

Mitsubishi Electric Air Conditioning Systems Europe Ltd.

ANTI-SLAVERY & HUMAN TRAFFICKING POLICY STATEMENT
for the financial year ended 31 March 2022

Our Policy:

Policies in relation to anti-slavery and human trafficking

This document constitutes our modern slavery and human trafficking statement, as required by section 54(1) of the UK's Modern Slavery Act 2015.

We have a zero tolerance policy with regard to modern slavery and human trafficking, and are committed to monitoring, developing and improving our operations to combat slavery and human trafficking.

We seek to ensure there is no modern slavery, human trafficking or other abuse of human rights in our business operations or in any of our supply chains.

As a member of the Mitsubishi Electric Corporation group of companies, we apply the Mitsubishi Electric Group Human Rights Policy¹ and Mitsubishi Electric Group Code of Conduct². These include our continuing commitment to respect international standards related to human rights and to respect the law, to act with highest integrity, and always to conduct ourselves with respect for human rights.

Mitsubishi Electric Corporation, and its UK group businesses, have a whistleblowing system in place for its staff in regard to cases related to human rights infringements. This includes protection for whistleblowers.

Our Organisation's structure

Mitsubishi Electric Air Conditioning Systems Europe Ltd. ("M-ACE") is a wholly owned subsidiary of Mitsubishi Electric Corporation (based in Japan).

Our UK operations include:

The manufacture and supply of air conditioning and heat pump systems.
After sales customer support of air conditioning and heat pump systems.
The development of new products together with product trials and quality assurance approvals.

As of 31 March 2022, we employ over 1,700 staff in the UK and our annual turnover to 31 March 2022 was above £290 Million.

Our Supply Chain

All raw materials and components are sourced from supply partners, both domestically and internationally, in compliance with Mitsubishi Electric Corporation's "CSR Procurement Policy"³.

All products/materials/components supplied achieved through audits, commercial qualification, credit rating investigations and regulatory compliance (e.g., RoHS, REACH). Supplier Audits and Supply Agreements are refreshed annually to maintain a "Fully Approved" status.

¹ See: *Mitsubishi Electric Group Human Rights Policy*

² See *Mitsubishi Electric Group Code of Conduct (English language version)*

³ See *Mitsubishi Electric Group CSR Procurement Policy*

All of our third party suppliers are subject to quality and commercial qualification, routinely complete compliance declarations, host factory audits and agree to binding supply agreements.

Our standard Terms and Conditions of Purchase include Corporate Social Responsibility compliance undertakings from the supplier to apply policies to ensure the supplier and any sub-contractor to the supplier:

- do not permit any slavery or human trafficking as defined by s.54 of the Modern Slavery Act 2015 in its business or supply chain and to take all reasonable steps to ensure no slavery or human trafficking takes place in its business or supply chain;
- respect ILO (International Labour Organisation) Conventions protecting children and young workers and never use child labour; and
- never use any forced or bonded labour or involuntary prison labour;
- never mistreat or abuse their workers.

Mitsubishi Electric Corporation have been seeking consent from suppliers to agreement on initiatives for social issues including human rights issues. In addition, Mitsubishi Electric Corporation have continued to promote efforts and give instruction to understand human rights violation risks by suppliers (i.e., forced labour using foreign labourers, dangerous and hazardous labour).

Due Diligence Processes

- **Procurement of goods or services from Mitsubishi Electric Corporation or a member of its group of companies (together “Mitsubishi Electric Group Supplier”):**

We rely on each Mitsubishi Electric Group Supplier’s own due diligence processes for risk assessment and verification and its contractual compliance requirements as applicable to its sub-contractors to support compliance within the procurement supply chain.

As part of these processes, M-ACE and Mitsubishi Electric Group Supplier each apply:

(i) the Mitsubishi Electric Group Human Rights Policy: This confirms that protection of human rights and support for internationally agreed human rights are imperatives for the Mitsubishi Electric Group's business activities. Accordingly, as members of the Group, we recognise our duty to prevent any complicity with human rights violations. Our policy commitment includes the following:

- The Mitsubishi Electric Group recognizes that, as a minimum, it must respect international standards related to human rights, such as the International Bill of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. On that basis, we shall respect human rights while making sure to adequately understand relevant laws and regulations in every country and region where we do business.
If such laws and regulations do not conform to international standards related to human rights, we shall consult with local authorities on how to properly handle cases involving human rights in order to respect the international standards.
- Based on the United Nations Guiding Principles on Business and Human Rights, the Mitsubishi Electric Group shall undertake human rights due diligence measures, such as specifying and assessing the impact of its business activities on human rights, and studying ways of proactively preventing or mitigating any negative impact of those activities. Furthermore, the Group shall put a framework in place for rectifying any cases in which its business activities are found to have negatively impacted human rights, or its members are found to have been clearly involved in violations of human rights.
- The Mitsubishi Electric Group has identified materialities, has set concrete tasks and goals for those materialities, and works to achieve them, and, through that process, takes steps to ascertain the status of its initiatives related to respect for human rights, and properly discloses its findings.

- The Mitsubishi Electric Group shall work to ensure that its initiatives related to respect for human rights are implemented with the participation of all executives and employees. Furthermore, the Group shall request cooperation from various stakeholders involved in its whole value chains such as business activities, products, and services, in order to help promote respect for human rights in society at large.
- The Mitsubishi Electric Group shall implement training programs and awareness campaigns on a continuous basis for the purpose of ensuring that all executives and members of the Group understand initiatives related to respect for human rights, and conduct themselves accordingly.

(ii) the Mitsubishi Electric Group Code of Conduct states:

Respect for Human Rights:

"1. We respect human rights and ensure we adequately understand relevant laws and regulations of the countries and regions in which we conduct business. We strive not to violate any human rights.

2. We request cooperation from various stakeholders involved in the whole value chains of our business activities, products and services to help promote respect for human rights in society at large.

3. If we receive and complaint or consultation regarding human rights from various stakeholders, or if we see or hear any behaviour that infringes human rights from various stakeholders, or if we see or hear any behaviour that infringes upon human rights in Mitsubishi Electric Group activities, we promptly contact the department in charge so that measures can be taken to resolve it."

During the term:

- the Mitsubishi Electric Group assessed and evaluated the impact on human rights related to the Group's corporate activities for a material number of sites, including Mitsubishi Electric group offices and affiliated companies both in Japan and internationally;
- Mitsubishi Electric Corporation conducted various training courses for employees involved in sustainability at offices of Mitsubishi Electric Corporation and at affiliated companies in Japan;
- Mitsubishi Electric Corporation has continued to review the functionality of the Technical Intern Training Programme across the Mitsubishi Electric Group and that it is operating in compliance with the Mitsubishi Electric Group Code of Conduct; and
- Mitsubishi Electric Group has provided an e-learning programme to a majority of employees of Mitsubishi Electric Corporation and its affiliated companies in Japan.

Mitsubishi Electric Corporation has a continuing programme for the evaluation of the sustainability initiatives of "business partners" (i.e. third party suppliers). Mitsubishi Electric Corporation's policy is to evaluate all new suppliers.

Human Rights Impact Assessment

As part of human rights due diligence required by the United Nations Guiding Principles on Business and Human Rights, the Mitsubishi Electric Group periodically carries out "Human Rights Impact Assessments" in order to assess the impact of the Group's business activities on human rights.

In 2021, Mitsubishi Electric Group carried out the second "Human Rights Impact Assessment" of Mitsubishi Electric, affiliates in Japan, and overseas affiliates, covering a total of 417 sites.

In addition, Mitsubishi Electric Group decided to add the "Human Rights" category to the "General Control Self-Check," in which risks that may have material impact on the management are inspected

based on the decisions made by the Board of Directors. Mitsubishi Electric Group also checked the status of progress of the "Human Rights Impact Assessment."

RBA

In order to enhance the objectivity and transparency of the Mitsubishi Electric Group's human rights initiatives, in February 2022 we joined the Responsible Business Alliance (RBA), an alliance that promotes corporate social responsibility in the global supply chains. We commit to progressively align our own operations with the provisions of the RBA Code of Conduct, to promote continuous improvement of our sustainability efforts.

Procurement of goods and services from third party suppliers

We apply a proportionate approach to our due diligence processes for risk assessment and verification with regard to slavery and human trafficking.

For our risk assessment we take into account the relevant products, components, packaging materials and services, production location and supply chain data.

We also take into account a supplier's self-declaration of compliance and any compliance policy and/or other compliance representations.

Should we identify any higher risk supplier then we would consider deeper verification processes to assess compliance and for remedy of any non-compliance.

During the term:

- Mitsubishi Electric Corporation have continued to issue its suppliers and procurement partners with consent forms for the CSR Procurement Guidelines, these ask for information pertaining to understanding and mitigating serious human rights risks in the supply chain (forced labor of foreign laborers, dangerous or hazardous labour, etc.);
- In addition to the investigations in progress as a result of responses to the consent forms, we apply an additional check sheet to discern the existence of human rights violations, and conduct activities aimed toward mitigating those issues;
- The CSR Procurement Guidelines were established in 2018 based on the RBA Code of Conduct (Version 7.0) that was formulated and announced by the Responsible Business Alliance. To verify our suppliers' commitment to promoting the content of the guidelines, a consent form is attached to the last page of the guidelines.

Requests to Suppliers

Suppliers to the Mitsubishi Electric Group are requested to gain an understanding of the Group's Purchasing Policy and CSR Procurement Policy, and to disseminate these policies to their supply chain. They are especially requested to thoroughly comply with the points, which the Group has identified as priority issues to be addressed through the entire procurement supply chain. Additionally, new suppliers are asked to submit their agreement to comply with the CSR Procurement Policy and a completed survey form upon reading and understanding the guidelines.

Key performance indicators to measure effectiveness of steps being taken, and Training on modern slavery and human trafficking

Every M-ACE employee receives a copy of the Mitsubishi Electric Group Code of Conduct, and must conform to those Guidelines and with all applicable laws.

We have briefed our purchasing staff with regard to the requirements of the legislation, our corporate policies and this Anti-Slavery and Human Trafficking Statement.

Company wide periodic eLearning training based upon the UK Modern Slavery Act 2015, is conducted, and all UK staff are compelled to partake in such training.

In addition, outside of the UK, Mitsubishi Electric Corporation have been conducting a sustainability-related eLearning program that includes themes on human rights for employees of Mitsubishi Electric and domestic affiliated companies.

Mitsubishi Electric Corporation have created an English version of contents and conducted the program at overseas affiliated companies as well. Mitsubishi Electric Corporation plan to continue to conduct the program on a regular basis while revising the content in light of the trends on sustainability and human rights trends.

Mitsubishi Electric Corporation will continue raising employee awareness of human rights within the Mitsubishi Electric Group.

UK Statutory Compliance

This statement outlines the steps we have taken during the past year to seek to ensure that slavery and human trafficking is not taking place (i) in any of our supply chains, and (ii) in any part of our own business.

This statement is approved by our Board of Directors and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2022 as required by section 54(1) of the UK's Modern Slavery Act 2015 for 'Transparency in supply chains etc.'.

This statement is for publication on the Mitsubishi Electric UK website. The website's homepage carries a prominent link to this statement.

Signed by:



Masao Nagano
President and Director
Mitsubishi Electric Air Conditioning Systems Europe Ltd.

Issue date: 13 September 2022