

## ***California Transparency in Supply Chains Act***

### **Transparency in Supply Chains Act Company Statement**

Sumitomo Machinery Corporation of America (SMA) is dedicated to improving our practices to combat slavery and human trafficking and will operate a zero-tolerance approach throughout all areas of our business.

We are committed to eradicating all forms of slavery or human trafficking in accordance with the California Transparency in Supply Chains Act (S.B. 657). We expect the same from our customers, suppliers, distributors, contractors and other suppliers of goods and services around the globe.

### **Organisation's structure**

SMA is part of Sumitomo Heavy Industries Ltd. (SHI) situated within the PowerTransmission and Control Division. SMA operates under the brand, Sumitomo Drive Technologies, which serves to unite all the power transmission and controls companies across SHI.

### **Our supply chains**

We have an extensive global network of over 45 suppliers throughout the world, ranging from small private limited companies to large multinationals. Our aim is to eliminate, as far as is possible, the risk of modern slavery within the supply chain and to trade both ethically and with integrity throughout our entire business.

### **Our policies on slavery and human trafficking**

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Transparency in Supply Chains Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls. Our aim is to ensure slavery and human trafficking is not taking place anywhere within our supply chains.

## Due diligence processes for slavery and human trafficking

We require our current suppliers to provide written certification annually and confirm their ongoing commitment to eradicating all forms of abuse. All new suppliers are required to carry out self-assessments and declare compliance with our stated policy prior to the initiation of any business affiliation.

Within our ISO9001 Quality System we monitor and protect our supply chains by:

- Identifying, assessing and monitoring potential risk areas
- Mitigating the risk of slavery and human trafficking occurring
- Protecting whistle blowers

## Supplier adherence to our values

To ensure all those in our supply chains comply with our values we have a dedicated compliance team consisting of a Compliance Officer, supported by internal and external auditors and managers at all levels within the company. The team monitors the compliance process ensuring that it is robust, effective and remains fit for purpose.

## Training

To ensure a high level of understanding of the risks, within our supply chains and business, we provide the following training to our staff:

- Employees who interact with our supply chain are made aware of potential risk areas and how to escalate concerns without fear of repercussions
- New starters are briefed regarding this policy during their company induction
- This policy is included into periodic company re-inductions carried out for all employees
- We work with our business partners to ensure they provide appropriate training to their staff, suppliers and providers

## Our effectiveness in combating slavery and human trafficking

The following key performance indicators (KPIs) are used to measure the effectiveness of this policy:

- Annual Internal and external ISO 9001 audit to include modern slavery and human trafficking
- Strategic Purchasing to evaluate all new potential suppliers before they enter the supplychain
- Strategic Purchasing to review existing global suppliers annually based on risk

## Further steps

Following a review of the effectiveness of the steps already in place the following further actions will be taken to combat slavery and human trafficking:

- The corporate social accountability questionnaire, which suppliers complete prior to commencement of business with SMA, to include questions on supply chain transparency and traceability
- Slavery and human trafficking to form part of the annual supplier review process
- Training to be arranged for relevant employees and updated annually
- New document to be included into future versions of ISO 9001 procedures
- Ensure all SMA Associate and Subsidiary companies comply