

CAVPOWER PTY LTD

MODERN SLAVERY STATEMENT 2023

1 July 2022 to 30 June 2023

Cavpower Pty Ltd (“**Cavpower**”) has been operating in South Australia and Broken Hill since 1972 and offers products and services to support a variety of industries, including, but not limited to, construction, mining, trucking, oil and gas and marine.

Cavpower is a CAT® dealership and is proud of the brand it represents. Cavpower’s primary value is “the needs of the customer come first” and this value is the foundation of everything that Cavpower does. A core part of our business strategy is to ensure that our customers feel supported throughout the life of the product that they purchase from us. We want our customers to succeed and strive to provide outstanding service to help them do so.

Alongside the priority that we place on our customers, Cavpower values the community in which it operates. Cavpower commits itself to make a positive impact in the local community and actively participates and supports several local, regional and national charities, events and foundations. We continue to support various local and national community groups, charities, foundations, and organisations such as The Jodi Lee Foundation, Yalari, Sight for All (Vision1000), Time for Kids and Hutt St Centre. Cavpower proudly supports the Australian Defence Force Reserves and The Duke of Edinburgh Award.

We also place a firm priority on our Cavpower team members and value the contribution, time, and effort that our current and prior team members have put into our brand.

Given our continued prioritisation of our community, customers and team members, it follows that Cavpower has a zero-tolerance approach towards instances of modern slavery in any form within its own operations and supply chains more broadly.

Modern Slavery describes situations of serious exploitation including, but not limited to, slavery, servitude, forced marriage and the worst forms of child labour. Whilst this does not include practices such as substandard working conditions or the underpayment of workers, these practices are risk indicators of broader modern slavery practices and are taken seriously by Cavpower.

This statement is Cavpower’s fourth modern slavery statement (“**Statement**”) pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (“**Act**”). This Statement sets out the actions undertaken by Cavpower to identify, address and mitigate modern slavery and human trafficking risks within its operations and supply chains for the financial year ending 30 June 2023.

This statement has been reviewed and approved by the Cavpower Board on 19 December 2023.



[Dean Mehmet \(Dec 20, 2023 08:22 GMT+10\)](#)

Dean Mehmet

Chair

Date: Dec 20, 2023

CRITERIA 1 – REPORTING ENTITY

This Statement has been produced by Cavpower Pty Ltd (ACN 007 735 300) (“**Cavpower**”) on behalf of the entities that it owns and / or controls.

CRITERIA 2 – STRUCTURE, OPERATIONS AND SUPPLY CHAINS**Structure**

Cavpower is a company headquartered in Adelaide, South Australia. Cavpower has a wholly owned subsidiary, Cavrent Pty Ltd (ACN 082 028 082) (“**Cavrent**”). Cavpower and its subsidiaries and related companies was acquired on 1 November 2023 by Sime Darby Industrial Machinery Australasia Pty Ltd (“**SDIMA**”). SDIMA is wholly owned by Sime Darby Industrial Australia Pty Ltd (SDIA). SDIA is a wholly owned subsidiary of Sime Darby Industrial Holdings Sdn Bhd, the industrial division of Malaysian investment holding company, Sime Darby Berhad. The principal activities of companies within the industrial division are the sale, rental and servicing of Caterpillar products and also delivering industrial solutions and services for customers in the mining, construction, transport, power generation, forestry, marine, and oil and gas sectors.

Cavpower is the primary operating entity and Cavrent operates the rental arm of the business. Both entities are subject to the same governance, policies, and procedures. Cavpower is associated with the CAT® brand and offers over 400 CAT® branded machines and power systems.

**Operations**

Cavpower is the exclusive dealer for CAT® equipment in its designated service territory of South Australia and western New South Wales. More broadly, Cavpower retails new and used equipment, parts, associated services of equipment, and technology solutions (for example, fleet management solutions).

Equipment

Cavpower sources and sells equipment to support industries such as construction, agriculture, mining, landscaping, and power generation. This includes a range of CAT® equipment such as articulated trucks, compactors, excavators, material handlers, and skid steer loaders.

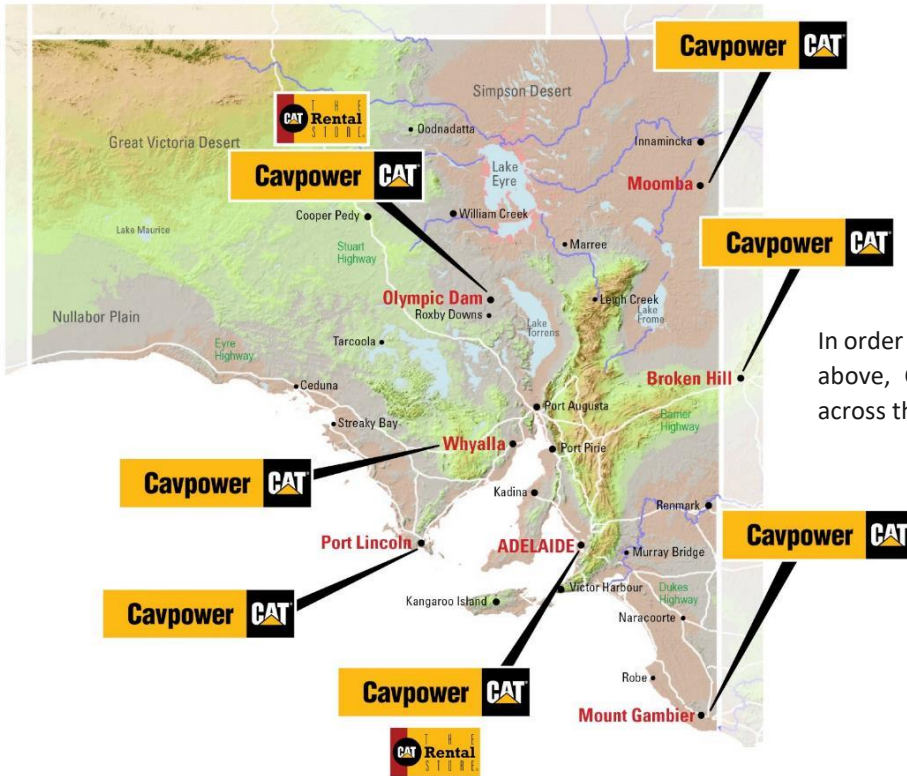
Services

Alongside the sale of equipment, Cavpower provides services such as:

- Field Services Solutions: With over 50 vehicles and 2 lube trucks available on-road, Cavpower services equipment on site for its customers. We primarily service CAT® equipment but have the capability to service other makes or models of equipment similar to those described above.
- Hydraulic Solutions: Cavpower’s specialistic hydraulic workshop provides cylinder repairs. We can also design and manufacture new cylinder designs to assist our customers with bespoke projects.
- Preventative Maintenance: Cavpower provide maintenance and inspection services for our customers on site or in-store. This assists our customers in reducing operating costs and pro-longs the life of the equipment component.
- Operator Training: We are an authorised CAT® training provider and provide individual operators or groups at a variety of skill levels with training to assist them in using CAT® equipment effectively.

- Welding and fabrication: Cavpower maintains the expertise and technical skills to perform metal fabrication services, from preparing the concept design to production of a finished product.

Cavpower operates across eleven locations in both regional and metropolitan areas as follows:



In order to provide the operations as described above, Cavpower employs over 460 people across these locations.

Suppliers and Supply Chains

Cavpower values its suppliers and generally has long-term stable supplier relationships, on agreed terms and conditions. Cavpower also makes payments to suppliers that are not on our preferred vendor list, however if they are used regularly, we undertake due diligence and include them as a preferred supplier.

During the FY23 reporting period, Cavpower had 668 active preferred suppliers registered.

<i>Active Suppliers</i>	
FY23	FY22
668	935

Of these suppliers, 98% are based in Australia and 2% are based in Singapore, USA, Canada, United Kingdom, and France. Accordingly, our suppliers are primarily based in Australia.

FY23 saw a significant drop in the number of active preferred suppliers. This was mainly due to review and consolidation of vendors following the introduction of the new finance and procurement system at the end of FY22.

Our key supply chains can be summarised under the following categories:

Products (mainly CAT® equipment and parts)

For example:

- Earthmoving Machinery & Equipment
- Parts

Services

For example:

- Products to service retail products
- Tools

Technology

For example:

- IT providers
- Software (e.g., fleet management solutions)
- Third party providers

Ancillary goods and services

For example:

- Uniforms
- Cleaning
- Office supplies
- Professional services (indirect categories and accountants, auditors, marketing, insurance, and legal services)

CRITERIA 3 – RISKS OF MODERN SLAVERY

Modern slavery is a global issue. Factors such as high-risk jurisdictions, particular vulnerable populations and high-risk sectors increase the prevalence of modern slavery. We understand that modern slavery is globalised, complex and that we are not immune to the prevalence of modern slavery, with over 41,000 suspected cases of modern slavery in Australia.¹

Cavpower recognises that certain products and services carry a higher risk for modern slavery compared to others. For example, products such as polysilicon are high-risk raw materials due to the majority of polysilicon originating from the Xinjiang Uyghur Autonomous Region (“Xinjiang”) in China which is known for its use of force labour camps. Other risk factors of modern slavery include:

Geographical factors: certain countries and regions present higher risks of modern slavery. For example, Xinjiang, China.

Sector and industry factors: particular industries and sector that are known for containing higher risks of modern slavery. For example, the cleaning industry.

Entity factors: certain entities carry heightened risks for modern slavery. For example, entities subject to Government sanctions or who have been part of prior litigation and legal action.

In addition to the above risk factors, the “cause, contribute to and directly linked to” framework from the UN Guiding Principles on Business and Human Rights is used to assess the linkages to modern slavery risks within Cavpower. Some examples of risk assessment under this framework are as follows:

Cause	Owning a factory that utilises child labour to carry out its operations.
Contribute to	Asking a supplier to fulfill a tight lead time for a project and ignoring evidence that suggests that workers were being exploited to meet these lead times.
Directly linked to	Engaging an equipment supplier that purchases raw materials from a supplier that uses child labour in its factory.

We have considered the risks of modern slavery in Cavpower’s operations and supply chains, including those areas that carry a heightened risk of modern slavery based on the above risk factors.

Operations

Cavpower’s operations, including that of Cavrent, are centrally managed by Cavpower. Furthermore, as outlined above, Cavpower and Cavrent are subject to the same governance, policies, and procedures.

Across Cavpower and Cavrent, Cavpower:

- ensures adequate pay and entitlements in compliance with legislation or any applicable enterprise agreement or award and ensures regular reviews are undertaken;
- operates and maintains all facilities in line with work, health and safety laws;
- ensures that that employees are aware and comply with the following Company policies:
 HR 9-1 Code of Conduct;
 HR 8-1 Discrimination, Harassment and Bullying;
 HR 6-1 Industrial Relations and Grievance Handling; and
- have access to appropriate grievance mechanisms, resources, and employee assistance programs.

¹ According to the Walk Free Foundation’s Global Slavery Index 2023.

Cavpower has a Whistleblower Policy in place with anonymous reporting available for employees and other eligible disclosers to use for any concerns related to modern slavery, breaches of policies, unethical business practices or other eligible disclosures.

Accordingly, Cavpower considers that the risk of modern slavery in its operations is low. However, Cavpower does recognise that there are high-risk industries that it utilises to assist in running its operations, including cleaning services and labour hire (which is used on a limited basis).

Impacts of COVID-19

The COVID-19 pandemic led to significant supply chain disruptions in FY21 and FY22 and continues to have residual impacts on Cavpower during the reporting period. For example, we continue to experience increased lead times for new CAT® Equipment, including related ancillary equipment and supplies.

When unforeseen delays are experienced, certain entities may put unnecessary pressure on suppliers to meet deliverables which can lead to extreme working conditions such as imposing significant overtime working expectations and the broader exploitation of workers. In accordance with the cause, contribute to or directly linked to framework described above, this would be an example of an entity contributing to modern slavery.

To mitigate this risk, Cavpower has continued to take a pro-active approach to this issue during the reporting period by communicating these delays with customers ahead of time. This has helped us mitigate modern slavery risks as well as manage customer expectations on lead times to ensure that we are continuing to meet customer expectations and support them in their operations.

Supply Chains

Procurement choices can have significant impacts on an organisation’s modern slavery risks. For example, short delivery timeframes and low costs can contribute to increased modern slavery risks and an organisation “contributing to” or being “direct linked to” modern slavery.

Whilst 98% of our tier 1 suppliers are based in Australia, 2% of our Tier 1 suppliers are based overseas in countries such as Singapore, USA, Canada, United Kingdom and France. Of these suppliers, most are affiliated with CAT® or provide support to key business systems and software for CAT® products.

According to the Walk Free Foundation’s Global Slavery Index 2023 (“**Global Slavery Index 2023**”), the prevalence and vulnerability ratings of our international suppliers are as follows:

Country	Prevalence ²	Vulnerability ³
Singapore	2.1	24
United States of America	3.3	25
Canada	1.8	11
United Kingdom	1.8	14
France	2.1	13

Overall, our international suppliers carry a low risk of modern slavery according to their prevalence and vulnerability ratings under the Global Slavery Index. However, many of our suppliers operate in high-risk industries or produce goods and commodities that carry heightened risks for modern slavery. Assessing actual modern slavery risks requires a multi-faceted approach which relies on the above data in conjunction with an assessment of specific

² Prevalence data reflects the estimated proportion of the population living in modern slavery conditions per thousand people.

³ Vulnerability score is out of 100. A higher score reflects a greater vulnerability to modern slavery.

supplier risk. Cavpower have identified particular high-risk industries which some of its suppliers operate in as outlined in the table below:

High Risk Industries	Explanation
Freight and Transport	Globally, the freight and transport industries carry heightened modern slavery risks. This became particularly prevalent during the COVID-19 pandemic due to supply chain disruptions and international restrictions. In addition to this, many of the workers work in isolated conditions, meaning that workers in this industry are more vulnerable to modern slavery conditions.
Labour Hire	The labour hire industry is a complex industry due to the lack of visibility over the working arrangements between the labour hire organisation and the contractors and the significant movement of workers between different jobs. The risks that are particularly prevalent in this industry are risks such as the severe underpayment of workers and debt bondage arrangements.
Commercial Cleaning	<p>The commercial cleaning industry is another complex industry, largely due to it attracting unskilled workers and migrant workers. This means that workers in the commercial cleaning industry are particularly vulnerable to modern slavery risks such as withholding of wages, excessive overtime, and substandard working conditions.</p> <p>Migrant workers are particularly vulnerable to exploitation in the form of immigrated related coercion and threats and the confiscation of personal and travel documents.</p>

Accordingly, the above industries present the highest risks to Cavpower in terms of being “directly linked to” instances of modern slavery in its supply chain. Cavpower acknowledges that supply chain risks are more likely to present deeper in our supply chains (for example, at Tier 2 and beyond levels), as is the case for most organisations in our increasingly globalised and complex world. Our priority thus far has been on assessing our risks associated with our Tier 1 suppliers to set the foundation for further due diligence in future reporting periods.

CRITERIA 4 – ACTIONS TAKEN

In this reporting period, we have undertaken the following actions to assess, address and mitigate risks of modern slavery in its operations and supply chains.

Supplier Consolidation – Implementation of New Finance & Procurement System

A key focus for Cavpower in its modern slavery compliance framework has been to ensure that up to date due diligence is maintained across its supplier base. This presents significant challenges with a large supplier base. Accordingly, consolidating suppliers has been a continued priority for Cavpower.

In the last reporting period, Cavpower completed its implementation of a new “Finance & Procurement System”. This has assisted Cavpower in implementing targeted due diligence on high-priority suppliers to then enable Cavpower to take more of a “risk based” approach with its due diligence.

Cavpower’s risk assessment of its suppliers also considers Cavpower’s predicted annual spend with a supplier. Although Cavpower recognises that spend does not equate to risk, it recognises the importance of ensuring that key suppliers and any associated subcontractors are aligned with Cavpower’s stance on zero tolerance of modern slavery. Accordingly, key suppliers with a high spend are prioritised for risk assessment and due diligence as our modern slavery compliance framework matures.

Our suppliers go through a pre-qualification process which requires suppliers to provide us with their background information, safety information and quality policies. This is part of our due diligence framework which is undertaken prior to a supplier being engaged by Cavpower.

Supplier Screenings

Cavpower undertook due diligence screenings through a third-party due diligence provider on publicly available information on its top 100 suppliers by volume for adverse findings that indicate risks associated with modern slavery.

This screening process assesses our suppliers against broader ESG risks which are considered by Cavpower to be “ancillary” risks that, if identified, may allude to broader modern slavery risks. These broader ESG risks include bribery and corruption, environmental and fraud.

Monitoring and Remediation

We continue to monitor our high-risk suppliers to ensure that we adopt controls and mitigation measures if we need to at any time. Any supplier that does not provide any requested documentation or fails to implement effective controls will be given an opportunity to remedy the relevant issue. If the supplier does not remedy, Cavpower may remove the supplier from Cavpower’s vendor panel.

Supplier Code of Conduct

In this reporting period, Cavpower began drafting a Supplier Code of Conduct. The Supplier Code of Conduct outlines Cavpower’s expectations for its suppliers in how they conduct their operations and their obligations to report any concerns (including modern slavery concerns) to Cavpower throughout the duration of the supplier arrangement.

The Supplier Code of Conduct will codify our supplier expectations. All new and existing suppliers will be issued with the Supplier Code of Conduct and will be expected to comply with the requirements of the Supplier Code of Conduct.

Modern Slavery Policy

Cavpower began drafting a Modern Slavery Policy to be released for vendor compliance in this reporting period to complement our Supplier Code of Conduct. The Policy clearly sets out Cavpower’s modern slavery compliance framework and its commitment to compliance with the Act. The Policy will further supplement Cavpower’s existing

policies that reinforce Cavpower’s modern slavery compliance framework and the expectations that we have for our own operations and that of our suppliers. Having a strong governance framework improve the robustness of our modern slavery compliance framework in clearly outlining our obligations under the Act, how we are meeting those obligations and what we expect of ourselves and our suppliers to meet those obligations.

Contracts

In previous reporting periods, Cavpower has implemented clauses in its standard contract terms to require its suppliers to collaborate with Cavpower to complete annual self-assessments and to ensure that the supplier complies with all relevant laws and statutes in force. Cavpower has maintained its stance of implementing this clause in all new contracts throughout this reporting period. Cavpower considers this to be an integral aspect of its governance procedures and reflects its expectation that its suppliers align with Cavpower’s values.

CRITERIA 5 – ASSESSING EFFECTIVENESS

In this reporting period, a key action item was to continue the process of drafting our Supplier Code of Conduct and Modern Slavery Policy. This was undertaken with the aim to build a solid policy and procedure foundation for our modern slavery compliance framework which reflects the processes within our modern slavery compliance framework and our expectations on ourselves and our suppliers.

Based on the above, our key priority in this current reporting period and to continue in the FY24 reporting period is to review and continuing progressing the foundational aspects of our modern slavery compliance framework with the aim of maturing them and embedding them within our organisation.

In the next reporting period, Cavpower’s focus will be on further embedding our modern slavery compliance deeper into our business model with the finalisation of our Supplier Code of Conduct and our Modern Slavery Policy and more broadly to assess the effectiveness of our current processes and procedures.

CRITERIA 6 – CONSULTATION

Cavpower wholly owns and controls Cavrent which shares the same policies systems and governance structures with Cavpower.

As Cavrent shares the same policies, systems, and governance with Cavpower, consultation with Cavrent has been extensive in the preparation of this Statement, which has included robust discussions about Cavpower’s reporting requirements under the Act between key stakeholders in both entities.

Accordingly, this Statement is an accurate reflection of the measures and actions taken by Cavpower and Cavrent.

CRITERIA 7 – FURTHER INFORMATION

At the beginning of the FY24 reporting period, Cavpower has been acquired by Sime Darby Industrial Machinery Australasia Pty Ltd (“**Sime Darby**”), an existing reporting entity under the Act.

During the FY24 reporting period, Cavpower intends to expand on its modern slavery compliance framework through the below action items. There may be some additional actions delivered as a result of the acquisition by Sime Darby to align with additional or different internal processes.

Future Actions for 2024 reporting period

- The scope of the Commercial team has been reduced, which will enable the team to increase the resources available to focus on reducing the risk of exposure to modern slavery non-compliance in the supply chain.
- A vendor consolidation plan will be completed which we expect will result in a reduction in the number of suppliers used, including a tightening in controls for the use of one-time suppliers.
- Engagement with any high-risk suppliers identified (if any) and application of suitable remedy action plans.
- Finalise and issue the Cavpower Supplier Code of Conduct to Cavpower's suppliers.
- Finalise and implement the Cavpower Modern Slavery Policy.
- Evaluating broader modern slavery compliance framework and the effectiveness of current processes and procedures.






Modern Slavery Statement 2023 - Cavpower

Final Audit Report

2023-12-19

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