

TOYOTA

Anti-Modern Slavery Statement 2021



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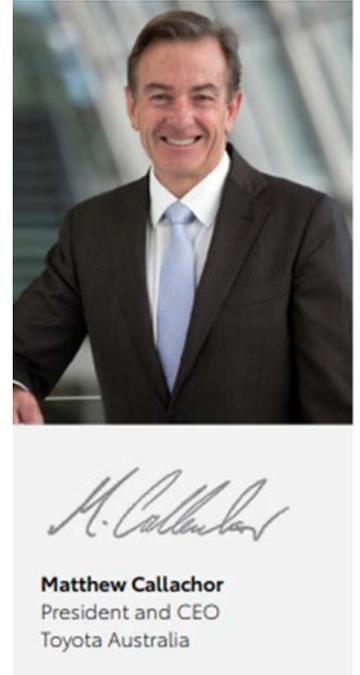
Endorsement from the Board of Directors

Toyota Motor Corporation Australia (TMCA) is committed to the rights and freedoms of all people and our company shares this vision with our Toyota affiliates around the world.

As you will see throughout the report, our company has continued to take steps to address modern slavery practices that may exist in our operations and supply chain.

We strive to make life better for affected people both in Australia and around the world. This is in line with our company mission to produce 'Happiness for All'.

This statement was approved by the Board of Toyota Motor Corporation Australia on 16 August 2021. Matthew Callachor, President and CEO, 25 August 2021



Toyota Motor Corporation Australia Limited

Since its foundation in 1937, Toyota has continuously strived to contribute to the sustainable development of society and the planet by providing high quality and innovative products and services. It's a principle that Toyota Motor Corporation Australia Ltd (TMCA) has continued to uphold since its inception in 1963, which has helped to cement its position as Australia's leading automotive company.

TMCA is pleased to be making our second modern slavery statement, building on the work delivered in our first reporting period and continuing to learn more about our supply chain and operations and any associated risks. This modern slavery statement addresses the work TMCA and our subsidiaries have undertaken to assess, address and mitigate the risks of modern slavery in our operations and supply chains in FY2021 (current reporting period).

TMCA is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a publicly listed company (Japan) and Japan's largest vehicle manufacturer. Toyota Community Foundation Australia (TCFA) is a wholly owned subsidiary of TMCA and is Trustee for the Toyota Community Trust (TCT), the philanthropic arm of TMCA. During the current reporting period, S.C.T Pty Ltd (SCT), a wholly owned subsidiary of TMCA, wholly acquired 3 companies, known collectively as the "Revolution Group of Companies".

TMCA has a long-term commitment to human rights and is guided by the global **Corporate Social Responsibility (CSR) Policy**. The CSR Policy outlines Toyota's Guiding Principles, the focus of the brand on sustainable development and its expectations, both for itself and its suppliers, regarding sustainability and human rights. Since 2008, the CSR Policy has included Toyota's commitment, and expectation of our suppliers, to respect human rights, including by not using or tolerating any form of forced or child labour in its operations and supply chains, and through the recognition of the rights of our employees to freely associate, or not to associate.

TMC also maintains the **Sustainability Databook** which features Toyota's global commitments, policies and activities relating to human rights and sustainability, which apply to the activities and supply chains of TMCA.

Structure, Operations and Supply Chain

Toyota is long established as one of Australia's best-loved and most reputable automotive names, having operated in Australia for over 60 years. TMCA's corporate headquarters is in Port Melbourne, Victoria. We have four regional offices across Australia, except Western Australia where an independent company distributes Toyota-branded vehicles on our behalf. TMCA distributes Lexus branded vehicles in Western Australia.

Our organisation is staffed by just under 1000 employees and is structured under three Operating Arms: National Sales, Marketing and Franchise Operations; Product, Guest and Aftersales Operations (including Finance, Procurement and Audit); and Corporate Services and Digital Transformation. Lexus Australia operates as a distinct division. The vehicles we sell are imported from Toyota affiliates overseas. Our customers (guests) include private buyers and private, rental and government fleets. Our guests are serviced by our extensive network of 224 dealers, comprising of 305 dealerships covering both Toyota and Lexus brands, which are independently owned under franchise agreements.

The National Sales, Marketing and Franchise Operations Divisions, together with all Regional Operations Divisions strive daily to provide mobility solutions for all Australians by promoting quality Toyota products, services and providing outstanding aftersales support. Our employees and dealers aim to provide an outstanding guest experience that inspires loyalty, and repeat business for all Toyota owners and their families, friends, and associates. We support the dealer network to achieve this by setting standards ensuring happiness and loyalty for all guests, for life.

The Product, Guest and Aftersales Operational Arm is responsible for planning & development of products, customer quality, warranty support and service value chain. This arm is also responsible for the procurement of quality components and services, vehicle conversions, and accessories that provide our guests with the best possible Toyota experience now and into the future.

The Corporate Services and Digital Transformation Operational Arm is responsible for the Human Resources and learning and development aspects of the business, as well as the governance, compliance, reputation and community engagement activities that enable TMCA to be an employer of choice. It also strives to continuously innovate the technology within the mobility solutions we provide our guests, both now and in the future. The arm is also responsible for the business' Information and Technology enterprise solutions and is committed to meeting the needs of our people and our guests.

The Lexus Division delivers vehicle and service offerings of the highest levels of luxury that exceed customers' expectations in order to achieve our objective to strengthen the Lexus brand.

The Toyota Community Trust (TCT) is a discretionary trust fund. The TCT was established following the closure of Toyota's manufacturing operations in Australia in 2017. The TCT provides grants and other support to organisations (both profit and not for profit), the purpose of which is to enhance the community's capability in TCT's key areas of focus which are Traffic Safety, Education, Environment and the Local Communities in which we operate. The current focus of the TCT is education in Melbourne's west.

Toyota Community Foundation Australia Pty Ltd (TCFA) is a separate entity that was established to be the trustee of the TCT. The board of the TCFA (comprising of three members) makes decisions on who shall be grant recipients of the TCT proceeds each year.

Helping to look after the precious inner-city Port Melbourne beaches, 3207BeachPatrol conducts a clean along one of its 5 stretches of beach every month.



The Revolution Group of Companies is a highly regarded and professional software development and implementation business that has developed a unique methodology and approach to customer facing systems. Starting in the 1990s, the Revolution Group of Companies has developed a unique best of breed software management solutions for the Automotive, Marine & Motorcycle industries, but its application in other areas is endless. Product applications of the technology include motor vehicle, motorcycle and marine dealerships. The Revolution Group of Companies is considered today as the benchmark provider in all industries it operates in.

TMCA's supply chain includes both overseas and Australian based suppliers. In the current reporting period, we used the services of 1207 first tier suppliers, with a total expenditure of over \$8 billion. The largest category of spend (82%) was on the importation of vehicles from Toyota suppliers in Japan, Singapore and the USA. Of the remaining proportion (18%), the importation of parts (5%) features suppliers from Japan, Argentina, Singapore, Belgium and USA; service parts and accessories are 3% of total spend; and corporate procurement is 10%. This corporate supplier group includes payments to government and sponsorship entities. The remaining expenditure is spread across suppliers who provided less than \$100,000 of goods or services. There are 790 suppliers in this category, with a total expenditure value of over \$15 million."

As the Revolution Group of Companies is a new acquisition of TMCA, we are in the process of mapping the supply chain and will report further information in the next reporting period.

Road Safety Education Australia (RSE) aims to reduce road trauma by delivering evidence based road safety education to young drivers and their passengers nationally. Toyota has been working with RSE since 2010. RSE's flagship RYDA program provides novice drivers and their passengers with lifesaving knowledge and skills.



Assessing the risks of modern slavery in our supply chain

During the current reporting period, TMCA continued to build a comprehensive picture of our supply chain. We did this by developing and implementing a supplier questionnaire, which we shared with the 1516 first-tier suppliers we identified in FY20. This activity presented numerous challenges for our team, most notably in the form of up-to-date information of our supply chain, both internally and externally. Correct supplier details and identifying responsible relationship managers proved to be a major use of resources.

We received responses from approximately 150 suppliers, the majority of which completed the questionnaire. Several (mostly large scale) suppliers did not complete the questionnaire and instead supplied their modern slavery statement to us to answer our inquiries. We continue to work with our supplier network to increase response rates and gather more information about the supply chain.

As a result of the supplier questionnaire and preliminary supplier risk assessments, a potential high-risk supplier was identified that supplies apparel produced in China. We are working to deepen our understanding of that supplier's supply chains to ensure no elements of modern slavery are present. Our snapshot of the supplier network gives us an understanding of the chain that is strongly linked to our Toyota affiliates in other countries for product with local services supporting our daily operations and marketing activities.

Our newly implemented Supplier Minimum Standards (Minimum Standards) were communicated to our suppliers at the time as sharing our supplier questionnaire. The Minimum Standards enable us to clearly express the expectation we have of suppliers at all stages of our procurement processes. Suppliers were asked to confirm that their business could meet the Minimum Standards, which require our suppliers to commit to ensuring the below 11 elements:



Free and voluntary employment



No discrimination



Respect and dignity



No child labour



Freedom of association



Environmental sustainability



Wages and benefits



Workplace safety



Grievance process



No bribery



Responsible material procurement

Only two of the suppliers that responded to our questionnaire indicated that they could not currently meet the Minimum Standards. We are currently working with those suppliers to rectify this.

During the current reporting period TMCA also conducted our annual conflict minerals survey of suppliers, the results of which confirmed that the Tantalum, Tin, Gold and Tungsten used in products sourced by TMCA are not from high-risk or conflict affected smelters.

We continue to screen suppliers when they participate in a new sourcing activity, and screen key suppliers in Service Parts & Accessories as part of our Supplier Capability Assessment.

We remain committed to completing our review of all first-tier suppliers by 2025. This includes our annual supplier questionnaire and reviews, together with in-depth reviews of suppliers identified as having risks or in industries where risks are more prevalent.

The COVID-19 pandemic hit businesses hard during FY21 and, like many businesses, TMCA has adjusted our operations based on our business usage needs.

We have seen year-on-year spend in Travel & Events, Media & Creative and facilities management significantly impacted by Covid to be down on previous years. Overall local supplier spend is down approximately 6.5% compared to previous reporting.

Our catering costs have decreased by over 50%, due to less use of the offices and cafeteria areas together with the reduction of face-to-face meetings. TMCA has attempted to offset some of these impacts by offering a meals service to our staff to keep some of our partner services viable. To ensure our ability to support this service we did restrict the key agency staff from seeking or working at any other venue (through their employer) due to the COVID-19 risk – if there was a need to isolate then our services would not have been able to operate – however as all these key staff were on fixed contracts with the agency their pay was not affected.

It is likely that COVID-19 has increased the risk of modern slavery in the sector as, anecdotally, many of our catering suppliers were suffering from the impacts to the industry, restricting their ability to maintain their staffing levels and provide all our normally used products so we were required to add additional suppliers and extending support to the wider hospitality supplier network.

TMCA acknowledges that the cleaning industry is commonly understood to have a higher risk to the prevalence of modern slavery. Cleaning services usage by TMCA has remained largely the same throughout the current reporting period, with a short period of reduced activity at the height of the Victorian lockdown in FY21. TMCA increased hygiene requirements as part of staged office reopening when COVID-19 restrictions eased. During lean times we reallocated cleaning staff to other cleaning tasks, in order to create meaningful work for the regular cleaners and allow them to continue to work.

TMCA was conscious that there are vulnerabilities in the cleaning industry during times of COVID-19 because of high demand for the services. TMCA engaged with our cleaning suppliers to ensure the minimum standards were maintained throughout these times.

During the next reporting period, TMCA will implement a Supplier Information Management module in our procurement system which will allow both suppliers and contract managers to make contact changes within the system. This will allow us better access to our suppliers and a greater ability to identify risks of modern slavery in our suppliers' supply chains.

Addressing the risks of modern slavery in our supply chain

Policies and procedures

TMCA has a number of policies, such as our Code of Ethics, that provide guidance on ethical and appropriate behaviour. During the current reporting period, TMCA began developing a Modern Slavery Policy. Through the policy, which will be implemented in FY22, we aim to ensure a standardised approach to supplier activities across our operations and empower all in the company to do their part to identify, assess and address risks of modern slavery in our supply chains.

During the current reporting period we also implemented standard form contracts which address modern slavery in our supply chain and require our suppliers to commit to upholding minimum standards in their own operations, undertake modern slavery due diligence on their suppliers, and provide us with information regarding their supply chains, in particular any major risks or occurrences of modern slavery they may uncover.

Finally, we established internal working agreements to ensure accountability for modern slavery activities is maintained across our business. We also maintain a Modern Slavery Working Group, comprising stakeholders from all divisions across TMCA, which manage and support the business and our suppliers to actively detect and eliminate modern slavery risks.

Training

The modern slavery training plan we devised during the previous reporting period, which featured face-to-face training, did not meet the needs of our flexible workforce during and post COVID-19 lockdowns. As such, we have revised and re-worked our approach to modern slavery training to include both general awareness communications to all staff and more in-depth training to key personnel, which is currently in development. This training will now be delivered throughout FY22.

Grievance mechanisms

TMCA prides itself on ensuring employees and other stakeholders can safely and, where necessary, confidentially raise concerns and lodge complaints. During the current reporting period we established grievance mechanisms for modern slavery concerns, fitting within existing frameworks. Our Toyota Ethics Line supplier has been consulted and our policies updated to include references to modern slavery and other human rights issues. During the next reporting period we will provide further communication to our suppliers and business about the Toyota Ethics Line and its expanded functions.

Our principles for remediation will be embedded in the modern slavery policy. In short, they aim to improve and repatriate conditions for the victims, whenever detected. The ultimate goal is to stop instances before they have had the chance to begin, by ensuring proactive measures, such as ethical sourcing standards and practices are in place throughout the supply chain.

Future reporting periods

Our main focus for FY22 is the automation of many of our modern slavery functions, such as the supplier questionnaire process and our risk assessment framework activities. Automation will bring greater efficiencies to our established processes and ensure robustness and greater consistency of our methods.

TMC is about to finalise a Human Rights Policy for Toyota globally, which focusses on making human rights the foundation of our business operations. The policy will note that:

- Toyota recognises that its business operations could be at risk to potential and actual human rights impacts; and
- Toyota seeks to uphold the human rights of others and shall address any human rights infringements that may arise from its business operations.

Toyota expects its business partners and other parties to also respect and not infringe upon human rights, however if they do, then Toyota will respond appropriately based on the policy.

Tracking the effectiveness of our actions

TMCA is committed to ensuring that changes and actions taken to identify, assess and address risks of modern slavery are effective.

As indicated in the previous reporting period, TMCA has now put in place effectiveness measures which include:

- regular review of supply chains and ensuring modern slavery is considered in on boarding processes, such as in supplier contracts and by reference to our Minimum Standards;
- establishing a schedule for supplier assessment and measuring the response rate from suppliers;
- aligning our supplier assessment with our Minimum Standards, as a base for supplier engagement;
- monitoring the number of signed contracts that include modern slavery clauses;
- our Modern Slavery Working Group regularly checks in against allocated responsibilities to ensure modern slavery due diligence is occurring as planned; and
- establishing a Modern Slavery (Supplier) Risk Register, which records instances of and risks related to modern slavery in our supply chain and ensures there is regular monitoring and evaluation of TMCA's responses to those claims.

Following the implementation of modern slavery training in FY22, TMCA will monitor the number of people who complete the training.

Consultation process with our entities

TCFA operates from TMCA's Central Headquarters in Port Melbourne, Victoria and shares TMCA's resources and functions (i.e. Finance & Procurement teams). TMCA has met with the coordinator of the TCFA and confirmed its commitment to TMCA's modern slavery compliance program. TCFA is working closely with TMCA to identify, assess and address the risks of modern slavery in our supply chain.

The Revolution Group of Companies, having been recently acquired, are being brought into TMCA's activities, including supplier activities in the modern slavery space. Work has begun to introduce the Minimum Standards to this group and assess its supply chains.

Additional information

TMCA is working with TMC to standardise our Modern Slavery practices as much as possible across Toyota. TMCA recognises that it is important to share experiences and learnings amongst affiliates and continually strive to achieve best practice.

TMCA has provided our dealer network with guidance in respect of modern slavery compliance and shared our knowledge with them.

Copies of the report

The Anti-Modern Slavery Statement 2021 can be viewed online at <https://www.toyota.com.au>

Feedback

Please provide us with your feedback so we can continue to improve on our approach to modern slavery.

If you have any comments, ideas or questions, please email compliance.support@toyota.com.au to provide feedback.

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