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**Teijin Limited**

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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 (Updated)

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 needed 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 and promoting business alliances with them.

Each year, the Board of Directors reviews whether or not it is appropriate to hold shares based on an examination of the holding purpose and rationality for each individual stock from a medium- to long-term

perspective.

In these reviews, the Board of Directors takes into account a comprehensive range of factors, including significance from a management strategy standpoint and business relationships, in addition to comparing dividends, transaction amounts, and other quantitative impacts against the cost of capital.

After these reviews, regarding the results of the verification, we have proceeded with the sale of a total of 11 stocks (5 full stock sales and 6 partial stock sales) during FY2023. The total sale price amounted to 24.1 billion yen.

The Company will continue discussions with companies the shares of which the Company currently hold, and in principle, will endeavor to sell all of shares of listed companies.

In addition, whenever the shareholders of cross-shareholdings indicate their intention, such as intention to dispose of their shares, the Company handles the matter appropriately without interfering with disposal of such shares.

(Note) The selling price is the amount of listed shares sold by the Company (non-consolidated basis).

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

In exercising voting rights related to shares that the Company has decided to hold, the Company confirms each proposal from the perspective of increasing corporate value and shareholder value over the medium to long term and determines whether to vote for or against. For proposals that may have a significant impact on the corporate value of the investee companies, the Company collects and examines information with particular attention paid.

### **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**

To promote diversity, equity and inclusion (DE&I) on a global basis, the Group has set KPIs for the ratios of both female executives and non-Japanese executives to reach 30% by April 2030. At the same time, in order to strengthen the candidate pipeline for female executives, we have set additional targets to increase the ratio of women in the position of head of department or section to 12% by April 2026 and to 20% by April 2030. As an additional measure to facilitate DE&I, we have specified that the KPI target set for each business unit to achieve the female executive ratio by April 2026 be included in the performance evaluation criteria for calculation of performance-based remuneration paid to directors. Aiming to accomplish these targets, we are focusing on enhancing the candidate pipeline for female executives and managers, particularly by proactively encouraging female employees to register with succession programs for executive and core positions with a view to increasing the number of female successor candidates, and by running leadership training programs for female employees to support them in their career advancement and maintenance. In fiscal 2024, we plan to provide cross-mentoring programs for women in cooperation with other companies.

In addition, we are actively recruiting mid-career hires, principally for the purpose of bringing in fresh ideas and values to revitalize the organization. Since many mid-career hires already play key roles, we have not set any specific quantitative targets. Mid-career hires accounted for 40.9% of new hires in fiscal 2023 and 38.1% of managers at the end of March 2024 (Teijin and Teijin Pharma).

By promoting these efforts, we will create systems for enabling decisions to be made by a diverse team of managerial personnel, with the aim of strengthening our management foundation and value creation capacity.

### **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 and Medium-Term Management Plan**

The Teijin Group has established the Group's purpose, "Pioneering solutions together for a healthy planet" based on the recognition that the Group needs to create an organization under shared values in order to enhance its ability to return to a growth path as "One Teijin." In the "Journey to One Teijin" project to clarify and verbalize this purpose, we fostered empathy among employees both in Japan and abroad by focusing on employee participation and the process of visualization. As a result, the purpose which the Group has established reflects employees' strong desire to become a company that strives to provide solutions by going back to the roots of Teijin so that people will be able to continue enjoying life on this beautiful planet throughout the future.

Based on this purpose, the Teijin Group will put into practice the three value statements that have been formulated along with the purpose, i.e., "i) Respect all challenges," "ii) Grow with diverse members by leveraging their expertise," and "iii) Be considerate of the planet and all living beings and protect them," and aim to achieve the long-term vision of becoming a "Company that Supports the Society of the Future." Further information on the philosophy of the Teijin Group is published on the Company's website.

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

The Teijin Group formulated and released in May 2024 the Teijin Group Medium-Term Management Plan 2024-2025, representing the first step toward a return to growth.

Further information for the Teijin Group Medium-Term Management Plan 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 on pages 8-13 in the Notice of Convocation for the 158th Ordinary General Meeting of Shareholders.

The Convocation Notice for the 158th Ordinary General Meeting of Shareholders is published on the Company's website.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_240620\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_240620_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. We have then systematically considered factors that could bring opportunities and risks to our business in view of our sustainability policies, and defined materiality (important issues) as described below. We have set KPIs to promote efforts to address each issue, aiming to achieve the long-term vision.

#### **■ Material Societal Issues**

- 1) Climate change mitigation and adaptation
- 2) Achievement of a circular economy
- 3) Safety and security of people and local communities
- 4) Realization of healthy and comfortable living for people

#### **■ Material Management Issues**

- 5) Further strengthening of our sustainable management base

#### **(1) Governance**

Policies for addressing sustainability issues and materiality are matters to be resolved by the Board of Directors. Initiatives for sustainability are promoted by the executive function according to the policies resolved by the Board and by setting management indicators. The implementation status of initiatives is reported as needed by the CEO or Chief Sustainability Officer to the Board of Directors, and subject to discussion at Board meetings.

#### **(2) Strategy**

By recognizing important social issues 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. Our major strategies related to climate change are as follows: for mitigating climate change, we provide solutions centered on the transition to lightweight, highly durable mobility realized through high-performance and high-value-added materials; and for climate change adaptation, we are offering solutions that help limit damage and facilitate a prompt recovery in the event of a natural disaster through infrastructure reinforcement materials that make use of high-performance materials as well as technologies and services in the domains of healthcare and IT. 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 sustainability-related risks as a risk category to be managed under the total risk management (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

We systematically consider factors that could bring opportunities and risks to our business, define materiality (important issues) and set KPIs for each issue to promote relevant initiatives. Our target of the greenhouse gas reduction goal is considered to be at a level of well below 2°C ("Well-below 2°C"), and thus Teijin is certified as pursuing Science Based Targets ("SBT"), which is a greenhouse gas emission reduction target that is scientifically consistent with the goals set by the Paris Agreement. We are continuing with our efforts toward net zero by drawing up a roadmap to achieve the long-term goal.

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)

The Group promotes initiatives related to human capital, recognizing human resources as its most important management resource. We have redefined our thinking about human capital, as described below, in order to implement management and business strategies described in the Teijin Group Medium-Term Management Plan 2024-2025 by utilizing personnel capabilities at both the organizational and individual levels while supporting the autonomous career development of individual employees and ensuring the right people are in the right positions on a global basis.

- To help individual members of the Teijin Group's diverse workforce to achieve personal as well as professional growth and live an enriched life, the Company will create an attractive work environment and provide support for their autonomous career development efforts.
- To develop and utilize personnel capabilities at the organizational and individual levels alike, which is a key driver for business growth, the Company will develop and implement appropriate personnel strategies covering a range of issues, such as organization design, recruitment, placement, talent development, and evaluation and compensation, looking to put the right people in the right positions.

#### (1) Governance

The Teijin Group holds the Group Personnel Affairs/D&I Meeting with the participation of the full executive office team (15 times in fiscal 2023) to share updates on the progress of discussions regarding succession plans for executive positions and other important positions at the global level, consider individual assignments, and discuss executive management development and training programs.

Also, among matters concerning personnel affairs and talent development, including issues related to human capital and diversity, those of particular importance are reported to the Management Committee and the Board of Directors. These activities are promoted under the oversight of the Chief Human Resources Officer (CHRO) and in cooperation with head of the personnel division and general personnel manager at each business unit at group companies in Japan. Furthermore, we hold the quarterly Global HR Leadership Meeting in order to discuss personnel strategies and initiatives within a global framework and share information on the progress of and challenges with personnel initiatives implemented for each business.

#### (2) Strategy (policy regarding human resources development including for ensuring personnel diversity and policy concerning development of an internal environment for that purpose)

In order to implement management and business strategies, it is essential to increase competitiveness in terms of personnel capabilities at both organizational and individual levels. As such, we have set two key themes for personnel strategies: to implement strategies by ensuring that the right people are assigned to the right positions; and to ensure individual employees are thriving at work.

- 1) To implement strategies by ensuring that the right people are assigned to the right positions, we will focus on three issues: (a) maximizing utilization of internal global human resources; (b) optimizing the human resources portfolio; and (c) supporting the autonomous career development of employees. To address these issues, we will carry out measures to ensure the right people in the right positions on a global basis, including in Japan, while solely in Japan moving forward with the revision of evaluation and compensation systems by shifting to the job-based employment model.
- 2) For ensuring individual employees are thriving at work, we will work on: (d) facilitating innovation from various perspectives; and (e) improving employee engagement. To create an environment where individual members of the Teijin Group's diverse workforce can fulfill their potential and thrive at work by exercising their abilities and skills, we will strive to increase workplace diversity while improving employee

engagement by identifying inhibiting factors, and planning and implementing improvement actions.

(3) Risk management

We position risks associated with human capital as a risk category to be managed under the TRM system.

(4) Indicators and targets

In order to measure the progress of initiatives for ensuring individual employees are thriving at work, a pillar of personnel strategies, we have set indicators related to the diversity of executive and managerial teams as well as employee engagement. We are aiming to achieve targets for the former by establishing systematic human resources development and appointment programs while setting and executing actions to improve the latter.

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/>

Believing that intellectual property (IP) is an important intangible asset that reinforces the Company's management foundation, the Company engages in initiatives related to investment in IP and is carrying out a range of IP activities according to management strategies.

Please refer to the Securities Report and Integrated Report for the details of specific initiatives and internal systems.

(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**

Our views regarding the overall size, diversity, and balance of knowledge, experience, and capabilities of the Board of Directors are as follows: the Board of Directors needs to be able to deliberate validity, economic rationality, risks, and other factors from objective and multidimensional perspectives for the implementation of medium- to long-term management strategies in order to develop the Group's multifaceted global business activities centering on the materials business and healthcare business, and to oversee the execution

of these businesses appropriately. Therefore, our basic policy for electing directors is to ensure diversity and form a well-balanced team composed of members who have different professional backgrounds and experience, such as engaging in the management of other companies, and are able to contribute a variety of insights, knowledge, and expertise.

Information on 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 on page 14 in the Notice of Convocation of the 158th Ordinary General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_240620\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_240620_01.pdf)

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

For the concurrent positions of the directors and statutory auditors, please see on page 8-13 and page 52 in the Notice of Convocation of the 158th Ordinary General Meeting of Shareholders.

[https://www.teijin.com/ir/stocks/general-meeting/pdf/gm\\_240620\\_01.pdf](https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_240620_01.pdf)

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

In order to further ensure the effectiveness and enhance the functions of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the entire Board of Directors (hereinafter, the “Board of Directors Effectiveness Evaluation”) once a year. The method of the Board of Directors Effectiveness Evaluation for FY2023 and an outline of the results are as follows.

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

1) A self-evaluation questionnaire survey was conducted of all Directors and Statutory Auditors (13 including Outside Directors and Outside Statutory Auditors), referencing advice from external experts. In addition, interviews were conducted for certain Directors and Statutory Auditors (in total 7 persons) by external experts based on the self-evaluation questionnaires, with the aim of delving into management issues that should be discussed by the Board of Directors and formulating specific action plans for addressing the issues. Furthermore, with the assistance of external experts, the Board of Directors secretariat created a summary of the questionnaire and interview results, which formed the basis of a discussion within the Board of Directors regarding the effectiveness of the Board of Directors, issues to be addressed, and improvement measures.

2) The evaluation points in the questionnaire were compiled from the following ten fields. Respondents evaluated 66 topics on a five-point scale and made comments (including any additional comments field).

- (a) The Board of Directors as a whole
- (b) Composition
- (c) Prior arrangements, etc.
- (d) Operation
- (e) Deliberation
- (f) Nomination Advisory Committee
- (g) Compensation Advisory Committee
- (h) Statutory Auditors
- (i) Self evaluation
- (j) Other

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

###### 1) Summary

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

###### 2) Status of response to issues recognized in or before FY2023

###### (a) Discussions on business portfolio

At the Board of Directors meetings held in FY2023, through discussions on the newly announced mid-term management plan in May 2024, we confirmed our commitment to thorough business portfolio management and a review of existing businesses. Additionally, we aim for growth centered around key industrial sectors. In the medium to long term, we plan to transform our business approach from traditional material-centric to value-driven business development leveraging service foundations cultivated in functional materials, processing and solution-oriented businesses, and home healthcare. To address increasingly complex customer needs, we will hone our ability to combine different technologies and functions and align with customer requirements. We also reaffirmed our commitment to ongoing discussions and progress monitoring related to the new mid-term management plan.

(b) Discussion on the allocation of management resources to human capital, etc. based on a) above  
At the Board of Directors meetings held in FY2023, the course of direction and initiatives related to human capital investments were reported. Furthermore, in discussions on the new medium-term management plan, it was decided to develop a human resource strategy built on the main pillars of “establishing ‘right positions’ and securing ‘right people’ to implement strategies” and “measures to enable employees to thrive,” and to implement specific action plans based on this strategy.

We confirmed that discussions will continue in line with the new medium-term management plan.

(c) Discussions on the status of usage of data and digital technology and policies on initiatives therefore based on a) above

At the Board of Directors meetings held in FY2023, a report was made on the development of DX human resources through discussions on the new medium-term management plan. It was confirmed that, as a priority measure to create innovation, the Company will actively implement DX promotion activities using digital and IT technologies, and that discussions on this topic will continue.

(d) Discussion on BCP including supply chain

In the fiscal year 2023 Board of Directors meeting, the TRM Committee chaired by the CEO provided regular reports to the board of directors regarding ‘strategic risks’ and ‘operational risks.’ These reports highlighted the implementation of business-specific and customer-centric BCP/BCM measures. Furthermore, to enhance BCP readiness, ongoing discussions are planned to continue.

(e) Discussion on rationality of parent-subsiary listing

At the Board of Directors meetings held in FY2023, the rationality of maintaining the listing of Infocom Corporation and Japan Tissue Engineering Co., Ltd. (J-TEC), which are listed subsidiaries of the Company, was discussed as part of the discussion on the new medium-term management plan. From the standpoint of optimizing the corporate value of J-TEC, and not just the Group itself, we decided it was rational to maintain their listing.

With regard to Infocom Corporation, the Company has been exploring all options and attempting to identify further group synergies. However, we have determined that, according to the best owner principle, to enhance the corporate value of the Company and Infocom as well as promote the common interests of shareholders, the optimal course will be to transfer our Infocom shares. We therefore made a decision to sell off all Infocom shares owned by the Company at the Board of Directors meeting that took place on June 18, 2024. Although Infocom will be excluded from the scope of consolidated subsidiaries of the Company after the completion of the related procedures, the Company will continue its IT-related business relationship with Infocom in order to maintain its IT-related governance systems. Detailed information can be accessed from the following link.  
[https://www.teijin.com/news/2024/06/18/20240618\\_02.pdf](https://www.teijin.com/news/2024/06/18/20240618_02.pdf)

It is necessary to regularly confirm the listing of the parent company and its subsidiaries. At the Board of Directors meetings in FY2024, we plan to continue discussing the rationality of maintaining listings on the stock exchange.

### (3) Issues Recognized in the Board of Directors Effectiveness Evaluation in FY2023 and Initiatives Going Forward

Factoring in the effectiveness evaluation implemented in FY2023, the Board of Directors has discussed and decided to further advance its efforts to address the following issues in FY2024.

- i) Confirmation of the progress of the medium- to long-term management plan, and reconsideration of relevant strategies as needed
- ii) Discussion on the sustainability strategy
- iii) Discussion on the DX strategy
- iv) Discussion on human capital
- v) Measures to further enhance the effectiveness of the Board of Directors
- vi) Discussion on rationality of parent-subsiary 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, they attend briefings on directors’ duties and systems, and lectures related to the Companies Act of Japan, given by the head of legal affairs. After appointment, they are provided with opportunities on an ongoing basis to acquire the required knowledge and enhance their understanding, including by attending external training seminars. When outside directors and outside statutory auditors are appointed, they receive nearly 20 hours of briefings in total on businesses and



functions from responsible persons, as well as attend a study tour of business sites in three Japanese locations. After appointment, they are given a range of opportunities to learn more about the Company's business activities, including activities such as discussions with business management teams and factory and office visits. Expenses incurred for these activities are borne by the Company.

### **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] (Disclosed in English)

We have disclosed information on measures and targets to improve PBR set according to the current medium-term management plan, as described in the reference materials for the Teijin Group Medium-Term Management Plan 2024-2025.

Please refer to page 39 of the following report.

[https://www.teijin.com/ir/management/vision/pdf/plan\\_pm\\_240513.pdf](https://www.teijin.com/ir/management/vision/pdf/plan_pm_240513.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 December 2023.

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 2023, 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, 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)	35,045,300	18.20
Custody Bank of Japan, Ltd. (Trust account)	11,410,440	5.92
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	8,260,400	4.28
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,029,761	4.17
Nippon Life Insurance Company	7,045,501	3.65

The Employee Stock Ownership Association of Teijin	6,769,131	3.51
Oasis Japan Strategic Fund Ltd	4,800,410	2.49
MUFG Bank, Ltd.	2,897,287	1.50
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDE RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,857,000	1.48
STATE STREET BANK AND TRUST COMPANY 505223	2,663,276	1.38

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

#### Supplementary Explanations (Updated)

1. The Status of Major Shareholders is as of March 31, 2024.
2. The shareholding ratio has been calculated after excluding treasury stocks (5,400,915 shares) from the issued shares. Shareholding ratios are truncated to two decimal places.
3. The statement on large-volume holdings, which is available for public viewing, indicates that the following companies hold a considerable number of Company shares. However, the Company was unable to confirm the actual number of shares held by these companies as of March 31, 2024. 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.
  - 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 12,112 thousand shares (6.12%) as of November 30, 2023 (amended statement as of December 7, 2023)
  - Eastspring Investments (Singapore) Limited: Held 9,967 thousand shares (5.04%) as of January 31, 2024 (amended statement as of February 6, 2024)

### 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 (Updated)	From 50 to less than 100

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

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

<p>(1) Perspectives and Policies on Group Management</p> <p>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.</p> <p>The Company aims to further increase our corporate value by steadily working on new business creation in the two core business fields we have cultivated thus far: materials and healthcare with integrating the Group’s engineering technology base.</p> <p>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, Japan Tissue Engineering Co., Ltd. (J-TEC) remains publicly listed, after it was determined that it is reasonable for J-TEC to maintain significant independence in consideration of such factors as the special features of the businesses, the brand power in the business fields, the unique corporate culture, the ability to recruit human resources, and the swiftness of decision-making.</p> <p>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.</p> <p>(2) Significance of Holding Shares of Publicly Listed Subsidiary</p> <p>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, 2024) of J-TEC, which is listed on the Growth Market of the Tokyo Stock Exchange, making it a consolidated subsidiary.</p> <p>J-TEC is developing three business groups: the regenerative medicine business including development, manufacturing, and sales of regenerative medicine products; the custom development &amp; manufacturing business in regenerative medicine; and the R&amp;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 &amp; manufacturing business in regenerative medicine. The Company therefore believes that its ownership of J-TEC as a subsidiary is highly significant.</p> <p>The Company currently believes that even without making J-TEC a wholly owned subsidiary, both companies</p>
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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 subsidiary

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

(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 26th Ordinary General Meeting of Shareholders on June 18, 2024. 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 (Updated)	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

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

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaru Onishi	From another company								△			
Masaaki Tsuya	From another company								△			
Tamie Minami	From another company											
Reiko Kusunose	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) (Updated)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
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 2024), 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 Representative Director and President, and Representative Director and Chairperson of Japan Airlines Co., Ltd. As the chair of the Company's Board Directors, he has leveraged his extensive business experience and high level of insight to vitalize and increase the effectiveness of the Board of Directors—for example, by leading in-depth discussions on the formulation of the medium-term management plan published in May 2024—and offered appropriate advice and suggestions. Also, as a member of the Nomination Advisory Committee and Compensation Advisory Committee, he plays a significant role in the appointment of directors and senior executives as well as the deliberation of matters regarding the performance evaluation of directors, including the CEO, and the review of the executive compensation plan, among others. Furthermore, he has sufficiently fulfilled his duties as Chairperson of the Advisory Board, a consultative body of the Company. We have determined that in order to increase shareholder value and corporate value, we need him to supervise decision-making on matters that are significant to the Company and the execution of operations, and to provide objective advice to management as an Outside Director via the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. We therefore support his continued tenure as 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>

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 2024), 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 consecutively held the post of Representative Executive Officer, CEO, and Chairperson of a listed company. Leveraging his extensive business experience and high level of insight, he provides appropriate advice and suggestions as Outside Director of the Company. As the chair of the Nomination Advisory Committee, he also leads in-depth discussions on matters such as the selection and dismissal of directors and management executives, and the review of the plan to develop CEO successor candidates. He also offers appropriate advice and suggestions on matters such as the review of the executive compensation plan and the performance evaluation of directors, including the CEO, as a member of the Compensation Advisory Committee, and on matters related to overall management as a member of the Advisory Board. We have determined that in order to increase shareholder value and corporate value, we need him to supervise decision-making on matters that are significant to the Company and the execution of operations, and to provide objective advice to management as an Outside Director via the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. We therefore support his continued tenure as 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>
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Tamie Minami	○	-	<p>As Outside Director of the Company, Tamie Minami provides appropriate advice and suggestions from the perspectives of corporate management involved in the development of multiple businesses across the globe and Diversity, Equity &amp; Inclusion. She does this by leveraging her broad knowledge and high level of insight developed while overseeing healthcare and industrial material businesses across multiple regions at a global company. She also offers appropriate advice and suggestions on matters such as the nomination of directors and management executives, the review of the executive compensation plan, and the performance evaluation of directors, including the CEO, as a member of the Nomination Advisory Committee and Compensation Advisory Committee, and on matters related to overall management as a member of the Advisory Board. We have determined that in order to increase shareholder value and corporate value, we need her to supervise decision-making on matters that are significant to the Company and the execution of operations, and to provide objective advice to management as an Outside Director via the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. We therefore support her continued tenure as Outside Director. 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>
Reiko Kusunose	○	<p>Reiko Kusunose, Outside Director, comes to us from Nippon Sheet Glass Co., Ltd. and LIXIL Corporation, both of which are clients of the Company. However, as transactions between us and each of these companies are minimal, accounting for less than 1% of the Company’s consolidated sales (results for the fiscal year ended March 2024), we deem there to be no risk of her independence being affected, and have omitted a summary of our transactions with Nippon Sheet Glass Co., Ltd. and LIXIL</p>	<p>Reiko Kusunose has accumulated significant experience in corporate reform and global organizational management in the automobile industry as well as at companies that have undergone business mergers. In recent years, she has led such initiatives as CFO. She has also been actively engaged in Diversity, Equity &amp; Inclusion initiatives within and outside the corporate workplace. As the Company conducts its business globally, driving corporate reforms and implementing financial strategies to support sustainable growth, we determined it would be very valuable to the Company in increasing its shareholder value and corporate value to have her supervise decision-making on matters that are significant to the Company and the execution of operations, and provide objective advice to management as an Outside Director via the Board of Directors, Nomination</p>



		Corporation.	Advisory Committee, Compensation Advisory Committee, and Advisory Board, leveraging her extensive experience and high level of insight. We have therefore appointed her as Outside Director. 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.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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#### Committee’s Name, Composition, and Attributes of Chairperson

	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 (Updated)

##### (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).”

The number of meetings, attendance records of members, and main topics and matters deliberated in fiscal 2023 are provided below. For more details, please refer to the Securities Report.

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

##### <Nomination Advisory Committee>

- Number of meetings: 8
- Attendance records of members: Yoichi Suzuki (8/8); Masaru Onishi (8/8); Masaaki Tsuya (8/8); Tamie Minami (7/7); Akimoto Uchikawa (8/8); Yukako Uchinaga (1/1)
- Main topics and matters deliberated: Examination on re-election of the CEO; review of the details and implementation status of the training provided by the CEO for CEO successor candidates; revision of appointment systems for directors and officers; appointment of directors and officers for fiscal 2024; and independence of outside directors and officers

##### < Compensation Advisory Committee >

- Number of meetings: 8
- Attendance records of members: Yoichi Suzuki (8/8); Masaru Onishi (7/8); Masaaki Tsuya (8/8); Tamie Minami (5/5); Akimoto Uchikawa (8/8); Yukako Uchinaga (3/3)
- Main topics and matters deliberated: Revision of the executive compensation plan; consideration of

executive compensation levels; performance evaluation of internal directors, including the CEO, and other management executives, for fiscal 2022; and calculation of compensation amounts

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), Tamie Minami (outside director), Reiko Kusunose (outside director), and Akimoto Uchikawa (CEO)

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

Tamie Minami (Chair, outside director), Masaru Onishi (outside director), Masaaki Tsuya (outside director), Reiko Kusunose (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 (Updated)

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 and questions. 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) (Updated)

Name	Designation as Independent Statutory Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Hitomi Nakayama	○	-	Hitomi Nakayama monitors overall management and offers effective advice—particularly with respect to the Company's compliance and risk management issues—from a specialist perspective, drawing on her abundant knowledge and experience gained while serving 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 monitors overall management and offers effective advice—particularly with respect to environmental and energy issues as well as global organizational management and compliance—drawing on his abundant knowledge and high level of insight gained while engaging in international energy policy and environmental policy in a number of positions, including a former position as a Ministry of Economy, Trade and Industry official and his current position at the University of Tokyo's Graduate School of Public Policy. 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	○	-	Well experienced as a CPA and well versed in accounting and auditing, Koichi Tsuji gives accurate advice backed by expertise. He also offers appropriate advice and monitors overall management with respect to portfolio reforms and risk management. 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 (Updated)	7
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There are no special interests between the Company and the outside directors and outside statutory auditors.

The status of concurrent positions held by outside directors and outside statutory auditors at other corporate or other entities as well as their Company stock holdings are described in the Securities Report. There are no special interests between the Company and any of the corporate or other entities where outside directors and outside statutory auditors hold a concurrent position.

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

The outside directors' role is to contribute to improving the transparency and accountability (information disclosure needed to fulfill 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 below. Moreover, the Company's outside directors and outside statutory auditors meet the independence requirements specified by the Tokyo Stock Exchange.

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

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 suggestions and advice from the outside directors or outside statutory auditors. If necessary, outside directors or outside statutory auditors may exchange opinions with the administrator overseeing the internal control departments and make proposals for effective improvements of the internal control system and other matters.

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

#### [Incentives]

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

The Company provides internal directors who concurrently serve as corporate officers with performance-based compensation (short-term incentive compensation), Restricted Stock (medium- to long-term incentive compensation) and Performance Share Units (medium- to long-term incentive compensation), with the aim of providing an incentive to achieve short-term goals, achieve the medium-term management plan, and improve medium- to long-term corporate value. In order to further strengthen Group management, the Company has standardized the composition of compensation provided to all of its corporate officers around the world. The Company has revised the scheme for Restricted Stock (medium- to long-term incentive compensation) and Performance Share Units (medium- to long-term incentive compensation), effective from fiscal 2024, by adopting a measure for funding tax payments related to stock compensation with a view to boosting motivation to contribute to increasing the Company's stock value. 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

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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation (Updated)

From April 1, 2023, to March 31, 2024, 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: ¥248 million
- Amounts of compensation by type: ¥184 million basic compensation (seven people), ¥28 million performance-based compensation (six people), and ¥35 million Restricted Stock (four people), no Performance Share Units

2) Statutory auditors (excluding outside statutory auditors)

- Total amounts of compensation: ¥76 million
- Amounts of compensation by type: ¥76 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 (four people)

Note 1. The above compensation is set based on the policy on compensation for directors and statutory auditors as of March 31, 2024.

Note 2. Regarding Performance-based compensation (cash) to be provided to the four Internal Directors appointed at the 157th Ordinary General Meeting of Shareholders held on June 21, 2023, considering that there were offers for partial decline of the acceptance (reduction) (totaling ¥24 million for all of four Directors) of Performance-based compensation (cash) from all of four Internal Directors due to the financial situation in FY2023 and after the deliberation of Compensation Advisory Committee, it was calculated by reducing the offered amount. The total amount of compensation of ¥248 million and Performance-based compensation (cash) of ¥28 million as indicated in the table above do not include the reduced amount.

Note 3. Performance-based compensation, Restricted Stock, and Performance Share Units are not granted to outside directors or outside statutory auditors.

Note 4. 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).

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

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)

Policy on Determining Remuneration Amounts and Calculation Methods (Updated)	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has revised the scheme for Restricted Stock and Performance Share Units, effective from fiscal 2024, by adopting a measure for funding tax payments related to stock compensation. This was done with a view to boosting motivation to contribute to increasing the Company's stock value while at the same time aiming to ramp up corporate value creation activities in the areas of corporate governance and stakeholder engagement as well as medium- to long-term measures for sustainability and ESG.

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

(1) Basic policy for compensation plan

- The plan should incentivize the achievement of short-term and medium- to long-term management targets, and enhance awareness of contributing to a medium- to long-term increase in earnings and corporate value
- The plan should be closely linked to company performance, and be highly transparent and objective
- The plan should be primarily focused on enhancing value shared with the interests of stakeholders and shareholder-focused management awareness
- The plan should maintain sufficient compensation levels and content to act as an incentive to globally secure high-quality management human resources

(2) Compensation level

The compensation level for Internal Directors and Outside Directors is determined each year after verifying the appropriateness of the level of total compensation for each position and job grade based on the results of a remuneration survey in which major corporations in Japan participate.

(3) Composition of compensation, etc. for directors and statutory auditors

- Compensation for Internal Directors who concurrently serve as Corporate Officers is composed of fixed basic compensation that is not linked with the performance of the Company, variable performance-based compensation (short-term incentive compensation), Restricted Stock (medium- to long-term incentive compensation), and Performance Share Units (medium- to long-term incentive compensation), with the aim of providing an incentive to achieve short-term performance goals and the medium-term management plan, and improve medium- to long-term corporate value.

For Internal Directors who do not concurrently serve as Corporate Officers, only cash compensation is granted based on their appointed duties, and Restricted Stock (medium- to long-term incentive compensation) and Performance Share Units (medium- to long-term incentive compensation) are not granted.

- Compensation for Outside Directors and Statutory Auditors is solely basic compensation that is not linked to the performance of the Company.

(4) Composition ratio of compensation

The composition ratio of compensation for Internal Directors who concurrently serve as Corporate Officers is as follows:

1) President and Representative Director

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

2) Other Directors

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

(Note)

For the President and Representative Director of the Board, different ratios are set from those of other Directors for compensation linked to the Company's performance in order to clarify the significance of the position and the related responsibilities.

(5) Performance indicators for performance-based compensation etc.

1) Performance-based compensation

To incentivize the recovery of the fundamental earning power and the promotion of business reforms, the Company has set "business income," "ROIC based on business income after tax," and "individual performance targets" including non-financial indicators (safety) for sustainability that are applied to all directors as performance indicators for each Internal Director concurrently serving as Corporate Officer.

2) Performance Share Units

To motivate Directors to realize an improvement in corporate value and shareholder value in the medium to long term, the Company employs "ROE," "TSR," and "Sustainability" as performance indicators. The target for "ROE" is the figure the Company should aim for over the medium term. The Company continues to employ "TSR" as a performance indicator to build awareness among management from the perspective of the shareholders. In addition, in order for the Company to achieve its long-term vision of becoming a "Company that Supports the Society of the Future," the Company has also set non-financial indicators for sustainability



(environment, DE&I, and employee engagement) as performance indicators for each Internal Director concurrently serving as Corporate Officer.

(6) Policy on determining the timing and conditions for providing compensation, etc.

1) Fixed compensation

(a) Basic compensation

The amount paid to each Director is determined according to position and job grade and paid as a fixed amount. One twelfth of the fixed amount based on position and job grade is provided as monthly compensation.

2) Variable compensation

(a) Performance-based compensation

Performance-based compensation (cash) is calculated based on position and job grade, the achievement level of the performance indicators, and the individual performance evaluation of Directors, and paid out by the end of June as a year-end lump sum. Furthermore, within the scope approved by the resolution of the General Meeting of Shareholders, new performance evaluation periods and performance evaluation indicators will be established.

(b) Restricted Stock

Around July or August of each year, shares and share units equivalent to the standard amount determined based on position and job grade will be allotted with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. As a general rule, the transfer restrictions on granted shares are lifted upon retirement from a position designated in advance by the Board of Directors. Regarding monetary compensation based on stock units, it is typically provided in cash by multiplying the number of granted stock units by the market price of the Company's common share at the time of transfer restriction removal.

Restricted Stock (RS) will be allotted to each Internal Director who concurrently serves as a Corporate Officer on the condition that there has been no certain violation of rules stipulated by the Board of Directors of the Company, and that the Internal Director meets other requirements determined necessary for the restricted stock plan stipulated by the Board of Directors of the Company.

(c) Performance Share Units

Around July or August of each year, the number of shares and share units calculated based on the achievement level of one or more performance indicators set by the Board of Directors applicable to the performance evaluation periods comprised of one or more fiscal years will be allotted after conclusion of the evaluation performance period set for each performance indicator, with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. As a general rule, the transfer restrictions on granted shares are lifted upon retirement from a position designated in advance by the Board of Directors. Regarding monetary compensation based on stock units, it is typically provided by multiplying the number of granted stock units by the market price of the Company's common shares at the time of transfer restriction removal.

Performance Share Units will be allotted to each Internal Director who concurrently serves as a Corporate Officer on the condition that the Internal Director has served in a position designated by the Company's Board of Directors for the entirety or a portion of the performance evaluation period, there has been no certain violation of rules stipulated by the Board of Directors of the Company and the Internal Director who meets other requirements determined necessary for the performance share units plan by the Board of Directors of the Company.

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) (Updated)**

**(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. The Company's Board of Directors is currently composed of seven members (two women and five men), including four outside directors who satisfy the requirements for independent directors specified by the Company. The term of office for directors is set at one year in the Articles of Incorporation.

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 2023. Details on the attendance records of the members and main topics and matters deliberated in fiscal 2023 are provided in Attachment 1: Attendance of Individual Directors at Board of Directors Meetings and Main Topics and Matters Deliberated. Equivalent information is contained in the Securities Report.

(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), Naohiko Moriyama, Noboru Yamanishi, Masaaki Tsuya (outside director), Tamie Minami (outside director), and Reiko Kusunose (outside director)

## **(2) Board of Statutory Auditors**

The Company's Board of Statutory Auditors consists of five members (including two women), of whom three—a majority—are outside statutory auditors who satisfy the requirements for independent statutory auditors.

Statutory Auditors audit the performance of duties by directors based on their expertise and experience in law, finance, accounting, etc. Full-time Statutory Auditor Masanori Shimai and Outside Statutory Auditor Koichi Tsuji 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.

The Board of Statutory Auditors met 12 times in fiscal 2023. Details regarding members' attendance and priority audit items in fiscal 2023 are provided in Attachment 2: Attendance of Individual Statutory Auditors at Board of Statutory Auditors Meetings and Priority Audit Items. Equivalent information is contained in the Securities Report.

(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, Tomoko Torii, Hitomi Nakayama (outside statutory auditor), Jun Arima (outside statutory auditor), and Koichi Tsuji (outside statutory auditor)

## **(3) 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.

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

The Nomination Advisory Committee and the Compensation Advisory Committee are established as consultative bodies to the Board of Directors in order to further improve the transparency of executive personnel affairs. Each Committee has functions to deliberate on the following matters and make proposals and 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; and matters concerning appointment/dismissal of senior advisors
- (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

Both Advisory Committees are made up of four (4) Outside Directors, the Chairperson of the Board (vacant if absent) and the CEO. The Outside Director who is the chairperson of the Advisory Committee chairs the respective Advisory Committees. In principle, for matters concerning the CEO, the CEO leaves the room and does not participate in the discussions. For matters concerning the Chairperson of the Board as well, the Chairperson of the Board leaves the room and does not participate in the discussions.

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), Tamie Minami (outside director), Reiko Kusunose (outside director) and Akimoto Uchikawa (CEO)

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

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

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

The Advisory Board is established to enable the Board of Directors to receive advice from external experts in order to improve the quality of management and is operated as a consultative body to the Board. The Advisory Board is made up of five to seven outside advisors (currently, four outside directors and two non-Japanese experts) as well as the Chairperson (the additional seat is left vacant in the event of a vacancy in the Chairperson post) and the CEO. The outside director who chairs the 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), Masaaki Tsuya (outside director), Tamie Minami (outside director), Reiko Kusunose (outside director), Thomas M. Connelly, Jr. (non-Japanese expert), Gerardus Johannes Wijers(non-Japanese expert), and Akimoto Uchikawa (CEO)

#### **(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, 2024, the number of internal auditors in the Teijin Group is 18 (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, 5 years), Yoshihiro Uehara (KPMG AZSA LLC, 3 years), and Hiroaki Iwasaki (KPMG AZSA LLC, 3 year)

The status of assistants in auditing is as follows: CPAs 10, others 37, total 47.

#### **(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 ( Masaru Onishi, Masaaki Tsuya, Tamie Minami, and Reiko Kusunose) and each of five (5) Statutory Auditors (Masanori Shimai, Tomoko Torii, 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 (Updated)

The Teijin Group has adopted and will adopt from time to time mechanisms for corporate governance which are appropriate for achieving the purposes of the Company. Accordingly, the Company will timely review the mechanisms and such changes may be made in accordance with changes in the social and legal environments. The current Companies Act requires the Board of Directors to appropriately carry out two functions: making important business 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 "corporate officer system and board of directors including independent outside directors", "statutory auditor system including independent outside statutory auditors", and "Nomination Advisory Committee and Compensation Advisory Committee in which independent outside directors constitute the majority."

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

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

	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 2024, the General Meeting of Shareholders was held on June 20, 2024, and the Notice of Convocation was sent on May 29. Ahead of this, on May 23, 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 2024 was held on June 20. The General Meeting of Shareholders for the fiscal year ending March 2025 is also scheduled to be held at a similar timing.
Allowing Electronic Exercise of Voting Rights	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 23. <a href="https://www.teijin.com/ir/stocks/general-meeting/">https://www.teijin.com/ir/stocks/general-meeting/</a>
Other	<ol style="list-style-type: none"> <li>1. The General Meeting of Shareholders is an important opportunity for direct dialogue with shareholders.</li> <li>2. A live streaming service (a hybrid participation-type virtual meeting) was provided, enabling shareholders to watch the Meeting.</li> <li>3. On May 30, before the General Meeting of Shareholders was held, the Company launched a page on its website to take questions from shareholders.</li> </ol>

## 2. IR Activities (Updated)

	Supplementary Explanations	Explanation by the Representative
Preparation and Publication of Disclosure Policy	<p>The Teijin Group’s IR Basic Policy is available on the Company’s website in Japanese and English.            (Japanese: <a href="https://www.teijin.co.jp/ir/disclosure/">https://www.teijin.co.jp/ir/disclosure/</a>)            (English: <a href="https://www.teijin.com/ir/disclosure/">https://www.teijin.com/ir/disclosure/</a>)</p> <p><b>Disclosure Policy</b></p> <p>Basic Policy</p> <ol style="list-style-type: none"> <li>1. Teijin Ltd. and Teijin Group companies have a basic policy of providing company information to all stakeholders in a timely, fair, accurate, and consistent manner.</li> <li>2. A management priority is to build a relationship of trust with shareholders and investors in particular, and therefore, we shall actively endeavor to enhance information disclosure and two-way communication.</li> <li>3. We believe that accountability (information disclosure needed to fulfill 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</li> </ol>	

	<p>appropriately in a variety of media, and disclose easy-to-understand information in an environment easily accessible by shareholders and investors through a range of information media including information sessions and various printed materials.</p> <p>Quiet Period 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	The Company holds a presentation meeting for individual shareholders every year, where the CEO provides an overview of the company's management policies. We also offer facility tours to introduce individual shareholders to the Company's products using exhibits. In fiscal 2023, such tours were held at the Teijin Group's showroom (TEIJIN MIRAI STUDIO).	Yes
Regular Investor Briefings for Analysts and Institutional Investors	<p>The Company holds presentations on each quarterly financial result announcement. Moreover, the Company also holds presentations related to its medium- to long-term management policy and its progress, individual businesses and other important matters relating to disclosure, and conducts factory tours.</p> <p>The Company held presentations a total of five times during the period from April 2023 to March 2024, 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 "Aramid Business Presentation" in November 2023, inviting a rough total of 100 investors and analysts to give them a better understanding of the business.</p>	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 2023 to March 2024, the Company actively organized investor meetings both online and in-person, and also participated in two face-to-face conferences hosted by securities companies in February and March 2024. Additionally, the Company ran webinars to present its business overview to investors in the U.S., Europe, and Asia, scheduling them in consideration of the convenience of local attendees.	Yes
Posting of IR Materials on Website	<p>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&amp;A summaries regarding business results presentations and business presentations for analysts and institutional investors in both Japanese and English.</p> <p>(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>)</p>	
Establishment of Department and/or	Officer in charge of IR: Teijin Group Senior Executive Officer,	

Manager in Charge of IR	Representative Director of the Board (Corporate Strategy), Deputy Chief Officer (Corporate Strategy) (for Stakeholder Communication)  Department in charge of IR: Corporate Communication Department
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### 3. Measures to Ensure Due Respect for Stakeholders (Updated)

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The shareholders entrust capital into the Company and thus, the Company is required to achieve profits through its business activities and to ultimately increase shareholder value over the medium and long term. It is the basic mission of the Company to comply with such shareholders’ entrustment. Based on this basic mission, the Company must fulfill its respective responsibilities to its stakeholders (interested parties), such as employees, business partners, customers, consumers, local residents and communities, etc.”</p> <p>Moreover, the Company’s Code of Conduct stipulates that we should respect human rights in all business activities and the Company’s supply chain, allow no discrimination or harassment, fulfill our accountability, and engage in business activities trusted by local communities.</p>
Implementation of Environmental Activities, CSR Activities, etc.	<p>The Teijin Group has established a Chief 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.</p> <p>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.</p> <p>The Teijin Group, in accordance with its basic policies for social contributions, will value harmony with nature and achieve growth with local communities. To this end, the Group is conducting appropriate social contribution activities as a good corporate citizen, in line with its business attributes and which respect the local uniqueness of each area in which the Company operates. To provide support to the development of younger generations in the fields of academia/education and sports, the Company has supported a total of nearly 1,700 students specializing in science and engineering fields through the Teijin Kumura Scholarship provided by the Teijin Scholarship Foundation for about 70 years.</p>
Development of Policies on Information Provision to Stakeholders	<p>The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The accountability (information disclosure needed to fulfill 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>
Other	<Diversity, Equity and Inclusion Promotion Policy>



	<p>The Teijin Group positions the promotion of diversity, equity 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, Equity and Inclusion&gt;</p> <p>In 2000, recognizing workforce diversity as the key to sparking creativity and generating innovation, the Teijin Group began to promote various initiatives with the principal aim of empowering women in the workplace and increasing the number of non-Japanese hires. With a view to global business development, we are rolling out activities from Japan to other locations around the world and facilitating the diversity of senior management by setting KPIs. In order to build a pipeline of candidates for senior management positions and increase the number of women in the position of department/division head, the target ratio of female department and division heads is set for each business unit, with the business units carrying out specific training and appointment programs to achieve the target.</p> <p>The Company is also committed to the employment of people with disabilities and operates a special subsidiary. Teijin Soleil Co., Ltd. is engaged in the agriculture business, mainly producing vegetables, roses, and Phalaenopsis orchids, as well as office support services, and provides disabled employees with suitable job opportunities. We hope that those employees engaged in agriculture will, through using their abilities to make productive contributions to the business, the Company, and the economy, develop a sense of fulfillment and pride at being part of the workforce. Teijin Soleil is striving to expand markets in the agriculture business with the aim of increasing revenue and bringing its operating income into the black. The disability employment rate at Teijin, Teijin Pharma, Teijin Healthcare, and Teijin Soleil was 2.62%, exceeding the mandatory rate of 2.3%, as of March 2024.</p> <p>Starting from 2017, the Company is addressing issues associated with LGBTQ+ employees by conducting a range of measures, such as: (1) announcing the Company's policy; (2) carrying out activities to raise employee awareness; (3) revising personnel and compensation systems to give consideration to such employees; and (4) providing such employees with individual support. Having implemented necessary actions for items (1) and (3), we are currently focusing on the remaining issues, namely, employee awareness-raising activities and individual support. In fiscal 2023, we held events to increase understanding of issues faced by LGBTQ+ individuals and included this subject in the curriculum of level-based employee training programs. We are also seeing an increasing, albeit still small, number of LGBTQ+ employees seeking individual consultation. In recognition of these efforts, we were awarded Gold in the PRIDE Index organized by "work with Pride" for the fourth consecutive year.</p>
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#### IV. Matters Related to the Internal Control System

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

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 29, 2024. 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 (Updated)**

**(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 anti-social 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 anti-social forces with all the Teijin Group employees, the "Corporate Ethics Guideline" summarizing 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

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

#### 1. The Corporate Governance System

Please see “The Teijin Group’s Corporate Governance System” below.

#### 2. Overview of Timely Disclosure

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

The Company has adopted a basic policy of conducting management with an emphasis on transparency and fairness of management as well as disclosing information in a timely manner. The accountability of the Company (information disclosure needed to fulfill accountability) 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 division 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 Division, 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.

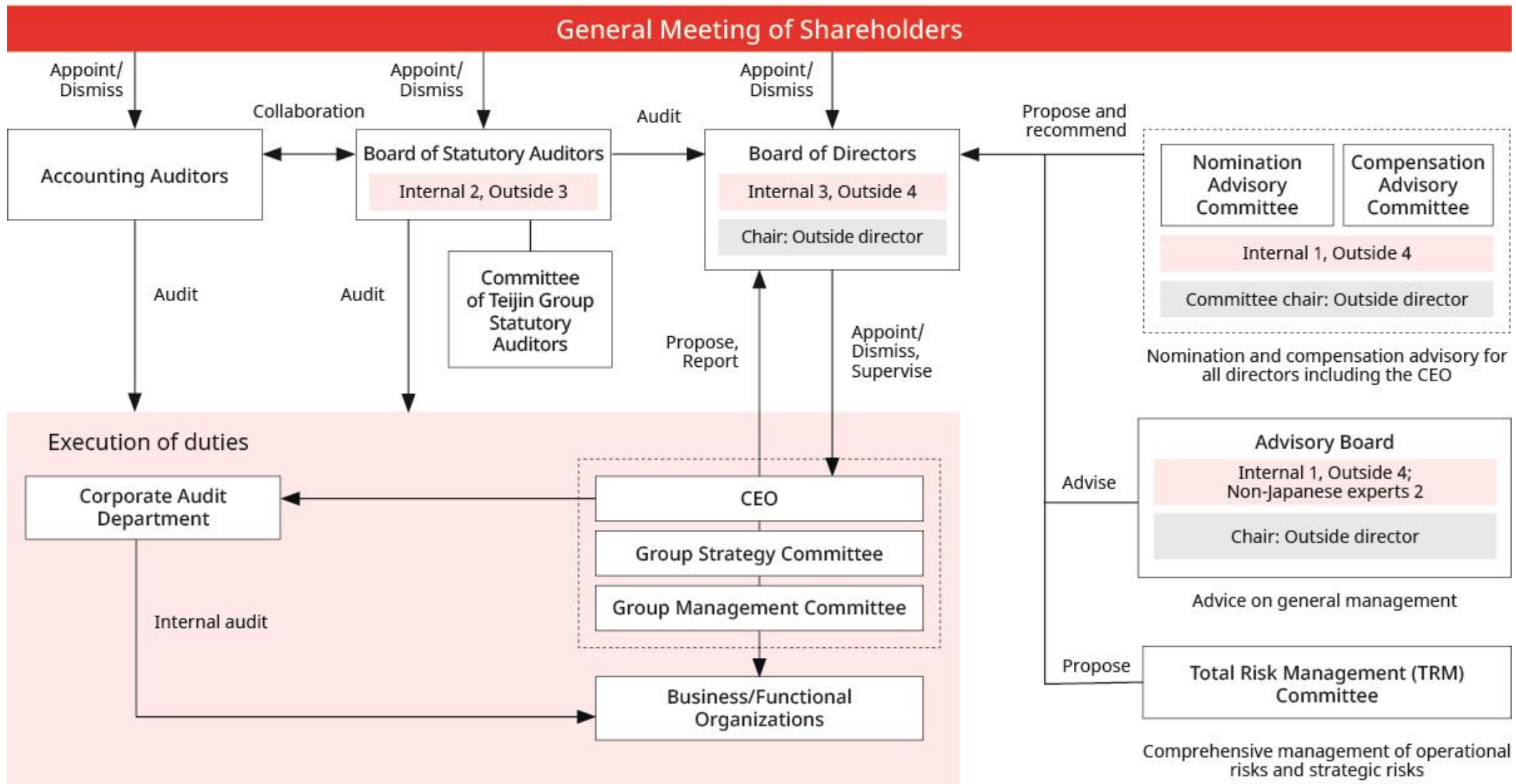
###### ◆Publication of information:

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



## Attendance of Individual Directors at Board of Directors Meetings and Main Topics and Matters Deliberated

The Board of Directors met 13 times in fiscal 2023. The attendance of individual members and main topics and matters deliberated are summarized as follows.

### Attendance

Position / Name		Participation in the Board of Directors	rate
Inside Director	Akimoto Uchikawa	13 times out of 13	100%
	Eiji Ogawa	13 times out of 13	100%
	Naohiko Moriyama	13 times out of 13	100%
	Noboru Yamanishi *1	10 times out of 10	100%
	Jun Suzuki *2	2 times out of 3	67%
	Akihisa Nabeshima *2	3 times out of 3	100%
	Toshiya Koyama *2	3 times out of 3	100%
Outside Director	Yoichi Suzuki	13 times out of 13	100%
	Masaru Onishi	13 times out of 13	100%
	Masaaki Tsuya	13 times out of 13	100%
	Tamie Minami *1	10 times out of 10	100%
	Yukako Uchinaga *2	3 times out of 3	100%

\*1. For the period from June 2023 at the time of assuming office to March 2024

\*2. For the period from April 2023 to June 2023 at the time of leaving office

### Main topics and matters deliberated

Management/business strategy	<ul style="list-style-type: none"> <li>• Rethinking of the long-term vision and business portfolio for the future</li> <li>• New medium-term management plan: Teijin Group Medium-Term Management Plan 2024-2025</li> <li>• Initiatives related to human capital/intellectual property</li> <li>• Promotion of DX activities</li> <li>• Rationality of parent-subsidiary listing</li> <li>• Priority strategic business investment projects</li> <li>• Progress monitoring of priority investment projects, etc.</li> <li>• Fiscal 2024 short-term management plans, etc.</li> </ul>
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Corporate governance	<ul style="list-style-type: none"> <li>• Evaluation of the effectiveness of the Board of Directors</li> <li>• Internal control system operation evaluation result report and basic policy on internal control system</li> <li>• Submission of the corporate governance report</li> <li>• Status of cross-shareholdings</li> <li>• Basic plan and annual plan for total risk management (TRM)</li> <li>• BCP measures including those for supply chain operations</li> <li>• Statutory Auditors' audit plans, etc.</li> </ul>
Earnings/IR/Shareholders' meeting	<ul style="list-style-type: none"> <li>• Earnings results and forecasts</li> <li>• Dividends from surplus</li> <li>• Status of stakeholder communication activities</li> <li>• Summary of the annual meeting of shareholders, etc.</li> </ul>
Appointment and compensation of directors and officers	<ul style="list-style-type: none"> <li>• Assuming and leaving office of Teijin Group Corporate Officers and duties assigned to each</li> <li>• Compensation schemes and compensation amounts for Directors and Teijin Group Corporate Officers, etc.</li> </ul>



## Attendance of Individual Statutory Auditors at Board of Statutory Auditors Meetings and Priority Audit Items

The Board of Statutory Auditors met 12 times in fiscal 2023. The attendance of individual members and priority audit items are summarized as follows.

### Attendance

Position / Name		Participation in the Board of Statutory Auditors	rate
Full-time Statutory Auditor	Masanori Shimai	12 times out of 12	100%
	Akio Nakaishi	12 times out of 12	100%
Outside Statutory Auditor	Hitomi Nakayama	12 times out of 12	100%
	Jun Arima	12 times out of 12	100%
	Gen Ikegami *1	3 times out of 3	100%
	Koichi Tsuji *2	9 times out of 9	100%

\*1. For the period from April 2023 to June 2023 at the time of leaving office

\*2. For the period from June 2023 at the time of assuming office to March 2024

### Priority audit items

Area of audit	Priority audit items
Governance	<ul style="list-style-type: none"> <li>• Business operations and internal control situation of important overseas subsidiaries</li> <li>• Governance system for listed subsidiaries</li> <li>• Response to the corporate governance code</li> </ul>
Corporate ethics/compliance	<ul style="list-style-type: none"> <li>• Response to social needs related to climate change, human rights, and other issues</li> <li>• Establishment and operation of compliance systems (including whistleblowing system)</li> <li>• Establishment and operation of internal control systems</li> </ul>
Risk management associated with business operations	<ul style="list-style-type: none"> <li>• Measures to address human resources management (human capital) issues</li> <li>• (Production related) Measures to prevent ESH-related accidents, establishment and operation of production facilities and management systems</li> <li>• Actions to address information security risks</li> <li>• Effectiveness of head office functions including that of the second line of defense</li> <li>• Status monitoring of preparations for voluntary application of IFRS (fiscal 2024)</li> </ul>
Risk management associated with management strategies	<ul style="list-style-type: none"> <li>• Medium- to long-term business portfolio (target setting and implementation process)</li> <li>• Monitoring as needed of the implementation of improvement plans at specified businesses and companies</li> </ul>