

TORAY Report 2024



Environment &
Engineering



Carbon Fiber
Composite Materials



Fibers &
Textiles



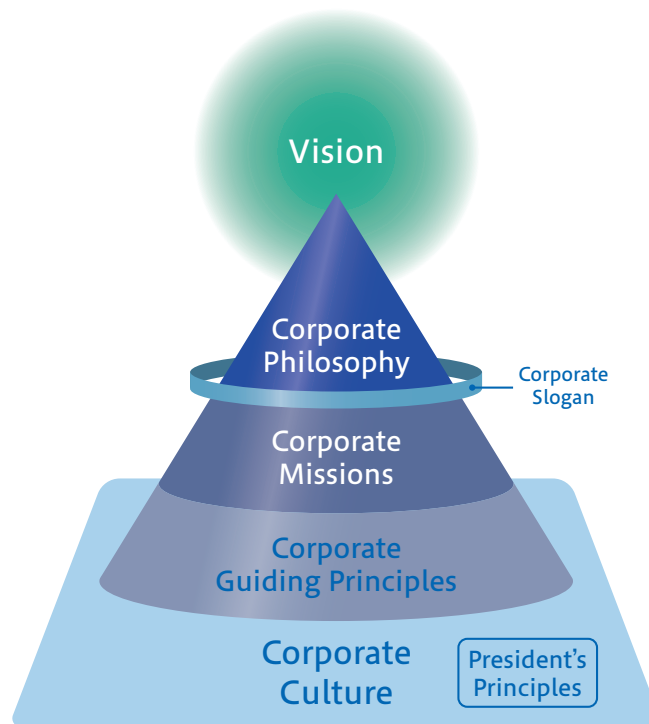
Performance
Chemicals



Life Science

TORAY

Innovation by Chemistry



| Toray Philosophy |

In addition to our traditional Management Philosophy (which includes the Corporate Philosophy, Corporate Missions, Corporate Guiding Principles), the Toray Philosophy includes the Corporate Slogan (which simply expresses Toray's stance on embodying the Corporate Philosophy), the Vision (which represents the direction the Group is headed), the Corporate Culture (which includes values and management perspectives that have been maintained since the company's founding), and the President's Principles.

Descriptions of predicted business results, projections and business plans contained in this material are based on forecasts and assumptions regarding the future business environment made at the present time. This material is not a guarantee of the Company's future business performance.

Corporate Philosophy

**Contributing to society through the creation of
new value with innovative ideas, technologies and products**

Corporate Missions

- For our customers:** To provide new value to our customers through high-quality products and superior services
For our employees: To provide meaningful work and fair opportunities
For our shareholders: To practice sincere and trustworthy management
For society: To establish ties and develop mutual trust as a responsible corporate citizen

Corporate Guiding Principles

Safety and Environment

Placing top priority on safety, accident prevention and environmental preservation in order to protect the safety and health of employees, customers and local communities and contribute to building a sustainable society

Ethics and Fairness

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

Customer-Focus

Providing solutions of high value to customers, and pursuing customer satisfaction and the world's highest level of quality

Innovation

Achieving continuous innovation in all corporate activities, and aiming for dynamic evolution and growth

Strong *Genba-Ryoku* (Workplace Competency)

Learning from one another and making self-driven efforts to leverage technologies and expertise in order to strengthen workplace competency, which is the foundation of our corporate activities

Cooperation and Co-creation

Forming integrated internal linkages and strategic alliances with external partners, and evolving together with society by creating new value

Emphasis on Human Resources

Providing motivating work environments where employees can demonstrate their abilities, and building a vibrant corporate culture

Information Disclosure

Appropriately disclosing corporate information and enhancing communication with stakeholders in order to maintain management transparency

Respect for Human Rights

Fulfilling our responsibility to respect human rights as a good corporate citizen

Vision

Toray Group Sustainability Vision

Corporate Culture

- Contributing to society through business activities
- People-centric management
- Management from a long-term perspective
- Pioneering spirit

Corporate Slogan

Innovation by Chemistry

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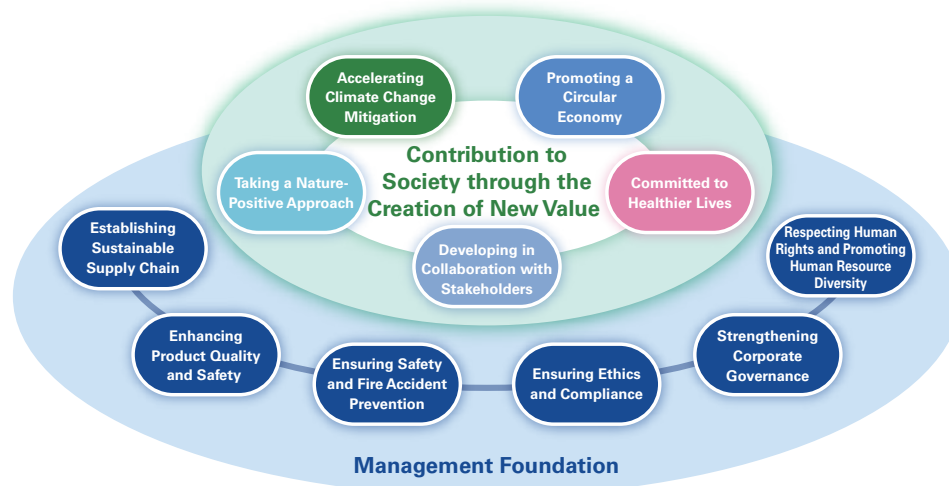
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Toray Group Corporate Social Responsibility Materiality

In June 2023, Toray Group has selected a total of 11 material issues for its CSR activities, including five issues relating to the Group's Corporate Philosophy of contributing to society through the creation of new value. The other six issues represent key management foundation points that are consistently necessary to address as important issues.



Contribution to Society through the Creation of New Value

Accelerating Climate Change Mitigation

Accelerate the shift to carbon neutrality by contributing to reduction of global greenhouse gas emissions through innovative technologies and advanced materials and by pursuing emissions reduction across the Toray Group.

Promoting a Circular Economy

Promote sustainable, circular resource use and production by increasing recycling, using biomass-based raw materials, and converting CO₂ into resources.

Taking a Nature-Positive Approach

Contribute to restoration of the natural environment by offering products that help provide clean water and air, reduce environmental impact, and otherwise benefit the environment and by working to preserve green spaces and properly manage chemical substances.

Committed to Healthier Lives

Contribute to healthy, hygienic lifestyles by providing advanced materials that promote health and longevity, reduce the burden on nursing care and healthcare providers, improve the quality of medical care, and contribute to human safety.

Developing in Collaboration with Stakeholders

Focus on sustainable development for both the Group and society by pursuing co-creation with stakeholders and contributing solutions to social issues. Appropriately disclose information and promote dialogue with stakeholders.

Management Foundation

Ensuring Safety and Fire Accident Prevention

Protect public safety and the personal safety of employees by pursuing zero accidents, thoroughly practicing disaster and fire prevention, and ensuring safe work environments.

Ensuring Ethics and Compliance

Act 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.

Enhancing Product Quality and Safety

Provide safe, high-quality products by further strengthening quality control, quality assurance, and product safety management.

Strengthening Corporate Governance

Maintain sound management across the Toray Group by reviewing management systems and programs, strengthening internal controls, and implementing risk management (managing risks related to business activities such as economic security, security trade, and information security).

Establishing Sustainable Supply Chain

Focus on building a stable, sustainable supply chain by promoting environmental conservation and respect for human rights throughout the supply chain.

Respecting Human Rights and Promoting Human Resource Diversity

Respect internationally recognized human rights and create work environments that allow a diverse pool of human resources to demonstrate their creativity.

Moreover, taking materiality into account, in June 2023, the Group formulated CSR Roadmap 2025, which outlines activity targets, main initiatives, and key performance indicators (KPIs) for each of the Group's ten CSR guidelines.

<https://www.toray.com/global/sustainability/stance/roadmap.html>

*Please refer to P92 for the CSR Roadmap 2025 from the Perspective of Materiality

Prioritizing Dialogue and Sense of Speed

We aim to maximize our corporate value through a story of growth based on competitiveness

Tackling Insights Gained through Dialogue as well as Management Issues with a Sense of Speed

Toray celebrates its 100th anniversary in 2026. Through tireless efforts, the Company has overcome countless crises and changes in domestic and international situations, such as the economic controls of the wartime years to Japan's rapid economic growth in the post-war era, recessions in the fibers and textiles industry, globalization, and more recently COVID-19.

Since my appointment as the President of Toray last year, I have heard firsthand the various comments about the Company, and listened closely to the thoughts of our investors and shareholders, as well as to the feedback from our employees who are working to create value, as I would like to incorporate such opinions into management in order to ensure that the Company will be sustainable for the coming 100 years. I have earnestly acknowledged the expectations as well as harsh comments regarding the Company that I have acquired through dialogue, and, with a sense of urgency, I work to delve the problems inherent in the Toray Group and implement solutions.

Upon entering FY 2024, the improvement in our performance and the reaction of the capital markets have provided me with a tangible sense of progress regarding the steady changes within the Company. Yet there are still issues that will take time to resolve. For example, strategic pricing, a key initiative to improve profitability, is fundamentally about activities to change our mindsets. This is about having customers recognize the value of our materials, not simply raising prices. Given that our *raison d'être* is to contribute to society through innovative technologies and advanced materials, we have at times provided high-added-value products at more reasonable prices. Which is why I am wholly prepared to make every effort required to instill this change in thinking, within and beyond the bounds of the Company, which definitely lays a burden

on the teams of research and technology development as well as the frontlines of sales. Moreover, in an era that questions sustainability, I am once again humbled by the difficulty of taking the reins in determining how to realize a corporate vision that balances non-financial issues such as reducing greenhouse gas, promoting recycling, and switching to biomass, with business expansion through capital investments, over the medium- to long-term.

That said, amid the dizzying changes in the business environment, I am also aware of the pressure to swiftly address, as well as to raise the effectiveness of our efforts to manage, those insights and issues raised through dialogue with those within and beyond the bounds of the Company. In particular, the Chinese business model has become a threat to all forms of business, extending to incorporating technologies and supply chains, rather than just increases in production capacity. Which is why it is a key to our business strategy planning, to establish barriers to market entry that are unique to the Company as soon as possible. In order to illustrate the Toray Group growth story under the assumption of these discontinuous changes in the business environment, I will engage in business strategy planning that identifies the competitiveness of each business and that establishes winning patterns for the Toray Group. At the same time, since capital investments are essential for materials manufacturers, upon management, I will engage in decision making that prioritizes the allocation of limited management resources to businesses with an outlook for both growth potential and profitability.

Prioritizing Profitability Enhancements and Asset Efficiency Improvements

Within the Medium-Term Management Program, Project AP-G 2025 (hereafter, AP-G 2025), we included the two issues of profitability enhancements and asset efficiency improvements, for which ROIC stands as the KPI. Although ROIC for FY 2023, the first fiscal year of AP-G



Mitsuo Ohya

Mitsuo Ohya

President
Toray Industries, Inc.

Material of the suit worn: WOLSTAR
(Toray Product)

To Our Stakeholders

2025, remained even with FY 2022 at 2.8%, we expect it to improve to around 4% during the current fiscal year as a result of strategic pricing, as well as structural reforms and various other initiatives which I will discuss later. Despite the high uncertainty of the business environment, at the present time I feel that we are on track for a recovery towards the AP-G 2025 target of approximately 5%.

In this regard, I believe the FY 2025 target ROIC of 5% is the minimum level we must first clear to raise PBR above 1x. Yet, this ROIC is still insufficient as an absolute value. We must therefore further improve profitability, and share the understanding in and outside of the Company that AP-G 2025 is little more than a milestone on our way to our vision for the Company. Although there are advantages and disadvantages to debating PBR for various industries in a uniform manner, it is obvious that any standing below book value lacks rationality. From the viewpoint of management, it is therefore my responsibility to apply ROIC in a way that optimizes the allocation of resources to drive innovation, as well as to improve growth potential and profitability. Along with the five basic strategies and the goal of maintaining financial soundness laid out in AP-G 2025, I will therefore advance seven key management measures and 18 challenges within the Company to raise the effectiveness of these strategies and goals.

Increasing the Effectiveness of the Basic Strategies through Seven Key Management Measures

I have received concerns over the so-called conglomerate discount because our business fields are so diverse. Toray's businesses are all based on the shared core technologies of organic synthetic chemistry, polymer chemistry, biotechnology, and nanotechnology. We deploy these core technologies as our strengths across the organization in a way that enables us to pioneer a broad range of applications, which makes Toray appealing as an essential materials manufacturer that supports all manner of industries and society beyond. Despite our ability to create new markets and applications, however, the speed of commodification in recent years has only accelerated. Which is why my vision for Toray is a high-profitability company that can secure resources for business expansion and the future, and that realizes the following virtuous cycle.

- (1) In the short-term: generate cash through improved profitability**
- (2) In the medium-term: allocate capital, human, and other management resources to priority strategic businesses**

- (3) In the medium- to long-term: as a result, materialize and commercialize the outcome from capital investments and R&D, and reinvest in new businesses**

In order to realize this cycle, we must also take action with a sense of speed that transcends organizations, as well as with product and operational excellence, in preparation for the considerable changes in the global business environment and stiffer competition from China and other countries.

Likewise, in a bid to increase the effectiveness of the five basic strategies laid out in AP-G 2025, I have set horizontally linked key management measures for management foundations that require strengthening, and have set out to apply these to specific issues in line with their timeframes.

In detail, the seven key management measures are: (1) enhancement of business competitiveness and business expansion, (2) optimal allocation of forces and invested capital, (3) creation of innovation, (4) function-centric enhancement, (5) enhancement of cost competitiveness, (6) human capital management, and (7) dialogue with capital market. Having organized and set 18 issues that are linked to these, I assigned a Board member or a Vice President as the person responsible for each issue. I myself am also responsible for some of the measures.

One of the reasons I organized these measures in this way comes from my reflection upon the fact that we have not always managed to take full advantage of large-scale capital investments in the past, and have at times failed to link these to profitability. Another reason is my sense of urgency regarding today's situation in which the speed of commodification for added-value products is faster than ever before.

I also believe that the products we deliver to the world to realize our corporate philosophy of "contributing to society through the creation of new value with innovative ideas, technologies, and products" must be added-value products and differentiated products that are founded on our technological capabilities. At the foundation of these products lies various forms of competitiveness, including advanced research and technology development capabilities, quality, supply capacity, function, price, and delivery. In addition to financial standards such as growth potential and profitability, I therefore make business decisions based on the newly established standard of judging future potential in the form of competitiveness, and will steadfastly reflect the competitiveness-based Toray growth story in our financial results.

Supporting the Brand Value of Toray Along the Dual Axes of Creation of Innovation and Strategic Pricing

I was involved in fibers and textiles sales for many years, and I have experience in launching product brands (i.e. MIRACOSMO™). These experiences have made me aware of the impact that our brands have on business and their importance. As a materials manufacturer, the names of our products rarely adorn the finished product, and the corporate name of Toray has few opportunities to appear in public. However, this is exactly why it is extremely important for us to ensure customers recognize that Toray products are essential when deciding on the materials that will affect the performance of their finished products. Similarly, the source of our value and our brand is the ability to establish barriers to market entry through the creation of new value based on the different forms of competitiveness I mentioned earlier. Creation of innovation is the measure we are currently undertaking to create added-value products, whereas strategic pricing is the measure we are applying to ensure profitability, namely by reflecting the value of the products resulting from the former measure in their prices. It is these two approaches with which we will support the Toray brand. Although it may seem obvious for a company, these activities are a so-called return to the basics, and I myself have taken the reins as the nucleus of our various measures.

As we see it, strategic pricing refers to the act of ensuring that prices reflect the value of our products from the viewpoint of our customers, in other words the Toray brand. Which means we only engage in individual negotiations following a thorough investigation into whether the value our customers receive from our products is economically reflected in their prices. Since strategic pricing assumes that Toray products are differentiated (branded) from competitors, if a customer feels that the price of a product is unacceptable, this necessarily indicates that the product fails to offer the level of value demanded by the customer. In this case, we share this fact with the research and technology departments, and race to develop a high-added-value product that can be differentiated (creation of innovation), or we make the decision to shut down production and withdraw the product from the market, to help improve profitability.

We advance these two measures through cooperation that transcends the production, sales, technology, and research organizations to establish a virtuous cycle, which is in and of itself our added-value strategy, the outcomes of which are reflected in ROIC. As just one example of

innovation, the ALCANTARA™ and Ultrasuede™ brands of ultra-microfiber nonwoven fabric with suede texture that are introduced in the Value Creation Special Feature (P16-19) in this Integrated Report were realized by developing a one-of-a-kind technology that outputs an ultra-fine microfiber that had not existed prior to the 1970s. Produced in Italy and debuted at Fashion Week as a new material, we pioneered new markets through the combined efforts of production, sales, research, and technology development, and through countless negotiations intended to establish sales channels in Europe and the U.S. Thanks in part to these efforts, these brands garnered significant respect in regard to apparel applications. As profitability fell in response to changes in the business environment, however, the related departments again worked in unison to rebrand them for industrial applications and enhanced added-value, after which we applied a dual-brand strategy to successfully target automobile manufacturers and open new markets.

Promoting the Darwin Project as a Competitiveness-Based Approach to Restructuring

During the previous Medium-Term Management Program, Project AP-G 2022, we began promoting structural reforms for low-growth and low-profitability businesses based on four categories of growth potential and profitability, and have further strengthened this initiative under AP-G 2025. Alongside restructuring those businesses that were judged as having structural problems, in FY 2023, we launched the Darwin Project for specific businesses and companies in which the business performance have deteriorated due to changes in the business environment, and have a significant impact on the entire Group in terms of invested capital. Specifically, the Darwin Project seeks to acquire a thorough understanding of each business and company through a more refined analysis, and applies profitability improvement strategies according to the situation of the business. Here, the short-term issues include cost reductions, strategic pricing, and optimal product mix, for example. At the same time, we included the medium- to long-term issues of restructuring our structures and production systems throughout business advancement. With parts of this structuring already underway, we aim to have achieved the required structural reforms and the resulting profitability improvements by FY 2025.

In the Darwin Project, in addition to growth potential and profitability as the standards for the four categories, another critical factor is determining strategies based on

To Our Stakeholders

an understanding of competitiveness, as I described earlier. In this respect, we will set and achieve targets based upon an understanding of the competitiveness of Toray products and the supply chain, where this understanding will be founded on data analyses at the frontlines in regard to quality, cost, price, function, customer use, production bases, and delivery capacity. We will order revisions to production systems when a business is found to lack competitiveness and to be incapable of earning the marginal profit against invested capital. Moreover, because there is no ultimate end-goal for restructuring itself, we will maintain systems that keep these reforms open for discussion.

Accelerating Business Expansion in the Two Growth Business Fields of Sustainability Solutions and Digitalization

Under AP-G 2025, we have defined the Sustainability Innovation (SI) Business and the Digital Innovation (DI) Business as growth business fields, and we will maintain this direction for the foreseeable future amid increasing pressure to solve issues related to the global environment and sustainability more broadly. The fields in which Toray's innovative technologies and advanced materials can help realize carbon neutrality and circular economy continue to expand. For example, in the SI business, in addition to the existing carbon fiber composite materials and water treatment business expansion, hydrocarbon (HC) electrolyte membranes, which improve the performance of water electrolysis devices for the hydrogen-related applications, are finally entering full-scale commercialization stage. Also, in the development pipeline, we aim to develop a comprehensive supply chain for producing chemical products from inedible biomass using membrane-based bioprocess technologies. As we introduced at the IR Seminar on September 13, 2024, in the DI Business, we have the essential materials and engineering capabilities for fine pitch semiconductor and for semiconductor inspection processes, with which we aim to further expand business as digitalization progresses to support the realization of sustainability.

Embedding Sustainability in the Business Strategy

Despite ongoing uncertainty in the international situation, the pressure to ensure sustainability for society only continues to grow. In part because we were established on the shores of Lake Biwa in Shiga Prefecture, Toray has

maintained an unparalleled interest in water resource management since its founding. Given our awareness of chemistry-based manufacturing, we have passed down from generation to generation our approach to managing sustainability itself, namely seeking to develop human resources and taking all possible measures to protect the environment. Likewise, the Toray Group Sustainability Vision, formulated in 2018, illustrates our aspirations for the world, including carbon neutrality and a circular economy, and expresses our commitment to tackling the issues for realizing this vision.

In order to achieve carbon neutrality at the Company as our greatest environmental challenge, we will strive to conserve energy and promote electrification wherever possible. When electrification is not possible, we will transition to non-electrified, carbon-neutral forms of energy, such as hydrogen, ammonia, synthetic fuels, and biomass. Yet this energy shift faces significant challenges in terms of cost burden, and there are aspects of greenhouse gas reductions that we cannot address under our own power alone, including how to spread renewable energy and hydrogen, and how much raw material and waste emissions can be reduced throughout the supply chain. I believe that the path to growth for a materials manufacturer like Toray is to utilize society-wide greenhouse gas reduction frameworks such as the Japanese government-led Green Transformation (GX) measures and the private sector-led initiative GX league, and at the same time, to drive innovation towards carbon neutrality in an effort to support every industry.

The scope indicated by the term of "sustainability" continues to expand. Sustainability is something that every executive and employee at the Toray Group must take ownership, and which we must promote in unison with the business strategy on a daily basis. Because we must view sustainability from the stance of both the Company and the value chain, we must also clearly indicate our overall policy and strategy as the founding assumption of the business strategy. As top management, I will therefore maintain an awareness of both financial and non-financial goals, and engage in business management with a bird's-eye view of the value chain and timeframe.

Enhancing People-Centric Management

People-centric management serves as one of the values and management views passed down as part of Toray's corporate culture since its founding. The second chairman of the Company Asahiko Karashima left us with several pieces of wisdom, such as "make the plant a place

for cultivating human character,” “companies must make more than products, they must also make people,” and “people are assets that do not make it onto the balance sheet.” In this way, Toray has maintained a clear stance of prioritizing human resources development since its founding, and has fostered a corporate culture of developing people. As part of people-centric management, we have deployed the philosophy that “success or failure of a company is decided by its people, and employees shape its destiny,” in Japan and abroad, and practice Toray-style management across the globe. In response to the changing business environment, diversifying values, and increasing awareness of career independence, however, in AP-G 2025, we raised enhancement of people-centric management as one of the basic strategies. With a focus on Including Diverse Personnel and Values, Developing Personnel and Organizations that Adapt to Change, and Building Rewarding Careers that Align with the Toray Philosophy (Engagement), we have formulated human resource strategies, and are advancing the related initiatives, for maximizing Toray corporate value and for enhancing employee well-being.

Maximizing corporate value is simply impossible within an environment that fails to leverage employees and their abilities. A prerequisite for maximizing corporate value is that the pioneering spirit, as a part of our corporate culture, is instilled within the Company. To date, Toray has not only tied the outcomes of our tireless research and technology development activities to bettering the lives of people, but also boldly undertaken the challenge of new initiatives in various fields, including entering overseas markets ahead of our competitors. Although this desire and action has been praised as the pioneering spirit of Toray, I have received feedback to the effect that the power to take new first steps has weakened, perhaps in part due to the negative effects of more sophisticated management or to the wider trend of respecting the individual. In response, we established the “Hajime no Ippo (First Step) Award” in 2023 to share the efforts of those with whom we work, and to ensure that we respect each other’s individuality and independence. I realized that my concerns were unfounded when we received more submissions than expected for this award from employees who work every day with a positive attitude for their colleagues, customers, Toray, and their own self-realization, and felt Toray’s corporate culture is securely being passed on. Through REAL TALK, an arena for direct communication with employees, and the President’s message, I will continue to say it is important to “swing for the fences” (pulling out all the stops to challenge) as one team, and

encourage pioneering spirit. However, swinging for the fences alone is simply about self-importance. Engaging in dialogue with stakeholders in and outside of the Company and acting on the results from those conversations is how we earn the trust of society while ensuring the well-being of our employees. Therefore, I would like to continue to communicate the fact that employees must also prioritize dialogue as a starting point for action.

Maximizing the Intrinsic Value Possessed by Materials and People

The Toray Group’s employees hold pride in manufacturing materials. I am proud to say that because finished products cannot exhibit their functionality without our materials, we support every industry and contribute to society, even if the products that reach the consumer do not display the Toray name. Having kept our focus on the world’s markets throughout our history and having aggressively expanded overseas can also be considered to have had a potential impact on this feeling of pride.

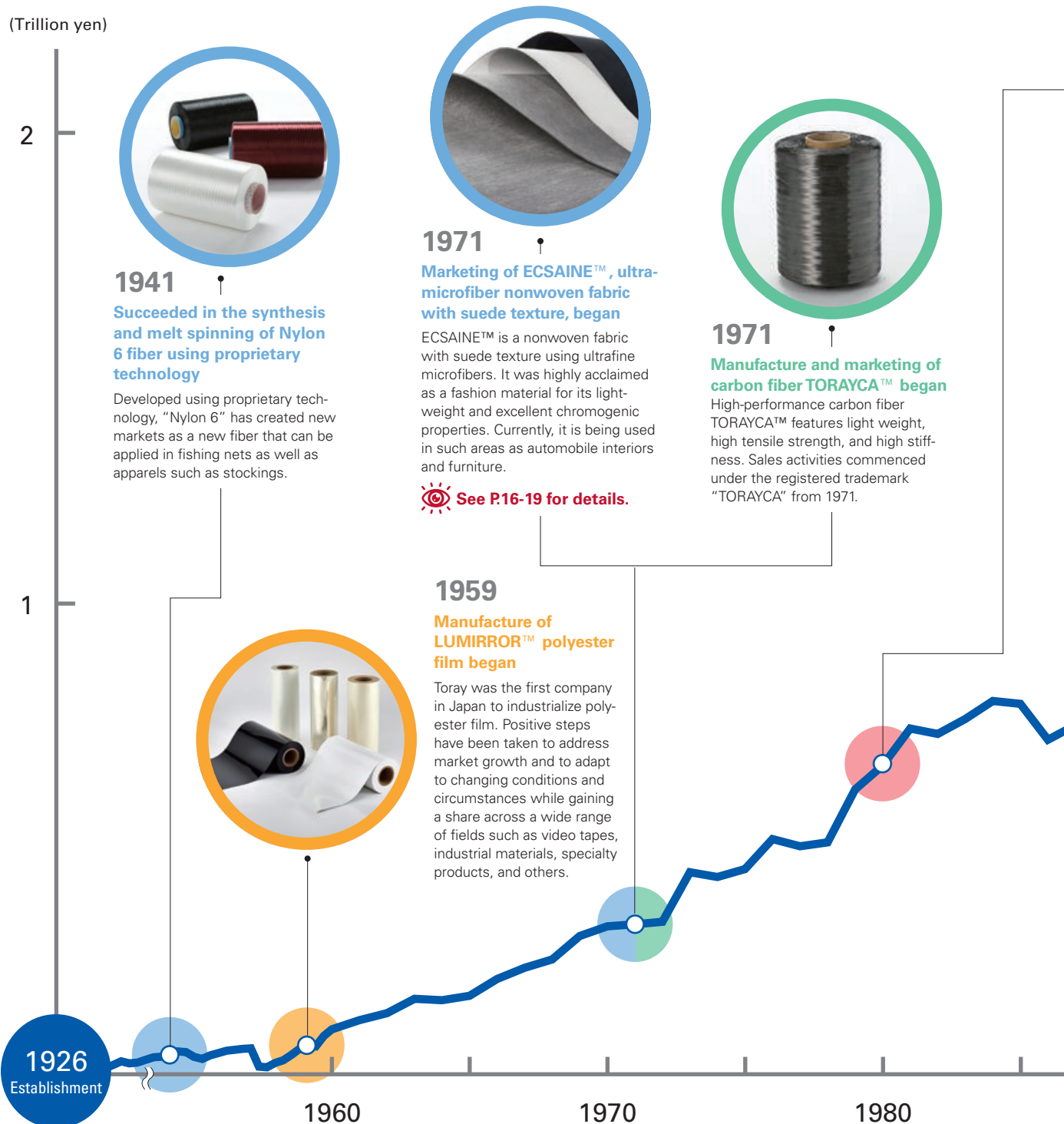
The ultra-microfiber nonwoven fabric with suede texture covered in the value creation special feature in this Integrated Annual Report is just one clear example of how we developed, as well as created new markets for, a material that had not existed previously. I believe that the reason that all employees involved in this challenge, including R&D, production, sales & marketing, engaged intently was because the pioneering spirit that has served as Toray’s DNA since its founding is so deeply rooted in our employees, and the passion and belief in manufacturing and market development has been passed down continuously. For Toray and the greater society beyond to achieve sustainability for the coming age and the next 100 years, however, we must transform the potential value possessed by materials into both economic value and social value. In order to realize this, every employee must be able to demonstrate their potential to the fullest as we design winning patterns through product and operational excellence. There is still much we as management must do to draw out and maximize the intrinsic value of materials and people, so I am committed to continuing with and devoting every spare moment to dialogue. We appreciate the continued understanding of our stakeholders.

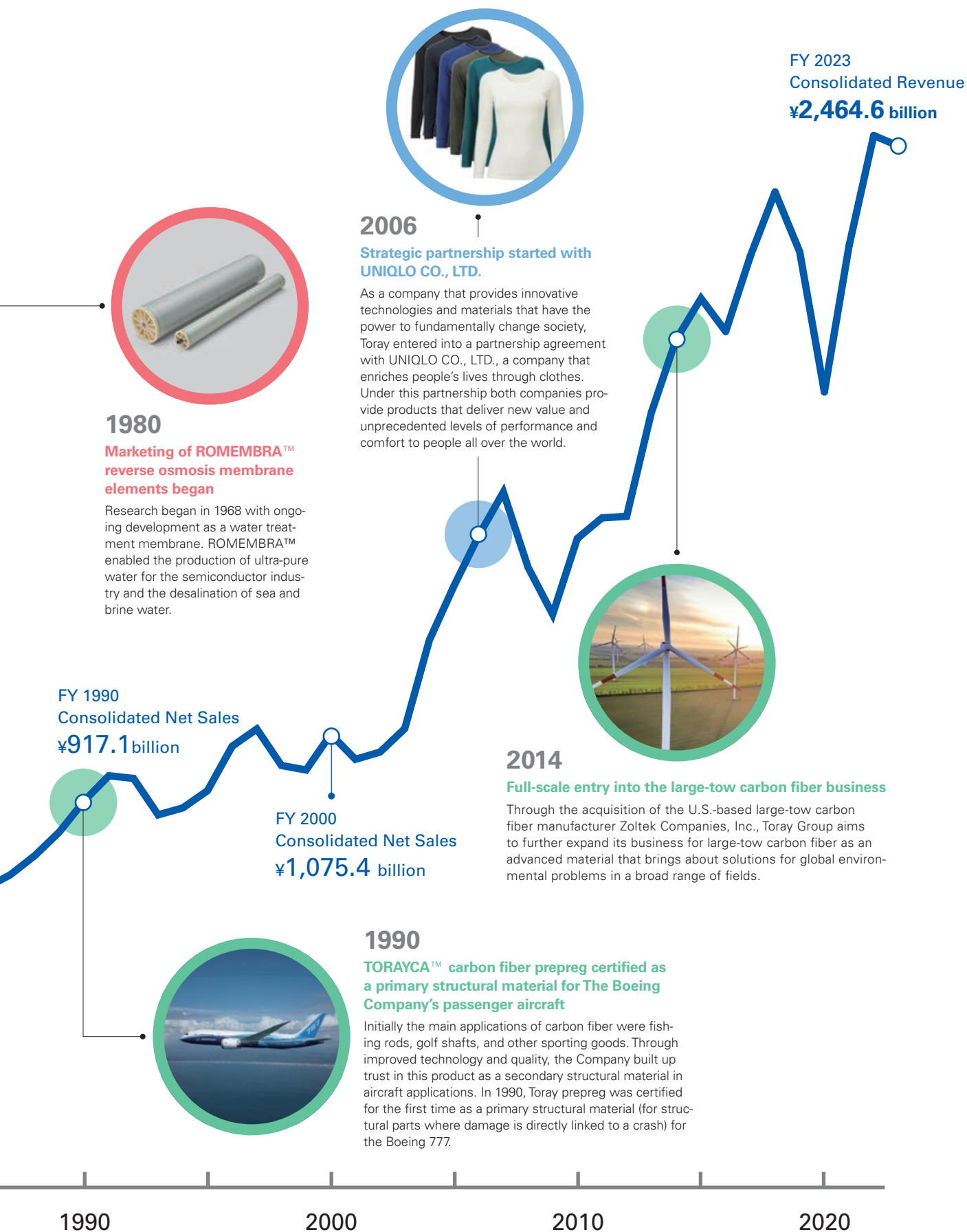
Mitsuo Ohya

President
Toray Industries, Inc.

Toray Group Value Creation History

Toray Group began as a manufacturer of viscose rayon in 1926. On top of all three major synthetic fibers such as nylon, polyester, and acrylic, the Company has continued to develop innovative technologies while creating a host of advanced materials and high-added-value products in a broad range of films, chemicals, resins, electronic and information materials, carbon fiber composite materials, pharmaceuticals and medical products, water treatment, and environmental fields. With an eye toward how society will evolve in 2050 and how innovative technologies and advanced materials may be utilized as a driving force, we will adopt a long-term perspective toward enhancing our corporate value.





The Toray Group Value Creation Process

In a bid to realize its corporate philosophy of “Contributing to society through the creation of new value with innovative ideas, technologies and products,” Toray Group will **provide new value to society** through a **process of co-creation with customers, suppliers, and other parties** that make up the supply chain, starting at the materials stage, while promoting mutual cooperation in R&D, sales and marketing, and production, the

Financial Capital

- Net assets ¥3,466.5 billion
- Rating (R&I) A+

Equipment Capital

- Number of manufacturing subsidiaries 106
- Capital Expenditures ¥150.6 billion

Intellectual Capital

- Valid and Enforceable Patents 21,893
Domestic 6,431
Overseas 15,461
- R&D Expenses ¥70.5 billion

Human Capital

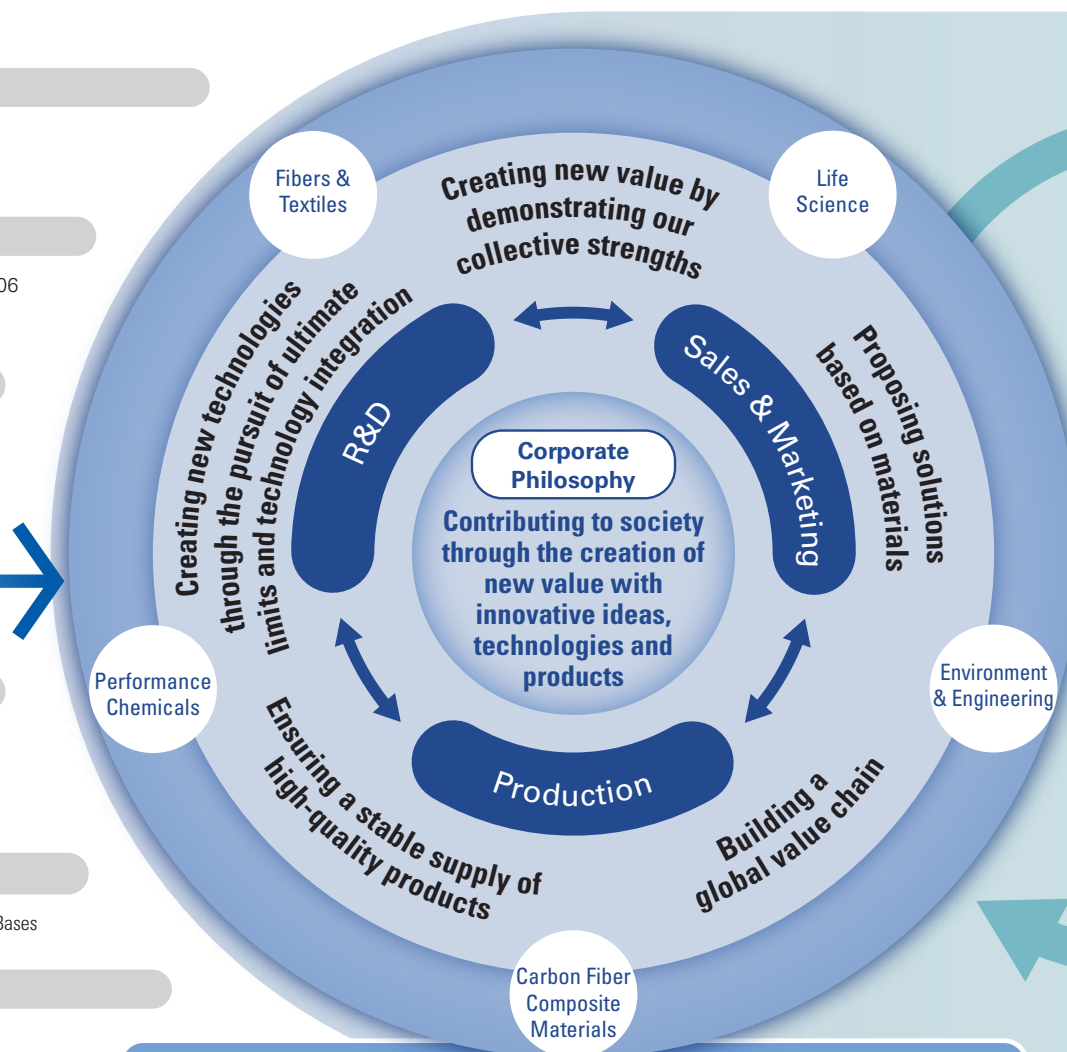
- Number of Employees 48,140
- Gender Ratio (Male:Female) 7:3
- Number of R&D staff about 4,400

Social and Relationship Capital

- 112 domestic and 194 overseas Business Bases

Natural Capital

- Petrochemical products
- Metals, mineral raw materials
- Natural fiber
- Plant-based material
- Water resources
- Energy resources
(Crude oil, natural gas, etc.)



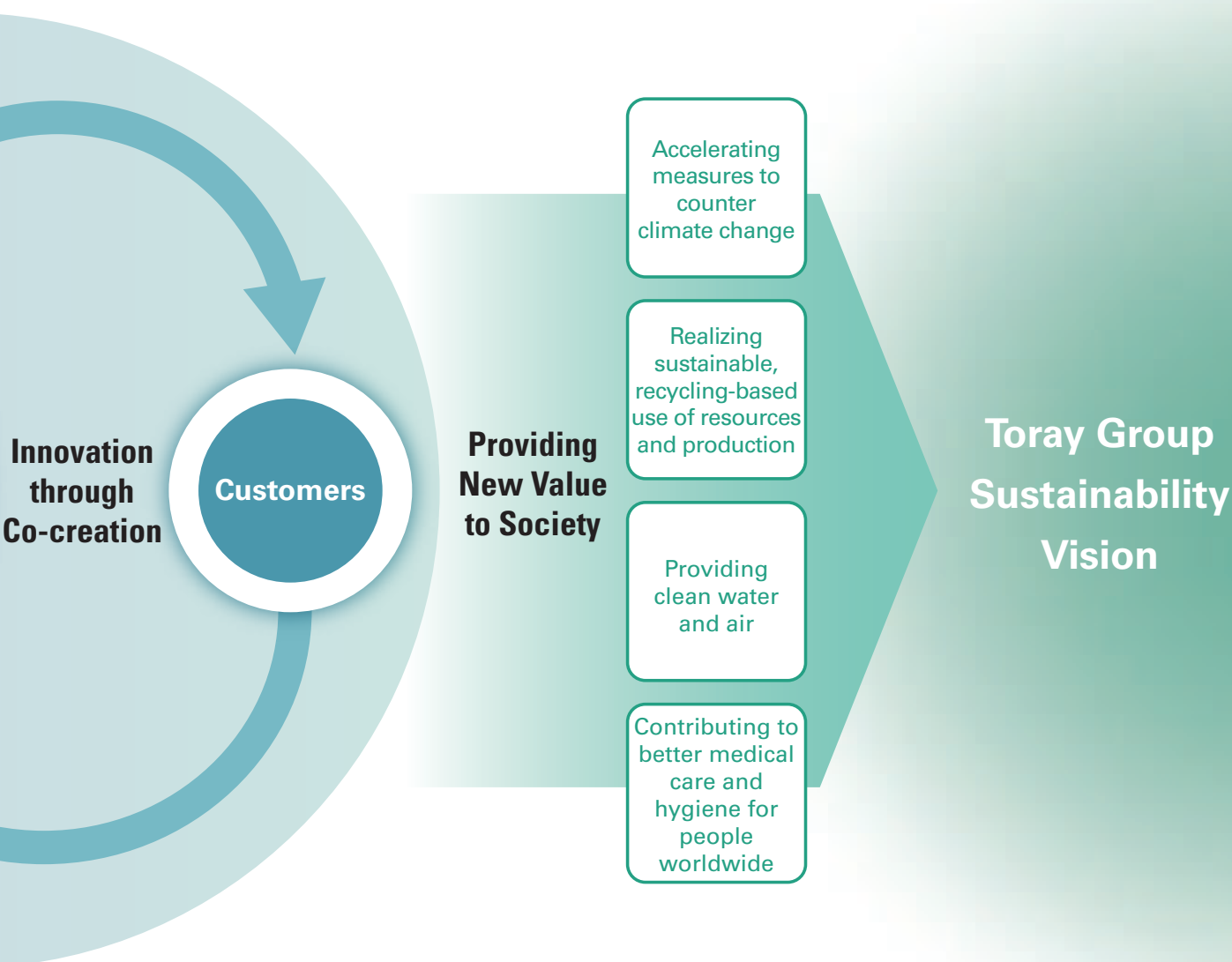
Value that we cherish as management core value

Contributing to society through business activities

People-centric management

Management from a long-term perspective

key strengths of Toray Group, based on the core values of “contributing to society through business activities,” “people-centric management,” and “management from a long-term perspective.” At the same time, we will work to realize the four perspectives of the world as outlined in the Toray Group Sustainability Vision.



Beyond the Material

Taking on the challenge of becoming a material brand that enhances value together with its customers

Developing Ultra-microfiber Nonwoven Fabric with Suede Texture that Surpasses Natural Materials

In 1970, the late Dr. Miyoshi Okamoto* of Toray developed a ultra-microfiber nonwoven fabric with suede texture by utilizing the Company's proprietary ultrafine microfiber production technologies.

*Miyoshi Okamoto: Joined Toray in 1960 and served as General Manager of Fibers & Textiles Research Laboratories, Managing Director of the Okamoto Laboratory, Chairman of Toray Fibers and Textile Research Laboratories (China), and as advisor to the Technology Center. A Doctor of Engineering, Dr. Okamoto received numerous awards, including the Prime Minister's Award (National Inventor Commendation), the Wallace H. Carothers Award (UK), the Medal with Purple Ribbon, and the Leonardo Award (Italy).



Left photo: Cross-sectional view of uniform ultrafine fibers produced by sea-island conjugate spinning (image)

Right photo: The diameter of the ultrafine fiber developed by Toray (left in the photo) is 1/50 of a hair (right in the photo).

Utilizing raw yarn with a cross-sectional area that is 1/2500 of a human hair, the Company achieved a material that while having an appearance, feel, and texture that is very close to that of natural suede leather such as deerskin, at the same time, is lightweight and has outstanding colorability. After establishing its brand image as a luxury material in Europe and the U.S., the Company devised a strategy for re-importing into the Japanese market and debuted the material at the Paris Haute Couture Collection for fall in July



The Paris Haute Couture Collection, 1970

1970. At that time, TIME Magazine praised the material as "the most revolutionary material since Adam and Eve's fig leaf," and it was quickly adopted by New York's top designers, causing a huge sensation.

Trademarked in Japan as Ecsaine™ in 1971, production of the new material began in the same year. At the same time, amid growing global interest in animal welfare, the material's feel and texture which is extremely close to natural were highly praised in the U.S. market, a contract was concluded with a major textile manufacturer Springs Mills, Inc., and sales launched under the Ultrasuede™ brand. From then on, sales grew steadily through continuous improvements to the material as a luxury clothing material, and by 1974 sales had increased to nearly five times the original level.

In the meantime, in Europe in 1974, the Company established Iganto S.p.A. (now Alcantara S.p.A.) as a joint venture with Anic S.p.A. of Italy, a company with which Toray had signed several polyester-related technology export contracts, and concluded a contract to manufacture and sell products under the Alcantara™ brand. In 1975, production began at the company's Nera Montoro plant in the vicinity of Rome. Alcantara™ was accepted by European consumers, and Iganto steadily expanded its business.

In this way, our initial brand marketing consisted of three brands developed based on three areas: Japan, the U.S., and Europe. Each brand was recognized as a high-added-value luxury clothing material and established a solid market position. Thereafter, the material's applications expanded greatly ranging from home interiors and automotive interiors as well as shoes and bags to home appliances. The material underpinned Toray's textile business particularly from the mid-1970s to the early 1980s, when performance stagnated during the structural recession that followed the oil crisis.

Two-brand Strategy: Made in Italy and Made in Japan

Afterwards, market globalization began to accelerate against the backdrop of the end of the Cold War, the spread of the internet and the international division of labor in supply chains, etc. In response to the increasing need for the globalization of markets and customers of ultra-microfiber nonwoven fabric with suede texture, Alcantara™ and Ultrasuede™ were positioned as global brands in 2013. A two-brand strategy was adopted in which each brand promotes its own brand value based on a different concept. Treating Alcantara™ as “Made in Italy” and Ultrasuede™ as “Made in Japan,” the Company decided to move away from marketing its brands based on the areas of Japan, the U.S., and Europe, to clearly differentiating its products and concepts based on production locations, rolling out the two brands to all regions and applications around the world. Today, the Ecsaine™ brand continues to be used for certain industrial material applications.

ALCANTARA®

Having changed its name from Iganto S.p.A. when it shifted to a two-brand strategy, Alcantara S.p.A. established an integrated production facility in Italy, from spinning to dyeing and finishing, and committed itself to marketing through technology and know-how rooted in the Italian regional brand, production, research and development,



sustainability, and tailor-made solution proposals. Based on its characteristic Italian management, Alcantara™ has established a unique position among textile materials as a European luxury brand that is recognized worldwide.

ultrasuede®

Meanwhile, Ultrasuede™, which is made in Japan, is a brand that had grown large in the U.S. A decision was made to conduct sales in all regions, including China, Asia, and Europe, as well as in the U.S. and Japan.

In conjunction with Toray's corporate brand, we developed a strategy to promote innovative and diverse product development using cutting-edge technology, as well as the cool and trustworthy image of “Made in Japan” as the brand identity. In recent years, we have also been strengthening our appeal as a sustainable material through the development and sale of products that use recycled and bio-based raw materials.



Both Alcantara™ and Ultrasuede™ conduct business activities based on their respective brand identities, such as building supply chains, product development, and promotion, and undertaking marketing activities in collaboration with our business partners. We decide all strategies based on our ideal vision for each brand and develop our business based on those strategies.

Burgeoning Demand Also in the Automobile Industry

In recent years, due to the emphasis on sustainability as well as animal protection and vegan trends, Alcantara™ and Ultrasuede™ have been attracting attention as alternative materials to natural leather. Demand is especially increasing in the automotive market. The spread of xEVs has created a demand for lighter materials. As consumers view the interior of a car as a living space rather than simply a travel space, they also want to feel more comfortable and at ease inside. Demand for these materials is thus growing around the world, as they are suitable

for seamless, luxurious designs. Furthermore, in terms of sustainability, Alcantara became the first Italian company to receive carbon neutral certification in 2009. In 2015, the Ultrasuede™ brand launched the world's first product using plant-based polyester as a part of its raw materials. This is gaining increasing recognition from customers as a material that not only combines luxury, fine quality and functionality but is also sustainable.

Ultrasuede™ Value Creation

Clarification of brand position through internal branding

Despite promoting a two-brand strategy, the brand positioning of “Made in Japan” Ultrasuede™ was initially unclear compared with “Made in Italy” Alcantara™. The manager at the time and several sales staff members therefore got together and launched the Ultrasuede Vision Meeting in 2014. At the meeting, the participants first discussed their current understanding of Ultrasuede™, such as “What do we like about it?,” “What do we feel proud of?,” and “What aspects of it do customers find valuable?,” and then considered the components of brand value based on what they personally felt the most. As these discussions became more heated, the number of participants in the Vision Meetings increased, and the content of the discussions was refined. Ultimately, in 2018, we summarized the content as five values (see below), and defined our vision beyond these values as “To enrich society through empowered creativity and materials evolution. We are committed to our values.” As a result of the vision meetings, which took about three years to complete, the content was understandable to all members, and a bottom-up sense of ownership was fostered that “a brand is not something that is given to you, but something you create for yourself,” enabling everyone to move forward in the same direction.

To enrich society through empowered creativity and materials evolution.

We are committed to our values:

- Ultrasuede™ as Toray's leading brand
- Enrich society for the next generation
- Sharing Japanese quality with the world
- Expansion through technological innovation
- Enhancing our customers' value alongside Ultrasuede™

Evolution into sustainable products in which plant-based raw materials are used

As mentioned above, the Company decided to develop Ultrasuede™ products in which some plant-based raw materials are used to increase value from a sustainability perspective. One of the major targets is for home interior applications such as sofas in North America. Despite having been well received by customers for many years for its rich color variations of approximately 90 colors, it was necessary to further increase its value from the perspective of sustainability by using plant-derived Ultrasuede™. Actually, as we proceeded with development, we were able to create a product that had the same texture, soft



Sofa made of Ultrasuede™BX

feel, and strength properties as the conventional product, but found that we could not reproduce the same color using the same dyes as before. We overcame this challenge by working with a dye factory to carefully match each color and are now able to sell Ultrasuede™BX, for which the proportion of plant-based raw materials has been increased to 30%. We would like to further increase this ratio in the future.

Value co-creation with Lexus, a luxury car brand

Among the dozen or so types of Ultrasuede™ products, Ultrasuede™BX has a supple texture and frictional strength that makes it suitable for use not only in sofas and car seats but also in fashion. While proposing Ultrasuede™BX and continuing activities to collect customer feedback about their impressions, challenges, and expectations with regard to sustainability, a new initiative was launched with Lexus, a luxury car brand of Toyota Motor Corporation, which has already adopted Ultrasuede™.

In developing its first battery electric vehicle (BEV), the



Lexus RZ interior made of Ultrasuede™BX

Lexus RZ, the company's interior concept for the car was "to create a clean, wide-open, welcoming space." As a material that in addition to possessing the appropriate texture is also environmentally friendly, Ultrasuede™BX was used for the first time in car seats and very highly rated by the Lexus development team, who called it "the perfect material that combines luxury and durability with environmental friendliness."

Through Ultrasuede™, Toray is proactively proposing to customers the use of plant-based raw materials, allowing them to play a role in reducing petroleum usage and CO₂ emissions. At the same time, the Company is promoting the high-added-value of this sustainable material so that customers can not only be satisfied with the feel of the final product but also increase their satisfaction in terms of consideration for the global environment.

Five-Fold Increase in Brand Value in Five Years

The Ultrasuede Department has been constantly discussing the Five Values and Vision and continuing activities designed to improve its brand value. To reassess the current status of the brand, we conducted an Ultrasuede™ brand survey in 2017. This survey involved interviewing internal stakeholders, including members from overseas and people in the main applications and industries (automotive, fashion, home interiors) in which Ultrasuede™ is deployed with regard to brand awareness and image, and producing in visual form (quantifying) the brand value based on sales volume and other factors. We re-measured the results of our branding and sales activities at the end of FY 2022. As a result, we were able to confirm that brand value had increased

approximately five-fold through strengthened internal branding, expanded sales for each application, and the resultant increase in awareness. Concerning future challenges in further improving brand value, we found that end consumers (=people) have not yet fully understood "what the brand means and how it makes them feel," and we are continuing to discuss this as a new theme at the Vision Meetings. Our efforts to improve the brand value of Ultrasuede™ have no end-point. While continuing to listen sincerely to our customers' feedback, we will aim to remain a brand that can contribute and "enrich society through empowered creativity and materials evolution," as adopted for our brand vision.



Eugenio Lolli

CEO and General Manager
of Alcantara S.p.A.

Combining "Made in Italy" craftsmanship and technology, Alcantara™ has become a global brand in the luxury sector. What is meant by "Made in Italy" here is a technically advanced product made with Italian craftsmanship. Our commitment to quality, passion, creativity and sustainability have earned us a worldwide reputation and unparalleled trust in a wide range of high-end markets, including automotive, interior design, fashion, accessories and art. In recent years,

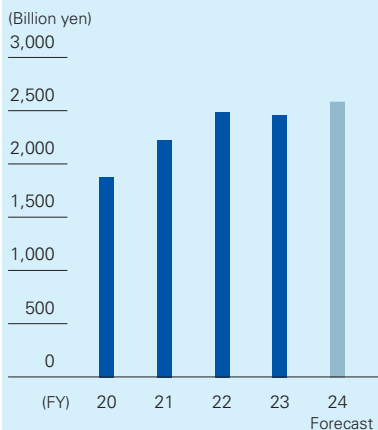
demand for this material in the automotive industry has been increasing, and as a partner to Ferrari, BMW, Maserati and McLaren, we are involved in their projects and product development, exploring possibilities beyond the limits of conventional materials. Alcantara™ has also become a source of inspiration for many artists and designers.

At the same time, we are working to increase the value of the Alcantara™ brand through management that places importance on sustainability. With particular regard to the environment, in 2009, Switzerland became the first European company to obtain carbon neutral certification, measuring the carbon dioxide emissions from its business activities and offsetting them using carbon credits. Although carbon credits are not a final solution to environmental problems, we believe that they are a useful tool that can accelerate efforts to address climate change beyond our value chain and contribute to reducing global greenhouse gas emissions.

Financial Highlights

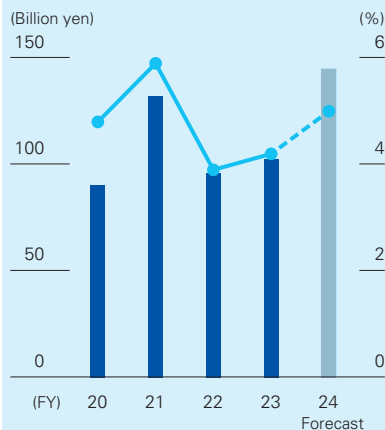
Revenue

FY 2023
Revenue (consolidated)
¥2,464.6 billion



Core Operating Income and Core Operating Income to Revenue

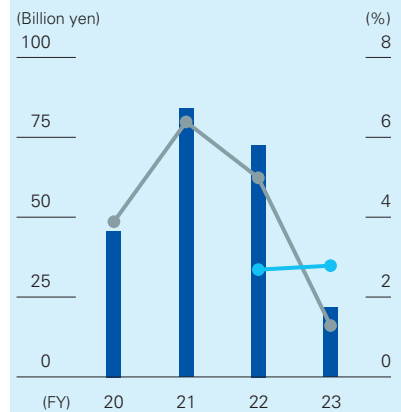
FY 2023
Core Operating Income (consolidated)
¥102.6 billion
Core Operating Income to Revenue
4.2%



■ Core operating income (left axis)
● Core operating income to revenue (right axis)

Profit Attributable to Owners of Parent, ROIC and ROE

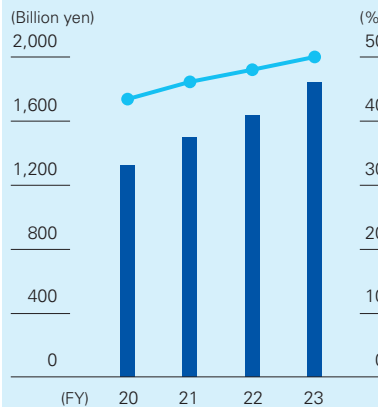
FY 2023
Profit Attributable to Owners of Parent
¥21.9 billion
ROIC **2.8%** ROE **1.3%**



■ Profit attributable to owners of parent (left axis)
● ROIC (right axis) ● ROE (right axis)

Total Assets and Equity Ratio

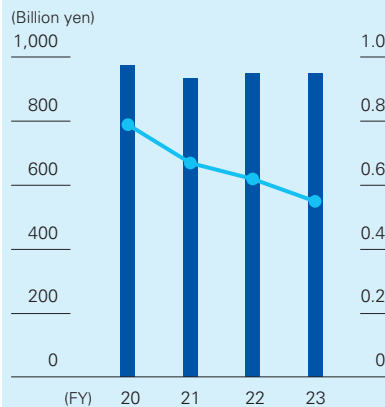
End of FY 2023
Total Assets
¥1,846.4 billion
Equity Ratio
50.1%



■ Total assets (left axis)
● Equity ratio (right axis)

Interest-bearing Liabilities and Debt-to-Equity Ratio (D/E ratio)

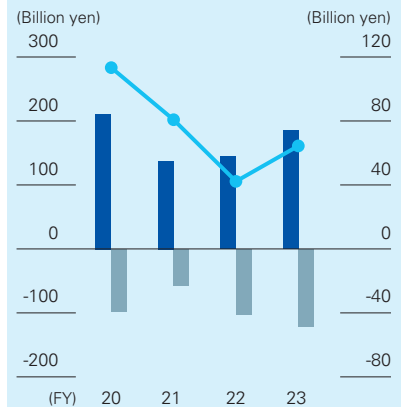
End of FY 2023
Interest-bearing Liabilities
¥949.7 billion
D/E ratio
0.55



■ Interest-bearing liabilities (left axis)
● D/E ratio (right axis)

Cash Flows

FY 2023
Cash Flows from Operating Activities
¥185.7 billion
Cash Flows from Investing Activities
¥-121.0 billion
Free Cash Flow
¥64.7 billion



■ Cash flows from operating activities (left axis)
■ Cash flows from investing activities (left axis)
● Free cash flow (right axis)

Dividend per Share and Payout Ratio

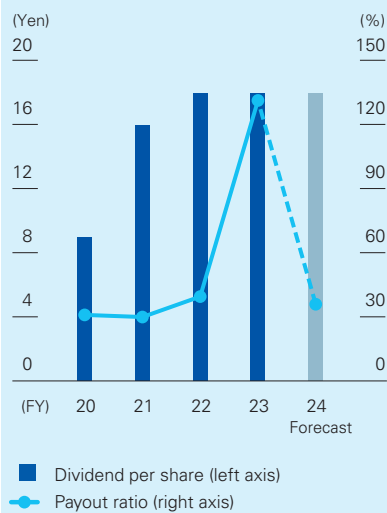
FY 2023

Dividend per Share

¥**18.0** yen

Payout Ratio

131.7%

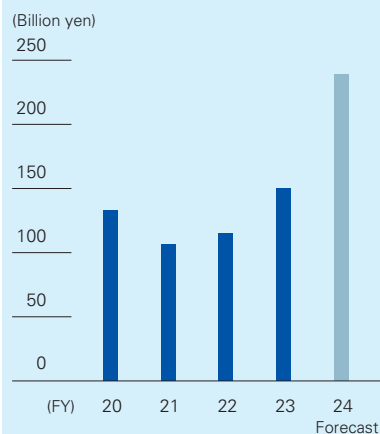


Capital Expenditures

FY 2023

Capital Expenditures

¥**150.6** billion

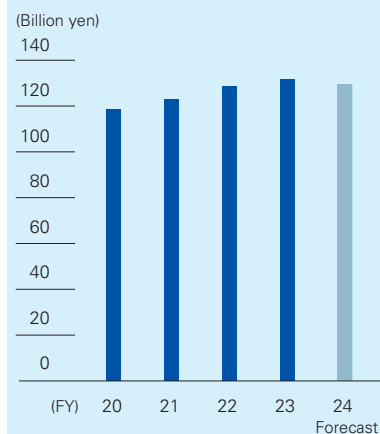


Depreciation and Amortization

FY 2023

Depreciation and Amortization

¥**132.1** billion

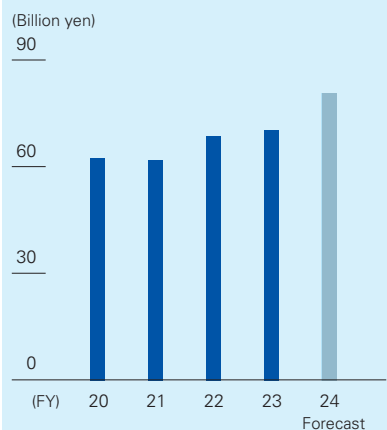


R&D Expenses/Expenditures

FY 2023

R&D Expenditures

¥**70.5** billion

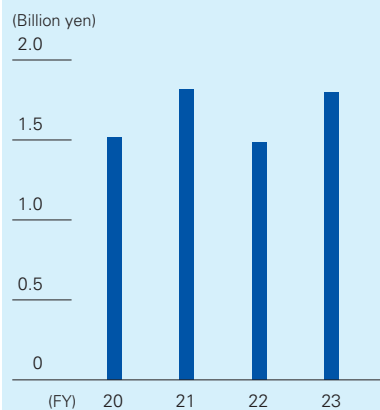


Environmental Facility Investment

FY 2023

Environmental Facility Investment

¥**1.8** billion

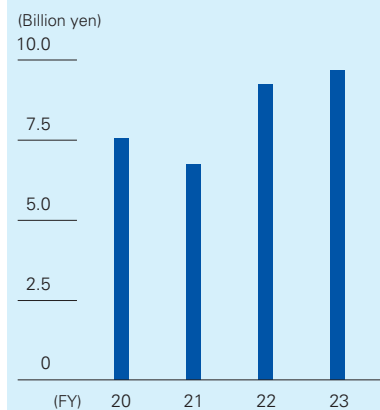


Environmental Preservation Costs

FY 2023

Environmental Preservation Costs

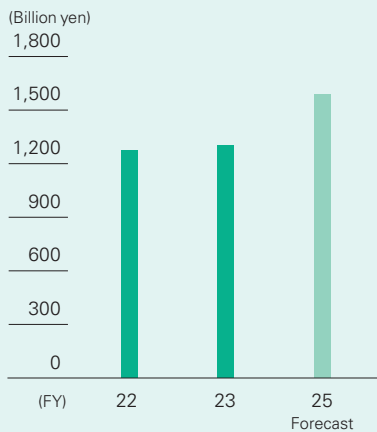
¥**9.7** billion



Non-Financial Highlights

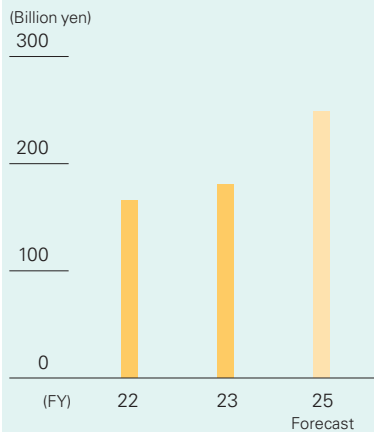
Revenue of Sustainability Innovation Businesses

FY 2023
Revenue of Sustainability Innovation
Businesses
¥1,311.5 billion



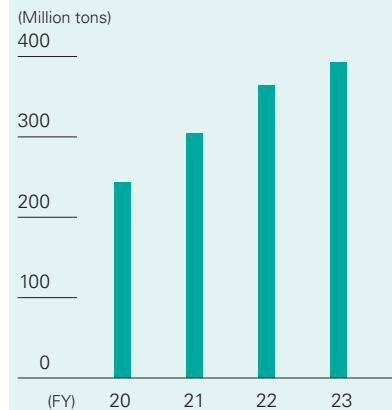
Revenue of Digital Innovation Businesses

FY 2023
Revenue of Digital Innovation Businesses
¥181.3 billion



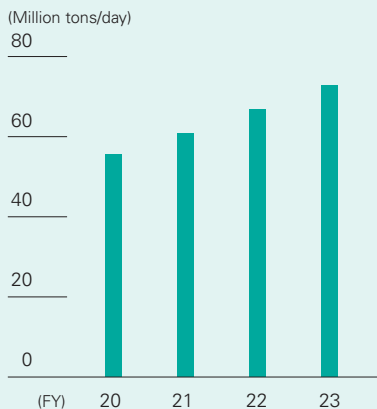
Avoided CO₂ Emissions

FY 2023
Avoided CO₂ Emissions
395 million tons



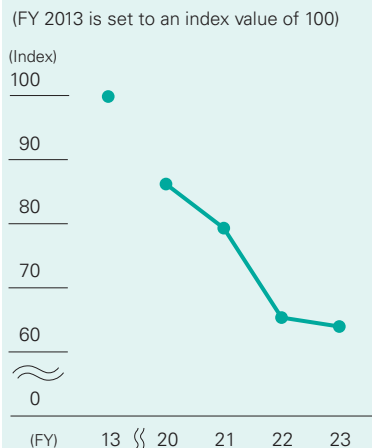
Contributed Annual Water Filtration Throughput

FY 2023
Contributed Annual Water
Filtration Throughput
73 million tons/day



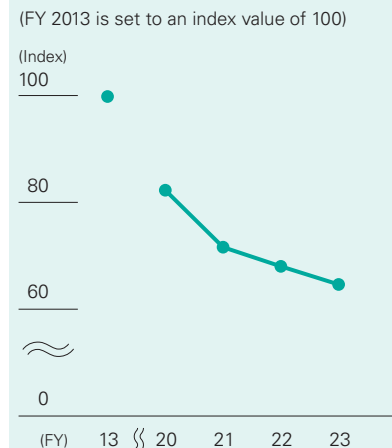
Reduction of Greenhouse Gas Emissions per Unit of Sales/Revenue (%) (VS. FY 2013)

FY 2023
Reduction of Greenhouse Gas
Emissions per Unit of Revenue (%)
36.0%



Reduction of Comparative Water Usage per Unit of Sales/Revenue (%) (VS. FY 2013)

FY 2023
Reduction of Comparative Water
Usage per Unit of Revenue (%)
35.3%



Energy Consumption and per Unit Energy Consumption Index (VS. FY 1990 / Toray alone)

FY 2023

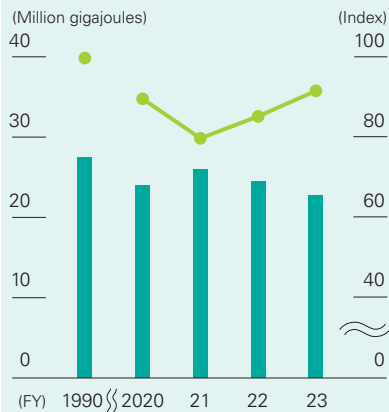
Energy Consumption

22.9 Million gigajoules

Per Unit Energy Consumption Index

91.8

(FY 1990 is set to an index value of 100)



■ Energy consumption (left axis)
● Per unit energy consumption index (right axis)

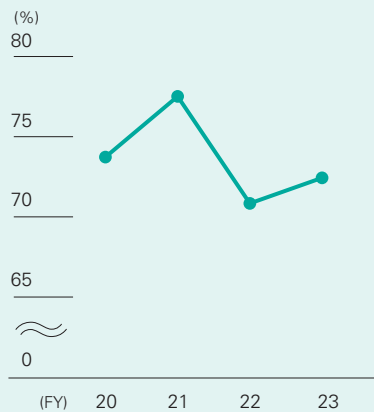
*The energy consumption shown in this graph does not include renewable energy.

Reduction of Atmospheric VOC Emissions (VS. FY 2000)

FY 2023

Reduction of Atmospheric VOC Emissions

72.5%

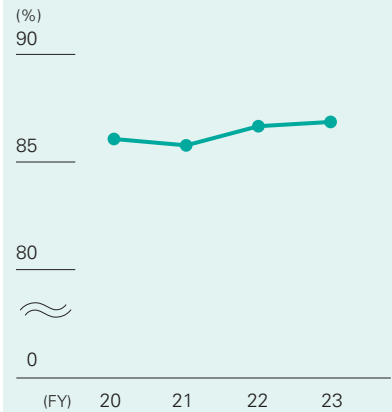


Waste Recycling Rate

FY 2023

Waste Recycling Rate

87.0%

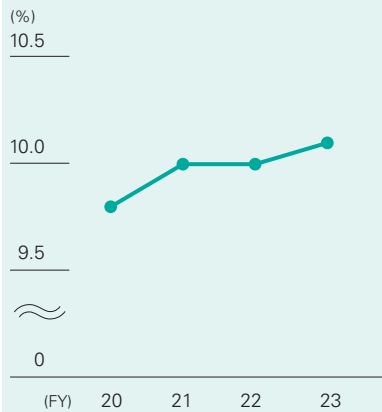


Percentage of Women in Unit Manager or Higher Positions (Toray alone)

As of April 2023

Percentage of Women in Unit Manager or Higher Positions

10.1%

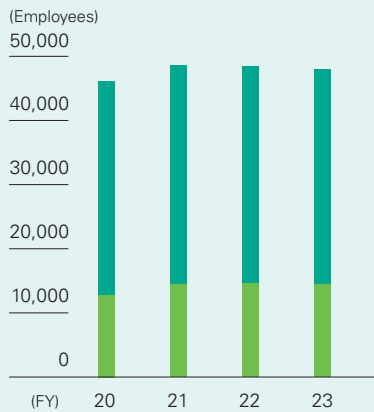


Number of Employees by Gender

FY 2023

Male
33,601

Female
14,539



■ Male
■ Female

Average Time on the Job and Number of Employees Taking Childcare Leave (Toray alone)

FY 2023

Number of Employees Taking Childcare Leave: Male

95

Average Time on the Job: Male

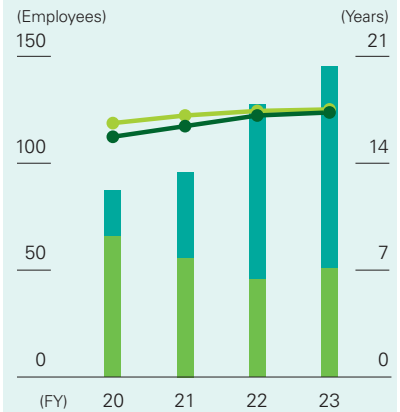
17.4 years

Number of Employees Taking Childcare Leave: Female

51

Average Time on the Job: Female

17.6 years



Number of employees taking childcare leave (left axis)
■ Male ■ Female
Average time on the job (right axis)
● Male ● Female

Toray Group's Vision

Toray Group established its Long-Term Corporate vision, TORAYVISION 2030, as a milestone for realizing the four perspectives of the world envisioned for 2050 as clarified in the Toray Group Sustainability Vision. Moreover, in March 2023, it announced the Medium-Term Management Program, Project AP-G 2025, which defines the issues to be addressed over the three-year period from FY 2023 to FY 2025. Since then, the Group has been moving forward with these efforts.

Toray Group Sustainability Vision

Toray Group Sustainability Vision formulated in 2018 clarifies the four perspectives of the world in 2050 that Toray Group aims to achieve, as well as the initiatives that must be taken in order to realize them. More specifically, Toray Group's mission is to provide the necessary solutions to the challenges facing the world in terms of both development and sustainability, including the issues of an ever-increasing global population, aging populations, climate change, water shortages, and resource depletion, through its innovative technologies and advanced materials. This means that the Group must not only ensure that its growth does not have a negative impact on global sustainability, but must also work closely with its business partners worldwide to help realize the co-creation of new value. As the basis for TORAY VISION 2030, Toray Group Sustainability Vision outlines the future direction of Toray Group and its contribution to addressing global issues, including the goals of the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).

The World as Envisioned in 2050 and Toray Group Initiatives



Long-Term Corporate Vision, TORAY VISION 2030

The Toray Group's long-term strategies aim to achieve the numerical targets for FY 2030 as the milestones for realizing the Toray Group Sustainability Vision. The coming business climate, however, is expected to see significant changes in population distribution, environmental issues, technological innovation, and other areas, where developments in the

industrial structure and social systems will create business opportunities alongside the risk of contraction in existing businesses. The Toray Group therefore aims to accurately ascertain changes in industrial trends and to achieve sound, sustainable growth while pursuing business model transformation.

Toray Group Sustainability Vision: FY 2030 Targets (All comparisons are with FY 2013)

	FY 2013 Actual (Baseline) (J-GAAP)	FY 2023 Actual (IFRS)	FY 2025 Target (IFRS)	FY 2030 Target (IFRS)
Supply of Sustainability Innovation products* ¹	562.4 billion yen	1,311.5 billion yen (2.3-fold)	1,600.0 billion yen (2.8-fold)	4.5-fold
CO ₂ emissions avoided in value chain* ²	40 million tons	10.3-fold	15.0-fold	25.0-fold
Water filtration throughput contribution by Toray's water treatment membranes* ³	27.23 million tons/day	2.7-fold	2.9-fold	3.5-fold
Greenhouse gas emissions in production activities	Per unit of revenue across the Toray Group* ^{4,6,7}	356 tons/100 million yen	36% reduction	40% reduction
	Greenhouse gas emissions of Toray Group in Japan* ^{5,6,7}	2.45 million tons	26% reduction	20% reduction
Water usage in production activities	Per unit of revenue across the Toray Group* ⁷	14,693 tons/100 million yen	35% reduction	40% reduction
			50% or more reduction	50% or more reduction

*1 (1) Products that accelerate measures to counter climate change; (2) products that facilitate sustainable, recycling-based use of resources and production; (3) products that help provide clean water and air and reduce environmental impact; and (4) products that help deliver better medical care and hygiene for people worldwide *2 Toray calculates the CO₂ emissions reduced throughout the value chain of products in accordance with the chemical sector guidelines of the Japan Chemical Industry Association, the International Council of Chemical Associations (ICCA), and the World Business Council for Sustainable Development (WBCSD). *3 Water treated annually with Toray water treatment membranes. It is calculated by multiplying the amount of fresh water that the Toray membranes can produce per day, including reverse osmosis (RO), ultrafiltration (UF) and membrane separation bioreactors (MBR), by the number of membrane elements sold. *4 With the use of renewable energies and other zero emission power sources rising worldwide, the Toray Group aims to employ zero-emission power sources at a rate equivalent to or better than the targets in each country by FY 2030. *5 In Japan, Toray works to surpass the reduction target set for the industrial sector by the Japanese government (absolute emissions reduced by 38%). This reduction target was included in the comprehensive plan (Cabinet decision on October 22, 2021) based on Japan's Act on Promotion of Global Warming Countermeasures. *6 The calculation method has been changed to multiplying the degree of financial control Toray has over the individual subsidiary, in accordance with the GHG protocol, the international standard. *7 Calculations include data for companies that joined the Toray Group in FY 2014 or later.

Medium-Term Management Program, Project AP-G 2025

Under the Medium-Term Management Program, AP-G 2025, covering the three-year period from FY 2023 to FY 2025, Toray has raised five basic strategies, namely sustainable growth, ultimate value creation, product and operational excellence, enhancement of people-centric management, and risk management and governance. In addition, the Company will work to expand its growth fields of Sustainability Innovation (SI) Business and Digital Innovation (DI) Business, while pursuing business advancement and high-added-value creation as well as enhancing quality strength and cost competitiveness. Furthermore, in order to create a new growth trajectory, it will expand high-growth, high-profitability businesses while implementing structural reforms in low-growth, low-profitability businesses.

Although the U.S. economy showed strength, the global

economic recovery during FY 2023 lacked momentum due to sluggishness in Europe and a slowdown in China. While the Japanese economy has gradually recovered, uncertainties over the outlook of the global economy and prolonged adjustment in the semiconductor market have exerted downward pressure. Against this backdrop, consolidated revenue decreased 1.0% compared with the previous fiscal year, to ¥2,464.6 billion, whereas core operating income increased 6.9%, to ¥102.6 billion and the core operating profit margin improved 0.3 points as a result of higher capacity utilization rates in the performance chemicals business and carbon fiber composite materials business, which captured the recovery in automobile and aircraft demand, and as a result of progress in structural reform and strategic pricing.

Five Basic Strategies of Project AP-G 2025

Seizing Profit Opportunities	1 Sustainable growth	Focusing management resources on Sustainability Innovation Business and Digital Innovation Business
	2 Ultimate value creation	Maximizing profitability by making the most of tangible and intangible assets, and by collaborating with external partners
	3 Product and operational excellence	Promoting cross-organizational cost reduction activities leveraging enhancement of quality strength and organizational strength, which are the sources of competitiveness
Strengthening the Management Foundation	4 Enhancement of people-centric management	Preserving and further building upon the legacy of our corporate culture, which prioritizes developing people, while promoting individual career development, and improving job satisfaction
	5 Risk management and governance	Ensuring sound organizational management by enhancing internal controls and improving management capabilities

Project AP-G 2025: Financial Target for FY 2025

	FY 2023 Actual	FY 2024 Forecast	AP-G 2025 FY 2025 Target
Revenue	2,464.6 billion yen	2,590.0 billion yen	2,800.0 billion yen
Core Operating Income	102.6 billion yen	145.0 billion yen	180.0 billion yen
Core Operating Income Margin	4.2%	5.6%	6%
ROIC*	2.8%	about 4%	about 5%
ROE	1.3%	about 5%	about 8%
Free Cash Flow	64.7 billion yen	—	Positive (3-year total)
D/E Ratio	0.55	about 0.6	0.7 or lower (guideline)

* Core Operating Income after Tax / Average Invested Capital (average of the balances at beginning and end of the period)

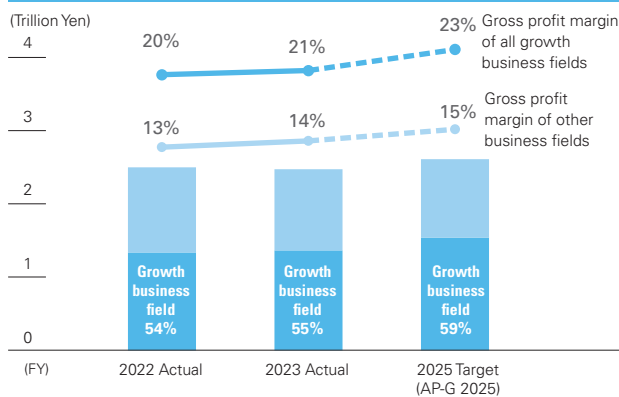
Five Basic Strategies of AP-G 2025

Basic Strategy 1

Sustainable Growth

Based on the Toray Group Sustainability Vision, the strategy of sustainable growth positions the Sustainability Innovation (SI) business and Digital Innovation (DI) business as growth areas in which Toray can leverage its strengths with an outlook for greater profits. Here, the Company aims to expand revenue from these areas to account for around 60% of total revenue by FY 2025.

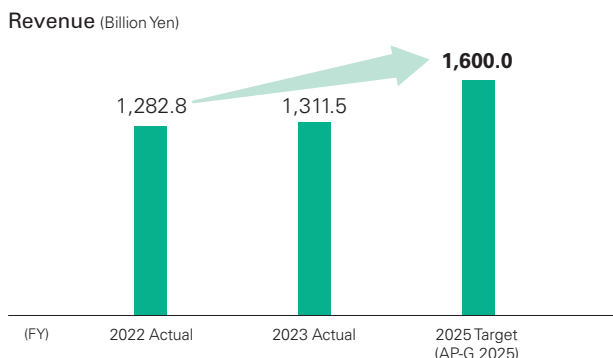
Revenue from Growth Business Fields



The SI business saw revenue for FY 2023 increase 2.2% compared with the previous fiscal year, to ¥1,311.5 billion owing to strength in carbon fibers for aircraft and the water treatment business. Similarly, the DI business saw revenue increase 9.0% compared with the previous fiscal year, to ¥181.3 billion owing primarily to growth in FPD-related manufacturing equipment and OLED electronic coating material sales.

In the SI business, Toray benefited from the start of construction on a large-scale power-to-gas (P2G) system that produces hydrogen via water electrolysis using power sourced from renewable energy. This business also received a reverse osmosis (RO) membrane order for the Yanbu 4 seawater desalination plant in the Kingdom of Saudi Arabia, and launched sales of Toray APOA2-iTQ, an in vitro diagnostic test kit that assists in the diagnosis of pancreatic cancer.

SI Business



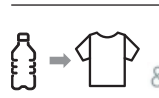
Contributing to better medical care and hygiene for people



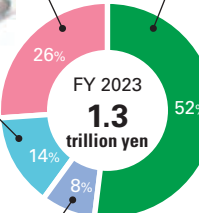
Providing clean water and air



Promoting resource recycling

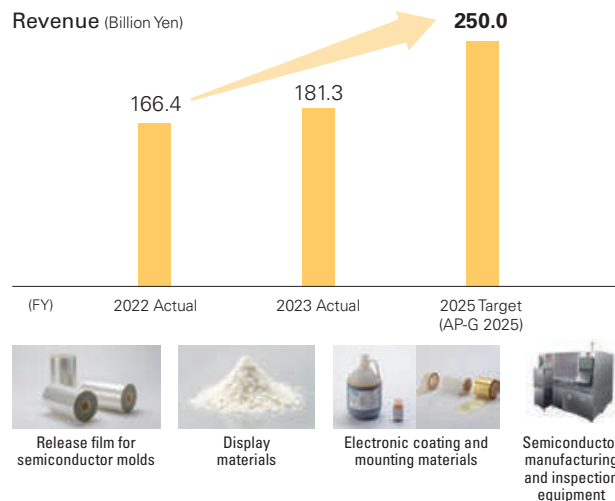


Accelerating measures to counter climate change



In the DI business, Toray increased production capacity for photosensitive and non-photosensitive polyimide against the backdrop of expanding adoption of OLED displays in smartphones and televisions, and of growing demand for power semiconductors coinciding with more sophisticated automobiles. In addition, the Company is also focused on expanding its product lineup to satisfy the need to address environmental issues, including the introduction of polyimide that does not contain N-Methyl-2-pyrrolidone (NMP).

DI Business



Release film for semiconductor molds



Display materials



Electronic coating and mounting materials



Semiconductor manufacturing and inspection equipment

Basic Strategy 2

Ultimate Value Creation

Under the strategy of ultimate value creation, Toray is advancing strategic pricing initiatives that offer an accurate understanding of Toray's product excellence and added value, and that ensure appropriate consideration commensurate with value. Specifically, in order to improve workplace competency on pricing, the Company is providing data analysis training for sales and marketing personnel, as well as strengthening workplace education by sharing best practices from Toray and other companies, and by providing knowledge via outside specialists. Moreover, as an approach to establishing data infrastructure to help

implement strategic pricing, the Company created a tool to visualize pricing variation for the same products among different business departments, thereby enabling rapid action to be taken for problematic transactions. In addition, the Company is building a system that takes an interconnected, Group-wide approach to managing and following up on the initiatives that had been advanced individually by each marketing and sales department in the past.

Toray is also focused on innovations in the value chain, and is working to go beyond simply providing materials in a way that also enhances and extends the value chain through advanced processing, resource circulation, and DX services. For example, this will include expanding the asset-light, integrated supply chain of the fibers and textiles business into ASEAN and India as a high-added-value business. As another example, the Company will provide realtime monitoring systems as a subscription service in the water treatment business, and now offers an AI-based material concierge service in the resin business.

In addition, as part of the Future TORAY-2020s Project (FT Project), which aims to create and expand new businesses, Toray is engaged in the themes of hydrogen and fuel cell-related materials, biomass-based products and process technologies, environmentally-friendly printing solutions, next-generation medical care, and next-generation solutions in a way that breaks down the commercialization stage for each theme into the three phases of business expansion, business development, and long-term development.

Improve Workplace Competency on Pricing

Improve organizational capacity and awareness for implementing value-based pricing

Training on pricing-related data analysis

Examples of Training Themes on Data Analysis

- Calculating fair prices for PET film
- Verifying resin material pricing models
- Building prepreg pricing analysis model

Workplace pricing education

- Share best practices internally and externally
- Knowledge shared by outside specialists

Establish innovation cycle that leads to high-added-value solutions

Recognize what is considered value to customers
 > Create high-added-value products through collaboration among production, sales, and R&D

Basic Strategy 3

Product and Operational Excellence

By sharing and horizontally deploying cross-organizational cost reduction activity examples globally, under the strategy of product and operational excellence, Toray aims to reduce costs through self-driven efforts amounting to a total of ¥200 billion over the three-year period. Cost reductions for FY 2023 amounted to ¥71.1 billion, with a progress rate of 36%. Moreover, the Company is enhancing its purchasing function as one of its key management measures. Specifically, it is working to consolidate the purchasing activities individually conducted by each business site and in each region under the Purchasing & Logistics Division as the headquarters in an effort to reduce variable costs.

Similarly, the Company is strengthening internal collaboration at the head office, and is using its engineering technology to develop products made from diversified raw material sources, which are deployed throughout the Group to accelerate variable cost reductions on a global basis.

Total Cost Down Project

Cumulative cost reduction of 200 billion yen over 3 years

(Billion yen)

Variable cost reduction activities

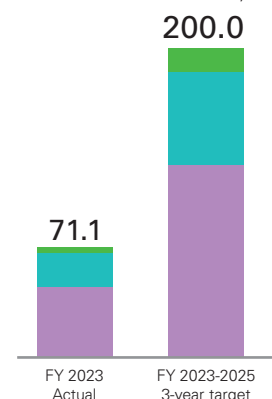
Reduction in FY 2023 **45.7 billion yen**
 Effect target **125.0 billion yen/ 3 years**

Fixed cost reduction activities

Reduction in FY 2023 **21.9 billion yen**
 Effect target **60.0 billion yen/ 3 years**

Production process innovations

Reduction FY 2023 **3.4 billion yen**
 Effect target **15.0 billion yen/ 3 years**



Basic Strategy 4

Enhancement of People-Centric Management

With a focus on Inclusion of Diverse Human Resources and Values, Creating Human Resources and Organizations that Adapt to Change, and Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work(engagement), as part of the strategy of enhancement of people-centric management, the Company is formulating human resource strategies and advancing related initiatives to maximize Toray's corporate value and to enhance employee well-being. In terms of engagement, in FY 2023 the Company began using the EX Score™, which measures both expectations and actual impressions, in addition to satisfaction, for the employee survey, and switched from conducting the survey once every other year to every year. Moreover, the Company updated the in-house recruitment system from its previous standing as an annual program to a year-round program in FY 2024.

*EX Score™ is an indicator of organizational health, and measures the expectations and actual impressions of individuals, and the gap between these. This is a registered trademark of HRBrain, Inc., the survey provider.

Basic Strategy 5

Risk Management and Governance

In preparation for rapidly emerging risks and to quickly take action when a crisis occurs, the Toray Group established an organization dedicated to promoting risk management within the Corporate Strategic Planning Division, through which the Board of Directors and top management communicate closely. Moreover, the Group has established a management audit function for Group companies outside Japan through cooperation between the functional axis and regional axis, and is building global data infrastructure in an effort to promote the advancement and greater efficiency of global management.

Management Briefing Held on May 27, 2024

Since its establishment, Toray has voiced its strong belief that the Company is a public institution that serves society. Based on an awareness of chemistry-based manufacturing from the time of foundation at the lakeside of the Lake Biwa in Shiga Prefecture, we have nurtured the style of management which entails developing human resources and taking all possible measures to protect the environment. The management style can be considered as sustainability itself, and we inherited the style from our predecessors and passed it from generation to generation.

Amid a drastically changing business environment, Toray will pursue the innovation of the world with our innovative technologies and advanced materials. It is unchanged from the past and it will never be changed in the future. Together with our employees, we will continue to share Toray's mission since its founding to nurture people while contributing to society and the environment through our business activities, and this in turn will drive corporate and human development. We will do our utmost toward a "truly sustainable company." In proceeding with the five basic strategies set under the Medium-Term Management Program, AP-G 2025, we have decided management challenges and key management measures to further improve workplace competency, which is Toray's strength, and the effectiveness of our strategies. Now we are proactively working on them. During the Management Briefing, the specific initiatives that are being promoted as part of Group management and the potential for growth among the Company's businesses were outlined.

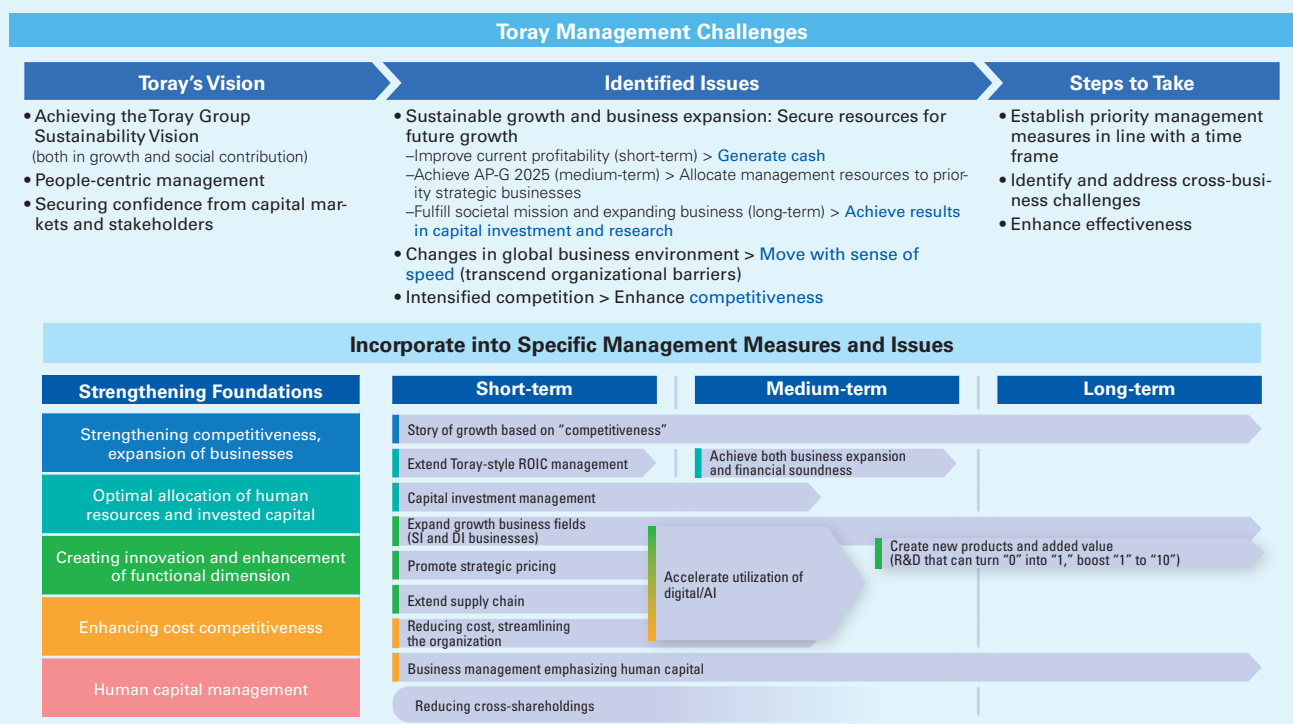
Management Challenges and Key Management Measures

I have identified three existing issues that we face as we progress with AP-G 2025. The first of these is securing the resources for sound, sustainable growth and business expansion. In short, our challenge here is to generate cash by improving current profitability, and to allocate management resources to priority strategic businesses, as a means of enhancing the Company's ability to generate cash through long-term capital investments and research outcomes. The second issue is transcending organizational barriers and acting with a sense of speed amid a business climate that is undergoing significant changes around the world. Finally, the third issue is the need to position product and operational excellence as a pillar of the business

strategies if we are to come out on top within competitive environments for many of our businesses that are clearly growing ever more intense. Therefore, we established key management measures that interlink each business under each of the five basic strategies in AP-G 2025 along short-term, medium-term, and long-term time frames, and have set out to apply these to specific issues to enhance the effectiveness of these strategies.

Seven Key Management Measures and 18 Issues

In order to enhance the effectiveness of the five basic strategies under AP-G 2025, I prioritized these in light of the business climate, and organized them into seven key management measures and 18 related issues. I then assigned a Vice President to take charge of each issue.



Under enhancement of business competitiveness and business expansion as the first measure, I included the three issues of advancement of businesses, business strategies based on competitiveness, and geopolitical risks. In this case, I placed myself in charge of leading efforts to handle the issue of advancement of businesses, in particular. As the second measure, we will enhance profitability and growth potential by engaging in optimal allocation of forces and invested capital in line with changes in the market.

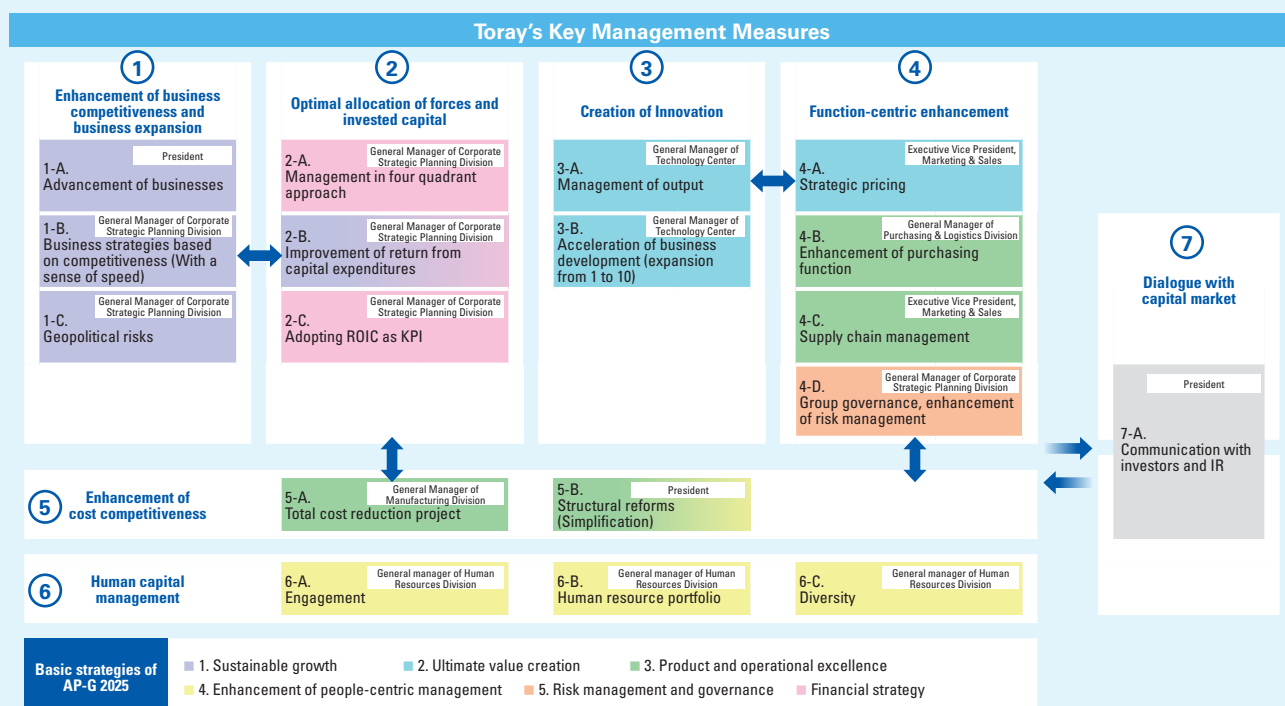
As part of the third measure, creation of innovation, we will produce revolutionary new materials and technologies that elevate ideas from 0 to 1 in multiple fields. Yet I believe we must also focus more on leveraging the collective strengths of the Toray Group to further raise these ideas from 1 to 10 and 100 beyond. We must therefore turn our gaze more broadly to material and technological innovation, identify the needs that our customers have yet to recognize, and emerge as a true partner that can act with a sense of speed. Moreover, we will fully consider the combinations of technologies enabled by our collective strengths from every angle, including the processes of our customers, how Toray products are used, and cost competitiveness, to determine if they can set us apart from our competitors or whether they can offer value to our customers. We will involve the related departments from the earliest stages of research, in order to develop business models early on and more rapidly reach the commercial level. In addition, we will ensure product development is fully linked to strategic pricing because launching products of value to the market offers little meaning if they do not receive appropriate consideration.

Under the fourth measure of function-centric enhance-



ment, we will put strategic pricing and supply chain management into practice within the basic strategy of ultimate value creation. Following this, as part of the fifth measure of enhancement of cost competitiveness, we will implement total cost reduction projects together with enhancing the purchasing function along the functional axis. Moreover, we will establish a headquarters in each region where organizations have fully grown, and will also pay close attention to strengthening governance and risk management in these areas.

As part of human capital management, the sixth measure, we will promote initiatives under the primary themes of engagement, human resources portfolio, and Diversity & Inclusion. In terms of the seventh measure, dialogue with capital market, I believe it is critical for us to do a better job of communicating our progress on handling issues and KPI with an awareness of the stock price as an indicator of corporate value.



Initiatives to Enhance ROIC

Enhancing Asset Efficiency Using ROIC as a KPI

Under AP-G 2025, Toray seeks to enhance ROIC through the two approaches of increasing core operating income and efficiently managing invested capital. Likewise, it has

set a core operating income of ¥180 billion (¥96.0 billion in FY 2022) and an ROIC of around 5% (2.7% in FY 2022) for FY 2025 as KPI.

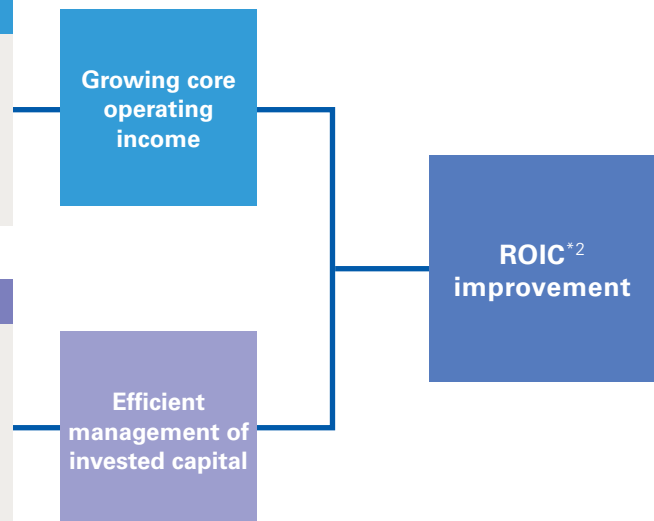
Seizing Profit Opportunities

- Expanding businesses in growth fields (SI and DI businesses)
- Improving profitability through value creation
Improving reliable return on investment
- Investing necessary management resources to achieve targets
- Promoting M&A in areas where synergies can be expected

Strengthening the Management Foundation

- Using a D/E ratio guideline of 0.7 or lower
- Enhancing management of free cash flow
- Reducing working capital by maintaining Cash Conversion Cycle Improvement ((3C-i)^{*1}) activities
- Enhancing structural reforms based on Four categories of growth potential and profitability

*1 Cash Conversion Cycle Improvement

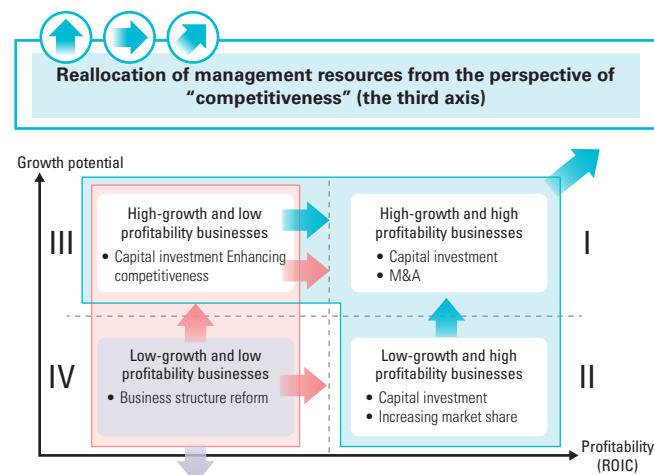
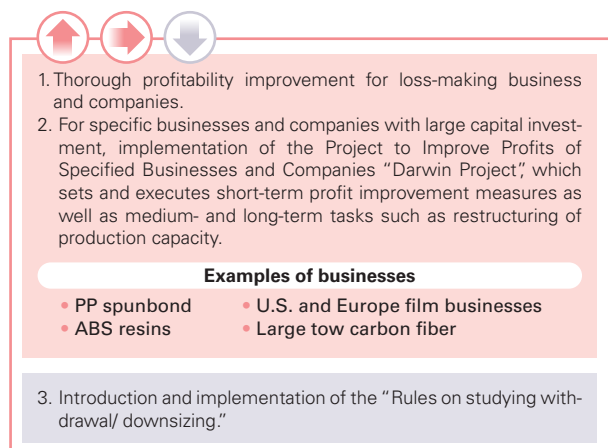


*2 ROIC = Core operating income after tax / Invested capital (average of the balances at beginning and end of the period)

Reforming the Business Portfolio Toward ROIC Improvement

Business Structure Reform Based on "Four Categories of Growth Potential and Profitability"

- For specific businesses and companies which have significant impact on the entire Group, implement Project to Improve Profits of Specified Businesses and Companies
- Business advancement through business strategies that match "business characteristics" and "competitiveness"



Reallocating Management Resources from the Perspective of Competitiveness

Toray has categorized its businesses into four quadrants along the two axis of growth potential and profitability based on scenarios for each business field. The goal here is to reform the business portfolio toward improved ROIC. Following this, the Company established a policy for reallocating management resources from the perspective of competitiveness as a third axis. As far as those business fields that fall into the low-profitability category (those in

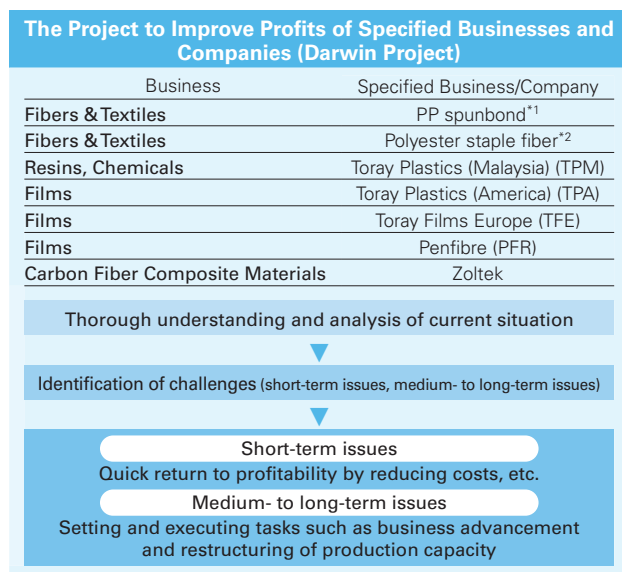
the quadrants III and IV) are concerned, the Company goes beyond the existing approach of business structure reform. Specifically, it established and is promoting the Darwin Project for businesses and companies identified as having large invested capital. In particular, the Company will consider downsizing assets that do not contribute to profit among low-growth and low-profitability businesses.

Meanwhile, the Company will prioritize allocations of capital and human resources to competitive growth businesses in those business fields with an outlook for

profitability (those in quadrants I and II). For example, in the carbon fiber business, which has displayed high growth potential yet requires large initial investments, the Company will aggressively allocate management resources while working to improve profitability. In contrast, for stable businesses that do not necessarily have high growth potential, like the integrated fiber, textile, and garment business, the Company will aggressively work to advance and extend the supply chain and expand business while maintaining high profitability through an asset-light operation.

Darwin Project

The project to improve profits of the seven specified businesses and companies that experienced significant declines in profitability due to major changes in the business climate since the formulation of AP-G 2025, is called the Darwin Project. As part of this project, the Company identified issues for these targets based on an understanding and analysis of their current situations, and is in the process of implementing separate measures for short-term and medium- to long-term issues. As can be seen from the basis of the project name, the Company will adapt to changes and proceed with restoring profitability through the project led by the President.



*1 Companies included: Toray Advanced Materials Korea (TAK), Toray Polytech (Nantong)(TPN), Toray Polytech Jakarta (TPJ), Toray Polytech (Foshan) (TPF), Toray International India (TID)

*2 Companies included : Toray Industries, Indonesia Toray Synthetics (ITS), Penfibre (PFR), Toray Advanced Materials Korea (TAK)

Business Expansion in Growth Fields

Growth Potential and Profitability by Business Field

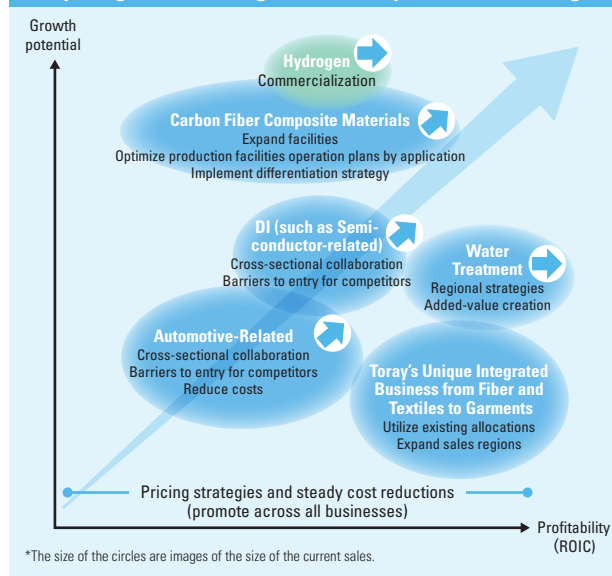
When comparing revenue growth rates and ROIC over the past 10 years by segment, the growth rate for the fibers and textiles segment reached the upper 2% level, whereas ROIC trended stably at a relatively high level of 6%. One feature of the Toray business portfolio is its structure in which large segments with revenue scales approaching ¥1 trillion ensure stable earnings, thereby supporting aggressive investments in other segments.

As a growing business, the Performance Chemicals segment has been a target of investment, yet it is also being affected by semiconductor and display inventory adjustments at the present time, causing both its growth rate and ROIC to stagnate. However, the Company expects to see major improvements in its growth rate and ROIC as a result of rising utilization rates. Although the Carbon Fiber Composite Materials segment is expected to grow, overall, ROIC has trended at a lower level due to lower utilization compared with its high-value capital investments. Given the extremely high profitability for some applications, however, the Company foresees the potential to improve profitability through application-specific strategies in the future. Meanwhile, revenue and profit of the Environment & Engineering segment are expected to expand steadily, mainly due to RO membranes for water treatment. The Life Science segment is currently in the incubation stage, and is expected to secure profits over the medium- to long-term.

Toray's Business Fields and Growth Potential				
Segment	FY 2013 – FY 2023		FY 2023 – FY 2025 (AP-G 2025)	
	CAGR of Revenue	ROIC of FY 2023	CAGR of Revenue	ROIC Target of FY 2025
Fibers & Textiles	+2.6%	6% ¹	+2.8%	7% ⁵
Performance Chemicals	+2.2%	4% ^{2 3}	+8.3%	8% ^{6 7 8}
Carbon Fiber Composite Materials	+9.9%	2% ⁴	+12.9%	4% ⁹
Environment & Engineering	+2.1%	8%	+7.1%	9% ¹⁰
Life Science	-1.1%	-2%	+7.2%	3% ¹¹
Total	+3.0%	2.8%	+6.6%	About 5%

Business fields that need improvement (Short- to Medium-term)	Core growth business fields in each segment (Medium- to Long-term)
¹ PP spunbond, polyester staple fiber ² PET film ³ ABS resin (TPM) ⁴ Large tow (Zoltek)	⁵ Fibers & Textiles: Airbag textiles, ultra-microfiber nonwoven fabric, integrated businesses from fibers, textiles, to garments ⁶ Resins: PPS resin (xEV) ⁷ Film: MLCC release film, ultrathin film for capacitor ⁸ Electronic & information materials: Semiconductor and OLED-related materials ⁹ Carbon fiber: Aircraft and hydrogen tank applications ¹⁰ Water treatment: Reverse osmosis (RO) membrane ¹¹ Pharmaceutical

Toray's High-Growth, High-Profitability Businesses (image*)



Business Strategies for Growth Fields

This section describes the business strategies for the carbon fiber composite materials, fibers and textiles, and water treatment businesses, which are positioned as growth fields and therefore receive priority allocations of management resources.

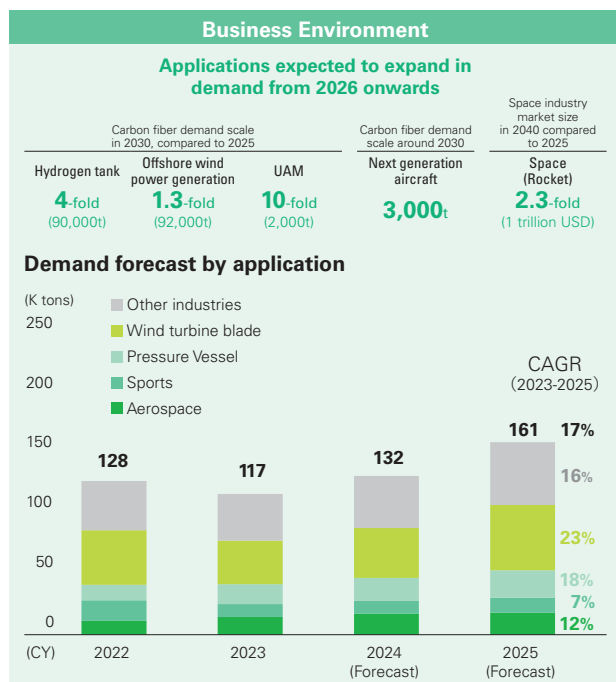
Carbon Fiber Composite Materials Business Strategy

Basic Policy for Expansion

In FY 2023, this segment stagnated due to lower demand for the sports applications stemming from effects of the end of the special demand caused by COVID-19, a temporary decline in demand for wind turbine blades, and inventory adjustments for pressure vessels, etc. In contrast, the Company foresees the segment returning to double-digit growth as it heads toward FY 2025.

Meanwhile, FY 2024 saw continued recovery in demand for commercial aircraft, while demand for wind turbine blades also returned to a recovery track starting in the fourth quarter of FY 2023, leading to expectations for a further recovery starting in the second half of FY 2024. Adjustments related to industrial applications will also run their course within the fiscal year, while sports applications,

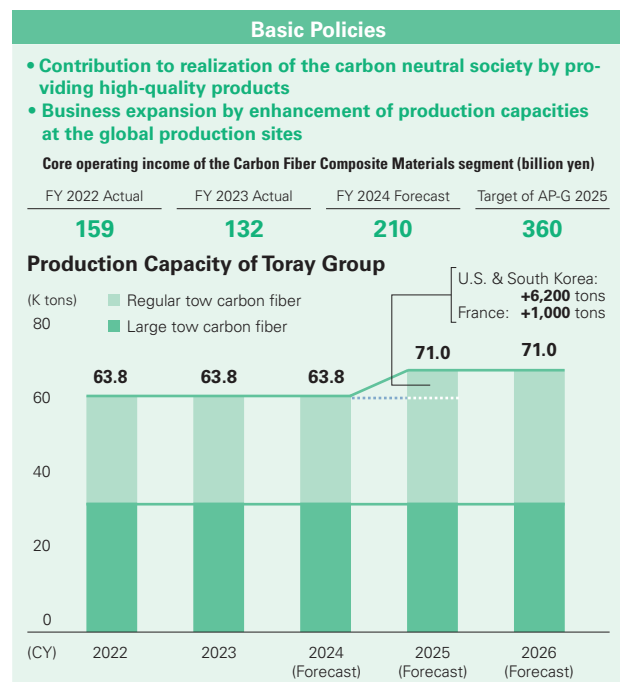
which have continued to lag, are also expected to recover starting in the second half of FY 2024. In 2026 and beyond, in addition to hydrogen tanks and wind turbine blades for offshore wind power generation, demand is also expected to emerge in new fields such as UAM (urban air mobility), next-generation aircraft, and space-related. Given these prospects, the Company will increase production capacity at global production bases under the basic policy of contributing to the realization of a carbon neutral society. The Toray Group currently possesses a combined production capacity of 64,000 tons for regular-tow and large-tow carbon fiber, and continues to boast the largest share of the global market. Moreover, it plans to commission expanded production facilities in the U.S., South Korea, and France during the second half of FY 2025.



*Based on the Morgan Stanley's Projection
<https://www.morganstanley.com/ideas/investing-in-space>

Applications and Product Strategies

As for the applications and product strategies for carbon fiber composite materials, the Company will expand profits by leveraging its strengths, namely its ability to develop products for aircraft, the pillar of profit in this segment, by combining high-strength carbon fiber with thermoset and thermoplastic prepreg, and its integrated development capabilities from carbon fiber to prepreg and composites. For the industrial applications, significant growth is expected, mainly in the pressure vessels. Under the



assumption of intensifying competition from China and South Korea, however, the Company will secure profits by developing differentiated products and via cost reductions. Another strategy is the large tow carbon fiber produced by Zoltek. In response to the temporary contraction in demand for wind turbine blade applications in FY 2023, the Company sought to improve profitability through the Darwin Project, and therefore expects to see a rebound in profits as demand recovers.

Aircraft applications

Expand business by combining high-strength carbon fiber and prepreg

- (1) Short-term: Ensure to capture recovering demand for commercial aircraft
- (2) Medium-term: Develop and expand for the UAM and space applications
- (3) Long-term: Promote development for next-generation aircraft

Solution
Development
Capacity

Diverse composite materials technologies

Regular tow
High-strength
carbon fiber



Thermoset
Thermoplastic

Development capacity from carbon fiber to prepreg and composites

Industrial applications

Expand applications by developing new products of carbon fiber

- (1) Expand business for the compressed natural gas / compressed hydrogen gas applications
- (2) Strengthen competitiveness of product quality of carbon fiber and prepreg
- (3) Improve productivity of facilities and reduce costs through process engineering capacity

Quality
Reliability

- Establish Toray as global de facto standard
- Optimal solutions based on years of accumulated data
- Develop differentiated products

Cost
Reduction

- Develop innovative processes and utilize DX

Strategies for large-tow carbon fiber

Quick restoring profitability and restructuring through the Darwin Project

- (1) Capture demand for wind turbine blade applications, with expected recovery from 2025 onward
- (2) Expand global operations by leveraging cost competitiveness of plant in Mexico
- (3) Reduce costs at plant in Hungary
- (4) Develop high-quality grade for offshore wind power generation and long turbine blades
- (5) Develop new applications other than wind turbine blade, and collaboration among prepreg manufacturers based in Europe

Supply
Stability

- Ensure stable supply to U.S. and European customers

Solution
Development
Capability

- Develop high-strength, high-grade products

Cost
Reduction

- Reduce variable costs through strategic purchasing and improving utility intensity
- Reduce fixed costs through production innovation

Regional Strategies

Carbon fiber composite materials are closely tied to the particular economic security and energy policies of each region and country, as well as to the purchasing strategies of major customers. Amid the increasing demand to shift production to regions of consumption, the Toray Group already possesses production bases in Europe, Americas including Mexico, as well as Asian countries including

China, South Korea, and Japan. Through global operations that leverage the cost competitiveness enabled by production in regions of consumption, large tow carbon fiber from Mexico, and prepreg from China, the Company will balance out excess and insufficient production capacity between regions to efficiently operate equipment and maximize profits.

Europe

- (1) Expand high-added-value products for commercial aircrafts, centrifuge for energy production, satellites, and high-end automobiles
- (2) Expand pressure vessel applications (CNG and CHG)
- (3) Improve efficiency through collaboration among intermediate material manufacturers, and expansion of market share

Asia

- (1) Expansion of the pressure vessel applications (CNG, CHG)
- (2) Expansion of the aircraft applications in Japan
- (3) Expand prepreg in the sports applications
- (4) Expand composite business such as PC chassis, the medical applications and electrode materials for fuel cells
- (5) Expand sales of the industrial applications for market in India

Americas

- (1) For commercial aircraft, capture the recovery demand
- (2) Expand the pressure vessel applications (CNG, CHG)
- (3) Expand the wind turbine blade applications
- (4) Extend supply chains by promoting collaboration among carbon fiber and prepreg manufacturers and proceeding with high-added-value creation

● Toray group's bases

Water Treatment Business Strategies

Achieving the Top Global Market Share by 2025

In addition to driving expansion in seawater desalination, the water treatment business is promoting the development of wastewater reuse, ultrapure water for semiconductor manufacturing processes, and other new applications that utilize the characteristics and functions of membranes. As a result, the Company aims to achieve the highest share of the global market for reverse osmosis (RO) membranes in 2025.

The Toray Group has established the de facto standard for RO membranes for the seawater desalination applications, and has captured the highest share of the market. In particular, amid the ongoing construction of large-scale seawater desalination plants in the Middle East, Toray is working to establish a stable supply system, to become the accepted provider of specifications for replacement

demand through technical service enhancements, to increasingly shift to localization, and to thoroughly reduce costs. In this way, the Group will solidify its de facto standard position. In regard to wastewater reuse, the Company will capture demand from this market, which is expected to grow 10% annually, by proposing solutions based on the strengths of its wide range of technologies, including microbial technology, and its extensive product lineup. Moreover, amid intensifying efforts to attract and build semiconductor plants in countries around the world, the Company is developing and introducing energy-saving products that significantly enhance the ability to remove silica and other substances from water that cause lower yields in the semiconductor fabrication cleaning process. Similarly, it will accelerate global deployment through ultrapure water production applications for semiconductors.

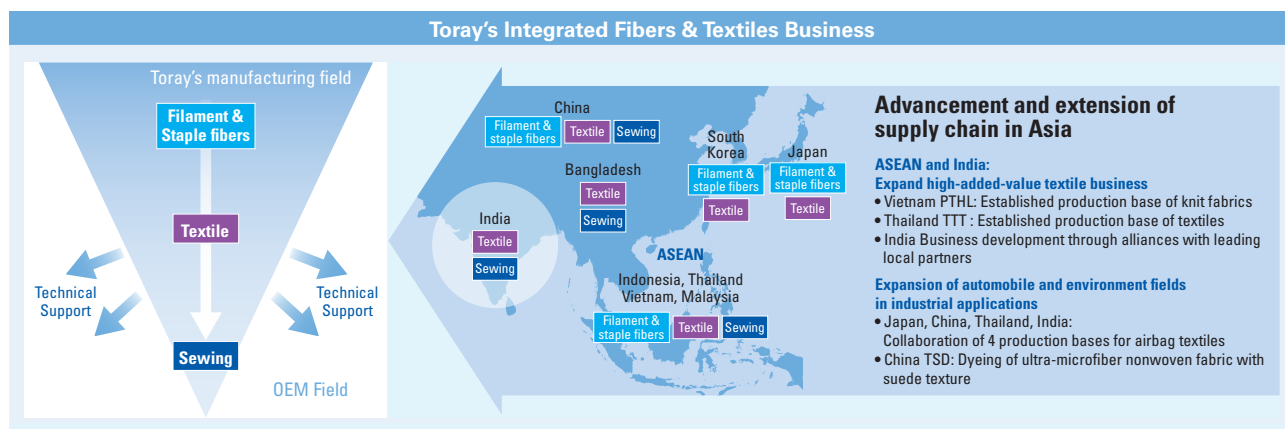
Maintaining De Facto Standard Seawater Desalination	Growth Business Field Wastewater Reuse	Growth Business Field Ultrapure Water for Semiconductors
<ul style="list-style-type: none"> • Maintain Toray's position as de facto industry standard • Capture replacement demand by strengthening technical services <p>Basic Strategies</p> <ul style="list-style-type: none"> • Maintain No.1 position in seawater desalination by establishing Toray as de facto standard • Establish stable supply system • Capture replacement demand at early stage by enhancing technical services • Further promote localization <p>Main Issues</p> <ul style="list-style-type: none"> • Expanding supply capacity in response to increased demand • Thoroughly reduce costs • Developing new products with excellent pressure resistance and durability • Strengthening local technical service function 	<p>Changing wastewater into new water resources with the integrated membrane system (IMS: UF membranes + RO membranes, MBR + RO membranes)</p> <p>Basic Strategies</p> <ul style="list-style-type: none"> • Create added value and strengthen profitability by providing total membrane solutions leveraging strengths as full line-up membrane manufacturer • Accelerate global business expansion through focused allocation of resources <p>Main Issues</p> <ul style="list-style-type: none"> • Developing new products for reusing wastewater • Accumulating IMS knowhow and advocating tech support • Responding to regionally dispersed demand • Strengthening ability to disseminate info through dedicated website 	<p>Emphasizing added value through global expansion of new high-performance products</p> <p>Basic Strategies</p> <ul style="list-style-type: none"> • Stable and continuous supply of high-added-value products • Strengthen partnerships with leading engineering companies and end users in the world <p>Main Issues</p> <ul style="list-style-type: none"> • Intensive promotion of products with better silica removal performance • Developing energy-saving products that maintain removal performance • Promoting mass production and cost reduction

Fibers & Textiles Business Strategy

Expansion of Toray's Integrated Fibers & Textiles Business by Supply Chain Management

The strength of Toray's fibers and textiles business is a high profitability business structure consisting of an asset-light, integrated supply chain that strategically uses OEMs against the backdrop of the Company's technologies and development capabilities. To date, the Company has expanded profits throughout the supply chain by providing optimal solutions at each stage, from filaments and staple fibers to textiles and garments, in line with customer needs. Although the Company has already established

a supply chain in Japan and China, it will extend this supply chain into ASEAN and India to expand this segment as a high-added-value business. Specifically, the Company is establishing a production base for knit fabrics in Vietnam and a production base for textiles in Thailand. Similarly, in India, the Company will expand profits by applying an asset-light strategy through alliances with leading partners. For the industrial applications which mainly focus on the automobile and environmental fields, the Company is working to improve profitability by providing Toray's advanced materials and enhancing initiatives that interlink the value chains.



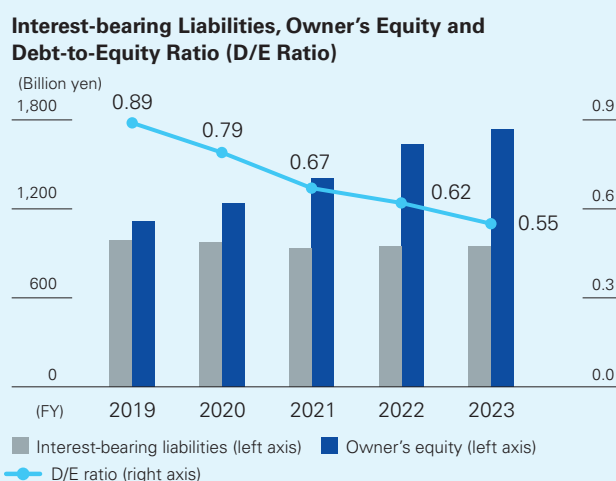
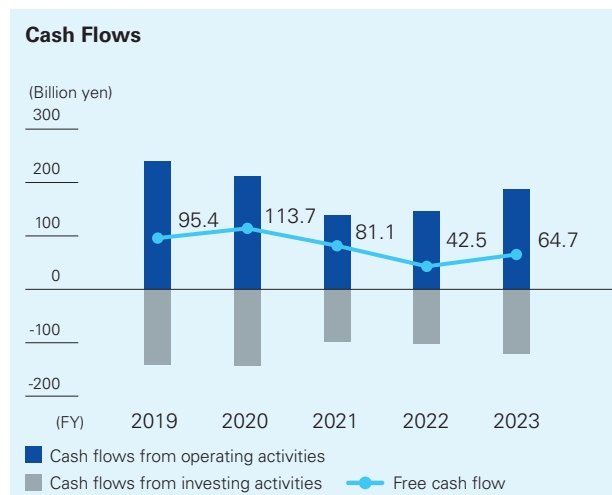
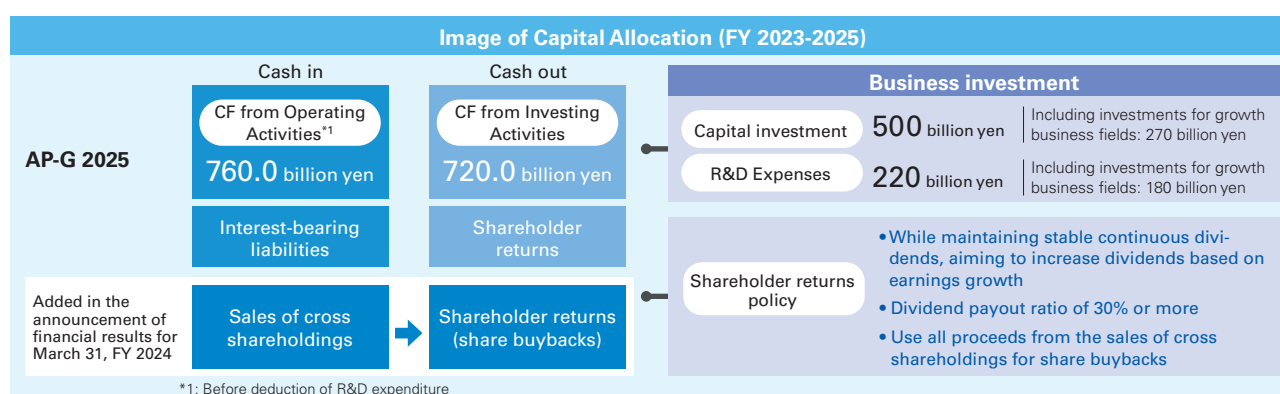
Strengthening the Management Foundation

Maintaining Financial Soundness and Capital Allocation

As for capital allocation, along with assuming an operating cash inflow of ¥760 billion over the three-year period from FY 2023 to FY 2025, investment cash outflow is expected to reach a total of ¥720 billion, consisting of capital investments valued at ¥500 billion (¥355.2 billion in AP-G 2022, the previous Medium-Term Management Program) and R&D expenditures at ¥220 billion (¥193.8 billion in AP-G 2022). This capital allocation aims to achieve a positive free cash flow, thereby stabilizing and increasing shareholder returns.

Having set the dividend payout ratio to 30% or more, the Company aims to increase the dividend amount through profit growth based on a policy of maintaining stable and continuous dividends. Furthermore, the Group revised the D/E ratio guideline downward from around 0.8 to 0.7 or lower to support sound, sustainable growth based on a strong financial foundation.

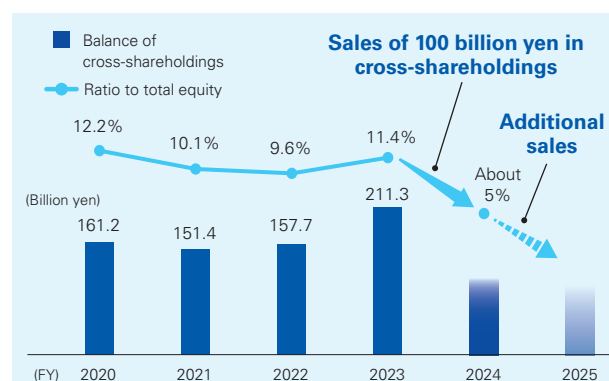
In FY 2024, Toray assumes capital investments of ¥240 billion for the ultra-microfiber nonwoven fabric with a suede texture, polyester film, polypropylene film, PPS resin, carbon fibers, and other products; depreciation and amortization of ¥130 billion; and R&D expenditures of ¥81 billion.



Reduction of Cross-Shareholdings and Allocation to Share Buybacks

In order to accelerate capital efficiency improvements, in May 2024, the Company announced its policy to reduce cross-shareholdings by 50%, or approximately ¥100 billion, over the three-year period from FY 2024 to FY 2026, and to allocate all proceeds from these sales to share buybacks as a form of shareholder return.

Moreover, in November 2024, the Board of Directors resolved to execute share buybacks up to ¥100 billion, given the clear outlook for ¥100 billion in sales of cross-shareholdings for FY 2024. This move will achieve the aforementioned cross-shareholdings reduction target two years ahead of schedule, and is expected to reduce



the ratio of total equity accounted for by cross-shareholdings to approximately 5% by the end of FY 2024.

Human Resources Strategies

Interview with the General Manager of the Human Resources Division

Nurturing a Corporate Culture of Undertaking Challenges Without Fear of Failure to Maximize Toray's Corporate Value and to Enhance Employee Well-Being

Katsuyuki Yanai

Corporate Vice President,
General Manager, Human Resources Division;
General Manager, Toray Human Resources Development Center

— Upon your appointment as General Manager of the Human Resources Division, in what ways did you revise the Group's human resources strategies?

I was appointed to the position of General Manager of the Human Resources Division in June 2023. Partly because I had been in the U.S. right up to that point, the change in Japan's younger generation's view on work made a very strong impression. The first thing I realized upon my appointment was our need to clearly define the fundamental issues involved in sustainably enhancing human capital for the Toray Group from a medium- to long-term, overarching perspective, before improving benefits for younger employees, introducing competitive wages, and addressing other individual issues with stopgap measures. In fact, at this point in my career I look back with some regret on my actions during my previous stint as HR Department General Manager when I was so seriously engaged in the problems I faced that I focused entirely on short-sighted action.

So, I drafted a proposal that fundamentally updates our conventional approach to enhancing human capital, which was ultimately approved by the Executive Committee. In particular, my proposal focused on revising strategic personnel assignments and headcount management in accordance with the Company's approach to promoting

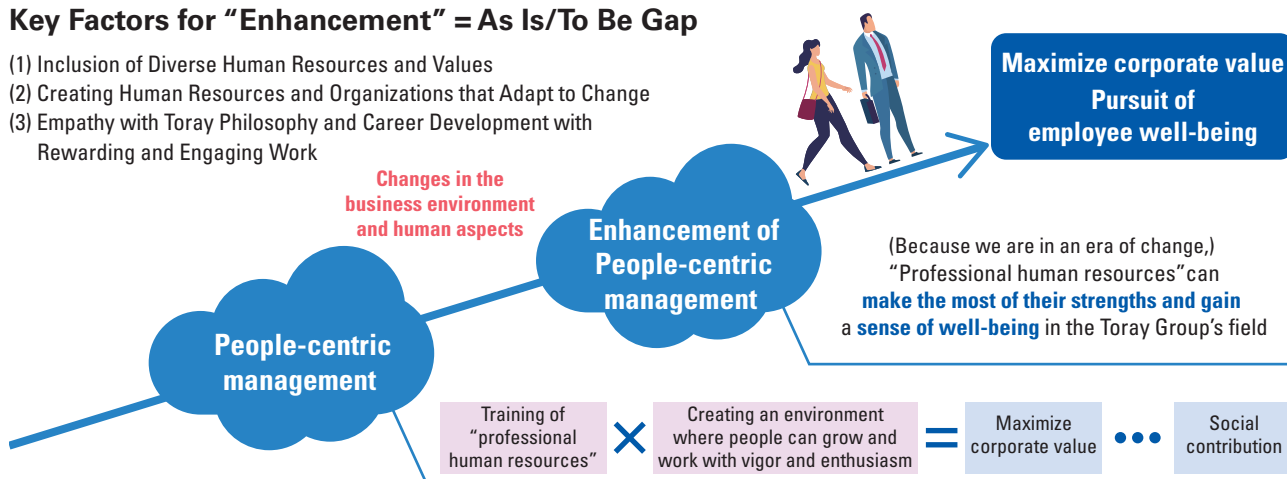
personnel and business strategies, considering medium- to long-term hiring scales, and systematically promoting with appropriate compensation locally hired staff at group companies outside of Japan.

Toray engages in a wide range of businesses, some of which are expected to face harsh conditions, while others will require enhancement for the future. We must therefore appropriately and flexibly allocate management resources according to changes in the business environment and strategy. Of course, any such effort will not contribute to increasing overall efficiency if we do not reallocate and reassign human capital, transcending business and organizational barriers. In addition, the Company's current approach to headcount management, which should be based on a firm grasp of employees' abilities and appropriate staffing for each project, is currently managing simply the number of personnel, in some respects. To go further, I believe that, in terms of total labor costs, we must consider where we should increase outlays or restrict costs in line with global strategies, for Toray as well as group companies in and outside Japan.

Another major problem is deciding where to assign the large numbers of employees we hired from 1990 to 1999, as this generation will reach ages close to retirement in

Key Factors for "Enhancement" = As Is/To Be Gap

- (1) Inclusion of Diverse Human Resources and Values
- (2) Creating Human Resources and Organizations that Adapt to Change
- (3) Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work



Toray Global HR Management (G-HRM) Fundamental Policy



the coming years. Hiring large numbers of employees once again would create a major imbalance in the age distribution, and of course this would be difficult against the backdrop of falling birthrates and an aging society. Which is why we must also consider investing in labor-saving measures and shifting production outside of Japan. Without question, I believe this means we must advance human resource strategies in line with the Toray Group business strategies. As expansion of overseas businesses is essential for Toray's growth, another key issue is how we hire, promote, and provide appropriate compensation for locally hired staff at group companies outside of Japan, who tend to be highly fluid. Needless to say, countries besides Japan also prioritize fair assessments, feedback, and careful communication to a major degree, which means we must ensure the transparency of our common assessment vectors. So, I embarked on reforms after proposing these ideas to and receiving approval from the Executive Committee in October 2023.

—**Under the concept of human-centric management, what are your thoughts on how to advance human resources strategies?**

Ever since its founding, Toray has, based on the idea that the success or failure of a company is decided by its people, and employees shape its destiny, recognized securing

and developing human resources as the most important management issue. Even the most recent Medium-Term Management Program, Project AP-G 2025, includes enhancement of people-centric management as one of the Basic Strategies. Despite this, we have still failed to organize our human resources strategies in a systematic manner, and have not clearly identified our specific approach in a concrete manner. That's where I felt a sense of urgency. I therefore began by clearly defining the meaning of human-centric management in light of the intended direction of the management strategy.

Under AP-G 2025, we aim to improve profitability, create new businesses, and enhance corporate value, as well as increase employee well-being. When considering the human resources strategies in connection with these aims, what ultimately emerges as the most important aspects are, one, developing professional human resources that can create new value, and, two, nurturing environments in which these professionals can grow within the field of the Toray Group and thrive. Having defined these two aspects as human-centric management, I received approval from the Executive Committee.

On top of this, younger generations, primarily, increasingly hold different value sets, as well as a stronger awareness of self-reliant career building, in response to which I raised three important strategies for creating new value

Human Resources Strategies

Human Resources Strategies	Details of Enhancement
Inclusion of Diverse Human Resources and Values Diversity	<ul style="list-style-type: none"> • All employees at the Toray Group fully demonstrate their individual strengths, regardless of the differences in their values, life events, or other personal circumstances • Current work responsibilities and capability demonstration are fairly assessed, irrespective of gender, age, nationality, or other attributes
Creating Human Resources and Organizations that Adapt to Change Talent portfolio	<ul style="list-style-type: none"> • More extensive successor candidates for management personnel who will lead innovation • Ability to stably secure (= hiring and retention) personnel who will take responsibility for the future of the Toray Group, to reliably pass on skills and know-how, and to appropriately promote generational transition • A culture that focuses on taking the initiative on learning and that allows for ongoing self-directed learning, and organizations that can adapt to change
Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work Engagement	<ul style="list-style-type: none"> • High degree of harmony between corporate HR strategies and individual career building allows employees to realize self-fulfillment at the Toray Group • Employees can take on challenges without fear of failure, solve problems as a team, and attain a sense of growth and well-being through work

while addressing these changes. The first strategy is Inclusion of Diverse Human Resources and Values (diversity), by which we accept diverse human resources and values, respect each other, and enable everyone to thrive. The second strategy is Creating Human Resources and Organizations that Adapt to Change (Talent portfolio), and the third strategy is Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work (engagement). The Toray Philosophy states our aim of contributing to society through the creation of new value with innovative ideas, technologies and products. With these three concepts as the core of the human resources strategies, I clarified our direction for enhancing each strategy and listed roughly 30 specific objectives. I then selected a person to take charge of executing each strategy who is now advancing initiatives that connect to maximizing Toray's corporate value and to enhancing employee well-being.

—Please tell us in detail about the specific initiatives in these three human resource strategies.

As far as Inclusion of Diverse Human Resources and Values is concerned, the outcomes of our focus on promoting women's empowerment in the workforce since 2011 have expanded the arenas in which women can thrive, and have formed a network among women in management and occupational specialist positions. These developments have significantly altered the awareness among women, and led to an increasing number of women who take on leadership roles. On the other hand, another important challenge is solving issues in a way that leverages diversity in a broader sense that goes beyond women in management and occupational specialist positions to include both men and younger employees. Which is why we are also advancing working style reforms in a gender-neutral manner. In light of this situation and from the perspective of so-called DE&I, since FY 2024 we have introduced bottom- and middle-up approaches to working style reforms whereby we have shifted to working groups that include younger employees along with women in management and occupational specialist positions, and present the requests for reforms that are debated by these groups to the management team. We have begun these efforts under the title HCM Promotion Activities, a name taken

from the initials for the term human-centric management.

Turning to the second strategy of Creating Human Resources and Organizations that Adapt to Change, amid a structure that is vertically divided in terms of businesses and functions, I believe the key point is figuring out how to reallocate personnel in a way that transcends these barriers. As I touched upon a moment ago, failing to appropriately allocate resources will also prevent us from improving business efficiency, and will form obstacles to taking on challenges and creating new value. In general, large organizations often adopt a division system or company structure, in which those who can intuitively sense the issues faced by the frontlines of business in each unit are responsible for HR management. These structures therefore allow the actual nature of problems to be easily understood, and make it easy to engage in collaboration between businesses through crosslinking functions. In contrast, Toray does not have a personnel department within our structure of vertically divided. Instead, the Company's Human Resources Division is in charge of all HR functions and consults with each division when executing these. Although this may appear efficient at first glance, there is a question of whether this approach actually allocates human capital to the right places. In order to make up for this weakness, we have begun to organize a system in which members of the Human Resources Division enter into this silo as HR Business Partners to encourage employees to take on challenges that cross over the barriers between organizations, as well as to clearly identify what types of personnel are located where, with the intention of promoting the human resources strategies. That said, because each division wants to hold on to its talented personnel, we are also considering a top-down approach in which the divisions cooperate with the HR Business Partners in reallocating human resources in accordance with business strategies.

The third strategy of Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work involves supporting self-reliant career development among employees. Specifically, we ask employees assigned to each division to write down the specialties, experience, and skills required on a career path worksheet, and then together with their superiors confirm the

degree of achievement based on this sheet. After this, we set out future career building paths and targets. The use of these career path worksheets is extremely important, particularly for developing young employees. We are also advancing organizational reforms based on employee surveys. These surveys have allowed us to identify the gap between expectations and actual impressions for each item as a point of issue, based upon which we have provided feedback to each division and requested that they make improvements. Meanwhile, by nurturing a culture that accepts failure and encourages challenge, individuals acquire a sense of reward and growth through challenges and failures, which we intend to elevate into a virtuous cycle that helps create new value.

Another issue is today's climate in which employees tend to feel dissatisfaction in their high workloads and shortage of peers as organizations become further subdivided and the number of personnel per organization declines. On top of this, employees also face new challenges like sustainability and DX, for example, which increase the burden on each individual. Given this situation, we must take appropriate measures that correspond to workloads. We must transition to a system that recognizes and rewards ability and work, not one in which qualifications and wages only rise following promotion to a higher position. We can also mitigate the burden on individuals by integrating and flattening organizations in parallel with revisions to the compensation and benefits system.

In another recent development, when institutional investors assess the sustainable growth potential of companies, they now prioritize human resources capacity as a non-financial element, and are increasingly interested in human capital management. In practice, weak human capital limits expectations for improving earnings potential and creating new value. In this sense, the roles we must play as the Human Resources Division are only growing in scope. In particular, I believe the most important aspect of our efforts is whether they help employees attain a sense of reward and growth, and whether they foster a culture of challenge. Amid a lingering sense of confinement under a highly uncertain business climate, we aim to be a presence that encourages employees to take on challenges with optimism.

— What are your thoughts on the situation where there are no female directors from within the company?

I believe that the Company must firmly work on establishing the systems that promote talented women as long-term measures in a separate effort from their activities to promote women's empowerment in the workforce. More specifically, because the ratio of women among new graduate hires during the regular FY 2023 hiring period was only around 17%, in FY 2024 we focused on hiring women and raised the target ratio to 30%. This move has enabled us to hire women for nearly half of all sales & administrative positions, and it appears we will achieve our target of 30% for total hires. In this way, despite some delays, we are making progress on expanding the population of candidates for female directors and vice



presidents at the entry level, and have initiated measures to increase the ratio of women in management positions over the medium- to long-term.

— Finally, please describe your future aspirations as General Manager of the Human Resources Division.

President Ohya has said to employees that it is his role to enhance the well-being of all those who work for the Toray Group. He has also stated that he believes it is important for employees to maximize their potential in jobs that provide a sense of reward, be satisfied with the results of and feel fulfilled by their work, maintain a sense of excitement, take on challenges without fear of failure within a free, open organizational culture, and swing for the fences. So, I intend to promote the three human resources strategies I discussed earlier in order to make his words a reality.

Looking back on past initiatives, I see that the Human Resources Division has not communicated sufficiently with those inside and outside the Company. Externally, we will therefore strive to expand our descriptions of human capital management within the securities report, as well as of human resources strategies within the integrated annual report, and will aggressively set and disclose the KPI for which we must aim in light of the current situation. Internally, we are improving the intranet's Toray HRNavi and have already begun aggressively communicating information on human resources measures since February 2024, which we hope connects to greater motivation among employees. On the other hand, employees have included some hard-to-swallow opinions and comments on the internal survey that we conduct annually, yet I see this as evidence of their intention to improve the Company. If we fail to engage sincerely with these opinions, we may not see a bright future for Toray. So, in this respect, I believe we must also do a better job of sharing and communicating information. I will continue to pursue initiatives that allow our employees to have pride in working for Toray and to feel a sense of reward, as well as that increase the number of people beyond our walls who desire to work for the Group.

Primary Issues in the Human Resources Strategies for Realizing TORAY VISION 2030

Inclusion of Diverse Human Resources and Values (Diversity, Equity & Inclusion)

HCM (Human-Centric Management) Promotion Activities

Having assigned its first female manager in 1958, introduced childcare leave in 1974, nearly 20 years before becoming mandatory in Japan, and launched the Advancement of Women Project in 2004, Toray was one of the first companies in Japan to actively promote women and to establish positive workplace environments. Another similar initiative is its female manager and occupational specialist training program, which was voluntarily initiated in 2014 by women serving as general managers at the Toray Group. As a result of strengthening and promoting these kinds of Group-wide efforts, the Company has steadily increased the ratio of female employees in management positions. In March 2021, Toray formulated and publicly released its five-year action plan (April 2021–March 2026) for increasing the retention rate of female employees and the ratio of female employees in management positions by promoting initiatives for enhancing individual skill development and career building mentioned above.

Meanwhile, in order to discover solutions for the diversifying issues faced by society and address customer needs, Toray must foster a corporate culture in which human resources from different backgrounds can thrive, regardless of gender, age, nationality, or other attributes. In response to this backdrop, the Company defined the Diversity, Equity & Inclusion (DE&I) activities it has engaged in to date as HCM (Human-Centric Management) Promotion Activities, taken from the initials of human-centric management, one of the Company's Basic Strategies, and in 2024 established a new organization (Human Resources Strategy Department, HCM Promotion Group) dedicated to promoting these activities.

This organization collects requests from employees and debates these as part of new working teams consisting of applicants. Previously, this role had been played by the Women's Advancement Team, which had been voluntarily run by women serving as general managers and had collected these requests through various activities. When specific suggestions are raised, Toray reflects these in its

HR policies and programs, and works to improve awareness and enhance workplace communication to encourage employees to use those programs. Along with fostering vibrant and inclusive workplaces, the Company promotes human-centric management in a way that contributes to greater corporate value.

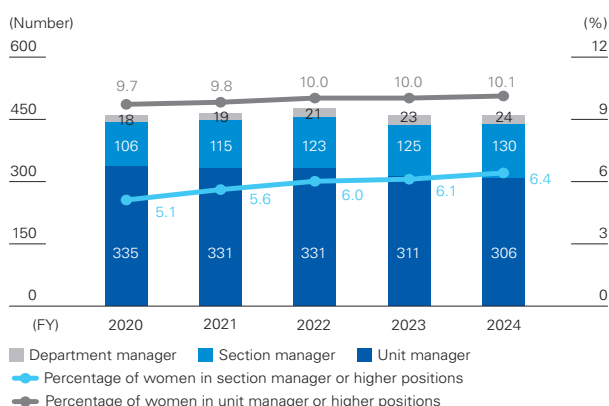
Toray Receives Prestigious Award for Advancing Women in Technology

Toray's Women's Advancement Team received the 10th Annual Achievement Award for the Development of Female Engineers from the Japan Association of Technology Executives. In order to support the promotion and employment of female engineers, this program awards individuals and organizations that have produced positive outcomes in developing female engineers. The Company's team was recognized for its 10 years of activities.

The team started out in 2014 when seven female general managers initiated a voluntary program to develop female managers. The goal was to informally network female section managers from business units, plants, and research centers around Japan in a way that went beyond the framework of their duties. At present, the team has expanded to include 28 women serving as general managers (of which 16 are engineers). The seventh seminar held in 2022 also included male managers among the attendees to broaden the training scope in a way that explores the differing human resources development perspectives and thoughts of men and women. These efforts resulted in a gender-neutral network for management professionals and new approaches to developing female subordinates.



Number of Women in Management Positions



Introduction of a Fellowship Program

It is vital to cultivate experts to sustainably materialize Toray's corporate philosophy of contributing to society through the creation of new value with innovative ideas, technologies and products. The Company accordingly decided to introduce its Fellowship Program to offer attractive career paths for individuals aspiring to acquire professional skills, create environments in which they can focus on improving and demonstrating their expertise, and foster a culture of friendly competition more than ever before.

• Executive fellows

Fellows with outstanding expertise and accomplishments among their peers

Treated like Toray's vice presidents

• Senior fellows

Top-notch internal and external experts with exceptional expertise in Toray's key businesses and research and technology fields, responsible for creating innovative products and technologies and providing sophisticated advice to management

Treated like Toray's directors (a position equivalent to senior management in terms of duties and responsibilities).

Creating Human Resources and Organizations that Adapt to Change

Medium-Term Human Resources Plan

Along with positions requiring experience, the Medium-Term Human Resources Plan defines the personnel required for the management and business strategies as "Core Position Successor Candidates," and promotes development on an individual basis. Moreover, it establishes the successor candidates at the timing of promotions to core positions (short-term, medium- to long-term, future generations), which are then confirmed with top management each year, particularly for important positions.

Here, the Core Position Successor Candidate fulfillment rate is included as an important KPI for which the Company is advancing initiatives with a goal of consistently exceeding 150%. (Actual result for FY 2023: 185%)

Enhancing Group-Wide Training to Support Systematic Development of the Next Generation of Management Successor Candidates

In 1991, Toray opened the Toray Management School, which selected 20 talented section managers who are expected to take over management in the future. This kind of program for systematically developing successors for management positions was unusual at the time and a cutting-edge initiative, and 620 employees in total, including 38 women, have completed the program as of FY 2023. Many of these graduates have excelled as those responsible for management at group companies in and outside of Japan. To date, 188 graduates have served as top management at Toray and its group companies worldwide. Opened in 2006, the Toray Group Management School continues to serve as a management successor development institution for Toray group companies in Japan and for the members of the Toray

Program	Start year	cumulative total
Toray Management School	1991	620 (38 women)
Toray Group Management School	2006	348 (5 women)
Management Training for Executive Candidates	2021	34 (2 women)

Company-Wide Training Course Enrollment in FY 2023 (Toray Industries, Inc.)

Training category	Persons enrolled			Time dedicated to training per employee (hour)*
	Men	Women	Total	
Management	1,002	168	1,170	38.8
Technical	726	86	812	29.5
Sales, marketing, and administration	186	50	236	24.9
Global	70	23	93	53.1
Total	1,984	327	2,311	34.7

*Time dedicated to group training at the Toray Human Resources Development Center. It does not include time for correspondence learning or study abroad, etc.

Synthetic Textile Cluster. Moreover, in 2021 Toray launched Management Training for General Managers as part of an effort that targets talented individuals in general manager positions who will serve as candidates for the next batch of top management for the Toray Group. Here, the goal is to further expand training to systematically develop management successor candidates for the Toray Group.

Developing and Promoting Core Locally Hired Staff at Group Companies Outside of Japan

Since FY 2017, the Company has formulated Medium-Term Human Resources Plans for core locally hired staff at group companies outside of Japan targeting those in department manager, factory manager, and higher positions, and encourages and certifies National High Potentials (NHPs). This move is intended to systematically secure, develop, and promote talented core locally hired staff at group companies outside of Japan who will support and lead increasingly important businesses overseas.

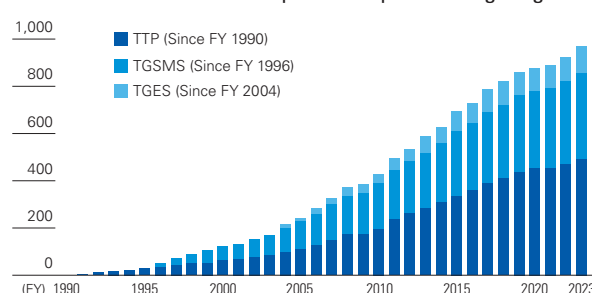
Human resource development at group companies outside of Japan includes both on-the-job and off-the-job training. Off-the-job training consists of training implemented at each group company. This is combined with grade-specific training programs held in Japan to deepen the understanding of management philosophy and policies, and is linked with personalized long-term development plans. In each country and region, with Toray head office also participating in the planning, we regularly conduct management training with a curriculum tailored to the circumstances and needs in each country and region.



Grade-Specific Training Programs Held in Japan

Training program	Managerial category	Training objectives
TGES; Toray Group Executive Seminar	Executives	Understanding of Toray's management policies and strategies, and the mission and responsibilities of management
TGSMS; Toray Group Senior Management Seminar	Department Managers	Understanding of Toray-style management
TTP; Toray Trainee Program	Managers	Acquisition of management knowledge and expertise and networking

Cumulative Number of Participants in Japan Training Programs



Human Resources Strategies

Toray School of Technology and Business Administration Develops Leaders to Improve Frontline Capabilities

In September 1994, Toray opened the Toray School of Technology and Business Administration as a training facility for young employees and employees from group companies in Japan with the aim of developing human resources who can think and act on their own, and who have a strong desire to take on the responsibility of improving frontline capabilities across the Toray Group. As of the 29th session in 2023, the school has produced 844 graduates. Classes include general subjects such as mathematics and English, along with specialized subjects including polymer chemistry, engineering basics, and robotics, as well as more practical group problem-solving exercises and chemical experiments. Moreover, in response to the rapidly growing demand to develop DX human resources within the Company, as part of the Toray School of Technology and Business Administration, Toray established a new Information I course linked to the group-wide DX human resource certification system. This course provides education aligned with frontline needs, and has introduced new topics covering algorithms and programming, and classes using collaborative robots. In October 2022, the Toray School of Technology and Business Administration opened a new Frontline Skills Enhancement School (GKS) to develop unit manager candidates for the near future. The school produced 16 GKS students in the first term. Students learn soft skills such as leadership, team building, followership, and motivation by solving problems in their own departments. In this way, the Toray Group is developing frontline leaders who have acquired the basic skills needed by working members of society to succeed in a changing world.

Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work Fact-Finding and Improvement through the Employee Survey

Having conducted an employee survey biannually since FY 2013, Toray began implementing an updated version in FY 2023 that allows the status of each organization and individual to be confirmed in detail, and that enables improvement



Talking at Ehime Plant



Talking with the Human Resources Division

activities to be implemented more quickly. The specific changes included revisions to the content of the survey (from satisfaction only to measuring both expectations and actual impressions), revisions to the implementation frequency (from every other year to every year), and more rapid feedback (results can be viewed from the day following the survey).

Toray uses the EX Score™* as the KPI for survey progress, which stood at 64.8 for the FY 2023 survey, below the average of 69.7 for other companies. The reason for this shortcoming was the extremely high “expectations” compared with other companies, which formed a wider gap between “actual impressions,” which were equivalent to the average value of other companies. This indicates the Company has in fact failed to meet the higher expectations, and Toray currently aims to achieve a score that exceeds that of the previous year on an annual basis, and is therefore implementing various measures for this purpose, including disclosing information on the Company intranet, holding workplace conversations, and sharing best improvement practices throughout the Toray Group.

*EX Score™ is an indicator of organizational health. It measures the expectations and actual impressions of individuals, and the gap between these. A smaller gap between both higher expectations and actual impressions results in a higher score. (Registered trademark of HRBrain, Inc., the survey provider)

Career Path Worksheets that Support Self-Reliant Career Development

Toray introduced the career path worksheet as a tool to support the growth of each and every employee. Employees draw up their own career plans and, through interviews with their superiors, verify their past work experience and their current level of achievement in relation to the required skills as well as discuss their career prospects. The Company will continue to incorporate human resource development measures that support the self-reliant career development of its employees, and to promote the creation of highly motivated, highly productive organizations.

In-house Recruitment System

Toray introduced an in-house recruitment system in FY 2000 to secure and develop human resources with a strong will, and to achieve strategic personnel assignments.

Although this program was initially implemented irregularly as a measure that focused sporadically on individual priority areas, in FY 2007 the Company expanded it into a regular, ongoing career development support system that recruits applicants annually throughout the Group. Since this time, the in-house recruitment system has enabled around 10 transfers each year.

In particular, following the outbreak of COVID-19, in FY 2022 and FY 2023 19 transfers and 27 transfers, respectively, were carried out through in-house recruitment. Given the apparent increase in awareness regarding self-reliant career development shown in these numbers, Toray is further encouraging job rotations between fields and working to realize diverse approaches to career building within the Toray Group. For this reason, the Company revised and began operating the in-house recruitment system as a permanent option in FY 2024 (year-round recruitment, screening, and transfers).

Strengthening Communication

Internally, the Company fully updated Toray HRNavi (the

internal portal site) in February 2024 in an effort to better inform employees by communicating timely information on HR measures, and by releasing messages from the President regarding these measures. Moreover, by putting human-centric management into practice, the Company has set concrete KPIs that can be visualized, and began actively disclosing these externally starting in the current fiscal year.

Index	Target	FY 2023 Actual
Core Position Successor Candidate fulfillment rate (Toray)	Consistently exceeding 150%	185%
Training to Developing Management Successor Candidates (Toray Group)	Conducted annually for more than 50 people	52
Training to Developing Core Locally Hired Staff Outside of Japan (Toray Group)	Conducted annually for more than 100 people	276 (FY 2022: 114)
Ratio of Women in Managers (Toray)	FY 2025 6.5%	6.4% (FY 2022: 6.1%)
Percentage of Women in New Graduate G Course Recruitment (Toray)	FY 2030 30%	17% (FY2022: 14%)
EX Score™ (Toray)	Aiming for 70+ to improve from the previous year	64.8

Establishing Workplace Environments That Support Job Satisfaction and Stress-Free Work

Toray is working to establish inclusive workplace environments in which all employees can work with peace-of-mind and free from stress. Likewise, the Company has organized systems adapted to flexible work styles, including support for balancing work with childcare, nursing care, and other life events, telecommuting programs, and

flex-time programs that do not stipulate a core time.

Moreover, Toray implements strategic initiatives in regard to employee health management as it sees this as a management priority. Working in collaboration with the employee health insurance association, the Company actively promotes employee health mainly by sharing health information via internal communication tools, holding walking and other participatory events using health information sites, providing lifestyle disease prevention seminars, and encouraging comprehensive health checkups by increasing expense subsidies. Toray is also addressing mental health, and since FY 2011 it has been implementing employee stress check-ups through an external provider. This helps employees recognize their own stress levels and learn how to manage stress, which leads to an improved workplace environment. The stress check-ups are also carried out at group companies in Japan. In recognition of these efforts, Toray has been certified under the Certified Health and Productivity Management Organization Recognition Program continuously since 2018.



Toray HRNavi Home Screen

Number of People taking Childcare Leave (Toray Industries, Inc.)							
(FY)	2017	2018	2019	2020	2021	2022	2023
Women	68	58	60	66	56	46	51
Men	3	4	10	22	40	82	95

Deepening Women's Advancement Activities at Plants: As Toray's First Female General Manager at a Plant



Tomoko Chikaie
General Manager, Seta Plant

Following my involvement in the development and production of industrial materials and films at Shiga Plant's Film Technical Department, I was placed in charge of wastewater treatment and chemical substance control at the Plant's Environment & Safety Section, where I served as section manager. I also experienced safety, health, disaster prevention, and environmental management duties for the Toray Group as a whole through the Environment & Safety Department, and was promoted to General Manager of Seta Plant in April 2024.

Women's advancement activities were first conducted at the Toray Group some 10 years ago when several women in general manager positions took the lead on planning and conducting training for women in management and occupational specialist positions. Following this, the Group promoted various activities based on more free-form concepts, including informal gatherings of women, awareness surveys, and online salons (discussions with role models). Over this time, I took on the responsibility for supporting these activities at the plants, while the Group advanced activities to build support systems by placing two or three women in general management positions to be in charge of each plant. More recently, every plant has begun strengthening their efforts to create positive workplace environments where all employees, not just women, can think about childcare, nursing care, and other aspects of life and work. I also listen closely to feedback from the frontlines and take action in order to ensure that each employee who works at our plants can fully demonstrate their individual strengths.

Internal Communication

Toray celebrates its 100th anniversary in 2026. Thinking about how we wanted to welcome the anniversary year and how we wanted the Company to look like, rather than simply celebrating it, we launched the “Toray Employee Forum” and the “Hajime no Ippo (First Step) Award,” the new internal branding projects, as initiatives to further increase employees’ sense of inclusion.

The lunchtime internal broadcast program REAL TALK, which was launched in 2023, marked the 9th program, and now it is used as a platform for open communication within the Company.

Let’s Commend the First Step of Each Employee: Establishment of the “Hajime no Ippo Award”

We have established the “Hajime no Ippo Award” as a new award system, as we aimed to realize a corporate culture that would promote the willingness to take on challenges and accelerate innovation throughout the Toray Group by praising and encouraging the challenges of each individual.

Regardless of whether they are large or small, and successful or unsuccessful, we put out a call for case studies related to “challenges.” Applications could be made by either self-nomination or recommendation by others. The collected case studies were then voted on by employees, and the top five were presented and awarded at the “Toray Employee Forum.”

The number of applications was 190, which exceeded expectations, and the number of employee votes cast totaled more than 9,000.



Through this initiative, not only have activities at employees’ own workplaces become more dynamic, but new movements and collaborations are beginning to emerge, such as the start of interactions between workplaces that previously had no connection.

The second event will be held in FY 2024.

Let’s Think about Taking on Challenges: “Toray Employee Forum 2023”



“Toray Employee Forum 2023,” the first of its kind, was held on December 11, 2023.

The aim of this event is to have all employees share best practice in thinking and behavior based on the Toray Philosophy and to foster a sense of unity as a company by experiencing Toray’s DNA.

For the 2023 event, the theme was “challenges” to embody a “pioneering spirit” corporate culture.

The first part of the event featured a discussion between UNIQLO Co., Ltd. Chairman Tadashi Yanai and Toray President Mitsuo Ohya, which prompted employees to think about challenges. The second part featured an award ceremony for the top case studies voted for by employees in the Hajime no Ippo Awards.

The event was relayed online to 16 bases across the

country, and more than 3,000 employees participated in the two-hour live-streamed program.

On the day of the event, we also utilized a platform that enabled employees to freely post their opinions in real time.

Participants’ satisfaction rate exceeded 90%, and 97% expressed a desire to hold the next event.

The second “Toray Employee Forum” will be held on November 18, 2024.



“REAL TALK – Everyone’s Voice” Set to Continue This Fiscal Year



We launched the livestreamed REAL TALK program in January 2023 as an opportunity to promote open two-way communication between management and employees with the aim of fostering a corporate culture that enables everyone to be freer, more open, and further demonstrate a pioneering spirit.

In FY 2023, we broadcasted live from factory sites to coincide with the President’s factory inspection rounds. A different talk theme was chosen for each session, and together with the President, we introduced the issues facing workplaces and what they were working on. Employees were able to gain a sense of President Ohya’s personality, which is usually difficult to gauge, and some said the feeling of distance had been brought much closer. By talking to employees on the frontlines about their issues, we have been seeing positive results, such as new activities starting at each site.

For the 9th program, a completely free roundtable discussion among three vice presidents was livestreamed.

By having the three respond to the given topics, they were able to deliver real conversations to employees, and the event was generally well received, with many participants saying it was an initiative that helped bring people closer to management. The feedback included comments such as “I think they were able to convey the obvious fact that even vice presidents experience joy, worries, and hardships on a daily basis just like everyone else,” “I think a good communication between management and workplace starts from events like this. It was really a well-planned event,” and “I thought the vice presidents live in a different world from us, but in a frank and human conversation, they discussed company management in a way that really made me feel closer to them.”



The 7th program: Ishikawa Plant



The 8th program: Mishima Plant



安達 一行 × 萩原 識 × 首藤 和彦

The 9th program: Discussion among three vice presidents

Toray Started an Internal Communication-Derived Company-Owned Media “note,” to Share the Latest News

Toray has launched its new owned media “note,” a Japanese social media platform. Each and every person who works at Toray has their own real stories, and each and every one of these stories together make up the company we know as Toray. Through Toray’s owned media “note,” we will honestly communicate what Toray employees are thinking, concerned about, enjoying, and feeling, and by building up its content we would like to raise awareness of Toray both inside and outside the company. As one example, in the first installment of the Clues to the Future series, young researchers in their third to fifth years at the Company spoke of the futures they envision.



Initiatives for Global Environmental Issues

Toward Achieving Carbon Neutrality by 2050

In addition to expanding businesses in the areas such as renewable energy, hydrogen, electrification-related materials, recycling of resins, and other areas in which it has conventionally been involved, the Toray Group will create businesses related to CO₂ separation and recycling, and other new businesses as a means of bolstering the Sustainability Innovation (SI) Business. This effort is also intended to contribute to the achievement of carbon neutrality in 2050 by reducing greenhouse gas emissions throughout society. Moreover, the Toray Group aims to reduce its own greenhouse gas emissions (Scope 1 and 2) and become carbon neutral by 2050. It will do so by expanding the SI Business, which in turn will provide Toray Group with sustainable energy (renewable power and hydrogen) and raw materials, as well as by developing and introducing innovative processes and CO₂ recycling technology that utilize CO₂ as a resource. The Group will also work to reduce Scope 3 greenhouse gas emissions for the purpose of decreasing emissions of the entire supply chain.

Further, in order to achieve carbon neutrality, Toray Group recognizes the need to make changes and take a leap in technological innovation based on non-conventional ideas, as well as the need for efforts that are not limited to single corporations, but involve industry, government, and broader society working together to achieve this goal. The Group holds discussions and pursues dialogue with affiliated economic organizations, industry associations, and government, working with these entities to achieve the goals of carbon neutrality and the Paris Agreement by 2050.

Through this dialogue, the Group collects information released by the government, and conducts interviews with the relevant ministries. Toray shares its opinions and make recommendations as part of efforts to understand, confirm, and apply the relevant information to its internal policies.

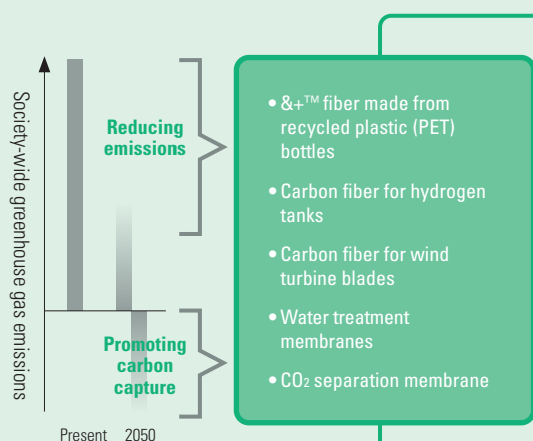
Toray Group also participates in relevant industry organizations, which make recommendations to the government based on the consensus regarding initiatives needed to promote carbon neutrality.

Toray also participates in the GX League, a collaborative industry-government initiative to promote carbon neutrality. Accordingly, the Group discloses information related to its carbon neutrality activities, which includes the setting of GHG emission reduction targets and follow-up on the results achieved.

Major organizations and their committees and subcommittees in which the Group holds membership (partial list)

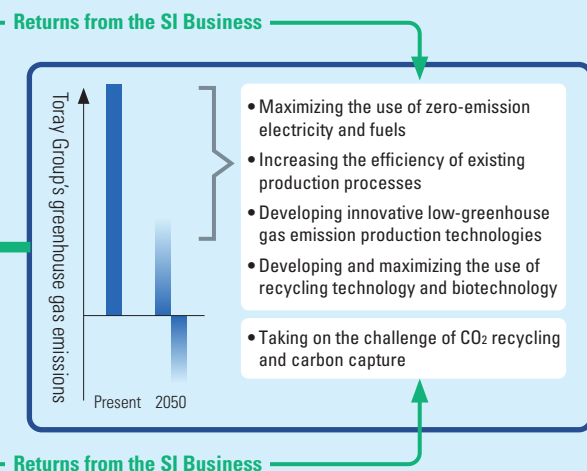
- Nippon Keidanren (Japan Business Federation): Subcommittee on Global Environment, Committee on Environment
- Japan Association of Corporate Executives: Environment and Energy Committee (Report in Japanese)
- Japan Chemical Industry Association: Technical Affairs Committee
- Japan Chemical Fibers Association
- Japan Environmental Management Association for Industry
- GX League

Contributing to building a carbon neutral world Expansion of greenhouse gas reduction contribution through the SI business



(Corresponding KPIs)	FY 2030 Target [Compared to FY 2013]
Supply of Sustainability Innovation products	4.5-fold
CO ₂ emissions avoided in value chain	25-fold

Achieving carbon neutrality for the Toray Group by 2050 Adopting greenhouse gas emissions reduction technology in business activities



(Corresponding KPIs)	FY 2030 Target [Compared to FY 2013]
GHG emissions in production activities	GHG emissions per unit of revenue for the entire Toray Group 50% or more reduction
	GHG emissions of Toray Group in Japan 40% or more reduction

Disclosures based on the TCFD Recommendations

Governance System Regarding Climate Change Issues

Aiming to realize the Toray Group Sustainability Vision, the Toray Group formulates and promotes medium- to long-term roadmaps and action plans for climate change countermeasures and resource recycling issues in the Sustainability Innovation (SI) Business Expansion Project and the Climate Change Project, and are managing progress toward achieving numerical targets for 2030.

In FY 2024, the Sustainability Committee, which had overseen the implementation of climate change countermeasures, was constructively dissolved. In light of ever-changing business environment, the committee was replaced with a system in which the Executive Committee, a consultative body of the Board of

Directors, deliberates on an ad hoc basis about the basic strategies for activities of the SI Business Expansion Project and the Climate Change Project, as well as important issues such as capital investments and loans. In addition, the Toray Group is working on group-wide sustainability issues in collaboration with the teams responsible for CSR, risk management, health & safety, environment, and research & technical development.

The Board of Directors receives reports at least once a year on deliberations by each of the above teams as it undertakes monitoring and decision-making. When formulating business strategies and making management decisions, it considers issues related to sustainability as one of the important factors and engages in deliberations and makes decisions in a comprehensive manner.



Strategies

The Toray Group conducted both qualitative and quantitative scenario analysis in line with the TCFD recommendations to identify opportunities and risks related to climate change, which is unpredictable, and to ascertain the impact of this. This analysis has confirmed the resilience of the long-term corporate vision TORAY VISION 2030 which helps realize the Toray Group Sustainability Vision.

The Paris Agreement target is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. Looking to help achieve this target and achieve carbon neutrality in 2050, the Toray Group primarily analyzed the 1.5°C increase scenario, but also considered the 2°C increase scenario. The Group also looked at the 4°C increase scenario assuming insufficient progress on efforts to ameliorate global climate change.

Based on this scenario analysis, the Toray Group will work to achieve carbon neutrality, by expanding the SI business that helps realize the Sustainability Vision, including renewable energy, electrification, and materials related to hydrogen and fuel cells. It will also contribute to the reduction of greenhouse

gas emissions throughout society by engaging in production of green hydrogen through water electrolysis, promoting its use in industrial and transportation applications, and pursuing development of products that help utilize CO₂. In addition, the Toray Group will reduce its own greenhouse gas emissions by expanding the SI Business, which in turn will provide the Group with sustainable energy and raw materials, as well as by developing and introducing innovative processes and technologies that utilize CO₂ as a resource.

To realize a recycling-oriented society, the Group will focus on creating carbon recycling technologies for recycled, bio-based plastic products, as well as various other technologies that include the technology for reusable water generated in manufacturing processes.

The FT Project aims to create and expand businesses and will focus on themes like hydrogen and fuel cell-related materials, biomass-based products and process technologies, and environmentally-friendly printing solutions. This project will also promote the development of applications for porous carbon fiber that can be used as support layers for gas separation membrane structures that separate mainly CO₂, biogas, and hydrogen.

Initiatives for Global Environmental Issues

Main Opportunities/Risks and Responses Related to Climate Change (excerpt**1)

Social Change		Main Opportunities / Risks	Main Response by Toray Group	Magnitude of Opportunity		
				1.5°C	2°C	4°C
Increase in ratio of renewable energy	Opportunities	<ul style="list-style-type: none"> Growth of renewable energy-related business Growth of storage battery-related business 	<ul style="list-style-type: none"> Carbon fiber for wind turbine blades 	L	↘	↘
	Risks	<ul style="list-style-type: none"> Soaring energy costs Delay in energy conversion to secure suppliers 	<ul style="list-style-type: none"> Energy conservation efforts 	¥60.0 billion (Cost)	↘	↘
Establishment and raising of carbon taxes and GHG emissions reduction targets	Opportunities	<ul style="list-style-type: none"> Growth of energy conservation-related business 	<ul style="list-style-type: none"> Lightweight materials (carbon fiber, resin) Insulating and heat shielding products (insulation, heat shielding fibers, films, etc.) Functional garments (cooling materials) 	L	→	→
	Risks	<ul style="list-style-type: none"> Increased procurement costs of fossil resource-derived raw materials and fuels Criticism for fossil resource use Loss of competitiveness due to carbon tax disparity Decrease in existing users due to changes in the supply chain 	<ul style="list-style-type: none"> GHG emission reduction 	¥85.0 billion (Cost)	↘	↘
Change in social systems for realization of hydrogen society	Opportunities	<ul style="list-style-type: none"> Growth of business related to hydrogen manufacturing, transport, storage, and use 	<ul style="list-style-type: none"> Gas separation membrane (porous carbon fiber) High-strength carbon fiber for hydrogen tanks Components and materials used in fuel cells 	L	↘	↘
	Risks	<ul style="list-style-type: none"> Decline in material prices due to increased competition Securing suppliers due to delay in conversion to hydrogen 	<ul style="list-style-type: none"> Strengthening competitiveness 	L	↘	↘
Electrification of mobility	Opportunities	<ul style="list-style-type: none"> Growth of materials business for electric mobility 	<ul style="list-style-type: none"> Lightweight materials (carbon fiber, resin) Battery materials Materials for motors and hydrogen tanks 	¥400.0 billion (Revenue)	↘	↘
	Risks	<ul style="list-style-type: none"> Decrease in demand for products related to internal combustion engines Decline in material prices due to increased competition 	<ul style="list-style-type: none"> Responding to demand for electrification Strengthening competitiveness 	¥230.0 billion (Revenue)	↘	↘
Adoption of CCUS	Opportunities	<ul style="list-style-type: none"> Growth of businesses related to CO₂ separation and recovery 	<ul style="list-style-type: none"> Gas separation membrane (porous carbon fiber) 	M	↘	S
	Risks	<ul style="list-style-type: none"> Thermal power generation electricity cost increase 	<ul style="list-style-type: none"> Energy conservation efforts 	L	M	S
Changes to the economic system toward the realization of a circular society	Opportunities	<ul style="list-style-type: none"> Growth of biomaterials business Growth of recycled materials business Growth of businesses contributing to waste reduction (emissions reduction, durability) 	<ul style="list-style-type: none"> Biopolymers Membrane bioprocess, biodegradable materials Recycled materials (Ecouse™, &™, etc.) High-performance packaging materials VOC free waterless printing system for flexible packaging 	¥800.0 billion (Revenue)	↘	↘
	Risks	<ul style="list-style-type: none"> Increased waste disposal costs Shrinking materials market due to the shift away from mass production and mass consumption Opportunity loss due to delay in responding to a recycling-oriented society 	<ul style="list-style-type: none"> Strengthen waste management and promote recycling Responding to demand for bio-based materials and recycling, etc. 	¥300.0 billion (Revenue)	↘	↘
Increased demands from customers and investors to address climate change and disclose information	Opportunities	<ul style="list-style-type: none"> Growth of customer base and increased investment due to climate change response Growth in need for products with small carbon footprints 	<ul style="list-style-type: none"> Growth of businesses contributing to efforts to address climate change and reduction of GHG emissions 	L	↘	↘
	Risks	<ul style="list-style-type: none"> Increased demands to reduce GHG emissions Lost opportunities due to delays in reducing GHG emissions and carbon footprint 	<ul style="list-style-type: none"> Reducing GHG emissions 	L	↘	↘
Rise in temperatures	Opportunities	<ul style="list-style-type: none"> Growth of businesses related to dealing with heat Growth of businesses related to infectious disease measures 	<ul style="list-style-type: none"> Functional garments (cooling materials) Insulating and heat shielding products (insulation, heat shielding fibers, films, etc.) Components and materials for health status monitoring devices Infectious disease protective wear and masks Materials for air purification products 	S	↗	↗
	Risks	<ul style="list-style-type: none"> Less demand for warming materials and winter sports applications 	<ul style="list-style-type: none"> Meet demand for functional garments (cooling materials) 	S	M	↗
Destabilization of water and food supply	Opportunities	<ul style="list-style-type: none"> Growth of businesses related to water and food supply 	<ul style="list-style-type: none"> Water treatment Fertilizer and agricultural chemical ingredients 	L	↗	↗
	Risks	<ul style="list-style-type: none"> Water usage restrictions 	<ul style="list-style-type: none"> Reduce water usage 	M	↗	↗
Increased severity of disasters	Opportunities	<ul style="list-style-type: none"> Growth of businesses related to disaster mitigation 	<ul style="list-style-type: none"> Reinforcement materials and protection netting Water treatment 	L	↗	↗
	Risks	<ul style="list-style-type: none"> Impact on raw materials procurement, plant operations, etc. 	<ul style="list-style-type: none"> Business continuity plan Strengthen supply chains 	L	↗	↗

*1 Excerpt from Toray Group TCFD Report VER.2.1 https://www.toray.com/global/sustainability/tcfd/pdf/TCFD_report_v2.pdf

*2 Items that are difficult to estimate quantitatively with a certain degree of accuracy are classified into the following three levels (large, medium and small) according to the magnitude of their impact on revenue or core operating income.

Large (L): Revenue of 50 billion yen or more or core operating income of 5 billion yen or more

Medium (M): Revenue of 10 billion yen or more but less than 50 billion yen, or core operating income of 1 billion yen or more but less than 5 billion yen

Small (S): Revenue less than 10 billion yen or core operating income less than 1 billion yen

The impact on revenue was analyzed for the sales aspect, and the impact on core operating income was analyzed for the cost aspect. In cases where the same size classification for each climate scenario was considered to have varying degrees of impact within that classification, a gradient was used, with darker colors used for those deemed to have a greater impact. The gradient represents changes within the same category of "social change" and does not represent differences in the magnitude of impact between different categories.

*3 The risk due to introduction of carbon taxes, since it is currently difficult to forecast Toray Group's GHG emissions in 2040, it was calculated by multiplying FY 2022 GHG emissions (5.12 million tons-CO₂, based on a calculation method that uses the degree of management control Toray Industries has over the individual subsidiary) by forecast carbon taxes in 2040 under the 1.5°C increase scenario (developed countries: USD 110/ton-CO₂). Toray Group will continue working to reduce GHG emissions ahead of 2040.

Against this backdrop, the opportunities for the SI business and others that can mitigate climate change are significant, and the more progress is made in combating climate change, the greater the business opportunities may become. In particular, a new market with a scope of ¥800 billion is expected for bio- and recycled materials as economic systems change with the transition to a recycling-oriented society. In addition, a market of ¥400 billion is expected to develop amid the growing need for lightweight materials like carbon fiber and resin as mobility electrification accelerates. Meanwhile, there are also significant business opportunities for adapting to climate change led by water treatment, and these opportunities are expected not only under the 4°C increase scenario, but also under the 1.5°C and 2°C increase scenarios.

Risk Management

The Toray Group has established the Risk Management Committee as a deliberative, consultative, and information-sharing body to promote risk management. As part of

its periodic risk identification and assessment efforts, the Risk Management Committee considers climate change-related risks to be one of relatively high importance. Based on such importance, the Committee conducts detailed risk analysis, assessment and management in line with the TCFD framework as part of the Climate Change Project. Based on the results of such risk analysis and assessment, the Risk Management Committee reconsiders risks and promotes measures to address climate change-related risks in a group-wide yet agile manner.

KPIs and Targets

The Toray Group has set forth its quantitative targets for FY 2030 in the Toray Group Sustainability Vision. In addition, as the milestone for the Vision, it has disclosed the results for FY 2023, as well as targets for FY 2025 as the interim target in the Medium-Term Management Program, Project AP-G 2025 (See P25).

Fighting Climate Change in Production Activities

Measures to reduce Scope 1, 2 emissions

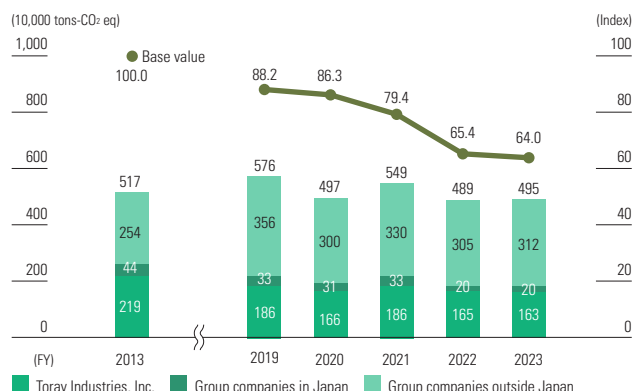
As a milestone toward realizing the Sustainability Vision, we have set a goal of reducing greenhouse gas emissions (Scope 1 and Scope 2) per unit of revenue by 50% by 2030, compared to the FY 2013 level, and we are promoting the Challenge 50+ Project, a company-wide project to reduce water consumption. In addition to promoting energy conservation by improving processes, Toray has worked to reduce greenhouse gas emissions by expanding renewable energy facilities and introducing carbon-free electricity at its domestic and overseas plants, and by suspending coal-fired power generation at its overseas plants. As a result, in FY 2023, the Group reduced greenhouse gas emissions by 36% on a per unit of revenue basis and by 26% in Japan, both compared with FY 2013.

The internal carbon pricing not only for energy conservation investments and greenhouse gas reduction activity incentives, but also as a reference value for determining investment profitability and analyzing potential risks in the construction of new or additional production facilities, thereby accelerating investments to increase energy use efficiency and transition toward decarbonization. The in-house carbon price for FY 2024 was set at ¥10,000/ton-CO₂, the same as in FY 2023, referencing the market price of emission credits in the EU-ETS in Europe. The internal carbon price is reviewed annually by the GHG Reduction Subcommittee using market trends as a reference.

Upstream Scope 1, 2 (FY 2023) (10,000 tons-CO₂)

	Toray Industries, Inc.	Group companies in Japan	Group companies outside Japan	Toray Group Total
Scope 1	136.7	3.2	109.3	249.1
Scope 2	25.9	16.9	203.2	246.0
Scope 1 + 2	162.6	20.1	312.4	495.1

Greenhouse Gas Emissions and Greenhouse Gas Emissions Per Unit of Net Sales (Per Unit of Revenue) (Toray Group)



*Until FY 2019, emissions per unit of sales were used due to the adoption of Japanese accounting standards. Since FY 2020, however, emissions per unit of revenue have been used due to the adoption of International Financial Reporting Standards (IFRS). Moreover, values for FY 2013 as the baseline year are calculated by including emissions and revenues from companies that joined Toray Group during or after FY 2014.

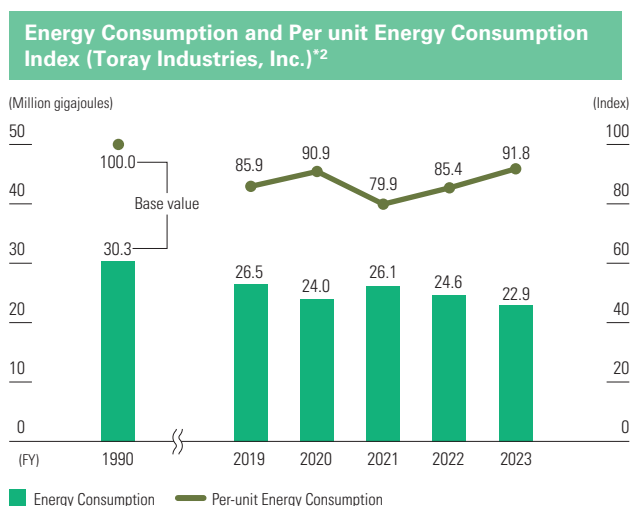
In addition, for the base years, FY 2013 and FY 2023, the calculation method was changed to multiply the management control by the GHG protocol, which is an international calculation rule. GHG emissions for FY2019 through FY 2022 are calculated based on the conventional method of multiplying by the investment ratio.

The GHG emissions for FY 2022 will be 5.12 million tons under the same calculation method multiplied by the management control as in FY 2023.

Initiatives for Global Environmental Issues

• Energy Conservation Measures

Toray is vigorously working on energy conservation activities with the goal of reducing its per-unit energy consumption*¹ by 2% annually. Although energy consumption declined 6.9% in FY 2023 as a result of promoting greater energy consumption efficiency and reducing waste and loss, per-unit energy consumption worsened 7.5% due to a decline of 13.0% in production volumes. Meanwhile, compared with FY 1990, the baseline year for reductions in per-unit energy consumption, this is an improvement of 8.2%. The Toray Group organizes energy conservation teams to help carry out annual energy conservation diagnostics at plants in Toray and its Group companies around the world. In FY 2023, the Group conducted these activities at one of Toray's plants, two Group company plants in Japan. The energy savings thereof effectively reduced greenhouse gas emissions by more than approximately 5,000 tons-CO₂ per year.



*1 Energy use per unit of equivalent production

*2 The energy consumption shown in this graph does not include renewable energy

• Installation of Renewable Energy Facilities

The Toray Group has set the rate of increase in solar power generation capacity as a KPI and is working to install renewable energy facilities. In FY 2023, the rate of increase was 101% after installing solar power generation facilities at Toray Industries' Shiga Plant and group companies' plants in China and Hungary. Since FY 2017, Tokai Plant has been co-firing carbon-neutral sludge to fuel its boilers.

In addition, the Group also switched all power consumed by Toray's headquarters to 100% renewable energy starting in April 2022. This is expected to reduce greenhouse gas emissions by an estimated 1,500 tons-CO₂ annually based on global standards. Toray's Nagoya Branch from April 2023 and Osaka Head Office from April 2024 have been substantially procuring electricity from renewable energy sources.

Measures to Reduce Scope 3 Emissions

In FY 2023, the Toray Group's Scope 3 emissions totaled approximately 17,56 million tons-CO₂, including upstream categories 1-8 and downstream categories 9, 11, 12, and 13. By category, Category 1 (products and services purchased) accounted for the largest percentage totaling 49%. This is followed by category 12 (disposal of products sold), which accounted for 25% of the total, and these two categories together accounted for 74% of Scope 3 emissions total.

As for Category 1, through engagement with major raw material suppliers, Toray is building a cooperative framework to promote the reduction of carbon footprint (CFP) of raw materials for Toray, as well as actively promoting conversion to bio-materials and recycled raw materials. As for Category 12, Toray will work to reduce greenhouse gas emissions throughout the supply chain by using recycled materials in and improving the durability of Toray products.

Upstream Scope 3 Emissions by Category (FY 2023) (10,000 tons-CO₂)

Category	GHG Emissions	Percentage of Emissions
1 Purchased goods and services	860	49%
2 Capital goods	52	3%
3 Fuel and energy-related activities not included in Scope 1 or Scope 2	96	5%
4 Upstream transportation and distribution	18	1%
5 Waste generated in operations	1	0%
6 Business travel	1	0%
7 Employee commuting	2	0%
8 Upstream leased assets	0	0%
9 Downstream transportation and distribution	3	0%
10 Processing of sold products	—	—
11 Use of sold products	275	16%
12 End-of-life treatment of sold products	447	25%
13 Downstream leased assets	1	0%
14 Franchises	0	0%
15 Investments	—	—
Total	1,756	100%

Environmental Accounting

Toray introduced environmental accounting* in FY 1999 and has been calculating the effects of investments and costs. Investment in FY 2023 was ¥1.8 billion, an increase of ¥310 million year on year due to increasing in investment mainly in energy conservation. Expenses totaled ¥9.7 billion, up ¥440 million year on year due to soaring fuel prices.

*Environmental accounting is applicable to not only climate change measures, but also other environmental measures mainly for emissions, wastewater, and waste.

Biodiversity Initiatives

The Toray Group Biodiversity Basic Policy Established December 2010

Basic Approach

The Toray Group appreciates the gifts of nature that biodiversity provides and strives to realize the conservation and sustainable use of biodiversity. The Group contributes to society through the development and dissemination of products and technologies which advance conservation of biodiversity.

Action Guidelines

1. We take into consideration the impact of our business activities on biodiversity and strive to realize the conservation and sustainable use of biodiversity.
2. We endeavor to develop environmentally friendly technologies and products and contribute to the conservation of biodiversity by making them available for use.
3. We practice fair use of genetic resources on the basis of relevant international agreements.
4. We recognize the influence of biodiversity within the supply chain and pursue coexistence with nature.
5. We strive to raise employee awareness on biodiversity and contribute to the building of a society that nurtures biodiversity through our communication with stakeholders.

Climate change caused by human activities, depletion of natural resources, ecosystem destruction, and species extinction are causing natural and biodiversity loss to occur at an alarming rate. This has sparked an international discussion about the importance of taking a nature positive approach to stopping and reversing biodiversity loss.

The Toray Group views conservation of biodiversity as a critical global environmental issue which is as just important as reducing greenhouse gas emissions. Toray is contributing to the biodiversity conservation and nature positive approach through its business activities. This includes water treatment technology to produce reliable and safe drinking water, water conservation through the reuse of treated wastewater, and air purification using filter-related materials. The Group also conducts safety reviews for all products and carries out environmental risk investigations before making capital investment.



The greenbelt formed in cooperation with 12 companies, including Toray's Tokai Plant, has been certified as a "Chita Peninsula Green Belt" site for symbiosis with nature (by the Ministry of the Environment) (October 2023).

This enables the Group to ensure that it is not exceeding legal limits on regulated substances contained in exhaust gas, wastewater, and waste from manufacturing. When assessing new land use, Toray confirms regulations applicable to production bases, the necessity for surveys on rare species, and any requests from citizen groups, among other considerations.

In January 2024, Toray expressed its support for the disclosure recommendations published by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023 and registered itself as a TNFD Early Adopter. Toray also participates in the TNFD Forum, an organization that supports TNFD discussions.

Opportunities & Risks Related to Biodiversity

The Company analyzed opportunities and risks related to biodiversity upstream in the supply chain within the Toray Group's business activities. As a result, opportunities include contributing to lower CO₂ emissions by providing products to reduce the weight of aircraft and other components, and forest and habitat conservation by providing products that help preserve green spaces and water resources. As for risks, the Company sees various impacts on biodiversity that include reduction of natural capital from using water and energy resources, and climate change and environmental impacts due to emissions into the atmosphere and water bodies.

Governance System

Initiatives related to biodiversity and natural capital are inter-related with climate change and resource recycling initiatives. To this end, Toray established the Nature Positive (NP) Subcommittee under the umbrella of the Climate Change Project to identify and assess biodiversity and natural capital dependence and impact, opportunities and risks, as well as prioritize and promote initiatives in collaboration with the subcommittees on climate change and resource recycling. Important issues in the NP Subcommittee activities are discussed as needed by the Executive Committee and are reported along with the progress thereof at least once a year to the Board of Directors. The Board of Directors appropriately monitors the NP Subcommittee activities and considers issues related to biodiversity and natural capital when making management decisions, while providing oversight and comprehensive decision-making.

Surveys & Analysis based on LEAP Approach

Toray conducted a survey using ENCORE, one of the recommended analysis tools, to determine business areas, activities, value chains, and regions that are assumed to be highly relevant to Toray Group's biodiversity and natural capital-related dependence, impact, opportunities, and risks as priority areas. The results showed that the Toray Group's operations are heavily dependent on groundwater and surface water, which may have a significant impact on water use, air pollutants, and solid waste. The Company is currently conducting additional surveys and analysis.



Kei Shimaji
Corporate Vice President
General Manager, Electronic &
Information Materials Division
Toray Industries, Inc.

TORAY IR Seminar

Toray Group's Initiatives for Digital Innovation (DI) Business

The Group held an IR Seminar titled "Toray Group's Initiatives for Digital Innovation (DI) Business" on September 13, 2024. During the event, presentations were provided by three persons: Kei Shimaji, Corporate Vice President and General Manager of the Electronic & Information Materials Division; Yuichiro Iguchi, Corporate Vice President and General Manager of the Research Division on behalf of the Company; Kenji Sato, Director, Vice President of Toray Engineering Co., Ltd.

Outline of the DI Business

Targeting ¥250 Billion in Revenue with a Focus on Semiconductor and Display Applications

Under Medium-Term Management Program "Project AP-G 2025," the Group has positioned the Sustainability Innovation (SI) business and the Digital Innovation (DI) business as growth areas in which it can leverage its strengths, and we aim to expand revenue from each business to account for around 60% of consolidated revenue. Of these two businesses, the DI business is defined as "materials, equipment, technologies, and services that help improve convenience and productivity by supporting the widespread adoption of digital technology." Typical products from this business include electronic coating and packaging materials, semiconductor manufacturing and

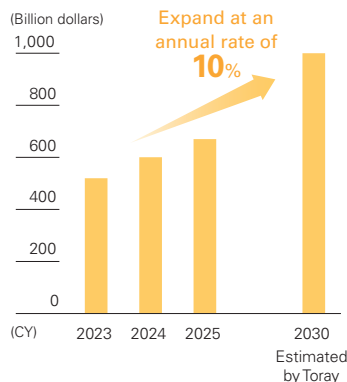
inspection equipment, chemical products, resins, films, and printed circuit boards.

Within DI-related fields, the semiconductor market is expanding in step with ICT-related product growth, while the widespread use of smart devices is driving demand upwards, leading to expectations for a continued high annual growth rate of 10%. Moreover, with the rise to prominence of OLED displays on the display market and increasing adoption for use in tablets and laptop PCs beyond just smartphones and TVs, this area is expected to achieve an annual growth rate of 7%. By steadily capturing this expanding demand, the Group aims to achieve revenue of ¥250 billion in FY 2025.

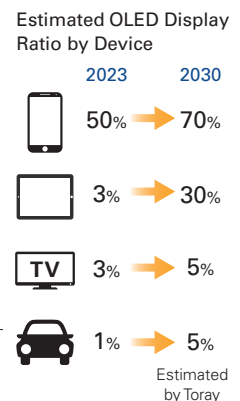
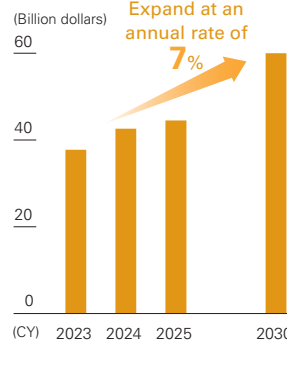
Digital Innovation (DI) Business



Semiconductor Market



OLED Display Market



Basic Strategy of the DI Business

Providing Solutions That Leverage the Collective Strengths of the Toray Group

The Toray Group leverages the core technology such as Material Design (materials), Engineering Capabilities (equipment and processing technology), and Advanced Analytical Capabilities technologies in an effort to help enhance the performance and efficiency, as well as environmental-friendliness, of semiconductors, electronic components, and displays in the fields of micro-patterning, coating, and distributed substance control.

By pursuing these technologies to the greatest extent possible, the Group goes beyond simply expanding the materials and parts businesses to connect these efforts to the commercialization of manufacturing and inspection equipment, as well as analysis services.

Recognizing the potential of this wide range of technologies as our collective strengths, the Toray Group has placed the

provision of total solutions at the very center of the DI business. Yet the Group intends to do more than simply provide products and services that align with the needs of customers in the materials, equipment, and analysis fields. Accordingly, we will engage with customers in a variety of ways to provide total solutions in hopes of contributing to creation of innovation.

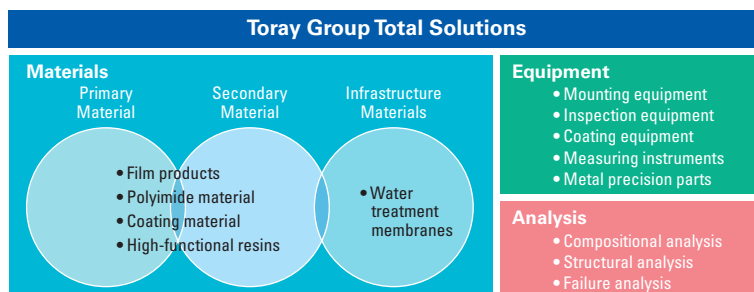
For example, in addition to coordinating materials and parts, manufacturing and inspection equipment, and analysis services to develop actual materials, we rapidly implement a cycle that incorporates the stages involved in the details of customer improvement requests, namely analyzing mechanisms, identifying optimal manufacturing conditions, and proposing improved products, thereby setting ourselves apart from competitors. Moreover, we propose solutions that encompass materials, process conditions, and equipment to emerging manufacturers who have newly entered a business field. Similarly, with regard to manufacturing

micro-LED displays that we expect progress toward commercialization and business expansion in the future, we propose and provide solutions that combine materials, equipment, and analysis services for each process, from chip manufacturing to pitch transformation, bonding, defective area repair, and panel assembly. We also expect to see the micro-chip transfer and bonding technology used here to play a role in optoelectronic fusion device processes.

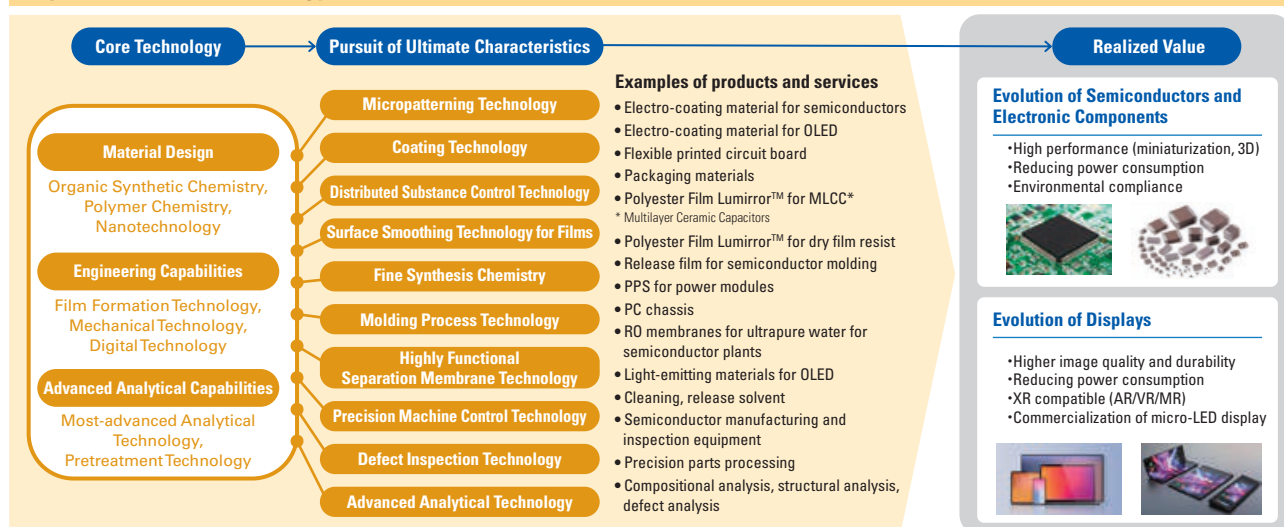
The manufacturing and development bases of major semiconductor, electronic component, and display manufacturers are clustered in the East Asian region, where the Toray Group also operates several research, technology, production, customer service, and marketing bases. Meanwhile, the Toray Group has also established bases to service product planning and design teams at its customers in the U.S. and Europe.

Group-wide Policies Leveraging Toray Group's Combined Strength

- Materials:** Propose high-performance materials with added value that suit customer needs
- Equipment:** Provide all-around packaging, inspection and measurement equipment that offers precision, speed and performance
- Analysis:** Provide various analysis using optimum analytical technologies, developed based on identified needs



Expansion of Core Technology into the DI Area



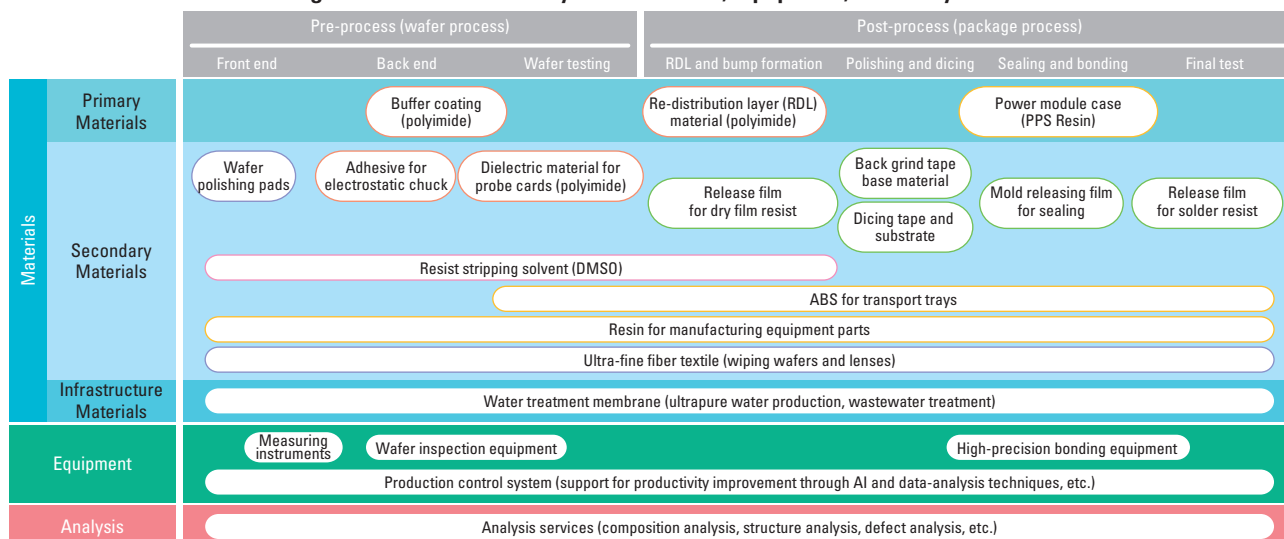
Mainstay Products and Future Prospects

Development in the Semiconductor Field

Our semiconductor-related products cover wide range, from primary materials used in semiconductors themselves, such as buffer coatings and resins, to secondary materials, including films, chemicals, and resin products. In this way, Toray Group products are broadly adopted across the pre-process

and post-process. Similarly, Toray Engineering, whose manufacturing and inspection equipment is also used in each process, provides production control systems in addition to water treatment membranes and analysis services in the semiconductor manufacturing infrastructure field.

Providing semiconductor industry with materials, equipment, and analytical solutions



Main Products in the Semiconductor Field

[Materials] Power Semiconductors:

Polyimide Insulation Materials

Top class of industry share

Used for power control and conversion, the market for power semiconductors is expected to achieve an average annual growth rate of 10% owing to the expanding demand for renewable energy and initiatives to increase power efficiency. Toray provides this market with insulation materials that leverage its polyimide resin design technology. These materials have achieved one of the highest shares of the market by offering high reliability in terms of heat resistance, mechanical properties, and chemical resistance. This high market share also reflects our diverse product lineup that corresponds to customer processes. Going forward, we will ensure all products are free of NMP and PFAS in compliance with environmental regulations in aims of further expanding market share.

[Materials] Dry Film Resist (DFR) Film

No. 1 share of the high-end market

Used to form printed circuit boards on semiconductors, DFR films are expected to achieve an average annual growth rate of 10% against the backdrop of increasing demand for quality improvements coinciding with finer pitch wiring. Toray has put in place a production system that spans China and Southeast Asia, possesses strengths in advanced film surface design technology and quality control, and boasts the largest share of the high-end market. Going forward, we will promote the appeal of our surface design and advanced quality control capabilities intended to satisfy finer pitch wiring applications, and contribute to greater customer yields and product value in aims of expanding sales more broadly over the high-end and mid-range markets.

[Materials] Stripping Solution/Cleaning Solution DMSO (Dimethyl sulfoxide)

No. 1 share of semiconductor market

As the primary raw material used in semiconductor resist stripping and cleaning solutions, DMSO is expected to achieve an average annual growth rate of 7% thanks to an expanding semiconductor market and stricter impurity (metal) management. As the only manufacturer of DMSO in Japan, the Toray Group operates production sites in Japan and China, possesses

world-class impurity management and analytical capabilities, and boasts the top share of the semiconductor market. Going forward, we will increase production output and deepen global supply operations, as well as promote recycling to help reduce environmental impacts with a focus on capturing replacement demand for NMP and other regulated solvents.

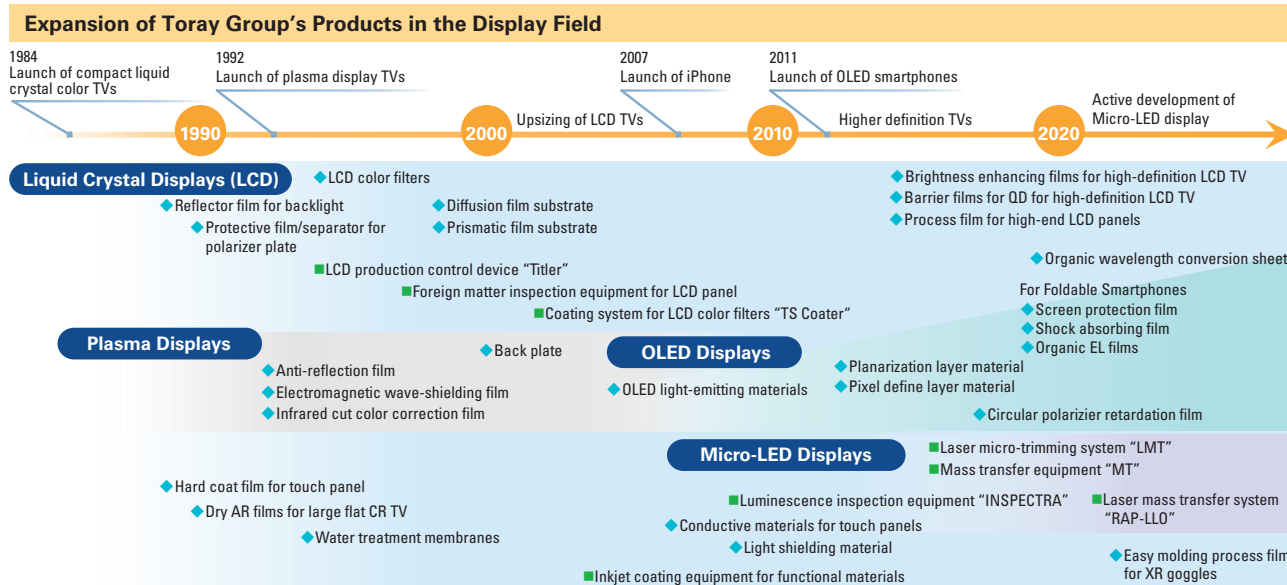
[Materials] Films for Multilayer Ceramic Capacitors (MLCC)

No. 1 market share

MLCC are used in smartphones, new energy vehicles, AI servers, and a wide range of other applications, and are expected to grow at an average annual rate of 6%. In addition to smoothness and surface design technology in the area of MLCC release films, Toray's strengths lie in its production technology that realizes high-quality products with superior thickness uniformity without contamination or scratches. Buoyed by a global production network, the Toray Group boasts the top share in this application. With production sites in Japan, South Korea, and Malaysia, the Group will address further growth in demand, and plans to commission new film production facilities at the Gifu Plant in Japan in 2025. Moreover, we developed the recycled PET film Ecouse™ Lumirror™, and realized the world's first commercial-level circulatory recycling system for high-end films.

Expansion in the Display Field

The display field got its start with the launch of compact liquid crystal color televisions in 1984 and plasma display televisions in 1992, since which time flat screen televisions have grown in size. Following the emergence of the first-generation iPhone in 2007, smartphones equipped with OLED displays hit the market in 2011. Throughout this history, the Toray Group has developed various products ranging from materials to manufacturing equipment, which it has supplied through mass production. More recently, this market has expanded with the replacement of small- and medium-sized liquid crystal displays with OLED displays, whereas the development of micro-LED displays as a next-generation display candidate has been active.



Main Products in the Display Field

[Materials] Polyimide for OLED Displays

No. 1 market share

The OLED display market is expanding through higher sales of smartphones and new applications for tablet and laptop PCs, and is expected to grow at an average annual rate of 7%. Toray's polyimide for OLED displays has become the industry standard for pixel separation layer and planarization layer applications, and has an overwhelming track record in mass

production. Having contributed to higher display quality (high reliability) and manufacturing process simplification (cost reduction), they have attained the largest share of the market. Going forward, we will advance proposals that address foldable displays and higher brightness, as well as for products that comply with environmental regulations. Also, we will apply intellectual property and other strategies to solidify this material's position as the continued industry standard.

Overview of the Semiconductor Inspection Equipment Business



Kenji Sato

Toray Engineering Co., Ltd.
Director, Vice President, Mechatronics &
Fine Technology Business Div.,
President, TASMIT, Inc.

Growth of Electron Beam and Optical Wafer Inspection Equipment

Semiconductors are categorized into logic, memory, and other types, and the semiconductor shipment value combined is expected to reach ¥100 trillion on a global basis in 2030. Against this backdrop, TASMIT, Inc., provides electron beam and optical wafer inspection equipment.

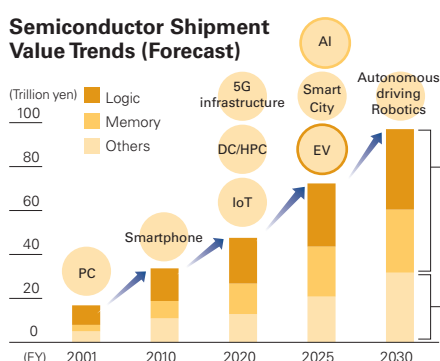
Electron beam wafer inspection and measurement equipment (NGR™) is used in the logic and memory field, where this type's strengths lie in technologies that can measure complex

two-dimensional patterns at high-speed and with high-precision by comparing design data to nanometer level images taken at a wide field and low distortion. We plan to expand this business with a focus on advanced semiconductors for AI and other areas.

The optical wafer inspection equipment (INSPECTRA™) is primarily used in other semiconductor markets, with strengths in high-speed, high-precision inspection based on a proprietary quality product learning algorithm and an advanced defect detection technology. INSPECTRA™ has a particularly high share of the domestic automotive power semiconductor market. This system is expected to help fully eliminate the output of defects by conducting 100% inspection utilizing its high-speed, high-precision inspection capability, and we intend to expand the business for overseas markets.

As a member of the Toray Group, Toray Engineering aims to drive innovation by leveraging the three combined strengths of materials, equipment, and analysis for semiconductors.

Semiconductor Shipment Value Trends (Forecast)



Source: Compiled by the Ministry of Economy, Trade, and Industry, using data from Omdia, SEMI, TrendForce, Fuji Keizai Co., Ltd., Global Net Corp., and various company financial reports.
(*Figures: as of 2019, exchange rate: 1 USD = 110 yen, 1 euro = 125 yen)

Overview of Inspection and Measurement Equipment Business

Logic, Memory	NGR	
	Business scale	FY 2023 Performance: Revenue 3.0 billion yen
	Features	Contributing to the development of cutting-edge semiconductors with a wide, low-distortion field of view and Die to Database technology.
	Market	Aiming to expand adoption in various processes, not only development but also mass production, in factories for advanced semiconductors.
Others	Key areas	Advanced semiconductors (logic IC, DRAM)
	INSPECTRA	
	Business scale	FY 2023 performance: Revenue 5.9 billion yen Top share in Japan
	Features	Enables full inspection with the world's fastest throughput.
	Market	High market share in Japan. Working to expand overseas business by operating demo centers in various overseas locations.
	Key areas	Power semiconductors for vehicles, µLED, communication filters

R&D of Toray Group's Digital Innovation (DI) Business



Yuichiro Iguchi

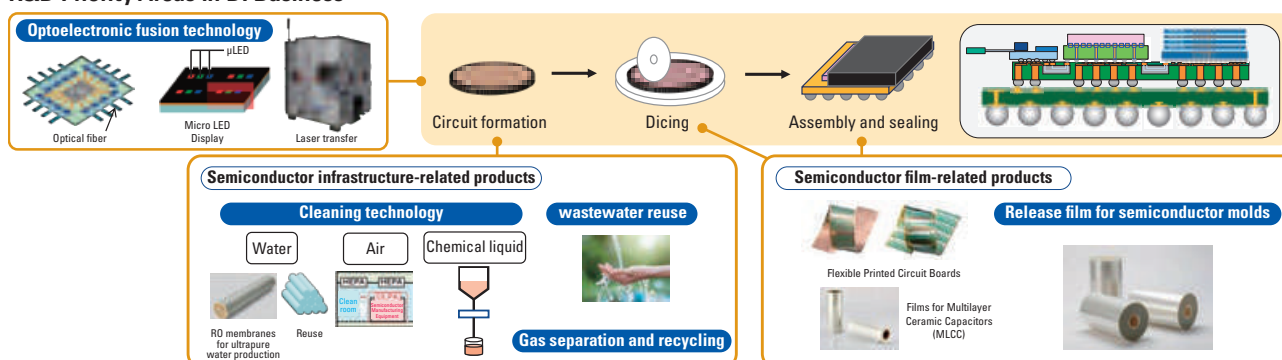
Corporate Vice President
General Manager of Research Division,
Toray Industries, Inc.

Toray has positioned semiconductor infrastructure-related products, semiconductor film-related products, and optoelectronic fusion-related products as the R&D priority areas for the DI business. From a semiconductor infrastructure-related perspective, in addition to RO membranes, air filter material, and filter material for resist as technologies for enhancing the purity of water, air, and chemicals, we also possess gas recovery and recycling technology with which we aim to help improve yields and quality, and contribute to environmental-friendliness.

For semiconductor film-related products, we are particularly focused on deploying release films for semiconductor molds. As these products suppress mold contamination and mitigate problems with film breakage and wrinkle transfer, they are adopted on a large scale as a means of helping to improve the operation rates and yields of semiconductor sealing processes.

In the optoelectronic fusion-related field, amid expectations for lower power consumption enabled by use of optical wiring for high-capacity, high-speed communications, we propose processes that package light emitting elements on optical waveguides at high-speed and high-precision by combining Toray's transfer materials and Toray Engineering's high-speed laser transfer equipment. Moreover, with respect to multi-core optical fibers used for high-capacity communications exceeding 100 Gbps, we are leveraging the composite spinneret technology acquired through the fiber business to develop a technology that forms plastic optical fibers with multiple cores in a single pass.

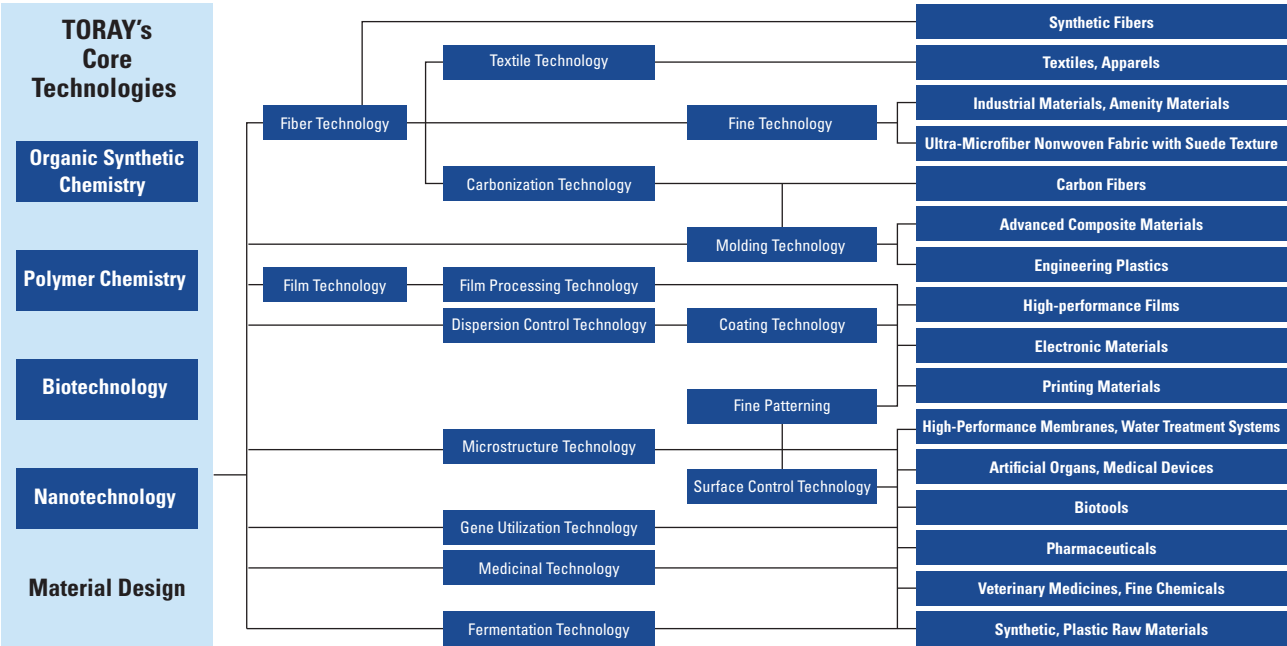
R&D Priority Areas in DI Business



Toray’s corporate slogan, “Innovation by Chemistry,” represents our pursuit of technological innovation in the core area of chemistry and our aim of being a global leading corporation in advanced materials. Going forward, we will bolster further the Group’s combined strengths and creating innovative advanced materials.

Toray’s Technical Fields: Continued Creation and Commercialization of Advanced Materials

The Toray Group’s core technologies are “organic synthetic chemistry,” “polymer chemistry,” “biotechnology” and “nanotechnology.” Based on these, we are working toward greater depth and fusion of fundamental technologies such as polymerization, fiber spinning, textile processing, film processing, and organic synthesis, while expanding our operations from fibers and textiles to films, chemicals, and resins. We are also creating advanced materials and developing businesses in the fields of electronics & information materials, carbon fiber composite materials, pharmaceuticals, medical devices, and water treatment.



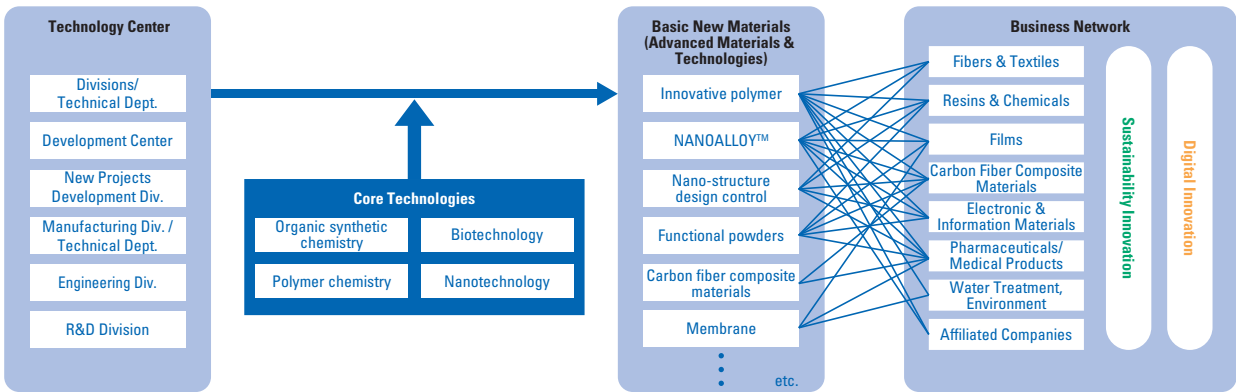
R&D Basic Policy and Organization

Toray’s Technology Center serves as the headquarters for driving research and technological development into advanced materials based on the firm conviction that research and technological development provide the key to building the Toray of tomorrow.

Our strength lies in our commitment to distant long-term continuity. We continue our efforts from a long-term perspective. Toray’s R&D teams inherit the idea of “The Deeper, the Newer”—a concept that digging deep into something

will result in new discoveries and inventions—the DNA of “pursuit of the ultimate limits.” Based on a grand vision of the times and the needs of society, Toray aims to drive innovation that possesses social and economic value.

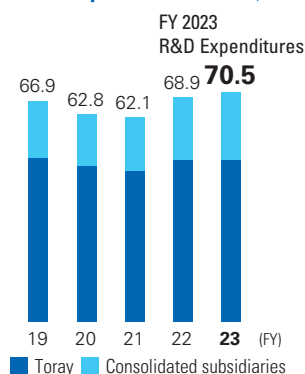
One remarkable feature at Toray is that all research and technological development functions are centralized in the Technology Center. This undivided R&D organization makes it easier to create new innovations by integrating technologies and allows advanced materials originally developed for other



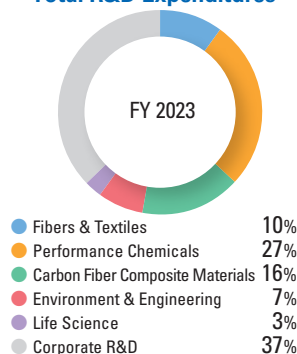
businesses to be rapidly deployed across multiple businesses. This also enables the Group to fully utilize its combined strength by actively exploiting techniques and knowledge from many fields to solve problems in a single field of business.

Over the duration of Project AP-G 2025 (FY 2023-FY 2025), we are planning to invest over 80% of the cumulative R&D expenses of ¥220 billion in the Sustainability Innovation (SI) and Digital Innovation (DI) businesses, which we have designated as growth business fields, over the three-year period. To achieve our company-wide revenue targets, we are promoting research and technological development aimed at “ultimate value creation,” “product and operational excellence,” and “sustainable growth.”

R&D Expenditures (Billion yen)



Percentage Breakdown of Total R&D Expenditures

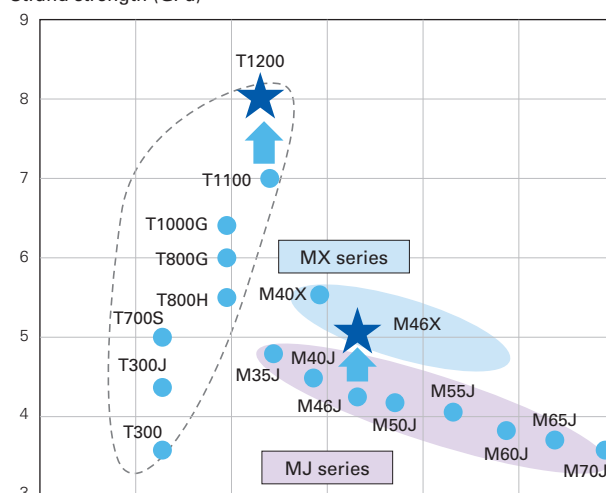


Development of World's Highest Strength Carbon Fiber TORAYCA™ T1200

Since Toray began selling carbon fibers in 1971, we have been supplying high-performance TORAYCA™ carbon fiber for applications such as pressure vessels (CNG and CHG tanks), automobiles, aircrafts, and sporting equipment. In 1986, we developed TORAYCA™ T1000, which was then the world's highest strength carbon fiber, and have since remained a global leader in that respect.

In November 2023, we announced the development of TORAYCA™ T1200, which has a tensile strength of 8.0 GPa, setting a new mark for the highest strength. By further refining our proprietary nanoscale structural control technology, we have designed and achieved an internal structure with high toughness. In January 2024, we also announced the development TORAYCA™ M46X, the latest offering in the TORAYCA™ MX series which features a high tensile modulus. TORAYCA™ M46X maintains the same high tensile modulus as conventional products and has an increased strength by approximately 20%. In this way, we will increase our contribution to the realization of a carbon-neutral society,

Strand strength (GPa)

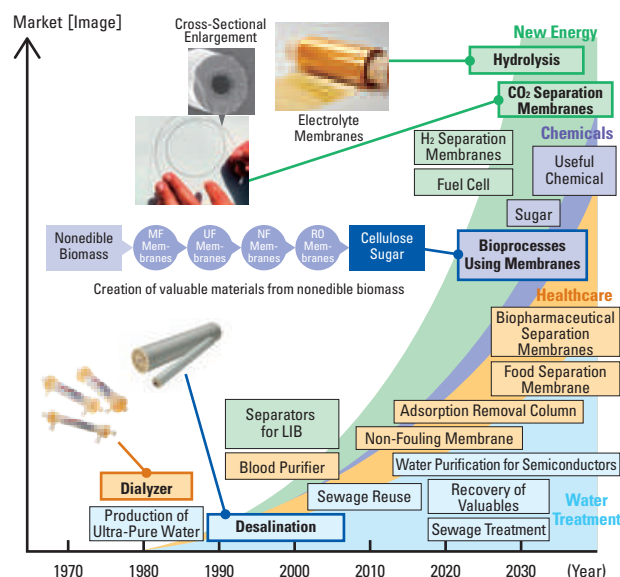


and expand into higher-end fields, such as the aerospace, industrial, and sports applications.

Leveraging Separation Membrane Technologies for Diverse Applications

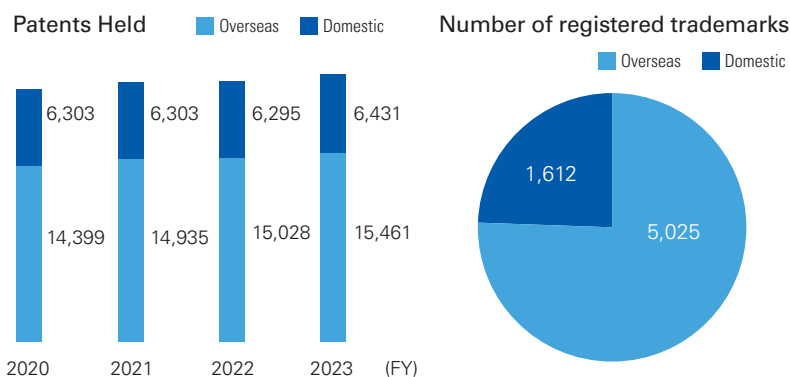
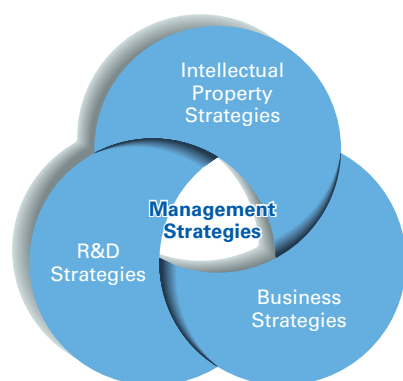
Toray continues its efforts in the research and technological development of separation membranes and has been applying them in many fields, including water treatment and artificial kidneys. Toray possesses a lineup of membranes which have a variety of pore diameters for the different sizes of the substances to be separated, offering total solutions to meet our customers' needs.

As for developments and promotion of applications other than water treatment and artificial kidneys, we are expanding into the food and biotechnology fields; the environmental field such as the collection of valuable materials and gas separation; the new energy field such as membrane bioprocesses that combine membrane technology with biotechnology as well as electrolyte membranes for hydrogen production; and semiconductor applications that require clean water and air. In the food and biotechnology fields, we are working on the development of highly durable hollow fiber membrane modules that can be used in purification and concentration processes, as well as the advancement of the non-fouling membrane technology aimed at improving the productivity of biopharmaceuticals. In the environmental field, we are developing and demonstrating



all-carbon CO₂ separation membranes to reduce CO₂ emissions and developing new nanofiltration (NF) membranes to recover lithium, for which demand is expected to grow.

Intellectual Property



Basic Policies on Intellectual Property

Toray Group has formulated and executes the following four intellectual property strategies as its basic policies on intellectual property.

1. Intellectual property strategies, as a part of the strategy trinity, that conform to management principles

Toray Group regards intellectual property as one of its vital management resources. We have linked our intellectual property strategies mutually and organically with our business and R&D strategies, and as a component of this “trinity,” we have positioned intellectual property strategies as one of the most important elements of our management strategies.

2. Promoting the procurement of rights

In order to protect the Toray Group’s products and technologies and to ensure profits, we promote high-quality patent applications and patenting, and strive to build a strong patent network with deterrence capabilities. Regarding

trademarks, we execute the acquisition of appropriate rights with an eye to improving brand value.

3. Respecting the rights of others

Toray operates a patent confirmation system to comprehensively investigate the relationship between its own products and technologies and patents owned by other companies to assure that there is no infringement upon the rights of other parties. We also check the relationship of our trademarks with those registered by other companies prior to use.

4. Rightful enforcement of our own rights

When Toray Group’s patent rights are infringed upon by another party, we take proper steps depending on the circumstances by exercising our patent rights, such as demanding that infringement cease, receiving monetary profits from licensing, and using our patent rights for cross-licensing with the patent rights of other parties.

Systems and initiatives for intellectual property strategy implementation

Toray Group implements intellectual property strategies in line with its basic policies through the following systems, initiatives, etc.

1. Patent responsibility structure and global patent strategy responsibility structure

Toray and its major group companies appoints patent managers for each product line and technology group and have established patent committees with the participation of members from the Intellectual Property Division, as well as research, R&D, and marketing and sales departments. Activities with regard to filing, patenting, defense, and exploitation of rights are promoted upon deliberation by the patent committees. In addition, the supervising executives in charge of technology and production in each business are appointed as global patent strategy chairperson to guide and supervise global intellectual property activities conducted by Toray and its Japanese and overseas Group companies in each business.

2. Development and implementation of an Intellectual Property (IP) action plan

Under the guidance of global patent strategy chairperson, each business division formulates and carries out an “IP

action plan” concerning important matters on intellectual property. Themes that should be given particular emphasis are selected as “Rank-A Projects” and focused upon for promotion. The status of implementation of the IP action plan is reported once a year to the Board of Directors.

3. Building barriers to other companies’ entry by intellectual property

Toray and its major domestic and overseas subsidiaries and affiliated companies are strategically using patent application and patenting as well as concealment of know-how to build strong barriers to entry by other companies.

4. Patent confirmation system

When manufacturing or selling new products, we ensure that utilization, production, sale, etc. of our technologies and products do not infringe upon the patent or other rights of others.

5. IP landscape initiatives

In formulating IP strategies, we are taking action to explore ways to utilize our patents, and other initiatives, such as promoting the training of personnel (IP analysts, and others) who can exploit IP landscapes, developing research tools, and also analyzing the business environment and investigating new and relevant topics.

Contribution of Toray intellectual property to providing solutions to global environmental issues

Technologies toward realization of a Hydrogen Society

The term hydrogen society refers to a society in which the use of hydrogen is widespread in everyday life and economic activities. Toray has been working on R&D for hydrogen-related products since long before hydrogen began to attract attention it enjoys today.

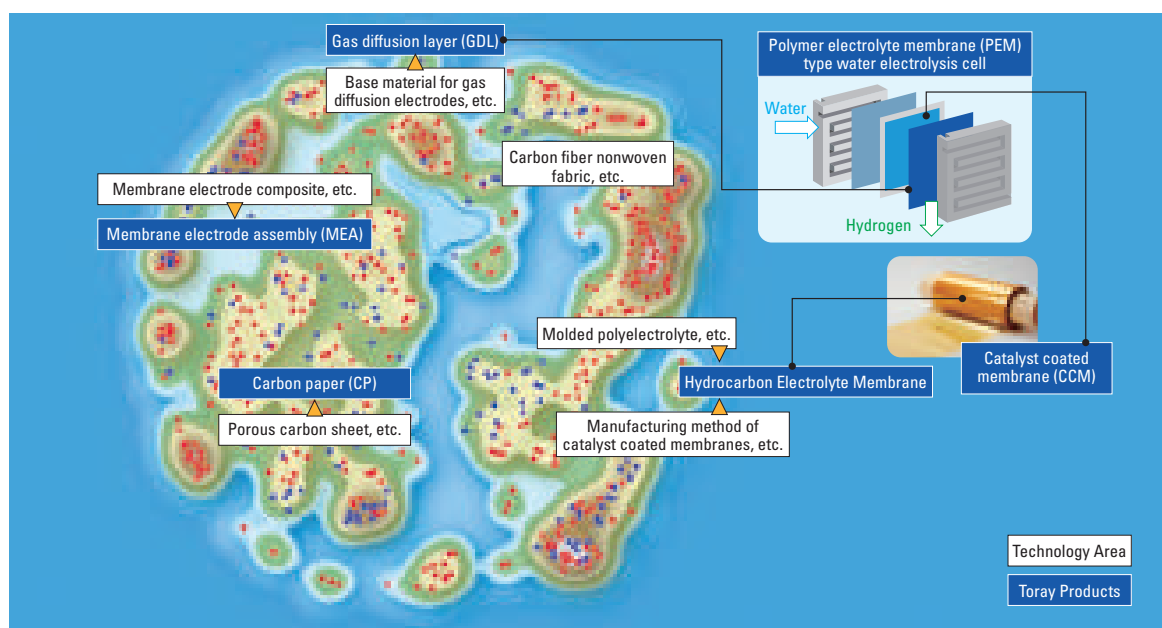
For example, of those patents and patent applications held by the Toray Group, the graphic below maps the standing of patents relating to solid polymer electrolyte fuel cells for which International Patent Classification (IPC) has been granted. Color-coded dots corresponding to each technological field are used to indicate Toray's many patents (Patents: red, patent applications: blue).

Each technological area includes fundamental and important inventions relating to hydrocarbon (HC) electrolyte membranes—which arose from Toray's unique polymer design, precision polymerization technology, and nano-level

structure control technology—as well as gas diffusion layers (GDLs), for which Toray possesses the world's largest production capacity. Having contributed high added value to product lines such as catalyst-coated membranes (CCMs) and polymer electrolyte membrane (PEM) water electrolysis cells, these inventions will continue to create new value through synergies between each technological field.

In addition to these rights, Toray's hydrogen-related business, which is based on patents relating to high-strength carbon fibers for hydrogen storage tanks that are useful for the efficient transport of hydrogen, is contributing to the realization of a hydrogen society by providing a wide range of unique advanced materials and services throughout entire supply chains, from producing and storing / transporting to using hydrogen. Linking the provision of solutions to further value creation, we will aim to create a sustainable, highly profitable business.

Landscape map of patents relating to solid polymer electrolyte fuel cell technology (Each dot represents a Toray Group patent or patent application)



Assessment of Toray's intellectual property

Toray Takes Top Spot in Fiber, Paper, and Pulp Industry in "2023 Ranking of Capability to Prevent Other Companies from Obtaining Patent Rights" and "Patent Asset Size Ranking 2023"

Published annually by Patent Result Co., Ltd., the "Ranking of Capability to Prevent Other Companies from Obtaining Patent Rights" is an advanced patent application index that compiles the number of patents by a company that were cited as reasons for rejection of another company's patent application in the course of the patent deliberation process in any particular year. In 2023, Toray was ranked No. 1 in the fiber, paper and pulp category for the 12th consecutive year. As the same index benchmarks are used, if "fiber, paper and pulp," and "chemicals"

categories are treated as a single industry, Toray's ranking becomes No. 3.

Also published annually by Patent Result Co., Ltd., the "Patent Asset Size Ranking" is a compilation of overall scores for each company using a "patent score" that scores the profile of each individual patent for patents registered during the year. Toray has consistently topped the fiber, paper and pulp industry rankings since the 2013 edition.

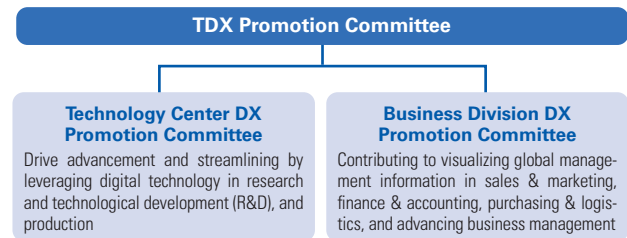
In addition, Toray also ranked first for "semipermeable membrane-based separation-related technologies" in the "Patent Power Overall Ranking." Announced in July 2024, this is an assessment that focuses on specific technological fields and combines patent scores in the four major countries and regions of Japan, the U.S., Europe and China.

Advanced Business Management by Utilizing Digital Technologies

TDX promotion project

Toray has placed high priority on advancing business management through Digital Transformation (DX) and is globally rolling out the Toray Digital Transformation (TDX) promotion project which was launched throughout the organization in FY 2020. In order to facilitate reviews and discussions regarding Group-wide efforts to promote DX, Toray established the TDX promotion committee, chaired by the President, and put in place the subordinate Technology Center DX promotion committee as well as the Business Division DX promotion committee. The

Company is advancing the group-wide TDX promotion project in addition to departmental initiatives.

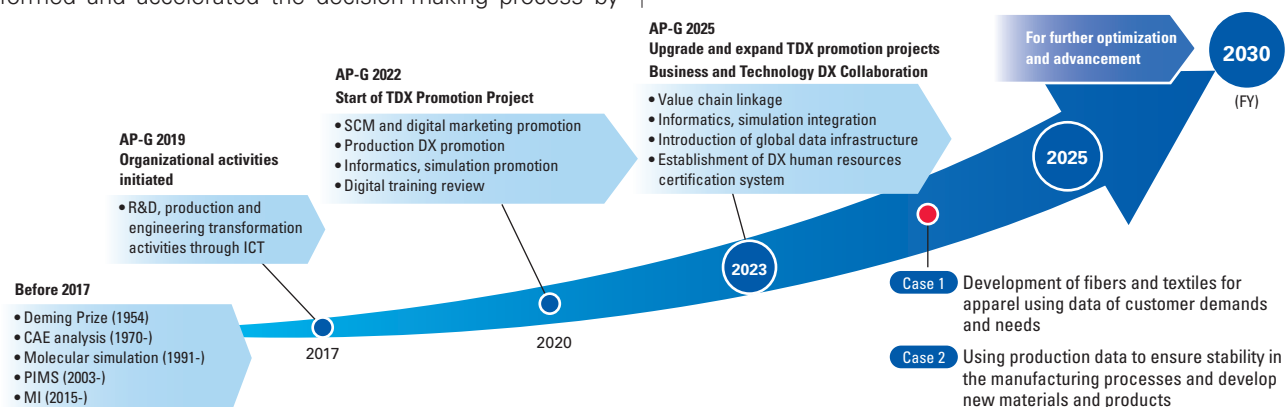


Promoting DX in a way closely tied to the workplace

Toray has long been proactive in utilizing data and advanced digital technologies. As exemplified by the introduction of CAE analysis in the 1970s and Plant Information System (PIMS), Toray has actively promoted development through the use of advanced digital technologies; the acquisition of data; and improvements and enhanced efficiency based on that data. Under the TDX Promotion Project launched in 2020, we are expanding and accelerating our activities. Aiming to create products and services meeting the needs of society and a growing number of customers, and to achieve our goals of bolstering cost competitiveness and realizing enhanced management, we are promoting the use of digital technologies and data in a way closely tied to the workplace.

In the previous Medium-term Management Program period from FY 2019 to FY 2022, we successfully transformed and accelerated the decision-making process by

improving the efficiency and sophistication of our Supply Chain Management (SCM). We also bolstered efficiency and sophistication in materials development through the use of Materials Informatics (MI). Under Project AP-G 2025, we are focused on enhancing and expanding our activities, strengthening collaboration in the value chain, and improving the sophistication and efficiency of our operations through the integrated use of informatics and simulations. In this way, and regardless of which field of work, we are accelerating the advancement of DX in all possible areas, with our efforts aimed at ensuring visualization through the advancement of digitization and digitalization, improving the level of data utilization, advancing the ability to effectively utilize data for predictive and optimization purposes, and promoting the efficiency and sophistication of operations using technologies such as generative AI.



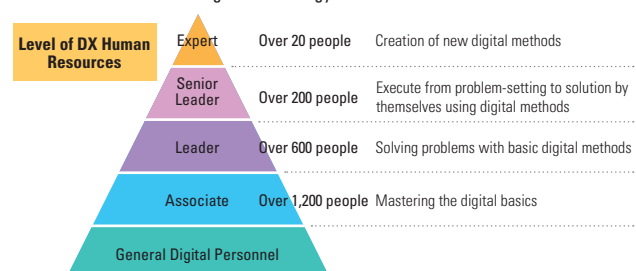
Development of DX human resources

We are also focusing on the development of DX human resources so as to better support the TDX Promotion Project. In order to develop human resources that can accurately understand the workplace, effectively use digital technologies as a tool, and take the lead in driving improvements, we expanded our training programs from FY 2020, and we launched a DX human resources certification system in FY 2023.

We are working to train more than 2,000 DX personnel in the Group by the end of FY 2025, and we are making steady progress toward the achievement of this goal.

Train more than 2,000 DX personnel in the Group

- Focusing on the development of senior leaders and leaders who are familiar with both the frontlines and digital technology



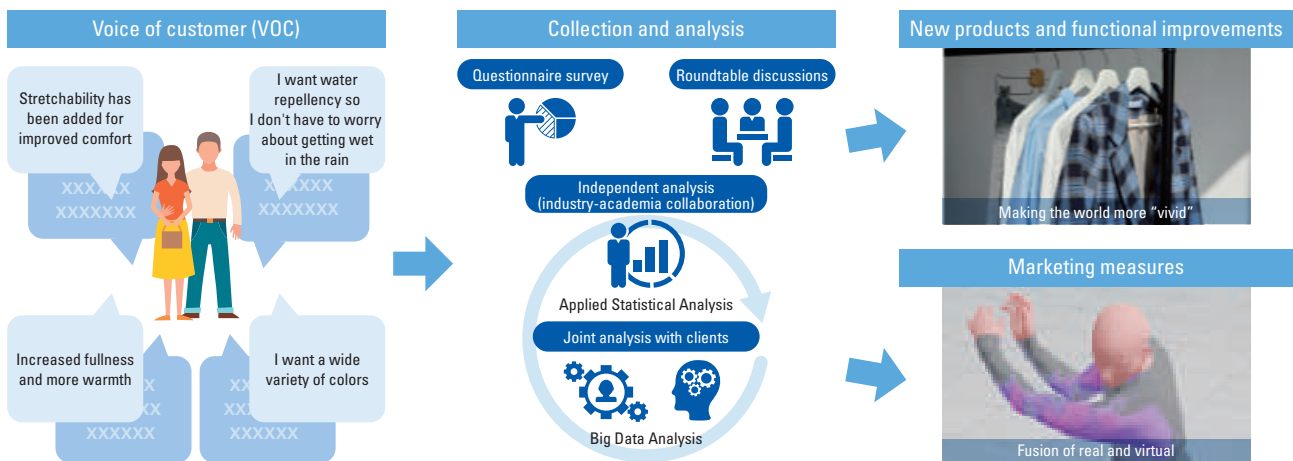
Case 1

Development of fibers and textiles for apparel using data of customer demands and needs

We actively compile, on our own and in collaboration with our retail customers, the opinions and feedback of the customers that are the end users of our apparel products. We then use this "Voice of Customer" (VOC) information to better develop materials. More specifically, we gather valuable VOC information using questionnaires and roundtable discussions, analyze that information, and use that analysis as we consider updating existing products and developing products which do not yet exist. Through the incorporation of even deeper data analysis, made possible by industry-academia collaboration, we have been able to advance the development of sustainable materials and develop

popular products, including high water-repellant outerwear and hybrid materials with natural fibers.

We come up with marketing measures, not only by developing products, but also by considering how best to convey to our customers the functions and features that give our products value and how we can make an impression. In one example of such marketing measures, a virtual simulation using 3D computer graphics can effectively allow the visualization for how comfortable an item would be to wear. Our global development activities also include analyzing VOC from overseas locations with different climates and cultures, which is of great use in the development of new materials.

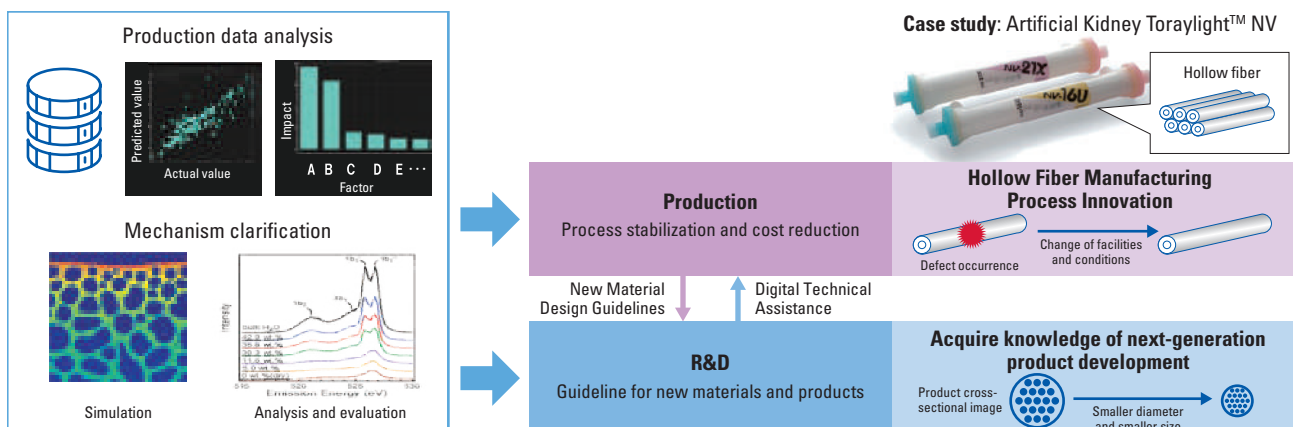


Case 2

Using production data to ensure stability in the manufacturing processes and develop new materials and products

We have accumulated a vast amount of data collected from manufacturing processes, research, and prototyping, and are using this data in each product field to link process innovation with the research and technological development of new materials and products. We are also promoting measures aimed at advancing the development of innovative new products and driving process improvements based on mechanism clarification. As an example, Toraylight™ NV is an artificial kidney device used during dialysis and is made up of countless hollow fibers. For this device, we used data

analysis, simulations, and other digital technologies to identify defects and clarify the mechanisms involved, which has allowed us to improve our equipment and conditions for manufacturing. We are also promoting the use of these digital technologies in real-time data analysis and predictive maintenance. In addition, what we learn from data analysis and the clarification of mechanisms is being used to acquire the knowledge necessary to develop reduced diameter fibers and other compact next-generation products that will reduce the burdens endured by dialysis patients.



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
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)



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)



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)

Corporate Auditors



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)



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
Koza 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

President **Mitsuo Ohya**

**Executive Vice President
Satoru Hagiwara**

Executive Vice President,
Legal & Compliance Division
(Security Trade Administration Dept.);
Intellectual Property Division;
Technology Center

**Executive Vice President
Kazuyuki Adachi**

Executive Vice President,
Purchasing & Logistics Division;
Manufacturing Division

**Executive Vice President
Kazuhiko Shuto**

Executive Vice President,
Marketing & Sales;
Corporate Marketing Planning Division

**Senior Vice President
Tetsuya Tsunekawa**

Senior Vice President,
Corporate Strategic Planning Division;
HS Division

**Senior Vice President
Shigeki Taniguchi**

Senior Vice President,
CSR & Investor Relations;
General Administration & Communications
Division;
Tokyo Head Office

**Senior Vice President
Kenichiro Miki**

Senior Vice President,
Chief Representative for China;
Chairman and President, Toray Industries
(China) Co., Ltd.;
Chairman, Toray Sakai Weaving & Dyeing
(Nantong) Co., Ltd.;
Chairman, Toray International (China) Co., Ltd.

**Senior Vice President
Toru Kutsuzawa**

Senior Vice President,
Fibers & Textiles Division;
Osaka Head Office

**Senior Vice President
Satoru Nishino**

Senior Vice President,
Chief Representative for Americas;
President, Toray Industries (America), Inc.;
Chairman, Toray Plastics (America), Inc.

**Senior Vice President
Hiroshi Enomoto**

Senior Vice President,
Chief Representative for Europe;
President, Toray Industries Europe GmbH

**Senior Vice President
Hajime Ishii**

Senior Vice President,
Fibers & Textiles Division;
Fibers & Textiles Division (Textiles Division);
Global SCM Division;
Chairman, Penfabric Sdn. Berhad

**Senior Vice President
Hiroyuki Matsuda**

Senior Vice President,
Information Systems Division;
Engineering Division

**Senior Vice President
Masahiko Okamoto**

Senior Vice President,
Finance & Controller's Division

**Corporate Vice President
Nobuyuki Inohara**

Corporate Vice President,
Affiliated Companies Division

**Corporate Vice President
Yuichiro Iguchi**

Corporate Vice President,
Research & Development Division;
Basic Research Center

**Corporate Vice President
Yoshio Yamamoto**

Corporate Vice President,
Legal & Compliance Division

**Corporate Vice President
Kazuhisa Itsuji**

Corporate Vice President,
Films Division;
Chairman, Toray Films Europe S.A.S.

**Corporate Vice President
Satoshi Shimoyama**

Corporate Vice President,
Water Treatment & Environment Division;
Chairman, Toray Asia Pte. Ltd.;
Chairman, Toray Membrane (Foshan) Co., Ltd.

**Corporate Vice President
Kei Shimaji**

Corporate Vice President,
Electronic & Information Materials Division

**Corporate Vice President
Osamu Tsuneki**

Corporate Vice President,
Purchasing & Logistics Division

**Corporate Vice President
Takashi Yoshiyama**

Corporate Vice President,
Torayca & Advanced Composites Division;
Chairman, Toray Carbon Fibers Europe S.A.

Corporate Vice President
Katsuyuki Yanai

Corporate Vice President,
Human Resources Division;
Toray Human Resources Development Center

Corporate Vice President
Shinichiro Hata

Corporate Vice President,
Quality Assurance Division

Corporate Vice President
Takashi Endo

Corporate Vice President,
Resins & Chemicals Division

Corporate Vice President
Jun Hayakawa

Corporate Vice President,
Pharmaceuticals & Medical Products Division;
Pharmaceuticals Division

Vice President
Young Kwan Lee

Vice President,
Chief Representative for the Republic of Korea;
President, Toray Industries Korea Inc.;
Chairman, Toray Advanced Materials Korea Inc.

Vice President
Teh Hock Soon

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

Vice President
Hiroshi Tsuzuki

Vice President,
Corporate Strategic Planning Division;
Corporate Marketing Planning Division

Fellows

Executive Fellow in Composite Materials
Akihiko Kitano

Technology Center

Senior Fellow in Membrane Process
Masahide Taniguchi

General Manager,
Water Treatment Technical Dept.

Senior Fellow in Industrial Research
Takashi Masuda

Corporate Strategic Planning Division;
Director, Executive Economist
Toray Corporate Business Research, Inc.

**Senior Fellow in Electronic & Imaging
Materials**
Masao Tomikawa

Research & Development Division

Senior Fellow in Taxation
Masaaki Kurihara

General Manager,
Tax Dept.

Senior Fellow in Separation Technology
Hiroyuki Sugaya

General Manager,
Advanced Materials Research Laboratories

Senior Fellow in Films & Film Product
Masatoshi Ohkura

Research & Development Division

Senior Fellow in Composite Materials
Masato Honma

Research & Development Division

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

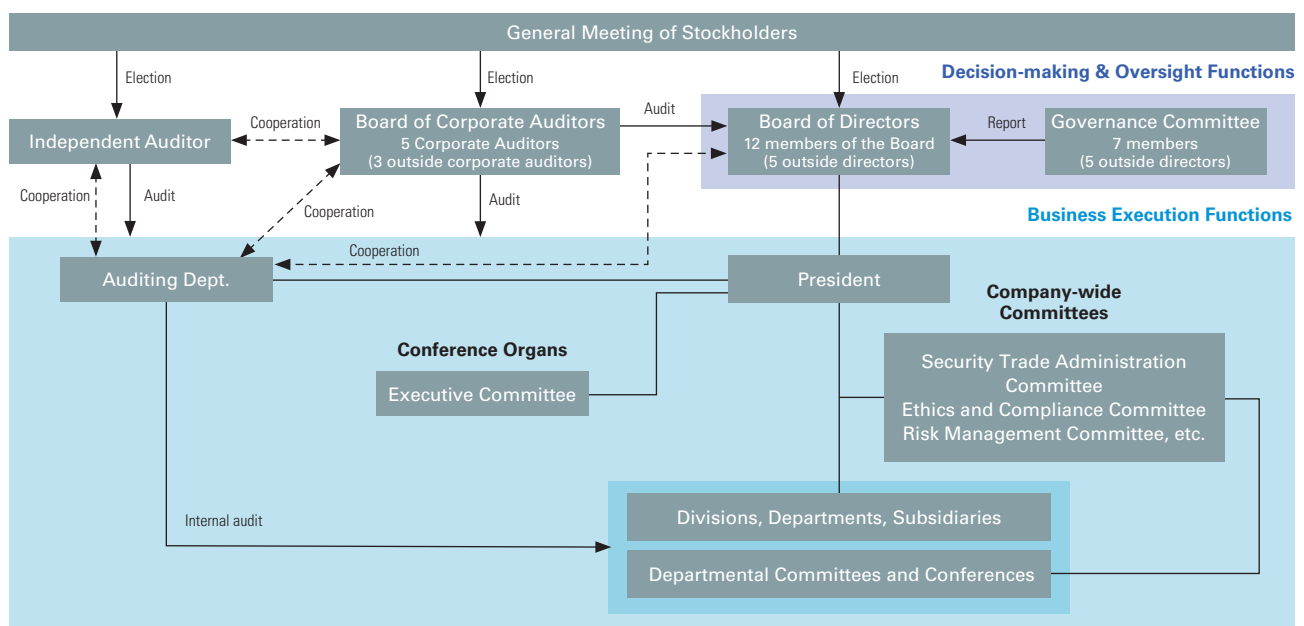
Toray operates as a company with a Board of Corporate Auditors and Board of Directors. The Board of Directors, which includes outside directors, decides on the business execution and supervises the execution of duties by the members of the Board. The Board of Corporate Auditors includes outside corporate 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

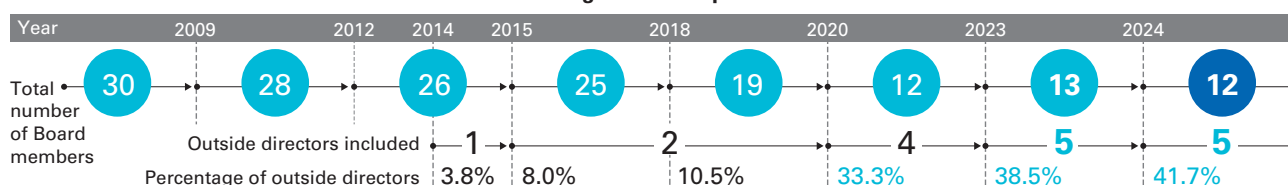
Toray introduced an executive officer system in June 2020 to enable execution based on swift decision making that accurately responds to the business environment and its changes. Additionally, we took this opportunity to reduce the

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)
	Kazuo Futagawa					●			● (Policy science)
	Yuko Harayama							●	● (Innovation)
Corporate Auditor	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)

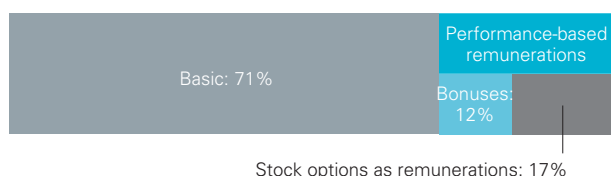
Position	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Recipients
		Basic	Performance-based remunerations		
			Bonuses	Non-monetary remunerations Stock options as remunerations	
Members of the Board(excluding outside directors)	661	481	69	111	10
Corporate auditors (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.

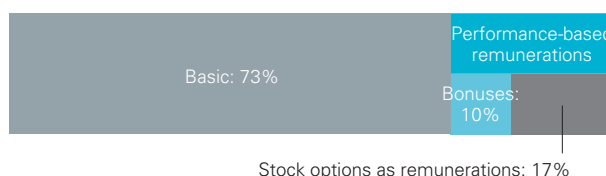
2. Total amounts of remuneration do not include the ¥4 million paid in salaries to one employee-director.

Composition of Remuneration (April 2023- March 2024)

President and Representative Member of the Board



Internal Member of the Board



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.

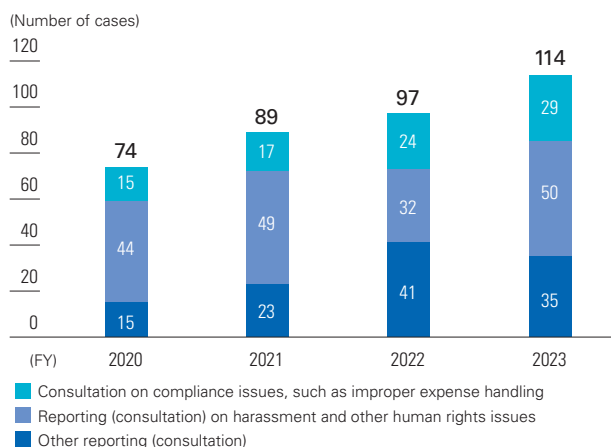
Expanding the Whistle-Blowing System

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.



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,

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.

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 Committee System

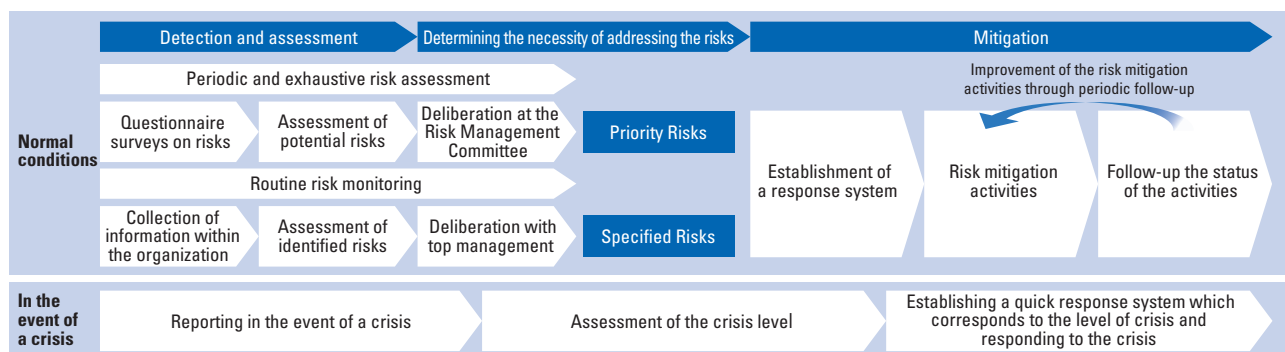


Risk Management Activities

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 × 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.



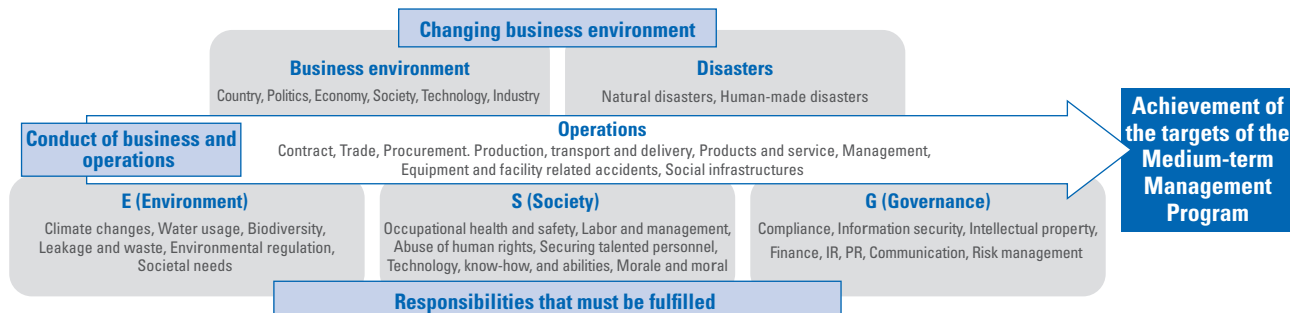
The following process is conducted to routinely identify risks.

- (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.

(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

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.

Results by Segment for FY 2023

Segments

Summary of Financial Results

Fibers & Textiles



Despite the harsh business environment including soaring raw material prices, core operating income increased due to improvement in spread by passing on cost increases to sales prices and promoting high-added-value creation.

Although affected by deteriorating market conditions in the U.S. and Europe, the apparel applications were strong, specifically for trading subsidiaries in and outside Japan.

In the industrial applications, recovery trend continued, as demand for the automobile applications recovered due to alleviation of semiconductor shortages, as well as expansion in the EV applications.

Performance Chemicals



In the resins business, demand decline in the Chinese market continued, but profitability improved due to improvement in product mix and reduction in fixed costs, etc. The chemicals business performed strongly.

In the films business, even though the mainstay electronic parts-related application of PET films is recovering gradually, the impact of inventory adjustment in supply chains persisted in some areas.

In the electronic & information material business, demand for OLED-related materials and circuit materials saw some recovery.

Carbon Fiber Composite Materials



The aerospace applications recovered steadily, while wind turbine blade applications entered into an adjustment phase and demand for the industrial applications softened.

Trends in the sports applications remained sluggish due to full-scale inventory adjustments, centered mainly on general-purpose goods for outdoor leisure activities.

The wind turbine blade applications entered an adjustment phase and were affected by production adjustments. In addition, demand for the general industrial applications softened.

Environment & Engineering



In the water treatment business, shipment in the U.S. and China, the two major markets for reverse osmosis membranes, was strong.

Sales of a construction subsidiary in Japan were also strong, while plant-related business at an engineering subsidiaries grew.

Life Science



In the pharmaceutical business, sales of oral anti-pruritic drug REMITCH®* were affected by the introduction of its generic versions and the NHI drug price revision, and that of orally active prostacyclin derivative DORNER™ were affected by inventory adjustment overseas.

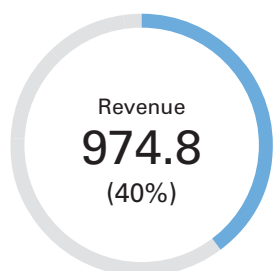
*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.

In the medical devices business, though sales of dialyzers were affected by the soaring prices of raw materials and fuels, shipment of dialyzers for hemodiafiltration in Japan was strong.

Performance (Billion yen)

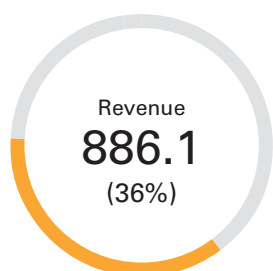
* The figures in parentheses of each segment are composition ratios by segment

Main Products



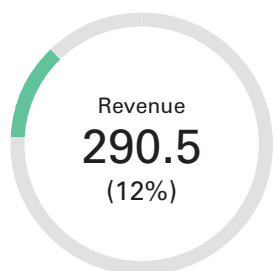
Core Operating
Income
54.7

- Filament yarns, staple fibers, spun yarns, woven and knitted fabrics of nylon, polyester, acrylic, and others
- Nonwoven fabrics
- Ultra-microfiber nonwoven fabric with suede texture
- Apparel products, etc.



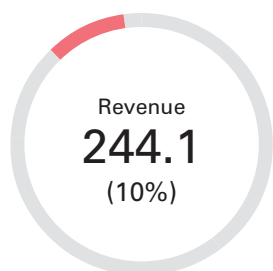
Core Operating
Income
36.7

- Nylon, ABS, PBT, PPS, and other resins and molded products
- Polyolefin foam
- Polyester, polyethylene, polypropylene, and other films and processed film products
- Raw materials for synthetic fibers, and other plastics
- Fine chemicals
- Electronic and information materials, and graphic materials, etc.



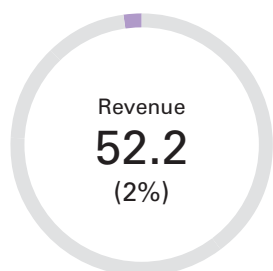
Core Operating
Income
13.2

- Carbon fibers, carbon fiber composite materials, and their molded products, etc.



Core Operating
Income
23.2

- Comprehensive engineering
- Condominiums
- Industrial equipment and machinery
- IT-related equipment
- Water treatment membranes and related equipment
- Materials for housing, building, and civil engineering applications, etc.



Core Operating
Income
▲1.3

- Pharmaceuticals
- Medical devices, etc.

*Excludes other businesses, equivalent to ¥16.9 billion (1%) in revenue and ¥3.3 billion in core operating income, and adjustment of core operating income of ¥27.2 billion. The composition ratio by segment of core operating income is calculated excluding the adjustment amount.



Fibers & Textiles

FY 2023

Revenue

974.8 billion yen

Core Operating Income

54.7 billion yen

Core Operating Income Margin

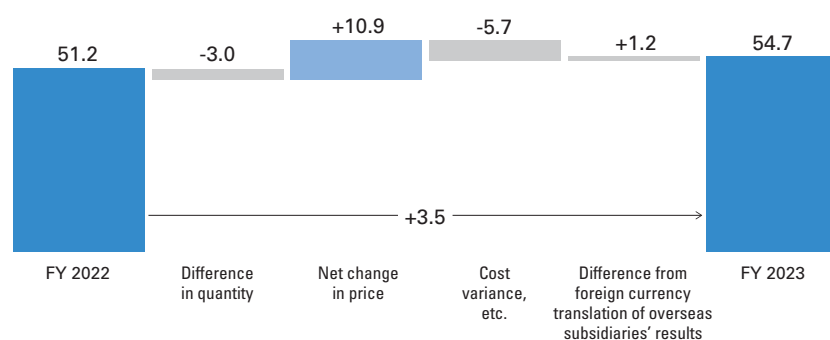
5.6%

ROIC

6%

(FY)	2022	2023	Changes	2024 (Forecast)
Revenue (Billion yen)	999.2	974.8	-2.4%	1,006.0
Core Operating Income (Billion yen)	51.2	54.7	+6.8%	64.0
Core Operating Income Margin	5.1%	5.6%		6.4%

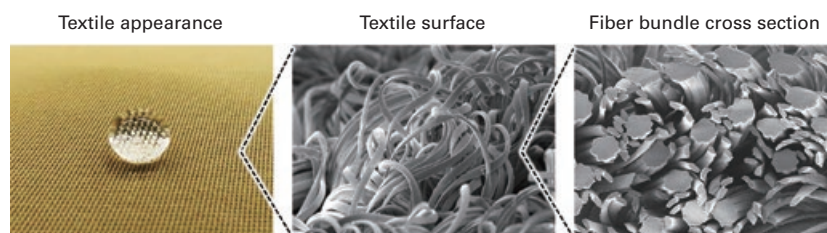
Changes in Core Operating Income (Billion yen)



PFAS-free, Water-Repellent Stretch Textile with Excellent Water Droplet Removal Properties Developed

Toray has developed DEWEIGHT™, a water-repellent stretch textile that realizes excellent water droplet removal properties. These have been achieved through an environmentally-friendly water-repellent treatment without the use of fluorine-based (PFAS) water-repellent agents, which have been identified harmful.

For this material, we used the concept of biomimetics. The surfaces of lotus leaves and butterfly wings have a multi-roughness structure with fine irregularities formed on top of larger irregularities. A complex layer of air is created underneath the water droplets that land on these surfaces, allowing the droplets to roll off smoothly and thus resulting in excellent water droplet removal properties. Using our proprietary NANODESIGN™ technology, we recreated this structure on the surface of the DEWEIGHT™, achieving sufficient stretchability and a natural material-like feel. The plan is to develop the material in garments ranging from outerwear to bottoms for men and women from the spring/summer 2025 season.



Messages from the General Managers of the Business Divisions

Fibers & Textiles Business

Toru Kutsuzawa
General Manager,
Fibers & Textiles Division



Business Strengths

The strengths of Toray's Fibers & Textiles business lie in the world's only three-dimensional business model, through which we provide customers with a full range of solutions by freely combining the three elements of (1) technological development and a variety of products, (2) vertical integration in the supply chain, and (3) a global business network.

Current Business Environment and Initiatives

The business environment surrounding the Fibers & Textiles business remains harsh, with businesses that are expected to recover and expand struggling due to impacts of a slowdown in spending among U.S. and European consumers and sluggish Chinese economy. Other factors include higher costs due to raw materials and fuel prices hovering high and inflation, as well as intensifying competition centered on commodity markets. Moreover, companies are facing increasing pressure to engage with sustainability in light of the need to address global environmental issues, and therefore must without question accelerate the shift to sustainable materials.

Under this business environment, the main initiatives for the Fibers & Textiles business raised in AP-G 2025 are (1) improving profitability by ultimate value creation, (2) business expansion in growth fields based on high-performance, highly textured products that make use of environmentally responsible materials, and (3) product and operational excellence.

Progress of Initiatives Set in AP-G 2025

The basic policy for the Fibers & Textiles business in AP-G 2025 is to aim for sustainable growth with high profitability through the realization of a stronger foundation and advanced products as measures for promoting sustainability, and through global business expansion in growth business fields. Founded on this policy, we are currently progressing with the three main initiatives described above.

First, as far as (1) improving profitability by ultimate value creation is concerned, we have positioned the ultra-microfiber nonwoven materials with suede texture and airbag textile businesses as growth business fields in which the Group is unified in working to increase profitability. Moreover, we are focused on shifting to high-added-value products utilizing Toray's unique technologies, for example by applying the conjugate spinning technology called NANODESIGN™ to create a continuous stream of products with innovative functions.

Next, with respect to (2) business expansion in growth fields based on high-performance, highly textured products that make use of environmentally responsible materials, we are engaged in product development and business expansion that merges marketing, production, technology, and research. This effort is focused on the two brands of Ecodear™, bio-mass-based materials, and recycled materials &+™.

Lastly, as for (3) product and operational excellence, we are working to strengthen our textile sales capabilities with a focus on the Company's global brands of high-performance textiles. At the same time, we are in the process of expanding integrated businesses through efforts aimed at continuously deepening and extending the global supply chain for apparel applications. On the other hand, we will take steps to improve the profit foundation for businesses and companies that require business structure reforms, such as the polyester/cotton fabric (T/C) business and affiliates in the Fibers & Textiles business. This move will rely on optimizing the scale of production, reviewing product portfolios, and withdrawing from low-profitability businesses, among others.

By working on the aforementioned main initiatives in the Fibers & Textiles business, in FY 2025 we aim to achieve a core operating income of ¥64 billion, up ¥12.8 billion over FY 2022, and an ROIC of 7%, an improvement from the 6% in FY 2022.



Performance Chemicals

FY 2023

Revenue

886.1 billion yen

Core Operating Income

36.7 billion yen

Core Operating Income Margin

4.1%

ROIC

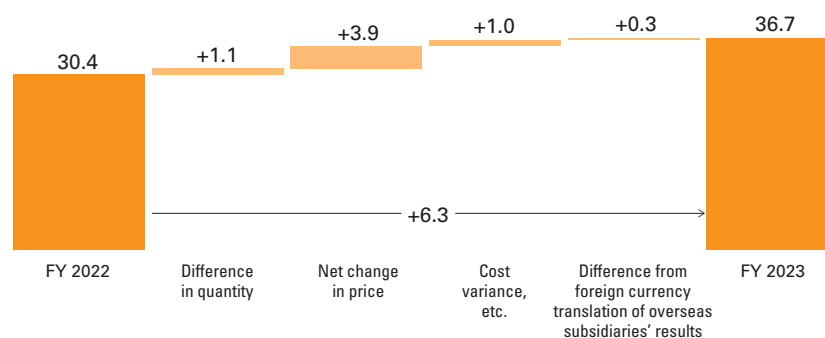
4%

Revenue Breakdown of Performance Chemicals Segment (Billion yen)

(FY)	2022	2023
Resins, Chemicals	419.5	391.2
Films	321.5	330.5
Electronic & Information Materials	55.2	65.5
Trading, Other	547.1	522.5
Adjustments	▲433.8	▲ 423.6
Total	909.4	886.1

(FY)	2022	2023	Changes	2024 (Forecast)
Revenue (Billion yen)	909.4	886.1	-2.6%	954.0
Core Operating Income (Billion yen)	30.4	36.7	+20.8%	63.0
Core Operating Income Margin	3.3%	4.1%		6.6%

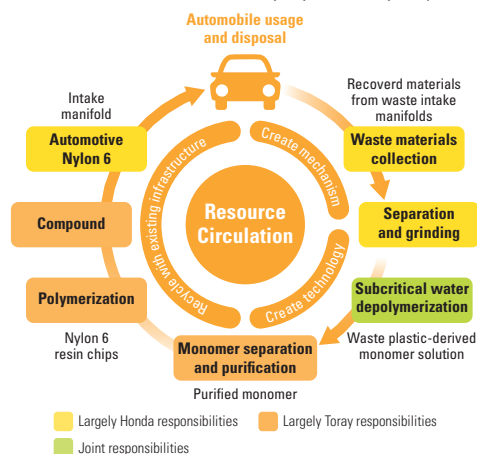
Changes in Core Operating Income (Billion yen)



Joint Verification Project for Chemical Recycling of Nylon 6 Resin from Automobiles Begins

Toray Industries Inc. and Honda R&D Co., Ltd. have begun a joint verification project on a chemical recycling technology in which glass fiber-reinforced nylon 6 parts recovered from end-of-life automobiles are depolymerized with subcritical water to regenerate the materials as a raw monomer (caprolactam). A high-temperature, high-pressure water that can depolymerize nylon 6 in several dozen minutes without the use of catalysts or being affected by additives, subcritical water can generate high yields of raw material monomer.

This technology has been adopted for a FY 2023 project designed to promote the establishment of a decarbonized circular economy system by Japan's Ministry of the Environment. The project will first proceed with the development of depolymerization, monomer separation and refining technologies using intake manifolds, a part of the engine intake system, as raw materials with the aim of commercializing them as chemical recycling technologies for automotive resin parts by around 2027.



Messages from the General Managers of the Business Divisions

Resins & Chemicals Business

Takashi Endo

General Manager,
Resins & Chemicals Division



Business Strengths

The strengths of the resins business are: an integrated production system for raw materials, polymers, and compounds; stable supply capabilities from business locations in 10 countries around the world; extensive lineup of high-quality products; and new product development capabilities. Similarly, the strength of the chemicals business is its comprehensive solution proposal capabilities that leverage the compelling product lineup based on Toray's proprietary synthesis technologies.

Current Business Environment and Initiatives

Currently, this business faces a harsh business environment as a result of market sluggishness due to delayed recoveries in automobile production and demand from China, as well as to oversupply. On the other hand, we foresee the emergence of new demand in line with the growing pressure to address sustainability and with the advancement of today's digital society. We therefore aim to expand business for sustainable materials, digital technology-related materials, and other high-performance products. In addition to raw material costs, however, the costs of utilities, logistics, and other areas are also on the rise. In response, we will promote the value of Toray's products to customers through strategic pricing, and work on passing on cost increases to sales prices in a seamless manner.

Progress of Initiatives Set in AP-G 2025

In the resins business, in light of the inappropriate action regarding Underwriters Laboratories (UL) certification announced in January 2022, we have continued our efforts to prevent recurrence and have completed UL recertification for the necessary grades. In order to reemerge as a trusted partner for our customers, we aim to establish a system that provides a stable supply of high-quality services and products with a priority on quality and compliance above all else.

In the TORELINA (PPS resin) business, which is expected to see greater demand mainly from electric vehicles owing to their remarkable growth, we will increase polymerization capacity by 5,000 tons per year. Moreover, along with furthering existing efforts to enhance compound production capacity, we are promoting technological differentiation from competitors in the aim of maintaining our leading global market share and of raising profitability.

In the TOYOLAC (ABS resin) business, we will promote expansion of differentiated grades for automobiles, transparent ABS resin for the medical applications, and other high-performance products in an effort to transition to a stable profit business that is generally insulated from the influence of market movements. Going forward, we will advance the development and expansion of sustainable materials, and work to strengthen profitability.

In the chemicals business, we will, without delay, advance production facility capacity enhancements focused on the mainstay fine chemicals business in and outside of Japan, and firmly capture the growing demand for agriculture chemicals, semiconductors, and energy-saving products. With the goal of further business expansion, we are also moving forward with preparations towards approval application as planned to accelerate overseas deployment of the veterinary medicines business.

Since its founding, the resins and chemicals business has created new value together with our customers through development and sales of high-performance products. We will continue to reduce greenhouse gas emissions with an eye to the entire supply chain through the expansion of sustainable material businesses and through reductions in greenhouse gas emissions from plants, thereby contributing to the sustainable development of society.

Messages from the General Managers of the Business Divisions

Films Business

Kazuhisa Itsuji

General Manager,
Films Division



Business Strengths

The strengths of the films business are the production and sales system capable of supplying high-quality, high-performance products that address the various customer needs in each region across the globe, and research and development capabilities that pursue ultimate performance using the fundamental technologies that support the system, namely polymer, nano, and film production and processing technologies. Under the Ecouse™ brand, we were the first company in the world to sell a film made by collecting and recycling the used PET film, thereby leading the industry in regard to action on sustainability.

Current Business Environment and Initiatives

Although profits significantly fell due primarily to repercussions from extraordinary demand caused by COVID-19 starting in 2022, the films business has made a comeback owing to a recovery in demand upon entering 2024 and to progress in various self-improvement measures.

PET films, however, are now faced with a harsh business environment against the backdrop of increasing general versatility of existing applications and rising infrastructure costs in the U.S. and Europe, primarily. In response, we are currently in the process of implementing structural reforms involving consolidation of production lines that are no longer competitive and reflecting costs in product selling prices commensurate with competitiveness. Meanwhile, the Asian market for PET films for electronic components, which has experienced prolonged inventory adjustments throughout the entire supply chain, returned to a growth trajectory.

Having dominated the global market through overwhelming product competitiveness and contributing to lighter-weight, compact EVs and HEVs, TORAYFAN for automotive capacitors has grown into a pillar of profit for the films business. In 2025, we will work to further expand the business by adding production lines of film at Tsuchiura Plant.

As far as food packaging applications are concerned, which help enhance various functions, including barrier properties that extend shelf life, we are working to address sustainability as the greatest issue for these films. Specifically, we are reducing the thickness of these films to minimize the use of plastic, switching to monopolymer structures to enhance recyclability, and transitioning to plant-based products and biodegradable films.

Progress of Initiatives Set in AP-G 2025

In order to complete the concept shift from plastic films to environmentally friendly functional films, we have worked to withdraw from general-purpose product groups in an effort to shift all film products to high-added-value products. At the same time, we have engaged in strategic pricing initiatives at all locations and for all products, whereby we comprehensively analyze the value of Toray products as seen from the customer's viewpoint, and reflect in selling prices the appropriate level of value enabled by higher quality delivered throughout the supply chain.

In order to further strengthen competitiveness, we will increasingly make upgrades to existing products, including films for MLCC and DFR applications, with a sense of speed through collaboration between production, sales, technology, and research. Similarly, we will advance new application and product developments across the globe in a way that is tailored to various and new needs such as next-generation batteries, hydrogen, and AI.

Messages from the General Managers of the Business Divisions

Electronic & Information Materials Business

Kei Shimaji
General Manager,
Electronic & Information
Materials Division



Business Strengths

The strengths of this business are its development capabilities that draw out superior material properties, a robust patent network, and strong partnerships with major customers. In particular, our OLED display materials are recognized for their high reliability, and have thus established a position as the de facto standard. Similarly, in regard to semiconductor and electronic component materials, we have captured a leading market share given the advantages offered by our extensive product lineup tailored to different applications. By further extending these strengths, we will contribute to the group-wide efforts to expand the Digital Innovation business.

Current Business Environment and Initiatives

Despite an apparent move away from television, primarily among younger generations, the mainstay display market is experiencing growth in demand for high-performance tablets, laptop computers, and other mobile devices. In the other mainstay market of semiconductors, growth in demand for power semiconductors has come to a temporary standstill due to sluggishness in automotive power semiconductors used in xEV and those used in consumer goods. On the other hand, memory applications are trending towards recovery against the backdrop of expanding investments in data centers following the spread of AI. Under this environment, we will cooperate closely with our customers to develop new products in a swift, timely manner that stays one-step ahead of demand in order to identify growth markets and release a steady stream of new products that match these. Moreover, the situation in Ukraine, prolonged economic friction between the U.S. and China, growing tensions in the Middle East, and other aspects of the social landscape will potentially keep energy prices high and drive inflation to new levels. We therefore face the critical challenge of accurately grasping product strengths and added value to ensure appropriate pricing commensurate with product value.

Progress of Initiatives Set in AP-G 2025

In working to enhance corporate value and improve profitability as group-wide initiatives, in FY 2024 we commissioned a new polyimide production line for OLED display materials, and made the decision to introduce research and development equipment in South Korea with an eye to the shift in demand from televisions to mobile devices. Similarly, in order to fulfill continuously growing demand, as well as the need for environmental action, regarding semiconductor and electronic component materials, we are currently increasing production capacity for photosensitive N-methyl-2-pyrrolidone-free (NMP-free) polyimide and non-photosensitive polyimide. Moreover, as part of our strategic pricing activities, we are improving profitability by expanding sales of new, highly competitive products for head-mounted displays and tablets, as well as by focusing efforts on revising selling prices based on customer value analyses of existing products. We will steadily promote these initiatives and expand business in a sustainable, environmentally responsible manner.



Carbon Fiber Composite Materials

FY 2023

Revenue

290.5 billion yen

Core Operating Income

13.2 billion yen

Core Operating Income Margin

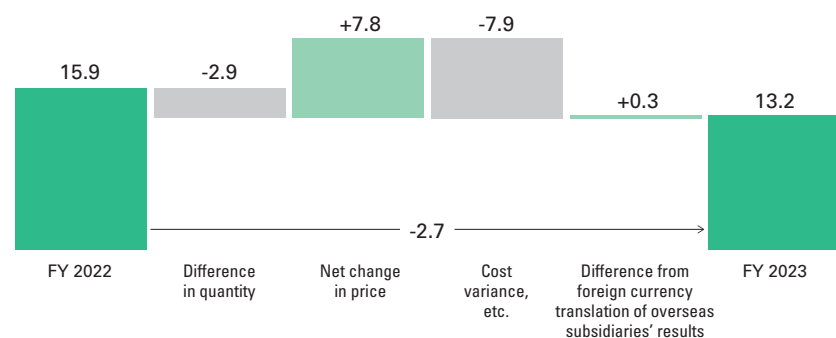
4.5%

ROIC

2%

(FY)	2022	2023	Changes	2024 (Forecast)
Revenue (Billion yen)	281.7	290.5	+3.1%	307.0
Core Operating Income (Billion yen)	15.9	13.2	-17.2%	24.0
Core Operating Income Margin	5.7%	4.5%		7.8%

Changes in Core Operating Income (Billion yen)



Increase of Regular Tow Carbon Fiber Production Facility Capacity in the United States, Korea, and France

Toray decided to increase regular tow carbon fiber production capacity at three of its subsidiaries, Toray Composite Materials America, Inc. (CMA), Toray Advanced Materials Korea Inc. (TAK), and Toray Carbon Fibers Europe S.A. (CFE) in France, with new lines at each subsidiary scheduled to begin production in 2025.

Driven by the decarbonization megatrend, Toray anticipates that demand for regular tow carbon fiber will expand at an annual rate of 17% through 2030. Toray plans to increase production capacity at CMA's Spartanburg plant, TAK's Gumi plant, and CFE's Abidos plant, increasing annual production capacity across the Toray Group from the current 29,000 tons to 36,000 tons.

By these increases in production facility capacity Toray is working to establish a stable supply system in the United States and Korea in response to rising demand, mainly for pressure vessel applications, and also with a view toward stable supply for aviation and other applications. In Europe, Toray is responding to increasing demand for the medium- and high-modulus carbon fibers used for secondary structures and engines of commercial aircraft, the demand for which is expected to grow as build rates recover, as well as uranium enrichment rotors, satellite applications, and high-end automobiles. This increase in production facility capacity will likewise help to ensure a stable supply.

Messages from the General Managers of the Business Divisions

Carbon Fiber Composite Materials Business

Takashi Yoshiyama

General Manager,
Torayca & Advanced Composites
Division



Business Strengths

The strengths of Toray's carbon fiber composite materials are their high functionality and high reliability. In addition to their quality and usability demonstrated through a years-long track-record of use, we will leverage our development and proposal capabilities for various intermediate materials and composites, such as regular tow, large tow, thermoset resins, and thermoplastic resins. Specifically, we will use this approach to develop advanced materials and products, and to swiftly address market pressure for carbon footprint (CFP) improvements, as a means of helping to realize a carbon neutral society through business expansion.

Current Business Environment and Initiatives

The carbon fiber demand in 2024 for the aerospace applications is being driven by increased aircraft production of Boeing and Airbus compared with the previous year. In the industrial applications, despite demand growth in pressure vessels over the previous year, compressed hydrogen gas (CHG) tanks are sluggish in demand, due mainly to a slowdown in infrastructure roll-out. In contrast, demand for wind turbine blades is expected to recover in the second half. Meanwhile, in the general purpose products in the sports applications, inventory adjustments are continuing, stemming from the effects of the end of the special demand caused by COVID-19.

Currently, we are focused on addressing the growing numbers of aircraft in production, and on steadily capturing increasing demand for pressure vessels. In response to the recent emergence of new carbon fiber manufacturers from China and South Korea, we have been working to further strengthen quality and cost competitiveness, and prioritizing action on carbon neutrality and other issues.

Progress of Initiatives Set in AP-G 2025

We have decided to expand regular tow carbon fiber production facilities at our subsidiaries in the U.S., South Korea, and France, which are scheduled to start operations in 2025. In the pressure vessel applications including compressed natural gas (CNG) tanks, compressed hydrogen gas (CHG) tanks, for which growth is anticipated, we are working to develop high strength carbon fibers to meet customer needs. Similarly, we will maintain and strengthen our competitive advantages in terms of both quality and cost in the increasingly competitive market. Likewise, we will improve profitability by expanding differentiated products such as medium- and high-modulus fibers.

Although demand for large tow from wind turbine blade applications temporarily declined, we have worked to strengthen this area by reducing fixed and utility costs with an outlook for full-scale recovery in FY 2025. For customers in Europe and the U.S., we are developing new products and pioneering new applications, including development of high-quality grades for offshore windfarms and longer blades.

From an environmental-friendliness perspective, Toray's Ehime Plant, a carbon fiber manufacturing subsidiary in France, and a prepreg manufacturing subsidiary in Italy were certified by ISCC PLUS. Likewise, we have begun disclosing information on an individual basis to address the demand from customers for CFP disclosures. As a recent application example in this area, Lenovo is now manufacturing laptop computers using recycled carbon fibers from scraps discarded during the manufacturing processes for the Boeing 787's main wings, which are made from Toray carbon fibers.



FY 2023

Revenue

244.1 billion yen

Core Operating Income

23.2 billion yen

Core Operating Income Margin

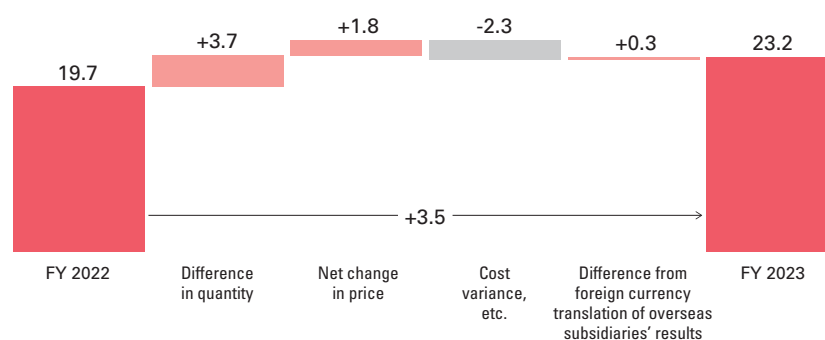
9.5%

ROIC

8%

(FY)	2022	2023	Changes	2024 (Forecast)
Revenue (Billion yen)	228.8	244.1	+6.7%	250.0
Core Operating Income (Billion yen)	19.7	23.2	+17.7%	25.5
Core Operating Income Margin	8.6%	9.5%		10.2%

Changes in Core Operating Income (Billion yen)



Order for Reverse Osmosis (RO) Membranes for Saudi Arabia's Large-Scale Seawater Desalination Plant Received

Toray received an order for reverse osmosis (RO) membranes for the Yanbu 4 seawater desalination plant in the Kingdom of Saudi Arabia. The products and technical services will be provided by local subsidiary Toray Membrane Middle East LLC (TMME).

Key factors in Toray obtaining this order were its RO membrane technology and robust record in the Middle East established over the past 15 plus years, delivering lower capital investments and operating costs compared to the conventional evaporation method. With a water production capacity of 450,000 m³ per day, the Yanbu 4 plant supplies potable water to Madinah and the famous pilgrimage site of Makkah.

The plant is also the Kingdom's first seawater RO desalination plant using clean energy such as solar power under a public-private-partnership (PPP) structure. The Gulf countries are investing extensively in infrastructure to cater to rising demand for water brought about by population growth, and the Yanbu 4 plant represents an example of the paradigm shift from the evaporation method to the RO membrane method.

Toray will continue to help resolve water issues around the world, including in the Middle East where water demand is expected to grow, by providing cutting-edge water treatment membranes such as RO membranes and strengthening its technical services to operating plants.



Messages from the General Managers of the Business Divisions

Water Treatment Business

Satoshi Shimoyama

General Manager,
Water Treatment & Environment
Division



Business Strengths

Amid the world's various water-related problems, since the 1960s the Company has worked to develop membranes with an eye to the future, leading to the in-house development of various kind of products, including reverse osmosis (RO), nanofiltration (NF), ultrafiltration (UF), and microfiltration (MF) membranes. Today, we provide optimal solutions tailored to different water sources and applications in more than 100 countries around the world. Also, we have established a production system consisting of five locations across the globe, as well as the global sales and technical service network, in order to produce high-quality products in the regions where they are consumed, provide technical services aligned with the needs of local customers, and work to solve rapidly growing and intensifying water problems around the world.

Current Business Environment and Initiatives

In addition to water shortages arising from global warming and population growth, more stringent environmental regulations have been triggered by a growing awareness of the environment. As a result, construction of large-scale seawater desalination plants in the Middle East remains an ongoing trend, which is also spreading into North Africa. Amid the increasing demand to reuse wastewater, the Company was one of the first to establish a track record in this area through NEWater, the advanced treatment plant in Singapore, and is now rapidly expanding into the west coast of the U.S. In China, the largest market, we have been affected by lower demand for thermal power generation due to efforts focused on achieving peak carbon emissions, yet there is also hope for new demand stemming from action on achieving zero emissions. Despite fluctuations caused by economic and geopolitical risks, we are establishing supply systems that are prepared for higher demand over the medium- to long-term. We will also strengthen our business foundation by promoting aggressive business expansion in growth business fields and new markets, and by strengthening competitiveness through more sophisticated technical services and thorough cost reductions.

Progress of Initiatives Set in AP-G 2025

We are progressing with business expansion as planned in the mainstay RO membrane business with the goal of capturing the top global market share in FY 2025. Amid a rising demand for seawater desalination applications in the Middle East, North Africa, and other drought-prone regions across the globe, we are working to expand local production capacity and to enhance technical service locations as a means of steadily capturing new large-scale and replacement projects. Regarding ultrapure water applications for semiconductors, as semiconductors have become more advanced, we have released a new product which is better able to remove silica and other neutral substances from water for the purpose of improving yields in the semiconductor fabrication cleaning process. Currently, we are also developing an energy-saving type that will help reduce CO₂ emissions. Meanwhile, wastewater reuse applications are growing at 10% per year given the ease with which raw water can be obtained, even in inland areas, and the ability to reduce environmental impacts. In order to accommodate raw water from regions around the world, we are developing new products and strengthening solution proposals that rely on combination of Toray membranes (UF + RO, MBR + RO). In addition to business expansion in these growth business fields, we are also developing products with an eye to future needs such as recovering lithium and removing PFAS from water, promoting the value of seamless technical services from design proposal to plant inspection, and strengthening profitability by implementing thorough cost reductions.



FY 2023

Revenue

52.2 billion yen

Core Operating Income

▲1.3 billion yen

Core Operating Income Margin

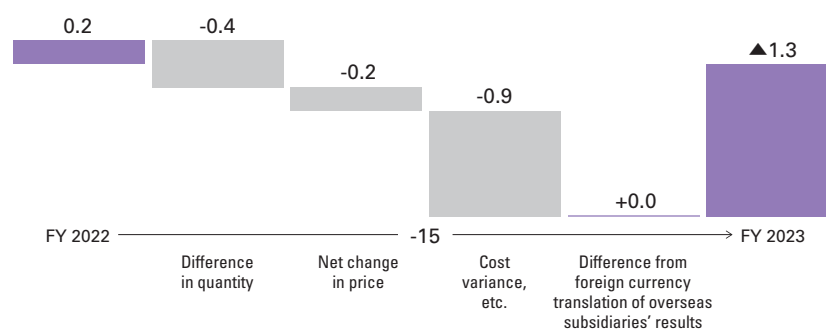
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ROIC

-2%

(FY)	2022	2023	Changes	2024 (Forecast)
Revenue (Billion yen)	53.8	52.2	-2.8%	55.5
Core Operating Income (Billion yen)	0.2	▲1.3	—	0.0
Core Operating Income Margin	0.4%	—	—	—

Changes in Core Operating Income (Billion yen)



Launch of In Vitro Diagnostic Test Kits to Aid in Diagnosis of Pancreatic Cancer

Covered by Japanese health insurance, Toray APOA2-iTQ in vitro diagnostic test kits intended to assist in the diagnosis of pancreatic cancer went on sale in February 2024. Since blood-based diagnostics are utilized for the kits, their accessibility will facilitate use by many more people. Pancreatic cancer is one of cancers which do not readily produce detectable symptoms and grow rapidly, but survival rates are expected to improve if detected early.

Professor Kazufumi Honda of the Graduate School of Medicine of Nippon Medical School discovered that the quantitative ratios of two types of APOA2 isoform protein change in the blood of pancreatic cancer patients. Since this product is based on this principle and measures substances different from existing tumor markers, it is expected to enable the early diagnosis of pancreatic cancers in patients that would previously have gone undetected.



Messages from the General Managers of the Business Divisions

Pharmaceuticals & Medical Products Business

Jun Hayakawa

General Manager,
Pharmaceuticals & Medical
Products Division



Business Strengths

In the pharmaceuticals business, we leverage organic chemistry and biotechnology, the core technologies of Toray, to sell, research, and develop pharmaceutical products that resolve unmet medical needs. In the medical devices business, our ability to create innovative medical materials and devices with high added value based on advanced material technologies is the source of our competitiveness. In the dialyzer products business, we help improve the satisfaction of patients, reduce the burden on medical practitioners, and improve the economics of dialysis centers as the only manufacturer in Japan that offers a full line-up of dialyzers featuring hollow fiber and surface processing technologies, dialysis monitoring systems, dialysis water, and the related management systems. In addition to the three existing businesses, in 2024 we launched the in vitro diagnostics agent business, and will pursue synergy among these four businesses to realize new strengths.

Current Business Environment and Initiatives

Due to the NHI drug pricing and reimbursement pricing, we are not allowed to pass on the soaring cost of raw materials, fuel, and logistics to the prices. In such industrial structure, the business environment remains severe, stemming from the continuous reduction of NHI drug prices and reimbursement prices in Japan, and the entry and penetration of generics in the market both in and outside Japan. Against this backdrop, we will expand profitability by strengthening global expansion, new product sales, and high-value-added products.

Progress of Initiatives Set in AP-G 2025

In 2024, in the pharmaceutical business, we launched sales for REMITCH®* in China (partner: 3S Bio) and Thailand (partner: Meiji Seika Pharma). Also, we acquired approval for this product in Indonesia (partner: Meiji Seika Pharma) in August 2024. And we will supply safe products that can be used with peace-of-mind in order to enhance the QOL (Quality of Life) of patients in each of these countries.

As for dialyzers, we have completed our line-up of ultrapure water production equipment using Toray's high-performance RO membranes, dialysis fluid delivery system, dialysis monitoring systems, and the systems that manage these in an integrated manner. We are now promoting water savings, fluid savings, power savings, and other economic benefits afforded by ultrapure water machines and integrated management systems. We will also provide other forms of new value, including an additional function that mitigates the drops in blood pressure that often occur during dialysis treatments as an option for newly purchased dialysis machines, and medical support for dialysis centers.

In February 2024, we launched sales of Toray APOA2-iTQ as a pancreatic cancer diagnostic assistance kit, and embarked on full-scale operations of the in vitro diagnostics agent business. In this way, we are promoting greater use of this test in an effort to help save as many patients as possible. And we will collect further clinical evidence to further its use around the world.

*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.


CSR Roadmap 2025 from the Perspective of Materiality

Materiality	Main Initiatives of CSR Roadmap 2025	KPIs of CSR Roadmap 2025	
Accelerating Climate Change Mitigation	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	
		3-6 Increase in solar power generation capacity (%)	
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	
	Expand revenues from Sustainability Innovation Business* ⁴	7-1 Revenues from Sustainability Innovation Business	
	Expand contribution to CO ₂ reduction in the value chain* ⁵	7-2 Contribution to CO ₂ reduction in value chain	
	Expand water filtration throughput contribution by Toray's water treatment membranes* ⁶	7-3 Contribution of Toray water treatment products	
Promoting a Circular Economy	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	
		3-6 Increase in solar power generation capacity (%)	
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	
	Expand contribution to CO ₂ reduction in the value chain	7-2 Contribution to CO ₂ reduction in value chain	
	Expand water filtration throughput contribution by Toray's water treatment membranes	7-3 Contribution of Toray water treatment products	
Taking a Nature-Positive Approach	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	
		3-6 Increase in solar power generation capacity (%)	
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	
	Reduce atmospheric VOC* ⁷ emissions	3-9 Reduction of atmospheric VOC emissions (%)	
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	
	Expand contribution to CO ₂ reduction in the value chain	7-2 Contribution to CO ₂ reduction in value chain	
	Expand water filtration throughput contribution by Toray's water treatment membranes	7-3 Contribution of Toray water treatment products	
Committed to Healthier Lives	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	
	Reduce overtime work exceeding standard hours	8-6 Reduction in employees who exceed 45 hours/month of non-statutory working hours	
	Encourage the use of annual paid leave by labor union members	8-7 Available annual paid leave used by labor union members (%)	
Developing in Collaboration with Stakeholders	Enhance information dissemination through owned media such as the Group's websites and social media accounts	6-1 Number of corporate website page views (per month)	
	Facilitate exchange of opinions between management and employees, ascertain issues and problems, and reflect them in the Group's CSR initiatives	6-2 Interviews conducted to exchange opinions within the company (rate of progress)	
	Expand opportunities for management to disseminate information and promote communication with stockholders and investors	6-3 Interviews with key investors in which management participates (number)	
	Enhance communication with the mass media	6-4 News releases (number)	
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	
	Expand contribution to CO ₂ reduction in the value chain	7-2 Contribution to CO ₂ reduction in value chain	
	Expand water filtration throughput contribution by Toray's water treatment membranes	7-3 Contribution of Toray water treatment products	
	Request suppliers to comply with the Toray Group CSR Procurement Guidelines, and strive to ascertain the status of each company's CSR initiatives	9-1 Suppliers agreeing to the Toray Group CSR Procurement Guidelines (%)	
	Identify high-risk areas that may have a negative impact on the environment and human rights, and promote supply chain due diligence to implement measures to prevent or mitigate the identified risks	9-2 Implementation of supply chain due diligence (% of cases)	
	Promote procurement of responsibly sourced materials such as non-conflict minerals and sustainable palm oil	9-3 Oil procurement needs met by palm oil sourced in a manner that is environmentally responsible and respectful of human rights (% of oil purchased, by value)	
	Reduce CO ₂ emissions intensity from distribution activities	9-4 Reduction in CO ₂ emissions per unit of sales from distribution activities (year-on-year)	
	Continually investigate and ascertain logistics risks related to natural disasters such as typhoons and heavy rains, and strive to reduce risks	9-5 Key external inventory sites that have been assessed for natural disaster risk and have implemented measures to mitigate serious risks (%)	
	Implement social contribution activities at the appropriate scale	10-1 Social contribution expenditure (% change from average expenditure over last six years)	
	Promote active planning and implementation of voluntary social contribution activities at each Group site, on an ongoing basis	10-2 Social contribution activities (number)	
	Implement a range of educational support activities that capture interest and curiosity of youngsters through school visits and company tours focusing on areas such as science, environment, and career opportunities, thereby helping to inspire upcoming generations	10-3 Beneficiaries of educational support activities such as science classes for schools and career education (number)	

For more information on Materiality, please click here.

<https://www.toray.com/global/sustainability/stance/materiality.html>



	FY 2023	FY 2024	FY 2025	Activities in FY 2023		Related CSR Guidelines	Related SDGs
	Targets			Actual values	Assessment*1		
	At least 40% lower than FY 2013 (FY 2025)			36% *2, 3	—	3 Safety, Accident Prevention, and Environmental Preservation	  
	At least 10% higher than FY 2022 (FY 2025)			101%	—		
	At least 40% lower than FY 2013 (FY 2025)			35.3% *2	—		
	At least 86%	At least 87%	At least 87%	87.0%	○		
	1,600 billion yen (FY 2025)			1,311.5 billion yen	—	7 Contributing Solutions to Social Issues through Business Activities	
	15 times compared to FY 2013 (FY 2025)			10.3 times	—		
	2.9 times compared to FY 2013 (FY 2025)			2.7 times	—		
	At least 40% lower than FY 2013 (FY 2025)			36.0%	—	3 Safety, Accident Prevention, and Environmental Preservation	  
	At least 10% higher than FY 2022 (FY 2025)			101%	—		
	At least 40% lower than FY 2013 (FY 2025)			35.3%	—		
	At least 86%	At least 87%	At least 87%	87.0%	○		
	1,600 billion yen (FY 2025)			1,311.5 billion yen	—	7 Contributing Solutions to Social Issues through Business Activities	
	15 times compared to FY 2013 (FY 2025)			10.3 times	—		
	2.9 times compared to FY 2013 (FY 2025)			2.7 times	—		
	At least 40% lower than FY 2013 (FY 2025)			36.0%	—	3 Safety, Accident Prevention, and Environmental Preservation	   
	At least 10% higher than FY 2022 (FY 2025)			101%	—		
	At least 40% lower than FY 2013 (FY 2025)			35.3%	—		
	At least 86%	At least 87%	At least 87%	87.0%	○		
	At least 70% lower than FY 2000	At least 72% lower than FY 2000	At least 72% lower than FY 2000	72.5%	○	7 Contributing Solutions to Social Issues through Business Activities	  
	1,600 billion yen (FY 2025)			1,311.5 billion yen	—		
	15 times compared to FY 2013 (FY 2025)			10.3 times	—		
	2.9 times compared to FY 2013 (FY 2025)			2.7 times	—		
	1,600 billion yen (FY 2025)			1,311.5 billion yen	—	7 Contributing Solutions to Social Issues through Business Activities	   
	Year-on-year reduction	Year-on-year reduction	Year-on-year reduction	Year-on-year 81.1%	○	8 Human Rights Promotion and Human Resources Development	
	90%	90%	90%	95.7%	○		
	1 million page views/month	1 million page views/month	1 million page views/month	1.12 million page views/month	○	6 Communication	
	(First round) 100% completed	(Second round) 30%	(Second round) 60%	100%	○		
	Cumulative total of 120	Cumulative total of 120	Cumulative total of 120	Cumulative total of 197	○		
	200	200	200	178	△		
	1,600 billion yen (FY 2025)			1,311.5 billion yen	—	7 Contributing Solutions to Social Issues through Business Activities	   
	15 times compared to FY 2013 (FY 2025)			10.3 times	—		
	2.9 times compared to FY 2013 (FY 2025)			2.7 times	—		
	At least 75%	At least 85%	At least 90%	76.8%	○	9 Establishing Sustainable Supply Chain	   
	At least 60% (FY 2024)		At least 90%	—*8	—		
	At least 70% (FY 2024)		At least 90%	—*9	—		
	1%	1%	1%	11.5%	○		
	At least 60%	At least 75%	At least 90%	59%	△	10 Social Contribution Activities as a Good Corporate Citizen	   
	100% or higher	100% or higher	100% or higher	124%	○		
	2,500 or more	2,500 or more	2,500 or more	2,173%	△		
	15,000 or more	15,000 or more	15,000 or more	18,816%	○		

CSR Roadmap 2025 from the Perspective of Materiality

Materiality	Main Initiatives of CSR Roadmap 2025	KPIs of CSR Roadmap 2025	
Ensuring Safety and Fire Accident Prevention	Aim for zero major accidents	3-1 Number of major accidents	
	Achieve world's best standard for safety management	3-2 Achievement for world's best standard for safety management (not exceeding 0.05 frequency rate for occupational accidents resulting in lost work time)	
	Aim for zero fire and explosion accidents	3-3 Number of fire and explosion accidents	
	Aim for zero environmental accidents	3-4 Number of environmental accidents	
Ensuring Ethics and Compliance	Aim for no major cases of violation of laws or ordinances	2-1 Number of major violations of laws or ordinances	
	Conduct internal legal audits and improve problems found in the audits	2-2 Group companies implementing internal legal audits (%)	
	Provide information and implement education on major laws and regulations and other compliance-related matters	2-3 Group companies providing information and implementing education on major laws and regulations and other compliance-related matters (%)	
Enhancing Product Quality and Safety	Ensure that quality assurance compliance education is being fully implemented	4-1 Quality assurance compliance education (% of people trained)	
	Enhance the auditing function to ensure improvement and continuity of Toray Group's overall quality assurance framework, and conduct auditing to check its effectiveness	4-2 Quality and product safety audit implementation rate (%)	
	Aim for zero product accidents	4-3 Number of product accidents	
Strengthening Corporate Governance	Regularly hold Toray Group Business Strategy Discussion**10 sessions at Board of Directors meetings	1-1 Toray Group Business Strategy Discussion sessions held at Board of Directors meetings (times)	
	Operate an effective internal control system	1-2 Board of Directors' positive assessment of the implementation of the Basic Policy for Internal Control Systems (%)	
	Follow up on the status of internal control implementation at each group company	5-1 Group companies implementing self-assessment and results follow-up using the internal control checklist (%)	
	Implement risk reduction across the Group for information security risks such as cyberattacks and information leaks	5-2 Group companies implementing information security evaluation and risk reduction (%)	
Establishing Sustainable Supply Chain	Request suppliers to comply with the Toray Group CSR Procurement Guidelines, and strive to ascertain the status of each company's CSR initiatives	9-1 Suppliers agreeing to the Toray Group CSR Procurement Guidelines (%)	
	Identify high-risk areas that may have a negative impact on the environment and human rights, and promote supply chain due diligence to implement measures to prevent or mitigate the identified risks	9-2 Implementation of supply chain due diligence (% of cases)	
	Promote procurement of responsibly sourced materials such as non-conflict minerals and sustainable palm oil	9-3 Oil procurement needs met by palm oil sourced in a manner that is environmentally responsible and respectful of human rights (% of oil purchased, by value)	
	Reduce CO ₂ emission intensity from logistics	9-4 Reduction in CO ₂ emissions per unit of sales from distribution activities (year-on-year)	
	Continually investigate and ascertain logistics risks related to natural disasters such as typhoons and heavy rains, and strive to reduce risks	9-5 Key external inventory sites that have been assessed for natural disaster risk and have implemented measures to mitigate serious risks (%)	
Respecting Human Rights and Promoting Human Resource Diversity	Implement human rights education and training	8-1 Group companies implementing human rights education and training (%)	
	Achieve the legally mandated employment rate of persons with disabilities	8-2 Group companies that have achieved legally mandated employment rate of persons with disabilities (%)	
	As part of career development initiatives for core staff, enhance the use of the career path worksheets included in the personnel information system	8-3 Career development initiatives for core staff using the personnel information system (use of career path worksheets) (% of employees)	
	Promote the use and improve the operation of measures to support employee work-life balance	8-4 Employees returning to work from childcare leave (%)	
		8-5 Male employees taking childcare leave or other leave for the same reason (%)	
	Reduce overtime work exceeding standard hours	8-6 Reduction in employees who exceed 45 hours/month of non-statutory working hours	
	Encourage the use of annual paid leave by labor union members	8-7 Available annual paid leave used by labor union members (%)	

*1 Assessment: ○ Target achieved △ More than 50% achieved against target × Less than 50% achieved against target - not assessed in the current year


























*2 Figures for the base year, FY 2013, are calculated including companies that joined the Toray Group in FY 2014 or later.

*3 Until FY 2022, GHG emissions and sales revenue of domestic and overseas affiliates were calculated by multiplying our investment ratio, but from FY 2023, the calculation method was changed to multiplying management control in accordance with the GHG Protocol, an international calculation rule.

*4 Business areas and product lines that can help realize the Toray Group Sustainability Vision

*5 Toray calculates the CO₂ emissions reduced throughout the value chain of products in accordance with the chemical sector guidelines of the Japan Chemical Industry Association, and the International Council of Chemical Associations (ICCA).

*6 Water treated annually with Toray water treatment membranes. It is calculated by multiplying the amount of fresh water that the Toray membranes can produce per day, including reverse osmosis (RO), ultrafiltration (UF) and membrane separation bioreactors (MBR), by the number of membrane elements sold.

	FY 2023	FY 2024	FY 2025	Activities in FY 2023		Related CSR Guidelines	Related SDGs
	Targets			Actual values	Assessment*1		
	0	0	0	1	×	3 Safety, Accident Prevention, and Environmental Preservation	      
	No more than 0.05	No more than 0.05	No more than 0.05	0.40	×		
	0	0	0	1	×		
	0	0	0	4	×		
	0	0	0	0	○		
	● Toray Industries, Inc.: 100% ● Group companies in and outside Japan: Implemented focusing on high-risk companies			100%	○	2 Ethics and Compliance	
	100%	100%	100%	100%	○		
	100%	100%	100%	100%	○	4 Product Quality and Safety	
	100%	100%	100%	100%	○		
	0	0	0	1	×		
	8	8	8	8	○	1 Corporate Governance	  
	90%	90%	90%	96%	○		
	35%	70%	100%	35%	○	5 Risk Management	
	35%	70%	100%	35%	○		
	At least 75%	At least 85%	At least 90%	76.8%	○	9 Establishing Sustainable Supply Chain	        
	At least 60% (FY 2024)		At least 90%	—	—		
	At least 70% (FY 2024)		At least 90%	—	—		
	1%	1%	1%	11.5%	○		
	At least 60%	At least 75%	At least 90%	59%	△		
	100%	100%	100%	100%	○	8 Human Rights Promotion and Human Resources Development	    
	100%	100%	100%	59.4%	△		
	Year-on-year increase	Year-on-year increase	Year-on-year increase	Year-on-year 101 %	○		
	100%	100%	100%	99%	△		
	Year-on-year increase	Year-on-year increase	Year-on-year increase	Year-on-year 106%	○		
	Year-on-year reduction	Year-on-year reduction	Year-on-year reduction	Year-on-year 81.1 %	○		
	90%	90%	90%	95.7 %	○		

*7 Volatile organic compounds

*8 No actual figures are available for FY 2023, as we are working toward our FY 2024 target; in FY 2023, we are determining possible high-risk issues, countries/regions and industries, and preparing to identify and survey the relevant suppliers.

*9 No actual figures are available for FY 2023, as efforts are underway to meet the FY 2024 target. A survey is planned for major suppliers of oils that use palm oil (targeted to be 90% or more of the purchase amount in FY 2023).

*10 Toray Group Business Strategy Discussions are opportunities to check the progress made on medium-term management issues, including initiatives for sustainability, and the direction of business operations.

Stakeholder Engagement

The Toray Group communicates with diverse stakeholders throughout its business activities in accordance with its Basic Policies to Promote Dialogue with Stakeholders and its Information Disclosure Principles. In addition to the departments responsible for dealing with each stakeholder, the senior management team also takes the lead in engaging communication activities. Moreover, with the goal of strengthening the system for engaging with stakeholders, a new organization was established in April 2018 to supervise communications in general, and efforts are being made to centralize the function of information transmission, both internally and externally.

Engaging with Stockholders and Investors

The Group actively communicates with institutional investors and securities company analysts by providing information materials when requested and holding same-day results briefings when quarterly earnings are announced. In addition to IR materials, including integrated annual reports, the Group also provides a wide range of information on management policies and strategies, as well as financial and earnings information in the Investor Relations section of the Toray website.

Briefings on business for stockholders are held in order to deepen their understanding of the Toray Group.

In FY 2023, Toray held four results briefings and held 572 meetings with investors and analysts.

Engaging with Employees

Continuous dissemination activities are necessary to increase empathy for the Toray Philosophy and for each and every employee to act and make decisions based on the Toray Philosophy. We have thus been devising methods, such as expanding our information tools and holding regular events, in working to increase employee participation. Since FY 2023, Toray has identified the need to create opportunities and momentum that help generate new challenges in the leadup to its 100th anniversary in 2026. With this in mind, we are engaging in activities in a bid to put in place a mechanism that ensures that employees are aware of the importance of creating new value, while fostering a free-spirited and broad-minded culture by initiating opportunities for dialogue between employees and President.

Engaging with Customers

Cognizant that the customer always comes first, the Toray Group conducted a Group-wide customer satisfaction survey every three years from 2008 to 2020.

In order to more accurately identify customers' needs, we now undertake market surveys for each business as and when required, and are working to reflect customers' opinions in our business operations.

In addition, we are actively promoting a variety of activities, including the establishment of showrooms and development of global communication assets such as story videos focusing on Toray employees to provide customers with a deeper understanding of the Toray Group.

Engaging with the Mass Media

Toray recognizes that public relations and corporate communication activities have a role in fulfilling responsibilities for information disclosure as well as influencing public opinion. Accordingly, Toray's Corporate Communications Department actively engages with a wide range of media organizations, acting as the public's point of contact with the Company.

Based on Toray's Information Disclosure Principles, the department provides fair and impartial information, even if it may cast the Company in a bad light, in a timely and appropriate manner. In FY 2023, the Company issued 178 press releases and responded to 244 media requests for information.

Engaging with Business Partners

While providing materials and products as a manufacturer of advanced materials, the Toray Group must engage in upstream management of its supply chains to better fulfill the needs of its customers, including the areas of production facilities and procured raw materials and resources. Accordingly, the Group has established its Basic Purchasing Policies and Basic Distribution Policies to emphasize this approach and ensure fair business activities. Throughout the Group, proper and fair transactions, adherence to laws, environmental preservation, respect for human rights, improvements in quality and other policies in initiatives with regard to corporate responsibility in procurement, purchasing, and distribution are promoted.

Engaging with Local Communities

In addition to holding informal gatherings for discussion regularly, the Toray Group strives to engage in more active dialogue with nearby residents in a variety of other settings, including by participating in events sponsored by local governments and inviting local residents onto plant grounds for summer festivals.

In similar fashion to the previous fiscal year, we continued to actively engage in activities that contribute to the local community in FY 2023.

External Evaluation

Toray was included in the following SRI indices.

Included in Dow Jones Sustainability™ Asia / Pacific Index

Toray Industries is included in the Dow Jones Sustainability™ Asia / Pacific Index. This stock index measures sustainability performance at companies identified by S&P Global.



Listed in The S&P Global Sustainability Yearbook 2024

Toray Industries is among the 759 global leaders in sustainability listed in The S&P Global Sustainability Yearbook 2024 published by S&P Global.



Included in FTSE4Good Index / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

Toray Industries is included in the FTSE4Good Index Series, the FTSE Blossom Japan Index Series, and the FTSE Blossom Japan Sector Relative Index, all developed by FTSE Russell, a wholly owned subsidiary of the London Stock Exchange Group.



Received AAA rating in MSCI ESG Ratings / Included in MSCI Japan ESG Select Leaders Index

Toray Industries has received the highest ESG rating of AAA in the MSCI ESG Ratings and is included in the MSCI Japan ESG Select Leaders Index. MSCI provides institutional investors (from pension funds to hedge funds) across the globe with various tools to support investment decisions.



*1 The use by Toray Industries, Inc. of any MSCI ESG Research LLC or its Affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Toray Industries, Inc. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

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Toray Receives Highest Rating in the DBJ Environmentally Rated Loan Program

Toray Industries has received the highest rating from the Development Bank of Japan (DBJ) as a "Company with excellent advanced environmental initiatives." This is the fourth consecutive time that Toray has received the highest rating, including the three times it has received the previous rating.



In June 2024, Toray received an environmental rating loan from the Development Bank of Japan (DBJ), and rated as a "Company with excellent advanced environmental initiatives."

Evaluation from CDP

Toray Industries received an "A-" rating in the area of "Water Security" and a "B" rating in the area of "Climate Change" in the 2023 survey conducted by CDP, an international non-profit organization.

Toray Group Worldwide Network

306 subsidiaries and affiliated companies (112 in Japan, 194 overseas) (as of March 31, 2024)

Japan

- Toray Fine Chemicals Co., Ltd.
- Toray Advanced Film Co., Ltd.
- Suido Kiko Kaisha, Ltd.
- Toray Construction Co., Ltd.
- Toray Engineering Co., Ltd.
- Toray Medical Co., Ltd.
- Toray Systems Center, Inc.
- Toray International, Inc.
- Chori Co., Ltd.
- Du Pont-Toray Co., Ltd.
- Japan Vilene Company, Ltd.
- DuPont Toray Specialty Materials K.K.
- Dow Toray Co., Ltd.
- Sanyo Chemical Industries, Ltd.

Americas

- Toray Advanced Composites USA Inc.
- Toray Composite Materials America, Inc.
- Toray Plastics (America), Inc.
- Zoltek Companies, Inc.

Europe

- Alcantara S.p.A.
- Toray Carbon Fibers Europe S.A.
- Toray Films Europe S.A.S
- Toray Textiles Europe Ltd.

Major Offices and Plants in Japan

Osaka Head Office

Branches

Nagoya, Hokuriku, Kyushu, Tohoku, Chugoku & Shikoku

Plants

Shiga, Seta, Ehime, Nagoya, Tokai, Aichi, Okazaki, Mishima,
Chiba, Tsuchiura, Gifu, Ishikawa, Nasu

Asia

- Pacific Textiles Holdings Ltd.
- Penfibre Sdn. Berhad
- P.T. Indonesia Toray Synthetics
- STECO, Ltd.
- STEMCO, Ltd.
- Thai Toray Synthetics Co., Ltd.
- Toray Advanced Materials Korea Inc.
- Toray Battery Separator Film Korea Limited
- Toray Fibers (Nantong) Co., Ltd.
- Toray Industries (China) Co., Ltd.
- Toray Industries (H.K.) Ltd.
- Toray Plastics (China) Co., Ltd.
- Toray Plastics (Malaysia) Sdn. Berhad
- Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.
- Toray Textiles (Thailand) Public Company Limite

Other group companies

- Fibers & Textiles
- Performance Chemicals
- Carbon Fiber Composite Materials
- Environment & Engineering
- Life Science
- Other
- Trading

Overseas Offices

Toray do Brasil Ltda.
Toray Industries (America), Inc.
Toray Industries (China) Co., Ltd.
Toray Industries Europe GmbH
Toray Industries (India) Private Limited
Toray Industries Korea Inc.

Investor Information (As of March 31, 2024)

Common Stock:

Issued: 1,631,481,403 shares
(including treasury stock)
Number of Stockholders: 223,892

Annual General Meeting:

The annual general meeting of stockholders is normally held in June in Tokyo.

Listings:

Common stock is listed on the Tokyo Stock Exchange.

Independent Auditor:

Ernst & Young ShinNihon LLC

Transfer Agent:

Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi Chiyoda-ku, Tokyo
100-0005, Japan

Cash Dividends Per Share

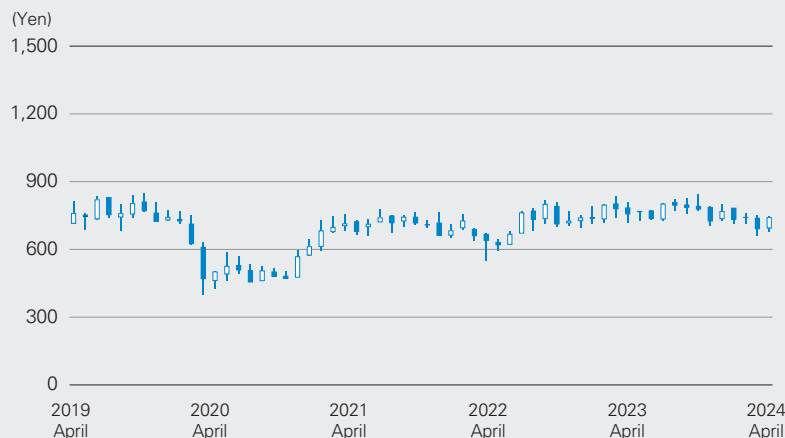
	FY 2023	FY 2022
Total for the year	¥18.00	¥18.00
Interim	9.00	9.00

Principal Stockholders

	Shares held	Percentage of shares held*
The Master Trust Bank of Japan, Ltd. (Trust Account)	229,878,600	14.35
Custody Bank of Japan, Ltd. (Trust Account)	108,813,900	6.79
Nippon Life Insurance Co.	71,212,250	4.44
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961,000	2.24
STATE STREET BANK WEST CLIENT-TREATY 505234	31,695,314	1.98
National Mutual Insurance Federation of Agricultural Cooperatives	26,593,000	1.66
Sumitomo Mitsui Banking Corporation	24,022,000	1.50
Custody Bank of Japan, Ltd. (Trust 4 Account)	23,941,700	1.49
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	23,499,354	1.47
JP MORGAN CHASE BANK 385781	21,122,561	1.32

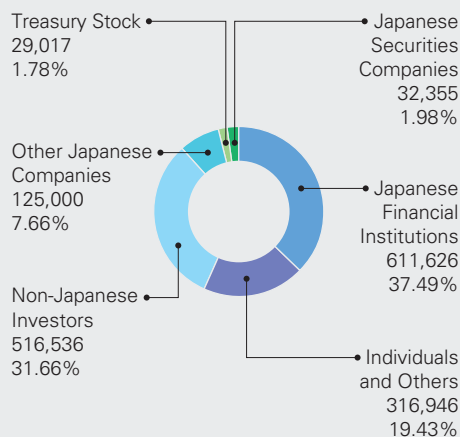
*The percent of total shares is calculated by excluding treasury stocks.

Stock Price Range



Composition of Stockholders

(Thousands of shares)



Corporate Data (As of March 31, 2024)

Toray Industries, Inc.

Head Office

Nihonbashi Mitsui Tower, 1-1,
Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan
Telephone: 81 (3) 3245-5111
Facsimile: 81 (3) 3245-5054
URL: www.toray.com

Established:

January 1926

Paid-in Capital:

¥147,873,030,771

Number of Employees:

48,140

Toray: 6,995

Japanese subsidiaries: 10,432

Overseas subsidiaries: 30,713

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1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan
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URL: www.toray.com

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