

May 28, 2020



Notice of Convocation

The 154th Ordinary General Meeting of Shareholders

Teijin Limited

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

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Dear Shareholders

Jun Suzuki
President and Representative Director
Teijin Limited
2-4, Nakanoshima 3-chome,
Kita-ku, Osaka 530-8605,
Japan

**Notice of Convocation of
the 154th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 154th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposal for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Thursday, June 18, 2020. (Japan Time)

[In case of voting by Mail]

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

[In case of voting by Internet etc.]

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

Details

1. Date and Time of the Meeting:

Friday, June 19, 2020, at 10 a.m. (Japan Time)

(The door opens at 9 a.m.)

2. Place:

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

3. Purposes

Reports:

The Reports on Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and the Report by the Accounting Auditor and the Board of Statutory Auditors of the results of audit on the Consolidated Financial Statements, for the 154th Fiscal Year (April 1, 2019 to March 31, 2020)

Proposal 1: Election of Nine (9) Directors

Proposal 2: Election of Two (2) Statutory Auditors

4. Decision on Convocation

- (1) If you do not indicate either approval or disapproval on the Document for the Exercise of Voting Rights, we shall treat such “no answer” as your “approval” on the proposal.
- (2) In the event of an overlap in the exercise of voting rights via the Document for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail.
- (3) If you vote more than once using the same method, your last vote shall prevail.

5. Attachments to Notice of Convocation and Reference Documents for the General Meeting of Shareholders

If any revision should be required to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, such revision will be posted on the Company’s website. (<https://www.teijin.com/>)

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- If you attend the General Meeting of Shareholders, please submit the attached Document for the Exercise of Voting Rights to the reception of the meeting.
 - If you attend the General Meeting of Shareholders by proxy, you may exercise your voting rights by authorizing one(1) other shareholder with voting rights to act as its proxy as stipulated in the Company’s Article of Incorporation.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference

Proposal 1: Election of Nine (9) Directors

The terms of office of nine (9) Directors,— Jun Suzuki, Kazuhiro Yamamoto, Yasumichi Takesue, Yoshihisa Sonobe, Akihisa Nabeshima, Fumio Ohtsubo, Yukako Uchinaga, Yoichi Suzuki and Masaru Onishi—will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following nine (9) Directors (of whom seven (7) are up for reelection).

The candidates for Director are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
1	【Reappointment】 Jun Suzuki (February 19,1958) <Participation in Board of directors meetings> 12 times out of 12 (100%)	Apr. 1983 Apr. 2011 Apr. 2012 Apr. 2013 Jun. 2013 Apr. 2014	Joined Teijin Limited President, Teijin Holdings Netherlands B.V. Corporate Officer, Teijin Limited Executive Officer, Teijin Limited Director, Executive Officer, Teijin Limited President & Representative Director (Incumbent) CEO (Chief Executive officer) (Incumbent)	46,900Shares
<Significant Concurrent Positions> President, Japan Chemical Fibers Association Officer, Japan Association of Corporate Executives (Keizai Doyukai)				
<Reason of the nomination of the candidate for director> After assuming the post of President & Representative Director (CEO) in April 2014, Jun Suzuki formulated a revised medium-term plan in November of the same year, and promoted the completion of structural reforms on which his predecessor worked. He formulated the medium-term plan “ALWAYS EVOLVING2017-2019” in February 2017 and “2020-2022ALWAYS EVOLVING “in February 2020. He is promoting growth strategies for the future.				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
2	<p align="center">【Reappointment】 Yoshihisa Sonobe (October 17,1956) <Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Apr. 1980 Jun. 2009 Apr. 2014 Jun. 2014 Apr. 2016 Apr. 2017 Apr.2018 Apr. 2019 Apr.2020</p>	<p>Joined Teijin Limited Corporate Officer, Teijin Limited Corporate Strategy Officer, Teijin Limited Director, Corporate Officer, Teijin Limited Director, Executive Officer, Teijin Limited Responsible for Corporate Strategy Responsible for Global Strategy Responsible for Legal and Intellectual Property Responsible for Corporate Strategy Officer Responsible for Global Strategy Director, Senior Executive Officer, Teijin Limited CFO(Chief Financial Officer), (Incumbent) Representative Director, Senior Executive Officer, Teijin Limited (Incumbent)</p>	9,200 Shares
<p>Yoshihisa Sonobe assumed the posts of Corporate Strategy Officer in April 2014, Director, Corporate Officer in June of the same year, Director, Executive Officer in April, 2016, and he became responsible for Corporate Strategy and Global Strategy in April 2017. He worked on the planning of strategies toward the achievement of structural reforms and growth strategy which are the most important issues for the Company. He assumed the posts of Director Senior Executive Officer and CFO.in April 2019 and Representative Director in April 2020. He is making efforts of maintaining a sound financial base and increasing corporate value.</p>				
3	<p align="center">【Reappointment】 Akihisa Nabeshima (January 17, 1960) <Participation in Board of directors meetings> 9 times out of 9 (100%)</p>	<p>Apr. 1982 Apr. 2015 Apr. 2017 Apr. 2019 Jun. 2019</p>	<p>Joined Teijin Limited Corporate Officer, Teijin Limited Executive Officer, Teijin Group General Manager, Healthcare Business Group President, Teijin Pharma Limited Responsible for Healthcare Business of Teijin Group (Incumbent) Director, Executive Officer, Teijin Limited (Incumbent)</p>	4,500 Shares
<p>Akihisa Nabeshima assumed the posts of Corporate Officer in April 2015. He became Executive Officer of the Teijin Group in April 2017 and he has made efforts to increase profitability of the healthcare business as General Manager of the Healthcare Business Group of the Company and as President & Representative Director of Teijin Pharma Limited. He became President Healthcare Business of Teijin Group in April 2019 and Director Executive Officer in June 2019. He has been working on further increasing profitability of the healthcare business, which constitutes a part of the core strategies of the Company, as well as on growth of new healthcare business, which are the themes of the Company's Transformation Strategy.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
4	<p>【New Candidate】 Toshiya Koyama (May 19,1960)</p>	<p>Apr. 1986 Apr. 2013 Apr. 2015 Apr. 2017 Apr. 2020</p>	<p>Joined Teijin Limited Corporate Officer (Riji) , Teijin Group General Manager, New Materials Business Development Department Chief Representative of Teijin Electronics Korea Co., Ltd. Corporate Officer, Teijin Group Executive Officer, Teijin Group (Incumbent) General Manager, Material Business Group President, Material Business of Teijin Group (Incumbent)</p>	6,400 Shares
<p><Reason of the nomination of the candidate for director></p> <p>Toshiya Koyama has been working to increase earnings in the materials business of the Company, as Corporate Officer (Riji) of Teijin Group in April 2013, Corporate Officer of Teijin Group in April 2015, and Executive Officer of Teijin Group in April 2017. In April 2020, he assumed the role of President, Material Business of Teijin Group, and is working to further increase profits in the materials business, which is one of our key strategic businesses, and expand the materials business, which is the theme of our Transformation strategy.</p>				
5	<p>【New Candidate】 Eiji Ogawa (October 26, 1962)</p>	<p>Apr. 1985 Apr. 2016 Apr. 2019</p>	<p>Joined Teijin Limited Corporate Officer, Teijin Group (Incumbent) General Manager, Resin and Plastic Processing Business Unit, Teijin Limited Chief Officer, Corporate Strategy (Incumbent)</p>	6,275 Shares
<p><Reason of the nomination of the candidate for director></p> <p>Eiji Ogawa was appointed Corporate Officer of the Teijin Group in April 2016 and had been working to increase profits in the resin business as General Manager of the Resin and Plastic Processing Business Unit. He assumed the posts of Chief Officer (Corporate Strategy) in April 2019 and is making effort to formulate strategies to achieve our most important tasks of business portfolio transformation and strengthening of management basis for creating growth platforms.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
6	<p>【Reappointment】 Candidate for Outside Director</p> <p>Fumio Ohtsubo (September 5, 1945) <Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Apr. 1971</p> <p>Jun. 1998</p> <p>Jun. 2000</p> <p>Jun. 2003</p> <p>Jun. 2006</p> <p>Jun. 2012</p> <p>Jul. 2013</p> <p>Jun. 2016</p>	<p>Joined Matsushita Electric Works, Ltd., (currently Panasonic Corporation)</p> <p>Director, Matsushita Electric Works, Ltd., Managing Director, Matsushita Electric Works, Ltd.</p> <p>Representative Senior Managing Director, Matsushita Electric Works, Ltd.,</p> <p>President, Representative Director, Matsushita Electric Works, Ltd.,</p> <p>Chairman of the Board, Representative Director, Panasonic Corporation</p> <p>Special Advisor, Panasonic Corporation (Incumbent)</p> <p>Director, Teijin Limited (Incumbent) Member of the Advisory Board, Teijin Limited (Incumbent)</p>	3,000 Shares
		<p><Significant Concurrent Positions ></p> <p>Special Advisor, Panasonic Corporation</p> <p>Outside Statutory Auditor The Kansai Electric Power Co., Inc.</p> <p>Trustee, Nippon Life Ins.</p> <p>Director, Kansai University</p> <p>Trustee, Japan-Indonesia Association, Inc.</p>		
<p><Reason of the nomination of the candidate for director></p> <p>Fumio Ohtsubo has served as President and Chairman of the Board of Panasonic Corporation. As the Chairman of the Board of Directors of the Company, he revitalizes the Board of Directors and enhance its effectiveness based on his abundant business experience and high level of insight. As the Director, he is providing appropriate advice and suggestions regarding the Company's business strategy and governance, as well as officer appointments and compensation. Furthermore, as a member of the Advisory Board, he has fulfilled his duties sufficiently in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. We continue to select him as a candidate for Outside Director.</p> <p>The amount of transactions between Panasonic Corporation and the Company accounts for less than 1% of the consolidated net sales of either company.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
7	<p>【Reappointment】</p> <p>Candidate for Outside Director</p> <p>Yukako Uchinaga (July 5, 1946)</p> <p><Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Jul. 1971</p> <p>Apr. 1995</p> <p>Apr. 2000</p> <p>Apr. 2004</p> <p>Apr. 2007</p> <p>Jun. 2007</p> <p>Apr. 2008</p> <p>Oct. 2009</p> <p>Apr. 2013</p> <p>Sep. 2013</p> <p>Apr. 2014</p> <p>Jun. 2018</p>	<p>Joined IBM Japan, Ltd</p> <p>Director, IBM Japan, Ltd</p> <p>Director, Executive Officer, IBM Japan, Ltd</p> <p>Director, Senior Executive Officer, IBM Japan, Ltd</p> <p>Board Chair, Japan Women's Innovate Network (Incumbent)</p> <p>Director, Benesse Corporation</p> <p>Director, Vice Chairman, Benesse Corporation</p> <p>Representative Director, Chairman of the Board, President & CEO, Berlitz Corporation</p> <p>Director, Executive Vice President, Benesse Holdings, Inc.</p> <p>Honorary Chairperson, Berlitz Corporation</p> <p>President & CEO, Globalization Research Institute Co., Ltd. (Incumbent)</p> <p>Board Chair, Japan Diversity Network Association</p> <p>Director, Teijin Limited (Incumbent)</p> <p>Member of the Advisory Board, Teijin Limited (Incumbent)</p>	500 Shares
<p><Significant Concurrent Positions ></p> <p>Board Chair, Japan Women's Innovate Network</p> <p>President & CEO, Globalization Research Institute Co., Ltd.</p> <p>Outside Director, HOYA Corporation</p>		<p><Reason of the nomination of the candidate for outside director></p> <p>Yukako Uchinaga has extensive business experience, having served such roles as Director, Senior Executive Officer at IBM Japan, Ltd. and Director, Executive Vice President at Benesse Holdings, broad knowledge of the information technology field, and deep insight in matters concerning diversity. As the Director based on this, she provides appropriate advice and points out on diversity activities including IT activities for women and IT / healthcare business in addition to our business strategy and governance. Furthermore, as a member of the Advisory Board, she has fulfilled her duties sufficiently in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. We continue to select her as a candidate for Outside Director.</p> <p>The Company pays membership fees to Japan Women's Innovative Network ("J-Win"), at which the candidate serves as President, however the amount of this transaction accounts for less than 0.1% of the consolidated net sales of the Teijin Group and it is less than 1% of the total membership fee revenue that J-Win receives.</p>		

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
8	<p>【Reappointment】 Candidate for Outside Director</p> <p>Yoichi Suzuki (September 25, 1950)</p> <p><Participation in Board of directors meetings> 12 times out of 12 (100%)</p>	<p>Apr. 1975</p> <p>Jun. 1997</p> <p>Apr. 2003</p> <p>Sep. 2005</p> <p>Dec. 2008</p> <p>Aug. 2010</p> <p>Aug. 2013</p> <p>Jun. 2016</p> <p>Mar. 2017</p> <p>Apr. 2018</p> <p>Jun. 2018</p>	<p>Joined Ministry of Foreign Affairs, Japan (MFA)</p> <p>Deputy Permanent Representative of Japan to the World Trade Organization (WTO) in Geneva</p> <p>Minister's Secretariat (MFA)</p> <p>Consul-General of Boston</p> <p>Director-General for economic Affairs of MFA</p> <p>Ambassador to Singapore</p> <p>Ambassador to France</p> <p>Government Representative and Ambassador in charge of the Kansai region</p> <p>Ambassador for International Economic Affairs and Chief Negotiator for the Japan EU EPA</p> <p>MFA retired</p> <p>Director, Teijin Limited (Incumbent)</p> <p>Member of the Advisory Board, Teijin Limited (Incumbent)</p>	1,000 Shares
		<p><Significant Concurrent Positions ></p> <p>Advisor to President and Visiting Professor, Chubu university</p> <p>Adviser, Amundi Japan Ltd</p>		
<p><Reason of the nomination of the candidate for outside director></p> <p>Although Yoichi Suzuki does not have direct experience in corporate management, he has a wealth of knowledge and experience in negotiations on international economics and trade issues as a diplomat. As the Director, he provides appropriate advice and points out business strategies from a global viewpoint in addition to our business strategy and governance. Furthermore, as a member of the Advisory Board, he has fulfilled his duties sufficiently in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. We continue to select him as a candidate for Outside Director.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
9	<p>【Reappointment】</p> <p>Candidate for Outside Director</p> <p>Masaru Onishi (May19, 1955)</p> <p><Participation in Board of directors meetings> 9 times out of 9 (100%)</p>	<p>Apr. 1978</p> <p>Apr. 2007</p> <p>Apr. 2009</p> <p>Jun. 2009</p> <p>Feb. 2010</p> <p>Nov. 2010</p> <p>Mar. 2011</p> <p>Apr. 2011</p> <p>Feb. 2012</p> <p>Apr. 2014</p> <p>Jul. 2018</p> <p>Jun. 2019</p>	<p>Joined Japan Air Lines Co., Ltd.</p> <p>President JAL Aircraft Maintenance Narita</p> <p>Executive officer, JAL International Co., Ltd</p> <p>President of Japan Air Commuter</p> <p>President Japan Air Lines Corporation (JAL group COO)</p> <p>President Japan Air Lines International Co., Ltd.</p> <p>President Japan Air Lines International Co., Ltd. (Organizational change)</p> <p>Representative Director, President Japan Air Lines International Co., Ltd.</p> <p>Representative Director, President Japan Airlines Co., Ltd. (Company name change from Japan Air Lines International Co., Ltd. to Japan Airlines Co., Ltd.)</p> <p>Representative Director, Chairman Japan Airlines Co., Ltd.</p> <p>Director, Chairman Japan Airlines Co., Ltd.</p> <p>External Affairs Representative, Japan Airlines Co., Ltd. (Incumbent)</p> <p>Director, Teijin Limited (Incumbent)</p> <p>Member of the Advisory Board, Teijin Limited (Incumbent)</p>	312 Shares
<p><Reason of the nomination of the candidate for outside director></p> <p>Masaru Onishi has served as president and chairman of Japan Airlines Co., Ltd. and he has abundant business experience and high level of insight. As the Director, he is providing appropriate advice and suggestions regarding the Company's business strategy and governance, as well as officer compensation and appointments. Furthermore, as a member of the Advisory Board, he has fulfilled his duties sufficiently in deliberation of important matters such as appointment and dismissal of the CEO, evaluation of the CEO's performance, and recommendations for overall management. We continue to select him as a candidate for Outside Director.</p>		<p><Significant Concurrent Positions ></p> <p>External Affairs representative, Japan Airlines Co., Ltd.</p> <p>Outside Director, Mitsui O.S.K. Lines, Ltd.</p> <p>Advisor, Mitsubishi Heavy Industries, Ltd.</p> <p>Visiting Professor, Toyo university</p> <p>Trustees, International university</p>		

Note 1: Fumio Ohtsubo, Yukako Uchinaga, Yoichi Suzuki and Masaru Onishi are candidates for Outside Directors. The Company requires the candidate for Outside Director to satisfy all the requirements of Independent Director stipulated by the Company. These four (4) candidates satisfy all such requirements. Since they also satisfy the requirements of independence stipulated by Tokyo Stock Exchange Group, Inc., the Company has registered candidates for Outside Director up for reappointment, Fumio Ohtsubo, Yukako Uchinaga Yoichi Suzuki and Masaru Onishi at the Tokyo Stock Exchange as Independent Directors. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site: (<https://www.teijin.com/ir/management/governance/requirements/>).

Note 2: The Company has entered into liabilities limitation agreements with Fumio Ohtsubo, Yukako Uchinaga, Yoichi Suzuki and Masaru Onishi who are currently Outside Directors, which limit the liabilities of each Director to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company’s Articles of Incorporation.

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

Note 4: The chart below indicates the dates of the first appointment of the Outside Director for each candidate and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders.

Name	Date of First Appointment	Tenure in Position
Fumio Ohtsubo	June 22, 2016	4 years
Yukako Uchinaga	June 20, 2018	2 years
Yoichi Suzuki	June 20, 2018	2 years
Masaru Onishi	June 20, 2019	1 year

Note5: In March 2020, when Fumio Ohtsubo was serving as an Outside Statutory Auditor at The Kansai Electric Power Co., Inc., the company was issued a business improvement order by the Ministry of Economy, Trade and Industry based on the Electricity Business Act, due to the receipt of a large amount of money and goods by executives and employees involved in the company’s power generation business and general power transmission and distribution business, the issuance of improper orders to the parties providing the money and goods, and weak corporate governance. As an Outside Statutory Auditor of The Kansai Electric Power Co., Inc., he regularly encouraged caution on the importance of legal compliance at both meetings of the company’s Board of Directors and meetings of its Audit & Supervisory Board. After the facts of the matter were confirmed, he fulfilled his responsibility by providing appropriate examination and offering advice in relation to strengthening the system for compliance with legal and other requirements, establishing operational management systems to ensure the appropriateness and transparency of operations, strengthening the auditing function as well as on initiatives to prevent recurrence.

Proposal 2: Election of Two (2) Statutory Auditors

The terms of office of two (2) Statutory Auditors — Noriaki Endo and Nobuo Tanaka — will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following two (2) Statutory Auditors

The Board of Statutory Auditors has already approved this proposal.

The candidates for Statutory Auditor are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
1	<p>【New Candidate】</p> <p>Akio Nakaishi (October 15, 1962)</p>	<p>Apr. 1987</p> <p>Apr. 2016</p> <p>Apr. 2017</p> <p>Apr. 2020</p>	<p>Joined Teijin Limited</p> <p>Corporate Officer, Teijin Group</p> <p>General Manager, Carbon Fibers & Composites Business Unit</p> <p>President, Toho Tenax Co., Ltd.</p> <p>Corporate Officer, Teijin Group</p> <p>General Manager, Composites Business Unit</p> <p>Teijin Group Executive Staff (Incumbent)</p>	3,193 Share
<p><Reason of the nomination of the candidate for Statutory Auditor></p> <p>Akio Nakaishi has experienced the technological development and production of the fiber business (high-performance fibers, aramid fibers, and carbon fibers). He was appointed General Manager, Carbon Fibers & Composites Business Unit and President, Toho Tenax Co., Ltd. in April 2016 and General Manager, Composites Business Unit in April 2017. From his knowledge about the technology of the materials business and practical experience in our business, he is expected to monitor overall management and provide effective advice. Therefore, the Company judges that he can fulfil his duties appropriately as Statutory Auditor.</p>				

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
2	<p>【New Candidate】 Candidate for Outside Corporate Auditor</p> <p>Jun Arima (July 23, 1959)</p>	<p>Apr. 1982</p> <p>Jun. 1996</p> <p>Jun. 1999</p> <p>Jan. 2001</p> <p>Jun. 2002</p> <p>Jun. 2006</p> <p>Jul. 2007</p> <p>Jul. 2008</p> <p>Apr. 2011</p> <p>Mar. 2018</p>	<p>Joined Ministry of International Trade and Industry (MITI, Current Ministry of Economic, Trade and Industry METI)</p> <p>Counsellor, Permanent Delegation of Japan to the OECD (Energy Advisor)</p> <p>Director, Energy Efficiency Policy Coordination, New Energy Policy Coordination, Energy and Environment Office, ANRE (Agency of Natural Resources and Energy), MITI</p> <p>Director, International Energy Strategy, ANRE/MITI</p> <p>Head, Country Studies Division, International Energy Agency (IEA)</p> <p>Director, International Affairs Division, ANRE/METI</p> <p>Counsellor, International Energy Negotiation, ANRE/METI</p> <p>Deputy Director General for Global Environmental Affairs, METI</p> <p>Director General, Japan External Trade Organization (JETRO) London</p> <p>Special Advisor on Global Environmental Issues, METI</p> <p>METI retired</p>	0 Shares
		<p><Significant Concurrent Positions ></p> <p>Professor, Graduate School of Public Policy, University of Tokyo</p> <p>Project Leader, 21st Century Public Policy Institute</p> <p>Distinguished Senior Policy Fellow, Asia Pacific Institute of Research</p> <p>Senior Fellow, Nonprofit Organization International Environment and Economy Institute</p> <p>Consulting Fellow Research Institute of Economy, Trade and Industry (RIETI),</p> <p>Distinguished Senior Research Fellow, Asia Pacific Institute of Research (APIR)</p>		
<p><Reason of the nomination of the candidate for Outside Statutory Auditor ></p> <p>Although Jun Arima does not have direct experience in corporate management, he has been involved in resource and energy, global environmental and economic issues since joining Ministry of International Trade and Industry (MITI, Current Ministry of Economic, Trade and Industry METI). We expect that he will contribute to maintaining and improving our compliance and provide advice and suggestions for the environmental management that we aim for based on his wealth of knowledge and experience, so we judge that he will be able to properly perform his duties Outside Statutory Auditor.</p>				

Note 1: Jun Arima is a candidate for Outside Statutory Auditor. The Company requires the candidate for Outside Statutory Auditor to satisfy all the requirements of Independent Statutory Auditor stipulated by the Company. This candidate satisfies all such requirements. Since he also satisfies the requirements of independency as stipulated by Tokyo Stock Exchange Group, he will be registered by the Company as "Independent Statutory Auditor". The contents of the requirements of Independent Auditor" stipulated by the Company can be viewed at the Company's Web site: (<https://www.teijin.com/ir/management/governance/requirements/>).

Note 2: If Akio Nakanishi and Jun Arima elections are approved, the Company will enter into a liabilities limitation agreement with her, which limits her liabilities to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation.

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

Attached Reports

Reports on Operations for the 154th Fiscal Year (April 1, 2019 to March 31, 2020)

1. Current Status of the Teijin Group

(1) Progress and Results of Operations

1) Progress and Results of Operating Activities

①Sales and Income

In the global economy, business confidence deteriorated primarily in the manufacturing sector. This mainly reflected a recession in the PRC due to the impact of prolonged trade friction between the U.S. and the PRC and a decline in demand for automobiles in the PRC and Europe. In addition, the global spread of the novel coronavirus outbreak, which has been reported in PRC since December 2019, have been impacting production and consumption activity around the world toward the end of the last quarter.

Teijin Group's long-term vision is "to be a company that supports the society of the future" with aiming to realize a sustainable society. Guided by this vision, Teijin Group has implemented its three-year Medium-Term Management Plan launched in FY2017, ended March 31, 2018. In FY2019, the final year of plan, we took several key steps in the Materials Business Field. Here, we strove to increase net sales by executing intensive investment in the automotive composites business, while deciding on and implementing large capital expenditures in aramid fibers and carbon fibers. Moreover, as part of portfolio transformation, we transferred our subsidiaries in Films to Toyobo Co., Ltd. In the Healthcare Business Field, we worked to expand business by acquiring new businesses and obtaining licenses, while bolstering our operational capability by reorganizing the pharmaceuticals and home healthcare businesses.

In this environment, for FY2019, the Teijin Group posted net sales of ¥853.7 billion, a decrease of 3.9% year on year, and operating income of ¥56.2 billion, a decrease of 6.3% year on year. These results reflected the impact from generic products in Europe and the US on a mainstay pharmaceutical and the impact of sluggish market conditions for polycarbonate resins, despite a firm earnings performance in aramid fibers, the Healthcare business in Japan and IT. Ordinary income decreased 9.8% to ¥54.3 billion, partly due to a decline in non-operating income reflecting the impact of foreign exchange movements. Profit attributable to owners of parent decreased 44.0% to ¥25.3 billion, mainly due to recording one-time expenses associated with the transfer of subsidiaries in Films, and a goodwill impairment related to subsidiary in the Polyester Fibers & Trading and Retail Business Group. As a result, ROE of 6.3% for FY2019 missed its target (over 10%), while ROIC based on operating income of 8.7% achieved the target (over 8%). In addition, EBITDA of ¥107.2 billion for FY2019 missed its target (over ¥120 billion) for the final year of the previous Medium-Term Management Plan (FY2019), but it has grown steadily.

②Analysis of Assets, Liabilities and Net Assets

Total assets as of March 31, 2020 amounted to ¥1,004.2 billion, down ¥16.4 billion from the end of FY2018. The main reason for this decrease was the impact of transferring the shares of subsidiaries in Films and excluding them from the scope of consolidated subsidiaries. Meanwhile, there were increases in cash and deposits and tangible assets. The increased tangible assets were due to capital expenditures made to build a new production site for carbon fibers and ramp up production capacity in Composites, and the application of IFRS 16 Leases.

Total liabilities amounted to ¥592.8 billion, down ¥0.6 billion from the end of FY2018. The main component of this change was a decline in trade payables, while there was an increase in interest-bearing debt due to the application of IFRS 16 Leases.

Total net assets amounted to ¥411.4 billion, down ¥15.8 billion from the end of FY2018. This decrease was mainly due to the impact of declines in valuation difference on the fair valuation of shares held and in foreign currency translation adjustment.

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

(Billions of yen / %)

		Fiscal 2018	Fiscal 2019	Change	Percentage	
Net sales	Material	Material	263.9	230.3	-33.6	-12.7
		Polyester Fiber & Trading and Retail	318.3	306.3	-12.0	-3.8
		Composites Others	89.4	97.2	+7.9	+8.8
		Material Sub Total	671.6	633.8	-37.7	-5.6
	Health Care	157.5	153.9	-3.6	-2.3	
	Others	59.5	66.0	+6.4	+10.8	
	Total	888.6	853.7	-34.8	△3.9	
Operating income	Material	23.5	21.3	-2.2	△9.3	
	Health Care	35.5	32.6	-2.9	△8.2	
	Others	7.2	8.0	+0.8	+11.6	
	Elimination and corporate	-6.1	-5.6	+0.5	-	
	Total	60.0	56.2	-3.8	△6.3	

Business Segment Results for fiscal 2019 were as follows:

I. Materials Business Field

In the Materials Business Field, sales were ¥633.8 billion, down ¥37.7 billion (decreased 5.6%) year on year, and operating income was ¥21.3 billion, down ¥2.2 billion (decreased 9.3%). EBITDA was ¥57.3 billion, up ¥0.9 billion year on year.

Material Business Group

In Aramid, mainstay *Twaron* para-aramid fibers saw a slight decrease in sales volume for automotive applications, such as friction materials and rubber reinforcements, due to the impact of a decrease in demand for automotive. However, product mix and pricing efforts contributed positively to profits.

In Carbon Fibers, sales of *TENAX* carbon fibers were soft for use in aircraft, mainly reflecting inventory adjustments in the supply chain. In addition, sales volume of compound applications for automotive and electronics decreased because of persistently decreasing demand since the final stretch of the previous fiscal year.

In Resin and Plastics Processing, sales volume of our mainstay polycarbonate resin products was kept mostly unchanged from the previous amid declining demand mainly due to trade friction between the US and the PRC and the spread of the novel coronavirus disease. Whereas, commodity products for polycarbonate resins were impacted by falling sales prices.

As part of portfolio transformation, we transferred our subsidiaries in Films to Toyobo Co., Ltd. on October 1, 2019.

Polyester Fibers & Trading and Retail Business Group

In Fiber Materials and Apparel, domestic production of sports textiles and sales of men's heavy clothing struggled. This was because of sluggish market conditions in Japan and global mainly due to trade friction between the US and the PRC and unsettled weather. In Industrial Textiles and Materials, sales of automotive materials were affected by sluggish automobile sales in Europe and the PRC. However, sales remained favorable for infrastructure reinforcement materials, and polyester staple fiber for water treatment filter applications and synthetic leather.

Composites, Others

In Composites, we recorded mostly firm sales of mass-produced automotive components by Continental Structural Plastics Holdings Corporation. These firm sales reflected increased demand for vehicle categories such as pick-up trucks and SUVs in North America. However, sales were affected by the spread of the novel coronavirus disease from last March.

II. Healthcare Business Field

In the Healthcare Business Field, sales were ¥153.9 billion, down ¥3.6 billion (decreased 2.3%) year on year, and operating income was ¥32.6 billion, down ¥2.9 billion (decreased 8.2%). EBITDA was ¥44.6 billion, down ¥2.7 billion year on year.

In Pharmaceuticals, sales of the hyperuricemia and gout treatment *FEBURIC* (febuxostat) and *Somatuline*®, a treatment for acromegaly, pituitary gigantism, and neuroendocrine tumors, expanded steadily in the Japanese market. However, the sales of the *FEBURIC* in Europe and the US market were impacted by the entry of generic products.

* Somatuline® is the registered trademark of Ipsen Pharma, France.

In Home Healthcare, rental volume for continuous positive airway pressure (CPAP) units for the treatment of sleep apnea syndrome (SAS) increased favorably, owing to an increase in the number of contracted facilities as we focused on building a clinical treatment network for SAS. In addition, we maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT), with proactive sales for portable oxygen concentrators and integrated oxygen concentrators (*Hi-Sanso i*).

In the area of New Healthcare initiatives, the implantable medical products business posted a solid business performance.

III. Others

In Others, sales were ¥66.0 billion, up ¥6.4 billion (increased 10.8%) year on year, and operating income was ¥8.0 billion, up ¥0.8 billion (increased 11.6%) year on year. EBITDA was ¥11.3 billion, up ¥1.3 billion year on year.

In IT, the e-comics distribution service and IT services for hospitals and enterprises posted a steady performance.

2) Progress and Results of Non-Operating Activities

The progress and results of non-operating activities conducted by the Teijin Group (“the Group”) during the fiscal year under review were as follows.

The expectations and responsibilities placed on companies to resolve global social issues, such as the United Nations’ Sustainable Development Goals (SDGs), are becoming incredibly large. Considering these social issues, the Group has organized the risks and opportunities for the Company and established five types of materiality and KPI to pursue as management issues. In response to these materiality issues, in addition to providing solutions through our business, the Group is working to strengthen our foundation in reducing our environmental impact as well as in diversity and inclusion.

In terms of reducing environmental impact, the Group established medium- and long-term environmental goals to reduce emissions of CO₂, water, and hazardous chemicals. Regarding the Company’s CO₂ emissions, we have established goals of reducing total emissions by 20% by 2030 and of realizing zero emissions by 2050. We aim to achieve these goals by continuing and enhancing initiatives in energy conversion and increased productivity. In response to the increasingly serious global issues of water shortages and water contamination, we set a goal of 30% improvement per unit of freshwater withdrawal sales by 2030. While expanding the number of products that use little water and promoting the efficient use of water in our businesses, we are also promoting policies to reduce water risk in locations in regions with high water risk.

On the issue of “Diversity & Inclusion,” we are promoting personnel diversity, women’s advancement, and workstyle diversity, aiming to realize an organization that fully demonstrates the abilities of diverse human resources with different values and experiences in order to revitalize the organization and stimulate innovation. In its promotion of active roles for women, the Group established a dedicated organization quickly in 2000 and has continuously supported career advancement for female employees and continuously provided career support. For three straight years, Teijin has been selected as one of “Nadeshiko Brands” which is jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select enterprises that encourage women’s success in the workplace. Moreover, we are proactively engaging in work style reforms and increased productivity for employees and promoting the design of

systems to support diverse work styles in step with the time. To streamline our operations and reduce the work load on employees, we have been implementing RPA (robotic process automation to automate) for repetitive tasks that have been carried out by people, and have realized RPS for 63 tasks as of the end of fiscal 2019. Furthermore, starting in April 2019, we introduced a telework system that anyone can use for any reason including nursing care and childcare. The Company has also created satellite offices to increasing workplace flexibility.

Furthermore, based on shared Group guidelines, the Teijin Group proactively approaches social contribution activities in line with the characteristics of the different business groups and regions. Among these approaches, we believe next-generation education is particularly important, and through the Teijin Kumura Scholarship system provided by the Teijin Scholarship Foundation that was established to foster young scientists, we have supported around 1,600 science and engineering students over more than 60 years. In 2010, we launched a scholarship system in China, providing scholarships to 36 students in fiscal 2019. In addition, we are working to support youth sports such as by being a sponsor of the All Japan High School Soccer Tournament, and by endorsing the “Children’s Rights in Sport Principles” promoted by the Japan Committee for UNICEF.

Additionally, we provide continual relief support for the areas affected by the Great East Japan Earthquake, as well as continually operating a range of initiatives to support employee volunteer activities.

These initiatives have been recognized through the inclusion of the Teijin Group in multiple international social development investment indexes, such as FTSE4Good, MSCI ESG Index, and DJSI Asia Pacific.

(2) Changes in Assets and Profit and Loss

Fiscal Period	151 st Fiscal Period FY2016	152 nd Fiscal Period FY2017	153 rd Fiscal Period FY2018	154 th Fiscal Period FY2019 (Current period)
Items				
Net sales (Millions of yen)	741,292	834,986	888,589	853,746
Operating income (Millions of yen)	56,512	69,823	60,000	56,205
Ordinary income (Millions of yen)	55,934	67,820	60,264	54,337
Profit attributable to owners of parent (Millions of yen)	50,133	45,556	45,057	25,252
Net earnings per share (Yen)	254.91	231.26	232.39	131.63
Total assets (Millions of yen)	964,053	981,967	1,020,654	1,004,223
Net assets (Millions of yen)	351,830	408,237	427,212	411,409

Note: The stated amount is rounded to the nearest million yen.

(3) Capital Investments

Capital investments by the Group in fiscal 2019 totaled ¥68.6 billion, mainly for the purpose of constructing new carbon fiber production bases and increasing the production capacity of composites business.

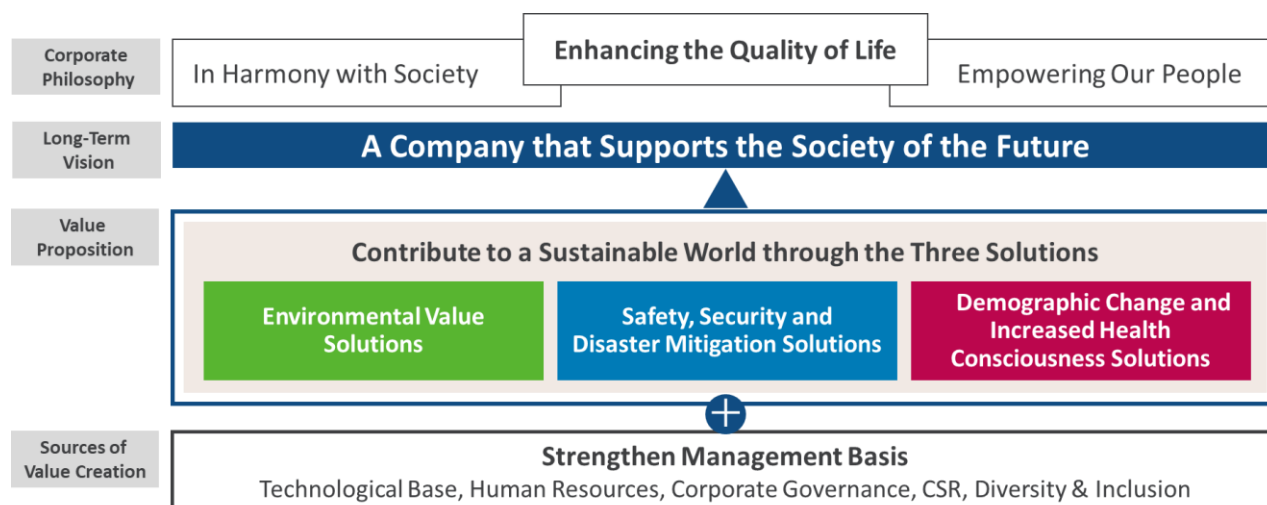
(4) Financing

The Company procured finance mainly borrowings from financial institutions and Straight Bond. Also, as a result of an increase in borrowings and an increase in lease obligations due to the application of IFRS 16 “Leases” amounted to ¥381.9 billion, an increase of ¥12.7 billion from the end of the previous year.

(5) Management Policies and Tasks Ahead

1) Corporate Vision

To help realize a sustainable society, based on our corporate philosophy, the plan calls for the Teijin Group to deliver solutions in three key fields: 1) environmental value, 2) safety, security and disaster mitigation, and 3) demographic change and increased health consciousness.



Environmental Value Solutions	Provide products and services contributing to global environmental goals such as prevention of climate change and achievement of a circular economy
Safety, Security, and Disaster Mitigation Solutions	Provide products and services protecting lives and livelihoods from various risks such as disasters and accidents
Demographic Change and Increased Health Consciousness Solutions	Provide products and services supporting healthy and comfortable living for people of all ages

2) Priority Measures of the Medium-Term Management Plan

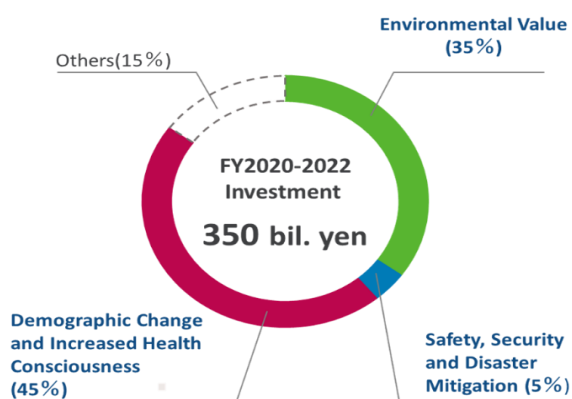
As announced in February 2020, the Teijin Group formulated a new three-year action plan from FY2020, the medium-term management plan for 2020–2022 “ALWAYS EVOLVING.”

The plan will establish a platform for more solid growth to realize our long-term vision, including thorough initiatives based on priority measures explained below.

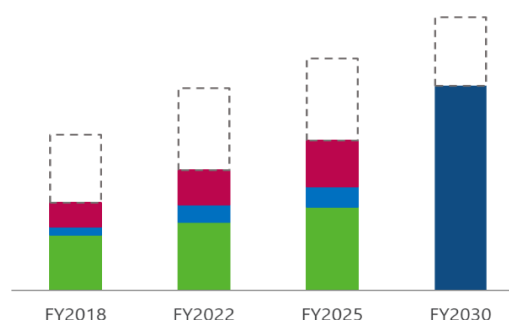
a) Create Opportunities

- Scale of investment resources: To establish the growth platform, the Teijin Group has established a capital investment and M&A budget of ¥350 billion for the coming three-year period.
- Major investment in solution fields: The Teijin Group will invest 85% of the above budget in the Three Solutions fields and accelerate efforts to address pressing issues in global society, aiming to increase sales in these three fields to 75% of total sales by FY2030.

85% of Investment for the Three Solutions (CAPEX and M&A)



Sales of the Three Solutions will be 75% by FY2030



■ Each business by stage (Strategic Focus, Profitable Growth): The Teijin Group’s business portfolio will be broadly divided according to the stage of each business into Strategic Focus areas for new businesses, which need to boost their cash-generating abilities and Profitable Growth areas for profitable existing businesses for which the focus is to expand stably. The goal is to increase cash-generating abilities by transforming the overall business portfolio with a medium-to long-term perspective through a strategic allocation of corporate resources. We will invest 60% (excluding recurring investments) and target EBITDA of the Strategic Focus businesses to be at least 1/3 (33%) of the entire Group’s EBITDA by FY2030.

	Strategic Focus	Profitable Growth
Materials	<ul style="list-style-type: none"> Composites for automotive applications Carbon fiber intermediate materials for aircraft 	<ul style="list-style-type: none"> Aramid Carbon Fiber Resin & Plastics Processing Separators, Membrane
Healthcare	<ul style="list-style-type: none"> Comprehensive Community Healthcare related business Functional foods New Medical devices 	<ul style="list-style-type: none"> Pharmaceuticals Medical devices
others	—	<ul style="list-style-type: none"> Fibers & Products Converting IT

b) Reduce risks (environmental impact)

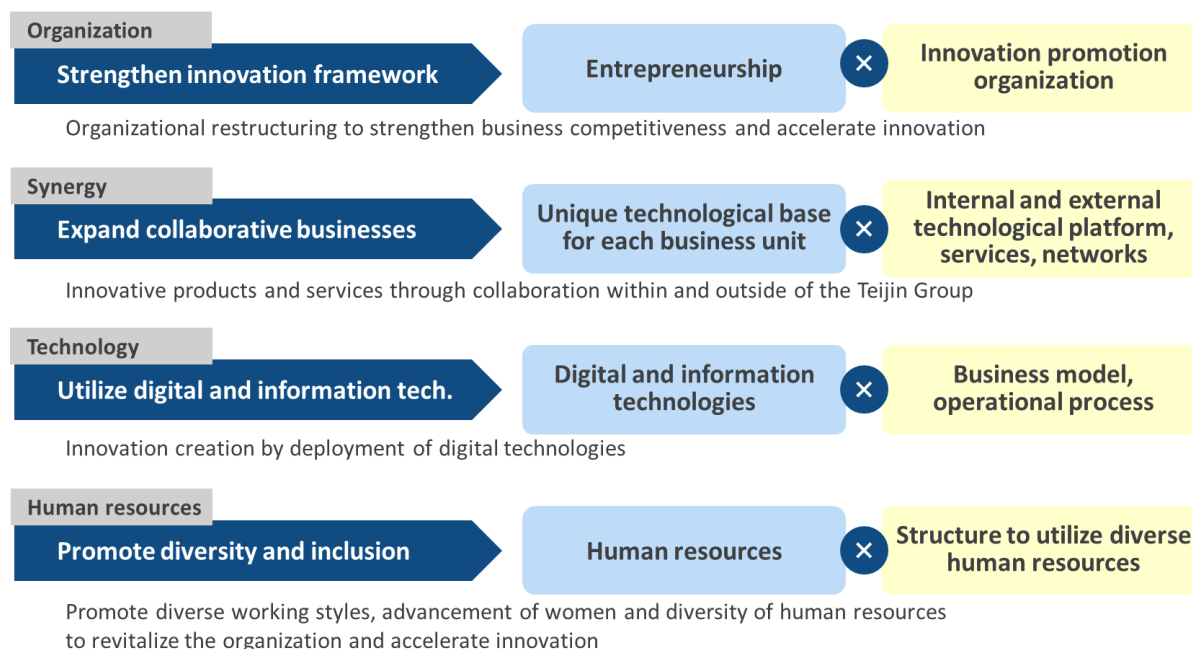
The Teijin Group will prioritize people in its efforts to realize a sustainable society. In addition, we will deliver innovative solutions for improved quality of life and to minimize the environmental and social impact of its businesses. In conjunction with the formulation of the new medium-term management plan, we have set long-term targets for reducing environmental impact and will proceed with developing business operations and implementing reduction activities with the achievement of those targets in mind.

Item	FY	Target
CO2 Emission (※)	2030	Avoided emissions” > “Total emissions
Climate Change (CO2 Emission)	2030	20% reduction (total amount) for FY 2018
	2050	Net Zero Emissions
Water	2030	30% improvement (per sales unit) for FY 2018 (freshwater intake)
Hazardous Materials	2030	20% improvement (per sales unit) for FY 2018

*CO2 reductions in the downstream segment of the supply chain from the use of the company's products are used in calculating the volume of CO2 reduction contributions. The Teijin Group aims for CO2 reduction contribution volumes higher than the total CO2 emissions for the overall Group and in the upstream segment of the supply chain.

c) Strengthen the business base

The Teijin Group will strengthen its foundation for innovation creation and accelerate its creation of business opportunities to more quickly deliver sustainable and appropriate solutions and open new markets.



Regarding human resources, the Teijin Group will provide a workplace system that offers flexible workstyles and allows not only female employees but the entire diversity-rich workforce to demonstrate their abilities and play an active role with the hope that it will foster a corporate culture that generates innovation. The Group will also set targets in line with regional characteristics not only in Japan but also overseas to promote diversity and inclusion throughout the Group.

d) Main business strategies in the Medium-Term Management Plan

■Materials business field

The Teijin Group will accelerate its development of high-added-value applications incorporating high-performance materials and multi-materialization measures.

【Strategic Focus】

Composites for Automotive	Expand market share in US as No.1 manufacturer and penetrate European and Chinese markets
Carbon Fiber & Intermediate Materials for Aircraft Structures	Obtain several new big programs, and will start mass production and profit contribution after FY2023

【Profitable Growth】

Aramid	High growth through increased capacity and new applications
Resin & Plastic Process	Secure stable earnings by expanding high value-added business

■Healthcare

Utilizing strengths cultivated through existing businesses, the Teijin Group will develop comprehensive community-based healthcare businesses in sectors including rehabilitation, nursing care, prevention and health promotion.

【Strategic Focus】

Functional foods business, Comprehensive community healthcare related business New Medical devices, etc.	Innovative healthcare service and products, uncovered as well as covered by the public health insurance (Functional foods, Nutraceuticals, Services supporting health management, Services preventing severity, Artificial joints, absorbable bone-bonding materials, Devices for depression, Devices for rehabilitation etc.)
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【Profitable Growth】

Pharmaceuticals, Home healthcare	Strengthen business platform by organizational reform By launch new drugs, mitigating the risk of generic entry of FEBURIC (“FEBURIC cliff”)
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■Fibers & Products Converting / IT

【Profitable Growth】

Fibers & Products Converting	Expansion in growth areas and improvement in basic profitability
IT	Keep growth of E-comics and expansion of healthcare business

e) Numerical targets of Medium-Term Management Plan

The Teijin Group, placing emphasis on both investment efficiency and earning power, identifies its most important indicators to be ROE (company-wide) and operating profit ROIC (company-wide and business-specific) as the most important profitability indicators, and EBITDA (company-wide and business-specific) as the most important growth indicator. The individual targets for the final fiscal year (FY2022) are shown below.

ROE	10% +
ROIC	8% +
EBITDA	150 bil. yen (Materials: 80 bil. yen, Healthcare: 45 bil. yen, Others: 25 bil. yen)

(6) Primary Businesses

The Teijin Group conducts various businesses including the manufacture and sale of the products below, operating in the Materials, Health Care and Others segments.

(As of March 31, 2020)

Business Segments	Business Fields	Principal Products and Businesses	
Materials	Aramid	Para-aramid fibers, Meta-aramid fibers, High-performance polyethylene	
	Carbon Fibers	Carbon fibers, Oxidized PAN fibers	
	Plastics	Polycarbonate resin, Polycarbonate sheets & films, Transparent conductive film, PET · PEN · PBN resin, PPS resin, Frame-retardant	
	Polyester Fibers & Trading and Retail	Textiles and Apparel	Textiles, Apparel products, General merchandise
		Industrial Textiles and Materials	Fiber materials, Nonwoven Fabric, Industrial and Automotive materials, Living and interior goods, Resin · films, Packaging materials and construction materials
	Composites, others	Composite products	The automotive composite products
		Battery Materials	Lithium-ion battery separators, high-performance membrane
Health Care	Pharmaceuticals	Prescription Drug: Treatment for Hyperuricemia and gout, Agent for Osteoporosis, Agent for Infection, Sustained-release expectorant, Transdermal analgesic anti-inflammatory, Treatment for acromegaly and pituitary gigantism	
	Home Health Care	Home Health Care Services: Oxygen Concentrator for Home Oxygen Therapy (HOT), Continuous Positive Airway Pressure Unit (CPAP), Ultrasound Bone Fracture Treatment Device	
	New Health Care	Medical equipment for joint prostheses, bone joining material, spinal implant etc.,	
Others	IT Services	Information system for general companies, Information system for hospital, Information services for nursing care providers	
	Net Business	Electronic book delivery service	

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

(7) Primary Business Places

(As of March 31, 2020)

Business	Function	Location	
The Company	Headquarters	Osaka, Tokyo	
Materials	Materials	Manufacturing bases	Ehime, Yamaguchi, Gifu, Shizuoka, Hiroshima U.S.A., Germany, the Netherlands, China, Thailand
		Operation bases	Tokyo, Osaka U.S.A., Germany, the Netherlands, China, Thailand, Taiwan, Brazil, India, Mexico, Russia, Singapore
		Research bases	Shizuoka, Ehime, Gifu, Chiba, Yamaguchi U.S.A., Germany, the Netherlands, China, Thailand
		Polyester Fibers & Trading and Retail	Manufacturing bases
	Operation bases		Tokyo, Osaka, Aichi, Niigata, Gifu U.S.A., Germany, China, Thailand, Vietnam, Myanmar, Indonesia, Mexico
	Research bases		Ehime China, Thailand
	Composites, Others		Manufacturing bases
		Operation bases	Tokyo U.S.A., Mexico, South Korea, Portugal, Czech
		Research bases	Tokyo, Ehime, Yamaguchi U.S.A., Germany, France
		Health Care	Manufacturing bases
	Operation bases		12 branches throughout Japan
	Research bases		Tokyo, Yamaguchi U.S.A.
	Others	Operation bases	Tokyo, Osaka, Ehime, Yamaguchi

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

(8) Employees

(As of March 31, 2020)

Business segments	153rd Fiscal Period FY2018 (As of March 31, 2019)	154th Fiscal Period FY2019 (As of March 31, 2020) (Current period)	Change in the number of employees
Materials	15,421	14,578	△843
Health Care	3,345	3,505	+160
Others	1,905	1,992	+87
Total	20,671	20,075	△596

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

Note 2: The number of employees stated above does not include temporary employees

(2,385 employees for the 153rd fiscal period and 2,545 employees for the 154th fiscal period)

(9) Significant Subsidiaries

(As of March 31, 2020)

Business segments		Subsidiary (Location of The Head Office)	Capital	Investment ratio (%)	Principal business
Materials	Materials	Teijin Aramid B.V. (the Netherlands)	0.02 million euro	※100.00	Production and sales of para-aramid fibers
		Teijin Corporation (Thailand) Limited (Thailand)	916.6 million baht	※100.00	Production and sales of meta -aramid fibers and resin
		Teijin Carbon Europe GmbH (Germany)	0.026 million euro	※100.00	Production and sales of carbon fibers
		Teijin Carbon America, Inc. (U.S.A.)	US\$97.5 million	※100.00	Processing and sales of carbon fibers, Production and sales of Oxidized PAN fibers
		Teijin Polycarbonate China Ltd. (China)	720 million RMB	100.00	Production of polycarbonate resin
		Teijin Chemicals Plastic Compounds Shanghai Ltd. (China)	143 million RMB	100.00	Production of polycarbonate resin compound
	Polyester Fibers & Trading and Retail	Teijin Frontier Co., Ltd (Osaka)	¥2,000 million	100.00	Sales of textiles and others
		Nantong Teijin Co., Ltd. (China)	¥4,000 million	100.00	Production and sales of polyester textile goods
		Teijin (Thailand) Limited (Thailand)	800 million baht	※100.00	Production and sales of polyester fibers
		Teijin Polyester (Thailand) Limited (Thailand)	548 million baht	66.87	Production and sales of polyester fibers
		Teijin Logistics Co., Ltd. (Osaka)	¥80 million	100.00	Transportation and custody of goods
	Composites	Continental Structural Plastics Holdings Corporation (U.S.A.)	US\$830 million	※100.00	Production and sales of Composite products
	Health Care	Teijin Pharma Limited (Tokyo)	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipment
		Teijin Home Health Care Ltd (Tokyo)	¥100 million	※100.00	Home health care services provider

Business segments	Subsidiary (Location of The Head Office)	Capital	Investment ratio (%)	Principal business
Others	Infocom Corporation (Tokyo)	¥1,590 million	58.03	Development and sales of computer software, etc.
	Teijin Engineering Ltd. (Osaka)	¥475 million	100.00	Engineering services, design and sales of plants and equipment

Note 1: The Teijin Group has 100 consolidated companies including the aforementioned 16 significant subsidiaries; 68 companies are accounted for via the equity method.

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

Note 3: The Company transferred Teijin Films Solutions Limited to Toyobo Co., Ltd. with the effective date of October 1, 2019. As a result, it has been excluded from important subsidiaries since the previous fiscal year.

Note4: Teijin Home Healthcare Limited changed its name to Teijin Healthcare Limited with effect from April 1, 2020.

(10) Primary Lenders and Amount of Borrowings

(As of March 31, 2020)

Primary Lenders	Balance of borrowings Millions of yen
MUFG Bank, Ltd.	130,430
Mizuho Bank, Ltd.	35,245
Development Bank of Japan Inc.	25,000

Note 1: indicates that the balance of borrowings includes loans from overseas affiliate banks.

Note 2: In addition to loans indicated in the balance of borrowings above, the Company borrows ¥97,097million under syndicated loans.

2. Matters Regarding the Shares of the Company (as of March 31, 2020)

(1) Authorized shares	600,000,000 shares
(2) Issued shares	197,953,707 shares
(3) Number of shareholders	97,015
(4) Top 10 shareholders of the Company	

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	14,734,700	7.67
2	Japan Trustee Service Bank, Ltd. (Trust account)	9,092,500	4.73
3	Nippon Life Insurance Company	7,045,501	3.67
4	The Employee Stock Ownership Association of Teijin	5,314,013	2.76
5	JP MORGAN CHASE BANK 385151	4,470,283	2.32
6	Japan Trustee Service Bank, Ltd. (Trust account 7)	4,376,800	2.28
7	Japan Trustee Service Bank, Ltd. (Trust account 5)	3,248,100	1.69
8	MUFG Bank, Ltd.	2,897,287	1.50
9	STATE STREET BANK WEST CLIENT – TREATY 505234.	2,652,351	1.38
10	JP MORGAN SECURITIES JAPAN Co., Ltd	2,569,140	1.33

Note: The shareholding ratio has been calculated after excluding Treasury stocks (6,013,284 shares) from the Issued shares.

3. Stock Acquisition Rights

(1) Status of Stock Acquisition Rights as of the last day of the subject Fiscal Year

Time of Issue (Issue date)	Number of Issued Stock Option (unit)	Class and Number of Shares (Common Stock) to be acquired by the Stock Option	Issue Price of Stock Option (per share)	Exercise Price of Stock Option (per share)	Period during which the Stock Option may be exercised
5th (Jul. 10, 2006)	146	29,200	¥3,315	¥1	Jul. 10, 2006~Jul. 9, 2026
6th (Jul. 5, 2007)	207	41,400	¥3,050	¥1	Jul. 5, 2007~Jul. 4, 2027
7th (Jul. 7, 2008)	328	65,600	¥1,535	¥1	Jul. 7, 2008~Jul. 6, 2028
8th (Jul. 9, 2009)	420	84,000	¥1,265	¥1	Jul. 9, 2009~Jul. 8, 2029
9th (Jul. 9, 2010)	349	69,800	¥1,305	¥1	Jul. 9, 2010~Jul. 8, 2030
10th (Mar. 12, 2012)	737	147,400	¥1,225	¥1	Mar. 12, 2012~Mar. 11, 2032
11th (Mar. 15, 2013)	698	139,600	¥980	¥1	Mar. 15, 2013~Mar. 14, 2033
12th (Mar. 14, 2014)	618	123,600	¥1,140	¥1	Mar. 14, 2014~Mar. 13, 2034
13th (Mar. 18, 2015)	379	75,800	¥1,925	¥1	Mar. 18, 2015~Mar. 17, 2035
14th (Mar. 16, 2016)	274	54,800	¥1,800	¥1	Mar. 16, 2016~Mar. 15, 2036
15th (Mar. 17, 2017)	287	57,400	¥1,955	¥1	Mar. 17, 2017~Mar. 16, 2037
16th (Mar. 16, 2018)	294	58,800	¥1,732	¥1	Mar. 16, 2018~Mar. 15, 2038
17th (Mar. 18, 2019)	321	64,200	¥1,627	¥1	Mar. 18, 2019~Mar. 17, 2039
18th (Mar. 16, 2020)	266	53,200	¥1,138	¥1	Mar. 16, 2020~ Mar.15, 2040

Of the above, total number of unexercised Stock Option held by Directors and Statutory Auditors of the Company (breakdown by each issue of the Stock Option)

(As of March 31, 2020)

Issue	Directors		Statutory Auditors	
	Number of Units	Number of Directors Holding Rights	Number of Units	Number of Statutory Auditors Holding Rights
The 8 th Issue of the Stock Option	5	1	5	1
The 9 th Issue of the Stock Option	10	2	5	1
The 10 th Issue of the Stock Option	36	3	12	1
The 11 th Issue of the Stock Option	60	4	14	1
The 12 th Issue of the Stock Option	55	4	12	1
The 13 th Issue of the Stock Option	60	4	9	1
The 14 th Issue of the Stock Option	57	5	8	1
The 15 th Issue of the Stock Option	64	5	—	—
The 16 th Issue of the Stock Option	73	5	—	—
The 17 th Issue of the Stock Option	96	5		
The 18 th Issue of the Stock Option	83	5		

Note 1: No Stock Option is granted to any Outside Directors and Statutory Auditors.

Note 2: The Stock Option held by the Statutory Auditor was distributed as a consideration of performance of duties as Director or Corporate Officer prior to assuming the position of Statutory Auditor.

(2) Stock Option distributed during the subject Fiscal Year

Stock Option distributed during the subject Fiscal Year is stated in the 18th Issue of the Stock Option noted in (1) above. Status of Stock Option distributed to employees of the Company in the 18th Issue of Stock Option.

No. of Unites	No. of Recipients
183	22

(3) Other important matters concerning Stock Acquisition Rights

Outlines of the Zero Coupon Convertible Bonds due to 2021 (bonds with stock acquisition rights), that were issued based on the resolution of the meeting of the Board of Directors held on November 26, 2014 are stated below.

Title	Zero Coupon Convertible Bonds due to 2021
The total amount of debenture	20 billion yen
Issue date	December 12, 2014
Redemption fixed date	December 10, 2021
Number of stock acquisition rights	2,000 units
Type of shares to be issued upon exercise of stock acquisition rights	Common shares of the Company
Number of shares to be issued upon exercise of stock acquisition rights	The number is determined by dividing the aggregate principal amount of the bonds upon exercise of the stock acquisition rights by the conversion price
Conversion price	¥ 1,872.1 per share (subject to adjustment in certain circumstances)
The contents and the value of the assets invested on the occasion of use of the stock acquisition rights	In case of the use of the stock acquisition rights, the Bond holder will invest the bonds upon exercise of the stock acquisition rights and the Bonds price will equal to the face value price.
Exercise period of stock acquisition rights	Between December 26, 2014 and November 26, 2021

Note: The proposal to pay out ¥30 per share for the year-end dividend was approved at the board of directors meeting on May 8, 2020. The dividend payout for the previous fiscal year was ¥60 per share, and as a result the conversion price is being adjusted. (Effective date: As of April 1, 2020)

4. Corporate Governance System

Overview

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

(1) Reasons for Choosing the 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 to 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.”

(2) Outline of Current System

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 President and 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 “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 (9) members, including four (4) outside directors whose independence is assured with one of whom is a female director. In addition, the Articles of Incorporation sets the term of office for directors at one year. The Board of Directors is chaired by the chairman of the Company (in the case of vacant of the chairman of the Board, the director of senior advisor or the outside director will take 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 (in the case of vacant of the chairman of the Board, the senior advisor), and the President & CEO, and the Chairman of the Board (in the case of vacant of the chairman of the Board, the senior advisor), chairs the Advisory Board. The Advisory Board also functions as a nominations and remuneration committee, 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 evaluating the performance of the CEO and representative directors. For matters concerning CEO, 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 Consultative Committee and Compensation Consultative Committee as consultative bodies

In addition to the above Advisory Board, the Company shall establish and manage the Nomination Consultative Committee and the Compensation Consultative 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 (Vacant seat in the case of the chairman of the Board) and the President & 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 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 directors 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. Hitomi Nakayama possesses considerable knowledge concerning compliance and risk management as 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 subsidiaries and so forth, individual internal audit organizations have been established. As of March 31, 2020, the number of internal auditors in the Teijin Group is 23 (excluding internal auditors at listed subsidiaries 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).

Hidetoshi Fukuda (KPMG AZSA LLC, 1 years), Kiyoshi Hirai (KPMG AZSA LLC, 6 year), Takeharu Kirikae (KPMG AZSA LLC, 5 years).

The status of assistants who executed auditing is as follows.

Certified public accountants 16, others 20, total 36.

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 Web site: (<https://www.teijin.com/ir/management/governance/guide/>)

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

In order to further ensure the effectiveness and enhance the functions of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the entire Board of Directors (hereinafter, the “Board of Directors Effectiveness Evaluation”) once a year. The method of the Board of Directors Effectiveness Evaluation for FY2019 and an overview of the results are as follows.

1) Analysis and Evaluation Method

① A named self-evaluation questionnaire was conducted for all Directors and Statutory Auditors (14 including Outside Directors and Outside Statutory Auditors), making reference to advice from external experts.

Furthermore, with the assistance of external experts, the Board of Directors secretariat created a summary of the questionnaire 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 (35) were compiled from the following eight fields. Respondents evaluated them on a five-step scale and made comments (free writing).

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

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

① Summary

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

② Status of response to issues to be addressed continuously

In the Board of Directors Evaluations to date, “Stakeholder dialogue” and “Risk management system enhancement” were recognized as issues to be addressed continuously. The Company continued to make improvements on these issues, including continuous reporting to the Board of Directors on the analysis of stakeholder dialogues and the content of disseminated information, the holding of discussions at the Board of Directors on the content of proposals from the TRM Committee, which is conducting comprehensive risk management for the Teijin Group, and continuous reporting to the Board of Directors at regular intervals regarding the results of major business partner surveys and the status of BCP countermeasures.

③ Issues recognized in the Board of Directors Effectiveness Evaluation at this time

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

- (a) Deep discussion regarding new business creation
- (b) Deep discussion regarding the rationality of public listing of parent and subsidiaries
- (c) Deep discussion regarding the positioning of consultative bodies

3) Initiatives Going Forward

In FY2020, the Company will continue its initiatives from FY2019. In addition, based on the recent effectiveness evaluation, the Company has decided to further promote the following initiatives as a result of discussion in the Board of Directors.

- (a) Discussion in the Board of Directors about creation of new business
- (b) Discussion in the Board of Directors about risk management
- (c) Discussion in the Board of Directors about the positioning of consultative bodies
- (d) Discussion in the Board of Directors about stakeholder dialogue and the ideal response to the stakeholders for matters including arguments about the rationality of parent and subsidiary listing

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

5. Directors and Statutory Auditors

(1) Directors and Statutory Auditors

(As of March 31, 2020)

Post	Name	Duty, state of significant positions concurrently held at other companies	Participation
President, Representative Director	Jun Suzuki	CEO (Chief Executive Officer) President, Japan Chemical Fibers Association Officer, Japan Association of Corporate Executives (Keizai Doyukai)	The Board of Directors 12/12(100%)
Vice President, Representative Director	Kazuhiro Yamamoto	Responsible for Chief Officers of Teijin Group	The Board of Directors 12/12(100%)
Senior Executive Officer, Director	Yasumichi Takesue	Responsible for Materials Business of Teijin Group	The Board of Directors 12/12(100%)
Senior Executive Officer, Director	Yoshihisa Sonobe	CFO(Chief Financial Officer)	The Board of Directors 12/12(100%)
Executive Officer, Director	*Akihisa Nabeshima	Responsible for Healthcare Business of Teijin Group	The Board of Directors 9/9(100%)
Director	Fumio Ohtsubo	Panasonic Corporation Special Advisor Outside Statutory Auditor Kansai Electric Power Co., Inc. Trustee, Nippon Life Ins. Director, Kansai University Trustee, Japan-Indonesia Association, Inc.	The Board of Directors 12/12(100%)
Director	Yukako Uchinaga	Board Chair, Japan Women's Innovate Network President & CEO, Globalization Research Institute Co., Ltd. Outside Director, HOYA Corporation Outside Director, Aeon Co., Ltd.	The Board of Directors 12/12(100%)
Director	Yoichi Suzuki	Adviser to President and Visiting Professor, Chubu university Adviser, Amundi Japan Ltd	The Board of Directors 12/12(100%)
Director	*Masaru Onishi	External Affairs representative Japan Airlines Co., Ltd. Outside Director, Mitsui O.S.K. Lines, Ltd... Advisor, Mitsubishi Heavy Industries, Ltd. Visiting Professor, Toyo university Trustees, International university	The Board of Directors 9/9(100%)

Post	Name	Duty, state of significant positions concurrently held at other companies	Participation
Full-time Statutory Auditor	Noriaki Endo		The Board of Directors 11/12(92%) The Board of Statutory Auditors 11/12(92%)
Full-time Statutory Auditor	*Masanori Shimai		The Board of Directors 9/9(100%) The Board of Statutory Auditors 9/9(100%)
Statutory Auditor	Nobuo Tanaka	Chairman, The Sasakawa Peaceful Fund Outside Director, Chiyoda Corporation Outside Statutory Auditor, Innotech Corporation	The Board of Directors 11/12(92%) The Board of Statutory Auditors 11/12(92%)
Statutory Auditor	Gen Ikegami	Representative, Gen Ikegami Certified Public Accountant Office, Certified Public Accountant Outside Director, TAC Co., Ltd.	The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)
Statutory Auditor	Hitomi Nakayama	Partner lawyer, Kasumigaseki-Sogo Law Offices Outside Director, Royal Holdings Co., Ltd Director, Public Interest Incorporated Foundation “Automotive Dispute Resolution Center” Auditor, Japan Electric Meters Inspection Corporation	The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)

Note 1: The directors and statutory auditor marked with * were newly elected at the 153rd Ordinary General Meeting of Shareholders held on June 20, 2019.

Note 2: Four (4) Directors—Fumio Ohtsubo, Yukako Uchinaga, Yoichi Suzuki and Masaru Onishi —are outside directors. The Company requires the candidate for outside director to satisfy the requirements of “Independent Director” stipulated by the Company. These four (4) Directors satisfied all such requirements and maintained their independence throughout the relevant fiscal year. Because they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at the stock exchanges. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s Web site: (<https://www.teijin.com/ir/management/governance/requirements/>).

Note 3: There are no important interests between the Company and any of the entities at which the abovementioned outside directors hold positions as director/statutory auditor etc.

Note 4: Three (3) Statutory Auditors— Nobuo Tanaka, Gen Ikegami and Hitomi Nakayama —are outside statutory auditors. The Company requires the candidate for outside statutory auditor to satisfy the requirements of “Independent Statutory Auditor” stipulated by the Company. These three (3) Statutory Auditors satisfied the all said requirements and maintained their independence throughout the relevant fiscal year. Because they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at the stock exchanges. The contents of the requirements of Independent Auditor” stipulated by the Company can be viewed at the Company’s Web site: (<https://www.teijin.com/ir/management/governance/requirements/>).

Note 5: There are no important interests between the Company and any of the companies at which the abovementioned outside statutory auditors hold positions as director/ statutory auditor etc.

Note 6: Director Yukako Uchinaga retired Outside Director, Aeon Co., Ltd. as of May 22, 2020.

Note 7: Statutory Auditor Gen Ikegami is a Certified Public Accountant and has ample knowledge of finance and accounting.

Note 8: Statutory Auditor Hitomi Nakayama is qualified as a lawyer and has ample knowledge of compliance and risk management.

Note 9: The following Directors and Statutory Auditor retired as of June 20, 2019.

Director	Hiroshi Uno
Director	Nobuo Seki
Statutory Auditor	Atsushi Mugitani

Note 10: Changes in posts and duties of Directors during the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Kazuhiro Yamamoto	Vice President, Representative Director President, Responsible for Chief Officers of Teijin Group	Vice President, Representative Director CFO (Chief Financial Officer) CIO	April 1, 2019
Yoshihisa Sonobe	Senior Executive Officer, Director CFO (Chief Financial Officer)	Executive Officer, Director Responsible for Corporate Strategy Officer Responsible for Global Strategy	April 1, 2019
Akihisa Nabeshima	Teijin Group Executive Officer President, Healthcare Business of Teijin Group	Teijin Group Executive Officer General Manager, Healthcare Business Group President, Teijin Pharma Limited	April 1, 2019
	Executive Officer, Director President, Healthcare Business of Teijin Group	Teijin Group Executive Officer President, Healthcare Business of Teijin Group	June 20, 2019

Note 11: Changes in posts and duties of Directors following the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Kazuhiro Yamamoto	Director	Vice President, Representative Director President, Responsible for Chief Officers of Teijin Group	April 1, 2020
Yasumichi Takesue	Director	Senior Executive Officer, Director Responsible for Materials Business of Teijin Group	April 1, 2020
Yoshihisa Sonobe	Representative Director, Senior Executive Officer CFO (Chief Financial Officer)	Senior Executive Officer, Director CFO (Chief Financial Officer)	April 1, 2020

(2) Liabilities Limitation Agreements

The Company has executed a Liabilities Limitation Agreement with each of four (4) outside directors, Fumio Ohtsubo, Yukako Uchinaga, Yoichi Suzuki and Masaru Onishi and each of five (5) statutory auditors, Noriaki Endo, Masanori Shimai, Nobuo Tanaka, Gen Ikegami and Hitomi Nakayama 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) The Amount of Remuneration for Directors and Statutory Auditors, etc.

1) Policy on Deciding on the Amount of Remuneration, Etc. for Directors and Statutory Auditors, or the Calculation Thereof.

① Basic policy for 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 company results, and highly transparent and objective
- 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 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.

③ Composition of remuneration, etc. 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.

④ Composition ratio of remuneration

For internal directors, the composition ratio is as follows.

Fixed remuneration	Variable remuneration		Total remuneration
Basic remuneration	Performance-based remuneration	Compensation-type stock options	
65%	25%	10%	100%

Note1: The ratio for performance-based remuneration and compensation-type stock options is based on 100% achievement of relevant targets.

Note2: From FY2020, the composition ratio of remuneration is changed Basic remuneration 60%, Performance-based remuneration 25% and Compensation-type stock options 15%.

⑤ 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.

⑥ 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.

2) Resolutions of Ordinary General Meeting Regarding on Remuneration for Directors and Statutory Auditors , etc.

The maximum annual remuneration for directors of the Company has been ¥700 million, as resolved by the 140th Ordinary General Meeting of Shareholders, held on June 23, 2006 and the 149th Ordinary General Meeting of Shareholders, held on June 24, 2015. The amount of the above remuneration includes (1) ¥630 million of annual salary, and (2) ¥70 million for the fair value of compensation-type stock options.

The maximum monthly remuneration for statutory auditors is ¥12 million as resolved by the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999.

3) Remuneration for Directors and Statutory Auditors during the subject fiscal year

(millions of yen)

	Inside Directors	Outside Directors	Directors Total	Inside Statutory Auditors	Outside Statutory Auditors	Statutory Auditors Total
Number of People	6	5	11	3	3	6
Amount of Remuneration	349	66	415	69	36	105

Note 1: Inside Directors means directors other than outside directors and Inside Statutory Auditors means statutory auditors other than outside statutory auditors.

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

Note 3: The amounts of above remuneration include ¥65 million, an expected amount of performance-based remuneration to be paid to the five (5) inside directors appointed at the 153rd Ordinary General Meeting of Shareholders held on June 20, 2019. The amounts of above remuneration include ¥18 million as compensation-type stock options granted to inside directors for their duties performed during the subject fiscal year. Performance-based remuneration and stock options were not granted to outside directors.

4) Method for determining remuneration of directors and statutory auditors

The Advisory Board deliberates on the remuneration of CEO, and the Compensation Consultative Committee deliberates on the remuneration for directors other than CEO. After the deliberations, proposals are presented to the Board of Directors, which gives full consideration to the proposals before passing a resolution.

Remuneration, etc. for statutory auditors is decided by consultation of the statutory auditors.

(4) Outside Directors and Outside Statutory Auditors

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

They are shown in the above-mentioned 「(1) Directors and Statutory Auditors」 .

2) Main Activities of Outside Directors and Outside Statutory Auditors

The attendance status of the Board of Directors and Audit & Supervisory Board are shown in the above-mentioned 「(1) Directors and Statutory Auditors」 .

Category	Name	Main Activities
Outside Directors	Fumio Ohtsubo	He offered valuable comments from his extensive management experience and knowledge.
	Yukako Uchinaga	She offered valuable comments from her wealth of business experience, outstanding insights in the IT field, and a deep understanding of diversity.
	Yoichi Suzuki	He offered valuable comments from his expertise and knowledge of international economic and trade issues etc. cultivated over many years as a diplomat.

Category	Name	Main Activities
	Masaru Onishi	After he was appointed on June 20, 2019, he offered valuable comments from his extensive management experience and knowledge.
Outside Statutory Auditors	Nobuo Tanaka	He offered valuable comments from his experience at the government agencies and international organization and offered, in particular, advice and suggestions concerning corporate governance.
	Gen Ikegami	He offered valuable comments from his professional knowledge as a Certified Public Accountant.
	Hitomi Nakayama	She offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions concerning compliance and risk management.

6. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC.

(2) Amount of Remuneration

(Millions of yen)

Details	Amount
1) The amount of remuneration, etc., to be paid by the Company to the accounting auditor	203
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor	345

Note 1: The amount described in Item 1) of the above table is the total sum of the remunerations for audits under the Companies Act and the remuneration for the audits under Financial Products & Exchange Act in Japan because these are not clearly distinguished from each other in the contract between the Company and the Accounting Auditor.

Note 2: Of the major subsidiaries of the Company, 10 companies, including Teijin Aramid B.V. , undergo auditing by accounting firm other than the Accounting Auditor.

Note 3: The Company pays the Accounting Auditor for a fee "Accounting advisory service" etc. (i.e. services other than those stipulated in Article 2, paragraph 1 of the Certified Public Accountants Law)

Note 4: Based on the Company's scale and characteristics, the Board of Statutory Auditors has given consent to the remuneration, etc., to be paid the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of the confirmation of the audit contents, total audit work done, audit plans of Accounting Auditor and its rewards estimation.

(3) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company has a policy that the Board of Statutory Auditors may dismiss the accounting auditor based on the unanimous approval by the statutory auditors in cases where Article 340, Paragraph 1 of the Companies Act is judged to apply. Furthermore, the Company has a policy of submitting a proposal regarding dismissal of the Accounting Auditor to a shareholder's meeting in the event that it is deemed that a grave obstacle to the Company's audit operation involving the Accounting Auditor has occurred, and similarly submitting a proposal regarding the non-reappointment of the Accounting Auditor in the event that it is deemed necessary to change the Accounting Auditor in light of the Accounting Auditors' independence and reliability, or the status of its performance of duties.

In both cases, the submission of the proposals is based on a decision of the Board of Statutory Auditors.

7. Policy Regarding the Determination of Dividends from Retained Earnings

Our basic policy for profit sharing is to ensure dividends are in line with consolidated operating results, targeting a consolidated payout ratio of 30% for the medium term. We will also determine dividends by giving consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term, and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.

8. Systems to Ensure Appropriate Business Operations and the Status of its Implementation

(1) Resolutions on Basic Policies for Establishment of Internal Control Systems

The Company passed a resolution regarding the “Basic Policy for Establishment of Internal Control Systems” at a Board of Directors meeting held on March 30, 2020.

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

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, Corporate 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 (President), 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. 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 statutory auditors, and will respect any advice or recommendations received from the statutory auditors.

The Company places Corporate Audit Department directly supervised by CEO, which performs internal auditing of 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 general manager, Human Resources Division 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, in principle, 4 or more 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 a total risk management system to deal with any kind of risks that might threaten sustainable business development.

Total Risk Management (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 risk, 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 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 properly and efficiently operate and assesses 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 when necessary.

*The case of vacant 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 concurrently become statutory auditors of Teijin Group companies; however it shall not concurrently become corporate officers connected with performance of duties at Teijin Group companies.

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 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 Group Ethics Regulations and other 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 consists of 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) Summary of the "Internal Control System Operating Status"

In accordance with the "Basic Policy for the Establishment of Internal Control Systems," the operating status of the Company's internal control system for the relevant year is as follows.

1) Operating Status Regarding Compliance with Laws and Regulations

The Company has published the Teijin Group "Corporate Governance Guide" and the related regulations necessary to carry out its basic policy on the Company intranet, and has designated each October as Corporate Ethics Month in which internal training is held, promoting compliance education and awareness. Furthermore, for important decision making, the related divisions and departments perform verifications, working to prevent any violations of laws and regulations. The Company has established a framework to promote compliance under the direction of the Chief Social Responsibility Officer, which works to identify and respond to problems across the Teijin Group. The Chief Social Responsibility Officer also responds appropriately to important compliance issues reported by the directors, officers and employees of the Company and its subsidiaries based on the Group Ethics Regulations, which establish rules for reporting illegal conduct and other responses, and make regular reports to the TRM Committee.

The Company has established an internal reporting system including an anonymous compliance hotline, responding appropriately to hotline inquiries from group companies in Japan and overseas, protecting the reporter, and publishing the status of the response biannually on the intranet, promoting education and awareness.

The Company respects and responds appropriately to points made by Statutory Auditors in audits and in evaluations of the condition and operational status of internal control systems.

The Company's Corporate Audit Department performs internal auditing across the Teijin Group based on the annual plan, and reports the audit results to the Directors and Statutory Auditors as necessary.

The Company maintains an action policy against anti-social forces in its Corporate Code of Conduct, and promotes education and awareness at its Corporate Ethics Month.

2) Operating Status Regarding Management of Risk of Loss

The Board of Directors of the Company receives reports from the TRM Committee on proposals for basic policies and annual plans related to TRM, as well as the status of the occurrence and response to risks, putting in place a system to manage important risks and ensure the continuation of the business.

The Chief Social Responsibility Officer implements regular evaluation and monitoring of operational risks, continually identifying risks and evaluating the validity of countermeasures. The Company has formulated "The Manual of Large-scale disaster prevention" that assumes the spread of widespread infectious diseases such as Covid-19. This time too, the Company is setting up Emergency Response Headquarters, prioritizing the safety of employees and their families all over the world, grasping the status of the entire Teijin Group, implementing various measures, disseminate information to

inside and outside Teijin Group, and procuring relief supplies.

At meetings of the Board of Directors and other important meetings of the company, deliberation items are evaluated based on the results of strategic risk assessment implemented based on the Regulations for Group Profit Management. To ensure the continuation of business, the Company will prepare the required manuals and hold regular drills to be prepared in the event of an emergency.

While preparing individual policies on personal information protection and information security, the Company has implemented various internal education programs and security enhancement policies, as well as enhancing countermeasures against the risk of information leaks.

3) Operating Status Regarding Securing Efficiency

The Company publishes the Group regulations on the Company intranet, promoting education and awareness.

The Company assigns management systems and job duties as well as clarifying responsibilities and authorities based on Group organizational regulations and Group responsibility and authority regulations, working to ensure efficient management execution and effective management.

4) Operating Status Regarding the Internal Control System within the Corporate Group

The Company performs regular self-evaluations of the creation and operating status of its internal control system, continually guiding the creation of the internal control system including both the regulations and meetings of the various Teijin Group companies and a reporting system.

The Company's Statutory Auditors, to promote fair and efficient auditing activities within the Teijin Group, by holding regular meetings of the Group Board of Statutory Auditors and attending meetings in which accounting audit reports are given, maintains close cooperation among the Accounting Auditors and Internal Audit Departments.

5) Operating Status Regarding the Preservation and Management of Information

The Company's Board of Directors appropriately preserves documents and important information concerning the performance of their duties in accordance with regulations regarding information related to the duties of the Group's directors.

6) Operating Status Regarding Ensuring the Effectiveness of the Auditing of the Statutory Auditors

The Company has established the Teijin Group Auditor Office, with the Teijin Group Auditor Office members under the direct control of the Statutory Auditors to assist the Statutory Auditors in performing their duties.

The Company's full-time Statutory Auditors attend important meeting bodies of the Company and of the main subsidiaries, receiving reports at the meeting bodies from the representative directors, other directors, and corporate officers on the status of the performance of duties.

The Chief Social Responsibility Officer reports on important stipulated items, including internal reporting by the hotline, promptly following their discovery, both individually and in detail, to the members of the meeting bodies including the Statutory Auditors, through the important meeting bodies.

Officers and employees of the Company properly respond to items requested by the Statutory Auditors, working to ensure the effectiveness of the auditing of the Statutory Auditors.

Note: Italicized product names and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries, or, where noted, are protected as the trademarks and/or trade names of other companies.

9. Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
< Assets >		
Current assets		
Cash and deposits	100,592	113,500
Notes and accounts receivable-trade	194,241	167,194
Securities	33,000	36,000
Merchandise and finished goods	98,727	96,935
Work in process	11,556	11,735
Raw materials and supplies	35,597	34,429
Short-term loans receivable	14,208	12,127
Other current assets	36,515	33,926
Allowance for doubtful accounts	(582)	(523)
Total	523,854	505,323
Noncurrent assets		
Tangible assets		
Buildings and structures, net	64,159	65,037
Machinery and equipment, net	105,908	110,956
Land	43,334	43,174
Construction in progress	30,827	42,226
Other, net	23,658	34,689
Total	267,887	296,081
Intangible assets		
Goodwill	32,845	23,813
Other	36,664	36,574
Total	69,510	60,387
Investments and other assets		
Investment securities	96,179	76,633
Long-term loans receivable	1,272	2,063
Net defined benefit asset	31,382	31,388
Deferred tax assets	7,521	9,578
Other	24,719	24,373
Allowance for doubtful accounts	(1,670)	(1,604)
Total	159,403	142,432
Total noncurrent assets	496,800	498,900
Total assets	1,020,654	1,004,223

(Millions of yen)

	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	93,499	80,068
Short-term loans payable	104,265	98,372
Current portion of long-term loans payable	7,662	34,268
Current portion of bonds	15,000	—
Income taxes payable	6,879	5,464
Provision for business structure improvement	81	1,089
Accrued expenses	23,542	21,912
Other	49,277	46,467
Total	300,205	287,640
Noncurrent liabilities		
Bonds payable	20,039	35,024
Long-term loans payable	220,583	202,013
Provision for business structure improvement	—	2,325
Net defined benefit liability	37,553	39,464
Asset retirement obligations	2,645	2,228
Deferred tax liabilities	3,539	2,929
Other	8,878	21,191
Total	293,237	305,174
Total liabilities	593,442	592,814
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	104,256	103,692
Retained earnings	235,324	247,055
Treasury stock	(13,412)	(13,131)
Total	398,000	409,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,720	12,403
Deferred gains or losses on hedges	(52)	(1,020)
Foreign currency translation adjustment	(11,402)	(23,217)
Remeasurements of defined benefit plans	(2,538)	(3,452)
Total	12,728	(15,286)
Subscription rights to shares	889	772
Non-controlling interests	15,595	16,475
Total net assets	427,212	411,409
Total liabilities and net assets	1,020,654	1,004,223

(2) Consolidated Statements of Income

(Millions of yen)

	FY2018 (Apr. 2018-Mar. 2019)	FY2019 (Apr. 2019-Mar. 2020)
Net sales	888,589	853,746
Cost of sales	620,715	590,321
Gross profit	267,874	263,424
Selling, general and administrative expenses	207,874	207,219
Operating income	60,000	56,205
Non-operating income		
Interest income	973	928
Dividends income	2,320	1,444
Equity in earnings of affiliates	434	1,997
Foreign exchange gains	—	1,145
Gain on valuation of derivatives	2,424	7
Miscellaneous income	1,089	1,283
Total	7,240	6,804
Non-operating expenses		
Interest expenses	3,499	3,717
Foreign exchange losses	846	—
Contribution	494	408
Loss on valuation of derivatives	—	2,168
Miscellaneous loss	2,138	2,380
Total	6,977	8,673
Ordinary income	60,264	54,337
Extraordinary income		
Gain on sales of noncurrent assets	300	160
Gain on sales of investment securities	4,849	5,998
Reversal of provision for business structure improvement	34	—
Settlement received	4,500	—
Other	241	548
Total	9,924	6,706
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,325	2,677
Loss on valuation of investment securities	246	114
Impairment loss	5,990	11,030
Business structure improvement expenses	29	4,232
Other	1,237	1,432
Total	9,828	19,485
Income before income taxes	60,360	41,557
Income taxes - current	13,834	12,306
Income taxes - deferred	(271)	2,272
Total	13,563	14,578
Profit	46,797	26,980
Profit attributable to non-controlling interests	1,740	1,727
Profit attributable to owners of parent	45,057	25,252

(3) Consolidated Statement of Changes in Net Assets

FY2019 (Apr. 2019 - Mar. 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2019	71,833	104,256	235,324	(13,412)	398,000
Changes of items during the period					
Dividends from surplus			(13,427)		(13,427)
Profit attributable to owners of parent			25,252		25,252
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock		(94)		293	199
Transfer of loss on disposal of treasury shares		94	(94)		—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(564)			(564)
Net changes of items other than shareholders' equity					
Total	—	(564)	11,731	282	11,449
Balance at March 31, 2020	71,833	103,692	247,055	(13,131)	409,449

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2019	26,720	(52)	(11,402)	(2,538)	12,728	889	15,595	427,212
Changes of items during the period								
Dividends from surplus								(13,427)
Profit attributable to owners of parent								25,252
Purchase of treasury stock								(12)
Disposal of treasury stock								199
Transfer of loss on disposal of treasury shares								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(564)
Net changes of items other than shareholders' equity	(14,317)	(968)	(11,815)	(914)	(28,014)	(117)	880	(27,252)
Total	(14,317)	(968)	(11,815)	(914)	(28,014)	(117)	880	(15,803)
Balance at March 31, 2020	12,403	(1,020)	(23,217)	(3,452)	(15,286)	772	16,475	411,409

Consolidated Statements of Comprehensive Income (Reference)

(Millions of yen)

	FY2018 (Apr. 2018-Mar. 2019)	FY2019 (Apr. 2019-Mar. 2020)
Profit	46,797	26,980
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,412)	(14,656)
Deferred gains or losses on hedges	(956)	(967)
Foreign currency translation adjustment	4,382	(11,764)
Remeasurements of defined benefit plans, net of tax	(2,275)	(1,019)
Share of other comprehensive income of associates accounted for using equity method	(913)	(11)
Total	(1,174)	(28,416)
Comprehensive income	45,623	(1,436)
Comprehensive income attributable to :		
Owners of parent	43,625	(2,762)
Non-controlling interests	1,999	1,325

Consolidated Statements of Cash Flows (Reference)

(Million yen)

	FY2018 (Apr. 2018-Mar. 2019)	FY2019 (Apr. 2019-Mar. 2020)
Cash flows from operating activities		
Income before income taxes	60,360	41,557
Depreciation and amortization	47,551	50,950
Impairment loss	5,990	11,030
Increase (decrease) in net defined benefit liability	1,911	1,617
Decrease (increase) in net defined benefit asset	4,985	(665)
Increase in investment securities due to retirement benefit trust return	(6,099)	—
Increase (decrease) in allowance for doubtful receivables	(27)	(95)
Increase (decrease) in provision for business structure improvement	(1,202)	3,332
Interest and dividends income	(3,293)	(2,372)
Interest expenses	3,499	3,717
Equity in (earnings) losses of affiliates	(434)	(1,997)
Loss (gain) on valuation of derivatives	(2,424)	2,161
Loss (gain) on sales and retirement of noncurrent assets	2,025	2,517
Loss (gain) on sales of investment securities	(4,845)	(5,986)
Loss (gain) on valuation of investment securities	246	114
Settlement received	(4,500)	—
Decrease (increase) in notes and accounts receivable-trade	(13,751)	19,875
Decrease (increase) in inventories	(8,187)	(4,460)
Increase (decrease) in notes and accounts payable-trade	(1,343)	(9,465)
Other, net	724	(5,488)
Subtotal	81,185	106,342
Interest and dividends income received	7,751	6,575
Interest expenses paid	(3,493)	(3,745)
Settlement package received	4,500	—
Income taxes paid	(9,044)	(14,958)
Net cash and cash equivalents provided by operating activities	80,899	94,214
Cash flows from investing activities		
Purchase of property, plant and equipment	(55,599)	(66,301)
Proceeds from sales of property, plant and equipment	310	261
Purchase of intangible assets	(3,328)	(4,020)
Purchase of investment securities	(3,620)	(5,700)
Proceeds from sales of investment securities	40,357	9,250
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(16,411)	(12,681)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,056	13,158
Payments for acquisition of businesses	—	(906)
Decrease (increase) in short-term loans receivable	(489)	1,147
Payments of long-term loans receivable	(532)	(1,277)
Collections of long-term loans receivable	93	1,273
Other, net	(3,125)	(2,127)
Net cash and cash equivalents used in investing activities	(41,288)	(67,922)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	31,433	(2,769)
Proceeds from issuance of bonds	—	15,000
Redemption of bonds	(11,910)	(15,000)
Proceeds from long-term loans payable	25,918	16,675
Repayment of long-term loans payable	(27,858)	(6,735)
Purchase of treasury shares	(20,039)	(12)
Cash dividends paid	(11,688)	(13,427)
Cash dividends paid to non-controlling interests	(436)	(652)
Proceeds from share issuance to non-controlling shareholders	—	297
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(477)	—
Other, net	(296)	(1,437)
Net cash and cash equivalents provided by financing activities	(15,353)	(8,059)
Effect of exchange rate changes on cash and cash equivalents	(184)	(2,438)
Net increase (decrease) in cash and cash equivalents	24,074	15,794
Cash and cash equivalents at beginning of period	116,158	140,434
Increase in cash and cash equivalents resulting from change of scope of consolidation	202	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	62
Cash and cash equivalents at end of period	140,434	156,290