

CSR Activity Report (CSR Guideline Activity Reports)

Corporate Governance

Continually revise management systems, strengthen internal controls as part of efforts to fulfill the company's social responsibilities.



Basic Approach

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 Toray Philosophy is structured with the following components: the Corporate Philosophy, Corporate Missions, and Corporate Guiding Principles. The Corporate Missions specify the Group's commitment "To practice sincere and trustworthy management," and the Corporate Guiding Principles stipulate the Group's commitment to "Acting with fairness, high ethical standards and a strong sense of responsibility while complying with laws, regulations and social norms to earn trust and meet social expectations."

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

Related Policies

> [Basic Policy on Corporate Governance](#)

Related Information

> [Corporate Governance](#)

[Corporate Governance Report](#) **PDF**

Structure

Toray Industries, Inc. 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 directors. The Board of Corporate Auditors includes outside auditors and independently audits the execution of duties by the directors, separately from the Board of Directors and the executing organization. This framework is designed to secure the transparency and fairness of decisions 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 composition of the Board of Directors is designed to ensure that members bring a diverse range of perspectives to management oversight and decision-making based on their expertise in the Group's businesses. Meanwhile, outside directors are elected to the Board to ensure transparency and fairness, to ensure 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 exercises oversight over directors' execution of their duties.

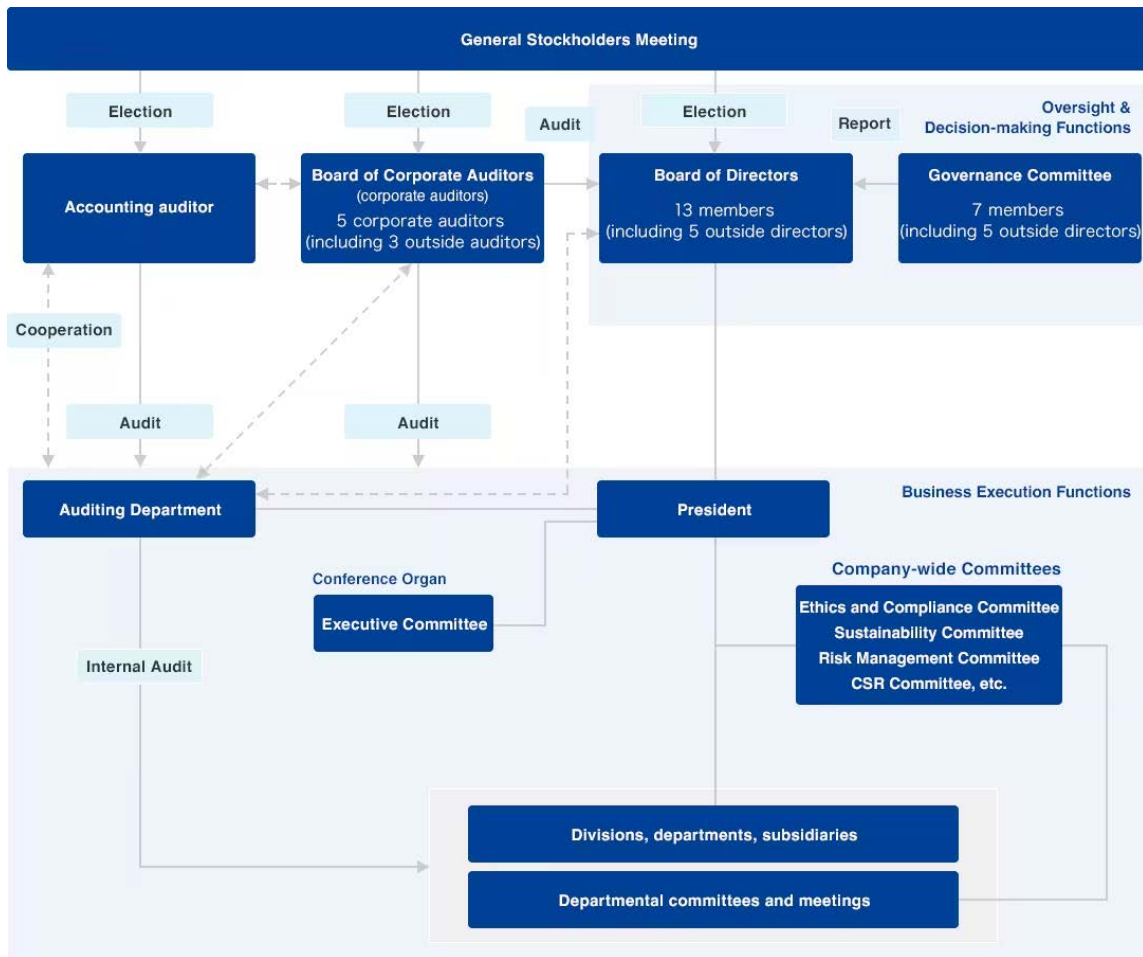
The Governance Committee consists of the chairman, the president, and all outside directors, and an outside director serves as a chairperson.

In fiscal 2022, the Board of Directors held 15 meetings, the Board of Corporate Auditors held 11 meetings, and the Governance Committee held 15 meetings ¹.

¹ For the attendance of each director and corporate auditor, please refer to pages 46, 47, and 57 of the 142nd Annual Securities Report (Report in Japanese) and pages 7, 8, and 23 of the Notice of the 142nd Ordinary General Meeting of Stockholders.

https://www.toray.co.jp/ir/pdf/lib/lib_a612.pdf

https://www.toray.com/global/ir/pdf/sto/sto_056.pdf



Name	Business operations				Corporate		Strategic
	Management experience	Global business	Technology/ Manufacturing/ R&D	Sales and marketing	Legal/Intellectual property/ Risk management	Accounting/ Finance	
Member of the Board	Akihiro Nikkaku	○	○				
	Mitsuo Ohya	○			○		
	Satoru Hagiwara	○		○			
	Kazuyuki Adachi		○	○			
	Kazuhiko Shuto		○		○		
	Tetsuya Tsunekawa			○			○ (DX)
	Masahiko Okamoto		○			○	
	Takashi Yoshiyama		○	○			
	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 experience and knowledge possessed by individual, but presents the fields that the Company wishes each individual for promoting strategies.

* For a brief biography of each director and corporate auditor, please refer to pages 9 – 22, 24 – 29, and 31 – 32 of the Notice of the 142nd Ordinary General Meeting of Stockholders.
https://www.toray.com/global/ir/pdf/sto/sto_056.pdf

CSR Roadmap 2022 Targets

CSR Roadmap goals

1. Further improve governance by ensuring that Board of Directors operates in a manner that contributes to the enhancement of corporate value over the medium to long term.
2. Perform monitoring based on the Basic Policy for Internal Control Systems, in accordance with Japan's Companies Act.

Main initiatives and Key Performance Indicators

	KPI
(1) Regularly hold Toray Group Business Strategy Discussion sessions at Board of Directors meetings	1-①
(2) Consider the appropriate form of Toray head office involvement in the execution of business at each group company from the viewpoint of balancing the effectiveness of group-wide governance with the dynamic decision-making of subsidiaries	-
(3) Expand the opportunities for training, etc., needed for directors and corporate auditors to acquire the knowledge necessary for their responsibilities (excluding execution) and to fulfill their roles appropriately	-
(4) Operate an effective internal control system	1-②

Key Performance Indicator (KPI)	Target			Fiscal 2022 Result
	Fiscal 2020	Fiscal 2021	Fiscal 2022	
1-① Toray Group Business Strategy Discussion sessions held at Board of Directors meetings (number)	8 times	8 times	8 times	8 times

Key Performance Indicator (KPI)	Target			Fiscal 2022 Result
	Fiscal 2020	Fiscal 2021	Fiscal 2022	
1-2 Board of Directors' positive assessment of the implementation of the Basic Policy for Internal Control Systems (%)	90%	90%	90%	95%

Reporting scope : Toray Group

Related Materiality for CSR

- Strengthening Corporate Governance

* Click [here](#) for the Materiality View of CSR Roadmap 2025 (PDF:392.4KB).

[PDF](#)

Looking to the Future

Toray Industries' Board of Directors conducted a "Questionnaire Survey to Evaluate the Effectiveness of the Board of Directors in the Fiscal Year Ended March 31, 2023." The survey had among 17 respondents, comprising all of the Board members and corporate auditors. Additional interviews were also conducted with seven outside directors and outside corporate auditors to hear their opinions in relation to their responses to the questionnaire. In order to ensure transparency and objectivity, the Company contracted a third-party organization to collect and tabulate the questionnaires and conduct the interviews.

Analysis and evaluation of the effectiveness of the Board of Directors based on the above process concluded that the Board had generally fulfilled its roles and responsibilities in fiscal 2022. With regard to the matter of "diversity on the Board of Directors," however, discussions continue to be held on the issue of appointing human resources who will contribute to the realization of the Toray Philosophy, based on the premise of ensuring quality. In terms of "further activating Board of Directors discussions," specific measures for improvement are being taken in fiscal 2023 and beyond, continuing from fiscal 2022, to further improve the effectiveness of the supervisory function of the Board of Directors.

With respect to the opinions, etc., received from the members of the Board and corporate auditors in the course of evaluating the effectiveness of the Board of Directors, the Governance Committee will hold in-depth discussions based on those opinions with a view to further improving the effectiveness of the Board of Directors, as necessary.

Click [here](#) for the main initiatives and KPIs for CSR Guideline No. 1 "Corporate Governance" during the CSR Roadmap 2025 period (fiscal 2023–2025).

[PDF](#)

Ensuring Proper Business Conduct and Transparency

CSR Roadmap 2022
Main Initiatives (1)(2)(3)(4)

Toray Group Business Strategy Discussion sessions held at Board of Directors meetings (number)

■Reporting scope ■Target in fiscal 2022
Toray Group 8 times

Result in fiscal 2022

8 times

Board of Directors' positive assessment of the implementation of the Basic Policy for Internal Control Systems (%)¹

■Reporting scope ■Target in fiscal 2022
Toray Group 90%

Result in fiscal 2022

95 %

¹ To evaluate the effectiveness of internal control relating to the Board of Directors, a questionnaire is given to all 17 directors and corporate auditors. It covers each of the nine items in the Basic Policy on Internal Control System set in accordance with the provisions of the Companies Act of Japan.

In this way, internal control effectiveness is evaluated by all directors and corporate auditors, and then monitored as a KPI of the internal control system to be shared with stakeholders.

The Toray Industries Board of Directors holds regular Toray Group Business Strategy Discussion sessions to confirm the direction of and progress on management strategies for Toray Group sustainable growth and creation of medium- to long-term corporate value. Eight discussion sessions were held in fiscal 2022.

In addition, Toray Industries uses external programs to provide information on Japan's Corporate Governance Code revisions to its directors so that they have all of the knowledge needed to appropriately execute their duties and fulfill their role. Dialogue between outside directors and the Company's vice presidents is also regularly pursued, as well.

Toray Industries operates a Basic Policy on Corporate Governance based on Japan's Corporate Governance Code, and regularly publishes a Corporate Governance Report, which also summarizes the status of internal control systems.

Toray Group maintains and improves group governance by establishing group-wide rules and regulations concerning ethics and compliance, efficient execution of duties, preservation and management of information, risk management, and other matters, in addition to holding regular meetings to receive direct reports on the management status of subsidiaries.

Toray Industries has set a KPI for “Board of Directors’ positive assessment of the implementation of the Basic Policy for Internal Control Systems.” The result for fiscal 2022 was 95%, surpassing the target of 90%.

Related Information

› [Basic Policy on Corporate Governance](#)

[Corporate Governance Report](#) 

› [Basic Policy on Internal Control System](#)

› [Information Disclosure Principles](#)

Click [here](#) for the main initiatives for CSR Guideline 1, “Corporate Governance” in CSR Roadmap 2022.