

FIFTH JOINT MODERN SLAVERY STATEMENT

of Sime Darby Industrial Australia
Pty Ltd and Hastings Deering
(Australia) Limited



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This is the fifth 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.

Under SDIA, there is a group of directly and indirectly owned subsidiary entities that are internally collectively referred to as the *Sime Darby Industrial Solutions* businesses (**SDIS**). These entities are listed in the Schedule to this Modern Slavery Statement. Importantly, for the first time under our modern slavery reporting, we have expanded the scope of our supplier questionnaire beyond Hastings Deering suppliers to also include the suppliers of SDIS, to provide a more complete mapping of our modern slavery supply chain risks. We provide a summary of the results of the Hastings Deering and SDIS questionnaires in this Modern Slavery Statement.

Our Corporate Values are “Care for All, Act with Integrity and Win Together”. We recognise 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. We seek 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 year, we aim to educate our employees on modern slavery so that they are equipped to identify modern slavery risks and take the necessary actions to mitigate such risks. Further, Hastings Deering is in the process of conducting a case study on a large communications provider to review their approach to combating modern slavery. Hastings Deering will review the results of the case study once completed and evaluate whether any measures or practices from the studied entity should be internally adopted to further combat modern slavery risk.

This joint Modern Slavery Statement has been approved by the Board of SDIA on 29 October 2024 and I have been authorised to sign this statement on their behalf.



Dean Mehmet

Managing Director – Sime Darby Industrial

About our business

For the purpose of this Modern Slavery Statement, references to “the **Group**” collectively refers to:

- a. SDIA;
- b. Hastings Deering; and
- c. SDIS.

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 2024 the entities participating in the activities outlined in this statement are the Caterpillar dealership in Australia, Hastings Deering, as well as other allied operational entities including the SDIS entities (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 22 business service centres throughout Queensland and the Northern Territory. Hastings Deering employs over 3,550 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.

SDIS Structure and Operations

SDIS is headquartered in Brisbane, Queensland and encompasses Haynes Mechanical Pty Ltd, TFP Engineering Pty Ltd, Austchrome Pty Ltd, Decoda Digital Services Pty Ltd and HMG Hardchrome Pty Ltd. SDIS employs over 460 people and provides various services and technological solutions to the mining, general construction, civil transport and construction, power systems, government, primary industries and marine sectors.

Governance Management

The Board of SDIA is 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 SDIS 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, based on 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. Examples of such practices include the following:

- a. 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;
- b. where employees are required to relocate for operational requirements, the employee is actively engaged in sourcing housing and accommodation to ensure it is acceptable;
- c. regular reviews are undertaken of remuneration and entitlements to ensure compliance with legislation and any applicable enterprise agreement or award; and
- d. prior to commencing employment, SDIS and Hastings Deering undertake a review of the potential employee's working rights in Australia (including visa checks) as well as conducting pre-employment medical checks.

Hastings Deering and SDIS have dedicated employee relations and HR services functions 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;
- Sime Darby Human Rights Charter;
- Sime Darby Responsible Sourcing 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 its internal policies to ensure that there are safeguards in place to protect against modern slavery. On a quarterly basis, Hastings Deering and SDIS is required to internally report on its compliance with the Act. The reporting requires Hastings Deering and the SDIS entities to:

- a. confirm that there is compliance with local human rights regulatory requirements (e.g. responsible sourcing, modern slavery) in terms of recruitment/vendor¹ selection; and
- b. advise whether there have been any incidences where regulators have approached for non-compliances.

¹ Throughout this joint Modern Slavery Statement, the terms "supplier" and "vendor" are used interchangeably.

Risks of Modern Slavery in Supply Chain and response practices

In the 2023-2024 Financial Year:

- a. Hastings Deering had a base of 1737 active suppliers registered, as well as:
- b. SDIS had a base of 836 active suppliers registered.

The Group does not consider that it has a high risk of directly causing or contributing to modern slavery, however, it recognises 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 its vendors are located outside of Australia, the Group acknowledges there are challenges associated with direct and frequent observation of supplier activities. To assist in mitigating the risk associated with supplier located in high-risk areas outside of Australia, the Hastings Deering Procurement Team and SDIS employees assess relevant factors to 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 vendors which requires positive compliance with documented Sime Darby Procurement Policies and Authorities. Part of this requirement includes a pre-qualification and registration exercise which assesses the background, technical expertise and financial capability of proposed vendors. In addition, vendors must provide an undertaking to abide by the Sime Darby Code of Business Conduct (**Code**) via the signing of a Vendor Letter of Declaration (**VLOD**). The Code outlines the ethical business practice expectations of Sime Darby Berhad, including that vendors comply with all laws related to anti-slavery and prohibited business practices. All active vendors undertake a re-registration process every 2 years which requires the VLOD to be re-signed and returned. During the 2023-2024 Financial Year, Hastings Deering onboarded 455 new vendors and completed re-registration for 984 vendors. Separately, SDIS is reviewing its current VLOD re-registration process and implementing any necessary actions to improve this process.

As part of its sourcing approach, Hastings Deering's Request for Tender (**RFT**) process requires vendors to sign the VLOD prior to participation. The RFT also includes a series of questions and seeks supporting documentation from vendors across numerous focus areas including Corporate Social Responsibility where vendors are asked to provide a response to management of modern slavery risks in their supply chains. Responses to questions are reviewed thoroughly and form the basis for evaluation criteria which are used to inform decisions on award of business. Supply agreements and Purchase Order Terms & Conditions also include provisions for ensuring compliance with obligations under modern slavery laws.

The Group's approach to vendor onboarding and sourcing, supported by Modern Slavery training and ongoing business engagement, form key foundations to detect and address modern slavery risks across the supply chain.

Finally, in December 2023, the Sime Darby Group released a new Sime Darby Berhad Responsible Sourcing Policy which Hastings Deering and SDIS are required to comply with. This policy sets and reinforces the general requirements that we expect from our vendors regarding environmental protection, fair labour practices, human rights, and business ethics. By integrating additional responsible sourcing principles into its procurement processes, it is ensuring its sourcing activities are aligned with social, ethical, and environmental standards. Training will be provided to the Hastings Deering and SDIS business functions in 2024 - 2025 on this policy in consultation with Sime Darby Group Compliance.

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

Supply Chain review

Supplier Questionnaire

The Group continued the use of a self-assessment questionnaire using an online Microsoft Form (**Questionnaire**). This enabled the Questionnaire to easily be distributed to the selected registered suppliers of Hastings Deering and SDIS respectively.

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.

Hastings Deering Supplier Questionnaire Results

The Questionnaire was received by 198 key Hastings Deering supplier entities this year.

At the time of publishing of this Modern Slavery Statement, the response rate of Hastings Deering's suppliers to the Questionnaire was over 41%. This is an improvement on responses from the previous year (with a response rate of 30%) and Hastings Deering endeavours to continue to improve the response rate in FY2024/25.

The level of identified high-risk and medium-risk suppliers remained at a similar baseline in comparison to the previous reporting period. The small number of high-risk suppliers identified (3 out of 82), all responded with:

- a. engaging major suppliers for goods and services that are located in high-risk countries (i.e. India, China, Pakistan, North Korea, Nigeria, Iran, Indonesia, Democratic Republic of Congo, Russia, Philippines, Brazil, Uzbekistan, Afghanistan, Myanmar);
- b. operating in a high-risk industry sector (i.e. either mining, textiles, cleaning, fishing, electronics, or agriculture) or a high-risk product/service category (i.e. labour/recruitment, services, raw materials, PPE or merchandise); or
- c. having inadequate governance practices in place to combat modern slavery.

Based on the low number of identified high-risk suppliers against the number of suppliers it currently has on record, Hastings Deering considers 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, 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. Hastings Deering will be working with these suppliers to understand what their remediation plan is for improvement or implementation of policies.

The majority of Hastings Deering's 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 2023 Transparency International Corruption Perceptions Index; and
- b. do not use suppliers that operated in countries identified as high risk for modern slavery.

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 has outlined its compliance initiatives in its Supplier Code of Conduct and Human Rights Policy and have expressed a strong commitment to respecting human rights.

SDIS Supplier Questionnaire Results

The Questionnaire was issued to SDIS suppliers with an annual spend of over AUD50,000, being a total of 161 suppliers.

At the time of publishing of this Statement, the response rate to the Questionnaire was 29.2%.

It is noted that this was the first time the SDIS suppliers received a modern slavery questionnaire from SDIS, of which likely contributed to the lower response rate. SDIS intends to improve supplier engagement with the questionnaire next year by:

- a. notifying new suppliers during onboarding that an annual modern slavery questionnaire may be issued to them while they are an active supplier; and
- b. notifying existing suppliers during the VLOD execution of the requirement to complete the annual modern slavery questionnaire.

The Questionnaire identified a small number of high-risk suppliers (4 out of the 161). The key causes for these suppliers to be flagged as high-risk were due to the suppliers:

- a. engaging major suppliers for goods and services that are located in high-risk countries;
- b. operating in a high-risk industry sector (i.e. either mining, textiles, cleaning, fishing, electronics, or agriculture) or;
- c. having inadequate governance practices in place to combat modern slavery.

Further, the Questionnaire identified 35 medium-risk suppliers and eight low-risk suppliers. Based on these results, SDIS considers the overall exposure in its supply chain to be limited and to be consistent with the industries within which it operates.

Similar to Hastings Deering, a majority of SDIS' suppliers:

- (a) operate only in Australia and New Zealand; and
- (b) do not use suppliers that operated in countries identified as high risk for modern slavery.

2023/24 Actions taken and effectiveness result

SDIA and Hastings Deering's focus in FY2023/24 was to refine its modern slavery training and its supplier data collection methods.

Specifically, Hastings Deering undertook a range of actions throughout the reporting period. The effectiveness of each action is indicated below:

Action	Effectiveness
Deliver a modern slavery training module to the human resources and recruitment teams across the SDIA related entities	<p>The SDIA legal team presented modern slavery training to the SDIS entities.</p> <p>This training was presented to employees and leaders from various business units, including but not limited to human resources, procurement, finance and contracts.</p> <p>The training was engaging and well received by the attendees and:</p> <ol style="list-style-type: none"> explained the reporting requirements to prepare a modern slavery statement; outlined the 7 risk matrix criteria; and discussed supply chain risk review process.
Deliver <i>Sime Darby Berhad Responsible Sourcing Policy</i> training to Hastings Deering.	<p>The SDIA legal team is in the process of liaising with Sime Darby Berhad Group Compliance to determine the best approach in providing training on the Sime Darby Berhad Responsible Sourcing Policy. Notably, this policy was created at a Sime Darby Berhad level, and therefore the training on this policy should be approved at a Group Compliance prior to the training being presented to Hastings Deering and SDIS.</p>
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 Hastings Deering's modern slavery compliance.	<p>Hastings Deering has been reviewing possible case study candidates and settled on a large communications provider. Hastings Deering is currently in the process of liaising with the case study entity to complete the case study. Hastings Deering will conduct online interviews and a questionnaire on the entity and then formulate a report on the findings.</p>
Refine the supplier data collection process to ensure our data is accurate and current.	<p>This year the SDIA legal team collaborated with the respective Hastings Deering and SDIS procurement teams to collate an accurate list of active suppliers to issue the Questionnaire and collect the data from.</p> <p>It was determined for Hastings Deering that the appropriate supplier criteria are:</p> <ol style="list-style-type: none"> suppliers that had an annual spend of AUD500,000 or more in FY2023/24; and all suppliers for FY2023/24 in the cleaning and labour industries (regardless of spend level). <p>For SDIS, the appropriate supplier criterion were all suppliers with an annual spend of AUD50,000 or more.</p> <p>This proved to be a successful approach as evidenced by the increase in responsiveness to the Questionnaire and ensuring that the correct suppliers are being targeted.</p>

Goals and Roadmap – The Future

Moving forward, the Group aims to continue developing modern slavery awareness throughout its business functions, as well as providing employees with the resources and knowledge to identify modern slavery risks. Specifically, over the next year the Group's primary areas of focus will be:

- a. Complete the case study with the selected supplier and identify any learnings or methods that can be implemented internally to the Group's operations to reduce modern slavery risk;
- b. Continue delivering modern slavery training across the businesses;
- c. Review internal procurement processes to ensure modern slavery risks are being mitigated and implement any necessary changes to achieve this;
- d. For SDIS, ensure active suppliers re-sign and return the VLOD every 2 years;
- e. Review internal human resources recruitment and onboarding processes to ensure modern slavery risks are being mitigated;
- f. Work with Sime Darby Group Compliance to deliver Sime Darby Berhad Responsible Sourcing Policy training; and
- g. Review the scoring assessment logic and weightings for the supplier Questionnaire and make any necessary adjustments.

Any queries on this joint Modern Slavery Statement can be directed via email to complianceau@simedarby.com.

Schedule – SDIS entities

- A. **Decoda Digital Services Pty Ltd** (being an indirect wholly owned subsidiary of SDIA) provides technological solutions to support mining restoration through data analytics and proprietary software;
- B. **Austchrome Pty Ltd** (being an indirect wholly owned subsidiary of SDIA) is a reclamation and reconditioning technologies company that carries out chrome plating, hydraulic cylinder overhauls, machining services and thermal spray coating services;
- C. **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;
- D. **Haynes Mechanical Pty Ltd** (being a wholly owned subsidiary of SDIA) is a mechanical services, labour hire, and recruitment business; and
- E. **TFP Engineering Pty Ltd** (being an indirect wholly owned subsidiary of SDIA) provides lifting and maintenance services for the mining industry and developed the patented Pakka Jacks lifting system.