

CFC Group

Joint Modern Slavery Statement

Financial Year ended 30 June 2021



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 service 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 2021, 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 they wholly own or control.

It is a confronting reality that even in present day, more than 40 million people (as estimated by the Global Slavery Index) around the world remain victims to some form of modern slavery. Slavery is a crime and a violation of fundamental human rights. It takes various forms and includes 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 the CFC Group’s culture lies its RIPPA values (which stands 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 anywhere 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

OUR BUSINESSES AND OPERATIONS

The CFC Group’s businesses are broadly divided into the following three operating divisions:

(1) Freight and Logistics

Centurion Transport Co. Pty Ltd ACN 008 746 334 (**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 2,000 vehicles and specialised equipment and an extensive branch network in key centres across Western Australia, the Northern Territory and Queensland.

(2) Equipment and Parts Distribution

The CFC Group, 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, but are not limited to:

- (i) the complete range of JCB agricultural, industrial, heavyline 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; and
- (v) Komptech waste and biomass treatment machinery.

In addition to sales, we provide Australia-wide service and support for products distributed by us through our extensive network of capital city branches and regional dealer locations.

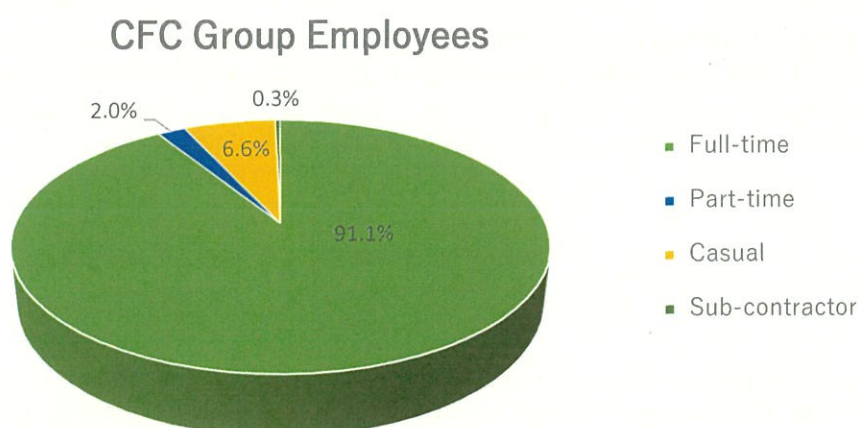
(3) Mining Services and Utilities

The CFC Group, through its CAPE business, provides innovative and cost-effective services and solutions for the resources, utilities and infrastructure sectors. Such services include crushing and screening, construction of tailing storage facilities, mine site dewatering, and installation of underground power, water and gas pipelines.

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 1,700 employees in Australia by the end of the reporting period, including more than 1,500 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, and casual employees, and sub-contractors are depicted in the chart below:



OUR SUPPLY CHAINS

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

The majority of our procurement in FY21 have 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; 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) equipment parts and attachments/accessories;
- (3) construction materials and consumables;
- (4) industrial consumables such as fuel, oils 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; and
- (8) computer hardware and software.

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

Leone Family Holdings Pty Ltd ACN 618 356 586 (**CFC**) is the ultimate holding company of a corporate group of controlled entities known as the CFC Group, which includes the reporting entities referred to below. The CFC Group has diverse interests in transport and logistics, equipment distribution, utilities and mining services with its corporate head office located in West Perth, Western Australia.

CFC 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 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.

3. POTENTIAL MODERN SLAVERY RISKS

The CFC Group's corporate offices, depots, operational premises and dealer locations are spread throughout metropolitan and regional Australia. While the Global Slavery Index 2018 estimates that the prevalence of victims of modern slavery in Australia is 0.6 for every thousand people, cases of forced labour exploitation and other forms of slavery do occur in the country.

During this 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 reviewed our policies as part of our corporate governance framework.

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

(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, 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 has the potential to foster an environment for modern slavery risk to arise.

Apprentices are also engaged by the various businesses with the Group and while they only accounted for less than 1.7% 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 which meet or exceed the applicable employment legislation in Australia. Furthermore, many employees work under enterprise bargaining agreements which protect the human rights and interests of those employees thereby contributing to significantly lowering the risk of modern slavery within the Group's workforce.

(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 two products (according to value) imported by Australia from countries which are at risk of using modern slavery in the production of those goods are:

- (i) laptops, computers and mobile phones; and
- (ii) apparel and clothing accessories.

The CFC Group's information technology products (including computer hardware and software) and 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 above, the Group also procures corporate merchandise, personal protective equipment and other clothing, and equipment hire from numerous sources.

While most of our direct suppliers are based in Australia, some are global or 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 reveal that there were:

- (i) seven OEM's that directly provided capital equipment and are predominantly based in the United Kingdom 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, Spain, Sweden, Ireland, Netherlands and Brazil;
- (ii) six overseas suppliers, namely the United States of America, New Zealand, Ireland, Singapore, Israel and the United Kingdom, from which we directly sourced our information technology products, services and platforms for the reporting period; and
- (iii) one overseas supplier, based in the United Kingdom, that provided consultancy services.

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 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, China and Spain (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. 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 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, with the exception of the potential exposure in our indirect supply chain, 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 practices adopted by its workforce throughout the Group.

4. ACTIONS TO ASSESS AND ADDRESS SLAVERY RISK

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

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, we have engaged with our suppliers and sub-contractors, and:

- (1) circulated our Modern Slavery Policy to our key suppliers/contractors to seek their compliance with them; and
- (2) developed a 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

The questionnaire was issued to our major suppliers/contractors to complete.

We will continue to engage with our suppliers and subcontractors, and assess and address modern risks in our supply chain by:

- (1) reviewing and assessing the responses received from our major suppliers/contractors to our supplier/contractor questionnaire and discussing areas of concern with them;
- (2) making enquiries to identify our key suppliers/contractors that are reporting entities to review a copy of their modern slavery statement or request a copy of their modern slavery statement if we are unable to locate it on the modern slavery register;
- (3) notifying suppliers of our Code of Conduct with respect to ethical sourcing of products (if not already advised); and
- (4) creating and implementing a supplier code of conduct to identify the risk profile of our suppliers in relation to modern slavery.

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 as 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 our partners to commit to the highest standards of ethics and integrity.

OUR POLICIES

We value strong internal governance and to implementing and enforcing effective systems and controls, as we have done so with the introduction of our [Modern Slavery Policy](#), to ensure slavery is 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 and to drive towards ensuring that there is no modern slavery in our supply chains or in any part of our businesses. CFC 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 intend to conduct a review of our other existing policies and procedures that are relevant to modern slavery, in particular, our procurement policies. As part of that process, we will strive to identify any other appropriate policies 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.

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 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. To maintain confidentiality and encourage reporting, 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 senior managers and members of our procurement teams to provide them with the tools to identify and respond to identified 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

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 existing 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 will focus initially 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.

OTHER KEY AIMS

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

- (1) prioritise our due diligence on suppliers who are assessed to be high risk based on their country/geographical location and sector risk;
- (2) seek to work collaboratively with suppliers in our industries to assess their own due diligence efforts within their own supply chains;
- (3) 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; and
- (4) 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 2021, 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 allocate to an existing role, the responsibility of preparing future Modern Slavery Statements and overseeing the implementation of policies and procedures that may have modern slavery risks.

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

This Modern Slavery Statement is made on behalf of the reporting entities within the Group for the financial year ending 30 June 2021.

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 Board of CFC on 22 December 2021.



Filippo Primo Cardaci
Director – CFC
Date: 23 December 2021