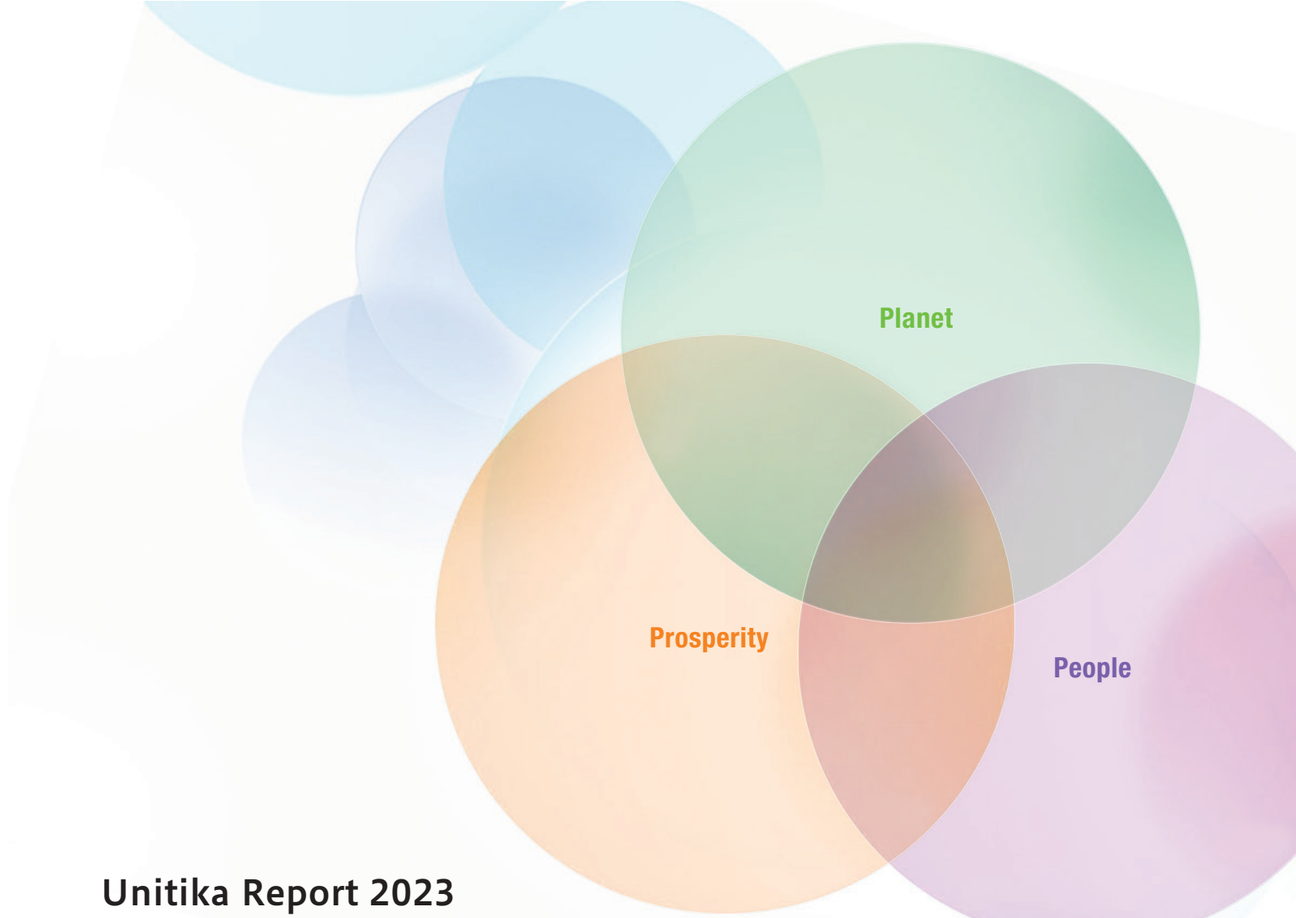


Unitika Report 2023

Integrated Report

Connecting people's lives and technology

UNITIKA

https://www.unitika.co.jp

UNITIKA
We Realize It!

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New Medium-Term Management Plan (Three Ps)

Eight priority issues and the corresponding KPIs were specified in the previous medium-term management plan.
In the new medium-term management plan, the eight priority issues are compared with the five Ps that are included in the SDGs concepts,
and will be classified into three categories: Prosperity, Planet, and People.



Our Philosophy

Contributing to society by connecting people’s lives and technology

Basic Management Policies

As a corporate group, we are committed to our philosophy of “contributing to society by connecting people’s lives and technology,” and to becoming an essential corporation for society that contributes to people’s lives and the environment.
While advancing our basic management policies of “strengthening management foundation as a functional material manufacturer” and “strengthening our corporate character and capital stock,” the Unitika Group maintains our firm belief that contributing to society not only increases our corporate value, but also meets the expectations of our stakeholders.

Notes on the Integrated Report

In FY 2021, the Unitika Group integrated the usual Fact Book and Unitika CSR Report, and issued a Unitika Report that summarizes the financial information and non-financial information in a single book. With this report, we are aiming to further deepen the understanding of the Unitika Group by a wide range of stakeholders, including shareholders and investors.
Organizations covered in the report: In principle, this report covers the activities of Unitika, Ltd. and the Unitika Group companies, both in Japan and overseas.
Period covered in the report: April 1, 2022 to March 31, 2023 (includes some information from April 1, 2023 onwards)
Issue: November 2023 (Next scheduled issue: October 2024)
Important notes concerning forecasts: The contents of this report are based on the information currently available to the Unitika Group, and on certain assumptions the Unitika Group determines to be reasonable; the contents are not intended to be a promise that they will be achieved. The actual results, etc., may differ considerably due to various factors.

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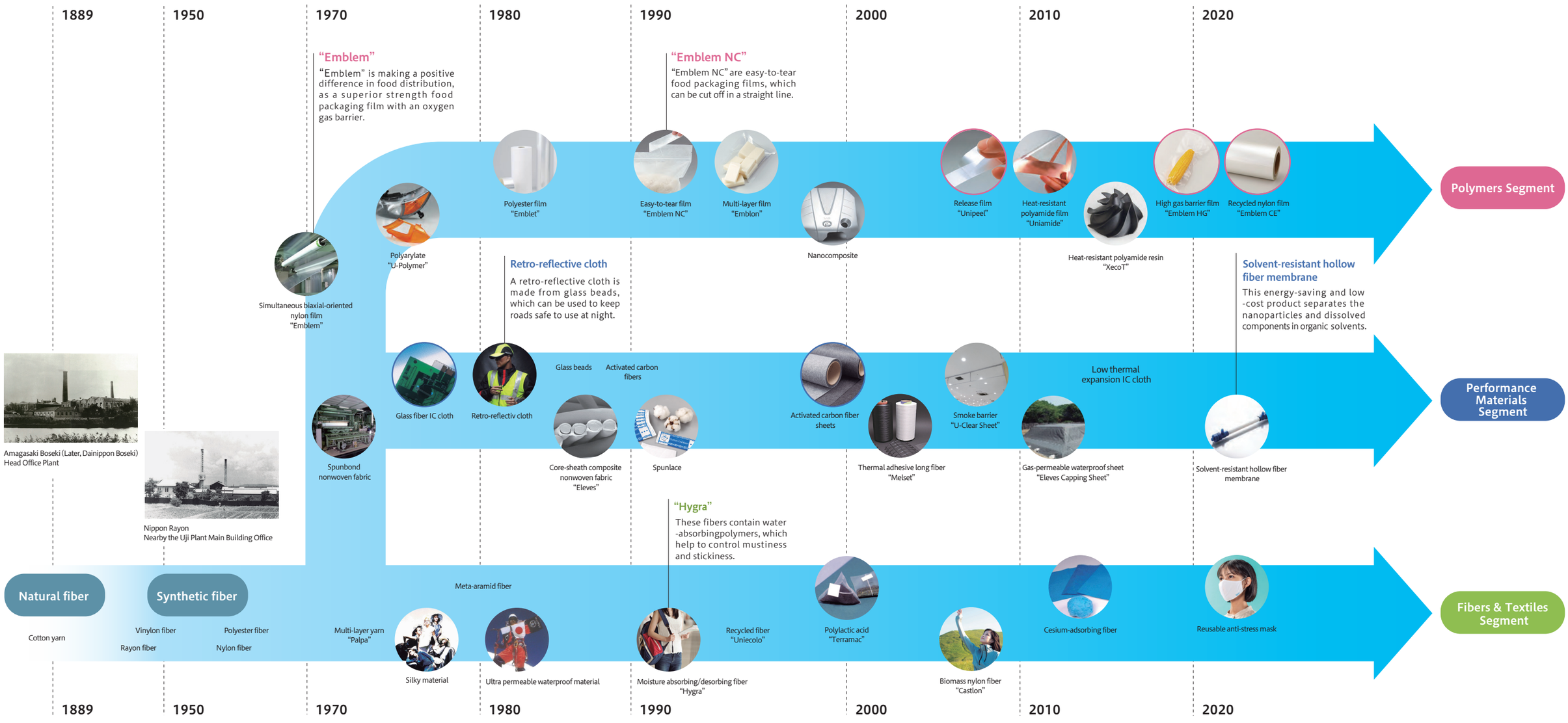
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History of the Unitika Group

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



Founded as a spinning business in modern Japan

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

Expanded business areas after the post-war slump

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

Restructuring and reforming our businesses through selection and focus

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

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

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

Main Business Areas and Product Groups

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

Unitika Materials			Automobiles and Mobility		Electric and Electronics	Living and Safety	Environment and Energy	(Primary Industry)
			Automobiles	Other Mobility	Industry	Lifestyle	Civil Engineering and Construction	Fishing and Agriculture
Polymers	Films	1 Films for industrial use (including "Unipeel" and "Uniamide")	1		● Semiconductors, Smartphones			
		2 Food packaging films (including highly functional products such as "Emblem HG")				2 ● Processed meat products, Instant food products, Convenience store food, Boil-in-the-bag food products, Seasonal products, Confectionary, Souvenirs, Shampoo, Liquid detergent		
		3 Environmentally-friendly packaging films				3		
	Plastics	4 "U-Polymer"	● Lamps	● Sensors, Switches, Smartphone cameras		4	● Office equipment, Wristwatches	
		5 "Elitel", "Arrowbase"			● Flat cables	● Adhesives 5	● Solar cells	
		6 Functional plastics (including highly functional products such as Unitika nano-composite nylon6)	● Engine covers, Mirrors	● Interior parts, Electrical parts	● Lighting equipment, Office equipment 6	● Sashes, Cable ties		
		7 "Terramac", "XecoT"			● Office equipment	7 ● Daily necessities		
Performance Materials	ACF	8 Activated carbon fibers	● Deodorizing, Air purification materials		● Filters (for liquid purification)	8 ● Deodorizable masks ● Water purification filters ● Water purifiers		
		9 Highly functional porous plates			● Filters (for clean rooms)	9 ● Materials for water absorption and transpiration ● Refrigerators ● Humidifiers		
	Glass Fibers	10 Industrial materials	● Materials for heat radiation 10		● Materials for electrical and electronic applications		● Bag filters ● Civil engineering and construction materials 10 ● Transparent non-combustible sheets ● Tents and sheets	
		11 Electronic materials (IC cloth)				● Electronic materials 11		
	Glass Beads	12 Glass beads	● Reflective materials, Blasting, Fillers 12		● High precision, Industrial use	● Reflective materials	● Road markings	
	Nonwoven Fabrics	13 Spunbond	● Engine silencers, Carpet, Automotive interiors		● Filter applications	13 ● Packaging materials, Daily necessities, House wraps ● Infection protective clothes	● Roofing, Carpet, Civil engineering materials, Electrical wires	● Sheets for greenhouses ● Sheets for agriculture
		14 "Terramac"				● Daily necessities 14	● Materials for civil engineering	● Weed proofing sheets
		15 Spunlace				15 ● Anti-perspiration sheets, Disinfection sheets, Cosmetics goods ● Disinfectant cotton, Medical gowns, Wet towels	16 ● Materials for concrete curing	
		16 Wet curing sheet for concrete						
	Industrial Fibers	17 Polyester staple fiber	● High-melting binder fibers			17 ● Functional paper ● Medical and cosmetics	● Materials for civil engineering and construction	
		18 Ultra-high-strength polyester filament yarns and monofilaments	● Materials for tire (chafers)	● Conveyor belts ● Hoses		18 ● Gut for fishing and other purposes	● Materials for civil engineering and construction ● Building materials	● Fishing net materials
		19 "Terramac"			● Filters 20	● Daily necessities ● 3D printers ● Filaments 19	● Sandbags	
		20 PA hollow fiber membrane						
Fibers & Textiles	Garment Fibers	21 Fibers and textiles (garments, lifestyle materials, and bedding)				21 ● Uniforms, Ladies, Sport, Casual, Bedding interior ● Medical gowns		
		22 Ecofriendly, "Terramac"				22		

Main Products

Polymers



"Emblem HG"

"Emblem HG" is a nylon film with stronggas barrier characteristics. It has high gas barrier retention properties specifically for retorting and boiling applications, and can retain its barrier function even under a high-level of physical stress.



"Uniamide"

"Uniamide" is a biaxially oriented high heat-resistant polyamide film. Unitika used its technical expertise and experience in film processing to convert this resin into an oriented film. "Uniamide" is well-suited to electric and electronic applications.



Unitika nano-composite nylon6

Unitika nano-composite nylon6 is a composite material boasting superior hardness, heat resistance,and moldability. Potential applications for this product are growing, such as in engine covers etc. It can be used as a metallic coloredpart to eliminate the need for painting.It contributes to reducing costs andCO_2 emissions.



"U-Polymer"

Unitika was the first in the world to develop industrialized polyarylate resin. It is used in a range of applications, including precision equipment, cars, machinery, medicine, food products, and everyday goods, etc.

Performance Materials



Finished glass fabrics for printed circuit boards

Unitika has an integrated manufacturing system that manages everything from the raw fibers to weaving and surface treatment processing. Unitika glass fabric represents a concentration of all our process technologies, and is used in many digital devices where high performance is required.



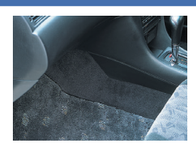
Glass Beads

Glass Beads are used for a range of road sign applications, including white lines and pedestrian crossings. Their retroreflective properties increase visibility at night, playing an important role in road safety.



Activated carbon fiber filters

The activated carbon fibers of Unitika feature an exceptional absorption speed for minute amounts of harmful substances. They are used in a wide range of filters in water purifiers and air purifiers, helping to clean the water environment and atmosphere, and to prevent pollution.



"Marix"

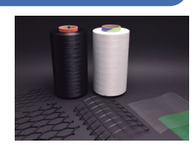
"Marix" has high elongation performance due to the three-dimensional interweaving of the filaments, as well as superior dimensional stability during processing. As a result, it is widely used in automotive and interior applications as a base fabric for carpets.

Fibers & Textiles



"Cottoace"

"Cottoace" is cotton spunlace that is made of 100% natural cotton. It is formed into a sheet using only the power of water, with no binders or other additives. It isgentle to the skin and has anattractive soft feel.



"Melset"

"Melset" is a high-strength and core-sheath composite structure multifilament, composed of high-viscosity polyester resin at the core and low-melting polyester resin at the sheath. It is a core-sheath binder fiber, which can be molded into various shapes by heat treatment.



"Palpa"

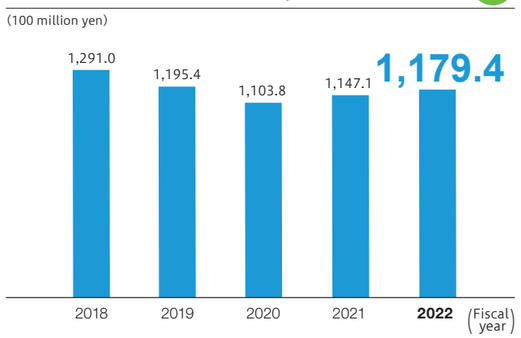
"Palpa" is the standard in multi-layer yarn products, introduced in 1975. It features polyester staple fibers wrapped in high-quality cotton. Some products utilize recycled polyester as a raw material, and a family of materials with a wide variety of added functions has been created.

Financial and Non-Financial Highlights

Financial Highlights

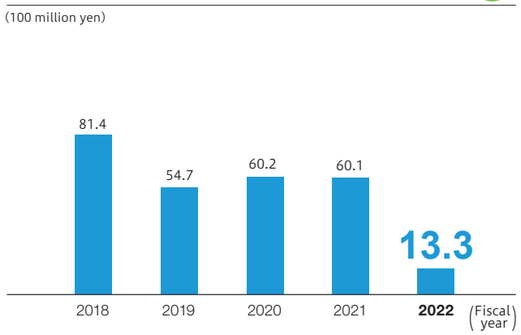
Net sales

Year-on-year **+3,230** million yen

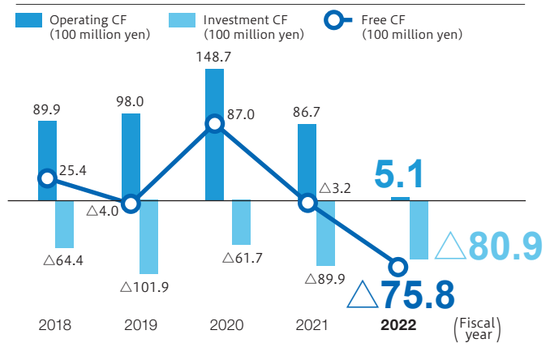


Operating profit

Year-on-year **▲4,680** million yen

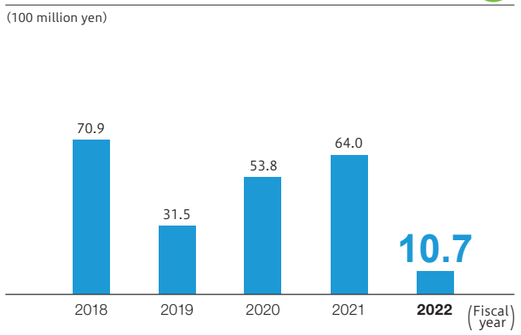


Cash Flow (CF)



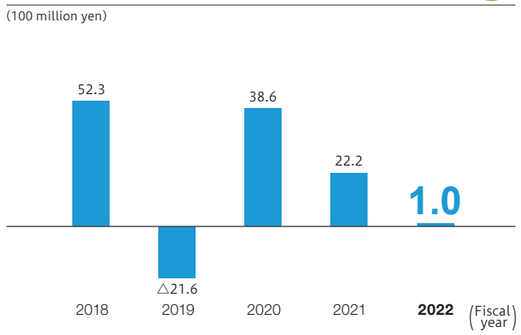
Ordinary profit

Year-on-year **▲5,330** million yen

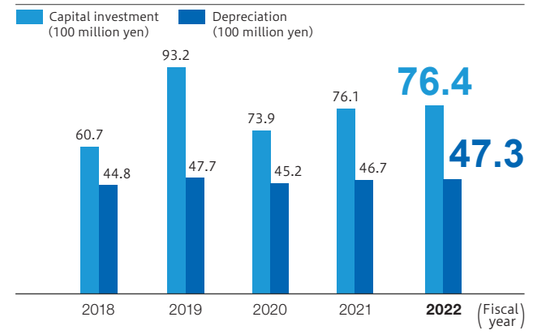


Profit attributable to owners of parent

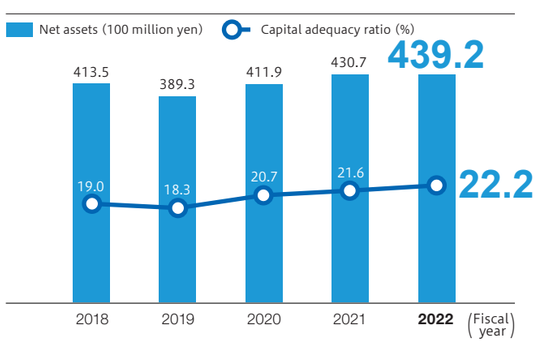
Year-on-year **▲2,120** million yen



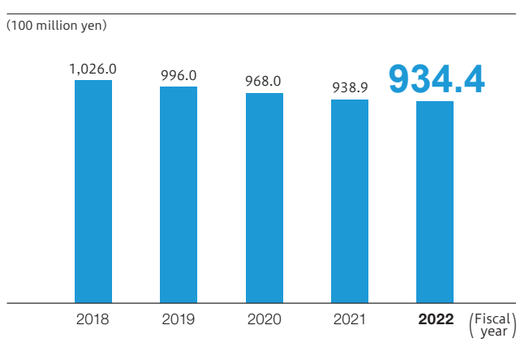
Capital investment/Depreciation (Property, plant and equipment)



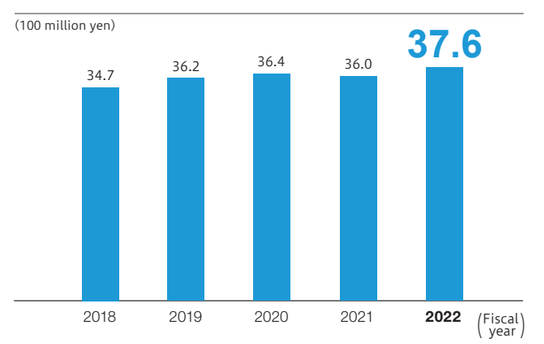
Net assets/Capital adequacy ratio



Interest-bearing liabilities



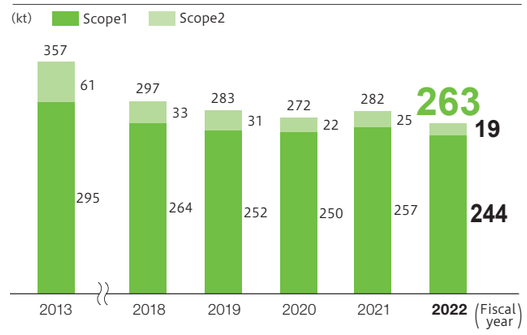
R&D expenditures



Non-Financial Highlights

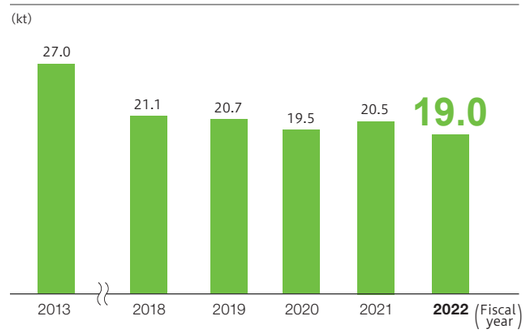
CO_2 emissions from all domestic production sites (Scope1+Scope2)

▲26% relative to FY 2013 level



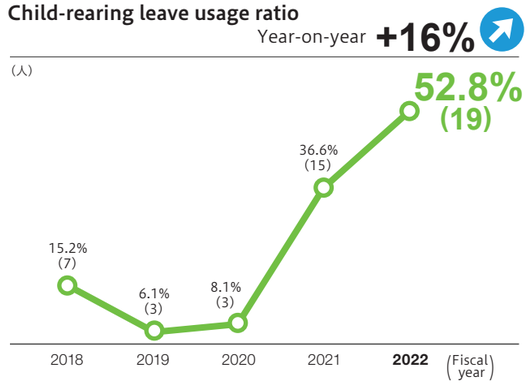
CO_2 emissions related to logistics

▲28% relative to FY 2013 level



Child-rearing leave usage ratio

Year-on-year **+16%**



Message from the President



Shuji Ueno
Representative Director
and President,
Chief Executive Officer

We are shifting gears to strengthening our businesses, and aiming to improve our earning capacity.

In FY 2022, there was growth in sales of high value-added products, but due to high raw material and fuel prices, the result was an increase in net sales but a decrease in operating profit.

The results for FY 2022 saw net sales increase by 3,200 million yen to 117,900 million yen compared to FY 2021, while operating profit saw a large drop of 4,700 million yen to 1,300 million yen. The higher net sales were due to contributions starting in the third quarter from price revisions and growing sales of high value-added products, despite a struggle for sales caused by worsening market conditions. This is the result of the efforts we made to develop high-performance films with improved gas barrier performance, heat resistance, and other characteristics in the food packaging field which is our primary market. In addition, there was steady growth in sales of new products such as our ultrathin glass fabric that is seeing surging demand as an electronic material, and hollow fiber membrane modules which help save energy and reduce costs.

However, the largest factor affecting the large decrease in operating profit was the high prices of raw materials and fuel, which increased at a rate exceeding our price revisions. There was also a large effect from declining sales quantities due to sluggish demand in the second half of the fiscal year. The three segments of Polymers, Performance Materials, and Fibers & Textiles all saw large declines in operating profit. In particular, the Fibers & Textiles segment was in the red for the third consecutive year, and the Performance Materials segment fell from the black into the red, highlighting the business areas where achieving a profit is difficult. In these and other ways, the environment was extremely adverse in FY 2022, which was the final fiscal year in our medium-term management plan G-STEP30 1st.

In FY 2023, while we expect demand in electrical and electronic applications to recover in the second half of the year, demand has been gradually recovering beginning from the start of the year in food packaging applications and automotive applications, and we expect to see results from the price revisions we carried out in response to the soaring prices of raw materials and fuel. When the effects of further growth in high value-added products are added, we intend to achieve a recovery in operating profit, an increase by 2,500 million compared to FY 2022 and reach 3,800 million yen.

Results and issues of the medium-term management plan G-STEP30 1st which was focused primarily on the three Gs

The three basic policies and basic strategies of the medium-term management plan G-STEP30 1st were Growth, Global, and Governance. Although the results were extremely difficult in terms of business revenue, there were positive results in terms of each of the three Gs.

For Growth, we made steady progress in the development of high value-added products in the food packaging and electrical and electronic materials fields. This was a key element of our efforts to strengthen our revenue structure over three years, and these areas saw a rise in sales. We are focusing on development of environmentally-friendly products, and have succeeded in creating a foundation for accelerating development in the future. At the same time, the deficit is expanding in the Fibers & Textiles segment, and there are fields where achieving profits has been difficult in the Performance Materials segment. Factors such as these show that there are unprofitable areas which are compressing



business revenue, and these remain issues to be addressed.

For Global, there have been significant effects from the COVID-19 pandemic, and there were notable delays in progress. One example was our plan to expand production to meet growing demand in the global market centering on the Asian region by constructing a new nylon film plant at our subsidiary PT. Emblem Asia in Indonesia. The project was nearly two years behind schedule, and operation finally started in August 2022. There remain issues in the development of global human resources as well. Cross-border travel was strictly limited by the pandemic, reducing the number of opportunities for personnel to interact and preventing us from carrying out training as planned. Despite these conditions, we have made steady progress, for example by establishing Unitika Europe GmbH in Germany and constructing a film sales system at Unitika Advance (Thailand) Co., Ltd.

For Governance, we have steadily improved its level including introducing systems for establishing a quality assurance system. Regarding the rebuilding of risk management, we have carried out measures such as identifying a wide range of risks including climate change risks, and creating a risk map. In addition to quality assurance and risk management, we have proceeded with establishing various new committees such as the Sustainability Committee and the Compliance Committee, and organized their functions. We have constructed an operating system that is linked directly with the Board of Directors and have taken other steps to further strengthen our governance system. At the same time, there is a sense that we have identified issues facing our progress toward the next stage in strengthening our manufacturing sites, including development of human resources who can pass on their skills, and updating aging equipment.

Launch of the new medium-term management plan G-STEP30 2nd

Beginning from FY 2023, we have launched the new three-year medium-term management plan G-STEP30 2nd, which aims to “shift gears to strengthening our businesses.” While there is no change to the position of the three Gs (Growth, Global, Governance) as the basic policies, the contents of the plan have been updated.

For Growth, as the central theme of the plan, we will enact fundamental measures for unprofitable business areas, rebuild our business portfolio, expand sales of highly functional products, and devote even greater effort to the development and promotion of sustainable products. For the past several years, we have focused our efforts on constructing R&D systems to accurately identify market and customer needs, and carry out rapid development. As a result of these and other measures, we are now steadily developing high value-added products. In the future, we will continue to increase our lineup of products more likely to be chosen by customers and with distinctive characteristics, and will work to further increase sales. In addition, we will devote further efforts to price revisions and cost reforms.

For Global, we intend to focus directly on global film development centering on PT. Emblem Asia (Indonesia) where our new production equipment has finally started full-scale operation. The plan calls for increasing the ratio of overseas net sales to 25% by FY 2025. Compared to the current level of 23%, the difference is just a 2-point increase, not a large numerical gap. However, we have focused efforts recently on strengthening our manufacturing and sales systems, and will prepare a foundation that will allow us to achieve the 35% target in our long-term vision. As one part of this process, we will accelerate our initiatives for developing and securing global human resources, and revitalize the interaction of personnel through means such as overseas study and overseas trainee system.

For Governance, we will continue working to strengthen our quality assurance, risk management, and other systems, and will endeavor to cultivate an open organizational culture. Development of human resources is essential for the continuation of our business. For this purpose, we will focus our efforts on training production site leaders through selective training in order to pass on the skills which are the source of our competitiveness to the next generation. We will also invest in aging equipment, and otherwise carry out improvements to our production sites, ensure employee safety, and enact comprehensive and reliable risk countermeasures.

The most important issue running throughout the entire plan is a recovery in and strengthening of business revenue. We will address this as our highest priority, and take sure steps toward realizing our long-term vision.

Setting FY 2025 target values and implementing the Sustainability Plan

In the new medium-term management plan, in addition to the three Gs, we are also working to implement the Sustainability Plan. In the Unitika Group, eight priority issues (materiality) and the corresponding KPIs were specified in the previous medium-term management plan. In order to more reliably achieve our targets for the target year of 2030, the new medium-term management plan sets milestones (intermediate targets) for 2025, and we will carry out measures for the eight priority issues classified into the categories of Prosperity, Planet, and People based on the SDGs targets.

For Prosperity, we have set business themes for making lives more affluent from the three perspectives of safety and security, convenience and comfort, and coexistence with the environment. We have established numerical targets of increasing sales of materials based on these three themes by a factor of 1.6 by FY 2025 compared to FY 2019 levels, and by 2.6 by FY 2030.

For Planet, we have established numerical targets for CO_2 emissions and for the amount of industrial waste disposed of outside our plants.

For People, we are focusing on investment in human capital, and working to create a company that respects human rights and is a rewarding place to work at, and to promote diversity. By strengthening supply chain management, we are enacting management to prevent human right abuses within our supply chain.

We recognize that the Sustainability Plan is an important part of our management plans that will play an essential role if the Unitika Group is to be a company that is continuously chosen by customers, and that the three Ps initiatives will form the foundation for our business activities and increasing profits. In particular, our Planet and People initiatives can be carried out by our company to some degree based on its own efforts. However, Prosperity will only yield sales once the value of the initiatives has been well understood by our customers. We believe it is important that we work to identify that value which will be highly evaluated by customers and society, and address these initiatives sincerely.



To all stakeholders

In FY 2022, we were subject to major impacts from the external environment, and the results were extremely challenging. Issues from the previous medium-term management plan remained incomplete. In the new medium-term management plan, we will carefully address these issues in order to restore business results, and devote our every effort to strengthening our business earning capacity. Key to these activities is the unique strengths of the Unitika Group: our advanced technical capabilities developed over many years and our high value-added products with high functionality that meet market needs with environmentally friendly performance.

The current times are seeing sweeping changes in market structures, so we will focus our attention on responding to the shifting situation, and transform the great potential of the Unitika Group into the form that can best meet the needs of people and society. All employees, including the management team, will devote their full efforts for this purpose. I hope that the Unitika Group can continue to rely on the understanding and support of all our stakeholders.

Value Creation Process

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

Our Philosophy

Contributing to society by connecting people's lives and technology

Business Model

Businesses

- Polymers Segment
- Performance Materials Segment
- Fibers & Textiles Segment

See pp. 47–48 for details.

Strengths

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

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

Strategies

Medium-term management plan G-STEP30 1st

Shift gears to strengthening our businesses

See pp. 15–18 for details.

Values Provided



Safe and secure living

We provide products that can protect people from or minimize various risks in their daily lives (disasters, accidents, crimes, damage to health, etc.).

Main business and products:
Construction and civil engineering materials, Industrial materials, Food packaging materials, Sanitation materials

Convenient and comfortable living

In response to globalization, digitalization, changing lifestyles, progressive aging, and other changes in society, we provide products that are compatible with diverse lifestyles and lessen the burdens of daily life.

Main business and products:
Electrical and electronic materials, Industrial materials, Filter materials

Living in coexistence with the environment

We provide products that contribute to the improvement of living standards around the world, mitigation of climate change, reduction of the environmental impact, and resource and energy saving.

Main business and products:
Biodegradable materials, Various recyclable materials

The three items listed here are "business-related priority issues," which are a part of the priority issues (materiality). See pp. 25–28 for the other priority issues.

Desired Image (Long-term vision)

A company that is continuously chosen by customers

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

Targets to be achieved by around 2030

Net sales **200,000** million yen

Operating profit **20,000** million yen

Basic matters underlying the priority issues: **Compliance** | **Strengthen governance** | **Ensure product safety and quality** | **Promote digital transformation**

Medium-Term Management Plan

Long-term vision

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

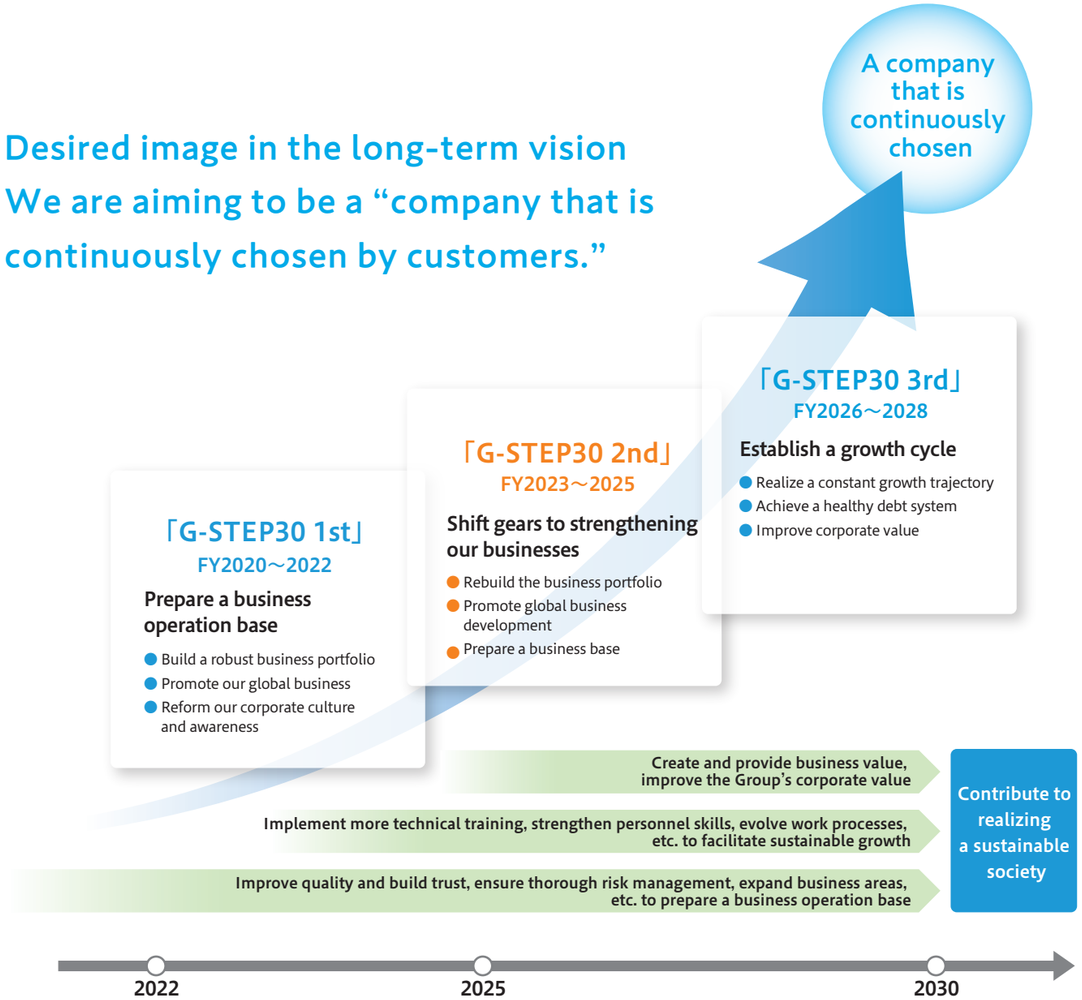
Underour philosophy of contributing to society by connecting people's lives and technology, we are striving to be a company that is continuously chosen by customers, with the Group mission of contributing to achieving the SDGs through approaches to the "three types of living", safe and secure living, convenient and comfortable living, and living in coexistence with the environment.

We are moving forward with our three-step initiatives toward realizing our long-term vision, as we strive to achieve sustainable growth and contribute to society. The single theme that underlies all three steps is promoting the three Gs (Growth, Global, Governance), and managing their progress.

Growth | Global | Governance

Desired image in the long-term vision

We are aiming to be a "company that is continuously chosen by customers."

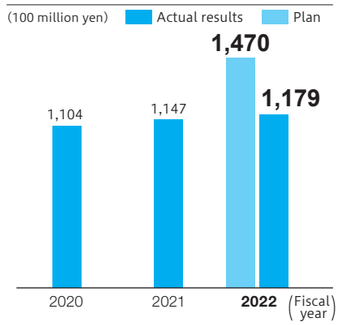


A look back at the previous plan G-STEP30 1st: FY 2020 to 2022

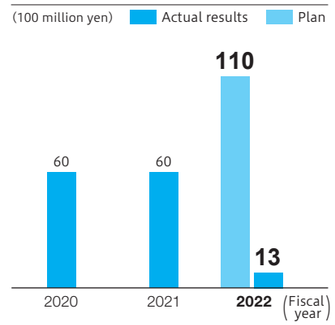
Despite growth in net sales in both FY 2021 and FY 2022, net sales did not reach the plan target. In terms of profits, in addition to the high prices of raw materials and fuel, other factors included a drop in sales and an impairment of non-current assets, and the results deviated largely from the plan targets.

Regarding the three Gs, for the first G Growth, although sales grew for high value-added products and environmentally-friendly food packaging films, the handling of areas where profitability has declined remains an issue. For the second G Global, we proceeded with the establishment of new overseas sites and the preparation of a sales system, however many issues remain as a result of delays in the operation of production equipment, development of human resources, and other matters. For the third G Governance, we succeeded in establishing a quality assurance system and rebuilding the risk management system, however there remain issues concerning development of human resources and passing-on of skills in regard to strengthening the manufacturing sites. There also remains the issue of upgrading aging equipment as a means of addressing business continuity risks.

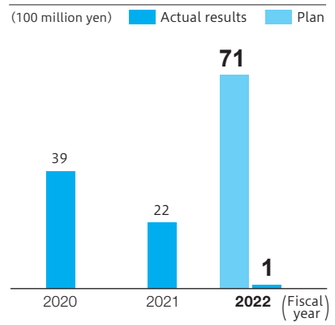
Consolidated net sales



Consolidated operating profit



Consolidated net income



Summary of priority policies

Priority policy		Evaluation (○Achieved △Not achieved (issue for the next plan))
Growth	**Build a robust business portfolio** ● Strengthen our base and infrastructure (speeding up the development of highvalue-added products) ● Promote sustainability (eco, creation of new business)	○ There was growth in sales of high value-added products in fields such as food packaging, electronic materials, and water purifiers. ○ There was growth in sales of environmentally-friendly food packaging films. △ Profitability worsened in the garment fiber business, industrial fiber business, and related areas. It is necessary to rebuild the business portfolio.
Global	**Promote our global business** ● Build a global production system ● Strengthen sales capabilities through alliances ● Develop and strengthen global human resources	○ Established Unitika Europe GmbH. Prepared a film sales system at a subsidiary in Thailand. △ There were large delays in the capital increase at PT. Emblem Asia (Indonesia). Revenue declined as a result of declining demand in the region. △ We were unable to carry out training and education of global human resources as planned due to the COVID-19 pandemic.
Governance	**Reform our corporate culture and awareness (back to basics in manufacturing)** ● Establish a quality assurance system ● Rebuild risk management ● Strengthen manufacturing sites	○ Some levels of results were achieved as a result of introducing a quality assurance system. ○ dentified risks and created a risk map. △ Issues remain for strengthening of manufacturing sites (passing on skills, training personnel). △ Action such as upgrading aging equipment is required in order to address business continuity risks.

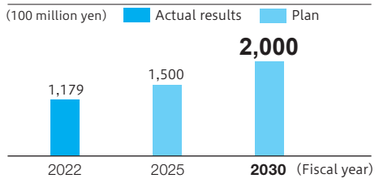
New medium-term management plan G-STEP30 2nd: Starting from FY 2023

Based on the issues in the previous plan, the new medium-term management plan carries on the concept of the three Gs, which are the theme of the long-term vision G-STEP30, and establishes the basic policies of "Growth: Rebuild the business portfolio," "Global: Promote global business development," and "Governance: Prepare a business base."

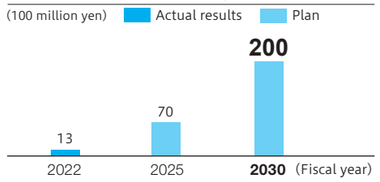
In line with these policies, we are aiming to implement measures for each of the three Gs to achieve the targets, and to be a "company that is continuously chosen."

Financial targets

Consolidated net sales



Consolidated operating profit



(100 million yen)	Actual results FY 2022	Medium-term plan FY 2025	Long-term vision FY 2030
Ordinary profit	11	50	—
Net income	1	20	—
Capital adequacy ratio	22.2%	23%	30%
ROE	0.3%	5% or more	—
ROIC	0.8%	4% or more	—
Overseas sales ratio	23%	25%	35%
Net assets	439	486	—
Interest-bearing liabilities	934	903	—

(100 million yen)	Total FY 2020 to 2022	Total FY 2023 to 2025
Capital investment	224	200
Depreciation	157	224
R&D expenditures	110	110

Basic policies, main measures

Basic policies		Main measures
Growth: Rebuild the business portfolio	Enact fundamental measures for unprofitable business areas	**Reduce costs and fully increase prices to cover costs** **Identify unprofitable business areas**
	Promote growth strategies	**Strengthen the nylon film business** └Lineup of "Emblem HG" and other gas barrier products **Develop and promote sustainable products** └"Emblem CE", "XecoT", hollow fiber membrane
	Expand sales of highly functional products	**Sales of high value-added products** └"Uniamide", special glass fabric
Global: Promote global business development	Prepare global production and sales systems	**PT. Emblem Asia (Indonesia), Thai Unitika Spunbond Co., Ltd. (TUSCO) (Thailand)** └Expand sales within and outside the region, centering on Asia,Europe, and the Americas
	Develop and strengthen global human resources	**Unitika Europe GmbH (Germany)** └Expand sales of Unitika products in the European region
Governance: Prepare a business base	Reform our organizational culture and develop human resources	**Cultivate an open organizational culture** **Focus on development of next-generation management** **Diversity management** Develop core personnel, promote women's participation
	Pass on skills, prepare production sites	**Go back to basics in manufacturing, strengthen manufacturing sites** └Develop production site leaders through selective education └Promote the digital transformation (DX), utilize production management system data **Create safe and secure workplaces** └Carry out health management └Prepare production sites consistent with risk management (measures for aging equipment)

Promotion of Sustainability

See pp. 25–28 for details.

In the new medium-term management plan, in addition to the three Gs, we are also working to implement the Sustainability Plan. The Unitika Group has specified eight priority issues and the corresponding KPIs in the previous plan.

In the new medium-term management plan, the eight priority issues are compared with the five Ps that are included in the SDGs concepts, and will be classified into three categories: Prosperity, Planet, and People.

Basic policies

Our Philosophy	**Contributing to society by connecting people's lives and technology**
Group Mission	**Contributing to the SDGs with approaches to the "three types of living"*** * Safe and secure living, convenient and comfortable living, and living in coexistence with the environment
Desired Image (Long-term Vision) Sustainability Policy	**Contributing to the realization of a sustainable society, aiming to be a "company that is continuously chosen by customers." We will contribute to the realization of a sustainable society by connecting people's lives and technology through its business activities.**

Stakeholders / Values provided

Values provided to stakeholders

Global environment	Shareholders and investors	End users	Business partners and clients	Employees
Coexistence of business and the environment	Sustained improvement of corporate value	Safe and secure living Convenient and comfortable living Living in coexistence with the environment	Sustained business collaborations (partnerships for mutual prosperity)	Motivating feeling of actual growth Safe and secure workplaces

Medium-term management plan

Growth	Global	Governance
Rebuild the business portfolio	Prepare a business base	Prepare a business base

Implementation of the Sustainability Plan (Prosperity, Planet, People)

Strategy for each segment

See pp. 19–24 for details.

We are aiming to increase net sales and operating profit in all segments. In both the Performance Materials and Fibers & Textiles segments, which recorded operating loss in the last plan, we are aiming to achieve profitability in FY 2025.

	Net sales			Operating profit		
(100 million yen)	Actual results FY 2022	Medium-term plan FY 2025	Difference	Actual results FY 2022	Medium-term plan FY 2025	Difference
Polymers	515	670	+155	35	53	+18
Performance Materials	344	460	+116	▲5	14	+19
Fibers & Textiles	319	370	+51	▲15	3	+18
Other	1	0	▲1	▲1	0	+1
Total	1,179	1,500	+321	13	70	+57

Messages from Officers

Polymers Segment



Director, Managing Executive Officer
In charge of the Polymers Segment

Masakazu Kitano

We will expand sales of high value-added products and sustainable products demanded by modern times.

Results summary and forecast for the next year

Although sales were strong in the first half of FY 2022, there was a global relaxation of supply and demand in the food packaging sector during the second half, and the packaging films that are our main products faced a difficult struggle. Demand declined steeply and sales fell centered on the industrial film, functional plastic, and electrical and electronics sectors. Revenues were also affected by the high prices of raw materials and fuel, combined with the weak yen.

In FY 2023, we expect an easing of inventory adjustments in the food packaging sector, and a recovery in domestic automobile production. As a result, we are forecasting a recovery in sales of packaging films and engineering plastics. We are expecting sales of industrial films and functional plastics to recover beginning from the second half of the fiscal year.

> For FY 2022 results, see pp. 47–48.

Medium and long-term strategies

A look back at the previous medium-term management plan (FY 2020 to 2022)

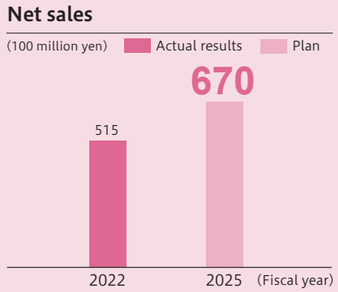
There was large growth in sales of high value-added products, such as “Emblem HG”, “Unipeel”, and “Uniamide”. Sales of products that contribute to the reduction of environmental impacts also grew, such as environmentally friendly food packaging films that use recycled chemical raw materials, and our “XecoT” highly functional plastic made using raw materials derived from plants. However, the effects of the COVID-19 pandemic produced delays in increasing nylon film production capacity in Indonesia, and the drop in demand in the region resulted in declining revenue at PT. Emblem Asia.

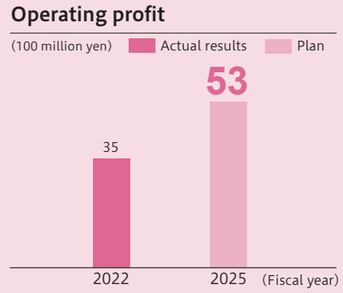
New medium-term management plan (FY 2023 to 2025)

In the new medium-term management plan, our efforts are focused on expanding sales of high value-added products and sustainable products, and on promoting global business development.

One typical example of high value-added products and sustainable products is our packaging barrier film. It contributes to food safety and security, while also helping reduce food loss and waste. “U-Polymer” polyarylate resin is a super engineering plastic which Unitika was the first in the world to industrialize. With continuing advances such as development for optical lenses and camera modules, and achieving a low coefficient of linear expansion that is comparable to aluminum, we expect sales to grow in the future. We are working to expand production of recycled chemical products in order to meet surging demand.

As part of promoting global business development, we have already started operation of new film equipment in Indonesia, and completed renovations for new barrier film. We are also reinforcing the supply system for “Emblem HG” barrier film in Japan. In the field of packaging films, we have two production sites in Japan and Indonesia. We are planning to expand exports to China, Europe, the US, and other regions, and will reinforce our sales systems in these countries and Thailand. In the plastics business, we are aiming to expand sales for electrical and electronic applications centering on Asia.





Promotion of sustainability

We are focusing on the development of materials that can contribute to the “three types of living.” We will continue developing products that can contribute to the global environment, including food packaging films that not only contribute to food safety and security, but also to reducing food loss and waste and reducing CO_2 emissions, and highly functional plastics with lighter weights and superior thermal conductivity, as well as plastics which do not use organic solvents and can be used without coating or painting.

We are also putting efforts into training and educating personnel responsible for research and development, for overseas production and technical development, and for formulating and implementing sales strategies for overseas companies.

Message to stakeholders

We will accelerate our development of materials that can contribute to reducing environmental impact in order to continue being a company that is friendly to people and the environment in the future. By creating and providing films and plastics that support growth in the semiconductor and high-speed communications fields, and materials that are on the leading edge of innovation, we will make broad contributions to society and achieve sustained growth.

“Emblem HG” barrier film—making long-term storage of food products possible

Packaging barrier films are able to preserve wrapped food products for prolonged periods without harming their flavor, color, or other aspects of quality, and contribute not only to food safety and security but also to reducing food loss and waste. Generally, refrigerated storage is used when storing food product for long periods. This requires large amounts of energy.

However, “Emblem HG” barrier film allows for long-term storage at room temperature using a retort treatment, and can reduce the amount of energy used compared to refrigerated storage.



Messages from Officers

Performance Materials Segment



Managing Executive Officer
In charge of the Performance Materials Segment

Hirokazu Taketoshi

We are focusing on further increasing the added value of the products that make us stand out, and on accelerating global development.

Results summary and forecast for the next year

In FY 2022, geopolitical risks began to manifest as a result of the Russian invasion of Ukraine, and this resulted in soaring raw material costs. With the end of the COVID-19 pandemic in sight, there were inventory adjustments during the second half of the year, and sales slowed in all business areas. In particular in the electrical and electronics sector, there was a sharp drop in sales, and we were thrust into a difficult situation.

While the forecast for FY 2023 calls for a recovery in the construction, urban infrastructure, industrial, and mobility sectors, a recovery in the electrical and electronics sector is expected to occur in the second half of the year. We expect to raise prices to cover the higher costs of raw materials—something that had been delayed before. Utility costs will continue to rise, and achieving profitability will remain difficult. We expect that time will be required to achieve a recovery in results.

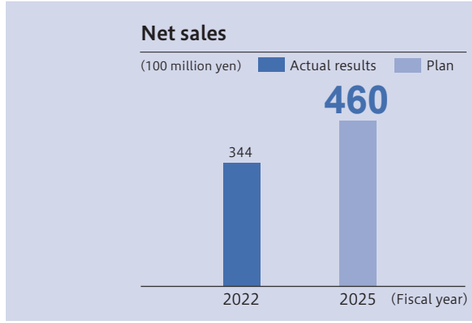
> For FY 2022 results, see pp. 47–48.

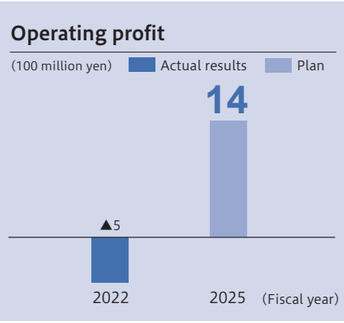
Medium and long-term strategies

A look back at the previous medium-term management plan (FY 2020 to 2022)

While the COVID-19 pandemic generated demand for products such as masks and protective clothes, there were large negative effects from the reduced flows of people, and there was a large drop in demand for anti-perspiration sheets and other products in the construction, civil engineering, and daily products sectors, so we did not achieve our target for net sales.

In particular in the nonwoven fabric and industrial fiber polyester businesses, the prices of raw materials began rising in FY 2021, and continued to rise in FY 2022 with the Russian invasion of Ukraine and the weak value of the yen, leading to large increases in costs.





Our efforts to raise prices to cover these costs could not keep up with the pace of cost increases, and we failed to reach our target for operating profits as well.

For activated carbon fiber, glass fiber, and glass beads, we achieved our objectives for marketing and sales of new products in the electrical and electronic sector and other fields that we were targeting. We also carried out planned preparations for investment directed at the new medium-term management plan.

In the nonwoven fabric sector, the results were far below the plan for the Thai Unitika Spunbond Co., Ltd. (TUSCO) product spunbond. We have already shifted to sales focused on profitability, and the effects are starting to become visible. In Japan, we failed to reach targets for cultivating new sales channels and expanding sales of high value-added products, and there remain issues to be addressed.

For spunlace, demand declined due to the effects of the COVID-19 pandemic, and the target was not achieved. A rapid review of the sales and development of new applications and new products is an urgent issue, and we will formulate measures to address this in FY 2023.

In the area of industrial fiber, sales proceeded according to the plan for nylon hollow fiber membranes and short-cut cotton that are used as supports for water treatment membranes. We have decided to invest in an increase in production, and are working to develop new products in parallel with this. Ultra-high-strength polyester filament yarns faced large manufacturing loss due to aging equipment. We will undertake equipment investment in FY 2023 and work to make improvements.

New medium-term management plan (FY 2023 to 2025)

Matters addressed in the new medium-term management plan include "further increasing the added value of the products that make us stand out," "promoting global business development," and "improving profitability through structural innovations." The products that make us stand out include activated carbon fiber filters for highly functional product applications, support materials for highly functional nonwoven fabric and industrial fiber filters, special glass fabric with low dielectric constants and low thermal expansion in the glass fiber electrical and electronics sector, and industrial fiber nylon hollow fiber membranes. We will work actively to expand sales of these products.

For global development, we will work toward expansion of global sales of activated carbon fibers for VOC gas adsorbing sheets in water purifier and automobile applications, as well as the nonwoven fabrics that are produced in Thailand.

For the polyester fibers in the industrial fiber business where profitability has been declining, we will carry out countermeasures for aging equipment, and enact measures to improve productivity and reduce costs, aiming to improve profitability.

Promotion of sustainability

We aim to contribute to the sustainability of society through our business. We will expand sales of glass fibers in order to realize "convenient and comfortable living." As part of our corporate activities in coexistence with the environment, we are now introducing equipment to reduce the amount of industrial waste generated in manufacturing processes that needs to be disposed of outside the plants. This will not only reduce waste but also reduce manufacturing costs.

Message to stakeholders

When formulating the new medium-term management plan, the concept was not simply a conventional increase in revenue. Instead, we incorporated the new perspective of SDGs. We once again recognized that contributing to the realization of a sustainable society by connecting people's lives and technology through our business activities will lead to the continued survival of our company.

To not be left behind by the times, we will steadily carry out innovations in our business structure as we aim to achieve the targets of the new medium-term management plan.

Messages from Officers

Fibers & Textiles Segment



President, Representative Director
Unitika Trading Co., Ltd.

Katsuhide Kyunai

We are aiming to achieve profitability through sales of environmentally friendly materials and functional materials, and through fundamental measures to address unprofitable business areas.

Results summary and forecast for the next year

FY 2022 saw a recovery in sales of uniforms, ladies' apparel, and other products over the period of the COVID-19 pandemic. However, we often import processed fiber and textile products from overseas, so the negative effects of the weak yen were felt more than in other businesses. Although we carried out revisions to product prices, the lead time from contract to product delivery is long and the effects of these revisions did not manifest during the fiscal year, which increased our operating losses.

In FY 2023, we expect the delayed effects of the price revisions to become visible, and to see higher net sales and operating profit, however we expect to continue running an operating loss.

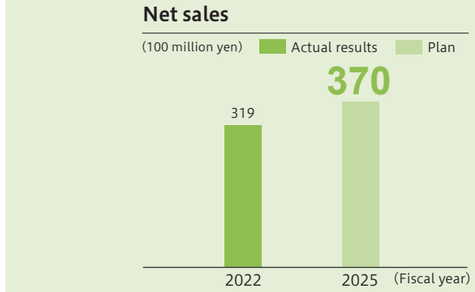
> For FY 2022 results, see pp. 47–48.

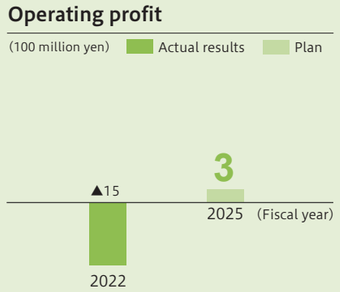
Medium and long-term strategies

A look back at the previous medium-term management plan (FY 2020 to 2022)

Although there was an increase in net sales in the garment sector, there were large increases in import costs and other costs in each process of the supply chain. We were unable to cover these cost increases with price revisions, and the operating loss grew. We have positioned sales of environmentally friendly materials, accelerating alliances such as our collaboration with Shikibo Ltd., and expanding global business as our three primary areas of focus, however we are only partway along the path to these goals.

Costs at our company's plants rose as a result of soaring raw material and fuel prices, and this remains a large issue to be addressed.





New medium-term management plan (FY 2023 to 2025)

We will aim to achieve profitability in the final year of the new medium-term management plan. We will carry out cost reductions and raise prices to cover costs and will complete structural improvements in unprofitable business areas. Our three main focuses in the previous medium-term management plan will be continued, and we will focus our efforts on functional materials that combine technologies from the uniform and sports areas.

Promotion of sustainability

Among the approaches to the "three types of living" that are the Group mission, I believe that contributing to SDGs by realizing living in coexistence with the environment is of particular importance in order to achieve sustained growth in this segment. Unitika Trading Co., Ltd is the core company in this segment, and we are working to accelerate the pace of establishing technologies and developing products that use environmentally friendly functional materials that reduce impacts on the global environment and enhance people's lives. In FY 2023, we are planning to begin sales of "Palpa made with Kapok", a product which combines the kapok plant that is indigenous to Indonesia with our company's original "Palpa" technology.

We will continue to develop products such as the medical protective clothes and infection protective clothes which support people working on the frontlines of medicine and nursing care.

Message to stakeholders

We faced difficult conditions in this segment as a result of high raw material and fuel prices and the weak yen. We will persevere and steadily carry out measures including reviewing unprofitable business areas, developing environmentally friendly and functional materials, promoting sales, and strengthening the global sales system and supply chain.

We will work to achieve profitability within the period of the new medium-term management plan, and to be a company that is continually chosen by the stakeholders.

Development of sustainable materials in the Fibers & Textiles segment

- **Environmentally friendly "Z-10"** : Stretch fiber. Made environmentally friendly with the use of up to 50% recycled PET (50% virgin PET).
- **"SyLPH KF"** : Lyocell material for innerwear. We process raw Lyocell fibers obtained from wood pulp using our original technology to reduce fuzzing. This helps them maintain their original conditions even after repeated washing.
- **Environmentally friendly "Palpa"** : A special multi-layer yarn for shirts and uniforms. In addition to eco-friendly version of "Palpa", which uses recycled polyester in the core, our lineup includes "Palpa" x "Terramac" which uses polylactic acid derived from plants.
- **Nylon56 spun fiber and its fabric** : A nylon staple fiber containing 45% biomass polymerized with a plant-derived monomer. It features superior moisture absorption and great colors, and a unique feeling of tension.

Sustainability

Our policies for sustainability and Priority issues

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

We have been working to resolve the eight priority issues under these sustainability policies. The three priority issues related to business, which we have set as priority issues associated with our products' values, are precisely the Group mission for realizing our long-term vision. We are striving to resolve these issues by providing products that protect people from disasters and accidents, crime, damage to health and other incidents, products that are compatible with digitalization and diversifying lifestyle habits, and products that help reduce CO_2 emissions, conserve resources, and prevent environmental pollution.

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

Process for Formulation of Priority Issues

In specifying the priority issues, first we listed the initiatives the Unitika Group is already working on to achieve a sustainable society. Then we referred to the SDGs goal targets and the GRI Standards, and listed the initiatives to tackle going forward.

After grouping these initiatives, we identified as issues those initiatives we should achieve by the SDGs target year of 2030.

We then verified the risks and opportunities of each of these issues and their positioning on the value chain, and narrowed down the important items. Finally, we organized these items on a matrix along two axes, one for their importance to stakeholders and the other for their importance to the Unitika Group, and then specified the priority issues (materiality).

We also set four items as basic matters underlying the priority issues. These items have been approved at a management meeting.

Sustainability Committee

In December 2021, we established the Sustainability Committee as an organization for overseeing our actions going forward in order to achieve the Unitika Group's priority issues and the corresponding indexes (KPIs) and target values.
The committee chairman is the Representative Director and President, Chief Executive Officer. The top management of each department, such as officers in charge of each segment, also participate in the discussions as committee members, so that we can move forward with our initiatives at a companywide level.

The details of the discussions at the Sustainability Committee are reported to and approved by the Board of Directors. The committee members oversee all activities, and also take the lead in driving forward initiatives as KPIs managers.

■Goal:

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

■Members (8):

President (Committee Chairman), Director (in charge of the Personnel & General Affairs Department and Sustainability Promotion Office), Director (in charge of the Polymers Segment), Director (in charge of the Legal & Compliance Department, Corporate Planning Department, and Procurement & Logistics Department), Executive Officer (in charge of the Performance Materials Segment), General Manager of Technology Management Division, General Manager of Global Business Promotion Division, President of Unitika Trading (in charge of the Fibers & Textiles Segment)

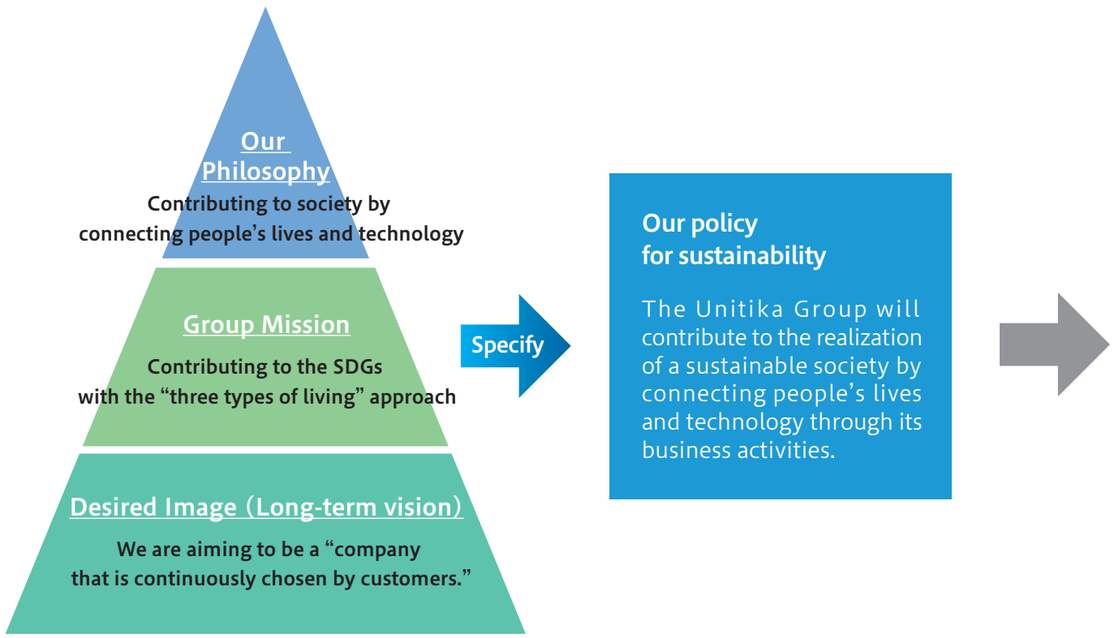
■Frequency of meetings:

Once a year or more

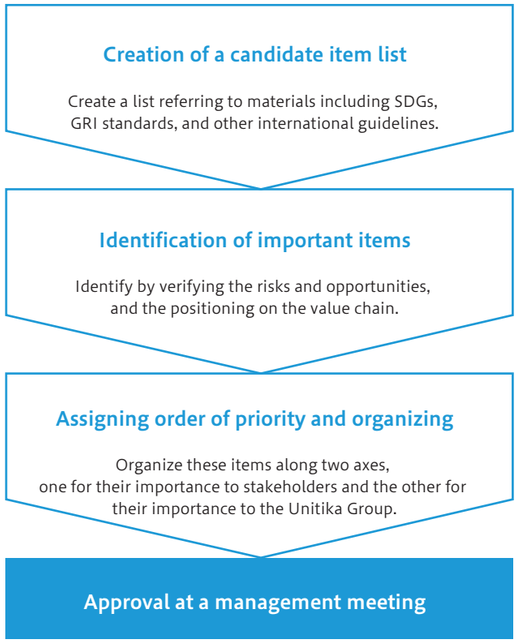
■Contents of discussions:

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

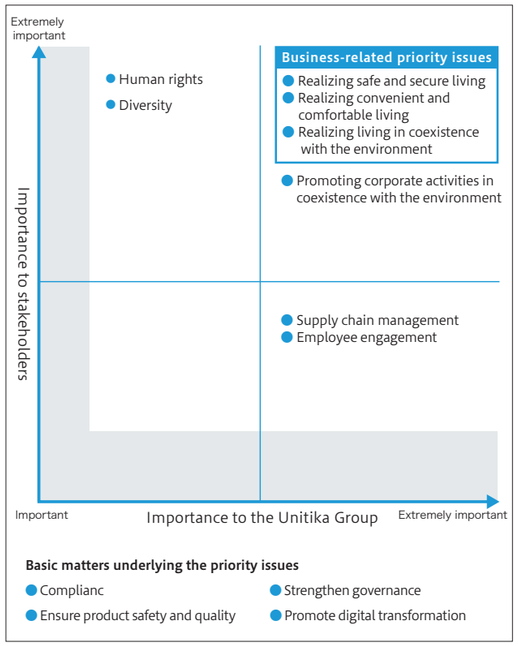
The sustainability policy of the Unitika Group



Priority issue specification process



Priority issue matrix



Priority issues (materiality) and KPIs

In July 2021, we formulated the KPIs for our priority issues. At the Sustainability Committee held in July every year, we check the progress of our initiatives, review the measures being implemented, and take additional action as required.
The new medium-term management plan G-STEP30 2nd that was announced in May 2023 organizes the priority issues from the perspectives of Prosperity, Planet, and People.

	Priority issues	Responsible person	KPIs	FY 2022 actual results	FY 2025 targets	FY 2030 targets	Relevant products and measures	Relevant SDGs	Renewal month/year
Prosperity	Realizing safe and secure living	**Masakazu Kitano** Director, Managing Executive Officer In charge of the Polymers Segmen **Hirokazu Taketoshi** Managing Executive Officer In charge of the Performance Materials Segment **Katsuhide Kyunai** Managing Executive Officer Officer in charge of Government Supplies Department and President, Representative Director of Unitika Trading Co., Ltd. In charge of the Fibers & Textiles Segment **Minoru Fujii** Senior Executive Officer General Manager of Technology Management Division	Net sales of materials that contribute to the SDGs with the "three types of living"	1.0 times relative to FY 2019 level	1.6 times relative to FY 2019 level	2.6 times relative to FY 2019 level	・Overseas development of food packaging barrier films ・Marketing of materials for natural disaster prevention/response		Enacted in July 2022
	Realizing convenient and comfortable living						・Entry into the market for digital related materials ・Expanding sales of materials related to semiconductors ・Expanding sales of water purification filters		
	Realizing living in coexistence with the environment						・Use of recycling within plants and a mass balance approach ・Developing the market for environmentally friendly food packaging films		
Planet	Promoting corporate activities in coexistence with the environment	**Minoru Fujii** Senior Executive Officer General Manager of Technology Management Division	CO_2 emissions (All domestic Group companies)	26% reduction relative to FY 2013 level	24% reduction relative to FY 2013 level	46% reduction relative to FY 2013 level	・Install energy-saving equipment ・Studies for the introduction of credits		Enacted in July 2021
			Amount of industrial waste disposed of outside the plants (All domestic Group companies)	11% reduction relative to FY 2019 leve	8% reduction relative to FY 2019 level	10% reduction relative to FY 2019 level	・Introduce equipment for reducing industrial waste ・Strengthen recycling of industrial waste		Enacted in July 2021
People	Human rights	**Eiji Sumi** Director, Managing Executive Officer In charge of Personnel & General Affairs Department and Sustainability Promotion Office	Implementation rate of human rights-related education (entire Group, including overseas companies)	93% (domestic)	20% (Implemented once throughout the entire Group over five years)	20% (Implemented once throughout the entire Group over five years)	・Unitika Human Rights Policy		Enacted in July 2022
	Employee engagement	**Minoru Fujii** Senior Executive Officer General Manager of Technology Management Division	Number of accidents causing lost work time (All domestic Group companies)	5	0	0	・Strengthen the intrinsic safety of manufacturing equipment ・Review utilities		Enacted in July 2021
		Eiji Sumi Director, Managing Executive Officer In charge of Personnel & General Affairs Department and Sustainability Promotion Office	Certification as an Excellent Health and Productivity Management Organization (Unitika Ltd. and some Group companies*)	Acquire certification	Acquire certification	①Acquire certification ②White 500	・Unitika Health Management Declaration		Enacted in July 2021
	Diversity	**Eiji Sumi** Director, Managing Executive Officer In charge of Personnel & General Affairs Department and Sustainability Promotion Office	Ratio of women at the management level (entire Group, including overseas companies)	5.4%	8%	20%	・Unitika Diversity Management Policy		Revised in December 2021
			Ratio of female new recruits working at the head office (Unitika Ltd.)	29%	30%	30%			Enacted in July 2022
			Implementation of annual review of the pools of core human resources (Unitika Ltd.)	53% (Unitika Ltd. and some Group companies*)	50%	50%			Enacted in July 2022
			Response rate of CSR procurement survey (Main business partners and clients)	—	100%	100%			Enacted in January 2023
	Supply chain management	**Tsunetoshi Matsuda** Director, Senior Executive Officer In charge of Legal & Compliance Department, Corporate Planning Department, and Procurement & Logistics Department	CSR procurement survey	87%	80%	80%	・Purchasing Policy ・CSR procurement survey		Enacted in July 2021

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

E Environment

Environmentally Friendly Materials

Biomass Materials

“Castlon”

“Castlon” is a 100% biomass material of environmentally-friendly polyamide (nylon 11), which is made from castor oil (ricinoleic acid) extracted from the seeds of the non-edible castor oil plant (ricinus). It is a lightweight material with excellent wear resistance. This makes “Castlon” suitable for use in various applications including sportswear, outdoor wear and other clothing materials, as well as materials for shoes.

Unitika is also helping to improve poverty among the local farmers who grow the castor oil plants (used to produce “Castlon”) in the Indian state of Gujarat, which has mostly barren land due to little rainfall after an extremely short rainy season.



Eco-bag made using “Castlon”

“Terramac”

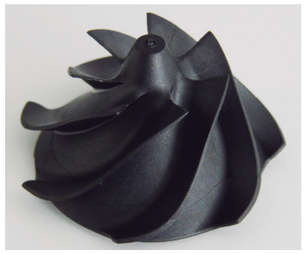
“Terramac” is a biomass material made using polylactic acid (PLA), which is made from plant-derived sugars. It has a wide range of applications including in tea bags, etc. The raw material of “Terramac” is PLA, which is a biodegradable plastic that decomposes into water and carbon dioxide in the natural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



Tea bags made from “Terramac”

“XecoT”

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



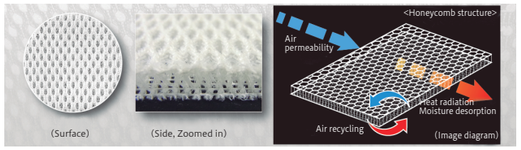
Impeller made using “XecoT”

Energy-Saving Materials

Three-dimensional knitted textile

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

Structure of three-dimensional knitted textile



“Thermotron RadiPoka”

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



E Environment

Medium-Term Environmental Plan

Ninth Medium-Term Environmental Plan (FY 2021 to FY 2022)

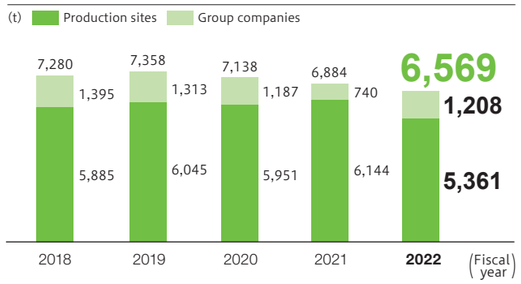
The volume of processed industrial waste products and CO_2 emissions from energy generation that have been managed in the Medium-Term Environmental Plan so far have also been managed as KPIs of priority issues in the Sustainability Plan of the medium-term management plan. Accordingly, in FY 2023, we reset the period of the new Tenth Medium-Term Environmental Plan to be the same as the period of the medium-term management plan, and also linked the targets with the KPIs for easier management. The actual results of FY 2022 are evaluated based on the Ninth Medium-Term Environmental Plan.

KPIs of Priority Issues (Materiality)

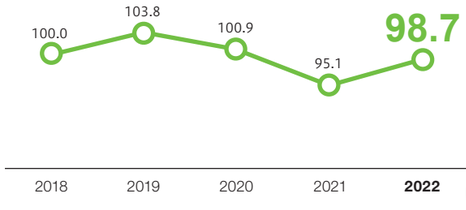
Amount of industrial waste disposed of outside the plants (All domestic Group companies)

FY 2030 target: 6,621 t
(10% reduction relative to the FY 2019 level)
FY 2022 actual results: 6,569 t
(11% reduction relative to the FY 2019 level)

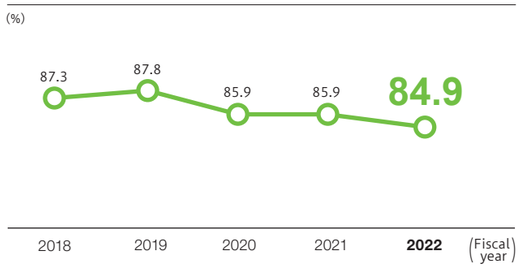
Volume of processed industrial waste products



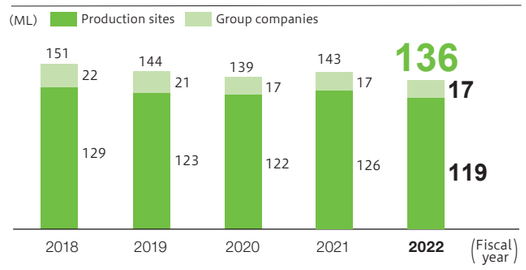
Improvement of specific energy consumption (SEC) (index of FY 2018 as 100)



Rate of recycling



Energy consumption volume (crude oil equivalent)



Ninth Medium-Term Environmental Plan (FY 2021 to FY 2022)

Issues	Reference FY	Baseline values	Target values	Improvement targets for each reference FY	FY 2022 actual results	Evaluation results
Reduction of the amount of industrial waste disposed of outside the plants	FY 2019	7,358t	7,063t	3% reduction	6,569t	Achieved
Improvement of recycling rate	FY 2019	88%	89%	1 point improvement	84.9%	Not achieved
Reduction of energy consumption volume	FY 2018	151ML	142ML	5% reduction	136ML	Achieved
Improvement of specific energy consumption (SEC)	FY 2018	0.759 L/kg	0.736 L/kg	3% improvement	0.749 L/kg	Not achieved
CO_2 emissions reductions	FY 2015	489kt/yaer	220kt/yaer	55% reduction	263kt	Not achieved

E

Environment

Climate Change

Disclosure Based on the TCFD Recommendations

Governance

At least once a year, the Unitika Board of Directors receives a report from the Sustainability Committee on sustainability -related matters including actions for climate change. The Board of Directors also monitors the progress status of the KPIs of Unitika Group's priority issues, and incorporates the findings into the medium-term management plan.

Strategies

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

Identifying Risks and Opportunities

We have identified the main short-, medium- and long-term risks and opportunities in the Unitika Group that are related to climate change, and organized them in the table below. This fiscal year we have identified the relevant risks and opportunities common to all businesses, as well as identifying the unique risks and opportunities of the lifestyle and safety areas that are the main applications of products in the Polymers segment, which is one of the three segments of the Unitika Group.

Risks & Opportunities/Financial Impact/Main Action Category

Category	Cause		Businesses impact	Financial impact	Main action	＊1 Time axis	＊2 All	＊3 Polymers /Lifestyle
Transition risks	Regulation	Strengthening of GHG emissions regulations	Rise in the prices of energy and raw materials due to the introduction of carbon pricing	Increase in operating costs Increase in procurement costs	Make the manufacturing process more efficient Reduce total greenhouse gas emissions Consider the use of renewable energy	Medium term	●	
		Strengthening of regulations on processing waste products	Decline in laminated products	Decrease in sales	Develop environmentally -responsive materials Set up a system for processing	Medium term		●
	Market	Development of a circular economy and decarbonized society	Decrease in the demand for Unitika products due to the switch to a low-carbon consumption style (returnable containers, etc.) and a fall in the demand for materials with a substantial environmental impact	Decrease in sales	Develop businesses and new products that contribute to realizing living in coexistence with the environment	Medium term		●
	Technologies	Development of a circular economy and decarbonized society	Increase in the burden to develop environmentally-responsive (circular economy) technologies	Increase in research and development costs	Make the processes to develop technologies more efficient	Medium term	●	
	Evaluation	Changes in evaluation in the market	Decline in corporate value due to a worsening brand image, and exclusion from investment targets	Increase in capital costs	Enhance information disclosure Formulate a long-term environmental roadmap	Long term	●	
Physical risks	Acute	Increase in climate-related disasters (floods and droughts, etc.)	Disaster-related damage to the Unitika Group's plants	Increase in recovery and restoration costs	Carry out risk management and a planned response Implement disaster readiness training	Short term	●	
			Suspension in the delivery of raw materials and parts, etc. due to disaster-related damage to the plants of business partners	Decrease in sales		Short term	●	
	Chronic	Increase in climate-related disasters	Rise in insurance costs due to a global increase in insurable events and related claims	ncrease in insurance costs		Long term	●	
Opportunities	Products and services	Development of a circular economy and decarbonized society	Increase in demand for biomass-derived materials and recycled materials	Increase in sales	Develop new products and strengthen measures to expand sales	Medium term		●
			Increase in demand for products that contribute to a reduction in food loss and waste (gas barrier films, etc.) Increase in sales	Increase in sales		Medium term		●
			Strengthening of subsidized businesses associated with the development and implementation of environmentally-responsive materials	Decrease in capital costs	Utilize various subsidized businesses	Short term	●	

*1 Time axis (period until the risks and opportunities manifest) Short term: Around 2025 Medium term: Around 2030 Long term: Around 2050
*2 All (common risks and opportunities in all segments)
*3 Polymers/Lifestyle (risks and opportunities unique to the lifestyle and safety areas that are the main applications of products in the Polymers segment)

Implementation of Scenario Analysis

We analyze the set scenarios of (a rise in the global average temperature of) below 2°C and 4°C on themes in the list of climate-related risks and opportunities that are evaluated as being of high importance for the Unitika Group, taking into consideration the impact on businesses, relevance to business strategies, and interest level of stakeholders, etc. Listed below are the results of a scenario analysis review. We also recognize the physical risks of a 4°C scenario as mainly being floods and droughts, etc. We will continue to verify and evaluate these risks.

Scenarios Used

	Set scenarios (of a rise in the global average temperature)
Below 2° C	・IEA WEO 2022 APS ・Various materials, such as SSP 1-2.6 and RCP 2.6
4° C	・IEA WEO 2022 STEPS ・Various materials, such as SSP 5-8.5 and RCP 8.5

IEA : International Energy Agency
WEO : World Energy Outlook
APS : Announced Pledges Scenario
STEPS: Stated Policies Scenario
SSP : Shared Socio-economic Pathways
RCP : Representative Concentration Pathways

Scenario Analysis ① (Opportunities) Increase in Demand for Recycled Plastics

<Impact Assessment>
As for the volume of petroleum used in the chemical sector in a below 2°C scenario, although the amount used for fuel is expected to decrease, the amount used for plastic raw materials is assumed to increase as per in the 4°C scenario. In either scenario, the demand for plastics derived from petroleum resources is forecast to continue going forward. Also within this, the volume of recycled plastics used is expected to increase in either scenario of below 2°C and 4°C, with a particularly large increase anticipated in the below 2°C scenario. As the move toward a circular economy and decarbonized society progresses, the demand for recycled plastics is forecast to increase going forward.
<Action Strategies>
In addition to the traditional businesses of fibers and resins, we are strengthening the food packaging films "Emblem CE" and "Emblet CE," which are made using recycled materials obtained from chemical recycling and materials recycling methods.

Scenario Analysis ② (Opportunities) Increase in Demand for Products that Contribute to a Reduction in Food Loss and Waste

<Impact Assessment>
The overall global demand for food is expected to rise going forward, and the issue of food loss and waste is anticipated to become increasingly important.
As for trends in the reduction of food loss and waste, the Food and Agriculture Organization of the United Nations (FAO) monitors the ratio of food loss and waste worldwide.
The Sustainable Development Goal (SDGs) 12.1 of "Ensure sustainable consumption and production patterns" has set the target 12.3 of "By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses."
As society strives to achieve the SDGs, the demand for products that contribute to a reduction in food loss and waste is expected to keep rising going forward.
<Action Strategies>
As we accelerate the development of high value-added products such as the barrier nylon film "Emblem HG", we are also strengthening the expansion of sales in overseas markets where the issue of food loss and waste is anticipated to become increasingly important.

Risk Management

In 2020, the Unitika Group launched the Sustainable Business Promotion Project, which comprises all members of top management in the departments, including officers in charge of each segment. These members evaluate issues along two axes on a matrix, one for their importance to stakeholders and the other for their importance to the Unitika Group. They then identify the priority issues, and categorize them into risks and opportunities. One of these priority issues is to "promote corporate activities in coexistence with the environment," which also includes climate change-related risks. The Sustainability Committee evaluates the reasonableness of these risks as required, and reports to the Board of Directors on newly identified risks, including those related to climate, if they are determined to be important.

Indexes and Targets

In 2021, the Unitika Group established indexes and targets for priority issues. The Unitika Group recognizes CO_2 emissions as a climate change-related risk, and we are using the CO_2 emissions from all domestic production sites (Scope 1 and Scope 2) as an index for this risk. We are aiming for net zero carbon emissions by FY 2050, with the target of a 46% reduction (relative to the FY 2013 level) in CO_2 emissions by FY 2030. We will also start calculating CO_2 emissions from overseas production sites and Scope 3 CO_2 emissions from the supply chain (excluding Unitika), as we strive to make further reductions in CO_2 emissions.

E

Environment

Climate Change

CO_2 Emissions Reductions

Basic Concept & CO_2 Emissions Reductions Activities

The Unitika Group has been carrying out environmental preservation activities for over 50 years, with the action guidelines of making sure there is no harmful impact on the global environment during the manufacture of our products. From early on, Unitika has been focusing on reducing greenhouse gas emissions, such as by being a leader among other companies in installing a gas cogeneration system in our production sites (FY 2004 at the Uji Plant, and FY 2006 at the Okazaki Plant).

We have also set yearly reduction targets in the Medium-Term Environmental Plan, which we keep in mind as we continue with our reduction activities. In July 2021, we set a FY 2030 target in the Sustainable Business Promotion Project of a 46% reduction in CO_2 emissions (Scope 1&2) from all domestic production sites relative to the FY 2013 level. We are aiming for net zero carbon emissions by 2050. The Sustainability Committee manages the progress of measures for CO_2 emissions reductions, and reports its findings to the Board of Directors.

Reduction of CO_2 Emissions Related to Business Activities (Scope 1&2)

Every year, the Unitika Group calculates and reports on the following CO_2 emissions: Scope 1, which are direct CO_2 emissions from the use of gas and other energy sources at Unitika production sites; Scope 2, which are indirect CO_2 emissions from the use of electricity, heat, and steam supplied from other companies.

In FY 2022 we expanded the types of greenhouse gases for calculation to include non-energy-derived greenhouse gases (6.5 gas) in Scope 1. We also recalculated all data since FY 2013 to include non-energy-derived greenhouse gases, and we amended the actual standard value and target value of the KPI of CO_2 emissions to values that include non-energy-derived greenhouse gases. We have kept in place the FY 2030 target of a 46% reduction in CO_2 emissions (Scope 1&2) from all domestic production sites relative to the FY 2013 level.

The CO_2 emissions of all domestic production sites (including the head office and business offices) in FY 2022 was 263 kt-CO_2e in total for Scope 1 and Scope 2. The reduction rate with FY 2013 as the standard year, which is the same as the current government target, is 26%. We are moving ahead with various measures, including updating energy-saving equipment, as we work toward achieving the 46% reduction target.

The CO_2 emissions of all overseas production sites in FY 2022 was 63 kt-CO_2e in total for Scope 1 and Scope 2. The reduction rate, with FY 2018 as the standard year, is 8%.

KPIs (FY 2030 targets) of Priority Issues (Materiality)
CO_2 emissions (All domestic Group companies)*

FY 2030 target: 193 kt-CO_2e
(46% reduction relative to the FY 2013 level)
FY 2022 actual results: 263 kt-CO_2e
(26% reduction relative to the FY 2013 level)

* Includes non-energy-derived greenhouse gases.

CO_2 Emissions (Scope 3) from the Supply Chain (excluding Unitika)

In FY 2022, we started calculating the CO_2 emissions of Scope 3*. The organizational scope in Unitika Ltd. is calculations done for nine out of the total 15 categories. The organizational scope is Unitika Ltd., and calculations were done for nine out of the total 15 categories. The result confirmed emissions of 586 kt-CO_2e.The details are published on the Unitika Website.

*1 This is the total of CO_2 generated from the supply chain (from the procurement of raw materials to the disposal of final products) related to Unitika's businesses, excluding Scope 1 and Scope 2.

Reduction of CO_2 Emissions in Logistics

Unitika undertakes a variety of efforts to reduce the environmental impact associated with the delivery and emission of raw materials, products, waste, and other materials. These include promoting the shift of cargo transportation modes to more environmentally-friendly methods (modal shifts), and streamlining transportation to improve efficiency. As a specified consignor, Unitika reported 53,672 kt-km of freight and 19.0 kt of CO_2 emissions (28% reduction relative to the FY 2013 level) to the government in FY 2022. Unitika will strive for eco-friendly logistics within the whole group by implementing a variety of practices. These include but are not limited to: expanding the use of trains, promoting idle stops, and the use of ecological tires.

TOPIC **Unitika Glass Beads Co., Ltd. acquires the S (excellent energy saving) rating for the fourth consecutive year, in the Business Operator Classification Evaluation System of the Energy Saving Act**

The Ministry of Economy, Trade and Industry has awarded Unitika Glass Beads Co., Ltd., a general manufacturer of glass beads, the S (excellent energy saving) rating for the fourth consecutive year for its actual results from FY 2018 to FY 2021, in the Business Operator Classification Evaluation System (SABC Evaluation System) of the Act on Rationalizing Energy Use (Energy Saving Act). All employees will continue working together on energy-saving effortsgoing forward, as a business operator (that achieves its targets) with excellent energy-saving initiatives.

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

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



S

Society

Human Capital

Human Rights

Unitika Human Rights Policy

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

Implementation of Human Rights-related Education

Under the idea that "UNITIKA shall manage itself in such a way that the human rights of all people are respected," as specified in the Unitika Group Charter of Corporate Behavior, the Unitika Group is working towards human rights awareness by setting up a human rights awareness promotion organization and conducting in-house human rights training for our employees including the Representative Director and President, Chief Executive Officer, executives, and the presidents of Group companies. We have set up support desks at our production sites and Group companies for consultations on sexual harassment, power harassment, maternity harassment, and other forms of harassment related to pregnancy, childbirth, child-rearing and nursing care, with the aim of raising the level of awareness and recognition of our employees. We will carry out human rights education as appropriate, and familiarize Unitika employees in Japan and overseas with the Unitika Human Rights Policy so that they will have a deeper understanding of respecting the human rights of all stakeholders.

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

Implementation rate of human rights-related education (entire Group, including overseas companies)

FY 2030 target: 20% (implemented once throughout the entire Group over five years)
FY 2022 actual result: 93% (domestic)

Human Rights Due Diligence

At Unitika Trading Co., Ltd, which is a core company in the Fibers & Textiles segment, we have identified the human rights-related risks in the garment fibers supply chain, and have set up due diligence mechanisms to reduce and respond to those risks. We identify the Unitika Group's negative impacts on human rights in society, and correct and lessen these impacts.Based on the Guidelines for Responsible Business Conduct in the Textile and Apparel Industry published by the Japan Textile Federation (JTF) in July 2022, we have been carrying out evaluations using check lists and making the supply chain more visible. We have identified issues such as the need to understand the risks in the supply chain and the need for a complaints handling desk that can also be used by business partners and clients in the event of a human rights violation. Although we have an understanding of the positioning of the primary supply chain in the commercial distribution channels, we recognize once again the difficulty in understanding the peripheral commercial distribution channels. We will continue to take action to prevent and reduce the risks we have identified, and to correct and lessen their impacts.

Elimination of Forced Labor and Child Labor

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

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

Promote Diversity

In July 2022, the Unitika Group enacted the Unitika Diversity Management Policy. We are promoting diversity management and utilizing a variety of personnel to create new value.

Promotion of Women's Participation

Training, and Reforming the Way of Thinking

In order to promote diversity, and particularly women's participation in the workplace, we feel it is critical to reform the corporate culture. Based on this mindset, in addition to training sessions for management (including officers), we are holding career development training for women and selective training aimed at female office workers and their superiors as a part of our efforts to raise motivation and support the career development of women in the workplace. Through these continuous efforts, we will move forward with reforming the way of thinking and raising the rate of women's participation in the workplace at the management level.

S

Society

Human Capital

Recruitment, Assignment, and Training and Education

For the employment of new graduates, we have set a numerical target for the ratio of female new recruits (career position) working at the head office, and we are implementing fair recruitment activities in compliance with the Employment Selection Guidelines issued by The Ministry of Health, Labour and Welfare. We have also set up the Return Employment System so that if a full-time employee is required to leave the company for unavoidable family reasons (marriage, child-rearing, caregiving, work transfer of spouse, etc.), and later that situation changes and they are able to return to work, that person has the chance to come back and work for Unitika, based on the mutual desire of both the individual and the company.

Number and ratio of females at the management level (March 31, 2023 Unitika Ltd.)

	Number of people	Ratio (%)
Females at the management level	27	5.4

Number of new employees (FY 2022 Unitika Ltd.)

	Number of people			Ratio of females (%)
	Female	Male	Total	
Number of new employees	13	58	71	18.3
Head office employees	9	22	31	29.0
Production site employees	4	32	36	11.1
Mid-career recruits	0	4	4	0

KPIs of Priority Issues (Materiality)

Ratio of women at the management level (entire Group, including overseas companies)

FY 2030 target: 20%
FY 2022 actual result: 5.4%

Ratio of female new recruits (career position) working at the head office (Unitika Ltd.)

FY 2030 target: 30%
FY 2022 actual result: 29%

Promoting a Variety of Work Styles

Acceptance of Diversity

In the training we conduct at the time new recruits join the company and in level-specific education, we are fostering an understanding of how using diversity in Unitika can enhance the Unitika Group's power, by accepting and recognizing the individual differences among employees, including employees who are currently child rearing or caregiving, or who are recovering from an illness, have disabilities, are from overseas, identify as LGBTQ+, or are young or elderly. We are also actively accepting graduates from special-needs schools in the local communities and students from training schools as a part of our efforts to promote the employment of people with disabilities. By providing a place of employment, we are not only contributing to local communities, but also creating an environment where each individual with disabilities can demonstrate their abilities as a part of our organization and also giving employees the chance to develop an understanding of diversity.

Work-life Balance

In order to promote the balance between employees' work and private lives, we have implemented "no-overtime days" and introduced child-rearing leave, postnatal maternity leave, time off for sick/injured childcare, and time off for caregivers, all exceeding the legal requirements. For employees engaged in child rearing or caregiving and who request half-day paid leave very frequently, we have increased the maximum to 14 times (7 days) per year. We have also introduced shortened work hours for child-rearing, which is a system whereby employees with children who are 3 or older but have not completed the 3rd grade in elementary school can reduce their work time by one hour. Additionally, we are promoting the taking of child-rearing leave by male employees. And to further support a variety of work styles, we are preparing a flex-time system for some departments, as well as promoting remote work (working from home) and promoting decent work.

Ratio of taking leave for child rearing (child-rearing leave, etc.)*

	Male		Female	
	Number of people	Ratio taking leave (%)	Number of people	Ratio taking leave (%)
FY 2018	7	15.2	11	110.0
FY 2019	3	6.1	10	100.0
FY 2020	3	8.1	5	100.0
FY 2021	15	36.6	10	111.1
FY 2022	19	52.8	8	66.7

* Tally of leave taken on a FY base
Ratio of women taking child-rearing leave (%) =
(Number of female employees who have taken child-rearing leave ÷ Number of female employees who have given birth) x 100
Ratio of men taking child-rearing leave (%) =
(Number of male employees who have taken child-rearing leave ÷ Number of male employees whose spouse has given birth) x 100

KPIs of Priority Issues (Materiality)

Ratio of men taking child-rearing leave (All domestic Group companies)

FY 2030 target: 50%
FY 2022 actual result: 53%
(Unitika Ltd. and some Group companies*)

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

Human resource development and Creating a Pool of Core Human Resources

Setting Up an Education System

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

Education and Training-related Results (FY 2022)

Education investment/person (*)	31,865 yen
Education time/person	8.8 hours
Total number of participants	12,866 people
Total training time	20,843 hours

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

Personnel Training & Education and Creating a Pool of Core Human Resources

We are working on creating a pool of core human resources who will become next-generation leaders that will raise Unitika's corporate value. This includes establishing, training and educating a pool of human resources in specific levels and areas, conducting regular evaluations, formulating individual training and education plans, and aiming for a 100% implementation of annual reviews of assignments. We will set up three pools of human resources: management personnel as candidates for future management, production executive personnel as candidates for middle-ranking executives at production sites, and digital transformation (DX) personnel to promote reforms and innovations using digital technologies. We will then select personnel with the potential required in each of these pools of human resources, and train and educate them so we can create a pool of highly-engaged personnel. The management personnel pool will include the top management from domestic and overseas sites. We will select personnel based on their competence corresponding to their job responsibilities, and not be constrained by seniority and past evaluations. We will also provide opportunities for employees to attend external business schools to acquire practical business skills, and report regularly to the Representative Director and President, Chief Executive Officer on the status of appointments, transfers, and training etc. to share annual review information. We will also link the management personnel pool to the succession plan for future CEOs.

For the production executives personnel pool, we will select top-performing production site employees who have completed the on-site training for young technicians that is implemented over three years after joining the company, and also outstanding candidates for the training and education we have carried out so far to improve technical skills. In addition to OFF-JT and OJT that emphasize the technologies to solve on-site issues using QC methods and technical proficiency, we will implement programs that focus on the "people" skills required by leaders who will eventually become production executives. In the DX personnel pool, we will train and educate personnel who will reform and innovate Unitika Group's organizational culture and help us to achieve sophisticated digital transformation, as well as expand the base of IT personnel and the active participation of female employees. Using an online learning platform for continual reskilling, we will start by supporting employees' efforts to independently study about digital technologies, and ultimately create a pool of digital transformation (DX) personnel by training and educating and then selecting leaders who will drive forward work improvements and innovation and that can solve company-wide issues.

KPIs of Priority Issues (Materiality)

Implementation of annual review of the pools of core human resources

FY 2030 target: 100%
FY 2022 actual results: -

Create and Maintain an Organizational Culture & Environment

Revitalize the Organization Using CFT

In order to expand the base in IT education and cultivate a culture where diverse personnel respect each other and grow together, we will use the activities of cross-functional teams (CFTs) to break down the vertical organization structure and provide employees with a workplace that can clearly and extensively view company-wide issues. We will set applicable knowledge levels each with four levels of attainment targets for applying what students have learnt from the training and education of personnel. Level 0: Knowledge input, Level 1: From knowledge to application, Level 2: From application to making work improvements, Level 3: From work improvements to innovations. The highest Level 3 will be a program for the training and education of next-generation leaders in project teams who have the skills and capabilities to solve issues.

Personnel Evaluation System and Rotation

We have developed a range of training and education programs to enable employees to work on their personal growth while developing their careers and improving their abilities, with a high degree of motivation and an ambitious mindset. By systematically and continuously implementing these programs, we are aiming to enhance our corporate competitiveness. Unitika's personnel evaluation system is designed to provide a more accurate understanding of the roles employees expect to fulfill and clarify the targets for developing skills and capabilities, and to provide more impartial evaluations of the individuals producing the results needed to fill those roles. Employees are given yearly performance evaluations that rate them based on their competency, ability, role improvement, attainment of results, and job execution processes. They are also given twice-yearly performance evaluations in accordance with the Company's target management system. These evaluations are linked to pay raises, promotions and bonuses. We will use reliable feedback from superiors about the evaluation results to help employees develop their skills and capabilities going forward. We are also implementing a personnel rotation system to enable the career development of each employee, to create synergy among organizations, and to lead to better business opportunities and corporate performance. We are working to make the system more effective while also taking into consideration various factors such as the allocation preferences they have personally applied for.

S

Society

Supply Chain Management /Local Environmetal Improvement

Employee Engagement

The Unitika Group has set “employee engagement” as a priority issue of sustainability, and we are implementing various measures to achieve this goal.

Employees’ Health

Certification as an Excellent Health and Productivity Management Organization

In July 2022 we established the Unitika Health Management Declaration, and we are implementing Health and productivity management ®*1 under the direction of the Representative Director and President, Chief Executive Officer. In recognition of Unitika Group’s ongoing efforts to promote measures for mental health and lifestyle-related diseases, part*2 of the Unitika Group received certification as an Excellent Health and Productivity Management Organization in March 2023. We will continue to work with companies, industrial doctors, health management staff, health insurance societies and other organizations to further enhance the health management of employees, including raising the rate of participation in the specific health guidance program and lowering the rate of smoking. We are working to acquire White 500 certification by 2030, which lists the top 500 companies based on the results of health management surveys among the certified companies in the large-scale company division of the Excellent Health and Productivity Management Organization certification system.

*1. Health Management® is a registered trademark of the NPO Kenkokeiei.
*2. Unitika Ltd., Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

KPIs of Priority Issues (Materiality)

Certification as an Excellent Health and Productivity Management Organization (Unitika Ltd. and some Group companies*1)

FY 2030 target: ① Acquire certification ② White 500
FY 2022 actual result: Acquired certification

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

Mental Health Initiatives

Based on the Ministry of Health, Labour and Welfare’s “Guidelines for Maintaining and Improving Workers’ Mental Health,” we conduct mental health training both at the time new recruits join the company and when employees are promoted. We are actively working to promote the mental health of our employees. We are also conducting stress checks every year, and implementing stress relief measures for those with a check result of high stress levels, as a primary preventive measure for mental health care.

Return Support Guidelines

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

Lifestyle Disease Countermeasures

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

Infectious Disease Prevention Measures

We administer influenza vaccinations to employees at each production site, and take measures to prevent employees from developing influenza and having it progress into a serious case. During the COVID-19 pandemic, we strengthened our efforts to provide a safe and secure workplace and to ensure the continuation of business activities, such as implementing telework and taking measures to prevent the spread of infections.

Safety and Health Initiatives

At the Unitika Group, the Central Safety and Sanitation Committee is implementing health and safety activities aimed at eliminating accidents that require time off from work at all production sites and affiliates. We hold safety and sanitation managers meetings three times a year for those Group employees in charge of safety and sanitation. At these meetings, the participants share information such as the analysis of and measures for industrial accidents, initiatives to address companywide issues, and movements for revising laws and regulations. A series of accidents occurred one after the other in FY 2022, and so during that fiscal year once again we carried out general safety inspections throughout the entire Group. It will take time to see the results of these inspections though, and regrettably there have been five occurrences of accidents causing lost work time. As we aim for zero accidents causing lost work time, we will continue to strengthen safety measures while also focusing on making our equipment safer and removing equipment that is no longer needed.
our equipment safer and removing equipment that is no longer needed.

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



(Note) In FY 2023, we set the reporting range up to FY 2018 to be all main domestic production sites, and the reporting range from FY 2019 onwards to be all domestic production sites.

KPIs of Priority Issues (Materiality)

Number of accidents causing lost work time(number)

FY 2030 target: 0
FY 2022 actual results: 5

Supply Chain Management

Purchasing Policy

Unitika’s purchasing departments will engage in transparent and fair procurement practices that meet personal and community standards.
They will uphold our duty as a company to engage in responsible procurement practices, placing emphasis on CSR activities. Under our purchasing policy, we will carry out supply chain management initiatives with our business partners and clients.

Supply Chain Management

The Unitika Group has set strengthening supply chain management as a priority issue. We are familiarizing business partners and clients with our purchasing policy, while also periodically conducting CSR procurement surveys to check the situation of our business partners and clients, and working with them to improve issues in the supply chain.

In FY 2022. we conducted a CSR procurement survey on the main business partners and clients*1 of Unitika Ltd. and Unitika Trading Co., Ltd. We are currently analyzing the survey results, and talking with business partners and clients who have provided survey responses that need to be checked in particular, so that we can identify issues in the supply chain.

Survey contents (2022)

Survey targets: 199 companies*1
Number of respondents: 174 companies (87.4% response rate)
Survey contents: ① Legal compliance
② Harmony with the environment
③ Improving working environments and human rights
④ Product safety and quality assurance
⑤ Management of chemicals
Setting relevant questions from these categories

*1 Total of the business partners and clients with an 80% transaction amount in the purchasing department of Unitika Ltd., and the business partners and clients with a 72% transaction amount in the purchasing department of Unitika Trading Co., Ltd.

KPIs of Priority Issues (Materiality)

Response rate of CSR procurement survey

FY 2030 target: 80% (Main business partners and clients)
FY 2022 actual results: 87.4%

Initiatives for Preserving the Environment and Biodiversity

Unitika no Mori ("Forest of Unitika") Project

Unitika’s labor union, Unitika Union, established a volunteer fund in FY 1992 to develop a variety of domestic and international support activities. As a project that commemorates its 30th anniversary in FY 2003, Unitika Union started the Midori no Plan (‘Green Plan’) with the purpose of social contribution and environmental protection in Japan. For the Midori no Plan that spans more than 20 years, we planted Japanese chestnut oaks, konara oaks and Japanese cypresses in a 2-hectare area (approximately 2.5 acres) of mountain forest that has been named Unitika no Mori, located in Hidakagawa Town, Wakayama Prefecture. Several times a year, Unitika employees visit the site to maintain the forest by clearing underbrush and pruning branches. These activities have been officially recognized by Wakayama Prefecture as “an effort that contributes to CO_2 absorption through forestation.” It is expected to result in about 800 metric tons of carbon dioxide absorption in 100 years.

Unitika no Mori was the first “corporate forest” in Wakayama, which was a pioneer nationwide in the establishment of such corporate forests. Unitika no Mori has contributed to revitalizing the local region by such activities as continuous interaction with the local people and woodland preservation activities. In FY 2018, Unitika no Mori was awarded the Wakayama Prefecture Greening Achievement Award as high recognition of its contributions.

The Midori no Plan Season 2 started in FY 2022, and in February 2023, 25 employees planted trees at the new 2nd Unitika no Mori. A total of 543 people have participated in the project so far. We will continue with this project, and keep promoting the preservation of biodiversity and encouraging employees to be more aware of preserving and protecting the environment.



Group photo at the February 2023 Midori no Plan training session

Governance

Corporate Governance

Corporate Governance

Basic Policies

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

Structural Overview

Under the Companies Act, Unitika has adopted the system of a company with a Board of Auditors, and put in place auditors. We have also introduced a voluntary executive officer system. We divide the decision making and management supervisory (governance) functions of the Board of Directors and the business execution functions of the executive officers. In order to enhance the mobility and effectiveness of the management, we promote cooperation between the directors and the executive officers, while most of the directors also serve as the executive officers with some exceptions.

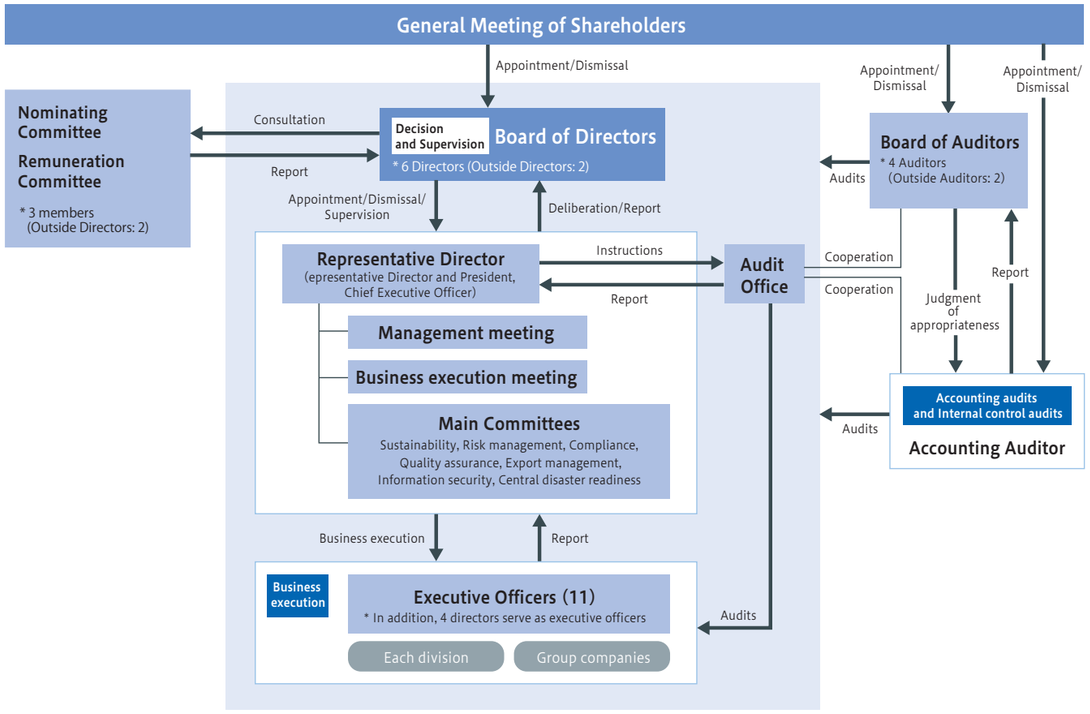
We believe that our governance system is functioning as expected by means of the establishment of a voluntary committee, an executive officer system, outside directors, and an auditor system.

Board of Directors

The Unitika Board of Directors is composed of six directors: Representative Director and President Shuji Ueno (chairman), Eiji Sumi, Masakazu Kitano, Tsunetoshi Matsuda, Minoru Furukawa (outside director), Noriko Ishikawa (outside director). The outside directors apply their respective extensive experience and broad knowledge to provide objective recommendations; this enhances the transparency and integrity of management.

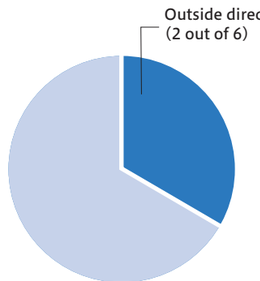
The auditors (Shigeru Sugisawa, Akio Toyoda, Tetsuaki Fukuhara (outside auditor), Makoto Sano (outside auditor)) attend the Board of Directors meetings so that they can speak up and check the decision-making process of management. The Board of Directors meetings are held once a month, and also on an ad-hoc basis as required.

Governance organizational chart

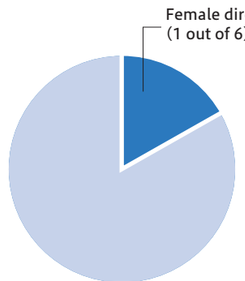


Board of Directors

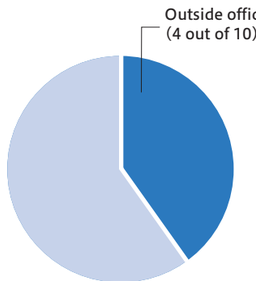
Ratio of outside directors



Ratio of female directors



Ratio of outside officers



Skills matrix

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

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

Board of Auditors

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

Governance

Corporate Governance

Nominating Committee / Remuneration Committee

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

Record of main meetings held and attendance

Meeting	Number of times held
Board of Director	17
Board of Auditors	13
Nominating Committee	3
Remuneration Committee	2
Rate of attendance of outside directors at the Board of Directors meeting	98%
Rate of attendance of outside auditors at the Board of Directors meeting	100%
Rate of attendance of outside auditors at the Board of Auditors meeting	100%

Evaluating the Effectiveness of the Board of Directors

In March 2023, Unitika conducted a survey on all directors and auditors comprising the Board of Directors. We were able to ensure the anonymity of the respondents by having them submit their answers directly to the external institutions. At the regular Board of Directors meeting held in June 2023, we analyzed, discussed and evaluated the Board of Directors, taking into consideration the tallied results from the external institutions.

The results were generally a positive evaluation of the composition, operation, management, supervision, and other functions of the Board of Directors. Subsequently, we have evaluated the Board of Directors to be effective overall.

In the previous evaluation of effectiveness, there was a shared recognition of issues such as strengthening the monitoring function of management and reviewing the training and education policies for core personnel. Since then, we have seen steady progress in efforts to address these issues, such as initiatives for the promotion of diversity as a management issue, as well as following up on management plans and implementing risk management.

There were views expressed on the ongoing strengthening of monitoring function of management and a shift to making the meetings a forum for lively discussions on management issues of the Board of Directors. Opinions were also shared on issues concerning the further enhancement of the Board of Directors' functions.

Going forward, at the Unitika Board of Directors meetings, we will take into consideration this evaluation of effectiveness and fully review the issues and then promptly take action to address them. We will also keep moving forward with initiatives to enhance the Board of Directors' functions.

Remuneration of Executive Officers

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

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

Unitika's performance-linked remuneration system targets achieving the medium-term management plan as a strong motivator. It was introduced for executive officers excluding outside directors and auditors, and calculates remuneration based on an evaluation of the achievement rate according to the current fiscal year's results for the medium-term management plan's revenue target values. The ratio of performance-linked remuneration has been roughly set at around 10% of the position-specific fixed remuneration as a standard level. The evaluation of the achievement rate related to the revenue that is the base for calculating the remuneration is set using a certain weight assigned to consolidated net sales, operating profit, and net profit. Also, the evaluation for calculating the performance-linked remuneration is determined via consultation with the Remuneration Committee.

Details of remuneration of executive officers

Category of executive officers	Total (million yen)	Class-specific total (million yen)	
		Fixed remuneration	Performance-linked remuneration
Directors (excluding outside directors): 5	157	146	11
Auditors (excluding outside auditors): 3	36	36	0
Outside officers: 5	39	39	0

The above figures include one auditor who retired upon the conclusion of the 212th Annual General Meeting of Shareholders held on June 29, 2022.

Internal Control System

Basic Policies

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

Structural Overview

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

Compliance

Unitika Group Charter of Corporate Behavior Unitika Group Code of Conduct

In 1998, the Unitika Group created the Unitika Charter of Corporate Behavior, a document that sets forth the basic action policy needed to fulfill our mission in society, and in 2001 we issued the first edition of the Unitika Action Standards. On April 1, 2020, we revised each document as the Unitika Group Charter of Corporate Behavior and the Unitika Group Code of Conduct. The Unitika Group Code of Conduct includes specific action standards that employees should follow as a company, in accordance with the Unitika Group Charter of Corporate Behavior. We are promoting compliance with the Unitika Group Code of Conduct, such as by distributing the Unitika Group Code of Conduct booklet to all executive officers and employees in the Unitika Group, along with a card-sized portable version that can be referred to at all times.

Whistleblower Contact Points

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

Harassment Consultation Services

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

Export Control

In the Unitika Group, export control managers appointed at our business sectors and Group companies carry out the management of daily export operations under the Export Control Committee, based on the Export Control Regulations. Unitika's regulations have been registered in the CP of the Ministry of Economy, Trade and Industry (METI) since 1988.

The committee administration supervises the situation through audits and other means, while checking the management status in each division. In order to respond to the Deemed Export Control enacted in May 2022, the committee administration also provides explanations to relevant persons within the company, revises provisions, and takes other actions to ensure a thorough response in all areas. We are also carrying out individual training in each division, as well as training for employees promoted to the position of person in charge, and other activities as a part of our education for employees. In FY 2022, we informed the Group of various matters including precautions in exports to China and restrictions in exports to Russia and Belarus.

Risk Management

Risk Management System

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

Information Security Management

In accordance with the Unitika Group's Information Security Declaration, we have established a Basic Policy on Information Security and the internal rules for operating the policy.

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

Regarding the protection of personal information, Unitika handles this in accordance with the laws and regulations, such as periodically inspecting the information held and how it is handled, and taking comprehensive measures for security management.

G

Governance

Directors and Auditors

Directors



Shuji Ueno

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

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



Eiji Sumi

Director, Managing Executive Officer
In charge of Personnel & General Affairs Department, Accounting Department, Information Systems Department, and Sustainability Promotion Office

Apr. 1984 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)
June 2013 Executive Officer, Managing Director Head of
Global Compliance Division of the Bank of
Tokyo-Mitsubishi UFJ, Ltd. (now MUFG Bank, Ltd.),
and Executive Officer,
Managing Director of Global Compliance Division of
Mitsubishi UFJ Financial Group
June 2015 Director and Senior Managing Executive Officer of
Mitsubishi UFJ Research and Consulting Co., Ltd.
Apr. 2020 Advisor to the Company (full-time executive)
June 2020 Director, Managing Executive Officer,
General Manager of Administration Division
Apr. 2023 Director, Managing Executive Officer,
General Manager of Administration Division,
in charge of Sustainability Promotion Office (present)
Oct. 2023 Director, Managing Executive Officer, in charge of
Personnel & General Affairs Department,
Accounting Department, Information Systems Department,
and Sustainability Promotion Office (present)



Minoru Furukawa

Director (non-executive)

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



Noriko Ishikawa

Director (non-executive)

Apr. 2004 Lecturer at the Research Institute for Economics and
Business Administration, Kobe University
Apr. 2005 COE researcher at the Department of Natural Science of
Graduate School of Engineering, Kobe University
Apr. 2007 Specially-appointed lecturer at the Faculty of Economics,
Kinki University
Apr. 2009 Lecturer at the Faculty of Economics, Kinki University
Apr. 2010 Associate Professor at the Department of Economics,
Faculty of Economics, Konan University
Apr. 2016 Professor at the Department of Economics,
Faculty of Economics, Konan University (present)
June 2021 Director of the Company (present)
Apr. 2023 Dean of the Faculty of Economics, Konan University (present)

監査役



Shigeru Sugisawa

Auditor (executive)

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



Akio Toyoda

Auditor (non-executive)

Apr. 1983 Joined the Company
June 2010 General Manager of International Business Division
May 2015 Representative Director and President of
Unitika do Brasil Industria Textil Ltda.
Apr. 2019 Executive Officer, General Manager of
Global Business Promotion Division, and General Manager of
Global Planning & Management Division of the Company
Mar. 2020 Executive Officer, General Manager of
Global Business Promotion Division
Apr. 2023 Advisor (non-executive)
June 2023 Auditor(non-executive, present)



Masakazu Kitano

Director, Managing Executive Officer
In charge of the Polymers Segment, Stationed in Tokyo

Apr. 1985 Joined the Company
Apr. 2015 Executive Officer, General Manager of
Technology Development Division, and Manager of
Technology Development & Planning Office
Apr. 2017 Executive Officer, General Manager of
Technology Development Division, and Manager of
Technology Development & Planning Office,
and General Manager of
Research & Development Center
Apr. 2018 Senior Executive Officer, Deputy General Manager of
Technology Development Division,
and General Manager of
Research & Development Center
Apr. 2019 Senior Executive Officer, General Manager of
Technology Development Division,
and General Manager of
Research & Development Center
Apr. 2020 Managing Executive Officer, General Manager of
Technology Development Division, and Manager of
Technology Development & Planning Office
Apr. 2021 Managing Executive Officer, General Manager of
Technology Development Division, and Manager of
Technology Development & Planning Office,
Responsible for Supervising Production
June 2021 Director, Senior Executive Officer, General Manager of
Technology Development Division, and Manager of
Technology Development & Planning Office,
Responsible for Supervising Production
Apr. 2022 Director, Senior Executive Officer, General Manager of
Technology Development Division,
and General Manager of
Production Management Division
Oct. 2023 Director, Managing Executive Officer In charge of
the Polymers Segment, Stationed in Tokyo (present)



Tsunetoshi Matsuda

Director, Senior Executive Officer
In charge of Legal &
Compliance Department,
Corporate Planning Department,
and Procurement &
Logistics Department

Apr. 1986 Joined the Company
Oct. 2005 Manager of Films Quality Assurance Department of
Films Sector
Jan. 2009 Manager of Films Production Department of Films Sector
June 2014 Manager of Technology Development & Planning Office of
Technology Development Division
Apr. 2015 General Manager of Research & Development Center
of Technology Development Division
Apr. 2016 Executive Officer, General Manager of Research &
Development Center of Technology Development Division
Apr. 2017 Executive Officer, Manager of Films Division
Apr. 2019 Executive Officer, Manager of Plastics Division
Apr. 2020 Senior Executive Officer, Manager of Plastics Division
Apr. 2021 Senior Executive Officer, General Manager of Polymers Sector,
Responsible for Global Business Promotion Division,
Stationed in Tokyo
June 2021 Director, Senior Executive Officer, General Manager of
Polymers Sector, Responsible
for Global Business Promotion Division
Apr. 2023 Director, Senior Executive Officer, General Manager of
Corporate Control Division
Oct. 2023 Director, Senior Executive Officer
In charge of Legal & Compliance Department,
Corporate Planning Department, and Procurement &
Logistics Department (present)



Tetsuaki Fukuhara

Auditor (non-executive)

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



Makoto Sano

Auditor (non-executive)

July 2013 District Director of Fukuchiyama Tax Office
July 2014 Director of Office of Public Relations,
Management and Co-ordination Department,
Osaka Regional Taxation Bureau
July 2015 Director of Second Personnel Division,
Management and Co-ordination Department,
Osaka Regional Taxation Bureau
July 2016 Director of First Personnel Division,
Management and Co-ordination Department,
Osaka Regional Taxation Bureau
July 2018 Deputy Assistant Regional Commissioner of
First Large Enterprise Examination Department,
Osaka Regional Taxation Bureau
July 2019 Deputy Regional Commissioner of
Second Taxation Department, Osaka Regional Taxation Bureau
Aug. 2020 Registration as a Certified Tax Accountant
Feb. 2022 Outside Auditor of Hikarishinsei Company, Limited (present)
June 2023 Auditor of the Company (present)

10-year Financial Summary

		FY 2013	FY 2014	FY 2015	FY 2016		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	**FY 2022**
Operating Results:												
Net sales	(100 million yen)	1,626.9	1,591.3	1,464.7	1,262.2		1,283.9	1,291.0	1,195.4	1,103.8	1,147.1	**1,179.4**
Operating profit	(100 million yen)	68.0	89.2	104.5	125.4		116.6	81.4	54.7	60.2	60.1	**13.3**
Operating profit margin	(%)	4.2	5.6	7.1	9.9		9.1	6.3	4.6	5.5	5.2	**1.1**
Ordinary profit	(100 million yen)	47.1	76.8	68.2	104.8		99.7	70.9	31.5	53.8	64.0	**10.7**
Profit attributable to owners of parent	(100 million yen)	5.8	△ 270.3	69.3	73.9		80.8	52.3	△ 21.6	38.6	22.2	**1.0**
EBITDA	(%)	117.4	136.3	150.1	168.3		161.1	126.3	102.3	105.4	106.8	**60.6**
Financial Condition:												
Total assets	(100 million yen)	2,541.8	2,358.8	2,199.6	2,118.7		2,014.5	1,990.9	1,937.3	1,904.0	1,914.0	**1,900.0**
Net assets	(100 million yen)	193.7	315.9	379.4	452.6		407.3	413.5	389.3	411.9	430.7	**439.2**
Shareholders' equity	(100 million yen)	155.4	283.5	346.0	418.4		371.7	378.7	354.8	394.8	413.0	**421.1**
Capital adequacy ratio	(%)	6.1	12.0	15.7	19.7		18.4	19.0	18.3	20.7	21.6	**22.2**
D/E ratio	(times)	10.6	4.7	3.7	2.6		2.8	2.7	2.8	2.5	2.3	**2.2**
Interest-bearing liabilities	(100 million yen)	1,645.5	1,339.0	1,263.3	1,093.3		1,052.5	1,026.0	996.0	968.0	938.9	**934.4**
Cash Flow, Investing, Other:												
Cash flow from operating activities	(100 million yen)	68.4	60.8	116.6	181.1		97.4	89.9	98.0	148.7	86.7	**5.1**
Cash flow from investing activities	(100 million yen)	△ 41.0	△ 1.5	41.2	△ 41.6		△ 32.3	△ 64.4	△101.9	△ 61.7	△ 89.9	**△ 80.9**
Free cash flow	(100 million yen)	27.4	59.4	157.9	139.5		65.1	25.4	△ 4.0	87.0	△ 3.2	**△ 75.8**
Cash flow from financing activities	(100 million yen))	△ 30.5	58.7	△ 50.1	△ 190.9		△ 172.1	△ 65.2	△ 34.8	△ 41.4	△ 42.1	**△ 16.6**
Capital investment	(100 million yen)	50.0	48.1	59.7	48.3		41.3	60.7	93.2	73.9	76.1	**76.4**
Depreciation	(100 million yen)	49.4	47.2	45.6	42.9		44.5	44.8	47.7	45.2	46.7	**47.3**
R&D expenditures	(100 million yen)	38.8	39.4	32.0	31.4		32.7	34.7	36.2	36.4	36.0	**37.6**
Per Share Indices, Other Indices:												
Net income per share	(yen)	10.1	△ 468.7	102.9	110.8		133.3	85.2	△ 43.0	61.4	33.3	**△ 3.1**
Net assets per share	(yen)	269.4	△ 170.1	△ 67.6	58.0		160.8	229.9	188.4	257.7	303.6	**332.0**
Operating ROA	(%)	2.7	3.8	4.8	5.9		5.8	4.1	2.8	3.2	3.1	**0.7**
Number of employees	(People)	4,513	4,458	3,906	3,671		3,677	3,497	3,438	3,007	3,037	**2,944**

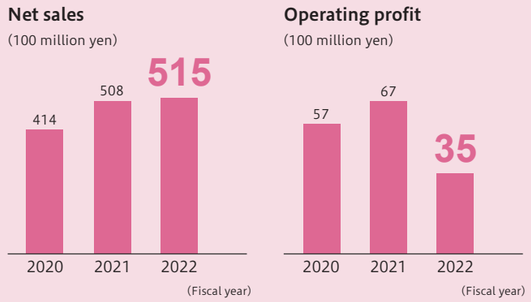
Notes
A reverse split (10:1) was implemented on October 1, 2017."Net income per share" and "Net assets per share" are calculated based on the assumption of said reverse split at the start of the period for FY 2011.

Business Overview

Polymers Segment

Main businesses and products

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



FY 2022 Overview

The segment overall was affected by slow demand centered on electrical and electronic applications, and by soaring raw material and fuel prices that exceeded the product price revisions.

In the films business, the effects from a slackening of global demand in the packaging sector, and a steep decline in demand for electrical and electronic applications in the industrial sector, resulted in lower sales in both sectors. However, we carried out product price revisions, and shifted to “Emblem HG” and other high value-added products. The result was an increase in net sales and decrease in operating profit for the film business overall.

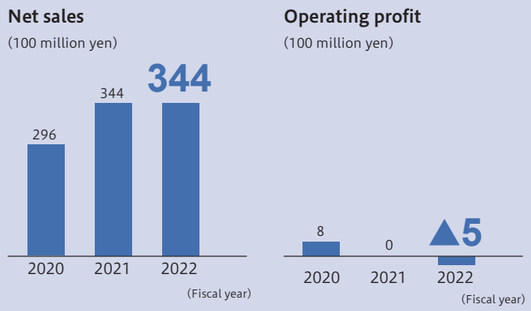
In the plastics business, engineering plastics sales were lower and were affected by a delay in automobile production recovery, lower user plant operating rates in China, and a drop in demand caused by an economic slowdown in Europe. For functional plastics, sales dropped in electrical and electronic applications during the second half of the year. However, overseas sales grew. This resulted in an increase in net sales and decrease in operating profit for the plastics business overall.

As a result of the above, the result in the Polymers segment was an increase in net sales and decrease in operating profit. Net sales were 51,536 million yen (year-on-year +1.4%) and operating profit was 3,475 million yen (year-on-year -47.7%).

Performance Materials Segment

Main businesses and products

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



FY 2022 Overview

In the Performance Materials segment, high raw material and fuel prices pushed up the cost of manufacturing. Although product price revisions were carried out, there was a large negative impact on revenues, and the result was an increase in net sales and decrease in operating profit.

In the activated carbon fiber business, we faced a difficult struggle due to the effects of inventory adjustments in the supply chain for water purifier applications, and the effects of a decline in plant operating rates.

In the glass fiber business, there were strong sales of tents, sheets, and other products in the industrial materials sector. There was a large drop in sales of IC cloth in the electronic materials sector due to worsening conditions in the semiconductor market during the second half of the year.

The glass beads business was affected by high fuel prices, and although we carried out price revisions, sales for road applications and reflective material applications were slow due to the effects of a smaller number of construction projects, and lower demand resulting from an economic slowdown in Europe, respectively.

In the nonwoven fabric business, as the ocean freight network is returning to normal, there were strong sales overseas. Sales were down in skin care applications and other areas of the daily living sector. This business faced a difficult struggle resulting from soaring raw material and fuel prices.

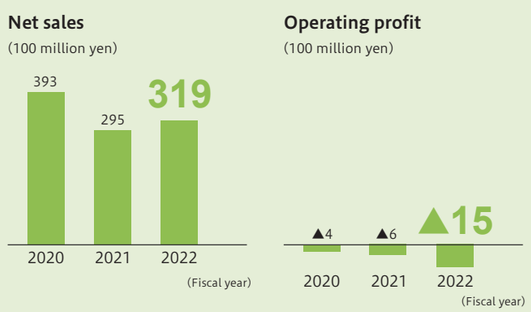
In the industrial fiber business, although sales were strong in construction and civil engineering applications for Japan, sales were slow in some filter applications and marine product applications. Overseas sales were affected by economic slowdowns in Europe and other regions.

As a result of the above, the result in the Performance Materials segment was an increase in net sales and decrease in operating profit. Net sales were 34,420 million yen (year-on-year +0.1%) and operating loss was 535 million yen (compared to profit of 24 million yen in the previous fiscal year).

Fibers & Textiles Segment

Main businesses and products

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

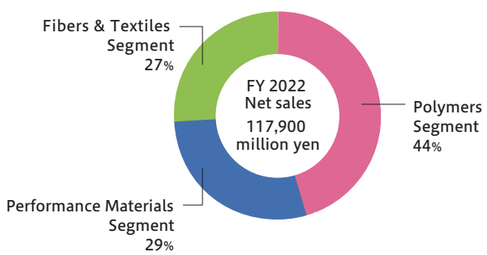


FY 2022 Overview

In the garment fiber business, sales of uniforms, ladies’ apparel, and other products are trending toward recovery compared with during the COVID-19 pandemic. In addition, there were effects from carrying out product price revisions, and sales were higher. However, high import costs resulting from the weak value of the yen, and high raw material and fuel costs, resulted in a large increase in costs. The revision of product prices could not fully cover this increase, and there was a large negative impact on revenues.

As a result of the above, the result in the Fibers & Textiles segment was an increase in net sales and decrease in operating profit. Net sales were 31,917 million yen (year-on-year +8.4%) and operating loss was 1,535 million yen (compared to loss of 610 million yen in the previous fiscal year).

Sales ratio by segment



Company Profile

As of March 31, 2023

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

Founded June 19, 1889

Capital Stock 100,450,000 yen

Outline of Main Businesses

Polymers Segment
Films (nylon, polyester),
Resins (nylon, polyester, polyarylate),
Biodegradable materials

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

Fibers & Textiles Segment
Fibers and textiles (polyester)

Head Office

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

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

Research Laboratory and Production Sites

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

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

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

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

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

Overseas Offices and Satellite Offices

U.S. Office
1135 N Arlington Heights Rd., Unit 420, Itasca, IL 60143, U.S.A.


Unitika Europe GmbH
GERMANY



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


PT. Emblem Asia
INDONESIA


PT. Unitex
INDONESIA


Unitika (Hong Kong) Ltd.
CHINA


Unitika (Shanghai) Ltd.
CHINA


Unitika do Brasil Industria Textil Ltda.
BRAZIL


Osaka Head Office


Tokyo Head Office


Uji Plant


Okazaki Plant

Overseas Affiliate Companies

Polymers Segment

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

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

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

Performance Materials Segment

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

Other

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

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

Fibers & Textiles Segment

PT. Unitex
Business: Spinning Location: Indonesia Establishment: 1971

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

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

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

Trading Companies

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

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

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

Main Companies in the Unitika Group

Trading Companies (Manufacturer-type trading companies)

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

Polymers Segment

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

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

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

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

Performance Materials Segment

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

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

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

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

Fibers & Textiles Segment

Osaka Dyeing Co., Ltd.
2-1-1 Yamazaki, Shimamoto-cho, Mishima-gun, Osaka 618-0001 Japan
Tel.: +81-75-961-1221

Unitika Spinning Co., Ltd.
1701 Ikenarimen, Shisa-cho, Matsuura-shi, Nagasaki 859-4518 Japan
Tel.: +81-956-72-2101

Unitika Mate Co., Ltd.
3-1-4 Motomachi, Naniwa-ku, Osaka-shi 556-0016 Japan
Tel.: +81-6-4705-9141

Precision Kamijo Co., Ltd.
26 Ichibanwari, Gokasho, Uji-shi, Kyoto 611-0011 Japan Tel.: +81-774-32-8352

Unitika Garment Technology Co., Ltd.
28-55 Tsuda Minami-cho, Kaizuka-shi, Osaka 597-0014 Japan Tel.: +81-72-437-0055

Unitika Textiles Ltd.
88 Nakabara, Soja-shi, Okayama 719-1195 Japan Tel.: +81-866-93-1251