

## **Statement on the UK's Modern Slavery Act**

Toray Group is issuing this statement pursuant to Article 54 of the Modern Slavery Act in force in the UK. This statement describes the efforts of Toray Group in fiscal 2018 to prevent slave labor and human trafficking in its business and supply chain.

### **1. Toray Group organization and business areas**

Toray Group has operations in 26 countries and regions around the world, including those relating to textiles, functional chemicals, carbon fiber composite materials, environment and engineering, and life sciences. As of March 31, 2019, the number of affiliated companies is 275 (101 in Japan and 174 overseas), and the number of employees is 48,320 (18,148 in Japan and 30,172 overseas).

For details on the organization and business areas of Toray Group, visit the Toray Industries website.

Website of Toray Industries, Inc.

<https://www.toray.com>

### **2. Toray Group policy regarding prevention of slave labor and human trafficking**

#### **(1) Management philosophy of Toray Group**

Since its founding in 1926, Toray Group has designated itself as a public institution and has established a management philosophy that places the highest importance on "contributing to society through the creation of new value with innovative ideas, technologies and products." It has established the Corporate Ethics and Legal Compliance Code of Conduct and the Toray Group Policy for Human Rights Policy, as concrete action guidelines.

#### **A. Corporate Ethics and Legal Compliance Code of Conduct**

Toray Group believes that respect for human rights is an essential management pillar in order to conduct business activities while building good relationships with all stakeholders. Based on this recognition, the Corporate Ethics and Legal Compliance Code of Conduct requires personnel to "comply with laws and

regulations, respect human rights, and actively contribute to society as a good corporate citizen." Efforts are being made to raise awareness of human rights throughout the Group.

Corporate Ethics and Legal Compliance Code of Conduct

<https://www.toray.com/csr/stance/philosophy.html>

## B. Toray Group Policy for Human Rights

Toray Group has established the Toray Group Policy for Human Rights in order to clarify its stance on respect for human rights.

As part of this policy, the Group declares that it respects international norms such as the UN Universal Declaration of Human Rights and the ILO Conventions, and it strives to fulfill its responsibility to respect human rights as a good corporate citizen. It declares that it will not engage in child labor, forced labor, or unfair low-wage labor, and that it will strive to promote respect for human rights throughout the business supply chain. The Group will not participate in human rights violations.

Toray Group Policy for Human Rights

<https://www.toray.com/sustainability/activity/personnel/>

## **(2) Toray Group Corporate Social Responsibility (CSR) Policy**

Toray Group aims to realize its management philosophy through both CSR activity promotion and a business strategy that is based on helping to solve social issues through business activities. To promote CSR activities, the Group has established CSR Guidelines and CSR Procurement Guidelines.

### A. CSR Guidelines

Toray Group promotes systematic CSR activities based on its CSR Guidelines including two items: Human Rights Promotion and Human Resource Development, and Facilitating CSR Initiatives Throughout the Supply Chain.

CSR Guidelines

<https://www.toray.com/csr/stance/guideline.html>

## B. CSR Procurement Guidelines

Toray Group is promoting CSR procurement by focusing on issues to be addressed together with its supply chain. The CSR Procurement Guidelines require suppliers to understand the need to respect human rights, while preventing forced labor, slave labor, child labor, and unfair low-wage labor.

### CSR Procurement Guidelines

[https://www.toray.com/sustainability/activity/supply\\_chain/](https://www.toray.com/sustainability/activity/supply_chain/)

## 3. Toray Group initiatives to prevent slave labor and human trafficking

### (1) Identifying and minimizing human rights risks in Toray Group

Toray Group has established the Human Rights Promotion Committee in Japan and the Global Human Rights Promotion Committee under the Ethics and Compliance Committee chaired by the president of Toray Industries, Inc. By expanding the human rights promotion activities of both committees to each Toray Industries business site and factory, as well as to affiliated companies in Japan and overseas, the Group is striving to create a positive and supportive environment in all its workplaces.

In addition, Toray Industries, Inc. conducts annual surveys on human rights promotion activities, including awareness raising and education, at each business site, factory, and major affiliated company. The survey results are reported to the Human Rights Promotion Committee in Japan and the Global Human Rights Promotion Committee. After identifying any issues, problems, and concerns regarding human rights, improvement measures are investigated and implemented.

Furthermore, as part of an effort to minimize risks and detect problems early, a dedicated hotline system which includes the Corporate Ethics and Legal Compliance Helpline, has been established that allows employees to report and discuss any human rights issues within Toray Group. Once a human rights complaint has been made, the hotline and the department in charge of the investigation work together to address the complaint. If a problem is found, corrective guidance is provided to the department concerned, and appropriate measures are promptly taken.

In addition, Toray Group has prepared a Corporate Ethics and Legal Compliance Handbook that includes the Corporate Ethics and Legal Compliance Code of Conduct, as well as information concerning the Corporate Ethics and Legal Compliance Helpline. It is distributed to all Toray Group officers and employees, including those at affiliates worldwide, to ensure thorough understanding. In addition, in fiscal 2018, human rights awareness brochures were distributed to all employees at Toray Industries, Inc. and its affiliates in Japan. Workshops were also held at each company, and online training was carried out on the topic of human rights. In this way, the Group worked to foster a workplace culture that respects the dignity of others.

## **(2) CSR procurement activities in Toray Group including respect for human rights**

Toray Group is working to strengthen CSR activities in its supply chain. Specifically, a CSR Procurement Working Group was established at Toray Industries, Inc. to conduct group-wide risk management. It ascertains the status of CSR initiatives at suppliers and supports the promotion of CSR procurement at affiliated companies. Meanwhile, the Risk Management Committee oversees risk management for the entire Group. It regularly reports on the status of CSR procurement and risk reduction activities group-wide, shares information, and deliberates on necessary response measures. The Group is also working with its suppliers to promote human rights initiatives by making CSR measure requests through contracts, pledges, and questionnaires.

Toray Industries, Inc. sends CSR procurement questionnaires to major suppliers every two years in principle, and comprehensively checks the status of CSR initiatives, including responses to human rights issues. In the CSR procurement questionnaire conducted in fiscal 2018, of the 449 companies that responded, 96% had achieved the level of CSR initiatives required by Toray Industries, Inc., while 4% required inspection of onsite conditions. The evaluation results were returned as feedback to each participating supplier, along with the analysis details. Suppliers with low evaluation results are subject to onsite inspections and requests for improvement provided via visits and interviews. In this way, Toray Industries, Inc. is promoting CSR activities and improving CSR awareness throughout its entire supply chain.

Each affiliate in Japan is continuously working to improve its internal systems

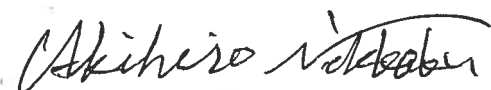
and rules for CSR procurement, and sends CSR procurement questionnaires to suppliers. In fiscal 2018, these affiliates sent CSR procurement questionnaires to 291 companies. From fiscal 2013 to 2018, the total number of suppliers who participated in CSR procurement questionnaires sent by Japanese affiliates was 2,231.

Among affiliates outside Japan, 77 companies investigated their progress on making requests for CSR compliance to their 2,569 major suppliers in fiscal 2018. As a result, it was found that 886 suppliers had not been requested to take CSR measures (through contracts, pledges or questionnaires), and they were asked to complete a CSR procurement questionnaire. The results of this questionnaire will be returned as feedback to each participating supplier along with the analysis details.

#### **4. Going forward**

Toray Group will continue to promote human rights, including the prevention of slave labor and human trafficking throughout the Group and its supply chain, in accordance with the Corporate Ethics and Legal Compliance Code of Conduct, the Toray Group Policy for Human Rights, the CSR Guidelines, and the CSR Procurement Guidelines. In addition, it will continue striving to improve awareness of human rights issues by providing human rights training for employees, as well as via questionnaires and requests for CSR measures given to suppliers.

This statement was approved by the Board of Directors on September 25, 2019.



Akihiro Nikkaku

President, Toray Industries, Inc.

September 26, 2019