



TOYOTA FINANCE AUSTRALIA
Modern Slavery Statement

September 2021

Last revised – November 2021*

INTRODUCTION

This statement has been published in accordance with the Modern Slavery Act 2018 (Cth) (“**MSA**”) and outlines the steps Toyota Finance Australia Limited (“**TFAL**”) has taken to assess and address the risks of Modern Slavery (as defined in the MSA) in its operations and supply chains during the financial year ending 31 March 2021.

STRUCTURE, OPERATIONS AND SUPPLY CHAIN

TFAL, which was incorporated as a public company limited by shares in New South Wales, Australia on 18 June 1982, operates under the Australian Corporations Act and is a wholly owned subsidiary of Toyota Financial Services Corporation (“TFS”) which is a wholly owned subsidiary of the ultimate parent entity, Toyota Motor Corporation incorporated in Japan.

Australian Alliance Automotive Finance Pty Limited (“AAAF”), incorporated in New South Wales is a subsidiary of TFAL, entered into a strategic alliance with Mazda Australia Pty. Limited on 22 January 2019 to provide financial services to Mazda dealers and customers. TFAL also has an investment of 5,000,000 ordinary shares (45.45 per cent) in an associated company, Toyota Finance New Zealand Limited (“TFNZ”), incorporated in New Zealand. The balance of the shares in TFNZ are owned by TFS. For the purposes of this Modern Slavery Statement, TFAL by reference incorporates the operations, management, compliance and governance of AAAF.

The registered office of TFAL is located at Level 9, 207 Pacific Highway, St Leonards NSW 2065 Australia. As at 31 March 2021, TFA had 864.16 adjusted full-time equivalent employees. The majority of TFA employees’ workforce are direct permanent and fixed term, with a small number of contractors and consultants.

The principal activities of TFA, which are an integral part of the Toyota group’s presence in Australia, are:

- financing the acquisition of motor vehicles by retail and commercial customers by way of consumer and commercial loans;
- providing bailment facilities and commercial loans to motor dealers;
- providing vehicle finance (by way of loans, term purchase, finance lease or operating lease) and fleet management services to government and corporate customers;
- selling retail insurance policies underwritten by third party insurers; and
- providing KINTO services for the short-term provision of vehicles (car share) to a group of registered members in Australia.

TFA operates in the following business and geographical segments:

Business segments:

- Retail – comprising loans and leases to personal and commercial customers including wholesale finance which comprises loans and bailment to motor vehicle dealerships; and
- Fleet – comprising loans and leases to small business and fleet customers consisting of medium to large commercial clients and government bodies.

Geographical segments:

- TFA's business segments operate in Australia, with representation in New South Wales, Victoria, Queensland, South Australia and Western Australia.

This Modern Slavery statement outlines the actions taken by TFAL during the financial year to strengthen operating policies, and the compliance measures implemented with respect to the requirements of the MSA.

TFAL purchases goods and services from approximately 17,000 suppliers. During the financial year ending 31 March 2021, TFAL incurred third party supplier costs of approximately AU\$2.2 billion within Australia and overseas. TFAL's supply chain includes vehicle manufacturers for vehicle resale including the supply of parts and accessories, Fleet partners and Auto dealerships, vehicle servicing and repairs providers, recruitment and workforce service providers, and providers of IT services and office supplies. The largest areas of spend for TFAL are vehicle purchase, maintenance, fuel, and registration fees.

TFAL is committed to the prevention of Modern Slavery in its operations and supply chains. TFAL has a clear expectation that our employees, business partners and suppliers (including contractors and agents) must not engage in the conduct or practices of Modern Slavery and must actively work to prevent the risk of Modern Slavery in the business operations and supply chains. During the financial year TFAL increased its understanding of Modern Slavery through research, training and general awareness, and has identified accountabilities for assessing and addressing risks of Modern Slavery in its operations and supply chains.

MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAINS

TFAL acknowledges that high standards alone will not be enough to combat the potential risks of Modern Slavery in its operations and supply chains. TFAL believes it is important to have a multi-faceted Modern Slavery risk assessment and mitigation strategy that comprises of awareness, education and training programs for its employees and the deployment of robust measures that evolve and improve over time as new information and enhanced education is available.

TFAL recognises the complexity of Modern Slavery, and the variety of ways in which it can manifest in operations and supply chains. During the financial year TFAL updated its Modern Slavery risk assessment within its operations and first-tier supply chains to identify if any changes in known, or new areas of risk existed.

The risk assessment identifies high risk factors of Modern Slavery and those categories of goods and services within its business and the business of our suppliers and partners that are considered at risk of Modern Slavery. This assessment considers, among other things, factors such as the use of low skill labour by suppliers, goods that are manufactured in high-risk countries and services that are provided by suppliers that may potentially utilise opaque contracting arrangements.

The outcome of this risk assessment identified that the following categories of goods and services are potentially 'High Risk':

- Vehicle Purchase – this incorporates vehicles purchased by TFAL for the purposes of leasing to our customers;
- Vehicle Maintenance, Fuel and Tyres – this captures TFAL's activity in managing and maintaining its customers' fleet cars. As part of these activities, TFAL enters into service agreements with suppliers;
- Fleet Partners and Auto Dealerships, with who TFAL has ongoing business relationships as an integral part of the Toyota value chain; and
- Corporate Services - this is the provision of general corporate services to TFAL's head office, such as Information Technology and Facilities Management.

Factors considered in determining this 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 and supplier engagement (Vehicle Purchase, Sale and Maintenance and general business operations) leads TFAL to conclude that due to the nature of TFAL's business there is an ongoing requirement for TFAL to continually monitor, assess and immediately respond to any exposure to Modern Slavery in our operations and supply chains.

TFAL's monitoring and supervision risk assessment activities will continue to be performed annually for existing operations, supplier relationships and business partnerships, and at the time of entering new contractual arrangements, to identify and validate high risk goods and services to ensure effective due diligence and controls are applied in managing the risk of Modern Slavery.

POLICIES, PROCESSES AND CONTRACTUAL CONTROLS TO ADDRESS RISK

TFAL has taken steps to strengthen its governance and controls to assess and respond to the potential risk of Modern Slavery in its operations, supply chain and business partnerships, including:

- Using the Modern Slavery risk assessment criteria, and taking a risk-based approach to management, TFAL has assessed its supply chain to develop a clearer understanding of the current controls in place, the effectiveness of these controls to identify risk. These controls were updated and amended as deemed appropriate; and
- TFAL conducted a comprehensive review of the current processes around sourcing, selecting, contracting and on-boarding of suppliers to further build awareness and commitment to Modern Slavery risk identification.

TFAL has several policies in place to mitigate Modern Slavery risks in its operations and supply chains. Each of these policies is reviewed and approved annually by Senior Management. These policies include:

- Code of Conduct policy
- Whistle-blower policy
- Procurement policy
- Outsourcing policy

These policies are made available to all TFAL employees, contractors and business partners.

TFAL's supplier contractual terms require suppliers to comply with all Australian laws, which includes Modern Slavery obligations. Further, TFAL's suppliers are required to have adequate processes and controls in place to mitigate the risk of Modern Slavery in their business operations and to notify TFAL immediately of any Modern Slavery findings including any actions that have been, or will be taken, to address any identified risks.

TFAL Senior Management are required to provide a yearly attestation, as to their respective business area's compliance with the TFAL Modern Slavery requirements and principles around reducing the risk of Modern Slavery. TFAL Senior Management must notify TFAL Compliance immediately if they become aware of a potential act of, or increased risk of Modern Slavery within the business operations, supply chain or business partnerships. Bi-annual compliance reviews are undertaken by the TFAL Compliance team in accordance with TFAL's Compliance Policy to assess the effectiveness of the company's management of the risk of Modern Slavery in the daily operations of the business. TFAL's Procurement

team manage the operational aspects of identifying Modern Slavery risk when engaging with new and existing suppliers.

TFAL will continue to develop and provide Modern Slavery awareness and training annually to all TFAL employees and contractors, and upon commencement of employment and/or contracting with TFAL. TFAL believe that raising awareness of Modern Slavery within the business will build greater capability of staff and management in identifying Modern Slavery risks and increase TFALs overall effectiveness in addressing and mitigating the risk of Modern Slavery. TFAL commits to tracking staff training levels to ensure awareness and knowledge is extensive through the company. TFAL also recognises the importance of working closely with our suppliers and business partners to raise awareness and strengthen their knowledge and capabilities in this area. TFAL will continue to support our suppliers and business partners to enhance their Modern Slavery awareness.

ASSESSING EFFECTIVENESS

During this financial year ending 31 March 2021, the focus of TFAL was to gain a better understanding of Modern Slavery risks and how such risks may be present in its operations and supply chains. At this early stage, TFAL is unable to adequately assess the effectiveness of measures undertaken. However, TFAL have commenced, and will continue to work on developing frameworks and processes to ensure appropriate review of the effectiveness of the actions TFAL are taking to assess and address modern slavery risks in our operations and supply chains.

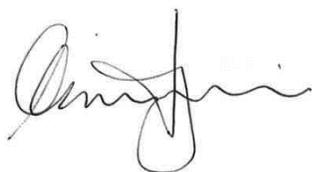
During the coming financial year, TFAL will continue to monitor and develop its policies and procedures. Planned actions include:

- Further assessment of the TFAL supply chain and risk assessment processes;
- Increased stakeholder awareness of Modern Slavery;
- Developing the procurement tools and processes to support and enable effective tracking and monitoring of supplier related risk;
- Continually assessing and monitoring compliance with Modern Slavery obligations as part of TFAL's semi-annual compliance monitoring and supervision activities; and
- Expanding the general awareness of, and education around Modern Slavery risks to our suppliers and partners.

CONSULTATION AND COMMITMENT OF THE BOARD

This Modern Slavery Statement was prepared by TFAL on its own behalf and on behalf of AAAF, its wholly owned subsidiary. TFAL consulted the relevant companies we own or control in the development of this statement. TFAL will continue to monitor and report on the effectiveness of this Modern Slavery Statement to the Board of Directors of TFAL.

The statement was approved by the Board of Toyota Finance Australia Limited on 30 September 2021 and signed by CEO and President Evan Tsirogiannis.



Evan Tsirogiannis
CEO and President

* The Statement was revised in November 2021 to include the approved reporting entity sign-off statement.



“At Toyota Finance Australia, we are committed to a future without slavery and one with equality for all” Evan Tsirogiannis, CEO and President

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