



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

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

For the purpose of this Modern Slavery Statement, references to “the Group” refers to both reporting entities (SDIA and HDAL) as well as a number of related companies within the SDIA group structure as listed below.

In past years, the Group has focused on collection of data, creating awareness internally and engaging with its Suppliers in a continued effort to reduce modern slavery in our supply chains. The Group also focused on adopting new practices within its Supplier onboarding procedures to bring the issue to light and enable its businesses to identify high-risk areas. This year, the Group focused on further internal training and engagement with a broader range of Suppliers as well as engaging in a more detailed manner with a select few.

This Modern Slavery Statement will describe the Group’s continued approach reduce modern slavery risk in its supply chain and operations. The statement will also detail the steps taken this year to promote and educate issues of modern slavery.

Our Corporate Values are “Care for All, Act with Integrity and Win Together”. The Group recognises that within these values lies a primary commitment to do business in an ethical manner and to deliver results that benefit our people, our communities and our customers. The Group seeks to partner with Suppliers that respect the importance and protection of human rights, and that demonstrate a commitment to improve compliance in this area.

This joint 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

Managing Director – Sime Darby Industrial

About our business

SDIA Structure and Operations

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 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, as at 30 June 2023, the entities participating in the activities outlined in this statement is the Caterpillar dealership in Australia, Hastings Deering, as well as other allied operational entities including Salmon Earthmoving Holdings Pty Ltd, Haynes Mechanical Pty Ltd, TFP Engineering Pty Ltd, Austchrome Pty Ltd, and HMG Hardchrome Pty Ltd (earthmoving, mining restoration software, hard chroming, 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 3,500 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.

Other Group entities subject of this report:

- **Salmon Earthmoving Holdings Pty Ltd** (being a wholly owned subsidiary of SDIA) is an earthmoving and heavy equipment rental provider.
- **Decoda Digital Services Pty Ltd** (being a wholly owned subsidiary of SDIA) provides technological solutions to support mining restoration through data analytics and proprietary software.
- **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) principal activities are 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 Risk and Compliance, although Management of SDIA and Hastings Deering remain primarily responsible for managing compliance and corporate governance and implementing any required internal controls, which include controls to prevent modern slavery risks. 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 Act.

Risks of Modern Slavery in Operations

The Group views its own operations to be a very low risk of causing or contributing to modern slavery due to the data collected from Suppliers as well as its internal frameworks, policies and governance practices in place.

In terms of internal personnel risk, the recruitment practices of the group are managed by an experienced team of internal recruitment partners 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. The Group has a dedicated employee relations and HR services function that undertakes this work and any investigations of employment related claims.

Other relevant elements included in the Group's policy framework which support the importance of the ethical treatment and conduct of employees in its operations include, but are not limited to:

- an Employee Code of Business Conduct;
- Equal Employment Opportunity Policy;
- New Respect at Work compliance policies and processes;
- Harassment and bullying policies, and grievance handling mechanisms;
- Whistleblower policy; and
- a Flexibility and Inclusion Program with five focus areas of culture, gender, abilities, generation and LGBT.

The Group is continuing to evaluate the effectiveness of our internal policies to ensure that there are safeguards in place to protect against modern slavery. For example, on a quarterly basis, the Group is required to internally report on its compliance with the Act. In addition, just recently, the parent company of the Group, based in Malaysia, released a Human Rights Charter and Responsible Sourcing Policy across the whole Sime Darby Group which communicates a clear position of the business is taking on human rights issues globally.

Risks of Modern Slavery in Supply Chain and response practices

The Group had a base of some 2017 active preferred Suppliers registered in the 2022-2023 Financial Year.

The Group does not consider that it has a high risk of directly causing or contributing to modern slavery, however, it recognizes that the risks of modern slavery may vary and increase through its supply chain, depending on the sector, business location, operations and external workforce. As some of the Group's Suppliers are based outside of Australia (particularly those that are non-direct or tier 2 and below), the Group acknowledges that sometimes there is limited ability for direct and frequent observation of their activities. To assist with mitigating the risk with supplier's located outside of Australia, Procurement take further steps to assess whether it is absolutely necessary to use a Supplier outside of Australia and if so, address any concerns relating to modern slavery risks within the relevant industry of the supplier.

The Group has a robust 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. The Request for Tender document includes a comprehensive Corporate Social Responsibility section to which applicant Suppliers must respond, including several questions around management of modern slavery risks in their supply chain. The onboarding of Suppliers is viewed by the Group as the very best opportunity to detect and address modern slavery risks, and the Procurement Team has been trained on what issues should be flagged and further investigated.

In addition, Suppliers must provide an undertaking to abide by the Group Supplier and Supplier Code of Business Conduct via the signing of a Supplier 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.

Finally, the Sime Darby Group also just recently released a new Sime Darby Berhad Responsible Sourcing Policy which the Group is required to comply with. This policy sets and reinforces the general requirements that we expect from our Suppliers regarding environmental protection, fair labour practices, human rights, and business ethics. By integrating additional responsible sourcing principles into our procurement processes, we are ensuring our sourcing activities are aligned with social, ethical, and environmental standards. Training will be provided to the Group functions in 2024 on this policy.

Supply Chain review

Caterpillar as a Supplier of Hastings Deering

A major part of Hastings Deering's operations and business is its role as a Caterpillar Equipment and Parts Dealer. Caterpillar is a significant supplier in Hastings Deering's supply chain. Caterpillar and its Australian subsidiaries are subject to modern slavery reporting obligations both in Australia and also in other jurisdictions where modern slavery legislation is in force. Caterpillar have outlined their compliance initiatives in their Supplier Code of Conduct and have expressed a strong commitment to respecting human rights. In addition, this year, Caterpillar participated in the Group's Modern Slavery questionnaire. The response delivered a low-risk position to modern slavery exposure areas for Caterpillar operations and supply chain.

Other Suppliers

The Group continued the use of a Self-Assessment Questionnaire using an online form. This enabled the Questionnaire to easily be distributed to each registered supplier. The Questionnaire was received by 215 key supplier entities this year.

The key areas covered within the self-assessment questionnaire included elements of:

- geography;
- industry sector;
- products or services provided;
- spend level;
- workforce mix;
- turnover; and
- workforce practices and corporate governance practices in place.

At the time of publishing of this Modern Slavery Statement, the response rate to the Questionnaire was over 30%. This is a reduction on responses from last year and we will be endeavoring in the new year to increase this result.

There was an approximate 50% reduction of identified high-risk Suppliers in comparison to the previous year. Of the small number of high-risk Suppliers identified (roughly 5 out of the 215) these were identified as having a high-risk country of origin as well as being marked as high-risk for their modern slavery governance practices. Based on the low number of identified high-risk Suppliers against the number of Suppliers the Group currently has on record, we consider the overall exposure in our supply chain to be limited. Medium risk Suppliers largely stayed at a similar baseline compared to last year.

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. We will be working with these suppliers to understand what their remediation plan is for improvement or implementation of policies.

Most of our Suppliers:

- (a) operate only in Australia and New Zealand, which are both low risk jurisdictions for modern slavery according to the Walk Free Foundation Global Slavery Index, and low risk for corruption according to the 2019 Transparency International Corruption Perceptions Index; and
- (b) do not use Suppliers that operated in countries identified as high risk for modern slavery.

COVID-19 Considerations

Whilst the mandatory lockdown periods ceased in 2023, it is possible that there is still risk from the residual impacts of COVID-19 and the increased demands on meeting delivery timeframes. There may be risks present in the supply chain that the Group does not have direct visibility to, particularly for goods imported from countries at a higher risk of modern slavery. The Group included a question in the supplier Questionnaire this year that requested the Suppliers advise how the Covid-19 pandemic:

- (a) impacted their workforce; and

(b) whether any workers were particularly vulnerable or at risk of severe consequences from workforce changes.

In response to this question:

- (a) 2 Suppliers identified their workforce was minimally impacted by Covid-19 by accommodating work from home arrangements; and
- (b) The other Suppliers responded that the Covid-19 pandemic had no effect in FY2022/23 on their workforce.

2023 Actions taken and effectiveness result

The Group’s focus in FY2021/22 was to leverage the data obtained from the supplier Questionnaire to further achieve a comprehensive understanding of modern slavery risks within the Group’s operations and supply chain.

Upon review of the data from FY22 and the data received from this year’s questionnaire, the Group have identified specific risk areas and Suppliers that it would like to engage with further to better understand how those businesses are implementing compliance practices.

The Group undertook a range of actions throughout the reporting period. The effectiveness of each action is indicated below:

| Action | Effectiveness |
|---|--|
| <p><u>Delivered an additional training package to the Procurement Team to raise awareness, particularly with new team members</u></p> | <p>The training was engaging and well received by the teams and:</p> <ul style="list-style-type: none"> (a) explained our reporting requirements to prepare a modern slavery statement; (b) outlined the 7 risk matrix criteria; (c) discussed supply chain risk review process; (d) outlined targeted means for the procurement team to address modern slavery, including: <ul style="list-style-type: none"> i. reviewing Supplier registration and renewal processes; i. transitioning from unnecessary credit card purchasing to contract and Supplier registration; and ii. conducting contract reviews and implementation of modern slavery provisions in non-HDAL contract terms; and (e) set out the Group’s roadmap forward to continue to address modern slavery. |
| <p><u>Corporate communication released from our Procurement Department to our supplier database confirming SDIA’s position on actions and initiatives to combat modern slavery.</u></p> | <p>Released via email to our supplier database.</p> |
| <p><u>A Global Human Rights Charter and Responsible Sourcing Policy was delivered to standardise the culture around modern slavery risks across the entire Sime Darby Group</u></p> | <p>The Sime Darby Group implemented the <i>Sime Darby Berhad Human Rights Charter and the Sime Darby Berhad Responsible Sourcing Policy</i> in November and December 2023. The policy sets out and reinforces the general requirements expected of the Group’s Suppliers regarding:</p> <ul style="list-style-type: none"> (a) environmental protection; (b) fair labour practices; |

| | |
|---|--|
| | <p>(c) human rights; and</p> <p>(d) business ethics.</p> <p>The Group will undertake training to embed the relevant principles from the policy into the day-to-day operations of the procurement team.</p> |
| <p><u>Refined and improved self-assessment questionnaires and delivered to a wider supplier audience.</u></p> | <p>The Group issued the questionnaire to a wider supplier audience, including:</p> <p>(a) New Hastings Deering Suppliers;</p> <p>(b) New Hastings Deering contractors; and</p> <p>(c) New SDIA Group Suppliers.</p> <p>By issuing the questionnaire to a wider audience, the Group was able to review a broader scope of results and identify any new high-risk Suppliers.</p> |
| <p><u>Case Studies – on a small section of Suppliers to better understand practices adopted in those businesses and to share learnings.</u></p> | <p>The Hastings Deering procurement team undertook some case studies to determine any area/business practices that the Group could develop or improve upon relating to modern slavery.</p> |
| <p><u>High Risk Monitoring and follow up with high-risk Suppliers to ensure remediation plans are put in place</u></p> | <p>The Group identified the high-risk Suppliers from the Questionnaire and will issue further questions to:</p> <p>(a) query further the categories in which the high-risk Suppliers scored negatively on; and</p> <p>(b) request the high-risk Suppliers advise of any future plans they have to address the categories they scored highly on and therefore reduce their modern slavery risk.</p> |

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 Group procurement process outlined above pertaining to onboarding and execution of the VLOD and Supplier Code of Conduct is required across the Group.

Goals and Roadmap – The Future

The Group has previously focused on leveraging the data obtained to achieve a more comprehensive understanding of modern slavery risks within its operations and supply chain. After completing a review of the data obtained for FY2022/23 and analysing those results, the Group aims to refine its modern slavery training for other functions and departments as well as refine our supplier data collection methods. Over the next year, its primary areas of focus will be:

- Deliver a modern slavery training module to the human resources and recruitment teams across the Group;
- Deliver *Sime Darby Berhad Responsible Sourcing Policy* training across the Group;
- Reviewing the outcome of the case studies completed in FY23 and implementing any learnings or action items identified from the case studies that may benefit the Group's modern slavery compliance; and
- Refine our supplier data collection methods across the Group to ensure our data is accurate and current.

Any queries on this joint Modern Slavery Statement of SDIA, and its wholly owned subsidiary Hastings Deering can be directed to the SDIA Compliance Champion on +61 7 3717 2271.