

MODERN SLAVERY STATEMENT

1 JULY 2023 – 30 JUNE 2024

adradholdings.com.au

ASX: AHL

Version: FINAL

20 August 2024

Reporting Criteria 1: Reporting entity

Reporting Entity

This Modern Slavery Statement is submitted by the company Adrad Holdings Limited (AHL) (ABN 51121033396) pursuant to the Modern Slavery Act 2018 (Cth).

This Statement is approved for release by the Board of Adrad Holdings Limited.



.....
Glenn Davis, Chair and Independent Non-Executive Director

Date 28 October 2024



.....
Kevin Boyle, Chief Executive Officer

Date ...28 October 2024.....

Directors

- Mr. Glenn Davis
- Mr. Donald McGurk
- Mr. Gary Washington
- Mr. Darryl Abotomey

Chief Executive Officer

Mr. Kevin Boyle

Registered office Adrad Holdings Limited and Principal place of business Adrad Holdings Limited

26 Howards Road, Beverley, South Australia, 5009 Australia

Controlled Entities

Controlled entities that form part of the consolidated entity are;

Country of incorporation

| | |
|--|-------------|
| Adrad Investments Pty Ltd | Australia |
| Adrad Group Limited | Australia |
| Adrad Management Services Pty Ltd | Australia |
| Adrad IT Services Pty Ltd | Australia |
| Adrad Pty Ltd | Australia |
| National Radiators Ltd | New Zealand |
| Air Radiators Pty Ltd | Australia |
| Air Radiators Beverley Pty Ltd* | Australia |
| Air Radiators Industrial Pty Ltd | Australia |
| Air Radiators (Thailand) Limited | Thailand |
| Air Radiators (WA) Pty Ltd | Australia |
| Breakaway Industrial Radiators Pty Ltd | Australia |
| Wingfan Pty Ltd | Australia |

Reporting Criteria 2: Structure, operations and supply chains

Company Overview

AHL is an Australian-based business specializing in the design and manufacture of innovative heat transfer solutions for industrial applications and the manufacture, importation and distribution of automotive aftermarket parts in Australia and New Zealand. AHL has an established network of branches, workshops, and manufacturing facilities across 8 main sites and 16 warehouses in Australia, New Zealand and Thailand. AHL has approximately 550 employees.

The two major segments servicing all aspects of the engine cooling market: (1) Heat transfer solutions and (2) Automotive aftermarket.

Heat Transfer Solutions (Air Radiators)

A vertically integrated designer and manufacturer of industrial and automotive radiator and cooling solutions. Typical examples of heat exchangers in mobile and stationary applications include radiators, intercoolers, oil coolers, heaters and condensers to remove the heat generated by internal combustion engines (ICE), compressors, drive transmissions, and chemical reactions (batteries and fuel cells).

Adrad's OE segment is serviced by three business units utilising vertical integration in the development and manufacture of heat transfer solutions for defined market segments.

Air Radiators (ARL)



- ARL is located in Lara, Victoria and operates a 7,170m² facility with over 120 employees
- Primarily involved in the fabrication, core build and assembly of heat transfer and thermal management systems for mobile and non-power generation stationary applications

Air Radiators Industrial (ARI)

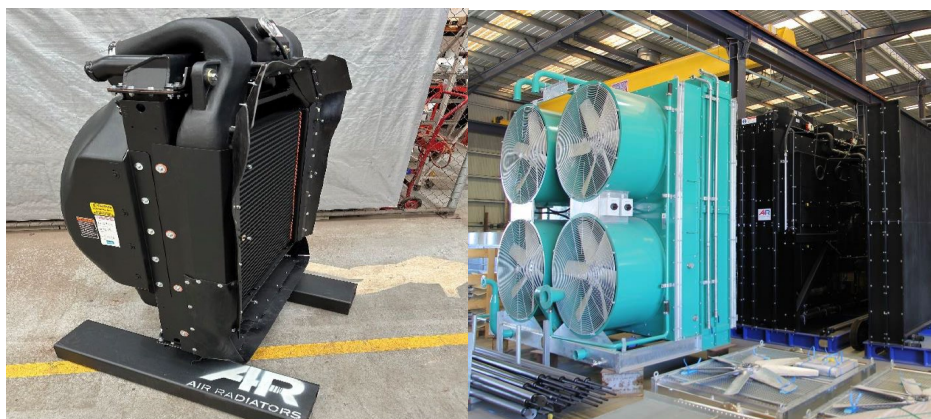


- ARI is located in Adelaide and operates a 4,000m² facility with over 45 employees
- Primarily involved in the production of stationary heat exchange products used in remote power generators, data centres and back-up power supply units

Air Radiators Thailand (ART)



- ART is located in Rayong Thailand and operates two manufacturing and assembly facilities with over 100 employees
- Involved in the production of heat exchange products for Thailand and other Southeast Asian customers while also supplementing the production needs of ARL and more recently ARI



Adrad Distribution

Importer and distributor of radiators and other products for the Australasian automotive and industrial aftermarket. Automotive aftermarket parts are used in the service and repair of passenger, light commercial, articulated trucks, light rigid and heavy rigid vehicle categories. The aftermarket automotive parts value chain involves a number of participants including: Part manufacturers; Wholesalers; Distributors; and Workshops.

Franchise customer groups:



Commencing in 1984, this Australian workshop group consists of specialist radiator repairers. A number of these workshops are also members of the other Natrad groups.



The Natrad HDS group was created in 2012 to help promote those Natrad workshops servicing on-highway transport, industrial, mining and other heavy vehicle cooling requirements.



Launched in 2017, Natrad AutoCare workshops provide vehicle servicing and mechanical repairs.

Non-Franchise customer groups:



The Adrad Radiator Experts group consists of specialist radiator repairers around Australia who operate their workshops under this national brand utilising a co-operative model.



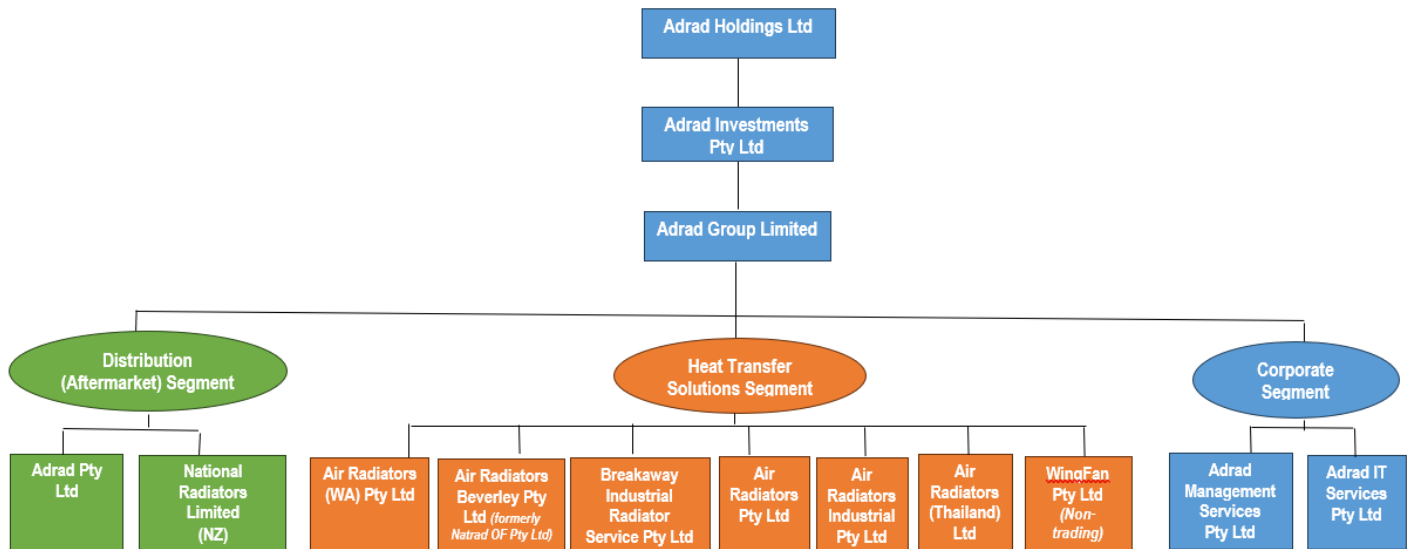
The Adrad National Radiators NZ group of agents consists of radiator repairers across New Zealand. The agents have used the Adrad branding since 2006.



Entity Structure

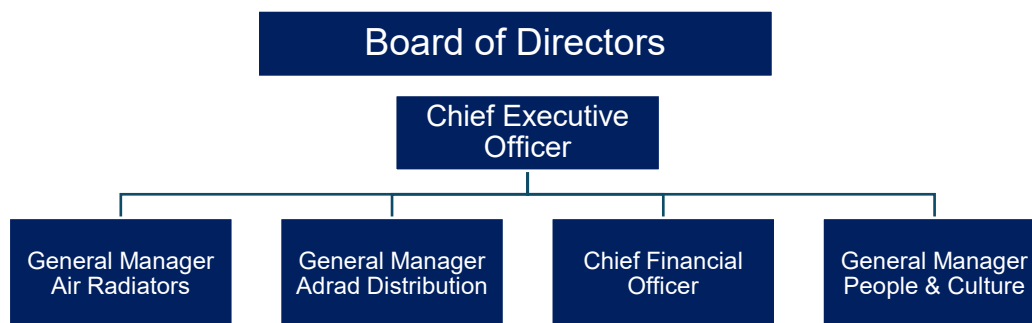
The AHL entity structure is reflective of the diverse business operations and geographical locations (Australia, New Zealand and Thailand).

Adrad Holdings Group of Companies



Corporate Structure

The AHL corporate structure is reflective of the current business and where it is headed, with clear accountability for business performance.



Heat Transfer Solutions – Air Radiators. This segment includes all the group’s manufacturing sites (Lara, Gillman, Beverley, Bayswater, Thailand), all of Air Radiators businesses, including Thailand and all group owned workshops.

Automotive Aftermarket – Adrad Distribution. This segment focuses on the Aftermarket Distribution business, including all warehouses, aftermarket sales functions, aftermarket operations including procurement, inventory management etc. Aftermarket Distribution sources and distributes automotive and industrial product (both sourced and manufactured internally) to aftermarket customers throughout Australia and New Zealand.

Finance and Administration – Chief Financial Officer (CFO). Responsibility for all accounting and administration functions falls under the CFO, with Direct Line Reporting from Business Segment Accountants to this area. Information Technology and Communications Infrastructure is treated as a Group function under the CFO.

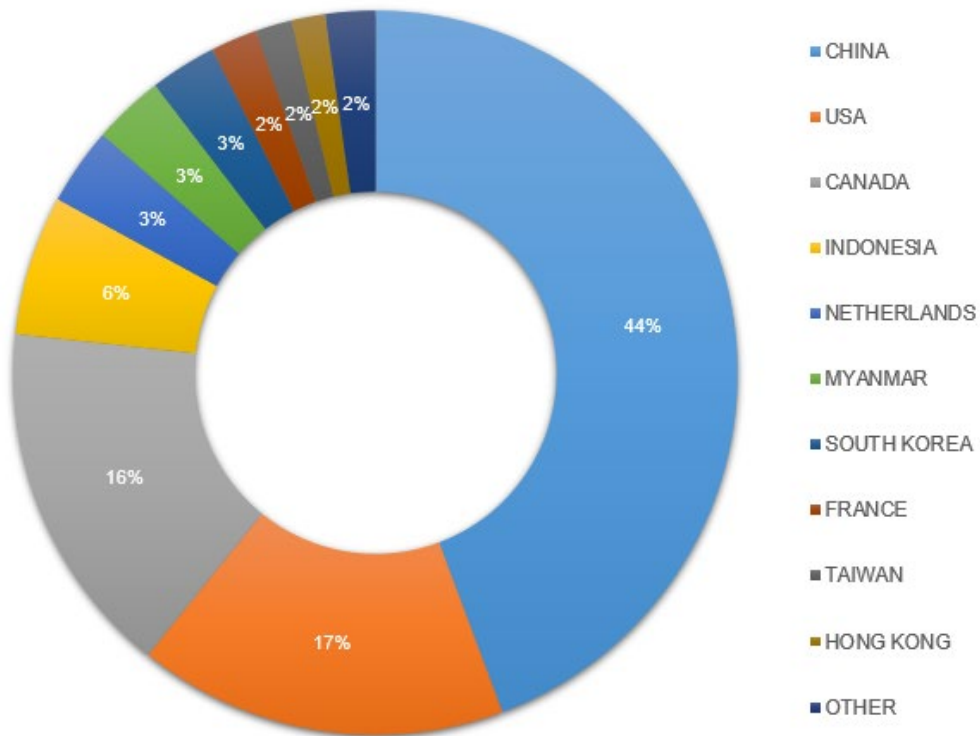
People and Culture. Development of a common approach to human resources (incorporating the employee lifecycle); remuneration; workplace health and safety; and governance, risk and compliance.

Supply Chain Overview

International

The AHL international supply chain spend totals approximately \$31.5 million for the financial year ended 30/6/24. The majority of suppliers by spend are in China, USA, Canada and Indonesia.

% International Supplier Spend by Country (FYE 30/6/24)



Domestic

The largest domestic supply chain segments are Automotive Parts; Laser Cut Parts / Laser Cutting; Raw Materials; Industrial Gas; Building Construction; and Fans.



Reporting Criteria 3: Risks of modern slavery in operations and supply chain

AHL has considered the following risk factors in assessing the potential risk of modern slavery in its operations and supply chain:

| Operations | Supply Chain |
|---|---|
| <p>Risk Factor 1: High-risk industries and to what extent that includes reliance on vulnerable people such as migrant, seasonal, low-skilled or unskilled workers; reported occurrences of modern slavery or other unlawful labour practices; reliance on offshore labour agencies.</p> <p>Risk Factor 2: Geographic regions (offshore operations for production/labour) and to what extent that includes owned or controlled offshore entities operating in countries with a higher prevalence of modern slavery.</p> <p>Risk Factor 3: Contingent workforce who may be more vulnerable to modern slavery when engaged via managed services providers, and to what extent there is poor visibility of the arrangement between the worker and the provider or the arrangement is located overseas.</p> <p>Risk Factor 4: High-risk entities and to what extent that includes entities that have reported non-compliance or convictions in connection with human rights or modern slavery laws; poor or inadequate policies, procedures, including candidate funded recruitment practices, poor reporting mechanisms.</p> <p>Risk Factor 5: Nature of business operations and to what extent there is the requirement for workers that are more vulnerable to modern slavery (e.g. non-specialist skills, unskilled staff, non-technical/non precise requirements).</p> | <p>Risk Factor 6: Supply chain model involved and to what extent that includes larger and more complex global supply chains; sub-contracting; use of labour recruiters in the supply chain; direct and indirect suppliers; and contractors.</p> <p>Risk Factor 7: Sectors and industries that the company operates in and to what extent that includes those that are informal and unregulated, with little visibility over lower tier suppliers or involve seasonal, low-paying, low-skilled or dangerous/ hazardous work (e.g. extractives, textiles, fashion, fishing, electronics, cleaning, agriculture).</p> <p>Risk Factor 8: Types of products and services sourced and to what extent that includes those that have high modern slavery risks (such as bricks, cobalt, cotton and rubber) and services (such as cleaning) that involve lower wages and manual labour.</p> <p>Risk Factor 9: Geographical regions (offshore suppliers) to source materials and to what extent that includes countries that may have higher risks of modern slavery due to poor governance, weak rule of law, conflict, corruption, displacement, state failure to protect human rights, migration flows and socio-economic factors like poverty or discrimination.</p> <p>Risk Factor 10: Types of entities involved and to what extent that includes those with poor governance structures, a record of treating workers poorly or a track record of human rights violations.</p> |

Risk Statement

| Operations | Supply Chain |
|--|--|
| <p>AHL considers that modern slavery risk in its operations to be low due to the following:</p> <ul style="list-style-type: none"> • Risk factors 1 – 5 set out above • AHL operates in Australia (1.6 per thousand)*, New Zealand (1.6 per thousand)* and Thailand (5.7 per thousand)*, all of which are ranked low in the country Global Slavery Index* • AHL employees are covered by modern awards or individual employment contracts that set the minimum pay and conditions • AHL maintains transparent operations supported by its governance framework and policies including its Whistleblower Policy to encourage employees to raise concerns. | <p>AHL has less visibility into the operations of its suppliers and contractors. To identify potential modern slavery risks in its supply chains and to focus actions, AHL undertakes a risk assessment of its existing and new suppliers and is continuously improving its supply chain risk assessment to incorporate the following:</p> <ul style="list-style-type: none"> • Risk factors 6 – 10 set out above • Development of channels for gathering and managing modern slavery risk information • Due diligence checks in the appointment of new suppliers and labour providers • Standard Terms and Conditions of Purchasing • Identification of suppliers with a higher risk for modern slavery; and assessment of the modern slavery risks, including engaging directly with the high-risk suppliers to better understand their structure and sourcing practices and their approach to managing modern slavery risk • Monitoring of existing and new suppliers that may include review of risk assessments, audits and support to mediate identified non-conformances. |

* Estimated prevalence of modern slavery (noting estimated prevalence per 1,000 population) as identified in the Global Slavery Index 2023 <https://walkfree.org/global-slavery-index/>

Reporting Criteria 4: Actions taken to address risks, including due diligence and remediation

AHL seeks to continually improve its systems and processes to identify and manage modern slavery risks associated with its operations and supply chains, including taking the following actions:

1. **Corporate strategy.** Reviewed AHL's strategic objectives and supporting business plans and actions (incorporating AHL's commitment to combat modern slavery practices in collaboration with suppliers).
2. **Policies and procedures.** Developed Ethical Supply Chain Policy and Procedure (incorporating Modern Slavery); Whistleblower Policy; Risk Management Policy, Procedure and Framework; Code of Conduct; Hours of Work Procedure; Leave Procedure; and Anti-Bribery & Corruption Policy.
3. **Employee engagement.** Conducted a company-wide employee engagement survey.
4. **Grievance mechanism.** Implemented AHL's confidential and anonymous Whistleblower hotline (Speak Up) and online reporting mechanism.
5. **Training.** Modern slavery training (eLearning) has been completed by 324 employees representing 87% of employees (372) that have been assigned this training (as at the date of this Statement).
6. Implemented AHL's **risk management framework** (including policy, procedure, framework, risk appetite statement; and corporate risk register).
7. Developed AHL's **corporate governance framework**.
8. Developed AHL's **modern slavery statement** for the reporting period ending 30/6/24.



Reporting Criteria 5: How the reporting entity assesses the effectiveness of these actions

AHL seeks to continually improve its systems and processes to assess the effectiveness of actions taken in relation to modern slavery risks associated with its operations and supply chains. Throughout the reporting period, the effectiveness of actions was demonstrated by the following:

- 1. Increased awareness across AHL's internal stakeholders, including workers, the Senior Leadership Team (SLT), the Group Leadership Team (GLT) and the Board of Directors, specifically:**
 - Consultation and approval process for AHL's Annual Modern Slavery Statement
 - Developed the Whistleblower Policy, appointed a Whistleblower Officer, and implemented the confidential and anonymous Whistleblower reporting mechanism
 - Access to Modern Slavery Statements submitted by suppliers via the Australian Government's Online Register for Modern Slavery Statements
 - Appointment of Anti-Bribery and Corruption Officer.
- 2. Continual improvement of systems and processes for monitoring compliance by our supply chain with modern slavery legislation, specifically:**
 - Developed the Ethical Supply Chain Policy and Procedure (incorporating Modern Slavery).
- 3. Continual improvement of workplace management practices to monitor compliance in the company's operations, specifically:**
 - Robust labour sourcing and recruitment practices
 - Confidential and anonymous grievance mechanisms
 - Workplace engagement including Employee Engagement Survey.



Reporting Criteria 6: Process of consultation

AHL has actively engaged and consulted with relevant stakeholders, including all business entities it owns or controls as follows:

1. **Representatives from the business entities it owns or controls** through:
 - Consultation and approval process of AHL's Annual Modern Slavery Statement for the reporting period
 - Raising awareness of Modern Slavery Act 2018 reporting requirements
 - Communication of group-wide expectations in relation to our supply chain and business operations
2. **AHL's Group Leadership Team (GLT), Senior Leadership Team (SLT) and the Board of Directors** through the consultation and approval process for AHL's Modern Slavery Statement for the reporting period.
3. **Training and policy deployment** across the group employees for the following:
 - Delivery of Modern Slavery training (eLearning)
 - Development of Ethical Supply Chain Policy and Procedure (incorporating Modern Slavery)
 - Development of Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblower Policy.

Reporting Criteria 7: Other relevant information

AHL continues to improve its systems (people, process and technology) to identify and manage modern slavery risks in its operations and supply chains, including but not limited to, the following:

1. **Supplier Risk Management.** Ongoing evaluation of AHL's operations and supply chain including planning for the development of a Supply Chain Risk Screening Tool to facilitate risk-based supplier assessments and engagement.
2. **Ongoing training** for relevant employees on modern slavery legislation and risks.
3. **Monitoring compliance** in relation to suppliers who have submitted their Annual Modern Slavery Statements.
4. **Ongoing stakeholder engagement** with suppliers, including completing Modern Slavery questionnaires requested by AHL's suppliers.
5. **Improved grievance and remediation** processes to manage allegations or actual incidents of modern slavery. As at the date of this Statement, no reports of modern slavery have been received.

