

Mitsubishi Electric Air Conditioning Systems Europe Ltd.

ANTI-SLAVERY & HUMAN TRAFFICKING POLICY STATEMENT for the fiscal year ended 31 March 2016

Our Policy

We have zero tolerance policy with regard to modern slavery and human trafficking.

We 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 Group of companies, we apply the Mitsubishi Electric Group Conduct Guidelines¹. These include our continuing commitment to respect the law, to act with highest integrity, and always to conduct ourselves with respect for human rights.

Our Organisation's Structure

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

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 at March 2016 we employed 906 staff in the UK and our annual turnover to 31 March 2016 was £147.1 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"².

¹See link to the English language version at:

http://www.mitsubishielectric.com/company/csr/society/fair_compliance/index.html

²See: http://www.mitsubishielectric.com/company/csr/society/fair_csr/index.html

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All products/materials/components supplied to M-ACE by third party suppliers are subject to extensive technical assessment, testing and approval. Supplier qualification is 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.

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 Due Diligence processes for slavery and human trafficking

- **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 Suppliers’ own risk assessment, verification and auditing processes 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 the Mitsubishi Electric Group Supplier each apply the Mitsubishi Electric Group Conduct Guidelines and in particular the Group’s Corporate Ethics and Compliance Statement at page 6 of those Guidelines which states:

“In all countries and regions where we operate, we will always conduct ourselves in compliance with the following principles:

Respect for Human Rights:

We will conduct ourselves always with a respect for human rights. We will not discriminate based on nationality, race, religion, gender, disability or any other reason prohibited by applicable laws nor will we violate international laws providing protection for individual and human rights or any treaties providing such protection to which the country where any of our companies is located is a party. ”

These Guidelines further state at page 7:

“We will not allow any form of child labour or forced labour in any of our companies.”

Mitsubishi Electric Corporation has a continuing programme for the evaluation of the Corporate Social Responsibility (“CSR”) initiatives of “business partners” (i.e. third party suppliers). 6,000 CSR evaluations were conducted by Mitsubishi Electric Corporation in the period 2006 to 2015, with a further 1,300 evaluations in the financial year ending 31 March 2016

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In 2016, Mitsubishi Electric Corporation's CSR evaluations identified seven suppliers who were given guidance on the need to improve the management of working hours to ensure compliance with applicable laws.

- 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 the 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 and potentially, a site audit.

Our Internal Accountability & Training

Every M-ACE Ltd employee is made aware of the Mitsubishi Group Conduct Guidelines through the Company Handbook, 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.

Whistleblowing

We have a whistleblowing procedure in place for our staff.

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 2016 as required by section 54(1) of the UK's Modern Slavery Act 2015 for 'Transparency in supply chains etc.'.

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

Signed by:



Yoshihiro Sumida
President and Director
Mitsubishi Electric Air Conditioning Systems Europe Ltd.

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