



# FY20 Modern Slavery Statement

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## 1 Introduction

I am pleased to present the inaugural Modern Slavery Statement of Emeco Holdings Limited ABN 89 112 188 815 and its consolidated subsidiaries (Emeco) for the reporting period of 1 July 2019 to 30 June 2020 (**FY20**) under the *Modern Slavery Act 2018* (Cth) (the **Act**). Emeco Holdings Limited and its controlled entity, Emeco International Pty Ltd, are reporting entities under the Act and this statement is presented by Emeco on a consolidated basis. This statement summarises actions successfully taken by Emeco in FY20 to fulfil the following multi-prong strategy to assess, identify and mitigate the risks of modern slavery in our operations and supply chain.



We are committed to being a trusted partner of choice, creating meaningful value for customers and shareholders over the long term. As such, the way Emeco and its suppliers conduct business is integral to our success and maintaining investor confidence and good corporate governance.

In FY20, we undertook a detailed analysis of the risk of modern slavery in Emeco's operations and supply chain aided by specialists and technology providers. Whilst the analysis notes the risk for Emeco is relatively low, we have implemented several initiatives to minimise and mitigate the risk of modern slavery and will continue to drive its modern slavery strategy to achieve the sustainable and ethical outcomes desired.

As Emeco also responds to unplanned events and challenges in real time, we have also taken steps to minimise the impact of the COVID-19 pandemic on our business operations and the potential for the pandemic to heighten the risk of labour exploitation and modern slavery. This Statement covers these initiatives in fulfilment of the modern slavery strategy and the steps taken to minimise the risk of modern slavery occurring as a result of the pandemic.

Emeco intends to continually improve its approach to the risk of modern slavery. We will monitor metrics and collaborate with other organisations, business partners, employees and suppliers to create a holistic approach to the upholding of human rights and the dignity of all.

**Ian Testrow**  
*Managing Director & Chief Executive Officer*

*This statement was approved by the Board of Directors of Emeco Holdings Limited on behalf of itself and its controlled entities*

## 2 FY20 activities

Area	Actions completed	Page(s)
<b>Policies and protocols</b>	<ul style="list-style-type: none"> <li>Adopted the Human Rights Policy and the Supplier Code of Conduct to address modern slavery risks and ensure compliance with modern slavery laws</li> <li>Updated Emeco's Purchase Order Terms &amp; Conditions to drive supplier compliance with the modern slavery provisions of Emeco's policies and to establish mechanisms to investigate and remedy any identified risks or instances of modern slavery</li> <li>Embedded modern slavery supplier screening in the supplier onboarding process</li> </ul>	8 - 9
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>Categorised Emeco's first tier suppliers on an industry and geographic basis to drive risk assessment</li> <li>Mapped and assessed Emeco's comprehensive supply chain using the categorised first tier data and assisted by Fair Supply, a third party technology provider</li> <li>Performed an in-depth individual supplier analysis of three suppliers in Emeco's supply chain in three different industries in which Emeco routinely engages suppliers as part of its core business that presented the greatest risk of modern slavery</li> </ul>	7
<b>Grievances and remediation</b>	<ul style="list-style-type: none"> <li>Extended existing mechanisms for reporting business misconduct concerns to modern slavery</li> <li>Used internal communication initiatives to reinforce staff awareness of reporting mechanisms for modern slavery concerns</li> </ul>	8
<b>Training and education</b>	<ul style="list-style-type: none"> <li>Conducted internal training on modern slavery for Emeco's procurement team members in a session tailored to Emeco, its industry and its modern slavery risk assessment</li> <li>Developed online education modules for suppliers and staff, particularly for later procurement employee onboarding</li> </ul>	9
<b>COVID-19</b>	<ul style="list-style-type: none"> <li>Established protocols and practices to protect the health and wellbeing of Emeco's workforce during the COVID-19 pandemic</li> <li>Maintained the continuity of first tier supplier relationships to mitigate the impact of COVID-19 on lower tiers of the supply chain and related risks of modern slavery</li> </ul>	10
<b>Assessing efficiency</b>	<ul style="list-style-type: none"> <li>Established review processes on an annual and ongoing basis to measure modern slavery risk in our supply chain</li> <li>Studied movements in our first tier supplier list in the second half of the fiscal year to assess efforts to maintain continuity in the supply chain and mitigate COVID-19 impacts</li> </ul>	9
<b>Collaborative efforts</b>	<ul style="list-style-type: none"> <li>Engaged with key operational personnel across corporate structure, including newly acquired entities, to assess, identify and mitigate modern slavery risk.</li> </ul>	9

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### 3 Operations

Emeco Holdings Limited and Emeco International Pty Ltd are reporting entities under s 5(1) of the Act. This statement is presented on a consolidated basis and Emeco Holdings Limited is reporting on behalf of its controlled entity, Emeco International Pty Ltd. Emeco has been listed on the ASX (ASX:EHL) since July 2006.

Emeco is an Australian-based group that is a market leading provider of open-cut and underground equipment solutions and services for the mining industry in all key mining regions of Australia and customers operating in a wide variety of commodities including coal, gold, and iron ore, nickel and copper. Emeco has operated in the industry for over 45 years and has a high-quality and diverse customer base consisting of large and junior mining companies, some of which Emeco has been working with for over 20 years.

Historically, Emeco had operations in several countries overseas including Indonesia, the United States, Canada and Chile. With a strategic exit from the last of our overseas operations in 2018, Emeco's current operations are focussed on Australia and conducted through the key group entities listed below.

#### Key group entities

	Country of Incorporation
<b>Parent entity - Emeco Holdings Limited</b>	<b>Australia</b>
Emeco Pty Limited	Australia
Emeco International Pty Limited	Australia
Emeco Finance Pty Ltd	Australia
Andy's Earthmovers (Asia Pacific) Pty Ltd	Australia
Orionstone Pty Ltd	Australia
Force Equipment Pty Ltd	Australia
Matilda Equipment Pty Ltd	Australia
Pit N Portal Mining Services Pty Ltd	Australia
Pit N Portal Equipment Hire Pty Ltd	Australia

Table 1. List of Emeco Holdings Limited key group entities

Please see below for a map of Emeco's operations across the mining regions of Australia.

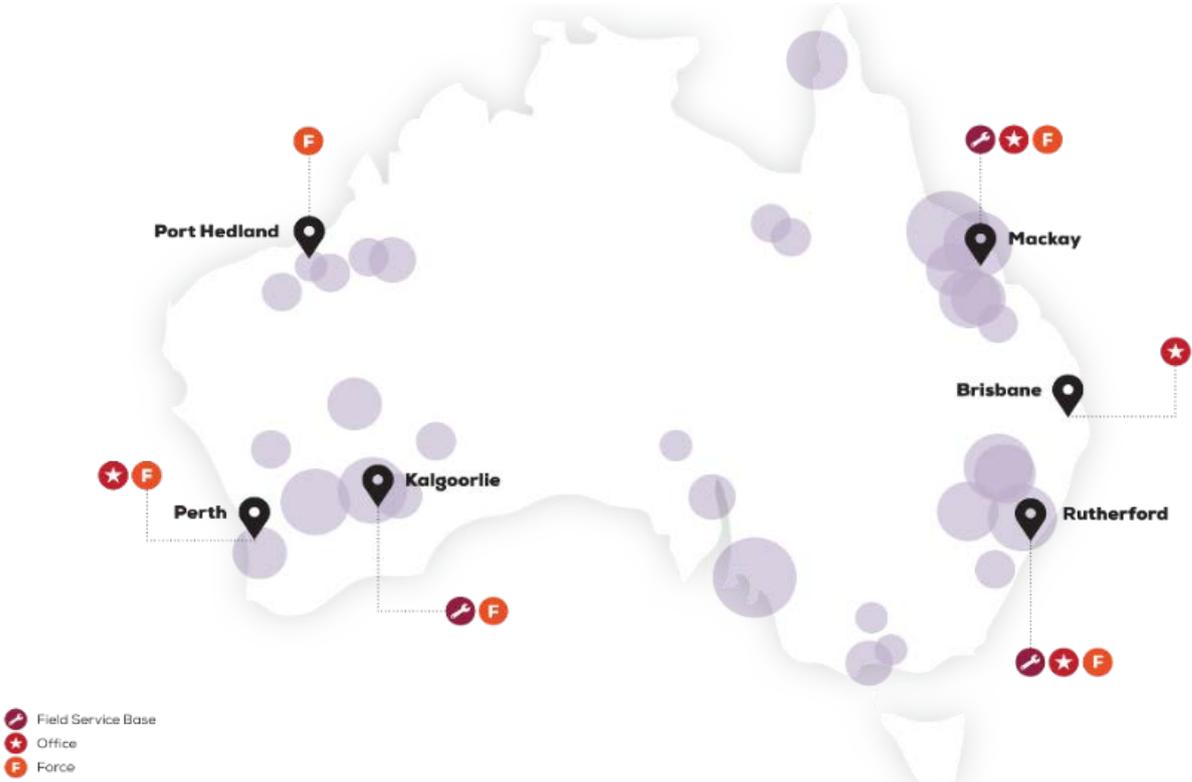


Fig 1. Map of operations

Focusing on operations in Australia has, in turn, limited Emeco's exposure to modern slavery risk on a geographic basis due to the regulatory framework provided by the Australian government. Coupled with Emeco's strong oversight function at a company level, the prevalence of modern slavery in the industries in which Emeco operates and our largely skilled workforce, the risk of modern slavery in Emeco's operations is relatively low.

## Workforce

As at the end of FY20, Emeco's approximately 1,000 member strong workforce consisted of 869 employed on a full-time equivalent basis. The 869 full-time equivalents are direct employees of Emeco whilst the remainder of the workforce is labour contracted through specialised labour hire companies, including a first tier supplier on which we have conducted in depth diligence.

Function	No. of employees	
CEO	1	In respect of Emeco's direct employees, the robust protocols of Emeco's human resources department and strong oversight of Emeco's experienced executives allows us to screen, on-board and oversee employees in a manner that mitigates modern slavery. Employees are required to adhere to Emeco policies, standards of practice and procedures to ensure that they and Emeco act in an ethical and professional behaviour.
Key Management Personnel	2	
General Managers	9	
Senior Managers	14	
Other Managers	69	
Professional	80	In respect of Emeco's contracted labour, all labour suppliers are required to comply with Emeco's Supplier Code of Conduct under the terms and conditions of Emeco's Purchase Order. In addition, Emeco requires those contracted workers that are onboarded (including those that are to perform services onsite) to complete a questionnaire as part of that process which investigates the potential presence of modern slavery indicators.  Emeco is also intent on making sure all its workers are aware of their rights and responsibilities. Emeco provides accessible grievance mechanisms for individuals to raise complaints or concerns and processes for their resolution. Relatedly, both direct employees and onboarded contracted workers are required to read and acknowledge the Emeco Whistleblower Policy.
Technical & Trades	398	
Clerical & Administrative	81	
Sales	10	
Machinery Operators & Drivers	110	
Labourers	45	
Apprentices	50	
<b>Total</b>	<b>869</b>	

Table 2. List of full-time equivalent employees

### Case study - labour supply

- Emeco identified a key external labour supplier and conducted an in-depth review of their supply chain.
- The labour provided were trade personnel, fully accredited in Australia.
- The analysis conducted on the supplier did not reveal a risk of modern slavery in the supplier's operations and, by extension, in Emeco's contracted labour workforce via this supplier.
- The modern slavery risk identified in respect of the supplier was largely attributable to their spend in Chinese industries in the second and third tier of their supply chain and the source of their raw inputs.

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## **4 Mapping of supply chain and assessment and identification of modern slavery risk**

Emeco, in conjunction with Fair Supply, undertook an in-depth analysis of Emeco's supply chain, going beyond first tier suppliers and reviewing the probably risk of modern slavery occurring in Emeco's comprehensive supply chain. We use the term 'comprehensive supply chain' to capture the notion of assessing modern slavery risk holistically, starting from Emeco's relationship with suppliers directly through to the source of their raw inputs.

As a first step in the process, Emeco categorised first tier suppliers by industry and country to enable further diligence. The vast majority of Emeco's spend was with suppliers in Australia and, to a lesser extent Canada. Resultantly, Emeco's first tier suppliers presented low geographic risk of probable modern slavery occurring in their operations due to the fact they are primarily located in Australia and Canada, countries with strong regulatory frameworks reducing the risk of modern slavery.

With further refinements of Emeco's categorised data and utilising the proprietary algorithm and data-analysis system provided by Fair Supply, Emeco mapped the top 90% (based on spend) of Emeco's comprehensive supply chain on an industry and geographic basis. An estimate of the total number of probable slaves in Emeco's comprehensive supply chain based on the amount spent in each industry was generated. As part of this initial assessment, a ranking of the suppliers that have the greatest probable risk of modern slavery in their comprehensive supply chain was also generated.

Whilst nearly all the suppliers showed a low to average risk of modern slavery on an industry basis, Emeco undertook a further analysis of the three suppliers, each representing a different industry within Emeco's supply chain. The three industries that were selected for further analysis were manufacturing and wholesaling of machinery parts, labour and industrial machinery repairs and road freight. The initial assessment revealed the greatest risk was associated with suppliers involved in the manufacturing and wholesaling of machinery parts. Suppliers of such products require a number of inputs from a range of countries, including the sourcing of raw materials from some higher risk countries. However, the further analysis revealed the risk of probable slaves was in greatest portion in the lowest tiers of their supply chains where very little of Emeco's spend was represented and therefore Emeco's power to exert influence is, in turn, limited. The greatest portion of Emeco's spend was reflected in the first three tiers of that supply chain and where only a small fraction of the probable modern slaves in the comprehensive supply chain have been assessed to reside.

The initial assessment and further in-depth analysis on the three suppliers did not reveal a heightened risk or instance of modern slavery. It was determined that no further remediation or action in respect of these suppliers was required at this time.

The initial assessment will be used as a benchmark to measure the efficiency of Emeco's modern slavery strategy and to generate year-on-year metrics.

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## **5 Actions taken to mitigate modern slavery risk**

### **Policies and protocols**

Emeco's approach towards modern slavery relies on strong corporate governance and management oversight in the form of a number of policies and protocols.

## Operations

### **Human Rights policy**

Emeco has adopted a Human Rights Policy that sets the high standards of corporate and individual behaviour by which Emeco conducts business and it outlines our commitment to internationally recognised human rights laws and standards. It sets the foundation of Emeco's approach to the minimisation of modern slavery in our operations and supply chains.

### **Whistleblower policy**

Emeco encourages a culture of openness where any employee can raise concerns about Emeco's business. Under its Whistleblower Policy, Emeco has established a mechanism by which staff can freely (and anonymously, if desired) report conduct that goes against the values and standards of Emeco. This includes any concerns of modern slavery in Emeco's operations and supply chain. Any whistleblower making an eligible disclosure will be protected from any detrimental acts or omissions, including victimisation.

## Supply chain

Emeco is dedicated to the promotion of human rights and the elimination of modern slavery and expect its suppliers and contractors to respect and promote these values. Emeco has implemented a Supplier Code of Conduct which applies to all vendors, contractors, consultants and other business partners that supply goods and services to Emeco anywhere in the world and includes any of their respective related entities or sub-contractors. Emeco has also revised supplier terms and conditions to incorporate the Supplier Code of Conduct into contractual agreements with suppliers.

Document	Updated terms
<b>Supplier Code of Conduct</b>	<ul style="list-style-type: none"><li>• comply with all modern slavery laws in the jurisdiction they operate</li><li>• ensure work is freely chosen and without the use of forced, bonded or compulsory labour, modern slavery or human trafficking, including by ensuring workers:<ul style="list-style-type: none"><li>○ have unrestricted access to identity or immigration documents</li><li>○ are not required to pay employers' or agents' recruitment fees</li><li>○ are able to terminate their engagement with a supplier with reasonable notice and without unreasonable penalty</li><li>○ are able to access basic utilities</li><li>○ are treated humanely and not subject to intimidation, coercion, harassment, bullying, unfair discrimination, physical, verbal or mental abuse, unsafe working conditions and other unlawful or unethical behaviour</li></ul></li><li>• identify and address any risk or instances of modern slavery</li><li>• take steps to limit such practices and risks in their own operations and supply chains; and</li><li>• know and be able to report on risks of modern slavery practices occurring in their operations and supply chains</li></ul>
<b>Purchase Order Terms and Conditions</b>	<ul style="list-style-type: none"><li>• comply with the Supplier Code of Conduct</li><li>• implement an appropriate system of due diligence, audit and training for its subcontractors</li><li>• agree to audit by Emeco to assess the suppliers' compliance with the agreement</li><li>• maintain records to trace the supply chain of all goods and/or services provided to Emeco in connection with the agreement</li><li>• notify Emeco as soon as it becomes aware of any actual or suspected modern slavery in its operations or supply chains</li></ul>

Table 3. List of changes made to our Supplier Code of Conduct and Purchase Order Terms and Conditions

Additionally, Emeco has embedded modern slavery supplier screening in the supplier on-boarding process. In FY21, we will roll out a questionnaire for prospective suppliers to query possible indicators of modern slavery in their operations and obtain details on the prospective supplier's approach to risks and instances of modern slavery in their supply chain.

## **Education**

In FY20, Emeco, with the assistance of Fair Supply, conducted internal training on modern slavery for procurement team members in sessions tailored to Emeco, its industry and its modern slavery risk assessment. We were able to educate and empower staff to adequately recognise and minimise the risk of modern slavery.

This internal training was also the basis for online training modules which were prepared for suppliers and our future procurement staff. These modules will be provided on an ongoing basis to allow for education of suppliers and later hired employees to ensure continued and improved compliance with Emeco's policies and protocols.

## **The efficiency of our actions**

Due to the difficulty of definitively measuring the effectiveness of Emeco's actions in combating modern slavery risks, Emeco will continue to conduct yearly assessments in order to ascertain any changes in our impact on reducing modern slavery risk in operations and supply chain.

Emeco will ensure thorough analysis of year-on-year changes in the metrics and identifiers of modern slavery risk that we have established in our inaugural modern slavery research.

## **Collaboration**

Emeco acknowledges that a unified approach by the entire corporate group towards the risk of modern slavery in Emeco operations and supply chain is essential. Regular consultation with management, suppliers, employees, advisors, consultants and the Board are integral in ensuring that modern slavery is minimised.

This inaugural Modern Slavery Statement is an element in providing a collaborative effort with our entities to manage and mitigate modern slavery.

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## 6 Covid-19 impacts

### Operations

The COVID-19 pandemic has created new challenges in maintaining the health and safety of workers. To ensure that our workplaces continue to uphold the health and safety of Emeco employees during this pandemic period, Emeco implemented a number of protocols and initiatives.

- Established a “Coronavirus hotline” that is available to the entire workforce (both full-time and contractors) with 24/7 access.
- Restricted all travel across the country (including fly-in, fly-out workers) where non-essential.
- Increased communication and coordination with customers and suppliers to maintain continuity in safety measures.
- Created unique coronavirus management response plans for every site at which we operate, including all head offices, workshop, and project sites.
- Introduced “corona leave” to provide support to employees who are required to isolate.
- Implemented remote-working permissions and protocols for non-essential sites and office teams.

Emeco will continue to modify workplace health and safety practices in line with government regulations and other external advice.

### Supply chain

Emeco recognises COVID-19 may have increased the risk of modern slavery and other forms of exploitation in parts of our supply chains as there has been an increase in the vulnerability of workers in the COVID-19 climate. In addition to the efforts noted above in respect of operations, Emeco strove to maintain continuity in supplier relationships to minimise the impact of the pandemic on employees and customers. We also made the continuity of first tier supplier relationships a priority to mitigate the impact of COVID-19 on lower tiers of the supply chain and related risks of modern slavery.

Emeco conducted a review of the first tier supplier profile in February 2020 and May 2020 to assess the efficacy of these efforts to mitigate the impact of COVID-19 on the supply chain. The first detected case of COVID-19 in Australia was in late January therefore February provided a sufficient baseline for measure of later impact. The review revealed that 90% of supplier spend data for the top 20% of suppliers (by spend) remained unchanged from February to May 2020. Of the 10% that did change, this was largely attributable to the changes in the amount spent with certain suppliers rather than exiting supplier relationships.

The success of our strategy in mitigating the COVID-19 impact is bolstered by the previously assessed low prevalence of modern slavery risk for first tier suppliers. These combined factors provide little indication that the risk of modern slavery in the upper tiers of our supply chain has materially changed as a result of the COVID-19 pandemic. Emeco will continue to monitor our spend and first tier supplier list on a periodic basis.