

Comments from Thought Leaders

Comments are made on the basis of information publicly available as of September 2024.



Sachiko Kishimoto

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Profile of Sachiko Kishimoto

Graduated from, College of Arts and Sciences, The University of Tokyo. After working for a trading company and think tank, she pursued studies outside Japan and then in 2000 established the Public Resource Center, which became the Public Resources Foundation in 2013. She has served as the foundation's Representative Director and Managing Director since it was established. With the aim of promoting a culture of philanthropy in Japan, she is involved in programs to efficiently match endowments from individuals and companies with recipients in the social sector. She also helps companies to pursue CSR and assess the impacts of their efforts. She has edited such works as *The Scientific Approach to Donations*, and *Financial Methods and Practices for Solving Social Issues: From Donations and Grants to Innovative Philanthropy*.

These comments focus on the three sections of the Toray Group CSR Report 2024 entitled “Contributing Solutions to Social Issues through Business Activities” “Social Contribution Activities as a Good Corporate Citizen” “Human Rights Promotion and Human Resources Development,” and “Establishing Sustainable Supply Chain.”

The section “Contributing Solutions to Social Issues through Business Activities” describes Toray Group efforts to respond to diversifying sustainability needs. Under the Medium-Term Management Program, Project AP-G 2025, announced by the Group in March 2023, the Green Innovation (GR) and Life Innovation (LI) businesses were consolidated to form the current Sustainability Innovation (SI) business. The Group has established and is actively applying specific KPIs to this business, which is highly commendable. I have high expectations that the Group will make progress on these indicators and exceed 2025 targets for SI business revenue, CO₂ emissions reduction in the value chain, and water filtration throughput.

In the section “Social Contribution Activities as a Good Corporate Citizen,” the Group cites steady increases each year in the number of its social contribution initiatives and beneficiaries of its educational support activities. The Group also provided rapid assistance for areas affected by the Noto Peninsula earthquake in January 2024. The ecosystem conservation project targeting its corporate green spaces on the coast of the Chita Peninsula were recognized by the Ministry of the Environment as one of its Nationally Certified Sustainably Managed Natural Sites. These are positive efforts to meet the needs of society. As global environmental issues become increasingly serious, the need for the environmental and science education that Toray employees participate in as instructors is higher than ever. I therefore expect a great deal of these Group initiatives in terms of enhancing the environmental awareness of students, while giving individual employees more autonomy.

I was impressed with the section “Human Rights Promotion and Human Resources Development” as the Group has quickly established human rights policy, along with clear policies for securing and developing human resources. I was pleased to note the Group’s transparency in sharing the number of hotline reports and inquiries concerning possible human rights violations, as well as the increase in educational investment per employee. However, the Group has not yet achieved the statutory employment rate for people with disabilities. Moreover, proactive promotion of women remains an issue. Along with future promotions of women to managerial positions and specialized roles, I would like to see the Group continue to take action on creating work environments where everyone is able to thrive. This includes further reduction of overtime, flexible adoption of remote work, implementation of employee stress checks, and prevention of employee turnover.

Finally, with regard to the section “Establishing Sustainable Supply Chain,” it is critical, given the global scale of its supply chain, that Toray Group engage with suppliers on CSR initiatives. I look forward to the Group’s continued efforts to increase its implementation rate for supply chain due diligence. This means identifying suppliers from countries, regions, and industries deemed to pose higher human rights, labor, health and safety, and environmental conservation risks and expediting compliance investigations.



Shunsuke Managi

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Profile of Shunsuke Managi

Professor, Department of Civil Engineering (Kyushu University), Faculty Fellow at the Research Institute of Economy, Trade and Industry, and Visiting Researcher at the Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries. Awarded the 2019 Japan Society for the Promotion of Science Prize, and Member of the 25th and 26th terms of the Science Council of Japan. Listed as a Highly Cited Researcher in 2023 by Clarivate. Director for the UN Environment Programme's *Inclusive Wealth Report 2018, 2023*, ISC working group member for UN' The Global Sustainable Development Report 2023, Member of the United Nations New Capital Roundtable for Sustainability, Temporary Member of the Ministry of Economy, Trade and Industry's Industrial Structure Council, and Temporary Member of the Ministry of the Environment's Central Environmental Council.

Toray Group aims to develop high added-value products while being mindful of the environment, and I expect the Group to implement this through supply chain initiatives. For example, in terms of its net zero efforts, the Group aims to achieve carbon neutrality for its own operations, as well as help realize a carbon-neutral world by reducing CO₂ emissions throughout the life cycles of its products and across the entire supply chain. The Group has endorsed the recommendations of the Taskforce on Nature-related Financial Disclosures in January 2024, and I look forward to its efforts to address Nature Positive with the same measures.

The Sustainability Innovation (SI) business, a group of businesses and products that can help realize the Toray Group Sustainability Vision, is the Group's main vehicle for promoting these efforts. The SI business has performed outstandingly well, with revenue already exceeding 1.3 trillion yen in fiscal 2023. This success boosts the resource efficiency of society at large, with 10.3 times the contribution to CO₂ reduction in the value chain over fiscal 2013 and 2.7 times the contribution from Toray water treatment products, and means there is potential for further expanding the Group business. I am confident that Toray Group will continue to build a sustainable value chain by addressing various environmental and social issues through the expansion of its businesses.

My expectations for Toray Group have now grown to include the tackling of not only international challenges, but also issues specific to Japan. For example, I have high hopes for the Group's initiatives aimed at realizing a "physical internet" for logistics. With the tight labor market in the transport sector, compounded by Japan's "2024 problem," the lack of transportation capacity is a serious challenge for the chemical industry and its quest for sustainable logistics. In response to this challenge, in July 2023, the Group helped establish, as one of the secretariat members, the Chemical Products Working Group under the Physical Internet Realization Conference, which was held by Japan's Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism. If the current transportation capacity shortage continues, regions of Japan where transportation access is particularly difficult will surely be significantly impacted. As part of its responsibilities toward domestic stakeholders, I would like to see the Group put forward feasible proposals, indicate the extent to which they could be achieved, and work toward realistic solutions.

The Toray Group's top-level commitment to sustainability shows its determination to realize the four perspectives of the world as envisioned by the Toray Group: 1) a net zero emissions world, where greenhouse gas emissions are completely offset by absorption—in other words, a carbon-neutral world, 2) a world where resources are

sustainably managed, 3) a world with a restored natural environment, with clean water and air for everyone, and 4) a world where everyone enjoys good health and hygiene. The Group's Medium-Term Management Program, Project AP-G 2025, comprehensively outlines its vision for its own sustainable development, as well as that of society as a whole. Toray Group has clear objectives for manufacturing, human resource development, and environmental protection. My expectations remain high when it comes to the Group's ability to help solve both international challenges and unique domestic issues.