

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.