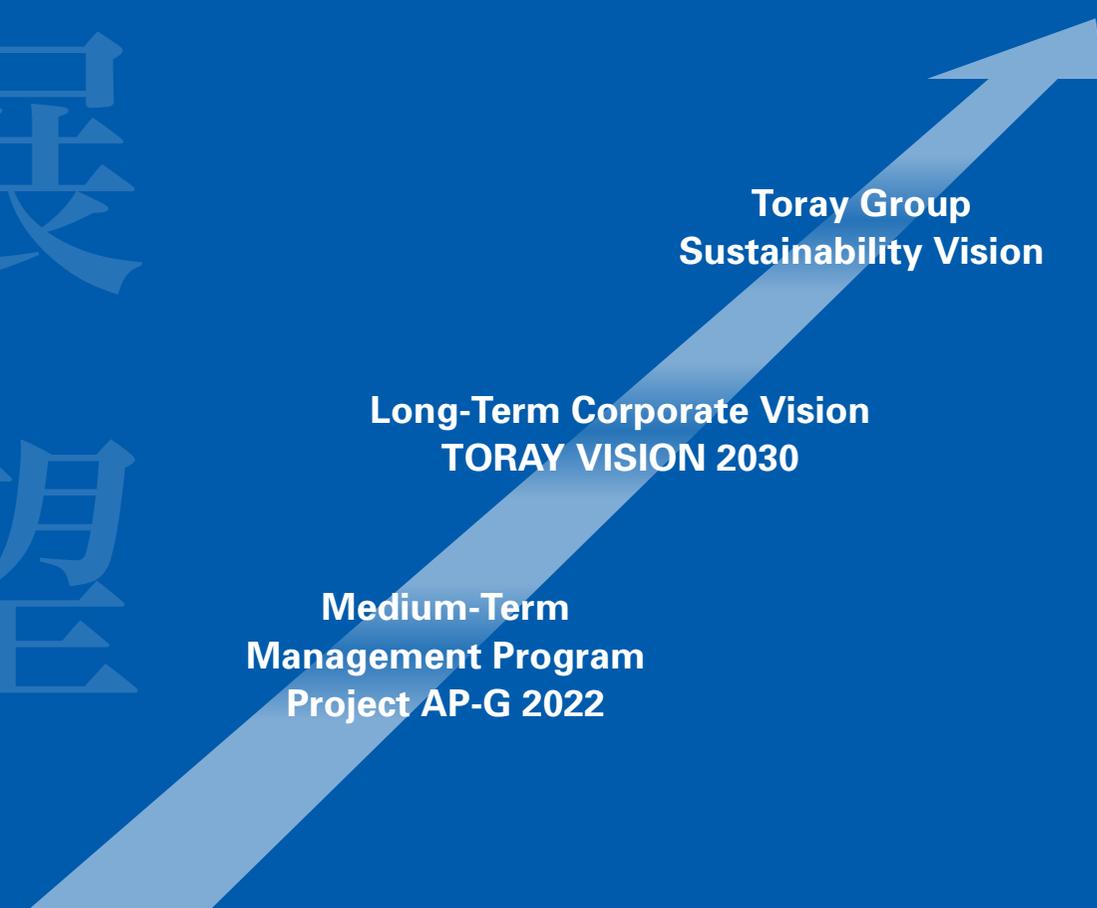


THE TORAY GROUP SUSTAINABILITY VISION and MID- TO LONG-TERM STRATEGY

In order to realize the four perspectives of the world envisioned in 2050 as clarified in the Toray Group Sustainability Vision, Toray Group, in May 2020, announced its Long-Term Corporate vision, TORAY VISION 2030 (VISION 2030) as a milestone, along with the Medium-Term Management program, Project AP-G 2022 (AP-G 2022), which defines issues to be addressed over the three-year period from fiscal 2020 to fiscal 2022.

Vision

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**Toray Group
Sustainability Vision**

**Long-Term Corporate Vision
TORAY VISION 2030**

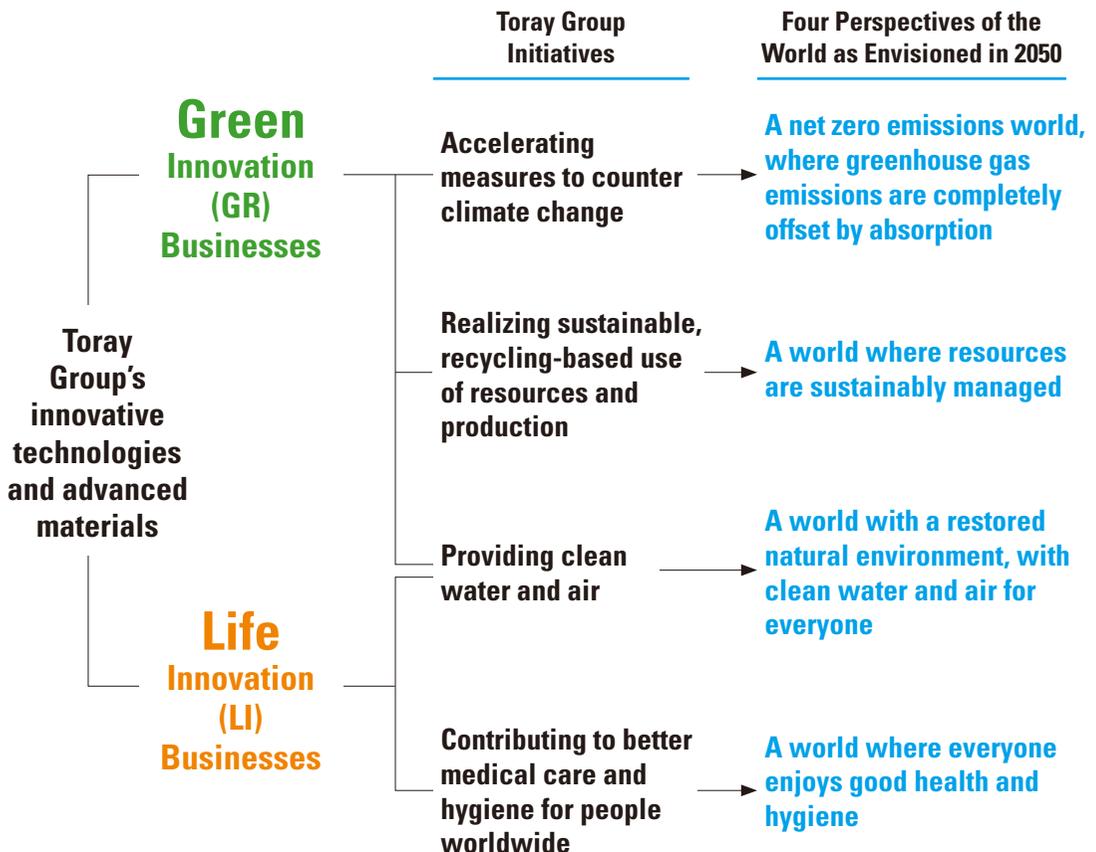
**Medium-Term
Management Program
Project AP-G 2022**

TORAY GROUP SUSTAINABILITY VISION

Toray Group Sustainability Vision, formulated in July 2018, clarifies the four perspectives of the world in 2050 that Toray Group aims to achieve, as well as the initiatives that must be taken in order to realize them. More specifically, Toray Group’s mission is to provide through innovative technologies and advanced materials the necessary solutions to the challenges facing the world in terms of both development and sustainability, including the issues of an ever-increasing global population, aging populations, climate

change, water shortages, and resource depletion. “We are convinced that Toray Group can continue to grow without negatively impacting global sustainability. We will do our utmost to address global issues, including the goals of the Paris Agreement and the United Nations Sustainable Development Goals (SDGs), while working closely with our business partners worldwide.” This declaration forms the foundation for VISION 2030 and indicates the future direction of the Group.

The World as Envisioned in 2050 and Toray Group Initiatives



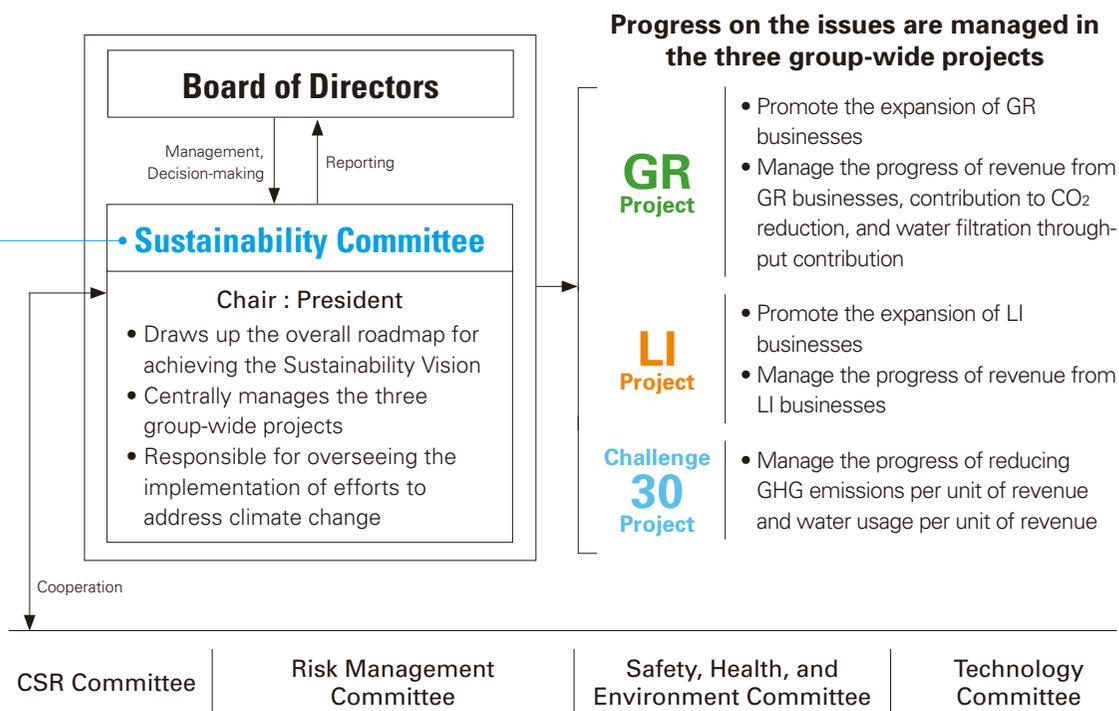
CORPORATE GOVERNANCE SYSTEM TO REALIZE TORAY GROUP SUSTAINABILITY

Three group-wide committees—the CSR Committee, the Risk Management Committee, and the Safety, Health, and Environment Committee—have monitored, evaluated, and functioned to manage global challenges, including climate change, at Toray Group. However, in order to accelerate these existing initiatives, on April 1, 2021, Toray Group newly established the **Sustainability Committee**, chaired by the President.

The Sustainability Committee is responsible for formulating the overall medium- to long-term roadmap and action plan for realizing the Sustainability Vision, while also comprehensively managing deliberations and implementation issues, as well as activity progress concerning the annual activity plans for the three group-wide projects (Green Innovation (GR) Project, Life Innovation (LI) Project, and the Challenge 30 Project) that guide the Group’s journey toward

achieving 2030 numerical targets. In addition, together with deliberations on important policies and issues pertaining to climate change, it works to coordinate with the CSR Committee, the Risk Management Committee, the Safety, Health, and Environment Committee, and the Technology Committee, committees which deal with climate change-related issues, to address items related to climate change throughout Toray Group.

The Board of Directors receives reports on deliberations of each of the group-wide committees one or more times per year, and conducts oversight and decision making. In the formulation of business strategy and management decisions at the Board of Directors, these reports are considered to be an important element with regard to issues of climate change and are comprehensively deliberated and decided.



LONG-TERM CORPORATE VISION TORAY VISION 2030

Toray Group aims to achieve sound, sustainable growth while promoting a business model transformation by accurately identifying changing industrial trends brought about by demographic factors, environmental issues, and technological innovation. With this in mind, Toray Group is promoting active investment to promote “global expansion in growth business fields.” To make this possible, the Group is working to maximize the value it can create over the medium- to long-term by “strengthening competitiveness” through continuous business model innovations and total cost reductions, and by “strengthening the

management foundation” to enable investment for growth based on enhanced capital investment efficiency and an improved financial structure.

Under VISION 2030, Toray Group is promoting cross-segment initiatives to expand scale and improve revenues and profits in the GR business and LI business. At the same time, the Group is working on the Future Toray-2020s Project (FT Project), a group-wide effort to focus resources in major themes, both on a qualitative and quantitative basis, and accelerate the creation and development of new business models, in order to achieve total sales of around ¥1 trillion in the 2020s.

Long-term strategies to achieve “sound, sustainable growth”

1. Global expansion in growth business fields

- Promote GR businesses that help solve global environmental issues as well as resource and energy issues
- Promote LI businesses that contribute to better medical care and longevity, foster public health, and support personal safety

2. Strengthening competitiveness

- Create new value through business advancement and high added-value creation, thereby providing solutions with a materials-oriented approach to customers and society
- Pursue dramatic cost reductions by setting challenging targets as well as strive to reduce environmental impact

3. Strengthening the management foundation

- Improve cash flow and capital efficiency, and balance financial soundness and growth investment
- Conduct business structure and organizational structure reforms of low-growth and low-profitability businesses

FY 2030 Sustainability Targets

	FY 2013 Actual (baseline year) (J-GAAP)	FY 2030 Target (compared with FY 2013) (IFRS)
GR Net sales / Revenue	463.1 billion yen	4 fold
LI Net sales / Revenue	119.6 billion yen	6 fold
Avoided CO ₂ emissions	38.4 million tons	8 fold
Contributed annual water filtration throughput	27.23 million tons/day	3 fold
Greenhouse gas emissions per unit of sales in production activities	3.37 thousand tons/billion yen	30% reduction
Water consumption per unit of sales in production activities	152 thousand tons/billion yen	30% reduction

Progress Made with Medium-Term Management Program

MEDIUM-TERM MANAGEMENT PROGRAM PROJECT AP-G 2022

Under the Medium-Term Management Program, Project AP-G 2022 (AP-G 2022), which covers the three-year period from fiscal 2020 to fiscal 2022, the three basic strategies “**global expansion in growth business fields**,” “**strengthening competitiveness**,” and “**strengthening the management foundation**” were adopted **toward the realization of the sound and sustainable growth**, as mentioned in the Long-Term Corporate Vision, TORAY VISION 2030. Specifically, Toray Group is working to expand Green Innovation (GR) business, which will contribute to solving global environmental, resource and energy issues, and Life Innovation (LI) business, which will contribute to better medical care, longevity, foster public health, and support personal safety. In addition, to ensure financial soundness, the Group is conducting business operations with even more consideration than before of the balance between profit, cash flow, and asset efficiency, while promoting the business structure reform of low-growth and low-profitability businesses.

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Financial Targets (Billion yen)

	FY 2020 Actual	FY 2021 Forecast	FY 2022 Target
Revenue	1,883.6	2,220.0	2,600.0
Core Operating Income	90.3	130.0	180.0
Core Operating Margin	4.8%	5.9%	7%
ROE	3.9%	about 7%	about 9%
ROA	3.2%	about 5%	about 7%
Free Cash Flow	113.7	Positive	120 billion yen or more (total of 3 years)
D/E Ratio	0.79	Management in accordance with the guideline (around 0.8)	around 0.8 (guideline)
Dividend Payout Ratio	31%	28%	about 30%

Basic Strategy 1

Global expansion in growth business fields

Utilizing Toray Group’s advanced materials and core technologies, under the strategy “global expansion in growth business fields” in AP-G 2022, Toray Group is working to drive GR and LI business expansion through promotion of group-wide projects.

Green Innovation (GR) Business Expansion

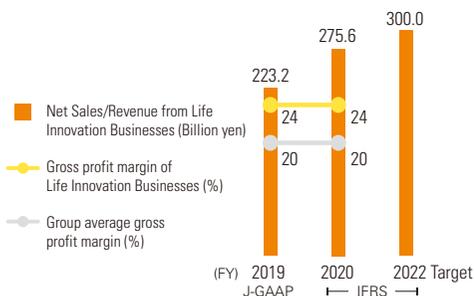
By allocating resources for capital investment and R&D in a focused manner and for large-scale themes, the Group is targeting revenue in the GR business in fiscal 2022 of **¥1 trillion**. The large-scale themes include lightweight materials, biomass-derived materials, recycled materials, lithium-ion battery separator films, large tow carbon fibers for wind turbine blade applications, water treatment membranes, and hydrogen- and fuel cell-related materials. In fiscal 2020, due to the impact of the COVID-19 pandemic, the energy-saving field that includes carbon fibers for aircraft remained sluggish, and the revenue of the GR business decreased 13.2% from the previous fiscal year to **¥711.8 billion**. However, revenue from carbon fibers for wind turbine blades, recycling and new energy fields remains strong, and the gross profit margin of the GR business is higher than the group average.

In fiscal 2020, Toray developed and began mass production of **advanced-grade TORAYFAN™**, a highly thermal- and voltage-resistant, biaxially oriented polypropylene (OPP) film for use in capacitors for electric vehicles (xEVs).

In the water treatment membrane business, the hollow **fiber membrane-type ultrafiltration (UF) membrane HFUG-2020AN**, which features the **largest membrane surface area in the world**, was selected for use in a large-scale wastewater treatment facility located in Wuxi, China, the full-scale operation of which began in June 2020. On sale since 2019, this UF membrane has been highly evaluated for its superior operational stability and economic performance due to its compact offering, and its adoption has been expanded to a variety of applications, such as water purification, industrial water purification, and industrial wastewater recycling. To date, this membrane has been adopted in nine countries around the world.

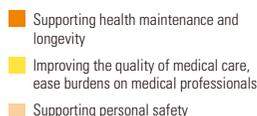
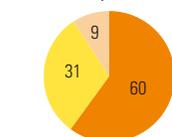
In addition, with Spain’s SP Group, Toray succeeded in demonstrating the world’s first **100% VOC-free waterless, electron beam (EB) offset printing technology** in the field of flexible packaging printing.

Net Sales/Revenue from Life Innovation Businesses

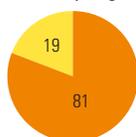


FY 2020 Revenue 275.6 Billion yen

Breakdown by Business Field (%)



Breakdown by Segment (%)



Life Innovation (LI) Business Expansion

In addition to the ideas of supporting health maintenance and longevity, as well as improving the quality of medical care and easing burdens on medical professionals, Toray Group has broadened the definition of Life Innovation to include products for personal safety, in response to threats such as abnormal weather and natural disasters, as these appear to have been increasing in recent years. Moreover, by providing solutions that are unique to the Group—thanks to its expertise in materials—to a variety of health-related social issues, the Group aims to boost revenue in the LI business to **¥300 billion** in fiscal 2022. In fiscal 2020, shipments of nonwoven fabrics for medical gowns and masks increased, and the addition of the “personal safety” area resulted in an increase in revenue of **23.5%** compared with the previous fiscal year to **¥275.6 billion**. The gross profit margin is also higher than the group average.

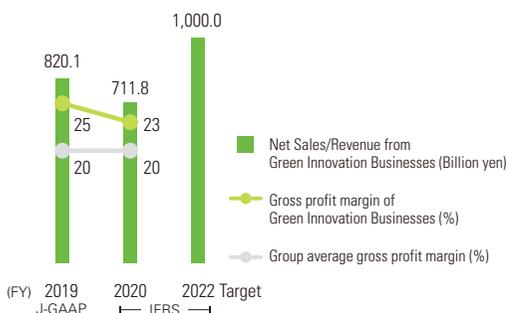
In fiscal 2020, Toray Group contributed to the prevention of the spread and the treatment of COVID-19 infections by providing **TORAYMYXIN™ extracorporeal hemoperfusion cartridge**, single-use **medical gowns**, and **nonwoven fabrics for masks**. Based on requests from the Japanese government, the Group has put in place a domestic production system for medical gowns that can reliably deliver the required quantity to medical professionals in a short period of time. For nonwoven fabrics for masks, the Group made full use of its global production facilities and established a supply system five times the size of that prior to the COVID-19 pandemic.

Developed as a new concept antibody drug that can be expected to be effective in many types of cancer, **TRK-950** has been administered to more than 100 patients since the start of Phase I clinical trials which began in March 2017, in the U.S.A. and France. Toray has received no reports of safety issues to date*.

* Not the final result

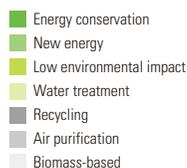
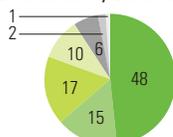
Meanwhile, as a business development of the functional material **hitoe™**, Toray has commercialized—in collaboration with NTT TechnoCross Corporation and Goldwin Inc.—a shirt-type sensor that can simultaneously measure heart rate, temperature, and humidity as part of a “heat countermeasure service” that detects signs of poor physical condition in hot environments.

Net Sales/Revenue from Green Innovation Businesses

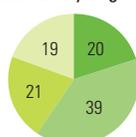


FY 2020 Revenue 711.8 Billion yen

Breakdown by Business Field (%)



Breakdown by Segment (%)



New Business Creation

To generate sources of earnings for the next growth stage under AP-G 2022, several large-scale themes were selected that can be expected to lead to the creation of one business domain in the 2020s and promoted under the **Future TORAY-2020s Project (FT Project)**.

Specifically, the aim is to create new businesses and form a large-scale business domain by accelerating development and business model construction concerning themes geared toward the resolving of global environmental issues and realizing a safe, secure, healthy and long-lived society. These themes include: hydrogen- and fuel cell-related materials; biomass utilization products and processing technologies; environmentally-friendly printing solutions; hygiene and health-care products; and sensing device-related materials.

For example, in biomass utilization products and processing technologies, the Company is developing applications for products obtained from a demonstration plant that produces cellulose sugar from the surplus bagasse generated at a sugar refinery. In environmentally-friendly printing solutions, Toray succeeded in giving a practical demonstration of 100% VOC-free waterless electron beam (EB) offset printing technology in the field of flexible packaging printing, a world first, and have launched a dedicated printing plate.

Basic Strategy 2 Strengthening Competitiveness

To strengthen competitiveness, the Group is working on three priority issues: total cost reduction; business advancement and high added-value creation; and enhancing workplace competency in sales & marketing and production.

For total cost reduction, Total Cost Reduction Project (NTC Project) is promoted across the Group, and the target is to **reduce ¥150 billion over a three-year** period through activities to reduce variable and fixed costs and bring about innovation in production processes. In this regard, in **fiscal 2020, variable costs were reduced by ¥32.4 billion, fixed costs by ¥31.7 billion, and production process innovations reduced costs by ¥3.3 billion, for a total reduction of ¥67.4 billion (progress rate of 45%)**.

As for **business advancement and high added-value creation**, the Group is working not only to achieve advancement in products but also to add high value by integrating and combining products and services, to create new value through alliances, and to pursue innovation in the value chain by utilizing Information and Communication Technology (ICT). To **enhance workplace competency in sales & marketing and production**, the Group is devising ways to strengthen the global supply chain, especially for growth markets. To give an example, for the fibers, textiles, and garments for apparel-use, with regard to the “integrated business from fibers and textiles to garments” supply chain which is based on applications and end-customer needs, the Group is working on strengthening the supply chain in China, extending the supply chain in ASEAN countries, and establishing supply chains in South Asia, centered on India.

Basic Strategy 3 Strengthening the Management Foundation

In strengthening the management foundation, two themes are promoted: strengthening the financial structure by improving cash efficiency; and the business structure reform of low-growth and low-profitability businesses.

With regard to strengthening the financial structure by improving cash efficiency, business operations will be carried out with a stronger awareness of cash flow, which is the certainty of a return on investment, toward “sound, sustainable growth.” Excluding M&A, the target is to generate more than ¥120 billion in free cash flow during the period covered by AP-G 2022. In fiscal 2020, the business environment was harsh due to the impact of the COVID-19 pandemic, but free cash flow expanded to ¥113.7 billion. In addition, the D/E ratio was 0.79, which was below the guideline set at around 0.8.

In the case of the business structure reform of low-growth and low-profitability businesses, structural reform of the polyester/cotton blended textile (T/C) business is underway in the fibers and textiles business. Specifically, in response to the irreversible decrease in demand for business shirts due to the COVID-19 pandemic, the decision to close the spinning mills of Penfabric Sdn. Berhad was taken in June 2020. In light of this situation, cooperation within the Group is further strengthened, in areas such as the supply of greige (textiles before dyeing and post-processing), and expansion into areas such as workwear, casual wear, and anti-epidemic applications are also promoted. In addition, in the domestic textile subsidiaries, Toray Group is working as one to reform the business structure centered on withdrawing from low-profitability businesses and shifting to highly profitable businesses in response to the gradual decline in domestic textile demand. Based on plans to cut aircraft production that were triggered by the COVID-19 pandemic, a carbon fiber composite materials subsidiary in the U.S.A. optimized its workforce and recorded impairment losses, while the surplus equipment of the Group are being used for production of carbon fiber for other applications.

Initiatives for Sustainability

With regard to sustainability targets, the growth in the revenue of the GR business has temporarily slowed down due to the impact of the COVID-19 pandemic, but the revenue of the LI business is steadily increasing. In addition, the avoided CO₂ emissions and the contributed annual water filtration throughput are steadily expanding. In addition to promoting the recycling of raw materials, biotechnology, the utilization of renewable energy, and the reuse of water resources, Toray is aiming to realize a circular economy by contributing to the development of hydrogen production (water electrolysis), hydrogen infrastructure (compression and storage), and hydrogen utilization (fuel cell) technologies that enable carbon neutrality. This will be achieved through the development, manufacture and sale of materials for water electrolysis, hydrogen compression, and fuel cells, such as polymer electrolyte membrane (PEM) and electrode base materials.

Sustainability Targets

	FY 2013 Actual (baseline year) (J-GAAP)	FY 2020 Actual (compared with FY 2013) (IFRS)	FY 2022 Target (compared with FY 2013) (IFRS)	FY 2030 Target (compared with FY 2013) (IFRS)
GR Net sales / Revenue	463.1 billion yen	711.8 billion yen (1.5 fold)	1,000.0 billion yen (2.2 fold)	4 fold
LI Net sales / Revenue	119.6 billion yen	275.6 billion yen (2.3 fold)	300.0 billion yen (2.5 fold)	6 fold
Avoided CO ₂ emissions	38.4 million tons	6.4 fold	5.3 fold	8 fold
Contributed Annual water filtration throughput	27.23 million tons/day	2.0 fold	2.4 fold	3 fold
Greenhouse gas emissions per unit of sales in production activities	3.37 thousand tons/billion yen	2.90 thousand tons/billion yen (14% reduction)	20% reduction	30% reduction
Water consumption per unit of sales in production activities	152 thousand tons/billion yen	125.2 thousand tons/billion yen (18% reduction)	25% reduction	30% reduction