



VARLEY

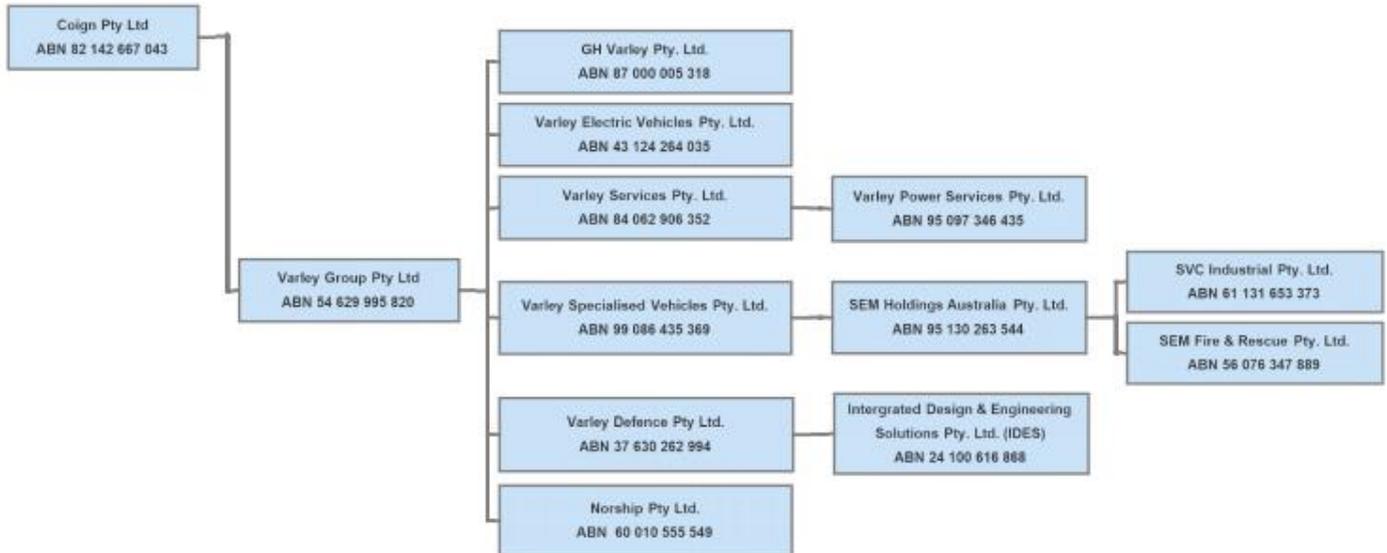
EXCELLENCE SINCE 1885



Modern Slavery Statement Financial Year 2020-2021

This Statement is made as a joint statement on behalf of the boards of Coign Pty Limited and its subsidiary companies Varley Group Pty Ltd and G.H. Varley Pty Ltd in accordance with the requirements of the Commonwealth Modern Slavery Act 2018 (cth). This Act requires Australian registered companies conducting business in Australia with an annual consolidated revenue in excess of AU\$100 million to be transparent about their efforts to identify and mitigate slavery and human trafficking in their businesses and supply chains. Varley also makes a voluntary declaration on behalf of the other Varley Group subsidiary companies.

Varley Group Structure



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Who We Are

Varley is an Australian engineering company established in 1886 as a plumbing and boiler making company. Varley has since developed and evolved into a highly successful, diverse multi-national design and engineering operation that services three business divisions, Defence, Vehicles and Services. With a network of 12 facilities encompassing Australia, USA and Indonesia. We have 5 major Australian manufacturing facilities located at Tomago, Carrington and Sydney NSW, Narangba QLD and Ballarat VIC. Varley employs 1060 people across all national and international facilities.

Throughout its long history, Varley has steadily grown and diversified to provide a comprehensive range of first class products, service and workmanship to a broad range of major industries.

The Varley Group's ability to transform customer ideas into reality has earned the company a competitive reputation as a provider of innovative turnkey solutions and unsurpassed service, on local, national and international stages.

Varley's current customer base is wide-ranging from individuals to governments and global corporations. Similarly, the products and services offered by Varley are vastly diverse.

Our manufacturing projects include custom emergency service, health, education and rescue vehicles, military ambulances, shelters and aviation ground support equipment, industrial and recreational electric vehicles, power plant restorations and rail maintenance works. Services offered include custom engineering and production, made-to-specification manufacturing, electrical and mechanical repairs and repeat vehicle maintenance.





George H Varley forms a plumbing and boiler-making business in King St, Newcastle

GH Varley passes away, son Reginald inherits leadership of the business

Reginald resigns, replaced by brother Aubrey

Varley received 'Priority T' status due to its vital work on Australia's naval fleet in WWII

The business closes King St and Darby St facilities and moves to Parker St, Carrington

'Varley Aluminium' is formed

Clem Varley Snr resigns; Clem Jnr becomes chairman

'Corrosion Control Pty Ltd' is acquired

Wollongong facility is opened, offering industrial services to the Illawarra region

Business rebranded 'Varley Engineering' to better represent the company's diversity

'Hill and Mills Fabricating' is purchased, operating out of Young St, Carrington

'Invartech' is created; owned by Varley, it provides design and project management services

Jeff Phillips, Clem's son-in-law, assumes the CEO role from Clem Jnr at 31 years old

The 'Varley Commander' fire truck contract commences

Tomago Head Office and main workshop is purchased; at 12 hectares, it is almost 7 times larger than the previous facility

PT Varley Indonesia commences operations in Jakarta

Ray Hall, Varley's longest ever employee of 70 years, sadly passes away

Varley celebrates 125 years in operation; the book 'By George, We've Done It!' is published to commemorate the occasion

Varley's Sydney operations are opened in Milperra, offering extra specialised vehicles manufacture capabilities

Varley USA is founded, expanding the company's reach to the United States

Varley's Queensland operations moves into a new 16,000m2 facility at Narangba

Varley's Perth operations commence, offering extra telescopic tower and specialised vehicle manufacture capabilities

Varley acquires Hinton Engineering expanding rail services into Hi Rail

Varley partners with Rafael creating 'VRA Systems' stepping into Defence fire armery

1886 — GH Varley Pty Ltd becomes Incorporated, 8 family members are shareholders

1912 —

1913 —

1914 — Darby St premises are opened

1921 —

1923 — Varley suffers first period of financial difficulty

1930 —

1939 — Clement Y Varley, another son replaces Aubrey

1950s — Varley and BHP develop a close relationship; Varley diversifies into aluminium fabrication

1964 —

1966 —

1967 — Clem G Varley Jr joins the company to prepare for succession from his father

1970 — 'Covar' is formed to deliver civil engineering services; sold back to employees in 1973

1972 —

1975 — 'Varlec', Varleys first electrical division, is created

1976 — Power station works commence at Eraring, Vales Point and Bayswater Power Stations

1979 — 'Croft and Associates', an environmental consulting business, is purchased and soon becomes known as 'Envirosciences'

1985 —

1988 — 'Varley Shelters' is created to fulfil the company's first foray into the Defence market

1995 —

1999 — A new, 5,000m2 facility at Virginia QLD is opened to facilitate specialised vehicle manufacture

2000 — Clem Varley Jnr passes away and Jeff Phillips becomes Managing Director and Chairman

2003 — Varley Rail moves into a large facility at Darling St, Carrington

2004 —

2009 — Varley acquires 'Integrated Design and Engineering Solutions', a Melbourne-based advanced engineering company

2010 —

2011 — Varley acquires 'SEM Fire and Rescue' in Victoria to expand the company's specialised vehicle manufacture capabilities

2013 — Varley acquires 'Telescopic Tower Enterprises' in Queensland, offering elevated work solutions

2014 — Varley acquires 'BJ Electrical' to expand its electrical service capabilities

2015 — Varley acquires 'EMC Electric Vehicles' in Gosford to increase its electric vehicle manufacture and sales capabilities

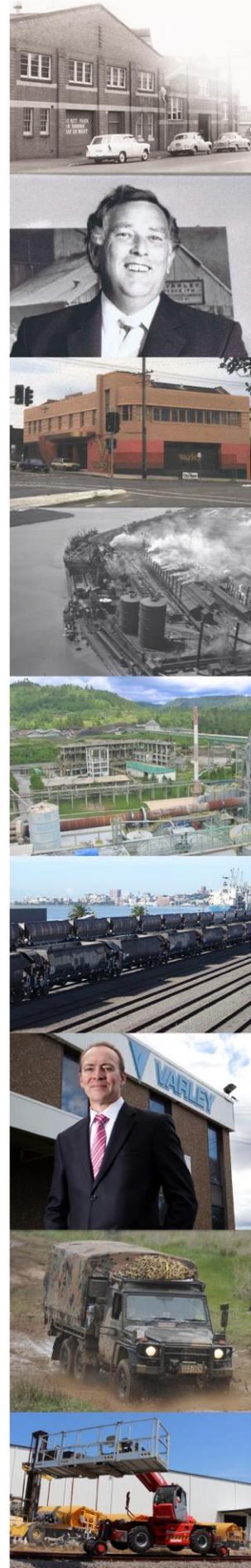
2016 — Varley acquires 'RGM Maintenance' to increase its vehicle manufacture, sales and national service capabilities

2017 — Varley partners with 'CTS', United States expanding into world-class technical services in Defence

2017 — Varley Group is created with 3 major business sectors, Defence, Vehicles and Services.

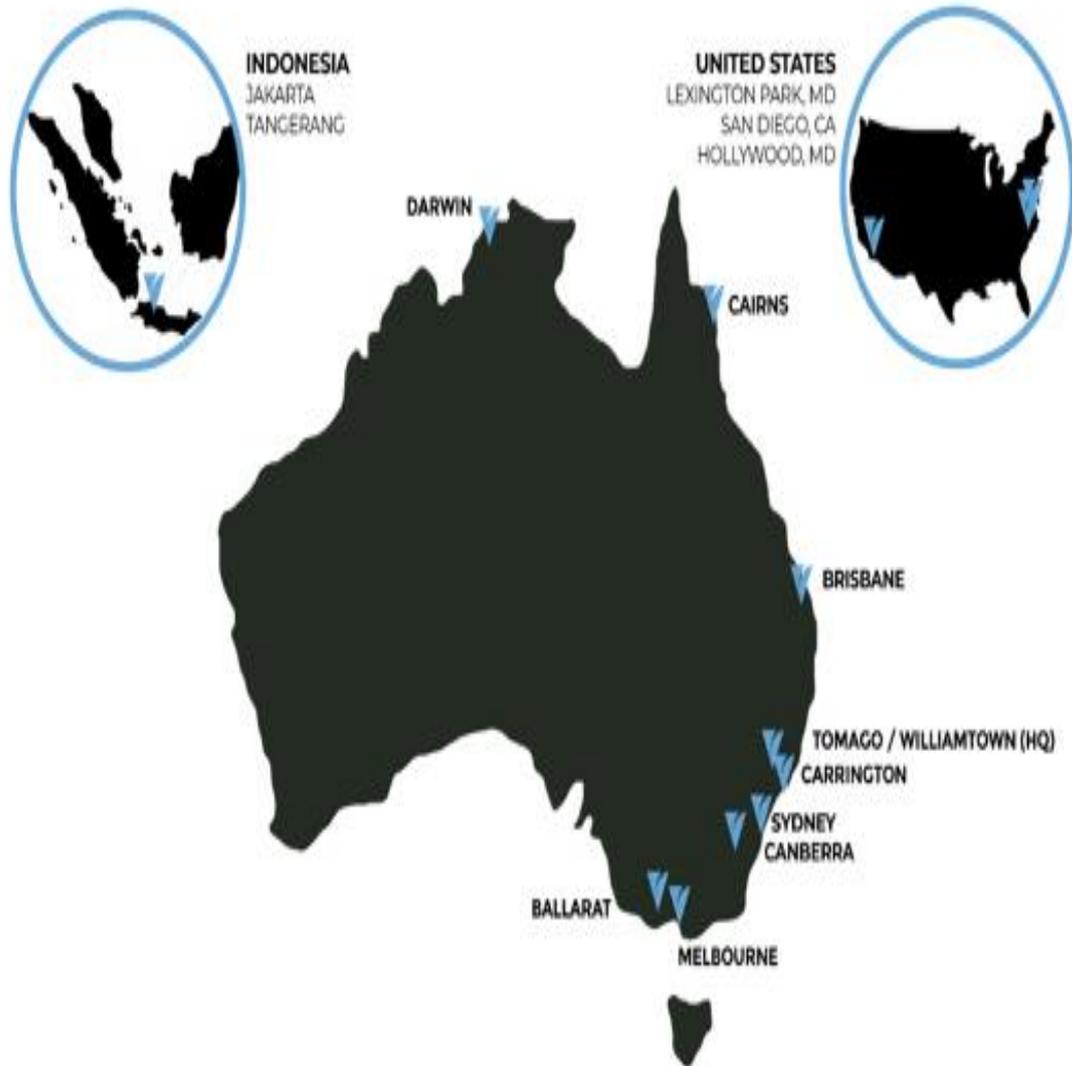
2018 —

2021 — Varley Group acquires Norship





GEOGRAPHICAL LOCATIONS





VARLEY DEFENCE

‘Design, Manufacture and Support of Innovative Solutions’

Varley Defence provides the defence industry with acquisition and sustainment of Defence contracts covering land, air, sea and cyber.

For over 30 years Varley Defence has achieved global recognition with their highly skilled and diverse workforce providing quality certified products from development stage to manufacture, testing and through life support.

Our business integrates complete design, manufacturing, integrations and installation of solutions and concepts for aircraft ground support equipment, military hard shelters, vehicle bodies, modules and fit-outs, lightweight and heavy trailers, and specialised storage and transport solutions.

Major Achievements

- F-35 Program Industry participation since 2003 partnering with Lockheed Martin and Northrop Grumman.
- OEM (Original Equipment Manufacturer) for the JSF LGHS (Landing Gear Handling System) the JSF Canopy Maintenance Sling.
- OEM for the ESSM (Evolved Sea Sparrow Missile) Block 2 storage and transport containers
- ADM 2020 Top 40 Australian Defence supplier achieving #39.
- ADM award for excellence in project management, outstanding achievement in major acquisition for the Australian Defence Surveillance and Reconnaissance Vehicles partnered with Mercedes-Benz Australia.





VARLEY VEHICLES

‘Vehicle Solutions That Work for Your Business’

With over 60 years of dedicated industry experience, Varley Vehicles has supplied government and commercial organisations with customised vehicle solutions.

Ranging from one-off builds to whole fleets Varley Vehicles highly skilled team work with our customers from engineering design, manufacture, through to delivery ensuring all functional, operational and aesthetic expectations are met.

Developing a superlative platform in design and build methodology, Varley is recognized as providing exceptional customer focus, efficiency and quality certified products.

Our business integrates complete design, manufacturing, integrations and installation of solutions and concepts for a range of vehicles which include service trucks, utes, pods and vans, fire appliances, ambulances, health and community vans and trailers, mobile clinics, libraries and promotional vehicles, law enforcement vehicles, refrigeration vehicles, buses and coaches.

Varley Vehicles service also extends into vehicle refurbishment and testing for vehicle compliance.

Major Achievements

- NSW Ambulance project building 1,000 Ambulances between 2017 and 2020.
- HMA (Hunter Manufacturing Awards) manufacturer of the year for NSW Ambulance build project.
- NSW Fire + Rescue design and build of the new fleet of next generation response aerial pumper vehicles.
- NSW Police Mobile Command Centre design and build.
- NSW RFS new build and refurbishment project of various fire appliances. (CAT 1, CAT 6, CAT 7, CAT 9, CAT 10, and CAT 13)





VARLEY SERVICES

‘Servicing Industries That Empowers Australia’

Varley Services encompasses a broad range of work that enable Varley to provide incomparable serviceability to the Energy and Resources, Marine, Infrastructure and transport industries as a major supplier.

Since Varley’s founding in 1886 we have continued with our initial core ship repair services which today has expanded and diversified to Marine and Industrial services for ship repairs and marine salvage services, Rail and Hi-Rail builds, maintenance and certifications, Power, Electrical, Line Boring, Values, Pumps and Special Projects.

With our diverse workforce we draw on a vast spectrum of skilled people including technical personnel, engineers, and support staff, enabling the company to carry out work in all areas of general and specialist areas throughout Australia.

Major Achievements

- The Hunter Region’s oldest ship repair business operating since 1886
- Y M Efficiency recovering broken and intact shipping containers, along with debris off the ocean floor, Newcastle and Port Stephens coast.
- Newcastle Harbour 1,000 tonne slipway cradle fabrication and installation.
- APL England vessel container and debris recovery from ocean floors and coasts of East Coast of Australia.
- Fitted approx. 1,000 automated top hatch systems to Pacific National grain rail wagon fleet, replacing old manual system which required people to physically open lids on top of the rail carriage
- Fitted an automated discharge door activation system to 200 rail wagons to service the South Australian power industry, if we were unable to deliver on time South Australia would have had no power until we delivered.



SUBSIDIARY BRANDS

SEM Fire and Rescue

SEM Fire and Rescue are specialist vehicle design and builders for the Australian and overseas market for front line rescue situations, including Water Rescue, Control and a Range of Fire and Rescue operations including, forest fire, house fires and commercial properties in and around Victoria, Australia.

semfr.com.au



Varley Electric Vehicles

Varley Electric Vehicles is the largest electric vehicle manufacturer and supplier in Australia and has developed a reputation for producing and distributing world-class electric low speed vehicles and associated products.

varleyelectricvehicles.com.au



BJM Electrical

Varley BJM Electrical Services has been in operation and providing high quality service to some of Australia's largest companies for over 20 years.

Along with Varley's mechanical capabilities they deliver holistic projects comprising of electrical, mechanical and automation requirements. Varley BJM Electrical Services encompasses all facets of installation, maintenance and design. varleygroup.com/site/electrical



Norship

Norship have a 70 year history across the marine, manufacturing and engineering sectors. Their capabilities extend from concept, design, prototype, to construction, maintenance support through to docking, emergent repairs, complete refits and disposals. norship.com.au



IDES

At IDES our experienced Designers, Engineers and Project Managers deliver optimum product solutions, while considering the often conflicting demands of project schedules, cost efficiency and design optimisation.

IDES utilises advanced engineering and systems Integration to deliver operational capability outcomes.

ides.com.au



VRA Systems

Advanced Land-Air-Sea-Underwater Defense Solutions, engineered, integrated, manufactured, supported and sustained in Australia by Australians.

vrasystems.com.au



CTSi

CTSi provides world-class technical services across the entire Department of Defense, solving the hardest problems that our warfighters face.

goctsi.com



Varley USA

Varley USA, Inc. is a wholly-owned subsidiary of the Varley Group that specialises in Aerospace and Defense programs.

Varley USA was founded to leverage the technology, innovation, responsiveness, and legacy of its Australian parent across to the United States of America.

varleygroup.us

Actions taken to address modern slavery risk and their effectiveness

This is Varley's second Modern Slavery Statement, which outlines the steps we have taken to identify, manage and mitigate the risks of modern slavery in our operations and supply chain.

For the purposes of defining modern slavery, we refer to the Act itself, which describes situations where offenders "use coercion, threats or deception to exploit victims and undermine their freedom". It lists eight practices that can constitute modern slavery, including: human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, forced marriage and the worst forms of child labour.

Varley has taken a multifaceted approach to the detection and prevention of modern slavery in our business operations and supply chain. During 2020-2021 we have taken the following actions to strengthen our understanding and oversight of the risk of modern slavery:-

Staff training

Modern slavery awareness training has been developed for Varley employees. This training is being rolled out to Varley employees in relevant roles. There will be ongoing refresher training for current employees and training for new starters.

Policies and Procedures

Varley's policies and procedures both inward and outward facing have been updated to incorporate modern slavery awareness.

Varley's current and future suppliers are asked to read and sign up to the Varley Group Ethical Sourcing Guiding Principles before they are accepted as a supplier. These principles incorporate modern slavery and are available on our Supplier and Contractor Hub on our website at:-

https://www.varleygroup.com/client_images/2227899.pdf

Reporting: Varley has an established Whistleblower policy and process which ensures that both employees, suppliers, customers and others out-with the company can raise concerns regarding serious misconduct or improper circumstances (including illegal, corrupt or other inappropriate conduct) with protection from victimisation, harassment or discriminatory treatment.

Procurement documentation and contracts

We have embedded modern slavery clauses into both our procurement and sale documentation and contract terms.

Internet

Varley's commitment to modern slavery prevention is included in information on our public websites for both existing and potential future suppliers.

HR and recruitment practices

We have established policies and procedures to avoid modern slavery in our work force. The majority of staff are employed under Enterprise Agreements, professional roles are under private contracts incorporating Fair Work provisions. All staff are permitted, if they choose, to join a union.

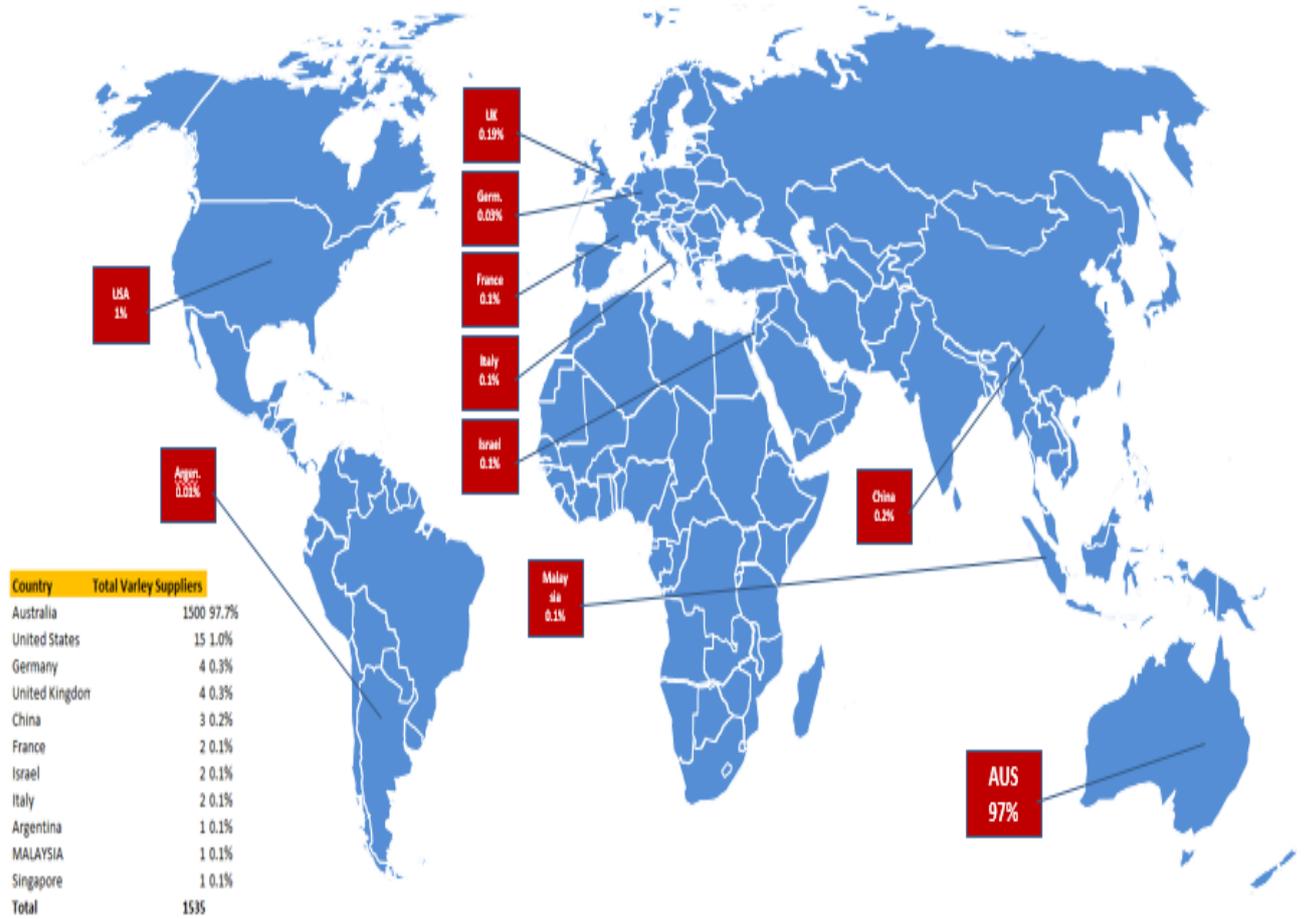
Supply Chain Analysis

We have mapped our supply chain reviewing the geographical distribution of our 2020-2021 spend with suppliers. 97% of Varley spend was with Australian based suppliers this is 5.1% higher than last year due to sourcing and logistics constraints experienced due to the Covid-19 pandemic.

We do not currently have any first-tier suppliers in countries with the highest prevalence of modern slavery or highest vulnerability to modern slavery based on the Global Slavery Index (North Korea, Burundi, Eritrea, Afghanistan, the Central African Republic, Mauritania, South Sudan, Pakistan, Cambodia, Iran, Syria, Chad, Democratic Republic of the Congo, Iraq, Yemen, Somalia, Sudan or South Sudan). We do not purchase products directly listed in the Global Slavery Index as at risk for import into G20 countries (cotton, cattle, sugarcane, gold, carpets, coal, fish, rice, brazil nuts, chestnuts, cocoa and diamonds).

In light of the above and because of the more complex nature of the products we procure we deem our modern slavery risk to be low. We do recognise, however that modern slavery practices exist out-with the countries and commodities listed in the Global Slavery Index and that we need to address risk not only in our first tier suppliers but also in their sub-tier supply base. We are also cogniscent of the enhanced modern slavery risks resulting from the economic and social disruption caused by the Covid-19 pandemic and have increased our vigilance across our operations.

Varley Group Global Supply (2021)



To objectively understand the risk in our suppliers and their sub-tier Varley designed a Modern Slavery Questionnaire which was distributed to 260 of our suppliers representing 80% of the Varley’s spend. We have reviewed, in detail through a desk top audit, the responses we have received and have no reported breaches in our supply chain.

Future Actions to address modern slavery risk

Modern slavery awareness and prevention has now become embedded in our corporate policies and practices. Over the next year we are going to continue our role in modern slavery prevention and awareness through the following actions:-

- Continued staff training for new and current staff
- Incorporation of modern slavery risk evaluation in our supplier audits with a particular emphasis on our supplier sub-tiers.
- Roll out of our supplier questionnaire to the remaining 20% of our supply base.
- A heightened awareness of the risks of modern slavery when sourcing new work and onboarding new suppliers.
- Continuance of the effective practices implemented over the last year.
- Continued vigilance throughout our operations due to the enhanced global risk of slavery due to the economic and social disruptions which have been caused by the ongoing Covid-19 pandemic.

We believe over the last year we have made significant steps to understand and mitigate the risk of modern slavery in our business operations. We recognize, however, that this is just the beginning of our journey and the policies and systems now embedded in our business practices must be continued and enhanced over the coming years.

Varley is committed to ensuring no modern slavery exists in any of our operations now and in the future.

This statement has been approved by the Board of Directors of the submitting entities and is duly signed by

Signature.....

Name: Jeff Phillips

Position: Managing Director of Coign Pty Ltd, Varley Group Pty Ltd and G. H. Varley Pty Ltd

Date: 30th December 2021