

2021-2022

Modern Slavery Statement

Minimising the risk of modern slavery

Section 1 Hitachi Energy in Australia

1. This statement is intended to meet the requirements of the Modern Slavery Act 2018 (Cth) (**Act**) and for the purpose of the Act, the reporting entities are Hitachi Energy Australia Holdings Pty Ltd ACN 632 805 862 and Hitachi Energy Australia Pty Ltd ACN 010 087 608 (collectively, **Hitachi Energy**). This statement covers Hitachi Energy's reporting period of 1 April 2021 to 31 March 2022 (**Reporting Period**).
2. This joint statement is intended to meet the requirements of the Act and describes the steps taken by Hitachi Energy to seek to minimise the risk of modern slavery occurring in its business and supply chains and covers the activities of Hitachi Energy's controlled entities, as informed by the Act.
3. The reporting entities covered by this statement have been consulted, including relevant directors and key risk and governance stakeholders. This joint statement has been approved by the board of Hitachi Energy Australia Holding Pty Ltd, being the higher entity (as that term is defined in the Act) covered by this statement and has been signed by two authorised directors of that entity.
4. Hitachi Energy is part of the Hitachi Energy group of companies (**Hitachi Energy Group**), who are global leaders in power technologies in the energy sector largely supporting the transport and infrastructure, industry, and utilities sectors. The Hitachi Energy Group in its current form was created in 2018, but its history spans over 120 years.
5. To prepare this statement Hitachi Energy undertook a detailed assessment of its operations and supply chain, and its performance against the commitments made in its 2020-2021 statement. Hitachi Energy is proud of the steps it has taken to combat modern slavery and remains committed to further improving its business practices in this area. Continuing to improve the way Hitachi Energy assesses and addresses the risk of modern slavery remains an important focus area for the business.
6. To meet the mandatory reporting criteria, this statement is structured across six sections.



Section 1 - Hitachi Energy in Australia

Section 2 - Organisational structure, operations and supply chain

Section 3 - Modern slavery risks in the business

Section 4 - Actions taken to assess and address risk

Section 5 - Action effectiveness assessment

Section 6 - Consultation process

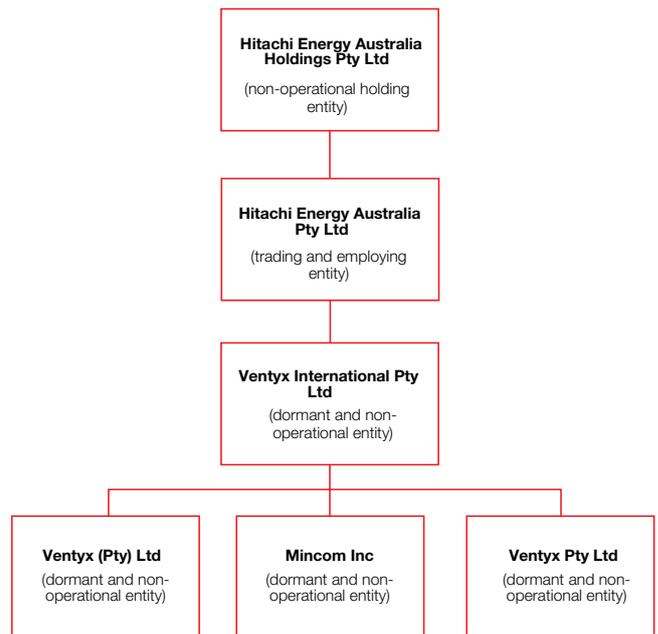


Hitachi Energy's commitment to combatting modern slavery

7. Hitachi Energy remains committed to ensuring there is transparency in its business and in its approach to managing modern slavery throughout its supply chains. Hitachi Energy fully acknowledges its responsibility to respect human rights as set out in the Act and the International Bill of Human Rights and reinforces its commitment to implementing the United Nations Guiding Principles on Business and Human Rights. This is further emphasised in the Hitachi Energy Group Sustainability 2030 strategic plan published in June 2021 which draws upon the United Nations Sustainability Development Goals (SDGs). This strategy is based around the Hitachi Energy Group's four pillars of Planet, People, Peace and Partnerships whereby each pillar has corresponding targets that drive Hitachi Energy's business to contribute to social, environmental and economic value.
8. For the past several years, the Hitachi Energy Group has been recognised worldwide and within its industry for ethical business practices by the research based Ethisphere® Institute including Compliance Leader Verification™ and Anti-Bribery Management System Verification™. The Hitachi Energy Group also contributes to various organisations and initiatives related to integrity.
9. Respect for the dignity of the individual and for the importance of human rights forms the basis of the behaviours Hitachi Energy expects from everyone who works for it, either as a direct Hitachi Energy employee, or indirectly through its supply chain. Hitachi Energy does not accept any form of discrimination, harassment or bullying within its business or its supply chain. All managers are required to implement processes designed to ensure equality of opportunity and inclusion for all Hitachi Energy employees as well as for individuals employed in the supply chain, and suppliers must take measures to avoid any form of forced, bonded or compulsory labour (or any other kind of modern slavery or human trafficking). Recognising the extremely complex nature of modern slavery, Hitachi Energy continues to emphasise the importance of collaboration and learning from others.

Section 2

Hitachi Energy's organisational structure



10. Hitachi Energy Australia Holdings Pty Ltd is a non-operational proprietary company in Australia, with its registered office at Level 12, 225 George St, Sydney NSW 2000. This is a holding entity with no employees, however, is included as part of this joint statement given the consolidated revenue threshold specified in the Act.
11. Hitachi Energy Australia Holdings Pty Ltd wholly owns and controls Hitachi Energy Australia Pty Ltd, also a proprietary company incorporated in Australia with its registered office at Level 12, 225 George St, Sydney NSW 2000. Hitachi Energy Australia Pty Ltd is the sole operating entity within the corporate structure and employs over 330 people with offices across the country.

12. During the Reporting Period, Hitachi Energy Australia Pty Ltd wholly owned and controlled the following dormant, non-operational and non-employing entities:

- a. Ventyx International Pty Ltd (ACN 010 547 270) a proprietary company incorporated in Australia, which in turn wholly owned and controlled:
 - i. Mincom Inc, a foreign entity incorporated in the Philippines;
 - ii. Ventyx (Pty) Ltd, a foreign entity incorporated in South Africa; and
 - iii. Ventyx Pty Ltd, a foreign entity incorporated in the United Kingdom with a branch also located in Kazakhstan,

(collectively the **Subsidiaries**). Each of the above-mentioned entities do not meet and are not classed as reporting entities in their own right under the Act.

13. Hitachi Energy's major shareholder (80.1%) is Hitachi Energy Limited, a company domiciled in Switzerland, which is part of the Hitachi Group which is headquartered in Tokyo, Japan with the remaining shareholding (19.9%) held by ABB Ltd.

14. To deliver maximum value, the Hitachi Energy Group has organised its operations around four global business units and has local offices and research centres spanning 90 countries. This highly networked design enables the Hitachi Energy Group's 38,000 experts located across 200 local offices, to stay close to customers (fostering a strong awareness and knowledge of local market operating conditions), connecting the latest pioneering developments and solutions, competence, and reference points from its global business units.

Hitachi Energy's business operations

15. The Hitachi Energy Group's four global business units (**Business Units**) are:

- a. **Grid Automation:** The grid automation hardware, software and services portfolios unite deep domain knowledge and innovative technologies that enable customers across the globe to optimise the critical systems that power, move and connect us.
- b. **Grid Integration:** The grid integration portfolio spans a wide range of transmission and substation applications, which facilitate reliable and efficient system integration of the future digital electric network with minimum environmental impact. Grid Integration incorporates the integrated systems, solutions and services of the business' DC and AC fields, including HVDC, Substations, FACTS, offshore wind connections, semiconductors and power consulting, for utility and industrial grid applications, as well as e-transportation solutions.
- c. **High Voltage products:** The Hitachi Energy Group is a leader in high-voltage technology, offering a wide range of high-voltage products up to 1,200-kilovolt (kV), helping to enhance the safety, reliability and efficiency of power networks while minimising environmental impact. The Hitachi Energy Group's technological leadership continues to facilitate innovations in areas such as ultra-high-voltage power transmission, enabling smart grids, and enhancing eco-efficiency.
- d. **Transformers:** Through innovative and diverse transformers team and pioneering technology the Hitachi Energy Group transforms energy to add social, environmental and economic value powering future generations.



Hitachi Energy's supply chains

16. Hitachi Energy offers leading power and automation products, systems, service and software solutions across the generation, transmission and distribution value chain. These offerings are provided by leveraging the Hitachi Energy Group global supply chain, which supports operations in 90 countries. Hitachi Energy sources materials and services from a variety of local and overseas sources. These materials and services are made up of three major categories as follows:
- Direct Materials and Services:** Sourced from both wholly owned (internal) Hitachi Energy Group Business Units and third-party suppliers based locally and abroad. These include transformers, capacitors, switch gear, surge arrestors, relays and engineering services.
 - Indirect Materials and Services:** Sourced through third party suppliers who engage suppliers locally and abroad.
 - Transport and Logistics Services:** Sourced from both global and domestic service providers.
17. Hitachi Energy remains committed to high standards of integrity, ethics and sustainability and has a zero-tolerance policy when it comes to unethical business behaviour, such as bribery, corruption and forced labour. Hitachi Energy expects all its suppliers to adhere to its standards and to conduct their business ethically and comply with all applicable laws and regulations.

Section 3

Modern slavery risks in Hitachi Energy's business

18. Hitachi Energy has undertaken an assessment of modern slavery risks in its business. The assessment focused on the sole trading and operational entity Hitachi Energy Australia Pty Ltd as Hitachi Energy Australia Holdings Pty Ltd and the Subsidiaries do not employ individuals or carry out operations so there is no risk of modern slavery.
19. Hitachi Energy regularly considers the risk of modern slavery practices in its business by maintaining a working group made up of stakeholders from various departments that reviews company processes and procedures and to better understand operations, the supply chain, potential risks to the organisation and the actions being taken in support of the objectives of the Act.
20. Hitachi Energy considers the risk of modern slavery practices in its operations as low, given it employs largely a professional workforce. As part of Hitachi Energy's commitment to address and mitigate modern slavery risks in its operations, it continues to perform pre-employment background checks, including right to work in Australia, age verification and an assessment of qualifications for the relevant tasks to ensure legal compliance.

21. The most significant modern slavery risks associated with Hitachi Energy's supply chain during the Reporting Period remain consistent with those risks identified in the 2020-2021 statement as:
- direct materials and services sourced from emerging markets where there is higher risk of modern slavery and-or human trafficking;
 - indirect services provided by third party contractors such as cleaning, site works, labour hire, service contractors; and
 - local and international logistics providers, especially shipping from emerging markets.

Section 4

Actions taken to assess modern slavery risks in 2020-2021

22. During the Reporting Period Hitachi Energy focused on improving how it assesses and addresses those identified modern slavery risks in its supply chain.
23. In Hitachi Energy's 2020-2021 statement, it identified the below actions were undertaken to assess, manage and reduce the risks of modern slavery practices occurring in its operations and supply chains. These included:
- requiring all suppliers in emerging markets to adhere to the Supplier Sustainability Development Program (**SSDP**);
 - requiring all labour hire providers and service contractors to be pre-qualified and contracted;
 - enforcing strict policies of only using contracted and globally approved logistics providers with policies and procedures in place that address modern slavery;
 - requiring all suppliers engaged by Hitachi Energy to review and adhere to the Supplier Code of Conduct;
 - maintaining and strengthening company
 - human rights policies and procedures; and
 - supply chain management policies and procedures; and
 - employee training and engagement.



Actions taken to assess modern slavery risks during the Reporting Period

24. During the Reporting Period, Hitachi Energy continued to perform the actions identified in its 2020-2021 statement, while improving and expanding the way those actions are performed by:
- implementing a process to ensure new recruits are provided with an easy to access external resource that provides an overview of modern slavery laws in Australia and risks;
 - extending the reach of the employee assistance program by providing more specialised support for employees who may be more susceptible to modern slavery practices;
 - requiring all suppliers to review and adhere to a revised Supplier Code of Conduct and addressing non-conformance;
 - participating in the EcoVadis sustainability performance assessment and reviewing areas to further mitigate risk;
 - monitoring updates and announcements from key global industry and government agencies which identify current risks and trends, and reviewing these in the context of Hitachi Energy's business; and
 - participating in an external (customer led) modern slavery audit of Hitachi Energy's compliance with the Act and contractual modern slavery obligations.

These are discussed in further detail in the following content.

Human rights policies and procedures

25. Hitachi Energy maintains several key policies that address the prohibition of modern slavery within its operations and supply chain, including reporting channels. These policies and procedures remained substantively unchanged during the Reporting Period.

26. During the Reporting Period, the Hitachi Energy Group's Supplier Code of Conduct, published in 10 different languages, was updated to align with the Hitachi Group Compliance Program and now requires all suppliers to:
- respect the protection of internally proclaimed human rights and fully comply with regional and federal laws, rules and legal requirements of slavery, forced labour and human trafficking (including modern slavery laws);
 - operate with sustainable business practices and mindful and responsible use of resources, including aiming for carbon neutrality and minimising the impact on the planet and people through the suppliers value chain;
 - apply the Organisation for Economic Co-operation and Development due diligence framework, so as not to support conflict or human rights abuses, while avoiding de facto embargoes;
 - adhere to anti-trust and other competition laws, avoid and manage conflicts of interest, protect all confidential information, respect intellectual property of others, adhere to applicable trade laws and regulations (including customers regulations, export control laws and trade sanctions), and comply with anti-money laundering rules;
 - keep accurate and complete financial records, adopt appropriate and legally compliant personal data protection procedures, adhere to internal standards and sound principles of security and crisis management;
 - ensure that materials supplied to Hitachi Energy originate from socially responsible and sustainable sources, and do not participate in, contribute to, or facilitate business activities that cause conflict or violate human rights;
 - acknowledge the actions taken in respect of non-compliance with the Supplier Code of Conduct, including terminating contracts and putting the supplier on an internal blacklist; and
 - complete training as requested.

27. As a precondition to engagement, suppliers are requested to review and in turn, acknowledge the need to comply with the Supplier Code of Conduct as part of Hitachi Energy's General Terms and Conditions.
28. The Hitachi Energy Group continued to train its suppliers on risks related to modern slavery and human trafficking. The focus remained on tier one suppliers in priority countries and outlining the strategy to expand the geographical reach of the program.
29. In addition to continuing those actions identified in the 2020-2021 statement, the Hitachi Energy Group participated in an independent external corporate social responsibility sustainability assessment. This assessment considered four environmental, social and corporate governance criteria, including environment, labour and human rights, fair business practices and sustainable procurement. The Hitachi Energy Group scored a silver sustainability rating, meaning it is in the top 25% of companies rated by EcoVadis.
30. During the Reporting Period employees in roles and departments who are directly responsible for supplier compliance and supplier onboarding in Australia were engaged in an external audit undertaken by one of Hitachi Energy's customers. This audit focussed on assessing compliance with modern slavery laws and Hitachi Energy's commitment to the prohibition of modern slavery practices within its business. Hitachi Energy passed this external customer audit with no areas of non-conformance requiring remediation.

Supply chain management procedures

31. Continuous assessment of suppliers under the Hitachi Energy Group's robust SSDP was undertaken. The SSDP assesses suppliers against 42 assessment criteria, to actively evaluate the supplier's respective supply chain. During the Reporting Period, the Hitachi Energy Group remained committed to the SSDP and overcame travel restrictions by performing remote supplier assessments.
32. The Hitachi Energy Group assessed 88 high risk suppliers during the Reporting Period, identified 374 risks and mitigated 233 of them. For every area of non-compliance identified during the supplier assessments, a supplier support action was launched to systematically address each issue in turn. These support actions included capacity building, customised participatory workshops, sharing best practices, jointly implemented collaborative programs, and transfer of knowledge and expertise.
33. As at the end date of the Reporting Period any identified risks not yet mitigated or resolved remained under investigation as part of the supplier support action process outlined above requiring remediation.
34. In addition to the above actions, Hitachi Energy routinely monitored key global industry and government sources that reported on modern slavery risks and patterns. Where relevant to its supply chain and Hitachi Energy considered it reasonable or necessary to do so, internal screening tools were updated to reflect these developments, such as prohibiting purchasing from newly identified entities listed under sanction laws.

35. Notwithstanding the identification of these risks and the update to internal supplier screening tools, neither the assessments nor other supplier due diligence processes indicated the presence or use of modern slavery or human trafficking in the Hitachi Energy Group's supply chain.

Employee training and engagement

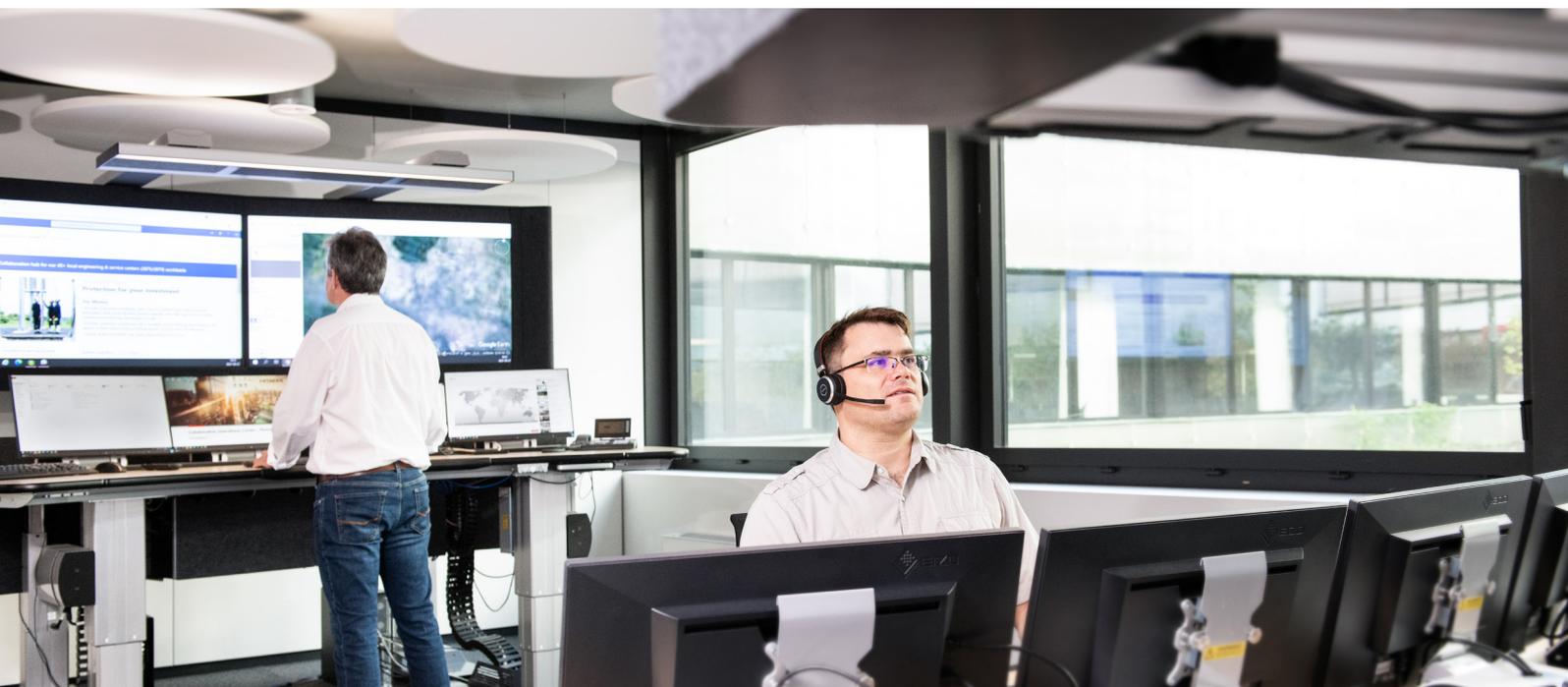
36. Hitachi Energy continued to communicate with its employees on topics related to human rights and modern slavery and encouraged them to undertake online training. During the Reporting Period, Hitachi Energy reviewed its recruitment onboarding practices and committed to providing new recruits with resources to learn more about modern slavery laws, risks and compliance in Australia. In addition, those employees engaged in the audit described in paragraph 30 were encouraged to communicate to the wider business and subsequently implement the lessons learned arising from the audit.
37. In June 2021, Hitachi Energy introduced a more specialised support offering under its Employee Assistance Program (EAP). Hitachi Energy's EAP offers employees assistance in resolving personal problems that may be impacting day-to-day life and their workplace performance. Employees can anonymously contact an independent consultant and seek confidential advice on sensitive and often difficult issues. The specialised support offering allows employees to be placed in contact with experienced and qualified consultants who have specialist expertise, such as consultants providing specialised support to those who may be more susceptible to modern slavery practices.

Section 5 Action effectiveness assessment

38. Hitachi Energy measures how effective it has been in ensuring that modern slavery is not present in any part of its business or supply chains using various metrics which have been summarised in the table (next page).
39. Following a review of the effectiveness of the steps Hitachi Energy took during the Reporting Period, to ensure that it continues to improve on the way it assesses and addresses modern slavery risks in its operations and supply chain, Hitachi Energy intends to undertake the following further remedial steps:
 - a. rolling out in person training specifically targeting employees directly involved in Hitachi Energy's supply chain management function and providing specific information to Hitachi Energy's employees of the risks and steps that can be taken to combat modern slavery in operations and supply chain;
 - b. supporting the Hitachi Energy Group in extending the reach of the SSDP, in order to assess a greater number of suppliers forming part of the Hitachi Energy Group supply chain; and
 - c. participating in further customer led audits to align practices, assessment and actions against those of Hitachi Energy's customers and their expectations.

Actions matrix

Action	Metric	Details
Human rights policies and procedures	Number of people who reported issues concerning modern slavery.	During the Reporting Period, there were no incidents reported concerning allegations of modern slavery within Hitachi Energy's operations or supply chains.
Supply chain management policies and procedures	Number of instances of the presence or use of modern slavery or human trafficking.	During the Reporting Period, neither remote supplier assessments nor other supplier due diligence processes indicated the presence or use of modern slavery or human trafficking in supply chains (as supported by the activities in paragraphs 31 and 32).
	Number of suppliers who received training addressing modern slavery as part of the SSDP.	During the Reporting Period, one hundred and two (102) suppliers received training addressing modern slavery as part of the SSDP.
	Number of suppliers with whom business has been terminated due to continued non-compliance.	During the Reporting Period, business with one (1) supplier was terminated due to unsatisfactory progress in resolving identified risks.
Employee training and engagement	Number of people within the business who received modern slavery training	During the Reporting Period, Hitachi Energy continued to adopted employee training and engagement, including by extending the reach of engagement as set out in paragraph 36.



Section 6

Consultation process

40. This joint modern slavery statement is made by Hitachi Energy Australia Holding Pty Ltd on behalf of the reporting entity it owns and controls, Hitachi Energy Australia Pty Ltd. The reporting entities have been consulted and informed of the reporting requirements of the Act. No consultation was required with the Subsidiaries given those entities are non-operational.
41. Hitachi Energy's modern slavery working group, key stakeholders and various internal functions such as Legal and Integrity, Human Resources, and Supply Chain Management (both locally and globally) were all consulted to inform and contribute to the development of this joint statement.
42. This joint modern slavery statement was approved by the Board of Hitachi Energy Australia Holding Pty Ltd as ultimate controlling entity in accordance with its constitution on 29 September 2022.



Bernard Norton
Country Managing Director



Jeremie Moules
Country Finance Manager