



**ORIX Australia
Corporation Limited's**
Modern Slavery Statement
for the Financial Year 2020

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This statement is made and published in accordance with section 13 of Modern Slavery Act 2018 (Cth) (MSA). It sets out the risks and actions taken by ORIX Australia Corporation Limited (OACL) ABN 79 002 992 681 and our wholly owned subsidiary, ORIX New Zealand Limited (ONZ) NZBN 94 290 394 007 96, (together as OACL Group, us or we) during the financial year ending 31 March 2020 to prevent modern slavery from occurring in business operations and supply chains. This modern slavery statement was prepared by the Legal and Compliance team which operates across OACL and ONZ. We have worked closely with ONZ to develop the processes and actions set out in this statement.



1 OUR PHILOSOPHY

As part of the global ORIX Corporation group (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 chain has a positive contribution to society. We aim to be a company that exceeds international standards by responding not only to the expectations of all our stakeholders but also to the expectations of society as a whole. This is critical in retaining and proving that we are worthy of trust and respect from our stakeholders.

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). The actions and reviews undertaken by us under the MSA directly support these goals.

Koula Carr

Lease Services | ORIX Australia



2 OUR APPROACH AND PROGRESS

This is our first statement and it describes our approach in working towards identifying and reducing the risk of slavery and human trafficking in our operations. We collaborated with a specialist modern slavery compliance company and undertook a gap analysis of the processes in our supply chain. This included classifying the suppliers with which we spend most of our money into different risk categories (based on known risk data by industry, location and spend). We then performed a similar exercise with entities in the supply chains of our suppliers (down to the tenth tier of our operations and supply chains) to obtain a clearer picture of the slavery and human trafficking risks in our current operations.

Broadly, our highest risk suppliers currently are vehicle manufacturers (due to the relative spend and the sourcing of metals from at risk countries).

We have a dual approach to respond to these observations –

- Procurement – implementing additional ongoing due diligence and audits (including checks on modern slavery risks) in our selection, onboarding and management of our suppliers;
- Training and education – raising awareness and working together with our employees, customers and suppliers in relation to what are the expected standard of behaviours, and signs to be aware of.

As this is only our first year, we can see that there is more we can do to detect, manage and reduce the risk of modern slavery and human trafficking. We have set out a roadmap to guide us through this mammoth task below as we continue to strengthen our supply chain management and to collaborate with our suppliers to reduce the human cost of modern slavery in our business.

As we have completed this modern slavery statement as at 31 March 2020, we have not included the effect of COVID-19 on modern slavery risks in our supply chains in this statement. The additional risks posed by COVID-19 (e.g. increase in potentially vulnerable population, increased/changed demand on supply chains, disruption of anti-slavery efforts as governments and society focuses on COVID) will be addressed in our next statement.

3 OUR BUSINESS AND ACTIVITY

OACL is 100% owned by ORIX Corporation, which is based in Japan and is listed on the Tokyo Stock Exchange and on the New York Stock Exchange.

OACL has its headquarters at 1 Eden Park Drive, Macquarie Park in Sydney, Australia and trades exclusively in Australia. OACL has approximately 260 employees and contractors.

ONZ is 100% indirectly owned by OACL. ONZ has its headquarters at 32 Manukau Road, Newmarket in Auckland, New Zealand and trades exclusively in New Zealand. ONZ has approximately 90-100 employees and contractors. The OACL Group has no other operating subsidiaries, controlled entities or overseas operations.

The OACL Group 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 hire; and
- Management of vehicle fleets.

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



4 OUR SUPPLY CHAIN

As both OACL and ONZ are primarily services businesses, we rely on manufacturers and dealers to provide vehicles and suppliers to provide parts and related services. We undertake rigorous supplier probity procedures to enable the OACL Group to have visibility and control over the supply chain.

The supply chain would vary depending on the product and services provided, and may include the following:

- Engaging dealers and manufacturers to acquire vehicles;
- Engaging dealers, auction houses and other vehicle disposal channels to dispose of vehicles;
- Engaging repairs and maintenance providers to maintain and repair vehicles;
- Engaging motor vehicle parts providers to provide parts or builds;
- Engaging roadside emergency breakdown and accidents and claims management services;
- Working with road transport authorities to ensure vehicles are appropriately registered;
- Engaging with telematics providers to provide fleet navigation and informatics technology.

Through reviewing the supply chain vertically (down to the tenth tier), we have identified the following key risks:

- 1 Risks of non-compliance with employment laws in Australia and New Zealand (including minimum wage, superannuation and workplace health and safety requirements) in repairs and maintenance providers that are in the small to medium business category;
- 2 Risks of non-compliance with employment laws in Australia and New Zealand (including minimum wage, superannuation and workplace health and safety requirements) in providers of vehicle disposal services;
- 3 Risks of modern slavery practices in vehicle manufacturers (based overseas) and their suppliers sourcing parts, equipment and materials (e.g. chemicals and metals) for the manufacturing of vehicles (from at risk countries) further down the supply chain where the OACL Group has less visibility and control;
- 4 Risk of reputational damage and legal liability in relation to any of the above.

5 OUR ACTIONS AND NEXT STEPS

Based on the UN Guiding Principles (Principle 24) to focus on the most severe risks, in the first year of this statement, the OACL Group has focused on addressing the first three risks through designing and implementing actions across the supplier engagement, onboarding and management processes.

Prior to onboarding a supplier

A

Controlled selection process

B

Risk-based supplier probity procedures 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



5.1 Actions throughout the supplier selection, onboarding and management

Controlled selection process (A)

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. 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.

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.

Initial and ongoing requirement to provide evidence, certification and statements (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.

Annual supplier risk reviews (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 (safety, anti-money laundering, anti-bribery and corruption, modern slavery risks etc).

Audits performed without notice (F)

The majority of our suppliers are subjected or subjectable to audits during business hours without notice, and audits outside of business hours with reasonable notice. The audits would be performed by subject matter experts and would evaluate both performance factors and non-performance factors.

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.

5.2 Next steps

In the second and subsequent years of our modern slavery statements, we will seek to evaluate the effectiveness of these actions. We will also work to tailor the actions to better detect and mitigate the risks of modern slavery. Our Internal Audit team will continue to play a vital role in supporting this evaluation process. We would also consult with our suppliers to obtain feedback on the current supplier management process with a view to improve and refine specific actions. There will also be an element of education for both our staff, customers and suppliers more broadly to raise awareness and highlight the importance of the role that we all play in reducing the risks of modern slavery.

6 CLOSING

There is a significant challenge ahead for us in doing everything reasonably practicable to actively reduce the human cost of slavery, exploitation and human trafficking in our supply chain. However, we believe this challenge is worthwhile and we welcome this challenge in the coming year and in the years ahead.

This statement was approved by the Board of ORIX Australia Corporation Limited.*

Signed,



Reggie Cabal

MD and CEO

ORIX Australia and New Zealand

Reggie Cabal

MD and CEO | ORIX Australia and New Zealand



