

# Members of the Board and Corporate Auditors

(As of June 25, 2024)

## Members of the Board



Chairman and Representative Member of the Board  
**Akihiro Nikkaku**

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  
2020 President and Representative Member of the Board, Chief Executive Officer, Chief Operating Officer  
2023 Chairman and Representative Member of the Board (incumbent)



President and Representative Member of the Board  
**Mitsuo Ohya**

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)  
2020 Executive Vice President (Representative Member of the Board)  
2023 President and Representative Member of the Board (incumbent)



Representative Member of the Board  
**Satoru Hagiwara**

1981 Joined the Company  
2012 General Manager, Industrial Films Division;  
Chairman, Toray Films Europe S.A.S.;  
Chairman, Toray Plastics Europe S.A.  
2012 Vice President (Member of the Board)  
2014 Senior Vice President (Member of the Board)  
2017 President and Representative Member of the Board, Toray Advanced Film Co., Ltd.  
2020 Senior Vice President (Member of the Board)  
2022 Executive Vice President (Representative Member of the Board) (incumbent)



Member of the Board (Outside)  
**Susumu Kaminaga**

1969 Joined Sumitomo Precision Products CO., LTD.  
1995 Representative Director, Surface Technology Systems Ltd.  
2000 Director, Sumitomo Precision Products CO., LTD.  
2002 Managing Director, Sumitomo Precision Products CO., LTD.  
2004 President, Sumitomo Precision Products CO., LTD.  
2012 Senior Advisor, Sumitomo Precision Products CO., LTD.;  
Representative Director, SK Global Advisers Co., Ltd. (incumbent)  
Director, DEFTA Capital (incumbent)  
2016 Outside Director, Olympus Corporation  
2020 Member of the Board of the Company (incumbent)



Member of the Board (Outside)  
**Kazuo Futagawa**

1980 Joined the Ministry of Health and Welfare  
2012 Director-General of Minister's Secretariat, the Ministry of Health, Labour and Welfare  
2014 Director-General, Health Policy Bureau, the Ministry of Health, Labour and Welfare  
2015 Vice-Minister of Health, Labour and Welfare  
2017 Retired from Vice-Minister of Health, Labour and Welfare  
2018 Special Advisor on Policy, Social Security Reform Office, Cabinet Secretariat  
2020 Member of the Board of the Company (incumbent)  
Member of the Board, Kanamic Network Co., LTD. (incumbent)



Member of the Board (Outside)  
**Yuko Harayama**

1998 Assistant Professor, Faculty of Economics, University of Geneva  
2002 Professor, Graduate School of Engineering, Tohoku University  
2007 Outside Director, Compagnie de Saint Gobain SA  
2010 Deputy Director, Directorate for Science, Technology and Industry, Organization for Economic Cooperation and Development  
2013 Executive Member, Council for Science, Technology and Innovation, Cabinet Office  
2020 Executive Director, RIKEN  
2022 Co-Representative Director, Japanese Association for the Advancement of Science (incumbent)  
2023 Member of the Board of the Company (incumbent)



Member of the Board  
**Kazuyuki Adachi**

1980 Joined the Company  
2017 Director, Toray Industries (Thailand) Co., Ltd.;  
President, Luckytex (Thailand) Public Company Limited;  
Chairman, Thai Toray Textile Mills Public Company Limited  
2018 Senior Vice President (Member of the Board)  
2020 Senior Vice President (Member of the Board)  
2023 Executive Vice President (Member of the Board) (incumbent)



Member of the Board  
**Kazuhiko Shuto**

1980 Joined the Company  
1998 Vice President (Member of the Board), Penfabric Sdn. Berhad  
2005 Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.  
2010 General Manager, Textiles Division  
2014 Vice President (Member of the Board)  
2016 Senior Vice President (Member of the Board)  
2018 Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.  
2020 Senior Vice President  
2022 Senior Vice President (Member of the Board)  
2023 Executive Vice President (Member of the Board) (incumbent)



Member of the Board  
**Tetsuya Tsunekawa**

1984 Joined the Company  
2004 General Manager, Films & Film Products Research Laboratories  
2009 General Manager, Advanced Film Technical Dept., Films & Film Products Research Laboratories  
2012 General Manager, Tsuchiura Plant  
2014 Vice President (Member of the Board)  
2016 Senior Vice President (Member of the Board)  
2020 Senior Vice President  
2022 Senior Vice President  
Chief Representative for Europe; President, Toray Industries Europe GmbH  
2023 Senior Vice President (Member of the Board) (incumbent)



Corporate Auditor  
**Hideki Hirabayashi**

1981 Joined the Company  
2003 Director, Penfibre Sdn. Berhad  
2005 Executive Vice President, Toray Plastics (America), Inc.  
2007 General Manager, Industrial Films 1st Dept., the Company  
2010 In charge of Europe Region; Chief Representative for Europe;  
General Manager, Europe Office  
2016 General Manager, General Administration & Legal Division;  
General Manager, General Administration Dept.  
2017 Vice President (Member of the Board)  
2020 Corporate Vice President  
2021 Senior Vice President  
2023 Corporate Auditor (incumbent)



Corporate Auditor  
**Yoshiyuki Tanaka**

1984 Joined the Company  
2006 Executive Vice President, Toray Fluorofibers (America), Inc.  
2014 General Manager, Okazaki Plant  
2015 Vice President (Member of the Board)  
2018 General Manager, Manufacturing Division (Fibers & Textiles Technology and Manufacturing)  
2020 President and Representative Member of the Board, Toray Opelontex Co., Ltd.  
2021 Corporate Auditor (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)



Member of the Board  
**Masahiko Okamoto**

1986 Joined the Company  
2009 Vice President (Member of the Board), Toray Industries (Malaysia) Sdn. Berhad; Vice President (Member of the Board), Penfabric Sdn. Berhad; General Manager on Special Assignment, Finance & Controller's Division (Finance & Controller's Chief for Malaysia)  
2011 General Manager on Special Assignment, International Division  
2013 General Manager, Finance Dept.  
2017 General Manager, Controller's Dept.  
2020 Corporate Vice President (Member of the Board)  
2023 Senior Vice President (Member of the Board) (incumbent)



Member of the Board (Outside)  
**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.  
Member of the Board of the Company (incumbent)  
2015 Director, Hitotsubashi CFO Education and Research Center (Incumbent)  
2018 Research Professor, Department of Business Administration, Hitotsubashi University Business School



Member of the Board (Outside)  
**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  
Member of the Board of the Company (incumbent)



Outside Corporate Auditor  
**Makiko Takabe**

1981 Appointed as an Assistant Judge  
2014 Chief Judge, Fukui District Court and Family Court  
2015 Presiding Judge, Intellectual Property High Court  
2018 Chief Judge, Intellectual Property High Court  
2020 President, Takamatsu High Court  
2021 Registered as a lawyer (Dai-ichi Tokyo Bar Association)  
Of Counsel, Nishimura & Asahi (incumbent)  
2023 Outside Corporate Auditor of the Company (incumbent)



Outside Corporate Auditor  
**Kozo Ogino**

1981 Joined The Mitsui Bank, Ltd.  
2010 Executive Officer, Sumitomo Mitsui Banking Corporation  
2011 Managing Executive Officer, Sumitomo Mitsui Banking Corporation  
2013 Director, Sumitomo Mitsui Financial Group, Inc.  
2014 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation  
2017 Director and Deputy President, Sumitomo Mitsui Banking Corporation  
Director, Deputy President, Executive Officer, Group CRO, Sumitomo Mitsui Financial Group, Inc.  
2019 Senior Advisor, Sumitomo Mitsui Financial Group, Inc.  
President & CEO (Representative Director), SMBC Trust Bank Ltd.  
2022 Chairperson, SMBC Trust Bank Ltd. (incumbent)  
2023 Outside Corporate Auditor of the Company (incumbent)

Management Team

(As of June 25, 2024)

President and Vice Presidents

<div>President</div> <div>Mitsuo Ohya</div>	<div>Executive Vice President</div> <div>Satoru Hagiwara</div> <div>Executive Vice President, Legal &amp; Compliance Division (Security Trade Administration Dept.); Intellectual Property Division; Technology Center</div>	<div>Executive Vice President</div> <div>Kazuyuki Adachi</div> <div>Executive Vice President, Purchasing &amp; Logistics Division; Manufacturing Division</div>	<div>Corporate Vice President</div> <div>Katsuyuki Yanai</div> <div>Corporate Vice President, Human Resources Division; Toray Human Resources Development Center</div>	<div>Corporate Vice President</div> <div>Shinichiro Hata</div> <div>Corporate Vice President, Quality Assurance Division</div>	<div>Corporate Vice President</div> <div>Takashi Endo</div> <div>Corporate Vice President, Resins &amp; Chemicals Division</div>
<div>Executive Vice President</div> <div>Kazuhiko Shuto</div> <div>Executive Vice President, Marketing &amp; Sales; Corporate Marketing Planning Division</div>	<div>Senior Vice President</div> <div>Tetsuya Tsunekawa</div> <div>Senior Vice President, Corporate Strategic Planning Division; HS Division</div>	<div>Senior Vice President</div> <div>Shigeki Taniguchi</div> <div>Senior Vice President, CSR &amp; Investor Relations; General Administration &amp; Communications Division; Tokyo Head Office</div>	<div>Corporate Vice President</div> <div>Jun Hayakawa</div> <div>Corporate Vice President, Pharmaceuticals &amp; Medical Products Division; Pharmaceuticals Division</div>	<div>Vice President</div> <div>Young Kwan Lee</div> <div>Vice President, Chief Representative for the Republic of Korea; President, Toray Industries Korea Inc.; Chairman, Toray Advanced Materials Korea Inc.</div>	<div>Vice President</div> <div>Teh Hock Soon</div> <div>Vice President, Chief Representative for Malaysia; President, Toray Industries (Malaysia) Sdn. Berhad; Chairman, Penfabric Sdn. Berhad; Chairman, Toray Malaysia Systems Solution Sdn. Bhd.; Chairman, P.T. Century Textile Industry Tbk</div>
<div>Senior Vice President</div> <div>Kenichiro Miki</div> <div>Senior Vice President, Chief Representative for China; Chairman and President, Toray Industries (China) Co., Ltd.; Chairman, Toray Sakai Weaving &amp; Dyeing (Nantong) Co., Ltd.; Chairman, Toray International (China) Co., Ltd.</div>	<div>Senior Vice President</div> <div>Toru Kutsuzawa</div> <div>Senior Vice President, Fibers &amp; Textiles Division; Osaka Head Office</div>	<div>Senior Vice President</div> <div>Satoru Nishino</div> <div>Senior Vice President, Chief Representative for Americas; President, Toray Industries (America), Inc.; Chairman, Toray Plastics (America), Inc.</div>	<div>Vice President</div> <div>Hiroshi Tsuzuki</div> <div>Vice President, Corporate Strategic Planning Division; Corporate Marketing Planning Division</div>		
<div>Senior Vice President</div> <div>Hiroshi Enomoto</div> <div>Senior Vice President, Chief Representative for Europe; President, Toray Industries Europe GmbH</div>	<div>Senior Vice President</div> <div>Hajime Ishii</div> <div>Senior Vice President, Fibers &amp; Textiles Division; Fibers &amp; Textiles Division (Textiles Division); Global SCM Division; Chairman, Penfabric Sdn. Berhad</div>	<div>Senior Vice President</div> <div>Hiroyuki Matsuda</div> <div>Senior Vice President, Information Systems Division; Engineering Division</div>			
<div>Senior Vice President</div> <div>Masahiko Okamoto</div> <div>Senior Vice President, Finance &amp; Controller's Division</div>	<div>Corporate Vice President</div> <div>Nobuyuki Inohara</div> <div>Corporate Vice President, Affiliated Companies Division</div>	<div>Corporate Vice President</div> <div>Yuichiro Iguchi</div> <div>Corporate Vice President, Research &amp; Development Division; Basic Research Center</div>			
<div>Corporate Vice President</div> <div>Yoshio Yamamoto</div> <div>Corporate Vice President, Legal &amp; Compliance Division</div>	<div>Corporate Vice President</div> <div>Kazuhisa Itsuji</div> <div>Corporate Vice President, Films Division; Chairman, Toray Films Europe S.A.S.</div>	<div>Corporate Vice President</div> <div>Satoshi Shimoyama</div> <div>Corporate Vice President, Water Treatment &amp; Environment Division; Chairman, Toray Asia Pte. Ltd.; Chairman, Toray Membrane (Foshan) Co., Ltd.</div>			
<div>Corporate Vice President</div> <div>Kei Shimaji</div> <div>Corporate Vice President, Electronic &amp; Information Materials Division</div>	<div>Corporate Vice President</div> <div>Osamu Tsuneki</div> <div>Corporate Vice President, Purchasing &amp; Logistics Division</div>	<div>Corporate Vice President</div> <div>Takashi Yoshiyama</div> <div>Corporate Vice President, Torayca &amp; Advanced Composites Division; Chairman, Toray Carbon Fibers Europe S.A.</div>	<div>Senior Fellow in Composite Materials</div> <div>Akihiko Kitano</div> <div>Technology Center</div>	<div>Senior Fellow in Membrane Process</div> <div>Masahide Taniguchi</div> <div>General Manager, Water Treatment Technical Dept.</div>	<div>Senior Fellow in Industrial Research</div> <div>Takashi Masuda</div> <div>Corporate Strategic Planning Division; Director, Executive Economist Toray Corporate Business Research, Inc.</div>
			<div>Senior Fellow in Electronic &amp; Imaging Materials</div> <div>Masao Tomikawa</div> <div>Research &amp; Development Division</div>	<div>Senior Fellow in Taxation</div> <div>Masaaki Kurihara</div> <div>General Manager, Tax Dept.</div>	<div>Senior Fellow in Separation Technology</div> <div>Hiroyuki Sugaya</div> <div>General Manager, Advanced Materials Research Laboratories</div>
			<div>Senior Fellow in Films &amp; Film Product</div> <div>Masatoshi Ohkura</div> <div>Research &amp; Development Division</div>	<div>Senior Fellow in Composite Materials</div> <div>Masato Honma</div> <div>Research &amp; Development Division</div>	

Fellows

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 the Toray Philosophy that incorporates this principle. The Group systematizes the Toray Philosophy as a Corporate Philosophy, Corporate Missions, Corporate Guiding Principles, etc. The Corporate Missions clearly enunciate that the Group will practice “sincere and

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

Outline of Governance System and Reasons for Adopting the System

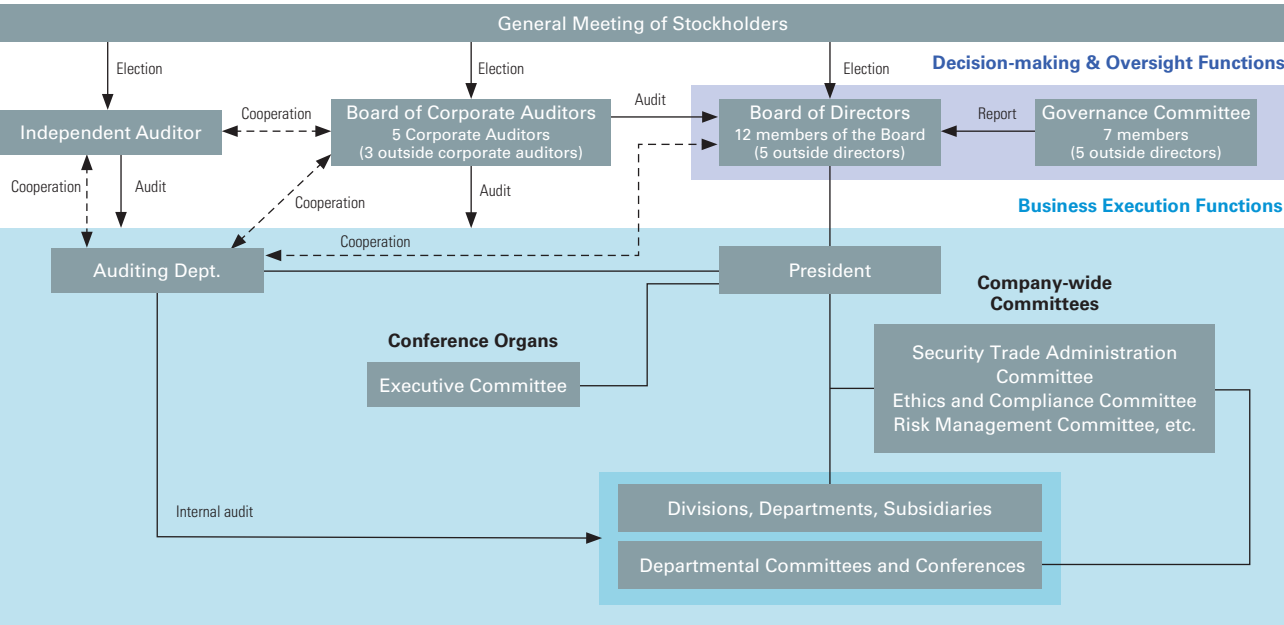
Toray operates as a company with a Board of Corporate Auditors and Board of Directors. The Board of Directors, which includes outside directors, decides on the business execution and supervises the execution of duties by the members of the Board. The Board of Corporate Auditors includes outside corporate auditors and independently audits the execution of duties by the members of the Board, separately from the Board of Directors and the executing organization. This framework is designed to secure the transparency and fairness of decision made by the Board of Directors. In addition, there is a Governance Committee, which serves as a voluntary advisory body to the Board of Directors. The Governance Committee deliberates on all matters relating to corporate governance, enhancing the effectiveness of governance by the Board of Directors.

Toray Group operates in a broad spectrum of business fields at a global level. Business management and

decision-making, as well as oversight, require assessment of a wide variety of risks from multiple perspectives based on expertise related to the day-to-day operations of the Group’s worksites. To that end, the structure of the Board of Directors is designed to ensure that members bring a diverse range of perspectives to management oversight and decision-making. Meanwhile, outside directors are elected to the Board to enhance transparency and fairness, to ensure management oversight from an even broader perspective, and to obtain appropriate managerial advice from a medium- to long-term perspective.

The Board of Corporate Auditors is entirely independent of the Board of Directors. Based on professional expertise in finance, accounting, and law, as well as an understanding of the Group’s businesses, the Board of Corporate Auditors oversee directors’ execution of their duties.

Corporate Governance Structures



Strengthening the Governance Framework

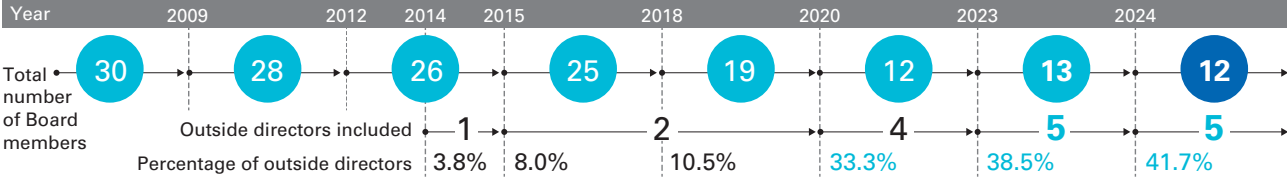
Toray introduced an executive officer system in June 2020 to enable execution based on swift decision making that accurately responds to the business environment and its changes. Additionally, we took this opportunity to reduce the

number of directors, and as of June 25, 2024, had appointed seven internal members of the Board and five outside directors, for a total of 12 directors. The Board of Directors determines the scope of business execution to be delegated

to vice presidents and supervises the execution of those duties. There are six directors who also serve as vice presidents. The Chairman convenes and chairs the Board of

Directors’ meetings. The Governance Committee consists of two inside and five outside directors, and it is chaired by an outside director to ensure a multifaceted perspective.

Reduction in number of Members of the Board and change in its composition



Policy on the Composition of the Board of Directors, Policy and Procedures for Selecting Members of the Board

The Board of Directors has to evaluate a wide variety of 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 with the announcement of the skill matrix of members of the Board. The Governance Committee continuously reviews the structure of the Board of Directors.

Skill Matrix

	Name	Business operations				Corporate			Strategic
		Management experience	Global business experience	Technology/Manufacturing/R&D	Sales & Marketing	Legal/Intellectual property/Risk management	Accounting/Finance	Human resource management/diversity	
Member of the Board	Akihiro Nikkaku	●	●					●	
	Mitsuo Ohya	●			●			●	
	Satoru Hagiwara	●		●		●			
	Kazuyuki Adachi	●	●	●					
	Kazuhiko Shuto	●	●		●				
	Tetsuya Tsunekawa	●		●					● (DX)
	Masahiko Okamoto		●				●		
	Kunio Ito						●	●	● (ESG)
	Ryoji Noyori			●					● (Science and technology)
	Susumu Kaminaga	●	●						● (Business strategies)
Corporate Auditor	Kazuo Futagawa					●			● (Policy science)
	Yuko Harayama							●	● (Innovation)
	Hideki Hirabayashi	●	●			●			
	Yoshiyuki Tanaka	●	●	●					
	Hiroyuki Kumasaka					●	●		
	Makiko Takabe					●		●	
	Kozo Ogino	●					●		

\*The skill matrix above is not an exhaustive list of all the knowledge and experience held by the individuals, but presents up to three major skills among those that the Company expects of them to promote management strategies.  
\*For more information on the reasons for the selection of each item, see the Corporate Governance section of the website. <https://www.toray.com/global/aboutus/governance/>

Status of Outside Directors/Corporate Auditors Elections

Toray ensures objectivity and transparency of corporate governance by establishing and disclosing standards for independence of outside directors and outside corporate auditors. Based on these standards, the Company elects

five outside directors and three outside corporate auditors and submits notification regarding their status as independent officers to the Tokyo Stock Exchange.



Remuneration for Members of the Board

Given their roles, remuneration for internal members of the Board consists of basic remuneration which is a fixed amount as well as a performance-based remuneration, including a bonus which takes into account the consolidated business results for each fiscal year and other factors, and stock acquisition rights as stock options, which are linked to medium- to long-term business results. In the light of their roles, remuneration for outside directors consists of basic 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 mainly 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 other than performance-based remuneration as appropriate, based on the results of a survey of other companies’ remuneration and deliberations at the Governance Committee.

With respect to basic remuneration, the maximum limit of total remuneration is determined at general meetings of stockholders. Particulars of the agenda at the general meeting of stockholders are determined by the Board of Directors following a report from the Governance Committee. Bonuses are determined by the Board of Directors following a report from the Governance Committee, with consideration given mainly to the consolidated core operating income for each fiscal year that best represents the results of the Company’s global business

operations, plus the historical record.

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 meetings of stockholders. Within that limit, the total number of Stock Acquisition Rights to be allocated to each internal member of the Board is determined at the Board of Directors meeting based on the standards determined by the Board of Directors after the Governance Committee makes a report to the Board of Directors. The issue price of the 13th series of stock acquisition rights allocated during the fiscal year under review (allocated on August 19, 2023) was ¥677,000 per stock acquisition right (¥677 per share).

Given their roles, remuneration for corporate auditors consists of basic remuneration only. With respect to basic 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 corporate auditor is determined through consultation by corporate auditors based on the Company’s internal regulations.

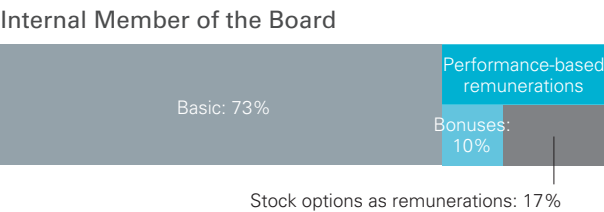
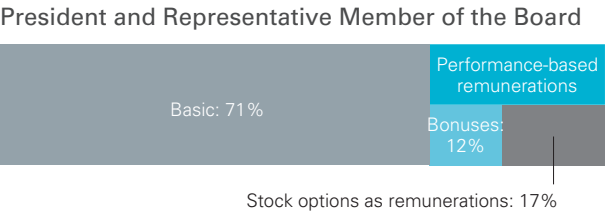
Regarding details of remuneration to individual members of the Board, the remuneration system is continuously reviewed by the Governance Committee. Based on the results, the Governance Committee makes a report to the Board of Directors, which makes a resolution. Accordingly, the Board of Directors believes that the said details are in line with the Decision-making policy.

Details of Remuneration (April 2023- March 2024)

Position	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Recipients
		Basic	Bonuses	Performance-based remunerations	
				Non-monetary remunerations Stock options as remunerations	
Members of the Board(excluding outside directors)	661	481	69	111	10
Corporate auditors (excluding outside corporate auditors)	79	79	—	—	3
Outside directors	71	71	—	—	5
Outside corporate auditors	36	36	—	—	5

Notes: 1. Recipients included two member of the Board (excluding outside directors), one Corporate auditor (excluding outside corporate auditors) and two outside directors who retired during FY 2023.  
2. Total amounts of remuneration do not include the ¥4 million paid in salaries to one employee-director.

Composition of Remuneration (April 2023- March 2024)



Overview of the Results of the Analysis and Evaluation

Toray’s Board of Directors implemented “Questionnaire Survey to Evaluate the Effectiveness of the Board of Directors in the fiscal year ended March 31, 2024” of all the 18 Board members and corporate auditors. In addition, the Company had individual interviews with eight outside directors and outside corporate auditors to hear opinions in relation to the responses to the questionnaire. The collection and summary of the questionnaire and interviews were outsourced to a third-party organization to ensure transparency and objectivity. The survey results were analyzed and evaluated at the Governance Committee held on June 13, 2024, and the results of the analysis and evaluation were deliberated at the Board of Directors’ meeting held on June 20, 2024. The overview of the analysis and evaluation results shown below describes the contents resolved at the Board of Directors meeting.

- (1) In FY 2023, 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 FY 2023, the Board of Directors held 14 meetings in total to perform oversight and decision-making in a timely and appropriate manner. We believe that the Board of Directors generally fulfilled its roles and responsibilities in establishing an environment conducive to appropriate risk-taking by maintaining dialogue between outside directors and vice presidents and undertaking other initiatives in the operation of the Board of Directors.

- (3) With respect to the 14 Board of Directors meetings held in FY 2023, the attendance rate of the members of the Board was 99%. Outside directors made remarks mainly from their respective professional viewpoints. In addition, the Governance Committee functioned as an advisory body to the Board of Directors through a total of 13 meetings. For all of the reasons 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) In light of foregoing, we believe that the Board of Directors generally fulfilled its roles and responsibilities in an effective manner in FY 2023. Regarding “diversity at the Board of Directors meetings,” however, we will continue discussions, on the premise of ensuring quality, on the recruitment of human resources that can contribute to realizing the Toray Philosophy. With regard to “further activating discussions at the Board of Directors meetings,” continuing from the fiscal year ended March 31, 2024, specific measures for improvement must be taken in the fiscal year ending March 31, 2025 and thereafter so as to further improve the effectiveness of the Board of Directors.
- (5) With respect to the opinions received from the members of the Board and corporate auditors while 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.

Measures to ensure the effectiveness of the governance framework for listed subsidiaries

Chori Co., Ltd

- 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.
- 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 medium- to long-term perspective, based on his/her sympathy to the management philosophies of Toray and the subsidiary, in addition to understanding of the businesses.
- The transactions between the Company and the subsidiary are concluded based on the negotiations with reference to several factors such as the market price.

Suido Kiko Kaisha, Ltd.

- On December 20, 2021, Suido Kiko Kaisha, Ltd. established the Governance Committee, which is a voluntary committee. Its purpose is to appropriately manage the election and dismissal of members of the senior management (full-time executive directors), nomination of director candidates, remuneration of members of the senior management and directors, and conflicts of interest with the controlling shareholder, while strengthening the independence, objectivity and accountability of the functions of the Board of Directors regarding decisions and other matters on important transactions and actions with the controlling shareholder for the purpose of protecting the interests of minority shareholders. By requiring a majority of the committee members to be independent outside directors, the independence of the subsidiary in exercising authority over the election and dismissal of its directors is guaranteed.
- 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 medium- to long-term perspective, based on his/her sympathy to the management philosophies of Toray and the subsidiary in addition to understanding of the businesses.
- The transactions between the Company and the subsidiary are concluded based on the negotiations with reference to several factors such as the market price.

Dialogue Between an Outside Director and Institutional Investor

Toray is actively pursuing engagement with its investors. As a part of this effort, Director Susumu Kaminaga participated in an online meeting with Nissay Asset Management representatives on September 26, 2024. Here, we provide an overview of the meeting.



Susumu Kaminaga  
Outside Director

**Q** What are your thoughts on Toray’s share price falling to a level where PBR is below 1x and the slow pace at which ROE is improving?

**A** Toray has a solid structure that allows the systemic progression from R&D to manufacturing and commercialization, and the exceptional technologies and products in each of our businesses makes us an outstanding company when viewed from both an internal and external perspective. That being said, we also recognize that we face challenges in translating our combined strengths into operating income. With this in mind, President Ohya has been working hard to advance a cross-business approach and I have been offering my advice based on my many years of experience being a part of the management team of a manufacturer. In addition, I have noted that from a timeframe perspective, we should be able to produce results at a faster pace. This is not to say that medium- to long-term R&D should be put aside, but rather that development requires cash, and a slow monetization cycle makes it harder for the Company to adapt to a rapidly changing environment. This is why I often touch on the subject of monetization when attending group-wide product development debriefing sessions. Of course, I have been saying this since my tenure as an outside director began, and am well aware that not only are efforts being made to improve the situation, but that profitability in capital investment is often the subject of discussions at Executive Committee meetings. I should also say that these actions are increasingly at the forefront under the leadership of President Ohya.

We view ROE as an index integrating a variety of factors, and believe our key focus should be on leveraging the Company’s combined strengths. At the same time, we believe that our current low PBR is due in part to the insufficient dissemination of information, and acknowledge the importance of making clear the progress in ROIC management at the appropriate time.

**Q** What are your thoughts regarding the progress of the measures to improve ROE, including the DARWIN project which aims to enhance profitability in specific companies and businesses?

**A** The Darwin Project, abbreviated as D Pro, is not simply an exercise in selection and concentration, but rather an action aimed at increasing value based on the understanding and analysis of current customer conditions and assets held. We have been working on this since before President Ohya assumed office, and our progress is visible even from an outside perspective. I should also note that President Ohya, who has extensive experience in sales, has launched a new strategic pricing policy. This is an extremely important measure that allows us to better understand customer and market trends, and encourage customers to create better products using Toray materials, and receive compensation in line with the contribution of those materials, which serves to advance further development. That being said, I think an awareness of timeframes should be strongly emphasized in the implementation of D Pro and strategic pricing. These efforts have shown increased effectiveness under President Ohya’s leadership, and I expect the results of such to be reflected in ROE and ROIC as the Company moves forward.

**Q** Toray is a company that contributes to the preservation of the global environment through its business activities. What are your thoughts in regard to its CO2 emissions?

**A** I am also acting as an advisor at Toray on carbon neutral compliance, drawing on my experience as an outside director for a UK firm and in business development in Europe, which many view as well ahead in terms of environmental protections. I have heard that even European companies are requiring more time to enact their Scope 3-related measures, and I believe if Toray can get ahead of the curve in terms of disclosure in that area, we will gain a certain amount of favorable recognition. I have visited some of our research and business facilities to review Toray’s environmental efforts, and note that all parties, focused on the contribution of Toray products to carbon neutrality, are working to achieve breakthroughs, including in terms of reducing CO2 in the manufacturing process. Toray products, including carbon fiber composite materials, make a significant contribution to the preservation of the environment in a wide range of applications, and we believe that the negative impact of the manufacturing process should be viewed from a company-wide perspective, taking into account the complex matrix of individual revenue contributions and carbon intensity.

Messages from Outside Directors



Kunio Ito  
Outside Director

**Q** As chair of the Governance Committee, what kinds of contributions do you feel you are making? Please tell us about what was discussed in FY 2023 and what you are focusing on as you look toward FY 2024.

Not separated into nomination and remuneration committees, Toray’s Governance Committee takes both into account while comprehensively discussing other governance-related themes. The themes of nomination and remuneration are in some ways inter-related, so the structure is effective in that sense. The Governance Committee is seeing an increase in its activities and is holding meetings on a monthly basis. Topics that have recently come up for discussion have included the retirement age for executives and directors and how we treat them financially after retirement, the empowerment of women in the workforce, and how to go about the revitalization of human resources (human capital management). In 2024, we will further intensify our discussions and improve the quality of our governance and by so doing endeavor to increase the Company’s corporate value.



Ryoji Noyori  
Outside Director

**Q** Intellectual property initiative-related proposals

Research and development expenses in companies are investments rather than costs. Knowledge as a management resource is referred to as intellectual property for the very reason that it is provided to society, while adhering to traditional R&D methods leads to potential intellectual property remaining unused. It is our responsibility to create and commercialize social value by accomplishing strategic R&D&D (delivery). The possibilities for truly fundamental knowledge are limitless, but there are limits to in-house resource development functions. Thus, it will probably be necessary to expand relationship capital with a wide range of stakeholders, including other companies both in Japan and overseas, startups, universities, research institutes, customers, and users. There will also be a need to co-create value and create new businesses through licensing, open innovation, and agile collaboration with the most appropriate external partners.

**Q** DX initiative-related proposals

For Toray to maintain and improve its competitiveness based on its world-renowned technological capabilities will call for DX of Company-wide involvement whether it is domestic or overseas.

**Q** What changes have you noticed since the transitioning to the new system in June 2023? Meanwhile, please tell us of any challenges that have arisen, if any. Also, please comment on what kinds of changes you wish to see going forward.

President Ohya places great importance on dialogue and meetings with institutional investors and securities analysts, and in that sense, I believe that assessments of the Company from the capital markets are being upgraded. He has given feedback of the content of this dialogue as appropriate to the Board of Directors, and the opinions of the capital markets have been reflected in management. Going forward, I hope Toray will take such concerns seriously and proactively provide information. How to go about optimizing the Company’s diversified businesses is also an important topic, and one on which I would like to have extensive discussions at Board of Directors’ meetings.

**Q** The Tokyo Stock Exchange requires improvements from any company that falls below a PBR of 1x. The Medium-Term Management Program, Project AP-G 2025, includes “improving profitability” and “improving asset efficiency” as challenges, as well as “ultimate value creation” as one of its basic strategies. What are your impressions of progress for the second year of the Medium-Term Management Program, and what recommendations will you be making to Toray?

Having introduced ROIC management, the Company is advancing improvements in its profitability through the Darwin Project. In my capacity as an outside director, I will of course oversee the Company’s rapid efforts to address any fall in PBR below 1x. Toray possesses the seeds of great technology, and I would also like to oversee how these can be applied to financial results, including pipeline management, to raise ROE to 8% or more.

This is an urgent strategic issue involving not only the ensuring of productivity but also the streamlining of overall management operations, security management, structural improvements and other factors. The introduction of DX is effective in all business operations, such as maximizing the utilization of AI to improve the efficiency of research and technological development for value creation, automation by utilizing IoT and robotics in production processes, the building of smart factories with views toward safety management, energy efficiency, and quality control. In product distribution, DX will also have an effective role to play in inventory management and traceability as well as in understanding product lifecycles, ascertaining customer needs, and in the overall digitalization of supply chains.

**Q** Human resource initiative-related proposals

The Company’s past experiences of success in securing and developing the best talent and in continuing to develop advanced technologies in-house are hindering a change in corporate culture. It has been 100 years since the Company was founded, but times change. If an organization does not respond proactively to the changing international environment, it will decline. It is now clear that the source of value creation is the accumulation of diverse intelligence. In addition to working to maximize the value of human capital not only in research and technology but in all sectors as well, the Company should promote the diversification and mobility of its human resources. The Company needs to increase opportunities for “encounters with others.” Both Japan and Toray want to continue to maintain unique and distinctive presences in global society. It would be self-contradiction if Toray were not to be accepting of “others” within its own organization.



Messages from Outside Directors



Kazuo Futagawa  
Outside Director

**Q What changes have you noticed since the transition to the new management structure in June 2023? Meanwhile, please let us know if any issues have arisen. Also, please give your comments on what kinds of changes you would like to see in the future.**

Toray's philosophy of "contributing to society through the creation of new value with innovative ideas, technologies, and products" forms a basic policy from an ultralong-term perspective. To create the value that is embodied in this philosophy, it is therefore necessary to generate sufficient profits each year, and I believe it is extremely important to fully communicate to investors and society at large what the current state of affairs is so that the Company remains able to contribute to society. Perspectives such as IR and ROIC management as well as dialogue with investors and the mass media are in that sense essential, and I feel that this way of thinking is gradually being strengthened.



Yuko Harayama  
Outside Director

**Q One year has passed since you were appointed as a director of Toray in June 2023. What were your FY 2023 recommendations for and contributions to the Board of Directors and Governance Committee meetings?**

The role of outside directors is to bring an "outside" perspective to discussions at Board of Directors' meetings. The "outside" includes other industries, other stakeholders including universities, and international trends. However, rather than generalizing, I try to share as much as possible about the issues that I am specifically involved in as an individual (for example, diversity management and the empowerment of young talent).

The Toray of today is underpinned by the experience that has been built up over its 100-year history and paved the way for its future. However, to anticipate environmental changes requires thoughts that will release the Company from the fetters of that path. The aim is to share with everyone within the Company the feeling of experiencing Toray's assets (its technologies, human resources, and networks) and the possibilities that arise from them with fresh eyes while contributing to a change in thinking.

**Q As the only female member on the Board of Directors, please tell us about the activities you have undertaken over the past year to promote the empowerment of women (such as interactions with female general managers).**

Last year, I became Toray's first female director and thereby helped

**Q What were your FY 2023 recommendations and contributions to the Board of Directors and Governance Committee meetings?**

I recognize that the responsibility of the Board of Directors and the Governance Committee is to discuss and decide on the Company's long-term direction. For this reason, I believe that it is important to incorporate a wide range of external perspectives and opinions that are not related to the Company's internal business operations and to engage in sufficient discussion and exchanges of opinions on long-term and fundamental issues other than those subject to resolution under laws, regulations, and the Articles of Incorporation. From these perspectives, we are working to secure a variety of external talent and having discussions about a review of the selection of agenda items and how meetings are conducted.

**Q Considering what is expected of you as an outside director, what are you particularly interested in for FY 2024? Also, what contributions are you aiming to make?**

In the Integrated Annual Report two years ago, I commented that although Toray is often thought of as a major chemical company, it is actually more like a conglomerate of numerous venture companies. Toray possesses many seeds of the kind that could lead to social change, and its executives and employees appear to be very highly motivated. I think that the important thing is how to connect these characteristics to real business. While ensuring profits every year, this inspires executives and employees on a daily basis in accordance with Toray's philosophy of "contributing to society through the creation of new value with innovative ideas, technologies, and products."

to increase the percentage of female directors from 0% to 8%. However, when asked about the significance of being a woman, I feel a little reluctant to generalize in terms of gender balance.

Directors can be categorized into those who are full-time and those from outside the Company, and it is possible to categorize the latter centered on their independence, their roles differing depending on the category. However, there is no clear indication from the Companies Act as to what classification centered on gender means.

Generally speaking, while homogenous organizations are able to control communication costs, conversely they are less adept at initiating innovation and responding to changes in the environment. The gender axis brings meaning to this issue.

Through discussions with female employees in executive positions, I was able to confirm that Toray possesses valuable human assets and am convinced of the extent of Company's growth potential.

**Q Considering what is expected of you as an outside director, what are you particularly interested in for FY 2024?**

While my primary role is to fulfill the role of an outside director, since assuming my position I have focused on deepening my understanding of Toray's business strategies, management style, and corporate culture through a variety of means, including the Governance Committee, meetings with outside directors, and meetings with women who hold the position of general manager and above. I would like to take more proactive action in the years to come.

Specifically, I plan to contribute to creating the mechanisms that will further utilize the potential of Toray's human assets, as mentioned above, and to provide perspectives on AI governance, for which systems are currently being developed within an international framework, in relation to digital innovation, one of the pillars of Project AP-G 2025.

Compliance

Basic Approach

In order to contribute to society by leveraging innovative technologies and advanced materials in line with its corporate philosophy, as well as by working to resolve major global issues, the Toray Group must build and maintain relationships of trust with our various stakeholders. And in order to gain this trust, 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. Therefore, top management focuses on a leadership role in placing the highest priority on compliance, while both the Group and its suppliers are required to promote ethics and compliance.

Ethics and Compliance Structure

Toray has established an Ethics and Compliance Committee chaired by the President and consisting of the vice presidents. At this committee, management and workers come together to consider and discuss policies related to ethics and compliance. Moreover, this Committee reports on the operational status of the whistle-blowing system established by the Toray Group, including the number of reports (consultations) and other details, to members of the Board.

During FY 2023, this Committee met twice to deliberate and discuss the Toray Group's ethics and compliance activity results for FY 2022 and the activity plans and progress updates for FY 2023. Also, individual measures, such as the implementation of Compliance Month, etc. were discussed. In each workplace, instead of top-down initiatives

led by each divisional/departmental general manager, we promote such activities by shifting to middle-up-down approach. As a starting point, the middle management at each workplace themselves consider and implement the activities required in each workplace, then conveys the opinions obtained through the activities to the top management.

In initiatives for the Group companies around the world, the Toray Group has established the Affiliate Companies' Compliance Meeting and the Overseas Affiliate Companies' Compliance Meetings under the Ethics and Compliance Committee. Through these committees, the Toray Group is examining and promoting compliance activities in each company, country and region.

Ethics & Compliance Code of Conduct

The Toray Group has established the Ethics & Compliance Code of Conduct (revised in June 2023), which outlines the code of conduct as important rules to be followed by executives and employees of the Toray Group, as well as the compliance helpline, and the promotion framework for ethics and compliance. The contents of the code are regularly

reviewed by the Ethics and Compliance Committee, chaired by the President and consisting of the vice presidents. Also, reports are made and submitted to the Board of Directors by this committee. The code of conduct is thoroughly communicated to all Toray Group executives and employees including contracted, part-time, and temporary workers.

Corporate Ethics and Legal Compliance Education

Toray posts information on CSR and legal compliance on its corporate intranet. The Toray Group circulates important information about legal and compliance matters that are highly relevant to its business in Japan and overseas. Besides, for the entire Group companies, we promote active discussions in workplaces through workshops to examine these matters and study cases of corporate misconduct.

Since FY 2012, Toray has provided e-learning courses on corporate ethics and legal compliance for all executives and employees, including contracted, part-time, and temporary workers. Themes in the training courses set for each fiscal year included explanations to instill Toray's code of conduct and whistle-blowing system, as well as case studies on anti-bribery, human rights and harassment.

In FY 2023, the courses focused on the Ethics & Compliance Code of Conduct and the Toray Group's

whistle-blowing system, and 97.1% of the targeted participants took the course. In a survey of participants conducted in conjunction with the e-learning courses, 58.9% answered that they had "understood" the content of the Code of Conduct, and 40.8% answered that they had "understood the Code of Conduct to some extent," and we are continuing to disseminate information and promote education to further instill its content. We are also using similar teaching materials to conduct training sessions at our Group companies in Japan.

Toray also includes evaluation items on safety, CSR, product quality assurance, and compliance in its performance evaluation criteria to link each employee's efforts in ethics and compliance to their individual evaluation and remuneration.

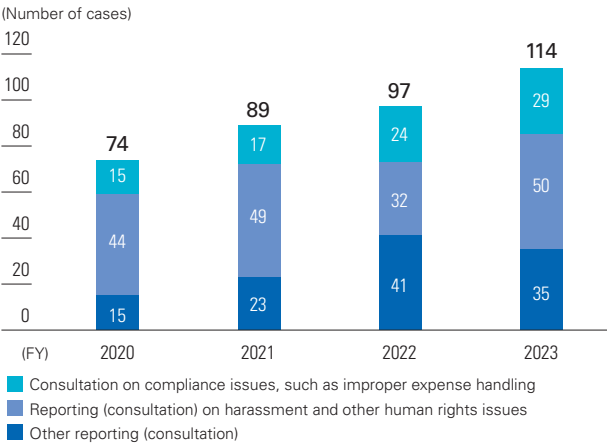
Expanding the Whistle-Blowing System

Operating a Corporate Ethics and Legal Compliance Helpline, an internal whistle-blowing system that was established in FY 2003, the Company submits reports on the helpline’s status to the Board of Directors and the Board of Corporate Auditors via the Ethics and Compliance Committee.

In addition to having set up internal reporting and consultation hotlines at each of its business sites and factories, Toray has put in place a dedicated contact channel to the Corporate Ethics and Legal Compliance Committee secretariat. At our Group companies in Japan, we have not only set up internal hotlines at each company but also put in place a common external point of contact to further facilitate reports (consultations). Additionally, our overseas Group companies have set up their own hotlines, choosing from either internal, external, or regional points of contact. Toray has also introduced a system by which it receives reports of any serious misconduct, such as violations of competition laws or anti-bribery regulations, directly from Toray Group companies.

In FY 2023, Toray and its Group companies received a total of 114 whistle-blowing (consultation) cases, of which 17 cases resulted in disciplinary action. These whistle-blowing (consultation) cases were with regard to compliance such as inappropriate expense processing (six

Content and Number of Whistle-Blowing (Consultation) for Toray Group



cases), human rights such as harassment (nine), and other (two). The facts were investigated with the utmost care to protect against any risk of negative impact on the individual reporting to or consulting with the hotline. When a problem was identified, efforts were made to solve the problem and measures taken in accordance with the internal rules of each company, such as company regulations.

Reinforcing Compliance in Product Quality Assurance

The Toray Group is pursuing five major issues to reinforce product quality assurance compliance throughout the Group.

**1. Realization of a product quality assurance system based on its formulated product quality assurance vision**

Toray and its Group companies around the world have put in place a product quality assurance system in accordance with its formulated product quality assurance vision. The system stipulates the role each department should play in strengthening the product quality assurance system while working to maintain and strengthen its quality assurance capabilities to reliably meet customer demands.

**2. Improvements in product quality assurance capability levels of the entire Toray Group by strengthening audit functions**

We are working to raise the level of product quality assurance capabilities across the entire Toray Group. This is being achieved by steadily implementing, for example: audits of its companies around the world by the product quality assurance departments in charge at each Toray business; audits of each quality assurance department by the deputy general managers of product quality assurance and each Quality Assurance Planning and Management Department; and by mutual audits of each product quality assurance department.

3. Development of employees and of a workplace culture to not commit fraud

To coincide with Quality Month, which has been held in November every year since FY 2020, the Company has also designated November as Quality Assurance Compliance Month and takes the opportunity to conduct quality assurance compliance education. By providing educational materials to Toray as well as its Group companies in and outside Japan, each department and company is taking the initiative in promoting training. (Number of training participants in FY 2023: 22,503)

4. Understanding of actual state of agreements with customers and establishment of guidelines relating to product quality (assurance)

Based on the guidelines for product quality assurance agreements, which stipulate the guiding principles at the time of agreement signature, we are rolling out initiatives for comprehensive inspections, reviews and optimizations of agreements to Toray and its Group companies around the world while promoting such efforts on an ongoing basis.

5. Improvement of quality data management system to not allow any misconduct

The Group is developing data management systems that minimize human involvement, such as by automating measurement and transfer of measurement data, and issuance of inspection reports.

Competition Law Compliance, Anti-Corruption, and Anti-Bribery

**1. Competition Law Compliance**

The Ethics & Compliance Code of Conduct defines the code of conduct related to competition laws that must be observed by all Toray Group executives and employees. Educational materials related to competition laws have been prepared in Japanese and English for all Toray Group employees. Within Japan, the Group prepares and utilizes compliance training materials and gathers examples of compliance violations related to competition laws. In FY 2023, no legal action was taken against the Toray Group on the grounds of anti-competitive behavior, antitrust or monopoly practices.

**2. Anti-Corruption and Anti-Bribery**

In January 2020, Toray Group formulated the Anti-Bribery Regulations that explicitly prohibit offering and accepting bribes to or from public officials and business partners, and established the rules for approval and reporting when offering or receiving money or other benefits to or from public

officials and business partners. Similar rules have also been introduced at both domestic and overseas Group companies.

The Ethics & Compliance Code of Conduct defines the code of conduct related to anti-corruption and anti-bribery measures that must be observed by all Toray Group executives and employees. Accompanying guidelines and educational materials covering to the anti-corruption and anti-bribery measures have been prepared in Japanese and English for all Toray Group employees and they are shared on a Group-wide basis. No legal action was taken against the Toray Group on anti-corruption or anti-bribery grounds in FY 2023.

In October 2023, Toray conducted e-learning courses on its Ethics & Compliance Code of Conduct, which includes compliance with competition laws and the prevention of corruption and bribery, for all executives and employees (including contracted, part-time, and temporary workers). A total of 7,139 personnel took part in the courses.

Protection of Personal Information

In order to comply with Japan’s Act on the Protection of Personal Information, Toray has established Regulations for the Management of Personal Information, together with a management framework and practices to ensure each department manages personal information appropriately. Audits are regularly conducted into the management conditions in each department.

In FY 2023, the Company received no complaints concerning personal information and there were no data breaches. Major Toray Group companies in and outside Japan appropriately conduct management in accordance with the management systems and methods specified by the internal rules of each company.

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

In FY 2018, the Toray Group launched a new initiative with the slogan “Have the integrity to do the right thing in the right way.” The initiative includes the following four principles for taking more effective action to ensure compliance.



and implement initiatives that correspond to their individual situations. The Toray Group implements periodic follow-ups for the initiatives of each company, shares the effective initiatives of each company within the Group, and encourages each company to take the initiative in evolving their compliance activities.

In FY 2023, Toray continued to assist each company’s compliance promotion activities. Including the Compliance Promotion Month, steps were actively taken to share compliance-related initiatives, utilize the results of compliance awareness questionnaires, and carry out collaborative projects with safety activities at plants. Through these activities every effort is being made to strengthen risk response that emphasizes factors unique to each region and type of business while reinforcing the Toray Group’s integrity-driven corporate culture.

- Compliance Action Principles**
- B: Be fair, be honest and have integrity**
  - E: Encourage respect and communication**
  - A: Adopt a Genba (workplace) approach—Look to the facts!**
  - R: Responsibility as a member of our excellent company**

Under the name “Mission B.E.A.R.,” an acronym of the first word of each principle, Toray Group companies formulate declarations and action plans related to compliance,

Improving Security Trade Controls

Concerns about the spread of conventional mass weapons of destruction and changes in the international security balance necessitate risk management addressing security trade controls. Toray convenes a Security Trade Administration Committee comprising officers of divisions that are involved in exports and technology transfer. In FY 2023, the committee decided on measures to implement

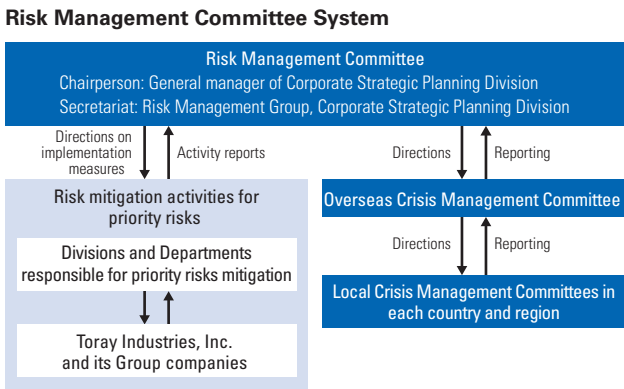
for the fiscal year after considering pressing risks based on recent international circumstances and regulatory trends. The committee members also convene a Divisional Security Trade Administration Committee that communicates corporate measures and implements supplementary programs, such as precautions to be taken by departments and Group companies under its supervision.



Risk Management

Risk Management Structure

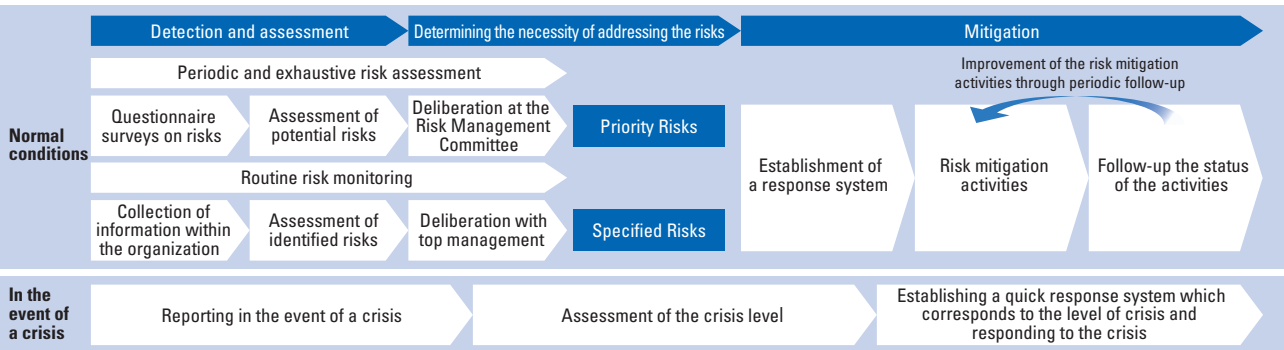
In order to respond to risks that rapidly emerge due to changes in the surrounding environment and to respond immediately in the event of a crisis, the Toray Group has the Risk Management Committee, chaired by the General Manager of Toray Industries, Inc.'s Corporate Strategic Planning Division. It also facilitates close communication between the Board of Directors and top management as it pursues risk management as an integral part of management strategy. In addition, as subordinate organizations of the Risk Management Committee, the Overseas Crisis Management Committee and Local Crisis Management Committee have been established to manage employees' overseas travel under normal conditions and compile information on overseas risks.



Risk Management Activities

The Toray Group has established a PDCA cycle and engages in activities to manage "Priority Risks" and "Specified Risks" as part of its approach to risk management during normal times. At the same time it formulates the Medium-Term Management Program once every three years, the Group exhaustively identifies and assesses risks, and specifies those with a particularly high degree of potential risk (probability of occurrence x degree of impact) as Priority Risks. Following this, a division or department is assigned responsibility

for each risk in order to focus on risk mitigation activities. The Group determines Specified Risks through a process in which a dedicated department within the Corporate Strategic Planning Division routinely monitors, investigates, and analyses domestic and overseas risk trends; identifies and assesses risks with the potential for a major impact on operations; and consults with top management. Specified Risks arise and can be dealt with over the short term, and have a complementary relationship with Priority Risks that are defined as having a three-year duration.



The following process is conducted to routinely identify risks. (1) A survey is conducted to identify the imminence of risks as well as specific concerns of the Company and its domestic and overseas affiliates, targeting over 100 risks comprehensively organized in the categories of "business environment," "disasters," "operations," "E

(environment)," "S (society)," and "G (governance)" surrounding the Group. (2) After aggregating and analyzing information obtained from the survey, discussions on risk awareness, issues, and countermeasures are held with risk-related departments and top management.

Identifying Risks for Achievement of the Targets of the Medium-Term Management Programs



(3) Summarizing the analysis of the questionnaire survey and information obtained from the discussions, a draft of Priority Risks to be addressed Group-wide

is deliberated and decided by the Risk Management Committee. Each division also sets its own risks to be addressed.

Business Risks

Major risks that Toray Group has evaluated to have significant impact on business, etc. are listed below. • Crisis response risks based on the possibility of war [\*Priority Risks] • Product supply disruption risk [\*Priority Risks] • Risks related to product demand, market trends, and business plans • Risks related to global business development

- Risks related to foreign currency, interest rate and securities market fluctuations
- Risks related to environmental issues such as climate change, water shortages, and resource depletion
- Risks related to natural disasters and accidents
- Risks related to human resource strategies
- Risk related to compliance
- Risks related to information security and cyber threats

Major initiatives in FY 2023

1. Priority risk mitigation activities

The Toray Group set the two themes of "crisis response risks based on the possibility of war" and "product supply disruption risk" as the sixth set of Priority Risks from FY 2023 to FY 2025.

(1) Crisis response risks based on the possibility of war The Group set this theme for the purpose of ensuring the safety of its employees and of accelerating decision-making and action for business continuity where the Group's business sites are located, and takes action through the Corporate Strategic Planning Division as the division in charge of promoting initiatives. In FY 2023, the Toray Group conducted a risk survey in the countries and regions where its business sites are located, and prepared a crisis action plan template for each country and region. Starting in FY 2024, the Group will formulate action plans according to the respective risk scenarios as based on the risk survey, provide information on these to Toray Group companies in each country and region, and plan crisis response drills for each company.

Group Information Security Basic Policy. Each affiliated company conducts a self-assessment of their fulfillment level regarding the Toray group information security standards formulated in FY 2023, where any company that fails to meet these standards prepares an improvement plan and engages in risk mitigation activities. Moreover, the Group has set the implementation rate (management standards fulfillment rate) as a KPI. In FY 2023, 39 of the 112 target companies had implemented risk mitigation activities, thereby achieving the 35% target.

3. Business Continuity Plan Initiatives

In regard to business continuity in the event of a major earthquake or flood disaster, the Toray Group's basic policy is to meet its social supply responsibilities. This includes placing a top priority on confirming the safety of employees and preventing any impact on the local community; striving to prevent the spread of damage and any secondary disasters from occurring; maintaining the supply of key products; and swiftly restoring business operations. As part of these efforts, the Group continues to systematically renovate plant buildings for better seismic resistance, locate evacuation areas in high areas, and raise the elevation of emergency power generators, for example.

Following the Noto Peninsula Earthquake which occurred on January 1, 2024, the Group opened an online Group-wide Emergency Headquarters on the day of the earthquake, confirmed the safety of its employees and the status of damage, and swiftly launched recovery and support activities. Several affiliated companies experienced power outages, water supply outages, and ground subsidence, among other problems, in response to which the relatively undamaged Ishikawa Plant provided food and water from its stockpiles. Whenever possible, the Group also swiftly moved to restore power, conduct ground subsidence recovery work, and inspect and coordinate equipment in an effort to restart production activities.

(2) Product supply disruption risk

The Group set this theme for the purpose of avoiding raw material discontinuation risks and for bolstering the continuity of product supply, and takes action through the Purchasing & Logistics Division as the division in charge of promoting initiatives. Starting in FY 2023, the Group has selected raw materials with a high procurement risk, and engaged in risk mitigation activities, including diversifying suppliers and stockpiling inventories.

2. Addressing Information Security Risks

The Toray Group established the Toray Group Information Security Steering Committee, which centrally manages information security, for the purpose of maintaining and improving information security on a Group-wide basis, and engages in risk mitigation activities based on the Toray