

30 September 2023

**Toyota's action taken for
Forced Labour of Migrant Workers
(Statement on the Modern Slavery Acts)**

A) Introduction

Toyota Motor Corporation (hereinafter referred to as 'we/our') has issued within this report the statement on 'Toyota's action taken for Forced Labour of Migrant Workers (Statement on the Modern Slavery Acts) ' to report on its response to and current situation regarding forced labour at production sites within Japan and globally (hereinafter collectively referred to as 'Toyota') in light of the UK Modern Slavery Act 2015 and similar laws and regulations in other countries.¹

In this statement, we disclose Toyota's commitment to the relevant laws and describe the measures implemented to prevent any modern slavery, for example, forced labour and human trafficking, in our direct operations and supply chain² and value chain³.

B) Operational Structure

1. Business operation and scope of the report

Toyota's business involves the development, manufacture, and sales of automobiles. It also provides services associated with the above activities. For example, 'Toyota' and 'Lexus' are its core brands, and this report focuses on the foreign workers in Japan employed by these companies and their respective supply chains.

2. Organisational operation and structure of the supply chain

Toyota's automotive manufacturing companies operate in Japan, Asia, North America, Europe, the Middle East, Latin America, and Africa.

Based on the functions they provide, companies in the supply chain can be categorised into five main types: (1) manufacturing suppliers, (2) parts suppliers, (3) material suppliers, (4) equipment suppliers, and (5) warehouse and logistics suppliers. In addition, Toyota continues to identify its supplier plants and is now considering expanding the mapping to include information relating to raw materials sources.

The total number of global suppliers confirmed is 11,167. Of those, 6,835 (61.2 %) suppliers are based in Asia, with 1,744 (25.5 %) in Japan (As of August 2023).

¹ Modern Slavery Act 2018 (Australia), for example.

² It refers to the entire process of vehicle manufacturing, from the procurement of raw materials and components for a product to its assembly, including component manufacturers and materials.

³ The process which is implemented for the identification, prevention, and mitigation of negative human rights impacts.

Supply chain in Japan

This report focuses on the 1,744 suppliers in Japan. Among them are 21 car body suppliers, 477 parts suppliers, 298 material suppliers, 860 equipment suppliers, and 88 warehouse/logistics suppliers. Toyota has measures across Japan's entire automotive manufacturing supply chain to mitigate human rights risks. In developing and implementing those measures, Toyota placed itself in the supplier's perspective to propose feasible and practical steps for all parties involved. The standards were developed based on the knowledge and information obtained through dialogue with the Purchasing Division and other related divisions.

C) Policies and principles related to modern slavery and human trafficking

Toyota's methodology for its employees is institutionalised as The Toyota Way in Human Resources Management. This methodology aims to practice management while realising respect for people. This provides all employees with opportunities to achieve a level of social contribution and self-realisation through their work, thus enabling them to exercise their abilities to be creative and perform.

For this aim to be achieved, a relationship of mutual trust and mutual responsibility between labour and management is essential, in which the company ensures stable employment and strives to improve labour conditions. At the same time, employees execute their duties and responsibilities for the company's prosperity. We share this philosophy with all Toyota entities worldwide, which is reflected in the management and various policies that are promoted based on the specific characteristics of each region.

As it is essential to incorporate the philosophy into Toyota's activities for modern slavery and human trafficking, the relevant policies and principles that represent Toyota's philosophy are mentioned below.

- [Toyota's Human Rights Policy](#)
- [Toyota Supplier Sustainability Guideline](#)
- [Respect for Human Rights](#)
- [Toyota Code of Conduct](#)
- [Tokyo Declaration 2020 on the Responsible Reception of Foreign Workers](#)

D) Human rights due diligence process regarding to modern slavery and human trafficking

We refer to and respect the United Nations Guiding Principles on Business and Human Rights (hereinafter 'UNGPs') and promote actions for human rights based on UNGPs. The UNGPs clearly states the corporate responsibility for human rights. In particular, it introduces the concept of human rights due diligence⁴ (hereinafter 'HRDD') into business activities.

Understanding the UNGPs' approach, we promote our efforts by organising training and study sessions with our suppliers. In FY2022, we continued encouraging activities to ensure our suppliers understand our human rights approach and initiatives.

1. On-boarding HRDD comprehension

Toyota has a voluntary association of our suppliers, which includes human rights as a theme of its activities, and our Purchasing Division participates in the group's efforts to promote HRDD in the supply chain. At a study meeting with nine suppliers, the study group members shared their problems in promoting HRDD, the difficulties they have faced and the knowledge they have gained from our activities in an interactive format. Specifically, the participants discussed procedures for preparing human rights policies and innovations in activities to promote understanding within the company. The session was held in a hybrid format and attended online by personnel from the company's Procurement and Human Resources Departments and approximately 25 suppliers.

2. Implementation of operational policies and procedures necessary for business activities

To realise business activities aligned with our human rights policy, the renamed and revised Toyota Supplier Sustainability Guideline was distributed to all primary suppliers in FY2021. We are collecting written confirmations of compliance with the guideline from suppliers with whom we have concluded basic transaction agreements (1,043 suppliers). With some exceptions, almost all suppliers have completed the collection (as of August 2023).⁵ In addition, to promote efforts to comply with the guideline throughout the entire supply chain, we ask our primary suppliers to ensure that the guideline is disseminated to secondary suppliers of the manufacture of our vehicles.

Our Business Planning Meeting Manual stipulates that human rights risks are to be identified and collaboration with stakeholders is to be implemented at Business Planning Meetings. In addition, the Basic Dealer Agreement has been revised to specify respect for and understanding of Toyota's Human Rights Policy and efforts to implement it.

⁴ The process which is implemented for the identification, prevention, and mitigation of negative human rights impacts.

⁵ Last year, the collection rate reached approximately 90% of the total (945 companies).

E) Risk identification and the measures taken to evaluate and manage the risks

1. Foreign workers in Japan are vulnerable to human rights violations

We are aware that foreign workers (including technical intern trainees, specified skilled workers, and international students) and migrant workers in Japan can be particularly vulnerable to labour exploitation and forced labour. This sort of risk could potentially be found within the company or its supply chain due to the nature of its business. Therefore, as part of HRDD activities, we work with third-party institutions to ensure proper working conditions for all the foreign workers within the company and its supply chain inside and outside Japan.

The Government of Japan has held an Expert Meeting on the Technical Intern Training Program and the Specified Skilled Worker Program since December 2022 to discuss the Technical Intern Training Program review. We were present at the interview with JAMA⁶ in February 2023 and explained the situation regarding accepting foreign technical intern trainees at Toyota. In addition, as JAMA, we conveyed to the government our requests in the review, including our awareness of the issues regarding the high fee burden on trainees and the need for a system that protects human rights.⁷

2. Survey on the appropriateness of fees related to the acceptance of foreign workers (foreign technical intern trainees)

We have a large number of foreign technical intern trainees from other countries in our supply chain. For this reason, we have defined migrant labour as a priority topic for our efforts starting in 2019, and we are continuing our HRDD efforts with a focus on foreign technical intern trainees, who are generally at high risk of forced labour due to their employment obligations.

(1) Purpose

Based on the belief that it is necessary to investigate and understand the actual situation of foreign workers in the current supply and value chains that experienced the pandemic, the new survey was launched during the deregulation of entry restrictions.

(2) Approach

A detailed survey was conducted on the status of acceptance of foreign technical intern trainees and the fees paid by the individual, targeting (i) Toyota Group companies, their subsidiaries, and main primary suppliers, (ii) Toyota's leading primary suppliers, (iii) Toyota's consolidated subsidiaries and (iv) dealers.

⁶ Japan Automobile Manufacturers Association, Inc. (<https://www.jama.or.jp/english/>)

⁷ Expert Meeting on the Technical Intern Training Program and Specified Skilled Worker Program, 参考資料 1 ヒアリング結果概要, Japan: Immigration Service Agency, 2023, PDF, <https://www.moj.go.jp/isa/content/001390134.pdf>

The fee survey was conducted on companies with foreign technical intern trainees from three countries - Vietnam, China, and Indonesia⁸ (the previous study in 2019 was conducted only for those from Vietnam). We requested each company concerned to obtain and submit a detailed statement of the fees paid by the foreign technical intern trainees from the foreign sending or supervising organisation⁹¹⁰.

① Scope

A survey was conducted on the status of foreign technical intern trainees enrolled. Of these, in cases of foreign technical intern trainees from three countries (Vietnam, China and Indonesia), evidence was collected on the fees paid by the individual.

- i. Toyota Group companies, their subsidiaries, and main primary suppliers
- ii. Toyota's leading primary suppliers
- iii. Toyota's consolidated subsidiaries
- iv. Dealers *Newly added from this time

② Survey period

August 2022 – June 2023

⁸ Around 80% of the total foreign technical intern trainees enrolled in the companies covered by this survey are from these three countries.

⁹ A foreign sending organisation (such as a recruitment agency) dispatches technical intern trainees from its country or region to Japan, carries out the procedures for participation in the Technical Intern Training Program, and takes over the technical intern trainees' job applications to the supervisory body.

¹⁰ A supervisory organisation is an organisation or group in Japan that oversees the conditions of employment and training of foreign technical intern trainees, provides appropriate support and has been licensed as a supervisory organisation by the competent minister.

(3) Results

	1. Survey on acceptance			2. Fee survey (Vietnam, China, Indonesia)	
	Number of target companies	Number of companies with trainees	Number of trainees enrolled	Number of target companies	Number of individual verifications carried out
Toyota Group companies and their subsidiaries and main primary suppliers	295	121	3,951	100	17
Toyota's leading primary suppliers	280	75	2,654	65	(TBC)
Toyota's consolidated subsidiaries	90	3	65	1	1
Dealers	248	20	73	13	9
Total	913	219	6,743	179	27

<Survey on acceptance>

We found that the number of foreign technical intern trainees is on a downward trend compared to the previous survey. When we investigated (conducted interviews) the reasons for this downward trend, some of the reasons given included: 'many returnees whose terms have expired', 'entry was delayed or not possible due to Corona', and 'recruitment is difficult due to the increase in the number of apprentices who wish to work in other countries and the strengthening of Corona waterfront measures'.

<Fee survey>

Regarding Vietnam, it has been found that the fees borne by foreign technical intern trainees themselves have been decreasing since the enforcement of the Law on Contract-Based Vietnamese Overseas Workers 69/2020/QH14 (January 2022). On the other hand, we confirmed cases (27 cases) in which foreign technical intern trainees paid relatively high fees; we conducted additional fact-checking in these cases and confirmed that fees exceeding the legal upper limit were not collected. Regarding China and Indonesia, this is the first time this year that we have conducted a survey, so we are considering responses based on the thoughts and opinions of stakeholders.

F) Effectiveness of measures to ensure no modern slavery or human trafficking

1. Stakeholder Engagement

We promote engagement with our stakeholders, and this activity is based on our belief that working to prevent modern slavery and human trafficking from occurring not only in our supply chain but in society as a whole is essential to solving the problem.

(1) Participation in the Japan Platform for Foreign Workers towards a responsible and inclusive society

The Japan Platform for Foreign Workers towards Responsible and Inclusive Society (hereinafter '[JP-MIRAI](#)') is a platform developed in contribution towards the target for the 2030 SDGs. It aims to improve foreign workers' working and living conditions by promoting their responsible acceptance and employment, thereby creating a prosperous and sustainable society, and making Japan a country trusted and chosen by workers worldwide. The number of participating companies and organisations in JP-MIRAI has increased to 659 (August 2023). We are one of the ten companies and primary organisations that have supported and participated in JP-MIRAI since its inception, and we also participate in the management of the platform as an advisory company.

Our company also participates in the JP-MIRAI consultation and relief service for foreign workers. At an event to announce corporate packages in February 2023, we took the stage at a panel discussion on 'How should companies address business and human rights?' During conversations with industry federations and platformers, we made the following points: We introduced Toyota's HRDD initiatives to date and the issues that have emerged from them. Furthermore, to address HRDD related to foreign technical intern trainees in the supply chain, we emphasized that it is necessary to take steps from the perspective of supplier companies and coordinate efforts across companies. Discussions were held with member companies regarding the use of JP-MIRAI's consultation and relief desk.

(2) Dialogue with suppliers

We held a dialogue with one of our suppliers, UACJ.¹¹ UACJ explained how the company started promoting sustainability, current efforts and challenges, and the Aluminium Stewardship Initiative (ASI). Through this dialogue, we understood that our suppliers are also directly receiving external requests, such as HRDD promotion and certification acquisition, and that they are struggling with their supply chain initiatives.

We will continue actively creating opportunities to hear directly from our supplier companies.

¹¹ Comprehensive aluminium manufacturer (<https://www.uacj.co.jp/english/index.htm>)

(3) Dialogue with Japanese global companies

Toyota is a member of the Human Rights Working Group (hereinafter 'HRWG') held by BSR¹², and our representatives attend the HRWG's regular annual meetings. Companies from various industries attend the HRWG and provide an opportunity to learn about the challenges Japanese companies face in promoting HRDD, good examples of initiatives, and international trends, including legal developments and stakeholders. In the December 2022 issue, we introduced HRDD promotion case studies for foreign technical intern trainees. We were able to provide a wide range of explanations, including the awareness of the issues at the beginning of the initiative, new issues that came to light as we worked on HRDD, and the need for collaboration with external stakeholders, including the actual situation that can only be revealed as a cross-industry HRWG. Other participating companies shared their experiences with similar struggles and the measures they are taking. Also, we received comments willing to use our case study as a reference in the future, including collaboration with external stakeholders.

2. Dialogues with overseas affiliates

Every year, we have opportunities for dialogues with overseas affiliates, which fall under the Modern Slavery Acts for their respective countries; we have set regular meetings with Toyota enterprises in the UK, Australia, and the US (where the Supply Chain Transparency Act was enacted in California in 2012). In addition, we involved those based in Canada; the country is enforcing the Fighting Against Forced Labour and Child Labour in Supply Chains Act in January 2024. The contents of these are described below.

(1) UK: Toyota Motor Manufacturing (UK) Limited (hereinafter 'TMUK')

TMUK has intensified its efforts to protect temporary workers' rights when hiring through recruitment agencies and this formed part of the recent procurement process, and was reflected into the subsequent commercial contract. TMUK continues to provide Modern Slavery Awareness training to all new hires and temporary workers. TMUK outsources catering, cleaning, and site maintenance to an on-site supplier and as such regular compliance checks are undertaken to ensure UK legislation is being followed. Moving forwards, TMUK plans to strengthen its supplier engagement and due diligence process, and continue to provide awareness training. Furthermore, TMUK is committed to sharing knowledge and approaches with Toyota-affiliated companies, compliance auditing, promoting awareness among employees, and actively supporting local and UK-wide initiatives.

¹² Business for Social Responsibility (<https://www.bsr.org/en/>)

(2) Australia : Toyota Motor Corporation Australia Ltd (hereinafter 'TMCA')

TMCA is advancing new initiatives to enhance the transparency of its supply chain and improve supplier data. Notably, this year's modern slavery survey conducted among suppliers achieved a 23% increase in the response rate when compared to the previous year. TMCA took a risk-based approach to its outreach, starting with suppliers in high-risk categories and those with substantial transactions. From the survey, it was ascertained that 97% of the responding suppliers meet TMCA's minimum standards, which encompass human rights considerations. For the very small number of suppliers who responded that they were experiencing challenges meeting these standards, collaborative efforts are underway to propose improvement measures and provide support. Additionally, there are plans to introduce a questionnaire tool to further enhance supplier data and accessibility. By utilising this platform in the future, the management of supplier data and risk tracking will be automated, enabling real-time analysis and swift responses. This is expected to further elevate the transparency of the supply chain.

(3) US: Toyota Motor North America, Inc (hereinafter 'TMNA')

In North America, there is a growing concern about forced labour. TMNA is currently collaborating with TMC (Toyota Motor Corporation) to enhance HRDD efforts. Specifically, we are monitoring the use of five chemicals to ensure they are not associated with forced labour. We are also placing particular emphasis on the risk of child labour. Given that many immigrant workers, including children, have migrated to the United States, we have reviewed the hiring practices of third-party companies such as staffing agencies and cleaning service providers. Furthermore, we have conducted assessments of over 1,500 suppliers, and for those identified as high-risk, we have conducted compliance visits to ensure adherence. We will continue to conduct supplier assessments, strengthen standard procedures and monitoring, and work on developing training content. Additionally, at TMNA's annual Sustainability Summit, we will share the results of our HRDD efforts.

(4) Canada: Toyota Motor Manufacturing Canada (hereinafter 'TMMC')

TMMC's sales and manufacturing operations involve a complex parts procurement structure. Therefore, there are plans to focus on building an audit system. Additionally, in compliance with a new Canadian law¹³, TMMC will enhance its efforts in collaboration with other Canadian entities¹⁴. This includes developing parts and accessory procurement policies, revising contractual requirements, and conducting supplier questionnaires. While drawing inspiration from TMNA's approach, close coordination with TMNA and TMC will be maintained to ensure smooth execution.

¹³ Fighting Against Forced Labour and Child Labour in Supply Chains Act

¹⁴ Toyota Canada Inc. (TCI)

G) Training and capacity building for modern slavery and human trafficking

We have been conducting group training for our suppliers since 2014. In November 2020, the training was switched to an online format, and content relating to human rights issues in the international community and the impact of human rights violations on corporate activities was added. In FY2022, 132 employees took part in the training.

In August 2022, we launched e-learning on business and human rights for all employees. The aim is for all employees working at Toyota to understand the responsibilities expected of a company, noteworthy items when working at Toyota and to comply with human rights in their daily work. This e-learning is provided in two languages (Japanese and English), and the content consists of human rights, business and human rights, and specific examples of human rights violations. Participants can check their understanding through a completion test. Through this approach, we encourage deeper understanding among all employees.

H) Action for the next fiscal year and thereafter

1. Revision of the Code of Conduct

In 2023, we will revise the Toyota Code of Conduct, a global standard guideline, and roll it out to all domestic and overseas subsidiaries. Although these guidelines have always referred to respect for human rights, we have introduced an isolated section of human rights to strengthen the awareness of human rights compliance among every employee.

2. New 'Business and Human Rights' page on the intranet

For each person working at Toyota to comply with human rights in their daily work, they need to be able to review the basics related to business and human rights as required and also be able to view the latest initiatives and related information at the time necessary. We will create a new dedicated business and human rights webpage on our company intranet, creating an environment where all employees can access the correct information at the right time. The new page will feature various internal policies, company philosophy, messages from our top management, educational content on business and human rights, information on the relationship between ESG and human rights and examples of internal and external initiatives.

3. Lobbying with supervising organisations to ensure responsible employment

To oversee the process of recruiting foreign workers and to ensure proper acceptance of foreign technical intern trainees, we understand that it will be necessary to strongly request that the current supervising organisations adhere to the requirements listed below.

Requirements:

- Request the foreign sending organisation to ensure responsible employment
- Make recruitment costs and fees transparent
- Ensure reporting obligations for us

- Assure the proper supervision during the implementation of technical training
- Provide comprehensive support for foreign workers
- Provide consultation services and build an effective support system

Unfortunately, in 2021, a Toyota group company faced a case where a related supervising organisation's authorisation was revoked. Through this case, we reaffirmed the importance of selecting an appropriate supervising organisation, making the above requests to the existing supervising organisation to realise responsible employment, and accepting that the company should take the initiative to work on correcting and preventing risks faced by foreign technical intern trainees. We will work with group companies on first aiming to build a highly transparent business in our supply and value chains and realise appropriate acceptance.

4. Audit

Based on the survey results conducted this time to understand the acceptance status and fees for foreign technical intern trainees, we will consider and implement auditing methods, including on-site visits while referring to advanced initiatives of our group companies. Our company aims to start trial auditing in fiscal 2023, and based on the results, we will work to build a comprehensive auditing system.

5. Fees

Based on the information obtained from this fee survey and international standards, we will determine the cost items that should be borne by companies accepting foreign technical intern trainees. The survey also reveals the fee amount after the relevant law changes in Vietnam. We will continue to consider such information.

6. Collaboration with stakeholders towards the elimination of social issues related to foreign workers

We believe that individual company efforts alone will not be sufficient to resolve the various issues related to accepting foreign workers. In FY2023, we will continue to aim to solve social issues through participation in the JP-MIRAI consultation and relief desk operation project, collaboration with group companies and business partners, and collaboration with companies in other industries and NGOs. In addition, we will cooperate with the international activities that JICA (Japan International Cooperation Agency) and JP-MIRAI promote, aiming for zero fees for Vietnamese technical intern trainees before they come to Japan.

The Sustainability Subcommittee of Toyota Motor Corporation approved this statement on September 25, 2023.

September 30, 2023
Toyota Motor Corporation
Vice Chairman and Representative Director, Shigeru Hayakawa

A handwritten signature in black ink, appearing to read 'S. Hayakawa', written in a cursive style.