

## **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 2019 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 29 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, 2020, the number of affiliated companies is 282 (102 in Japan and 180 overseas), and the number of employees is 48,031 (17,998 in Japan and 30,033 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) Toray Philosophy**

Toray Industries, Inc. was established in 1926, based on the principle of “realizing that corporations are public institutions of society and contributing to society through our business.” Ever since, Toray Group has sought to earn the respect of society. The Group has organized its principles including the corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products” in the form of the Toray Philosophy.

Toray Philosophy

<https://www.toray.com/aboutus/philosophy.html>

In the Toray Philosophy, the Corporate Guiding Principles include: “Ethics and Fairness: Acting with fairness, high ethical standards and a strong sense of responsibility while complying with laws, regulations and social norms to earn trust and meet social expectations” and “Respect for Human Rights: Fulfilling our

responsibility to respect human rights as a good corporate citizen.” The Group has also established the Ethics & Compliance Code of Conduct and the Toray Group Policy for Human Rights Policy as guidelines for those issues.

#### A. Ethics & 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 Ethics & Compliance Code of Conduct include items related to human rights compliance: “respecting the character and individuality of employees,” “preventing harassment and discrimination,” and “respecting the human rights of all stakeholders.” This is an important compliance rule that all officers and employees of Toray Group must follow.

Ethics & Compliance Code of Conduct

<https://www.toray.com/sustainability/activity/compliance/culture.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 embodies its corporate philosophy by integrating its business strategy and CSR activities to help 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/csr/activity/supply\\_chain/policy.html](https://www.toray.com/csr/activity/supply_chain/policy.html)

### **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. Toray Group has set up a hotline that enables anyone concerned to report and consult on human rights issues in the Group's supply chain.

In addition, Toray Group has organized information concerning the Ethics & Compliance Code of Conduct and the Corporate Ethics and Legal Compliance Code of Conduct, as well as information concerning the Corporate Ethics and Legal Compliance Helpline to ensure a thorough understanding among all Toray Group officers and employees, including those at affiliates companies worldwide. In addition, in fiscal 2019, human rights awareness brochures were distributed to all officers and employees at Toray Industries, Inc. and its affiliates companies in Japan. Workshops were also held at each company, and online training using case studies 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. For affiliated companies outside Japan, the Group provided educational materials to facilitate compliance training tailored to the conditions of each country or region.

## **(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.

Toray Group is also working with its suppliers to promote respect for human rights. It is doing this by applying a plan-do-check-act cycle that involves establishing and disclosing CSR Procurement Guidelines, sending CSR procurement questionnaires to suppliers, evaluating their initiatives, and following up for improvement. The Group also encourages suppliers to implement CSR initiatives by having them sign contracts and pledges. The questionnaire conducted in fiscal 2018 asked suppliers about their initiatives for human rights and labor issues, and some indicated that they had not yet addressed them or would address them within a year. The Group followed up individually with these suppliers in fiscal 2019 and urged them to implement the necessary measures.

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 fiscal 2018, of the 449 major suppliers that responded to the CSR procurement questionnaire, 96% had achieved the level of CSR initiatives required by Toray Industries, Inc., while 4% required further inspection of onsite conditions. Based on the results, in fiscal 2019, the Company visited all suppliers who need further inspection in order to verify onsite conditions and discuss measures to be taken.

Each affiliated company in Japan is continuously working to improve its internal systems and rules for CSR procurement, and sends CSR procurement questionnaires to suppliers. In fiscal 2019, they sent CSR procurement questionnaires to 1,924 suppliers to confirm CSR initiatives and provide feedback on ratings to suppliers while following up with suppliers whose efforts are inadequate.

In fiscal 2018 and 2019, Toray Industries, Inc. asked its affiliated companies outside Japan whether they request their major suppliers to carry out CSR initiatives. For suppliers that had not been requested to take CSR initiatives by Toray affiliated companies, Toray Industries, Inc. sent a CSR procurement questionnaire. After analyzing responses from 220 suppliers, it was determined that 90% of them had achieved the level of CSR initiatives required by Toray Group, while the remaining 10% would need further inspection. In addition to providing questionnaire results feedback to the survey participants, each affiliated company has been conducting inspections of those suppliers and requesting improvements as necessary.

The COVID-19 pandemic has now spread worldwide, and Toray Group is working to prevent its employees from becoming infected. At the same time, it is striving to ascertain and prevent employment problems that may occur due to demand fluctuations, including in the supply chain.

#### **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 Ethics & 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 officers and 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 29, 2020.



Akihiro Nikkaku  
President, Toray Industries, Inc.  
September 30, 2020