

ORIX Australia
Corporation Limited's
**Modern Slavery
Statement**



For the Financial Year ending
31 March 2022

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Opening Statement

This Modern Slavery Statement was approved by the board of ORIX Australia Corporation Limited in their capacity as the principal governing body of ORIX Australia Corporation Limited on 27 September 2022.

Pursuant to the requirements of the Modern Slavery Act 2018 (Cth), the contents of this Statement have been reviewed and confirmed as accurate by a duly authorised person.

This statement is signed by Reggie Cabal in his role as the Managing Director and Chief Executive Officer on 27 September 2022.



Reggie Cabal
MD and CEO - ORIX Australia and New Zealand



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Part One: Our Approach, Our Structure, Our Business and Our Supply

Our Approach

1. This is the third Modern Slavery Statement made by ORIX Australia Corporation Limited pursuant to the Modern Slavery Act 2018 (Cth) ("the Act").
2. As part of the global ORIX Corporation group ("the **ORIX Group**"), we are committed to building and being a part of a sustainable society. We believe that in order to be true to ORIX's core values of pride, trust and respect, we need to continually invest in and ensure that our supply chains are positively contributing to society, including the wellbeing and fundamental human rights of those individuals interacting in them.
3. As a signatory to the UN Global Compact, the ORIX Group has made a public commitment to support the sustainable development goals (including reduced inequalities, sustainable industry and responsible consumption and production).
4. During the reporting period we have continued to identify and address modern slavery issues across our operations and supply chains, both in adherence to our obligations under the Act, but also as part of our commitment to supporting the sustainable development goals.

Part One: Our Approach, Our Structure, Our Business and Our Supply

Our Structure

5. This statement is lodged on behalf of the mandatory reporting entity, ORIX Australia Corporation Limited ("**OACL**") – ABN **79 002 992 681**.
6. We are wholly owned by ORIX Corporation, which is a global corporation based in Japan and is listed on the Tokyo Stock Exchange and on the New York Stock Exchange.
7. During the reporting period, OACL had approximately 240 employees and contractors. These staff are engaged in a variety of roles, including sales, rental, customer service, corporate functions, administration and vehicle operations.
8. OACL headquarters are located in Macquarie Park, Sydney. We have eight other offices across Australia located at Ingleburn (NSW), Laverton North (VIC), Eagle Farm (QLD), Rocklea (QLD), Townsville (QLD), Adelaide (SA), Wingfield (SA) and Kewdale (WA).
9. OACL controlled one operational entity during the reporting period, ORIX New Zealand Limited ("**ONZ**"), which is indirectly owned by OACL. ONZ is headquartered in Newmarket, Auckland and trades exclusively in New Zealand. ONZ had approximately 105 employees and contractors during the reporting period. We refer to OACL and ONZ together as 'OACL' throughout this statement, unless otherwise specified.
10. OACL also wholly owns the following non-operational entities, which have not entered any form of supply contracts, employed any staff and have all remained effectively dormant during the reporting period. On that basis, these entities have not formed part of our modern slavery risk assessment or response:
 - ORIX Australia (Securities) Pty Ltd – ABN 15 003 968 401
 - ORIX Australia (International) Pty Ltd – ABN 66 003 572 950
 - ORIX Hire Pty Ltd – ABN 75 087 514 565
 - ORIX Australia (Real Estate) Pty Ltd – ABN 96 120 129 633
 - ORIX Australia (North Queensland) Pty Ltd – ABN 50 120 135 917
 - Australia (Southern Queensland) Pty Ltd – ABN 48 120 135 908

Part One: Our Approach, Our Structure, Our Business and Our Supply

Our Business

11. OACL is primarily a services provider of the following:

- Operating and finance leases of motor vehicles;
- Novated leases of motor vehicles;
- Loans for business vehicles;
- Selected salary packaging services;
- Short term vehicle hiring; and
- Management of vehicle fleets.

The vehicles leased, hired and managed include passenger and light commercial vehicles, heavy commercial vehicles, equipment and machinery.

12. During the reporting period we launched a new product line, specialised finance, which provides asset finance, fund the funder and scale up finance to direct borrowers and wholesale lenders. This new product, while significant for expanding our business offering, has not significantly impacted our operations or supply chains. Accordingly, the overall assessment of our modern slavery risk exposure has not materially changed since the last reporting period.

Part One: Our Approach, Our Structure, Our Business and Our Supply

Our Supply Chain

13. OACL engaged approximately 2,000 direct suppliers during the reporting period. All of our suppliers are either based in Australia or New Zealand.

14. These suppliers provided us with a variety of services and products including the following:

- Motor vehicles;
- Motor vehicle repairs and maintenance services;
- Motor vehicle replacement parts;
- Petrol and diesel products;
- Business and market research services;
- Computer and technical services;
- General industrial machinery;
- Banking services;
- Insurance services;
- Accounting services;
- Employment hire services;
- Real estate services;
- Legal services;
- Telecommunication services;
- Equipment hire;
- Wholesale trade.

Part Two: Our Operations and Supply Chain Risk

1. During the reporting period, OACL did not receive any reports of actual or suspected instances of modern slavery either within our operations or our supply chains.
2. OACL partnered with external consultants to undertake a risk assessment using proprietary technology to analyse the cumulative modern slavery risk through to the tenth tier of our supply chains, through assessing the complex interaction between factors including:
 - Total supplier spend amount (i.e. the value of our direct supplier contracts);
 - Industry category, including industries that, in turn, feed into particular categories further down the supply chain;
 - Geographical area of operation; and
 - Depth of tiering within the supply chain(s)- e.g., 3rd tier supplier, 5th tier supplier, etc.
3. Using the procurement data for OACL and ONZ, the proprietary risk assessment has identified that our overall modern slavery risk exposure is predominantly concentrated at (and beyond) the third tier of our supply chain.
4. The risk assessment also identified the industry categories with the highest relative modern slavery risks in our supply chain:
 - Australian and New Zealand Retail Trade;
 - Australian Electrical Equipment; and
 - Australian Petrol and Diesel.

Part Two: Our Operations and Supply Chain Risk

Australian and New Zealand Retail Trade

5. The industry category of 'Retail Trade' includes all of the motor vehicle dealership suppliers we engaged with across Australia and New Zealand. We have over 500 suppliers in Australia and New Zealand operating in this category. Because such suppliers are crucial to our operations, as a provider of financial and leasing services for the vehicle sector, this industry category accounts for an overwhelming portion of our annual procurement spend. This is a factor that elevates the modern slavery risk, but also provides greater potential to exert commercial leverage.
6. The supply chains of motor vehicles procured by our direct suppliers are extensive and complex, with one study indicating that an estimated 30,000 parts are required in the manufacture of an average vehicle. This inherent complexity, combined with our high relative spend in this category, has resulted in the industry being identified as a source of supply chain risk exposure. On a global scale, there is an array of potentially high-risk inputs required to manufacture vehicles, including, for example:
 - **Leather** used for vehicle upholstery may potentially be tainted with child labour and forced labour, including at the primary production stages (cattle raising) and associated with leather tanneries in countries such as India, Bangladesh and Vietnam;
 - Many metallic paints and vehicle braking systems contain **mica**, which may potentially exploit child labour when mined in India and Madagascar;
 - The production of **iron ore** and **charcoal** used to make pig iron (a key component of steel) has been widely associated with deceptive recruitment practices targeting migrant laborers in Brazil;
 - **Rubber** (used for tyres and seals) has been linked with child and forced labour in South East Asia and Liberia.
7. The end-stage assembly process of automotive vehicles occurs offshore, often in higher risk countries such as China and Thailand, which have a higher prevalence of modern slavery. This combination of intersecting risk factors highlights the complex nature of supply chain risk. It also reflects the results of our risk assessment, which clearly identified the greatest areas of risk as being situated deeper in our supply chains (tier three and beyond).
8. Future due diligence will be tailored towards working with our vehicle suppliers to educate and encourage them to adopt appropriate risk mitigation frameworks and mechanisms to address supply chain risks. Specific planned initiatives include awareness raising (including provision of training resources) focused on less-sophisticated, non-reporting entities, and incorporating express modern slavery contract clauses in future dealership agreements.

Part Two: Our Operations and Supply Chain Risk

Australian Electrical Equipment

9. Suppliers in this industry category have been identified primarily due to the risks associated with the supply chain of electrical goods and battery products.
10. Australia imports a large proportion of electrical products from Malaysia and China, which are both widely reported to have a high prevalence of forced labour in the electronics manufacturing sector. The risks also arise 'further down the supply chain' from a commonplace reliance on conflict minerals in hardware product componentry (e.g. batteries). These minerals can be illegally mined by enslaved workers in conflict zones such as the Democratic Republic of Congo.

Australian Petrol and Diesel

11. The final category of supply chain risk exposure is Australian Petrol and Diesel suppliers. Like the Retail Trade category, OACL has significant procurement expenditure in this category. The risks associated with this category arises from the refinery suppliers used by our direct suppliers. Typically, oil and other mining extractives operations occur in higher risk geographies, and workers in this industry may be exposed to hazardous and geographically isolated conditions. There are also risks associated with domestically extracted crude oil, with resources' industries being higher risk sectors for forced labour in Australia, due to the widespread use of labour hire agencies, the short-term nature of work and demand for migrant and base skill workers.

Operational Risk Assessment

12. In addition to analysing the risk in our supply chains, OACL has also assessed the risk associated with our operations. We do not consider there to be any material risk of modern slavery occurring within our direct labour force, because we are a financial and leasing services services provider that uses a variety of recruitment controls, detailed further below. However, we acknowledge the potential for modern slavery risks that might be related to our broader day-to-day operations. The use of services required for the operation of our offices across Australia and New Zealand, such as cleaners, catering services and building security are areas of potential risk that we are monitoring on an ongoing basis.

Part Three: Our Actions

1. The OACL Modern Slavery Response Framework for addressing modern slavery includes five key action pillars:
 - Policies & Procedures;
 - Safe reporting;
 - Staff capabilities through training;
 - Improving supply chains and supplier engagement;
 - Recruitment practices.
2. OACL has undertaken certain measures to identify and address modern slavery in our operations and supply chains within this Framework during the reporting period, set out below.

Policies & Procedures

3. The OACL Modern Slavery Response Framework consists of the following policies to articulate the standards required by our employees, suppliers and others.
4. We are continually evaluating how to enhance our modern slavery response through this Framework. During the reporting period, we revised our Supplier Code of Conduct and have released our inaugural Environmental, Social and Governance Statement.

Part Three: Our Actions

Policy	Overview
Modern Slavery Policy	<p>The Modern Slavery Policy outlines OACL’s commitment to addressing all forms of modern slavery within our business dealings and supply chains.</p> <p>The Policy also establishes our commitment to providing regular training to our employees, so they have the capability to fulfill their obligations under the Modern Slavery Policy to prevent, detect and report suspicions of modern slavery in any part of our business or supply chains.</p> <p>We set out our expectation for our suppliers to adhere to similar standards of transparency in tackling modern slavery. To enable this, we commit to (where appropriate considering the safety and welfare of local workers) providing support and guidance to our suppliers to help them address coercive or exploitative work practices in their own business and supply chains.</p>
Whistleblower Policy	<p>The Whistleblower Policy provides the tools to assist our staff, suppliers, customers and relevant third parties to make a protected disclosure which includes disclosures about breaches of the Modern Slavery Policy and legislation.</p> <p>The Policy sets out the details of internal eligible recipients to whom a protected disclosure can be made and the contact details for our external whistleblower service.</p> <p>The Whistleblower Policy also sets out the process OACL will take to investigate disclosures and protections available for people making protected disclosures, to ensure that they are not victimised. This Policy is published on our website to increase its visibility.</p>
Third Party Agents Policy	<p>This Policy commenced operation in March 2021 and applies to our interactions with third parties (including suppliers, customers and agents). It sets out that OACL will undertake a due diligence risk assessment of all third party agents prior to our engagement and establishes a requirement for annual reviews of third party agents.</p> <p>The document embeds references to our Modern Slavery Policy and Supplier Code of Conduct, as part of our third party risk assessment process.</p>
Group Code of Conduct	<p>The Group Code of Conduct is in operation across the ORIX Group.</p> <p>The Code cements our respect for human rights within our workplaces, details our commitment to ensure that we are not complicit in broader forms of human rights abuses and sets out the Group’s support for the United Nations Global Compact, which the Group is a signatory to.</p>

Part Three: Our Actions

Policy	Overview
Supplier Code of Conduct	<p>This Policy was created before the reporting period to clearly outline our expectations for suppliers in relation to key issues, including, but not limited to, child labour, upholding the elimination of forced labour, requiring appropriate working hours, respect for freedom of association, and safe and appropriate working conditions for employees. We have set out in the Code that any breaches should be reported to our independent whistleblower service and includes contact details to facilitate reporting.</p> <p>A focus area during the reporting period has been to maximise the uptake of new suppliers that are expressly bound by the Code, with agreement to it now being integrated into our supplier contracts as much as possible.</p>
ESG Reporting	<p>OACL released our inaugural Environmental, Social and Governance Statement during the 2022 financial year, which reports on our organisational efforts in key areas of corporate citizenship. Specifically in relation to modern slavery, OACL has used this statement to detail our efforts to support Principle 24 of the UN Guiding Principles, in prioritising our action to address adverse human rights impacts in the first two reporting periods. This has included reporting on our modern slavery policies and our supplier engagement, onboarding and management process, previously reported on in our First and Second Statements.</p> <p>Moving forward, we intend for our action in relation to modern slavery to operate in tandem with our broader ESG strategy and framework. This new reporting mechanism will provide another forum to encourage organisation-wide support for our response to modern slavery, increasing transparency, and assisting with measuring progress.</p>

Safe reporting

5. The 'safe reporting' pillar is focused on facilitating reports of instances or suspicions of modern slavery in our operations and supply chains. During the reporting period we have supported this through the ongoing operation of our Whistleblower Policy (detailed above). To improve staff awareness of this mechanism, our training module (detailed below) focused on informing staff about the existence and operation of this Policy in the context of our Modern Slavery Response Framework.
6. We acknowledge that an absence of reports does not necessarily equate to the non-existence of actual modern slavery risk factors, particularly within our supply chains.

Part Three: Our Actions

Staff Capability Through Training

- 7.** One of the key 'next steps' we committed to in previous statements was continued training for our staff. During this reporting period, we rolled out mandatory training to our staff covering the following areas:
 - Providing a detailed understanding of the various forms of modern slavery, including guidance to distinguish between forms of modern slavery and forms of worker exploitation such as underpayment of wages.
 - An introduction to the current context of modern slavery, both globally and within the Australian landscape, including an overview of our legal obligations as a reporting entity.
 - The relevance and expectations for our employees in assisting to address modern slavery beyond simply complying with legal obligations, including the alignment with ORIX values and organisational commitment to improving the integrity of supply chains.
 - A detailed overview of the OACL Modern Slavery Response Framework and key pillars, such as our approach to assessing supply chains and engaging with suppliers. This overview also identifies the special roles of stakeholder departments such as procurement and people and culture in screening for risks.
 - Reference to our modern slavery related policies, how they operate and where to access further information.
 - Guidance on the proper process for reporting suspicions or concerns both through internal reporting mechanisms and externally to relevant law authorities, including sensitivity cautions for engaging with potential victims.
- 8.** 100% of eligible staff* across our Australian and New Zealand offices completed the training. *Eligible staff means staff who were not on parental leave or long service leave during the reporting period.
- 9.** To assess whether our staff have had a measurable improvement in their awareness of modern slavery and our organisational response, we have instituted an assessment module to complement the training.
- 10.** All new employees are also required to complete the training course as part of their formal induction.
- 11.** OACL intends, as part of our continuous improvement approach, to continue in future reporting periods annual staff training programs to continually build capabilities. We will particularly focus on continuing to deliver targeted training to key departments responsible for the onboarding and management of suppliers, executive team members and the legal and compliance functions.

Part Three: Our Actions

Improving Supply Chains & Supplier Engagement

12. A major element of our modern slavery response is our approach to engaging with suppliers is to deepen our understanding of actual areas of supply chain risk exposure, including through:

- Risk assessment
- Supplier screening, onboarding and management process
- Communicating standards to suppliers
- Modern slavery clauses

Risk Assessment

13. We engaged external consultants to perform an annual risk assessment of our supply chains to the tenth tier, using the proprietary technology developed by our external consultants (detailed at Part Two). The results of the assessment continue to inform our targeted due diligence efforts in ensuring that resource allocation corresponds appropriately with relative levels of risk exposure.

Supplier Screening, Onboarding and Management

14. As detailed in previous statements, OACL has established a process of supplier selection, onboarding and management to address modern slavery at all points of engagement with our suppliers.

Prior to onboarding a supplier

- A. Controlled selection process**
- B. Risk-based supplier probity procedure required to be performed based on initial risk assessment of the supplier**

Onboarding a supplier

- C. Obtain evidence, certifications and statements from supplier**

Annual checks

- D. Obtain evidence, certifications and statements from supplier**
- E. Annual supplier risk reviews**
- F. Audits performed without notice**

Disciplinary process

- G. Disciplinary process (including removal of a supplier from the vendor list) should the supplier fail any aspects of the supplier probity procedure and/or annual checks**

Part Three: Our Actions

15. The following Table sets out a progress overview for the reporting period, and identifies areas that we plan to focus on in the upcoming reporting period:

Action Area	Description	Progress Update
Controlled Selection process (A)	<p>The selection of our suppliers is controlled by subject matter experts, with qualified mechanics actively engaged in approaching and vetting repairs and maintenance providers that are in the small to medium business category across metropolitan and regional Australia and New Zealand.</p> <p>These subject matter experts are supported with initial supplier checklists and ORIX Supplier Code of Conduct tools to initiate conversations and to understand where those suppliers sit on the spectrum of compliance including but not limited to employment laws, health and safety and service delivery.</p>	OACL has continued to utilise the onboarding system during FY22 and we have now integrated our updated Supplier Code of Conduct.
Risk-based Supplier Probity Procedure (B)	The selection process is supported by a robust supplier probity and due diligence process, involving verification of the company's existence and key details through company searches, verification of both online and physical presence. This supplier probity process is scalable depending on risk factors, with higher risk suppliers subject to a more detailed review.	We have continued this requirement for new suppliers during the reporting.
Initial and Ongoing Evidentiary Requirements for Suppliers (C/D)	We require our suppliers to provide copies of relevant licences, insurance certificates of cover and compliance statements (including compliance with the ORIX Supplier Code of Conduct) both in the onboarding process, annually and on request.	OACL is managing this process both at onboarding and annually.
Annual Supplier risk review (E)	Our team of subject matter experts continually (and, at the minimum, annually) evaluate our suppliers based on performance factors (including reliability, cost compared to market, quality of work, customer feedback etc) as well as non-performance factors, including modern slavery risks.	This step has occurred, on a limited basis, during the reporting period.

Part Three: Our Actions

Action Area	Description	Progress Update
Audit performed without notice (F)	The majority of our suppliers have agreed to be subject to audit procedures as a term of engagement.	Due to resourcing constraints with the continuation of the COVID-19 pandemic, fewer audits were undertaken during the reporting period than scheduled.
Disciplinary Process (G)	If any exceptions in the requirements in (A) to (F) above are flagged, we would engage directly with the supplier to work with them to resolve or remediate the issues noted. However, should the supplier prove unwilling or unable to improve its practices, we would have a process where that supplier is no longer used or included in the vendor list.	No disciplinary processes occurred during the reporting period.

16. We will continue to enhance our supplier management processes to ensure we have a full view of our supplier's compliance with the ORIX Supplier Code of Conduct, including the focus on labour conditions, human rights and modern slavery. We are also increasing the requirement for our key suppliers to complete compliance checklists. These checklists require suppliers to answer questions relating to their modern slavery compliance, among other governance areas.

Communicating Standards & Educating Suppliers

17. We issued training material to the suppliers identified as our highest risk, determined using the results of the proprietary risk assessment (detailed above at Part Two). We provided the selected suppliers with a written resource developed by the 'Walk Free' foundation, which includes a plain language explanation of key issues relating to modern slavery.

18. As detailed above, we have also used the process of requiring our suppliers to adhere to the Supply Code of Conduct as a way to communicate our modern slavery due diligence standards to our suppliers. We will continue to use this process in future reporting periods, as OACL enters into new supply relationships.

Part Three: Our Actions

Modern Slavery Clauses

- 19.** During the reporting period, OACL has continued the process of integrating modern slavery provisions within our new dealer agreements and other supplier agreements. These clauses require our suppliers to comply with all modern slavery related legislation and operate in a manner that is consistent with key international instruments including the UN Declaration of Human Rights and the UN Guiding Principles.
- 20.** We will continue integration of these clauses as part of our approach to addressing the identified elevated risk relating to this group of suppliers, as identified in our initial risk assessment and detailed above at Part Two
- 21.** In addition to dealership agreements that are up for renewal, ORIX is continuing the roll out of express modern slavery provisions in other major supply contracts, including for our major outsourced commercial property real estate and facilities manager in Australia.

Recruitment practices

- 22.** As touched on in Part Two, we consider OACL and ONZ to have, in relative terms, a low modern slavery risk profile, largely due to our fundamental nature as a financial and leasing services service provider operating in a domestic Australian (and New Zealand) context.
- 23.** Overall features of our recruitment practices that further contribute to risk minimisation in a direct operational context, including, for example:
 - Only engaging contracted personnel through our approved agency list
 - Covering all fees charged by third party recruitment agencies, which are only engaged occasionally as the vast majority of our recruitment is undertaken by direct sourcing of candidates who have applied for vacancies posted on job websites.
 - Using written contracts of employment for all staff, which contain terms that align with Australian and New Zealand standards (as appropriate) on labour rights and comply with applicable legislation regarding working conditions
 - No recruitment fees are payable by employees (either direct or contracted) and our employees are not required to surrender any original identification documents as part of the terms of employment.

Part Four: Measuring effectiveness, Consultation with Controlled entities & Other relevant information

1. OACL has continued to adhere to our commitment to reviewing and evaluating the effectiveness of our actions to address modern slavery.
2. OACL evaluates the effectiveness of our actions by:
 - reviewing and evaluating information provided by suppliers in response to modern slavery compliance questionnaires (completed as part of our standard supplier review processes);
 - partnering with an expert to review and evaluate our Modern Slavery Response Framework; and
 - internally reviewing, evaluating and where necessary updating our Modern Slavery Response Framework.
3. Following the conclusion of the reporting period, but prior to lodgement of this Statement, key personnel, including within our executive team have partnered with external experts to review and evaluate our Modern Slavery Response Framework.
4. Following an extended period of consultation with these external experts, OACL is reviewing the most appropriate pathways to further integrate risk assessment outcomes into the Framework and supplier due diligence processes. As noted above, we are also pursuing a comprehensive review in relation to enhancing our existing Whistleblower Policy, and several targeted internal modern slavery initiatives.
5. We have also evaluated our progress during the reporting period against previous intended actions outlined in prior modern slavery statements, with an overview of this process being set out in the following summary table:

Action Area	Update
Operation of internal audit team to evaluate our overall modern slavery response over reporting period	In progress, with a focus on building additional internal oversight of our modern slavery progress.
Consult with suppliers on current supplier management process.	Earmarked for next reporting period.
Continued education for staff	Completed. OACL will review the need for additional training in future reporting period.
Continued awareness raising for suppliers.	Completed and ongoing in future reporting periods.

Part Four: Measuring effectiveness, Consultation with Controlled entities & Other relevant information

Consultation with Controlled Entity

6. OACL has consulted with our New Zealand subsidiary in relation to our overall modern slavery response during the reporting period, including in the preparation of this Statement. This has consisted of using procurement data from this entity in our comprehensive supply chain risk assessment, providing our modern slavery training modules to the New Zealand employees and extending the operation of our Modern Slavery Response Framework to include this entity.





About ORIX Australia

Since 1986, two attributes have pointed the way for us to become and remain leaders in vehicle leasing, rental and fleet management.

ORiginality and **flex**ibility. That's what makes us **ORIX**.

We're in the business of moving people, and products, from A to B more simply, safely and cost-effectively. By working together we can find flexible solutions to help you better navigate the road ahead.

Our innovation mindset has been recognised by the Australian Financial Review, the Workplace Gender Equality Agency and the Human Resources Director.



Working together starts here.

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