

PFG Australia

Modern Slavery Statement 2022

1 Introduction

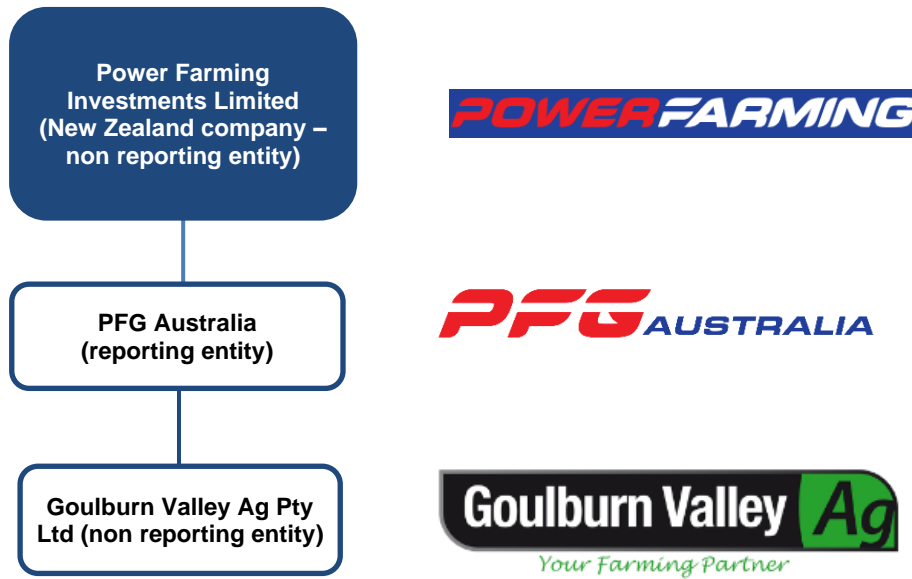
- 1.1 This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018* (Cth), and sets out the risks of modern slavery in the operations and supply chains of PFG Australia Pty Ltd and its subsidiary, Goulburn Valley Ag Pty Ltd (**PFG Australia, we, us, our**) and the steps we took to assess and address those risks. Where in this statement we refer to “PFG” it is a reference to the Power Farming Group ultimate parent company, Power Farming Holdings Limited, which owns the group globally, which we refer to as “PFG Group” in this statement.
- 1.2 This Statement is made for the year ended 31 March 2022 (the **Reporting Period**).
- 1.3 At PFG Australia, we are committed to sustainable and ethical business practices and the respect for human rights within our operations and supply chains. We oppose modern slavery. As a family owned-business, community and integrity is at the heart of what we do every day. Our values are set out in the graphic below. In line with these values, we seek to conduct our business in a socially responsible and ethical manner.



2 Structure, Operations and Supply Chains

Structure

- 2.1 PFG Australia Pty Ltd (ABN 82 093 037) is a wholly owned subsidiary of Power Farming Investments Limited (**PFIL**), a private New Zealand company, which is owned by PFG, the ultimate parent company based in New Zealand. PFG Australia wholly owns Goulburn Valley Ag Pty Ltd, a retailer of the Deutz-Fahr tractor, Kioti and Versatile tractors in Shepparton, Victoria.



2.2 PFG Australia Pty Ltd is a wholesale distributor across the Australian market from strategically located distribution hubs in Yatala, Queensland and Melbourne, Victoria. PFG Australia Pty Ltd is headquartered at 199 Australis Dr, Derrimut VIC 3026.

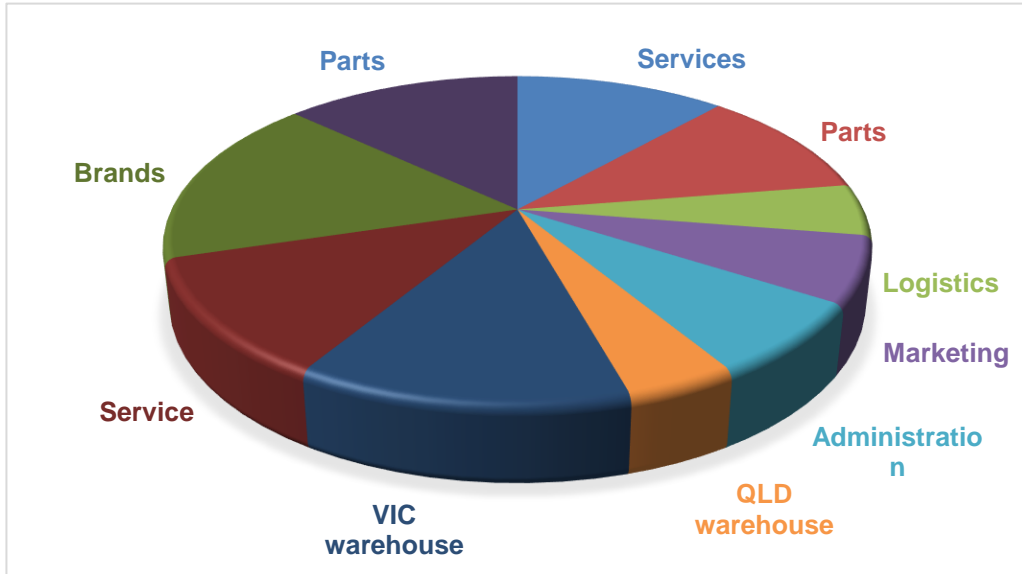
Operations

2.3 PFG is the largest privately owned and independent agriculture machinery distributor in the southern hemisphere. PFG Australia Pty Ltd specialises in wholesale distribution of tractors, hay and silage machinery, cultivation seeding and tillage, front end loaders, utility vehicles, and agricultural implements. An overview of PFG Australia Pty Ltd’s operations is set out in the table below:

Offering	Description
New tractors and machinery	<ul style="list-style-type: none"> The distributor of new tractors and machinery PFG Australia Pty Ltd sources leading tractor and agricultural machinery brands from around the world and distributes them through extensive dealer networks in Australia
Parts and Accessories	<ul style="list-style-type: none"> Sale of parts and accessories for new and used vehicles Provision of parts to dealership workshops Provision of parts to third party repair and servicing outlets
Service and Services	<ul style="list-style-type: none"> The Parts & Service division of PFG Australia Pty Ltd provides fast, efficient, and reliable parts backup service to our nationwide dealer network and customers. PFG Australia Pty Ltd’s full product range is supported by a large team of experienced service technicians providing service backup, warranty and training programs to the dealer network.
Finance	<ul style="list-style-type: none"> PFG Australia Pty Ltd also operates a financial lending program under the trading name PFG Credit. PFG Credit offers a variety of financial products with a fixed interest rate for clients who have purchased PFG equipment sold by our dealerships, as well as for the purchase of certain commercial vehicles, telehandlers, excavators, pumps and irrigators. PFG Credit is a division of De Lage Landen Pty Limited ABN 20 101 692 040 (DLL).

- PFG Australia Pty Ltd receives a commission for the clients that it brokers to DLL.

2.4 During the Reporting Period, PFG Australia Pty Ltd employed approximately 107 employees in Australia who performed roles across the following departments.

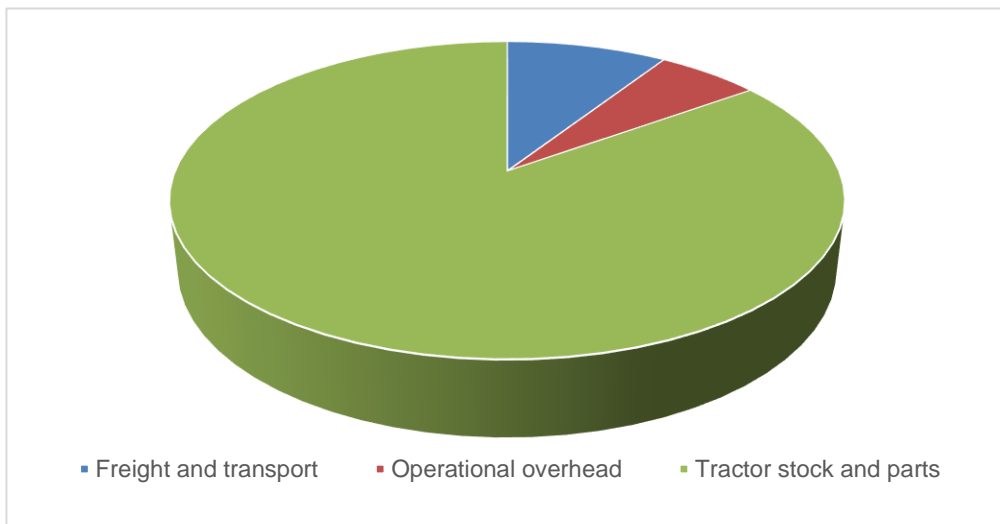


2.5 Approximately 95% of employees were employed on a permanent full time or part time basis. PFG Australia Pty Ltd also had a very small number of casual workers from time to time. Employees working in the Administration, Logistics and Warehouse departments were employed under the Manufacturing and Associated Industries and Occupations Award 2020 / Clerk – Private Sector Award 2020.

2.6 Goulburn Valley Ag Pty Ltd employed a further 12 employees with roles that include DP, sales, parts, service, accounts and administration.

Supply Chains

2.7 PFG Australia Pty Ltd's total procurement spend for 2022 was just over \$200,000 million which was split across three broad categories, as shown below:



2.8 The types of goods and services procured within each category are listed below:

Freight and transport	Operational overhead	Tractor stock and parts
<ul style="list-style-type: none"> • Specialist transportation of over-dimensional equipment • Third party logistics • Excavating & Earth Moving Contractors • Global freight forwarding • Heavy haulage • Warehouse distribution and cartage 	<ul style="list-style-type: none"> • Advertising • Property rental • Warehouse consumables • Cleaning • Motor vehicle expenses and fuel • Professional services • Insurance • Utilities • IT hardware and software • Telecommunication products and services • Catering • Events management • Food and beverages • Corporate sponsorship • Office supplies and consumables • Property maintenance and repairs • Travel and accomodation • Conferences • Recruitment and contractors • Uniforms • DLL for floorplan finance services • Office fitouts • Government fees and charges 	<ul style="list-style-type: none"> • OEMs • Intercompany expenses • Industrial manufacturing • Wheels and tyres • Ecosystem bundling technologies • Storage products • Blades • Metric stock gears • Bearings and seals

2.9 As a retailer, Goulburn Valley Ag Pty Ltd's supply chain is smaller in scope. In addition to procurement of a number services from PFG Australia Pty Ltd, Goulburn Valley Ag Pty Ltd's suppliers are a subset of those industries outlined above.

2.10 PFG Australia Pty Ltd sources leading tractor and agricultural machinery brands from around the world and distributes them through an extensive dealer network in Australia. Sourced brands include:





- 2.11 Tractor stock and parts are sourced globally, from countries including: Austria, Canada, France, Germany, Ireland, Italy, Japan, New Zealand, Sweden, Netherlands, Turkey, United States, China, Malaysia, Spain, United Kingdom, Belgium, Singapore, India and South Korea.
- 2.12 Although the above brands may be companies headquartered in regions such as Europe or North America, most have production sites around the world, including in China, India and Turkey.
- 2.13 The majority of suppliers that provide goods or services under the operational overhead category and the freight and transport category are based in Australia. A small proportion of suppliers in these categories are global companies.
- 2.14 We engage some independent contractors and consultants for specific tasks. Contractors are independent business entities that are engaged to provide specific services on a project by project basis to the company.
- 2.15 As touched upon above, all suppliers across the three categories are likely to rely on global supply chains, particularly in the sourcing of raw materials, processing and manufacturing.

3 Risks of modern slavery practices in our operations and supply chains¹

Operational risks

- 3.1 Modern slavery is an umbrella term that includes exploitative practices including human trafficking, slavery, servitude, forced labour, bond labour, deceptive recruiting for labour or services, and the worst forms of child labour. We have considered the potential for our company to have caused, contributed or become directly linked to modern slavery through our operations.
- 3.2 The Global Slavery Index (**GSI**) estimates that Australia is one of the least vulnerable nations in the world to modern slavery, and estimates that the prevalence of modern slavery in Australia is comparably low. As our operations are based in Australia, we consider the jurisdiction risk to be low. Nevertheless, we recognise that modern slavery practices such as forced labour and debt bondage continue to exist in Australia, particularly in sectors reliant on low skilled workers and those on temporary visas.
- 3.3 Our workforce comprises individuals performing a diverse range of roles, from tertiary qualified professionals in logistics, marketing and finance to those supporting our warehouse operations and despatch. Irrespective of whether individuals are Award staff or not, all employees are paid well above the Australian minimum wage and we comply with all applicable industrial relations legislation. Furthermore, we generally do not employ

¹ PFG Australia Pty Ltd's subsidiary has a similar workforce profile and supply chain to ours, therefore, the risks described in this section apply equally to that of our subsidiary.

people under the age of 18 unless through formal apprenticeships from time to time. Taking into account the aforementioned factors, we are of the view that there was a low risk that our operations caused, contributed or was directly linked to modern slavery during the Reporting Period.

Risks in our Supply Chains

- 3.4 Although the bulk of our suppliers are domiciled in countries with a lower prevalence of modern slavery according to the GSI, it is likely that the supply chains of our suppliers rely on raw materials from, or production in countries with a higher prevalence of, and vulnerability to, modern slavery. Therefore, there is a greater risk that our supply chain may be linked to modern slavery via the supply chain of our third parties.
- 3.5 For example, there are modern slavery risks, including forced labour and the worst forms of child labour, in the raw material inputs that make their way into machinery such as steel, copper, cobalt, nickel and 3TG minerals (tin, tantalum, tungsten and gold).
- 3.6 There are potential risks of modern slavery, particularly the worst forms of child labour, in the sourcing of natural rubber used in tyre products that we source as finished products. NGOs continue to report cases implicating major tyre manufacturers in deforestation and adverse human rights impacts in western and central Africa.
- 3.7 The US Department of Labour lists electronics manufactured in China and Malaysia as having increased risks of being made with child or forced labour. Electronics form part of most of the machinery and tractors that we distribute so there may be inherent risks in the extended supply chains of all manufacturers involving electronics.
- 3.8 As with most businesses, we have also identified inherent industry-based modern slavery risk in the following supplier sectors: IT and telecommunications hardware, office consumables, shipping, uniforms and merchandise, travel and hospitality including food, facilities and cleaning.
- 3.9 These sectors are highly dependent on base skilled workers at greater risk of modern slavery due to their potential exposure to exploitation which, on the continuum, can result in modern slavery, irrespective of whether they are working in a low risk country.

4 Actions taken to address modern slavery risk, including approach to due diligence and remediation

- 4.1 We recognise the importance of understanding how our business impacts on the human rights of others in our operations and supply chains and using our leverage with suppliers to increase awareness of modern slavery in our supply chain and to assess, mitigate and address modern slavery risks within our sphere of influence.
- 4.2 Our approach to due diligence involved a desktop analysis by reference to inherent industry risk, with the support of external subject matter experts. We intend to enhance our approach over the coming years.
- 4.3 We did not receive any reports of actual or suspected instances of modern slavery during the Reporting Period in relation to our operations and supply chains, including those of our subsidiary. If, hypothetically, we found that our business had caused or contributed to modern slavery, we would take into consideration the United Nations Guiding Principles on Business and Human Rights (**UNGPs**) in developing our remediation methodology.

5 Assessing the effectiveness of actions

- 5.1 In working to mature our modern slavery mitigation efforts, we understand the need to periodically assess the effectiveness of our actions and what more needs to be done. We will take guidance from the UNGPs in informing our approach to assessing effectiveness by tracking against KPIs and drawing on feedback from both internal and external stakeholders.

6 Process of consultation and approval

PFG Australia Pty Ltd and its subsidiary, Goulburn Valley Ag Pty Ltd, adopted a collaborative approach in seeking to better understand the modern slavery risks in our operations and supply chain. This statement was prepared by a team with responsibility for both entities. Members of senior management of both entities were kept abreast of the regulatory landscape in relation to modern slavery as well as in the preparation of this Statement. There are directors that serve on boards of both PFG Australia Pty Ltd and Goulburn Valley Ag Pty Ltd. Accordingly, both the reporting entity and its owned or controlled entity were consulted in the preparation of this statement. This statement was approved by the Board of PFG Australia Pty Ltd on 20 / 11 / 2023.

A handwritten signature in blue ink, appearing to read 'Geoff Maber', with a long horizontal stroke extending to the right.

Geoff Maber

Director

20 / 11 / 2023