

## **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 2021 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, 2022, the number of affiliated companies is 290 (106 in Japan and 184 overseas), and the number of employees is 48,842 (17,588 in Japan and 31,254 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 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 includes 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 Toray Group CSR Procurement Policies.

## 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. Toray Group CSR Procurement Policies

Toray Group is promoting CSR procurement by focusing on issues to be addressed together with its supply chain. While the Toray Group CSR Procurement Policies specify the Group's commitment to building a supply chain that incorporates human rights considerations, the Toray Group CSR Procurement Guidelines provide specific and detailed guidelines for action requirements. Accordingly, Toray Group suppliers are required to respect human rights, while preventing forced labor, slave labor, child labor, and unfair low-wage labor.

Toray Group CSR Procurement Policies

Toray Group 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 Helpline to ensure a thorough understanding among all Toray Group officers and employees, including those at affiliates companies worldwide. Further, in fiscal 2021, human rights awareness brochures were distributed to all officers and employees at Toray Industries, Inc. and its affiliate companies in Japan. Human rights workshops were also held at each company, and online training was carried out on the topics of the Ethics & Compliance Code of Conduct and whistleblowing. In this way, the Group has 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 worldwide supply chain. Specifically, a CSR Procurement Working Group was established at Toray

Industries, Inc. to ascertain the status of CSR initiatives at suppliers and to support 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.

Moreover, the Toray Group CSR Procurement Policies have been established and shared with all concerned. Suppliers are required to comply with the Toray Group CSR Procurement Guidelines and to undertake CSR initiatives based on the signing of contracts and pledges. In addition, a plan-do-check-act (PDCA) cycle has been established for sending CSR procurement questionnaires to suppliers, evaluating initiatives, and following up on measures for improvement. In this way, the Group is working with suppliers to advance initiatives promoting respect for human rights.

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. The results of the fiscal 2020 questionnaire revealed that 99% of the 483 companies that responded had achieved the CSR compliance level required by Toray Industries, Inc. In fiscal 2021, the Company undertook a review of the suppliers that had not met the required standards in the 2020 survey and identified those that required further investigation. Toray Industries then followed up by investigating the actual CSR situation at these suppliers and holding discussions on measures for improvement.

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 2021, they sent CSR procurement questionnaires to 1,042 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. As part of the support provided, Toray Industries, Inc. sends CSR procurement questionnaires to suppliers that have not yet been requested to implement CSR initiatives and to suppliers whose CSR efforts have not yet been confirmed. In fiscal 2021, 111 suppliers of affiliated companies overseas were

surveyed.

With the COVID-19 pandemic continuing to impact the world, Toray Group is still 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. Since then, the task force has taken measures to prevent the spread of infection by monitoring the health status of employees worldwide. It has collected pandemic-related information concerning the countries and regions where group sites are located and has implemented proactive measures to prevent infection. The CSR procurement survey conducted in fiscal 2020 was used to investigate whether suppliers had been responding appropriately to various issues related to human rights, such as employment and labor issues that could have arisen due to the pandemic. In fiscal 2021, the Group sent improvement requests to those suppliers whose human rights response measures were deemed insufficient and confirmed that improvements had been completed.

#### **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 Toray Group CSR Procurement Policies. The Group 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 28, 2022.



Akihiro Nikkaku

President, Toray Industries, Inc.

September 30, 2022