

May 30, 2023



Notice of Convocation

The 157th Ordinary General Meeting of Shareholders

TEIJIN LIMITED

Disclaimer: Please note that the following is a translation of the original Japanese documents prepared for the convenience of our non-Japanese shareholders with voting rights. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence in the case of any discrepancies between this translation and the original. Certain information regarding voting procedures that is not applicable for shareholders resident outside Japan has been omitted or modified as applicable. In addition, these materials will not facilitate your status as a registered shareholder authorized to attend the Ordinary General Meeting of Shareholders. Every shareholder attending the Ordinary General Meeting of Shareholders is required to present the Voting Card to the receptionist at the meeting.

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To Our Shareholders

First of all, I would like to extend my heartfelt gratitude to you as shareholders and investors for your continued understanding and support of the Teijin Group's business activities.

Toward the fulfillment of its long-term vision, “To Be a Company that Supports the Society of the Future”, the Teijin Group has been implementing various initiatives to create growth platforms during the three years targeted under its medium-term management plan 2020-2022, including proactively allocating resources to priority areas and strengthening the management base to drive innovation. However, we experienced a sharp downturn in our profitability as a result of the severe impact, primarily on our Materials Business Field, of drastic changes in the external environment brought about by COVID-19 and the situation with Ukraine, as well as other causes including low production performance of factory facilities and a factory fire. In the Healthcare Business Field, with an eye toward launching the kind of community-based integrated healthcare services that will be needed in the super-aging society, we continued to strengthen our business foundation for supporting patients, families, and communities in the home healthcare business, which already has one of the highest market shares in the industry in Japan. Despite this, we have failed to adequately release new products and services able to contribute to future earnings, and so have fallen short of achieving our profitability target.

In light of such circumstances, we conducted a fact-based verification of the achievements made and issues faced and reconfirmed the current situation and our future heading. Consequently, we concluded that a fundamental reform was needed to solidify our platform, which prompted us to formulate “The Teijin Group Reforms for Profitability Improvement” announced in February 2023. Specifically, we will be implementing measures to improve the profitability of our Composites Business, Aramid Business, and Healthcare Business, designating them as underperforming businesses. In addition, in an effort to resiliently address changes in the external environment, we will also work on reforming our management structure of corporate officers and headquarters staff with the aim of expediting management decisions and execution. Based on the outcomes of this reform, we will announce our new medium-term management plan in FY2024, which will reflect the restructuring of the business portfolio and growth strategies.

The Teijin Group is one of the few companies that is making dedicated efforts to take care of both people's mental and physical health and the health of the planet on which they live. I believe that our Group's strength and purpose lie in squarely tackling the issues and concerns of customers, patients, and society at large and forming genuine connections with them. To keep reinforcing such strength, we will aim at embodying our long-term vision, “To Be a Company that Supports the Society of the Future”, by becoming a “company that protects the global environment” and a “company that addresses issues of patients, families, and communities in need of more support”.

The Teijin Group has marked the 105th anniversary of its founding. In the course of our history, we have continued to achieve growth by overcoming numerous difficulties and crises, anticipating the needs of society, pivoting to enter new businesses, and taking on new challenges. Faced with the current predicament, I intend to revisit our origins and the conviction, passion, and pioneering spirit with which our founders launched their business, and to convert this crisis into a launchpad for transformation and growth. To put ourselves back on a growth trajectory, we will seek to implement reform in this year through concerted Group-wide efforts.

We look forward to the continued understanding and support of our shareholders.

May 30, 2023

Akimoto Uchikawa
Representative Director of the Board
President and CEO
Teijin Limited

May 30, 2023

Dear Shareholders

Akimoto Uchikawa
Representative Director of the Board
President and CEO
Teijin Limited
2-4, Nakanoshima 3-chome,
Kita-ku, Osaka-city,
Osaka 530-8605,
Japan

**Notice of Convocation of
the 157th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 157th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposal for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Tuesday, June 20, 2023. (Japan Time)

[In case of voting by Mail] Please indicate your approval or disapproval of the proposal on the enclosed Document for the Exercise of Voting Rights, and mail the document so that it arrives by the above deadline.

[In case of voting by Internet etc.] Please access to the web-site to exercising voting rights (<https://evote.tr.mufg.jp/>) through personal Computer or Smartphone with the log-in ID and temporary password indicated in the enclosed Document for the Exercise of Voting Rights, and input your approval or disapproval of the proposals according to the instructions on the window.

Details

1. Date and Time of the Meeting:

Wednesday, June 21, 2023, at 10 a.m. (Japan Time)

(The door will open at 9 a.m. (Japan Time))

2. Place:

The Westin Osaka, 2nd Floor Rose Room, 1-20, Oyodonaka 1-chome, Kita-ku, Osaka-city, Japan

3. Purposes

Reports

The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements and the Report on the results of audit of Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 157th Fiscal Year (April 1, 2022 to March 31, 2023)

Proposals

Proposal 1: Election of Eight (8) Directors

Proposal 2: Election of Two (2) Statutory Auditors

4. Decision on Convocation

- (1) If you do not indicate either approval or disapproval on the Document for the Exercise of Voting Rights, we shall treat such “no answer” as your “approval” on the proposal.
- (2) In the event a shareholder exercises his or her voting rights several times via the Internet voting system, the final voting rights exercised shall prevail.
- (3) In the event of an overlap in the exercise of voting rights via the Document for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail regardless of the arrival date of the mailed vote.
- (4) In the event of exercising voting rights by proxy, one (1) shareholder with voting rights authorized as your proxy can attend the General Meeting of Shareholders. However, note that it will be necessary for the proxy to submit written proof of power of attorney.

©Should revisions arise concerning the content of the Notice of Convocation and/or matters pertaining to materials provided in electronic format, the Company shall post the matters, both prior to and after revision, and the reason for revision, to the aforementioned Company website, the Tokyo Stock Exchange website and a website for materials concerning the General Meeting of Shareholders.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Eight (8) Directors

The terms of office of ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following eight (8) candidates as Directors (six (6) of whom are up for reelection).

The candidates for Director are as follows.

Candidate no.	Candidate attributes (Gender)	Name Date of Birth	Current position and responsibility	Participation in Board of Directors in FY2022	Tenure	Advisory Board	Nomination Advisory Committee	Compensation Advisory Committee
1	Reappointment (Male)	Akimoto Uchikawa January 18, 1966	Representative Director of the Board, President & CEO (Chief Executive Officer)	13 times out of 13 (100%)	2 years	○	○	○
2	Reappointment (Male)	Eiji Ogawa October 26, 1962	Representative Director of the Board, Senior Executive Officer CFO (Chief Financial Officer) Responsible for the Procurement and Logistics Division	13 times out of 13 (100%)	3 years			
3	Reappointment (Male)	Naohiko Moriyama May 20, 1965	Member of the Board, Senior Executive Officer Chief Officer, Corporate Strategy	13 times out of 13 (100%)	2 years			
4	New Candidate (Male)	Noboru Yamanishi December 22, 1964	Teijin group Executive Officer Chief Sustainability Officer Responsible for the Engineering Division and the Corporate Audit Department	—	—			
5	Reappointment Outside Independent (Male)	Yoichi Suzuki September 25, 1950	Outside Directors	13 times out of 13 (100%)	5 years	○	○	○
6	Reappointment Outside Independent (Male)	Masaru Onishi May 19, 1955	Outside Directors	13 times out of 13 (100%)	4 years	○	○	○
7	Reappointment Outside Independent (Male)	Masaaki Tsuya June 22, 1952	Outside Directors	10 times out of 10 (100%)	1 year	○	○	○
8	New candidate Outside Independent (Female)	Tamie Minami February 15, 1959		—	—			

“Independent” indicates an independent director as stipulated by the Tokyo Stock Exchange Group, Inc.

A “o” indicates a nominee is a current member of the Advisory Board, Nomination Advisory Committee and/or Compensation Advisory Committee in the table above.

Note 1: There are no special interests between each of the candidates and the Company.

Note 2: Regarding the "Directors and officers Liability Insurance Policy", please refer to “Directors and officers liability insurance contract related to candidates for statutory auditor” described under Proposal 2.

Candidate No.	Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
①	[Reappointment] Akimoto Uchikawa (January 18, 1966) (FY2022) [Participation in the Board of Directors] 13 times out of 13 (100%)	March 1990 April 2017 April 2020 April 2021 June 2021 April 2022	Joined Teijin Limited Teijin Group Corporate Officer Management Coordinator for the President, Material Business of Teijin Group Assistant to General Manager, Fibers and Products Converting Business Group (for Technology, Production, Restructuring Initiatives). General Manager, Composites Business Unit Teijin Group Executive Officer President, Material Business of Teijin Group Executive Officer, Director, Teijin Limited President & Representative Director (Incumbent) CEO (Chief Executive Officer) (Incumbent)	24,757 shares
[Reason for nomination of the candidate for Director and expected roles] Akimoto Uchikawa was appointed as Teijin Group Corporate Officer in April 2017. He had been working expansion of the Material Business Field as Deputy president for Material Business of Teijin Group and Assistant to General Manager, Fibers and Products Converting Business Group (for Technology, Production, Restructuring Initiatives) and, from April 2020, as General Manager, Composite Business Unit. He assumed the post of Teijin Group Executive Officer in April 2021. As President of Material Business, Teijin Group, he further increased the profitability of the Material Business Field. He also promoted transformation of the business portfolio, including growing and expanding core fields, which are the Strategic Focus themes. From April 2022, he assumed the post of President & CEO (Chief Executive officer), Representative Director. He mainly tackled the modification of the management and organizational structure in keeping with increased globalization, taking an improvement in profitability for further growth going forward. He plans to fulfil his role as Chief Executive Officer in formulating and executing management policies to continuously enhance the corporate value of the Teijin Group.				
②	[Reappointment] Eiji Ogawa (October 26, 1962) (FY2022) [Participation in the Board of Directors] 13 times out of 13 (100%)	April 1985 April 2016 April 2019 June 2020 April 2021 April 2022 April 2023	Joined Teijin Limited Teijin Group Corporate Officer General Manager, Resin and Plastic Processing Business Unit Chief Officer, Corporate Strategy Corporate Officer, Director, Teijin Limited Executive Officer, Director, Teijin Limited President, Material Business of Teijin Group Senior Executive Officer, Representative Director of the Board, Teijin Limited (Incumbent) CFO (Chief Financial Officer),	15,718 shares

		Responsible for the Procurement and Logistics Division (Incumbent)		
[Reason for nomination of the candidate for Director and expected roles]				
Eiji Ogawa was appointed Teijin Group Corporate Officer in April 2016 and had been working to increase profits in the resin business as General Manager of the Resin and Plastic Processing Business Unit. He assumed the posts of Corporate Strategy Chief Officer, Corporate Strategy in April 2019, Corporate Officer, Director in June 2020 and Executive Officer, Director in April 2021. He has strived for the promotion of business portfolio transformation to establish growth platforms. From April 2022, as President, Material Business of Teijin Group, he undertook the responsibility to further expand profit at the Materials Business Field and develop and promote core fields of the Strategic Focus theme, and also worked to provide Environmental Value Solutions and Safety, Security and Disaster Mitigation Solutions. Prior to assuming the post of Teijin Group Corporate Officer, he was mainly involved in finance and accounting-related operations for around 30 years. Given his experience, in April 2023, he assumed the post of Senior Executive Officer, Representative Director of the Board, CFO (Chief Financial Officer), and became responsible for accounting and financial affairs along with the Procurement and Logistics Division. He aims to pour his energies into maintaining a sound financial base and improving corporate value.				
③	[Reappointment] Naohiko Moriyama (May 20, 1965) (FY2022) [Participation in the Board of Directors] 13 times out of 13 (100%)	March 1990 April 2017 April 2019 April 2021 June 2021 October 2022 April 2023	Joined Teijin Limited Teijin Group Corporate Officer Management Coordinator for the President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division Teijin Group Executive Officer President, Healthcare Business of the Teijin Group General Manager, Healthcare New Business Division Executive Officer, Director, Teijin Limited Chief Officer, Corporate Strategy (Incumbent) Senior Executive Officer, Director, Teijin Limited (Incumbent)	11,465 shares
[Reason for nomination of the candidate for Director and expected roles]				
Naohiko Moriyama was appointed as Teijin Group Corporate Officer in April 2017. From April 2019, as the General Manager, Healthcare New Business Division, he has been working to expand the Healthcare Business Field. He assumed the post of Teijin Group Executive Officer of the Teijin Group in April 2021. As the President of the Healthcare Business of the Teijin Group and General Manager, Healthcare New Business Division, he has undertaken the expansion of profits at the Healthcare Business Field and tackled the expansion of the healthcare new business division as promoted in the medium-term management plan. He was appointed as Chief Corporate Strategy Officer of in October 2022, and Senior Executive Officer and Director in April 2023 and is pouring energies into creating strategies to establish growth platforms and strengthen the management base platforms.				
④	[New Candidate] Noboru Yamanishi (December 22, 1964)	April 1988 April 2017 April 2019 April 2023	Joined Teijin Chemicals Ltd. Deputy General Manager, Material Technology Center Teijin Group Corporate Officer General Manager, Resin and Plastic Processing Business Unit Teijin Group Executive Officer (Incumbent) Chief Sustainability Officer Responsible for the Engineering Division and the Corporate Audit Department (Incumbent)	8,488 shares

[Reason for nomination of the candidate for Director and expected roles]
 Noboru Yamanishi was appointed as Teijin Group Corporate Officer in April 2019. As the General Manager of the Resin and Plastic Processing Business Unit, he undertook the strengthening and expansion of the Resin and Plastic Processing Business. From April 2023, he was appointed as Teijin Group Executive Officer of the Teijin Group and Chief Sustainability Officer and assumed responsibility for the Engineering Division and the Corporate Audit Department. He is engaged in activities to achieve sustainable management, compliance and risk management, ESH, social contribution activities and internal audits based on his insight and knowledge mainly nurtured through business operations he has carried out thus far.

⑤	[Reappointment]	April 1975	Joined Ministry of Foreign Affairs of Japan (MOFA)	3,200 shares
	[Outside]	June 1997	Deputy Permanent Representative of Japan to the World Trade Organization (WTO) in Geneva	
	[Independent]	April 2003	Deputy Assistant Minister (MOFA)	
		September 2005	Consul-General of Boston	
		Dec. 2008	Director-General for Economic Affairs Bureau (MOFA)	
	Yoichi Suzuki	August 2010	Ambassador to Singapore	
	(September 25, 1950)	August 2013	Ambassador to France	
	(FY2022)	June 2016	Government Representative and Ambassador in charge of the Kansai region	
	[Participation in the Board of Directors]	March 2017	Government Representative and Ambassador in charge of International Trade and Economics	
	13 times out of 13 (100%)	April 2018	Chief Negotiator for the Japan-EU EPA	
	April 2018	MOFA retired		
	June 2018	Director, Teijin Limited (Incumbent)		
		Advisory Board member of Teijin Limited (Incumbent)		
	(Significant Concurrent Positions)			
	Outside Director, KAJIMA CORPORATION			

[Reason for nomination of the candidate for Outside Director and roles expected]
 Although Yoichi Suzuki does not have direct experience in company management, he has a wealth of knowledge and experience as a diplomat including knowledge and experience in negotiations on international economics and trade issues. As the Director, he provides appropriate advice on and points out business strategies from a global viewpoint in addition to our business strategy and governance. Also, as the chairperson of the Nomination Advisory Committee, a consultative body, he sizably contributed when nominating candidates for Directors and top executives. Furthermore, as a member of the Advisory Board and Compensation Advisory Committee, he thoroughly fulfilled his duties including recommendation on important matters for management overall, and when conducting an evaluation of Directors, etc., including CEO, and when deliberating matters, including the revision of the compensation system for top executives. The Company is once again selecting him as a candidate for Outside Director so that he can leverage rich knowledge and experience he gained as a diplomat to supervise management from an objective standpoint through his position on the Board of Directors, Advisory Board, Nomination Advisory Committee, and Compensation Advisory Committee.

Note 1: Yoichi Suzuki is a candidate for Outside Director. The Company requires the candidate for Outside Director to fulfill all the requirements for an Independent Director as stipulated by the Company. He fulfills all the prescribed requirements. He also fulfills the requirements set forth by the Tokyo Stock Exchange for Independent Director. In light of this, the Company has registered him as an Independent Director with the Tokyo Stock Exchange. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site:

(<https://www.teijin.com/ir/management/governance/requirements/>)

Note 2: Yoichi Suzuki currently serves as a Director of the Company. In accordance with Article 427 of the Companies Act and the

Company's Articles of Incorporation, the Company and Yoichi Suzuki entered into a limited liability agreement with him in which the limit of liability is 20 million yen or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When reappointment of Yoichi Suzuki as an Outside Director is approved, the Company will extend said limited liability agreement with him.

Note 3: The date that Yoichi Suzuki was first appointed to Outside Director and the tenure of position commencing on the date of first appointment and ending at the close of the General Meeting of Shareholders are as follows:

Date of First Appointment: June 20, 2018; Tenure of position: 5 years

⑥	[Reappointment]	April 1978	Joined Japan Air Lines Co., Ltd.	2,612 shares
	[Outside]	April 2007	President JAL Aircraft Maintenance Narita	
	[Independent]	April 2009	Executive officer, JAL International Co., Ltd	
		June 2009	President of Japan Air Commuter	
		February 2010	President Japan Air Lines Corporation (JAL group COO) President Japan Air Lines International Co., Ltd.	
		November 2010	Director, President Japan Air Lines International Co., Ltd. (Japan Air Lines Corporation merged with Japan Air Lines International Co., Ltd.)	
	Masaru Onishi (May 19, 1955) (FY2022)	March 2011	Representative Director and President Japan Air Lines International Co., Ltd.	
	[Participation in the Board of Directors]	April 2011	Representative Director and President, Japan Airlines Co., Ltd. (The company name was changed from Japan Air Lines International Co., Ltd. to Japan Airlines Co., Ltd. in April 2011)	
	13 times out of 13 (100%)	February 2012	Representative Director and Chairperson, Japan Airlines Co., Ltd.	
		April 2014	Director and Chairperson, Japan Airlines Co., Ltd.	
	July 2018	External Affairs Representative, Japan Airlines Co., Ltd.		
	June 2019	Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)		
	(Significant Concurrent Positions)			
	Outside Director, Mitsui O.S.K. Lines, Ltd.			
	Outside Director, Kadoya Sesame Mills Incorporated			
	Outside Director, Benesse Holdings, Inc.			

Reason for nomination of the candidate for Outside Director and Roles expected

Masaru Onishi had served as Representative Director and President, and Representative Director and Chairperson of Japan Airlines Co. Ltd. As the chair of the Board of Directors of the Company, he leveraged his abundant business experience and a high level of insight to energize the activities of the Board of Directors and increase effectiveness of the Board of Directors and as a Director of the Board offered appropriate advice and suggestions regarding the Company's business strategies and corporate governance. Furthermore, as the chairperson of the Advisory Board, a consultative body, he thoroughly fulfilled his duties and also as a member of the Nomination Advisory Committee and the Compensation Advisory Committee, he fulfilled major roles, including the nomination of Directors and top executives, and when discussing matters such as performance evaluations for Members of the Board, including the CEO, and revising the compensation system for top executives. Therefore, the Company continues to select him as a candidate for Outside Director, so that he can continue to supervise management from an objective standpoint through the Board of Directors, Advisory Board, Nomination Advisory Committee, and Compensation Advisory Committee by utilizing his abundant business experience and high level of insight.

Note 1: Masaru Onishi is a candidate for Outside Director. The Company requires the candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Masaru Onishi satisfies all the prescribed requirements. He also fulfills the requirements set forth by the Tokyo Stock Exchange Group, Inc. for Independent Director. In light of this, the Company has registered Masaru Onishi as an Independent Director with the Tokyo Stock Exchange Group. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site:

(<https://www.teijin.com/ir/management/governance/requirements/>)

Note 2: Masaru Onishi currently serves as an Outside Director at Teijin Ltd. In accordance with Article 427 of the Companies Act and the Company’s Articles of Incorporation, an Outside Director shall enter into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. Should the reappointment of an Outside Director be approved, the Company shall extend its limited liability agreement with the Outside Director.

Note 3: The period of tenure is from the date on which Masaru Onishi is appointed to the position of Outside Director and ends at the close of the General Meeting of Shareholders.

Date of First Appointment: June 20, 2019; Tenure of position: 4 years

⑦	[Reappointment]	April 1976	Joined Bridgestone Corporation	1,700 shares
	[Outside]	March 2006	Vice President and Officer, Bridgestone Corporation	
	[Independent]	March 2008	Director, Vice President and Senior Officer, Bridgestone Corporation	
	Masaaki Tsuya June 22, 1952 (FY2022)	September 2011	Representative Director and Senior Vice President Bridgestone Corporation	
	[Participation in the Board of Directors]	March 2012	Representative Director, CEO (Chief Executive officer), Bridgestone Corporation	
	10 times out of 10 (100%)	March 2013	Representative Director, CEO (Chief Executive officer) and Chairperson of the Board, Bridgestone Corporation	
		March 2016	Representative Executive Officer, CEO (Chief Executive officer) and Chairperson of the Board, Bridgestone Corporation	
		March 2020	Chairperson of the Board, Bridgestone Corporation	
		March 2021	External Advisor, Bridgestone Corporation (Incumbent)	
		June 2022	Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)	
(Significant Concurrent Positions)				
External Advisor, Bridgestone Corporation				

[Reason for nomination of the candidate for Outside Director and expected roles]

Masaaki Tsuya consecutively held the post of Representative Executive Officer, CEO and Chairperson of the Board of Bridgestone Corporation. Leveraging his abundant business experience and high level of insight, he provides proper advice and suggestion as an Outside Director. Furthermore, as a member of the Advisory Board, a consultative body, he provided recommendations on important matters for management overall, and as a member of the Nomination Advisory Committee and Compensation Advisory Committee, he adequately fulfilled his duties by leveraging his wealth of work experience when deliberating matters, including the nomination of Directors and top executives, and when evaluating the performance of Directors, etc. including the CEO, and when revising the compensation system for top executives. Therefore, he is once again being nominated to serve as an Outside Director.

The amount of transactions between Bridgestone Corporation and the Company accounts for less than 1% of the consolidated net sales of either company.

Note 1: Masaaki Tsuya is a candidate for Outside Director. The Company requires the candidate for Outside Director to fulfill all the requirements for an Independent Director as stipulated by the Company. Masaaki Tsuya fulfill all the prescribed requirements. He also fulfills the requirements set forth by the Tokyo Stock Exchange Group, Inc. for Independent Director. In light of this, the Company has registered Masaaki Tsuya as an Independent Directors with the Tokyo Stock Exchange Group. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site:

(<https://www.teijin.com/ir/management/governance/requirements/>)

Note 2: Masaaki Tsuya currently serves as an Outside Director of the Company . In accordance with Article 427 of the Companies Act and the Company’s Articles of Incorporation, the Company and Masaaki Tsuya entered into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When reappointment of Masaaki Tsuya an Outside Director be approved, the Company will extend its limited liability agreement with the Outside Director.

Note 3: The date that Masaaki Tsuya was first appointed to Outside Director and the tenure of position commencing on the date of first appointment and ending at the close of the General Meeting of Shareholders.

Date of First Appointment: June 22, 2022; Tenure of position: 1 year

⑧	[New candidate]	June 1995	Joined 3M Company	0 shares
	[Outside]	May 2008	Vice President and General Manager, Home Care Division, 3M Company	
	[Independent]	October 2013	Vice President, Southeast Asia Region, 3M Company	
		October 2015	Vice President, Latin America Region, 3M Company	
	Tamie Minami	November 2017	Vice President, Asia Region, 3M Company	
	February 15, 1959	December 2019	Senior Vice President, Safety and Industrial Business Group, Asia Region, 3M Company	
			(Significant Concurrent Positions)	
			Outside Director, Santen Pharmaceutical Co., Ltd.	

[Reason for nomination of the candidate for Outside Director and Roles expected]

Tamie Minami garnered practical experience at 3M Company, a global company, in the healthcare business and as officers in charge of multiple regions. The Company expects she will provide adequate opinions from a global perspective and a viewpoint of Diversity & Inclusion reflecting her experiences nurtured thus far at the Board of Directors, Advisory Board, Nomination Advisory Committee and the Compensation Advisory Committee at the Company , which plans to continue deploying its business operations globally going forward and which positions the healthcare business field as one of its core businesses, Therefore, she is being nominated as a candidate for Outside Director as we expect she will provide adequate opinions from a global perspective and a viewpoint of Diversity & Inclusion reflecting her experiences nurtured thus far.

Note 1: Tamie Minami is a candidate for Outside Director. The Company requires the candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Tamie Minami fulfill all the prescribed requirements. She also fulfill the requirements set forth by the Tokyo Stock Exchange Group, Inc. for Independent Director. In light of this, the Company plans to register Tamie Minami as an Independent Director with the Tokyo Stock Exchange Group. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site:

(<https://www.teijin.com/ir/management/governance/requirements/>)

Note 2: When nomination of Tamie Minami as an Outside Director is approved, in accordance with Article 427 of the Companies Act and the Company’s Articles of Incorporation, the Company and Tamie Minami will enter into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

Proposal 2: Election of Two (2) Statutory Auditors

The term of office for Statutory Auditors, Masanori Shimai and Gen Ikegami, will expire at the close of this General Meeting of Shareholders. Shareholders are therefore requested to elect the following two (2) candidates (one (1) of whom is up for reelection) as Statutory Auditors.

Note the consent of the Board of Statutory Auditors was obtained in advance pertaining to the submission of this proposal. The candidates for Statutory Auditors are as follows.

Candidate No.	Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
①	[Reappointment] Masanori Shimai March 7, 1964	April 1987	Joined Teijin Limited	6,711 shares
		June 2010	General Manager, Business Strategy Office	
		April 2013	General Manager, Administration Department, Teijin Pharma Limited	
		July 2016	General Manager, Accounting Department	
		April 2017	General Manager, Material Business Strategy Division	
		June 2019	Statutory Auditor (incumbent)	
[Reason for selection as a Statutory Auditor candidate]				
Since joining the Company, Masanori Shimai has gained experience in the Corporate Management Department and Accounting Department. He possesses knowledge in accounting and finance and is well versed in the details of business operations of the Company. Since his appointment in June 2019, as a full-time Statutory Auditor, he has supervised management overall and has been providing effective advice. In light of this, the Company ascertains that he will continue to properly execute his duties as a Statutory Auditor.				
②	[New candidate] [Outside] [Independent] Koichi Tsuji April 10, 1957	October 1984	Joined Peat Marwick Mitchell & Co.	0 shares
		September 1988	Registered as a Certified Public Accountant	
		July 2004	Senior Partner, ShinNihon LLC	
		February 2016	Chairman, ShinNihon LLC (currently Ernst & Young ShinNihon LLC)	
		July 2019	Chairman and CEO of EY Japan Co., Ltd. Member of the Board of Directors of EY Japan Co., Ltd.	
		(Significant Concurrent Positions)		
		Outside Director, Mitsubishi UFJ Financial Group, Inc.		
[Reason for selection as a Statutory Auditor candidate]				
Koichi Tsuji is well experienced as a CPA and is well versed in accounting and auditing. It is our assessment he will give accurate advice backed by expertise, and will contribute to maintaining and improving compliance at Teijin and will properly execute his duties as an auditor.				
Note 1: Koichi Tsuji is a candidate for Independent Outside Statutory Auditor. The Company requires the candidate for Outside Statutory Auditor to fulfill all the requirements for an Independent Statutory Auditor as stipulated by the Company. Koichi Tsuji fulfills all the prescribed requirements. He also fulfills the requirements for independence set forth by the Tokyo Stock Exchange for Independent Statutory Auditor. In light of this, the Company plans to register Koichi Tsuji as an Independent Statutory Auditor with the Tokyo Stock Exchange. The contents of the requirements of Independent Auditor stipulated by the Company can be viewed at the Company's Web site: (https://www.teijin.com/ir/management/governance/requirements/).				

Note 2: Masanori Shimai currently serves as a Statutory Auditor. In accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company and Masanori Shimai enter into a limited liability agreement in which the limit of liability is 20 million yen or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When reappointment of Masanori Shimai as an Statutory Auditor is approved, the Company will extend said limited liability agreement with Mr. Shimai. In addition, when appointment of Koichi Tsuji as Statutory Auditor is approved, in accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company will enter into the same limited liability agreement with Koichi Tsuji

Note 3: There are no special interests between each of the candidates and the Company.

Note 4: Regarding the "Directors and Officers Liability Insurance Policy", please refer to "Directors' and Officers' Liability Insurance Contracts for Director and Auditor Candidates mentioned below.

◆Directors and officers liability insurance contract related to candidates for statutory auditor

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, Under said insurance contract, the legally mandated amount of indemnification and litigation expenses arising from the insured's assumption of liability during the insurance period caused by any claim due to the performance or omission of his or her duties, will be covered. However, claims for damages caused by willful misconduct intention or gross negligence of the insured will not be covered.

Regarding the first agenda item (Election of eight(8) directors) and the second agenda item (election of two(2) auditors), for the candidates who are up for reappointment, they are already assured persons of the insurance contract. If their reappointment is approved, they will continue to be assured persons. For the new director and auditor candidates, if their appointment is approved, they will become assured persons of the insurance contract.

Note that the insurance premiums of said insurance contract are covered in full by the Company. In addition, said insurance contracts are scheduled to be renewed in June 2023.

<Reference>Management Structure After Approval of Proposal 1 and 2

“Independent” indicates an independent director as stipulated by the Tokyo Stock Exchange Group, Inc.

Name	Position at Teijin	Attributes	Tenure	Area in which they can exert their expertise and experience							
				Management experience*1	Finance and accounting	Legal/Business/ Risk management	Global management	Environment Solution	Health and Safety Solution	IT/DX/ Innovation*2	Diversity & Inclusion
Akimoto Uchikawa	Representative Director of the Board, President and CEO,		2 years	○			○	○	○	○	
Eiji Ogawa	Representative Director of the Board, Senior Executive Officer		3 years	○	○	○	○			○	
Naohiko Moriyama	Director, Senior Executive Officer		2 years			○			○	○	
Noboru Yamanishi	Director, Executive Officer		—			○		○		○	
Yoichi Suzuki	Director	Outside Independent	5 years			○	○	○			
Masaru Onishi	Director	Outside Independent	4 years	○				○	○	○	
Masaaki Tsuya	Director	Outside Independent	1 year	○		○	○				○
Tamie Minami	Director	Outside Independent	—				○		○		○
Masanori Shimai	Full-time Statutory Auditor		4 years		○	○					
Akio Nakaishi	Full-time Statutory Auditor		3 years				○	○		○	
Hitomi Nakayama	Statutory Auditor	Outside Independent	6 years			○			○		○
Jun Arima	Statutory Auditor	Outside Independent	3 years			○	○	○			
Koichi Tsuji	Statutory Auditor	Outside Independent	—	○	○		○				

*1 Management experience: Includes experience in business portfolio management and structural reforms

*2 IT/DX/Innovation: Includes experience in manufacturing and quality control

*The table is not indicative of all the expertise and experience possessed by each individual.

*The contents of the requirements for Independent Director and Independent Statutory Auditor as stipulated by the Company can be viewed on the Company’s website: (<https://www.teijin.com/ir/management/governance/requirements/>).

Attached Reports

Reports on Operations for the 157th Fiscal Year

1. Matters concerning the current status of the Teijin Group (corporate group)

(1) Progress and results of business activities

1) Business results for the current period

FY2022 was characterized by growing uncertainty about the future due to a difficult world situation with concerns about possible long-term geopolitical risks raised by the Russian invasion of Ukraine, sharp rises in raw material and fuel prices, disruption in supply chains, labor shortage, and fears of a potential global recession being triggered by accelerated inflation and other factors, despite signs of a global economic recovery from the adverse impact of COVID-19 restrictions on social and economic activities.

The Teijin Group has been implementing various measures envisioned in its medium-term management plan for the three years from FY2020, which the Group positions as a period for creating growth platforms, under its long-term vision of becoming “a company that supports the society of the future” by contributing to realizing a sustainable society. In FY2022, the final year of the plan, as initiatives in the Materials Business Field, the Group made capital investment to increase its para-aramid fiber production capacity in the Netherlands and promoted efforts to ensure stable operations and raise the operating rates of two new North American plants put into operation in FY2021: an automotive composites plant in Texas and a carbon fibers plant. In the Healthcare Business Field, the Group strove to maintain and increase sales of diabetes treatments for which the Group had taken over the Japan sales rights from Takeda Pharmaceutical Company Limited in FY2021. However, the Group was unable to achieve any of the financial targets set in its medium-term management plan 2020–2022 due to a serious decline in profitability in the Materials Business Field and other factors amid drastic external situational changes. In response to these results, in February 2023, the Teijin Group announced the Teijin Group Reforms for Profitability Improvement and declared that it would focus on solving the top-priority challenge of profitability improvement toward a return to growth in the future.

For FY2022, the Teijin Group’s net sales amounted to 1,018.8 billion yen, an increase of 10.0% year on year, and operating income was 12.9 billion yen, a decrease of 70.9% year on year. Ordinary income was 9.1 billion yen, a decrease of 81.7% year on year, while the Group suffered a loss attributable to owners of parent of 17.7 billion yen due to the recording of impairment losses and a rise in the tax burden rate caused mainly by the growing deficit of overseas subsidiaries whose tax effect is unrecognizable. (For FY2021, the Group achieved a profit attributable to owners of parent of 23.2 billion yen.) The operating income of the Materials Business Field decreased mainly due to a production problem and a labor shortage at U.S. and European bases, and the slowing Chinese economy, although the sharp rise in raw material and fuel prices were offset by revising sales prices. The Healthcare Business Field also experienced a decrease in operating income mainly due to a decline in the sales volume of FEBURIC, a gout and hyperuricemia treatment, caused by the market entry of generic alternatives and drug price revisions. The Fibers & Products Converting Business achieved an increase in operating income thanks to strong sales, while the operating income of the IT Business decreased mainly due to an increased advertising cost for e-comics services.

As a result, ROE, an indicator of profitability, was -4.1% , short of the target (10% or higher) for the final fiscal year (FY2022) of the medium-term management plan, and ROIC based on operating income was 1.6%, also lower than the target (8% or higher) for the same fiscal year. EBITDA, an indicator of the ability to generate cash, was 87.8 billion yen,

failing to reach the target (150.0 billion yen) for the same fiscal year.

In current consolidated fiscal year, the orthopedic implantable device business, in which Teijin Nakashima Medical and Teijin Medical Technologies are mainly engaged, was transferred from the “Healthcare” segment to the “Others” segment. This change was made because the Company positions this business as a new business that should be fostered and strengthened from a company-wide, long-term perspective. For FY2021 comparisons, figures for FY2021 have been rearranged according to the segment classification after the change.

2) Fiscal situation

Total assets at the end of the current consolidated fiscal year increased by 34.9 billion yen from the end of the previous consolidated fiscal year to 1,242.4 billion yen.

Current assets increased by 41.3 billion yen from the end of the previous consolidated fiscal year due to changes in cash, deposits, accounts receivable, inventory, and other current assets.

As for fixed assets, it decreased by 6.5 billion yen from the end of the previous consolidated fiscal year. Although tangible fixed assets increased by 32.3 billion yen due to capital investment exceeding depreciation, goodwill that was recognized for the investment into Teijin Automotive Technologies NA Holdings Corp. was fully impaired by 15.9 billion yen, and sales rights increased for type 2 diabetes treatments from Takeda Pharmaceutical Company Limited was amortized by 14.9 billion yen.

Liabilities increased by 48.6 billion yen from the end of the previous consolidated fiscal year to 791.3 billion yen. Interest-bearing debt increased by 44.3 billion yen, mainly due to the increase of the demand of funds.

Net assets decreased by 13.7 billion yen from the end of the previous consolidated fiscal year to 451.1 billion yen. This was mainly due to the recording of loss of 17.7 billion yen attributable to owners of the parent while there is the increase in foreign currency translation adjustment accounts due to the depreciation of the yen against major currencies.

As a result, the debt-to-equity ratio was 1.2 times and the equity ratio was 34.2%. (At the end of the previous consolidated fiscal year, the debt-to-equity ratio was 1.1 times and the equity ratio was 36.4%)

The conversion rates of balance sheets at the end of the current consolidated fiscal year are 134 yen / US dollar, 146 yen / euro, and 1.09 US dollars / euro (122 yen / US dollar, 137 yen / euro, 1.12 US dollars / euro at the end of the previous consolidated fiscal year).

Segment operating results (sales and operating income) of the Teijin Group are as follows.

(Billions of yen / %)

		Fiscal 2021	Fiscal 2022	Change	Percentage
Net sales	High-performance materials	2,735	2,922	+187	+6.8
	Composites	1,116	1,638	+523	+46.8
	Materials Sub Total	3,851	4,560	+709	+18.4

	Healthcare	1,751	1,524	△227	△13.0
	Fibers & Products Converting	2,825	3,218	+393	+13.9
	IT	538	580	+43	+7.9
	Others	296	305	+9	+3.1
	Total	9,261	10,188	+927	+10.0
Operating Income	Materials	△57	△204	△147	-
	Healthcare	433	235	△198	△45.7
	Fibers & Products Converting	56	100	+43	+76.8
	IT	97	81	△16	△16.6
	Others	△23	△24	△1	-
	Elimination and corporate	△64	△59	+5	-
	Total	442	129	△313	△70.9

EBITDA ratio by segment

Segment Component ratio	Segment Component ratio
Material	17.8%
Healthcare	53.4%
Fibers & Products Converting	18.2%
IT	9.5%
Others	1.1%
Total (erasure excludes company-wide)	100.0%

<Materials Business Field>

Although the sharp rise in raw material and fuel prices were offset by revising sales prices, and favorable foreign exchange rates boosted income, income was affected mainly by the temporary impacts of an equipment breakdown at a U.S. base and a fire at a plant in Europe, a decline in productivity due to a chronic labor shortage in the U.S. and Europe, a decreased operating rate of plants in China due to lockdowns and the consequent slowdown of the Chinese economy.

Net sales were 456.0 billion yen, an increase of 70.9 billion yen (18.4%) year on year, while operating loss increased by 14.7 billion yen year on year to 20.4 billion yen. EBITDA was 16.5 billion yen, a decrease of 8.5 billion yen year on year, while ROIC based on operating income was -5%.

In the aramid business, although demand for *Twaron* para-aramid fibers, the major product in the business, remained high, sales volume decreased mainly due to a decline in productivity caused by the suspension of production lines after a fire at a raw material plant in the third quarter and a labor shortage. Profitability also declined despite progress in selling price revisions made in response to increased fuel costs against the backdrop of a sharp rise in the natural gas price in Europe. Favorable foreign exchange rates had certain income-boosting effects. As a result, the aramid business experienced a net-sales increase and an operating-income decrease year on year.

In the resin and plastic processing business, the sales volume of polycarbonate (PC) resin, the major product in the business, decreased due to a reduced operation level at customer plants in China amid the COVID-19 pandemic and the slowdown of the global economy, including the Chinese economy. As a result, the resin and plastic processing business recorded a year-on-year decrease in both net sales and operating income.

In the carbon fibers business, the sales mix improved thanks to strong demand for *TENAX* carbon fibers for all applications and an increase in their sales volume for aircraft applications in particular. In addition, efforts to revise selling prices were made in response to a rise in the prices of the main raw materials. As a result, the carbon fibers business achieved a year-on-year increase in both net sales and operating income.

In the battery materials business, the sales volume of *LIELSORT*, a separator for lithium-ion batteries (LIBs), increased for smartphone applications, just as in the previous fiscal year. As a result, the battery materials business achieved a year-on-year increase in both net sales and operating income.

In the composites business, sales volume increased because Teijin Automotive Technologies*US benefited from the alleviation of the shortage of semiconductors and other parts at OEMs, its major customers, and started full-scale sales in new large-scale programs. The business also made efforts to revise selling prices in response to rises in raw material prices, succeeding in obtaining the consent of multiple OEMs. Meanwhile, a breakdown of molding equipment at a U.S. plant caused a temporary decline in productivity and additional costs, while the U.S. labor market participation rate did not return to its normal level despite gradually improving, resulting in an unhealthy demand-supply balance in the labor market and consequently a chronic labor shortage. As a result, the composites business recorded a net-sales increase and an operating-income decrease year on year.

* Global business brand of the automotive composites business

<Healthcare Business Field>

The Healthcare Business Field performed well in sales of *Somatuline*^{*1} and *Xeomin*^{*2}, and the home healthcare device rental service. Meanwhile, income was affected by a decrease in the sales volume of *FEBURIC*, a pharmaceutical product, after the market entry of generic alternatives.

Net sales were 152.4 billion yen, a decrease of 22.7 billion yen (13.0%) year on year, and operating income was 23.5 billion yen, a decrease of 19.8 billion yen (45.7%) year on year. EBITDA was 49.6 billion yen, a decrease of 20.0 billion yen year on year, while ROIC based on operating income was 13%.

In the pharmaceutical business, sales volume decreased due to the market entry of generic alternatives to *FEBURIC* from June 2022. In addition, income was affected by the revision of drug prices, mainly the prices of drugs that remained on the National Health Insurance drug price list long after the expiration of patents for them. Meanwhile, the sales volume of *Somatuline*^{*1}, a treatment for acromegaly, pituitary gigantism, and neuroendocrine tumors, and *Xeomin*^{*2}, a treatment for upper and lower limb spasticity, increased steadily. In addition, in January 2023, the business launched *OSTABALO* 1.5 mg, an osteoporosis treatment. Moreover, in March 2023, the business entered into an exclusive license agreement with Novartis for an investigational small-molecule candidate for kidney disease treatment and received an upfront cash payment of US\$ 30 million.

*1 *Somatuline*[®] is the registered trademark of Ipsen Pharma, France

*2 *Xeomin*[®] is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany

In the home healthcare business, there was a lasting trend among medical institutions toward restricting hospitalization and encouraging home healthcare in the home oxygen therapy (HOT) market to secure beds for COVID-19 patients. However, the use of oxygen concentrators for COVID-19 patients stopped increasing, and the number of rented oxygen concentrators was almost at the FY2021 level. In addition, in the market for continuous positive airway pressure (CPAP) therapy, the recovery in the number of examinations slightly slowed mainly due to the eighth COVID-19 wave, but the number of rented CPAP devices continued to grow, achieving an increase of about 5% from the end of FY2021.

<Fibers & Products Converting Business>

Net sales were 321.8 billion yen, an increase of 39.3 billion yen (13.9%) year on year, and operating income was 10.0 billion yen, an increase of 4.3 billion yen (76.8%) year on year. EBITDA was 16.9 billion yen, an increase of 4.8 billion yen year on year, while ROIC based on operating income was 7%.

In the field of textiles and apparel, sales of textiles and apparel items for the European, U.S., and Chinese markets remained strong. In addition, relaxed restrictions on activities caused a recovery in apparel sales in Japan as well. In the field of industrial materials, sales of automotive parts, artificial leather, and short polyester fibers for water treatment filters remained strong. Business performance was affected by rises in raw material and fuel prices and logistics costs and an increase in purchase costs against the backdrop of the depreciation of the yen, but efforts were made to revise the selling prices of fiber materials and textiles.

<IT Business>

Net sales were 58.0 billion yen, an increase of 4.3 billion yen (7.9%) year on year, while operating income was 8.1 billion yen, a decrease of 1.6 billion yen (16.6%) year on year. EBITDA was 8.8 billion yen, a decrease of 2.0 billion yen year on year, while ROIC based on operating income was 53%.

In the Internet business field, as a result of sustained efforts to enhance advertising activities for e-comics services, sales remained strong. In the IT service field, performance was generally good despite the lasting impact of the COVID-19 pandemic on the healthcare business.

<Others (including the engineering business, the orthopedic implantable devices business, and the regenerative medicine business)>

Net sales were 30.5 billion yen, an increase of 0.9 billion yen (3.1%) year on year, while operating loss increased by 0.1 billion yen year on year to 2.4 billion yen.

The orthopedic implantable devices business, which encompasses artificial joints and absorbable osteosynthesis materials, achieved a net-sales increase year on year due to its acquisition of the spine and trauma business from KiSCO Co., Ltd. in February 2022 and good sales of artificial joints.

Japan Tissue Engineering Co., Ltd. (hereinafter, "J-TEC"), which is engaged in the regenerative medicine business, achieved a sales increase in its Custom Development & Manufacturing Business but experienced a sales decrease in its Regenerative Medicine Business and R&D Support Business, resulting in a decrease in total net sales year on year. In March 2023, J-TEC obtained approval for the manufacturing and marketing of *JACEMIN*, autologous cultured epidermis containing melanocyte, as a new treatment for stable vitiligo.

(2) Changes in Assets and Profit and Loss

Fiscal Period		154th Fiscal Period FY2019 (Ended Mar. 2020)	155th Fiscal Period FY2020 (Ended Mar. 2021)	156th Fiscal Period FY2021 (Ended Mar. 2022)	157th Fiscal Period FY2022 (period under review) (Ended Mar. 2023)
Business					
Net sales	(Millions of yen)	853,746	836,512	926,054	1,018,751
Operating income	(Millions of yen)	56,205	54,931	44,208	12,863
Ordinary income	(Millions of yen)	54,337	53,658	49,692	9,100
Profit attributable to owners of parent	(Millions of yen)	25,252	△6,662	23,158	△17,695
Net earnings per share	(Yen)	131.63	△34.70	120.58	△92.04
Total assets	(Millions of yen)	1,004,223	1,041,131	1,207,583	1,242,433
Net assets	(Millions of yen)	411,409	430,364	464,811	451,084

(3) Capital investment

Capital investments in the fiscal year under review totaled ¥62.5 billion, mainly for the purpose of increasing production capacity in the aramid business and the composites business.

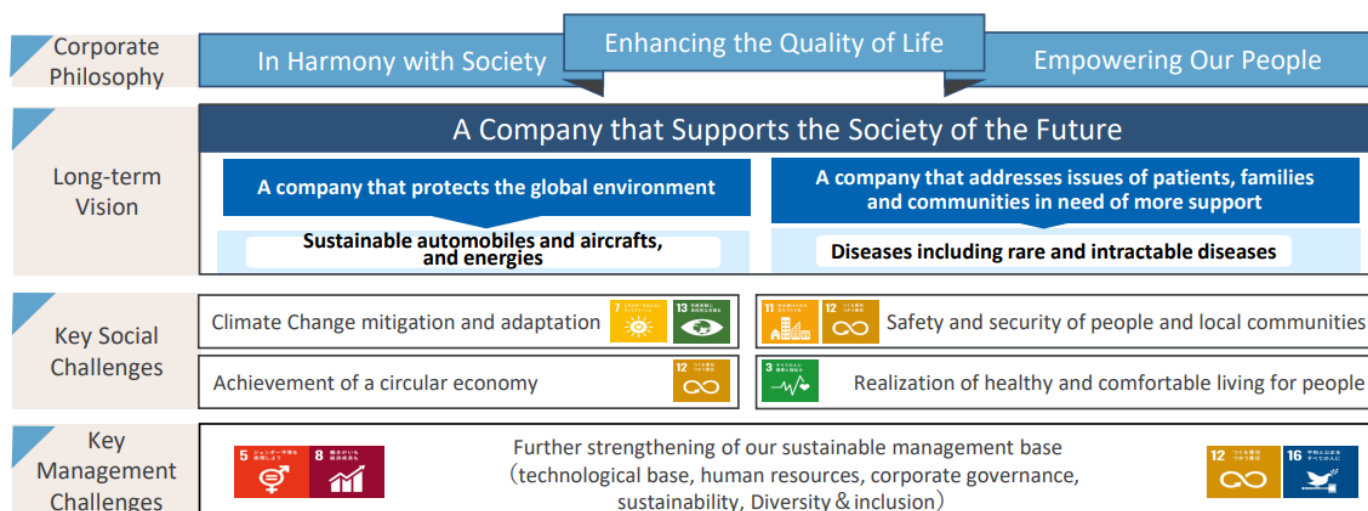
(4) Financing

The Company procured borrowings from financial institutions. Interest-bearing liabilities increased by 44.3 billion yen from the end of the previous fiscal year to 529.4 billion yen.

(5) Management Policy and Tasks Ahead

1) Corporate Vision

Based on its corporate philosophy and toward the creation of a sustainable society, the Teijin Group aims to achieve its long-term vision, which is to become “a company that supports the society of the future”. In consideration of global social issues and to achieve the SDGs, the Group has identified the five issues of materiality that need to be addressed as priorities, and aims to realize a sustainable society and further enhanced corporate value.



Around 100 years since its founding, the Group has built a business foundation by anticipating the needs of society, and through the transformation into new business and by tackling challenges. Amid this backdrop, in the post-pandemic society, the Company is accelerating its transformation into a company that solves important social issues by leveraging its strengths—the quality of trust, customer relations, and capabilities for providing support to patients and the local community, strengths that are nurtured by seriously dealing with the issues of customers and patients. In addition, to further embody the long-term vision of becoming a “company that supports the society of the future,” the Company aims to contribute primarily to the field of automobiles, aircraft and energy, which contribute to the environment, and the field of disease, such as rare and intractable diseases, as a “company that protects the global environment,” and as a “company that addresses issues faced by patients, their families and local communities that require further support.”

2) Issues to be addressed

a) Management policies

The Company underperformed the numeric figures in the medium-term management Plan 2020–2022, the main factor being a substantial deterioration in profit margins in the Materials Business Field. In specific, the Company set a goal for its cost of capital based on an ROE of 10%-plus and an ROIC based on consolidated operating income of 8%-plus.

The Company missed both its targets for ROE and ROIC based on consolidated operating income. Consequently, the Company’s PBR (Price Book-value Ratio), a market yardstick, dipped below 1x. Taking these circumstances into account, although the vision has not changed substantially from the medium-term management Plan 2020–2022, the Company temporarily discontinued its investment strategy, which was divided into future Strategic Focus and Profitable Growth. In FY2023, the Company plans to place priority on reforming the following profit margin improvements aimed at a return to growth moving forward.

- ① Improve profitability in the composites, aramid and healthcare businesses

② Review the management structure to promote the acceleration of management decisions and execution
 As the outcome of these results, the Company's aim to improve earnings by 30.0 billion yen-plus by FY2023.
 Concurrently, the Company's aim to move forward with considerations for rebuilding the business portfolio and are scheduled to disclose a new Medium-term management plan for the Teijin Group in FY2024.

b) Issues to be addressed

The management environment by business and issues that should be addressed are as follows.

	Management environment	Issues to be addressed
Composites	<ul style="list-style-type: none"> the Company implemented measures to pass on cost to selling prices, cost cuts, insourcing and automation to counter the shortage in semiconductors, rapidly soaring raw material cost and the lack of labor but they were not sufficient to compensate for these issues, therefore we continued to incur a substantial loss 	<ul style="list-style-type: none"> the Company plan to thoroughly reconsider the room for improvement in profit margins in the North America business and execute around 130 planned improvement measures (an enhancement in operating income of ¥13.0 billion) In the event the Company are unable to recognize the results of improvement measures in the North America region, the Company would decide whether or not to continue to carry out businesses.
Aramid	<ul style="list-style-type: none"> Although the Company implemented measures to strengthen the Company product capacity, profit margins deteriorated substantially due to a rise in costs due to skyrocketing natural gas prices, difficulties securing labor, poor production, and production shortfall due to blackouts and fires 	<ul style="list-style-type: none"> In FY2023, the Company set a goal for a recovery in profit margins through the allocations of resources for productivity improvement measures, measures to deal with soaring natural gas prices, and demand measures to boost production/sales (goal is to improve operating income 7.0 billion yen) the Company aims to strengthen our leading share through the achievement of sustainability via differentiation and by boosting sales volume
Healthcare	<ul style="list-style-type: none"> In pharmaceuticals, the product pipeline, which contributes to future earnings, is lacking In home healthcare, although the Company maintained a leading share in Japan for HOT/CPAP devices, the creation of new products and services underperformed 	<ul style="list-style-type: none"> The Company plans to use the business foundation developed for the home healthcare device business, which has a leading share in Japan, for pharmaceuticals mainly in the field of rare and intractable diseases The Company plans to review the Company's sources for each essential function from scratch and set goals for the execution of drastic fixed cost reductions in FY2023 (FY2025 goal for fixed cost reductions: 5.0 billion yen)
Resin and Plastic Processing	<ul style="list-style-type: none"> Sales volume decline due to a decrease in demand mainly in the China market 	<ul style="list-style-type: none"> The Company looks to make headway in the improvement of profitability by shifting to high value-added products and implementing an environmental strategy
Carbon Fibers	<ul style="list-style-type: none"> Development of next-generation aircraft product applications, which have been making progress toward adoption, were delayed due to COVID-19 	<ul style="list-style-type: none"> In addition to activities for the certification of programs for intermediate materials for aircraft and the implementation of environmental strategies, we also plan to make improvements to earnings

Fibers & Products Converting	<ul style="list-style-type: none"> Transform into a business that records stable earnings even in a business environment hindered mainly by soaring raw material and fuel prices 	<ul style="list-style-type: none"> In addition to the implementation of environmental strategies, The Company aim to accelerate the expansion of growth fields (mobility, infrastructures, global apparel)
IT	<ul style="list-style-type: none"> The acquisition of customers for online business grew 	<ul style="list-style-type: none"> In IT services, the Company plan to place priority on the healthcare business and further explore growth opportunities in online businesses

To make the Company's management system resilient to changes in the external environment, The Company plans to implement the following measures from FY2023 to accelerate decision-making and execution by management.

Item	Measures
Clarify the roles of the head office and businesses	<ul style="list-style-type: none"> Clarify responsibilities and roles by restructuring the executive officer system (reduce the number of executive officers by half to a 15 member system) Consolidated business units under the direct control of the CEO, and create a flat hierarchy for the organization's business units
Strengthen the business operation functions	<ul style="list-style-type: none"> Bolster the proposal of business strategies/plans and monitoring capabilities by the head office Further delegate decision-making authority to the general manager of a business unit and accelerate the execution of duties and implement risk management
Review head office functions	<ul style="list-style-type: none"> Reorganizing and integrating new business development organizations into the New Business Development Unit under corporate supervision The creation of innovation in the future through collaboration will be executed cross-functionally Optimizing the allocation and scale of HQ staff (Fixed cost reduction goal for FY2025: 4.0 billion yen)

Extrapolating from the above, the Company is are stably implementing various measures to improve profitability at those business units that will become growth drivers, pushing forward with the transformation of the management system to undertake the realization of sustainable growth and an improvement in corporate value in the medium term that will meet the expectations of stakeholders, including shareholders and investors.

c) Concept and actions related to sustainability

■ Initiatives pertaining to materiality

The Group recognizes issues surrounding sustainability, including social and environmental issues, as management challenges. A policy pertaining to sustainability has been laid out in the medium-term management plan 2020–2022, and the Company has have organized the opportunities and risks for the Company and specified important issues. The Company is are setting various KPIs and implementing actions that will contribute to the realization of our long-term vision. The Company's also aims to accelerate the Company's transformation into a company that solves important issues in the post pandemic era without altering the important issues that the Company should tackle as the Company also stated in the "Teijin Group Reforms for Profitability Improvement," disclosed in February, 2023.

① Governance

The Company will discuss and report policies, plans and progress related to sustainability at the Management Committee, conduct an annual review once a year under the purview of the Chief Sustainability Officer to confirm important issues at each business group and group company. Regarding important operational risks, deliberations on basic plans take place at the Total Risk Management (TRM) Committee* twice a year. The progress is then reported to the TRM Committee, and the details of these discussions and reports are then passed on to the Board of Directors. Moreover, once a year the Chief Sustainability Officer reports the performance status of their duties to the Board of Directors, and sustainability related activities are undertaken under the guidance and supervision of the Board of Directors.

(*)TRM Committee: A meeting body chaired by the CEO that integrates the management of “strategic risk” and “operational risk”

② Strategy

The Company aims for the sustainable development of business and society by interpreting important social issues (i. climate change mitigation and adaptation, ii. achievement of a circular economy, iii. safety and security of people and local communities, and iv. realization of healthy and comfortable living for people) as business growth opportunities and by creating and providing new value required by society.

③ Risk management

The Company is positioning climate change risk, human rights infringement risk, information security risk, geopolitical risk and security risk as the most serious risks to the Company’s Group and are managing these risks using our TRM system.

④ Indicators and goals

The Company is continuing to use the KPIs set forth in the medium-term management Plan 2020–2022 for reducing environmental impact. The Group’s targets for greenhouse gas (GHG) emissions were officially validated as targets that limit global temperature rise to “well below 2°C,” thereby receiving approval from the Science Based Targets initiative, which recognizes GHG emission targets that are scientifically consistent with the targets of the Paris Agreement. The Company established a roadmap for the achievement of long-term goals and are undertaking the realization of net zero CO₂ emissions. The Company also set other KPIs for long-term goals related to sustainability (see table below) and plan to specify an achievable roadmap in the Company’s new medium-term management plan (scheduled to be disclosed in FY2024).

Item	FY	Target	
Climate change (CO ₂ emissions)	Contribution* ² to reducing CO ₂ * ¹ emissions	2030	Achieve: Contribution to reduction > Total emissions
	Group emissions (Scope 1 + 2)	2030	30% reduction in comparison with the level in FY2018
		2050	Net zero emissions
	Supply chain* ³ (Scope 3)	2030	15% reduction in comparison with the level in FY2018
Water (freshwater intake volume per sales unit) * ⁴	2030	30% reduction in comparison with the level in FY2018	
Hazardous substances (hazardous chemical substances emissions per sales unit) * ⁴	2030	20% reduction in comparison with the level in FY2018	
Resources recycling (amount of landfill waste per sales unit) * ⁴	2030	20% improvement* ⁵ in comparison with the level in FY2018	

*1: Includes not only CO₂ but also methane and nitrous oxide emissions

*2: CO₂ emission reductions achieved by the use of the Company’s products in the downstream area of the supply chain were calculated as the

contribution amount.

*3: Scope 3 emissions excluding Category 1 emissions (from purchased goods and services) in the trading business

*4: The per sales unit for each indicator is calculated by using consolidated net sales as the denominator.

*5: In FY2022, we boosted our goal from a 10% improvement in comparison with FY2018 to a 20% improvement versus FY2018.

■ Initiatives pertaining to human capital

The Group promotes “empowering our people” as one part of its corporate philosophy. In specific, it aims to realize the following three items.

- Provide a workplace for self-realization where employees can exert their capabilities and individuality.
- Tackle creation and innovation along with employees.
- Aim to become a group of people adorned with diverse personalities and appeal.

A company cannot grow without taking on the challenges of creation and innovation. The Group believes that “empowering our people” through the three aforementioned items will enhance corporate value. In light of this, the company is carrying out various measures that emphasize i. the promotion of diversity, ii. creation of an independent career, iii. corporate culture reforms, and iv. productivity improvement, as well as the improvement of employee engagement, which will serve as a foundation of all HR measures. Note that the Company has set the following goals to promote diversity and employee engagement.

	Milestone APR 2026	Targets FY2030
Female executives	20%	30%
Non-Japanese executives	10%	30%
Employee satisfaction	1% improvement every year (Reference: 64% in FY2022)	

In addition, from the perspective of promoting digital transformation (DX), the Company newly established the DX Promotion Department, to promote DX throughout the Group. The Company plans to use data and digital technologies to nurture business architects* that can create new value and improve DX literacy among all employees.

(*) Business architect: People that use digital technology to plan, propose and implement solutions to solve problems

3) Social Contribution Activities

The Teijin Group, in accordance with its basic policies for social contributions, will value harmony with nature and achieve growth with local communities. To this end, the Group is conducting appropriate social contribution activities as a good corporate citizen, in line with its business attributes and which respect the local uniqueness of each area in which the Company operates. To provide support to the development of younger generations in the fields of academia/education and sports, the Company has supported a total of nearly 1,700 students specializing in science and engineering fields through the Teijin Kumura Scholarship provided by the Teijin Scholarship Foundation for about 70 years. Moreover, the Company is supporting young people’s sports activities by co-sponsoring the All Japan High School Soccer Tournament as well as supporting the Children’s Rights in Sport Principles announced by the Japan

Committee for UNICEF. In addition, we are continuously implementing a range of systems to support employees' volunteer activities.

(6) Principal business

(As of March 31, 2023)

Business		Business area	Principal Products and Businesses
Materials	High-performance materials	Aramid	Para-aramid fibers, Meta-aramid fibers, High-performance polyethylene
		Resin and Plastic Processing	Polycarbonate resin, Polycarbonate sheets & films, PET • PEN • PBN resin, PPS resin, Flame-retardant
		Carbon Fibers	Carbon fibers, Oxidized PAN fibers, Carbon fibers intermediate materials (Prepreg etc.)
		Material New Business	Lithium-ion battery separators, high-performance membrane
	Composites	Composites	The automotive composite products
Healthcare	Pharmaceuticals	Prescription Drug: Treatment for hyperuricemia and gout, Type 2 diabetes treatments, Agent for osteoporosis, Agent for severe infection, Sustained-release expectorant, Transdermal analgesic anti-inflammatory, Treatment for acromegaly and pituitary gigantism, Botulinum toxin type A	
	Home Healthcare	Home Health Care Services: Home oxygen therapy (HOT) oxygen concentrators, Home continuous positive airway pressure (CPAP) therapy machine, Bilevel Positive Airway Pressure Unit, Ultrasound Bone Fracture Treatment Devices	
	Healthcare New Business	Functional foods	
Fibers & Products Converting	Textiles and Apparel	Yarns, Textiles, Apparel products, General merchandise	
	Industrial Textiles and Materials	Polyester Fiber materials, Nonwoven Fabrics, Automotive materials, Industrial materials, Civil engineering and Construction materials, Tents and Heavy cloths, Resin, films, Living and interior products, Healthcare products	
IT	Business solution	Information system for general companies, Information system for hospital, Information services for nursing care providers	
	Digital entertainment	Electronic comics delivery service	
Other	Other	Medical devices for artificial joints, osteosynthesis materials, spinal implants etc.,	

Note: PET (Polyethylene terephthalate), PEN (Polyethylene naphthalate), PBN (Polybutylene naphthalate), PPS (Polyphenylene sulfide)

(7) Principal business locations, etc.

(As of March 31, 2023)

Business		Function	Location
the Company		Headquarters	Osaka, Tokyo
Materials	High-performance materials	Manufacturing bases	Shizuoka, Gifu, Ehime, Hiroshima, Yamaguchi
			The Netherlands, Germany, Thailand, Vietnam, China, South Korea, U.S.A.
		Operation bases	Tokyo, Osaka Aichi
			The Netherlands, Germany, Malaysia, Singapore, India, Thailand, Vietnam, China, Taiwan, South Korea, U.S.A., Mexico, Brazil
			Tokyo, Chiba, Shizuoka, Ehime, Yamaguchi
	Research bases	The Netherlands, Germany, Thailand, China, U.S.A.	
		Composites	Manufacturing bases
	U.S.A., Mexico, Portugal, Czech, Germany, China		
	Operation bases		Tokyo
			U.S.A., Mexico, Portugal, Czech, China
Research bases	Ehime		
	U.S.A., France, Germany		
Healthcare	Manufacturing bases	Yamaguchi, Hyogo	
		China	
	Operation bases	18 branches and 129 sales offices throughout Japan	
	Research bases	Tokyo, Yamaguchi	
		U.S.A.	
Fibers & Products Converting	Manufacturing bases	Ehime, Ishikawa, Fukui, Niigata, Gifu, Shiga, Hyogo, Yamaguchi, Shimane, Fukuoka	
		China, Thailand, Vietnam, Germany, Hungary	
	Operation bases	Osaka, Tokyo, Aichi, Niigata, Fukui	
		U.S.A., Germany, China, Thailand, Vietnam, Myanmar, Indonesia, Mexico, India, Taiwan, Philippines, Bangladesh	
	Research bases	Ehime	
		China, Thailand	
IT	Operation bases	Tokyo, Osaka	
Other	Manufacturing bases	Aichi, Hyogo, Okayama	
	Operation bases	Tokyo, Osaka Aichi, Ehime, Yamaguchi	
	Research bases	Tokyo, Aichi, Okayama	

Note: The function of headquarters is indicated in The Company, and the manufacturing, operation and research bases are indicated in each business segments.

(8) Employees

Business segments	156th Fiscal Period	157th Fiscal Period	Change in the number of employees
	(As of March 31, 2022)	(Period under review) (As of March 31, 2023)	
Materials	10451	11,048	+597
Healthcare	3,594	3,155	△439
Fibers & Products Converting	5,505	5,576	+71
IT	740	748	+8
Other	1,525	1,957	+432
Total	21,815	22,484	+669

Note 1: The number of employees stated above represents the numbers of employees in each segment.

Note 2: The number of employees stated above does not include temporary employees (2,015 employees for the 156th fiscal period and 2,015 employees for the 157th fiscal period).

Number and ratio of employees by region

Region	157th Fiscal Period (As of March 31, 2023)	
	Headcount	Ratio
Japan	9,594	43%
Americas	5,495	24
Europe and others	2,902	13
Asia	4,493	20

(9) Significant Subsidiaries

(As of March 31, 2023)

Business segments	Business	Subsidiary	Headquarters Location	Capital stock	Investment ratio (%)	Principal business
Materials	High-performance materials	Teijin Aramid B.V.	The Netherlands	0.02 million euro	※ 100.00	Production and sales of para-aramid fibers
		Teijin Corporation (Thailand) Limited	Thailand	2,367 million baht	100.00	Production and sales of meta-aramid fibers and resin
		Teijin Carbon Europe GmbH	Germany	0.026 million euro	※ 100.00	Production and sales of carbon fibers
		Teijin Carbon America, Inc.	U.S.A.	US\$310 million	※ 100.00	Production and sales of carbon fibers
		Teijin Polycarbonate China Ltd.	China	720 million RMB	100.00	Production of polycarbonate resin

		Teijin Chemicals Plastic Compounds Shanghai Ltd.	China	143 million RMB	100.00	Production of polycarbonate resin compound
		Teijin Lielsort Korea Co., Ltd.	South Korea	29,096 million KRW	100.00	Production and sales of lithium-ion battery separators
	Composites	Teijin Automotive Technologies NA Holdings Corp.	U.S.A.	US\$830 million	※ 100.00	Production and sales of Composite products
		Teijin Automotive Technologies Portugal, S.A	Portugal	7.2 million euro	※ 100.00	Production and sales of Composite products
		Teijin Automotive Technologies (Tangshan) Co., Ltd.	China	624 million RMB	※ 100.00	Production and sales of Composite products
Healthcare	Teijin Pharma Limited	Tokyo	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipment	
	Teijin Healthcare Limited	Tokyo	¥100 million	※ 100.00	Information provision activities for pharmaceutical products and Home health care services provider	
Fibers & Products Converting	Teijin Frontier Co., Ltd	Osaka	¥2,000 million	100.00	Production and sales of textiles and others	
	Nantong Teijin Co., Ltd.	China	¥4,000 million	※ 100.00	Production and sales of polyester textile goods	
	Teijin Polyester (Thailand) Limited	Thailand	548 million bahts	※ 67.61	Production and sales of polyester fibers	
	J.H. Ziegler GmbH	Germany	1.02 million euro	※ 100.00	Production and sales of unwoven fabrics	
IT	Infocom Corporation	Tokyo	¥1,590 million	57.97	Development and sales of computer software, etc.	
	Amutus Corporation	Tokyo	¥150 million	※ 57.97	Internet business	
Other	Japan Tissue Engineering Co., Ltd.	Aichi	¥4,959 million	57.72	Development, Manufacturing, Sales, and Custom Development/Manufacturing for Regenerative Medicine and Related Products	

Note 1: The Teijin Group has 98 consolidated companies including the aforementioned 19 significant subsidiaries; 65 companies are accounted for via the equity method.

Note 2: ※ indicates the investment ratio including investment by subsidiaries.

Note 3: In October 2022, Japan Tissue Engineering Co., Ltd. changed its corporate name (only in Japanese).

(10) Principal Lenders and Amount of Borrowings

(As of March 31, 2023)

Principal lenders	Balance of borrowings (millions of yen)
MUFG Bank, Ltd.	140,989
Mizuho Bank, Ltd.	38,059
Development Bank of Japan Inc.	25,000

Note 1: The balance of borrowed funds includes borrowings from overseas local subsidiary banks.

Note 2: In addition to the above, there is a balance of borrowed funds of 1,044.27 billion yen through syndicated loans, which is significant borrowing.

2. Matters Regarding the Shares of the Company (as of March 31, 2023)

- (1) Total number of authorized shares 600,000,000 shares
- (2) Total number of issued authorized shares 197,953,707 shares
- (3) Number of shareholders 95,104
- (4) Top 10 shareholders of the Company

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	32,910,300	17.11
2	Custody Bank of Japan, Ltd. (Trust account)	12,882,000	6.69
3	Nippon Life Insurance Company	7,045,501	3.66
4	The Employee Stock Ownership Association of Teijin	6,588,742	3.42
5	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	6,387,100	3.32
6	SSBTC CLIENT OMNIBUS ACCOUNT	3,250,016	1.68
7	STATE STREET BANK AND TRUST COMPANY 505223	2,898,021	1.50
8	MUFG Bank, Ltd.	2,897,287	1.50
9	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	2,517,207	1.30
10	JP MORGAN CHASE BANK 385781	2,470,613	1.28

Note1: The shareholding ratio has been calculated after excluding Treasury stocks (5,638,291 shares) from the Issued shares.

Note2: Shareholding ratio are truncated to three decimal places

(5) Status of shares issued as compensation to company officers during fiscal year 2022

The details of the share-based compensation issued during fiscal year 2022 are as described in "5. Matters Regarding

Directors and Statutory Auditors (2) Remuneration, etc. for Directors and Statutory Auditors, etc. 6) Matters Regarding non-monetary remuneration, etc. a) Restricted Stock (RS)" in the notice of convocation for the 157th Ordinary General Meeting of Shareholders.

3. Matters Regarding Stock Acquisition Rights of the Company

(1) Overview of Stock Acquisition Rights as a Stock Compensation-type Stock Option

1) Number of stock acquisition rights

The maximum number of stock acquisition rights to be allocated to Directors during a period of one (1) year starting the day after the Annual Ordinary General Meeting of Shareholders is held shall be set up to 200.

2) Amount to be paid-in for the stock acquisition rights

The fair value of the stock acquisition rights shall be calculated using the closing price on the allotment date based on the Black-Scholes model.

3) Number of shares to be issued upon exercise of the stock acquisition rights

The number of shares to be issued upon exercise of one stock acquisition right (hereinafter the “number of shares to be granted”) shall be 200 shares. However, if the Company conducts a stock split or stock consolidation, or if there are other unavoidable reasons that require some adjustment, the adjustment shall be made reasonably.

4) Value of property to be invested upon exercise of the stock acquisition rights

The amount of money to be paid-in per share issued or transferred by exercising the stock acquisition rights shall be ¥1, and the amount of money to be paid-in upon exercise of the stock acquisition rights shall be the said amount multiplied by the number of shares to be granted.

5) Exercise period of stock acquisition rights

Exercise period shall be 20 years from the allotment date of stock acquisition rights.

6) Restrictions on transfer of stock acquisition right

Any acquisition of stock acquisition rights shall require approval of the Board of Directors of the Company.

7) Main provisions for acquisition of stock acquisition rights

If a proposal for approval of a merger agreement in which the Company becomes the absorbed company, a proposal for approval of a share exchange agreement in which the Company becomes a wholly-owned subsidiary, or a proposal for share transfer is approved at a General Meeting of Shareholders of the Company, the Company can acquire stock acquisition rights without contribution.

8) Main conditions for exercising stock acquisition rights

Holders of stock acquisition rights may exercise stock acquisition rights for only five (5) years from the date of loss of position as a Director of the Company, its subsidiary and/or affiliate.

9) Other details pertaining to stock acquisition rights (including other matters from those in 1) – 8) above)

Shall be determined by resolution of the Board of Directors.

(2) Summary of stock acquisition rights as a stock option as of the last day of FY2022 as consideration for the performance of duties

Number of issuance (Issuance date)	Number of stock acquisition rights	Class and number of target shares	Issuance price (Per share)	Exercise price (Per share)	Exercise period
11th stock acquisition rights	698	Common shares 139,600 shares	¥980	¥1	Mar. 15, 2013–Mar. 14, 2033

(Mar. 15, 2013)					
12th stock acquisition rights (Mar. 14, 2014)	618	Common shares 123,600 shares	¥1,140	¥1	Mar. 14, 2014–Mar. 13, 2034
13th stock acquisition rights (Mar. 18, 2015)	379	Common shares 75,800 shares	¥1,925	¥1	Mar. 18, 2015–Mar. 17, 2035
14th stock acquisition rights (Mar. 16, 2016)	274	Common shares 54,800 shares	¥1,800	¥1	Mar. 16, 2016–Mar. 15, 2036
15th stock acquisition rights (Mar. 17, 2017)	287	Common shares 57,400 shares	¥1,955	¥1	Mar. 17, 2017–Mar. 16, 2037
16th stock acquisition rights (Mar. 16, 2018)	294	Common shares 58,800 shares	¥1,732	¥1	Mar. 16, 2018–Mar. 15, 2038
17th stock acquisition rights (Mar. 18, 2019)	321	Common shares 64,200 shares	¥1,627	¥1	Mar. 18, 2019–Mar. 17, 2039
18th stock acquisition rights (Mar. 16, 2020)	266	Common shares 53,200 shares	¥1,138	¥1	Mar. 16, 2020–Mar. 15, 2040
19th stock acquisition rights (Mar. 15, 2021)	394	Common shares 78,800 shares	¥1,725	¥1	Mar. 15, 2021–Mar. 14, 2041

The total number of unexercised stock acquisition rights of the aforementioned stock acquisition rights held by Directors and Statutory Auditors of the Company

(As of March 31, 2023)

Number of issuance	Director		Statutory Auditor	
	Number of units	Number of directors holding rights	Number of units	Number of statutory auditors holding rights
11th stock acquisition rights	15	1	—	—
12th stock acquisition rights	28	2	—	—
13th stock acquisition rights	37	2	—	—
14th stock acquisition rights	39	3	—	—
15th stock acquisition rights	44	4	7	1
16th stock acquisition rights	59	5	8	1
17th stock acquisition rights	79	5	10	1
18th stock acquisition rights	65	5	8	1
19th stock acquisition rights	93	5		

Note 1: Stock acquisition rights are not granted to Outside Directors and Statutory Auditors.

Note 2: The stock acquisition rights held by Statutory Auditors were granted as consideration for the execution of duties as an Corporate Officer prior to being appointed to the position of Statutory Auditor.

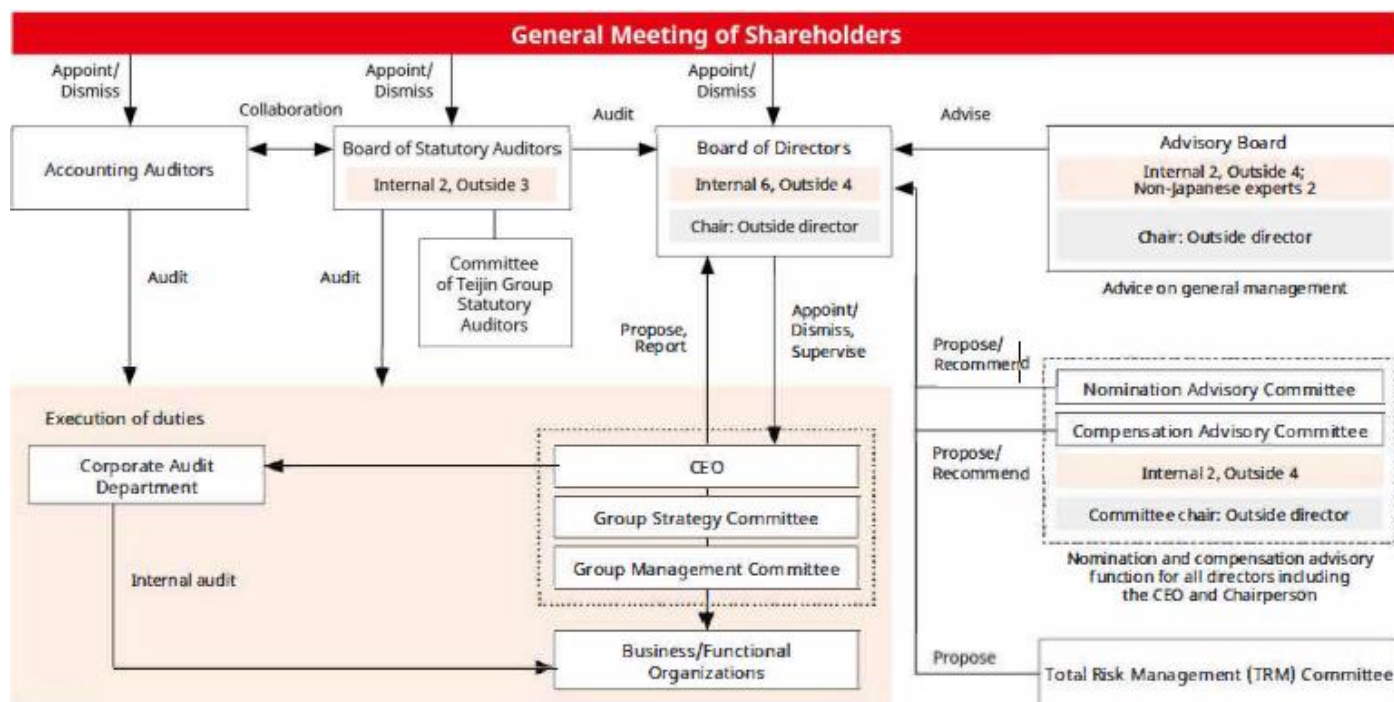
4. Corporate Governance System

Overview

The Teijin Group realizes that its basic mission as a company is to ensure sustainable growth in shareholder value. On this basis, in order to fulfill the Company’s responsibilities to other various stakeholders, the Company is striving to strengthen corporate governance. Basic elements of corporate governance include the aim of enhancing transparency, ensuring fairness, accelerating decision-making, and ensuring monitoring and supervision independence. The Company is working to establish and strengthen an effective corporate governance system through “Advisory Board”, “corporate officer system and board of directors including independent outside directors” and an “statutory auditor system including independent outside corporate auditors”.

<Corporate Governance System Chart>

(As of March 31, 2023)



(1) Reasons for Choosing the Current Corporate Governance System

At the Teijin Group, the corporate governance system will be the one that appears to be optimal for achieving the Company's objectives at the time. Therefore, it will be reviewed as appropriate according to changes in the current social and legal environment. In accordance with the current Companies Act, the Board of Directors is required to properly function in terms of both the important business decisions/decision-making and the monitoring and supervision of management functions. The Company has determined that a governance system centered on the two wheels, “business execution led by the Internal Directors” and “management oversight and supervisory functions emphasized by the Outside Directors and Audit and supervisory functions by the Statutory Auditors and the Board of Statutory Auditors”, is appropriate. The Company will continue to be a company with a board of statutory auditors for the time being. In addition to the fact that the Statutory Auditors comprising the Board of Statutory Auditors are independent and can exercise their authority independently, the Company has granted the Board of Statutory Auditors and the Statutory Auditors “utilization of the maximum source of monitoring authority for the Board of Directors”; and by seeking “active and constructive opinions at the Board of Directors,” the Board of Statutory Auditors continues to have a more effective auditing function for the Board of Directors. As a result, corporate governance similar to the strengthening of monitoring and supervision functions that is aimed for by a company with a nominating committee, etc., will be substantially achieved at the Company through “the Advisory Board”, “the Board

of Directors including Independent Outside Directors and executive officers”. and “the system of statutory auditors including independent outside corporate auditors.”

(2) Outline of Current System

1) Board of Directors

The Board of Directors meets and decides or approves important matters such as the management policy and overall plan of the entire Teijin Group, in addition to the matters stipulated in laws and regulations and the Articles of Incorporation, and supervise the execution of duties by Directors.

To expedite decision making and clarify accountability of execution of business, the Company’s Articles of Incorporation set the maximum members of the Board of Directors to 10 Directors, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. As of March 31, 2023, the Board of Directors of the Company comprises 10 members. There are 4 Outside Directors who satisfy all the requirements of Independent Director as stipulated by the Company, and one of whom is a female Director. The Articles of Incorporation sets the term of office for directors at one year.

The chair of the Board of Director is selected from the Outside Directors as part of separation of monitor and supervision from business execution.

2) Advisory Board

The Advisory Board has been set up with the aim of providing general management advice from a broad and long-term perspective, and is positioned and operated as an advisory board to the Board of Directors. The Advisory Board deliberates on the following matters and advises the Board of Directors.

- a) Matters concerning the company's business plan and strategic direction (including long-term and medium-term plans)
- b) Matters concerning corporate governance, sustainability, corporate ethics, etc.
- c) Matters concerning company performance,
- d) Matters concerning domestic and foreign politics, economy, and legal system
- e) Other matters related to overall management

The Advisory Board includes 5 to 7 outside advisors (currently composed of 4 Outside Directors and 2 non-Japanese experts), the Chairperson (vacant if absent), and the CEO as members. The Outside Director, who is the chair of the Board of Directors, chairs the Advisory Board.

3) Nomination Advisory Committee and Compensation Advisory Committee as consultative bodies

The Nomination Advisory Committee and the Compensation Advisory Committee are established as advisory bodies to the Board of Directors in order to further improve the transparency of executive personnel. Each Committees has functions to deliberate on the following matters and make proposals and recommendations to the Board of Directors.

- a) Nomination Advisory Committee
 - i) Alternating the CEO and nomination of a successor
 - ii) Selection and retirement of the President & Representative Director candidate
 - iii) Selection and retirement of Director candidate (including Chairperson)
 - iv) Selection and retirement of Statutory Auditor candidate
 - v) Matters concerning promotion/demotion, appointment/retirement of Internal Directors and management executives
 - vi) Matters concerning independence standards for Outside Director and Outside Statutory Auditor
 - vii) Selection of CEO successor candidates and review of CEO training plans and progress by the CEO for successor

candidates, and review of progress

b) Compensation Advisory Committee

- i) Matters concerning the compensation system for the Teijin Group officers
- ii) Matters concerning the remuneration level of the Teijin Group officers
- iii) Matters concerning performance evaluation and remuneration of Internal Directors (including CEO) and management executives

In principle, for matters concerning the current CEO, the CEO leaves the room and does not participate in the discussions. For matters concerning the Chairperson as well, the Chairperson leaves the room and does not participate in the discussions.

Each Advisory Committee is made up of four Outside Directors, the Chairperson (vacant if absent) and the CEO. The Outside Director, who is the chairperson of the Advisory Committee, chairs respective Advisory Committee.

4) Board of Statutory Auditors

A Statutory Auditor possesses expertise and experience in law, finance, accounting, etc. They audit the performance of duties by Directors in accordance with their rich expertise and experience. The Board of Statutory Auditors of the Company comprises 5 Statutory Auditors. There are 3 Independent Outside Statutory Auditors who satisfy all the requirements of Independent Statutory Auditor as stipulated by the Company, and one of whom is a female Statutory Auditor. In order to enhance the effectiveness of group-wide oversight, the Committee of Teijin Group Statutory Auditors, which comprises the statutory auditors of the Teijin Group companies and other members, is held regularly. The Teijin Group Auditors Office, which is under the direct control of full-time Statutory Auditors, has been established as an organization to assist the duties of Statutory Auditors, and as of March 31, 2023, five (5) full-time staff members have been assigned.

5) Internal Audit System

The Corporate Audit Department, which reports directly to the 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, 2023, the number of internal auditors in the Teijin Group totaled 20 (excluding internal auditors at listed subsidiaries and so forth).

6) Status of Accounting Audits

The status of certified public accountants who executed business is as follows. (Items in brackets indicate the affiliated auditing firms and the number of consecutive years performing audits).

Hidetoshi Fukuda (KPMG AZSA LLC, 4 years), Yoshihiro Uehara (KPMG AZSA LLC, 2 years)

Hiroaki Iwasaki (KPMG AZSA LLC, 2 years)

The status of assistants who executed auditing is as follows.

Certified Public Accountants 14, others 14, for a total of 28.

7) Total Risk Management

The Company has in place a Total Risk Management (TRM) system targeting both strategic and operational risks, as a preventative measure against any risks that the Company may face, and the TRM Committee has been conducting total risk management. The TRM Committee, chaired by the CEO, serves under the Board of Directors. The Board of Directors deliberates and decides the basic policy and annual plan related to TRM proposed by the TRM Committee. At the same time, the Board of Directors formulates the Company's stance on managing important risks and ensuring business continuity. Also, the Statutory Auditors conduct audits to check whether the Board of Directors is appropriately conducting policy decisions, supervising, and monitoring regarding TRM

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

(3) Evaluation of the Effectiveness of the Board of Directors

In order to further ensure the effectiveness and 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, the "Board of Directors Effectiveness Evaluation") once a year. The method of the Board of Directors Effectiveness Evaluation for FY2022 and an outline of the results are as follows.

1) Analysis and Evaluation Method

- a) A named self-evaluation questionnaire was conducted for all Directors and Statutory Auditors (15 including Outside Directors and Outside Statutory Auditors), referencing advice from external experts. In addition, interviews were conducted for certain Directors and Statutory Auditors (in total 4 persons) by external experts based on the self-evaluation questionnaires, with the aim of delving into management issues that should be discussed by the Board of Directors and formulating specific action plans for addressing the issues. Furthermore, with the assistance of external experts, the Board of Directors secretariat created a summary of the questionnaire and interview results, which formed the basis of a discussion within the Board of Directors regarding the effectiveness of the Board of Directors, issues to be addressed, and improvement measures.
- b) The evaluation points in the questionnaire (consisting of 39 questions) were compiled from the following eight fields. Respondents evaluated 39 points on a four-step scale and made comments (including any additional comments field).
 - i) Strategies and execution thereof
 - ii) Risk and crisis management
 - iii) Corporate ethics
 - iv) Performance monitoring
 - v) Organization and business restructuring-related transactions
 - vi) Management team evaluation, compensation, and succession planning
 - vii) Stakeholder dialogue
 - viii) Composition and operation of the Board of Directors

2) Outline of Results of the Board of Directors Effectiveness Evaluation

a) Summary

The results of the Board of Directors Effectiveness Evaluation conducted in line with the above process found that there is no issue with the current corporate governance system and its implementation, and the Company's Board of Directors is generally functioning properly and ensuring effectiveness.

In addition, the questionnaire results also indicated that there was a high ratio of positive evaluations for all items.

b) Status of response to issues recognized up to FY2022

i) Discussions on business creation utilizing data and digital technology

At the Board of Directors meetings held in FY2022, with respect to the use of digital and IT technologies, which is positioned as one important measure for the creation of innovation, the progress and issues with themes such as the acquisition and application of advanced technologies, including AI, and the building of a next-generation user environment were reported and discussed. Discussions need to be carried out on the direction of data and digital strategies in the Group overall and on the future injection of resources. The Company also confirmed plans to

continue discussions in line with the new medium-term management plan, scheduled to be disclosed in FY2024.

ii) Discussions on business portfolio

At the Board of Directors meetings held in FY2022, amid discussions on the new medium-term management plan, the Company embodied the long-term vision, which is the vision aimed for by the Teijin Group, and also held discussions concerning the business portfolio after clearing up the positions of existing businesses. Amid these discussions, the Company confirmed it was necessary to broadly review the Company strategies, mainly the “Strategic Focus” areas. The Company has temporarily put a halt to “Strategic Focus” and “Profitable Growth” areas, and in FY2023 have decided to pour energies into structural reforms in the composites, aramid and healthcare businesses. The Company plan to continue to carry out discussions concerning the business portfolio, including new growth strategies ahead of the new medium-term management plan, which is scheduled to be disclosed in FY2024.

iii) Discussion on rationality of parent-child listing

At the Board of Directors meetings held in FY2022, the Company rationally discussed maintaining the listing of Infocom Corporation and Japan Tissue Engineering Co., Ltd. (J-TEC), which are listed subsidiaries of the Company. From the standpoint of optimizing the corporate value of Infocom and J-TEC, and not just the Group itself, the Company decided it was rational to maintain their listing. It is necessary to regularly confirm the listing of the parent and its subsidiaries. At the Board of Directors meetings in FY2023, the Company plans to continue rationally discussing maintaining listings on the stock exchange.

iv) Discussion on BCP including supply chain

At the Board of Directors meetings held in FY2022, amid regular reports to the Board of Directors by the TRM Committee, which is chaired by the CEO, concerning strategic risk and operational risk, there was a report that the maintenance of customer-oriented BCP/BCM by business, in particular the Materials Businesses, was being conducted. The Company confirmed its as necessary realize the situation, including the schedule, for further promotion. The Company therefore plans to continue to carry out confirmation through discussions.

v) Discussion on allocation of management resources to human capital / intellectual property, etc.

At the Board of Directors meetings held in FY2022, with respect to human capital, activities pertaining to global talent management, corporate culture reforms, and enhancing engagement with the Teijin Group were reported and discussed. In addition, as a non-financial indicator for Diversity & Inclusion, the Company sets goals for FY2030 regarding the number of female directors and non-Japanese directors. In addition, the Company reported and discussed intellectual properties. Taking into account the changing environment surrounding intellectual properties, the Company plans to establish issues that should be tackled, and strengthen intellectual properties and the global management of intellectual properties based on the Company’s business portfolio. The Company is continuing to carry out confirmation of ongoing discussions that are in line with the new medium-term management plan, which is scheduled to be disclosed in FY2024.

3) Issues Recognized in the Evaluation of the Effectiveness of the Board of Directors at the end of FY2022 and Initiatives Going Forward

In FY2023, factoring in the effectiveness evaluation implemented at the end of FY2022, as a result of discussions by the Board of Directors, in particular the following items which were recognized as issues, will be handled further along with discussions related to the new medium-term management plan.

a) Discussions on business portfolio

Discussion on the allocation of management resources to human capital, etc. based on the 2) b) i) above

Discussion on the status of usage and handling policies at businesses regarding data and digital technology, etc. based

on the 2) b) i) above

- b) Discussion on BCP including supply chain
- c) Discussion on rationality of parent-child listing

The Company aims to increase the effectiveness of the Board of Directors and further strengthen corporate governance through these measures.

4) Basic Policy Concerning Cross-Shareholdings

a) 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 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 rationality 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 significance from a management strategy standpoint and business relationships, in addition to comparing dividends, transaction amounts, and other quantitative impacts against the cost of capital.

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

b) Standards for the Exercise of Voting Rights Related to Cross-Shareholdings

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

5. Matters Regarding Directors and Statutory Auditors

(1) Directors and Statutory Auditors

(As of March 31, 2023)

Position	Name	Duty, state of significant positions concurrently held at other companies	Participation in the Board of Directors and Board of Statutory Auditors
Chairperson and Member of the Board	Jun Suzuki		The Board of Directors 13/13(100%)
President and Representative Director	Akimoto Uchikawa	CEO (Chief Executive Officer)	The Board of Directors 13/13(100%)
Senior Executive Officer, Representative Director of the Board	Akihisa Nabeshima	CFO (Chief Financial Officer)	The Board of Directors 13/13(100%)
Executive Officer, Director	Toshiya Koyama	Chief Social Responsibility Officer Responsible for the Corporate Audit Department	The Board of Directors 13/13(100%)

Executive Officer, Director	Eiji Ogawa	President, Material Business of Teijin Group	The Board of Directors 13/13(100%)
Executive Officer, Director	Naohiko Moriyama	Chief Officer, Corporate Strategy	The Board of Directors 13/13(100%)
Director	Yukako Uchinaga	Chairperson and Representative Director of the Japan Women's Innovate Network (J-Win) (NPO) President & CEO, Globalization Research Institute Co., Ltd. Outside Director, SINTOKOGIO, LTD. Outside Director, Nippon Telegraph and Telephone Corporation (NTT)	The Board of Directors 13/13(100%)
Director	Yoichi Suzuki	Outside Director, KAJIMA CORPORATION	The Board of Directors 13/13(100%)
Director	Masaru Onishi	Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporated Outside Director, Benesse Holdings, Inc.	The Board of Directors 13/13(100%)
*Director	Masaaki Tsuya	External Advisor, Bridgestone Corporation	The Board of Directors 10/10 (100%)
Full-time Statutory Auditor	Masanori Shimai		The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
Full-time Statutory Auditor	Akio Nakaishi	Statutory Auditor, Infocom Corporation	The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
Statutory Auditor	Gen Ikegami	Representative, Gen Ikegami Certified Public Accountant Office, Certified Public Accountant Outside Director, TAC Co., Ltd.	The Board of Directors 13/13(100%) The Board of Statutory Auditors 12/12(100%)
Statutory Auditor	Hitomi Nakayama	Partner lawyer, KASUMIGASEKI-SOGO LAW OFFICES Outside Director, ROYAL HOLDINGS Co., Ltd	The Board of Directors 13/13(100%) The Board of Statutory Auditors 12/12(100%)
Statutory Auditor	Jun Arima	Project Professor, Graduate School of Public Policy, the University of Tokyo	The Board of Directors 13/13(100%) The Board of Statutory Auditors 12/12(100%)

Note 1: The Director marked with * was newly elected at the 156th Ordinary General Meeting of Shareholders held on June 22, 2022.

Note 2: There are no important interests between the Company and any of the entities at which the above mentioned Outside Directors hold positions as director/statutory auditor etc.

Note 3: There are no important interests between the Company and any of the entities at which the above mentioned Outside

Statutory Auditors hold positions as director/statutory auditor etc.

Note 4: Of the Directors, Yukako Uchinaga, Yoichi Suzuki, Masaru Onishi and Masaaki Tsuya are Outside Directors. The Company requires the candidate for Outside Director to satisfy the requirements of “Independent Director” stipulated by the Company. The aforementioned four (4) Directors satisfied all such requirements and maintained their independence throughout FY2022. Since they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Statutory Auditor” at Tokyo Stock Exchange. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site: (<https://www.teijin.com/ir/management/governance/requirements/>)

Note 5: Three (3) Statutory Auditors— Gen Ikegami, Hitomi Nakayama and Jun Arima—are Outside Statutory Auditors. The Company requires the candidate for Outside Statutory Auditor to satisfy the requirements of “Independent Statutory Auditor” stipulated by the Company. The aforementioned three (3) Statutory Auditors satisfied all such requirements and maintained their independence throughout FY2022. Since they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at Tokyo Stock Exchange. The contents of the requirements of Independent Auditor” stipulated by the Company can be viewed at the Company’s Web site: (<https://www.teijin.com/ir/management/governance/requirements/>).

Note 6: Full-time Statutory Auditor Masanori Shimai and Statutory Auditor Gen Ikegami have ample knowledge of finance and accounting as described below:

Full-time Statutory Auditor Masanori Shimai has been involved in finance and accounting-related work for many years at the finance and accounting-related departments of the Company.

Statutory Auditor Gen Ikegami is qualified as Certified Public Accountant.

Note 7: Statutory Auditor Hitomi Nakayama is qualified as a lawyer and has ample knowledge of compliance and risk management.

Note 8: The following Director retired as of June 22, 2022.

Director Fumio Ohtsubo

Note 9: Changes in posts and duties of Directors during FY2022 are as follows.

Name	New Post	Former Post	Date of transfer
Jun Suzuki	Chairperson and Member of the Board	Representative Director of the Board President & CEO (Chief Executive Officer)	April 1, 2022
Akimoto Uchikawa	Representative Director of the Board President & CEO (Chief Executive Officer)	Executive Officer, Director President, Material Business of Teijin Group	April 1, 2022
Akihisa Nabeshima	Senior Executive Officer, Representative Director of the Board CFO (Chief Financial Officer)	Executive Officer, Representative Director of the Board CFO (Chief Financial Officer)	April 1, 2022
Eiji Ogawa	Executive Officer, Director President, Material Business of Teijin Group	Executive Officer, Director Chief Officer, Corporate Strategy	April 1, 2022
Naohiko Moriyama	Executive Officer, Director President, Healthcare Business	Executive Officer, Director President, Healthcare Business of	April 1, 2022

	of Teijin Group	Teijin Group and General Manager, Healthcare New Business Division	
	Executive Officer, Director Chief Officer, Corporate Strategy	Executive Officer, Director President, Healthcare Business of Teijin Group	October 1, 2022

Note 10: Changes in posts and duties of Directors following FY2023 are as follows.

Name	New Post	Former Post	Date of transfer
Jun Suzuki	Senior Advisor and Member of the Board	Chairperson and Member of the Board	April 1, 2023
Akihisa Nabeshima	Mission Executive and Member of the Board Assistant to the President	Senior Executive Officer, Representative Director of the Board CFO (Chief Financial Officer)	April 1, 2023
Toshiya Koyama	Mission Executive and Member of the Board Assistant to Chief Sustainability Officer (for Safety Promotion Project)	Executive Officer, Director, Chief Social Responsibility Officer Responsible for Corporate Audit Department	April 1, 2023
Eiji Ogawa	Senior Executive Officer, Representative Director of the Board CFO (Chief Financial Officer) Responsible for the Procurement and Logistics Division	Executive Officer, Director President, Material Business of Teijin Group	April 1, 2023
Naohiko Moriyama	Senior Executive Officer, Director Chief Officer, Corporate Strategy	Executive Officer, Director Chief Officer, Corporate Strategy	April 1, 2023

Note 11: The Company has executed a limited liability agreement with each of five (5) Directors, Jun Suzuki, Yukako Uchinaga, Yoichi Suzuki, Masaru Onishi and Masaaki Tsuya, and each of five (5) Statutory Auditors, Masanori Shimai, Akio Nakaishi, Gen Ikegami, Hitomi Nakayama and Jun Arima, which limits the respective liabilities of each Outside Director and Statutory Auditor to the higher amount of ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1, of the Companies Act.

Note 12: The Company has concluded a directors and officers liability insurance contract with an insurance company for its directors, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured parties under the insurance contract includes Directors, Statutory Auditors, Executive Officers and Corporate Officers of the Company and Directors and Statutory Auditors of Teijin Pharma Limited. Under said insurance contract, legally mandated amount of indemnification and litigation expenses arising from the insured's assumption of liability during the insurance period, or receipt of claims pertaining to the pursuit of such liability, caused by the performance or omission of his or her duties, will be covered. However, claims for damages caused by willful misconduct or gross negligence will not be covered. Note that the full amount of the insurance premiums is shouldered by the Company and Teijin Pharma Limited.

(2) Remuneration, etc. for Directors and Statutory Auditors, etc.

1) Method of Determining the Policy for Establishing the Content of Remuneration, etc., for Individual Directors, and Overview of the Policy

The outline of the content of the decision policy regarding the content of individual remuneration, etc. of our Directors is as follows. Note that said decision policy is decided by a resolution of the Board of Directors after deliberation by the Compensation Advisory Committee.

The activities of the committee, etc. for deliberations and decisions regarding remuneration of Directors in FY2022 are as follows.

The Board of Directors met 5 times and the Compensation Advisory Committee met 9 times

a) Basic policy for remuneration systems

- i) The system should enhance awareness of contributing to a medium- to long-term increase in earnings and corporate value
- ii) The system should be closely linked to company results, and be highly transparent and objective
- iii) The system should be primarily focused on enhancing value shared with the interests of stakeholders and shareholder-focused management awareness
- iv) The system should maintain sufficient remuneration levels and remuneration content to act as an incentive to secure high-quality management human resources

b) Remuneration level

The remuneration level for Internal Directors and Outside Directors is determined each year after verifying the appropriateness of the level of total remuneration for each position based on the results of a remuneration survey conducted each year among major corporations where the globalization of executives is progressing in Japan each year.

c) Composition of remuneration, etc. for Directors and Statutory Auditors

- i) Internal Director remuneration (excluding Chairperson and Senior Advisor) is composed of fixed basic remuneration (cash) that is not linked with the performance of the Company and “Restricted Stock” (medium- to long-term incentive remuneration), and variable performance-based remuneration (short- term incentive remuneration) and "Performance Share Units” (medium- to long-term incentive remuneration), with the aim of instilling awareness of short-term achievement of performance goals, achievement of the medium-term management plan, and providing an incentive toward medium- to long-term improvement in corporate value.
- ii) Remuneration for Chairperson, Senior Advisor, Outside Directors, and Statutory Auditors is solely fixed remuneration, and not linked with the performance of the Company.

d) Composition ratio of remuneration

For Internal Directors (excluding Chairperson and Advisor), the composition ratio is as follows.

Position	Fixed remuneration		Variable remuneration		Total remuneration
	Basic remuneration (Cash)	Restricted Stock (RS)	Performance-based remuneration (Cash)	Performance Share Units (PSU)	
President & CEO Representative Director,	45%	10%	20%	25%	100%
Other directors	50%	10%	25%	15%	100%

e) Performance indicators for variable remuneration

- i) Performance-based remuneration (Cash)

The earnings performance indicators for FY2022 presented in the medium-term management plan for 2020–2022, “ALWAYS EVOLVING,” have been selected as yardsticks for consolidated ROE, which is a profitability indicator, consolidated EBITDA, which is a growth indicator, and ROIC based on consolidated operating income, which is an indicator of efficiency of generating profits relative to capital invested. Their selection will motivate each Director to improve the KPIs.

ii) Performance Share Units (PSU)

The targets for FY2022 are shown in the table below. While aligning targets with the medium-term management plan, TSR, from the viewpoint of stakeholders, and the indicators of 1) Changing Portfolio and 2) Diversity and Inclusion from the viewpoint of sustainable growth and ESG (Environment, Social, Governance), will be also employed. See below Table for indicators and targets, etc. for the period of the medium-term management plan for 2020-2022, “ALWAYS EVOLVING” (Limited to FY2021 and FY2022; hereinafter “initial target period”).

The initial performance evaluation period and performance indicators. of Performance Share Unit (PSU)

Evaluation indicators	Targets	Composition ratio of standard amounts of share-based remuneration (Annual amount)	Performance evaluation period	Timing of share allotment
Consolidated ROE	10% or higher	40%	One year	Annually
Consolidated EBITDA	FY2022: ¥150.0 billion or more	40%	Two years	The year after the final year of the medium-term management plan (By multiplying the number of years in the performance evaluation period during the process of calculating the number of shares to be allotted, the number of shares to be allotted for the performance evaluation period is calculated at once)
TSR	The Company’s TSR >= Benchmark TSR	10%		
Nonfinancial indicators 1) Changing Portfolio 2) Diversity and Inclusion	1) FY2022: Strategic Focus EBITDA >= 15% 2) More than six female executives and six non-Japanese executives in FY2022 (* “Executives” includes Executive Officers and Corporate Officers)	10%		

f) Policy on determining the timing and conditions for providing remuneration

i) Fixed remuneration:

• Basic remuneration (Cash)

The amount paid to each Director is determined according to their position and paid as a fixed amount. 1/12 of the fixed amount by position is provided as monthly remuneration.

• Restricted Stock (RS)

Maximum annual amount, ¥70 million (maximum annual number, 50,000 shares); and around July or August of every year, a certain number of shares determined by position will be allotted with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders.

Restricted Stock (RS) will be allotted each Internal Director (excluding Chairperson and Senior Advisor) on the condition that he or she meets the requirements that are required by Board of Directors.

ii) Variable remuneration:

• Performance-based remuneration (Cash)

Calculated depending on position, the achievement level for the earnings performance indicators, and in accordance with the individual performance evaluation of a Director, and paid out by the end of June as a year-end lump sum.

Additionally, new performance evaluation periods and performance evaluation indicators will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

- Performance Share Units (PSU)

Maximum annual amount is ¥300 million (Maximum annual number, 200,000 shares), and around July or August of every year, the number of shares calculated depending on the target achievement of one or multiple performance indicators set by the Board of Directors applicable to performance evaluation periods comprised of one or multiple fiscal years will be allotted after conclusion of the evaluation performance period set for each performance indicator with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. Additionally, even after the conclusion of the initial performance evaluation period, new performance evaluation periods and performance evaluation indicators will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

If the conditions that are required by Board of Directors are met after the end of the performance evaluation period, “Performance Share Units” (PSU) will be allotted to each Internal Directors (excluding Chairperson and Senior Advisor)

g) Matters regarding delegation of determining remuneration, etc. for individual Directors

No applicable matters.

h) Other significant matters regarding determining the content of individual remuneration, etc.

Remuneration for members of the Board of Directors shall be decided after being deliberated by the Compensation Advisory Committee, being proposed to the Board of Directors and after full consideration of the proposal by the Board of Directors.

2) Reasons the Board of Directors Determined the Content of Remuneration, etc., for Individual Directors for FY2022 in Conformity with the Decision Policy

In determining the content of remuneration for an individual director, consideration is given to alignment with decision policy regarding the drafting of the proposal by the Compensation Advisory Committee. In light of this, the Board of Directors also basically gives full consideration to said proposal and determines whether it is in line with the decision policy.

3) Resolutions of the General Meeting of Shareholders Regarding on Remuneration, etc. for Directors and Statutory Auditors, etc.

The amount of monetary remuneration, etc. for the Directors of the Company shall be 630 million yen or less per year (of which 100 million yen or less per year is for Outside Directors), and the total amount of remuneration for granting Restricted Stock (RS) shall be 70 million yen per year (maximum annual number 50,000 shares). For the allotment of Performance Share Units, the total maximum annual amount shall be 300 million yen (maximum annual number 200,000 shares). These amount of monetary remuneration, etc. was resolved by 155th Ordinary General Meeting of Shareholders held on June 23, 2021. As of the conclusion of the Ordinary General Meeting of Shareholders in June 2021, the number of Directors totaled 10 (including 4 outside Members of the Boards).

At the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999, it was resolved that the maximum amount of remuneration for Statutory Auditor of the Company shall be 12 million yen per month. As of the conclusion of the Ordinary General Meeting of Shareholders in June 1999, the number of Statutory Auditor after the conclusion the Ordinary General Meeting was five.

4) Remuneration for Directors and Statutory Auditors, etc. for FY2022

(persons; millions of yen)

	Total amount of remuneration	Total amount of remuneration, etc., by type				Number of applicable officers
		Basic remuneration (Cash)	Performance-based remuneration (Cash)	Restricted Stock (RS)	Performance Share Units (PSU)	
Directors (Excluding Outside Directors)	345	292	14 (Note 1)	39 (Note 2)	— (Note 3)	6
Outside Directors	72	72	— (Note 4)	— (Note 4)	— (Note 4)	5
Statutory auditors (Excluding Outside Statutory Auditors) (Note5)	75	75	—	—	—	2
Outside Statutory Auditors (Note5)	41	41	—	—	—	3

Note 1: Performance-linked remuneration(cash) of 14 million yen is scheduled to be paid by the end of June 2023 to the five (5) Internal Members of the Board, six (6) Internal Members of the Boards minus the Chairperson, who were appointed at the 156th Ordinary General Meeting of Shareholders held on June 22, 2022.

Note 2: The restricted stock compensation of 39 million yen was paid in July 2022 to the five (5) Internal Members of the Board, Six (6) Internal Members of the Boards minus the chairperson, who were appointed at the 156th Ordinary General Meeting of Shareholders held on June 22, 2022. The amount of compensation for the granting of Restricted Stock (RS).

Note 3: Given the targets for FY2022 were not achieved for all performance evaluation indicators against the target values for each fiscal year which is described in the performance evaluation indicators of the table of the “The initial performance evaluation period and performance indicators of Performance Share Unit (PSU)” of 1) e) ii), compensation for Performance Share Unit was not granted.

For details on director remuneration, refer to the 1) Method of Determining the Policy for Establishing the Content of Remuneration, etc., for Individual Directors, and Overview of the Policy.

Note 4: Performance- based remuneration, the Restricted Stock, and the Performance Share Units will not be granted to Outside Directors.

Note 5: Remuneration, etc. of Statutory Auditor is determined through discussions with Statutory Auditor.

5) Matters Regarding Performance-based Remuneration, etc.

a) Performance-based remuneration (Cash)

After selection of the three (3) indicators in 1)e)i) as an earnings performance indicator, the amount of performance-based remuneration for each individual Director was calculated based on the degree of achievement of the target value or the degree of achievement of the budget and the performance evaluation of individual Directors.

The actual performance evaluation indicators for FY2022 showed that consolidated ROE, consolidated EBITDA and consolidated ROIC based on consolidated operating income all underperformed. Consequently, the payment rate of performance-linked remuneration in FY2022 will be 13-19% of the standard amount of performance-based remuneration (the amount paid when all standard target values are achieved for each performance evaluation indicator).

Evaluation indicators	Target	Result
Consolidated ROE	10%	△4.1%

Consolidated EBITDA	¥125.0 billion	¥87.8 billion
Consolidated ROIC based on consolidated operating income	6%	1.6%

Note 1: The standard target values for consolidated EBITDA and consolidated ROIC based on consolidated operating income used to calculate performance-linked remuneration are the figures announced at the beginning of the term (announced in May 2022).

Note2: The standard target value for consolidated net income ROE is set at 10% based on the target of 10% or more set forth in the Medium-term management plan 2020-2022 “ALWAYS EVOLVING.”

b) Performance Share Units (PSU)

i)Contents of performance evaluation indicators and reasons for selection:

As described in 1) e) ii).

ii)Amount or calculation method of performance Share Unit:

The Company will calculate the number of shares to be granted according to the degree of achievement of the targets for each fiscal year. The target for each fiscal year is specified in the table of the “The initial performance evaluation period and performance indicators of Performance Share Unit (PSU)” of 1) e) ii).

iii) Results for earnings evaluation indicators

The results are shown in the table below. The goal for consolidated ROE was 10%, and the goal for consolidated EBITDA was 150.0 billion yen-plus. In FY2022, these indicators fell short of their goals. In addition, TSR and non-financial indicators were also shy of goals. In light of this, The Performance Share Units were not granted for the duties executed in the FY2022 evaluation period.

Evaluation indicators	Targets	Result	Composition ratio of standard amounts of share-based remuneration (Annual amount)	Performance evaluation period
Consolidated ROE	10% or higher	△4.1%	40%	One year
Consolidated EBITDA	FY2022: ¥150.0 billion or more	¥87.8 billion	40%	Two years
TSR	The Company’s TSR >= Benchmark TSR	Underperformed goal	10%	
Nonfinancial indicators 1)Changing Portfolio 2)Diversity and Inclusion	1) 2022: Strategic Focus EBITDA>=15% 2) More than six female executives and six non-Japanese executives in FY2022 (* “Executives” includes Executive Officers and Corporate Officers)	Underperformed goal	10%	

6) Matters Regarding non-monetary remuneration, etc.

a) Restricted Stock (RS)

The content of stock compensation granted in FY2022 is as follows.

Business	Class and number of shares	Number of Persons
Directors (excluding Outside Directors)	Ordinary shares of the Company 27,972 shares	5

Note: The above stock compensation was not granted to the Chairperson, Outside Directors and Statutory Auditors.

The outline of the conditions attached when the shares were allotted is as described in 1) f) i).

b) Performance Share Units (PSU)

As described in 5) b).

7) Review of Performance Indicators in FY2023

The Company plans to review performance indicators for variable remuneration, considering FY2023 as a period to execute profitability improvement ahead of a future return to growth.

a) Performance-based remuneration (Cash)

In FY2023, the Company plan to steadily implement the profitability improvement measures promoted in the “Teijin Group Reforms for Profitability Improvement” ahead of a future return to growth. To this end, the Company are motivating Directors to realize an improvement in profitability by setting performance indicators for individual performance-linked compensation, including “consolidated ROE,” “operating income” and non-financial indicators (Group CO₂ emissions, rate of lost-worktime injuries, Diversity & Inclusion and degree of employee satisfaction) that are standard for all Directors.

b) Performance Share Units (PSU)

To motivate Directors to realize an improvement in corporate value and shareholder value in the medium/long term, the Company is employing “consolidated ROE,” “consolidated ROIC based on operating income” and “TSR” as performance indicators for PSU in FY2023.

The set targets for “consolidated ROE” and “consolidated ROIC based on operating income” should be aimed for in the medium term. The Company continues to employ “TSR” as a performance indicator to build awareness among management from the perspective of the stakeholders.

The performance indicators and targets in a) and b) above only apply to FY2023. Even after the conclusion of said period, we plan to set a new performance evaluation period and performance indicators within the scope that was approve at the General Meeting of Shareholders.

(3) Outside Directors and Outside Statutory Auditors

1) Significant Concurrent Positions and the relation between the Company and the entities at which Outside Directors and Outside Statutory Auditors hold such positions.

This is as stated in “(1) Directors and Statutory Auditors in 5. Matters Regarding Directors and Statutory Auditors”.

2) Main Activities in FY2022

a) Outside Directors

Board of Directors meeting attendance is as stated in “(1) Directors and Statutory Auditors in 5. Matters Directors and Statutory Auditors”.

Name	Status of Statements Outline of duties performed regarding the roles expected of outside directors
Yukako Uchinaga	<ul style="list-style-type: none"> • She offered valuable comments from her wealth of business experience, outstanding insights in the IT field, and a deep understanding of diversity at appropriate opportunities as well as the Board of Directors Meeting. • As a member of the Advisory Board, she conducts deliberations on important matters for management overall. • As a member of the Nomination Advisory Committee, she made beneficial statements in selecting candidates for Directors and top executive officers. • As the Chair of the Compensation Advisory Committee, she made appropriate statements regarding reform to the director remuneration system, and evaluation of the performance of the CEO and Directors.
Yoichi Suzuki	<ul style="list-style-type: none"> • He offered valuable comments from his expertise and knowledge of international economic and trade issues etc. cultivated over many years as a diplomat at appropriate opportunities as well as at the Board of Directors Meeting. • As a member of the Advisory Board, he conducts deliberations on important matters for management overall. • As the Chair of the Nomination Advisory Committee, he made beneficial statements in selecting candidates for directors and executive officers. • As a member of the Compensation Advisory Committee, he made appropriate statements regarding reform to the Director remuneration system, and evaluation of the performance of the CEO and Directors.
Masaru Onishi	<ul style="list-style-type: none"> • He offered valuable comments from his extensive management experience and knowledge at appropriate opportunities as well as at the Board of Directors Meeting. • He serves as Chair of the Board of Directors as part of separation of monitoring and supervision, and execution. He vitalizes the Board of Directors of the Company and endeavors to secure effectiveness and improve function of the Board of Directors of the Company. • As the Chair of the Advisory Board, he conducts deliberations on important matters for management overall. • As a member of the Nomination Advisory Committee, he made beneficial statements in selecting candidates for directors and executive officers. • As a member of the Compensation Advisory Committee, he made appropriate statements regarding reform to the Director remuneration system, and evaluation of the performance of the CEO and Directors.

Masaaki Tsuya	<ul style="list-style-type: none"> • As management , offered beneficial comments based on his rich experience and insights. • As a member of the Advisory Board, he conducts deliberations on important matters for management overall. • As a member of the Nomination Advisory Committee, he made beneficial statements in selecting candidates for directors and executive officers. • As a member of the Compensation Advisory Committee, he made appropriate statements regarding reform to the Director remuneration system, and evaluation of the performance of the CEO and Directors.
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b) Outside Statutory Auditors

Board of Directors and Board of Statutory Auditors meeting attendance is as stated in “(1) Directors and Statutory Auditors in 3. Matters Regarding Directors and Statutory Auditors”

Name	Status of Statements
Gen Ikegami	He offered valuable comments from his professional knowledge as a Certified Public Accountant.
Hitomi Nakayama	She offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions concerning compliance and risk management of the Company.
Jun Arima	He offered valuable advice and suggestions regarding the environmental management that the Company has aimed for, including maintaining and improving compliance.

6. Matters Concerning the Accounting Auditors

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) Compensation

(Millions of yen)

Details	Monetary amount
1) The amount of compensation the Company should pay the Accounting Auditor	211
2) The total amount of monetary or other economic benefit to be paid by the Company and its subsidiaries to the Accounting Auditor	358

Note 1: Since in the audit contract between the Company and the Accounting Auditor there is no clear division between the amount of remuneration for audits under the Companies Act and the amount of remuneration for audits under the Financial Instruments and Exchange Act, the amount of remuneration in 1) is the total amount of both said remunerations.

Note 2: Nine important subsidiaries of the Company, including Teijin Aramid B.V., of the Company’s significant subsidiaries were audited by an auditing firms other than KPMG AZSA LLC.

Note 3: The Company paid the accounting auditor for “accounting advisory services, etc.,” which are not included in the operations stated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

Note 4: The Board of Statutory Auditors, taking into account the scale and attributes of the Company, confirmed and examined the content of the accounting auditor's audit plans, the accounting auditor's execution of duties and the basis for its calculation of remuneration estimates. Consequently, in accordance with Article 399, Paragraph 1 of the Companies Act, the Statutory Auditors consented to the remuneration for the Accounting Auditor.

(3) Decision Policy for the Dismissal or Non-reappointment of the Accounting Auditor

It is the policy of the Company that the Board of Statutory Auditors will dismiss an accounting auditor in accordance with the consent of all Statutory Auditors when it is determined to fall under any of the items in Article 340, Paragraph 1 of the Companies Act.

Also, in addition to the above, it is the policy of the Company to submit to the General Meeting of Shareholders any proposal for dismissal when it is recognized that the situation has arisen at the Accounting Auditor that triggers a serious hinderance to auditing operations at the Company, or a proposal for non-reappointment when it is recognized there is need for change given the independence, credibility or execution of duties on the part of the Accounting Auditor, in accordance with a decision by the Board of Statutory Auditors.

7. Policy on Determining Dividends from Retained Earnings, etc.

Taking into account its pledge to payout "stable and sustainable dividends," the Company will flexibly conduct the repurchasing of its own shares, etc. depending on the situation. The Company aims to boost the Company's dividends in line with earnings performance. The Company are targeting a consolidated payout ratio of 30% of profit attributable to owners of parent for the medium term.

◎ Dividends from retained earnings in FY2022: At the Board of Directors meeting held on May 11, 2023, the Company decided the following for the fiscal year-end dividend for the 157th fiscal period. Reflecting this, the Company's annual dividend will be 40 yen per share, which includes an interim dividend of 27.5 yen per share, which was implemented on December 1, 2022.

Fiscal year-end dividend: 12.5 yen per share

Date the dividends from retained earnings takes effect: May 31, 2023 (Wednesday)

8. Summary of a System to Secure Proper Operations and the Status of Use of Said System

(1) Resolutions on Basic Systems for Internal Control

The Company adopted the "Resolutions on Basic Systems for Internal Control" at the Board of Directors meeting held on March 31, 2023. The content of the resolutions is uploaded to the Company's website (<https://www.teijin.com/ir/management/governance/resolution/>). A summary is as follows.

(Note that the resolutions passed at the Board of Directors meetings held on March 31, 2023, were passed based on the organizational names, etc. current at the time. The organizational names, etc. below have been changed in line with the organizational reforms that took place on April 1, 2023.)

1) Systems for Ensuring the Compliance with Laws and the Articles of Incorporation in the Performance of Duties by Directors, Officers and Employees of the Company and its Subsidiaries

The Company has established basic principles for compliance in the Teijin Group's Corporate Governance Guide. To practice these basic principles, the Company shall establish systems and organizational structures that ensures practical operation and observation of Teijin Group's Corporate Philosophy, Corporate Code of Conduct, Corporate Standards of

Conduct and other related internal regulations.

The Representative Directors, other executive directors and corporate officers shall take the initiative and set good examples in observing laws, the Articles of Incorporation, social rules and ethics, and shall promote compliance awareness among directors, officers and employees of the Company and its subsidiaries. In order to supervise the entire Teijin Group's compliance and identify and address any potential issues, the Company appoints a Chief Sustainability Officer as the officer in charge of compliance.

The directors, officers and employees of the Company and its subsidiaries shall be required to report to Teijin entity or to the holding company, i.e. Teijin Limited, any significant violations of laws or other serious information concerning compliance, in accordance with Group Ethics Regulations and others. Chief Sustainability Officer shall direct and supervise investigations to confirm such facts and, upon consultation with President (CEO), determine appropriate measures.

Teijin shall provide necessary means for directors, officers, employees and business partners to directly report any violation or doubtful activities of non-compliance in Teijin or its subsidiaries. As one of such means, Teijin shall establish and operate a reporting and consultation hotline with outside counsel and other experts, so that any director, officer or employee of the Company and its subsidiaries can directly contact the outside counsel. The anonymity of the caller shall be protected, and any repercussions to the caller shall be prevented. Important reports as well as measures taken by the relevant Teijin entity 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 receive audits on their performance of duties by statutory auditors and will respect any advice or recommendations received from the statutory auditors.

the Company places Corporate Audit Department directly supervised by CEO, which performs internal auditing of Teijin Group's business operations and conducts the evaluation of the internal control system and proposes its improvement.

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. Chief Sustainability Officer shall be appointed as the person in charge of actions against antisocial forces and, in collaboration with Human Resources Officer, establish action policies and other rules and shall ensure observance of such policies and rules by directors, officers and employees within the Company and its subsidiaries.

More than four independent outside directors shall be appointed as members of the Board of Directors in order to intensify the validity of the decisions to be made by the Board of Directors in principle. These outside directors must satisfy the requirements for independence set forth by the Company.

2) Rules and Other Systems for Management of Risk of Loss in the Company and its Subsidiaries

The Board of Directors of the Company shall operate a Total Risk Management (TRM) system to deal with every risk that may threaten the mission of achieving sustainable business development of the Teijin Group.

The TRM Committee (as referenced in "Overview of the Current System" under "Corporate Governance") primarily focuses on operational risks and strategic risks within the Teijin Group. The committee proposes TRM basic policies, annual TRM plans, and other related matters to the Board of Directors of the Company. In addition, Chief Sustainability Officer shall implement necessary measures to ensure the continuation of businesses of the Teijin Group in the face of risks arising from disasters, the inappropriate performance of duties by directors, officers and employees, and the technical problems in the critical IT systems.

3) Systems for Ensuring that Duties by Directors and Employees of Teijin and Its Subsidiaries Are Performed Efficiently

The Company shall establish Group Regulations to provide the necessary rules and guidelines for the Group to ensure the efficient performance of duties throughout the Teijin Group.

The Board of Directors of the Company shall have Representative Directors, etc. execute business operations, and the matters delegated to the representative directors, etc. shall be determined based on the organization and in compliance with the procedures stipulated by internal regulations. These regulations shall be revised as may be necessary to reflect any revision and/or abolition of laws and/or to increase efficiency.

The Board of Directors of the Company shall organize the basic structure of the Teijin Group, and shall promote efficient management and supervision of these organizational bodies.

The Company shall formulate the Group medium-term management plan, and each fiscal year it shall formulate Short-Term plans, and Group's entire 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. Each Teijin Group company shall establish its own regulations based on the Group Regulations, and shall use appropriate processes for deciding on important issues.

The Company shall discuss important matters concerning Teijin Group companies at its Group Strategy Committee meeting and other meetings, and shall require Teijin Group companies to make reports.

The representative directors and other executive directors and corporate officers shall provide necessary instructions to ensure that Teijin Group entities have appropriate internal control systems.

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

The Statutory Auditors of the Company shall establish appropriate systems, such as those for close cooperation with outside Accounting Auditors and the Corporate Audit Department, to ensure effective and appropriate supervision and auditing of Group's entire business operations.

To ensure the reliability of its financial reporting, the Company shall establish a general internal control system over financial reporting covering the general operation of the Teijin Group and specific internal control systems covering individual operational processes, which shall be properly and efficiently operated and assessed.

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

Directors shall preserve and manage, in an appropriate manner and in accordance with the relevant company regulations, documents related to the execution of their duties, including the minutes of General Meetings of Shareholders and minutes of the Board of Directors meetings, and other important information. The CEO shall be responsible for monitoring and supervising the preservation and management of these documents and information. Documents related to the performance of director 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 places the Teijin Group Auditors Office directly supervised by full-time Statutory Auditors to assist Statutory Auditors in performing their duties, which shall have, as a general rule, two or more Auditor Assistants. The Auditor Assistants may also act as Statutory Auditors of Teijin Group companies, but it shall not act as corporate officers or employees having executory duties at Teijin Group companies.

To secure the independence of Auditor Assistants above, all decisions concerning personnel issues affecting Auditor Assistants require the prior consent of the full-time Statutory Auditors, and the full-time Statutory Auditors shall assess the performance of Auditor Assistants.

7) Systems for Reporting to Statutory Auditors by Directors, Corporate Officers and Employees of Teijin and its Subsidiaries, and Other Systems for Reports to Statutory Auditors

The full-time Statutory Auditors of the Company 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 its main subsidiaries.

Representative Directors, etc. 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.

Directors, officers and employees of the Company and its subsidiaries shall report to a Statutory Auditors of the Company as soon as they discover a significant decline in Company's credibility, serious adverse effects on the performance of the Company, significant damage related to the environment, safety and health (ESH) or product liability (PL), serious violations of internal rules and other similar events.

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 Teijin, and shall cooperate with the investigations of the Statutory Auditors of the Company .

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

Group Ethics Regulations stipulates that no person shall be treated unfairly because of reporting or notifying illegal or unethical conduct and so forth.

9) Policy Regarding Processing of Expenses and Payment Duties Arising with Respect to the Statutory Auditors' Performance of Duties, Prepayment of Expenses, and Reimbursement Procedures

The Company shall bear the expenses and payment duties required for the Statutory Auditors' performance of duties, and shall promptly respond to requests for pre-payment of expenses in accordance with the Companies Act after confirmation.

10) Other Systems for Ensuring that the Audits of Statutory Auditors Are Conducted Effectively

The majority of members sitting on the Board of Statutory Auditors shall be Independent Outside Statutory Auditors who satisfy the independence requirements set by the Company, thereby ensuring transparency.

Statutory Auditors shall enter into advisory agreements with outside law firms in order for themselves and subsidiaries' statutory auditors to form independent opinions. When they consider it necessary in the course of conducting audits, the Auditors can, at their own discretion, retain outside advisers, including certified public accountants and other consultants.

(2) Overview of the use of the internal control system

An overview of the use of the internal control system in FY2022 in accordance with the "Resolutions on Basic Systems for Internal Control" is as follows.

1) Operations related to legal compliance

The Company shall post the Teijin Group's Corporate Governance Guide, which stipulate the basic principles for compliance, and related regulations for putting those basic principles into practice on the Company intranet. In addition, the Company has designated October of each year as Corporate Ethics Month and plans to make compliance common knowledge, including by holding in-house training. Also, when making important decisions, the Company aims to prevent violating laws and ordinances by confirming with related dedicated departments.

The Company set up a compliance promotion organization under the Chief Sustainability Officer and the Company is working to grasp and address issues across the Teijin Group. Moreover, the Chief Sustainability Officer shall appropriately handle important compliance issues reported by directors, officers and employees at the Company and its subsidiaries in accordance with the Group Ethics Regulations, etc., which stipulates rules for reporting and responding to violations. These matters are reported regularly to the Board of Directors and Statutory Auditors.

The Company has established an internal reporting system, including a compliance hotline, that facilitates anonymous reporting. Consultations by domestic and overseas group companies, including the protection of whistleblowers, are properly handled. The Company are working to ensure thorough awareness through the disclosure of this information on the Company intranet, etc. twice a year.

The Company respects and appropriately responds to matters pointed out by Statutory Auditors in Statutory Auditor audits and evaluations of the maintenance and operations of the internal control system.

In accordance with the annual plan, the Corporate Audit Department of the Company conducts internal audits across the Teijin Group and reports the audit results to the Members of the Board and the Statutory Auditors.

The Company has established a policy for responding to anti-social forces in its Code of Conduct, and is working to ensure thorough awareness of this policy through Corporate Ethics Month and other events.

2) Operations related to loss risk management

The Board of Directors of the Company receives reports from the TRM Committee on proposals for TRM basic policies and annual plans, as well as the status of such risk occurring and the status of response. The Board of Directors is establishing a system to manage important risks and for business continuity.

The Chief Sustainability Officer regularly evaluates and monitors operational risks, and continuously verifies the validity of risk extraction and countermeasures. The Company is formulating a "large-scale disaster response manual" that assumes the outbreak of infectious diseases such as the recent COVID-19, and the spread of other infection diseases over a wide area. The Company has also set a response headquarters to deal with COVID-19. After giving top priority to the safety of he Company's employees and their families around the world, the Company grasped conditions in the entire Group, formulated and implemented various measures, and disseminated information within and outside the Group, as well as procured relief supplies.

At important meetings, including Board of Directors meetings, the Company evaluates matters for deliberation factoring into the results of strategic risk assessments conducted in accordance with internal regulations.

The Company, to ensure the continuity of its business, is establishing necessary manuals and a system prepared for emergencies, including holding regular drills.

The Company has also established separate rules for the "protection of personal information" and "information security," and implements various in-house training and measures to strengthen security in an effort to prevent the risk of information leaks.

3) Operations related to ensuring effectiveness

The Company posts Group regulations on the Company intranet to ensure thorough awareness.

The Company, in accordance with internal regulations, is clarifying management structure, division of duties, responsibilities and authority, and aims for efficient and effective business execution.

4) Operations related to internal controls in a corporate group

The Company regularly conducts self-inspections regarding the establishment and operation of an internal control system, and provides ongoing guidance to each Teijin Group company pertaining to the maintenance of the internal control system, including regulations, meeting bodies, and reporting systems.

The Statutory Auditors of the Company, to promote fair and efficient auditing activities in the Teijin Group, regularly carry out Committee of Teijin Group Statutory Auditors meetings. They also work closely with Accounting Auditors and the Corporate Audit Department by attending Accounting Auditor reporting sessions and reporting the results of operational audits.

5) Operations related to storing information

The Directors of the Company shall properly store and manage important documents related to the execution of duties in

accordance with internal regulations.

6) Operations to Ensure the Effectiveness of Audits by Statutory Auditor

The Company established the Teijin Group Auditors Office. The staff members of the Teijin Group Auditors Office are engaged in audit-related support work based on the instructions and orders of the Statutory Auditors.

The Company's full-time Statutory Auditor attends important meetings at the Company and its major subsidiaries, and receives reports on the status of business execution from the representative directors, executive directors and corporate officers who attend these meetings.

The Chief Sustainability Officer reports to meeting members, including the Statutory Auditors, individually or through important meetings as soon as a matter designated to be important is discovered, including whistle-blowing via hotlines.

Directors, officers and employees of the Company and its subsidiaries appropriately respond to requests from Statutory Auditors and take steps to ensure the effectiveness of audits carried out by Statutory Auditors.

9. Basic Policy on Corporate Control

(1) Basic Policy Regarding the Company's Shareholders

(Basic policy regarding those who control decisions on the company's financial and business policy)

The Company believes the ideal situation for its shareholders is determined based on free trade in the market. Consequently, decisions, such as whether to comply with an acquisition proposal that would accompany a transfer of the Company's control, should ultimately be done based on the intentions of all shareholders.

However, it is envisaged that a part of a large-scale acquisition of the Company's shares or an acquisition proposal may include "the likelihood of causing obvious harm to the corporate value of the Company and therefore the common interests of the shareholders," "the possible threat to compel shareholders to sell their shares," and "cases where the compensation for the acquisition is insufficient in view of the corporate value of the Company." The Company believes that an entity that engages in a large-scale acquisition or proposes an acquisition such as this is not appropriate, with exception, to control decisions on the Company's financial and business policies.

(2) Initiatives that contribute to the realization of this basic policy

The Company, to ensure that many institutional investors continue to invest in the Company over the long term, is already implementing the following measures as actions to improve its corporate value, and by extension the common interests of its shareholders. The Company believes these actions will contribute to the realization of the Basic Policy in (1) above.

1) Initiatives to improve profit

The Group released the "Teijin Group Reforms for Profitability Improvement" in February 2023. Amid this, to further embody the long-term vision of becoming a "company that supports the society of the future," the Company is clearly revealing plans to become a "company that protects the global environment," and a "company that addresses issues of patients, families and local communities in need of more support". In addition, in FY2023, The Company aims to carry out structural reforms companywide, including improving profit margins at the three challenging businesses, the composites, aramid and healthcare businesses. For the specific details of these activities refer to "Matters Concerning the Current Status of the Teijin Group (corporate group), (5) Management Policy and Tasks Ahead".

2) Initiatives to improve corporate value through the strengthening of corporate governance

The Company has been promoting and undertaking the strengthening of corporate governance as an important matter, both in the past and at present, given it is an essential mechanism for improving corporate value, and by extension enhancing the common interests of shareholders. For the specific details of this, refer to "Corporate Governance System".

(3) Initiatives to prevent a person/entity deemed inappropriate from controlling decisions on the Company's financial and business policies in light of basic policies

The Company will continue to make requests of parties that conduct large-scale acquisitions of Teijin shares or are intending to carry out a large-scale acquisition for the provision of necessary and sufficient information so that shareholders can make proper decisions on the appropriateness of large-scale acquisitions. In addition, the Company shall implement adequate measures in accordance with the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and ordinances, including the disclosure of the opinions, etc. of the Board of Directors of the Company, and steps to secure the time and information necessary for consideration by shareholders.

Note, initiatives (2) and (3) above conform with the Basic Policy in (1) above. In addition, this is not detrimental to corporate value or the common interests of shareholders, and is not for the purpose of maintaining the position of the Company's directors.

10. Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
< Assets >		
Current assets		
Cash and deposits	134,480	142,780
Notes	13,928	13,880
Accounts receivable-trade	177,374	169,668
Merchandise and finished goods	103,399	125,878
Work in process	13,680	15,596
Raw materials and supplies	47,541	55,252
Short-term loans receivable	17,073	11,298
Other current assets	64,910	79,451
Allowance for doubtful accounts	(389)	(462)
Total	571,996	613,341
Noncurrent assets		
Tangible assets		
Buildings and structures, net	73,378	76,961
Machinery and equipment, net	116,984	145,266
Land	43,255	43,855
Construction in progress	43,508	34,796
Other, net	38,388	46,979
Total	315,514	347,857
Intangible assets		
Goodwill	29,920	13,987
Sales rights	119,297	104,373
Other	41,535	42,190
Total	190,752	160,550
Investments and other assets		
Investment securities	85,014	82,139
Long-term loans receivable	2,257	2,453
Net defined benefit asset	8,289	7,967
Deferred tax assets	5,002	4,700
Other	30,006	24,613
Allowance for doubtful accounts	(1,247)	(1,185)
Total	129,321	120,686
Total noncurrent assets	635,586	629,093
Total assets	1,207,583	1,242,433

(Millions of yen)

	FY2021 (As of Mar. 31, 2022)	FY2022 (As of Mar. 31, 2023)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	101,183	103,041
Short-term loans payable	110,524	132,619
Current portion of long-term loans payable	39,185	75,278
Income taxes payable	7,186	5,332
Accrued expenses	25,653	25,100
Other	68,024	73,466
Total	351,756	414,836
Noncurrent liabilities		
Bonds payable	105,000	105,000
Long-term loans payable	215,972	194,332
Net defined benefit liability	37,076	36,124
Asset retirement obligations	1,257	1,278
Lease obligations	12,963	18,933
Deferred tax liabilities	9,568	11,101
Other	9,180	9,745
Total	391,016	376,513
Total liabilities	742,772	791,349
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	103,757	103,160
Retained earnings	242,332	213,923
Treasury stock	(12,729)	(12,299)
Total	405,192	376,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,192	20,640
Deferred gains or losses on hedges	(80)	527
Foreign currency translation adjustment	13,549	25,724
Remeasurements of defined benefit plans	(272)	1,474
Total	34,388	48,365
Subscription rights to shares	803	682
Non-controlling interests	24,429	25,420
Total net assets	464,811	451,084
Total liabilities and net assets	1,207,583	1,242,433

(2) Consolidated Statements of Income

(Millions of yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Net sales	926,054	1,018,751
Cost of sales	655,033	770,615
Gross profit	271,022	248,136
Selling, general and administrative expenses	226,813	235,273
Operating income	44,208	12,863
Non-operating income		
Interest income	468	1,262
Dividends income	1,210	1,300
Equity in earnings of affiliates	5,556	—
Gain on valuation of derivatives	6,509	5,647
Miscellaneous income	1,380	978
Total	15,124	9,187
Non-operating expenses		
Interest expenses	3,252	7,084
Equity in losses of affiliates	—	1,105
Foreign exchange losses	3,811	3,028
Loss on valuation of derivatives	323	129
Contribution	356	247
Miscellaneous loss	1,898	1,357
Total	9,640	12,950
Ordinary income	49,692	9,100
Extraordinary income		
Gain on sales of noncurrent assets	64	5,875
Gain on sales of investment securities	5,738	5,482
Reversal of impairment losses	1,059	2,349
Other	846	222
Total	7,707	13,928
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,088	1,845
Loss on valuation of investment securities	515	3,703
Impairment loss	8,915	16,879
Loss related to COVID-19	—	317
Other	1,816	1,775
Total	13,334	24,518
Income (loss) before income taxes	44,065	(1,490)
Income taxes - current	14,797	12,109
Income taxes - deferred	3,302	2,228
Total	18,099	14,337
Profit (loss)	25,966	(15,827)
Profit attributable to non-controlling interests	2,808	1,868
Profit (loss) attributable to owners of parent	23,158	(17,695)

(3) Consolidated Statements of Changes in Net Assets

FY2022 (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2022	71,833	103,757	242,332	(12,729)	405,192
Changes of items during the period					
Dividends from surplus			(10,571)		(10,571)
Profit (loss) attributable to owners of parent			(17,695)		(17,695)
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(41)		155	114
Restricted stock compensation		(101)		281	180
Transfer of loss on disposal of treasury shares		142	(142)		—
Capital increase of consolidated subsidiaries		(597)			(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total	—	(597)	(28,408)	431	(28,574)
Balance at March 31, 2023	71,833	103,160	213,923	(12,299)	376,617

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2022	21,192	(80)	13,549	(272)	34,388	803	24,429	464,811
Changes of items during the period								
Dividends from surplus								(10,571)
Profit (loss) attributable to owners of parent								(17,695)
Purchase of treasury stock								(5)
Disposal of treasury stock								114
Restricted stock compensation								180
Transfer of loss on disposal of treasury shares								—
Capital increase of consolidated subsidiaries								(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Net changes of items other than shareholders' equity	(552)	608	12,175	1,746	13,977	(121)	991	14,847
Total	(552)	608	12,175	1,746	13,977	(121)	991	(13,727)
Balance at March 31, 2023	20,640	527	25,724	1,474	48,365	682	25,420	451,084

Consolidated Statements of Comprehensive Income (Reference)

(Millions of yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Profit (loss)	25,966	(15,827)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,208)	(607)
Deferred gains or losses on hedges	(688)	608
Foreign currency translation adjustment	19,364	11,845
Remeasurements of defined benefit plans, net of tax	1,255	1,688
Share of other comprehensive income of affiliates accounted for using equity method	1,291	382
Total	20,013	13,916
Comprehensive income	45,979	(1,910)
Comprehensive income attributable to :		
Owners of parent	43,742	(3,718)
Non-controlling interests	2,237	1,807

Consolidated Statements of Cash Flows (Reference)

(Million yen)

	FY2021 (Apr. 2021-Mar. 2022)	FY2022 (Apr. 2022-Mar. 2023)
Cash flows from operating activities		
Income (loss) before income taxes	44,065	(1,490)
Depreciation and amortization	68,816	74,918
Impairment loss	8,915	16,879
Increase (decrease) in net defined benefit liability	663	556
Decrease (increase) in net defined benefit asset	22,782	(54)
Increase (decrease) in allowance for doubtful accounts	65	(33)
Increase (decrease) in provision for business structure improvement	(2,330)	—
Interest and dividends income	(1,677)	(2,562)
Interest expenses	3,252	7,084
Equity in (earnings) losses of affiliates	(5,556)	1,105
Loss (gain) on valuation of derivatives	(6,080)	(5,518)
Loss (gain) on sales and retirement of noncurrent assets	2,023	(4,030)
Loss (gain) on sales of investment securities	(5,571)	(5,468)
Loss (gain) on valuation of investment securities	515	3,703
Decrease (increase) in notes and accounts receivable-trade	(5,794)	16,528
Decrease (increase) in inventories	(16,935)	(26,548)
Increase (decrease) in notes and accounts payable-trade	2,129	(3,055)
Other, net	(5,935)	7,696
Subtotal	103,346	79,712
Interest and dividends income received	6,507	9,409
Interest expenses paid	(3,158)	(6,836)
Extra retirement payments	(2,417)	—
Income taxes paid	(14,622)	(27,199)
Net cash and cash equivalents provided by operating activities	89,656	55,086
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,593)	(51,512)
Proceeds from sales of property, plant and equipment	135	5,908
Purchase of intangible assets	(139,883)	(6,224)
Purchase of investment securities	(4,554)	(4,462)
Proceeds from sales of investment securities	9,596	7,491
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(675)
Decrease (increase) in short-term loans receivable	(2,263)	(1,643)
Other, net	(813)	(1,309)
Net cash and cash equivalents used in investing activities	(198,375)	(52,427)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	9,423	16,223
Proceeds from issuance of bonds	90,000	—
Redemption of bonds	(20,000)	—
Proceeds from long-term loans payable	23,529	41,500
Repayment of long-term loans payable	(16,439)	(37,150)
Purchase of treasury shares	(18)	(5)
Cash dividends paid	(10,082)	(10,571)
Cash dividends paid to non-controlling interests	(953)	(1,315)
Other, net	(4,346)	(1,501)
Net cash and cash equivalents provided by financing activities	71,113	7,180
Effect of exchange rate changes on cash and cash equivalents	1,841	(658)
Net increase (decrease) in cash and cash equivalents	(35,764)	9,182
Cash and cash equivalents at beginning of period	166,455	130,696
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	428
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	—
Cash and cash equivalents at end of period	130,696	140,307