

CAVPOWER PTY LTD

MODERN SLAVERY STATEMENT 2020

1 July 2019 to 30 June 2020

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.

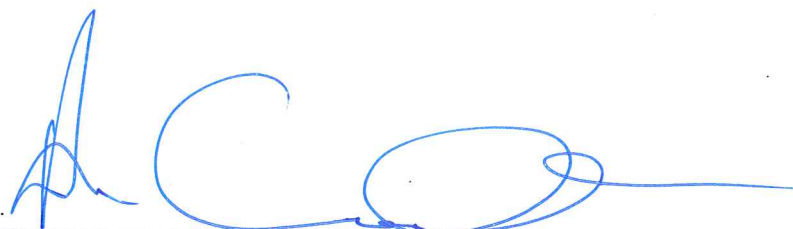
Cavpower values the community in which it operates. Cavpower commits itself to make a positive impact in the local community and participates and supports a number of local, regional and national charities, events and foundations. Over the years, Cavpower has been proud to support various local and national 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 first 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 2020.

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.



Alistair Cavill
Dealer Principal / Managing Director¹

Date: 30/3/21

¹ Acting under delegated authority of the Cavpower Board

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.

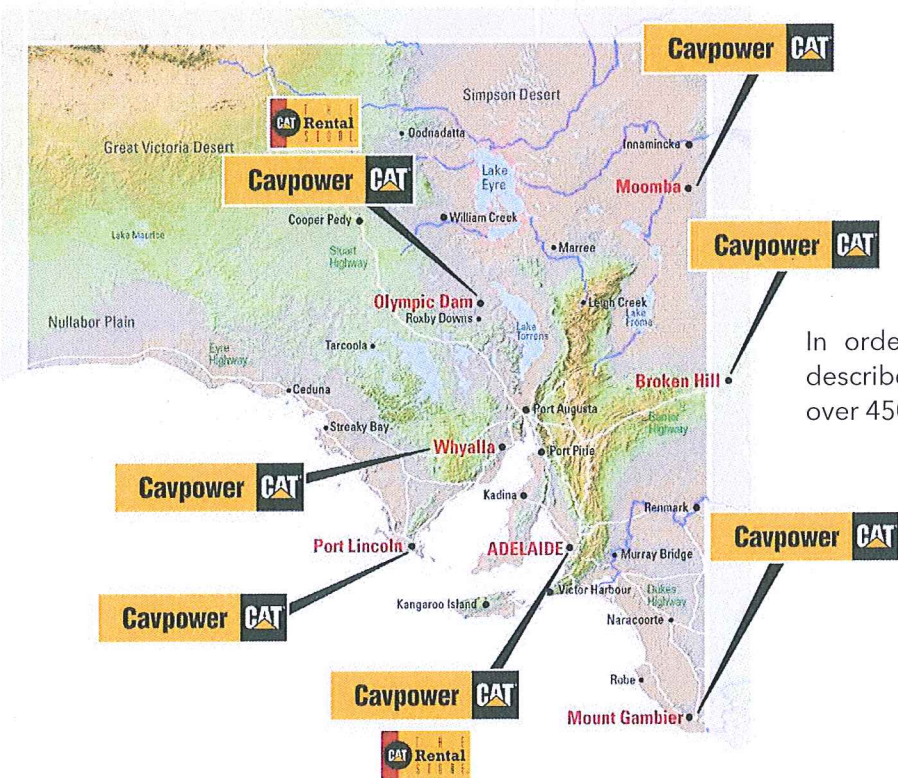
Cavpower is associated with the following brand:



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.

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 450 people across these locations.

² Head office 315 Main North Road, Enfield, South Australia 5085

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 980 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 (accountants, auditors, marketing, insurance and lawyers)

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.

Operations

Cavpower considers that the risk of modern slavery in its operations are 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 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).

Cavpower also 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 is low.

Cavpower had a base of some 980 active preferred suppliers registered in the 2019-2020 financial year. Cavpower 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 through its supply chain, depending on the sector, business location, operations and external workforce.

CRITERIA 4 - ACTIONS TAKEN

Risk Assessment

In the reporting period, Cavpower commenced a scoping exercise and risk characterised all of its tier one suppliers. Suppliers were characterised on factors including location, industry and spend.

Of all tier one suppliers risk characterised, Cavpower identified 121 suppliers (who were deemed as high risk and/or had a spend greater than \$100,000 per annum) for analysis.

Due Diligence

As indicated above, 121 existing suppliers were identified for analysis based upon risk characterisation. All 121 suppliers were sent a modern slavery questionnaire for completion. Any concerns or queries raised by completion of the questionnaire were raised with the supplier. Separately, it is noted that the majority of the identified suppliers had obligations to report under *Modern Slavery Act 2018* (Cth). On this basis, analysis of supplier modern slavery statements was undertaken.

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.

Contracts

Suppliers are required to agree to Cavpower's standard terms (subject to negotiation) for procuring goods and services. In the reporting period, Cavpower amended its standard terms to include clauses relating to the *Modern Slavery Act 2018* (Cth). Suppliers must:

- Ensure that they (and to the extent practicable, their suppliers and business partners) comply with all laws, statutes, regulations in force.
- Represent that they have not been convicted or the subject of any investigation into any offence in connection with modern slavery.
- Provide assistance in reporting, if required, and complete annual self-assessments.

Monitoring and Remediation

Monitoring of high-risk suppliers will 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.

COVID-19

Cavpower recognises that COVID-19 can increase risks of modern slavery. During the reporting period, Cavpower put in place a formal response plan to COVID-19 and a business continuity plan. Cavpower took several steps to mitigate risks of modern slavery including:

- Liaising with suppliers to ensure delivery timeframes were acceptable.
- Putting in place safety plans, health and safety measures.
- Enhancing online services.
- Implementing a working from home procedure.

CRITERIA 5 - ASSESSING EFFECTIVENESS

In the reporting period the actions described above accounted for 80% of Cavpower's supplier spend base. Cavpower acknowledges however that spend may not adequately equate to risk and is committed to progressing due diligence.

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

In the next reporting period Cavpower will be introducing an audit program to determine whether the actions taken in the first reporting period are effective.

CRITERIA 6 - CONSULTATION

Cavpower controls Cavrent Pty Ltd. The same governance and processes apply to Cavrent Pty Ltd. On this basis, consultation was not required between Cavpower and Cavrent Pty Ltd.

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 laid many foundations and enhanced systems and process already implemented.

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

Future Actions for 2021 reporting period

- Cavpower will expand its due diligence program to commence analysis of key second tier suppliers.
- Cavpower will strengthen the pre-qualification process to identify any potential red flags prior to onboarding.
- Continual engagement with any high-risk suppliers identified (if any) and remediation plans.
- Extend training to any staff that have procurement aspects in their roles, to ensure understanding of modern slavery risks and identification in the supply chain and operations.