

# CFC Group

## Joint Modern Slavery Statement

Financial Year ended 30 June 2020

### RESPECT

WE RESPECT EACH OTHER AND  
THE WORLD AROUND US

### INTEGRITY

WE ACT AT ALL TIMES WITH HONESTY  
AND DO WHAT WE SAY WE WILL DO

### PERSISTENCE

WE NEVER GIVE UP AND  
WE MAKE IT HAPPEN

### PASSION

WE HAVE PRIDE AND BELIEF  
IN EVERYTHING WE DO

### ACCOUNTABILITY

WE ARE ACCOUNTABLE FOR  
OUR ACTIONS AND RESULTS



## 1. INTRODUCTION

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CFC is a privately-owned group of companies with diverse interests in transport and logistics, equipment distribution, utilities and mining services.

This is the inaugural joint Modern Slavery Statement made under section 14 of the *Modern Slavery Act 2018* (Cth) (**MSA**) in respect of the activities of the CFC Group and the “reporting entities” within the Group (listed in section 2 of this Modern Slavery Statement), during our financial year ended 30 June 2020, to identify and mitigate any potential modern slavery risks in CFC’s operations and supply chains.

For the purpose of this Modern Slavery Statement, references to “CFC”, “CFC Group”, “Group”, “we” and “us” refer to both the reporting entities and, where applicable, other entities which they wholly own or control.

Modern slavery continues to remain a significant global issue, with more than 40 million people (as estimated by the Global Slavery Index) subjected to various forms of modern slavery. Slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour, forced marriage, debt bondage and human trafficking, whether adults or children, all of which have in common, the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain.

At the heart of our culture lies our RIPPA values (which stand for Respect, Integrity, Persistence, Passion and Accountability). These values are the essence of our identity as a Group, and are the guiding principles of how we go about our businesses and how we treat others both internally and externally. We encourage, and expect, that our employees, sub-contractors and agents live these values daily in each and every task they do.

With these values underpinning everything we do, we are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own businesses or in any of our supply chains. We are also committed to ensuring there is transparency in our businesses and in our approach to tackling modern slavery throughout our supply chains.

## 2. OUR STRUCTURE

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CFC is a privately-owned group of companies that has family origins dating back more than 50 years, and now has an extensive national footprint in the transport and logistics, equipment distribution, utilities and mining service industries. Its corporate head office is located in Perth, Western Australia.

We believe that a skilled and diverse workforce, which encompasses different viewpoints, skills, attributes, life experiences and the unique strengths of each individual employee, combines collectively to the Group’s operating performance and we have policies in place to support and promote these beliefs.

Leone is the ultimate holding company of a corporate group of controlled entities known as the CFC Group (including the “reporting entities” referred to below). Leone wholly owns all shares in Contura Mining Pty Ltd ACN 008 901 915 (**Contura**) and provides corporate and administration functions to the Group as well as undertaking private investment activities both within the Group and externally. Contura is a holding company and provides management services to the Group’s businesses. Centurion Transport Co. Pty Ltd ACN 008 746 334 (**Centurion Transport**) and C.F.C. Holdings Pty Ltd ACN 008 777 348 are wholly owned subsidiaries of Contura and the main businesses of the Group operating in the logistics and distribution sectors respectively.

### OUR BUSINESSES AND OPERATIONS

CFC’s businesses are broadly divided in the following three operating divisions:



(1) Logistics

Centurion Transport is a full logistics solutions provider delivering a comprehensive range of transport, distribution, warehousing, and project services to the resources, energy, construction and retail sectors of Australia. Centurion Transport has an extensive transport fleet of over 1,500 vehicles and specialised equipment and an extensive branch network in key centres across Western Australia, the Northern Territory and Queensland.

(2) Distribution

CFC, through its CEA business, is a leading distributor in Australia of various renowned capital equipment brands (including parts and accessories) to the construction, agricultural, government, infrastructure, defence, mining, civil works, and the utility maintenance sectors. These brands include:

- (i) the complete range of JCB agricultural and construction equipment;
- (ii) Dynapac rollers, pavers and light compaction equipment; and
- (iii) Atlas Copco portable energy products.

In addition to sales, CFC provides Australia-wide service and support for products distributed by it through its extensive network of capital city branches and regional dealer locations.

(3) Mining Services and Utilities

CFC, through its Cape business, provides innovative and cost-effective services and solutions (for the resources, utilities and infrastructure sectors including crushing and screening, tailing storage facilities, mine site dewatering, underground power and water and gas pipelines).

## OUR PEOPLE

The Group employed over 1,500 employees in Australia by the end of the reporting period, including more than 1,400 permanent full-time employees. Our diverse workforce also includes a small number of part-time and casual employees and apprentices, and numerous subcontractors delivering a range of services to support the operating divisions and our corporate office.

## OUR SUPPLY CHAINS

In order to deliver its goods and services, CFC works with an extensive network of local, national and international suppliers, subcontractors and agents.

The majority of our procurement in FY20 fell within the following categories:

- (1) Capital plant/equipment, with a significant portion of the overall procurement expenditure relating to:
  - (i) inventory purchases from the original equipment manufacturers (**OEMs**) and suppliers of the equipment brands distributed in the Australian market; and
  - (ii) fleet, plant and equipment requirements of the logistics business (including trucks, trailers, dollies and materials handling) and of the utilities and mining service operations;
- (2) Facilities and maintenance;
- (3) Industrial consumables such as fuel, oils and lubricants;
- (4) Equipment parts and attachments/accessories;
- (5) Construction materials and consumables;
- (6) Subcontract services and labour hire; and

- (7) Professional services, such as accounting, auditing, IT, engineering and legal.

In many cases we have long-standing relationships with the suppliers, and in other cases short-term arrangements are made based on the requirements of our customers.

### 3. POTENTIAL MODERN SLAVERY RISKS

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During this inaugural reporting period, we commenced a high-level Group-wide review process of our suppliers to try to ascertain potential modern slavery risks within the Group and its supply chains. We have also raised awareness of these risks within the Group and created and implemented suitable policies as part of our corporate governance framework.

Some of the key potential modern slavery risks identified throughout the CFC Group include:

(1) Procurement

CFC procures a vast array goods and services for its diverse operations. In addition to the categories mentioned above, the Group also procures office equipment, personal protective equipment and other clothing, and equipment hire.

While most of our direct suppliers are based in Australia, some are global or international suppliers with operations in various parts of the world, or do or are likely to source products from a range of regions, including Asia and South America.

Our investigations of the suppliers for the reporting entities in the Group reveal that there were only:

- (i) four overseas suppliers from which we directly sourced our engineering and technology services for the reporting period; and
- (ii) three OEM's that directly provided capital equipment and are predominantly based in the United Kingdom and greater Europe. However, these suppliers have manufacturing facilities in, or source parts from, locations such as China, India, the United States, Belgium, Germany, Spain and Brazil.

Based on our data, the Group does not consider that it has a high risk of directly causing or contributing to modern slavery through its procurement. However, it recognises that the risk may vary and increase through its supply chains, depending upon the operations, sectors, geographical locations, and external workforces employed.

(2) Labour

Although a majority of the CFC Group's workforce is directly employed by it, labour hire services are occasionally sourced to meet contractual requirements with customers. As a result, the induction, training and support received by such employees may vary. This variance in training and exposure to the Group's policies, values and practices has potential to foster an environment for modern slavery risk.

Apprentices are engaged by CFC and while they only accounted for less than 0.3% of the Group's employees during the reporting period, we consider that the age and level of experience of such employees places them in a more vulnerable position thereby requiring closer monitoring to ensure they are not subjected to risk of exploitation.

Given that the majority of CFC's employees are employed directly and under permanent, fixed-term, part-time or casual contracts which meet or exceed the applicable employment legislation in Australia, CFC considers that it the risk of modern slavery occurring in its labour force is low.

Furthermore, many employees work under enterprise bargaining agreements which also significantly lowers the risk of modern slavery.

We recognise that some form of modern slavery can be found in all countries, however, some of our suppliers operate in countries associated with a greater risk for modern slavery such as China and India (based on prevalence index rankings of the Global Slavery Index). Doing business with suppliers in these countries, or suppliers that procure from such countries, necessitates additional due diligence to help ensure workers are safe.

Given the size of the Group and the nature of the industries in which it operates, the Board recognises and acknowledges the potential for modern slavery practices to be present in its supply chains, especially as we explore down the tiers of suppliers. However, it considers that the risks are minimised given the robust human resources, anti-slavery and ethical conduct policies, codes and practices it has in place for each of its reporting entities and throughout the Group.

#### **4. ACTIONS TO ASSESS AND ADDRESS SLAVERY RISK**

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##### **CODE OF CONDUCT**

Through our policies we communicate our values and expectations, setting a high bar for ourselves and our partners to commit to the highest standards of ethics and integrity. Our [CFC Group Code of Conduct](#) sets out our core values and guiding principles on professional conduct and is provided to employees within the Group as part of their onboarding process.

Our RIPPA values are the foundation on which we do business and they govern all our actions. We expect, and encourage, our employees to act in a way that is consistent with our Code of Conduct and seek to do business with suppliers and contractors that hold similar values and ethics. We appreciate that as a large purchaser of goods and services that the conduct and business practices of our suppliers can have a significant impact on our performance and reputation.

##### **OUR POLICIES**

We are committed to driving towards ensuring that there is no modern slavery in our supply chains or in any part of our businesses. To that end, we implemented a policy to combat the risk of modern slavery in our businesses and supply chain.

Our [Modern Slavery Policy](#) reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery is not taking place in our business and supply chains.

As part of our internal governance due diligence, we will continue the process of reviewing our existing policies to ensure that they are updated to comply with current legislation, including the MSA. Our policies will also be reviewed to identify potential areas to incorporate specific provisions to address modern slavery risks. Consideration will also be given as to whether further policies may be required to be developed to assist in abolishing any modern slavery in our operations and supply chains.

##### **DUE DILIGENCE PROCESSES**

We have a system in place to protect whistleblowers and have implemented a [Whistleblower Protection Policy](#).

This policy has been adopted to provide a safe and confidential environment for people to raise any potential concerns about misconduct or improper states of affair occurring in relation to the Group or its businesses, including any non-compliance with the MSA or our Modern Slavery Policy, without suffering detriment or fear of reprisal. We have engaged an independent external whistleblower service provider to monitor and receive disclosures via a dedicated online website, and a hotline that is available 24 hours a day, 7 days a week.

## TRAINING

To ensure a high level of understanding of the risks of modern slavery in our supply chains and our businesses, we are looking to provide targeted training to our staff, particularly to managers and members of our procurement teams to provide them with the tools to identify and respond to modern slavery risks within our supply chains. The training will also cover compliance and reporting obligations under the MSA and encourage transparency within our supply chains and operations.

## CONTRACTING

We have begun updating our standard agreements to ensure suppliers and contractors (that are reporting entities) and, in turn, their suppliers and contractors, comply with the MSA.

We also intend to undertake a more detailed review of existing supplier and customer arrangements, particularly in higher risk sectors or jurisdictions, and seek to amend agreements to ensure compliance with the MSA, our Code of Conduct and Modern Slavery Policy. Given that the risk of modern slavery is higher in countries beyond our borders, we will focus initially on our OEM's and key business partners.

## ENGAGEMENT WITH SUPPLIERS

We will continue our engagement with our suppliers and subcontractors regarding their compliance with the *Modern Slavery Act 2018* (Cth) and will further build on this base by:

- (1) Making enquiries to identify suppliers/contractors that are reporting entities and reviewing and/or requesting a copy of their modern slavery statement;
- (2) Notifying suppliers of our Code of Conduct with respect to ethical sourcing of products (if not already advised) and circulating our Modern Slavery Policy to our suppliers/contractors to seek their compliance with them;
- (3) Developing and implementing a supplier/contractor questionnaire that identifies the risk of modern slavery in their operations and supply chain; and
- (4) Creating and implementing a supplier code of conduct to identify the risk profile of our suppliers in relation to modern slavery.

## OTHER KEY AIMS

Over the next reporting period, our other key aims will be to:

- (1) Remain vigilant to any occurrences of modern slavery by taking action to investigate any reported incidents of modern slavery within CFC's operations or supply chains;
- (2) Seek to work collaboratively with suppliers in our industries to assess their own due diligence efforts within their own supply chains; and
- (3) Continue to look for opportunities to improve our performance in addressing the risk of modern slavery.

## 5. OUR EFFECTIVENESS IN COMBATING SLAVERY

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CFC is committed to embedding human rights considerations into decision-making across the Group and into our policies and governance framework.

In the reporting period ending 30 June 2020, no modern slavery concerns were reported or raised within the Group and no incidences of modern slavery were identified. However, we will undertake a review of the effectiveness of the steps we have taken this reporting period to reduce the risk of potential slavery in our supply chains and consider further remedial steps to combat slavery in our operations

and supply chains. We also intend to develop a framework for measuring effectiveness for long-term evaluation. This framework will provide a high-level overview of our efforts, together with a means of measuring progress to ensure we are practically addressing modern slavery risks within our business operations and supply chains.

We are taking a long-term approach to integrating an ethical supply chain framework to identify risk, assess and address modern slavery, and increase engagement with our employees and suppliers. We value the importance of continuous improvement and are committed to continuing to develop and strengthen our response to modern slavery over time.

## 6. CONSULTATION PROCESS

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This modern slavery statement is made on behalf of the reporting entities within the Group for the financial year ending 30 June 2020.

Various senior executives of the businesses within the CFC Group have contributed to sourcing the data and information required to prepare this statement and have approved the contents of this statement prior to its submission for approval by the Board.

## 7. OTHER RELEVANT INFORMATION

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This statement was approved by the Board of Leone on 30 March 2021.



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Filippo Primo Cardaci  
Director – Leone Family Holdings Pty Ltd  
Date: 31 March 2021