

## **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 2020 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, 2021, the number of affiliated companies is 283 (103 in Japan and 180 overseas), and the number of employees is 46,267 (17,666 in Japan and 28,601 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/global/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. A medium-term CSR activity plan, the CSR Roadmap, is created and implemented based on the CSR Guidelines.

##### CSR Guidelines

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

##### CSR Roadmap 2022

[https://www.toray.com/global/sustainability/stance/pdf/csrroadmap\\_2022.pdf](https://www.toray.com/global/sustainability/stance/pdf/csrroadmap_2022.pdf)

#### 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/global/sustainability/activity/supply\\_chain/](https://www.toray.com/global/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. The facts are investigated with complete discretion to protect against any risk of negative impact on the individual reporting to or consulting with the hotline. 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. The hotline takes action in response to information received.

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 2020, 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.

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 2020, the Company sent a CSR procurement questionnaire to its major suppliers. The results revealed that 99% of the 483 companies that responded had achieved the CSR compliance level required by Toray Industries, Inc., an increase of 3 percentage points from the survey conducted in fiscal 2018. Meanwhile, the percentage of suppliers for which further investigation was deemed necessary decreased from 4% in the previous survey to 1%. The Company conducts inspections of suppliers and requests improvements from those suppliers who appear to have insufficient CSR measures based on the questionnaire.

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 2020, they sent CSR procurement questionnaires to 498 suppliers to confirm CSR initiatives and provide feedback on ratings to suppliers while following up with suppliers whose efforts are inadequate.

Each affiliated company outside Japan also asks its major suppliers to promote CSR initiatives. Toray Industries, Inc. sent CSR procurement questionnaires to those suppliers for which CSR initiatives had not yet been requested or confirmed. After analyzing responses from 98 suppliers received in fiscal 2020, it was determined that 96% of them had achieved the level of CSR initiatives required by Toray Group, while the remaining 4% 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 impact of the COVID-19 pandemic has 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.

Toray Group established a group-wide pandemic task force in February 2020. The task force takes measures to prevent the spread of infection by monitoring the health status of employees worldwide. It also collected pandemic-related information concerning the countries and regions where group sites are located and implemented proactive measures to prevent infection. Toray Group also worked to ascertain and prevent any potential human rights issues within the supply chain. The CSR procurement survey conducted in fiscal 2020 included questions such as employment and labor issues that could have arisen due to the pandemic's impact on suppliers, and whether appropriate measures had been taken in response.

#### **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, 2021.



Akihiro Nikkaku  
President, Toray Industries, Inc.  
September 30, 2021