

(Translation of Corporate Governance document filed with the Tokyo Stock Exchange)

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TORAY INDUSTRIES, INC.

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<http://www.toray.com>.

Corporate governance at Toray Industries, Inc. ("Toray" or the "Company") is as follows:

I. Toray's Basic Policy on Corporate Governance and Capital Structure, Corporate Attributes and Other Basic Information

1. *Basic policy*

Toray positions the following basic policy on corporate governance, written clearly in our "Corporate Missions" and our "Corporate Guiding Principles," as one of the most important managerial principles: "We will provide our shareholders with dependable and trustworthy management" (Our Corporate Missions), and "We will obtain the trust of society and meet expectations by acting fairly while maintaining high ethical standards and a strong sense of responsibility, and maintaining transparency in management" (Our Corporate Guiding Principles).

2. *Capital structure*

Percentage of Foreign Stockholders:	20% or more but less than 30%
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**[Description of Major Stockholders]**

Name of stockholders	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	116,556,000	7.15
Nippon Life Insurance Co.	71,212,250	4.37
Japan Trustee Services Bank, Ltd. (Trust Account)	70,393,000	4.32
Mitsui Life Insurance Co., Ltd.	35,961,000	2.21
Sumitomo Mitsui Banking Corporation	30,022,000	1.84
Japan Trustee Services Bank., Ltd. (Trust 4 Account)	21,447,000	1.32
Mitsui Fudosan Co., Ltd.	19,460,720	1.19
State Street Bank West Client-Treaty	19,057,525	1.17
Mitsui Sumitomo Insurance Co., Ltd.	17,638,900	1.08
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	16,924,689	1.04

Controlling stockholder (excluding parent company)	-
Parent company	None

Supplementary explanation
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### 3. Corporate attributes

Stock exchange listings and market section	1st Section Tokyo
Fiscal year end	March
Industry category	Textiles
Number of employees (consolidated)	1000 persons or more
Net sales (consolidated)	JPY 1 trillion or more
Parent company	None
Number of consolidated subsidiaries	100 or more but less than 300 companies

### 4. Guideline regarding the measures for protecting minority stockholders in transaction, etc. with a controlling stockholder

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### 5. Other particular circumstances that may significantly affect corporate governance

Toray holds three listed subsidiaries of Chori Co., Ltd., Soda Aromatic Co., Ltd., and Suido Kiko Kaisha, Ltd. For the management of the above-mentioned subsidiaries, Toray Group shares basic policies expressed in its Corporate Philosophy, Corporate Missions and Corporate Ethics and Legal Compliance Code of Conduct, while valuing their autonomy.

II . Organization of Management related to Management Decision-making, Execution of Duties and Oversight, and other Corporate Governance Structures

1. *Organizational structures and operations*

Organizational form	Company with Corporate Auditors
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**[Board of Directors]**

Number of members of the Board provided for in the Articles of Incorporation:	30
Term of members of the Board provided for in the Articles of Incorporation:	2 years
Chairman of the Board of Directors:	Chairman of the Board (excluding concurrently serving as President)
Number of members of the Board:	26
Election of outside directors:	Elected
Number of outside directors:	1
Number of independent directors among outside directors:	1

Relationship with the Company (1)
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Name	Attribution	Relationship with the Company (*1)								
		a	b	c	d	e	f	g	h	i
Kunio Ito	Scholar				x				x	

\*1 Relevant relationship with the Company

a	From parent company
b	From other affiliated company
c	Major stockholder of the Company
d	Concurrently outside director or outside corporate auditor of another company
e	Executive director or executive officer, etc. of another company
f	Spouse, relatives within third degree of consanguinity or an equivalent person of management level such as executive director or executive officer, etc. of the Company or specific businesses related to the Company
g	Receives remuneration, etc. or other profits on assets from the parent company of the Company or a subsidiary of such parent company as an officer

h	Concludes limitation of Liability Agreement between the said person and the Company
i	Other

Relationship with the Company (2)
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Name	Independent Director	Supplementary explanation related to applicable categories	Reason for election as outside directors (including the reason for election as an independent director, if the outside director is also an independent director)
Kunio Ito	○	-----	Mr. Ito has rich experience and advanced expertise as a university professor (accounting and management.) As a man of good personality and deep insight, he would objectively supervise management and participate in important decision-making. He is also clear of any requirements set by the Tokyo Stock Exchange regarding the independency of independent directors so there are no factors that would compromise his independency. Therefore, we believe that Mr. Ito is appropriate as an outside director of the Company.

**[Corporate Auditors]**

Establishment or non-establishment of a Board of Corporate Auditors:	Established
Number of corporate auditors provided for in the Article of Incorporation:	4
Number of corporate auditors:	4

Cooperative relationships between corporate auditors, independent auditors and Auditing Department
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Throughout the year, corporate auditors and independent auditors hold five regular meetings in order to discuss the outline of auditing plans, the report reviewing each quarterly financial result and the audit report of the year-end period. In addition to the aforementioned occasions, mutual cooperation is strengthened through reporting and exchanging of discussions regarding significant auditing matters on a need-basis.

Regarding cooperation between corporate auditors and Auditing Department, all reports on auditing results conducted by the Department are submitted to the President as well as to the corporate auditors, and information is exchanged on a continual basis.

Furthermore, one of the staff members from Auditing Department holds a dual post as one of the Corporate Auditing staff serving in a supportive role, and the General Manager of Auditing Department sits in as an observer during the Board of Corporate Auditors meeting.

Election or non-election of outside corporate auditors:	Elected
Number of Outside Corporate Auditors:	2
Number of independent auditors among outside corporate auditors:	2

Relationship with the Company (1)
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Name	Attribution	Relationship with the Company (*1)								
		a	b	c	d	e	f	g	h	i
Mitsuaki Yahagi	Came from other company				x				x	
Makoto Matsuo	Attorney-at-law				x				x	

\*1 Relevant relationship with the Company

a	From parent company
b	From other affiliated company
c	Major stockholder of the Company
d	Concurrently outside director or outside corporate auditor of another company
e	Executive director or executive officer, etc. of another company
f	Spouse, relatives within third degree of consanguinity or an equivalent person of management level such as executive director or executive officer, etc. of the Company or specific businesses related to the Company
g	Receives remuneration, etc. or other profits on assets from the parent company of the Company or a subsidiary of such parent company as an officer
h	Concludes limitation of Liability Agreement between the said person and the Company

i	Other
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Relationship with the Company (2)
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Name	Independent Auditor	Supplementary explanation related to applicable categories	Reason for election as outside corporate auditors (including the reason for election as an independent auditor, if the outside corporate auditor is also an independent auditor)
Mitsuaki Yahagi	○	Mr. Yahagi is from Sumitomo Mitsui Banking Corporation, a business partner of the Company with which it has regular banking relationship. The balance of borrowings (including syndicated loan) with Sumitomo Mitsui bank accounted for 1.3% of total assets as of end of the current fiscal year.	Mr. Yahagi has held a number of key positions in the business community. As a man of a good personality and deep insight, and is clear of any requirements set by the Tokyo Stock Exchange regarding the independency of independent auditors, we believe that there are no factors that would compromise his independence, therefore, as an outside corporate auditor of the Company, Mr. Yahagi will be able to effectively fulfill his audit obligations with objectivity.
Makoto Matsuo	○	Mr. Matsuo belongs to Momo-o, Matsuo & Namba, a business partner of the Company, but the level of transactions involved or the nature of business is not up to the demands of detailed description.	Mr. Matsuo has legal experience and expertise as a career legal professional. As a man of good personality and deep insight, and is clear of any requirements set by the Tokyo Stock Exchange regarding the independency of independent auditors, we believe that there are no factors that would compromise his independence, therefore, as an

			outside corporate auditor of the Company, Mr. Matsuo will be able to effectively fulfill his audit obligations with objectivity.
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**[Independent Directors/Auditors]**

Number of independent directors/auditors	3
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Matters relating to independent directors/auditors

All of the Company's outside directors and outside corporate auditors who satisfies the requirements for independent directors/auditors are designated as independent directors/auditors.

**[Incentives]**

Implementation of measures on incentive allotment to members of the Board:	Introduction of a stock option system
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Supplementary explanation related to this item

Since 2011, the Company has introduced a stock option system with the objective to boost motivation for improvement of business performance and morale, and to improve the sharing of value with stockholders.

Grantees of stock options:	Members of the Board, others
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Supplementary explanation related to this item

The grantees of stock options are members of the Board and directors of the Company.

**[Remuneration to Members of the Board]**

Status of disclosure of individual remuneration to members of the Board:	Partially disclosed
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Supplementary explanation related to this item

- (1) For the fiscal year ended March 2014, the remuneration to members of the Board were (28 people) 1,535 million yen.
- (2) The number of recipients includes the two members of the Board who retired in the current period.
- (3) The amount equivalent to 146 million yen of bonuses for members of the Board and corporate auditors resolved at the 133<sup>rd</sup> Ordinary General Meeting of Stockholders is included in the total amount of remuneration.

- (4) The amount equivalent to 248 million yen of remuneration relating to the granting of the Stock Acquisition Rights as stock options to members of the Board is included in the total amount of remuneration.
- (5) The amount equivalent to 84 million yen of employee's salary of the employee-director is not included.
- (6) Besides the aforementioned, 333 million yen has been paid to two retiring members of the Board as retirement benefits for termination resulting from the abolition of the retirement benefits system for members of the Board and corporate auditors, which was resolved at the 130<sup>th</sup> Ordinary General Meeting of Stockholders. Among the payment to the retiring members of the Board, the amount equivalent to 18 million yen is included in the total amount of remuneration of the current fiscal year.

The existence of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and corporate auditors	Yes
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The disclosure of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and corporate auditors
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The Company seeks as its basic corporate mission to achieve sustainable growth by meeting the expectations of its stockholders through the global growth and development while providing customers with new added value through the practice of "Innovation."

Remuneration for members of the Board and corporate auditors is an incentive to achieve this goal.

Remuneration for members of the Board consists of monthly remuneration, a bonus and stock acquisition rights as stock options, while remuneration to corporate auditors consists of monthly remuneration and a bonus, for the purpose of ensuring the transparency and fairness of management, improving business performance in the short as well as the medium to long terms, and raising their motivation for improvement of corporate value.

Remuneration is set at a level that enables the Company to secure superior human resources and further motivate them to improve performance, referring to the results of a survey of other companies' remuneration by an external third-party organization, from the standpoint of ensuring objectivity.

With respect to monthly remuneration, the maximum limit of total remuneration is determined at general meetings of stockholders. Within the scope of the maximum limit, monthly remuneration to each member of the Board is determined by the President based on the Company's internal regulations with a resolution at a Board of Directors meeting, and monthly remuneration to each corporate auditor is determined through consultation by corporate auditors based on the Company's internal regulations.

The provision and the total amount of bonuses are determined each time at a general meeting of stockholders. A bonus to each member of the Board is determined by the President according to their performance based on the Company's internal regulations with a resolution at a Board of Directors meeting,



and a bonus to each corporate auditor is determined through consultation by corporate auditors based on the Company's internal regulations.

The maximum limit of total number of Stock Acquisition Rights as well as the limit of remuneration relating to the granting of the Stock Acquisition Rights as stock options to members of the Board is resolved at the ordinary general meeting of stockholders, and within that limit, the total number of Stock Acquisition Rights to be allocated to the members of the Board shall be decided at the Board of Directors meeting after considering the Company's internal regulations.

The retirement benefits system for members of the Board and corporate auditors was abolished at the ordinary general meeting of stockholders held on June 24, 2011.

**[Support System for Outside Directors (Outside Corporate Auditors)]**

Upon the opening of Board of Directors meetings, the Company provides its outside directors with timely and appropriate information by sending respective agenda items prior to each meeting of Board of Directors, etc. In addition, in order to provide support to all the corporate auditors, without distinguishing between the full-time corporate auditors and the outside corporate auditors, one corporate auditor staff, who is not a dedicated one, and one secretary have been assigned.

In the event that corporate auditors request employee assistance with auditing, a body will be established with full-time members to provide assistance.

*2. Matters pertaining to functions relating to the execution of duties, auditing and oversight, nomination and remuneration determination, etc.*

(1) As a manufacturer that supplies a wide range of industries with basic materials, Toray must base management judgments and decision-making on a specialized knowledge of each business. Also in light of the managements' accountability for the stockholders, we believe that decision-making and execution of duties, under the supervision of diverse perspectives, by members of the Board well-versed in Toray's businesses who are elected at general stockholders meetings, ensure fulfillment of management responsibility and transparency. For this reason, we have not introduced an operating officer system.

Rather, in the matter of decision-making we adhere strictly to the authority of top management. Toray's business execution has the following three characteristics.

- a. Strict adherence to the authority reserved to the Board of Directors, President, and General Managers.
- b. Strict adherence to roles and functions expected of each executive meeting.
- c. The Board of Directors does not only function as a decision-making body concerning important matters, including those as stipulated by the Corporation Law, but also serves as a mechanism for the mutual monitoring of respective duties of members of the Board through the presentation of reports by each member of the Board and the exchange of opinions.

There are rules on the resolution of important matters based on the level of importance that determine whether a matter is resolved by the Board of Directors, by the President, or by divisional General Managers. In the case of capital investment, for example, such matters are resolved depending on the amount of investment involved. The Executive Committee and Board of Senior Vice Presidents together play a deliberative role in facilitating resolutions by the Board of Directors and approvals by the President. The Executive Committee is responsible for the general direction of policy, while the Board of Senior Vice Presidents addresses issues related to implementation.

Additionally, for every key management issue, company-wide committees are established in order to play a supplementary role in management execution.

(2) There are four corporate auditors, including two outside corporate auditors. The outside corporate auditors have no business dealings whatsoever with Toray. Under Toray's system for monitoring execution of operations by members of the Board, corporate auditors attend Board of Directors meetings, and meet with the President, all members of the Board, and divisional General Managers. They also perform regular audits of all Toray offices, plants, and Japanese and overseas subsidiaries and affiliates in accordance with plans for each fiscal year adopted by Board of Corporate Auditors meetings, which are held more frequently than every three months.

Auditing Department performs planned internal audits not only that of the Company but also audits of Japanese and overseas subsidiaries and affiliates.

(3) Toray has appointed Ernst & Young ShinNihon LLC as its independent auditor.

The auditor performs Corporation Law and Financial Instruments and Exchange Law audits. Corporate auditors and Auditing Department outline audit plans with the independent auditor, receive reports on the results of audits, and regularly engage in discussions with the independent auditor. Details of the names and years of continuous service of certified public accountants and the number of persons providing auditing assistance for FY March 2014 are shown below.

a. Names and years of continuous service of certified public accountants

Certified Public Accountant, Designated and Engagement Partner: Kazuhiro Hara (7 years)

Certified Public Accountant, Designated and Engagement Partner: Kazuya Oki (3 year)

Certified Public Accountant, Designated and Engagement Partner: Satoshi Kimura (4 years)

b. Number of audit assistants

Certified public accountants: 14 Assistant Certified Public Accountants: 9 Other: 12

*3. Reason for adopting current corporate governance system*

As a manufacturer that supplies a wide range of industries with basic materials, Toray must base management judgments and decision-making on a specialized knowledge of each business. Also in light of the fulfillment of our management responsibility towards the stockholders, we believe that decision-making and execution of duties should be enforced by members of the Board well-versed in Toray's businesses who are elected at general stockholders meetings, under the supervision of diverse perspectives. For this reason, we adopted the current corporate governance system.

Toray operates under a corporate auditor system. To ensure management transparency, as well as objectivity and neutrality in management oversight, the Company has a Board of Corporate Auditors that is fully independent of the Board of Directors. Of the system's four corporate auditors, two are outside corporate auditors who provide an independent viewpoint which strengthens the audit function of the Board members' business execution.

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

#### 1. Approach toward the vitalization of general meetings of stockholders and the facilitation of exercise of voting rights

	Supplementary explanation
Early dispatch of notice for the general meeting of stockholders	The notice of the ordinary general meeting of stockholders is sent three weeks prior to the holding.
Scheduling of general meetings of stockholders avoiding the date on which general meetings of stockholders of companies are concentrated	The Company holds general meetings of stockholders outside of concentrated days so that more stockholders can participate in the meeting.
Voting using electronic voting facilities	In use.
Utilization of electronic voting platform and other methods of improving the environment for institutional investors' voting	Utilize Tokyo Stock Exchange electric voting platform.
Providing an English summary of the notice of the general meetings of stockholders	Prepare an English version of the notice of the general meeting of stockholders and post it on the company website.
Others	Post the notice of the resolutions at the general meeting of stockholders on the company website.

#### 2. IR activities

	Supplementary explanation	Explanation by representative members of the Board
Establishing and announcing disclosure policy	The disclosure policy including "Information Disclosure Principles" has been established and announced on the company website.	
Convene periodic briefing for individual investors	An IR officer participates in seminars for individual investors, and provides briefing on the current situation of the company.	NO
Convene periodic briefing for security analysts and institutional investors	Either the President, CEO and COO, Representative Director or the member of the Board in charge of IR provides briefings four times a year on business results.	YES
Convene periodic briefing for foreign investors	The member of the Board in charge of IR visits or hosts phone conferences with investors in Europe, the US, and other Asian countries. In addition, he / she participate in conferences for investors that are held in Japan or overseas and provide	NO

	briefings on the current situation of the company.	
Disclosure of IR documents on the website	We have an "Investor Relations" link on our company website for information disclosure which includes a wide range of materials such as, announcement of financial results, security reports, business results presentations, briefing materials for business operations, as well as management strategies and other performance related issues. We have also created a web-page for individual investors titled, "Toray Group Overview," and endeavor for information disclosure that is easy to understand.	NO
IR related department (personnel)	We have a full-time IR department that is under the direct rule of the President.	

### 3. Activities concerning respect for stakeholders

	Supplementary explanation
Setting forth provisions in the internal regulations concerning respect for the stakeholders' interest	<p>Toray is committed to its Corporate Philosophy of, "Contributing to society through the creation of new value with innovative ideas, technologies and products." Similarly, our Corporate Missions are based on the above and is set forth in the following:</p> <p>For our customers : To provide new value to our customers through high-quality products and superior services</p> <p>For our employees : To provide our employees with opportunities for self development in a challenging environment</p> <p>For our shareholders : To provide our shareholders with dependable and trustworthy management</p> <p>For society : To establish ties and develop mutual trust as a responsible corporate citizen</p> <p>In other words, Toray will uphold its Corporate Missions by fulfilling its duties and thus contributing to our customers, employees, and our stockholders by acknowledging the fact that we are supported by them.</p>
Promotion of environmental preservation activities and CSR activities	<p>Toray Group has always given "Safety, Accident Prevention, Environmental Preservation" as our top priority in management issues. Likewise, we have endeavored to protect the environment by safeguarding the society and our employees' health as well as safety in every business venture, ranging from the procurement of raw materials to the manufacturing of products, supply, and disposal. In addition, a CSR Committee was launched in 2003 Chaired by the Executive Vice President. Accordingly, CSR is promoted and addressed by following the 10-itemed, "CSR Guideline &amp; Action Program," which was formulated by the Committee. In June 2007, an Office for the Promotion of CSR was established under the Executive Vice President who is in charge of all aspects of CSR. Every year, we issue a "CSR Report" which highlights our CSR activities, and the same article is posted on our company website.</p> <p>As for our domestic social initiative program, which is part of our CSR activity, we support the advancement of science and technology alongside in the areas of arts and culture, medical care, education and sports through The Toray Science Foundation which was established in 1960. Similarly, the Foundation subsidizes projects in the field of science technology in Indonesia, Thailand and Malaysia.</p>
Establishment of policy concerning disclosure of information to stakeholders	<p>"Promote dialogue with stakeholders," is set forth in the CSR Guideline, and cooperation between employees, stockholders and investors, business partners and consumers, local communities and NPOs, government and legislative agencies and the media is sought.</p>
Other	<p>Toray has led the way in implementing measures that ensure the affirmative employment of</p>

women and offer women a work environment that meets their needs, even before the enactment or revision of the Equal Employment Opportunity Law and the Child Care and Family Care leave Act. The Company appointed its first female manager in 1958 and introduced a childcare leave program in 1974, almost 20 years before its establishment as a law, and in 2003 a Group Company appointed its first female president.

In 2004, Toray initiated its Advancement of Women Project for Fostering an Organizational Culture Conducive to the Career Advancement of Women, and since then, the Company has been improving its systems and programs and enhancing awareness at workplaces in this area including support measures for employees to achieve balance between work and family life.

Furthermore, Toray established a Work-Life Balance Committee made up of labor and management representatives in October 2010. While enhancing the overall work-life balance of its employees, the Company has been promoting further advancement and improvement in its systems and programs conducive to the balancing of job responsibilities and childcare or family care.

Toray has implemented the following initiatives.

- (1) Conducted awareness-raising activities to the management for women's career advancement at each workplace
- (2) Implemented initiatives for women's career advancement
  - a. Established an employee childcare services payment assistance system
  - b. Extended the period of employees' eligibility for childcare-leave system and childcare short-time work system and improved the convenience of the system
  - c. Extended the registration period of the reemployment registration system for employees who retired from the Company by unavoidable circumstances such as marriage or childcare
- (3) Held career planning seminars for mid-career women in general positions
- (4) Serialized examples of women's career advancement in the company magazine in order to present women's career pass
- (5) Introduced telecommuting program

These initiatives are included in the Company's action plan to the Act for Measures to Support the Development of the Next Generation (Japanese law). Since May 2007, the Company has been granted certification by the Ministry of Health, Labour and Welfare, as a Childcare Supporting Company.

#### IV. Items regarding Internal Control System

##### *1. Basic Approach to Internal Control System and Its Development*

At the Board of Directors meeting held on May 10, 2006, Toray adopted a basic policy on an internal control system for ensuring the appropriate execution of operations pursuant to Corporation Law Article 362 and Ordinance for Implementation of the Corporation Law Article 100.

On March 31, 2008, the Board of Directors issued the amended policy outlined below following additions to its internal control system on the issues of security export control, prohibition of contact with antisocial forces, and financial reporting.

Toray shall establish and maintain an internal control system to enable all executives and employees to realize the Group's Management Philosophy of "Contributing to society through the creation of new value with innovative ideas technologies and products" as expressed in our Corporate Philosophy, as well as Corporate Missions, and Corporate Guiding Principles. The system encompasses the creation of an appropriate organizational framework, the formulation of regulations and rules, dissemination of information, and monitoring of the execution of duties. Toray will ensure the legal and efficient execution of operations by constantly reviewing and improving this system as appropriate.

##### *(1) System to ensure that the execution of duties by members of the Board and employees comply with laws and regulations and the Company's Articles of Incorporation*

\* Toray shall promote corporate ethics and legal compliance through the establishment of a company-wide Corporate Ethics Committee, a Company-wide Legal Compliance Committee to work under the Corporate Ethics Committee, and CSR/Legal Compliance Committees established at division, office, and plant levels.

\* Toray shall establish the Corporate Ethics and Legal Compliance Code of Conduct as specific provisions to be observed to promote observance of corporate ethics and legal compliance.

\* Toray shall formulate Corporate Ethics and Legal Compliance Guidelines containing detailed explanations and notes on corporate ethics and legal compliance.

\* Toray shall establish an Internal Reporting System for the reporting of the discovery of violation of laws, regulations, or the Company's Articles of Incorporation.

\* Toray shall ensure that all members of the Board and employees are well-informed with the Corporate Ethics and Legal Compliance Handbook, which contains the Corporate Ethics and Legal Compliance Code of Conduct, Corporate Ethics and Legal Compliance Guidelines, and Internal Reporting System.

\* Toray shall establish Security Trade Control Program, one of the most important legal compliance issues, and establish an organization dedicated to security export control.

\* Toray shall establish a provision that it should stay out of antisocial forces in the Corporate Ethics and Legal Compliance Code of Conduct, and act as one to stand firmly against them.



\* Toray shall establish Auditing Department to oversee internal audits, and perform audits in accordance with Internal Audit Rules.

*(2) System to ensure the efficient execution of duties by members of the Board*

\* Toray shall establish the Authority of Top Management as a system that reserves decision-making rights to the Board of Directors, President, General Managers, and other members of top management.

\* Toray shall establish the Executive Committee and Board of Senior Vice Presidents as deliberative organs that facilitate resolutions by the Board of Directors and approvals by the President in order to ensure operational efficiency. The Executive Committee shall be responsible for the general direction of policy, while the Board of Senior Vice Presidents shall be in charge of issues related to implementation.

\* Toray shall establish company-wide committees to oversee key management themes, which play a supplementary role in management execution.

\* The Board of Directors shall establish the duties of each member of the Board, and each member of the Board shall manage and supervise the head of the organization for which he or she is responsible.

\* Toray shall establish Operational Division of Duties Regulations to specify the duties of each organization.

*(3) System for preserving and managing information pertaining to the execution of duties by the members of the Board*

\* Toray shall establish provisions for the preservation and management of important documents and information, including minutes and financial reports related to management decision-making. Such documents and information shall be stored in accordance with said provisions and maintained for reference as necessary.

\* Toray shall establish Confidential Information Management Regulations for the protection of confidential information and appropriate management systems and methods, and take measures to prevent improper access to such information by those outside the Group.

\* Toray shall establish Personal Information Management Regulations stipulating personal information protection policies, system for information management, and roles of employees for the protection of personal information.

*(4) Rules and other systems pertaining to controls over risks of loss*

\* Toray shall establish Crisis Management Regulations, identify potential risks in business activities, reduce the level of risk under normal business conditions, and prevent future crises, as well as develop and maintain a system for immediate implementation in the event of a major crisis.

\* Toray shall organize Risk Management Committee under the company-wide CSR Committee, follow up on risk management conditions at normal times, and plan and establish company-wide measures.

\* Toray shall identify risks that may disrupt operations, ascertain their impact on business activities, establish a Business Continuity Plan (BCP) to maintain operations, and establish a Business Continuity

Management (BCM) system.

\* Toray shall establish Company-Wide Emergency Headquarters and On-Site Emergency Headquarters, which shall coordinate efforts with one another in the event of a company-wide crisis.

\* Toray shall establish and promote the operation of an internal control system for financial reporting that ensures the reliability of financial reporting.

*(5) System of reporting to corporate auditors and other systems for ensuring effective implementation of audits by corporate auditors*

\* Members of the Board and employees shall report on matters related to the execution of their duties in response to requests made by corporate auditors.

\* Corporate auditors shall attend important meetings in addition to Board of Directors meetings so that they may ascertain important decision-making processes and the execution of duties.

\* Corporate auditors shall hold regular meetings with all members of the Board, as well as divisional and departmental General Managers, and conduct regular audits of Toray offices and plants as well as Japanese and overseas subsidiaries and affiliates in accordance with auditing policy and plans formulated by the Board of Corporate Auditors,.

\* Auditing Department shall cooperate if so requested by corporate auditors when carrying out audits.

*(6) Items pertaining to employees assisting with corporate auditors' duties and items pertaining to the independence of said employees*

\* Toray shall establish a body with full-time staff members to provide assistance, in the event that corporate auditors request employee assistance with auditing,

\*The corporate auditors may discuss personnel matters related to the above-mentioned staff and request changes as necessary in order to ensure the independence of said exclusive staff from members of the Board,.

*(7) System for ensuring appropriate business operations by Toray Group*

\* While valuing the autonomy of management within Toray Group companies, all companies shall share the basic stances expressed in our Corporate Philosophy, Corporate Missions, Corporate Guiding Principles, and Corporate Ethics and Legal Compliance Code of Conduct.

\* The entire Group shall pursue risk management and efficiencies through the reporting of important matters to the headquarters and the formulation of rules concerning consultation with the headquarters.

\* Toray's Affiliated Companies Division shall promote corporate ethics and legal compliance within Toray Group for Japanese subsidiaries and affiliates. Toray's International Division shall also do so for overseas subsidiaries and affiliates.

\* The legality, propriety, and efficiency of the discharging of duties within Toray Group companies shall be

monitored by regular audits and internal auditing conducted by corporate auditors and the Auditing Department.

*2. Basic Approach to Eliminate Antisocial Forces and the Status of Promoting the Position*

Toray shall provide that any relations with antisocial forces should be excluded in the Corporate Ethics and Legal Compliance Code of Contact, and adopt a resolute stand as a unified company.

V. Others

1. *Implementation of Anti-takeover Measures*

Whether any anti-takeover measures have been implemented	Not implemented
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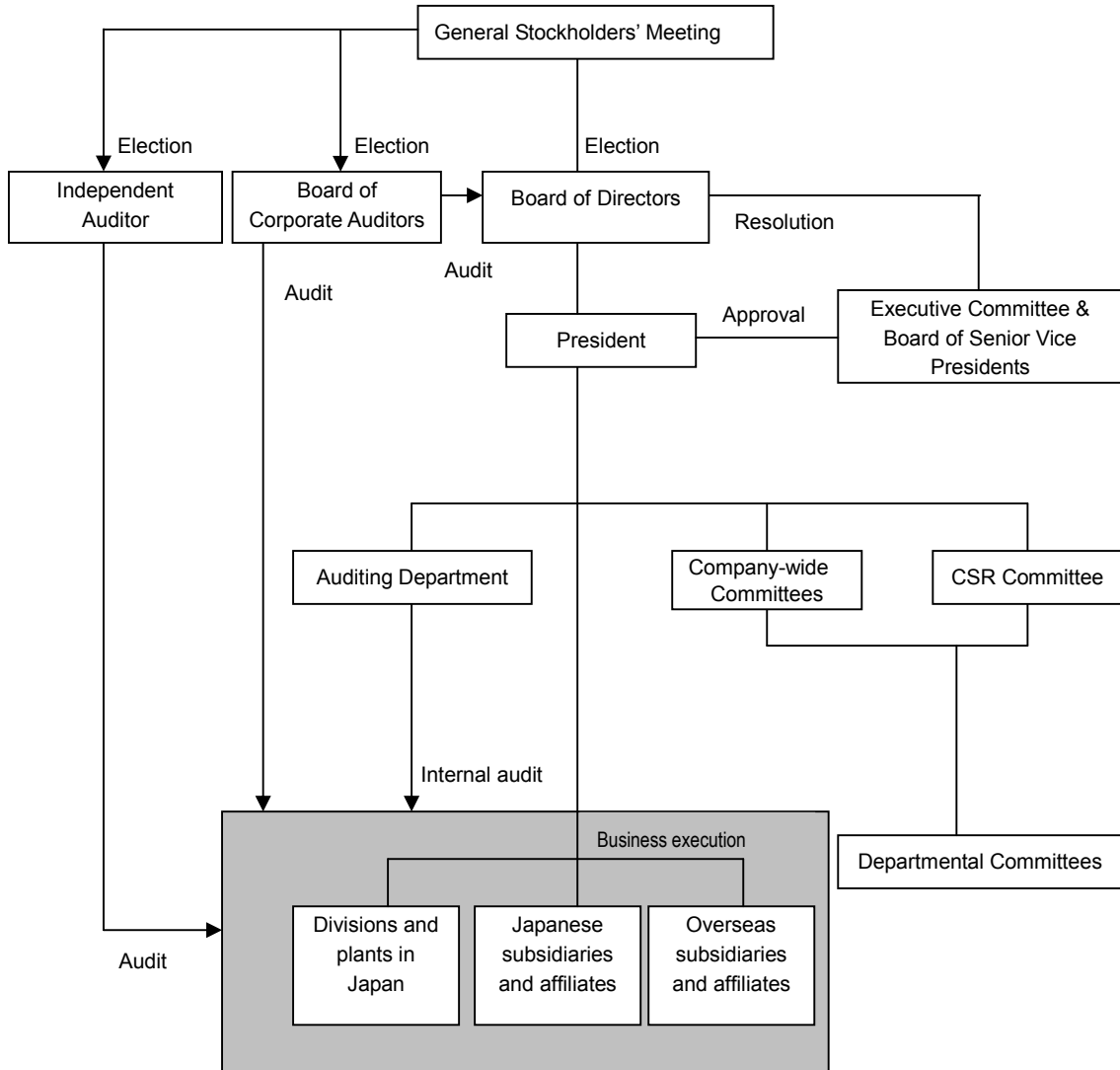
Supplementary explanation related to this item

We believe that the fundamentals of defense against any takeover bid lies in the maintenance of transparency over management as well as in the continual improvement of the corporate value. Furthermore, we are also evaluating the so-called strategies for defense against takeover bids.

2. *Matters regarding other corporate governance systems, etc.*

Toray Group's basic approach towards Corporate Governance is contained in the following two statements which are to, "Provide a sincere and trustworthy management," and to "Obtain the trust of society and meet the expectations by acting fairly while maintaining high ethical standards and a strong sense of responsibility, and maintaining transparency in management." We structure the management system in order to achieve the aforementioned.

## Governance Diagram



### Outline of Structure for Timely Disclosure

An internal structure for the timely disclosure of company information at Toray Industries (“Toray” or the “Company”) is as follows:

#### *1. Basic stance toward information disclosure*

Advocating ethics and fairness as one of the corporate guiding principles in its corporate mission, Toray Group has established the Corporate Ethics and Legal Compliance Code of Conduct as specific provisions to be observed, and published them on its website. In the section titled Communication with Society, the Company declares that it will actively and fairly disclose appropriate corporate information by communicating with Group stakeholders, including stockholders.

In addition, the Company has also established the Information Disclosure Principles to achieve management transparency, not only through efforts to comply with disclosures prescribed by law, but also disclosing other kinds of information in a fair, appropriate and timely manner. The Company also publishes these principles on its website and puts them into practice.

#### *2. Internal structure for timely disclosure*

(1) The Company has established the Internal Information Management and Insider Trading Regulations to control information related to significant facts that could have a material impact on the management of the Company or any of its subsidiaries.

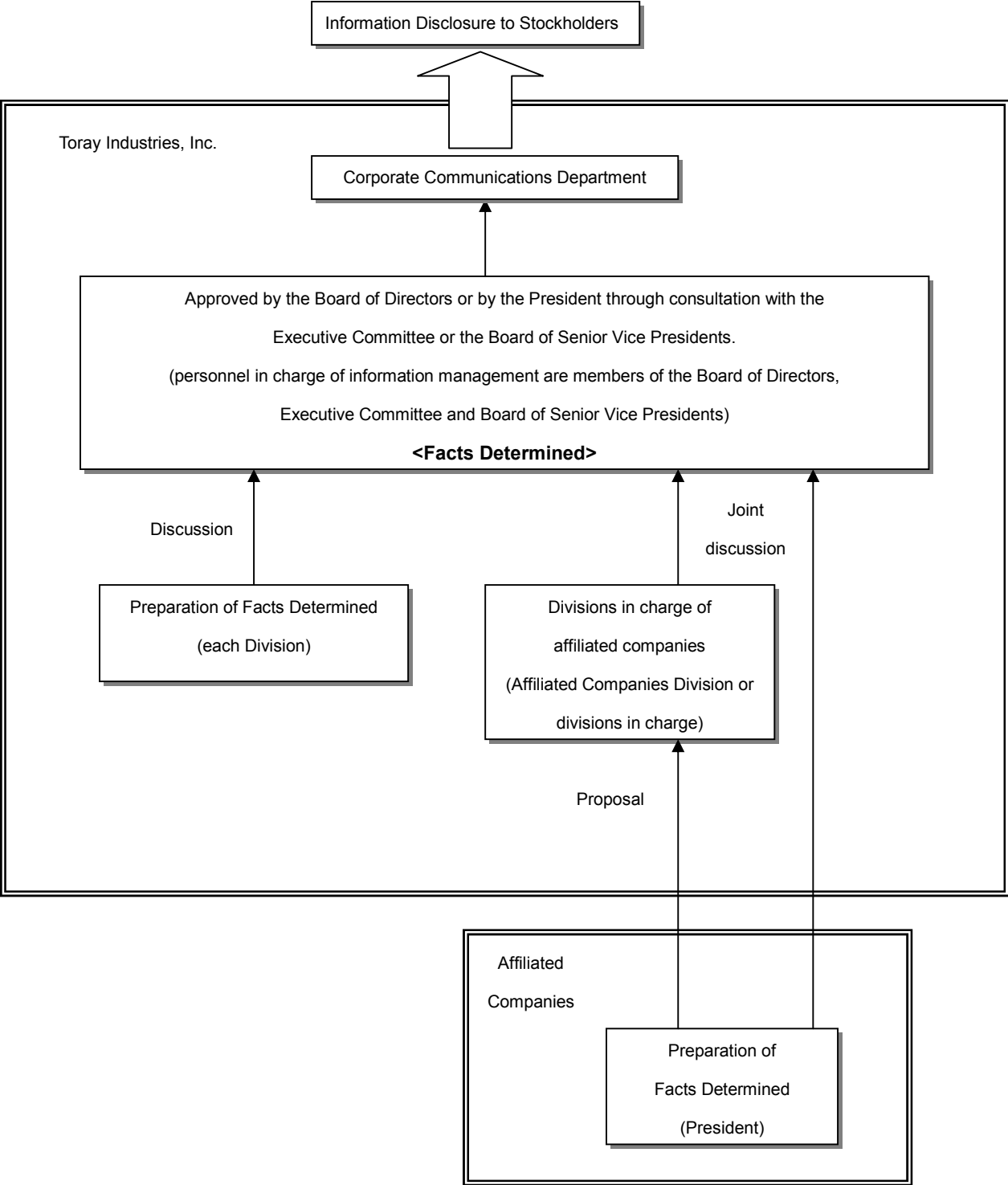
The Regulations organize details that fall under the significant facts prescribed by law, designate a department in charge of information by significant factual content, and stipulate that the Company shall publish significant facts promptly when they are identified or arise.

The Regulations also stipulate that the Company shall disclose information about facts that could have a significant impact on the management of the Company or any of its subsidiaries in an appropriate and timely manner in accordance with the Internal Information Management and Insider Trading Regulations as well as the Information Disclosure Principles, even if they do not constitute significant facts prescribed by law.

(2) The time and method to disclose information shall be determined through consultation between the department in charge of information and the Corporate Communications Department, which is responsible for publication. The flow of information disclosure is as described in Exhibit 1- (1) (Information Disclosure of “Facts Determined”) and Exhibit 1- (2) (Information Disclosure of “Facts That Occurred”).

(3) As a check function of the internal structure for timely disclosure, the Corporate Auditors’ Audit Rules sets down the implementation of the Construction of Internal Control System and Audit of Operational Procedures, and corporate auditors conduct audits according to the Rules to ensure that the system to disclose financial information and other company information in an appropriate and timely manner is properly constructed and operated, in cooperation with the Auditing Department, which is responsible for internal audits.

**Exhibit 1- (1) Information Disclosure of “Facts Determined”**



**Exhibit 1- (2) Information Disclosure of “Facts that Occurred”**

