Comments from Thought Leaders

Comments are made on the basis of information publicly available as of September 2022.

Sachiko Kishimoto
Representative Director and Managing Director
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Profile of Sachiko Kishimoto
Graduated from, College of Arts and Sciences, The University of Tokyo. After working for a trading company and think tank, she pursued studies outside Japan and then in 2000 joined the Public Resource Center, which later became the Public Resource Foundation she established in 2013. She has served as the foundation's Representative Director and Managing Director since it was established. The foundation promotes philanthropy by matching private and corporate endowments with exemplary non-profits and social entrepreneurs, as well as helping companies to pursue CSR and assess the impacts. Her recent published works include Giving Japan 2021.

These comments focus on the three sections of the Toray Group CSR Report 2022 entitled “Contributing Solutions to Social Issues through Business Activities” “Social Contribution Activities as a Good Corporate Citizen,” and “Human Rights Promotion and Human Resources Development.”

Since its founding, Toray Group has operated based on the principle of "realizing that corporations are public institutions of society and contributing to society through our business." The Group's slogan is "Innovation by Chemistry." Innovation is how Toray Group delivers on its corporate philosophy of "contributing to society through the creation of new value with innovative ideas, technologies and products." When Toray says “innovation”, it means not only development of radically new technologies, but also innovation across every other facet of corporate activity. Toray uses the word “chemistry” with two meanings. The first is the science that forms the basis for the advanced materials that the Group supplies. This allows Toray to create new value and support the development of a sustainable world while maintaining good relationships with everyone who encounters Toray Group, including customers, employees, shareholders, suppliers, consumers, and local communities. "Chemistry" also means collaboration and rapport. In this spirit, Toray Group companies and business sites around the world work together as one to deliver innovation. These concepts befit a global company that operates in 29 countries and regions worldwide, confronting today's global issues. Nevertheless, an incident occurred in 2021 involving inappropriate actions by Toray involving certain resin products identified as receiving certification from Underwriters Laboratories (UL). Given the Group's sincere commitment to contribute to society through business activities, I must say that this incident is truly regrettable. I therefore urge Toray to implement recurrence prevention measures based on the recommendations of the expert committee, along with thorough measures to bolster compliance awareness.
In the area of "Contributing Solutions to Social Issues through Business Activities," Toray Group has been promoting businesses that provide solutions for global environmental, resource, and energy issues, while advancing businesses that help improve the quality of healthcare, reduce the burden on medical staff, and contribute to health maintenance, longevity, and personal safety, as group-wide projects. Awareness of these global issues has become more important than ever, given the worldwide impact of the COVID-19 pandemic, the situation in Ukraine, and the further deterioration of the global environment. I hope that Toray Group's technological development capabilities will continue to provide breakthroughs to help solve global problems, just as Toray's new hydrocarbon-based electrolyte membranes will soon help to reduce the cost of green hydrogen.

Meanwhile, Toray is making some fantastic efforts in the area of "Social Contribution Activities as a Good Corporate Citizen." These include donating annually to Toray foundations, promoting environmental and science workshops taught by its employees, and pursuing initiatives to ensure that its business locations worldwide harmoniously coexist with local communities. On the other hand, it is regrettable that the amount the Group spent on social contribution activities in fiscal 2021 dropped below 90% of the level in the average year due to the impact of the COVID-19 pandemic. I would like to point out that monitoring society's needs and responding to them with agility is the most important aspect of social contribution activities. Accordingly, I have great expectations for Toray's efforts going forward.

Toray Group has also achieved some commendable results in the area of "Human Rights Promotion and Human Resources Development." This includes disclosing the annual number of hotline reports and consultation requests received across the entire Toray Group regarding workplace harassment and other human rights issues. It is also commendable that Toray is working with the hotline staff to take action on the reported issues, and that these activities are being shared with the Board of Directors and the Corporate Auditors. Creating a diverse and inclusive workplace is the source of competitiveness for any global company. Consequently, I hope that Toray will continue to work proactively on career advancement for its female employees with a sense of urgency.
Shunsuke Managi
Distinguished Professor
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Profile of Shunsuke Managi
Distinguished Professor of Technology and Policy, Director of the Urban Institute, Professor of the Department of Civil Engineering, and Assistant to the President at Kyushu University since 2015. Awarded the Japan Society for the Promotion of Science Prize, and member of Science Council of Japan and head of subcommittee on sustainable investment. Director for the UN Environment Programme’s *Inclusive Wealth Report 2018*, lead author for Intergovernmental Panel on Climate Change (IPCC), coordinating lead author for Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), and reviewer for the UN Global Sustainable Development Report 2013. Expert on global and national Inclusive Wealth Indexes and promotes development and natural capital for sustainability assessment. Written works include *Implementing ESG Management, Sustainable Community Development and Inclusive Wealth Theory*.

Reading through the Toray Group CSR Report 2022 gives a clear picture of how the Group is making steady progress on its CSR initiatives. The CSR activities are well summarized, with a focus on the ten themes of the CSR Guidelines, the CSR Roadmap, which is a medium-term CSR plan, and the initiative promotion systems.

Toray Group has created a three-year CSR Roadmap, and has set priority initiatives and KPIs for each CSR guideline to ensure systematic organizational promotion of CSR activities. Among the CSR guideline activities, I took special note of the section, "Facilitating CSR Initiatives Throughout the Supply Chain."

In partnership with suppliers, processing vendors, customers and distribution companies, the Group is promoting CSR procurement throughout its entire supply chain, including environmental preservation and respect for human rights. The reason this caught my attention is that Toray Group is operating various businesses worldwide. Through these activities, it procures a wide range of raw and other materials, and deals with subcontractors in a variety of locations and industries. In such situations, issues involving preventing global warming, preserving the environment, protecting human rights, and improving workplace environments are complex. Organizations everywhere are struggling to ascertain and mitigate the risks posed by these issues. Currently, the European Commission and others are discussing ways to prevent and rectify the negative effects that supply chains can have on the environment and the protection of human rights.

The Toray Group CSR Procurement Policies include a declaration to build a supply chain that takes the environment and human rights into consideration. The Toray Group CSR Procurement Guidelines have been created as specific requirements for the entire supply chain, and Toray Group requests that suppliers comply with them. In addition, the Group regularly conducts CSR procurement surveys of major suppliers, and the responses are evaluated and analyzed. Low-scoring companies are required to make improvements, and follow up activities are performed. In addition to these efforts, Toray is considering the adoption of a process to mitigate CSR procurement risks for the entire Group. This process starts with specifying key CSR procurement risks by country, region, and industry, and identifying suppliers that require investigation. It then moves on to investigations that uncover and audit actual risks and implement the necessary countermeasures.
While it may be difficult for a global enterprise like Toray Group to ascertain all risks across its entire supply chain, I would like Toray to continue promoting its efforts to identify risks. Having a comprehensive understanding of the risks facing the Group worldwide can be the first step toward helping each region solve the issues they face. I look forward to seeing what further contributions Toray Group can make to the sustainable development of society as a whole.