

CAVPOWER PTY LTD

MODERN SLAVERY STATEMENT 2021

1 July 2020 to 30 June 2021

Operating since 1972, Cavpower Pty Ltd (“Cavpower”) is a proud South Australian owned and operated family business offering products and services to support a variety of industries, such as construction, mining, trucking, oil and gas, marine and many more.

Cavpower is a Caterpillar dealership and is proud of the brand it represents. Cavpower’s primary value is “the needs of the customer come first” and is at the foundation of everything Cavpower does.

Cavpower values the community in which it operates. Cavpower commits itself to make a positive impact in the local community and participates and supports a number of local, regional and national charities, events and foundations. Over the years, Cavpower has been proud 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.

Given the emphasis on community, customers and employees, it follows that Cavpower has no tolerance for modern slavery in any form in its operations and supply chains.

This statement is Cavpower’s second modern slavery statement and pursuant to the *Modern Slavery Act 2018* (Cth) sets out the actions taken by Cavpower to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 30 June 2021.

Our aim is to partner with suppliers and organisations that align with our culture and promote safe working environments.

This statement has been approved by the Cavpower Board.

DocuSigned by:

808A64161E9D4AC...

Benjamin Lathlean
Company Secretary¹

Date: 30-12-2021 | 11:55 AM ACDT

¹ Acting under delegated authority of the Cavpower Board



Modern Slavery Statement 2021

CRITERIA 1 - REPORTING ENTITY

Cavpower Pty Ltd (ACN 007 735 300) is the reporting entity (**Cavpower**).

CRITERIA 2 - STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Structure

Cavpower is a company headquartered in Adelaide, South Australia.² Cavpower has a wholly owned subsidiary, Cavrent Pty Ltd (ACN 082 028 082).

Cavpower is the primary operating entity and Cavrent Pty Ltd operates the rental arm of the business. Both entities are subject to the same governance, policies and procedures.

Cavpower is associated with the following brand:



Operations

Cavpower is the exclusive dealer for Cat equipment in its service territory of South Australia and western New South Wales. Cavpower retails new and used equipment, parts, associated services of equipment, finance via Cat Financial Australia Limited (an entirely owned subsidiary of Caterpillar Inc) and technology solutions such as fleet management.

Equipment

Cavpower develops and sells a range of Cat equipment such as Articulator Trucks, Compactors, Excavators, Material Handlers and Skid Steer Loaders.

The equipment that Cavpower sells is used to support various industries, including construction, agriculture, mining, landscaping and power generation.

Services

Services that Cavpower provide includes:

- Field Services Solutions: With over 50 vehicles and 2 Lube Trucks available on-road, Cavpower services equipment on site. Equipment servicing is primarily on Cat® equipment, but Cavpower also services other makes or models of equipment.
- Hydraulic Solutions: Cavpower's specialistic hydraulic workshop provides cylinder repairs, along with new cylinder design and manufacturing as required.
- Preventative Maintenance: Cavpower provide maintenance and inspection services on site or in-store, to assist in reducing operating costs and prolonging component life.
- Operator Training: Cavpower provides training to individual operators or groups at a variety of skill levels, to assist with using Cat® equipment effectively.

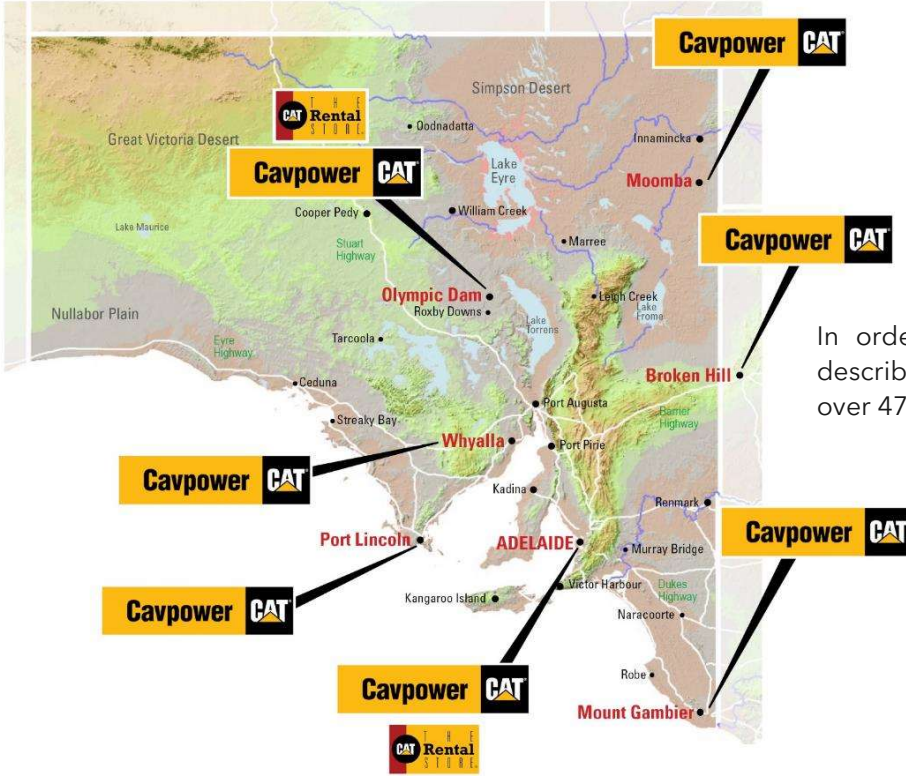
² Head office 589 Grand Junction Road, GEPPS CROSS SA 5094



Modern Slavery Statement 2021

- Welding and fabrication: Cavpower maintains the expertise and technical skills to perform metal fabrication services, from a concept design to 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 475 people across these locations.



Modern Slavery Statement 2021

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 reporting period, Cavpower had 990 active preferred suppliers registered. Of these suppliers, 97% are based in Australia and 3% are based in Singapore, USA, United Kingdom and France.

Cavpower's supply chains can be summarised as follows:

Products

- Machinery
- Trucks
- Parts

Services

- Products to service retail products
- Tools

Technology

- IT providers
- Software
- Third party providers

Ancillary goods and services

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



Modern Slavery Statement 2021

CRITERIA 3 - RISKS OF MODERN SLAVERY

Cavpower understands and recognises that modern slavery is complex with global ramifications. Further, Cavpower understands that Australia is not immune to risks of modern slavery.

Cavpower recognises that certain products carry a higher risk for modern slavery compared to others and certain labour presents higher risk than others.

The following considers the risks of modern slavery in Cavpower's operations and supply chains, including areas that Cavpower has identified present higher risks of modern slavery.

Operations

Cavpower considers that the risk of modern slavery in its operations is low. Cavpower ensures adequate pay and entitlements in compliance with legislation or any applicable enterprise agreement or award and ensures regular reviews are undertaken.

Cavpower also requires that employees are aware and comply with the following Company policies:

1. HR 9-1 Code of Conduct
2. HR 8-1 Discrimination, Harassment and Bullying
3. HR 6-1 Industrial Relations and Grievance Handling

Cavpower 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.

Cavpower does recognise however that there are higher risk industries used in connection with its operations including cleaning services and limited use of labour hire.

Supply Chains

Cavpower recognises that procurement practices can contribute to risks of modern slavery, such as short delivery timeframes and low costs. Cavpower regularly liaises with its suppliers and considers that the risk of contributing to modern slavery in this regard is low.

Cavpower considers that there is a higher risk that it may be directly linked to risks of modern slavery in connection with its suppliers. Given the geographic position of many of Cavpower's key suppliers and goods procured, Cavpower identifies that there could be risks of modern slavery further down its supply chains of which it has limited visibility. Further, Cavpower recognises that the risks of modern slavery may vary through its supply chains, depending on the sector, business location, operations and external workforce.

Cavpower's tier one supplier base contains 3% which are based overseas (Singapore, USA, United Kingdom and France). These suppliers are affiliated with Caterpillar. Notwithstanding this, Cavpower has less visibility of overseas suppliers in comparison to Australian. Products from overseas include, for example, mining parts from France. These suppliers have been identified for due diligence (as set out below).

Singapore, United States of America, United Kingdom and France have all been assessed as countries that present low risks of modern slavery and have good measures in place to prevent modern slavery, as identified by resources including the Global Slavery Index and the 2021 Trafficking in Humans Report.

Cavpower had a base of some 990 active preferred suppliers registered in the 2020-2021 financial year. Cavpower does not consider that it has a high risk of directly causing or contributing to modern slavery,



Modern Slavery Statement 2021

however, it recognises that the risks of modern slavery may vary through its supply chain, depending on the sector, business location, operations and external workforce. Specifically, Cavpower considers that the highest modern slavery risks lie in the industries set out below.

High Risk Industries	Explanation
Freight and Transport	Recent reports have indicated that the global freight and transport industry has been more susceptible to modern slavery risks. These risks have been heightened due to the COVID-19 pandemic and supply chain disruption that has occurred due to transport issues and international restrictions. The nature of the isolated working conditions can mean that workers in these industries may be more susceptible to exploitation.
Excavation and Building	The building and excavation industry typically can attract less skilled migrant workers and other marginalised more vulnerable groups that may be taken advantage of. This, combined with the often untraceable origins of the raw materials used in construction, means this industry presents more significant modern slavery risks.
Labour Hire	The operation of labour hire entities is inherently a business that can present serious modern slavery risks. In many circumstances, a lack of visibility of working conditions and significant movement of workers increases risks of severe underpayment and other forms of modern slavery such as debt bondage.
Commercial Cleaning	Commercial cleaning has been targeted as an industry that typically attracts unskilled workers, and recent reports indicate that this industry is largely populated by migrant workers. The attraction of these vulnerable groups increases exploitation risks

This analysis assisted Cavpower to identify suppliers that may present more immediate modern slavery risks. Cavpower understands that it may need to conduct more focussed due diligence on suppliers operating in these industries.



CRITERIA 4 - ACTIONS TAKEN

The following sets out the actions taken by Cavpower to assess, address and mitigate risks of modern slavery in its operations and supply chains.

Risk Assessment

Cavpower made significant progress in the previous reporting period, scoping and risk categorising its tier 1 suppliers. Cavpower understands that developing and maintaining current risk profiles is integral to continuing to assess and address modern slavery risks in its operations and supply chains.

This risk assessment involves consideration of a supplier's location of operations and industry. This risk assessment on key suppliers has allowed Cavpower to determine where risks may present and has given Cavpower a basis to conduct further due diligence on its suppliers based on a supplier's risk profile.

Cavpower's risk assessment also takes into account Cavpower's 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.

In the reporting period Cavpower enhanced its systems and processes for undertaking due diligence when selecting suppliers, which is undertaken and approved before engagement. Part of this process includes a pre-qualification process which requires suppliers to provide company background information, safety and quality policies. The pre-qualification process now includes a modern slavery questionnaire which the supplier must complete, which has been updated from the previous reporting period to include questions relating to tier 2 suppliers. This process has been included to identify and mitigate modern slavery risks prior to supplier onboarding.

Risk Assessment Expansion - Tier 2 suppliers

Cavpower has addressed that due to the nature of its operations, tier 1 suppliers often subcontract and source other suppliers to fulfil contractual obligations with Cavpower. On this basis, Cavpower has begun to identify several of these tier 2 suppliers and is developing risk profiles to assess these tier 2 suppliers.

Due Diligence

Independent Screenings

During the reporting period, Cavpower took steps to assess the risks of its suppliers. A key measure that Cavpower introduced was the assessment key suppliers via a risk analysis platform which screens for 29 risk areas, including modern slavery.

Of Cavpower's suppliers that were screened, the results indicated that 90% did not present any results or presented unrelated/low risk results. Cavpower found that 8% of its suppliers had results classified as high risk and the remaining 2% of the suppliers presented results that indicated a moderate risk.

These results are consistent with Cavpower's analysis that modern slavery risks are more likely to present deeper down its supply chains than within the operations of its tier 1 suppliers.

Modern Slavery Questionnaire

Cavpower recognises that an effective form of due diligence is to collaborate directly with suppliers to form a better understanding of potential modern slavery risks that a supplier may present. During the



Modern Slavery Statement 2021

reporting period, many of Cavpower's existing and new tier 1 suppliers were sent a modern slavery questionnaire for completion.

The questionnaire includes questions about the supplier's operating procedures and policies, as well as targeted questions about child labour and other potential forms of worker exploitation. These questions were intended to inform Cavpower as to whether there were underlying modern slavery risks that needed to be remediated.

Cavpower received several responses to the questionnaires from suppliers across a range of industries including construction, labour hire, waste management, material providers, transport, cleaning and machine hiring. The responses were overwhelmingly positive and indicated that several of Cavpower's suppliers operating in high risk industries have policies and procedures in place that assist in mitigating modern slavery risks.

Remediation

Supplier Communication

Issuing the modern slavery questionnaire allowed Cavpower to develop an open line of communications with its suppliers. Cavpower recognises that transparency within its supply chains plays a large part in being able to mitigate modern slavery risks. By engaging with suppliers, Cavpower was able to follow up with suppliers following responses in the questionnaire that may have indicated risks.

Example: Cavpower issued a questionnaire to a supplier, and the response indicated that the supplier engaged migrant workers. Whilst migrant workers can be more susceptible to modern slavery, the supplier was able to provide that these workers held valid working visas and Cavpower was able to classify this supplier as not presenting any immediate modern slavery risks.

Cavpower also found that several of its suppliers had obligations to report under *Modern Slavery Act 2018* (Cth), for example, Caterpillar is a reporting entity. On this basis, analysis of supplier modern slavery statements was undertaken.

Monitoring and Remediation

Monitoring of high-risk suppliers will continue to be undertaken to ensure adequate controls and mitigations are in place to ensure compliance with legislation. Any supplier that does not provide requested documentation or fails to implement effective controls will be given an opportunity to remedy and if not, removed from Cavpower's vendor panel.

Contracts

In the last reporting period, Cavpower implemented measures in its standard terms to require suppliers to collaborate with Cavpower to complete annual self-assessments and to ensure compliance with relevant laws and statutes in force. Cavpower maintained this stance throughout this reporting period, which Cavpower considers to be an integral aspect in requiring high standards of operating from suppliers that align with Cavpower's values.

CRITERIA 5 - ASSESSING EFFECTIVENESS

In the reporting period, the actions described above accounted for most of Cavpower's supplier spend base. Cavpower acknowledges however that spend alone may not adequately equate to risk and is committed to progressing its due diligence framework.



Modern Slavery Statement 2021

Cavpower has been assessing responses to the questionnaire to determine whether the information that has been provided is effective in determining risks. Cavpower found that its initial iteration of the modern slavery questionnaire did not adequately uncover risks that may have presented further down its supply chains.

Accordingly, Cavpower updated the questionnaire to include specific questions relating to tier 2 suppliers. Cavpower considers that this amendment helped to build a more thorough understanding of how its tier 1 suppliers engaged and liaised with tier 2 suppliers, providing Cavpower with more transparency over its supply chains.

Cavpower acknowledges the need to continue to improve its responses to modern slavery and assess and address whether the systems and processes in place are effective in mitigating its modern slavery risks.

In the next reporting period Cavpower intends to expand the audit program to determine whether the actions taken in the first two reporting periods have been effective.

Cavpower is in the process of updating its finance system and as a part of this change, is in the process of reviewing its supply chain at an individual supplier basis, to reduce risk and increased supply chain management.

Cavpower acknowledges that there is a need for improvement in providing effective training and raising awareness within its workforce.

CRITERIA 6 - CONSULTATION

As outlined in Criteria 2, Cavpower wholly owns and controls Cavrent Pty Ltd such that overarching policies, systems and governance applies consistently across both entities. This statement has been prepared in consultation with Cavrent Pty Ltd, and details of the Act's reporting requirements were discussed by key stakeholders in both entities.

Across teams in both entities, extensive collaboration took place to ensure that this statement is an accurate reflection of the measures and actions taken by Cavpower and Cavrent Pty Ltd.

Cavpower is proud that the implementation and management of these processes and other initiatives covered by this statement are consistent across both Cavpower and Cavrent Pty Ltd. In addition, the Board has had oversight over this extensive collaboration process between these two entities.

CRITERIA 7 - FURTHER INFORMATION

Cavpower acknowledges that it is early in its journey to identify risks of modern slavery. However, in the reporting period, Cavpower enhanced systems and processes already implemented.

Cavpower intends to expand its modern slavery compliance program and future actions are set out below.

Future Actions for 2022 reporting period

- Cavpower to increase its due diligence program to expand analysis of key second tier suppliers.
- Review of all suppliers and verify compliance prior to onboarding on the new finance system.
- Continual engagement with any high-risk suppliers identified (if any) and remediation plans.