



AIR CONDITIONING

# Fujitsu General Australia Modern Slavery Statement

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## 1. Authorisation

This statement was approved by the Board of Directors of Fujitsu General (Aust.) Pty Limited in their capacity as the principal governing body of Fujitsu General (Aust.) Pty Limited on 9 August 2022.

This statement is signed by Philip Perham as the responsible member in his capacity as Managing Director of Fujitsu General (Aust.) Pty Limited on 9 August 2022.



Philip Perham  
**Managing Director of Fujitsu General (Aust.) Pty Limited**  
Dated: 9 August 2022

## 2. Introduction

FUJITSU GENERAL (AUST.) PTY LIMITED (ACN 001 229 554) (FGA) confirms its support for action to combat modern slavery. In accordance with the Modern Slavery Act 2018 (Cth) we provide this, our third, Modern Slavery Statement.

Activities undertaken over the past financial year include:

- Completed delivery of facilitated training for all Australian and New Zealand employees on modern slavery.
- Created a domestic ANZ e-learning module and added it to the new employee onboarding learning pathway as mandatory training.

Activities planned for FY22/23 include:

- FGG plans to revise the CSR Procurement Guidelines, to align to changes from version 6 to version 7 of the Responsible Business Alliance Code of Conduct.
- FGG plans to audit 12 Tier One suppliers FY22/23.
- FGA has identified ESGs as a core foundation of its What Matters Most strategic framework, actions identified include consolidation of all efforts in relation to the Environment, Social and Governance into an easy-to-understand framework for all employees. This framework will help identify areas the company does well and where the opportunities for improvement exist. Modern slavery will fall under the "Social" element of the framework.

## 3. Reporting entity

### Our Business

The modern slavery reporting entity referred to in this statement as FGA is FUJITSU GENERAL (AUST.) PTY LIMITED (ABN 55 001 229 554) with its Australian Head Office at 1 Telopea Pl, Eastern Creek NSW 2766.

FGA imports air conditioning products manufactured by Fujitsu General Group's (FGG) air conditioning manufacturing subsidiaries and sells them in Australia. FGG's air conditioners are the result of more than 60 years of advanced design and development.

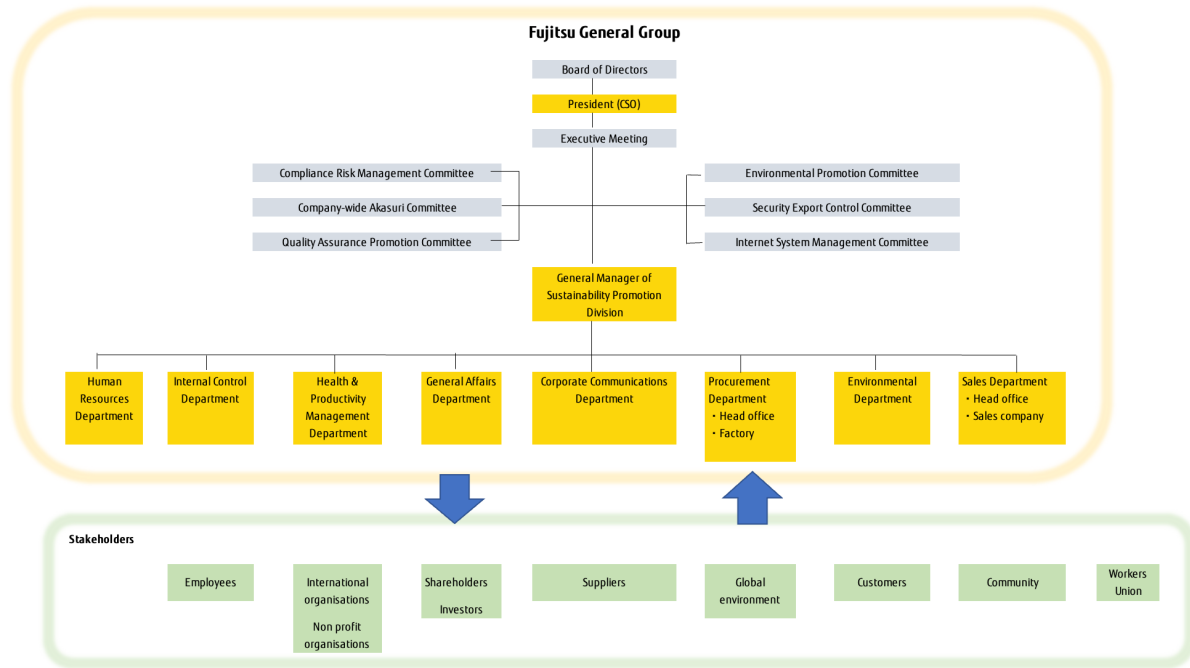
Headquartered in NSW, FGA has branches in QLD, VIC, SA, and WA which primarily support a sales and field service support structure. FGA employs 159 people in Australia. FGA procures and imports finished goods and spare parts into Australia and provides post-sales support. FGA uses 3rd party transport nationwide and 3rd party warehousing in QLD, SA, VIC, WA, TAS, NT along with its own warehouse in NSW. Field service is provided in relation to warranty, maintenance, and specialised commercial product commissioning. FGA sells its products into business-to-business channels spanning major retail, air conditioning dealers, wholesalers, and commercial sectors.

### Our Structure

FGA is a wholly owned subsidiary of Fujitsu General Limited (FGL). FGL's shares are traded on the Prime Market of the Tokyo Stock Exchange (Stock Code: 6755). FGL controls the Fujitsu General Group (FGG) (including FGA).

FGL is engaged in product and component development, manufacture, sales, and services for both the air conditioners and telecommunications fields. FGL performs product research and development primarily in Japan. FGL has wholly owned subsidiaries in Thailand and China that carry out significant product development and most manufacturing. FGG designs, manufactures, distributes, and sells its products primarily using its own personnel and facilities.

In 2021, FGG became a signatory of the United Nations Global Compact (UNGC). The UNGC is an initiative for companies that are committed to integrating ten corporate responsibility principles in their business operations. The ten principles cover the areas of human rights, labour, environment, and anti-corruption.



\* CSO: Chief Sustainability Officer

## Our Supply Chains

Most relevant to the supply chain of FGA are the following FGG entities:

- Fujitsu General (Thailand) Co., Limited was established in 1991 manufactures air conditioners. Fujitsu General (Thailand) Co., Limited opened its second manufacturing plant in 2019.
- Fujitsu General (Shanghai)Co., Ltd was established in 1994 and manufactures air conditioners. It established an air conditioning technology centre in 2005.
- FGA (Thailand) Co., Ltd was established in 1998 to manufacture motors for air conditioners in Thailand and commenced manufacturing compressors in 2009.
- Fujitsu General Air Conditioning R&D (Thailand) Co., Ltd was established to conduct product and technology development in Thailand in 1999 and became a centre for research and development in 2016.
- Fujitsu General Central Air-Conditioner (Wuxi) Co. Ltd. was established in 2006 as a subsidiary to manufacture, market, and service VRF air conditioners in China.
- Fujitsu General Laboratories Limited was established in 2016 in Japan to replace Fujitsu General Institute of Air-Conditioning Technology Limited and step-up research and development of advanced technologies for the Fujitsu General Group.

As at March of 2022 FGL had 1,710 employees and FGG had 8,398 employees.

## Red Flags and Potential Risk Areas

Modern slavery can take many forms; of most relevance to FGA is the risk that manufacturers in the FGG's supply chain might use forced labour, debt bondage or child labour. FGA recognises the possibility that modern slavery practices such as forced labour, debt bondage and child labour may exist in the operations of service and parts suppliers in the manufacturing sector that support its operations in Thailand and China.

The International Labour Organisation (ILO) has estimated that more than 40 million people are in some form of slavery today and that approximately 24.9 million of those are in forced labour. The International Organisation for Migration estimates that 62% of people living in modern slavery are in the Asia-Pacific region and that more than US \$51.8 billion each year is made in illegal profits in Asia from trafficking in forced labour. FG(Aust) recognises that it has independent responsibility to combat modern slavery and has taken steps to implement the recommendations of the UN Guiding Principles on Business and Human Rights.

## 4. FGG Policies

FGG's response to modern slavery is led by FGL's Corporate Vice President, Toshio Kano, Head of Sustainability and General Manager of the Sustainability Promotion Division at the Head Office. Day-to-day responsibility for modern slavery within each subsidiary of FGG sits with the Chief Executive Officer of each business unit.

The policies of CSR are created by the Division of Sustainability Promotion. The General Manager of the Office of Sustainability Promotion are overseen by Toshio Kano, Corporate Vice President.

The Sustainability Promotion Department develops and reviews the CSR Procurement Guidelines and conducts on-site audits to ensure their effectiveness. The Sustainability Promotion Department is responsible for the process of monitoring the FGG's CSR activities throughout the supply chain. The Sustainability Promotion Department reviewed the CSR Procurement Guidelines for effectiveness and produced an updated version in August 2020.

As a subsidiary of FGL, FG(Aust) takes its corporate social responsibilities seriously. FG(Aust) is required to comply with FGL policies and regulations, including the Corporate Social Responsibility (CSR) Guidelines (CSR Procurement Guidelines).

### Fujitsu General Way – Code of Conduct

Ethical behaviour is of the utmost importance to FG(Aust) and our commitment to instilling this within our operations begins with the Fujitsu General Way Code of Conduct ("The Code of Conduct"). The Code of Conduct sets out the expected behaviours of our people, including to act ethically and to respect human rights.

### FGG Human Rights Policy

FGG Human Rights Policy defines our commitment to respecting international norms on human rights, such as The UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles at Work. This is achieved through exercising due diligence to identify and prevent human rights violations, implementing redress mechanisms where appropriate, providing education and training to executives and staff, and being transparent regarding our efforts to protect human rights.

In 2022, FGG revised its human rights policy for the first time in three years, incorporating priority initiatives such as prohibition of forced labour and child labour, discrimination and harassment, freedom of association and providing a safe, hygienic, and healthy working environment. FGG recognizes that respect for human rights is an important issue, and asks all stakeholders to endorse, understand, and practice FGG's human rights policy.

### CSR Procurement Guidelines

FGG CSR Procurement Guidelines are based on the RBA Code of Conduct (version 6.0) and the Responsible Business Conduct Guidelines of Japan Electronics and Information Technology Industries Association (JEITA).

The CSR Procurement Guidelines applies the principles expressed in the ILO Declaration of Basic Principles and Rights in Labour, The Universal Declaration of Human Rights, The UN Guiding Principles on Business and Human Rights, the Sustainable Development Goals (SDGs) and United Nations Global Compact "The Ten Principles of the United Nations Global Compact in Four Fields", adopted by the United Nations.

The CSR Procurement Guidelines specifically prohibit or exclude products, components and minerals that give rise to conflict, forced, bonded, involuntary, or exploitative prison labour, slavery, trafficking of persons and child labour at any stage of the manufacturing plant. It also includes provisions around harassment, discrimination, inhumane treatment, respecting trade unions and collective bargaining, health & safety, sanitation, and grievance mechanisms.

The CSR Procurement Guidelines have been implemented with FGG's subsidiaries (including FGA) throughout the world.

## 5. Risks of Modern Slavery Practices

FGA recognises the possibility that modern slavery practices may exist in the operations of service and parts suppliers that support its operations in Thailand and China.

According to the Global Slavery Index issued by The Walk Free Foundation, in 2017 there were more than 62.1 million migrants in the Asia-Pacific region. Migration within the region is most often from developing

countries in the South to the more developed countries in the North. The migrating workers are often unskilled, uneducated, or poorly educated and at a significant economic disadvantage in their new work environment.

FGA recognises a risk that migrating workers employed in the Asia-Pacific might be subject to high service fees from recruitment agencies, labour placement organisations and employers. There is a risk that their travel identity documents may be taken by the labour service provider or employer so that they cannot find a different or better paid position. There is also a risk that underage workers may be engaged. In summary, FGA recognises a need to combat the possibility that organisations within its supply chain are using forced labour, employees are subject to debt bondage or child labour is being used.

The factors listed in the previous paragraph contribute to a risk that individual workers in the rapidly growing economies of Thailand and China may suffer exploitation in the form of modern slavery.

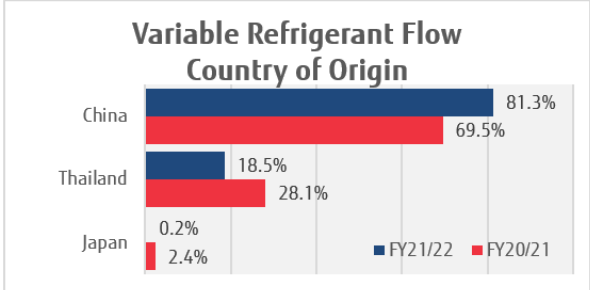
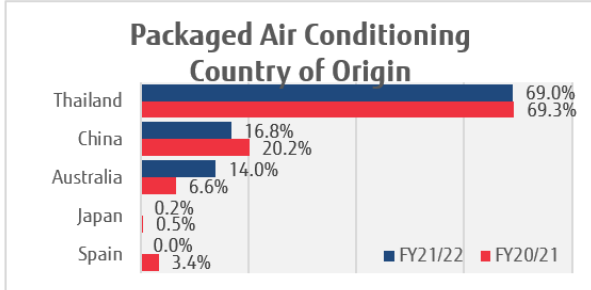
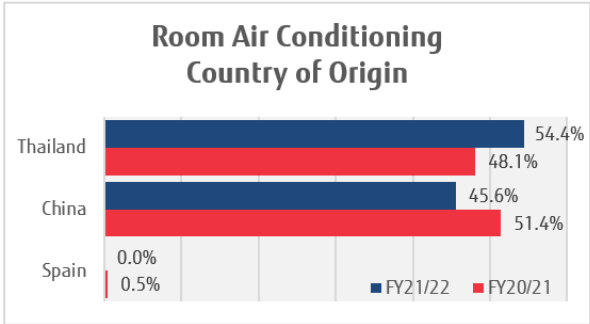
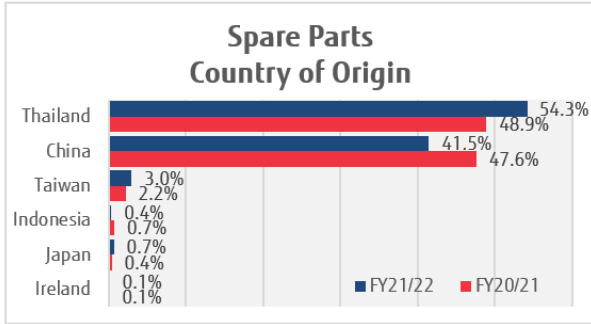
In terms of prevalence, the Global Slavery Index 2018 gives China a low prevalence rating and Thailand a high prevalence rating, estimating 2.8 victims per thousand and 8.9 victims per thousand respectively (see page 31 table 1 of the Asia and the Pacific Report). Although the Global Slavery Index gave China a low prevalence rating in 2018, recent news articles about Uyghur forced labour in Xinjiang suggest that the prevalence of modern slavery could be higher than the 2018 rating. China has also been found to have the highest absolute number of people living in modern slavery.

On page 34 (table 2) Thailand and China have similar ratings of 51.1 and 50.6 in terms of vulnerability to modern slavery by country, ranked 12<sup>th</sup> and 13<sup>th</sup>, respectively. However, it should be noted that Thailand's high rating is partly a result of the conflict in Thailand's southern border. FGA does not have any facilities in Thailand's provinces. Thailand and China are ranked 5<sup>th</sup> and 20<sup>th</sup> respectively in the region based on each country's government response to issues associated with modern slavery between 2016 and 2018.

FGA notes that laptops, computers, and mobile phones manufactured in China are the top-rated category of product at risk of modern slavery, according to table 3 of the Global Slavery Index report. Although FGA does not import or sell laptops, computers or mobile phones, the manufacturing processes associated with consumer electronics is considered analogous to processes used to construct air-conditioners, and therefore FGA recognises a potential risk in the manufacture of such products.

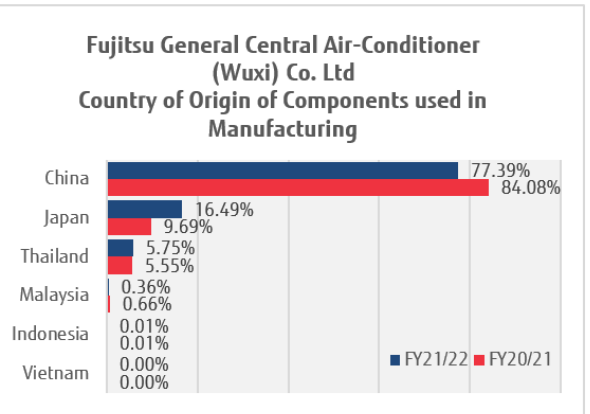
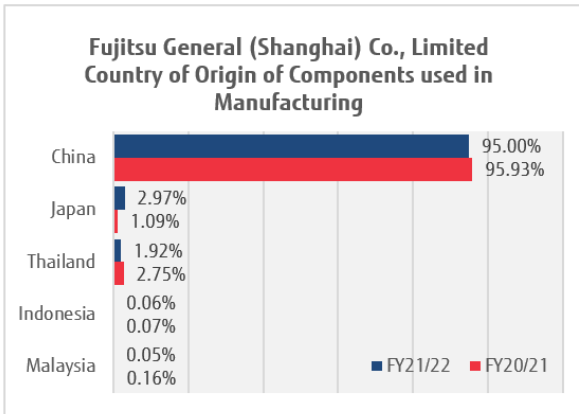
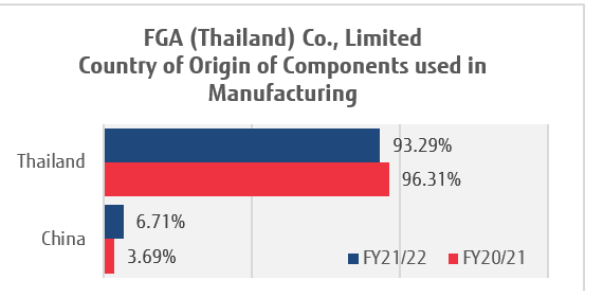
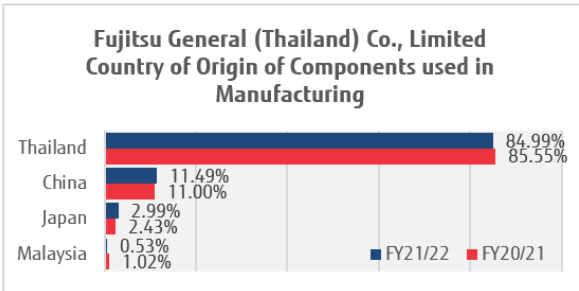
### FGA Direct Supply Chain

The table below summarises all inbound receipted purchase order lines by product classification and country of origin for the reporting period **1 April 2021 to 31 March 2022** (Reporting Period). The main countries of origin are Thailand and China.



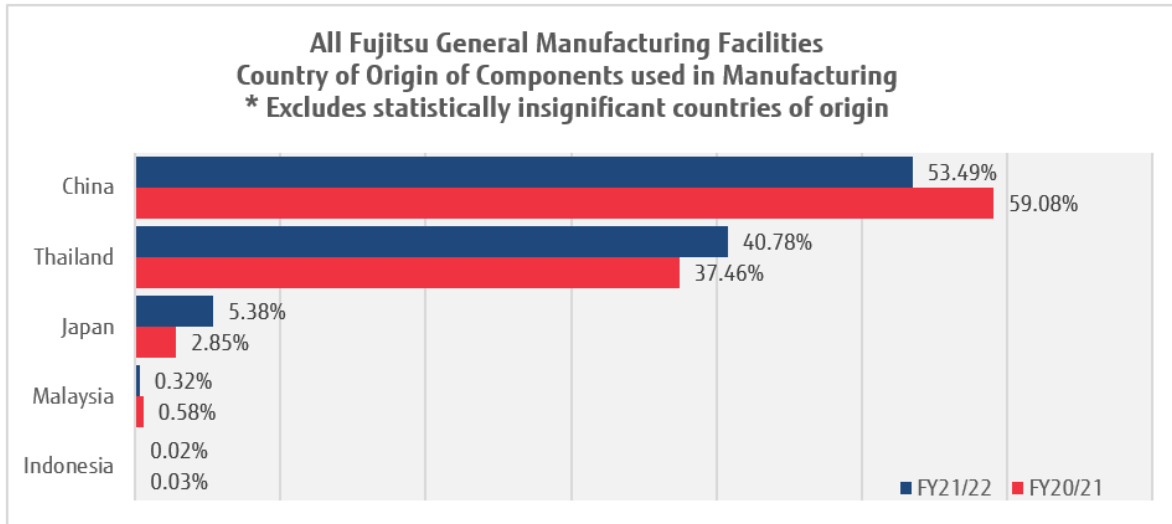
## FGG Manufacturing Facilities

The table below summarises the source of components across each of FGG's manufacturing facilities:



The table below is a summary of the source of components across all FGG manufacturing facilities:





## 6. Due Diligence Processes

### Operations

FGA performs background checks on all employees, including identity verification, to confirm age and place of residence. The Rules of Employment stipulates the minimum age for employees employed by the Company.

A corporate ethics helpline has been established and is in operation. The helpline is available to any officers and employees who work for FGG (including FGA), contract employees, loaned employees and temporary staff who come across unethical business conduct or behaviour, including suspected instances of modern slavery. Reporting through the corporate ethics helpline can be made anonymously. Employees are made aware of the helpline through the internal portal and via regular emails.

Responsibility for investigating and mitigating the risks of modern slavery sits with the Sustainability Promotion Division at FGL, in conjunction with the relevant departments.

In FY21/22, FGG conducted human rights due diligence on FGL's Head Office. We plan to conduct human rights due diligence at our major foreign subsidiaries approximately once every three years.

In addition, FGG plans to establish a helpline at FGL to serve as a contact point for external parties, including primary suppliers in Japan.

### Supply Chain

#### Adherence to CSR Procurement Guidelines

Since November 2019, suppliers of FGG are asked to agree to the CSR Procurement Guidelines prior to on-boarding. For suppliers on-boarded prior to November 2019, consent was obtained after on-boarding once again. As of March 31, 2022, 1,097 out of 1,132 suppliers signed up, using the CSR Procurement Guidelines consent confirmation form. Of the suppliers that have signed up using the guidelines, 657 are in Japan, 277 are in China and 163 are in Thailand. FGL's top 10 suppliers have agreed to comply with the CSR Procurement Guidelines.

Commencing in November of 2019, FGL assessed suppliers for compliance with the CSR Procurement Guidelines. The CSR Procurement Guidelines set criteria for the evaluation and selection of suppliers.

#### Supplier audits

FGL select suppliers for audits based on spend, how critical the supplier is to the business, country risk and the relationship with the supplier.

The review process is conducted by the Sustainability Promotion Division according to rules created and implemented by the Division:

- Before a supplier is audited, they are requested to complete a Self-Assessment Questionnaire (SAQ).
- Then, the Sustainability Promotion Division conducts a CSR local audit using a detailed version of the assessment questionnaire and compares the results of the self-assessment with the results of the on-site audit.
- Having reviewed the results, the Sustainability Promotion Division provides guidance on improvements and corrective actions to the supplier.

The aim of conducting the SAQ on the CSR Procurement Guideline and local audits is to work with suppliers to improve their compliance and performance over time by creating an opportunity for improvement and providing support to suppliers that are willing to invest and improve.

During the fiscal year 2019, FGG asked suppliers to complete the SAQ on CSR procurement guidelines and conducted three on-site audits in China (November 2019) and Thailand (September and December 2019).

FGG planned to conduct 12 times local audits in the fiscal year 2021, but they were cancelled due to COVID-19. In lieu of the local audits, FGG requested that its suppliers complete the SAQ on the CSR Procurement Guidelines. Two suppliers in Japan, two in China and one in Thailand completed the SAQ in FY21/22. The survey did not uncover any modern slavery issues. Although we will continue to monitor the impact of the new coronavirus infection, we plan to conduct 12 on-site audits in FY22/23.

We have not identified any cases of modern slavery in our operations or supply chain through our reviews and audits to-date.

## Training

All employees receive training on human rights via e-learning as part of the Fujitsu General Way Code of Conduct training ("The Code of Conduct"). The Code of Conduct is communicated to all employees at least once a year. We use internal controls to monitor the compliance of our employees, and in the case of non-compliance we act in accordance with the Employment Regulations.

Commencing in November of 2019, FGG started to provide CSR Procurement Guidelines training for suppliers, to introduce and explain the CSR initiatives and guidelines. Briefing sessions have been held for suppliers across Japan, China and Thailand.

In FY21/22, we also conducted an e-learning course on human rights to provide all directors and employees with basic knowledge and awareness of "business and human rights" from a global perspective, and to encourage them to think about human rights issues as "their own issue" and act.

Domestically, in Australia and New Zealand all employees received training in relation to the contemporary movement to minimise the risk of modern slavery in our supply chain, how to identify potential signs of modern slavery in both in a work environment and in their own lives. This also included information on how to report potential cases experienced outside of the workplace to government agencies charged with managing modern slavery cases.

## Effectiveness

FGA recognises that our review and assessment of our actions to identify and address modern slavery risks across our operations and supply chain will be an ongoing and evolving process. We use the following Key Performance Indicators (KPI's) to better understand the effectiveness of our approach to managing modern slavery risks:

- 1) Ensuring all suppliers have signed up to the CSR Procurement Guidelines – 97% have signed up so far
- 2) Implementing the SAQ on the CSR Procurement Guidelines – An additional five suppliers during FY21/22 were requested to complete the SAQ – 2 Japan, 2 China, 1 Thailand, all suppliers completed them.
- 3) Conducting on-site audits using the detailed version of the assessment questionnaire (target number of suppliers per year: 12 companies)

Due to the impact of COVID-19, we did not complete item 3) in 2021.

In 2022, we aim to work towards meeting our KPI's and implement a new Policy clarifying that we do not tolerate child labour or forced labour in FGG's supply chain.

Over subsequent reporting periods we will continue to review and evaluate these KPI's and develop future metrics to assess the effectiveness of our actions, and enhance our monitoring over time, in line with continuous improvement.