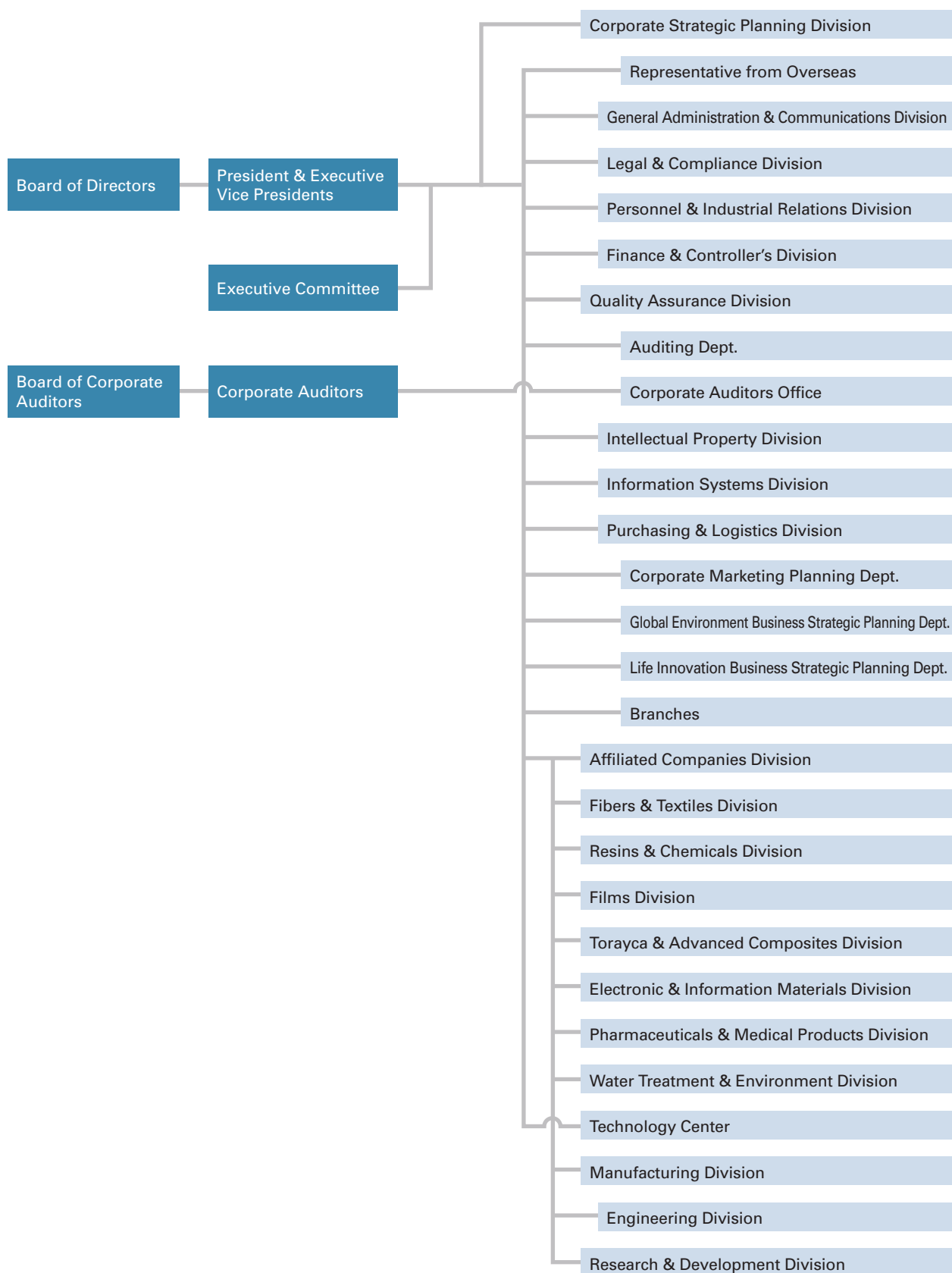


Organization

(As of July 1, 2019)



Corporate Governance

Basic Policy

From the outset, one of Toray Group's managerial principles has been that the purpose of a company is to contribute to society. The Group has developed a Management Philosophy that incorporates this principle.

The Group systematizes the Management Philosophy as a Corporate Philosophy, Corporate Missions, and Corporate Guiding Principles. Among these, the Corporate Missions call for desirable relationships with stakeholders and enunciate the Group's commitment "To provide our shareholders with dependable and trustworthy management." In addition, the Corporate Guiding Principles stipulate the Group's commitment to "Obtaining the trust of society and meeting the expectations by acting fairly while maintaining high ethical standards and a strong sense of responsibility and maintaining transparency in management."

When establishing the corporate governance structure, the Group seeks to realize these philosophies as its basic policy.

Systems for Executing and Supervising Management

Toray is a company with Board of Corporate Auditors, and the members of the Board and corporate auditors are elected at the general meeting of stockholders.

Members of the Board and corporate auditors, as officers directly elected at the general meeting of stockholders, clearly recognize fiduciary responsibility to stockholders who have entrusted the management and appropriately fulfill their respective roles while discharging accountability

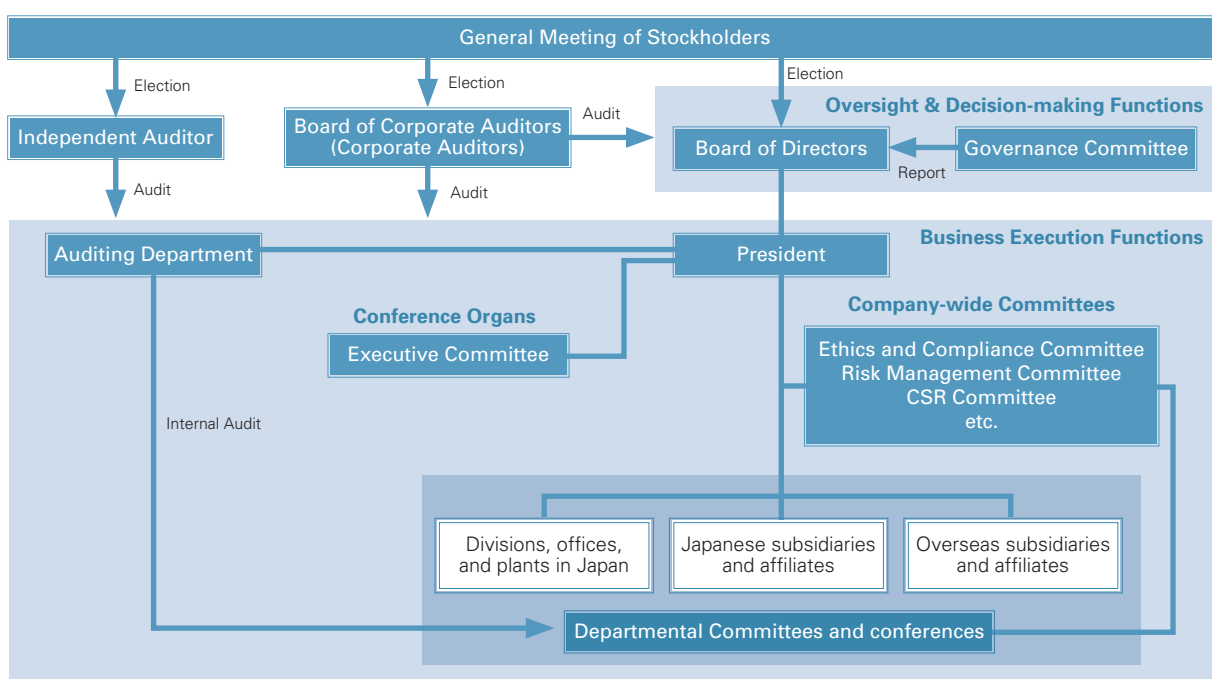
about management status to stockholders and other stakeholders.

Toray's Board of Directors consists of 19 members. Since Toray Group supplies a wide range of industries with basic materials and globally plays an active part in a broad scope of business fields, it is necessary to evaluate various risks multilaterally based on expertise relevant to the worksites, not only for management judgment and decision-making but also for oversight. To that end, the Board of Directors formulates a structure in which members of the Board familiar with Toray Group businesses oversee management and make decisions from various viewpoints.

Furthermore, the Board of Corporate Auditors oversees the execution of operations by the members of the Board based on professional knowledge in fields such as finance, accounting and law in addition to an understanding about businesses, from a standpoint entirely independent of the Board of Directors as a system to secure transparency and fairness of oversight and decision-making.

Toray established the Governance Committee as an advisory organ to the Board of Directors in order to report to the Board of Directors on important issues regarding the Company's corporate governance over the mid- to long-term. The Governance Committee consists of the Chairman of the Board, President, and all of the outside directors, and an outside director serves as a chairperson. Deliberation at the Governance Committee encompasses matters regarding the Company's overall corporate governance matters, including the following.

Corporate Governance Structures



- Structure of the Board of Directors and the Board of Corporate Auditors
- Evaluation of the management and operation of the Board of Directors
- Policy on nominating candidates for members of the Board and corporate auditors
- Remuneration system for members of the Board and corporate auditors
- Basic policy on electing member of the senior management, including the President

Election of Outside Directors

At Toray, we ensure objectivity and transparency of corporate governance by establishing and disclosing standards for independence of outside directors and outside corporate auditors. Toray's outside directors and outside corporate auditors meet Toray's standards for independence and meet the independence requirements set by the Tokyo Stock Exchange.

We, therefore, have submitted notification to the Tokyo Stock Exchange of their status as independent officers.

The following table outlines the basis for election of our outside directors/corporate auditors and details of their independence.

Kunio Ito Director	<ul style="list-style-type: none"> • Has highly specialized expertise in accounting and business administration as a university professor • Has extensive experience as a corporate outside director • No matters affect his independence from Toray
Ryoji Noyori Director	<ul style="list-style-type: none"> • Has extensive experience as a university professor and highly specialized expertise in organic synthetic chemistry, which is a core Toray technology • Has experience as a corporate outside director • No matters affect his independence from Toray
Toshio Nagai Corporate auditor	<ul style="list-style-type: none"> • Has an excellent track record of high standing in the legal profession and a solid character and judgment, so we believe he can audit appropriately from an objective standpoint • No matters affect his independence from Toray
Kazuya Jono Corporate auditor	<ul style="list-style-type: none"> • Has held key positions in the corporate world and has solid character and judgment, so we believe he can audit appropriately from an objective standpoint • Formerly employed by Sumitomo Mitsui Banking Corporation and Citibank Japan Ltd. (current Citibank, N.A., Tokyo Branch); Toray has regular banking transactions with both banks. With respect to Sumitomo Mitsui Banking Corporation, over three years have passed since he retired from the board, and we have no borrowing from Citibank, N.A., therefore independence is not affected. Toray's balance of borrowing from Sumitomo Mitsui Banking Corporation (including syndicated loans) as of 31 March 2019 is 3.2% of total assets, which is not prominent compared with other banks.
Hiroyuki Kumasaka Corporate auditor	<ul style="list-style-type: none"> • Has advanced knowledge in accounting as well as a wealth of experience and an established track record as a certified public accountant. He is also known for his impeccable character and deep insight, and can conduct appropriate audits in an objective manner. • He first joined Fuso Audit Corporation (later known as MISUZU Audit Corporation) and served as an independent accounting auditor of the company in his capacity as a designated partner of the audit corporation for a period of time. This does not impact his independence as it has been more than three years since the audit corporation was relieved of its auditing responsibilities for the Company (in 2013).

Basic Policy on Internal Control System

To realize the Management Philosophy, the Company shall establish a structure to execute its business legally and effectively by improving its internal control system according to the following basic policy as a structure to enable it to appropriately establish organization, formulate regulations, communicate information, and monitor the execution of operations.

1. System to ensure that the execution of duties by members of the Board and employees complies with laws and regulations and the Company's Articles of Incorporation

- Toray shall establish the Ethics and Compliance Committee, as one of the company-wide committees to promote observance of corporate ethics and legal compliance, and shall take other measures to improve the

required internal systems, including the establishment of dedicated organizations.

- Toray shall establish the Corporate Ethics and Legal Compliance Code of Conduct as specific provisions to be observed by members of the Board and employees, and shall take other measures to improve the required guidelines, etc. Especially with regard to eliminating relations with antisocial forces, the Company shall act as one to stand firmly against them.
- Toray shall establish an internal reporting system (whistle-blowing system) for the reporting of the discovery of violation of laws, regulations, or the Company's Articles of Incorporation.
- Toray shall establish Security Trade Control Program, one of the most important legal compliance issues, and establish an organization dedicated to security export control.

Corporate Governance

2. System to ensure the efficient execution of duties by members of the Board

- Toray shall establish the Authority of Top Management to stipulate matters with respect to which decision-making authority is reserved by the Board of Directors and matters with respect to which decision-making is delegated to the President, general managers, etc., from among matters necessary for decision-making.
- Toray shall establish the Executive Committee as deliberative organs for important matters decided by the Board of Directors or the President. The Executive Committee shall be responsible for the general direction of policy, and shall be in charge of issues related to implementation.

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

- Toray shall establish regulations for important documents and important information related to management, confidential information and personal information, and appropriately preserve and manage them in accordance with the rules.

4. Regulations and other systems pertaining to controls over risks of loss

- Toray shall identify potential risks in business activities, promote company-wide risk management to strive to reduce the level of risk under normal business conditions, and prevent future crises, as well as improve regulations and establish an internal committee to enable immediate implementation in the event of a major crisis.
- Toray shall establish an internal control system for financial reporting that ensures the reliability of financial reporting.

5. System for ensuring appropriate business operations within subsidiaries

- To establish a system under which subsidiaries report to the Company on matters regarding the execution of duties by members of the Board, etc. of the subsidiaries, the Company shall provide regulations on the regular reporting of important management information to the Company and regularly hold conferences at which the Company's management receives direct reports on the status of the management of the subsidiaries.
- To establish regulations and other systems pertaining to controls over risks of loss for subsidiaries, the Company shall provide subsidiaries with guidance to help them to establish risk management systems appropriate for their respective business forms and business environments, and shall receive regular reports on the status of their activities.
- To establish a system for ensuring that members of the Board, etc. of subsidiaries effectively execute their duties, the Company shall provide regulations on the scope under which the Company can reserve its authority over the execution of business operations. In addition, the Company

shall endeavor to grasp management information in a unified manner and provide assistance and guidance necessary for subsidiaries by determining divisions, etc. with control over its respective subsidiaries.

- To establish a system for ensuring that the execution of duties by members of the Board, etc. and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation, the Company shall thoroughly familiarize its subsidiaries with the Company's Corporate Ethics and Legal Compliance Code of Conduct as a code of conduct in common for Toray Group. At the same time, the Company shall request the subsidiaries to establish their own codes of conduct, guidelines, etc. in consideration of the laws and regulations, business practices, business forms, and other factors in their respective countries. In addition, the Company shall direct its subsidiaries to establish systems under which the status of internal whistle-blowing by members of the Board, etc. and employees of the subsidiaries is appropriately reported to the Company.

6. System for reporting to corporate auditors and systems for ensuring that persons who report to corporate auditors are not treated disadvantageously because of their reporting

- Members of the Board, etc. and employees of Toray Group and corporate auditors of subsidiaries shall report matters regarding the execution of duties to corporate auditors in response to requests from the corporate auditors.
- Department in charge of the internal reporting system (whistle-blowing system) shall regularly report the status of internal whistle-blowing in Toray Group to the corporate auditors.
- Toray shall stipulate regulations to the effect that members of the Board and employees who report to corporate auditors shall not be subjected to any disadvantageous treatment because of the said reporting, and shall provide subsidiaries with guidance to help them stipulate the same regulations.

7. Items pertaining to the handling of expenses and liabilities arising from the execution of duties by corporate auditors

- Toray shall pay expenses, etc. incurred from the execution of duties by corporate auditors.

8. Items pertaining to employees assisting with corporate auditors' duties, items pertaining to the independence of said employees from members of the Board, and items pertaining to the assurance of effectiveness of instructions from the corporate auditors to said employees

- Toray shall assign a full-time employee to provide assistance if and when corporate auditors request assistance. The said employee shall exclusively follow the corporate auditors' commands and instructions, and the Company shall consult with corporate auditors in advance with respect to the personnel arrangements for the said employee.

9. Other systems for ensuring effective implementation of audits by corporate auditors

- Corporate auditors shall attend Board of Directors meetings and other important meetings so that they may ascertain important decision-making processes and the execution of operations.
- Corporate auditors shall hold regular meetings with members of the Board and management and conduct regular visiting audits of Toray offices, plants, and subsidiaries.

Remuneration for Members of the Board

Given their roles, remuneration for internal members of the Board consists of basic remuneration (monthly remuneration,) as well as a performance-based remuneration, a bonus and stock acquisition rights as stock options. Remuneration for outside directors consists of monthly remuneration only. 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.

The Company undertakes reviews of the payment ratios of performance-based remuneration and remuneration, etc. other than performance-based remuneration as appropriate, based on the results of a survey of other companies' remuneration and deliberations at the Governance Committee, etc.

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 of each members of the Board is determined by the President based on the Company's internal regulations resolved at the Board of Directors' meeting.

The provision and the total amount of bonuses are determined each time at a general meeting of stockholders. Particulars of the agenda at the general meeting of stockholders are resolved by the Board of Directors through conference among senior management, including the President, in consideration of the consolidated operating income for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc. A bonus to each member of the Board is determined by the President according to each member's performance based on the Company's internal regulations with a resolution at a Board of Directors meeting.

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 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 based on the Company's internal regulations.

Given their roles, remuneration for corporate auditors consists of monthly remuneration only. Remuneration is set at a level that enables the Company to secure superior human resources, referring to the results of a survey of other companies' remuneration by an external third-party organization.

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 corporate auditor is determined through consultation by corporate auditors based on the Company's internal regulations.

The Governance Committee continuously reviews the remuneration system for members of the Board and corporate auditors.

Details of Remuneration in Fiscal 2018

Position	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Recipients
		Basic	Bonuses	Stock options as remunerations	
Members of the Board (excluding outside directors)	1,171	818	163	190	25
Corporate auditors (excluding outside corporate auditors)	79	79	—	—	2
Outside directors	24	24	—	—	2
Outside corporate auditors	19	19	—	—	2

Notes: 1. Recipients included eight members of the Board (excluding outside directors) who retired during fiscal 2018.

2. Total amounts of remuneration do not include the ¥47 million paid in salaries to eight employee-directors.

Total Remuneration Received by Members of the Board and Corporate Auditors

Name	Total consolidated remuneration (millions of yen)	Position	Status of company	Total consolidated remuneration by type (millions of yen)		
				Basic	Bonuses	Stock options as remuneration
Akihiro Nikkaku	153	Member of the Board	Filing company	104	26	22

Note: Total remuneration only includes persons receiving more than ¥100 million.

Compliance

Status of Compliance Initiatives

Toray Group recognizes the absolute importance of compliance with laws, regulations, and social norms if the company is to live up to its corporate philosophy. Moreover, contributing to society by working to resolve major global issues through the use of innovative technologies and advanced materials requires us to build and maintain relationships of trust with our various stakeholders.

In order to gain this trust and ensure Toray Group's sustainable contribution to society, it is essential to comply with the laws and regulations related to our business activities in each country in which we operate and maintain the highest level of integrity in all our actions.

Based on these concepts, top management focuses on its leadership role in making compliance a priority, requiring corporate ethics and strict compliance with the law not only within the Group, but among suppliers as well.

Ethics and Compliance

Toray has established the Ethics and Compliance Committee, as a Group-wide committee, chaired by the President and consisting of members of the Board. A joint effort between labor and management, the Committee deliberates on policies and discusses measures relating to corporate ethics. The Committee met twice in fiscal 2018, reviewing the ethics and compliance systems for Toray Group and discussing the results from activities in fiscal 2017 as well as activity plans and progress in fiscal 2018. Acting as leaders, divisional and departmental general managers at each workplace adopt a top-down approach toward promoting initiatives.

Affiliate Companies' Compliance Meeting as well as Overseas Affiliate Companies' Compliance Meetings have been established as subordinate organizations of the Ethics and Compliance Committee with respect to subsidiaries and affiliated companies in Japan and overseas. These meetings study and promote compliance activities implemented in each company, country, and region.

In addition, the Corporate Ethics and Legal Compliance Code of Conduct is a strict set of standards that every Toray Group executive and employee closely follows when performing corporate activities. In the event that a violation is discovered, strict discipline is carried out in consultation with the Company's Rewards and Sanctions Committee. Toray has put together the Corporate Ethics and Legal Compliance Handbook, which explains the code and gives details of the compliance helpline, to ensure comprehensive understanding for all Toray and its Japanese Group companies' executives and employees, including contracted, part-time and temporary workers.

Group companies outside Japan prepare national and regional editions of the Corporate Ethics and Legal Compliance Handbooks. Every executive and employee of Group companies outside Japan receives a copy of the

handbook to ensure that they are fully informed of the corporate policy on the code of conduct.

Corporate Ethics and Legal Compliance Training Initiatives

Toray posts information on CSR and legal compliance on its corporate intranet. In addition, Toray relays important information about Japanese and other national legislation that relates to its business, such as antitrust laws, labor laws, and anti-bribery rules, to all Group companies, including those outside Japan. Workplace discussion is fostered by the holding of study groups and workshops at workplace where cases of misconduct by other companies are reviewed. Since fiscal 2012, Toray has provided online training courses on corporate ethics and legal compliance for all executives and employees, including contracted, part-time and temporary workers. In fiscal 2018, Toray worked to raise awareness of human rights issues using case studies based on actual reports and consultations within Toray Group, reminding all participants that issues can occur in any department. Using the same materials, the Company implemented training at Toray Group companies in Japan.

Expanding the Whistle-Blowing System

By means of the Corporate Ethics and Legal Compliance Helpline, its whistle-blowing system, the Company emphasizes the self-correction function, by which it is expected that employees will be first to take the initiative in managing conduct with regard to corporate ethics and legal compliance, and consult with a supervisor as soon as an issue arises. Should consulting with a supervisor prove problematic, Toray ensures that employees have access to alternative means of reporting and consulting such as via contact points at its offices, plants and labor unions or directly to the secretariat of the Ethics and Compliance Committee via phone or email.

Each Toray Group company in Japan has established a Helpline contact point, and Toray has also created an external Helpline contact point shared by all Group companies in Japan to make it easier for employees to report and consult. Overseas subsidiaries and affiliated companies also have systems set up at all their companies, and there have been reports made in several countries and regions, so Toray is working to resolve the issues, while carefully confirming the circumstances in interviews and investigations. In addition to these moves, in fiscal 2016 Toray established a whistle-blowing system for Group companies to directly report serious misconduct, such as violations of antitrust laws and bribery, and is working to inform all Toray Group companies about the system.

The operational status of the whistle-blowing system, including the number of reports (consultations) and other details, is reported to members of the Board via the Ethics and Compliance Committee, which sits twice a year.

Reinforcing in Product Quality Assurance Compliance

To reinforce product quality assurance compliance across the Toray Group, we will mainly address the following five issues.

(1) Strengthening of the entire Toray Group's product quality assurance system

We provide guidance on the development of product quality assurance systems for each division and Group company and are promoting audits of the product quality assurance systems and the effectiveness of operations. After clarifying what product quality assurance should involve, we will set tasks based on any deviations between the actual situation and what it should be and promote improvements.

(2) Development of human resources to prevent fraud and fostering of a workplace culture

We provide product quality assurance compliance education. The education for Toray Industries, Inc. has been completed, and in fiscal 2019 we will promote product quality assurance compliance education for domestic and overseas subsidiaries and affiliated companies.

(3) Ascertain actual situation for contracts with customers for quality assurance and create guidelines

We are making headway with the compilation of contract guidelines with regard to product quality assurance. We will check contracts for conformity with the guidelines and review any necessary items.

(4) Appropriate maintenance and management of measuring equipment

Having created a risk assessment table to determine the need for the updating and maintenance of measuring equipment, we were able to pinpoint the equipment that was in need of updating. In fiscal 2019, we will deploy this method at domestic and overseas subsidiaries and affiliated companies.

(5) Setting up a quality data management system that prevents fraud

We are promoting the construction of a data management system, featuring measurement automation, the automatic transfer of measurement data, and the automatic issuance of inspection reports, which thus involves as little manual intervention as possible.

Improving Security Trade Controls

Sharing the latest trends on security trade controls and education to raise awareness of new regulations

In addition to conventional concerns about the proliferation of weapons of mass destruction, in security trade controls the necessity has arisen to carry out risk management in consideration of the changes in the international security balance. Having held a meeting of the Security Trade Control Committee, the members of which include officers from the divisions and Group companies involved in exports and technology provision, and considered the risks to be dealt with based on, for example, the latest international situation and the trend for revising laws, we decided on the measures for fiscal 2018. The committee members also hold the Division/Group Company Security Trade Control Committee and, in addition to working to thoroughly make Company-wide measures known to all, implement additional measures on matters to be addressed in the departments in charge and at related companies.

Practically Addressing Risks

The Toray Group performs risk management of security trade controls with regard to the export of all products, devices, materials, and samples, as well as the transfer of technologies outside Japan. Particularly strict management is necessary for TORAYCA® carbon fiber and its composite materials, semiconductor coating agents, and water treatment membranes, which are listed as restricted items requiring export permission from the Japanese Minister of Economy, Trade and Industry. The following measures to enhance risk management associated with security trade controls have been implemented based on conditions in and outside of Japan.

(1) Enhanced employees' capacity for accurate judgment at divisions/group companies

Having launched an e-learning course where inexperienced practitioners can learn at any time, we worked to establish basic business knowledge (A total of two programs with the participation of 3,582 employees). We also implemented a practical education program to improve the management practices, such as risk determination, export transactions, and technology provision, for more highly specialized practitioners (A total of 14 programs with the participation of 901 employees).

Having promoted in a planned manner the exam authorized by the Center for Information on Security Trade Controls in Japan, a total of 336 employees passed, bringing the cumulative total of Toray Group employees who have passed the exam to 3,771.

Compliance

(2) Conducted regular audits

Having carried out paper audits and on-site audits for each Group company, Toray provided individualized guidance based on the results to help Group companies make improvements.

(3) Enhanced information sharing and reporting

Toray integrated and centralized information on concerns such as suspicious trade inquiries, reported or consulted with the appropriate authorities as required, and took the appropriate measures. The Company also shared suspicious trade information at various company meetings, and took steps to improve its risk management.

(4) Improved inspection systems

Having completed the development of the basic functions of the next security trade control system, we started coordination with the sales key system while repeating operational tests for each division. A system is now in place to prevent accidental shipments due to human error.

Promotion of Mission B.E.A.R. Activities

As a new measure under the slogan "Having the integrity to do the right thing in the right way" in fiscal 2018, Toray Group is promoting the following four compliance principles and more effective compliance initiatives.

Four Compliance Action Principles

B: Be fair, be honest and have integrity

E: Encourage respect and communication

A: Adopt a "genba" approach—Look to the facts!

R: Responsibility as a member of our excellent company

The "Mission B.E.A.R." compliance program, which takes the latter part of its name from the first letter in each of the four action principles, requires Toray Group companies to identify through questionnaires compliance risks, followed by the formulation of a response plan and the implementation of countermeasures. Follow-ups on results are then conducted as part of PDCA activities.

In fiscal 2019, we will continue to monitor and support activities at each Group company aimed at promoting compliance, bolstering our risk response based on regional and operational factors, and building a corporate culture centered on integrity.



Implementing Internal Legal Audits

In fiscal 2016, Toray adopted a Group-wide system for self-inspections and mutual internal control audits and has conducted internal legal and compliance audits of designated Toray divisions and departments and domestic and overseas subsidiaries and affiliated companies every two years. Having conducted legal and compliance internal audits of the designated companies of overseas subsidiaries and affiliated companies in fiscal 2017, in fiscal 2018 the Company confirmed the improvement status of the items pointed out by the audit and that the rate of improvement had reached 100% (including those under improvement). In fiscal 2018, we also conducted internal legal and compliance audits of designated Toray divisions and departments and domestic subsidiaries and affiliated companies.

Tax Compliance Efforts

Toray Group strives to pay tax properly in accordance with international standards, such as the tax laws and related rules of each country/region and OECD guidelines. With regard to transfer prices, which have become increasingly important with the increase in international transactions, we strive for appropriate income distribution by calculating transaction prices after taking into consideration the principles between independent companies. In addition, Toray neither performs tax planning with the intention of making excessive tax savings nor conducts arbitrary tax avoidance through the use of tax havens.

Analyzing and Evaluating the Effectiveness of the Board of Directors

Process of Analysis and Evaluation

Over the period from late-March 2019 to mid-April 2019, Toray's Board of Directors conducted a "Questionnaire Survey to Evaluate the Effectiveness of the Board of Directors in the fiscal year ended March 31, 2019." The 23 survey respondents, who comprised all of the Board members and corporate auditors, answered questions on the following survey items and gave their names.

- (1) Management Philosophy and Corporate Missions
- (2) Size and structure of the Board of Directors
- (3) Segregation of oversight and business operations
- (4) Provision of information prior to Board of Directors meetings
- (5) Number of agenda at Board of Directors meetings
- (6) Proceedings at Board of Directors meetings
- (7) Management response to opinions, etc. at Board of Directors meetings
- (8) Authority of the Board of Directors
- (9) Appropriate response to conflicts of interest
- (10) Communication with stakeholders
- (11) Communication among members of the Board
- (12) Opportunities to acquire knowledge
- (13) Compliance promotion
- (14) Overall evaluation

In addition to the questionnaire, secretariat of the Board of Directors individually interviewed outside directors and outside corporate auditors (total of four persons) to hear their opinions in relation to their responses to the questionnaire.

The survey results were analyzed and evaluated at the Governance Committee held on June 11, 2019 and the results of the analysis and evaluation were deliberated at the Board of Directors meeting held on June 20, 2019. The following overview of the results of the analysis and evaluation describes the contents resolved at the Board of Directors meeting.

Overview of the Results of the Analysis and Evaluation

- (1) In the fiscal year ended March 31, 2019, the Board of Directors performed oversight and decision-making based on a deep understanding and sympathy with the Management Philosophy and Corporate Missions. As a result, we believe that the Board of Directors generally fulfilled its roles and responsibilities in indicating the direction of corporate strategies and other major courses of action in an appropriate manner.
- (2) In the fiscal year ended March 31, 2019, the Board of Directors held 15 meetings in total to perform oversight and decision-making in a timely and appropriate manner. Furthermore, it promoted reviews on the scope of delegating decision-making authority. Through these initiatives, we believe that the Board of Directors generally fulfilled its roles and responsibilities in establishing an environment conducive to appropriate risk-taking by the senior management in an appropriate manner.
- (3) With respect to the 15 Board of Directors meetings held in the fiscal year ended March 31, 2019, the attendance rate of the members of the Board was 100%. Outside directors made remarks mainly from their respective professional viewpoints. The opinions, etc. at the Board of Directors meetings, including the abovementioned remarks, were appropriately reflected in measures taken by the management. With respect to transactions causing possible conflicts of interest, internal procedures to handle them were appropriately carried out. In light of the above, we believe that the Board of Directors generally fulfilled its roles and responsibilities in carrying out the effective oversight of members of the Board and the management from an independent and objective standpoint in an appropriate manner.
- (4) Based on the above, we believe that the Board of Directors generally fulfilled its roles and responsibilities in an effective manner in the fiscal year ended March 31, 2019. With regard to the matter, "further activating discussions at the Board of Directors meetings," however, specific measures for improvement must be taken in the fiscal year ending March 31, 2020 and thereafter to further improve the effectiveness of the Board of Directors.
- (5) With respect to the opinions, etc. received from the members of the Board and corporate auditors in the course of evaluating the effectiveness of the Board of Directors, the Governance Committee shall deepen discussions based on those opinions with a view to further improving the effectiveness of the Board of Directors, as necessary.

Board of Directors and Corporate Auditors

(As of June 25, 2019)



President and Representative Member of the Board

Akihiro Nikkaku

Chief Executive Officer, Chief Operating Officer

1973 Joined the Company
2001 General Manager, Engineering Division;
General Manager, Second Engineering Dept.
2002 Vice President (Member of the Board)
2004 Senior Vice President (Member of the Board)
2006 Senior Vice President (Member of the Board & Member of the Executive Committee)
2007 Executive Vice President and Representative Member of the Board
2010 President and Representative Member of the Board (incumbent)



Executive Vice President and Representative Member of the Board

Koichi Abe

In charge of Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center

1977 Joined the Company
2004 General Manager, Aichi Plant
2005 Vice President (Member of the Board)
2009 Senior Vice President (Member of the Board)
2011 Senior Vice President (Member of the Board & Member of the Executive Committee)
2013 Senior Vice President and Representative Member of the Board
2014 Executive Vice President and Representative Member of the Board (incumbent)



Executive Vice President and Representative Member of the Board

Ryo Murayama

In charge of Marketing and Sales; in charge of Corporate Marketing Planning Dept., and branches; General Manager, Affiliated Companies Division

1973 Joined the Company
2005 General Manager, LCD Materials Division
2008 Vice President (Member of the Board)
2010 Senior Vice President (Member of the Board)
2013 Senior Vice President (Member of the Board and Member of the Executive Committee)
2018 Executive Vice President and Representative Member of the Board (incumbent)



Executive Vice President and Representative Member of the Board

Yukichi Deguchi

General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; in charge of Legal & Compliance Division (Security Trade Administration Dept.), HS Business Development Dept.

1973 Joined the Company
2009 Assistant General Manager, Research & Development Division
2009 Vice President (Member of the Board)
2012 Senior Vice President (Member of the Board)
2014 Senior Vice President (Member of the Board and Member of the Executive Committee)
2018 Executive Vice President and Representative Member of the Board (incumbent)



Senior Vice President (Member of the Board and Member of the Executive Committee)

Mitsuo Ohya

General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office

1980 Joined the Company
2009 General Manager, Industrial & Textile Fibers Division
2012 Vice President (Member of the Board)
2014 Retired from Vice President (Member of the Board)
President and Representative Member of the Board, Toray International, Inc.
2016 Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)



Senior Vice President (Member of the Board and Member of the Executive Committee)

Hiroshi Otani

General Manager, Water Treatment & Environment Division; Chairman, Toray Asia Pte. Ltd. (part-time)

1978 Joined the Company
2011 Assistant General Manager, Water Treatment & Environment Division
2011 Vice President (Member of the Board)
2014 Senior Vice President (Member of the Board)
2018 Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)



Senior Vice President (Member of the Board and Member of the Executive Committee)

Toru Fukasawa

General Manager, Finance & Controller's Division

1978 Joined the Company
2010 Chief Executive Representative for America; Chief Representative for America; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.
2012 Vice President (Member of the Board)
2015 Senior Vice President (Member of the Board)
2018 Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)



Senior Vice President (Member of the Board and Member of the Executive Committee)

Kazuo Morimoto

General Manager, Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A. (part-time)

1975 Joined the Company
2008 General Manager, Purchasing & Logistics Division
2009 Vice President (Member of the Board)
2012 Retired from Vice President (Member of the Board)
Chief Executive Representative for the Americas; Chief Representative for the Americas; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.
2015 President and Representative Member of the Board, Du Pont-Toray Co., Ltd.
2017 Senior Vice President (Member of the Board)
2018 Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)



Senior Vice President (Member of the Board and Member of the Executive Committee)

Osamu Inoue

General Manager, Films Division; Chairman, Toray Films Europe S.A.S. (part-time)

1976 Joined the Company
2008 Chairman, Toray Plastics Europe S.A.S.; Chairman, Toray Films Europe S.A.S.
2010 Vice President (Member of the Board)
2012 Retired from Vice President (Member of the Board)
President and Representative Member of the Board, Toray Battery Separator Film Co., Ltd.
2017 Assistant General Manager, Films Division
Senior Vice President (Member of the Board)
2018 Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)



Senior Vice President
(Member of the Board)

Hirofumi Kobayashi

General Manager, Pharmaceuticals & Medical Products Division

- 1983 Joined the Company
- 2011 General Manager, Electronic & Information Materials Division (Technology and Manufacturing)
- 2013 Vice President (Member of the Board)
- 2016 Senior Vice President (Member of the Board) (incumbent)



Senior Vice President
(Member of the Board)

Tetsuya Tsunekawa

General Manager, Research & Development Division; General Manager, Basic Research Center

- 1984 Joined the Company
- 2012 General Manager, Tsuchiura Plant
- 2014 Vice President (Member of the Board)
- 2016 Senior Vice President (Member of the Board) (incumbent)



Senior Vice President
(Member of the Board)

Takashi Fujimoto

General Manager, Information Systems Division, Purchasing & Logistics Division; General Manager, Engineering Division

- 1980 Joined the Company
- 2014 President and Representative Member of the Board, Toray Precision Co., Ltd.
- 2016 Vice President (Member of the Board)
- 2018 Senior Vice President (Member of the Board) (incumbent)



Senior Vice President
(Member of the Board)

Kazuyuki Adachi

General Manager, Manufacturing Division; General Manager, Textile Technology & Manufacturing Division

- 1980 Joined the Company
- 2004 President, Toray Textiles Central Europe s.r.o.
- 2013 Director, Toray Industries (China) Co., Ltd.; Chairman and President, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.
- 2016 Director, Toray Industries (Thailand) Co., Ltd.; President, Luckytex (Thailand) Public Company Limited
- 2018 Senior Vice President (Member of the Board) (incumbent)



Vice President
(Member of the Board)

Shigeki Taniguchi

General Manager, Personnel & Industrial Relations Division

- 1983 Joined the Company
- 2015 General Manager, General Administration & Legal Division; General Manager, General Administration Dept.
- 2016 Vice President (Member of the Board) (incumbent)



Vice President
(Member of the Board)

Hideki Hirabayashi

In charge of CSR; General Manager, Legal & Compliance Division; General Manager, General Administration & Communications Division; General Manager, Tokyo Head Office

- 1981 Joined the Company
- 2016 General Manager, General Administration & Legal Division; General Manager, General Administration Dept.
- 2017 Vice President (Member of the Board) (incumbent)



Vice President
(Member of the Board)

Hiroshi Enomoto

General Manager, Electronic & Information Materials Division

- 1983 Joined the Company
- 2012 General Manager, Electronic Materials Division; General Manager, Electronic & Information Materials Dept.
- 2018 Vice President (Member of the Board) (incumbent)



Vice President
(Member of the Board)

Nobuyuki Inohara

General Manager, Resins & Chemicals Division

- 1983 Joined the Company
- 2005 General Manager, Polyester Polymers Dept.
- 2010 General Manager, Torayca Reinforced Plastics Dept.
- 2013 General Manager, Resins Division & General Manager, Torayca Reinforced Plastics Dept.
- 2014 General Manager, Resins Division
- 2015 President and Representative Member of the Board, Toray Plastics Precision Co., Ltd.
- 2019 Vice President (Member of the Board) (incumbent)



Outside Director
Kunio Ito

- 2002 Dean, Graduate School of Commerce and Management and Faculty of Commerce and Management, Hitotsubashi University
- 2004 Executive Vice President and Board Member, Hitotsubashi University
- 2013 Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent)
- 2014 Director, Seven & i Holdings Co., Ltd. (incumbent)
- Vice President (Member of the Board) of the Company (incumbent)
- 2018 Research Professor, Department of Business Administration, Hitotsubashi University Business School (incumbent)



Outside Director
Ryoji Noyori

- 1997 Dean, Graduate School of Science and School of Science, Nagoya University
- 2001 Director, TAKASAGO INTERNATIONAL CORPORATION (incumbent)
- 2003 President, RIKEN
- 2004 Special Professor, Nagoya University (incumbent)
- 2015 Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency (incumbent)
- Vice President (Member of the Board) of the Company (incumbent)



Corporate Auditor
Shogo Masuda

- 1975 Joined the Company
- 2006 Assistant General Manager, Affiliated Companies Division; General Manager, Affiliated Companies Administration Dept.; General Manager on Special Assignment, Corporate Strategic Planning Division
- 2007 Vice President (Member of the Board)
- 2011 Senior Vice President (Member of the Board)
- 2016 Senior Vice President (Member of the Board & Member of the Executive Committee)
- 2017 Corporate Auditor (incumbent)



Corporate Auditor
Shoshiro Taneichi

- 1979 Joined the Company
- 2012 General Manager, Shiga Plant
- 2016 Corporate Auditor (incumbent)



Outside Corporate Auditor
Toshio Nagai

- 2008 Chief Research Officer, Supreme Court
- 2012 President, Hiroshima High Court
- 2013 President, Osaka High Court
- 2014 Mandatorily retired
- Registered as a lawyer (The Dai-ichi Tokyo Bar Association)
- Takusyou Sogo Law Office (incumbent)
- 2015 Outside Corporate Auditor of the Company (incumbent)
- 2016 Outside Corporate Auditor, SUMITOMO CORPORATION (incumbent)



Outside Corporate Auditor
Kazuya Jono

- 1977 Joined Mitsui Bank, Limited
- 2005 Executive Officer, Sumitomo Mitsui Banking Corporation
- 2007 Managing Executive Officer, Sumitomo Mitsui Banking Corporation
- 2010 Senior Managing Director, Sumitomo Mitsui Banking Corporation
- 2012 Retired
- Representative Director, President & CEO, Citibank Japan Ltd.
- 2014 Retired
- 2015 Outside Corporate Auditor of the Company (incumbent)
- 2019 Outside Corporate Auditor, Brother Industries (incumbent)



Outside Corporate Auditor
Hiroyuki Kumasaka

- 1973 Joined FUSO Audit Corporation (later MISUZU Audit Corporation)
- 2007 Chairs of the Board of Council; Head, Tokyo Office, the Audit Corporation
- Representative Liquidator, the Audit Corporation
- 2008 Outside Corporate Auditor, MATSUDA SANGYO CO., LTD.
- 2011 External Corporate Auditor of the Board, Japan Airlines Co., Ltd.
- 2015 Outside Audit and Supervisory Committee Member, MATSUDA SANGYO CO., LTD.
- 2019 Outside Corporate Auditor of the Company (incumbent)

Comments from the Outside Directors

I will make contributions by increasing the quality of corporate governance and ensuring sustainable growth of Toray's corporate value.

Kunio Ito

Outside Director

Q How would you rate Toray's corporate governance?

A The sense of discipline that forms the basis of corporate governance is firmly entrenched in Toray's employees and management. Moreover, considerable progress is being made to further energize the Board of Directors which plays a central role in the governance function. As a part of efforts to evaluate the effectiveness of the Board of Directors, we are drawing on the results of signed questionnaires. Steps are being taken to analyze any changes from the previous year and discrepancies between the evaluations by internal and outside directors. In addition, detailed hearings with outside directors and outside corporate auditors are being held to clarify issues for the next fiscal year. Furthermore, the level of competence exhibited by the Governance Committee, which also encompasses the nomination and remuneration functions, continues to improve with each passing year.

Q What do you believe is your role as an outside director?

A The role of an outside director, as I see it, is to properly grasp the background behind each agenda item presented to the Board of Directors and the impact on corporate value. Moreover, outside directors need to exercise judgment from a long-term perspective and not a myopic view. At the same time, outside directors must ensure that the activities and decisions of the Company can be explained to all stakeholders including shareholders, from the standpoint of a third party. As chairperson of the Governance Committee, which serves as an advisory body to the Board of Directors, I will contribute to efforts aimed at putting in place a proper succession plan as well as the remuneration system. I will also focus on steadily increasing the quality of governance and to secure the sustainable growth of Toray's corporate value.

Q What issues do you think the Company will face in its efforts to secure sustainable growth?

A Toray has been actively engaged in the development of advanced technologies in order to realize its overarching philosophy and strong belief that materials have the power to bring about fundamental transformations in society. Looking ahead, the Company must continue to ramp up and further enhance these efforts. However, in this VUCA* era of intense environmental change, I would like Toray to foster an agile organizational culture. At the same time, it is important that the Company further entrench an entrepreneurial spirit in its employees going forward. In this sense, I would hope that employees enjoy the freedom to paint their own picture as if working on a blank canvas when actively promoting open innovation with startups and other companies. Put simply, it is vital that Toray remains a leading company in solving social issues.

* VUCA: Acronym for "Volatility," "Uncertainty," "Complexity," and "Ambiguity"

I will express my opinion on
Toray's research and technological development
issues and human resource development.

Ryoji Noyori

Outside Director

Q How would you rate Toray's corporate governance?

A For many years, Toray Group has won an acknowledged reputation for being an organization acting with the greatest sincerity by accumulated efforts of its forerunners. Regrettably, there were deviant acts in product quality control at a subsidiary the year before last that brought considerable disgrace upon the Group as a whole. On the other hand, the case served as an opportunity to promote a restoration of discipline from every point of view across the entire organization. Amid the increase in overseas activities in the coming years, the Company should be highly evaluated for making every effort to avoid unforeseen circumstances by ingraining the Toray spirit even in different cultural regions.

Q What do you believe is your role as an outside director?

A As a lowly government servant, I have long been involved in scientific research and education at universities and have participated in the administration of national research and development institutes as well as in the formulation of policies for promoting Japan's science and technology. I have also broadened my knowledge of overseas situation in these areas. Based on those experiences, I believe that I am mainly responsible for advising on Toray's research, technological development issues, and human resource development. Manufacturing is the basis of Japanese industry, and "materials have the power to change the world," but the future business environment is not an extension of that of today. I would thus like to watch closely the trend and request change in awareness.

Q What issues do you think the Company will face in its efforts to secure sustainable growth?

A Toray, with its leading technology, should evolve from being "Japan's No. 1 materials company" to "the Company that attracts the world." If that is the case, what kind of technologies are required in the new era? Not only its R&D teams, but also Toray as a whole should sharpen sensitivities, gather knowledge, and create new values on their own. Such a spirit is required. Toray must not stay as the downstream industry servant. From the perspective of fairness between the current and future generations, it is inevitable that society will shift to a "circular economy." I would like you to lead the future society proactively with pride.

