



TOYOTA FINANCE AUSTRALIA
Modern Slavery Statement FY23

September 2023

INTRODUCTION

This statement has been published in accordance with the Modern Slavery Act 2018 (Cth) (“**MSA**”) and outlines the actions Toyota Finance Australia Limited (“**TFAL**”)¹ has taken to assess and address the risks of Modern Slavery² in its operations and supply chain during the financial year ending 31 March 2023.

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 and Suzuki Australia Pty Ltd on 8 March 2022 to provide financial services to Mazda and Suzuki 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 of 31 March 2023, TFAL had 1033.1 adjusted full-time equivalent employees. The majority of TFAL employees’ workforce are direct permanent and fixed term, with a small number of contractors and consultants.

PRINCIPLE ACTIVITIES OF TOYOTA FINANCE AUSTRALIA	
FINANCING	Financing the acquisition of motor vehicles by retail and commercial customers by way of consumer and commercial loans
BAILMENT FACILITIES	Providing bailment facilities and commercial loans to motor dealers
FLEET VEHICLES	Providing vehicle finance (by way of loans, term purchase, finance lease or operating lease) and fleet management services to government and corporate customers
RETAIL INSURANCE	Selling retail insurance policies underwritten by third party insurers
CARSHARE	Providing short-term provision of vehicles through carshare, car rentals and car subscription services to registered members in Australia

¹ In this Statement a reference to ‘TFAL’, ‘Toyota Finance Australia’ ‘we’ and ‘our’ is to Toyota Finance Australia Limited ABN 48 002 435 181.

² Modern slavery as defined within the commonwealth Modern Slavery Act includes trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.

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;
- *Fleet*– comprising loans and leases to small business and fleet customers consisting of medium to large commercial clients and government bodies; and
- *Carshare*– short-term provision of vehicles through subscription carshare and car rental services.

Geographic Segments

- TFAL'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 TFAL has taken 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 3,550 suppliers. During the financial year ending 31 March 2023, TFAL incurred third party supplier costs of approximately \$2.1bn³ 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 chain. 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 strengthened its framework for identifying accountabilities for assessing and addressing modern slavery risks in its operations and supply chain.

³ Spend includes Accounts Payable data and managed facilities maintenance and rent data. Spend excludes loans to customers, Purchasing Card (corporate issued credit cards) transactions, and intercompany payments. Our spend comprises of external suppliers and other relevant third parties who provided products or services (including labour) during the reporting period.

MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAINS

TFAL recognises that high standards alone will not be enough to combat the potential risks of modern slavery across our operations and supply chain. 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 about modern slavery practices and response becomes available.

TFAL acknowledges the complexity of modern slavery, and the variety of ways in which it can manifest in operations and supply chains. During the financial year we reviewed and updated our modern slavery risk assessment using the United Nations Guiding Principles on Human Rights (UNGPs) to identify high risk suppliers within our operations and supply chain including any new areas of risk.

The risk assessment identified risk factors of modern slavery and those categories of goods and services within our business and the business of our suppliers and partners that are considered at risk of modern slavery. This assessment considered, 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 is consistent with previous reporting years' assessments in which the following potentially 'High Risk'⁴ categories of goods and services were identified:

- 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.

Our assessment considered among other things, 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 arrangements⁵. The diverse range of goods and

⁴ Multiple factors were considered in our supplier high risk assessment including operating in or providing goods or services from higher risk countries, exposure to financial crime, or industries considered high risk of modern slavery. A range of data sources were used to assess high risk including the *Global Slavery Index 2018*.

⁵ Country location is based on the supplier's address from our Accounts Payable system. The location where the products and/or services are being delivered from or to, or manufactured in may be different.

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 chain.

TFAL's monitoring and supervision risk assessment activities were undertaken during the reporting year with no adverse modern slavery events being identified. This will continue to be performed annually for existing operations, supplier relationships and business partnerships, and at the time of entering new contractual arrangements. The objective of these assessment activities is to identify and validate high risk goods and services to ensure effective due diligence and controls are applied in managing our modern slavery risk effectively.

POLICIES, PROCESSES AND CONTRACTUAL CONTROLS TO ADDRESS RISK

During the financial year, proactive steps were taken by TFAL 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. The table below is a summary of the key focus areas and our progress against our FY22 Modern Slavery Statement:

	FOCUS FOR FY23	OUR PROGRESS DURING FY23
Risk Assessment Review	Review our modern slavery risk assessment criteria to ensure consistency and currency.	Revision of our modern slavery risk assessment was successfully undertaken, delivering greater insights and awareness of our modern slavery exposure within our operations and supply chain risk. A consequence of this activity has been better understanding of our supply chain risks and the adequacy of current modern slavery controls.
Staff Training	Deliver training for customer facing staff including senior management to enable better identification and management of modern slavery risks.	Internal staff and senior management were provided modern slavery training to improve our ability to identify risk factors and better management of the risk.
Purchaser of goods and services	Develop supplier questionnaires and procurement controls and tools.	Supplier questionnaires were developed and systematically operationalized across our high-risk suppliers. This is a key step forward in understanding our modern slavery risks particularly with regard to our suppliers. Tailored risk management strategies can now be deployed to manage identified modern slavery risks.

TFAL has several policies in place to mitigate Modern Slavery risks in its operations and supply chain. Each of these policies are 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 identified modern slavery risks.

TFAL Senior Management are required to provide a yearly attestation, as to their respective business area's compliance with TFAL's 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 TFAL's overall effectiveness in addressing and mitigating the risk of Modern Slavery. TFAL commits to training staff to ensure awareness of Modern Slavery risks across the company. TFAL also recognises the importance of working closely with our suppliers and business partners to raise awareness and strengthening 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 financial year ending 31 March 2023, the effectiveness of TFAL's existing Modern Slavery Framework was evaluated to gain a better understanding of its Modern Slavery risks and how such risks may be present in its operations and supply chains. TFAL undertook a review of its overall response to the management of modern slavery to assess the effectiveness of mitigating actions to ensure they remain adequate. This included evaluation of TFAL's supplier risk assessment methodology and validation of its

ongoing effectiveness; monitoring of modern slavery training KPIs; assessment of processes and procedures; and the design and operating effectiveness of modern slavery controls. TFAL will continue to work on strengthening its modern slavery assessment framework to mitigate modern slavery risks in our operations and supply chains in the coming years.

In FY24, TFAL will undertake the following actions to strengthen its modern slavery response:

FY24 FOCUS

- Operationalise and embed supplier risk management processes including strengthening our supplier on-boarding due diligence procedures;
- Continue to expand the awareness of our staff and partners, of the modern slavery risks in our operations and supply chain;
- Deepen our understanding of our Tier 1 (direct suppliers) and Tier 2 (subcontractors) modern slavery risks; and
- Perform due diligence desktop assessments on our high-risk suppliers.

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 31 August 2023 and signed by CEO and President Evan Tsirogiannis.



Evan Tsirogiannis
CEO and President



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

TOYOTA FINANCE AUSTRALIA