

JOINT MODERN SLAVERY STATEMENT

of Sime Darby Motors Group (Australia) Pty
Limited and Sime Darby Transport Holdings
Australia Pty Limited



Delivering
Sustainable Futures

Joint Modern Slavery Statement of Sime Darby Motors Group (Australia) Pty Limited and Sime Darby Transport Holdings Australia Pty Limited

This is the first joint Modern Slavery Statement under section 14 of the *Modern Slavery Act 2018* (Cth) made in respect of:

1. Sime Darby Motors Group (Australia) Pty Limited (ACN 134 394 442) (SDMGA), and its wholly owned subsidiaries comprising of Sime Darby Fleet Services Pty Limited (ACN 008 730 390) (Corefleet), Sime Darby Motors Wholesale Australia Pty Limited (ACN 116 052 754) (SDMWA), Sime Darby Automobiles Pty Ltd (ACN 000 426 282) (SDA), LMM Holdings Pty Limited (ACN 089 545 853) (LMM), Sime Darby Motors Retail Australia Pty Limited (ACN 158 278 883) (SDMRA), and Brisbane BMW Bodyshop Pty Ltd (ACN 095 157 529) (BBMWB); and
2. Sime Darby Transport Holdings Australia Pty Limited (ACN 006 368 592) (SDTHA), and its wholly owned subsidiaries comprising of Transport Engineering Solutions Pty Limited (ACN 006 368 583) (TES) and Palfinger Australia Pty Limited (ACN 146 733 333) (PA).

Both SDMGA and SDTHA are reporting entities under the *Modern Slavery Act 2018* (Cth).

For the purpose of this Modern Slavery Statement, all references to "the Group" refers to both SDMGA and SDTHA as the reporting entities and, where applicable, other entities which the reporting entities wholly own or control.

This Modern Slavery Statement will describe the Group's approach to ensuring that business is conducted in an ethical manner with a framework that seeks to maintain integrity and minimizes modern slavery risk in supply chain and operations.

Our corporate purpose is to partner to deliver a better future and we do this through partnerships. Importantly, this includes our suppliers. Fundamental to our culture is our primary commitment not to harm people, and to do business ethically and in support of our communities.

This Modern Slavery Statement has been approved by the Boards of SDMGA and SDTHA and I have been authorised to sign this statement on their behalf.



Andrew Basham, Managing Director, Sime Darby Motors Group

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About our business



SDMGA Structure and Operations

SDMGA is an Australian registered company together with its subsidiaries, which operate solely within Australia. It is a wholly owned subsidiary which is ultimately owned by Sime Darby Motors Sdn Bhd, the motor division of a Malaysian public listed company, Sime Darby Berhad.

The principal activities of SDMGA and its subsidiaries are the retailing, servicing and sale of parts for BMW, Jaguar, Land Rover, Mini, Porsche, Rolls Royce, Volkswagen, Volvo and Ferrari motor vehicles; and specialized vehicle rental services to mining and civil engineering industries within Australia.

SDTHA Structure and Operations

SDTHA is a company registered, and operating, in Australia, being a wholly owned subsidiary of Sime Darby Transport Limited being a company registered in New Zealand, which is ultimately wholly-owned by Sime Darby Motors Sdn Bhd, the motor division of a Malaysian public listed company, Sime Darby Berhad.

The principal activities of SDTHA with its Australian subsidiaries are the import and distribution of Palfinger cranes and tail lifts, as well as sale of hydraulic, braking and concrete equipment and provision of workshop services.

The Board of SDMGA and SDTHA are responsible for overseeing the governance, management and strategic direction of each entity. For compliance assurance related matters, the Group reports to Sime Darby Berhad's Group Compliance and Integrity, although the management of SDMGA and SDTHA remain primarily responsible for managing compliance and corporate governance risks and implementing any required internal controls, which include controls to prevent modern slavery risk. The boards of SDMGA and SDTHA respectively will manage compliance of this Modern Slavery Statement, regular audit and reviews of its processes, and future modern slavery statements published, pursuant to section 16(2)(b) of the *Modern Slavery Act 2018* (Cth).

Risks



Risks of Modern Slavery in Operations

The Group views its operations to be a very low risk of causing or contributing to modern slavery due to the internal frameworks, policies and governance practices in place that promote ethical business conduct and the protection of human rights.

In terms of internal personnel risk, the recruitment practices of the Group are stringent and transparent, with applicants being provided with sufficient information about the type of work they are undertaking and the working conditions. For example, detailed position descriptions are provided with every employment agreement and employees are given the opportunity to seek advice on the employment agreement being offered.

All employment agreements comply strictly with the Australian employment legislation, and human rights.

Reviews of adequate pay and entitlements in compliance with legislation or any applicable enterprise agreement or award are also regularly undertaken.

Other relevant elements included in the Group's policy framework, which support the importance of the ethical treatment of employees in its operations, include:

- an Employer Code of Business Conduct;
- Equal Employment Opportunity Policy;

- Harassment and bullying policies, and grievance handling mechanisms;

- Parental leave policies; and

- a Flexibility Programme

- A Diversity policy.

The Group has a Whistle-blower policy in place with anonymous reporting available for employees to raise concerns related to slavery or breaches of internal policies or unethical business practices.

The Group conducts regular surveys on employee engagement that provides employees with a confidential feedback mechanism on management and Group employment practices.

Risks of Modern Slavery in Supply Chain

The Group had a base of some 1,807 active suppliers registered for the 2019/2020 financial year.

The Group does not consider that it has a high risk of directly causing or contributing to modern slavery, however, it recognises that the risks of modern slavery may vary and increase through its supply chain, depending on the sector, business location, operations and external workforce.

To mitigate and identify such indirect risk, the Group is implementing a stringent approach to onboard suppliers which

requires positive compliance with the Group's documented Procurement Policies and Authorities. Part of this requirement includes a registration and a pre-qualification exercise which assesses the background, geographic locations of operation, technical expertise and financial capability of proposed suppliers. The request for proposal process also requires that Suppliers submit to the Group for review, copies of their policies and quality standards to minimise and mitigate risks of slavery. In addition, Suppliers must provide an undertaking to

abide by the Group's Vendor and Supplier Code of Business Conduct (Code) via the signing of a Vendor Letter of Declaration (VLOD). The Code outlines the Group's ethical business practice expectations, including that Suppliers comply with all laws related to anti-slavery and prohibited business practices. Open dialogue between the Group's procurement and operations functions is encouraged to ensure engagement, as well as to provide opportunities for the Group to identify and mitigate any modern slavery risks that may be present in the supply chain.

Review



Supply Chain review

At this stage, an audit of any potential risk of modern slavery practices across the Group's highest spend suppliers in the supply chain, has been undertaken.

The risk assessment for direct suppliers was facilitated through a Self-Assessment Questionnaire to 20 key supplier entities (accounting for 74% of spend in FY19/20). The key areas covered within the self-assessment questionnaire included elements of geography, products or services provided, workforce and corporate governance practices in place.

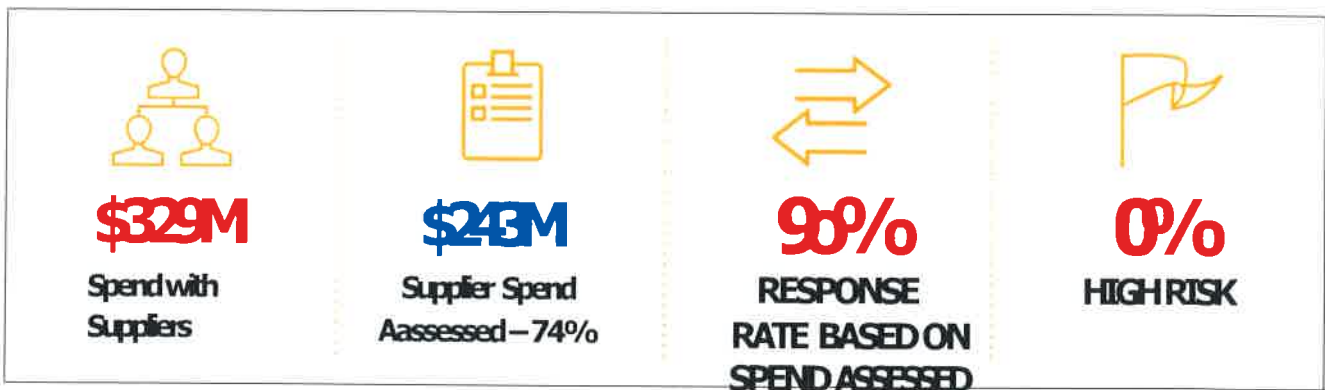
The largest spend categories in the Group's supply chain were

for supply of vehicles and parts, payments to finance companies, insurance and building projects.

At the time of publishing this Modern Slavery Statement, the response rate to the risk assessment covered over 70% of the total number of supplier's assessed. This equated to 90% response rate based on the spend that was assessed. Based on a risk assessment carried out, the Group did not identify any of those suppliers as high risk requiring further analysis. A high risk category was applied where raw materials or part of the Supplier's own supply chain manufactured goods in high risk countries for modern slavery pursuant to the Walk Free Foundation Global Slavery Index, or where governance practices were lacking

(such as not having compliance policies in place), or where potential vulnerable populations were identified in the supplier's workforce based on guidance for modern slavery risk indicators.

Over **85%** of suppliers that have responded to the self assessment operate only in Australia and New Zealand, both low risk jurisdictions for modern slavery according to the Walk Free Foundation Global Slavery Index, and a low risk for corruption according to the 2019 Transparency International Corruption Perceptions Index. 64% of suppliers who responded stated that they did not use suppliers that operated in countries identified as high risk for modern slavery



COVID-19 Considerations



The Group acknowledges that reductions in demand as a result of the Covid-19 pandemic may present modern slavery risks in the supply chain, particularly for goods imported from countries at a higher risk of modern slavery. While the Covid-19 pandemic has had minimal effect on the Group's demand for products and services, it will continue to monitor the impact and focus on modern slavery risks where it is evident it exists as a result of demand and supply decisions made in response to the pandemic and its impact on the Group's operations.

Actions taken



Update to Vendor Letter of Declaration (VLOD) and Contractor and Vendor Code of Conduct

The VLOD which as outlined above is broadly used across the Group and has been updated to require that Suppliers declare if they are in compliance with anti-slavery laws, and if the Supplier or its directors, officers or employees have been convicted of any offence involving

slavery. The VLOD also requires that Suppliers undertake that they will not exploit a worker, permit human trafficking, slavery-like behaviour, servitude, forced labour, child labour, debt bondage or deceptive recruiting for labour or services contrary to the relevant slavery laws.

The Contractor and Vendor Code of Conduct, which compliments the VLOD has also been updated to expand the laws that suppliers must comply with to include the relevant anti-slavery laws.

Update to Procurement Terms

Group's standard procurement contracts incorporate a modern slavery clause. Pursuant to the updated terms, Suppliers must:

1

Ensure that Suppliers (and to the extent practicable, their suppliers and business partners) comply with all laws, statutes, regulations in force and the Group's policies pertaining to modern slavery.

2

Represent that they have not been convicted or the subject of any investigation into any offence in connection with modern slavery.

3

Provide assistance to the Group to enable the Group to comply with its obligations, including the ability to audit the Suppliers' in relation to its for anti-slavery.

Engagement and monitoring of high-risk suppliers

If Suppliers are categorised as high risk and do not engage in discussions with the Group, a monitoring and corrective action plan will be implemented to support the suppliers

with development of their compliance capabilities in the areas of concern. Where suppliers repeatedly fail to engage or enter dialogue with the Group in breach of the obligations

in the VLOD and Vendor Code of Conduct, the Group will consider terminating the business transaction and supplier relationship.

Assessing the effectiveness of actions taken

As this is the inaugural modern slavery statement for the Group, the Group has focused primarily on assessing the effectiveness of identifying and mitigating modern slavery risks at this point, and has outlined foundational actions and framework which it expects to build on and measure progress against each year.

Below is a summary of the outcomes from actions taken to date:

- Over 90% response rate based on supplier spend to Self-Assessment Questionnaire.
- The Group's Procurement team has been trained on new provisions of procurement contracts and updates to VLOD and Vendor Code of Conduct to enable it to effectively implement and manage Group's anti-slavery policies, and expectations.
- Updates to several key supply contracts to incorporate modern slavery clauses.
- Increased dialogue between the Group and Suppliers on modern slavery and human rights risks.
- No complaints have been received pertaining to modern slavery in the Group's Operations and Supply Chain.

Consultation with entities owned or controlled by the SDMGA Group and SDTHA Group

There is a commonality of directors across each of the Group's and the subsidiaries entities as well as regular interaction between senior leadership teams. The policy and risk management framework of the Group is widely communicated to all subsidiary entities of the Group.

The Group's procurement process outlined above pertaining to onboarding and execution of the VLOD and Vendor Code of Conduct is promoted across the Groups. In addition, there has been engagement and communication of the need for risk assessment of modern slavery risks in the other entities owned or controlled by the Group which is expected to occur in FY2020/21.

The future

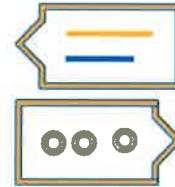


Goals and Roadmap

The Group aims to achieve comprehensive understanding of modern slavery risks within its operations and supply chain. Over the next year, its primary areas of focus will be:



Increased supplier engagement and monitoring



Reporting of Modern Slavery - Promotion of the whistleblowing process for staff to report instances of suspected modern slavery



Training and Education - Implementation of focused training for Procurement and Operations to identify the signs of modern slavery in operations and supply chain and in dealings with suppliers



Expanding our supplier due diligence

- Continued engagement with high risk suppliers identified to understand governance policies and procedures in place to mitigate risks
- Releasing self-assessment questionnaires to next phase suppliers
- Build on the Tier 1 risk assessment completed in 2020 by expanding it to the top suppliers of the subsidiary companies (that are not in common with the Group), and conducting enhanced due diligence on a number of high risk suppliers identified in the next risk assessment



Any queries on this joint Modern Slavery Statement of Sime Darby Motors Group (Australia) Pty Limited (ACN 134 394 442) (SDMGA), and Sime Darby Transport Holdings Australia Pty Limited (SDTHA) (ACN 006 368 592) (SDTHA) can be directed to the SDMGA Compliance Champion on +61 2 9933 8990