

Sumitomo Rubber Australia Pty Ltd

Modern Slavery Statement

This statement is made under the Modern Slavery Act 2018 (Cth) (**Act**). It sets out the actions taken by Sumitomo Rubber Australia Pty Ltd ACN 602 872 391 ("**SRAU**", "**us**", "**we**" or "**our**"), to address modern slavery risks in our operations and supply chain during our financial year ending 31 December 2023.

1. STRUCTURE, OPERATIONS AND SUPPLY CHAINS

1.1 The structure of Sumitomo Rubber Industries Ltd

SRAU is a wholly owned Australian subsidiary of Sumitomo Rubber Industries Ltd ("**SRI**"). SRI is a global entity which has 100 subsidiaries all over the world ("**SRI Group**").

1.2 Our parent company's background - SRI

SRAU's parent company, SRI was founded in 1909. SRI is the fifth largest tyre manufacturer in the world in sales turnover of tyre business of 2022. With 12 global tyre manufacturing facilities, SRI produces tyres for passenger cars, light trucks, trucks & buses, motorcycles, agriculture vehicles and industrial vehicles, it also produces sports and industrial products.

Headquartered in Japan, SRI is present in more than 20 countries, has a global workforce of roughly 40,000 employees and operates 20 production and manufacturing plants (12 for tyre production and 11 for sport and industrial products, which 3 out of 11 produce both tyres and sport or industrial products). SRI is listed on the Tokyo Stock Exchange.

Since May 2022, SRI has been a signatory to the UN Global Compact, to respect human rights in all its activities and in all countries where it and its subsidiaries operate. As a signatory to the UN Global Compact, SRI is continuously working toward realizing the principles of the UN Global Compact which include the elimination of all forms of forced and compulsory labour, and the effective abolition of child labour. One of SRI's key values is "*being reliable and worthy of trust*" meaning, "*facing forward with honesty and integrity, responding to the trust our customers, our colleagues and our society place in us*".

SRI has received numerous accolades from various organisations but most notably in 2023 it was ranked top 100 companies among all 1,702 companies in the 17th Toyo Keizai CSR Company Ranking which identifies companies recognized by a wide range of stakeholders as reliable, evaluating the utilization of human resources, environment, governance and social activities, profitability, safety and scale and provides rankings for both corporate and social responsibility and finance.

1.3 SRAU

SRAU's operations in Australia are solely wholesale tyre distribution. SRAU exclusively sources tyres from SRI (predominantly direct from Japan and Thailand manufacturing facilities). Once the tyres arrive in Australia, SRAU directly manages and operates 5 warehouse distribution centres in New South Wales, Queensland, South Australia, Victoria and Western Australia. SRAU then on-sells those tyres on a wholesale basis predominantly to tyre retailers in Australia which in turn on-sell them to private and commercial consumers.

In addition, SRAU manages three related brands in Australia – Falken, Sumitomo and Ohtsu, as well as its own retail network - City Discount Tyres.

City Discount Tyres operate as a franchise network to distribute not only our brands but also others. City Discount Tyres for the purpose of this statement, are not reporting entities however we briefly touch on the franchising operations for context. These franchisees operate a business involving primarily the retail sale of tyres and fitting of motor vehicle wheels, tyres and other automotive accessories and the provision of related automotive services including wheel alignment and balancing, brake and suspension inspection and repairs and minor vehicle servicing under City Discount Tyres.

2. **RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS**

2.1 **Supply of raw materials, goods and services:** Given that SRAU procures all products from its parent company SRI, it does not have direct visibility on the risks of modern slavery in SRI's upstream supply chain but notes the following risks that may be part of a supply chain that sources raw materials, goods and services from countries sourced by SRI Group:

- (a) key materials used to manufacture tyres include synthetic rubber, fillers, and chemicals; and
- (b) the cultivation of natural rubber in some countries (such as Thailand and Indonesia) presents risks for modern slavery as it is labour intensive.

2.2 **Procurement (not for supply) -** SRAU locally procures some goods and services (not for supply), to conduct its business operations and for the conduct of its operations including:

- (a) the use of customs brokers who handle all inbound freight and are responsible for delivering containers to our warehouse distribution centers;
- (b) labor hire companies which provide temporary staff who assist in unloading containers at warehouse centers;
- (c) outbound freight suppliers which deliver tyres to customers;
- (d) utility companies;
- (e) waste removal companies;
- (f) IT consultants; and
- (g) general suppliers some of which provide assistance in relation to marketing and managing storage and logistics for marketing merchandise.

These goods and services may carry a risk of modern slavery, even in developed countries such as Australia, with potential issues of low pay, poor job security, OH&S concerns and poor ethical treatment of workers.

3. THE ACTIONS WE TAKE TO ASSESS AND ADDRESS THESE RISKS:

SRAU relies on the robust processes and procedures adopted by SRI, to assess and address the modern slavery risks associated with their supply chain and operations. These procedures are set out below.

3.1 Actions taken by SRI

SRI has implemented a number of specific measures in its business to ensure that its practices are consistent with SRI Group's policies and procedures on Modern Slavery.

SRI's legal, human resources, purchasing and sustainability management promotion departments each work together to assess and address risks of modern slavery, from the selection of prospective suppliers to monitoring suppliers' activities throughout the end of each of our contracts.

One of SRI's requirements before it engages suppliers is that those suppliers be assessed by EcoVadis, a company specialising in ESG which evaluates internal sustainability processes. EcoVadis' assessment focuses on environment, labour and human rights, ethics and procurement of sustainable materials. Unless suppliers are willing to participate in an assessment by EcoVadis they will not be engaged by SRI. SRI has set an internal KPI which is by 2030, to procure 95% of materials by from suppliers which have acceptable EcoVadis scores. As of 2022, it has achieved 82%.

SRI has implemented a Code of Conduct publicly available on its website at <https://www.srigroup.co.jp/contact/dvql4p000008oh8b-att/english.pdf>. which applies to all executives and employees of all companies in the SRI Group, including SRAU. The Code of Conduct requires executives and employees to comply with laws, regulations and rules. SRI prides itself on ensuring all executives and employees act in accordance with the Code of Conduct. Embedded within the Code of Conduct is another policy called "Bad News First / Fast" which assists employees and executives quickly identify internal issues and mitigate against these where possible.

In addition to the Code of Conduct, SRI has robust and stringent legal and regulatory compliance expectations which are embodied in various documents on its website. Since February 2004, SRI has implemented for all SRI Group entities, a Corporate Ethics Help Line (and associated whistleblowing guidelines) which is an internal reporting line designed to accommodate requests for consultation regarding various issues associated corporate ethics, including harassment, monopolistic practices, corruption and other misconduct.

SRI is committed to maintaining and improving systems and processes to eliminate all forms of forced and compulsory labour within its operations and supply chain. In addition to its Human Rights Policy, SRI has established the following policies and systems to address their vision of ensuring respect for the human rights of their employees and workers at supply chain constituents:

- Human Rights Management System, Formulation of a Global Human Rights Policy (2023),

- Human Rights Management System and Due Diligence Process (2024),
- Practice of Human Rights Due Diligence (2025)

The Human Rights Task Force, which is a division of the SRI Sustainability Promotion Committee, monitors compliance with these policies. The division issues questionnaires and surveys to identify any human rights concerns within the organisations supply chain.

Further, SRI provides employees within the SRI Group with education and training on important subjects as compliance with competition laws, the prevention of bribery and the prohibition of misconduct (**Compliance Training**). Compliance Training comprises, in part an annual Compliance Month to help employees raise compliance awareness. During the Compliance Month, SRI provides e-learning to all employees within the SRI Group while, on an as-necessary basis, implementing training for new recruits and conducting grade-specific training programs.

SRI continues to review its policies and processes to ensure the highest standards in its Operations and supply chain and across the SRI Group.

As noted in paragraph 1.2 above, SRI is a signatory to the UN Global Compact, to respect human rights in all its activities and in all countries where it and its subsidiaries operate. As a signatory to the UN Global Compact, SRI is continuously working toward realizing its business commensurate with the principles of the UN Global Compact, which include the elimination of all forms of forced and compulsory labour, and the effective abolition of child labour.

From December 2024, SRI will be obliged to comply with the EU Deforestation Regulation ("EUDR"). Under the EUDR, any operator or trader who places commodities such as natural rubber on the EU market, or exports from it, must ensure that the products do not originate from recently deforested land or have contributed to forest degradation. SRI is currently conducting due diligence of suppliers of natural rubber in order to comply with the EUDR.

3.2 Actions taken by SRAU

As this is SRAU's first Modern Slavery Statement and its sole supplier of products for resupply is its parent company, it has yet to adopt its own Australian specific modern slavery policies and procedures. It has included in this section, however, the actions that it intends to take in the following 12 months as it undergoes a process of due diligence on SRI's upstream supply chain processes and in its own procurement processes for goods or services not for supply.

Internal

SRAU offers its own Corporate Ethics Help Line locally. In addition, SRAU issues all employees with a Compliance Card which effectively sets out SRAU's Corporate Philosophy (including how employees can measure their compliance with SRAU's internal framework i.e. compliance with all laws, regulations and corporate ethics).

SRAU has an intranet which all employees have access to which houses an 'Employee Handbook'. This document not only sets out a Code of Conduct for employees but also includes a number of key policies including a robust whistleblowing policy, work health and safety policy, disciplinary policy etc.

Franchisees

In respect of the franchise network, all of the City Discount Tyre automotive retail stores are required to adhere to SRAU's 'The CDT WAY Operations Manual' which includes a comprehensive guide covering issues such as occupational health and safety, bullying, incident reporting etc. From an enforcement perspective, all franchise agreements oblige franchisees to operate their business strictly in accordance with the provisions of The CDT Way Operations Manual.

Suppliers (procurement not for resupply)

Currently SRAU does not have the opportunity to negotiate contracts with its suppliers (for products not for resupply) as they provide SRAU with their terms and conditions of engagement however, in future years SRAU intends to issue questionnaires for suppliers it wishes to engage to enable it to assess suppliers modern slavery practices and compliance.

4. HOW WE ASSESS THE EFFECTIVENESS OF THE ACTIONS WE TAKE TO ADDRESS THE RISKS OF MODERN SLAVERY

As this is SRAU's first Modern Slavery Statement, it has yet to implement an audit process to enable it to assess the effectiveness of any actions that it plans to take to address the risks of Modern Slavery however it will continue to endeavour to take a comprehensive approach to ensuring compliance with input from its legal team, human resources and internal control measures.

Potential measures that it may consider to assess the effectiveness of the actions that it will put in place may involve surveys and auditors to measure the effectiveness of any procedures that it puts in place for this purpose.

5. PROCESS OF CONSULTATION WITH OUR SUBSIDIARIES

SRAU does not have any subsidiaries.

6. OTHER RELEVANT INFORMATION

This is the first modern slavery statement made by SRAU. SRAU is committed to continuing to understand the potential modern slavery risks in its operations and in SRI Group's upstream supply chains.

SRAU will continue to work to tailor its modern slavery practices to Australian laws and endeavor to have further oversight to matters in its control.

This will at a minimum involve SRAU:

- (a) preparing its own modern slavery policy and education program for its Australian employees and board of directors to complement the existing Employee Handbook;
- (b) conducting due diligence to obtain a greater level of awareness of SRI's actions to assess and address Modern Slavery risks, so as to consider these in the context of its Australian operations (such as the EcoVadis assessments); and

instituting modern slavery obligations in all contracts with suppliers where procuring goods or services not for resupply. Furthermore, SRAU remains diligent in identifying any updates in best practices towards Modern Slavery and will continue to evaluate its approach to Modern Slavery against others to identify any gaps in its analysis of the matters at hand.

This statement was approved by the Board of Sumitomo Rubber Australia Pty Ltd ACN 602 872 391 on 23 April 2024.

Signed,



Koji Fukuhara
Managing Director, Sumitomo Rubber Australia Pty Ltd
Date 23 April 2024