

HEP Australia Holdings Pty Ltd

HEP Australia Holdings Pty Ltd (ACN 129 428 155) (HEPA) is committed to conduct business in accordance with the highest standards of ethical and regulatory compliance. HEPA rejects any type of modern slavery, an umbrella term used to describe situations encompassing the offences of slavery, servitude, forced or compulsory labour, forced marriage and human trafficking.

About Our Business

HEPA is a leading independent supplier of parts, remanufactured components and equipment to the global mining, quarrying, heavy construction, and energy sectors. HEPA has two major arms to its operations:

- H-E Parts International Mining Solutions provides mobile plant components and service support that supplies solutions for the entire drivetrain. Proprietary enhanced Birrana™ wheel groups, StaTerra Power™ engines and COR Cooling™ solutions deliver extended life, ease of maintenance, and superior performance.
- H-E Parts International Crushing Solutions provides fixed plant mineral processing wear parts, components and service support. H-E Parts CME™ range of crusher liners are application specific and proven in the industries we serve for providing extended life and increased performance.

HEPA is headquartered in Perth, Western Australia and employs over 400 people throughout Australia. The company has operational bases in Adelaide, Brisbane, Kalgoorlie, Mackay, Orange, Paget, Perth, Queensland, Rutherford and Tomago as well as internationally in Zambia; with suppliers in USA, Malaysia and China.

HEPA's ultimate parent company is Hitachi Construction Machinery Ltd. (a member of the Hitachi Group of Companies). Because of this, HEPA operates under the Japanese financial year.

This statement is made with the approval of the Board of Directors of HEPA and covers the financial reporting year of 1st April 2020 to 31st March 2021.

This statement is prepared on behalf of HEPA and its subsidiaries as shown in Figure 1.

Figure 1. Company Structure

Australian Parent:

HEP Australia Holdings Pty Ltd ABN 22 129 428 155

Australian Subsidiaries:

H-E Parts International Crushing Solutions Pty Ltd ABN 33 009 300 690

H-E Parts Engineering Pty Ltd ABN 64 161 075 832

Delmar Bay Holdings Pty Ltd ABN 50 009 398 047

H-E Parts Trading Pty Ltd ABN 31 146 904 761

H-E Parts International Mining Solutions Pty Ltd ABN 58 077 761 499

H-E Parts International Mining Solutions Engine Division Pty Ltd ABN 25 154 694 952

H-E Parts International Mining Solutions Cooling Division Pty Ltd ABN 68 129 884 019

COR Engineered Cooling Pty Ltd ABN 28 106 680 568

Foreign Subsidiaries:

H-E Parts International Zambia Limited

Precise Trading Shanghai Co Ltd

Risks Assessment & Due Diligence

HEPA has assessed the risks arising from Modern Slavery Practices and classified them in two categories:

- Internal/Direct Risks – the risks arising within HEPA by way of its operations or direct exploitation of its employees
- External/Indirect Risks from Supply Chain – the risks that HEPA may contribute to or be linked to exploitation by way of its Supply Chain

Assessing Internal/Direct Risks

HEPA believes that the inherent risk of modern slavery practices within its internal operations in Australia are low due to strong compliance policies, a dedicated, highly skilled human resources department and the stringent application of all relevant legislation in the employment of its staff. HEPA directly employs the majority of its workforce, with a small portion being supplied through external third-party labour hire companies.

On annual basis the HR and Compliance departments of HEPA conducts the Assessment of Internal/Direct Risks by reviewing the answers to the following ten (10) questions: -

- 1) Are HEPA's employees or contract workers free to lawfully resign their employment without restriction or penalty?
- 2) Are workers paid their legal pay entitlements, on time and provided with payslips clearly showing how wages have been calculated and details of any deductions?
- 3) Does HEPA require its employees or contract workers to lodge deposits of money, or security deposits of money, or "security deposits", which could involve financial or personal property?
- 4) Does HEPA retain any original identity papers or documents of its employees or contract workers (e.g. passport, birth certificates, national identity cards etc.)?
- 5) Does HEPA deduct wages, impose monetary fines and / or withhold pay or pay entitlements of workers as fines or penalties for misconduct or poor production / performance?
- 6) Does HEPA undertake checks to ensure all employees and workers are above minimum age for work?
- 7) Are all workers provided with a written contract in a language they understand, where terms of employment including wage rates and hours of work are clear?
- 8) Where accommodation is provided to workers (for example, dormitories, hostels, or other forms of shared accommodation), are regular checks conducted to ensure that the living conditions are adequate and meet legal requirements? For example, fire safety, space, temperature, lighting, sanitary facility, privacy, ventilation.
- 9) Where accommodation is provided, are workers free to leave at their own will?
- 10) Do workers have mechanisms to anonymously raise concerns related to any potential modern slavery practices identified?

Assessing Risks from Supply Chain and Actions Taken

HEPA has assessed its supply chain in respect of the risk of modern slavery practices. Due to the COVID-19 pandemic, our assessment methodology has been modified to accommodate regional and global travel restrictions.

We see the greatest risk as being with the suppliers of our raw materials, particularly those overseas. As a result, a group of Senior Managers, of HEPA conducts the Risk Assessment of our suppliers as follows.

- a) For Existing Suppliers
 - Sending a Modern Slavery Questionnaire to Suppliers requesting information pertaining to Modern Slavery practices including the sub-suppliers and country of origin and subsequently reviewing the responses received therein. This includes supplies of raw materials, goods and labour hire.
 - Searching online register of Australian Border Force to check compliance of an entity/supplier with Modern Slavery Act
- b) For New Suppliers
 - Review of modern slavery questions answered by the supplier in the Supplier Application Form (HEP-FOR-0172) read in conjunction with the Supplier Risk Assessment Form (HEP-FOR-0174), part of our due diligence process.

HEPA Policies and Principles

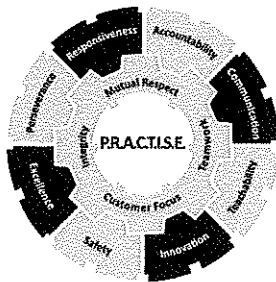
HEPA has developed written policies and procedures to ensure compliance with corporate and legal requirements. We believe the policies and core values below will help us to identify and prevent slavery and human trafficking in our operations and supply chain.

Code of Conduct: The Code of Conduct outlines the HEPA rules and values that employees and contractors should understand and follow, acting with sincerity and fairness in a highly ethical manner.

Ethics Policy: HEPA conducts its business fairly, impartially, in an ethical and proper manner, and in compliance with all laws and regulations. We are committed to conducting business with integrity underlying all relationships, including those with customers, suppliers and communities, and among employees.

Employee Hotline: We have established an alternative gateway for employees to communicate positive or negative feedback or concerns. This avenue for communication will allow HEPA to continuously progress as an employer of choice and resolve employee workplace issues as quickly as possible.

Core Values: All HEPA employees are expected to respect and support these values and conduct themselves accordingly: *Integrity – Teachability – Teamwork – Accountability – Customer Focus – Excellence – Mutual Respect – Perseverance – Safety – Innovation – Communication – Responsiveness.*



Assessing the Effectiveness of the HEPA Modern Slavery Policy

The Export Control Committee, which includes members of the Executive Team, has scheduled review of modern slavery as an agenda item in the quarterly meetings to review and assess our risk, our actions and the effectiveness of these actions.

Modern Slavery standards will be added to our HEPA policies and principles and addressing the risks of modern slavery will become part of our daily business operations.

Further, At the time new suppliers are set up in the Vendor Master File and during the supplier evaluation process, internal compliance checks are performed to ensure all expectations, are being followed and that Modern Slavery and Human Rights issues are being discussed and addressed with suppliers.

Our standard terms and conditions contain clauses addressing modern slavery with both our suppliers and customers.

HEP Commitment to Training

Training to all managers is provided to increase the awareness for Modern Slavery Practices and complying with the requirements of the Modern Slavery Act 2018.

Consultation with Controlled Entities

In case of an employee being aware of any Modern Slavery activity being practiced by the Company or any of its Supplier, the employee is required to notify their Branch Manager and the Global Compliance Manager.

We commit to regularly monitor our current risks and evaluate new risks relating to human rights and design our policies, procedures, and training to help fight modern slavery.

This Modern Slavery Statement was endorsed by the board of HEPA on 28th September 2021.



John Gordon Fogwill
Executive Director and Board Member
HEP Australia Holdings Pty Ltd