

# JOINT MODERN SLAVERY STATEMENT

of Sime Darby Industrial Australia Pty Ltd  
and Hastings Deering (Australia) Limited



Industrial

Hastings Deering



# Joint Modern Slavery Statement of Sime Darby Industrial Australia Pty Ltd and Hastings Deering (Australia) Limited

This is the first joint Modern Slavery Statement under section 14 of the *Modern Slavery Act 2018* (Cth) made in respect of Sime Darby Industrial Australia Pty Ltd (ACN 153 652 594) (SDIA), and its wholly owned subsidiary Hastings Deering (Australia) Limited (ACN 054 094 647) (Hastings Deering). Both SDIA and Hastings Deering are reporting entities under the *Modern Slavery Act 2018* (Cth).

For the purpose of this Modern Slavery Statement, references to “the Group” refers to both the reporting entities and, where applicable, other entities which they 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 SDIA and Hastings Deering and I have been authorised to sign this statement on their behalf.



**Dean Mehmet**

Chief Executive Officer and Managing Director



# Contents

<b>About our business</b>	4
SDIA Structure and Operations	5
Hastings Deering Structure and Operations	5
<b>Risks</b>	6
Risks of Modern Slavery in Operations	7
Risks of Modern Slavery in Supply Chain	7
<b>Review</b>	8
Supply Chain review	9
COVID-19 Considerations	9
<b>Actions taken</b>	10
Update to Vendor Letter of Declaration (VLOD) and Contractor and Vendor Code of Conduct	11
Update to Procurement Terms	11
Engagement and monitoring of high-risk suppliers	11
Assessing the effectiveness of actions taken	12
Consultation with entities owned or controlled by the SDIA Group	12
<b>The future</b>	13
Goals and Roadmap	14





# About our business



## SDIA Structure and Operations

SDIA is a wholly owned subsidiary of Sime Darby Industrial Holdings Sdn Bhd (Sime Darby Industrial), the industrial division of Malaysian investment holding company, Sime Darby Berhad. The principal activities of the industrial division are the sale, rental and servicing of Caterpillar products and delivering industrial solutions for customers in the mining,

construction, power generation, forestry, marine, oil and gas sectors. Sime Darby Industrial has had a partnership with Caterpillar for over 90 years and is ranked among the world's largest Caterpillar dealer groups.

In terms of SDIA's Australian operations, it is the holding company of a Caterpillar dealership in Australia

(Hastings Deering), as well as other allied operational entities including Haynes Mechanical Pty Ltd, TFP Engineering Pty Ltd, Austchrome Pty Ltd and HMG Hardchrome Pty Ltd (hardchroming, mechanical services and labour hire businesses).

## Hastings Deering Structure and Operations

Hastings Deering is a wholly owned subsidiary of SDIA and is headquartered in Brisbane, Queensland. Hastings Deering has 23 business service centres throughout Queensland and the Northern Territory. Hastings Deering employs over 3,000 people and sells, rents, services and supports the complete range of Caterpillar heavy equipment used in mining, general construction, civil transport and construction, power systems, government, primary industries and marine sectors. Hastings Deering has a wide range of new, used, remanufactured or maintenance parts solutions; stocking over 232,000 lines of Caterpillar parts inventories.

Hastings Deering carries out condition monitoring services to assist customers to maintain the health of their equipment, including scheduled oil sampling (SOS). Other activities include technical and engineering

services including the design and engineering of special machine attachments, and certified rebuilds on Cat equipment.

The Industrial Solutions businesses consist of:

- **Austchrome Pty Ltd** (being a wholly owned subsidiary of Hastings Deering) is a reclamation and reconditioning technologies company that carries out chrome plating, hydraulic cylinder overhauls, machining services and thermal spray coating services.
- **HMG Hardchrome Pty Ltd** (being an indirect wholly owned subsidiary of SDIA) carries out blasting and chemical stripping, chrome plating, manufacturing and refurbishment, general engineering and fabrication.
- **Haynes Mechanical Pty Ltd** (being a wholly owned subsidiary of SDIA) is a mechanical services, labour hire, and recruitment business.

- **TFP Engineering Pty Ltd** (being a wholly owned subsidiary of Haynes Mechanical) provides lifting and maintenance services for the mining industry and developed the patented Pakka Jacks lifting system.

The Board of SDIA and Hastings Deering are responsible for overseeing the governance, management and strategic direction of each entity. For compliance assurance related matters, the Group reports to Sime Darby Group Compliance and Integrity, although Management of SDIA and Hastings Deering 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 board of SDIA and Hastings Deering respectively will manage compliance of this Modern Slavery Statement 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, where staff are provided with accommodation to work at customer sites, the working and living arrangements are internally

assessed and approved to be clean and appropriate before any personnel is allocated to work. Where employees are required to relocate for operational requirements, the employee is actively engaged in sourcing housing and accommodation to ensure it is acceptable. 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 Employee Code of Business Conduct;
- Equal Employment Opportunity Policy;
- Harassment and bullying policies, and grievance handling mechanisms;
- Parental leave policies; and
- a Flexibility and Inclusion Program with five focus areas of culture, gender, abilities, generation and LGBT.

The Group also has a Whistleblower policy in place with anonymous reporting available for employees to use for any concerns related to slavery or breaches of policies or unethical business practices.

## Risks of Modern Slavery in Supply Chain

The Group had a base of some 2,000 active preferred suppliers registered in 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.

The Group has a stringent approach to the onboarding of suppliers which

requires positive compliance with documented Group Procurement Policies and Authorities. Part of this requirement includes a registration and pre-qualification exercise which assesses the background, technical expertise and financial capability of proposed suppliers. The request for proposal process also requires Suppliers to submit copies of policies and quality standards for review by the Group. In addition, suppliers must provide an undertaking to abide by the Group Vendor and Supplier Code of Business Conduct (code)

via the signing of a Vendor Letter of Declaration (VLOD), and the Code outlines the ethical business practice expectations of the Group, 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 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 direct supply chain has been undertaken.

The risk assessment for direct suppliers was facilitated through a Self-Assessment Questionnaire to 124 key supplier entities (accounting for over 80% 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.

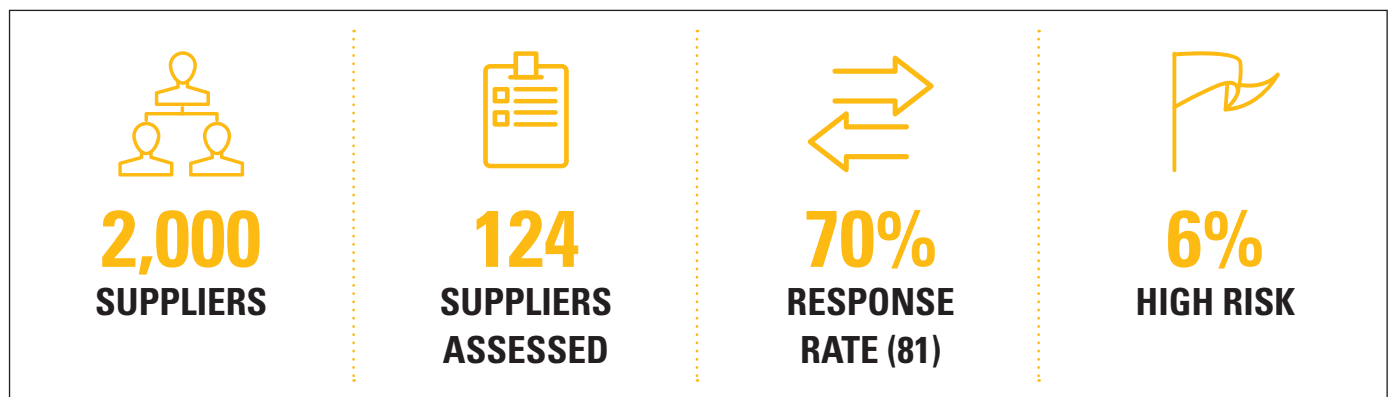
The largest spend categories in the Group's supply chain were

in Professional Services, Plant, Equipment and Parts/Industrial Consumables such as oils etc, and Facilities and Maintenance.

At the time of publishing this Modern Slavery Statement, the response rate to the risk assessment was over 70%. Based on a risk assessment carried out, the Group identified only 6% 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 70% of suppliers 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. 72% 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 Sime Darby Industrial Group has been updated to require that suppliers declare that they are in compliance with anti-slavery laws, and that the supplier entity or any of its directors, officers or employees have not been convicted of an 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

Our standard procurement contracts now incorporate a modern slavery clause. Pursuant to the updated terms, suppliers must:

1

Ensure that they (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 Supplier in relation to its obligations in connection with modern 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 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 we expect to build on and measure progress against each year.

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

- Over 70% response rate to Self-Assessment Questionnaire.
- Procurement team trained on new provisions of procurement contracts and updates to VLOD and Vendor Code of Conduct to enable them to have effective conversations with suppliers about the Group's 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.
- Several suppliers engaged with us directly to share their procurement policies and procedures and their own work on addressing modern slavery 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 SDIA Group

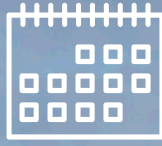
There is a commonality of directors across each of the Group and the subsidiary entities, as well as regular interaction between senior leadership teams. The policy and risk management framework of the Group is widely communicated to all subsidiary entities.

The Group procurement process outlined above pertaining to onboarding and execution of the VLOD and Vendor Code of Conduct is promoted across the Group. 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

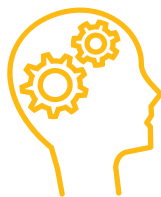
The Group aims to achieve comprehensive understanding of modern slavery risks within its operations and supply chain. Over the next year, its primary areas of focus will be:



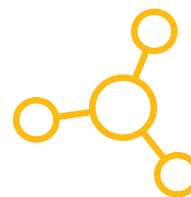
**Increased supplier engagement and monitoring**



**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 Industrial Australia Pty Ltd (ACN 153 652 594) (SDIA), and its wholly owned subsidiary Hastings Deering (Australia) Limited (ACN 054 094 647) (Hastings Deering) can be directed to the SDIA Compliance Champion on +61 7 3717 2271.**



Hastings Deering

