

Coates

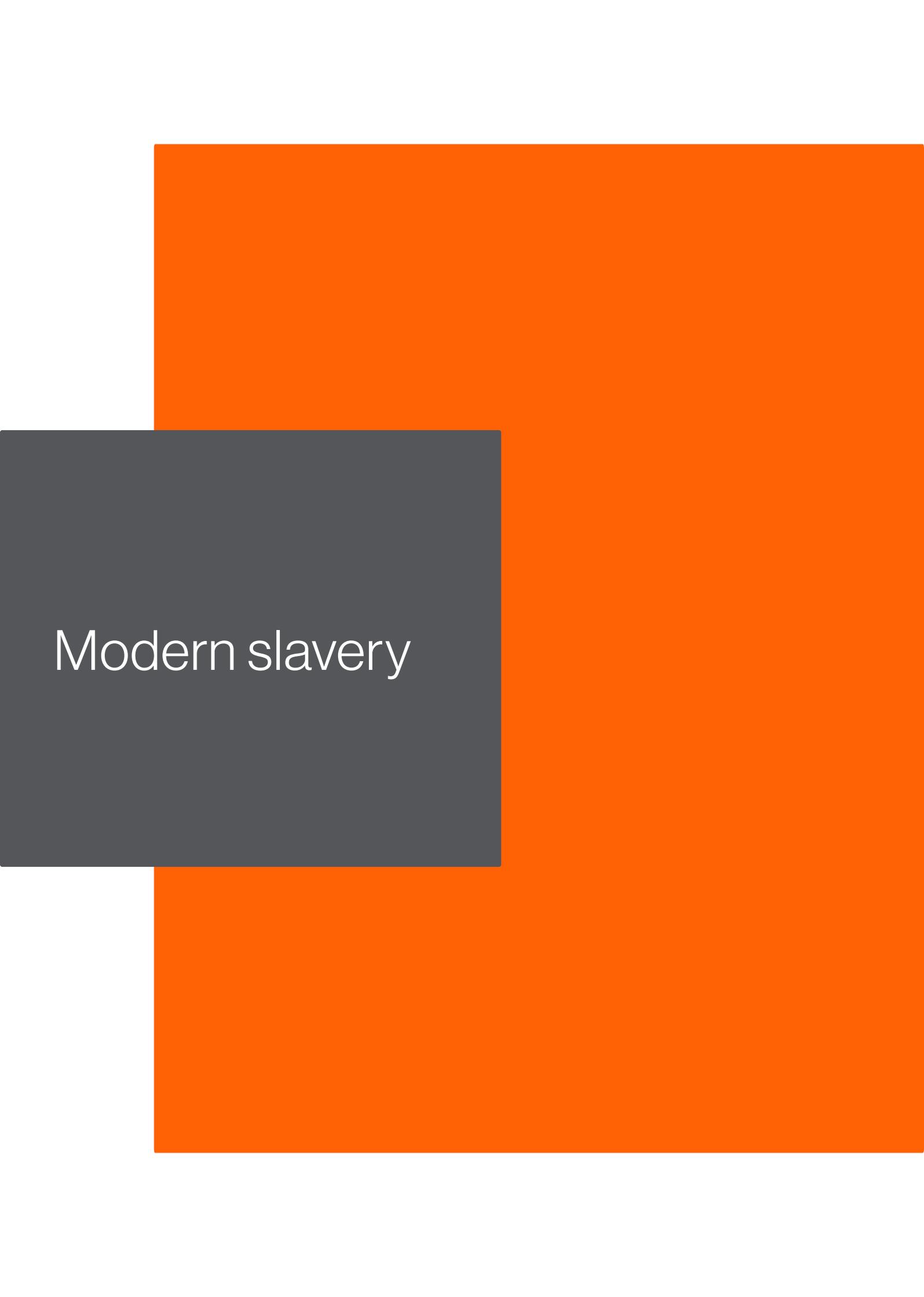
Equipped for anything

Modern Slavery Statement 2022

Coates Group Holdings Pty Limited

ACN: 126 069 341





Modern slavery

Executive Summary

In line with the 2018 Federal Modern Slavery Act, Coates has prepared the embedded Modern Slavery Statement for the Financial Year ended 30 June 2022 to meet the Australian Border Force's submission deadline of 31 December 2022.

How prevalent is Modern Slavery?

Modern slavery continues to be a critical Human Rights problem, with the UN's International Labor Organization's global estimates of individuals enslaved increasing from 40 million in 2018 to 50 million in 2022. This roughly equates to one in 150 people living under conditions of forced labour, debt bondage, forced marriage, slavery and slavery-like practices, and human trafficking through situations of exploitation that they cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power.

Modern Slavery Statement prepared on behalf of Coates Group Holdings Pty Ltd

After its first submission in FY20, this represents Coates' third Modern Slavery Statement and reflects our continued commitment to the eradication of such practices from our operations and supply chain. To demonstrate progression from previous years' statements, the Procurement & Purchasing team completed a series of activities as outlined by the Audit and Risk Committee in late 2021 including a review of the previous survey instrument, a focus on increasing the volume and quality of responses and conducting adequate follow up in key risk areas.

Through industry consultation, Procurement obtained a best practice questionnaire and adapted it for Coates operations, expanding the breadth and depth of questions aimed at capturing greater detail for analysis. The revamped questionnaire was issued to over 3900 Australian suppliers and, for the first time, the survey was also translated into Bahasa and sent to 280 Indonesian organizations supported by the PT Coates team.

The new format and approach improved the response rate from 62% in FY21 to 80% in FY22 and allowed deeper insights. The enhanced survey helped identify suppliers operating or sourcing from countries under DFAT Sanctions, entities sourcing high risk items/commodities from the Walk Free Foundation's List of Products at Risk of Modern Slavery and other key metrics to be used in future (see next section). Of the 3176 Australian and 85 Indonesian responses, 29 responses represented heightened risks against the key factors above. Accordingly, the Procurement team contacted each of these organizations directly for clarification, and was able to establish that none of Coates' suppliers source or produce goods in sanctioned countries or use commodities on the List of Products at Risk of Modern Slavery.

Next steps

With support from Coates' Process & Compliance team, data from the enhanced FY22 survey is being utilized to conduct one-on-one interviews with 24 hand-picked suppliers who have manufacturing operations in high-risk locations. When compiled, results of these interviews will be presented to the Audit and Risk Committee and included in Coates' FY23 Statement thus demonstrating progress year on year.

Recommendation

This Modern Slavery Statement must be approved by Seven Group Holdings Limited prior to submission to the Australian Border Force for acceptance by the Department of Home Affairs. Subsequently, it will be published on the Modern Slavery public register and will be accessible via the Coates Hire website.

Accordingly, we seek the Board's endorsement of the FY22 Modern Slavery Statement included below.

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 2021 to 30 June 2022.



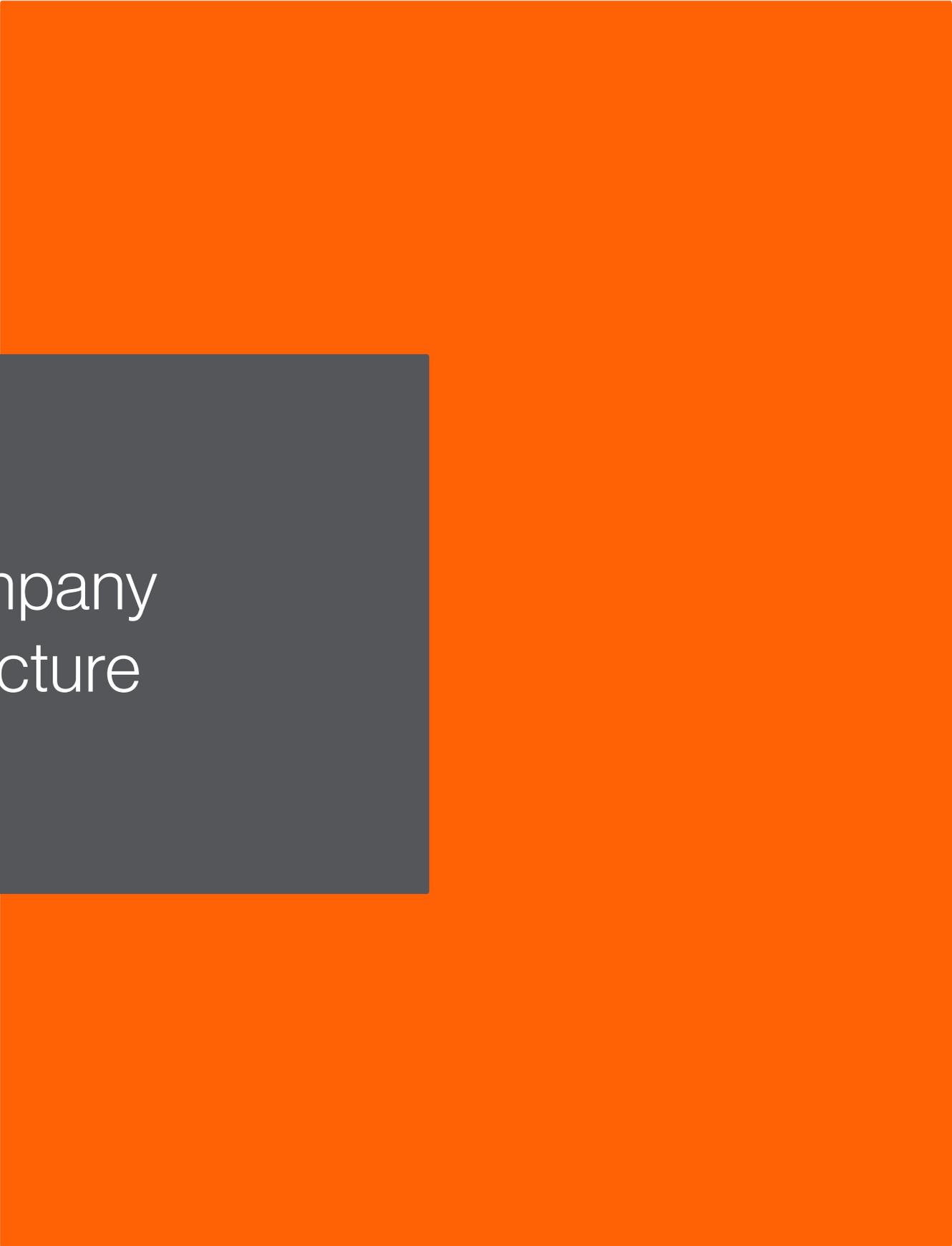
Introduction

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 supported their customers who help build Australia for over 137 years. 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 and end-to-end solutions for nearly 19,000 customers, which includes: temporary works, traffic management, water management, industrial shutdowns, maintenance, training services and events.

Coates' vision is to be the market leader in safe, smart and sustainable equipment solutions. To achieve 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 improve customer experience.

For Coates, the safety and wellbeing of its people, customers and communities has always been its highest priority, and so the organisation reaffirms its commitment to eradicate Modern Slavery where it may exist in its supply chain through structured processes, enhanced policies and close risk-based monitoring.



Company Structure



The Group has two companies that provide equipment hire solutions - Coates and PT Coates Hire Indonesia ("PT Coates") – that operate throughout Australia and Indonesia respectively. 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 remains committed to upholding the UN Guiding Principles on Business and Human Rights throughout its operations and supply chains. Coates has 2000 employees with branches in over 150 metropolitan, regional and remote locations across Australian.

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

Coates complies with all applicable employment laws in the different jurisdictions where it operates and has policies and practices in place such as Human Rights Policy, 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.

Through its Whistle-Blower policy, Coates encourages employees, contractors, suppliers, and other external parties to report policies, law or other breaches, including but not limited to Modern Slavery practices. For a third consecutive year, no concerns regarding Modern Slavery have been raised through any of these channels.

Supply Chain

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

Coates procures a number of products and services from Australian and International suppliers, and employs its best endeavours to eliminate any Modern Slavery practices in its purchases of:

- 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

Given its wide scope of operations and diversity of purchases, products and services procured by Coates come from a large supplier base of some 4000 companies. Of these, approximately 92% of the products and equipment come from Australia, China, Germany, India, France and Canada. As for services procured internationally, these mostly relate to the Information Technology and Professional Advisory industries, and thus are rated as a low risk for Modern Slavery practices.

The organisation closely monitors and mitigates Modern Slavery in its supply chains by requiring new supplier contracts to adhere to Australian legislation (regardless of where they may be based or operating from). All suppliers are required to accept Coates' Supplier Code of Conduct and commit to monitoring compliance to all applicable laws. The Coates Procurement and Purchasing team also releases annual surveys to assess Modern Slavery risk, understand development in supplier practices and address issues disclosed (see Supplier Assessment section below), reviewing the results in conjunction with Coates' Legal team.

In FY22, Coates Purchase Order Terms and Conditions were implemented in PT Coates to ensure the company's suppliers provide contractual warranties identical to those referred to above. Furthermore, a Supplier Code of Conduct was published and distributed to suppliers of PT Coates setting out the requirements to comply with global human rights standards, local laws and regulations with respect to human rights and modern slavery. PT Coates has also introduced a Vendor Management Policy and Procedure, which outlines the requirement to record warranties from new suppliers to meet obligations under relevant modern slavery and human rights-based legislation.

Supply Chain Assessment

To help identify and assess the risk of Modern Slavery practices in its supply chains, Coates distributed a refreshed questionnaire to its suppliers in Australia and, for the first time, Indonesia. The FY22 survey is an evolution of the previous questionnaire, utilizing industry-accepted best practice questions and aimed at allowing the identification and assessment of risks by geographic context and industry/sector, where applicable. In order to carry out this comparison, key risk country data was sourced from the Walk Free Foundation's Global Slavery Index 2018.

Of the 1,433 supplier surveys received, no suppliers – either in Australia or Indonesia – declared any issues relating to Modern Slavery and additionally none declared any engagement with suppliers in countries named on the Australian Department of Foreign Affairs and Trade Consolidated Sanctions list. Suppliers segmented as Major or Material based on spend or business criticality that did not respond to the original request were directly followed up, resulting in 7 further responses. Based on the information in all responses, there has been no change in the Modern Slavery risk profile for Coates Group Holdings.

Next Steps in the Supply Chain

Assessment process

Future work will focus on individual interviews with suppliers operating in China, India and Bangladesh to better understand specific internal policies and procedures they may employ to ensure human rights, relevant labour laws and Australian Modern Slavery legislation are upheld. The selection of countries of origin is derived from the Global Slavery Index 2018 list.

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

Now in their third year, Coates' Modern Slavery processes are demonstrating a level of effectiveness expected given its operations, supply chains and countries where suppliers are based. Coates has observed that whilst large operators have a strong understanding and solid processes to eradicate Modern Slavery from their supply chains, Australian small to medium enterprises – who account for a very small percentage of supplier spend – are still unfamiliar with the concept and the implications of the legislation to their operations. Many believe that only large organizations are subject to this legislation, requiring a degree of education in future communications to expand on the importance of their support to eradicate Modern Slavery practices in their operations and supply chains through activities such as the Coates annual survey and compliance to Australian Modern Slavery legislation.

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 2022