

Joint Modern Slavery Statement 2021

Hitachi Construction Machinery (Australia) Pty.
Ltd. (ABN 62 000 080 0179) &

Hitachi Construction Machinery (Oceania)
Holdings Pty. Ltd. (ABN 94 632 744 275)

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Disclosure Notation

This Joint Modern Slavery Statement is prepared by Hitachi Construction Machinery (Australia) Pty. Ltd. (HCA) and Hitachi Construction Machinery (Oceania) Holdings Pty. Ltd. (HCMO) for the year end 31 March 2021. Both Companies are reporting entities under the Modern Slavery Act 2018 (Cth) (Modern Slavery Act).

Unless otherwise stated any reference to “the Company”, “we”, or “our” refers to both Hitachi Construction Machinery (Australia) Pty. Ltd. and Hitachi Construction Machinery (Oceania) Holdings Pty. Ltd.

Both HCA and HCMO provide mining, construction and quarry clients with quality machinery, parts and after sales support. Companies which provide us imported goods include; Hitachi, Bell, HTM, Donaldson and Bradken.

Introduction

Our statement is made pursuant to the Modern Slavery Act 2018 (Cth) (Modern Slavery Act) and sets out the actions HCA and HCMO have taken during FY2021 to address human rights abuse within our practices, operations and supply chain.

As part of a global business, we recognise that modern slavery may exist as a concealed issue, particularly within our international supply chain. We acknowledge this risk and welcome the opportunity to collaborate with our suppliers, to work towards eliminating modern slavery.

In FY2021 we have:

- Imparted training to all our employees increasing the awareness about Modern Slavery practices and Modern Slavery Act
- Screened new suppliers for compliance with Modern Slavery Act while setting them up in our database

This statement has been prepared by HCA in consultation with members of HCMO's modern slavery cross-company working group. Both Companies have a close working relationship and HCA shares many policies and processes with HCMO. Approval of this statement has been given by the Board(s) of HCA and HCMO.



David Harvey
Managing Director,
Hitachi Construction Machinery (Oceania) Holdings Pty. Ltd.

1 December 2021

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Company Overview – Entity Structure and Operations

Hitachi Construction Machinery (Australia) Pty. Ltd. (HCA) operates within the construction and mining equipment market in Australia providing a wide range of quality machinery and accessories including service, parts and technical support.

The Company became incorporated on 23 June 1949 as Blackwood Hodge (Australia) Pty. Ltd. In July 1994, the Company name was changed to Marubeni Construction & Mining Equipment Pty Ltd., followed by a further change in September 1999 to Hitachi Construction Machinery (Australia) Pty. Ltd.

Company shares in HCA are held by Hitachi Construction Machinery Oceania Holdings Pty. Ltd., Marubeni Corporation and Marubeni Australia Limited. The ultimate holding company is Hitachi Limited, Japan.

Within Australia, HCA operates across 26 branches, (including 3 remanufacturing centres) in both regional and metropolitan areas. HCA are recognised for contributing to the development of safe equipment to support:

- regional mining
- forestry and construction industries
- local manufacturing
- innovative technology
- mining system solutions

The formation of Hitachi Construction Machinery Oceania Holdings (HCMO) was made during mid 2019. HCMO is the regional company charged with providing support functions to Cable Price Limited (CPL) and HCA.

HCMO is a wholly owned subsidiary of Hitachi Construction Machinery Co., Ltd (HCM). HCM is a leading manufacturer of construction and mining equipment, headquartered in Japan with over 20,000 staff globally. HCM manufactures hydraulic excavators from the smallest mini to the largest 780 tonne class, as well as rigid frame mining dump trucks and a wide range of wheel loaders. The ultimate holding company is Hitachi Limited.

As of 31 March 2021, HCA directly employed 1,227 employees. As of 31st March 2021 HCMO directly employed 78 employees. These employees are compensated according to the applicable industrial instrument. Employees not covered by an Award or Enterprise Agreement are covered under the terms of the National Employment Standards.

Supply Chain

In FY2021, both HCA and HCMO purchased services and products from a number of direct suppliers from a number of different countries however the majority of these transactions were from group companies.

The majority of our global suppliers are based in Japan, Singapore, the USA and Canada.

The key procurement categories on a global basis include construction and mining equipment whole goods and their associated repair parts and on a national basis include the provision of 3rd party repair, the supply of consumer goods such as power, water, travel, vehicles and day to day consumables that would be used as part of the normal day to day requirements to operate our business.

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Within the category of services our spending includes professional consultants, cleaning and office maintenance, fire services, and other such key services. Generally, almost the entirety of this category for our companies HCA and HCMO would be sourced and purchased within the Australian marketplace.

Our items of capital plant, equipment, maintenance/repair, parts may be sourced from suppliers internationally and prominently from Japan.

The above applies equally to HCA as well as HCMO.

Risk of Modern Slavery

HCA and HCMO acknowledge that as large global companies we cannot disregard the possibility that modern slavery practices may or could occur within our supply chain. We recognise the importance of our well-qualified business partners and we go to great lengths to ensure that all of our partners are aware of and fully committed to the ethical manner in which we conduct business in all countries and markets.

Both HCA and HCMO reserve the right to request updated or additional information from our suppliers to identify any risk associated with fraud, corruption or human rights abuses.

As mentioned above the majority of our capital plant and parts are supplied from Japan which according to the Global Slavery Index is deemed low risk by a country ranking of 167/167 with "Vulnerability to Modern Slavery" assessed at 13.8/100 and overall rating level as "Low Prevalence". We have conducted the risk assessment in our supply chain as we acknowledge the risk inherent within the global supply chain of products such as mobile phones, computers and laptops manufactured overseas.

Governance

The Company recognises corporate governance must be related to the foundational business operation of the entire enterprise and is closely related to the corporate culture. Our approach to governance and compliance stems from the understanding that is not the sole responsibility of one person or division, but every employee must cooperatively contribute to the management of human rights risks and undertake compliance and ethical training.

Our Directors, Executive Officers and other equivalent persons who are responsible for the management of the Company serve as a role models for high ethical standards. The Management endeavours to create and sustain a corporate culture of integrity across the Company.

In addition, the Executive and Management Team has continued to communicate to employees, through training and other initiatives, the Company's Group Codes of conduct and broad range of policies as well as all applicable laws, rules and regulations. Both HCA and HCMO strive to prevent any misconduct and take appropriate actions to correct situations that may impair the ability of employees to act ethically.

In FY2020 we issued our first Modern Slavery Policy to outline our approach to managing the risk of modern slavery. In FY2021 we continued our commitment to raising awareness of the risks that may be associated with modern slavery within our supply chain including the revision of business practices and policies.

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Policies and Standards

Managing the risks of modern slavery and human rights abuses is underpinned by our policies and standards. The overarching framework which supports our rules and principles is the Hitachi Group Codes of Conduct and Hitachi Global Compliance Program (Framework Policy). These policies apply to all officers and employees of Hitachi Ltd. and its consolidated subsidiaries and set out the framework for Compliance Management Responsibilities, Codes of Conduct, Assessing, Evaluating and Reporting Compliance Risk and Promoting Respect for Human Rights.

HCA and HCMO have also established their own codes of conduct in accordance with Australian legal systems, social customs, business characteristics and respect for human rights.

Policies which address these are set out below:

- Code of Conduct and Business Ethics
- Whistle Blower Policy
- Due Diligence Questionnaire (for suppliers)
- Modern Slavery Policy

Due Diligence

We highly value our network of business partners and suppliers. To ensure that our suppliers are fully committed to the manner in which we conduct business within domestic and international markets we request all suppliers complete our Due Diligence Questionnaire and comply with our Supplier Risk Assessment process.

Both HCA and HCMO reserve the right to request updated or additional information from our suppliers to identify any risk associated with fraud, corruption or human rights abuses.

For HCA Construction Equipment our suppliers are categorized as:

- National Supplier
- Preferred Supplier
- General Supplier.

In relation to our supply chain for machinery attachments, our Construction Equipment & Forestry and Mining Attachment Suppliers must undertake an audit process to become a supplier.

Our Corporate Support Group (Construction Equipment) is responsible for acceptance of an Attachment Supplier following pre-approval by our Engineering Group. Prior to a supplier being nominated as a National Supplier the Sales team conducts an Attachment Supplier Quality Audit. Our Engineering team may also assist with the audit process. Bi-annual meetings are also conducted to assess current supplier performance and to consider supplier nominations.

Grievances and Remediation

We recognize that every employee, contractor, business, or third party provider has the right and responsibility to ask questions, seek guidance and report any suspected breach and/or grievance in relation to modern slavery or human rights abuses. Reporting is protected and highly encouraged. To obtain guidance or to raise a compliance

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concern employees and/or contractors may speak to our Senior Management, Internal Audit or Human Resources team.

During FY2021 HCA and HCMO continued to raise awareness of modern slavery through internal communications and updating policies. Our policies follow those of our ultimate parent Hitachi Limited. This information was developed to provide understanding on modern slavery practices and risks, emphasize its prevalence in society and to inform the mechanisms available for reporting concerns.

Our Whistle blower Policy addresses the process for reporting concerns ensuring we have sound procedures to ensure illegal or reportable conduct can be made as a Protected Disclosure. All disclosures under our Whistle blower Policy are reported to our parent company on a quarterly basis through our Internal Audit department.

Internal communications are also provided to update staff on revisions to our procurement policies to bring them into line with the Modern Slavery Act (2018), such as Supplier Set up and Supplier Risk procedures.

Assessing Effectiveness

In FY2020 we launched our first Self-Assessment Questionnaire for suppliers. Our Audit and Compliance team continue to review and analyse awareness of modern slavery while monitoring the current practices of our suppliers. Our Modern Slavery Self-Assessment questionnaire was developed in consultation with our Compliance Team and cross-business working group with reference to *Commonwealth Modern Slavery Act 2018 (Guidance for Reporting Entities)*. In FY2021 we have started to screen any new supplier that is setup in our database for compliance with Modern Slavery Act. New supplier is required to certify if they are in compliance with the Modern Slavery Act and if yes a copy of Modern Slavery statement is obtained and compliance is verified.

The Company takes its legal and regulatory obligations seriously and pays careful attention in order to conduct business operations based on our integrity and ethics policies. As part of our quarterly compliance, our internal audit team report regularly report on any breach of laws or internal company regulations. Our employees are encouraged to submit confidential reports regarding potential or actual compliance violations, which are protected under our Whistle blower policy.

Training programme was conducted for employees of both HCA and HCMO which aimed to:

- increase awareness of modern slavery practices
- outline compliance responsibilities and reporting requirements for the Modern Slavery Act (2018)
- promote better understanding of the prevalence of modern slavery and;
- describe the actions HCA and HCMO will continue to take with assessing and managing risk associated with modern slavery.

Training was assigned to 132 and 21 employees of HCA and HCMO respectively and the completion rate of the training was 100% for both HCA and HCMO.

Impact of COVID19

In FY2021 the ongoing disruptions caused by the pandemic continued to affected many areas of our business. Adjustments were required to our branch operations, particularly the methods of our work practices and communications. Changes were implemented across Australia to ensure the safety of our HCA and HCMO employees. Challenges and risks within our supply chain included:

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- Increased requirement for PPE such as masks and hand sanitisers
- Inability to social distance in some operational locations; increasing possible risk of contracting virus.
- Increased demand for IT hardware to support employees working from home
- Increased shipment costs – particularly for air shipments

To address these risks:

- We worked collaboratively with our key supplies to source critical PPE and additional IT hardware.
- Changes were made to working patterns to ensure adherence to social distancing requirements across Australia; split shifts were introduced, staff rosters changed across mine sites including reductions in the number of staff on-site and the introduction of fixed rosters.
- Within our warehousing operations we reduced traffic and deliveries to those considered to be essential personnel only, together with the introduction of protocols to reduce person-to-person interaction.
- Employees were supported and encouraged to work from home. Face-to-face meetings were discontinued and regular meetings were undertaken through Microsoft Teams.
- Regular communications advised staff of COVID protocols and support was offered for those in isolation and/or requiring additional support from our Employee Assistance Programme (EAP).
- Our customers did not ask for extended payment terms during COVID but if requested the Company would have given due consideration on a case-by-case basis.

Future Actions

HCA and HCMO will continue our commitment to the measures introduced to ensure that risks associated with Modern Slavery practices are identified within our business and supply chain. Our team will facilitate actions based on identified risks and ensure corrective actions to eliminate non-compliance issues by working collaboratively with key internal and external stakeholders.