Planet Tracker

ENGAGEMENT SHEET

Toray Industries (3402) - Climate Transition Analysis

Recommended Questions

Q.1

What are Toray's plans to establish and disclose absolute emissions reduction targets, particularly for its Scope 3?

Background: Toray aims to reach carbon neutrality by 2050 but relies heavily on intensity-based and avoidance-focused targets, leading to a projected 13% overall emissions increase by 2030 (excluding downstream Scope 3). Its growing upstream Scope 3 emissions, expected to rise by 29%, underscore the need for clear, time-bound absolute commitments

Best Practice: Adopt and publicly share science-based absolute reduction targets across all emissions scopes, with interim milestones aligned to Paris Agreement pathways, ensuring transparent accountability and progress tracking.

Q.2

How does Toray plan to enhance transparency and enforcement of emissions reductions across its supply chain?

Background: While Toray engages suppliers and customers on sustainability, it has not defined specific reduction goals or robust enforcement measures. This lack of detailed evidence on actual abatement results makes it difficult to assess the company's impact on upstream and downstream emissions.

Best Practice: Develop clear supplier engagement targets tied to verifiable carbon reduction metrics, supported by third-party validation and annual disclosures, to ensure meaningful Scope 3 emissions cuts and stronger climate credibility.

Q.3

In what ways will Toray link capital investments and executive incentives directly to Net Zero progress?

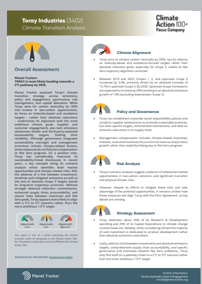
Background: Although Toray allocates a significant portion of R&D and capital spending to climate initiatives, much of it focuses on product development rather than absolute emissions cuts. Moreover, climate-related incentives in executive compensation largely center on revenue growth rather than explicit GHG reduction milestones.

Best Practice: Align the capital expenditure and senior management rewards with measurable emissions outcomes, creating clear financial incentives for meeting Net Zero targets and driving company-wide decarbonisation.

Report Key Takeaways

- Toray's combined Scope 1, 2, and upstream Scope 3 emissions have risen by 3.9% since 2019, with estimates suggesting a total increase of 13% by 2030. However, given Toray reliance on intensity-based and avoidance-focused targets, rather than strict reductions, its ability to meet the most ambitious climate goals is uncertain.
- Though Toray works with suppliers and includes sustainability in its governance and executive pay, it offers limited data on actual emissions cuts. Most incentives still prioritise revenue growth over Net Zero progress, raising questions about whether the company can truly drive long-term carbon reduction.
- While Toray invests in low-carbon research and infrastructure, it has not explained how these projects will lead to absolute emissions declines. Without firm Scope 3 targets, clearer supply chain oversight, and direct links between pay and Net Zero goals, Toray is more likely on a 2°C-3°C path rather than a 1.5°C target.

Click to view the report online



Disclaimer: click here

Further information:
Nicole Kozlowski, Head of Engagement
nicole@planet-tracker.org