



Toyota Gosei Holdings Inc. Modern Slavery Act Report Fiscal Year 2023

1. Introduction

This report relates to the financial year ending March 31, 2024 (“Reporting Period”). The report, prepared in accordance with the requirements of Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, describes Toyota Gosei Holdings Inc.’s (“Toyota Gosei”) approach to assessing and addressing the risk of modern slavery within our business and supply chains.

For further background, Toyota Gosei is a subsidiary of Toyota Gosei Co., Ltd. (together with world-wide subsidiaries, “TG”), a publicly traded company headquartered in Japan. TG, in turn, has a network of subsidiaries in the Americas (“TG Americas”), managed by Toyota Gosei North America Corporation (“TGNA”).

2. Steps to prevent and reduce risks of forced labour and child labour

TG is committed to ethical business practices and to respecting human rights in our business operations and our relationships with our customers, suppliers and workforce throughout the world. We prohibit the use, and are committed to the elimination, of modern slavery in all its forms. We view all parties with whom we do business as business partners, and even in cases when our activities do not directly lead to adverse effects on human rights, if our business partners or other related parties are involved in human rights violations, we will work with such party to prevent such violations.

We have taken the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- drafted our Supplier Sustainability Guidelines with plans to roll out in 2024;
- conducted an initial internal assessment of the risks of forced labour and/or child labour in our supply chains to build our supplier third-party due diligence process;
- engaged a third-party supplier due diligence partner to help assess risks in our supply chain and build our third-party due diligence program; and
- revised our *Ethics Hotline Policy* to clarify our criteria and processes for investigations, including those of possible child or forced labour.

Details of the above actions are set out in this report.

3. Structure, activities and supply chains

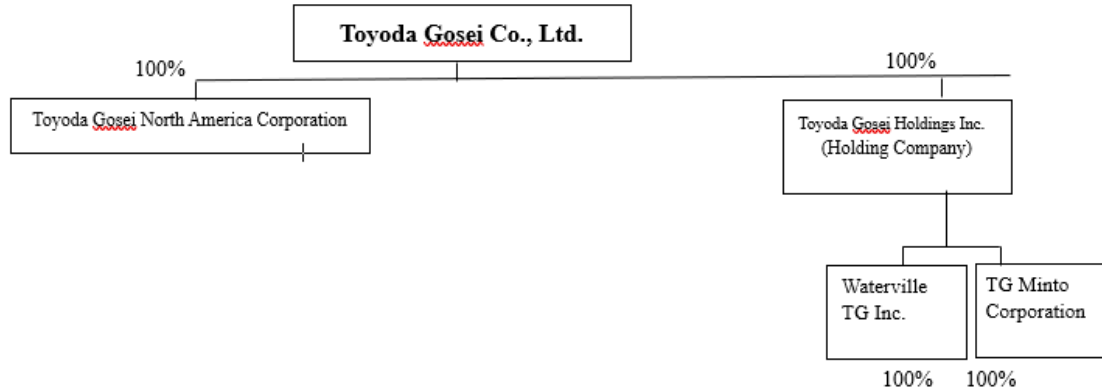
Headquartered in Japan, TG is a leading global manufacturer of rubber and plastic automotive components, safety systems and LEDs. With a network of 67 group companies in 17 countries and regions and 36,000 employees worldwide, the Group brings its extensive range of products to customers all over the world. In the Americas, our 24 locations throughout Canada, the United States, Mexico and Brazil aim to deliver the highest levels of quality, innovation and satisfaction to the industry.

TG Americas locations in Canada are: Waterville, QC; Coaticook, QC; Petrolia, ON; Palmerston, ON; and Stratford, ON (“Canadian Locations”) and employs approximately 2,000 people in Canada. TGNA manages all direct purchasing for the Canadian Locations. The Canadian Locations manufacture and sell weatherstrips and interior and exterior automotive components and import products utilized in our manufacturing processes.

A detailed organizational chart can be found below.



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TG Americas directors and employees are required to review and understand our corporate policies (including our *Human Rights Policy*, our *Charter and Guidelines for Business Ethics*, and our *Ethics Hotline Policy*) ensuring that they are aware of the businesses' expectations and means to report potential wrongdoing.

TG Americas hiring practices are designed to ensure that all of our workers are employed voluntarily and receive fair wages, benchmarked against industry standards. Additionally, we prohibit the hiring of individuals that are under 18 years of age for positions in which hazardous work is required and otherwise comply with minimum age work requirements in the jurisdictions in which we operate. These practices are part of our broader commitment to ethical business conduct and the protection of human rights within our operations and supply chains.

Supply chains

TG Americas purchases products such as raw materials, processed ingredients and packaging from domestic and international suppliers. TGNA, which manages purchasing for the TG Americas, works with hundreds of suppliers in dozens of countries, encompassing suppliers of all sizes, from SMEs through to global multi-nationals. Our supply chain includes raw material and component suppliers, and logistics providers.

4. Policies, Governance and Due Diligence processes

TG seeks to promote respect for human rights based on the *United Nation's Guiding Principles on Business and Human Rights*.

We consider "Respect for the individual," one of the principles in our Management Philosophy, to be the basis of our business activities in continuing to be a company of integrity. TG seeks to promote respect for human rights and will continue to make improvements each day.

Our corporate governance practices are designed to ensure we:

- operate in a safe, reliable and environmentally responsible way;
- meet our obligations to all regulatory bodies, business partners, customers, stakeholders, employees and investors; and
- manage our businesses effectively in the best interest of all stakeholders.



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4.1 Toyota Gosei Group Human Rights Policy

The *Toyota Gosei Group Human Rights Policy* states that in expanding our business globally we must respect internationally recognized human rights and properly comply with the relevant laws and regulations in each country and region where we conduct business activities. This policy applies to all officers and employees of TG and its domestic and international consolidated subsidiaries. We also expect all of our stakeholders to understand and respect this policy. This commitment extends to all areas of our business, from our customer relationships to our supplier interactions, and extends to our workforce and the broader community.

4.2 Toyota Gosei Americas Group Charter and Guidelines for Business Ethics (“Guidelines”)

The Guidelines outline principles and values and guides the behavior of our employees to avoid conflicts of interest; deal fairly with our investors, employees, customers, suppliers and competitors; protect the health and safety of our employees, customers and communities in which we operate; conduct activities in an environmentally responsible manner; and comply with laws, rules and regulations. The Guidelines set our expectations that each employee will read, understand and comply with the Guidelines and each of our policies which are referred to in the Guidelines, including our Human Rights Policy described above. The Guidelines require that any suspected violations must be promptly reported in accordance with our Ethics Hotline Policy described below.

4.3 Toyota Gosei Americas Group Ethics Hotline Policy

Our *Ethics Hotline Policy* clearly defines responsibilities under the policy and the investigative process TG Americas will follow upon receiving such reports. In accordance with this policy and our Employee Handbook, should employees or suppliers have concerns regarding forced or child labour, they have a responsibility to report their suspicions. TG Americas provides multiple channels for them to report any potential wrongdoing, on a confidential basis or not, such as reporting:

- to direct supervisors or managers, human resources representatives, or upper management;
- to TGNA Legal Department; or
- via the Ethics Hotline, our free and confidential hotline available to all employees and third parties 24 hours a day, seven days a week, anywhere in the world, accessible by phone or online.

TG Americas’ expectations surrounding its Ethics Hotline reporting is also communicated in new employee training, annual training, as well as compliance newsletters and signage at our facilities.

4.4 Supplier Sustainability Guidelines

We have created our Supplier Sustainability Guidelines based on the growing expectations for efforts by companies to achieve sustainability and will be implementing them later in fiscal year 2024. These guidelines outline TG’s expectations for suppliers to uphold the highest standards of integrity, safety, quality, ethical behavior, compliance, and confidentiality, including that suppliers comply with all applicable laws governing human rights, perform adequate due diligence to prevent human rights abuse in their supply chain and assist TG with all compliance related activities.

Our Supplier Sustainability Guidelines specifically include provisions prohibiting child labour and forced labour, as follows:



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- **“Prohibition of child labor** - Do not allow work by children who are under the working age according to the laws of each country or region. In addition, do not allow anyone under the age of 18 to engage in hazardous work. During vocational training and apprenticeships, allow trainees or apprentices to work only within the range permitted by the applicable laws and regulations of each country.”
 - **“Prohibition of forced labor/ Consideration for foreign laborers** - Ensure that all labor (including within your supply chain) is voluntary and that employees are free to leave their jobs. Do not tolerate forced labor of any kind, whether through force, intimidation, debt, or any other form of modern slavery, including human trafficking. When hiring foreign workers, including immigrant workers, comply with the laws and regulations of the country and region, do not request the surrender of official identification documents or work permits, and do not collect fees that are considered unreasonable under international norms, such as recruitment fees.”

TG Americas has established a cross-functional team which includes members of Corporate Planning; Environmental, Health and Safety (EHS); and Purchasing which is responsible for implementing different aspects of our human rights commitments, including in relation to child labour and forced labour. EHS has responsibility for environmental and sustainability issues, Corporate Planning has direct responsibility for governance matters and Purchasing has responsibility for third-party risk management, including in relation to child labour and forced labour. This team ensures TG Americas’ expectations surrounding these topics are communicated to employees and suppliers. It is also responsible for ensuring that relevant staff who select and interact with suppliers, including procurement teams, contract managers and purchasing staff, receive training on how to identify, prevent and address risks of forced labour and child labour in the supply chain. The team briefs senior management about the results of our due diligence efforts at regular intervals.

TG Americas is dedicated to upholding ethical business practices and respecting human rights in all aspects of our operations. This commitment extends to our relationships with customers, suppliers, and our workforce. In 2023, we conducted an initial risk assessment to identify suppliers in regions with greater risk for forced labour, and engaged a third-party due diligence partner to begin the process of setting up a third-party due diligence program and sending out questionnaires to our suppliers in an effort to mitigate the risks our supply chain poses. TG Americas will begin this outreach to the suppliers in mid-2024. Once we receive the results of the questionnaires, we will review and assess these results to understand which suppliers may be at higher risk for modern slavery.

One of the key ways in which TG Americas articulates its expectations and controls the potential risk of forced labour and child labour in our supply chain is through our contracting process with our direct suppliers. We have incorporated specific provisions on human rights, including the prohibition of child labour and forced labour into procurement contracts and terms of business.

TG Americas has established a grievance mechanism that enables any interested party to report concerns, including on forced and child labour issues, without fear of retaliation. Grievances can be filed online or by phone through an independent third-party service available 24/7. Complaints can also be raised with Legal or Human Resources. Our process helps ensure that complaints are swiftly received, risk-assessed, prioritized, investigated, and resolved.



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5. Assessing and managing our risk

The risk of forced labour and child labour in supply chains is dynamic, complex, and often hidden. In order to surface this risk, TG Americas has prioritized efforts that give us visibility into our supply chain, so that we can identify susceptibilities and work with our business partners to address those risks.

To safeguard the objectivity, accuracy, and strength of our efforts to prevent forced labour and child labour, we partnered with Assent Inc, a third-party service provider, to assist us in reviewing our supply chain and identifying risks of forced labour and child labour. Working with Assent, we are in the process of conducting a risk evaluation to gauge suppliers' susceptibility to child labour and forced labour within their operations and supply chains. This effort will adopt a risk-based strategy that prioritizes the parts of our supply chain that pose elevated risks for links to, or involvement in, forced labour and child labour. Our risk assessment will consist of two key components:

Direct Engagement with Suppliers

Leveraging the industry-standard Slavery and Trafficking Risk Assessment Tool (STRT), we will engage high-risk direct suppliers over the coming year. These suppliers were prioritized for engagement on the basis of the risk associated with their sourcing countries and the industries they operate in.

We will be collecting information from suppliers on their operational environments, policies, procedures, and practices, as well as the measures they have in place to detect, prevent, and address the risk of forced labour and child labour. Information on the types of materials and goods produced, the geographic location of production and/or sourcing, as well as labour practices will be collected. The information will give us insight into potential risk factors such as the use of migrant or underaged workers, use of recruitment agencies, payment of recruitment fees and withholding of workers' documents, all of which are indicators of forced labour and child labour.

The STRT will facilitate the evaluation of suppliers' policies addressing forced labour and child labour, as well as identifying protective measures supporting their workforce. Additional inquiries within the STRT help assess each supplier's level of due diligence in managing these risks, addressing issues, or taking corrective actions.

Once the collection of information is complete, our third-party service provider will evaluate the quality of each supplier's response and assign a risk score based on the supplier's inherent risk for forced labour and child labour, as well as their risk control practices. This will enable us to identify suppliers as high, medium or low risk based on associated risks, and to take appropriate responses for each category of risk.

Ongoing Indirect Monitoring of Suppliers

In addition to the direct engagement with our suppliers to assess risk, we will be regularly reviewing a wide variety of publicly available information, ranging from social media posts to NGO and academic reports, government sanctions lists, denied parties lists, adverse media and other reports that give us daily, ongoing insight into our supply chain and will support us in making informed decisions about working with certain suppliers or other third parties.

TG Americas also utilizes a comprehensive monitoring solution that detects global events that could potentially have an impact on its supply chain. This real-time solution helps us to increase the visibility of its supply chain, to monitor activity around the world that may disrupt or affect operations, and to be more proactive when dealing with risks. Events monitored include notably natural disasters, labour disruptions, cyber-attacks, financial and geopolitical risks.



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6. Remediation Measures

We recognize that our policies and programs may not prevent all adverse impacts in our supply chain. If it is determined that our business activities are directly causing adverse effects on human rights, or fostering adverse effects, we will work to rectify the situation immediately. In addition, if it becomes clear or is suspected that our business partners and other related parties are directly involved in human rights violations through business relations with us, we will work to remedy the situation through dialogue and appropriate procedures. To facilitate this process, we have established a reporting mechanism that allows our employees, stakeholders, and other potentially affected individuals to raise grievances and seek remediation. In the event of any forced or child labour findings, we will take immediate action to remediate the situation. This includes working with the supplier to address the issue, providing support for affected individuals, and, if necessary, terminating the relationship with the supplier.

During the reporting year, we did not identify any actual cases of forced labour or child labour in our direct supply chain.

7. Training

TG Americas employees receive regular tailored training on ethical topics and our policies. All new employees are assigned a mandatory onboarding training package which includes training on topics outlined in our Guidelines, among other policies.

TG Americas intends to provide training to targeted audiences that will help employees understand the various types of modern slavery and how to safeguard against them in our operations.

8. Assessing Effectiveness

TG Americas is in the process of implementing a number of initiatives to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. While we have not yet taken steps to assess the effectiveness of those actions, we intend to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains at a later stage.

9. Approval

This report has been approved by the Board of Directors of Toyota Gosei Holdings. The report will be uploaded to the TG Americas website: www.toyodagosei.com.

In accordance with the requirements of the 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 purposes of the Act, for the reporting year listed above.

I have the authority to bind Toyota Gosei Holdings Inc.

Nobuhisa Tanaka

Name: Nobuhisa Tanaka

Title: President & Treasurer- Toyota Gosei Holdings Inc.

Date: May 30, 2024

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