



Kubota Australia Pty Ltd

Modern Slavery Statement 2023

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Kubota Australia Pty Limited, ACN 005 300 621 (Kubota Australia) is pleased to present our fourth 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. We welcome the government's recent establishment of Australia's first federal Anti-Slavery Commissioner, which we believe will enhance the effectiveness of measures taken by businesses to address modern slavery.

This statement outlines the actions taken by Kubota Australia and its controlled entities (together referred to as the "KAU") to combat modern slavery during the calendar year ending on 31 December 2023. It also details our future strategies for promoting ethical practices and mitigating the risk of modern slavery within our organization 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 franchised 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.

Kubota Australia's Structure, operations, and supply chains

Structure

Kubota Australia is an Australian company with a registered office at 25-29 Permas Way Truganina Vic 3029. 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). It is listed on the first section of the Tokyo Stock Exchange. KBT is one of the world's leading manufacturers of compact engines and produces agricultural, construction, and power equipment distributed to over 31 countries.

In New Zealand, our operations are conducted through Kubota New Zealand Limited, another wholly-owned subsidiary of Kubota Australia. We also 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. KAU's product range includes agriculture, construction, and power equipment. Additionally, KAU offers 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 franchised dealers across Australia and New Zealand. We currently have more than 150 franchised dealerships across both countries.

To support KAU operations, we have a team of 207 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 \$600 million from our suppliers.

We engage in a range of transactions with international related parties. During the past year, we have continued conducting 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, 2023, KAU had a supply chain comprising approximately 2000 suppliers. Last year, we traded with over 500 suppliers, of which around 50 were international suppliers.

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.

Kubota Australia's Risks of Modern Slavery Practices

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.

Operationally, due to KAU localised operational structure and the fact that all employees are engaged under common law contracts, modern slavery risks are perceived to be low. KAU management oversee all recruitment, with assistance from the People and Culture department. Additionally, our dependency on labour-hire employees engaged through agencies is minimal. When labour-hire is necessary, KAU exclusively collaborates with reputable agencies located in Australia. We ensure that all our workforce members are employed under either Australian or New Zealand workplace contract, following standardised background checks and screening procedures.

All team members are adequately compensated and employed in compliance with the regulations of their respective localities. Our operational safety and wellbeing include various wellbeing programs, flexible work hours, recognition initiatives and open environment for expressing concerns.

Regarding our supply chain risk, we have been building upon our efforts over the past three years. We are still laying the groundwork to better understand the modern slavery risks within our supply chain. As a standard procedure, we have continued to categorise new vendors, considering factors such as their industry type, geographic location, and their commitment to the Modern Slavery Act. We ensure our Modern Slavery Clause is included in our contracts with the suppliers.

We strictly require all new vendors to complete an onboarding questionnaire on modern slavery to gain insight into their organisational structure and risk exposure. Furthermore, we have continued conducting risk assessments of our existing vendors to evaluate their current circumstances and identify any potential impacts on our anti-slavery commitment. These assessments help us to address and mitigate risks effectively, ensuring our supply chain remains aligned with our ethical standards and regulatory requirements.

Based on our assessment and understanding gathered in 2023, we have identified certain risks:

- As in previous years, we believe that high risk can be prevalent in companies primarily providing labour-oriented support services to businesses, such as cleaning services. Although KAU's spending in this sector may be relatively low compared to other vendors, we acknowledge and surveyed these sectors as we understand they tend to attract a significant number of low-skilled immigrants, necessitating our understanding of the modern slavery threat within this context.
- We also recognise the risk associated with layers of supply chain used by our first-tier suppliers. We strive to determine if our suppliers understand Modern slavery laws and have policies for their own supply chain. Our finding revealed that 32% of our newly onboarded suppliers in 2023 do not have proper policies in place. We consider this factor and associate with high-risk rating, even if they are situated in low-risk jurisdictions.
- Suppliers operating in high-risk geographical areas, where modern slavery practices are more prevalent, require closer scrutiny.

Kubota Australia's approach to tackle Modern Slavery practices

KAU is fully committed to eradicating modern slavery from all aspects of its operations, supply chains, and business practices. As outlined in this statement, KAU continued its efforts in 2023 to enhance its understanding of potential modern slavery risk within its operations and supply chains. During the year, KAU worked towards ensuring compliance with the Modern Slavery Act by using its internal methodologies to assess the modern-slavery risk levels of onboarded and existing 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 in eliminating modern slavery, we consistently implement the following measures:

1. In 2023, we focused on better understanding how KAU is identifying and managing modern slavery risks through self-assessments for our operations and supply chain. We used KPMG's 'Modern Slavery Benchmark' Service, a self-assessment tool, for this purpose. We will be working towards the recommendation from the report in the coming year to enhance mechanism to address any modern slavery risk if any prevalent in our supply chain and operation.
2. Continued to Conduct 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 used our internal risk rating methodology that considers factors such as geographical location, industry type, and the vendor's response to the Modern Slavery questionnaire.
3. We have increasingly included a standard Modern Slavery clause in any service or supply agreement with vendors, requiring them to warrant that there are no violation of Modern Slavery Act obligations. Vendors are required to provide relevant information about their supply chain and operations to assess their modern slavery risk. Our supplier code of conduct is an integral part of our procedures and ensures supplier accountability and adherence to our standards.

4. We identify and monitor potential risk areas within our supply chain to ensure compliance with our Modern Slavery Policy. We have a dedicated Compliance department responsible for ensuring adherence to the policy within the organisation.

5. We protect 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 organization are available to receive reports of potential breaches, including information related to human rights violations and labor standards infringements.

As stated in our 2022 statement, we have fulfilled all our actions as per our 2023 anti-slavery commitment plan.

Commitment and Further Steps

In 2024, we plan to take the following steps to ensure continued progress:

- Continue 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.
- Provide training and workshop to KAU members to enhance their understanding of modern slavery and human rights, enabling them to identify and respond effectively to any related concerns.
- KAU plans to engage with a service provider who offers a supplier pre-qualification platform, specifically vetting any Modern Slavery risk associated with our vendors or their supply chain. This is a priority for 2024.

Assessing and Reporting on the effectiveness of actions taken by Kubota Australia

KAU is dedicated to continuously improving its frameworks and processes to effectively review the actions taken to assess and address modern slavery risks within 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 2023.
- 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 looking for a service provider, 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.
- We provide easily accessible internal platforms for raising concerns anonymously, such as whistleblower contact information and a dedicated line to lodge a complaint.

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 2024 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 Australia own and Control

This Modern Slavery Statement covers all controlled entities of KAU and was developed in consultation with each of the reporting entities covered by the statement. Each controlled entity relies on KAU for the resources they require for their operations. KAU provides and procure all goods, services, and personnel requirements. All controlled entities by Kubota Australia work under Kubota Australia management. One or more directors from each reporting entity and controlled entity reviewed a draft of this statement.

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

The Kubota Australia’s Modern Slavery Statement 2023 was approved by its Board of Directors

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Yuji Tabira, Managing Director

Kubota Australia Pty Ltd

24/6/2024
Date: