Corporate Governance Report

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TORAY INDUSTRIES, INC.
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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

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 the Toray Philosophy that incorporates this principle.
The Group systematizes the Toray Philosophy as a Corporate Philosophy, Corporate Missions, Corporate Guiding Principles, etc. 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 "acting with fairness, high ethical standards and a strong sense of responsibility while complying with laws, regulations and social norms to earn trust and meet social expectations."
In establishing its corporate governance structure, the Group seeks to fulfill these philosophies as its basic policy.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Toray complies with all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

The term "members of the senior management" used hereinafter refers to representative members of the Board.

[Principle 1.4 (Policy for Cross-Shareholdings)]
To lead to improvements in the Toray Group's mid- to long-term corporate value and sustainable growth, Toray holds the shares of business partners, in comprehensive consideration of purposes including strengthening of transaction relations, smoothing business alliances, and reinforcing joint research and technology development, as well as business strategies.
For such individual strategic holdings, Toray periodically reviews the purposes and reasons for holding shares at the Board of Directors meetings from both quantitative perspectives of whether the benefits and risks associated with each holding are worth Toray's capital cost and qualitative perspectives such as compatibility with the purpose of holding, and sells shares that have become less meaningful to hold primarily due to changes in transaction relations.
The status as of March 31, 2020 was discussed at the Board of Directors meeting held on May 28, 2020. As a result, a policy for the partial sale of shares was confirmed.
When exercising the voting rights as to the strategic holdings, Toray decides to approve or disapprove each agenda based on its conviction that the mid- to long-term improvement of the corporate value of business partners will also lead to the enhancement of Toray Group's corporate value.
When shareholders who hold Toray's shares indicate their intention to sell their shares, Toray will respect their intention and respond appropriately.

[Principle 1.7 (Related Party Transactions)]
With respect to any transaction between a member of the Board and the Company that involves a conflict of interest, the Board of Directors stipulates internal procedures therefor pursuant to laws and regulations and administers them appropriately so as not to damage the interests of the Company or common interests of shareholders. Specifically, Toray established an "Authority of Top Management" to enable its Board of Directors to reserve the power to approve transactions involving conflicts of interest. If a shareholder holds 10% or more of Toray's stock and engages in a transaction with Toray, the Board of Directors will take appropriate procedures and appropriately administer the transaction.

[Principle 2.6 (Roles of Corporate Pension Funds as Asset Owners)]
Toray determines the asset allocation from a mid- to long-term perspective while considering risks and returns, in order to pay pensions to beneficiaries in a stable and certain manner through the Toray Corporate Pension Fund. Matters related to asset management are approved and decided at the Board of Representatives based on deliberations at the Asset Management Committee. Furthermore, Toray allocates human resources with appropriate talents to the Asset Management Committee and the Board of Representatives, mainly from the Personnel & Industrial Relations Division and Finance & Controller's Division, to monitor the status of asset management.

[Principle 3.1 (Full Disclosure)
(i) Management philosophy, business strategies and business plans
Toray's management philosophy, business strategies and business plans are disclosed on the Company website.
Management philosophy www.toray.com/aboutus/philosophy.html
Business strategies and business plans www.toray.com/ir/management/man_002.html

(ii) Basic policy on corporate governance
Toray developed the "Basic Policy on Corporate Governance" and disclosed it on the Company website.
www.toray.com/aboutus/governance/index.html

(iii) Policy and procedures for determining remuneration
To lead to improvements in the Toray Group's mid- to long-term corporate value and sustainable growth, Toray has established a remuneration system for members of the Board and corporate auditors.
With respect to the decision-making policy for the remuneration system for members of the Board and corporate auditors, in addition to matters stipulated by laws and regulations, the decision-making rights on important matters are reserved by the Board of Directors based on the Authority of Top Management.
Particulars of the agenda regarding remuneration for members of the Board and corporate auditors at the general meeting of shareholders, and the formulation and revision of important internal regulations are determined by resolution of the Board of Directors, and the remuneration for 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.
Remuneration for members of the Board and corporate auditors is continually reviewed by the Governance Committee, which consists of three internal members of the Board and four outside directors with an outside director serving as chairperson, as an advisory organ in order to report to the Board of Directors on important issues regarding Toray's corporate governance over the medium- to long-term.
Given their roles, remuneration for internal members of the Board consists of basic remuneration which is a fixed amount (monthly remuneration), as well as a performance-based remuneration, including bonus which takes into account the consolidated business results for each fiscal year, etc., and stock acquisition rights as stock options, which are linked to medium- to long-term business results.
Given their roles, remuneration for outside directors consists of basic remuneration (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. Furthermore, the Governance Committee reviews the remuneration level on a continuous basis.
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 basic remuneration (monthly remuneration) the maximum limit of total remuneration is determined at general meetings of stockholders. Within the scope of the maximum limit, basic 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.
The provision and the total amount of bonuses are determined each time at a general meeting of stockholders, with consideration given to the consolidated business results for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc.
The amount of bonus 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 is resolved at the general meeting of stockholders. Within that limit, the total number of Stock Acquisition Rights to be allocated 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 basic remuneration (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 basic remuneration (monthly remuneration), the maximum limit of total remuneration is determined at general meetings of stockholders. Within the scope of the maximum limit, basic remuneration is determined through consultation by corporate auditors based on the Company's internal regulations.

(iv) Policy and procedures for nominating candidates for members of the Board and corporate auditors, and policy and procedures for electing and dismissing members of the senior management
As Toray Group supplies a wide range of industries with basic materials, when nominating candidates for internal members of the Board, the Company considers the candidate's familiarity with its business and major functions, ability to make timely and appropriate management judgments based on rich experience at the worksites and deep expertise, as well as management track record and experience at Toray Group. The nomination criteria for candidates include an ability to oversee management based on fiduciary responsibilities from an objective standpoint independently of business operations.
For appointing future Presidents and other members of the senior management from within the Company, it is important to systematically train and nurture candidates in advance by, for example, appointing them in key positions in consideration of their potential to serve senior management positions. Mid- to long-term succession plans for key positions are periodically created and approved by the Board of Directors following the deliberation by the Governance Committee.
For outside directors, the criteria for nominating candidates are an ability to oversee management from broader perspectives to further improve the transparency and fairness of management and an ability to provide appropriate advice to the management from a mid- to long-term perspective, based on sympathy with the Toray Philosophy and a profound understanding of the basic materials business.
The nomination of candidates for members of the Board goes through the following process: discussions among the senior management, including the President; confirmation of candidate selection policies by the Governance Committee; confirmation of mid- to long-term succession plans for key positions; and multifaceted deliberation on individual nomination proposals. The nomination of candidates is then approved by the Board of Directors.
After considering the candidate's management track record and experience at Toray Group, the President is elected based on the candidate's rich experience at the worksites and deep expertise, as well as insight and other qualities that serve to embody the Toray Philosophy globally. The election and dismissal of the President is approved by the Board of Directors after deliberation by the Governance Committee.
The dismissal of members of the Board follows the provisions of the Companies Act through deliberations at the Governance Committee.
For corporate auditors, the main criterion for nominating them is an ability to appropriately carry out their roles while keeping objectivity and neutrality, either from a viewpoint with profound knowledge of Toray Group businesses in the case of internal corporate auditors or from a professional viewpoint in the case of outside corporate auditors.
With the consent of the Board of Corporate Auditors, the Board of Directors approves the nomination of candidates for corporate auditors, who meet the abovementioned criterion, have superior character and knowledge, and are judged to be appropriate as corporate auditors.

The Governance Committee continuously reviews the policy on nominating candidates for members of the Board and corporate auditors and basic policy on electing and dismissing members of the senior management, including the President.

(v) Explanations on individual nominations, elections, and dismissals of candidates for members of the Board and corporate auditors and members of the senior management
Toray Group nominates, elects, and dismisses candidates for members of the Board and corporate auditors and members of the senior management in accordance with the policies for nominations, elections, and dismissals described in (iv) above.
Explanations on individual nominations of candidates for members of the Board and corporate auditors are posted in the Notice of the Ordinary General Meeting of Stockholders.
www.toray.com/ir/stocks/sto_008.html

[Supplementary Principles 4.1.1 (Roles and Responsibilities of the Board)]
The Board of Directors established the Authority of Top Management, an internal rule that expressly stipulates important 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 management, including the President.
For matters with respect to which decision-making authority is reserved by the Board of Directors, a specific guideline for importance is established based on the degree of impact on the Company's financial status and other factors, in order to ensure that the business operation of the whole of Toray Group, including Group companies, is included according to importance, in addition to the matters set forth in laws and regulations.

[Principle 4.9 (Independence Standards and Qualification for Outside Directors)]
Standards for the independence of outside directors are disclosed on the Company website as part of the Basic Policy on Corporate Governance."
www.toray.com/aboutus/governance/gov_002.html

[Principle 4.11 (Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Corporate Auditors)]
As Toray Group supplies a wide range of industries with basic materials, when nominating candidates for internal members of the Board, the Company considers the candidate's familiarity with its business and major functions, ability to make timely and appropriate management judgments based on rich experience at the worksites and deep expertise, as well as management track record and experience at Toray Group. The nomination criteria also include an ability to oversee management based on fiduciary responsibilities from an objective standpoint independently of business operations.
For outside directors, the criteria for nominating candidates are abilities to oversee management and provide appropriate advice to the management from broader and mid- to long-term perspectives, based on an understanding of the Toray Philosophy and business.
Toray will work to support diversity without regard to gender or internationality, based on the assumption that the above-mentioned quality is ensured, and the Governance Committee will continuously review the composition of the Board of Directors.

[Supplementary Principles 4.11.1 (Policy on the Board of Directors, Policy and Procedures for selecting members of the Board)]
Toray Group globally plays an active part in a broad scope of business fields and should appropriately respond to various risks surrounding each business in order to realize sustainable growth and increased corporate value. The Board of Directors has to evaluate the risks multilaterally to fulfill its roles of oversight and decision-making. To that end, the Board of Directors strives for appropriate balance in the number of members and structure, with members who widely cover the fields of the corporate activities of the Group in terms of knowledge, experience and ability, and appropriately ensures diversity as a whole.
The Governance Committee continuously reviews the structure of the Board of Directors.

[Supplementary Principles 4.11.2 (Offices where Members of the Board and Corporate Auditors concurrently serve as Members of the Board and Corporate Auditors at Other Listed Companies)]
Offices held concurrently by members of the Board and corporate auditors are posted in the Notice of the Ordinary General Meeting of Stockholders.
www.toray.com/ir/stocks/sto_008.html

[Supplementary Principles 4.11.3 (Analyzing and Evaluating the Effectiveness of the Board of Directors)]
1. Process of analysis and evaluation
Over the period from late-March 2020 to mid-April 2020, 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, 2020." The 24 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) Group governance
(15) Overall evaluation

In addition to the questionnaire, Secretariat of the Board of Directors individually interviewed outside directors and outside corporate auditors (total of five 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, 2020 and the results of the analysis and evaluation were deliberated at the Board of Directors meeting held on June 17, 2020. The overview of the results of the analysis and evaluation shown below describes the contents resolved at the Board of Directors meeting.

2. Overview of the results of the analysis and evaluation
(1) In the fiscal year ended March 31, 2020, 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, 2020, the Board of Directors held 14 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 14 Board of Directors meetings held in the fiscal year ended March 31, 2020, 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, 2020. With regard to the matter, "further activating discussions at the Board of Directors meetings," however, continuing from the fiscal year ended March 31, 2020, specific measures for improvement must be taken in the fiscal year ending March 31, 2021 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.

[Supplementary Principles 4.14.2 (Training Policy for Members of the Board and Corporate Auditors)]
Toray provides members of the Board and corporate auditors with training opportunities so that they can acquire knowledge necessary for their duties and appropriately fulfill their roles. Specifically, the Company holds internal training sessions for the members of the Board and corporate auditors and encourages them to participate in seminars and training outside the Company. As outside directors and outside corporate auditors significantly vary in their fields of specialization and degree of experience in corporate management, the Company individually handles them mainly in light of their individual backgrounds. The Governance Committee continuously evaluates the management and operations of the Board of Directors with a view to further improvement.

[Principle 5.1 (Policy for Constructive Dialogue with Shareholders)]
Toray positions the sharing of its basic policy of managing the Company from a mid- to long-term perspective with more shareholders and the promotion of the continuous holding of Company shares over the mid- to long-term as important managerial issues.
To that end, from the viewpoint that secured management transparency should serve as a basis for dialogue with shareholders, Toray established the Information Disclosure Principles to improve the structure of its system for appropriate and timely information disclosure.
For shareholders and investors with which the Company strives for constructive dialogue from a mid- to long-term perspective, the senior management will respond to them within a reasonable range and otherwise will work on constructive dialogue for both parties in a manner conducive to sustainable growth and increased corporate value for Toray Group over the mid- to long-term while keeping the scope of fair and equitable information disclosure.

2. Capital Structure

Percentage of Foreign Shareholders:	20% or more but less than 30%

[Description of Major Shareholders]

Name of shareholders	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	136,884,100	8.55
Japan Trustee Services Bank, Ltd. (Trust Account)	106,705,100	6.67
Nippon Life Insurance Co.	71,212,250	4.45
Taiju Life Insurance Co., Ltd.	35,961,000	2.25
Japan Trustee Services Bank, Ltd. (Trust 7 Account)	33,635,400	2.10
National Mutual Insurance Federation of Agricultural Cooperatives	32,193,000	2.01
Japan Trustee Services Bank, Ltd. (Trust 5 Account)	28,900,900	1.81
JPMorgan Chase Bank 385151	26,571,366	1.66
Sumitomo Mitsui Banking Corporation	25,522,000	1.59
Japan Trustee Services Bank, Ltd. (Trust 4 Account)	24,769,300	1.55

Controlling shareholder (excluding parent company)	-
Parent Company	None

Supplementary explanation

Besides the aforementioned, Toray holds 30,707,673 shares of treasury stock.

3. Corporate attributes

Stock exchange listings and market section	1st Section Tokyo
Fiscal year end	March
Industry category	Textiles
Number of employees (consolidated) at the end of the most recent fiscal year	1,000 persons or more
Net sales (consolidated) in the most recent fiscal year	1 trillion yen or more
Number of consolidated subsidiaries in the most recent fiscal year	100 or more but less than 300 companies

4. Guideline regarding the measures for protecting minority shareholders in transaction, etc. with a controlling shareholder

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5. Other particular circumstances that may significantly affect corporate governance

(1) Approach to and policy on group management (applicable to all listed subsidiaries)

A. Toray holds two domestic listed subsidiaries (Chori Co., Ltd. and Suido Kiko Kaisha, Ltd.). The Company aims to achieve the Group's sustainable growth and enhancement of the corporate value over the medium- to long-term by sharing with these listed subsidiaries its "Corporate Philosophy ("Contributing to society through the creation of new value with innovative ideas, technologies and products")," the management philosophy and values that the Company has held since its foundation, and the "Toray Group Sustainability Vision," an overarching vision that describes perspectives of the world that Toray Group aims to realize by 2050 and the issues to be addressed in order to realize that world, and by providing such listed subsidiaries with appropriate advice and support concerning the establishment of their internal control systems, etc.

B. While respecting the independence of the listed subsidiaries and avoiding to engage in any act that damages the interests of their minority shareholders, the Company will fulfill its accountability for the reasonable grounds for having the subsidiaries remain listed and ensuring the effectiveness of the governance framework for the listed subsidiaries.

(2) Reason for having the subsidiaries remain listed

A. Chori Co., Ltd.

1) We are able to: expect the generation of synergies through cooperation and coordination with the subsidiary, a company with strength in textile and chemical product businesses as well as a significant presence in the Chinese market (Chori Co., Ltd. was designated as a friendly trading company in 1961); leverage the subsidiary's knowledge as a resource for our business development in the manufacturing sector, as Chori Co., Ltd. has penetrated emerging markets early by taking advantage of talents, having qualities that stand apart from those of employees of the Company, a manufacturer, and flexible capabilities; and incorporate a broad range of supply chains into Toray Group as a result of the subsidiary's successful business operations with its partners outside the Group. In order to realize these

benefits, we believe that Chori Co., Ltd. has to maintain its listing status for the purpose of enhancing its corporate value, and thereby contributing to the enhancement of the Group's overall competitive advantages, by recruiting and motivating a broad range of excellent talents, a key asset for the business of trading company, while remaining independent from the Company, as a listed subsidiary.

2) In the medium-term management program "Project AP-G 2022" (hereinafter referred to as the "AP-G 2022") that we have been implementing as a Group starting in the fiscal year ending March 31, 2021, the consolidated ROE target is set at approximately 9% in the fiscal year ending March 31, 2023 (the final year of the Program), an increase from the 7% set in the fiscal year ending March 31, 2020 (both figures are estimated on an IFRS basis), based on the assumption that all of the financial plans of the listed subsidiary will contribute to an improved ROE for Toray Group.

B. Suido Kiko Kaisha, Ltd.

1) We position the subsidiary as the keystone in our "Comprehensive Water-related Engineering Business" and are enhancing our collaboration in our water treatment membrane business, a business expected to become a representative growing field in the AP-G 2022. We believe that Suido Kiko Kaisha, Ltd. has to maintain its listing status for two principal reasons: first, the subsidiary needs to broadly recruit highly professional talents for the highly technical water treatment systems and plant business the subsidiary is involved with in the abovementioned Group's comprehensive business, and enhance and maintain their motivation; second, the subsidiary needs to secure by fair means the high transparency required of its business operations as an entity with a highly public nature.

2) In the AP-G 2022 that we have been implementing as a Group starting in the fiscal year ending March 31, 2021, the consolidated ROE target is set at approximately 9% in the fiscal year ending March 31, 2023 (the final year of the Program), an increase from the 7% set in the fiscal year ending March 31, 2020 (both figures are estimated on an IFRS basis), based on the assumption that all of the financial plans of the listed subsidiary will contribute to an improved ROE for Toray Group.

(3) Measures to ensure the effectiveness of the governance framework for the listed subsidiary

A. Chori Co., Ltd.

1) On March 25, 2020, Chori Co., Ltd. established the Governance Committee, which is a voluntary committee, to strengthen the independence, objectivity, and accountability of the functions performed by its Board of Directors regarding the nomination and remuneration of members of the Board. The subsidiary's Governance Committee also deliberates on matters that become necessary to be addressed from the perspective of protecting the interests of its general shareholders. No former employees, Directors, officers, or other personnel of the Company serve as members of the Governance Committee, which is composed mainly of independent outside directors, hence the independence of the subsidiary in exercising authority over the election and dismissal of its directors is guaranteed.

2) When exercising authority over the election and dismissal of the subsidiary's independent outside directors, the Company seeks to make an appropriate decision for each agenda item, while serving the interests of the subsidiary's shareholders in general. That decision depends on whether the candidate can oversee management from a broader perspective to further improve the transparency and fairness of management, and can provide appropriate management advice from a mid- to long-term perspective, based on his/her sympathy with the management philosophies of Toray and the subsidiary and understanding of the businesses.

3) The transactions between the Company and the subsidiary are entered into based on the negotiations with reference to the market price, etc.

B. Suido Kiko Kaisha, Ltd.

1) The Company's involvement in the appointment of director candidates in Suido Kiko Kaisha, Ltd. is limited to a reasonable extent in the interest of maintaining parent-subsidiary cooperation, to leverage the Company's knowledge and network so that the most suitable candidates can be elected for the enhancement of the subsidiary's corporate value. In addition, the subsidiary shall reserve the power of appointment to ensure the independence of its management.

2) When exercising authority over the election and dismissal of the subsidiary's outside and independent directors, the Company seeks to make an appropriate decision for each agenda item, while serving the interests of the subsidiary's shareholders in general. That decision depends on whether the candidate can oversee management from a broader perspective to further improve the transparency and fairness of management, and can provide appropriate management advice from a mid- to long-term perspective, based on his/her sympathy with the management philosophies of Toray and the subsidiary and understanding of the businesses.

3) The transactions between the Company and the subsidiary are entered into based on the negotiations with reference to the market price, etc.

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

[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:	President
Number of members of the Board:	12
Election of outside directors:	Elected
Number of outside directors:	4
Number of independent directors among outside directors:	4

Relationship with the Company (1)

Name	Attribution	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Kunio Ito	Scholar											
Ryoji Noyori	Scholar											
Susumu Kaminaga	From another company											
Kazuo Futagawa	Other								○			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/corporate auditor
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which the Company mutually appoints outside directors/corporate auditors (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Relationship with the Company (2)

Name	Independent Director	Supplementary explanation related to applicable categories	Reason for election
Kunio Ito	○	-----	Kunio Ito satisfies the requirements for independent director/auditor set forth in the regulations of the Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.
Ryoji Noyori	○	-----	Ryoji Noyori satisfies the requirements for independent director/auditor set forth in the regulations of the Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.
Susumu Kaminaga	○	-----	Susumu Kaminaga satisfies the requirements for independent director/auditor set forth in the regulations of the Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.
Kazuo Futagawa	○	The Company has entered into a consultant agreement with Kazuo Futagawa on the business development of advanced materials of the Company.	Kazuo Futagawa satisfies the requirements for independent director/auditor set forth in the regulations of the Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Governance Committee	Governance Committee
All Committee Members	7	7
Full-time Members	0	0
Internal Members of the Board	3	3
Outside Directors	4	4
Outside Experts	0	0
Other	0	0

Chairperson	Outside director	Outside director

Supplementary Explanation

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 Toray's corporate governance over the medium- to long-term. The Governance Committee consists of three internal members of the Board and four outside directors; and an outside director serves as chairperson. Deliberation at the Governance Committee encompasses matters regarding the Company's overall corporate governance matters, including the following, and the Committee is responsible for the functions of the Nomination Committee and the Remuneration Committee.
* 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 and dismissing members of the senior management, including the President

[Corporate auditors]

Establishment or non-establishment of a Board of Corporate Auditors:	Established
Number of corporate auditors provided for in the Articles of Incorporation:	5
Number of corporate auditors:	5

Cooperative relationships between corporate auditors, the independent auditor and Auditing Department

Corporate auditors hold a total of five regular meetings with the independent auditor regarding auditing plans, results of quarterly financial performance review, and year-end audit results. In addition to the aforementioned occasions, mutual cooperation is strengthened through 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 corporate auditors as well as to the President, and information is exchanged on a continual basis. Furthermore, the 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:	3
Number of independent corporate auditors among outside corporate auditors:	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	K	l	m
Toshio Nagai	Attorney-at-law													
Kazuya Jono	Came from other company							△						
Hiroyuki Kumasaka	Certified public accountant													

* Categories for "Relationship with the Company"
* "○" when the corporate auditor presently falls or has recently fallen under the category;
"△" when the corporate auditor fell under the category in the past
* "●" when a close relative of the corporate auditor presently falls or has recently fallen under the category;
"▲"when a close relative of the corporate auditor fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Corporate auditor of a parent company of the Company
e. Executive of a fellow subsidiary of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/corporate auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)
k. Executive of a company, between which the Company mutually appoints outside directors/corporate auditors (the corporate auditor himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the corporate auditor himself/herself only)
m. Others

Relationship with the Company (2)

Name	Independent corporate auditor	Supplementary explanation related to applicable categories	Reason for election
Toshio Nagai	○	-----	Toshio Nagai satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.
Kazuya Jono	○	Kazuya Jono is a former officer of Sumitomo Mitsui Banking Corporation (retired as Director and Senior Managing Executive Officer in March 2012) and Citibank Japan Ltd. (current Citibank, N.A.,	Kazuya Jono satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.

		Tokyo Branch; retired as Representative Director, President & CEO in May 2014). The Company engages in regular banking transactions with both banks.	
Hiroyuki Kumasaka	○	-----	Hiroyuki Kumasaka satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. We therefore believe that his independency is secured.

[Independent Directors/Corporate Auditors]

Number of independent directors/ corporate auditors	7

Matters relating to independent directors/ corporate auditors

For outside directors, the criteria for nominating candidates are an ability to oversee management from broader perspectives to further improve the transparency and fairness of management and an ability to provide appropriate advice to the management from a mid- to long-term perspective, based on sympathy with Toray Philosophy and a profound understanding of the basic materials business, and the Board of Directors nominates persons who have superior character and knowledge, and are judged to be appropriate as directors through conference among the senior management, including the President. For outside corporate auditors, the main criterion for nominating candidates is an ability to appropriately carry out their roles while keeping objectivity and neutrality from a professional viewpoint, and with the consent of the Board of Corporate Auditors, the Board of Directors approves the nomination of candidates, who have superior character and knowledge and are judged to be appropriate as corporate auditors.
Standards for the independence of outside directors/corporate auditors are disclosed on the Company website as part of the "Basic Policy on Corporate Governance."
www.toray.com/aboutus/governance/gov_002.html

[Incentives]

Implementation of measures on incentive allotment to members of the Board:	Introduction of a performance-based remuneration system and introduction of a stock option system

Supplementary explanation related to this item

Given their roles, remuneration for internal members of the Board consists of basic remuneration which is a fixed amount (monthly remuneration), as well as a bonus which takes into account the consolidated business results for each fiscal year, etc., and stock acquisition rights as stock options, which are linked to medium- to long-term business results.
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 by an external third-party organization and deliberations at the Governance Committee.
The provision and the total amount of bonuses are determined each time at a general meeting of stockholders, with consideration given to the consolidated business results for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc.

The amount of bonus 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 is resolved at the general meeting of stockholders. Within that limit, the total number of Stock Acquisition Rights to be allocated shall be decided at the Board of Directors meeting based on the Company's internal regulations.

Grantees of stock options:	Members of the Board, others

Supplementary explanation related to this item

The grantees of stock options are internal members of the Board, Vice Presidents, Executive Fellows, and directors of the Company.

[Remuneration to Members of the Board]

Status of disclosure of individual remuneration to members of the Board:	Partially disclosed

Supplementary explanation related to this item

(1) For the fiscal year ended March 2020, the remuneration to members of the Board was (20 people) 1,154 million yen. (2) The number of recipients includes the one member of the Board who retired in the current period. (3) The amount equivalent to 154 million yen of bonuses for members of the Board and corporate auditors resolved at the 139th Ordinary General Meeting of Stockholders is included in the total amount of remuneration. (4) The amount equivalent to 188 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 29 million yen of employee's salary of the employee-director is not included.

The existence of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and corporate auditors	Yes

The disclosure of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and corporate auditors

To lead to improvements in the Toray Group's mid- to long-term corporate value and sustainable growth, Toray has established a remuneration system for members of the Board and corporate auditors. With respect to the decision-making policy for the remuneration system for members of the Board and corporate auditors, in addition to matters stipulated by laws and regulations, the decision-making rights on important matters are reserved by the Board of Directors based on the Authority of Top Management. Particulars of the agenda regarding remuneration for members of the Board and corporate auditors at the general meeting of stockholders, and the formulation and revision of important internal regulations are determined by resolution of the Board of Directors, and the remuneration for each member of the Board is determined by the President based on the Company's internal regulations with a resolution by the Board of Directors. Remuneration for members of the Board and corporate auditors is continually reviewed by the Governance Committee, which consists of three internal members of the Board and four outside directors with an outside director serving as chairperson, as an advisory organ in order to report to the Board of Directors on important issues regarding Toray's corporate governance over the medium- to long-term. Given their roles, remuneration for internal members of the Board consists of basic remuneration which is a fixed amount (monthly remuneration), as well as a bonus which takes into account the consolidated business

results for each fiscal year, etc., and stock acquisition rights as stock options, which are linked to medium- to long-term business results.
Given their roles, remuneration for outside directors consists of basic remuneration (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. Furthermore, the Governance Committee reviews the remuneration level on a continuous basis.
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 basic remuneration (monthly remuneration) the maximum limit of total remuneration is determined at general meetings of stockholders. Within the scope of the maximum limit, basic remuneration is determined by the President based on the Company's internal regulations with a resolution at a Board of Directors meeting.
The provision and the total amount of bonuses are determined each time at a general meeting of stockholders, with consideration given to the consolidated business results for each fiscal year that best represents the results of the Company's global business operations, plus the historical record, etc.
The amount of bonus 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 is resolved at the general meeting of stockholders. Within that limit, the total number of Stock Acquisition Rights to be allocated shall be decided at the Board of Directors meeting based on the Company's internal regulations.

[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 internal corporate auditors and the outside corporate auditors, two dedicated members of the Corporate Auditors Office and secretaries have been assigned.

[Status of Persons Retired from Office as President and Representative Member of the Board, etc.]

Names, etc. of Senior Advisors and Counselors who have formerly served as President and Representative Member of the Board, etc.

Name	Title/Position	Details of business operations	Work arrangement/conditions (full-time, part-time, with or without remuneration, etc.)	Date of retirement	Term of office
-	-	-	-	-	-

Total number of Senior Advisors, Counselors, etc. who have formerly served as President and Representative Member of the Board, etc.	0

Others

With respect to a former President or former Chairman of the Board, if the Company judges it to be necessary on a case-by-case basis after discussions at the Governance Committee, it may assign a former President or former Chairman of the Board to a Senior Advisor position with a fixed term of office. Currently, no Senior Advisors are assigned.

A Senior Advisor could previously be assigned to a position as Special Advisor following his or her retirement from office as a Senior Advisor. However, it was decided at a Board of Directors meeting held on April 24, 2019 to abolish the Special Advisor system as of June 25, 2019.

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

(1) 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 shareholders who have entrusted the management and appropriately fulfill their respective roles while discharging accountability about management status to shareholders and other stakeholders. As 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 place to oversee management and make decisions from various viewpoints. Furthermore, the Board of Corporate Auditors audits 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. The Company has introduced an operating officer system to enable management execution based on swift decision making that accurately responds to the business environment and its changes.

(2) The Board of Directors oversees management and makes decisions on important managerial matters toward the sustainable growth and increased corporate value of Toray Group for the mid- to long-term. The Board of Directors established the Authority of Top Management, an internal rule that expressly stipulates the important 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 management, including the President. For matters with respect to which decision-making authority is reserved by the Board of Directors, a specific guideline for importance is established based on the degree of impact on the Company's financial status and other factors, in order to ensure that the business operation of the whole of Toray Group, including affiliated companies, is included appropriately according to importance, in addition to the matters set forth in laws and regulations. The Board of Directors held meetings 14 times during the period from April 1, 2019 to March 31, 2020.

(3) 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 Toray's corporate governance over the medium- to long-term. The Governance Committee consists of three internal members of the Board and four outside directors; and an outside director serves as chairperson.

(4) Corporate auditors and the Board of Corporate Auditors audit the execution of duties by members of the Board and implement other matters set forth in laws and regulations, etc. from a standpoint entirely independent of the Board of Directors, and strive to establish an effective governance structure through their activities. Corporate auditors and the Board of Corporate Auditors cooperate with an independent auditor to perform appropriate audits, and select and evaluate an independent auditor based on an appropriate standard.

(5) There are five corporate auditors, including three outside corporate auditors. The outside corporate auditors have no business dealings whatsoever with the Company. In addition to attending the Board of Directors meetings, corporate auditors meet with the President, members of the Board, and divisional General Managers, and perform regular audits of Toray offices, plants, and Japanese and overseas subsidiaries in accordance with audit policies and plans for each fiscal year adopted by the Board of Corporate Auditors meetings to audit the execution of operations by the members of the Board. Corporate auditors also attend the Ethics and Compliance Committee, the committee established to promote the thoroughness of corporate ethics and legal compliance, and thereby cooperate with the internal control departments. Toray established the Auditing Department (consisting of 14 members, including a Senior Director) to perform internal audits of

Toray Group. The Auditing Department regularly holds a meeting with corporate auditors and submits reports on auditing results conducted by the Department to the corporate auditors as well as to the President.

(6) Toray has appointed Ernst & Young ShinNihon LLC as its independent auditor. The auditor performs Corporation Law and Financial Instruments and Exchange Law audits. The corporate auditors and the Auditing Department regularly receive explanations of audit plans and reports on the results of the audits from the independent auditor, and hold discussions. Details of the names and years of continuous service of certified public accountants and the number of persons providing auditing assistance for FY March 2020 are shown below.

a. Names and years of continuous service of certified public accountants
Certified Public Accountant, Designated and Engagement Partner: Kazuhiro Suzuki (4 years)
Certified Public Accountant, Designated and Engagement Partner: Takeshi Isogai (5 years)
Certified Public Accountant, Designated and Engagement Partner: Tsuyoshi Nakano (6 years)

b. Number of audit assistants
Certified public accountants: 14
Staff members who passed the Certified Public Accountants examination: 11
Other: 20

3. Reason for adopting current corporate governance system

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 shareholders who have entrusted the management and appropriately fulfill their respective roles while discharging accountability about management status to shareholders and other stakeholders.
As 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 place to oversee management and make decisions from various viewpoints. Furthermore, the Board of Corporate Auditors audits the execution of duties 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.

III. Implementation of Measures for Shareholders 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 posted on the Company website and TSE website three weeks before the meeting is held and usually sent approximately three weeks prior to the meeting (this year, the notice was sent two weeks before the meeting due to the spread of novel coronavirus disease (COVID-19).
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.
Voting using electronic voting facilities	In use.
Utilization of electronic voting platform and other methods of improving the environment for institutional investors' voting	Utilizes ICJ electric voting platform.
Providing an English summary of the notice of the general meetings of stockholders	Prepares an English version of the notice of the general meeting of stockholders and posts it on the Company website and TSE website.
Others	Post the notice of the resolutions at the general meeting of stockholders on the Company website and TSE website.

2. IR activities

	Supplementary explanation	Explanation by representative members of the Board
Establishing and announcing disclosure policy	The "Disclosure Policy" including the "Information Disclosure Principles" have 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 finance and accounting provides briefings four times a year on business results. Briefings on the Medium-term Management Program and individual businesses are held as needed.	YES
Convene periodic briefing for foreign investors	Corporate Vice President responsible for IR visits or hosts phone conferences with investors in Europe, the US, and other Asian countries. In addition, he / she participates in conferences for investors that are held in Japan or overseas and provides briefings on the current situation of the Company.	NO
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. www.toray.com/ir/	
IR related department (personnel)	We have a full-time IR department.	

3. Activities concerning respect for stakeholders

	Supplementary explanation
Setting forth provisions in the internal regulations concerning respect for the stakeholders' interest	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 the Toray Philosophy that incorporates this principle. The Group systematizes the Toray Philosophy as a Corporate Philosophy, Corporate Missions, Corporate Guiding Principles, etc. 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 "acting with fairness, high ethical standards and a strong sense of responsibility while complying with laws, regulations and social norms to earn trust and meet social expectations."
Promotion of environmental preservation activities and CSR activities	With respect to safety, accident prevention, and environmental preservation, corporate ethics, legal compliance, and other essentials of Corporate Social Responsibility (CSR), Toray Group is strengthening its CSR initiatives as issues that take the highest managerial priority. Toray Group has drawn up the "Seventh CSR Roadmap" for three years through FY 2022 and systematically continues to promote CSR in every aspect of business. Through these initiatives, the Group will strive to combine sustainable growth with CSR and balance its management strategies with CSR according to the "CSR Roadmap."
Establishment of policy concerning disclosure of information to stakeholders	The "Basic Policy on Corporate Governance" stipulates our basic policy on Toray's "relationship with stakeholders including shareholders" and also describes our policy for dialogue with shareholders. "Communication" is set forth in the CSR Guideline, to encourage dialogue and cooperation with stakeholders including employees, stockholders, investors, business partners, consumers, local communities, NPOs, government and administrative agencies, and media.
Other	Toray has led the way in implementing measures that ensure the affirmative employment of 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 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 with family life, as well as creating workplace environments that facilitate diverse working styles, etc. 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 the balancing of job responsibilities with family life 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 (current G Course) (4) Serialized examples of women's career advancement in the Company magazine in order to present women's career paths (5) Introduced telecommuting program as support measures for childcare or nursing care (6) Established a new website related to systems conducive to the balancing of job responsibilities with family life and women's career advancement Furthermore, from fiscal year ended March 31, 2015, the Company started assisting women in management positions and general positions (current G Course) to develop and achieve their personal career plans, and conducted training courses for the raising of awareness towards the career development of each women employee. The Company appointed its first female director (riji) in 2015 and its first General Manager of a business division in 2018.

IV. Items regarding Internal Control System

1. Basic approach to internal control system and its development

Following are the contents of the resolutions adopted by the Company at the Board of Directors meeting held on June 17, 2020 with respect to the basic policy on the internal control system for ensuring the appropriate execution of operations ("Contents of the Basic Policy"), and the principal activities conducted based on the Contents of the Basic Policy ("Overview of Operation").
The principal activities are those carried out in the fiscal year ended March 31, 2020 based on the basic policy resolved by the Board of Directors on December 21, 2018.

[Contents of the Basic Policy]

To realize the Toray 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
[Contents of the Basic Policy]
(1) Toray shall establish the Ethics and Compliance Committee, as one of the Group-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.
(2) Toray shall establish the Ethics & 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.
(3) 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.
(4) Toray shall establish Security Trade Control Program, one of the most important legal compliance issues, and establish an organization dedicated to security export control.
[Overview of Operations]
(1) During the period under review, the Company held the Board of Directors meetings fourteen times, and the Ethics and Compliance Committee twice.
(2) In accordance with the Regulation on Corporate Ethics and Compliance, the Company strove to detect company misconduct in the earlier stage, investigated all instances of company misconduct and scandals, their causes, and the parties responsible, and resolved such cases accordingly while carrying out measures to prevent recurrences.
(3) The Company has established Corporate Ethics and Legal Compliance Guidelines specifying the details of the Corporate Ethics and Legal Compliance Code of Conduct. The Company has formulated and distributed the Corporate Ethics and Legal Compliance Handbook, a compilation of issues to which all Board members and employees should pay attention, including the above.
(4) The Company established the Toray Group Policy for Human Rights in December 2017.
(5) The Company handles all internal reporting according to the predetermined procedures.
(6) The Company has established the Security Trade Administration Dept. as a department dedicated to security export control. The Company has also established the Security Trade Administration Committee as a Group-wide committee, held a meeting of the Security Trade Administration Committee once during the period under review, and checked the results of activities and deliberated issues for initiatives.

2. System to ensure the efficient execution of duties by the members of the Board and employees
[Contents of the Basic Policy]
(1) 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.
(2) 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 deliberate on the general direction of policy or issues related to implementation.
[Overview of Operations]
(1) During the period under review, the Company revised part of the Authority of Top Management in July 2019.
(2) During the period under review, the Company held the Executive Committee twenty-two times.

3. System for preserving and managing information pertaining to the execution of duties by the members of the Board and employees
[Contents of the Basic Policy]
(1) 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.
[Overview of Operations]
(1) The Company established the Confidential Information Management Regulations as a set of company-wide regulations, prescribed a confidential information management standard for each division, department and plant, and periodically provided training sessions and made them thoroughly familiar to all officers and employees of the Company.

4. Regulations and other systems pertaining to controls over risks of loss
[Contents of the Basic Policy]
(1) In order to identify potential risks in business activities, strive to mitigate such risks under normal business conditions, and prevent future crises, Toray shall establish the Risk Management Committee as one of the Group-wide committees to promote company-wide risk management, and improve regulations to enable immediate implementation in the event of a major crisis.
(2) Toray shall establish an internal control system for financial reporting that ensures the reliability of financial reporting.
[Overview of Operations]
(1) The Company established the Risk Management Regulations as a set of company-wide regulations. During the period under review, the Company held the Risk Management Committee, one of the Group-wide committees, once.
(2) In June 2019, the Company prepared and submitted an internal control report to the effect that internal control related to financial reporting was effective.

5. System for ensuring appropriate business operations within subsidiaries
[Contents of the Basic Policy]
(1) 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.
(2) 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.
(3) 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.
(4) 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 Ethics & 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.
[Overview of Operations]
(1) The Company established a Standard for Assistance and Administration for Domestic Group Companies and a Standard for Assistance and Administration for Overseas Group Companies as regulations governing the subsidiaries' reports on important management information. During the period under review, the Company made partial amendments to the two standards. The Company also held the Domestic Group Company Conference once during the period under review as a conference at which the top management directly received reports from subsidiaries on their business conditions. The Company also held regional committees for overseas group companies, when appropriate.
(2) The Company checked the results of activities performed to establish risk management systems at the subsidiaries, and promoted to develop Risk Management Regulations at subsidiaries.
(3) The Company stipulated the scope under which the Company can reserve its authority over the execution of business operations by subsidiaries in Guidelines for Reserving Authority over Domestic Group Companies and Standards for the Execution of Business Operations at Overseas Group Companies.
(4) With respect to the matters stated in 1. (2) and (3) of the Overview of Operations, the Company applies them to its subsidiaries and makes them thoroughly familiar to its subsidiaries, in consideration of the laws, regulations, and business practices of the countries in which the subsidiaries are located. The Company sets up the Corporate Ethics and Legal Compliance Helpline System at all companies and in each region for receiving internal whistle-blowing on seriously fraudulent acts from the overall Group.

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
[Contents of the Basic Policy]
(1) 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.
(2) 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.
(3) 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.
[Overview of Operations]
(1) At the meetings with the corporate auditors and the audits by the corporate auditors, the members of the Board, etc. and employees of Toray Group and corporate auditors of subsidiaries reported matters regarding the execution of duties to the corporate auditors and otherwise responded to requests from the corporate auditors.
(2) The Department in charge of the internal reporting system (whistle-blowing system) appropriately reported the status of internal whistle-blowing to the corporate auditors each time the department received internal whistle-blowing reports, and otherwise regularly reported to the corporate auditors.
(3) Based on the Whistleblower Protection Act, the Company stipulated the prohibition of disadvantageous treatment in the Unified Labor Agreement, Central Labor Agreement, and Work Regulations. In addition,

the Company instructs its subsidiaries to formulate similar regulations in consideration of laws and regulations, etc. of the countries in which the subsidiaries are located.

7. Items pertaining to the handling of expenses and liabilities arising from the execution of duties by corporate auditors
[Contents of the Basic Policy]
(1) Toray shall pay expenses, etc. incurred from the execution of duties by corporate auditors.
[Overview of Operations]
(1) The Company pays 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
[Contents of the Basic Policy]
(1) 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.
[Overview of Operations]
(1) In June 2019, the Company established the Corporate Auditors Office, a staff organization that provides assistance to corporate auditors under their direct control.

9. Other systems for ensuring effective implementation of audits by corporate auditors
[Contents of the Basic Policy]
(1) 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.
(2) Corporate auditors shall hold regular meetings with members of the Board and management and conduct regular visiting audits of Toray offices, plants, and subsidiaries.
[Overview of Operations]
(1) During the period under review, the corporate auditors attended all fourteen meetings of the Board of Directors and all twenty-two meetings of the Executive Committee.
(2) In accordance with auditing policy and plans formulated by the Board of Corporate Auditors in July 2019, corporate auditors held meetings with members of the Board as well as divisional and departmental general managers during the period under review, and conducted audits of the Company's offices, plants, and laboratories as well as Japanese and overseas subsidiaries.

2. Basic approach to eliminate antisocial forces and the status of promoting the position

Toray shall stipulate the elimination of any relations with antisocial forces in the Ethics & Compliance Code of Conduct, and adopt a resolute stand as a unified company.

V. Others

1. Implementation of Anti-takeover Measures

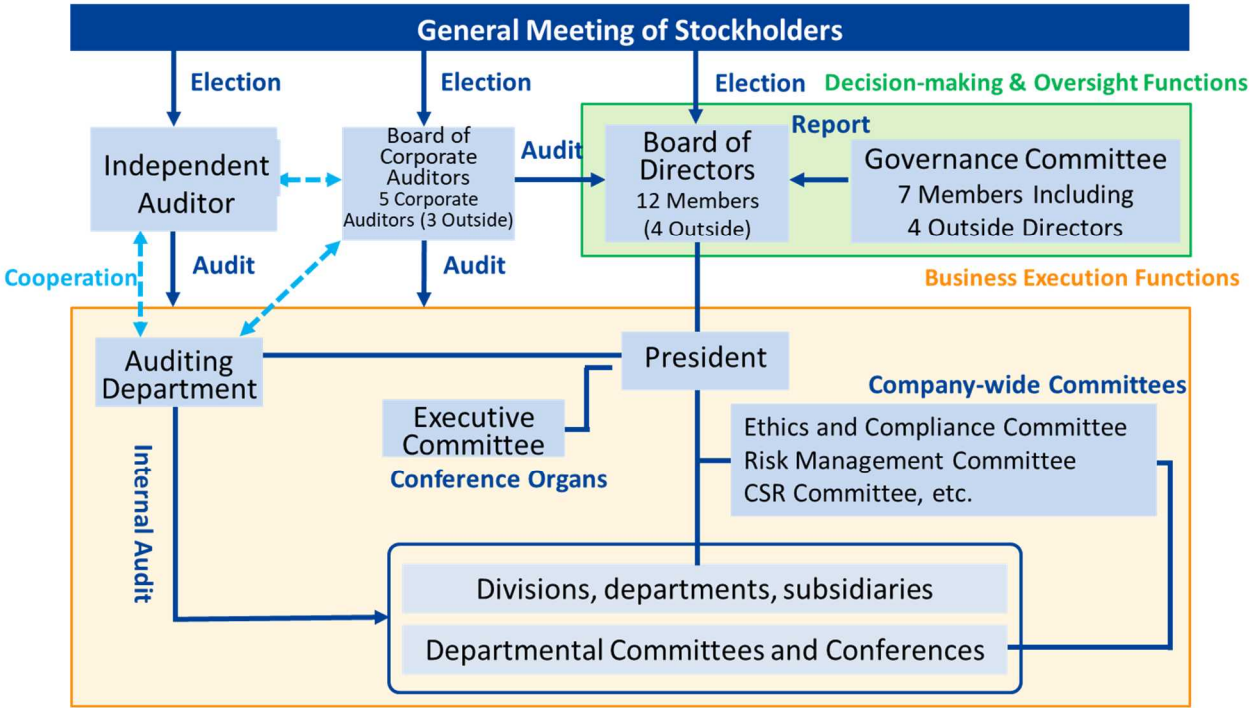
Whether any anti-takeover measures have been implemented	Not implemented

Supplementary explanation related to this item
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2. Matters regarding other corporate governance systems, etc.

Toray has established a Governance Committee in which all of the outside directors are included as members and which is chaired by one of the outside directors.
The Governance Committee will further enhance the effectiveness of the Board of Directors through continuously reviewing mid- to long-term issues regarding overall corporate governance matters and monitoring the status of operations of the Board. Through these efforts, Toray Group will strive for sustainable growth and increased corporate value for the mid- to long-term.

＜Corporate Governance Structures＞



Outline of Structure for Timely Disclosure

The internal structure for the timely disclosure of company information at Toray Industries, Inc. ("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 the Toray Philosophy, Toray Group has established the Ethics & Compliance Code of Conduct as specific provisions to be observed, and disclosed them on its website. In the section titled Compliance for information management, the Company declares that it will make disclosures as required by law and follow the Toray Group's Information Disclosure Principles with the aim of providing full, fair, accurate and timely reports and public disclosures about our business.

In addition, the Company has established the Information Disclosure Principles to achieve management transparency and build trusting relationships with stakeholders and society. The Company also discloses 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 material facts prescribed by law, designate a department in charge of information by content of the material fact, and stipulate that the Company shall disclose material facts promptly when they are identified or arise.

The Company also determines that it 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 material 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 disclosure.

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 Audit of Implementation Status of the Internal Control System, 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”

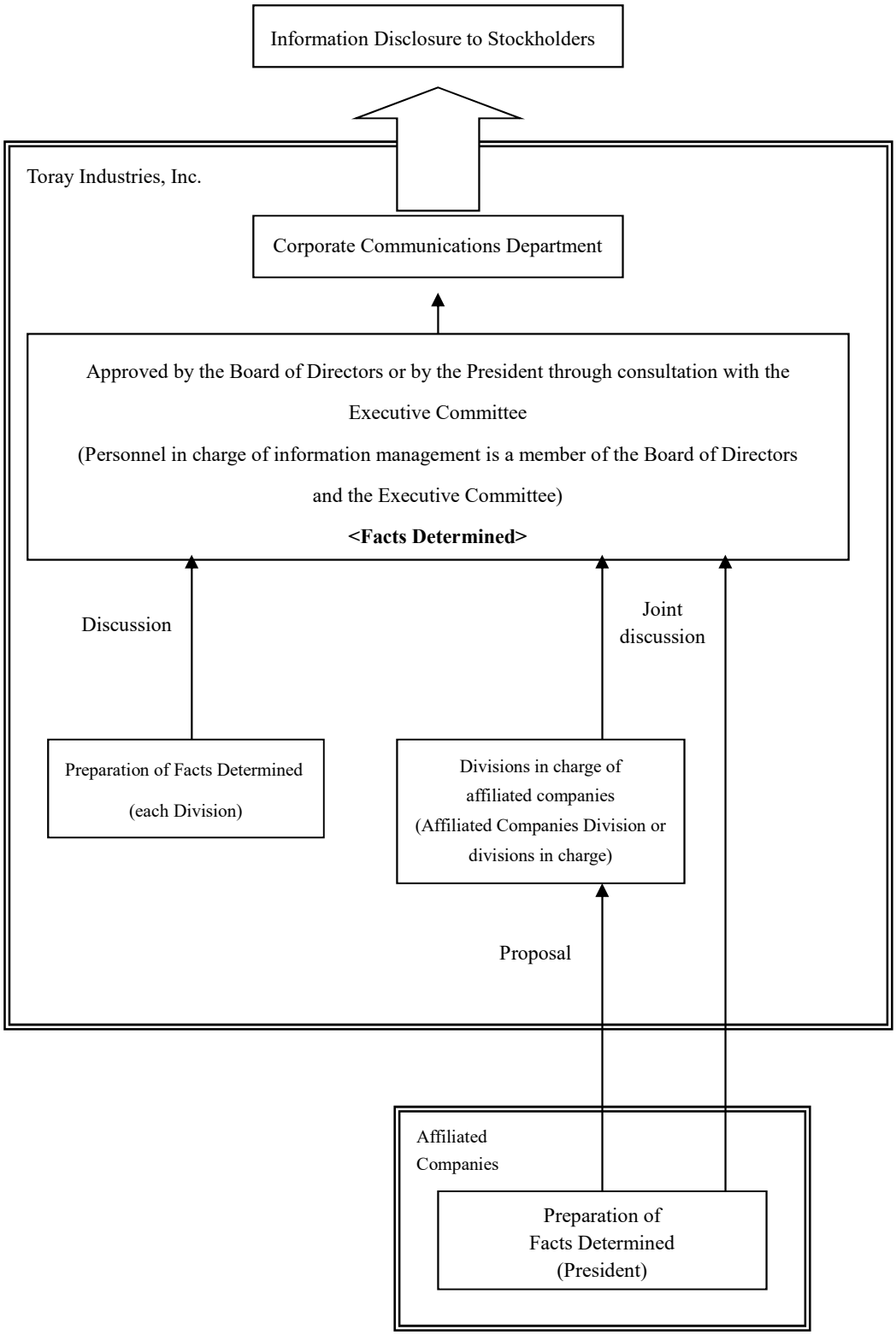


Exhibit 1- (2) Information Disclosure of “Facts that Occurred”

