May 29, 2024

Notice of Convocation

The 158th 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 to the receptionist at the meeting.*

Contents

Message from President and Representative Director, Chief Executive Officer

Dear Shareholders and investors

First of all, I would like to extend my heartfelt gratitude to you as shareholders and investors for your continued understanding and support of the Teijin Group's business activities.

In FY2023, the Company's net sales and operating income both increased from the previous fiscal year. However, the growth rate was low due to factors including weaker demand for products for some applications and the impact of customer inventory adjustment in the Materials business, as well as payment of a one-off lump-sum contract fee and the market entry of generic alternatives in the Healthcare business. Meanwhile, as a result of implementing restructuring initiatives across the Company with a focus on improving the profitability of three underperforming businesses (aramid business, composites business and healthcare business) and reforming the management structure of corporate officers and HQ staff, we were generally able to achieve the results close to the profitability improvement target of 30 billion yen or more. However, among these businesses, the timing of improvement was pushed back for the stabilization of production in aramid business and composites business. While aramid business was able to achieve improvement in 4Q, composites business continues to face the issue.

After analyzing these results, we announced our new medium-term management plan for the period through FY2025 in May, and we will continue to advance our profitability improvement measures throughout the period to drive a recovery of fundamental earning power, while carrying out business portfolio transformation, including the handling of unprofitable and non-core businesses, to achieve the long-term vision of becoming "a company that supports the society of the future." With an aim to become "a company that prioritizes the health of the planet, protects the global environment, and supports a circular society," and "a company that addresses issues of patients, families and communities in need of more support," we will proceed with our transform process from a long-term perspective to build an optimal business portfolio and provide value to society, so that we can provide care for both the physical and mental health of people and the health of the planet they live on.

The Company has been conducting a purpose branding activity called the "Journey to One Teijin" since August 2023. The objective of this activity is to express the inner passion of each employee, convert tacit knowledge into explicit knowledge, and clarify the value of existence or the purpose of the Group on a global level. We strive to enhance our ability to execute by becoming a company where the management and employees share the same values and employees identify with such values. Moreover, based on our purpose, we will strengthen our global management base, such as governance, technology and human capital, and evolve them into a foundation for transformation to put ourselves back on a growth trajectory.

This fiscal year, we will implement "management that is conscious of cost of capital and stock price" by demonstrating our stance to steadily execute each of these measures including business portfolio transformation, so that we can meet the expectations of our shareholders.

We look forward to the continued understanding and support of our shareholders and investors.
We also ask our shareholders to exercise their voting rights.

Akimoto Uchikawa

President and Representative Director
Chief Executive Officer

Securities code: 3401
May 29, 2024

Dear Shareholders

Akimoto Uchikawa
President and Representative Director
Chief Executive Officer

Teijin Limited
2-4, Nakanoshima 3-chome,
Kita-ku, Osaka-city,
Osaka 530-8605,
Japan

Notice of Convocation of the 158th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 158th Ordinary General Meeting of Shareholders of Teijin Limited ("the Company") to be held as set forth below.

Upon convening a General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents, etc. for the General Meeting of Shareholders in electronic format, and the information is posted on each of the following websites on the Internet. Please review the information by accessing one of the websites.

[Company Website]
https://www.teijin.com/ir/stocks/general-meeting/

[Tokyo Stock Exchange's website (Tokyo Stock Exchange listed company search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show
Please access the Tokyo Stock Exchange listed company search above and enter the Company's name (Teijin) under the "Issue name" or the Company's securities code (3401) under the "Code" and press "Search." Click "Basic information," and select "Documents for public inspection/PR information." Then check the [Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting] under "Filed information available for public inspection."

[Website for materials concerning the General Meeting of Shareholders]
https://d.sokai.jp/3401/teiji/ *Japanese only

If you do not expect to attend the meeting, you may exercise your voting rights on the Internet or voting card (by mail). Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5 p.m., Wednesday, June 19, 2024 (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:

Thursday, June 20, 2024, at 10 a.m. (Japan Time)

(The door will open at 9 a.m. (Japan Time))

2. Place:

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

3. Purposes

Reports

The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and the Report on the results of audit of Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 158th Fiscal Year (April 1, 2023 to March 31, 2024)

Proposals

Proposal 1: Election of Seven (7) Directors

Proposal 2: Election of Two (2) Statutory Auditors

Proposal 3: Revision of the Restricted Stock Plan and Performance Share Units Plan for Directors, in Line With the Revision of the Compensation System for Executive Officers

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 for the Company's proposals.

(2) In the event a shareholder exercises their voting rights several times via the Internet voting system, the final voting rights exercised shall prevail.

(3) In the event of an overlap in the exercise of voting rights via the voting card for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail regardless of the arrival date of the mailed vote.

(4) In the event of exercising voting rights by proxy, one (1) shareholder with voting rights authorized as your proxy can attend the General Meeting of Shareholders. However, please note that it will be necessary for the proxy to submit written proof of power of attorney.

◎ If any modifications occur regarding the notice of the Ordinary General Meeting of Shareholders and the electronic provision measures, we will post the details of the modifications, both before and after, on the websites as indicated above.

Reference Documents for the General Meeting of Shareholders
Proposals and Reference Items

Proposal 1: Election of Seven (7) Directors

The terms of office of eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders.
Shareholders are therefore requested to elect the following seven (7) Directors (six (6) of whom are up for reelection). When selecting candidates for Director, the Nomination Advisory Committee chaired by an Independent Outside Director deliberated on the candidates based on their “Skills that are particularly expected to contribute for fulfilling the roles and responsibilities of the Board of Directors and the Board of Statutory Auditors” (please refer to the skills matrix on page14. The proposal was then submitted to and approved by the Board of Directors.

The candidates for Director are as follows.

Candidate no.	Candidate attributes (Gender)	Name Date of birth	Current position and responsibility	Participation in Board of Directors in FY2023	Tenure	Nomination Advisory Committee	Compensation Advisory Committee	Advisory Board
1	Reappointment (Male)	Akimoto Uchikawa January 18, 1966	President and Representative Director, Chief Executive Officer	13 times out of 13 (100%)	3 years	○	○	○
2	Reappointment (Male)	Naohiko Moriyama May 20, 1965	Director, Senior Executive Officer Chief Officer, Corporate Strategy	13 times out of 13 (100%)	3 years			
3	Reappointment (Male)	Noboru Yamanishi December 22, 1964	Director, Executive Officer Chief Sustainability Officer Responsible for the Engineering Division	10 times out of 10 (100%)	1 year			
4	Reappointment Outside Independent (Male)	Masaru Onishi May 19, 1955	Outside Director	13 times out of 13 (100%)	5 years	○	○	○
5	Reappointment Outside Independent (Male)	Masaaki Tsuya June 22, 1952	Outside Director	13 times out of 13 (100%)	2 years	○	○	○
6	Reappointment Outside Independent (Female)	Tamie Minami February 15, 1959	Outside Director	10 times out of 10 (100%)	1 year	○	○	○
7	New Candidate Outside Independent (Female)	Reiko Kusunose October 2, 1965	—	—	—			

“Independent” indicates an independent director as stipulated by the Tokyo Stock Exchange.
A “○” indicates a nominee is a current member of the Nomination Advisory Committee, Compensation Advisory Committee and Advisory Board in the table above.

Note 1: There are no special interests between any of the candidates and the Company.
Note 2: For “Directors and Officers Liability Insurance Contract”, please refer to the “Directors and Officers Liability Insurance Contract related to candidates for Director and Statutory Auditor” on page 13.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Personal History, Positions and Significant Concurrent Positions</th><th>Number of Company’s Shares Owned</th></tr>
<tr><td>1</td><td>[Reappointment]

Akimoto Uchikawa
(January 18, 1966)
(FY2023)
[Participation in the Board of Directors]
13 times out of 13
(100%)</td><td>March 1990 Joined Teijin Limited
April 2017 Teijin Group Corporate Officer
Management Coordinator for the President, Material Business of Teijin Group
Assistant to General Manager, Fibers and Products Converting Business Group (for Technology, Production, Restructuring Initiatives)
April 2020 General Manager, Composites Business Unit
April 2021 Teijin Group Executive Officer
President, Material Business of Teijin Group
June 2021 Executive Officer, Director, Teijin Limited
April 2022 President and Representative Director (Incumbent)
Chief Executive Officer (Incumbent)</td><td>37,265 shares</td></tr>
<tr><td colspan="4">[Reason for nomination of the candidate for Director and expected roles]
Based on his extensive knowledge and experience related to technologies, Akimoto Uchikawa worked on restructuring the Company’s business and improving its profitability, mainly in the Materials Business including its overseas business. After he assumed the post of President & CEO, Representative Director, he formulated a reform plan to improve the Company’s profitability, and focused on improving the profitability of underperforming businesses, while promoting the establishment of a structure to strengthen the ability to execute and the implementation of internal reforms under his strong leadership. The Company determined that it needs his experience and insights in order to increase shareholder value and corporate value through the realization of the medium-term management plan announced by the Company in May 2024, decision-making on matters that are significant to the Company, and the execution of operations. The Company therefore continues to select him as a candidate for Director.</td></tr>
<tr><td rowspan="2">2</td><td>[Reappointment]

Naohiko Moriyama
(May 20, 1965)
(FY2023)
[Participation in the Board of Directors]
13 times out of 13
(100%)</td><td>March 1990 Joined Teijin Limited
April 2017 Teijin Group Corporate Officer
Management Coordinator for the President, Healthcare Business of Teijin Group
April 2019 General Manager, Healthcare New Business Division
April 2021 Teijin Group Executive Officer
President, Healthcare Business of the Teijin Group
General Manager, Healthcare New Business Division
June 2021 Executive Officer, Director, Teijin Limited
October 2022 Chief Officer, Corporate Strategy (Incumbent)
April 2023 Senior Executive Officer, Director (Incumbent)
June 2023 Director, Infocom Corporation (Incumbent)</td><td>17,232 shares</td></tr>
<tr><td></td><td>(Significant Concurrent Positions)
Director, Infocom Corporation</td><td></td></tr>
<tr><td colspan="4">[Reason for nomination of the candidate for Director and expected roles]
Based on his knowledge and experience related to technologies, Naohiko Moriyama has worked on formulating and promoting the Company’s growth strategies and implementing reforms in the fields of healthcare business and corporate strategy. In the formulation of the medium-term management plan announced in May 2024, he took a leading role as Chief Officer of Corporate Strategy. The Company determined that it needs his experience and insights in order to increase shareholder value and corporate value through strategic and appropriate responses to various obstacles and variable factors that may arise in the implementation of the medium-term management plan, decision-making on matters that are significant to the Company, and the execution of operations. The Company therefore continues to select him as a candidate for Director.</td></tr>
<tr><td>3</td><td>[Reappointment]

Noboru Yamanishi
(December 22, 1964)
(FY2023)
[Participation in the Board of Directors]
10 times out of 10
(100%)</td><td>April 1988 Joined Teijin Chemicals Ltd.
April 2017 Deputy General Manager, Material Technology Center
April 2019 Teijin Group Corporate Officer
General Manager, Resin and Plastic Processing Business Unit
April 2023 Teijin Group Executive Officer
Chief Sustainability Officer
Responsible for the Engineering Division and the Corporate Audit Department
June 2023 Executive Officer, Director (Incumbent)
April 2024 Chief Sustainability Officer (Incumbent)
Responsible for the Engineering Division (Incumbent)</td><td>13,181 shares</td></tr>
</table>

[Reason for nomination of the candidate for Director and expected roles]
Based on his long-standing experience in the fields of production and technology, Noboru Yamanishi has worked on improving the profitability of the Company by enhancing quality and productivity mainly in the Resin and Plastic Processing Business. Since being appointed Chief Sustainability Officer, he has leveraged his business experience to stabilize production activities and manage operational risk. The Company determined that it needs his experience and insights in order to increase shareholder value and corporate value through the enhancement and stabilization of the Company's corporate activities during its transformational period, decision-making on matters that are significant to the Company, and the execution of operations. The Company therefore continues to select him as a candidate for Director.

4	[Reappointment] [Outside] [Independent] **Masaru Onishi** (May 19, 1955) (FY2023) [Participation in the Board of Directors] 13 times out of 13 (100%)	April 1978	Joined Japan Air Lines Co., Ltd.	3,512 shares
		April 2007	President, JAL Aircraft Maintenance Narita	
		April 2009	Executive Officer, JAL International Co., Ltd	
		June 2009	President, Japan Air Commuter	
		February 2010	President, Japan Air Lines Corporation (JAL group COO) President, Japan Air Lines International Co., Ltd.	
		November 2010	Director, President, Japan Air Lines International Co., Ltd. (Japan Air Lines Corporation merged with Japan Air Lines International Co., Ltd.)	
		March 2011	Representative Director and President, Japan Air Lines International Co., Ltd.	
		April 2011	Representative Director and President, Japan Airlines Co., Ltd. (The company name was changed from Japan Air Lines International Co., Ltd. to Japan Airlines Co., Ltd. in April 2011)	
		February 2012	Representative Director and Chairperson, Japan Airlines Co., Ltd.	
		April 2014	Director and Chairperson, Japan Airlines Co., Ltd.	
		July 2018	External Affairs Representative, Japan Airlines Co., Ltd.	
		June 2019	Director, Teijin Limited (Incumbent) Advisory Board member of Teijin Limited (Incumbent)	
		(Significant Concurrent Positions) Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporated Outside Director, Benesse Holdings, Inc.		

[Reason for nomination of the candidate for Outside Director and expected roles]
Masaru Onishi had served as Representative Director and President, and Representative Director and Chairperson of Japan Airlines Co. Ltd. As the chair of the Board of Directors of the Company, he has leveraged his extensive business experience and high level of insight to vitalize and increase the effectiveness of the Board of Directors, for example by leading in-depth discussions on the formulation of the medium-term management plan announced in May 2024, and offered appropriate advice and suggestions. The Company determined that in order to increase shareholder value and corporate value, the Company needs him to supervise decision-making on matters that are significant to the Company and the execution of operations, and provide advice to the management from an objective standpoint as Outside Director through the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. The Company therefore continues to select him as a candidate for Outside Director.

Note 1: Masaru Onishi is a candidate for Outside Director. The Company requires a candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Masaru Onishi satisfies all the prescribed requirements. He also fulfills the requirements for Independent Director set forth by the Tokyo Stock Exchange. In light of this, the Company has registered Masaru Onishi as an Independent Director with the Tokyo Stock Exchange. The contents of the requirements of "Independent Director" stipulated by the Company can be viewed at the Company's website: (https://www.teijin.com/ir/management/governance/requirements/)

Note 2: Masaru Onishi currently serves as an Outside Director of the Company. In accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company and Masaru Onishi have entered into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When the reappointment of Masaru Onishi as an Outside Director is approved, the Company will extend its limited liability agreement with him.
Note 3: The date of the first appointment of Outside Director for Masaru Onishi and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders are follows.
Date of first appointment: June 20, 2019; Tenure in position: 5 years

5	[Reappointment] [Outside] [Independent] **Masaaki Tsuya** June 22, 1952 (FY2023) [Participation in the Board of Directors] 13 times out of 13 (100%)	April 1976	Joined Bridgestone Corporation	2,200 shares
		March 2006	Vice President and Officer, Bridgestone Corporation	
		March 2008	Director, Vice President and Senior Officer, Bridgestone Corporation	
		September 2011	Representative Director and Senior Vice President Bridgestone Corporation	
		March 2012	Representative Director, CEO, Bridgestone Corporation	
		March 2013	Representative Director, CEO and Chairperson of the Board, Bridgestone Corporation	
		March 2016	Representative Executive Officer, CEO and Chairperson of the Board, Bridgestone Corporation	
		March 2020	Chairperson of the Board, Bridgestone Corporation	

<table>
<tr><td></td><td></td><td>March 2021 External Advisor, Bridgestone Corporation (Incumbent)
June 2022 Director, Teijin Limited (Incumbent)
Advisory Board member of Teijin Limited (Incumbent)

(Significant Concurrent Positions)
External Advisor, Bridgestone Corporation</td><td></td></tr>
<tr><td colspan="4">[Reason for nomination of the candidate for Outside Director and expected roles]
Masaaki Tsuya consecutively held the post of Representative Executive Officer, CEO and Chairperson of the Board of Bridgestone Corporation. Leveraging his extensive business experience and a high level of insight, he provides appropriate advice and suggestions as an Outside Director of the Company. As the chair of the Nomination Advisory Committee, he also leads in-depth discussions on matters such as the selection and retirement of Directors and management members, and the review of the plan to develop CEO successor candidates. The Company determined that in order to increase shareholder value and corporate value, the Company needs him to supervise decision-making on matters that are significant to the Company and the execution of operations, and provide advice to the management from an objective standpoint as Outside Director through the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. The Company therefore continues to select him as a candidate for Outside Director. The amount of transactions between Bridgestone Corporation and the Company accounts for less than 1% of the consolidated net sales of either company.</td></tr>
<tr><td colspan="4">Note 1: Masaaki Tsuya is a candidate for Outside Director. The Company requires a candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Masaaki Tsuya satisfies all the prescribed requirements. He also fulfills the requirements for Independent Director set forth by the Tokyo Stock Exchange. In light of this, the Company has registered Masaaki Tsuya as an Independent Director with the Tokyo Stock Exchange. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s website: (https://www.teijin.com/ir/management/governance/requirements/)

Note 2: Masaaki Tsuya currently serves as an Outside Director of the Company. In accordance with Article 427 of the Companies Act and the Company’s Articles of Incorporation, the Company and Masaaki Tsuya have entered into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When the reappointment of Masaaki Tsuya as an Outside Director is approved, the Company will extend its limited liability agreement with him.
Note 3: The date of the first appointment of Outside Director for Masaaki Tsuya and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders are follows.
Date of first appointment: June 22, 2022; Tenure in position: 2 years</td></tr>
<tr><td>6</td><td>[Reappointment]
[Outside] [Independent]

Tamie Minami
February 15, 1959
(FY2023)
[Participation in the Board of Directors]
10 times out of 10
(100%)</td><td>June 1995 Joined 3M Company
May 2008 Vice President and General Manager, Home Care Division, 3M Company
October 2013 Vice President, Southeast Asia Region, 3M Company
October 2015 Vice President, Latin America Region, 3M Company
November 2017 Vice President, Asia Region, 3M Company
December 2019 Senior Vice President, Safety and Industrial Business Group, Asia Region, 3M Company
June 2023 Director, Teijin Limited (Incumbent)
Advisory Board member of Teijin Limited (Incumbent)

(Significant Concurrent Positions)
Outside Director, Santen Pharmaceutical Co., Ltd.</td><td>0 shares</td></tr>
<tr><td colspan="4">[Reason for nomination of the candidate for Outside Director and expected roles]
As Outside Director of the Company, Tamie Minami provides appropriate suggestions and advice from the perspectives of corporate management of multiple businesses spread across the globe and Diversity Equity & Inclusion, by leveraging her broad knowledge and high level of insight based on her experience of overseeing healthcare and industrial material businesses across multiple regions at 3M Company, which is a global company. The Company determined that in order to increase shareholder value and corporate value, the Company needs her to supervise decision-making on matters that are significant to the Company and the execution of operations, and provide advice to the management from an objective standpoint as Outside Director through the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Advisory Board. The Company therefore continues to select her as a candidate for Outside Director.</td></tr>
<tr><td colspan="4">Note 1: Tamie Minami is a candidate for Outside Director. The Company requires a candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Tamie Minami satisfies all the prescribed requirements. She also fulfills the requirements for Independent Director set forth by the Tokyo Stock Exchange. In light of this, the Company has registered Tamie Minami as an Independent Director with the Tokyo Stock Exchange. The contents of the requirements of “Independent Director” stipulated by the Company can be viewed at the Company’s website: (https://www.teijin.com/ir/management/governance/requirements/)

Note 2: Tamie Minami currently serves as an Outside Director of the Company. In accordance with Article 427 of the Companies Act and the Company’s Articles of Incorporation, the Company and Tamie Minami have entered into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When the reappointment of Tamie Minami as an Outside Director is approved, the Company will extend its limited liability</td></tr>
</table>

agreement with her. Note 3: The date of the first appointment of Outside Director for Tamie Minami and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders are follows. Date of first appointment: June 21, 2023; Tenure in position: 1 year

Candidate No.	Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
7	[New candidate] [Outside] [Independent] **Reiko Kusunose** October 2, 1965	April 1990	Joined Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)	0 shares
		August 1998	Joined Hyperion Co. Ltd. (currently Oracle Corporation)	
		October 2001	Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)	
		October 2005	Head of Public Relations and Investor Relations, Fuji Heavy Industries Ltd.	
		July 2011	Deputy General Manager, North America Business Planning Department, SUBARU Overseas Sales & Marketing Division 1, Fuji Heavy Industries Ltd.	
		June 2013	Joined LIXIL Corporation CFO, Toilet & Vanity GBU, LIXIL Corporation	
		April 2015	Corporate Director, LIXIL Corporation CFO, LIXIL Water Technology Japan	
		July 2019	Corporate Officer, LIXIL Corporation Manager of Finance Standardization Promotion Department, Finance and Treasury Division, LIXIL Corporation	
		February 2020	Joined Nippon Sheet Glass Co., Ltd. Senior Corporate Officer, Deputy Chief Financial Officer, Nippon Sheet Glass Co., Ltd.	
		July 2020	Senior Executive Officer, Chief Financial Officer, Nippon Sheet Glass Co., Ltd.	
		(Significant Concurrent Positions) Outside Director, Nippo Corporation		

[Reason for nomination of the candidate for outside director and expected roles] Reiko Kusunose has accumulated significant experience in corporate reforms and global organizational management at a company in the automobile industry as well as at companies which went through business mergers. In recent years, she has led these initiatives as CFO. She has also been actively engaged in Diversity, Equity & Inclusion within and outside companies. As the Company conducts its business globally, drive corporate reforms, and implement financial strategies to support sustainable growth, we determined that it will be very valuable to the Company in increasing its shareholder value and corporate value if she supervises decision-making on matters that are significant to the Company and the execution of operations, and provides advice to the management from an objective standpoint as Outside Director, leveraging her extensive experience and high level of insight. The Company therefore selected her as a candidate for Outside Director.
Note 1: Reiko Kusunose is a candidate for Outside Director. The Company requires a candidate for Outside Director to satisfy all the requirements for an Independent Director as stipulated by the Company. Reiko Kusunose satisfies all the prescribed requirements. She also fulfills the requirements for Independent Director set forth by the Tokyo Stock Exchange. In light of this, the Company plans to register Reiko Kusunose as an Independent Director with the Tokyo Stock Exchange. The contents of the requirements of "Independent Director" stipulated by the Company can be viewed at the Company's website: (https://www.teijin.com/ir/management/governance/requirements/) Note 2: When the nomination of Reiko Kusunose is approved, in accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company and Reiko Kusunose will enter into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. Note 3: Reiko Kusunose's name on the family register is Reiko Ishii. Note 4: In February 2024 during the period of tenure of Reiko Kusunose as an Outside Director of Nippo Corporation, Nippo Corporation received information suggesting that its subsidiary may be supplying asphalt mixture, which was manufactured by mixing recycled aggregate, as virgin mixture, and started investigation few days later. As a result of the investigation, Nippo Corporation confirmed that asphalt mixture containing recycled aggregate not specified in design specifications had been used in some of the constructions ordered by the Ministry of Land, Infrastructure, Transport and Tourism and two expressway companies, which specified the use of virgin mixture. Consequently, Nippo Corporation reported this matter to the contractees, and considered and discussed how to respond to the incident. Furthermore, Nippo Corporation announced externally in April 2024 that it will take measures to prevent reoccurrence. As an Outside Director of Nippo Corporation, Reiko Kusunose has been, at the Board of Directors's meetings of Nippo

Corporation, pointing out the importance of complying with laws and regulations, and making suggestions for supervision over the operation of whistle-blowing system, as well as supervision over the operation of the risk management system and improvement thereof. Once she was aware of the information mentioned above, she has been fulfilling her responsibilities as an Outside Director of Nippo Corporation by taking steps to ensure compliance and reduce the risk of impairment of corporate value, such as by communicating with the management, conducting monitoring to ensure appropriate investigation and response measures are undertaken, and making suggestions once again to strengthen the system to comply with laws and regulations and prevent recurrence.

Proposal 2: Election of Two (2) Statutory Auditors

The term of office for Statutory Auditors, Akio Nakaishi and Jun Arima shall expire at the close of this General Meeting of Shareholders. This proposal is a request to appoint two (2) Statutory Auditors (one (1) of whom is a candidate for reappointment).

Note the consent of the Board of Statutory Auditors was obtained in advance pertaining to the submission of this proposal.

The candidates for Statutory Auditor are as follows.

Candidate No.	Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
1	[New candidate] **Tomoko Torii** May 27, 1966	April 1992	Joined Teijin Limited Overseas Pharmaceutical Development Department, Pharmaceutical Planning and Research Division, Pharmaceutical Business Unit	8,438 shares
		October 2003	Business Development Department, Strategic Planning Office, Teijin Pharma Limited	
		April 2010	President of Academic Planning Group, Pharmaceutical Academic Division 2, Marketing Office, Teijin Pharma Limited	
		September 2017	Pharmaceutical License Group, Pharmaceutical Business Development Department, Teijin Pharma Limited	
		May 2019	General Manager of Investor Relations Department, Teijin Limited	
		April 2022	Teijin Group Corporate Officer Deputy Chief Officer, Corporate Strategy (in charge of stakeholder communication) General Manager of Corporate Communication Department	
		April 2023	Mission Executive Deputy Chief Officer, Corporate Strategy (in charge of public relations and investor relations, and branding) General Manager of Corporate Branding Department President and General Manager of Stakeholder Communication Group	
		April 2024	Assistant to Chief Officer, Corporate Strategy (Incumbent)	
		June 2024	Statutory Auditor, Infocom Corporation (Scheduled to assume office)	
[Reason for selection as a Statutory Auditor candidate] Tomoko Torii has extensive business experience in overseas pharmaceutical development, business development and licensing, and marketing, etc. in the healthcare field based on her scientific and technical knowledge, as well as deep insights into stakeholder communication including investor relations. She was also in charge of the corporate culture transformation project, and fostered understanding of business activities and corporate culture throughout the Teijin Group as a whole. Her experience and insights are expected to contribute to the improvement of the effectiveness of operations audit, therefore the Company determined that she will be able to properly perform her duties as a Statutory Auditor.				

Note 1: When the nomination of Tomoko Torii is approved, in accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company and Tomoko Torii will into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

Note 2: There is no special interests between Tomoko Torii and the Company.

Note 3: For "Directors and officers liability insurance contract," please refer to the "Directors and officers liability insurance contract related to candidates for Director and Statutory Auditor."

Candidate No.	Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions		Number of Company's Shares Owned
2	[Reappointment] [Outside] [Independent] **Jun Arima** (July 23, 1959) [Participation in the Board of Directors] 13 times out of 13 (100%) [Participation in the Board of Statutory Auditors] 12 times out of 12 (100%)	April 1982	Joined Ministry of International Trade and Industry (MITI), (Current Ministry of Economic, Trade and Industry (METI))	1,400 shares
		June 1996	Counsellor, Permanent Delegation of Japan to the OECD	
		June 1999	Director, Energy Efficiency Policy Coordination, New Energy Policy Coordination, Energy and Environment Office, ANRE (Agency of Natural Resources and Energy), MITI	
		January 2001	Director, International Energy Strategy, ANRE/MITI	
		June 2002	Head, Country Studies Division, International Energy Agency (IEA)	
		June 2006	Director, International Affairs Division, ANRE/METI	
		July 2007	Counsellor, International Energy Negotiation, ANRE/METI	
		July 2008	Deputy Director General for Global Environmental Affairs, METI	
		April 2011	Director General, Japan External Trade Organization (JETRO) London Special Advisor on Global Environmental Issues, METI	
		March 2018 June 2020	Retired METI Outside Statutory Auditor, Teijin Limited (Incumbent)	
		(Significant Concurrent Positions) Project Professor, Graduate School of Public Policy, the University of Tokyo		
[Reason for selection as an Outside Statutory Auditor candidate] Although Jun Arima does not have direct experience in corporate management other than being an outside officer, he has been involved in international energy policy and environmental policy throughout his career, spanning from the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry to the Graduate School of Public Policy, the University of Tokyo. Since he was appointed as Outside Statutory Auditor of the Company, he has monitored overall management including from the perspectives of environment and energy, global organizational management, and compliance, and provided effective advice based on his wealth of knowledge and insights mentioned above. The Company therefore determined that he will be able to properly perform his duties as an Outside Statutory Auditor.				

Note 1: Jun Arima is a candidate for Outside Statutory Auditor. The Company requires a candidate for Outside Statutory Auditor to satisfy all the requirements for an Independent Statutory Auditor as stipulated by the Company. Jun Arima satisfies all the prescribed requirements. He also fulfills the requirements for independence set forth by the Tokyo Stock Exchange. In light of this, the Company has registered Jun Arima as an Independent Auditor with the Tokyo Stock Exchange. The contents of the requirements of "Independent Statutory Auditor" stipulated by the Company can be viewed at the Company's website: (https://www.teijin.com/ir/management/governance/requirements/).
Note 2: Jun Arima currently serves as a Statutory Auditor of the Company. In accordance with Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company and Jun Arima have entered into a limited liability agreement in which the limit of liability is ¥20 million or the minimum amount of liability set forth in Article 425, Paragraph 1 of the Companies Act, whichever is higher. When the reappointment of Jun Arima is approved, the Company will extend its limited liability agreement with him.
Note 3: The period of tenure since Jun Arima was appointed as Statutory Auditor will be four (4) years at the close of this General Meeting of Shareholders (appointment date: June 19, 2020).
Note 4: There are no special interests between any of the candidates and the Company.
Note 5: For "Directors and Officers Liability Insurance Contract," please refer to the "Directors and Officers Liability Insurance Contract related to candidates for Director and Statutory Auditor."

◆Directors and Officers Liability Insurance Contract related to candidates for Director and Statutory Auditor

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, Under said insurance contract, the legally mandated amount of indemnification and litigation expenses caused by the performance or omission of the insured's duties, will be covered. However, claims for damages caused deliberately or through gross negligence will not be covered.

Of those candidates for Director and Statutory Auditor proposed in Proposal 1 (Election of Seven (7) Directors) and Proposal 2 (Election of Two (2) Statutory Auditors), candidates for reappointment are already covered under the policy policyholders of said insurance contract. Should their reappointment be approved, they will continue to be covered under the policy. Newly-appointed candidates for Director and Statutory Auditor will be insured party under said insurance contract should their nomination be approved.

Note that the insurance premiums are covered in full by the Company. In addition, said insurance contracts are scheduled to be renewed in June 2024.

(Reference) Skills that are particularly expected to contribute to fulfilling the roles and responsibilities of the Board of Directors and the Board of Statutory Auditors

The management structure will be as indicated below if Proposal 1 and Proposal 2 are approved as proposed.

Based on the medium-term management plan and management issues, the Company has established a skills matrix, given the “reasons for selecting skill items.”

From the range of knowledge, experience and abilities each person has, we have indicated the “Skills that are particularly expected to contribute to fulfilling the roles and responsibilities of the Board of Directors and the Board of Statutory Auditors,” with the aim of striking an overall balance in the composition of the Board of Directors and the Board of Statutory Auditors.

The Company is also making efforts to improve diversity, including gender diversity. If Proposal 1 and Proposal 2 are approved as proposed, the ratio of female executives will be beyond 30% (four female executives: Tamie Minami, Reiko Kusunose, Tomoko Torii, and Hitomi Nakayama). Please note that Tamie Minami is a non-Japanese national

* The table shows skills that are particularly expected to contribute to fulfilling the roles and responsibilities of the Board of Directors and the Board of Statutory Auditors, and does not represent all of the skills each person has. The criteria for “Functions and foundation” is generally around two items.

Name	Position at Teijin	Attributes[*1]	Tenure in Position	Management / Reform		Business	Function / Foundation					Environment / Society
				Management of a (listed) company	Restructuring of business / Internal reform	Business of the Company / Related fields	Production / Technology / Quality / Intellectual Property / DX	Management of a global organization	Human capital / DE&I	Finance / Accounting / IR	Risk management / Legal affairs	Environment
Akimoto Uchikawa	President & Representative Director		3	○	○	○ Materials	○	○				
Naohiko Moriyama	Directors Senior Executive Officer		3		○	○ Healthcare	○				○	
Noboru Yamanishi	Directors Executive Officer		1			○ Materials	○				○	○
Masaru Onishi	Directors	Outside Independent	5	○	○	○ Aviation	○	○				
Masaaki Tsuya	Directors	Outside Independent	2	○	○	○ Automobile		○			○	
Tamie Minami	Directors	Outside Independent	1		○	○ Healthcare		○	○			
Reiko Kusunose	Directors	Outside Independent	–		○	○ Automobile		○	○	○		
Masanori Shimai	Full-time Statutory Auditor		5	—	—	—				○	○	
Tomoko Torii	Full-time Statutory Auditor		–	—	—	—	○		○			
Hitomi Nakayama	Statutory Auditor	Outside Independent	7	—	—	—			○		○	
Jun Arima	Statutory Auditor	Outside Independent	4	—	—	—		○			○	○
Koichi Tsuji	Statutory Auditor	Outside Independent	1	—	—	—		○		○		

*1 “Independent” indicates an independent director as stipulated by the Tokyo Stock Exchange.

<Reasons for selecting skill items>

Category	Skill items	Reasons for selecting skill items
Management / Reform	Management of a (listed) company	・In order to identify opportunities and risks in management of a listed company given its management environment and to increase its corporate value, we believe appropriate decision-making and supervision from a comprehensive perspective are important.
	Restructuring of business / Internal reform	・In order to implement portfolio reforms, we believe it is useful to have experience and knowledge of leading change management, such as business restructuring and internal reforms.
Business	Business of the Company / Related fields	・We believe it is useful to have knowledge in relevant fields when making important decisions related to the business and supervising the business while taking appropriate risk.
Function / Foundation	Production / Technology / Quality / Intellectual Property / DX	・We believe initiatives related to production innovation, quality management and reliability assurance, research and development, intellectual property and DX will become increasingly important as the foundation of competitiveness and profitability improvement.
	Management of a global organization	・We believe knowledge in management of a global organization, which involves different values and complexities, will become useful in maximizing organizational abilities and managing risks.
	Human capital / DE&I	・As initiatives to transform corporate culture through the promotion of the Teijin Group's purpose and initiatives related to human capital to increase the effectiveness of management strategies, we believe it is essential to "ensure that the right people are assigned to the right positions in order to put into practice the strategies" and implement "measures to ensure that human resources can demonstrate their capabilities fully," in order to increase the corporate value.
	Finance / Accounting / IR	・We believe financial strategy, capital policy and communication with capital markets are important in order to build a strong financial foundation that supports portfolio reforms and sustainable growth.
	Risk management / Legal affairs	・In order to maintain and increase the corporate value, we believe it is essential to appropriately address risks that are becoming more complex and sophisticated by gathering and analyzing information.
Environment / Society	Environment	・As we work on realizing a sustainable society as a "company that supports the society of the future," we believe it is important to have knowledge and experience particularly related to the global environment.

Proposal 3: Revision of the Restricted Stock Plan and Performance Share Units Plan for Directors, in Line With the Revision of the Compensation System for Executive Officers

The total maximum annual remuneration for Directors of the Company has been (1) ¥630 million in annual monetary compensation, etc. for Directors (of which, the maximum annual remuneration for Outside Directors is ¥100 million), (2) ¥70 million for allotment of restricted stock (the total maximum annual number of ordinary shares to be issued or disposed of is 50,000 shares), and (3) ¥300 million for allotment of performance share units (the total maximum annual number of ordinary shares to be issued or disposed of is 200,000 shares), as approved in the 155th Ordinary General Meeting of Shareholders held on June 23, 2021.

The objective of the current restricted stock plan and performance share units plan (hereinafter referred to as the "Current Plan") is to align with the viewpoint of corporate governance and stakeholders and further strengthen corporate value creation from a medium- to long-term perspective (sustainability, ESG), and under these plans, the Company's ordinary shares are issued or disposed of with a condition to release transfer restrictions upon retirement from a position designated in advance by the Company's Board of Directors in principle. Recently, the Company has decided to terminate the Current Plan and introduce a new restricted stock plan and performance share units plan as a new stock compensation plan (hereinafter referred to as the "New Plan"). The objective of the New Plan is, in addition to the objective of the Current Plan, to increase the motivation to contribute to increasing the Company's stock value, by adopting an approach to take into account the funds for tax to be paid at the time of release of transfer restrictions and enhancing the operability of the stock compensation plan. Under the New Plan, the Company will continue to provide monetary claims to issue or dispose of the Company's ordinary shares on the condition that transfer restrictions be released upon retirement from a position designated in advance by the Company's Board of Directors in principle.

In addition, to eliminate the need to sell the Company's ordinary shares to secure funds for tax to be paid at the time of release of transfer restrictions, the Company will provide share units for the purpose of securing funds for tax payment (the Company will pay cash equivalent to the share price per the Company's ordinary share for each unit. The actual amount of cash Directors will be able to receive will be calculated by multiplying the number of share units provided by the share price at the time of disbursement in principle (as defined in "1. Outline of the restricted stock plan" below); hereinafter, "share units") at the same time as the provision of monetary claims, and pay cash in the amount calculated by multiplying the number of such share units by the share price at the time of disbursement in principle (as defined in "1. Outline of the restricted stock plan" below) at the same time, in principle, as the release of transfer restrictions on the Company's ordinary shares issued or disposed of under the New Plan.

With this revision, the Company will provide monetary claims for the issuance or disposal of the Company's ordinary shares and cash provided based on share units for securing funds for tax payment, which are both treated separately from the amount of monetary compensation, etc., to Internal Directors who concurrently serve as the Company's Corporate Officers (hereinafter referred to as the "Eligible Directors").

Based on this proposal, remuneration provided for the granting of compensation based on the New Plan to Eligible Directors shall be monetary claims (for stock portion) and cash (for share units portion) in principle, and the total maximum number of the Company's ordinary shares to be issued or disposed of to Eligible Directors as restricted stock shall be 25,000 shares per fiscal year, and the total maximum amount of monetary claims for the issuance or disposal of such ordinary shares shall be ¥35 million per fiscal year. Furthermore, the total maximum amount of share units to be allotted (which is calculated by multiplying the number of share units to be allotted by the share price at the time of resolution (as defined in "1. Outline of the restricted stock plan" below). Hereinafter the same shall apply to the total maximum amount of share units) shall be ¥35 million per fiscal year, and the total maximum amount of cash to be paid based on such share units shall be ¥35 million per fiscal year (*1). The total maximum number of the Company's ordinary shares to be issued or disposed of to Eligible Directors as performance share units shall be 100,000 shares per fiscal year, and the total maximum amount of monetary claims for the issuance and disposal of such ordinary shares shall be ¥150 million per fiscal year. Furthermore, the total maximum amount of share units to be allotted shall be ¥150 million per fiscal year, and the total maximum amount of cash to be allotted based on such share units shall be ¥150 million per fiscal year (*1). The total maximum annual amount of monetary compensation, etc. for Directors will remain the same, which is ¥630 million (of which, the total maximum annual amount for Outside Directors is ¥100 million).

(*1) In principle, cash provided based on share units is paid when an Eligible Director retires from the position of Eligible Director or from any other position defined in advance by the Company's Board of Directors. The total maximum amount to be paid based on share units is set by taking into account the fact that the total amount of cash actually paid varies each fiscal year due to factors such as the share price at the time of disbursement, number of Eligible Directors retiring, and the years of their tenure.

The specific timing for payment and allocation to each Eligible Director shall be determined by the Board of Directors
upon deliberation by the Compensation Advisory Committee of the Company.

If this proposal is approved, to ensure that the contents conform to the approved contents, a Board of Directors meeting will be held after the conclusion of this General Meeting of Shareholders to revise the current plan to the New Plan regarding the decision policy for the contents of individual compensation, etc. for Directors, as stated in "4. (4) 7) Revision of the Restricted Stock Plan and Performance Share Units Plan and Review of Performance

Indicators in FY2024" of the Business Report.

However, all of the contents of the decision policy are those planned as of the start of the New Plan, and the contents (including performance indicators, targets, performance evaluation period, composition ratio, etc.) are subject to change by the decision of the Board of Directors during the initial target period (FY2024 and FY2025) within the scope that has received approval via a resolution of the General Meeting of Shareholders. Furthermore, new standards will be established after the end of the initial target period. There are currently eight (8) Directors (of which four (4) are Outside Directors), of which four (4) are Eligible Directors. If Proposal 1 (Election of Seven (7) Directors) is approved as proposed, the number of Directors will be Seven (7) (of which four (4) are Outside Directors), of which three(3) are Eligible Directors.

Furthermore, the upper limits on the amount of monetary claims and cash for the granting compensation based on the New Plan and the conditions for the granting of compensation based on the New Plan to Eligible Directors such as the total number of the Company's ordinary shares to be issued or disposed of and the total amount of share units to be provided in this proposal are determined in consideration of the above objectives, the status of the Company's business, decision policy for the contents of compensation, etc., for individual directors of the Company and other factors. Consequently, the Company believes that this proposal is appropriate because its contents are required and rational as a remuneration structure.

1. Outline of the restricted stock plan

The restricted stock plan (hereinafter referred to as the "Plan" in this paragraph) is an advance-allotment type share-based remuneration plan where the Company issues or disposes of the Company's ordinary shares and allots share units to each Eligible Director for each fiscal year based on a resolution of the Board of Directors of the Company (*2).

For the stock portion, Eligible Directors are provided with monetary claims for the issuance or disposal of the Company's ordinary shares, and Eligible Directors shall in turn pay all monetary claims in the form of property contributed in kind to receive the Company's ordinary shares to be issued or disposed of by the Company. The total maximum number of ordinary shares to be newly issued or disposed of by the Company as a result of the above shall be no more than 25,000 shares per fiscal year (however, if a share split (including the allotment of ordinary shares of the Company without consideration), a reverse share split, or any other reason in which adjustment of the total number of ordinary shares of the Company to be issued or disposed of as "Restricted Stock" takes place on or after the day on which this proposal is approved and adopted, such total number will be adjusted to a reasonable extent as necessary). The total maximum amount of monetary claims for issuance or disposal of the Company's ordinary shares shall be ¥35 million per fiscal year. Furthermore, the amount to be paid per share shall be approved by the Board of Directors based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no trading on the said business day, hereinafter referred to as the "Share Price at the Time of Resolution") to the extent that Eligible Directors receiving the Company's ordinary shares do not receive an especially advantageous price.

For the share units portion, share units shall be provided at the same time as the issuance or disposal of the Company's ordinary shares mentioned above. The total maximum amount of share units to be provided as a result of the above shall be ¥35 million per fiscal year. Allotted share units shall be paid in cash when the transfer restriction on issued or disposed of ordinary shares of the Company is released, in the amount calculated by multiplying the number of share units (however, if a share split (including the allotment of ordinary shares of the Company without consideration), a reverse share split, or any other reason in which adjustment of the number of share units takes place on or after the day share units are allotted, the number of share units will be adjusted to a reasonable extent as necessary. Hereinafter the same shall apply to the number of share units) by the closing price of ordinary shares of the Company on the Tokyo Stock Exchange on the day the transfer restriction is released (or the closing price on the trading day immediately prior thereto if there is no trading on the said day, hereinafter referred to as the "Share Price at the Time of Disbursement"), in principle. The total maximum amount of cash to be paid based on share units as a result of the above shall be ¥35 million per fiscal year.

[Specific mechanism of the restricted stock plan]

1) Based on the standard amount by position and job grade, and according to the calculation method described in (1) below, the number of the Company's ordinary shares to be issued or disposed of as well as the amount of monetary claims and the number of stock units to be allotted to each Eligible Director will be determined by the Board of Directors following deliberation by the Compensation Advisory Committee.

2) Corresponding to the number of the Company's ordinary shares to be issued or disposed of to each Eligible Director Determined in 1) above, the Company will provide monetary claims for the issuance or disposal of the Company's ordinary shares to each Eligible Director based on a resolution of the Board of Directors of the Company, and Eligible Directors shall in turn pay all monetary claims in the form of property contributed in kind and receive the Company's ordinary shares to be issued or disposed of by the Company.

3) To secure funds for income tax that will be imposed upon the release of Transfer Restrictions on the Company's ordinary Shares in 2) above, the Company will allot the number of share units determined in 1) above to each Eligible Director, in addition to the monetary claims in 2) above.

4) For share units in 3) above, in principle, the Company will pay cash to each Eligible Director in the amount obtained by multiplying the number of share units allotted in 3) above by, in principle, the Share Price at the Time of Disbursement upon the release of transfer restrictions on the Company's ordinary shares issued or disposed of in 2), for the purpose of securing funds for the payment of tax on the Company's ordinary shares issued or disposed of in 2) above.

(1) Calculation methods for the number of the Company's ordinary shares to be issued or disposed of, the amount of monetary claims to be allotted, the number of share units to be provided, and the amount of cash to be paid based on share units The Company calculates the number of the Company's ordinary shares to be issued or disposed of, and the number of share units to be provided, to each Eligible Director based on the calculation method in 1) below, the amount of monetary claims to be allotted to each Eligible Director based on the calculation method in 2) below, and the amount of cash to be paid based on share units to be provided to each Eligible Director based on the calculation method in 3) below.

1) Calculation method for the number of the Company's ordinary shares to be issued or disposed of, and the number of
2) share units to be provided, to each Eligible Director

(i) Number of the Company's ordinary shares to be issued or disposed of to each Eligible Director (*3)
Disbursement amount based on position and job grade / Share price at the time of resolution X Ratio of allotment (*4)
(ii) Number of share units to be provided to each Eligible Director (*3)
Disbursement amount based on position and job grade / Share price at the time of resolution X (100% - Ratio of allotment mentioned in (i) above) (*5)

2) Calculation method for monetary claims to be allotted to each Eligible Director

The Company will calculate the amount of monetary claims to be allotted to each Eligible Director by multiplying the Number of the Company's ordinary shares to be issued or disposed of to each Eligible Director, which is calculated using the calculation method in 1) above, by, in principle, the Share Price at the Time of Resolution. (*3)

3) Calculation method for the amount of cash to be paid based on share units

The Company will calculate the amount of cash to be paid to each Eligible Director by multiplying the number of share Units which is calculated based on the calculation method in 1) above, by, in principle, the Share Price at the Time of Disbursement.

(*2) However, if after the start of period defined in advance by the Board of Directors (hereinafter referred to as the "Service Provision Period"), an Eligible Director retires from the position defined by the Board of Directors due to reasons Including expiration of term of office, reaching retirement age, death, or other valid reason before the issuance or disposal of the Company's ordinary shares and the allotment of share units (excluding cases due to the self-convenience of the Eligible Director, hereinafter the same applies .), the Company will provide cash to the Eligible Director in an amount Reasonably calculated in view of the Eligible Director's term of office during the said Service Provision Period promptly after his or her retirement. Additionally, if, after the start of the Service Provision Period, matters relating to a merger agreement in which the Company is the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (however, if said organizational restructuring, etc., does not require approval of a General Meeting of Shareholders of the Company, the Board of Directors of the Company) before the issuance or disposal of the Company's ordinary shares and the allotment of share units, the Company will pay cash to Eligible Directors in an amount reasonably calculated in consideration of the period between the start date of the Service Provision Period and the approval date of said organizational restructuring, etc., based on a resolution of the Board of Directors. Furthermore, if the position or job grade of an Eligible Director changes after the start of the Service Provision Period and the said Eligible Director retires from a position designated in advance by the Company's Board of Directors due to reasons including expiration of term of office, reaching retirement age, death, or other valid reason, prior to the start of the next Service Provision Period, the Company will pay cash to the Eligible Director as required in an amount reasonably calculated in consideration of the timing of the change in position or job grade during the Service Provision Period and the position and job grade after the change.

(*3) If the result of calculation using the calculation method in (1) 1) through 3) above exceeds the total annual maximum number of the Company's ordinary shares to be issued or disposed of (25,000 shares per fiscal year), the total annual maximum amount of monetary claims to be allotted (¥35 million per fiscal year), the total annual maximum amount of share units to be allotted (¥35 million per fiscal year), or the total annual maximum amount of cash to be paid based on share units (¥35 million per fiscal year), the Company will decrease the number of the Company's ordinary shares to be issued or disposed of, the amount of monetary claims to be allotted, the number of share units to be allotted, or the amount of cash to be paid based on share units to each Eligible Director by using a reasonable method determined by the Board of Directors, such as using the pro rata method, so that they will not exceed the upper limits.

(*4) The ratio of allotment refers to the ratio of (1)1)(i) and (ii). The ratio of allotment for the Company's ordinary shares in (i) will be calculated within the range between 50% and 100%, and the remaining portion is for share units in (ii). Furthermore, as a result of the above calculation, if there is a fractional share of the Company's ordinary shares to be issued or disposed of, it shall be rounded to the nearest whole number.

(*5) As a result of the above calculation, if there is a fractional unit of share units to be allotted, it shall be rounded to the nearest whole number.

[Allotment conditions, etc., for Eligible Directors]

If the following conditions are met, the Company will issue or dispose of the Company's ordinary shares, and provide share units, to each Eligible Director based on the calculation methods in (1).

1) There has been no certain violation of rules stipulated by the Board of Directors of the Company

2) Other required conditions for restricted stock plan as defined by the Board of Directors of the Company

For the issuance or disposal of the Company's ordinary shares and payment of monetary claims as property contributed in kind as well as the allotment of share units and payment of cash paid based on share units under this Plan, the Company and the Eligible Director shall enter into a restricted stock allotment agreement which includes the matters described below.

[Outline of the restricted stock allotment agreement]

(1) Transfer restriction and period thereof

Eligible Directors may not transfer, create security interests, or make any disposal of the Company's ordinary shares that have been issued or disposed of to them through the restricted stock allotment agreement (hereinafter referred to as the "Allotted Restricted Shares") from the date the Company's ordinary shares are issued or disposed of to Eligible Directors through the restricted stock allotment agreement to the time immediately after their retirement from a position defined in advance by the Company's Board of Directors in principle (hereinafter referred to as the "Transfer Restriction Period"; the above conditions are hereinafter collectively referred to as the "Transfer Restrictions"). In addition, Eligible Directors may not transfer, create security interests, or make any disposal of share units that have been allotted to them based on the restricted stock allotment agreement (hereinafter referred to as the "Allotted Share Units"). However, if the time immediately after the said retirement is prior to the day after three months have passed since the end of the fiscal year which includes the date of issuance or disposal of Allotted Restricted Shares, the expiration of the Transfer Restriction Period may be adjusted to a reasonable extent according to reasons such as retirement, etc.

(2) Release of Transfer Restrictions and payment of cash based on share units

Under the condition that an Eligible Director continuously serves over the Service Provision Period in a position defined in advance by the Company's Board of Directors, the Company will release all Transfer Restrictions on the Allotted Restricted Shares and pay the amount obtained by multiplying the Allotted Share Units by, in principle, the Share Price at the Time of Disbursement upon expiration of the Transfer Restriction Period.

(3) Handling at the case of retirement

Notwithstanding the provisions of (2) above, if an Eligible Director retires from a position defined in advance by the Board of Directors prior to the expiration of the Service Provision Period due to reasons including expiration of term of office, reaching retirement age, death, or other valid reason , a portion of the Allotted Restricted Shares will have the Transfer Restrictions released immediately after said retirement, and the Company will acquire without consideration any remaining portions that do not have Transfer Restrictions released. For Allotted Share Units, the Company will pay the amount of cash obtained by multiplying a portion of the Allotted Share Units (reasonably calculated in consideration of the term of office, etc. of said Eligible Director) by, in principle, the Share Price at the Time of Disbursement, and acquire without consideration the remaining portions of the Allotted Share Units for which cash will not be paid. Additionally, if an Eligible Director retires from a position defined in advance by the Board of Directors due to reasons other than expiration of term of office, reaching retirement age, death, or other valid reason, the Company will acquire without consideration all of the Allotted Restricted Shares and Allotted Share Units as a matter of course.

(4) Handling of organizational restructuring, etc.

Notwithstanding the provisions of (2) above, if during the Transfer Restriction Period matters relating to a merger agreement in which the Company is the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (however, if said organizational restructuring, etc., does not require approval of a General Meeting of Shareholders of the Company, the Board of Directors of the Company; only if the effective date arrives before the expiration of the Transfer Restriction Period), the Company will, based on a resolution of the Board of Directors, release the Transfer Restrictions ahead of the effective date of said organizational restructuring, etc., for the number of the Allotted Restricted Shares reasonably determined in consideration of the period between the start date of the Service Provision Period and the approval date of said organizational restructuring, etc., and pay cash in the amount obtained by multiplying the number of Allotted Share Units determined in consideration of the period between the start date of the Service Provision Period and the approval date of said organizational restructuring, etc., by, in principle, the Share Price at the Time of Disbursement. Additionally, in the above case, the Company will, as a matter of course, acquire without consideration all of the Allotted Restricted Shares that have not had Transfer Restrictions released and the Allotted Share Units for which cash to be paid based on the Allotted Share Units has not been paid, immediately after the Transfer Restrictions are released.

(5) Other reasons for acquisition without consideration

During the Transfer Restriction Period, if an Eligible Director is sentenced to imprisonment without work or greater punishment (including imprisonment after June 1st, 2025), if a petition to commence bankruptcy proceedings, etc. are filed for an Eligible Director, if the Company's CEO finds that an Eligible Director is engaged in operations, etc., that compete with the Teijin Group's business without prior authorization from the Company or plans to engage in such operations, etc. after retirement (in the case the Eligible Director is the CEO, if the Board of Directors passes a resolution; hereinafter the same applies), or if the Company's CEO finds that an Eligible Director has violated laws, regulations or the Company's internal regulations, etc., the Company is able to acquire without consideration all of the Allotted Restricted Shares and Allotted Share Units as a matter of course.

(6) Other matters

Other matters regarding the restricted stock allotment agreement shall be defined by the Board of Directors of the Company.

2. Outline of the performance share units plan

The performance share units plan (hereinafter referred to as the "Plan" in this paragraph) is a post-allotment type share-based remuneration plan in which the Board of Directors of the Company establishes in advance an evaluation period comprising one or more fiscal years of the applicable fiscal years under the Company's medium-term management plan (hereinafter, "Performance Evaluation Period") and one or more performance indicators from among the performance indicators set in the medium-term management plan (including sustainability-related indicators, hereinafter the same). The Company issues or disposes of ordinary shares to, and provides share units to, Eligible Directors, according to the level of achievement of said performance indicators.

For the stock portion, Eligible Directors are provided with monetary claims for the issuance or disposal of the Company's ordinary shares, and Eligible Directors shall in turn pay all monetary claims in the form of property contributed in kind to receive the Company's ordinary shares to be issued or disposed of by the Company. As such, the provision of monetary claims to Eligible Directors for the issuance or disposal of the Company's ordinary shares shall be, in principle, after the end of the Performance Evaluation Period set for each performance indicator. The total maximum number of ordinary shares to be issued or disposed of by the Company as a result of the above shall be 100,000 shares per fiscal year (however, if a share split (including allotment of ordinary shares of the Company without consideration), a reverse share split, or any other reason in which adjustment of the total number of ordinary shares of the Company to be issued or disposed of as "Performance Share Units" is required takes place on or after the day on which this proposal is approved and adopted, such total number will be adjusted to as reasonable extent as possible). The total maximum amount of monetary claims for the issuance or disposal of the Company's ordinary shares shall be ¥150 million per fiscal year. Furthermore, the amount to be paid per share shall be approved by the Board of Directors based on the Share Price at the Time of Resolution to the extent that the Eligible Directors receiving the Company's ordinary shares do not receive an especially advantageous price.

For the share units portion, share units shall be provided at the same time as the issuance or disposal of the Company's ordinary shares mentioned above. The total maximum amount of share units to be provided as a result of the above shall be ¥150 million per fiscal year. Allotted share units shall be paid in cash upon the release of Transfer Restrictions on issued or disposed of ordinary shares of the Company, in the amount calculated by multiplying the number of share units by, in principle, the Share Price at the Time of Disbursement. The total maximum amount of cash to be paid based on share units as a result of the above shall be ¥150 million per fiscal year.

Additionally, the Plan provides for the issuance or disposal of our company's common shares and the provision of monetary claims for the issuance or disposal of our company's common shares, as well as the granting of stock units, based on the achievement level of the performance indicators mentioned above, nothing is determined before the said level of achievement is confirmed with regard to whether or not to dispose or provide them to each Eligible Director, the number of the Company's ordinary shares to be issued or disposed of, or the amount of monetary claims and the number of share units for the issuance or disposal of the Company's ordinary shares to be provided to each Eligible Director.

Furthermore, although the Performance Evaluation Period and performance indicators during the initial period (from FY2024 to FY2025) are planned to be those stated in the Business Report, the contents (including performance indicators used as the basis of calculation, targets, performance evaluation period, composition ratio, etc.) are subject to change during the initial Performance Evaluation Period by the decision of the Board of Directors within the scope that has received approval via a resolution of the General Meeting of Shareholders, and the Company may continue to implement the Plan by setting a new performance evaluation period and performance indicators, etc. after the end of the initial Performance Evaluation Period.

[Specific mechanism of the performance share units plan]

1) Following deliberation by the Compensation Advisory Committee, the Board of Directors of the Company will determine the performance indicators required for the calculation of the number of the Company's ordinary shares to be issued or disposed of and the amount of monetary claims to be provided to each Eligible Director, as well as the number of share units to be provided to and the amount of cash to be paid based on share units to each Eligible Director under the Plan, the Performance Evaluation Period thereof, the targets, composition ratios, and evaluation of the level of achievement.

2) In principle, the Company will determine the number of the Company's ordinary shares to be issued or disposed of and the number of share units to be provided to each Eligible Director after the conclusion of the Performance Evaluation

Period set for each performance indicator, corresponding to the level of achievement of the targets in each performance Indicator and other factors during the Performance Evaluation Period. For performance share units, the payment amount varies within the range from 0% to the upper limit defined in advance by the Company's Board of Directors, according to the achievement level of each performance indicator.

3) Corresponding to the number of the Company's ordinary shares to be issued or disposed of to each Eligible Director determined in 2) above, the Company will provide monetary claims for the issuance or disposal of the Company's ordinary shares to each Eligible Director based on a resolution of the Board of Directors of the Company, and Eligible Directors shall in turn pay all monetary claims in the form of property contributed in kind and receive the Company's ordinary shares to be issued or disposed of by the Company.

4) To secure funds for income tax that will be imposed upon the release of Transfer Restrictions on the Company's ordinary shares in 3) above, the Company will allot the number of share units determined in 2) above to each Eligible Director, in addition to the monetary claims in 3) above.

5) For share units in 4) above, the Company will pay cash to each Eligible Director in the amount obtained by multiplying the number of share units allotted in 4) above by, in principle, the Share Price at the Time of Disbursement upon, in principle, the release of transfer restrictions on the Company's ordinary shares issued or disposed of in 3), for the purpose of securing funds for the payment of tax on the Company's ordinary shares issued or disposed of in 3) above.

(1) Calculation methods for the number of the Company's ordinary shares to be issued or disposed of, the amount of monetary claims to be allotted, the number of share units to be provided, and the amount of cash to be paid based on share units

The Company calculates the number of the Company's ordinary shares to be issued or disposed of, and the number of share units to be provided, to each Eligible Director based on the calculation method in 1) below, the amount of monetary claims to be allotted to each Eligible Director based on the calculation method in 2) below, and the amount of cash based on share units to be provided to each Eligible Director based on the calculation method in 3) below.

1) Calculation method for the number of the Company's ordinary shares to be issued or disposed of, and the number of share units to be provided, to each Eligible Director

(i) Number of the Company's ordinary shares to be issued or disposed of to each Eligible Director (*6)

Standard amount for stock compensation based on position and job grade X Payment rate (*7) / Share Price at the Time of Resolution X Ratio of allotment (*8)

(ii) Number of share units to be provided to each Eligible Director (*6)

Standard amount for stock compensation based on position and job grade X Payment rate (*7) / Share Price at the Time of Resolution X (100% - Ratio of allotment mentioned in (i) above) (*9)

2) Calculation method for monetary claims to be allotted to each Eligible Director

The Company will calculate the amount of monetary claims to be allotted to each Eligible Director by multiplying the number of the Company's ordinary shares to be issued or disposed of to each Eligible Director, which is calculated using the calculation method in 1) above, by, in principle, the Share Price at the Time of Resolution. (*6)

3) Calculation method for the amount of cash to be paid based on share units

The Company will calculate the amount of cash to be paid to each Eligible Director by multiplying the number of share units which is calculated based on the calculation method in 1) above, by, in principle, the Share Price at the Time of

Disbursement (*6).

(*6) If the result of calculation using the calculation method in (1) 1) through 3) above exceeds the total annual maximum number of the Company's ordinary shares to be issued or disposed of (100,000 shares per fiscal year), the total annual maximum amount of monetary claims to be allotted (¥150 million per fiscal year), the total annual maximum amount of share units to be allotted (¥150 million per fiscal year), or the total annual maximum amount of cash to be paid based on share units (¥150 million per fiscal year), the Company will decrease the number of the Company's ordinary shares to be issued or disposed of, the amount of monetary claims to be allotted, the number of share units to be allotted, or the amount of cash to be paid based on share units to each Eligible Director by using a reasonable method determined by the Board of Directors, such as using the pro rata method, so that they will not exceed the upper limits.
(*7) The ratio of allotment will vary within a certain range that is determined in advance by using a method defined by the Board of Directors of the Company, and the ratio for each Eligible Director shall be determined by the Board of Directors after deliberation by the Compensation Advisory Committee of the Company, by taking into the level of achievement of the targets in each performance indicator and other factors during the Performance Evaluation Period.
(*8) The ratio of allotment refers to the ratio of (1)1)(i) and (ii). The ratio for the Company's ordinary shares in (i) will be calculated within the range between 50% and 100%, and the remaining portion is for share units in (ii). Furthermore, as a result of the above calculation, if there is a fractional share of the Company's ordinary shares to be issued or disposed of, it shall be rounded to the nearest whole number.
(*9) As a result of the above calculation, if there is a fractional unit of share units to be allotted, it shall be rounded to the nearest whole number.

(2) Allotment conditions for Eligible Directors

If the following conditions are met after the end of the performance evaluation period, the Company will issue or dispose of the Company's ordinary shares, and provide share units, to each Eligible Director based on the calculation methods in above (1) (*10, 11, 12).

1) The Eligible Director was in a position designated by the Company's Board of Directors for the entirety or a portion of the performance evaluation period
2) There has been no certain violation of rules stipulated by the Board of Directors of the Company
3) Other required conditions for performance share units plan as defined by the Board of Directors of the Company

(*10) If an Eligible Director retires due to expiration of term of office, reaching retirement age, death, or other valid reason during the Performance Evaluation Period, the Company will make a calculation after making reasonable adjustments to the number of shares and the number of share units as needed, in consideration of factors including the term of office up to the time of retirement during the Performance Evaluation Period, the position and job grade of the Eligible Director during the said period, and the achievement level of targets for each fiscal year as of the time of retirement, which are separately defined for each performance indicator.
(*11) If an Eligible Director retires due to expiration of term of office, reaching retirement age, death, or other valid reason during the Performance Evaluation Period, the Company will issue or dispose of the number of Company's ordinary shares calculated in accordance with (*10) above and allot the number of share units calculated in accordance with (*10) above to the Eligible Director (if the retirement is due to death, then the rights successor to the Eligible Director) within a reasonable period after retirement.

(*12) If, after the start of the Performance Evaluation Period, matters relating to a merger agreement in which the Company is the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (however, if said organizational restructuring, etc., does not require approval of a General Meeting of Shareholders of the Company, the Board of Directors of the Company) before the issuance or disposal of the Company's ordinary shares and the allotment of share units, the Company will allot the Company's ordinary shares and share units or pay cash to Eligible Directors based on a resolution of the Board of Directors. If allotting ordinary shares and share units, the Company will issue or dispose of the Company's ordinary shares to Eligible Directors ahead of the effective date of said organizational restructuring, etc., in consideration of factors including the period between the start date of the Performance Evaluation Period and the date of approval of said organizational restructuring, etc., the positions or job grades of the Eligible Directors during the said period, and the level of achievement of targets in performance indicators as of the time of said resolution of the Board of Directors, with reasonable adjustments made to the number of shares and share units as needed. For share units, the Company will pay cash in the amount obtained by multiplying the number of share units by, in principle, the Share Price at the Time of Disbursement upon the release of Transfer Restrictions on the Company's ordinary shares mentioned above. When paying cash, the Company will pay to Eligible Directors an amount of cash reasonably calculated in consideration of factors including the period between the start date of the Performance Evaluation Period and the date of approval of said organizational restructuring, etc., the positions or job grades of the Eligible Directors during the said period, and the level of achievement of targets in performance indicators as of the time of said resolution of the Board of Directors.

For the issuance or disposal of the Company's ordinary shares and payment of monetary claims as property contributed in kind as well as the allotment of share units and payment of cash paid based on share units under this Plan, the Company and the Eligible Director shall enter into a performance share units allotment agreement which includes the matters described below.

[Outline of the performance share units allotment agreement]

(1) Transfer restriction and period thereof

Eligible Directors may not transfer, create security interests, or make any disposal of the Company's ordinary shares that have been issued or disposed of to them through the performance share units allotment agreement (hereinafter referred to as the "Allotted Performance Share Units") from the date the Company's ordinary shares are issued or disposed of to Eligible Directors through the performance share units allotment agreement to the time immediately after their retirement from a position defined in advance by the Company's Board of Directors in principle(hereinafter referred to as the "Transfer Restriction Period"; the above conditions are hereinafter collectively referred to as the "Transfer Restrictions"). In addition, Eligible Directors may not transfer, create security interests, or make any disposal of share units that have been allotted to them based on the performance share units allotment agreement (hereinafter referred to as the "Allotted Share Units"). However, if the time immediately after the said retirement is prior to the day after three months have passed since the end of the fiscal year which includes the date of issuance or disposal of Allotted Performance Share Units, the expiration of the Transfer Restriction Period may be adjusted to a reasonable extent according to reasons such as retirement, etc.

(2) Release of Transfer Restrictions and payment of cash based on share units

Under the condition that an Eligible Director continuously serves over the Transfer Restriction Period in a position defined in advance by the Company's Board of Directors, the Company will release all Transfer Restrictions on the Allotted Performance Share Units and pay the amount obtained by multiplying the Allotted Share Units by, in principle, the Share Price at the Time of Disbursement upon expiration of the Transfer Restriction Period.

(3) Handling at the case of retirement

Notwithstanding the provisions of (2) above, if an Eligible Director retires from a position defined in advance by the Board of Directors of the Company due to reasons other than expiration of term of office, reaching retirement age, death, or other valid reason, the Company will acquire without consideration all of the Allotted Performance Share Units and Allotted Share Units as a matter of course.

(4) Handling of organizational restructuring, etc.

Notwithstanding the provisions of (2) above, if during the Transfer Restriction Period matters relating to a merger agreement in which the Company is the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (however, if said organizational restructuring, etc., does not require approval of a General Meeting of Shareholders of the Company, the Board of Directors of the Company; only if the effective date arrives before the expiration of the Transfer Restriction Period), the Company will release the Transfer Restrictions ahead of the effective date of said organizational restructuring, etc., for all of the Allotted Performance Share Units, and pay cash in the amount obtained by multiplying all of the Allotted Share Units by, in principle, the Share Price at the Time of Disbursement ahead of the effective date of said organizational restructuring, etc.

(5) Other reasons for acquisition without consideration

During the Transfer Restriction Period, if an Eligible Director is sentenced to imprisonment without work or greater punishment (including imprisonment after June 1st, 2025), if a petition to commence bankruptcy proceedings, etc. are filed for an Eligible Director, if the Company's CEO finds that an Eligible Director is engaged in operations, etc., that compete with the Teijin Group's business without prior authorization from the Company or plans engage in such operations, etc. after retirement (in the case the Eligible Director is the CEO, if the Board of Directors passes a resolution; hereinafter the same applies), or if the Company's CEO finds that an Eligible Director has violated laws, regulations or the Company's internal regulations, etc., the Company shall be able to acquire without consideration all of the Allotted Performance Share Units and Allotted Share Units as a matter of course.

(6) Other matters

Other matters regarding the performance share units allotment agreement shall be defined by the Board of Directors of the Company.

*The following information is provided as reference material to enable readers to better understand the proposal. It does not form part of the proposal.

[Reference] The upper limit of the total amount of compensation for executive officers per fiscal year and the method of determining compensation amounts after the revision.

The upper limit of monetary compensation for directors is ¥630 million, of which ¥100 million is the upper limit of monetary compensation for outside directors. Furthermore, the upper limit of restricted stock is ¥35 million (25,000 shares) for the stock portion, and ¥35 million in total for share units to be allotted, and ¥35 million in total for cash to be paid based on share units for the share units portion. The upper limit for the performance share units is ¥150 million (100,000 shares) for the stock portion, ¥150 million in total for share units to be allotted, and ¥150 million in total for cash to be paid for the share units portion.

The amounts of compensation, etc. for directors are determined based on deliberation in the Compensation Advisory Committee, in consideration of a third-party survey on remuneration of corporate management in which leading corporations in Japan participate.

<Current plan >	<New plan >
Performance share unit Up to 300 million yen Maximum number of shares; 200,000	**Performance share units** **Stock** Up to 150 million yen, Maximum number of shares; 100,000 **Cash to be paid based on share units *** Up to 150 million yen
Restricted stock Up to 70 million yen Maximum number of shares; 50,000	**Restricted stock** **Stock** Up to 35 million yen, Maximum number of shares: 25,000 **Cash to be paid based on share units *** Up to 35 million yen
Monetary compensation Up to 630 million yen Outside Directors Up to 100 million yen	**Monetary compensation** Up to 630 million yen Outside directors Up to 100 million yen

*In addition to the upper limit of the total amount of cash to be paid based on share units, the upper limits for the total amount of share units to be allotted at the same time as the issuance or disposal of the Company's ordinary shares are set as ¥35 million for restricted stock and ¥150 million for performance share units.

1. Matters Concerning the Current Status of the Teijin Group (corporate group)

(1) Progress and Results of Business Activities

1) Overview

In FY2023, social and economic activities began to return normal as the spread of COVID-19 subsided, however, the future of the global economy remained uncertain due to prolonged monetary tightening in Europe and the U.S., a slowdown in China's economy mainly due to its sluggish real estate market, and heightened geo-political risks arising from factors such as the prolonged situation in Ukraine and rising tensions in the Middle East.

In light of the fact that the Teijin Group was unable to achieve the financial targets set in the previous medium-term management plan, the Group announced the Teijin Group Reforms for Profitability Improvement in February 2023, and focused on improving profitability in FY2023 as a top priority issue with the aim of returning to growth. Under the new management structure which was transformed to promote the acceleration of management decisions and execution, the Group worked on improving the profitability of mainly the composites, aramid, and healthcare businesses, which were designated as the three underperforming businesses. While the targets for profitability improvement measures were mostly achieved as planned, the composites business struggled to stabilize the operation of plants. As a result, the full-year target for improvement was not achieved in the composites business.

For FY2023, the Teijin Group's net sales amounted to 1,032.8 billion yen, an increase of 1.4% year on year, and operating income was 13.5 billion yen, an increase of 5.3% year on year. Ordinary income was 15.6 billion yen, an increase of 71.0% year on year mainly due to an increase in equity in earnings of affiliates, while the Group's profit attributable to owners of parent was 10.6 billion yen. (In FY2022, the Group recorded 17.7 billion yen in loss attributable to owners of parent due to the recording of impairment losses, etc.) In terms of the operating income, although the Materials Business Field was affected by weaker demand for products for some applications, operating loss was reduced mainly due to the effect of profitability improvement measures and insurance income. The Fibers & Products Converting Business experienced strong sales, achieving an increase in operating income. The Healthcare Business Field experienced a decrease in operating income mainly due to the payment of an extraordinary lump-sum pharmaceutical contract fee, a decline in the sales volume of gout and hyperuricemia treatment *FEBURIC* that was caused by the market entry of generic alternatives, and drug price revisions. On the other hand, the operating income of the IT Business increased due to robust sales.

As a result, ROE, an indicator of profitability, was 2.4%, and ROIC based on operating income was 1.6%. EBITDA, an indicator of the ability to generate cash, was 92.4 billion yen.

In FY2023, two organizations for the development of new businesses previously under the supervision of the President of the Material Business of Teijin Group and the President of the Healthcare Business of Teijin Group were transferred from "Material" and "Healthcare" segments to the "Others" segment. This change was related to the Teijin Group's ongoing efforts to review its management structure in line with the Teijin Group Reforms for Profitability Improvement announced in February 2023. As part of these efforts, the two organizations were reorganized and integrated into the New Business Development Unit as a measure to ensure future innovation through cross-functional collaborations under corporate leadership. As such, for year on year comparisons, figures for FY2022 have been rearranged according to the segment classification after the change.

In addition, starting from FY2023, the segments appear in the financial statements in a different order than before.

Segment operating results (sales and operating income) of the Teijin Group are as follows. (100 Millions of yen)

		Fiscal 2022	Fiscal 2023	Change	Percentage
Net sales	High performance materials	2,748	2,628	△120	△4.4
	Composites	1,638	1,769	+130	+8.0
	Material	4,387	4,397	+10	+0.2
	Fibers & Products Converting	3,221	3,215	△6	△0.2
	Healthcare	1,506	1,447	△59	△3.9
	IT	580	721	+140	+24.2
	Others	494	548	+55	+11.1
	Total	10,188	10,328	+140	+1.4
Operating Income	Material	△213	△62	+151	-
	Fibers & Products Converting	97	121	+25	+25.4
	Healthcare	252	73	△178	△70.9
	IT	81	95	+14	+17.7
	Others	△15	△8	+8	-
	Elimination and Corporate	△73	△85	△13	-
	Consolidated total	129	135	+7	+5.3

2) Overview of Each Business Segment

I. Materials Business Field

The Materials Business Field saw generally strong demand mainly in automobile related applications. However, the business was impacted by reduced demand due to customer inventory adjustments regarding products for some applications and an economic slowdown, and sales volume decreased mainly due the United Auto Workers (UAW) strike in the composites business. On the other hand, factors that contributed to profits included the desired effects of profitability improvement such as revised sales prices, the decline in raw material and fuel prices, and insurance income.

Net sales were 439.7 billion yen, an increase of 1.0 billion yen (0.2%) year on year, while operating loss was 6.2 billion yen, an improvement of 15.1 billion yen year on year. EBITDA was 32.1 billion yen, an increase of 17.4 billion yen year on year, while ROIC based on operating income was -2%.

In the aramid business, major product Twaron para-aramid fibers were negatively impacted by the increase in plant 1 fixed costs including a rise in unit labor costs, and a high level of inventory at the beginning of the fiscal year due to a cost increase in the previous fiscal year. Meanwhile, factors contributing the increase in operating income were the favorable effect of the revision of sales prices that had been implemented in response to the rise in raw material and fuel prices in FY2022, the decline in natural gas prices, and insurance income for the fire accident at a raw material plant in the third quarter of FY2022. On the other hand, sales volume decreased due to the negative impact of the plant fire that remained in the first part of the first half, procurement constraints for special repair parts for some production equipment, and inventory adjustments in supply chains for automobile and optical fiber applications. As a result, the aramid business experienced a slight increase in net sales and an increase in operating income year on year.

In the resin and plastics business, the sales volume of major product polycarbonate resin remained at the FY

2022 level, mainly due to weak demand caused by the sluggish economy in China and the slowdown of the European economy. In addition, operating income was impacted by lower sales prices due to a decline in raw material prices and the deterioration of sales mix. As a result, the resin and plastics business experienced a decrease in net sales and a slight decrease in operating income on a year on year.

In the carbon fibers business, although passenger demand recovered in aircraft applications, growth of demand for carbon fibers slowed due to procurement constraints across supply chains, and the sales volume decreased mainly due to inventory adjustment in supply chains for recreational and other applications. While the weaker yen and lower raw material and fuel prices contributed to operating income, the carbon fibers business recorded a slight increase in net sales and a decrease in operating income.

In the composites business, the revision of sales prices in response to the rise in raw material prices in the previous year as well as cost reduction measures that had been implemented to improve profitability offset the decrease in sales caused by declining demand in some programs in North America and the negative impact of the UAW strike. As a result, the composites business achieved a year-on-year increase in both net sales and operating income.

Ⅱ. Fibers & Products Converting Business

Net sales were 321.5 billion yen, a slight decrease of 0.6 billion yen (-0.2%) year on year, while operating income was 12.1 billion yen, an increase of 2.5 billion yen (25.4%) year on year. EBITDA was 19.7 billion yen, an increase of 3.1 billion yen year on year, while ROIC based on operating income was 8%.

In the field of fiber materials and apparel, sales of textiles and apparel items for the North American and Chinese markets remained strong, and apparel sales in Japan also remained robust as well. In the field of industrial materials, sales of polyester staple fibers for water treatment filters, high-grade artificial leather and infrastructure reinforcement materials remained strong, and automobile-related overseas business continued to be strong except for some applications. While purchase costs increased due to higher fuel prices and weaker yen, the business implemented measures to improve production efficiency and revised sales prices.

Ⅲ.Healthcare Business Field

The home healthcare equipment rental business remained strong, and the sales volume of *OSTABALO* increased after restrictions on the administration period were lifted. Meanwhile, income was affected by the payment of an extraordinary lump-sum pharmaceutical contract fee, a decline in the sales volume of *FEBURIC* caused by the market entry of generic alternatives, and drug price revisions.

Net sales were 144.7 billion yen, a decrease of 5.9 billion yen (-3.9%) year on year, while operating income was 7.3 billion yen, a decrease of 17.8 billion yen (-70.9%) year on year. EBITDA was 33.3 billion yen, a decrease of 17.8 billion yen year on year, while ROIC based on operating income was 4%.

In the pharmaceutical business, the business entered into an exclusive licensing agreement in November 2023 with Ascendis Pharma A/S, regarding research, development, manufacturing and sales in Japan for three drugs currently under development as hormone therapy drugs to be used for the treatment of rare endocrine diseases, and recorded an extraordinary contract payment of US$70 million in R&D expenses. Furthermore, income was affected by declining sales volume due to the market entry of generic alternatives to FEBURIC in June 2022, and the revision of drug prices in April 2023, mainly for drugs that remained on the National Health Insurance drug price list long after the expiration of patents. Meanwhile, the business has been conducting promotion activities for osteoporosis treatment OSTABALO, which was launched in January 2023, and the sales volume increased after restrictions on the administration period were lifted in December 2023. In addition, the sales volume of Somatuline[*1] and Xeomin[*2] increased steadily. Moreover, in March 2024, the business entered into a license agreement with Bioprojet to grant it exclusive worldwide rights to develop, manufacture and sell an investigational candidate for narcolepsy, and the business received an upfront cash payment of US$30 million.

*1. Somatuline®, a treatment for acromegaly, pituitary gigantism, neuroendocrine tumors, thyroid-stimulating hormone secreting pituitary tumors, and gastrointestinal and pancreatic neuroendocrine tumors, is the registered trademark of Ipsen Pharma, France.

*2 Xeomin®, a treatment for upper and lower limb spasticity, is the registered trademark of Merz Pharma GmbH & Co. KGaA, Germany.

In the home healthcare field, as the number of examinations recovered gradually in the market for continuous positive airway pressure (CPAP) therapy, the number of rented CPAP devices continued to grow (by approximately 7% from the end of the previous fiscal year), and the number of examinations and the number of new prescriptions both reached a record high. On the other hand, in the home oxygen therapy (HOT) market, the number of rented HOT devices slightly decreased as the increase of respiratory disease patients due to COVID-19 subsided. In terms of new model development, the business launched Hi-Sanso Portable α III, a smaller and lighter portable oxygen concentrator, in July 2023, and has been expanding sales activities.

Ⅳ. IT Business

Net sales were 72.1 billion yen, an increase of 14.0 billion yen (24.2%) year on year, while operating income was 9.5 billion yen, an increase of 1.4 billion yen (17.7%) year on year. EBITDA was 10.6 billion yen, an increase of 1.8 billion yen year on year, while ROIC based on operating income was 66%.

In the Internet business field, sales remained strong as the business continued to make effective investments in advertisements for e-comics services. In the IT service field, performance remained strong mainly in the business for hospitals.

V. Other (including the battery materials business, the membrane business, the regenerative medicine business, and the orthopedic implantable devices business)

Net sales were 54.8 billion yen, an increase of 5.5 billion yen (11.1%) year on year, while operating loss was 0.8 billion yen, an improvement of 0.8 billion yen year on year.

In the battery materials business, sales of *LIELSORT*, a separator for lithium-ion batteries, remained strong, as in FY2022. In addition, sales of *MIRAIM*, a high-performance membrane, increased in cutting edge semiconductor applications.

In the orthopedic implantable devices business—which encompasses artificial joints and absorbable osteosynthesis materials—sales volume remained strong as the number of surgeries gradually recovered after COVID-19 was reclassified as a Class 5 infectious disease. Moreover, in July 2023, the business acquired an approval for production and sales of *SYNFOLIUM,* a cardiovascular and vascular repair patch.

In the regenerative medicine business, Japan Tissue Engineering Co., Ltd., steadily increased sales in the regenerative medicine contract business and the research and development support business. As a result, both net sales and operating income increased year on year. Moreover, the launch of the CDMO* business also progressed steadily.

*Contract Development and Manufacturing Organization: An organization which undertakes the development and production of products under a contract.

3) Analysis of Assets, Liabilities and Net Assets

Total assets at the end of the current consolidated fiscal year increased by 8.6 billion yen from the end of the previous consolidated fiscal year to 1,251.0 billion yen. Current assets increased by 10.2 billion yen from the end of the previous consolidated fiscal year mainly due to changes in cash, deposits, accounts receivable, inventory, and other current assets, as well as the depreciation of the yen against major currencies. Fixed assets decreased by 1.6 billion yen from the end of the previous consolidated fiscal year. Major factors behind this included a decrease of 15.0 billion yen in the value of sales rights for type-2 diabetes treatments taken over from Takeda Pharmaceutical Company Limited due to their amortization and a decrease of 13.9 billion yen in the value of investment securities mainly due to their sale, despite an increase of 22.2 billion yen in tangible fixed assets mainly due to capital investment exceeding depreciation and the depreciation of the yen against major currencies.

Liabilities decreased by 22.3 billion yen from the end of the previous consolidated fiscal year to 769.1 billion yen. Interest-bearing debt decreased by 30.5 billion yen mainly due to the repayment of long-term borrowings.

Net assets increased by 30.8 billion yen from the end of the previous consolidated fiscal year to 481.9 billion yen. This was mainly due to the increase in foreign currency translation adjustment accounts due to the depreciation of

the 3 yen against major currencies and the recording of profit attributable to owners of the parent.
As a result, the debt-to-equity ratio was 1.1 and the equity ratio was 36.3%. (As of the end of the previous consolidated fiscal year, the debt-to-equity ratio was 1.2 and the equity ratio was 34.2%.)
The conversion rates of balance sheets at the end of the current consolidated fiscal year are 151 yen / US dollar, 163 yen / euro, and 1.08 US dollars / euro (134 yen / US dollar, 146 yen / euro, 1.09 US dollars / euro at the end of the previous consolidated fiscal year).

(2) Changes in Assets and Profit and Loss

(Millions of yen)

Business \ Fiscal Period		155th Fiscal Period FY2020 (Ended Mar. 2021)	156th Fiscal Period FY2021 (Ended Mar. 2022)	157th Fiscal Period FY2022 (Ended Mar. 2023)	158th Fiscal Period FY2023 (period under review) (Ended Mar. 2024)
Net sales	(Millions of yen)	836,512	926,054	1,018,751	1,032,773
Operating income	(Millions of yen)	54,931	44,208	12,863	13,542
Ordinary income	(Millions of yen)	53,658	49,692	9,100	15,564
Profit attributable to owners of parent	(Millions of yen)	△6,662	23,158	△17,695	10,599
Net earnings per share	(Yen)	△34.70	120.58	△92.04	55.07
Total assets	(Millions of yen)	1,041,131	1,207,583	1,242,433	1,251,021
Net assets	(Millions of yen)	430,364	464,811	451,084	481,933

(3) Capital Investment

In fiscal year 2023, equipment investments totaling 66.9 billion yen were carried out primarily for the purpose of improving productivity and enhancing capacity in the Composites Business.

(4) Financing

We procured borrowings from financial institutions. Interest-bearing liabilities decreased by 30.5 billion yen from the end of FY2022 to 498.9 billion yen.

(5) Transfer, Absorption-Type Split, or Incorporation-Type Split of Business

The Company executed an incorporation-type company split to transfer the rights and obligations arising from its contract development and manufacturing organization (CDMO) business for regenerative medicines to TEIJIN REGENET CO.,LTD., on August 1, 2023 as the effective date.

(6) Acquisition or Disposal of Shares, Other Equity Interest, or Stock Acquisition Rights, etc. of Other companies

The Company transferred all of the shares of its consolidated subsidiary Teijin Automotive Technologies (Tangshan) Co., Ltd. to Qingdao Keda Times Intelligent Equipment Co., Ltd., on December 28, 2023 as the effective date.

(7) Significant Subsidiaries

(As of March 31, 2024)

Business segments	Business	Subsidiary	Headquarters location	Capital stock	Investment ratio (%)	Principal business
Materials	Aramid	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 aramid fibers and resin
	Resin and Plastic Processing	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 resin compound
	Carbon Fibers	Teijin Carbon Europe GmbH	Germany	0.026 million euro	* 100.00	Production and sales of carbon fibers
		Teijin Carbon America, Inc.	U.S.A.	US$407.5 million	* 100.00	Production and sales of carbon fibers
		Renegade Materials Corporation	U.S.A.	US$71.6 million	* 100.00	Production and sales of intermediate material (prepreg) for composite materials
	Composites	Teijin Automotive Technologies NA Holdings Corp.	U.S.A.	US$830 million	* 100.00	Production and sales of composite products
		Teijin Automotive Technologies Portugal, S.A.	Portugal	7.2 million euro	* 100.00	Production and sales of composite products
		Teijin Automotive Technologies Czech s.r.o.	Czech Republic	315 million Czech koruna	* 100.00	Production and sales of composite products
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	287 million RMB	* 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
		J.H. Ziegler GmbH	Germany	1.02 million euro	* 100.00	Production and sales of unwoven fabrics
Healthcare		Teijin Pharma Limited	Tokyo	¥10,000 million	100.00	Production and sales of pharmaceuticals and home healthcare equipment
		Teijin Healthcare Limited	Tokyo	¥100 million	* 100.00	Sales and rental of pharmaceuticals and home healthcare equipment, etc., and provision of home healthcare service

IT	Infocom Corporation	Tokyo	¥1,590 million	57.86	Development and sales of computer software, etc.
	Amutus Corporation	Tokyo	¥150 million	* 57.86	Internet business
Other	Japan Tissue Engineering Co., Ltd.	Aichi	¥4,959 million	57.72	Development, manufacturing, sales, and custom development/manufacturing for regenerative medical products and related products
	Teijin Lielsort Korea Co., Ltd.	South Korea	29,096 million KRW	100.00	Production and sales of lithium-ion battery separators

Note 1: The Teijin Group has 98 consolidated companies including the aforementioned 20 significant subsidiaries; 63 companies are accounted for by the equity method.
Note 2: * indicates the investment ratio including investment by subsidiaries.

(8) Management Policy and Tasks Ahead

1) Corporate Vision

Around 100 years since its founding, the Group has built a business foundation by anticipating the needs of society, through expansion into new business fields and by tackling challenges. In recent years, the Group has been implementing restructuring initiatives to navigate a difficult business situation and making investments for future growth, but it has not been able to achieve a level of growth that meets market expectations. As a result, medium- to long-term growth expectations continue to decline.

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

Based on this purpose, the Teijin Group will put into practice the three value statements that have been formulated along with the purpose, i.e., "i) Respect all challenges," "ii) Grow with diverse members by leveraging their expertise," and "iii) Be considerate of the planet and all living beings and protect them," and aim to achieve the long-term vision of becoming a "Company that Supports the Society of the Future." Specifically, the Group will provide value to society with the aim of becoming a "company that prioritizes the health of the planet, protects the global environment, and supports a circular society" in the mobility, infrastructure and industry fields, and become a "company that addresses the issues of patients, families and communities in need of more support" in the healthcare field, mainly in the field of rare and intractable diseases.

2) Issues to Be Addressed

(i) Medium-Term Management Plan

The Company announced the “Teijin Group Medium-Term Management Plan 2024-2025” in May 2024.

Issues to be addressed by the Company are i) Recovering fundamental earning power by completing the profitability improvement measures, ii) Implementing business portfolio reforms, and iii) Strengthening the global management base. The Company will promote the medium-term management plan with strong determination by positioning the plan as a first step to address these issues and to return to growth trajectory.

i) Recovering earning power by completing the profitability improvement measures:

The Company looked at FY2023 as a year to implement reforms to improve its profitability, and focused on the following initiatives.

(a) Improve profitability in the composites, aramid and healthcare businesses

(b) Review the management structure to promote the acceleration of management decisions and execution

As a result of these initiatives, in FY2023, the Company mostly achieved the improvement target of 30 billion yen or more.

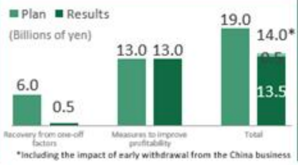
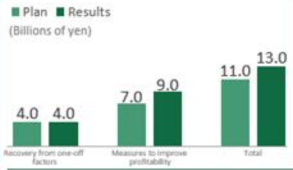
On the other hand, as shown in the figure below, there were still issues in the stabilization of production, the Company will focus on initiatives to achieve the stabilization of global production by FY2025 with the support of corporate functions, and recover its fundamental earning power while implementing various measures to improve profitability, with the aim to achieve 50 billion yen in adjusted operating income, 4% or above in ROIC*1, and 6% or above in ROE*2.

*1 ROIC = Adjusted operating income after tax / Average*3 of invested capital (Invested capital = Equity + Interest-bearing dept)

*2 ROE = Profit attributable to owners of parent / Average*3 of equity attributable to owners of parent

*3 Average: ([Beginning balance + Ending balance] / 2)

＜Gist of Profitability Improvement and Measures for Completing Eeforms＞

	Review of actual achievement in FY2023		Measures in FY2024-2025
Composites		■ Significant underachievement due to frequent breakdowns associated with aging facilities (issues remain with stable production) ■ Measures to improve production (additional measures, including automation), sales, purchase were largely achieved as planned ■ Withdrawal from the China business and completion of transfer of a Japan subsidiary	■ Further improvements including production stabilization ☐ Improvement in labor productivity ☐ Price revision ☐ Stable launch of new programs ☐ Aim to eliminate the deficit of the U.S. by the end of FY2024 without ruling out all kinds of options
Aramid		■ Price stabilization through a forward contract of natural gas price was successful exceeding our plan ■ Delays in improving the maintenance system, including the management of special repair parts, impacted production stabilization, but were resolved by the end of the fiscal year	■ Regain market share through established and stable supply system ☐ Stable supply ☐ Regain market share ☐ Promotion of sustainability measures ■ Continued corporate support in terms of facilities, operations, and maintenance
Healthcare	■ Realized the licensing of three products for rare disease from Ascendis Pharma, A/S. ■ Achieved about half of the fixed cost reduction target (FY2025: 5.0 billion yen) ahead of schedule		■ Execute the plan steadily ☐ Prepare for early launch of 3 products for rare disease in Japan ☐ Achieve fixed cost reduction targets
Fixed cost reduction	■ Prepared measures to optimize head office staffing and size (fixed cost reduction target for FY2025: 4.0 billion yen)		■ Achieve fixed cost reduction targets, including "Next Career Support Program (Early Retirement Incentive Program: granted to 150 employees)" in Japan

ii) Implementing business portfolio reforms

In order to achieve growth through reformed business portfolio during the period of the next medium-term management plan for FY2026 onwards, the Company will execute strategic options for underperforming and less focused businesses and narrow down businesses it operates as part of the current medium-term management plan. In addition, the Company will carefully examine and make investment in the fields of mobility, infrastructure and industrial, and healthcare, where we believe we have a competitive advantage, so that we can transform the Company from a material-oriented business to a value-oriented business, such as functional material business, processing/solution-based business, and business based on the service platform cultivated in the home healthcare business, in the growth industry sector.

<The Process of Change>

Reforms for Profitability Improvement 2023

Profitability Improvement Reform

Gist: Largely achieved, but an issue remains in production stabilization

Medium-Term Management Plan 2024-2025

Recover fundamental profitability and business portfolio transformation by accomplishing profitability improvement
(Narrow down the businesses and invest in growth businesses)

Medium-Term Management Plan 2026-2028

Realization of growth with the post-portfolio transformation

Aim at ROE 10% or more as early as possible

Quantitative target and future growth (next medium-term)

FY2023*1

ROIC*2	2 %
Adjusted operating income*3	30.0 bn yen

FY2025 Plan

ROIC*2	≥4 %
ROE*4	≥6 %
Adjusted operating income*3	50.0 bn yen
D/E ratio*5	Approx. 0.9
Dividend payout ratio	30 %
Minimum dividend	30 yen

Mobility
- Ability to provide parts and materials that meet industrial needs
- High-performance tires of lighter weight, EV battery box, etc.

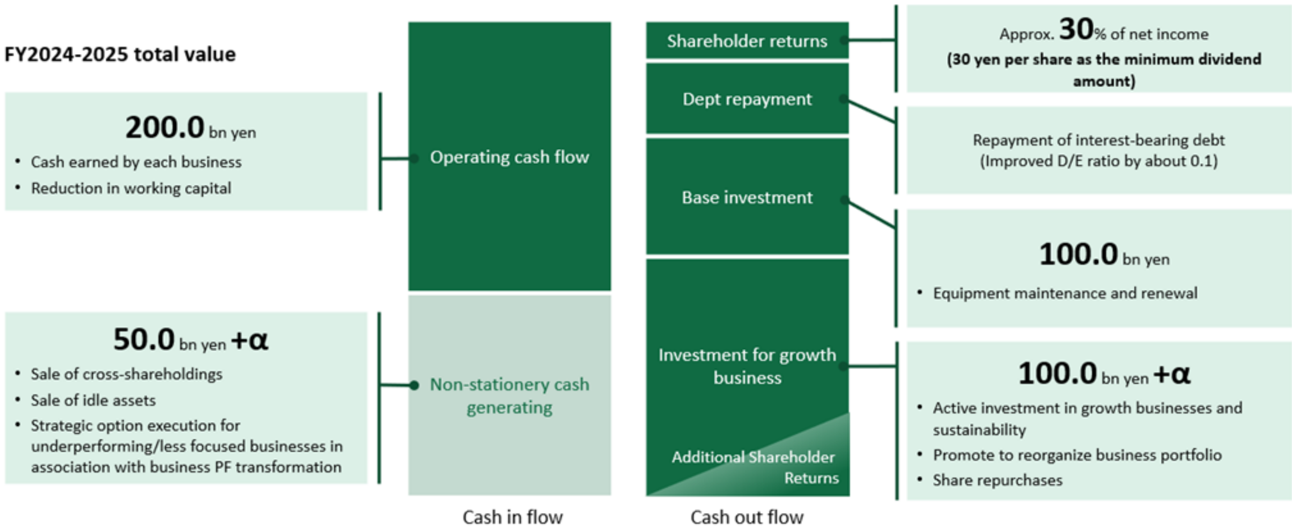
Infrastructure & Industrial
- Complete major periodic overhauls of aramid, and yield its full effect of expansion
- Yield benefits from new applications (e.g., submarine power cables)

Healthcare
- Home healthcare business platform built throughout Japan
- Development of orphan drugs to treat rare diseases for unmet needs of patients

*1 IFRS results of FY2023 are approximate
2 ROIC = Adjusted operating income after tax / Average of invested capital (Invested capital = Equity + Interest-bearing dept)
*3 Adjusted operating income is calculated by adding equity on gain and losses of unconsolidated subsidies and affiliates to operating income, excluding gain and losses due to extraordinary factors
4 ROE = Profit attributable to owners of parent / Average of equity attributable to owners of parent *Average: ([Beginning balance + Ending balance] / 2)
*5 D/E ratio taking into account the equity credit of the subordinated bonds (The Company issued subordinated bonds of ¥60.0 billion on July 21, 2021.)

Furthermore, under the capital allocation and shareholder returns policy for the two years of FY2024 and FY2025, the Company will give priority to allocate cash gained by strengthening the existing businesses' ability to generate cash through the improvement of profitability to infrastructure investment and dividends. The Company will also give priority to allocate cash generated from disposal of cross-held shares and unutilized assets as well as execution strategic options for underperforming and less focused businesses to growth investment and additional shareholder returns (including purchase of treasury shares).

<Capital Allocation and Shareholders Return Policy (FY2024-2025)>



iii) Strengthening the global management base

In line with business portfolio reforms, the Company will strengthen its global management base, and strive to enhance the ability to execute based on its purpose. In the medium-term management plan, the Company will work on "corporate governance system optimized for global/diversified companies" from the perspective of governance, "evolution of facility/operation/maintenance though integration of knowledge/technology in and outside Japan" from the perspectives of production, manufacturing and technology, and "ensuring that the right people are assigned to the right positions in order to implement the strategies" from the perspective of human capital.

<Roadmap to Enhanced Global Management Basis>

	Issues	Profitability Improvement FY2023	This medium-term FY2024	This medium-term FY2025	～FY2027-2028
Global business operation along the purpose	■ Fostering of shared values	■ Purpose formulation ■ Strengthen communication between top management and employees	■ Organize strategies, action guidelines, etc. for each business by linking them to the purpose. ■ Formulation of My Purpose for each employee	■ Penetration of Purpose to people including outside the company	
Optimization of management decisions/ execution	■ Corporate governance system optimized for global/diversified companies	■ Reorganization of Corporate Officer Structure ■ Organization consolidated under direct control of CEO	■ Further enhancement of governance structure	■ Review of impact of system changes/improvement	■ Establish global management system
Improvement of production and manufacturing technology	■ Evolution of facility/operation/maintenance though integration of knowledge/technology in and outside Japan	■ Dispatch engineers in Japan to overseas group companies	■ Standardization of equipment management on a global basis ■ Strengthening on-site execution through corporate support (mainly aramid/ composites)	■ Expand engineering function to other business divisions	■ Permanent improvement cycle
Reinforce human capital management	■ Establishment of the "right place" and securing of the "right person" to implement strategies	■ Start global job posting	■ Maximize utilization of internal global human resources ■ Formulation of human resource portfolio	■ Integrate job grade system globally	■ Promote the right person in the right place globally
Realize growth strategies in core industrial sectors			■ Concretize development measures in the Mobility, Infrastructure & Industrial business areas. ■ Continue to build in the healthcare field, "rare disease + home healthcare system" Materials/Products	■ Shift to optimal organizational structure, including integration of functions	■ Set up a business development organization to target industrial sectors globally Industrial Sectors*

By steadily executing management strategies and business strategies in the medium-term management plan as described above, the Company will achieve sustainable growth and enhance medium- to long-term corporate value to meet the expectations of stakeholders including investors, with an aim of achieving 10% or above in ROE and 1x or above in PBR at an early stage.

(ii) Concept and Actions Related to Sustainability

・Actions related to sustainability

The Group recognizes issues surrounding sustainability including social and environmental issues as management issues, and it has analyzed opportunities and risks for the Company and identified materiality (material issues). The Company strives to achieve its long-term vision by setting KPIs and implementing various actions for each issue.

The Company's sustainability policy and materiality are matters to be resolved by the Board of Directors, and the status of such matters is reported by CEO or Chief Sustainability Officer, as appropriate, to the Board of Directors for discussion.

For environment-related issues, the Company has set the long-term KPIs listed in the table below. For in-house CO_2 emissions, the Company is working on achieving net zero by developing a roadmap to achieve long-term goals.

＜Sustainability Efforts；Key KPI＞

KPI				
KPI to capture business opportunities	climate change Our own CO_2 reduction contribution	FY2030	Total CO_2 emissions < CO_2 reduction contribution	The effect of CO_2 reductions in the downstream supply chain due to product use
KPI to strengthen business base*	Climate change Our own CO_2 emissions	FY2030 FY2050	30% reduction Net zero realization	Aggregate target Conversion of power sources to renewable energy and clean energy for heat sources
	Climate change Supply Chain CO_2 Emissions	FY2030	15% reduction	Greenhouse gas emissions in Scope 3 Category 1
	Circular Economy Water	FY2030	30% improvement	Freshwater intake volume per unit of sales
	Circular Economy Waste	FY2030	20% improvement	Landfill waste volume per unit of sales
	Safety/Security Hazardous Substance	FY2030	20% improvement	Hazardous chemicals emission volume per unit of sales

In addition, in terms of measures related to human capital, the Company will work toward achieving the goals by setting indicators for diversity and engagement of executives and managers to assess the progress of “measures to enable employees to thrive.”

Specifically, as “KPIs for diversity,” the Company has set targets as follows: 30% female officers ratio in April 2030 (October 2023・actual: 12%, April 2026・milestone: 20%), 30% non-Japanese officers ratio in April 2030 (October 2023・actual: 8%, April 2026・milestone: 10%), 30% female managers (female department general managers and section managers) ratio in April 2030 (October 2023・actual: 10%, April 2026・milestone: 12%). In addition, the Company has set a target for the engagement score of 68 in April 2030 (September 2023・actual; 62, April 2026・ milestone: 64) as a “KPI for engagement survey.”

Note) Officers: Directors, Statutory Auditors, and Corporate Officers

3) Social Contribution Activities

The Teijin Group, in accordance with its basic policies for social contribution, will value harmony with nature and achieve growth with local communities. To this end, the Group is conducting appropriate social contribution activities as a good corporate citizen, in line with its business attributes and respecting the local uniqueness of each area in which we operate. To provide support to the development of younger generations in the fields of academia/education and sports, we have supported a total of nearly 1,700 students specializing in science and engineering fields through the Teijin Kumura Scholarship provided by the Teijin Scholarship Foundation for about 70 years. 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. The Company is also running various other programs on an ongoing basis, including reconstruction support for the affected areas of the 2024 Noto Peninsula Earthquake, the leave of absence system to support employees’ volunteer activities, and employee participation programs, etc.

(9) Principal Businesses

(As of March 31, 2024)

Business	Business area	Principal products and businesses
Materials	Aramid	Para-aramid fibers, Meta-aramid fibers
	Resin and Plastic Processing	Polycarbonate resin, Polycarbonate sheets & films, PET/PEN/PBN resin, PPS resin, frame-retardant
	Carbon Fibers	Carbon fibers, oxidized PAN fibers, carbon fiber intermediate materials (Prepreg, etc.)
	Composites	Automotive composite products
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
Healthcare	Pharmaceuticals	Prescription Drugs: Type 2 diabetes treatments, treatment for osteoporosis, treatment for hyperuricemia and gout, sustained-release expectorant, agent for infection, transdermal analgesic anti-inflammatory, treatment for acromegaly and pituitary gigantism, botulinum toxin type A
	Home Healthcare	Home Healthcare Services: Oxygen Concentrator for Home Oxygen Therapy (HOT), Continuous Positive Airway Pressure (CPAP) Unit, Bilevel Positive Airway Pressure Unit, Ultrasound Bone Fracture Treatment Device
IT	Business solution	Information system for general companies, information system for hospitals, information services for nursing care providers
	Digital entertainment	e-comics distribution services
Other	Other	Lithium-ion battery separators, high-performance membrane, Implantable medical devices such as artificial joints and bioresorbable osteosynthesis materials, regenerative medicine, functional food ingredients, raw materials for pharmaceuticals and functional foods, and feed compositions, etc.

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

(10) Principal Business Locations, etc.

(As of March 31, 2024)

Business		Function	Location
The Company		Headquarters	Osaka, Tokyo
Materials	Aramid	Production bases	Ehime, Yamaguchi
Materials	Aramid	Production bases	The Netherlands, Thailand
Materials	Aramid	Operation bases	Tokyo, Osaka
Materials	Aramid	Operation bases	The Netherlands, Germany, India, Thailand, China, U.S.A., Mexico, Brazil
Materials	Aramid	Research bases	Ehime, Yamaguchi
Materials	Aramid	Research bases	The Netherlands, Germany, China
Materials	Resin and Plastic Processing	Production bases	Hiroshima, Ehime
Materials	Resin and Plastic Processing	Production bases	Thailand, China
Materials	Resin and Plastic Processing	Operation bases	Tokyo, Osaka, Aichi
Materials	Resin and Plastic Processing	Operation bases	The Netherlands, Malaysia, Thailand, China, Taiwan, U.S.A.
Materials	Resin and Plastic Processing	Research bases	Tokyo, Chiba, Ehime
Materials	Resin and Plastic Processing	Research bases	Thailand, China
Materials	Carbon Fibers	Production bases	Shizuoka, Gifu
Materials	Carbon Fibers	Production bases	Germany, Vietnam, U.S.A.
Materials	Carbon Fibers	Operation bases	Tokyo
Materials	Carbon Fibers	Operation bases	Germany, Singapore, Vietnam, China, Taiwan, U.S.A.
Materials	Carbon Fibers	Research bases	Shizuoka
Materials	Carbon Fibers	Research bases	Germany, U.S.A.
Materials	Composites Materials	Production bases	Ehime, Gifu
Materials	Composites Materials	Production bases	U.S.A., Mexico, Portugal, Czech Republic, Germany
Materials	Composites Materials	Operation bases	Tokyo
Materials	Composites Materials	Operation bases	U.S.A., Mexico, Portugal, Czech Republic
Materials	Composites Materials	Research bases	Ehime
Materials	Composites Materials	Research bases	U.S.A., France, Germany
Fibers & Products Converting		Production bases	Ehime, Ishikawa, Fukui, Niigata, Gifu, Shiga, Hyogo, Yamaguchi, Shimane, Fukuoka
Fibers & Products Converting		Production bases	China, Thailand, Vietnam, Germany, Hungary
Fibers & Products Converting		Operation bases	Osaka, Tokyo, Aichi, Niigata, Fukui
Fibers & Products Converting		Operation bases	U.S.A., Germany, China, Thailand, Vietnam, Myanmar, Indonesia, Mexico, India, Taiwan, Philippines, Bangladesh
Fibers & Products Converting		Research bases	Ehime
Fibers & Products Converting		Research bases	China, Thailand
Healthcare		Production bases	Yamaguchi
Healthcare		Production bases	China

	Operation bases	18 branches and 124 sales offices throughout Japan
	Research bases	Tokyo, Yamaguchi
		U.S.A.
IT	Operation bases	Tokyo, Osaka
Other	Production bases	Ehime, Yamaguchi, Aichi, Okayama, Hyogo
		South Korea
	Operation bases	Tokyo, Osaka, Aichi, Okayama, Hyogo
		South Korea
	Research bases	Tokyo, Chiba, Aichi, Okayama, Ehime, Yamaguchi, Hyogo
		The Netherlands

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

（11）Employees

Business segments	157th Fiscal Period (As of March 31, 2023)	158th Fiscal Period (As of March 31, 2024)	Change in the number of
Materials	10,708名	10,051名	△657名
Fibers & Products Converting	5,576	5,607	+31
Healthcare	2,990	2,835	△155
IT	748	902	+154
Other	2,462	2,439	△23
Total	22,484	21,834	△650

Note:1: The number of employees mentioned above refers to the employment personnel in each business segment.
Note 2 : The above employee count does not include temporary employees (2,015 in the 157th period and 1,983 in the 158th period).
Note:3 :Starting from the 158th period, due to the new business organization, the comparative information for the 157th period has been reclassified using the post-change segment divisions.

(12) Principal Lenders and Amount of Borrowings

(As of March 31, 2024)

Principal lenders	Balance of borrowings (millions of yen)
MUFG Bank, Ltd.	79,544
Mizuho Bank, Ltd.	33,573
Japan Bank for International Cooperation	27,254

Note 1: The balance of borrowings includes borrowings from overseas local subsidiary banks.
Note 2: In addition to the above, as a principal borrowing, there is a balance of 122,750 million yen borrowed through syndicated loans.

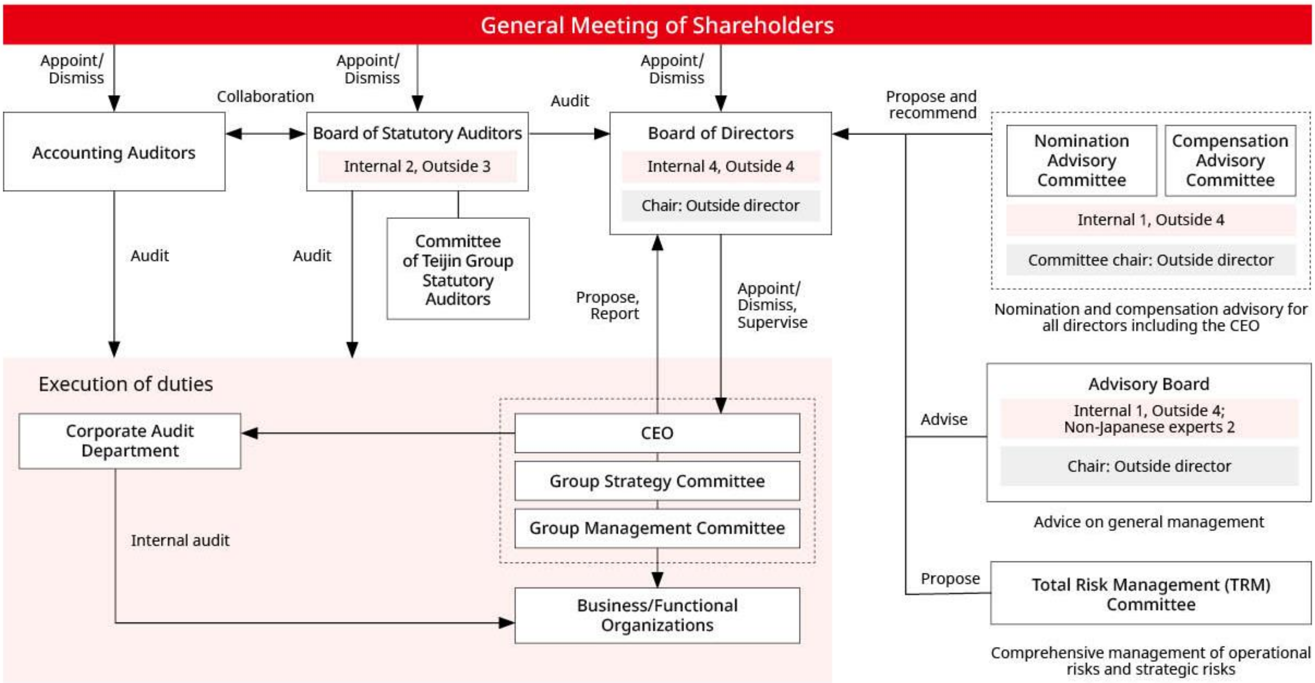
2. Corporate Governance System

Overview

The Teijin Group realizes that its basic mission as a company is to ensure sustainable growth in shareholder value. On this basis, and in order to fulfill our responsibilities to various other stakeholders, we are striving to strengthen corporate governance. The basic elements of corporate governance include the aim of improving transparency, ensuring fairness, accelerating decision-making, and ensuring the independence of monitoring and supervision. We are working to establish and strengthen an effective corporate governance system through an "corporate officer system and board of directors including independent outside directors", "statutory auditor system including independent outside statutory auditors", and " "Nomination Advisory Committee and Compensation Advisory Committee in which independent outside directors constitute the majority,"

<Corporate Governance Structure>

(As of March 31, 2024)



(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.

In accordance with the current Companies Act, the Board of Directors is required to properly function in terms of both important business decisions/decision-making and the monitoring and supervision of management. We have determined that a governance system centered on the two wheels of business execution led by the internal directors, and management oversight and supervision functions that the outside directors emphasize and the oversight and auditing functions of the Statutory Auditors and the Board of Statutory Auditors, is appropriate. We will continue to be a company with 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 "full monitoring authority for the Board of Directors" and seeks "active and constructive opinions at the Board of Directors," so that 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 Board of Directors including Independent Outside Directors and the corporate officer system, the system of Statutory Auditors including Independent Outside Statutory Auditors, the Nomination Advisory Committee and Compensation Advisory Committee, and the Advisory Board, etc.

(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 supervises 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 number of the Members of the Board at 10, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. As of March 31, 2024, the Board of Directors of the Company comprises eight (8) members. There are four (4) Outside Directors who satisfy all the requirements of Independent Director as stipulated by the Company, one of whom is a female director. The Articles of Incorporation set the term of office for directors at one year.

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

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

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

a) Nomination Advisory Committee

i) Replacing the CEO and nomination of a successor

ii) Selection and retirement of the 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 and appointment/retirement of Internal Directors and management executives

vi) Matters concerning independence standards for Outside Director and Independent Outside Statutory Auditor

vii) Selection of CEO successor candidates, and review of CEO training plans for successor candidates and its progress by CEO

b) Compensation Advisory Committee

i) Matters concerning the compensation system for Teijin Group officers

ii) Matters concerning the compensation level of Teijin Group officers

iii) Matters concerning performance evaluation and compensation of Internal Directors (including CEO) and management executives

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

3) Advisory Board

The Advisory Board has been set up with the aim of improving management transparency through the advice of external experts, and is positioned and operated as a consultative body 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 plans 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 is made up of five (5) to seven (7) outside advisors (currently composed of four (4) Outside Directors and two (2) non-Japanese experts), the Chairperson of the Board (vacant if absent) and the CEO. The Outside Director who is the chair of the Board of Directors chairs the Advisory Board.

4) Board of Statutory Auditors

The Company’s 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 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, 2024, 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, 2024, the number of internal auditors in the Teijin Group totaled 18 (excluding internal auditors at listed subsidiaries and so forth).

6) Status of accounting audits

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

Hidetoshi Fukuda (KPMG AZSA LLC, 5 years), Yoshihiro Uehara (KPMG AZSA LLC, 3 years)

Hiroaki Iwasaki (KPMG AZSA LLC, 3 years)

The status of assistants who executed auditing is as follows.

Certified Public Accountants 10, others 37, for a total of 47.

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 on 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, supervision 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 website: (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 FY2023 and an outline of the results are as follows.

1) Analysis and Evaluation Method

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

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

i) The Board of Directors as a whole
ii) Composition
iii) Prior arrangements, etc.
iv) Operation
v) Deliberation
vi) Nomination Advisory Committee
vii) Compensation Advisory Committee
viii) Statutory Auditors
ix) Self evaluation

x) Other

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

a) Summary

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

b) Status of response to issues recognized in or before FY2023

i) Discussions on business portfolio

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

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

At the Board of Directors meetings held in FY2023, the course of direction and initiatives related to human capital investments were reported. Furthermore, in discussions on the new medium-term management plan, it was decided to develop a human resource strategy built on the main pillars of "establishing 'right place' and securing 'right people' to implement strategies" and "measures to enable employees to thrive," and to implement specific action plans based on this strategy.

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

iii) Discussions on the status of usage of data and digital technology and policies on initiatives therefor based on i)

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

iv) Discussion on BCP including supply chain

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

v) Discussion on rationality of parent-subsidiary listing

At the Board of Directors meetings held in FY2023, the rationality of maintaining the listing of Infocom Corporation and Japan Tissue Engineering Co., Ltd. (J-TEC), which are listed subsidiaries of the Company, was discussed as part of the discussion on the new medium-term management plan. From the standpoint of optimizing the corporate value of Infocom Corporation and J-TEC, and not just the Group itself, we decided it was rational to maintain their listing. It is necessary to regularly confirm the listing of the parent company and its subsidiaries. At the Board of Directors meetings in FY2024, we plan to continue discussing the rationality of maintaining listings on the stock exchange.

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

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

a) Confirmation of the progress of the medium- to long-term management plan, and reconsideration of relevant strategies as needed

b) Discussion on the sustainability strategy

c) Discussion on the DX strategy

d) Discussion on human capital

e) Measures to further enhance the effectiveness of the Board of Directors

f) Discussion on rationality of parent-subsidiary listing

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

3.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.

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

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

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

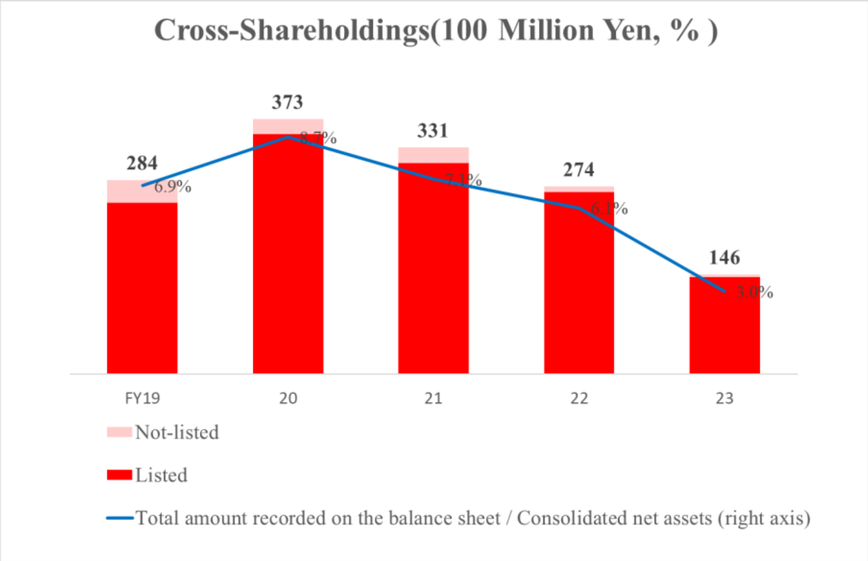
The Company will continue discussions with companies the shares of which the Company currently hold, and in principle, will endeavor to sell all of shares of listed companies.

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

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

(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. For proposals that may have a significant impact on the corporate value of the investee companies, the Company collects and examines information with particular attention paid.



(Note) The ratio to the standalone balance sheet amount and consolidated net assets of our company.

4. Matters Regarding the Shares of the Company (as of March 31, 2024)

(1) Total number of authorized shares 600,000,000 shares

(2) Total number of issued shares 197,953,707 shares

(3) Number of shareholders 90,017

(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)	35,045,300	18.20
2	Custody Bank of Japan, Ltd. (Trust account)	11,410,440	5.92
3	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	8,260,400	4.28
4	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,029,761	4.17
5	Nippon Life Insurance Company	7,045,501	3.65
6	The Employee Stock Ownership Association of Teijin	6,769,131	3.51
7	Oasis Japan Strategic Fund Ltd.	4,800,410	2.49
8	MUFG Bank, Ltd.	2,897,287	1.50
9	NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE:UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,857,000	1.48
10	STATE STREET BANK AND TRUST COMPANY 505223	2,663,276	1.38

Note 1: The shareholding ratio has been calculated after excluding treasury stocks (5,400,915 shares) from the issued shares.
Note 2: Shareholding ratios are truncated to two decimal places.

(5) Status of shares issued as compensation to company officers during FY2023

Restricted Stock (RS)

The details of the stock compensation issued during FY2023 are as follows.

Category	Class and number of shares	Number of persons
Internal Directors who concurrently serve as Corporate Officers	Ordinary shares of the Company 25,235 shares	4

Note: The above stock compensation was not granted to the Internal Directors who do not concurrently serve as Corporate Officers, Outside Directors and Statutory Auditors.

5. Matters Regarding Stock Acquisition Rights of the Company

(1) Overview of stock acquisition rights as a stock compensation-type stock option

1) Number of stock acquisition rights

The maximum number of stock acquisition rights to be allocated to directors during a period of one (1) year starting the day after the annual Ordinary General Meeting of Shareholders is held shall be set at 200.

2) Amount to be paid in for the stock acquisition rights

The fair value of the 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 the 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 (reverse stock split), or if there are other unavoidable reasons that require some adjustment, such adjustment shall be reasonably made.

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 consideration.

8) Main conditions for exercising stock acquisition rights

Holders of stock acquisition rights may exercise stock acquisition rights for only five (5) years from the date of loss of position as a Director of the Company, its subsidiary and/or affiliate.

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

Shall be determined by resolution of the Board of Directors.

(2) Summary of stock acquisition rights as a stock option as of the last day of FY2023 as consideration for the performance of duties

Number of issuance (Issuance date)	Number of stock acquisition rights	Class and number of target shares	Issuance price (Per share)	Exercise price (Per share)	Exercise period
11th stock acquisition rights (March 15, 2013)	698	Ordinary shares 139,600 shares	¥980	¥1	From March 15, 2013 to March 14, 2033
12th stock acquisition rights (March 14, 2014)	618	Ordinary shares 123,600 shares	¥1,140	¥1	From March 14, 2014 to March 13, 2034
13th stock acquisition rights (March 18, 2015)	379	Ordinary shares 75,800 shares	¥1,925	¥1	From March 18, 2015 to March 17, 2035
14th stock acquisition rights (March 16, 2016)	274	Ordinary shares 54,800 shares	¥1,800	¥1	From March 16, 2016 to March 15, 2036
15th stock acquisition rights (March 17, 2017)	287	Ordinary shares 57,400 shares	¥1,955	¥1	From March 17, 2017 to March 16, 2037
16th stock acquisition rights (March 16, 2018)	294	Ordinary shares 58,800 shares	¥1,732	¥1	From March 16, 2018 to March 15, 2038
17th stock acquisition rights (March 18, 2019)	321	Ordinary shares 64,200 shares	¥1,627	¥1	From March 18, 2019 to March 17, 2039
18th stock acquisition rights (March 16, 2020)	266	Ordinary shares 53,200 shares	¥1,138	¥1	From March 16, 2020 to March 15, 2040
19th stock acquisition rights (March 15, 2021)	394	Ordinary shares 78,800 shares	¥1,725	¥1	From March 15, 2021 to March 14, 2041

The total number of unexercised stock acquisition rights of the aforementioned stock acquisition rights held by Directors and Statutory Auditors of the Company

(As of March 31, 2024)

Number of issuance	Director		Statutory Auditor	
	Number of units	Number of directors holding rights	Number of units	Number of statutory auditors holding rights
15th stock acquisition rights	7	1	7	1
16th stock acquisition rights	24	3	8	1
17th stock acquisition rights	30	3	10	1
18th stock acquisition rights	32	4	8	1
19th stock acquisition rights	52	4	-	-

Note 1: Stock acquisition rights are not granted to Outside Directors and Statutory Auditors.

Note 2: The stock acquisition rights held by Statutory Auditors were granted as consideration for their execution of duties as Corporate Officers prior to being appointed to the position of Statutory Auditors.

6. Matters Regarding Directors and Statutory Auditors

(1) Directors and Statutory Auditors

(As of March 31, 2024)

Position	Name	Duty, state of significant positions concurrently held at other companies	Participation in the Board of Directors and Board of Statutory Auditors Meetings
President and Representative Director	Akimoto Uchikawa	CEO	The Board of Directors 13/13 (100%)
Senior Executive Officer, Representative Director of the Board	Eiji Ogawa	CFO (Chief Financial Officer) Responsible for the Procurement and Logistics Division	The Board of Directors 13/13 (100%)
Director, Senior Executive Officer	Naohiko Moriyama	Chief Officer, Corporate Strategy Director, Infocom Corporation	The Board of Directors 13/13 (100%)
*Director, Executive Officer	Noboru Yamanishi	Chief Sustainability Officer Responsible for Engineering Division and the Corporate Audit Department	The Board of Directors 10/10 (100%)
Director	Yoichi Suzuki	Outside Director, KAJIMA CORPORATION	The Board of Directors 13/13 (100%)
Director	Masaru Onishi	Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporated Outside Director, Benesse Holdings, Inc.	The Board of Directors 13/13 (100%)
Director	Masaaki Tsuya	External Advisor, Bridgestone Corporation	The Board of Directors 13/13 (100%)
*Director	Tamie Minami	Outside Director, Santen Pharmaceutical Co., Ltd.	The Board of Directors 10/10 (100%)
Full-time Statutory Auditor	Masanori Shimai		The Board of Directors 12/13 (92%) The Board of Statutory Auditors 12/12 (100%)
Full-time Statutory Auditor	Akio Nakaishi	Statutory Auditor, Infocom Corporation	The Board of Directors 13/13 (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. Outside Statutory Auditor, JAPAN POST Co., Ltd.	The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
Statutory Auditor	Jun Arima	Project Professor, Graduate School of Public Policy, University of Tokyo	The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
*Statutory Auditor	Koichi Tsuji	Outside Director, Mitsubishi UFJ Financial Group, Inc. Outside Director, Maruichi Steel Tube Ltd.	The Board of Directors 10/10 (100%) The Board of Statutory Auditors 9/9 (100%)

Note 1: The Directors and Statutory Auditor marked with * were newly elected at the 157th Ordinary General Meeting of Shareholders held on June 21, 2023.

Note 2: Of the directors, Yoichi Suzuki, Masaru Onishi, Masaaki Tsuya and Tamie Minami are Outside Directors. The Company requires a candidate for Outside Director to satisfy the requirements of "Independent Director" stipulated by the Company. The aforementioned 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 the Tokyo

Stock Exchange, they were registered by the Company as "Independent Director" at the said stock exchange. The contents of the requirements of "Independent Director" stipulated by the Company can be viewed at the Company's website: (https://www.teijin.com/ir/management/governance/requirements/)

Note 3: Three (3) Statutory Auditors— Hitomi Nakayama, Jun Arima, and Koichi Tsuji— are Independent Outside Statutory Auditors. The Company requires a candidate for Independent Outside Statutory Auditor to satisfy the requirements of "Independent Statutory Auditor" stipulated by the Company. The aforementioned 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 the Tokyo Stock Exchange, they were registered by the Company as "Independent Auditor" at the said stock exchange. The contents of the requirements of "Independent Statutory Auditor" stipulated by the Company can be viewed at the Company's website: (https://www.teijin.com/ir/management/governance/requirements/).

Note 4: Full-time Statutory Auditor Masanori Shimai and Statutory Auditor Koichi Tsuji have extensive 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 Koichi Tsuji is qualified as a Certified Public Accountant.

Note 5: Statutory Auditor Hitomi Nakayama is qualified as a lawyer and has ample knowledge of compliance and risk management.

Note 6: The following Directors and Statutory Auditor retired as of June 21, 2023 upon expiration of their term of office.

Director Jun Suzuki

Director Akihisa Nabeshima

Director Toshiya Koyama

Director Yukako Uchinaga

Statutory Auditor Gen Ikegami

Note 7: Changes in posts and duties of Directors during FY2023 are as follows.

Name	New post	Former post	Date of transfer
Jun Suzuki	Senior Advisor and Member of the Board	Chairperson of the Board	April 1, 2023
Akihisa Nabeshima	Mission Executive and Member of the Board Assistant to President	Senior Executive Officer, Representative Director of the Board Chief Financial Officer	April 1, 2023
Toshiya Koyama	Mission Executive and Member of the Board Assistant to Chief Sustainability Officer (responsible for Safety Promotion Project)	Director, Executive Officer Chief Social Responsibility Officer Responsible for Corporate Audit Department	April 1, 2023
Eiji Ogawa	Senior Executive Officer, Representative Director of the Board CFO (Chief Financial Officer) Responsible for the Procurement and Logistics Division	Director, Executive Officer President, Material Business of Teijin Group	April 1, 2023
Naohiko Moriyama	Director, Senior Executive Officer Chief Officer, Corporate Strategy	Director, Executive Officer Chief Officer, Corporate Strategy	April 1, 2023
Noboru Yamanishi	Executive Officer, Teijin Group Chief Sustainability Officer Responsible for Engineering	Corporate Officer, Teijin Group General Manager, Resin and Plastic Processing Business	April 1, 2023

	Division and Corporate Audit Department	Unit	
	Director, Executive Officer Chief Sustainability Officer Responsible for Engineering Division and Corporate Audit Department	Executive Officer, Teijin Group Chief Sustainability Officer Responsible for the Engineering Division and the Corporate Audit Department	June 21, 2023

Note 8: Changes in posts and duties of Directors since April 2024 are as follows.

Name	New post	Former post	Date of transfer
Noboru Yamanishi	Director, Executive Officer Chief Sustainability Officer Responsible for the Engineering Division	Director, Executive Officer Chief Sustainability Officer Responsible for the Engineering Division and the Corporate Audit Department	April 1, 2024

(2) Limited Liability Agreements

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

(3) Directors and Officers Liability Insurance (D&O insurance)

The Company has concluded a liability insurance contract with an insurance company for its directors, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured parties under the insurance contract includes Directors, Statutory Auditors and Corporate Officers of the Company and Directors and Statutory Auditors of Teijin Pharma Limited. Under said insurance contract, the legally mandated amount of indemnification and litigation expenses caused by the performance or omission of the insured's duties, will be covered. However, claims for damages caused deliberately or through gross negligence will not be covered. Note that the full amount of the insurance premiums is shouldered by the Company and Teijin Pharma Limited.

(4) Compensation, etc. for Directors and Statutory Auditors

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

The outline of the content of the decision policy regarding the content of individual compensation, etc. of our Directors is as follows. Note that the said decision policy is decided by a resolution of the Board of Directors after deliberation by the Compensation Advisory Committee.

The activities of the committee, etc. for deliberations and decisions regarding remuneration of Directors in FY2023 are as follows.

The Board of Directors met four (4) times and the Compensation Advisory Committee met eight (8) times

a) Basic policy for compensation 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 performance, 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 compensation levels and content to act as an incentive to secure high-quality management human resources

b) Compensation level

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

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

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

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

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

d) Composition ratio of compensation

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

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

e) Performance indicators for variable compensation

i) Performance-based compensation (cash)

In FY2023, to ensure that the Company returns to growth for the future as promoted in the “Teijin Group Reforms for Profitability Improvement,” we have set “consolidated ROE,” “operating income” and “individual performance targets” (including in-house Group CO_2 emissions, lost time injury frequency rate, Diversity & Inclusion and employee satisfaction as common non-financial targets for officers) as performance indicators for performance-based compensation (cash).

For targets and results, etc. of FY2023 performance indicators, please refer to 5) a).

ii) Performance Share Units (PSU)

To motivate directors to realize an improvement in corporate value and shareholder value in the medium- to long-term, the Company employed “consolidated ROE,” “consolidated ROIC based on operating income” and “TSR” as performance indicators for Performance Share Units (PSU) in FY2023. The targets for “consolidated ROE” and “consolidated ROIC based on operating income” are figures the Company should aim for over the medium-term. The Company continued to employ “TSR” as a performance indicator to build awareness among management from the perspective of the stakeholders.

For targets and results, etc. of FY2023 performance indicators, please refer to 5) b).

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

i) Fixed compensation:

・Basic compensation (cash)

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

・Restricted Stock (RS)

With the maximum annual amount of ¥70 million (maximum annual number of shares is 50,000), around July or August of each year, a certain number of shares determined based on position and job grade will be allotted with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders.

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

ii) Variable compensation:

・Performance-based compensation (cash)

Performance-based compensation (cash) is calculated based on position and job grade, the achievement level of the performance indicators, and the individual performance evaluation of Directors, and paid out by the end of June as a year-end lump sum.

Additionally, new performance evaluation periods and performance evaluation indicators, etc. will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

・Performance Share Units (PSU)

With the maximum annual amount of ¥300 million (maximum annual number of shares is 200,000), around July or August of each year, the number of shares calculated based on the achievement level of one or more performance indicators set by the Board of Directors applicable to performance evaluation periods comprised of one or more fiscal years will be allotted after conclusion of the performance evaluation 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. Additionally, following the conclusion of the initial performance evaluation period, new performance evaluation periods and performance indicators, etc. will be subsequently set within the scope that has received approval via a resolution of the General Meeting of Shareholders.

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

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

No applicable matters.

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

Compensation for Directors shall be decided after being deliberated by the Compensation Advisory Committee, being proposed to the Board of Directors and after full consideration of the proposal by the Board of Directors.

2) Reasons the Board of Directors Determined the Content of Compensation, etc., for Individual Directors for FY2023 were in Conformity with the Decision Policy

In determining the content of remuneration for individual Directors, the Compensation Advisory Committee considered the matter including the alignment with the decision policy regarding the original draft of the proposal before submitting it to the Board of Directors and then the Board of Directors then gave full consideration and resolved the said proposal. Consequently, the Board of Directors determined that the content is in conformity with the decision policy.

3) Resolutions of General Meeting of Shareholders Regarding Compensation, etc. for Directors and Statutory Auditors

The amount of monetary compensation, etc. for Directors of the Company shall be ¥630 million or less per year (of which 100 million yen or less per year is for Outside Directors), and the total maximum amount of compensation, etc. for granting Restricted Stock (RS) shall be ¥70 million per year (maximum annual number of shares is 50,000). For the allotment of Performance Share Units (PSU), the total maximum annual amount shall be ¥300 million (maximum annual number of shares is 200,000). These amounts of compensation were resolved by 155th Ordinary General Meeting of Shareholders held on June 23, 2021. As of the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors totaled 10 (including four Outside Directors).

At the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999, it was resolved that the maximum amount of compensation for Statutory Auditors of the Company shall be ¥12 million per month. The number of Statutory Auditors after the conclusion the said Ordinary General Meeting of Shareholder totaled five.

4) Remuneration for Directors and Statutory Auditors for FY2023

(persons; millions of yen)

	Total amount of compensation, etc.	Total amount of compensation, etc., by type				Number of applicable officers
		Basic compensation (cash)	Performance-based compensation (cash)	Restricted Stock (RS)	Performance Share Units (PSU)	
Directors (Excluding Outside Directors)	248	184	28 (Note 1)	35 (Note 2)	— (Note 3)	7
Outside Directors	72	72	— (Note 4)	— (Note 4)	— (Note 4)	5
Statutory Auditors (Note 5)	76	76	—	—	—	2

(Excluding Outside Statutory Auditors)						
Outside Statutory Auditors (Note 5)	41	41	－	－	－	4

Note 1: Performance-based compensation (cash) of ¥28 million is an estimated amount to be paid by the end of June 2024 to the four (4) Internal Directors who were appointed at the 157th Ordinary General Meeting of Shareholders held on June 21, 2023, and two (2) of the three (3) Outside Directors who retired upon the conclusion of the said General Meeting of the Shareholders.

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

Note 2: Restricted Stock (RS) of ¥35 million is the amount of compensation for granting Restricted Stock (RS) in July 2023 to four (4) Internal Directors appointed at the 157th Ordinary General Meeting of Shareholders held on June 21, 2023.

Note 3: Since the targets for FY2023 were not achieved for performance indicators indicated in 5) b), there is no compensation amount for granting Performance Share Units (PSU).

Note 4: Performance-based compensation(cash), Restricted Stock (RS) and Performance Share Units (PSU) were not granted to Outside Directors.

Note 5: Compensation for Statutory Auditors is determined through discussions among Statutory Auditors.

5) Matters Regarding Performance-based Compensation, etc.

a) Performance-based compensation (cash)

After selecting the indicators stated in 1) e) i) as performance indicators, the amount of performance-based compensation for each Internal Director was calculated based on the achievement level etc. of the target, and the performance evaluation of individual Directors.

The results against the performance indicators for FY2023 showed that consolidated ROE and operating income were below the standard targets as shown in the table below. Consequently, the payment rate of Performance-based compensation (cash) in FY2023 is expected to be 35% of the standard amount (the amount to be paid when all standard targets are achieved for each performance indicator) of Performance-based compensation (cash).

As stated in Note 1 of 4), regarding Performance-based compensation (cash) to be provided to the four Internal Directors appointed at the 157th Ordinary General Meeting of Shareholders held on June 21, 2023, and two (2) of the three (3) Internal Directors who retired at the same shareholders' meeting, there were offers for partial decline of the acceptance (reduction) (totaling ¥24 million for all of four Directors) of Performance-based compensation (cash) from all of four Internal Directors. Consequently, Performance-based compensation (cash) for these four Directors was calculated by reducing the offered amount. The payment rate for Performance-based compensation (cash) before the reduction is 64%, but it is expected to be 35% after the reduction measure.

Performance indicators	Standard targets (Note 2)	Results
Consolidated ROE	3%	2.4%

Operating income	¥35 billion	¥13.5 billion
Individual performance targets	The Company has set individual performance targets including non-financial indicators (in-house Group CO_2 emissions, lost time injury frequency rate, Diversity & Inclusion, employee satisfaction).	Based on performance evaluation of individual Directors

Note2: The standard targets for consolidated ROE and operating income are figures in the earnings forecast as of the beginning of the fiscal year (announced in May 2023).

b) Performance Share Units (PSU)

Ⅰ. Details of performance indicators and reasons for the selection

As described in 1) e) ii).

Ⅱ. The amount or calculation method of Performance Share Units

The Company calculated the number of shares to be granted to each Internal Director concurrently serving as Corporate Officer based on the achievement level of the targets for performance indicators stated in 1) e) ii).

Ⅲ. Results for performance indicators

The results against the performance indicators for FY2023 fell short of the standard targets for FY2023 as shown in the table below. As a result, Performance Share Units (PSU) were not granted for the duties executed during the performance evaluation period.

Performance indicators	Targets	Results	Performance evaluation period
Consolidated ROE	10% or above	2.4%	One year
Consolidated ROIC based on consolidated operating income	8% or above	1.6%	
TSR	The Company’s TSR >= Benchmark TSR	Target unachieved	

Note: The standard targets for “consolidated ROE” and “consolidated ROIC based on consolidated operating income” are figures the Company should aim for over the medium-term.

6) Matters Regarding Non-monetary Compensation, etc.

a) Restricted Stock (RS)

The details of the stock compensation issued during FY2023 are as follows.

Category	Class and number of shares	Number of persons
Internal Directors who concurrently serve as Corporate Officers	Ordinary shares of the Company 25,235 shares	4

Note: The above stock compensation was not granted to the Internal Directors who do not concurrently serve as Corporate Officers, Outside Directors and Statutory Auditors.

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).

7) Revision of the Restricted Stock Plan and Performance Share Units Plan and Review of Performance Indicators in FY2024

If the Revision of the Restricted Stock Plan and Performance Share Units Plan for Directors, in Line With the Revision of the Compensation System for Executive Officers (revised plans are hereinafter referred to as the “New Plan”) in Proposal 3 on Proposals of the Notice of Convocation is approved as originally proposed, the outline for the decision policy for compensation, etc. for individual directors will be changed as follows.

(changes are underlined):

a) Basic policy for compensation plan

i) The plan should incentivize the achievement of short-term and medium- to long-term management targets, and enhance awareness of contributing to a medium- to long-term increase in earnings and corporate value

ii) The plan should be closely linked to company performance, and be highly transparent and objective

iii) The plan should be primarily focused on enhancing value shared with the interests of stakeholders and shareholder-focused management awareness

iv) The plan should maintain sufficient compensation levels and content to act as an incentive to globally secure high-quality management human resources

b) Compensation level

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

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

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

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

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

d) Composition ratio of compensation

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

Position	Fixed compensation	Variable compensation			Total compensation
	Basic compensation	Performance-based compensation	Restricted Stock	Performance Share Units	

President and Representative Director	45%	20%	10%	25%	100%
Other directors	50%	25%	10%	15%	100%

* Under the New Plan, as stated in c) i) above, Restricted Stock (medium- to long-term incentive compensation) is considered variable compensation as the asset value of compensation fluctuates with share price fluctuations. The composition ratio of compensation will remain the same.

e) Performance indicators for performance-based compensation etc.

i) Performance-based compensation

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

ii) Performance Share Units

To motivate Directors to realize an improvement in corporate value and shareholder value in the medium to long term, the Company employs “ROE,” “TSR,” and “Sustainability” as performance indicators. The target for “ROE” is the figure the Company should aim for over the medium term. The Company continues to employ “TSR” as a performance indicator to build awareness among management from the perspective of the shareholders. In addition, in order for the Company to achieve its long-term vision of becoming a “Company that Supports the Society of the Future,” the Company has also set non-financial indicators for sustainability (environment, DE&I, and employee engagement) as performance indicators for each Internal Director concurrently serving as Corporate Officer.

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

i) Fixed compensation:

・Basic compensation

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

ii) Variable compensation:

・Performance-based compensation

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

・Restricted Stock

Around July or August of each year, shares and share units equivalent to the standard amount determined based on position and job grade will be allotted with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. As a general rule, the transfer restrictions on granted shares are lifted upon retirement from a position designated in advance by the Board of Directors. Regarding monetary compensation based on stock units, it is typically provided in cash by multiplying the number of granted stock units by the market price of the Company’s common share at the time of transfer restriction removal. The upper limit shall be ¥35 million (25,000 shares) per fiscal year for the stock portion and ¥35 million per fiscal year for the share units portion, and the total maximum amount of cash to be paid based on the share units shall be ¥35 million per fiscal year.

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

・Performance Share Units

Around July or August of each year, the number of shares and share units calculated based on the achievement level of one or more performance indicators set by the Board of Directors applicable to the performance evaluation periods comprised of one or more fiscal years will be allotted after conclusion of the evaluation performance period set for each performance indicator, with transfer restrictions and other conditions within the scope of approval determined via a resolution of the General Meeting of Shareholders. As a general rule, the transfer restrictions on granted shares are lifted upon retirement from a position designated in advance by the Board of Directors. Regarding monetary compensation based on stock units, it is typically provided by multiplying the number of granted stock units by the market price of the Company's common shares at the time of transfer restriction removal. The upper limit shall be ¥150 million (100,000 shares) per fiscal year for the stock portion and ¥150 million per fiscal year for the share units portion, and the total maximum amount of cash to be paid based on the share units shall be ¥150 million per fiscal year. For performance indicators and performance evaluation period for the initial target period, please refer to Table 1 below.

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

Table 1 the performance evaluation criteria and evaluation period for Performance Share Units

Performance indicators	Target	Composition ratio (For one (1) year)	Performance evaluation period	Timing of share allotment of shares and share units
ROE	10%	40%	One year	Annually
TSR	Benchmark TSR	30%		
Sustainability (Environment, DE&I and employee engagement)	Medium-term target	30%	Two years	The year following the final year of the medium-term management plan (The number of shares and share units to be allotted for the performance evaluation period is calculated in a lump sum by multiplying the number of years in the performance evaluation period during the process of calculating the number of

				shares and share units to be allotted)

However, all of the contents above are those planned as of the start of the New Plan, and the contents (including performance indicators, targets, performance evaluation period, composition ratio, etc.) are subject to change by the decision of the Board of Directors during the initial target period within the scope that has received approval via a resolution of the General Meeting of Shareholders. Furthermore, new standards will be established after the end of the initial target period.

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

No applicable matters.

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

Compensation for members of the Board of Directors shall be decided after being deliberated by the Compensation Advisory Committee, being proposed to the Board of Directors and after full consideration of the proposal by the Board of Directors.

7. Matters Concerning the Outside Directors and the Outside Statutory Auditors

(1) Status of Significant Concurrent Positions (As of March 31, 2024)

Category	Name	Significant Concurrent Positions
Outside Director	Yoichi Suzuki	Outside Director, KAJIMA CORPORATION
	Masaru Onishi	Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills Incorporated Outside Director, Benesse Holdings, Inc.
	Masaaki Tsuya	External Advisor, Bridgestone Corporation
	Tamie Minami	Outside Director, Santen Pharmaceutical Co., Ltd.
Outside Statutory Auditors	Hitomi Nakayama	Partner lawyer, KASUMIGASEKI-SOGO LAW OFFICES Outside Director, ROYAL HOLDINGS Co., Ltd. Outside Statutory Auditor, JAPAN POST Co., Ltd.
	Jun Arima	Project Professor, Graduate School of Public Policy, University of Tokyo
	Koichi Tsuji	Outside Director, Mitsubishi UFJ Financial Group, Inc. Outside Director, Maruichi Steel Tube Ltd.

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

(2) Main Activities in FY2023

Category	Name	Summary of advice given and duties performed as expected of outside directors	Participation in the Board of Directors and Board of Statutory Auditors Meetings
Outside Director	Yoichi Suzuki	・He offered valuable comments based on 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 meetings. ・As the Chairperson of the Compensation Advisory Committee, he made appropriate statements regarding reform of the compensation system and evaluation of the performance of the CEO and Directors, etc. ・As a member of the Nomination Advisory Committee, made useful comments on the selection of candidates for Directors and executive officers, the human resources system for officers, and the plan to develop CEO successor candidates. ・As a member of the Advisory Board, gave insightful advice on matters related to overall management.	The Board of Directors 13/13 (100%)
	Masaru Onishi	・He offered valuable comments from his extensive management experience and knowledge at appropriate opportunities as well as at the Board of Directors meetings. ・He served as Chairperson of the Board of Directors as part of separation of monitoring/supervision and execution. He vitalized the Board of Directors of the Company and endeavored to secure effectiveness and improve function of the Board. ・As the chairperson of the Advisory Board, gave insightful advice on matters related to overall management. ・As a member of the Nomination Advisory Committee, made useful comments on the selection of candidates for Directors and executive officers, the human resources system for officers, and the plan to develop CEO successor candidates. ・As a member of the Compensation Advisory Committee, made appropriate statements regarding reform of the compensation system and evaluation of the performance of the CEO and Directors, etc.	The Board of Directors 13/13 (100%)
	Masaaki Tsuya	・He offered valuable comments from his extensive management experience and knowledge at appropriate opportunities as well as at the Board of Directors meetings. ・As the chairperson of the Nomination Advisory Committee, made useful comments on the selection of candidates for Directors and executive officers, the human resources system for officers, and the plan to develop CEO successor candidates. ・As a member of the Compensation Advisory Committee, made appropriate statements regarding reform of the compensation system and evaluation of the performance of the CEO and Directors, etc. ・As a member of the Advisory Board, gave insightful advice on matters related to overall management.	The Board of Directors 13/13 (100%)

	Tamie Minami	・Made valuable comments based on her extensive experience and knowledge gained in a global company in the Board of Directors meetings and other appropriate opportunities. ・As a member of the Nomination Advisory Committee, made useful comments on the selection of candidates for Directors and executive officers, the human resources system for officers, and the plan to develop CEO successor candidates. ・As a member of the Compensation Advisory Committee, made appropriate statements regarding reform of the compensation system, etc. ・As a member of the Advisory Board, gave insightful advice on matters related to overall management.	The Board of Directors 10/10 (100%)
Outside Statutory Auditors	Hitomi Nakayama	She offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions concerning compliance and risk management.	The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
	Jun Arima	He offered valuable advice and suggestions on the environmental management that the Company has aimed for, including maintaining and improving compliance.	The Board of Directors 13/13 (100%) The Board of Statutory Auditors 12/12 (100%)
	Koichi Tsuji	He offered professional opinions as a certified public accountant as well as beneficial statements and suggestions on matters such as portfolio reforms and risk management.	The Board of Directors 10/10 (100%) The Board of Statutory Auditors 9/9 (100%)

8. Matters Concerning the Accounting Auditors

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) The amount of compensation (Millions of yen)

Details	Amount
1) The amount of compensation the Company should pay the accounting auditor	189
2) The total amount of monetary or other economic benefit to be paid by the Company and its subsidiaries to the accounting auditor	332

Note 1: The amount of remuneration in 1) is the total amount since, in the audit contract between the Company and the accounting auditor, there is no clear division between the amount of compensation for audits under the Companies Act and the amount of compensation stated under the Financial Instruments and Exchange Act.

Note 2: 14 companies, including Teijin Aramid B.V., among the Company's significant subsidiaries were audited by auditing firms other than the accounting auditor.

Note 3: The Board of Statutory Auditors, taking into account the scale and attributes of the Company, confirmed and examined the content of the accounting auditor's audit plans, the accounting auditor's execution of duties and the basis for its calculation of compensation estimates. Consequently, in accordance with Article 399, Paragraph 1 of the Companies Act, the Board of Statutory Auditors consented to the compensation for the accounting auditor.

(3) Decision policy for the dismissal or non-reappointment of the accounting auditor

It is the policy of the Board of Statutory Auditors that it will dismiss an accounting auditor in accordance with the consent of all Statutory Auditors when the accounting auditor is found to fall under any of the items in Article 340, Paragraph 1 of the Companies Act.

Also, in addition to the above, the Board of Statutory Auditors will determine the details of any proposal for dismissal to be submitted to the General Meeting of Shareholders if it is recognized that a situation has arisen at the accounting auditor that triggers a serious hinderance to the auditing work of the Company, or the details of any proposal for non-reappointment to be submitted to the General Meeting of Shareholders if it is recognized that Company needs to change the accounting auditor given the independence, credibility or execution of duties, etc. on the part of the accounting auditor.

9. Summary of a System to Secure Proper Operations and the Status of Use of Said System

(1) Resolutions on Basic Systems for Internal Control

The Company adopted the "Resolutions on Basic Systems for Internal Control" at the Board of Directors meeting held on March 29, 2024. The content of the resolutions is posted on the Company's website (https://www.teijin.com/ir/management/governance/resolution/). A summary is as follows.

1) Systems for Ensuring the Compliance with Laws and the Articles of Incorporation in the Performance of Duties by Directors, Officers and Employees of the Company and its Subsidiaries

The Company has established basic principles for compliance in the Teijin Group's Corporate Governance Guide.

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

The representative directors, other executive directors and corporate officers shall take the initiative and set good examples in observing laws, the Articles of Incorporation, social rules and ethics, and shall promote compliance awareness among directors, officers and employees of Teijin and its subsidiaries. In order to supervise the entire Teijin Group's compliance and identify and address any potential issues, the Company appoints a Chief Sustainability Officer as the officer in charge of compliance.

The directors, officers and employees of the Company and its subsidiaries shall be required to report to a Teijin entity or to the holding company, i.e. Teijin Limited, any significant violations of laws or other serious information concerning compliance, in accordance with Regulations for Teijin Group Corporate Ethics and others. Chief Sustainability Officer shall direct and supervise investigations to confirm such facts and, upon consultation with CEO, determine appropriate measures.

The Company shall provide necessary means for directors, officers, employees and business partners to directly report any violation or suspicion of non-compliance in the Company or its subsidiaries. The Company shall establish and operate a reporting and consultation hotline. The anonymity of the caller shall be protected, and any repercussions to the caller shall be prevented. 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 receive audits of their performance of duties by statutory auditors and will respect any advice or recommendations received from the statutory auditors.

The Company has established the Corporate Audit Department, directly supervised by the CEO, to perform internal auditing of the Teijin Group's business operations and conduct evaluation of the internal control system and propose its improvement.

The Teijin Group shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. The Chief Sustainability Officer is appointed as the person in charge of dealing with antisocial forces. The Chief Sustainability Officer, in cooperation with the Chief Human Resources Officer, shall establish response policies, etc., and thoroughly inform directors, officers and employees of the Company and its subsidiaries.

At least four independent outside directors shall be appointed as members of the Board of Directors in order to further ensure the validity of the decisions made by the Board of Directors in principle. These outside directors must satisfy the requirements for independence set forth by Teijin.

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 (TRM) system to deal with every risk that may threaten the mission of achieving sustainable business development of the Teijin Group.

The TRM Committee (Refer to aforementioned "2(2)7) . Total Risk Management") shall mainly deal with both the Teijin Group's operational risks and strategic risks, and shall propose basic policies and annual plans related to TRM to the Company's Board of Directors. The Chief Sustainability Officer, in charge of operational risks, shall undertake groupwide efforts for the Teijin Group to enhance the risk management system, identify problems and deal with risks upon occurrence thereof. The CEO shall assess the strategic risks of the Teijin Group, and present the assessment to the Board of Directors, etc. of the Company, so that the directors can use it in the course of making managerial decisions.

In addition, the Chief Sustainability Officer shall implement necessary measures to ensure the continuation of businesses of the Teijin Group in the face of risks arising from disasters, the inappropriate performance of duties by directors, officers and employees, and the technical problems in critical IT systems.

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

The Company shall establish the Group Regulations to provide the necessary rules and guidelines for the Group to ensure the efficient performance of duties throughout the Teijin Group.

The Board of Directors of Teijin shall have representative directors, etc. execute business operations, and the matters delegated to the representative directors, etc. shall be determined by the organization and in compliance with the procedures stipulated by internal regulations. These regulations shall be revised as necessary to reflect any revision and/or abolition of laws and/or to increase efficiency.

The Board of Directors of Teijin shall organize the basic structure of the Teijin Group, and shall promote efficient management and supervision of these organizational bodies.

The Company shall formulate the Group medium-term management plan, and each fiscal year it shall formulate short-term management plans and the Group's entire key management targets and budgets, and check their progress, in order to realize the medium-term management plan.

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

The Company shall establish the Group Regulations to provide the necessary rules and guidelines for the Group to ensure appropriate business operations throughout the Teijin Group. Each Teijin Group company shall establish its own regulations based on the Group Regulations, and shall use appropriate processes for deciding on important issues.

The Company shall discuss important matters concerning Teijin Group companies at its Group meeting and other meetings, and shall require Teijin Group companies to make reports.

The Representative Director and other officers shall provide necessary instructions to ensure that Teijin Group companies have appropriate internal control systems.

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

The Statutory Auditors of the Company shall establish appropriate systems, such as those for close cooperation with outside accounting auditors and the 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 general internal control system over financial reporting covering the general operation of the Teijin Group and specific internal control systems covering individual operational processes, which shall be properly and efficiently operated and assessed.

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

Directors shall preserve and manage, in an appropriate manner and in accordance with the relevant internal regulations, documents related to the execution of their duties, including the minutes of General Meetings of Shareholders and minutes of the Board of Directors meetings, and other important information. The CEO shall be responsible for monitoring and supervising the preservation and management of these documents and information. Documents related to the performance of director duties shall be preserved for at least ten (10) years, and shall be accessible whenever necessary.

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

The Teijin Group Auditors Office, under the supervision of a full-time Statutory Auditor, shall be put in place as an organization to assist with the duties of the Statutory Auditors. In principle, the number of members of the Teijin Group Auditors Office shall be two or more. Note that members of the Teijin Group Auditors Office may also concurrently serve as a Statutory Auditor of a Teijin Group company. However, they shall not concurrently hold positions related to the execution of operations at a Teijin Group company.

To secure the independence of members of the Teijin Group Auditors Office, all decisions concerning personnel issues affecting the members require the prior consent of full-time Statutory Auditors, and full-time Statutory Auditors shall assess the performance of the members.

7) Systems for Reporting to Statutory Auditors by Directors, Corporate Officers and Employees of Teijin and its Subsidiaries, and Other Systems for Reports to Statutory Auditors

Full-time Statutory Auditors of the Company 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, etc. 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.

Directors, officers and employees of the Company and its subsidiaries shall report to a Statutory Auditor of the Company as soon as they discover a significant decline in Company's credibility, serious adverse effects on the performance of the Company, significant damage related to the environment, safety and health (ESH) or product liability (PL), serious violations of internal rules and other similar events.

Directors, officers and employees of Teijin 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) Systems for Ensuring that Persons Reporting to the Statutory Auditors Are Not Subject to Unfair Treatment Because of Such Reporting

The Teijin Group stipulates in the Regulations for Teijin Group Corporate Ethics that no person shall be treated unfairly because of reporting or notifying illegal or unethical conduct and so forth.

9) Policy Regarding Processing of Expenses and Liabilities Arising with Respect to the Statutory Auditors' Performance of Duties, Prepayment of Expenses, and Reimbursement Procedures

The Company shall bear the expenses and liabilities required for the Statutory Auditors' performance of duties, and shall promptly respond to requests for pre-payment of expenses in accordance with the Companies Act after confirmation.

10) Other Systems for Ensuring that the Audits of Statutory Auditors Are Conducted Effectively

The majority of members sitting on the Board of Statutory Auditors shall be Independent Outside Statutory Auditors who satisfy the independence requirements set by the Company, thereby ensuring transparency.

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

(2) Overview of the use of the internal control system

An overview of the use of the internal control system in FY2023 in accordance with the “Resolutions on Basic Systems for Internal Control” is as follows.

1) Operations related to legal compliance

The Company shall post the Teijin Group’s Corporate Governance Guide, which stipulates the basic principles for compliance, and related regulations for putting those basic principles into practice on the Company intranet. In addition, the Company has designated October of each year as Corporate Ethics Month and plans to make compliance common knowledge, including by holding in-house training. Also, when making important decisions, we aim to avoid violating laws and regulations by confirming with related dedicated departments.

The Company has set up a compliance promotion organization under the Chief Sustainability Officer and is working to grasp and address issues across the Teijin Group. Moreover, the Chief Sustainability Officer shall appropriately handle important compliance issues reported by directors, officers and employees at the Company and its subsidiaries in accordance with the Regulations for Teijin Group Corporate Ethics, etc., which stipulate rules for reporting and responding to violations. These matters shall be reported regularly to the Members of the Board and Statutory Auditors.

The Company has established an internal reporting system, including a compliance hotline, that facilitates anonymous reporting. Consultations by domestic and overseas group companies are properly handled, including the protection of whistleblowers. We are working to ensure thorough awareness through the disclosure of the response status on the Company intranet, etc. twice a year.

The Company respects and appropriately responds to matters pointed out by Statutory Auditors in Statutory Auditor audits and evaluations of the maintenance and operations of the internal control system. In accordance with the annual plan, the Corporate Audit Department of the Company conducts internal audits across the Teijin Group and reports the audit results to the Members of the Board and the Statutory Auditors.

The Company has established a policy for responding to anti-social forces in its Code of Conduct, and is working to ensure thorough awareness of this policy through Corporate Ethics Month and other events.

2) Operations related to loss risk management

The Board of Directors of the Company receives reports from the TRM Committee on proposals for TRM basic policies and annual plans, as well as the status of such risk occurring and the status of response. The Board of Directors is establishing a system to manage important risks and for business continuity.

The Chief Sustainability Officer regularly evaluates and monitors operational risks, and continuously verifies the validity of risk extraction and countermeasures.

At important meetings, including Board of Directors meetings, the Company evaluates matters for deliberation factoring into the results of a strategic risk assessments conducted in accordance with internal regulations.

The Company, to ensure the continuity of its business, is establishing necessary manuals and a system prepared for emergencies, including holding regular drills.

The Company has also established separate rules for the "protection of personal information" and "information security," and implements various in-house training and measures to strengthen security in an effort to prevent the risk of information leaks.

3) Operations related to ensuring effectiveness

The Company posts the Group Regulations on the Company intranet to ensure thorough awareness. The Company, in accordance with internal regulations, is clarifying its management structure, division of duties, responsibilities and authority, and aims for efficient and effective business execution.

4) Operations related to internal controls as a corporate group

The Company regularly conducts self-inspections regarding the establishment and operation of an internal control system, and provides ongoing guidance to each Teijin Group company pertaining to the maintenance of the internal control system, including regulations, meeting bodies, and reporting systems.

The Statutory Auditors of the Company, to promote fair and efficient auditing activities in the Teijin Group, regularly carry out Committee of Teijin Group Statutory Auditors meetings. They also work closely with the accounting auditor and the Corporate Audit Department by attending accounting auditor reporting sessions and reporting the results of operational audits.

5) Operations related to storing information

The Directors of the Company shall properly store and manage important documents related to the execution of duties in accordance with internal regulations.

6) Operations to ensure the effectiveness of audits by Statutory Auditors

The Company has established the Teijin Group Auditors Office. The staff members of the Teijin Group Auditors Office are engaged in audit-related support work based on the instructions and orders of the Statutory Auditors.

The Company's full-time Statutory Auditors attend important meetings at the Company and its major subsidiaries, and receive reports on the status of business execution from the representative directors, executive directors and corporate officers who attend these meetings.

The Chief Sustainability Officer reports to meeting members, including the Statutory Auditors, individually or through important meetings as soon as a matter designated to be important is discovered, including whistle-blowing via hotlines.

Directors, officers and employees of the Company and its subsidiaries appropriately respond to requests from Statutory Auditors and take steps to ensure the effectiveness of audits carried out by Statutory Auditors.

10. Basic Policy on Corporate Control

(1) Basic Policy Regarding the Company's Shareholders

(Basic policy regarding those who control decisions on the company's financial and business policy)

The Company believes that the ideal situation for its shareholders is determined based on free trade in the market. Consequently, decisions, such as whether to comply with an acquisition proposal that would accompany a transfer of the Company's control, should ultimately be made based on the wishes of all shareholders.

However, it is envisaged that a part of a large-scale acquisition of the Company's shares or an acquisition proposal may include "the likelihood of causing obvious harm to the corporate value of the Company and therefore the common interests of the shareholders," "the possible threat to compel shareholders to sell their shares," and "cases where the compensation for the acquisition is insufficient in view of the corporate value of the Company." The Company believes that an entity that engages in such a large-scale acquisition or proposes such an acquisition is not appropriate, as an exceptional circumstance, to control decisions on the Company's financial and business policies.

(2) Initiatives that contribute to the realization of this basic policy

The Company, to ensure that many institutional investors continue to invest in the Company over the long term, is already implementing the following measures as actions to improve its corporate value, and by extension the common interests of its shareholders. We believe these actions will contribute to the realization of the Basic Policy in (1) above.

1) Initiatives to improve profit

The Teijin Group announced the "Teijin Group Medium-Term Management Plan 2024-2025" in May 2024. In the plan, the Group clarified that it will further embody its long-term vision of "a company that supports the society of the future", and will become a "company that prioritizes the health of the planet, protects the global environment, and supports a circular economy" through its business in the mobility, infrastructure and industry fields, and conduct its business as a "company that addresses issues of patients, families and communities in need of more support" mainly in the field of rare and intractable diseases. In addition, in FY2024, the Group will work on (i) Recovering earning power by completing the profitability improvement measures, (ii) Implementing business portfolio reforms, and (iii) Rebuilding the intangible global management base. For the specific details of these initiatives, please refer to "1. Matters Concerning the Current Status of the Teijin Group (corporate group), (8) Management Policy and Tasks Ahead," in the Notice of Convocation of the 158th Ordinary General Meeting of Shareholders.

2) Initiatives to improve corporate value through the strengthening of corporate governance

The Company has been promoting and undertaking the strengthening of corporate governance as an important matter, given it is an essential mechanism for improving corporate value, and by extension enhancing the common interests of shareholders. For the specific details of this, refer to aforementioned ""Corporate Governance System" in the Notice of Convocation of the 158th Ordinary General Meeting of Shareholders.

(3) Initiatives to prevent a person/entity deemed inappropriate from controlling decisions on the Company's financial and business policies in light of basic policies

The Company will continue to make requests of parties that conduct large-scale acquisitions of the Company's shares or are intending to carry out a large-scale acquisition for the provision of necessary and sufficient information so that shareholders can make proper decisions on the appropriateness of such large-scale acquisitions. In addition, the Company shall implement adequate measures in accordance with the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations, including the disclosure of the opinions, etc. of the Board of Directors of the

Company and steps to secure the time and information necessary for consideration by shareholders.

Please note that initiatives (2) and (3) above conform with the Basic Policy in (1) above. In addition, this is not detrimental to corporate value or the common interests of shareholders, and is not for the purpose of maintaining the position of the Company's directors.

11. Policy Regarding the Determination of Dividends from Retained Earnings

Taking into account "stable and sustainable dividends," the Company will flexibly conduct the repurchasing of its own shares, etc. depending on the situation. We aim to boost our dividends in line with earnings performance. We are targeting a payout ratio of 30% of profit attributable to owners of parent for the medium term.

◎ Dividends from surplus in FY2023: Based on the above policy, we decided the following for the fiscal year-end dividend for the 158th fiscal year. Reflecting this, our annual dividend will be 30 yen per share, which includes the interim dividend of 15 yen per share, which was implemented on December 1, 2023.

Fiscal year-end dividend: 15 yen per share

Date the dividends from surplus takes effect: May 30, 2024 (Thursday)

12. Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
< Assets >		
Current assets		
Cash and deposits	142,780	125,921
Notes	13,880	17,427
Accounts receivable-trade	169,668	183,252
Merchandise and finished goods	125,878	151,017
Work in process	15,596	15,372
Raw materials and supplies	55,252	64,774
Short-term loans receivable	11,298	14,098
Other current assets	79,451	52,539
Allowance for doubtful accounts	(462)	(897)
Total	**613,341**	**623,504**
Noncurrent assets		
Tangible assets		
Buildings and structures, net	76,961	77,601
Machinery and equipment, net	145,266	143,324
Land	43,855	43,228
Construction in progress	34,796	56,431
Other, net	46,979	49,445
Total	**347,857**	**370,029**
Intangible assets		
Goodwill	13,987	13,111
Sales rights	104,373	89,386
Other	42,190	42,789
Total	**160,550**	**145,287**
Investments and other assets		
Investment securities	82,139	68,226
Long-term loans receivable	2,453	1,036
Net defined benefit asset	7,967	9,296
Deferred tax assets	4,700	9,280
Other	24,613	25,844
Allowance for doubtful accounts	(1,185)	(1,479)
Total	**120,686**	**112,202**
Total noncurrent assets	**629,093**	**627,517**
Total assets	**1,242,433**	**1,251,021**

(Millions of yen)

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	103,041	100,439
Short-term loans payable	132,619	146,767
Current portion of long-term loans payable	75,278	40,242
Current portion of bonds	—	20,060
Income taxes payable	5,332	13,704
Accrued expenses	25,100	28,801
Other	73,466	74,669
Total	**414,836**	**424,682**
Noncurrent liabilities		
Bonds payable	105,000	85,030
Long-term loans payable	194,332	186,097
Net defined benefit liability	36,124	36,943
Asset retirement obligations	1,278	1,373
Lease obligations	18,933	17,527
Deferred tax liabilities	11,101	4,714
Other	9,745	12,722
Total	**376,513**	**344,406**
Total liabilities	**791,349**	**769,088**
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	103,160	103,211
Retained earnings	213,923	219,062
Treasury stock	(12,299)	(11,772)
Total	**376,617**	**382,332**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,640	13,922
Deferred gains or losses on hedges	527	453
Foreign currency translation adjustment	25,724	53,866
Remeasurements of defined benefit plans	1,474	3,536
Total	**48,365**	**71,778**
Subscription rights to shares	**682**	**474**
Non-controlling interests	**25,420**	**27,348**
Total net assets	**451,084**	**481,933**
Total liabilities and net assets	**1,242,433**	**1,251,021**

(2) Consolidated Statements of Income

(Millions of yen)

	FY2022 (Apr. 2022-Mar. 2023)	FY2023 (Apr. 2023-Mar. 2024)
Net sales	**1,018,751**	**1,032,773**
Cost of sales	770,615	757,000
Gross profit	**248,136**	**275,774**
Selling, general and administrative expenses	235,273	262,232
Operating income	**12,863**	**13,542**
Non-operating income		
Interest income	1,262	2,630
Dividends income	1,300	1,097
Equity in earnings of affiliates	—	7,336
Gain on valuation of derivatives	5,647	9,192
Miscellaneous income	978	1,419
Total	9,187	21,674
Non-operating expenses		
Interest expenses	7,084	10,782
Equity in losses of affiliates	1,105	—
Foreign exchange losses	3,028	6,166
Loss on valuation of derivatives	129	970
Contribution	247	199
Miscellaneous loss	1,357	1,535
Total	12,950	19,652
Ordinary income	**9,100**	**15,564**
Extraordinary income		
Gain on sales of noncurrent assets	5,875	348
Gain on sales of investment securities	5,482	18,626
Reversal of impairment losses	2,349	—
Insurance claim income	—	7,075
Other	222	2,105
Total	13,928	28,153
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,845	1,547
Loss on valuation of investment securities	3,703	371
Impairment loss	16,879	3,058
Loss on sales of stocks of subsidiaries and affiliates	—	6,857
Loss on disaster	982	1,680
Other	1,110	1,794
Total	24,518	15,307
Income (loss) before income taxes	**(1,490)**	**28,411**
Income taxes - current	12,109	24,921
Income taxes - deferred	2,228	(10,126)
Total	14,337	14,795
Profit (loss)	**(15,827)**	**13,615**
Profit attributable to non-controlling interests	1,868	3,017
Profit (loss) attributable to owners of parent	**(17,695)**	**10,599**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2022 (Apr. 2022-Mar. 2023)	FY2023 (Apr. 2023-Mar. 2024)
Profit (loss)	**(15,827)**	**13,615**
Other comprehensive income		
Valuation difference on available-for-sale securities	(607)	(6,813)
Deferred gains or losses on hedges	608	(74)
Foreign currency translation adjustment	11,845	27,408
Remeasurements of defined benefit plans, net of tax	1,688	1,962
Share of other comprehensive income of affiliates accounted for using equity method	382	837
Total	**13,916**	**23,320**
Comprehensive income	**(1,910)**	**36,936**
Comprehensive income attributable to :		
Owners of parent	(3,718)	34,011
Non-controlling interests	1,807	2,924

(3) Consolidated Statements of Changes in Net Assets

FY2022 (Apr. 2022 - Mar. 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2022	71,833	103,757	242,332	(12,729)	405,192
Changes of items during the period					
Dividends from surplus			(10,571)		(10,571)
Profit (loss) attributable to owners of parent			(17,695)		(17,695)
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(41)		155	114
Restricted stock compensation		(101)		281	180
Transfer of loss on disposal of treasury shares		142	(142)		－
Capital increase of consolidated subsidiaries		(597)			(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total	－	(597)	(28,408)	431	(28,574)
Balance at March 31, 2023	71,833	103,160	213,923	(12,299)	376,617

	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	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2022	21,192	(80)	13,549	(272)	34,388	803	24,429	464,811
Changes of items during the period								
Dividends from surplus								(10,571)
Profit (loss) attributable to owners of parent								(17,695)
Purchase of treasury stock								(5)
Disposal of treasury stock								114
Restricted stock compensation								180
Transfer of loss on disposal of treasury shares								－
Capital increase of consolidated subsidiaries								(597)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								0
Net changes of items other than shareholders' equity	(552)	608	12,175	1,746	13,977	(121)	991	14,847
Total	(552)	608	12,175	1,746	13,977	(121)	991	(13,727)
Balance at March 31, 2023	20,640	527	25,724	1,474	48,365	682	25,420	451,084

FY2023 (Apr. 2023 - Mar. 2024) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2023	71,833	103,160	213,923	(12,299)	376,617
Changes of items during the period					
Dividends from surplus			(5,292)		(5,292)
Profit (loss) attributable to owners of parent			10,599		10,599
Purchase of treasury stock				(15)	(15)
Disposal of treasury stock		(64)		257	192
Restricted stock compensation		(104)		285	181
Transfer of loss on disposal of treasury shares		168	(168)		–
Change in treasury shares of parent arising from transactions with non-controlling shareholders		50			50
Net changes of items other than shareholders' equity					
Total	–	50	5,138	527	5,715
Balance at March 31, 2024	71,833	103,211	219,062	(11,772)	382,332

	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	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2023	20,640	527	25,724	1,474	48,365	682	25,420	451,084
Changes of items during the period								
Dividends from surplus								(5,292)
Profit (loss) attributable to owners of parent								10,599
Purchase of treasury stock								(15)
Disposal of treasury stock								192
Restricted stock compensation								181
Transfer of loss on disposal of treasury shares								–
Change in treasury shares of parent arising from transactions with non-controlling shareholders								50
Net changes of items other than shareholders' equity	(6,718)	(74)	28,142	2,062	23,412	(207)	1,928	25,132
Total	(6,718)	(74)	28,142	2,062	23,412	(207)	1,928	30,849
Balance at March 31, 2024	13,922	453	53,866	3,536	71,778	474	27,348	481,933

(Reference)Consolidated Statements of Cash Flows

(Million yen)

	FY2022 (Apr. 2022-Mar. 2023)	FY2023 (Apr. 2023-Mar. 2024)
Cash flows from operating activities		
Income (loss) before income taxes	(1,490)	28,411
Depreciation and amortization	74,918	78,885
Impairment loss	16,879	3,058
Increase (decrease) in net defined benefit liability	556	2,315
Decrease (increase) in net defined benefit asset	(54)	(1,014)
Increase (decrease) in allowance for doubtful accounts	(33)	641
Interest and dividends income	(2,562)	(3,728)
Interest expenses	7,084	10,782
Equity in (earnings) losses of affiliates	1,105	(7,336)
Loss (gain) on valuation of derivatives	(5,518)	(8,222)
Loss (gain) on sales and retirement of noncurrent assets	(4,030)	1,199
Loss (gain) on sales of investment securities	(5,468)	(11,737)
Loss (gain) on valuation of investment securities	3,703	371
Insurance claim income	—	(12,544)
Subsidy income	—	(1,639)
Decrease (increase) in notes and accounts receivable-trade	16,528	(6,510)
Decrease (increase) in inventories	(26,548)	(21,611)
Increase (decrease) in notes and accounts payable-trade	(3,055)	(11,187)
Other, net	7,696	9,867
Subtotal	79,712	50,003
Interest and dividends income received	9,409	16,772
Interest expenses paid	(6,836)	(10,749)
Proceeds from insurance income	—	12,544
Proceeds from subsidy income	—	1,639
Income taxes paid	(27,199)	(758)
Net cash and cash equivalents provided by operating activities	**55,086**	**69,451**
Cash flows from investing activities		
Purchase of property, plant and equipment	(51,512)	(58,112)
Proceeds from sales of property, plant and equipment	5,908	1,228
Purchase of intangible assets	(6,224)	(6,930)
Purchase of investment securities	(4,462)	(5,432)
Proceeds from sales of investment securities	7,491	27,325
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(675)	(1,332)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	550
Decrease (increase) in short-term loans receivable	(1,643)	(2,210)
Other, net	(1,309)	(1,139)
Net cash and cash equivalents used in investing activities	**(52,427)**	**(46,052)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	16,223	4,289
Redemption of bonds	—	(30)
Proceeds from long-term loans payable	41,500	25,000
Repayment of long-term loans payable	(37,150)	(62,936)
Purchase of treasury shares	(5)	(15)
Cash dividends paid	(10,571)	(5,292)
Cash dividends paid to non-controlling interests	(1,315)	(1,208)
Other, net	(1,501)	(2,968)
Net cash and cash equivalents provided by financing activities	**7,180**	**(43,159)**
Effect of exchange rate changes on cash and cash equivalents	**(658)**	**3,015**
Net increase (decrease) in cash and cash equivalents	9,182	(16,745)
Cash and cash equivalents at beginning of period	**130,696**	**140,307**
Increase in cash and cash equivalents resulting from change of scope of consolidation	428	—
Cash and cash equivalents at end of period	**140,307**	**123,562**