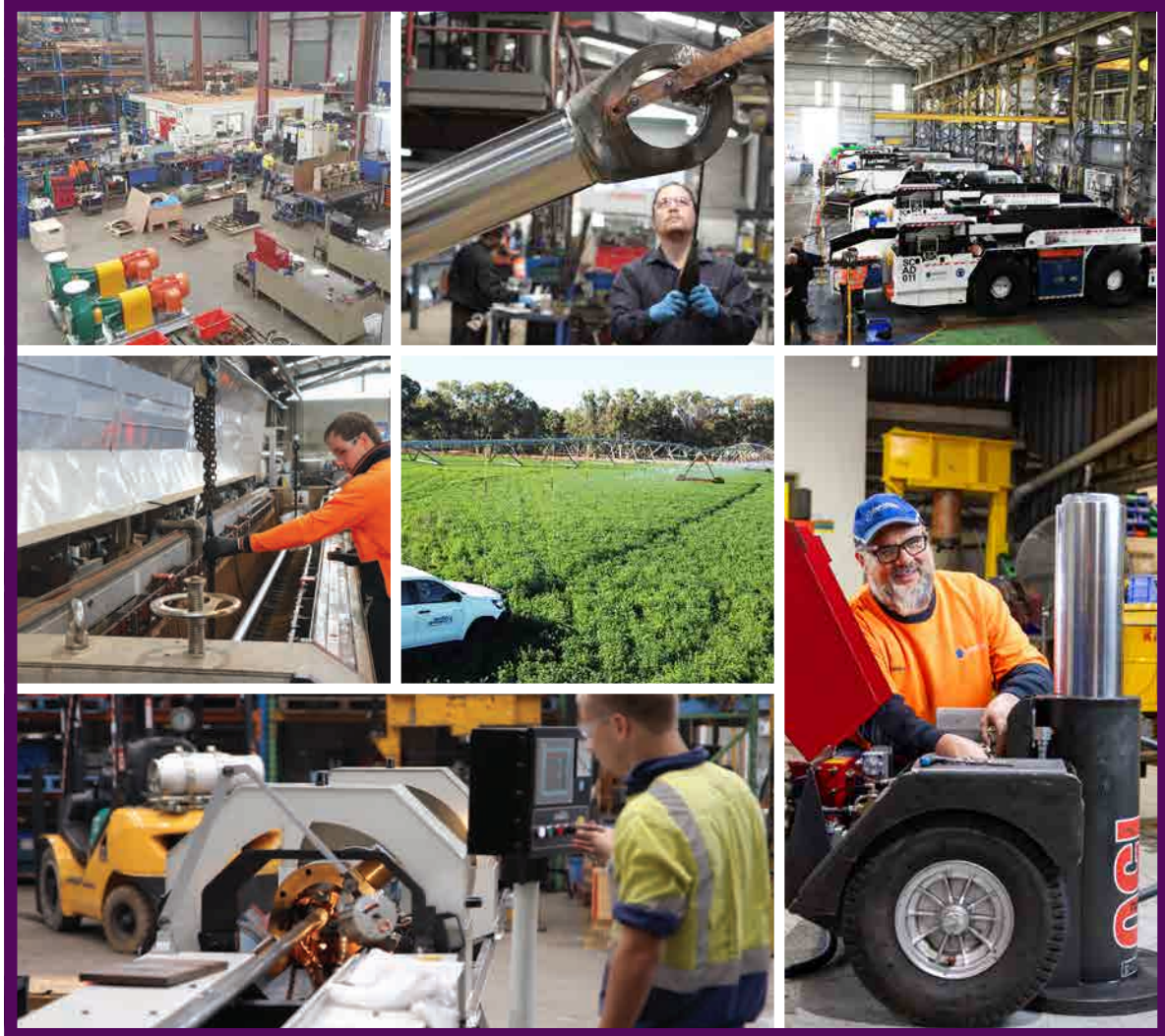




# Questas

GROUP



## QUESTAS GROUP MODERN SLAVERY STATEMENT FY2023



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This is the Modern Slavery Statement (“**Statement**”) of Questas Group Pty. Ltd. (“**Questas**”) for the financial year ended 30 June 2023. This Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) (“**Act**”) and has been approved by the Questas Board of Directors.

# REPORTING ENTITY

Questas (ABN 50 633 740 388) is the 'reporting entity' (as defined in the Act) covered by this Statement and the terms the '**Group**', '**we**', '**us**' and '**our**' refer to the entire Group (as defined below), except where the context otherwise requires.

## STRUCTURE, OPERATIONS AND SUPPLY CHAIN

### Structure

The Questas '**Group**' consists of Questas and the following Australian subsidiaries in which Questas held more than a fifty percent (50%) direct or indirect ownership interest during the reporting year:

- Questas Corporate Pty Ltd.
- Berendsen Fluid Power Pty Ltd.
- CCA Hardchrome Pty Ltd.
- The Hydraulic Warehouse Pty Ltd.
- Water Dynamics Pty Ltd.
- Pacific Hydraulics Pty Ltd.
- Babasine Pty Ltd trading as Beasley's Hydraulics.
- Malcolm Thompson Pumps Pty Ltd.
- Engineered Products Group Pty Ltd trading as EPG Engines.
- Water Dynamics (NT) Pty Ltd
- Southern Cross Darwin Pty Ltd
- Nordon Cylinders Pty Ltd
- Nordon Hydraulics Pty Ltd
- Meadow Industries Pty Ltd
- Swanson Industries Australia Pty Ltd
- Swanson Industries (Engineering) Pty Ltd
- Waratah Engineering Pty Ltd
- Lansdowne Coatings Pty Ltd
- Lovovo Pty Ltd
- Lorosu Pty Ltd
- Aussie Fluid Power Pty Ltd
- Cord Nominee Pty Ltd
- The Hardchrome Plating Points Unit Trust
- Pointrange Pty Ltd
- Rathmann Unit Trust
- Australian Surface Technologies Pty Ltd
- Isadraulics Pty Ltd

The Group is privately held and has the following current general business structure:

- The Questas Board consisting of:
  - Chairperson (non-executive)
  - Non-executive Director x 2
  - Company Secretary
  - Group Chief Executive Officer
  - Group Chief Financial Officer
  - Group General Counsel

# STRUCTURE, OPERATIONS AND SUPPLY CHAIN

## Operations

The Group has direct business operations only in Australia, with 36 separate sites across Australia. We provide a diverse range of hydraulic, irrigation, pump and engine solutions to a range of clients in the mining, construction, agricultural and general industrial sectors in Australia and, to a lesser extent, internationally. Our services include distribution of products that have been procured both locally and overseas, as well as manufacturing, engineering and design and service and repair.

## Supply Chain

Our supply chain includes providers of finished products for distribution, together with providers of component parts, raw, semi-finished and finished materials and consumables for the equipment we distribute or manufacture and sell. Our suppliers are located in Australia and at least five foreign countries.

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



Our companies are located across 36 strategically selected sites Australia-wide





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

## Risks in our operations

All of our employees and operations are located in the Commonwealth of Australia and we comply with all Australian labour laws and other applicable employment related legislation and industrial instruments. Questas takes its employment compliance obligations seriously, has robust policies and processes in place and conducts periodic audits to ensure compliance with all applicable industrial instruments. **Our internal processes have found no evidence of any modern slavery practices or incidents in our operations**, and we do not believe there is any material modern slavery risk in this area.

## Risks in our supply chain

**We are not aware of any information which suggests that any of our suppliers had (or were aware of) any instances of modern slavery in their operations or supply chains.**

Our due diligence completed through the end of the reporting period indicates that the higher risks of modern slavery in our supply chain likely reside principally in (a) the relatively few first tier suppliers that have been specifically identified as High risk in our due diligence, (b) direct foreign suppliers located in higher risk countries, and (c) indirect foreign suppliers in the second tier of our supply chain and beyond and for whom we still have quite low visibility of (collectively, the “Higher Risk Supplier Group”).

However, 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 have not yet determined how to best address these risks, but we are working on finding possible solutions.

Our due diligence indicates certain recurring themes within the Higher Risk Supplier Group, including:

- Some have indicated they 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.
- Many do not have contract warranties and covenants in place that specifically and robustly address modern slavery issues in their procurement agreements.



- Many do not have formal company policies in place re: modern slavery avoidance or Whistleblower encouragement and protection.
- Many of our direct suppliers are not systematically imposing modern slavery risk mitigation obligations on their direct suppliers (e.g. obligations to implement robust contract warranties and covenants relating to modern slavery issues on their suppliers’ respective 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.

It must be emphasised that the Act is at the forefront of modern slavery legislation globally and few if any of our foreign suppliers are directly subject to any modern slavery legislation comparable to the Act, so it cannot reasonably be expected that they would have modern slavery risk programs in place when most Australian companies that are subject to the Act are still in the early phases of designing and implementing such programs. Currently and in the foreseeable near and medium term, the main impetus to most of our Higher Risk Supplier Group to improve their practices in this area will likely come from the encouragement and insistence of their Australian customers such as Questas and other major customers that may be subject to the Act and/or foreign legislation similar to the Act. We are on a risk identification and mitigation journey with our suppliers and expect to see our visibility into modern slavery risk in the supply chain improve, with corresponding improved mitigation actions implemented as we continue that journey.

# ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

## Assessment of risks

With the assistance of Compliance Pronto, an external consulting services provider, we have implemented and embedded an ongoing program to try and continuously improve our visibility into the labour practices in our supply chain and our ability to identify, assess and address risks of modern slavery practices in our operations and supply chain (the “**Modern Slavery Risk Mitigation Program**”).

The Modern Slavery Risk Mitigation Program is intended to be continuously reviewed and improved as time goes on and currently includes –

1

A Modern Slavery Policy and Supplier Code of Conduct, linked to a Whistleblower Protection Policy. Our Modern Slavery Policy and Supplier Code of Conduct each specifically address our commitment to be vigilant on modern slavery issues, while the Whistleblower Policy strongly encourages employees and other stakeholders to report all violations of policies and ensures there will be no negative repercussions for doing so.

2

Our Supplier Code of Conduct contains robust modern slavery contract warranties and covenants from suppliers. It includes recommendations that our suppliers “push” these same warranties and covenants up the supply chain by including them in their procurement contracts with their respective suppliers (our second-tier suppliers). A plan is in place to raise awareness of our Supplier Code of Conduct as part of the onboarding process for all new suppliers and new contract awards.

3

Mapping of and assigning a risk rating to key first-tier suppliers in our supply chain based on perceived country level risk, business sector and industry risk, specific product and/or services risk and spend level.

4

Targeted, customised “due diligence” of suppliers identified as being at highest risk for potential modern slavery incidents pursuant to item 3 above or otherwise. The due diligence surveys are designed to help validate and further assess the potential modern slavery risk of each supplier, 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. Due diligence responses are evaluated to determine whether and to what extent any additional follow up might be required, sensible and feasible in the circumstances, after which an action plan is meant to be created to implement such follow up in each relevant case.

5

Site visits of existing and prospective suppliers to witness firsthand supplier policies and practices.



## Addressing risks

Some specific key actions taken in connection with the Modern Slavery Risk Mitigation Program in the reporting period include -



We continued and further entrenched implementation of the Modern Slavery Risk Mitigation Program.



Those suppliers who did not respond to our due diligence inquiries will continue to be actively pursued until they complete a survey.



Previously, we added language supporting the modern slavery response in our new award contracts. We have now also updated our tender document to raise awareness at the start of the tendering process.



We secured contracted services and software to enable onboarding of new suppliers including them in the Modern Slavery Risk Mitigation Program.



We travelled to one of our higher risk sourcing regions and visited 5 existing and prospective supplier sites (not previously part of the due diligence inquiries). We reviewed their business including size, references, suppliers, market, and policies. We also assessed their modern slavery awareness, supporting labour structure, and quality practices. Based on the site visits, we chose not to continue with one supplier as they were unlikely to comply with our Modern Slavery Risk Mitigation Program.

It is understood that we remain on a modern slavery risk identification and 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 continue that journey. Our Modern Slavery Risk Mitigation Program has been designed – and will continue to be refined – with that in mind and with a view to “bring along” our entire supply chain with us on that journey to the greatest extent feasible.





# HOW THE EFFECTIVENESS OF ACTIONS TAKEN IS ASSESSED

Questas will use key performance indicators (“KPIs”) to measure how effective our actions to assess and address modern slavery practices in any part of our operations and supply chain have been. KPIs include:

- Operations notifications- reported issues in business operations;
- Supplier engagement- percentage of suppliers responding to survey requests;
- Supplier acceptance- percentage of suppliers accepting Code of Conduct; and
- Level of high risk in supply chain- percentage of high risk suppliers in survey responses.

Over subsequent reporting periods, we will continue to review and enhance these KPIs and develop further metrics to assess the effectiveness of our actions.

In addition to the KPIs, Questas also takes qualitative evidence derived from the actions described above and reviews it to determine if the supply chain response seems to be having the intended effect and moving in the right direction. Even though our Modern Slavery Risk Mitigation Program is still in its infancy and some of the noted actions were completed late in the reporting period covered by this Statement, we can already see evidence that the actions we have taken in implementing and executing our Modern Slavery Risk Mitigation Program are having the intended effect of better aligning ourselves and our supply chain with the purpose and intent of the Act in at least the following ways:

- Increasing the level of awareness, understanding and appreciation at all relevant levels within Questas of the potential for incidences of modern slavery within our supply chain.
- Establishment of the Modern Slavery Risk Mitigation Program has already begun to provide a significant increase in our visibility into our supply chain and the labour practices of our first tier suppliers by, among other things noted above, increased supply chain mapping and risk rating, initial risk assessment, additional follow-up due diligence where warranted and a process to obtain robust, binding supplier warranties about modern slavery incidents and risks in their respective operations and supply chains.
- In particular, our updated due diligence survey has helped us start to get a better understanding of where “derivative” modern slavery risk might or might not reside in our supply chain. As an example, Australian suppliers who confirm that they source key products from higher risk jurisdictions may have their risk assessment level increased, while Australian suppliers who confirm that they do not source key products from higher risk jurisdictions may have their risk assessment level decreased.
- We have seen evidence that our suppliers are also taking positive actions in this area.
- The specific line of accountability within Questas for ownership and execution of the Modern Slavery Risk Mitigation Program remains intact and supported.





# CONSULTATION PROCESS



During the reporting period this statement covers, we actively engaged and communicated with all members of the Group we own or control in the development of this Statement.

All members of the Group participated in providing the information relevant to their respective sites, operations and supply chains as required for the risk assessment actions noted above in this Statement, as well as consulting and/or liaising with respect to communications with the suppliers in their respective operational supply chains who were subject to a modern slavery due diligence review. An exception to the foregoing are very recently acquired Group subsidiaries who are still in the process of integration into the Group.

All members of the Group will have accountability for execution of the action plans and standard actions relating to their respective suppliers and will be kept apprised of the activities and outcomes noted in this Statement.

# OTHER RELEVANT INFORMATION

Questas strongly supports fundamental human rights so the prevention of modern slavery and human trafficking and compliance with the spirit and intent – as well as the letter – of the Modern Slavery Act fully aligns with our standards and values as noted above. Our culture is underpinned by our commitment to meeting our clients' needs without compromising human or natural resources. We are committed to providing and maintaining a safe work site for employees, subcontractors and others affected by our work.

In addition to continuing to take the actions indicated by our Modern Slavery Risk Mitigation Program and further embedding it into our company processes and culture, we will be considering ways we may enhance the program such as, for example, how we can efficiently audit compliance with the Modern Slavery Risk Mitigation Program by ourselves and our suppliers and how we can effectively and feasibly expand the program to reach deeper into our supply chain beyond our first-tier suppliers.

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 (first-tier) suppliers, will likely remain a significant ongoing challenge for the foreseeable future. However, we have implemented a risk-based approach and are committed to achieving continuous improvement through the actions described in this Statement.



## APPROVAL OF STATEMENT

The Board of Directors of Questas, its principal governing body, has unanimously approved this Statement on 7 September 2023 and authorised Mark Taylor as the responsible executive of Questas to sign this Statement in accordance with the Act.



Mark Taylor  
Group CEO

