



Crown Equipment Pty Ltd
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Crown Equipment Pty Limited
Modern Slavery Statement
2019/2020

1. Introduction

Crown Equipment Pty Limited recognises that preventing and addressing modern slavery risks in its operations and supply chain requires long-term planning and vigilance. It also requires an integrated cross-functional approach that should be embedded across the organisation. Internal and external partnerships are vital to address potential involvement in modern slavery, as well as to achieve international and domestic policy coherence.

The compilation of the first Modern Slavery Statement for Crown Equipment Pty Limited, has highlighted opportunities for improvement, shifting focus and attention into this critical area. Crown Equipment Pty Limited will be committing to employee training on modern slavery, prioritising those managing higher risk categories and involved in supplier engagement to ensure we have an adequately informed workforce. The implementation of an internal Modern Slavery Compliance Policy as well as an outward facing Anti-Slavery Policy seeking to increase employee and supplier awareness of modern slavery practices and a collective commitment to not cause, contribute to, or be directly linked to, practices of modern slavery, following the conclusion of the 2019/2020 Reporting Period, are two examples of improvements resulting from this.

Further improvements to be reflected in the Modern Slavery Statement for the 2020/2021 Reporting Period include Crown Equipment Pty Limited partnering with the creators of Decision Max, who have aided and are aiding in the compilation of supplier questionnaires for onboarding vendors, and for use in annual audits of current suppliers. This will assist in the identification of high-risk commodities and suppliers and enable improvements where required, as well as provide valuable data for analytics and mapping. Crown Equipment Pty Limited will be improving its due diligence for non-trade suppliers based on category risk segmentation.

This Statement has been prepared with the intention to comply with the reporting criteria of the *Modern Slavery Act 2018*. Consistent with this intention, the below table sets out where the report seeks to address each criterion.

Modern Slavery Act 2018 Criteria	Statement Section(s)	Statement Page(s)
Identify the reporting entity	2	3
Describe the reporting entity's structure and operations and supply chains	2 & 3	3 to 6
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	4	7 to 9
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	5	10 to 11
Describe how the reporting entity assesses the effectiveness of these actions	6	12
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	7	13
Provide any other relevant information	1 & 8	2 & 14

2. The Reporting Entity

Crown Equipment Pty Limited (ACN 000 514 858) (“the Company”) is an Australian Private Company wholly owned by the Crown Equipment Corporation headquartered in New Bremen, Ohio in the United States of America (“the Corporation”). The Corporation maintains a presence in 80 countries and 500 locations globally and designs and manufactures material handling equipment and solutions. The Corporation’s material handling solutions are used in a wide variety of applications, such as transporting goods through the narrow aisles of warehouses, distribution centres and manufacturing facilities, as well as in agriculture and mining.

The Company has maintained operations in Australia since 1966 and operates from its registered office located at 15 Cooper Street, Smithfield, New South Wales 2164, with its primary operations being the selling, renting and servicing of material handling equipment, and the provision and sale of parts, components and consumables associated with this equipment.

For the 2019/2020 Reporting Period from 1 April 2019 to 31 March 2020, the Company directly employed and managed an average of 1,010 employees from its Australia Head Office and its branch network located in all states and territories of Australia. Most of the employees of the Company are directly engaged in the sales, rental and service of material handling equipment across almost all sectors and industries and covering all regions of Australia. Those employees that are not directly engaged in the sales, rental and service of material handling equipment, are employed in support roles or corporate support and services roles, that serve to support the Company’s operations and facilitate the work of those employees that are directly engaged in the sales, rental and service of material handling equipment.

The Company maintains branded facilities in:

- Acacia Ridge (Brisbane), Queensland
- Beresfield (Newcastle), New South Wales
- Berrimah (Darwin), Northern Territory
- Bohle (Townsville), Queensland
- Davenport (Bunbury), Western Australia
- Derwent Park (Hobart), Tasmania
- Hume (Canberra), Australian Capital Territory
- Mulgrave (Melbourne), Victoria
- Orange, New South Wales
- Paget (Mackay), Queensland
- Smithfield (Sydney), New South Wales
- St Leonards (Launceston), Tasmania
- Toowoomba, Queensland
- Truganina (Melbourne), Victoria
- Tweed Heads South (Gold Coast), New South Wales
- Unanderra (Wollongong), New South Wales
- Welshpool (Perth), Western Australia
- Wingfield (Adelaide), South Australia
- Wodonga (Albury/Wodonga), Victoria

The branch network provides sales, rentals and service support to customers within the geographical areas for which the individual branch holds responsibility. Branch Managers are accountable for the Company’s operations carried out from their respective branches. Regional

Branch Managers, e.g., Townsville, Wollongong, etc., report to the respective State Manager based at the main branch of their state, e.g., Brisbane, Sydney, etc., with the State Managers reporting into the Company's Australian Head Office.

The Company also engages in sales and service in Papua New Guinea, with these operations managed out of the Company's locations in Queensland, Australia.

For the 2019/2020 Reporting Period, the Company maintained commercial relationships with three (3) independent resellers that purchase and sell the products and services of the Company. The trading names of these entities are: Lift 'n' Rack (ABN 15 627 983 162) in Port Macquarie, New South Wales; Lift & Stack (ABN 80 014 674 338) in Cairns, Queensland; and, AH Sales (ABN 27 791 913 851) in Rockhampton, Queensland.

Although the Company does not own or control these entities, the executive hub which supports the Corporation's operations in New Zealand and Southeast Asia (Singapore, Malaysia, Thailand, Indonesia, Vietnam, Philippines and Republic of Korea) is located in the Company's Australia Head Office.

Also commonly known in the marketplace as 'Crown Lift Trucks', the Company maintains ownership of several dormant business names, being: Crown Warehouse Solutions, Crown Equipment Leasing, Crown Forklifts, Crown Lift Trucks, Crown Credit, Crown Fleet Management and Crown Lift Truck Rentals. Some of these business names are departments within the Company and are not standalone trading entities.

3. Supply Chains

For the 2019/2020 Reporting Period, the Company had 2015 direct suppliers globally, of which 1990 are vendors located in Australia. 76.3 percent of these suppliers have been supplying goods and/or services to the Company for more than five (5) years.

Wherever possible, Procurement is a centrally managed function within the Company's Head Office Operations department. A critical aim of the Procurement process is to build long-term business relationships with a range of quality suppliers. This is intended to ensure that the Company receives goods and services to required specifications, quality, service, delivery and reliability; and to deliver value for money and reduce the Company's risk exposure.

Procurement works in collaboration with the Company's business units to determine the requirements of each business unit for goods and/or services. The Procurement function ensures that processes are followed including: the identification and management of suppliers; the maintenance of standard terms and agreements; the conducting of competitive bid and tender processes; and, the undertaking of supplier negotiations.

The Supplier Approval process sees prospective suppliers evaluated and approved before they can supply any goods and/or services to the Company. The Company assess each supplier based on the following criteria: capabilities in meeting the Company's technical standards and/or business requirements; competitive pricing based on total acquisition cost; business structure and financial position; level and quality of systems in place; health, safety and environment policies and management; and, compliance with the Corporation's global compliance requirements, including vetting via TradeBeam, which screens prospective entities that may be embargoed for activities such as sanctioning or supporting terrorism, or for geographical or political reasons.

Supplier Management is undertaken by the Procurement department. The Procurement department seeks to ensure that the Company's risks are minimised via processes including: application of standard terms of trade and supply agreements; control of approved suppliers; regular reporting and reviews; and, the application of ethical business conduct in accordance with the policies of the Company and the Corporation.

Purchasing is an activity conducted throughout the Company to meet day-to-day requirements. The centralised Purchasing department manages the ordering of inventory, while all business units will purchase non-inventory items to meet their operating needs.

The predominant goods and services procured by the Company, are material handling equipment products, such as gas, electric and internal combustion lift trucks, batteries and chargers, as well as industrial cleaning machines such as sweepers. The Company also procures tools, parts, components and consumables utilised in preventative maintenance of material handling equipment, major servicing of material handling equipment, and the refurbishment of material handling equipment, including high volume parts such as wheels and tyres, and high volume consumables such as lubricants and oils. The Company also procures goods and services in the form of: transport and delivery services; uniform supply and laundry services; labour hire employment services; security services; travel services; printing, marketing, advertising and communications services; commercial cleaning services; office furniture and office supplies; commercial real estate and property services; industrial safety supplies; garbage and recycling services; motor vehicles and fleet management services; information technology services; electronic hardware and accessories; storage solutions; telecommunication hardware and services; and, utilities.

The primary supplier of goods and services to the Company is the Corporation and its entities globally. During the 2019/2020 Reporting Period, the Corporation and its entities globally made up 48 percent of the Company's vendor expenditure. These products are manufactured in the United States of America, Mexico, Germany and China. Two other independent suppliers made up a further 22 percent of the Company's vendor expenditure. The products supplied by these suppliers are manufactured in Republic of Korea, China, Bulgaria and Argentina. With current levels of transparency, the Company has awareness of goods and services from suppliers that are manufactured in or provided from:

- Argentina
- Australia
- Bangladesh
- Bulgaria
- Canada
- China
- Germany
- India
- Mexico
- Republic of Korea
- United States of America

4. Risks of Modern Slavery Practices

Organisation Risk - 'cause'

This risk is deemed to be low. Almost all work performed on behalf of the Company is performed by employees that are employed directly by the Company under permanent employment agreements. More than 97 percent of the Company's employees are employed on a full-time permanent basis. This lowers modern slavery risks within our direct employment arrangements. Employees are all paid over-award rates. The Company is also party to eight (8) enterprise bargaining agreements negotiated with multiple trade unions, covering a significant proportion of the Company's total workforce.

There are very limited areas of the business that use contracted or third-party labour providers, however, where these arrangements exist, this results in less direct visibility of the terms and conditions of employment of the individual workers. Terms of business and engagement contracts with these providers often include the Modern Award classification and rates of pay of the respective employees, providing opportunity for review by the Company. The Company utilises limited providers, for several reasons, amongst which is the ability to maintain awareness of how providers are remunerating and treating their employees, and whether this is befitting an ongoing relationship with the Company.

Procurement - 'contribute to'

This risk is deemed to be low. As noted, the Supplier Approval process sees prospective suppliers assessed against several criteria. Whilst competitive pricing is a factor, it is weighed against other critical criteria, including: capabilities in meeting the Company's technical standards and/or business requirements; business structure and financial position; level and quality of systems in place; health, safety and environment policies and management; and, compliance with the Corporation's global compliance requirements, including vetting via TradeBeam.

For the 2019/2020 Reporting Period, the Company had not completed an audit to specifically aid it in identifying specific examples of modern slavery in its supply chains. Despite the absence of this, the Company does not believe that its procurement processes are contributing to, or have contributed to, modern slavery practices. Awareness of any practice, and any contribution by the Company to it, would be the subject of investigation and remediation.

Supplier Visibility - 'directly linked to'

For the 2019/2020 Reporting Period, the Company had not completed an audit to specifically aid it in identifying specific examples of modern slavery in its supply chains. As such, the Company cannot be confident that there would be zero examples of it being directly linked to modern slavery in some form, somewhere in its supply chain. Measures being introduced during the 2020/2021 Reporting Period, including but not limited to the Company partnering with the creators of Decision Max, who are aiding in the compilation of supplier questionnaires for onboarding vendors, and in the undertaking of annual audits of current suppliers, will assist in the identification of risks and enable improvements where required.

Sector and Industry Risks

For the 2019/2020 Reporting Period, the Company had not completed an audit to specifically aid it in identifying high modern slavery risks, however a high-level overview of the Company's supply chain identified the following sectors and industries which may involve high modern slavery risks

because of their characteristics, products and processes. These sectors and industries are: textile and fashion production and supply; commercial laundering of clothing; offsite storage and archiving; contract transport; commercial cleaning; information technology production and supply; and labour hire and temporary employment.

Product and Services Risks

A high-level overview of the Company's supply chain has identified the following products and services which may involve high modern slavery risks because of the way they are produced, provided or used. These products and services are: uniforms and clothing; commercial laundering services; offsite storage and archiving; transport services; cleaning services; IT equipment and technical support; labour hire services; products made of plastics and rubber such as seals, wheels and tyres; and, some chemicals products.

Geographic risks

For the 2019/2020 Reporting Period, the Company had not completed an audit to specifically aid it in identifying the specific geographic risks with its local suppliers and does not have visibility of the specific country of origin of all components used by local suppliers. However, where such information is available, a review of geographic risk has been undertaken. Sources of data are the *Walk Free Foundation Global Slavery Index*, *Transparency International* and the *Walk Free Foundation Measurement, Action, Freedom Report*.

Table 1: Presence of Modern Slavery

	Prevalence Index Rank ¹ (out of 167)	Vulnerability Rating ² (out of 100)	Estimated people living in Modern Slavery ³	Estimated number per 1000 population
Argentina	157	28.88	55,000	1.26
Australia	163	4.27	15,000	0.65
Bangladesh	92	50.05	592,000	3.67
Bulgaria	78	31.34	32,000	4.46
Canada	166	10.20	17,000	0.48
China	111	50.65	3,864,000	2.77
Germany	134	10.44	167,000	2.04
India	53	55.49	7,989,000	6.10
Mexico	114	57.31	341,000	2.71
Republic of Korea	137	29.83	99,000	1.95
United States	158	15.88	403,000	1.26

Based on this data, there is a high risk of modern slavery practices in several countries from which the Company sources goods and services. There is a significantly higher risk in India, Bulgaria and Bangladesh, where the estimated number of people living in modern slavery is 6.10, 4.46 and 3.67

¹ Source: *The Walk Free Foundation 2018 Global Slavery Index (GSI)* - Calculated using individual and country-level risk factors of modern slavery. Analysis draws on data from surveys implemented through the Gallup World Poll, including a module on modern slavery in 48 countries, and data from the GSI Vulnerability Model.

² Source: *The Walk Free Foundation 2018 Global Slavery Index* - The Vulnerability Model is built on statistical testing and processes to identify the factors that explain or predict the prevalence of modern slavery. The 2018 Vulnerability Model provides a risk score for 167 countries based on an analysis of data covering 23 risk variables across five major dimensions.

³ Source: *The Walk Free Foundation 2018 Global Slavery Index* - The number of victims in 2018 was estimated by applying the country prevalence estimate to population data for each country and estimates of state imposed forced labour added to arrive at the final estimate of all forms of modern slavery.

per 1000 people, respectively. Whilst the risks are comparatively lower in the United States (1.26), Canada (0.48) and Australia (0.65), it is evident that modern slavery is present in all countries.

Table 2: Government Response and Corruption Perception

	GSI Government Response Rating ⁴ (D to AAA)	MAF Government Response Rating ⁵ (out of 10)	Corruption Perceptions Index ⁶ (0 to 100)
Argentina	BBB	7	45
Australia	BBB	7	77
Bangladesh	B	5	26
Bulgaria	BB	6	43
Canada	BB	6	77
China	CC	4	41
Germany	BB	7	80
India	B	5	41
Mexico	BB	7	29
Republic of Korea	CC	4	59
United States	BBB	7	69

Based on this data, Argentina, Australia and the United States have demonstrated comparatively better responses to the modern slavery risks in their countries. India, Bulgaria and Bangladesh, as the countries with comparatively higher risks of modern slavery practices, have not demonstrated encouraging responses. Corruption perceptions in these countries are also comparatively worse. China and Republic of Korea rated most poorly for the responses of their governments to their modern slavery risks, however, the prevalence of modern slavery practices in China is significantly higher than in Republic of Korea, suggesting a greater need for government intervention.

Entity Risks

For the 2019/2020 Reporting Period, the Company had not completed an audit to specifically aid it in identifying specific entity risks within its supplier network. This information was not accessible to the Company, aside from those entities voluntarily providing information, and those with publicly available information. For the 2020/2021 Reporting Period, the Company will have greater transparency of its vendors procedures and forced labour risks. These assessments will focus on the fundamental risks of exploitation involved in the producing of products and delivering of services in and to the Company's operations and supply chains.

⁴ Source: *The Walk Free Foundation 2018 Global Slavery Index* - The Government Response Index provides a comparative assessment of the actions that governments are taking to respond to modern slavery. This is based on data collected relevant to understanding how each government is tracking towards achieving five milestones: survivors of slavery are identified and supported to exit and remain out of slavery; criminal justice mechanisms function effectively to prevent modern slavery; coordination occurs at the national and regional level, and governments are held to account; risk factors such as attitudes, social systems, and institutions enabling modern slavery are addressed; and, government and business stop sourcing goods and services from forced labour.

⁵ Source: *The Walk Free Foundation 2019 Measurement Action Freedom Report* – Independent Assessment of 183 governments and their responses to the challenge of modern slavery, based on their: ability to identify and support survivors; establish effective criminal justice systems; strengthen coordination mechanisms and be held to account; address underlying risk factors; and, clean up government and business supply chains, in order to eradicate modern slavery.

⁶ Source: *Transparency International* - The 2019 Corruption Perceptions Index ranks 180 countries and territories by their perceived levels of public sector corruption, according to experts and businesspeople.

5. Assessing and Addressing Risks

During the 2019/2020 Reporting Period, the Company did not complete any proactive assessments or due diligence to identify, prevent, mitigate and account for how it addresses its modern slavery risks in its supply chain.

At present, and as will be reflected in the Company's statement for the 2020/2021 Reporting Period, the Company is implementing new processes which seek commitments from its suppliers and vendors to comply with the Company's Anti-Slavery Policy which seeks to eradicate modern slavery practices from its supply chain.

In the 2020/2021 Reporting Period, the Company is actively engaging its supply chain, and endeavouring to monitor supplier compliance, to identify modern slavery risks and practices, as well as opportunities for development. This is to be achieved via an annual supplier self-assessment survey. A third-party social audit program has been aiding the Company in the development of this survey. The Company's approach is to empower its operational and procurement team with the right training and processes to identify and act on modern slavery risks, including by maintaining awareness of the modern slavery framework.

Additionally, suppliers and vendors will receive revised supply conditions that detail the Company's desire to only conduct business with companies that are compliant with its opposition to modern slavery. The Company understands that supply chain audits are not the sole action which would eliminate modern slavery practices; however, they are one of the tools that will help to identify and indicate practices of modern slavery. Procurement will review each audit report and identify any non-compliances or non-returns. These are classified as critical or zero tolerance findings and will be escalated for additional supplier engagement and investigation. The Company will also continue to report and submit its annual Modern Slavery Statement.

Despite limitations on the review of the supply chain of the Company in the 2019/2020 Reporting Period, the largest contributor to the Company's supply chain and operations, being the Corporation, has sought improvements globally. This has included seeking commitments from its suppliers on preventing child labour as well as confirming that they do not partake in, accept, or use child labour. As part of this process, the Corporation communicated with each active supplier, including provision of a copy of the Corporation's Child Labour Prevention and Response Policy, and sought acknowledgement, receipt and compliance with the Corporation's policy. Similarly, two other large suppliers to the Company promoted their own policies and standards in this regard noting their zero-tolerance approach to modern slavery in their organisations and supply chains as well as the requirement to adopt and comply with their business ethics and fair-trade commitments.

Concurrent and related efforts during the 2019/2020 Reporting Period that may have served to mitigate risk of modern slavery as well as increase opportunity for the reporting of modern slavery concerns are:

Corporate Hotline

Since 2012, in coordination with the Corporation, the Company has maintained a 24-7-365 Whistleblower hotline. This program is administered by an independent third-party and is designed to allow employees and people connected to the Company, to anonymously report their concerns. Training on the program is provided to all employees on their commencement, and the program is also promoted on signage at all Company locations and on the Company's intranet.

Whistleblower Policy

During the 2019/2020 Reporting Period, the Company introduced a formal Whistleblower Policy consistent with the Company's obligations following amendments to the *Corporations Act 2001*.

Global Code of Conduct

In 2018, the Corporation introduced a Global Code of Conduct which was adopted and implemented by the Company. The Global Code of Conduct confirms, among other commitments, the commitment of the Company to comply with laws, rules and regulations; respect for the individual; integrity and anti-corruption; fair dealing; and supply chain governance. Critically, the Global Code of Conduct reiterates the commitment of the Company to encourage employees and individuals to report suspected violations and concerns and reaffirms the Company's commitment to non-retaliation.

Global Compliance Program

In 2018, the Corporation appointed a Chief Compliance Officer and in 2019, Regional Compliance Officers were appointed in the Europe, Middle East & Africa (EMEA) Region and the Asia Pacific Region. The Corporation's Compliance Committee, oversees the activities and efforts of several subcommittees, focused on: Employment and Labour Compliance, Environment, Health & Safety Compliance, Privacy Compliance and Trade Compliance. The Company is represented in each subcommittee and is required to apply and comply with the Corporation's broad and specific compliance initiatives.

Remediation

The Company is not currently aware of any modern slavery practices that it may have caused, contributed to, or be directly linked to, and did not become aware of any during the 2019/2020 Reporting Period. As such there are no forms of remediation to report. It is the Company's stance that if a human rights incident should occur, despite its efforts to prevent it, the Company would seek to mitigate the matter in line with our values, policies and standards. The Company recognises its responsibility to provide for and cooperate in remediation in these situations including implementing the United Nations guiding principles.

6. Assessing Effectiveness

As there have been few measures introduced by the Company to enable it to ascertain or discover risks of modern slavery practices, or actual examples of modern slavery practices, during the 2019/2020 Reporting Period, the Company is unable to assess the effectiveness of any measures at this stage.

Any alleged or suspected breach of the Company's policies by an employee or supplier, would be reported to the senior executive and would be the subject of review and/or investigation by a combination of the Company's Procurement, Compliance, Human Resources and Legal Services departments. Any event or incident would also be reported to the Corporation, via its Compliance, Internal Audit and Legal departments. Third party support would be retained as necessary.

The concurrent and related efforts during the 2019/2020 Reporting Period that may have served to mitigate risk of modern slavery as well as increase opportunity for reporting of modern slavery concerns, namely the Corporate Hotline, Whistleblower Policy, Global Code of Conduct and Global Compliance Program, did not illicit any express reports of suspected modern slavery practices within the Company or its supply chain, however, the absence of a report of suspected modern slavery practices, in and of itself, does not mean that these programs have been ineffective in this regard.

The compilation of the Company's annual Modern Slavery Statement, and the requirement for collaboration between a number of functions and departments of the Company in order to complete this, will also serve as an opportunity for an annual review of steps, measures and actions taken, evaluating risk assessment processes, and providing forums for engagement and feedback between departments.

Baseline data obtained during the 2020/2021 Reporting Period will lay the foundation for the establishment of key performance indicators and ongoing comparative analysis and review.

7. Consultation Processes

The Company does not need to respond to this criterion as it does not own or control any other entities.

8. Other Information

The Company is committed to exerting significant effort in its Anti-Modern Slavery undertakings and initiatives, which will be reflected in its statement for the 2020/2021 Reporting Period. The Company is in the process of integrating its own policy positions into its supply operations and communicating the Company's commitments and expectations to its employees and supply chain. This process includes however is not limited to: revised supplier contracts which will hold suppliers to account to these commitments; a revised onboarding questionnaire that will provide insight to the Company of its supplier's practices; and, annual audits of these practices which will be reviewed by the Procurement department.

Impact of COVID-19 on Modern Slavery

The Company has needed to respond quickly to changes in its supply chain during COVID-19, through the navigation of additional health and safety requirements with its partners, the navigation of supply chain limitations, and the identification and establishment of new supplier relationships where critical goods and services were required, e.g., additional personal protective equipment (PPE).

The Company's Procurement, Compliance, Human Resources and Legal Services departments, were unable to meet as readily or regularly as they otherwise would have in order to progress the Company's modern slavery initiatives, and to complete the Modern Slavery Statement for the 2019/2020 Reporting Period, as a consequence both varied working conditions, and additional operating complications and demands resulting from COVID-19. Reductions within the Company resulting from COVID-19 have also presented challenges in the development and implementation of new policies and procedures, as well as the convening and undertaking of training.

COVID-19 has seen the Company working in closer partnership with many of its suppliers as the challenges faced have been challenges shared. In honouring arrangements with its suppliers wherever practicable, the Company has ultimately sought to form stronger partnerships within its supply chain during COVID-19.

9. Approval of Modern Slavery Statement

This statement was approved by the Board of Crown Equipment Pty Limited on 31 December 2020.



Greg Simmonds
Vice President Asia Pacific
31 December 2020