



Modern Slavery Statement 2022-2023

Hino Motor Sales Australia Pty Ltd (ACN 064 989 724)

1. Introduction

- 1.1. This statement is prepared in accordance with section 13 of the *Modern Slavery Act 2018* (Cth) (**Act**) by Hino Motor Sales Australia Pty Ltd ACN 064 989 724 (**HMSA**). It covers the Japanese financial year between 1 April 2022 to 31 March 2023 (**Reporting Period**). This is HMSA's fourth statement and reports on the actions taken by HMSA during the Reporting Period to comply with the Act.
- 1.2. HMSA acknowledges the ongoing risk of modern slavery practices across many different industries and economies. HMSA remains firmly committed to ensuring that no element of modern slavery exists in HMSA's operations or supply chains.

2. Structure, Operations and Supply Chains

- 2.1. HMSA is a wholly owned subsidiary of 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. HMSA has been providing innovative, sustainable and quality products to the Australian market for over 50 years. HMSA has no subsidiaries.
- 2.2. HML, which operates global manufacturing and supply chains, is HMSA's largest supplier. As a subsidiary of HML, HMSA is bound by the global policies promulgated by its parent company. As a result, HMSA is bound by its parent company's global commitment and processes in ensuring compliance with relevant laws with respect to the elimination of modern slavery practices.
- 2.3. HML has implemented several global policies, including the HML Global Credo and the HML Global Code of Conduct. Relevantly, the HML Global Code of Conduct includes the following statement:

'Complying with Laws, Regulations and Rules

We fulfill our responsibility as members of society by complying in both letter and spirit with domestic and overseas laws and regulations, social norms, and internal regulations and any other rules. In addition, we strive to acquire basic knowledge of applicable laws, regulations and rules and have a strong will that violation of these laws, regulations and rules shall not be permitted'. *HML Code of Conduct, page 3.*

Furthermore, the HML Global Code of Conduct also states:

'Respect for Human Rights

We never tolerate any form of discrimination, whether based on race, religion, gender, age, nationality or handicap, or any conduct that violates human rights, including child labour, forced labour or harassment (sexual or otherwise)'. *HML Code of Conduct page 9.*

These global policies affirm HML's and HMSA's active commitment to ethical conduct, good corporate citizenship, and global compliance. Furthermore, these policies underline HMSA's enduring pursuit of its objective to contribute positively to all stakeholders, including customers, employees, business partners, shareholders, local communities, and society at large.

3. 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

3.1. In the current Reporting Period, HMSA reached out to all Australian-based suppliers where the supply to HMSA was valued greater than \$100,000. The total number of identified suppliers satisfying this benchmark was 114. Each of these 114 suppliers were sent a letter under the signature of Mr. Sam (Takashi) Suda, HMSA President and CEO, reinforcing HMSA's commitment to compliance with the terms of the Act, and requesting that they complete and return HMSA's prescribed Modern Slavery Questionnaire. After issuing those Modern Slavery Questionnaires, HMSA actively inquired (by further email and telephone follow-ups) with those few suppliers which did not return the Modern Slavery Questionnaire to HMSA by the requested deadline.

4. Modern slavery incidents or risks identified during the Reporting Period

- 4.1. As part of HMSA's active commitment to ensuring continual review of its operations and supply chains, HMSA issued its suppliers with a Modern Slavery Questionnaire during this Reporting Period.
- 4.2. All of HMSA's suppliers other than its related bodies corporate are companies registered in Australia or New Zealand. On this basis, none of the organisations in the immediate next tier in HMSA supply chain fall within the list of countries identified as high risk for Modern Slavery.
- 4.3. The Modern Slavery Questionnaire expressly asked whether suppliers had uncovered or identified any practices of Modern Slavery. All of those issued suppliers (as further set out in section 5.2 below) expressly confirmed that they did not identify any Modern Slavery practices in their operations or supply chains. Therefore, in this current Reporting Period, HMSA has not identified any Modern Slavery incidents in its operations or supply chains.
- 4.4. However, HMSA acknowledges that its suppliers may engage in operations which carry Modern Slavery risks over which HMSA does not have line of sight. Accordingly, in August 2023, HMSA has amended its Modern Slavery Questionnaire to significantly expand the scope of questions contained therein, in order to capture more information from its suppliers in relation to the suppliers' respective supply chains.

5. 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

Actions taken during this Reporting Period include:

5.1. Senior Management Commitment

HMSA's President and CEO, Mr. Sam (Takashi) Suda, reaffirmed HMSA's commitment to anti-modern slavery to HMSA staff and suppliers.

5.2. Modern Slavery Questionnaire

In the Reporting Period HMSA conducted a mail-out to 114 of its Australian suppliers, under the signature of Mr Sam (Takashi) Suda, President and CEO of HMSA. The covering letter highlighted the need for suppliers to actively avoid modern slavery practices and reaffirmed HMSA's stance against modern slavery practices. The letter attached a Modern Slavery Questionnaire, which contained 20 questions designed to assess that responding supplier's human rights and labour standards. The questionnaire also requires responding suppliers to report on the actions that the responding supplier has undertaken to prevent or address modern slavery risks in their business or supply chains.

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 policy against modern slavery is adhered to by all entities both directly and indirectly involved in HMSA's supply chain.

Those 114 Australian suppliers selected were those suppliers assessed as bearing comparatively higher risk (by virtue of spending at least \$100,000 including GST, or above, per annum). HMSA recognises that risks of modern slavery practices correspond to a variety of variables (including, among other factors, geographical location, size, and industry of operation). In future Reporting Periods, HMSA intends to extend the parameters of its risk assessment to include consideration of those other variables.

At the end of the Reporting Period, HMSA had received 46 completed responses from HMSA suppliers responding to the Modern Slavery Questionnaire. This reflects a 40% response rate to the Modern Slavery Questionnaire and represents an increase higher response rate than the previous (2021/2022) Reporting Period for which the response rate was 28%.

In relation to the remaining suppliers, HMSA took steps to actively follow up those suppliers who did not respond to the Modern Slavery Questionnaire, in alignment with its positive obligations to undertake due diligence in relation to supply chains (including by issuing email and telephone follow-ups).

All the responses received by HMSA in relation to its Modern Slavery Questionnaire satisfied HMSA that modern slavery risks are being adequately managed by its suppliers.

5.3. Supplier Standards Code of Conduct

HMSA introduced a Supplier Standards Code of Conduct during the 2019-2020 reporting period and posted this Supplier Standards Code of Conduct on the HMSA website. Since July 2020, all new supplier contracts entered into by HMSA have contained the express requirement that new suppliers comply with the Supplier Standards Code of Conduct.

The letter sent to Australian suppliers during this current Reporting Period, which enclosed the Modern Slavery Questionnaire, also included a link to the Supplier Standards Code of Conduct. In this way, HMSA has sought to reaffirm its commitment to the terms of the Supplier Standards Code of Conduct again through this third Reporting Period.

The Supplier Standards Code of Conduct highlights HMSA's corporate values and prescribes the non-negotiable, minimum standards to which HMSA expects all suppliers to adhere. The Supplier Standards 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."

In addition, the Supplier Standards Code of Conduct expressly states that HMSA has reporting obligations under the Act and that suppliers are required to confirm their compliance with the Act to HMSA upon request. The Supplier Code of Standards Conduct relevantly states:

"Given that Hino has reporting requirements mandated by Australian law, suppliers must be willing to confirm their compliance, in writing, with applicable laws and standards relating to Modern Slavery. This may include providing Hino with requested materials confirming such compliance. These materials should contain truthful and complete information and should be provided in a timely manner. Suppliers are expected to have their own mechanisms for detecting instances of non-compliance within their operations and supply chains and report any instances of non-compliance to Hino."

Under this revised HMSA supplier contract, and as per the Supplier Standards Code of Conduct, HMSA commits to terminate suppliers that are found to engage in modern slavery practices.

Suppliers are expressly required to notify HMSA in the event of suspected or actual breach of any provision of the Code. In this way, HMSA is, and has been, 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.

5.4. Supplier Contracts

All HMSA-generated supplier contracts 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'.

6. Assessing the effectiveness of such actions

6.1. HMSA will continue to monitor its suppliers and act where necessary to ensure compliance with its supplier contracts, the Supplier Code of Conduct and relevant legislation. At the present time, HMSA's primary tool for monitoring the conduct of its suppliers remains the Modern Slavery Questionnaire; however, HMSA is actively contemplating the ways in which it may further develop and implement its multi-faceted approach to its compliance obligations under the Act. If any suppliers are identified as being high-risk, HMSA will further inquire with that supplier so as to ensure compliance.

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

7.1. HMSA does not currently own or control any entities for the purposes of section 16 of the Act and (apart from HML) interacts only with suppliers not owned or controlled by HMSA.

8. Internal and external consultation undertaken during the Reporting Period on Modern Slavery risk management

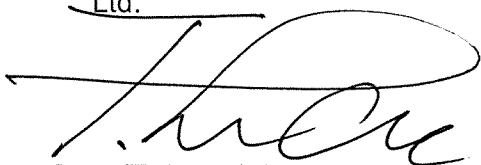
8.1. During the Reporting Period, HMSA has obtained external legal advice on compliance with the Act and the developing and ongoing review of its Modern Slavery compliance framework.

8.2. HMSA's external legal advisors have not identified any material failures in HMSA's compliance with Modern Slavery obligations during the Reporting Period. This view has been informed by several meetings between HMSA and its legal advisors wherein HMSA's approach and strategies were discussed.

9. Conclusion

9.1. HMSA is proud of the progress achieved during this Reporting Period but acknowledges that the fight against modern slavery is ongoing. HMSA continues to build on its anti-modern slavery efforts from previous years and hopes to further its efforts with each successive Reporting Period under the Act.

9.2. 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



Michael Tentomas

Company Secretary