



Modern Slavery Statement 2023-2024

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 2023 to 31 March 2024 (**Reporting Period**). This is HMSA's fifth 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 various industries and economies and understands the role that corporate actors can play in eliminating, and promoting a systemic respect of, modern slavery.
- 1.3 HMSA remains firmly committed to ensuring that no element of modern slavery exists in its 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's global commitment to compliance with applicable human rights legislation is set out in, among other things, the HML Global Credo and the HML Global Code of Conduct. Relevantly, the HML Global Code of Conduct includes the following statement (under the heading '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.

- 2.4 In addition to the above, the HML Global Code of Conduct also states (under the heading '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.

- 2.5 As a wholly owned subsidiary of HML, HMSA is aligned to the ethical conduct, good corporate citizenship, and fundamental respect for human rights, guiding HML's global operations. Notwithstanding the application of HML's global policies, HMSA recognises that modern slavery risks can be informed by a range of factors which may differ in nature or size depending on the jurisdiction of operation. It is on this understanding that HMSA has supplemented HML's global policies with HMSA's own domestic policies and approaches to compliance with the Act (as further set out in section 4).
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 HMSA understands that a reporting entity's risk identification processes are essential to ensuring that any modern slavery policies and strategies implemented are responsive to the particular risk to be addressed.
- 3.2 It is on this understanding that HMSA has, over successive reporting periods (including this Reporting Period), sought to ensure that it has the policies, procedures, and systems to map its supply chains and operations. This allows HMSA to:
- (a) have visibility into the make-up of its supply chains and review the risks (if any) in those supply chains; and
 - (b) open a dialogue with those suppliers to ensure that those suppliers are apprised of HMSA's commitment to compliance with the Act and good corporate citizenship.
- 3.3 In this Reporting Period, HMSA continued its practice of comprehensively mapping its supply chains and operations. HMSA carried out this process by populating and maintaining a database of all its suppliers which records, among other things, details of that supplier and that supplier's annual spend with HMSA. HMSA is seeking, over future Reporting Periods, to increase the information recorded next to each supplier entry (such as, by way of example only, the number of employees that supplier employs, incident history etc). HMSA commenced its risk reviews by reference to annual spend and has progressively reduced this threshold.
- 3.4 HMSA uses the information recorded in that database to conduct its risk assessment. Information used in making this assessment includes industry type and subjective awareness of an at-risk business model. HMSA excludes its parent company suppliers from this process in reliance of the Toyota Group's commitment to compliance with human rights requirements in all jurisdictions in which it operates.
- 3.5 HMSA then issued its modern slavery questionnaire to those suppliers deemed as 'high risk'. That modern slavery questionnaire expressly asks a number of questions designed to give HMSA a comprehensive understanding of that supplier's own operations and supply chains, exposure to modern slavery risks, and general compliance with the Act. Relevantly, that modern slavery questionnaire expressly requires suppliers to confirm whether or not that supplier detected any instance of modern slavery practices in its own operations or supply chains. Further specifics with respect to HMSA's modern slavery questionnaire are set out under section 4 of this statement.

- 3.6 After having mapped its supply chains, conducted its risk assessment, and issued modern slavery questionnaires to selected suppliers, HMSA is of the view that its operations and supply chains have a minimal risk of modern slavery practices.
- 3.7 HMSA's reasons in support of this view include the following.
- 3.8 Firstly, all suppliers who responded to the modern slavery questionnaire issued by HMSA expressly confirmed that they did not identify any modern slavery practices in their own operations or supply chains. Therefore, in this current Reporting Period, HMSA has not identified any modern slavery incidents in its operations or supply chains.
- 3.9 Secondly, HMSA's suppliers are, other than its related bodies corporate, all companies registered in Australia or New Zealand. On this basis, these suppliers do not fall within the list of countries identified as posing a comparatively higher risk of modern slavery.
- 3.10 As a final point, HMSA acknowledges that suppliers may engage in operations which carry modern slavery risks over which HMSA does not have a direct line of sight. Accordingly, in August 2023, HMSA amended its modern slavery questionnaire to significantly expand the number, and scope, of questions asked of suppliers. As is further discussed in section 4 of this statement, these additional questions were implemented to allow HMSA to capture more information from its suppliers in relation to those suppliers' own supply chains and operations.
4. **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**

Introduction

- 4.1 Actions taken during this Reporting Period include:
- (a) implementing a number of material changes to its modern slavery questionnaire (and issuing that amended modern slavery questionnaire);
 - (b) implementing an internal modern slavery bulletin;
 - (c) reminding suppliers of HMSA's, and suppliers', obligations under the Act as set out in HMSA's Supplier Code of Conduct;
 - (d) continuing HMSA's practice of requiring prospective suppliers to sign a supplier contract which contains express clauses with respect to the Act; and
 - (e) reinforcing HMSA's corporate commitment to compliance with the Act by its senior management.
- 4.2 Each of those efforts are furthered discussed under each heading appearing below.

Modern Slavery Questionnaire

- 4.3 The changes made to HMSA's modern slavery questionnaire, as further discussed below are:
- (a) increasing the number of questions asked in the modern slavery questionnaire; and
 - (b) increasing the number of suppliers which are issued HMSA's modern slavery questionnaire.

- 4.4 Firstly, HMSA has increased the number of questions asked in its modern slavery questionnaire from 20 to 35 (representing a 75% increase in the number of questions submitted to suppliers compared to the modern slavery questionnaire issued in the 2022 – 2023 reporting period).
- 4.5 The additional questions incorporated into HMSA’s amended modern slavery questionnaire address a wider range of topics relevant to compliance with the Act, including:
- (a) the existence, and nature of any remediation procedures; and
 - (b) the due diligence measures adopted by the supplier in relation to its own respective supply chains and operations.
- 4.6 By expanding the scope of the questions put to suppliers, HMSA has sought to ascertain a more comprehensive and detailed understanding of suppliers’ policies, procedures, and compliance mechanisms with respect to modern slavery. HMSA is of the view that the increased scope of this questionnaire now provides a more accurate reflection of a responding suppliers’ compliance or lack thereof with the Act.
- 4.7 By way of example, the amended modern slavery questionnaire now requires suppliers to:
- (a) confirm whether that supplier has implemented a remediation procedure in relation to any instances of non-compliance with the Act;
 - (b) provide details of that remediation procedure (if any);
 - (c) confirm whether that supplier performs any screening or due diligence checks of prospective suppliers to assess the risks of modern slavery or other human rights harms; and
 - (d) disclose whether that supplier has any suppliers which operate out of, or have operations in, any countries deemed as being high risk (including, without limitation, Bangladesh, China, the Democratic Republic of Congo, Ethiopia, India, Myanmar, Nigeria, Pakistan, Russia, and/or Thailand).
- 4.8 In addition to the above, HMSA’s modern slavery questionnaire now includes a number of additional questions designed to assess whether the responding supplier engages in any exploitative practises or any other activities which may be contrary to the respect for human rights underpinning the Act. Some of those questions include:
- (a) whether the supplier requires any employees to submit a ‘security deposit’ or any form of down-payment (including recruitment fees), to the supplier in connection with their employment; and
 - (b) whether the supplier imposes any pecuniary penalties on any employees (including any monetary fines, wage deductions, or employment-related fees).
- 4.9 Secondly, HMSA increased the number of suppliers issued with questionnaires from 114 to 138 (representing a 21% increase from the 2022-2023 reporting period).
- 4.10 This increase in the number of suppliers issued with a modern slavery questionnaire was attributable to HMSA lowering the financial threshold against which HMSA assesses risk. In the 2022 – 2023 reporting period, HMSA’s modern slavery questionnaires were issued to suppliers assessed as having an annual gross spend with HMSA of at least \$100,000 including GST (or above). In this most recent Reporting Period, HMSA lowered that financial criterion from \$100,000 to \$75,000. As a result of this, more suppliers were

subject to risk assessment and more suppliers were issued a modern slavery questionnaire.

- 4.11 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.
- 4.12 As at the end of this Reporting Period:
- (a) HMSA received 53 responses to its modern slavery questionnaires, representing a response rate of approximately 38.4%; and
 - (b) 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.
- 4.13 HMSA has, as per previous reporting periods, utilised a range of methods to follow-up those suppliers who have been issued, but have not responded to, that modern slavery questionnaire within the timeframe prescribed. Specifically, HMSA has used scheduled email reminders, phone calls and telephone follow-ups.
- 4.14 HMSA is considering, in future reporting periods, implementing systems which further automate the reminders issued to non-responding suppliers.
- 4.15 These reminders were issued in alignment with its positive obligations to undertake due diligence in relation to supply chains (including by issuing email and telephone follow-ups).
- 4.16 Each modern slavery questionnaire was sent to HMSA's suppliers under a covering letter under the signature of the President and CEO of HMSA. That covering letter re-asserted re-stated HMSA's commitment to compliance with the Act and the rights-based principles underpinning the Act.

Bulletin

- 4.17 During this Reporting Period, HMSA implemented an informative modern slavery bulletin which it has circulated to its employees. That bulletin, being HMSA's first bulletin of this kind, was circulated on 5 September 2023.
- 4.18 This bulletin comprises part of HMSA's efforts in performance of its due diligence obligations under the Act. This bulletin was circulated on the understanding that:
- (a) as per Principles 15 and 17 of the UN Guiding Principles, due diligence includes developing and implementing internal training to raise organisational awareness about modern slavery, and HMSA's obligations under the Act (specifically under the example appearing under section 16(1) of the Act); and
 - (b) an organisational culture which respects human rights and compliance with the Act will bolster an organisation's ability to detect, prevent, and respond to, issues of modern slavery effectively.
- 4.19 HMSA's first bulletin, among other things, provides information to its employees about:
- (a) what modern slavery is, and what it may look like;
 - (b) what the Act requires of HMSA;

- (c) HMSA's resolute stance against modern slavery, and the policies in place within HMSA which further set out that stance; and
 - (d) what procedures are in place for HMSA employees to report suspected or known violations of modern slavery (without fear of reprisal or retaliation).
- 4.20 HMSA recognises that, in order to be effective, grievance mechanisms must be accessible, legitimate, confidential, and without fear of attracting reprisal or discipline. It is on this understanding that HMSA used this bulletin as an opportunity to raise internal awareness about HMSA's whistle-blower policy, which remains available to all HMSA employees to report any actual or suspected breaches of the Act.
- 4.21 HMSA is considering circulating further modern slavery bulletins designed to build on information previously circulated by way of earlier bulletins.

Supplier Standards Code of Conduct

- 4.22 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.
- 4.23 The letter sent to suppliers during this past 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 Reporting Period.
- 4.24 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."*
- 4.25 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."*
- 4.26 Suppliers are expressly required to notify HMSA in the event of suspected or actual breach of any provision of the Supplier Standards Code of Conduct. 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.

Supplier Contracts

- 4.27 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'.
- 4.28 HMSA reserves the right, as an express provision in its supplier contract precedent, to terminate that supplier's engagement if that supplier is found to have engaged in modern slavery practices.

Senior Management Commitment

- 4.29 HMSA's President and CEO, Mr Richard Emery, reaffirmed HMSA's commitment to anti-modern slavery to HMSA staff and suppliers.

5. Assessing the effectiveness of such actions

- 5.1 While HMSA is of the view that its modern slavery policies and procedures are consistent with the nature of its business and its ongoing risk assessments, HMSA also recognises the importance of evaluating these policies and procedures. Monitoring and measuring the results of HMSA's modern slavery policies will give HMSA insight into the effectiveness of these policies, and the areas in which HMSA may direct its efforts in continuous improvement across reporting periods.
- 5.2 In this Reporting Period, HMSA convened a modern slavery meeting with HMSA's external legal advisers which:
- (a) advised HMSA as to its existing policies and procedure; and
 - (b) discussed potential strategies which could be implemented over future reporting periods in furtherance of HMSA's obligations under the Act.
- 5.3 Relevantly, HMSA's legal advisers did not identify any material failures with respect to HMSA's compliance under the Act.
- 5.4 HMSA also assesses the effectiveness of its modern slavery policies by looking at the results of its modern slavery questionnaire. Specifically, HMSA reviews:
- (a) the response rate to those modern slavery questionnaires;
 - (b) the completeness of responses provided; and
 - (c) general supplier engagement with the process.
- 5.5 In future reporting periods, HMSA hopes to 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 to ensure compliance.

6. 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.

7. Conclusion

- 7.1 HMSA is proud of the progress achieved during this Reporting Period but understands that the elimination of modern slavery practices worldwide is an ongoing challenge that requires sustained effort and vigilance from corporate actors. HMSA has continued to build on its anti-modern slavery efforts from previous reporting periods under the Act, and remains fully committed to continuous improvement across future reporting periods, responsible business practices, and compliance with the Act.
- 7.2 This statement was approved by the Board of Directors of Hino Motor Sales Australia Pty Ltd.



Richard John Emery

President and CEO of Hino Motor Sales
Australia



Michael Andrew Tentomas

Company Secretary