

May 31, 2022



## Notice of Convocation

The 156<sup>th</sup> 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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May 31, 2022

Dear Shareholders

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

**Notice of Convocation of  
the 156th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 156th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposal for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Tuesday, June 21, 2022. (Japan Time)

[In case of voting by Mail]

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

[In case of voting by Internet etc.]

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

## Details

### 1. Date and Time of the Meeting:

Wednesday, June 22, 2022, 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 156th Fiscal Year (April 1, 2021 to March 31, 2022)

#### Proposal 1: Partial Amendments of the Articles of Incorporation

#### Proposal 2: Election of Ten (10) Directors

### 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: Partial Amendments of the Articles of Incorporation

##### 1. Reasons for Proposal

The revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022. In order to prepare for introduction of the System for Providing General Shareholder Meeting Materials in Electronic Format, the Company proposes to make amendments of the Articles of Incorporation as described below.

(1) The provisions of Internet Disclosure of Reference Document for the General Meeting of Shareholders and Deemed Provision (current Articles of Incorporation, Article 14) are not required under the System for Providing General Shareholder Meeting Materials in Electronic Format, so they will be changed to measures for providing information in electronic format, etc.

(2) The proposed amendment to Article 14, First Part stipulates that measures for providing information in electronic format will be taken for the information contained in the reference documents, etc. for the General Meeting of Shareholders and Second Part provides provisions to limit the scope of documents to be delivered to shareholders who have requested the delivery of the documents.

(3) With the above changes, supplementary provisions regarding the effective date, etc., will be established.

##### 2. The contents of the change

(The underlined parts have been changed.)

Current Articles	Proposed Amendments
Article 14 ( <u>Internet Disclosure of Reference Document for the General Meeting of Shareholders and Deemed Provision</u> ) In convening a General Meeting of Shareholders, the Company shall be deemed to have <u>provided the information that must be mentioned or displayed in the reference document of a General Meeting of Shareholders, business report, financial statements and consolidated financial statements by disclosing such information using the Internet pursuant to Ordinance of the Ministry of Justice.</u>	Article 14. ( <u>Measures for Providing Information in Electronic Format, etc.</u> ) <u>Upon convening a General Meeting of Shareholders, the Company shall take measures for providing information that constitutes the content of reference documents, etc. for the General Meeting of Shareholders in electronic format.</u> <u>Among items to be provided information in electronic format, the Company may exclude all or part of the items stipulated in the Ordinance of the Ministry of Justice in the document that will be issued to shareholders who requested issuance of the document by the record date for voting rights.</u>

Current Articles	Proposed Amendments
	<p data-bbox="810 152 1189 188"><u>(Supplementary Provisions)</u></p> <p data-bbox="810 203 1487 568"><u>Article 1 The change from current Article 14 of the Articles of Incorporation (Internet Disclosure of Reference Document for the General Meeting of Shareholders and Deemed Provision) to the proposed amendment to Article 14 of the Articles of Incorporation (Measures for Providing Information in Electronic Format, etc.) shall be effective on September 1, 2022 (the “Date of Enforcement”).</u></p> <p data-bbox="810 584 1487 904"><u>2. Notwithstanding the provisions of the preceding paragraph, current Article 14 of the Articles of Incorporation (Internet Disclosure of Reference Document for the General Meeting of Shareholders and Deemed Provision) shall remain effective with regard to any General Meeting of Shareholders held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="810 920 1487 1193"><u>3. This Supplementary Provision shall be automatically deleted on the date when six months have passed from the Date of Enforcement, or when three months have passed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever comes later.</u></p>

## Proposal 2: Election of Ten (10) Directors

The terms of office of ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders. Shareholders are therefore requested to elect the following ten (10) Directors (nine (9) of whom 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	<p><b>【Reappointment】</b> Jun Suzuki (February 19,1958) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1983    Joined Teijin Limited Apr. 2011    President, Teijin Holdings Netherlands B.V. Apr. 2012    Corporate Officer, Teijin Limited Apr. 2013    Executive Officer, Teijin Limited Jun. 2013    Director, Executive Officer, Teijin Limited Apr. 2014    President &amp; Representative Director CEO (Chief Executive officer) Apr. 2022    Chairperson of the Board (Incumbent)</p>	70,763 Shares
<p>&lt;Reason for nomination of the candidate for director and Roles expected &gt; After assuming the post of President &amp; 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 divided each business into future profit source development (Strategic Focus) and stably profitable existing business expansion (Profitable Growth) and positioned both as a more concrete execution plan. He has promoted growth strategies for the future and business portfolio transformation. From April 2022, as Chairperson of the Board, he will strive to supervise Executive Director and strengthen corporate governance by taking advantage of his extensive experience 8-year as CEO.</p>			

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
2	<p><b>【Reappointment】</b> Akimoto Uchikawa (Jan 18,1966) &lt;Participation in Board of Directors&gt; 9 times out of 9 (100%)</p>	<p>Mar. 1990    Joined Teijin Limited Apr. 2017    Corporate Officer, Teijin Group Responsible for Material Business f Teijin Group Assistant to General Manager, Fibers and Products Converting Business Group (for Technology, Production, Restructuring Initiatives). Jan. 2018    Management Coordinator for the President, Fibers and Products Converting Business Group (for Technology, Production, Restructuring Initiatives) Apr. 2020    General Manager, Composites Business Unit Apr. 2021    Executive Officer, Teijin Group President, Material Business of Teijin Group Jun. 2021    Director, Executive Officer Teijin Limited Apr. 2022    President &amp; Representative Director (Incumbent) CEO (Chief Executive officer) (Incumbent)</p>	12,424 Shares
<p>&lt;Reason for nomination of the candidate for director and Roles expected &gt; Akimoto Uchikawa was appointed as Corporate Officer of the Teijin Group in April 2017. He became Management</p>			

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
		Coordinator for the President, Material Business of Teijin Group and Assistant to General Manager, Fibers & Products Converting Business Group (for Technology, Production, Restructuring Initiatives) in April 2017. He was appointed as General Manager Composites Business Unit in April 2020. He had been working on expanding the Material business field. He assumed the posts of Executive Officer of the Teijin Group and President Material Business of the Teijin Group in April 2021. He has made efforts toward further increasing the profitability of the material business, which constitutes a part of the core strategies of the Company, as well as the growth and expansion of the core field, which are the themes of our Strategic Focus. He has also promoted business portfolio transformation.  From April 2022, as President & Representative Director and CEO, he will play the role of Chief Executive Officer in formulating and executing management policies to enhance the corporate value of the Teijin Group by taking advantage of his global experience.	

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
3	<p><b>【Reappointment】</b> Akihisa Nabeshima (January 17, 1960) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1982    Joined Teijin Limited Apr. 2015    Corporate Officer, Teijin Group Apr. 2017    Executive Officer, Teijin Group                   General Manager, Healthcare Business Group                   President &amp; Representative Director, Teijin Pharma                   Limited Apr. 2019    President, Healthcare Business of Teijin Group Jun. 2019    Director, Executive Officer, Teijin Limited Apr. 2021    Representative Director, Executive Officer, Teijin Limited                   Chief Financial Officer Teijin Limited (Incumbent) Apr. 2022    Representative Director, Senior Executive Officer Teijin                   Limited (Incumbent)</p>	10,575 Shares

<Reason for nomination of the candidate for director and Roles expected >

Akihisa Nabeshima assumed the posts of Corporate Officer in April 2015 and Executive Officer of the Teijin Group in April 2017. He has made efforts to increasing the 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 the Teijin Group in April 2019 and Director Executive Officer in June 2019. He has worked on further increasing the profitability of the healthcare business, which constitutes a part of the core strategies of the Company, as well as on the growth of the new healthcare business, which are the themes of the Company's Strategic Focus. Based on having been involved in finance and accounting-related work for more than 20 years before assuming the post of Corporate Officer, he assumed the posts of Representative Director and CFO in April 2021. He is making efforts toward maintaining a sound financial base and increasing corporate value. From April 2022, as Representative Director and Senior Executive Officer, he will continue to be responsible for the accounting and financial affairs of the entire Teijin Group based on his extensive accounting and financial experience.



No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
4	<p><b>【Reappointment】</b> Toshiya Koyama (May 19,1960) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1986    Joined Teijin Limited Apr. 2013    Corporate Officer (Riji), Teijin Group General Manager, New Materials Business Development Department Chief Representative of Teijin Electronics Korea Co., Ltd. Apr. 2015    Corporate Officer, Teijin Group Apr. 2017    Executive Officer, Teijin Group General Manager, Material Business Group Apr. 2020    President, Material Business of Teijin Group Jun. 2020    Director, Executive Officer, Teijin Limited (Incumbent) Apr. 2021    Representative Director, Senior Executive Officer Teijin Limited (Incumbent)</p>	12,475 Shares

<Reason for nomination of the candidate for director and Roles expected >

Toshiya Koyama has worked to increase the earnings of the Company's materials business as Corporate Officer (Riji) of the Teijin Group in April 2013, Corporate Officer of the Teijin Group in April 2015, and Executive Officer of the Teijin Group in April 2017. In April 2020, he assumed the role of President Material Business of the Teijin Group. He has worked 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 Strategic Focus. He assumed the posts of Director Executive Officer in June 2020 and Chief Social Responsibility Officer in April 2021. He is engaged in sustainable management based on his insight and knowledge in the material business, the management and promotion of the Teijin Group CSR, compliance, risk management, ESH, social contribution activities, and auditing system.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
5	<p><b>【Reappointment】</b> Eiji Ogawa (October 26, 1962) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1985    Joined Teijin Limited Apr. 2016    Corporate Officer, Teijin Group General Manager, Resin and Plastic Processing Business Unit, Teijin Limited. Apr. 2019    Chief Officer, Corporate Strategy Jun. 2020    Director, Corporate Officer Teijin Limited Apr. 2021    Director, Executive Officer Teijin Limited (Incumbent) Apr. 2021    President, Material Business of Teijin Group (Incumbent)</p>	10,950 Shares

<Reason for nomination of the candidate for director and Roles expected >

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, Director Corporate Officer in June 2020 and Director Executive Officer in April 2021. He has strived for the promotion of business portfolio transformation to establish growth platforms. From April 2022, as President Material Business of the Teijin Group, he has taken responsibility for further profit expansion of the Materials Business of the Teijin Group and development and promotion of priority fields that are the theme of Strategic Focus and will endeavor to provide environmental value solutions and safe, secure and disaster prevention solutions by taking advantage of his corporate strategy experience.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
6	<p><b>【Reappointment】</b> Naohiko Moriyama (May 20,1965) &lt;Participation in Board of Directors&gt; 9 times out of 9 (100%)</p>	<p>Apr. 1990    Joined Teijin Limited Apr. 2017    Corporate Officer, Teijin Group Responsible for Healthcare Business of Teijin Group Apr. 2019    General Manager, Healthcare New Business Division Apr. 2021    Teijin Group Executive Officer President, Healthcare Business of Teijin Group (Incumbent) Jun. 2021    Director, Executive Officer Teijin Limited (Incumbent)</p>	6,797 Shares

<Reason for nomination of the candidate for director and Roles expected >

Naohiko Moriyama was appointed as Corporate Officer of the Teijin Group in April 2017 and as Responsible for Healthcare Business and General Manager of the Healthcare New Business Division in April 2019, and he has been working on toward expanding the Healthcare business field. He assumed the posts of Executive Officer of the Teijin Group in April 2021. As President, Healthcare Business of the Teijin Group and General Manager, Healthcare New Business Division, he has worked toward further increasing the profitability of the healthcare business, which is one of the Company's priority strategic businesses, and expanding the new healthcare business, which is the themes of our Strategic Focus in Medium-Term Management Plan. From April 2022, as President, Healthcare Business of the Teijin Group, he will continue to realize our goal of demographic change and increased health consciousness solutions.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
7	<p><b>【Reappointment】</b> Candidate for Outside Director Yukako Uchinaga (July 5, 1946) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Jul. 1971    Joined IBM Japan, Ltd Apr. 1995    Director, IBM Japan, Ltd Apr. 2000    Director, Executive Officer, IBM Japan, Ltd. Apr. 2004    Director, Senior Executive Officer, IBM Japan, Ltd. Apr. 2007    Board Chair, Japan Women's Innovate Network (Incumbent) Jun. 2007    Director, Benesse Corporation Apr. 2008    Director, Vice Chairperson, Benesse Corporation Representative Director, Chairperson of the Board, President &amp; CEO, Berlitz Corporation Oct. 2009    Director, Executive Vice President, Benesse Holdings, Inc. Apr. 2013    Honorary Chairperson, Berlitz Corporation Sep. 2013    President &amp; CEO, Globalization Research Institute Co., Ltd (Incumbent) Apr. 2014    Board Chair, Japan Diversity Network Association Apr. 2018    Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)</p>	1,200 Shares
		<p>&lt;Significant Concurrent Positions &gt; Board Chair, Japan Women's Innovate Network President &amp; CEO, Globalization Research Institute Co., Ltd. Outside Director, HOYA CORPORATION Outside Director, SINTOKOGIO, LTD.</p>	

<Reason for nomination of the candidate for director and Roles expected >

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
		<p>Yukako Uchinaga has extensive business experience, having served in roles such as Director, Senior Executive Officer at IBM Japan, Ltd. and Director, Executive Vice President at Benesse Holdings, with broad knowledge of the information technology field, and deep insight in matters concerning diversity. As the Director, she provides appropriate advice and points out on diversity activities including women's advancement and IT / healthcare business in addition to contributing 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. She has been a member of the Nomination Advisory Committee and the Compensation Advisory Committee since April 2021. Therefore, we continue to select her as a candidate for Outside Director so that she can continue to supervise management from an objective standpoint through the Board of Directors, Advisory Board, Nomination Advisory Committee and Compensation Advisory Committee, making use of her extensive business experience, broad knowledge and deep insight in matters concerning diversity. The Company pays membership fees to the Japan Women's Innovative Network ("J-Win"), for which the candidate serves as Board Chair, however the amount of this transaction accounts for less than 0.1% of the consolidated net sales of the Teijin Group and 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><b>【Reappointment】</b> Candidate for Outside Director Yoichi Suzuki (September 25, 1950) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1975    Joined Ministry of Foreign Affairs, Japan (MOFA) Jun. 1997    Deputy Permanent Representative of Japan to the World Trade Organization (WTO) in Geneva Apr. 2003    Minister's Secretariat (MOFA) Sep. 2005    Consul-General of Boston Dec. 2008    Director-General for Economic Affairs of MOFA Aug. 2010    Ambassador to Singapore Aug. 2013    Ambassador to France Jun. 2016    Government Representative and Ambassador in charge of the Kansai region Mar. 2017    Government Representative and Ambassador Ambassador for International Economic Affairs and Chief Negotiator for the Japan EU EPA Apr. 2018    MOFA retired Apr. 2018    Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)</p> <p>&lt;Significant Concurrent Positions &gt; Outside Director, KAJIMA CORPORATION</p>	2,400 Shares

<Reason for nomination of the candidate for director and Roles expected >

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 contributing 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

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
CEO's performance, and recommendations for overall management. He has been a member of the Nomination Advisory Committee and Compensation Advisory Committee since April 2021. Therefore, we continue to select him as a candidate for Outside Director so that he can continue to supervise management from an objective standpoint through, the Board of Directors, Advisory Board, Nomination Advisory Committee and Compensation Advisory Committee by utilizing his knowledge and experience as a diplomat.			

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
9	<p><b>【Reappointment】</b> Candidate for Outside Director Masaru Onishi (May 19, 1955) &lt;Participation in Board of Directors&gt; 12 times out of 12 (100%)</p>	<p>Apr. 1978    Joined Japan Air Lines Co., Ltd. Apr. 2007    President JAL Aircraft Maintenance Narita Apr. 2009    Executive officer, JAL International Co., Ltd Jun. 2009    President of Japan Air Commuter Feb. 2010    President Japan Air Lines Corporation (JAL group COO) President Japan Air Lines International Co., Ltd. Nov. 2010    Director, President Japan Air Lines International Co., Ltd. (Organizational change) Mar. 2011    Representative Director, President Japan Air Lines International Co., Ltd. Apr. 2011    Representative Director, President Japan Airlines Co., Ltd. (Company name change from Japan Air Lines International Co., Ltd. to Japan Airlines Co., Ltd.) Representative Director, Chairperson Japan Airlines Co., Ltd. Feb. 2012    Representative Director, Chairperson Japan Airlines Co., Ltd. Apr. 2014    Director, Chairperson Japan Airlines Co., Ltd Jul. 2018    External Affairs Representative, Japan Airlines Co., Ltd. Jun. 2019    Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)</p> <p>&lt;Significant Concurrent Positions &gt; Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporate</p>	1,500Shares

<Reason for nomination of the candidate for director and Roles expected >  
Masaru Onishi had served as president and Chairperson of Japan Airlines Co. Ltd. and he has abundant business experience and a high level of insight. As the Director, he is providing appropriate advice and suggestions regarding the Company's business strategy and cooperate governance, as well as on officer compensation and appointments. Furthermore, he has fulfilled his role sufficiently in appointment, dismissal, and evaluation of the CEO's performance as the member of the Advisory Board which is the Company advisory body, and with regard to compensation for Directors and Officers and the introduction of a new stock-based remuneration system as committee chair of the Compensation Advisory Committee. He has fulfilled his duties sufficiently in recommendations for overall management. Therefore, we continue to select him as a candidate for Outside Director, so that he can continue to supervise management from an objective standpoint through the Board of Directors, Advisory Board, Nomination Advisory Committee, and Compensation Advisory Committee by utilizing his

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
abundant business experience and high level of insight.			

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
10	<p><b>【New Candidate】</b> Candidate for Outside Director Masaaki Tsuya (Jun 22,1952)</p>	<p>Apr. 1976    Joined Bridgestone Corporation Mar. 2006    Vice President and Officer Bridgestone Corporation Mar. 2008    Director, Vice President and Senior Officer Bridgestone Corporation Sep. 2011    Representative Director, Senior Vice President Bridgestone Corporation Mar. 2012    Representative Director, CEO (Chief Executive officer) Bridgestone Corporation Mar. 2013    Representative Director, CEO Chairperson of the Board, Bridgestone Corporation Mar. 2016    Chairperson of the Board, Bridgestone Corporation CEO and Representative Executive Officer Mar. 2020    Chairperson of the Board, Bridgestone Corporation Mar. 2021    External Advisor, Bridgestone Corporation (Incumbent)</p> <p>&lt;Significant Concurrent Positions &gt; External Advisor, Bridgestone Corporation</p>	1,500 Shares

<Reason for nomination of the candidate for director and Roles expected >

Masaaki Tsuya had served as CEO and Chairperson of the Board of Bridgestone Corporation. In addition, he has accumulated abundant business experience through engagement in fields such as international relations, human resources and public relations, and promotion of internal control. In particular, he has experience in global business, strengthening corporate governance, and enhancing deliberations and enabling appropriate decision making by the Board of Directors. Based on his experience, the Company has determined that he qualifies for the Outside Director of the Company working toward strengthening corporate governance as a global company. The amount of transactions between Bridgestone Corporation and the Company accounts for less than 1% of the consolidated net sales of either company.

Note 1: Yukako Uchinaga, Yoichi Suzuki, Masaru Onishi and Masaaki Tsuya 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, Yukako Uchinaga Yoichi Suzuki and Masaru Onishi, at the Tokyo Stock Exchange as Independent Directors, and it plans to register the new candidate for Outside Director, Masaaki Tsuya, at the same stock exchange as Independent Director. 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 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. If the reappointment is approved, the Company will continue the liabilities limitation agreements with them. If Jun Suzuki and Masaaki Tsuya election are approved, the Company will enter into a liabilities limitation agreements with them which limit their 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 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
Yukako Uchinaga	June 20, 2018	4 years
Yoichi Suzuki	June 20, 2018	4 years
Masaru Onishi	June 20, 2019	3 years

Note 5: About directors and officers liability insurance (D&O insurance)

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, in which each Director whose term of office expires at the conclusion of this General Meeting of Shareholders is included as an insured. Under said insurance contract, legally mandated amount of indemnification and litigation expenses arising from the insured's assumption of liability during the insurance period, or receipt of claims pertaining to the pursuit of such liability, caused by the performance or omission of his or her duties, will be covered. However, claims for damages caused by intention or gross negligence will not be covered. If the election of each candidate is approved, all candidates (and reelected candidates will continue to be) will be included in said insurance contract as insureds. The full amount of the insurance premiums is borne by the Company. Next time, we plan to renew the insurance contract in July 2022.

<Reference> Management Structure After Approval of Proposals 2 (Planned)

Category	Name		Tenure	Area of expertise and experience							
				Management experience	Finance and accounting	Legal/Business/Risk management	Global management	Environment/Solution	Health and Safety Solution	IT/DX/Innovation	Diversity & Inclusion
Director	Jun Suzuki		9	○			○	○	○	○	
	Akimoto Uchikawa		1	○			○	○	○	○	
	Akihisa Nabeshima		3	○	○				○	○	
	Toshiya Koyama		2			○	○	○	○	○	
	Eiji Ogawa		2		○	○	○			○	
	Naohiko Moriyama		1						○	○	
	Yukako Uchinaga	Outside	4	○			○			○	○
	Yoichi Suzuki	Outside	4			○	○	○			
	Masaru Onishi	Outside	3	○				○	○	○	
	Masaaki Tsuya	Outside	-	○		○	○				○
Statutory Auditor	Masanori Shimai		3		○	○					
	Akio Nakaishi		2				○	○		○	
	Gen Ikegami	Outside	7		○	○	○				
	Hitomi Nakayama	Outside	5			○			○		○
	Jun Arima	Outside	2			○	○	○			

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

## Attached Reports

### Reports on Operations for the 156th Fiscal Year (April 1, 2021 to March 31, 2022)

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

##### (1) Progress and results of business activities

###### 1) Business results for the current period

In FY2021, the spread of infections from the global COVID-19 pandemic and the resulting governmental restrictions on people's social and economic activities worldwide continued, as in the previous year. Although demand was recovering mainly in the automotive and aircraft industries, supply chain operations remained sluggish in various industries, while factors such as the semiconductor shortage and the rise in raw material and fuel prices and logistics costs had massive adverse impacts on corporate performance. Moreover, the Russian invasion of Ukraine has caused concern about the supply of energy, minerals, etc., and the resulting rise in their prices, adding to economic uncertainties.

The Teijin Group has been implementing various measures envisioned in its three-year Medium-Term Management Plan for three-year from FY2020, whose period the Group positions as a period for creating growth platforms toward sustainable growth, under its long-term vision of becoming "a company that supports the society of the future" by contributing to realizing a sustainable world. In FY2021, the second fiscal year of the Plan, as investments for enhancing profitability in the Materials Business Field toward the future even amid the COVID-19 pandemic, the Group made capital investment in increasing its para-aramid fiber production capacity in the Netherlands, and implemented two plant projects in North America: one to build a new automotive composites plant in Texas and the other to put into operation a new carbon fibers plant. In the Healthcare Business Field, the Group strove to strengthen its foundation for profitability and establish a new profit base for future business expansion by taking over the rights for the Japan sales of diabetes treatments from Takeda Pharmaceutical Company Limited and making steady progress in the sales transfer. Furthermore, in the regenerative medicine business, which the Group had entered as a field for inter-business collaboration, it worked with Japan Tissue Engineering Co., Ltd. (hereinafter, "J-TEC"), the Group's new subsidiary, to formulate a business plan and launch new joint initiatives.

For FY2021, the Teijin Group's net sales amounted to 926.1 billion yen, an increase of 10.7% year on year, and operating income was 44.2 billion yen, a decrease of 19.5% year on year. Ordinary income was 49.7 billion yen, a decrease of 7.4% year on year, mainly due to the reduced equity in earnings of affiliates, and profit attributable to owners of parent was 23.2 billion yen (ref.: loss of 6.7 billion yen for the previous fiscal year) mainly due to the recording of impairment losses. Operating income in the Healthcare Business Field significantly increased due to strong sales of FEBURIC and the favorable impact of the takeover of the sales rights for the diabetes treatments, while the IT Business also remained solid operating income. Meanwhile, despite a recovery in demand mainly for products for automotive and aircraft applications from the impact of the COVID-19 pandemic and the resulting increase in the sales volume of those products, the Materials Business Field experienced a decrease in operating income due to the semiconductor shortage, which became obvious in the second quarter, the sharp rise in raw material and fuel prices and logistics costs, and production suspension caused by periodic maintenance and power outages in a subsegment. The Fibers & Products Converting Business also suffered a decrease in operating income due to the end of governmental demand for medical protective equipment (gowns).



As a result, ROE, an indicator of profitability, was 5.5%, far short of the target (10% or higher) for the final fiscal year (FY2022) of the Medium-Term Management Plan, and ROIC based on operating income was 5.5%, also lower than the target (8% or higher) for the final fiscal year of the same Plan. However, EBITDA, an indicator of the ability to generate cash, was 113.0 billion yen, higher than 106.8 billion yen for the previous fiscal year.

## 2) Financial status

Total assets at the end of the current fiscal year increased by 166.5 billion yen from the end of the previous fiscal year 4 to 1,207.6 billion yen. Current assets increased by 37.4 billion yen from the end of the previous fiscal year due to changes in cash, deposits, accounts receivable, and other current assets. As for fixed assets, increased by 129.0 billion yen from the end of the previous fiscal year. Tangible fixed assets increased by 32.7 billion yen due to capital investment exceeding depreciation, and sales rights increased by 118.2 billion yen due to acquisition of sales rights for type 2 diabetes treatments from Takeda Pharmaceutical Company Limited, and due to the partial return of assets contributed to the retirement benefit trust, assets related to retirement benefits decreased by 22.8 billion yen.

Liabilities increased by 132.0 billion yen from the end of the previous fiscal year to 742.8 billion yen. Interest-bearing debt increased by 105.1 billion yen, mainly due to the issuance of corporate bonds to fund the acquisition of sales rights.

Net assets increased by 34.4 billion yen from the end of the previous fiscal year to 464.8 billion yen. This was mainly due to the recording of profit of 23.2 billion yen attributable to owners of the parent and the increase in foreign currency translation adjustment accounts due to the depreciation of the yen against major currencies.

As a result, the debt-to-equity ratio was 1.1 times and the equity ratio was 36.4%. (At the end of the previous fiscal year, the debt-to-equity ratio was 0.9 times and the equity ratio was 39.0%)

The conversion rates of balance sheets at the end of the current fiscal year are 122 yen / US dollar, 137 yen / euro, and 1.12 US dollars / euro (111 yen / US dollar, 130 yen / euro, 1.17 US dollars / euro at the end of the previous fiscal year).

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

(Billions of yen / %)

		Fiscal 2020	Fiscal 2021	Change	Percentage	
Net sales	Materials	High-performance materials	210.4	273.5	+63.1	+30.0
		Composites	86.6	111.6	+25.0	+28.9
		Materials Sub Total	297.0	385.1	+88.1	+29.7
	Healthcare	148.7	183.6	+34.9	+23.5	
	Fibers & Products Converting	314.9	282.5	△32.5	△10.3	
	IT	58.1	53.8	△4.3	△7.5	
	Others	17.8	21.2	+3.3	+18.6	
	Total	836.5	926.1	+89.5	+10.7	
Operating Income	Materials	1.0	△5.7	△6.7	-	
	Healthcare	31.5	43.2	+11.6	+37.0	
	Fibers & Products Converting	17.5	5.6	△11.9	△67.8	
	IT	10.4	9.7	△0.7	△6.7	
	Others	△0.2	△2.1	△1.9	-	
	Elimination and corporate	△5.2	△6.4	△1.2	-	
	Total	54.9	44.2	△10.7	△19.5	

#### EBITDA ratio by segment

Segment	Component ratio
Material	21.1%
Healthcare	59.4%
Fibers & Products Converting	10.2%
IT	9.1%
Others	0.1%
Total (erasure excludes company-wide)	100.0%

Business Segment Results for fiscal 2021 were as follows:

#### <Materials Business Field>

*Although sales volume increased mainly in products for automotive and aircraft applications due to demand recovery from the impact of the COVID-19 pandemic, the semiconductor shortage, the sharp rise in material and fuel prices and logistics costs, and periodical maintenance and production suspension in a subsegment had a massive impact on income. Mainly in response to the rise in material and fuel prices, selling prices were revised in each subsegment.*

Net sales were 385.1 billion yen, an increase of 88.1 billion yen (29.7%) year on year, while the operating loss was 5.7 billion yen (ref.: operating income of 1.0 billion yen for the previous fiscal year). EBITDA was 25.0 billion yen, a decrease of 6.5 billion yen year on year, while ROIC based on operating income was –2%.

In the aramid business, demand for *Twaron* para-aramid fibers, the major product in the business, recovered in each market, mainly for automotive applications, resulting in an increase in sales volume of the product. Meanwhile, production suspension was caused by major periodical maintenance in the first quarter, and its extension, and power outages at the raw material plant in the third quarter, resulting in tight inventories and an adverse impact on sales volume. Selling prices were revised upward in response to an increase in fuel costs due to the rise in natural gas prices in Europe. As a result, the aramid business experienced a net-sales increase and an operating-income decrease year on year.

The resin and plastic processing business suffered a slight decrease in sales volume due to the semiconductor shortage and the decreased level of customers' operations amid the COVID-19 pandemic. The business also revised selling prices upward in response to the rising prices of raw materials and fuels, such as BPA, which is a main raw material for the business. Consequently, the resin and plastic processing business achieved an increase year on year in both net sales and operating income.

The carbon fibers business achieved an increase in the sales volume of *TENAX* carbon fibers for all applications, including aircraft, wind power, and recreation applications. In addition, the business revised selling prices upward in response to the rise in AN price that is the main material due to the tight supply-demand balance. As a result, the carbon fibers business achieved an increase year on year in both net sales and operating income. In FY2021, the new plant in North America began operation and has since been developing intermediate materials for aircraft applications toward the future.

In the battery materials business, the sales volume of *LIELSORT*, a separator for lithium-ion batteries (LIBs), increased for smartphone applications. Moreover, the business has been earning licensing income from ongoing sales of separators for electric-vehicle LIBs, for which Teijin has licensed a coating technology. Consequently, the

battery materials business achieved an increase year on year in both net sales and operating income.

In the composites business, the continued production suspension of OEMs, major customers of the business, due to the semiconductor and parts supply shortage influenced the production of SUV and pickup truck parts, on which Teijin Automotive Technologies\* focuses in the U.S. In addition, material prices remained high due to the tight supply-demand balance, having a major impact on production costs. To address this situation, the composites business negotiated with customers over selling prices and succeeded in reaching agreements with some customers on the revision of selling prices for the fourth quarter and later. With the U.S. labor force participation rate, which had remained low even after the end of the payment of additional unemployment benefits, starting to increase in the second half of FY2021, the labor shortage at Teijin Automotive Technologies US was gradually alleviated. As a result, the composites business experienced a net-sales increase and an operating-income decrease year on year.

\* Global business brand of the automotive composites business

### <Healthcare Business Field>

*Sales of FEBURIC, the main product of the segment, and home healthcare equipment rental services remained strong, while sales of diabetes treatments, for which the segment had taken over the sales rights, also remained robust. All these factors contributed to an increase in both net sales and operating income. Moreover, the segment received milestone payment (one-off payment) for the Alzheimer's treatment candidate that Teijin had licensed to Merck & Co., Inc., United States, in 2017.*

Net sales were 183.6 billion yen, an increase of 34.9 billion yen (23.5%) year on year, while operating income was 43.2 billion yen, an increase of 11.6 billion yen (37.0%) year on year. EBITDA was 70.5 billion yen, an increase of 26.8 billion yen year on year, while ROIC based on operating income was 20%.

In the pharmaceutical business, sales of the four type-2 diabetes treatments, for which Teijin had taken over the sales rights from Takeda Pharmaceutical Company Limited as of April 1, 2021, remained robust. In addition, sales of FEBURIC, the main product of the segment, and Somatuline,\* a treatment for acromegaly, pituitary gigantism, and neuroendocrine tumors, increased promisingly. Moreover, the sales volume of XEOMIN, for which lower limb spasticity was approved as an additional indication in June 2021, continued to increase steadily. Also, in December 2021, the segment received milestone payment (one-off payment) for the start of clinical trials of the Alzheimer's treatment candidate that Teijin had licensed to Merck & Co., Inc., United States, in 2017.

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

In the home healthcare business, restrictions on hospitalization to secure beds for COVID-19 patients resulted in a continued shift to home healthcare and an increase (of about 3% from the end of the previous fiscal year) in the number of rented oxygen concentrators in the home oxygen therapy (HOT) market. In the market for continuous positive airway pressure (CPAP) therapy, the number of examinations recovered gradually, and the number of rented CPAP devices continued to grow (by about 8% from the end of the previous fiscal year).

Consequently, the pharmaceutical business and the home healthcare business achieved an increase in both net sales and operating income year on year.

The new healthcare business saw a recovery in the number of surgical operations with orthopedic implantable devices, including artificial joints and absorbable osteosynthesis materials, and sales of new products of these kinds

grew steadily. However, mainly due to the preliminary costs of new businesses, including the comprehensive community-based healthcare business, the new healthcare business experienced a net-sales increase and an operating-income decrease year on year.

#### <Fibers & Products Converting Business>

*Net sales were 282.5 billion yen, a decrease of 32.5 billion yen (10.3%) year on year, while operating income was 5.6 billion yen, a decrease of 11.9 billion yen (67.8%) year on year. EBITDA was 12.1 billion yen, a decrease of 11.8 billion yen year on year, while ROIC based on operating income was 4%.*

The field of textiles and apparel generally faced difficulties due to the sluggish Japanese market and overseas plant shutdowns, both of which were caused by the COVID-19 pandemic, as well as the sharp rise in material and fuel prices and logistics costs, despite a recovery in sales of materials and products for the European, North American, and Chinese markets and sales of heavy clothing in the Japanese market. In the field of industrial materials, sales of films and plastics for automotive parts and electronic parts remained strong, while sales of short polyester fibers for water treatment filters also remained good. However, from the second quarter, the semiconductor shortage had an impact on this field by causing a decline in automotive production volume. Despite the impact of the end of government demand for medical protective equipment (gowns), various efforts contributed to the business results, including increasing basic profitability through the concentration on certain selected businesses and reducing SG&A expenses by utilizing digital tools suitably for the pandemic situation. Furthermore, the segment revised selling prices in response to the cost increase.

#### <IT Business>

*Net sales were 53.8 billion yen, a decrease of 4.3 billion yen (7.5%) year on year, while operating income was 9.7 billion yen, a decrease of 0.7 billion yen (6.7%) year on year. EBITDA was 10.8 billion yen, a decrease of 0.5 billion yen year on year, while ROIC based on operating income was 61%.*

In the Internet business field, profit was secured by optimizing advertising costs despite a decrease in net sales in e-comics services due to the end of specially high demand amid the stay-at-home trend in the previous fiscal year and the continuous impact of piracy websites. In the IT service field, sales remained strong despite the lasting impact of the COVID-19 pandemic. The decrease in operating income for the entire IT Business was caused mainly by an increase in SG&A expenses due to office relocation.

#### <Others (including J-TEC and engineering)>

*Net sales were 21.2 billion yen, an increase of 3.3 billion yen (18.6%) year on year, while the operating loss was 2.1 billion yen (ref.: operating loss of 0.2 billion yen for the previous fiscal year). EBITDA was 0.1 billion yen, a decrease of 0.6 billion yen year on year.*

J-TEC obtained approval for the manufacturing and marketing of Ocural (the world's first regenerative medical product that cures limbal stem cell deficiency using oral mucosal epithelial cells) in June 2021. After the product was listed in health insurance coverage in Japan in December 2021, the company started selling it. In addition, J-TEC began clinical trials of allogeneic cultured epidermis in November 2021. Although sales in J-TEC's Regenerative Medicine Business and R&D Support Business grew, sales in its Custom Development & Manufacturing Business declined due to the end of its custom-development deal with Fujifilm Corporation, its

former parent company and major customer. As a result, J-TEC experienced a decrease in net sales year on year.

## (2) Changes in Assets and Profit and Loss

(Millions of yen)

Fiscal Period	153 <sup>rd</sup> Fiscal Period FY2018	154 <sup>th</sup> Fiscal Period FY2019	155 <sup>th</sup> Fiscal Period FY2020	156 <sup>th</sup> Fiscal Period FY2021 (Current period)
Net sales	888,589	853,746	836,512	926,054
Operating income	60,000	56,205	54,931	44,208
Ordinary income	60,264	54,337	53,658	49,692
Profit attributable to owners of parent	45,057	25,252	△6,662	23,158
Net earnings per share	232.39	131.63	△34.70	120.58
Total assets	1,020,654	1,004,223	1,041,131	1,207,583
Net assets	427,212	411,409	430,364	464,811

Note: In this consolidated fiscal year, the Company confirmed the provisional accounting treatment it had applied concerning business combination during the previous consolidated fiscal year. Therefore, the figures for the previous consolidated fiscal year reflect the confirmed accounting treatment.

## (3) Capital investment

Capital investments by the Group in fiscal 2021 totaled ¥200.8 billion, mainly for the purpose of the acquisition of intangible assets by the transfer of Japan sales of type 2 diabetes treatments from Takeda Pharmaceutical Company Limited and increasing the production capacity of aramid business and composites business.

## (4) Financing

The Company procured finance borrowings from financial institutions, and the public issuance of Hybrid Bonds (Subordinated Bonds) and Straight Bond. Mainly due to the implementation of financing related to the transfer of Japan sales of type 2 diabetes treatments from Takeda Pharmaceutical Company Limited, interest-bearing debt amounted to ¥485.2 billion, an increase of ¥105.1 billion from the end of the previous year.

As part of the financing for the transfer of sales, The Company issued Hybrid Bonds (Subordinated Bonds) and received capital certification on 50% of the capital of ¥60 billion on July 21, 2021. The Company has improved its temporarily deteriorating financial position and secure financial soundness supporting proactive investments in Strategic Focus fields, which are expected to be future revenue sources.

## (5) Management Policy and Tasks Ahead

### 1) Corporate Vision

Based on its corporate philosophy and toward the creation of a sustainable society, the Teijin Group aims to achieve its long-term vision, which is to become “a company that supports the society of the future.” In consideration of global social issues and to achieve the SDGs, the Group has identified the five issues of materiality that it should address as priorities. By dealing with the issues and offering value to society mainly through the following three solutions, we will contribute to the creation of a sustainable society while also enhancing our corporate value.



## Three Solutions

Environmental Value Solutions	Provide products and services contributing to global environmental goals such as prevention and adaptation 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) Issues to be addressed

### a) Medium-term management plan and Quantitative targets

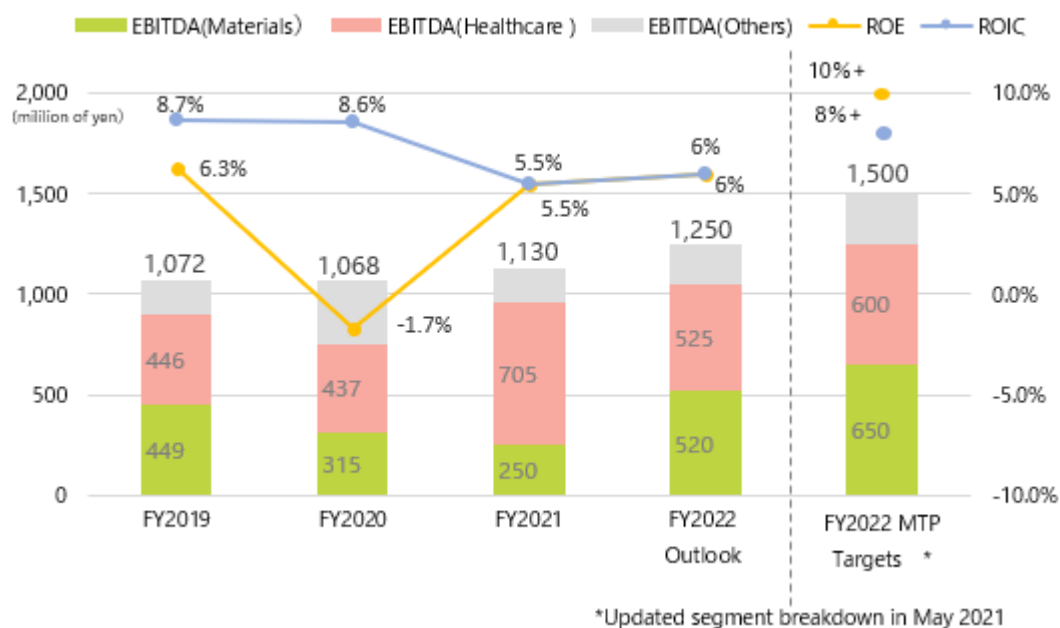
In its medium-term management plan for 2020-2022, “ALWAYS EVOLVING,” (hereinafter, “the medium-term management plan”), we regard the period for the plan as a time to create growth platforms. We will categorize the businesses that need further development to ensure future profitability as the “Strategic Focus” businesses, while the businesses that are already profitable and will achieve further growth will be categorized as “Profitable Growth” businesses, in which we will invest in a proactive manner. For our most important indicators, we use ROE (group-wide) and operating income ROIC (group-wide and business-specific) as profitability indicators and use EBITDA (group-wide and business-specific) as a growth indicator. For the quantitative targets in FY2022, we have set an ROE of 10% or higher, an operating income ROIC of 8% or higher, and EBITDA of 150 billion yen. To achieve these targets, we are investing to establish a business portfolio that will help us increase our corporate value, while paying attention to our financial soundness and the capital costs.

### b) Issues to be addressed

The COVID-19 pandemic has brought about drastic changes to the economy, people’s lives, and values at the global level. Moreover, we are facing the shortage of semiconductors and also surges in materials prices, natural gas prices in Europe, logistics cost and others, which are negatively affecting our revenues. In addition, due to the materialization of political and geopolitical risks across the world, we are facing more uncertainties. Accordingly, the actual business results for FY2022 (to be publicly announced in May 2022) will be lower than the quantitative targets set in the medium-term management plan. In order to enhance the profitability of each business, we will

implement necessary measures while evaluating each of the Teijin Group's businesses for their positioning in the Group and formulate the next medium-term management plan to establish a business portfolio that will help us increase our corporate value.

<Trends of management indicators>



## Materials Business Field

In the materials business, we are working to meet a range of social needs—including those for weight reduction in the mobility field and for environmental measures in materials and components—in our pursuit of more business opportunities. We are strategically promoting the high value-added application of our materials by enhancing their functions and promoting the combined use of multiple materials. We are now facing a substantial reduction in our profitability due to surges in materials/gas prices and logistic costs as well as in labor expenses in North America, and need to meet the challenge of recovering and improving our profitability in the materials business.

### 【Strategic Focus area (for the development of future sources of earnings)】

Automotive composites	<ul style="list-style-type: none"> <li>• Implement measures (for pricing, productivity and area strategy) to promptly recover profitability</li> <li>• Develop platform building, combined use of multiple materials and lifecycle assessment for automotive components</li> </ul>
Carbon fiber Intermediate materials for aircraft	<ul style="list-style-type: none"> <li>• Promote development to participate in new large projects for future aircraft</li> </ul>

### 【Profitable Growth area】

Aramid	<ul style="list-style-type: none"> <li>• Maintain and enhance the leader position in the industry by developing more applications</li> <li>• Generate the effect of expanding the line as early as possible</li> </ul>
Resin and Plastic Processing	<ul style="list-style-type: none"> <li>• Maintain and increase profitability by expanding the lineup of high value-added products</li> </ul>
Carbon fiber	<ul style="list-style-type: none"> <li>• Generate the effect of newly establishing the manufacturing line in North America as early as possible</li> <li>• Improve profitability by finding more profitable non-aircraft applications and promoting sales for such applications</li> </ul>

## Healthcare Business Field

The Teijin Group aims to become a comprehensive healthcare service provider that offers localized products and services throughout the cycle of preventive care/health promotion, treatment and rehabilitation/nursing care.

However, we are now facing delays in the expansion of new businesses as we set forth in the current medium-term management plan, including the implementation of M&A. Moreover, generic medicine of FEBURIC, one of our core pharmaceutical drugs, will be put into market in FY2022, and we need to meet the challenge of minimizing its influence over our profitability in the healthcare business.

**【Strategic Focus area (for the development of future sources of earnings)】**

New business related to community-based integrated care	<ul style="list-style-type: none"> <li>•Launch new services in the community-based integrated care-related market and enhance and expand the foundation of the community-based integrated care system</li> </ul>
Functional foods	<ul style="list-style-type: none"> <li>•Promote sales of existing products and steadily release new products to the market</li> </ul>

**【Profitable Growth area】**

Pharmaceuticals and Home Healthcare	<ul style="list-style-type: none"> <li>•Develop business in an optimal manner for the core pharmaceutical product (Type 2 diabetes treatments), oxygen concentrators for home oxygen therapy (HOT), and equipment for the continuous positive airway pressure (CPAP) therapy</li> <li>•Reinforce the pipeline for pharmaceuticals and medical devices by utilizing base of the community-based integrated care system</li> <li>•Integrate the organizations for pharmaceuticals and home healthcare to enhance their uniqueness and reform the business structure</li> </ul>
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**■Fibers & Products Converting business /IT Business**

**【Profitable Growth area】**

Fibers & Products Converting	<ul style="list-style-type: none"> <li>•Continue to implement measures to enhance the basic ability to earn, including withdrawal from unprofitable business</li> <li>•Promote sustainability strategies to meet the environment-related needs</li> </ul>
IT	<ul style="list-style-type: none"> <li>Expand the online business and make examinations for overseas business expansion</li> <li>•Promote new services in the nursing care and health promotion areas in the healthcare business</li> </ul>

**■Others**

**【Strategic Focus area (for the development of future sources of earnings)】**

New regenerative medicine New implantable medical devices	<ul style="list-style-type: none"> <li>•Build a system for the CDMO business as well as a system to encourage collaborations with J-TEC</li> <li>•Promote sales of implantable medical devices and generate synergies with the new regenerative medicine business in the field of orthopedics</li> </ul>
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Note: Transferred from the Healthcare segment to the Others segment in fiscal 2022

**c) Response to climate change (Disclosure of information based on the TCFD recommendations)**

The Teijin Group regards “Climate change mitigation and adaptation” as one of its issues of materiality and is striving to contribute to promoting a shift to a decarbonized society by capitalizing on its technologies for weight reduction and higher efficiency, while also working to reduce the greenhouse gas emissions from its own business activities.

**■Governance**

In issues related to climate change, the Total Risk Management (TRM) Committee\* deliberates on the policies and plans to address the issues and report the progress with its activities to the Board of Directors, which is guiding and supervising the Committee.

\*The TRM Committee is chaired by the CEO and manages both risks related to management strategies and those related to business

**■ Strategy**

We will find more opportunities for business growth through the implementation of climate change mitigation measures and provide “Environmental Value Solutions” with a focus on weight reduction and durability



enhancement in the mobility field based on the use of highly functional and high value-added materials. In climate change adaptation, we will work to offer “Safety, Security, and Disaster Mitigation Solutions” that will help reduce damage and speed up recovery in case of a natural disaster. To this end, we will offer highly functional materials for infrastructure reinforcement and provide related technologies and services in the healthcare and IT fields. On the other hand, in order to reduce the environmental impact of our own business activities, we will work to discontinue the use of coal-derived energy, conserve more energy, increase the use of renewable energy, and develop technological innovations, including process innovations.

■ Risk management

We regard climate change-related risks as the most serious risks in our TRM activities, and are managing the transition risk (including an increase in the cost to comply with the legal regulations) and the physical risk (risks in temperature and sea level) faced by Group companies under the TRM system.

■ Indicators and goals

In order to speed up the measures to achieve net zero CO<sub>2</sub> emissions, we have raised the FY2030 reduction target for emissions from our own Group from 20% to 30% relative to the FY2018 level.

Furthermore, we set a new reduction target for greenhouse gas emissions from our supply chain, specifically to reduce the emissions by 15% from the FY2018 level by FY2030.

Item	FY	Target
Contribution *2 to reducing CO <sub>2</sub> *1 emissions	2030	Achieve: Contribution to reduction > Total emissions
CO <sub>2</sub> emissions from the Teijin Group	2030	30% reduction relative to the FY2018 level (in total amount)
	2050	Net zero emissions
CO <sub>2</sub> emissions from our supply chain *3	2030	15% reduction relative to the FY2018 level

\*1. Includes not only CO<sub>2</sub> but also methane and nitrous oxide emissions

\*2 CO<sub>2</sub> emission reductions achieved by the use of our products in the downstream area of the supply chain were calculated as the contribution amount.

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

Also, in order to minimize the negative environmental and social impact of our business activities, we have set the numerical targets not only for CO<sub>2</sub> emissions but also for the intake of freshwater, release of hazardous chemical substances, and the amount sent to landfills for the creation of a circular economy.

**d) Enhancement of the business foundation**

In order to provide solutions in a continuous and appropriate manner and encourage market development, the Teijin Group is enhancing its foundation to create innovation from the perspectives of “organization,” “synergies,” “technology” and “human resources,” and is accelerating the creation of business opportunities.

In “organization” and “synergies,” the 2021-established Corporate Business Incubation Division is leading the examination and implementation of M&A and alliance projects on a firmwide and long-term basis, while searching for and developing next-generation business fields and conducting R&D and new business development activities to build the foundation for innovation. We will promote co-creation across the materials, healthcare, IT, fibers and products converting businesses and also outside of the Group to expand the lineup of innovative products and services that we would not be able to create on our own.

In “technology,” we are pushing ahead with digital transformation (DX) to reform our business model. As part of this effort, we are promoting collaboration with Infocom Corporation, which is playing the central role in our IT business. We are also implementing measures for “new normal” environments, including those for the

provision of location-free and various other workstyles, enhancing R&D by materials informatics (MI), and working to develop smart plants. Furthermore, we are conducting joint research with academic organizations and developing intercompany cooperation for the effective use of big data and digital technologies to create new services and businesses. In addition, to create and acquire intellectual property, we are strategically and objectively identifying the core technologies that will be our sources of competitiveness based on detailed analysis of our business environment. By using the IP landscaping method, we regularly evaluate the intellectual properties possessed by the Teijin Group to optimize the portfolio of these properties in line with our management strategy.

In “human resources,” we aim to provide people who have diverse values and experiences with workplaces where they can demonstrate their abilities to the fullest and collaborate with each other in a range of manners for speedier innovation. To this end, we have formulated an action plan to develop diversity and inclusion (D&I) on a global level with a focus on 1) personnel system reforms, 2) global talent management, and 3) work style reforms. For the Teijin Group to conduct business activities globally, it is essential to make use of the abilities provided by people who have different backgrounds in terms of race, religion, gender, culture and other factors. Based on this recognition, we will press forward with the diversification of our workstyles and human resources as well as with the empowerment of women. For example, in addition to setting KPIs to promote the diversity of executives, we have set regional strategies and KPIs according to the status of issues in each region not only in Japan but also globally, and take actions toward their realization. As a leadership development program to develop future leaders who will lead the global management of the Teijin Group, a mentor system by management, a new evaluation system for core human resources, and a KPI (25%) on the ratio of female and non-Japanese candidates has also been introduced.

### **3) Social Contribution Activities**

In January 2021, the Teijin Group revised the Teijin Group Basic Policies for Social Contributions in order to meet the expectations and requests from our stakeholders, which have been changing in line with changes in society. The Teijin Group will value harmony with nature and achieve growth with local communities according to the Policies. To this end, we are conducting appropriate social contribution activities as a good corporate citizen, in line with our business and respecting the local uniqueness of each area in which we operate. We conducted the following social contribution activities in FY2021.

For people facing difficulties in Ukraine and those who were forced to evacuate the country, we have been providing humanitarian aid based on the Teijin Group Human Rights Policy, which states, “respect every human’s dignity and rights.”

In order to provide support to the development of younger generations in the academic, education and sports fields, we have supported a total of nearly 1,700 students specializing in engineering fields through the Teijin Kumura Scholarship provided by the Teijin Scholarship Foundation for about 70 years. Moreover, we are supporting young people’s sports activities by co-sponsoring the All Japan High School Soccer Tournament as well as supporting the Children’s Rights in Sport Principles announced by the Japan Committee for UNICEF. In addition, we are continuously implementing a range of systems to support employees’ volunteer activities.

(6) Primary Businesses

(As of March 31, 2022)

Business Segments		Business area	Principal Products and Businesses
Materials	High-performance materials	Aramid	Para-aramid fibers, Meta-aramid fibers, High-performance polyethylene
		Resin and Plastic Processing	Polycarbonate resin, Polycarbonate sheets & films, PET • PEN • PBN resin, PPS resin, Flame-retardant
		Carbon Fibers	Carbon fibers, Oxidized PAN fibers, Carbon fibers intermediate materials (Prepreg etc.)
		Material New Business	Lithium-ion battery separators, high-performance membrane
	Composites	Composite products	The automotive composite products
Healthcare	Pharmaceuticals	Prescription Drug: Treatment for Hyperuricemia and gout, Type 2 diabetes treatments, Agent for Osteoporosis, Agent for Infection, Sustained-release expectorant, Transdermal analgesic anti-inflammatory, Treatment for acromegaly and pituitary gigantism, Botulinum toxin type A	
	Home Healthcare	Home Health Care Services: Oxygen Concentrator for Home Oxygen Therapy (HOT), Continuous Positive Airway Pressure Unit (CPAP), Bilevel Positive Airway Pressure Unit, Ultrasound Bone Fracture Treatment Device	
	Healthcare New Business	Medical devices for artificial joints, osteosynthesis materials, spinal implants etc.,	
Fibers & Products Converting	Textiles and Apparel	Yarns, Textiles, Apparel products, General merchandise	
	Industrial Textiles and Materials	Polyester Fiber materials, Nonwoven Fabrics, Automotive materials, Industrial materials, Civil engineering and Construction materials, Tents and Heavy cloths, Resin, films, Living and interior products, Healthcare products	
IT	Business solution	Information system for general companies, Information system for hospital, Information services for nursing care providers	
	Digital entertainment	Electronic comics delivery service	
Others	Others	Engineering services, design and sales of plants and equipment Regenerative Medicine Products (including Contract Development & Manufacturing service), Cultured Human Tissue for Research Use	

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

## (7) Primary Business Places

(As of March 31, 2022)

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

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

## (8) Employees

Business segments	155 <sup>th</sup> Fiscal Period FY2020 (As of March 31, 2021)	156 <sup>th</sup> Fiscal Period FY2021 (As of March 31, 2022) (Current period)	Change in the number of employees
Materials	9,816	10,451	+635
Healthcare	3,508	3,594	+86
Fibers & Products Converting	5,552	5,505	△47
IT	743	740	△3
Others	1,471	1,525	+54
Total	21,090	21,815	+725

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  
(2,245 employees for the 155<sup>th</sup> fiscal period and 2,077 employees for the 156<sup>th</sup> fiscal period)

### Number and ratio of employees by region

Area	156 <sup>th</sup> Fiscal Period (as of March 31, 2022)	
	Number of people	Ratio (%)
Japan	9,654	44
Americas	5,061	23
Europe and others	2,799	13
Asia	4,301	20

## (9) Significant Subsidiaries

(As of March 31, 2022)

Business segments	Subsidiary (Location of The Head Office)	Capital	Investment ratio (%)	Principal business	
Materials	High-performance material	Teijin Aramid B.V. (the Netherlands)	0.02 million euro	※100.00	Production and sales of para-aramid fibers
		Teijin Corporation (Thailand) Limited (Thailand)	2,367 million baht	※100.00	Production and sales of meta -aramid fibers and resin
		Teijin Carbon Europe GmbH (Germany)	0.026 million euro	※100.00	Production and sales of carbon fibers
		Teijin Carbon Fibers, Inc. (U.S.A.)	US\$160.0 million	※100.00	Production of carbon fibers
		Teijin Polycarbonate China Ltd. (China)	720 million RMB	100.00	Production of polycarbonate resin
		Teijin Chemicals Plastic Compounds Shanghai Ltd. (China)	143 million RMB	100.00	Production of polycarbonate resin compound
	Composites	Teijin Automotive Technologies NA Holdings Corp. (U.S.A.)	US\$830 million	※100.00	Production and sales of Composite products
Healthcare	Teijin Pharma Limited (Tokyo)	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipment	
	Teijin Healthcare Limited (Tokyo)	¥100 million	※100.00	Information provision activities for pharmaceutical products and Home health care services provider	
Fibers & Products Converting	Teijin Frontier Co., Ltd (Osaka)	¥2,000 million	100.00	Production and sales of textiles and others	
	Nantong Teijin Co., Ltd. (China)	¥4,000 million	※100.00	Production and sales of polyester textile goods	
	Teijin Polyester (Thailand) Limited (Thailand)	548 million baht	※67.61	Production and sales of polyester fibers	
IT	Infocom Corporation (Tokyo)	¥1,590 million	57.98	Development and sales of computer software, etc.	
	Amutus Corporation (Tokyo)	¥150 million	※57.98	Internet business	
Others	Japan Tissue Engineering Co., Ltd. (Aichi)	¥4,959 million	57.72	Development, Manufacturing, Sales, and Custom Development/Manufacturing for Regenerative Medicine and Related Products	

Note 1: The Teijin Group has 96 consolidated companies including the aforementioned 15 significant subsidiaries; 67 companies are accounted for via the equity method.

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

Note 3: Continental Structural Plastics Holdings Corporation changed its trade name to Teijin Automotive Technologies NA Holdings Corp from October 2021.

## (10) Primary Lenders and Amount of Borrowings

(As of March 31, 2022)

Primary Lenders	Balance of borrowings (Millions of yen)
MUFG Bank, Ltd	133,329
Mizuho Bank, Ltd.	38,353
Development Bank of Japan Inc.	25,000

Note 1: The balance of borrowings includes loans from overseas affiliate banks of the Primary Lenders.

Note 2: In addition to loans indicated in the balance of borrowings above, the Company borrows ¥90,937million under syndicated loans.

## 2. Matters Regarding the Shares of the Company (as of March 31, 2022)

(1) Authorized shares 600,000,000 shares

(2) Issued shares 197,953,707 shares

(3) Number of shareholders 99,037

### (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)	33,714,600	17.54
2	Custody Bank of Japan, Ltd. (Trust account)	10,816,000	5.62
3	Nippon Life Insurance Company	7,045,501	3.66
4	The Employee Stock Ownership Association of Teijin	5,988,211	3.11
5	SSBTC CLIENT OMNIBUS ACCOUT	3,237,854	1.68
6	MUFG Bank, Ltd.	2,897,287	1.50
7	Custody Bank of Japan, Ltd. (Investment funds as collateral)	2,885,399	1.50
8	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	2,841,500	1.47
9	JP MORGAN CHASE BANK 385781	2,422,874	1.26
10	STATE STREET BANK AND TRUST COMPANY 505223	2,072,840	1.07

Note: The shareholding ratio has been calculated after excluding Treasury stocks (5,834,283shares) from the Issued shares.

### (5) Status of shares granted to Company officers during the fiscal year as consideration for performance of duties

	Class and number of shares	Number of Persons
Directors (excluding Outside Directors)	Ordinary shares of the Company 26,138 shares	6 persons

Note1: No stock compensation is granted to any Outside Directors and Statutory Auditors.

Note2: The details of the Company's stock-based compensation are described in 5. Directors and Statutory Auditors.

### **3. Stock Acquisition Rights**

#### **(1) Outline of Stock Acquisition Rights as Stock Options**

##### **1) Number of stock acquisition rights**

The maximum number of stock acquisition rights allocated to Directors for one year from the date of the Ordinary General Meeting of Shareholders each year is 200.

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

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

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

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

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

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

##### **5) Exercise period of stock acquisition rights**

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

##### **6) Restrictions on transfer of stock acquisition rights**

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

##### **7) Main provisions for acquisition of stock acquisition rights**

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

##### **8) Main conditions for exercising stock acquisition rights**

Stock acquisition rights holders may exercise stock acquisition rights for only five years from the date of loss of position as a Director of the Company, its subsidiaries and its affiliates.

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

Determined by resolution of the Board of Directors.



**(2) Status of Stock Acquisition Rights as stock option as of the last day of the subject Fiscal Year as a consideration for the performance of the duties**

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
8 <sup>th</sup> (Jul. 9, 2009)	420	84,000	¥1,265	¥1	Jul. 9, 2009~Jul. 8, 2029
9 <sup>th</sup> (Jul. 9, 2010)	349	69,800	¥1,305	¥1	Jul. 9, 2010~Jul. 8, 2030
10 <sup>th</sup> (Mar. 12, 2012)	737	147,400	¥1,225	¥1	Mar. 12, 2012~Mar. 11, 2032
11 <sup>th</sup> (Mar. 15, 2013)	698	139,600	¥980	¥1	Mar. 15, 2013~Mar. 14, 2033
12 <sup>th</sup> (Mar. 14, 2014)	618	123,600	¥1,140	¥1	Mar. 14, 2014~Mar. 13, 2034
13 <sup>th</sup> (Mar. 18, 2015)	379	75,800	¥1,925	¥1	Mar. 18, 2015~Mar. 17, 2035
14 <sup>th</sup> (Mar. 16, 2016)	274	54,800	¥1,800	¥1	Mar. 16, 2016~Mar. 15, 2036
15 <sup>th</sup> (Mar. 17, 2017)	287	57,400	¥1,955	¥1	Mar. 17, 2017~Mar. 16, 2037
16 <sup>th</sup> (Mar. 16, 2018)	294	58,800	¥1,732	¥1	Mar. 16, 2018~Mar. 15, 2038
17 <sup>th</sup> (Mar. 18, 2019)	321	64,200	¥1,627	¥1	Mar. 18, 2019~Mar. 17, 2039
18 <sup>th</sup> (Mar. 16, 2020)	266	53,200	¥1,138	¥1	Mar. 16, 2020~Mar. 15, 2040
19 <sup>th</sup> (Mar. 15, 2021)	394	78,800	¥1,725	¥1	Mar. 15, 2021~Mar. 14, 2041

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, 2022)

Issue	Directors		Statutory Auditors	
	Number of Units	Number of Directors Holding Rights	Number of Units	Number of Statutory Auditors Holding Rights
The 11 <sup>th</sup> Issue of the Stock Option	15	1	—	—
The 12 <sup>th</sup> Issue of the Stock Option	28	2	—	—
The 13 <sup>th</sup> Issue of the Stock Option	37	2	—	—
The 14 <sup>th</sup> Issue of the Stock Option	39	3	—	—
The 15 <sup>th</sup> Issue of the Stock Option	44	4	7	1
The 16 <sup>th</sup> Issue of the Stock Option	67	6	8	1
The 17 <sup>th</sup> Issue of the Stock Option	89	6	10	1
The 18 <sup>th</sup> Issue of the Stock Option	73	6	8	1
The 19 <sup>th</sup> Issue of the Stock Option	119	6	—	—

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 Corporate Officer prior to assuming the position of Statutory Auditor.

**(3) Other important matters concerning Stock Acquisition Rights**

The Zero Coupon Convertible Bonds due 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 expired on November 26, 2021 and matured on December 10, 2021.

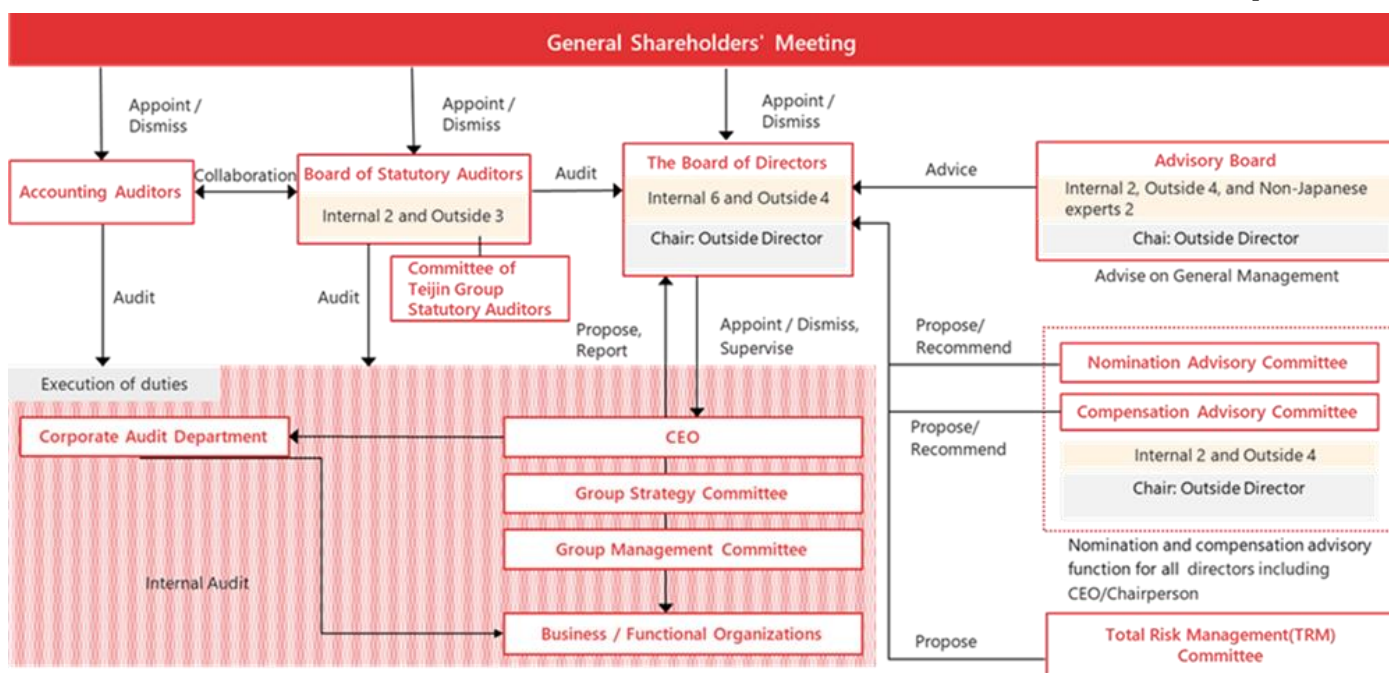
## 4. Corporate Governance System

### 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 include 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 an “Auditor system including independent outside corporate auditors”.

From April 1, 2022, the nomination/compensation advisory function for the CEO and Chairperson was transferred from Advisory Board to the Nomination Advisory Committee/ the Compensation Advisory Committee. The nomination / compensation advisory functions for all Member of the Boards including the CEO and the Chairperson of the Board were unified into the Nomination Advisory Committee/ the Compensation Advisory Committee. The corporate governance system is as indicated below.

(As of April 1, 2022)



### (1) Reasons for Choosing the Current Corporate Governance System

At the Teijin Group, the corporate governance system will be the one that appears to be optimal for achieving the Company's objectives at the time. Therefore, it will be reviewed as appropriate according to changes in the current social and legal environment. Under the current Companies Act, the board of directors is required to properly function in terms of both the important business decisions and the monitoring and supervision functions of management. We have determined that a governance system centered on the two wheels of business execution led by the internal directors (limited to executive directors), and management oversight and supervision functions that the outside directors and the chairperson of the board of directors emphasize and the functions of the statutory auditors and the board of statutory auditors, is appropriate. We will continue to be a company having a board of statutory auditors for the time being. In addition to the fact that the statutory auditors comprising the board of statutory auditors are independent and can exercise their authority independently, the Company has

granted the Board of Corporate Auditors and Corporate Auditors “utilization of the maximum source of monitoring authority for the Board of Directors”; and by seeking “active and constructive opinions at the Board of Directors,” the Board of Corporate Auditors continues to have a more effective auditing function for the Board of Directors. As a result, corporate governance similar to the strengthening of monitoring and supervision functions that is aimed for by a company with a nominating committee, etc., will be substantially achieved at the Company through “the Advisory Board”, “the Board of Directors including Independent Outside Directors and executive officers”. and “the system of statutory auditors including independent outside corporate auditors.”

## **(2) Outline of Current System**

### **1) Board of Directors**

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

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

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

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

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

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

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

Note: From April 1, 2022, the Advisory Board will be chaired by an outside director who is the chair the Boards of Directors.

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

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

- a) Nomination Advisory Committee
  - i ) Alternating the CEO and nomination of a successor
  - ii ) Selection and retirement of the President & Representative Director candidate
  - iii ) Selection and retirement of Director candidate (including the Chairperson of the Board )
  - iv ) Selection and retirement of Statutory Auditor candidate
  - v ) Matters concerning promotion / demotion, appointment / retirement of Outside Director and management executives
  - vi ) Matters concerning independence standards for Outside Director and Outside Statutory Auditor
  - vii ) Selection of CEO successor candidates and CEO training plans for successor candidates, and review of progress
- b) Compensation Advisory Committee
  - i ) Matters concerning the compensation system for the Teijin Group officers
  - ii ) Matters concerning the remuneration level of the Teijin Group officers
  - iii ) Matters concerning performance evaluation and remuneration of Internal Directors (including CEO) and Management executives

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

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

#### **4) Board of Statutory Auditors**

The Company's Board of Statutory Auditors have expertise and experience in law, finance, accounting, etc., and audit the performance of duties by the Directors. The Company's Board of Statutory Auditors consists of five members, and three of them, who make up a majority, are Independent Outside Statutory Auditors (including one female member), who satisfy all the requirements of the Independent Statutory Auditor stipulated by the Company. In order to enhance the effectiveness of group-wide oversight, the Committee of Teijin Group Statutory Auditors, which comprises the statutory auditors of Group companies and other members, is held regularly. The Teijin Group Auditors Office, which is under the direct control of full-time Statutory Auditors, has been established as an organization to assist the duties of Statutory Auditors, and as of March 31 2022, five (5) full-time staff members have been assigned.

#### **5) Internal Audit System**

The Corporate Audit Department, which reports directly to the CEO, has been established as an internal audit organization, and carries out Group-wide and global audits to evaluate the efficiency and validity of internal control functions. Furthermore, at certain listed subsidiaries and so forth, individual internal audit organizations have been established. As of March 31, 2022, the number of internal auditors in the Teijin Group totaled 22 (excluding internal auditors at listed subsidiaries and so forth).

#### **6) Status of Accounting Audits**

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

Hidetoshi Fukuda (KPMG AZSA LLC, 3 years), Takeharu Kirikae (KPMG AZSA LLC, 7 years), Yoshihiro

Uehara (KPMG AZSA LLC, 1 year).

The status of assistants who executed auditing is as follows.

Certified Public Accountants 21, others 18, for a total of 39.

## 7) Total Risk Management

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

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

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

In order to further ensure the effectiveness and enhance the functions of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the entire Board of Directors (hereinafter, the "Board of Directors Effectiveness Evaluation") once a year. The method of the Board of Directors Effectiveness Evaluation for FY2021 and an outline of the results are as follows.

#### 1) Analysis and Evaluation Method

- a) A named self-evaluation questionnaire was conducted for all Directors and Statutory Auditors (15 including Outside Directors and Outside Statutory Auditors), referencing advice from external experts. In addition, interviews were conducted for certain Directors and Statutory Auditors (in total 4 persons) by external experts based on the self-evaluation questionnaires, with the aim of delving into management issues that should be discussed by the Board of Directors and formulating specific action plans for addressing the issues. Furthermore, with the assistance of external experts, the Board of Directors secretariat created a summary of the questionnaire and interview results, which formed the basis of a discussion within the Board of Directors regarding the effectiveness of the Board of Directors, issues to be addressed, and improvement measures.
- b) The evaluation points in the questionnaire (consisting of 41 questions) were compiled from the following eight fields. Respondents evaluated 41 points on a five-step scale and made comments (including any additional comments field).
  - i ) Strategies and execution thereof
  - ii ) Risk and crisis management
  - iii ) Corporate ethics
  - iv ) Performance monitoring
  - v ) Organization and business restructuring-related transactions
  - vi ) Management team evaluation, compensation, and succession planning
  - vii ) Stakeholder dialogue
  - viii ) Composition and operation of the Board of Directors

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

##### a) Summary

The results of the Board of Directors Effectiveness Evaluation conducted 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 results also indicated that there was a high ratio of positive evaluations for all items.

b) Status of response to issues recognized in the previous fiscal year

i) Deepening discussions on business creation utilizing data and digital technology

At the Board of Directors held in this fiscal year, we set up a forum for discussions on the status of digital technology utilization, confirmed the status of digital technology utilization in each business, and discussed the ideal form of the Teijin Group's core system. After clarifying the vision for the formulation of the next medium-term management plan, it was confirmed that further discussions are needed on the direction of the strategy and future resources to be invested.

ii) Deepening discussions on business portfolios

At the Board of Directors held in this fiscal year, we set up a forum for discussions on "portfolio transformation," discuss portfolio valuation methods and future portfolio directions, and confirmed that it is necessary to deepen discussion on business portfolio in the future, which links the discussion with the formulation of the next medium-term management plan. In addition, at the discussion on "verification of the rationality of parent-child listing and examination of possible options," from the viewpoint of maximizing the corporate value of the Teijin Group, Infocom Co., Ltd. and Japan Tissue Engineering Co., Ltd., it is confirmed the rationality of maintaining the listing of Infocom Co., Ltd. and Japan Tissue Engineering Co., Ltd., and shared possible options for delisting the parent and child. The Board of Directors in FY2022 will continue to discuss the rationality of maintaining the listing.

iii) Deepening discussions on issues obtained from stakeholder dialogue analysis

At this fiscal year's Board of Directors, we set up a forum for discussions on the "Stakeholder Communication Report." Shares were held on stock prices, valuation status, and comments obtained from investor dialogue activities, and issues that could be extracted from the comments were discussed.

At the Board of Directors held in this fiscal year, we plan to deepen discussions on issues obtained from stakeholder dialogue analysis.

iv) Review the agenda of the Board of Directors and enhance discussions on management strategies

The agenda items of the Board of Directors are decided, except for agenda items that occur suddenly during the period, after agenda items such as those raised as issues by the Board of Directors Effectiveness Evaluation are added to regular agenda items such as settlements of accounts, and confirmation was made with the Chairperson of the Board of Directors at the beginning of the period.

At the Board of Directors held in this fiscal year, we set a number of agenda items related to management strategies, such as "Discussion on Portfolio Transformation" and "Policy for Formulating the Next Medium-Term Management Plan," and discussed the future of the Teijin Group. In FY2022, we will work to deepen discussions on management strategies as well as the next medium-term management plan.

3) Issues recognized in the Evaluation of the Effectiveness of the Board of Directors and future efforts

In FY2022, as a result of discussions at the Board of Directors based on this Board of Directors Effectiveness Evaluation, we will recognize the following as issues in particular, and will further promote efforts to address these issues together with discussions on the next medium-term management plan.

i) Discussions on business creation utilizing data and digital technology

- ii ) Discussions on business portfolio
- iii ) Discussion on rationality of parent-child listing
- iv ) Discussion on BCP including supply chain
- v ) Discussion on allocation of management resources to human capital / intellectual property, etc.

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

#### **(4) Basic Policy Concerning Cross-Shareholdings**

##### **1) Basic Policy Concerning Cross-Shareholdings**

The Company holds shares of issuing companies that it has determined to be instrumental in increasing its corporate value over the medium to long term, with the objective of maintaining and strengthening transactions and promoting business alliances with them. The Board of Directors regularly reviews whether or not it is appropriate to hold shares based on an examination of the holding purpose and rationality for each individual stock from a medium- to long-term perspective. In these reviews, the Board of Directors takes into account a comprehensive range of factors, including significance from a management strategy standpoint and business relationships, in addition to comparing dividends, transaction amounts, and other quantitative impacts against the cost of capital. After these reviews, the shares for which the purpose of holding has diminished are liquidated, in principle. Through this process, the Company endeavors to reduce cross-shareholdings.

##### **2) Standards for the Exercise of Voting Rights Related to Cross-Shareholdings**

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

## 5. Directors and Statutory Auditors

### (1) Directors and Statutory Auditors

(As of March 31, 2022)

Post	Name	Duty, state of significant positions concurrently held at other companies	Participation
President, & Representative Director	Jun Suzuki	CEO (Chief Executive Officer)	The Board of Directors 12/12(100%)
Representative Director, Executive Officer	Akihisa Nabeshima	CFO (Chief Financial Officer)	The Board of Directors 12/12(100%)
Director, Executive Officer	Toshiya Koyama	Chief Social Responsibility Officer	The Board of Directors 12/12(100%)
Director, Executive Officer	Eiji Ogawa	Chief Officer, Corporate Strategy	The Board of Directors 12/12(100%)
Director, Executive Officer	*Naohiko Moriyama	President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division	The Board of Directors 9/9(100%)
Director, Executive Officer	*Akimoto Uchikawa	President, Material Business of Teijin Group	The Board of Directors 9/9(100%)
Director	Fumio Ohtsubo	Panasonic Corporation Special Advisor	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, SINTOKOGIO, LTD.	The Board of Directors 12/12(100%)
Director	Yoichi Suzuki	Outside Director, KAJIMA CORPORATION	The Board of Directors 12/12(100%)
Director	Masaru Onishi	Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporated	The Board of Directors 12/12(100%)
Full-time Statutory Auditor	Masanori Shimai		The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)
Full-time Statutory Auditor	Akio Nakaishi	Statutory Auditor, Infocom Corporation	The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)
Statutory Auditor	Gen Ikegami	Representative, Gen Ikegami Certified Public Accountant Office, Certified Public	The Board of Directors



Post	Name	Duty, state of significant positions concurrently held at other companies	Participation
		Accountant Outside Director, TAC Co., Ltd. Outside Director, SUMIDA CORPORATION	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	The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)
Statutory Auditor	Jun Arima	Project Professor, Graduate School of Public Policy, the University of Tokyo	The Board of Directors 12/12(100%) The Board of Statutory Auditors 12/12(100%)

Note 1: The Directors marked with \* were newly elected at the 155<sup>th</sup> Ordinary General Meeting of Shareholders held on June 23, 2021.

Note2: There are no important interests between the Company and any of the entities at which the above mentioned outside directors hold positions as director/statutory auditor etc.

Note 3: There are no important interests between the Company and any of the companies at which the above mentioned Outside Statutory Auditors hold positions as director/ statutory auditor etc.

Note 4: 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. Since they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at 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 5: Three (3) Statutory Auditors— Gen Ikegami, Hitomi Nakayama and Jun Arima—are Outside Statutory Auditors. The Company requires the candidate for Outside Statutory Auditor to satisfy the requirements of “Independent Statutory Auditor” stipulated by the Company. These three (3) Statutory Auditors satisfied all such requirements and maintained their independence throughout the relevant fiscal year. Since they also satisfy the requirements of independence as stipulated by Tokyo Stock Exchange Group, Inc., they were registered by the Company as “Independent Director/Auditor” at 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 6: Full-time Statutory Auditor Masanori Shimai and Statutory Auditor Gen Ikegami have ample knowledge of finance and accounting as described below:

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

Statutory Auditor Gen Ikegami is qualified as Certified Public Accountant.

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

Note 8: The following Director retired as of June 23, 2021.

Director Yoshihisa Sonobe

Note 9: Changes in posts and duties of Directors during the subject fiscal year are as follows.

Name	New Post	Former Post	Date of Change
Akihisa Nabeshima	Representative Director Executive Officer CFO (Chief Financial Officer) Director, Executive Officer	Director, Executive Officer President, Healthcare Business of Teijin Group	April 1, 2021
Toshiya Koyama	Director, Executive Officer, Chief Social Responsibility Officer Responsible for Corporate Audit Department	Director, Executive Officer, President, Material Business of Teijin Group	April 1, 2021
Eiji Ogawa	Director, Executive Officer Chief Officer (Corporate Strategy)	Director, Corporate Officer Chief Officer (Corporate Strategy)	April 1, 2021
Naohiko Moriyama	Executive Officer, Teijin Group President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division	Corporate Officer, Teijin Group General Manager, Healthcare New Business Division	April 1, 2021
	Director, Executive Officer President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division	Executive Officer, Teijin Group President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division	June 23, 2021
Akimoto Uchikawa	Executive Officer, Teijin Group President, Material Business of Teijin Group	Corporate Officer, Teijin Group General Manager, Composites Business Unit	April 1, 2021
	Director, Executive Officer President, Material Business of Teijin Group	Executive Officer, Teijin Group President, Material Business of Teijin Group	June 23, 2021

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

Name	New Post	Former Post	Date of Change
Jun Suzuki	Chairperson of the Board, Director	President & Representative Director CEO (Chief Executive Officer)	April 1, 2022
Akimoto Uchikawa	President & Representative Director CEO (Chief Executive Officer)	Executive Officer, Director President, Material Business of Teijin Group	April 1, 2022

Name	New Post	Former Post	Date of Change
Akihisa Nabeshima	Representative Director Senior Executive Officer CFO (Chief Financial Officer)	Representative Director Executive Officer CFO (Chief Financial Officer)	April 1, 2022
Eiji Ogawa	Director, Executive Officer, President, Material Business of Teijin Group	Director, Executive Officer, Chief Officer, Corporate Strategy	April 1, 2022
Naohiko Moriyama	Director, Executive Officer President, Healthcare Business of Teijin Group	Director, Executive Officer President, Healthcare Business of Teijin Group General Manager, Healthcare New Business Division	April 1, 2022

## **(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, Masanori Shimai, Akio Nakaishi, Gen Ikegami, Hitomi Nakayama and Jun Arima, which limits the respective liabilities of each Outside Director and Statutory Auditor to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

## **(3) Directors and Officers liability insurance (D&O insurance)**

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, The scope of an insured of said insurance contract includes Directors, Corporate Officers, Executive Officers and Statutory Auditors of the Company and Directors and Statutory Auditors of three subsidiaries (Teijin Pharma Limited, Teijin Engineering Ltd. and DuPont Teijin Advanced Papers (Japan) Ltd.). Under said insurance contract, legally mandated amount of indemnification and litigation expenses arising from the insured's assumption of liability during the insurance period, or receipt of claims pertaining to the pursuit of such liability, caused by the performance or omission of his or her duties, will be covered. However, claims for damages caused by intention or gross negligence will not be covered. The full amount of the insurance premiums is borne by the Company and above three subsidiaries.

## **(4) Remuneration, etc. for Directors and Statutory Auditors, etc.**

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

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

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

The board of directors, 8 times; Advisory Board, 2 times; Compensation Advisory Committee, 3 times

Note: From April 1, 2022, the remuneration advisory function for the CEO / Chairperson of the Board will be transferred from the Advisory Board to the Compensation Advisory Committee, and the remuneration advisory function for all Directors, including the CEO and Chairperson of the Board, will be centralized to the Compensation Advisory Committee.

a) Basic policy for remuneration systems

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

b) Remuneration level

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

c) Composition of remuneration, etc. for directors and statutory auditors

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

d) Composition ratio of remuneration

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

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

e) Performance indicators for variable remuneration

i ) Performance-based remuneration (Cash)

Three indicators presented as performance targets for the medium-term management plan for 2020-2022, "ALWAYS EVOLVING," have been selected as key performance indicators (KPIs) for performance-based 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.

ii ) Performance Share Units .

While aligning targets with the medium-term management plan, TSR from the viewpoint of stakeholders and the indicators of 1) Changing Portfolio and 2) Diversity and Inclusion from the TSR viewpoint of stakeholders

and from the viewpoint of sustainable growth and ESG (Environment, Social, Governance) will be also be used. See below Table for indicators and targets, etc. for the period of the medium-term management plan for 2020-2022, “ALWAYS EVOLVING” (Limited to FY2021 and FY2022; hereinafter “initial target period”).

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

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

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

i ) Fixed remuneration

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

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

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

(1) There was no certain non-conformity stipulated by the Board of Directors of the Company

(2) Other requirements deemed necessary by the Board of Directors of the Company as " Restricted Stock".

ii) Variable remuneration

• Performance-based remuneration (Cash): Calculated depending on position, 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, and provided by the end of June as a year-end lump sum. Additionally, new performance evaluation periods and performance evaluation indicators will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

• “Performance Share Units” (PSU): Maximum annual amount is ¥300 million (Maximum annual number, 200,000 shares), and around July or August of every year, the number of shares calculated depending on the target achievement of one or multiple performance indicators set by the Board of Directors applicable to performance evaluation periods comprised of one or multiple fiscal years will be allotted after conclusion of the evaluation performance period set for each performance indicator with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. See Table of “The initial performance evaluation period and performance indicators of Performance Share Unit (PSU)” with regard to the performance evaluation period and the performance indicators for the period of the medium-term management plan for 2020-2022, “ALWAYS EVOLVING” (limited to FY2021 and FY2022). Additionally, even after the conclusion of the initial performance evaluation period, new performance evaluation periods and performance evaluation indicators will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

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

- ① He or she was in a position designated by the Company’s Board of Directors for a period of the entirety or a portion of the performance evaluation period
- ② There was no certain non-conformity stipulated by the Board of Directors of the Company
- ③ Other required conditions for “Performance Share Units” as defined by the Board of Directors of the Company

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

No applicable matters.

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

Remuneration for the President & Representative Director, CEO is proposed to the Board of Directors after being deliberated by the Advisory Board and Compensation Advisory Committee of the Company, and remuneration for Directors other than the President & Representative Director, CEO is deliberated by the Compensation Advisory Committee of the Company. The Board of Directors will make a resolution after fully considering the proposal.

Note: From April 1, 2022, the compensation advisory function for the CEO and the Chairperson of the Board is transferred from Advisory Board to the Compensation Advisory Committee the compensation advisory functions for all Directors, including the CEO and the Chairperson of the Board have been unified into the Compensation Advisory Committee.

**2) Reasons the Board of Directors Determined the Content of Remuneration, etc., for Individual Directors for the Fiscal Year Under Review Conform to the Determination Policy**

In determining the content of individual remuneration for Directors, the Advisory Board and the Compensation

Advisory Committee drafts the remuneration of the President & Representative Director, CEO, and the Compensation Advisory Committee draft the remuneration for Directors other than the President & Representative Director, CEO. As they are considering the consistency with the decision policy, the Board of Directors basically fully considers the proposal and judges that it is in line with the decision policy.

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

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

As of the conclusion of the Ordinary General Meeting of Shareholders in June 2021, the number of Directors totaled 10 (including 4 outside Members of the Boards).

At the 133<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 25, 1999, it was resolved that the maximum amount of remuneration for Statutory Auditor of the Company shall be 12 million yen per month. The number of Statutory Auditor after the conclusion the Ordinary General Meeting of Shareholder in June 2021 was five.

### 4) Remuneration for Directors and Statutory Auditors, etc. for the Fiscal Year Under Review

(persons; millions of yen)

	Total amount of remuneration, etc.	Total amount of remuneration, etc., by type				Number of applicable officers
		Basic remuneration (Cash)	Performance-based remuneration (Cash)	Restricted Stock (RS)	Performance Share Units (PSU)	
Directors (Excluding outside directors)	319	232	44 (Note1)	43 (Note2)	— (Note3)	7
Outside directors	72	72	— (Note4)	— (Note4)	— (Note4)	4
Statutory auditors (Excluding outside statutory auditors) (Note5)	77	77	—	—	—	2
Outside statutory auditors (Note5)	41	41	—	—	—	3

Note 1: Performance-linked remuneration of 44 million yen is scheduled to be paid by the end of June to the six internal Members of the Boards appointed at the 155<sup>th</sup> Ordinary General Meeting of Shareholders held on June 23, 2021. Expected reward amount.

Note 2: The compensation of 43 million yen was paid in August 2021 to six Internal Directors appointed at the 155<sup>th</sup> Ordinary General Meeting of Shareholders held on June 23, 2021. The amount of compensation for granting the Restricted Stock (RS).

Note 3: Since the targets for the current fiscal year were not achieved in all performance evaluation indicators against the target values for each fiscal year which is described in the performance evaluation indicators of the table of the “The initial performance

evaluation period and performance indicators of Performance Share Unit (PSU)” of 1) e) ii), compensation for Performance Share Unit is not granted.

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

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

## 5) Matters Regarding Performance-based Remuneration, etc.

### a) Performance-based remuneration (Cash)

In order to motivate each Internal Director to improve the priority management indicators set forth in the medium-term management plan 2020-2022 “ALWAYS EVOLVING,” for performance-linked compensation, as described in 1) e) i), after selecting three indicators consisting of consolidated ROE, consolidated EBITDA, and consolidated ROIC based on consolidated operating income as performance evaluation indicators, the amount of performance-based remuneration was calculated based on the degree of achievement of the target value or the degree of achievement of the budget and the performance evaluation of individual directors.

The actual performance evaluation indicators for FY2021 are a consolidated ROE of 5.5%, consolidated EBITDA of 113 billion yen, and consolidated ROIC based on consolidated operating income of 5.5%. For consolidated ROE, consolidated EBITDA and consolidated ROIC based on consolidated operating income, the result was below the standard target value. As a result, the payment rate of performance-linked remuneration in FY2021 was 44 to 46% of the standard amount of performance-based remuneration for each position (the amount paid when all standard target values are achieved for each performance evaluation index).

Evaluation indicators	Target	Result
Consolidated ROE	10%	5.5%
Consolidated EBITDA	¥130.0 billion	¥113.0billion
Consolidated ROIC based on consolidated operating income	7.0%	5.5%

Note 1 : The standard target values for consolidated EBITDA and consolidated ROIC based on consolidated operating income used to calculate performance-linked remuneration are the figures announced at the beginning of the term (announced in May 2021).

Note 2 : The standard target value for consolidated net income ROE is set at 10% based on the target of 10% or more set forth in the medium-term management plan 2020-2022 “ALWAYS EVOLVING.”

### b) Performance Share Units (PSU):

- ① Contents of performance evaluation indicators and reasons for selection: As described in 1) e) ii).
- ② Amount or calculation method of performance Share Unit: We will calculate the number of shares to be granted according to the degree of achievement of the targets for each fiscal year. The target for each fiscal year is specified in the table of the “The initial performance evaluation period and performance indicators of Performance Share Unit (PSU)” of 1) e) ii).
- ③ Performance of performance evaluation indicators: The Performance- The Performance Share Unit was not issued because the target for the current fiscal year was not achieved. The actual performance of consolidated ROE was 5.5% against the target of consolidated ROE more than 10%.

## 6) Matters Regarding non-monetary remuneration, etc.

### a) Restricted Stock (RS)

The types and number of shares delivered are as described in “Status of shares delivered to officers of the Company as consideration for the execution of duties during the current fiscal year” on 2. (5) Status of shares granted to Company officers during the fiscal year as consideration for performance of duties.

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

### b) Performance Share Units (PSU)



As described in 5) b).

## (5) 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

#### a) Outside Directors

The attendance status of the Board of Directors is shown in the above-mentioned “(1) Directors and Statutory Auditors”.

Name	Status of Statements Outline of duties performed regarding the roles expected of outside directors
Fumio Ohtsubo	<p>He offered valuable comments from his extensive management experience and knowledge at appropriate opportunities as well as at the Board of Directors Meeting.</p> <p>He serves as Chairperson of the Board of Directors as part of separation of monitoring and supervision, and execution. He vitalizes the Board of Directors of the Company and endeavors to secure effectiveness and improve function of the Board of Directors of the Company.</p> <p>As the member of the Advisory Board, and as Chairperson of Nomination Committee set up on the Advisory Board, he made useful statements regarding change of CEO, recommendation of successor, etc.</p> <p>As the Chairperson of Nomination Advisory Committee, he made useful statements in selecting candidates for directors and executive officers other than the CEO.</p> <p>As the member of Compensation Advisory Committee, he made appropriate statements regarding the compensation of directors and executive officers other than the CEO.</p>
Yukako Uchinaga	<p>She offered valuable comments from her wealth of business experience, outstanding insights in the IT field, and a deep understanding of diversity at appropriate opportunities as well as at the Board of Directors Meeting.</p> <p>As the member of the Advisory Board, she makes useful statements regarding CEO compensation and selection.</p> <p>As the member of Nomination Advisory Committee, she made useful statements in selecting candidates for directors and executive officers other than the CEO.</p> <p>As the member of Compensation Advisory Committee, she made appropriate statements regarding the compensation of directors and executive officers other than the CEO.</p>
Yoichi Suzuki	<p>He offered valuable comments from his expertise and knowledge of international economic and trade issues etc. cultivated over many years as a diplomat at appropriate opportunities as well as at the Board of Directors Meeting.</p> <p>As the member of the Advisory Board, he makes useful statements regarding CEO compensation and selection.</p> <p>As the member of Nomination Advisory Committee, he made useful statements in selecting candidates for directors and executive officers other than the CEO.</p> <p>As the member of Compensation Advisory Committee, he made appropriate statements regarding the compensation of directors and executive officers other than the CEO.</p>
Masaru Onishi	<p>He offered valuable comments from his extensive management experience and knowledge at appropriate opportunities as well as at the Board of Directors Meeting.</p> <p>As member of the Advisory Board, and as Chairperson of Compensation Committee set up on the Advisory Board, he makes useful statements regarding the remuneration system for directors and statutory auditors, etc. of Teijin Group and evaluation of CEO performance, etc.</p>

Name	Status of Statements Outline of duties performed regarding the roles expected of outside directors
	As the Chairperson of Compensation Advisory Committee, he made appropriate statements regarding the compensation of directors and executive officers other than the CEO. As the member of Nomination Advisory Committee, he made useful statements in selecting candidates for directors and executive officers other than the CEO.

b) 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”

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

## 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	181
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor 318	318

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, 13 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 characteristic, as a result of confirmation and examination of the content of the Accounting Auditor's audit plan, the status of performance of duties by the Accounting Auditor, and the basis for the calculation of the estimated remuneration for the Accounting Auditor, etc., 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.

### (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

Stable and sustainable dividends will be considered, and own share repurchasing will be flexibly conducted as well depending on the situation. Dividends are in line with consolidated operating results, aiming to raise the dividend along with profits growth, and targeting a consolidated payout ratio of 30% of profit attributable to owners of parent for the medium term.

## **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 Board of Directors meeting held on March 30, 2022.

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

### **1) System for Ensuring Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors 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, when they detect any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and other internal regulations. 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, and will establish and operate various reporting and consultation counters. 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.

Chief Social Responsibility Officer 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 the internal regulations. CEO 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.

#### **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. Based on the Group Ethics Regulations which establish rules for reporting illegal conduct and other responses, 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, 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 etc.

## **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 such as the large-scale earthquakes and the spread of widespread infectious diseases, and has set in advance what to do in the event of an emergency. Regarding Covid-19, since the establishment of Emergency Response Headquarter in March 2020, The Company has prioritized 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 internal regulations.

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 the internal 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, attending meetings in which accounting audit reports are given and report of results of internal audits, 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 the internal regulations.



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

The Company's Statutory Auditors attend important meeting bodies of the Company and of the main subsidiaries (including important meeting bodies in each business), receiving reports at the meeting bodies from the Management team, etc. on the status of the performance of duties, and exchange opinions and make recommendations.

In addition, The Company's Statutory Auditors regularly hold interviews with the representative directors, other directors, major corporate officers and general managers of headquarters staff.

The Chief Social Responsibility Officer reports on important stipulated items, including internal reporting by the hotline, promptly following their discovery, both individually and to the members of the meeting bodies including the Statutory Auditors, through the important meeting bodies. The Company has established a system in which The Company's Statutory Auditors can obtain information on compliance-related matters without delay.

In order to enhance the effectiveness of group-wide oversight, the Committee of Teijin Group Statutory Auditors, which comprises the statutory auditors of Group companies and other members, meets regularly. Through regular meetings with the Accounting Auditor and the Internal Audit Department, we strive to ensure the effectiveness of the three-way audit.

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)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	170,185	134,480
Notes and accounts receivable-trade	181,020	—
Notes	—	13,928
Accounts receivable-trade	—	177,374
Merchandise and finished goods	89,693	103,399
Work in process	10,442	13,680
Raw materials and supplies	40,909	47,541
Short-term loans receivable	13,806	17,073
Other current assets	28,859	64,910
Allowance for doubtful accounts	(334)	(389)
<b>Total</b>	<b>534,580</b>	<b>571,996</b>
<b>Noncurrent assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	65,103	73,378
Machinery and equipment, net	101,020	116,984
Land	42,813	43,255
Construction in progress	39,470	43,508
Other, net	34,454	38,388
<b>Total</b>	<b>282,860</b>	<b>315,514</b>
<b>Intangible assets</b>		
Goodwill	33,903	29,920
Sales rights	1,061	119,297
Other	43,516	41,535
<b>Total</b>	<b>78,479</b>	<b>190,752</b>
<b>Investments and other assets</b>		
Investment securities	84,797	85,014
Long-term loans receivable	2,098	2,257
Net defined benefit asset	31,124	8,289
Deferred tax assets	4,642	5,002
Other	23,754	30,006
Allowance for doubtful accounts	(1,202)	(1,247)
<b>Total</b>	<b>145,212</b>	<b>129,321</b>
<b>Total noncurrent assets</b>	<b>506,551</b>	<b>635,586</b>
<b>Total assets</b>	<b>1,041,131</b>	<b>1,207,583</b>

(Millions of yen)

	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	92,544	101,183
Short-term loans payable	95,387	110,524
Current portion of long-term loans payable	18,065	39,185
Current portion of bonds	20,010	—
Income taxes payable	5,577	7,186
Provision for business structure improvement	2,330	—
Accrued expenses	23,645	25,653
Other	52,496	68,024
<b>Total</b>	<b>310,054</b>	<b>351,756</b>
<b>Noncurrent liabilities</b>		
Bonds payable	15,000	105,000
Long-term loans payable	218,857	215,972
Net defined benefit liability	37,500	37,076
Asset retirement obligations	1,077	1,257
Lease obligations	11,275	12,963
Deferred tax liabilities	6,943	9,568
Other	10,061	9,180
<b>Total</b>	<b>300,713</b>	<b>391,016</b>
<b>Total liabilities</b>	<b>610,767</b>	<b>742,772</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	71,833	71,833
Capital surplus	103,756	103,757
Retained earnings	229,805	242,332
Treasury stock	(13,047)	(12,729)
<b>Total</b>	<b>392,346</b>	<b>405,192</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,840	21,192
Deferred gains or losses on hedges	607	(80)
Foreign currency translation adjustment	(7,087)	13,549
Re measurements of defined benefit plans	(1,557)	(272)
<b>Total</b>	<b>13,804</b>	<b>34,388</b>
<b>Subscription rights to shares</b>	<b>899</b>	<b>803</b>
<b>Non-controlling interests</b>	<b>23,316</b>	<b>24,429</b>
<b>Total net assets</b>	<b>430,364</b>	<b>464,811</b>
<b>Total liabilities and net assets</b>	<b>1,041,131</b>	<b>1,207,583</b>

(2) Consolidated Statements of Income

(Millions of yen)

	FY2020 (Apr. 2020-Mar. 2021)	FY2021 (Apr. 2021-Mar. 2022)
<b>Net sales</b>	<b>836,512</b>	<b>926,054</b>
Cost of sales	581,515	655,033
<b>Gross profit</b>	<b>254,997</b>	<b>271,022</b>
Selling, general and administrative expenses	200,066	226,813
<b>Operating income</b>	<b>54,931</b>	<b>44,208</b>
Non-operating income		
Interest income	680	468
Dividends income	1,322	1,210
Equity in earnings of affiliates	2,548	5,556
Gain on valuation of derivatives	2,276	6,509
Gain on investments in partnerships	—	117
Miscellaneous income	1,490	1,263
Total	8,317	15,124
Non-operating expenses		
Interest expenses	2,831	3,252
Foreign exchange losses	3,615	3,811
Loss on valuation of derivatives	—	323
Loss on investments in partnerships	998	24
Contribution	373	356
Miscellaneous loss	1,773	1,874
Total	9,589	9,640
<b>Ordinary income</b>	<b>53,658</b>	<b>49,692</b>
Extraordinary income		
Gain on sales of noncurrent assets	1,821	64
Gain on sales of investment securities	2,626	5,738
Gain on step acquisitions	2,009	—
Reversal of impairment losses	—	1,059
Other	7	846
Total	6,463	7,707
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,192	2,088
Loss on valuation of investment securities	1,001	515
Impairment loss	44,101	8,915
Loss related to COVID-19	267	—
Other	3,210	1,816
Total	50,770	13,334
<b>Income before income taxes</b>	<b>9,351</b>	<b>44,065</b>
Income taxes - current	12,467	14,797
Income taxes - deferred	1,098	3,302
Total	13,565	18,099
<b>Profit (loss)</b>	<b>(4,213)</b>	<b>25,966</b>
Profit attributable to non-controlling interests	2,448	2,808
<b>Profit (loss) attributable to owners of parent</b>	<b>(6,662)</b>	<b>23,158</b>

### (3) Consolidated Statement of Changes in Net Assets

FY2021 (Apr. 2021 - Mar. 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2021	71,833	103,756	229,805	(13,047)	392,346
Cumulative effects of changes in accounting policies			(461)		(461)
Restated balance	71,833	103,756	229,344	(13,047)	391,885
Changes of items during the period					
Dividends from surplus			(10,082)		(10,082)
Profit (loss) attributable to owners of parent			23,158		23,158
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		(37)		127	90
Restricted stock compensation		(51)		209	158
Transfer of loss on disposal of treasury shares		89	(89)		—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1			1
Net changes of items other than shareholders' equity					
Total	—	1	12,987	318	13,306
Balance at March 31, 2022	71,833	103,757	242,332	(12,729)	405,192

	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, 2021	21,840	607	(7,087)	(1,557)	13,804	899	23,316	430,364
Cumulative effects of changes in accounting policies							(335)	(796)
Restated balance	21,840	607	(7,087)	(1,557)	13,804	899	22,981	429,569
Changes of items during the period								
Dividends from surplus								(10,082)
Profit (loss) attributable to owners of parent								23,158
Purchase of treasury stock								(19)
Disposal of treasury stock								90
Restricted stock compensation								158
Transfer of loss on disposal of treasury shares								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								1
Net changes of items other than shareholders' equity	(649)	(688)	20,636	1,285	20,584	(96)	1,448	21,936
Total	(649)	(688)	20,636	1,285	20,584	(96)	1,448	35,242
Balance at March 31, 2022	21,192	(80)	13,549	(272)	34,388	803	24,429	464,811

## Consolidated Statements of Comprehensive Income (Reference)

(Millions of yen)

	FY2020 (Apr. 2020-Mar. 2021)	FY2021 (Apr. 2021-Mar. 2022)
<b>Profit (loss)</b>	<b>(4,213)</b>	<b>25,966</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,894	(1,208)
Deferred gains or losses on hedges	1,627	(688)
Foreign currency translation adjustment	15,195	19,364
Remeasurements of defined benefit plans, net of tax	1,912	1,255
Share of other comprehensive income of associates accounted for using equity method	949	1,291
<b>Total</b>	<b>29,577</b>	<b>20,013</b>
<b>Comprehensive income</b>	<b>25,363</b>	<b>45,979</b>
Comprehensive income attributable to :		
Owners of parent	22,429	43,742
Non-controlling interests	2,935	2,237

## Consolidated Statements of Cash Flows (Reference)

(Million yen)

	FY2020 (Apr. 2020-Mar. 2021)	FY2021 (Apr. 2021-Mar. 2022)
<b>Cash flows from operating activities</b>		
Income before income taxes	9,351	44,065
Depreciation and amortization	51,840	68,816
Impairment loss	44,101	8,915
Increase (decrease) in net defined benefit liability	822	663
Decrease (increase) in net defined benefit asset	(307)	22,782
Increase (decrease) in allowance for doubtful receivables	(630)	65
Increase (decrease) in provision for business structure improvement	(5)	(2,330)
Interest and dividends income	(2,002)	(1,677)
Interest expenses	2,831	3,252
Equity in (earnings) losses of affiliates	(2,548)	(5,556)
Loss (gain) on valuation of derivatives	(2,276)	(6,080)
Loss (gain) on sales and retirement of noncurrent assets	370	2,023
Loss (gain) on sales of investment securities	(2,626)	(5,571)
Loss (gain) on valuation of investment securities	1,001	515
Loss (gain) on step acquisitions	(2,009)	—
Decrease (increase) in notes and accounts receivable-trade	(6,765)	(5,794)
Decrease (increase) in inventories	7,558	(16,935)
Increase (decrease) in notes and accounts payable-trade	7,455	2,129
Other, net	10,957	(5,935)
Subtotal	117,119	103,346
Interest and dividends income received	6,245	6,507
Interest expenses paid	(2,883)	(3,158)
Extra retirement payments	(1,058)	(2,417)
Income taxes paid	(11,694)	(14,622)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>107,729</b>	<b>89,656</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(56,817)	(60,593)
Proceeds from sales of property, plant and equipment	2,221	135
Purchase of intangible assets	(4,109)	(139,883)
Purchase of investment securities	(2,194)	(4,554)
Proceeds from sales of investment securities	6,991	9,596
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(22,226)	—
Decrease (increase) in short-term loans receivable	(713)	(2,263)
Other, net	(2,739)	(813)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(79,587)</b>	<b>(198,375)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(6,046)	9,423
Proceeds from issuance of bonds	—	90,000
Redemption of bonds	—	(20,000)
Proceeds from long-term loans payable	35,692	23,529
Repayment of long-term loans payable	(37,835)	(16,439)
Purchase of treasury shares	(8)	(18)
Cash dividends paid	(10,557)	(10,082)
Cash dividends paid to non-controlling interests	(753)	(953)
Other, net	(1,371)	(4,346)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>(20,878)</b>	<b>71,113</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,901</b>	<b>1,841</b>
Net increase (decrease) in cash and cash equivalents	10,165	(35,764)
<b>Cash and cash equivalents at beginning of period</b>	<b>156,290</b>	<b>166,455</b>
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	5
<b>Cash and cash equivalents at end of period</b>	<b>166,455</b>	<b>130,696</b>