



Focusing On
Sustainable
Development

CSR Annual Report 2004

April 1, 2003—March 31, 2004

TORAY
Toray Industries, Inc.

Backgrounder

We at the Toray Group are proud to present our CSR Annual Report 2004 to provide you with an overview of our corporate social responsibility (CSR) initiatives and achievements during the fiscal year ended March 2004 (FY Mar/04).

Toray, in a move to disclose information about the environmental efforts made in conjunction with business activities of the Toray Group, has published environmental reports since 1999. Amid growing interest in corporate social responsibility—a broader concept extending to community service as well as to the environment—we decided as of this year to change the report's name to the CSR Annual Report and to broaden its scope to include our work to contribute to the public good in the social (i.e., community-service) and economic spheres.



In addition to looking at the manufacturing companies of the Toray Group in Japan and abroad from an environmental perspective (as did our previous environmental reports), this new report further focuses on the social-contribution initiatives of Toray Industries.

This report has been prepared in conformity with the Environmental Reporting Guidelines 2003 published by Japan's Ministry of the Environment and the Sustainability Reporting Guideline 2002 of the Global Reporting Initiative; it also complies with the Responsible Care Codes of Practice.

We hope the report will be widely read by all our stakeholders—customers, those living and working near our business locations, shareholders and investors, business partners and suppliers, NGOs, rating agencies, research institutions, the media, and employees—so that they may gain an accurate appreciation for our CSR work.

Published: September 2004

Information available on our website

Home page: <http://www.toray.com>

Environmental initiatives: <http://www.toray.com/environment/index.html>

Investor relations: <http://www.toray.com/ir/index.html>



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Contributing to society is a key reason for Toray's existence and a duty of its management



The Toray Group has pursued its management reform program, "Project New Toray 21" (Project NT 21), over the past two years in an effort to transform into a new Toray for the 21st century. As a result of achieving our goals one year ahead of schedule, we embarked in April on a new mid-term business plan, "Project NT-II," as the second stage of reform based on the results of Project NT21 with the aim of building Toray into a vigorous and highly profitable corporate group.

Through Project NT-II, we seek to increase earnings in existing businesses while expanding and strengthening Toray Group businesses involved in advanced materials. We are also stepping up corporate social responsibility (CSR) efforts and initiatives as a priority management issue, including efforts to promote safety, accident prevention, and environmental preservation and ensure compliance with corporate ethics as well as laws and regulations. The pursuit of earnings growth and CSR are closely interrelated, and I believe a management approach that emphasis these two goals can meet the expectations of all our stakeholders.

The products of the Toray Group are intended to help reduce energy and resource consumption, promote recycling, and prevent global warming with a view to preserving and improving the global environment, and we prioritize investment in our research and development capabilities in order to develop process technology for minimizing the burden on the global environment. We aspire to be a corporate group that contributes to society through the advanced materials we develop. Furthermore, in Japan and the other countries in which we operate, we feel a sense of gratitude to the local communities for using their resources, and we are

working to give back to these communities by actively supporting the advancement of science and technology, art and culture, and sports and other activities.

The current CSR Annual Report expands on our previous environmental report to provide a more detailed explanation of the Company's CSR work. This represents one achievement of the CSR Committee launched in November 2003. Similar to our environmental disclosure efforts, we plan to continue expanding and improving the information available about our social engagement.

The Toray Group is guided by its Corporate Philosophy of "contributing to society through the creation of new value by innovative ideas, technologies, and products," and we consider social contributions to be a key reason for our existence. We will continue to do our best with a keen awareness of management's duty to realize this philosophy.

In conclusion, I would like to express my sincere thanks for your interest in the Toray Group and request your continued support and understanding.

Sadayuki Sakakibara

A handwritten signature in black ink, appearing to read "Sadayuki Sakakibara". The signature is fluid and cursive, written over a white background.

President, CEO and COO,
Representative Director
Toray Industries, Inc.
September 2004

Toray Group Profile

(As of March 31, 2004)

The Toray Group continually strives to develop technological capabilities essential to manufacturing industries and to realize its Management Philosophy by playing a leading role in these times.

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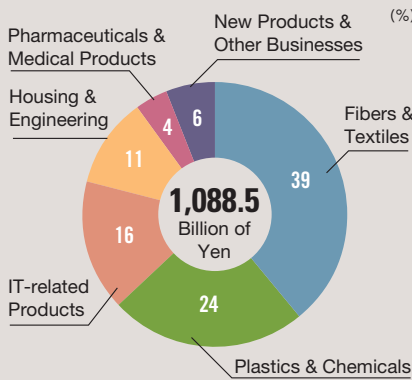


The Toray Group is creating new environmentally friendly materials and products through advanced research and technological development based on our three core technologies of organic synthetic chemistry, polymer chemistry, and biochemistry. In manufacturing these products, we are employing production technologies to reduce the burden on the global environment, maintaining strict quality control, and contributing to society by making life safe and comfortable.

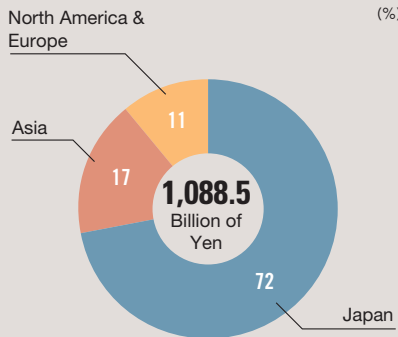
Established: January 1926
Capital: ¥96,937,230,771
Consolidated subsidiaries: 164
 (Domestic: 92, overseas: 72)
Employees: 32,910
 (Toray and consolidated subsidiaries)

Earnings Overview (FY Mar/04) (M¥)	
Net sales	1,088,501
Operating income	56,792
Ordinary income	51,602
Net income	20,908

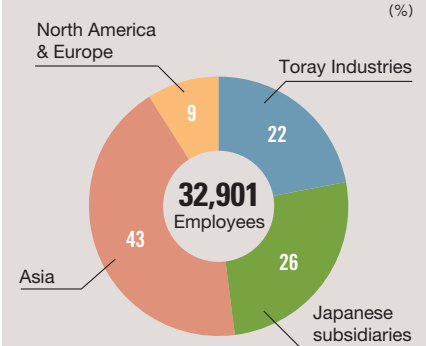
NET SALES BY BUSINESS SEGMENT (%)



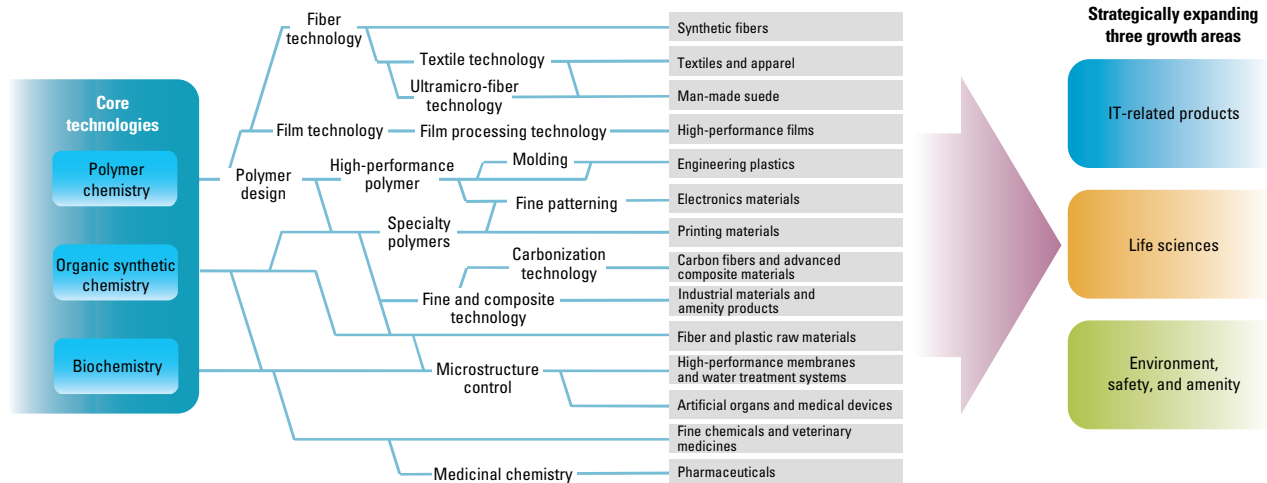
NET SALES BY GEOGRAPHIC SEGMENT (%)



EMPLOYEES BY GEOGRAPHIC SEGMENT (%)



Toray Technology Flow



Management Philosophy

The Toray Group established its Management Philosophy as a unified set of guidelines on how to conduct itself as a corporation in order to achieve significant advances in the 21st century and gain widespread recognition as an excellent company. This Management Philosophy is comprised of three parts—the Company's Corporate Philosophy, its Corporate Missions, representing a basic management approach based on the Corporate Philosophy, and its Guiding Principles to provide guidelines to be followed by all employees in their everyday activities.

“Project NT-II” Mid-Term Management Issues

The Toray Group launched "Project New Toray 21" (Project NT21) in FY Mar/03 as a management reform program intended to transform the group into a new Toray for the 21st century. This reform program sought structural reinforcement and a defensive management posture with a view to "quickly improving profits through radical steps to strengthen corporate structure based on a shared sense of crisis." We achieved our initial three-year goals one year ahead of schedule.

In an effort to build on the results of Project NT21 and establish a highly profitable corporate structure, we launched "Project NT-II" in April 2004 as a new mid-term management plan with the aim of developing as a corporate group capable of steadily generating profits befitting an outstanding company.

Project NT-II adopts an offensive management posture with reforms designed to "develop a highly profitable corporate group through constant reinforcement of the corporate structure and further reform of the business structure." At the same time, it also calls for stepping up our CSR engagement to maintain a high social status.

Management Philosophy

Corporate Philosophy

Contributing to society through the creation of new value by 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 our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen to build a long-lasting, beneficial partnership with the local communities in which we do business

Guiding Principles

- Safety and environment: Placing top priority on safety, accident prevention, and environmental preservation, always ensuring the safety and health of our employees, our customers, and society
- Customer satisfaction: Making full use of our technology and wisdom to remain ahead of the times and ensuring greater customer satisfaction
- International competitiveness: Increasing the competitiveness of our products and services in quality, cost, and value-in-use, thereby assuring our continued growth in global markets
- Global teamwork: Joining together in mind and spirit to realize our combined strengths as the Toray Group active on the global stage
- Identify and self-improvement: Solving the task before us through self-improvement efforts, recognizing the role and identity expected of us from the Company and society
- Meaning in work: Creating an optimal corporate climate for fully motivating our employees and enabling every area of our organizations to function effectively, while sharing the joy of achieving goals in a challenging environment
- Fairness and sincerity: Behaving fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society

[Adopted: April 1995]

Main “Project NT-II” Action Points

Develop innovative attitudes and ideas reinforce corporate structure	Management issues from a "defensive" perspective	1. Develop innovative attitudes and ideas—Revitalize organization, promote CSR <ul style="list-style-type: none"> • Give depth to new attitudes • Improve quality of human resources • Emphasize CSR, etc. 2. Reinforce corporate structure—Strengthen global competitiveness <ul style="list-style-type: none"> • Reduce total cost • Strengthen production capabilities, etc. 3. Reshape style of management <ul style="list-style-type: none"> • Reform management systems, etc.
Expand revenues and profits through reform of the business structure	Management issues from both "defensive" and "offensive" perspectives	4. Reform corporate structure <ul style="list-style-type: none"> • Marketing innovation • Integrate, consolidate, and reorganize subsidiaries and affiliates; promote strategic alliances and M&A • Roll back or turn around loss-generating businesses and companies • Institute comprehensive profit management by product • Promote "New Value Creator" • Strategically promote TOREX® brand
	Management issues from an "offensive" perspective	5. Expand advanced materials businesses <ul style="list-style-type: none"> • Shift the allocation of managerial resources toward advanced materials businesses, etc. 6. Expand and reinforce global No.1 businesses <ul style="list-style-type: none"> • Expand No. 1 and only 1 businesses in which Toray leads by having top market share or being the only player 7. Expand businesses outside Japan <ul style="list-style-type: none"> • Strengthen ASEAN businesses • Expand businesses in China and South Korea • Expand businesses in the U.S. and Europe

Advance to become a global, highly profitable corporate group

Management Structure

Toray seeks a management approach that embodies its Management Philosophy and is well suited to the times to maintain the trust of society it has earned thus far.

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Corporate Governance

The Toray Group's basic stance toward corporate governance can be summarized as providing dependable, trustworthy management and maintaining the trust of society by acting with fairness, high ethical standards, and a sense of responsibility. We have created a management structure to achieve these objectives.

• Role of Directors and Auditors

Toray's Board of Directors is comprised of 30 directors and its Board of Corporate Auditors is comprised of 4 corporate auditors, including 2 outside auditors. Toray is a manufacturing company supplying basic materials to a wide range of industries, and this requires management to make a variety of judgements and decisions based on specialized knowledge of local operations. Consequently, we believe that fulfilling our management responsibilities requires business decision-making, oversight, and execution by directors with a full knowledge of the Company's business. We therefore do not employ outside directors.

Corporate auditors attend all important company meetings, including meetings of the Board of Directors, hold meetings with individual directors and departmental managers, and travel to conduct audits at offices, plants, and domestic and overseas subsidiaries and affiliates to ensure adequate oversight of the Company's business.

• Promoting a Dialogue with Stakeholders

Toray believes that holding a dialogue with stakeholders and building trusting relationships is also an important part of corporate governance. It also believes that promoting such a dialogue is tied to maintaining management transparency and achieving accountability.

As an example, we are making ongoing efforts to share information with labor unions and hold consultations on important matters through our Labor and Management Council and other forums. For our shareholders, even those with less than a single trading unit, we seek to disclose information directly regardless of whether they are in Japan or overseas by preparing business reports in both Japanese and English. We update our website frequently to make the latest information about the Company quickly available. We also avoid holding our general stockholders meeting on the same day as many other companies, send out stockholders meeting invitations as early as possible, and affix a seal to the reply postcards to protect personal information. Through these and other efforts, we give the utmost consideration to protecting the rights of our stockholders.

Further, we are focusing on communications activities to foster media coverage. In addition to disclosing information based on our Information Disclosure Principles, we update our website daily and work to publish up-to-date information frequently.

Compliance with Nippon Keidanren's Charter of Corporate Behavior

Toray is a member of Nippon Keidanren and strictly complies with its Charter of Corporate Behavior. This charter was revised in May 2004 based on a CSR perspective. The charter can now effectively be considered a CSR Charter as a result of this revision, and Toray recognizes that corporate behavior based on this charter as a model is desirable.

Information Disclosure Principles

Toray operates on the basic principle of remaining an "open company" and we have established the following Information Disclosure Principles to achieve this objective. We are working toward voluntary and proactive disclosure while preventing leaks of confidential information.

Information Disclosure Principles

1. Do not conceal, overlook, or lie about the facts
2. Voluntarily and proactively respond to requests from society
3. Disclose information as quickly as possible
4. Release information impartially and simultaneously both within and outside the company
5. The departments responsible for disclosure shall maintain strict information management until disclosure based on the foregoing principles

Risk Management

There has been a series of problems related to the crisis management capabilities of companies in recent years. Toray established company-wide Crisis Management Regulations in January 2004 and has prepared mechanisms for both normal times and the outbreak of a crisis. In addition to reducing risk and preventing crisis during normal times, in the event of a major crisis occurring, we seek to prevent escalation and to quickly control and normalize the situation through a prompt and precise response.

Corporate Ethics and Compliance

The Toray Group upholds fairness and sincerity as one of the Guiding Principles in its Management Philosophy, and it has created a framework to achieve its expressed commitment to “behaving fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society.”

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Responsibility and Performance System

We formed the Corporate Ethics Committee as a company-wide committee chaired by the president in 1997, and established the Compliance Committee, also chaired by the president, as a subordinate organization in 2002.

The Corporate Ethics Committee is comprised of all company directors and the chair of the labor union, and it deliberates on policies related to corporate ethics and the employee code of conduct while promoting effective efforts with labor and management working together. The Compliance Committee is comprised mainly of front-line section managers and its activities focus on facilitating direct communication between top management and section managers.

We also have compliance committee members and have established compliance committees in all divisions, and offices and plants for discussing a variety of measures while carrying out locally-based activities.

Corporate Ethics and Compliance Code of Conduct

In an effort to promote corporate ethics and legal and regulatory compliance, we prepared the Corporate Ethics and Compliance Handbook as

a set of guidelines that all of the Company's executives and employees should keep in mind in their daily activities. This handbook was distributed to all executives and employees in October 2003.

This handbook contains our Corporate Ethics and Compliance Code of Conduct, which provides specific rules of conduct for ensuring compliance during a variety of corporate activities both in Japan and overseas. All executives and employees are to perform their daily tasks while making their best effort to comply with these rules.

Reporting (Consultation) Route

If employees witness any illegal activity, violation of internal company rules, or deviation from social norms, they should first report the incident to their direct superior, but should this be difficult, they can consult with a member of the Compliance Committee.

Employees can also report or consult directly with the vice chair of the Compliance Committee using a dedicated phone line or by e-mail.

Further, the Executive Meeting comprised of representative directors accepts a broad range of proposals and opinions from employees as well as information concerning corporate ethics and compliance.

Corporate Ethics and Compliance Code of Conduct

1) Contribute to society

As a company aspiring to be a New Value Creator, 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.



Booklets distributed to all executives and employees

- Corporate Ethics and Compliance Handbook
- Corporate Ethics and Compliance Handbook (Abridged Edition)
- Corporate Ethics and Compliance Mini Handbook

Corporate Social Responsibility

The Toray Group has worked to fulfill its social responsibilities while conducting its corporate activities. Led by the CSR Committee, we will continue in this commitment while emphasizing the perspectives of our stakeholders.

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Basic Approach

The Toray Group established its Corporate Missions to help realize its Corporate Philosophy of "contributing to society through the creation of new value by innovative ideas, technologies, and products." In accordance with these Corporate Missions, we are working to provide new value and high-quality products and services to our customers, new opportunities for self-development in a challenging environment to our employees, dependable and trustworthy management to our shareholders, and beneficial partnerships with the local communities in which we do business.

• Corporate Culture of Contributing to Society

Our basic stance of contributing to society has been a corporate objective since Toray Industries was founded, and it is reflected in our management practices through our Company Creed and Corporate Philosophy and has become a well established part of our corporate culture. Social contributions are the result of our business activities as well as the judgements and actions of our executives and employees. Our stance as a manufacturing company of prioritizing safety, accident prevention, and environmental preservation is the starting point for our coexistence with society. Additionally, during major disasters many of our employees have

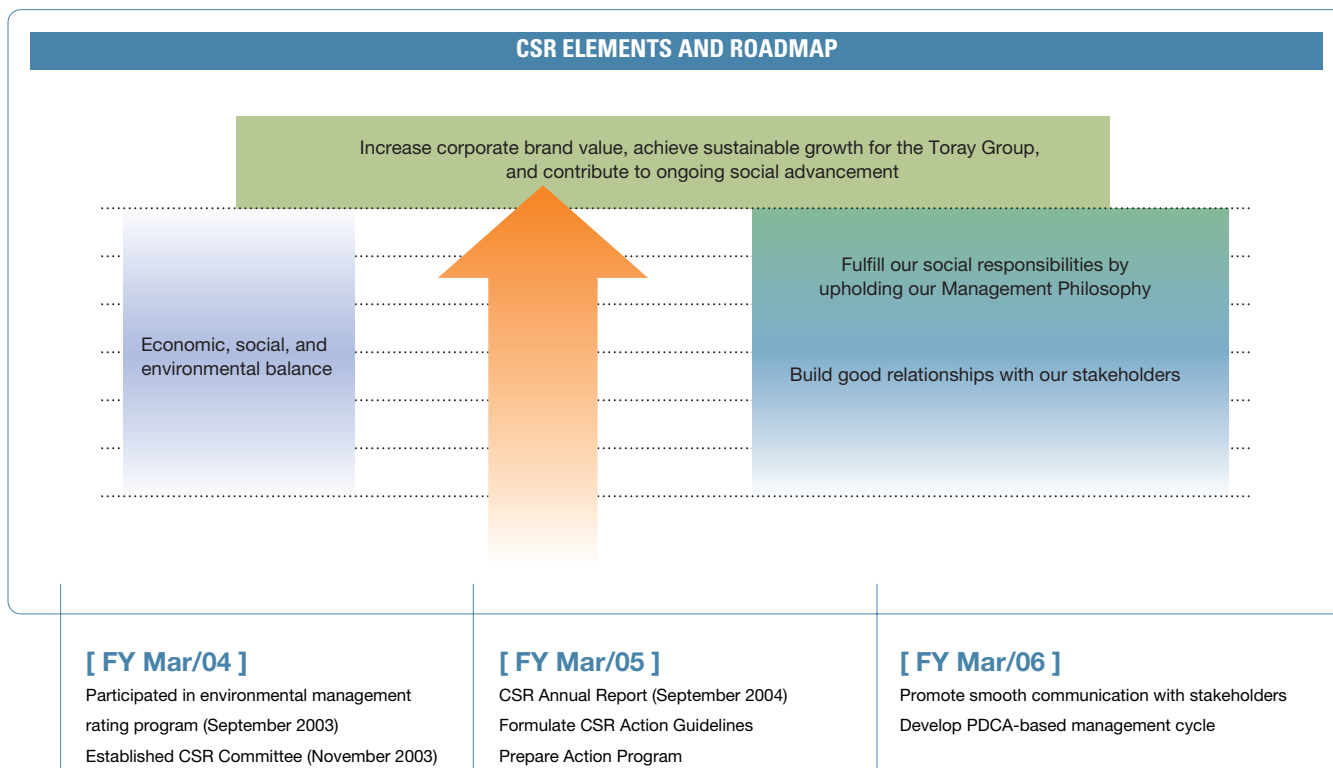
gone to the afflicted areas on their days off to volunteer, which shows that contributing to society is firmly established as part of our corporate culture.

• Starting by Opening the Company

We launched our CSR promotion efforts by participating in the environmental management rating program of the Sustainable Management Rating Institute starting in 2003. From the points indicated during the rating process we learned that the Toray Group was already sufficiently fulfilling its social responsibilities, but we also found some matters that were not in accordance with clearly expressed rules and the PDCA management cycle as well as some items that were difficult to understand from the outside. Amid growing calls for corporate transparency and accountability, we believe in promoting CSR based on making internal reforms in accordance with outside perspectives.

While evaluating our corporate behavior from the perspective of our stakeholders, pursuing our business activities, and building relationships with stakeholders, we also aspire to increase our corporate and brand value, achieve sustainable growth for the Toray Group, and contribute to ongoing social advancement.

◆ See page 55 for the evaluation results of our environmental management rating.



Establishment of the CSR Committee

We established the CSR Committee as a company-wide committee under the direct authority of the president and chaired by the vice president in November 2003. Additionally, Project NT-II, our new mid-term management issues launched in April 2004, calls for "strengthening and promoting CSR, starting with efforts to uphold corporate ethics and comply with laws and regulations."

• Work of the CSR Committee

The CSR Committee is pushing ahead in pursuit of two objectives. The first is to identify new management tasks concerning relations with each stakeholder group from the outside perspective of society, and then tie these to specific production line efforts. The second objective is to follow up on these efforts, realign the company's thinking with respect to actual conditions, and provide straightforward explanations.

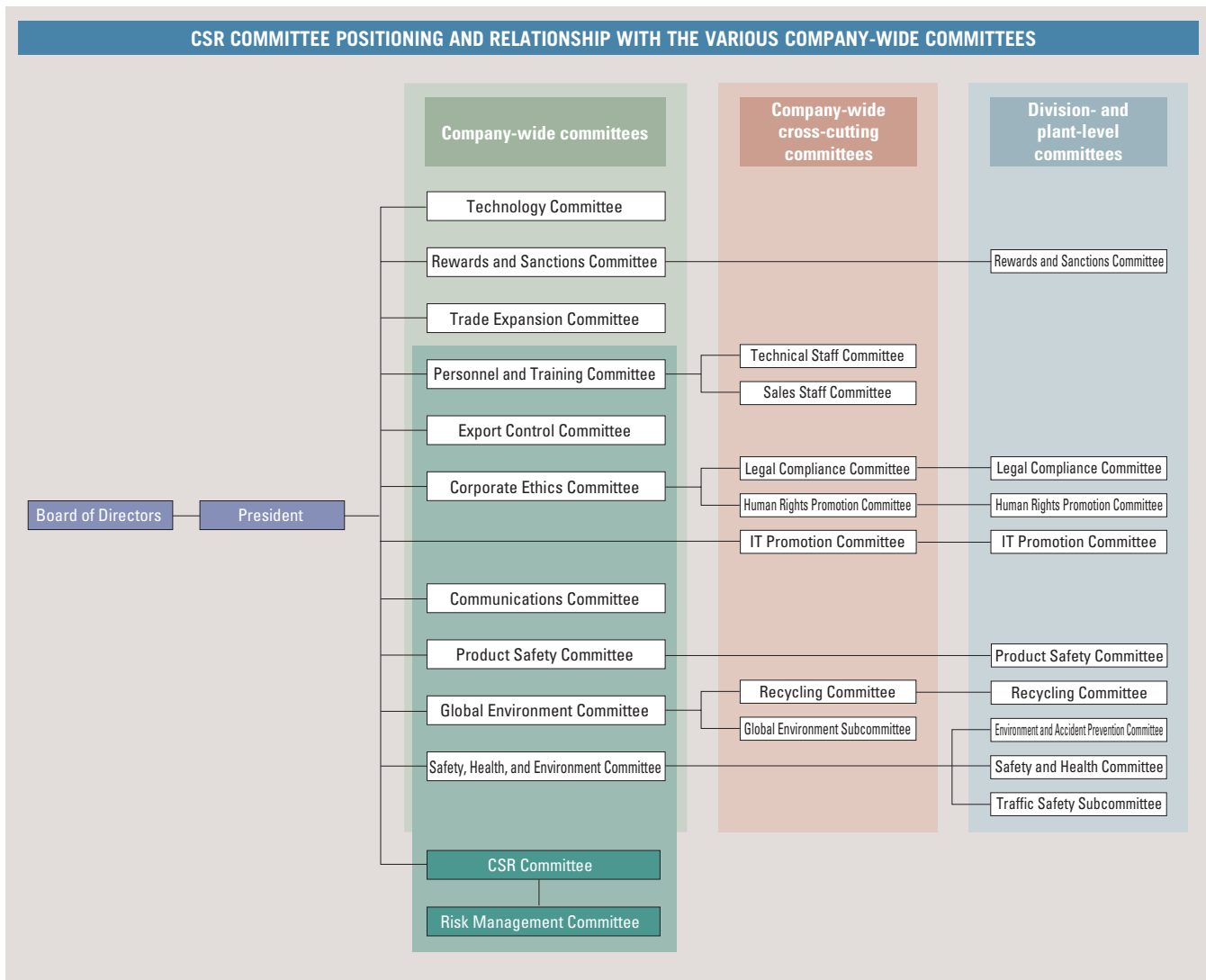
The committee has overhauled the previous environmental report and relaunched it as the CSR Annual Report starting this year. Going forward, it is also focusing on the issues of environmental management ratings and social responsibility investment.

• Positioning of the CSR Committee

Toray currently has 10 company-wide committees and the CSR Committee is positioned as a cross-cutting committee linking our main company-wide committees. The CSR executive meeting, comprised of the executives with portfolio for CSR, the Secretariat Meeting, comprised of the secretariats of the respective company-wide committees, will lead in the advancement of CSR efforts.

• Proceedings of the CSR Committee

At its first meeting in April 2004, the CSR Committee confirmed its direction and unveiled plans for each responsible department to improve on the problems identified by the environmental management rating. The CSR Committee held its second meeting in July, where it reported on actions to address issues identified in an outside questionnaire as well as on an exhaustive examination of the Company's efforts in response to Nippon Keidanren's Implementation Guideline for its Charter of Corporate Behavior. At the third meeting scheduled for December, the committee will prepare CSR Action Guidelines and an Action Program for the Toray Group in accordance with Nippon Keidanren's Charter of Corporate Behavior.



Topics

Toray views the promotion of communication as an important management issue. We are actively releasing information and have established opportunities to partner with our various stakeholders.

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Exhibit at Eco-products 2003

Toray exhibited at Eco-products 2003 at the Tokyo Big Site in December 2003. This allowed us to showcase our environmental engagement, fiber and textile recycling techniques, clean energy products, air purification products, water purification and pollution prevention products, and fiber and textile products that use non-petroleum based raw materials. We also introduced the environmental improvement efforts of the Toray Group as well as relevant technologies and products.



Eco-products 2003



Exhibit at the Environment & Welfare Business Fair in Kumamoto

Toray exhibited at the Environment & Welfare Business Fair in Kumamoto held in Kumamoto Prefecture in February 2004. We introduced fiber and textile products that use non-petroleum based raw materials, fiber and textile recycling techniques, and water treatment technologies and products. We also displayed nursing care materials and products based on unique technology.



Ribbon cutting ceremony at the Environment & Welfare Business Fair in Kumamoto with Kumamoto's governor Yoshiko Shiotani in attendance (woman in center)



Environment & Welfare Business Fair in Kumamoto

Ten Year Anniversaries of Science Foundations in Malaysia, Thailand, and Indonesia

It has been 10 years since Toray established science foundations in Malaysia, Thailand, and Indonesia between 1993 and 1994 with the goals of fostering scientific and technological research in each country and encouraging the spread of science and technology. The 10-year anniversary events in Thailand and Indonesia featured a commemorative lecture by Professor Ryoji Noyori, recipient of the Nobel Prize in Chemistry.



Tenth presentation ceremony of the Indonesia Toray Science Foundation



Tenth presentation ceremony of the Thailand Toray Science Foundation



Tenth presentation ceremony of the Malaysia Toray Science Foundation

Osaka University Opens Branch Laboratory at New Frontiers Research Laboratories

Toray has allowed the Institute of Scientific and Industrial Research, Osaka University to establish a branch laboratory in the New Frontiers Research Laboratories, which opened in May 2003. There has been a growing trend in recent years to open joint research centers and facilities to offer donation-funded courses within universities, but this is the first example in Japan of a university opening a branch laboratory in the facilities of a private company such as Toray.

These activities are designed to promote research and personnel exchanges, improve the capabilities of the parties involved, and contribute to the nationwide advancement of science and technology through partnerships between major universities and national research institutions conducting basic research and industrial companies focusing on the development of industrial technologies.



New Frontiers Research Laboratories

Topics —Aiming for Environmentally Friendly Printing—

Does the publication have the Butterfly Logo? Waterless printing reduces the environmental burden and is used in a wide range of printed material, including packaging, books, pamphlets, catalogues, and films. Toray seeks to make waterless printing the norm throughout the world.

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Toray Seeks to Improve Printing Environments

Waterless planographic printing, which Toray developed in 1976, is a printing process that adopts a water development system during the development process and produces none of the high alkali developing solution (pH 12 or higher) that is generated in conventional printing. This process does not require the emission of volatile organic compounds into the atmosphere or discharge of waste liquid during cleaning, which makes it extremely friendly to the environment. The process is also useful in conserving paper resources because it reduces waste paper.

Consequently, this technology not only provides beautiful printing, but it can also be used for a wide range of general commercial publications such as catalogues, packaging, and films.

Toray recommends using waterless printing as a green standard within the company and it is working to expand waterless printing as a business. In response to rising CSR awareness, a growing number of companies are using waterless printing for their environmental reports and other printed material.

Toray is actively participating in the activities of the Waterless Printing Association in Japan and in printing equipment exhibitions in an effort to expand this environmentally friendly printing method.

	Materials	Conventional planographic printing	Waterless printing
Printing plate	Developing chemicals		Completely reusable with no degradation
	Recovered waste liquid		None
Printing	Etching solution & isopropyl alcohol		None
	Paper (waste paper)		Lower waste paper ratio
	Dampening roller* replacement		None

*Dampening rollers are used to supply dampening water during conventional planographic printing. They are not required for waterless printing.

Customer Statement

Kyueisha began offering waterless printing 18 years ago, but over the past 4 to 5 years, orders for environmentally friendly printing by major corporations have increased, and demand for the Butterfly Logo to indicate waterless printing has also risen as part of this trend. To help contribute to improving the environment, Kyueisha is working to introduce waterless printing by actively exhibiting at environmental exhibitions and other forums.

Hisayoshi Tabata
President, Kyueisha Co., Ltd.



Kyueisha was the first Japanese company to receive Butterfly Logo certification. The Butterfly Logo indicates materials printed using waterless printing.

For more information about waterless printing:
<http://www.waterless-print.com/index.php>

Waterless printing consultation: +81-47-350-6047
(Toray's Graphic Systems Department, 2nd Sales Section)

WATERLESS PRINTING EXAMPLES: TORAY PRODUCTS



WATERLESS PRINTING EXAMPLES: OTHER COMPANIES' PRODUCTS



Chronology of Environmental, Safety, and Social Initiatives

Toray has maintained good relations between labor and management since its founding and has developed a corporate culture with a social emphasis. Company-wide safety, accident prevention, and environmental preservation efforts have also become deeply embedded in its corporate culture.

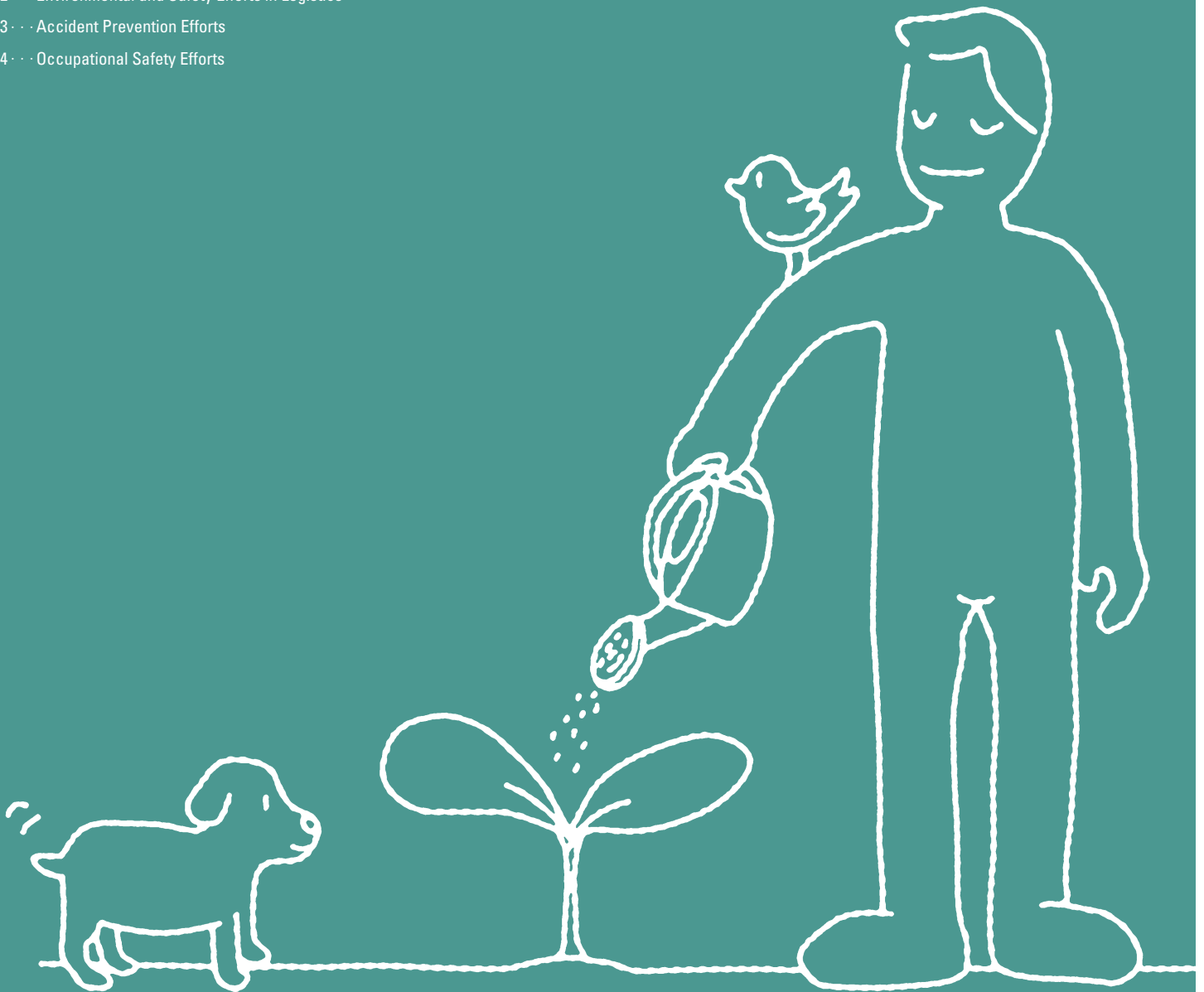
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Toyo Rayon Co., Ltd. founded	1926	
Toyo Rayon Health Insurance Association established	1940	
Toyo Rayon Labor Union Federation established	1946	
Monthly company magazine Toray Newsletter first published (name changed to People in April 1986)	1953	
Company creed "Toyo Rayon serves society" adopted	1955	
Pension plan established	1956	
Central Production Committee convenes (reorganized into the Labor and Management Council in 1965)	1958	
Toyo Rayon Science Foundation established	1960	
English annual report first published	1965	Accident Prevention Technology Section established (now the Environment & Safety Department)
Mandatory retirement age of 60 adopted	1966	
	1969	Environmental Pollution Prevention Committee established (now the Safety, Health, and Environment Committee)
Company name changed to Toray Industries, Inc.	1970	Environment Technology Section established at all Toray plants (now the Environment & Safety Section)
	1973	Environment Management Regulations and Basic Policy for Greening adopted; plant greening work started
Five-day workweek implemented	1974	Accident prevention and safety inspections of chemical plants started (expanded to all plants in 1984)
Childcare leave of absence system established		Occupational Safety and Health Management Regulations enacted
	1976	Accident Prevention and Safety Management Regulations enacted
	1979	Chemical Substance Safety Management Guideline enacted
Toray Welfare Society established	1980	Standard for the Prevention of Earthquake Disasters established
	1981	Energy Technology Department established
	1982	First Company-wide Grand Safety Meeting held, Product Safety Management Regulation enacted
	1983	First Energy Conservation Technology Presentation Meeting held
	1984	Environment, Accident Prevention, Safety, and Health Assessment system established at the equipment planning stage
		First Monday of each month established as company-wide Safety and Accident Prevention Day
Corporate Philosophy, "contributing to society through the creation of new value by innovative ideas, technologies, and products," adopted	1986	
English language version of company magazine People first published	1989	Mutual inspections of safety and accident prevention start at domestic subsidiaries and affiliates
Admitted into Keidanren's 1% Club	1990	First Grand Safety Meeting of Domestic Subsidiaries and Affiliates held
		Industrial Waste Reduction Project started
	1991	Global Environment Committee and Product Safety Committee established
		Global Environment Research Laboratory established (now Global Environment Research Laboratories)
Started shortening scheduled working hours with the goal of 1,800 hours	1993	Safety, health, accident prevention, and environmental audits start at Toray plants
Toray Science Foundations established in Indonesia and Malaysia		
Toray Science Foundation established in Thailand	1994	Safety, Health, Accident Prevention, and Environment Conference and Product Safety Conference created for domestic subsidiaries and affiliates
		Purchase and manufacturing use of certain chlorofluorocarbons abolished
Management Philosophy (Corporate Philosophy, Corporate Missions, and Guiding Principles) adopted	1995	Joined Japan Responsible Care Council as a founding member
Involved in establishing the Ecological Life and Culture Organization		Safety, health, accident prevention, and environmental audits start at overseas subsidiaries and affiliates
Toray Human Resources Development Center opens, Toray Europe Labor and Management Council established	1996	
Human Rights Promotion Committee established		
Corporate Ethics Committee established	1997	
	1998	Safety, health, accident prevention, and environmental audits start at domestic subsidiaries and affiliates
		Safety, Health, Accident Prevention, and Environment Conference and Product Safety Conference created for overseas subsidiaries and affiliates
	1999	Environmental Report published
		Second Waste Reduction Plan prepared
		Toray Group Domestic Grand Safety Meeting held (first Group meeting)
	2000	Three-Year Environmental Plan started, Ten Basic Environmental Rules adopted
		Toray Group Environmental Management Standards established, environmental accounting results for FY Mar/00 announced
		All 12 Toray plants acquire ISO14001 certification
	2001	Recycling Committee established
Compliance Committee established	2002	
CSR Committee established	2003	Second Three-Year Environmental Plan started
	2004	CSR Annual Report published

Environmental and Safety Work

- 14 · · · Environmental Policies and Action Plans
- 16 · · · Environmental and Safety Management Systems
- 18 · · · Environmental Risk Management
- 19 · · · Environmental Accounting
- 20 · · · Green Procurement and Purchasing
- 21 · · · Research and Technological Development
 - Contributing to the Global Environment
- 22 · · · Recycling Efforts
- 24 · · · Reducing the Environmental Burden of Business Activities
- 26 · · · Voluntarily Reducing Chemical Substance Emissions
- 28 · · · Preventing Global Warming and Protecting the Ozone Layer
- 29 · · · Preventing Air Pollution
- 30 · · · Preventing Water Pollution
- 31 · · · Reducing Wastes
- 32 · · · Environmental and Safety Efforts in Logistics
- 33 · · · Accident Prevention Efforts
- 34 · · · Occupational Safety Efforts



Environmental Policies and Action Plans

The Toray Group positions safety, accident prevention, and environmental preservation as priority management issues and we have developed a PDCA-based management cycle.

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Ten Basic Environmental Rules

The Toray Group considers environmental preservation a top priority and we have adopted our Ten Basic Environmental Rules to clarify our action guidelines, gain a broader understanding in society, and inform our employees and enhance environmental management.

TEN BASIC ENVIRONMENTAL RULES

1

Prioritize environmental preservation

We shall comply with all laws, regulations, and agreements in all of our business activities while placing the highest priority on environmental preservation in the manufacture, handling, use, sale, transport, and waste disposal of products.

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.

2

Prevent global warming

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

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.

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.

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.

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.

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.

5

Promote recycling

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

10

Share environmental information with society

We shall deepen mutual understanding of the Toray Group's 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.

(Adopted: January 2000)

Second Three-Year Environmental Plan

The Toray Group launched its First Three-Year Environmental Plan in FY Mar/01. As a result of largely achieving the plan's objectives by FY Mar/03, we embarked on our Second Three-Year Environmental Plan with even higher goals in FY Mar/04. We are working hard in a variety of areas to achieve the plan's targets in FY Mar/07. As indicated below in the results for FY Mar/04, Toray was able to achieve its reduction targets for dust emissions and landfill waste.

SECOND THREE-YEAR ENVIRONMENTAL PLAN			
Area	FY Mar/07 target	FY Mar/04 status	Reference page
Chemical substance control	Reduce atmospheric emissions of chemical substances Toray: (Compared to FY Mar/96) PRTR* Law substances: 80% reduction JCIA † PRTR substances: 70% reduction	PRTR Law substance emissions: 342 tons (68% reduction) JCIA PRTR substance emissions: 689 tons (55% reduction)	26
	Domestic subsidiaries and affiliates: (Compared to FY Mar/99) PRTR Law substances: 60% reduction JCIA PRTR substances: 60% reduction	PRTR Law substance emissions: 460 tons (42% reduction) JCIA PRTR substance emissions: 988 tons (42% reduction)	
	Overseas subsidiaries and affiliates: (Compared to 2000) PRTR Law substances: 30% reduction JCIA PRTR substances: 30% reduction	PRTR Law substance emissions: 546 tons (16% increase) JCIA PRTR substance emissions: 568 tons (16% increase)	
Global warming prevention	Energy conservation Toray: Annual 1% reduction in unit energy consumption Domestic subsidiaries† and affiliates: Annual 1% reduction in unit energy consumption	Toray: 2.9% reduction in unit energy consumption Domestic subsidiaries and affiliates: 1% reduction at 5 plants	28
	Reduce greenhouse gas emissions (compared to FY Mar/91) Toray: Reduce greenhouse gas emissions by 6% by FY Mar/09 Reduce CO ₂ emissions to 1990 levels by FY Mar/09	Toray: 8.4% increase in greenhouse gas emissions 11.3% increase in CO ₂ emissions	
Air quality	Toray: (Compared to FY Mar/99) SOx emissions: 40% reduction NOx emissions: 15% reduction Dust emissions: 40% reduction	SOx emissions: 3,251 tons (35% reduction) NOx emissions: 2,666 tons (6.7% reduction) Dust emissions: 182 tons (43% reduction)	29
Water quality	Toray: (Compared to FY Mar/99) BOD emissions: 20% reduction COD emissions: 20% reduction	BOD emissions: 1,296 tons (18% reduction) COD emissions: 942 tons (11% reduction)	30
Waste reduction	Toray: Total waste generated: 27% reduction over FY Mar/99 Landfill waste: 5% or lower of total waste generated Recycling rate: 95% or higher	Total waste generated: 4.5% increase Landfill waste: 4.4% Recycling rate: 91.4%	31
	Domestic subsidiaries and affiliates: Total waste generated: 20% reduction over FY Mar/99 Landfill waste: 5% or lower of total waste generated Recycling rate: 88% or higher	Total waste generated: 18% reduction Landfill waste: 5.1% Recycling rate: 86.9%	

* PRTR: Pollutant Release and Transfer Register

† JCIA: Japan Chemical Industry Association

‡ Type 1 energy control designated plants (15 plants)

Environmental and Safety Management Systems

The Toray Group is pursuing safety, health, accident prevention, and environmental preservation initiatives and efforts led by the Global Environment Committee, the Safety, Health, and Environment Committee, and the Product Safety Committee.

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Unified Management of the Toray Group

Toray established the Global Environment Committee, the Safety, Health, and Environment Committee, and the Product Safety Committee as company-wide committees intended to unify the management and promotion of the Group's safety, health, accident prevention, and environmental preservation efforts. These committees review the current status of safety, health, accident prevention, environmental preservation, and product safety across the entire Toray Group while deliberating and deciding on future action policies. We also use the Safety, Health, Accident Prevention, and Environment Conference for subsidiaries and affiliates as well as Product Safety Committees as forums to publicize the policies of the Toray Group as well as review and improve upon current conditions.

Responsible Care

Chemical substances are indispensable to modern society, but if handled improperly, they can have adverse effects on human health and the natural environment. We must therefore take measures to ensure these substances are handled appropriately. Responsible Care refers to voluntary and responsible actions taken by businesses that handle chemical substances and consists of safety, health, and environmental measures during the entire product cycle from development to manufacturing, distribution, use, and final disposal. Toray participated as a founding member in the Japan Responsible Care Council (JRCC) in 1995 and we have been involved in Responsible Care ever since. As part of our Responsible Care efforts, we are working to enhance communication with society by publishing our CSR Annual Report as well as Plant Environmental Reports for each of our manufacturing plants.

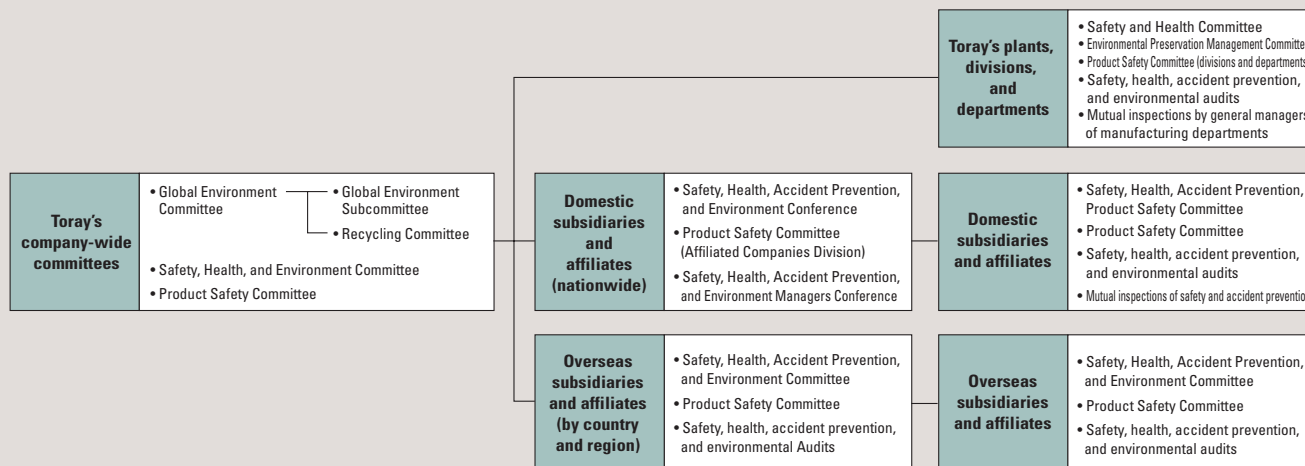
ISO14001

In the course of our Responsible Care efforts, we have been working to obtain certification for the ISO14001 international standard for environmental management systems. We had successfully obtained this certification for all 12 Toray plants by the end FY Mar/01. We have also gained certification for subsidiaries that place a large burden on the environment. In FY Mar/04, we newly obtained certification at 4 plants of 2 domestic subsidiaries and at 3 plants of 3 overseas subsidiaries, and at the end of March 2004, we had acquired certification at 21 plants of 10 domestic subsidiaries and at 13 plants of 12 overseas subsidiaries. We are continuing our efforts to gain certification at 11 plants of 9 domestic subsidiaries and at 19 plants of 13 overseas subsidiaries.



Safety, Health, Accident Prevention, and Environment Conference for domestic subsidiaries

SAFETY, HEALTH, ACCIDENT PREVENTION, AND ENVIRONMENTAL PRESERVATION PROMOTION SYSTEM



Safety, Health, Accident Prevention, and Environmental Audits

The Toray Group is conducting safety, health, accident prevention, and environmental audits at subsidiaries and affiliates both in Japan and overseas in order to objectively evaluate and improve the efforts of each of our companies and plants. Audits are conducted in three stages: 1) internal audits at each plant using a uniform auditing checklist; 2) preliminary confirmation and auditing by the auditing staff; and 3) executive auditing by Toray's directors and representatives or controlling company presidents for each country. During FY Mar/04, at Toray Industries the directors in charge of our respective plants held special safety inspections, with company presidents undertaking safety inspections of one another's facilities at domestic subsidiaries and affiliates, and regional representatives or controlling-company presidents holding special safety inspections at overseas subsidiaries and affiliates. Further, given the above-average number of occupational accidents in Japan in that year, we further stepped up our safety efforts by conducting additional safety, health, accident prevention, and environmental inspections at the 12 plants and 1 research laboratory of Toray and at 41 plants of 26 domestic subsidiaries and affiliates.



Audit at Toray ACE Co., Ltd.

Safety, Health, Accident Prevention, and Environmental Education

Toray provides employees with safety, health, accident prevention, and environmental education through a variety of programs, including new employee training, safety, health, and environmental education at our own specialized schools, Industrial Safety and Health Law education for managerial candidates, and ISO14001 education. We also provide safety, health, accident prevention, and environmental education for front-line managers responsible for these areas at domestic subsidiaries and affiliates as well as similar programs to the managing staff at overseas subsidiaries and affiliates.



Internal global environment lecture

ISO14001 CERTIFICATION (As of March 2004)

• Toray: All 12 plants

Shiga, Seta, Ehime, Nagoya, Tokai, Aichi, Okazaki, Mishima, Chiba, Tsuchiuri, Gifu, Ishikawa

• Domestic subsidiaries: 21 plants at 10 companies*

Du Pont-Toray Co., Ltd., Opelontex Co., Ltd., Toray Coatex Co., Ltd. (Kyoto Plant, Chemical Products Plant), Toyo Metallizing Co., Ltd. (Mishima, Fukushima), Toyo Plastic Seiko Co., Ltd. (Mishima, Koriyama), Toray Plastic Films Co., Ltd. (Takatsuki, Nakatsugawa), Toray PEF Products Inc. (Konan, Tsukuba), Dow Corning Toray Silicone Co., Ltd. (Chiba, Fukui), Toray Fine Chemicals Co., Ltd. (Moriyama, Matsuyama, Tokai, Chiba), and Soda Aromatic Co., Ltd. (Noda, Koriyama, Okayama Chemicals)

* Twelve other subsidiaries located on the grounds of Toray plants have also received certification.

• Overseas subsidiaries: 13 plants of 12 companies

UK

Toray Textiles Europe Ltd. (TTEL) (Mansfield Plant, Hyde Plant)

Italy

Alcantara S.p.A.

Indonesia

P.T. Indonesia Toray Synthetics (ITS)

Thailand

Thai Toray Textile Mills Public Co., Ltd. (TTTM)

Thai Toray Synthetics Co., Ltd. (TTS) (Bangkok Plant)

Malaysia

Pensanko Precision Sdn. Berhad (PSP)

China

Toray Fibers (Nantong) Co., Ltd. (TFNL)

Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. (TSD)

LIBI Plastic Compounding (Shenzhen) Co., Ltd. (LCS)

Toray Sanko Precision (Zhongshan) Ltd. (RKZ)

South Korea

Toray Saehan Inc. (TSI)

STECO, Ltd. (STECO)

Environmental Risk Management

The Toray Group is working to reduce environmental risk, and in the first of our Ten Basic Environmental Rules, we state, "We shall comply with all laws, regulations, and agreements in all of our business activities and place the highest priority on environmental preservation."

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Environmental Risk Management System

The Toray Group places a priority on environmental preservation and we are working to build an environmental management system, comply with laws and regulations, and take precautions to prevent environmental accidents.

We also conduct education and training for handling emergencies at each plant and are striving to reduce environmental risk.



Emergency response training

Proper Waste Disposal and Recycling

The Toray Group has established Waste Disposal Management Regulations. In addition to compliance with the Waste Disposal Law and local government ordinances, from the standpoint of a party responsible for waste disposal, these regulations require that we choose a reliable waste disposal operator and perform on-site confirmation of waste disposal conditions at least once a year. We confirm compliance with these rules through audits and are working to achieve rigorous waste disposal management.



Checklist for waste disposal operators

Used fluorescent lights have become a difficult item to recycle or dispose of because they contain trace amounts of mercury. Matsushita Electric Industrial Co., Ltd. recently launched its "Light and Trust Service" to lease fluorescent lights and then guarantee that all used lights are recycled. Toray

subscribed to this service on a company-wide basis starting in April 2004 as a symbolic gesture in support of waste recycling. Toray uses roughly 50,000 fluorescent lights per year, and this service allows us to guarantee that they are recycled. Going forward, we plan to start using this service at subsidiaries in Japan.

Proper PCB Storage

Toray properly stores about 100 tons of specially controlled industrial waste, including PCB in insulating oil and other materials. We plan to contract with national waste disposal operators that handle PCB to dispose of this waste by 2016.

Measures to Prevent Soil and Groundwater Pollution

The Toray Group has constructed facilities for handling hazardous chemicals as well as dikes around storage tanks to prevent these chemicals from spilling into the surrounding area and penetrating the soil in the event of a leak.

At domestic subsidiary Toray Monofilament Co., Ltd., we discovered groundwater pollution caused by trichloroethylene, which we discontinued using in 1988. We reported the pollution to local government authorities and residents in December 2001 and are proceeding with efforts to clean up the groundwater by building 57 pumping wells and 3 aeration and recovery systems.

The Toray Group is conducting surveys of plants that handle specific hazardous substances in accordance with the Soil Contamination Countermeasures Law and local regulations. We also plan to perform voluntary surveys of all plants over the next 3 years and to report publicly and implement cleanup measures if any problems are found.

Environmental and Safety Compliance and Accidents

The Toray Group was not assessed any administrative penalties for violating environmental and safety laws and regulations in 2003. Though we had 3 minor accidents as a result of equipment trouble, these did not impact areas outside our plants. We took immediate steps to deal with these accidents while adopting measures to ensure against recurrences. We also had 11 incidents of complaints and requests from neighboring residents concerning noise, odor, or other annoyances, which we took seriously and responded to by improving the situation.

TORAY GROUP ENVIRONMENTAL ACCIDENTS IN 2003

Administrative penalties for violating laws and regulations	0
Accidents (fire, explosion, environmental accident, etc.)	3
Complaints and requests (noise, odor, etc.)	11

Environmental Accounting

Toray has been using environmental accounting, mainly for environmental preservation costs, since FY Mar/00. Capital investment totaled ¥1.2 billion and environmental expenses were ¥6.6 billion in FY Mar/04.

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FY Mar/04 Results

Capital investment totaled ¥1.21 billion, comprised mainly of investment to augment wastewater treatment facilities, install continuous water quality measurement systems, and remodel product recycling facilities.

Environmental expenses totaled ¥6.62 billion, and included ¥1.8 billion in air-related costs and ¥2.4 billion in water quality-related costs. The bulk of these expenses were comprised of operating costs for previously installed exhaust gas and wastewater treatment facilities.

As a result of these investments and expenditures, we reduced energy costs by ¥658 million and waste disposal costs by ¥51 million, and we recorded ¥366 million in sales of valuable recycled resources.

TORAY FY MAR/04 ENVIRONMENTAL ACCOUNTING

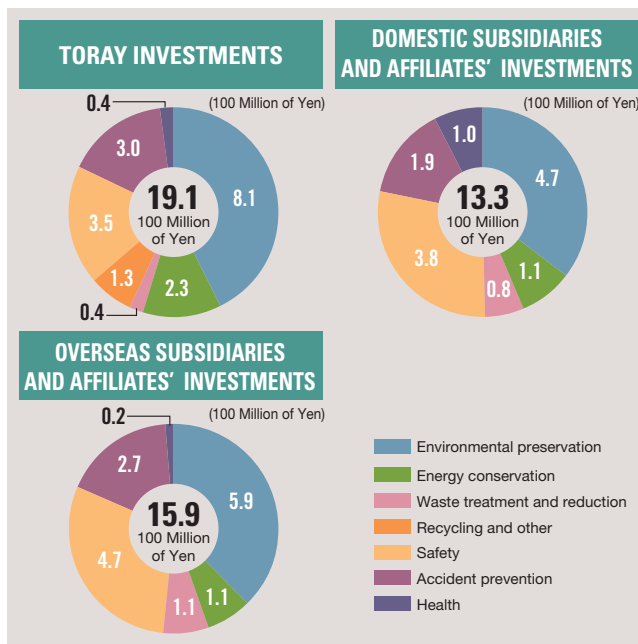
Costs				
Item	Subcategory and Details	Investments (M¥)	Expenses (M¥)	
Business Area Costs	Pollution prevention costs	Air (including CFC measures)	444	1,798
		Water quality	330	2,403
		Noise and vibration	3	12
		Greening	0	375
		Foul odor and other	33	45
	Global environment preservation costs	Energy conservation and global warming prevention	233	—
	Resource recycling costs	Industrial waste reduction, recycling, and disposal (landfill and incineration)	37	1,123
	Upstream and downstream costs	Product recycling	132	2
		Container and packaging recycling	0	2
	Management activities costs	Indirect labor costs, ISO certification and maintenance, and environmental communications work and education	0	331
Social initiative costs	Local community initiatives, support for organizations, etc.	0	40	
Environmental damage costs	SOx levies, contributions, and litigation expenses	0	488	
Total		1,212	6,619	

Effects	
Item	Amount (M¥)
Reduction in energy costs	658
Reduction in industrial waste disposal costs	51
Sales of valuable recycled resources	366

Toray Group's Capital Investment in Safety, Health, Accident Prevention, the Environment, and Energy Conservation

In addition to the ¥1.21 billion in investments in environmental preservation, energy conservation, and recycling that are subject to environmental accounting, the Toray Group also calculated and is publicly disclosing its capital investments in safety, accident prevention, and health.

Safety related investment included measures to make rotating and automated machinery safer, and accident prevention investment included upgrades to fire prevention and extinguishing equipment.



Toray Environmental Accounting Standards

- Some categories were changed based on the Ministry of the Environment's Guidelines for FY Mar/03.
- Only economic effects that can be determined with a high degree of certainty are calculated. Presumed effects are not calculated.
- Capital investment also includes investments for which environmental preservation is not the main objective. Expenses include labor costs and depreciation. Internal labor costs related to local volunteer activities are not included.
- Energy cost reduction figures show the amount of reduction for 12 months after the completion of an energy conservation facility. Expenses are not recorded because they are deducted when the effect is calculated.
- Waste disposal cost reduction figures show the amount of reduction achieved through waste reduction efforts and resource recycling for 12 months after the measures are taken.

Green Procurement and Purchasing

Toray has enacted green procurement and purchasing guidelines and is working to contribute to an environmentally friendly and sustainable society.

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Start of Company-wide Green Procurement

Toray enacted its Green Procurement Guidelines to form the basis of a company-wide effort starting in FY Mar/05 to "prioritize the procurement of environmental-friendly products from suppliers actively involved in environmental preservation when procuring raw materials." We are starting with the following efforts.

• Enhance Specific Chemical Substance Management

In procuring the raw materials needed to manufacture its products, Toray has been taking appropriate steps to control chemical substances whose use was prohibited by law or had manufacturing or application restrictions. Going forward, we plan to use a purchasing system (RPS) to control purchasing of 47 "prohibited substances" and 64 "controlled substances" deemed to be voluntarily controlled substances in our Green Procurement Guidelines, which were newly enacted based on the ELV Directive*, RoHS Directive†, and Japan Chemical Industry Association (JCIA) Guideline.

Ideally, we would like to use raw materials that do not contain "controlled substances," and we are working to develop technology to completely discontinue their use in the future.

* An EU directive concerning used cars

† An EU directive concerning restrictions on using specific harmful substances in electrical and electronic equipment

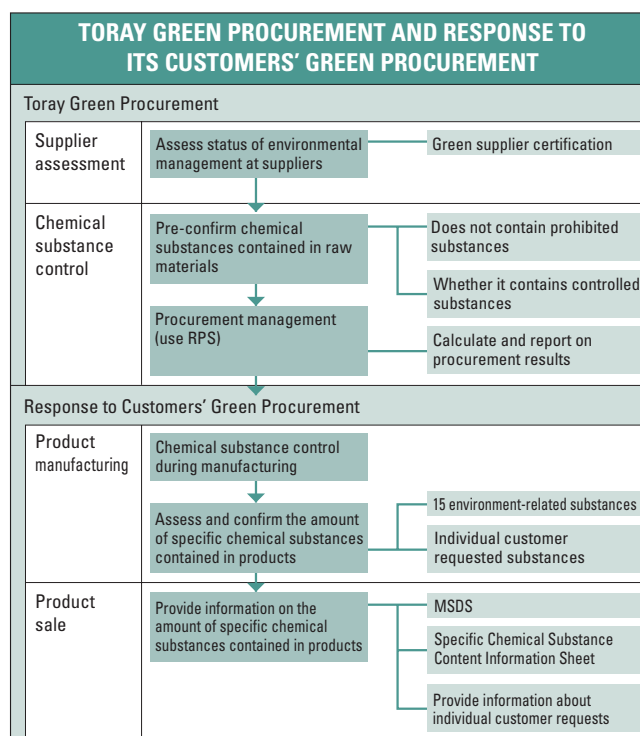
• Expand Chemical Substance Information for Products

We are taking appropriate actions in response to requests from customers that use Toray products, including confirming that products and raw materials do not contain specific chemical substances and acquiring certification as a green partner from our customers.

From our standpoint as a materials manufacturer, we are preparing Specific Chemical Substance Content Information Sheets as recommended by the JCIA in order to provide better information about chemical substances to our customers, and we plan to provide these information sheets along with our Material Safety Data Sheets (MSDS) starting in FY Mar/06.

• Green Supplier Certification

To increase the reliability of our control over procured materials, we are assessing the status of environmental management at suppliers and registering those with outstanding environmental efforts as green suppliers. We plan to request improvement at suppliers whose efforts are found to be inadequate.



Promoting Green Purchasing through Purchasing System (RPS)

Toray has been pursuing green purchasing through a variety of measures, including using 100% recycled paper for its copy machines and other office equipment.

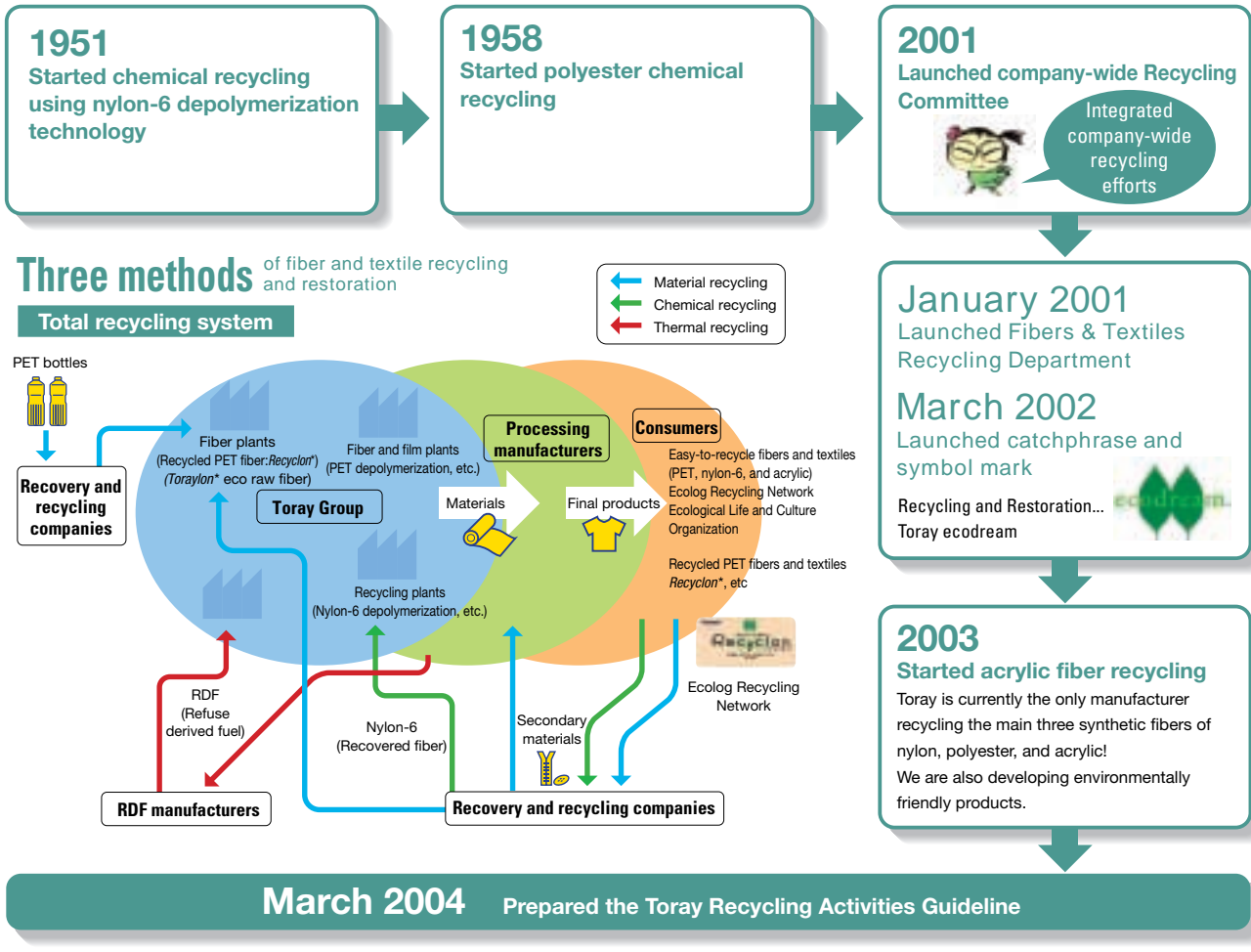
We decided to prepare a Green Purchasing Guideline in FY Mar/05 to reflect our basic stance of "prioritizing the purchase of environmentally friendly stationary, paper, office equipment, and other products," and we will incorporate green purchasing functions into our purchasing system (RPS) in order to grasp purchasing results online.

Going forward, we seek to contribute to building a closed-loop recycling society by promoting green purchasing. We will also disclose the results of our green purchasing efforts.

Recycling Efforts

The Toray Group has been a leader in recycling fiber and textile products since the 1950s with the aim of conserving energy and resources. Given the increase in global environmental issues, recycling is now an essential consideration when supplying products. We are proposing new products based on a closed-loop recycling model, including low CO₂ emitting systems to help curb global warming.

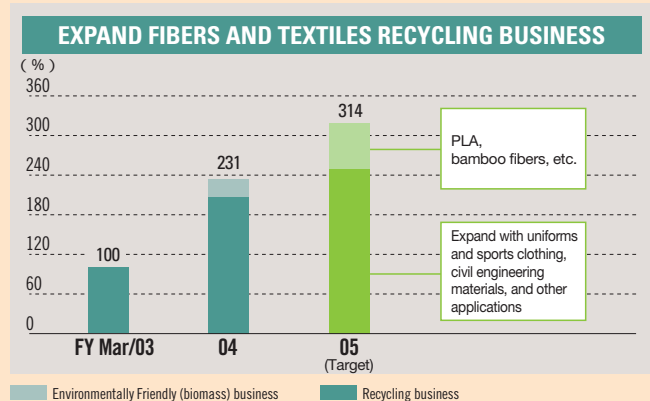
CSR Annual Report 2004



Recycling Efforts

Fibers and Textiles Recycling Business

Toray brought to market 12,000 tons of recycled polyester products in FY Mar/04 and plans to market 14,000 tons in FY Mar/05. We also recover polyester, nylon, and acrylic fiber products from the marketplace and are moving forward with materials, chemicals, and thermal recycling. We aim to expand our recycling business through total recycling. We are actively pursuing the use of polylactic acid (PLA) fibers, bamboo fibers, and other biomass materials, and in FY Mar/05 we plan to expand the size of our recycling business and biomass-based environmentally friendly products business by 314% over FY Mar/03.



Acrylic Fiber Recycling





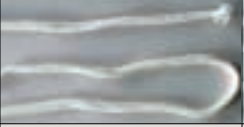
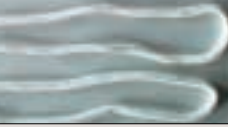
In the material recycling of acrylic fiber, with conventional technology recycled materials can easily become discolored, and turning yellow when making fiber was a problem. Toray started experimenting with recycled acrylic fiber in June 2003, and by using an independently developed technology to prevent the fiber from discoloring, we developed an eco raw fiber that has no problems with quality even when increasing the proportion of recycled material. The acrylic fiber *Toraylon**, which blends in more than 50% of this eco raw fiber, received the Eco Mark* as the first recycled acrylic fiber on April 15, 2004.



* Eco Mark

The Eco Mark designates products that place a low burden on the environment or help to improve the environment, and it is affixed to products examined and certified by the Japan Environment Association. This is the only environmental label in Japan that is certified by a third party in accordance with ISO regulations.

COMPARISON OF *TORAYLON* RAW FIBER AND SPUN YARN

	Eco	Regular
Staple fiber		
Spun yarn		
Product (cord)		
Strength (cN/dtex)	2.9	2.8
Elongation (%)	27	28

Recycled PET Fiber

Tokyo Metro Co., Ltd. decided in January 2004 to use Toray's recycled PET bottle fiber *Recyclon** in its new uniforms when the company makes its new start on April 1, 2004. The company is flourishing with its new look and nickname "Tokyo Metro," and *Recyclon**—which used in the white shirts of station employees and train staff and in the work uniforms of on-site workers in the technology division —promises to flourish along with it as people come to identify employees' *Recyclon** uniforms with the company. The shirt material has deodorizing and water-absorbent, quick-drying properties while the work uniforms are stretchable.



Topics

Also working on recycled vegetation fiber composite materials



*Sotake** Collection

Bamboo is an eco-material that grows quickly and has virtually no impact on the natural balance even when harvested if cultivated systematically. *Sotake** is a composite yarn and textile product with composite fiber containing more than 20% bamboo, and it was developed as a new type of recycled vegetation fiber composite material. Sales of *Sotake** started in April 2003. This is an environmentally friendly product with a wide range of applications from clothing to interior design. We held the *Sotake** Collection exhibition in November 2003.



Product names with an asterisk () are registered trademarks or pending trademarks of the Toray Group.

Reducing the Environmental Burden of Business Activities

The Toray Group not only seeks to provide even better products and services, but we also consider it our corporate social responsibility to actively pursue group-wide efforts to reduce the environmental burden of our business activities.

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The Toray Group is engaged in a wide range of business activities, starting with its foundation businesses of fibers and textiles, plastics, and chemicals and extending to its IT-related products, life sciences, and environment, safety, and amenity businesses.

To reduce the environmental burden of our business activities, we are working to voluntarily reduce our chemical substance emissions, prevent global warming, prevent air and water pollution, and reduce waste. These efforts are discussed in more detail on pages 26-34.

Total Environmental Burden of the Toray Group's Business Activities

TORAY						
INPUT		OUTPUT				
		Item	FY Mar/03	FY Mar/04	Year-on-year change (%)	Reference page
Energy → 32.7 million GJ	Toray business activities	→PRTR Law substances (tons)				26
		Atmospheric emissions	411	342	-16.8	
		Water emissions	38	32	-15.7	
Waste transfers		946	966	+2.1		
→Greenhouse gases (10,000 tons; CO ₂)* ¹						28
Six gases including CO ₂		265	271	+2.3		
→Air pollutants (tons)						29
SO _x		3,763	3,251	-13.6		
NO _x		2,684	2,666	-0.7		
Dust		210	182	-13.3		
→Industrial wastewater (million tons)						
177		175	-1.1			
→Water pollutants (tons)* ²						30
BOD		1,324	1,296	-2.1		
COD _{Mn}		871	941	+8.0		
Nitrogen	851	909	+6.8			
Phosphorous	31	39	+25.8			
→Waste (thousand tons)					31	
Recycled	21.6	22.8	+5.6			
Incinerated and other	3.5	3.6	+2.9			
Direct landfill disposal	1.5	1.2	-20.0			
→Coal ash (thousand tons)						
Recycled	57.8	60.3	+4.3			
Direct landfill disposal	0.6	0.4	-33.3			

*1 Figures are totals for all 12 plants and one research laboratory.

*2 BOD, nitrogen, and phosphorous figures are totals for all 12 plants and one research laboratory; COD figures are the totals of the six plants subject to Total Pollutant Load Control.

DOMESTIC SUBSIDIARIES AND AFFILIATES						
INPUT		OUTPUT				
		Item	FY Mar/03	FY Mar/04	Year-on-year change (%)	Reference page
Energy → 5.5 million GJ	Domestic subsidiaries and affiliates' business activities	→ PRTR Law substances (tons)				26
		Atmospheric emissions	698	460	-34.0	
		Water emissions	0	0	0	
Waste transfers		1,079	1,258	+14.2		
→ Greenhouse gases (10,000 tons; CO₂)*¹					28	
Six gases including CO ₂		34.1	35.3	+3.5		
→ Air pollutants (tons)*²					29	
SO _x		40	43	+7.5		
NO _x		59	75	+27.1		
Dust		6.8	8.1	+19.1		
Water → 15 million tons	→ Industrial wastewater (million tons)	13.3	14.0	+5.3		
	→ Water pollutants (tons)				30	
Raw materials →	BOD	115	93	-19.1		
	COD _{Mn} * ³	38	46	+21.1		
	→ Waste (thousand tons)				31	
	Recycled	12.4	17.2	+38.7		
	Simple incineration and other	7.6	7.3	-3.9		
	Landfill disposal	1.8	1.3	-27.8		

*1 Figures are totals for all 29 subsidiaries and affiliates, including non-manufacturing companies involved in distribution, hotel management, etc.

*2 SO_x and NO_x figures for FY Mar/03 were revised due to calculation mistakes at two companies.

*3 COD figures are the totals of seven plants at seven companies that are subject to Total Pollutant Load Control.

OVERSEAS SUBSIDIARIES AND AFFILIATES						
INPUT		OUTPUT				
		Item	2002	2003	Year-on-year change (%)	Reference page
Energy → 24.2 million GJ	Overseas subsidiaries and affiliates' business activities	→ PRTR Law substances (tons)*¹				26
		Atmospheric emissions	472	546	+13.5	
		Water emissions	4	4	0	
Waste transfers		839	884	+5.1		
→ Greenhouse gases (10,000 tons; CO₂)					28	
CO ₂		125	127	+1.6		
→ Air pollutants (tons)					29	
SO _x * ²		5,964	5,967	+0		
NO _x		3,952	3,570	-9.7		
Dust		1,038	1,054	+1.5		
Water → 29 million tons	→ Industrial wastewater (million tons)	24.6	25.2	+2.4		
	→ Water pollutants (tons)				30	
Raw materials →	BOD	1,125	806	-28.4		
	COD _{Cr} * ³	3,451	3,595	+4.2		
	→ Waste (thousand tons)				31	
	Recycled	2.2	2.5	+13.6		
	Simple incineration and other	8.3	7.8	-6.0		
	Landfill disposal	15.4	16.2	+5.2		

*1 Figures are totals for substances subject to Japan's PRTR Law.

*2 Figures are calculated as if all sulfur content in fuels is converted into SO_x.

*3 COD figures are based on the potassium dichromate method (figures are based on the potassium permanganate method in Japan).

Voluntarily Reducing Chemical Substance Emissions

We are voluntarily reducing the amount of chemical substances emitted into the atmosphere and have set even higher targets in our Second Three-Year Environmental Plan starting in FY Mar/04.

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Emission and Transfer of PRTR Law Substances

The Toray Group's reported PRTR* Law substance emissions for FY Mar/04 are shown in the table to the right. Atmospheric emissions totaled 342 tons at Toray and 460 tons at domestic subsidiaries and affiliates. Emission and transfer amounts for each substance are shown on page 51.

* PRTR (Pollutant Release and Transfer Register)

The Pollutant Release and Transfer Register (PRTR) is a system of measuring and reporting the volume of chemicals emitted from plants into the environment as well as the volume transferred as waste. In Japan, the Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in their Management (PRTR Law) was enacted in 1999, and reporting to the government commenced in 2002.

Reducing Atmospheric Emissions of Chemical Substances

Toray is pushing forward with voluntary reduction, and in our Second Three-Year Environmental Plan, we set the target of reducing atmospheric emissions of the JCIA's 480 PRTR substances, which include the 354 substances in the PRTR Law, by 70% compared to FY Mar/96 by FY Mar/07. We implemented reduction measures in FY Mar/04, including the installation of organic exhaust gas absorption and recovery systems and regenerative combustion systems, and achieved a reduction of 55% compared to FY Mar/96 (reduction of 8% year-on-year).

At domestic subsidiaries and affiliates, we installed catalytic combustion systems and took other steps to reduce emissions in FY Mar/04. We achieved a 42% reduction compared to FY Mar/99 (reduction of 25% year-on-year), well above the target of a 30% reduction in our First Three-Year Environmental Plan. We are continuing to make voluntary reductions with a view to achieving our new target of a 60% reduction by FY Mar/07.

At overseas subsidiaries and affiliates, we started conducting voluntary surveys in 2000, and though atmospheric emissions increased by 17% year-on-year in 2003 due to an increase in production volume, we set a target of a 30% reduction by 2006 and have started to examine specific reduction measures.

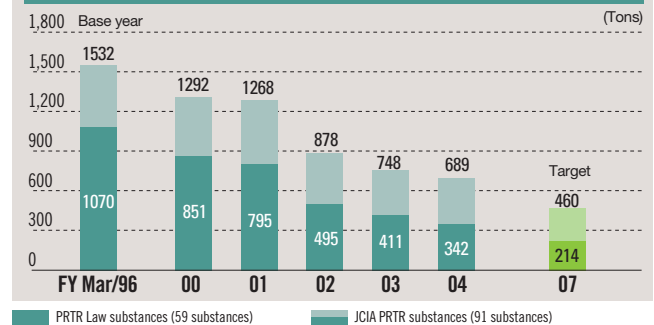


Organic exhaust gas catalytic combustion system installed at Toyo Metallizing Co., Ltd. (now Toray Advanced Film Co., Ltd.)

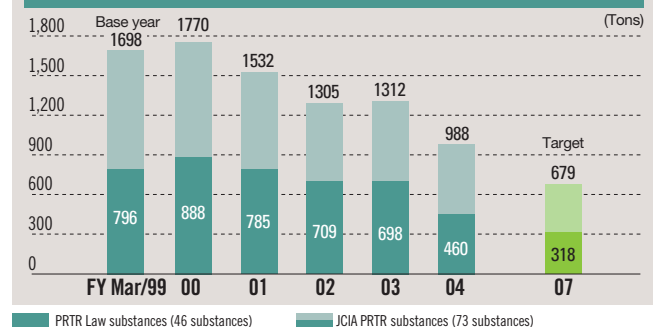
EMISSION AND TRANSFER OF PRTR LAW SUBSTANCES IN FY MAR/04

	Emission volume (tons/year)			Waste transfer volume (tons/year)
	Atmosphere	Water	Soil/company landfill	
Toray (59 substances)	342	32	0	966
Domestic subsidiaries and affiliates (46 substances)	460	0	0	1258

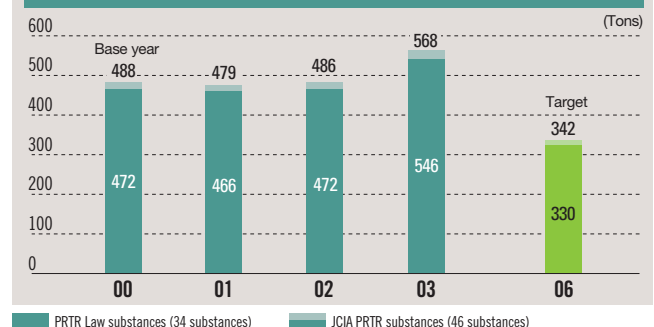
TORAY ATMOSPHERIC EMISSION OF CHEMICAL SUBSTANCES

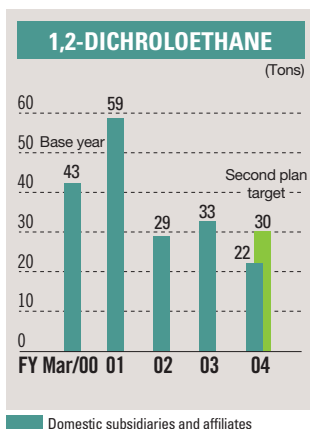
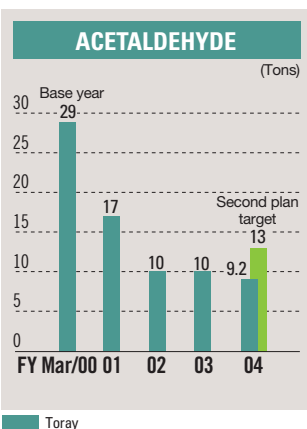
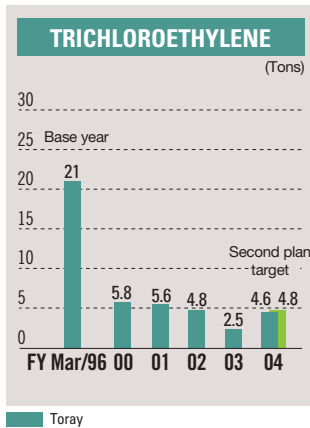
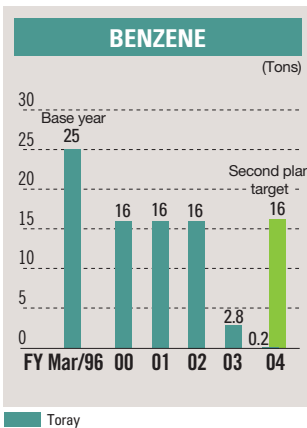
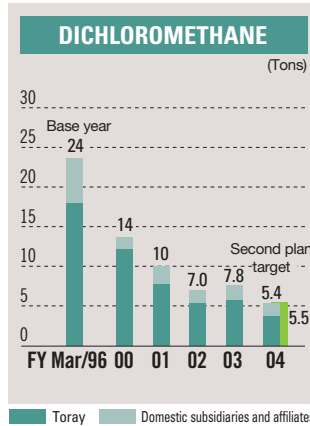
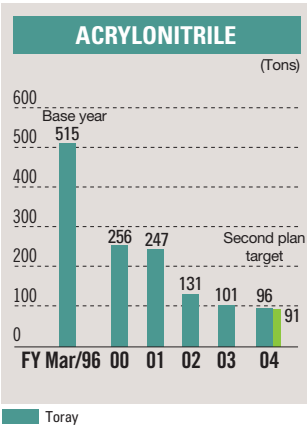
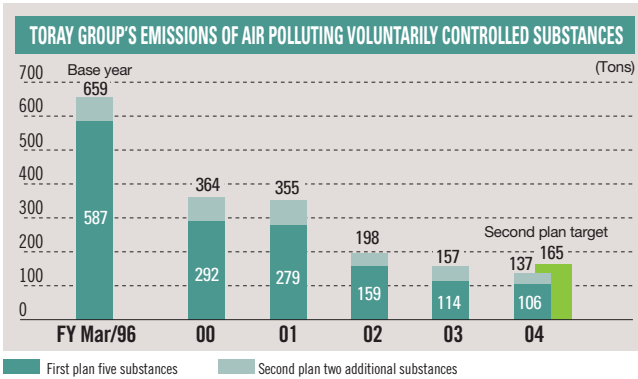


DOMESTIC SUBSIDIARIES AND AFFILIATES' ATMOSPHERIC EMISSIONS OF CHEMICAL SUBSTANCES



OVERSEAS SUBSIDIARIES AND AFFILIATES' ATMOSPHERIC EMISSIONS OF CHEMICAL SUBSTANCES





Reducing Air Polluting Voluntarily Controlled Substances

The Toray Group participated in the chemical industry's First Voluntary Reduction Plan, setting the goal of voluntarily reducing total emissions of the five substances targeted in this plan—acrylonitrile, dichloromethane, trichloroethylene, benzene, and 1,3 butadiene—by 45% compared to FY Mar/96 by FY Mar/00. We achieved steady results and were able to reduce total emissions by 50% from 587 tons to 292 tons.

Furthermore, the Toray Group, as part of the chemical industry's Second Voluntary Reduction Plan, pursued the goal of reducing total emissions of the seven targeted substances, which now included acetaldehyde and 1,2-dichloroethane, by 75% by FY Mar/04*. As specific reduction measures in FY Mar/04, for benzene we ramped up the catalytic combustion systems installed in the previous year to full operations, and for 1,2-dichloroethane we enhanced cooling and recovery. As a result of these efforts, in FY Mar/04 we surpassed our target by a wide margin to achieve a 79% reduction in total emissions from 659 tons to 137 tons. For acrylonitrile, we expect to achieve our goal during the current fiscal year thanks to the full operation of our recovery systems, which use proprietary distillation technology and were installed in FY Mar/04.

Going forward, we will continue to pursue voluntary reductions of air polluting voluntarily controlled substances as part of our Second Three-Year Environmental Plan. In particular, we plan to reduce our large amount of acrylonitrile emissions by more than 90% compared to FY Mar/96 by FY Mar/07.

* For acetaldehyde and 1,2-dichloroethane, reduction targets consider emissions in FY Mar/00 as equivalent to emissions in FY Mar/96 because there are no actual measurements of emissions in FY Mar/96.

Chemical Industry's Air Polluting Voluntarily Controlled Substances Reduction Plan

Revisions to the Air Pollution Control Law in May 1996 designated 12 air polluting voluntarily controlled substances, and under the amended law, businesses are required to voluntarily curb their emissions.

The chemical industry has pursued voluntary reduction, and in its First Voluntary Reduction Plan, it established the target of reducing total emissions of voluntarily controlled substances by 30% compared to the base year of FY Mar/96 by FY Mar/00. The industry achieved a 46% reduction. Further, in its Second Voluntary Reduction Plan, the chemical industry established voluntary reduction targets for each individual company for the plan's final year of FY Mar/04. If all companies achieve their targets, it is expected to reduce industry-wide emissions by 64%.

Chemical Substance Atmospheric Emission Reduction Systems

Absorption and recovery systems	These systems absorb and separate harmful substances using absorbing agents such as activated carbon and then desorb the substances through overheating with steam or other means for recovery and recycling.
Regenerative combustion systems	These systems oxidize harmful substances at about 800°C and render them harmless by breaking them down into carbon dioxide and water. The systems increase heat efficiency through a heat exchange with gas near combustion using a heat storage medium such as ceramics.
Catalytic combustion systems	These systems oxidize harmful substances at a temperature of about 300°C using a catalyst such as platinum and render them harmless by breaking them down into carbon dioxide and water.

Note: Use of 1,3-butadiene was discontinued in FY Mar/98.

Preventing Global Warming and Protecting the Ozone Layer

We have been working to reduce our carbon dioxide emissions through energy conservation in an effort to help prevent global warming, and starting this year, we decided to pursue emission reductions by setting greenhouse gas reduction targets.

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Conserving Energy

Toray is pushing ahead with energy conservation, aiming to reduce unit energy consumption by 1% annually.

In FY Mar/04, though overall energy consumption increased by 3% due to a higher production volume and other factors, we managed to improve our unit energy consumption by 2.9% as a result of measures to conserve energy by raising equipment efficiency and improving operating methods. Our unit energy consumption index, which is a comparison with the base year of FY Mar/91, also improved by 7.3%. We are currently proceeding with new construction of a natural gas cogeneration facility at our Tokai Plant. Going forward, we will continue our efforts to conserve energy with the goal of reducing our unit energy consumption by an annual rate of 1%.

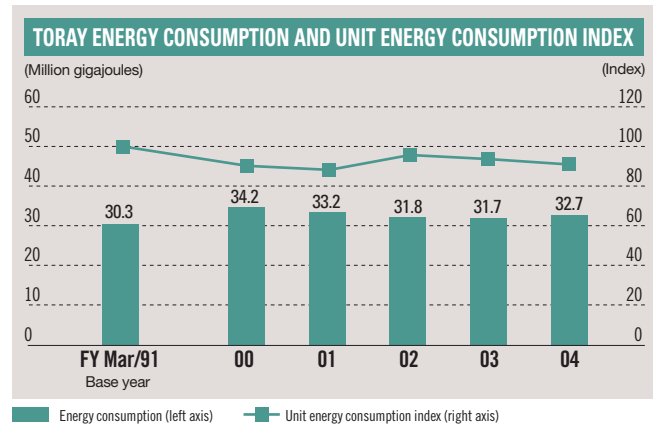
Reducing Greenhouse Gases

Toray is focusing its energy conservation efforts on reducing unit energy consumption in accordance with Keidanren's Voluntary Action Plan on the Environment as a measure to help prevent global warming. Though our overall emission of greenhouse gases increased slightly in FY Mar/04 due to a higher production volume and other factors, we were able to reduce our unit greenhouse gas emissions by 4%.

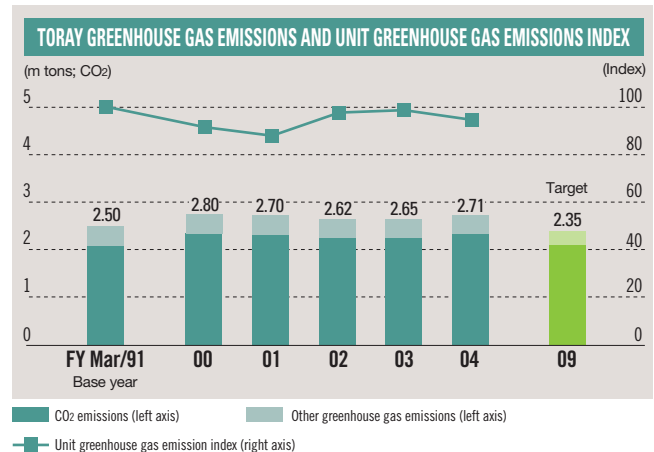
Going forward, we have set greenhouse gas emission reduction targets and are working to reduce carbon-dioxide and nitrous-oxide emissions, which represent a large portion of Toray's emissions. By FY Mar/09, we are looking to reduce greenhouse gases by 6% compared to the base year of FY Mar/91, and to reduce carbon dioxide emissions to 1990 levels.

Protecting the Ozone Layer

Toray discontinued the use of specific chlorofluorocarbons (CFCs) in manufacturing processes in 1994. We also stopped purchasing CFCs for replenishing refrigerators and are upgrading to refrigeration equipment that use alternatives to CFCs.



* The unit energy consumption index shows energy consumption per unit of production with FY Mar/91 as 100.



* The unit greenhouse gas emission index shows greenhouse gas emissions per unit of production with FY Mar/91 as 100.

Company-wide Energy Conservation Technology Presentation Meeting

Toray held its 22nd annual company-wide Energy Conservation Technology Presentation Meeting this year. The meeting was attended by executives from Toray as well as from subsidiaries and affiliates both in Japan and overseas.

At the meeting, we reported on the status of company-wide energy consumption as well as energy conservation efforts at domestic plants and overseas subsidiaries and affiliates, and we sought to share information by engaging in lively discussion.

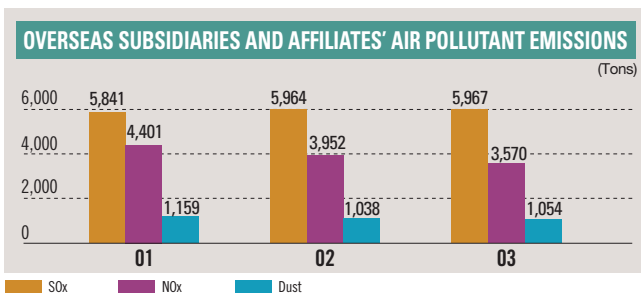
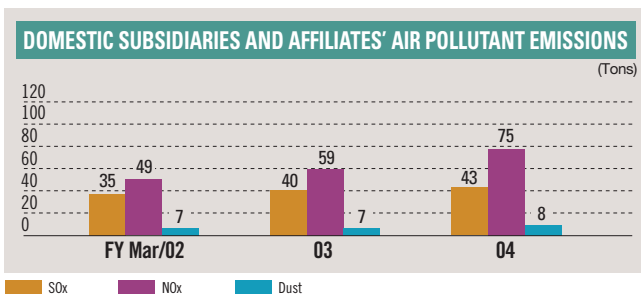
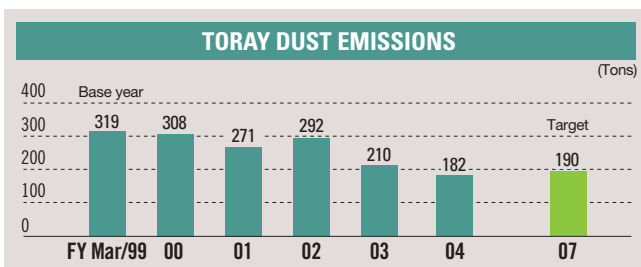
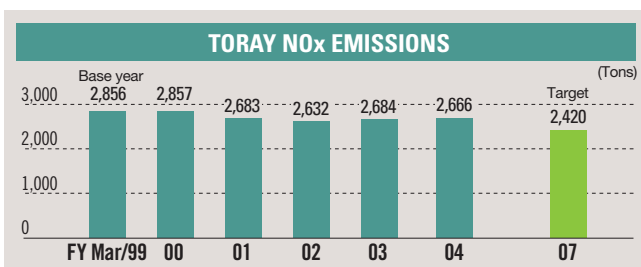
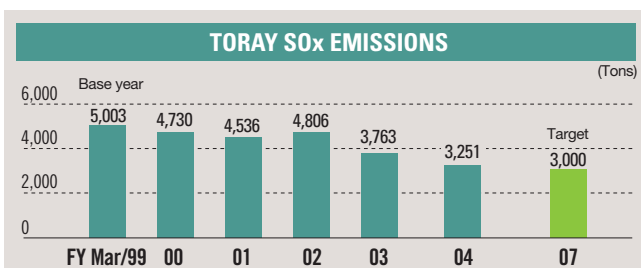


Presentation on energy conservation technology by Toray Saehan Inc. (South Korea)

Preventing Air Pollution

Toray launched its Second Three-Year Environmental Plan in FY Mar/04, and we have set even higher voluntary reduction targets for SOx, NOx, and dust and are actively working to lower the burden on the environment. Moreover, we have begun calculating emission results at our subsidiaries and affiliates both in Japan and overseas.

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Reducing SOx (Sulfur Oxides)

Our Second Three-Year Environmental Plan calls for reducing SOx emissions to under 3,000 tons by FY Mar/07, representing a 40% reduction compared to FY Mar/99.

SOx emissions totaled 3,251 tons in FY Mar/04, a decrease of 1,752 tons, or 35%, compared to FY Mar/99, thanks to the smooth operation of a flue gas desulfurization system installed at the Ehime Plant in September 2002.

Reducing NOx (Nitrogen Oxides)

Our Second Three-Year Environmental Plan targets a reduction of NOx emissions to below 2,420 tons by FY Mar/07, for a 15% reduction compared to FY Mar/99.

Though emissions were cut by 86 tons at the Tokai Plant due to a denitrification system that came on line in October 2002, increases at other plants held the overall reduction to 18 tons, or 0.7%, year-on-year.

Reducing Dust

Dust emissions totaled 182 tons, a 42.8% decrease compared to FY Mar/99, due to the flue gas desulfurization system at the Ehime Plant. We achieved our voluntary reduction target of 40%.

Emissions at Domestic and Overseas Subsidiaries and Affiliates

We began calculating emissions at subsidiaries and affiliates in Japan and overseas starting in FY Mar/02 and 2001, respectively. Emission concentrations at all companies are in compliance with applicable laws and regulations as well as the voluntary standards of the Toray Group, and we will continue to pursue voluntary reductions at companies with high emissions. NOx emissions at domestic subsidiaries and affiliates increased as a result of installing cogeneration facilities with the aim of improving energy-use efficiency.



Denitrification system at the Tokai Plant

Preventing Water Pollution

Toray purifies wastewater from its plants using activated sludge treatment systems and other means before discharging it into rivers and the sea. Our Second Three-Year Environmental Plan established voluntary reduction targets for BOD and COD and we are working to improve our wastewater treatment facilities.

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Reducing BOD

Our Second Three-Year Environmental Plan established the target of reducing BOD emissions to under 1,260 tons by FY Mar/07, representing a 20% decrease compared to FY Mar/99.

We have sought to improve water quality by installing a methane fermentation wastewater treatment system at our Tokai Plant in FY Mar/03 and by upgrading our activated sludge treatment system at our Okazaki Plant to a fluidized bed process in FY Mar/04. Our emissions fell 2.1% year-on-year to 1,296 tons, representing a reduction of 276 tons, or 17.6%, compared to FY Mar/99.

Reducing COD

Our Second Three-Year Environmental Plan calls for reducing COD emissions to below 840 tons by FY Mar/07, for a reduction of 20% compared to FY Mar/99.

Though we implemented improvement measures similar to those taken for BOD, our emissions increased by 70 tons, or 8.1%, year-on-year in FY Mar/04.



Wastewater treatment system at Okazaki Plant

Domestic and Overseas Subsidiaries and Affiliates

Similar to atmospheric emissions, we began calculating water pollutant emissions at subsidiaries and affiliates in Japan and overseas in FY Mar/02 and 2001, respectively. Emission concentrations at all domestic and overseas subsidiaries and affiliates are in legal and regulatory compliance as well as the voluntary standards of the Toray Group. BOD emissions at domestic subsidiaries and affiliates are decreasing every year as a result of improving wastewater treatment systems and other factors.

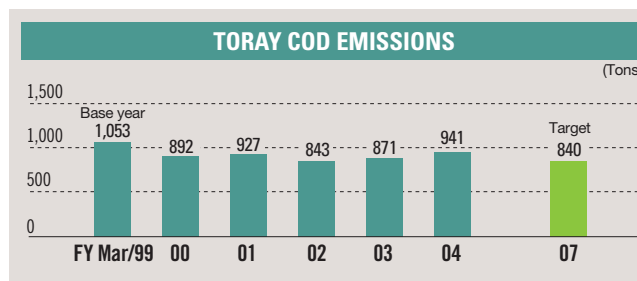
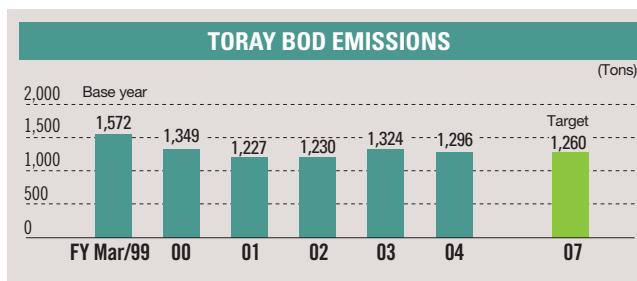
Emissions at overseas subsidiaries and affiliates have generally remained level, and going forward, these companies are working to achieve voluntary reductions as part of the Toray Group.



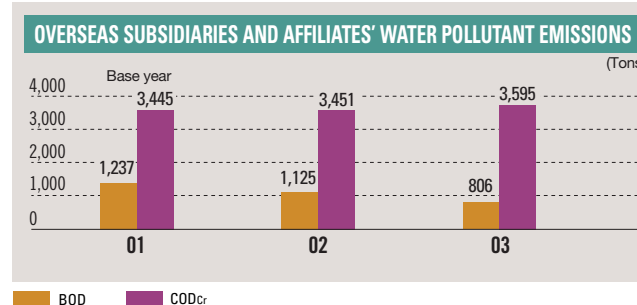
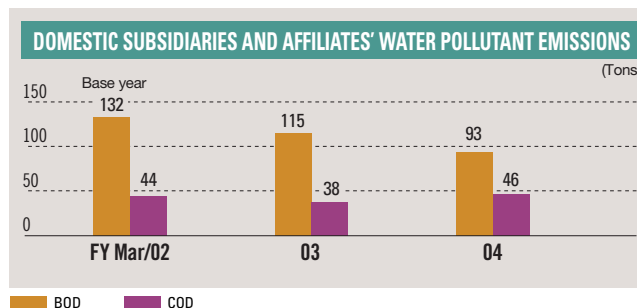
Toray Monofilament Co., Ltd.
Membrane bioreactor (MBR)
Pilot system



Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.
Wastewater treatment system (China)



* Figures are the totals of the six plants subject to Total Pollutant Load Control.



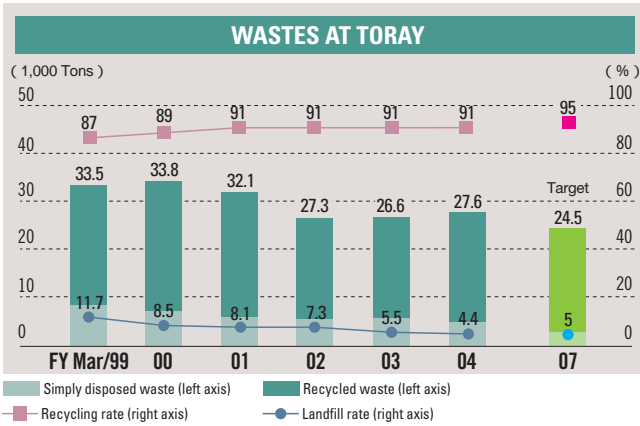
* BOD stands for biochemical oxygen demand and is an indicator of river water pollution.

* COD stands for chemical oxygen demand and is an indicator of sea and lake water pollution. COD_{Mn} is used in Japan; COD_{Cr}, overseas.

Reducing Wastes

The Toray Group is working continuously to reduce wastes in an effort to help create a closed-loop recycling society. We established new targets in our Second Three-Year Environmental Plan starting in FY Mar/04. We are also working toward zero waste emissions as defined by the Toray Group, and a total of 9 plants at 7 companies had achieved this status as of FY Mar/04.

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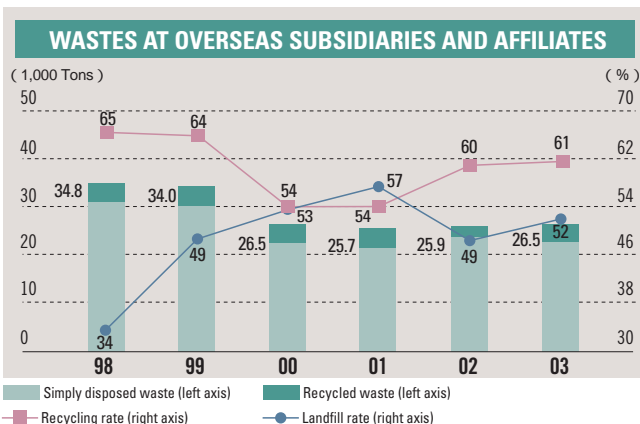
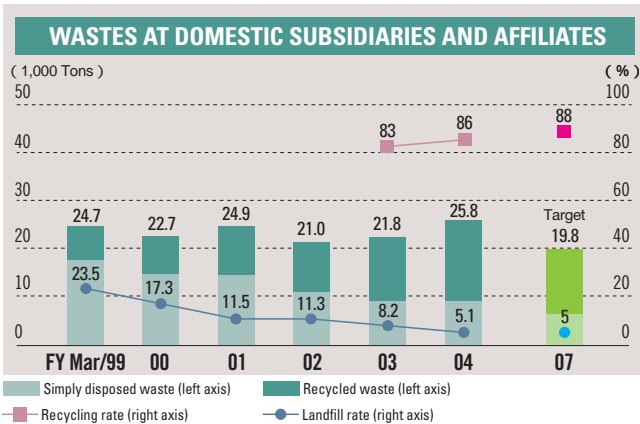
FY Mar/07 Targets in the Second Three-Year Environmental Plan

- Toray**
 - Reduce total wastes generated by 27% compared to FY Mar/99
 - Reduce landfill wastes to less than 5% of total wastes generated
 - Increase recycling rate (including valuable resources) to over 95%
- Domestic subsidiaries and affiliates**
 - Reduce total wastes generated by 20% compared to FY Mar/99
 - Reduce landfill wastes to less than 5% of total wastes generated
 - Increase recycling rate (including valuable resources) to over 88%

Current Levels of Waste Emissions and Recycling

Toray generated a total of 27,600 tons of waste in FY Mar/04, an increase of 1,000 tons year-on-year, due partly to higher production. We reduced our landfill rate by 1.1% to 4.4%, achieving our target thanks to reduction efforts including effectively using incinerated ash by turning it into slag for use as a roadbed material and developing new outlets for selling our waste plastics. Domestic subsidiaries and affiliates generated a total of 25,800 tons of waste, an increase of 4,000 tons year-on-year. This increase is due mainly to temporarily outsourcing the disposal of process wastewater as waste due to a breakdown of wastewater treatment facilities. However, the recycling rate, including valuable resources, increased to 86% as a result of efforts to reduce wastes and to effectively use wastes by developing new outlets for selling waste. Moreover, the landfill rate fell 3.1% year-on-year to 5.1%.

At overseas subsidiaries and affiliates, despite progress in waste reduction efforts, the total amount of wastes generated increased by 600 tons year-on-year to 26,500 tons in 2003 as a result of higher production. The landfill rate also increased by 2% year-on-year to 61%. However, the recycling rate, including valuable resources, improved 3% year-on-year to 52%.



Companies and Plants Achieving Zero Emissions

Three new plants gained zero emissions status in FY Mar/04, bringing the total number of plants to 9. We are stepping up our efforts to enable a greater number of plants and companies to achieve zero emissions status in the future.

Toray Group's Definition of Zero Emissions and Level of Achievement

Definition: Simply disposed waste is less than 1% of total waste generated

Zero Emission Companies and Plants in FY Mar/04

- Toray:** Okazaki Plant and Gifu Plant*
- Japan:** Toray Coatex Co., Ltd., Toyo Plastic Seiko Co., Ltd.'s Mishima Plant and Okazaki Plant, Soda Aromatic Co., Ltd.'s Koriyama Plant*, and Toyo Jitsugyo Co., Ltd.'s Ishikawa Plant
- Overseas:** Toray Sanko Precision (Zhongshan) Ltd. (RKZ) and Toray Film Products (Zhongshan) Ltd. (TFZ)*

(An asterisk indicates companies and plants newly achieving zero emissions in FY Mar/04)

*1 Total wastes generated is comprised of simply disposed wastes (incinerated or landfill wastes that is not recycled) plus recycled wastes.
 *2 Recycling rate (%) = (recycled wastes + valuable resources) ÷ (total wastes + valuable resources) × 100.

Environmental and Safety Efforts in Logistics

Currently in Japan, CO₂ emissions by logistics divisions are increasing, and there is a growing need for environmental awareness in transport. Toray seeks to ensure environmentally friendly and safe distribution.

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Environmental Efforts in Distribution

Reducing the Environmental Burden of Transport

We are working to reduce our diesel oil consumption per transport volume, which translates into CO₂ and NO_x emissions, through a variety of ongoing efforts, including increasing the size of transport vehicles by using ISO containers and other means, revising our transport methods by switching from using trucks to rail and ship transport, and revising transport routes to allow the same vehicle to carry a return load.

As a result of these efforts, in our transport of raw materials between plants, we reduced diesel oil consumption per transport volume by 12% year-on-year in FY Mar/04.

Promoting the Reuse and Reduction of Packaging and Shipping Materials

Toray is working to recover and reuse packaging and shipping materials through a nationwide network for recovering these materials.

In FY Mar/04 we improved our recovery rate for paper tubes by 3 percentage points year-on-year.

As part of our efforts to recover paper tubes used with synthetic fiber, we established a Recycling Center near our customers in Ishikawa and are working to enhance efficiency by consolidating our recycling efforts.

We also aim to develop packaging materials that create less waste and are working to standardize packaging and shipping materials, simplify packaging, and package items grouped together.

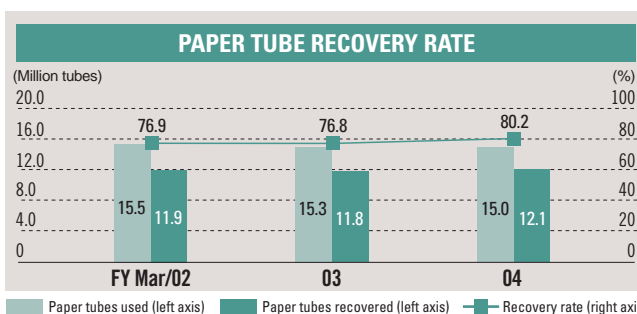
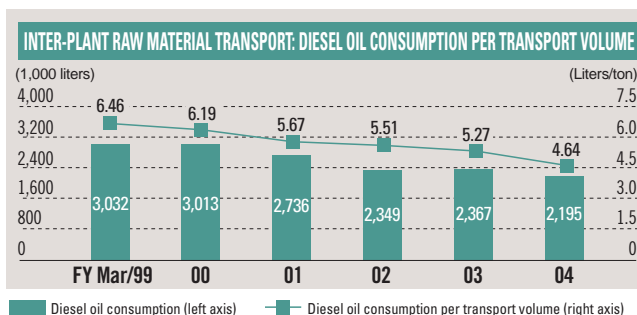
For film products, in particular, we designed new packaging that enables near complete recovery and reuse by not creating any wood, metal, or paper waste when opened by the customer. We will begin phasing in this new packaging design starting in FY Mar/05.

Safety Efforts in Distribution

Toray seeks stringent safety management in transporting chemical substances as part of its engagement in Responsible Care.

Hazardous Substance Transport Safety Management Regulations

In transporting hazardous substances, we are required to ensure safety based on various laws and regulations, including the Fire Service Law, High-Pressure Gas Safety Law, and the Poisonous and Deleterious Substances Control Law. We have therefore established our Hazardous Substance Transport Safety Management Regulations to govern matters related to the safe transport of combustible and hazardous materials.



New film packaging

Issuance of Yellow Cards

We have prepared Yellow Cards to help drivers, firefighters, and others take safe, quick, and appropriate actions in the event of an accident during transport in order to prevent the damage from spreading. These cards are carried by our drivers.

* Yellow Cards contain a variety of concise information, including the name of the hazardous substance, relevant laws and regulations, hazardous properties, emergency procedures in the case of an accident, emergency reporting and contact information, methods to prevent the damage from spreading, and so forth.



Safety check prior to departure of a hazardous-material transport

Accident Prevention Efforts

Toray believes that preventing fire and explosion accidents is a fundamental responsibility as a diversified chemicals company. We carry out a variety of voluntary safety activities to prevent fires and explosions and conduct emergency drills to prepare for the possibility of an accident occurring.

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Voluntary Checklist Inspections

We prepared an independent fire and explosion prevention checklist in 1997 and have carried out comprehensive inspections at Toray Group companies both in Japan and overseas. This checklist is comprised of 550 items covering a wide range of areas, including hazardous material control, combustible material control, spontaneous combustion, mixing hazards, runaway reactions, hazardous work, construction management, and fire prevention and control systems. We made roughly 5,000 small to large-scale improvements. We are continuing to use this checklist to conduct voluntary inspections each year at all companies.

A leading Japanese company suffered a major industrial accident in 2003; to prevent a similar type of accident in any of our plants, we conducted several inspections, including concurrent inspections of chemical plants, inspections for poisonous gas leaks, and inspections of construction work safety management. In accordance with requests from the Ministry of the Economy, Trade and Industry as well as the Nippon Keidanren and other organizations, we also reexamined existing industrial accident prevention measures.

Measures for Coping with a Major Earthquake

In response to the expansion of the Tokai earthquake disaster prevention reinforcement area and the establishment of the Tonankai and Nankai earthquake disaster prevention promotion area, we are revising and improving our earthquake disaster prevention measures to enable a prompt response upon the issuance of an earthquake alert or a sudden earthquake. We have also conducted simple assessments of buildings that fall under the Seismic Retrofitting Promotion Law, formulated a 5-year plan that considers the impact on human life, the environment, and production, and started performing seismic retrofitting work in the current fiscal year. We also plan to finish simple assessments of other buildings and begin taking measures during the current fiscal year.

Education and Training for Preventing Accidents

Toray Group companies are providing a variety of realistic fire and explosion demonstrations and practical education as part of their fire prevention training for employees, and they are systematically conducting fire prevention drills covering communication, evacuation, fire extinguishing, and other actions to help minimize damage in the event of an accident occurring.



Fire ignition demonstration



Explosion demonstration and education



Emergency drill at the Ehime Plant



Joint fire brigade review with the Otsu City Fire Department at the Shiga Plant

Occupational Safety Efforts

Toray enacted its Occupational Safety and Health Management Regulations in 1974 and has remained attentive to employee safety and health. We have since incorporated ideas on Responsible Care, developed an organization to promote safety, health, accident prevention, and the environment, and have expanded these efforts to all group companies.

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Toray Group Safety Presentation Meeting

Toray considers safety to be a priority issue, and we have held our annual Company-wide Safety Presentation Meeting with the president and directors participating since 1982. We also hold the Toray Group Domestic Safety Presentation Meeting in Japan, which includes domestic subsidiaries and affiliates and has approximately 200 participants. At these grand meetings we seek to directly inform each company and plant about top management policies regarding group-wide efforts to achieve zero accidents while sharing information through reports on safety efforts and other matters. We are also working toward integrated group-wide safety management with Toray's Safety, Health, and Environment Committee deciding on important measures that should be taken, and the Safety, Health, Accident Prevention, and Environment Conference for domestic subsidiaries and affiliates disseminating information about Toray's policies and the Toray Group's current situation.

Additionally, directors conduct safety, health, accident prevention, and environmental audits once yearly and top management takes a lead in actively pursuing safety management efforts.

2003 Results

In an effort to achieve rigorous safety management, Toray has compiled safety statistics for the entire Toray Group, including domestic and overseas subsidiaries and affiliates, since 1990. The Toray Group had a total of 37 accidents (both those causing and not causing an absence from work) in 2003. Ten of these accidents occurred at Toray, 13 at domestic subsidiaries and affiliates, and 14 at overseas subsidiaries and affiliates. The lost worktime rate (injuries resulting in lost worktime per one million working hours) was 0.27 for the Toray Group in 2003. The overall accident rate, which includes accidents not resulting in lost worktime, was 0.48. Compared to a lost worktime rate of 0.98 for Japan's manufacturing industry as a whole, the Toray Group has maintained good results.

Toray Group Safety Activities

2003

Slogan: Project NT-21 —Back to basics to achieve zero accidents

1. Revised and improved work procedures to ensure personal and workplace safety.

Identified and improved dangerous behavior and locations

Improved work procedures for rotating machinery

2. Pursued zero traffic accidents as part of total safety.

2004

Slogan: Project NT-II —Toward Zero Accidents!

"We must all take the lead!"

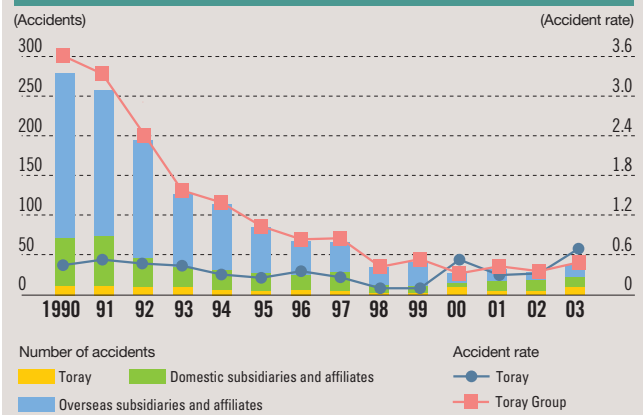
Undertake the following plant-improvement initiatives to raise the safety awareness of every employee, improve workplace discipline, and create an energetic workplace environment through safety.

A thorough holding of meetings before and after work

Appoint a "one-day safety chief"

A thorough conducting of work standards education

TORAY GROUP OCCUPATIONAL SAFETY RESULTS



Corporate Citizenship

- 36 · · · Product Safety Initiatives
- 37 · · · Providing Job Satisfaction and Fair Opportunities
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- 41 · · · Communicating with Stockholders and Investors
- 42 · · · Communicating with Local Communities
- 43 · · · Social Initiatives
- 44 · · · External Commendations



Product Safety Initiatives

Toray completely revised its Product Safety Management Regulations in 1994 in order to bolster its product safety system, and on the basis of these regulations, we have established basic policies and are working to ensure product safety under a management system led by the Product Safety Committee.

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Product Safety Management Basic Policies

1. We shall place priority on the various measures required to ensure product safety.
2. We shall conduct adequate safety evaluation prior to marketing a new product.
3. For products already on the market, we shall take note of information from customers and the general public and always remain attentive to safety.

Confirming the Safety of New Products

When placing a new product on the market, the director in charge of manufacturing the new product conducts a product safety review, and only after receiving the director's approval can the product be released. The product safety review involves a product safety check as well as a review of the handling instructions (including warning labels), catalogue, and other materials.

If there are any doubts about safety at this stage, then the director in charge of manufacturing convenes the Product Safety Review Board comprised of a chairperson appointed by the director and independent experts from inside and outside the Company. The product must then be accepted by the review board before being placed on the market.

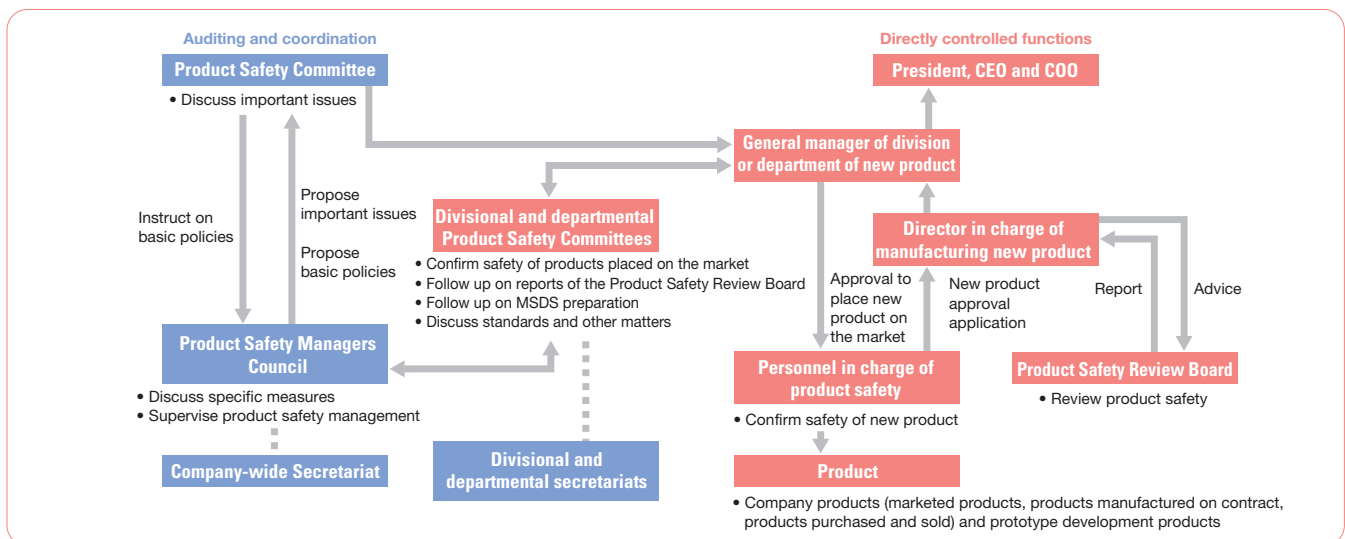
The Product Safety Review Board is required to attach an environmental assessment checklist, so in addition to product safety, the board considers whether releasing the new product will place an additional burden on the environment. In FY Mar/04, roughly 90 new products were subject to a product safety review, of which about 30 were examined by the Product Safety Review Board.

Efforts to Ensure Product Safety

The Product Safety Committee is responsible for advancing Toray's product safety efforts, and every year it establishes common company-wide product safety issues that reflect the conditions of group-wide activities as well as social trends. The Product Safety Managers Council follows up on the activities of the divisional and departmental Product Safety Committees to fully carry out our product safety efforts. In FY Mar/04, we sought to raise the level of product safety throughout our supply chain by conducting inspections to gain a better understanding of the safety systems used by contract manufacturers for the products we purchase and by providing them with guidance. As part of efforts to reduce the risk of chemical substances, we worked together to ensure reliable control of chemical substances subject to no-use commitments with our customers in the electrical and electronic, automotive, and other industries. Furthermore, in response to laws and regulations in Japan and overseas as well as to requests and trends at our customers, we revised and strengthened our control of hazardous chemical substances in the direction of green procurement.

The divisional and departmental Product Safety Committees, which are located within operating divisions and departments and are responsible for confirming product safety, establish product safety issues every year for their respective divisions and departments. This structure is intended to raise the level of product safety management in cooperation with the manufacturing, technology, and sales departments.

Subsidiaries and affiliates in Japan and overseas have also enacted Product Safety Management Regulations in order to pursue product safety management similar to Toray, and by providing support and guidance to our subsidiaries and affiliates through the Affiliated Companies Division and to the relevant operating divisions and departments, we seek to improve the level of product safety across the entire Toray Group.



Providing Job Satisfaction and Fair Opportunities

The Toray Group pursues people-based management with the idea that a company's fortunes are determined by its people, and that these people create the company's future.

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Personnel System Emphasizing Sense of Achievement

Management by Objectives and Personnel Evaluation

Toray respects the character and personality of each and every employee and aspires to create a personnel system that allows employees to feel a deep sense of accomplishment. We have therefore implemented self-assessment and management-by-objectives programs designed to help us draw out and apply to the fullest the enthusiasm of our employees, as well as personnel evaluations designed to fairly reflect individual employees' abilities, job performance, and other contributions to the company.

In our management by objectives program, each employee sets objectives every 6 months through individual meetings with their supervisor, and both the employee and supervisor review the level of achievement at the end of each 6

months. We hope that repeating this process will contribute to employee growth as well as to advancing the Company's organization.

We are also working to improve receptiveness to evaluations by holding individual meetings to provide feedback about the results of personnel evaluations based on level of achievement of the set objectives.

Self-Assessment, Transfer Planning, and Rotation System

We review self-assessment and transfer planning forms once yearly. These forms are used in making personnel changes and they contain information on an employee's transfer wishes, a history of their job duties, skills they possess, and the transfer plans of their supervisors.

Cultivating Human Resources Responsible for the Company

Toray believes that a company's fortunes are determined by its people, and that these people create the company's future. We view the Toray Group of the 21st century as a "corporate group that retains and develops excellent human resources." We therefore conduct personnel training with the 3 goals of developing fair-minded members of society with high ethical standards and a sense of responsibility, professional personnel with advanced expertise, technical skill, and originality, and leaders with foresight and a sense of balance.

Employee Training System

Our employee training system is outlined in the exhibit. After receiving their 2-week introductory training, new employees must take required training courses within 5 years to become familiar with the knowledge required of a company employee.

Additionally, from the perspective of independent human resource development, we offer the voluntary Challenge Training program to help motivated employees develop their skills by participation in training courses outside the company.

We are conducting a wide range of activities in global personnel training, including overseas training programs for younger employees that allow them to learn a foreign language and intern at an overseas subsidiary or affiliate, registration and basic training programs for candidates for possible overseas assignment, and overseas departmental management training to help cultivate local employees overseas.

Early Leadership Development

Responding quickly to changing times requires improved leadership and managements skills. Toray is currently working to teach coaching skills to section and unit managers and to enhance problem solving skills using logical thinking. To promote unified management of the Toray Group, we have held courses at the Toray Management School since 1991 with the aim of cultivating future executives, and are teaching section managers the

knowledge and skills they need to take on executive-level responsibilities. We also established the Toray School of Technology and Business to cultivate mid-level employees at manufacturing facilities and offer a 1-year boarding school educational program.

HUMAN RESOURCE DEVELOPMENT GOALS AND POSITIONING OF TRAINING

	Management	Technical	Sales	International	General
Developing leaders	Executive training			Overseas Management School	General and specific studies in Japan, overseas training for younger employees, Challenge Training program (open enrollment), IT education, training outside the company, and cross-industry exchange seminars
	Toray Management School				
Business area leaders	Section management improvement training	Technological development leadership training	Sales leadership training	Overseas departmental management training	
	Workplace supervisors training	Production management training	Sales skills improvement training	Overseas section management training	
Developing professional personnel	Common management training	Mid-level engineers patent training Various technical courses Management skills courses	Marketing strategy training Sales skills improvement training Sales practices courses	Overseas supervisor training	
	Common knowledge and skills for each division			Overseas assignment basic training	
Specific knowledge and skills for each division		Each division and plant training		Language skills improvement training	Distance Learning
Developing members of society		Each division and plant training			
	New employee training	2nd technical training 1st technical training	2nd sales training 1st sales training		

COMPANY-WIDE COMMON TRAINING COURSE ENROLLMENT IN FY MAR/04 (excl. divisional and plant training)

Training category	Persons enrolled
Management	638
Technical	958
Sales	589
International	65
General	510
Total	2,760

Assessment System

For general staff, we perform assessments on a regular basis in the form of reviews based on work presentations and personnel interviews to better understand each employee's level of development and aptitude, define points for individual improvement, and assess the direction of development. We provide feedback to employees through their supervisors and use the assessment results to help enhance individual career development.

Range of Training Courses Offered to Civil Servants

Toray continues to offer private-company training every year for public school teachers, judges, and other public employees.

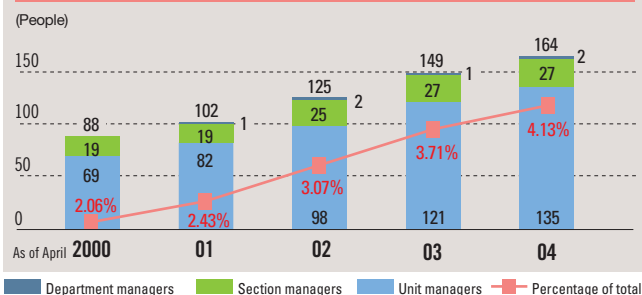
Promoting the Advancement of Women

Toray has actively sought to provide a work environment conducive to have women join our workforce, as well as to put women into positions of responsibility where the company can apply their personal talents and strengths to the fullest. As a result, the proportion of women in management has increased yearly, and 1 domestic subsidiary has even appointed a woman president. Moreover, in "Project NT-II," our new mid-term management issues formulated in FY Mar/05, a major theme is "establishing a corporate culture that facilitates the advancement of women," and in an effort to further promote women employees, we are taking positive action such as increasing hiring, expanding promotion to management positions, and improving the workplace environment.



Toray Human Resources Development Center (Mishima, Shizuoka)

WOMEN EMPLOYEES BY POSITION AND PROPORTION OF WOMEN



Providing Equal Employment Opportunities

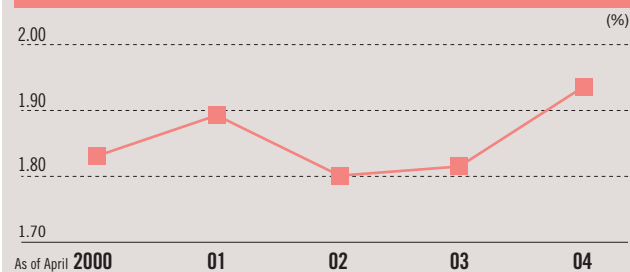
Reemployment System

For employees reaching the mandatory age of retirement, we are introducing a reemployment system that will ultimately allow employees to continue working until age 65. Starting in April 2004, we will offer reemployment through age 62, and all employees that wish to continue working will be rehired by the Toray Group.

Employing Disabled Persons

Toray actively seeks to employ disabled persons in the course of fulfilling our corporate social responsibilities, and we have attained the legally required employment ratio of 1.8%.

TRENDS IN DISABLED PERSONS AS A PERCENTAGE OF WORKFORCE



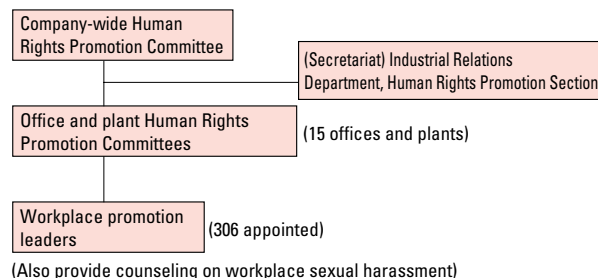
Promoting Human Rights

Concern about human rights is increasing both in Japan and overseas. Toray believes that respect for human rights is essential for creating a vibrant work environment for our employees, and we are working to promote and improve awareness about human rights.

Human Rights Promotion System

We established a company-wide Human Rights Promotion Committee as well as Human Rights Promotion Committees at each office and plant. We also conduct workshops and human rights promotion campaigns on a regular basis, and are deepening our employees' understanding and recognition of human rights issues.

HUMAN RIGHTS PROMOTION SYSTEM



Responding to Sexual Harassment

We consider sexual harassment to be an important human rights issue and established our Sexual Harassment Prevention Guidelines in 1999. We also educate our employees about sexual harassment through training at each level of our organization, and have established counseling services and implemented the Speak Up program using a complaint box at all our offices and plants.

Prohibition on Forced and Child Labor

The Toray Group prohibits forced labor and child labor under any circumstances and complies with the laws and regulations of each country and region in which we operate.

Programs to Promote Balance in Work and Family Life

Toray is working to enhance its child and family care programs to help employees balance their work and family responsibilities and be able to choose a variety of lifestyles.

Childcare Leave Program

Toray introduced a childcare leave program in 1974. In consideration of the Childcare and Family Care Leave Law as well as the convenience of persons taking a leave of absence, employees raising a child are able to take childcare leave until the end of the fiscal year in which the child turns 1 year old. Additionally, employees raising a child under 3 years of age are certified to be restricted from working overtime and on holidays, which exceeds legal requirements, and they can take nursing care leave 5 times a year until the child enters elementary school.

Family Care Leave Program

Employees with a family member requiring care are able to take a maximum 1-year family care leave, which exceeds legal requirements. Employees can also shorten their work hours in order to provide care while continuing to work.

NUMBER OF PEOPLE STARTING A LEAVE OF ABSENCE

Fiscal year	Mar/00	Mar/01	Mar/02	Mar/03	Mar/04
Persons taking childcare leave	46	65	67	54	79
Persons taking family care leave	1 (0)	3 (1)	1 (1)	4 (0)	2 (0)

Parentheses indicate number of men.

Registration of Employees Seeking Reemployment

For male and female employees with three years or more of continuous service who needed to separate because they married, gave birth, had to tend to children, or provide family care, or because a spouse was transferred away, we decided in March 2004 on a draft plan for a program to register these employees and provide them with an opportunity for reemployment. We plan to introduce this system in September 2004.

Engagement in Supporting Employees' Mental Health

The importance of stress relief and other mental health issues is increasing. Toray believes it is necessary to support awareness among our employees and promote understanding among our managers, and we are working to achieve this goal in cooperation with industrial physicians.

For our employees, we conduct a simple occupational stress test developed by the Ministry of Health, Labour and Welfare once yearly and have prepared and distributed to all employees a leaflet outlining key points to be aware of as well as coping methods.

For managers, we have distributed a booklet containing examples of the awareness points and coping methods through to contacting a professional. We are also conducting training for managers.

Furthermore, we have also established days for consulting with industrial counselors and offer telephone services using an outside organization.



Leaflet outlining awareness points and coping methods

Communicating with Customers and Suppliers

The Toray Group is developing a new business model by forming strategic partnerships with its customers and suppliers and pursuing a variety of alliances with the goals of co-existence and co-prosperity.

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“Purchasing” Website

Toray has opened the doors to a wide range of suppliers for purchasing raw materials, manufacturing equipment, and other products. We disclose our Basic Purchasing Guidelines on our website along with contact information, items we are purchasing, items under inquiry, procedures through to the start of transactions, and application forms for those wanting to sell their products.

Basic Purchasing Guidelines

1. Our selection of suppliers and decisions on individual purchases shall be impartial and based on economic rationality with consideration given to price, quality, supply stability, technological capability, reliability, and other factors.
2. In selecting our suppliers, we shall not adhere solely to suppliers with which we have done business in the past or are members of the Toray Group, but shall open our doors to a wide range of suppliers both in Japan and overseas.
3. In our purchasing activities, we shall comply with all relevant laws and regulations, give due consideration to environmental preservation, and fulfill our corporate social responsibilities.

<http://www.toray.co.jp/koubai/index.html>



Consumer Consulting Services

The Toray Group handles a variety of end products, and in addition to providing customers with product explanations and handling instructions on our website, we have established a toll-free telephone consultation service to respond to customer questions and inquiries about our products. We are also drawing on the opinions of our customers to help improve our products and develop new products.



<http://www.torayvino.com/info/index.html>

(Information about *Torayvino**,
home water purifiers)



<http://www.toray.co.jp/cl/information/index.html>

(Information about Toray's
contact lenses)



<http://f-net.torayfishing.co.jp/>

(Toray Fishing website)

Second Textile Industry Symposium

Toray joined forces with Toray Corporate Business Research, Inc. to host the second Textile Industry Symposium in Fukui City on March 10, 2004. The symposium included lectures by Chairman Akira Baba of Onward Kashiya Co., Ltd., Professor Motohige Itoh of the University of Tokyo, and Managing Director Eizo Tanaka of Toray Industries. The symposium was attended by roughly 500 customers and suppliers with strong ties to the fibers and textiles business of the Toray Group, including Hokuriku-based textile manufacturers, knitting manufactures, dyeing plants, trading companies, and so forth.

The main theme of the Textile Industry Symposium is to overcome current problems and reinvigorate the domestic textile industry and the Hokuriku textile-producing region, and we started the symposium in 2003 with the



goal of contributing to the business operations of our customers and suppliers. Going forward, we will continue to offer a variety of opportunities to provide valuable information to our customers and suppliers.

Communicating with Stockholders and Investors

Toray strives to achieve open communication with stockholders and investors and is actively working to improve disclosure.

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General Stockholders Meeting

Toray avoids holding its general stockholders meeting on the same day as many other companies to make it easier for stockholders to attend. We also send out stockholders meeting invitations as early as possible to give stockholders adequate time to consider the meeting's proposals.

Announcement of Business Results

Toray discloses detailed information in the media through press briefings and other means when announcing business results. We also hold a results briefing the same day with the president attending if possible to provide explanations to institutional investors and analysts and listen to their opinions.



Results briefing

Disclosure

We publish our financial statements, materials from the results briefing, and other explanatory materials in the investor relations section of our website at the same time as announcing results. We strive daily to enrich the content of these materials by listening to the opinions of our investors. We also try to publish English language materials without delay and are working to achieve fair disclosure for our shareholders and individual investors both in Japan and overseas.

We also seek timely and fair disclosure of press releases on new products, business expansion, and other matters by publishing the information on our website at the same time it is released to news organizations.



<http://www.toray.co.jp/ir/index.html>
(Investor relations section)
of Toray website

Work of the Investor Relations Department

In an effort to enhance communication with our shareholders and investors, we separated the Investor Relations Section from the Corporate Communications Department and established the Investor Relations Department as an independent organization under the direct authority of the president in June 2002. The thoughts and opinions of investors obtained in the course of our investor relations activities are reported to the Board of Directors on a regular basis, and the company-wide Communications Committee discusses how to reflect and draw on these opinions in our management and business activities.



Investor relations publications

Communicating with Local Communities

Toray assumes its responsibility as a member of society and engages in a variety of activities intended to build mutually beneficial relationships with society at large, especially with the local communities near our business facilities both in Japan and overseas.

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Tours

We conduct tours and informal discussions for local residents at our business facilities in Japan and overseas to help deepen their understanding of our environmental preservation efforts.



Ehime Plant tour by a local social group
(February 2003)

Interaction with Local Communities

We believe contact and a sense of community with local residents is important, and we are involved in a variety of activities such as holding volleyball clinics with the Toray Arrows, our men's and women's volleyball teams, inviting residents to summer festivals, opening physical education facilities and grounds, and participating in community promotion activities.



Volleyball clinic by the Toray Arrows
(June 2003)



Summer festival at the Basic Research Laboratories (July 2003)

Volunteering

We are actively involved in volunteer activities at our business facilities in Japan and overseas, including efforts to clean up rivers, clean up local

communities near our plants, and plant trees.

We also contribute to community safety by supporting local firefighting activities and conducting local campaigns to promote crime prevention, disaster prevention, and traffic safety.



River cleanup at the Mishima Plant
(May 2003)



Tree planting volunteers at the Nagoya Plant
(August 2003)



Traffic safety campaign at Toray Saehan Inc. in Korea

International Exchange

Since 1997 we have provided special support to the Toray Cup Shanghai International Marathon hosted by the China Athletic Association and Shanghai Sports Federation. This marathon is held as an opening-day event for the Shanghai Citizens' Health Promotion Festival and it contributes to promoting sports and improving the health of the residents of Shanghai, which is the center of the Toray Group's business activities in China. The marathon was held for the eighth time on November 15, 2003 with a total of 12,500 participating runners from China and around the world.



Toray Cup Shanghai International Marathon
(November 2003)

Social Initiatives

The Toray Group remains involved in a wide range of areas and we assume our role as a corporate citizen based on the idea of contributing and returning profits to local communities through a variety of corporate and business activities.

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The Toray Group, guided by its Corporate Philosophy of "contributing to society through the creation of new value by innovative ideas, technologies, and products," seeks not only to contribute to society by providing better products, but also to act as a good corporate citizen by actively supporting community activities as well as the advancement of education, science and technology, arts and culture, and sports and other activities in the communities near our plants and research laboratories both in Japan and overseas.

We pursued a variety of social initiatives in FY Mar/04, including contributions to the Toray Science Foundations and various other organizations, dispatch of personnel to overseas goodwill associations, employee volunteer activities in the local communities near our plants and research laboratories, and the supply of equipment and facilities. These and other activities were worth a total of ¥543.8 million, representing 1.8% of Toray's non-consolidated ordinary income in FY Mar/04.

SOCIAL INITIATIVES IN FY MAR/04

Area	Amount
Social welfare	5.1
Health and medicine	18.8
Sports	48.4
Science and research	120.8
Education	30.2
Arts and culture	52.9
Environmental preservation	39.7
Historic site and traditional culture preservation	9.3
Local community activities	65.6
International exchange and cooperation	84.4
Disaster relief	0.6
Other (personnel dispatch, patronage expenses, membership expenses, etc.)	68.0
Total	543.8
Percentage of ordinary income	1.8%

(Million ¥)



Photographer Masako Imaoka's Re-birth website (www.re-birth.net), operated with support from Toray

Toray Science Foundation

Toray established the Toray Science Foundation in 1960 with the goal of contributing to the advancement of science, technology, and culture by

promoting basic scientific and technological research. The foundation attracted widespread public attention as a pioneering private research support organization, and today it is well regarded for its activities, which include providing major grants to young researchers.

1. 44th Toray Science and Technology Award

Recognizes outstanding achievements in science and technology (winners receive an award certificate, gold medal, and prize money)

Award Winners	Research Achievements
Kunisuke Asayama, Professor Emeritus, Osaka University	Research into magnetism and superconductivity using nuclear magnetic resonance (NMR)
Masakatsu Shibasaki, Professor, Graduate School of Pharmaceutical Sciences, University of Tokyo	Research into medicine and natural product synthesis based on discovery of innovative asymmetric catalysts



Gold and silver medals given to award winners

2. 44th Toray Science and Technology Grant

Grants for young researchers conducting basic research in science and technology

Total research grants ¥130 million for 12 research themes

3. 35th Toray Science Education Award

Recognizes secondary school science teachers who have achieved outstanding educational results through creativity and ingenuity

Award Winners	Research Achievements
Kunihiro Takagi, Principal, Samani Municipal Samani Junior High School, Hokkaido	Downward flowing electrolysis observation tank
Kaoru Wada, Teacher, Tama Municipal Hijirigaoka Junior High School, Tokyo	Using ants to study the environment and biodiversity
Junichi Yokota, Toyama Prefectural Sakurai Senior High School	Experiments with platinum to experience catalytic action and accompanying coursework

Additionally, 5 honorable mention awards and 1 encouragement award were made.

ASEAN Science Foundations

Toray established science foundations in Indonesia, Malaysia, and Thailand between 1993 and 1994. These foundations engage in activities similar to the foundation in Japan in their respective countries. The Thailand Toray Science Foundation awarded its first Science and Technology Prize to King Bhumibol in 1995.

External Commendations

Toray believes external support allows it to maintain sustainable growth as a company. We continued in FY Mar/04 to make group-wide efforts to enhance our reputation further and we received several external commendations.

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MAIN EXTERNAL COMMENDATIONS IN FY MAR/04

Awarding Institution	Commendation	Award Winning Office, Plant, Subsidiary or Affiliate
Ministry of Health, Labour and Welfare	Class 3 Zero Accidents Certificate	Okazaki Plant and Gifu Plant
Ministry of Health, Labour and Welfare	Class 1 Zero Accidents Certificate	Shiga Plant and Toray Engineering Co., Ltd.'s Shiga Plant
JCIA and JRCC	Safety Effort Award	Chiba Plant
Fire and Disaster Management Agency	Hazardous Material Facility Excellence Commendation	Aichi Plant
Government of Thailand	Labor Safety, Health, and Environmental Excellence Award	Thai Toray Synthetics Co., Ltd. (TTS) / Bangkok Plant, Ayutthaya Plant Thai Toray Textile Mills Public Company Limited (TTTM) Luckytex (Thailand) Public Company Limited (LTX) Mill-1, Mill-3
Government of Indonesia	Zero Accidents Five Million Hours Award	P.T. Eastermex (ETX)
Ishikawa Prefecture	Ishikawa Green Company Commendation	Ishikawa Plant
Chubu Bureau of Economy, Trade and Industry	Invention Encouragement Award for a Polyacetal Plastic Manufacturing Method	Chemicals Research Laboratories
Chubu Bureau of Economy, Trade and Industry	Nagoya Mayor's Award for an Optically Active Tartaric Acid Derivative Manufacturing Process	Chemicals Research Laboratories
The Society of Materials Science, Japan Fiscal 2003	Composite Materials Division's Technology Award for the Development of High-Strength Concrete Components Using Crushed Recycled CFRP Pieces	Composite Materials Research Laboratories
Japan Society of Polymer Processing	13th Aoki Katashi Technology Award for 3D TIMON	CAE Software & Solution Business Department
Nihon Keizai Shimbun, Inc.	Nikkei Advanced Business Facility Excellence Award	New Frontiers Research Laboratories
Chubu Bureau of Economy, Trade and Industry	Chubu Bureau of Economy, Trade and Industry Director's Award for the Cool and Comfortable Polyester Filament Textile Ceo α*	Toray Industries, Inc.
Ministry of Health, Labour and Welfare	Forman Safety Excellence Commendation from the Minister of Health, Labour and Welfare	Kunio Onami, Tokai Plant
Japan Industrial Safety and Health Association	Green Cross Award	Masahiko Nishioka, Shiga Plant
Ecological Life and Culture Organization	Recycling Merit Commendation	Yukihiko Maekawa, Uniform and Advanced Textiles Department

Ishikawa Plant

The Ishikawa Plant has remained actively involved in environmental preservation and has acquired ISO14001 certification. As a special award of excellence recognizing these efforts, the plant was awarded the Ishikawa Green Company Commendation.



Ishikawa Green Company Commendation ceremony (Ishikawa Plant)

Chiba Plant

The Chiba Plant was awarded the JCIA and JRCC Safety Effort Award as a result of its voluntary safety efforts and recognition of its status as a model facility.



Receiving the JCIA and JRCC Safety Effort Award (Chiba Plant)

Japan Society of Polymer Processing Awards Technology Award for 3D TIMON

In plastic processing technology, Toray's injection molding CAE system 3D TIMON was awarded the 13th Aoki Katashi Technology Award, which is given in recognition of outstanding technological development.



Aoki Katashi Technology Award recipients (CAE Software & Solution Business Department)

Earnings

46 · · FY Mar/04 Business Results



FY Mar/04 Earnings Results

Toray achieved substantial year-on-year growth in both consolidated sales and income in FY Mar/04 thanks to significantly higher profits in our foundation fibers and textiles businesses and plastics and chemicals businesses on progress in structural reinforcement and reform, and to sales and income growth in our advanced materials businesses, comprised of the IT-related products business and the new products and other businesses segment. Non-consolidated sales and income also increased year-on-year.

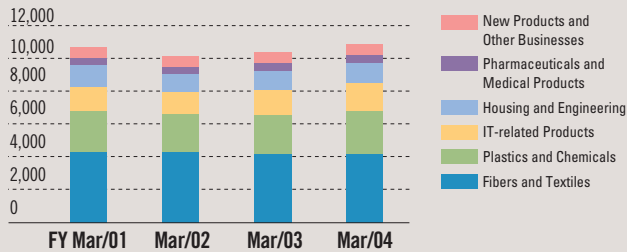
Further, our equity ratio increased as a result of efforts to reduce interest-bearing debt and decrease total assets.

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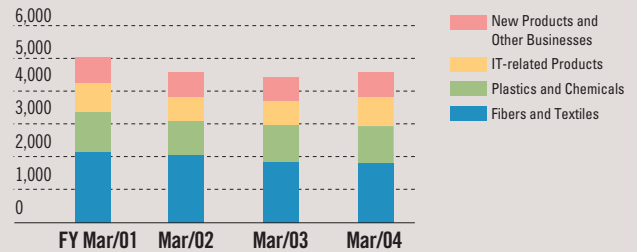


(¥million)

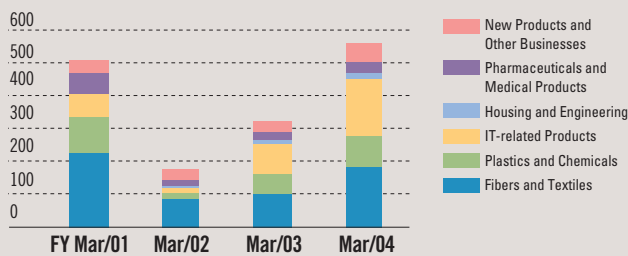
CONSOLIDATED NET SALES BY BUSINESS SEGMENT



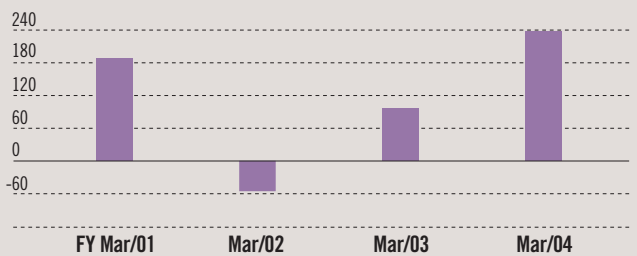
NON-CONSOLIDATED NET SALES



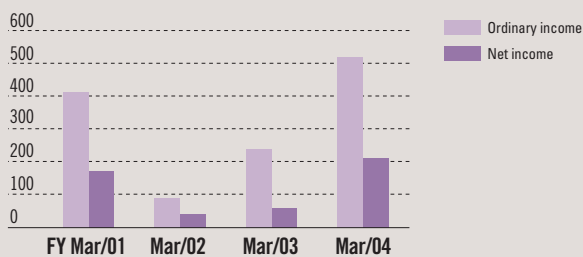
CONSOLIDATED OPERATING INCOME BY BUSINESS SEGMENT



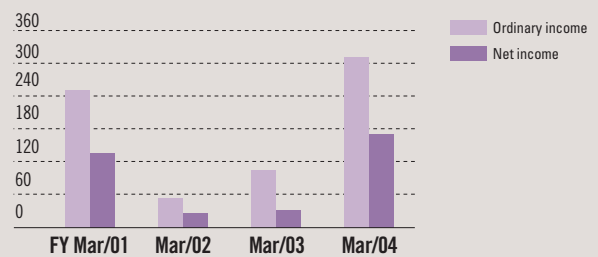
NON-CONSOLIDATED OPERATING INCOME



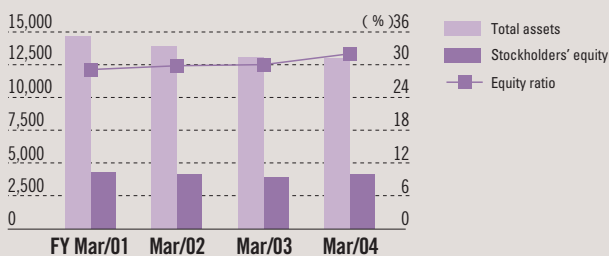
CONSOLIDATED ORDINARY INCOME AND NET INCOME



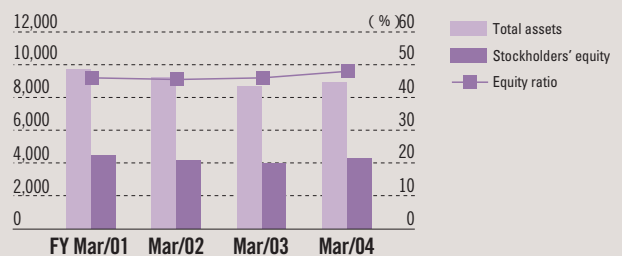
NON-CONSOLIDATED ORDINARY INCOME AND NET SALES



CONSOLIDATED TOTAL ASSETS, STOCKHOLDERS' EQUITY, AND EQUITY RATIO



NON-CONSOLIDATED TOTAL ASSETS, STOCKHOLDERS' EQUITY, AND EQUITY RATIO



Product List and Environmental Data

- 48 · · · Toray Products Contributing to the Environment and Society
- 51 · · · Chemical Substance Emissions and Transfer Data
- 52 · · · Environmental Data for Toray Plants
- 54 · · · Companies Covered in this Report



Environmental and Social Contribution of Toray Products

More detailed information about the products and other items listed in pages 48-50 can be found on our website.

<http://www.toray.com/environment/index.html>

CSR Annual Report 2004



Water Resources



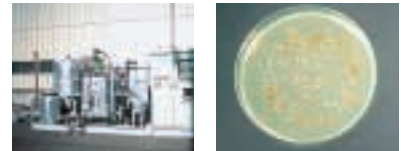
The *Torayrom** water purification system is used to purify industrial water and pool water, ensure emergency water supplies, and provide safe water.

Water Resources



Seawater desalination facilities using *Romembra** reverse osmosis membrane elements contribute to ensuring water resources on a global scale.

Waste Reduction



Microorganism-based high-efficiency wastewater treatment technology contributes to reducing industrial waste by cutting the volume of sludge generated by at least half.

Water Resources

Atmosphere



*Wosep** is a non-woven fabric made from polypropylene microfibers that can separate the oil content of oil wastewater and does not generate harmful gases after disposal.

Living Environment



The *Torayclean** air filter is used in industrial and home air purifiers and it contributes to creating clean air.

Atmosphere



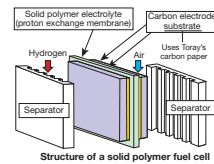
*Torcon**, *Toyofuron**, *Teflon**, and *Tefaire** are used to collect dust in the exhaust gas of garbage incinerators and coal boilers.

Ecosystem



*Fieldmate** biodegradable fishing line largely breaks down into water and carbon dioxide to return to the natural environment if accidentally left in the water or on the ground after use.

Atmosphere Global Warming Prevention



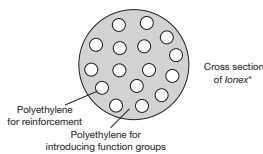
Toray's carbon paper is used as an electrode material in fuel cells, which are expected to be a clean power source.

Living Environment



*Torayvino** home water purifiers provide homes with safe and delicious drinking water by removing microparticles from water.

Water Resources



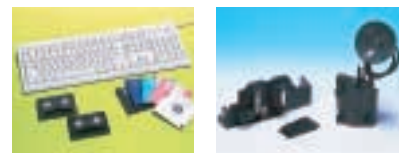
*Ionex** is a fibrous ion exchanger used in removing harmful ions and water treatment.

Atmosphere



*Barriolox** is a transparent evaporating film that does not generate harmful gases when incinerated because it does not use chlorine- or nitrogen-based substances or aluminum foil as raw materials.

Atmosphere



*Toraycon**, *Toyolac**, and *Amilan** are fire resistant plastics that do not use halogen-based flame retardants and do not generate bromine-based harmful substances when incinerated or disposed of.

Resource Recycling



Toraysurou[®] ceramic blocks are an Eco Mark certified recycled paving material made from municipal garbage and sewage sludge.

Water Resources



Positive Photoneece[®] has high resolution and superior heat resistance while placing a low burden on the environment because a simple alkali aqueous solution is used for development.

Resource Recycling



Axtar[®] Mantle E is an environmentally friendly non-woven civil engineering fabric made from recycled polyester yarn.

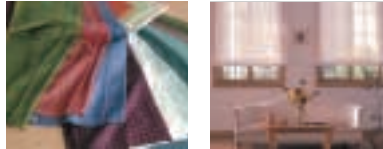
Atmosphere

Ecosystem



The cellulose sponge is an environmentally friendly product that is made from wood pulp, does not generate harmful gases when incinerated, and is biodegradable when buried in the ground.

Atmosphere



UNFLA-ef[®] non-halogen fire-resistant curtains do not generate any bromine-based harmful substances when incinerated or disposed of.

Atmosphere

Global Warming Prevention



Torayca[®] carbon fibers are used for blades in wind power generators and for CNG gas tanks for low-polluting CNG cars.

Atmosphere

Global Warming Prevention



Toray's batch carbonization system for recycling organic resources reduces the dust and dioxin generated when heating waste and contributes to increasing thermal efficiency and conserving energy.

Energy Conservation

Waste Reduction



Torayca[®] Fabric Construction is a method for using Torayca[®] fabrics made from lightweight, reinforcing carbon fibers to extend the life of existing buildings and bridges, help reduce waste from reconstruction, and contribute to effectively using social infrastructure.

Energy Conservation



Torayca[®] Laminate Construction is a simple construction method of adhering carbon fiber reinforced plastic sheets as a surface treatment and it contributes to shortening construction time and upgrading social infrastructure to improve working environments.

Atmosphere

Waste Reduction



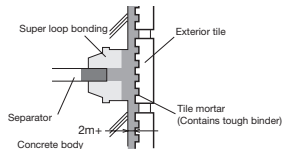
Filtray B[®] removes trace amounts of ammonia from the air in semiconductor manufacturing environments, and because of its unit construction, it has low outgas and can be easily dismantled for disposal.

Resource Recycling



Lumirror[®] is a moldable polyester film with enhanced recycling ability.

Waste Reduction



Construction using loop bonding and tough binder prevents exterior tiles from falling off and reduces the generation of waste materials. This construction method contributes to upgrading social infrastructure to improve working environments.

Carbon Neutral

Global Warming Prevention



Ecodear[®] polylactic acid (PLA) fiber is an environmentally friendly material made from corn. Toray combined the same raw materials to successfully develop plant-based PLA plastics with superior moldability and heat resistance.

Atmosphere



The non-halogen fire-resistant PET film Lumirror[®] ZV does not generate bromine-based harmful substances when incinerated or disposed of.

Resource Recycling

Living Environment



Toraycool[®] is a recycled product that uses 80% tile waste material, and its water retention capability helps mitigate the summer heat.

Energy Conservation



Torayca[®] prepreg is sheet-form carbon fiber impregnated with resin and it is used as a lightweight structural material for aircraft to reduce the environmental burden.

Waste Reduction



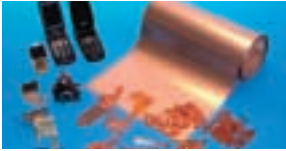
Anyany[®] is a cloth to remove facial oil that uses 2-micron microfiber technology and reduces waste because it can be washed and used again.

Resource Recycling



DMSO can be recycled and is used as a separating and cleaning solution for electronic components and as a reaction solvent for pharmaceuticals and agricultural chemicals.

Atmosphere



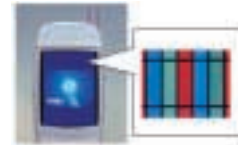
Type K Toray copper-clad laminate polyimide film does not generate bromine-based harmful substances when incinerated or disposed of.

Resource Recycling



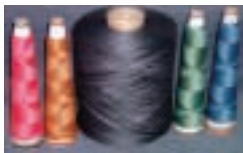
Recyclon[®] fiber is a recycled fiber made from used PET bottles and other products.

Waste Reduction



Toray's OPTICAL[®] LCD color filter uses environmentally friendly resins and black matrix and does not use harmful heavy metals.

Water Resources Energy Conservation



Eco Dye[®] yarn processing provides consistent dyeing and heat treatment while contributing to lowering the environmental burden by reducing the amount of water used in dyeing and conserving energy by reducing the number of processes.

Ecosystem



The biodegradable Fieldmate[®] is used in belts providing underground support for trees in an effort to reduce the labor involved in maintaining trees while returning to the natural environment over time.

Water Resources



The Toray Waterless Plate[®] reduces the environmental burden by enabling offset printing without using dampening water, which is a harmful wastewater generated during printing.

* Product names with an asterisk (*) are registered trademarks or pending trademarks of the Toray Group.

Environmentally Friendly Business



The Toray Group is involved in a wide range of environmental measurement and survey programs and contributes to alleviating environmental problems.

Environmentally Friendly Business



The Toray Group offers comprehensive consulting services related to environmental preservation and management.

Visit our website for more information about the contribution of Toray Group products to the environment and society.

<http://www.toray.com/environment/index.html>

Chemical Substance Emissions and Transfer Data

TORAY PRTR LAW SUBSTANCE EMISSIONS AND TRANSFER DATA FOR FY MAR/04

(Tons; dioxins: mg-TEQ)

Substance Name	Atmospheric Emission	Water Emission	Soil Emission/ Company Landfill	Waste Transfer	Substance Name	Atmospheric Emission	Water Emission	Soil Emission/ Company Landfill	Waste Transfer
2,2'-Azobisisobutyronitrile	0.0	0.0	0.0	6.3	Methyl acrylate	5.1	0.8	0.0	0.0
Acetaldehyde	9.2	0.0	0.0	0.0	Methyl methacrylate	16.4	0.0	0.0	17.6
Acetic acid 2-ethoxyethyl	0.0	0.0	0.0	0.1	N,N-dimethylformamide	11.0	0.0	0.0	28.7
Acetonitrile	0.0	0.0	0.0	1.9	Nickel	0.0	0.2	0.0	0.1
Acrylonitrile	95.7	5.7	0.0	0.1	Nitrobenzene	0.0	0.0	0.0	26.6
Antimony and other compounds	0.0	0.0	0.0	0.4	o-Dichlorobenzene	0.0	0.0	0.0	1.6
Benzene	0.8	2.2	0.0	0.1	p-Dichlorobenzene	1.3	0.0	0.0	0.0
Bisphenol-A type epoxy resin	0.0	0.0	0.0	19.7	Phenol	0.0	5.9	0.0	0.0
Boron and other compounds	0.0	0.0	0.0	0.8	Poly (oxyethylene) alkyl ether	1.2	0.0	0.0	0.3
Bromomethane	72.0	0.0	0.0	0.0	Poly (oxyethylene) nonylphenyl ether	0.0	0.0	0.0	1.5
Chlorobenzene	3.0	0.0	0.0	59.5	Poly (oxyethylene) octylphenyl ether	0.5	0.0	0.0	0.0
Chloroform	1.2	0.0	0.0	11.1	Pyridine	0.0	0.0	0.0	2.3
Cobalt and other compounds	0.0	1.3	0.0	5.7	Silver and other water soluble compounds	0.0	0.0	0.0	1.3
Decabromodiphenyl ether	0.0	0.0	0.0	2.8	Styrene	27.4	0.0	0.0	1.8
Dichloromethane	4.6	0.0	0.0	5.3	Terephthalic acid	0.0	0.0	0.0	594.6
Diuron	0.0	0.0	0.0	1.1	Toluene	2.9	0.0	0.0	31.7
Ethylene glycol	1.0	0.0	0.0	68.5	Trichloroethylene	4.6	0.6	0.0	0.1
Ethylene glycol monoethyl ether	0.0	0.0	0.0	2.5	Xylene	12.2	0.0	0.0	15.7
Formaldehyde	0.0	0.0	0.0	0.3	ε -Caprolactam	0.0	14.6	0.0	53.4
Inorganic cyanide	72.0	0.0	0.0	0.0	Dioxins	25.2	158.4	0.0	986.9
Lead and other compounds	0.0	0.0	0.0	0.9	Total	342	32	0	966
Manganese and other compounds	0.0	0.2	0.0	1.6					

Of Toray's 59 PRTR Law substances, emissions or transfers of the above 42 substances exceeded 50 kg.




DOMESTIC SUBSIDIARIES AND AFFILIATES' PRTR LAW SUBSTANCE EMISSIONS AND TRANSFER DATA FOR FY MAR/04




(Tons; dioxins: mg-TEQ)

Substance Name	Atmospheric Emission	Water Emission	Soil Emission/ Company Landfill	Waste Transfer	Substance Name	Atmospheric Emission	Water Emission	Soil Emission/ Company Landfill	Waste Transfer
1,1-Dichloro-1-fluoroethane (HCFC-141b)	4.6	0.0	0.0	0.0	Ethylene glycol monoethyl ether	4.1	0.0	0.0	0.3
1,2-Dichloroethane	23.4	0.0	0.0	3.6	Ethylene oxide	0.8	0.0	0.0	0.0
1,3-Dichloro-2-propanol	0.0	0.0	0.0	19.2	Formaldehyde	0.1	0.0	0.0	0.2
3-Methylpyridine	10.2	0.0	0.0	3.0	Lead and other compounds	0.0	0.0	0.0	1.4
Acetic acid 2-ethoxyethyl	1.2	0.0	0.0	0.5	Linear alkylbenzene sulfonate and other salts	0.0	0.0	0.0	0.3
Acetonitrile	0.0	0.0	0.0	2.7	Methyl methacrylate	0.3	0.0	0.0	0.0
Bis (2-ethylhexyl) phthalate	0.0	0.0	0.0	1.8	N,N-dimethylformamide	21.5	0.0	0.0	376.2
Chlorobenzene	0.0	0.0	0.0	16.3	Poly (oxyethylene) alkyl ether	0.0	0.0	0.0	45.1
Decabromodiphenyl ether	0.0	0.0	0.0	0.1	Tetrachloroethylene	0.2	0.0	0.0	1.4
Dichloromethane	5.2	0.0	0.0	12.6	Toluene	319.2	0.0	0.0	698.7
Epichlorohydrin	1.7	0.0	0.0	42.2	Xylene	59.2	0.0	0.0	23.3
Ethyl acrylate	0.2	0.0	0.0	0.0	Dioxins	24.8	0.0	0.0	169.2
Ethylbenzene	5.8	0.0	0.0	0.5	Total	460	0	0	1258
Ethylene glycol	2.0	0.0	0.0	9.0					




Of domestic subsidiaries and affiliates' 46 PRTR Law substances, emissions or transfers of the above 26 substances exceeded 50 kg.




Environmental Data for Toray Plants

			Shiga Plant	Seta Plant	Ehime Plant	
Item		Unit	Emissions	Emissions	Emissions	
PRTR	Emissions	Air	Tons/year	4	0	167
		Water	Tons/year	0	0	7
		Soil/landfill	Tons/year	0	0	0
	Waste transfer	Tons/year	113	0	151	
Greenhouse gases		10,000 tons CO ₂ /year	14.0	0.4	42.0	
Gas Emissions	SOx	Tons/year	997	0.8	279	
	NOx	Tons/year	283	1.5	565	
	Dust	Tons/year	36	0.2	24	
Water Emissions	BOD	Tons/year	147	1.3	60	
	COD	Tons/year	—	—	120	
Wastewater		Million m ³ /year	23.2	0.6	30.5	
Waste	Recycled	Tons/year	1730	62	4292	
	Incineration and other	Tons/year	534	7	625	
	Landfill disposal	Tons/year	74	1	329	
		Main items produced	<i>Ecsaine</i> * synthetic suede <i>Lumirror</i> * polyester film <i>TOPTICAL</i> * color filter	Synthetic spun yarn Medical products (Inoue balloon, <i>Anthrone</i> * P-U catheter, and <i>Toraymyxin</i> *)	<i>Tetoron</i> * staple fiber <i>Torayca</i> * carbon fiber <i>Toraycon</i> * PBT resin <i>Romembra</i> * reverse osmosis membrane module	
Plant profile						

			Nagoya Plant	Tokai Plant	Aichi Plant	
Item		Unit	Emissions	Emissions	Emissions	
PRTR	Emissions	Air	Tons/year	11	80	1
		Water	Tons/year	8	17	0
		Soil/landfill	Tons/year	0	0	0
	Waste transfer	Tons/year	76	570	18	
Greenhouse gases		10,000 tons CO ₂ /year	60.6	89.6	3.4	
Gas Emissions	SOx	Tons/year	7.7	19	20	
	NOx	Tons/year	636	403	29	
	Dust	Tons/year	18	4.2	2.7	
Water Emissions	BOD	Tons/year	612	356	4.4	
	COD	Tons/year	323	359	—	
Wastewater		Million m ³ /year	31.4	18.1	0.2	
Waste	Recycled	Tons/year	1401	5435	233	
	Incineration and other	Tons/year	1631	531	46	
	Landfill disposal	Tons/year	328	325	27	
		Main items produced	Nylon staple fiber <i>Amilan</i> * resin molding chips Caprolactam Nylon chips	Caprolactam Terephthalic acid <i>Tetoron</i> * chips <i>Torelina</i> * PPS resin	Nylon filament yarn <i>Raytela</i> * plastic optical fiber	
Plant profile						

Environmental Data for Toray Plants

			Okazaki Plant	Mishima Plant	Chiba Plant	
Item		Unit	Emissions	Emissions	Emissions	
PRTR	Emissions	Air	Tons/year	5	5	63
		Water	Tons/year	1	0	0
		Soil/landfill	Tons/year	0	0	0
	Waste transfer	Tons/year	22	1	2	
Greenhouse gases		10,000 tons CO ₂ /year	12.9	26.0	3.9	
Gas Emissions	SOx	Tons/year	312	958	23	
	NOx	Tons/year	140	368	15	
	Dust	Tons/year	50	26	4.3	
Water Emissions	BOD	Tons/year	48	40	7.1	
	COD	Tons/year	59	—	75	
Wastewater		Million m ³ /year	8.3	37.2	4.4	
Waste	Recycled	Tons/year	4129	1536	3143	
	Incineration and other	Tons/year	0	138	43	
	Landfill disposal	Tons/year	0	58	49	
		Main items produced	Nylon filament yarn Filtryzer* artificial kidney Toray Waterless Plate* printing plate	Nylon filament yarn Lumirror* polyester film Feron* natural interferon-β preparation Toraymyxin*	Toyolac* ABS resin	
Plant profile						

			Tsuchiura Plant	Gifu Plant	Ishikawa Plant	
Item		Unit	Emissions	Emissions	Emissions	
PRTR	Emissions	Air	Tons/year	0	7	0
		Water	Tons/year	0	0	0
		Soil/landfill	Tons/year	0	0	0
	Waste transfer	Tons/year	0	14	0	
Greenhouse gases		10,000 tons CO ₂ /year	2.9	9.1	5.7	
Gas Emissions	SOx	Tons/year	75	410	149	
	NOx	Tons/year	11	55	156	
	Dust	Tons/year	2.1	7.5	7.3	
Water Emissions	BOD	Tons/year	1	7.7	12	
	COD	Tons/year	—	4.9	—	
Wastewater		Million m ³ /year	0.3	11	10	
Waste	Recycled	Tons/year	64	346	313	
	Incineration and other	Tons/year	3	0	4	
	Landfill disposal	Tons/year	0	0	27	
		Main items produced	Torayfan* BO polypropylene film	Ecsaine* synthetic suede Lumirror* polyester film Torelina* PPS film	Tetoron* filament yarn Nylon filament yarn	
Plant profile						

Companies Covered in this Report

The environmental reporting in this CSR Annual Report covers Toray Industries as well as Toray Group manufacturing companies in Japan and overseas that perform safety, health, accident prevention, and environmental audits.

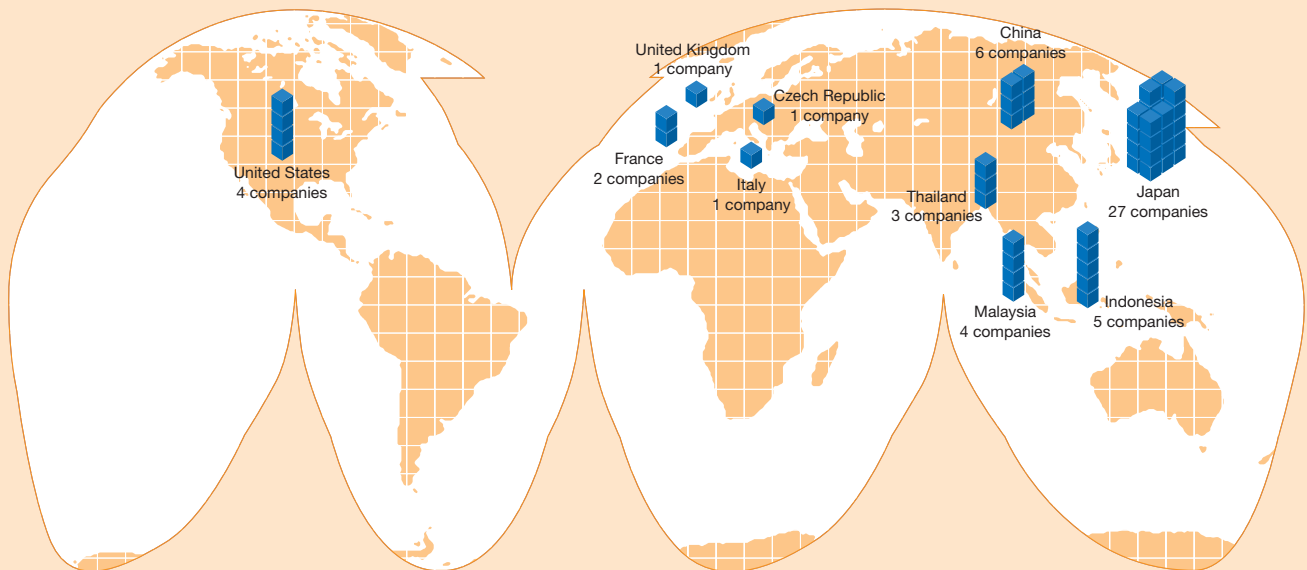
DOMESTIC SUBSIDIARIES AND AFFILIATES (27 COMPANIES)

Business Segment	Company Name
Fibers and Textiles	Du Pont-Toray Co., Ltd.
	Opelontex Co., Ltd.
	Ogaki Fuso Spinning Co., Ltd.
	Toray Textiles, Inc.
	Inami Textiles, Inc.
	Matsumoto Textiles, Co., Ltd.
	Toyo Seisen Co., Ltd.
	Toray Coatex Co., Ltd.
	Towa Orimono Co., Ltd.
	Toray Monofilament Co., Ltd.
	Toyo Tire Cord Co., Ltd.
	Toyo Flocking Co., Ltd.
	Maruichi Fiber Co., Ltd.
	Sowa Textile Co., Ltd.
Plastics and Chemicals	Toyo Metallizing Co., Ltd.
	Toyo Plastic Seiko Co., Ltd.
	Toray Plastic Films Co., Ltd.
	Toray PEF Products Inc.
	Dow Corning Toray Silicone Co., Ltd.
	Toray Fine Chemicals Co., Ltd.
Soda Aromatic Co., Ltd.	
Housing and Engineering	Toray ACE Co., Ltd.
	Toray Engineering Co., Ltd.
	Toray Precision Co., Ltd.
Pharmaceuticals and Medical Products	Toray Medical Co., Ltd.
Information and Services	Toray Research Center, Inc.
	Toyo Jitsugyo Co., Ltd.

OVERSEAS SUBSIDIARIES AND AFFILIATES (27 COMPANIES)

Country	Business Segment	Company Name		
United States	Plastics and Chemicals	Toray Plastics (America), Inc.		
	New Products and Other Businesses	Toray Resin Co. Toray Carbon Fibers America, Inc. Toray Composites (America), Inc.		
Europe	Fibers and Textiles	Toray Textiles Europe Ltd. Alcantara S.p.A. Toray Textiles Central Europe s.r.o.		
	Plastics and Chemicals	Toray Plastics Europe S.A.		
	New Products and Other Businesses	Société des Fibres de Carbone S.A.		
Indonesia	Fibers and Textiles	P.T. Acryl Textile Mills P.T. Century Textile Industry Tbk P.T. Easterntex P.T. Indonesia Synthetic Textile Mills P.T. Indonesia Toray Synthetics		
		Thailand	Fibers and Textiles	Luckytex (Thailand) Public Co., Ltd. Thai Toray Textile Mills Public Co., Ltd.
			Fibers and Textiles / Plastics and Chemicals	Thai Toray Synthetics Co., Ltd.
		Malaysia	Fibers and Textiles	Penfabric Sdn. Berhad
Fibers and Textiles / Plastics and Chemicals	Penfibre Sdn. Berhad			
Plastics and Chemicals	Pensanko Precision Sdn. Berhad Toray Plastics (Malaysia) Sdn. Berhad			
China	Fibers and Textiles	Toray Fibers (Nantong) Co., Ltd. Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. TALTEX (Zhuhai) Ltd.		
		Plastics and Chemicals	LIBI Plastic Compounding (Shenzhen) Co., Ltd. Toray Film Products (Zhongshan) Ltd. Toray Sanko Precision (Zhongshan) Ltd.	

* Company names are listed as of March 2004. Safety data includes non-manufacturing companies in addition to the above listed manufacturing companies. Data was collected for Toray Industries, 64 domestic subsidiaries and affiliates, and 30 overseas subsidiaries and affiliates.



Reporting on our social efforts pertains mainly to Toray Industries, but the Communicating with Local Communities and External Commendations sections cover the entire Toray Group. Economic reporting covers Toray Group consolidated subsidiaries.

Third Party Opinions

To Mr. Sadayuki Sakakibara
 President, CEO & COO
 Representative Director
 Toray Industries, Inc.

August 24, 2004

Independent Review Comments on Toray Group's CSR Annual Report 2004
ChuoAoyama Sustainability Certification Co., Ltd.
 (ChuoAoyama PricewaterhouseCoopers Group)

This is a translation of the independent review comments of the Japanese version of Toray Group's "CSR Annual Report 2004."

Objective of Review

The objective of this review is to express our independent views on the features, achievements, developments and direction of the Toray Group (hereafter, "the Group")'s approach towards social and environmental issues, as well as reporting of significant corporate activities in such areas contained in the "CSR Annual Report 2004" (hereafter, "the Report"). Our comments are based on the following procedures:

1. Interview with Mr. Kazuo Tomiita, Executive Vice President
2. Interview with the persons responsible for the Environment & Safety Department
3. Interview with the persons responsible for the Human Resources Development Center and inspection of the Center
4. Review of the final Japanese draft of the Report

1. Communication with Various Stakeholders

The Group has maintained a policy to secure employment and pursued human resource development from a long-term perspective under a good labor-management relationship. The Group regards Corporate Social Responsibility (CSR) as the nature of the corporate management itself, and expects employees to perform every activity in a fair manner and with a high sense of ethics and responsibility. As a result, employees widely recognize the CSR issue as an issue that the Group must address. Under the circumstance where social expectations toward the company are changing, the Group has established the CSR Committee to review the internal system from a stakeholder's point of view. The Group intends to maintain productive dialogue with various stakeholders and to achieve continual improvements by actively incorporating the feedback obtained from such dialogues into the management. We hope that the issuance of the Report will help to further enhance communication with stakeholders.

2. Environmental Initiatives and Information Disclosure

The Group has placed addressing environmental issues on a top priority list from an early stage and implemented environmental accounting, which became a leading case in the industry. We regard it as a noteworthy achievement.

Furthermore, in 2000, the Group developed its "Three-Year Environmental Plan" to systematically implement environmental initiatives. The details of the plan and the results are reported.

1) Environmental Risk Management

While the Report contains a new section covering information on environmental risk management to meet the needs of information disclosure, we hope further information, such as the status of soil decontamination, to be reported in order to give readers a clearer picture of corporate activities on this matter.

2) Environmentally Friendly Products

The Group has contributed to the environment by providing products and services that incorporate advanced technologies. We look forward to seeing future reports cover more descriptive quantitative information on environmental contribution resulted from such technologies and products.

3. Human Resource Development Initiatives

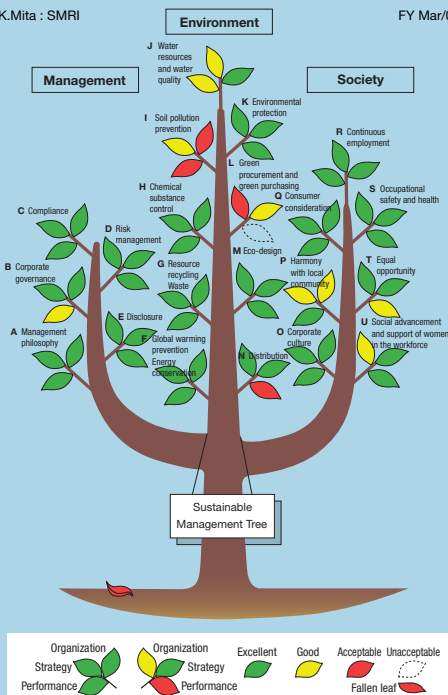
In accordance with the management strategy, the Group is committed to developing human resources at both domestic and international levels. The Human Resources Development Center plays a key role in this development. The Report comprehensively describes the training system of the employees. The Group's commitment to human resource development and the full extent of disclosure on the system is found to be noteworthy.

These comments DO NOT express any of our views and/or opinions on the effectiveness and/or reliability of the process to collect and report the data and information included in the Report.

Second Environmental Management Rating Evaluation

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FY Mar/04



A Closing Note



We launched the CSR Committee in November 2003 and began working to improve on the points indicated in the rating by the Sustainable Management Rating Institute (SMRI). In February 2004 we disclosed our rating evaluation by SMRI, which is reprinted to the left, and in April we held our first CSR Committee meeting to report on the plans from relevant departments to improve on the problems identified. We recognize "listening" is a typical first step in beginning our involvement in CSR at Toray.

At the second CSR Committee meeting in July, we discussed the direction of this report, social responsibility investment measures, and other matters. We decided to publish the CSR Annual Report 2004 to discuss these efforts along with the results of the efforts of other company-wide committees such as the Global Environment Committee. We would appreciate hearing your thoughts and opinions after reading this report. We will continue in our commitment to pursue CSR efforts befitting of Toray, and hope to provide an even better report next year.

September 2004

Kazuo Tomiita
 CSR Committee Chairman
 Executive Vice President
 and Representative Director

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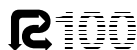
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