

Sanwa Pty Ltd

MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2021/2022

This Modern Slavery Statement has been prepared as a statement of Sanwa Pty Ltd and has been prepared with the assistance of other companies within the Sanwa group principally being the HVG group of companies.

Sanwa Pty Ltd (ABN of 96 000 904 987) has registered office at Suite 201, 100 New South Head Road, Edgecliff, 2027 and is incorporated under the Corporations Act 2001 in New South Wales. Sanwa Pty Ltd is commonly referred to as Sanwa but trades under the name Sanwa Pty Ltd.

The other companies within the group include HVG Management Services Pty Ltd (ABN 88 649 373 197), HVG Facades Pty Ltd (54 634 557 270), HVG Building Pty Ltd (ABN 55 649 379 993), HVG Graphics Pty Ltd (ABN 75 649 379 635), HVG Fabrics Pty Ltd (ABN 30 649 411 763) and Smartstone Australia Pty Ltd (19 148 937 008). This group of companies is collectively referred to as "HVG".

Our Commitment

Sanwa is committed to achieving the highest standards of ethical behaviour, both in our own business, in our supply chains and through any other business relationship involving the company. We support and respect the protection of human rights and endeavour to make sure that Sanwa is not complicit in any human rights abuses.

Sanwa recognizes that modern slavery is a significant global concern and can take many forms, but fundamentally is a range of exploitive practices including human trafficking, slavery, servitude, forced labour, child labour, withholding of wages and deceptive recruiting for labour or services, forced marriage and debt bondage.

As part of its ongoing commitment, Sanwa will comply with all applicable Australian and International slavery legislation including the Modern Slavery Act 2018 (Cth) and the Modern Slavery Act 2018 (NSW).

At Sanwa we stand for something bigger than simply importing and trading as we believe in a culture of support, empowerment and accountability, with a common set of values and a desire to improve the businesses and lives of those we buy from and also sell to.

Our mission is "to provide quality product fully compliant to the contracted specifications on a reliable regular and competitive basis thus adding substantial value to both our suppliers and our customers."

MODERN SLAVERY STATEMENT

At Sanwa we are united by this one mission, and it is this single ambition that is at the heart of everything we do.

Our Policies

Sanwa does not tolerate modern slavery and will not knowingly engage in or partner with companies or suppliers that engage in modern slavery. Our policies and practices in relation to procurement, human resources, and corporate responsibility, support this commitment.

The people involved either directly or indirectly in our business can be loosely grouped into one of three categories. Employees, third party contract partners, or suppliers.

Employees – all employees are paid above award wages and are checked for working visa and or citizenship to ensure that they have the right for employment in Australia.

Third party contractors – this includes sea freight and land freight companies, customs clearance agents, and claims surveyors, amongst others. The companies or agents that we deal with are typically and almost exclusively resident in Australia or if shipping companies major worldwide groups. To ascertain the modern slavery risks relevant to these third party contractors, we plan to audit their modern slavery policies in the longer term.

Suppliers – the greatest risk of modern slavery occurring for Sanwa is in regard to our manufacturing partners and suppliers, which are located in many countries around the world. Sanwa has a policy to only deal with major established manufacturers and is in the process of working with the Australian Steel Association and its partners to develop an effective audit system, including relevant questionnaires, to identify modern slavery risks relevant to these suppliers.

Our Structure, Operations and Supply Chain

Sanwa is a diversified raw materials trading company. We both import materials (into Australia and New Zealand) and do “third country trading”, which involves buying and selling materials from Asia to countries such as USA, South Africa and Western Europe. These materials are principally raw materials being typically metals, plastics and minerals. Whilst we have traded in agricultural exports and timber products in the past, we do not currently handle these business areas. Beyond Australia and New Zealand, our customer base currently includes developed countries such as the USA, Europe and South Africa. Our supplier data-base is extensive and is explained in more depth below. There are three operational divisions within Sanwa:, being Metals, Plastics, and Minerals. Each is a specialist in their segment of the market, focused on providing our customer base with quality product fully complying with the most detailed of product specifications. We are Passionate People providing quality product at competitive prices to the benefit of our customers and our suppliers.

Sanwa’s CORE VALUES ARE:



Customers

Our customers come first in everything we do. We value customer relationships and provide the best solutions for our customers by having a detailed understanding of their needs.

MODERN SLAVERY STATEMENT



Company

We act in the company's interests at all times.



People

We are caring, inclusive and one team. We are individuals united by a Vision and Mission. We act with honesty and integrity at all times. Our employees are valued and empowered and having a very low staff turnover is one of our most proud achievements.



Suppliers

We act to advance our suppliers' business in the short and long term for mutual benefit.



Safety

We aim for zero harm to our staff, our customers and the environment in everything we do.

Operations

Sanwa's registered office and head office is located in Sydney from where approximately 30 staff work. Sanwa employs a small number of trading staff working from the related company offices of HVG in both Melbourne and Adelaide.

Our teams are the cornerstone of everything we do at Sanwa. With around 33 dedicated staff, our personnel's breadth of knowledge and experience enables us to deliver a high standard of sales, customer service and technical support across all aspects of our business.

Having a diverse range of products across our four core businesses provides our customers a wide selection of raw materials to suit their specific requirements, risk preferences, priorities and concerns. These include Metals (Steel, Stainless Steel and Aluminum), Plastics (EPS/PVC/various polymers) and Minerals (including ferro alloys and other materials for the foundry industries).

Typically the business Sanwa does is back to back, meaning that it does not plan to stock the product and the product being bought is already sold at the time of purchase. More than 90 percent of our business is concluded with the product being delivered directly, without there being any substantial time whereby the product is sitting in transit at some point waiting for call up or sale. The other 10 percent involves some degree of delayed delivery, even if pre-sold, but waiting for customer call up after arrival or possibly small amounts unsold waiting for sale.

The location of the majority (95 percent plus) of our customers is within Australia and New Zealand but we do supply goods into the US, Western Europe and South Africa.

Supply Chain

Sanwa is reliant on the use of overseas suppliers from around the globe.

MODERN SLAVERY STATEMENT

Sanwa has over 100 direct suppliers from Australia, USA, China, UK, Taiwan, Thailand, Poland, Italy, South Africa, South Korea, Japan, Hong Kong and New Zealand that provide mostly raw materials such as steel, aluminum, plastics and minerals. These are then sold to stockists and manufacturers who add value by stocking product and selling in smaller quantities or turning those goods into final finished or further finished products.

Approximately 90 percent of products traded by Sanwa are manufactured in Asia, generally from the Far East. The remaining 10 percent of products are sourced from the Americas (less than one percent), Africa (less than one percent), and Europe (excluding Turkey, and being approximately 8 percent).

For more than 90% of turn over, Sanwa deals directly with the manufacturer rather than through an independent agent working on behalf of that manufacturer.

English is the language in which we correspond and contract our business but we have native speakers from many countries around the world who act as interpreters and assist with our day to day business. These include Turkey, China, Indonesia, Singapore, Malaysia and Taiwan.

We are in the process of fully documenting our supply chain, and in future modern slavery statements we will endeavor to build on our disclosure, balancing the need for some degree of commercial confidentiality with full transparent exposure.

Modern Slavery Risks in our own Operations and Supply Chains

In FY2021, Sanwa undertook a high level assessment of the risk of modern slavery in its operations. .

Sanwa's Operations and Employees

The risk of modern slavery in our own workforce, whether employees or temporary workers, was assessed as low for the reasons set out below.

We have strong human resources processes in place for onboarding new employees, reviewing employees' wages and salary agreements, and verifying corresponding payments. Sanwa pays salaries at market value to experienced and skilled workers all of whom earn on an hourly basis in excess of the basic minimum wage. Sanwa has a very high retention rate for both trading and support staff.

Our employee onboarding process includes employment checks and ensures all new employees have valid residency status. Our employee induction processes also ensure that new employees confirm they have read and understood our policies and procedures.

Sanwa has currently only a very small percentage of its total workforce employed as temporary workers, and all are within Australia. The employment agencies that support our business are generally considered low risk given the maturity of the industry, strong supplier reputations and professional nature of the services provided and we intend to engage with them further in the next reporting period to understand how they manage modern slavery risk.

Sanwa Contract Partners

Sanwa works with a variety of third party contractors, including logistics and trucking companies, customs clearers, and lawyers. Most of these contractors reside in Australia, except for some large

MODERN SLAVERY STATEMENT

shipping companies which handle the sea freight of our products. Sanwa has not, to date, focused on the activities of these shipping companies considering that these multibillion conglomerates have the infrastructure and incentive to manage their own modern slavery risks and Sanwa considers that our leverage can be more effectively applied to other parts of our supply chain. Sanwa is working with the ASA and other member organisations to identify ways to address risks of modern slavery in these industries.

Supply Chain

Recognizing the greatest risk of modern slavery is in our supply chain and or contract partners in the service industries, Sanwa is undertaking a more detailed risk assessment of its supply chain in FY2023 along with our external modern slavery consultants. This risk assessment will deal with each of our divisions and the risks of modern slavery from the various countries of origin, addressing:

- Sector and industry risks;
- Product and services risks;
- Geographic risks; and
- Entity risks.

Actions Taken to Assess and Address our Modern Slavery Risks

As this is our first modern slavery statement, Sanwa's focus to date has been around education and awareness within the organisation, as well as establishing a framework, action plan and viable expert partners to ensure modern slavery is properly considered in all our operational and supply chain relationships.

Key actions undertaken include:

- Modern Slavery Action Plan developed summarizing the main areas to focus on over the next two years. The action plan is a dynamic document that is progressively updated and revised.
- Company Modern Slavery Statement finalized and signed off by the Sanwa Board. This Statement has been communicated to staff and is available on our intranet. It is available to customers and suppliers upon request.
- Preparing screening for new suppliers for modern slavery risks, including supplier questionnaires
- Building a knowledge base of modern slavery —through training for employees
- Instituting internal audits.
- Training staff
- Working with external legal consultants
- Working with industry associations in order to work effectively as an industry to achieve better results.
- Setting up a mechanism to allow people to safely report modern slavery risks in our own entity's operations and supply chains.

Assessing Our Effectiveness of Actions Taken

Managing the risk of modern slavery and assessing the effectiveness of Sanwa's actions requires ongoing commitment and collaboration with our suppliers and business partners. To manage this,

MODERN SLAVERY STATEMENT

Sanwa has established an internal Modern Slavery Working Group. The Working Group comprises the following:

- Chief Financial Officer; and
- General Manager / Trading Director.

In FY2023, the Working Group will determine the most appropriate method, scope and resources for assessing the effectiveness of our approach to managing modern slavery risks. Sanwa will undertake internal audits of our proposed action plans.

Sanwa intend to partner with the Australian Steel Association to undertake audits of our supply partners in the coming reporting periods in an industry compliant manner.

Additionally, Sanwa will consult with its employees as to any information that they may possess relating to possible modern slavery practices, especially in the high risk areas. Sanwa will also consult with high-risk suppliers as to whether our policies have impacted their behaviour.

Next Steps

Sanwa is committed to the following actions during the FY2022/23 reporting period:

- Ethical Sourcing Survey to be developed. This is a confidential questionnaire for suppliers of goods and services to Sanwa which will assist identify and assess possible modern slavery risks in our supply chain. This survey will be utilized as part of the detailed risk assessment of our supply chain in FY2022/23 and is likely to be prepared in conjunction with independent industry experts.
- Risk Assessment – undertake a detailed risk assessment of our operations and supply chain; review results and agree on a plan to monitor and mitigate the key risks.
- Due Diligence – implement further due diligence by preparing an audit system for all suppliers and contract partners and liaising with the appropriate associations in Australia to better improve our audit systems.
- Policies & Standards – develop a Supplier Code of Conduct and incorporate modern slavery compliance in supplier agreements and third party contract partners where applicable,
- Training and Awareness – institute internal Modern Slavery training program for all staff.

Impact of COVID-19

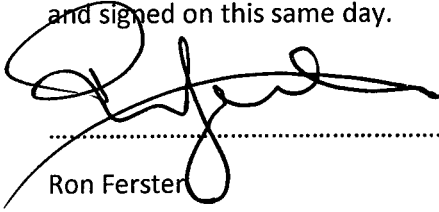
The effects of the world-wide shortage of container ships and raw materials impacted supply of our product into Australia, however, generally, Sanwa's operations and supply chains remained resilient during the reporting period. We implemented comprehensive COVID-19 safe procedures and guidelines in our offices, comprising of social distancing, personal screening, additional hygiene and cleaning measures, and work from home instructions where necessary.

Consultation

In order to prepare this joint statement, Sanwa consulted with each of the entities it owns or controls, and provided those entities with information regarding the Modern Slavery Act 2018 reporting requirements; information regarding the actions we intend to take to address these requirements and provided them with relevant materials and updates.

MODERN SLAVERY STATEMENT

This statement was approved by the Board of Directors of Sanwa Pty Ltd on the 31st of October 2022 and signed on this same day.



.....
Ron Ferster

Chief Executive Officer

SYDNEY Sanwa Pty Ltd (Head Office)

Suite 201, 100 New South
Head Road, Edgecliff

Mail : Locked Bag 362
Edgecliff NSW 2027

Tel: 02 9362 4088

Fax: 02 9362 3622

MELBOURNE (HVG)

25 West Park Drive
DERRIMUT VIC 3026

Tel: 03 9394 3100

Fax: 03 8353 2271

ADELAIDE (HVG)

57 Barnes Avenue
MARLESTON SA 5033

Tel: 08 8113 6000

Fax: 08 8113 6099