



Schindler Lifts Australia

Modern Slavery Statement

SCHINDLER AUSTRALIA
MODERN SLAVERY STATEMENT
FY2020

This publication is the Modern Slavery Statement (**'Statement'**) of Schindler Lifts Australia Pty. Ltd. (ABN 19 005 838 773) (**'Schindler Australia'**) for the financial year ended 31 December 2020. This Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) (**'Act'**) and has been approved by the Schindler Australia Board of Directors (its Principal Governing body).

REPORTING ENTITY, STRUCTURE, OPERATIONS AND SUPPLY CHAINS



REPORTING ENTITY AND STRUCTURE

In accordance with the Act, Schindler Australia is the 'reporting entity' (as defined in the Act) covered by this Statement and the terms **'we'**, **'us'** and **'our'** refer to Schindler Australia.

Schindler Australia is part of the global Schindler Group founded in 1874 and is under the ultimate ownership of Schindler Holdings Ltd., a publicly traded company based in Switzerland.

Schindler Australia has the following current general business structure:

- The Schindler Australia Board consisting of:
 - President – Asia Pacific
 - Managing Director
 - Chief Financial Officer

- Schindler Australia Executive Team consisting of:
 - Managing Director
 - Chief Financial Officer
 - Human Resources Director
 - New Installation Director
 - Existing Installation Director
 - Technical & Field Support Director
 - New Installation & Modernisation Business Director
 - General Counsel, Compliance Officer & Company Secretary



OPERATIONS

Schindler Australia has direct business operations only in Australia, with approximately 1200 employees across multiple sites in Australia. We provide a diverse range of elevators, escalators, moving walks and transit management products (**'Mobility Solutions'**) for buildings used in all commercial, industrial and residential sectors of Australia. Our Mobility Solutions services include manufacturing, engineering and design, modernization and service and repair.



SUPPLY CHAIN

Our supply chain includes providers of finished products for re-sale, together with providers of component parts, raw, semi-finished and finished materials and consumables for the Mobility Solutions products we manufacture and sell. We source directly from our Australian suppliers, and we receive international supply through our overseas affiliates and their suppliers.

Our supply chain also includes the suppliers of products and services that would typically be required by general office, warehouse, workshop and manufacturing operations.

IDENTIFICATION OF RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

With the assistance of Compliance Pronto, an external consulting services provider, we have taken the following substantive actions in the reporting period or prior to the date of this Statement to try and improve our visibility into labour practices in our supply chain and our ability to identify risks of modern slavery practices in our operations and supply chain –



1. We developed a Human Rights Policy, Whistleblower Policy and Code of Conduct – Vendor Policy. The Human Rights Policy and Code of Conduct – Vendor Policy each specifically address the need to be vigilant on modern slavery issues, while the Whistleblower Policy strongly encourages employees to report all violations of Schindler Australia policies and ensures there will be no negative repercussions for doing so. All of these policies have been approved by the Board.
2. We mapped first-tier suppliers in Schindler Australia's supply chain and made a preliminary modern slavery risk assessment for them based on (i) spend level and (ii) perceived highest rated risk, indicating country, city/region and product or service provided.

3. We created and sent an initial customised “due diligence” survey to 93 first and second tier suppliers in our supply chain identified as being at the highest risk for potential modern slavery incidents pursuant to Action 2 above. The due diligence survey was designed to help us validate and further assess the potential modern slavery risk of each of those suppliers, by rating their modern slavery risk profile as high, medium or low based on their responses to a series of questions relating to (i) their own operations and (ii) their supply chain.
4. We evaluated each of the responses received pursuant to Action 3 above and assessed whether and to what extent any additional follow up is required, sensible and feasible in the circumstances.
5. We created specialised and more robust modern slavery contract warranties and covenants and incorporated them into our Code of Conduct-Vendor Policy, and into our standard supply contracts (including purchase order terms and conditions). These include recommendations that such clauses will be “cascaded” by our suppliers into their procurement contracts with their respective suppliers.



MODERN SLAVERY RISKS IDENTIFIED

None of our suppliers indicated they were aware of any instances of modern slavery in their operations or supply chains.

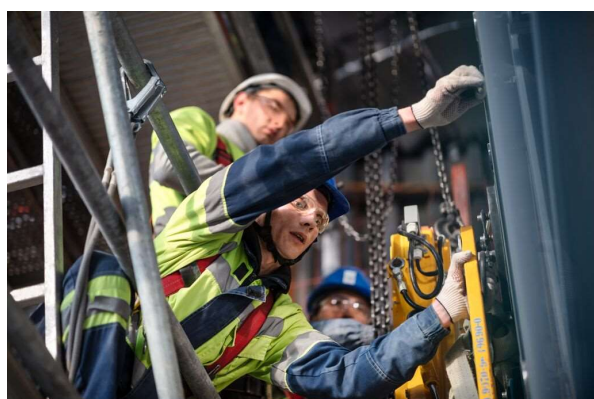
Schindler Australia management believe that modern slavery risk within our first tier suppliers is relatively low, based partly on the fact that (a) our first tier suppliers are either Australian based and therefore subject to the Act (albeit indirectly in many cases), or (b) affiliated sister companies within our global corporate group, who are required to comply with the global Schindler group’s corporate policies and procedures. Further, our domestic suppliers of services tend to be smaller companies using primarily higher skilled employees protected by enterprise bargaining agreements in addition to Australian labour laws. Also, due in part to being subject to the Act, Schindler Australia may be more advanced than some of our foreign affiliate suppliers in taking actions such as those described in this Statement to obtain greater transparency and visibility into our supply chain and to help identify and assess potential modern slavery risks deeper in the supply chain. Thus, in both of the cases noted in (a) and (b) above, we do note that the same modern slavery risks inherent in any supply chain in tiers beyond the direct supplier (with heightened risk where the longer supply chain extends into higher risk countries) will also exist in our supply chain and we will need to be consider how those may best be addressed.

Finally, several of our suppliers made survey responses that we believe indicate that additional follow-up actions to further assess and/or mitigate possible modern slavery risk may be beneficial, especially with our second tier suppliers in higher risk countries, and despite the relatively low risk level originally assessed and generally confirmed by supplier due diligence responses in Australia.

As expected, our first review of suppliers has identified some more common responses (especially from foreign suppliers) showing room to improve their practices in this area, such as:

- Many have little visibility into the labour practices in their supply chains and no substantive assessment, verification or mitigation of modern slavery risk has been made in their operations or supply chain and no procedures are in place to facilitate such an assessment, verification or any mitigation.
- No contract warranties and covenants are in place that specifically and robustly address modern slavery issues in their procurement agreements.
- No formal company policies are in place re: modern slavery avoidance or Whistleblower encouragement and protection.
- No obligations are imposed by our suppliers on their suppliers to implement robust contract warranties and covenants relating to modern slavery issues on their suppliers.
- Some are unsure of the extent of use of low-skilled (including foreign migrant) workers in their operations or supply chains and/or whether or to what extent high risk factors relating to the use of such workers exist.
- Some suppliers have not yet responded to our due diligence inquiries.

It must be emphasised that our foreign suppliers are not subject to any modern slavery legislation comparable to the Act and so it cannot be expected that they would have modern slavery risk programs in place when Australian companies that are subject to the Act are still in the early phases of designing and implementing such programs. The main impetus to most foreign suppliers to improve in that regard in the medium term will likely come from the encouragement and insistence of their Australian customers such as Schindler Lifts and other customers that may be subject to foreign legislation similar to the Act. We understand that we are on an identification and risk mitigation journey with our suppliers and expect to see our visibility into modern slavery risk in the supply chain improve and corresponding mitigation actions completed as we move continue that journey.



ACTIONS TAKEN OR TO BE TAKEN TO ADDRESS RISKS

In response to the risks identified in our supplier due diligence process, we are taking the following actions:

- Creating a written action plan specific to each supplier who was rated as having a High (and potentially, in some cases, a Medium) level of modern slavery risk after completion of the initial due diligence survey.
- Developing standard actions to address with all suppliers relating to common risk themes emerging from the due diligence findings of suppliers rated as having Medium and Low risk profiles.

- Assigning specific responsibility to employees for execution and internal reporting of (a) each action plan made with respect to specific suppliers and (b) the standard actions in respect of all suppliers.
- Working with our global group affiliated foreign suppliers on modern slavery awareness, risk identification and mitigation, as well as additional mapping of second tier supply chain.
- Those suppliers who did not respond to our due diligence inquiries will receive further attention in the next reporting period.

ASSESSMENT OF THE EFFECTIVENESS OF ACTIONS TAKEN OR TO BE TAKEN

As this is our first Modern Slavery Statement and first compliance year, we have not yet had time to fully finalize and execute the actions taken or assess their effectiveness. However, we do plan to establish a process to review the completion and outcomes of assigned actions throughout the year and to review the overall effectiveness each year ahead of the annual Modern Slavery Statement filing deadline.

GROUP CONSULTATION PROCESS

This Statement applies only to the operations and supply chain of Schindler Australia.

OTHER RELEVANT INFORMATION

Schindler Australia strongly supports fundamental human rights and the prevention of modern slavery and human trafficking. However, one of the key learnings from our assessment was the relatively low level of actual transparency that we have into the labour practices of our supply chain.

The actions noted above in this Statement have highlighted that fact, greatly enhanced our understanding of the necessity and importance of increasing our visibility into this important aspect of our supply chain and engendered a desire to continue this journey and the worthy goal to do our part to try to ensure there is no modern slavery in our supply chain and to help eradicate modern slavery from the world.

Having said that, the reality is that ensuring that slavery and human trafficking is not taking place anywhere in our supply chain, and especially at tiers beyond our direct suppliers, will likely remain a significant ongoing activity for the foreseeable future. We believe this was clearly contemplated by the Act, and its ongoing annual reporting requirement. We have implemented a risk-based approach and are committed to achieving continuous improvement through the actions described in this Statement, including providing modern slavery training to our own employees.

We are also taking steps to strengthen our supplier onboarding and monitoring processes to highlight modern slavery risk areas. The processes that we will implement include enhanced engagement with our direct suppliers to educate and encourage continuous improvement in their own capacity to more fully understand, assess and manage modern slavery risks in their respective first-tier and broader supply chains.

NEXT STEPS

Schindler Australia acknowledges that the actions taken in the reporting period, and in the subsequent period up to the date of this Statement, are just the first steps in a journey towards ensuring there is no modern slavery in our supply chain. We are committed to make continuous ongoing improvement in our assessment and management of risk in this area.

Our objectives for the 2021 Financial Year include:



- execute and assess the benefits of the actions noted above in this Statement;
- broaden the level of interaction with suppliers with respect to modern slavery risks, through circulation of questionnaires and analysis of results, prioritizing on the basis of risk;
- Develop and implement modern slavery training packages for targeted personnel, including both procurement and operation personnel of Schindler Australia and its foreign affiliate suppliers; and
- implement the use of the Code of Conduct – Vendor Policy as a key piece of our onboarding of new suppliers and consider and implement ways that it can most efficiently be introduced into and made a part of existing supplier relationships.

APPROVAL OF STATEMENT

The Board of Directors of Schindler Australia has unanimously approved this Statement and authorised Paolo Beltrame, Managing Director, as the responsible executive of Schindler Australia to sign this Statement in accordance with the Act. Schindler Australia is committed to the spirit and intent of the Modern Slavery Act.

Paolo Beltrame

Managing Director

