



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

– Fiscal Year 2023 –

Approved by the board of directors on May 22, 2024

A. INTRODUCTION

This report was prepared by Toyota Tsusho America, Inc. (“TAI”, “Company”, "we", "us"), in accordance with the requirements of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

We strive to maintain a high standard of ethical and responsible conduct in all of our operations. We recognize the importance of upholding human rights and we are committed to doing our part in combating forced and child labour in our business and supply chains.

This report describes TAI's activities during its most recent financial year, April 1, 2023 to March 31, 2024 (“reporting period”) to prevent and reduce the risk that forced labour or child labour is used at any step in TAI's supply chains and provides additional information set out in the Act.

B. OUR COMPANY – STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

TAI is a multi-market, multi-business enterprise that has been operating in North America for more than 50 years, with offices located all over the United States. TAI is an affiliate of Toyota Tsusho Corporation, a trading company headquartered in Nagoya, Japan.

Our lines of business are organized by division: Metal Plus, Circular Economy, Digital Solutions, Supply Chain, Mobility, Green Infrastructure, and Lifestyle. The Company has subsidiaries and affiliates in the United States, Mexico, and Canada. TAI and its affiliates are engaged in the following business activities:

- forecasting, ordering, transporting, processing, storing, and providing quality assurance of steel and traditional metal products across North America;
- metal recycling and waste handling support services;
- supporting innovative technical development, including software, integration, automation, and data services, providing outsourcing for IT and integration services to many North American OEMs;
- providing supply chain services, including processing, sourcing, purchasing, export/import, quality assurance, supply chain risk management, kitting, repacking, sequencing, sub assembly, project management and warehouse management;
- supplying machine spare parts, cutting tools, maintenance, repair, and operations items; and
- importing food commodities for sale to customers in North America and exporting corn, soybeans, sorghum, wheat, rice, other food products, and livestock feeds to Asian markets.

TAI has a broad supply chain, consisting of suppliers primarily in North America and Asia.

C. POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

1. Global Code of Conduct and Ethics

Our Global Code of Conduct and Ethics (“COCE”) sets out guidelines for conduct animated by TAI’s corporate philosophy: “[l]iving and prospering together with people, society and the globe, we aim to be a value-generating corporation that contributes to creation of a prosperous society”.

The COCE embodies TAI’s respect for and consideration of human rights in its business activities. TAI does not tolerate any human rights abuses such as forced labour, child labour, or any form of harassment. We strive to ensure that we do not discriminate based on gender, age, nationality, race, skin color, ethnicity, religion, sexual orientation, disabilities, or political views in our workplaces. To that end, TAI has established policies to prohibit forced labour and child labour in its businesses and in its supply chains. All employees are required to adhere to the COCE. TAI mandates that any concerns regarding COCE violations be immediately reported through proper channels.

2. Supplier Sustainability Code of Conduct

During the reporting period, we updated our Supplier Sustainability Code of Conduct (“SSCOC”) which communicates TAI’s fundamental expectations to its personnel, suppliers and service providers in respect of labour and human rights, including forced labour and child labour, health and safety, environmental protection, sustainability and supply chain, compliance with laws, and ethics. The SSCOC is available in three languages on TAI’s website.¹

The principles embodied in the SSCOC are designed to be consistent with international norms and standards such as the Universal Declaration of Human Rights, the International Labour Organization’s (“ILO”) International Labour Standards, the Organization for Economic Co-operation and Development Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, among others. The SSCOC prohibits the use of child labour and forced labour in the Company’s operations and supply chains.

TAI expects our suppliers to:

- Respect the fundamental labour standards set forth in the conventions of the ILO with regard to the abolition of forced labour, child labour and slavery.
- Not use any form of forced labour; this includes prison labour, bonded labour, indentured labour, slave labour, and/or labour derived from human trafficking.
- Be responsible for payment of all recruitment fees and expenses and not charge any such fees to their workers.
- Maintain workplaces free from physical abuse, sexual harassment, threats, intimidation, and verbal or psychological harassment.
- Commit to providing and maintaining a safe and healthy workplace for visitors and workers.
- Respect the right to freely associate, organize, and bargain collectively in accordance with local laws and ILO conventions.

¹ <https://www.taiamerica.com/supplier-sustainability-code-of-conduct/>

TAI has the right to verify supplier compliance with the SSCOC, including through site visits and inspections. The SSCOC further states that if a supplier fails to comply with any aspect of the SSCOC, immediate notice of violation shall be provided and suppliers will be subject to corrective action and potentially termination of the business relationship.

Suppliers are required to immediately report any instances of illegal or unethical behaviour or breaches of the SSCOC and to prohibit retaliation against any person for reporting, in good faith, contraventions of the SSCOC.

D. DUE DILIGENCE PROCESSES

TAI conducts due diligence on its suppliers to ensure compliance with applicable laws and to manage third party risks, including risks of forced and child labour. TAI's forced and child labour due diligence features a risk-based assessment that accounts for geographic regions and commodities that are known to be at higher risk of forced and child labour according to public reports.

This due diligence encompasses direct, tier 1 suppliers as well as sub-tier 1 suppliers. Depending on the risk profile, this due diligence may include a requirement for suppliers to map the supply chain of goods sold to TAI and to provide traceability documentation. Relying on the due diligence processes and risk-based sourcing determinations helps TAI to effectively focus its resources and better manage its supply chain risks.

E. ASSESSING AND MANAGING FORCED LABOUR AND CHILD LABOUR RISKS

TAI acknowledges that there is risk that forced labour and child labour can occur at any stage of the supply chain, with risk levels varying based on factors such as type of product or the country/region of manufacture or raw material sourcing.

During the reporting period, TAI screened its tier 1 suppliers and mapped high-risk commodities and countries in order to evaluate and manage the risks in TAI's supply chain and to direct appropriate due diligence and monitoring activities. TAI leveraged publicly available information, third party software solutions and external advisors to support these activities as needed.

The Company has identified the primary forced labour and child labour risks that exist within its supply chains which inform focused diligence and compliance activities. Our suppliers are aware that they may be required to undergo heightened due diligence and we look forward to working with them to ensure that they and their suppliers do not employ forced or child labour and have themselves put measures into place to manage these risks in their own supply chains.

TAI's General Terms and Conditions, which apply to all purchases of goods and services, require suppliers to comply with all applicable laws and regulations. During the reporting period, TAI updated its General Terms and Conditions, including to add a specific provision that requires suppliers to warrant that neither it nor any of its subcontractors will use forced labour or child labour of any type in manufacturing and to incorporate by reference the SSCOC. The General Terms and Conditions are available on our website.²

² <https://www.taiamerica.com/terms-conditions/>

F. TRAINING

TAI employees are required to complete an annual online training on the COCE, which includes content on regulatory compliance and human rights. Employees are required to complete an assessment on the content presented in the COCE training.

TAI is currently developing training specific to forced labour and child labour issues.

G. REMEDIATION MEASURES

During the reporting period, TAI did not identify any instances or significant risks of forced labour or child labour in its operations or supply chains that would require remediation measures. The Company accordingly did not undertake any measures to remediate the loss of income to the most vulnerable families resulting from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains. TAI is committed to working with its suppliers to assess and monitor risks and to respond appropriately to remediate the impact in accordance with TAI's policies and processes.

H. ASSESSING EFFECTIVENESS

TAI introduced and updated certain measures during the reporting period aimed at reducing the risk that forced labour or child labour will be used in its activities and in its supply chains. We remain committed to preventing forced labour and child labour from taking place in our businesses and supply chains, and we are currently developing frameworks and processes to assess the effectiveness of our policies, procedures and practices to determine any potential enhancements. TAI has not yet taken any measure to assess the effectiveness of such measures.

I. APPROVAL AND ATTESTATION

This report was approved by the Toyota Tsusho America Inc.'s board of directors on May 22, 2024.

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 the purposes of the Act, for the reporting year listed above.



Naoyuki Hata
President and CEO

Date: 05/23/2024

I have the authority to bind Toyota Tsusho America Inc.