

Coates

Equipped for anything



Modern Slavery Statement 2021

Coates Group Holdings Pty Limited

ACN: 126 069 341

This statement is made pursuant to section 13 of the **Modern Slavery Act** 2018 (Cth) in relation to the operations and supply chains of the subsidiaries of Coates Group Holdings Pty Limited (the “Coates Group”) for the period 1 July 2020 to 30 June 2021.

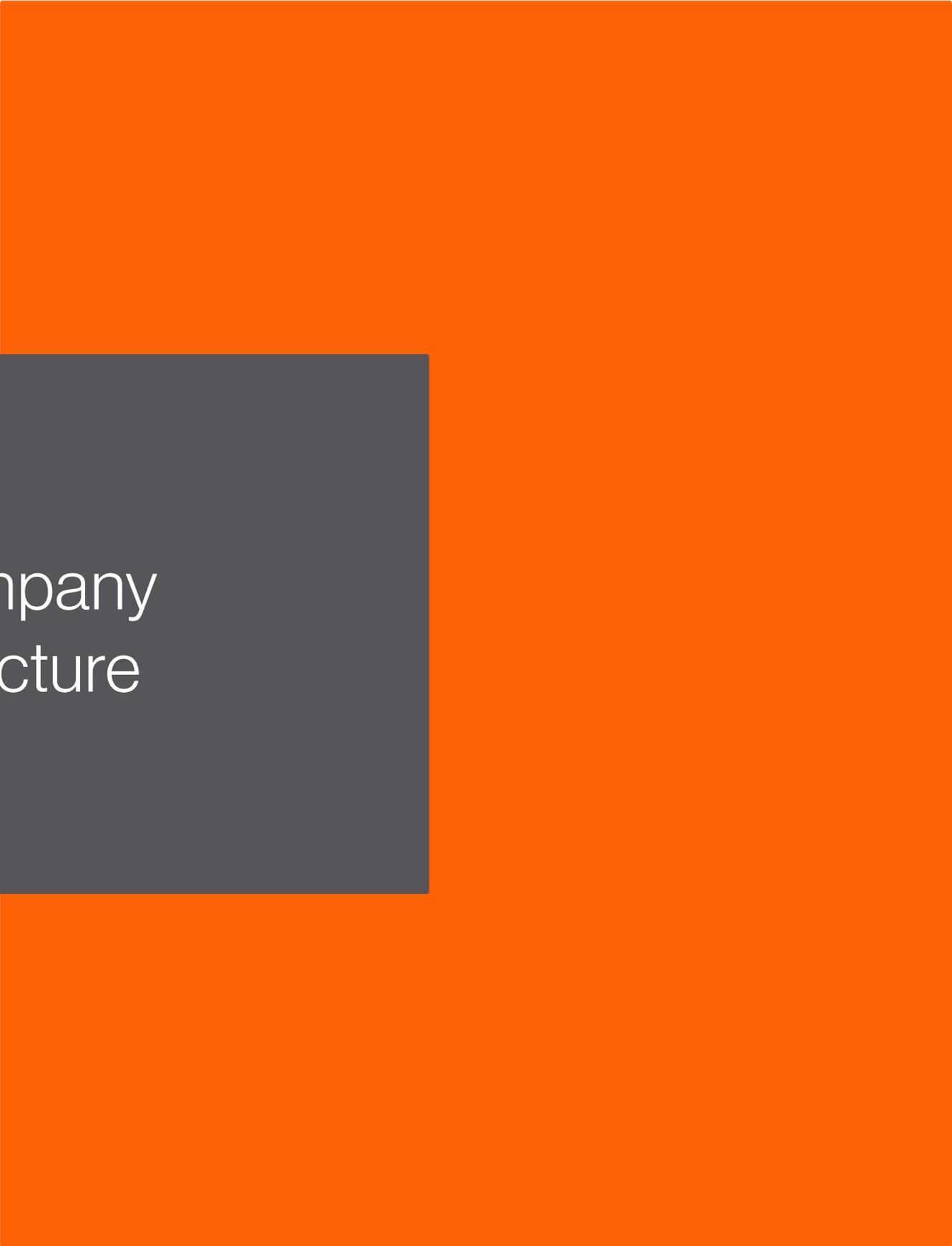
Introduction

The Group's subsidiary, Coates Hire Operations Pty Limited ("Coates"), is Australia's leading equipment hire and solutions provider, operating across a range of markets including engineering, mining and resources, infrastructure, manufacturing, construction, agriculture and major events.

Coates has recently celebrated 136 years of commitment to supporting their customers who help build Australia. With a national footprint of over 150 branches, more than one million pieces of equipment and 2,000 highly skilled employees, Coates provides expert equipment solutions for nearly 19,000 customers. This includes end-to-end solutions for temporary works, traffic management, water management, industrial shutdowns, maintenance, training services and events.

The company vision is to be the market leader in safe, smart and sustainable equipment solutions. To support this vision Coates' values; Care Deeply, Be our Best, Customer Focused and One Team, guide the way the team works to achieve their goals and drive the growth of the organisation and improving customer experience.

For Coates, the safety and wellbeing of its people, customers and communities has always been its highest priority. The existence of modern slavery practices in Australia and across the world is a grave concern and Coates is therefore committed to doing what it can to eradicate such practices where they may exist in its operations and supply chain by improving company practices and procedures and implementing new processes as necessary.



Company Structure



The Group has two operating companies within its group that provide equipment hire solutions: Coates and PT Coates Hire Indonesia (“PT Coates”). Coates Hire operates throughout Australia, whereas PT Coates operates in Indonesia. Whilst there are other companies that fall within the Group, these companies do not operate businesses nor have supply chains, and therefore, have not been referred to in this statement.

The Group is a wholly owned subsidiary of Seven Group Holdings Pty Ltd (“SGH”). Due to the Group and SGH operating in different industries and having different supply chains, the entities have elected to submit separate statements..



Operations

The Group is committed to upholding the UN Guiding Principles on Business and Human Rights throughout its operations and supply chains. Coates has over 2000 employees with branches in over 150 metropolitan, regional and remote locations across Australia.

In addition, Coates has 5 branches operating in Indonesia managed by PT Coates.

Coates has in place policies and practices which reflect its commitment to act ethically and with integrity and transparency in regards to its employment practices and to comply with applicable employment laws. These policies include the Equal Employment Opportunity Policy, the Discrimination, Harassment and Bullying Policy, Grievance Policy as well as the Employee Code of Conduct which have been developed to promote a safe and positive work environment. Coates has also committed to, and is working towards, implementing a human rights policy in the next financial year.

Coates has also implemented a whistle-blower policy, which encourages the company's employees, contractors and other external parties (including suppliers) to report any concerns they have with regards to breaches of policies and/or the law in regards to modern slavery practices or otherwise. To date, no reports have been received in relation to modern slavery.

In FY21, Coates rolled out a training program aimed at raising awareness amongst employees of the general risks of modern slavery practices operations and supply chains as well as those particular to the company. It is anticipated that the training program will continue in the next financial year.

Supply Chain

Coates is committed to minimising the risk of modern slavery practices in its supply chain.

The following categories of goods and services have been identified as being regularly procured by Coates:

- Industrial equipment, parts and consumables
- Equipment maintenance services
- IT products and services
- Financial services
- Marketing services
- Legal services
- Business services and supplies
- Facilities management
- Labour
- Freight and logistics
- Energy
- Equipment hire

As an equipment solutions provider, Coates has over 4200 suppliers for the Australian operations and approximately 500 suppliers in Indonesia. Approximately 90% of Coates' Australian products are sourced from domestically based suppliers (who source their equipment both domestically and globally). Other suppliers include those based in New Zealand, the European Union, the United States of America, the United Kingdom, Japan, China, India and Taiwan. The majority of PT Coates' key suppliers for capital expenditure are consistent with suppliers for Coates. This covers the larger component of the Coates Indonesia supplier profile.

Coates has identified the biggest risks of modern slavery practices to exist with respect to overseas

manufacturers of equipment, particularly manufacturers that operate and/or produce goods in sovereign states that do not have globally accepted standards of labour or the appropriate regulatory mechanisms in place to police breaches of those standards.

With respect to the services acquired by Coates, these are done so domestically, with suppliers bound by domestic employment and other laws.

To mitigate the risk of modern slavery practices more generally, Coates requires its suppliers to provide contractual warranties assuring Coates that the supplier does not engage in modern slavery practices, and that the supplier is not aware of such practices existing in its supply chain. In addition, all of Coates' suppliers are bound by the Supplier Code of Conduct, which expressly requires suppliers to comply with international and domestic regulations relating to modern slavery.

Supply Chain Assessment

To help identify and assess the risk of modern slavery practices in its supply chains, Coates distributed a questionnaire to its suppliers. The questionnaire focused on ascertaining whether any (and if so which) suppliers had operations in, or dealt with suppliers in, high risk countries and/or categories.

A preliminary assessment of the over 800 responses received have revealed that 3% of suppliers were identified as having manufacturing sites located in high risk countries. Furthermore, 11% of these suppliers were identified as sourcing materials fundamental for their business activities from high risk countries.

Next Steps in the Supply Chain Assessment process

Having gathered the data from a proportion of its suppliers, Coates now intends to take steps to conduct a more rigorous risk assessment by extending the coverage of supplier responses in a follow-up questionnaire and further exploring

specific risk factors through consideration of key factors including but not limited to (in addition to the above-referenced key factors) the supplier category, any relevant policies and procedures the supplier already has in place, any known history of modern slavery or related practices, whether the supplier employs vulnerable people and whether a supplier code of conduct has been implemented by the supplier and cascaded through its supply chains. Coates will work through its supplier list systematically, starting with a full assessment of its key suppliers and the suppliers that have responded to the questionnaire. Thereafter, Coates will take steps to conduct a further review of its remaining suppliers. A similar process will be replicated for PT Coates in Indonesia.

Upon completion of the assessment process, if a supplier that is classified as 'high risk' fails to implement processes to mitigate the risk of modern slavery practices, Coates may cease dealings with the supplier until such time as remedial actions, such as implementing appropriate policies and procedures, are undertaken.

Effectiveness of Processes

Whilst the assessment process has commenced, it is still in its early stages and therefore its effectiveness cannot yet be measured in a reliable manner. Once the initial risk assessment process has been completed, a yearly audit will be implemented to analyse the effectiveness of Coates's processes and whether the current policies that Coates has in place have the intended effect of encouraging high and medium risk suppliers to implement essential policies and procedures to combat modern slavery. The audit will allow Coates to make any necessary improvements

Board Approval

This statement has been approved by
the Coates Group's Board of Directors.

Murray Vitlich

A handwritten signature in black ink, appearing to read 'Murray Vitlich', with a horizontal line underneath.

Director
December 2021