

TOYOTA

Anti-Modern Slavery Statement 2020



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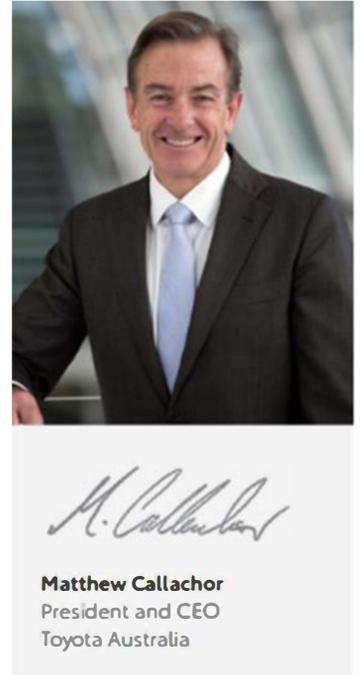
Endorsement from the Board of Directors

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 on a global scale.

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

We believe that our actions in this area, both in the short and long term, will 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 1 December 2020. Matthew Callachor, President and CEO, 7 December 2020



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.

This modern slavery statement addresses the work TMCA and Toyota Community Foundation Australia Pty Ltd (TCFA) has undertaken to assess, address and mitigate the risks of modern slavery in our operations and supply chains in FY20.

TMCA is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a publicly listed company (Japan) and Japan's largest vehicle manufacturer. TCFA is a wholly owned subsidiary of TMCA and is Trustee for the Toyota Community Trust (TCT), the philanthropic arm of TMCA.

TMCA has a long-term commitment to human rights and is guided by the Corporate Social Responsibility (CSR) Policy (<https://global.toyota/en/sustainability/csr/policy/>).

The global 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 its 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 its employees to freely associate, or not to associate.

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 and Marketing Operations, Product and Corporate Operations, and Regional Operations. 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 222 dealers, comprising of 303 dealerships covering both Toyota and Lexus brands, which are independently owned under franchise agreements.

The National Sales and Marketing Operational Arm strive every day to deliver mobility solutions for all Australians by importing, promoting and retailing quality Toyota vehicles, parts and services that make our employees proud and inspire our guests to recommend Toyota to their families, friends and associates.

The Product and Corporate Operations 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 for TMCA to become an employer of choice. This arm is also responsible for the business' Information and Technology enterprise solutions and product planning ideas and is committed to innovating to meet the needs of our people, dealers and guests.

The Regions and Guest Operational Arm is responsible for the customer quality, support warranty and service value chain. It also supports the dealer network, setting dealer standards to achieve guest satisfaction and retain guests for life. This arm is also responsible for the procurement of quality components, vehicle conversions and accessories.

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.

Structure, Operations and Supply Chain (continued)

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.

Our supply chain includes both overseas and Australian based suppliers. In FY20, TMCA had 1516 first tier suppliers, with a total expenditure of over \$7 billion. The largest category of spend (81%) was on the importation of vehicles from Toyota suppliers in Japan, Singapore and the USA. Of the remaining proportion (19%), the importation of parts (4%) features suppliers from Japan, Argentina, Singapore, Belgium and USA; service parts and accessories are 3% of total spend; and corporate procurement is 11%. Each of these suppliers provides goods and services to the value of more than \$100,000, this 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 975 suppliers in this category, with a total expenditure value of over \$20 million.

Below: at Lower Kororoit Creek, 'Toyota Way' is enhanced with eight, three metre tall sculptures titled 'Spirits of Time and Place,' by local artist Geoffrey Ricardo. TCFA, together with the Friends of Lower Kororoit Creek and Hobsons Bay City Council, Toyota employees and their families have helped plant more than 40,000 trees and shrubs in the area.



Assessing the risks of modern slavery in our supply chain

While TMCA is continuing to build a comprehensive picture of our supply chain, it is possible to identify a range of modern slavery risks. We will be investigating those suppliers who we consider have a labour force that may be vulnerable to risks of modern slavery (specifically, low skill, casual labour, labour hire, migrant labour) and/or that operate in industries commonly understood to have a higher risk to the prevalence of modern slavery (e.g. cleaning, apparel, construction, manufacturing and electronics). We will also be carefully reviewing all our first-tier overseas suppliers, particularly focussing on those suppliers whose operations or supplies originate in countries rated as higher risk by the Global Slavery Index 2018.

Our current focus is on these high-risk suppliers and addressing any issues identified. We plan to review all first-tier suppliers in our supply chain against our initial review standards by 2025.

The COVID-19 pandemic began to take hold in Australia in mid-March 2020, the final month of our fiscal year. As a result, the specific risks of modern slavery that have emerged as a result of COVID-19, and details of TMCA’s consideration of those risks will be incorporated into our 2021 Modern Slavery Statement. Specifically, TMCA intends to consider the impact to businesses in terms of payment times, any support TMCA has offered, additional services utilised (for example, cleaning) and impact on suppliers (for example, reduced food services).

TMCA’s Modern Slavery Process



Addressing the risks of modern slavery in our supply chain

Building on our internal Code of Ethics and our Global CSR Policy this reporting period has seen TMCA progress the development of management and governance structures that will assist us to continue to identify, assess and address risks of modern slavery. It is important to us to ensure we have the right policies and practices in place, fit for purpose training and education programs are developed, and strong controls are implemented to ensure that modern slavery is a key consideration in all our procurement and operational decisions.

We initiated this process through a briefing to senior managers across our Procurement, Compliance and Legal departments to ensure a consistent understanding of the issues and responsibilities for modern slavery across the business. We then established a working group comprising of stakeholders from all divisions across TMCA.

We undertook a comprehensive policy review, identified gaps in our policy framework, which in turn facilitated our consideration of how to improve that framework for the future. We have also reviewed all our standard form contracts, and developed clauses to be included, as appropriate, in contractual agreements with our suppliers. These clauses 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 and, in particular, any major risks or occurrences of modern slavery they may uncover.

We know that policies and contract clauses alone will never rid our supply chain of modern slavery. To assist us with our due diligence, we have developed draft Supplier Minimum Standards (Minimum Standards) that we are currently in the process of implementing. The Minimum Standards will enable us to clearly express the expectation we have of our suppliers at all stages of our procurement processes. They will also provide us with a means to undertake due diligence on our supply chain and engage existing suppliers about their practices and the risks of modern slavery they may see in their supply chains.

Understanding risk and managing our risk assessment in a systematic way is key to our process of ongoing and continuous improvement. To assist us with this process, we are developing a Risk Assessment Framework, an internal tool designed to inform our due diligence processes and provide a framework to guide our work in this area. We have also developed a training program comprising of online training modules for all staff, which will be implemented in FY21.

Addressing the risks of modern slavery in our supply chain (continued)

TMCA prides itself on ensuring employees and other stakeholders can safely and, where necessary, confidentially raise concerns and lodge complaints. To this end, we have a number of policies, such as our Code of Ethics, that provide guidance on ethical and appropriate behaviour. In addition, our Whistleblower Protection Policy provides a process for employees and other stakeholders to report actual or suspected instances of modern slavery that may involve TMCA. We are considering whether further reporting and grievance mechanisms should be developed to ensure that any suspicion, risk or actual instance of modern slavery is reported in a timely manner to channels adequately trained and resourced to respond. In FY21 we will undertake appropriate communication to ensure that Toyota employees, contractors and suppliers are aware of the appropriate channels for the lodgement of complaints through our TEL Toyota program or potential expanded mechanisms. This will involve the development and implementation of principles for remediation and will be completed in FY21.

What we have done



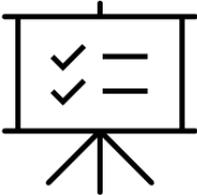
Policy review – identified what needs doing



Supplier Minimum Standards developed



Standard contract review

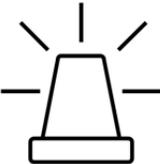


Developed training (FY21 implementation)

What we are doing



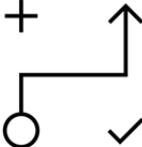
Identify High-Risk Suppliers



Develop grievance mechanism



Develop remediation mechanisms



Establish Risk Assessment Framework

Tracking the effectiveness of our actions

TMCA is in the early stages of modern slavery due diligence but we are committed to ensuring that changes and actions taken to identify, assess and address risks of modern slavery are effective.

The effectiveness measures TMCA is working towards implementing in FY21 include:

- regular review of supply chain and ensuring modern slavery is considered in on boarding processes
- establish a schedule for supplier assessment, ensure the schedule is met, and measure the response rate from suppliers.
- aligning our supplier assessment with our Supplier Minimum Standards, to ensure a base for supplier engagement is maintained.
- monitor the number of signed contracts that include modern slavery clauses;
- establish a Modern Slavery Working Group across departments that regularly checks in against allocated responsibilities to ensure modern slavery due diligence is occurring as planned.
- monitor the number of people who have completed modern slavery training, both face to face and online; and
- establish a process outlining appropriate recording of risks/instances of modern slavery in the supply chain and ensure there is regular monitoring and evaluation of Toyota's responses to those claims.

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 has also begun planning their supplier reviews and is working closely with TMCA to assess and address the risks of modern slavery in our supply chain.

Additional information

TMCA is supporting efforts with Toyota Motor Corporation to establish modern slavery standards across the global Toyota network, embedding sound practices in our procurement processes and examining our supply chains on a global scale.

TMC maintains the [Sustainability Data Book](#), which explains their sustainability approach and policies. These policies influence the direction of affiliate companies, like TMCA, and impacts on global suppliers to Toyota.

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

TOYOTA

Copies of the report

The Anti-Modern Slavery Statement 2020 can be viewed online at www.toyota.com.au/anti-modernslavery

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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