

Modern Slavery Statement 2021

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Introduction

Bapcor recognises that a sustainable and successful business is enhanced by the engagement of stakeholders, delivery of shareholder wealth and optimising business operations in a socially and ethically responsible manner.

Bapcor seeks to take an integrated approach to economic, environmental, and social sustainability; aligning company values and strategic direction with positive outcomes for Bapcor's stakeholders, and the wider communities in which we operate.

Bapcor is committed to continuously improving its processes and sourcing practices in order to mitigate the risk of Modern Slavery abuses and expects the same of all team members, contractors, and suppliers of products and/or services to Bapcor.

This Modern Slavery Statement has been prepared in accordance with the *Modern Slavery Act 2018 (Cth)* (the "Act") and outlines the steps and actions that Bapcor Limited (ABN 80 153 199 912) and its related bodies corporate ("Bapcor") has taken to assess and address the risk of Modern Slavery in its operations and supply chains during the financial year ending 30 June 2020.

This statement is provided by Bapcor, and covers all entities over which Bapcor has control for accounting purposes (collectively referred to as 'Bapcor', 'we' or 'our'), including the following subsidiary entities of Bapcor which are identified as reporting entities under the Act:

- Aftermarket Network Australia Pty Ltd;
- Bapcor Retail Pty Ltd;
- Specialist Wholesalers Pty Ltd; and
- Burson Automotive Pty Ltd.

Bapcor is an Australian-based provider of vehicle parts, accessories, equipment, services, and solutions with operations in Australia, New Zealand, and Thailand. Bapcor's core business is the automotive aftermarket, with individual businesses that span the end-to-end aftermarket supply chain covering Trade, Specialist Wholesale and Retail.

Objectives and Commitments:

Bapcor's objectives and commitments in relation to Modern Slavery are to:

- (i) Continually focus on Bapcor's commitment toward ethical sourcing practices
- (ii) Maintain strong relationships with key tier one suppliers: and
- (iii) Enhance engagement practices with Bapcor's supply chain, industry members, key partners, and stakeholders.

To understand and reduce the risk of impacts to people.

Reporting requirements of the Act

Pages

Requirement 1 & 2	Identify the reporting entity and describe its structure, operations, and supply chains	2-4
Requirement 3	Describe the risks of Modern Slavery practices in the operations and supply chains of the reporting entity and entities it owns or controls	5
Requirement 4	Describe the actions taken by the reporting entity and any entities that it owns or controls to assess and address these risks, including due diligence and remediation processes	6-8
Requirement 5	Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address Modern Slavery risks	7-8
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Requirement 7	Any other relevant information	9-10

Key Actions Taken:

1. Communication with supplier base on Ethical Supply Chain/Procurement (ESC/P) and related Policies.
2. Conducted Bi-annual Modern Slavery Working Group Meetings to consult with group-wide stakeholders.
3. Continued the roll-out and updates to Supply Agreements to include Ethical Conduct and Modern Slavery compliance clauses.
4. Updated purchase order terms and conditions to include requirements for supplier conduct relating to the supply of goods and services.
5. Expanded supplier portal engagement to aid communication of expectations and sharing of policies documents with the 460 registered supplier users.
6. Selected a supplier assessment and monitoring solution in collaboration with industry association and members.
7. Selected a team member modern slavery training solution.

Entities Covered

Bapcor's Trade businesses include Burson Auto Parts, Precision Automotive Equipment, BNT (NZ), TATP, Autolign and Burson Thailand.

The Specialist Wholesale segment supplies the automotive aftermarket with an extensive range of products. These businesses include AAD, Bearing Wholesalers, Baxters, MTQ, Roadsafe, JAS Oceania, HCB, Diesel Distributors, Federal Batteries, Premier Auto Trade, Opposite Lock and AADi.

Bapcor's Retail business includes Autobarn, Autopro, Sprint Auto Parts, Car Parts and Opposite Lock, and Service businesses Midas, ABS, Shock Shop and Battery Town.

Additionally, Bapcor has a Commercial Vehicle Group which provides parts for light and heavy commercial vehicles.

Structure, operations, and supply chains

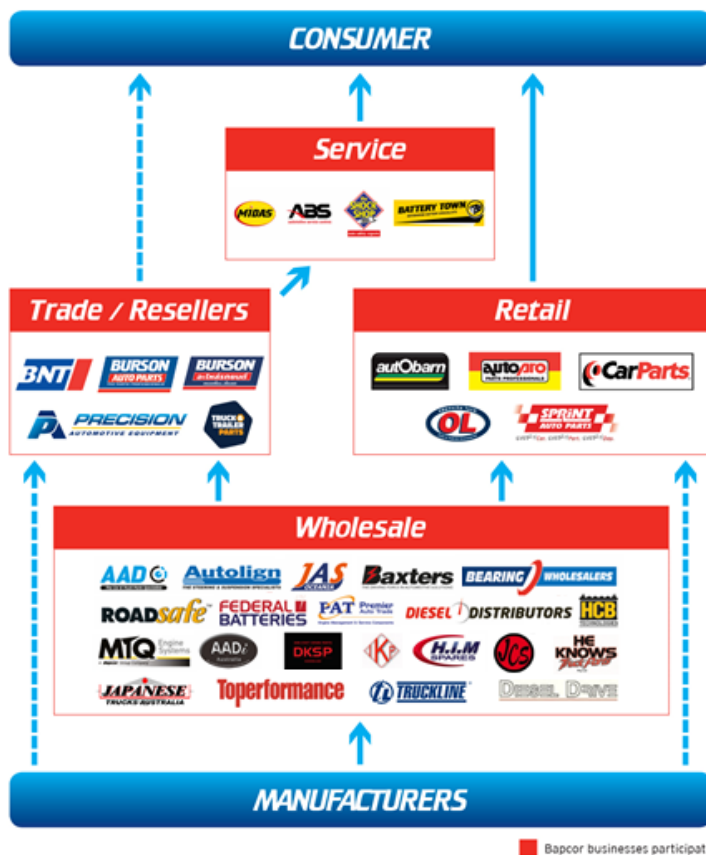
Bapcor’s operations and supply chain are broad and diverse, with 80% of spend directed towards approximately 100 strategic partners for merchandise and services.

Given the highly technical nature and automated manufacturing processes of the products we sell, most of our merchandise is sourced from global corporations, original equipment manufacturers or licenced distributors.

The balance of Bapcor’s merchandise range is sourced to support either customer orders for original equipment manufacturer applications or for our private label programs.

Merchandise for Bapcor’s private label programs is sourced through local distributors or directly from local and international manufacturers.

Many of Bapcor’s suppliers who have been assessed have their own policies and compliance requirements in place that articulate how they manage risks within their own supply chains. This gives Bapcor confidence that both tier one and two suppliers to Bapcor have a low risk of Modern Slavery practices in their supply chains.



Automotive Aftermarket Supply Chain.

Merchandise is supplied to our Trade and Retail businesses both directly from suppliers and through Bapcor's Specialist Wholesale Businesses.

This gets our supply and product teams closer to their suppliers to engage with them on ethical sourcing.

Risks of Modern Slavery practices in Bapcor's operations and supply chain.

Operations

Ongoing assessment and observations by Bapcor team members have not identified any incidents or risks of Modern Slavery in Bapcor's operations in Australia, New Zealand and Thailand and there have been no concerns reported to our whistleblower service. These regions are all highly regulated by legislated minimum wage and employment conditions and governed by our internal Human Resources policies.

Supply Chain

Most of Bapcor's merchandise is sourced from large global corporations and manufacturers or licenced distributors.

We have completed internal risk assessments on the suppliers which comprise 80% of the value of merchandise supplied to Bapcor to evaluate each supplier and understand the risks of Modern Slavery in their operations and supply chains.

Bapcor's Modern Slavery risk assessment model considers the prevalence and vulnerability to Modern Slavery and Government response to modern slavery issues for both the manufacturing location and the supplier's parent companies head office location using the Global Slavery Index data from Transparency International. A higher weighting is applied for high-risk product categories and where our dependency on a supplier is significant.

As a result of these risk assessments, 18 suppliers were identified as a very low risk and 78 suppliers were identified as a low to medium risk of Modern Slavery in their operations and supply chain.


We acknowledge that the largest risk of Modern Slavery abuses in Bapcor's supply chain relates to low volume products sourced through trading houses or the suppliers to our tier 1 supply base where we do not have direct access and visibility of the original manufacturing source. This acknowledgment has informed our 2021 and planned future actions.


Bapcor's implemented approach and processes have resulted in an assessment that the risk of Modern Slavery in our supply chain is low, given the nature of our businesses and the highly technical and automated nature of the manufacturing processes of the products that we sell. Despite the level of risk currently assessed as low, Bapcor remains committed to continuously reviewing and improving our approach to further mitigate the risk of Modern Slavery in our supply chain.

Policies and Governance


Bapcor’s Values form the foundation of our Ethical, Social and Governance (ESG) Strategy, which is supported by an Environment, Social and Governance (ESG) Policy, an Ethical Supply Chain/Procurement (ESC/P) Policy and a Human Rights Policy.



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We give a damn...
 We care about what we do and are proud of how we do it. We are passionate and make a difference.
- 

We are in it together...
 We're all part of the Bapcor family. We support each other, include everyone and have fun along the way.
- 

We get it done...
 We use our unique talents to find solutions and achieve common goals. We celebrate success and strive to win.
- 

We do the right thing...
 We are open, honest and respectful. We do what we say and say what we do.



These policies apply equally to officers, team members, contractors, and suppliers of products and/or services to Bapcor, including both direct (merchandise) and indirect (services) spend categories.

These policies are published on the Bapcor website and are linked below. Bapcor’s supply agreements require compliance with these policies.

[Bapcor Environment, Social and Governance \(ESG\) Strategy](#)

[Bapcor Environmental, Social and Governance \(ESG\) Policy](#)

[Bapcor Ethical Supply Chain / Procurement \(ESC/P\) Policy](#)

[Bapcor Human Rights Policy](#)

Bapcor also has a [Whistleblower Policy](#) and externally managed whistleblower service. This allows reporting of any issues by Bapcor team members, suppliers, contractors or members of the public through an anonymous service.

Action taken to assess and address risks

Our policies for assessing and managing Modern Slavery risk apply to all Bapcor team members, contractors, and suppliers. Any team member visiting a supplier has responsibility for assessing and reporting risks.

Our 2020 Modern Slavery statement was shared with all team members, published on the Bapcor Intranet, Supplier Portal and Internet page to provide transparency on action taken and Bapcor's desire to reduce the risk of harm to people.

Our key objective is to continue to engage with our supply chain and to broaden our reach to reinforce our expectations, understand risk, then consider appropriate actions for any concerns identified.

The assessments conducted on the suppliers of 80% of Bapcor's product spend were designed to identify the likelihood of Modern Slavery in the supply chain and guide actions on managing the mitigation of those identified risks. We also have a checklist that all team members making visits to supplier manufacturing sites are required to complete, which was designed to identify risks in the supply chain. If any risks are identified, the Bapcor Group Procurement Manager, in consultation with our Modern Slavery Working Group and Leadership Team, has the responsibility to develop a strategy to manage any individual incidents. For the low to medium risk suppliers, we have made it a requirement for team members to complete the Modern Slavery checklist both when visiting supplier's operations and before supply agreement renewals. We have also prioritised the reinforcement of Bapcor's policy and compliance requirements and updating of supply agreements to the latest Bapcor's supply agreement template which includes Modern Slavery compliance requirements.

In 2020 we identified challenges and planned future actions to address these and incrementally improve our effectiveness in assessing and addressing any identified address risks.

We committed to investigating and establishing a supplier self-assessment process to complement the Procurement Manager's Modern Slavery Checklist in order to expand the reach of our risk assessments.

To achieve this Bapcor has joined the Australian Automotive Aftermarket Association (AAAA) Modern Slavery Consortium as a founding member to establish more comprehensive strategies and systems in collaboration with our industry association and peers to identify and mitigate the risk of Modern Slavery abuses in our industry and supply base. This will provide an agile platform for assessments and management of supply chain Modern Slavery risk.

Collaboration as an industry will deliver efficiencies and broaden our reach by removing barriers for suppliers' cooperation and fatigue in completing assessments with multiple customers. Completion of supplier self-assessment questionnaires, and information available through the platform will allow reporting of risk profiles to better target work with our supply base.

The platform will provide transparency and visibility throughout our multiple supply chain tiers by supporting our suppliers to extend the same assessment to their suppliers to give multi-tier visibility.

We are currently working with the AAAA and other founding members of the consortium on developing the supplier Self-Assessment Questionnaires and web-based application to monitor, track and engage with suppliers.

This will provide functionality to score and rate supplier responses to identify potential problems or risks based on questions not answered, flagging potential risk areas based on suppliers' responses, sorting suppliers' responses into satisfactory/unsatisfactory responses and completion rates across suppliers by type, location and size.

As this platform is developed to capture a growing number of supplier assessments and improve transparency, we will be able better to identify potential risks for further detailed review and audit.

The records of these audit activities such as validation of suppliers' responses in self-assessment questionnaires, reviews by Bapcor team members or third-party audits will tracked through the platform.

With future development this platform is intended to provide tools for tracking any remedial and recovery actions as required in the event of identified Modern Slavery abuses.

This is a significant step in Bapcor's commitment to transparency and accountability for Modern Slavery risks in our supply base.

We also committed to promoting the required actions and to educate our team members and stakeholders broadly across the business on our ethical expectation and obligations. In addition to the engagement and consultation through Bapcor's Modern Slavery working group, to support this we have selected an interactive Modern Slavery training solution to integrate with Bapcor's existing internal training platform. This solution will deliver multiple training modules with primary and refresher training.

We are currently working on integrating this solution into Bapcor's training platform and identifying team members for completion of the appropriate training modules based on their job function and supplier interactions.

Assessing the effectiveness of our approach and actions

Bapcor is committed to continually reviewing our policies, processes, and tools to incrementally improve them and broaden our capability to assess risks. We are currently in the process of implementing the selected solutions identified to address our future actions that were committed to in 2020 and will use the data and insights gained from these tools to further inform our future actions in 2022.

Our approach has been well supported by Bapcor's strategic suppliers who supply the 80% of the value of merchandise supplied to Bapcor. Engagement with and assessment of the long tail of suppliers who supply the remaining 20% of Bapcor's merchandise has been more challenging for Bapcor's team and less effective.

Our actions to join the AAAA Modern Slavery Consortium as a founding member and to implement team member training will provide tools and better equip Bapcor's team to assess and address more broadly and further up our supply chain.

As a major supplier to large commercial vehicle fleet and automotive service businesses Bapcor is also assessed by our customers who have reporting obligations. The feedback received from these assessments has been positive with our approach and actions satisfying their expectations.

Engagement and Consultation

Bapcor's Modern Slavery Working Group with senior representatives from each of Bapcor's individual business units meets Bi-annually to facilitate engagement and consultation with stakeholders, and to communicate responsibilities for assessing and managing Modern Slavery risk.

The Modern Slavery Working Group has received training on:

- What is Modern Slavery and Modern Slavery legislation
- Modern Slavery statements and reporting requirements

This forum is used to provide updates on:

- What we have done to date to address Modern Slavery
- Internal audit high level review and recommendations
- Selection and implementation of future actions

Working group discussions have informed for the selection of the solutions for our 2020 future actions to:

- Develop a supplier self-assessment check list and process to be used for current suppliers and as part of tender process
- Communication and engagement with all Bapcor team members on our responsibilities and actions taken through internal communication channels.

In the event that Bapcor discovers Modern Slavery concerns in our supply chain, Bapcor recognises that taking punitive action against the supplier could exacerbate the negative social impacts on the supplier's workers. In the first instance, Bapcor intends to engage and consult with the supplier to support them in addressing any concerns identified. If a supplier is unwilling to take steps to address Modern Slavery concerns, Bapcor may terminate supply contracts and/or change to alternate suppliers.

Challenges and Future Actions

There have been continuing challenges and constraints in assessing our exposure to Modern Slavery, including an inability to complete local and international supplier visits due to COVID-19 travel restrictions. This has limited our ability to complete the Procurement Managers Modern Slavery Checklist for suppliers, however we have worked closely with these suppliers to ensure business continuity.

Due to the dynamic changes in manufacturing & transport constraints and volume demands for essential products and services during the Pandemic, alternate suppliers and sourcing locations have been used to ensure continuity of supply both by Bapcor directly and through our multi-tiered supply chain. We acknowledge that this may create a higher risk of Modern Slavery abuses. The transient nature of these sometimes-required actions also increases the difficulty of assessing the risk or Modern Slavery abuses. Implementation of the Supplier Assessment and monitoring solution as part of the AAAA Modern Slavery Consortium will facilitate more efficient and effective assessment of these suppliers.

Despite these constraints, we have continued our efforts to improve the effectiveness of our approach and actions. We will work to promote required actions and to educate our team members and stakeholders broadly

across the business on our ethical expectation and obligations. The implementation of Modern Slavery training modules to our existing training platform will support this.

Advice on the submission of this statement will be communicated internally to all team members through a company announcement and published on Bapcor's intranet, to Bapcor's suppliers through our Supplier Portal and published on Bapcor's website.

This Modern Slavery Statement was approved by the Board of Bapcor Limited on 1 December 2021.

A handwritten signature in blue ink, appearing to read "Margie Haseltine".

Margie Haseltine
Chair
Bapcor Limited

A handwritten signature in blue ink, appearing to read "Noel Meehan".

Noel Meehan
Acting CEO
Bapcor Limited