

# Modern Slavery Statement

## Reporting Year Ending 31 December 2022

### 1. Introduction

This statement is made on behalf of Würth Australia Pty Ltd (ABN 480 024 870 96) (“Würth Australia”) pursuant to section 13 of the Modern Slavery Act 2018 (the Act) and constitutes our modern slavery statement for the financial year ended 30 December 2022 (“Reporting Period”).

Würth Australia recognises its responsibility to respect human rights and we are committed to mitigating the risk of modern slavery within our operations and supply chain. This statement describes our approach to minimising the risk of forced, compulsory, trafficked or child labour within our organisation and our supply chains.

### 2. Our Structure, Operations and Supply Chain

Würth Australia is a wholly owned subsidiary of the Würth Group (Germany), formed in New South Wales in 1982, and is part of the Würth Line of companies, operating within the Craft business unit.

The immediate parent entity of Würth Australia is Würth International AG, domiciled in Switzerland, while the parent entity, Adolf Würth GmbH & Co. KG (AWKG) is based in Künzelsau, Germany.

Würth Group is a wholesaler of fastening and assembly materials operating worldwide and employing over 85,000 people, with approximately 43,000 of these being permanently employed sales representatives. The Group has more than 400 companies and operates in over 80 countries.

Würth Australia’s principal activities are the importation and distribution of hardware, tools, chemicals and storage systems for the automotive aftermarket, metal trade, construction and mining industries.

Würth Australia has over 640 employees across all Australian States and Territories. It has its main office in Dandenong, Victoria and three distributions centres nationally (Dandenong, Victoria; Ormeau, Queensland; Balcatta, Western Australia). The business employs over 460 sales executives servicing the Australian market and just over 170 employees in its operations and corporate divisions. Würth Australia divisions include:

- Distribution (auto, cargo, mining)
- Distribution (metal)
- Distribution (construction and wood)
- Operations
- Finance
- Marketing
- Human Capital
- Recruitment and Learning and Development
- Product and Technical Support
- Integrated Management Systems
- Technology
- Sales, Controlling, Pricing and Customer Management.

Our supply chain comprises the following main categories and we recognise that modern slavery risks exist in each one of them by virtue of the industry risk profiles and the globalised and often complex supply chains supporting the provision of goods or services:

#### **Sourcing product for sale from suppliers within and outside Australia**

In accordance with Würth Group strategy, Würth Australia is required to source at least 80-90% of its product from Würth Group owned entities (which will often source the product from accredited suppliers). Würth Group entities that Würth Australia primarily sources from include Germany, China, Australia and Singapore; with small volumes purchased from Poland and Austria.

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The remaining 10-20% of product is procured directly by Würth Australia from third party domestic and a small number of international suppliers, however these suppliers must also be approved by the Würth Group Procurement Function.

#### **Global and domestic transport and logistics services (road, air and sea freight)**

Würth Australia sources all international freight forwarding and supply chain services for import of product to Australia through Würth Logistics Asia Pacific (WuLo), a wholly owned Würth Group company. WuLo procures these global transport services using Würth Group issued supply agreements. Würth Australia also directly sources local transport services in Australia to transport product from Australian suppliers and also to distribute product to its customers which are predominantly in Australia.

#### **Warehouse operations and administrative services**

Würth Australia leases 3 warehouses in Australia to receive, store, package and distribute product orders to our customers. Our workforce includes permanent and casual employees. We also procure a range of other warehouse and administrative services to support our operations in Australia, some of which are provided by Würth Group owned entities or Würth Group approved suppliers (e.g. I.T.).

### **3. Assessing the Modern Slavery risk in our operations and supply chain**

We continue to assess the potential for our operations to cause, contribute to, or be directly linked to modern slavery. As our operations are dependent on the importing and distributing of hardware, tools, chemicals and storage systems, Würth Australia may be exposed to Modern Slavery either directly in its own operations or indirectly through the trade and non-trade with suppliers and their supply chains which support it.

Our high level risk assessment which considers geography, sector and product/service type identifies the potential for Modern Slavery arising from:

**Product supply chains** – We consider this segment of our supply chain continues to have the highest inherent risk of Modern Slavery, as it includes some countries which have a vulnerability to Modern Slavery behaviour and so it remains a key focus for Würth Australia to better understand our risks and any particular potential vulnerabilities. Approximately 80% of Würth Australia product is sourced from Würth Group owned entities; mainly Europe (Germany, Poland and Austria), Australia and Asia (China, Singapore). These entities are subject to Würth Group policies, compliance and governance frameworks. Therefore we consider that this risk is somewhat mitigated. The remaining product volume (approximately 20%) sourced by Würth Australia directly from Australian and other third party suppliers is also subject to Würth Group's approval process prior to becoming an authorised supplier.

**Global and domestic transport and logistics services** – We consider this segment of the supply chain has a moderate risk of Modern Slavery due the varying size and scale of transport operators and countries they operate in. The largest transport spend for Würth Australia is on importing product to Australia, which is facilitated by Würth Group using approved supplier agreements with global transport providers. Würth Australia utilises WuLo for foreign freight movements. Therefore we consider that this risk is somewhat mitigated. Domestic transport providers directly engaged by Würth Australia include large and medium sized suppliers, some of which will have existing Modern Slavery compliance and reporting obligations.

- **Warehouse and Administrative Operations in Australia** – We consider the risk of Modern Slavery in our warehouse operations and administration functions is low, as they are subject to Würth Australia policies, procedures and governance frameworks as well as the Australian regulatory environment. Our new enterprise agreement, the *Würth Australia Enterprise Agreement 2022*, provides equitable employment conditions for our Dandenong warehouse employees, and was approved by the Fair Work Commission in late December 2022. The enterprise agreement has a nominal 4 year life span.

Würth Australia also receives administrative and support services, such as I.T., from Würth Group owned entities based in Asia. Again, these entities are subject to Würth Group policies, compliance and governance frameworks.

### **4. Controls to address the risks of Modern Slavery in our supply chain**

To minimise the risk of Modern Slavery in our supply chain, the Würth Group and Würth Australia have formal policies, procedures and governance structures to promote and enforce ethical and legally compliant business conduct and behaviour.

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They reflect Würth values, standards, expectations, and commitment to compliance by our own employees, suppliers and customers.

The following Würth Group policies apply to and are enforced by Würth Australia:

- **Group Code of Compliance** applies to all employees globally and stipulates minimum standards in relation to conduct and behaviour and includes adherence to human rights obligations and the prohibition of any form of forced or child labour, intimidation, harassment or unsafe work conditions.
- **'Speak Up' Hotline and Compliance Reporting System** is available to all Würth employees, suppliers and customers globally to report suspected misconduct, and breaches of laws and regulations. Standard incident reporting, investigation and resolution protocols exist to ensure any breaches of Code of Compliance and laws, including Modern Slavery practices are addressed and remediated. Reports can be made anonymously using the SpeakUp Hotline.
- **Supplier Code of Conduct.** Würth Australia has zero tolerance for all forms of Modern Slavery, and this is communicated to suppliers. During the Reporting Period, suppliers who visited our Australian sites, including those that entered into a Würth Australia Supplier Agreement were required to read our 2021 Modern Slavery Statement and agree to comply with the Würth Group Supplier Code of Conduct, which is based on the Universal Declaration of Human Rights and the principles laid down in internationally accepted standards of responsible governance. These include the UN Global Compact, the fundamental principles at work of the International Labour Organisation (ILO), and the Rio Declaration on Environment and Development.

Würth Australia also has the following policies and procedures which further support our values, standards, expectations, and commitment to ethical compliance:

- Employee Code of Conduct
- Whistleblower Policy
- Recruitment Policy
- IMS Policy (Health and Safety, Environment and Quality)
- Anti-Discrimination and Equal Opportunity Policy & Complaints Procedure

The following initiatives support the requirements of the policies and aim to inform, guide, and support the workforce and suppliers in protecting human rights, workplace and other ethical standards.

### Supplier Approval and Assurance Program

#### Global third party suppliers

The Würth Group is responsible for due diligence in the sourcing and selection of global suppliers that also service Würth Australia. Due diligence includes assessing product and service quality, quality assurance, regulatory and ethical compliance and ensuring purchasing terms are fair and equitable.

The Würth Group new supplier agreements now include mandatory compliance with the Würth Group Supplier Code of Conduct and specifically requires adherence to Universal Declarations of Human Rights and Convention of Rights of the Child. Agreements specifically prohibit child labour and forced, involuntary and slave labour, and stipulate compliance with minimum workplace conditions and wages.

The Würth Group performs supplier audits which assess compliance with the Supplier Code of Conduct, and examine the quality of products and services, as well as compliance with work place safety, human rights obligations including the prevention of child and forced labour.

#### Domestic third party suppliers (product and non-trade, including transport services)

The Würth Australia Supplier Management Procedure governs the sourcing, engagement and performance monitoring of domestic suppliers engaged by Würth Australia, who must comply with the Würth Group Supplier Code of Conduct.

The Australian Procurement Team is responsible for due diligence and approving all local trade suppliers. This includes ensuring terms and conditions, service levels and compliance obligations are satisfied.

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During the Reporting Period we expanded the supplier approval process to incorporate Modern Slavery risk factors, ensure service levels are reasonable, and include Modern Slavery obligations.

Any product purchased by Würth Australia from third party Australian suppliers must also be approved by the Würth Group to ensure consistent and high quality standards and compliance.

Annual supplier performance and rating reviews of Würth Australia trade suppliers are performed which also assess compliance obligations.

#### **Würth Group Owned Suppliers**

The Würth Group is responsible for compliance by its Group owned operations in Europe, Asia and the USA which also provide product and services to Würth Australia.

The Würth Group conducts periodic audits of its Group operations to assess compliance with Group policies, procedures and quality standards, as well as regulatory and human rights obligations. In the Reporting Period there were no incidents of Modern Slavery identified during audits or compliance reviews of Würth Group suppliers or Würth Group approved suppliers to Würth Australia, nor were there any reports of Modern Slavery made via the SpeakUp hotline.

### **Human Resources Support**

The Würth Australia Human Capital (HC) Team is the first point of contact for all general HC queries and support. The Team regularly support and advise managers on a range of employee development, performance management, employee grievance, employee relations and safety and wellbeing matters. We engage with our employees to ensure that they are appropriately compensated for hours worked and support those who return to work after illness or injury via our well established Return to Work Program. During the Reporting Period HC/HSEQ delivered a WHS campaign to raise awareness of Japanese Encephalitis and ran our annual flu vaccination program at head office.

All recruitment and new offers of employment and terms and conditions must be approved by the HC Team and Executive Management, which ensures adherence to employment laws, practices, conditions, and industrial awards. We follow our written procedures in recruiting new employees, including performing reference checks and verifying working rights.

Würth Australia is proud to be a sponsor of Beyond Blue. During the Reporting Period, the Human Capital Department worked in conjunction with Beyond Blue to promote counselling services provided by Beyond Blue and also with our EAP Program to deliver coaching sessions to staff on managing conversations about mental health.

### **Employee Assistance Program**

The Würth Australia Employee Assistance Program (EAP) offers employees and their eligible immediate family members with a range of services and support. It is a confidential and 24-hour service, with support available for personal and work-related issues including performance, dealing with grief, and financial and stress management.

### **Quality Management System**

Würth Australia operates an ISO 9001 integrated quality management system, which is also ISO 45001 and ISO 14001 compliant. Our IMS Team conducts planned audits of our Australian operations. All audit reports are reviewed and corrective actions implemented with oversight by the Würth Australia CEO and Executive Team.

### **Modern Slavery Risk Management and Improvement Plan**

Being our third Modern Slavery Statement, we have reviewed and updated our assessment of Modern Slavery risks and we continue to focus on continuous improvement to better understand our suppliers and risks pertaining to Modern Slavery in our supply chains. During the Reporting Period, we:

- Assessed responses from the Modern Slavery Self-Assessment Questionnaire and completed internal supplier risk assessments;

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- Identified any suppliers requiring further contact (based on the responses received, no suppliers were required to be followed up during the Reporting Period);
- Updated our template Würth Australia supplier agreements to incorporate modern slavery obligations;
- Appointed a Compliance Officer in our Product Department;
- Undertook an internal audit on Modern Slavery (no non-conformances were identified during the audit);
- Ensured new staff were provided with Modern Slavery training (all new staff were trained during the Reporting Period);
- Monitored news on reported instances of human rights (during the Reporting Period 2 bi-annual reports were prepared and distributed to the Executive Team covering topics such relevant legislative changes in countries in which the Würth Group operates);
- Increased awareness about Modern Slavery within our Executive Team (by way of presentations during Executive meetings);
- Consulted with our Business Improvement Team (which comprises managers and employee representatives) in relation to review and approval of our Modern Slavery Risk Profile and Management Plan;
- Published our second Modern Slavery Statement on our intranet and our website;
- Monitored our whistleblowing channels for reports of Modern Slavery (no relevant reports were made during the Reporting Period).

As Würth Australia sources a significant proportion of its product and other services from Würth Group owned operations or Würth Group appointed suppliers, we obtained responses from the Würth Group's Quality and Legal Departments to an annual questionnaire regarding Modern Slavery. The responses enable us to ensure we are across any potential instances of Modern Slavery through Würth Group's supply chain that may be of relevance to Würth Australia. In the Reporting Period no relevant reports were made via the SpeakUp hotline or identified during supplier audits.

During the Reporting Period we also complied with customer requests for information regarding our processes and procedures in relation to Modern Slavery and agreed to requests to include obligations regarding Modern Slavery in supply contracts.

### 5. Assessing the effectiveness of our actions

Würth Australia is committed to active management of our potential Modern Slavery risk and monitoring the effectiveness of our risk management and compliance process surrounding Modern Slavery risk.

In 2023 Würth Australia will continue to gather information to understand the risk profile and management of supply chain partners as it relates to Modern Slavery.

To assess the effectiveness of the measures taken by Würth Australia, our Modern Slavery Risk Monitoring Program includes for each Modern Slavery risk and key control, a KPI control target and review frequency for reporting to the Würth Australia Executive Team. The main control areas are:

- Continuous review and improvement of our Modern Slavery Risk Profile and Management Plan;
- Supplier contracts and terms and conditions compliance;
- Supplier risk assessment and monitoring;
- Employee training;
- Global incident monitoring;
- Würth Australia audit and compliance program;
- Completion of Würth Group questionnaire.

During the course of the 2023 reporting period, we will:

- Continue to issue and assess responses to our Modern Slavery Self-Assessment Questionnaire;
- Identify any suppliers requiring further due diligence following the Modern Slavery Questionnaire and risk assessment results and developing remediation plans in conjunction with the supplier(s) as and when required;
- Allocate our online Anti-Modern Slavery Program to non-Würth Group suppliers registered through the OnLocation portal;

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- Complete face-to-face audits of local non-Wurth Group suppliers of Personal Protective Equipment to discuss their processes for combatting modern slavery in their supply chains;
- Ensure ongoing training and awareness of our Modern Slavery statement amongst staff by publishing our third Modern Slavery Statement on our intranet and our website;
- Issue updated Würth Australia supplier agreements to incorporate modern slavery obligations;
- Undertake an annual internal audit on modern slavery, and identifying any opportunities for improvement;
- Consult with our Business Improvement Team in relation to review and approval of our Modern Slavery Risk Profile and Management Plan;
- Monitor the reporting channels for any reported instances of human rights impacts in our operations and supply chains; and
- Run a country- based awareness campaign for our Executive Team about Modern Slavery.

This Statement was approved by the board of Würth Australia Pty Ltd on 21 June 2023.

A handwritten signature in black ink, appearing to read 'Serge Oppedisano', written over a light grey horizontal line.

Serge Oppedisano

**Managing Director and Chief Executive Officer**

21 June 2023