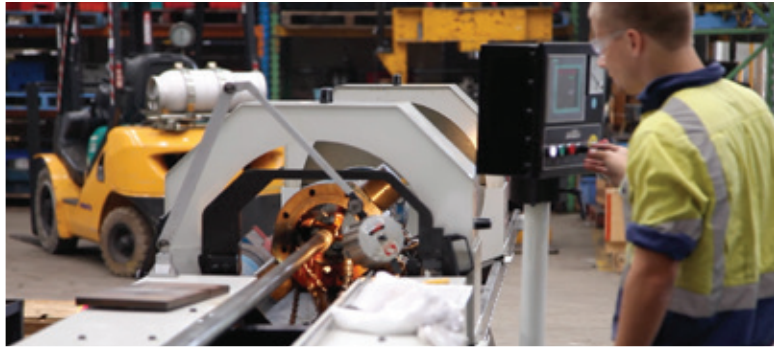




Questas

GROUP



QUESTAS GROUP MODERN SLAVERY STATEMENT FY2020



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REPORTING ENTITY AND STRUCTURE

This publication is the Modern Slavery Statement (**'Statement'**) of Questas Group Pty. Ltd. (**'Questas'**) and its subsidiaries for the financial year ended 30 June 2020.

This Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) (**'Act'**) and has been approved by the Questas Board of Directors (its Principal Governing body).

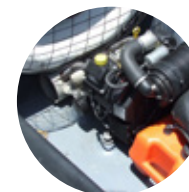
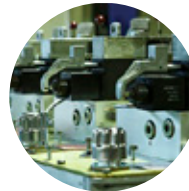
Questas (ABN 50 633 740 388) is the 'reporting entity' (as defined in the Act) covered by this Statement and the terms the **'Group'**, **'we'**, **'us'** and **'our'** refer to the entire Group (as defined below), except where the context otherwise requires.

The Questas **'Group'** consists of Questas and the following Australian subsidiaries in which Questas held more than a fifty percent (50%) ownership interest during the reporting year:

- Questas Corporate Pty. Ltd.
- Berendsen Fluid Power Pty. Ltd.
- CCA Hardchrome Pty. Ltd.
- The Hydraulic Warehouse Pty. Ltd.
- Water Dynamics Pty. Ltd.
- Pacific Hydraulics Pty. Ltd.
- Babasine Pty. Limited trading as Beasley's Hydraulics
- Malcolm Thompson Pumps Pty. Ltd.
- Engineered Products Group Pty. Ltd trading as EPG Engines

The Group is privately held and has the following current general business structure:

- The Questas Board consisting of:
- Chairperson (non-executive)
- Non-executive Director x 2
- Company Secretary
- Group Chief Executive Officer
- Group Chief Financial Officer
- Group General Counsel



OPERATIONS AND SUPPLY CHAIN

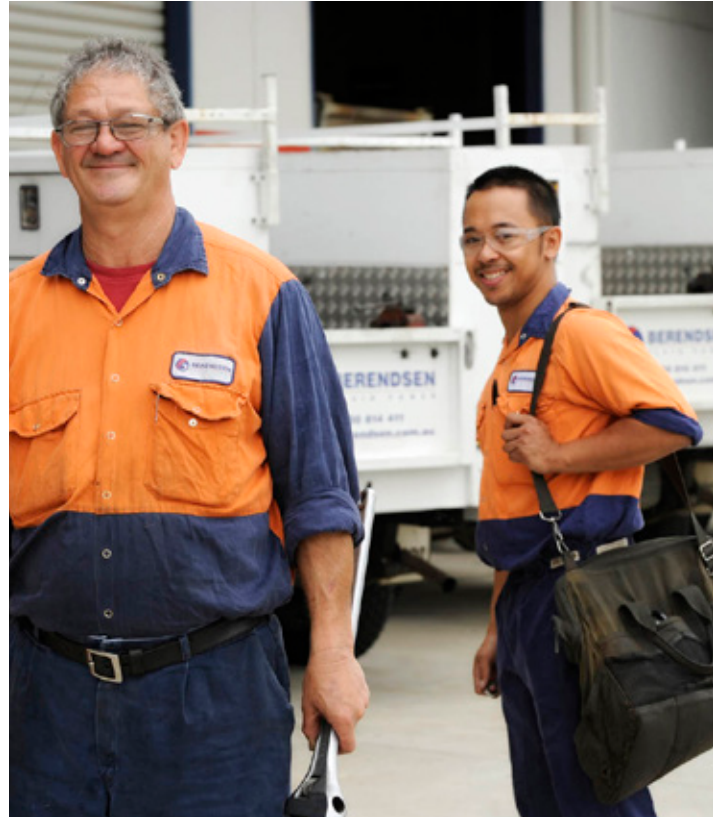
Operations

The Group has direct business operations only in Australia, with 23 separate sites across Australia. We provide a diverse range of hydraulic, irrigation, pump and engine solutions to a range of clients in the mining, construction, agricultural and general industrial sectors in Australia and, to a lesser extent, internationally. Our services include distribution of products that have been procured both locally and overseas, as well as manufacturing, engineering and design and service and repair.

Supply Chain

Our supply chain includes providers of finished products for distribution, together with providers of component parts, raw, semi-finished and finished materials and consumables for the equipment we distribute or manufacture and sell. Our suppliers are located in Australia and at least five foreign countries.

Our supply chain also includes the suppliers of products and services that would typically be required by office, warehouse, workshop and manufacturing operations.



Our companies are located across 23 strategically selected sites Australia-wide



RISKS OF MODERN SLAVERY PRACTICES IN QUESTAS' OPERATIONS AND SUPPLY CHAINS

With the assistance of Compliance Pronto, an external consulting services provider, we have taken the following substantive actions in the reporting period or prior to the date of this Statement –

1

We developed a Group Modern Slavery Policy and Group Whistle-blower Policy. The Modern Slavery Policy specifically addresses the need to be vigilant on modern slavery issues, while the Whistle-blower Policy strongly encourages employees to report all violations of Group policies and ensures there will be no negative repercussions for doing so. Both of these Group Policies have been approved by the Board.

2

We mapped 220 first-tier suppliers in the Group's supply chain and sorted them by (i) Group spend level and (ii) highest rated country risk, indicating country, city and product or service provided.

3

We made a preliminary modern slavery risk assessment of each of these suppliers based on perceived country level risk, business sector and industry type risk, specific product and/or services risk and Group spend level.

4

We created and sent an initial customised "due diligence" survey to the 25 suppliers in our supply chain identified as being at the highest risk for potential modern slavery incidents pursuant to Action 3 above. The due diligence survey was designed to help us validate and further assess the potential modern slavery risk of each of those suppliers, by rating their modern slavery risk profile as High, Medium or Low based on their responses to a series of questions relating to (i) their own operations and (ii) their supply chain.

5

We evaluated each of the responses received pursuant to Action 4 above and assessed whether and to what extent any additional follow up is required, sensible and feasible in the circumstances.

6

We created specialised and more robust modern slavery contract warranties and covenants and incorporated them into our standard supply contracts (including purchase order terms and conditions).

MODERN SLAVERY RISKS IDENTIFIED

Only one of our suppliers indicated they were aware of any instances of modern slavery in their operations or supply chains and they confirmed that appropriate steps had been taken to address these and that a modern slavery risk assessment and mitigation system has been implemented. However, several of our suppliers made survey responses that we believe indicate modern slavery risk profiles that require additional follow-up actions to further assess and mitigate possible modern slavery risk. Key examples include:

- Not sure of the extent of use of low-skilled (including foreign migrant) workers in their operations or supply chains and/or not sure whether or to what extent high risk factors relating to the use of such workers exist.
- No assessment or mitigation of modern slavery risk has been made in their operations or supply chain and no procedures are in place to facilitate such an assessment or any mitigation.
- No contract warranties and covenants are in place that specifically and robustly address modern slavery issues in their procurement agreements.
- No obligations are imposed by our suppliers on their suppliers to implement robust contract warranties and covenants relating to modern slavery issues on their suppliers.
- No formal company policies are in place re: modern slavery avoidance or Whistle-blower encouragement and protection.

ACTIONS TAKEN OR TO BE TAKEN TO ADDRESS RISKS

In response to the risks identified in our supplier due diligence process, we are taking the following actions:

- Creating a written action plan specific to each supplier who was rated as having a High (and potentially, in some cases, a Medium) level of modern slavery risk after completion of the initial due diligence survey.
- Developing standard actions to address with all suppliers relating to common risk themes emerging from the due diligence findings of suppliers rated as having Medium and Low risk profiles.
- Assigning specific responsibility to Group employees for execution and internal reporting of (a) each action plan made with respect to specific Group suppliers and (b) the standard actions in respect of all Group suppliers.
- Creating a Supplier Code of Conduct that includes robust modern slavery covenants and consider the requirement for suppliers to formally sign the Code of Conduct. The Supplier Code of Conduct will include recommendations that such clauses will be “cascaded” by our suppliers into their procurement contracts with their respective suppliers.



ASSESSMENT OF THE EFFECTIVENESS OF ACTIONS TAKEN OR TO BE TAKEN

As this is our first Modern Slavery Statement and first compliance year, we have not yet had time to fully finalize and execute the actions taken or assess their effectiveness. However, we intend to establish a process to review the completion and outcomes of assigned actions throughout the year and to review the overall effectiveness each year ahead of the annual Modern Slavery Statement filing deadline.



GROUP CONSULTATION PROCESS



All members of the Group participated in providing the information relevant to their respective sites, operations and supply chains as required for the risk assessment actions noted above in this Statement, as well as consulting and/or liaising with respect to communications with the suppliers in their respective operational supply chains who were subject to a modern slavery due diligence review.

All members of the Group will have accountability for execution of the action plans and standard actions relating to their respective suppliers and will be kept apprised of the activities and outcomes noted in this Statement.

OTHER RELEVANT INFORMATION

The Group strongly supports fundamental human rights and the prevention of modern slavery and human trafficking. However, one of the key learnings from our assessment was the relatively low level of actual transparency that we have into the labour practices of even our first-tier supply chain, let alone our whole multi-tier supply chain.

The actions noted above in this Statement have highlighted that fact, greatly enhanced our understanding of the necessity and importance of increasing our visibility into such an important aspect of our supply chain and engendered a desire to continue this journey and worthy goal to do our part to try to ensure there is no modern slavery in our supply chain and to help eradicate modern slavery from the world.

Having said that, the reality is that ensuring that slavery and human trafficking is not taking place anywhere in our

supply chain, and especially at tiers beyond our direct suppliers, will likely remain a significant challenge for the foreseeable future. However, we have implemented a risk-based approach and are committed to achieving continuous improvement through the actions described in this Statement, including providing modern slavery training to our own employees.

We are also taking steps to strengthen our supplier onboarding and monitoring processes to highlight modern slavery risk areas. The processes that we will implement includes enhanced engagement with our direct suppliers to educate and encourage continuous improvement in their own capacity to more fully understand, assess and manage modern slavery risks in their respective first-tier and broader supply chains.

NEXT STEPS

Questas Group acknowledges that the actions taken in the reporting period, and in the subsequent period up to the date of this Statement, are just the first steps in a journey towards ensuring there is no modern slavery in our supply chain. We are committed to make continuous ongoing improvement in our assessment and management of risk in this area.

Our objectives for the 2021 Financial Year include:

- Execute and assess the benefits of the actions noted above in this Statement;
- Integrate and include subsidiaries of Questas (and their respective supply chains) that have been acquired after the end of the reporting period into the overall compliance program set out in this Statement;
- Broaden the level of interaction with suppliers with respect to modern slavery risks, through circulation of questionnaires and analysis of results, prioritizing on the basis of risk;
- Develop and deliver modern slavery training packages for targeted personnel, including both procurement and operation personnel;
- Implement the use of the Supplier Code of Conduct as a key piece of our onboarding of new suppliers and consider and implement ways that it can most efficiently be introduced into and made a part of existing supplier relationships; and
- Implement screening of supply chain counterparties for modern slavery issues, using a risk-based approach.



APPROVAL OF STATEMENT

The Board of Directors of Questas has unanimously approved this Statement and authorised Mark Taylor, CEO, as the responsible executive of Questas to sign this Statement in accordance with the Act. Questas is committed to the spirit and intent of the Modern Slavery Act.

A handwritten signature in black ink, appearing to be 'Mark Taylor'.

Mark Taylor
Group CEO

