



Kubota Australia Pty Ltd

# Modern Slavery Statement 2022

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**Kubota Australia Pty Limited, ACN 005 300 621** (Kubota Australia) is pleased to present our third Modern Slavery Statement, as required in Section 13 of the Australian Modern Slavery Act 2018. We are committed to maintaining a vigilant approach towards identifying any potential risks of modern slavery and taking appropriate measures to mitigate them. Through ongoing education and communication with our members and supply chain, we continue to deepen our understanding of this important issue and work towards a slavery-free future.

This statement outlines the measures implemented by Kubota Australia and its controlled entities (together referred to as “KAU”) to combat modern slavery within our business operations and supply chain, as well as any future strategies planned to address this issue. Our efforts during the calendar year ending on 31 December 2022 were aimed at mitigating the risk of modern slavery and promoting ethical practices throughout our organisation and beyond.

## **About Kubota Australia**

For over 40 years, Kubota Australia has been a leading supplier of agriculture, construction, and power equipment. Our products are known for their high performance, durability, and reliability. We're committed to protecting the environment and offer equipment with powerful performance and reduced emissions. With over 140 dealers across Australia, our authorised dealer network distributes and services all Kubota equipment. We provide efficient and reliable service support, backed by immediate access to our substantial spare parts inventory nationwide.

KAU is part of the global Kubota Group of Companies and a subsidiary of Kubota Corporation (KBT)

KBT was founded in 1890 in Osaka, Japan, with a vision to create quality products that benefit customers, communities, and the environment.

## **Brand Statement**

For Earth, For Life. The Kubota Group promises to continue supporting the prosperous life of humans while protecting the environment of this beautiful earth.

## **Mission**

Food, water, and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies, and services.

## **Vision**

To be a company that can make the greatest contribution to society by earning the trust of the greatest number of customers.

## **Our Structure, Operations, and Supply chains**

### **Structure**

Kubota Australia is an Australian company with its registered office located at 25-29 Permas Way, Truganina, VIC 3029. Operating under the trading name of Kubota Australia Finance (KAF), we offer competitive finance options for both consumers and business operators.

Kubota Australia is a wholly owned subsidiary of Kubota Corporation (KBT), a Japanese multinational company headquartered in Osaka, Japan. KBT is listed on the first section of the Tokyo Stock Exchange. We are recognised as one of the world's leading manufacturers of compact engines and produce agricultural, construction, and power equipment that is distributed to over 31 countries.

In New Zealand, our operations are conducted through Kubota New Zealand Limited, which is a wholly-owned subsidiary of Kubota Australia. Additionally, we provide equipment finance solutions to businesses in New Zealand under the trading name Kubota New Zealand Finance (KNZF).

### **Operations**

The major function of KAU is the marketing and distribution of Kubota-engineered products as well as Kubota-supplied products in Australia and New Zealand. Our product range includes agriculture, construction, and power equipment. Additionally, we offer retail finance options for these equipment types to both Australian Businesses & consumers as well as New Zealand Businesses. KAU carries out its function with the help of authorised dealers across Australia and New Zealand. We currently have more than 150 dealerships across both countries.

To support KAU operations, we have a team of 178 employees in Australia and New Zealand. Each team member is adequately compensated and employed in compliance with the regulations of their respective localities.

### **Supply Chain**

KAU maintains a diverse network of suppliers from around the world. Our supply chains encompass manufacturers of automotive products, machinery parts, and various other services that contribute to supporting our operations. In order to meet the demand for Kubota-supplied equipment in Australia and New Zealand, we annually procure goods and services worth more than \$500 million from our suppliers.

We engage in a range of transactions with international related parties. Notably, during the past year, we have conducted material dealings that involved purchasing goods from both related and unrelated parties of KAU situated in various countries, including Australia, New Zealand, Norway, the Netherlands, Indonesia, Japan, South Korea, Thailand, the United States of America, Germany, France, and Italy. As of the year ending on December 31, 2022, we had a supply chain comprising approximately 600 active suppliers for the year.

KAU places significant importance on collaborating with suppliers that uphold Kubota values and adhere to principles relating to modern slavery and human rights. We provide our supplier code of conduct to every supplier we engage with during the onboarding process, outlining our expectations regarding supplier activities.

## **Our Modern Slavery Risk Identification**

KAU recognises the potential modern slavery risks associated with its business operations and supply chains, both domestically in Australia and New Zealand, as well as internationally.

Building upon our efforts in 2021, we are committed to further understanding and addressing modern slavery risks in our supply chain throughout 2022. We have initiated a categorisation process for new vendors, considering factors such as their industry type, geographic location, and their commitment to the Modern Slavery Act, ensuring our Modern Slavery Clause is included in contracts. For this, we require all new vendors to complete an onboarding questionnaire on modern slavery to gain insight into their organisational structure and risk exposure.

Additionally, we have conducted a comprehensive risk assessment of some of our existing vendors to evaluate their current circumstances and identify any potential impact on our anti-slavery commitment.

Based on our assessment and understanding gathered in 2022, we have identified certain risks that require vigilance:

- Suppliers operating in high-risk geographical areas where modern slavery practices are more prevalent require closer scrutiny.
- Additionally, within Australian and New Zealand vendors, we have identified companies primarily providing labour-oriented support services to businesses such as cleaning services can be a potential area of risk. Although KAU's spending in this sector may be relatively low compared to other vendors, we acknowledge and surveyed these sectors as they tend to attract a significant number of low-skilled immigrants, necessitating our understanding of the modern slavery threat within this context.

As outlined in our 2021 statement, KAU's workforce resides and operates within Australia and New Zealand. Our dependency on labour-hire employees engaged through agencies is minimal. When it comes to labour-hire, KAU exclusively collaborates with reputable agencies located in Australia. We ensure that all our workforce members are employed under either an Australian or New Zealand workplace contract, following standardised background checks and screening procedures. Consequently, KAU believes that it possesses robust systems and controls to effectively manage any potential risks of modern slavery arising from our employment practices.

KAU understands that its business operations and supply chains can include a range of modern slavery risks, which can occur in Australia and New Zealand, as well as overseas.

## Our Actions and Further Plans for Assessing and Addressing Modern Slavery

KAU is fully committed to eradicating modern slavery from all aspects of its operations, supply chains, and business practices. As mentioned in this statement, KAU has continued its efforts in 2022 to enhance its understanding of potential areas of modern slavery risk within its operations and supply chains. This year, the focus has been on implementing the policies developed in 2021.

To strengthen our efforts, KAU has worked towards self-sufficiency by developing internal tools to assess the risk levels of all vendors and devising strategies to eliminate modern slavery. In addition, KAU has started using a service from Equifax Ethical, a risk rating service provider, to independently verify and assess new and existing modern slavery threats that may be posed by vendors.

Transparency is a key principle in our business, and we strive to tackle modern slavery through our operations and supply chains while fulfilling our disclosure obligations under the Modern Slavery Act 2018. Adherence to our Modern Slavery policy is mandatory for all executives and employees, and is part of the employment induction and training process. It is essential for employees to familiarise themselves with our modern slavery policy and procedures to identify and prevent instances of modern slavery and conduct business in a manner that prevents its occurrence.

While we acknowledge our legal obligation to outline the measures we have implemented to prevent modern slavery, we also recognise that we do not have direct control over the actions of individuals and organisations within our supply chains.

To reinforce our commitment to eliminating modern slavery, we consistently implement the following measures:

1. Conducting risk assessments to identify the areas of our business and vendors that are most susceptible to modern slavery. This includes administering a Modern Slavery questionnaire for new vendors during onboarding and an annual survey for existing vendors. We have developed an internal risk rating methodology that considers factors such as geographical location, industry type, and the vendor's response to the Modern Slavery questionnaire.

Example of KAU's internal risk rating on suppliers:

S&C	Subsidiary/Entity	Base	EMU Contact Point	Business	Country	Country Risk	Industry	Industry Risk	Adversity Score/Incidents	Adversity Score/Incidents	Special Risk	Overall Risk	Overall Risk
					Australia	Low	Application Software	Low	28	Low		Low	
					New Zealand	Low	Human Resources and Employment Services	Low	20	Low		Medium	
					Australia	Low	Advertising	Low	20	Low		Medium	
					Australia	High	Agriculture and Farm Machinery	High	20	High		High	
					Australia	Medium	Application Software	Low	10	Medium		Low	
					Australia	High/Low	Industrial Machinery	High/Low	40	Medium		Medium	
					Australia	High/Low	Electronics	High/Low	10	High		Medium	
					Australia	Low	IT Consulting & Other Services	Low	10	Medium		Low	

2. Engaging with our vendors to communicate our Modern Slavery Policy and gain an understanding of the measures they have in place to prevent modern slavery in their own business operations. Our service agreements include a standard Modern Slavery clause, and vendors are required to provide relevant information about their supply chain and operations to assess their modern slavery risk. Our supplier code of conduct, established in 2021, is an integral part of our procedures and ensures supplier accountability and adherence to our standards.
3. Identifying and monitoring potential risk areas within our supply chains to ensure compliance with our Modern Slavery Policy. We have a dedicated Compliance department responsible for ensuring adherence to the policy within the organisation.
4. Protecting whistleblowers who report concerns about suspected modern slavery within the company or our suppliers. Our whistleblowing policy provides guidance on how concerns can be communicated, and individuals who come forward are fully protected. Contact persons within the organisation are available to receive reports of potential breaches, including information related to human rights violations and labour standards infringements.

## Further Steps

In the year 2023, our dedication to supplier compliance with legislation will remain a top priority. We will take the following specific steps to ensure continued progress:

- Conducting annual risk assessments of our supply chain, including any new partners and service providers, to identify potential areas of concern related to modern slavery.
- Continue to carry out regular surveys of our suppliers to proactively monitor their compliance with KAU expectations and legal requirements, keeping a vigilant eye on any signs of non-compliance.
- Updating the Supplier agreements in 2023 to explicitly address the issues of modern slavery, clearly communicating our expectations and requirements to our direct suppliers.
- Providing additional training for relevant employees to enhance their understanding of modern slavery and human rights, enabling them to identify and respond effectively to any related concerns.
- In two years' time, we are planning to assess and benchmark its Modern Slavery Risk Management maturity against the leading practice. This will help us to understand if there are any gaps and can be repeated to track progress over time.
- Organising an interactive modern slavery risk workshop with key functions from across KAU.

These measures will serve as crucial steps in our ongoing efforts to combat modern slavery and uphold human rights throughout our supply chain.

## Assessing and Reporting on the Effectiveness of Actions Taken

KAU has already commenced and intends to continue further developing frameworks and processes to appropriately review the effectiveness of KAU's actions in assessing and addressing modern slavery risks in our operations and supply chains.

Assessing the effectiveness of our actions is a vital component of our commitment to continuous improvement. We employ various methods to evaluate our approach, including:

- Monitoring key indicators such as the number of modern slavery-related reports received through our whistleblower mechanisms and the completion of modern slavery questionnaires by our suppliers. No instances of modern slavery have been reported or alleged in 2022.
- We consistently track relevant data and collect information from vendors to measure progress towards our goals. This may include conducting surveys, gathering feedback from stakeholders, and analysing relevant metrics. We have started using the service of Equifax Ethical, which helps us to independently run checks on our vendors to see any alleged or reported modern slavery incidents.
- Reviewing complaints raised under the dispute resolution process.

During the reporting period, we did not receive any reports or complaints related to modern slavery. Additionally, KAU completed and submitted a number of reports to law enforcement bodies, and none of these reports was concerned with modern slavery risks.

KAU is continuously reviewing how to effectively monitor modern slavery risks further as part of our 2023 compliance program.

KAU is committed to addressing the issue of modern slavery in our operations and supply chain. We recognise that this is an ongoing process, and we will continue to take steps to ensure that we are not contributing to or benefiting from modern slavery in any way. We will also continue to engage with our suppliers and stakeholders to ensure that they share our commitment to this important issue.



## Consulting with Entities that Kubota Owned and Controlled

This Modern Slavery Statement covers all controlled entities of Kubota Australia and was developed in consultation with each of the reporting entities covered by the statement. Each controlled entity relies on Kubota Australia for the resources they require for its operations. Kubota Australia provides and procures all goods, services, and personnel requirements. All controlled entities under Kubota Australia's management operate in accordance with Kubota Australia's directives. A draft of this statement was reviewed by one or more directors from each reporting entity and controlled entity.

KAU will continue to monitor and report on the effectiveness of this Modern Slavery Statement to the Board of Directors of KAU

Kubota Australia's Modern Slavery Statement 2022 was approved by its Board of Directors on the 29<sup>th</sup> of June 2023.



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Yuji Tabira

Managing Director

Kubota Australia Pty Ltd

