



Toyotetsu Canada, Inc.

88 Park Road, Simcoe, ON N3Y 4J9

Fighting Against Forced Labour and Child Labour in Supply Chains Act

- Annual Report 2024 -

TOYOTETSU CANADA, INC.



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A. Introduction

- a. In accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("Act") Toyotetsu Canada, Inc. ("TTCA") has prepared the following report to describe the activities we have engaged in to prevent and reduce the risk of forced labour or child labour within our organization and various supply chains. This report also provides supplementary information as is required under the Act. This report outlines activities during TTCA's financial year commencing April 1, 2023, and ending March 31, 2024.

B. Company Structure, Activities, & Supply Chains

- a. TTCA is a tier-1 auto parts supplier, primarily for Toyota vehicles. TTCA is a world-class manufacturing facility that utilizes state-of-the-art stamping and welding equipment to produce various body, chassis, and brake pedal parts. TTCA employs over 1,000 employees at its facility in Simcoe, Ontario. TTCA is a subsidiary of Toyoda Iron Works Co., Ltd. (headquartered in Japan, and commonly known as "TIW"). TTCA was established in 2006 under the *Canada Business Corporations Act* and began production in 2007.
- b. TTCA's suppliers are primarily located in North America and Asia. From these businesses, TTCA sources products including both maintenance, repair and operation supplies ("MRO") and raw materials. TTCA's most important raw material input is steel coil, which it uses in its production activities in Canada. Key MRO supplies include safety equipment, spare parts for equipment, production/operating supplies, shop supplies, and office supplies.

C. Steps Taken to Prevent & Reduce the Risk of Forced Labour and Child Labour

- a. During the previous financial year TTCA remained committed to preventing and reducing the risk of forced labour and child labour in its supply chain through its continued implementation and practice of group policies and ethical business practices as is described more fully in this report. Additionally, TTCA took the following steps to prevent and reduce the risk that forced labour or child labour is used in its operations:
 - i. Engaging with supply chain partners on the issue of forced and child labour.
 - ii. Monitoring suppliers.
 - iii. Applying due diligence policies and processes.
 - iv. Utilizing contractual provisions governing forced and child labour.
 - v. Addressing practices that may give rise to the risk of forced and child labour.
 - vi. Maintaining internal controls to ensure that all workers are recruited voluntarily.

D. Policies & Due Diligence Processes

- a. TTCA is subject to a corporate group policy known as the "Corporate Social Responsibility" policy, which articulates high standards of business conduct, including the respect for human rights and the absolute prohibition on the use of forced and child labour in supply chains. This includes TIW's Corporate Social Responsibility Policy, which includes the following commitments of relevance to forced and child labour:
 - i. We respect and honor the human rights of people involved in business and, in particular, do not use or tolerate any form of forced or child labour.
 - ii. We endorse the international norms such as the Universal Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights, and promote respect human rights based on these principles.



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- iii. We strive to create a mechanism and implement ongoing human rights due diligence in order to fulfill our responsibilities for respecting human rights.
 - iv. Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior.
- b. Employment Standards
- i. TTCA's labour policies ensure that we maintain a lawful minimum age for employment. We require all new hires to present government-issued ID for verification of identification and age. All employees (other than co-op students, see below) are required to be 18 years of age or above.
 - ii. When hiring co-op students at the high school level under the age of 18, we contact a representative from the prospective school to verify the student's participation in the program.
 - iii. TTCA's labour policies ensure that we maintain lawful employment for migrant workers. Our policies prohibit the surrender of government-issued documents and do not exploit employees with fees that are considered unreasonable.
 - iv. TTCA otherwise complies with all applicable employment standards legislation to ensure that our workforce is freely recruited and fairly compensated.
- c. General Business Practices
- i. Our general business practices align with the expectations set by our customer (Toyota), which require us to align with Toyota's Human Rights Policy and refer to international norms such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights (UNGP), and promote activities related to human rights based on those principles and in accordance with applicable laws where team members live and work.
 - ii. We maintain all hiring records for at least 3 years from the date of hire or 1 year after the end of employment, whichever is greater.

E. Training

- a. TTCA does not provide specific training on forced and child labour. However, hiring personnel are trained in our company policies regarding lawful hiring practices and applicable labour standards. TTCA will provide the necessary education and training to ensure that this policy is integrated into all its business operations and is widely distributed to hiring personnel.

F. Remediation Measures

- a. TTCA has not found any forced labour or child labour in its supply chains, and as such the issue of remediation is not applicable.

G. Remediation of Loss of Income

- a. TTCA has not found any forced labour or child labour in its supply chains, and as such the issue of remediation of loss of income to the most vulnerable families is not applicable.

H. Assessing & Managing Risk in Supply Chains

- a. TTCA is dedicated to ensuring that the measures we implement to prevent and reduce the risk of forced labour or child labour within our organization and various supply chains. In the future, we intend to closely oversee the progress and execution of our compliance development plan.



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- b. TTCA is primarily engaged in domestic production in Canada and acknowledges that there is a risk of forced and child labour in its importation supply chains. For raw material supply chain, TTCA adheres to its corporate group's "Master Parts Purchase Agreement", which ensures that it only works with reputable suppliers committed to high standards of business conduct. This agreement requires that any raw material supplier "represents, for itself and for its representatives and subcontractors, that it has not and does not use slave, prisoner, child or any other form of forced or involuntary labour in the design, development, engineering, manufacture, processing, production, delivery, or supply of items to or for Toyotetsu under the Agreement."
- c. For MRO supply chain, suppliers are awarded business through internal evaluations at our facility. These suppliers include manufacturers and distributors of safety equipment, spare parts for equipment, production/operating supplies, shop supplies, and office supplies. Our MRO suppliers are located in Canada, United States, and Japan.
- d. If any of our business partners or suppliers engage in or promote actions that negatively impact human rights, TTCA will remedy that impact appropriately in a manner that aligns with maintaining human rights.
- e. To manage forced and child labour risk in our production activities, TTCA relies on the policies and processes described elsewhere in this report, which ensure that all employees are voluntarily recruited and that we are in full compliance with all applicable employment standards.

I. Assessing Effectiveness

- a. TTCA has not taken specific measures to assess its effectiveness in preventing and reducing risks of forced labour or child labour.

J. Approval & Attestation

- a. This report is approved and attested, as required under paragraph 11(4)(a) and subsection 11(5) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Per:  _____

Name: Edward Bilopavlovic

Title: Vice President

Date: March 19, 2025

I have the authority to bind Toyotetsu Canada, Inc.