

Toyota Canada Inc.

Report on Efforts to Prevent & Reduce the Risk of Forced & Child Labour in Supply Chains

For the financial year ended March 31, 2026

I. Introduction

This is the third report to be filed by Toyota Canada Inc. (“**TCI**”) under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

This report reflects TCI’s ongoing 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 TCI’s plans and actions taken to develop a robust forced and child labour compliance program, and places that initiative within the broader context of the actions taken by Toyota Motor Corporation and its production sites, both in Japan and North America, to prevent human rights abuses within our businesses and supply chains. This report also describes the steps that TCI has taken in the financial year ended March 31, 2026 to prevent and reduce the risk of forced labour and child labour in its activities and supply chain.

II. Operational Structure

(a) Structure & Activities

For over 61 years, TCI has been the exclusive distributor of ‘Toyota’ and ‘Lexus’ vehicles and genuine parts in Canada. TCI is a subsidiary of Toyota Motor Corporation (“**TMC**”), a publicly listed automotive company based in Toyota City, Japan. TMC owns 51% of TCI.

TCI purchases vehicles and genuine parts from TMC and certain of its North American subsidiaries. TCI then wholesales these vehicles and genuine parts to a network of 287 independently owned and operated franchised dealerships located across Canada.

In addition to distributing vehicles and genuine parts to our network of independent dealers, TCI is also responsible for marketing and promoting the ‘Toyota’ and ‘Lexus’ brands in Canada.

Toyota Motor Manufacturing Canada, Inc. (“**TMMC**”) is a vehicle assembly operation in Ontario. TMMC has three separate production lines: two in Cambridge, Ontario and one in Woodstock, Ontario. The 5.4 million square foot facility employs over 8,500 team members and has produced over 11 million vehicles. Vehicles assembled at TMMC are sold throughout North America. TMMC is a subsidiary of TMC and currently produces the Toyota RAV4 Hybrid, the Lexus NX and NX Hybrid, and the Lexus RX and RX Hybrid. TMMC also produced the gasoline-powered Toyota RAV4 until January 2026.

TCI (which focuses on sales and distribution) and TMMC (which focuses on vehicle assembly) are generally run as separate businesses. Accordingly, TMMC will be filing its own report under the Act.

(b) Supply Chains

TCI is the national sales, marketing, and distribution company for 'Toyota' and 'Lexus' in Canada, focused on distributing vehicles and genuine parts, managing the franchise retail network, supporting customers, and the promotion of the 'Toyota' and 'Lexus' brands. As such, the vast majority of TCI's annual spending is focused on buying 'Toyota' and 'Lexus' vehicles and genuine parts from TMC and certain of its wholly owned North American subsidiaries. Accordingly, Part III of this report, below, addresses actions taken by TMC and its North American subsidiaries to prevent and reduce the risk that forced and child labour are used in our supply chains.

TCI also has a separate supply chain that we manage directly. This supply chain relates to activities typically taken by a local automotive distributor, and consists largely of marketing and advertising agencies, information technology services, transportation services, automotive accessories, and professional services. This TCI-specific supply chain accounts for a relatively small portion of TCI's total annual spending. A summary of actions taken by TCI to prevent and reduce the risk that forced labour and child labour are used in this supply chain is set out below in Part III of this report.

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

The Toyota and Lexus vehicles and genuine parts that are distributed by TCI are the product of a corporate culture dedicated to protecting and improving the human rights of Toyota's employees, customers, and other stakeholders. TCI acquires vehicles and most genuine parts from TMC and its North American subsidiaries.

(a) Measures Taken by TMC and its North American Subsidiaries

TMC and its North American subsidiaries have a number of measures in place to prevent and reduce the risk of forced & child labour in their supply chains. For the purposes of this portion of this Report, the term "Toyota" refers to TMC 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. The Human Rights Policy makes clear that Toyota does not tolerate forced or child labour.
- (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. The Supplier Sustainability Guidelines make clear that Toyota does not tolerate forced or child labour. TMC distributed Supplier Sustainability Guidelines to all primary suppliers and is collecting written confirmations of compliance with the Guidelines from suppliers with whom it has concluded basic transaction agreements. With some exceptions, almost all suppliers have completed the written confirmations. Primary suppliers were asked to ensure that the Guidelines were disseminated to secondary suppliers involved in the manufacture of Toyota's vehicles.

- (d) **Toyota Code of Conduct:** Toyota's Code of Conduct makes clear that Toyota is committed to complying with international human rights obligations and applicable laws and regulations and prohibitions against forced and child labour. The Code of Conduct also includes a Global Speak Up Line where employees can raise questions or concerns.
- (e) **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 also 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.
- (f) **Survey Conducted for Overseas Affiliates:** In March 2024, TMC conducted surveys on 25 of its overseas affiliates, focusing on priority human rights policy issues. No significant risks requiring immediate correction were identified among the 22 overseas which responded (88%). Nonetheless, based on the survey results, TMC engaged in dialogue with the overseas affiliates and requested them to implement improvement activities in order to realize more desirable human rights resources and labour management practices that take into account international trends, while reflecting the actual conditions of each country.
- (g) **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. TMC has also visited suppliers and workplaces where foreign workers are employed and conducted engagement activities in collaboration with a third party non-governmental organization.

- (h) **JP-MIRAI:** TMC 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.
- (i) **Human Rights Working Group:** TMC is a member of the Human Rights Working Group held by Business for Social Responsibility.
- (j) **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.
- (k) **Supply Chain Initiatives:** TMC has conducted a Self-Assessment Questionnaire for 980 major Tier 1 suppliers and collected responses from 814 companies in Japan. The survey assessed the existence of policies and training on human rights and responsible supply chain management. Based on the results, priority items were identified and third-party audits are being conducted for suppliers that were underperforming in those areas. Where issues are identified, TMC engages with the relevant suppliers and requests improvements.

For more information on these and other TMC initiatives, the full text of Toyota’s Human Rights Policy, Toyota’s Supplier Sustainability Guidelines, Toyota’s Code of Conduct, Toyota’s Sustainability Data Book and TMC’s Report on Toyota’s Action Taken for Forced Labour of Migrant Workers (Statement on Modern Slavery Acts) can be found here:

<https://global.toyota/en/sustainability/> and
https://global.toyota/pages/global_toyota/sustainability/human-rights/statement_on_the_modern_slavery_acts_en.pdf

(b) Measures Taken by TCI Independently

In 2024 and 2025, TCI:

- Created a list of all current suppliers to TCI;
- Updated the template vendor agreement for accessories suppliers with contractual language that requires vendors to take steps to prevent and reduce the risk that forced labour or child labour is used in their supply chains;
- Updated its Vendor Code of Conduct to require vendors to take steps to prevent and reduce the risk that forced labour and child labour is used in their supply chains;
- Conducted annual associate training regarding forced labour and child labour for TCI associates in the procurement, accessories, and service marketing departments;

- Updated its Code of Conduct and Ethics Policy and Speak Up Line Policy to address risks related to forced and child labour;
- Updated its RFP Supplier Questionnaire and RFQ survey for accessory vendors to specifically add forced and child labour risk assessment questions; and
- Created, updated and assessed its forward-looking compliance plan as it relates to mitigating the risks of forced and child labour.

During the fiscal year ended March 31, 2026, TCI has taken the following additional actions to further prevent and reduce the risk that forced labour or child labour is used in its activities or supply chains:

1. **Updated RFQ quotation guidelines:** TCI added a clause in its RFQ quotation guidelines which states that suppliers must not use forced or child labour in the production or manufacture of its products and do not purchase inputs for products that are produced with forced or child labour. The RFQ quotation guidelines is a reference document available to all developers for every accessory product TCI develops. Developers then create RFQs for products using these guidelines. TCI has followed up with all developers to ensure their RFQs, sent to potential suppliers, include the clause regarding forced and child labour.
2. **Updated Award Letter Template:** TCI added a section into its award letter template with vendors which states that the vendor will abide by TCI's Vendor Code of Conduct. The award letter is signed by the vendor.
3. **Updated TCI's Code of Conduct and Ethics Policy:** TCI updated its Code of Conduct and Ethics Policy to state that TCI's General Counsel has overall responsibility for overseeing the identification, assessment and response to risks related to forced labour and child labour.
4. **Updated TCI's RFP Supplier Questionnaire:** TCI refined and added additional forced and child labour risk assessment questions to TCI's RFP Supplier Questionnaire to seek certain confirmations regarding Tier 2 suppliers. This questionnaire is distributed during RFPs to assist the Procurement Department in assessing vendor health.
5. **Updated TCI's RFQ Survey for Accessory Vendors:** TCI refined and added additional forced and child labour risk assessment questions to its RFQ survey to seek certain confirmations regarding Tier 2 suppliers. The survey is distributed to potential accessory vendors.
6. **Adopt Annual Survey Sent to Accessory Suppliers on Child/Forced Labor & Decarbonization:** TCI's Accessories Department is developing an annual survey to all active suppliers containing, among other things, risk assessment questions related to forced and child labour.
7. **Continued Planning for Further Action:** TCI is committed to proactively planning additional actions for the coming fiscal years to further mitigate the risk of forced and child labour in its

activities and supply chain. TCI has created a forward-looking compliance plan in the fiscal year ended March 31, 2024, that it continuously assesses and updates.

(c) Risk Assessment

Based on the results of TCI's risk assessment, TCI can reasonably be considered at low risk for forced labour & child labour. This is largely because the majority of the activities carried out by TCI are in the nature of professional and administrative services. However, there are some aspects of TCI's business that carry some risk of forced labour or child labour, primarily among third-party suppliers of manufactured goods such as automotive accessories, automotive service parts, and promotional marketing goods procured directly by TCI (as opposed to our global affiliates), and service providers that provide physical services to TCI such as catering services and janitorial services. These risks are addressed by the measures outlined above and will be addressed in TCI's ongoing and forward-looking forced and child labour compliance plan.

TCI acquires vehicles and most parts from TMC and certain of TMC's North American subsidiaries. Toyota recognizes that automotive supply chains have a risk of forced labour and child labour. A description of efforts undertaken by TMC and its production facilities in Japan and North America to prevent and reduce the risk that forced labour or child labour is used in their respective supply chains is set out above in Part III(a) of this report.

(d) Risk Management and Mitigation

TCI's forward-looking compliance plan is designed to allow us to identify those activities and supply chain elements that carry a risk of forced or child labour, and to specify the appropriate steps to assess and manage those risks. To date TCI 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. As we continue to develop and implement our forward-looking compliance plan, we will have greater visibility into these issues and any remediation measures they may necessitate.

(e) Training Provided to TCI's Associates on Forced and Child Labour

TCI held training regarding forced labour and child labour for its associates in Procurement, Accessories and Service Marketing Departments in April 2024 and 2025. TCI determined that these departments are most likely to be impacted by risk of child and child labour. A refresher training for the same departments, for all associates, is scheduled and will be held in May 2026.

TCI also works to promote awareness through having all TCI associates review and acknowledge the Code of Conduct and Ethics Policy and Speak Up Line Policy on an annual basis.

(f) Assessing the Effectiveness of our Actions

TCI has a working group with members from its Procurement, Finance and Accounting, Accessories and Legal teams who meet to review, assess and update TCI's forward-looking compliance plan and set goals for progress. TCI will also conduct an annual executive review assessing the effectiveness of its policies

and due diligence processes in relation to forced and child labour. This review will involve an examination of the existing policies and procedures and their alignment with international human rights standards, all applicable laws and regulations on forced and child labour and industry best practices. The findings will be used to update and strengthen TCI's initiatives to reduce the risk of forced and child labour. During the fiscal year ended March 31, 2026, TCI worked with external counsel to conduct an independent review of TCI's policies and processes in relation to reducing risks of forced and child labour and to provide recommendations for ways to strengthen TCI's initiatives.

IX. Collaboration with our Affiliates


TCI will continue to collaborate with other Toyota companies, both in Canada (TMMC), in North America, and worldwide, to identify best practices to prevent and reduce the risk of forced and child labour in our supply chains.

X. Approval

This report has been approved by the board of directors of TCI.

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In accordance with the requirements of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11(4)(a) thereof, I, in the capacity of President & CEO of TCI, attest that I have reviewed the information contained in the report on behalf of the governing body of the entity 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.

Signature: 
Name: Cyril Dimitris
Title: President & CEO
Date: May 5, 2026

I have the authority to bind Toyota Canada Inc.