



Modern Slavery Statement 2020

Introduction

This is Hino Motor Sales Australia Pty Ltd.'s (**HMSA**) first annual Modern Slavery Statement lodged to meet its obligations under the *Modern Slavery Act 2018 (Cth) (Act)* covering the Japanese financial year between 1 April 2019 to 31 March 2020 (**Reporting Period**). This statement is intended to report on the steps that HMSA has taken during this Reporting Period to comply with the Act.

HMSA recognises the enduring risk of modern slavery globally, and its continuing prevalence in some industries and global markets. HMSA recognises that freedom from slavery is a human right protected by a multitude of international treaties and covenants, including the Universal Declaration of Human Rights, and is actively committed to ensuring that no element of modern slavery exists in HMSA's operations or supply chains.

Structure, Operations and Supply Chains

HMSA is a wholly owned subsidiary of its parent company, Hino Motors Limited (HML). HML is a publicly listed Japanese manufacturer of commercial vehicles and diesel engines headquartered in Hino-shi, Tokyo. HML is a leading global producer of medium and heavy-duty diesel trucks and is part of the Toyota Group. Since its establishment in 1942, HML has grown to operate out of approximately 90 countries and regions. Domestically, HMSA has been providing innovative, sustainable and quality products to the Australian market for over 50 years.

HML, which operates global supply chains, is HMSA's largest supplier. HML and HMSA are bound by HML's global policies, which include the HML *Global Credo* and the HML *Global Code of Conduct*. These global policies emphasise HML's global commitment to ethical conduct and good corporate citizenship, reinforcing its stance of contributing positively to customers, employees, business partners, shareholders, local communities and society at large.

Risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls;

HMSA recognises that supply chains may be susceptible to practices of modern slavery. On this basis, HMSA has comprehensively mapped its supply chains and conducted risk-assessments of all new and existing suppliers on a scale of low, medium or high-risk. Initially, HMSA's risk assessment was conducted based on the supplier's size and type.

Presently, HMSA has identified greater risks arising from its larger suppliers and has initially allocated greater scrutiny and attention to those suppliers. Focusing greater attention on suppliers assessed to be of comparatively higher risk allows HMSA to continually assess supplier compliance with HMSA's anti-modern slavery policies and minimise any potential exposure to the risk of modern slavery.

Actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.

HMSA recognises that the fight against modern slavery requires a systematic and continuous effort. This resolute opposition to modern slavery is a foundation aspect of HMSA's approach to conducting business as an ethical and compliant corporate citizen.

This understanding has informed HMSA's policies and mechanisms implemented in relation to modern slavery. HMSA intends monitoring and improving its actions and the effectiveness of these implemented policies over successive reporting periods. Steps taken in the first reporting period include:



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Senior Management Commitment

On 6 March 2020, HMSA's then Chairman & CEO convened a meeting of HMSA senior management to agree on appropriate approaches to achieving the objectives of the Act. The outcomes of this meeting include the following:

Modern Slavery Questionnaire

HMSA has introduced a Modern Slavery Questionnaire that requires responding suppliers to report on actions undertaken to prevent or address modern slavery risks in their business or supply chains.

Potential suppliers are screened through a preliminary risk-assessment and existing suppliers are screened through an ongoing risk assessment conducted on an annual basis. Conducting these risk-assessments has required HMSA to expand existing methods of dialogue with suppliers to ensure that HMSA has a better understanding of its suppliers' business practices.

HMSA identified all its suppliers receiving an amount of \$100,000 or more from HMSA over the Reporting Period and categorised each supplier into low, medium or high-risk categories. No high-risk suppliers were determined resulting in HMSA sending the Questionnaire to 38 suppliers in low and medium risk categories over this reporting period.

In addition to reporting on actions undertaken to prevent and combat modern slavery risks, the Questionnaire also requires responding suppliers to report on any actions taken to ensure compliance with the Act among suppliers in the supplier's own supply chains. In this regard, HMSA has sought to ensure that its resolute policy against modern slavery is adhered to by all entities both directly and indirectly involved in HMSA's supply chain.

HMSA recognises that human rights abuses, including practices of modern slavery, are often associated with non-compliance in other areas, such as corruption and labour standards. On this understanding, the Modern Slavery Questionnaire also requires recipient suppliers to report on practices relating to human rights, labour standards and corporate accountability. This includes reporting on methods to ensure lawful employment, workplace safety, anti-discrimination and anti-bribery. The comprehensive scope of the Questionnaire is informed by the understanding that these issues remain interrelated and interdependent.

Code of Conduct

HMSA has introduced a Supplier Code of Conduct as a due diligence procedure in relation to modern slavery and human trafficking. This Code of Conduct highlights HMSA's corporate values and prescribes the non-negotiable, minimum standards to which HMSA expects all suppliers to adhere. The Code of Conduct states in relation to modern slavery:

"At Hino, we expect all our suppliers and contractors to not engage in Modern Slavery. As defined in the Modern Slavery Act 2018, this includes forced or compulsory labour, human trafficking, debt bondage and child labour. This requires, at a minimum, that suppliers and contractors comply with all applicable legislative requirements relating to Modern Slavery, including the reporting requirements mandated by the Modern Slavery Act 2018. Internally, suppliers should have their own policies opposing and prohibiting Modern Slavery in all business operations and supply chains. The standards contained in this policy should be promoted to all partners and subcontractors in their own respective supply chains."

HMSA also expects all the provisions of the Code to be promoted within the respective supply chains of each supplier to maximise the reach of HMSA's policy against modern slavery across businesses.



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The Supplier Code of Conduct is presented to new suppliers as a condition of entering business relations and is intended to serve as a benchmark for reference in discussions with suppliers over coming reporting periods.

The Supplier Code of Conduct also allows HMSA to terminate agreements with suppliers in the event of the supplier's breach. Suppliers are required to notify HMSA in the event of suspected or actual breach of any provision of the Code. In this way, HMSA is actively taking steps to ensure that its opposition to modern slavery is reflected in all policies implemented and that its standards are consistently upheld across all aspects of its operations and supply chains.

Supplier Contracts

All HMSA generated supplier contracts since early 2020 now include a provision under which they warrant that 'no form of Modern Slavery is used in the Contractor/Supplier's business or by its directors, officers, employees, agents, representatives, contractors or subcontractors.' In addition, suppliers must agree to assist HMSA in its compliance with 'all applicable Legislative Requirements relating to Modern Slavery'.

Process of consultation with any entities that the reporting entity owns or controls.

HMSA does not currently own or control any entities for the purposes of section 16 of the Act and interacts only with suppliers not owned nor controlled by HMSA.

Assessing the effectiveness of such actions

While HMSA has implemented a range of comprehensive policies in compliance with the Act, the assessment of the effectiveness of policies will be ongoing. Over future reporting periods, HMSA will gain greater insight into the effectiveness of its already implemented policies and strive towards continuous improvement. For example, the effectiveness of remediation processes and supplier engagement with the Questionnaire will only become evident over time.

Nonetheless, HMSA has already initiated the process of identifying its suppliers which constitute Australian reporting entities under the Act and has developed comprehensive policies to ensure compliance in accordance with the Act.

Conclusion

HMSA is proud of its progress undertaken during this financial year but acknowledges that the fight against modern slavery is comprehensive and ongoing. HMSA expresses its full support of the provisions of the Act and expects that, with each successive Reporting Period, it will continue to progressively gauge and report on the effectiveness of its policies. Until that time, HMSA remains committed to the implementation of its policies and collaborating with all suppliers to eliminate any risk of modern slavery in HMSA's supply chains or operations.

This statement was approved by the Board of Directors of Hino Motor Sales Australia Pty Ltd.

Sam (Takashi) Suda

President and CEO Hino Motor Sales Australia

Graeme Bliss

Company Secretary