

INNOVATION.
NOT DUPLICATION.™



**MODERN SLAVERY
STATEMENT**

MODERN SLAVERY STATEMENT

APRIL 2022 – MARCH 2023

MESSAGE FROM OUR CEO

Founded in 2006, H-E Parts International, LLC (**H-E Parts**) is a global leader in aftermarket parts, components and remanufacturing services. H-E Parts has grown from the acquisition and amalgamation of established businesses across North and South America, Africa, Canada, China, Chile, Peru and Australia, some of which have been in existence for over 80 years. In 2016 H-E Parts was acquired by Hitachi Construction Machinery (**HCM**) as a wholly owned subsidiary. Today, under HCM's ownership and guidance we operate in 34 multi-use facilities across 7 countries.

H-E Parts provides goods and services to over 60% of the top 35 global mining companies over 250 unique mine sites. Through this, we employ nearly 1,000 people and impact countless others through our domestic and international supply chains.

We understand that our footprint encompasses responsibilities around Modern Slavery, protecting all people from which is a basic and fundamental human right. We have made, and continue to make, steps in auditing, reporting and eradicating Modern Slavery in our business, recognizing that we embrace opportunities to learn and improve in this area, year on year.

In the past 12 month reporting period we have increased focus on Modern Slavery reporting, visited suppliers to perform on-site audits and made structural changes to our organisation that will better serve our Modern Slavery obligations.

Our entire organisation, dedicated Modern Slavery Committee and I are committed to our continuing progress in this area, and I am pleased to present this Modern Slavery Statement documenting our efforts.



A handwritten signature in black ink, appearing to read 'S Pelletier', written in a cursive style.

SIMON PELLETIER

PRESIDENT & CHIEF EXECUTIVE OFFICER

This Modern Slavery Statement is endorsed by Simon Pelletier in his role as President and Chief Executive Officer and approved by the H-E Parts International, LLC Board of Directors (October, 2023).

REPORTING ENTITY AND STRUCTURE

This Modern Slavery Statement is made by H-E Parts Australia Holdings Pty Ltd (ACN 129 428 155) (**HEPA**), a wholly owned subsidiary of (**H-E Parts**). Since H-E Parts is wholly owned by **HCM**, registered on the Tokyo Stock Exchange, our group companies operate under the Japanese financial year and the reporting period for the purpose of this statement is 1 April 2022 to 31 March 2023.

H-E Parts has corporate headquarters in Atlanta, Georgia, USA where the majority of the Executive Leadership Team is based. HEPA has corporate headquarters in Forrestdale, Western Australia and a local Executive Leadership Team largely based at our Forrestdale office.

Our operations are structured to cover our Cooling, Crushing, Engineering, Engines, Mining and Dom-Ex divisions, and our foundry – Precise Trading Shanghai, China. Operations throughout HEPA are supported by shared services of Engineering, Finance, Legal, Marketing, Procurement and Health, Safety, Environment & Quality.

Within this Modern Slavery Statement, the terms “H-E Parts”, “us”, “we” and “our” are intended to include HEPA and all of its wholly owned subsidiaries (Figure 1).

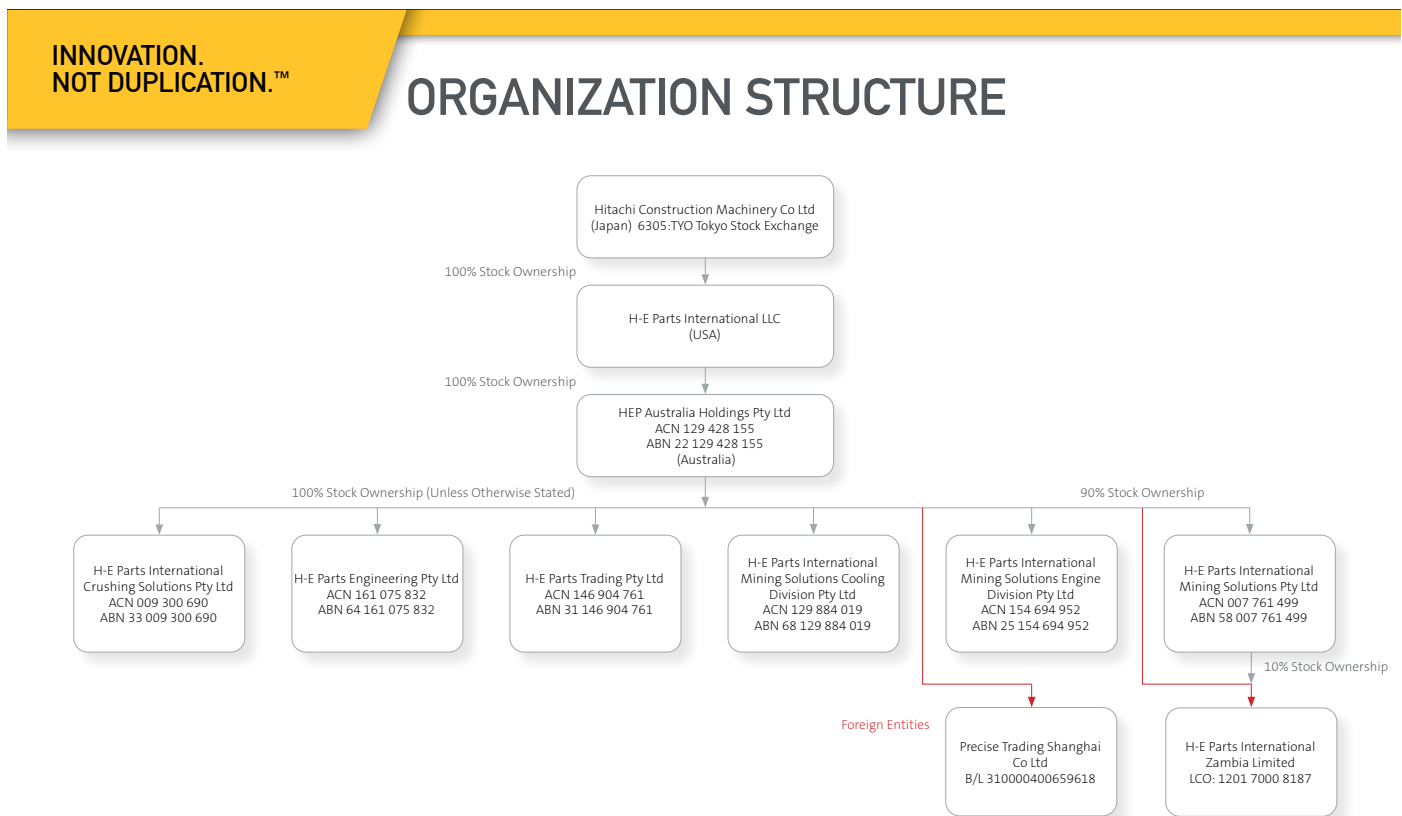


Figure 1 Corporate organisational structure of H-E Parts International, LLC.

OUR BUSINESS

VISION

To lead in providing innovative solutions that improve mine and industrial maintenance.

MISSION

H-E Parts is a leading independent supplier of parts, remanufactured components and equipment to the global mining, quarrying, heavy construction and energy sectors. We supply customers with the highest quality replacement parts, components and services that improve life cycle performance and lower costs. We endeavor to provide the best customer service through an empowered, talented, and responsive team who operate in a safe, productive, supportive workplace that attracts and retains the best employees possible.

H-E Parts is comprised of the following divisions:

- Mining Solutions – Aftermarket components and service options for heavy equipment such as haul trucks, electric shovels, hydraulic excavators, and support equipment.
- Crushing Solutions – Providing world class CME™ manganese crusher liners, liner development and design solutions, crusher parts and service for Fixed and mobile plant operations.
- Engine Solutions – Industry leading diesel engine re-manufacturing and service solutions utilizing our StaTerra Power™ proprietary software.
- Cooling Solutions – Manufacture of industry leading COR Cooling™ products. High quality radiators and innovative products to support a range of applications including heavy equipment and rail.
- Engineering Solutions – Providing a wide range of high precision CNC machining, fabrication, manufacturing and other innovative solutions for mining, defence, marine and transport.
- Dom-Ex – Sourcing and relocating used and rebuilt parts and equipment for customers in the mining industry.

LOCATIONS

H-E Parts is headquartered in Atlanta, Georgia, United States. We have operational centres in 34 locations across seven countries; USA, Canada, Chile, Peru, Australia, China and Zambia.

Our Australian operations, run by HEPA are headquartered in Forrestdale, Western Australia.

Throughout Australia we have 14 branches across 4 states; Western Australia, SA, NSW and Queensland.



Figure 2. H-E Parts Global Footprint

OUR PEOPLE

At H-E Parts we embrace people who add value and strength to our Company. Our Core Values encompass P.R.A.C.T.I.S.E.

PERSEVERANCE

A willingness to remain firm and consistent in commitments and actions to achieve a goal, despite roadblocks and hardships that may occur.

RESPECT

Recognizing that all individuals hold equal worth and value regardless of differences in personality, culture, background, and capabilities.

RESPONSIVENESS

Appropriately reacting to an individual, a group of individuals, or an event swiftly and effectively.

ACCOUNTABILITY

Having a sense of commitment and duty to oneself, others, or organization.

COMMUNICATION

Clearly and effectively exchanging information to an individual or group of individuals through spoken word, behaviours, or symbols.

CUSTOMER FOCUS

Providing value to a customer by ensuring their wants and needs are consistently the focus of an effort.

TEACHABLE

A willingness and openness to learn new skills, techniques, methods, or theories.

TEAMWORK

Individuals working together in a collaborative and cohesive manner to achieve a common goal.

INNOVATION

Devising a new or unique solution and applying it to a current product, idea, process, or area of expertise.

INTEGRITY

Possessing and demonstrating a consistent moral code of honest, ethical behaviour, and values. Sticking to one's virtues even in times of negative influence and/or pressures.

SAFETY

Performing daily activities with thoughtful diligence and care to prevent risk, injury, or harm to oneself and others.

EXCELLENCE

Consistently striving to give one's best efforts and abilities to an activity, cause, or organization.



Figure 3. H-E Parts Core Values

COMPLIANCE, EQUAL OPPORTUNITY AND DIVERSITY

We conduct our business in a fair, impartial, ethical and proper manner, in compliance with all applicable laws and regulations. Integrity underlies all relationships, including those with customers, suppliers, communities, and among employees.

H-E Parts is an equal opportunity employer, and we work hard to ensure a workplace free of discrimination and harassment. All employees can expect to be treated fairly in relation to employment, training, development and promotion. Opportunities for progression within our organization are based on demonstrated performance, skills, qualifications, and abilities.

H-E Parts proactively provides equal opportunity Indigenous employment within the organization. Our Executive Leadership Team has undertaken a number of initiatives to increase engagement with Indigenous peoples which will be further developed through the next reporting year. We are committed to creating and maintaining a workplace in which all employees have an opportunity to participate and contribute to the success of the business and are valued for their skills, experience, and unique perspectives. This commitment is embodied in company policies and the way we do business.

As of early October 2023, our global parent company, H-E Parts employs over 900 people with the majority of personnel based in either Australia, USA, Canada, Chile and Peru. Of this, 429 were employed by HEPA. Our workforce comprised 99.89% of salaried employees and 0.11% contractors/labour hire for H-E Parts and 99.4% of salaried employees and 0.6% contractors/labor hire for HEPA.

Our percentage of employees by gender is: Female 17.67% and Male 82.33%.

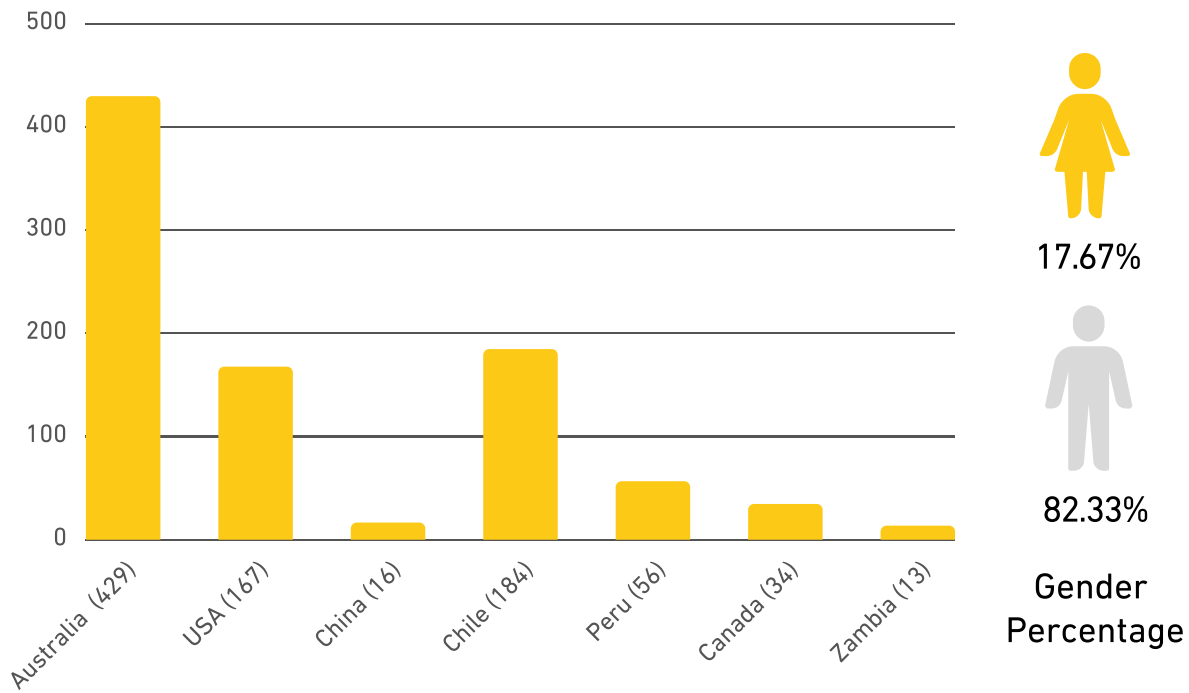


Figure 4. Employees by country and gender percentages of workforce

OUR SUPPLY CHAIN

We are committed to continually improving our processes and practices and how we work with our suppliers to meet our commitment efforts to combat Modern Slavery. We recognize that this is process of learning and developing our business processes.

At the end of March 2023 HEPA’s supply chain included 1,619 active suppliers globally (those we purchase goods and services directly from). HEPA has recently appointed a Head of Procurement who will commence working with the purchasing teams on reducing the number of active suppliers via negotiating consolidated supply agreements. This will allow our procurement team to build strong relationships and improve communication with our preferred suppliers. Though we conduct reviews of inactive supplier accounts and deactivate them within our business management system, this is completed on an adhoc basis.

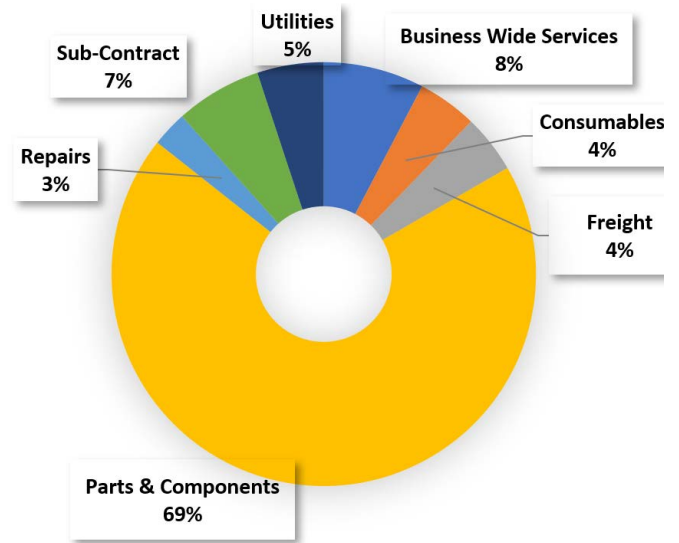


Figure 5. Breakdown of spend

In the coming year we are committed to reviewing this with the aim to implementing processes to standardize, review, action and record deactivation of inactive supplier accounts, which will not only improve our supply chain maintenance but allow us to better report on our progress.

Approximately 80% of HEPA’s spend during the reporting period was on Parts & Components, Consumables and Sub-contracted work, with the balance being under Logistics, Repairs & Maintenance, Utilities and Business Wide Services categories. Figure 5. shows the breakdown of spend and Figure 6 lists the types of products and services we purchase in these spend categories.

Category	Products & Services
Parts & Components	Crusher wear liners, wheel groups, spindles, engines, transmissions, bearings, gears, friction discs, brakes, seals, pumps, radiator tubes/coils, pinions, hydraulic cylinders, ceramic tiles and steel plate.
Sub-Contract	Various outsourced services including machining, sandblasting, heat treatment, painting and component reclamation.
Consumables	Grinding media, welding materials, oils and grease, gases, lubricants, paints, pins, fasteners, bolts, cleaning materials, timber, wrapping and packaging materials.
Business Services	Insurance, travel and entertainment, equipment rental, printing and stationery, audit services, computer software and hardware and temporary personnel services.

Figure 6 The types of products and services we purchase in these spend categories.

MODERN SLAVERY RISKS

Our Modern Slavery Risks identified are based on the findings and recommendations provided by the 2023 Global Slavery Index (Minderoo Foundation’s Walk Free international human rights group) and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition). HEPA has assessed the risks arising from Modern Slavery practices and classified them in two categories:

- Internal/Direct Risks – the risks arising within HEPA by way of its operations or direct exploitation of its employees.
- External/Indirect Risks from Supply Chain – the risks that HEPA may contribute to or be linked to exploitation by way of its Supply Chain.

SECTOR AND INDUSTRY RISK CONSIDERATIONS

H-E Parts offers solutions in support of surface mining equipment fleets, crushing and materials processing. H-E Parts does not directly operate in the extractives sector, or in any of the other sectors which are recognized as at high risk for Modern Slavery, i.e. textiles and fashion, fishing, electronics, cleaning, and agriculture.

PRODUCTS AND SERVICES RISK CONSIDERATIONS

H-E Parts remanufactured components and equipment for the global mining, quarrying, heavy construction, and energy sectors. These sectors are not considered as high risk according to the 2023 Global Slavery Index. However, we have identified some potential product, and services risks below.

Product/Service	Usage
Subcontractors	Small private companies that provide manufacturing services in different markets and entities.
Temporary Labor Personnel	Temporary workers hired by our sites or branches through recruitment agencies.
Cleaning Services	Local cleaning services hired by our sites or branches through recruitment agencies.
PPE/Uniforms	Personal protective equipment purchased for shopfloor workers.
Electronics	Small quantities purchased for our own use.

Figure 7. Usage of products and services table

GEOGRAPHICAL RISK CONSIDERATIONS

During this reporting period, H-E Parts conducted business with approximately 1,500 suppliers, 98% of these suppliers were in four regions. These regions are: Australia 68%, Malaysia 18%, USA 8%, and Canada 4%.

Our wholly owned subsidiary, Precise Trading Shanghai (**PTS**), sources parts from China suppliers to serve other H-E Parts' sites. (PTS purchases were excluded from the supplier analysis). We recognized that Asia Pacific is considered a high-risk area, and we ensure PTS followed the H-E Parts standard process and internal controls to select its vendors and employees. According to the 2023 Global Slavery Index the Asia Pacific region hosted the largest number of people in modern slavery with an estimated 15 million in forced labor.

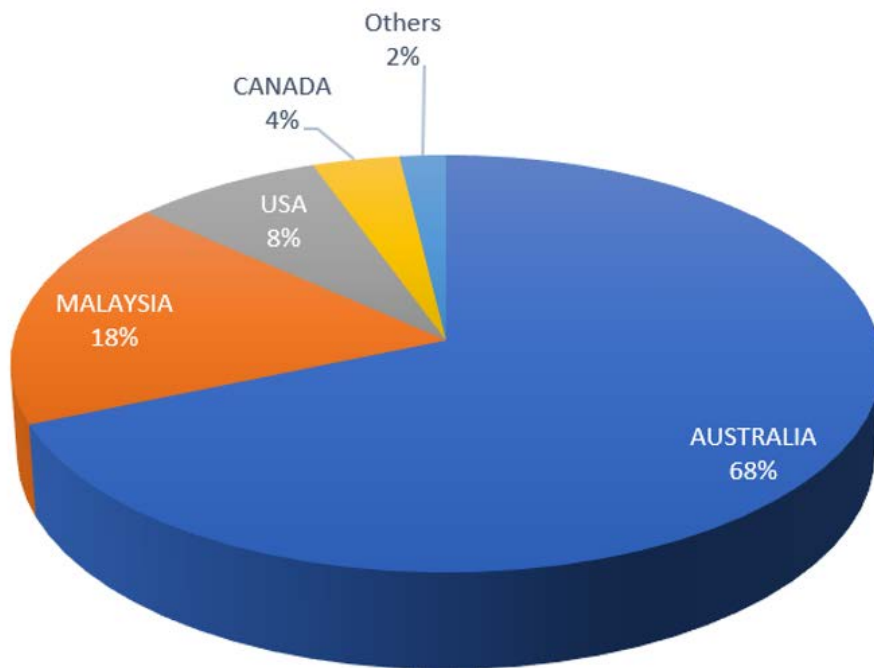


Figure 8. Supplier Locations

ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISK

H-E Parts has assessed its supply chain in respect of the risk of modern slavery practices. We see the greatest risk as being with the suppliers of our raw materials, particularly in the Asia Pacific Region. As a result, a group of senior managers, of HEPA conducts the Risk Assessment of our suppliers as follows.

FOR EXISTING SUPPLIERS:

- Sending a Modern Slavery Questionnaire to Suppliers requesting information pertaining to Modern Slavery practices including the sub-suppliers and country of origin and subsequently reviewing the responses received therein. This includes supplies of raw materials, goods, and labour hire.
- Searching online register of Australian Border Force to check compliance of an entity/supplier with Modern Slavery Act

FOR NEW SUPPLIERS:

- Review of modern slavery questions answered by the supplier in the Supplier Application Form (HEP-FOR-0172) read in conjunction with the Supplier Risk Assessment Form (HEP-FOR-0174), part of our due diligence process.

WHAT'S NEXT?

Supplier site visits for Modern Slavery audits will be conducted as part of our actions to address Modern Slavery risk and awareness. Our Management Team and Procurement team has a target of undertaking at least 6 site visits during the next fiscal year.

APPENDIX

Addressing the Mandatory Criteria set out in the Act

Mandatory Criteria	Relevant Page Number
a) Identify the reporting entity	3
b) Describe the reporting entity's structure, operations and supply chains.	3 - 7
c) Describe the risks of Modern Slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	8 - 9
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	7 - 9
e) Describe how the reporting entity assesses the effectiveness of these actions.	9
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	9
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant (optional)	5-6