Introduction
The definition of modern slavery is broad and includes forced labour, servitude, slavery, human trafficking, debt bondage, forced marriage and child labour. It is estimated that there are around 40.3 million people worldwide who are victims of modern slavery. SMC understands and recognises that no industry or business sector is exempt from potential modern slavery.

SMC strives to understand the modern slavery risks within its business and has a zero-tolerance approach to modern slavery.

Our business and supply chain
SMC Pneumatics (UK) Ltd is a manufacturer of pneumatic, electro-pneumatic & electronic products.

Our business activities include:
- Manufacturing
- Distribution
- Sales

Summary of employees and supply chain

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of UK employees</td>
<td>Approximately - 400</td>
</tr>
<tr>
<td>Number of active suppliers</td>
<td>Around - 550</td>
</tr>
<tr>
<td>Total procurement spend</td>
<td>Approximately £10 million to UK based suppliers plus a further £29 million from the SMC Corporation in Japan and from other SMC countries within the corporation.</td>
</tr>
</tbody>
</table>

With these diverse activities control of the supply chain is paramount to ensure we use suppliers who comply with the Modern Slavery Act.
Due Diligence, Risk Assessment and Management

SMC Pneumatics UK Ltd have produced guidelines that set out our minimum expectations towards suppliers on business ethics, working conditions and human rights. These guidelines make it very clear that it will not allow any unlawful business practices reflected in the Modern Slavery Act.

Through the detailing of these requirements in a questionnaire & verification document, SMC Pneumatics UK Ltd seeks to ensure that all its suppliers share its values by also taking a zero-tolerance approach to modern slavery.

Should a supplier fail to comply with the modern slavery clauses, SMC Pneumatics UK Ltd will immediately terminate the use of that supplier for any purchases or services.

SMC Pneumatics UK Ltd also draws its ethical approach, including modern slavery, to potential new suppliers via the questionnaire & verification document, when tendering for new services or supply. This ensures new suppliers are made aware at an early stage of the expectations and obligations SMC Pneumatics UK Ltd will place on them if they are successful in becoming one of its suppliers.

Following a review of the risk assessment we have added a requirement to our questionnaire & verification process making new suppliers aware that we require them to comply with modern slavery laws. We also ask requesting that they provide us with their modern slavery statement or Modern Slavery Policy when returning the questionnaire.

Conflict Minerals

SMC Pneumatics UK Ltd has recognised that there is a high incidence of human rights violations (including modern slavery) in connection with the supply of conflict minerals. Since 2013, SMC Pneumatics UK Ltd uses the current CMRT list to ensure that it is not contributing to these violations.

In the event of an issue being highlighted, SMC will investigate and take appropriate action.

Effective action taken to address modern slavery

In the year 2018/19 SMC have had no incidents or investigations in relation to modern slavery. We do not have a contingent workforce - all employees are employed on a permanent or fixed term contract.

Our procurement team report no concerns with our supply chain in the last 12 months in relation to modern day slavery.

We continue to assess and develop our modern slavery procedures and our senior management team are committed to outlaw modern day slavery.

Our Policies

SMC policies in relation to slavery and human trafficking:

Whistleblowing Policy which supports employees to speak up and report any wrong doings

SMC Group Code of Conduct sets out behaviours and principles expected by the company

Recruitment Policy that includes details of pre-employment checks and eligibility to work

Equal Opportunity Policy which sets out SMC’s strong belief in the benefits of non-discrimination and equal opportunity

Grievance Procedure which gives employees remedy if they believe their employment rights have been abused

Ongoing Commitment – plan for FY2019

Training

SMC has already undertaken training for its Senior Procurement Manager and the company’s Compliance Manager, who both attended training run by the Chartered Institute of Procurement and Supply (CIPS). This year we will action phase 2 of our training plan and provide training for line managers, supervisors, procurement team members, HR team and the quality manager.

We continue to support key individuals with membership to CIPS and encourage them to participate in events, seminars and training to continue with their CPD.

SMC Pneumatics UK Ltd have an open communication channel with its parent company in Japan to ensure that they are fully aware of the Modern Slavery Law requirements in the UK. When necessary, Japan updates and issues our SMC Group Code of Conduct to all its global subsidiaries.

In section 4 of our SMC group Code of Conduct it is set out that we commit:

- To respect the personality of our company’s employees, to prohibit discrimination and to create pleasant environments in the workplace.
- We will not permit child labour, forced labour or excessive labour

We continue to hold ISO 14001 and ISO9001 and remain committed to ensure our quality and procurement procedures are audited to a high standard.

Signed by

Kevin O’Carroll
Managing Director
SMC Pneumatics UK Ltd

www.smc.uk