



# SMC Corporation (Australia) Pty Ltd Modern Slavery Statement (from 1 April 2023 to 31 March 2024)

## Managing Director Statement

SMC Corporation (Australia) Pty Ltd (hereinafter referred to as SMC AU), is committed to ethical conduct and corporate responsibility as reflected in our policies, procedures and practices related to anti-slavery. We do not tolerate any form of human rights abuses, including modern slavery, in our operations nor in our supply chain.

We recognize that in any supply chain there is a risk that some part of the supply chain, which is not directly within our control, may not share the same commitment to ethical sourcing that we have. We have introduced policies, procedures and practices to minimize such risk.

## 1. About this Statement

### 1.1 Introduction

Our Modern Slavery Statement (Statement) is prepared in accordance with *the Australian Modern Slavery Act 2018* (Act) for the period 1 April 2023 to 31 March 2024, to provide background of our organization and highlight the steps we have taken to identify and prevent modern slavery and human trafficking from taking place in our operations and supply chain.

### 1.2 Reporting Entity

This Statement is made by SMC Corporation (Australia) Pty Ltd, which are fully owned subsidiary of SMC Corporation, which is listed on the Tokyo Stock Exchange Prime Market. SMC Operates in many countries which we refer to in total as SMC Group. SMC Corporation (Australia) Pty Ltd is locally registered at 14-18 Hudson Avenue, Castle Hill, NSW 2154, Australia. SMC Corporation (Australia) Pty Ltd is also the owner and controlling entity for SMC Corporation (NZ) Limited, hereinafter referred to as SMC NZ. Jointly SMC AU and SMC NZ are referred to as SMC ANZ.

## 2. Our Structure, Operations and Supply Chain

### 2.1 SMC AU Organisational Structure

SMC Australia was established in 1966 as SMC Corporation's first overseas local subsidiary. It manufactures pneumatic equipment and machine elements that play an essential role in the automation of various industries. The directors and leadership team have responsibility and authority over both SMC AU and SMC NZ to ensure consistent approach, direction and communication across both ANZ businesses. In addition, functions such as Supply Chain, Finance, IT and Human Resources cover both entities. Due to SMC ANZ's structure, common resources and management, an SMC ANZ approach was taken with the development and implementation of this Modern Slavery Statement and processes including consultation and training of key personnel.

### 2.2 Operations

SMC Corporation (Australia) Pty Ltd is headquartered and has a manufacturing site based in Castle Hill, NSW with additional sales branches located in Brisbane, Adelaide, Melbourne, Perth, and Townsville. SMC Corporation (NZ) Limited is headquartered and has a manufacturing site in Auckland with additional sales branches in Hamilton, Palmerston North and Christchurch.

Our local business activities include some or all of the following:

- Sales
- Supply and Distribution

- Design and Engineering
- Manufacturing

With these diverse activities, control of the supply chain is paramount to ensure we use suppliers who comply with the Act.

## 2.4 Supply Chain

SMC ANZ sources primarily from other worldwide SMC Corporation facilities, but also has several other suppliers both locally and internationally to support our range of standard product as well as bespoke engineered and manufactured product. When selecting suppliers from non-SMC Group companies, SMC AU and SMC NZ are careful to select suppliers from countries and regions that provide both high quality products and materials as well as low risk with respect to modern slavery infringements. Within the SMC global group of companies there are policies addressing modern slavery risks and sourcing criteria to minimize potential risks.

Based on combined SMC AU and SMC NZ purchasing data for 2023:

65% of materials and parts are sourced from within the global SMC group of companies.  
29% of materials and parts are sourced from Australian and New Zealand non-SMC companies.  
6% of materials and parts are sourced from European and USA non-SMC companies.

As can be seen from the regions from which materials and parts are sourced, the risk of sourcing from suppliers that do not adhere to preventing modern slavery is deemed to be very low. Nonetheless, we have policies and procedures to continually monitor and mitigate our risks.

We are committed to identifying possible modern slavery risks in our operations and supply chains. We recognize the causes of modern slavery are complex and often have several factors combining to create conditions, where people find themselves in a situation that constitutes modern slavery. We note that poor labour practices and vulnerable workers are often key risk indicators, and we continue to learn more about the root causes of vulnerability, including poverty, inequality, and discrimination (gender, racial and ethical).

## 3. Identifying Modern Slavery Risks

### 3.1 Due Diligence, Risk Assessment and Management

SMC AU has prepared a set of guidelines detailing the minimum expectations we have for suppliers ensure ethical business, fair working conditions and human rights in their businesses and their supply chain. We also require our key suppliers to complete and sign a questionnaire to ensure their business and supply chain meets SMC AU's minimum requirements. As part of that questionnaire, we also require our suppliers to disclose if either they or their supply chain has had any reports of infringements related to modern slavery. Through these guidelines SMC ANZ makes it clear that it will not allow unlawful business practices in breach of the Act. SMC AU also monitors the information provided by our suppliers with regards the questionnaire.

SMC AU seeks to ensure that all its suppliers share its values and take a zero-tolerance approach to modern slavery through implementation of the above. If the supplier fails to comply with the modern slavery clauses and is either unwilling or unable to change, SMC AU will terminate the use of that supplier for any purchases or services.

SMC AU will also draw its ethical approach, including modern slavery, to evaluate potential new suppliers via the guidelines and questionnaire. This ensures new suppliers are made aware at an early stage of the expectations and obligations SMC ANZ will place on them if they are successful in becoming one of our suppliers.

In addition to the above, consistent with SMC Group, SMC ANZ has implemented a commercial risk intelligence software platform that combines global corporate and supply chain data, complex entity networks, and intuitive risk identification to accelerate investigations, intelligence, and due diligence activities. This software evaluates our full supplier database and compares it with worldwide transactions, infringement notices, non-compliance, potential infringements of modern slavery, fraudulent cases, etc. and then generates a risk report related to individual suppliers. This software further mitigates our risks. The software is also used before engaging with new potential suppliers.

### **3.2 Policy Framework**

At SMC ANZ, we uphold our core values through a robust set of policies that govern our operations and guide our employees and suppliers. Every SMC ANZ employee is expected to always exhibit the highest ethical and lawful standards to operate within all policies that apply to our organization. SMC ANZ have several policy documents in place, which assist in protecting the human rights of our employees and provide a framework for protection against slavery and human trafficking.

These policies set our values and ethical direction, guiding the way we treat our employees and the way we work with customers, suppliers, business partners and visitors.

### **3.3 SMC ANZ Policies in relation to Slavery and Human Trafficking:**

#### **SMC Group Code of Conduct & SMC ANZ Code of Conduct**

This policy sets out the behaviors and principles expected by SMC ANZ when undertaking duties dealing with other employees, including whilst meeting the needs of customers and stakeholders.

#### **Whistleblower Policy**

This policy supports the employees in speaking up and reporting any wrong doings within SMC ANZ that they reasonably believe to be corrupt, illegal, or unethical.

#### **Anti-Discrimination, Harassment & Bullying Policy**

This policy promotes a working environment that is free from unlawful discrimination, harassment, sexual harassment, bullying, vilification, victimization, and adverse action.

#### **Equal Opportunity and Diversity Policy**

This policy is committed to create and maintain a positive and productive workplace where diversity and gender equality are appreciated by all employees, clients/customers, business partners and visitors.

#### **Workplace Privacy Policy**

This policy maintains privacy in the workplace as required and will ensure the implementation of best practices in the collection and retention of sensitive information and employee records.

#### **Employee Counselling and Discipline Policy**

This policy ensures fair treatment toward all employees in the workplace, whilst achieving and maintaining improved work performance and conduct.

## **4. Ongoing Commitment – Actions Completed**

### **4.1 Training**

SMC ANZ has launched online training for employees to increase their awareness of the Act within the organization. This online course has been designed not only to raise awareness but also spread information on how to identify and report modern slavery in and around the workplace.

#### 4.2 Other actions

SMC ANZ engages with third parties who provide recruitment services to assist with sourcing candidates. We acknowledge that by working with external parties, there is always some risk that may contribute to modern slavery practices. When bringing in contingent workers, SMC ANZ ensures that the supplying company are not in breach of the Act. We expect all third parties to aim for high ethical standards and to operate in an ethical, legally compliant, and professional manner. Once contingent workers, either full time, part time, fixed term or casual, are employed by SMC ANZ, we make certain that they are compliant with the Act. Suppliers are required to complete the supplier questionnaire including reporting any incidence of modern slavery infringement.

SMC AU has had no incidents breaching the Act in the workplace nor any reports from our key suppliers as to any breaches within their business or supply chain.

### 5. Our Approach to Assessing Effectiveness

We are committed to a process of continuous improvement around our actions on modern slavery and to put in place measures to understand the effectiveness of our actions. We will continue to assess and monitor the global and local supply chains to mitigate the risk that exist in relation to modern slavery.

Through regular training and awareness sessions we will;

- review the results of our supplier questionnaire,
- review results of the specialised software referred to in section 3.1 above; and
- review whether any modern slavery risk is occurring.

These reviews will be used to determine our risk assessment and will be conducted at least once per year.

### 6. Governance

SMC ANZ continually communicates with its parent Company in Japan to ensure they are fully aware of the modern slavery law requirements in Australia. In this regard, our parent Company issues and updates, when necessary, our SMC Group Code of Conduct. In September 2019, our SMC Group Code of Conduct included a clause on responsible sourcing of minerals from conflict areas. The new Code was issued to all SMC ANZ employees highlighting the change.

This Statement is made pursuant to section 13(1) of the Modern Slavery Act (Commonwealth) 2018. It constitutes the statement of SMC Corporation (Australia) Pty Ltd and covers the reporting period 1 April 2023 to 31 March 2024.

### 7. Consultation

The Statement was prepared in consultation with our Board of Directors and Executive Leadership Team (including the reporting entity). We consulted the relevant companies we own and control in the development of this Statement being; SMC Corporation (Australia) Pty Ltd and SMC Corporation (NZ) Limited.

Key functional support staff responsible for SMC Corporation (Australia) Pty Ltd's operations and supply chains were consulted, these teams participated in review of our risk management approach, participated in

targeted training (including the specialised risk intelligence software platform) and contributed to refining our process and the preparation of this Statement prior to its review by SMC Corporation (Australia) Pty Ltd Executive Leadership Team which is collectively responsible for the management of our operations and supply chains.

This Statement has been communicated to SMC ANZ employees and was published on SMC Corporation (Australia) Pty Ltd and SMC Corporation (NZ) Limited Business Management System (BMS) on 20 November 2024 for access and review.

## 8. Approval

The Modern Slavery Statement was approved by the principal governing body of SMC Corporation (Australia) Pty Ltd and SMC Corporation (NZ) Limited, the Board of Directors approved this statement on behalf of itself and the reporting entity on 22 August 2024 as noted in the minutes of the Annual General Meeting of the same date.

This Modern Slavery Statement is signed by the Managing Director as a responsible member of the SMC Corporation (Australia) Pty Ltd and SMC Corporation (NZ) Limited Board of Directors.



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**Simon McDonald**  
*Managing Director*  
Date: 22/08/2024