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Teijin Limited

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Securities Code: 3401

<https://www.teijin.com>

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

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

1. Basic Views

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

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

The Company implements a management structure that ensures transparency and fairness based on the beliefs stated above and will disclose information on a timely basis. In addition, to boost competitiveness, the Company must create an organization and mechanism that enables it to make speedy decisions and to execute those decisions. Furthermore, the Company requests each of the Group Companies and the Managers 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/governance/guide/>

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

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

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

Principle 1.4 Cross-Shareholdings

<Basic Policy Concerning Cross-Shareholdings>

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

takes into account a comprehensive range of factors, including the significance from a management strategy standpoint and business relationships, in addition to weighing dividends, transaction amounts, and other quantitative impacts against the cost of capital. After these reviews, those shares for which the purpose of holding has diminished are liquidated, in principle. Through this process, the Company endeavors to reduce cross-shareholdings.

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

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

Principle 1.7 Related Party Transactions

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

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 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 assets held, as well as monitoring the status of employees' asset management in the defined contribution pension plan.

Principle 3.1 Full Disclosure

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

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

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

In order to realize its Long-term Vision, in February 2017, the Teijin Group formulated and released its Medium-term Management Plan "ALWAYS EVOLVING" for 2017-2019, which is being implemented over three years. Further information about Teijin's Long-term Vision and Medium-term Management Plan is published on the Company's website.

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

The Company strives to actively provide information on these medium- to long-term management 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/governance/guide/>

(iii) Policy and procedure pertaining to the setting of remuneration for Senior Management and directors

For information on the policy and procedure pertaining to the setting of remuneration for directors and corporate officers, please refer to "Disclosure of Policy on Determining Remuneration 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 directors and statutory auditors

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

In the nomination process for directors, Director candidates are decided by the Board of Directors as personnel that are suitable to be directors, with outstanding personality and insight, 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 members of the Board of Directors at 10 directors in tandem with delegating substantial authority for business execution. In the Teijin Regulations for the Board of Directors, which are internal regulations, the number of outside directors has been set at four or more, in principle, in order to increase management transparency and shareholder value while giving consideration to the diversity, independence and other characteristics of the Board of Directors as a whole. The selection of the CEO and nomination of a successor are deliberated by the Advisory Board, while the selection of members of senior management other than the CEO are deliberated by the Nomination 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 5, in principle, with a majority of 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 actions unbecoming senior management, the Board of Directors will deliberate such matters and decide on the dismissal of the individual concerned.

(v) Explanations for the reasons for the nomination, election and dismissal of each candidate for senior management, director and statutory auditor.

The reasons for the election of each candidate director and statutory auditor at the General Meeting of Shareholders this year are provided in the Reference Documents for the General Meeting of Shareholders in the Notice of Convocation for the 153rd Ordinary General Meeting of Shareholders. The Notice of Convocation for the 153rd Ordinary General Meeting of Shareholders is published on the Company's website. https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_190620_01.pdf

Supplementary Principle 4.1.1 Scope of Authority Delegated to Management

Matters to be decided by the Board of Directors include matters required by laws and regulations, as well as matters stipulated by Regulations for the Board of Directors, which are internal rules, based on the level of importance to management, such as the Teijin Group's overall management policies and overall plan. Authority to make decisions on matters other than these is delegated to the CEO and subordinate ranks.

Principle 4.9 Independence Standards and Qualification for Independent Directors

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

For further details, please see "II 1. [Independent Directors /Statutory Auditors]" in this report.

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

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

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

The Convocation Notice for the 153rd Ordinary General Meeting of Shareholders lists the concurrent positions of the directors and the statutory auditors. The Convocation Notice for the 153rd Ordinary General Meeting of Shareholders is published on the Company’s website.

https://www.teijin.com/ir/stocks/general-meeting/pdf/gm_190620_01.pdf

Supplementary Principle 4.11.3 Analysis and Evaluation of Board of Directors Effectiveness

In order to ensure the effectiveness and enhance the functions of the Board of Directors, the Company conducted a “self-assessment on the effectiveness of the Board of Directors.” As part of the evaluation, in fiscal 2018, the Board of Directors discussed measures to improve the current corporate governance system and the effectiveness of the Board of Directors, along with conducting a review of the improvements identified as issues in the previous fiscal year.

As a result, it was confirmed that improvement was made on dialogue with stakeholders and other matters that had been identified as issues. It was also confirmed that the Board of Directors is functioning appropriately with active discussion being held in Board of Directors meetings, and there is no particular problem with the current governance system and its operation.

Going forward, the Company will continually strive to improve the effectiveness of the Board of Directors, as it continues to implement measures to ensure even higher effectiveness and to conduct regular reviews of the corporate governance system (institutional design and composition of directors, etc.).

Supplementary Principle 4.14.2 Policy for Director and Statutory Auditor’s Training

The directors and statutory auditors are provided with opportunities to increase their insight and knowledge. For example, the Company regularly holds training seminars led by external guest experts, along with dispatching directors and statutory auditors to external training programs. The Company also provides training opportunities needed by directors and statutory auditors to perform their duties, as appropriate.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

(1) Enhancing dialogue with shareholders

Dialogue with shareholders and investors is handled by Senior Management, including the officer responsible for IR. The practical implementation of this dialogue is handled by the IR Division in coordination with the relevant internal department and offices. Feedback from shareholders and investors obtained through this dialogue is compiled by the IR Division and presented to directors, management, and statutory auditors.

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

(2) Disclosure Policy

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

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

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

2. Capital Structure

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

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,370,700	8.01
Japan Trustee Services Bank, Ltd. (Trust account)	10,579,149	5.51
Nippon Life Insurance Company	7,045,501	3.67
The Employee Stock Ownership Association of Teijin	5,021,689	2.61
JPMORGAN CHASE BANK 385151	4,125,925	2.15
Japan Trustee Services Bank, Ltd. (Trust account 7)	3,330,600	1.73
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,144,400	1.63
STATE STREET BANK WEST CLIENT-TREATY 505234	2,970,251	1.54

JPMorgan Securities Japan Co., Ltd.	2,960,029	1.54
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,897,287	1.51

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

Supplementary Explanation (Updated)

- The Status of Major Shareholders is as of March 31, 2019.
- The shareholding ratio has been calculated after excluding Treasury stocks (6,141,576 shares) from the Issued shares.
- As of August 22, 2018, the statement on large-volume holdings, which is available for public viewing, indicates that there is 1 Joint Holder in addition to Nippon Life Insurance Company that held the Company's shares as of August 15, 2018 as detailed below. However, the Company was unable to confirm the actual number of shares held as of March 31, 2019. Therefore, the number of shares owned as indicated on the register of shareholders is presented in the Status of Major Shareholders above. The share ownership percentage shown in parentheses below represents the percentage of the total number of issued shares including treasury shares.
 - Nippon Life Insurance Company (Joint Holders: two companies): Held 9,899 thousand shares (5.00%) as of August 15, 2018 (statement on large-volume holdings as of August 22, 2018)
- The statement on large-volume holdings, which is available for public viewing, indicates that the following companies hold a considerable number of shares of the Company. However, the Company was unable to confirm the actual number of shares held by these companies as of March 31, 2019. Therefore, the companies are not included in the Status of Major Shareholders above. The share ownership percentages shown in parentheses below represent the percentage of the total number of issued shares including treasury shares.
 - Nomura Securities Co., Ltd. (Joint Holders: 3 companies): Held 10,133 thousand shares (5.03%)* as of March 15, 2019 (statement on large-volume holdings as of March 25, 2019)
 - Mitsubishi UFJ Financial Group, Inc. (Joint Holders: 4 companies): Held 12,046 thousand shares (6.08%) as of August 13, 2018 (Amended statement as of August 20, 2018)
 - BlackRock Japan Co., Ltd. (Joint Holders: 8 companies): Held 12,017 thousand shares (6.10%) as of May 15, 2017 (Amended statement as of May 19, 2017)

*The share ownership percentage of Nomura Securities Co., Ltd. (Joint Holders: 3 companies) represents the percentage of the aggregate number of shares computed as the sum of the total number of issued shares including treasury shares and the number of dilutive share certificates, etc. held in connection with the ownership of corporate bond certificates with share options.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-EndMarchType of Business	Textiles & Apparels
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion

Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100
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4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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

The Company holds shares of Infocom Corporation, a publicly listed company. The Company and this publicly listed company strive to expand business based on a shared and mutually understood group strategy, with the aim of demonstrating Group-wide synergies and maximizing business performance for the Group as a whole. However, both companies have adopted a basic policy of maintaining independence in their business operations and transactions.

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 Statutory Auditors Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No more than 10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	the Outside Director
Number of Directors	9
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	
Fumio Ohtsubo	From another company									△			
Yukako Uchinaga	From another company												
Yoichi Suzuki	Others												
Masaru Onishi	From another company									△			

* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

- 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
Fumio Ohtsubo	○	Fumio Ohtsubo comes from Panasonic Corporation, a client of the Company's products, but as transactions between Panasonic Corporation and the Company are minimal, accounting for less than 1% of the Company's consolidated sales (the results for the fiscal year ended March 2019), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Panasonic Corporation.	Fumio Ohtsubo has served as President and Chairman of the listed company, and he is expected to provide advice on the Company's business operations based on his abundant business experience and high level insight. As he satisfies both the requirements of "independent 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.
Yukako Uchinaga	○		Yukako Uchinaga has served as Vice President and is expected to provide advice based on her broad knowledge of the deep insight in matters concerning diversity. As she satisfies both the requirements of "independent 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.
Yoichi Suzuki	○		Yoichi Suzuki has served at the Ministry of Foreign Affairs in areas such as negotiations related to international economic and trade issues, and is expected to provide advice on the Company's business operations with a

			high level of insight based on his ample wisdom and global perspective. As he satisfies both the requirements of “independent 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.
Masaru Onishi	○	Masaru Onishi comes from Japan Airlines Co., Ltd., a client of the Company’s products, but 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 2019), we deemed that there is no risk of his independence being affected, and have omitted a summary of our transactions with Japan Airlines Co., Ltd.	Masaru Onishi has served as President and Chairman of the listed company, and he is expected to provide advice on the Company’s business operations based on his abundant business experience and high level insight. As he satisfies both the requirements of “independent director” stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges, the Company has judged there to be no risk of conflicts of interest arising between him and the general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson

	Committee’s Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairman
Committee Corresponding to Nomination Committee	Advisory Board (*)	8	1	1	4	2	0	Outside Director
Committee Corresponding to Remuneration Committee	Advisory Board (*)	8	1	1	4	2	0	Outside Director

Supplementary Explanation (Updated)

(1) The Advisory Board (*)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top managements, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors consisting of two or three non-Japanese advisors as well as the Chairman of the Board (in the case of absence of the chairman of the Board, the senior advisor will take the chairmanship of the Board), and the President & CEO, and the Chairman of the Board chairs the Advisory Board (in the case of absence of the chairman of the Board, the senior advisor will take the chairmanship of the Board).

The Advisory Board is chaired by an outside director when proposals concerning nomination and remuneration are on the agenda. Such proposals consist of making recommendations regarding the alternation of the CEO and nomination of a successor, deliberating the election of chairman, deliberating the system and levels of compensation for Teijin Group directors and officers, and evaluating the performance of the CEO. For matters concerning the CEO, the CEO leaves the room and does not participate in the discussion. For matters concerning the chairman, the chairman leaves the room and does not participate in the discussion.

(2) The Nomination Advisory Committee and the Compensation Advisory Committee

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Advisory Committee and the Compensation Advisory Committee, as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Both committees are made up of two outside directors, the Chairman of the Board (In case of absence, the chair is left vacant.) and the CEO. Outside Director chairs both committees. Both committees shall have a function to make proposals and recommendations to the Board of Directors with respect to the nomination, evaluation and amount of compensation of Directors and the Senior Management other than the Chairman and CEO.

[Statutory Auditor]

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

Cooperation among Statutory Auditors, Accounting Auditors and Internal Audit Departments

The Company's Board of Statutory Auditors receives a summary explanation from the accounting auditor regarding the accounting audit plan, the internal control audit plan, and the quarterly review plan, along with accounting audit reports, internal control audit reports, quarterly review reports, and Group company on-site audit reports. Through these reports, the Board of Statutory Auditors receives an explanation of issues related to accounting and internal control and undertakes the required countermeasures. On the other hand, the accounting auditor receives an explanation of the audit policy, audit plan, and so forth, from the statutory auditors and they exchange opinions. Moreover, the Company's Board of Statutory Auditors receives an explanation of matter indicated in the Group company audits from the accounting auditor that conducts the Group company audits and the information is shared throughout the Group.

Furthermore, the Group Board of 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 coped with, and so forth. The "Corporate Audit Department," which is an internal auditing body, also has links 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. On the other hand, the Corporate Audit Department reports flexibly on the internal audit execution status through the Committee of Teijin Group Statutory Auditors (held six times per year), 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.

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

Outside Statutory Auditors' Relationship with the Company (1)

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

* 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 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 compensation as a statutory auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the statutory auditor himself/herself only)
- k. Executive of a company, between which and the Company outside directors/statutory auditors are mutually appointed (the statutory auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the statutory auditor himself/herself only)
- m. Others

Outside Statutory Auditors’ Relationship with the Company (2)

Name	Designation as Independent Statutory Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuo Tanaka	○		Nobuo Tanaka is expected to contribute to the maintenance and improvement of the Company’s corporate governance with his abundant experience and knowledge gained through working at ministries such as the Ministry of Economy, Trade and Industry and at international agencies such as OECD. He satisfies both the requirements of independent outside statutory auditor stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges.
Gen Ikegami	○		Gen Ikegami is expected to contribute to the maintenance and improvement of compliance by the Company with his abundant knowledge and experience as Certified Public Accountant. Therefore, the Company judges that he is able to perform duties as Outside statutory

			auditor properly. He satisfies both the requirements of independent outside statutory auditor stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges.
Hitomi Nakayama	○		Hitomi Nakayama is acting as a lawyer and has filled several member posts on several governmental policy boards, she is expected to maintain and improve compliance of the Company based on her abundant wisdom. She satisfies both the requirements of independent outside statutory auditor stipulated by the Company and the requirements of independent directors/statutory auditors stipulated by stock exchanges.

[Independent Directors/ Statutory Auditor]

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

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

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

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

On April 1, 2003, the Company prescribed requirements for independent directors by the Board of Directors as “Independent Director Regulations,” which serves 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 “Independent Statutory Auditor Regulations,” which serves as the basis for the election of outside statutory auditors. These conditions for appointment are intended to enhance the precision and transparency of the auditing of duties of inside directors and the management team. These regulations are posted on the Company’s website (<https://www.teijin.com/ir/governance/requirements/>) and a summary of the standards is published in the Notice of Convocation of the General Meeting of Shareholders. In these requirements, the Company has voluntarily adopted independence requirements equivalent to those have been established as rules for US stock exchanges in order to rigorously ensure independence. Moreover, the Company’s outside directors and outside statutory auditors also meet the independence requirements specified by the Tokyo Stock Exchange.

The outside statutory auditors receive reports and so forth from the statutory auditor audits, accounting audits, 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.

Regarding the relationship between supervision provided by outside directors or outside statutory auditors and the corporate functional organizations, the corporate functional organizations report appropriately on business operating risks, management strategy risks, and so forth to the outside directors and outside statutory

auditors, mainly through the Board of Directors meetings, and in turn receive necessary counsel and advice from the outside directors or outside statutory auditors. Moreover, as necessary, the outside directors and outside statutory auditors exchange opinions with the chief officers of the corporate functional organizations and make effective improvement proposals for the internal control system and so forth.

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-linked Remuneration / Stock Options
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Supplementary Explanation (Updated)

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

Recipients of Stock Options	Inside Directors / Other
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Supplementary Explanation (Updated)

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[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Partially disclosed
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Supplementary Explanation(Updated)

Remuneration for Directors and Statutory Auditors and Remuneration for Audit
From April 1, 2018 to March 31, 2019, the remuneration paid to the Company’s directors and statutory auditors and the remuneration paid for audits were as follows.

[Director Remuneration]

· As “remuneration based on the Articles of Incorporation or the resolution of the General Meeting of Shareholders,” the Company paid ¥434 million to six inside directors, ¥64 million to six outside directors, making a total of ¥498 million to 12 directors.

1. Inside directors means directors other than outside directors.
2. The Company has no director who is also an employee of the Company.
3. One director who retired this fiscal year is included in the number of directors paid remuneration.
4. The maximum annual remuneration for directors is ¥700 million, of which ¥630 million is for annual salary and ¥70 million is for the fair value of compensation-type stock options (as resolved by the 140th Ordinary General Meeting of Shareholders, held on June 23, 2006).
5. Performance-based remuneration was not paid to outside directors. The amounts of above remuneration include ¥33 million as compensation-type stock options granted to inside directors for their duties performed during the subject fiscal year. Stock options were not granted to outside directors.
6. The details of individual compensation for directors who received, in the aggregate, consolidated compensation of ¥100 million or more are disclosed in the annual Securities Report.

[Statutory Auditor Remuneration]

· As “remuneration based on the Articles of Incorporation or the resolution of the General Meeting of Shareholders,” the Company paid ¥69 million to two inside statutory auditors, ¥35 million to three outside statutory auditors, making a total of ¥104 million to five statutory auditors.

1. Inside statutory auditors mean corporate auditors other than outside statutory auditors.
2. The maximum monthly remuneration for corporate 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 Business Reports and Securities Reports. The Business Reports are posted on the Company’s website as part of the Notice of Convocation of the General Meeting of Shareholders.

https://www.teijin.com/ir/stocks/general_meeting/

Policy on Determining Remuneration Amounts
and Calculation Methods (Updated)

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) Basic policy on compensation systems

- The system should enhance awareness of contributing to medium- to long-term increase in earnings and corporate value
- The system should be closely linked to performance of the Company, and highly transparent and objective
- The system should be primarily focused on enhancing shared awareness of interests with shareholders and shareholder-focused management awareness
- The system should maintain sufficient remuneration levels to secure high-quality management human resources

(2) Composition of remuneration for directors and statutory auditors

- Internal director remuneration is composed of fixed basic remuneration, variable performance-based remuneration (short-term incentive remuneration), and compensation-type stock options (medium- to long-term incentive remuneration), with the aim of instilling awareness of short-term achievement of performance goals and medium- to long-term improvement of corporate value.
- Remuneration for outside directors and statutory auditors is solely fixed remuneration, not linked with the performance of the Company.

(3) Remuneration level

- The remuneration level for internal directors and outside directors is determined each year after verifying the appropriateness of the level of total remuneration for each position, based on the results of a remuneration survey conducted among major corporations in Japan each year.

(4) Composition ratio of remuneration

For internal directors, the composition ratio is as follows:

(a) Basic remuneration as fixed remuneration: 65%

(b) Performance-based remuneration as variable remuneration: 25%

(c) Compensation-type stock option as variable remuneration: 10%

Note: The ratio of the above is based on 100% achievement of relevant targets on the performance-based remuneration and compensation-type stock options.

(5) Indicators for variable remuneration and reason for their selection

Three indicators presented as performance targets for the medium-term management plan for 2017-2019, “ALWAYS EVOLVING,” have been selected as key performance indicators (KPIs) for variable remuneration: consolidated ROE, which is a profitability indicator; consolidated EBITDA, which is a growth indicator; and ROIC based on consolidated operating income, which is an indicator of efficiency of generating profits relative to capital invested. Their selection will motivate each director to improve the KPIs.

(6) Overview of remuneration elements for internal directors

(a) Basic remuneration

The amount paid to each director is determined according to their position and paid as fixed remuneration.

(b) Performance-based remuneration

The payment ratio of performance-based remuneration varies depending on the achievement level of consolidated ROE, the achievement versus forecast of consolidated EBITDA and consolidated ROIC based on consolidated operating income, and the individual performance evaluation of the director.

(c) Compensation-type stock options

The Company's stock options are designed based on a compensation-type stock option plan where the exercise price is ¥1 (the stock option recipient pays ¥1 per stock). The number of stock options allocated varies depending on the achievement of consolidated ROE and the achievement versus forecast of consolidated EBITDA. Moreover, the allocated stock options have a condition that allows the recipient to exercise the options within a five-year period after retiring as a director.

[Supporting System for Outside Directors and/or Statutory Auditor] (Updated)

The outside directors and outside statutory auditors are provided a briefing on meeting materials before the Board of Directors. In addition, each business group representative and corporate officer regularly reports challenges and state of implementation of measures for executing business on the Board of Directors where they participate. They are also offered opportunities to inspect business office and factories. Moreover, the Teijin Group Auditors Office and Corporate Audit Department constantly assist outside statutory auditors' audit activities by participating the Committee of Teijin Group Statutory Auditors (held 6 times a year) and meeting with the CEO (held twice a year) etc.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Information on Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company (Updated)

Name	Title/ Position	Assignment	Working Form and Conditions (Full-time/Part-time, with/without compensation, etc.)	Date of Retirement from Position Such as President	Term of Assignment
Toru Nagashima	Honorary Advisor	Engaged in external affairs such as business community relations.	Part-time, with compensation	20 June 2008	Provided for in company rules
Shigeo Ohyagi	Senior Advisor	Engaged in external affairs such as business community relations. Engaged in duties as the Chairman of the Advisory Board (excluding resolutions concerning nomination and compensation advisory functions)	Full-time, with compensation	31 March 2014	Provided for in company rules

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	2
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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) (Updated)

1) Decision-Making Bodies

Within the Teijin Group, matters for which the Board of Directors retains authority in accordance with the provisions of the law are decided by the “Board of Directors,” which meets once a month in principle. Important matters related to execution of business of the Company or the Teijin Group for which authority has been delegated from the Board of Directors (individual medium- or short-term plans relating to each business group or function operations, and individual important matters) are decided by the CEO through deliberation in the “Group Strategy Committee,” which meets once a week in principle, and the “Group Management Committee,” which meets once a month in principle.

The “Group Strategy Committee” and the “Group Management Committee” members consist of the CEO, Responsible for Business officers, chief officers, and people designated by the CEO. The CEO convenes and chairs both committees. In addition to the members, the committees are also attended by the full-time statutory auditors.

2) Board of Directors and Corporate Officer System

To expedite decision making and clarify accountability of execution of business, the Company’s Articles of Incorporation set the maximum members of the Board of Directors to 10 directors, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Currently, the Company’s Board of Directors comprises nine members, including four outside directors whose independence is assured. One of the outside directors is a female director. Additionally, in the Articles of Incorporation, the term of office for directors is set at one year. The Board of Directors is chaired by the chairman of the Company (if the Company chairman post is vacant, either a senior advisor who is a director, or an outside director will assume the chairmanship of the Board), as a means of separating oversight and supervision from execution of business. Currently, the Board of Directors is chaired by an outside director.

3) Selection of Director Candidates

Director candidates are decided by the Board of Directors as personnel that are suitable to be top management of the Company, with outstanding personality and insight, in consideration of their personal capabilities, past performance record, and so forth. The candidates are recommended at the General Meeting of Shareholders.

4) Advisory Board (Management Consultative Committee)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top managements, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five to seven outside advisors consisting of two or three non-Japanese advisors as well as the Chairman of the Board and the CEO, and the Chairman of the Board chairs the Advisory Board (in the case of absence of the chairman of the Board, the senior advisor will take the chairmanship of the Board). The Advisory Board is chaired by an outside director when proposals concerning nomination and remuneration are on the agenda. Such proposals consist of making recommendations regarding the alternation of the CEO and nomination of a successor, deliberating the selection of chairman, deliberating the system and levels of compensation for Teijin Group directors and officers, and evaluating the performance of the CEO. For matters concerning the CEO, the CEO leaves the room and does not participate in the discussion. For matters concerning the chairman, the chairman leaves the room and does not participate in the discussion.

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

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Advisory Committee and the Compensation Advisory Committee, as consultative bodies of the Board of Directors to further enhance the transparency concerning the appointment of directors and officers. Both committees are made up of two outside directors, the Chairperson of the Board (In the case of absence of the Chairman of the Board, vacant) and the CEO. Both committees shall have a function to make proposals and recommendations to the Board of Directors with respect to the nomination, evaluation and amount of compensation of Directors and the Senior Management other than the Chairman and CEO and the nomination of Statutory Auditors.

6) Status of Initiatives to Enhance the Function of Statutory Auditors (Corporate Audits)

The Company's Board of Statutory Auditors consists of five members, of who, three—a majority—are independent outside statutory auditors who are independent from the company, and one of those three is female. In addition, Gen Ikegami possesses certified public accountant's qualification and possesses considerable knowledge of finance and accounting. Statutory Auditor Hitomi Nakayama possesses considerable knowledge concerning compliance as a lawyer.

Moreover, as a system provided for group consolidated management, the Committee of Teijin Group Statutory Auditors, comprising statutory auditors of Group companies, serves to enhance the effectiveness of group-wide oversight and audit and ensure impartial auditing.

7) 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 efficiency and validity of internal control functions. Furthermore, at certain listed subsidiary and so forth, individual internal audit organizations have been established. As of March 31, 2019, the number of internal auditors in the Teijin Group is 18 (excluding internal auditors at listed subsidiary and so forth).

8) Status of Accounting Audits

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

Iwao Hirano (KPMG AZSA LLC, 6 years), Kiyoshi Hirai (KPMG AZSA LLC, 5 years), Takeharu Kirikae (KPMG AZSA LLC, 4 years).

The status of assistants who executed auditing is as follows.

Certified public accountants 21, others 30, total 51.

9) Total Risk Management

In April 2003, the Company established the "Total Risk Management (TRM) Committee" beneath the Board of Directors, as a preventive measure to handle any risks the Company may face. The TRM Committee categorizes the risks into management strategy or business operating risks and conducts comprehensive management against the risks. The Board of Directors deliberates and determines basic policies and annual plans related to TRM that are proposed by the TRM Committee. The CEO is in charge of management strategy risk assessment, and provides important judgment materials for the Board of Directors and so forth. The statutory auditors conduct audits to check whether the Board of Directors is conducting appropriate policy determination, oversight and supervision regarding TRM.

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

3. Reasons for Adoption of Current Corporate Governance System

The Company's Group has adopted and will adopt from time to time mechanisms for corporate governance which is 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: important business decision and management oversight and supervision. The governance system deemed appropriate is therefore based on these two core functions, with execution of business led by the Company's inside directors (limited Executive Directors) on the one hand, and management oversight and supervision focused on by outside directors and carried out by statutory auditors and the Board of Statutory Auditors on the other hand.

Therefore, the Company intends to continue to be a company with Board of Statutory Auditors for the time being. At the Company, the strengthening of the management oversight and supervisory functions and similar corporate governance that are the aim of a "company with nominating committees" are effectively achieved via an "Advisory Board", a "Board of Directors and executive officer system that includes independent outside directors," and a "Board of Statutory Auditors system that includes independent outside statutory auditors."

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the 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 2019 the General Meeting of Shareholders was held on June 20, 2019, 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 and the website of the Tokyo Stock Exchange, and others. https://www.teijin.com/ir/stocks/general_meeting/
Scheduling AGMs Avoiding the Peak Day	The General Meeting of Shareholders for the fiscal year ended March 2019 was held on June 20. The General Meeting of Shareholders for the fiscal year ending March 2020 is scheduled to be held on the similar time.
Allowing Electronic Exercise of Voting Rights	The Company has adopted exercise of voting rights by electro-magnetic methods since the Ordinary General Meeting of Shareholders for the fiscal year ended March 2003. Voting rights can be exercised through electro-magnetic methods by accessing the Company's designated website for exercising voting rights from a personal computer or smartphone.
Participation in Electronic Voting Platform	Nominal shareholders, such as managing trust banks, (including standing proxy agents) can use the electronic voting platform operated by ICJ, Inc. after applying beforehand to use it.
Providing Convocation Notice in English	The Notice of Convocation is available in English on the Company's website. https://www.teijin.com/ir/stocks/general_meeting/
Other	<ol style="list-style-type: none"> 1. The General Meeting of Shareholders is an important opportunity for direct dialogue with shareholders, and the Company considers it a forum for communicating "authentic Teijin" and receiving frank opinions and questions from shareholders. 2. From this perspective, the Company strives to make the General Meeting of Shareholders as "easy to understand as possible" and uses visual aids such as photos and images when giving the Business Report. 3. To help shareholders attending the General Meeting of Shareholders to achieve a familiar understanding of the Teijin Group's businesses, the Company prepares panel and sample displays.

2. IR Activities (Updated)

	Supplementary Explanations
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: https://www.teijin.co.jp/ir/disclosure/; English: https://www.teijin.com/ir/disclosure/).</p> <p>Disclosure Policy</p> <p>Basic Policy</p> <ol style="list-style-type: none"> 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. 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. 3. We believe that accountability is an essential requirement in securing effective corporate governance. <p>Disclosure Standards</p>

	<p>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 (the “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. (the “timely disclosure rules”). Moreover, for those matters that cannot be disclosed due to an unfavorable impact on business operations, the reason for such must be clearly stated at the time of explanation.</p> <p>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 ongoing manner.</p> <p>Disclosure Methods</p> <p>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.</p> <p>2. Information under 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.</p> <p>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, or information sessions.</p> <p>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.</p> <p>5. In addition to improving the "For Investors" section of the Company’s website, we will also endeavor to provide information appropriately in a variety of media, and disclose easy-to-understand information in an environment easily accessible by shareholders and investors through a range of information media including information sessions and various printed materials.</p> <p>Quiet Period</p> <p>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. That during this time, we will not provide answers to comments or questions received in relation to the accounts etc. However, if a situation occurs during the quiet period where there is an obvious discrepancy between current estimations and the disclosed forecast that is larger than the range of that specified under the timely disclosure rules, then we shall disclose information as required through press releases, etc.</p>
Regular Investor Briefings for Individual Investors	<p>The Company actively holds company presentations for individual investors. During the period from April 2018 to March 2019, the Company hosted presentations at a total of 7 locations across Japan. The Company also exhibited at the Nikkei IR Fair, an event for individual investors organized by Nikkei Inc., and distributed materials for a total of around 1,200 individuals over two days.</p> <p>Furthermore, in addition to management presentations for individual shareholders that are held each year, in which the CEO explains management policy and the business manager provides an overview of the business, facility observation tours are held in which the Company’s products are exhibited.</p>

Regular Investor Briefings for Analysts and Institutional Investors	The Company holds presentations on each quarterly financial result announcement. Moreover, the Company also holds presentations related to its medium- to long-term management policy, individual businesses and other important matters relating to disclosure and conducts its factory tour. During the period from April 2018 to March 2019, the Company held presentations for a total of six times.
Regular Investor Briefings for Overseas Investors	In principle, three or four times per year the CEO, the CFO or supervisor 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 2018 to March 2019, the Company participated in conferences for a total of seven times.
Posting of IR Materials on Website	In consideration of fair disclosure, in addition to timely disclosure materials related to announcements of the quarterly financial results, integrated reports, fact books, etc., the Company posts materials for institutional investor presentations and individual investor presentations in both Japanese and English in a timely manner. Videos of presentations and Q&A summaries are also being posted in both Japanese and English. Japanese https://www.teijin.co.jp/ir/library/ English https://www.teijin.com/ir/library/
Establishment of Department and/or Manager in Charge of IR	Supervisor of IR: Chief Officer (Corporate Strategy) Department in charge of IR: IR Department

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	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.”
Implementation of Environmental Activities, CSR Activities etc.	The Teijin Group has established a Chief Social Responsibility Officer as the person in charge as CSR activities, aiming for the sustainable development of both business and society. Of the issues related to sustainability including social and environmental problems, we identified and took proactive initiatives on important CSR issues related to business activities, comprising three governance issues, three environmental issues, and eight social issues. In one designated issue, “Reducing Environmental Impact,” in addition to working to reduce its greenhouse gas emissions in manufacturing both within Japan and abroad, the Group made further efforts to reduce waste, both by reducing the total amount of waste produced and by promoting various recycling programs, achieving a large overall reduction in the amount of non-recyclable waste emissions.
Development of Policies on Information Provision to Stakeholders	The following is stipulated in the Teijin Group “Corporate Governance Guide”: “The accountability of the company is an integral part of corporate activities for the business to prosper and enhance shareholder value. The company should clearly present its mission and vision and present a clear explanation of the corporate governance mechanisms on every occasion. Furthermore, compliance policies and Total Risk Management must be instilled into the entire Teijin Group. Teijin Group behaves as a company

	that takes requests from shareholders and society into consideration in order to achieve a higher degree of accountability.
Other	<p><Diversity Promotion Policy> The Teijin Group makes an effort to promote diversity, respecting the values of all manner of human resources in all aspects such as recruitment, employment, and promotion, regardless of nationality, age, gender, gender identity, sexual directivity, ethnicity, or disability. At the same time, the Group supports its employees so that they can achieve their full potential.</p> <p><Policy and Initiatives on Female Career Development> In 2000 the Company established the Diversity Development Section which is engaged in promoting female career development by increasing recruitment of women and the range of tasks to which they are assigned, implementing measures to promote work-life balance, enhancing the personnel management system, and corporate culture reform. In April 2019, the number of women in managerial positions had increased to 119, more than 10 times the level when this initiative began. The Group has set a goal of increasing the number of women in managerial positions to 180 or more by the end of fiscal 2020. To reach this goal, the Group will continue to run a female leader development program, hold training for supervisors, and promote measures to support the balancing of work and family. Moreover, in recognition of the Teijin Group’s efforts to promote diversity and various related initiatives, Teijin was selected as one of the “Nadeshiko Brands” for two consecutive years in 2018 and 2019. The “Nadeshiko Brands” is an initiative jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select enterprises that have implemented outstanding measures to encourage women’s success in the workplace.</p> <p><Work Style Reform> The Company started fully engaging in work style reform in fiscal 2017. It is advancing systems and infrastructure that facilitate flexible transfers, career support, and other initiatives that are compatible with the needs and life plans of individual employees, in order to realize an environment that supports a diverse range of working styles for a diverse workforce. As part of these efforts, the Group introduced a telework system at Teijin Limited, Teijin Pharma Limited and other domestic Group companies in 2019. In other areas, the Group will continue to implement initiatives not only to shorten working hours, but also to increase work productivity, such as deploying chatbots and harnessing other IT tools.</p>

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, 2019.

Below is a summary of this resolution, the details of which can be viewed at the Company’s website (<https://www.teijin.com/ir/governance/resolution/>).

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

The Company has declared the basic principles of compliance in its 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 Company’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 appoints Chief Social Responsibility Officer as the officer in charge of compliance.

All directors, officers and employees of the Company and its subsidiaries are required to report to the Teijin entity to which they belong or to Teijin Limited, whether they detect any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and other internal regulations. Chief Social Responsibility Officer shall direct and supervise investigations to confirm such reported facts and, upon consultation with 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 establishing and operating a compliance hotline. Such measures shall ensure that anonymity of the caller is protected and that the caller does not get any disadvantageous treatment. Important reports as well as measures taken by the relevant Teijin entity and their results shall be announced as appropriate to, and shall be recognized by, all directors, officers and employees of the Company and its subsidiaries.

The directors of the Company and its subsidiaries shall have their performance of duties audited by the corporate auditors, and will respect any advice or recommendations received from the corporate auditors.

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

The Company shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. Chief Social Responsibility Officer shall be appointed as the person in charge of actions against antisocial forces. Chief Social Responsibility Officer shall establish action policies and other rules in consort with 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 intensify the validity of the decision to be made by the Board of Directors, more than four of the directors shall be outside directors satisfying the requirements for independence stipulated by the company.

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

The Board of Directors of the Company shall operate TRM system to deal with any kind of risks that might threaten sustainable business development.

TRM Committee shall mainly deal with the business operational risks and strategic risks to Teijin Group and shall propose basic policies and annual plans related to TRM to the Board of Directors of the Company. Chief Social Responsibility Officer is in charge of establishing a system across the Teijin Group to manage business operation risks, and shall identify problems and deal with such risks upon occurrence thereof. CEO shall assess strategic risks and present his/her assessment to the Board of Directors of the Company as an important element upon which managerial decisions are made.

The Company shall establish a system for the Teijin Group to ensure the continuation of businesses when faced with risk events including disasters, the inappropriate performance of duties by directors, officers or employees, and damage to critical IT systems.

(3) Systems for Ensuring that Duties by Directors and Employees 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 may be 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 Teijin Group, and shall

establish efficient management, oversight and supervision system.

The Company shall formulate the Group medium-term management plan, and each fiscal year it shall formulate short-term plans, 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 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 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 to shall require Teijin Group companies to make reports.

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

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 group-wide internal control system for the financial reporting and the operation of the Teijin Group individual operational processes, and shall be properly and efficiently operate and assessed such systems.

(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 shareholders' general meetings, minutes of Board of Directors' meetings, and other documents and important information concerning the performance of their duties in accordance with relevant company regulations. Chairman of the Board*, who chairs the Board of Directors, is responsible for the supervision and oversight of 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.

*In the case of absence of the Chairman of the Board, CEO will perform the office of the Chairman.

(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 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 have corporate auditors of Teijin Group companies performing concurrent duties; however, it shall not have corporate officers connected with performance of duties at Teijin Group companies performing concurrent duties.

To secure the independence of members of Teijin Group Auditors Office above, all decisions concerning personnel measures regarding the members of Teijin Group Auditors require the prior consent of the full-time Statutory Auditors. The full-time Statutory Auditors shall assess the performance of the members of 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 meetings 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 when they discover incidents that causes or may cause significant erosion of public trust of 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 Corporate Philosophy stipulates 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 consists of independent outside auditors that satisfy the requirements for independence that the Company specifies.

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

(Responding Department)

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

(Information Collection and Management)

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

(Response to Unjustified Demands)

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

(Ensuring Circulation of Information to Group Employees)

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

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
Supplementary Explanation	
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2. Other Matters Concerning to Corporate Governance System (Updated)

<p>1. The Corporate Governance System Please see “The Teijin Group’s Corporate Governance System” below.</p> <p>2. Overview of Timely Disclosure (1) Basic Policy on Information Disclosure The Company has adopted a basic policy of conducting management with an emphasis on transparency and fairness of management as well as disclosing information in a timely manner. The accountability of the Company (full disclosure of information that the Company is responsible for explaining) is an integral part of corporate activities for the business to prosper and enhance shareholder value, and the Company considers it appropriate to give complete and consistent explanations as 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 Inside 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 “observing laws and regulations” and “risk management” as well as internal control. 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 in legal and regulatory revisions.</p> <p>(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 Inside Information, when material facts (decisions, events, financial report information, and so forth) arise at the Company and its subsidiaries, the department concerned (in the case of financial report information, this is collected and analyzed by the Accounting Division) contacts the Corporate Strategy Division, which manages the information and reports it to the CEO. At the same time, the Corporate Strategy Division contacts the IR 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 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</p>
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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 Corporate Audit Department conducts audits of 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 Department makes reports and improvement proposals to the Board of Directors, the CEO, and the presidents of each Group company. Through these internal control systems, the Company ensures the appropriateness and timeliness of information that is published externally.

The Teijin Group's Corporate Governance System

