

Modern Slavery Statement

Financial Year 2019

Introduction

This statement has been published in accordance with the UK Modern Slavery Act 2015 (MSA) and explains the steps that Efacec has taken to prevent modern slavery in its business and supply chains.

Modern slavery is a global issue that must be tackled head on. Efacec, together with its subsidiaries, has a zero tolerance approach to all forms of human rights abuse, including modern slavery.

At Efacec we are fully committed to our role in building a sustainable future.

Among the economic, environmental, and social aspects of our **Sustainability Policy** we value Human Rights as an essential building block.

We have prioritized the implementation of a "Sustainable Purchasing" strategy that goes through very significant changes in its processes. Acting on complex global supply chains is a challenge, but we are determined to create effective solutions.

We continue to review our policies, revise our procurement processes and undertake appropriate due diligence to ensure compliance with our commitment.



Our Business

Efacec delivers integrated solutions in the fields of energy, mobility, and environment. Our Purpose is designing a smarter future for a better life. We have a legacy of 71 years of technological innovation and are proud to serve our clients through our transformers, switchgear, service, automation solutions, energy systems, environment and industry projects, transportation and electric mobility solutions.

We are guided by the core values of reliability, sustainability, expertise, boldness and humanity. We employ over 2,000 staff and are present in 11 countries. While our products and services are sold globally, most of our workforce and supply chain are based in Europe.

The management of Efacec is carried out through its holding company Efacec Power Solutions, SGPS, S.A. (EPS). Our model of corporate governance is in line with the best national and international practices and is governed by a set of principles aimed at ensuring transparency, the correct control and supervision of activity.

Our Policies

We have a comprehensive set of policies that define the ethical rules to be used in all of our businesses:

→ Sustainability Policy

Economic, environmental and social aspects should always be considered in all business decisions. Our Sustainability Policy highlights Human Rights as an essential guiding principle. It clearly illustrates the business standards that we foster and our rejection of any type of discriminatory practices and forced labor.

We encourage and support our suppliers to implement the values and principles defined in the Sustainability Policy. All the principles outlined are key factors that we seek to continuously develop with all of our stakeholders.

→ Code of Conduct

All employees are required to comply with the Corporate Code of Conduct which is a fundamental part of the compliance system that Efacec is committed to establish. By using this Code of Conduct to assemble a collection of key ethical commitments and guidelines for the company's business, Efacec conveys the underlying values and principles that should guide and orient employees in their daily activities.

Compliance with the code is expected and encouraged from everyone in the relationship between employees, shareholders, investors, business partners, suppliers, customers and society at large.

→ Public Commitments

Within the scope of its Sustainability strategy, Efacec recognizes the growing necessity to contribute to the defence of Human Rights. In this regard, it should be noted that Efacec is publicly committed to the Charter of Principles of BCSD Portugal, which is inspired by the Universal Declaration of Human Rights, the Fundamental Principles and Rights at Work of the International Labour Organization and by the United Nations Global Compact.

We have subscribed to WBCSD's CEO Guide to Human Rights, which outlines tangible steps CEOs can take to ensure their companies go beyond compliance and drive transformative change in people's lives.

Efacec was also a founding partner of the Católica Lisbon School Center for Responsible Business & Leadership, which is an important step to promote sustainable business practices.

Risk Assessment

Efacec's business is based mainly in Portugal, country which is a member of the European Community, and follows the Human Right legislation and the most important ILO recommendations. The Portuguese national legislation follows the European directives, therefore the risk of human trafficking and modern slavery is reduced.

The risk of Modern Slavery in Efacec's business is reduced because our recruiting policies are based on a controlled process which comply with the Human Right legislation and most important ILO recommendations. According to the rules of our recruiting policies, personal documentation retention and wages below the national minimum are absolutely forbidden.

We regularly evaluate employees' satisfaction and any suspicious feedback is immediately investigated. We have an Ethical Line, which is a tool available to all personnel, where employees can communicate any irregular situation anonymously.

We are aware that Efacec's international business faces higher risks regarding Modern Slavery. However, this risk is reduced since Efacec works mainly as a subcontractor. Efacec subsidiaries follow Efacec's policies and comply with local legislation. The recruitment process in the subsidiaries is made by local accredited entities and supported by the Human Resources Department in Portugal. In addition, most of the Efacec projects abroad which are made in higher risk countries are financed by International Financial Institutions which must comply with international social standards, which do not allow Modern Slavery. These projects are usually audited by independent entities to identify compliance issues.

In what concerns direct suppliers, we require them to remain in compliance with all applicable laws, including Efacec ethical policies and applicable local legislation. During due diligence process we obtain relevant information from third parties namely policies and procedures regarding human rights practices.

Due diligence measures in place

The measures to reduce the risk of Modern Slavery are the following:

- The most important social requirements are integrated in the existent ethical declarations such as the Sustainability Policy and the Corporate Code of Conduct. These declarations are used in formal and mandatory training courses.
- Efacec is currently increasing the promotion of Human Rights. Our annual report now has a dedicated section on Human Rights.
- Our recruitment processes are designed to prohibit the occurrence of Modern Slavery.
- Labour legislation and others social requirements conformance are part of the required commitments from all Efacec suppliers.

Performance Indicators

Efacec uses three main indicators that assist in detecting Modern Slavery issues:

- Ethical Line denunciations
- Employee Satisfaction
- Social results on suppliers' visits

All these are subjected to an improvement program. The Ethical Line denunciations are used to evaluate the discrimination performance (reported in annual report).

Training

Efacec training courses are based on the existent ethical declarations. It is recognized that these must explicitly mention the Modern Slavery Act, Human Rights are mentioned extensively. Our training activities are described in detail in our annual reports.

Plans

Efacec plans the following improvements on the existent processes:

- Introduce new social requirements to suppliers, use risk management and reinforce these topics in the qualification and evaluation processes.
- Formally introduce the Human Rights issues in the strategic planning and risk management frameworks.
- Increase the accessibility of ethical declarations on our website and annual reports.
- Continue improving the annual report, namely increasing our Human Rights section.
- Continue improving the human resources processes.
- For all Efacec activities, assure that a grievance mechanism is always in place and easily accessible to stakeholders.
- Redesign the overall ethical corporate framework so that requirements are better perceived and accessed by employees and stakeholders (long term action).

This Statement has been signed by the Chief Executive Officer and the Chief Financial Officer, in the quality of legal representatives and members of Efacec's Board of Directors.



Ângelo Ramalho
Chief Executive Officer
05 June 2020



Francisco Nunes
Chief Financial Officer
05 June 2020