

Materials can change our lives.

**TORAY**  
Innovation by Chemistry

TORAY GROUP  
CSR REPORT 2019





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## Message from the President

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

President, Toray Industries, Inc.



To ensure the sustainability of human life on Earth, solutions to a multitude of challenges are urgently needed—from climate change, to food and water shortages driven by population increases, to resource depletion and energy sustainability, to safety and health concerns. Companies today are expected to help solve these social challenges. Japanese companies have traditionally shown a commitment to public interest capitalism and contributing broadly to society. There has never been a better time to deliver on that commitment.

Since our founding in 1926, we have remained true to our fundamental corporate principle of contributing to society by engaging in business management designed to benefit all stakeholders, including employees, customers, business partners, local communities, and stockholders.

We see Toray Group as a public institution, so it naturally follows that we are doing everything we can to help solve the global issues addressed by the Paris Agreement on climate change and the Sustainable Development Goals (SDGs) adopted at the United Nations.

Our corporate philosophy makes our commitment explicit: “Contributing to society through the creation of new value with innovative ideas, technologies and products.” At Toray Group, we are living up to this mission by delivering innovative technologies and advanced materials that provide truly effective solutions to the challenges the world faces when it comes to balancing development and sustainability. In July 2018, we established the Toray Group Sustainability Vision. In the vision, we introduce the business concepts and mid- to long-term initiatives we have advanced to date and describe the world as envisioned by Toray Group in 2050, identifying challenges and setting specific targets for ourselves to help create that world.

Our current management strategy is guided by our long-term corporate vision, AP-Growth TORAY 2020, which we have had in place since 2011. Under this growth vision, Toray Group is striving to continually expand revenues and profits. Since fiscal 2017, we have been working toward the vision under a three-year medium-term management program, Project AP-G 2019.

One of the key strategies of this program is to expand businesses in growth fields. Toray Group is focusing on Green Innovation businesses, which contribute solutions for environmental, resource, and energy issues, and Life Innovation businesses, which enhance the quality of medical care and contribute to health maintenance and longevity, as group-wide projects.

At Toray Group, social responsibility is fully integrated into our management strategy as a top priority. Our Sixth CSR Road Map is paired with Project AP-G 2019 and has the same target year, fiscal 2019. The key areas we are addressing under the CSR Road Map are corporate ethics and legal compliance, human rights promotion and human resources development, and safety, accident prevention, and environmental preservation. We are making steady progress on our targets in these areas.

This report systematically presents Toray Group's social responsibility initiatives and results for fiscal 2018 and is designed for all of our stakeholders. I invite you to get better acquainted with Toray Group by spending some time with this report.

September 2019

## Toray Group Corporate Social Responsibility

Toray Group strategically practices social responsibility guided by its three-year CSR Road Map, aiming to achieve sustainable growth while helping to build a more sustainable world.

TORAY GROUP  
CSR



### Report from the Chief CSR Officer

**Making an All-Out Effort on CSR Initiatives to Position Toray Group as an Enterprise of High Value to All Stakeholders**

**Hideki Hirabayashi**

Vice President, Chief CSR Officer, Toray Industries, Inc.



Toray Group has from the beginning pledged to have a positive impact on society through its business and has made corporate social responsibility one of its highest management priorities, as an integral part of its management philosophy. The Group has set targets based on its CSR Guidelines in its CSR Road Map designed to systematically drive group-wide initiatives in the areas of corporate ethics, legal compliance, environmental preservation, human rights, human resource development, and social contribution. Social issues have been diversifying in recent years. In response, Toray Group aims to play an important role in securing sustainable growth and solving global challenges through its businesses, and it is fully committed to being an enterprise of high value to all stakeholders.

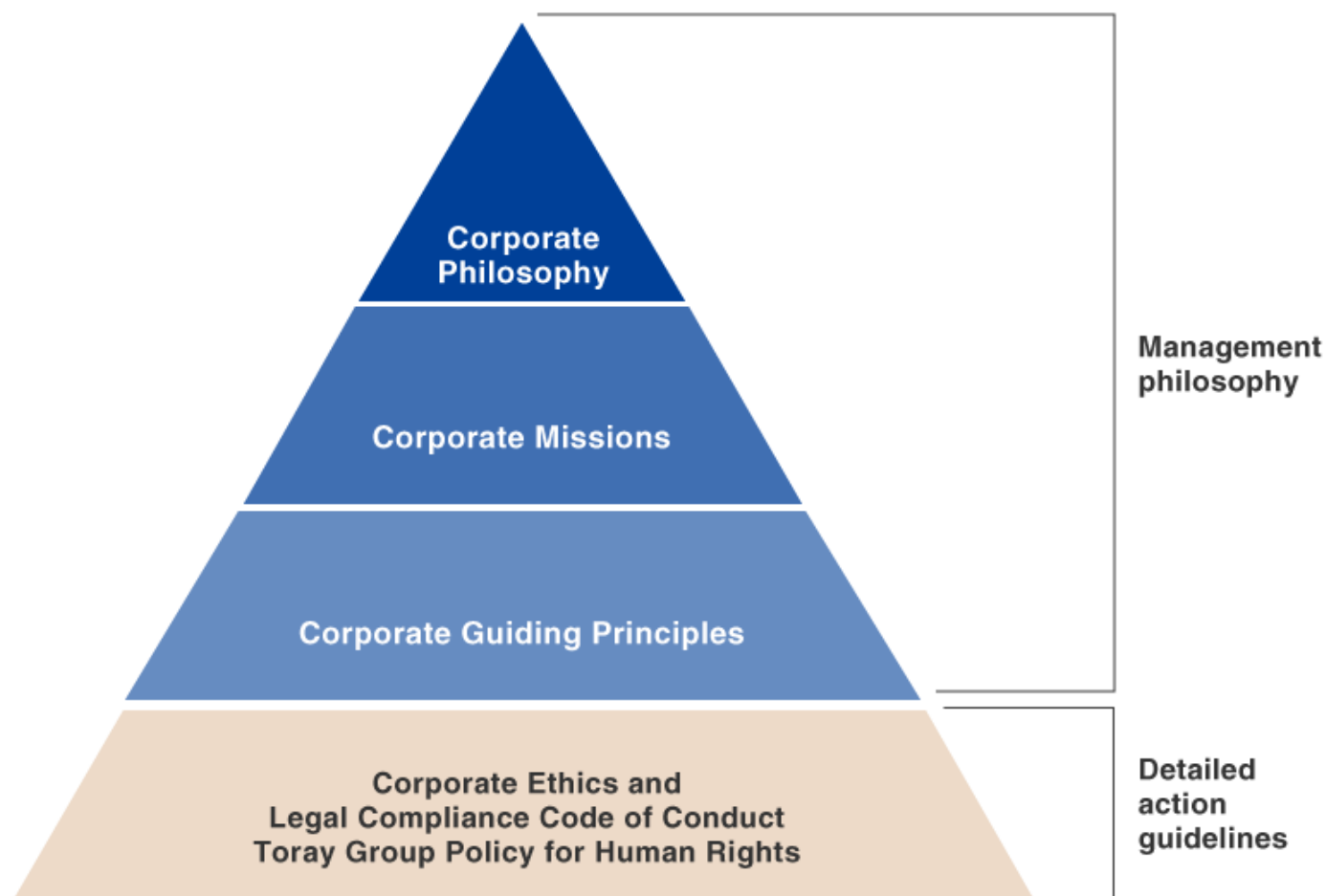
In July 2018, the Group announced the Toray Group Sustainability Vision, declaring its long-term determination to provide innovative technologies and advanced materials that help address global issues. The target year of the Vision is 2050, and Toray Group will do its utmost to help build the better world it envisions.

## Toray Group Corporate Social Responsibility

# Management Philosophy and CSR

Under a corporate philosophy of "contributing to society through the creation of new value with innovative ideas, technologies and products," Toray Group has from the beginning pledged to have a positive impact on society through its business, realizing its corporate social responsibility and management philosophy at the same time.

## Management Philosophy and Code of Conduct



### Related Information

- [Corporate Philosophy](#)
- [Corporate Missions](#)
- [Corporate Guiding Principles](#)

## **Corporate Ethics and Legal Compliance Code of Conduct** (Adopted October 2003 and revised December 2015)

### **1. Contribute to society**

As a company aspiring to create new value, provide trustworthy products and services that satisfy our customers.

### **2. Communicate with society**

Communicate with the various parties associated with the company, including its customers and shareholders as well as members of the local community. Actively and fairly disclose pertinent information about the company.

### **3. Behave as a good corporate citizen**

Comply with laws and regulations, respect human rights, and actively contribute to society as a good corporate citizen.

### **4. Play an active role in preserving the global environment**

Recognize that playing an active role in preserving the global environment is an important management issue, and strive to coexist with the environment in all corporate activities by conserving energy, reducing emissions and waste, promoting recycling, and so forth.

### **5. Prioritize fairness and trust in corporate activities**

Engage in proper trade based on free, fair, and transparent market competition, and conduct corporate activities that earn the deep trust of society.

### **6. Comply with national laws and regulations**

Pursue management reform from a global perspective, comply with the respective national laws and regulations in overseas operations, and be self-disciplined with high ethical standards. Conduct corporate activities with respect to the culture and customs of each country and contribute to the advancement of local communities.

### **7. Raise motivation and create a corporate culture that lets employees demonstrate their ability**

Strive to create a corporate environment that allows each and every employee to be motivated to demonstrate their ability, respect individual human rights, character, and personality, and maximize creativity and professionalism.

### **8. Break off relations with antisocial forces**

Always work for the good of society, break off relations with antisocial forces that threaten the order and safety of civil society, and take a resolute stand as a unified company.

## **Toray Group Policy for Human Rights** (Adopted 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. We will respect human rights, character and individuality of employees and eliminate harassment and discrimination in workplaces. 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 infringing on the human rights.
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.

## **Ten Basic Environmental Rules** (Adopted January 2000 and revised June 2011)

### **1. Prioritize environmental preservation**

We shall comply with all laws, regulations, and agreements in all of our business activities. Taking into consideration biodiversity, we shall place the highest priority on environmental preservation in the manufacture, handling, use, sale, transport, and waste disposal of products.

### **2. Prevent global warming**

We shall promote energy conservation and work to reduce our unit energy consumption and our carbon dioxide emissions.

### **3. Achieve zero emissions of environmental pollutants**

We shall strive continuously to reduce our emissions with the ultimate goal of achieving zero emissions of hazardous chemical substances and waste materials into the environment.

### **4. Use safer chemical substances**

We shall collect, maintain, and provide information on the health and environmental effects of the chemical substances we handle while striving to use safer chemical substances.

### **5. Promoting Recycling**

We shall develop recycling technologies for products, containers, and packaging and cooperate with society in promoting the recovery and reuse of such items.

### **6. Improve the level of environmental management**

We shall work to maintain and improve the level of our environmental management while working to upgrade our environmental management technology and skills, performing self auditing, and taking other measures.

### **7. Contribute to society through environmental improvement technologies and products**

We shall meet the challenge of developing new technologies and shall contribute to society through environmental improvement technologies as well as products that place a low burden on the environment.

### **8. Improve the environmental management of our overseas businesses**

In our overseas business activities, we shall place top priority on complying with local laws and regulations, and further, we shall manage those businesses in accordance with the management standards of the Toray Group.

### **9. Improve employees' environmental awareness**

We shall strive to improve our employees' awareness of environmental issues through environmental education, social activities, internal communications activities, and other means.

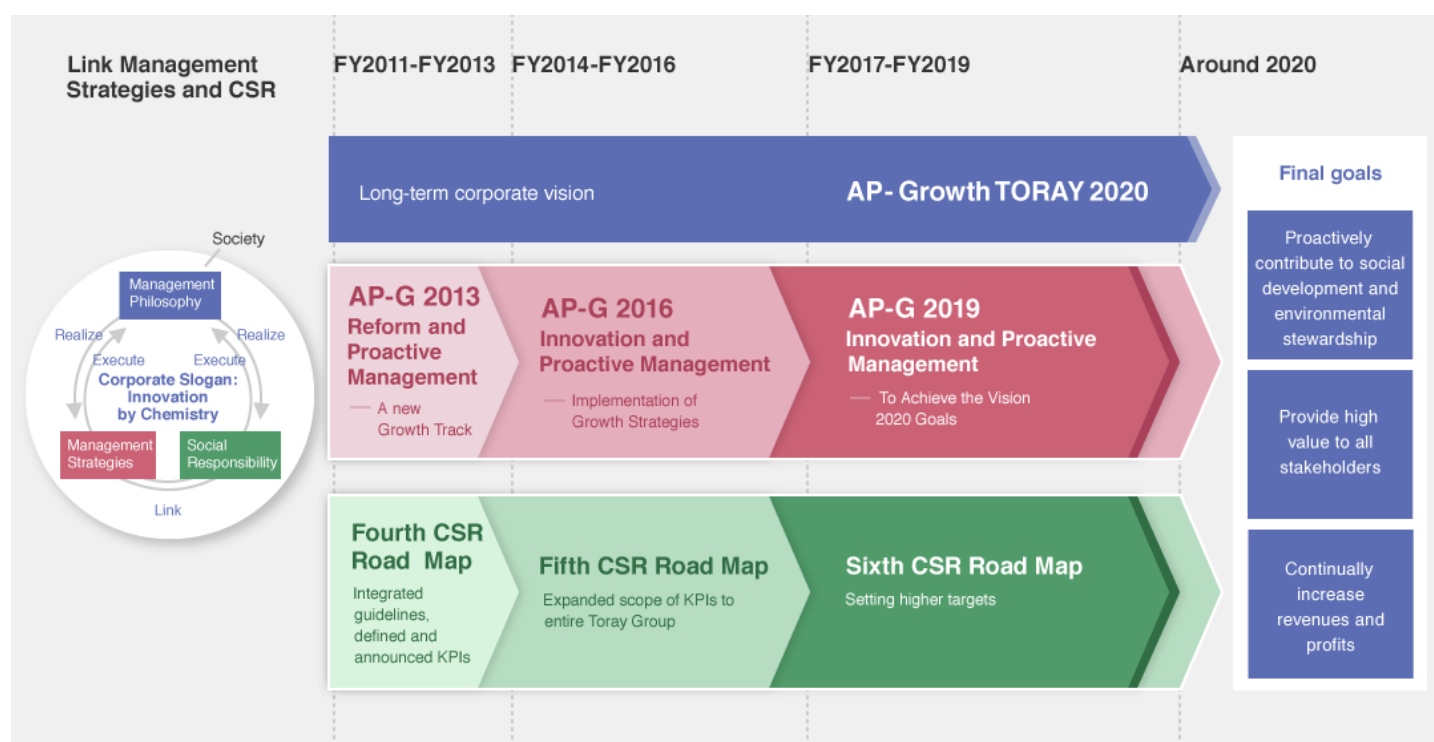
### **10. Share environmental information with society**

We shall deepen mutual understanding of Toray Group environmental policies and practices by widely

publicizing our environmental preservation efforts and their results in environmental reports and other publications directed at local communities, investors, and the media.

## Toray Group Corporate Social Responsibility Management Strategies and CSR

In order to achieve sustainable growth, corporations must do business in a way that earns the broad trust of stakeholders. To live up to its philosophy, Toray Group implements its management strategies hand-in-hand with its efforts to fulfill social responsibilities.



Toray Group executes management strategies in order to remain a corporate group that continually expands its revenues and profits, guided by the long-term corporate vision, AP-Growth TORAY 2020, which was launched in April 2011. The Group began executing the medium-term management program, Project AP-G 2019, in April 2017, to pursue innovation and proactive management in order to deliver on the long-term corporate vision.

Project AP-G 2019 sets the three basic strategies along with five key initiatives to expand businesses, while stressing the importance of practicing social responsibility with a commitment to safety, accident prevention, environmental preservation, corporate ethics, and legal compliance. Meanwhile, the Group has set out the Sixth CSR Road Map, which covers the same time frame as Project AP-G 2019, based on its corporate philosophy to expand its efforts to realize value creation and ensure more robust environmental, social and governance (ESG) performance.

Toray Group will continue to take a comprehensive approach to practicing social responsibility and pursuing business growth. This expresses the Group's commitment to making a proactive contribution to social development and environmental stewardship, providing high value to all stakeholders, and continually increasing its revenues and profits, as stated in the long-term corporate vision.

## Main Points of Project AP-G 2019

Three basic strategies	1. Business expansion in growth business fields	<p>Specific measures</p> <ol style="list-style-type: none"> <li>1. Make a strong, comprehensive push to create new demand and expand business as a group-wide project.</li> <li>2. Capitalize on revenue opportunities in growth countries and regions.</li> <li>3. Secure total cost reductions, strengthen the profit structure, and strengthen sales and marketing.</li> </ol>
	2. Expansion and advancement of global business	
	3. Strengthening competitiveness	
Five key initiatives	1. New business creation	<p>Specific measures</p> <ol style="list-style-type: none"> <li>1. Develop sources of revenue for the next stage of growth.</li> <li>2. Develop new technologies and materials.</li> <li>3. Execute 500 billion yen in capital investments.</li> <li>4. Amplify and supplement growth in existing businesses.</li> <li>5. Develop future management candidates; secure and develop core human resources.</li> </ol>
	2. R&D and intellectual property	
	3. Capital investment	
	4. M&A and business alliances	
	5. Human resources	

### Related Information

➤ [Long-Term Corporate Vision, Medium Term Management Program](#)

Toray Group Corporate Social Responsibility

## Organizational Structure for Social Responsibility

Working Comprehensively on Social Responsibility, Management Philosophy and Management Strategy

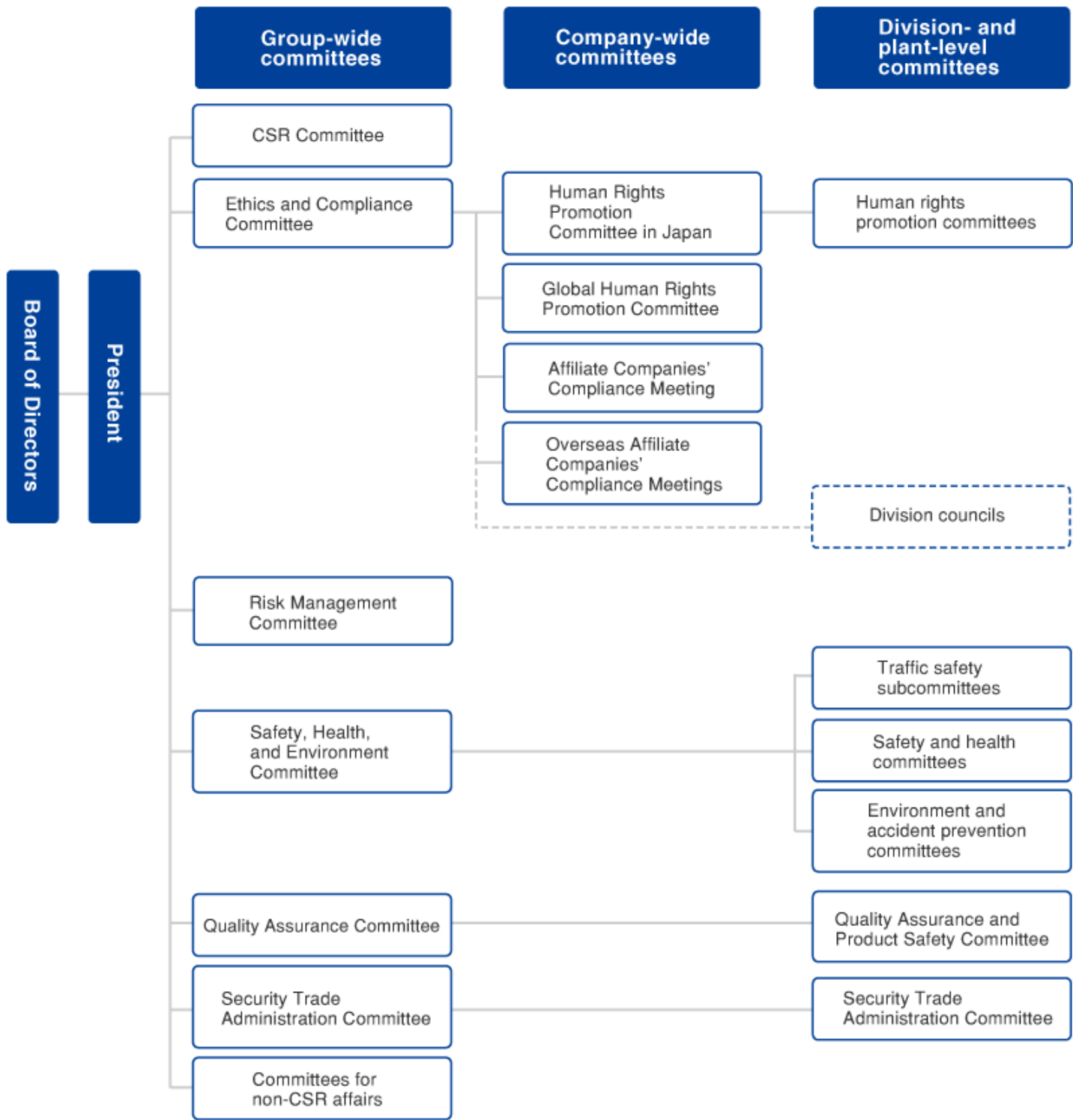
Toray Group takes a comprehensive approach to practicing social responsibility and pursuing its management philosophy and management strategies, recognizing that fulfilling social responsibilities is integral to business growth.



# Organizational Structure for Social Responsibility

Toray Group's CSR Committee serves as a group-wide deliberative organization for important issues concerning social responsibility. The committee is aligned with five other group-wide committees and works to accomplish tasks based on the themes in the CSR Guidelines. The issues discussed by the CSR Committee are reported to the Board of Directors.

Committee and Implementation Organization (As of August 1, 2019)



## CSR Guidelines & Activity Reports

Toray Group's CSR Guidelines are organized into 10 items. Each item is grouped under one of four themes: Value Creation (based on the corporate philosophy), Governance, Social Initiatives, or Environment. The Group systematically pursues initiatives guided by these CSR Guidelines, viewing these efforts as an integral part of its management philosophy.

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### Value Creation



#### Contributing Solutions to Social Issues through Business Activities

Leverage innovation to address global-scale environmental issues such as climate change and provide solutions for various social issues such as the need to improve the quality of medical care, the need to reduce the burden on medical staff, and health maintenance and longevity, thereby helping to build a more sustainable world.

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### Governance



#### Corporate Governance and Management Transparency

Continually revise management systems, strengthen internal controls and strive for timely and appropriate information disclosure as part of efforts to fulfill the company's social responsibilities.

#### Corporate Ethics and Legal Compliance

Ensure all executives and employees uphold a sense of responsibility, fairness and high ethical standards, and always act in accordance with the law to maintain the trust of society.

#### Risk Management

Enhance group-wide risk management systems including those pertaining to information security. Build systems capable of rapidly responding to unexpected circumstances and disclosing accurate information.

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## Social Initiatives



### Human Rights Promotion and Human Resources Development

Respect human rights, provide safe and healthy workplaces for employees, secure and train personnel, and diversify while striving to protect employment.

### Product Safety and Quality

Provide safe, highly reliable products by striving to enhance management systems for product safety and quality assurance, and disclose appropriate information.

### Facilitating CSR Initiatives Throughout the Supply Chain

Promote CSR initiatives in areas including environmental preservation and human rights throughout the entire supply chain by working closely with suppliers, processing vendors, customers and distribution companies.

### Communication

Disclose corporate information in an active, fair and straightforward manner, and encourage dialogue and cooperation with stakeholders including employees, stockholders, investors, business partners, consumers, local communities, non-profit organizations, government and administrative agencies, mass media, analysts, and other parties.

### Social Contribution Activities

Proactively participate in local communities and the larger society in order to contribute to development in a way befitting a good corporate citizen.

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## Environment



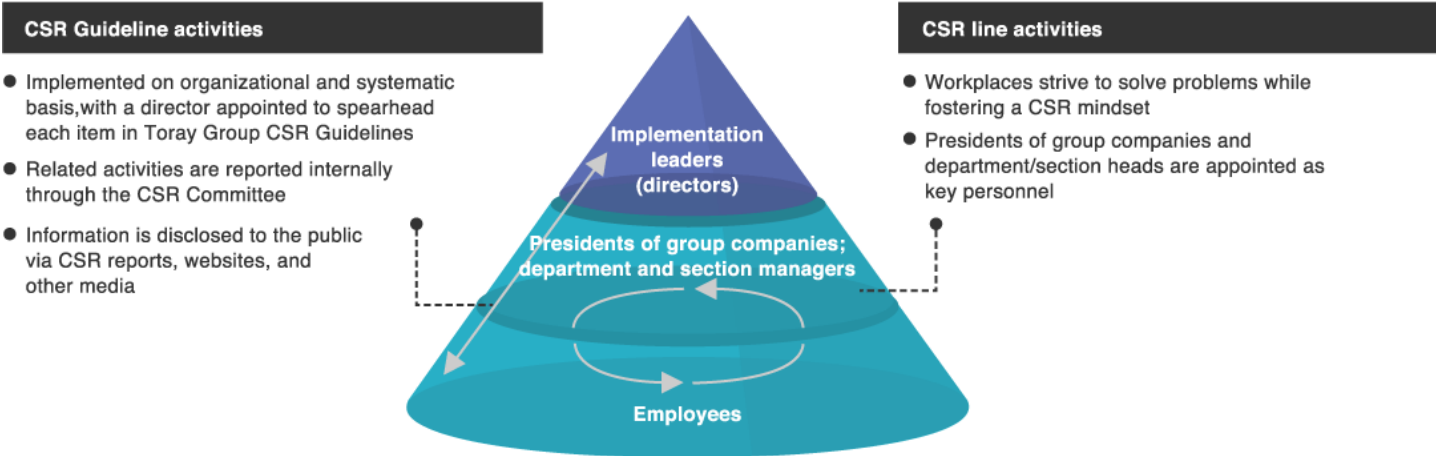
### Safety, Accident Prevention, and Environmental Preservation

Ensure the safety and health of society and employees, and protect the environment in all business processes, from procuring raw materials and manufacturing to the supply and disposal of products.



# "CSR Guideline Activities" and "CSR Line Activities"

Toray Group implements "CSR Guideline activities" (group-wide CSR activities) and "CSR line activities" (workplace-driven CSR activities) in parallel. The former are driven by the entire organization based on the CSR Guidelines, while the latter are pursued by individual divisions.

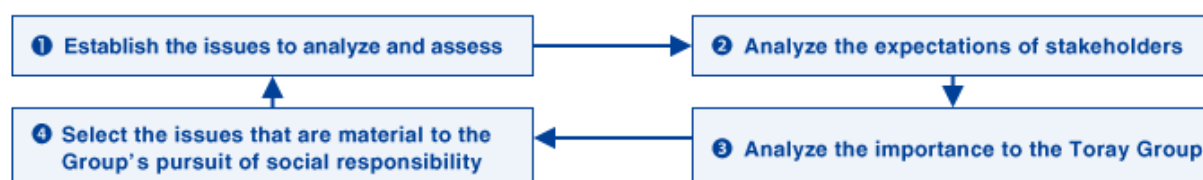


## Toray Group Corporate Social Responsibility Materiality

In fiscal 2015, Toray Group conducted a materiality assessment to identify the issues that are most important to its pursuit of social responsibility (material issues for CSR). In fiscal 2016, the Group reevaluated the material issues when drafting its Sixth CSR Road Map, which started in fiscal 2017. This process incorporated input from thought leaders and resulted in revisions to the issues.

### Materiality Assessment Cycle

Toray Group regularly implements the following process to reevaluate its material issues for CSR.



### Dialogue with Thought Leaders during the Reevaluation of Material Issues

In November 2016, the Group held a dialogue meeting with several thought leaders to share their valuable input on its material issues for CSR, seeking to benefit from their specialized knowledge. The Group incorporated the valuable advice received during the meeting into its reevaluation of material issues.



## Main Input from CSR Thought Leaders

Note: The title is the one at that time.

Outside of Japan, the consideration of environmental, social and governance (ESG) factors by investors is gaining more and more mainstream traction. Toray Group is responding to the trend toward ESG investment by pursuing forward-thinking, well-rounded CSR initiatives. However, it can be difficult at times to grasp the focus of these initiatives. For example, it would be advisable for the Group to disclose the global-scale issues that it believes are most material, and why it sees them that way. Furthermore, scrutiny will shift from the products the Group makes, to the raw materials the Group is using to make them. Addressing concerns like these can also create new business opportunities for the Group. The Group would do well to thoroughly discuss its choice of material issues and CSR Road Map, as well as to examine the Sustainable Development Goals (SDGs). I believe this will help the Group to expand its vision of the issues that the global community considers most pressing.



Takejiro Sueyoshi  
Special Adviser,  
UNEP Finance  
Initiative

I have three suggestions. First, human resources and labor initiatives should be disclosed on a group-wide basis, rather than only for Toray Industries, Inc. Second, exercising responsibility for the supply chain is becoming more critical, so the Group needs to fully communicate its risks in the supply chain, including where in the supply chain those risks appear. Third, the Group needs to have a true long-term vision—longer than the next three or four years. Identifying material issues is a process that will help the Group to implement and strengthen its CSR initiatives. The Group should link the material issues to the implementation of specific initiatives.



Professor Yoshinao Kozuma  
Faculty of Economics,  
Sophia University

The United Nations Sustainable Development Goals (SDGs) set specific targets for the international community to achieve by 2030. I hope that Toray Group will present its own long-term vision and use backcasting to identify the steps it will take to achieve it. It is becoming increasingly important to engage stakeholders in dialogue. The Group must establish mechanisms for gaining input from stakeholders in the supply chain and identifying their expectations, even if the Group does not directly do business with or directly employ those stakeholders. I strongly suggest that the Group perform human rights due diligence and create grievance mechanisms that are accessible to the public.



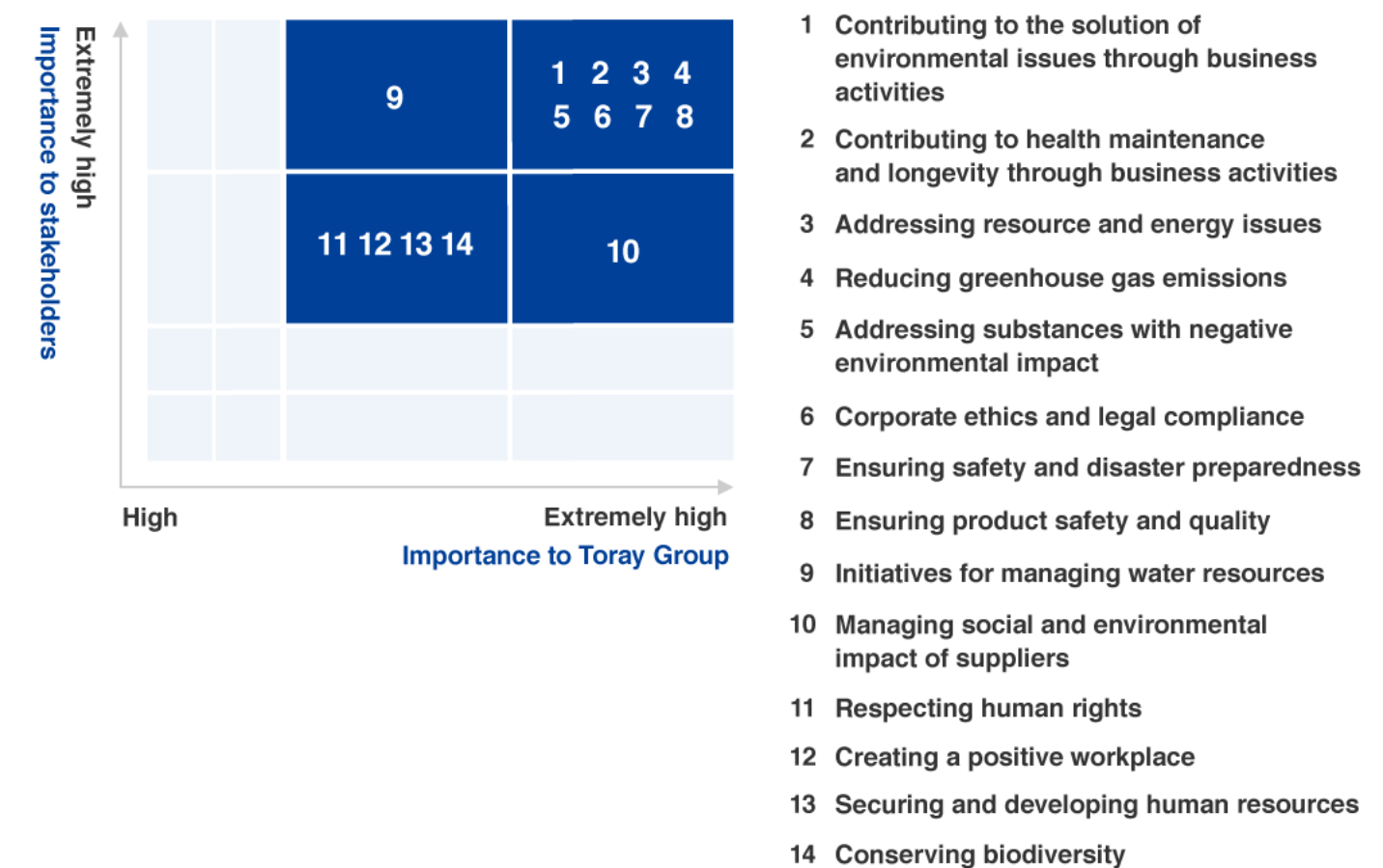
Kaori Kuroda  
Executive Director,  
CSO Network Japan

# Updated Material Issues and Key Performance Indicators Reflected in the CSR Road Map

Based on the dialogue with thought leaders, the Group engaged in internal discussions on the material issues. The issues were then revised following discussions at the 31st meeting of the CSR Committee, which took place on June 13, 2017. First, the Group revised the CSR Road Map to reflect the updated material issues. This will enable the Group to implement specific initiatives that clearly address the material issues identified, and report on them based on the G4 Sustainability Reporting Guidelines from GRI. Secondly, the Group defined how the material issues are connected to the CSR Guidelines and the goals of the CSR Road Map, and established new key performance indicators (KPIs) for the revised material issues, in order to guide the implementation of initiatives.

While the Group's CSR initiatives reflect local circumstances in countries and regions, it also has shared, group-wide initiatives that are advanced under group-wide targets. The Sixth CSR Road Map includes group-wide KPIs, and calls for CSR initiatives to be implemented using the Plan-Do-Check-Act (PDCA) cycle.

Toray Group Materiality Matrix



# CSR Road Map and Progress on Key Performance Indicators in Fiscal 2018

The Toray Group assembles a CSR Road Map based on its CSR Guidelines every three years. This serves as the Group's medium-term plan for executing CSR initiatives. The CSR Road Map designates implementation leaders for each item of the CSR Guidelines, and sets out specific action goals as well as key performance indicators (KPIs). The progress on achieving the KPIs is quantitatively managed each fiscal year.

## Sixth CSR Road Map

The Sixth CSR Road Map is being implemented from fiscal 2017 through fiscal 2019, the same period as the medium-term management program, Project AP-G 2019. The Sixth CSR Road Map sets out new CSR strategies and serves as the Group's guide for addressing the material issues that have been identified as critical to stakeholders and the Group, outlining concrete initiatives to address the material issues. Moving forward, the Group will focus its efforts on initiatives that address the material issues.

The road map includes group-wide KPIs in most areas, mandating group-wide efforts to meet CSR objectives. The Group will continue to disclose its progress in executing the Sixth CSR Road Map every year in its CSR report.

Sixth CSR Road Map (Fiscal 2017–2019)

Sub-CZ Roadmap

Material Issue	CSR Guidelines	Implementation Strategy	Responsible Party	KPIs					Remarks
				Target	2017	2018	2019	2020	
Environment	1. Reduce greenhouse gas emissions from business activities.	1.1 Reduce greenhouse gas emissions from business activities.	1.1.1 Reduce greenhouse gas emissions from business activities.	1.1.1.1 Reduce greenhouse gas emissions from business activities.	1.1.1.2 Reduce greenhouse gas emissions from business activities.	1.1.1.3 Reduce greenhouse gas emissions from business activities.	1.1.1.4 Reduce greenhouse gas emissions from business activities.	1.1.1.5 Reduce greenhouse gas emissions from business activities.	1.1.1.6 Reduce greenhouse gas emissions from business activities.
	1.2 Reduce greenhouse gas emissions from business activities.	1.2.1 Reduce greenhouse gas emissions from business activities.	1.2.2 Reduce greenhouse gas emissions from business activities.	1.2.3 Reduce greenhouse gas emissions from business activities.	1.2.4 Reduce greenhouse gas emissions from business activities.	1.2.5 Reduce greenhouse gas emissions from business activities.	1.2.6 Reduce greenhouse gas emissions from business activities.	1.2.7 Reduce greenhouse gas emissions from business activities.	1.2.8 Reduce greenhouse gas emissions from business activities.
	1.3 Reduce greenhouse gas emissions from business activities.	1.3.1 Reduce greenhouse gas emissions from business activities.	1.3.2 Reduce greenhouse gas emissions from business activities.	1.3.3 Reduce greenhouse gas emissions from business activities.	1.3.4 Reduce greenhouse gas emissions from business activities.	1.3.5 Reduce greenhouse gas emissions from business activities.	1.3.6 Reduce greenhouse gas emissions from business activities.	1.3.7 Reduce greenhouse gas emissions from business activities.	1.3.8 Reduce greenhouse gas emissions from business activities.
	1.4 Reduce greenhouse gas emissions from business activities.	1.4.1 Reduce greenhouse gas emissions from business activities.	1.4.2 Reduce greenhouse gas emissions from business activities.	1.4.3 Reduce greenhouse gas emissions from business activities.	1.4.4 Reduce greenhouse gas emissions from business activities.	1.4.5 Reduce greenhouse gas emissions from business activities.	1.4.6 Reduce greenhouse gas emissions from business activities.	1.4.7 Reduce greenhouse gas emissions from business activities.	1.4.8 Reduce greenhouse gas emissions from business activities.
Society	2. Promote sustainable procurement.	2.1 Promote sustainable procurement.	2.1.1 Promote sustainable procurement.	2.1.2 Promote sustainable procurement.	2.1.3 Promote sustainable procurement.	2.1.4 Promote sustainable procurement.	2.1.5 Promote sustainable procurement.	2.1.6 Promote sustainable procurement.	2.1.7 Promote sustainable procurement.
	2.2 Promote sustainable procurement.	2.2.1 Promote sustainable procurement.	2.2.2 Promote sustainable procurement.	2.2.3 Promote sustainable procurement.	2.2.4 Promote sustainable procurement.	2.2.5 Promote sustainable procurement.	2.2.6 Promote sustainable procurement.	2.2.7 Promote sustainable procurement.	2.2.8 Promote sustainable procurement.
	2.3 Promote sustainable procurement.	2.3.1 Promote sustainable procurement.	2.3.2 Promote sustainable procurement.	2.3.3 Promote sustainable procurement.	2.3.4 Promote sustainable procurement.	2.3.5 Promote sustainable procurement.	2.3.6 Promote sustainable procurement.	2.3.7 Promote sustainable procurement.	2.3.8 Promote sustainable procurement.
	2.4 Promote sustainable procurement.	2.4.1 Promote sustainable procurement.	2.4.2 Promote sustainable procurement.	2.4.3 Promote sustainable procurement.	2.4.4 Promote sustainable procurement.	2.4.5 Promote sustainable procurement.	2.4.6 Promote sustainable procurement.	2.4.7 Promote sustainable procurement.	2.4.8 Promote sustainable procurement.
Human Resources	3. Promote employee development.	3.1 Promote employee development.	3.1.1 Promote employee development.	3.1.2 Promote employee development.	3.1.3 Promote employee development.	3.1.4 Promote employee development.	3.1.5 Promote employee development.	3.1.6 Promote employee development.	3.1.7 Promote employee development.
	3.2 Promote employee development.	3.2.1 Promote employee development.	3.2.2 Promote employee development.	3.2.3 Promote employee development.	3.2.4 Promote employee development.	3.2.5 Promote employee development.	3.2.6 Promote employee development.	3.2.7 Promote employee development.	3.2.8 Promote employee development.
	3.3 Promote employee development.	3.3.1 Promote employee development.	3.3.2 Promote employee development.	3.3.3 Promote employee development.	3.3.4 Promote employee development.	3.3.5 Promote employee development.	3.3.6 Promote employee development.	3.3.7 Promote employee development.	3.3.8 Promote employee development.
	3.4 Promote employee development.	3.4.1 Promote employee development.	3.4.2 Promote employee development.	3.4.3 Promote employee development.	3.4.4 Promote employee development.	3.4.5 Promote employee development.	3.4.6 Promote employee development.	3.4.7 Promote employee development.	3.4.8 Promote employee development.
Product	4. Promote sustainable products.	4.1 Promote sustainable products.	4.1.1 Promote sustainable products.	4.1.2 Promote sustainable products.	4.1.3 Promote sustainable products.	4.1.4 Promote sustainable products.	4.1.5 Promote sustainable products.	4.1.6 Promote sustainable products.	4.1.7 Promote sustainable products.
	4.2 Promote sustainable products.	4.2.1 Promote sustainable products.	4.2.2 Promote sustainable products.	4.2.3 Promote sustainable products.	4.2.4 Promote sustainable products.	4.2.5 Promote sustainable products.	4.2.6 Promote sustainable products.	4.2.7 Promote sustainable products.	4.2.8 Promote sustainable products.
	4.3 Promote sustainable products.	4.3.1 Promote sustainable products.	4.3.2 Promote sustainable products.	4.3.3 Promote sustainable products.	4.3.4 Promote sustainable products.	4.3.5 Promote sustainable products.	4.3.6 Promote sustainable products.	4.3.7 Promote sustainable products.	4.3.8 Promote sustainable products.
	4.4 Promote sustainable products.	4.4.1 Promote sustainable products.	4.4.2 Promote sustainable products.	4.4.3 Promote sustainable products.	4.4.4 Promote sustainable products.	4.4.5 Promote sustainable products.	4.4.6 Promote sustainable products.	4.4.7 Promote sustainable products.	4.4.8 Promote sustainable products.

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	CSR Guidelines	CSR Road Map goals	Key performance indicators
Value Creation	<b>7 Contributing Solutions to Social Issues through Business Activities</b>  Leverage innovation to address global-scale environmental issues such as climate change and provide solutions for various social issues such as the need to improve the quality of medical care, the need to reduce the burden on medical staff, and health maintenance and longevity, thereby helping to build a more sustainable world.	<b>1</b> Help address social issues by developing innovative materials and new technologies, focusing on the fields of Green Innovation and Life Innovation  <b>[Related material issues for CSR]</b> <ul style="list-style-type: none"> <li>• Contributing to the solution of environmental issues through business activities</li> <li>• Contributing to health maintenance and longevity through business activities</li> <li>• Initiatives for managing water resources</li> </ul>	<b>1</b> Sales of Green Innovation products (billion yen)
			<b>2</b> Sales of Life Innovation products (billion yen)
			<b>3</b> Contribution of Toray water treatment products (converted to treated water amount) (tons/day)
Governance	<b>1 Corporate Governance and Management Transparency</b>  Continually revise management systems, strengthen internal controls and strive for timely and appropriate information disclosure as part of efforts to fulfill the company's social responsibilities	<b>1</b> Enhance management transparency, continually reflect stakeholder feedback in management, and fulfill responsibilities to explain corporate activities	<b>1</b> Number of dialogue meetings with stakeholders
		<b>2</b> Perform monitoring based on the Basic Policy for Internal Control Systems, in accordance with Japan's Companies Act	<b>2</b> Board of Directors' positive assessment of the implementation of the Basic Policy for Internal Control Systems (%)
		<b>3</b> Expand CSR education throughout the Toray Group to facilitate CSR activities	<b>3</b> Group companies implementing CSR education (%)
	<b>2 Corporate Ethics and Legal Compliance</b>  Ensure all executives and employees uphold a sense of responsibility, fairness and high ethical standards, and always act in accordance with the law to maintain the trust of society.	<b>1</b> No major cases throughout the Toray Group of non-compliance with or violation of bribery regulations, antitrust laws, etc.  <b>[Related material issue for CSR]</b> <ul style="list-style-type: none"> <li>• Corporate ethics and legal compliance</li> </ul>	<b>1</b> Number of major violations of laws or ordinances
		<b>2</b> Promote compliance activities in accordance with the conditions of each country or region	<b>2</b> Implementing internal legal audits of group companies, group companies improving problems found in internal legal audits in the previous year (%)
		<b>3</b> Enhance awareness-raising and educational activities relating to corporate ethics and legal compliance	<b>3</b> Group companies providing information and implementing education on major laws and regulations (%)
Social Initiatives	<b>5 Risk Management</b>  Under normal conditions, the Toray Group focuses on mitigating risk and preventing crises from occurring. In the event of a crisis, the Group strives to prevent damage from increasing, by bringing the situation quickly under control and normalizing conditions with a prompt and appropriate response.	<b>1</b> Strengthen corporate risk management throughout the Toray Group and mitigate risks	<b>1</b> Group companies implementing continuous review of risk management (%)
		<b>2</b> Instill greater risk management among employees by rolling out risk management education throughout the Toray Group	<b>2</b> Group companies implementing risk management education (%)
		<b>1</b> Respect for human rights and fair promotion based on ability throughout the Toray Group by eliminating discrimination based on race, gender, education, nationality, religion, and physical attributes  <b>[Related material issue for CSR]</b> <ul style="list-style-type: none"> <li>• Respecting for human rights</li> </ul>	<b>1</b> Group companies in Japan implementing human rights education and training (%) <b>2</b> Group companies that have achieved legally mandated employment rate of persons with disabilities (%) <b>3</b> Women in management positions (%)
		<b>2</b> Ensure work environments take into consideration employees' health and build a vibrant and rewarding workplace culture group-wide, working systematically to secure and train personnel  <b>[Related material issues for CSR]</b> <ul style="list-style-type: none"> <li>• Creating a positive workplace</li> <li>• Securing and developing human resources</li> </ul>	<b>4</b> Group companies that have adopted a medium-term human resource plan (%) <b>5</b> Number of core staff outside Japan who participate in training courses <b>6</b> Training expenditures per employee (yen) <b>7</b> Available annual paid leave used by employees (%)

1 "Toray Group" refers to Toray Industries, Inc. and Toray Group companies in and outside Japan. "Toray Group (Japan)" refers to Toray Group companies in Japan.

"Toray Group (Outside Japan)" refers to Toray Group companies outside Japan.

2 For key performance indicators with no numerical targets, the results will not be categorized by degree of success but will be disclosed and monitored.



	Reporting scope <sup>1</sup>	Targets <sup>2</sup>			Results		Implementation leader <sup>4</sup>
		Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2018	Degree of success <sup>3</sup>	
	① Toray Group	① 900 billion yen (fiscal 2019 target)			① 786.9 billion yen	① N.A.	<b>Koichi Abe</b> Executive Vice President, General Manager of Intellectual Property Division, Global Environment Business Strategic Planning Department, Life Innovation Business Strategic Planning Department, Technology Center, Toray Human Resources Development Center, Toray Industries, Inc.
	② Toray Group	② 270 billion yen (fiscal 2019 target)			② 223.0 billion yen	② N.A.	
	③ Toray Group	③ 59 million tons/day (fiscal 2019 target)			③ 46.80 million tons/day	③ N.A.	
	① Toray Group	① 8 times	① 8 times	① 8 times	① 8 times	① ○	<b>Yukichi Deguchi</b> Executive Vice President, General Manager of Corporate Strategic Planning Division, Quality Assurance Division, Legal & Compliance Division (Security Trade Administration Department), HS Business Development Department, Toray Industries, Inc.
	② Toray Group	② 90%	② 90%	② 90%	② 94.5%	② ○	
	③ Toray Group	③ 100%	③ 100%	③ 100%	③ 100%	③ ○	
	① Toray Group	① 0	① 0	① 0	① 0	① ○	<b>Yoshio Yamamoto</b> Director, General Manager of Legal & Compliance Division, Toray Industries, Inc.
	② Toray Group	② Audits: In fiscal 2018 at Toray and its group companies in Japan; in fiscal 2017 and 2019 at group companies outside Japan Percent that improved: 100% for all audits by the following fiscal year			② 100%	② ○	
	③ Toray Group	③ 100%	③ 100%	③ 100%	③ 100%	③ ○	
	① Toray Group	③ 100%	③ 100%	③ 100%	③ 100%	① ○	<b>Yukichi Deguchi</b> Executive Vice President, General Manager of Corporate Strategic Planning Division, Quality Assurance Division, Legal & Compliance Division (Security Trade Administration Department), HS Business Development Department, Toray Industries, Inc.
	② Toray Group	② 60%	② 80%	③ 100%	③ 100%	② ○	
	① Toray Group	① 100%	① 100%	① 100%	① 100%	① ○	<b>Shigeki Taniguchi</b> Vice President, General Manager of Personnel & Industrial Relations Division, Toray Industries, Inc.
	② Toray Group (Japan)	② 100%	② 100%	② 100%	② 50%	② △	
	③ Toray	③ N.A.	③ N.A.	③ N.A.	③ 4.9%	③ N.A.	
	④ Toray Group	④ 100%	④ 100%	④ 100%	④ 100%	④ ○	
	⑤ Toray Group (Outside Japan)	⑤ N.A.	⑤ N.A.	⑤ N.A.	⑤ 320	⑤ N.A.	
	⑥ Toray	⑥ N.A.	⑥ N.A.	⑥ N.A.	⑥ 90,261 yen	⑥ N.A.	
	⑦ Toray	⑦ N.A.	⑦ N.A.	⑦ N.A.	⑦ 89.7%	⑦ N.A.	

3 The degree of success is defined as follows:

○ means the target was fully met; △ means the target was 50% met or better; and × means the target was less than 50% met. "N.A." means no targets were specified for the fiscal year under review.

4 Names and job titles of implementation leaders are current as of June 25 2019.

5 The impact on the environment was extremely minor. For more information, please refer to the "Environmental Risk Management" page in the "Safety, Accident Prevention, and Environmental Preservation" section.

	CSR Guidelines	CSR Road Map goals	Key performance indicators
Social Initiatives	<b>4 Product Safety and Quality</b>  Provide safe, highly reliable products by striving to enhance management systems for product safety and quality assurance, and disclose appropriate information.	<b>1</b> Achieve zero product accidents <b>[Related material issue for CSR]</b> • Ensuring product safety and quality	<b>1</b> Number of product accidents
	<b>9 Facilitating CSR Initiatives Throughout the Supply Chain</b>  Promote CSR initiatives in areas including environmental preservation and human rights throughout the entire supply chain by working closely with suppliers, processing vendors, customers and distribution companies.	<b>2</b> Enhance the group-wide framework for product safety and quality assurance	<b>2</b> Group companies implementing product safety and quality assurance education (%)
		<b>1</b> To ensure socially responsible procurement by the Toray Group, request major suppliers and business partners to practice CSR and work with suppliers to promote greater awareness of human rights, social, and environmental issues <b>[Related material issue for CSR]</b> • Managing social and environmental impact of suppliers	<b>1</b> Number of group companies that have requested their suppliers to practice CSR
			<b>2</b> Number of business partners that Toray Group companies have requested to practice CSR (cumulative)
			<b>3</b> Reduction in CO <sub>2</sub> emissions per unit of sales from distribution activities (year-on-year)
	<b>6 Communication</b>  Disclose corporate information in an active, fair and straightforward manner, and encourage dialogue and cooperation with stakeholders including employees, stockholders, investors, business partners, consumers, local communities, non-profit organizations, government and administrative agencies, mass media, analysts, and other parties.	<b>1</b> Promote dialogue and collaboration with stakeholders in accordance with the Basic Policies to Promote Dialogue with Stakeholders	<b>1</b> Number of corporate website page views (per month)
		<b>2</b> Reflect results of dialogue and collaboration with each stakeholder group in management activities in a timely and appropriate manner	<b>2</b> Group companies that have their own websites (%)
			<b>3</b> Number of news releases
			<b>4</b> Number of responses to investor inquiries
			<b>5</b> Number of meetings with employees or labor unions
		<b>10 Social Contribution Activities</b>  Proactively participate in local communities and the larger society in order to contribute to development in a way befitting a good corporate citizen.	<b>1</b> Pursue ongoing social initiatives throughout the Toray Group in the priority areas of “science and technology promotion,” “environment and communities,” and “health and welfare.”
		<b>2</b> Number of persons reached through educational initiatives in these key fields	
Environment	<b>3 Safety, Accident Prevention, and Environmental Preservation</b>  Ensure the safety and health of society and employees, and protect the environment in all business processes, from procuring raw materials and manufacturing to the supply and disposal of products	<b>1</b> Clarify and fully comply with essential safety guidelines, and encourage employees to think carefully before taking action to prevent accidents <b>[Related material issue for CSR]</b> • Ensuring safety and disaster preparedness	<b>1</b> Number of major accidents
		<b>2</b> Reduce environmental impact by working to fulfill the Fifth Medium-Term Environmental Plan (achieve targets by fiscal 2020) <b>[Related material issues for CSR]</b> • Addressing substances with negative environmental impact • Addressing resource and energy issues • Reducing greenhouse gas emissions	<b>2</b> Achieve world’s best standard for safety management (not exceeding 0.05 frequency rate for occupational accidents resulting in lost work time)
			<b>3</b> Number of fire and explosion accidents
			<b>4</b> Number of environmental accidents
			<b>5</b> Reduction of atmospheric VOC emissions (%)
		<b>3</b> Pursue environmental preservation on the basis of policies on water resources and biodiversity <b>[Related material issues for CSR]</b> • Initiatives for managing water resources • Conserving biodiversity	<b>6</b> Waste recycling rate (%)
			<b>7</b> Reduction of greenhouse gas emissions per unit of sales (%)
			<b>8</b> Water usage per unit of sales (%)
			<b>9</b> Number of companies and plants developing greenery policy and plan

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 “Toray Group (Outside Japan)” refers to Toray Group companies outside Japan.

2 For key performance indicators with no numerical targets, the results will not be categorized by degree of success but will be disclosed and monitored.



	Reporting scope <sup>1</sup>	Targets <sup>2</sup>			Results		Implementation lead <sup>4</sup>
		Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2018	Degree of success <sup>3</sup>	
	① Toray Group	① 0	① 0	① 0	① 1	① ×	<b>Yukichi Deguchi</b> Executive Vice President, General Manager of Corporate Strategic Planning Division, Quality Assurance Division, Legal & Compliance Division (Security Trade Administration Department), HS Business Development Department, Toray Industries, Inc.
	② Toray Group	② 100%	② 100%	② 100%	② 100%	② ○	
	① Toray Group	① 40 or more (fiscal 2019 target)			① 150	① ○	<b>Osamu Tsuneki</b> General Manager, Purchasing & Logistics Division, Toray Industries, Inc.
	② Toray Group	② N.A.	② N.A.	② N.A.	② 5,294	② N.A.	
	③ Toray Group (Only specified consigners in Japan)	③ 1%	③ 1%	③ 1%	③ 1.5%	③ ○	
	④ Toray	④ 40% (fiscal 2019 target)			③ 29%	④ △	
	① Toray Group	① 1.5 million page views	① 1.5 million page views	① 1.5 million page views	① 1.56 million page views	① ○	<b>Hideki Hirabayashi</b> Vice President, Chief CSR Officer, Chief Legal & Compliance Officer, Director, General Administration & Communications Division; and General Manager, Tokyo Head Office, Toray Industries, Inc.
	② Toray Group	② Japan: 70%, outside Japan: 100%	② Japan: 80%, outside Japan: 100%	② Japan: 90%, outside Japan: 100%	② Japan: 100%, outside Japan: 100%	② ○	
	③ Toray Group	③ 200	③ 200	③ 200	③ 180	③ △	
	④ Toray Group	④ N.A.	④ N.A.	④ N.A.	④ 560	④ N.A.	
	⑤ Toray Group	⑤ N.A.	⑤ N.A.	⑤ N.A.	⑤ 14	⑤ N.A.	
	① Toray Group	① At least as much as fiscal 2011-2016 average	① At least as much as fiscal 2011-2016 average	① At least as much as fiscal 2011-2016 average	① 124%	① ○	<b>Hideki Hirabayashi</b> Vice President, Chief CSR Officer, Chief Legal & Compliance Officer, Director, General Administration & Communications Division; and General Manager, Tokyo Head Office, Toray Industries, Inc.
	② Toray Group	② 15,000 or more	② 15,000 or more	② 15,000 or more	② 15,759	② ○	
	① Toray Group	① 0	① 0	① 0	① 0	① ○	<b>Kazuyuki Adachi</b> Senior Vice President, General Manager of Manufacturing Division, Textile Technology & Production Division, Toray Industries, Inc.
	② Toray Group	② No more than 0.05	② No more than 0.05	② No more than 0.05	② 0.28	② ×	
	③ Toray Group	③ 0	③ 0	③ 0	③ 2	③ ×	
	④ Toray Group	④ 0	④ 0	④ 0	④ 1 <sup>5</sup>	④ ×	
	⑤ Toray Group	⑤ At least 70% lower than fiscal 2000	⑤ At least 70% lower than fiscal 2000	⑤ At least 70% lower than fiscal 2000	⑤ 72%	⑤ ○	
	⑥ Toray Group	⑥ At least 86%	⑥ At least 86%	⑥ At least 86%	⑥ 85.7%	⑥ △	
	⑦ Toray Group (Japan)	⑦ At least 15% lower than fiscal 1990	⑦ At least 15% lower than fiscal 1990	⑦ At least 15% lower than fiscal 1990	⑦ 30%	⑦ ○	
	⑧ Toray Group	⑧ No more than 61% of 2001 level	⑧ No more than 61% of 2001 level	⑧ No more than 61% of 2001 level	⑧ 51%	⑧ ○	
	⑨ Toray Group	⑨ At least 45	⑨ At least 50	⑨ At least 55	⑨ 54	⑨ ○	

<sup>3</sup> The degree of success is defined as follows:

○ means the target was fully met; △ means the target was 50% met or better; and × means the target was less than 50% met. "N.A." means no targets were specified for the fiscal year under review.

<sup>4</sup> Names and job titles of implementation leaders are current as of June 25 2019.

<sup>5</sup> The impact on the environment was extremely minor. For more information, please refer to the "Environmental Risk Management" page in the "Safety, Accident Prevention, and Environmental Preservation" section.

## External Evaluation

### Evaluations from the Perspective of Socially Responsible Investment

Toray Industries, Inc. was included in the following SRI indices as of the end of August 2019.

#### Dow Jones Sustainability Index Asia Pacific

Toray Industries is included in the Asia Pacific Index of the Dow Jones Sustainability Indices (DJSI), an SRI index administered by U.S.-based Dow Jones and Switzerland-based RobecoSAM.



#### FTSE4Good Index and FTSE Blossom Japan Index

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



#### MSCI ESG Indexes

Toray Industries is included in the MSCI ESG Indexes. MSCI provides institutional investors (from pension funds to hedge funds) across the globe with various tools to support investment decisions.

Note: The inclusion of Toray Industries in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names on this page is not an indication that MSCI or its affiliates endorse, warrant or promote Toray Industries. MSCI, MSCI Index names, and logos are trademarks or service marks and are the exclusive property of MSCI or its affiliates.

## Ethibel Pioneer & Excellence

Toray Industries is included in the Ethibel Pioneer and Ethibel Excellence investment registers of Forum Ethibel, a Belgian non-profit organization that promotes socially responsible investment.



## External Evaluation of Information Disclosure to Investors

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In the "Investor Relations" section of its corporate website, Toray Industries provides information about its financial results and management policies and strategies for stockholders and investors. In an effort to disclose information fairly, the Company promptly posts financial data and presentation materials, including English translations, used in its briefings for institutional investors. In fiscal 2018, Toray's publications were evaluated externally by a number of organizations, as shown below.

Organization details	Evaluations
Daiwa Investor Relations Co., Ltd.	Award for outstanding website in 2018
Nikko Investor Relations Co., Ltd.	Most outstanding site in overall completeness (top in textile and apparel sector), in a ranking of listed company websites in 2018
GOMEZ	Silver Prize (top in textile sector) in IR Site Ranking 2018