

CFC Group Modern Slavery Statement

Financial Year ended 30 June 2023

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1. INTRODUCTION

The CFC Group is a privately-owned group of companies that has origins dating back more than 50 years, and now has an extensive national footprint in the transport and logistics, equipment distribution, utilities and mining services industries.

This publication is the 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” (listed under section 2 of this Modern Slavery Statement) within the Group, during the financial year ended 30 June 2023, to identify and mitigate any potential modern slavery risks in the Group’s operations and its supply chains.

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

It is a confronting reality that even in the present day, approximately 50 million people (as estimated by the Global Slavery Index for 2021) around the world remain victims of some form of modern slavery. Slavery is a crime and a violation of fundamental human rights. It takes various forms and includes slavery, servitude, forces 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 the CFC Group’s culture lies its RIPPA values (which stand for Respect, Integrity, Persistence, Passion and Accountability). We encourage, and expect, that our employees, sub-contractors and agents, exhibit these values in each and every task they perform. With the RIPPA 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 anyway within the Group 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

2.1 Our Businesses and Operations

The CFC Group is divided into the following three operating businesses:

2.1.1 Freight and Logistics

Centurion 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 2,000 vehicles and specialised equipment and an extensive branch network in key centres across Western Australia, the Northern Territory and Queensland.

2.1.2 Equipment and Parts Distribution

CEA 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, but are not limited to:

- (i) the complete range of JCB agricultural, industrial, heavy line and construction equipment
- (ii) Dynapac rollers, pavers and light compaction equipment
- (iii) Atlas Copco portable energy products
- (iv) Charles Machine Works (which includes Ditch Witch) construction machinery
- (v) Komptech waste and biomass treatment machinery

In addition to equipment sales, CEA provides Australia-wide service and support for CEA products distributed through our extensive network of capital city branches and regional dealer locations.

2.1.3 Mining Services and Utilities

The CFC Group, through its CAPE business, provides services and solutions for the resources, utilities and infrastructure sectors. Including crushing and screening, mine site dewatering and installation of underground power, water and gas pipelines.

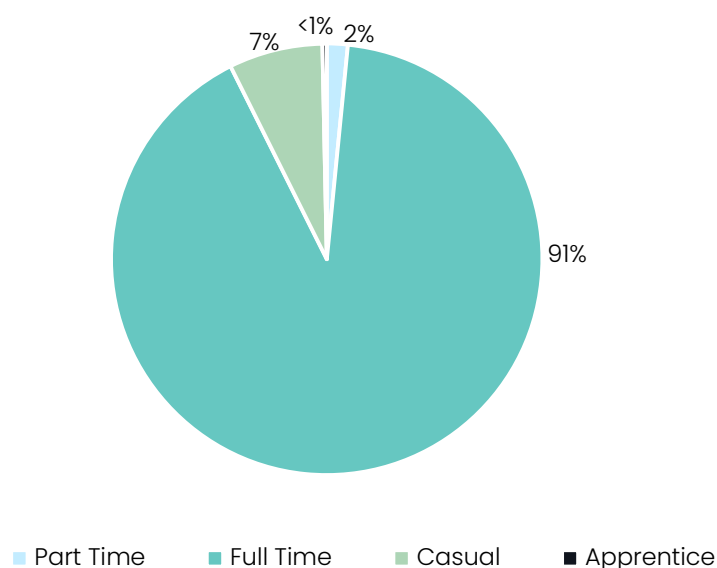
2.2 OUR PEOPLE

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 strong operating performance and we have policies in place to support and promote these beliefs.

The Group employed over 2,400 employees in Australia by the end of the reporting period, including more than 2,250 permanent full-time employees. Our diverse workforce also includes a small number of part-time and casual employees, and apprentices, and numerous sub-contractors delivering a range of services to support the operating divisions and our corporate office.

The portion of CFC Group's overall workforce that is made up of full-time, part-time, casual and apprentices employees, are depicted in the chart below:

Employee type by percentage



2.3 OUR SUPPLY CHAINS

The CFC Group engages with an extensive network of local, national and international suppliers, sub-contractors and agents to deliver its good and services.

The majority of the Group's procurement in FY23 remained within the following categories:

- (1) capital plant/equipment, with the bulk of the overall procurement expenditure relating to:
 - (i) inventory and stock purchases from the original equipment manufacturers (**OEMs**) and suppliers of the equipment brands distributed in the Australian market.
 - (ii) fleet, plant and equipment requirements of the logistics business (including trucks, trailers, dollies and materials handling) and of the utilities and mining services operations.
- (2) equipment parts and attachments/accessories.
- (3) construction materials and consumables.
- (4) industrial consumables such as fuel, oil and lubricants.
- (5) facilities and maintenance.
- (6) subcontract services and labour hire.
- (7) professional services, such as accounting, finance, auditing, IT, engineering, real estate and legal.
- (8) computer hardware and software.

The Group businesses have long-standing relationships with their suppliers, and in other cases short-term arrangements are made based on the requirements of our customers and the Group at the relevant time.

Large capital equipment purchases (e.g. Freightliner trucks, JCB equipment) are either through Australian owned importers, or directly from the global manufacturers who all have substantial Modern Slavery programs in their own right.

3. POTENTIAL MODERN SLAVERY RISKS

The CFC Group offices, depots and dealer locations are spread throughout metropolitan and regional Australia. The Global Slavery Index 2023 estimates that the prevalence of modern slavery victims in Australia is 1.6 for every thousand people and cases of forced labour exploitation and other forms of slavery do occur in the country and likely to be underreported.

Last reporting period, we performed a Group-wide review of our processes and major suppliers to try to ascertain potential modern slavery risks within the Group and its main supply chains. We have raised awareness of these risks within the Group and continue to review our policies as part of our corporate governance framework.

The two potential modern slavery risks identified across the CFC Group include:

3.1 Labour

A majority of the CFC Group's workforce is directly employed by it, however, given the size of the Group and the diverse industries it operates in, various 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 can influence outcomes on the environment for modern slavery risk.

Apprentices are also engaged by the various businesses within the Group and while they only accounted for less than 1% of the Group's employees during the reporting period, 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 the risk of exploitation.

CFC considers that the risk of modern slavery occurring in its labour force is low given that the majority of the Group's employees are employed directly by it and under permanent, fixed-term, part-time or casual contracts that meet or exceed the applicable employment legislation in Australia. Many employees work under enterprise bargaining agreements which protect the human rights and interests of those employees thereby contributing to a significant reduction in the risk of modern slavery within the Group's workforce.

3.2 Procurement

The CFC Group procures a vast array of goods and services for its diverse businesses and operations, and the realities of global trade make it inevitable that countries such as Australia are exposed to the risk of modern slavery through the products it imports.

According to the Global Slavery Index, the top three products import value at the risk of modern slavery are:

- (i) Electronics
- (ii) Garments
- (iii) Solar Panels

The CFC Group's information technology products, office equipment and supplies are predominantly sourced from businesses located within Australia and the proportion of its expenditure on such products is relatively low compared to its total Group procurement spend.

In addition to the main categories of procurement listed under section 2 of this Modern Slavery Statement, the Group also procures corporate merchandise, personal protective equipment and other clothing, and equipment hire from numerous sources. Whilst most of the direct suppliers are based in Australia, some are international suppliers with operations in various parts of the world that do or are likely to source products and or materials from a range of regions including Asia, Europe, North America and South America.

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

- (i) seven OEMs that directly provided capital equipment and are predominantly based in the United Kingdom, Europe and the United States of America. However, these suppliers have manufacturing facilities in, or source parts from, locations such as China, India, Austria, Spain, Belgium, Germany, Sweden, Ireland, Netherlands and Brazil;
- (ii) six overseas suppliers from which we directly sourced our information technology products, services and platforms for the reporting period. These companies are predominantly located in the United States of America, New Zealand, Ireland, Singapore, Israel and the United Kingdom; and
- (iii) one overseas supplier, based in the United Kingdom, that provided consultancy services.
- (iv) one solar panel supplier, based in China, that provided solar panels with certification of freedom from modern slavery.

Based on the collated information, the Group does not consider that it has a high risk of directly causing or contributing to modern slavery through its procurement with its current major suppliers. 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.

We recognise that whilst some form of modern slavery can be found in all countries, a number of our secondary suppliers operate in countries associated with a greater risk for modern slavery such as India. Doing business with suppliers in these countries, or suppliers that procure from such countries, necessitates additional due diligence to help ensure workers are safe. To that end, CFC will continue to collaborate with its major suppliers to identify vulnerable people that may work deep within its supply chains and seek to refine our approach to better address the risks.

Given the size of the Group and the nature of the industries in which it operated, the Board acknowledges the potential for modern slavery practices to be present in its supply chains, especially as we explore down the tiers of suppliers. However, with the exception of the potential exposure in our indirect supply chain, it considers that the risks are minimised through the Group's robust human resources, anti-slavery and ethical conduct policies, codes and practices.

4. ACTIONS TO ASSESS AND ADDRESS SLAVERY RISK

The Group recognises that risks of modern slavery may exist in our operations and throughout our supply chains. Understanding and managing these risks requires a collaborative approach with our suppliers, our workforce and other key stakeholders.

4.1 Engagement With Suppliers

In assessing the risk of modern slavery in our supply chains and in seeking to understand and monitor the broader human rights risks in the industries that we operate in, we have ongoing engagement with our suppliers and sub-contractors, and:

- (i) Circulating and discussing our Modern Slavery Policy with our key suppliers/contractors to seek their compliance with it; and
- (ii) Using a self-assessment supplier/contractor questionnaire that was designed to:
 - assist in identifying modern slavery risks.
 - improve transparency.
 - identify areas for further due diligence.
 - foster collaboration between suppliers and organisations to address identified risks.

We continue to engage with our suppliers and sub-contractors, and assess and address modern slavery risks in our supply chain by:

- (i) reviewing and assessing the responses received from our major suppliers/contractors to our supplier/contractor questionnaire and discussing areas of concern with them.

- (ii) making enquiries to identify our key suppliers/contractors that are reporting entities to review a copy of their modern slavery statement.
- (iii) issue our self-assessment questionnaires when executives visit international manufacturing facilities.
- (iv) notifying suppliers of our Code of Conduct with respect to ethical sourcing of products.

4.2 Code of Conduct

The CFC Group has a Code of Conduct that sets out our core values, including our RIPPA values, and is provided to employees within the Group as part of their onboarding process. Our Code of Conduct and RIPPA values are the essence of our identity as a Group and are the guiding principles on how we engage within our businesses and how we treat others externally. 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 the conduct and business practices of our suppliers can have a significant impact on our performance and reputation.

Through our policies and Code of Conduct we communicate our values and expectations, setting a high bar for ourselves and partners to commit to the highest standards of ethics and integrity.

4.3 Our Policies

We create strong internal governance by implementing and enforcing effective systems and controls, as we have done with our Modern Slavery Policy to ensure its not taking place in our business and supply chains.

Our Modern Slavery Policy reflects our commitment to act ethically and with integrity in all our business relationships. Driving towards ensuring that there is no modern slavery in our supply chains or in any part of our businesses. The CFC Group Board has determined that approval of the CFC Group Modern Slavery Policy is a Reserved Matter.

The Group will continue to review its existing policies to ensure that they are updated to comply with current legislation that seek to protect human rights, including the MSA. We also aim to conduct ad hoc reviews of our supporting processes and procedures that are relevant to modern slavery, in particular, our procurement practices. As part of that process, we plan to identify any other appropriate processes and procedures that should be developed to minimise the risk of modern slavery in our operations and supply chain, focusing initially on our key overseas equipment suppliers.

4.4 Due Diligence Processes

Our Whistleblower Protection Policy has been adopted to provide a safe and confidential environment for people to raise any potential concerns about misconduct or improper state of affairs occurring in relation to the Group or its businesses, including any issues with, or non-compliance with the MSA or our Modern Slavery Policy, without suffering detriment or fear of reprisal. To maintain confidentiality and encourage reporting, we have engaged an

independent external whistle-blower service provider to monitor and receive disclosures via a dedicated online website and a hotline.

4.5 Training

To ensure a high level of understanding of the risks of modern slavery in our supply chains and our businesses, we commenced training our staff, particularly senior 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 also covers compliance and reporting obligations under the MSA and encourages transparency within our supply chains and operations. This training has been fully implemented at Centurion Transport and is being rolled out to our other businesses across 2023/24.

4.6 Contracting

The CFC Group has adopted the practice of ensuring that there are appropriate anti-slavery clauses in its contracts with new customers and suppliers. We also intend to undertake a more detailed review of certain supplier and customer arrangements, particularly in higher risk sectors or jurisdictions, and seek to amend agreements that are due for renewal 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 focus on our overseas OEM's and key business partners.

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

4.7 Governance

As part of a broader governance program the Group has introduced a range of initiatives that extends the current governance controls into broader Environmental, Social and Governance (ESG) reporting aligned to the Global Reporting Initiative and UN Sustainable Development Goals frameworks. These initiatives are bringing increased awareness and transparency around the Group's Modern Slavery position and governance.

4.8 Other Key Aims

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

- (i) Conduct further Modern Slavery training across all our businesses.
- (ii) Continuously improve the Group's procurement processes including spot-checking self-assessment questionnaires completed by suppliers.
- (iii) Seek to work collaboratively with suppliers in our industries to assess their own due diligence efforts within their own supply chain.
- (iv) remain vigilant to any occurrences of modern slavery by taking action to investigate any reported incidents of modern slavery within the Group's operations or supply chains.

(v) continue to look for opportunities to improve our performance in addressing the risk of modern slavery.

5. OUR EFFECTIVENESS IN COMBATING SLAVERY

Respect is one of our core values and respecting human rights is important to the Group, and we expect the businesses we work with to share these principles. CFC is committed to embedding human rights considerations into decision-making across the Group and into its policies and governance framework.

In the reporting period ending 30 June 2023, no modern slavery concerns were reported or raised within the Group and no incidences of modern slavery were identified. We will continually review the effectiveness of the steps we have taken for 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 take a continuous 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 developing and strengthen our response to modern slavery.

6. CONSULTATION PROCESS

This Modern Slavery Statement is made on behalf of the reporting entities within the Group for the financial year ending 30 June 2023.

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

7. OTHER RELEVANT INFORMATION

This Modern Slavery Statement was approved by the CFC Group Board on 20 December 2023.



Filippo Primo Cardaci
Executive Chairman – CFC Group Board

CFC Group RIPPA Values



<p>R RESPECT</p>	<p>We respect each other and the world around us.</p>
<p>I INTEGRITY</p>	<p>We act at all times with honesty and will do what we say.</p>
<p>P PASSION</p>	<p>We have pride and belief in everything we do.</p>
<p>P PERSISTENCE</p>	<p>We work hard with urgency to make it happen.</p>
<p>A ACCOUNTABILITY</p>	<p>We are accountable for our actions and results including everyone's safety.</p>