

CSR Activity Report (CSR Guideline Activity Reports) - Safety, Accident Prevention, and Environmental Preservation

Third-Party Assurance

LRQA

LRQA Independent Assurance Statement

Relating to TORAY INDUSTRIES, INC.'s Environmental and Social Data for the fiscal year 2022 within its CSR Report 2023

This Statement has been prepared for TORAY INDUSTRIES, INC. in accordance with our contract.

Terms of Engagement
LRQA Limited ("LRQA") was commissioned by TORAY INDUSTRIES, INC. ("the Company") to provide independent assurance on its environmental and social data for the fiscal year 2022¹ within its CSR Report 2023 ("the report"), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064-3:2019 for Greenhouse gas ("GHG") emissions.

Our assurance engagement covered the operations and activities relating the Company, its consolidated subsidiaries, and its affiliated companies in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies;
- Evaluating the accuracy and reliability of data for the selected environmental and social indicator listed below;

Environmental²

- Scope 1 GHG emissions (tCO₂e)³
- Scope 2 GHG emissions [market-based and location-based] (tCO₂e)³
- Scope 3 GHG emissions [Categories 1 ~ 8] (tCO₂e)³
- Energy consumption (GJ)⁴
- The amount of Industrial Waste⁵, Water Use, Waste Water, SOx, NOx, Dust, VOC, COD (tonnes)⁶

Social

- Lost Time Injury Frequency Rate⁷
- Tier-1 Process Safety Events⁸

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion
Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable environmental and social data which is summarised in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance⁹ and at the materiality of the professional judgement of the verifier.

¹ Environmental data covers 1 April 2022 to 31 March 2023. However, for overseas affiliated companies, from January 1, 2022 to December 31, 2022. Social data covers 1 January 2022 to 31 December 2022.
² GHG quantification is subject to inherent uncertainty.
³ The scope of energy and GHG emissions is covered the head Office of the Company, 13 factories and other 10 operating sites in Japan and overseas affiliate companies. The contractors worked in Japan is also included. Scope 3 also cover domestic affiliate companies.
⁴ Industrial Waste cover breakdown type.
⁵ The scope is covered 13 factories of the Company in Japan.
⁶ The scope is covered the Company, its 42 consolidated subsidiaries, 10 affiliated companies in Japan and overseas 91 affiliate companies. The contractors worked in Japan is also included.
⁷ The scope is covered the Company, its 42 consolidated subsidiaries, 10 affiliated companies in Japan and overseas 91 affiliate companies.
⁸ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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LRQA

Table 1. Summary of Toray's Environmental and Social data in 2022

Scope	
Scope 1 GHG emissions ¹	2,810,029 tCO ₂ e
GHG emissions relating supply to external organizations	189,570 tCO ₂ e
GHG emissions after deduction	262,459 tCO ₂ e
Scope 2 GHG emissions ¹ (Market-based)	2414,205 tCO ₂ e
GHG emissions relating supply to external organizations	118,430 tCO ₂ e
GHG emissions after deduction	2,295,775 tCO ₂ e
Scope 2 GHG emissions ¹ (Location-based)	3,138,159 tCO ₂ e
GHG emissions relating supply to external organizations	135,250 tCO ₂ e
GHG emissions after deduction	3,002,909 tCO ₂ e
Scope 3 GHG emissions ¹ (Categories ² , 2, 3, 4, 5, 6, 7, 8)	10,571,405 tCO ₂ e
1. Purchased Goods and Services	8,979,652 tCO ₂ e
2. Capital goods	396,219 tCO ₂ e
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	944,586 tCO ₂ e
4. Upstream Transportation and Distribution	210,295 tCO ₂ e
5. Waste Generated in Operations	111,300 tCO ₂ e
6. Business Travel	6,039 tCO ₂ e
7. Employee Commuting	21,573 tCO ₂ e
8. Upstream Leased Assets	1,741 tCO ₂ e
Energy consumption ³	86,963,670 GJ
Industrial waste ^{4,5}	
Disposal amount	32,168 tonnes
Recycled amount	127,270 tonnes
Total amount of industrial waste	169,438 tonnes
The amount of industrial hazardous waste	898 tonnes
The amount of coal ash	80,752 tonnes
Water Use	166,167 K-t
Waste Water	143,913 k-t
SOx	232 tonnes
NOx	1,186 tonnes
Dust	77 tonnes
VOC	361 tonnes
COD	587 tonnes
Lost Time Injury and Occupational Illness Frequency Rate ⁶	-
TORAY INDUSTRIES, INC.	0.38
Affiliated companies	0.0
Consolidated subsidiaries in Japan	0.17
Overseas consolidated subsidiaries	0.44
Entire the scope	0.37
Contractors in Japan ⁷	0.68
Tier-1 Process Safety Events ⁸	0

LRQA's Approach
LRQA's assurance engagements are carried out in accordance with ISAE3000 (Revised) and ISO14064-3:2019 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and tracing activity data back to aggregated levels;

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- Verifying the historical environmental and social data / records for the fiscal year 2022'; and
- Verification for confirming of the effectiveness of its data management system of Toray Ehime Factory was conducted by site visit and P.T. Indonesia Toray Synthetics was conducted by ICT.

Observations

The Company should continue efforts for implementing quality assurance and quality control (QA/QC) systems for the effective management of environmental and social data. This is particular to ensure effective internal verification processes at both the corporate and member company levels.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems - Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is the certification body of ISO9001 and IATF16949 for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 23 July 2023

Takahiro Iio

LRQA Lead Verifier

On behalf of LRQA Limited

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LRQA reference: YKA4005148

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LRQA reference: YKA4005148

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