HEAT AND CONTROL

Annual Modern Slavery Statement prepared for the *Modern Slavery Act 2015* (UK)

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Introduction

This statement constitutes our third annual modern slavery statement made under the *Modern Slavery Act 2015* (UK) for the reporting year 1 January 2023 to 31 December 2023.

Modern slavery represents a serious human rights abuse that unfortunately still persists today in virtually all parts of the private economy linking businesses through their supply chains. As a member of the wider business community, Heat and Control shares the responsibility in preventing, mitigating, and where possible, stopping practices that unfairly take advantage of humans who work on these supply chains. We believe that it is therefore incumbent on Heat and Control to do what it can to support and promote the integrity of these supply chains.

This statement sets out what steps Heat and Control has taken since its last Report to further these objectives. While Heat and Control is proud of the steps it has taken to date, it looks forward to further developing its strategies in meaningful ways to help put an end to modern slavery.

Criteria One and Two:

Identify Heat and Control as the reporting entity and describe its structure, operations, and supply chains

This annual modern slavery statement relates to Heat and Control Pty Ltd, (**Heat and Control**) as the reporting entity. Our Australian Company Number is 009 742 803 and our registered head office in Australia is in Mount Gravatt, Queensland, 4122. We operate part of our business through our UK subsidiary: Heat and Control Pty Ltd SF000804, located at Afton House, Starlaw Park, Livingston, EH54 8SF Scotland.

What does Heat and Control do?

Heat and Control Pty Ltd is a global leader in food processing systems and packaging equipment with an expanding export market and worldwide affiliations. Our equipment is exported and used around the world.

We provide an array of applications and packaging line technologies for a variety of foods such as cereals, bakery, cheese, corn chips, potato chips, nuts, pasta, legumes, tortillas, vegetables, fruit, and pet food snacks.

Our products include food processing machines, conveying, weighing, packaging,

seasoning application and high-quality inspection and controls.

We provide an individual solution or an entire integrated production line for ultimate efficiency and performance. We are supported by a network of highly skilled engineers and other skilled technicians and tradespersons providing food manufacturers with confidence to achieve production goals.

Heat and Control's Organisational Structure

Heat and Control is an Australian company based in Mt Gravatt, Brisbane, Queensland.

Heat and Control is owned by a holding company Heat and Control Inc which is based in San Francisco, California, United States of America. Heat and Control also operates branches in Australia (Sydney and Melbourne), in the United Kingdom, and Dubai.

Other than in the UK, our subsidiaries are based in New Zealand (Heat and Control Ltd); China (Heat and Control Co Ltd); India (Heat and Control Pvt Ltd and its sub-subsidiary Flavorite Technologies Pvt Ltd); the Netherlands (Heat and Control BV) and its subsidiary in Russia (Heat and Control LLC); South Africa (Heat and Control SA Pty Ltd), Singapore (Heat and Control Pte Ltd) and its subsidiary that is based in Malaysia (Heat and Control Sdn Bhd Ltd).

Heat and Control and each of our subsidiaries provide technical service support, while manufacturing operations are provided by Heat and Control in Australia China, and India.

Heat and Control's broader global presence offers 11 manufacturing facilities, 12 technical and demonstration centres, and more than 30 offices globally. Our international team has developed extensive knowledge and a wealth of experience in the engineering and manufacture of modern industrial food processing, coating, seasoning, conveying, weighing, packaging, inspection, and controls systems.

As of December 2023, we had approximately 1,900 staff operating globally.

Heat and Control's Supply Chain

Heat and Control's supply chain supports our businesses by providing specialised materials, services, and componentry. Our customised process and packaging lines feature start to finish integration that may include equipment from global strategic partnerships that strengthen our offering to provide individual equipment solutions or an entire integrated system.

At a first-tier level, these supplies include:

- specialised complementary solutions for product handling, weighing, packing and inspection, thermal technology systems, and size reduction equipment.
- high-grade flow-control equipment such as pumps, motors, valves and conveyor belts,
- cabling and electronic componentry,
- high-grade stainless steel and plastics; and
- services from electricians and other skilled technicians.

We also rely on a freight, shipping, and transport distribution network for the supply of end- product to domestic and international markets.

Our first - tier suppliers are primarily based in China, the United States, Australia, the European Union/United Kingdom, India and Japan.

Criterion Three:

Describe the risks of modern slavery practices in the operations and supply chains of Heat and Control and any entities Heat and Control owns or controls

Heat and Control recognises the existence of modern slavery internationally and domestically. It is therefore incumbent on us to identify the risks of modern slavery in our supply chains. To do this, we have used a risk matrix approach. Our evaluation is fully informed by a review of the international literature on modern slavery including authoritative sources such as:

- Walk Free's *Global Slavery Index*,
- *UN Guiding Principles for Business and Human Rights*,
- The *OECD Guidelines for Multinational Enterprises*,
- The *Ethical Trading Initiative's Human Rights Due* Diligence *Framework*,
- Australian Border Force (ABF)

Risk matrix

The below matrix maps out Heat and Control's risks of modern slavery in its operations and supply chains. While we focus on all types of risks in our operations, we have significantly less visibility and influence (leverage) over the working conditions in our supply chains. Due to these limitations, we have adopted a 'risk-based' approach in relation to our supply chains. This means that we

prioritise our focus on 'higher-risk' areas over 'lower-risk' areas. This approach is in line with international best practice in accordance with the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and the *Ethical Trading Initiate's Human Rights Due Diligence Framework*.

The risk of modern slavery in our supply chains is informed by an extensive review of the international literature; and information that we have received from our suppliers, staff and other stakeholders. It is also based on the likely presence of risk indicators. Using risk indicators to help map out our risks is consistent with international best practice as recommended by the *International Labour Organisation* and other authoritative sources.

RISK CATEGORY	**RISK INDICATORS** (Internationally recognised)	**EVALUATION**
Geographic location	• Political & social unrest • Conflict & war • Weak legal infrastructure • High levels of corruption • Large migrant populations • Poor recognition of internationally recognised human rights • Lack of basic needs (eg, education, clean water, social security) • High unemployment • High prevalence of violation of human rights	Based on total expenditure, a vast majority of our first-tier suppliers have headquarters based in China, the United States, Australia, India, Japan, the Netherlands, Germany, the United Kingdom, Italy, Belgium, Hong Kong, Taiwan, Sweden and Spain. According to the *2018 Global Slavery Index*, China and India are more vulnerable to modern slavery. Therefore, based on a risk-based approach, we shall focus our due diligence on our suppliers in these countries.
Industry	• Process intensive functions • Complex supply chains • High reliance on unskilled labour and migrant workers • Direct involvement with children • High reliance on casual	We operate in and acquire our goods from the manufacturing sector which is generally associated with the risk indicators of intensive process functions, complex supply chains (and therefore low visibility), and reliance on unskilled, migrant, and casual labour. Industry sector risk indicators are not present in our operations. We sell large, customised equipment that is designed by our highly skilled engineering teams and constructed by other

RISK CATEGORY	RISK INDICATORS (Internationally recognised)	EVALUATION
sector	work • Presence of economic processing zones	skilled technicians. Our operations are not process driven and a vast majority of our staff are permanently employed. In relation to our first-tier suppliers, we have reduced the risks of modern slavery by purchasing goods and services from reputable suppliers. In addition, our due diligence does not reveal any industry-specific risks regarding our first-tier suppliers that would warrant specific focus.
Business practices	• Reliance on third parties to source workers • Imposition of recruitment fees • High turnover, low profit margin, cost sensitive • Poor governance & ineffective internal control mechanisms • Informal working conditions (eg, no written contract) • Use of products made from materials or using services reported to have a high risk of labour exploitation	We have not observed any risk indicators regarding *business practices* in our operations or in relation to our first-tier suppliers that would suggest the presence of modern slavery. However, based on a literature review, we acknowledge that the supply of shipping services may be exposed to risks of modern slavery due the captive nature of that work, the reliance on unskilled migrant workers, the presence of less formal working conditions, and cross-border gaps in regulation. To mitigate this risk, we only engage reputable suppliers. We have also conducted due diligence on our primary suppliers in Australia and believe they have sufficient internal controls in place to prevent modern slavery in their operations, and to help control the risks in their supply chains. We will expand upon our due diligence by reaching out to our primary suppliers who service us in other jurisdictions. Literature also suggests that the supply of the goods and services that we acquire to run our operations may be exposed to the risk of modern slavery. Examples of goods that we typically acquire are factory tools, office supplies, furniture, uniforms, and electronics such as computers and phones. Of these goods, the literature suggests that the supply of uniforms and electronics may carry higher risks of exposure to modern slavery. We also: - acquire cleaning and maintenance services. The literature suggests that the supply of cleaning services may carry higher risks of

RISK CATEGORY	RISK INDICATORS (Internationally recognised)	EVALUATION
		modern slavery due to the low barriers of entry, and reliance on unskilled and often migrant workers. - rely on third-parties to source workers in Australia, India and China. According to the literature, the supply of labour through third-parties carries higher risks of modern slavery. For this reporting period, we have focused our due diligence on this segment in India and China.
Workers	Presence of: - vulnerable workers (eg, children, migrants, unskilled and socio-economically challenged, - abuse, coercion, threats, intimidation & deception, - physical, sexual & psychological violence - reprisal & discipline through punishment or fines - debt bondage, & retention of personal papers & assets - forced overtime, excessive hours - underpayment, withholding of wages - workers are afraid to speak or leave employment - workers are closely monitored, restricted or confined - degrading and unsafe working conditions - degrading living conditions	We have not observed any risk indicators regarding workers in our operations or supply chains that would suggest the presence of modern slavery. We also adequately control risks because: • we promote the rights of our workers as evidenced by our strong human resource policies and procedures, and the fact that we have had no reported incidences of modern slavery, • we have mature quality control systems in place and take our obligations under local workplace laws seriously, and • although a minority of our workers are engaged through third-party providers in Australia, China and India, the risks of modern slavery are controlled for the reasons stated above. In addition, in Australia we only use licensed providers. In India, we audit the providers for risks on a 6-monthly basis and in accordance with the law; while in China we work very closely with the workers and have daily oversight of their working conditions. We have also requested our third-party suppliers of labour in China and India to undertake a Questionnaire regarding modern slavery that we will use to help identify indicators of risk. We understand that it is incumbent on us to remain vigilant to ensure our operations continue to operate in an environment where there is no

RISK CATEGORY	RISK INDICATORS (Internationally recognised)	EVALUATION
		tolerance for modern slavery; and help encourage our suppliers to do the same.
Entity	- presence of any of the above risk indicators regardless of geographic location, industry sector, or product - vulnerable entities who may not have formalized or systematic approaches to addressing modern slavery (eg, smaller, under-resourced entities)	We have not observed any risk indicators in any of our operations or supply chains that would suggest the presence of modern slavery.

Criterion Four:

Describe actions taken by Heat and Control and any entities that Heat and Control owns or controls, to assess and address these risks, including any due diligence and remediation processes

The Actions we undertook to assess and address these risks include:

Literature review

To further inform our due diligence process, we updated our review of the literature on modern slavery to include the following publications:

Publication	Author	Purpose
Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities (2023, May)	The Australian Government	To help provide insight into our approach to compiling this Report
Modern Slavery Risk Management: A playbook for Australian SMEs to Identify, Manage and Mitigate Modern Slavery Risks (2023, June 24)	Global Compact Network Australia	To assist in the identification, assessment, and mitigation of Modern Slavery risks

Good Practice Toolkit: Strengthening modern slavery responses (2023, May 25)	UNSW Australian Human Rights Institute	To further inform us on how to best compile this Report
What businesses need to know about the Modern Slavery Review (2023, July 25).	Australian Human Rights Commission	To provide an update of potential changes to the law

Mapping of our risks

We updated the mapping of our first-tier suppliers based on 'spend' and geographic location and in accordance with the internationally recognised risk-based approach.

Due diligence

We conducted further due diligence on our major shipping providers by reviewing their current Modern Slavery Statements. Based on this review, and our poast due diligence, we were able to satisfy ourselves that our suppliers in Australia have sufficient internal controls in place to prevent modern slavery in their operations, and to help control the risks in their supply chains.

Supplier Questionnaire

We rolled out a Supplier Questionnaire to our third-party providers of labour in India and China to better understand the risks of modern slavery in our supply chain.

Communication with our related entities

We engaged with our related entities to facilitate the communication within the group regarding our modern slavery risks.

Supplier Contract

We incorporated a 'modern slavery' clause in our standard supplier contract requiring suppliers to undertake that they will not engage in modern slavery, and that they will seek to ensure that their suppliers also do not engage in modern slavery.

Remediation

While Heat and Control is yet to encounter a specific instance of modern slavery in our operations and supply chains, if modern slavery is found, we will adopt a remedial approach based on the *UN Guiding Principles on Business and Human Rights*. This means that we will place the worker at the heart of the remediation process and as appropriate, engage in meaningful dialogue with the supplier and other stakeholders to identify how modern slavery occurred and implement measures to prevent future incidents.

Our approach will be flexible and may involve ending engagements with suppliers who refuse to co-operate or comply with requests for information.

Criterion Five:

Describe Heat and Control's policies and training that is available to staff.

Policies

Heat and Control's policy is that it does not tolerate Modern Slavery in its operations, and that it will help to mitigate, prevent and where possible, stop Modern Slavery in its supply chains.

Heat and Control's Modern Slavery policy is located in its Employee Handbook (AUS & UK) which is a comprehensive reference point for policies and employment related issues.

Training

Heat and Control has rolled out training on Modern Slavery to the Purchasing Team and the Human Relations Team in Australia and the United Kingdom.

Criterion Six:

Describe how Heat and Control assesses the effectiveness of these actions.

Heat and Control assesses the effectiveness of its actions by reflecting on its performance as set out below:

Performance	Performance indicators	Rating (satisfactory / unsatisfactory)
Supply chain mapping & risk assessment	• Extent • Reliability • Currency	Satisfactory Satisfactory Satisfactory
Due diligence	• Extent • Effectiveness	Satisfactory Satisfactory
Literature review	• Extent • Reliability • Currency	Satisfactory Satisfactory Satisfactory
Procedures and policies	• Relevance • Integration • Effectiveness	Satisfactory Satisfactory Satisfactory
Remediation	• Effectiveness • Responsiveness • Inclusiveness	There have been no incidents of Modern Slavery

We look forward to adapting and strengthening our assessment processes as a means of self-reflection and learning.

Criterion Seven:

Describe Heat and Control's process of consultation with any entities it owns or controls

Heat and Control works collaboratively with the entities it owns and controls. In preparation of this Statement, Senior Management and the Compliance Team engaged with the relevant entities to better understand Heat and Control's exposure to the risks of modern slavery.

Criterion Eight:

Describe Heat and Control's next steps.

Heat and Control looks forward to deepening its understanding of the risks of modern slavery in its operations and supply chains, and how best to control them. Going forward, Heat and Control is committed to:

a) continuing our commitment to help prevent, mitigate and where possible, stop modern slavery practices,

b) deepening our assessment of the risks of modern slavery in our operations and supply chains,

c) developing strategies to address the risks of modern slavery in our supply

chains by focusing on the risk areas identified in this report,

d) updating our knowledge base,

e) continuing to raise awareness about the risks of modern slavery within our operations and our suppliers,

f) continuing our commitment to remedy and to work with our suppliers to remedy instances of modern slavery,

g) continuing to improve our performance through a process of continual learning and self-reflection, and

h) continuing to maintain management oversight.

Approval of this Statement

***MODERN SLAVERY ACT 2015* (UK) – STATEMENT ANNEXURE**

Principal Governing Body Approval

This modern slavery statement was approved in substance by the principal governing body of Heat and Control Pty Ltd as defined by the *Modern Slavery Act 2015* (UK) on 17 June 2023,

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of the Board of Directors of Heat and Control Pty Ltd.

David Tambyah

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David Tambyah, Director

Heat and Control Pty Ltd