



TOYOTA TSUSHO
CANADA INC.

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

– Fiscal Year 2023 –

Approved by the board of directors on May 18, 2024.

A. INTRODUCTION

This report was prepared by Toyota Tsusho Canada Inc. (“TTCI”, “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 TTCI'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 TTCI's supply chains and provides additional information set out in the Act.

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

TTCI is a multi-market, multi-business enterprise that has been operating in Canada for more than 50 years. TTCI is an affiliate of Toyota Tsusho Corporation, a trading company headquartered in Nagoya, Japan.

We have three facilities in Ontario. Our lines of business are organized by division: Global Automotive Parts, Machinery, Chemicals and Energy. TTCI is engaged in the following business activities: import/export, inventory management, repacking, kitting, sub assembly, sequencing, quality control, sustainable supply chain management, and sustainable environment management.

TTCI 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 TTCI’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 TTCI’s respect for and consideration of human rights in its business activities. TTCI 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 colour, ethnicity, religion, sexual orientation, disabilities, or political views in our workplaces.

To that end, TTCI 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. TTCI mandates that any concerns regarding COCE violations be immediately reported through proper channels.

2. Statement of Commitment

During the reporting period, the president of TTCI issued the Statement of Commitment stating that the Company is committed to fighting forced labour and child labour in our supply chains. As part of this commitment, TTCI reviewed its structure, activities, and supply chains to assess risks associated with

forced labour and child labour and implemented policies, such as the Ethical Trading Policy and the Supplier Sustainability Code of Conduct, which are describe below. The Statement of Commitment is posted in all three of TTCI's facilities.

3. Ethical Trading Policy

We recognize that the way in which we conduct business has the potential to impact those we do business with, as well as the communities in which we operate. To ensure that TTCI conducts business in an ethical manner, it codified its commitments and principles relating to a variety of social and ethical standards in its Ethical Trading Policy. The ETP was implemented during the reporting period and all employees are required to acknowledge and uphold the principles set out in the ETP.

The ETP makes TTCI's ethical trading commitments to various stakeholders including employees, customers, its supply chain, and the community. In particular, TTCI commits to monitoring the social and ethical standards and practices within its supply chain. The ETP also describes TTCI's commitment to protect the environment through its trade practices and to ensure the health and safety of our staff, clients, and the community. Under the ETP, TTCI will to decline business with companies who fail to implement sound and just labour, environmental and community practices.

The ETP also sets out TTCI's ethical trading criteria with respect to labour practices, such as: prohibiting the use of child labour and forced labour, deductions from wages for disciplinary reasons, excessive working hours, discrimination; while ensuring safe and hygienic working conditions; and providing regular employment. The ethical trading criteria are used by TTCI's when selecting its suppliers.

4. Illegal Labour Policy

During the reporting period, TTCI developed its Illegal Labour Policy ("ILP") to communicate TTCI's policy regarding illegal labour practices such as child labour, forced labour, human trafficking, and slavery in its activities and supply chains. All employees are required to acknowledge and uphold the principles set out in the ILP. The ILP represents TTCI's commitment to protecting individuals from the exploitations of illegal labour practices such as child labour and forced labour. The ILP specifically states that illegal labour practices are strictly prohibited.

We hold ourselves accountable to the highest ethical standards and will not knowingly contract with, or carry on a business relationship with any organization or employer that does not adhere to the same standards or is in violation of any relevant or applicable labour law. In accordance with the ILP, TTCI personnel are responsible to monitor TTCI's employment practices as well as those of its partners and suppliers conducting business on with TTCI. TTCI will promptly take remedial action to address any violations of the ILP.

5. Supplier Sustainability Code of Conduct

During the reporting period, we updated our Supplier Sustainability Code of Conduct ("SSCOC") which communicates TTCI'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 online and is in three languages.¹

¹ <https://tci.ca/supplier-sustainability-code-of-conduct/>

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.

TTCI 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.

The SSCOC also states that TTCI can 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.

The SSCOC requires suppliers 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

TTCI 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. TTCI'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 TTCI and to provide traceability documentation. Relying on the due diligence processes and risk-based sourcing determinations helps TTCI to effectively focus its resources and better manage its supply chain risks.

E. ASSESSING AND MANAGING FORCED LABOUR AND CHILD LABOUR RISKS

TTCI 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, TTCI developed a due diligence standard operating procedure that describes the processes necessary to identify and mitigate a variety of risks in our supply chain, including forced labour and child labour risks. The processes include but are not limited to: supply chain mapping, due diligence of suppliers, compliance verification, etc. TTCI also leveraged third party service providers to screen tier 1 suppliers for forced labour and child labour, in line with its risk assessments and due diligence processes.

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.

TTCI's General Terms and Conditions, which are referenced in our purchase orders issued to suppliers and available on our website,² applies to all purchases of goods and services and require suppliers to comply with all applicable laws and regulations. During the reporting period, TTCI 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.

F. TRAINING

TTCI 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.

During the reporting period, section executives, managers, and employees who work with our direct suppliers participated in mandatory training on forced labour, child labour, and the SSCOC. They also received training on various policies such as the Illegal Labour Policy and Ethical Trading Policy and standard operating procedures relating to supplier due diligence.

G. REMEDIATION MEASURES

During the reporting period, TTCI 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. TTCI is committed to working with its suppliers to assess and monitor risks and to respond appropriately to remediate the impact in accordance with TTCI's policies and processes.

² <https://tci.ca/terms-conditions/>

H. ASSESSING EFFECTIVENESS

TTCI 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 on an annual basis. TTCI 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 Canada Inc.'s board of directors on May 18, 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.



Grant Town
President

Date: _____

I have the authority to bind Toyota Tsusho Canada Inc.