. However, the Recyclable Blast Coated Film Removal for Lead and PCB Waste Reduction takes advantage of recyclable metal grit material as a grinding material that can be sorted and reused without grinding. This blast method has been highly regarded for drastically reducing the industrial waste and fine particles produced by conventional grinding materials in addition to reducing costs through the reuse.

(2) Development of the String Method

The String Method developed jointly by C.I. TAKIRON and TAKIRON ENGINEERING received an industrial technology award from the Osaka Industrial Research Association.

*String Processing Method: This string processing method is a piping method that arranges an auxiliary ring (deformed bar) inside of existing piping to install as well as fit an LF panel (polyethylene surface material) and fastener (polyethylene surface fitting material) in the axial direction. A filler (high-flow, high-strength mortar) is then injected into the gap between the existing piping and the LF panel to create a highly strong composite pipe integrated with the existing piping.

(3) Development of Nutriculture System

C.I. TAKIRON developed an artificial light hydroponic cultivation system (unit) for plant factories, which was exhibited at The World Food And Beverage Great Expo (FABEX 2019).



Nutriculture System

Personnel and Human Resource Development

Pursuit of Growth in All Working People



Director Senior Managing Executive Officer
Chief Operating Officer of the Corporate Administration Div.
Tomomi Umeda

The growth of the company comes with the growth of people. I think the ability for all working people to use their strengths enthusiastically in each workplace more quickly realizes the synergistic effect of our management integration and helps to further the growth of society. Based on this philosophy, C.I. TAKIRON has established the Better Life Management Declaration to build an enthusiastic working environment with enhanced programs for all people. We have clarified the ideal form of human resources for the people who work at our company. We will respect a spirit of perseverance and encourage even greater leaps forward in an extremely broad range of fields through the management integration.

We provide a quality workplace for a better life C.I. TAKIRON aims to create this kind of company.

The ability for each and every employee to live a better life helps the sustainable growth of our company.

While faced with a decreasing working population due to an aging society with a declining birthrate, we must build an environment where both the employees and company can grow through the acceptance of diverse human resources in order to heighten corporate competitiveness.

As a means to this end, C.I. TAKIRON aims to provide a quality workplace that leverages individuality rather than expecting employees to conform to a standard role model archetype. On April 1, 2019, we formulated the Better Life Management Declaration in order to share our thoughts with employees as an important medium- to long-term measure of management. In this declaration, we advocate support for diverse work styles, support for purposeful work, and support for better health as vital measures in building a quality workplace, and we are striving to cultivate a new corporate climate.



Ideal Human Resources To Grow as a Leading Company

We have worked to give specific shape to ideal human resources as a compilation of the Let's Talk More! employee participation project launched in conjunction with the management integration. As a result of in-depth discussions between teams divided into each generation from people in their 20s to people in their 50s, C.I. TAKIRON has established seven values as the desired skills and qualities shared throughout the organization: a sense of ownership, a persevering spirit, ability to overcome through creativity, a high level of expertise, a sense of diversity and international awareness, steadiness and sincerity, and communication skills.

These seven values define our ideal human resources as a company.

[Ideal Human Resources]

Communicate, Commit, Be Proactive

Take Initiative and Drive Forward

Communicate: Engage in active communication.

Commit: Fulfill your responsibilities.

Be Proactive: Take active action through shrewd insight.

This is the ideal human resource that the company expects and the fundamental philosophy behind human resource development.

Better Life Management Declaration

充実人生経営宣言 Important Measures

C.I. TAKIRON strives to encourage the formulation and use of programs with these important measures at the core to support a better life for our employees.



Support for Diverse Work Styles
Realization of a Workplace Where People Can Work According to the Stage of Their Life



Support for Purposeful Work
Realization of a Workplace Where Everyone Can Work Enthusiastically



Support for Better Health
Realization of a Workplace Where People Can Work Efficiently with a Healthy Body and Mind

1) Support for Diverse Work Styles

C.I. TAKIRON has adopted programs such as an hourly leave program and telework system with the goal of realizing a workplace where each and every employee can select a working style according to their stage of life.

We set a fiscal 2019 target to reach a 50% acquisition rate of childcare leave by putting in place a policy to encourage male employees to also take childcare leave. Our goal is to improve the acquisition rate and further support for both the professional and private lives of our employees.

2) Support for Purposeful Work

C.I. TAKIRON implemented career consulting and job rotation programs as a framework to support the purposeful work of its employees.

The career consulting program is a system to succeed in supporting career development through consultations. More specifically, employees create an action plan and confirm a growth process after sharing their ideal future and their thoughts about their career with their supervisor and colleagues based on a career vision sheet drafted by the employee themselves.

The job rotation program is a policy in which employees move between different departments for several years after joining the company with the hope of aiding in their development through a wide range of experience.

These frameworks support the expectations from the company and the passion that employees have about a career as a means to help facilitate a better professional life and purposeful work.

3) Support for Better Health

C.I. TAKIRON has adopted a financial incentive program to encourage employees to take paid leave as a framework that helps promote better health with the goal of realizing a sound and healthy workplace. This system helps employees refresh their bodies as well as minds and supports a healthy and energetic work style by ensuring every employee actively takes paid leave.

We have set a target for a 70% employee acquisition rate of paid leave for fiscal 2019 and are promoting employees at each workplace to regularly take paid leave.

Furthermore, in order to better the health of our employees, we are raising awareness about employee health by expanding the items for medical check-ups, recommending follow-up examinations, and implementing stress checks.

Voice of a Male Employee Taking Childcare Leave

Research & Development Department:
Takashi Fujimoto



The idea of childcare leave never occurred to me when my daughter was first born. However, as I watched my wife get more and more tired taking care of her each day, I naturally began to feel the need to participate more in raising her. At the time, there was no precedent for male employees to take childcare leave. There was not very much information and I also had financial concerns. When I looked into the program, I discovered there was paid leave* to raise a child.

I was in charge of operations to introduce new equipment and repeatedly run tests and execute improvements toward practical applications when I decided to take childcare leave. I was worried the people around me would be disappointed about my plan to take time off, but the executive in charge of the program told me it was a great idea when I informed him of my desire to take leave. The general manager and my direct supervisor quickly found a replacement to take over my tasks. This allowed me to take six months off of work to help raise my daughter.

During this time off, my wife and I were able to split up all the house work and child rearing except for cooking and breast-feeding. I often took her to parks and recreational facilities for children where I was able to make friends with other mothers and fathers.

My daughter learned to crawl while I was taking childcare leave. I was able to watch her practice and see her grow. I know my leave caused some inconvenience in the workplace, but I am very grateful to have been able to take this time off to raise my daughter. I experienced not only the joys and challenges of having a child with my wife but also what it is like to take care of my little girl. I found confidence in my ability to raise a child and do housework. My work and my family have been doing great even after I returned to work.

I would really like to thank my boss as well as all of my colleagues. I will dive back into our research to repay them with fruits of my labor. I will share and raise awareness about the childcare leave for men in the future through the motivation I have in my work. I hope an environment will be created where everyone throughout C.I. TAKIRON can have a consultation about taking this leave.

*Some requirements apply

Acquisition Ratio of Childcare Leave for Male Employees

FY2017	FY2018	FY2019 (Target)
0%	31%	At least 50%

Personnel and Human Resource Development

Status of Continued Employment for Retirees

	FY2017	FY2018
Retirees	17	17
Number of Re-employed Retirees	10	15
Re-employment Ratio	59%	88%

Second Life Seminar



Employment Ratio of Disabled Persons

	FY2017	FY2018	FY2019 Forecast
Employment Ratio of Disabled Persons	2.11%	2.11%	2.30%
Statutory Employment Ratio	2.00%	2.20%	2.20%

New Female Graduate Employment Ratio

	Joined 2017	Joined 2018	Joined 2019
New Graduate Employment Ratio	22	12	14
Female	6	4	4
Female Ratio	27%	33%	29%

Work Happiness Iwatsuki Saitama Farm Welcoming Ceremony



All of the Employees Working at Work Happiness Farm Six disabled people joined the company and work on the farm each day.

Diversity

We accept diverse human resources regardless of age, gender or nationality. Understanding and respecting a wide range of values and viewpoints vitalizes the organization and helps employees grow. Therefore, we are advancing a system that accepts all people.

1) Active Participation of Seniors (Continued Employment of Retirees)

We provide employees who would like to be re-employed at C.I. TAKIRON after they retire with a workplace that considers their hopes as an employee, such as the business category and number of work days, to support their active participation. C.I. TAKIRON holds Second Life Seminars as a place for employees in their 50s to learn how to plan and stay aware in their daily life after retirement. This enhances both their public and private life after retirement and builds a system able to facilitate even more active participation.

2) Employment of Disabled Persons

We support the employment of disabled people as part of our efforts to encourage the active participation of diverse human resources, and we are furthering the employment of disabled persons at each of our corporate offices. In addition, C.I. TAKIRON has been supporting disabled people with a desire to work through the Work Happiness Iwatsuki Saitama Farm since June 2019 by cultivating and harvesting vegetables.

3) Initiatives to Promote the Active Participation of Women

We have formulated an action plan and raise awareness both inside and outside of the company in accordance with The Act on Promotion of Women's Participation and Advancement in the Workplace while building a workplace where everyone can work enthusiastically regardless of their gender.

Action Plan to Promote the Active Participation of Women from April 2018 to March 2021

- (1) Increase the ratio of new female graduate employees to at least 30%.
- (2) Cultivate an organizational climate where female employees can participate without worry.
- Introduce programs to support flexible work styles. ● Build systems to support career development.
- Conduct training to change the attitude toward female employees.

System for Human Resource Development

C.I. TAKIRON set up achievement-based assessments and skill-based assessments as two systems to help the development of employees based on the belief that the growth of employees is the source of growth for the company.

The achievement-based assessment establishes goals for each individual to evaluate performance based on the level of their final achievements. Supervisors will consult with employees regularly to see if they are progressing according to plan while offering advice to support their success toward these goals, which at the same time builds mutual relationships founded in trust. Through these achievement-based assessments, employees see their contributions to the company and their growth.

The skill-based assessment is a system to evaluate whether employees demonstrate the necessary skills. This assessment helps employees to discover areas where they are strong and areas where they can grow to help them grasp the necessary skills to further heighten their abilities.

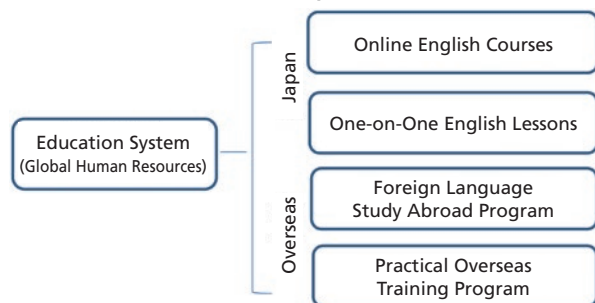
We then consult with employees about their career based on the results of these two assessment systems to facilitate close communication between each supervisor and employee. The career consulting program flushes out the direction to proceed by having both the supervisor and employee think about the career path. The supervisor also creates a development plan to support employee development.

Education and Training

C.I. TAKIRON has established an education system and provides a broad range of opportunities to foster the development of the employees who help enhance the value of the company while also helping the employees themselves grow.

We have designed education programs according to the career paths of our employees from training that develops the necessary skills by occupation and grade to education programs that teach active participation as global human resources, distance learning that supports self-development as well as incentive programs to acquire qualifications.

Global Human Resource Development



Foreign Language Study Abroad Program (Training in England)



We offer a study abroad program to learn a foreign language as a way to improve practical English communication skills. Employees attend a language school for three or six months in England to learn English together with other students from all over the world.

Main Internal Training

1) New Employee Training

We conduct training for new professionals who join the company in addition to practical training at plants to teach the knowledge necessary for employees of C.I. TAKIRON. New employees also join follow-up training after working at the company for six months to consider their future career and verify their development as well as use of their skills after being assigned to a particular post.

2) New Employee Mentor Development Training

The new employee mentor development training for senior employees who have been with the company for several years aims to cultivate mentors (mentor employees) who support new employees both from a mental standpoint as well as with operational concerns.

These mentors strengthen trusting relationships through discussions and consultations with new employees while supporting the development of new employees.

This training shares concerns about mentor guidance and problem points to help the development of the mentors by finding solutions to those concerns and issues.

New Employee Training



New Employee Mentor Training



Health and Safety

Every Person Shall Always Think About Safety and Build a Robust Workplace



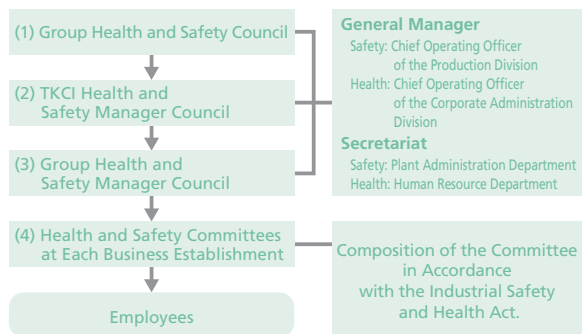
Director Managing Executive Officer
Chief Operating Officer of the Production Div.
Hikaru Sakamoto

The title is the name of the fiscal 2019 C.I. TAKIRON Group health and safety policies.

Employee safety and health is our top priority. There is no happiness without safety and health. However, safety and security are not given to us by someone else but something we must create for ourselves. The Production Division improves awareness in an effort to create a better workplace around 5S (Sort, Set in Order, Shine, Standardize, and Sustain) activities with the full participation of employees and to ingrain a sense of safety in every employee. We strive every day with the goal of building a sound workplace with an atmosphere encouraging a free exchange of ideas.

Health and Safety Management System

The C.I. TAKIRON Group regularly holds various health and safety meetings with the executives who are responsible for supervising health and safety to determine policies on health and safety activities as well as important measures to prevent accidents, and to expand health and safety activities to C.I. TAKIRON and Group companies.

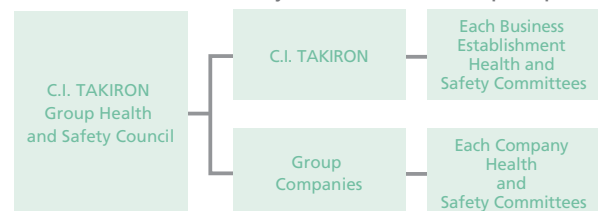


Mutual Safety Check Between Plants

Health and Safety Activities at Group Companies

Each C.I. TAKIRON company develops and promotes health and safety activities according to the integrated policies while working to prevent accidents and any recurrence under the slogan for every person to always think about safety and build a robust workplace. Each Group company also mutually shares and uses information to build a system that promotes a higher level of health and safety as well as risk reduction.

Framework of Health and Safety Activities Between Group Companies



Important Measures

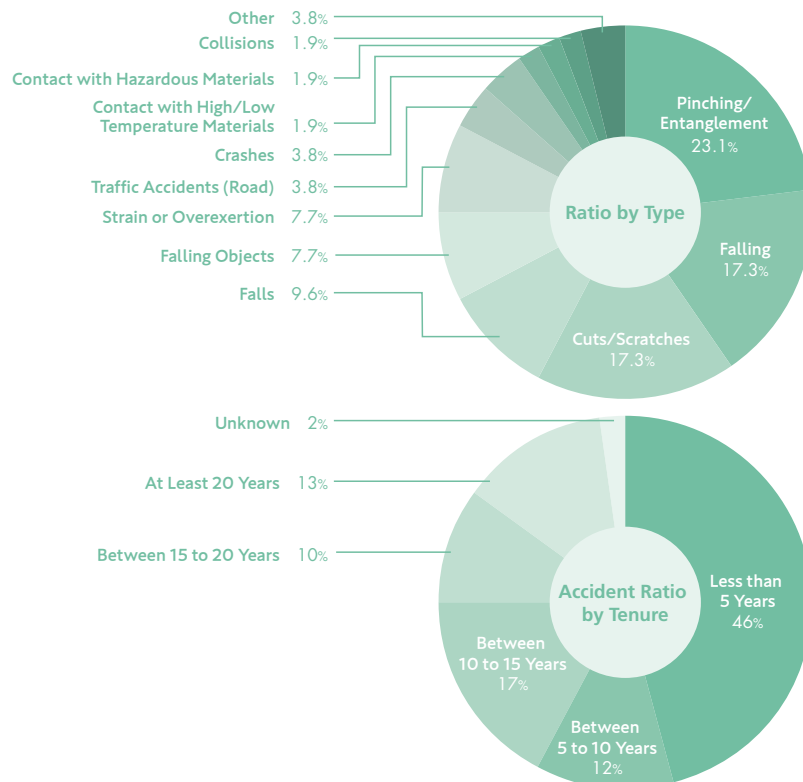
Important Safety Measures

- (1) Eradicate accidents via safety activities that all employees participate in
- (2) Provide education and practice basic safety activities
- (3) Quickly identify accident factors and practice measure to mitigate risks
- (4) Comply with relevant laws and regulations and fully respond to legal reforms

Important Health Measures

- (5) Promote employees to take paid leave
- (6) Promote measures to improve health by actively using the results of medical check-ups
- (7) Properly manage working hours

FY 2018 Occupational Accidents (Including Injuries with No Leave of Absence for All Group Companies)



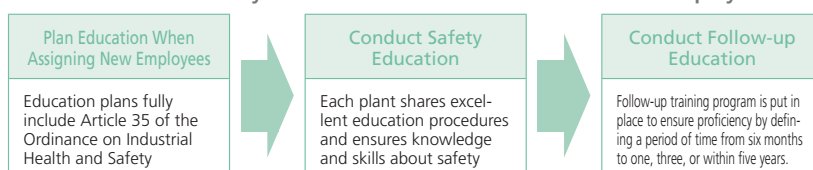
Activities at Production Sites

C.I. TAKIRON Group conducts various activities at each production site with the health and safety committees at the core. The accident ratio of employees with a short work history of less than five years was high at 59% in fiscal 2017 and 46% in fiscal 2018. Therefore, we have drafted a Safety Education Manual for New and Transfer Employees with information, procedures and follow-up support common to each production site. We are also working to vitalize and improve the level of these activities by dividing Group companies and production sites into five groups while conducting mutual safety checks between plants (safety patrols between plants) to share information across sites, such as offering guidance and proposing improvements for inconsistencies as well as incorporating quality activities on one's own site by looking at good points of other sites.

Points of the Safety Education Manual for New And Transfer Employees

This manual defines the information, procedures, and follow-up common to each production site.

Three Points of the Safety Education Manual for New and Transfer Employees



Safety Simulation Training

Sensory training to heighten the ability of employees to anticipate danger is vital to prevent occupational accidents. C.I. TAKIRON introduced safety simulation equipment at the Aboshi Plant in fiscal 2017 and conducted this sensory training to heighten the ability of employees to anticipate danger. We conducted this training primarily at production sites around the Aboshi Plant in fiscal 2017. In fiscal 2018, we brought in safety simulators to conduct on-site simulation training for production sites throughout Japan. As a result, 2,108 employees from all C.I. TAKIRON plants as well as production sites of Group companies have taken simulation training as of June 30, 2019. Our goal is to eliminate occupational accidents throughout the entire C.I. TAKIRON Group by further expanding educational simulators that conform to production equipment, cultivating intuition of familiar dangers in the workplace and thinking about how we should make use of the awareness to improve a sense of danger as well as an awareness about safety.

Feedback from Trainees

Mita Plant of NIPPON POLYESTER CO., LTD.: I was able to see how the mechanical and pulling power as well as the turning force was stronger than I had ever imagined.

BONPACK CO., LTD.: I learned there was no absolutes to safety. I felt how scary our preconceived notions are.

Tokyo Plant: Actually simulating the experience taught me the importance of safety and changed my perception of danger more than a lecture could.

Tochigi Plant: The simulation training helped me reaffirm what I knew about a sudden movement of the hand or a moment of carelessness instantly leading to an injury or accident.

Shiga Plant: The simulations imprinted new awareness in me about how dangerous the machinery and operations happening before my eyes are when various conditions align rather than being something that I forget after the training is done.



Safety Simulation Training

Environmental Report

In Harmony with the Global Environment

C.I. TAKIRON Group has formulated a new environmental policy for the purpose of conserving the global environment. We strive to reduce the environmental impact across all of our business activities, such as improving production processes, developing environmentally-friendly products and providing services, in line with this policy. The Group will strengthen its environmental management system while advancing environmental conservation efforts throughout the entire organization, such as measures to address the problem of marine plastic pollution and other social issues.

Environmental Philosophy

“We will strive to manufacture products that take into consideration the people, earth, and future while always keeping the conservation of our planet in mind.”

Basic Environmental Policy

1. We will fully comply with laws and regulations related to the environment and strive to maintain harmony with society.
2. We will establish rules and systems for environmental conservation activities and promote environmental conservation as a continuous cycle.
3. We will make efforts to reduce the environmental impact by reducing emissions of harmful substances, reducing waste, and conserving energy and resources in all of our corporate activities.
4. We will always keep the environment and safety in mind when providing products and services and developing technologies.
5. We will promote communication with society through active environmental information disclosure, while making efforts to increase awareness of environmental conservation among our employees.

Environmental Report



Environmental Management System

C.I. TAKIRON states that it will always try to protect the global environment and aim for permanent development and growth of the company in its management philosophy and engages in activities to comply with environmental regulations, reduce the environmental impact, supply environmentally- friendly products, save resources and energy, and reduce waste. Our environmental management system has been built to formulate Group-wide policies and targets for these environmental activities and manages the subsequent progress. We have established a committee led by the Chief Operating Officer of the Corporate Planning Division as a system to periodically review the results and progress at management conference.

Environmental Management System

▲ Environmental Diagnostic Rules

Meeting on the Production Environment



▲ Environmental Management Regulations

Meeting to Promote Environmental Conservation



Management Conference

Environmental Conservation Activities and Results

C.I. TAKIRON sets targets related to environmental issues throughout the entire Group and endeavors in environmental protection activities. Our activities and the results of a self-assessment for fiscal 2018 are outlined below.

FY2018 Activities and Results

Target	Item	Progress of Activities	Self-Assessment
(1) Promote activities to reduce the environmental impact	Reduce waste	● Improved manufacturing yield and sorted waste	○
	Save energy	● Implemented energy-saving equipment and devices, etc.	■
(2) Manage and reduce chemical substances	Comply with laws and regulations	● Complied with laws and regulations, including the Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances, the Law concerning Pollutant Release and Transfer Register, and the Industrial Safety and Health Act.	◎
	Reduced emissions and transfer of PRTR-listed substances	● Conducted activities to reduce the use of listed substances	○
(3) Publicly release environmental activities	Environmental Report	● Published information publicly through our Integrated Report and on our homepage	◎
(4) Evaluate activities through environmental accounting	Environmental Accounting	● Aggregated and assessed environmental accounting in accordance with Ministry of the Environment Guidelines	○

(Self-Assessment (Achievement Level))

More than 90%: ◎ 70% to 90%: ○ Less than 70%: ■

Environmental Report

Environmental Index

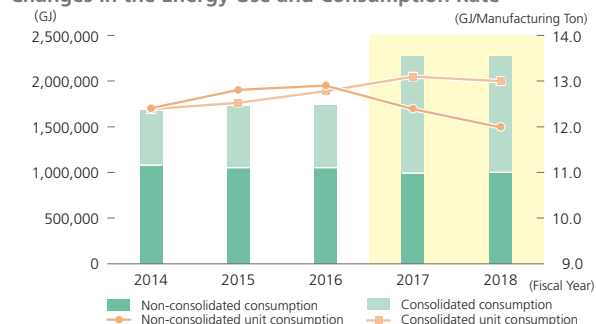
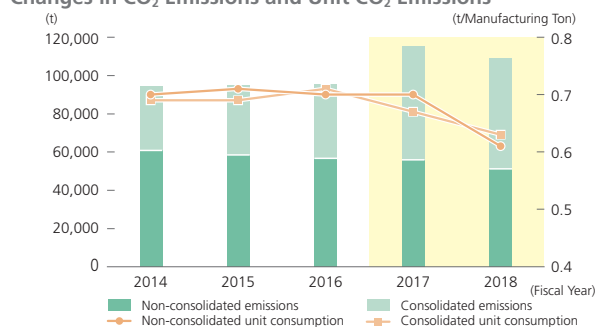
C.I. TAKIRON Group collects and analyzes yearly data for each environmental index at Group production sites as part of its initiatives to reduce the environmental impact and conserve the environment.

We also further the reduction of our environmental impact and environmental protection activities by evaluating the efforts to reduce the environmental impact of the business activities of each Group site and the results of those efforts.

Energy and Resources Saving Initiatives

The non-consolidated energy use of C.I. TAKIRON in fiscal 2018 increased year-on-year due to higher production, but the energy consumption rate decreased due to the adoption of energy-saving equipment. We also reduced our CO₂ emissions and unit CO₂ emissions through measures that included the introduction of energy-saving equipment and the transition to power companies with a low CO₂ emissions factor. The consolidated energy consumption and rate of energy consumption for the entire Group remained almost the same due to the influence of decreased production at Group companies excluding non-consolidated Group companies. As with non-consolidated Group companies, we also reduced our CO₂ emissions and unit CO₂ emissions through measures that included the introduction of energy-saving equipment and the transition to power companies with a low CO₂ emissions factor.

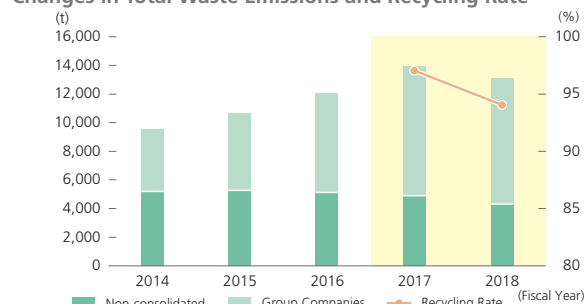
Changes in the Energy Use and Consumption Rate

Changes in CO₂ Emissions and Unit CO₂ Emissions

Initiatives to Reduce Emissions

C.I. TAKIRON defines the total weight of waste, waste valuables and exclusive waste recyclables as total waste emissions and sets targets for the reduction of the total waste emissions. In fiscal 2018, we reduced our total waste emissions as a result of distinguishing between necessary and unnecessary waste. The recycling rate also decreased due to factors such as the waste import control regulations in each country.

Changes in Total Waste Emissions and Recycling Rate



*Data collection to understand the recycling rate began from fiscal 2017.

*Data includes former C.I. Kasei Group Companies from fiscal 2017.

Definitions

- Waste emissions: Waste, waste valuables and exclusive waste recyclables emitted from plants
- Exclusive waste recyclables: Paper, paper fibers and scarp iron
- Waste valuables: Items collected from waste emissions which can be sold
- Waste: Anything other than exclusive waste recyclables and waste valuables contained in waste emissions
- Total waste emissions: Weight of waste emissions (total weight of exclusive waste recyclables, waste valuables and waste)

$$\text{Recycling rate} = \left(1 - \frac{\text{Weight of waste without any recycling}}{\text{total waste emissions}}\right) \times 100$$

Environmental Report

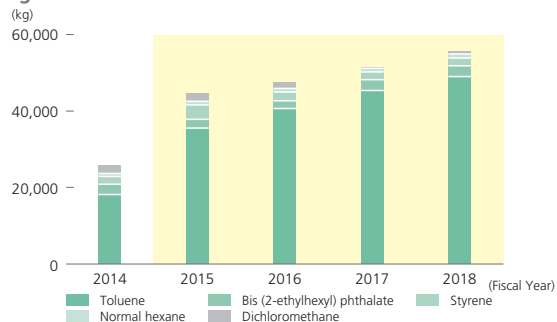


Chemical Substance Management and Reduction Initiatives

The C.I. TAKIRON Group strives to find alternates to PRTR-listed substances, which have a large environmental impact, throughout the entire Group while working to reduce the use of listed substances.

The emissions of PRTR-listed substances in fiscal 2018 increased and the amount of transfer decreased. The emissions increased primarily due to the impact of a rise in printed product production that uses toluene as a solvent. The transfer decreased due to the reduction in the amount of waste resulting from improved productivity of products that use bis (2-ethylhexyl) phthalate.

Changes in PRTR-listed Chemical Substance Emissions



*Data includes former C.I. Kasei Group Companies from fiscal 2015.

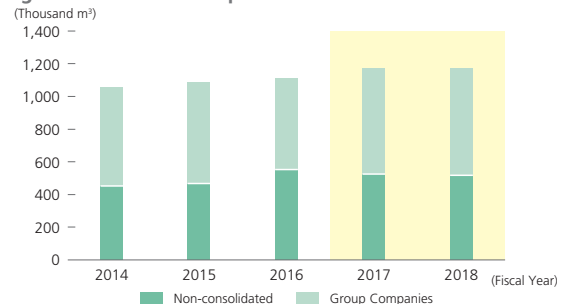
Initiatives to Effectively Use Water Resources

C.I. TAKIRON Group accurately calculates the amount of its water consumption and waste water for production sites throughout the entire Group to effectively use limited water resources.

Our water consumption remained almost the same in fiscal 2018. However, even though we had furthered measures such as the recycling of waste water as cooling water in production process and the adoption of water-saving equipment, the amount of waste water from our plants increased due to inconsistencies discovered in drainage equipment.

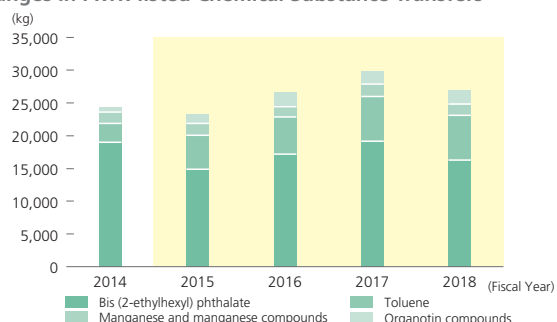
We will continue to employ efforts toward waste water reduction.

Changes in Water Consumption



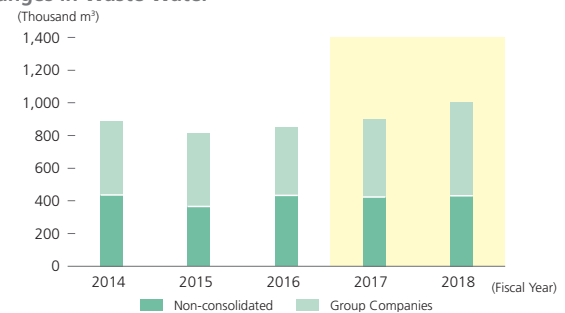
*Data includes former C.I. Kasei Group Companies from fiscal 2017.

Changes in PRTR-listed Chemical Substance Transfers



*Data includes former C.I. Kasei Group Companies from fiscal 2015.

Changes in Waste Water



*Data includes former C.I. Kasei Group Companies from fiscal 2017.

Environmental Report

Disclosure of Scope 3 Data

C.I. TAKIRON has begun calculating and publishing non-consolidated Scope 3 data for its supply chain as of fiscal 2018 in order grasp the amount of CO₂ emissions throughout the entire supply chain, which is more important than ever before.

We are now publishing data about Category 1: Purchased Goods and Services in addition to seven other categories for fiscal 2018.

As a result of verifying the state of our emissions, we discovered Category 1: Purchased Goods and Services makes up a large portion of our emissions.

We will continue to further our efforts to reduce emissions throughout the entire supply chain by advancing considerations since FY2019, such as the ongoing calculation and disclosure of Group business establishments in Japan and enhancements to the calculation accuracy about categories published in this report.

CO₂ Emissions by Each Scope 3 Category

(Unit: Thousand Tons)	
Category	Emissions
1. Purchased Goods and Services	214
2. Capital Goods	15
3. Energy-related Activities Excluded in Scope 1 and 2	7
4. Upstream Transportation and Distribution	22
5. Waste Generated in Operations	1
6. Business Travel	2
7. Employee Commuting	0.3
8. Upstream Leased Assets	Outside Scope

Calculation method: The calculation uses the emissions factor included in the emissions unit value database to calculate greenhouse gas emission of an organization throughout the supply chain according to the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.3 issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

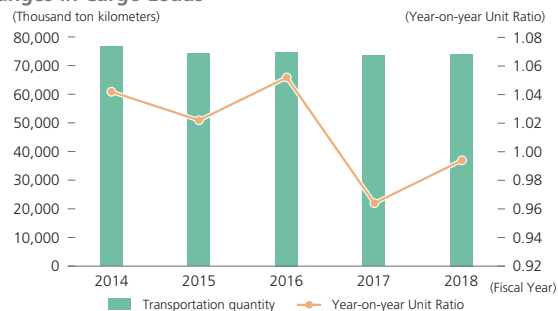
Distribution Initiatives

C.I. TAKIRON is a specified shipper for more than 30 million ton kilometers annually. We have been submitting rationalization plans and regular reports to competent authorities while striving to review distribution sites and improve load efficiency, including that at each Group company, to achieve those plans.

In fiscal 2018, C.I. TAKIRON introduced trailers for trucks on main routes and measures to improve load efficiency, but unfavorable circumstances such as rental vehicles with poor load efficiency along with stronger distribution restrictions on transportation routes stagnated reductions to unit consumption.

In fiscal 2019, we will continue to transition to trailer trucks on our main routes. In addition, C.I. TAKIRON aims to improve load efficiency further in rental vehicles by streamlining measures such as bundled orders from customers.

Changes in Cargo Loads



Effectiveness of FY 2018 Ecoship and Modal Shifts

	Results	Unit
Quantity of CO ₂ reductions	147	t-CO ₂ /year
Rate of CO ₂ reductions	46.4	Percentage (reductions)



Ecoship Logo

Environmental Report

Environmental Accounting

C.I. TAKIRON Group has implemented environmental accounting for the purpose of accurately understanding and analyzing the costs and cost effectiveness of environmental protection activities to promote more efficient environmental conservation activities.

Therein, we are calculating the amount of investment and costs for environmental measures, energy and resource saving measures in addition to resource saving through production improvement activities and cost reductions through recycling.

Environmental Conservation Costs

The C.I. TAKIRON Group reduced total costs related to environmental conservation by mitigating both downstream and upstream costs, such as green procurement.

We also increased investments further for measures, such as the renewal of existing devices to energy-saving equipment.

(Unit: Millions of Yen)

Category		FY2017		FY2018	
		Cost	Investment	Cost	Investment
(1) Business area costs		307	148	315	486
Breakdown	(1)-1 Pollution control costs	26	10	26	94
	(1)-2 Global environmental protection costs	89	134	137	344
	(1)-3 Resource recycling costs	192	4	152	48
(2) Upstream/downstream costs		196	10	137	0
(3) Management activity costs		81	0	84	6
(4) Research and development costs		0	4	1	4
(5) Outside activity costs		21	2	22	5
(6) Environmental compensation costs		0	1	0	0
Total		605	164	560	501

Environmental Conservation Effect (Effect in Business Areas)

In fiscal 2018, we reduced the amount of energy consumption through the promotion of energy-saving activities and other efforts in addition to reducing carbon dioxide emissions.

However, even though we had furthered measures such as the recycling of waste water as cooling water in production process and the adoption of water-saving equipment, the amount of waste water from our plants increased due to inconsistencies discovered in drainage equipment. We will continue to employ efforts toward waste water reduction.

Furthermore, C.I. TAKIRON reduced the total waste emissions as a result of distinguishing between necessary and unnecessary waste, but the recycling rate also declined due to factors such as the waste import regulations of each country.

Effective Item	FY 2017	FY 2018
1. Power consumption (thousand kWh)	213,893	208,812
2. Carbon dioxide emissions (t)	115,310	109,077
3. Waste water from plants (thousand m ³)	897	1,004
4. Total waste emissions (t)	13,938	13,083
5. Recycling Rate (%)	97.0	94.0

Economic Effect of Environmental Conservation

In fiscal 2018, production improvement activities were very effective in improving yield, and resource savings and recycling increased the cost reductions.

In the future, the C.I. TAKIRON Group will continue to promote efforts in productivity improvement activities to better yield.

(Unit: Millions of Yen)

Effective Item		FY 2017	FY 2018
Income	Income from sale of valuables	120	117
Cost reductions	Energy cost reductions from energy savings	40	44
	Cost reductions from resource savings and recycling	226	261

Sociability Report

Together with Stakeholders

The C.I. TAKIRON Group aims to build trusting relationships and create a people- and earth-friendly future through diverse communication with all of its stakeholders. We will deepen cooperation with our stakeholders and foster mutual understanding to not only share our values and continue to be a trusted enterprise but also contribute to the sustainable development of society through our business activities.

Together with Customers

Quality Assurance Initiatives

C.I. TAKIRON promotes quality assurance activities to fulfill the needs of customers and ensure quality at every stage from the planning and development of products to the production and after sales services to provide a quality able to satisfy our customers under the motto to be the best of the best.

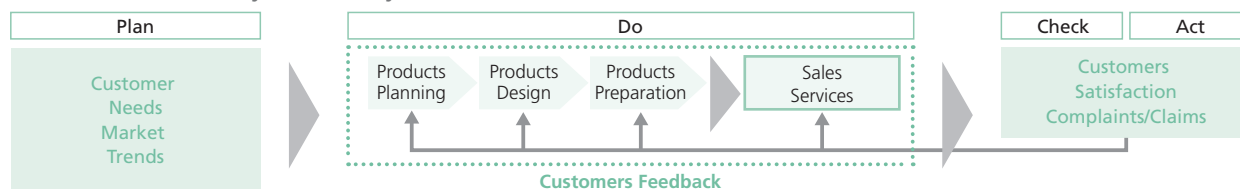
We have first facilitate contact points as a means of communication with our customers such as a contact form on our homepage and a toll-free telephone number to our customer service center in order to build better frameworks for products and services by taking advantage of the feedback that we receive from customers.

Each product site has acquired and operates the ISO 9001 as a basic system for our quality assurance activities, which functions as an important pillar of the Quality Management System (QMS) that we have built.

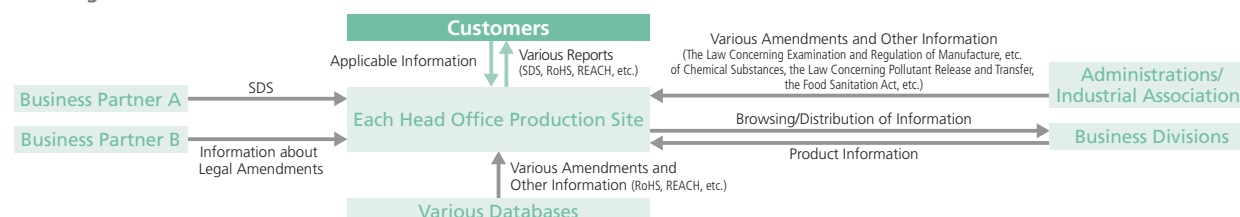
(See Framework of the Quality Assurance System)

We have prepared a framework to objectively verify the operational progress of this quality management system through internal audits by each production site and audits by the head office.

Framework of the Quality Assurance System



Handling Framework for Substances Contained in Products



Sociability Report



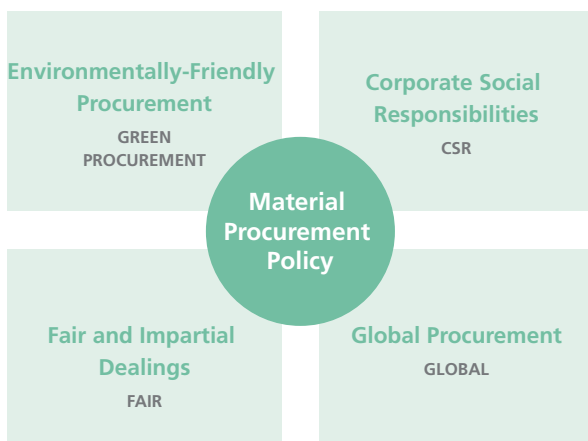
Together with Business Partners

Material Procurement Policy

Our mission is to find harmony with the environment and provide people-friendly products to society in all of our activities founded in plastic materials and material processing technologies.

We pursue partners able to persevere in product development through material procurement with us by exploring a broad range of materials and technologies such as materials related to plastics, metal materials for plastic composite materials as well as processed products.

C.I. TAKIRON will engage in material procurement activities by gaining the cooperation of its business partners to fulfill the corporate social responsibility of the company with the aim of fostering the sustainable development of society.



Environmentally-Friendly Procurement Green Procurement

We aim to realize a sustainably, recycling-oriented society. As a means to this end, we will prioritize the selection of companies with ambitious environmental conservation activities, specifically business partners emphasizing the development of plant-based and biodegradable resins as well as technological development for recycling while promoting procurement of resources with a low environmental impact.

Fair and Impartial Dealings FAIR

C.I. TAKIRON focuses on evaluations from an environmental viewpoint as well as the conventional perspectives of quality, cost, and delivery to further green procurement.

We will build fair and impartial business relationships founded on the principle of competition open to all regardless of affiliation, the size of the company, business track record or other such factors without relying on conventional business practices.

We also aim for mutual growth while always keeping in mind the need to build trusting relationship of respect with business partners from the stand point of both parties.

Corporate Social Responsibilities CSR

C.I. TAKIRON will conduct material procurement in accordance with its corporate social responsibilities. We will fulfill these social responsibilities to respect human rights, ensure occupational health and safety, comply with laws and regulations, reduce the environmental impact and eliminate any and all relations with anti-social forces through cooperation with our business partners.

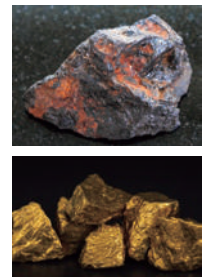
Global Procurement GLOBAL

C.I. TAKIRON strives to explore materials and technologies that are able to quickly satisfy the needs of customers broadly pursued worldwide without restricting material suppliers to Japan.

We always keep an eye on raw material market conditions in Japan and overseas to realize stable procurement and optimal costs.

Addressing the Issue of Conflict Minerals

Specified materials (tin, tantalum, tungsten, and four types of gold) from the Democratic Republic of the Congo and surrounding regions with ongoing conflicts are referred to as "conflict minerals" seen as a problem because these specified minerals are the financial sources of armed insurgents. The C.I. TAKIRON Group recognizes conflict minerals as a priority CSR issue and will further inspections of the supply chain with the cooperation of its business partners to foster its corporate presence in the international society.



Sociability Report

Together with Local Communities and Society

C.I. TAKIRON Group hopes to be a good neighbor to the local citizens of each community in regions worldwide where each business establishment and production site are located. With this hope, we engage in a wide range of efforts, including participation in various community activities and the provision of support to afflicted areas.

In addition, as a member of the community entrusted with society, we actively work to support sports promotion as well as research institutes, organizations of the United Nations, and other bodies.

Coexisting with Communities in Areas Around Business and Production Sites

C.I. TAKIRON Group has a proven track record of major activities in fiscal 2018 that includes its active participation in environmental conservation and beautification activities in local communities as well as local events, offering of plant tours and occupational trainings to students in neighboring schools, reception of internships as well as its engagement in donation activities such as contributions to disaster afflicted areas and local communities.

We will continue these efforts in support activities in the future to contribute to each region and assist afflicted areas.

Main Activity Results (FY 2018)

Activity	No.	Activity	No.
Local community beautification activity	15	Internship offerings	2
Donations to local communities	10	Fire-fighting/paramedic activities	2
Participation in community events and activities	7	Provision of resources to community events and activities	1
Plant tour offerings	3	Blood drive	1
Resource collection	3	Briefings for local high school students	1
Monetary donations to afflicted areas	3	Total	48

Progress of Activities



Cleaning Activities Around the Plant (Tochigi Plant)



Internship Offerings for Local High School Students (Okayama Plant)



Trial Week (Offerings for Local Junior High School Students) (Ibogawa Plant)



Participation in the Local Self-defense Fire Council



Resource Collection Activity (TAKIRON POLYMER CO., LTD.)



Participation in the Cosmos Festival (Ibogawa Plant)



Cleaning Activities in the Ishikari Bay New Port District (Hokkaido Sanplus Co., Ltd.)



Kasumigaura City Flower Road Planting Activity (Tokyo Plant)

Child Refuge Activities at Houses (BONPACK CO., LTD.)



Sociability Report

Social Contribution Activities at Overseas Sites

Close to 90% of the roughly 260 million people in Indonesia are Muslim. Many of the events are associated with the Islam religion.

PT TAKIRON INDONESIA has been engaged in philanthropic activities for these events since 2003 in addition to distributing daily goods to local households before the Eid al-Fitr festival.

The more than 500 households in the local community are informed about the distribution of these daily goods to help gain understanding about our day-to-day business activities and show our appreciation for their cooperation. PT Takiron Indonesia also hand delivers these commodities to every household.

Local employees from SHANGHAI CIK ELECTRONICS CO., LTD. located in Shanghai, China also participate in regular blood drives as part of the social contribution activities.

In the future, we will work to build understanding with the people in the local community while continuing to engage in social contribution activities alongside our business activities.



Daily Good Distribution
Before the Eid al-Fitr Festival



Blood Drive

Promotion and Development of Sports

C.I. TAKIRON concluded an official Japan swimming team sponsorship agreement with the Japan Swimming Federation (JASF) in fiscal 2015 as a way to cheer on the Japan swimming team (TOBIUO Japan).

As a provider of non-slip flooring for poolside safety and security, TAKIRON MATEX CO., LTD. also sponsors swimming tournaments held by the Japan Swimming Federation as well as provides broad support of activities to promote swimming as an official sponsor of the Japanese Para-Swimming Federation.



Support of Research Institutes and Organizations of the United Nations

C.I. TAKIRON has provided ongoing support to research into the mechanisms of climate change on a global scale, including global warming research conducted by the Atmosphere and Ocean Research Institute (Division Climate System Research), The University of Tokyo.

We are also sponsoring the WFP Walk the World charity event held in Minatomirai, Yokohama by the United Nations WFP with the voluntary participation of employees and their families with the goal of ending the hunger of children in emerging countries. As C.I. TAKIRON celebrated its 100th anniversary in fiscal 2019, we also sponsored the WFP Walk the World Osaka in addition to WFP Walk the World Yokohama. As a result of this sponsorship, the events saw a total of 90 employees and their families (approx. 50 in Yokohama and 40 in Osaka), which is the highest number of volunteers to ever participate from all of C.I. TAKIRON, and brought both events to a successful end.

Furthermore, a portion of the participation fees this year also played a role in helping the United Nations WFP Feeding Policy. We will raise awareness to cultivate interest in the WFP activities throughout the Group in the future and promote even greater participation by our employees and their families.



Letter of Appreciation



WFP Walk the World 2019 in Yokohama



WFP Walk the World 2019 in Osaka

Governance

Corporate Governance

C.I. TAKIRON earns the trust of all of its shareholders and other stakeholders by improving the efficiency and transparency of management. Our basic philosophy in corporate governance strives to foster sustainable growth and enhance medium- to long-term corporate value.

We have continued to promote initiatives to strengthen governance as the most important management challenge. In fiscal 2018, C.I. TAKIRON introduced measures such as the establishment of the Nomination and Remuneration Committee as well as the transition to management with multiple independent outside directors.

Basic Policy

1. We will strive to rapidly disseminate information to ensure the highest level of shareholder equality as well as build an environment to guarantee every shareholder has and can properly exercise their rights.
2. We will actively cooperate with all C.I. TAKIRON stakeholders in activities to achieve the targets laid out in the medium-term management plan from the stance of connecting success to the profit of every stakeholder.
3. We will disclose the information in accordance with statutory compliance as well as other information deemed necessary for stakeholders in a proper and timely manner through mediums that include the corporate website in order to engage in fair and highly transparent management.
4. We will define the ideal direction for the C.I. TAKIRON Group internally and externally by setting the medium-term management plan as a core of management strategies of the entire Group to build a consensus toward accomplishing the corporate goals. In addition, C.I. TAKIRON has adopted an executive officer system to clearly separate auditing and business execution functions in governance while the Board of Directors conducts highly effective supervision of director and executive officer performance as well as business execution.
5. We will actively engage in a dialogue with shareholders to reflect their ideas and hopes in management. In addition, C.I. TAKIRON also actively addresses questions from shareholders and investors, such as establishing opportunities for a dialogue with shareholders and other investors, to bring understanding about its corporate management strategy and management plan.

Overview of the Corporate Governance System

Organizational design type	Company with Board of Directors Company with Audit & Supervisory Board Members (Audit & Supervisory Board)
Number of directors (of which number outside directors)	9 (2)
Number of Audit & Supervisory Board Members (of which number outside Audit & Supervisory Board Members)	3 (2)
Term of director appointment	1 year (same for outside directors)
Adoption of an executive officer system	In place
Advisory body to the Board of Directors	Nomination and Remuneration Committee

Organizational design

C.I. TAKIRON is a company with a Board of Directors and Audit & Supervisory Board Members (Audit & Supervisory Board).

We have adopted an executive officer system that aims to separate business activities into auditing functions (Board of Directors) and business execution functions (executive officers).

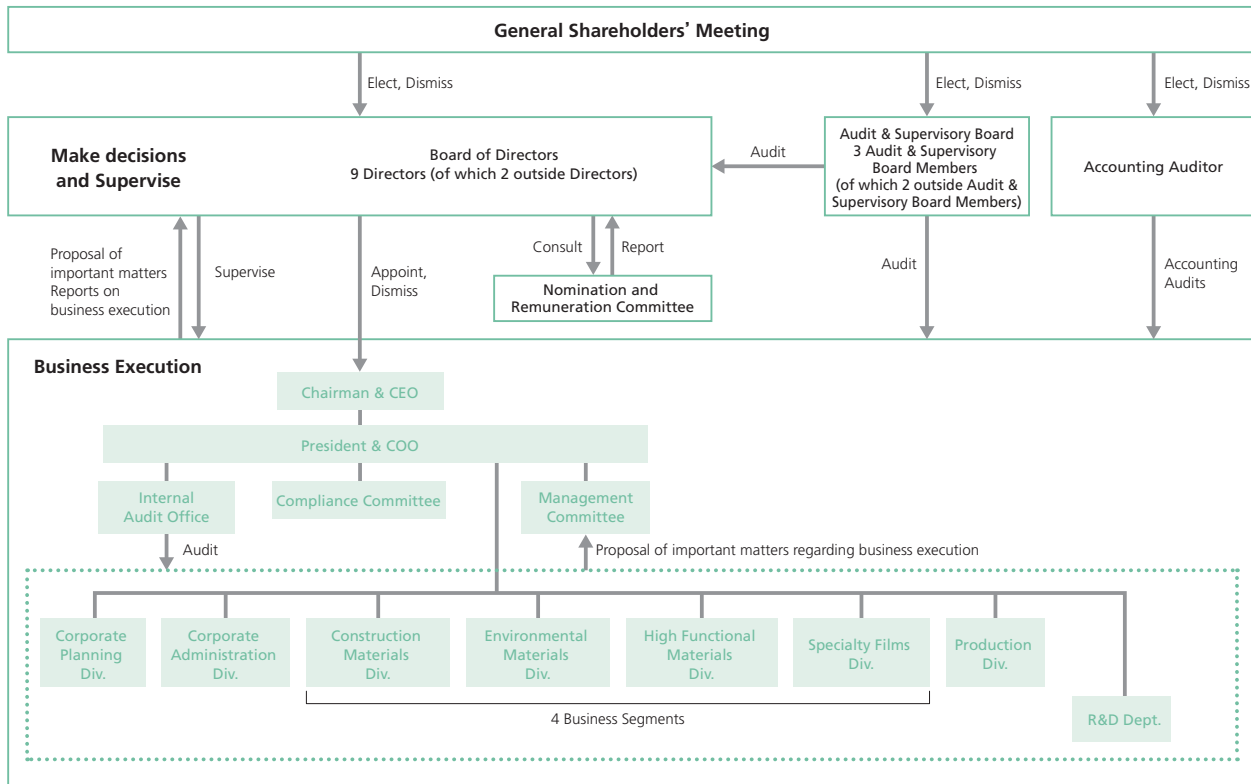
Board of Directors

The Board of Directors convenes once a month as a general rule in accordance with the Articles of Incorporation and the regulations of Board of Directors to make vital management decisions and monitor the performance of each director. The Board of Directors also assigns tasks to the directors and executive officers. The managing directors and executive officers report on performance and the progress of business execution at least once every three months to the Board of Directors.

In addition, streamlining of the Board of Directors and delegation to executive officers facilitates rapid decision making. The term of appointment has also been set to one year to fully clarify the management responsibilities of directors and executive officers. C.I. TAKIRON has also appointed two outside directors with a high level of independence from a stance of strengthening management supervision and auditing functions.

Governance

Corporate Governance Framework



Management Committee

The Management Committee is convened once a month as a general rule to deliberate and determine important matters related to business execution with the Chairman & CEO, President & COO, and Chief Operating Officers as core members. Furthermore, the Management Committee reviews matters requiring prior approval from among the items that should be deliberated by the Board of Directors to assist in functions of the Board of Directors and accelerate decision making.

Nomination and Remuneration Committee

C.I. TAKIRON set up the Nomination and Remuneration Committee as an advisory body to the Board of Directors with more than half of the members made up of independent outside directors in order to heighten the independence, objectivity and transparency of the Board of Directors in the nomination of directors, Audit & Supervisory Board Members and executive officers as well as in the remuneration of directors and executive officers. Any important matters related to nomination or remuneration are evaluated under this committee before approval by the Board of Directors.

Composition of the Committee

Committee Chairperson	Inside Director	1	Yosuke Minamitani (Chairman & CEO)
Members	Independent Outside Directors	2	Mune Iwamoto Kenichi Hatano
	Outside Audit & Supervisory Board Members	1	Yoshiyuki Fujioka

Main Committee Agenda

- Selection criteria for director, Audit & Supervisory Board Members, and executive officer candidates
- Examination of independent election proposals for directors, Audit & Supervisory Board Members, and executive officers
- Matters related to the appointment and dismissal of representative and executive directors
- Remuneration policies for directors and executive officers
- Examination of processes to determine remuneration for directors and executive officers

Audit & Supervisory Board Members

Three Audit & Supervisory Board Members (of which 2 outside Audit & Supervisory Board Members) attend Board of Directors meetings, the Management Committee, and other important meetings according to the auditing criteria for auditors in an effort to understand the vital decision-making process and progress of business execution by hearing the progress of business execution from Directors and other officers and browsing relevant materials.

Furthermore, the members regularly meet with the Representative Director President & COO to brainstorm about the progress of business execution.

Governance

Initiatives to Strengthen Corporate Governance

Nomination and Remuneration Committee

C.I. TAKIRON approved the establishment of the Nomination and Remuneration Committee, formulation of committee regulations, and the Appointment of committee members at the October 2018 meeting of the Board of Directors.(See P51)

The Committee convened three times during fiscal 2018 to deliberate the matters below and report the results of those deliberations to the Board of Directors.

- Matters related to the overall remuneration system for executive officers such as the structure, evaluation criteria and industry standards of executive officer remuneration
- Matters related to the nomination of executive officer candidates based on executive officer selection criteria

Independent Outside Directors

C.I. TAKIRON increased the number of independent outside directors by one to put in place a two person structure at the 123rd Annual General Shareholders' Meeting held on June 27, 2018 in order to enhance the effectiveness in supervising independent and objective management through the Board of Directors.

The two independent outside directors provide insight into matters such as the supervision of business execution by directors, management policy and management plans based on their expert knowledge and wealth of experience, in addition to reporting to the Board of Directors as core members of the Nomination and Remuneration Committee after sufficient deliberation on vital decision making of the Board of Directors, such as the appointment and dismissal of core management as well as decisions on executive officer remuneration. The outside directors also strive to monitor conflicts of interest between Directors and primary shareholders as well as other stakeholders and reflect the feedback from all of the stakeholders at meetings of the Board of Directors.

Executive Remuneration

Introduction of a Stock Remuneration Plan

A stock Remuneration plan was approved at the 123rd Annual General Shareholders' Meeting held on June 27, 2018. This plan clarifies the relationship between director remuneration and the stock price of C.I. TAKIRON to share the benefit and risk of fluctuations in the stock price with both directors and shareholders for the purpose of raising awareness that contributes to improvements in medium- to long-term performance and greater corporate value.

Framework of Executive Remuneration

Remuneration for directors (excluding non-executive directors) and executive officers is made up of fixed remuneration, bonuses as performance-linked remuneration, and a stock remuneration plan that assigns

shares according to position.

The policy for the payment ratio of performance-linked remuneration (bonuses) and remuneration other than performance-linked remuneration (fixed remuneration/stock remuneration) sets an objective ratio of 25% for performance linked remuneration and 75% for remuneration other than performance-linked remuneration. Furthermore, non-executive officers and Audit & Supervisory Board Members only receive fixed remuneration.

Policy to Determine Each Type of Remuneration

Fixed remuneration is remuneration that pays an amount according to factors such as position, which is calculated and paid as a monthly compensation.

Bonuses are remuneration that pays an amount calculated by reflecting the consolidated return for the term as well as a qualitative and quantitative assessment of each executive officer once per year.

Stock remuneration assigns points at the end of each business year according to the amount of monthly remuneration of each executive officer in accordance with regulations on issuing shares. C.I. TAKIRON assigns one share of company stock for each point. These shares are issued upon the retirement of executive officers as a general rule.

Effectiveness Evaluation of the Board of Directors

C.I. TAKIRON analyzes and evaluates the effectiveness of the Board of Directors every year and strives to address challenges discovered as a result for the purpose of improving Board of Directors functions. The effectiveness evaluation conducted in January 2019 is shown below.

Evaluation Method

Surveys	Surveys through external bodies - Gather candid feedback by ensuring anonymity. Self-assessment by directors and Audit & Supervisory Board Members (Main survey items) - Composition and operation of the Board of Directors - Support system and training for directors and Audit & Supervisory Board Members - Dialogue with shareholders (investors) - Nomination and Remuneration Committee
Collection and Analysis	Collection and analysis of survey results through an external body - Objective analysis through the comparison of data from other companies
Evaluation	Evaluation at the Board of Directors - Extraction of improvement points and challenges through discussion of the analysis results

Evaluation Results

The evaluation results showed the number of directors on the Board of Directors, the ratio of inside to outside directors, the timing for debate at the Board of Directors, and the number of times the Board of Directors convene are appropriate. This once again provided a positive evaluation of C.I. TAKIRON, such as the ability to ensure sufficient time for deliberation, and verified the effectiveness of the Board of Directors. However, we also discovered the need for ongoing efforts to enhance the content of debate by the Board of Directors, such as the composition of the Board of Directors and medium- to long-term policies. C.I. TAKIRON also established a new department specializing in IR in April 2019 to reinforce its corporate systems related to communication with shareholders (investors) and system enhancements necessary to these efforts.

Governance

Training for Directors and Corporate Auditors

C.I. TAKIRON operates under the basic policy to support the development of directors and Audit & Supervisory Board Members necessary to properly fulfill their roles and responsibilities. We conduct the training below for directors and Audit & Supervisory Board Members.

- Compliance and corporate governance training for newly elected directors and Audit & Supervisory Board Members
- Briefings on the businesses of C.I. TAKIRON for newly elected outside directors and Audit & Supervisory Board Members
- Setup of training to teach the knowledge and cultivate the development of directors and Audit & Supervisory Board Members necessary to execute their duties

We are building an environment to nurture awareness and skill from an early stage even in executive officers and other management who are future director and Audit & Supervisory Board Members candidates, such as mandatory participation in external training about matters necessary to corporate management.

History of Enhancements to Corporate Governance

2000	Introduction of an executive officer system Amendment to the number of directors in the Articles of Incorporation (no more than 20 to no more than 12) Changes to the number of directors (17 to 9)
2011	Appointment of an independent outside director (1)
2017	Implementation of an effectiveness Evaluation for the Board of Directors (conducted every year since implementation)
2018	Increase to the number of independent outside directors (1 to 2) Establishment of the Nomination and Remuneration Committee Introduction of a Stock Remuneration Plan
2019	Adoption of a Chairman & CEO/President & COO structure

Dialogue with Shareholders and Other Investors

The C.I. TAKIRON Group focuses on building fair, good relationships with all of its stakeholders. Proper evaluation through understanding brought through a dialogue with all of the stakeholders helps to improve medium- to long-term corporate value. IR activities at C.I. TAKIRON comply with the Financial Instruments and Exchange Act, timely corporate disclosure regulations of the Tokyo Stock Exchange as well as other laws and regulations founded in the basic policy to properly and fairly provide accurate corporate information as much as possible to shareholders and other investors. In regards to informational disclosure, C.I. TAKIRON releases important information required for disclosure by relevant laws, such as the Financial Instruments and Exchange Act, as well as regulations stipulated by the Tokyo Stock Exchange through the Company Announcements Disclosure Service (TDnet) provided by the Tokyo Stock Exchange in addition to public releases and information published on the corporate website.

In addition, we have put in place the policies below to establish systems and initiatives to encourage constructive communication with every shareholder.

- (1) The Chief Operating Officer of the Corporate Planning Division will oversee matters related to communication with all shareholders.
- (2) Relevant internal departments will ensure active and close cooperation to share information with other relevant departments in order to support communication with all shareholders.
- (3) C.I. TAKIRON will properly conduct investor briefings as well as surveys and other dialogues with shareholders.
- (4) C.I. TAKIRON will regularly report feedback from all the shareholders earned through the initiatives in (3) at the Board of Directors meeting and the Management Committee. Furthermore, the Board of Directors will review the voting results and reflect the feedback from shareholders in management.
- (5) C.I. TAKIRON must never disclose material facts not yet officially disclosed in communications with shareholders and managers will thoroughly adhere to regulations on insider trading.

Activity	Supplementary Information
Regular briefings for analysts and institutional investors	Twice per year Briefing provided by the President and Representative Director
Distribution of the Notice to Our Shareholders report for shareholders	Twice per year Publication with a financial summary and topics
Corporate website with IR materials	Articles of Incorporation, share handling regulations, statement of accounts, timely disclosure materials, medium-term management plan, Notice of General Shareholders' Meeting, To Our Shareholders (report), Notice of Resolutions, financial statements, quarterly reports, extraordinary reports (results of vote execution), corporate governance reports, and English annual reports
Setup of IR-related departments	Corporate Planning Dept./IR & PR Group

Governance

Compliance Risk Management

The C.I. TAKIRON Group is strengthening corporate compliance systems, and promoting the optimal operation of risk management systems to provide sound and highly transparent management.

Compliance

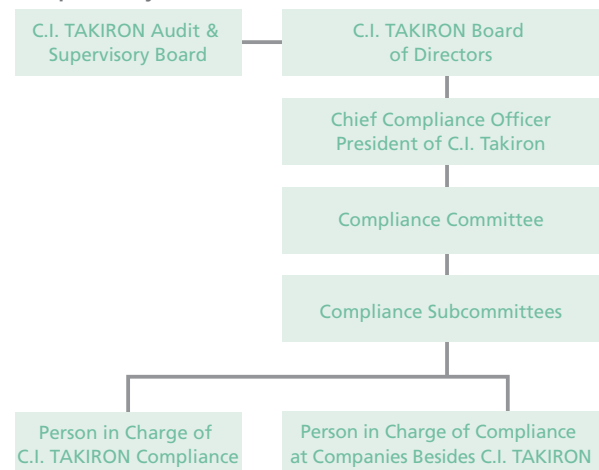
Basic Philosophy

C.I. TAKIRON Group is deeply aware of its corporate social responsibilities as a member of society to conduct corporate activities. Our Group complies thoroughly with the relevant laws and regulations as well as with the articles of incorporation for each company in addition to defining the C.I. TAKIRON Group Corporate Code of Conduct for the purpose of taking action deemed suitable by social ethics.

The C.I. TAKIRON Group Compliance Program follows the C.I. TAKIRON Group Corporate Code of Conduct and defines the following three points as a basic policy.

1. Create a sound organizational culture and climate
2. Create systems and operational processes to prevent scandals
3. Penetrate an awareness about compliance in all executives and employees and encourage the practice of compliance

Compliance System



Internal Reporting System (Hotline)



FY2018 Activities and Results

	Results
Preparation of systems and frameworks	(1) Preparation of an action manual for the person in charge of compliance (2) Establishment of a Group harassment consultation service (3) Setup of a hotline dedicated to overseas affiliate companies
Initiatives and enlightenment to improve awareness	(1) On-site compliance seminars held throughout Japan (2) Stratified compliance seminars (3) Individual compliance seminars for affiliate companies (4) Compliance enhancement month <November 2018> (5) Harassment seminars

Governance

Risk Management

Risk Management System

We have put in place a risk management system and formulated Risk Management Regulations for the purpose of reducing and preventing losses as well as enhancing corporate value through the organizational management of risk throughout the C.I. TAKIRON Group.

The CSR & Compliance Department acts as the risk management secretariat and operates the risk management process each fiscal year by placing a risk manager at C.I. TAKIRON as well as each affiliate company.

Occupation	Person in charge
Person responsible for risk management	C.I. TAKIRON: Chief Operating Officer of each division Companies Besides C.I. TAKIRON: President of each affiliate company
Departments supervising risk assessment	Divisions designated by the risk management secretariat, such as each C.I. TAKIRON business planning department, plant management departments, purchasing departments, finance and accounting departments, quality assurance departments, management planning departments, legal affairs departments, intellectual property departments, information systems departments, human resource departments, general affairs departments, and sales management departments.
Risk management secretariat	C.I. TAKIRON CSR & Compliance Department
Departments supervising the handling of risk	Each division of C.I. TAKIRON designated by the risk management secretariat and affiliate companies

Risk Management Operations

C.I. TAKIRON has a system to address the intrinsic risks of the Group through ongoing reduction efforts in accordance with the risk management regulations. The Management Conference determines measures against risk through risk identification and evaluation results for the entire

C.I. TAKIRON Group. The risk management secretariat operates risk management each fiscal year based on the selection and handling processes for critical risks defined below.

Selection and Handling Process of Critical Risks

1. Surveys for risk managers (generally once every three years)

Assess the level of impact and likelihood based on a common list of risks created by the risk management secretariat according to the social landscape and risk examples.

2. Analysis/evaluation

Collect and analyze survey results and other information about risk via the risk management secretariat and select critical risk candidates.

3. Identification of critical risks

Identify critical risks (corporate risks/operational risks) at management workshops made up of C.I. TAKIRON executive officers.

4. Formulation/approval of measures against risks

Departments supervising the handling of risks plan and propose measures against risks for the next fiscal year through discussions with the risk management secretariat, and then the risk management secretariat seeks approval from the C.I. TAKIRON Management Conference.

5. Execution of measures against risks

Departments supervising the handling of risk handle risks based on the measures against risks, and the departments supervising risk assessment monitor the progress of those measures against risks.

6. Review of the results from measures against risks

The risk management secretariat reports to the C.I. TAKIRON Management Conference based on the results of the measures against risks for the current fiscal year.

Risk Management Process (Target: C.I. TAKIRON Group)



FY2018 Selection of Critical Risk Management Items (Risks for Monitoring in FY2019)

Risk Management Items	Risk Category	Supervising Department	Risk Items	Assessment Department
Frequent natural disasters (typhoons, severe rain storms, tidal wave, landslide disasters, etc.)	Corporate	CSR & Compliance Department	(1) Inconsistencies in disaster response manuals and insufficient awareness (2) Measures against disasters at overseas Group companies	Corporate Planning Department
Labor shortages/recruiting difficulties	Operational	Human Resource Department	(1) Labor shortages (2) Recruiting difficulties	CSR & Compliance Department
Violations to product-related laws and regulations worldwide	Corporate	Quality Assurance Department	(1) Violations to governmental authorizations (2) Violations to authorizations, such as self-imposed restrictions by the industry (3) Lack of response to overseas laws and regulations	CSR & Compliance Department
IT Security	Corporate	Information Systems Department	(1) Risks of informational leaks (2) Risks of suspended operations due to system stoppages (3) Risks of a decrease in credit	CSR & Compliance Department
Occupational hazards	Corporate	Plant Administration Department	(1) Risks of injury due to a lack of understanding or imperfections in basic operations (2) Risks of injury due to insufficient experience (2) Risks of injury due to underestimation of dangers	CSR & Compliance Department

Governance

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 26, 2019)

Representative Director Chairman & CEO Yosuke Minamitani

1974 Joined ITOCHU Corporation
 2008 Representative Director and Vice President of TAKIRON
 2017 Representative Director and President of C.I. TAKIRON
 2019 Representative Director Chairman & CEO of C.I. TAKIRON (current position)

Reasons for nomination C.I. TAKIRON appointed Yosuke Minamitani as the Representative Director and Vice President in 2008, Representative Director and President in 2017, and Representative Director Chairman & CEO in April 2019 based on his many years of service to the ITOCHU Corporation in the chemicals department as well as in managements. Yosuke Minamitani currently acts as the highest authority in management to expand business and promote greater profitability while driving the realization of sustained and enhanced corporate value throughout the entire Group. C.I. TAKIRON nominated Yosuke Minamitani because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and high-level of expertise.

Representative Director President & COO Kazuya Saito

1981 Joined ITOCHU Corporation
 2014 Executive Officer of TAKIRON
 2019 Representative Director President & COO of C.I. TAKIRON (current position)

Reasons for nomination C.I. TAKIRON appointed Kazuya Saito as the Representative Director President & COO in April 2019 based on his many years of service to the ITOCHU Corporation in the chemicals department and after his appointment as Director, Chief Operating Officer of the High Functional Materials Business, and Chief Operating Officer of the Environmental Materials Business in 2015. C.I. TAKIRON nominated Kazuya Saito because it can expect him to further the expansion of business and greater profitability as the highest authority in business execution currently and for his continued execution of decision making and supervision of management based on his wealth of experience and expertise in overall business, including the overseas fields of the company.

Director Senior Managing Executive Officer Takahisa Miyake
Chief Operating Officer of the Environmental Materials Div.

1984 Joined TAKIRON
 2017 Director Senior Managing Executive Officer of C.I. TAKIRON (current position)

Reasons for nomination Takahisa Miyake was appointed Director in 2016 and Chief Operating Officer of the Corporate Planning Division in 2017 after working as the General Manager of the purchasing, flooring and corporate planning departments. He is currently the Chief Operating Officer of the Environmental Materials Division. C.I. TAKIRON nominated Takahisa Miyake because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and expertise in management and the overall business operations of the company.

Director Senior Managing Executive Officer Tomomi Umeda
Chief Operating Officer of the Corporate Administration Div.

1983 Joined TAKIRON
 2019 Director Senior Managing Executive Officer of C.I. TAKIRON (current position)

Reasons for nomination Tomomi Umeda was appointed Director in 2012 after working as the General Manager of the purchasing, flooring and corporate planning departments. He is currently the Chief Operating Officer of the Corporate Administration Division. C.I. TAKIRON nominated Tomomi Umeda because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and expertise in the overall operations of the Administration Division of the company.

Director Senior Managing Executive Officer Akihiro Ueda
Chief Operating Officer of the Construction Materials Div.

1982 Joined ITOCHU Corporation
 2019 Director Senior Managing Executive Officer of C.I. TAKIRON (current position)

Reasons for nomination Akihiro Ueda was appointed Executive Officer of C.I. TAKIRON in 2013, Managing Executive Officer in 2015, and Senior Managing Executive Officer in April 2019 after his many years of service at the ITOCHU Corporation in the chemicals department. C.I. TAKIRON nominated Akihiro Ueda because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and expertise in the chemical products field, including management experience at multiple overseas companies.

Director Managing Executive Officer Hideharu Iwasaki
Chief Operating Officer of the Corporate Planning Div. & in Charge of the R&D Dept.

1983 Joined TAKIRON
 2019 Director Managing Executive Officer of C.I. TAKIRON (current position)

Reasons for nomination Hideharu Iwasaki was appointed Director in 2013 and Chief Operating Officer of the Construction Materials Division in 2017 after working as the General Manager of the Product Development Department and Development Department. He is currently the Chief Operating Officer of the Corporate Planning Division in charge of the R&D Department. C.I. TAKIRON nominated Hideharu Iwasaki because it can expect him to drive the management strategies of the company as well as execute the decision making and supervision of management based on his wealth of experience and expertise.

Director Managing Executive Officer Hikaru Sakamoto
Chief Operating Officer of the Production Div.

1990 Joined C.I. Kasei
 2019 Director Managing Executive Officer of C.I. TAKIRON (current position)

Reasons for nomination Hikaru Sakamoto worked as the General Manager of the Production Planning Division and Production Technology Division at C.I. Kasei before his appointment as Director in 2016. He was appointed Director of C.I. TAKIRON in 2017 and currently works as the Chief Operating Officer of the Production Division. C.I. TAKIRON nominated Hikaru Sakamoto because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and expertise in the overall operations of the Production Division.

Director*1 Mune Iwamoto

1976 Joined Mitsui Toatsu Chemicals (current Mitsui Chemicals)
 2014 Director of TAKIRON (current position)
 2016 Outside Director of Toyo Tanso (current position)

Reasons for nomination C.I. TAKIRON appointed Mune Iwamoto as Director because it expects him to utilize his wealth of experience and expertise cultivated in research and development, such as the functional resin field during his long tenure at a comprehensive chemical manufacturer, and multiple posts in management at companies. In addition, Mune Iwamoto has actively provided guidance from an independent standpoint since his appointment as outside Director of the company in 2014, and it expects him to continue to execute the proper decision making and supervision of management.

Governance

Director*1 Kenichi Hatano

1966 Joined Sumitomo Chemical Industry Company Limited (current Sumitomo Chemical)
2018 Director of C.I. TAKIRON (current position)

Reasons for nomination C.I. TAKIRON appointed Kenichi Hatano as Director because it expects him to utilize his wealth of experience and expertise cultivated through his involvement in management of a comprehensive chemicals manufacturer in the management of the company. In addition, Kenichi Hatano has actively provided advice from an independent standpoint since his appointment as outside Director of the company in 2018, and the company expects him to continue to execute the proper decision making and supervision of management as an outside Director of the company.

Audit & Supervisory Board Member*2 Yoshiyuki Fujioka

1979 Joined ITOCHU Corporation
2015 Audit & Supervisory Board Member of C.I. Kasei
2017 Audit & Supervisory Board Member of C.I. TAKIRON (current position)

Reasons for nomination Yoshiyuki Fujioka was involved with corporate planning, development and investigation, and compliance departments at the ITOCHU Corporation and worked as the Audit & Supervisory Board Member of C.I. Kasei. C.I. TAKIRON appointed him because it expects him to provide suitable advice and checks to ensure the appropriateness of decisions made by the Board of Directors through his management and administration experience as well as discretion based on his wealth of experience and high-level of expertise.

Audit & Supervisory Board Member*2 Kazuhiro Takasaki

1976 Joined C.I. Kasei
2017 Audit & Supervisory Board Member of C.I. TAKIRON (current position)

Reasons for nomination Kazuhiro Takasaki was involved with the production technology department and worked as the Audit & Supervisory Board Member during his many years at C.I. Kasei. C.I. TAKIRON appointed him because it expects him to provide the suitable advice and checks to ensure the appropriateness of decisions made by the Board of Directors through his practical experience and knowledge in business and the overall operations of production based on his wealth of experience and expertise.

Audit & Supervisory Board Member Kenji Takai

1990 Joined ITOCHU Corporation
2019 CFO of the ITOCHU Energy & Chemicals Company (current position)
2019 Audit & Supervisory Board Member of ITOCHU ENEX (current position)
2019 Audit & Supervisory Board Member of C.I. TAKIRON (current position)

Reasons for nomination Kenji Takai is the CFO of the ITOCHU Energy & Chemicals Company and has been involved with accounting and finance departments over his many years at the company. C.I. TAKIRON appointed him because it expects him to provide the suitable advice and checks to ensure the appropriateness of decisions made by the Board of Directors through his practical experience and knowledge in corporate management at ITOCHU Energy & Chemicals Company based on his expert knowledge in the accounting and finance fields.

Managing Executive Officer
Chief Operating Officer of the
Specialty Films Div.

Hiroyasu Kawakami

Managing Executive Officer
Chief Operating Officer of the High
Functional Materials Div.

Toshio Tamaki

Executive Officer
Deputy Chief Operating Officer
of the Production Div.

Toshiro Okajima

Executive Officer
General Manager of the
Corporate Planning Dept.

Hironori Kikuchi

Executive Officer
General Manager of the Housing
Materials Department

Hiroji Kimura

Executive Officer
Deputy Chief Operating Officer of the
Corporate Administration Div.

Yukihiro Iwata

Executive Officer
General Manager of the Ibogawa
Plant and Aboshi Plant

Satoshi Igarashi

Executive Officer
General Manager of the Finance &
Accounting Dept.

Toshiya Okubo

Executive Officer
General Manager of the Information
Systems Dept.

Tsutoshi Miki

Executive Officer
General Manager of the
Infrastructure Material Dept.

Takashi Harada

Executive Officer
General Manager of the Flooring &
Decorative Materials Dept.

Kenji Matsui

Executive Officer
General Manager of the
Shiga Plant

Kenji Watanabe

Executive Officer
General Manager of the
Yasutomi Plant

Yukio Hiraiwa

Executive Officer
General Manager of the
Agricultural Materials Dept.

Tetsuo Kaneko

*1 Outside Director

*2 Outside Audit & Supervisory Board Member

Quinquennial Data

Unit: Millions of Yen

	FY2015	FY2016	FY2017	FY2018	FY2019
Management Performance					
Net Sales	70,352	72,958	75,118	147,805	150,650
Operating Profit	3,638	3,793	4,339	8,363	9,080
Ordinary Profit	3,804	3,946	4,519	8,204	9,200
Current Net Income Attributable to the Owners of Parent	2,168	2,746	2,695	6,579	6,391
Depreciation	3,111	3,090	3,201	4,896	4,533
Capital Investment	4,180	3,486	2,609	3,969	7,430
Research & Development Expenses	766	841	686	1,288	1,109
Financial Status					
Total Assets	84,018	88,087	88,997	141,116	138,251
Net Assets	47,501	46,461	49,435	69,909	74,310
Equity Capital	46,841	45,755	48,678	68,332	72,680
Interest-bearing Liabilities	2,623	2,696	2,031	11,729	4,911
Accumulated Surplus	19,737	21,489	23,190	22,031	26,571
Cash Flow					
Cash Flow from Business Activities	5,700	5,773	6,579	9,328	9,805
Cash Flow from Investment Activities	△ 4,377	△ 2,860	△ 2,537	△ 1,575	△ 9,620
Cash Flow from Financial Activities	△ 1,805	△ 2,828	△ 1,749	△ 9,160	△ 9,160
Free Cash Flow	1,322	2,912	4,042	7,752	184
Balance of Cash and Cash Equivalents (End of Term)	13,571	13,760	16,046	15,800	6,835
Stock Information					
Total Number of Issued Shares (Thousand Shares)	78,698	78,698	78,698	97,500	97,500
Dividends (Yen)	14	14	14	18	26
Payout Ratio (%)	45.9	36.2	36.9	26.7	39.6

*Former TAKIRON Group data from FY2015 to FY2017

	FY2015	FY2016	FY2017	FY2018	FY2019
Information about One Share of Company Stock					
Current Net Income Attributable to the Owners of Parent (Yen)	30.50	38.66	37.95	67.49	65.62
Net Assets (Yen)	659.46	644.22	685.44	700.99	746.42
Management Index					
ROA (%)	2.6	3.2	3.0	4.7	4.6
ROIC (%)	5.1	5.1	5.7	7.3	8.1
ROE (%)	4.7	5.9	5.7	9.6	8.8
Debt-to-Equity Ratio (D/E Ratio)	0.06	0.05	0.04	0.17	0.07
Operating Profit on Sales (%)	5.2	5.2	5.8	5.7	6.0
Capital-to-Asset Ratio (%)	55.8	51.9	54.7	48.4	52.6
Overseas Net Sales Ratio (%)	3.4	4.4	4.5	15.9	15.5
Main Non-Financial Index					
Number of Employees (Persons)	1,732	1,871	1,889	3,369	3,412
Female Employment Ratio (%)	11	25	27	33	29
Acquisition Rate of Childcare Leave for Male Employees (%)	0.0	0.0	5.0	0.0	31.0
Rate of Paid Leave Taken by Employees (%)	56.2	57.7	61.3	55.4	62.4
Energy Consumption Rate (GJ/Manufacturing Ton)	12.4	12.5	12.8	13.1	13.0
Unit CO ₂ Emissions (t/Manufacturing Ton)	0.69	0.69	0.71	0.67	0.63
Total Waste Emissions (Thousand Tons)	9,562	10,693	12,034	13,428	13,083
Water Consumption (Thousand m ³)	1,058	1,091	1,114	1,174	1,176

Corporate Profile and Stock Information (As of March 31, 2019)

Corporate Profile

Trade Name	C.I. TAKIRON Corporation
Established	October 10, 1919
Incorporated	December 20, 1935
Head Office Address	3-1-3 Umeda, Kita-ku, Osaka 530-0001, Japan (North Gate Building)
Telephone	+81-6-6453-3700
Website	https://www.takiron-ci.co.jp
Capital	¥15,189 million
Number of Employees (Consolidated)	3,412

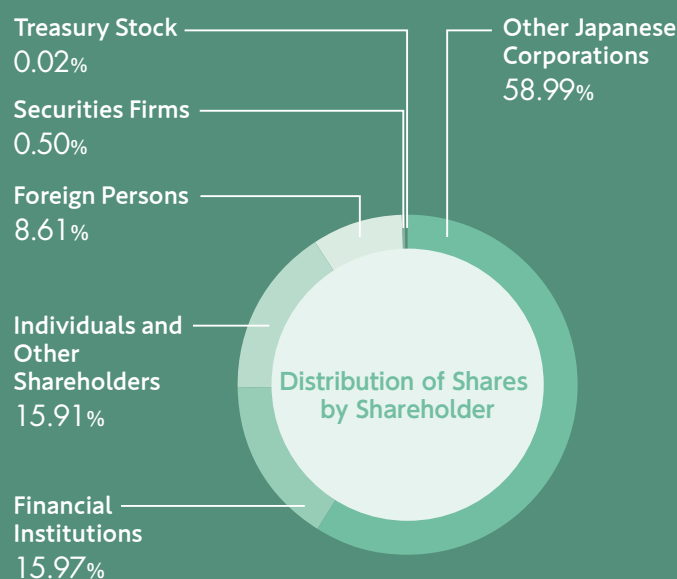
Stock Information

Securities Code	4215
Total Number of Issued Shares	97,500,000
Number of Shareholders	6,279
Stock listing	First Section of Tokyo Stock Exchange
Share Unit	100
Administrator of Shareholder Registry	Sumitomo Mitsui Trust Bank, Limited
Accounting Auditor	Deloitte Touche Tohmatsu LLC

Major Shareholders (Top 10)

Name of Shareholder	Ratio of Share Holding (%)
ITOCHU Corporation	51.01
C.I. Takiron Kyowa-Kai	5.03
Japan Trustee Services Bank, Ltd. (trust fund)	3.70
The Master Trust Bank of Japan, Ltd. (trust fund)	2.43
Sekisui Jushi Corporation	1.48
Nippon Life Insurance Company	1.42
Kaneka Corporation	1.35
DFA INTL SMALL CAP VALUE PORTFOLIO	1.15
GOVERNMENT OF NORWAY	1.15
Tosoh Corporation	1.10

Note: The ratio of share holdings is calculated by excluding treasury stock.



Business Sites (As of June 30, 2019)

List of C.I. TAKIRON Business Establishments

Head Office

- Head Office 3-1-3 Umeda, Kita-ku, Osaka
- Tokyo Head Office 2-15-1 Konan Minato-ku, Tokyo

Branches/Sales Offices

- Sapporo Sales Office Chuo-ku, Sapporo City
- Tohoku Branch Aoba-ku, Sendai City
- Tokyo Branch Minato-ku, Tokyo
- Chubu Branch Higashi-ku, Nagoya City
- Osaka Branch Kita-ku, Osaka City
- Chugoku/Shikoku Branch Naka-ku, Hiroshima City
- Kyushu Branch Hakata-ku, Fukuoka City
- Kagoshima Sales Office Kagoshima City, Kagoshima

Manufacturing Bases

- Aboshi Plant Tatsuno City, Hyogo
- Ibogawa Plant Tatsuno City, Hyogo
- Yasutomi Plant Himeji City, Hyogo
- Tokyo Plant Kasumigaura City, Ibaraki
- Shiga Plant Konan City, Shiga
- Tochigi Plant Haga District, Tochigi
- Okayama Plant Niimi City, Okayama
- Hiratsuka Plant Hiratsuka City, Kanagawa
- Sano Plant Sano City, Tochigi

R&D Centers

- R&D Center Konan City, Shiga

Affiliate Companies

Construction Materials Business

- SANWA SIGNWORKS CO., LTD.
- TAKIRON KC HOME IMPROVEMENT CO., LTD.
- NIPPON POLYESTER CO., LTD.
- BONLEX EUROPE S.R.L [Italy]
- TAKIRON MATEX CO., LTD.

Environmental Materials Business

- HOKKAIDO SANPLUS CO., LTD.
- YOKOBI CO., LTD.
- C.I. AGRO CO., LTD.
- C.I. MATEX CORPORATION
- SHANGHAI C.I. KASEI TRADING COMPANY LTD. [China]
- PT. TAKIRON INDONESIA [Indonesia]
- DAILITE CO., LTD.
- DAIPLA CORPORATION
- HOKKAI DAIPLA CO., LTD.
- DAIPLA TEC. CO., LTD.
- TAKIRON ENGINEERING CO., LTD.

High Functional Materials Business

- TAKIRON-ROWLAND LIMITED
- TAKIRON POLYMER CO., LTD.
- CIK NANOTEK CORPORATION
- TAKIRON PLASTICS (CHANGZHOU) CO., LTD. [China]
- TAKIRON TECH CO., LTD.
- SHANGHAI CIK ELECTRONICS CO., LTD. [China]

Specialty Films Business

- BONPACK CO., LTD.
- BONSET AMERICA CORPORATION [United States]
- BONSET LATIN AMERICA S.A. [Uruguay]
- SHANGHAI SANPLUS PLASTIC CO., LTD. [China]

Other Affiliate Companies

- C.I. TAKIRON LOGISTICS CO., LTD.
- DAIPLA WINTES CO., LTD.



Head Office

North Gate Building, 3-1-3
Umeda, Kita-ku, Osaka 530-0001, Japan
Tel: +81-6-6453-3700 FAX: +81-6-6453-3884