

# Modern Slavery Statement

2020





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# Overview

Epiroc Australia aims to be a leading productivity and sustainability partner for customers within mining and infrastructure. Social and environmental sustainability underpins everything we do and we are committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations.

This is Epiroc Australia's inaugural Modern Slavery Statement ('the Statement'), which outlines our commitments and efforts to address potential modern slavery risks in our operations and supply chain.

The Statement, which was prepared in accordance with the requirements of the Australian Modern Slavery Act 2018 ('the Act'), provides details around our structure, operations and supply chain and offers an overview of potential risks of modern slavery practices in both our operations and supply chains.

The Statement further expands on some of the key policies and actions taken to assess and address modern slavery risks, including the Epiroc Business Partner Criteria - which focuses on ensuring that our business partners are held to the highest

ethical and social, safety, health and environmental standards, and the Epiroc Code of Conduct - which incorporates key elements of international guidelines such as the United Nations International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

The Statement covers activities undertaken during the year ending 31 December 2020 period ('the Reporting Period').

## Reporting Entity

This is a joint Statement on behalf of Epiroc South Pacific Holdings and its wholly-owned operating entity, Epiroc Australia Pty Ltd, which is also considered a reporting entity as per the Act's definition.

Section two of this Statement provides a more detailed overview of Epiroc South Pacific Holdings' corporate structure.





# Our structure, operations and supply chain

Epiroc South Pacific Holdings Pty Ltd (ACN 107 374 550) is a non-operating, holding entity of the Epiroc Group, whose ultimate parent entity is Epiroc AB located in Stockholm, Sweden.

In Australia, the Epiroc Group comprises Epiroc Australia Pty Ltd (ACN 000 086 706) and the following subsidiaries:

- + ProReman Pty Ltd (ACN 621 802 104), a company acquired in 2018 which operates as a customer centre for Epiroc AB;
- + Kinetic Logging Services Pty Ltd (ACN 133 949 630), a Perth-based company that provides mining companies with geophysical logging services. The company was acquired on 1 June 2021 and therefore not a part of Epiroc Group during the reporting period;
- + Epiroc Financial Solutions Pty Ltd (ACN 120 897 538), a Sydney-based company that acquires equipment from Epiroc South Pacific Holdings' subsidiaries to sell under a leasing arrangement to customers; and
- + Fordia South East Asia Pty Ltd (ACN 072 612 447), which was included in a world-wide acquisition made by the Epiroc Group in 2019. The company was non-operational during the reporting period with Epiroc South Pacific Holdings acquiring the net assets of Fordia as at 31 May 2020.

As this is the first Statement prepared by Epiroc, we have focused primarily on the operations and supply chain of Epiroc Australia Pty Ltd ('Epiroc Australia') as this is the operating entity for our core business activities and the only operating entity with revenue exceeding the Act's AUD \$100 million reporting threshold. Epiroc Financial Solutions is included as part of Epiroc Australia within this statement, as the operations and supply chain of the entity have been integrated into those of Epiroc Australia Pty Ltd.



## Our Operations

As part of the broader Epiroc Group, Epiroc Australia develops and produces innovative equipment, consumables and service for use in surface and underground mining, infrastructure, civil works, well drilling and geotechnical applications.

While our operations and customer base is focused on Australia, the broader Epiroc Group operates in geographies all over the world, with customers in more than 150 countries.

During the reporting period, Epiroc Australia employed approximately 600 people to provide products and offerings primarily used in hard rock applications, including:

- + Mining applications include production and development work for both underground and open-pit mines, as well as mineral exploration.
- + Infrastructure applications include blasthole drilling for tunneling, for road, railway and dam construction, aggregate production and other construction work, demolition of buildings, bridges and industrial plants as well as other drilling applications.

Our vision is to be the first choice of customers, suppliers and business partners and to dare to think new. We believe that this can be achieved through the adoption of a common set of values, including being ethical in our business practices and working with business partners who share similar standards.

## Our supply chain

Epiroc Australia's direct supply chain consisted of about 850 suppliers during the reporting period and included both international and Australian-based companies.

A limited number of international suppliers were utilised in 2020, with the vast majority of vendors being Australian companies. Our international suppliers operate in the following countries:

- 1 South Africa
- 2 Canada
- 3 Cyprus
- 4 Germany
- 5 Netherlands

- 6 Papua New Guinea
- 7 Sweden
- 8 Singapore
- 9 United Kingdom
- 10 United States of America

- 11 China
- 12 India
- 13 Japan
- 14 Philippines
- 15 Australia



Section 4 of this Statement, 'Assessing and addressing modern slavery risks', provides an overview of our policies and requirements set in place as they relate to our business partners and suppliers in order to ensure compliance with laws, regulations and our ethical standards.



# Potential modern slavery risk in our operations and supply chain

With respect of understanding modern slavery risk within our operations and our supply chain, Epiroc Australia has adopted the definition of modern slavery as described in the Act. Modern slavery can include the following types of human exploitation:

- Trafficking in persons;
- Slavery;
- Servitude;
- Forced marriage;
- Forced labour;
- Debt bondage;
- Deceptive recruiting for labour or services; and
- The worst forms of child labour.

## Supply Chain

Epiroc Australia undertook a high level risk assessment of its direct suppliers based on

geographic location (country-related) and type of goods or services provided (industry-related).

The analysis utilised a tool that ranks country-related modern slavery risks based on the Global Slavery Index, focusing on the following factors like governance issues, lack of basic needs and inequality, while industry-related risks were assessed against the following risk categories:

- Labour rights & decent work;
- Health & safety;
- Human rights;
- Governance; and
- Community infrastructure.

Based on the preliminary outcomes of this assessment, countries with potentially higher prevalence of incidents and risks of modern slavery in our supply chain include Papua New Guinea, Singapore, Cyprus, South Africa, China, India, Japan and Philippines. While we acknowledge

the potential for modern slavery risk in these geographies, it should be noted that our suppliers located in Papua New Guinea and Singapore are professional service providers, the Cyprus supplier was a software company and the South African, Chinese, Indian, Japanese and Philippino suppliers are part of our global Epiroc network of operations.

A portion of our suppliers also operate in industries perceived to be at a higher risk of modern slavery, including:

- Travel (including hotels & resorts);
- Office services & supplies;
- Support services (including cleaning services);
- Human resource & employment services;
- Real estate services; and
- Technology hardware.

We acknowledge that although the majority of our direct suppliers are based in countries which are considered lower risk, their suppliers operate in high risk regions or industries. As part of our intention to better understand our deeper supply chain, we will gain a better appreciation of the associated underlying modern slavery risk, in order to enhance our approach to identifying and managing it.

During the reporting period there were no incidents in Epiroc Australia's operations or supply chain relating to modern slavery or human rights violations brought to our attention. However, we do understand that such incidents may be hard to uncover and it is for this reason that Epiroc Australia has worked to develop appropriate policies and processes to help, to the degree possible, minimise any such risks in both our operations and supply chain.

## Operations

Epiroc Australia's workforce comprises mostly permanent, Australian-based employees.

During the reporting period, Epiroc Australia did not engage the services of any based-skilled employees, international migrant workers or other workers that would typically be considered more vulnerable to exploitation. However, we acknowledge that modern slavery is often challenging to uncover and as such, we will continue to educate ourselves and our

employees on the issue and how to identify it.

Additionally, Epiroc Australia has developed appropriate policies and processes in place to ensure that all employees are treated equally and all conduct falls within our expectations around ethical practices and lawful behaviour. Section 4 of this Statement outlines the policies and process adopted by Epiroc Australia to assess and address potential modern slavery risks in our workforce.





Living by the highest ethical standards is the foundation of our business approach.



# Assessing and addressing modern slavery risks

Our procurement team is responsible for developing, initiating, and managing strategic sourcing activities by coordinating with key stakeholders and preferred suppliers to build strong supplier relationships and achieve beneficial outcomes for both our business and our supply chain.

The procurement team selects and evaluates business partners in a professional, objective and risk averse manner, with a focus on quality that extends beyond just the final product and includes how our suppliers conduct their business.

Below, we provide an overview of the relevant policies and processes in place to ensure that our suppliers and other business partners act in accordance with our ethical and sustainability expectations, as outlined in our Code of Conduct, as well as all applicable laws and regulations.

Epiroc Australia conducts supplier evaluations using objective criteria, including but not limited to quality, risk minimisation, productivity, delivery performance, safety, reliability, commercial performance, competence and price.

## Supplier relations

At Epiroc Australia, we strive to be the best associate we can for our business partners, including suppliers and subcontractors. In turn, our business partners are made aware of our commitments and are expected to adhere to our policies, including our Code of Conduct\*. These expectations are communicated to our suppliers and other business partners through the Epiroc Business Partner Criteria\*\*, a document intended to support the implementation of Epiroc Australia's policy with regard to business ethics, social, safety, health and environmental performance, by providing brief explanations of our basic expectations from business partners.

This criteria is based on the Epiroc Code of Conduct, which draws from the following international guidelines supported by the Group:

- The United Nations International Bill of Human Rights
- The ILO Declaration on Fundamental Principles

and Rights at Work (ILO)

- The United Nations Global Compact (GC)
- The OECD Guidelines for Multinational Enterprise

At a minimum, it is expected that business partners must, in all their activities, follow the national laws and regulations applicable to their operations and employment in the countries in which they operate. Where Epiroc Australia's requirements go beyond those set out in suppliers' local national law, we expect our business partners to comply with the Epiroc standards.

In addition, business partners are asked to abide by the following criteria:

- Forced or involuntary labour will not be tolerated in any form. This includes any work or service performed by a person under the threat of penalty and for which the person has not offered himself or herself voluntarily. It also prohibits business partners from requiring employees to deposit money or original documents such as passports, education certificates and the like, during their employment (GC 4, ILO 29).





- Business partners have to take necessary preventive measures to ensure that they do not employ anyone below the legal age of employment. Specific requirements, in line with GC 5 and ILO 138, including in relation to the minimum age for hazardous work, are outlined in the Epiroc Business Partner Criteria policy.
- Business partners have to work against all forms of corruption, including extortion and bribery (GC 10, OECD 9).
- Business partners have to support and respect the protection of human rights. They have to be able to confirm that they are not complicit in human rights abuses and they must comply with the main international ethical guidelines supported by the Epiroc Group (GC 1 and GC 2).
- Business partners must support equal opportunities, fairness and diversity and ensure that all employees are treated strictly according to their abilities and qualifications in any employment decisions, regardless of ethnic group, religion, gender, age, nationality, disability, personal relationship, union membership and/or political opinion (GC 6, ILO 111).
- Business partners are required to make employees' safety a priority at all times (ILO 115).
- Business partners also have to confirm that their workers are free to communicate openly with management to resolve workplace and compensation issues. Employees should have the right to choose whether or not to be represented by trade unions for the purpose of collective bargaining. Epiroc does not tolerate discrimination against any employee exercising such rights (GC 3, ILO 87).

\* Updated version of our Code of Conduct was released on 1 January 2021

\*\* Epiroc Business Partner Criteria has been superseded by the Epiroc Business Partner Code of Conduct which was released on 1 April, 2021

- Business partners shall ideally have an Environmental Management System or, as a minimum, be committed to developing an environmental policy or system, which ensures continuous improvement of their own environmental performance (GC 8, OECD 5).
- Business partners are expected to conduct their business in a manner that protects and preserves the environment (GC 7 and 9, OECD 5).

New business partners are notified of our requirements through the distribution of the Epiroc Business Partner Criteria, which they are required to review and sign off.

Epiroc Australia has developed mechanisms, such as surveys and audits, to monitor and follow up on business partner compliance with this criteria. Epiroc Australia will also review its business relations if violations are detected and business partners will be immediately requested to adapt or change to meet the criteria.

We also require that business partners maintain adequate documentation to demonstrate their compliance with this criteria or demonstrate the intention and willingness to comply with the criteria by establishing an action plan with activities.

Finally, as a condition of doing business with us, business partners and their subcontractors must authorise Epiroc Australia and its designated agents (including third parties) to perform audits.

## Managing risks in our operations

In addition to the business partner criteria and expectations outlined above, Epiroc Group has developed some key policies and processes that enable the organisation to create and maintain a safe environment where potential risks are effectively managed applicable also for Epiroc Australia. Some of our key policies include:

- A Code of Conduct that describes who we are as a company and what we stand for, outlining the appropriate business conduct and expected behaviours that all employees are expected to follow. The Code of Conduct summarises Epiroc Australia's core values and is based on applicable law and internationally recognised principles for how companies should conduct business responsibly. Broadly, the Code of Conduct adopted covers topics relating to sustainable practices, including but not limited to: corruption, money laundering, fair employment, health, safety and labor conditions, social and environmental sustainability and sustainable development. As

before, our Code of Conduct describes who we are as a company and the high ethical standards and integrity we should follow as a company. It is based on applicable law and internationally recognized principles for how companies should conduct business responsibly

- Purchasing Policy outlining the guidelines followed for all procurement and sourcing activities.
- Speak Up, the whistle-blower system adopted by our parent entity, Epiroc AB, which plays an important role in monitoring compliance with our Code of Conduct. Speak Up is managed through a third party and allows employees and external stakeholders to report potential non-compliance anonymously. Retaliation against any employee for reporting an ethics or compliance issue is not tolerated and the number of cases reported via Speak Up is publicly disclosed in Epiroc AB's 2020 Annual Report.





# Assessing effectiveness

Epiroc Australia has worked hard to implement robust policies and processes to help manage potential risks, including risks of modern slavery. These policies and processes are further supported by the appetite of our parent company, Epiroc AB, which places an increased focus on sustainable operations, responsible sourcing and supply chain transparency.

As outlined above, our supplier approval process plays a key role in managing and addressing any potential risks. However, Epiroc Australia is

committed to continuously improving its practices and as such, the company is currently in the process of developing an action plan specifically tailored to assist Epiroc Australia enhance its practices and their effectiveness as they relate to modern slavery.

This action plan will act as a future roadmap to help enhance the company's processes across different areas including governance, monitoring and reporting, due diligence, training, grievances and enhancing our risk assessments.

## Consultation and approval process

This Statement has been prepared by members of both Epiroc Australia and Epiroc Financial Solutions' executive management team. ProReman, as a member of the broader Australian Group was also consulted and involved in the review of the Statement.

While our Statement has primarily focused on Epiroc Australia, our intention is to expand

our analysis, reporting and risk management approach to the entire Australian Group, including ProReman and Kinetic Logging Services, in future periods.

The Statement was then reviewed and approved by the Board of Directors, which oversees the operations of all subsidiaries that form part of the Epiroc Group in Australia.

# Other relevant information

## COVID-19 impacts

The Covid-19 pandemic did affect Epiroc Australia in 2020. The impacts of which have been detailed in the Group's 2020 Annual and Sustainability report.

In Australia, operations were disrupted by the closure of state and international borders, resulting in supply chain delays and labour impacts as our people's ability to perform fly in and fly out work was hindered. This resulted in Epiroc Australia being unable to conduct site visits and in person supplier audits during the reporting period.

We also understand that modern slavery risks may be exacerbated in our supply chain as a result of the pandemic, particularly related to constraints on governments' ability to enforce policies and take action to protect the most vulnerable members of society.

Epiroc Australia will continue to leverage the strong policies and processes it has in place, including the request that all new and existing business partners adhere to the Epiroc Business Partner Criteria, while continuously exploring ways to tackle the challenges brought on by the pandemic.

## Future Plans

As highlighted in previous sections of this Statement, Epiroc Australia is developing an action plan that will allow us to enhance our approach to identifying and managing potential modern slavery risks in our operations and supply chain. This action plan will be developed during the 2021 reporting period and will include proposed actions for the short, medium and long term.

## Sign off

This Statement has been approved by Epiroc South Pacific Holdings' and Epiroc Australia's Board of Directors.



**Terence Browne**  
Director  
Epiroc Australia Pty Ltd







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