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## Teijin Limited

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<https://www.teijin.com>

The corporate governance of Teijin Limited (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

The shareholders entrust capital into the Company and thus, the Company is required to achieve profits through its business activities and to ultimately increase shareholder value over the medium and long term. It is the basic mission of the Company to comply with such shareholders' entrustment. Based on this basic mission, the Company must fulfill its respective responsibilities to its stakeholders (interested parties), such as employees, business partners, customers, consumers, local residents and communities, etc. In the meantime, the Company as a member of society is expected to perform business activities in full observance of social norms and to contribute to society. Amid this basic framework, we work to conduct superior business activities through corporate management that embraces corporate governance. By emphasizing corporate governance, we aim to contribute to the company's prosperity, fulfill our corporate social responsibility ("CSR") and ensure accountability (full disclosure of information that we are responsible for explaining). The Company implements a management structure that ensures transparency and fairness based on the beliefs stated above and will disclose information on a timely basis. In addition, to boost competitiveness, the Company must create an organization and mechanism that enables it to make speedy decisions and to execute those decisions. Furthermore, the Company requests each of the Group Companies and their Management to conduct superior business activities as well as to promote with every effort the increase in the shareholder value. The Teijin Group has formulated the Teijin Group “Corporate Governance Guide,” which is the Group's basic view and basic policy on corporate governance. The Guide is published on the Company's website.  
<https://www.teijin.com/ir/management/governance/guide/>

### **[Reason for Non-compliance with the principles of the Corporate Governance Code] (Updated)**

The Company complies with all of the principles provided for in the Corporate Governance Code.  
(\* ) The Company discloses all of the principles based on the Code revised in June 2021.

### **[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)**

### **Principle 1.4 Cross-Shareholdings**

#### <Basic Policy Concerning Cross-Shareholdings>

The Company holds shares of issuing companies that it has determined to be instrumental in increasing its corporate value over the medium to long term, with the objective of maintaining and strengthening transactions with them and promoting business alliances with them. The Board of Directors regularly reviews whether or not it is appropriate to hold shares based on an examination of the holding purpose and rationale for each individual stock from a medium- to long-term perspective. In these reviews, the Board of Directors takes into account a comprehensive range of factors, including the significance from a strategic standpoint and in terms of business relationship, in addition to weighing dividends, transaction amounts, and other quantitative impacts against the cost of capital.

After these reviews, those shares for which the purpose of holding has diminished are liquidated, in principle. Through this process, the Company endeavors to reduce cross-shareholdings.

#### <Standards for Exercise of Voting Rights Related to Cross-Shareholdings>

In exercising the voting rights related to shares that the Company has decided to hold, it confirms each proposal from a perspective of increasing corporate value and shareholder value over the medium to long term and determines whether to vote for or against.

### **Principle 1.7 Related Party Transactions**

The Company requires directors' transactions with competitors or transactions between directors and the Company that cause a conflict of interest to be reported to and approved by the Board of Directors in accordance with the Companies Act and the Regulations for the Board of Directors. In addition, in order to ascertain whether there are any transactions by directors and statutory auditors that could cause a conflict of interest, the Company confirms regularly every year with each director and statutory auditor whether there are any related-party transactions.

### **Supplementary Principle 2.4.1 Approach to Ensure Diversity through Promotion and Appointment of Core Human Resources**

The Company positions the promotion of diversity and inclusion as one of its key initiatives for innovation creation in the Medium-Term Management Plan 2020-2022. We will further promote diverse working styles, the advancement of women, and diversity of human resources, with the aim of building an organization where human resources with different values and experiences can come together and demonstrate their abilities to the fullest extent possible.

In order to promote diversity at the executive level even further, the Teijin Group has set the targets of increasing the number of female executives to six or more and the number of non-Japanese executives to six or more by fiscal 2022. The Group further aims to increase the number of female executives to 10 or more and the number of non-Japanese executives to 12 or more by fiscal 2030. To achieve these targets, the Group has set targets for each region, including Japan, and is working to develop executive candidates and widen the pool of potential candidates. The Group also promotes diversity by adopting these targets as indicators in the performance evaluation when calculating performance-based remuneration for inside directors.

Moreover, since increasing the number of women in managerial positions is a key priority in Japan, the Group has set the targets for the number of women in managerial positions to 174 by fiscal 2022, and 300 by fiscal 2030 at major companies in Japan. To this end, the Group has been reinforcing various measures for female leadership development.

As for mid-career hires, the Group has actively engaged in mid-career recruitment in order to incorporate fresh ideas and values to revitalize the organization. Once these workers join the Group, the HR system treats them equally with others with respect to appraisals and promotions by taking account of their previous experience and using the same criteria for promotion. Since many mid-career hires already play key roles, the Group has not set any specific quantitative targets. Mid-career hires accounted for 28% of employees and 32% of managers at major companies in Japan, as of April 1, 2021.

### **Principle 2.6 Roles of Corporate Pension Funds as Asset Owners**

Since October 2012, the Company has fully transitioned to a defined contribution pension plan. The Company applies a defined benefit pension plan (a closed plan comprised solely of beneficiaries) limited to employees who had retired before the Company transitioned to the defined contribution pension plan. The Company has set up a Group Pension Asset Management and Administration Committee comprising the Chief Financial Officer (CFO) and the Chief Human Resources Officer; the general managers of the human resources, general affairs, accounting and finance functions; and labor union executives as representatives of pension plan beneficiaries. The Committee undertakes appropriate management and administration of the assets held, as well as monitoring the status of employees' asset management in the defined contribution pension plan.

### **Principle 3.1 Full Disclosure**

#### **(i) Corporate Philosophy, Long-Term Vision, and Medium-Term Management Plan**

The Teijin Group's Corporate Philosophy is to "enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities," as well as being "in harmony with society," and "empowering our people." As its Long-Term Vision, the Teijin Group relentlessly strives to be a company that supports the society of the future, by utilizing our diversity to create value for society's needs.

Further information on the philosophy and long-term vision of the Teijin Group is published on the Company's website.

<https://www.teijin.com/about/philosophy>

In order to realize its Long-Term Vision, in February 2020, the Teijin Group formulated and released its three-year implementation plan, Medium-Term Management Plan 2020–2022: ALWAYS EVOLVING (hereinafter, "the Medium-Term Management Plan").

Further information on the Medium-Term Management Plan of the Teijin Group is published on the Company's website.

<https://www.teijin.com/ir/management/vision/>

The Company strives to actively provide information on these medium- to long-term strategies and plans by holding its General Meeting of Shareholders and presentations for analysts and investors, and by distributing materials such as the Integrated Report.

#### **(ii) The Group's basic view and basic policy on corporate governance**

The Teijin Group has formulated the "Teijin Group Corporate Governance Guide," which is the Group's basic view and basic policy on corporate governance. The Guide is published on the Company's website.

<https://www.teijin.com/ir/management/governance/guide/>

#### **(iii) Policy and procedure pertaining to the setting of compensation for senior management and directors**

For information on the policy and procedure pertaining to the setting of compensation for directors and corporate officers, please refer to "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" under "Director Remuneration" in Section II. 1. of this report.

#### **(iv) Policy and procedure pertaining to the election and dismissal of senior management and nomination of candidates for director and statutory auditor**

<Policy and procedure pertaining to the nomination and election of directors>

In the nomination process for directors, the candidates chosen by the Board of Directors are individuals who are suitable to be top management of the Company due to their outstanding personalities and insights, in consideration of their personal capabilities, past performance record, and so forth. The candidates are recommended at the General Meeting of Shareholders.

To expedite decision-making and clarify accountability for the execution of business, the Company's Articles of Incorporation set the maximum number of directors at 10 in tandem with delegating substantial authority for business execution. In the Teijin Regulations for the Board of Directors, which are internal regulations, the number of outside directors has been set at four or more, in principle, in order to increase management transparency and shareholder value while giving consideration to the diversity, independence and other characteristics of the Board of Directors as a whole.

The selection of the CEO and nomination of a successor are deliberated by the Advisory Board, while the selection of members of senior management other than the CEO are deliberated by the Nomination Advisory Committee, after which proposals are submitted to the Board of Directors. The Board of Directors resolves upon these matters after giving full consideration to the proposals.

<Policy and procedure pertaining to the nomination and election of statutory auditors>

Statutory auditor candidates are nominated by selecting suitable candidates with outstanding insight, ability and so forth, and are resolved upon in meetings of the Board of Directors based on the consent of the Board of Statutory Auditors. The candidates are recommended at the General Meeting of Shareholders. The number of statutory auditors has been set at five, in principle, with a majority being outside statutory auditors, in order to ensure transparency.

<Procedure for the dismissal of members of senior management>

If a member of senior management is engaged in improper or unfair conduct, a suspected breach of trust, or other action unbecoming senior management, the Board of Directors will deliberate such matter and decide on the dismissal of the individual concerned.

#### **(v) Explanation of the reasons for the nomination, election and dismissal of each candidate for senior management, Director and Statutory Auditor**

The reasons for the election of each candidate Director and Statutory Auditor at the General Meeting of Shareholders this year are provided in the Reference Documents for the General Meeting of Shareholders in the Notice of Convocation for the 155th Ordinary General Meeting of Shareholders.

The Convocation Notice for the 155th Ordinary General Meeting of Shareholders is published on the

Company's website.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_210623\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_210623_01.pdf)

### **Supplementary Principle 3.1.3 Initiatives for Sustainability**

The Group has set a policy for initiatives to realize a sustainable society in the Medium-Term Management Plan 2020-2022. Under this policy, the Group is committed to focusing on people and delivering three innovative solutions to enhance Quality of Life (environmental value solutions; safety, security and disaster mitigation solutions; and demographic change and increased health consciousness solutions) while minimizing the negative impacts of its business activities on the environment and society.

Especially in terms of climate change, the Group has designated "climate change mitigation and adaptation" as an important issue (materiality) in the Medium-Term Management Plan 2020-2022. Accordingly, the Group is leveraging lightweight and energy-efficient technologies to contribute to decarbonization. At the same time, the Group is making efforts to reduce greenhouse gas emissions from its business activities. In the Medium-Term Management Plan, as a goal for reducing environmental impact, we had set the target of reducing the Group's total CO<sub>2</sub> emissions by 20% by fiscal 2030 compared to fiscal 2018 levels. We have in fact raised this to 30%, and set a new target of reducing supply chain (upstream) emissions, which account for 2/3 of the total, by 15% compared to fiscal 2018 levels to reinforce efforts toward realizing a carbon neutral society. As such positive efforts for climate change countermeasures have been highly evaluated internationally and our target of the greenhouse gas reduction goal is considered as a level of well below 2°C ("Well-below 2°C"), Teijin is certified as Science Based Targets ("SBT"), which is a greenhouse gas emission reduction target that is scientifically consistent with the goals set by the Paris Agreement. Since fiscal 2020, we have also introduced an internal carbon pricing (ICP) system to promote capital investment plans that contribute toward reducing CO<sub>2</sub> emissions. Please refer to the Integrated Report and the Company's website for the information disclosed based on the TCFD recommendations.

(Integrated Report) <https://www.teijin.com/ir/library/annual-report/>

(The Company's website) [https://www.teijin.com/csr/environment/climate\\_change.html](https://www.teijin.com/csr/environment/climate_change.html)

The Company also strives to promote diverse working styles, the advancement of women, and diversity of human resources to build an organization where human resources with different values and experiences can come together and demonstrate their abilities to the fullest extent possible. To this end, the Company positions the promotion of diversity and inclusion as one of its key initiatives for innovation creation, and is committed to promoting its main actions, including restructuring the HR organization to support the global strategy, development and deployment of the next generation of global leaders, and workstyle reform. Moreover, the Company has built mechanisms to create continuous and genuine business opportunities as well as to accelerate market development with the aim of achieving medium- to long-term improvement of corporate value. As one such mechanism, in the Group's intellectual property (IP) strategy, we are identifying core technologies that have the potential to become the foundation of each business, based on our detailed analysis of the external business environment, and are acquiring intellectual property rights (IPRs) accordingly. By doing so, we have established a robust IP portfolio that helps us to secure our competitive edge. As for key intellectual property and intangible assets other than IPRs, we have a scheme in which they are strictly controlled as trade secrets in accordance with groupwide criteria, thereby ensuring our competitive advantages. For our analysis of IP information pertaining to the creation of business strategies, we are incorporating IP landscapes, patent valuation, and other methods, and are actively making use of ICT to gather both patent and non-patent information, which we then use to conduct an analysis of technological trends and overall competitiveness. These efforts help to facilitate business-related decision-making. In recognition of these efforts, including identification of customer needs using IP landscapes; development of new themes in new fields; business support such as exploration of potential alliances, acquisitions and effective use of IPRs across the globe; reinforcement of IP strategy; and establishment of IP risk management; the Minister of Economy, Trade and Industry Award was presented to the Company at the FY2021 Intellectual Property Achievement Awards. We also have our own award system for recognizing achievements, including the "Teijin Invention Awards" for patents related to products that have significantly contributed to the creation of the Group's new business and to the development of a new technological field in existing business, as well as the "Teijin Patent Implementation Reward" for patent applications with noticeable effects on the development and sustainability of the business. This system helps to promote a culture of business innovation and creation while also encouraging employees to challenge themselves. Please refer to the Integrated Report for the details of our initiatives on the promotion of diversity and inclusion as well as on the intellectual property strategy.

(Integrated Report) <https://www.teijin.com/ir/library/annual-report/>

### **Supplementary Principle 4.1.1 Scope of Authority Delegated to Management**

The Board of Directors deliberates and determines/approves important matters, such as Groupwide management policies and plans, as well as any other items required by laws, regulations and the

Company's Articles of Incorporation. It also oversees directors' performance of their duties. It sets the agenda items of Board of Directors meetings in accordance with the Regulations for the Board of Directors. Also, to expedite decision-making and clarify accountability of business execution, it properly delegates authority to corporate officers regarding important matters related to the business execution of the Teijin Group (individual short- and medium-term plans and individual important matters with respect to each business and functional operation).

#### **Principle 4.9 Independence Standards and Qualification for Independent Outside Directors**

The Company sets out the requirements for independence in the Independent Directors Regulations and elects independent outside directors who meet these requirements.

Further details are provided in "II 1. [Independent Directors / Statutory Auditors]" of this report.

#### **Supplementary Principle 4.11.1 Views Regarding the Overall Size, Diversity, and Balance of Knowledge, Experience, and Capabilities of the Board of Directors, and Policy and Procedures Pertaining to the Election of Directors**

Information on views regarding the overall size, diversity and balance of knowledge, experience, and capabilities of the Board of Directors, and policy and procedure pertaining to the election of directors is provided in "Principle 3.1 Full Disclosure (iv)" under "I. 1. Disclosure Based on the Principles of the Corporate Governance Code" in this report.

For a skills matrix of each Director, summarizing their expertise and experience, please see the reference in the Notice of Convocation of the 155th Ordinary General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_210623\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_210623_01.pdf)

#### **Supplementary Principle 4.11.2 Situation Regarding the Holding of Concurrent Positions by Directors and Statutory Auditors**

The Convocation Notice for the 155th Ordinary General Meeting of Shareholders lists the concurrent positions of the directors and statutory auditors. The Convocation Notice for the 155th Ordinary General Meeting of Shareholders is published on the Company's website.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_210623\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_210623_01.pdf)

#### **Supplementary Principle 4.11.3 Analysis and Evaluation of Board of Directors Effectiveness**

In order to ensure the effectiveness and further enhance the functions of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the entire Board of Directors (hereinafter, "Board of Directors effectiveness evaluation") once a year. The method of the Board of Directors effectiveness evaluation for fiscal 2020 and an overview of the results are as follows.

##### (1) Analysis and Evaluation Method

1) A self-evaluation questionnaire of all directors and statutory auditors (14, including outside directors and outside statutory auditors) where the respondents gave their name was conducted, based on advice from external experts. In addition, the external experts conducted interviews with a total of four directors and statutory auditors based on the questionnaire, aiming to deepen the understanding of management issues to be discussed at the Board of Directors meetings and to formulate a concrete action plan to address the issues. Furthermore, with the assistance of the external experts, the secretariat of the Board of Directors prepared a summary of the questionnaire and interview results, which formed the basis of a discussion within the Board of Directors regarding its own effectiveness, issues it should address, and improvement measures it should take.

2) The evaluation items in the questionnaire (40 questions) consisted of the following eight fields. Respondents rated them on a five-point scale and gave comments (including open-ended comments).

- (a) Strategy and execution thereof
- (b) Risk and crisis management
- (c) Corporate ethics
- (d) Performance monitoring
- (e) Organization and business restructuring-related transactions
- (f) Management team evaluation, compensation and succession planning
- (g) Stakeholder dialogue
- (h) Composition and operation of the Board of Directors

##### (2) Overview of Results of the Board of Directors Effectiveness Evaluation

###### 1) Summary

The result of the Board of Directors effectiveness evaluation conducted through the above process found that there is no issue with the current corporate governance system and its implementation, and that the Company's Board of Directors is generally functioning properly and effectively. In addition, the questionnaire results also indicated that there was a high ratio of positive evaluations for all items.

2) Status of response to the issues recognized in the fiscal 2019 evaluation

(a) Deepening discussions regarding new business creation

In fiscal 2020, the Board of Directors set aside sufficient time to discuss the use of digital technologies and activities to promote innovation. There, the Board confirmed how each business and function used digital technologies and how the corporate entities promoted innovation. The Board also confirmed the need for further discussions to set directions in data and digital strategies as well as to create value from the customer's perspective.

(b) Deepening discussion regarding the rationality of the public listing of both parent and subsidiary companies

In fiscal 2020, the Board of Directors set aside sufficient time to discuss the rationality of the public listing of both parent and subsidiary companies as well as possible options. It confirmed the rationale for maintaining the public listing of Infocom Corporation (hereinafter, "Infocom"), from the perspective of maximizing the corporate value of the Teijin Group and Infocom, while also sharing possible options if the Group was to discontinue the public listing of both parent and subsidiary companies.

Also, the Company has resolved to acquire the shares of Japan Tissue Engineering Co., Ltd. (hereinafter, "J-TEC") through a tender offer, based on the assumption of maintaining the public listing of J-TEC.

The decision was made after confirming the rationale for maintaining it. In fiscal 2021, the Board of Directors will continue to discuss the rationale for maintaining the public listing of Infocom and J-TEC.

(c) Deepening discussions regarding the position of consultative bodies

In fiscal 2020, the Board of Directors set aside sufficient time to discuss the direction with respect to organizational design and review of voluntary consultative bodies. While the Board confirmed that the Company should continue to be a company with Board of Statutory Auditors, it decided that an outside director should always chair Board of Directors meetings, effective from April 1, 2021. The Board has also revised the composition of the Nomination Advisory Committee and the Compensation Advisory Committee, effective from the same date, by having all outside directors participate in both.

3) Issues recognized in the latest Board of Directors effectiveness evaluation

The following issues were recognized for enabling the Company's Board of Directors to perform its original function with greater effectiveness.

(a) Deepening discussions regarding business creation by utilizing data and digital technologies

(b) Deepening discussions regarding the Company's business portfolio

(c) Deepening discussions regarding the issues identified through the analysis of stakeholder dialogue

(d) Reviewing the agenda of Board of Directors meetings and enhancing discussions regarding strategies

(3) Initiatives Going Forward

In fiscal 2021, the Company will continue its initiatives from fiscal 2020. In addition, based on the latest effectiveness evaluation, the Company has decided to further promote the following initiatives as a result of discussions in the Board of Directors.

(a) Discussions in the Board of Directors about new business creation

(b) Discussions in the Board of Directors about the Company's business portfolio

(c) Discussions in the Board of Directors about risk management

(d) Discussions in the Board of Directors about the positioning of consultative bodies

(e) Discussions in the Board of Directors about stakeholder dialogue and the ideal response to

stakeholders on matters such as the rationality of the public listing of both parent and subsidiary companies. The Company aims to increase the effectiveness of the Board of Directors and further strengthen corporate governance through these measures.

**Supplementary Principle 4.14.2 Policy for Directors' and Statutory Auditors' Training**

The Company will provide, as appropriate, the training sessions and information needed by the directors and statutory auditors to properly fulfill their roles and responsibilities.

When directors and statutory auditors are appointed, the Company will provide briefings on directors' duties and systems, and give lectures related to the Companies Act of Japan. After their appointment, the Company will set up opportunities for directors and statutory auditors to attend external training seminars and regularly invite external experts to serve as instructors in meetings of Group directors and statutory auditors. In these and other ways, the Company provides ongoing training opportunities to impart the knowledge that directors and statutory auditors will need to fulfill their duties and to strengthen their powers of judgement.

Moreover, the Company will provide opportunities for directors and statutory auditors to develop a fuller understanding of the Company's business activities through activities such as inspection tours of factories and business offices. In addition, the Company will provide, as appropriate, the necessary training and information, including reports on business execution from business group representatives and corporate officers in meetings of the Board of Directors.

**Principle 5.1 Policy for Constructive Dialogue with Shareholders**

(1) Enhancing dialogue with shareholders

Dialogue with shareholders and investors is handled by senior management, including the officer responsible for IR.

The practical implementation of this dialogue is handled by the IR Division in coordination with relevant internal departments and offices. Feedback from shareholders and investors obtained through the dialogue is compiled by the IR Division and presented to directors, senior management, and statutory auditors.

Furthermore, the Company will plan and implement various briefings by senior management and visits to shareholders and investors, and will actively enhance opportunities for dialogue with institutional and individual investors in Japan and overseas.

(2) Disclosure Policy

The IR Basic Policy has been established as a disclosure policy and is published on the Company's website.

<https://www.teijin.com/ir/disclosure/>

For further information on the disclosure policy and status of establishing a structure for dialogue, please refer to "III 2. IR Activities" in this report.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders] (Updated)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	28,015,900	14.58
Custody Bank of Japan, Ltd. (Trust account)	11,145,300	5.80
Nippon Life Insurance Company	7,045,501	3.66
The Employee Stock Ownership Association of Teijin	5,780,414	3.00
Custody Bank of Japan, Ltd. (Trust account 7)	4,187,200	2.17
SSBTC CLIENT OMNIBUS ACCOUNT	3,074,800	1.60
STATE STREET BANK AND TRUST COMPANY 505103	2,984,552	1.55
MUFG Bank, Ltd.	2,897,287	1.50
JP MORGAN CHASE BANK 385781	2,496,774	1.29
THE BANK OF NEW YORK MELLON 140044	2,234,432	1.16

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

### Supplementary Explanations (Updated)

1. The Status of Major Shareholders is as of September 30, 2021.
2. The shareholding ratio has been calculated after excluding treasury stocks (5,861,558 shares) from the issued shares.
3. The statement on large-volume holdings, which is available for public viewing, indicates that the following companies hold a considerable number of Company shares. However, the Company was unable to confirm the actual number of shares held by these companies as of September 30, 2021. Therefore, the companies are not included in the Status of Major Shareholders above. The share ownership percentages shown in parentheses below represent the percentage against the total number of issued shares, including treasury stocks.
  - BlackRock Japan Co., Ltd. and seven other holders: Held 8,090 thousand shares (4.09%) as of May 31, 2021 (amended statement as of June 4, 2021)
  - Sumitomo Mitsui Trust Asset Management Co., Ltd. and another holder: Held 10,810 thousand shares (5.45%)\* as of May 31, 2021 (amended statement as of June 4, 2021)

\* The number of share certificates, etc. held by Sumitomo Mitsui Trust Asset Management Co., Ltd. and another holder includes the number of dilutive share certificates held in connection with the ownership of corporate bond certificates with share options.

  - Mizuho Bank, Ltd. and two other holders: Held 10,138 thousand shares (5.06%)\* as of August 14, 2020 (statement on large-volume holdings as of August 21, 2020)

\* The number of share certificates, etc. held by Mizuho Bank, Ltd. and two other holders includes the number of dilutive share certificates held in connection with the ownership of corporate bond certificates with share options.

  - Nomura Securities Co., Ltd. and two other holders: Held 11,645 thousand shares (5.76%)\* as of October 15, 2020 (amended statement as of October 22, 2020)

\* The number of share certificates, etc. held by Nomura Securities Co., Ltd. and two other holders includes the number of dilutive share certificates held in connection with the ownership of corporate bond certificates with share options.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Textiles & Apparels
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance



## (1) Perspectives and Policies on Group Management

To help realize a sustainable society, the Company aims to be “a company that supports the society of the future” by providing value to society in the three key fields of 1) environmental value solutions, 2) safety, security and disaster mitigation solutions, and 3) demographic change and increased health consciousness solutions. The Company believes that doing so will lead to the Teijin Group’s sustainable growth and increase its corporate value over the medium and long term.

In the Medium-Term Management Plan announced in February 2020, we have defined this period as the “time to create growth platforms.” In the Medium-Term Management Plan, we have set policies for active investments by setting two business categories: “Strategic Focus” as businesses to be developed for future earnings and “Profitable Growth” as established businesses aiming for further growth.

The Company has a unique business structure that includes materials and healthcare, the two core business fields developed over the years, as well as the IT Business. In order to leverage this strength, we aim to further enhance our corporate value by pursuing synergies between healthcare and IT as well as by steadily working to create new businesses that integrate the Group’s engineering technologies into healthcare and materials.

Investments in the Teijin Group companies are made with the goal of obtaining ownership of a majority of shares in those companies, either directly or indirectly, in principle. Wherever possible, the Company aims for an investment ratio that enables it to establish absolute control over the Group companies. However, two Group companies (Infocom and J-TEC) remain publicly listed, after it was determined that it is reasonable for them to maintain significant independence in consideration of such factors as the special features of their businesses, their brand power in their business fields, their unique corporate cultures, their ability to recruit human resources, and the swiftness of decision-making.

The Company regularly reviews the rationale for maintaining the listing of its publicly listed Group companies. In addition, from the perspective of maximizing the corporate value of the Teijin Group, the Company fulfills its accountability by explaining the rationale for each decision and the governance structure of the publicly listed Group companies.

## (2) Significance of Holding Shares of Publicly Listed Subsidiaries

### 1) Infocom

The Company holds 57.99% of the voting shares (as of March 31, 2021) of Infocom, a company listed on the First Section of the Tokyo Stock Exchange, making it a consolidated subsidiary.

Infocom operates an online business that provides e-comics distribution services to general consumers and a business solutions IT service to provide system building services and packaged products for companies, healthcare and public institutions. As a Group company that promotes the IT Business unique to the Teijin Group, Infocom is expected to keep contributing to earnings growth and improvement in the corporate value of the entire Group through its high profitability and growth potential.

Infocom also creates new businesses related to comprehensive community-based healthcare system through synergies between healthcare and IT and contributes to the establishment of the Group’s management base by developing and operating the Group’s IT base, as well as further advancing the IT base and promoting digital transformation (DX). It has become increasingly important to utilize IT, which is evolving at an exponential pace, in order to create and expand the Group’s business and to strengthen its management base. The Company therefore believes that its ownership of Infocom as a subsidiary is highly significant.

Swift decision-making and investments of resources are particularly crucial to generating innovation in the Teijin Group’s IT Business. Moreover, enhanced social credibility and presence in the IT industry can pave the way for securing talented human resources. For these reasons, the Company believes that the best way to increase the corporate value of both Infocom and the Teijin Group is to maintain the public listing of Infocom, while preserving its autonomy and independence in management and financing.

### 2) J-TEC

The Company resolved at a meeting of its Board of Directors on January 29, 2021, to acquire shares of common stock in J-TEC, a company listed on the JASDAQ Growth Market of the Tokyo Stock Exchange, through a tender offer under the Financial Instruments and Exchange Act, aiming to make J-TEC a consolidated subsidiary. The tender offer started on February 1, 2021, and ended on March 2, 2021. As a result of the tender offer, the Company has made J-TEC a consolidated subsidiary, acquiring 57.72% of the issued shares as of March 9, 2021.

J-TEC is developing three business groups: the regenerative medicine business including development, manufacturing, and sales of regenerative medicine products; the custom development & manufacturing business in regenerative medicine; and the R&D support business including development, manufacturing, and sales of cultured human tissues for research use. The business conducted by J-TEC, as a pioneer in regenerative medicine in Japan, and the CDMO business in regenerative medicine products jointly promoted by the Company and J-TEC constitute the Strategic Focus area that should receive active investment of managerial resources. Making J-TEC a consolidated subsidiary is an excellent opportunity for the Company to enter the regenerative medicine business and CDMO business in regenerative medicine products. Moreover, by combining the Teijin Group’s core technologies, including chemosynthesis, polymer chemistry, processing, and engineering, and its healthcare business

platform together with J-TEC's technologies, it will be possible to help J-TEC expand its regenerative medicine business and custom development & manufacturing business in regenerative medicine. The Company therefore believes that its ownership of J-TEC as a subsidiary is highly significant.

The Company currently believes that even without making J-TEC a wholly owned subsidiary, both companies will be able to share the technologies and expertise each possess, as well as mutually complementing and effectively using each other's managerial resources. Such strong collaboration should enable the generation of synergies between the companies. Moreover, the Company believes that it is beneficial to maintain J-TEC's present corporate culture and managerial independence for the purpose of improving its corporate value. For these reasons, the Company believes that the best way to increase the corporate value of both J-TEC and the Teijin Group is to maintain the public listing of J-TEC.

Note: "CDMO" is an abbreviation for "Contract Development and Manufacturing Organization" and refers to a pharmaceutical contract manufacturing and development organization that accepts delegation of pharmaceutical development and manufacture.

### (3) Measures to Ensure the Effectiveness of the Governance System of the Publicly Listed Subsidiaries

Considering that there is a risk of conflicts of interest between the Company and the general shareholders of its publicly listed subsidiaries, it is necessary to ensure independent decision-making by Infocom and J-TEC. To this end, the Company has built effective governance systems through the measures listed below.

#### 1) Infocom

(a) Infocom's final decision-making body for management decisions is its Board of Directors to ensure shareholder equality, which is fundamental to the governance of publicly listed companies. The Company's regulations stipulate that the Company may not be directly involved in Infocom's management decisions, in principle. Meanwhile, in order to fulfill its disclosure obligations and address related issues, the Company requests Infocom to report in advance on subjects limited to matters related to voting at the General Meeting of Shareholders, matters that will have an impact on the Company's timely disclosure, and matters that will have a material impact on the Company's consolidated financial statements.

(b) From the perspective of protecting minority shareholders, Infocom has appointed four outside directors / statutory auditors (three outside directors and one outside statutory auditor) who have no possibility of conflicts of interest with general shareholders, and they have been designated as independent directors / statutory auditors as defined by the Tokyo Stock Exchange. The Board of Directors of Infocom comprises seven members, including one director assigned from the parent company. Three independent outside directors are appointed, and the independence of the Board is ensured to avoid conflicts of interest with general shareholders.

(c) Infocom's role as a Group company is to conduct the IT Business within the Teijin Group. As such, Infocom primarily develops information and telecommunications systems and provides operation and management services related to those systems to the Teijin Group. However, the independence of Infocom in its management decisions is ensured because its businesses are not similar to other businesses in the Teijin Group. Moreover, prices and conditions related to transactions with the Teijin Group at Infocom are resolved through decisions by Infocom's Board of Directors, taking into consideration market prices and other factors. Accordingly, the Company believes that the rights of general shareholders are protected.

#### 2) J-TEC

(a) J-TEC's final decision-making body for management decisions is its Board of Directors to ensure shareholder equality, which is fundamental to the governance of publicly listed companies. The Company's regulations stipulate that the Company may not be directly involved in J-TEC's management decisions, in principle. Meanwhile, in order to fulfill its disclosure obligations and address related issues, the Company requests J-TEC to report in advance on subjects limited to matters related to voting at the General Meeting of Shareholders, matters that will have an impact on the Company's timely disclosure, and matters that will have a material impact on the Company's consolidated financial statements.

(b) In the tender offer for shares in J-TEC by the Company, completed in March 2021, the Company executed a capital and business alliance agreement with J-TEC on January 29, 2021, stipulating matters requiring prior consultation with the Company and matters requiring prior consent from the Company. Such matters are limited to material issues that may affect the management of the Teijin Group, taking account of conflicts of interest with the general shareholders.

Under the agreement, J-TEC must obtain prior consent from the Company only when it takes any of the following actions or decides to take any such action: (a) any change to any of its subsidiaries or affiliates; (b) any action that falls, or is likely to fall, under criteria for delisting, or any application for delisting; (c) any business alliance similar to the business alliance with the Tender Offeror (the Company) (including the establishment of a joint venture company or licensing); or (d) any organizational change, merger, share exchange, company split, or assignment or receipt of any part or all of a business or actions similar to any of aforementioned.

(c) Regarding the composition of J-TEC's Board of Directors, the capital and business alliance agreement stipulates that the Company is entitled to nominate a majority of J-TEC's Directors. The Board of Directors of J-TEC comprises seven members, four of whom are assigned from the Company.

However, since the directors' role is to supervise business execution in order to enhance the corporate value of J-TEC, the judgment made by the management of J-TEC is respected in principle, and consideration is given to the extent possible to avoid unfairly impairing the interests of J-TEC and the general shareholders. The Company plans to review, as needed, whether to execute its right to nominate directors and the number of nominees, aiming to ensure proper governance that respects the independence of J-TEC as a publicly listed company and to develop a system to maximize synergies with the Company.

(d) J-TEC's provision of expertise on the CDMO business in regenerative medicine products to the Company may create a conflict of interest, considering the competition between the two companies in the market and other issues. Therefore, the capital and business alliance agreement stipulates that it should be carried out with due consideration for the conflict of interest between the Company and the general shareholders of J-TEC. Moreover, prices and conditions related to transactions with the Teijin Group at J-TEC are independently decided by the management of J-TEC, taking into consideration market prices, fair prices, and other factors. Accordingly, the Company believes that the rights of general shareholders are protected.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Board of Statutory Auditors
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Fumio Ohtsubo	From another company								△			
Yukako Uchinaga	From another company								○			
Yoichi Suzuki	Other											
Masaru Onishi	From another company								△			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/statutory auditor

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/statutory auditors are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Fumio Ohtsubo	○	<p>Fumio Ohtsubo, Outside Director, comes from Panasonic Corporation, a client of the Company. However, as transactions between Panasonic Corporation and the Company are minimal, accounting for less than 1% of the Company's consolidated sales (the results for the fiscal year ended March 2021), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Panasonic Corporation.</p>	<p>Fumio Ohtsubo has served as President and Chairman of the Board of a listed company, and he revitalizes the Company's Board of Directors as its chair and enhances its effectiveness based on his abundant business experience and outstanding insight. As a Director of the Company, he has provided appropriate advice and suggestions regarding the Company's business strategy and governance, as well as executive appointments and compensation. He has also represented the outside directors of the Company and actively exchanged opinions with external bodies, offering opinions on the governance mechanism and future issues of the Company. Furthermore, as a member of the Advisory Board, a consultative body of the Company, he has engaged in appointment and dismissal of the CEO as well as evaluation of the CEO's performance. As the chair of the Nomination Advisory Committee, he has also contributed to the nomination of directors and corporate officers other than the CEO. Through these and other activities such as recommendations for overall management, he has sufficiently fulfilled his duties in deliberation of important matters. Hence, we continue to select him as a candidate for outside director so that we can have him objectively supervise the Company's management through the Board of Directors, the Advisory Board, the Nomination Advisory Committee, and the Compensation Advisory Committee, leveraging his abundant business experience and outstanding insight. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.</p>
Yukako Uchinaga	○	<p>Yukako Uchinaga, Outside Director, serves as Board Chair of the Japan Women's Innovative Network (hereinafter, "J-Win"), and the Company pays a membership fee to this organization. However, its monetary amount is less than 0.1% of the Company's consolidated sales and less than 1% of J-Win's total</p>	<p>Yukako Uchinaga, having served as Executive Vice President of a listed company, has extensive business experience, outstanding insight in the field of information technology (IT), and profound knowledge of diversity. Based on these, as a director of the Company, she has provided appropriate advice and suggestions not only on the Company's business strategy and governance but also on diversity initiatives, including active participation by women, and IT/healthcare business.</p>

		membership fee revenue.	<p>Furthermore, as a member of the Advisory Board, a consultative body of the Company, she has sufficiently fulfilled her duties in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. Since April 2021, she has also been appointed as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. Hence, we continue to select her as a candidate for outside director so that we can have her objectively supervise the Company's management through the Board of Directors, the Advisory Board, the Nomination Advisory Committee, and the Compensation Advisory Committee, leveraging her extensive business experience, outstanding insight, and profound knowledge of diversity. As she satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between her and the general shareholders.</p>
Yoichi Suzuki	○		<p>Yoichi Suzuki has a wealth of knowledge and experience in negotiations on international economics and trade issues as a diplomat. As a director of the Company, he has provided appropriate advice and suggestions on global strategies in addition to the Company's strategy and governance. Furthermore, as a member of the Advisory Board, a consultative body of the Company, he has sufficiently fulfilled his duties in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. Since April 2021, he has also been appointed as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. Hence, we continue to select him as a candidate for outside director so that we can have him objectively supervise the Company's management through the Board of Directors, the Advisory Board, the Nomination Advisory Committee, and the Compensation Advisory Committee, leveraging his wealth of knowledge and experience as a diplomat. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk</p>

			of conflicts of interest arising between him and the general shareholders.
Masaru Onishi	○	Masaru Onishi, Outside Director, comes from Japan Airlines Co., Ltd., a client of the Company. However, as transactions between Japan Airlines Co., Ltd. and the Company are minimal, accounting for less than 1% of the Company's consolidated sales (the results for the fiscal year ended March 2021), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Japan Airlines Co., Ltd.	Masaru Onishi has served as President and Chairman of the Board of a listed company, and he has abundant business experience and outstanding insight. As a director of the Company, he has provided appropriate advice and suggestions regarding the Company's business strategy and governance, as well as executive compensation and appointments. Regarding corporate governance, as shown in the Integrated Report 2020, he has also actively provided opinions and suggestions in the Board of Directors on mechanisms to enhance the effectiveness of governance and future issues. Furthermore, as a member of the Advisory Board, a consultative body of the Company, he has engaged in appointment and dismissal of the CEO as well as evaluation of the CEO's performance. As the chair of the Compensation Advisory Committee, he has also contributed to decisions on compensation for directors and corporate officers other than the CEO. Through these and other activities such as recommendations for overall management, he has sufficiently fulfilled his duties in deliberation of important matters. Hence, we continue to select him as a candidate for outside director so that we can have him objectively supervise the Company's management through the Board of Directors, the Advisory Board, the Nomination Advisory Committee, and the Compensation Advisory Committee, leveraging his abundant business experience and outstanding insight. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Advisory Board (*)	8	1	1	4	2	0	Outside Director
Committee Corresponding to Remuneration Committee	Advisory Board (*)	8	1	1	4	2	0	Outside Director

### Supplementary Explanation

#### (1) Advisory Board (\*)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top management, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors (currently, they comprise four outside directors and two non-Japanese experts) as well as the Chairman of the Board (or the Senior Advisor in case of a vacancy in the Chairman of the Board post) and the CEO. The Chairman of the Board (or the Senior Advisor in case of a vacancy in the Chairman of the Board post) chairs the Advisory Board meetings.

The Advisory Board has set up nomination and compensation committees chaired by an outside director (currently, outside directors, Mr. Fumio Ohtsubo and Mr. Masaru Onishi chair the nomination and compensation committee meetings, respectively) when proposals concerning nomination and compensation are on the agenda. The activities of these committees include making recommendations regarding the alternation of the CEO and nomination of a successor, selecting a successor CEO candidate, deliberating a plan for training provided by the CEO to the successor candidate, reviewing the progress of the plans, deliberating the selection of the Chairman of the Board, deliberating the system and levels of executive compensation of the Teijin Group, and evaluating the performance of the CEO. For matters concerning the current CEO, in principle, the CEO leaves the room and does not participate in the deliberations. For matters concerning the Chairman of the Board, the Chairman of the Board leaves the room and does not participate in the deliberations.

The composition of the Advisory Board is as follows.

Shigeo Ohyagi (Chair, Senior Advisor), Fumio Ohtsubo (Chair of the Nomination Committee, outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), Masaru Onishi (Chair of the Compensation Committee, outside director), Alexander H.G. Rinnooy Kan (non-Japanese expert), Thomas M. Connelly, Jr. (non-Japanese expert), and Jun Suzuki (CEO)

#### (2) Nomination Advisory Committee and Compensation Advisory Committee

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Advisory Committee and the Compensation Advisory Committee, as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers.

Both committees are made up of all outside directors, the Chairman of the Board (in case of a vacancy in the Chairman of the Board post, the place is left vacant) and the CEO. Outside directors chair the advisory committees and their meetings. As consultative bodies of the Board of Directors, the committees have functions to make proposals and recommendations to the Board of Directors with respect to the election, resignation, evaluation, and amount of compensation of directors and senior management other than the Chairman of the Board and the CEO, as well as the election and resignation of statutory auditors.

The composition of the Nomination Advisory Committee is as follows.

Fumio Ohtsubo (Chair, outside director), Masaru Onishi (outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), and Jun Suzuki (CEO)

The composition of the Compensation Advisory Committee is as follows.

Masaru Onishi (Chair, outside director), Fumio Ohtsubo (outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), and Jun Suzuki (CEO)

#### [Statutory Auditors]

Establishment of the Board of Statutory Auditors	Established
Maximum Number of Statutory Auditors Stipulated in Articles of Incorporation	There is no maximum number.



Number of Statutory Auditors

5

Cooperation among Statutory Auditors, Accounting Auditors and Internal Audit Departments

The Company's Board of Statutory Auditors receives a summary explanation from the accounting auditor regarding the accounting audit plan, the internal control audit plan, and the quarterly review plan, along with accounting audit reports, internal control audit reports, quarterly review reports, and Group company on-site audit reports. Through these reports, the Board of Statutory Auditors receives an explanation of issues related to accounting and internal control, discusses important matters related to audits, and undertakes the required countermeasures. Meanwhile, the accounting auditor receives an explanation of the audit policy, audit plan and so forth from the statutory auditors and they exchange opinions. Moreover, the Company's Board of Statutory Auditors receives an explanation of matters indicated in the Group company audits from the accounting auditor that conducted the Group company audits and the information is shared throughout the Group. Furthermore, the Committee of Teijin Group Statutory Auditors receives explanations from the accounting auditor regarding the short-term and medium-term revision trends in the Japanese accounting standards and international accounting standards, as well as their impact on the Teijin Group, issues that should be addressed, and so forth. The "Corporate Audit Department," which is an internal auditing body, also works with the accounting auditor in the same way as the statutory auditors. The Board of Statutory Auditors and the Corporate Audit Department exchange opinions when proposing the internal audit plan for the fiscal year, regarding the audit scope, companies and departments to be audited, and so forth. Meanwhile, the Corporate Audit Department provides reports to the statutory auditors on the internal audit execution status through the Committee of Teijin Group Statutory Auditors, extraordinary meetings, monthly reports, and so forth. This enables internal audit information to be grasped constantly and comprehensively, and the required action to be shared. Moreover, the audit information of the statutory auditors is also shared with the Corporate Audit Department. With regard to the relationship between the statutory auditor audits, accounting audits, and internal audits (hereinafter, "various audits") and the internal control departments (functional departments such as CSR, corporate strategy and information systems), the internal control departments develop internal control systems and provide related operational support, and provide reporting to each audit organization regularly and as necessary, along with receiving various audits. In terms of the reporting system for internal control over financial reporting based on the Financial Instruments and Exchange Act of Japan, an Internal Control Report is prepared in consideration of factors such as independent monitoring by the Corporate Audit Department, and the report is audited by the accounting auditor.

Appointment of Outside Statutory Auditors

Appointed

Number of Outside Statutory Auditors

3

Number of Independent Statutory Auditors

3

Outside Statutory Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Gen Ikegami	CPA													
Hitomi Nakayama	Lawyer													
Jun Arima	Other													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the auditor fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

- d. Statutory auditor of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides executive compensation
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the statutory auditor himself/herself only)
- k. Executive of a company, between which and the Company outside directors/statutory auditors are mutually appointed (the statutory auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the statutory auditor himself/herself only)
- m. Others

Outside Statutory Auditor's Relationship with the Company (2)

Name	Designation as Independent Statutory Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Gen Ikegami	○		Gen Ikegami is expected to contribute to the maintenance and improvement of compliance by the Company with his abundant knowledge and experience as Certified Public Accountant. As he satisfies both the requirements of "independent statutory auditor" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.
Hitomi Nakayama	○		Hitomi Nakayama has provided appropriate advice and suggestions for the maintenance and improvement of compliance by the Company with her abundant knowledge and experience as a lawyer. Hence, we continue to select her as a candidate for an outside statutory auditor, being confident that she will continue to provide advice on further enhancement of the Company's compliance efforts. As she satisfies both the requirements of "independent statutory auditor" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between her and the general shareholders.
Jun Arima	○		Jun Arima has been involved in resource and energy, global environmental and economic issues at government ministries and agencies such as the Ministry of Economy, Trade and Industry (METI) and international organizations such as the Organization for Economic Co-operation and Development (OECD). We expect that he will contribute to maintaining and improving our compliance and provide advice and suggestions for the environmental management that we aim for based on his wealth of knowledge and experience, so we judge that he will be able

			to properly perform his duties as an outside statutory auditor. As he satisfies both the requirements of “independent statutory auditor” stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.
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### [Independent Directors/Statutory Auditors]

Number of Independent Directors/ Statutory Auditors	7
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#### Matters relating to Independent Directors/ Statutory Auditors

There are no special interests between the Company and the outside directors and outside statutory auditors. The status of concurrent positions held by outside directors and outside statutory auditors at other companies and so forth is as reported in “Relationship with the Company (1).” There are no special interests between the Company and the respective companies and so forth where the concurrent positions are held.

The outside directors’ role is to contribute to improving the transparency and accountability of the Board of Directors by performing an oversight function over inside directors as well as a management advice function based on their expertise.

Moreover, of the Company’s five statutory auditors, a majority of three are outside statutory auditors who maintain independence. This ensures transparency, and achieves the management oversight and audit function including audit of total risk management.

On April 1, 2003, the Board of Directors of the Company prescribed the requirements for outside directors as the “Independent Director Regulations,” which serve as the basis for the election of outside directors. These conditions for appointment are designed to increase the level of precision and ensure the transparency of the management supervisory function of the Board of Directors. At the same time, with the approval of the Board of Statutory Auditors, the Board of Directors prescribed requirements for independent statutory auditors as the “Independent Statutory Auditor Regulations,” which serve as the basis for the election of outside statutory auditors. These conditions for appointment are intended to enhance the precision and transparency of the monitoring and auditing functions regarding the execution of duties by inside directors and the management team.

These requirements are posted on the Company’s website (<https://www.teijin.com/ir/management/governance/requirements/>). Moreover, the Company’s outside directors and outside statutory auditors meet the independence requirements specified by the Tokyo Stock Exchange.

The outside statutory auditors receive reports and so forth from the statutory auditor audits, accounting audits, and Corporate Audit Department audits through the Board of Statutory Auditors and Committee of Teijin Group Statutory Auditors. They exchange opinions appropriately based on these reports, and mutual contact is maintained with the outside directors by having them receive these audit reports and so forth.

With regard to the relationship between the supervision provided by outside directors or outside statutory auditors and the internal control departments, the internal control departments report appropriately on operational risk, strategic risk, and so forth to the outside directors or outside statutory auditors, mainly through the Board of Directors meetings, and in turn receive necessary counsel and advice from the outside directors or outside statutory auditors. If necessary, outside directors or outside statutory auditors may exchange opinions with the administrator overseeing the internal control departments and make proposals for effective improvements of the internal control system and other matters.

The Company has executed a Liabilities Limitation Agreement with outside directors which limits the respective liabilities of each outside director to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act. The Company has also executed a Liabilities Limitation Agreement with outside statutory auditors which limits the respective liabilities of each outside statutory auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

**[Incentives]**

Incentive Policies for Directors	Performance-based remuneration/ other
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## Supplementary Explanation (Updated)

In fiscal 2021, the Company revised its executive compensation plan, aiming to further strengthen its corporate value from the viewpoint of corporate governance and stakeholder and the medium- to long-term perspective (sustainability and ESG).

In accordance with this revision, the Company abolished the stock option based on the share-based remuneration plan and newly introduced remuneration system to grant "Restricted Stock" and "Performance Share Units" to directors of the Company (excluding the chairman, senior advisor, and outside directors; hereinafter, "Eligible Directors"), with the aim of providing an incentive to Eligible Directors for the achievement of targets of the Company's Medium-Term Management Plan and increase of medium- to long-term corporate value. Through these changes, we are increasing the proportion of stock remuneration. In order to further strengthen the Group management, the revised system is to be applied to all corporate officers across the globe.

For details, please see "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

Recipients of Stock Options	-
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## Supplementary Explanation

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected Directors
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## Supplementary Explanation

From April 1, 2020, to March 31, 2021, the compensation paid to the Company's directors and statutory auditors were as follows.

[Total amounts of compensation by type of position, total amounts of compensation by type of compensation, and number of applicable directors and statutory auditors]

## 1) Directors (excluding outside directors)

- Total amounts of compensation: ¥310 million
- Amounts of compensation by type: ¥214 million basic compensation (seven people), ¥57 million performance-based compensation (seven people), and ¥40 million yen stock compensation-type stock options (seven people)

## 2) Statutory auditors (excluding outside statutory auditors)

- Total amounts of compensation: ¥70 million
- Amounts of compensation by type: ¥70 million basic compensation (three people)

## 3) Outside directors

- Total amounts of compensation: ¥66 million
- Amounts of compensation by type: ¥66 million basic compensation (four people)

## 4) Outside statutory auditors

- Total amounts of compensation: ¥36 million
- Amounts of compensation by type: ¥36 million basic compensation (four people)

1. The above compensation is set based on the policy on compensation for directors and statutory

auditors as of March 31, 2021.

2. The Company has no director who is also an employee of the Company.

3. Performance-based compensation and Stock compensation-type stock options are not granted to outside directors or outside statutory auditors.

4. The maximum annual compensation for Directors is ¥700 million (as resolved by the 140th Ordinary General Meeting of Shareholders held on June 23, 2006).

5. The maximum monthly compensation for Statutory Auditors is ¥12 million (as resolved by the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999).

[Individual compensation]

Jun Suzuki, President and CEO, Representative Director of the Board

- Total amount of compensation: ¥116 million
- Amount of compensation by type: ¥80 million basic compensation, ¥21 million performance-based compensation, and ¥15 million stock compensation-type stock options

The above information is included in the Business Reports and Securities Reports. The Business Reports are posted on the Company's website as part of the Notice of Convocation of the General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_210623\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_210623_01.pdf)

Policy on Determining Remuneration Amounts and Calculation Methods (Updated)

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

In fiscal 2021, the Company revised its executive compensation plan, aiming to further strengthen its corporate value from the viewpoint of corporate governance and stakeholder based on stronger management from the medium- to long-term perspective (sustainability and ESG).

The following presents the revised policy on compensation amounts for executives and their calculation methods.

1) Basic policy on compensation system

- The system should enhance awareness of contributing to medium- to long-term increases in earnings and corporate value.
- The system should be closely linked to performance of the Company and be highly transparent and objective.
- The system should be primarily focused on enhancing value shared with stakeholders and shareholder-focused management awareness.
- The system should maintain sufficient levels and content of compensation to act as incentives to secure high-quality management human resources.

2) Compensation level

- The compensation level for inside directors and outside directors is determined each year after verifying the appropriateness of the level of total compensation for each position, based on the results of a compensation survey conducted among major corporations in Japan at which globalization of executives is progressing.

3) Composition of compensation for directors and statutory auditors

- Compensation for inside directors (excluding the Chairman of the Board and Senior Advisor) is composed of fixed compensation not linked to the Company's performance, including basic compensation (cash) and "Restricted Stock" (medium- to long-term incentive compensation), and variable compensation including performance-based compensation (cash) (short-term incentive compensation) and "Performance Share Units" (medium- to long-term incentive compensation). The new system aims to provide incentives for them to achieve short-term performance goals and medium-term management plans, as well as to enhance corporate value over the medium to long term.
- Compensation for the Chairman of the Board, Senior Advisor, outside directors, and statutory auditors is solely fixed compensation, not linked to the performance of the Company.

For inside directors, the composition ratio is as follows:

- i) President and CEO, Representative Director of the Board
  - (a) Basic compensation as fixed compensation: 45%
  - (b) Restricted Stock as fixed compensation: 10%
  - (c) Performance-based compensation as variable compensation: 20%
  - (c) Performance Share Units as variable compensation: 25%

- ii) Other Directors
  - (a) Basic compensation as fixed compensation: 50%
  - (b) Restricted Stock as fixed compensation: 10%
  - (c) Performance-based compensation as variable compensation: 25%
  - (d) Performance Share Units as variable compensation: 15%

1. For performance-based compensation, the ratios apply if the Company achieved standard targets among graded targets. For "Performance Share Units," they apply if the Company achieved its targets. For "Performance Share Units," one target is set for each performance indicator, and the payment of the portion corresponding to such performance indicator is determined by the achievement of the target.
2. For the President and CEO, Representative Director of the Board, different ratios are set from other Directors in terms of variable compensation and share-based compensation, in order to clarify the significance of the position and its responsibilities.

#### 4) Policy on determining the timing and conditions of providing compensation

##### (a) Fixed compensation

###### i) Basic compensation (monetary compensation)

The amount paid to each Director is determined according to their position and paid as fixed compensation.

1/12 of the fixed amount by position is provided as monthly compensation.

###### ii) Restricted Stock (non-monetary compensation)

This is a share-based compensation plan, designed to further share value with shareholders and to enhance the medium- to long-term improvement of corporate value. Based on a resolution by the Company's Board of Directors, monetary claims will be paid to inside directors (excluding the Chairman of the Board and Senior Advisor) around July or August every year. The eligible inside directors shall pay all monetary claims to be paid to them to the Company, in the form of property contributed in kind, and shall, in return, receive ordinary shares of the Company that shall be issued or disposed of by the Company. Transfer restrictions are imposed on the issued ordinary shares of the Company which will be lifted on retirement.

##### (b) Variable compensation

###### i) Performance-based compensation (monetary compensation)

Performance-based compensation is paid to inside directors (excluding the Chairman of the Board and Senior Advisor) as monetary compensation reflecting annual performance. It is based on the three items presented as key performance indicators (KPIs) in the Medium-Term Management Plan: consolidated ROE, which is a profitability indicator; consolidated EBITDA, which is a growth indicator; and consolidated ROIC based on consolidated operating income, which is an indicator of efficiency of generating profits relative to capital invested. Also, the payment ratio is calculated based on the Director's position, the achievement level of consolidated ROE, the achievement levels against the budget in consolidated EBITDA and consolidated ROIC based on consolidated operating income, and the individual performance evaluation of the Director. It will be provided by the end of June as a year-end lump sum payment.

###### ii) Performance Share Units (non-monetary compensation)

This is a share-based compensation plan linked to performance, designed to further share value with shareholders, to enhance the medium- to long-term improvement of corporate value, as well as to further reinforce the commitment to achieving medium-term management plans. It is based on four items, two of which are presented as key performance indicators (KPIs) in the Medium-Term Management Plan: consolidated ROE, which is a profitability indicator; and consolidated EBITDA, which is a growth indicator. The additional indicators include Total Shareholder Return (TSR) to reflect the perspective of stakeholders and "1) Changing Portfolio, 2) Diversity and Inclusion" to reflect the sustainable growth and the ESG (Environmental, Social, and Governance) perspective.

A performance evaluation period, which can be one or multiple fiscal years, will be set for each performance indicator. After the performance evaluation period, the number of ordinary shares to be

allotted to each inside director (excluding the Chairman of the Board and Senior Advisor) will be determined based on the achievement level of each numerical target during its performance evaluation period. The number of shares will be allotted around July or August every year. As for the payment ratio, it will correspond to the composition ratio of the performance evaluation indicators if the targets are achieved. It will be zero if the targets are not achieved. Transfer restrictions are imposed on the issued ordinary shares of the Company which will be lifted on retirement.

The above information is included in the Business Reports and Securities Reports. The Business Reports are posted on the Company's website as part of the Notice of Convocation of the General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_210623\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_210623_01.pdf)

#### [Supporting System for Outside Directors and/or Statutory Auditors]

The Corporate Strategy Department supports the outside directors in all aspects of the performance of their duties by providing them with briefings on matters to be resolved and reported before meetings of the Board of Directors. In addition, the Executive Secretariat supports the activities of the outside directors by providing liaison and coordination between the outside directors and other directors or other personnel.

For outside statutory auditors, full-time statutory auditors give timely briefings on the details of important internal meetings, in addition to Board of Directors agenda items in advance of the meetings. In addition, statutory audit staff provide support to enable outside statutory auditors to audit the business execution through informal discussions with the CEO and directors, participation in the Committee of Teijin Group Statutory Auditors, and other means.

#### [Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/position	Responsibilities	Employment terms (Full /Part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
Toru Nagashima	Honorary Advisor	Engaged in external affairs such as business community relations.	Part-time, with compensation	June 20, 2008	Provided for in company rules
Shigeo Ohyagi	Senior Advisor	Engaged in external affairs such as business community relations.  Engaged in duties as the Chair of the Advisory Board (excluding resolutions concerning nomination and compensation advisory functions)	Full-time, with compensation	March 31, 2014	Provided for in company rules

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

2

Others

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

### 1) Board of Directors

The Board of Directors meets once a month, in principle, and deliberates and determines/approves important matters, such as Groupwide management policies and plans, as well as any other items required by laws, regulations and the Company's Articles of Incorporation. It also oversees directors' performance of their duties. It sets the agenda items of Board of Directors meetings in accordance with the Regulations for the Board of Directors. Also, to expedite decision-making and clarify accountability of business execution, it properly delegates authority to corporate officers regarding important matters related to the business execution of the Teijin Group (individual short- and medium-term plans and individual important matters with respect to each business and functional operation).

To expedite decision-making and clarify accountability of business execution, the Company's Articles of Incorporation set the maximum number of directors at 10, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Currently, the Company's Board of Directors comprises 10 members, including four outside directors who satisfy the requirements for independent directors. One of the outside directors is female. Additionally, in the Articles of Incorporation, the term of office for directors is set at one year.

In order to fulfill the above roles, persons who are suitable to be top management of the Company with outstanding personalities and insight are chosen by the Board of Directors as director candidates, in consideration of their personal capabilities, past performance record, and so forth. The candidates are recommended at the General Meeting of Shareholders.

The chair of the Board of Directors meetings is selected from outside directors as part of the efforts to separate monitoring and supervision from business execution.

The Board of Directors met 12 times in fiscal 2020, and all Directors attended every meeting.

The composition of the Board of Directors is as follows.

Fumio Ohtsubo (Chair, outside director), Jun Suzuki, Akihisa Nabeshima, Toshiya Koyama, Eiji Ogawa, Naohiko Moriyama, Akimoto Uchikawa, Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), and Masaru Onishi (outside director)

### 2) Group Strategy Committee and Group Management Committee

Important matters related to business execution of the Company and the Teijin Group, for which authority has been delegated from the Board of Directors, are decided by the CEO through deliberation in the Group Strategy Committee, which meets at least twice a month in principle, and the Group Management Committee which meets once a month in principle.

The Group Strategy Committee and the Group Management Committee consist of the CEO, Presidents of respective business, Chief officers, and others designated by the CEO. The CEO convenes and chairs the meetings of both committees. In addition to the members, the committees are also attended by the full-time statutory auditors.

### 3) Advisory Board (Management Consultative Committee)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top management, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors (currently, they comprise four outside directors and two non-Japanese experts) as well as the Chairman of the Board (or the Senior Advisor in case of a vacancy in the Chairman of the Board post) and the CEO. The Chairman of the Board (or the Senior Advisor in case of a vacancy in the Chairman of the Board post) chairs the Advisory Board meetings.

The Advisory Board has set up nomination and compensation committees chaired by an outside director (currently, outside directors, Mr. Fumio Ohtsubo and Mr. Masaru Onishi chair the nomination and compensation committee meetings, respectively) when proposals concerning nomination and compensation are on the agenda. The activities of these committees include making recommendations regarding the alternation of the CEO and nomination of a successor, selecting a successor CEO candidate, deliberating a plan for training provided by the CEO to the successor candidate, reviewing the progress of the plans, deliberating the selection of the Chairman of the Board, deliberating the system and levels of executive compensation of the Teijin Group, and evaluating the performance of the CEO. For matters concerning the current CEO, in principle, the CEO leaves the room and does not participate in the deliberations. For matters concerning the Chairman of the Board, the Chairman of the Board leaves the room and does not participate in the deliberations.

The composition of the Advisory Board is as follows.

Shigeo Ohyagi (Chair, Senior Advisor), Fumio Ohtsubo (Chair of the Nomination Committee, outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), Masaru Onishi (Chair of the Compensation Committee, outside director), Alexander H.G. Rinnooy Kan (non-Japanese expert), Thomas M. Connelly, Jr. (non-Japanese expert), and Jun Suzuki (CEO)



#### **4) Nomination Advisory Committee and Compensation Advisory Committee**

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Advisory Committee and the Compensation Advisory Committee, as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Both committees are made up of all outside directors, the Chairman of the Board (in case of a vacancy in the Chairman of the Board post, the place is left vacant) and the CEO. Outside directors chair the advisory committees and their meetings. As consultative bodies of the Board of Directors, the committees have functions to make proposals and recommendations to the Board of Directors with respect to the election, resignation, evaluation, and amount of compensation of directors and senior management other than the Chairman of the Board and the CEO, as well as the election and resignation of statutory auditors.

The composition of the Nomination Advisory Committee is as follows.

Fumio Ohtsubo (Chair, outside director), Masaru Onishi (outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), and Jun Suzuki (CEO)

The composition of the Compensation Advisory Committee is as follows.

Masaru Onishi (Chair, outside director), Fumio Ohtsubo (outside director), Yukako Uchinaga (outside director), Yoichi Suzuki (outside director), and Jun Suzuki (CEO)

#### **5) Board of Statutory Auditors**

The Company's Board of Statutory Auditors consists of five members, of whom three—a majority—are outside statutory auditors who satisfy the requirements for independent statutory auditors, and one of those three is female.

Furthermore, the Committee of Teijin Group Statutory Auditors, which comprises statutory auditors of Group companies and other members, meets regularly to enhance the effectiveness of Groupwide monitoring and audits.

The Group Auditors Office has been established, reporting directly to full-time statutory auditors as an organization to assist statutory auditors' duties. As of March 31, 2021, the office consists of five full-time employees.

#### **6) Status of Internal Audit System**

The Corporate Audit Department, reporting directly to CEO, has been established as an internal audit organization, and carries out Group-wide and global audits to evaluate the efficiency and validity of internal control functions. Furthermore, at certain listed subsidiaries and so forth, individual internal audit organizations have been established. As of March 31, 2021, the number of internal auditors in the Teijin Group is 22 (excluding internal auditors at listed subsidiaries and so forth).

#### **7) Status of Accounting Audits**

The status of the certified public accountants (CPAs) who audited the Company is as follows (items in brackets are the affiliated auditing firm and number of consecutive years performing audits).

Hidetoshi Fukuda (KPMG AZSA LLC, 2 years), Kiyoshi Hirai (KPMG AZSA LLC, 7 years), and Takeharu Kirikae (KPMG AZSA LLC, 6 years) The status of assistants who executed auditing is as follows: CPAs 11, others 18, total 29.

#### **8) Total Risk Management**

The Company carries out total risk management (TRM) by establishing a TRM system targeting both strategic and operational risks, aiming to address all risks that may threaten the Company's sustainable growth. The TRM Committee, chaired by the CEO, has been in place since fiscal 2003 under the Board of Directors. The Board deliberates and decides basic policies and annual plans related to TRM proposed by the Committee. The Board also manages major risks and develops systems to ensure business continuity. The statutory auditors conduct audits to check whether the Board of Directors is appropriately conducting policy decisions, monitoring, and supervision regarding TRM.

The CEO is directly in charge of assessing strategic risk, and provides assessment results for the Board of Directors and other bodies as key materials in their decision-making process.

The Chief Social Responsibility Officer (CSRO) is in charge of addressing operational risk by establishing a cross-sectional risk management system, identifying problems, and responding to crises when they occur.

The details of Teijin Group "Corporate Governance Guide" (the Company's Corporate Governance System) can be viewed at the Company's website: (<https://www.teijin.com/ir/management/governance/guide/>)

### 3. Reasons for Adoption of Current Corporate Governance System (Updated)

The Teijin Group has adopted and will adopt from time to time mechanisms for corporate governance which are appropriate for achieving the purposes of the Company. Accordingly, the Company will timely review the mechanisms and such changes may be made in accordance with changes in the social and legal environments. The current Companies Act requires the Board of Directors to appropriately carry out two functions: making important business decisions and management monitoring and supervision. The governance system deemed appropriate is therefore based on these two core functions: execution of business led by the Company's inside directors (limited to Executive Directors) on the one hand, and management monitoring and supervision focused on by outside directors and carried out by statutory auditors and the Board of Statutory Auditors on the other hand. Therefore, the Company intends to continue to be a company with Board of Statutory Auditors for the time being. Statutory auditors in a company with a Board of Statutory Auditors are independent, meaning that they can exercise their authority independently. In addition, the Company also calls on the Board of Statutory Auditors and statutory auditors to "make the best use of their authority to monitor the Board of Directors" and to "actively provide constructive opinions at Board of Directors meetings," thereby ensuring that the Board of Statutory Auditors maintains its effective function to audit the Board of Directors. Through these arrangements, the corporate governance of the Company is effectively achieved via an "Advisory Board," a "Board of Directors that includes independent outside directors and an executive officer system" together with a "statutory auditors system that includes independent outside statutory auditors", to the similar level of corporate governance that "company with nomination committee" is aiming for, in terms of strengthening management monitoring and supervisory functions.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends notification about three weeks prior to the date of the General Meeting of Shareholders. In the fiscal year ended March 2021, the General Meeting of Shareholders was held on June 23, 2021, and the Notice of Convocation was sent on June 1. Ahead of this, on May 26, the Notice of Convocation was posted on the Company's website, the website of the Tokyo Stock Exchange, and others. <a href="https://www.teijin.com/ir/stocks/general-meeting/">https://www.teijin.com/ir/stocks/general-meeting/</a>
Scheduling AGMs Avoiding the Peak Day	The General Meeting of Shareholders for the fiscal year ended March 2021 was held on June 23. The General Meeting of Shareholders for the fiscal year ending March 2022 is also scheduled to be held at a similar timing.
Allowing Electronic Exercise of Voting Rights	The Company has adopted exercise of voting rights by electro-magnetic methods since the Ordinary General Meeting of Shareholders for the fiscal year ended March 2003. Voting rights can be exercised through electro-magnetic methods by accessing the Company's designated website for exercising voting rights from a personal computer or smartphone.
Participation in Electronic Voting Platform	Nominal shareholders (including standing proxy agents), such as managing trust banks, can use the electronic voting platform operated by ICJ, Inc. after applying beforehand to use it.
Providing Convocation Notice in English	The Notice of Convocation is available in English on the Company's website. <a href="https://www.teijin.com/ir/stocks/general-meeting/">https://www.teijin.com/ir/stocks/general-meeting/</a>
Other	1. The General Meeting of Shareholders is an important opportunity for direct dialogue with shareholders. However, the Company requested shareholders to make an appropriate judgment on participation in this year's General Meeting of Shareholders, based on the measures taken by the national and local governments to prevent COVID-19 infections and their own health condition on the date of the Meeting, in order to avoid the risk of being infected. 2. A live streaming service (a hybrid participation-type virtual meeting) was provided, enabling shareholders to watch the Meeting. Moreover, the business report was made available this year on the Company's website before the Meeting. The

	<p>business report was therefore partially omitted from the proceedings of the Meeting.</p> <p>3. On June 1, before the General Meeting of Shareholders was held, the Company launched a page on its website to take questions from shareholders.</p>
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## 2. IR Activities (Updated)

	Supplementary Explanations	Explanation by the Representative
Preparation and Publication of Disclosure Policy	<p>The Teijin Group’s IR Basic Policy is available on the Company’s website in Japanese and English.            (Japanese: <a href="https://www.teijin.co.jp/ir/disclosure/">https://www.teijin.co.jp/ir/disclosure/</a>)            (English: <a href="https://www.teijin.com/ir/disclosure/">https://www.teijin.com/ir/disclosure/</a>)</p> <p><b>Disclosure Policy</b></p> <p>Basic Policy</p> <ol style="list-style-type: none"> <li>1. Teijin Ltd. and Teijin Group companies have a basic policy of providing company information to all stakeholders in a timely, fair, accurate, and consistent manner.</li> <li>2. A management priority is to build a relationship of trust with shareholders and investors in particular, and therefore, we shall actively endeavor to enhance information disclosure and two-way communication.</li> <li>3. We believe that accountability is an essential requirement in securing effective corporate governance.</li> </ol> <p>Disclosure Standards</p> <ol style="list-style-type: none"> <li>1. We will promptly disclose information in a fair, accurate, clear, timely and ongoing manner in accordance with various laws and regulations such as Financial Instruments and Exchange Act and Companies Act (“various laws and regulations”) and the “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” stipulated by the Tokyo Stock Exchange (TSE) etc. (“timely disclosure rules”). Moreover, for those matters that cannot be disclosed due to potentially negative impact on business operations, the reason for such nondisclosure must be clearly stated at the time of explanation.</li> <li>2. Information that is not considered important information as established under the various laws or regulations, or under timely disclosure rules, but is deemed to be of use to shareholders and investors-with the exception of information pertaining to the competitive strategies of individual businesses or highly confidential management information-will be disclosed fairly, accurately, clearly, timely and in an ongoing manner.</li> </ol> <p>Disclosure Methods</p> <ol style="list-style-type: none"> <li>1. Information that is considered important under the timely disclosure rules shall be disclosed in accordance with said rules via the TSE’s timely disclosure information system (TDnet), in addition to explanations provided to the TSE.</li> <li>2. Information under the Financial Instruments and Exchange Act shall be disclosed in accordance with said Act via the Financial Services Agency’s Electronic Disclosure for Investors’ NETWORK (EDINET), in addition to explanations provided to the Financial Services Agency.</li> <li>3. Information other than the above that is considered to affect investor decisions will also be promptly disclosed as required depending on the importance and urgency of that information through press releases, press conferences, information sessions, or other means.</li> <li>4. Information disclosed in accordance with 1. and 2. above will be posted on the Company’s website immediately after disclosure.</li> </ol>	

	<p>Further, for the convenience of shareholders and investors, we will work to provide disclosure in English to accompany our disclosure of information in Japanese.</p> <p>5. In addition to improving the "For Investors" section of the Company's website, we will also endeavor to provide information appropriately in a variety of media, and disclose easy-to-understand information in an environment easily accessible by shareholders and investors through a range of information media including information sessions and various printed materials.</p> <p><b>Quiet Period</b>  In the weeks leading up the announcement of each quarterly and annual results, we shall employ a quiet period so as to prevent any leakage of financial information and to maintain impartiality. During this period, we will not provide answers to comments or questions received in relation to the accounts etc.</p> <p>However, if a situation occurs during the quiet period where there is an obvious discrepancy between current estimations and the disclosed forecast that is larger than the range of that specified under the timely disclosure rules, then we shall disclose information as required through press releases, etc.</p>	
Regular Investor Briefings for Individual Investors	<p>Presentation meetings for individual shareholders are usually held in person every year, where the CEO and top management of business unit provides an overview of the company's management strategy and business plan, as well as facility visiting tours where the Company's products are exhibited. This fiscal year, however, the presentation meeting was cancelled due to COVID-19 pandemic. As a new initiative, we organized and conducted a virtual facility tour for individual shareholders through online tool.</p> <p>The Company also holds in person company presentation meeting for individual investors every year. Although the event was cancelled due to COVID-19 pandemic this year, we will see if we could resume it according to the circumstances.</p>	Yes
Regular Investor Briefings for Analysts and Institutional Investors	<p>The Company holds presentations on each quarterly financial result announcement. Moreover, the Company also holds presentations related to its medium- to long-term management policy and its progress, individual businesses and other important matters relating to disclosure, and conducts factory tours. The Company held presentations for a total of six times during the period from April 2020 to March 2021, and a total of four times during the period from April to September 2021. While factory tours were cancelled due to the effects of COVID-19, the Company presented a video on its production sites in the business presentations.</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>In principle, three to five times per year, the CEO, the CFO or the officer in charge of IR visits overseas investors, primarily in North America, Europe, and Asia, to hold individual meetings. Moreover, the Company also participates actively in conferences for overseas institutional investors held by securities companies and so forth. In fiscal 2020, while no international travel took place due to the effects of COVID-19, the Company actively organized online meetings with investors. Company participated in a total of three online conferences during the period from April 2020 to March 2021, and a total of two such conferences during the period from April to September 2021. The Company also organized business presentations as online webinars during times that were accessible to investors in the United States, Europe, and Asia as well..</p>	Yes

Posting of IR Materials on Website	In consideration of fair disclosure, in addition to timely disclosure materials related to announcements of the quarterly financial results, integrated reports, fact books, etc., the Company posts materials for institutional investor presentations and individual investor presentations in both Japanese and English in a timely manner. On its website, the Company also provides videos and Q&A summaries regarding business results presentations and business presentations for analysts and institutional investors in both Japanese and English. (Japanese: <a href="https://www.teijin.co.jp/ir/library/">https://www.teijin.co.jp/ir/library/</a> ) (English: <a href="https://www.teijin.com/ir/library/">https://www.teijin.com/ir/library/</a> )
Establishment of Department and/or Manager in Charge of IR	Officer in charge of IR: Director, Executive Officer (Corporate Strategy) Department in charge of IR: IR Department

### 3. Measures to Ensure Due Respect for Stakeholders (Updated)

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The shareholders entrust capital into the Company and thus, the Company is required to achieve profits through its business activities and to ultimately increase shareholder value over the medium and long term. It is the basic mission of the Company to comply with such shareholders’ entrustment. Based on this basic mission, the Company must fulfill its respective responsibilities to its stakeholders (interested parties), such as employees, business partners, customers, consumers, local residents and communities, etc.”</p> <p>Moreover, according to the Company’s Code of Conduct, “We — The Teijin Group, including its officers and employees — act according to our conscience, with the aim of enhancing the quality of life for all stakeholders.” It stipulates that we should respect human rights in all business activities and the Company’s supply chain, allow no discrimination or harassment, fulfill our accountability, and engage in business activities trusted by local communities.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Teijin Group has established a Chief Social Responsibility Officer as the person in charge of CSR activities, sorted out risk and opportunities for the Company, identified five items the Company is to address as important management issues (materiality), and set KPIs accordingly. We firmly believe that strengthening the sustainable management base is essential in order to realize the long-term vision, “be a company that supports the society of the future.” To this end, we carry out various initiatives including developing enabling environments for various human resources to play an active role to drive the Company forward, developing human resources, promoting activities for corporate ethics and compliance that should serve as foundations for trust, taking appropriate measures to respond to various risks, ensuring information security that is becoming increasingly important in an IT society, engaging in responsible procurement, manufacturing products in a way customers can trust, as well as giving consideration to environmental protection, safety and disaster mitigation, and health.</p> <p>In environmental protection, the Company has established long-term goals to reduce emissions of CO<sub>2</sub>, water, hazardous chemicals substances, and landfill waste. In response to climate change, which is an urgent issue worldwide, we have established the goals of reducing the Group’s total CO<sub>2</sub> emissions by 30% by fiscal 2030 compared to fiscal 2018 levels, and of realizing net zero emissions by fiscal 2050. We aim to achieve these goals by continuing and enhancing initiatives in energy conversion and increased productivity. Moreover, since fiscal 2020, we have introduced an internal carbon pricing (ICP) system to promote capital investment plans that contribute toward reducing CO<sub>2</sub> emissions.</p> <p>We disclose our initiatives on climate change based on TCFD recommendations, an internationally established disclosure framework.</p> <p>The Group also actively engages in programs to contribute to society while leveraging the characteristics of different businesses and regions, such as the development of the next generation through science and education, sports, and</p>

	other activities.
Development of Policies on Information Provision to Stakeholders	The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The accountability of the company is an integral part of corporate activities for the business to prosper and enhance shareholder value. The company should clearly present its mission and vision and present a clear explanation of the corporate governance mechanisms on every occasion. Furthermore, compliance policies and Total Risk Management must be instilled into the entire Teijin Group. Teijin Group behaves as a company that takes requests from shareholders and society into consideration in order to achieve a higher degree of accountability.”
Other	<p>&lt;Diversity and Inclusion Promotion Policy&gt;  The Teijin Group positions the promotion of diversity and inclusion as one of its key initiatives for innovation creation in the Medium-Term Management Plan. The Group will further promote diverse working styles, advancement of women, and diversity of human resources, with the aim of building an organization where human resources with different values and experiences can come together and demonstrate their abilities to the fullest extent possible.</p> <p>&lt;Measures to Realize Diversity and Inclusion&gt;  In order to promote diversity at the executive level even further, the Teijin Group has set the targets of increasing the number of female executives to six or more and the number of non-Japanese executives to six or more by fiscal 2022. The Group further aims to increase the number of female executives to 10 or more and the number of non-Japanese executives to 12 or more by fiscal 2030. To achieve these targets, the Group has set targets for each region, including Japan, and is working to develop executive candidates and widen the pool of potential candidates. In Japan, increasing the number of women in managerial positions is a key priority. The Group has set the targets for the number of women in managerial positions to 174 by fiscal 2022, and 300 by fiscal 2030. To develop female leaders, the Company has been continuously carrying out selection training across the Teijin Group since fiscal 2012. Female employees have also been sent to external training sessions with the aim of spurring their development through interaction with other female employees in different industries. For employees who have to temporarily leave work due to family reasons, the Company has set up a re-employment system for such employees who have left their jobs due to family matters, and systems for situations such as employees taking leave to accompany their spouses on overseas work assignments. These systems have led to the continuation and advancement of the careers of female employees. As a result, the number of women in managerial positions amounted to 143 in April 2021, marking a 14-fold increase in this number since these activities began (in fiscal 2000). In recognition of these activities and various related initiatives, the Company has been selected as a “Nadeshiko Brand” for four consecutive years from 2018. The “Nadeshiko Brand” is an initiative jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select enterprises that have implemented outstanding measures to encourage women’s success in the workplace.</p> <p>&lt;Work Style Reform&gt;  The Company has long been working to improve productivity and to achieve work-life balance through robotic process automation (RPA) and other digitization of work. Taking the opportunity of countermeasures against COVID-19, we have been accelerating the efforts to reform employees’ mindsets and work processes, aiming to develop new work styles that adapt to the “New Normal” while ensuring employees’ safety and security. Specifically, we had cross-organizational discussions on the five themes of “paperless,” “business visualization,” “communication,” “office space &amp; social distancing,” and “work system/evaluation,” and implemented measures to address a number of issues. For example, discussions on “communication” led to a survey conducted with employees in departments where they mainly worked remotely, in order to visualize how these employees communicated with each other. Based on its results, each department has started developing and implementing necessary measures to make improvements. We will continue this initiative.</p>

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Company recognizes internal control as an essential mechanism for corporate activities, with the goals of 1) raising the effectiveness and efficiency of business management, 2) ensuring the reliability of corporate financial reporting, 3) promoting compliance with laws, regulations, and so forth concerning business management, and 4) preserving assets so that they are acquired, used, and disposed of correctly.

The Company passed a resolution regarding the “Basic Policy for Establishment of Internal Control Systems” at the Board of Directors meeting held on March 30, 2021. Below is a summary of this resolution, the details of which can be viewed at the Company’s website (<https://www.teijin.com/ir/management/governance/resolution/>).

#### **(1) System for Ensuring Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors, Officers, and Employees of the Company and Its Subsidiaries**

The Company has declared its basic principles of compliance in the Teijin Group “Corporate Governance Guide.”

To practice these basic principles, the Company shall establish systems and organizational structures that ensure practical operation and thorough observation of the Teijin Group’s Corporate Philosophy, Code of Conduct, Group Ethics Regulations and other related internal regulations.

The Company’s representative directors and other executives shall take the initiative and set good examples in observing laws, regulations and the Articles of Incorporation, social rules and ethics, and shall promote compliance education and awareness among directors, officers and employees of the Company and its subsidiaries. In order to establish a compliance system across the entire Teijin Group, the Company has appointed the Chief Social Responsibility Officer as the officer in charge of compliance.

All Directors, officers and employees of the Company and its subsidiaries are required to report to the Teijin entity to which they belong or to the Company when they detect any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and other internal regulations. The Chief Social Responsibility Officer shall direct and supervise investigations to confirm such reported facts and, upon consultation with the CEO, determine appropriate measures.

The Company shall provide necessary means for directors, officers, employees and business partners to directly report any violation or doubtful activities of non-compliance in the Company or its subsidiaries by setting up and operating various types of reporting and consultation services. Such measures shall ensure that the anonymity of the caller is protected and that the caller does not suffer any disadvantageous treatment. Important reports as well as measures taken by the relevant Teijin entities and their results shall be announced as appropriate to, and shall be recognized by, all directors, officers and employees of the Company and its subsidiaries.

The directors of the Company and its subsidiaries shall have their performance of duties audited by the statutory auditors, and will respect any advice or recommendations received from the statutory auditors. The Corporate Audit Department, directly supervised by the CEO, shall perform internal auditing of the Teijin Group’s execution of business, conduct the evaluation of the internal control system, and propose its improvement.

The Teijin Group shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. The Chief Social Responsibility Officer shall be appointed as the person in charge of actions against antisocial forces. The Chief Social Responsibility Officer shall establish action policies and other rules in consort with the Chief Human Resources Officer and shall ensure observance of such policies and rules by directors, officers and employees within the Company and its subsidiaries.

To strengthen the validity of the decisions to be made by the Board of Directors, in principle, at least four of the Directors shall be independent outside directors satisfying the requirements for independence stipulated by the Company.

#### **(2) Regulations and Other Systems for Management of Risk of Loss of the Company and its Subsidiaries**

The Board of Directors of the Company shall practically operate the TRM system to deal with any kind of risks that might threaten the sustainable development of corporate activities. The TRM Committee mainly targets both of operational and strategic risks of the Teijin Group and shall propose the TRM basic policy, the TRM annual plan, etc. to the Board of Directors of the Company. The Chief Social Responsibility Officer is in charge of establishing a cross-sectional risk management system regarding operational risk of the Teijin Group, and shall identify problems and respond to a crisis

when it occurs. The CEO is in charge of assessing the strategic risk of the Teijin Group and shall provide the results as important judgement materials upon which managerial decisions are made at the Board of Directors of the Company. And the Chief Social Responsibility Officer shall establish a system for the Teijin Group to ensure business continuity in the event of disasters, the inappropriate performance of duties by directors, officers or employees, and failure of critical IT systems.

### **(3) Systems for Ensuring that Duties by Directors and Officers of the Company and Its Subsidiaries Are Performed Efficiently**

The Company shall establish Group regulations to provide the necessary rules and guidelines for the Group to ensure efficient business operations throughout the Teijin Group.

The Board of Directors of the Company shall have the representative directors and other executives conduct the operation of the Company, and decisions for the items on which the representative directors and other executives have been delegated decision-making powers shall be made by the organization and procedures in accordance with the internal regulations.

These regulations shall be revised as necessary to reflect any revision and/or abolition of laws and regulations and/or to increase the efficiency of the representative directors and other executives in executing their duties.

The Board of Directors of the Company shall organize the basic structure of the Teijin Group, and shall establish efficient management, monitoring and oversight systems.

The Company shall formulate the Group Medium-term Management Plan, and each fiscal year it shall formulate short-term plans, Group-wide key management targets, and budgets, as well as carrying out progress checks, in order to realize the Medium-term Management Plan.

### **(4) Systems for Ensuring that Proper Business Operations Are Conducted within the Teijin Group**

The Company shall establish Group Regulations to provide the necessary rules and guidelines for the Group to ensure appropriate business operations throughout the Teijin Group.

Based on the Group regulations, each Group company shall establish its own regulations, and use appropriate processes for deciding on important matters.

The Company shall discuss important matters concerning Teijin Group companies at its Group meetings and so forth, and shall require Teijin Group companies to make reports. The representative directors and other executives shall provide the necessary instructions to ensure that the Teijin Group entities have appropriate internal control systems.

The Corporate Audit Department of the Company shall operate or supervise internal audits of the Teijin Group's business operations and ensure the efficiency and validity of internal control functions over the entire business of the Teijin Group.

Statutory auditors of the Company shall establish appropriate systems, such as those for close coordination with the accounting auditors and Corporate Audit Department, to ensure effective and appropriate supervision and auditing of the Group's entire business operations.

To ensure the reliability of its financial reporting, the Company shall establish a company-wide internal control system for the Teijin Group's financial reporting and individual operational processes, and shall properly and efficiently operate and assess such system.

### **(5) Systems for the Preservation and Management of Information in Relation with the Directors' Performance of Their Duties**

Directors shall appropriately preserve and manage minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, and other documents and important information concerning the performance of their duties in accordance with relevant company regulations. The CEO is responsible for monitoring and supervising the preservation and management of such documents and important information. Documents concerning Directors' performance of their duties shall be preserved for at least ten (10) years and shall be accessible whenever necessary.

### **(6) Provisions Concerning Employees Assigned to Assist the Statutory Auditors in Performing Their Duties, the Independence from Directors of Such Employees, and the Validity of Instructions Given to Such Employees**

The Company shall establish the Teijin Group Auditors Office under the direct control of full-time statutory auditors and appoint two or more employees, in principle, to assist statutory auditors in performing their duties. The members of Teijin Group Auditors Office may include statutory auditors of Teijin Group companies performing concurrent duties; however, it shall not include corporate officers connected with performance of duties at Teijin Group companies performing concurrent duties.

To secure the independence of members of the Teijin Group Auditors Office above, all decisions



concerning personnel measures regarding the members of the Teijin Group Auditors Office require the prior consent of the full-time statutory auditors. The full-time statutory auditors shall assess the performance of the members of the Teijin Group Auditors Office.

**(7) System for Reporting to Statutory Auditors by Directors, Corporate Officers and Employees of the Company and its Subsidiaries, and System for Other Reports to Statutory Auditors**

The full-time statutory auditors shall attend the meetings of the Board of Directors and other important meeting bodies of the Company, as well as those of the important meeting bodies of the main subsidiaries. Representative directors and other executives shall report at the meetings of the Board of Directors and other important meetings on their performance of duties with regard to the business operations, functions and subsidiaries under their charge.

The directors, officers and employees of the Company and its subsidiaries shall immediately report to the statutory auditors of the Company when they discover incidents that cause or may cause significant erosion of public trust in the Company, adverse effects on the performance of the Company, significant damage to the internal or external environment, safety and health (ESH); or related to product liability, significant violations of internal regulations, or other similar incidents. The directors, officers and employees of the Company and its subsidiaries shall report on the business operations, functions, and subsidiaries under their charge, when they deem it necessary to do so, or at the request of the statutory auditors of the Company, and shall cooperate with the investigations of the statutory auditors of the Company.

**(8) System for Ensuring that Persons Reporting to the Statutory Auditors Are Not Subject to Unfair Treatment Because of Such Reporting**

The Teijin Group's Ethics Regulations stipulate that no person shall be treated unfairly because of reporting or giving notice of illegal conduct and so forth.

**(9) Policy Concerning Processing of Expenses and Obligations Arising with Respect to the Statutory Auditors' Performance of Duties, Prepayment of Expenses, and Reimbursement Procedures**

The Company shall bear the expenses and obligations required for the statutory auditors' performance of duties, and shall promptly respond to requests for pre-payment of expenses in accordance with laws and regulations after checking the requests.

**(10) Other System for Ensuring that the Audits of Statutory Auditors Are Conducted Effectively**

To ensure transparency, the majority of statutory auditors shall be independent outside statutory auditors that satisfy the requirements for independence that the Company specifies.

The statutory auditors shall enter into advisory agreements with outside law firms in order for themselves and statutory auditors of the Company and its subsidiaries to form independent opinions. When they consider it necessary in the course of conducting audits, the statutory auditors can, at their own discretion, retain outside advisers, including Certified Public Accountants and other consultants.

## **2. Basic Views on Eliminating Anti-Social Forces**

**(1) Basic Views on Eliminating Anti-Social Forces**

When conducting business activities, the Company observes the laws, regulations, and social norms of the country or region of operation, as well as international norms, and adopts a basic view of not having any relationship with anti-social forces. This view is clearly stated in the Teijin Group's "Code of Conduct," and is shared with all employees of the Teijin Group.

**(2) Establishment Status of Internal Systems for Eliminating Anti-Social Forces**

(Specific Response Standards)

The Teijin Group's "Code of Conduct" calls for employees not to have any involvement with anti-social forces and to take a resolute attitude towards unwarranted violence and demands from such forces. Specific response measures have been established in a "Countermeasure Manual for Violent Intervention in Civil Affairs," and this information has been circulated among all employees of the Teijin Group.

(Responding Department)

The CSR and Compliance Department and the General Administration Department are responsible for overseeing a company-wide response, and the Chief Social Responsibility Officer is to be in charge of the response.

(Information Collection and Management)

The Company establishes links with external specialist organizations, including membership in the Special Violence Prevention Measures Association (TOKUBOUREN) and the Corporate Defense Countermeasures Council. The Company also participates in lectures and other activities in an effort to properly collect and manage information.

(Response to Unjustified Demands)

If the Company receives an unjustified demand from an antisocial force, the person in charge of the department concerned is to contact the department responsible for overseeing the response. The department responsible for overseeing the response is to make an organizational response, working in coordination with the department concerned and internal or external related parties including the police to take all available steps to resist the demand under both civil and criminal law.

(Ensuring Circulation of Information to Group Employees)

To share the Company's basic view on antisocial forces with all the Teijin Group employees, the "Corporate Ethics Guideline" summarizing the "Corporate Philosophy" and the "Code of Conduct" is distributed to all employees, and all employees study the content of the Guideline during Corporate Ethics Month each year.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation-

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### 2. Other Matters Concerning to Corporate Governance System (Updated)

1. The Corporate Governance System

Please see "The Teijin Group's Corporate Governance System" below.

2. Overview of Timely Disclosure

(1) Basic Policy on Information Disclosure

The Company has adopted a basic policy of conducting management with an emphasis on transparency and fairness of management as well as disclosing information in a timely manner. The accountability of the Company (full disclosure of information that the Company is responsible for explaining) is an integral part of corporate activities for the business to prosper and enhance shareholder value, and the Company considers it appropriate to give complete and consistent explanations whenever needed. In disclosing information, the basic policy is to disclose the same contents inside and outside Japan simultaneously.

Guided by this basic policy, the Company follows timely disclosure rules, internal regulations (Regulations on Management of Group Insider Information, etc.) and so forth, in collecting, managing, and publishing information.

Furthermore, the Company considers "appropriate and timely disclosure of financial information" to be an important part of internal control along with "observing laws and regulations" and "risk management." In an effort to comply with the requests of investors, the Company has recognized enhancement of the internal control system as an important management issue, and intends to promote the establishment of systems while also keeping an eye on trends of legal and regulatory revisions.

(2) Internal Systems related to Timely Disclosure of Company Information

◆ Department in charge of timely disclosure:

Timely disclosure duties are the responsibility of the Chief Officer (Corporate Strategy), and are conducted by the IR Division.

◆ Collection and management of information:

Under the Regulations on Management of Group Insider Information, when material facts (decisions, events, financial report information, and so forth) arise at the Company and its subsidiaries, the department concerned (in the case of financial report information, this is collected and analyzed by the Accounting Division) contacts the Corporate Strategy Division, which manages the information and

reports it to the CEO. At the same time, the Corporate Strategy Division contacts the IR Department, which is responsible for external publication and disclosure. Among material facts, material matters requiring a decision by the Board of Directors, including matters stipulated by law, are decided by the Board of Directors.

◆ Judgment on the materiality of information and judgment on the requirement for timely disclosure:

The division concerned with the matter, the Corporate Strategy Division, and the IR Division discuss the matter in accordance with the timely disclosure rules and so forth to make a judgment.

◆ Publication of information:

After it has been judged that an event needs to be published, or after an organizational decision regarding decided matters and financial report information, the information is timely disclosed without delay.

◆ System for monitoring internal control:

The internal control activities of each department are monitored and verified by means of audits conducted by the Board of Statutory Auditors in accordance with the Companies Act. In addition, the Committee of Teijin Group Statutory Auditors, composing the statutory auditors of Group companies, forms a structure that enhances the effectiveness of the monitoring and auditing of the entire Group which corresponds to Group consolidated management, and can conduct fairer audits. Furthermore, the internal control division and the Corporate Audit Department check and audit the business execution status of the entire Group from a perspective of the effectiveness and efficiency of operating activities and the appropriateness in terms of compliance and so forth. The departments make reports and improvement proposals to the Board of Directors, the CEO, and the presidents of each Group company. Through these internal control measures, the Company ensures the appropriateness and timeliness of information that is published externally.

\* Reference: The Teijin Group's Corporate Governance System

