

## **MITSUBISHI HEAVY INDUSTRIES AIR-CONDITIONING EUROPE, LTD.**

### **MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT**

Mitsubishi Heavy Industries Air-Conditioning Europe, Ltd. ("MHIAE") modern slavery and human trafficking statement for the financial year ending 31 March 2023 (FY2022), pursuant to section 54 of the Modern Slavery Act 2015. This statement has been approved by the board of directors of MHIAE.

#### **OUR BUSINESS, STRUCTURE AND SUPPLY CHAINS**

MHIAE is a subsidiary of Mitsubishi Heavy Industries Thermal Systems, Ltd (MTH), which is a subsidiary of Mitsubishi Heavy Industries, Ltd. (MHI).

MHI is headquartered in Tokyo, Japan, and is one of the world's leading suppliers of equipment, services and integrated solutions across a wide range of industries and technologies covering sectors such as Power Systems, Industry & Infrastructure, Aircraft, Defense & Space. MHI has a history in the design and manufacture of refrigeration systems, dating back to 1920, and continues to drive its product development in Japan and Asia through MTH and in Europe through MHIAE.

MTH is also located in Tokyo, Japan and provides innovative solutions for HVAC (Heating, Ventilating and Air-conditioning) around the globe in order to enhance and enrich people's life and at the same time develop products that contribute to efficient energy usage and reduction of CO<sub>2</sub> emissions. MTH business includes centrifugal chillers, heat pumps, transportation refrigerant units, and room & commercial air conditioners.

MHIAE was founded in 2013 and is situated in London, UK. MHIAE offers high-efficiency systems for cooling and heating air and water in residential, commercial and industrial applications to distributors in the UK, throughout Europe and the CIS region. Additionally, MHIAE acted as the European representative on product and environmental issues for MTH until the UK's withdrawal from the European Union. Consequently, MHIAE established a subsidiary in the Netherlands on 29<sup>th</sup> March 2019, in order to continue MTH's regulatory representation in Europe.

MHIAE is committed to building on the advanced technology and vast experience of MTH to deliver innovative, integrated solutions that will help realise a carbon neutral world, improve the quality of life and ensure a safer world.

Further details can be found at <http://www.mhiae.com>

The majority of our purchases consist of air-conditioning units, heat pumps, accessories and spare parts manufactured by Mitsubishi Heavy Industries Mahajak Air Conditioners Co., Ltd. (MACO) in Thailand; which is a joint venture between MHI Group in Japan, and Mahajak Group in Thailand. MACO manufactures high quality air conditioners with capacity for more than 30 million units under the "Mitsubishi Heavy Industries" brand. MACO has gained the trust and reliance of its customers for high quality products, on-time delivery, reasonable price and environmentally friendly technologies. As part of MHI group, MACO abides by the same Global Code of Conduct and Procurement policy as described below in our policies.

#### **OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING**

MHIAE is committed to taking effective steps to assess, prevent, and mitigate the risk of modern slavery in our operations and supply chain. We aim to be transparent about these steps and expect the same of our suppliers and contractors.

In 2015, we adopted by board resolution the MHI Group Global Code of Conduct. The Code prohibits the use of compulsory or forced labour and child labour and requires us to maintain a framework of fair and just remuneration, fair working hours and benefits.



The Code is available at: <https://www.mhi.com/company/aboutmhi/policy/conduct.html>

As part of our activities to combat human rights abuses, MHIAE instituted our first Human Rights Policy (which was approved by the board in FY2020) in order to avoid causing or contributing to adverse human rights impacts through our own activities and to prevent or mitigate such impacts where they are caused by our business partners.

We continued to enhance the ways we work with our suppliers and our contractors, to ensure we apply common standards and philosophies to help the eradication of modern slavery and human trafficking. When we execute procurement activities on behalf of our parent company, we adhere to the MHI Group Procurement Policy and its core values of Openness, Fairness, Partnership and Compliance.

The MHI Group procurement policy is available at <https://www.mhi.com/company/procurement/policy>

In addition, we have put in place Global Policies and Procedures, including in relation to procurement activities. There are also Supply Chain CSR Promotion Guidelines available with regards to our business partners here: <https://www.mhi.com/company/procurement/csr>. As part of this procedure, we execute self-assessments on compliance within our supply chain and procurement processes based on a company standard checklist. This has helped us to develop a better understanding of the actors in our supply chain.

We ensure consistent communication of the Group Global Code of Conduct throughout our business and management at all levels, including:

- direct and interactive communication to new employees on induction;
- e-learning/training for all employees at MHIAE on UK law's Modern Slavery Act and related issues (for example in relation to supply chain risks) to explain their role and responsibility in helping to prevent modern slavery;
- at regular General Manager meetings;
- through publication of the Code of Conduct on our internal and external websites; and
- the distribution of a Code of Conduct booklet to all our staff who are required annually to declare that they have read and understood the same.

#### **DUE DILIGENCE PROCESSES**

In order to identify and respond to modern slavery and human trafficking risks, we adopt a risk-based approach and have put in place the following processes:

- We identify, assess and continually monitor risk areas in our business and supply chains.
- We only work with reputable vendors selected and assessed by our parent company. We support our parent company to ensure such assessments remain current and up-to-date.
- We have been undertaking (with the support of our external lawyers), an analysis of our supply chain in order to better understand and assess the nature and level of potential risks within our supply chains. We use the outcomes of this work to take more targeted action in respect of any significant risks identified. We have provided a supply chain map to an external legal specialist and have established our Assessment Manual which was approved by the board of directors on 5 December 2022.
- To ensure that our employees know how to identify the warning signs of modern slavery and can take appropriate action in response, we ensure that they receive focussed training on

modern slavery in particular and the MHI Group Code of Conduct and Global Policies and Procedures in general. Further details are provided below under the heading "Training".

- We continue to share information across our group companies of any updates to governmental requirements/guidance related to modern slavery and human trafficking.
- We protect whistle blowers, including on issues related to modern slavery. This protection is communicated to all our employees through our employee handbook and through our website as part of our compliance statement. We use a system with Ethics Point (known as our whistleblowing hotline), an external service provider which allows the submission of issues and concerns completely anonymously. The implementation and go-live of this system has been communicated to all our employees.
- Employees are also encouraged to raise any concerns or suspicions they may have regarding human rights or modern slavery abuses at the earliest opportunity to the Compliance Manager via the Human Rights mailbox.
- We ensure that any employee with a grievance, including in circumstances which might relate to modern slavery, is listened to and treated fairly, according to our work place grievance mechanism. To ensure transparency and accessibility, this grievance mechanism is integrated into our Staff Handbook and sets out the process by which grievances are investigated and the protections which are offered to the employee.
- MHI's EMEA Regional Audit team conducted a review of the contents of the Modern Slavery Act Statement issued by MHIAE. The objective of the audit was to ensure that the statement was valid and in compliance with the Act's requirements. During FY2022, the Regional Audit team and related functions (such as legal and corporate department) aligned closely together to follow-up and aim to close all the findings arising from the internal audit.

#### STEPS TO ASSESS AND MANAGE RISKS

Several functions in our organization support our measures to assess and manage modern slavery and human trafficking risks. These include amongst others:

- **Corporate Planning**, through their review of budgets and governance activities.
- **Finance, Accounting and Tax**, through their review of financial transactions, budgets and tax governance.
- **Corporate Communications**, through their interactions with internal and external stakeholders, support the identification of potential instances of non-compliance.
- **Purchasing**, through the assessment of vendors and self-assessment of procurement activities. We have also evaluated our supply chain maps across MHIAE with external lawyers and are in the process of finalising our Assessment Manual.
- **Legal**, through interaction with staff and management and with external law firms and legal advisors, ensure that we remain at the forefront of changes in legislation and corporate requirements. In addition to the above steps, we have also undertaken (in conjunction with our external lawyers), an analysis of our existing obligations and trends in relation to existing and proposed business and human rights legislative mechanisms.
- **Human Resources**, through development of the relevant policies that cover our staff's interaction with internal and external parties (e.g. Employee Code of Conduct, Equal Opportunity and others).

Our general managers (GMs) monitor day-to-day compliance with such initiatives with ultimate responsibility lying with our Managing Director and the board of directors. Within our current organization structure, the Managing Director also fulfils a role of the Chief Compliance Officer. In addition, compliance with the UK Modern Slavery Act is closely monitored by the Head of Legal.

Our company has a flat organization structure with open communication. Employees are encouraged to discuss concerns with their supervisors without fear of repercussions. This structure allows us to identify issues quickly when they would occur.

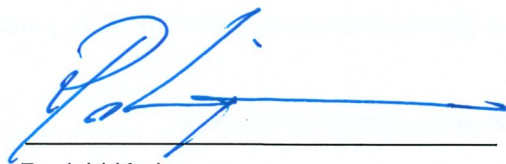
#### **TRAINING**

To ensure that our staff understand and can identify modern slavery and human trafficking risks in our supply chains and business, we continue to develop and provide appropriate training. We have been providing all MHIAE staff with access to an in-depth web training produced by an external expert law firm on modern slavery. The training seeks to raise awareness of the warning signs of modern slavery and how they might arise in the specific context of our operations and supply chain and to explain to staff their roles and responsibilities in helping to prevent modern slavery.

#### **OUR EFFECTIVENESS IN ELIMINATING SLAVERY AND HUMAN TRAFFICKING**

To promote the effectiveness of the steps outlined in this statement, during the last 12 months, MHIAE has taken further steps to foster a culture that promotes awareness of modern slavery and how it can arise in the sectors in which we operate and purchase goods and services. We have continued to maintain and publicise a clear organisational policy and ethos which rewards the identification of risk and promotes an effective response.

This statement was approved by the board of directors of MHIAE on 13 October 2023.



Ryoichi Kariya  
Managing Director  
Mitsubishi Heavy Industries Air-Conditioning Europe, Ltd.