



Modern Slavery Statement – 2020

Temperzone Australia Group

Introduction

Freedom from slavery is a fundamental human right under the UN Guiding Principles on Business and Human Rights. The Temperzone Australia Group acknowledges that as both an employer and a procurer of goods and services we have a responsibility to respect human rights across our operations and supply chains. This responsibility includes taking action to prevent, mitigate and, where appropriate, remedy any occurrence or risk of modern slavery in our operations and supply chains.

Reporting Entity

The reporting entity covered by this Modern Slavery Statement is The Temperzone Australia Group. The Group comprises of Temperzone Australia Pty Ltd (ABN 17 090 057 640), Temperzone Australia Holdings Pty Ltd (ABN 52 001 653 176) and Lladnek Pty Ltd (ABN 57 090 452 716). The registered office for all Temperzone Australia Group companies is 14 Carnegie Place, Blacktown NSW 2148.

Structure

Temperzone Australia Pty Ltd, Temperzone Australia Holdings Pty Ltd and Lladnek Pty Ltd are Australian proprietary companies and members of the Temperzone Group. Temperzone Australia Pty Ltd and Lladnek Pty Ltd are wholly owned subsidiaries of Temperzone Australia Holdings Pty Ltd who are a wholly owned subsidiary of Temperzone Holdings Ltd (NZ). Temperzone Holdings Ltd (NZ) are also the parent entity for Temperzone Ltd (NZ). Temperzone Australia Pty Ltd is the trading, manufacturing and procurement member of the Temperzone Australia group, Lladnek Pty Ltd and Temperzone Australia Holdings Pty Ltd have no operational employees or suppliers. As of February 2021, Temperzone Australia Pty Ltd employs approximately 230 staff across Australia. Temperzone Australia Pty Ltd does not own or control any other entities or employ any staff outside of Australia.

Operations

Temperzone Australia Pty Ltd is a leading manufacturer and distributor of quality air conditioning and related products throughout Australia. It has a 17,000 square metre manufacturing facility in Sydney (Blacktown) as well as sales offices and warehouses

in Sydney, Brisbane, Melbourne and Adelaide. Independent distributors provide sales coverage in Northern NSW, Tasmania and Western Australia. Temperzone Australia Customer Care provides ongoing support and spare parts for Temperzone products in the field.

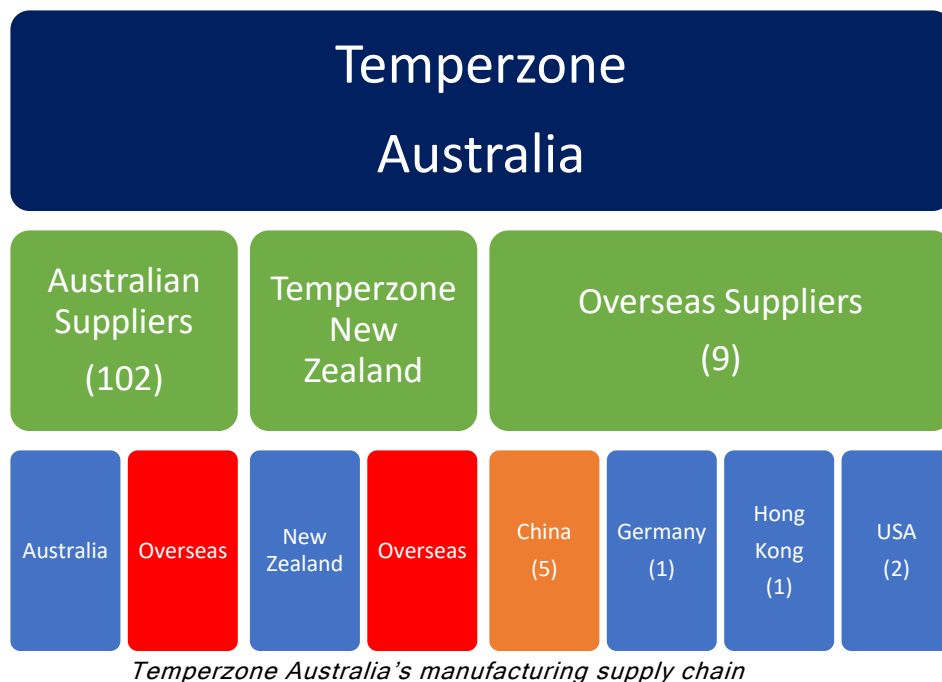
Temperzone Australia Pty Ltd is the sole Australian distributor for Hitachi branded air conditioning products from Johnson Controls – Hitachi Air Conditioning (Japan).

Supply Chain

Temperzone branded air conditioners and related products are either manufactured at Temperzone Australia’s factory in Sydney or purchased from Temperzone Ltd (NZ).

Hitachi branded air conditioners are purchased from Johnson Controls – Hitachi Air Conditioning who supply the finished products from their factories located in Japan, Malaysia, China or Spain.

Components and raw materials consumed by Temperzone Australia’s factory are sourced from both Australian and overseas suppliers including Temperzone Ltd (NZ). The below graphic summarises the Temperzone Australia factory supply chain as of January 2021.



Risks

Temperzone Australia's business practices and behaviours are controlled by a suite of formal policies and procedures. All employees of Temperzone Australia undertake training to ensure that they are aware of and understand our Code of Conduct, our Discrimination, Bullying and Harassment Policy, our Whistle Blower Policy and other policies applicable to their roles. The foundation of this policy framework is to ensure ethical, respectful and legally compliant business practices and employee behaviour, and in addition, to make employees aware of the grievance options available should they feel that they are not being treated respectfully or fairly.

In addition to the business wide policies noted above, the Temperzone Group Purchasing Policy specifies additional supplier selection and assessment requirements in the areas of ethical behaviour and environmental standards. The Temperzone Australia Recruitment & Selection Procedure also requires that the Human Resources Manager ensures that the interview and selection process comply with Temperzone's Code of Conduct, the Anti-Discrimination Act, the Human Rights Act and other applicable Legislation and Acts.

The possibility that modern slavery practices might occur within Temperzone Australia's direct operations is considered very low.

Temperzone Australia notes that many of our Australian suppliers source the materials or components they supply to us from overseas factories. At this stage we have little visibility of our supply chain past our direct suppliers and must consider that the risk of modern slavery practices could exist further down our supply chain.

Preventative Actions

Temperzone Australia will review and amend our Code of Conduct, Recruitment and Procurement Policies to further clarify and strengthen our Policy framework in the areas of modern slavery prevention and human rights. As policies and procedures are amended Temperzone Australia will ensure staff are aware of these changes through training or other means.

Temperzone Australia have commenced the distribution of a Modern Slavery Supplier Declaration which seeks a formal declaration from our direct suppliers that they do not engage or support Modern Slavery in any form in their supply chain and that they will do their utmost to comply with the legislation set out in the Australian Government Modern Slavery Act 2018. The declaration document summarises the key requirements in bullet point form to facilitate clear understanding by the supplier.

Based on our understanding of the supplier and their response to the Supplier Declaration, Temperzone Australia will prepare a risk profile of each supplier to allow us to better understand potential risks and develop further mitigation activities. Where Temperzone Australia is not satisfied with the supplier's response we will implement a corrective action plan with the supplier. If the risk profile does not improve to an acceptable level Temperzone Australia will cease to source components or materials from the supplier.

As we further develop and enhance our ISO 9001 approved supplier assessment program to include greater focus on modern slavery prevention and human rights, we expect that we will need to seek compliance declarations or similar from our supplier's suppliers or other evidence to give us comfort that the risk of modern slavery occurring in our complete supply chain is prevented or mitigated as much as possible.

Effectiveness of Actions and Continuing Improvement

Building on our existing ISO 9001 approved supplier assessment program, Temperzone Australia will develop a modern slavery risk profile methodology and apply the methodology against every supplier as part of the preferred supplier assessment review. This review is carried out on an annual basis or more regularly where a corrective action plan is in place. The methodology will include review of the supplier's Modern Slavery Supplier Declaration, their contractual agreement, the risk rating of the supplier's country of operations from the latest version of the Global Slavery Index (prepared by the Walk Free Foundation) and any other external information that can enhance the accuracy of our assessment.

Improvement in both the individual and overall risk profile of our suppliers will be a measure of the effectiveness of our actions. Greater levels of co-operation, modern slavery awareness and modern slavery mitigation activities by our suppliers will also be recognised as a consequence of our actions.

Temperzone Australia will continue to monitor the effectiveness of our modern slavery mitigation activities and will make improvements where opportunities arise.

Approval

This statement for the Temperzone Australia Group was approved by the board of Temperzone Australia Holdings Pty Ltd being the parent entity on the 17th March 2021.

A handwritten signature in black ink, appearing to read 'L. J. Kendall'.

Leslie Kendall
Governing Director
Temperzone Australia Holding Pty Ltd.
29th March 2021