



Modern Slavery Statement

Toyota Tsusho (Australasia) Pty Limited

For the Reporting Period
1 April 2019 to 31 March 2020 (FY20)



Be the **Right ONE**

About Toyota Tsusho (Australasia) Pty Limited

This is the first Modern Slavery Statement (**Statement**) of Toyota Tsusho (Australasia) Pty Limited ABN 24 056 847 315 (**TTALA, we, us or our**) which has been prepared pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**).

TTALA is a proprietary limited company that was incorporated in New South Wales, Australia in 1992 and as at the date of this Statement, has its registered office at 231-233 Boundary Road, Laverton North VIC 3026.

TTALA is committed to complying with all applicable laws and regulations and will continue to improve its practices to combat slavery and human trafficking. TTALA recognises that we all have a responsibility to be alert to the risks however small in our business and in the wider supply chain.

Based on our normal operations throughout FY20, TTALA had not anticipated reaching the reporting threshold set out in the Act. Accordingly, while TTALA has maintained a robust risk and compliance framework prior to this financial year, the specific actions taken by TTALA in FY20 in respect of our compliance with the Act, should be considered in this context.

TTALA's structure

TTALA is a wholly owned subsidiary of Toyota Tsusho Corporation, a company incorporated in, and with its headquarters located in, Japan.

For over half a century since its establishment in 1948, Toyota Tsusho Corporation has been building a global sales network as the only trading company of the Toyota Group.

Today, the Toyota Tsusho group has over 1,000 subsidiaries and affiliates in over 100 countries and employs over 60,000 staff worldwide. The Toyota Tsusho Group engages in business activities in a variety of fields across the globe. These business activities include sales transactions relating to a broad range of products as well as the manufacturing, processing and servicing of, as well as investing in, such products. Toyota Tsusho is considered one of the biggest international trading houses in the world.

TTALA is the primary trading entity of Toyota Tsusho Corporation operating in Australia.

TT Logistics (Australasia) Pty Ltd ACN 130 507 667 (**TTL**), a wholly-owned proprietary limited subsidiary of TTALA (together, **TTALA Group**), specialises in national logistics services for automotive and non-automotive customers throughout Australia. TTL's Laverton North warehouse was established as a showcase facility using state of the art equipment, technology, methods and work practices to satisfy customers' requirements for quality, service and cost competitiveness.

The Toyota Tsusho group has seven business divisions:

Metals Division

Metal products

Processing and distribution of metal products used for various applications including automobile production, energy and infrastructure-related metal businesses.

Metal resources

Processing and distribution of metals and rare earth resources and compliant collection and recycling of waste metal and other materials.

Automotive Division

Automotive distributors

Operation of an automotive distributor business on a global scale in which the distributors manage all aspects of business for the brands in their markets.

Automotive dealers

Operation of an automotive dealer business in which dealers provide comprehensive retail services, including after-sales services.

Value chains related to automotive sales

Building comprehensive automotive value chains, including spare parts supply and after-sales services, small and medium-scale vehicle assembly, vehicle installation and conversion, used car sales, and captive finance and lease.

Chemicals & Electronics Division

Automotive materials

Global implementation of integrated functions ranging from procurement of raw materials to parts processing, sales, logistics, and moulding.

Chemicals

Production and sales of a wide range of products from detergent materials, sanitary materials, and packaging materials to solvents, iodine and fine chemicals.

Electronics

Sales of electronics components and industrial equipment, development and sales of software and global rollout of ICT services.

Africa Division

Mobility

Vehicle sales and after-sales services, used car sales, small and medium-scale assembly, construction and agricultural machinery import, wholesale, and leasing, automobile production support and local parts production in South Africa.

Healthcare

Pharmaceutical wholesaling, pharmaceutical production, remote diagnostics and medical care.

Consumer Goods

Manufacture and wholesale of consumer goods (beverages, cosmetics, etc.); shopping mall and supermarket development and operation and agricultural businesses covering fertilizer production and sales.

Technology & Energy

IT business covering system development, integration, and maintenance and infrastructure development including geothermal power generation and port development.

Global Parts & Logistics Division

Global parts

Export/import of automotive parts combined with mixed loading and supply-and-demand management functions to provide optimally integrated vendor to vendor logistics.

Logistics and module

Logistics services linked to customer production activities and other automotive parts assembly services.

Automotive materials and accessories

Provision of integrated functions ranging from planning, development, and materials procurement to production and sales of automotive parts and accessories.

Machinery, Energy & Project Division

Machinery and equipment

Domestic and international trading in manufacturing and distribution equipment, parts, and tools primarily for the automotive and construction industry, including development and operation of related businesses.

Electricity

Electricity-related business development, operation management, and product sales.

Energy

Domestic and international trading of energy-related products, and development and operation of related businesses.

Plants

Export of plants related to electricity, oil, water, and offshore projects.

Food & Consumer Services Division

Grain

Stable supply of grains and creation of a complete supply chain from upstream to downstream.

Food

Supply secure and safe food by leveraging domestic and overseas manufacturing and processing sites as well as catering companies.

Insurance

Operating property and casualty insurance and life insurance agencies in Japan and overseas that provide services ranging from consulting to policy issuing.

Lifestyle

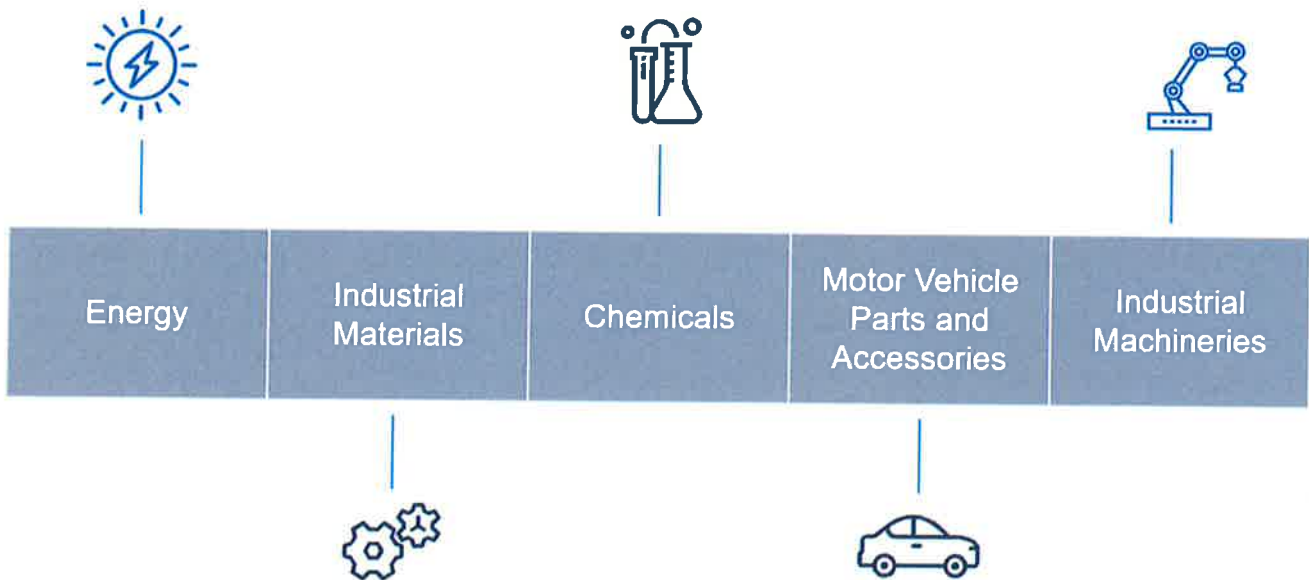
Procuring or producing lifestyle items ranging from cotton, textiles, and apparel products and expanding such operations outside Japan. Developing medical businesses, supplying nursing care products, producing housing materials and interior goods and operating hotel residences.

Our operations

As a multi-business enterprise, TTALA Group combines international trading (predominantly importing) with an expansive range of domestically targeted functions, supplying know-how, expertise and technology, in industries such as clean energy (solar, wind and hydrogen) and motor vehicle distribution.

With its head office in Laverton North in Victoria and an office in Sydney, TTALA employs 21 staff as at the date of this Statement, covering both the Australian and New Zealand markets.

TTALA's operating divisions pursue a broad mix of business opportunities related to the B2B provision of both industrial and consumer products and services, or materials required to manufacture such products, in the following industries:



TTALA's business operating model comprises the following divisions:



Australia and New Zealand



Under the leadership of the Managing Director, there are three General Managers overseeing all sales divisions. Each General Manager is responsible for the day-to-day operations of their responsible sales divisions including the implementation of compliance and risk management activities. The corporate division provides support to all sales divisions and is responsible for maintaining and administering the risk and compliance framework, as well as ensuring statutory compliance. The corporate division liaises with external consultants as necessary on specific risk and compliance activities and monitors the sales division's compliance and risk management activities.

TTL's main business is providing third-party logistics and warehouse management services to customers in Australia. TTL has operations at Laverton North, Derrimut and Truganina in Victoria, and Woodville in South Australia. As at the date of this Statement, TTL employs over 250 staff of which over 50% is sourced from local third party labour hire companies.

Our supply chain

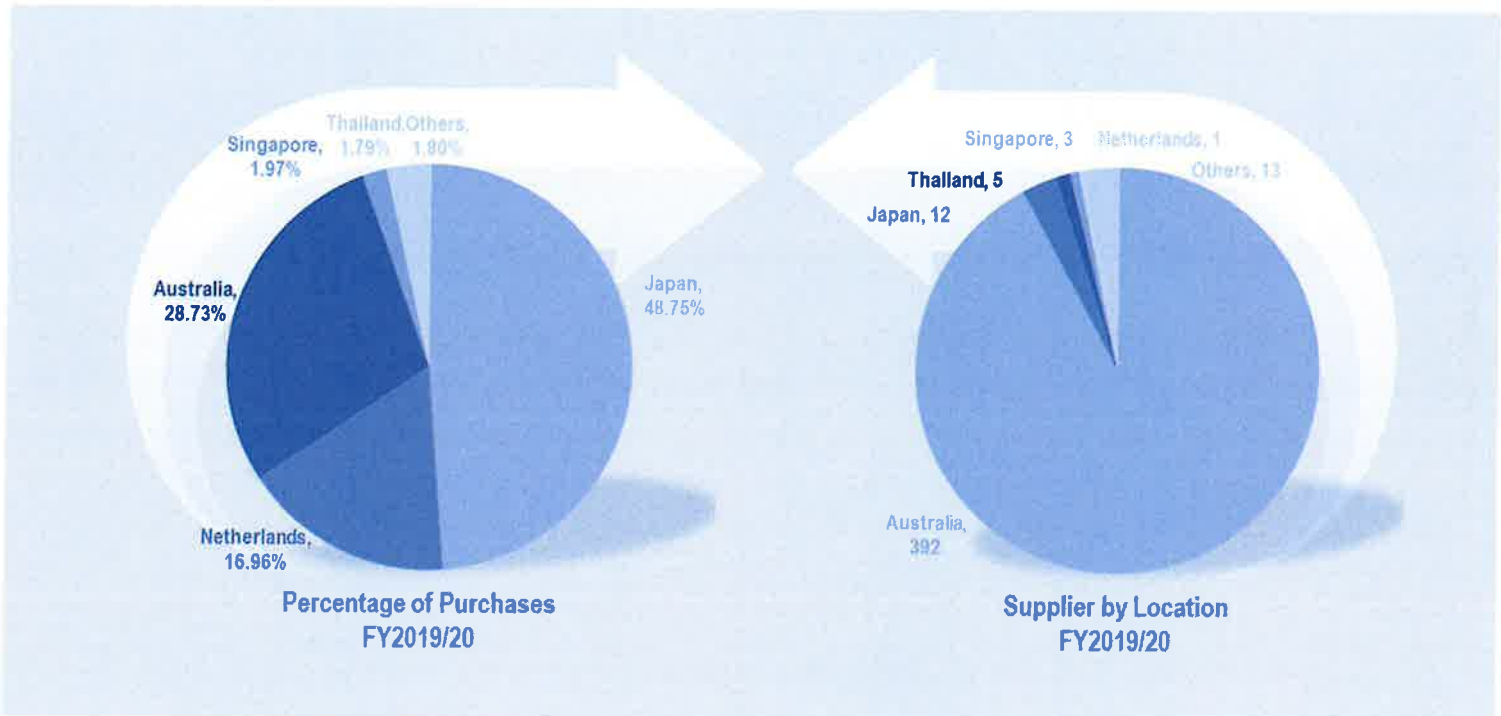
TTALA's supply chain includes importing goods from manufacturers such as industrial chemicals, car parts, industrial machineries and parts mainly from Japan, Australia, the Netherlands, Singapore and Thailand. Occasionally, TTALA will source products locally and export them overseas, mainly to Japan.

As a trading house, TTALA sources products from Australia as well as overseas major international corporations and local suppliers, predominantly from our related parties.

For its third-party logistics and warehouse management operations, TTL procures almost all goods and services in Australia, such as warehouse equipment and specialist logistics contractors.

Over 400 registered supplies to TTALA Group (out of a total of over 420 registered suppliers) are based in Australia (392), Japan (12), the Netherlands (1), Singapore (3) and Thailand (5) (see **Supplier by Location** below).

As at the date of this Statement, 49% of TTALA Group's purchases are from its related parties, 28.7% are from local suppliers and 22.3% are from overseas third parties.



All industrial machinery acquired by TTALA Group is manufactured in Japan or Australia. The key goods acquired by TTALA Group's major machinery supplier located in Japan are steel, electrical products, hydraulic products and rubber products.

Presently, TTALA Group sources industrial chemicals and key goods from two major international manufacturers, including raw materials, predominantly styrene, butadiene and isoprene.

The major services acquired in TTALA's supply chain (which are relevant to our core business operations) are local maintenance and support services for certain machinery imported by TTALA for distribution and supply. In addition, TTALA acquires ancillary services commonly acquired by other businesses of a similar size, such as professional services and facility management services.

All major suppliers are assessed by TTALA sales teams and approved by the responsible General Manager in the relevant division prior to establishing any trading relationship. Generally, TTALA prefers to maintain stable long-term relationships with our suppliers rather than engaging various suppliers on an ad hoc basis.

Our risk management and policy framework

TTALA Group shares Toyota Tsusho Corporation's corporate philosophy and global code of conduct and ethics relating to the need to live and prosper together with people, society, and the planet, and to be a value-generating corporation that contributes to the creation of prosperous societies. Through this ethos, TTALA Group continues to enhance its corporate social responsibility in the area of human rights.

TTALA Group's compliance framework and approach to managing human rights and modern slavery is set out in and supported by its policies and procedures. Our Code of Conduct and Ethics, together with our Anti-bribery & Corruption Policy, Equal Opportunity, Anti-discrimination and Harassment Policy, Employee Assistance Policy, Workplace Bullying Policy, Whistleblower Policy, Whistleblower hotline and Grievance Mechanism Procedure, provides the foundation for our commitment to human rights protection.

TTALA Group's policy framework outlines its approach to establishing the essential standards of personal and corporate conduct and the behaviour expected of everyone who works for or with TTALA Group including its directors, employees and business partners.

In addition, TTALA Group's procurement teams have robust processes in place including supplier evaluation, onboarding and assessment practices to ensure its procurement procedures align with its standards of behaviour.

All of TTALA Group's procedural controls will be periodically reviewed on an ongoing basis to ensure that we have robust processes in place to minimise the risk of modern slavery in our operations and supply chain.

Key representatives in TTALA Group's risk management framework

Approval Committee

- Mainly represented by TTALA company office holders
- Responsible for reviewing and setting policies

Working Groups

- Mainly represented by heads of departments
- Responsible for reviewing and implementing risk management procedures
- Manage, review and address issues as identified

User Group

- Mainly represented by team members and supervising managers
- Provide feedback and collect information as frontline representatives

Potential risks in TTALA Group's operations and supply chains

According to the Global Slavery Index prepared by the Walk Free Foundation, the majority of TTALA Group's trading purchases are from countries with a low prevalence of modern slavery, and the types of goods traded by the TTALA Group are considered to be comparatively low risk for modern slavery.

In particular, the goods are manufactured using very low levels of manual labour, using machinery and tools that require skilled personnel. For example, the manufacture of industrial chemicals is not a labour intensive process and TTALA Group sources its chemicals exclusively from two major international manufacturers with whom TTALA Group has a stable and long term relationship. In addition, all machinery acquired by TTALA Group is manufactured in Japan or Australia, which both have a comparatively lower risk of modern slavery; and motor vehicle parts and accessories are sourced within Toyota Tsusho group and Toyota Motor group companies. Further, TTALA Group engages approximately 390 local suppliers (in addition to its major suppliers) for goods and services in order to support the Australian operations.

In assessing its FY20 performance, TTALA Group found that no human rights or modern slavery incidents had occurred during the reporting period. However, it continues to recognise the possibility of potential modern slavery risks along the supply chain, as TTALA Group procures at least 50% of goods from third party suppliers, and does not have full visibility of its indirect supply chain (including its 2nd and 3rd tier suppliers).

Actions taken by TTALA Group

As part of our risk management activities, TTALA Group assessed its exposure to modern slavery. During the FY20 reporting period, TTALA Group conducted a review of its internal compliance with all existing policies and procedures and also mapped its purchases, products and location data, which provided an initial assessment of the risk profile of our major suppliers.

Training on Anti-bribery and Corruption was provided to all of TTALA Group's office staff and key warehouse management team.

TTALA Group has two established whistleblower channels to receive anonymous reports of suspected or actual illegal activity or breaches of its policies and procedures. One whistleblower channel enables reports to be received and investigated by the head of TTALA Group's Human Resources function and Managing Director, while the other channel enables reports to bypass TTALA Group management and be received and investigated by Toyota Tsusho Corporation, TTALA Group's parent company headquartered in Japan.

TTL is a member of Sedex, one of the world's leading ethical trade membership organisations, working with businesses to improve working conditions in global supply chains. As a Sedex member, TTL is able to access online platforms, tools and services to help it operate responsibly and sustainably, protect its workers and source ethically.

How will TTALA Group assess the effectiveness of these actions?

TTALA Group will assess the effectiveness of its actions to address modern slavery risks by continuing to review trends in the results of its ongoing supplier assessment processes as well as any incidents it becomes aware of, including through its whistleblower hotline. As an added layer of oversight, TTALA Group intends to obtain an external assessment of the effectiveness of its actions.

Modern slavery roadmap

TTALA Group will continue to improve its approach and activities in addressing modern slavery risk in its supply chain.

TTALA Group has worked with external legal advisors to update its Terms and Conditions of Purchase to reflect its continued commitment to preventing modern slavery in its supply chains and operations. The updates to the Terms and Conditions of Purchase reinforce the Group's expectations that its supply partners will comply with all laws relating to the prevention of modern slavery and will not engage in modern slavery practices, and also use best endeavours to ensure that their suppliers, sub-contractors and other supply chain participants do not engage in the same. The updates also enable TTALA Group to be notified of, and investigate, actual or suspected incidents and audit supply partners' compliance with their obligations as set out in the Terms and Conditions of Purchase. TTALA expects to implement the updated Terms and Conditions of Purchase in the next reporting period (FY21).

In addition to the implementation of its updated Terms and Conditions of Purchase, the following tasks will be TTALA Group's priority moving forward:



Consultation with TTALA-owned entities

TTL is a wholly-owned proprietary limited subsidiary of TTALA. This means that several officers of TTALA are also officers of TTL.

TTALA consults with TTL in respect of the actions it takes to combat modern slavery in TTALA Group's supply chain and business operations.

This Statement has been prepared in consultation with TTL and TTL is aware of and commits to the ongoing actions outlined in this Statement. The Board of TTL has been consulted and has approved this Statement.

Conclusion

TTALA Group's robust policy and compliance framework, corporate philosophy and global code of conduct and ethics serves as a sound foundation for us to continue to assess and manage potential modern slavery risks within our operations and in our supply chains.

This statement was approved by the Board of TTALA on 10th December 2020.



Mr. Masaki Kanai

Managing Director

Toyota Tsusho (Australasia) Pty Limited

ABN 24 056 847 315

16th December 2020