



# Smardt Anti Slavery in Supply Chain Statement

November 2024

As a global organization, we are committed to operating responsibly and with integrity throughout our supply chain. We recognize the importance of combating modern slavery, human trafficking, and forced labor in all its forms. We take a zero-tolerance approach to any form of slavery or exploitation and expect the same from our suppliers and business partners. Through robust policies, due diligence and continuous monitoring we aim to ensure our operations and supply chains are free from acts which violate these practices. This statement outlines our efforts and commitment to uphold our stance against modern slavery at every level of our business.

Smardt Chillers Pty Ltd has a direct Australian parent company and is affiliated to other Smardt entities around the world which are all owned by a common parent located in Canada. This statement is made on behalf of all affiliated entities of Smardt Chillers Pty Ltd ("Smardt") where approximately 700 employees work. In Australia, Smardt employs approximately 120 employees and is focused on the manufacture, service and sale of chillers, and HVAC related equipment, in the Australia and New Zealand region. We also provide manufacturing support from our Melbourne location to our Greater Asia and Asian locations where needed.

## OUR BUSINESS AND SUPPLY CHAINS

Smardt provides chillers and optimization solutions for commercial buildings around the world. We operate in Singapore, Malaysia, Hong Kong, China, Australia, Canada, Germany and the US.

Our supply chain is vast and ever-growing, which means we are constantly striving to ensure we meet our clients' needs with quality products. We source components for our equipment from multiple locations and providers to respond to our clients' regulatory needs or geographic location; and to ensure quality and cost of such components are balanced. During the period which this report covers, we were not made aware of any slavery activities against any of our suppliers, but if we were, our supply chain team and regional leaders would act immediately against the supplier and report such an activity to the appropriate authorities.

## RISK ASSESSMENT

As a global manufacturer of equipment requiring multiple components it is possible for workers of our suppliers involved in the manufacture of the raw materials or initial transformation of materials into the components of the parts we use, to be subject to modern slavery practices because of the type of materials used, the volume of components needed, the source location of such components and the level of hands-on interaction required to transform and produce such goods. With respect to the potential risk of Smardt dealing with supplier-entities, which use modern slavery practices in the provision of parts to any of our locations, we consider the risk low due to the long term and repetitive nature of our relationships with such suppliers; however, we are cautious not to be complacent and to be vigilant when exploring new relationships.

Smardt's hiring practices involve background checks of its office and production staff, and ensuring salary or wage payments are made to financial institutions of the employee's work location. Our supply chain staff are constantly communicating with our suppliers to provide appropriate lead time requests or change order information. By diversifying our supply chain partners, we strive to minimize any instance of undue stress on a specific supplier who may wish to cut corners by employing workers in an inappropriate manner to meet unrealistic expectations of last minute or larger than usual requests.



In December 2023 we selected the London Stock Exchange Group as a business partner to assist in conducting risk assessments of third-party businesses with whom we engage to broaden our scope and ability to verify nefarious activity. As we familiarized ourselves with this tool, we continued our ongoing risk assessment efforts by considering the geographic location of our suppliers to avoid or manage business relationships with third parties in known high risk modern slavery areas; staying abreast of any news reported in the Bureau of Industry and Security (BIS.gov) press releases to react to any third party business which may be identified on such lists; and reviewing other sources of information for practices such as corruption and bribery, because the same may be a precursor to forced labor and human trafficking behaviors. Therefore, we analyzed our supplier database country details against the Corruptions Perceptions index of 2023 and the Global Slavery Index 2023.

We considered particular countries from which we source supplies against the corruption index<sup>1</sup> because strong government practices and regulations are indicative of how businesses will operate when faced with adverse situations. “The global trend of weakening justice systems is reducing accountability for public officials, which allows corruption to thrive.”<sup>2</sup>

Reviewing the prevalence of modern slavery in 160 countries, represents the proportion of a population of every 1,000 people who are subject to some form of modern slavery. We consider this information when seeking new suppliers and the need to be even more vigilant where the prevalence is higher. None of our suppliers are located in any of the top 10 countries with the highest prevalence of modern slavery; however, of the top 10 countries with the largest estimated numbers of people living in modern slavery, we do have suppliers. Those countries are China and the US where it is estimated 5.8 million and 1.1 million people are respectively living in modern slavery. To address these concerns among all suppliers Smardt has updated its terms and conditions to explicitly require third parties to confirm they do not use any form of modern slavery in the provision of their services to us.

None of Smardt’s suppliers were listed on the US OFAC list between 1 January 2023 and 31 December 2024.

## AWARENESS

As Smardt continuously strives to improve in all areas of its business, we look at our compliance and procedural practices with regards to modern slavery in the supply chain and in the workplace and note the areas of improvement we are already preparing. We are designing an employee awareness campaign to educate our supply chain staff first about our zero-tolerance policy regarding modern slavery; what modern slavery is about, and the due diligence process they are required to undertake with regards to suppliers to ensure our policy is upheld.

<sup>1</sup> With regards to corruption in the public sector, Australia, Singapore, Spain, Japan, Italy, Mexico and the USA remain unchanged from the previous year; China worsened by 3 points; and the United Kingdom worsened by 2 points; while Germany, Taiwan, Netherlands, Israel and Hong Kong each worsened by 1 point compared to 2022. The Philippines improved by 1 point, Canada by 2 points; and Malaysia improved by 3 points in 2023.

<sup>2</sup> <https://www.transparency.org/en/cpi/2023>



## LOOKING AHEAD

Smardt will be preparing to comply with the Canadian law *Fighting Against Forced Labour and Child Labour in Supply Chains Act (2023)* by submitting its policy to the Canadian government in May 2024; expanding its training and awareness to all employees in the context of general meetings so the topic is not simply reserved to the supply chain or compliance-oriented discussions.

This statement covers the period 1 January 2023 to 31 December 2023 and has been approved by the board of directors of Smardt Chillers Pty Ltd and its affiliated entities around the world, in November 2024:

Albert Yam (Nov 12, 2024 20:47 GMT+8)

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Albert Yam, Board Director  
Smardt Chillers Pty Ltd

This statement applies to the joint operating entities: Smardt Chillers Pte Ltd, Smardt Inc, Smardt Chillers Inc, Smardt-OPK Chillers GmbH, Kiltech Inc, Smardt Malaysia SDN BHD, TICA-Smardt Hong Kong Ltd, Guangzhou Smardt Chiller Manufacturing Co Ltd


# Smardt anti slavery statement FY2023


Final Audit Report


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