



KOBELCO CONSTRUCTION MACHINERY AUSTRALIA PTY. LTD.

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MODERN SLAVERY STATEMENT 2021

Introduction

This Modern Slavery Statement (Statement) is made pursuant to the Modern Slavery Act 2018 (Cth) (the Act) and covers the supply chain and business operations of Kobelco Construction Machinery Australia Pty Ltd (Kobelco).

This Statement sets out the steps that Kobelco has taken during the financial year ended 31 December 2021 to detect any risk of modern slavery and human trafficking within Kobelco's supply chain and business operations in accordance with the seven mandatory reporting criteria outlines in s16 of the Act. This Statement also includes any additional steps which are proposed to be completed by Kobelco during the financial year ending 31 December 2022.

Structure, Operations and Supply Chains

Kobelco is a 100% owned subsidiary of Kobelco Construction Machinery Ltd. (Japan). The Ultimate parent entity is the publicly listed Kobe Steel Ltd. with head office in Tokyo, Japan. The Kobe Steel operations include the manufacture of steel and aluminum products, machinery, electric power plants and construction machinery.

Kobelco has 19 permanent employees, all based in Australia. Kobelco imports and distributes excavators and excavator spare parts through a network of independent dealers in Australia, New Zealand, New Caledonia and Papua New Guinea.

Other than locally procured lubricants, the products distributed by Kobelco are sourced from our parent entity, Kobelco Construction Machinery Ltd. (Japan). Incidental items are purchased for the operations including domestic transport, stationery, packaging material, office cleaning services and promotional items.

Risks of Modern Slavery Practices

Kobelco management conducted an assessment of all direct suppliers, based on market, geography, the products supplied and the parent entities. The supply of excavators and excavator parts presents the greatest potential for Modern Slavery risk. Incidental purchases of transport,

stationery and packaging materials are sourced from recognized Australian entities. Cleaning services are provided by a local self-employed contractor.

Actions taken to address Modern Slavery Risk

Kobe Steel Ltd and all group companies operate under the Kobe Steel Corporate Code of Ethics and Standard of Corporate Conduct. Compliance with this Code and Standard is required for all group companies and their employees. The Group Procurement Policy includes the requirement for compliance with all laws, regulations and social norms. It also formally requests this of our business partners and suppliers. Specifically, this Procurement Policy under section 2-1 Prohibition of Forced Labor, includes the requirement of suppliers not to use labor from coercion, detention, prison labor exploitation, slavery or trafficking. Definitions of these terms are explained in the Policy. Other sections in the Policy cover Prohibition of Child Labor and Consideration for Young Workers, Consideration for Working Hours, Adequate Wages and Benefits, Prohibition of Inhumane Treatment, Prohibition of Discrimination, Freedom of Association and Right to Collective Bargaining.

Kobe Steel and group companies have a Whistleblower Policy enabling all employees to report non-compliance with the group policy.

Measuring Effectiveness

Kobelco has 19 employees, of which 5 are executive management. Being a small company with a limited number of suppliers, there is strong oversight of the activities and the compliance with Group Policies. Management and staff are aware of the Group Policy in regard to Modern Slavery and conduct business accordingly.

In connection with preparation of this Statement, Kobelco has confirmed with our Parent Entity that there have been no reported breaches of the Group Policy on Modern Slavery. The parent entity has a Legal and Internal Audit Department with responsibility to ensure compliance to all group policies.

Owned Entities

Kobelco does not own or control any other entity.

Other Relevant Information

At the outset of the COVID 19 lockdown in April 2020, the Kobelco business was impacted with a significant drop in sales activity. However, the Federal Government COVID 19 stimulus initiatives provided a quick recovery for our business which was back to normal or better by June 2020. Within the construction machinery division of the Kobe Steel group, there were no factory shutdowns. During the 2021 year, the factories were at normal to full operating capacity.

Approval

In accordance with s14(2)(d) of the Act, this Statement has been approved by the Board of Directors of Kobelco.

A handwritten signature in blue ink, appearing to read "P. Torrington", is written over a horizontal dashed line.

Paul Torrington
Managing Director
Kobelco Construction Machinery Australia Pty Ltd.