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DETAILED OVERVIEW OF TOYOTA' S HUMAN RIGHTS DUE DILIGENCE

The Global Alliance for Sustainable Supply Chain

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Detailed Overview of Toyota's Human Rights Due Diligence

Toyota Motor Corporation (hereinafter referred to as, Toyota) has collaborated with The Global Alliance for Sustainable Supply Chain (hereinafter referred to as, ASSC) a non-governmental organisation (NGO) that promotes a sustainable supply chain in Japan, to support Toyota in conducting human rights risk investigations. Therefore, ASSC has undertaken to provide a “Detailed Overview of Toyota’s Human Rights Due Diligence (hereinafter referred to as human rights DD)” (hereinafter referred to as, this report).

The scope of the human rights DD in this report focuses on foreign workers. The violation of their human rights are frequently reported across the world and it is deeply concerning that they are in vulnerable positions in many countries. This report, specifically, focuses on the situation in Japan.

Based on the findings from the human rights DD, Toyota has also planned and implemented measures that will help it identify and remedy the human rights risks within its own operations and supply chain.

A) Introduction

In line with the “United Nations Guiding Principles on Business and Human Rights” (hereinafter referred to as, UNGP), Toyota engages with international organisations and NGOs to identify risks relating to human rights violations within the company, group companies, and amongst business partners.

Through dialogue and engagement with NGOs, the understanding of international challenges and initiatives around human rights has accelerated within Toyota. At the financial results briefing for the FY ending March 2020, Toyota made a declaration that “It will further promote the sustainable development goals (SDGs) that the international society aims to achieve, with the stance of leaving no one behind”. The declaration included references to actions needed to address human rights issues which includes the promotion of diversity. This would serve as a foundation for the company’s initiatives to tackle human rights issues and provide remedy for individuals who have been harmed by abuse.

While Toyota’s activities on human rights DD have been communicated and shared from time to time through external meetings, media, and its websites, it has not yet been presented in a form that allows people to simply understand the direction Toyota is heading towards in terms of human rights. This report aims to improve this understanding by providing details of how its human rights DD has developed and where it currently stands, including details of each activity.

As a first step to achieve this aim, this report addresses the human rights DD conducted for Toyota, its automobile manufacturing companies and suppliers.

B) Scope of the report

Toyota's business involves the development, manufacture and sales of automobiles. It also provides services associated with the above activities. "Toyota" and "Lexus" are its core brands and this report focuses on the foreign workers in Japan employed by these companies and their respective supply chains.

C) Organisational operation to address human rights issues internally and within the supply chain of automobile manufacturing companies

Internal operation

In order to address human rights issues in its global supply chain, Toyota promotes cooperation and collaboration activities across its related functions (Purchasing Group, Industrial Relations Division, etc.) with the Sustainability Management Department of which the Human Resources Division is at the center.

Structure of the supply chain

Toyota's automotive manufacturing companies operate in 21 countries across 7 regions (Japan, Asia, North America, Europe, Middle East, Latin America, Africa).

While the network of the automotive manufacturing companies and their suppliers expands across the world, many of them are based in Asia including Japan and China. In line with UNGP, the supply chain mapping is currently proceeding mainly with its Tier 1 suppliers. Some of the findings in the process are described below.

As of October 2020, 9,849 suppliers have been confirmed to be a part of the supply chain of "Toyota" and "Lexus".

Based on the functions they provide, companies in the supply chain can be categorised into 5 main types: (1) manufacturing companies, (2) parts suppliers, (3) material suppliers, (4) equipment suppliers, and (5) warehouse and logistics suppliers. Toyota has been working to identify their supplier plants and is now considering to expand the mapping to include information relating to raw materials sources as well.

The total number of global suppliers confirmed are 9,849. Of those, 6,989 (71.0 %) suppliers are based in Asia with 1,352 (19.3 %) suppliers based in Japan.

This report focuses on the 1,352 suppliers in Japan. Among them are 455 parts suppliers, 221 material suppliers, 20 car body suppliers, 577 equipment suppliers, and 79 warehouse/logistics suppliers, and all of them are under the management of the Purchasing Group.

Toyota has measures in place across its entire automotive manufacturing supply chain in Japan, to mitigate human rights risks within it. In the development and implementation of those measures, Toyota placed themselves in the supplier's perspective in order to propose measures that are both feasible and effective for all parties involved. The measures were developed based on the knowledge and information obtained through dialogue with suppliers and the Sustainability Management Department, Human Resources Division and Purchasing Group, etc.

D) Internal policies and principles related to human rights due diligence

Toyota's methodology for its employees, is institutionalised as The Toyota Way in Human Resources Management. The aim of this methodology is to practice management while realising respect for people. This provides all employees with opportunities to achieve a level of social contribution and self-realisation through their work, thus enabling them to exercise their abilities to be creative, and to perform.

For this aim to be achieved, “a relationship of mutual trust and mutual responsibility between labour and management” is essential, in which the company ensures stable employment and strives to improve labour conditions, while employees execute their duties and responsibilities for the prosperity of the company. This philosophy is shared by global Toyota. Depending on the governance of each region, this philosophy is reflected and implemented within business practices and policies.

Relevant internal policies and principles that represents Toyota’s philosophy are mentioned below as it is important to incorporate the philosophy into Toyota’s human rights DD.

(The following is an excerpt from the original text)

1. Five Main Principles of Toyoda

- Always be faithful to your duties, thereby contributing to the Company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for spiritual matters and remember to be grateful at all times.

The "Five Main Principles of Toyoda" are a written statement of the teaching of Sakichi Toyoda collected and arranged by Risaburo Toyoda and Kiichiro Toyoda.

The Principles were first released on October 30, 1935, the fifth anniversary of Sakichi's death.

Since then, Five Main Principles of Toyoda have been handed down to every Toyota Group company and serve as conduct guidelines for all employees.

2. Guiding Principles at Toyota

Toyota's " Guiding Principles at Toyota" (established in 1992, revised in 1997) is based on Toyota's unique management philosophy, values, and methods that have been passed down since its founding, and what kind of company Toyota wants to be. It is a summary of. We aim to contribute to the sustainable development of society and the earth through our corporate activities by understanding and sharing the contents with our consolidated subsidiaries.

- ① Honor the language and spirit of the law of every country and region, and undertake open and fair business activities to be a strong corporate citizen of the world.
- ② Respect the culture and customs of every country and region, and contribute to economic and social development through corporate activities in their respective communities.
- ③ Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
- ④ Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
- ⑤ Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
- ⑥ Pursue growth through harmony with the global community via innovative management.
- ⑦ Work with business partners in research and manufacturing to achieve stable, long-term growth and mutual benefits, while remaining open to new partnerships.

Established in 1992, revised in 1997. (Translation from original Japanese)

3. Respect for Human Rights

Fundamental Approach

Toyota complies with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. Furthermore, in order to contribute to sustainable development, we believe that management interacting with its stakeholders is of considerable importance, and we endeavor to build and maintain sound relationships with our stakeholders through open and fair communication.

Human Rights as an Essential Foundation of Labor Relations

Toyota respects the basic human rights of all individuals, including our employees and those in our supply chain. Toyota is a company that practices the philosophy of “Respect for People.” We share a common belief that every Toyota employee has the infinite capability to better themselves, the company, and society. The integration of such achievements by our employees will bring company growth. This growth allows our company to provide decent employment, which in turn, allows our members to build trust in the company and provide further productivity improvements.

4. TOYOTA CODE OF CONDUCT (Excerpts related to human rights due diligence)

TOYOTA has long-demonstrated its dedication to contributing to sustainable development. As our business operations have become increasingly global, we need to reconfirm our corporate philosophy and have issued an explanatory paper in January 2005 entitled “Contribution towards Sustainable Development”. This paper interprets the Guiding Principles from the standpoint of how TOYOTA can work toward sustainable development in its interactions with its stakeholders.

Among them, the following is considered to have been formulated as an action guideline to resolve human rights issues in mind.

Creating a Harmonious and Lively Work Environment

TOYOTA will use its best efforts to comply with all labor and employment laws and regulations of the countries where it is active, as well as the spirit thereof. TOYOTA encourages and supports the personal growth of all people working for TOYOTA.

Based on “Mutual Trust and Mutual Responsibility”, TOYOTA endeavors to improve its business performance in order to make it possible to provide equal employment opportunities and to maintain fair and stable working conditions. TOYOTA strives to create a safe and harmonious work environment for its employees.

TOYOTA respects and honors the rights of all people working for it and will not discriminate against them or permit the infringement of their rights.

Therefore, all of us must recognize our essential roles in contributing to the success of TOYOTA and should make a commitment to comply with internal rules, as well as conduct our duties/work with integrity and in a socially acceptable manner. As valuable contributors to TOYOTA, we should each also endeavor to fully utilize our

capabilities and to put forth our best efforts in all matters in order to strengthen and build TOYOTA's business performance globally.

Compliance with Laws and Regulations

TOYOTA will comply with applicable laws, internal company policies and rules, abide by sound social norms, and take appropriate action against any illegal or criminal acts or acts in violation of the company's policies and rules. TOYOTA will not make any exceptions to this commitment, regardless of whether an unlawful act is motivated "in the interests of the company" or "in the interests of the customer", or carried out under the instructions of one's superior.

We should implement the "Toyota Code of Conduct" and make a commitment to comply with applicable laws, as well as internal company policies and rules, and to abide by sound social norms in all aspects of our work.

Procurement Activities

Based on following three basic policies, TOYOTA engages in fair and open procurement activities:

- (a) Fair competition based on an open-door policy

Regardless of nationality or size of transaction, TOYOTA offers fair opportunities to all candidates. TOYOTA evaluates candidates based on their overall strengths, including quality, technology, price, volume and reliability of delivery, as well as the stability of their business management and technological development capabilities.

(b) Mutual growth based on mutual trust

In order to build relationships that result in mutual growth, TOYOTA and its suppliers strive for mutual collaboration and close communications as equal partners.

(c) Promoting localization in view of good corporate citizenship

In order to contribute to its local communities, TOYOTA globally promotes local production of Toyota and/or Lexus vehicles and endeavors to actively promote local procurement of parts and materials.

We engage in procurement activities with fairness and integrity, in consideration of the above three basic policies and compliance with the law.

Production and Distribution Activities

TOYOTA endeavors to produce high-quality Toyota and Lexus vehicles and parts and deliver them in an efficient manner in order to meet customers' expectations. In order to realize such production and supply goals, TOYOTA endeavors to build the "world's optimum production network" and a "global distribution network".

In addition, in order to enhance the global competitiveness of Toyota and Lexus vehicles, TOYOTA developed the Toyota Production System, which continues to evolve according to the characteristics of particular regions of the world and aims to achieve worker and environmentally friendly plants.

We endeavor to maintain the safety and quality of products and to comply with laws related to production and distribution.

Overseas Business Activities

TOYOTA engages in business worldwide and many of its activities are conducted outside Japan, including not only manufacturing activities, but also research and development. TOYOTA recognizes the ever-changing environment surrounding its business operations, global diversity, the specificity of each local area in terms of its own rules and customs, etc., and the rapid changes in world political and economic climate. TOYOTA respects international rules and laws, as well as the culture, customs and history of local societies. Thus, TOYOTA promotes its business activities from “both a global and local” standpoint so as to contribute to the development of local economies and society.

We contribute to expansion of TOYOTA’s business overseas by respecting the culture, customs and history of each country, as well as national, regional and international laws and rules.

Philanthropy and Community Relations

Towards attaining an enriched society and sustainable development, TOYOTA, in cooperation with society, strives to effectively use its resources and to engage in activities contributing to society. Such activities are aimed at alleviating societal problems or issues and include initiatives with respect to the “nurturing of personnel”, the “environment”, and “traffic safety”.

As a global company, TOYOTA contributes to creating a sustainable society from the broad perspective of the future of the earth and humanity. As a good corporate citizen, TOYOTA also focuses on local communities and focuses on social issues that each local community faces and endeavors to resolve such social issues.

As members of the local community, we will take an interest in and gain awareness of local social issues. Based on such awareness, we

will actively take part in philanthropic initiatives such as volunteer activities.

Political and Religious Activities

In the absence of any circumstances of concern (e.g., such as the possibility that the activity will hinder the conduct of business), TOYOTA respects participation in politics by people working for TOYOTA and does not, in any way, interfere with individuals' religious activities. However, these are private activities and, in principle, they cannot be conducted on company premises or in company time.

We respect the rights of other people working for TOYOTA to participate in political and religious activities in a moderate manner.

5. Supplier CSR Guidelines (Partly Excerpt)

Toyota's Expectations of Suppliers for providing "Products and Services"

We expect suppliers to provide the best possible products at the lowest possible cost. This must also consider providing in the most timely manner on a stable and long-term basis.

Suppliers need to undertake product development and deploy manufacturing processes that address the customers' needs and wants of today and tomorrow. Therefore, our five main expectations are as follows:

Toyota's Expectations of Suppliers in the Process of Developing "Products and Services"

We expect suppliers to comply with the following items to undertake CSR activities. We also expect suppliers to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the following items:

(Requests: Partial excerpts in no particular order)

<Non-Discrimination>	< Respect and Dignity>
<Child Labor>	< Forced Labor>
<Wages and Benefits>	< Working Hours>
<Freedom of Association>	< Safe and Healthy Working Environment>
<Responsible Material Procurement>	< Disclosure of Information to Stakeholders>

6. Tokyo Declaration 2020 on Responsible Acceptance of Foreign Workers

As part of the outcome of the ASSC Foreign Workers Round Table, the Tokyo Declaration 2020 on Responsible Acceptance of Foreign Workers (also known as the ASSC Tokyo Declaration 2020)¹ was developed and announced in April 2020.

Toyota participated in round table discussions with other stakeholders and thereby contributed to the development of the declaration. The declaration includes guidelines for any related parties to follow and practice the responsible acceptance of foreign workers within Japan. Toyota has thereby adopted the declaration as a guide to ensure the

¹ <https://g-assc.org/en/assc-tokyo-declaration-2020/>

protection of foreign workers in its supply chain with respect to human rights.

E) Human Rights DD Process, Assessment and Management of Risks

The UNGP clearly states the corporate responsibility with respect to human rights. In particular, it introduced the concept of ‘human rights DD’ into business activities and requires companies to 1) establish human rights policies, 2) carry out human rights DD, and 3) provide a process that enables the remediation of adverse human rights impacts. Having understood the UNGP’s approach, Toyota then aligned its internal policies and principles in implementing human rights DD.

Toyota endeavors to identify and monitor the human rights risks within its supply chain with reference to global issues; which are considered as essential and high priority. Those activities underpin Toyota’s planning and implementation of both the measures and the remedy to these identified human rights risks.

F) Human rights risk assessment by country

In July 2020, with support from ASSC and RightsDD², Toyota conducted human rights DD across its global affiliates and suppliers, mainly through a desktop research to identify potential human rights risks. Simultaneously the human rights risks and other risks for workers in its global supply chain were identified and categorised by country. The results of which concluded that further investigation is needed for Japan.

Japanese suppliers were assessed via a survey conducted by Toyota during December 2019 and February 2020. Information obtained through these efforts

² <https://www.rightsdd.com/>

have contributed to Toyota's strategy to develop, manage and mitigate human rights risks.

It should be also noted that Toyota UK and Toyota Australia have issued Modern Slavery Statements in compliance with their respective countries Modern Slavery Acts.

With "Modern Slavery" increasingly drawing social interest and concern, countries, especially in Europe, are accelerating the movement to enact laws aimed at protecting workers' rights or preventing child labour. Reflecting this context, Toyota is proactively working on the modern slavery statements (See below) through engagement and collaboration with the International Organisation of Employers (IOE), the International Labour Organisation (ILO), and NGOs.

1. UK and Australia

① TOYOTA UK

UK MODERN SLAVERY STATEMENT (Excerpt of Original Statement)

2020 For the financial year ending 31 March 2020

Modern slavery encompasses various exploitative acts such as slavery, servitude, forced or compulsory labour for the purpose of personal or commercial gain. Toyota (GB) PLC ("TGB") and Toyota Financial Services (UK) PLC ("TFS") together ("we"), ("us") continue to implement and endorse responsible business practices to ensure compliance with applicable modern slavery law and to uphold the integrity of our brands, 'Toyota' and 'Lexus'. This is our fifth joint statement under s.54 of the Modern Slavery Act 2015 ("the Act") and it sets out the actions we have taken to prevent modern slavery and human trafficking within our

businesses and supply chain since our last statement was published in September 2019 (“2019 Statement”).

We also work closely with our UK manufacturing operations, Toyota Motor Manufacturing (UK) Limited (“TMUK”), to share best practice and experience. This year we are publishing TMUK’s statement alongside our own to ensure customers, suppliers and other stakeholders have transparency in understanding our approach in this area.

This statement applies for the financial year ending 31st March 2020.

Supplier Audits

TGB continues to place greater responsibility on its suppliers to be transparent about their business operations. Through its auditing procedures, TGB monitors and assesses supplier’s compliance with the Act and recommends appropriate remedial and best-practice actions if needed. This allows us to strengthen the working relationships TGB has with its supply chain and to promote the welfare and wellbeing of their workers.

Over the last financial year, TGB has continued to conduct audits on higher-risk suppliers. Despite the outbreak of COVID-19, TGB has continued its audit activity, utilising technology to conduct audits where in-person audits have not been possible. The approach to audit continues to evolve, with TGB’s internal audit and procurement teams continually shaping the methodology matrix and audit checklist by which we select and assess key suppliers based on risk profile.

Provisions in Standard Terms and Conditions

TGB aims to ensure that high standards of ethical conduct are reflected within its supply chain by placing contractual obligations on all suppliers to comply with the Act. Specifically, these obligations include complying with all anti-slavery and human trafficking laws, maintaining their own policies and procedures and reporting any incidents or suspected incidents to TGB.

Whilst TFS's business is the provision of financial services and it does not actively source or distribute physical goods as part of its primary activities, it is aware of its responsibilities towards modern slavery within its business and operating model. TFS considers and assesses any risks in its services supply chain and its appointed distributors responsibilities and obligations toward modern slavery are reflected clearly in their contracts of appointment.

TFS includes the ability of a potential supplier to comply with modern slavery requirements as part of its due diligence criteria in its vendor management policy.

Mandatory e-Learning Training

Anti-slavery training forms an integral part of TGB's compliance programme. TGB requires all staff to complete mandatory e-learning training on an annual basis to enhance knowledge on this important topic and to promote ethical business practice. This training equips all staff and contractors with the necessary skills to be able to identify and report any acts of modern slavery both within and outside of the workplace.

TGB shall be expanding its resources beyond online training modules in the next financial year, by publishing regular articles on its intranet and delivering presentations on the topic of modern slavery. Unfortunately, plans to run compliance activities in-person during March 2020 were required to be postponed due to the pandemic.

Modern Slavery Policy

In line with its organisation's stance on eliminating modern slavery, TGB's Modern Slavery Policy provides a clear and robust framework for all staff and contractors to observe and adhere to. This sets a high standard for our key stakeholders to maintain and allows us to conduct business in an open and honest way. TGB expect all staff and its supply chain to abide by its policies and act responsibly in their commercial dealings to enable its organisation to foster an ethical corporate culture.

In addition, TGB has a whistleblowing policy in place which provides all staff and contractors with a simple process for reporting any concerns they may have in relation to modern slavery.

TFS's modern slavery policy is freely and easily available for its employees to access. Its review and understanding is supported and encouraged. As well as reflecting legislative requirements, the policy also acknowledges TFS's corporate approach to being a good corporate citizen and to acting ethically and with integrity. The same standards are expected of our suppliers and partners. Reporting processes for any suspected instances of modern slavery infringements are clearly stated.

Our Ongoing Commitment for Financial Year 2020/21

TGB and TFS are proud of the measures we take to eradicate modern slavery and continue to develop our procedures to identify and mitigate any actual or potential risks within our businesses and supply chains. We implement a zero-tolerance approach to modern slavery and strive to maintain a high-level of ethical conduct to uphold the integrity of our brands.

Over the next financial year, TGB shall continue to promote transparency in its commercial dealings by undertaking regular supplier audits and setting its expectations and standards through corporate policies and annual compliance activities.

As stated within the 2019 statement, TGB shall be exploring and embedding new initiatives to further heighten awareness of modern slavery within its business such as promoting the use of the Unseen³ App (www.unseenuk.org) which provides key information for spotting signs of modern slavery both inside and outside of the workplace.

This statement is approved on behalf of Toyota (GB) PLC and Toyota Financial Services (UK) PLC with signed versions being held and stored securely.

³ www.unseenuk.org

(Excerpt of Original Statement)

② TOYOTA AUSTRALIA⁴

Endorsement from the Board of Directors

Toyota Motor Corporation Australia (TMCA) is committed to the rights and freedoms of all people and our company shares this vision with our Toyota affiliates on a global scale. As you will see throughout the report, our company has taken many steps to address modern slavery practices that may exist in our operations and supply chain. We believe that our actions in this area, both in the short and long term, will make life better for affected people both in Australia and around the world.

This statement was approved by the Board of Toyota Motor Corporation Australia on 1 December 2020.

Toyota Australia

Toyota Motor Corporation Australia Limited Since its foundation in 1937, Toyota has continuously strived to contribute to the sustainable development of society and the planet by providing high quality and innovative products and services. It's a principle that Toyota Motor Corporation Australia Ltd (TMCA) has continued to uphold since its inception in 1963, which has helped to cement its position as Australia's leading automotive company. This modern slavery statement addresses the work TMCA and Toyota Community Foundation Australia Pty Ltd (TCFA) has undertaken to assess, address and mitigate the risks of modern slavery in our operations and supply chains in FY20.

⁴ <https://www.toyota.com.au/-/media/toyota/main-site/home-page/files/anti-modern-slavery-statement-2020.pdf>

TMCA is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a publicly listed company (Japan) and Japan's largest vehicle manufacturer. TCFA is a wholly owned subsidiary of TMCA and is Trustee for the Toyota Community Trust (TCT), the philanthropic arm of TMCA. TMCA has a long-term commitment to human rights and is guided by the Corporate Social Responsibility (CSR) Policy⁵ (<https://global.toyota/en/sustainability/csr/policy/>).

The global CSR Policy outlines Toyota's Guiding Principles, the focus of the brand on sustainable development and its expectations, both for itself and its suppliers, regarding sustainability and human rights. Since 2008, the CSR Policy has included Toyota's commitment, and expectation, of its suppliers, to respect human rights, including by not using or tolerating any form of forced or child labour in its operations and supply chains, and through the recognition of the rights of its employees to freely associate, or not to associate.

G) Japan ; Foreign Workers in Japan Are Vulnerable to Human Rights Violation

Toyota is aware that the foreign workers (including, foreign technical intern trainees, specified skilled workers, and international students) and migrant workers in Japan can be particularly vulnerable to labour exploitation and forced labour. Toyota also recognises that it could potentially find this sort of risk within the company or its supply chain as a result of the nature of their business.

⁵ <https://global.toyota/en/sustainability/csr/policy/>

Therefore, as part of its human rights DD, Toyota has been working with NGOs to ensure proper working conditions for all the foreign workers within the company and its supply chain both inside and outside of Japan.

Using the ASSC Tokyo Declaration 2020 as a guideline, Toyota has conducted measures that help the company promote responsible employment and ensures human rights for foreign workers in Japan in line with the global expectation.

1. Foreign Workers Survey (Toyota group companies and their Tier 1 suppliers)

From December 2019 to January 2020, Toyota conducted a survey of the supply chain in Japan. The outline and key findings of the survey are summarised as follows:

- ① Scope of Survey
 - i. 11 Toyota group companies
 - ii. 108 of their Major Tier-1 Suppliers
- ② Agenda of Survey
 - i. Entry routes of foreign workers to Japan
 - ii. Cost and fees related to the foreign workers
- ③ Result
 - i. 83 companies accepting foreign workers
 1. 46 companies accepting Vietnamese
 2. 37 companies accepting except for Vietnamese
 - ii. 36 companies accepting no foreign workers
- ④ Findings
 - i. A lot of Vietnamese technical intern trainees are in the supply chain
 - ii. There were reported cases where high fees were collected

Priorities

The survey found that there are many foreign technical intern trainees from Vietnam working in the supply chain of automobile manufacturing companies and that some of them had reported that they had paid high fees before entering Japan. Responding to these findings, Toyota considered the recruitment fees that Vietnamese technical intern trainees were paying as a prioritised human rights issue and have thus far launched projects to address it.

Supervising Organisations

One of the findings of the survey is that there are a total of 40 supervising organisations under the umbrella of 46 companies accepting Vietnamese technical intern trainees. The survey also found detailed information about the fees that supervising organisations collect from accepting companies, such as management fees or service fees to help accepting companies with complicated procedures to accept technical intern trainees.

Sending organisation in Vietnam

While the survey provided some important findings, it also suggested the need for further investigation. The national laws in Vietnam stipulate that pre-dispatch education for foreign technical intern trainees should be no more than 5.9 million VND per month and dispatch fees collected by sending organisation for its service, should be no more than 3,600 USD. However, some trainees reported that they had paid more than that before they entered Japan. Although a secondary survey was conducted on this matter, the collection of fees that exceeds the legal limit was not confirmed. ASSC's analysis of this survey, in reference to known indicators about the Foreign Technical Intern Training Program, confirms that further investigation was needed.

2. Foreign Workers Survey (Toyota's Tier-1 Suppliers (Japan only) and Consolidated Subsidiaries)

Following the previously-mentioned survey, Toyota also conducted a survey of Toyota's Tier-1 suppliers and consolidated subsidiaries in Japan. The outline and key findings of the survey are summarised as follows:

- ① Scope of Survey
 - i. 276 Tier-1 suppliers of Toyota
 - ii. 203 consolidated subsidiaries
- ② Agenda of Survey
 - i. Utilization of the foreign workers in each company
 - ii. Procedure for accepting technical intern trainees (Supervising organisation type / Individual enterprise type)
 - iii. Nationality of foreign technical intern trainees
 - iv. Number of current foreign technical trainees and future prospects for the number of trainees
- ③ Result
 - i. 124 Tier-1 suppliers of Toyota
 - ii. 43 consolidated subsidiaries

This survey was conducted with an aim to understand the problems suppliers face related to the acceptance of foreign workers and how they affect the supplier's business, so that Toyota can plan and implement measures to enhance its entire supply chain.

Nationality and number of foreign technical intern trainees

The survey confirmed that 6,300 foreign technical intern trainees are accepted by Toyota's Tier-1 suppliers. We found that the countries dispatching technical internship trainees were mainly comprised of China and various South East Asian countries such as Vietnam, Laos, Thailand and Indonesia.

Concerns in accepting foreign workers

Concerns in accepting foreign workers that suppliers and consolidated subsidiaries raised during this survey can be summarised as below.

- ① Difficulties in communication
- ② A lot of effort is required to accept foreign workers
- ③ Difficulties in managing and ensuring foreign workers comply with company rules
- ④ Confusion over very complex procedures of the Foreign Technical Intern Training Program. It is challenging to understand them correctly.

3. Understanding the Use of Foreign Workers (Supplier Engagement)

After implementing the foreign worker survey, Toyota visited two operating companies in the supply chain to check on the actual situation regarding their use of foreign workers. These two companies reported that foreign technical trainees had vacated their posts prior to the end of their contracts.

Toyota decided to investigate the possible causes for the situation, specifically relating to workplace conditions and employee welfare. After the investigation, Toyota found the situation regarding the dormitories and wages for foreign technical trainees was acceptable. The wages were confirmed to be the equivalent to the basic salary of a Japanese graduate, and the dormitories were equipped with the basic requirements, and even included Wi-Fi access. Therefore, Toyota concluded that the situation within the 2 suppliers investigated, did not infringe on any labour or human rights. However, it remains that the conclusions above have still not provided any insight on the initial problem of the technical trainees vacating their posts before the end of their contracts. Further investigation and consultation revealed that other factors like labour brokers who illegally redeploy foreign workers in Japan could have a role to play in this issue.

H) Measures to Solve the Issues with Foreign Workers

1. Sustainability Workshop (online media)

As one of Toyota's human rights due diligence efforts in Japan, a sustainability workshop was planned and created by both Toyota and ASSC and distributed online. The training media from the workshop was distributed to around 300 Tier1 companies in the supply chain. Toyota also requested to their Tier1 suppliers to introduce this media contents to their suppliers. As a result, more than 11,000 views over a period of three months from September to December 2020 was recorded. This was one of the measures implemented to help reduce the risk of human rights violations in their supply chain, and to improve the overall knowledge of sustainability throughout the supply chain. It is believed that this training could provide relief to foreign workers and resolve issues that the suppliers are experiencing, as identified from the surveys mentioned above.

2. Toyota Group Labour Management Workshop (held 12 times a year)

This is a monthly workshop focused on labour management which is held with Toyota group companies. Within this workshop, UNGP and other global sustainability activities of companies are studied and discussed. In December 2019, an external Human Rights Specialist was invited to the group to discuss the challenges of foreign workers in Japan and migrant labour issues overseas. Supervising Organisations related to the business partners in the supply chain were also in attendance. The group worked to create a foundation for collaboration with stakeholders to address various issues surrounding foreign workers.

3. Stakeholder Engagement

① Participation in the Foreign Workers Round Table

Toyota has been participating in the ASSC's Foreign Workers Round Table (hereafter, "the Round Table") in order to understand the human rights risks associated with foreign workers in Japan and to consider measures that Toyota can undertake. Some of the aims of the Round table was to improve knowledge of the problems of foreign workers face in the supply chains of Japanese companies, to make recommendations on how to solve these problems, and to create the necessary foundations for accepting foreign workers. Participants from various sectors, including government agencies, companies, researchers and NGOs, gathered to discuss the issues from their various perspectives, and then met in sub-committees of the Round Table to discuss concrete measures for the responsible acceptance of foreign workers.

② Creation and Participation in the Japan Platform for Foreign Workers towards Responsible and Inclusive Society (hereinafter referred to as, JP-MIRAI)

Toyota has been involved with JP-MIRAI since its inception, along with other companies that participated in the Foreign Workers Round Table. Toyota participates as an advisory company. JP-MIRAI is jointly administered by Japan International Cooperation Agency (JICA) and ASSC. In contribution towards the target for the 2030 SDGs, it aims to improve the working and living conditions of foreign workers by promoting their responsible acceptance and responsible employment, thereby creating a prosperous and sustainable society thus making "Japan, a country that is trusted and chosen by workers around the world."

By participating in JP-MIRAI, Toyota intends to create a better living and working environment not only for its own supply chain, but also for foreign workers in Japan for all forms of employment.

I) Proposal for the Next Fiscal Year and thereafter

1. Investigation into the legitimacy of fees charged to sending organisations for the acceptance of foreign workers (technical trainees).

In order to eliminate the recruitment fee burden on foreign workers especially technical intern trainees in Japan, it is very important to collect information on the breakdown of the actual costs incurred. Thereafter an analysis can be conducted to find out what the so-called 'reasonable cost' would be. It is necessary to define the contents of what can be considered as a reasonable cost in order to reduce the current commission costs identified in this year's survey. Transparency of costs (e.g. language training fees, passport application fees, referral fees, etc.) would then enable both sending and receiving countries to clearly identify the costs of recruitment services and to request cooperation in reducing the burden on workers.

2. Lobbying with Supervising Organisation to Ensure Responsible Employment

In order to oversee the process of recruiting foreign workers and to ensure proper acceptance, it will be necessary to request that current supervising organisations adhere to the requirements listed below, or to find a supervisory body that can fulfill such requirements and establish a transparent management system.

(Requirements; To request the sending organisation to ensure responsible employment / To coordinate with a supervising organisation that is able to meet such requirements such as making recruitment costs transparent / Ensuring reporting obligations / Properly supervising during the implementation of technical training / Providing comprehensive support for foreign workers / Providing consultation services and building an effective support system)

3. Collaboration for Tackling Social Issues

The social issues related to foreign workers cannot be completely resolved by individual companies alone. When we look at the overview of issues that foreign workers face, we find that in some cases they are not only caused by the situations in Japan but also are caused by those in the sending country. In these situations, cooperation and collaboration with external organisations will be necessary in order to build influence to solve the problems.

Conclusion

We would like to express our sincere gratitude to the Sustainability Office of Toyota Motor Corporation, the Human Resources Department, and related departments (Purchasing Group, etc.) for their great cooperation in this report.

Regarding this survey, as mentioned above, we were able to grasp the human rights and labour issues of foreign workers in Japan and confirmed the current response of Toyota Motor Corporation.

At present, international NGOs and the media have criticized the working environment and living environment of foreign workers. However, regarding Toyota's human rights DD effort for the supply chain within the automobile sector, ASSC cannot for certain say that Toyota has removed all possible human rights violations. On the other hand, Toyota promotes their human rights DD activities in line with UNGP, therefore the situation can only improve from here onwards.

Collaboration with other organisations and NGOs together with Toyota's human rights due diligence process leads to improvements for the supply chain and related stakeholders. Considering Toyota's human rights DD activities, some could be considered as advanced which ASSC has recognised as leading practices.

Instead of unilaterally directing criticism to each company, activities with ASSC and various organisations are aimed at solving the problem by taking actions that emphasize the relationship with stakeholders thereby realizing better engagement, and thus leading to the implementation of realistic measures.

Furthermore, in the next fiscal year, in order to reduce the human rights risk of foreign workers, Toyota needs to identify the specific "location" of foreign workers in the supply chain, the employment path they have taken to reach their respective employers, this can be considered as the "Corridor" to employment. By identifying the type of organisation that is involved in the path, it would be possible to reduce the fees borne by workers by incorporating some strategic planning.

Although the main purpose for this report is to disclose Toyota's human rights DD activities, in the future this report would also serve as a steppingstone for other Japanese companies to elevate their sustainability activities.

This report is a significant achievement for our organisation and will serve as a guideline for our future activities. We would like to reaffirm our purpose of creating a sustainable world and promote highly effective activities.

The Global Alliance for Sustainable Supply Chain

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