

Higgins Coatings Annual Modern Slavery Statement

FY 2022-2023

Introduction

This statement is prepared by Higgins Coating (referred to as Higgins in this document) in accordance with the Modern Slavery Act 2018 (Cth) (Act) and is the first Modern Slavery Statement filed by Higgins under the Act. This statement specifies the actions taken to identify, assess and address modern slavery risks in our operations and supply chain in the period from 01/07/2022 to 30/06/2023 (Reporting Period), and our subsequent assessment of the effectiveness of those actions. This statement is made on behalf of Higgins and its entities which had revenue exceeding \$100m in the Reporting Period.

Commitment

Higgins opposes all forms of modern slavery and is committed to operating its business lawfully, ethically and in respect of human rights. Higgins' commitment includes identifying, assessing and addressing modern slavery risks both within our operations and throughout our supply chain. Higgins respects and supports the human rights and freedoms of workers within our operations and throughout our supply chain.

Modern slavery is a serious violation of a person's basic human rights. It involves using coercion, threats or deception to exploit a worker for commercial gain - undermining their freedom. Modern slavery includes serious exploitation such as trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting, and child labour.

1. Reporting Entity

This annual Modern Slavery Statement has been prepared for Higgins Coatings, ACN 009 342 572, located at 1/297 Ingles Street, Port Melbourne VIC 3207.

2. Reporting Entity Structure

Higgins Coatings is owned by parent company Swanwick Holdings Pty Ltd. Higgins is a family owned private company incorporated in Australia and has its headquarters in Melbourne.

2.1 Operations

Higgins operates in all states and territories in Australia, operating from 22 branches. As of 30 June 2023, Higgins employed 472 personnel.

With a large geographical footprint and a diverse clientele base, Higgins provides customers with commercial painting and maintenance services.

2.2 Supply Chain

Higgins does not manufacture paint, paint materials or equipment. Instead, it procures paint, consumable items, some machinery and hires some special access equipment on a project by project basis from suppliers. Higgins then provides the employee workforce to complete the painting works. Speciality goods and services sourced from suppliers include paint, painting consumables and equipment, hire of machinery and height access equipment (for example, scaffold, Elevated Work Platforms).

Goods are also procured to support business operations including stationary, clothing, merchandise, IT and communication hardware.

100% of purchases with suppliers during FY22-23 were sourced directly from Australian based businesses, with several of the larger suppliers being overseas owned.

3. Modern Slavery Risks

3.1 Risks in Operations

Higgins has assessed the risk of modern slavery in its operations as low to negligible. This assessment was based on:

- 100% of Higgins workforce is employed directly by Higgins in accordance with Australian laws, applicable modern awards and enterprise agreements.
- Higgins has a dedicated team of HR professionals to ensure compliance to Australian ER/IR laws.
- None of the workforce is engaged through labour hire providers.

3.2 Risks in the Supply Chain

During FY22-23, Higgins identified the top 5 key and regular suppliers of goods, services and equipment by quantity and spend. These were:

List of name and goods services provided.

- Dulux Group
- Haymes Paints
- United Access and Forklifts
- Cargo Crew Clothing Supplies
- Dell – IT/Electronic equipment

These suppliers were then reviewed to identify which ones may be identified as being “high risk” with reference to the Walk Free Foundation’s Global Slavery Index.

Following the review, a supplier provided products and services in the “medium to high risk” category. The following product/service categories were identified as potentially being a “medium risk”:

- Dell - IT/Electronics from China & Malaysia, specifically for laptops, computers and related hardware/software

This assessment was made based on:

- Dell is large international corporation with various practices in place to reduce modern slavery risks
- Higgins has reviewed Dell’s 2023 Modern Slavery statement, which is very comprehensive and demonstrates its actions to reduce modern slavery risks
- Higgins does not have full visibility into their supply chain and any potential modern slavery practices

Based on the review of the top 5 suppliers, the overall modern slavery risk associated with goods, services and equipment procured by Higgins is assessed as being ‘low’.

4. Actions Taken by Higgins to Assess and Address Modern Slavery Risks

Higgins is required to assess and address the above risks, including due diligence and remediation processes. Higgins has taken a number of actions to assess and control the risk of modern slavery within its operations and supply chain. These include:

- Governance/due diligence review
- Agreeing on remediation actions

4.1 Governance/Due Diligence

The due diligence/ governance review was conducted in July 2023 and included examining:

- Current policies and practices v Modern Slavery Act requirements
- External organisation’s practices in relation to Modern Slavery
- Review of key supplier Modern Slavery Statements

Areas where gaps were identified/areas for improvement included:

- Review and update of company values, which were more than 7 years old
- Review company policies and procedures on Code of Conduct, Human Rights and Supplier Prequalification Assessments
- No external Whistleblower provider in place to ensure anonymous and independent reporting and investigation process

- No partnerships in place with third party organisations to assist with supply chain best practices
- Education to senior managers on Modern Slavery and Higgins obligations to comply with the Act had occurred, but no awareness training was in place for employees
- Review of the supplier pre-qualification and approval process had not been reviewed for several years

4.2 Remediation Actions

After conducting a review of the above modern slavery risks and gaps from the due diligence assessment, the following actions were implemented during the reporting period:

4.2.1 Policies and Procedures

Higgins aims to embed a framework and culture of treating workers with dignity and respect and to ensure we meet our ongoing commitment to improving how we behave, human rights and sustainability performance which assists in reduces modern slavery risks in our operations. To do this Higgins has developed, published and conducted awareness training in the following policies and procedures during the reporting period,

- Values
- Code of conduct Policy
- Human Rights Policy
- Modern Slavery Policy
- Supply Chain Sustainable Procurement Policy

4.2.2 Whistleblower service provider

Higgins has introduced a revised Whistleblower policy and partnered with an external provider, Stop Line, during the reporting period. This also included providing awareness training to all employees.

4.2.3 Partnership with Third Party organisations

Higgins became a member of SEDEX during the reporting period. Higgins is examining the SEDEX 'Radar' supplier risk assessment tool, to assesses the inherent risk rating for overall labour standards, including modern slavery risks such as forced labour and child labour, and to assess and onboard potential new suppliers.

4.2.4 Supplier Terms and Conditions

Higgins reviewed its supplier standard terms and conditions for the purchase of goods and services. These terms and conditions were seen as appropriate as they include various covenants and warranties, including adherence to all Australian laws and regulations, which includes modern slavery.

Suppliers are required to ensure they have thoroughly investigated their labour practices, and those of their direct suppliers, to ensure there is no modern slavery within their supply chains. Higgins is able to ensure compliance by having the right to audit suppliers and through the tender process associated with onboarding major suppliers into the organisation.

4.2.5 Supplier Checks and Monitoring

Due-diligence checks are undertaken on all new suppliers to ensure those suppliers share Higgins ethics and values and have appropriate processes and controls in place to control modern slavery risk. Checks are dependent on the nature of the supplier, location of the supplier, and services provided in accordance with an established process.

Key suppliers were asked to provide Higgins with their Modern Slavery Statement (if required to do so) as well as their Modern Slavery policy. These suppliers have provided the documents to Higgins.

Higgins recognises the importance of applying a higher level of governance to suppliers who have manufacturing operations in geographies where modern slavery is more prevalent and implementing more rigorous controls is required to reduce risk.

Higgins does have long-term and direct relationships with these key suppliers, which increases certainty and efficiency for those suppliers and, in turn, increases stability for workers and reduces modern slavery risks.

4.2.6 Employee Education

Education sessions have been held to inform employees about the new external Whistleblower service and the revised Whistleblower policy and procedures. Employees are required to sign they have read and understood the contents of this document.

Education sessions have been held with senior management on the Modern Slavery Act, Higgins obligations to comply with the Act, and how Higgins is reducing the risks of Modern Slavery.

During the current reporting period, Higgins intends to conduct more education around Human Rights and Modern Slavery policy and procedures, including what each person can do to identify and reduce Modern Slavery practices.

4.2.7 Reporting

Higgins has a clear process relating to the reporting and remediation of Modern Slavery practices within its supply chain. This process is supported by the Higgins Modern Slavery Policy.

Any person who suspects any form of or involvement in modern slavery is to report the incident to Higgins General Manager (GM) of HR and Safety. Any suspected occurrence of modern slavery will be investigated by the GM of HR and Safety or by a third party to ensure impartiality into the investigation and remove any actual or perceived conflict of interest.

Anonymous and external reporting is available, should the reporting party desire anonymity, through Stop Line which is Higgins' external whistle-blower reporting hotline. Any submission received by Stop Line is investigated independent of Higgins.

Dependent on the situation, if an occurrence of modern slavery practices is discovered, Higgins will follow best practice guidance set out by the Modern Slavery Act and UN Guiding Principles to educate and support the supplier to remove modern slavery from its operations. This will include, if required, working with third party experts to create corrective action plans and remove any nonconformance in preference to implementing punitive measures.

5. Describe the effectiveness of actions being taken to assess and address modern slavery risks

As this is Higgins' first Modern Slavery statement it is still developing its system and KPIs to assess the implementation of modern slavery policies or processes.

To date the assessment of the effectiveness of actions included:

- All employees have read the updated policies as described in 4.2.1
- The number of cases relating to Modern Slavery reported through internal grievance mechanism and the Whistleblower provider has been nil
- The Number of internal audits or monitoring of specific steps taken to assess and address modern slavery risks with suppliers: 3

Other KPIs agreed to are:

- The number of cases relating to Modern Slavery reported through internal grievance mechanism and the Whistleblower provider
- Number of internal audits or monitoring of specific steps taken to assess and address modern slavery risks with suppliers. Eg. audit the supplier prequalification checks to determine if mitigation measures have been consistently actioned.
- Tracking the number of high risk suppliers

- Tracking the number of staff who have completed the Modern Slavery awareness training

Moving forward Higgins will continuously monitor and review its progress in completing future actions and report on them on a monthly basis to the Higgins senior management team and quarterly to the Higgins Board. Deficiencies or improvements will be addressed as they arise and opportunities for continuous improvement are identified.

FY23-24 Actions

In developing a set of actions for FY23-24, Higgins consulted with various employees at different level in the organisation, as well as researching best practices from major suppliers and other similar organisations.

Actions include:

- Investigate SEDEX resources, including Radar, to assist in data gathering, evaluation and benchmarking
- Provide awareness training to employees on Human Rights and Modern Slavery Policy, including the warning signs of modern slavery, and Higgins commitments to eradicate it from its supply chain.
- Conduct Ethical Sourcing & Modern Slavery Awareness Training for our National Operations/Procurement manager
- Review of our supplier assessment/prequalification and approval process to ensure aspects of Modern Slavery compliance is incorporated into the decision making process
- Continue to review and Update our Supply Chain Sustainability Procurement policy to include Modern Slavery Act compliance practices
- Continue to improve relationships with key suppliers to conduct Modern Slavery compliance audits so we better understand these supplier's supply chains and evaluate their processes and controls to mitigate modern slavery risk.
- Develop an 'Individual Supplier Profile' for top 5 key suppliers, which shows the supplier's Modern Slavery risk categorisation, location(s) of operations, location(s) where the supplier produce goods/provide services, location(s) where suppliers source from, as well as suggested risk mitigation actions
- Investigate substituting suppliers or products where the modern slavery risk presented by the supplier is assessed as being higher than reasonable or where the supplier is unresponsive to Higgins enquiries or agreed action plans.
- Investigate in more detail the supply chains or componentry used to manufacture IT/Electronic goods purchased to determine if the Modern Slavery risks exist.

Board Approval

This statement is made pursuant to the Act and constitutes Higgins Modern Slavery Statement in respect of the 2022-23 financial year and is approved by the principal governing body of Higgins, being its board of directors on 13 December 2023.

Signature

A handwritten signature in black ink, appearing to read 'Gerard Higgins', with a long horizontal stroke extending to the right.

Gerard Higgins

Managing Director