

2022-2023

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 2022 to 31 March 2023 (**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 the 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 2021-2022 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 the following sections:



Section 1 - Hitachi Energy Australia

Section 2 - Organisational structure, operations and supply chain

Section 3 - Modern slavery risks in our business

Section 4 - Actions taken to assess and address risk

Section 5 - Action effectiveness assessment

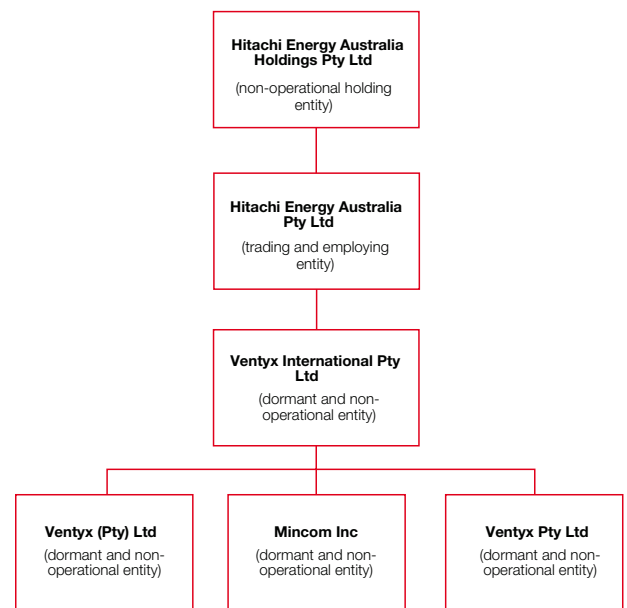
Section 6 - Consultation process



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 the importance of human rights forms the basis of the behaviours Hitachi Energy expects from everyone who works for it, either engaged as a direct Hitachi Energy employee, or engaged indirectly through its supply chain. Hitachi Energy does not accept any form of discrimination, harassment or bullying within its business or supply chain. All managers are required to implement processes designed to ensure equal opportunity and inclusion for all Hitachi Energy employees as well as for individuals employed in the supply chain. Further, 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 9, 757 Ann Street, Fortitude Valley QLD 4006. 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 9, 757 Ann Street, Fortitude Valley QLD 4006. Hitachi Energy Australia Pty Ltd is the sole operating entity within the corporate structure and employs over 300 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-employed 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. Effective 28 December 2022, Hitachi Energy's sole shareholder is Hitachi Energy Ltd, a company domiciled in Switzerland, which is part of the Hitachi Group, headquartered in Tokyo, Japan.

Hitachi Energy's business operations

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 40,000 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.

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's 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 over 20,000 direct material and project service suppliers 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 there is no risk of modern slavery in these entities.
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 continues to employ 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 its prior 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.
22. During the Reporting Period Hitachi Energy focused on improving how it assesses and addresses those identified modern slavery risks in its supply chain.

Section 4

Actions taken to assess modern slavery risks in 2021-2022

23. In Hitachi Energy's 2021-2022 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:
- 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.

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 prior statement, while improving and expanding the way those actions are performed by:
- providing employees directly involved in purchasing decision making with externally provided training of modern slavery laws in Australia and risks;
 - implementing EcoVadis third party sustainability assessments of current suppliers to further assess supplier quality and risk;
 - continuing to support the Hitachi Energy Group's participation in the EcoVadis program and reassessment under that program; and
 - implementing the Hitachi Group Code of Ethics and Business Conduct which emphasises the Hitachi Group's respect of human rights and commitment to combatting the risks of modern slavery.

These are discussed in further detail below.

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. Except as stated below, these policies and procedures remained substantively unchanged during the Reporting Period.
26. The Hitachi Energy Group implemented the Hitachi Group Code of Ethics and Business Conduct as part of its integration into the Hitachi Group as a wholly owned subsidiary. The Code of Ethics and Business Conduct emphasises the Hitachi Group's respect of human rights and commitment to combatting the risks of modern slavery and is published in 21 different languages. It identifies:
- clear reporting channels that employees can report concerns on matters covered by the Code of Ethics and Business Conduct (including breaches);
 - reinforces the Hitachi Group's zero tolerance for retaliation against reporting employees; and
 - articulates the process taken if a concern is reported.
27. The Code of Ethics and Business Conduct states to employees that the Hitachi Group will follow the international conventions on human rights and labour laws and national laws and regulation in each market in which the Hitachi Group operates. Should any conflict arise between internationally recognised human rights and national laws and national laws are less protective of human rights, the Hitachi Group and Hitachi Energy Group will follow processes that seek ways to honour international human rights principles.

Supply chain management policies

28. Hitachi Energy maintains the Hitachi Energy Group's Supplier Code of Conduct which is published in 10 different languages. The Hitachi Energy Group's Supplier Code of Conduct specifies the standards and requirements all suppliers are expected to adhere to and comply with at all times. The Supplier Code of Conduct remained substantively unchanged during the Reporting Period.
29. As a precondition to engagement, suppliers remain 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.
30. 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, specifically suppliers located in 17 high risk countries across Asia, the Middle East, Africa, Europe and the Americas, and those suppliers who supply high risk materials or are considered to be a key strategic supplier for sustainability.
31. In addition to continuing those actions identified in its previous statement, the Hitachi Energy Group continued its participation in EcoVadis' 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. It provides a globally recognised sustainability score and 90,000 companies worldwide have already been assessed. In 2021 the Hitachi Energy Group scored a silver sustainability rating, meaning it was in the top 25% of companies rated by EcoVadis. As a result of the Hitachi Energy Group's participation in the EcoVadis assessment in December 2022, the Hitachi Energy Group scored a gold sustainability rating, meaning it puts the Hitachi Energy Group in the top 5% of companies in all industries and top 1% of companies in its industry assessed by EcoVadis.



Supply chain management procedures

32. In June 2022, Hitachi Energy introduced the use of EcoVadis sustainability assessments as part of its supplier sustainability assessment process. The EcoVadis supplier sustainability assessment allows Hitachi Energy to evaluate suppliers in responsible sourcing, manufacturing and procurement. Hitachi Energy focused on strategic suppliers, with the intent for all strategic suppliers to have an EcoVadis rating which can be added as part of the supplier performance evaluation along with quality and delivery performance. Suppliers with a favourable sustainability rating are considered a preferred supplier. During the Reporting Period, 850 suppliers were assessed as part of the EcoVadis sustainability assessment and of those assessed, no suppliers were descope.
33. 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 continued to perform supplier assessments.
34. The Hitachi Energy Group assessed 107 high risk suppliers during the Reporting Period, identified 291 risks and mitigated 54 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.
35. 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.

36. In addition to the above actions, Hitachi Energy continued to routinely monitor key global industry and government sources that reported on modern slavery risks and patterns. Where relevant to its supply chain, 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.
37. 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

38. 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 required those who have a direct involvement in purchasing decisions to attend a modern slavery (anti-slavery) training session provided by a third party provider.
39. Hitachi Energy continued to offer its specialised support offering under its Employee Assistance Program (**EAP**), providing employees with assistance from 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

40. 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 below.
41. 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. providing further in person training to employees 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 and EcoVadis assessments, in order to assess a greater number of supplies forming part of the Hitachi Energy Group supply chain;
 - c. broadening the reach of awareness training of modern slavery risks associated in the supply chain and Hitachi Energy's assessment and processes in place, by training specific employees across the wider Hitachi Energy Group; and
 - d. participating in any 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 32 and 34)
	Number of suppliers who received training addressing modern slavery as part of the SSDP	During the Reporting Period, one hundred and sixteen (116) 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 as part of the SSDP	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 adopt employee training and engagement, including by requiring those directly involved in purchasing decisions to attend a third party training session on modern slavery (anti-slavery) in Australia, as set out in paragraph 38

Section 6

Consultation process

42. 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.
43. 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.
44. 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 28 September 2023.



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