

# TORAY REPORT 2025



# TORAY PHILOSOPHY

## 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
- Ethics and Fairness
- Customer-Focus
- Innovation
- Strong *Genba-Ryoku* (Workplace Competency)
- Cooperation and Co-Creation
- Emphasis on Human Resources
- Information Disclosure
- Respect for Human Rights

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.

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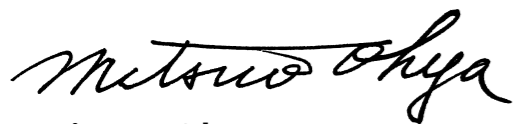
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# TO OUR STAKEHOLDERS

## Carrying our pioneering spirit toward the next 100 years



**Mitsuo Ohya**

President  
Toray Industries, Inc.

### Reflections since my appointment as the President FY 2024 results

This year, 2025, marks my third year as the President of Toray Industries. Since taking office, through dialogue with various stakeholders both inside and outside the Company, I have identified challenges and formulated specific measures to become “a truly sustainable company” that I envisioned at the time of my appointment. Moreover, I have been proactively driving the implementation of these measures.

In FY 2024, we recorded higher year-on-year revenue and core operating income, mainly due to the results of key initiatives to improve profitability and asset efficiency, “Strategic Pricing” and “Darwin Project”. ROIC also improved by 1.6 points year-on-year, reaching 4.4%.

Our strategic pricing is not simply an activity to raise prices, but it is an initiative to quantitatively analyze and recognize the customer value and competitiveness of our products and reflect the value to the prices to enhance our profitability. In FY 2024, we achieved the results over 20 billion yen compared to FY 2023. On the

other hand, under Darwin Project, we have picked up the businesses and companies with large capital investment from the ones whose business performances are sluggish. We have been intensively working on structural reform of those businesses and companies with support from the head office to improve profitability. This initiative also achieved improvement in profit by 20 billion yen compared to FY 2023.

These initiatives have yielded significant improvements in a short period of time. The driving factor behind it was a shared sense of urgency within the Company. In the last few years, we have shared across the entire Group that we have not been able to generate profits commensurate with past capital investments due to the COVID-19 pandemic, the rise of Chinese competitors, and the commoditization of our mainstay products, resulting in a lackluster share price and an inability to deliver returns expected by our shareholders. We have therefore set clear goals of enhancing profitability and improving asset efficiency with ROIC as a higher level concept, and have responded with a sense of urgency. I believe that the profit improvement in FY 2024 reflects

The fabric of the suit: SillookMirai.

A combination of NANODESIGN™ technology and plant-based polyester. The incorporation of the innovation into the fiber spinning process allows us to create a material suitable for various occasions. As an environmentally-friendly material with a higher quality feel and comfort than the Sillook™ series, this material has a silk-like texture and luster. In the kimono applications, it also has an element of wrinkle resistance, which was a challenge related to Sillook™ products. After launching in 2024, this product received the Senken Gosen Awards.



## To Our Stakeholders

some of these effort.

Another key focus for me as the President has been to engage in dialogue with internal and external stakeholders. When I was appointed to the President, I internally communicated the message to all employees that we need to “swing for the fences (pulling out all the stops to challenge),” even if we happen to strike out. I have also created more opportunities to hear feedback from employees through direct dialogue at each factory and business site at “Roundtable Discussions,” in addition to “REAL TALK”, a group-wide live streaming event to facilitate dialogue between management and employees. The insights gained through these events are being reflected in initiatives to improve work efficiency and are contributing to the creation of a free and open-minded workplace culture where employees can work with a sense of excitement, fulfillment, and happiness, and take on new challenges.

I am also focusing on IR activities to increase understanding among our external stakeholders of our efforts to create value. I am making every effort to actively disseminate information, and I have created more opportunities for direct dialogue with institutional investors than ever before. I have been utilizing the insights gained from these discussions to improve our management and information disclosure.

Having received feedback from both internal and external sources saying that Toray has changed, I steadily feel we are on the right track. However, I have realized that in order to meet everyone's expectations, I need to manage the Company with an even greater sense of urgency.

### FY 2025 targets and capping off AP-G 2025

FY 2025 will be the final year of the Medium-Term Management Program, Project AP-G 2025.

In AP-G 2025, we set out five basic strategies: (1) Sustainable growth; (2) Ultimate value creation; (3) Product and operational excellence; (4) Enhancement of People-centric management; and (5) Risk management and governance. We set ROIC as a KPI and identified business expansion in growth fields and the promotion of structural reforms in low-growth and low-margin businesses as key challenges. To enhance the effectiveness of our strategies, we have continued to implement seven key management measures: (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 the capital markets. We have also organized and established 18 issues that are linked to these measures.

In FY 2025, to cap off AP-G 2025, we aim to record higher core operating income for the third consecutive year and achieve an ROIC of 5%, owing to further positive effects from strategic pricing and Darwin Project. An ROIC of 5% is merely the minimum level that must be achieved to resolve the issue of PBR below 1. Seeing AP-G 2025 as a steppingstone on the way to realizing our vision for the Company, we will ensure further improvements in the next Medium-Term Management Program toward “a truly sustainable company.”

### Toward “a truly sustainable company,” we will improve ROIC with two wheels: growth strategies and business structure reform

“A truly sustainable company” I envision is one which provides both economic and social value to stakeholders in accordance with our corporate philosophy: “Contributing to society through the creation of new value with innovative ideas, technologies and products.” The company secures management resources through positive evaluations from the stakeholders on the two values, and reinvests the management resources to create new value, forming a continuous and virtuous cycle (see P24). To sustain and strengthen this cycle, it is imperative to maintain and enhance our profitability by continuously creating high-added-value products and services based on our development capability of cutting-edge materials, which is the source of our competitiveness. Since the establishment of the Company, “contributing to society through business activities” has been a top priority, and sustainably supplying products that contribute to society is the *raison d'être* of the Company. To that end, it is essential that our businesses generate profits commensurate with investment. We have organized our businesses into four quadrants (see P20) with growth potential on the vertical axis and profitability on the horizontal axis, and we are working to improve ROIC with a balance of growth strategies and business structure reforms. Within the four-quadrant framework, some businesses are classified as high growth and high profitability and positioned as core growth businesses. For example, carbon fiber composite materials for the aerospace applications, water treatment membranes, Toray's Integrated Fibers & Textiles

Business, and electronic coating material for semiconductors. In these businesses, we will expand profitability for differentiation by further refining our competitiveness. Next, the next-generation businesses are those that are either pre-commercialization or currently small in scale but promising in growth potential, including hydrogen-related, separation membranes, and films for next-generation batteries. Expanding the range of products in this quadrant while transitioning them into core growth businesses is also the key issue. The stable profit businesses include nylon resins, PBT resins, the chemicals business, and the sports applications of carbon fiber, etc. In these businesses, large-scale capital investments have been completed and are now at a stage where they need to generate cash as earning foundations. On the other hand, in the businesses positioned in the structural reform quadrant, we will aim to improve profitability through initiatives such as Darwin Project and business restructuring. However, for businesses where structural adjustments are difficult, we will also consider withdrawal as an option. Through this strategic reallocation of management resources, we will reassess our business portfolio and work to improve ROIC.

### Sustainability issues for enhancing both economic and social value

Another important aspect in becoming “a truly sustainable company” is our contributions to solving so-called sustainability issues.

Currently, the world is facing many challenges in realization of a sustainable society, including climate change, resource and energy issues, food and water shortages associated with population growth, degradation of the natural environment, and concerns about health and safety. We recognize that providing essential solutions to these global challenges with innovative technologies and advanced materials is an important mission for us. Therefore, in AP-G 2025, we have designated the sustainability innovation (SI) business as a growth business field, in which we will aim to achieve sound, sustainable growth through our contributions to solving global challenges.

In the SI business, we focus on such areas as the carbon fiber composite materials business to reduce lifecycle CO<sub>2</sub> emissions with lighter materials, and the water treatment business to address growing global demand for water. In addition, we are promoting the development of recycling technologies for products such as fibers, films, and resins, as well as the utilization of bio-based

materials, in collaboration with partners in the supply chain for the realization of the circular economy. Issue of cost is always entailed in the expansion of environmentally friendly products, including those made from recycled or bio-based materials. However, by sharing the value story behind those products with customers, we will turn such cost into the economic value to establish a sustainable business. Examples of this include our recycled fiber product brand, &+™, and TANKER™, a bag from Yoshida & Co., made from 100% bio-based materials. Moreover, to achieve our goal of carbon neutrality by 2050, we are working to the Challenge 50+ Project. Under the project, we aim to reduce greenhouse gas (GHG) emissions and water usage per unit of revenue by more than 50% compared to 2013 levels by switching to carbon-neutral energy sources such as hydrogen, ammonia, synthetic fuels, and biomass, as well as through energy savings and the greater use of renewable energy. Although we still have many challenges to overcome, we will endeavor to achieve breakthroughs by creation of innovation.

### The pioneering spirit that generates innovation

I believe that the source of such innovation is the pioneering spirit of our employees. Therefore, nurturing people who can demonstrate our pioneering spirit and creating a conducive work environment are essential. In recent times, as the concept of sustainability is spreading, “human capital management” is being widely accepted throughout society. It is the way of thinking that people are considered to be important assets. Our “People-centric management” has been a part of Toray's corporate culture since the Company was founded in 1926, and based on the belief that developing people is essential for engaging in manufacturing, we have long focused on the development of human resources. We were the first company in post-war Japan to commercialize nylon fibers, and following that, we commercialized polyester fibers and acrylic fibers, establishing ourselves as a leading company in synthetic fibers. Subsequently, we have continuously pioneered business fields, including resins and chemicals, films, and carbon fiber composite materials, leveraging organic synthesis chemistry, polymer chemistry, biotechnology, and nanotechnology as our core technologies. We were also quick to expand overseas starting in the 1950s. It was also brought by our pioneering spirit.

That said, as our organization has grown and various administrative challenges have increased, I have become

## To Our Stakeholders

concerned that this pioneering spirit may weaken due in part to the lingering impact of the COVID-19 pandemic. To encourage our employees to embrace challenges once again, I told our employees to “swing for the fences, even if we happen to strike out”. To further motivate employees to take on challenges, and to celebrate their achievements, we launched the First Steps Award. This award has received over 100 applications for two consecutive years. Also, our Engineering Development Center made an appearance in the entertainment TV show on NHK, “Night of the Makaizo Society,” where top engineers take on the challenge of transforming toys or household appliances into extreme, high-performance machines. This challenge has garnered significant attention from both inside and outside the Company, showing the attitude of “taking a full swing even if we happen to strike out”. I believe the role of management is to unlock the limits of this pioneering spirit, which has been passed down within the Company in an unbroken line, to provide direction as a compass for our employees to drive themselves, and to create a corporate culture where they can “swing for the fences.”

### Issues to be tackled in the next Medium-Term Management Program —To succeed in a world of rising uncertainty—

This fiscal year, we are working on formulating the next Medium-Term Management Program, which will start from FY 2026. The next Medium-Term Management Program targets the three years from FY 2026 to FY 2028. In addition to setting challenges based on current conditions, the program will clarify the issues to be addressed over the next three years by backcasting from where we want to be as an organization around 2030. Enhancing profitability and improving asset efficiency using ROIC as a KPI will be established as a higher-level concept for business challenges in the next Medium-Term Management Program.

At present, the world is in the throes of great changes, such as the rise of protectionism in various countries, instability in the Middle East, and the evolution of AI. As the business environment surrounding us is becoming increasingly uncertain, it is crucial to strengthen our resilience and make decisions with a greater sense of urgency than before in order to prepare ourselves for dramatic changes. In order to ensure that the next Medium-Term Management Program is effective in such a business environment, we need to understand

the opportunities and risks in the trends of medium- and long-term changes, determine the competitiveness of each business, and formulate and execute strategies based on each “winning pattern.” I have named this winning pattern the Toray’s Value Creation Model. It is a business model that enables us to continuously hold high-added-value by closely engaging with our customers and maintaining ongoing dialogue. We leverage our various technological capabilities to develop products with new value, mass-produce them through our production and engineering capabilities, and collaboratively create new markets with our customers. As examples of the Toray’s Value Creation Model, we have shown the cases of the joint development of high-performance fibers with client companies and carbon fiber composite materials for aircraft, which have a long track record of being adopted. Actually, there are also many other successful case examples. The businesses with strong winning patterns and growth potential will be defined as the business fields we should focus on, and we will prioritize the allocation of management resources. Specifically, we expect business fields such as carbon fiber composite materials, reverse osmosis (RO) membranes for water treatment, the semiconductor field, and the separation membrane business. Meanwhile, for commoditized businesses or businesses without a winning pattern, we will implement exhaustive streamlining and structural reforms. So far, as a part of the structural reforms based on Darwin Project, we have shut down our polymerization facilities for polyester staple fiber and ceased the production of general-purpose products in the fibers & textiles business, while in the performance chemicals business, we have decided to cease the terephthalic acid business. Also, at our film subsidiaries in the U.S. and Europe, we have optimized production capacity, including cease of some facilities. In the next Medium-Term Management Program, we will take further steps to overhaul low-growth and low-profitability businesses. In assessing the value of each business, for the business which Toray is not the best owner, we will consider sales of the business, even if they are turning a profit.

Meanwhile, strengthening IT and business reforms based on DX (digital transformation) is essential to accelerate the enhancement of profitability and improvement in asset efficiency. To date, we have undertaken DX tasks with a focus on the frontlines, primarily production sites and R&D. On top of this, in order to

further promote DX across the entire Toray Group and to execute our management strategies swiftly, we newly established Digital Strategy Division under the direct control of the President this fiscal year. Through enhancement and evolution of DX, we would like to encourage our employee to change the mindset, promote internal business reforms from a holistic optimization perspective, and eventually result in value creation from the customer’s viewpoint.

### Strengthening risk management

In addition to implementing these strategies, we are also strengthening risk management, including strategic risks. Nowadays, the risk of economic blockades due to the imposition of reciprocal tariffs by the U.S. is rising. However, we have long conducted global operations based on local production for local consumption, and we have manufacturing bases in various countries, including the U.S. While our fiber production is concentrated in Asia, we have production sites in more than 10 countries, including China, ASEAN, and India. This allows us to diversify risks and optimize costs through combinations of optimal operations. Creating a system for enhancing our resilience against risks and strengthening monitoring have been positioned as key issues for the next Medium-Term Management Program as well. The materials industry is the foundation of the economy, and without materials, economy cannot stand. The most effective measure against economic blockades is to provide unique value that is essential to our customers, and I believe that the power of such materials can transcend bloc economies.

### Toward the next 100 years, with tradition and innovation

In April 2026, the Company will celebrate its 100th anniversary. As I mentioned earlier, since founding in 1926, we have inherited a corporate culture of contributing to society through business activities, People-centric management, and a pioneering spirit. Another important piece of culture we value is management from a long-term perspective. At Toray, we have inherited the DNA of “pursuit of the ultimate limits”, in other words, “digging deep into one thing will lead to new inventions and discoveries.” We have long tackled social issues based on the demands of the times from a long-term perspective and engaged in research and technological development to find solutions. Thanks to this management philosophy,

we have nurtured and successfully developed numerous businesses from a long-term perspective, including carbon fiber composite materials. On the other hand, some businesses and products we have developed throughout our long history should be reviewed for their value today. Just like our business portfolio has significantly changed over the past 50 years, it is important to change what needs to be changed and to respond to the demands of the times and society. I believe this capability is important to survive the next 100 years.

I have a background in fiber and textile sales and marketing. Woven textiles are made from warp and weft threads. The warp threads form the framework of the woven fabric: they are tensioned on the loom and maintained in a constant direction, serving as an unchanging axis that transcends time. The weft threads are woven in a horizontal direction against the warp threads (the axis), and the texture and appearance of the fabric changes depending on color, material, and weaving method. The weft threads can be changed relatively freely, which means they can represent elements in line with the times, such as design and fashion. For Toray, the unwavering warp thread is our corporate philosophy of “Contributing to society through the creation of new value with innovative ideas, technologies, and products,” which has been handed down by our predecessors. The weft threads should be flexible elements that respond to the changing needs of the times, such as innovative technologies, advanced materials, and business models. When these warp and weft threads are woven firmly together, our business will grow beautifully, strongly, and flexibly, much like a well-crafted fabric. I am confident that we can weave “a truly sustainable company” which is capable of sustainable value creation, when all employees cherish our corporate philosophy, embrace change without fear, and continue to take on challenges.

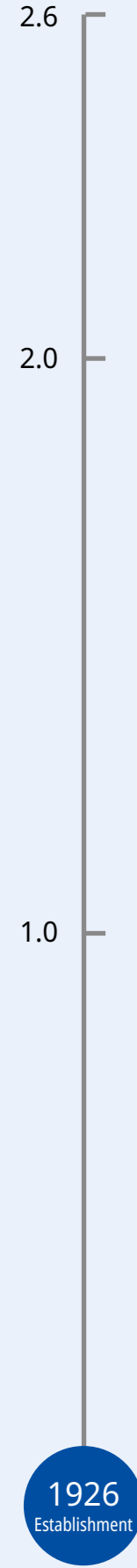
This integrated report shows our fundamental approach to management and our initiatives for the future. We appreciate the continued understanding of our stakeholders.

## Mitsuo Ohya

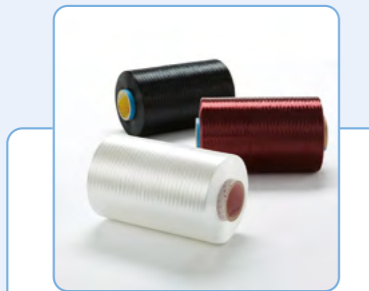
President  
Toray Industries, Inc.

# Toray Group Value Creation History

(Trillion yen)



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.



**1941**

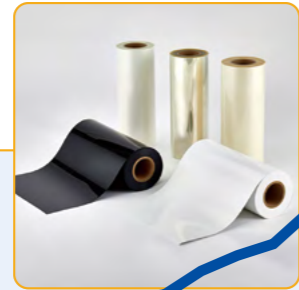
**Succeeded in the synthesis and melt spinning of Nylon 6 fiber using proprietary technology**

Developed using proprietary technology, "Nylon 6" has created new markets as a new fiber that can be applied in fishing nets as well as apparels such as stockings.

**1959**

**Manufacture of LUMIRROR™ polyester film began**

Toray was the first company in Japan to industrialize polyester film. Positive steps have been taken to address market growth and to adapt to changing conditions and circumstances while gaining a share across a wide range of fields such as video tapes, industrial materials, specialty products, and others.



**1971**

**Marketing of ECSAINE™, ultramicrofiber nonwoven fabric with suede texture, began**

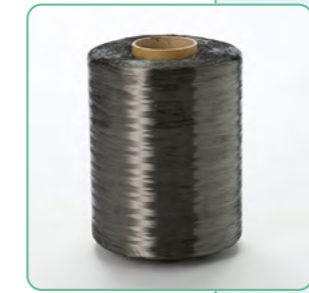
ECSAINE™ is a nonwoven fabric with suede texture using ultrafine microfibers. It was highly acclaimed as a fashion material for its lightweight and excellent chromogenic properties. Currently, it is being used in such areas as automobile interiors and furniture.



**1971**

**Manufacture and marketing of carbon fiber TORAYCA™ began**

High-performance carbon fiber TORAYCA™ features light weight, high tensile strength, and high stiffness. Sales activities commenced under the registered trademark "TORAYCA" from 1971.



**1980**

**Marketing of ROMEMBRA™ reverse osmosis membrane elements began**

Research began in 1968 with ongoing development as a water treatment membrane. ROMEMBRA™ enabled the production of ultra-pure water for the semiconductor industry and the desalination of sea and brine water.



**FY 1990**

**Consolidated Revenue 917.1 billion yen**

**1990**

**TORAYCA™ carbon fiber prepreg certified as a primary structural material for The Boeing Company's passenger aircraft**

Initially the main applications of carbon fiber were fishing rods, golf shafts, and other sporting goods. Through improved technology and quality, the Company built up trust in this product as a secondary structural material in the aircraft applications. In 1990, Toray prepreg was certified for the first time as a primary structural material (for structural parts where damage is directly linked to a crash) for the Boeing 777.



©Boeing

**2006**

**Strategic partnership started with UNIQLO CO., LTD.**

As a company that provides innovative technologies and materials that have the power to fundamentally change society, Toray entered into a partnership agreement with UNIQLO CO., LTD., a company that enriches people's lives through clothes. Under this partnership both companies provide products that deliver new value and unprecedented levels of performance and comfort to people all over the world.



**FY 2024**

**Consolidated Revenue 2,563.3 billion yen**

**2014**

**Full-scale entry into the large-tow carbon fiber business**

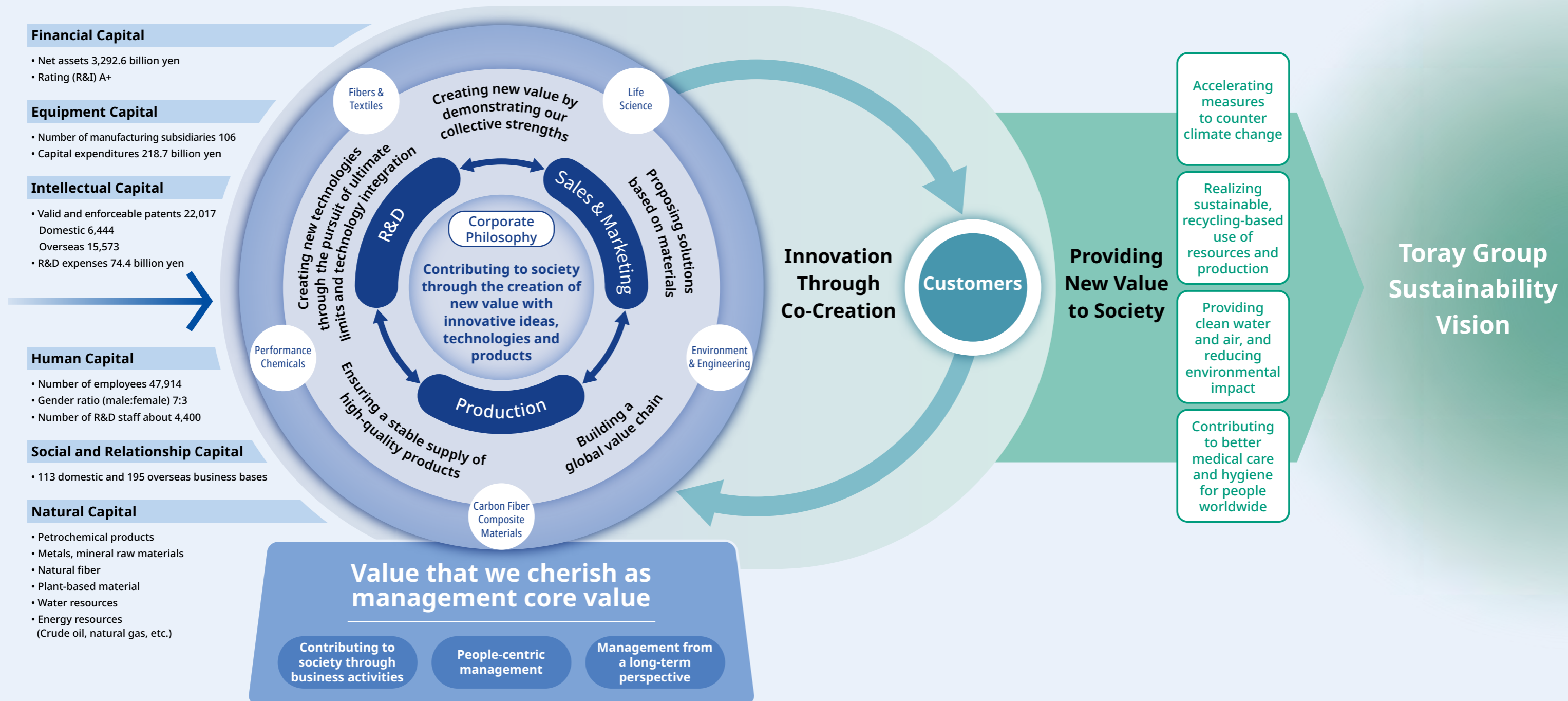
Through the acquisition of the U.S.-based large-tow carbon fiber manufacturer Zoltek Companies, Inc., Toray Group aims to further expand its business for large-tow carbon fiber as an advanced material that brings about solutions for global environmental problems in a broad range of fields.



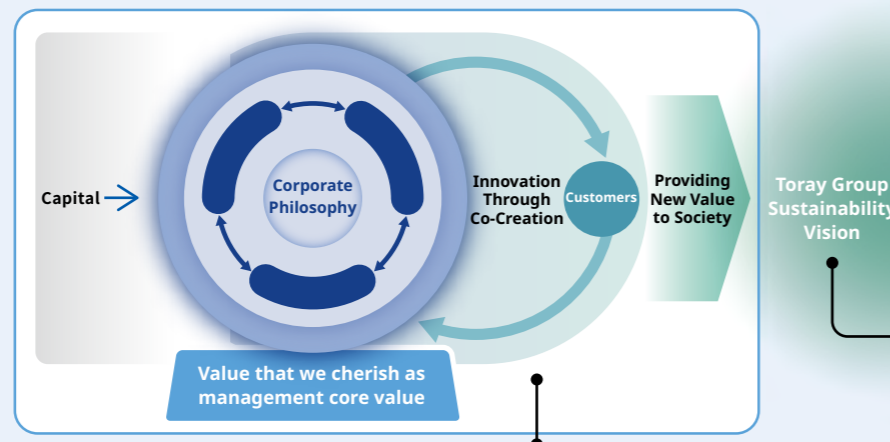
# Toray Group Value Creation Process

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

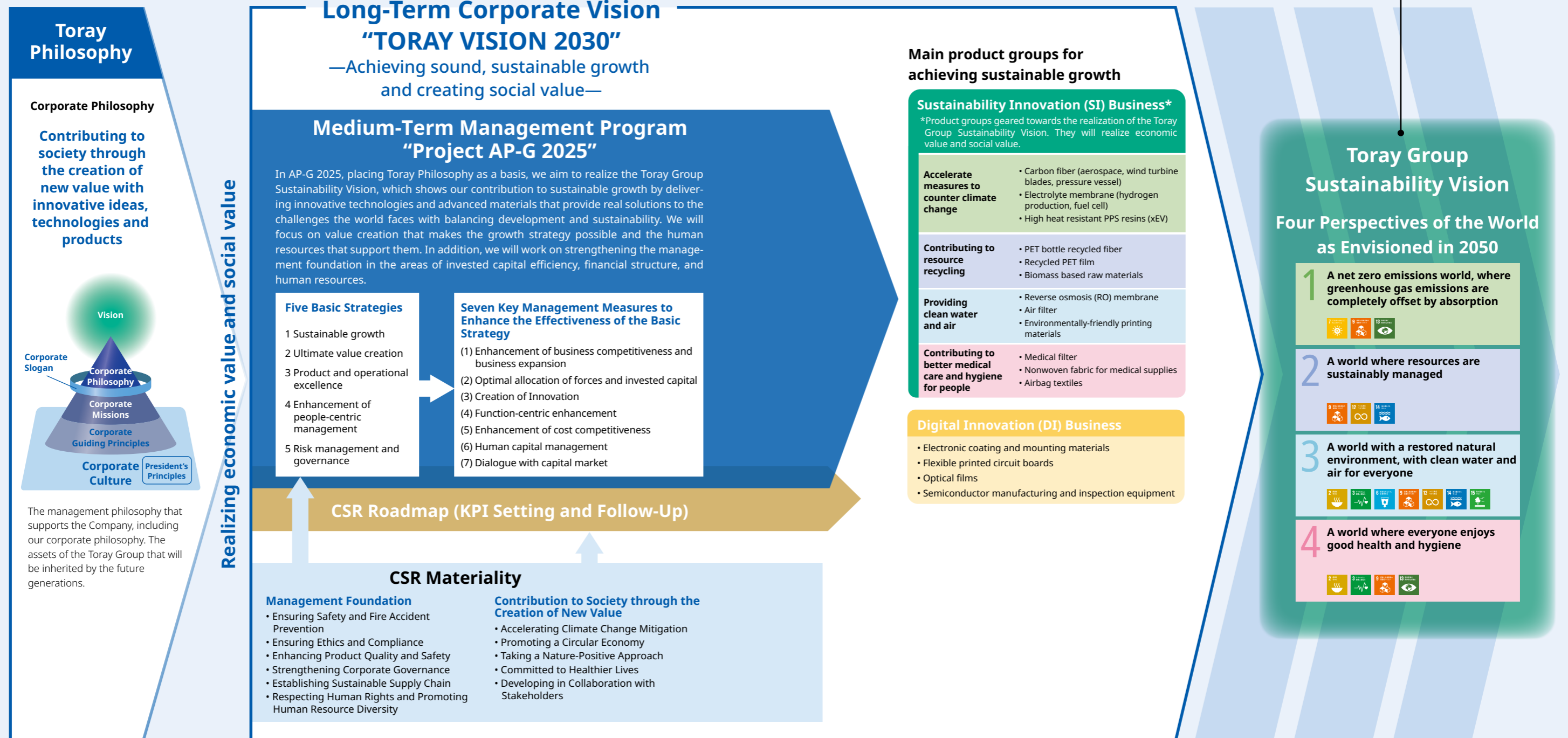
key strengths of Toray Group, based on the core values of “Contributing to society through business activities,” “People-centric management,” and “Management from a long-term perspective.” At the same time, we will work to realize the four perspectives of the world as outlined in the Toray Group Sustainability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



# Relationship Between Value Creation Process Diagram and Growth Story



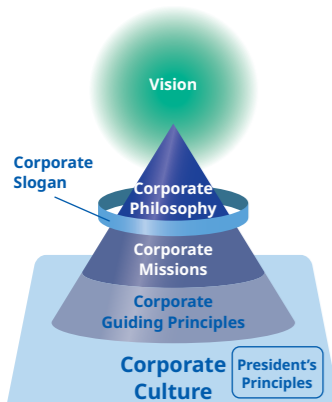
Here we illustrate the relationship between the value creation process diagram and our growth story. To give shape to our corporate philosophy, the Toray Group has established the Long-Term Corporate Vision, Medium-Term Management Program, CSR Roadmap, and Sustainability Vision. We aim to achieve a balance between economic value and social value through the growth and expansion of our sustainability innovation and digital innovation businesses.



## Toray Philosophy

### Corporate Philosophy

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



The management philosophy that supports the Company, including our corporate philosophy. The assets of the Toray Group that will be inherited by the future generations.

## Long-Term Corporate Vision

### "TORAY VISION 2030"

—Achieving sound, sustainable growth and creating social value—

## Medium-Term Management Program

### "Project AP-G 2025"

In AP-G 2025, placing Toray Philosophy as a basis, we aim to realize the Toray Group Sustainability Vision, which shows our contribution to sustainable growth by delivering innovative technologies and advanced materials that provide real solutions to the challenges the world faces with balancing development and sustainability. We will focus on value creation that makes the growth strategy possible and the human resources that support them. In addition, we will work on strengthening the management foundation in the areas of invested capital efficiency, financial structure, and human resources.

#### Five Basic Strategies

- 1 Sustainable growth
- 2 Ultimate value creation
- 3 Product and operational excellence
- 4 Enhancement of people-centric management
- 5 Risk management and governance

#### Seven Key Management Measures to Enhance the Effectiveness of the Basic Strategy

- (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
- (7) Dialogue with capital market

## CSR Roadmap (KPI Setting and Follow-Up)

### CSR Materiality

#### Management Foundation

- Ensuring Safety and Fire Accident Prevention
- Ensuring Ethics and Compliance
- Enhancing Product Quality and Safety
- Strengthening Corporate Governance
- Establishing Sustainable Supply Chain
- Respecting Human Rights and Promoting Human Resource Diversity

#### Contribution to Society through the Creation of New Value

- Accelerating Climate Change Mitigation
- Promoting a Circular Economy
- Taking a Nature-Positive Approach
- Committed to Healthier Lives
- Developing in Collaboration with Stakeholders

## Main product groups for achieving sustainable growth

### Sustainability Innovation (SI) Business\*

\*Product groups geared towards the realization of the Toray Group Sustainability Vision. They will realize economic value and social value.

#### Accelerate measures to counter climate change

- Carbon fiber (aerospace, wind turbine blades, pressure vessel)
- Electrolyte membrane (hydrogen production, fuel cell)
- High heat resistant PPS resins (xEV)

#### Contributing to resource recycling

- PET bottle recycled fiber
- Recycled PET film
- Biomass based raw materials

#### Providing clean water and air

- Reverse osmosis (RO) membrane
- Air filter
- Environmentally-friendly printing materials

#### Contributing to better medical care and hygiene for people

- Medical filter
- Nonwoven fabric for medical supplies
- Airbag textiles

### Digital Innovation (DI) Business

- Electronic coating and mounting materials
- Flexible printed circuit boards
- Optical films
- Semiconductor manufacturing and inspection equipment

## Toray Group Sustainability Vision

### Four Perspectives of the World as Envisioned in 2050

1 A net zero emissions world, where greenhouse gas emissions are completely offset by absorption



2 A world where resources are sustainably managed



3 A world with a restored natural environment, with clean water and air for everyone



4 A world where everyone enjoys good health and hygiene



# Toray Group's Vision

Toray Group established its Long-Term Corporate vision, TORAY VISION 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

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).



## 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 2024 Actual (IFRS)	FY 2025 Target (IFRS)	FY 2030 Target (IFRS)	
Supply of Sustainability Innovation products <sup>*1</sup>	562.4 billion yen	1,311.5 billion yen (2.3-fold)	13,689 billion yen (2.4-fold)	16,000 billion yen (2.8-fold)	4.5-fold	
CO <sub>2</sub> emissions avoided in value chain <sup>*2</sup>	40 million tons	10.3-fold	11.3-fold	15.0-fold	25.0-fold	
Water filtration throughput contribution by Toray's water treatment membranes <sup>*3</sup>	27.23 million tons/day	2.7-fold	2.9-fold	2.9-fold	3.5-fold	
Greenhouse gas emissions in production activities	Per unit of revenue across the Toray Group <sup>*4*6*7</sup>	356 tons/100 million yen	36% reduction	43% reduction	40% reduction	50% or more reduction
	Greenhouse gas emissions of Toray Group in Japan <sup>*5*6*7</sup>	2.45 million tons	26% reduction	28% reduction	20% reduction	40% or more reduction
Water usage in production activities	Per unit of revenue across the Toray Group <sup>*7</sup>	14,693 tons/100 million yen	35% reduction	38% reduction	40% reduction	50% or more reduction

<sup>\*1</sup> (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 <sup>\*2</sup> Toray calculates the CO<sub>2</sub> 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). <sup>\*3</sup> 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. <sup>\*4</sup> 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. <sup>\*5</sup> 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. <sup>\*6</sup> 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. <sup>\*7</sup> 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.

During FY 2024, the global economy saw that the U.S. was strong and Europe continued to recover, but recovery in China remained at a standstill. Japan continued its gradual recovery. Against this backdrop, consolidated revenue increased by 4.0% year-on-year to 2,563.3 billion yen, while core operating income grew by 39.1% to 142.8 billion yen, with higher profits posted by all the segments. The core operating income margin improved by 1.4 percentage points. Structural reforms and strategic pricing also contributed to the improved profitability.

### 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 2023 Actual	FY 2025 Forecast	AP-G 2025 FY 2025 Target
Revenue	2,464.6 billion yen	2,563.3 billion yen	2,670.0 billion yen	2,800.0 billion yen
Core Operating Income	102.6 billion yen	142.8 billion yen	150.0 billion yen	180.0 billion yen
Core Operating Income Margin	4.2%	5.6%	6%	6%
ROIC*	2.8%	4.4%	about 5%	about 5%
ROE	1.3%	4.5%	about 5%	about 8%
Free Cash Flow	64.7 billion yen	191.8 billion yen	Positive (3-year total)	Positive (3-year total)
D/E Ratio	0.55	0.49	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)

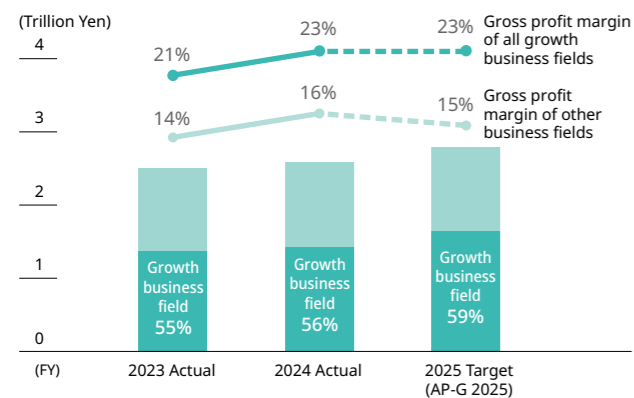
## Five Basic Strategies of AP-G 2025

### Basic Strategy 1

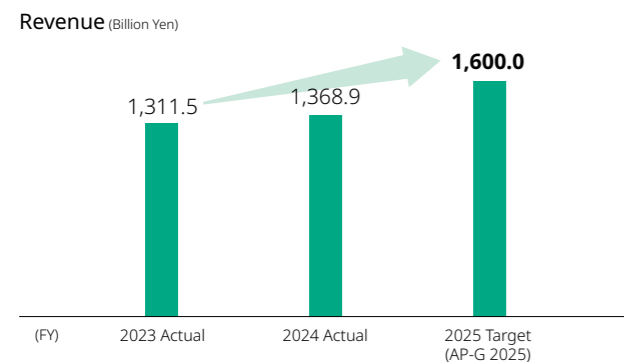
#### Sustainable Growth

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.

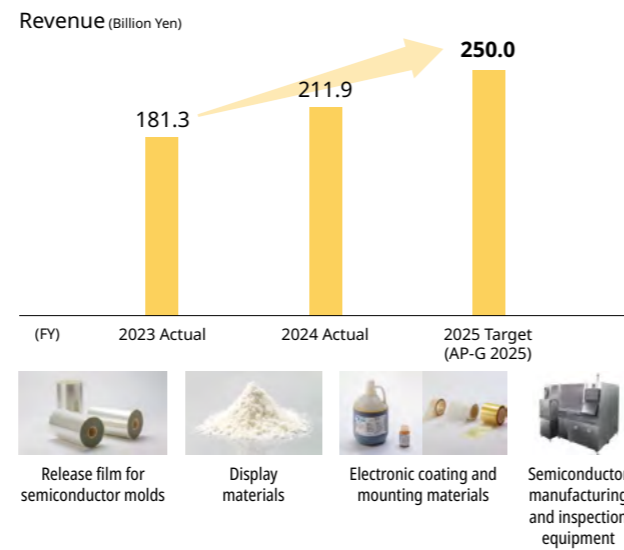
#### Revenue from Growth Business Fields



#### Sustainability Innovation (SI) Business



### Digital Innovation (DI) Business



In FY 2024, revenue from the SI Business rose 4.4% year-on-year to 1,368.9 billion yen. Although recovery in demand for large tow carbon fibers for wind turbine blades was slower than expected, revenue from carbon fiber for aircraft, recycled films, and resins for the automobile applications increased. Revenue from the DI Business grew 16.9% year-on-year to 211.9 billion yen. Rebounding from inventory adjustments in supply chains, demand in films for the electronic parts-related applications such as MLCCs increased, and demand for OLED-related and circuit materials also recovered.

### 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. It is not a simple price increase, but an initiative to have customers recognize the value of Toray's products. Through the united efforts among sales and marketing, production, and R&D, the Company aims to improve core operating income over 30 billion yen during the FY 2024-2025 period.

Specifically, the Company has introduced a tool that visualizes price differences for the same products across multiple divisions, enabling the Company to quickly address transactions that require improvement. When the expected value of a product is not reflected in the price, the Company shares such information not only with sales and marketing but also with production and R&D to drive initiatives to strengthen competitiveness, such as the development of high-added-value products and the fundamental improvement of productivity. The Company is also considering reviewing supply chains and target markets.

Thus far, its efforts have focused on (1) price corrections

### Strategic Pricing

**1 Price correction and passing on increases in raw material and fuel prices to sales prices**

**Price correction**

**High-added value pricing based on product value**

- Promote passing on cost increases to sales prices outside the formula
- Price optimization in conjunction with value and sales volume
- Offer fair prices in line with cost and technical services

**2 Improvement of product mix, and converting to high-added-value products**

**Improvement of product mix**

**Optimize business scale**

**Convert to high-added-value products**

- Scale down of low profitability applications, and improvement of product mix through business analysis by region and application
- Expansion of new application through product enhancement

**3 Creating new products and new value**

**Creating new products and new value**

**Improve prices by creating new value**

- Innovation creation and developing differentiated products through collaboration with sales, marketing, and R&D
- Product value increase and price improvement by reviewing supply chains and joint promotion

**Target under AP-G 2025**

**Improvement in core operating income**

**30 billion yen or more** (FY 2024-2025)

**Example of co-creation of a new market with customers (Yoshida & Co.)**

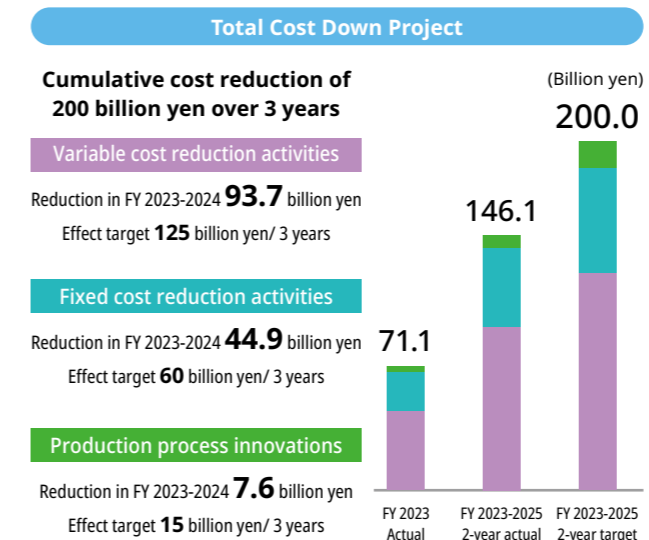
- Uses 100% plant-based nylon
- Joint promotion with customers

based on the product value, including passing on soaring raw material and fuel prices. Going forward, the Company will focus on (2) improving the product mix by shifting to high-added-value products as well as (3) achieving better pricing by creating new products and new value (innovation creation). For example, the Company developed Ecodear™ N510, a 100% plant-based nylon, for use in bags by Yoshida & Co., Ltd., a company with a global fan base. The Company communicated the nylon's value directly to consumers through joint promotions. As a result, the product is selling well despite its premium price.

### Basic Strategy 3

#### Product and Operational Excellence

The Company aims for a total of 200 billion in cost reductions through its own efforts over the three years of AP-G 2025. The cumulative reduction for the first two fiscal years, FY 2023-2024, was 146.1 billion yen, with a progress rate of



73%. In addition to reducing variable costs by consolidating procurement functions, the Company is enhancing the cost competitiveness of the entire Toray Group by sharing and implementing cross-organizational cost reduction activities globally.

### Basic Strategy 4

#### Enhancement of People-Centric Management

As a part of the enhancement of People-Centric Management strategy, Toray pursues "maximizing corporate value" and "enhancing employee well-being." To this end, the Company focuses on three areas: 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). The Company conducts an employee survey on engagement every fiscal year, and in FY 2024, scores improved for the following items: "I am engaged in rewarding work," "I am building a satisfying career," and "I am proud to be a member of the Toray Group."

### Basic Strategy 5

#### Risk Management and Governance

To prepare for rapidly emerging risks and to respond swiftly to crises, the Company has established a dedicated organization that communicates closely with the Board of Directors and top management to promote risk management as a part of the Company's management strategies. While advancing and streamlining global management, in FY 2025, the Company will reduce the number of the Board members by two to a total of 10. This will facilitate deeper discussions from a wider perspective and enhance the effectiveness of the management that contributes to increasing corporate value over the medium- to long-term.

# Toray Group's Vision

## Promotion of ROIC Management

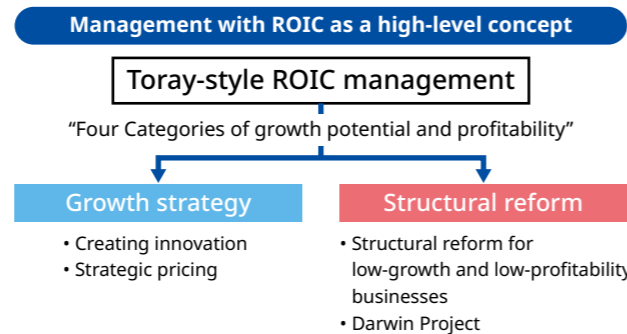
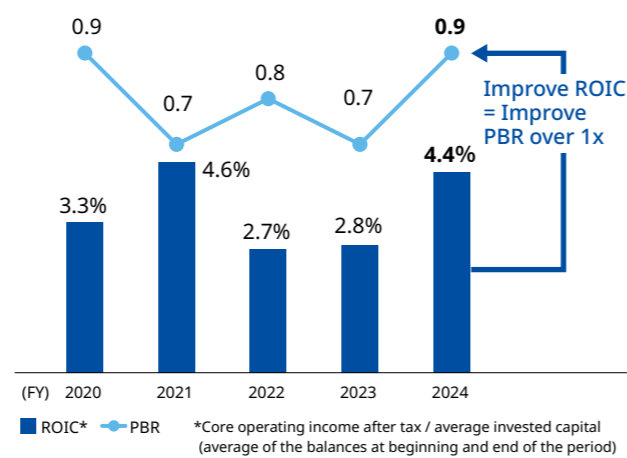
Due in part to changes in the external environment, the Company's investments over the past 10 years have not generated commensurate returns, and its ROIC remained at 4.4% for FY 2024. In dialogue with the capital markets, double-digit ROIC are expected, and the Company recognizes this as a major factor behind its low PBR.

Therefore, in AP-G 2025, Toray prioritized improving ROIC by increasing core operating income and managing invested capital efficiently, and each business division is formulating its own business strategy. Meanwhile, corporate divisions determine which businesses require capital investment, and which should make money with a light-asset model, working to achieve well-balanced capital allocation tailored to each business's characteristics. With growth strategies and structural reforms as the Company's two wheels, from the perspectives of growth and profitability, it is promoting initiatives such as innovation creation, strategic pricing, structural reform of low-growth and low-profitability businesses, and "Darwin Project".

\* Darwin Project: A profitability improvement project to adapt to change and restore earning capability.

### Reallocating Management Resources from the Perspective of Competitiveness

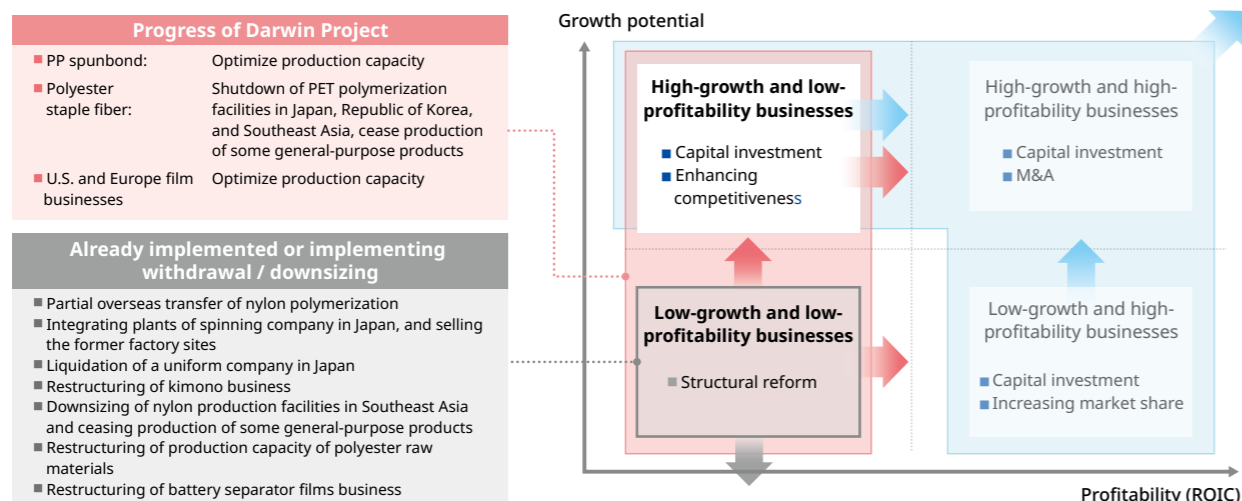
As part of the Company's business portfolio reform, the Company classifies its businesses into four quadrants along the two axes of growth potential and profitability (ROIC). For businesses and companies in the low-profitability quadrants, particularly those with large amounts of invested capital, the Company has launched Darwin Project led by the President to examine and implement measures for improvement. For example, in the Fibers and Textile business, the Company has built its supply chains within the Group utilizing production sites in Japan, Southeast Asia, and East Asia, but is now restructuring its production sites after carefully assessing its competitiveness by product type and by customer.



Additionally, for low-growth, low-profitability businesses with small to medium amounts of invested capital, the Company is considering structural reforms, withdrawal, and downsizing.

On the other hand, the Company is prioritizing the allocation of funds and personnel to competitive growth businesses in areas where greater profitability is expected. The Company is also continuing to invest capital in high-growth businesses such as the carbon fiber business whose profits are currently sluggish, while working to improve profitability.

### Structural Reform for Low-Growth and Low-Profitability Businesses



In addition to above initiatives, deliberating and implementing other structure reforms

- Progress of Darwin Project**
- PP spunbond: Optimize production capacity
  - Polyester staple fiber: Shutdown of PET polymerization facilities in Japan, Republic of Korea, and Southeast Asia, cease production of some general-purpose products
  - U.S. and Europe film businesses: Optimize production capacity
- Already implemented or implementing withdrawal / downsizing**
- Partial overseas transfer of nylon polymerization
  - Integrating plants of spinning company in Japan, and selling the former factory sites
  - Liquidation of a uniform company in Japan
  - Restructuring of kimono business
  - Downsizing of nylon production facilities in Southeast Asia and ceasing production of some general-purpose products
  - Restructuring of production capacity of polyester raw materials
  - Restructuring of battery separator films business

### Darwin Project

Businesses and companies whose profitability has significantly declined due to drastic changes in the business environment fall under Darwin Project. For those businesses and companies, the Company identifies challenges based on an understanding of the current situation and analysis and implements measures for short-, and medium- to long-term, respectively. In FY 2024, under Darwin Project, the Company implemented cost reduction and optimizing production capacity among global production sites. As a result, the businesses of ZOLTEK (large tow carbon fibers), the U.S. film subsidiary, TPM (ABS resins), and polyester staple fiber all returned to profitability, raising profits by approximately 20 billion yen. In FY 2025, the Company expects a further improvement in profit of approximately 10 billion yen by returning the PP spunbond business and European film subsidiary to profitability.

### Results of Restructuring Designated Businesses / Companies

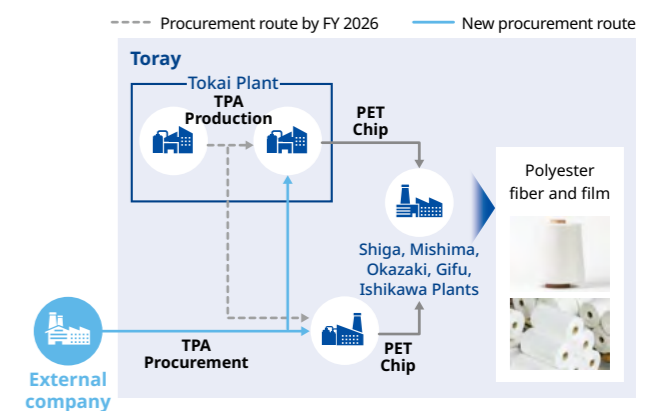
Business/Company	Up to FY 2024
Zoltek (Large-tow carbon fiber)	<ul style="list-style-type: none"> <li>Reduction of total fixed cost in line with utilization rate</li> <li>Strengthen global operation between Mexico and Hungary</li> <li>Became profitable ahead of schedule in 2Q of FY 2024</li> </ul>
Films businesses (U.S. and Europe)	<ul style="list-style-type: none"> <li>Ceased production at the PET film production facilities mainly for general-purpose products</li> <li>Reduction of fixed cost by reviewing production capacity</li> <li>Promoted strategic pricing</li> <li>A subsidiary in the U.S. became profitable in 2Q of FY 2024</li> </ul>
PP spunbond	<ul style="list-style-type: none"> <li>Reduction of fixed costs in line with review of the production capacity including shutdown of production lines</li> <li>Promoted differentiation, develop new applications, optimize production scale</li> <li>Promoted strategic pricing</li> </ul>
Toray Plastics Malaysia (ABS resin)	<ul style="list-style-type: none"> <li>Improve product mix</li> <li>Reduction of fixed costs</li> <li>Restored profitability in the second half of FY 2023</li> </ul>
Polyester staple fiber	<ul style="list-style-type: none"> <li>Implemented global production transfer for shutdown of polymerization facilities</li> <li>Became profitable ahead of schedule in 2Q of FY 2024</li> </ul>
<b>Impact on the business performance</b>	<b>Improvement in core operating income in FY 2024: about 20 billion yen (compared with FY 2023)</b>

### Restructuring the Production System

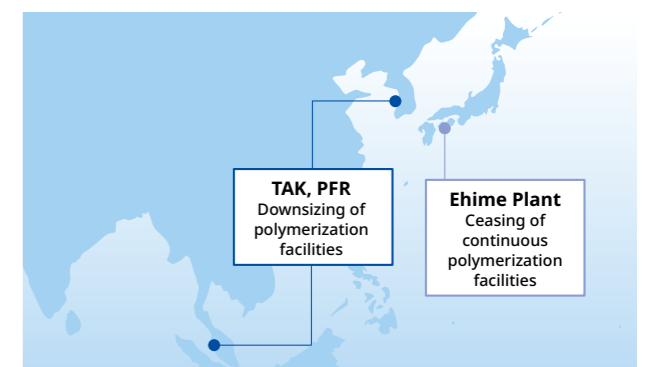
As a specific example of fundamental business restructuring, the Company plans to cease domestic production of terephthalic acid (TPA), a raw material for polyester fibers and films during FY 2026 and shift to external procurement. This decision was made after comprehensively reviewing maintenance and renewal costs for aging production facilities against the costs and risks of external procurement. Additionally, in

polyester staple fiber business, by promoting global operations and high-value-added products, the Company will shut down direct continuous polymerization and spinning facilities in Japan, which are suited for mass production of single product types, during FY 2025. The Company has also begun to scale down operations in the Republic of Korea and Malaysia. Furthermore, while Toray is promoting business restructuring for battery separator films at each production site, the business environment remains challenging due to factors such as slowdown in the EV market. The Company is considering all options, including business downsizing and withdrawal.

### Shift of terephthalic acid (TPA) procurement route



### Production restructuring for polyester staple fiber



### Business Expansion in Growth Fields Growth Potential and Profitability by Business Field

Comparing the revenue growth rate and ROIC by segment during the AP-G 2025 period, the Fibers and Textiles segment's projected revenue growth rate for FY 2022-2025 is 1.9%, while its ROIC rose to 8.2% in FY 2024. With revenue on the scale of 1 trillion yen, the Fibers & Textiles Business serves as a stable source of profit that supports growth investments for the entire Toray Group.

The Company has already invested in the Performance Chemicals segment as a growth and expansion business. As inventory adjustment in the semiconductor and display markets has been resolved, the Company expects its ROIC to increase to 8% in FY 2025 as capacity utilization rates rise.

## Toray's Business Fields and Growth Potential

Segment	ROIC			CAGR of Revenue 2022-2025
	FY 2023 (Actual)	FY 2024 (Actual)	FY 2025 (Forecast)	
Fibers & Textiles	6.3%	8.2%	9%	1.9% <span style="color:red">1 5</span>
Performance Chemicals	3.6%	6.7%	8%	2.3% <span style="color:red">2 3</span> <span style="color:blue">6 7 8</span>
Carbon Fiber Composite Materials	1.7%	3.0%	3%	3.9% <span style="color:blue">9</span>
Environment & Engineering	8.3%	9.7%	10%	8.0% <span style="color:blue">10</span>
Life Science	-2.2%	-1.4%	0%	0.8% <span style="color:red">4</span>
Total	2.8%	4.4%	5%	2.4%

### Business fields that need improvement (short- to medium-term)

- Non-woven fabric (PP spunbond), fiber
- Films business in the U.S. and Europe
- Battery separator films
- Pharmaceutical / medical business

### Core growth business fields (medium- to long-term)

- Fibers & Textiles: airbag applications, ultra-microfiber non-woven fabric with suede texture, products from fiber to textiles and further to garments
- Resins: PPS resins (xEV)
- Films: electronic parts-related films, OPP films for automobile
- Electronic & information materials: electronic coating materials for semiconductors
- Carbon Fiber: aerospace applications, pressure vessel applications
- Water treatment membrane (reverse osmosis (RO) membrane)

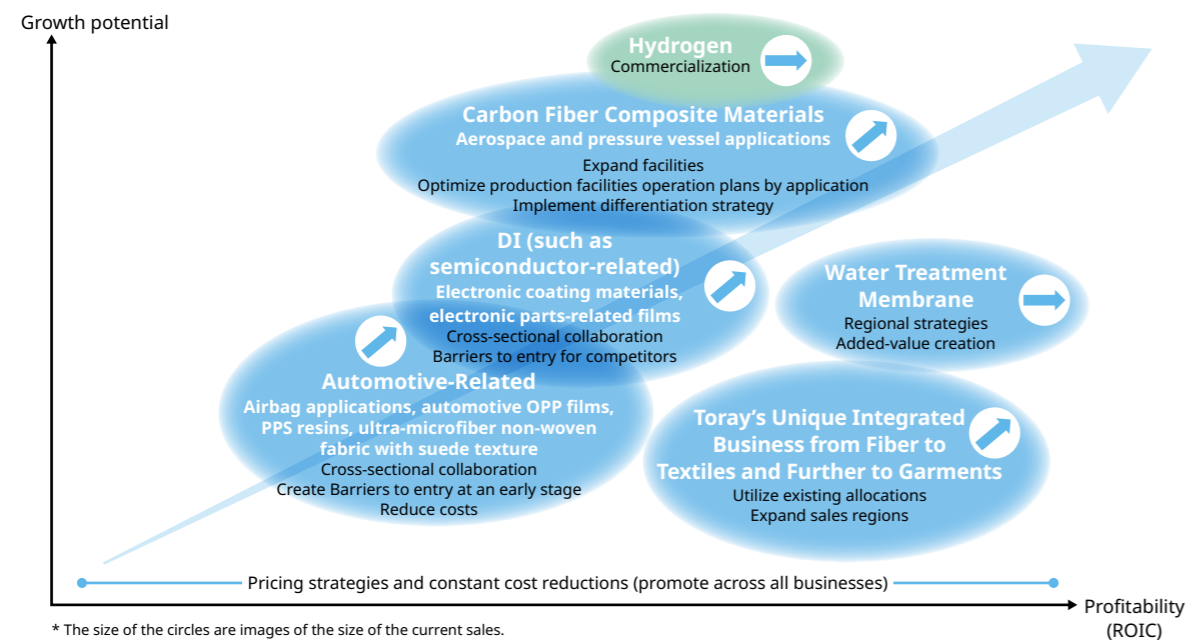
Although the Company positions the Carbon Fiber Composite Materials segment as its most important growth business, its ROIC is low due to sluggish facility operation despite significant capital investments. However, as some applications are expected to be highly profitable, the Company aims to improve ROIC through application-specific strategies going forward.

The Environment & Engineering segment is achieving high profitability and high growth, centered on reverse osmosis (RO) membranes for the water treatment business, and the Company anticipates a double-digit ROIC in FY 2025.

## Strengthening Growth Areas Based on the Four Categories of Growth and Profitability

The Company is promoting optimal business strategies for businesses that have high market competitiveness (in terms of quality, share, technology, supply chain, etc.) For businesses like carbon fiber, which have high growth potential but require large initial investments, the Company will improve profitability through differentiation. For stable businesses such as Toray's unique integrated business from fiber to textiles further to garments, the Company will expand them while maintaining high profitability through an asset-light strategy.

## Toray's High-Growth, High-Profitability Businesses (Conceptual Diagram\*)



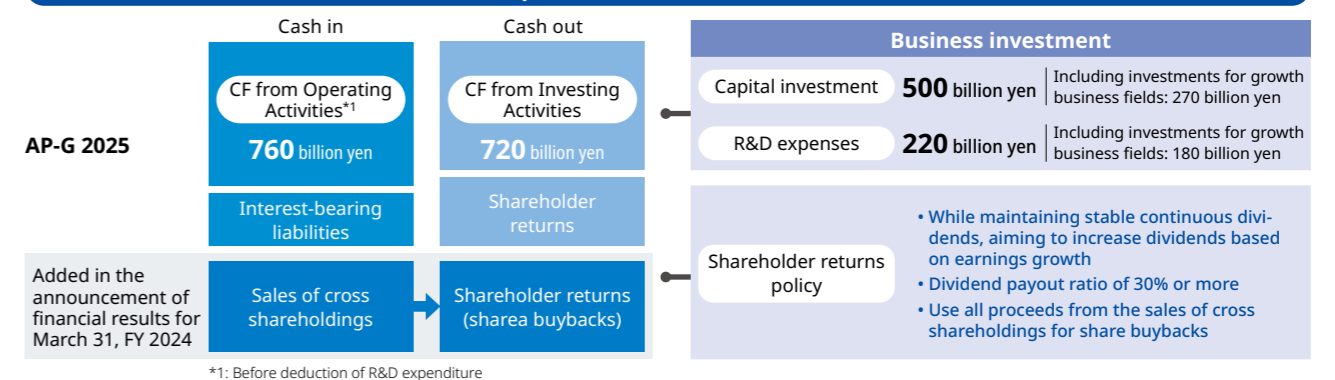
## Strengthening the Financial Foundation Which Supports Growth

### Maintaining Financial Soundness and Capital Allocation

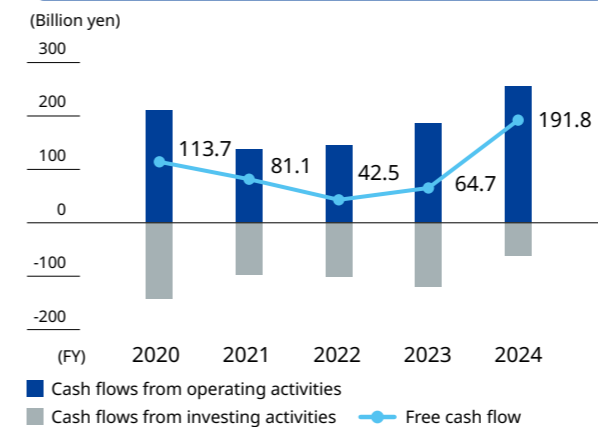
As for capital allocation, along with assuming an operating cash inflow of 760 billion yen over the three-year period from FY 2023 to FY 2025, investment cash outflow is expected to reach a total of 720 billion yen, consisting of capital investments valued at 500 billion yen (355.2 billion yen in AP-G 2022, the previous Medium-Term Management Program) and R&D expenditures at 220 billion yen (193.8 billion yen 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 2025, Toray assumes capital investments of 180 billion yen (down 38.7 billion yen year-on-year), primarily for polypropylene films and carbon fiber; depreciation and amortization of 135 billion yen (up 2.9 billion yen year-on-year); and R&D expenditures of 84 billion yen (up 9.6 billion yen year-on-year).

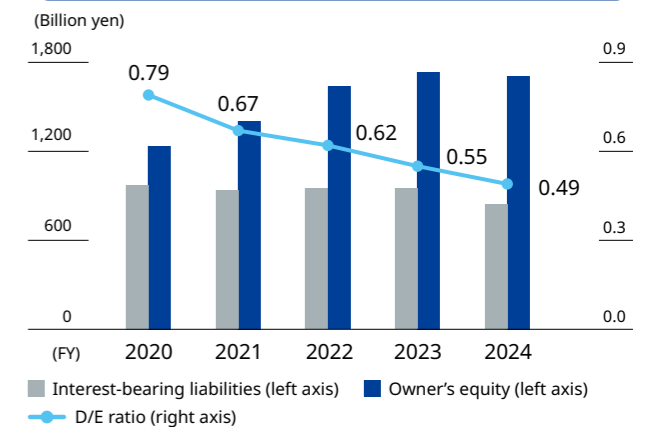
### Capital Allocation (FY 2023-2025)



### Cash Flows



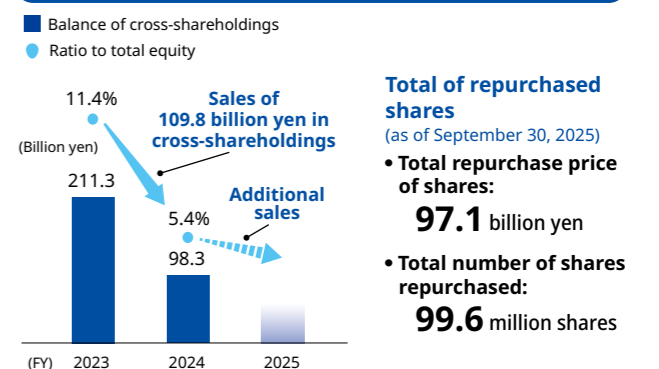
### Interest-Bearing Liabilities, Owner's Equity and Debt-to-Equity Ratio (D/E Ratio)



### Reducing Cross-Shareholdings for Share Buybacks

To accelerate capital efficiency improvements, in May 2024, the Company announced a policy to reduce its cross-shareholdings by 50% (approximately 100 billion yen) over the three-year period from FY 2024 to FY 2026, bringing their ratio to total equity to about 5%, and to use all proceeds from the sales to share buybacks as part of shareholder returns. In response, in FY 2024, the Company sold cross-shareholdings equivalent to 109.8 billion yen, bringing the ratio to total equity to 5.4% and achieving its goal two years ahead of schedule. The Company will continue to sell cross-shareholdings in FY 2025, and all proceeds exceeding 100 billion yen from the sales including additional sales will also be used to share buybacks.

### Reduction of Cross-Shareholdings and Share Buybacks



## Management Briefing

Following the Management Briefing in 2024, the Company held another briefing in May 2025. At this briefing, the Company explained its strengths and value creation model, the progress of AP-G 2025, its approach to the next Medium-Term Management Program, and its shareholder return policy. The Company also engaged in a candid exchange of opinions with the attendees.



**Mitsuo Ohya**  
President

### Profit Growth Expected for the Third Consecutive Year

In FY 2025, the final year of AP-G 2025, the Company anticipates core operating income will be approximately 30 billion yen less than the target set when the Company announced the program, due to factors including a slower recovery in the automobile market and the impact of the U.S. tariff policies. However, through Darwin Project and strategic pricing initiatives, the Company aims to achieve a third consecutive year of growth in core operating income. Toray will also flexibly adapt to the rapidly changing environment, review its business strategies as needed, and promote ROIC management as the Company moves toward the next Medium-Term Management Program.

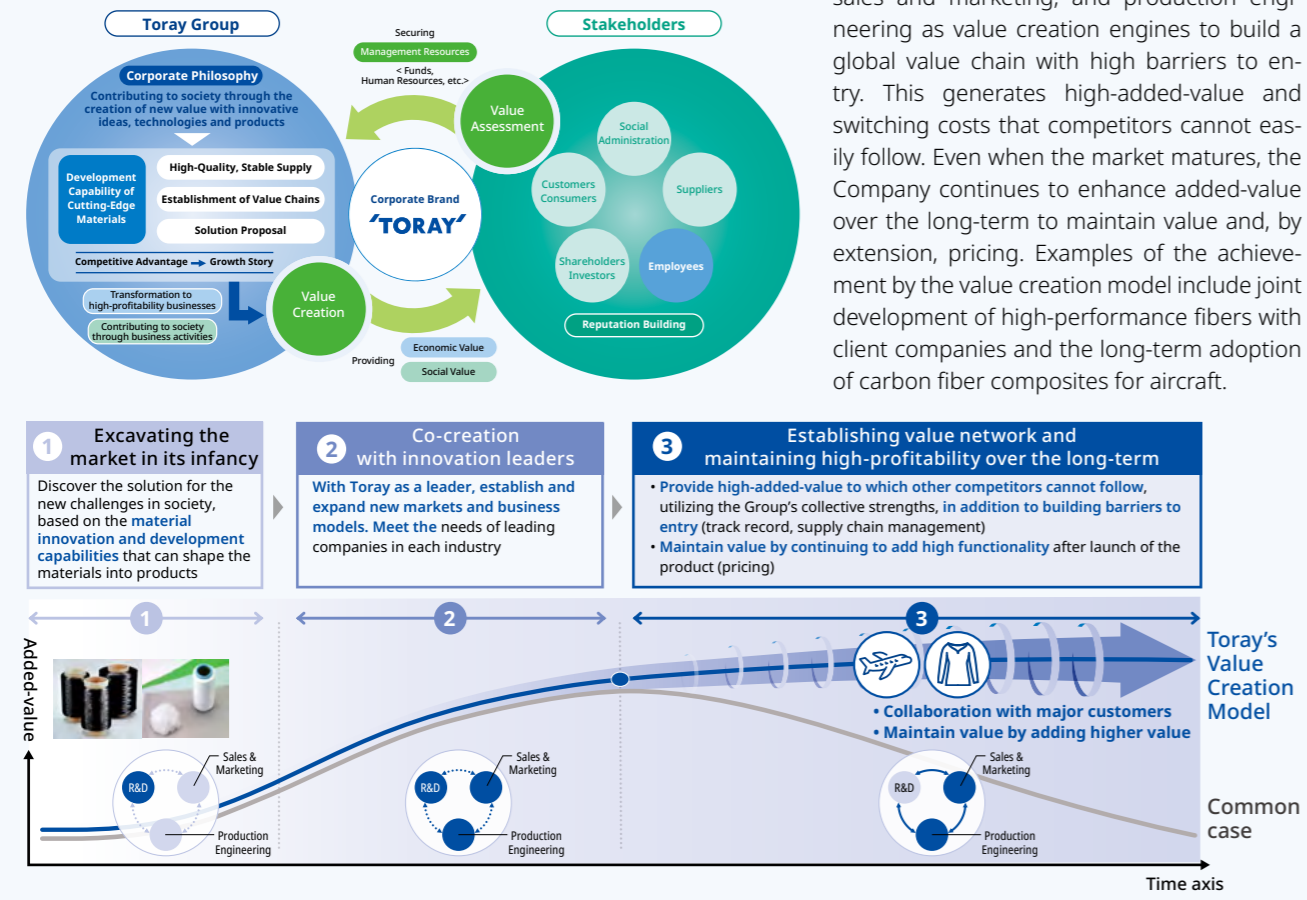
### Toray's Vision Toward a "Truly Sustainable Company" - Virtuous Cycle of Value -

Toray believes that creating a "virtuous cycle of value" is

essential to become a "truly sustainable company" it envisions. Starting from its corporate philosophy, the Company creates new value and provides both economic and social value to its stakeholders. Only after its values are assessed and appreciated by its stakeholders, the Company can secure management resources. Toray believes that the Group needs to maintain and further enhance this virtuous cycle to be a "Truly Sustainable Company."

### Toray's Winning Pattern = Toray's Value Creation Model

Toray's value creation model begins with an approach of excavating or developing new markets, either as the industry leader or alongside other leading companies, through the early development of cutting-edge materials. After pioneering those markets, the Company uses its strengths in R&D, sales and marketing, and production engineering as value creation engines to build a global value chain with high barriers to entry. This generates high-added-value and switching costs that competitors cannot easily follow. Even when the market matures, the Company continues to enhance added-value over the long-term to maintain value and, by extension, pricing. Examples of the achievement by the value creation model include joint development of high-performance fibers with client companies and the long-term adoption of carbon fiber composites for aircraft.



## For the Next Medium-Term Management Program

### Promoting Growth Strategies and Structural Reform in the Same Degree

The Board of Directors recognizes that the primary reason for its persistently low PBR is its low rate of return (ROIC). Therefore, to improve its economic value, the Company believes it is crucial to improve core operating income and the core operating income margin while curbing increases in invested capital. In the next Medium-Term Management Program, the Company will make even greater efforts to promote both growth strategies and structural reform in the same degree.

**The Two Wheels: "Growth Strategies" and "Structural Reform"**  
In order to realize a "Truly Sustainable Company," investments must be screened and a good balance between business expansion and profitability improvement must be achieved

In the next Medium-Term Management Program, challenges in both "growth strategies" and "structural reform" will be set in the same degree		
Growth strategies (current)	Growth strategies (beyond 2030)	Structural reform
<ol style="list-style-type: none"> <li>Ensure the effect of capital investment (Clarification of competitiveness, risk or opportunity)</li> <li>Ensure to maximize profit at the existing production facilities (improvement in product mix, productivity, etc.)</li> <li>High-added-value creation for existing products (innovation creation)</li> </ol>	<ol style="list-style-type: none"> <li>Growth strategy from a long-term perspective (toward FY 2030)</li> <li>Essential competitiveness (high-added-value or cost), and pursuing "winning patterns"</li> <li>Response to fundamental changes in external and market environment</li> </ol>	<ol style="list-style-type: none"> <li>Consider downsizing/consolidating/withdrawing from the business based on the profit commensurate with the invested capital</li> <li>Verifying and reviewing the business model</li> </ol>

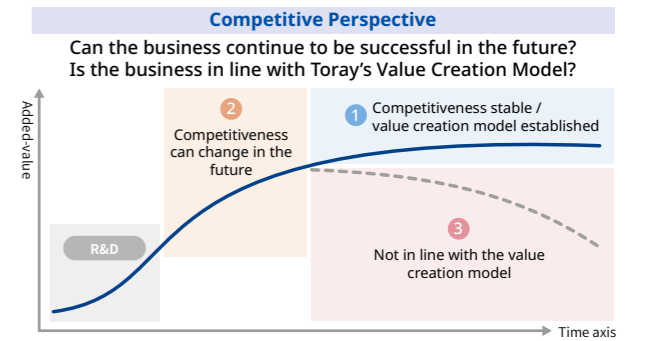
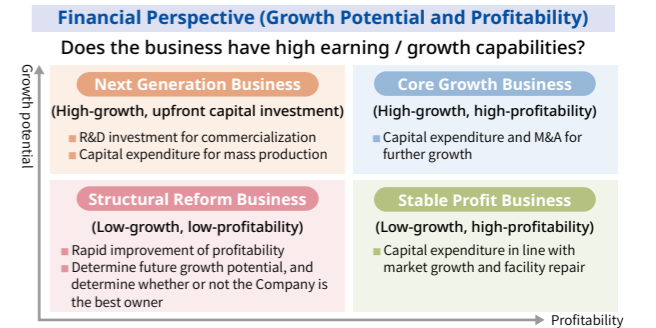
**Achieving the targeted core operating income, core operating margin, and ROIC**

### Policy on Business Portfolio and Structural Reform

As for its business portfolio, similar to the four-quadrant analysis, the Company continues to use the axes of "growth potential" and "profitability" from a financial perspective. However, the Company classifies its businesses into Core Growth Businesses, Stable Profit Businesses, Structural Reform Businesses, and Next-Generation Businesses. Adding the perspectives of "competitiveness" and "time axis," the Company assesses how long each business can maintain its competitive advantage and whether it has the potential to establish Toray's value creation model, which is its winning pattern, to determine management resource allocations accordingly.

For Structural Reform Businesses in particular, the Company will closely examine their potential to transition into Core Growth Businesses or Stable Profit Businesses by making them subject to Darwin Project or implementing additional measures. For businesses deemed difficult to improve and for which the Company determines Toray is not the best owner, the Company will consider withdrawal or divestment. It will decide on the course of action for

Clarifying the positioning of each business, based on the "growth potential x profitability x competitiveness" in the future

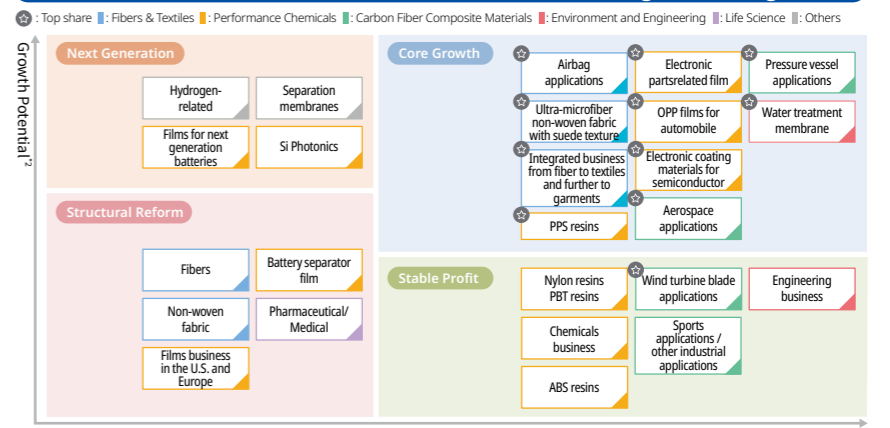


businesses targeted for Structural Reform Businesses within the term of next Medium-Term Management Program.

### Maximizing Profits in Core Growth and Stable Profit Businesses

In the next Medium-Term Management Program, among the main businesses plotted in the matrix below, the Company will maximize profits in its Core Growth Businesses, which drive sales and profit growth, and its Stable Profit Businesses, which generates stable earnings. Next-Generation Businesses are those that the Company expects to transition into core businesses in the future. The market environment and product competitiveness depend on applications and regions, but Toray will improve its overall ROIC and achieve sustainable growth and expansion by promoting application- and region-specific strategies tailored to their characteristics.

### Business Portfolio Under the Next Medium-Term Management Program

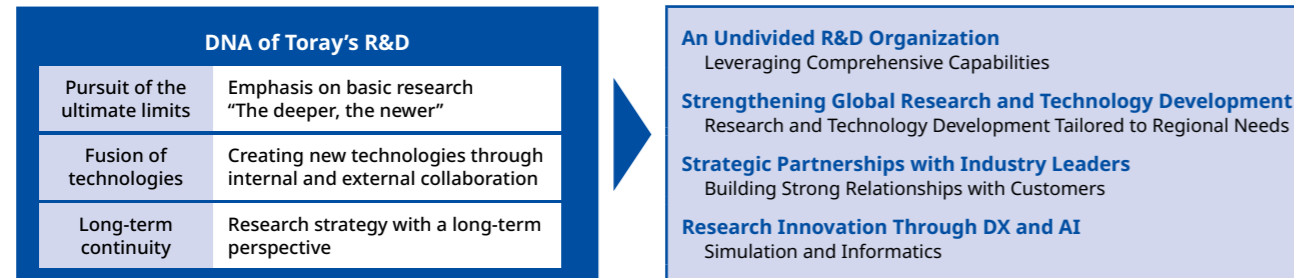


<sup>1</sup> Based on FY 2025 forecast. <sup>2</sup> Growth rate of sales in FY 2025-2030

# Research and Development (R&D)

Under the corporate slogan "Innovation by Chemistry", the Toray Group pursues technological innovation with chemistry at its core, aiming to become the world's leading company of advanced materials. Going forward, we will further bolster the Group's collective strengths and create innovative advanced materials.

## R&D Basic Policy and Organization

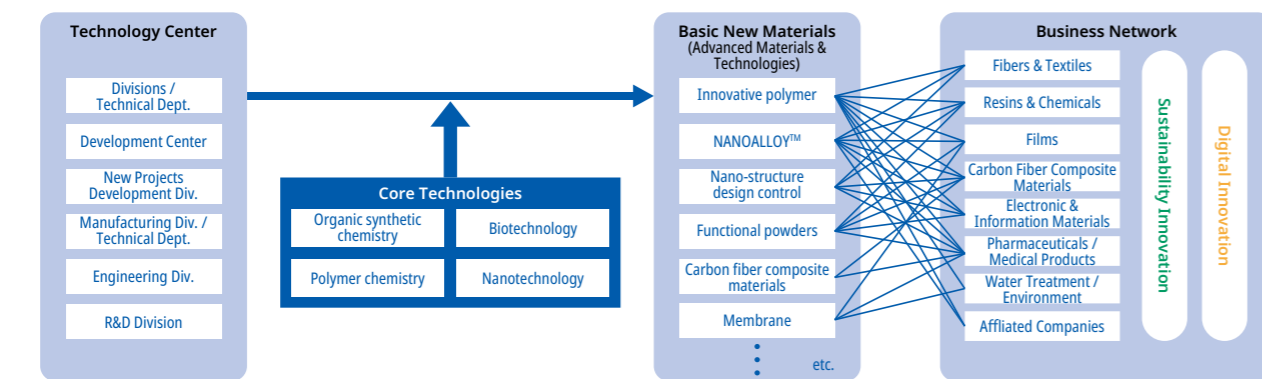


Since the Company's founding, Toray's Technology Center has served as the control tower for driving research and technological development into advanced materials based on the conviction that R&D provides the key to building the Toray's tomorrow.

Toray's R&D teams have inherited the idea of "The Deeper, the Newer," a concept that digging deeper into something will result in new discoveries and inventions. This is our DNA of "pursuing the ultimate limits." On top of that, our strengths lie in our commitment to long-term continuity, based on which we will continue to undertake initiatives from a long-term perspective. Based on a grand vision of the times and

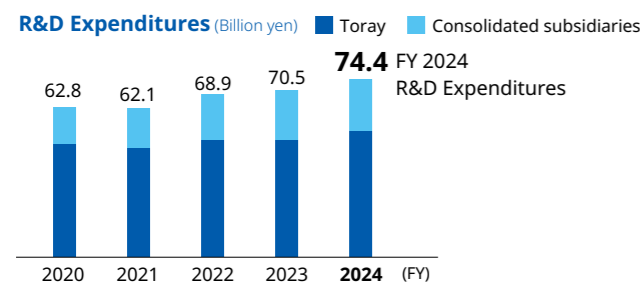
the needs of society, Toray aims to drive innovation that delivers social and economic value.

A notable feature of R&D at Toray is that all research and technological development functions are centralized in the Technology Center. This integrated R&D organization means new technologies arising from the fusion of technologies are more likely to emerge, and 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 business field.

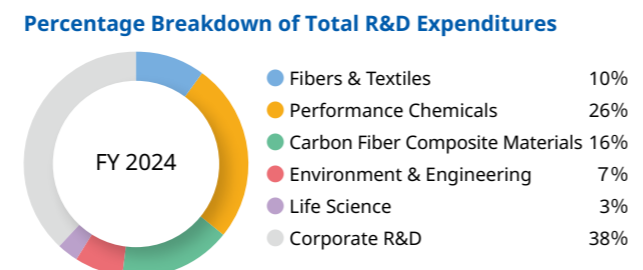


## R&D Investment

Over the duration of AP-G 2025 (FY 2023 -2025), we are planning to invest over 80% of the total R&D expenses of 220 billion yen in the Sustainability Innovation (SI) and Digital Innovation (DI) businesses, which we have designated as



growth business fields. 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".



## Ultra-Precise Conjugate Spinning Technology That Contributes to High-Performance Comfortable Fibers & Textiles

Our proprietary conjugate spinning technology, NANODESIGN™, precisely shapes a variety of fiber cross-sections at the nanoscale, enabling conjugate spinning using multiple types of raw materials that were previously difficult to conjugate. By way of synergies between precisely controlled fiber cross-sections and raw material attributes, we have been able to continuously realize high-performance comfortable fibers & textiles that exhibit various functions, along with aesthetics and wearing comfort that were difficult to achieve with conventional technology, thereby contributing to people's safe, secure, and fulfilling lives.

Our water-repellent stretch textile DEWEIGHT™ forms a structure similar to that of natural materials with excellent water repellency by using our NANODESIGN™ new raw yarn, which precisely controls the fiber cross-section, and a special advanced processing technology that creates a spiral structure on the fiber surface, thereby achieving outstanding water repellency and a comfortable, smooth feel without per- and poly-fluoroalkyl substances (PFAS).

In recognition of this technology's future growth potential and social significance, we won the 2022 Chemical Society of

**Conjugate spinning technology, NANODESIGN™**

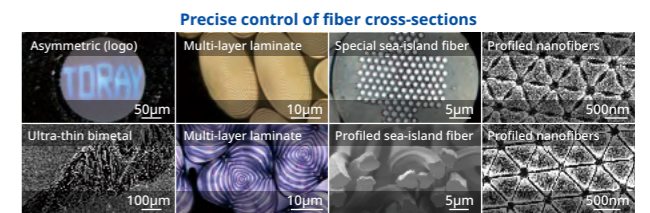
The potential of new fiber materials endowed with unprecedented "thinness," "shape," "arrangement," and "function"

Unique flow control technology enables the design of complex fiber cross-sections

**NANODESIGN TECHNOLOGY**

**Product examples: DEWEIGHT™**  
Achieving superior water repellency through nanoscale control without PFAS

	Conventional water-repellent material (commercially available equivalent) (Non-fluorocarbon water-repellent finish)	DEWEIGHT™ (Non-fluorinated water-repellent finish)
Textile observation		
Water drop photography		
Water drop contact angle	51°	Advanced water repellency 8°

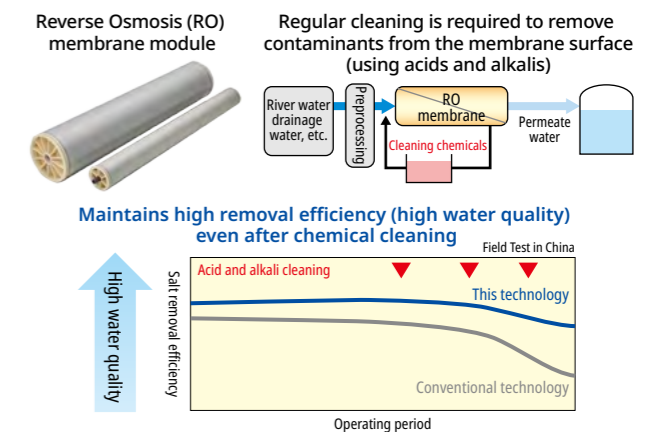


Japan Award for Technical Development, and then in 2024, we received the Main Prize of the 2024 Ichimura Prize in Industry from Ichimura Foundation for New Technology.

## Long-Lasting Reverse Osmosis Membranes with High Permeability, High Removal Efficiency, and Chemical Resistance

We identified that low durability against cleaning chemicals (acids and alkalis) that remove dirt adhered to the surface of reverse osmosis (RO) membrane leads to structural degradation and a decline in water quality. To address this issue, we found that (1) improving structural stability against acids and alkalis and (2) controlling the pore size for selective water permeability are both necessary. To achieve these goals, we have worked on the precise control of the membrane formation process. As a result, we have achieved the practical application of RO membrane that balances high permeability, high removal efficiency, and chemical resistance. Since the RO membrane can maintain high water quality even after chemical cleaning, the components also do not need to be replaced so frequently.

The RO membrane utilizing this technology is used in over 100 countries worldwide for the production of industrial water, agricultural water, and drinking water, contributing to the provision of safe and reliable water to address water scarcities faced by the international community.



The invention of this RO membrane was highly evaluated and received the WIPO\* Award at the 2024 National Commendation for Invention by the Japan Institute of Invention and Innovation.

\*World Intellectual Property Organization

## "Night of the Makaizo Society": Unleashing the Brilliance of Our Engineers

45 engineers from our Engineering Development Center appeared in NHK's tech innovation entertainment TV show "Night of the Makaizo Society," where top-tier engineers leverage ultimate ideas and techniques to take on the challenges of transforming toys or household appliances into extreme, high-performance machines, and compete with two other companies.

The challenges for Toray were "Dinosaur Kick the Can" and "Plastic Umbrella Hang Time Match." In both of them, the members shared their wisdom and techniques to overcome numerous hurdles and tackle difficult tasks. As a result, Toray won the "Plastic Umbrella Hang Time Match."

By participating in "Night of the Makaizo Society," we were able to show the presence of our engineers who play important roles at Toray, a materials manufacturer, to a broader audience.



The 45 engineers who participated in "Night Of The Makaizo Society"

\*<https://www.toray.co.jp/makaizo/>

# Intellectual Property Strategies



Maximizing Value with  
"the Power of IP"

## Basic Policies on Intellectual Property

In the Intellectual Property Division, we see it as our mission to **make contributions to the business through intellectual property (IP) so as to enhance the corporate value of the Toray Group**. Every member of the division is fully aware of it as they engage in their daily activities. The backbone of our wide-range and diverse IP activities is the four basic policies on intellectual property that the entire Group adheres to.

### Intellectual property strategies, as a part of the three combined strategies in line with our management principles

The 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 part of this three combined strategies (business, R&D and IP), we have positioned intellectual property strategies as one of the most important elements of our management strategies.

### Promoting the acquisition 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 portfolio with deterrence capabilities. Regarding trademarks, we acquire appropriate rights with an eye to improving brand value.

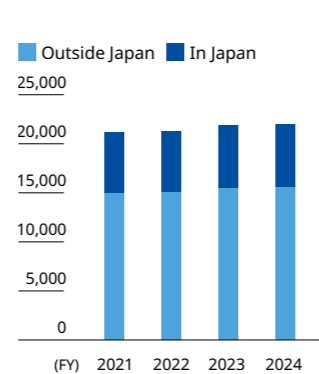
### Respecting the rights of others

Toray operates a patent confirmation system to comprehensively investigate the relationship among our products, 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.

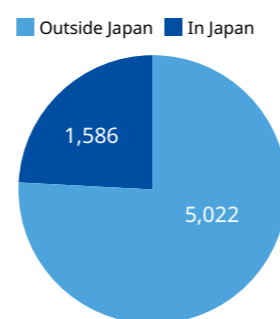
### Rightful enforcement of our own rights

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.

Patents held



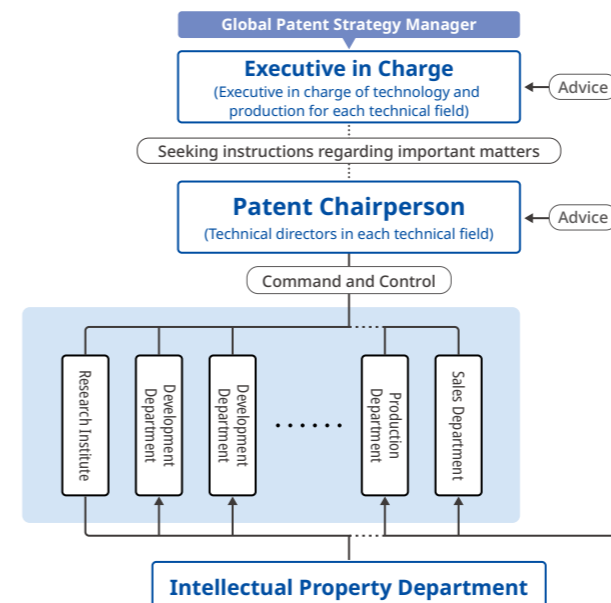
Number of registered trademarks



\*Figures are as of the end of July 2025

## Formulation and Implementation of IP Action Plans in Our Business Fields

### Patent Committee System

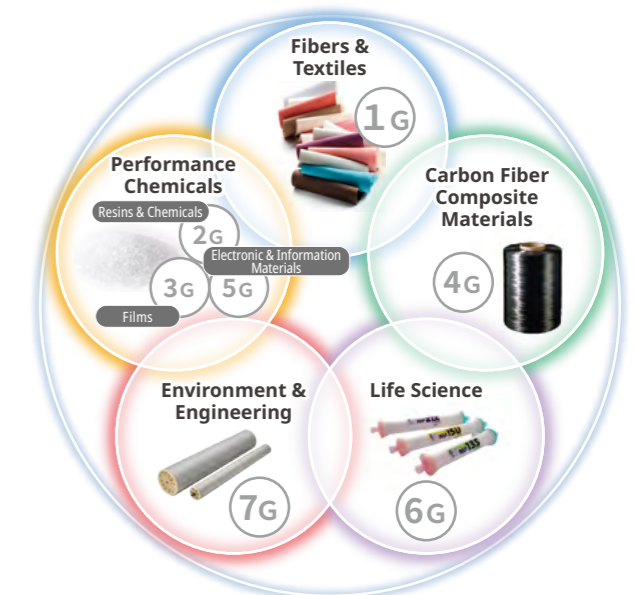


At Toray, we have established a Patent Committee System for each technological field, and we hold **Patent Committee** once every two months. The worksite managers who hold technical responsibility in their respective areas have been appointed as patent chairperson to assume overall responsibility for patent issues that may arise. They execute strategies with reference to expert opinions from the Intellectual Property Division. This system clearly embodies the responsibility for patents, similar to that for product safety. **The Patent Committee System is operated in coordination with the Board of Directors, while the Executive Vice President, who serves as the CTO, oversees both Toray's technology and intellectual property matters in general.** Also, our Group companies in and outside Japan are involved in the Global Patent Strategy Framework by technological field, and work together to promote IP strategies.

For important issues in each technological field, **"IP action plans"** are formulated and executed in collaboration with the responsible executives of each area. In these IP action plans, the issues that are particularly important and urgent for business management are selected as **Rank-A Projects** and addressed by leveraging Toray's comprehensive capabilities in collaboration between the Technology Center and the Intellectual Property Division.

The Intellectual Property Division is organized around a **group structure for each of Toray's seven main business fields: Fibers & Textiles, Resins & Chemicals, Films, Carbon Fiber Composite Materials, Electronic & Information Materials, Pharmaceuticals & Medical, and Water treatment & Environment**. We formulate IP strategies based on the business conditions. While making use of **IP landscapes**, we ensure filing and patenting to properly protect our businesses, and confirm and respond to third-party patents that may pose an impediment to business. Members of the Intellectual Property Division possess a **high level of expertise** to appropriately undertake exhaustive IP operations, including patent applications and patenting in each business field, third-party patent countermeasures, and rights utilization. In addition to having over 30 registered patent attorneys, we have numerous AIPE-certified intellectual property analysts (patents) and qualified staff members such as small- and medium-sized enterprise consultants and MBA graduates to broaden our knowledge in management.

Moreover, the **Intellectual Property Division develops global IP activities** and provides support to overseas Group companies by having bases for IP operations in the U.S., Europe, China, and the Republic of Korea. Especially in China, where market expansion has been remarkable in recent years, we have established a dedicated IP department staffed by locally hired employees to effectively promote IP activities in the region.



## IP That Contributes to Toray's Wining Pattern

Toray's winning pattern, or so-called **Toray's Value Creation Model**, leverages a value creation engine to build overwhelming barriers to entry and high-added-value that competitors cannot follow. It is a unique value creation model that continuously enhances added-value over the long-term.

Based on intellectual property activities such as our IP action plans, we are effectively creating **intellectual property that supports Toray's winning pattern** and building a patent portfolio that serves as an entry barrier for competitors. For example, in our long-term partnerships with Uniqlo and

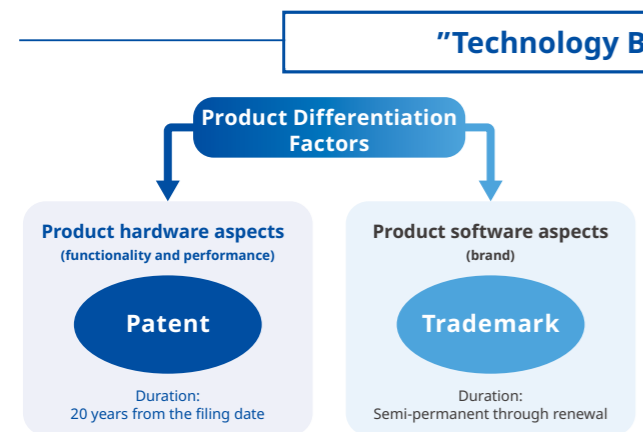
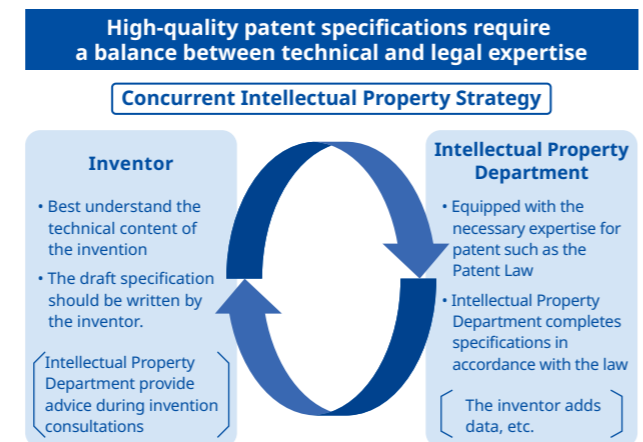
# Intellectual Property Strategies

Boeing, the fiber production technology we have developed over the years and our spirit of “pursuit of the ultimate limits” have served as the foundation of our relationships. With Uniqlo, for example, we continue to develop new products every year, creating successful products and expanding of production. However, these successful products carry the risk of being copied by competitors with inexpensive, similar-looking products, so we continue to create IP and acquire the rights to maintain the competitive advantage of our products. We have approximately 2,300 patents in the Fibers & Textiles field and over 2,500 patents in the Carbon Fiber Composite Materials Field, thereby establishing **strong barriers to entry**. In recent years, through the development of NANODESIGN™ in the Fibers & Textiles field and adhesive bonding technology for seamless textiles products, we have been able to provide textile materials and fiber products with functions and appearances that were previously unattainable, **building entry barriers through IP for Toray’s superior technologies**.

We believe that it is vital that the creation of inventions and the drafting of patent specifications should be united and harmonized in order to obtain high-quality patents. While companies generally outsource most of the specification drafting to external patent firms, at Toray, we **do it ourselves in line with the “principle of in-house drafting.”** Initial drafts of the specifications are created by researchers and engineers who are well-versed in technical content. Then, they are refined

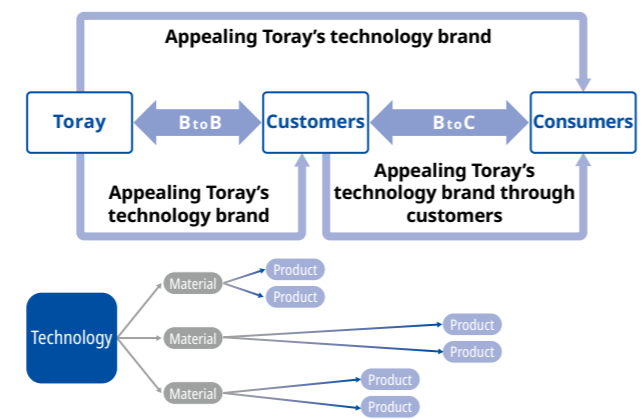
into higher-quality patent specifications by consulting with the Intellectual Property Division about the invention being patented. Members of the Intellectual Property Division advance the work involved, from filing to rights acquisition, in collaboration with the inventors.

Furthermore, we have a **training system that fosters an IP mindset among all employees**, and as a unique initiative, we have established a **Patent Operational Assessment Qualification Test** system for researchers and engineers with the aim of enhancing their IP capabilities by measuring their basic legal knowledge and practical skills related to patents in an effort to develop excellent inventors.



We are pushing forward with a “Technology Brand” strategies that visualizes our unique innovative technologies as brands, effectively showcasing our technological capability and superiority to society and the market. It is an intellectual property mix strategy that aims to set ourselves apart from the competition and strengthen our own competitiveness by securing rights for our unique technologies in the form of both patents and trademarks, and by combining and utilizing these rights. We collaborate with customers who adopt the materials related to our technology brand, and by promoting the brand to consumers who purchase the products, we are aiming to build trust in the brand, enhance brand

value, and improve earnings in the Company’s businesses. We certify the technologies with a certain degree of scalability in terms of deployment fields and applications as technology brands, and we are promoting branding activities under the framework of a brand responsibility system comprising divisions or departments of technology, sales and marketing, and staffing. Our mainstay technology brands include NANOALLOY™ and NANODESIGN™, and **we co-create the value of these technology brands through strong partnerships with major customers**.



## NANOALLOY™



Innovative microstructure control technology developed by Toray. Multiple polymers are dispersed and blended at the nano-scale level to achieve an unprecedented level of compatibility for such properties as heat resistance, strength, and impact absorption. Offers remarkable improvements in the performance and functionality of polymer materials.

<https://www.nanoalloy.toray/en/>  
Applications: Resins, Carbon Fiber Composite Materials, Films

### Case example of adoption

Yonex's badminton string series, EXBOLT65, utilizes impact-absorbing nylon resin that incorporates NANOALLOY™ technology.



## NANODESIGN™



Innovative conjugate spinning technology developed by Toray. In the fiber manufacturing process, this technology can repeatedly divide the flow of polymers and precisely control the fine flow, creating fibers that are up to 1/100,000 finer. The cross-sectional shape of fibers can be freely designed, and multiple polymers can be utilized to create previously unattainable cross sections.

<https://www.nanodesign.toray/en/>  
Applications: Fibers & Textiles, Medical devices, Electronic & Information Materials (Optical fibers)

### Case example of adoption

Uniqlo's Pocketable UV Protection Parka features fabric made with NANODESIGN™ technology.



## External Recognition

### Patent deterrence rankings

Toray has been ranked **number one for 13 consecutive years in the ranking of capability** to prevent other companies from obtaining patent rights published annually by the patent analysis company, Patent Result Co., Ltd., as an indicator of the leading companies in the paper, fiber, and pulp industries. We are ranked third even when the paper, fiber, and pulp industries are grouped together with the chemical industry as a single sector.

(<https://www.patentresult.co.jp/ranking/fcit/2024/fcitpaper.html>)

### Patent value growth ranking / overall patent value ranking

Nikkei Business magazine ranked us 15th in its patent value growth ranking, which lists the top 40 companies in Japan based on the growth of patents held over the past two years. In addition, we ranked 33rd in the overall patent value ranking of the same magazine, which indicates the total amount of technological capabilities accumulated by companies. Only 11 companies, including Toray, have been **ranked in both categories of dynamic patents and high-quality, robust patent platform**.

(<https://business.nikkei.com/atcl/gen/19/00747/052800001/>)

### 2024 National Commendation for Invention

At the 2024 National Commendation for Invention, Toray received the **WIPO Award for the invention of a durable reverse osmosis (RO) membrane with high water permeability, high removal efficiency, and chemical resistance (Patent No. 6032011)**. The President also received the Distinguished Service Prize for Employment of Invention. The awards ceremony was held on July 11, 2024, in the presence

of Her Imperial Highness Princess Hitachi. The reverse osmosis (RO) membranes utilizing the awarded technology are used in plants in over 100 countries worldwide for the production of industrial water, agricultural water, and drinking water, contributing to the provision of safe and reliable water to address water scarcities faced by the international community.



### Comment from the inventor

#### Kiyohiko Takaya

Researcher  
Global Environment Research Laboratories



It was a great honor to receive the WIPO Award for this invention, which was created by pursuing the mechanism for improving chemical resistance. Throughout the process, from the application of the patent right to the granting of IP rights, we were able to smoothly progress by holding repeated meetings with the Intellectual Property Division members to align the directions. In the future, we will continue to work closely with the Intellectual Property Division and make every effort to ensure that the results of our research and development contribute to the Company's business from an IP perspective.

# DX (Digital Transformation) Strategy

## Pioneering the Future with a Spirit of Challenge: Toray's DX Acceleration Strategy

**Hiroshi Tsuzuki**  
Corporate Vice President, Digital Strategy Division



IT- and DX (digital transformation) -driven operational reforms are essential to address our key challenges: improving profitability and enhancing asset efficiency. Relying solely on individual efforts limits what can be done to improve profitability, the organization must swiftly implement a cohesive value creation scheme to improve profitability. Similarly, enhancing asset efficiency demands surveying and optimizing the entire supply chain by eliminating waste at the material, product type, and business unit levels.

In FY 2020, the Company launched the TDX promotion project, a group-wide DX initiative, to promote digital transformation in a way that is closely tied to the workplace. To further accelerate cross-organizational DX, which contributes to improving profitability and enhancing asset efficiency, the Company established the Digital Strategy (DS) Division in April 2025 by integrating the IT and DX divisions.

In IT, the Company is strengthening security by establishing group security standards and consolidating data in the cloud, building a robust security system that is resilient to the latest types of cyberattacks. At the same time, it is making thorough efforts to modernize the core systems that support DX, thereby laying the foundation for continuous transformation.

In DX, under the newly established DX Accelerating Department within the DS Division, the Company is setting themes with a focus on returns, driven by the two wheels: "Business Process Reform" for thorough efficiency and "Technology Innovation" to accelerate R&D with digital technology.

Business Process Reform enhances operational process efficiency by strengthening data and systems, developing personnel to utilize them, and leveraging AI, thereby reducing costs and inventories, and improving customer satisfaction through faster, more accurate operations. Technology Innovation accelerates innovation creation by executing measures that enhance the precision and speed

of R&D by expanding and deploying simulation and informatics technologies.

Furthermore, the Company continuously develops "DX human resources (tech-savvy talent for DX)", which are the foundation of these activities. Under a policy of "having workplace experts acquire digital skills," the Company expanded its DX training program in FY 2020 and launched a DX human resources certification system in FY 2023. Numerous DX personnel now works at frontline departments, driving proactive DX initiatives within their workplaces.

In parallel, the Company is strengthening the tools and infrastructure necessary for DX implementation. We have established a common platform for advanced data analysis, which we utilize for data analytics, materials informatics (MI), and more. In addition, we have put in place infrastructure that enables all employees to utilize generative AI, promoting operational efficiency improvements using generative AI in frontline departments.

As initiatives toward improving profitability and enhancing asset efficiency, the DS Division collaborates with each business division and functional division to set priority themes. The Company identifies model challenges specific to the characteristics of each business as well as common group-wide challenges, and is advancing these initiatives according to concrete schedules.

Our role is to support the missions of each business division—such as expanding revenue and increasing Toray's social value—by providing digital solutions. During the next program period, Toray plans to execute proactive IT/DX investments at a level comparable to that of the current Medium-Term Management Program to support these initiatives.

Driven by the spirit of challenge, the DS Division will continue to tackle digital transformation and reform. Together with our stakeholders, we will carve out the future of strong Toray with this spirit of challenge.

## Discussing the Future of Toray: DX Expert Cross Talk

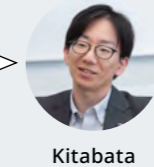
- Hiroshi Tsuzuki** Chief Engineer, Chemical Engineering Department
- Yasuhiro Nakai** Manager, Engineering Development Center
- Takuji Nishioka** General Manager, Engineering Development Center
- Shingo Mizuta** Staff, Engineering Development Center
- Hiroaki Matsutani** Research Associate, Composite Materials Research Laboratories
- Hiroshi Ueda** Research Associate, Pharmaceutical Research Laboratories
- Masahiro Kitabata** Research Associate, Advanced Materials Research Laboratories



**Tsuzuki (Moderator):** Toray has built up a solid position in the global market through its research assets and achievements accumulated over many years, its worldwide production system, and the high agility of its workplaces. DX offers a chance to further accelerate and strengthen these advantages. Today, I would like to discuss the "Future of Toray" with our DX experts.

### Q1: How should we leverage our accumulated knowledge?

We utilize accumulated data and digital technologies such as materials informatics (MI) and molecular simulation to uncover hidden insights in experimental data and clarify mechanisms. This helps us shorten new product development timelines.



By combining Toray's years of expertise in organic and polymer chemistry with technologies like chemoinformatics, we have seen cases in which logical and comprehensive material exploration has accelerated new product development.

### Q2: As a manufacturer, how can we strengthen our manufacturing capabilities?

We have accumulated big data in the production field for many years. Analyzing and optimizing this with process AI technology, stable production of high-value-added goods is possible. We routinely use image AI to achieve operational efficiency and continuous improvement, significantly enhancing workplace responsiveness.



Advances in CAE (Computer-Aided Engineering) analysis have led us to review existing processes and manufacturing conditions, which in turn have enabled production in previously impossible fields. We have also improved accuracy by clarifying phenomena through dialogue with the workplace and reflecting that knowledge in simulations.

The fusion of process simulation and digital twin technology has made plant-level optimization incredibly easier and more sophisticated. It contributes both to optimizing operations in existing plants and designing new ones.



### Q3: How can we further improve the workplace agility?



Combining the unstructured data we have accumulated in various operations with generative AI enables us to utilize Toray-specific know-how, promising significant improvements in responsiveness. For structured data, our efforts to establish algorithms through analysis and plant operation automation are also progressing.

Based on our many years of expertise in application development with customers, we utilize simulation technology to propose new applications. Presenting stable molding methods for products leads to the creation of customer value.

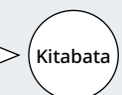


### Q4: What is the crucial mindset for promoting DX?



I believe the essence of DX lies in embodying challenges through dialogue with the workplace and collaborating towards solutions. Merely implementing external solutions does not lead to true competitiveness. It is vital to keep close to the workplace and create value that is unique to Toray.

The attitude of taking on challenges is the most important. We collaborate with academia and startups to expand computational techniques for reactions and dynamics by considering the hierarchical nature of polymer structures. Keeping pace with technological evolution, we constantly think about how to utilize these techniques within Toray's unique research context.



To break through the challenges faced by each of Toray's businesses using data and digital technology based on our experience and proprietary technologies—That is Toray-style DX, which I believe connects to Toray's future. To this end, the "Technology Innovation" driven by our DX experts provides powerful support. A favorite quote of mine is "Chance favors only the prepared mind." I believe we can support strong Toray by advancing transformation together in this moment.

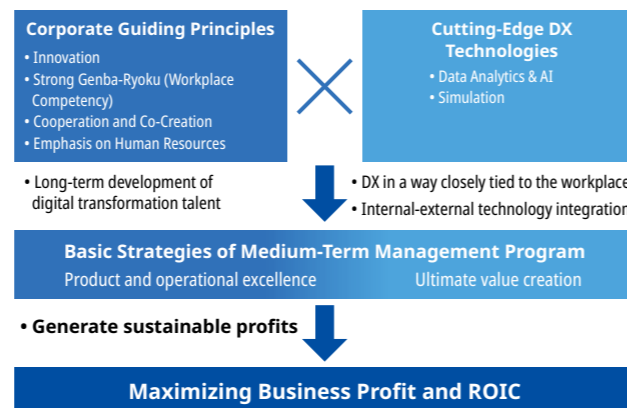


# DX (Digital Transformation) Strategy

## DX Action Plan

The Company has been pioneering the use of data and advanced digital technologies for many years. We actively promote initiatives in R&D using data analysis and simulation, in production utilizing big data and AI, and in leveraging sales data.

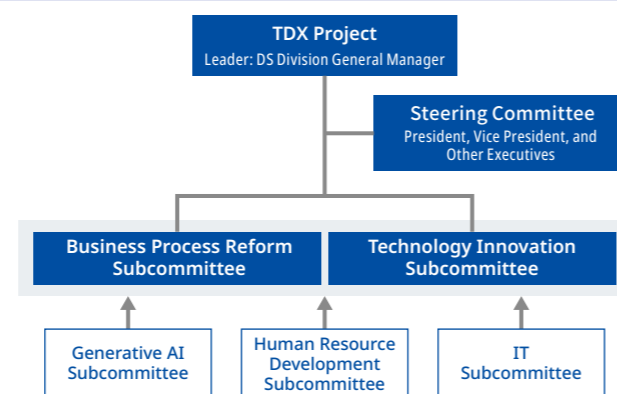
Toray's DX promotion efforts combine business advancement based on our Corporate Guiding Principles with cutting-edge DX technology. Specifically, through long-term DX human resource development, promotion of DX that is closely tied to the workplace, and the fusion of internal and external technologies, the Company advances initiatives to "strengthen competitiveness" and "enhance value creation capabilities." By doing so, we aim to generate profits sustainably and contribute to maximizing core operating income and ROIC.



## DX Promotion Structure

Upon the launch of the DS Division, we revised the DX promotion structure in FY 2025. Under the guidance of the Steering Committee, which reports directly to the President, the TDX Project, led by the DS Division General Manager, promotes DX through two main subcommittees: the Business Process Reform Subcommittee, which is tasked with strengthening competitiveness, and the Technology Innovation Subcommittee, which is tasked with enhancing value creation capabilities. Additionally, individual subcommittees for Generative AI, Human Resource Development, and IT support the activities of the main subcommittees.

The DS Division oversees DX activities and provides technical support, thereby contributing to group-wide transformation and profit generation.



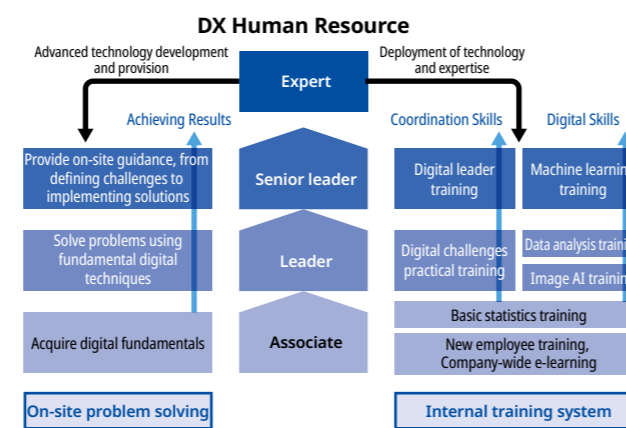
## DX Human Resource Development

In line with Toray's philosophy emphasizing human resource development, the Company is improving internal education tailored to its current conditions in the DX field as well. Within the DX promotion structure, the Human Resource Development Subcommittee, which is led by the General Manager of the DX Accelerating Department, collaborates with the Human Resources Division and advanced digital departments to design a training system, plan and implement training contents, and advance DX human resource development.

Along with development of the training, the Company operates a DX human resources certification system to evaluate the skills of DX personnel equipped with digital skills who carry out various tasks. Aiming to boost and maintain employee motivation, this system encourages each department to secure DX personnel. As of September 2025, over 3,000 personnel have been certified.

Experts in digital technology, as well as senior leaders who are knowledgeable about workplace operations and capable of solving digital challenges, serve as instructors

to support problem-solving initiatives tailored to the Company's operations. By linking this certification system with training, the Company systematically promotes DX human resource development.



## Training Design / Operation

**Kiwamu Nakajima** | Manager, Professional Development  
Toray Human Resources Development Center

The Human Resources Development Center works closely with the DX Accelerating Department to expand DX training. In recent years, both the number of DX training courses and participants have increased significantly. Through training, I hope to cultivate as many personnel as possible to support Toray's DX activities.



**Takuji Kobayashi** | General Manager, DX Accelerating Department

Historically, Toray has emphasized data utilization in production and development, offering courses such as multivariate analysis and experiment design. Building on that foundation, we revised the curriculum to address current DX promotion needs and established a DX human resources certification system. We will advance transformation while supporting trainees' success in the workplace.



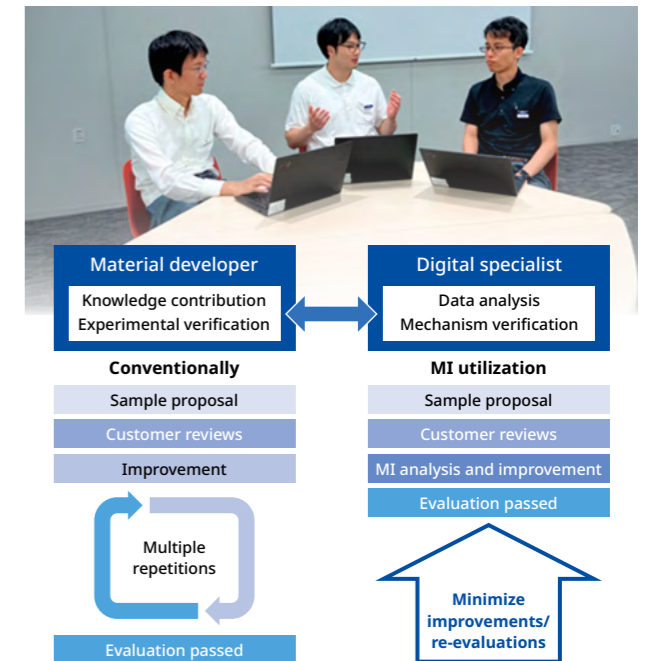
## Pioneering the Future Material Development with Digital Technology

In the R&D field, the Company advances the creation of new materials and technologies, aiming to realize true innovation that pioneers the future.

The evolution and fusion of cutting-edge digital technologies such as simulation and MI improve the speed and precision of material development. Furthermore, digital experts who understand material design concepts collaborate with material developers, accelerating the narrowing down of experiments and the exploration of fundamental principles. These efforts enable us to reduce the development time significantly and to break through material performance limits.

For example, in fuel cell component development, by utilizing MI analysis to tackle the challenge of simultaneously satisfying multiple properties, development was completed in about one-tenth the conventional amount of time. Customers also recognized the value of MI, leading to improved evaluation efficiency and business expansion.

Moreover, through collaboration among DX personnel, report meetings, and digital training, innovative initiatives continue to emerge, contributing to raising the overall level of digital capabilities group-wide. The Company continues to challenge itself daily with the aim of realizing future material development utilizing digital technology.



## Transforming Our Work with Digital Technology

At Ishikawa Plant, a production site of fibers & textiles and carbon fiber composite materials, various initiatives are underway that involve all Toray employees and affiliate company employees working at the plant, under the slogan "Grow daily, grow together!" In DX, aiming to make everything smart—including personnel, information, products, and the working environment—the plant accelerates improvement activities based on the strong desire of frontline Toray and affiliate employees to make the workplace better, in addition to top-down measures such as automation.

Starting with workplace environment improvement through fundamental 3S and 5S activities, the mindset of "create it yourself, improve it yourself" is growing through DX human resource development and active utilization of digital tools. Furthermore, initiatives have been launched to share quality information with fiber users in the Hokuriku region, thereby increasing employee motivation. By fusing workplace wisdom with power of digital technologies, the plant transforms the way of work itself to realize Japanese manufacturing that is connected to the future.



## Training Participants

**Masamichi Utsunomiya** | Participant of Digital Leader Training Program

Leveraging the concepts of theme creation and data utilization that I learned in training, I was able to launch a new MI theme and acquire a customer certification. I will share what I learned with the team to ensure the method is useful to many people.



**Satoshi Tsuchiya** | Participant of Data Analysis and Machine Learning Training

Utilizing the data analysis and model construction methods that I acquired in training, I automated anomaly detection for production conditions to stabilize processes. I will broaden the application range of the acquired knowledge and promote its introduction to the workplace.



# Human Resources Strategies

## Message from the General Manager of the Human Resources Division

**To ensure Toray remains a sustainable company for the next 100 years, we are developing our people and organization to maximize their potential.**

The business environment, employee values, and attitudes toward work are changing significantly. Amid these circumstances, we believe that maximizing the potential of our people and organization to enhance our talent competitiveness is crucial for the Toray Group's future growth.

In 2023, we developed three human resources strategies aligned with our management strategies. Having set specific goals and KPIs, we are implementing these initiatives to maximize our corporate value and enhance employee well-being.

We have implemented several initiatives, including adding younger members to our management team, reorganizing and integrating corporate functions, introducing a new fellowship program, promoting Toray's unique inclusivity initiatives, driving organizational and cultural changes through employee surveys, and enhancing both internal and external communication regarding our HR policies. As a result, our core operating income per employee gradually improved in FY 2023 and FY 2024. (See



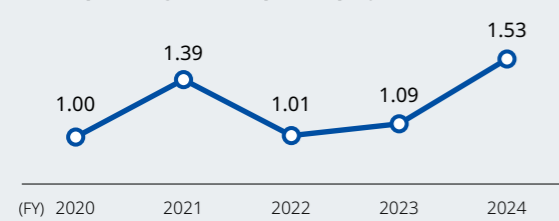
**Katsuyuki Yanai**  
Corporate Vice President,  
General Manager,  
Human Resources Division;  
General Manager,  
Toray Human Resources  
Development Center

the graph on the left, which shows the growth in core operating income per employee, with FY 2020 as the baseline of 1.0.)

Starting in FY 2025, we will begin holding roundtable discussions to facilitate direct dialogue between the President and younger employees. This initiative aims to enhance psychological safety and foster an open, candid workplace culture. We will also introduce 360-degree feedback for our senior management to demonstrate their commitment to change and to encourage a leadership mindset that is focused on creating new value. Through these efforts, we aim to generate new businesses, increase profitability, and improve productivity.

Since its founding, Toray has nurtured a corporate culture that prioritizes human resources development. In 1996, we established the Toray Human Resources Development Center in Mishima, Shizuoka Prefecture. At the Center, there is a plaque with the words of our philosophy: The success or failure of a company is decided by its people, and employees shape its destiny. We will continue to deepen this culture of prioritizing talent development and practice Toray-style of human capital management, "People-centric management."

**Core operating income per employee** (Consolidated basis)



Under our corporate philosophy, "Contributing to society through the creation of new value with innovative ideas, technologies, and products," we are "enhancing People-centric management" to pursue two goals: "maximize corporate value" and "enhance employee well-being."

## Three Human Resources Strategies Under the Basic Strategy of "Enhanced People-Centric Management"

### People-Centric Management

Accompanying the May 2020 announcement of the Long-Term Corporate Vision, TORAY VISION 2030, Toray Group organized the principles it has followed since the beginning in the form of the Toray Philosophy. Within these principles, People-centric management was positioned as a key part of the Corporate Culture, which forms the foundation of the Group's Corporate Philosophy.

People-centric management involves efforts to develop dedicated talent capable of creating new value, and to foster a group-wide environment where these professional individuals can grow and work with motivation. This is a basic strategy that places human resource development, a focus since Toray's early days, at the core of management. The aim is to maximize corporate value and ultimately contribute to society.

**Professional human resources**  
Individuals who, backed by advanced knowledge and experience, boldly pursue innovation and autonomously and proactively solve challenges.

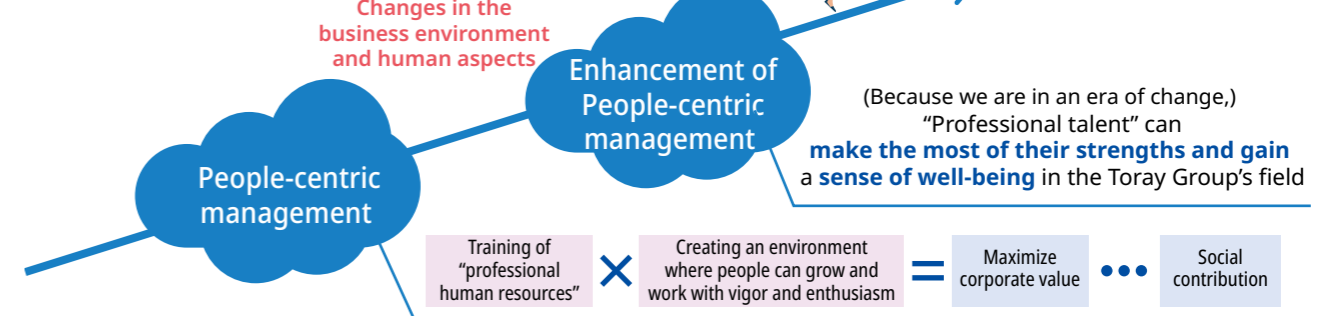
Fairness, high ethical standards, and a strong sense of responsibility	Foresight, leadership, and balanced judgment	Advanced expertise and skills recognized outside the company	Global mindset and skills
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### Enhanced People-Centric Management

"Enhanced People-centric management" is an updated version of the original People-centric management approach. This revision was made in response to recent changes in employment dynamics, such as increasing uncertainty in the business environment, diversification of personal values, and a growing desire for career autonomy. The revised approach focuses on (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. The Group's human resource strategy aims to both maximize corporate value and enhance employee well-being.

## Toray's Human Resources Strategies

- (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

### Addressing Key Issues Based on the "As Is / To Be" Gap in Our Human Resources Strategy

#### Initiatives for Organizational Culture Reform

#### Issues Identified Through Employee Surveys

The employee survey conducted in FY 2024 showed improvements in nearly every category compared to the previous fiscal year. However, the survey also highlighted organizational culture issues, which we are addressing as follows.



President's Roundtable Meeting

1. The FY 2024 employee survey results revealed a significant gap in scores between senior management and mid-career/younger employees on the following questions. Figures in parentheses indicate the score difference on a 10-point scale.

- Are you engaged in work that captures your interest and absorbs you completely? (3.72)
- Do you believe you will be able to achieve your personal life goals while working here? (3.51)
- Are you performing your work efficiently? (3.26)

In addition, company evaluation scores and comments from an external organization (OpenWork Inc.) indicate that younger employees feel we have yet to achieve a truly "open and candid culture" and a "work environment that encourages taking on new challenges." We recognize the need to carry out continuous improvement in these areas.

2. While we have significantly increased opportunities for the President to have direct dialogues with employees through initiatives such as REAL TALK, the First Steps Award, and the Employee Forum (see pp. 44-45), we recognize that our organizational culture has yet to show significant improvements.

#### KPI for tracking progress on "Enhanced People-Centric Management"

Human Resources Strategies	Employee Survey (KPI Questions)	Target (Actual Value)	FY 2024 Results	Among FY 2024 results, previous participants	
				FY 2023	FY 2024
<b>Inclusion of Diverse Human Resources and Values</b> <b>Inclusivity</b>	A culture that embraces diverse values	7.0pt or larger	5.9pt	6.2pt	6.4pt
<b>Creating Human Resources and Organizations That Adapt to Change</b> <b>Talent portfolio</b>	Organizational improvements are implemented without pressure to resist change.	7.0pt or larger	5.6pt	5.5pt	5.8pt
<b>Empathy with Toray Philosophy and Career Development with Rewarding and Engaging Work</b> <b>Engagement</b>	1. Engaged in work that I find rewarding	7.0pt or larger	6.3pt	6.7pt	6.9pt
	2. Building a fulfilling career path	7.0pt or larger	5.2pt	5.5pt	5.8pt
	3. Proud to be a member of the Toray Group	7.0pt or larger	6.6pt	6.6pt	6.9pt
<b>The EX Score®</b>			<b>Year-over-year improvement</b>	<b>66.1</b>	<b>64.8</b> <b>66.7</b>

\* The EX Score® provides an indicator of organizational health. It measures the gap between each individual's expectations and their actual experiences. The score is maximized when both expectations and actual experiences are high and the gap between them is minimal. EX Score® is a registered trademark of HRBrain, Inc.

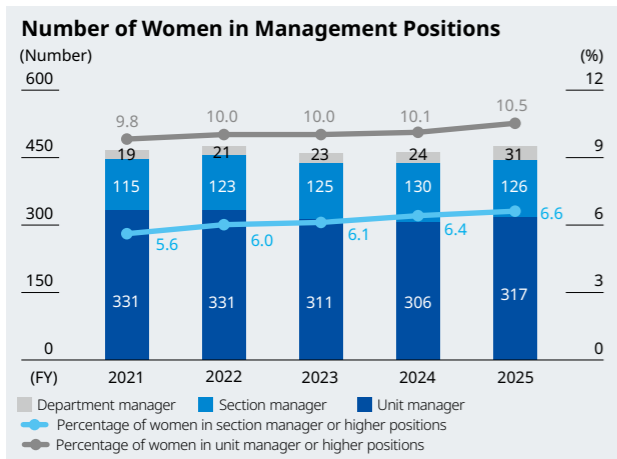
# Human Resources Strategies

Therefore, in addition to our existing efforts, we have begun holding new roundtable discussions with the President, the Senior Vice President of the Human Resources Division, and other managers within the HR division. To help individuals identify and address gaps between their self-perceptions and how others see them, thereby encouraging changes in awareness and behavior, we will introduce 360-degree feedback in FY 2025. In the first year, the program will target employees at the level of General Manager and above, including all Vice Presidents.

3. Based on the principle that each workplace is the primary driver of organizational culture reform, we have newly implemented a system that enables teams to immediately view their survey results. We also use some survey metrics as KPIs to track the progress of our “enhanced People-centric management” initiative. These survey results are posted on our intranet, and we share in-depth discussion summaries and best practices for improvement from various workplaces across the company to empower each team to take responsibility and drive their own cultural reform activities.

## Promoting Inclusivity Initiatives

Toray has a long history of encouraging female employees' active participation and creating supportive work environments. Key milestones include appointing our first female manager in 1958, introducing childcare leave in 1974 (nearly 20 years before it was legally mandated in Japan), and launching the Advancement of Women Project in 2004. In FY 2014, Women's Advancement Team consisting of female general managers from across the Group voluntarily planned training seminars for female managers and specialists. Strengthening such company-wide initiatives has steadily increased the percentage of women in management. In March 2021, we formulated and published a five-year action plan (April 2021–March 2026) aimed at increasing the retention rate and ratio of female employees in management by promoting individual skill development and career-building initiatives. As of April 2025, women held 6.6% of positions at the section manager level or higher, surpassing our FY 2025 target of 6.5% ahead of schedule. The next action plan is scheduled for release in March 2026.



To address increasingly diverse social issues and evolving customer needs, we must foster a corporate culture where talented individuals from all backgrounds can thrive, regardless of attributes such as gender, age, or nationality. Against this backdrop, Toray has labelled its inclusivity initiatives as Human-Centric Management (HCM) promotion activities. To advance these efforts, in 2024, we established the HCM Promotion Group, a dedicated organization within the Human Resources Strategy Department.

Specifically, we launched a working team of volunteers from across the company to ensure a wide range of employee voices are heard. The team focuses on three key themes: “Diversity,” “Talent Development and Career Support,” and “Diverse and Flexible Work Styles.” For FY 2024, the team consisted of 11 members transcending boundaries of gender, job type, and position. Incorporating feedback from our business sites and plants, the team discusses issues such as those listed below. In collaboration with the Human Resources Division, the team will formulate concrete measures and make recommendations to senior management.

- Improving understanding and fostering an inclusive culture
- Promoting women's active participation in production, technology, and engineering departments
- Strengthening career counseling functions
- Creating a system for internal side work program
- Responding to the increase in employees taking childcare leave (support for workplaces), etc.



## Human Rights Initiatives

The Toray Group believes that respect for human rights is a fundamental, indispensable principle of corporate management that is essential for conducting business while building good relationships with all stakeholders. We therefore strive to raise awareness and understanding of human rights. Both our Corporate Guiding Principles and the Ethics & Compliance Code of Conduct explicitly state our commitment to respecting human rights and prohibit all forms of discrimination in every stage of employment, from recruitment and hiring to placement, compensation, training, and retirement. We also comply with all relevant laws and regulations in every country and region where we operate, and set our wages and working hours accordingly. Furthermore, we have identified “Respect for human rights and promotion of diversity” as a CSR materiality (key issue). We respect internationally recognized human rights and are committed to creating an environment in which our diverse workforce can thrive and be creative. To consolidate these principles and

initiatives, we have established the Toray Group Policy for Human Rights, and we strive to fulfill our responsibility to respect human rights as a good corporate citizen.

As part of our specific initiatives, we have established the Human Rights Promotion Committee in Japan and the Global Human Rights Promotion Committee. They are operated under the Ethics and Compliance Committee, which is chaired by the President. Each committee formulates its own action plans focused on mitigating human rights risks. At Toray Industries, Inc., we promote educational activities and initiatives to prevent harassment through human rights promotion campaigns designed to foster correct understanding and raise awareness. Our domestic group companies also engage in their own human rights promotion activities, referencing the action plans of Toray Industries, Inc., which in turn supports their efforts. Overseas, each group company takes the lead in promoting human rights initiatives tailored to the specific circumstances of its country or region.

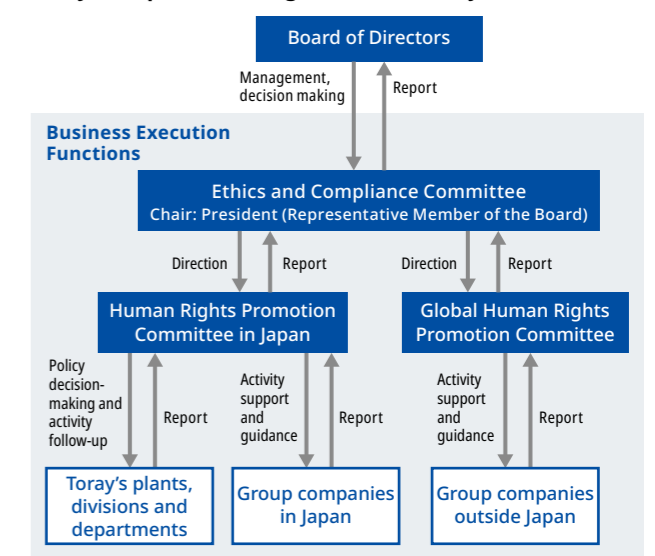
The Toray Group has established a system that enables all individuals working for the Group to report and consult on human rights issues. In Japan, we have the Corporate Ethics and Legal Compliance Helpline, while overseas group companies have their own reporting and consultation channels. Both internal and external channels are available, and all can be used anonymously. To mitigate human rights risks, we strive to respond swiftly and appropriately to any issues that arise. The operational status of the domestic helpline, including the quantity and nature of reports and consultations, is reported to the Ethics and Compliance Committee (convenes twice a year), which is chaired by the President of Toray Industries, Inc.

### Toray Group Policy for Human Rights (Established in December 2017)

We at Toray Group believe that respect for human rights is a mandatory principle for corporate management. Therefore, we respect international standards such as the United Nations Universal Declaration of Human Rights and the International Labor Organization's standards in compliance with the laws and regulations of countries and regions where we operate, and will endeavor to fulfill our duty of respect for human rights as a good corporate citizen.

1. Furthermore, we will prohibit child labor, forced labor and unfair low-wage labor.
2. We will strive to promote respect for human rights throughout the entire supply chain related to our business activities. In addition, we will not be complicit in human rights violations.
3. We will endeavor to understand adverse human rights impacts associated with our business activities and to avoid or reduce such influences.
4. If it becomes evident that we have caused or contributed to adverse human rights impacts, we will promptly take appropriate actions.
5. We will promote educational activities about issues of human rights for every employee and foster a proper understanding of issues among them.

## Toray Group's Human Rights Promotion System



### Reference Data: Fiscal 2024 Human Rights Training and Seminar

Type of training	Number of sessions		Number of participants	
	Toray Industries, Inc.	Group companies in Japan	Toray Industries, Inc.	Group companies in Japan
Training at head office			24	1,444
Training at offices and plants			1,978	17,369
Training at outside company			28	55
Training at companies			1,217	22,986
Training at outside company			148	200

## Talent Development Initiatives for Engaging Work

### Career Path Worksheets

We use career path worksheets as a tool to support every employee's growth. Through these worksheets and follow-up interviews with supervisors, employees can formulate their own career plans, assess their current skill levels against experience and requirements, and engage in in-depth career discussions. We will continue to adopt talent development measures that support autonomous career development to build a highly motivated, productive organization. Additionally, to enhance our career interviews, in FY 2025 we launched an intranet site for employees in management and specialist roles that provides support tools such as interview guidelines.

### Career Development Support in Each Business Field

Our Human Resource Business Partners (HRBPs) participate in career development initiatives in each business field. In the Films Division, for example, we are rolling out unique career development measures aligned with company-wide initiatives. These measures are based on interviews with line managers and mid-career/younger employees, as well as analysis of employee survey results. Specific efforts include visualizing career paths, introducing tools to improve career interviews, and assessing employee aptitudes and skills.

## Internal Recruitment System

We have introduced this system to encourage autonomous career development and to enable diverse career paths; it has been in regular operation since FY 2007. In FY 2024, we significantly revamped the internal recruitment system, making it a permanent feature accessible via our intranet. We also promote understanding of the system's purpose by posting articles featuring employees who have transferred to new roles through this system and their former supervisors.

## Career Training for Younger Employees

To support employees as they launch their careers at Toray, we have designated two key periods: the preboarding period from receiving the job offer to starting the initial assignment, and the onboarding period that lasts through the third year of employment.

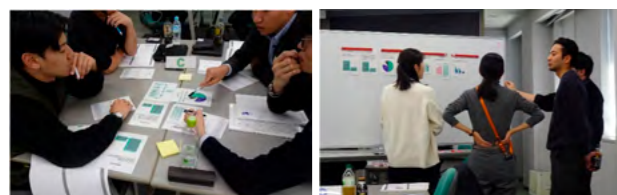
**Pre-boarding Period:** Since FY 2024, we have been holding a career workshop and a networking event with current employees as part of our job offer ceremony. The workshop helps these future employees deepen their self-awareness by taking stock of their personal traits, work philosophies, and core values. Group discussions also provide opportunities to engage with diverse perspectives. The networking event enables them to deepen their understanding of our work and to hear about the values that drive our current employees, helping them to align their own perspectives. Starting in FY 2025, for new hires in administrative roles where their university major does not directly correlate with their assignment, the Human Resources Department will hold individual meetings to explain the rationale behind their placement and role expectations.



Career workshop

Networking event with employees

**Onboarding Period:** We provide three opportunities for employees to reflect on their careers and formulate career plans: first during new employee training and then in follow-up training sessions in their first and third years. The third-year follow-up session includes a networking opportunity with more experienced employees from various fields to help participants form a more concrete image of their potential career paths within the Toray Group.



Follow-up training sessions in their first and third years

## Strengthening the Management Succession Pipeline Through Talent Visualization and a Revamped Training System

### Talent Development

#### • Medium-Term Talent Plan

We designate individuals needed to execute our management and business strategies as “successor candidates for key posts.” We then map out the specific kinds of experience required for these positions and develop each candidate individually. Successor candidates are designated for different promotion timelines (short-, medium- to long-term, and next-generation). For the most critical positions, the succession plan is reviewed and discussed with top management annually. We assess the succession pipeline for these key posts both in terms of the number of candidates and in terms of diversity, reviewing the current status and outlook for female and non-Japanese candidates.

Our KPI is the successor candidate pipeline coverage rate for key posts; we aim to maintain a rate of at least 150% at all times. In FY 2024, the rate was 179% (FY 2023: 185%).

#### • Fellowship Program

Developing talent with advanced expertise is essential to sustainably fulfill our corporate philosophy of “contributing to society by creating new value with innovative ideas, technologies, and products.” Therefore, we introduced the Fellowship Program in FY 2024, as we recognized the need to offer attractive career paths for employees who pursue specialist roles, create an environment where they can focus on honing and applying their expertise, and foster a culture of mutual improvement.

In 2025, we appointed one Executive Fellow and nine Senior Fellows.

**• Executive Fellows:** Individuals with particularly outstanding expertise and achievements, even among the fellows. Their status and compensation are equivalent to that of Vice Presidents.

**• Senior Fellows:** Top-tier internal or external experts with exceptional knowledge in our key business, research, or technology domains. They are responsible for creating innovative products and technologies as well as providing high-level advisory support to management. Their status and compensation are equivalent to that of Toray's directors.

### Company-Wide Training to Support the Development of Management Candidates

In 1991, Toray established the Toray Management School (TKS), selecting 20 talented section managers expected to take positions in management in the future. At the time, this systematic approach to developing successors was a pioneering initiative. The program has continued ever since, and as of FY 2024, 640 employees, including 39 women, have completed it. Many graduates have gone on to lead group companies in Japan and abroad. To date, 192 have served as top executives at Toray or its group companies. The Toray Group Management School (TGKS), which was established in 2006,

serves as a successor development institution for our domestic group companies and Toray Synthetic Textile Cluster companies. In addition, in 2021, we launched Management Training for Executive Candidates targeting high-potential general managers, further enhancing our systematic training for the next generation of Toray Group successor candidates.

Training category	2024 Persons enrolled			Time dedicated to training per employee (hour)
	Men	Women	Total	
Management	1,006	156	1,162	44.7
Technical	708	107	815	30.0
Sales, marketing, and administration	204	53	257	23.7
Global	113	17	130	46.0
Total	2,031	333	2,364	37.4

## Strengthening Workplace Capabilities (School of Technology and Business Administration, Frontline Skills Enhancement School (GKS))

### Toray School of Technology and Business Administration: Developing Talent to Enhance Future Workplace Capabilities

The Toray School of Technology and Business Administration, which opened in 1994, serves as a talent development hub for enhancing the Toray Group's workplace capabilities, having graduated 844 students over 29 cycles. Targeting younger employees and personnel from domestic group companies, the school provides practical education based on first principles to foster an understanding of the essences of things. Its goals are not only to develop individuals who can think and act independently but to enhance emotional intelligence. By creating a collaborative learning space and fostering knowledge creation, the school aims to cultivate the talent who will enhance our future workplace capabilities.

#### • Practical, Hands-On Curriculum

In addition to general subjects such as mathematics, English, physics, and statistics, the school offers specialized courses in areas such as polymer chemistry, basic engineering, and robotics. The curriculum emphasizes hands-on education in which students think for themselves and work in teams, featuring group-based problem-solving exercises and chemistry labs. Moreover, starting with the 29th cycle, we have introduced a new “Information I” course linked to the company-wide DX talent certification system. This course provides new, practical education tailored to workplace needs, including lessons on algorithms, programming, and the use of collaborative robots.

### Launch of the Frontline Skills Enhancement School (GKS)

In October 2022, we opened the GKS for future unit manager candidates. In this program, participants acquire soft skills—including leadership, team building, followership, and the ability to involve others—through practical problem-solving in their own departments. The program aims to develop

foundational professional skills and cultivate workplace leaders who can thrive in the new era.

#### • Supporting Post-Graduation Growth

After graduating from the school, participants undertake a year-long graduation research project in their workplaces and then present their results. This enables them to learn problem-solving through practice and to strengthen their ability to lead and involve stakeholders. To support their long-term growth, we implement five-year post-graduation development plans with follow-up training.

After completing the GKS program, participants receive follow-up group training for one year to ensure they continue to apply and develop their soft skills.

### Topics Launch of Adventure Café Lab: A New Challenge in Creating a Collaborative Space

The Toray School of Technology and Business Administration has opened Adventure Café Lab as a space for creating knowledge by hands-on interaction with DX technologies. This new facility is our latest effort to create a space where employees can casually drop in and gain insights through DX exhibits and experiences, as well as dialogue with instructors.



## Health and Productivity Management, and Work-Life Management

### Health and Productivity Management

Under our corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies, and products,” the Toray Group emphasizes our corporate culture of “People-centric management.” To ensure that employees and the company can grow together and achieve a sense of well-being, we have positioned employee health management as a key part of our management strategies. We focus on fostering a workplace environment and culture that instills pride and purpose, and on preventing overwork through labor-management consultations.

Our health promotion measures are guided by a company-wide Basic Policy but driven by a *Genba* (workplace) approach. Health management personnel and the labor affairs departments at each business site and plant take the lead in implementing activities tailored to specific local challenges. Each site's initiatives are shared with other sites, plants, labor unions, and the health insurance union through

# Human Resources Strategies

company-wide health management staff meetings, ensuring all parties work together in a coordinated manner.

Specific initiatives include using stress checks to raise employee awareness of self-care and improve the work environment. Moreover, in collaboration with the health insurance union, we also conduct the following: sharing health information on our internal platform; hosting mental health seminars; and promotion of receiving recommended health checkups, health guidance, cancer screenings as well as comprehensive medical checkups.

In recognition of these efforts, Toray Industries, Inc. has been certified as a Health and Productivity Management Organization every year since FY 2020.

## Work-Life Management

Toray is committed to enhancing its systems to support work-life balance to accommodate employees' varied life-styles.

We have set our standard number of working hours to 7.5 per day and maintained an annual paid leave utilization rate of nearly 90%. These measures help to foster a workplace culture where employees can easily balance their professional and personal lives.

To further improve work-life balance, we have introduced and expanded the following systems in recent years.

Category	Description
<b>Leave to accompany spouse transferred overseas</b> Established in July 2023	<ul style="list-style-type: none"> <li>Can be taken by an employee wanting to accompany their spouse on an overseas job transfer of six months or more</li> <li>Can be taken for up to four years</li> </ul>
<b>Employees in Separated Marriage System</b> Established in October 2024	<ul style="list-style-type: none"> <li>Even without personnel reassignment, if a married employee continues to live separately from his or her spouse after marriage, special provisions allow for the payment of a single-assignment allowance and return travel expenses.</li> </ul>
<b>Childcare Support System</b> Expansion in April 2025	<ul style="list-style-type: none"> <li>The scope of childcare support systems, such as reduced working hours for childcare and Kids Support Leave (available for reasons such as caring for a child), has been expanded to include employees with children up to the sixth grade of elementary school. (Previously, it applied to employees with children up to the third grade of elementary school.)</li> </ul>
<b>Toray Smile Support Program</b> Expansion in April 2025	<ul style="list-style-type: none"> <li>A menu-based welfare point system prioritizing childcare and eldercare. Points for childcare and eldercare services, such as babysitter usage, can be redeemed at a rate of 1.25 yen per point.</li> <li>Continued expansion of annual point allocations since FY 2022.</li> </ul>

## Supporting Employee Success Regardless of Gender and Family Circumstances

To ensure that everyone can achieve work-life balance regardless of their gender or circumstances with respect to family, childcare, and nursing, Toray has established flexible systems available to all employees, including a flextime system with no core hours, a telecommuting system, and an hourly paid leave system. We are also working to reduce overtime and promote annual leave utilization. Recognizing that dual-income households are now the norm, we are not only enhancing our support systems for balancing work with family and childcare for all genders but making these systems easy to use. Such efforts include enriching career interviews

using career path worksheets to help employees follow their desired career paths. In recognition of these efforts to provide gender-neutral support enabling dual careers and co-parenting, we were selected as a "Next Nadeshiko: Company Supporting Dual Careers and Co-parenting" for FY 2024.



		FY 2021	FY 2022	FY 2023	FY 2024
Employees taking childcare leave	Women	56	46	51	40
	Men	40	82	95	108
Employees taking family care leave	Women	2	2	1	1
	Men	1	1	1	2

## Securing and Developing a Diverse Workforce

### Recruitment

Every three years, we formulate a medium-term recruitment plan to ensure a stable, continuous pipeline of talent capable of supporting our strong workplace capabilities and global business development.

Our annual hiring plan is based on this medium-term plan, taking into account the business environment and the needs of each division, and we draw from a diverse range of labor sources.

Starting with our FY 2025 recruitment, we are hiring with the goal of having women comprise 30% or more of new graduate hires for the G-course\*. For mid-career hires, we aim for women to account for around 30% of total annual recruitment (FY 2023: 36%; FY 2024: 27%).

### New graduate hires for the G-course

	2021	2022	2023	2024	2025
Men	105	88	123	159	117
Women	30	14	25	43	61
Total	135	102	148	202	178
Female ratio	22%	14%	17%	21%	34%

\*G-Course: A career path for Toray Group executive or upper-level professional candidates

### Referral and Alumni Hiring

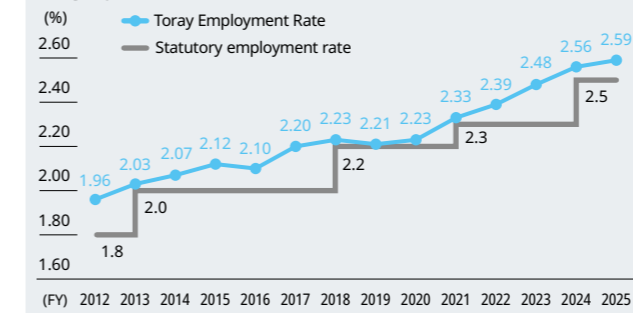
We are strengthening our referral hiring program (introductions from prospective and current employees) to reduce hiring mismatches, improve retention, and acquire top talent. Also, in FY 2025, we launched an alumni site for former employees to systematically promote the rehiring of those who have left the company, a rising trend in recent years. These boomerang employees contribute to enhancing organizational flexibility, expanding our knowledge base, and revitalizing our corporate culture by applying new skills and knowledge acquired elsewhere.

Referral Hires	( ) indicates number of returning employees						
	2018	2019	2020	2021	2022	2023	2024
	1 (1)	4 (0)	2 (0)	7 (3)	7 (2)	10 (4)	7 (1)

## Employment of People with Disabilities

Toray is committed to creating a workplace where all employees, regardless of disability, can fully utilize their abilities and work enthusiastically. We proactively recruit and employ people with disabilities and are working to create a supportive work environment for a diverse range of talent. Specific initiatives include physical improvements like accessible facilities and enhanced safety measures as well as procedural support, such as providing training upon assignment and incorporating employee feedback in workplace operations. Our employees with disabilities are active in various roles—for example, administrative work, inspections, product packaging, groundskeeping, and cleaning. As of June 1, 2025, our employment rate of people with disabilities was 2.59%, exceeding the statutory requirement of 2.5%. As part of our corporate social responsibility, we will continue to promote employment of people with disabilities while continuously improving safety measures and the work environment.

### Employment Rate of Persons with Disabilities

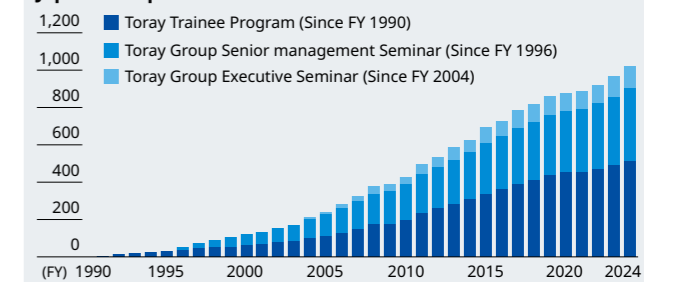


## Activities of Foreign Nationals

Across the Toray Group, numerous foreign nationals hired locally at our group companies in Asia, the Americas, and Europe support business operations rooted in local markets. Based on our belief that we should utilize local talent who know best their countries' management methods, business practices, and markets, local employees now account for approximately 60% of key posts (e.g., executives and general managers) in the Americas and Europe, and about 45% in Asia. This diverse talent supports our global management. We also provide opportunities for training and secondments at our head office in Japan, supporting the skill development and career planning of non-Japanese employees throughout the Group.



## Cumulative foreign national participants in training programs at Japan headquarters



## Voluntary Initiatives at Each Site

### 3C Activities at Toray Industries, Inc.'s Nagoya Plant

Nagoya Plant is working to create a supportive work environment for all employees, regardless of gender, by focusing on three areas: (1) revitalizing communication, (2) supporting women's success, and (3) supporting the balance between work and family. These initiatives are called "3C Activities," derived from "Cheerful, Connection, and Challenge." A promotion team is made up of 10 male and female members from various departments to plan and execute measures such as inclusivity seminars featuring external lecturers and networking events for female employees.



Participants in the "Nagoya International Women's Day" event

### Toray International, Inc.'s Initiatives to Promote Taking Paternity Leave

Toray International, Inc. (TI) is encouraging male employees to take childcare leave. Ongoing efforts include hosting seminars with an external instructor as a guest speaker and running a series on the company intranet featuring case studies of male employees who have taken childcare leave. As a result of these initiatives, TI was registered as a "TOKYO Papa Ikugyo (childcare leave) Promotion Company (Bronze)" by the Tokyo Metropolitan Government in FY 2024.



Toray International, Inc.: Case studies of male employees taking paternity leave on the company intranet

# Internal Communication

From an internal communication perspective, we are working to foster empathy and understanding of the Toray Philosophy, cultivate a workplace culture that is free, open-minded, and full of pioneering spirit, as well as improve employee engagement.

In addition to sharing information through our long-running internal magazine and the Company's intranet, in 2023 we launched some new initiatives, including the First Steps Award, the Toray Employee Forum, and REAL TALK. Toward our 100th anniversary in 2026, we are expanding the range of activities.

## Let's Commend the First Step of Each Employee: "First Steps Award"

In 2023, we established the First Steps 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 "all challenges." Applications could be made by either self-nomination or recommendation by others. The collected case studies were then voted on by employees. This award program is all about celebrating how employees take on challenges rather than the results. The top submissions are presented and awarded at the Toray Group Employee Forum, and over the past two years, the total number of applications has reached 324, with approximately 19,000 employee votes.

Through this initiative, not only has activity in everyone's workplace become more vibrant, but we have also seen examples of individuals inspired by the challenges of colleagues from other workplaces with whom they usually have no contact and have taken their own new steps. In this way, a positive cycle conducive to a culture of challenge is beginning to emerge. The third awards will be held in FY 2025.



## Let's Think About a Good Job That Is Quintessentially Toray: "Toray Group Employee Forum"

The Toray Employee Forum, which was first held in December 2023, was held for the second time in November 2024. It is now called the Toray Group Employee Forum. The aim of this event is to have employees share best practices in thinking and actions based on the Toray Philosophy, and to foster a sense of unity within the Company by experiencing Toray's DNA. The theme for 2024 was "Let's think about a good job that is quintessentially Toray." In the first session, case examples of new markets and business developments were presented, specifically the air filter business in China and the water treatment business in India, which lie at the forefront of a culture of challenge. In the second session, an award ceremony for the top submissions voted for by employees in the First Steps Award was held. The live broadcast of this event was expanded for the second time to include subsidiaries and affiliates of the Toray Group, with over 3,200 employees watching the two-hour live stream. The participant satisfaction rate for both forums held so far was over 90%, so we think the event has become a symbolic occasion for reflecting on Toray's values and corporate culture. The forum will be held for the third time in November 2025.



## Live Streaming Program "REAL TALK — Everyone's Voice"

Launched in January 2023 as a platform for open and flat communication between management and employees, the in-house live streaming program REAL TALK aims to foster a corporate culture in which all employees can be freer, more open and demonstrate a pioneering spirit. As of August 2025, 12 episodes have been produced in total.

Starting with the first episode to convey the voice of employees to then-president Akihiro Nikkaku, the program has helped stimulate communication between management and employees through various engaging formats, including broadcasts from different plants and head offices that coincided with President Ohya's factory inspection rounds, roundtable discussions with three Vice Presidents, and panel talks featuring thirteen plant managers.

In the 12th episode broadcast in June 2025, President Ohya served as an MC to hear the behind-the-scenes stories about challenges faced by the members of the Engineering Development Center that were not depicted on NHK's tech innovation entertainment show "Night of the Makaizo Society." Employees who watched the 12th episode of REAL TALK have left many comments: "I was moved by the efforts of people working hard at other business sites," "I felt the passion of the engineers," and "It was great to see the positive teamwork and camaraderie."



The 11th "REAL TALK: Everyone's Voices" live streamed on January 30



The 12th "REAL TALK: Everyone's Voices" live streamed on June 5

## An Internal Communication-Derived Company-Owned Media Showcasing the People of Toray

We use "note," a Japanese social media platform, as our owned media and we continue publishing articles there. Each and every person working at Toray has their own real story, and each of these stories intertwines to shape the identity of Toray. On Toray's "note", we communicate what Toray employees are thinking, struggling with, finding joy in, enjoying, and feeling. Typically, these stories would remain within the Company, but by sharing them openly on a platform without embellishment, we hope to raise awareness not only within the Company but also among external audiences.

In the "Life at the Factory series, we have featured Mishima Plant and Seta Plant; in the "My Work Perspective" series, we have focused a spotlight on engineers from the Advanced Textiles Development Center; in the "Clues to the Future" series, we have showcased the Basic Research Center in Kamakura; and in the That's Our Toray series, we have discussed our collaboration with YOSHIDA & Co.



Clues to the Future series, Basic Research Center in Kamakura

Nurturing the seeds of technology to create future strengths. What do young researchers envision?



That's Our Toray

What we arrived at was 100% plant-based nylon. YOSHIDA & Co. and Toray take on the challenge: "ALL NEW TANKER"



\* Read the articles on Toray's "note" from here.

# Initiatives for Global Environmental Issues

## Toward Achieving Carbon Neutrality by 2050

In addition to expanding its Sustainability Innovation (SI) Business such as renewable energy, hydrogen, electrification-related materials, and other areas in which it has conventionally been involved, Toray Group is developing new SI products that contribute to GHG absorption, including CO<sub>2</sub> separation membranes. Through these efforts, the Group contributes to the reduction of GHG emissions of society as a whole, working to achieve carbon neutrality by 2050.

Moreover, 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 and raw materials, as well as developing and introducing innovative processes and CO<sub>2</sub> recycling technologies that utilize CO<sub>2</sub> as a resource. To reduce greenhouse gas emissions across the entire supply chain, the Group will set targets centered on Category 1 (purchased goods and services), the largest component of Scope 3, by promoting bio-based and recycled raw materials.

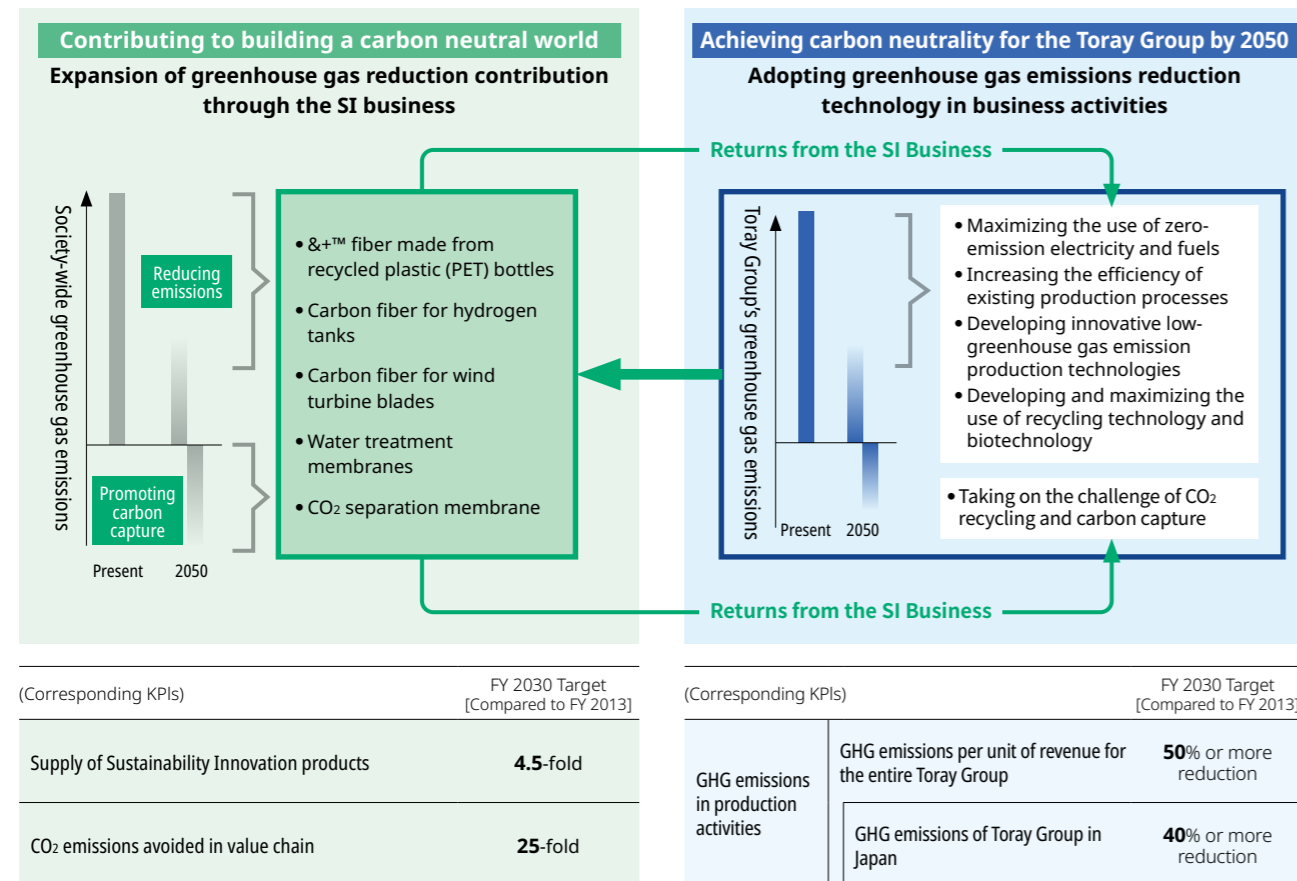
Further, in order to achieve carbon neutrality, Toray Group recognizes the need to make changes and take a leap in technological innovation based on non-conventional ideas, as well as the need for efforts that are not limited to single corporations, but involve industry, government, and broader society 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.

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 Chemical Industry Association: Technical Affairs Committee
- Japan Chemical Fibers Association
- Japan Environmental Management Association for Industry
- GX League
- TCFD Consortium



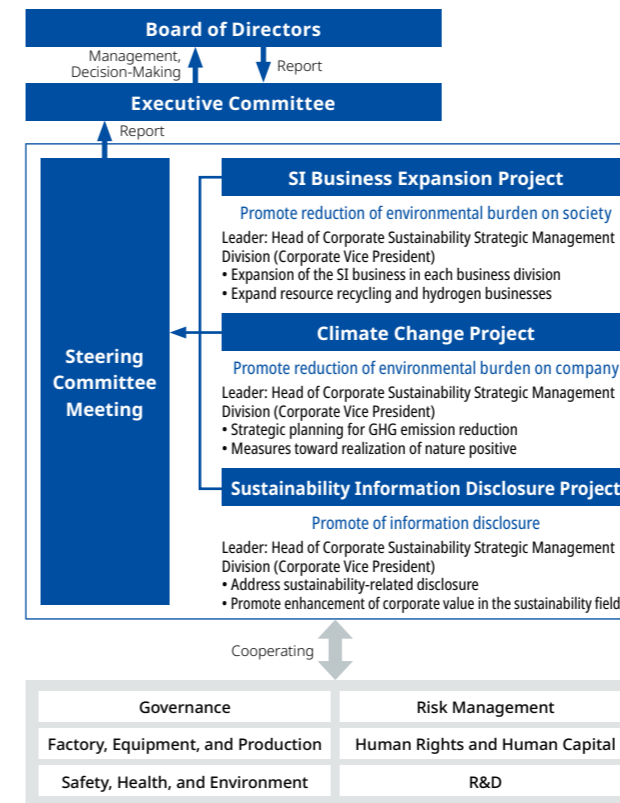
## Disclosures Based on the TCFD Recommendations

### Governance System Regarding Climate Change Issues

Aiming to realize the Toray Group Sustainability Vision, the Group formulates and promotes medium- to long-term roadmaps and action plans for climate change countermeasures and resource recycling issues through its SI Business Expansion, Climate Change Action, and Sustainability Information Disclosure projects, and manages progress toward achieving its numerical targets for 2030.

In 2025, to strengthen its response to expanding and increasingly complex sustainability issues, the Group integrated related departments to establish the Corporate Sustainability Strategic Management Division as an organization under the direct control of the President. This office centrally promotes the expansion of sustainability-related businesses such as climate change countermeasures and the circular economy, environmental impact reduction, and information disclosure.

The Board of Directors receives regular reports on the progress of these initiatives and appropriately monitors climate change response. Furthermore, when making management decisions, the Board considers climate-related opportunities and risks as a key factor in its oversight and comprehensive decision-making. The Executive Committee, which serves as a deliberative body for important Company-wide matters and assists the Board of Directors, also discusses important sustainability-related policies and topics.



### Risk Management

The Toray Group has established the Risk Management

Committee as a deliberative, consultative, and information-sharing body to promote risk management. In the periodic risk identification and assessment by the Committee, climate change-related risks are evaluated as relatively high-priority ones.

The Toray Group has a long-standing commitment to solving climate change issues through value chains by expanding its SI Business, as well as addressing climate-related risks such as strengthening its disaster response capabilities. Based on the results of detailed risk analyses and evaluations using the TCFD framework, the Group has re-evaluated these risks and is promoting countermeasures in a group-wide and agile manner.

### Strategies

To identify the opportunities and risks related to climate change, which is unpredictable and uncertain, and to find out their potential impact, the Toray Group conducts both qualitative and quantitative scenario analyses in line with the TCFD recommendations. As its medium- to long-term strategy for realizing the Toray Group Sustainability Vision, the Group is promoting its Long-Term Corporate Vision, TORAY VISION 2030, and its Medium-Term Management Program, Project AP-G 2025.

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 is working to reduce greenhouse gas emissions for both society as a whole and the Group itself by expanding the SI Business and utilizing the associated new technologies. Furthermore, the Group contributes to the realization of a circular society by creating various technologies, such as those for recycling plastic products and switching to bio-based materials, and for reusing water generated in manufacturing processes. Additionally, the Future TORAY-2020s (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 CO<sub>2</sub>, biogas, and hydrogen.

Against this backdrop, business opportunities to mitigate climate change, centered on the SI Business, are significant for revenue around 2040. In particular, a new market around 800 billion yen is expected for bio- and recycled materials as economic systems change with the transition to a recycling-oriented society. In addition, around 400 billion yen market is expected to develop amid the growing need

# Initiatives for Global Environmental Issues

for lightweight materials like carbon fiber and resin as mobility electrification accelerates. Meanwhile, including the water treatment business, there are also significant business opportunities for adapting to climate change, and these opportunities are expected even in the world of the 1.5°C or 2°C increase scenarios.

## 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 P17).

### Main Opportunities / Risks and Responses Related to Climate Change Around 2040

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	• Growth of renewable energy-related business • Growth of storage battery-related business	• Carbon fiber for wind turbine blades	L	↘	↘
	Risks	• Soaring energy costs • Delay in energy conversion to secure suppliers	• Energy conservation efforts	60.0 billion yen (Cost)	↘	↘
Establishment and raising of carbon taxes and GHG emissions reduction targets	Opportunities	• Growth of energy conservation-related business	• Lightweight materials (carbon fiber, resin) • Insulating and heat shielding products (insulation, heat shielding fibers, films, etc.) • Functional garments (cooling materials)	L	→	→
	Risks	• 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	• GHG emission reduction	85.0 billion yen (Cost)	↘	↘
Change in social systems for realization of hydrogen society	Opportunities	• Growth of business related to hydrogen manufacturing, transport, storage, and use	• Gas separation membrane (porous carbon fiber) • High-strength carbon fiber for hydrogen tanks • Components and materials used in fuel cells	L	↘	↘
	Risks	• Decline in material prices due to increased competition • Securing suppliers due to delay in conversion to hydrogen	• Strengthening competitiveness	L	↘	↘
Electrification of mobility	Opportunities	• Growth of materials business for electric mobility	• Lightweight materials (carbon fiber, resin) • Battery materials • Materials for motors and hydrogen tanks	400.0 billion yen (Revenue)	↘	↘
	Risks	• Decrease in demand for products related to internal combustion engines • Decline in material prices due to increased competition	• Responding to demand for electrification • Strengthening competitiveness	230.0 billion yen (Revenue)	↘	↘
Adoption of CCUS	Opportunities	• Growth of businesses related to CO <sub>2</sub> separation and recovery	• Gas separation membrane (porous carbon fiber)	M	↘	S
	Risks	• Thermal power generation electricity cost increase	• Energy conservation efforts	L	M	S
Changes to the economic system toward the realization of a circular society	Opportunities	• Growth of biomaterials business • Growth of recycled materials business • Growth of businesses contributing to waste reduction (emissions reduction, durability)	• Biopolymers • Membrane bioprocess, biodegradable materials • Recycled materials (Ecouse™, &+™, etc.) • High-performance packaging materials • VOC free waterless printing system for flexible packaging	800.0 billion yen (Revenue)	↘	↘
	Risks	• 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	• Strengthen waste management and promote recycling • Responding to demand for bio-based materials and recycling, etc.	300.0 billion yen (Revenue)	↘	↘
Increased demands from customers and investors to address climate change and disclose information	Opportunities	• Growth of customer base and increased investment due to climate change response • Growth in need for products with small carbon footprints	• Growth of businesses contributing to efforts to address climate change and reduction of GHG emissions	L	↘	↘
	Risks	• Increased demands to reduce GHG emissions • Lost opportunities due to delays in reducing GHG emissions and carbon footprint	• Reducing GHG emissions	L	↘	↘
Rise in temperatures	Opportunities	• Growth of businesses related to dealing with heat • Growth of businesses related to infectious disease measures	• 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	• Less demand for warming materials and winter sports applications	• Meet demand for functional garments (cooling materials)	S	M	↘
Destabilization of water and food supply	Opportunities	• Growth of businesses related to water and food supply	• Water treatment • Fertilizer and agricultural chemical ingredients	L	↘	↘
	Risks	• Water usage restrictions	• Reduce water usage	M	↘	↘
Increased severity of disasters	Opportunities	• Growth of businesses related to disaster mitigation	• Reinforcement materials and protection netting • Water treatment	L	↘	↘
	Risks	• Impact on raw materials procurement, plant operations, etc.	• Business continuity plan • Strengthen supply chains	L	↘	↘

\*1 Excerpt from Toray Group TCFD Report VER.2.1 [https://www.toray.com/global/sustainability/tcfid/pdf/TCFD\\_report\\_v2.pdf](https://www.toray.com/global/sustainability/tcfid/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-CO<sub>2</sub>e, 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-CO<sub>2</sub>e). Toray Group will continue working to reduce GHG emissions ahead of 2040.

## Fighting Climate Change in Production Activities

### Energy Management

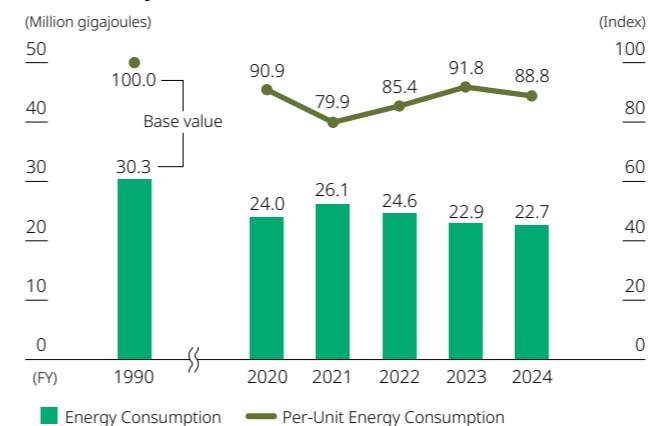
As part of its energy management, the Toray Group promotes energy conservation activities across the entire Group, with each company and plant setting annual energy-saving targets and monitoring the implementation status on a monthly basis. Toray Industries, Inc. undergoes audits of its environmental data, including energy consumption, to identify opportunities for improving energy performance. Based on these results, the Company carries out energy conservation activities with a target of reducing its Per Unit Energy Consumption Index\* by 2% annually.

In FY 2024, as a result of promoting more efficient energy use and reducing waste and loss, energy consumption decreased by 0.9%. Meanwhile, production volume increased by 1.4%, resulting in a 3.2% improvement in the Per Unit Energy Consumption Index. Compared to FY 1990, the baseline year for reducing the index, this represents an 11.2% improvement.

As part of its energy conservation activities, the Toray Group holds an annual "Group-Wide Energy-Saving Technology Presentation" every June to share and recognize the results of these activities across the Group. Additionally, the Group conducts "energy-saving diagnostics" at the plants of Toray Industries, Inc. and its subsidiaries and affiliates in and outside Japan, where teams composed of members well-versed in manufacturing processes and equipment come up with ideas to save even more energy. In FY 2024, diagnostics were conducted at three plants of Toray Industries, Inc., resulting in greenhouse gas emission reductions of more than 5,000 tons of CO<sub>2</sub>-equivalent per year.

\*Initiatives to Reduce Scope 1 and Scope 2 Emissions

### Energy Consumption and Per Unit Energy Consumption Index (Toray Industries, Inc.)



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

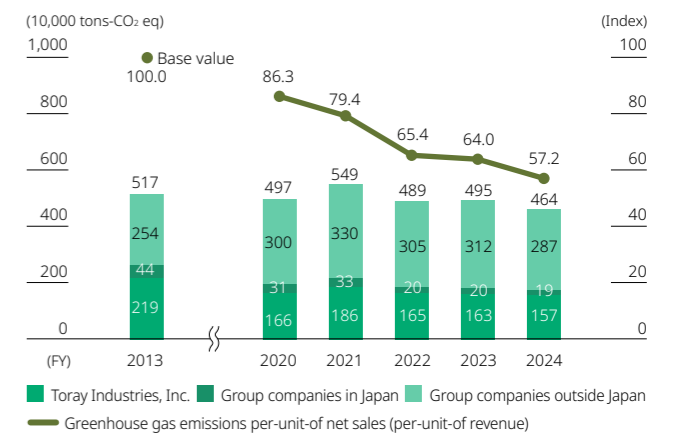
### Initiatives to Reduce Scope 1 and Scope 2 Emissions

As its greenhouse gas emission (Scope 1 and 2) reduction target, in its "CSR Roadmap 2025," the Toray Group has set the goal to "achieve a 40% reduction in greenhouse gas emissions per unit of revenue by FY 2025 compared to FY 2013" and is implementing systematic reduction measures. The

Group is also promoting activities toward its goal of a 50% reduction in Scope 1 and 2 emissions per unit of revenue by FY 2030 and is considering even more ambitious reduction targets as well as measures to achieve such targets.

In FY 2024, the total GHG emissions (Scope 1 and 2) for the entire Toray Group were 4.64 million tons of CO<sub>2</sub>-equivalent, a 6.3% decrease year-on-year. In terms of emissions per unit of revenue, in addition to an increase in Group-wide revenue, emissions were minimized through greenhouse gas reduction initiatives (such as promoting energy conservation via process improvements, utilizing renewable energy, and reducing coal use), resulting in a 42.8% reduction compared to FY 2013. Amid these efforts, the Group reviewed its internal carbon pricing system (price set for FY 2024: ¥10,000/ton-CO<sub>2</sub>) to ensure that the system functions as an incentive for accelerating GHG emission reduction initiatives.

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



• The value for the baseline year, FY 2013, is calculated using Japanese accounting standards. This value includes data from companies that joined the Toray Group during or after FY 2014.  
 • For the baseline year of FY 2013 and from FY 2023 onward, the calculation method has been changed to the new one based on the GHG Protocol, an international calculation rule, which involves multiplying by the degree of management control.  
 • GHG emissions from FY 2020 to FY 2022 are based on the conventional calculation method of multiplying by equity share. If using the same calculation method multiplied by management control capabilities as in FY 2023, the GHG emissions for FY 2022 would be 5.12 million tons.

### Measures to Reduce Scope 3 Emissions

In FY 2024, the Toray Group's Scope 3 emissions totaled approximately 16.37 million tons of CO<sub>2</sub>-equivalent, including upstream categories 1-8 and downstream categories 9, 11, 12, 13, and 14. By category, Category 1 (purchased goods and services) accounted for the largest share at 52% of the total. This was followed by Category 12 (end-of-life treatment of sold products) at 27%. Together, these two categories accounted for 79% of total Scope 3 emissions.

The Group has set targets centered on Category 1, which accounts for the largest share, and has started to engage with suppliers. At the same time, to comply with the CSRD (EU Corporate Sustainability Reporting Directive) and the SSBJ (Sustainability Reporting Standards Board of Japan)

# Initiatives for Global Environmental Issues

standards, the Group is expanding the scope of its information gathering and promoting systemization.

## Scope 3 Emissions by Category (FY 2024) (10,000 tons-CO<sub>2</sub>)

Category	GHG Emissions	Percentage of Emissions
Category1: Purchased goods and services	854.7	52%
Category2: Capital goods	75.2	5%
Category3: Fuel-and energy-related activities not included in Scope 1 or Scope 2	93.3	6%
Category4: Upstream transportation and distribution	17.3	1%
Category5: Waste generated in operations	0.8	0%
Category6: Business travel	0.6	0%
Category7: Employee commuting	2.1	0%
Category8: Upstream leased assets	0.5	0%
Category9: Downstream transportation and distribution	2.8	0%
Category10: Processing of sold products	—	—
Category11: Use of sold products	146.7	9%
Category12: End-of-life treatment of sold products	441.9	27%
Category13: Downstream leased assets	1.1	0%
Category14: Franchises	0	0%
Category15: Investments	—	—
<b>Total</b>	<b>1,637.1</b>	<b>100%</b>

## Introduction of Renewable Energy

In its CSR Roadmap 2025, the Toray Group has set the rate of increase in solar power generation capacity as a KPI and is promoting the introduction of renewable energy facilities.

In FY 2024, the rate of increase was 182%, owing to the capacity expansion at Shiga Plant of Toray Industries, Inc., new installations at Ishikawa Plant, and expansion of the solar power generation system at a Group company's plant in China. Additionally, since FY 2017, Tokai Plant of Toray Industries, Inc.

has been co-firing carbon-neutral sludge to fuel its boilers.

In addition, since April 2022, all power consumed by the Toray Industries, Inc. Head Office in Tokyo has been effectively 100% renewable energy. This is expected to reduce greenhouse gas emissions by approximately 1,500 tons of CO<sub>2</sub>-equivalent annually based on global standards. Furthermore, the Company's Nagoya Branch began procuring effectively renewable electricity in FY 2023, followed by Osaka Head Office in FY 2024 and Chugoku-Shikoku Branch in FY 2025. At Shiga Plant and Gifu Plant, some electricity was switched to CO<sub>2</sub>-free power sources starting in FY 2024 to reduce CO<sub>2</sub> emissions from the electricity used in the Ultrasuede production process. This is expected to reduce greenhouse gas emissions by approximately 7,100 tons of CO<sub>2</sub>-equivalent annually.



Ishikawa Plant Solar Power Generation Facility

## Environmental Accounting

Toray Industries, Inc. introduced environmental accounting in FY 1999 and has been calculating the effects of its environment-related investments and costs. In FY 2024, environment-related investment amounted to 6.73 billion yen, an increase of 4.93 billion year-on-year, mainly due to increased investment in equipment to control acrylonitrile air emissions. Meanwhile, environment-related expenses totaled 9.16 billion yen, a decrease of 0.54 billion yen year-on-year, primarily due to a reduction in fuel consumption.

## 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 supply chains 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.

The Toray Group positions biodiversity conservation as a key global environmental issue on par with reducing greenhouse gas emissions. Through its business activities—such as producing safe and reliable drinking water with its water treatment technology, conserving water resources through the reuse of wastewater, and air purification using fiber-based filter materials—the Group contributes to biodiversity conservation and a nature-positive world. In product safety reviews for all products and environmental risk assessments for capital investments, the Group uses environmental assessment checklists to confirm that the amounts of regulated substances in exhaust gas, wastewater, and waste from manufacturing do not exceed legal limits. When assessing new land use, Toray confirms regulations applicable to production bases, the necessity for surveys on rare species, and any requests from citizens' groups.

Toray Industries, Inc. has declared its support for the recommendations on information disclosure published by the Taskforce on Nature-Related Financial Disclosures (TNFD) and registered as a TNFD Early Adopter in January 2024. Toray also participates in the TNFD Forum, which supports TNFD discussions; is a promotion partner of Nippon Keidanren's Declaration of Biodiversity; and has been a member of the 30 by 30 Alliance for Biodiversity, founded by the Ministry of the Environment in 2022, since its inception.

## Opportunities & Risks Related to Biodiversity

An analysis of biodiversity-related opportunities and risks arising from all stages of the supply chain in the Group's business activities, from upstream to downstream, identified several key areas. Opportunities include contributing to CO<sub>2</sub> emission reductions by providing products that lead to lighter aircraft components, as well as forest and habitat protection through products that contribute to the conservation of green spaces and water resources. Risks include the reduction of natural capital due to the use of water and energy resources, climate change and increased environmental loads due to emissions into the atmosphere and water systems, all of which are having various impacts on biodiversity.

## Preservation of Greenery

The plants of Toray Industries, Inc. and its Group companies in Japan create and implement factory greening policies and plans based on the "Toray Group's Basic Policy for Increasing Green Areas" to maintain the healthy natural forests\*<sup>1</sup> that the Group has been nurturing since the plants began operating. These sustainable greening activities also contribute to the environmental preservation of local communities. Specifically, Toray Industries' 12 plants, including Mishima Plant, and the Basic Research Center have created

approximately 200,000 m<sup>2</sup> of green space using the "shrine forest method"\*<sup>2</sup>.

\*1 Natural forests or forests created by tree species based on the potential native vegetation.

\*2 Modeled after traditional forestry techniques used by Japanese shrines, this greening method reproduces green spaces in a state close to that of natural forests by using trees native to the area.



Mishima Plant: Immediately after planting in 1973 (top), present day (bottom)

## Disclosures Based on the TNFD Recommendations

In December 2024, the Toray Group published the "Toray Group TNFD Report Ver. 1," which outlines its initiatives related to biodiversity and natural capital. The report is structured according to the four pillars of Governance: Risk and Impact Management, Strategies, and KPIs and Targets, and it includes survey and analysis results based on the LEAP approach.



[https://www.toray.com/sustainability/activity/environment/pdf/TNFD\\_report.pdf](https://www.toray.com/sustainability/activity/environment/pdf/TNFD_report.pdf)

## Toray Group's Initiatives for Sustainability Business

On September 3, 2025, the Company held an IR seminar. Presentations were delivered by Shinichiro Hata, Corporate Vice President and General Manager of the Corporate Sustainability Strategic Management Division, and Yuriko Teshigawara, Group Leader of the Sustainable Business Strategy Group, Corporate Sustainability Strategic Management Division.

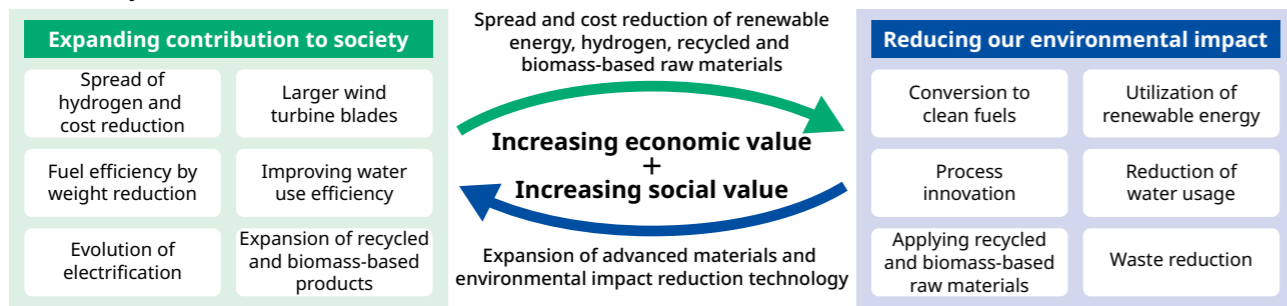


### Sustainability-Related Business Initiatives

In the Toray Group, we believe that greater social contributions and the reduction of our own environmental impacts through business activities create a positive cycle that leads to the enhancement of both economic and social value. To this end, we are driving forward initiatives geared towards realizing the Toray Group Sustainability Vision, which we

established in 2018. Accordingly, since the 2010s, we have been promoting the Sustainability Innovation (SI) Business (formerly the Green Innovation (GR) and Life Innovation (LI) Businesses). The SI business continues to expand, and by FY 2024, revenue from this business grew to 1.4 trillion yen, accounting for more than 50% of the Company-wide sales.

Expanding contributions to society through business and reducing our environmental impact create interactive "Virtuous Cycle of Value"



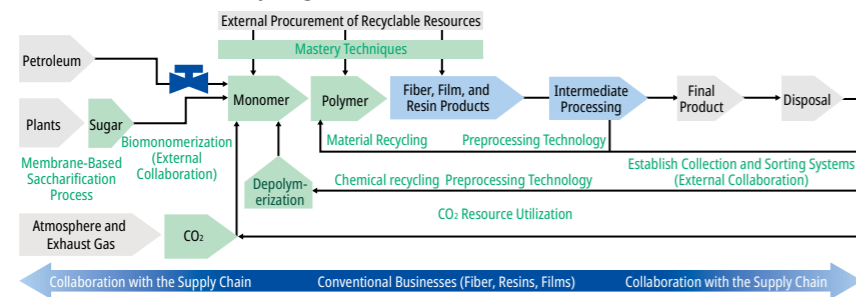
### Initiatives for Resource Recycling

In the field of resource recycling, we are replacing fossil resource-derived raw materials used in fibers, films, and resin products with materials from material recycling and chemical recycling, as well as biomass-derived raw materials. We are not only focusing on material development, but also on process development and utilization technologies development

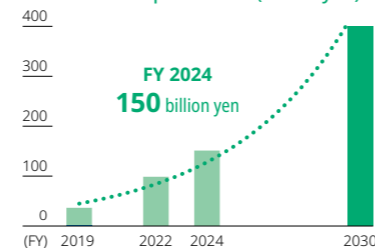
on our own, as well as restructuring supply chains. Moreover, we are considering the possibility of converting CO<sub>2</sub> itself into a resource in the future. Revenue from the businesses related to the resource recycling exceeded 150 billion yen in FY 2024, and by FY 2030, we are targeting 400 billion yen.

**FY 2030 Target** Revenue target for products that facilitate sustainable, recycling-based use of resources and production **400 billion yen** Target for percentage of raw materials sourced from recycling, derived from biomass, or produced with CO<sub>2</sub> recycling used in Toray core polymers\* **20%** \*PET and nylon polymers

#### Overview of Resource Recycling Initiatives



Revenue from products that contribute to sustainable, recycling-based use of resources and production (billion yen)



### Initiatives to Reduce Environmental Impact

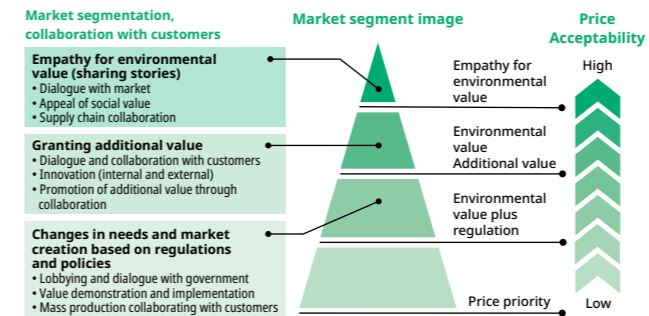
As part of the "Challenge 50+ Project," our company-wide initiatives to reduce our environmental impact, we have set an ambitious goal of reducing GHG emissions and water usage over 50% compared to 2013 levels by 2030. While expanding our businesses, we are pursuing higher efficiency and higher-added-value, and steadily decreasing our GHG emissions and water usage per unit of revenue. We are also tackling the reduction of Scope 3 emissions by collaborating with suppliers to reduce emissions in Category 1, which has the highest impact, and making the transition to raw materials with a low carbon footprint. Furthermore, through our

efforts on so-called "nature positive" initiatives that aim to protect and restore biodiversity and natural capital, we are stepping up our activities to reduce environmental impact, such as improving water use efficiency.

Challenge 50+ Project: Goals		
Lower GHG emissions per unit of revenue across the Toray Group by:	Lower GHG emissions per unit of Toray Group in Japan by:	Reduce water usage per unit of revenue across the Toray Group by:
<b>50%</b> or more reduction	<b>40%</b> or more reduction	<b>50%</b> or more reduction

### Conversion of Environmental Value to Economic Value

One of the most important challenges for us is to have the market and customers recognize the increased costs associated with sustainability activities and the environmental value, and convert them into economic value. We are focusing on creating a mechanism to convert environmental value into economic value by segmenting based on the price acceptance of environmental value and by collaborating with our customers.



#### 1. Empathy with Environmental Value

Toray's technological capabilities in using biomass-derived raw materials have achieved a performance equivalent to fossil resources. The environmental value from this has been

rated highly, leading to the adoption of 100% plant-based nylon N510 fibers in the TANKER™ bags made by Yoshida & Co.

#### 2. Granting Additional Value to Environmental Value

Our recycled fiber product brand, &+™, features a combination of yarns made from recycled PET bottles through material recycling and yarns made from discarded fishing nets through chemical recycling, plus Toray's proprietary odd-shaped cross-sectional spinneret technology and ultra-precise composite spinning technology controlled at the nanoscale. This has granted additional value, such as comfort and functionality, to environmental value.

#### 3. Environmental Value Plus Regulations

In response to the European ELV (end-of-life vehicle) Directive draft, we are advancing R&D on chemical recycling using subcritical water to recycle automotive parts. Also, we have been involved in hydrogen-related businesses since the early stage of the technology, focusing on supplying products for high-pressure hydrogen gas tanks, fuel cell systems, and water electrolysis systems. As Europe and China lead the hydrogen market through government initiatives, we aim to enter various supply chains and create environmental value driven by regulations and policies.

### Initiatives Targeting 2030 and Beyond

Going Forward, by the power of materials and innovation, the Toray Group will continue to tackle various challenges such as larger wind turbine blades, transition to hydrogen, and improvements in recycling, bio-based materials, and

water use efficiency. Also, while securing profitability, we will strive to achieve a balance between global development and sustainability.

	Method	Initiatives	Toray's innovative product	2030	2040	2050
GHG Emissions Reduction	Larger wind power generation	Lightweight / high-strength wind turbine blades	Large tow carbon fiber	Main electricity source		
	Transition to hydrogen	High-efficiency water electrolysis	Electrolyte membrane, CPs/GDLs for electrodes, Diaphragms, Carbon fiber for tanks	Full-fledged market expansion		
Resource Recycling	CO <sub>2</sub> removal for CCS	Improved performance of CO <sub>2</sub> separation	Gas separation membrane	Blue hydrogen		
	Promoting recycling	Expansion of recycling targets	Separation & refining technology, High-functionality, Subcritical water depolymerization, Hydrogen bacteria	Material recycling		
Nature Positive	Use of non-edible biomass-based raw materials	Efficiency improvement of biochemical processes	Membrane-integrated, saccharification process	Chemical recycling		
	Increasing water efficiency	Expansion of applications Improvement of water production / durability	High-performance, water treatment membrane	Carbon recycling (CO <sub>2</sub> resource utilization)		
				Independent from fossil fuel resources		
				Expansion of water reuse market		

# Members of the Board and Corporate Auditors

(As of June 26, 2025)

## 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  
Kazuhiko Shuto**

1980 Joined the Company  
2014 General Manager, Textiles Division  
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  
2021 Senior Vice President  
2022 Senior Vice President and Member of the Board  
2023 Executive Vice President and Member of the Board  
2025 Executive Vice President and Representative Member of the Board (incumbent)



**Member of the Board (Outside)  
Akiko Innes-Taylor**

1986 Joined Otsuka Pharmaceutical Co., Ltd.  
2005 Representative Director, Sisley Paris Japan Corporation  
2009 Senior Vice President & Operating Officer, Otsuka Pharmaceutical Co., Ltd.  
2015 Senior Vice President and Operating Officer, Otsuka Holdings Co., Ltd.  
2017 Board Member, Kitakamakura Girls' Junior High School & Senior High School (incumbent)  
2025 Professor, Waseda Business School (Graduate School of Business and Finance) (incumbent)  
Advisor, Otsuka Holdings Co., Ltd. (incumbent)  
Outside Director, the Company (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 and Member of the Board  
2025 Executive Vice President and Member of the Board (incumbent)



**Member of the Board  
Shigeki Terada**

1986 Joined the Company  
2009 Executive Officer, CFO, Toray Films Europe S.A.S.  
2011 General Manager, Films Business Planning & Administration Dept.; General Manager, Resins & Chemicals Business Planning & Administration Dept.  
2013 General Manager, Films Business Planning & Administration Dept.  
2017 Vice President (Member of the Board), Toray Advanced Film Co., Ltd.  
2019 Senior Vice President (Member of the Board), Toray Advanced Film Co., Ltd.  
2020 General Manager on Special Assignment, Torayca & Advanced Composites Division; General Manager, Torayca & Advanced Composites Business Planning & Administration Dept.  
2023 Senior Director, Corporate Strategic Planning Division  
2025 Corporate Vice President and Member of the Board (incumbent)



**Member of the Board  
Yuichiro Kato**

1986 Joined the Company  
2010 General Manager, Controllers' Dept.  
2014 General Manager on Special Assignment, External Relations Planning Dept.  
2018 General Manager, Management Division, Toray International, Inc.  
2020 General Manager on Special Assignment, Affiliated Companies Division; General Manager, Group Business Planning Dept.  
2023 Deputy General Manager, Affiliated Companies Division; General Manager, Group Business Planning Dept.  
2025 Corporate Vice President and Member of the Board (incumbent)



**Corporate Auditor  
Hideki Hirabayashi**

1981 Joined the Company  
2003 Director, Penfibre Sdn. Berhad  
2005 Executive Vice President, Toray Plastics (America), Inc.  
2007 General Manager, Industrial Films 1st Dept.  
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  
Mitsuharu Mano**

1985 Joined the Company  
2006 CFO, Toray Plastics (America), Inc.  
2009 General Manager, Finance Dept.  
2013 General Manager, Affiliated Companies Administration Dept.  
2016 General Manager, Auditing Dept.  
2020 Senior Vice President, Toray Composite Materials America, Inc.  
2023 General Manager, Auditing Dept.  
2025 General Manager on Special Assignment, Auditing Dept. Corporate Auditor (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)



**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 Outside Director, Kobayashi Pharmaceutical Co., Ltd.  
2014 Outside Director, Seven & i Holdings Co., Ltd.  
Outside Director, 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)  
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)  
Outside Director, DEFTA Capital (incumbent)  
2016 Outside Director, Olympus Corporation  
2020 Outside Director, the Company (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 Outside Director, the Company (incumbent)  
2024 Trustee, Yamaguchi University (incumbent)  
Secretary General, GPAI Tokyo Expert Support Center, National Institute of Information and Communications Technology (incumbent)



**Outside Corporate Auditor  
Koza Ogino**

1981 Joined The Mitsu 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, 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.  
2023 Outside Corporate Auditor of the Company (incumbent)  
2024 Special Advisor, SMBC Trust Bank Ltd. (incumbent)  
2025 Outside Director, WORLD HOLDINGS CO., LTD. (incumbent)



**Outside Corporate Auditor  
Masahiko Inoue**

1986 Joined the Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Limited)  
1988 Joined Chuo Shinko Audit Corporation (later Chuo Aoyama Audit Corporation)  
1999 Partner, Chuo Aoyama Audit Corporation (later Misuzu Audit Corporation)  
2004 Representative employee, Chuo Aoyama Audit Corporation  
2007 Partner, Tohmatsu LLC (currently Deloitte Touche Tohmatsu LLC)  
2018 Executive Officer, Deloitte Touche Tohmatsu LLC  
2019 Executive Officer (Senior), Deloitte Touche Tohmatsu LLC  
2022 Resigned from the Executive Officer position Head, Non-Financial Sustainability Assurance Promotion Office, Deloitte Touche Tohmatsu LLC  
2024 Retired from Deloitte Touche Tohmatsu LLC  
Representative, Masahiko Inoue Certified Public Accountant Office (incumbent)  
Senior Fellow, Japan Foundation for Accounting Education and Learning. (incumbent)  
2025 Outside Corporate Auditor of the Company (incumbent)

# Management Team

(As of April 1, 2025)

## President and Vice Presidents

President  
**Mitsuo Ohya**

Executive Vice President  
**Kazuhiko Shuto**  
Marketing & Sales;  
General Administration, Legal & Risk  
Management Division (Security Trade  
Administration Dept.);  
Corporate Marketing Planning Dept.;  
Branches; HS Division

Executive Vice President  
**Tetsuya Tsunekawa**  
Intellectual Property Division;  
Technology Center

Corporate Vice President  
**Shigeki Terada**  
Corporate Strategic Planning Division

Corporate Vice President  
**Yuichiro Kato**  
Finance & Controller's Division

Corporate Vice President  
**Tomohiko Hatano**  
Quality Assurance Division;  
Advanced Materials Quality Assurance  
Division

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

Senior Vice President  
**Toru Kutsuzawa**  
Fibers & Textiles Division;  
Osaka Head Office

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

Corporate Vice President  
**Masahiro Hirano**  
Electronic & Information Materials  
Division;  
Display & Graphic Materials Division

Corporate Vice President  
**Masahiro Uehara**  
Engineering Division;  
Engineering Planning & Administration  
Dept.

Vice President  
**Teh Hock Soon**  
Chief Representative for Malaysia;  
President, Toray Industries (Malaysia)  
Sdn. Berhad;

Senior Vice President  
**Masahiko Okamoto**  
General Administration, Legal & Risk  
Management Division;  
Tokyo Head Office

Senior Vice President  
**Yuichiro Iguchi**  
Pharmaceuticals & Medical Products  
Division;  
Research & Development Division;  
Basic Research Center

Senior Vice President  
**Kazuhisa Itsuji**  
Films Division;  
Chairman, Toray Films Europe S.A.S.

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

Senior Vice President  
**Toshiyuki Kondo**  
Chief Representative for Americas;  
President, Toray Industries (America), Inc.;  
Chairman, Toray Composite Materials America, Inc.;  
Chairman, Zoltek Companies, Inc.;  
Chairman, Toray Advanced Composites Holding B.V.

Senior Vice President  
**Masahiko Oyama**  
Purchasing & Logistics Division;  
Manufacturing Division

Corporate Vice President  
**Nobuyuki Inohara**  
Affiliated Companies Division

## Fellows

Executive Fellow in Composite Materials  
**Akihiko Kitano**  
Technology Center

Senior Fellow in Composite Materials  
**Kenichi Yoshioka**  
Technology Center

Senior Fellow in Membrane Process  
**Masahide Taniguchi**  
Water Treatment & Environment Division

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

Corporate Vice President  
**Kei Shimaji**  
Corporate Communications Division

Corporate Vice President  
**Osamu Tsuneki**  
Chief Representative for Europe;  
Managing Director, Toray Industries  
Europe GmbH

Senior Fellow in Industrial Research  
**Takashi Masuda**  
Corporate Strategic Planning Division  
Executive Economist, Director,  
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.

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

Corporate Vice President  
**Katsuyuki Yanai**  
Human Resources Division;  
Toray Human Resources Development  
Center

Corporate Vice President  
**Shinichiro Hata**  
Corporate Sustainability Strategic  
Management Division

Senior Fellow in Separation Technology  
**Hiroyuki Sugaya**  
Research & Development Division

Senior Fellow in Films & Film Products  
**Masatoshi Ohkura**  
Research & Development Division

Senior Fellow in Composite Materials  
**Masato Honma**  
Research & Development Division

Corporate Vice President  
**Takashi Endo**  
Resins & Chemicals Division

Corporate Vice President  
**Jun Hayakawa**  
Pharmaceuticals & Medical Products  
Division;  
Pharmaceuticals Division

Corporate Vice President  
**Hiroshi Tsuzuki**  
Digital Strategy Division

Senior Fellow in NANOALLOY  
**Sadayuki Kobayashi**  
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

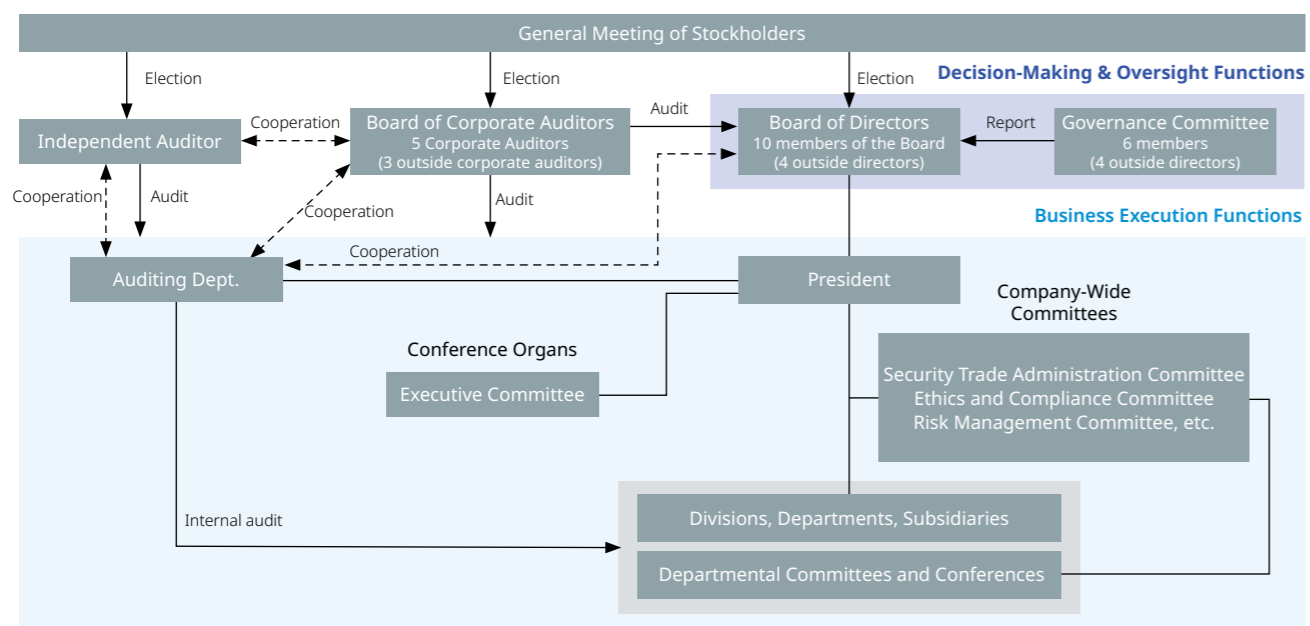
Toray operates as a company with a Board of Corporate Auditors and Board of Directors. The Board of Directors, which includes outside directors, decides on the business execution and supervises the execution of duties by the members of the Board. The Board of Corporate Auditors includes outside corporate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

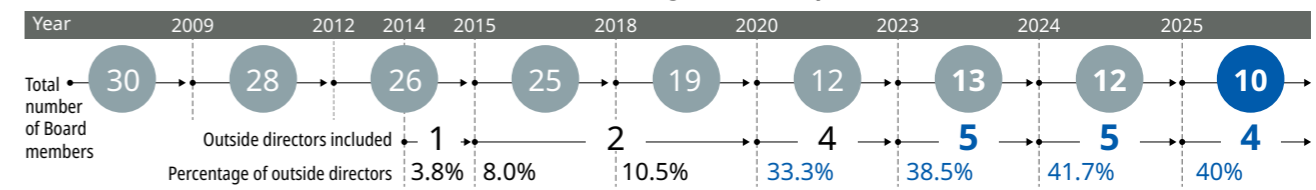
Toray introduced an executive officer system in June 2020 to enable execution based on swift decision making that accurately responds to the business environment and its changes. Additionally, we took this opportunity to reduce the number of directors, and as of June 26, 2025, had appointed

six internal members of the Board and four outside directors, for a total of 10 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 five 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 four 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.

## Skills Matrix of Members of the Board and Corporate Auditors

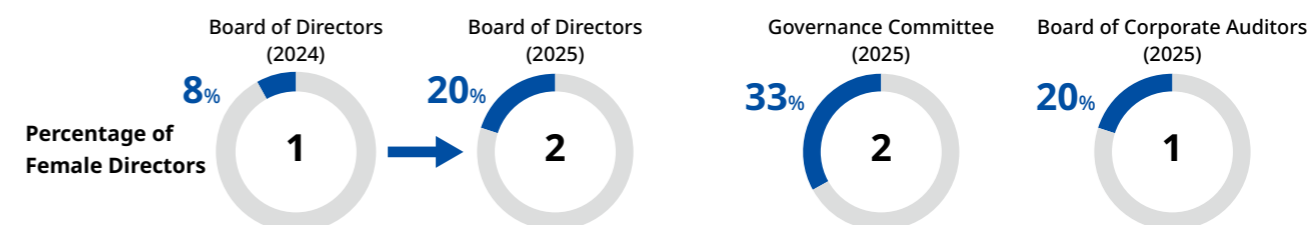
	Name	Business operations				Corporate			Strategic
		Management experience	Global business experience	Technology/manufacturing/R&D	Sales/marketing	Legal/intellectual property/risk management	Accounting/finance	Human resource management/diversity	
Member of the Board	Akihiro Nikkaku	●	●	●					
	Mitsuo Ohya	●			●			●	
	Kazuhiko Shuto	●	●		●				
	Tetsuya Tsunekawa	●		●					● (DX)
	Shigeki Terada		●						● (Business strategies)
	Yuichiro Kato					●	●		
	Kunio Ito						●	●	● (ESG)
	Susumu Kaminaga	●	●	●					
	Yuko Harayama							●	● (Innovation)
	Akiko Innes-Taylor	●			●			●	
Corporate Auditor	Hideki Hirabayashi	●	●			●			
	Mitsuharu Mano		●			●	●		
	Makiko Takabe					●		●	
	Kozo Ogino	●					●		
	Masahiko Inoue					●	●		

\* 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/aboutus/governance/>

Based on the recognition that further promoting diversity management is necessary to maximize corporate value, in FY 2025, the Company increased the number of female members

of the Board by one, establishing the structure including two female directors. Additionally, one female corporate auditor has been serving on the Board of Corporate Auditors since FY 2023.



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

## Discussions and Activities of the Board of Directors, Governance Committee, and Board of Corporate Auditors (FY 2024)

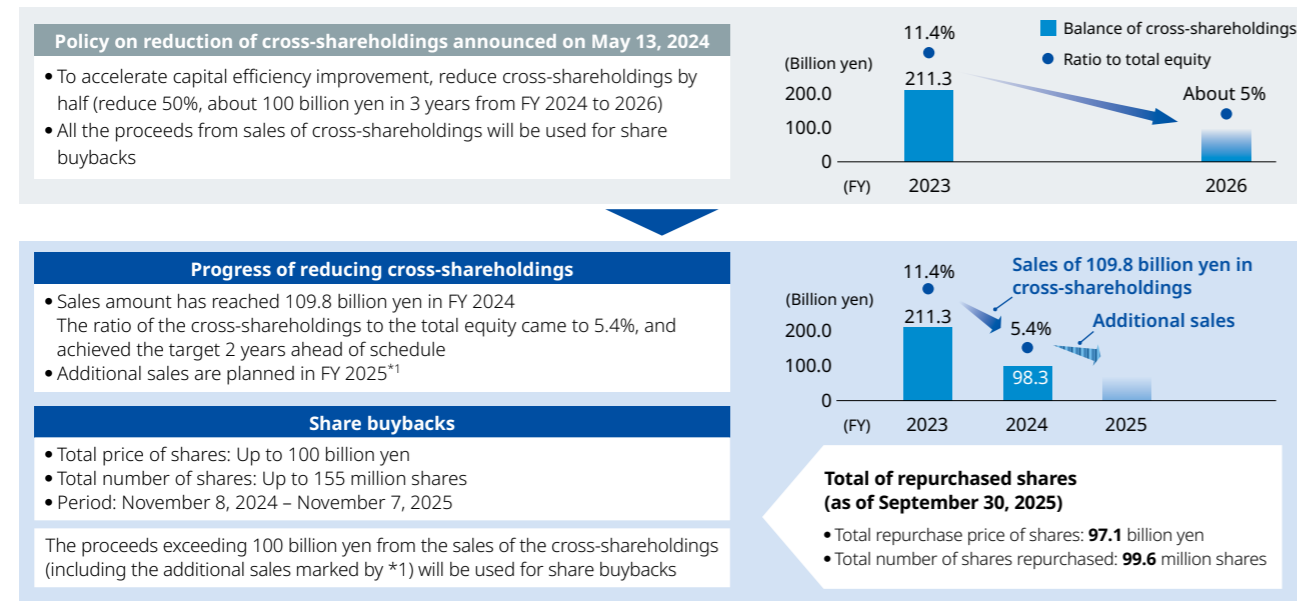
The main topics of discussions and activities of the Board of Directors, Governance Committee, and Board of Corporate Auditors in FY 2024 were as follows.

Type	Number of annual events	Average attendance rate	Main topics of discussion and activities
The Board of Directors meeting	14	99%	<ul style="list-style-type: none"> <li>Toray group business strategy</li> <li>Improving capital efficiency with a focus on PBR</li> <li>Diversity on the board of directors</li> <li>Revision of the executive compensation system</li> <li>Shareholder return policy</li> <li>Parent-subsidiary listing policy</li> </ul>
The Governance Committee	11	99%	<ul style="list-style-type: none"> <li>Board composition</li> <li>Evaluation of board operations</li> <li>Director nomination policy</li> <li>Approach to executive compensation systems</li> <li>Basic policy on appointment and dismissal of senior management, including the President</li> </ul>
The Board of Corporate Auditors meeting	11	100%	<ul style="list-style-type: none"> <li>Reviewing the progress of initiatives set under the Medium-Term Management Program</li> <li>Audit of fundamental management matters</li> <li>Review of audit methods/results and reasonableness of audit fees for the accounting auditor</li> <li>Attendance at important internal meetings (Board of Directors meetings, Management meetings, company-wide committees, etc.)</li> <li>Meetings with directors and management, on-site inspections of business locations, factories, and subsidiaries</li> </ul>

## Discussions at Board of Directors Meetings

### (1) Reduction of Cross-Shareholdings and Share Buybacks

The Board of Directors discussed the reduction of cross-shareholdings and the share buybacks. The Board resolved and announced a policy to accelerate the improvement of capital efficiency by reducing cross-shareholdings by 50% (approximately 100 billion yen) over a three-year period starting from FY 2024 and allocating all sale proceeds to the share buybacks. In FY 2024, the Company sold 109.8 billion yen of cross-shareholdings, achieving this goal two years ahead of schedule. Additional sales are planned for FY 2025.



### (2) Improving Capital Efficiency with a Focus on PBR

To promote management focusing on capital costs and invested capital, the Board of Directors reviews the progress of the Medium-Term Management Program and financial targets, meeting its accountability obligations by disclosing these results.

At the Board of Directors meeting on April 25, 2025, the

Board discussed the progress of the AP-G 2025 challenges of “Expanding business and improving profitability” and “Improving asset efficiency,” as well as the status of ROIC/WACC and ROE/cost of equity. The Board confirmed that ROIC was on an upward trend and affirmed its commitment to continue addressing challenges to further improve ROIC.

## 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 FY 2024” of all the 17 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 9, 2025, and the results of the analysis and evaluation were deliberated at the Board of Directors' meeting held on June 19, 2025. The overview of the analysis and evaluation results shown below describes the contents resolved

at the Board of Directors meeting. The main items of the questionnaire are as follows.

- <Main Items of the Questionnaire>**
- A. Role and composition of the Board of Directors
  - B. Operation of and discussions at the Board of Directors meetings
  - C. Monitoring function of the Board of Directors
  - D. Performance of members of the Board
  - E. Training
  - F. Dialogue with shareholders (investors)
  - G. Individual efforts
  - H. Operation of voluntary committees
  - I. Overall evaluation

### <Evaluation Results>

The main points, outlines, and evaluation of improvements from the previous fiscal year are as follows.

Main points	Outlines	Evaluation of improvements from the previous fiscal year
<b>Role of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Examination of optimal organization design</li> </ul>	
<b>Composition of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Diversity (age, gender, internationality)</li> <li>Knowledge, experience, and expertise required for Outside Directors</li> </ul>	<ul style="list-style-type: none"> <li>Change in composition of the Board of Directors was resolved at the ordinary general meeting of stockholders in June 2025</li> </ul>
<b>Operation of Board of Directors meetings</b>	<ul style="list-style-type: none"> <li>Improving documentation and reporting methods</li> <li>Agenda setting</li> </ul>	<ul style="list-style-type: none"> <li>Efficient management of meeting</li> <li>Utilization of agenda items</li> </ul>
<b>Discussions at the Board of Directors meetings</b>	<ul style="list-style-type: none"> <li>Discussions focused on profitability and capital efficiency</li> <li>Sustainability initiatives and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing discussions with a focus on capital costs, etc</li> <li>Enhancing ESG initiatives and disclosures</li> </ul>
<b>Monitoring function of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Understanding information about group companies</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the Group governance of listed subsidiaries</li> </ul>
<b>Support System for Directors and Auditors</b>	<ul style="list-style-type: none"> <li>Training for executives</li> <li>Cooperation between outside directors and auditors</li> </ul>	
<b>Dialogue with stakeholders</b>	<ul style="list-style-type: none"> <li>Dialogue with shareholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>Increased external outreach</li> </ul>

### <Overview of Analysis and Evaluation Results>

The following overview of the results describes the matters resolved at the Board of Directors meeting on June 19, 2025.

- a. In FY 2024, 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.
- b. In FY 2024, the Board of Directors held 14 meetings in total to perform oversight and decision-making in a timely and appropriate manner. While confirming that Toray's core values—“Contributing to society through business activities,” “People-centric management,” and “Management from a long-term perspective”—contribute to enhancing

the medium- to long-term corporate value, the Board continued to discuss “measures to realize management focusing on capital costs and stock prices,” including improving capital efficiency with a focus on PBR and enhancing shareholder returns. Based on the above, the Board is judged to have generally fulfilled its roles and responsibilities with regard to creating an environment that supports appropriate risk-taking by senior management.

c. With respect to the 14 Board of Directors meetings held in FY 2024, the attendance rate of the members of the Board was 99%. The outside directors made remarks mainly from their respective professional viewpoints. Including such advice from the outside directors, opinions shared at the Board of Directors meetings were taken appropriate measures by the Board. In addition, the Governance Committee, which met 11 times, had advanced discussions

# Corporate Governance

on revising the number and composition of the Board of Directors and the remuneration system for members of the Board and corporate auditors, in order to contribute to enhancing medium- to long-term corporate value and sustainable growth, thereby fulfilling its function as an advisory body to the Board regarding nominations and remuneration. 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.

d. In light of foregoing, we believe that the Board of Directors generally fulfilled its roles and responsibilities in an effective manner in FY 2024. 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 FY 2024, specific measures for improvement must be taken in FY 2025 and thereafter so as to further improve the effectiveness of the Board of Directors.

e. 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.

## 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 reviews the payment ratios of performance-based remuneration and remuneration other than performance-based remuneration, based on the results of a survey of other companies’ remuneration and deliberations at the Governance Committee. We will increase the proportion of the performance-linked bonuses in total remuneration so that they act as a greater incentives for the improvement of performance.

For basic remuneration and bonuses, the maximum aggregate amount is resolved at the general meeting of stockholders. The content of such proposals made at general meetings of stockholders is determined by the Board of Directors following a report from the Governance Committee. The decision on whether to pay bonuses each fiscal year and the total amount to be paid are also determined by the Board of Directors following a report from the Governance Committee. This is based on consolidated core operating income, which best represents the results of Toray’s global business

operations, and considers elements such as increasing the ratio of bonuses to total remuneration to further incentivize performance improvement. The bonus for each internal member of the Board is determined by the Board of Directors following a report from the Governance Committee, which is based on an evaluation using indicators such as overall consolidated core operating income, the budget achievement of the division in charge, progress with respect to the Medium-Term Management Program, and efforts in individual assignments.

The Company has decided to grant remuneration for the purpose of providing restricted stock to internal members of the Board beginning in FY 2025, aiming to provide an incentive for the sustainable improvement of corporate value and to further align interests with shareholders. The maximum total amount of remuneration for restricted stock compensation and the maximum total number of shares to be allotted to internal members of the Board are resolved at the general meeting of stockholders. Within these limits, the number of shares allotted to each internal member of the Board is calculated based on criteria established by the Board of Directors, following a report from the Governance Committee. The final allotment is then resolved by the Board of Directors.

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.

### Details of Remuneration (April 2024- March 2025)

Position	Total remuneration (million yen)	Total remuneration by type (million yen)			Recipients
		Basic	Bonuses	Performance-based remunerations Non-monetary remunerations Stock options as remunerations	
Members of the Board (excluding outside directors)	721	473	143	105	8
Corporate auditors (excluding outside corporate auditors)	79	79	—	—	2
Outside directors	75	75	—	—	5
Outside corporate auditors	36	36	—	—	3

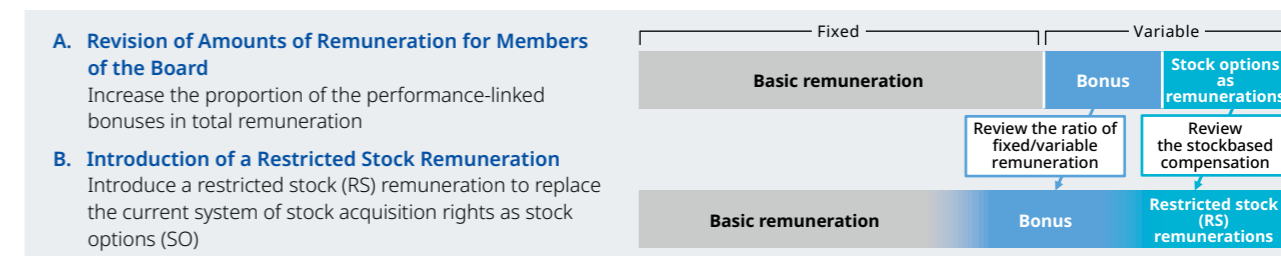
Notes: Recipients included one member of the Board who retired during FY 2024.

## Revision of the Remuneration System: Reviewing the Remuneration System for Members of the Board and Corporate Auditors to Contribute to Enhancing the Group’s Medium- to Long-Term Corporate Value and Sustainable Growth

From FY 2025, the Company revised its remuneration system for members of the Board and corporate auditors, increasing the ratio of performance-based bonuses to total remuneration and introducing a restricted stock compensation system to replace the previous stock option system.

From FY 2026 onward, the Company is considering revising

the evaluation indicators for determining performance-based remuneration and setting new KPIs for medium- to long-term management challenges. In addition to financial statement metrics such as ROIC, we will continue to discuss incorporating non-financial indicators, such as sustainability indicators.



## Measures to Ensure the Effectiveness of the Governance Framework for Listed Subsidiaries

Toray has two listed domestic subsidiaries (Chori Co., Ltd. and Suido Kiko Kaisha, Ltd.) and one listed domestic affiliated company (Sanyo Chemical Industries, Ltd.). Toray respects the independence of these listed companies and does not engage in any actions that would harm the interests of minority shareholders. The Company will meet its accountability obligations by explaining the rationale for maintaining them as listed subsidiaries and affiliates and for ensuring the effectiveness of their governance systems.

### 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.

### Sanyo Chemical Industries, Ltd.

- Although individuals from Toray serve as members of the Board at Sanyo Chemical Industries, Toray respects the affiliate’s independence in its management decisions and execution, and does not position the affiliate as an entity under Toray Group’s management. When exercising authority over the election and dismissal of the affiliate’s independent outside directors, Toray makes appropriate decisions on each proposal in consideration of the interests of general shareholders. Furthermore, transactions between Toray and the affiliate are determined rationally based on market prices and other factors as with any other business partner, and care is taken to avoid any conflicts of interest.

## Interview with Newly Appointed Outside Director

### Leveraging my extensive business experiences to help enhance Toray's brand value

Akiko Innes-Taylor  
Outside Director

#### What aspirations do you have upon your appointment as an outside director?

After graduating from university, I sought to develop products at Otsuka Pharmaceutical that contribute to health and longevity. In particular, I was involved in product planning for products such as the dietary fiber beverage Fibe-Mini. That is why Toray's commitment to supporting people's lives and industries using cutting-edge technology while also addressing social issues is something that really strikes a chord with me.

Since the digital revolution, we have entered an era where fabless companies earn more than foundry companies. However, in the current so-called fifth industrial revolution, even though AI, IoT, and other digital technologies are being utilized, key concepts like "sustainability" and "human-centered" have come to the fore, and in fact, innovations at manufacturing companies like Toray are now in the spotlight. In this sense, I feel honored to have been invited to serve as an outside director. I hope to contribute to enhancing Toray's corporate value by leveraging my extensive business experiences in R&D, public relations and marketing, HR development, and management.

#### What are your thoughts on BtoB marketing?

BtoC marketing tends to be focused on responding to short-term changes in needs and appealing to emotional aspects. On the other hand, at BtoB companies like Toray, there is an emphasis not only on product performance and functionality but also on relationships of trust and partnerships. I therefore think highlighting the rationality of transactions from a medium- to long-term perspective is a key. However, when a market matures and it becomes difficult to achieve significant differentiation through product performance or functionality, price competition intensifies, making it impossible to earn sufficient profits simply by manufacturing and selling "things". As a result, a shift is occurring in BtoB business from the selling of goods to the selling of experiences, and the importance of so-called "customer experience," a customer value gained through the entire experience — from product selection to purchase, use and support — is increasing. Therefore, I believe that it is increasingly necessary to engage in a style of marketing that really gets to the bottom of the workplace issues faced by business partners and work together with customers to find solutions.

#### What do you think about Toray's strategic pricing?

Strategic pricing is an important initiative to enhance earning capability. I believe that a cost-plus pricing approach, which adds a certain profit margin to costs, is seller-centric. Instead, it is important to comprehensively assess how much economic value is generated by products and what price customers are willing to pay, in order to derive a fair price based on the customer value. In that sense, developers must also have a good understanding of their end users. I believe this is something that every employee across the entire value chain should be aware of not only BtoC companies but also BtoB companies like Toray.

#### How should the value of technology be communicated in BtoB?

Toray provides Yoshida & Co. with the 100% plant-based nylon newly developed by the Company, and communicating the appeal of Toray's technology through the BtoBtoC model will help enhance Toray's entire brand value.

The cosmetics of Sisley, a French company where I served as the Representative Director of the Japan branch (Sisley Paris Japan Corporation), do not command high prices solely because they are a luxury brand from France. The fusion of phyto-cosmetology (plant-based beauty science) and advanced technology creates customer satisfaction, and the commitment to proprietary manufacturing practices is recognized by end users, thus supporting brand value. However, Japanese communication culture is often said to be high-context and difficult to understand, so I believe it is important that communicating information should be as simple as possible and convey experiential value through storytelling that resonates with users.

#### Please give us some advice on developing female leaders.

Since around 1990, promoting the empowerment of women has been my life work, mainly through activities such as writing and attending international conferences. Currently, I am in charge of the lecture for a program for developing female senior leaders at Waseda University's business school and I also serve as a board member at Kitakamakura Girls' Junior and Senior High School, supporting the career development of young women. I believe that to promote a

company's strategy for inclusive culture, it is essential to first increase the number of female employees who have opportunities to play active roles. In an era requiring change, organizations with an overwhelming majority tend to struggle to generate new perspectives and opinions. Even if such new point of views come up, they often are ignored with responses like "Well, that's true." Actually, that sort of attitude hinders reform. It is also said that women now make approximately 70% of purchasing decisions for consumer goods, so the incorporation of female perspectives is extremely important.

However, regardless of gender, leaders must be prepared to take on responsibility. I believe that nurturing women who approach their work with that level of commitment is a key. Reflecting on my own experience, I believe it was very beneficial to be given equal opportunities for advancement as men and to have supervisors who were equally serious in their feedback. The Company may need to check whether women are not missing opportunities to take on challenges due to hesitation stemming from being "female" and whether the Company is providing an inclusive workplace. In that regard, the emergence of Toray's first female plant manager in Japan is truly wonderful news. In order to develop female leaders, I

want to listen to the opinions of women in the workplace and proactively provide support by doing what I can.

#### Finally, what words of encouragement do you have for Toray?

Toray is making significant contributions to solving various challenges in the world with its advanced materials, including water treatment membranes and carbon fiber composite materials. I believe that Toray should communicate with greater confidence and simplicity that the Company enables to solve global challenges with its industry-leading technologies. I hope Toray will be able to attract like-minded people or companies not only from Japan but also from overseas and further develop on a global scale by having its corporate value clearly recognized. I will also make every effort to contribute broadly to enhancing brand value by engaging in dialogue with Toray employees.



# Messages from Outside Directors



**Kunio Ito**  
Outside Director

**Q1 As chair of the Governance Committee, what contributions are you particularly focusing on?**

I strive to ensure that the Committee engages in exhaustive discussions on all aspects of governance without being limited to nomination and remuneration matters, and I encourage its members to adopt such a no-holds-barred approach. As a result of these efforts, I am confident that discussions at the meetings of the Governance Committee have become more effective and influential.

**Q2 What are your impressions of the progress made in the final year of the Medium-Term Management Program, Project AP-G 2025? What are your expectations for Toray in the next Medium-Term Management Program?**

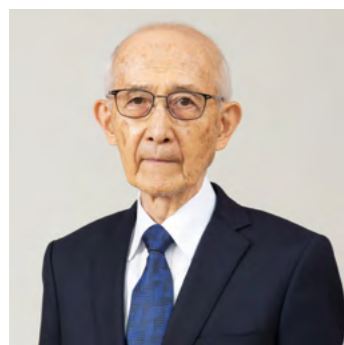
Including structural reforms for specific businesses and companies (Darwin Project), the Company has taken a hard line on evaluating low profitability businesses, and focuses on thoroughly restoring profitability. In addition, it is committed to winding up operations if necessary. In the next Medium-Term

Management Program, I expect management to enhance capital efficiency by leveraging such tense business assessments and support, while also diving deeper into the existing businesses and creating value in the growth businesses.

**Q3 The capital markets are beginning to appreciate the changes in Toray's management. How do you feel about the changes in management and the nature of discussions at the Board meetings? What do you think is needed to further accelerate the pace of transformation?**

I have asked the Board to receive unserved reports on the valuations of the capital markets and welcome the opinions received during IR meetings and SR meetings with an open mind, accepting what should be accepted. As senior management is also actively engaging in dialogue with the capital markets, I appreciate the Company is moving in the right direction. I want to see a greater focus on engagement with investors going forward. To accelerate the pace of transformation, in addition to faster decision-making and decisive execution within each business division, I

believe that senior management needs to demonstrate leadership. If it is determined that a level of capital efficiency that outweighs capital costs cannot be achieved in the medium-term, management should be prepared to replace department heads or discontinue businesses. The Board also wants to support this approach.



**Susumu Kaminaga**  
Outside Director

**Q1 The capital markets are beginning to appreciate the changes in Toray's management. In light of this, what have you recommended and contributed to the Board of Directors and the Governance Committee?**

I have recognized the fact that Toray's business involves promoting research and development of new materials, product commercialization, and further business development, thereby contributing to the creation of new industries. Since it takes time to produce superior materials, the Company needs to approach all of this from a medium- to long-term perspective. It is critical that this point is clearly explained to external stakeholders and from time to time we make the announcements of milestone achievements throughout the process to gain

their understanding and support. From this perspective, I have pointed out the importance of external communication at Board and Governance Committee meetings. I believe that the proactive efforts made by the executive team to communicate information through IR events and the like since last year have been evaluated in a positive light. At the same time, I have pointed out that to consolidate the evaluation, improving business performance—specifically, boosting revenue and the core operating income margin—is fundamental for the improvement of various management indicators. I have also pointed out that it is crucial to promptly commercialize R&D outcomes and translate them into profit, while maintaining a steadfast focus on medium- to long-term initiatives. I believe such opinions contribute to the Company's management as a recommendation based on

the insights and experience I have gained from years of serving as a top executive and outside director at other companies.

**Q2 What are your impressions of the progress made in the final year of AP-G 2025? What are your expectations for Toray in the next Medium-Term Management Program?**

As Toray enters the final year of AP-G 2025 amid a rapidly changing business environment, I have realized that responding to external changes while achieving the targets of the AP-G 2025 is testament to the strength of a corporation and the very purpose of management. From that perspective, I understand that a Company-wide effort is being made, but it seems there is still room to apply our wisdom in formulating

the ultimate action plan to achieve the targets. Also, in the next Medium-Term Management Program, I expect to see significant advancements based on the assets accumulated through past capital investments and R&D investments. To this end, numerical targets based on ambitiously accumulated numbers are certainly important, but it is even more crucial to incorporate a kind of roadmap, which outlines how Toray intends to contribute to society through new products and new businesses utilizing the assets the Company has built. I think a Medium-Term Management Program that reflects this would be more effective.

collective strength by connecting across different business divisions under the strategy of providing various materials to meet broad-ranging demand is crucial to further enhancing corporate value. Specifically, even during discussions regarding individual business-specific matters, I provide advice on how management should consider the connections and synergies with other businesses, how to evaluate them from a Company-wide perspective, and whether there is an intention to merge the strengths of each business division to develop new applications and offer them to customers. I believe that this approach directly leads to not only higher revenue and core operating income but also creation of new business models that contribute to society, thereby generating new corporate value for Toray.

**Q3 What kind of advice do you provide at Board meetings to enhance Toray's corporate value?**

I repeatedly point out that building



**Yuko Harayama**  
Outside Director

**Q1 The Company is promoting "strategic pricing" and "creation of innovation" across the organization. What do you think is needed to further accelerate the creation of innovation?**

Toray takes pride in outstanding capabilities in R&D, sales & marketing, and production engineering, as well as an innovation capability to provide groundbreaking new materials to society through the combination of these strengths. The principle of "combining these strengths" is not obvious; it begins with discovering a new

version of yourself by not clinging to past successes, stepping out of your comfort zone, and gaining the trust of others. As a foundation for creating innovation, I recommend starting with this kind of daily training.

**Q2 What are your impressions of the progress made in the final year of AP-G 2025? What are your expectations for Toray in the next Medium-Term Management Program?**

The Action Program for Growth (AP-G)

serves as a driving force for the organization to come together and ensure that results are achieved. On the other hand, as geopolitical risks and uncertainty increase and the pace of environmental changes accelerates, the conventional growth strategies and planning methods based on the steady-state assumption will be limited in their effectiveness. More than ever before, resilience against unforeseen circumstances, the ability to respond swiftly, and flexibility will be put to the test. Under these conditions, the key is to strengthen one's judgment and ability to take action, and enhance

human agency. Investment in people is the foundation of this, and I hope that the next Medium-Term Management Program will look to strengthen this area.

**Q3 Considering the expectations placed on you as an outside director, what kind of advice do you provide at Board meetings?**

The role of an outside director is to observe the inner workings of an organization from an external point of view. As the flow of information intensifies daily and we are influenced by the waves of

various information, there is a growing tendency to rely on external agents even for decision-making due to the spread of AI. This represents a door that opens up new possibilities for humanity, as well as the first step toward a world without precedence. What we envision beyond this point is entrusted to our judgment as members of society today. I intend to contribute to this discussion from the perspective of future society and how Toray, as a social organization, should chart a course going forward.

# 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 the 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 2024, this Committee met twice to deliberate and discuss the Toray Group's ethics and compliance activity results for FY 2023 and the activity plans and progress updates for FY 2024. Also, individual measures such as implementation of Compliance Month 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 convey 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 2024, the e-learning course focused on the Ethics & Compliance Code of Conduct and the Toray Group's whistle-blowing system. Of the targeted participants, 99.8% took the course and signed a pledge to understand and comply with the contents of the Ethics & Compliance Code of Conduct. We continue to disseminate information and promote education to further instill its content. In addition, we use similar teaching materials to conduct training sessions at our Group companies in Japan.

Furthermore, 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.

## Establishing and Implementing the Whistle-Blowing System

In FY 2003, we established the Corporate Ethics and Legal Compliance Helpline, a whistle-blowing system, and since FY 2010, we have applied and implemented it to the Group companies as well.

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, including email and contact form on the intranet.

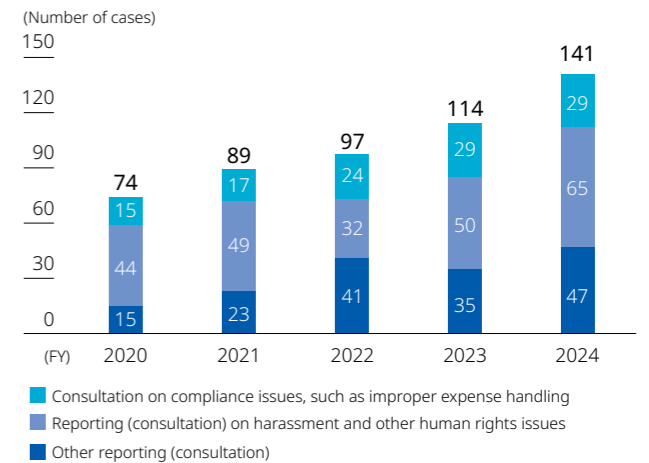
At our Group companies in Japan, we have not only set up internal hotlines at each company but also put in place a common external point of contact to further facilitate reports (consultations). Additionally, our Group companies outside Japan have set up their own hotlines, choosing from either

internal, external, or regional points of contact. The Company carefully conducts fact-finding interviews and investigations based on the laws and customs of each country and region to resolve matters appropriately.

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 2024, Toray and its Group companies received 141 whistle-blowing (consultation) cases in total, of which 19 cases resulted in disciplinary action. These whistle-blowing (consultation) cases were with regard to compliance such as inappropriate expense processing (six cases), human rights such as harassment (seven), and other (six). 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.

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



## 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 following audit activities : 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 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 2024: 24,841)

### 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 2024, 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 the Group companies both in and outside Japan.

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 2024.

In October 2024, 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 7,365 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 2024, 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 BEAR 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 BEAR," 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 2024, 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 the Security Trade Administration Committee comprising officers of divisions that are involved in exports and technology transfer.

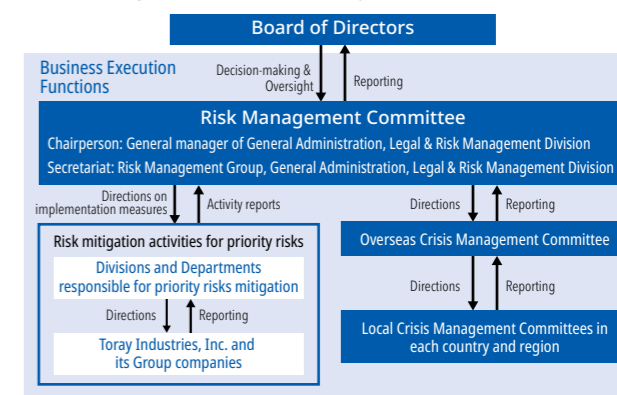
In FY 2024, the committee decided on measures to

implement for FY 2025 after considering pressing risks based on recent international circumstances and regulatory trends. The committee members also convene the 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 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' General Administration, Legal & Risk Management 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. In addition, the Toray Industries, Inc.'s Auditing Department conducts an internal audit of the content of these activities every six months.

At the same time as 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 analyzes 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.
- (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.

**Identifying Risks that Inhibit the Achievement of the Targets of the Medium-Term Management Program**



## 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

## Major initiatives in FY 2024

### 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

General Administration, Legal & Risk Management Division is leading activities to ensure the safety of employees and expedite decision-making and actions for business continuity in countries and regions where the Toray Group operates. In FY 2024, based on risk assessments in these countries and regions, the Group formulated action plans for both local sites and the head office in Japan according to specific potential crisis scenarios. In FY 2025, the Group plans to conduct crisis response drills in line with these plans.

#### (2) Product supply disruption risk

Purchasing & Logistics Division is leading activities to avoid the risk of raw material shortages caused by supply disruptions from suppliers caused by factors such as economic fluctuations, natural disasters, and cyberattacks, thereby strengthening the resilience of the Group's product supply. 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, in collaboration with each business division.

### 2. Addressing Information Security Risks

The Toray Group has established the Toray Group Information Security Steering Committee to centrally manage information security and promote risk mitigation activities. Each Group company conducts a self-assessment of its compliance with

- 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

the Toray Group's common security management standards. All companies that fail to meet the standards prepare an improvement plan and engage in risk mitigation activities. The Group also monitors the implementation rate (management standards achievement rate) as a KPI.

In FY 2024, 60 of the 111 target companies achieved the management standards. However, some Group companies required more time to respond, resulting in an implementation rate of 54% against the target of 70%. In FY 2025, aiming for 100%, the Company will promote Group-wide risk reduction while strengthening its support systems.

### 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. Also, the Group has been conducting drills for establishing a temporary Group-wide headquarters in preparation for a major earthquake since FY 2012. In recent years, reflecting the Company's improved network environment and the higher reliability of public network infrastructure, it has been conducting online-based drills to ensure a swift, appropriate response in the event of an emergency.

## Building a Sustainable Supply Chain

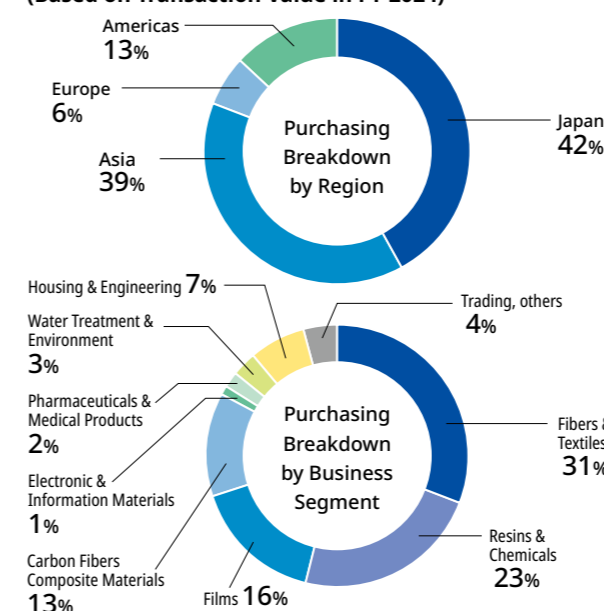
### Toray Group's CSR Procurement Activities

The Toray Group's supply chain extends across various countries and regions around the world. Our Group's suppliers span a wide range of industries, including general and specialized trading companies as well as manufacturers of petrochemicals, fuels, chemicals, molded products, packaging materials, machine tools, precision equipment, mechanical parts, and processed materials from around the world. To accommodate purchasing environments and required specifications, the Group engages in both regular and spot transactions, purchasing from a broad range of approximately 4,200 primary suppliers with bases in countries worldwide.

For the Toray Group which has built such a global supply chain, understanding the status of its suppliers' CSR activities and requesting their engagement in these efforts is a priority issue.

Therefore, to promote CSR procurement in the entire Toray Group, including the Group companies in and outside Japan, and to respond to the globalization of CSR procurement risks, the Group has established a working group on CSR procurement as part of its Group-wide risk management efforts. This working group ascertains the status of suppliers' CSR initiatives, cooperates with customer-led CSR procurement surveys, and aids in promoting CSR procurement at domestic and overseas Group companies. The progress of Group-wide CSR procurement and risk mitigation activities is also regularly reported to the Risk Management Committee, which is the Group-wide risk management body, where such reports are deliberated and shared.

### Purchasing Breakdowns by Region and Business Segment (Based on Transaction Value in FY 2024)



### Human Rights and Environmental Due Diligence Initiatives in the Supply Chain

The Toray Group conducts human rights and environmental due diligence to identify, assess, prevent, and mitigate human rights risks and environmental risks that may arise in the

supply chain. This process is handled in accordance with the procedures defined in the OECD Due Diligence Guidance for Responsible Business Conduct.

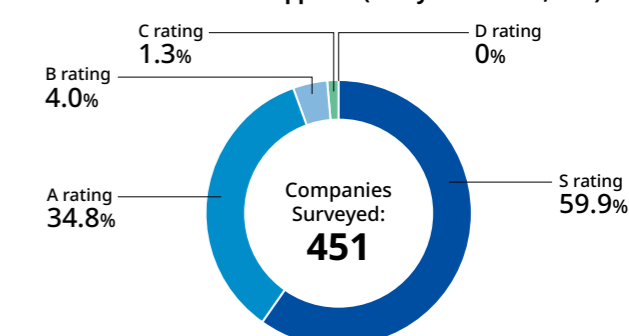
Specific initiatives include periodically implementing CSR procurement questionnaires and analyzing the results of them for the Group's business partners, establishing a whistle-blowing and consultation hotline, investigating high-risk issues related to CSR procurement, and checking business partner risks using a corporate search system to identify whether there are any negative impacts on human rights or the environment. When negative impacts are identified—for example, with existing business partners who receive a low evaluation on the CSR procurement questionnaire—the Group requests improvement and conducts follow-ups through visits and other measures.

### Implementation of Status Assessment and Evaluation via the CSR Procurement Questionnaire

Toray Industries, Inc. conducts a CSR procurement questionnaire, in principle every two years, targeting major procurement and purchasing partners, subcontractors, and logistics companies that account for 90% of total purchasing expenditures. The questionnaire includes items based on the Toray Group CSR Procurement Policy, the Toray Group CSR Procurement Guidelines, and the RBA Code of Conduct. The Group requests that suppliers engage in various social issues, and comprehensively checks the status of each supplier's responses, including matters related to anti-corruption and anti-bribery, respect for human rights, and various environmental conservation activities such as reducing greenhouse gas emissions and considering and assessing water resources and biodiversity.

In the CSR procurement questionnaire for major suppliers conducted in FY 2024, the Group received responses from 451 companies. The results showed that 99% of suppliers (those rated S, A, or B) were evaluated as meeting the level of engagement required by Toray Industries, Inc., while 1% (those rated C or D) were judged to require an on-site investigation. The average score for most items improved compared to the previous survey, reaffirming that suppliers are steadily advancing their CSR initiatives.

### FY 2024 CSR Status of Suppliers (Toray Industries, Inc.)



\*Responses to the questionnaires are evaluated on a 10-point scale for each of the nine survey categories. The average of the nine categories is used as the overall evaluation, with S for 8 points or more, A for 6 to less than 8 points, B for 5 to less than 6 points, C for 3 to less than 5 points, and D for less than 3 points.

# Results by Segment for FY 2024

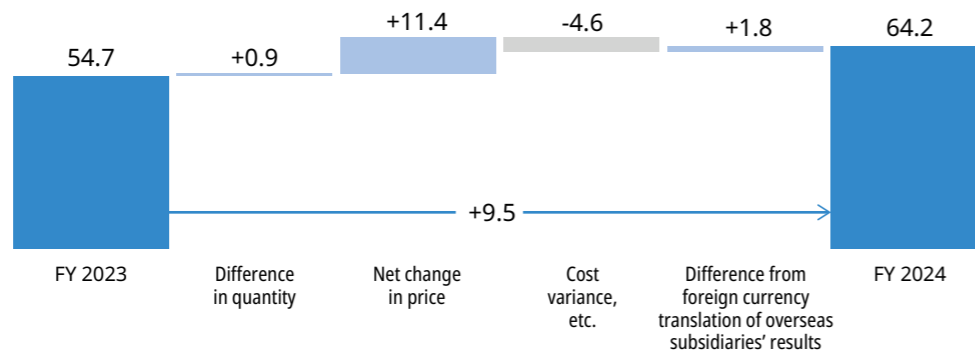
Segments	Summary of Financial Results	Business Performance (Billion Yen)	Main Products
<b>Fibers &amp; Textiles</b>	<p>The apparel applications were strong overall, despite the stagnation in the European market, and the continued impact of the intensified competition with overseas products.</p> <p>The industrial applications fell short of a full recovery, especially in the automobile applications, due to production decline in some automobile manufacturers in Japan and the worsening European market. The applications were also affected by the intensifying competition in the Chinese EV market.</p>	<p>* The figures in parentheses of each segment are composition ratios by segment</p> <p><b>Revenue</b> 1,011.1 (39%)</p> <p><b>Core Operating Income</b> 64.2</p>	<ul style="list-style-type: none"> <li>Filament yarns, staple fibers, spun yarns, woven and knitted fabrics of nylon, polyester, acrylic, and others</li> <li>Nonwoven fabrics</li> <li>Ultra-microfiber nonwoven fabric with suede texture</li> <li>Apparel products, etc.</li> </ul>
<b>Performance Chemicals</b>	<p>In the resins and chemicals businesses, while the resins business was affected by the production decline in the Japanese automobile industry, demand recovered in the non-automobile applications for China and ASEAN.</p> <p>The films business saw increase in electronic parts-related demand due to rebound from inventory adjustment in the supply chain.</p> <p>In the electronic &amp; information materials business, there was recovery in demand for OLED-related materials and circuit materials.</p>	<p><b>Revenue</b> 944.9 (37%)</p> <p><b>Core Operating Income</b> 60.0</p>	<ul style="list-style-type: none"> <li>Nylon, ABS, PBT, PPS, and other resins and molded products</li> <li>Polyolefin foam</li> <li>Polyester, polyethylene, polypropylene, and other films and processed film products</li> <li>Raw materials for synthetic fibers, and other plastics</li> <li>Fine chemicals</li> <li>Electronic and information materials, and graphic materials, etc.</li> </ul>
<b>Carbon Fiber Composite Materials</b>	<p>The aerospace applications recovered steadily.</p> <p>Among the industrial applications, while the wind turbine blade applications continued to recover gradually, other applications entered an adjustment phase.</p>	<p><b>Revenue</b> 300.0 (12%)</p> <p><b>Core Operating Income</b> 22.5</p>	<ul style="list-style-type: none"> <li>Carbon fibers, carbon fiber composite materials, and their molded products, etc.</li> </ul>
<b>Environment &amp; Engineering</b>	<p>The water treatment business posted an increase in both revenue and core operating income, on the back of strong demand, as well as shipments for a large-scale project in the Middle East, despite the impact of the stagnant market condition in China.</p> <p>The engineering business remained steady overall, though revenue of a Japanese engineering subsidiary decreased due to shift in project timing.</p>	<p><b>Revenue</b> 236.5 (9%)</p> <p><b>Core Operating Income</b> 25.9</p>	<ul style="list-style-type: none"> <li>Water treatment membranes and related equipment</li> <li>Comprehensive engineering</li> <li>Condominiums</li> <li>Industrial equipment and machinery</li> <li>Materials for housing, building, and civil engineering applications, etc.</li> </ul>
<b>Life Science</b>	<p>The pharmaceutical business was affected by the impact of the penetration of the generic versions, the NHI drug price revision, and the stagnant overseas sales volume.</p> <p>In the medical devices business, shipment of dialyzers for hemodiafiltration was steady in Japan and overseas, but the business was affected by the soaring prices of raw materials.</p>	<p><b>Revenue</b> 53.2 (2%)</p> <p><b>Core Operating Income</b> ▲0.8</p>	<ul style="list-style-type: none"> <li>Pharmaceuticals, medical devices, etc.</li> </ul>

\* Excludes other businesses, equivalent to 17.7 billion yen (1%) in revenue and 2.4 billion yen in core operating income, and adjustment of core operating income of -31.5 billion yen.

Revenue	<b>1,011.1</b> billion yen
Core Operating Income	<b>64.2</b> billion yen
Core Operating Income Margin	<b>6.3%</b>
ROIC	<b>8.2%</b>

(FY)	2023	2024	Changes
Revenue (Billion yen)	974.8	<b>1,011.1</b>	+3.7%
Core Operating Income (Billion yen)	54.7	<b>64.2</b>	+17.3%
Core Operating Income Margin	5.6%	<b>6.3%</b>	

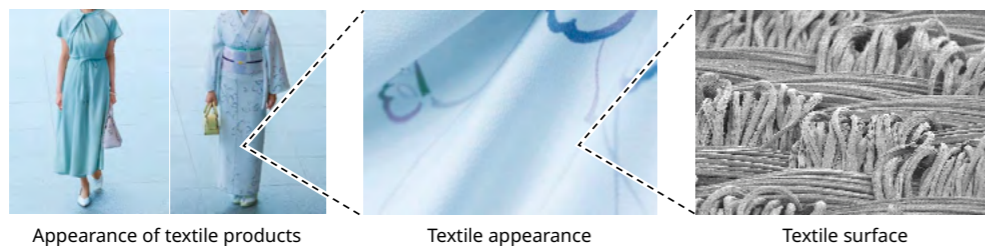
Changes in Core Operating Income (Billion yen)



### Development of SillookMirai™, a New Environmentally-Friendly Material

Under the concept of "To Beautify Daily Life in the Future," Toray has developed SillookMirai™, a new material made from a combination of plant-based PET and its NANODESIGN™ composite spinning technology. This environmentally-friendly material contains approximately 30% plant-based raw materials. Advances in Toray's NANODESIGN™ technology has enabled yarn structure mixed with odd-shaped cross-section, which has a varying surface textures. This creates a luxurious feel, including a silk-like touch and natural luster, and even reproduces the "rustle of silk" (*kinunari* in Japanese) when kimono hems brush against each other. It also exceeds the capabilities of previous Sillook™ products by maintaining shape when worn as a kimono, as well as offering excellent wash durability and easy-care properties. Furthermore, by precisely controlling the cross-sectional shape of the fibers, Toray has added functions for enhanced comfort.

SillookMirai™ is the culmination of 60 years of technological innovation in Toray's Sillook™ brand, which has continuously pursued the beauty of silk while adding superior functions that silk itself does not possess. From traditional Japanese attire to cutting-edge fashion, this material will contribute to enriching people's lives and realizing a sustainable society across a wide range of applications.



Appearance of textile products

Textile appearance

Textile surface

## 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: (1) technological development and a variety of products, (2) vertical integration in the supply chain, and (3) a global business network.

### Initiatives to Improve ROIC

#### Improving the Profitability of Existing Businesses and Growth Strategies

We have been working to improve profitability and grow further, having positioned following three businesses as core growth businesses: (a) airbag textiles, (b) integrated businesses from fibers, textiles, to garments, and (c) ultra-microfiber nonwoven fabric with suede texture.

In the airbag textiles business, to meet growing demand backed by the recovery of automobile production and increasing airbag installation rates in emerging countries, we have been working to expand production capacity at each site, advance our business operations, and enhance generation development. We intend to expand the business and pursue Toray's "winning patterns," leveraging our strengths in our global supply system for providing same high-quality products worldwide and the integrated production system from fibers, textiles, to sewing.

In the integrated businesses from fibers, textiles, to garments, like the airbag textiles business, we will continue to deepen and extend our global supply chain for the apparel applications, which is one of our key strengths. Armed with our integrated supply system from fibers, textiles, to sewing, we will keep on responding flexibly to diverse customer needs, promoting the expansion of our production bases in promising future markets such as India, and further strengthening responsiveness of our supply chain.

In the ultra-microfiber nonwoven fabric with suede texture business, we have been strengthening our two-brand strategy, Ultrasuede™ and Alcantara™. In the main application of automobile interiors, we aim to capture demand from the EV market, which is expected growth and increasing use of natural leather substitute. Beyond the automobile interior applications, we will further strengthen our appeal to luxury brand customers including apparel, furniture, accessories, and consumer electronics fields.

In addition to these three businesses, we will continue to address other important issues, such as expanding profits from environmentally-friendly materials and non-apparel businesses.

### Challenges and Progress in Structural Reforms

Under AP-G 2025, we have been carrying out structural reforms for three businesses that have continued to struggle due to market shifts during the COVID-19 pandemic—PP spunbond, polyester staple fiber, and polyester & cotton blended (T/C) textile—as well as for our Fibers & Textiles business affiliates in Japan.

For the PP spunbond and polyester staple fiber businesses, we have been implementing structural reforms as a part of profitability improvement project (Darwin Project). To swiftly return to profitability, we have been promoting initiatives such as reductions of fixed costs, global product transfers, and sales expansion of high-added-value products.

For the T/C textile business and our Fibers & Textiles business affiliates in Japan, we have been transforming them to higher-profitability businesses by reviewing the scale of operations based on business structure analysis, strengthening global operations, and converting applications.

During the next Medium-Term Management Program, we plan to re-examine each business to further improve ROIC and will work to revise our business portfolio with a greater sense of speed.

Revenue  
**944.9** billion yen

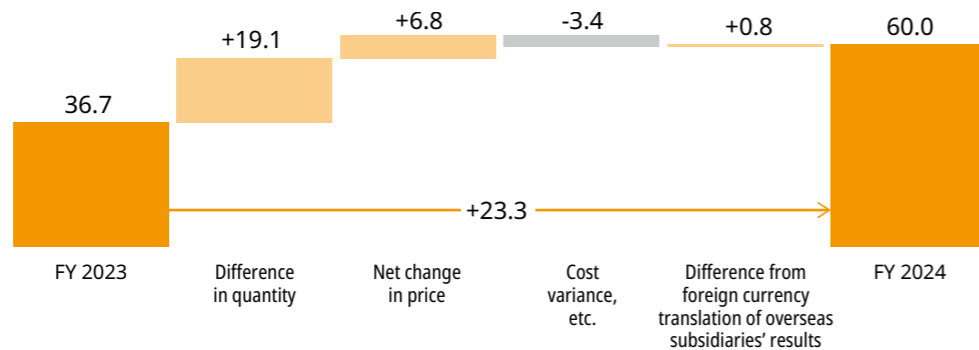
Core Operating Income  
**60.0** billion yen

Core Operating Income Margin  
**6.4%**

ROIC  
**6.7%**

(FY)	2023	2024	Changes
Revenue (Billion yen)	886.1	<b>944.9</b>	+6.6%
Core Operating Income (Billion yen)	36.7	<b>60.0</b>	+63.6%
Core Operating Income Margin	4.1%	<b>6.4%</b>	

Changes in Core Operating Income (Billion yen)



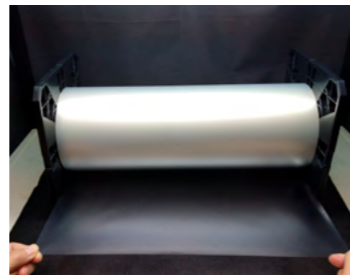
Revenue Breakdown of Performance Chemicals Segment (Billion yen)

(FY)	2023	2024	Changes
Resins, Chemicals	391.2	<b>427.5</b>	+9%
Films	330.5	<b>365.3</b>	+11%
Electronic & Information Materials	65.5	<b>71.5</b>	+9%
Trading, Other	522.5	<b>553.7</b>	+6%
Adjustments	▲423.6	▲473.2	—
Total	886.1	<b>944.9</b>	+7%

### Commercialization of a PFAS\*<sup>1</sup>-Free Mold Release Film for Advanced Semiconductors

In the process of encapsulating semiconductor elements with mold resin to protect them from the external environment, a release film is used between the mold resin and the mold to prevent mold contamination. State-of-the-art semiconductors face issues such as mold contamination caused by the mold resin, and film tearing or wrinkle transfer due to the increasing complexity of mold shapes.

Toray has developed a mold release film with both gas barrier properties and heat-resistant flexibility by harnessing its proprietary NANOALLOY™\*<sup>2</sup> technology. The gas barrier properties block substances that cause mold contamination, reducing it to one-fifth or less of conventional levels and contributing to higher operating rates in advanced semiconductor manufacturing. The heat-resistant flexibility successfully suppresses film tearing and wrinkle transfer during molding. This film is composed of materials that do not contain PFAS, which are being discussed for regulation in Europe and elsewhere.



\*1 The acronym for a generic term for artificial organic fluorine compounds (perfluoroalkyl and polyfluoroalkyl compounds and their salts). PFAS resist degradation. Europe is looking to regulate them to control environmental releases.

\*2 Toray's innovative proprietary microstructure control technology that minutely disperses multiple polymers on a nanometric scale to dramatically improve materials properties.

## 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 lie in the following: integrated production system from raw materials, polymers, to compounds; stable global supply from our bases in 10 countries including Japan; extensive lineup of high-quality products; and new product development capabilities that ensure customer success. In the chemicals business, our strengths are our capability to propose comprehensive solutions that leverage the compelling product lineup based on proprietary synthesis technologies, and high-quality fine chemical products that enable differentiation.

#### Initiatives to Improve ROIC

##### Improving the Profitability of Existing Businesses and Growth Strategies

As basic policies common to both the resins and chemicals businesses, we are committed to these three things: (1) thorough differentiation by technology development and supply chain enhancement; (2) developing high-performance, high-added-value products and new businesses through creating innovation; and (3) committing to growth markets and fields.

In the resins business, we aim to strengthen profitability by promoting advanced development in which we obtain information on customers' new product development early on and propose integrated solutions covering materials, design, and processing. We have also been developing demand and promote sales expansion in new markets such as India and Africa as growth market following China. In the chemicals business, for fine chemical products such as DMSO (dimethyl sulfoxide), which is used in release agents and cleaning solutions, and THIOKOL, which is used in sealants for double-glazed glass and adhesives, we have been leveraging our superior quality to build barriers to entry in high-added-value applications and growth markets, thereby further enhancing profitability.

#### Challenges and Progress in Structural Reforms

We have been carrying out structural reforms of businesses declining profitability, based on the recognition that the intensified competition and product commoditization stemming from China's current excess production capacity are irreversible environmental changes.

One example is the structural reform of Toray Plastics (Malaysia) Sdn. Berhad (TPM). Due to a worsening supply-demand balance caused by a massive capacity expansion of Chinese ABS resins manufacturers, TPM fell into the red in FY 2022. The challenges were to swiftly return to profitability and transition to a business structure that is insusceptible to market conditions. By thoroughly analyzing the situation, we identified short- and medium-term issues. We first achieved profitability in the second half of FY 2023 by reducing costs and implementing strategic pricing. By focusing on developing and expanding sales in applications, regions, and product types where customers recognize our value, we achieved a significant profit improvement in FY 2024. We will continue to aim to improve profitability.

We will keep creating new value together with our customers by developing and selling high-performance products, while working to expand our sustainable materials business and reduce GHG emissions across the entire supply chain in order to contribute 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

Our key strengths are a sales system that enables global stable supply of a diverse lineup of high-performance products meeting various customer needs, and the R&D capabilities to pursue the ultimate properties of these products. This is supported by our fundamental technologies in polymer technologies, nanotechnology, film-forming and clean production technologies, and processing technologies such as coating and vapor deposition. ECOUSE™, which is made from recovered and recycled PET film, is now being rolled out in the U.S. and Europe in addition to Japan, making us a global leader in addressing sustainability.

#### Initiatives to Improve ROIC

##### Improving the Profitability of Existing Businesses and Growth Strategies

Our basic policy is to completely transition from “plastic films” to “environmentally-friendly functional films.” We have been developing our business based on the following three strategies that leverage the advantages of our film-forming and processing technologies.

##### (1) Focusing on and Upgrading Films for Various Manufacturing Processes

We leverage our proprietary technologies in surface micro-design, thickness uniformity, and foreign matter control to contribute to advancing our customers' products and improving yields. We have been improving profitability by reflecting the added value in our product prices, including the value from collecting and reusing customers' used products. This continuous improvement creates a virtuous cycle that upgrades our products while enhancing the value of our customers' products.

##### (2) Expanding Capacitor Dielectrics Applications

We have been expanding our business in capacitor dielectrics, such as films for MLCC manufacturing processes in which thinner films lead to improved capacitor properties, and film capacitors for xEVs.

##### (3) Expanding Packaging Materials by Leveraging Our Strength in Imparting Barrier and Sealant Properties

We have been expanding sales of various vapor-deposited products and CPP films for packaging materials that contribute to extending the shelf lives of food products, which are handled by our European and American subsidiaries and Toray Film Processing Co., Ltd.

#### Challenges and Progress in Structural Reforms

- (1) We have consolidated our production lines for small, commoditized PET film products at our bases in Asia, Europe, and the U.S., thus streamlining our production and sales system to focus on high-added-value products while reducing fixed costs. We are also implementing structural reforms for our PET polymerization business through site consolidation and other measures.
- (2) In our battery separator film (BSF) business, where prices have fallen due to product commoditization and emerging competitors' expansion of their production capacities, we have completed the shutdown of our small, general-purpose lines in the Republic of Korea and Nasu Plant in Japan.

## Messages from the General Managers of the Business Divisions

### Electronic & Information Materials Business

**Masahiro Hirano**  
General Manager,  
Electronic & Information Materials Division



#### Business Strengths

Our strengths include our fundamental technologies and product development capabilities that effectively harness the material properties of polyimide, polysiloxane, and acrylic resins, as well as our strong partnerships with major customers. Among these, our OLED-related materials are highly regarded for their reliability and lead in market share. We have also secured a high market share in materials for semiconductors and electronic components, leveraging our extensive product lineup tailored to specific applications. By further building up these strengths, we will have been contributing to the company-wide expansion of the Digital Innovation (DI) business.

#### Initiatives to Improve ROIC

##### Improving Profitability of Existing Businesses and Growth Strategies

In OLED-related materials business, we will strive to expand sales further by leveraging the expanded photosensitive polyimide production line that commenced operation in FY 2024. Furthermore, utilizing R&D equipment installed at the production sites in FY 2025, we will promote higher-performance, higher-added-value materials in collaboration with major customers.

To meet both growing demand and environmental response needs for semiconductor and electronic component materials, we aim to acquire greater market share, mainly in the power semiconductor applications, by utilizing our newly operational N-methyl-2-pyrrolidone-free (NMP-free) photosensitive polyimide production line.

In our strategic pricing activities, in addition to increasing profitability by expanding sales of highly competitive new products for applications such as head-mounted displays and tablets, we are focusing on reviewing sales prices based on customer value analyses of existing products. We will steadily promote these initiatives to expand our business sustainably in an environmentally-friendly way.

#### Challenges and Progress in Structural Reforms

We are currently reviewing our product portfolio. At our subsidiary in the Republic of Korea that manufactures and sells circuit materials for displays, we have developed a plating product capable of forming double-sided wiring and shifted sales from the slowing television market to the tablet market, which requires high-density wiring. Furthermore, in FY 2025, we leveraged our plating technology to launch a processing business for thin-film power inductor coils, an electronic component expected to see growth. We will continue to focus on expanding sales of these materials for semiconductors and electronic components, with the long-term goal of growing them into a major pillar that surpasses our OLED-related and display circuit materials.

Revenue  
**300.0** billion yen

Core Operating Income  
**22.5** billion yen

Core Operating Income Margin

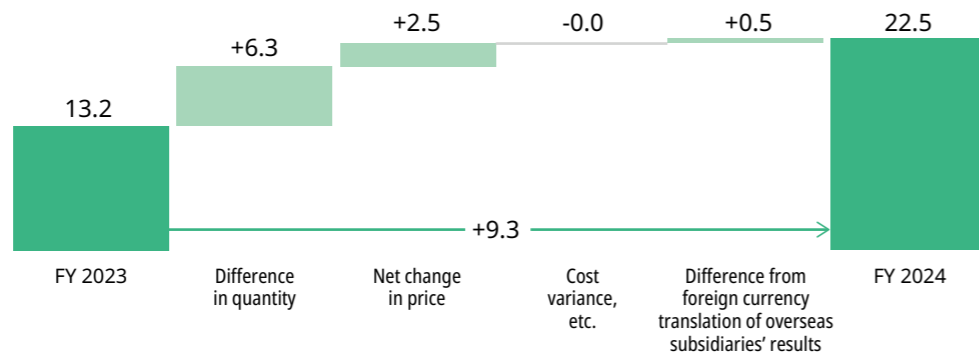
**7.5%**

ROIC

**3.0%**

(FY)	2023	2024	Changes
Revenue (Billion yen)	290.5	<b>300.0</b>	+3.3%
Core Operating Income (Billion yen)	13.2	<b>22.5</b>	+70.7%
Core Operating Income Margin	4.5%	<b>7.5%</b>	

Changes in Core Operating Income (Billion yen)



## Developing World's Fastest Track Bikes

Toray Carbon Magic Co., Ltd. (TCM), has developed two models of the innovative V-Izu track racing bike, the TCM-1 and TCM-2, in collaboration with the High Performance Center of Japan Cycling (HPCJC), which trains and develops designated track racing athletes for the Japan Cycling Federation,

Since FY 2022, TCM has been working on "development of the world's fastest innovative track bike system," after the JKA Foundation selected it for a development support project. Applying its high-performance vehicle development technologies, including ones used in race cars, TCM pursued ultimate aerodynamic and structural performance through exhaustive R&D. This effort culminated in the completion of two types of bicycles. In addition to optimizing aerodynamics for a rider and bike as a single unit, the composite structure which is efficiently arranged Toray's proprietary high-strength, high-modulus carbon fibers T1100G, M40X, and M46X, unlocks unparalleled athletic performance and handling. This has contributed to Japanese national team athletes' winning of prizes at international track cycling competitions in Paris and securing a gold medal at the World Championships.



## Messages from the General Managers of the Business Divisions Carbon Fiber Composite Materials Business



**Takashi Yoshiyama**

General Manager,  
Torayca & Advanced Composites Division

### Business Strengths

Toray's Carbon Fiber Composite Materials business has established a solid position in the global market by providing a product lineup that offers both high functionality and high reliability from our production sites in four regions: the U.S., Europe, Japan, and the Republic of Korea. Our high quality underpinned by a long track record and user-friendliness are highly valued across a wide range of fields, including aerospace, automobile, energy, sports, electronics, and medical care.

In addition to regular tow and large tow carbon fibers, we leverage our development and proposal capabilities for intermediate materials such as thermoset and thermoplastic resins, and molded parts in order to create cutting-edge materials and products. This enables us to respond swiftly to market needs for reducing environmental impacts, such as reducing carbon footprints, and contribute to realizing a carbon-neutral society through business expansion.

### Initiatives to Improve ROIC

#### Improving the Profitability of Existing Businesses and Growth Strategies

- Strategically expand the sales ratio of high-performance carbon fibers and intermediate materials, on the background of increasing production rates in the aircraft market and growing demand in the space and defense fields.
- Continue technological innovation to enhance the value of carbon fibers while creating new added-value in processed goods such as prepregs, and continue proposing new value for these materials in the sports applications. Through such technology incubation, expand into the aerospace field as well.
- Leveraging our advantage of high quality stability, maintain and strengthen our market share in applications for luxury automobiles and pressure vessels for hydrogen and natural gas.
- Expand our business scale and improve profitability by extending the supply chain into midstream and downstream areas, from intermediate materials to composite products.

#### Challenges and Progress in Structural Reforms

- At Zoltek, which fell under Darwin Project, we have been reducing total fixed costs by flexibly modifying the production system while strengthening PAN global operations between Mexico and Hungary. For customers in the U.S and Europe, we have been promoting the development of high-quality grade products and new applications for offshore wind power generation and long wind turbine blades.
- For regular tow, we have been deploying a product type differentiation strategy for high-performance carbon fibers by region and by application. In parallel, we have been strengthening cost competitiveness and optimizing global production operations.
- We have been strengthening initiatives to develop and introduce carbon fiber recycling technologies to the market, thereby contributing to the realization of a sustainable, material-circular society. We also have been enhancing our global operations with a focus on reducing GHG emissions.

Revenue  
**236.5** billion yen

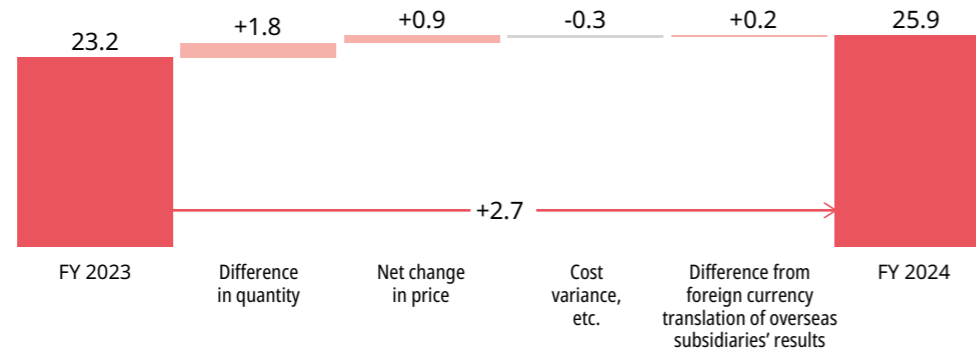
Core Operating Income Margin  
**11.0%**

Core Operating Income  
**25.9** billion yen

ROIC  
**9.7%**

(FY)	2023	2024	Changes
Revenue (Billion yen)	244.1	<b>236.5</b>	-3.1%
Core Operating Income (Billion yen)	23.2	<b>25.9</b>	+11.6%
Core Operating Income Margin	9.5%	<b>11.0%</b>	

Changes in Core Operating Income (Billion yen)

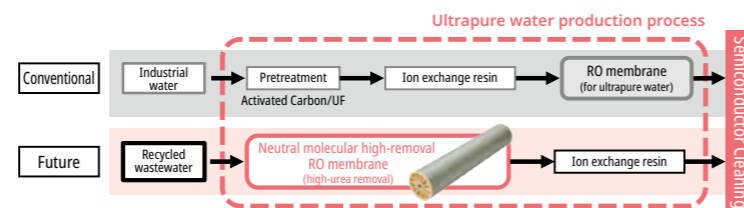


### Launch of Reverse Osmosis (RO) Membrane Elements Enabling Ultrapure Water Production from Recycled Wastewater

For ultrapure water production in such as semiconductors fields, Toray has developed the TBW-XHR series, a neutral molecular high-removal, low-pressure RO membrane element that offers double the required urea removal performance when using recycled wastewater as the source.

Semiconductor manufacturers have manufacturing processes that use large quantities of ultrapure water. They are not only working to increase the reuse rate of factory wastewater but are considering the use of recycled wastewater and expanded use of seawater as sources for ultrapure water as an alternative to the existing tap water supply. However, the urea concentration of recycled wastewater is three times higher than that of tap water, which can cause problems in photolithography and other processes. Furthermore, because urea molecules are small and electrically neutral, they are difficult to remove, similar to boron in seawater.

This new membrane structure control technology has demonstrated urea removal performance of nearly 90% in internal evaluations. It contributes to the stable supply of high-quality ultrapure water required by state-of-the-art semiconductor factories—for instance, when producing ultrapure water from recycled wastewater, it halves urea levels compared to conventional methods.



## Messages from the General Managers of the Business Divisions

### Water Treatment Business



Satoshi Shimoyama

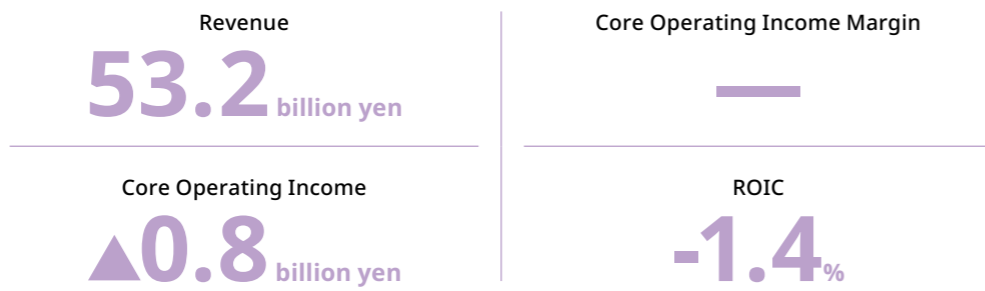
General Manager,  
Water Treatment & Environment Division

#### Business Strengths

We have been a pioneer in membrane technology development since the 1960s, and our flagship RO membranes in seawater desalination and ultrapure water applications have the leading global market share. As the only water treatment membrane manufacturer to develop all types of membrane products in-house, including RO, nanofiltration (NF), ultrafiltration (UF), and microfiltration (MF), our strength lies in our ability to propose optimal water treatment solutions tailored to the water source and application. Furthermore, with 35 sales offices, six production bases, and four R&D centers around the world, we operate our production, sales, technology, and research functions as a globally integrated unit. This enables us to seamlessly provide sales and technical services for all our membrane products.

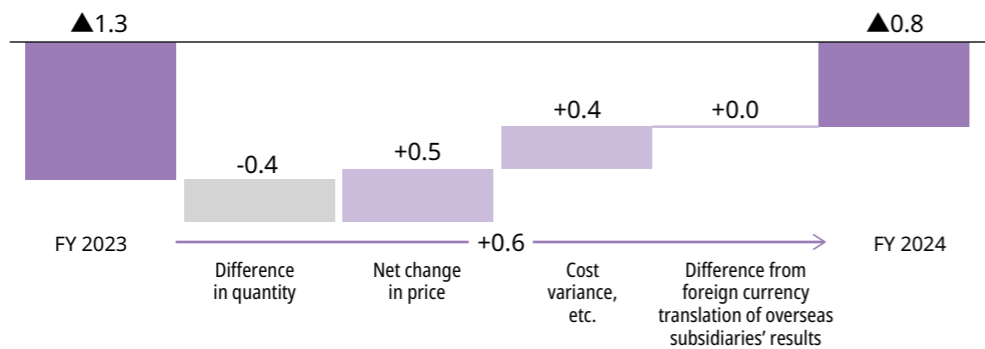
#### Initiatives to Improve ROIC

- We have an overwhelming track record in receiving orders for the desalination applications, including the world's largest seawater desalination plant in Taweelah in the Middle East. We will continue to lead the market by leveraging our status as "Toray, renowned for desalination," by capturing demand for new plant constructions from the Middle East to North Africa, which is expected to be the next major area of expansion, as well as the regular RO membrane replacement demand at existing plants.
- Due to water scarcity associated with climate change, wastewater reclamation is attracting attention as a water source. While responses must be tailored to the specific raw water and applications of each region, our integrated membrane system proposal, which combines our highly durable UF membranes and low-fouling RO membranes, has been adopted by a large-scale wastewater reuse project that supplies municipal water to San Diego, on the West Coast of the U.S., as a system that balances economy and safety even under harsh conditions.
- In the ultrapure water applications for semiconductor manufacturing that are growing as EV and AI demand increases, there is a rising need to reuse process water driven by SDG trends, in addition to improving the purity of ultrapure water to enhance yields. We have developed and launched RO membrane with the world's highest neutral molecule removal performance. It can convert recycled wastewater into high-purity ultrapure water, earning high praise from customers, and we continue to contribute to advancing semiconductor performance.
- To expand business and enhance profitability in these growth areas, we have been working in parallel to maximize marginal profit by increasing the capacity of existing facilities and to establish a new production system through facility expansion.
- To further improve customer service, we have been leveraging our systematized, comprehensive technical services as a strength, solving water problems through membrane technology to expand our existing water treatment membrane business as well as maintain and improve its profitability.
- Additionally, under our "Membrane+" initiative, we have been providing peripheral membrane technologies such as a chemicals business and O&M (operation and maintenance) support utilizing ICT, and we will expand the applications of our membrane separation technology to food processing and the recovery of valuable materials such as lithium.



(FY)	2023	2024	Changes
Revenue (Billion yen)	52.2	53.2	+1.8%
Core Operating Income (Billion yen)	▲1.3	▲0.8	—
Core Operating Income Margin	—	—	

**Changes in Core Operating Income** (Billion yen)



**Launch of the TR-20EX Personal Dialysis Machine**

Toray Medical Co., Ltd. (TMC) developed the TR-20EX Personal Dialysis Machine, a multi-purpose dialysis machine for treating renal failure that supports hemodialysis, hemodiafiltration, and hemofiltration. Sales began in June 2024.

In addition to the improved visibility and operability provided by a larger LCD display, the TR-20EX was developed with a focus on four key points: (1) support for stable dialysis (e.g., circulatory status monitoring and dialysis efficiency), (2) operational streamlining (e.g., automated dialysate functions and various system integrations), (3) improved efficiency of operation and maintenance (e.g., dialysis navigation functions and cassette-type ETRF units), and (4) preparation for disasters and emergencies (e.g., leak detection and automatic emergency blood return function). This machine is expected to contribute to both clinical support for dialysis patients and operational support for medical staff.

TMC will continue to contribute to improving dialysis patients' quality of life by proposing a variety of dialysis-related products tailored to facility environments. These products include multi-purpose dialysis machines; dialysis water preparation systems (RO systems); multi-patient dialysate supply systems; dialysis information systems; and dialyzers, hemodiafilters, and β<sub>2</sub>-MG removal columns with excellent biocompatibility.



TR-20EX Personal Dialysis Machine

**Messages from the General Managers of the Business Divisions**  
**Pharmaceuticals & Medical Products Business**



**Jun Hayakawa**  
General Manager,  
Pharmaceuticals & Medical Products Division

**Business Strengths**

The pharmaceuticals & medical products business involves in research, develop, and sell pharmaceuticals and medical devices that address unmet medical needs, leveraging Toray's core technologies: organic synthetic chemistry, polymer chemistry, biotechnology, and nanotechnology. Particularly in our medical products business, the source of our competitiveness is our ability to create innovative, high-added-value medical materials and devices based on advanced materials technologies. In the dialysis business, as the only manufacturer in Japan to offer a complete lineup—from dialyzers featuring hollow-fiber and surface processing technologies to dialysis monitoring systems, water preparation equipment, and management systems for the same—we contribute to improving patient satisfaction, reducing the burden on medical staff, and enhancing the economic efficiency of dialysis facilities.

**Initiatives to Improve ROIC**

**Improving the Profitability of Existing Businesses and Growth Strategies**

We operate in a challenging business environment in which we cannot pass on soaring raw material costs. Under Japan's health insurance system, reimbursement prices (i.e., drug prices and material prices) for medical pharmaceuticals and specific medical products are fixed, and these prices are subject to continued reductions.

Amid these circumstances, we have been improving profits by pursuing global expansion, increasing sales of high-added-value products, and providing new value to customers by supporting clinical practice at facilities through our dialysis systems. Furthermore, we have been expanding profits by increasing sales of Toray APOA2-iTQ, an in vitro diagnostic pharmaceutical launched in 2024 that assists in pancreatic cancer diagnosis.

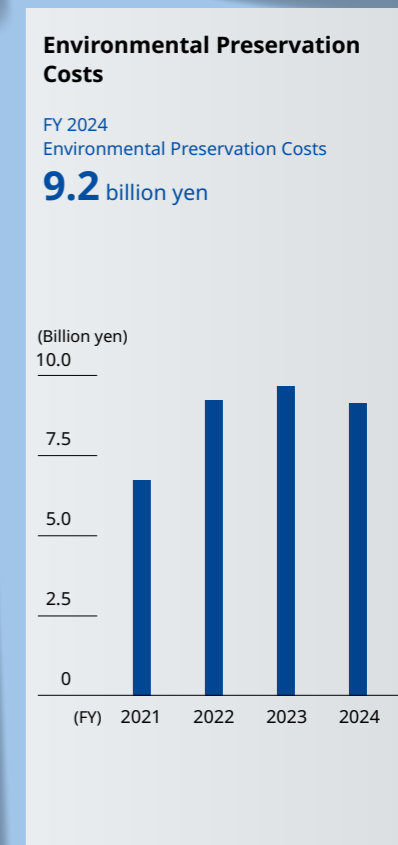
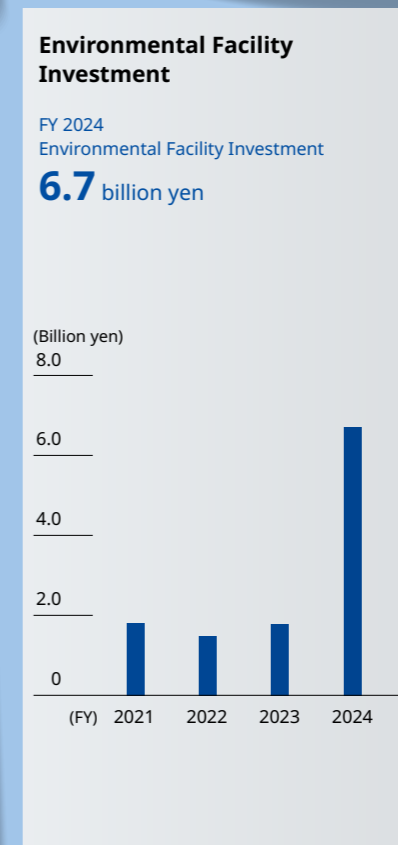
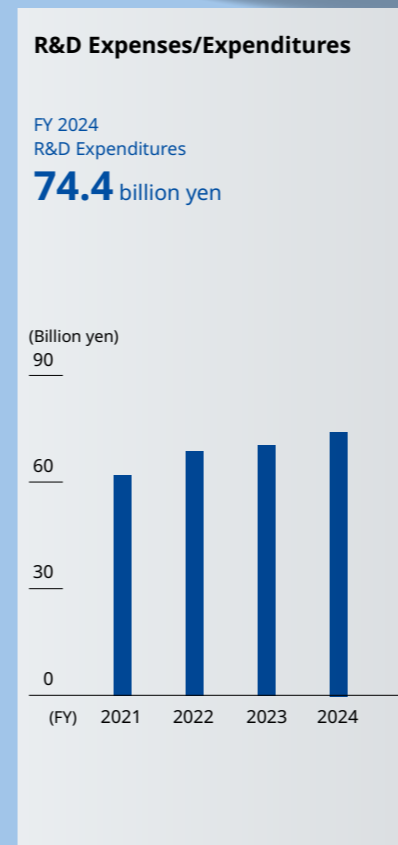
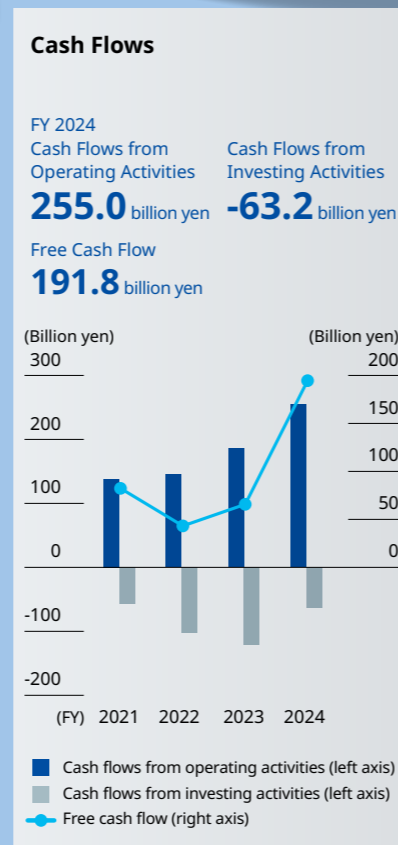
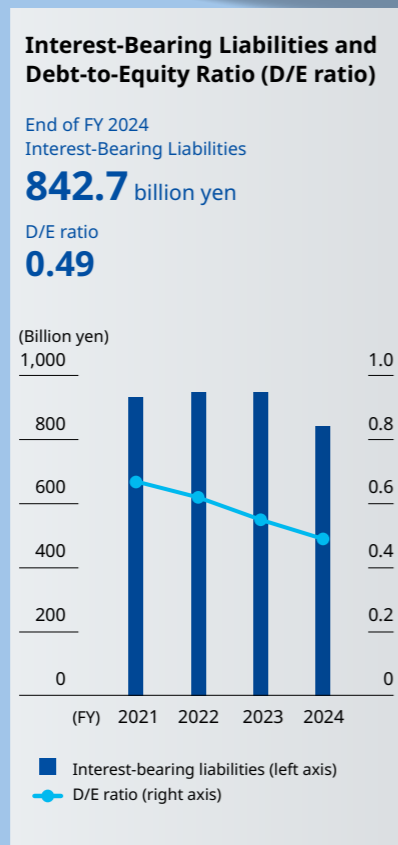
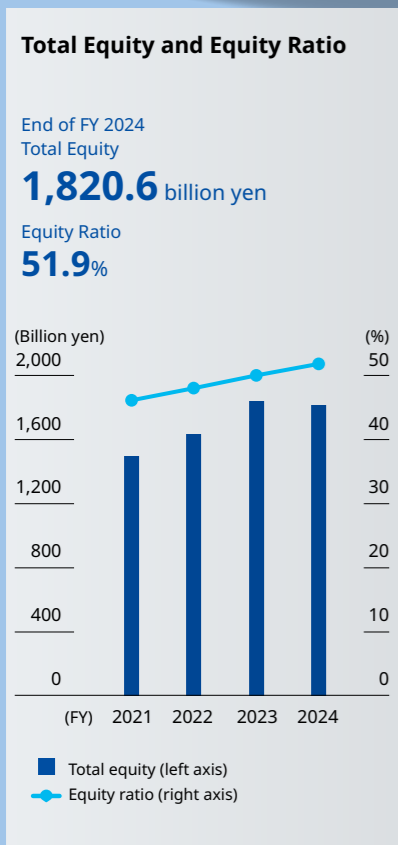
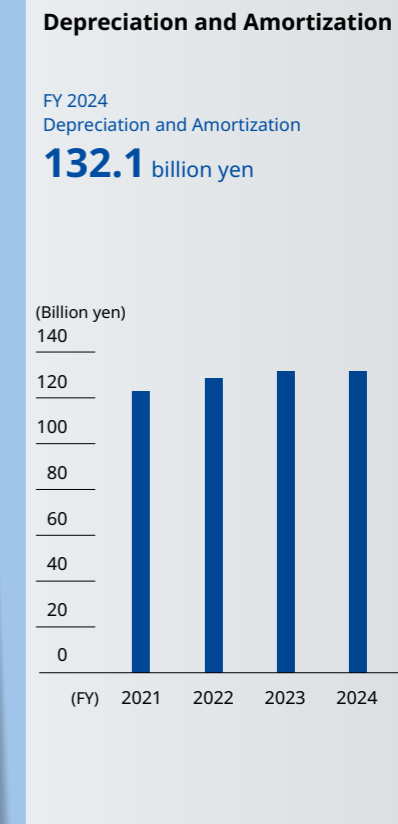
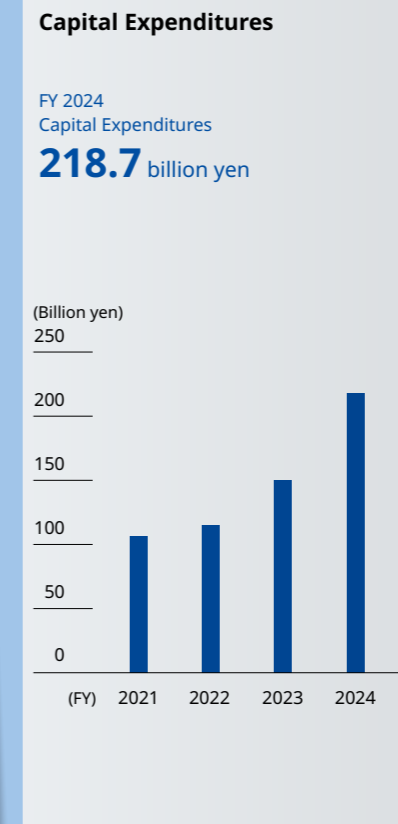
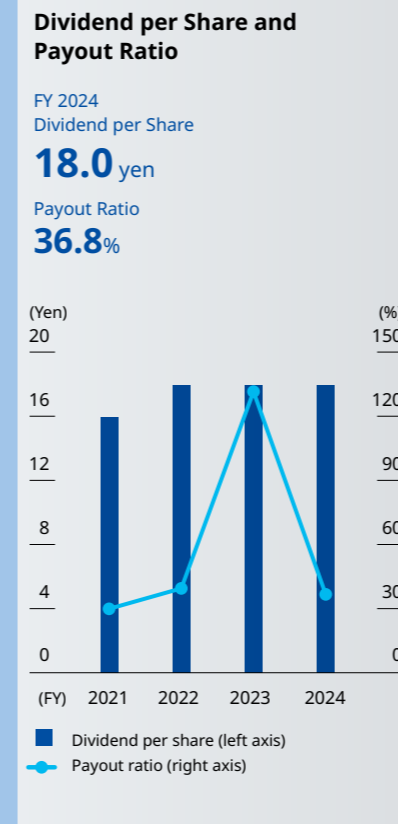
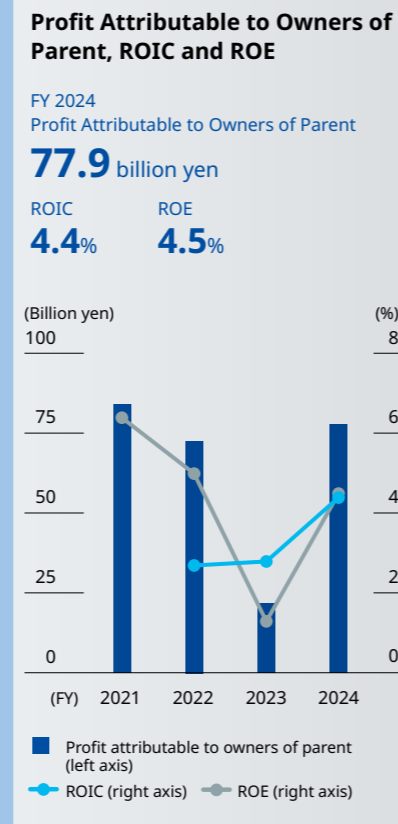
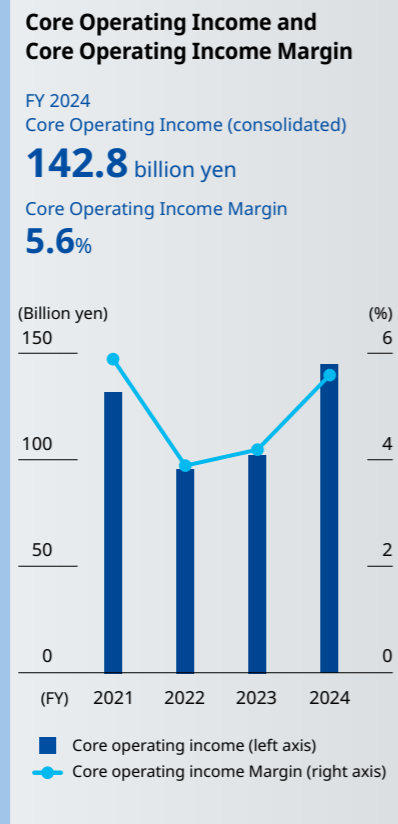
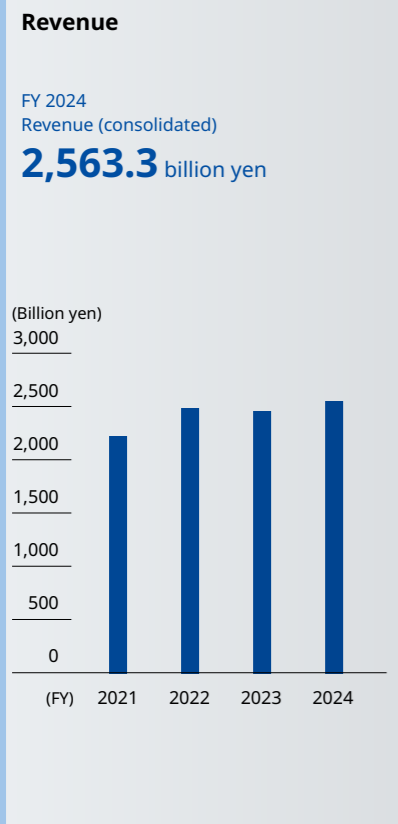
In August 2025, we announced that we had obtained the results from the overseas trials conducted with our licensee Spectral Medical Inc. for Toraymyxin™, an adsorbent-type blood purification device for endotoxin removal, and that we would proceed to file an application with the U.S. Food and Drug Administration (FDA).

**Challenges and Progress in Structural Reforms**

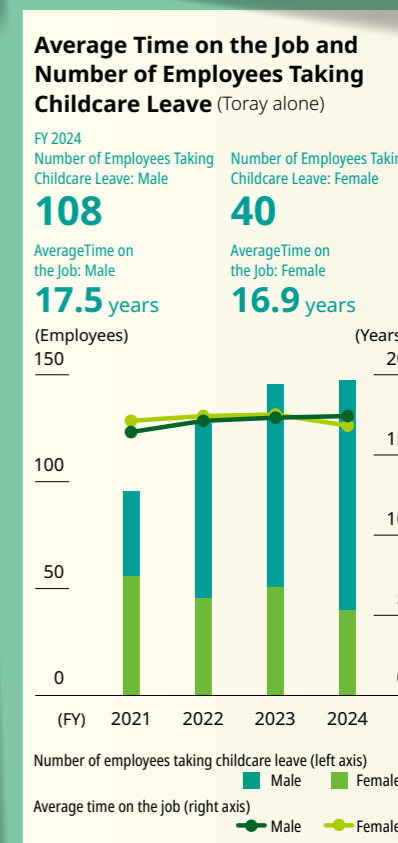
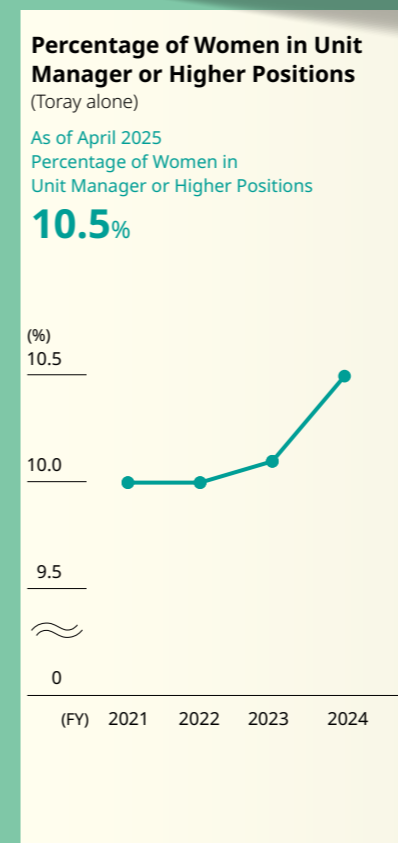
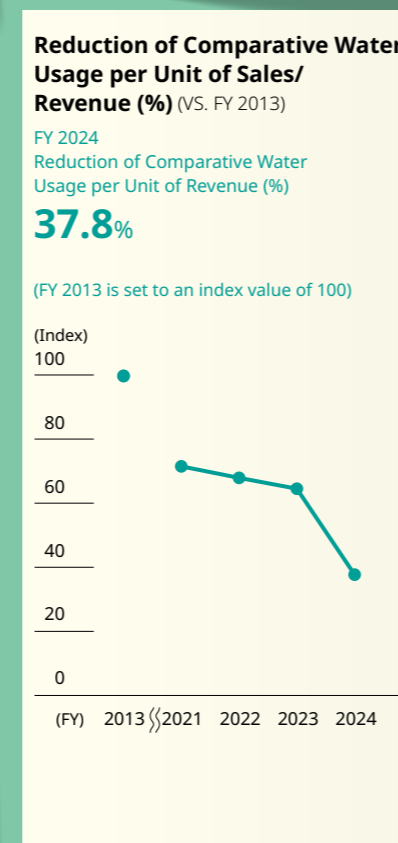
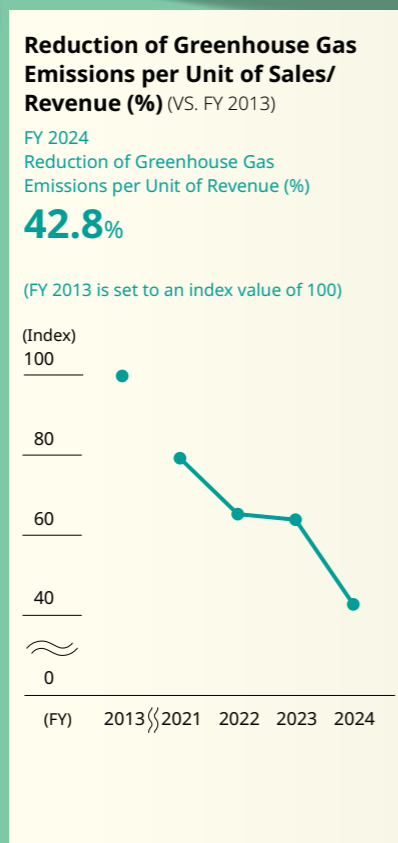
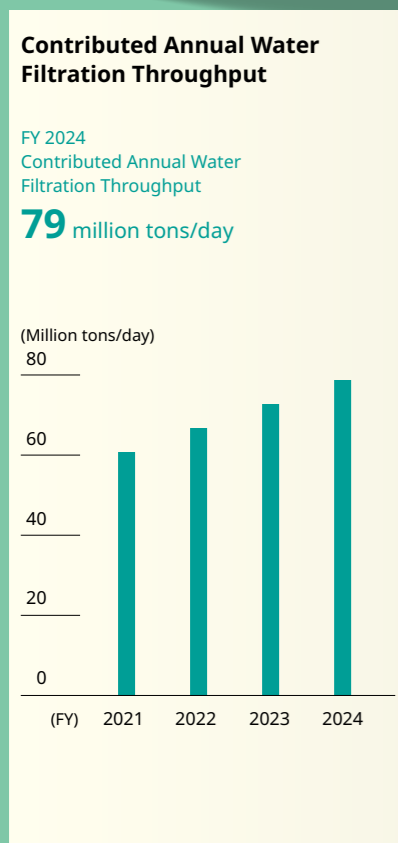
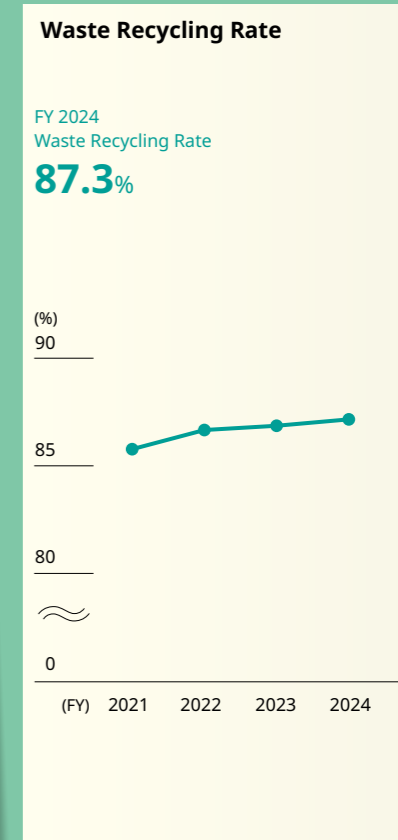
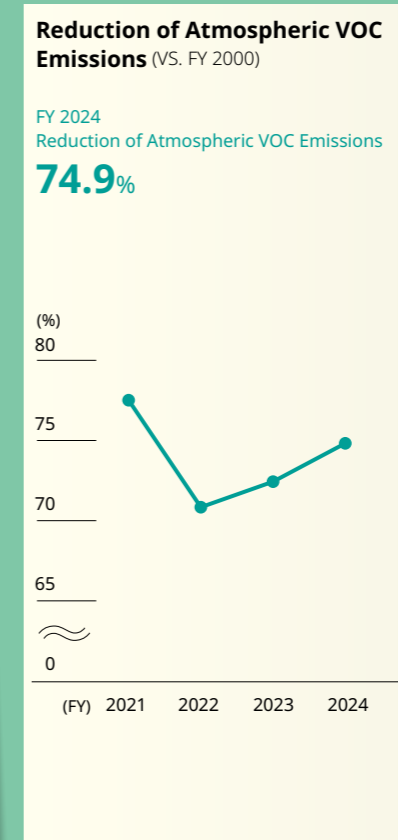
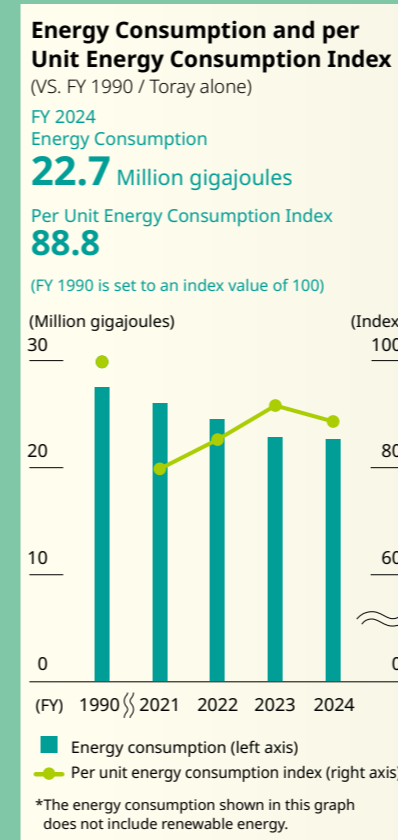
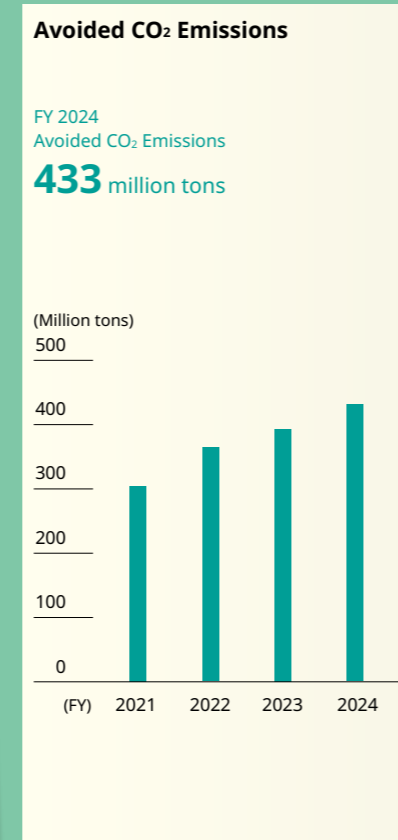
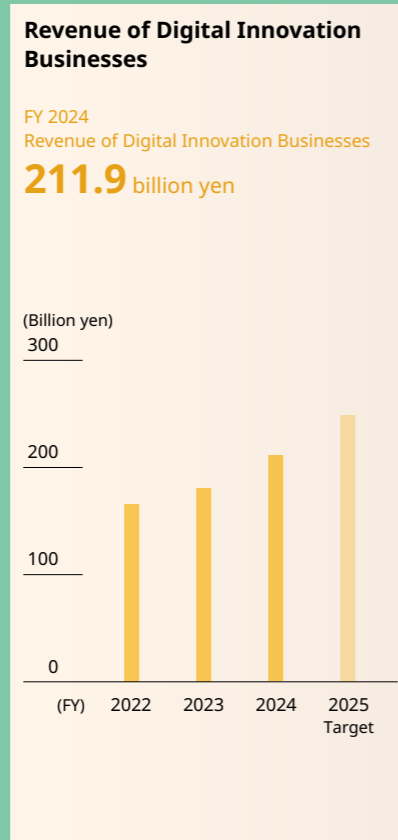
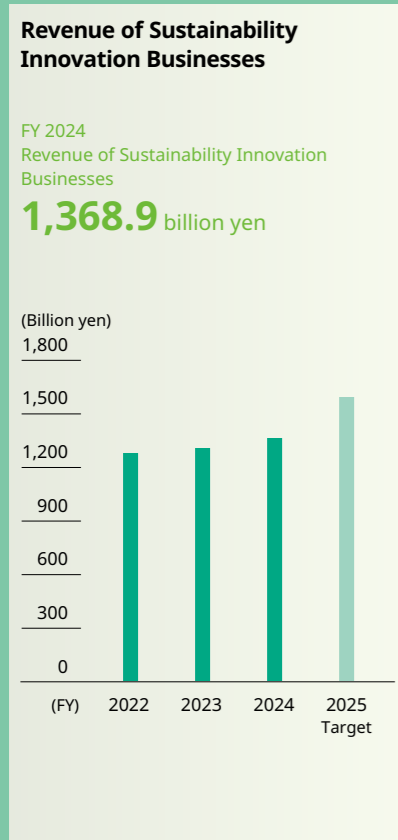
We have been focusing our management resources on products that leverage Toray's strengths in membrane technology (e.g., blood purification columns and dialysis membranes). In particular, our membranes made from PMMA (polymethyl methacrylate), a proprietary Toray's material with excellent biocompatibility, have been accepted as special membranes with adsorbent properties, and we will actively advance their global expansion and application in new fields.

Meanwhile, for unprofitable products and businesses, we have been improving profitability by implementing profit efficiency measures such as thorough cost reductions and organizational streamlining. If we determine that Toray is not the best owner, we will consider withdrawal or divestment. We will improve our ROIC by transforming our product portfolio, including early commercialization of new products under development.

# Financial Highlights



# Non-Financial Highlights



# CSR Roadmap 2025 from the Perspective of Materiality

For more information on Materiality, please click here.

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



Material Issues	Main Initiatives of CSR Roadmap 2025	KPIs of CSR Roadmap 2025	Targets/Results					Related CSR Guidelines	Related SDGs
			FY 2023	Assessment <sup>1</sup>	FY 2024	Assessment	FY 2025		
Accelerating Climate Change Mitigation	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	36.0%	—	42.8%	—	—	3 Safety, Accident Prevention, and Environmental Preservation	
		3-6 Increase in solar power generation capacity (%)	101%	—	182%	—	—		
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	35.3%	—	37.8%	—	—		
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	At least 86%/87.0%	○	At least 86%/87.3%	○	At least 87%/—		
	Expand revenues from Sustainability Innovation Business <sup>4</sup>	7-1 Revenues from Sustainability Innovation Business	1,311.5 billion yen	—	1,368.9 billion yen	—	—		
	Expand contribution to CO <sub>2</sub> reduction in the value chain <sup>5</sup>	7-2 Contribution to CO <sub>2</sub> reduction in value chain	10.3 times	—	11.3 times	—	—		
Expand water filtration throughput contribution by Toray's water treatment membranes <sup>6</sup>	7-3 Contribution of Toray water treatment products	2.7 times	—	2.9 times	—	—			
Promoting a Circular Economy	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	36.0%	—	42.8%	—	—	3 Safety, Accident Prevention, and Environmental Preservation	
		3-6 Increase in solar power generation capacity (%)	101%	—	182%	—	—		
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	35.3%	—	37.8%	—	—		
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	At least 86%/87.0%	○	At least 87%/87.3%	○	At least 87%/—		
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	1,311.5 billion yen	—	1,368.9 billion yen	—	—		
	Expand contribution to CO <sub>2</sub> reduction in the value chain	7-2 Contribution to CO <sub>2</sub> reduction in value chain	10.3 times	—	11.3 times	—	—		
Expand water filtration throughput contribution by Toray's water treatment membrane	7-3 Contribution of Toray water treatment products	2.7 times	—	2.9 times	—	—			
Taking a Nature-Positive Approach	Reduce greenhouse gas emissions per unit of revenue	3-5 Reduction of greenhouse gas emissions per unit of revenue (%)	36.0%	—	42.8%	—	—	3 Safety, Accident Prevention, and Environmental Preservation	
		3-6 Increase in solar power generation capacity (%)	101%	—	182%	—	—		
	Reduce water consumption per unit of revenue	3-7 Reduction of water usage per unit of revenue (%)	35.3%	—	37.8%	—	—		
	Aim for a high waste recycling rate	3-8 Waste recycling rate (%)	At least 86%/87.0%	○	At least 87%/87.3%	○	At least 87%/—		
	Reduce atmospheric VOC <sup>7</sup> emissions	3-9 Reduction of atmospheric VOC emissions (%)	At least 70% lower than FY 2000/72.5%	○	At least 72% lower than FY 2000/74.9%	○	At least 72% lower than FY 2000/—		
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	1,311.5 billion yen	—	1,368.9 billion yen	—	—		
Expand contribution to CO <sub>2</sub> reduction in the value chain	7-2 Contribution to CO <sub>2</sub> reduction in value chain	10.3 times	—	11.3 times	—	—			
Expand water filtration throughput contribution by Toray's water treatment membranes	7-3 Contribution of Toray water treatment products	2.7 times	—	2.9 times	—	—			
Committed to Healthier Lives	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	1,311.5 billion yen	—	1,368.9 billion yen	—	—	7 Contributing Solutions to Social Issues Through Business Activities	
	Reduce overtime work exceeding standard hours	8-6 Reduction in employees who exceed 45 hours/month of non-statutory working hours	Year-on-year reduction/81.1%	○	Year-on-year reduction/120.3%	×	Year-on-year reduction/—	8 Human Rights Promotion and Human Resources Development	
	Encourage the use of annual paid leave by labor union members	8-7 Available annual paid leave used by labor union members (%)	90%/95.7%	○	90%/93.7%	○	90%		
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)	1 million page view/months/1.12 million page views/month	○	1 million page view/months/0.93 million page views/month	△	1 million page view/months/—	6 Communication	
	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)	(First round) 100% completed/100%	○	(Second round) 30%/20%	△	(Second round) 60%/—		
	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)	Cumulative total of 120/197	○	Cumulative total of 120/123	○	Cumulative total of 120/—		
	Enhance communication with the mass media	6-4 News releases (number)	200/178	△	200/169	△	200/—		
	Expand revenues from Sustainability Innovation Business	7-1 Revenues from Sustainability Innovation Business	1,311.5 billion yen	—	1,368.9 billion yen	—	—	7 Contributing Solutions to Social Issues Through Business Activities	
	Expand contribution to CO <sub>2</sub> reduction in the value chain	7-2 Contribution to CO <sub>2</sub> reduction in value chain	10.3 times	—	11.3 times	—	—		
	Expand water filtration throughput contribution by Toray's water treatment membranes	7-3 Contribution of Toray water treatment products	2.7 times	—	2.9 times	—	—		
	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 (%)	At least 75%/76.8%	○	At least 85%/85.5%	○	At least 90%/—	9 Establishing Sustainable Supply Chain	
	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)	— <sup>8</sup>	—	66.7%	○	At least 90%/—		
	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)	— <sup>8</sup>	—	94.9%	○	At least 90%/—		
Reduce CO <sub>2</sub> emissions intensity from distribution activities	9-4 Reduction in CO <sub>2</sub> emissions per unit of sales from distribution activities (year-on-year)	1%/11.5%	○	1%/-5.5%	×	1%/—			
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 (%)	At least 60%/58.8%	△	At least 75%/70.6%	△	At least 90%/—	10 Social Contribution Activities As a Good Corporate Citizen		
Implement social contribution activities at the appropriate scale	10-1 Social contribution expenditure (% change from average expenditure over last six years)	100% or higher/124%	○	100% or higher/126%	○	100% or higher/—			
Promote active planning and implementation of voluntary social contribution activities at each Group site, on an ongoing basis	10-2 Social contribution activities (number)	2,500 or more/2,173	△	2,500 or more/2,214	△	2,500 or more/—			
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)	15,000 or more/18,816	○	15,000 or more/22,024	○	15,000 or more/—			

# CSR Roadmap 2025 from the Perspective of Materiality

Material Issues	Main Initiatives of CSR Roadmap 2025	KPIs of CSR Roadmap 2025	Targets/Results						Related CSR Guidelines	Related SDGs
			FY 2023	Assessment <sup>*1</sup>	FY 2024	Assessment	FY 2025	Assessment		
Ensuring Safety and Fire Accident Prevention	Aim for zero major accidents	3-1 Number of major accidents	0/1	×	0/1	×	0/—	—	3 Safety, Accident Prevention, and Environmental Preservation	
	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)	No more than 0.05/0.40	×	No more than 0.05/0.25	×	No more than 0.05/—	—		
	Aim for zero fire and explosion accidents	3-3 Number of fire and explosion accidents	0/1	×	0/3	×	0/—	—		
	Aim for zero environmental accidents	3-4 Number of environmental accidents	0/4	×	0/6	×	0/—	—		
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	0/0	○	0/0	○	0/—	—	2 Ethics and Compliance	
	Conduct internal legal audits and improve problems found in the audits	2-2 Group companies implementing internal legal audits (%)	• Toray Industries, Inc.: 100% • Group companies in and outside Japan: Implemented focusing on high-risk companies 100%    ○    100%    ○    —    —							
	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 (%)	100%/100%	○	100%/100%	○	100%/—	—		
Enhancing Product Quality and Safety	Ensure that quality assurance compliance education is being fully implemented	4-1 Quality assurance compliance education (% of people trained)	100%/100%	○	100%/100%	○	100%/—	—	4 Product Quality and Safety	
	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 (%)	100%/100%	○	100%/100%	○	100%/—	—		
	Aim for zero product accidents	4-3 Number of product accidents	0/1	×	0/0	○	0/—	—		
Strengthening Corporate Governance	Regularly hold Toray Group Business Strategy Discussion <sup>*9</sup> sessions at Board of Directors meetings	1-1 Toray Group Business Strategy Discussion sessions held at Board of Directors meetings (times)	8/8	○	8/8	○	8/—	—	1 Corporate Governance	
	Operate an effective internal control system	1-2 Board of Directors' positive assessment of the implementation of the Basic Policy for Internal Control Systems (%)	90%/96%	○	90%/97%	○	90%/—	—		
	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 (%)	35%/35%	○	70%/70%	○	100%/—	—	5 Risk Management	
	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 (%)	35%/35%	○	70%/54%	△	100%/—	—		
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 (%)	At least 75%/76.8%	○	At least 85%/85.5%	○	At least 90%/—	—	9 Establishing Sustainable Supply Chain	
	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)	At least 60% (FY 2024)				At least 90%/—	—		
	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)	At least 70% (FY 2024)				At least 90%/—	—		
	Reduce CO <sub>2</sub> emission intensity from logistics	9-4 Reduction in CO <sub>2</sub> emissions per unit of sales from distribution activities (year-on-year)	1%/11.5%	○	1%/5.5%	×	1%/—	—		
	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 (%)	At least 60%/58.8%	△	At least 75%/70.6%	△	At least 90%/—	—		
Respecting Human Rights and Promoting Human Resource Diversity	Implement human rights education and training	8-1 Group companies implementing human rights education and training (%)	100%/100%	○	100%/100%	○	100%/—	—	8 Human Rights Promotion and Human Resources Development	
	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 (%)	100%/59.4%	△	100%/52.9%	△	100%/—	—		
	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)	Year-on-year increase/101%	○	Year-on-year increase/99%	×	Year-on-year increase/—	—		
	Promote the use and improve the operation of measures to support employee work-life balance	8-4 Employees returning to work from childcare leave (%)	100%/99%	△	100%/99%	△	100%/—	—		
		8-5 Male employees taking childcare leave or other leave for the same reason (%)	Year-on-year increase/106%	○	Year-on-year increase/106%	○	Year-on-year increase/—	—		
	Reduce overtime work exceeding standard hours	8-6 Reduction in employees who exceed 45 hours/month of non-statutory working hours	Year-on-year reduction/81.1%	○	Year-on-year reduction/120.3%	×	Year-on-year reduction/—	—		
	Encourage the use of annual paid leave by labor union members	8-7 Available annual paid leave used by labor union members (%)	90%/95.7%	○	90%/93.7%	○	90%/—	—		

\*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 affiliates in and outside Japan 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 CO<sub>2</sub> 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.

\*7 Volatile organic compounds

\*8 No actual figures are available for FY 2023, as we are working toward our FY 2024 target.

\*9 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 “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.

## 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 2024, Toray held four results briefings and held 687 meetings with investors and analysts.

## Engaging with Customers

To realize “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 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 installation 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 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 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. Moreover, we deepen mutual understanding with our business partners as collaborators in corporate activities through regular communication, as well as policy briefing sessions and CSR procurement surveys.

## 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 order 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 the President. We will continue these initiatives in FY 2024 as well.

## 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 2024, the Company issued 169 press releases and responded to 228 media requests for information.

## 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 participating in events sponsored by local governments, inviting local residents to company and plant tours, and cleaning activities.

In similar fashion to the previous fiscal year, we continued to actively engage in activities that contribute to the local community in FY 2024.

# External Evaluation

Toray was included in the following SRI indices.

## Included in Dow Jones Best-in-Class Asia Pacific Index

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



## Listed in The S&P Global Sustainability Yearbook 2025

Toray Industries is among the 780 global leaders in sustainability listed in The S&P Global Sustainability Yearbook 2025 published by S&P Global. This marks the sixth consecutive year and sixth time overall for this listing.



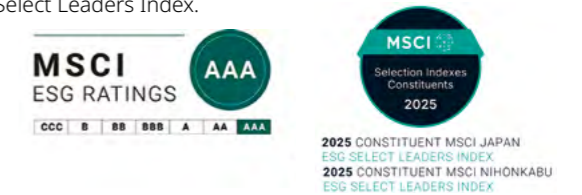
## Included in FTSE4Good Index / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index

Toray Industries is included in the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index.



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

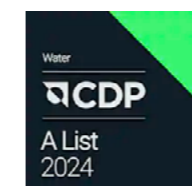
Toray Industries has received the highest ESG rating of AAA in the MSCI ESG Ratings and is included in the MSCI Japan ESG Select Leaders Index.



\*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.  
\*2 The inclusion of Toray Industries, Inc. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Toray Industries, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## 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 2024 survey conducted by CDP, an international non-profit organization.



## Included in the SOMPO Sustainability Index

Toray Industries has been selected as a constituent stock of the SOMPO Sustainability Index established by SOMPO Asset Management.



## Selected as Constituent of S&P / JPX Carbon Efficient Index

Toray Industries has been selected as a constituent of the environmental stock index presented by S&P Dow Jones and the Tokyo Stock Exchange.



# Toray Group Worldwide Network

308 subsidiaries and affiliated companies (113 in Japan, 195 overseas) (as of March 31, 2025)

## 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.

## 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 Limited
- etc.

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

## 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

## 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, 2025)

## Common Stock:

Issued: 1,631,481,403 shares  
(including treasury stock)  
Number of stockholders: 193,583

## 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.

## Transfer Agent:

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

## Cash Dividends Per Share

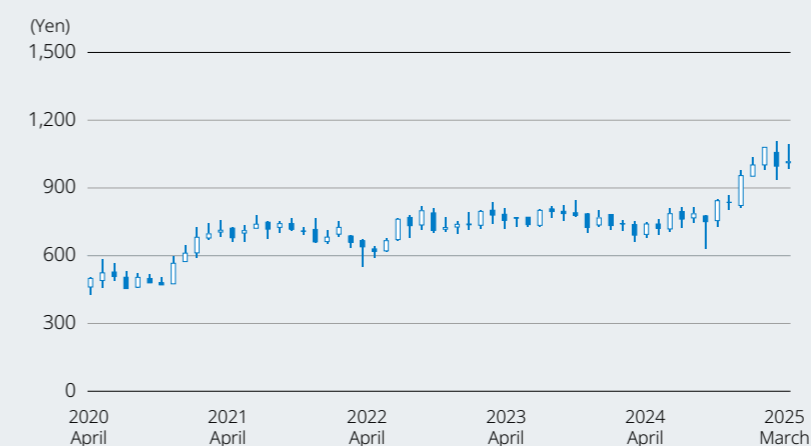
	FY 2024	FY 2023
Total for the year	¥18.00	¥18.00
Interim	9.00	9.00

## Principal Stockholders

	Shares held	Percentage of shares held*
The Master Trust Bank of Japan, Ltd. (Trust Account)	246,679,700	15.77
Custody Bank of Japan, Ltd. (Trust Account)	125,375,300	8.01
Nippon Life Insurance Co.	71,212,250	4.55
TAIJU LIFE INSURANCE COMPANY LIMITED	35,961,000	2.30
STATE STREET BANK WEST CLIENT-TREATY 505234	30,019,014	1.92
State Street Bank and Trust Company 505001	27,672,962	1.77
National Mutual Insurance Federation of Agricultural Cooperatives	26,593,000	1.70
State Street Bank and Trust Company 505301	26,525,362	1.70
State Street Bank and Trust Company 505025	26,088,251	1.67
Sumitomo Mitsui Banking Corporation	24,022,000	1.54

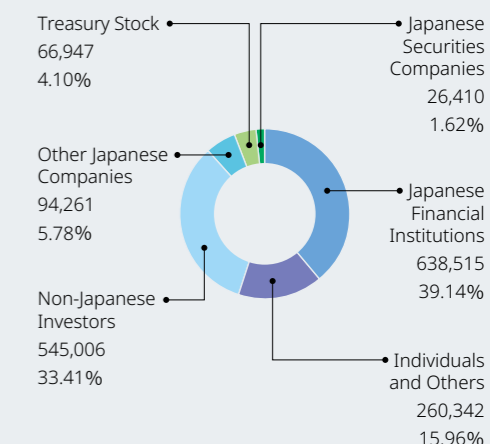
\*The percent of total shares is calculated by excluding treasury stocks.

## Stock Price Range



## Composition of Stockholders

(Thousands of shares)



# Corporate Data (As of March 31, 2025)

## 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:

47,914  
Toray: 7,010  
Japanese subsidiaries: 10,452  
Overseas subsidiaries: 30,452

**Toray Industries, Inc.**

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Chuo-ku, Tokyo 103-8666, Japan  
Telephone: 81 (3) 3245-5111  
URL: [www.toray.com](http://www.toray.com)

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Investor Relations Dept.  
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