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**Teijin Limited**

Representative: Akimoto Uchikawa, President and CEO

Contact: Investor and Public Relations Department

Tel: +81-3-3506-4395

Securities Code: 3401

<https://www.teijin.com>

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

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

### Other Basic Information

#### 1. Basic Views

The shareholders entrust capital into the Company and thus, the Company is required to achieve profits through its business activities and to ultimately increase shareholder value over the medium and long term. It is the basic mission of the Company to comply with such shareholders' entrustment. Based on this basic mission, the Company must fulfill its respective responsibilities to its stakeholders (interested parties), such as employees, business partners, customers, consumers, local residents and communities, etc. In the meantime, the Company as a member of society is expected to perform business activities in full observance of social norms and to contribute to society.

Amid this basic framework, we work to conduct superior business activities through corporate management that embraces corporate governance. By emphasizing corporate governance, we aim to contribute to the company's prosperity, fulfill our corporate social responsibility ("CSR") and ensure accountability (information disclosure to fulfill accountability).

The Company implements a management structure that ensures transparency and fairness based on the beliefs stated above and will disclose information on a timely basis. In addition, to boost competitiveness, the Company must create an organization and mechanism that enables it to make speedy decisions and to execute those decisions. Furthermore, the Company requests each of the Group Companies and their Management to conduct superior business activities as well as to promote with every effort the increase in the shareholder value.

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

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

#### [Reason for Non-compliance with the principles of the Corporate Governance Code]

The Company complies with all of the principles provided for in the Corporate Governance Code.

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

##### Principle 1.4 Cross-Shareholdings

<Basic Policy Concerning Cross-Shareholdings>

The Company holds shares of issuing companies that it has determined to be instrumental in increasing its corporate value over the medium to long term, with the objective of maintaining and strengthening transactions with them and promoting business alliances with them. The Board of Directors regularly reviews whether or not it is appropriate to hold shares based on an examination of the holding purpose and rationale for each individual stock from a medium- to long-term perspective. In these reviews, the Board

of Directors takes into account a comprehensive range of factors, including the significance from a strategic standpoint and in terms of business relationship, in addition to weighing dividends, transaction amounts, and other quantitative impacts against the cost of capital.

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

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

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

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

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

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

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

In order to promote diversity at the executive level even further, the Teijin Group has set the targets of increasing the ratio of female executives to 20% and the ratio of non-Japanese executives to 10% by April 2026. The Group further aims to increase the ratio of female executives to 30% and the ratio of non-Japanese executives to 30% by fiscal 2030. To achieve these targets, the Group has set targets on a global basis, and is working to develop executive candidates and widen the pool of potential candidates. In terms of diversity and inclusion, the Group also promotes diversity by adopting these targets as indicators in the performance evaluation when calculating performance-based remuneration for inside directors.

Also, the Group has actively utilized mid-career hires in order to acquire essential human resources for the business portfolio transformation as well as to incorporate fresh ideas and values to revitalize the organization. When these workers join the Group, their treatment is determined based on a proper assessment of their experience and skills, etc. Then, the Group treats them in the same manner as the other employees through comprehensive evaluation, including their performance, skill development, and contribution to the organization, thereby providing a fair personnel system for mid-career hires. Since many mid-career hires already play key roles, the Group has not set any specific quantitative targets. Mid-career hires accounted for 24% of employees and 7% of managers at major companies in Japan, in fiscal 2022.

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

Since October 2012, the Company has fully transitioned to a defined contribution pension plan. The Company applies a defined benefit pension plan (a closed plan comprised solely of beneficiaries) limited to employees who had retired before the Company transitioned to the defined contribution pension plan.

The Company has set up a Group Pension Asset Management and Administration Committee comprising the Chief Financial Officer (CFO) and the Chief Human Resources Officer; the general managers of the human resources, general affairs, accounting and finance functions; and labor union executives as representatives of pension plan beneficiaries. The Committee undertakes appropriate management and administration of the assets held, as well as monitoring the status of employees' asset management in the defined contribution pension plan.

### **Principle 3.1 Full Disclosure**

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

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

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

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

The Teijin Group formulated and released in February 2023 the Teijin Group Reforms for Profitability Improvement (hereinafter, "the Reforms for Profitability Improvement") by prioritizing profitability improvement reform for fiscal 2023 toward a return to growth in the future. The new Medium-Term

Management Plan is scheduled to be announced in fiscal 2024.

Further information on the Reforms for Profitability Improvement of the Teijin Group is published on the Company's website.

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

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

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

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

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

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

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

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

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

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

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

The selection of directors (including the Chairperson and CEO) and members of senior management as well as nomination of a successor CEO are deliberated by the Nomination Advisory Committee, after which proposals are submitted to the Board of Directors. The Board of Directors resolves upon these matters after giving full consideration to the proposals.

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

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

<Procedure for the dismissal of members of senior management>

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

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

The reasons for the election of each candidate Director and Statutory Auditor at the General Meeting of Shareholders this year are provided in the Reference Documents for the General Meeting of Shareholders in the Notice of Convocation for the 157th Ordinary General Meeting of Shareholders.

The Convocation Notice for the 157th Ordinary General Meeting of Shareholders is published on the Company's website.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_230621\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_230621_01.pdf)

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

The Group has identified sustainability issues as management issues, including social and environmental issues, such as consideration of climate change and other global environmental issues, respect for human rights, consideration of employees' health and work environment, fair and appropriate treatment of employees, fair and appropriate business transactions with business partners, and crisis management in response to natural disasters. The previous Medium-Term Management Plan set forth policies and materiality (important issues) related to sustainability, KPIs, and value-creation strategies to address these issues. Even in the "Reforms for Profitability Improvement" released in 2023, our materiality has remained unchanged, and we aim to accelerate transformation into a company that solves important social issues in the post-pandemic world. The Group's

sustainability management structure and initiatives are as follows.

#### 1) Governance

In response to sustainability issues, the Board of Directors grasps the situation and provides instruction based on the reports from the Total Risk Management (TRM) Committee twice a year as well as the reports from the CEO and the Chief Sustainability Officer as required. In addition, the management receives reports and deliberates the policies and plans related to sustainability and their progress as required at the Management Committee and grasps the details of sustainability issues through the TRM Committee held twice a year and promote initiatives.

#### 2) Strategy

By recognizing 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, the Group aims to achieve sustainable development of its businesses and society through the creation and provision of new values needed by society. We view climate change mitigation as a business opportunity and are providing solutions centered on the transition to lightweight, highly durable mobility realized through high-performance and high-value-added materials. For climate change adaptation, we are offering solutions which help reduce damage and facilitate a prompt recovery in the event of a natural disaster through infrastructure reinforcement materials that make use of high-performance materials and technologies and services in the IT and healthcare domains. Meanwhile, in an effort to reduce the impact our business activities have on the global environment, we are phasing out coal-fired thermal power while promoting energy conservation and renewable energy and pursuing process innovation and other types of technological innovation. In addition, we analyzed the impact of climate change-related transition risks and physical risks on our operations from the three perspectives listed below. Based on this analysis, we have established long-term environmental targets and are making efforts to reduce our CO<sub>2</sub> emissions accordingly.

- Increase in costs due to the introduction of a carbon tax, EU Emissions Trading Scheme, etc.
- Decrease in corporate value and worsening of reputation due to an increase in Group CO<sub>2</sub> emissions
- Suspension of business activities as a result of climate change, including increased intensity of natural disasters such as typhoons and floods, long-term temperature increases, and rising sea levels

#### 3) Risk management

We position climate change-related risks, human rights infringement risks, information security risks, geopolitical risks, and safety risks as “Serious Group Risks” and manage them under the TRM system.

For climate change-related transition risks, we have established a road map for achieving net zero CO<sub>2</sub> emissions while monitoring the trends of government policies around the globe. We have also introduced an internal carbon pricing (ICP) system that targets capital expenditures linked to increases or decreases in CO<sub>2</sub> emissions. Furthermore, we are striving to reduce Groupwide GHG emissions and GHG emissions within the supply chain. Through such efforts, we are curtailing the impact of transition risks. In April 2023, the scope of the system was expanded to include investment projects such as M&A and projects that require decision-making related to the reduction of CO<sub>2</sub> emissions without capital investment, such as conversion to renewable energy as a result of changing suppliers. In addition, to address physical risks such as those involving rising temperatures and sea levels, we are evaluating and implementing the necessary measures to respond to water risks. At the same time, we are revising our BCPs as needed and implementing various kinds of disaster prevention drills.

#### 4) Indicators and targets

In the previous Medium-Term Management Plan, we set KPIs for reducing environmental impact and maintained the KPIs (raised some targets) in the “Reforms for Profitability Improvement” released in 2023.

As for issues related to climate change, in the previous Medium-Term Management Plan, as a goal for reducing environmental impact, we had set the target of reducing the Group’s total CO<sub>2</sub> emissions by 20% by fiscal 2030 compared to fiscal 2018 levels. We have in fact raised this to 30% in fiscal 2021, and set a new target of reducing supply chain (upstream) emissions, which account for 2/3 of the total, by 15% compared to fiscal 2018 levels to reinforce efforts toward realizing a carbon neutral society. As such positive efforts for issues related to climate change have been highly evaluated internationally and our target of the greenhouse gas reduction goal is considered as a level of well below 2°C (“Well-below 2°C”), Teijin is certified as Science Based Targets (“SBT”), which is a greenhouse gas emission reduction target that is scientifically consistent with the goals set by the Paris Agreement. Please refer to the Securities Report, Integrated Report and the Company’s website for the information disclosed based on the TCFD recommendations.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

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

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

In terms of initiatives related 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. 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 (people that use digital technology to plan, propose and implement solutions to solve problems) that can create new value and improve DX literacy among all employees.

Please refer to the Securities Report and Integrated Report for the details of our initiatives related to human capital.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

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

Moreover, based on the understanding that intellectual property (IP) is an important management asset that is the source of corporate competitiveness, the Company has been carrying out IP activities aimed at realizing management strategy. Based on the Medium-Term Management Plan 2020-2022, the Company promoted IP activities aimed at transforming the Teijin Group’s IP portfolio toward the goal of achieving portfolio transformation as a management strategy during the period between fiscal 2020 and fiscal 2022. Specifically, we have set basic policies in each of the two business areas, Strategic Focus for future earnings and Profitable Growth for further growth, to achieve our business goals in line with the management strategy, thereby promoting the creation of IP and intangible assets. As a result of these efforts, we are seeing a gradual increase in the patent value of the Strategic Focus area in the Patent Asset Index™ (the total value of patent rights) owned by the Teijin Group as well as a solid progress in our IP portfolio transformation to achieve overall portfolio transformation. Going forward, we will optimize our IP portfolio by looking ahead of the Teijin Group’s long-term vision based on the Reforms for Profitability Improvement, while materializing and promoting IP investment activities in order to secure competitive advantage in the field of automobiles, aircraft and energy, which contribute to the environment, and the field of disease, such as rare and intractable diseases.

In addition to these IP activities toward realizing management strategies, we are also promoting efforts to incorporate IP landscapes in management and business decision-making to strategically use IP information analysis. More specifically, we have independently developed methods to analyze information by combining global IP information and non-IP information, such as academic papers and market information, as well as methods that combine them with patent value evaluation. These methods based on objective information are used in decision-making for (1) exploring and assessing candidates for M&A and alliance, (2) exploring new business and R&D themes, (3) evaluating the value of the Company’s intellectual property rights (IPRs) and optimizing their maintenance, and other purposes. Along with IPRs, we recognize that trade secrets, such as key technologies and know-how accumulated through R&D and business activities over many years, are also important management resources in ensuring our competitive advantage. In line with this understanding, we have developed the Guidelines for Group Management of Trade Secrets, based on which we continue to take strict measures to manage trade secrets. Furthermore, we have our own award system for recognizing achievements, including the “Teijin Invention Awards” for patents related to products that have significantly contributed to the creation of the Group’s new business and to the development of a new technological field in existing business, as well as the “Teijin Patent Implementation Reward” for patent applications with noticeable effects on the development and sustainability of the business. This system helps to promote a culture of business innovation and creation while also encouraging employees to challenge themselves.

Please refer to the Securities Report and Integrated Report for the details of our initiatives on the IP strategy.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

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

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

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

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

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

Further details are provided in “II 1. Independent Directors / Statutory Auditors” of this report.

**Supplementary Principle 4.10.1 Views Regarding the Independence of Voluntary Committee(s) Corresponding to Nomination Committee or Remuneration Committee and Their Authority, Roles, etc.**

The Nomination Advisory Committee and the Compensation Advisory Committee are established as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. The committees are attended by four outside directors, the Chairperson (the place is left vacant in case of a vacancy in the Chairperson post), and the CEO as their members. The outside director who serves as committee chair also presides the meetings of each committee. For matters concerning the current CEO, in principle, the CEO leaves the room and does not participate in the deliberations. For matters concerning the Chairperson, the Chairperson leaves the room and does not participate in the deliberations.

Further details are provided in “II 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.

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

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

For a skills matrix of each Director, summarizing their expertise and experience, please see the reference in the Notice of Convocation of the 157th Ordinary General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_230621\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_230621_01.pdf)

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

The Convocation Notice for the 157th Ordinary General Meeting of Shareholders lists the concurrent positions of the directors and statutory auditors. The Convocation Notice for the 157th Ordinary General Meeting of Shareholders is published on the Company’s website.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_230621\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_230621_01.pdf)

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

In order to ensure the effectiveness and further enhance the functions of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the entire Board of Directors (hereinafter, “Board of Directors effectiveness evaluation”) once a year. The method of the Board of Directors effectiveness evaluation for fiscal 2022 and an overview of the results are as follows.

**(1) Analysis and Evaluation Method**

1) A self-evaluation questionnaire of all directors and statutory auditors (15, including outside directors and outside statutory auditors) where the respondents gave their name was conducted, based on advice from external experts. In addition, the external experts conducted interviews with a total of four directors and statutory auditors based on the questionnaire, aiming to deepen the understanding of management issues to be discussed at the Board of Directors meetings and to formulate a concrete action plan to address the issues. Furthermore, with the assistance of the external experts, the secretariat of the Board of Directors prepared a summary of the questionnaire and interview results, which formed the basis of a discussion within the Board of Directors regarding its own effectiveness, issues it should address, and improvement measures it should take.

2) The evaluation items in the questionnaire (39 questions) consisted of the following eight fields. Respondents rated them on a four-point scale and gave comments (including open-ended comments).

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

(h) Composition and operation of the Board of Directors

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

1) Summary

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

2) Status of response to the issues recognized in the fiscal 2022 evaluation

(a) Deepening discussions on business creation utilizing data and digital technology

At the Board of Directors meetings held in fiscal 2022, 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 fiscal 2024.

(b) Deepening discussions on the business portfolio

At the Board of Directors meetings held in fiscal 2022, 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 fiscal 2023 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 fiscal 2024.

(c) Discussion on rationality of parent-child listing

At the Board of Directors meetings held in fiscal 2022, 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 fiscal 2023, the Company plans to continue rationally discussing maintaining listings on the stock exchange.

(d) Discussion on BCP including supply chain

At the Board of Directors meetings held in fiscal 2022, 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 it's necessary to realize the situation, including the schedule, for further promotion. The Company therefore plans to continue to carry out confirmation through discussions.

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

At the Board of Directors meetings held in fiscal 2022, 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 set goals for fiscal 2030 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 fiscal 2024.

In fiscal 2023, factoring in the effectiveness evaluation implemented at the end of fiscal 2022, 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.

i Discussions on business portfolio

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

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

iv Discussion on BCP including supply chain

v 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.

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

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

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

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

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

#### **(1) Enhancing dialogue with shareholders**

Dialogue with shareholders and investors is handled by senior management, including CEO.

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

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

#### **(2) Disclosure Policy**

The IR Basic Policy has been established as a disclosure policy and is published on the Company's website. <https://www.teijin.com/ir/disclosure/>

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

[Action to implement management that is conscious of cost of capital and stock price (Under Consideration)]  
(Disclosed in English)

The Company's policy is published in "Flash Report: Results of FY2022 & Outlook for FY2023." Please refer to page 14 of the following report.

[https://ssl4.eir-parts.net/doc/3401/ir\\_material\\_for\\_fiscal\\_ym12/134952/00.pdf](https://ssl4.eir-parts.net/doc/3401/ir_material_for_fiscal_ym12/134952/00.pdf)

[Implementation of dialogue with shareholders]

As described in "III 2. IR Activities" in this report, the Company is actively engaged in dialogue with shareholders in Japan and overseas (both active and passive managers) throughout the year regarding its management policy and operating status including initiatives related to sustainability.

Inside directors including CEO, CFO, Chief Corporate Strategy Officer, and Chief Sustainability Officer have also participated in dialogue with shareholders. Outside directors took part in dialogue with shareholders in the ESG briefing session held in February 2022.

The opinions obtained through dialogue with shareholders are included in matters reported to the Board of Directors, which is used for discussion at the Board of Directors meetings. In fiscal 2022, the Board of Directors deepened discussions on the formulation of management strategies, including the Medium-Term Management Plan, by providing feedback to the Board of Directors on shareholders' views on our company's business performance and concerns on growth potential, which were obtained through dialogue with shareholders.

In addition, by postponing the announcement of our Medium-Term Management Plan and explaining to shareholders the background behind the release of the Reforms for Profitability Improvement in February 2023, we were able to deepen shareholders' understanding. In addition, we are working to improve our governance by taking into account the views of shareholders, such as the role of the Advisory Board and the introduction of non-financial KPIs in the executive compensation plan.

## **2. Capital Structure**

Foreign Shareholding Ratio	30% or more
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**[Status of Major Shareholders] (Updated)**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,023,700	19.23
Custody Bank of Japan, Ltd. (Trust account)	13,452,000	6.98
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY1	9,513,500	4.94
Nippon Life Insurance Company	7,045,501	3.65
The Employee Stock Ownership Association of Teijin	6,656,727	3.45
SSBTC CLIENT OMNIBUS ACCOUNT	3,188,426	1.65
STATE STREET BANK AND TRUST COMPANY 505223	3,121,230	1.62
MUFG Bank, Ltd.	2,897,287	1.50
JP MORGAN CHASE BANK 385781	2,555,813	1.32
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDE RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,552,000	1.32

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

**Supplementary Explanations (Updated)**

- The Status of Major Shareholders is as of September 30, 2023.
- The shareholding ratio has been calculated after excluding treasury stocks (5,443,389 shares) from the issued shares.
- The statement on large-volume holdings, which is available for public viewing, indicates that the following companies hold a considerable number of Company shares. However, the Company was unable to confirm the actual number of shares held by these companies as of September 30, 2023. Therefore, the companies are not included in the Status of Major Shareholders above. The share ownership percentages shown in parentheses below represent the percentage against the total number of issued shares, including treasury stocks.
  - Nomura Securities Co., Ltd. and two other holders: Held 10,096 thousand shares (5.10%) as of November 30, 2021 (amended statement as of December 6, 2021)
  - Mitsubishi UFJ Financial Group, Inc. and three other holders: Held 10,192 thousand shares (5.15%) as of June 13, 2022 (amended statement as of June 20, 2022)
  - Sumitomo Mitsui Trust Asset Management Co., Ltd. and another holder: Held 11,761 thousand shares (5.94%) as of October 31, 2022 (amended statement as of November 7, 2022)
  - Nippon Life Insurance Company and another holder: Held 10,096 thousand shares (5.10%) as of July 31, 2023 (large volume holding report as of August 7, 2023)
  - Eastspring Investments (Singapore) Limited: Held 10,102 thousand shares (5.10%) as of September 15, 2023 (large volume holding report as of September 20, 2023)

**3. Corporate Attributes**

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

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

-

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

##### (1) Perspectives and Policies on Group Management

By recognizing important social issues as business growth opportunities, the Company aims to be “a company that supports the society of the future” through the creation and provision of new values needed by society. The Company believes that doing so will lead to the Teijin Group’s sustainable growth and increase its corporate value over the medium and long term.

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

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

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

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

###### 1) Infocom

The Company holds 57.98% of the voting shares (as of March 31, 2023) of Infocom, a company listed on the Prime Market of the Tokyo Stock Exchange, making it a consolidated subsidiary.

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

In addition, Infocom develops a base system for the home healthcare business and continues to enhance the patient information sharing system used for comprehensive community-based healthcare system through synergies between healthcare and IT. Infocom also contributes to the Teijin Group’s business creation and expansion and the establishment of the management base, including innovative productivity enhancement, transformation of existing businesses and new business creation by developing and operating the Group’s IT base, as well as further advancing the IT base and promoting digital transformation (DX). It has become increasingly important to utilize IT, which is evolving at an exponential pace, in order to further expand the Group. The Company therefore believes that its ownership of Infocom as a subsidiary is highly significant.

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

###### 2) J-TEC

Through a tender offer under the Financial Instruments and Exchange Act, the Company has acquired 57.72% of J-TEC’s issued shares as of March 9, 2021. The Company holds 57.73% of the voting shares (as of March 31, 2023) of J-TEC, which is listed on the Growth Market of the Tokyo Stock Exchange, making it a consolidated subsidiary.

J-TEC is developing three business groups: the regenerative medicine business including development, manufacturing, and sales of regenerative medicine products; the custom development & manufacturing business in regenerative medicine; and the R&D support business including development, manufacturing, and sales of cultured human tissues for research use. The alliance with J-TEC, a pioneer in regenerative medicine in Japan with the established track record in manufacturing and supply of

regenerative medicine products, has been indispensable for the Company in entering into the regenerative medicine business and the CDMO business in regenerative medicine, including cell and gene therapies. Moreover, by combining the Teijin Group's core technologies, including chemosynthesis, polymer chemistry, processing, and engineering, and its healthcare business platform together with J-TEC's technologies, it will be possible to help J-TEC expand its regenerative medicine business and custom development & manufacturing business in regenerative medicine. The Company therefore believes that its ownership of J-TEC as a subsidiary is highly significant.

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

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

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

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

#### 1) Infocom

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

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

(c) Infocom is positioned as an independent Group company that promotes the IT Business within the Teijin Group. As such, Infocom primarily develops information and telecommunications systems and provides operation and management services related to those systems to the Teijin Group. However, there are no restrictions regarding Infocom's business activities because its businesses are not similar to other businesses in the Teijin Group. Moreover, prices and conditions related to transactions with the Teijin Group at Infocom are resolved through decisions by Infocom's Board of Directors, taking into consideration market prices and other factors. Infocom has also established a system to check transactions with the Teijin Group by setting up a special committee, consisting of four independent outside directors, under its Board of Directors. The committee aims to enhance corporate governance, ensure management transparency, protect the interest of minority shareholders, and ensure fairness for shareholders. Accordingly, the Company believes that the rights of general shareholders are protected.

#### 2) J-TEC

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

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

Under the agreement, J-TEC must obtain prior consent from the Company only when it takes any of the following actions or decides to take any such action: (a) any change to any of its subsidiaries or affiliates;

(b) any action that falls, or is likely to fall, under criteria for delisting, or any application for delisting; (c) any business alliance similar to the business alliance with the Tender Offeror (the Company) (including the establishment of a joint venture company or licensing); or (d) any organizational change, merger, share exchange, company split, or assignment or receipt of any part or all of a business or actions similar to any of aforementioned.

(c) Regarding the composition of J-TEC's Board of Directors, the capital and business alliance agreement stipulates that the Company is entitled to nominate a majority of J-TEC's Directors. The Board of Directors of J-TEC comprises six members, two of whom are assigned from the Company. However, since the directors position themselves as supervisors of business execution in order to enhance the corporate value of J-TEC, the judgment made by the management of J-TEC is respected in principle, and consideration is given to the extent possible to avoid unfairly impairing the interests of J-TEC and the general shareholders. The Company plans to review the composition of the Board of Directors as needed, aiming to ensure proper governance that respects the independence of J-TEC as a publicly listed company as well as to develop a system to maximize synergies with the Company. Also, J-TEC elected two independent outside directors at its 25th Ordinary General Meeting of Shareholders on June 14, 2023. Efforts will be made for transparent management in order to protect the interest of minority shareholders and to ensure fairness for all shareholders.

(d) J-TEC's provision of expertise on the CDMO business in the CDMO business in regenerative medicine, including cell and gene therapies to the Company may create a conflict of interest, considering the competition between the two companies in the market and other issues. Therefore, the capital and business alliance agreement stipulates that it should be carried out with due consideration for the conflict of interest between the Company and the general shareholders of J-TEC. Moreover, with regard to the decisions on prices and conditions related to transactions with the Teijin Group at J-TEC, a special committee consisting of independent members, including independent outside directors, has been established under J-TEC's Board of Directors for the purpose of strengthening corporate governance and ensuring management transparency, as well as protecting the interests of minority shareholders and ensuring equity and fairness for shareholders, and there has been a system to verify the transactions with the Teijin Group. Accordingly, the Company believes that the rights of general shareholders are protected and that the independence of J-TEC's management judgement is ensured.

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

### 1. Organizational Composition and Operation

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

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoichi Suzuki	Other											
Masaru Onishi	From another company								△			
Masaaki Tsuya	From another company								△			
Tamie Minami	From another company											

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiary

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

c. Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoichi Suzuki	○	-	Yoichi Suzuki has a wealth of knowledge and experience in negotiations on international economics and trade issues as a diplomat. As a director of the Company, he has provided appropriate advice and suggestions on global strategies in addition to the Company's strategy and governance. In addition, he has contributed significantly to the appointment of directors and senior executives as Chairperson of the Nomination Advisory Committee, a consultative body of the Company. Furthermore, he has sufficiently fulfilled his duties as a member of the Advisory Board and the Compensation Advisory Committee. For example, he has provided advice on important matters related to overall management, and deliberated matters such as the performance evaluation of directors including CEO and the revision of the



			<p>executive compensation plan. Hence, we continue to select him as a candidate for outside director so that we can have him objectively supervise the Company's management through the Board of Directors, the Nomination Advisory Committee, the Compensation Advisory Committee, and the Advisory Board, leveraging his wealth of knowledge and experience as a diplomat. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.</p>
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Masaru Onishi	○	<p>Masaru Onishi, Outside Director, comes from Japan Airlines Co., Ltd., a client of the Company. However, as transactions between Japan Airlines Co., Ltd. and the Company are minimal, accounting for less than 1% of the Company's consolidated sales (the results for the fiscal year ended March 2023), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Japan Airlines Co., Ltd.</p>	<p>Masaru Onishi has served as President and Chairperson of a listed company and has abundant business experience and outstanding insight. In addition to revitalizing the Company's Board of Directors and enhancing its effectiveness as Chairperson of the Board, he has provided appropriate advice and suggestions regarding matters such as the Company's business strategy and governance as a director of the Company. Furthermore, he has sufficiently fulfilled his duties as Chairperson of the Advisory Board, a consultative body of the Company. He also plays a significant role in the appointment of directors and senior executives as well as the deliberation of matters such the performance evaluation of directors including CEO and the revision of the executive compensation plan as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. Hence, we continue to select him as a candidate for outside director so that we can have him objectively supervise the Company's management through the Board of Directors, the Nomination Advisory Committee, the Compensation Advisory Committee, and the Advisory Board, leveraging his abundant business experience and outstanding insight. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.</p>
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Masaaki Tsuya	○	<p>Masaaki Tsuya, Outside Director, comes from Bridgestone Corporation, a client of the Company. However, as transactions between Bridgestone Corporation and the Company are minimal, accounting for less than 1% of the Company's consolidated sales (the results for the fiscal year ended March 2023), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Bridgestone Corporation.</p>	<p>Masaaki Tsuya has served as CEO and Representative Executive Officer as well as Chairperson of the Board of a listed company. With his abundant business experience and outstanding insight, he has provided appropriate advice as an outside director of the Company. Furthermore, he has sufficiently fulfilled his duties by leveraging his abundant business experience. For example, he has provided advice on important matters related to overall management as a member of the Advisory Board, a consultative body of the Company. He has also deliberated matters such as the appointment of directors and senior executives, the performance evaluation of directors including CEO and the revision of the executive compensation plan as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. Hence, we continue to select him as a candidate for outside director. As he satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.</p>
Tamie Minami	○	-	<p>Tamie Minami garnered practical experience of the healthcare business and served as officers in charge of multiple regions at a global company. We select her as a candidate for outside director as we expect she will provide adequate opinions from a global perspective and a viewpoint of Diversity &amp; 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. As she satisfies both the requirements of "independent outside director" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between her and the general shareholders.</p>

<p>Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee</p>	<p>Established</p>
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination Advisory Committee (*)	5	0	1	4	0	0	Outside Director
Committee Corresponding to Remuneration Committee	Compensation Advisory Committee (*)	5	0	1	4	0	0	Outside Director

Supplementary Explanation
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(1) Nomination Advisory Committee and Compensation Advisory Committee (\*)

The Nomination Advisory Committee and the Compensation Advisory Committee are established as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Each Committee has functions to deliberate the matters as stipulated in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)."

Please refer to the Securities Report for the details of the both committees including the number of meetings, attendance of the members, main topics and matters deliberated in fiscal 2022.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

The composition of the Nomination Advisory Committee is as follows (as of the submission date of this report). Masaaki Tsuya (Chair, outside director), Masaru Onishi (outside director), Yoichi Suzuki (outside director), Tamie Minami (outside director), and Akimoto Uchikawa (CEO)

The composition of the Compensation Advisory Committee is as follows (as of the submission date of this report).

Yoichi Suzuki (Chair, outside director), Masaru Onishi (outside director), Masaaki Tsuya (outside director), Tamie Minami (outside director), and Akimoto Uchikawa (CEO)

**[Statutory Auditors]**

Establishment of the Board of Statutory Auditors	Established
Maximum Number of Statutory Auditors Stipulated in Articles of Incorporation	There is no maximum number
Number of Statutory Auditors	5

Cooperation among Statutory Auditors, Accounting Auditors and Internal Audit Departments
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The Company's Board of Statutory Auditors receives a summary explanation from the accounting auditor regarding the accounting audit plan, the internal control audit plan, and the quarterly review plan, along with accounting audit reports, internal control audit reports, quarterly review reports, and Group company on-site audit reports. Through these reports, the Board of Statutory Auditors receives an explanation of issues related to accounting and internal control, discusses important matters related to audits, and undertakes the required countermeasures. Meanwhile, the accounting auditor receives an explanation of the audit policy, audit plan and so forth from the statutory auditors and they exchange opinions. Moreover, the

Company's Board of Statutory Auditors receives an explanation of matters indicated in the Group company audits from the accounting auditor that conducted the Group company audits and the information is shared throughout the Group. Furthermore, the Committee of Teijin Group Statutory Auditors receives explanations from the accounting auditor regarding the short-term and medium-term revision trends in the Japanese accounting standards and international accounting standards, as well as their impact on the Teijin Group, issues that should be addressed, and so forth. The "Corporate Audit Department," which is an internal auditing body, also works with the accounting auditor in the same way as the statutory auditors.

The Board of Statutory Auditors and the Corporate Audit Department exchange opinions when proposing the internal audit plan for the fiscal year, regarding the audit scope, companies and departments to be audited, and so forth. Meanwhile, the Corporate Audit Department provides reports to the statutory auditors on the internal audit execution status through the Committee of Teijin Group Statutory Auditors, extraordinary meetings, monthly reports, and so forth. This enables internal audit information to be grasped constantly and comprehensively, and the required action to be shared. Moreover, the audit information of the statutory auditors is also shared with the Corporate Audit Department.

With regard to the relationship between the statutory auditor audits, accounting audits, and internal audits (hereinafter, "various audits") and the internal control departments (functional departments such as sustainability, corporate strategy and information systems), the internal control departments develop internal control systems and provide related operational support, and provide reporting to each audit organization regularly and as necessary, along with receiving various audits.

In terms of the reporting system for internal control over financial reporting based on the Financial Instruments and Exchange Act of Japan, an Internal Control Report is prepared in consideration of factors such as independent monitoring by the Corporate Audit Department, and the report is audited by the accounting auditor.

Appointment of Outside Statutory Auditors	Appointed
Number of Outside Statutory Auditors	3
Number of Independent Statutory Auditors	3

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

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

\* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiary

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

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

d. Statutory auditor of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

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

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides executive compensation

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

j. Executive of a client or supplier company of the Company (which does not correspond to any off, g, or h) (the statutory auditor himself/herself only)

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

l. Executive of a company or organization that receives a donation from the Company (the statutory auditor himself/herself only)

m. Others



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

Name	Designation as Independent Statutory Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Hitomi Nakayama	○	-	Hitomi Nakayama is expected to contribute to the maintenance and improvement of compliance by the Company with her abundant knowledge and experience as a lawyer, including membership of several governmental policy boards. As she satisfies both the requirements of "independent statutory auditor" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between her and the general shareholders.
Jun Arima	○	-	Jun Arima is expected to contribute to the maintenance and improvement of compliance by the Company as well as to provide advice and suggestions for the environmental management that we aim for, based on his wealth of knowledge and experience in resource and energy, global environmental and economic issues at government ministries and agencies such as the Ministry of Economy, Trade and Industry (METI) and international organizations such as the Organization for Economic Co-operation and Development (OECD). As he satisfies both the requirements of "independent statutory auditor" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.
Koichi Tsuji	○	-	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. As he satisfies both the requirements of "independent statutory auditor" stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.

**[Independent Directors/Statutory Auditors]**

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

There are no special interests between the Company and the outside directors and outside statutory auditors. The outside directors' role is to contribute to improving the transparency and accountability of the Board of Directors by performing an oversight function over inside directors as well as a management advice function based on their expertise.

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

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

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

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

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

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

**[Incentives]**

Incentive Policies for Directors	Performance-based remuneration/ other
----------------------------------	---------------------------------------

**Supplementary Explanation**

In order to further strengthen its corporate value from the viewpoint of corporate governance and stakeholder and the medium- to long-term perspective (sustainability and ESG), the Company grants "Restricted Stock" and "Performance Share Units" to directors of the Company (excluding Chairperson, Senior Advisor, and outside directors) with the aim of providing an incentive for achieving targets under the Company's management plan and increasing medium- to long-term corporate value. In order to further strengthen the Group management, the stock-based remuneration plan is to be applied to all corporate officers across the world.

In addition, the Company introduced job-based HR / evaluation system to inside directors (excluding the Chairperson and Senior Advisor) in fiscal 2023. We set job grades according to the type of the role and the weight of the responsibility in the position, set standards for the total amount of compensation according to the job grade, clarified the relationship between roles and responsibilities and benefits, and established a more appropriate personnel and evaluation process to make the system more flexible for the appointment and placement of human resources globally.  
For details, please see “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods.”

Recipients of Stock Options	None
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Supplementary Explanation

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

From April 1, 2022, to March 31, 2023, the compensation paid to the Company's directors and statutory auditors were as follows.

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

1) Directors (excluding outside directors)

- Total amounts of compensation: ¥345 million
- Amounts of compensation by type: ¥292 million basic compensation (six people), ¥14 million performance-based compensation (five people), and ¥39 million Restricted Stock (five people), no Performance Share Units

2) Statutory auditors (excluding outside statutory auditors)

- Total amounts of compensation: ¥75 million
- Amounts of compensation by type: ¥75 million basic compensation (two people)

3) Outside directors

- Total amounts of compensation: ¥72 million
- Amounts of compensation by type: ¥72 million basic compensation (five people)

4) Outside statutory auditors

- Total amounts of compensation: ¥41 million
- Amounts of compensation by type: ¥41 million basic compensation (three people)

1. The above compensation is set based on the policy on compensation for directors and statutory auditors as of March 31, 2023.

2. Performance-based compensation, Restricted Stock, and Performance Share Units are not granted to outside directors or outside statutory auditors.

3. The maximum annual compensation for Directors is ¥630 million for monetary compensation, ¥70 million for Restricted Stock, and ¥300 million for Performance Share Units (as resolved by the 155th Ordinary General Meeting of Shareholders held on June 23, 2021).

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

The above information is included in the Securities Report for your reference.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

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

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

## 1) Basic policy on compensation system

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

## 2) Compensation level

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

## 3) Composition of compensation for directors and statutory auditors

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

For inside directors, the composition ratio is as follows:

## i) President and CEO, Representative Director of the Board

- (a) Basic compensation as fixed compensation: 45%
- (b) Restricted Stock as fixed compensation: 10%
- (c) Performance-based compensation as variable compensation: 20%
- (c) Performance Share Units as variable compensation: 25%

## ii) Other Directors

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

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

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

## (a) Fixed compensation

## i) Basic compensation (monetary compensation)

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

ii) Restricted Stock (RS)

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

(b) Variable compensation

i) Performance-based compensation (monetary compensation)

Performance-based compensation is paid to inside directors (excluding the Chairperson and Senior Advisor) as monetary compensation reflecting annual performance. In order to thoroughly implement the measures to boost profitability under the "Reforms for Profitability Improvement," the Company has set the following three performance indicators: "consolidated ROE," "operating income" and "individual performance target" (including non-financial indicators such as Group CO2 emissions, rate of lost-worktime injuries, Diversity & Inclusion and degree of employee satisfaction) that are standard for all directors. The payment ratio is calculated based on the achievement of the aforementioned indicators as well as the performance evaluation of individual directors. Performance-based compensation is provided by the end of June as a year-end lump sum payment.

ii) Performance Share Units (PSU)

This is a share-based compensation plan linked to performance, designed to further share value with stakeholders, to enhance the medium- to long-term improvement of corporate value, as well as to further reinforce the commitment to achieving the Medium-Term Management Plan. It is based on three performance indicators: "consolidated ROE" as a profitability indicator, "consolidated ROIC based on operating income" as a capital efficiency indicator, and "Total Shareholder Return (TSR)" to reflect the perspective of stakeholders. A performance evaluation period, which is a single fiscal year, will be set for each performance indicator. After the performance evaluation period, the number of ordinary shares to be allotted to each inside director (excluding the Chairperson and Senior Advisor) will be determined based on the achievement level of each numerical target during its performance evaluation period. The number of shares will be allotted around July or August every year. As for the payment ratio, it will correspond to the composition ratio of the performance evaluation indicators if the targets are achieved. It will be zero if the targets are not achieved. Transfer restrictions are imposed on the issued ordinary shares of the Company which will be lifted on retirement.

The above information is included in the Securities Report.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

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

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

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



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

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

Name	Job title/position	Responsibilities	Employment terms (Full /Part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
Shigeo Ohyagi	Honorary Advisor	Engaged in external affairs such as business community relations.	Part-time, with compensation	March 31, 2014	Provided for in company rules
Jun Suzuki	Senior Advisor	Engaged in external affairs such as business community relations.	Full-time, with compensation	March 31, 2022	Provided for in company rules

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

2

Others

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

**1) Board of Directors**

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

To expedite decision-making and clarify accountability of business execution, the Company's Articles of Incorporation set the maximum number of directors at 10, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. While the Company's Board of Directors comprised 10 members in fiscal 2022, including six inside directors and four outside directors who satisfy the requirements for independent directors specified by the Company, it is currently comprises eight members, including four inside directors and four outside directors to enhance independency. One of the directors is female. Additionally, in the Articles of Incorporation, the term of office for directors is set at one year.

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

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

The Board of Directors met 13 times in fiscal 2022, and all Directors attended every meeting. Please refer to the Securities Report for the details including the main topics and matters deliberated in fiscal 2022.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

The composition of the Board of Directors is as follows (as of the submission date of this report).

Masaru Onishi (Chair, outside director), Akimoto Uchikawa (CEO), Eiji Ogawa, Naohiko Moriyama, Noboru Yamanishi, Yoichi Suzuki (outside director), Masaaki Tsuya (outside director), and Tamie Minami (outside director)

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

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

The Group Strategy Committee consists of the CEO, executive officers, and other members designated by the CEO. The CEO convenes and chairs the committee meetings. The Group Management Committee consists of the CEO, executive officers, general managers of business units, and other members designated by the CEO. The CEO convenes and chairs the committee meetings. In addition to the members, the committees are also attended by the full-time statutory auditors.

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

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general from a broad and long-term perspective, and operates as a consultative body of the Board of Directors. The Advisory Board is made up of five to seven outside advisors (currently, they comprise four outside directors and two non-Japanese experts) as well as the Chairperson (the place is left vacant in case of a vacancy in the Chairperson post) and the CEO. The outside director who chairs Board of the Directors meetings chairs the Advisory Board meetings.

The composition of the Advisory Board is as follows (as of the submission date of this report).

Masaru Onishi (Chair, outside director), Yoichi Suzuki (outside director), Masaaki Tsuya (outside director), Tamie Minami (outside director), Thomas M. Connelly, Jr. (non-Japanese expert), Gerardus Johannes Wijers (non-Japanese expert), and Akimoto Uchikawa (CEO)

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

The Nomination Advisory Committee and the Compensation Advisory Committee are established as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Each Committee deliberates the following matters and make recommendations to the Board of Directors.

### **1) Nomination Advisory Committee**

- (a) Alternation of the CEO and nomination of a successor
- (b) Election and resignation of a Representative Director candidate
- (c) Election and resignation of director candidates (including the Chairperson)
- (d) Election and resignation of statutory auditor candidates
- (e) Matters concerning promotion/demotion and election/resignation of inside directors and senior management
- (f) Matters concerning independence standards for outside directors and outside statutory auditors
- (g) Selection of a successor CEO candidate, development of a plan for training provided by the CEO to the successor candidate, and review of its progress

### **2) Compensation Advisory Committee**

- (a) Matters concerning the compensation system for Teijin Group officers
- (b) Matters concerning the compensation level of Teijin Group officers
- (c) Matters concerning performance evaluation and compensation of inside directors (including the CEO) and senior management

For matters concerning the current CEO, in principle, the CEO leaves the room and does not participate in the deliberations. For matters concerning the Chairperson, the Chairperson leaves the room and does not participate in the deliberations. The committees are attended by four outside directors, the Chairperson (the place is left vacant in case of a vacancy in the Chairperson post), and the CEO as their members. The outside director who serves as committee chair also presides the meetings of each committee.

The composition of the Nomination Advisory Committee is as follows (as of the submission date of this report).

Masaaki Tsuya (Chair, outside director), Masaru Onishi (outside director), Yoichi Suzuki (outside director), Tamie Minami (outside director), and Akimoto Uchikawa (CEO)

The composition of the Compensation Advisory Committee is as follows (as of the submission date of this report).

Yoichi Suzuki (Chair, outside director), Masaru Onishi (outside director), Masaaki Tsuya (outside director), Tamie Minami (outside director), and Akimoto Uchikawa (CEO)

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

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

Statutory Auditors audit the performance of duties by directors based on their expertise in law, finance, accounting, etc. Statutory Auditor Masanori Shimai and Outside Statutory Auditor Gen Ikegami have ample knowledge of finance and accounting.

Furthermore, the Committee of Teijin Group Statutory Auditors, which comprises statutory auditors of Group companies and other members, meets regularly to enhance the effectiveness of Groupwide monitoring and audits. Please refer to the Securities Report for the details including the number of meetings, attendance of the members, main topics and matters deliberated in fiscal 2022.

(Securities Report) <https://www.teijin.co.jp/ir/library/business-report/> (in Japanese)

The composition of the Board of Statutory Auditors is as follows (as of the submission date of this report).

Masanori Shimai, Akio Nakaishi, Hitomi Nakayama (outside statutory auditor), Jun Arima (outside statutory auditor), and Koichi Tsuji (outside statutory auditor)

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

The Corporate Audit Department, reporting directly to CEO, has been established as an internal audit organization, and carries out Group-wide and global audits to evaluate the efficiency and validity of internal control functions based on the "Group Internal Audit Regulations." 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 is 20 (excluding internal auditors at listed subsidiaries).

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

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

Hidetoshi Fukuda (KPMG AZSA LLC, 4 years), Yoshihiro Uehara (KPMG AZSA LLC, 2 years), and Hiroaki Iwasaki (KPMG AZSA LLC, 2 year)

The status of assistants in auditing is as follows: CPAs 9, others 19, total 28.

## **8) Total Risk Management**

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

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

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

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

## **9) Liabilities Limitation Agreement**

The Company has concluded a Liabilities Limitation Agreement with each of four (4) Directors (Yoichi Suzuki, Masaru Onishi, Masaaki Tsuya, and Tamie Minami) and each of five (5) Statutory Auditors (Masanori Shimai, Akio Nakaishi, Hitomi Nakayama, Jun Arima, and Koichi Tsuji) which limits the respective liabilities of each Director and Statutory Auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

### 3. Reasons for Adoption of Current Corporate Governance System

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

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

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends notification about three weeks prior to the date of the General Meeting of Shareholders. In the fiscal year ended March 2023, the General Meeting of Shareholders was held on June 21, 2023, and the Notice of Convocation was sent on May 30. Ahead of this, on May 24, the Notice of Convocation was posted on the Company's website, the website of the Tokyo Stock Exchange, and others based on electric provision measures. <a href="https://www.teijin.com/ir/stocks/general-meeting/">https://www.teijin.com/ir/stocks/general-meeting/</a>
Scheduling AGMs Avoiding the Peak Day	The General Meeting of Shareholders for the fiscal year ended March 2023 was held on June 21. The General Meeting of Shareholders for the fiscal year ending March 2024 is also scheduled to be held at a similar timing.
Allowing Electronic Exercise of Voting Rights	The Company has adopted exercise of voting rights by electro-magnetic methods since the Ordinary General Meeting of Shareholders for the fiscal year ended March 2003. Voting rights can be exercised through electro-magnetic methods by accessing the Company's designated website for exercising voting rights from a personal computer or smartphone.
Participation in Electronic Voting Platform	Nominal shareholders (including standing proxy agents), such as managing trust banks, can use the electronic voting platform operated by ICJ, Inc. by applying beforehand to use it.
Providing Convocation Notice in English	The English version of the Notice of Convocation is published at the same time as the Japanese version on the Company's website on May 24. <a href="https://www.teijin.com/ir/stocks/general-meeting/">https://www.teijin.com/ir/stocks/general-meeting/</a>
Other	1. The General Meeting of Shareholders is an important opportunity for direct dialogue with shareholders. 2. A live streaming service (a hybrid participation-type virtual meeting) was provided, enabling shareholders to watch the Meeting. 3. On May 31, before the General Meeting of Shareholders was held, the Company launched a page on its website to take questions from shareholders.

## 2. IR Activities

	Supplementary Explanations	Explanation by the Representative
Preparation and Publication of Disclosure Policy	<p>The Teijin Group’s IR Basic Policy is available on the Company’s website in Japanese and English.            (Japanese: <a href="https://www.teijin.co.jp/ir/disclosure/">https://www.teijin.co.jp/ir/disclosure/</a>)            (English: <a href="https://www.teijin.com/ir/disclosure/">https://www.teijin.com/ir/disclosure/</a>)</p> <p><b>Disclosure Policy</b></p> <p>Basic Policy</p> <ol style="list-style-type: none"> <li>1. Teijin Ltd. and Teijin Group companies have a basic policy of providing company information to all stakeholders in a timely, fair, accurate, and consistent manner.</li> <li>2. A management priority is to build a relationship of trust with shareholders and investors in particular, and therefore, we shall actively endeavor to enhance information disclosure and two-way communication.</li> <li>3. We believe that accountability is an essential requirement in securing effective corporate governance.</li> </ol> <p>Disclosure Standards</p> <ol style="list-style-type: none"> <li>1. We will promptly disclose information in a fair, accurate, clear, timely and ongoing manner in accordance with various laws and regulations such as Financial Instruments and Exchange Act and Companies Act (“various laws and regulations”) and the “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” stipulated by the Tokyo Stock Exchange (TSE) etc. (“timely disclosure rules”). Moreover, for those matters that cannot be disclosed due to potentially negative impact on business operations, the reason for such nondisclosure must be clearly stated at the time of explanation.</li> <li>2. Information that is not considered important information as established under the various laws or regulations, or under timely disclosure rules, but is deemed to be of use to shareholders and investors-with the exception of information pertaining to the competitive strategies of individual businesses or highly confidential management information-will be disclosed fairly, accurately, clearly, timely and in an ongoing manner.</li> </ol> <p>Disclosure Methods</p> <ol style="list-style-type: none"> <li>1. Information that is considered important under the timely disclosure rules shall be disclosed in accordance with said rules via the TSE’s timely disclosure information system (TDnet), in addition to explanations provided to the TSE.</li> <li>2. Information under the Financial Instruments and Exchange Act shall be disclosed in accordance with said Act via the Financial Services Agency’s Electronic Disclosure for Investors’ NETwork (EDINET), in addition to explanations provided to the Financial Services Agency.</li> <li>3. Information other than the above that is considered to affect investor decisions will also be promptly disclosed as required depending on the importance and urgency of that information through press releases, press conferences, information sessions, or other means.</li> <li>4. Information disclosed in accordance with 1. and 2. above will be posted on the Company’s website immediately after disclosure. Further, for the convenience of shareholders and investors, we will work to provide disclosure in English to accompany our disclosure of information in Japanese.</li> <li>5. In addition to improving the "For Investors" section of the Company’s website, we will also endeavor to provide information appropriately in a variety of media, and disclose easy-to-understand</li> </ol>	

	<p>information in an environment easily accessible by shareholders and investors through a range of information media including information sessions and various printed materials.</p> <p><b>Quiet Period</b>  In the weeks leading up the announcement of each quarterly and annual results, we shall employ a quiet period so as to prevent any leakage of financial information and to maintain impartiality.  During this period, we will not provide answers to comments or questions received in relation to the accounts etc.</p> <p>However, if a situation occurs during the quiet period where there is an obvious discrepancy between current estimations and the disclosed forecast that is larger than the range of that specified under the timely disclosure rules, then we shall disclose information as required through press releases, etc.</p>	
Regular Investor Briefings for Individual Investors	Presentation meetings for individual shareholders are usually held in person every year, where the CEO and top management of business unit provides an overview of the company's management strategy and business plan, as well as facility visiting tours where the Company's products are exhibited. In fiscal 2022, we continued to conduct a virtual tour of the Teijin Group's showroom (TEIJIN MIRAI STUDIO) as in fiscal 2021 due to the effect of the COVID-19 pandemic.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds presentations on each quarterly financial result announcement. Moreover, the Company also holds presentations related to its medium- to long-term management policy and its progress, individual businesses and other important matters relating to disclosure, and conducts factory tours. The Company held presentations a total of seven times during the period from April 2022 to March 2023, aiming to help investors deepen their understanding of the progress of our efforts. As for briefing sessions other than quarterly business results presentations, the Company held the "Business Overview Presentation, (Progress on Medium-Term Management Plan 2020-2022 and Initiatives for Sustainable Growth)" targeting investors and analysts in June 2022. In June 2022, the Company also organized small meetings between the new CEO appointed in April 2022 and 10 sell-side analysts. In February 2023, the Company released "the Reforms for Profitability Improvement" and subsequently held a follow-up meeting with about 80 investors and analysts to further deepen their understanding.	Yes
Regular Investor Briefings for Overseas Investors	In principle, three to five times per year, the CEO, the CFO or the officer in charge of IR visits overseas investors, primarily in North America, Europe, and Asia, to hold individual meetings. Moreover, the Company also participates actively in conferences for overseas institutional investors held by securities companies and so forth. During the period from April 2022 to March 2023, following the release of "the Reforms for Profitability Improvement," the CEO visited institutional investors in the United States and the officer in charge of IR visited institutional investors in Europe in February 2023, and the Company participated in one face-to-face conference organized by a securities company in March 2023. The Company also organized business presentations as online webinars during times that were accessible to investors in the United States, Europe, and Asia as well.	Yes



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

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The shareholders entrust capital into the Company and thus, the Company is required to achieve profits through its business activities and to ultimately increase shareholder value over the medium and long term. It is the basic mission of the Company to comply with such shareholders’ entrustment. Based on this basic mission, the Company must fulfill its respective responsibilities to its stakeholders (interested parties), such as employees, business partners, customers, consumers, local residents and communities, etc.” Moreover, according to the Company’s Code of Conduct, “We — The Teijin Group, including its officers and employees — act according to our conscience, with the aim of enhancing the quality of life for all stakeholders.” It stipulates that we should respect human rights in all business activities and the Company’s supply chain, allow no discrimination or harassment, fulfill our accountability, and engage in business activities trusted by local communities.
Implementation of Environmental Activities, CSR Activities etc.	The Teijin Group has established a Chief Sustainability Officer as the person in charge of CSR activities, sorted out risk and opportunities related to sustainability, identified five items the Company is to address as important management issues (materiality), and set KPIs accordingly. In our business activities, we reinforce efforts to promote respect for human rights, including due diligence and dialogue, based on the recognition that human rights are the foundation of everything. We firmly believe that strengthening the sustainable management base is essential in order to realize the long-term vision, “be a company that supports the society of the future.” To this end, we carry out various initiatives including developing enabling environments for various human resources to play an active role to drive the Company forward, developing human resources, promoting activities for corporate ethics and compliance that should serve as foundations for trust, taking appropriate measures to respond to various risks, ensuring information security that is becoming increasingly important in an IT society, engaging in responsible procurement, manufacturing products in a way customers can trust, as well as giving consideration to environmental protection, safety and disaster mitigation, and health. In environmental protection, the Company has set long-term goals to reduce emissions of CO <sub>2</sub> , as well as water, hazardous chemicals substances, and landfill waste, with a plan to specify an achievable roadmap in the Company’s new Medium-Term Management Plan (scheduled to be disclosed in fiscal 2024). 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



	<p>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.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The following is stipulated in the Teijin Group “Corporate Governance Guide”:  “The accountability of the company is an integral part of corporate activities for the business to prosper and enhance shareholder value. The company should clearly present its mission and vision and present a clear explanation of the corporate governance mechanisms on every occasion. Furthermore, compliance policies and Total Risk Management must be instilled into the entire Teijin Group. Teijin Group behaves as a company that takes requests from shareholders and society into consideration in order to achieve a higher degree of accountability.”</p>
<p>Other</p>	<p>&lt;Diversity and Inclusion Promotion Policy&gt;  The Teijin Group positions the promotion of diversity and inclusion as one of its key initiatives for innovation creation in the Medium-Term Management Plan. The Group will further promote diverse working styles, advancement of women, and diversity of human resources, with the aim of building an organization where human resources with different values and experiences can come together and demonstrate their abilities to the fullest extent possible.</p> <p>&lt;Measures to Realize Diversity and Inclusion&gt;  In order to promote diversity at the executive level even further, the Teijin Group has set the targets of increasing the ratio of female executives to 20% and the ratio of non-Japanese executives to 10% by April 2026. The Group further aims to increase the ratio of female executives to 30% and the ratio of non-Japanese executives to 30% by fiscal 2030. To achieve these targets, the Group has set targets on a global basis, and is working to develop executive candidates and widen the pool of potential candidates. To develop female leaders, the Company has been continuously carrying out selection training across the Teijin Group since fiscal 2012. Female employees have also been sent to external training sessions with the aim of spurring their development through interaction with other female employees in different industries. For employees who have to temporarily leave work due to family reasons, the Company has set up a re-employment system for such employees who have left their jobs due to family matters, and systems for situations such as employees taking leave to accompany their spouses on overseas work assignments. These systems have led to the continuation and advancement of the careers of female employees. As a result, the number of women in managerial positions increased ten from the previous fiscal year to 172 in April 2023. In recognition of these activities and various related initiatives, the Company has been selected as a “Nadeshiko Brand” for five consecutive years from 2018 to 2022. The “Nadeshiko Brand” is an initiative jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select enterprises that have implemented outstanding measures to encourage women’s success in the workplace.</p> <p>&lt;Work Style Reform&gt;  In order to improve productivity, the Company established a department specialized in RPA<sup>(*)</sup> development in fiscal 2018, and implemented automation of routine work operations for each department. With large-scale RPA development having run its course, in fiscal 2022 the Company revised its policy on RPA promotion and implemented automation of small and medium-sized operations by each department instead of RPA development by the specialized department. Employees in each department undergo reskilling through training and education so that they can develop RPA themselves, and work processes in each department are being automated. From the end of fiscal 2018 to the end of fiscal 2022, approximately 170 operations were automated, resulting in a reduction of approximately 80,000 hours.</p> <p><small>*Robotic Process Automation (RPA) is a tool that automates routine work operations. It helps to improve operational efficiency and prevent human error, and has the effect of enhancing productivity.</small></p>

## IV. Matters Related to the Internal Control System

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

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

The Company passed a resolution regarding the “Basic Policy for Establishment of Internal Control Systems” at the Board of Directors meeting held on March 30, 2022. Below is a summary of this resolution, the details of which can be viewed at the Company’s website (<https://www.teijin.com/ir/management/governance/resolution/>).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These regulations shall be revised as necessary to reflect any revision and/or abolition of laws and regulations and/or to increase the efficiency of the representative directors and other executives in executing their duties. The Board of Directors of the Company shall organize the basic structure of the Teijin Group, and shall establish efficient management, monitoring and oversight systems.

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

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

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

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

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

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

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

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

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

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

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

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

To secure the independence of members of the Teijin Group Auditors Office above, all decisions concerning personnel measures regarding the members of the Teijin Group Auditors Office require the prior consent of

the full-time statutory auditors. The full-time statutory auditors shall assess the performance of the members of the Teijin Group Auditors Office.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Specific Response Standards)

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

(Responding Department)

The Sustainability Development and Engagement Department and the General Administration Department are responsible for overseeing a company-wide response, and the Chief Sustainability Officer is to be in charge of the response.

(Information Collection and Management)

The Company establishes links with external specialist organizations, including membership in the Special Violence Prevention Measures Association (TOKUBOUREN) and the Corporate Defense

Countermeasures Council. The Company also participates in lectures and other activities in an effort to properly collect and manage information.

(Response to Unjustified Demands)

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

(Ensuring Circulation of Information to Group Employees)

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

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation-

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### 2. Other Matters Concerning to Corporate Governance System

#### 1. The Corporate Governance System

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

#### 2. Overview of Timely Disclosure

##### (1) Basic Policy on Information Disclosure

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

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

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

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

###### ◆ Department in charge of timely disclosure:

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

###### ◆ Collection and management of information:

Under the Regulations on Management of Group Insider Information, when material facts (decisions, events, financial report information, and so forth) arise at the Company and its subsidiaries, the department concerned (in the case of financial report information, this is collected and analyzed by the Accounting Division) contacts the Corporate Strategy Division, which manages the information and reports it to the CEO. At the same time, the Corporate Strategy Division contacts the IR Department, which is responsible for external publication and disclosure. Among material facts, material matters requiring a decision by the Board of Directors, including matters stipulated by law, are decided by the Board of Directors.

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

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

◆ Publication of information:

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

◆ System for monitoring internal control:

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

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

