

STATEMENT

CORP-LEG-STM-002

Modern Slavery Statement

This modern slavery statement (**Statement**) is made by Energy Power Systems Australia Pty. Ltd ABN 80 055 274 514 (**EPSA**) for the reporting period ending 30 June 2024 as required by the *Modern Slavery Act 2018 (Cth)*. This Statement describes EPSA's current approach and policies with suppliers and methods of implementing a robust plan to ensure that the risk of modern slavery does not encroach into EPSA's supply chain.

EPSA holds a zero-tolerance approach to modern slavery in any form. This Statement confirms EPSA's commitment and approach to modern slavery and associated human rights' breaches.

It is recognized that there are certain areas within EPSA's business model which may have the potential to increase the risk of modern slavery. EPSA's risk mitigation strategy includes using reasonable endeavours to allocate adequate resources and implement relevant procedures to safeguard its people and manage the business' supply chain.

EPSA acknowledges that while its business cannot abolish slavery on its own it can monitor and engage with its suppliers and contractors to mitigate the risk of any modern slavery practices within its supply chain.

EPSA's Structure and Operations

EPSA is the authorised supplier of Cat® engines, generators and power solutions in Australia, PNG, and the Solomon Islands. The Company was founded in 1992, is headquartered in Melbourne, Australia and operates from 15 branches with around 239 employees.

EPSA is owned by the four Cat® machinery dealers in Australia, who provide after-sales and services for Cat® products sold by EPSA. EPSA in turn owns two subsidiaries at the date of this Statement, which are 'controlled entities' for the purposes of the *Modern Slavery Act 2018 (Cth)*:

- Energy Power Systems PNG Ltd (Tax Identification Number 50003345), is located on Spring Garden Road, Hohola, Papua New Guinea and is the authorised supplier of Cat® engines, generators and power solutions in Papua New Guinea and the Solomon Islands; and
- CAT Engine Systems Australia Pty Ltd (ACN 119 925 272) which is a dormant, non-trading entity.

Both subsidiaries were consulted during the development of this Statement to collect supplier information and discuss EPSA's Modern Slavery Statement and risk management approach.

Unless the context otherwise requires, all references to "EPSA" in this statement are references to EPSA and its subsidiaries collectively.

EPSA is a leading energy solutions provider, delivering new and used engines, generators, and hybrid energy systems for a broad range of industries. EPSA also offers rental solutions for generators, compressors, and temperature control systems.

EPSA provides Cat® products for all power generation requirements and also has a product support agreement with MWM GmbH for parts and services of MWM manufactured generators in Australia, Papua New Guinea and the Solomon Islands.

Cat® is owned by Caterpillar Inc. (**Caterpillar**). Caterpillar is a leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines diesel-electric locomotives and batteries with 156 independently owned Cat® dealers serving around 190 countries.

EPSA operates in accordance with Caterpillar's strict dealer requirements, policies and procedures.

EPSA's Supply Chain and Modern Slavery Risks

EPSA recognises the latent risks within its supply chain and the possibility that slavery can exist in every stage of the supply chain. As one of its initiatives, it is continuously assessing those risks that have the potential to harm people.

EPSA's supply chain includes:

- Mechanical and electrical components sourced from Caterpillar from Americas, Asia Pacific, Europe and the Middle East regions;
- Mechanical and electrical equipment sourced from other regions including Europe and South-East Asia; and
- Various Australian, New Zealand and Papua New Guinea suppliers and contractors who support other regional purchases.

EPSA procures a majority of its goods from Caterpillar for resale. Caterpillar is committed to respecting internationally recognised human rights throughout its global operations as noted in its Human Rights Policy, Slavery and Human Trafficking Statement and its Supplier Code of Conduct. Caterpillar expects its suppliers and business partners to do the same and encourages them to develop their own approach in their operations consistent with these expectations.

EPSA considers the risk of modern slavery existing directly in its business as low, however there is potential that modern slavery could occur further down the supply chain particularly with respect to:

- The manufacture of mechanical and electrical components sought from overseas and imported to Australia; and
- The prevalence of modern slavery in overseas regions in which EPSA's suppliers are based, such as in South-East Asia.

Actions to Assess and Address Modern Slavery Risks

During the reporting period, EPSA took several approaches in assessing and addressing the potential modern slavery risks in its supply chain.

Procurement Approach

EPSA operates a decentralised procurement model, governed by the procurement guidelines and its delegations of authority. During the reporting period, EPSA recruited further procurement and commercial resources with a view to steadily evolving the procurement function to apply a rigorous, strategic lens to buying and managing goods, services from third party suppliers. Work has commenced to develop a continuous improvement roadmap for procurement, which includes consideration of policy requirements, risks, evaluation measures, sourcing processes and other information to inform procurement decisions within defined spend categories.

Supplier Onboarding

EPSA's Supplier Handbook sets out EPSA's core standards and the minimum requirements expected from suppliers in the following areas:

- Health and Safety;
- Environment;
- Quality; and
- Procurement and Supply Chain Management (including modern slavery risk management expectations).

The Supplier Handbook is made available to all new suppliers, who are also required to complete a detailed questionnaire covering each of the above areas. With respect to the modern slavery in the EPSA questionnaire, all suppliers are required to respond to questions dealing with:

- Modern Slavery policies and processes;
- Supply chain management;
- Child labour;
- Forced labour, bonded labour and human trafficking;

- Employment conditions; and
- Grievance and redress mechanisms.

During the reporting period EPSA commenced the planning and implementation of an online supplier questionnaire which will improve the onboarding process and enable better access to supplier data to assist EPSA with ongoing compliance, monitoring and evaluation. This new system is scheduled to be implemented during the 2025 Financial Year

EPSA has also undertaken a review of its supplier terms and conditions and standard template agreements, making necessary changes to mitigate risk in respect of the various legal and regulatory obligations, including modern slavery laws.

As part of EPSA's ongoing review of existing procurement processes and procedures, improvements are planned in the next reporting period around sourcing, evaluation and onboarding of new suppliers to better assess supplier risks, including modern slavery risk, and ensure we are engaging the right suppliers.

Supplier Engagement and Monitoring

EPSA's ongoing engagement with a supplier is, in part, based on the supplier's response to the onboarding questionnaire. EPSA will use reasonable endeavours to identify any issues with modern slavery practices, including taking appropriate steps through meetings and site visits to reinforce EPSA's expectations from suppliers as set out in the Supplier Handbook.

As part of ongoing improvement in this space, EPSA is considering ad-hoc audits or surveys of its suppliers which may include site visits where possible and is also considering additional risk assessments or controls based on the supplier questionnaire responses in order to work transparently and monitor its suppliers.

Staff Training

EPSA is committed to training and implementing awareness programs for employees to address the risks, identify and manage modern slavery. All employees are now required to complete modern slavery training as part of their onboarding mandatory compliance training.

Employees responsible for onboarding suppliers are made aware of their obligations around appropriate risk based due diligence on new suppliers, which includes completion and assessment of the Supplier Questionnaire.

EPSA's Policies

In addition to the specific actions discussed above, the management of the risk of modern slavery is also supported by EPSA's policy framework. The prevention, detection and reporting of modern slavery in EPSA's business or supply chain is the responsibility of all EPSA employees, specifically reinforced via the following elements:

Element	Description
Code of Conduct and Corporate Social Responsibility	EPSA's commitment to ethical practices is embedded within its Code of Conduct and Corporate Social Responsibility Policy, which applies to all staff. This Code ensures equity and fairness in the workplace, as well as personal integrity and compliance with all laws. The Code of Conduct, in conjunction with the Whistleblower Policy also set out the reporting mechanism for improper conduct.
Employee conditions	EPSA's Industrial Relations Policy sets out its commitment to maintain its awareness of obligations as an employer, including meeting legislative requirements, minimum wage requirements and providing other employee entitlements. Our Mandatory Minimum Age Policy is in place to ensure we and companies in our supply chain do not utilise child labour in the delivery of goods or services.

How EPSA Assesses the Effectiveness of its Actions?

EPSA's Integrated Management System (IMS) is the overarching system that binds all of EPSA's processes together, including but not limited to its policies, manuals, plans, procedures, guidelines, and forms. A process approach provides for the management of the IMS and its processes through the application of a "Plan-Do-Check-Act" methodology and focus on "Risk-Based-Thinking" leading to the prevention of undesirable outcomes.

The IMS includes policies specifically relating to modern slavery (as previously identified in this Statement) and sets out how EPSA has implemented a robust and transparent risk management program that is aligned to the latest international standards: ISO 31000 Risk Management – Principles and Guidelines. It also sets out how continuous improvement is built into risk and compliance management practices through EPSA's Quality Management System, based on ISO 9001. The Quality policy is central to the delivery of our commitment to customer satisfaction and continuous improvement. Suppliers are integral to the quality process and are an important part of our quality framework, we will work closely with them to meet customer's needs.

EPSA regularly reviews its processes and the IMS to ensure they are effective. These reviews cover the management of suppliers, the effectiveness of actions taken to address risks, including Modern Slavery, as well as monitoring audit results. We recognise this is an ongoing process and EPSA is committed to the continuous improvement of its actions and risk management strategies to identify and address modern slavery risks.

Some specific actions taken in the reporting period and future plans to assess effectiveness and the management of our supply chain include:

- The implementation of an online supplier questionnaire, with one of the outcomes being better access to supplier data to assist with ongoing supplier compliance, monitoring and evaluation;
- EPSA's continual assessment of each of its major procurement categories and then work and meet with key suppliers to better understand them and their risks; and
- The commencement (in the next reporting period) of an external review of its social and sustainable procurement strategy. This will include a review of the management of modern slavery risks and opportunities to improve its response and compliance with applicable laws through the implementation of a clear plan. It is intended that this review will be completed in the 2025 Financial Year.

EPSA is committed to continual improvement and monitoring of its own practices and evaluation of its supply chain so that its legal and ethical obligations regarding modern slavery are adhered to. EPSA will not knowingly engage with third parties who do not have safe working practices or who exploit human beings. We will take appropriate measures to mitigate the risks and will continue to monitor and anticipate that our suppliers are compliant in this regard.

This Statement was approved by the board of Energy Power Systems Australia Pty Ltd on 12 December 2024.



Chris Murray
Managing Director
Energy Power Systems Australia Pty. Ltd.