



FIO Automotive Canada Corporation

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May 31, 2024

BILL S-211

An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

Modern Slavery Statement for the Financial Year ended 2023

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. This statement outlines the approach and initiatives by FIO Automotive Canada Corporation ("FIO") to identify and address the risks forced labour and child labour in its business operations and supply chains during the financial year commencing April 1, 2023, and ending March 31, 2024.

Commitment to respecting human rights

FIO respects the laws and regulations of every country and region around the world in the pursuit of its business activities as part of a framework for implementing the UN Guiding Principles on Business and Human Rights and in accordance with international norms such as the Universal Declaration of Human Rights.

Group Structure and Activities

FIO was established in 2002 and began production in 2003. Located in Stratford, Ontario, FIO is a subsidiary company for Futaba Industrial, which is located in Aichi Japan.

FIO operates under the principles of lean manufacturing to supply steel body components to 5 Toyota plants in North America. Our supply base contains approximately 275 suppliers that fall into one of two categories: suppliers of raw materials for production or suppliers of MRO items.

Supply Chain

FIO's suppliers of raw materials are mostly based in North America and consist of steel processors and steel stamping facilities. Most of these suppliers are awarded business by our customer on our behalf based on the evaluation of these suppliers by Toyota. We also source a small portion of raw material from our parent company in Japan (Futaba Industrial) via a third-party shipping company who consolidates ocean freight with other Japanese owned Toyota suppliers.

The MRO suppliers FIO uses are awarded business through internal evaluations at our facility. They include manufacturers of personal protective equipment, maintenance items for the facility and administrative supplies to name a few. They are also mainly located in North America with some specialty equipment manufactures being in Japan and Europe.

Risks in Supply Chain

In the event that any of our business partners or other relevant parties engages in or promotes an act that has a negative impact on human rights, the partner or the like will be required to respect and not infringe upon those human rights.

To support our lean manufacturing principles our supply chain operates in a just in time environment. Material arrival is planned based on the day and sometimes the hour at which it is needed. This means that any external factors that impact the planned material arrival time can jeopardize the success of our plant. We mitigate these risks by identifying gaps in the pipeline of material as early as possible. The majority of these gaps can be corrected through root cause analysis and counter measure implementation.

Actions Taken

We respect human rights and each individual employee, the following is taken from our “Supplier Sustainability Guidelines” which is posted on our parent company website:

(<https://www.futabasangyo.com/en/profile/customer/>)

Child labour: Do not accept labour by children who have not reached the legal minimum age for employment prescribed in local laws and regulations etc.

Migrant labour, forced labour:

a. Assure that all work to be a voluntary basis and employees can leave work or terminate their employment of their own volition. Do not tolerate forced labour by means of violence and threat or by entrapment of debt, or any other form of modern slavery and human trafficking.

b. Do not require employees to surrender passports, government issued identifications, or work permits as a condition of employment. Do not exploit employees with high recruitment fees and other costs deemed unreasonable as a condition of employment.

Risk Assessment

Per the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we disclose whether the products we manufacture or contract to manufacture contain “conflict minerals”. This requires us to map our supply chain and survey it to ensure compliance. This is an annual activity with our supply chain partners.

Remediation

In the event that one of its own business activities directly causes a negative impact on human rights, or an indirect impact by one of its suppliers or other relevant parties is identified, FIO will work to correct and remedy that impact by the appropriate means.

Training

FIO will carry out the appropriate education and training so that this policy can be incorporated into all its business activities and implemented effectively. Furthermore, FIO will make every effort to prevent and remedy any adverse impact on human rights by thoroughly disseminating this policy.

Effectiveness Assessment

We have ensured all suppliers are aware of modern slavery by incorporating prohibition of child or forced labour into our terms and conditions which are referenced on every purchase order and is available for review in section 14 at <https://futabanaem.net/>.

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending 03/31/2024. It has been issued on behalf of FIO Automotive Canada Corporation and approved by FIO Automotive Canada Corporation board of directors.

Jason Pilkey
President, FIO Automotive Canada Corporation