

Slavery and Human Trafficking Statement 2021/2022



Kawasaki Precision Machinery (UK) Limited

UK Registered Company Number : 02833215

For the Fiscal Year ending 31 December 2021

It is estimated that Modern Slavery affects over 40.3 million people around the world. 24.9 million in forced labour and 15.4 million living in forced marriage according to the latest Walk Free Global Slavery Index 2016.

The uniting characteristic of all forms of modern slavery is that it involves one person depriving another person of their freedom:

- to leave one job for another
- to leave one workplace for another or
- to control their own body.

There are a variety of terms used to describe modern slavery, however for the purpose of this statement KPM UK have chosen to use the following:

Human trafficking
Forced labour
Slavery

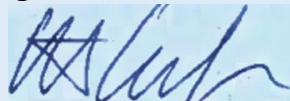
The Modern Slavery Act, the first of its kind in Europe, received Royal Assent on the 26th March 2015. The act consolidates slavery and trafficking offences and introduces tougher penalties and sentencing rules. Under the UK's [Modern Slavery Act 2015](#), KPMUK is required to publish a Slavery and Human Trafficking Statement for each financial year, describing what steps we have taken to address the risk of slavery or human trafficking occurring in our own operations or our supply chains.

Kawasaki Precision Machinery (UK) Ltd (KPM(UK)) published its first Slavery and Human Trafficking statement in December 2016, and during these past six years we have continued to grow our understanding, increased our knowledge and have been working to develop a productive response to manage the risk within our sphere of influence. We have a better understanding of the emerging global issue of Modern Slavery and we know our customers share our concern.

This year's statement relates to actions and activities during the financial year 1 January 2021 to 31 December 2021. We have continued to deepen our understanding of the risk and are working to find the most effective response to that risk. KPM(UK) is committed to maintaining and improving systems and processes to avoid complicity in human rights violations related to our own operations, our supply chain, and our products. We realise that slavery and human trafficking can occur in many forms, such as forced labour, child labour, domestic servitude, sex trafficking, and workplace abuse. KPM (UK) recognises that it has a responsibility to take a robust approach to human rights violations and is absolutely committed to preventing such violations in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking.

Board approval

This statement has been signed on behalf of the Board of Directors of KAWASAKI PRECISION MACHINERY (UK) LIMITED
Signed on their behalf



Name: Lee Crocker

Position: Managing Director

Date: 31 August 2022

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Our Business

Today, the Kawasaki brand is synonymous with quality and innovation, leading the way in hydraulic components and systems design. We manufacture and supply equipment for a huge range of applications in the industrial, agricultural, construction and marine markets.

Our Structure

The Precision Machinery division of Kawasaki Heavy Industries has been at the forefront of hydraulic technology and development for over 50 years and our products can be found around the world on land and at sea.

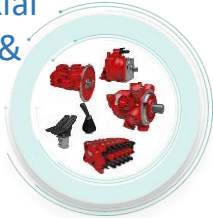
Established in 1968, the Precision Machinery Division has manufacturing facilities in Japan, China, Korea, India and the UK. KPM (UK) has been developing expertise in hydraulic machinery for over 25 years.



Located in Plymouth in the South West of England KPM (UK) is the centre for Sales, Engineering, Manufacturing and Customer Support for Customers in Europe, USA, Asia, Middle East and Africa.

Our customer base is pre-dominantly Original Equipment Manufacturers in the marine, construction and agriculture industries and we are supported by a global sales distribution and support network. Around 90% of our Customer and distribution base is located in the UK, Europe, Japan, North America and Asia.

UK Manufacturer of hydraulic axial piston pumps & motors and radial piston motors



FY2021 Revenue £53.8M

In 2021 staff working for KPM (UK) was 265



Operating in the UK

Supplying materials across the Globe



84 Direct Product Suppliers

Our Supply Chain

KPM (UK) sources goods and services directly from a global network of approximately 84 direct product suppliers across 11 countries and 303 indirect suppliers from 9 countries. Of the total 387 approved suppliers, around 96% of KPMUK's supply base is located in the UK and Europe and we also utilise our Japanese parent company and our sister companies in India and China to supply factored and subassembly parts to meet our production requirements.

Our supply chain is made up of both manufacturers and distributors pre-dominantly supplying raw material, pre-assembled product as well as component parts. We believe that our exposure to the risks of modern slavery is low within our own business and within our supply chain. However, this assessment will be kept under review and if circumstances change we will have no hesitation in instituting additional actions. The manifestations of Modern Slavery are complex and hidden and in order to prioritise our activities, our risk assessment included the mapping of our supply chains and operations, desk-based research, supplier surveys and supplier engagement.

KPM (UK) actively manages its relationships with its suppliers. There are clear contractual arrangements in place with our direct suppliers who are required to comply with our Standard Terms and Conditions for the Purchase of Goods and Services. These Terms and Conditions are under periodic review to ensure they remain relevant with current legislation. Communication of the standards expected of our suppliers are done through a variety of mechanisms including direct buyer interaction, regular business reviews and via email notices to suppliers.



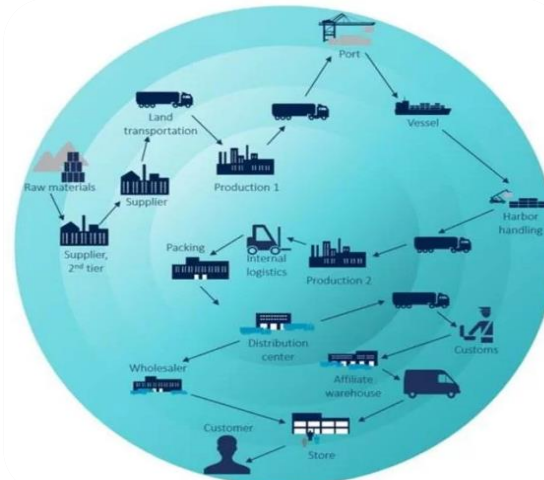
Assessment of Risk of Slavery and Human Trafficking in our Supply Chain

The initial exercise we undertook in 2016/17 to assess slavery and human trafficking risks within our supply chain was based on an evaluation of the countries where our suppliers are located. This evaluation was based on the types of products and services being supplied and the volume of spend. The data was evaluated against recognised external sources on perceived slavery risk within sectors and geographic areas to assess whether suppliers potentially represented a higher slavery risk.

We have continued with our due diligence over the past 6 years. From our risk assessment work to date, which considers the type of commodity or the service being provided, as well as the country in which the suppliers are based, we have identified that the majority of our supply chain represents a very low level risk of slavery or human trafficking. We remain diligent regarding our supply chains based in those regions assessed by external sources to be high risk. However, we continue to monitor our risk, have resumed on site supplier audits post-pandemic and to continue flow down our Supplier Code of Conduct throughout the

whole of our supply chain.

We don't limit this activity to direct product supply. We also have a number of suppliers working on our site providing outsourced services such as cleaning, catering and waste management. The nature of these services means there may be an increased inherent risk of slavery and human trafficking.



The companies that provide these services are subject to our Standard Terms and Conditions and we continue to seek additional assurances from these companies that they have effective procedures to protect their staff from such human

rights violation risks. Our suppliers are either signed up to our Supplier Code of Conduct or provided evidence of their own compliant Corporate Code of Conduct.

Responding to the Modern Slavery Act - Our Approach

KPMUK's risk register is reviewed by the Senior Leadership Team on a quarterly basis and any issues identified are then appropriately dealt with.

As an international company, we are committed to conducting our dealings with the utmost integrity, with customers, suppliers, employees and the communities in which we and they are based.

Although we believe that our exposure to the risks of modern slavery is low, we are not complacent. We understand that, if we are to be successful in delivering our strategy for growth, then we must make sure that we interact with our employees, customers, suppliers and others effectively and respectfully.

Employee charter

KPMUK's Employee Charter underpins our strategic vision and makes clear to employees the actions and behaviour expected of them when working for KPM (UK). We strive to maintain the highest standards of employee conduct and ethical behaviour whether operating abroad or in the UK and when managing our supply chain.

The fundamental principles by which we are guided is through our 5 key Values of **Plan, Learn, Empower, Respect** and **Commit**. Not only do we have high expectations for our employees, but these are extended to our suppliers, who are expected to subscribe to and adopt similar standards.

Since the introduction of the Modern Slavery Act 2015, we have created our Supplier Code of Conduct which we continue to roll out to our suppliers, to convey to them our requirements to comply with these principles.

KPM (UK) expect all suppliers to hold their



suppliers and subcontractors to the standards and practices covered by our Supplier Code of Conduct
Here are some of the key areas we focus on:

- Health and safety in production areas and any living quarters.
- The right to legal wages and benefits.
- Appropriate working hours and overtime pay.
- Prevention of child labour or forced labour.
- Fair and ethical treatment, including non-discrimination.
- Respect for the environment.

In order to consolidate this ethical position, KPM (UK) require our suppliers to sign up to

our Supplier Code of Conduct or provide evidence of their own compliant Corporate Code.

If we became aware of slavery or human trafficking concerns within our supply chain, we would seek to work with the relevant supplier to improve conditions for their workforce.

However, we would reserve the right to terminate our relationship with any supplier

- a) if they fail to make the required improvements within a reasonable timeframe, or
- b) if their actions or inaction violates the Code or
- c) if they do not cooperate with our auditors.

To date, KPM (UK) is not aware of any reports of slavery or human trafficking within our supply chain.

Plan

Learn

Empower

Respect

Commit

Supplier Audits



When working with our KPM (UK) supply chain, we use industry recognised standards to audit suppliers and verify compliance. We audit direct product suppliers periodically to monitor continued compliance and improvement.

As part of this, we have deployed a supplier audit programme which we are planning to enhance to facilitate our ability to verify that our suppliers do indeed adopt similar standards of ethical behaviour.

Once this programme is fully functional, we will be in a position to confirm that our suppliers have all committed to us that they comply with all applicable regulations on ethics and human rights and that they will conduct business to the highest standards of honesty and integrity.

As of 2021 all of our Strategic Suppliers have signed up to our Code of Conduct or provided evidence of their own compliant Corporate Code

Our Policies and Procedures

KPM (UK) recognises that it is not enough simply to state our commitment to an ethical approach. The business is required to have clear, proportionate procedures designed to ensure that the business done on its behalf is conducted ethically and honestly. Our Company Handbook, which is given to every employee on their appointment to KPM (UK) provides reference and guidance to all our employees.

Before participating in any business interactions, KPM (UK) requires an appropriate level of due diligence on that counterparty to be carried out. Due diligence is undertaken when considering taking on new direct and indirect product and services suppliers, as well as regular reviews and audits with our existing supply base.

Under our Standard Terms and Conditions we have the right to conduct audits of suppliers and / or ask suppliers to submit to third party assessments.

In addition to this, as part of the Kawasaki Heavy Industries Group, which is a major multi-industry global business, we are required to ensure consistency in our expectations of our supply chains through alignment of our own policies to that of our KHI Group Ethics and Sustainability Policy.

Recruitment and selection policy

KPM (UK) is committed to all of its employment practices being fair, compliant with current legislation and reflecting best business practice. The purpose of this policy is to assist the Company in finding the best and most talented individuals to fill its vacancies in a timely and efficient manner. This policy sets out the process and rationale for recruitment and selection at KPM (UK), illustrating how resourcing is managed fairly and consistently throughout the business, ensuring that these practices are lawful, balanced and impartial.



Recruitment of Temporary Staff Policy

KPM (UK) uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency. Temporary staff are recruited on the basis of their skills, qualifications, experience, potential and motivation, regardless of gender, race, ethnic origin, sexuality, religion, marital status, age or disability.

Dignity at work policy

KPM (UK) is committed to providing a working environment that ensures that all employees are treated fairly, equally and decently, we believe that everyone has the right to be treated with dignity and respect. Harassment or bullying can cause fear, stress, anxiety and it can, therefore, affect job satisfaction and an individual's morale. We regard any form of harassment and bullying as totally unacceptable behaviour and we will not permit it or condone it in any form. Everyone has a personal responsibility for their own behaviour and a duty of care to treat each other with dignity and respect. This includes individuals being aware of the appropriateness of their conduct, making sure that their own behaviour does not cause offence or misunderstanding. Furthermore if any employee is witness to conduct which contravenes the Dignity at Work policy it is their responsibility to report this to their manager.

Worker's representation

KPM (UK) recognises and respects each employee's right to freedom of association and actively engages with employees through our Joint Staff and Works Committee.



Whistleblowing policy

KPM (UK) encourages all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, KPM (UK). This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. KPM (UK)'s whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation. All KPM (UK) employees wherever they work in the world are encouraged to see that protecting KPM(UK)'s integrity is their responsibility and have access to a reporting process so that they can raise any concerns they may have. All disclosures are referred to KPM (UK) HR Department who then passes the report to a senior executive at KPM (UK) for investigation. All disclosures are treated in confidence and no one is adversely treated for making a report.

Training on Modern Slavery and Human Trafficking

So that the procedures are properly understood and applied, KPM (UK) recognises that it must ensure it has given its employees the right training. KPM (UK) carries out continuous relevant job specific training for all its employees.



In addition, the business is in the process of identifying those departments where ethical compliance is particularly relevant (for example, Senior Management, Leadership Team, Human Resources, Sales and Procurement). These employees will be selected where there is a greater likelihood of them being exposed to ethical issues. KPM (UK) will require all staff directly involved with the Inbound/Outbound Supply Chains and HR to complete training on modern slavery.

KPMUK's modern slavery training is currently being defined and we are actively researching appropriate training programmes relevant to our requirements, but will cover areas such as:

- Our business's purchasing practices, which influence supply chain conditions and which should therefore be designed to prevent purchases at unrealistically low prices, the use of labour engaged on unrealistically low wages or wages below a country's national minimum wage, or the provision of products by an unrealistic deadline;
- How to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available;
- How to identify the signs of slavery and human trafficking;
- What initial steps should be taken if slavery or human trafficking is suspected;
- How to escalate potential slavery or human trafficking issues to the relevant parties within the organisation;

- What messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-slavery policies; and
- What steps the organisation should take if suppliers or contractors do not implement anti-slavery policies in high-risk scenarios, including their removal from the organisation's supply chains.



As well as targeted training, it is also important that our employees are aware of Modern Slavery and how it can impact everyone's day to day life. The Awareness Raising Programme having been successfully rolled out over the past 3 years is now in the process of being updated. This will be implemented and communicated to all staff through our corporate communication portals over the next 12 months.

Awareness-raising programme

KPMUK have been raising awareness of modern slavery issues by creating an awareness presentation for all staff outlining the basic principles of the Modern Slavery Act 2015.

This awareness programme is currently being reviewed and refreshed to ensure it remains relevant to our employees. It will still focus on

- how we can identify and prevent slavery and human trafficking in our work and home lives;
- what we can do to flag up potential slavery or human trafficking issues either in the workplace or society in general;
- what external help is available including Helplines provided by focussed support organisations

Evolving Approach to Slavery and Human Trafficking Risk in the Supply Chain

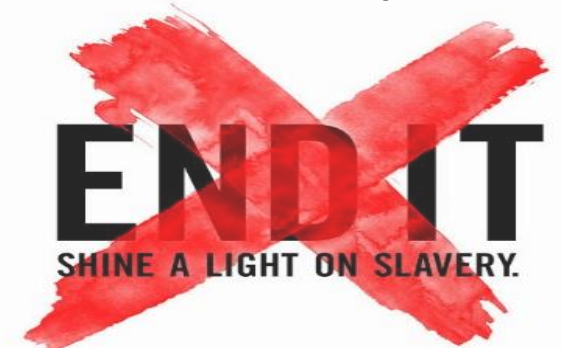
As our programme progresses, we will prioritise potentially higher risk suppliers for the mitigation measures we implement.

These may include:

- seeking to obtain more reliable and granular data, by investigating our labour practices, and those of our suppliers, to ensure no slavery or force labour are present in the organisation or by any of our suppliers .
- a detailed review of existing supplier information;
- supplier self-assessment questionnaires
- declarations and audits of selected suppliers.
- actively engaging with all existing and new suppliers to sign up to our Supplier Code of Conduct or to evidence their own compliant Corporate code



As our knowledge and understanding increases, we will put in place all the necessary processes, procedures, investigations and compliance systems to support ethical procurement and best business practices.





In our 2020/21 statement we made a commitment to report on the following priorities and this table details our key points of action and our next steps for 2022/3

Action 2021	Outcome 2021	Next steps 2022/3
Ongoing monitoring of supply chain	Ongoing monitoring of supply chain	Ongoing monitoring of our supply chain. Investigate generation of specific Strategic Supplier Assessment to reach beyond Tier 1 supply chain.
Ongoing deployment of Code of Conduct to the remaining suppliers.	Ongoing deployment of Code of Conduct to the remaining suppliers.	Ongoing deployment of Code of Conduct to new suppliers. Establish regular review process to ensure compliance in line with supplier quality audits and all future RFQs.
All strategic suppliers to be audited on a rolling basis Programme of deployment to be established	Supplier audit – due to pandemic and staff resource availability revised approach taken - self assessment questionnaire implemented and deployed.	Engage new Supplier Development Engineer into the business to support and implement key development activities with strategic suppliers and to lead supplier audits. Progress to include specific requirements within audit process for ethical and sustainable compliance
Employee Awareness Presentations published and transmitted through on site communication media.	Ongoing Communication programme to maintain general awareness to all staff through Business Information screens and link to our Company Values	Update Employee Awareness Presentations, publish and transmit through onsite communications media. Investigate and look to implement relevant and appropriate ongoing training programmes for critical employees engaged in supply chain activities.

In the year ahead we will continue to work on our actions and to report transparently on the whole breadth of our activity, to ensure that we address the issues we find relating to Modern Slavery within our business dealings and that these remain a priority within our Company.



To view all our past statements please use the following link:

[KAWASAKI PRECISION MACHINERY \(UK\)
LIMITED Modern Slavery Act Statements](https://www.kawasaki-precision-machinery.co.uk/modern-slavery-act-statements)
[tiscreport.org](https://www.kawasaki-precision-machinery.co.uk/tiscreport.org)

Kawasaki, working as one for the good of the planet
“Global Kawasaki”