

Toyota Finance Australia Limited Modern Slavery Statement 2020

This statement has been published in accordance with the Modern Slavery Act 2018 (Cth) (MSA) and outlines the steps Toyota Finance Australia Limited¹ has taken to assess and address the risk of Modern Slavery² in our business and supply chains during the financial year ending 31 March 2020. This is TFAL's first Modern Slavery statement under the MSA.

INTRODUCTION

OUR STRUCTURE AND OPERATIONS

Toyota Finance Australia Limited (TFAL) is a wholly-owned subsidiary of Toyota Financial Services Corporation (TFSC). TFAL has one subsidiary, Australian Alliance Automotive Finance (AAAF). AAAF provides white label financial products to non-Toyota dealers and customers. TFAL's ultimate parent company is the Japan-based automobile manufacturer, Toyota Motor Corporation.

TFAL provides a range of vehicle finance, leasing, insurance solutions and fleet management services to consumers and commercial customers in Australia. Our Australian operations are administered from our head office in St Leonards, New South Wales. We have nine other sites across Australia, in New South Wales, Victoria, Queensland, South Australia, and Western Australia. We employ over 1,000 people across Australia, the majority of our workforce are direct employees with a small number of contractors.

Our principle activities include the provision of:

- finance for the acquisition of motor vehicles by customers in the form of leasing, term purchase, consumer and commercial loans;
- bailment facilities and commercial loans to motor dealers;
- operating leases and fleet management services to corporates, not for profit and government; and
- retail insurance policies underwritten by third party insurers.

¹ A reference in this statement to 'TFAL', 'we' and 'our' is to Toyota Finance Australia Limited ABN 48 002 435 181 and its related bodies corporate.

² Modern Slavery is defined in the Act to include offences under existing human trafficking, slavery and slavery-like offence provisions set out in Division 270 and 271 of the Commonwealth Criminal Code, and encompasses slavery, servitude, forced labour, the worst forms of child labour, human trafficking, slavery like practices, debt bondage, forced marriage and deceptive recruiting for labour or services.

Our four main businesses are as follows:

- Retail Finance (Consumer and Commercial Loans);
- Dealer Finance (Wholesale, Real Estate, Working Capital and Revolving Credit Lines);
- Fleet Management (Asset Finance, Fleet Management, Vehicle Purchase and Maintenance, Novated Leasing and Salary Packaging); and
- Insurance (Comprehensive, Extended Warranty, Finance Protection Insurance and Finance Gap Insurance).

As a company with operations in Australia, and with annual consolidated revenue surpassing \$100 million³, we are required under the MSA to issue an annual statement outlining the steps we have taken to assess and address the risk of Modern Slavery in our operations and supply chains. This statement explains the actions we have taken in 2020 to strengthen our policies and the compliance measures we have implemented with respect to the requirements of the MSA.

OUR SUPPLY CHAINS

TFAL purchases goods and services from approximately 17, 243 suppliers. In FY19/20, we spent approximately AU\$2.2 billion with suppliers in Australia and overseas. Considered in this figure are vehicles we purchase to lease to customers excluding financing and disbursements. Our supply chains include vehicle manufacturers, recruitment and workforce service providers, and providers of office supplies. Our largest areas of spend are vehicle purchase and maintenance, fuel and registration.

TFAL is committed to the prevention of Modern Slavery in our operations and supply chains. We set clear expectations that our employees and suppliers (including contractors and agents) must not engage in conduct or practices that involve Modern Slavery and must actively work to prevent the risk of Modern Slavery in our business and supply chains. In the 2019-2020 financial year we have increased our understanding of Modern Slavery, and allocated accountabilities for identifying and addressing risks of Modern Slavery in our operations and supply chains.

TFAL acknowledges that high standards alone will not be enough to combat the potential risks of Modern Slavery in our operations and supply chains. Instead we believe it is important to have a multi-faceted modern slavery risk assessment and mitigation strategy that comprises of awareness and training programs for our employees and the deployment of robust risk assessment and mitigation measures that evolve and improve over time.

Key Areas of Action in 2020:

- We identified high risk factors of Modern Slavery and categories of goods and services that are at risk of Modern Slavery. Our assessment of high risk considers, among other things, factors such as the use of low skill labour by suppliers, goods that are

³ The Modern Slavery Act 2018 (Cth) requires Australian entities or entities that carry on business in Australia with annual consolidated revenue of \$100 million or more to issue annually a report explaining the actions it has taken to mitigate the risk of Modern Slavery in its business and supply chain.

manufactured in high risk countries and services that are provided by suppliers that may potentially utilise opaque contracting arrangements;

- Assessed the majority of our main suppliers by expenditure to identify the inherent risks of Modern Slavery;
- Enhancement of our whistleblower reporting and investigation regime which ensures that concerns associated with corporate behaviour, including Modern Slavery risks, can be reported more effectively;
- Continuing to strengthen our due diligence procedures to better understand the Modern Slavery risks posed by potential suppliers prior to on-boarding; and
- Rolling out and implementation of specific Modern Slavery contract clauses to high risk suppliers.

ASSESSMENT OF MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAINS

TFAL recognises the complexity of Modern Slavery risk, and in particular the variety of ways in which it can manifest in operations and supply chains. In 2020 TFAL undertook an assessment of its Modern Slavery risks within its operations and first-tier supply chains. This consisted of engagement with an externally-appointed consultant, review of external expenditure across TFAL operations and incumbent suppliers, as well as engagement with internal stakeholders for their input on likely areas of higher risk of Modern Slavery.

The outcome of that risk assessment was that the following categories of goods and services were identified as potentially 'High Risk':

- Vehicle Purchase – this incorporates vehicle purchase by TFAL for the purposes of leasing to our customers;
- Vehicle Maintenance, Fuel and Tyres – this captures TFAL's activities in managing and maintaining its customers' fleet cars. As part of these activities, TFAL enters into service agreements with suppliers; and
- Corporate Services - Facilities Management – this is the provision of general corporate services to TFAL's head office, such as IT, cleaning, and facilities management.

Factors considered in our high-risk assessment include industry type, whether the product has been manufactured overseas potentially using low skill labour, and services provided by suppliers in Australia that may utilise low skill labour with opaque contracting arrangements. The diverse range of goods and services in the key areas of expenditure (Vehicle Purchase, Vehicle Maintenance and Fuel and Tyres) leads TFAL to conclude that there is a potential exposure to Modern Slavery in our operations and supply chains.

TFAL's monitoring and supervision risk assessment activities will continue to be performed annually to identify and validate high risk goods and services to ensure effective mitigations and due diligence is applied in managing the risk of Modern Slavery.

POLICIES, PROCESSES AND CONTRACTUAL CONTROLS TO ADDRESS RISK

TFAL has several policies in place to mitigate Modern Slavery risks in its operations and supply chains. Each of these policies is reviewed and signed off annually by Senior Management. This includes our Code of Conduct and [Whistleblower Policy](#) (available to TFAL employees, suppliers and others). Our supplier contractual terms require suppliers to comply with all Australian law which would include Modern Slavery obligations. Further, suppliers are required to have adequate processes and controls to mitigate the risk of Modern Slavery and notify TFAL of any Modern Slavery findings including any actions that have been or will be taken to address any issues that have been identified.

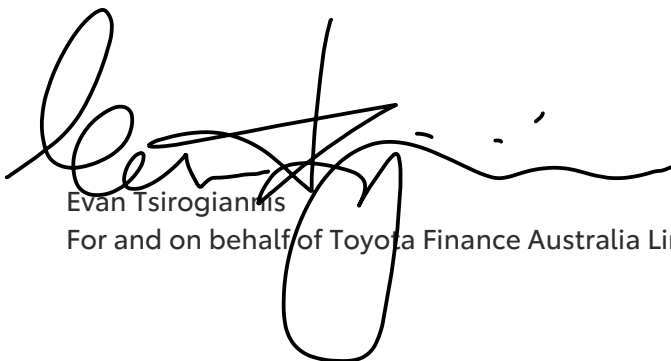
General Managers are required to provide a yearly attestation to TFAL's Senior Executive team attesting to their compliance with the Procurement Policy and whether there has been any modern slavery incidents within their business unit. Bi-annual compliance reviews will be undertaken by TFAL's Compliance team in accordance with TFAL's Compliance Policy to assess the effectiveness of the company's management of modern slavery risk.

TRAINING FOR EMPLOYEES ON MODERN SLAVERY RISKS

TFAL will mandate Modern Slavery awareness training from 2021 for senior management and employees in key roles. We believe raising awareness of Modern Slavery for the business will build the capacity of our staff and management and increase our overall ability to mitigate the risk of Modern Slavery more effectively. TFAL commits to tracking staff training levels in its 2021 statement and beyond. TFAL also recognises the importance of building the capacity of our suppliers, which remains a focus for TFAL and we continue to explore ways to support our suppliers to enhance their Modern Slavery awareness.

This statement was prepared by TFAL on its own behalf and on behalf of AAAF, its wholly owned subsidiary.

The statement is approved on behalf of the Board of Directors of Toyota Finance Australia Limited on 16 December 2020.



Evan Tsirogianmis
For and on behalf of Toyota Finance Australia Limited