

**TOYOTA**

# Anti-Modern Slavery Statement 2022



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## Endorsement from the Board of Directors



A handwritten signature in black ink, appearing to read 'M. Callachor'.

**Matthew Callachor**  
President & CEO  
Toyota Australia

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 across the globe.

TMCA remains committed to addressing modern slavery practices that may exist in our operations and supply chain, as you will see throughout our report.

Our company mission is to produce 'Happiness for All' and we will continue our efforts to make life better for affected people both in Australia and around the world.

This statement was approved by the Board of Toyota Motor Corporation Australia on 26 August 2022. Matthew Callachor, President and CEO, 9 September 2022.

## Toyota Motor Corporation Australia Limited

Toyota Motor Corporation Australia Ltd (TMCA) was founded in 1963, forging a long and storied history in the Australian motoring and manufacturing market. For the past two decades, TMCA has maintained the position as Australia's leading automotive company. TMCA and Toyota, globally founded in 1937, continuously strive to contribute to the sustainable development of society and the planet by providing high quality and innovative products and services.

TMCA is pleased to release our modern slavery statement for 2022, building on the work delivered in past reporting periods and continuing to learn more about our supply chain and operations and 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 FY2022 (current reporting period).

TMCA is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a publicly listed company in 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. S.C.T Pty Ltd (SCT), is also a wholly owned subsidiary of TMCA. SCT wholly owns 3 companies; OTS (AUSTRALIA) PTY. LTD ACN 060 941 808 T/A Revolution Software Services, MLAN Computer Solutions (AUST.) Pty Ltd ACN 061 826 195 and Revolution Software Limited NZCN 4133527. They are known collectively as the "Revolution Group of Companies" or "Revolution". TMCA is the sole reporting entity under the Modern Slavery Act 2018 (Cth) (the Act).

The commitment TMCA has to human rights is guided by the Toyota global Sustainability Fundamental Policy (<https://global.toyota/en/sustainability/csr/policy/>) (the Policy). This Policy outlines Toyota's Philosophy, featuring policies and guidelines on Supplier Sustainability and Human Rights. It draws the focus of our affiliates and suppliers onto sustainable development and Toyota's expectations, both for ourselves and our suppliers, regarding these important issues. The Policy includes 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 recognising the rights of our employees and customers. This policy has been active since 2008 and continues to be actively improved on a regular basis.

TMC also maintains a Sustainability Data Book (<https://global.toyota/en/sustainability/report/sdb/>) which explains Toyota's global approach to human rights and sustainability, and includes practical cases and numerical data. These policies and approaches apply to our activities and supply chains.

## Structure, Operations and Supply Chain

TMCA continues to be one of Australia's most reputable automotive names, having operated in Australia for over 60 years. The corporate headquarters for TMCA are situated in Port Melbourne, Victoria. Our four regional offices are located across Australia, except in Western Australia, where an independent company, Perron Investments Pty Ltd (ABN 48 000 003 976) distributes Toyota-branded vehicles. TMCA distributes Lexus branded vehicles throughout all of Australia.

Our organisation is staffed by close to 1,600 employees and is structured under six Operating Arms comprising:

- National Sales, Marketing and Franchise Operations;
- Guest, Aftersales and Corporate Operations;
- Finance Operations;
- New Business Solutions & Product Planning Operations;
- Information and Digital Services Operations; and
- Lexus.

The vehicles we distribute are imported from Toyota affiliates overseas. Our customers include private buyers, business, and rental and government fleets. Our customers are serviced by our extensive network of over 200 dealers, comprising of some 300 sites. The dealership operations are independently owned under franchise agreements.

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 for 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 science, technology, engineering, and mathematics (STEM) education in Australia.

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 recipients of the TCT proceeds each year.

Revolution 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, Revolution 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. Revolution is considered today as the benchmark within industry.

TMCA's supply chain includes both overseas and Australian-based suppliers. In the current reporting period, we used the services of 1246 first tier suppliers, with a total expenditure of approximately \$9 billion. The largest category of spend (87%) was on the importation of vehicles from Toyota suppliers in Japan, Singapore and the USA. Of the remaining proportion (13%), the importation of parts (3%) features suppliers from Japan, Singapore, the USA and Belgium, Service parts and accessories are 3% of total spend the majority of which are Australian based and source their components across China, Singapore and various other countries, all of which forms part of our conflict minerals survey. Finally, our corporate procurement is 7%, this group includes payments to government and sponsorship entities.

The supply chain for Revolution is typical of a software services and development provider, in that its suppliers are split between two main categories; supply of technology to build and maintain a service, and supply of services to deploy and manage the service. Revolution's suppliers in both categories are typically US companies with a supply model out of the US. Suppliers of technology to build and maintain the Revolution services represent approximately \$2.1M of spend annually. Suppliers of services to deploy and manage the Revolution Dealer Management Solution (DMS) service (e.g. Public Cloud) is approximately \$1.9M annually.

Toyota Community Trust has recently partnered up with Teach for Australia, to help address the critical shortage of science, technology, maths and engineering (STEM) expertise in Australian schools.



# Assessing the risks of modern slavery in our supply chain

## Preliminary risk assessments & Supplier Minimum Standards

TMCA undertakes a preliminary supplier risk assessment for each supplier [as part of our supplier onboarding process].

We continue to analyse the risks arising in respect of our suppliers on an ongoing basis. When sourcing new suppliers, we inform and expect that they adhere to our Supplier Minimum Standards (Minimum Standards) and we engage with suppliers directly where more information is required to satisfy TMCA that the supplier can meet our Minimum Standards.

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:



Free and voluntary employment



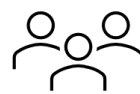
No discrimination



Respect and dignity



No child labour



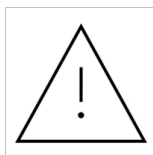
Freedom of association



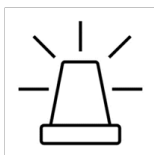
Environmental sustainability



Wages and benefits



Workplace safety



Grievance process



No bribery



Responsible material procurement

In FY2022, we have identified polysilicon, a key component of solar panels, as a potentially high-risk commodity for modern slavery in our supply chain. It is understood that a significant proportion of solar-grade polysilicon is produced in the province of Xinjiang, China, which is known to be a high risk area for modern slavery and forced labour practices.

The procurement of solar panels in FY2022 presented an elevated risk of modern slavery practices in our supply chain. As part of TMCA's supplier selection process for a major solar upgrade project at our Centre of Excellence facility at Altona North, we undertook due diligence and sought assurances from candidate suppliers to ensure adherence to our Minimum Standards. We engaged with our supplier of solar panels to better understand their procurement policies and practices. The supplier provided us with a copy of their own supplier code of conduct and we sought additional information to gain comfort that the supplier was appropriately managing the heightened modern slavery risks associated with the procurement of polysilicon.

During the current reporting period, TMCA also conducted our annual conflict minerals survey of suppliers for the TMCA supply chain. TMCA, received a 100% response rate which confirmed that no Tantalum, Tin, Gold and Tungsten used in products sourced by TMCA are from high-risk or conflict affected smelters.

## Supplier questionnaires

During the current reporting period, TMCA also shared our supplier questionnaire with approximately 1600 active first-tier suppliers. For FY2022, TMCA received responses from an additional 115 suppliers and several key suppliers submitted their own modern slavery statements, prepared in accordance with either U.K. or Australian reporting requirements.

Revolution has a modest supplier group of approximately 150 suppliers. We have provided these suppliers with the same Minimum Standards and supplier questionnaire and continue to focus on strengthening the procurement processes Revolution have in place to match those at TMCA.

Responses to the supplier questionnaire have been low for this cohort of suppliers, with Revolution receiving only 20 responses from those 150 suppliers. We continue to communicate with these suppliers and work with them to increase their understanding of, and reporting in respect of, modern slavery risks and the requirements set out in our Minimum Standards. As Revolution was acquired by TMCA in FY2022, Revolution's suppliers are unfamiliar with our supplier questionnaire and onboarding processes. As such, we anticipated supplier response rates may be low in the FY2022. In line with activities planned by TMCA as set out below, we intend to engage with Revolution's suppliers in FY2023 to increase this response rate going forward.

Western Chances awards scholarships and provides financial assistance to motivated young people whose circumstances prevent them from attaining certain educational or career opportunities. Toyota holds a partnership with Western Chances to remove financial barriers to STEM and is committed to awarding 85 scholarships to students as part of the Toyota Community Trust (TCT).



All the suppliers that responded to our questionnaire indicated that they could currently meet our Minimum Standards.

Furthermore, while only a small number of suppliers responded to the questionnaire in FY2022, cumulative supplier responses covering FY2020 and FY2021 have given us a good breadth of visibility over our suppliers.

### **Updating our supplier portal**

Currently, our approach to contract management is largely decentralised across the organisation, which creates complexities when updating contact information or communicating information across the entire supplier group.

Collecting and maintaining up-to-date information relating to our supply chain will be a major focus for the business in FY2023. Our procurement team is seeking to enhance the supplier portal to reduce manual effort and mitigate some of these challenges. An updated supplier portal will provide direct and consistent access across our supplier base to update supplier information, receive messages directly from TMCA and undertake follow up actions. Once implemented this will be managed in a centralised manner through our procurement operations. This will make our supplier data collection processes more efficient and effective, and we expect these improvements will increase the number of supplier responses we receive each year, and thus ensure we are working with up-to-date information.

We also intend to introduce a dedicated ESG questionnaire tool, which will allow for automated reminders and tracking of questionnaire outcomes, risks and mitigations for each supplier, as well as providing an enhanced platform for overall risk assessment and tracking.

### **Supplier engagement**

Where the supplier questionnaire and preliminary supplier risk assessments identify potential high-risk suppliers, we engage directly with the relevant supplier. For example, in FY2021 we identified a supplier that supplies apparel produced in China. During FY2022, we worked with the supplier to understand their operations in the region and gained comfort that their operations met our requirements for working conditions, human rights and labour rights protections as set out in our Minimum Standards. We reviewed the supplier's human rights policies and sought additional information from the supplier as to the conditions of their supply chain operations in China, and satisfied ourselves that the supplier was taking appropriate steps to manage modern slavery risks in its supply chain.

As noted above, we are still in the process of engaging with all of our first-tier suppliers in relation to modern slavery risks. While this process has been challenging due to the decentralised nature of our current supply chain management systems, TMCA has made significant progress in reviewing our first-tier suppliers in FY2022 and we remain committed to completing our review of all first-tier suppliers by 2025.



## **COVID-19 impacts on our supply chain**

The COVID-19 pandemic continued to have an ongoing impact on our operations in FY2022. Our supply chain and operations for the Travel & Events, Media & Creative and facilities management functions have been significantly impacted by COVID-19 but are steady in FY2022 compared to the FY2020 and FY2021 reporting periods.

While travel has been significantly reduced, and therefore modern slavery risks associated with travel are lower than they were pre-COVID-19, overall, local supplier spend in Events and Media & Creative is comparable to that previously reported, which is a reduction of 6.5% on pre-COVID-19 spend.

Our catering costs stabilised in FY2022, but are down on pre-COVID-19 spend, as many staff still work the majority of their time from home. As noted in our FY2021 modern slavery statement, COVID-19 increased the risk of modern slavery for catering suppliers as the industry-wide impacts of lockdowns and COVID-19-related restrictions resulted in staff shortages and unpredictable revenue flow, both of which are factors that create a higher risk environment for modern slavery practices. Despite reduced demand for catering services at our offices, we ensured our catering contractors were able to remain employed in the current reporting period by redeploying their services to provide food for members of the local community through supporting not-for-profit organisations.

TMCA acknowledges that the commercial cleaning industry in Australia is commonly understood to have a higher prevalence of modern slavery practices due to multiple layers of contracting and the use of labour hire arrangements, as well as a high reliance on workers who are foreign nationals and/or on temporary visas. Cleaning services usage by TMCA has been consistent throughout the current reporting period, with regular use of our suppliers and facilities continuing throughout FY2022 as our facilities have remained open. [TMCA engaged with our cleaning suppliers to ensure the Minimum Standards were maintained throughout these times.]

## **Addressing the risks of modern slavery in our supply chain**

As set out in the preceding section, TMCA has robust processes in place to assess and address the risks of modern slavery in relation to our existing and candidate suppliers, which include our preliminary supplier risk assessments, supplier questionnaires, and engagement with suppliers around compliance with our Supplier Minimum Standards.

Based on the outcome of those processes we engage with our suppliers to ensure they are taking appropriate action to assess, manage and mitigate risks of modern slavery practices in their own operations and supply chains and, where appropriate, we have ceased procuring goods or services from suppliers who are unable to demonstrate that they are taking those actions. In one instance the supplier would not respond to our invitations to explain their inability to confirm compliance with our Supplier Minimum Standards, so we did not re-engage them for additional work.

We also take a number of other actions to address the risks of modern slavery in our operations and supply chain, which are outlined below.

### **Policies, processes and procedures**

In September 2021, TMC released a global Human Rights Policy, which focusses on making human rights the foundation of our business operations. The policy states 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.

TMCA's Modern Slavery Policy is yet to be published, largely due to the need to align this to our global commitments above. Steps will be taken to publish this in the next financial year. The Policy will aim to ensure a standardised approach to our 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.

An Accessories Sourcing Procedure is also being updated to align to our local and global expectations and will ensure modern slavery considerations are embedded in daily sourcing activities.

We have also continued to implement 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.

### **Grievance mechanisms and remediation**

TMCA prides itself on ensuring employees and other stakeholders can safely and, where necessary, confidentially raise concerns and lodge complaints. We have continued to maintain our grievance mechanisms for modern slavery concerns, which fit within our existing frameworks. Our Toyota Ethics Line supplier has confirmed that the reporting processes are appropriate to capture concerns relating to modern slavery and our policies have been updated to include references to modern slavery and other human rights issues.

Our suppliers have received communication about the Toyota Ethics Line in the past, however further communication will occur in the next reporting period to confirm the expanded functions, utilising the supplier portal to do this, when in place.

Our principles for remediation aim to improve and remediate conditions for those impacted, whenever detected. The ultimate goal is to stop instances of modern slavery 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. These principles for remediation will be embedded in TMCA's Modern Slavery Policy.

### **Operational Tools**

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

As described earlier in this statement, TMCA is continuing to automate many of our modern slavery functions, including the supplier questionnaire process. In particular, in the next reporting period we will focus on automating our risk assessment framework activities, such as risk scoring and tracking. Progress has been made towards supplier selection in the current reporting period and we will embark upon implementation of these programs in FY2023.

### **Training**

In the current reporting period, we implemented our Modern Slavery Training and provided this training to all managers in our organisation, as part of our Code of Ethics program. This holistic face-to-face training will be run every 2 years.

We plan to launch more in-depth training specifically for our contract managers, legal and procurement teams on Modern Slavery in FY2023 and also introduce awareness programs for staff, supplier and dealer networks which we intend to roll-out in future reporting periods.

Although we have made significant progress against many of the commitments set out in our FY2021 modern slavery statement, we have encountered some unforeseen challenges in implementing or progressing some actions. In some instances we have delayed implementation and/or opted to prioritise other actions, which are described throughout this statement.

In FY2022 we will continue to progress the following commitments described in our FY2021 statement:

- Implementation of the Supplier Information Management module in our procurement system;
- Automation of our supplier questionnaire process and our risk assessment framework activities;
- Aligning our supplier assessment with our Minimum Standards, as a base for supplier engagement.

# Tracking the effectiveness of our actions

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

The Modern Slavery Working Group regularly reviews the actions TMCA is taking and associated outcomes against the allocated responsibilities to ensure modern slavery due diligence is occurring as planned. This group provides the link between contract managers across TMCA and the risk and procurement teams overseeing our modern slavery activities. We also established a Modern Slavery (Supplier) Risk Register in 2021, 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.

As part of our regular and ongoing review of supply chains, as part of our on-boarding processes, with reference to our Supplier Minimum Standards, we have tracked the following metrics which assess the effectiveness of our actions to assess and address risks of modern slavery in our operations and supply chain:

135	Number of signed contracts that include modern slavery clauses in FY2022
13	Modern slavery training sessions, as part of broader governance training sessions
225	TMCA managers that received training in Modern Slavery
01	Modern Slavery (Supplier) Risk Register active cases

## Consultation process with our entities

TMCA sought supply chain information from, and consulted with senior management and key stakeholders in relation to supply chain management processes and policies, from each of our wholly-owned subsidiaries in preparing this statement.

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 consulted with the coordinator of the TCFA in preparing this statement, and has confirmed TCFA's commitment to supporting 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.

Since the acquisition of Revolution in FY2022, TMCA has consulted with the employee responsible for procurement at Revolution on an ongoing basis in respect of all aspects of their operations and supply chain, and their outputs can be seen throughout this report. We are continuing to work with Revolution to ensure their governance and risk management processes and policies are aligned with TMCA's.

## Additional information

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

TMCA continues to support our dealer network with guidance in respect of modern slavery compliance and share our knowledge with them.

## Copies of the report

The Anti-Modern Slavery Statement 2022 can be viewed online at <https://www.toyota.com.au/support>

## 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](mailto:compliance.support@toyota.com.au) to provide feedback.

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