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# FY21 Modern Slavery Statement

## Contents

Section	Heading	Page
1	Introduction	2
2	FY21 activities	4
3	Operations	5
4	Mapping of supply chain and assessment and identification of modern slavery risk	8
5	Actions taken to mitigate modern slavery risk	10
6	COVID-19 impacts	13

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## 1 Introduction

I am pleased to present the Modern Slavery Statement of Emeco Holdings Limited ABN 89 112 188 815 and its consolidated subsidiaries (**Emeco**) for the reporting period of 1 July 2020 to 30 June 2021 (**FY21**) under the *Modern Slavery Act 2018* (Cth) (the **Act**).

Emeco Holdings Limited, Emeco International Pty Ltd and Pit N Portal Mining Services Pty Ltd, are reporting entities under the Act and this statement is presented by Emeco on a consolidated basis. This statement summarises actions successfully taken by Emeco in FY21 to further action our multi-prong strategy to assess, identify and mitigate the risks of modern slavery in our operations and supply chain.



In our second year of reporting under the Act, we remain deeply committed to making continuous improvements in our human rights and modern slavery governance framework and being a trusted partner of choice, creating meaningful value for customers and shareholders over the long term. This reporting period marked the first full year of the Pit N Portal entities as members of the consolidated Emeco group. We have continued to embed the policies, protocols and values which form our governance framework in these entities. We have also expanded the training and education of personnel throughout the Emeco group to empower our people to identify, report and mitigate modern slavery risk.

In FY21, we continued our detailed analysis of the risk of modern slavery in Emeco's operations and supply chain, aided by specialists and technology providers. Whilst the further analysis notes the risk for Emeco remains relatively low, we have expanded our initiatives from FY20 to improve our approach to modern slavery risk and drive our modern slavery strategy to achieve the sustainable and ethical outcomes desired.

We have conducted a comparative analysis of key modern slavery risk metrics against our established baseline in FY20. It was pleasing to receive quantitative evidence that Emeco's actions have been effective in mitigating the modern slavery risk in our supply chain year-on-year.

Underpinned by our strong initiatives in FY20, our people continue to operate in a prudent and responsible manner as we address the ongoing impacts of COVID-19 on our business operations and the potential for the pandemic to heighten the risk of labour exploitation and modern slavery. This Statement covers these initiatives in fulfilment of the modern slavery strategy and the steps taken to minimise the risk of modern slavery occurring as a result of the pandemic.

Emeco intends to continually improve its approach to the risk of modern slavery. We will continue to monitor metrics and collaborate with other organisations, business partners, employees and suppliers to create a holistic approach to the upholding of human rights and the dignity of all.



**Ian Testrow**  
*Managing Director & Chief Executive Officer*

*This statement was approved by the Board of Directors of Emeco Holdings Limited on behalf of itself and its controlled entities.*

## 2 FY21 activities

Area	Actions completed	Page(s)
<b>Policies and protocols</b>	<ul style="list-style-type: none"> <li>▪ Embedded Emeco's policies and procedures in recently acquired and integrated Pit N Portal entities.</li> <li>▪ Implemented Emeco's revised RAPID Questionnaire in the supplier on-boarding process to accurately assess modern slavery risk profiles of potential suppliers.</li> <li>▪ Rolled out RAPID Questionnaire to 24 new suppliers.</li> </ul>	10 - 11
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>▪ Categorized Emeco's first tier suppliers in FY21 on an industry and geographic basis to drive risk assessment.</li> <li>▪ Mapped and assessed Emeco's comprehensive supply chain using the categorised first tier data and assisted by Fair Supply, a third party technology provider, for a second consecutive year.</li> <li>▪ Compared performance of key suppliers year-on-year through comparative analysis to assess if modern slavery risk has been mitigated.</li> <li>▪ Performed a focused analysis of five products or services identified in the comprehensive supply chain mapping and assessment which carry a potentially elevated modern slavery risk and a further analysis of the key suppliers of these products/services.</li> </ul>	8 - 9
<b>Grievances and remediation</b>	<ul style="list-style-type: none"> <li>▪ Used internal communication initiatives to reinforce staff awareness of reporting mechanisms for modern slavery concerns.</li> <li>▪ Maintained an independent third party provider reporting line allowing instances or concerns relating to modern slavery in Emeco's supply chain to be reported confidentially and anonymously.</li> <li>▪ No reports of modern slavery concerns were made in FY21 through our reporting mechanisms.</li> </ul>	10
<b>Training and education</b>	<ul style="list-style-type: none"> <li>▪ Conducted internal training on modern slavery for key members of Emeco's departments and entities including:               <ul style="list-style-type: none"> <li>• human resources;</li> <li>• Pit N Portal entities;</li> <li>• legal; and</li> <li>• procurement.</li> </ul> </li> </ul>	11-12
<b>COVID-19</b>	<ul style="list-style-type: none"> <li>▪ Continued protocols and practices to protect the health and wellbeing of Emeco's workforce during the COVID-19 pandemic.</li> <li>▪ Maintained the continuity of first tier supplier relationships to mitigate the impact of COVID-19 on lower tiers of the supply chain and related risks of modern slavery.</li> </ul>	13
<b>Assessing efficiency</b>	<ul style="list-style-type: none"> <li>▪ Maintained review processes on similar parameters as prior reporting period to facilitate measurement of modern slavery risk in our supply chain against established baselines and conducted a comparative analysis.</li> <li>▪ Assessed overall risk across supply chain year-on-year to measure efficacy of supplier screening and on-boarding process after adding new suppliers in FY21.</li> <li>▪ Studied movements in our first tier supplier list against the last reporting period to assess efforts to maintain continuity in the supply chain and mitigate COVID-19 impacts.</li> </ul>	12
<b>Collaborative efforts</b>	<ul style="list-style-type: none"> <li>▪ Engaged with key operational personnel across corporate structure, including newly acquired entities, to assess, identify and mitigate modern slavery risk.</li> </ul>	12

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### 3 Operations

Emeco Holdings Limited, Emeco International Pty Ltd and Pit N Portal Mining Services Pty Ltd are reporting entities under s 5(1) of the Act. This statement is presented on a consolidated basis and Emeco Holdings Limited is reporting on behalf of its controlled entities, including Emeco International Pty Ltd and Pit N Portal Mining Services Pty Ltd. Emeco Holdings Limited has been listed on the ASX (ASX:EHL) since July 2006.

Emeco is an Australian-based group that is a market leading provider of open-cut and underground equipment solutions and services for the mining industry in all key mining regions of Australia with customers operating in a wide variety of commodities including coal, gold, iron ore, nickel and copper. Emeco has operated in the industry for nearly 50 years and has a high-quality and diverse customer base consisting of large and junior mining companies, some of which Emeco has been working with for over 20 years.

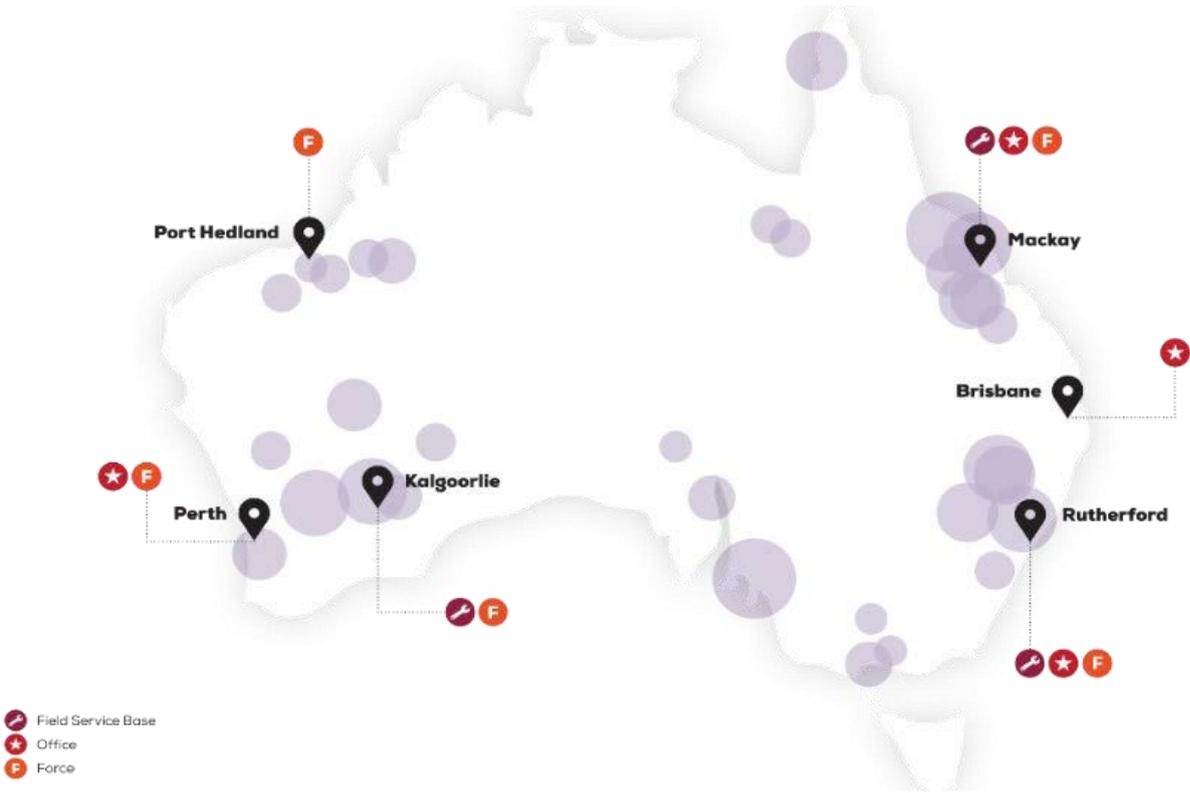
All of the entities within the Emeco group corporate structure are all wholly-owned by Emeco Holdings Limited, either directly or indirectly. As such, the workforce, operations and suppliers of these entities are all subject to Emeco's governance framework and the constituent policies and protocols.

Historically, Emeco had operations in several other countries including Indonesia, the United States, Canada and Chile. With a strategic exit from the last of our overseas operations in 2018, Emeco's current operations are focussed in Australia and conducted through the key group entities listed below.

#### Emeco Holdings Limited key group entities

Company	Country of Incorporation
<b>Parent entity - Emeco Holdings Limited</b>	<b>Australia</b>
Emeco International Pty Limited	Australia
Orionstone Pty Ltd	Australia
Force Equipment Pty Ltd	Australia
Matilda Equipment Pty Ltd	Australia
Pit N Portal Mining Services Pty Ltd	Australia
Pit N Portal Equipment Hire Pty Ltd	Australia

Below is a map of Emeco's operations across the mining regions of Australia.



Focusing on operations in Australia has, in turn, limited Emeco's exposure to modern slavery risk on a geographic basis due to the regulatory framework provided by the Australian government. Coupled with Emeco's strong oversight function at a company level, the generally lower instances of modern slavery in the industries in which Emeco operates and our largely skilled workforce, the risk of modern slavery in Emeco's operations is relatively low.

## Workforce

As at the end of FY21, Emeco's 1,268 member workforce consisted of 1,180 people employed on a full-time equivalent basis. Our workforce has grown by over 25% from the end of FY20. The increase in the workforce is primarily attributable to the mining service contracts of the Pit N Portal entities and new employees hired in the categories of Machinery Operators & Drivers and Technical & Trades to service those contracts.

The 1,180 full-time equivalents are direct employees of Emeco whilst the remainder of the workforce is labour contracted through specialised labour hire companies, including a first tier supplier on which we have conducted further diligence.

Function	No. of Employees	
CEO	1	In respect of Emeco's direct employees, the robust protocols of Emeco's human resources department and strong oversight of Emeco's experienced executives allows us to screen, on-board and oversee employees in a manner that mitigates modern slavery. Employees are required to adhere to Emeco policies, standards of practice and procedures to ensure that they and Emeco act in an ethical and professional manner.
Key Management Personnel	2	
General Managers	11	
Senior Managers	17	
Other Managers	117	In respect of Emeco's contracted labour, all labour suppliers are required to comply with Emeco's Supplier Code of Conduct under the terms and conditions of Emeco's Purchase Order. In addition, Emeco requires those contracted workers that are onboarded (including those that are to perform services onsite) to complete a questionnaire as part of that process which investigates the potential presence of modern slavery indicators.
Professional	107	
Technical & Trades	475	
Clerical & Administrative	74	
Sales	10	Emeco is also intent on making sure all its workers are aware of their rights and responsibilities. Emeco provides accessible grievance mechanisms for individuals to raise complaints or concerns and processes for their resolution. Relatedly, both direct employees and onboarded contracted workers are required to read and acknowledge the Emeco Whistleblower Policy.
Machinery Operators & Drivers	261	
Labourers	40	
Apprentices	65	
<b>Total</b>	<b>1,180</b>	

In FY21, Emeco rolled out Project Align, which focuses on attracting, retaining and developing our valuable workforce. This has involved the engagement of our people to define and establish our shared values of accountability, growth, pride, communication, family and teamwork. These values are instrumental in engaging with Emeco's people and disseminating a message of honesty and transparency.

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## 4 Mapping of supply chain and assessment and identification of modern slavery risk

Emeco, in conjunction with FairSupply Analytics (**FairSupply**), undertook a revised in-depth analysis of Emeco's supply chain for a second consecutive year. To maintain the same parameters and facilitate comparative analysis against the baselines established in FY20, Emeco again went beyond first tier suppliers and reviewed the probable risk of modern slavery occurring in Emeco's comprehensive supply chain. We use the term 'comprehensive supply chain' to capture the notion of assessing modern slavery risk holistically, starting from Emeco's relationship with suppliers directly through to the tenth tier which usually encompasses the source of their raw inputs.

FY21 coincided with the integration of the Pit N Portal entities into Emeco and thus the first-tier suppliers subject to our analysis increased from 154 suppliers to 257.

As a first step in the process, Emeco categorised first tier suppliers by industry and country to enable further diligence. The vast majority of Emeco's spend was with suppliers in Australia and, to a lesser extent, the USA with only two suppliers. Resultantly, Emeco's first tier suppliers presented low geographic risk of probable modern slavery occurring in their operations due to the fact they are primarily located in Australia and USA, countries with strong regulatory frameworks reducing the risk of modern slavery.

With further refinements of Emeco's categorised data and utilising the proprietary algorithm and data-analysis system provided by FairSupply, Emeco mapped the top 90% (based on spend) of Emeco's comprehensive supply chain on an industry and geographic basis. Emeco used the same parameters to facilitate a comparative analysis against the baseline established in FY20. While the percentage (based on spend) remained the same, the number of first-tier suppliers and the total spend with such suppliers increased from FY20 to FY21 as cash paid to suppliers increased by 19% from FY20 to FY21.

The proprietary process utilised by FairSupply examined Emeco's spend data and mapped our comprehensive supply chain based on global supply chain data from a balanced, global, multi-regional, input-output table which links supply chain data from 190 countries and in relation to 15,909 industry sectors. An estimate of the total number of probable slaves in Emeco's comprehensive supply chain based on the amount spent in each industry was generated. As part of this assessment, a ranking of the suppliers that have the greatest probable risk of modern slavery in their comprehensive supply chain was also generated.

Whilst nearly all the suppliers showed a low to average risk of modern slavery on an industry and geographic basis, Emeco recognises that this assessment at the industry category level may not reveal whether the modern slavery risk profile of a specific product or service in an industry category is materially different from other products and services within the same industry category. Accordingly, Emeco undertook a further, focused analysis of five products or services identified in the comprehensive supply chain mapping and assessment which may carry a potentially elevated modern slavery risk. This further analysis focused on:

- three products in the form of equipment parts linked to four of our key suppliers; and
- two products/services in the form of information technology equipment and property services linked to a particular supplier.

This further analysis showed that the above average level of risk of modern slavery attributable to each analysed product or service appeared in the lower tiers of the impacted supplier's supply chain. The analysis indicated that the level of risk directly linked to Emeco's spend with these suppliers is very low. In addition, the analysis of these suppliers yielded positive results in terms of their actions taken to mitigate modern slavery risk with each entity or their parent entity providing modern slavery statements under the Act or an equivalent legislative framework provided by other jurisdictions in the USA and the UK. The suppliers have also implemented various governance documents and undertook due diligence in respect of their suppliers to directly address modern slavery risk within their supply chains.

The revised risk assessment and the further focused analysis on the five products/services within Emeco's supply chain did not reveal a heightened risk or instance of modern slavery. It was determined that no further remediation or action in respect of our suppliers was required at this time.

Our analysis of our revised risk assessment involved a comparative analysis with the results from our initial assessment report from FY20. A comparative analysis of several key metrics derived from our assessments allows for a measurable result of our efforts to mitigate the risk of modern slavery within our supply chain. Despite the fact that Emeco was of a low modern slavery risk in FY20, we endeavoured to improve any semblance of modern slavery within our supply chains. An analysis by FairSupply of our top 100 suppliers in terms of dollars spent and then weighting the number of probable slaves assessed by FairSupply as tied to every million dollars spent with those suppliers, our results indicate a significant improvement in the modern slavery risk profile of our comprehensive supply chain with a 32% reduction in the theorised number of cumulative probable slaves existing across the comprehensive supply chain.

In terms of probable slaves tied to our direct spending, a 33% reduction in the number of probable slaves tied to our spending with direct suppliers occurred from FY20 to FY21.

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## 5 Actions taken to mitigate modern slavery risk

### Policies and protocols

Emeco's approach towards modern slavery relies on strong corporate governance and management oversight in the form of a number of policies and protocols. The corporate entities within the Emeco group are all wholly-owned by Emeco either directly or indirectly and Emeco has undertaken the process to embed our modern slavery governance framework and the constituent policies and procedures discussed below across the group to ensure uniformity.

FY21 is the first full reporting year in which the Pit N Portal entities were included in Emeco's consolidated group. Emeco undertook efforts in FY21 to ensure our policies, procedures and values were communicated and embraced by the workforce of these newly acquired and integrated entities to create a holistic and cohesive approach across the group to modern slavery.

### Operations

#### *Human Rights Policy*

Our Human Rights Policy sets out high standards of corporate and individual behaviour to direct the way Emeco conducts business. The Policy outlines our commitment to internationally recognised human rights laws and standards and sets the foundation of Emeco's approach to the minimisation of modern slavery in our operations and supply chains. This Policy is scheduled to be reviewed in FY22 for any necessary amendments.

#### *Whistleblower Policy*

Emeco continues to uphold our robust mechanisms for the reporting of conduct that goes against Emeco's values and standards.

Our Whistleblower Policy provides a system by which our people are able to report conduct in a free, anonymous manner and provides them with protections from detrimental acts or omissions including victimisation and retaliatory conduct. Emeco undertook a review of our Whistleblower Policy at the end of FY21.

Emeco noted that no reports of modern slavery had been reported in FY21 through any reporting mechanism provided to our staff.

### Supply chain

Emeco remains committed to mitigating modern slavery within our supply chain and applying the high standards in our Supplier Code of Conduct and our Purchase Order Terms and Conditions to all our supplier relationships.

#### *Supplier Code of Conduct*

Emeco's Supplier Code of Conduct requires compliance with all relevant modern slavery laws. It requires suppliers to uphold the fundamental rights of workers and treat them with dignity and respect, specifically by ensuring that work is freely chosen and not forced, bonded or compulsory labour. Any supplier engaging with Emeco must agree to identify and address any risk or instances of modern slavery and take steps to limit practices and risks of modern slavery in their operations.

#### *Purchase Order Terms and Conditions*

Emeco's Purchase Order Terms and Conditions requires suppliers to undertake numerous actions to mitigate the risk of modern slavery including:

- implementing an appropriate system of due diligence, audit and training for all subcontractors;
- agreeing to audits from Emeco to assess their compliance;
- maintaining records to trace their respective supply chains in connection with their relationship with Emeco; and
- notifying Emeco as soon as it becomes aware of any actual or suspected modern slavery in its operations and supply chains.

## **RAPID Questionnaire**

In FY21, Emeco successfully introduced our revised RAPID Questionnaire for the supplier on-boarding process and has required all new suppliers to complete the questionnaire.

The RAPID Questionnaire is an integral tool to help Emeco identify suppliers where additional assistance or monitoring of modern slavery indicators is required. While the responses to the Questionnaire did not indicate any actual instances of modern slavery, it provides the basis for Emeco to conduct ongoing due diligence and engage in dialogue with suppliers, both current and prospective, to further implement a more holistic and collaborative approach to modern slavery risk.

The RAPID Questionnaire responses provide Emeco with the ability to identify modern slavery risk within the prospective suppliers' operations and supply chains. Based on certain responses, prospective suppliers can be flagged for further due diligence to investigate any indicators of modern slavery risk. This process allows Emeco to prevent the engagement of any suppliers that would be subject to an elevated level of modern slavery risk or alternatively allow for Emeco to collaborate with entities to improve their modern slavery processes in order for Emeco to contract with them as a supplier.

### **Case study – RAPID Questionnaire**

- Following the update to the Purchase Order Terms and Conditions and the adoption of the Supplier Code of Conduct, Emeco revised its supplier on-boarding process in FY21 to ensure that Suppliers:
  - are made aware of and required to confirm acceptance of the Supplier Code of Conduct; and
  - complete a revised RAPID Questionnaire, allowing Emeco to obtain greater detail on a prospective supplier's labour practices and modern slavery risk profile as part of the supplier on-boarding process.
- Emeco revised the RAPID Questionnaire with the help of specialists and also worked with these specialists to develop a protocol as to further actions to be taken upon certain responses to the questionnaire.
- Emeco rolled out the newly revised RAPID Questionnaire in FY21, requiring all new suppliers to complete the questionnaire.
- 24 suppliers completed the RAPID Questionnaire in FY21. Among the prospective suppliers screened via the questionnaire, no instances or strong indicators of modern slavery practices were discovered.
- 25% of prospective suppliers had already published their own modern slavery statements.
- The RAPID Questionnaire is a strong complement to the analytic technology and specialists used by Emeco for ongoing due diligence of our suppliers.
- The RAPID Questionnaire is a valuable tool to:
  - identify practices of a prospective supplier which merit further diligence, monitoring or support; and
  - foster collaboration with suppliers to address those risks.

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## **Education**

In FY21, Emeco continued to roll out modern slavery training for key individuals within Emeco. Human resources, recruitment, payroll, legal, office administration and analysts were identified as key teams to equip and empower them to adequately identify and report indicators of modern slavery risk within Emeco.

Utilising the online training modules prepared with the assistance of Fair Supply, Emeco rolled out internal training to key members of these teams and were able to provide them with the knowledge to help mitigate modern slavery risk in our operations and supply chains. As part of our training strategy, Emeco required employees who had completed training to submit a written response to a quiz to ensure engagement with the training materials.

These modules will be provided on an ongoing basis to allow for education of later hired employees to ensure continued and improved compliance with Emeco's policies and protocols.

Additionally, employees who had previously completed training in FY20 received communications in FY21, which refreshed that training and updated them on Emeco's FY20 Modern Slavery Statement and the results of our supply chain mapping exercise. By undertaking these exercises, Emeco was able to ensure that employees are aware of Emeco's evolving actions to mitigate modern slavery and foster collaboration amongst employees to further our modern slavery strategy.

### **The efficiency of our actions**

A crucial element of our modern slavery strategy was the measuring of the efficacy of our actions. Due to the difficulty of definitively measuring the effectiveness of Emeco's actions in combating modern slavery risk, Emeco, with the assistance of industry experts and technology providers, has identified key metrics to which we are able to quantify the level of modern slavery risk within our supply chain.

For a second consecutive year, Emeco has identified a low level of modern slavery risk existing in our comprehensive supply chain. The results of our analysis indicates the positive results of our mitigation actions as we have reduced our modern slavery risk from our initial analysis from FY20 despite increasing our spending with suppliers and the on-board of new direct suppliers.

A comparative analysis between FY20 and FY21 of such metrics has yielded positive results. Emeco has effectively reduced our exposure of modern slavery in our supply chain with our top 100 suppliers from last year. In addition, the theoretical number of probable slaves linked to our direct spend with suppliers has also reduced significantly from FY20.

The top 10 direct suppliers represent 57.39% (FY20) and 54.82% (FY21) of our total spend. With support from technology providers FairSupply, it was concluded that the cumulative number of probable slaves per million spent with each of these suppliers was 0.318 and 0.167 respectively.

This indicates a dramatic decrease in the number of probable slaves associated with suppliers receiving the majority of our spend, with a 47% decrease in the number from FY20 to FY21.



This is a positive indicator of the success of our efforts and Emeco will continue to conduct such analysis to ensure our ongoing commitment to mitigating modern slavery within our operations and our supply chains.

### **Collaboration**

Emeco acknowledges that a unified approach by the entire corporate group towards the risk of modern slavery in Emeco operations and supply chain is essential. Regular consultation with management, suppliers, employees, advisors, consultants and the Board are integral in ensuring that modern slavery is minimised.

Project Align was initiated in FY21 and it encourages teamwork, communication and collaboration for Emeco and was a major factor in facilitating the consultative process across Emeco's entities to create a cohesive approach to risks in the business, including modern slavery.

This Modern Slavery Statement is the culmination of our collaborative effort, during the most recently completed reporting year, with our entities to manage and mitigate modern slavery.

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## 6 COVID-19 impacts

### Operations

The COVID-19 pandemic has continued to pose challenges in maintaining the health and safety of workers. The procedures implemented in FY20 have continued to serve Emeco well and have remained in place for the entirety of FY21. These measures have included:

- Establishment of a “Coronavirus hotline” that is available to the entire workforce (both full-time and contractors) with 24/7 access.
- Restricting all travel across the country (including fly-in, fly-out workers) where non-essential.
- Increased communication and coordination with customers and suppliers to maintain continuity in safety measures.
- Creating unique coronavirus management response plans for every site at which we operate, including all head offices, workshop, and project sites.
- Introducing “Coronavirus leave” to provide support to employees who are required to isolate.
- Implementing remote-working permissions and protocols for non-essential sites and office teams.

Emeco will continue to modify workplace health and safety practices in line with government regulations and other external advice.

### Supply chain

Emeco recognises COVID-19 may have increased the risk of modern slavery and other forms of exploitation in parts of our supply chains as there has been an increase in the vulnerability of workers in the COVID-19 climate. In addition to the efforts noted above in respect of operations, Emeco strove to maintain continuity in supplier relationships to minimise the impact of the pandemic on employees and customers.

Emeco also made the continuity of first tier supplier relationships a priority to mitigate the impact of COVID-19 on lower tiers of the supply chain and related risks of modern slavery. Emeco conducted a review of the first tier supplier profile in FY21 against our supplier profile in FY20 to assess the efficacy of these efforts. The review revealed that the suppliers representing our top 50% (by spend) remained largely unchanged. 90% of the supplier list remained static and the 10% that did change was due to a new entrant into our supplier list as a result of the integration of the Pit N Portal entities.

The success of Emeco’s strategy in mitigating the COVID-19 impact is bolstered by the previously assessed low prevalence of modern slavery risk for first tier suppliers. These combined factors provide little indication that the risk of modern slavery in the upper tiers of our supply chain has materially changed as a result of the COVID-19 pandemic. Emeco will continue to monitor our spend and first tier supplier list on a periodic basis.