HEAT AND CONTROL

Annual Modern Slavery Statement prepared for the Australian *Modern Slavery Act 2018 (Cth)*

Introduction

This statement constitutes our first annual modern slavery statement made under the *Modern Slavery Act 2018 (Cth)* for the reporting year 1 January 2021 – 31 December 2021.

Heat and Control condemns modern slavery. Modern slavery is a serious crime, and we prohibit engaging in slavery in our operations and supply chains. As this is Heat and Control's first annual modern slavery statement, we are committed to improving our internal systems and procedures to ensure that risks of slavery can be appropriately identified and addressed.

Mandatory Criteria One and Two:

Identify the reporting entity and describe its structure, operations and supply chains

This annual modern slavery statement relates to **Heat and Control Pty Ltd, (Heat and Control)** as the reporting entity. Our ACN is 009 742 803 and our registered head office in Australia is in Mount Gravatt, Queensland, 4122.

What does Heat and Control do?

Heat and Control Pty Ltd is a global leader in Food Processing Systems and Packaging Equipment with an expanding export market and worldwide affiliations. Our equipment is exported around the world.

We provide an array of applications and packaging line technologies for a variety of foods such as cereals, bakery, cheese, corn chips, potato chips, nuts, pasta, legumes, tortillas, vegetables, fruit and pet food snacks.

Our products include food processing machines, conveying, weighing, packaging, seasoning application and high-quality inspection and controls.

We can provide an individual solution or an entire integrated production line for ultimate efficiency and performance. We are supported by a network of engineers, food technicians, field service technicians, skilled tradespeople, and support teams providing food manufacturers with confidence to achieve production goals.

Heat and Control's Organisational Structure

Heat and Control is a privately-owned company based in Mt Gravatt, Brisbane, Queensland.

Heat and Control is owned by a holding company Heat and Control Inc which is based in San Francisco, California, United States of America. Heat and Control also operates branches in United Kingdom, Sydney and Melbourne in Australia.

Our subsidiaries include entities based in New Zealand (Heat and Control Ltd), China (Heat and Control Co Ltd), India (Heat and Control Pvt Ltd and its sub-subsidiary Flavorite Technologies Pvt Ltd), Netherlands (Heat and Control BV) and sub subsidiary, Russia (Heat and Control LLC), South Africa (Heat and Control Pty Ltd), Singapore (Heat and Control Pte Ltd and its sub-subsidiary Heat and Control Sdn Bhd Ltd based in Malaysia.

Heat and Control and each of our subsidiaries provide technical service support, while manufacturing operations are provided by Heat and Control in Australia and subsidiaries in China and India.

Heat and Control's broader global presence offers 11 manufacturing facilities, 12 technical and demonstration centres, and more than 30 offices globally. Our international team has developed extensive knowledge and a wealth of experience in the engineering and manufacture of modern industrial food processing, coating, seasoning, conveying, weighing, packaging, inspection, and controls systems.

Heat and Control in Australia engages in the functions of end-to-end industrial food processing, sales and marketing, engineering, production, customer support services, service, Installation, distribution and exports. We have approximately 250 employees.

Heat and Control's Supply Chain

Heat and Control's supply chain supports our businesses by providing specialised materials, services, and componentry. Our customised process and packaging lines feature start to finish integration that may include equipment from global strategic partnerships that strengthen our offering to provide individual equipment solutions or an entire integrated system.

At a first-tier level, these include:

- specialized complementary solutions for product handling, weighing, packing and inspection; thermal technology systems, and size reduction equipment.
- raw materials: stainless steel and plastics; and
- services such as electrical distributors and sub-contracting

We also rely on a freight, shipping, and transport distribution network for the supply of end-product to domestic and international markets.

Our first - tier suppliers are predominantly based in Australia, and the United States. We also have a range of first-tier suppliers in Italy, Belgium, the Netherlands, Canada, Japan, India, China, and the United Kingdom.

Within Australia, Heat and Control also engages local labour hire employees to perform a mix of trade and support occupations to manage surge demands and busy periods. We use licensed labour hire providers where required under relevant licensing laws.

Mandatory Criterion Three:

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls

Heat and Control recognises the existence of modern slavery internationally and domestically.

In identifying risks of modern slavery, we adopt a risk matrix approach and reference public and credible sources of modern slavery data, including from:

- Walk Free's Global Slavery Index
- UN Guiding Principles for Business and Human Rights
- Australian Border Force (ABF)

We are proposing to develop a modern slavery risk matrix that we are applying across our business operations and supply chain. The risk matrix will enable us to identify specific features of our operations and environment that present higher risks of slavery.

The risk matrix includes risk categories of:

Risk Category	Indicators may include
Industry sector	Certain sectors and industries, such as the manufacturing industry in which we operate, may have higher modern slavery risks because of the nature of the industry characteristics, products and processes. The complex and process intensive functions within the manufacturing industry associated with its reliance on specialised componentry and materials in global supply chains, highlights the industry as one vulnerable to modern slavery risks. In mapping our first-tier suppliers we are working to identify slavery risks associated with these process intensive materials and assessing the geographic region associated with production (as referred to below).
Product and services risks	Certain products and services may have higher modern slavery risks because of the way they are grown, produced, provided or used. We consider that the complex and process intensive functions used to manufacture our product and reliance on componentry and materials is a risk factor of slavery in our operations.
Geographic risks	In respect of supply chain functions overseas, we recognise that some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio- economic factors like poverty. Indicators may include where the country is reported to have weak rule of law by international organisations or NGOs, including due to corruption, conflict and/or political instability. We have commenced mapping our first-tier suppliers and identified the geographic regions in which they are based. This information will assist us identify those suppliers that may

Risk Category	Indicators may include
	have higher risks of slavery due to the geographic region in which they operate. In respect of our subsidiary manufacturing facilities and associated supply chains, it has been identified by various external sources that higher slavery risks are present within regions of China and India. Heat and Control's own subsidiary operations in these countries are not considered to present high risks of slavery because of our visibility over compliant labour practices and conditions. However, we propose to focus our due diligence efforts on some of our suppliers in these regions with a view to increasing our visibility and verification of their labour practices.
Entity Risks	We are aware that some entities in our industry may not have formalised or systematic approaches to addressing labour management practices or modern slavery risks. This may be attributed to the prevalence of smaller businesses we work with who do not have extensive resources to periodically produce evidence of due diligence in identifying modern slavery risks, or who may not have comprehensive systems in place because of their size. We propose to seek information from these suppliers and vendors through a series of checklists and we will continue to improve how we can better address risk of slavery with these entities.

In addition to applying our risk matrix, we propose to prepare a range of due diligence measures to reduce risks of modern slavery. These are mentioned below under mandatory criterion four.

Mandatory Criterion Four:

Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes

Internal Organizational Policies

Heat and Control has in place a range of organisational policies that collectively place the business in position to identify and address slavery risks in our operations and supply chains. Heat and Control is a quality accredited organisation that meets the internationally recognised ISO9001:2008 standard and all employees are trained under this system.

These organisational policies include:

- Our comprehensive Employee Handbook contains detailed standards and processes regarding our Code of Conduct, Business Ethics, Occupational Health and Safety, Employment, Equal Employment Opportunity, Training, Induction and Quality.
- Our Grievance Procedure; and
- Our Whistleblowing policy.

Contractor and Vendor Engagement

We also have in place an internal detailed policy for engaging and managing contractors requiring staff to:

- To appropriately source contractors against an established criteria;
- Ensure all documentation is submitted and verified prior to selecting a contractor;
- Conducting a post -contract evaluation against established criteria including in areas of compliance with workplace laws.

Contractors and contracting firms engaged by Heat and Control must meet the conditions of our Contractor Policy and Procedures which requires evidence of insurance arrangements, and capacity to meet work, health and safety standards.

We also have in place a contractor and vendor pre-qualification evaluation aimed at satisfying high standards of work, health and safety, appropriate licences and training and evidence of quality.

Heat and Control is assessing how these policies can be improved to specifically identify modern slavery risks with a view to embedding how modern slavery risks identified and addressed in our existing due diligence contractor management system. We are also in the process of developing a detailed Recruitment Policy.

In addition, Heat and Control is a member of Sedex. We regularly test our processes by completing ethical sourcing audits requested by our customers through the Sedex platform

These audits generally require a breakdown of staff in respect of migration status, whether staff are employed directly or through contracted labour.

Supply Chain Mapping

We have commenced mapping our first-tier suppliers based on material and service provided and geographic location. A list of our key first tier supplier materials, componentry and services is identified above. We have identified where our due diligence efforts should be applied based on documented human rights risks and to this end, we intend to focus on suppliers based in higher-risk geographic regions referred above.

Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we are developing training for our staff and intend to establish whether our business partners also provide training to their staff, suppliers and providers.

Remediation

While Heat and Control is yet to encounter specific instances of modern slavery in our supply chain and operations, if modern slavery is found to have occurred, we will, where appropriate, adopt a remedial approach to prevent further incidents and to ensure safety of the victim. We may also exercise remediation in suspected cases of modern slavery including in the absence of a criminal conviction, or formal court finding.

Where possible, we will work with suppliers to identify how modern slavery has occurred and to implement measures to prevent future incidents.

We may also elect to end engagements with suppliers who refuse to co-operate or comply with requests for information.

Mandatory Criterion Five:

Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

Heat and Control assesses the effectiveness of our contractual obligations and internal processes to identify and assess slavery risks by:

- Periodically reviewing our organizational policies against stated objectives within those policies and objectives of the business;
- Examining the outcomes of internal audits of our contractor and WHS systems conducted by our Quality Assurance officer;
- Our capability to respond to due diligence actions and information requests from customers regarding ethical sourcing and labour practices (such as through Sedex); and
- Seeking relevant feedback from staff as to the effectiveness of policies.

Mandatory Criterion Six:

Describe the process of consultation with any entities the reporting entity owns or controls

Heat and Control engages in formal and informal communication processes with our subsidiaries and going forward we are committed to implementing a more structured process of obtaining feedback and sharing information about modern slavery risks and appropriate risk assessments - including as part of developing subsequent annual modern slavery statements.

Mandatory Criterion Seven:

Any other relevant information

Heat and Control has been impacted by COVID-19 and the associated public health restrictions implemented around the globe. We have endeavoured to maintain open communication and consultation with our suppliers and focused on work, health and safety for our employees and contractors. The pandemic's impact on our supply chain is one we are constantly reviewing to ensure our business can operate both efficiently and ethically.

Approval of this Statement

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of Heat and Control Pty Ltd as defined by the *Modern Slavery Act 2018* (Cth)[1] ("the Act") on **28th June 2022**

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of the Board of Directors of Heat and Control Pty Ltd.

David Tambyah

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David Tambyah
Heat and Control Pty Ltd

Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	1
b) Describe the reporting entity's structure, operations and supply chains.	2 and 3
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.	4 and 5
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.	6 and 7
e) Describe how the reporting entity assesses the effectiveness of these actions.	7
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).*	8
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	8