

Heninger Motors (a Partnership)

Report on Efforts to Prevent & Reduce the Risk of Forced & Child Labour in Supply Chains *For the financial year ended October 31, 2023*

I. Introduction

This is the first report to be filed by Heninger Motors under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). The Act came into force in Canada on January 1, 2024. Its goal is to implement Canada's international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations on entities producing goods in Canada or elsewhere or importing goods produced outside Canada. The Act is part of a broader global effort to prevent and combat forced and child labour, an effort that Heninger Motors is committed to supporting.

This report reflects Heninger Motors commitment to implementing and endorsing responsible business practices to prevent and reduce the risk of forced labour or child labour in our supply chains. This report sets out Heninger Motors plans to develop a robust forced and child labour compliance program, and places that initiative within the broader context of the actions taken by Toyota Canada Inc and Toyota Motor Corporation and its production sites, both in Japan and North America, to prevent human rights abuses within our businesses and supply chains.

II. Operational Structure

(a) Structure & Activities

Heninger Motors is a Partnership operating in Calgary, Alberta for over 50 years. As a Toyota Franchise we sell new Toyota vehicles, pre-owned vehicles and provide vehicle maintenance and repair services.

Heninger Motors purchases vehicles and genuine parts from Toyota Canada Inc who is supplied by Toyota Motor Corporation and certain of its wholly owned North American subsidiaries. Heninger Motors then sells these vehicles and genuine parts to individuals and companies in the Calgary area.

(b) Supply Chains

The vast majority of Heninger Motors annual spending is focused on buying Toyota vehicles and genuine parts from Toyota Canada Inc.

The most significant purchases beyond those from Toyota Canada Inc are of pre-owned vehicles. Most of these vehicles are acquired from individuals as trade-ins on the purchase of new or pre-owned vehicles.

III. Policies and Due Diligence Processes in Relation to Forced and Child Labour

Heninger Motors relies on the policies and processes developed by Toyota Canada Inc related to the purchase of Toyota vehicles and genuine parts. These are the product of a corporate culture dedicated

to protecting and improving the human rights of Toyota's employees, customers and other stakeholders. Toyota Canada Inc acquires vehicles and most genuine parts from Toyota Motor Corporation and its wholly- owned North American subsidiaries.

Toyota Motor Corporation and its North American subsidiaries have a number of measures in place to prevent and lessen the risk of forced & child labour in their supply chains. For the purposes of this portion of this Report, the term "Toyota" refers to Toyota Motor Corporation and its production facilities in Japan and North America. Such measures include the following:

(a) **United Nations Guiding Principles on Business and Human Rights:** Toyota refers to and respects the United Nations Guiding Principles on Business and Human Rights (UNGPR), and promotes activities related to human rights based on these guidelines.

(b) **Human Rights Policy:** Toyota's Human Rights Policy applies to all executives and employees at Toyota and its subsidiaries. Toyota also expects its business partners, including its suppliers, to understand and support this policy, and to work with Toyota to ensure that their business operations respect this policy. A copy of the Human Rights Policy can be found here: <https://global.toyota/en/sustainability/>

(c) **Supplier Sustainability Guidelines:** Toyota has implemented Supplier Sustainability Guidelines that set out Toyota's sustainability expectations of its suppliers in the areas of business ethics, legal compliance, labour and human rights, and environmental sustainability. The Supplier Sustainability Guidelines are cascaded to first tier suppliers, and Toyota expects such suppliers to embed the Supplier Sustainability Guidelines in their own operations and to disseminate them to their own supply chain.

(d) **Human Rights Due Diligence:** Toyota continuously identifies and assesses risks related to human rights impacts on stakeholders, while ensuring mitigation and preventative measures are implemented. Toyota conducts continuous risk monitoring operations, which include business partner collaboration, affected stakeholder consultations, and Human Rights risk research. Toyota develops risk mitigation plans through an agreement with the affected stakeholders while also being guided by specialist external bodies.

(e) **Initiatives for Migrant Labour / Forced Labour:** As part of its due diligence activities, TMC has been working with non-governmental organizations to ensure fair working conditions for migrant workers within its affiliates and suppliers, both inside and outside Japan. TMC has developed guidelines to help eliminate possible exploitation by unscrupulous employment agencies charging high recruitment fees, and to ensure freedom of movement, fair treatment, and proper employment contracts for migrant workers. A task force was assembled to conduct surveys on matters such as numbers of migrant workers, countries of migration, and possible issues in the recruitment and/or repatriation process.

(f) **JP-MIRAI:** Toyota Motor Corporation is a founding member in the establishment of the "Japan Platform for Migrant Workers toward a Responsible and Inclusive Society (JP-MIRAI)" which has now grown to be a multi-stakeholder framework for resolving issues faced by migrant workers in Japan. In May 2023, JP-MIRAI officially started operating a grievance mechanism for migrant workers after a one-year pilot program. Toyota Motor Corporation supports and

cooperates with this mechanism that aims to resolve issues in an appropriate and timely manner.

(g) **Prevention of Child Labour:** Toyota has undertaken an initiative to enhance due diligence activity in the high-risk sector of child labour in our business operations and supply chain.

For more information on these and other Toyota Motor Corporation initiatives, the full text of Toyota's Human Rights Policy, Toyota's Supplier Sustainability Guidelines, and Toyota's Sustainability Data Book can be found here:

<https://global.toyota/en/sustainability/>

In addition, a report on Toyota's Action Taken for Forced Labour of Migrant Workers (Statement on Modern Slavery Acts) can be found here:

https://global.toyota/pages/global_toyota/sustainability/human-rights/statement_on_the_modern_slavery_acts_en.pdf

IV. Risk Assessment

Heninger Motors can reasonably be considered at low risk for forced labour & child labour. This is largely because the majority of the activities carried out by Heninger Motors are in the nature of professional and administrative services.

V. Risk Management and Mitigation

To date Heninger Motors has not identified any instances of forced or child labour in our supply chains, and so we have not undertaken any measures to remediate any forced or child labour, nor have we undertaken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced or child labour in our supply chains.

VI. Assessing the Effectiveness of our Actions

Heninger Motors is committed to ensuring that actions that we take to prevent and reduce the risk of forced and child labour in our supply chains are effective. In the coming fiscal year, we will closely monitor the development and implementation of our compliance strategy.

VII. Collaboration with our Affiliates

Heninger Toyota will continue to collaborate with other Toyota Canada Inc to identify best practices to prevent and reduce the risk of forced and child labour in our supply chains.

VIII. Approval

This report has been approved by the Partners of Heninger Motors

In accordance with the requirements of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dave Stewart

Dave Stewart, CFO, May 28, 2024

I have the authority to bind Heninger Motors