



ARB CORPORATION LIMITED

MODERN SLAVERY STATEMENT 2020



1. INTRODUCTION

This Modern Slavery Statement (“**Statement**”) relates to ARB Corporation Limited ABN 31 006 708 756 (“**ARB**”) and its related bodies corporate, and is published by ARB pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**). This is the first Statement made by ARB and relates to the financial year ended 30 June 2020.

This Statement forms part of ARB’s risk management and corporate governance framework and has been approved by the ARB Board of Directors.

ARB recognises the role that businesses play in understanding, addressing and mitigating Modern Slavery practices through business operations and supply chains. ARB is committed to working with our employees, suppliers, contractors, and external stakeholders to improve our understanding of Modern Slavery risks and to address such risks with the implementation of frameworks and procedures to respond appropriately.

ARB’s existing Corporate Governance framework includes a suite of policies and procedures that are intended to promote ethical and legally compliant business conduct. ARB’s Modern Slavery Statement has been added to ARB’s Corporate Governance policy documents.

2. ARB BUSINESS SUMMARY

ARB is Australia’s largest manufacturer and distributor of 4×4 accessories. We have a vast international presence, with offices in the USA, Thailand, New Zealand, Europe and the Middle East, and an export network that extends through more than 100 countries around the globe. Our philosophy, however, has never wavered from its original course – quality, reliability and practicality above all else.

ARB is a publicly listed company, incorporated in Australia and headquartered in Melbourne. ARB’s main operations include the manufacture of automotive accessories, and the distribution, wholesale and retail trade of these products. ARB directly employs approximately 1,000 staff in Australia, and approximately 750 staff in overseas jurisdictions.

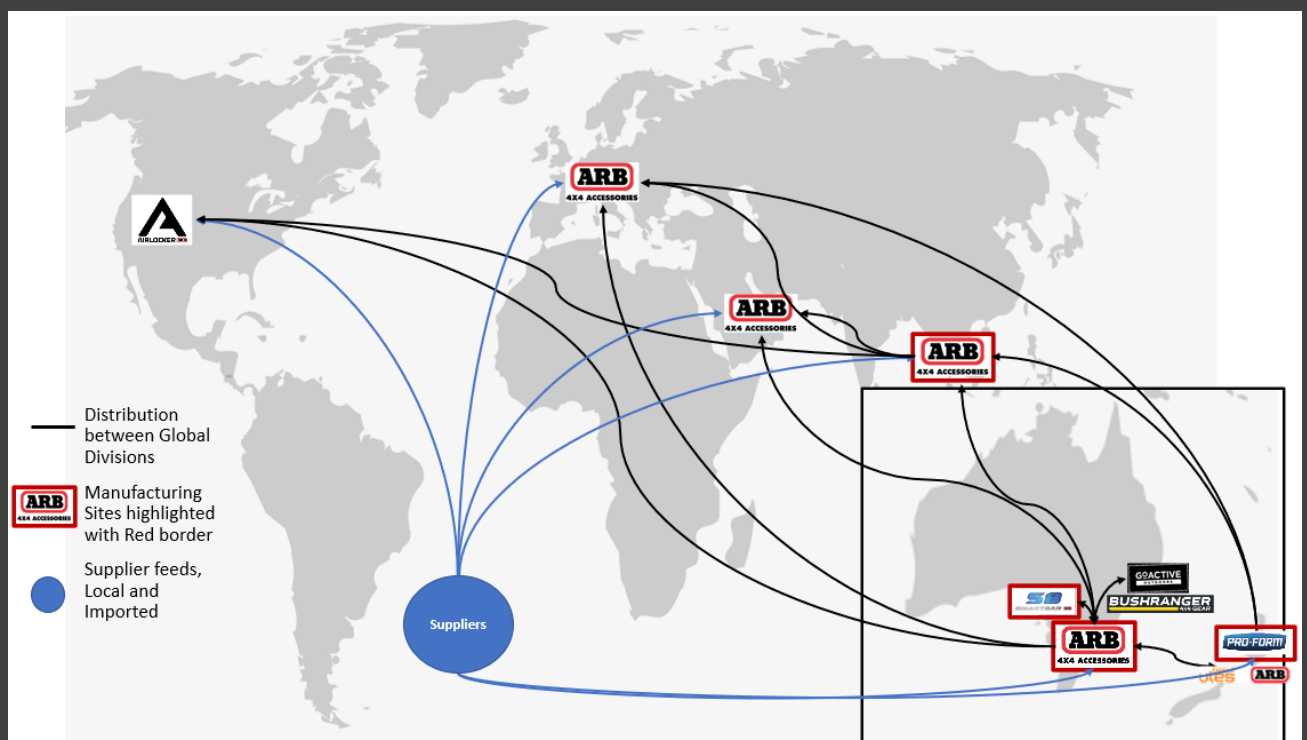
ARB owns a number of subsidiary entities, incorporated both in Australia and in other jurisdictions. A complete list of the controlled entities of ARB can be found in the ARB Annual Report at Note 27 to the Financial Statements (<https://www.arb.com.au/about/annual-reports/>).

3. ARB STRUCTURE, OPERATIONS AND SUPPLY CHAIN

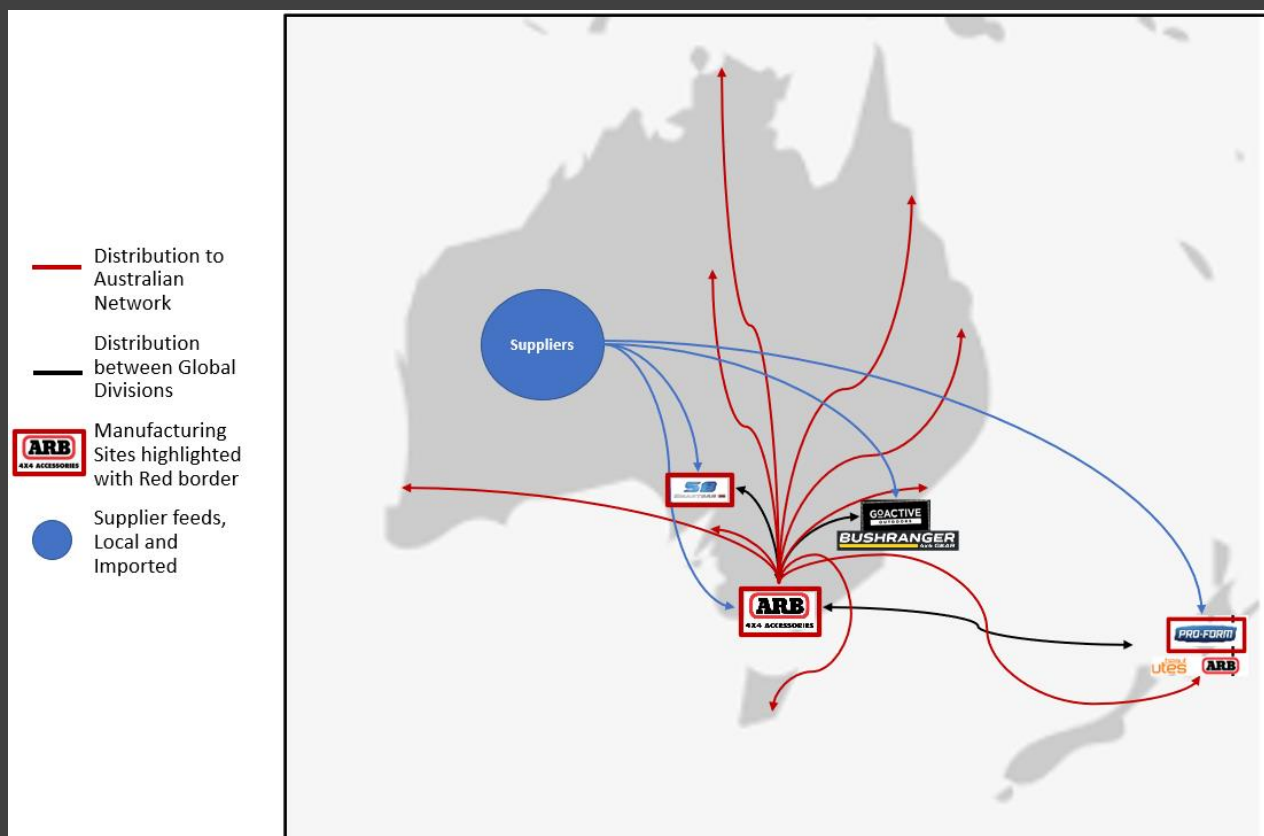
As a manufacturer, ARB has a complex supply chain, purchasing raw materials, components, and sub-assemblies from a variety of countries throughout China, South East Asia, Northern America and Australia. These inputs to production are then converted into finished goods in one of ARB's four manufacturing sites which are located in Australia, Thailand and New Zealand. The finished goods are distributed worldwide through a mix of company owned distribution centres and retail outlets, and also directly to third party retail wholesale customers.

In addition to the main ARB branded products, ARB operates a number of wholly owned brands, selling specialty retail and wholesale. These brands include *Bushranger 4x4*, *GoActive Outdoors*, *SmartBar*, *Pro-Form*, *Beaut Utes* & *Air Locker*.

A pictorial representation of the flow of inputs into ARB's manufacturing facilities, and outflow of goods to global retail and wholesale operations is shown below.



Further, the picture below identifies the national and Trans-Tasman flows of goods between the core ARB branded network of Australian distribution centres.



4. RISK EXPOSURE

ARB recognises the potential to cause, contribute to, or be directly linked to Modern Slavery through its operations and supply chains.

As a manufacturer and worldwide retailer and distributor of products and services, ARB’s exposure to Modern Slavery is diverse and complex. A global supply chain, procurement of raw materials, an international workforce and trade in countries of varying degrees of regulatory governance present various challenges.

The table below presents the exposure of ARB’s supply chain or operations where Modern Slavery risks may be present and the details and remedial action that has or is being taken to address these risks.

Specific Risk	Modern Slavery Risk	Remedial Action
Sector and Industry Risk	<ul style="list-style-type: none"> • Manufacturing operations & global distribution of products The manufacture of goods (both domestically and in foreign jurisdictions) requires the use of manual and low-skilled labour, and the global distribution relies on external service providers, both exposing ARB to Modern Slavery risks. 	<ul style="list-style-type: none"> • Strong internal governance on employment conditions and procurement practices ARB's manual labour workforce is highly regulated and organised. Employment conditions are routinely assessed to ensure compliance with local labour laws. ARB has established trusted relationships with reputable logistics and freight carriers that are subject to routine assessment.
Product and Services Risk	<ul style="list-style-type: none"> • Procurement of high-risk services ARB engages third-party service providers in foreign jurisdictions, with cleaning and courier services provided to ARB and its subsidiaries. 	<ul style="list-style-type: none"> • Due Diligence and market reputation ARB seeks to only engage service providers of good standing, with a proven track record of legal compliance. ARB's due diligence program aims to ensure that ethical principles are upheld in third party employment conditions and sub-contracting.
	<ul style="list-style-type: none"> • Procurement of high-risk products ARB sources the supply of electrical components from China and textiles from Vietnam, both used for inputs in production of finished goods. 	<ul style="list-style-type: none"> • Supplier engagement & long-standing relationships ARB has long adopted the practice of using reputable suppliers of purchased parts that do not engage or use child or prison labour or other sources that would be categorised as a Modern Slavery risk in their manufacturing operations. ARB maintains strong relationships with suppliers and conducts site visits in many instances.
Geographic Risk	<ul style="list-style-type: none"> • Employment in multiple countries Direct employment of individuals in countries with varying regulatory governance, including large employment of individuals in Thailand 	<ul style="list-style-type: none"> • Strong Australian oversight of governance in Thai operations. ARB's robust corporate governance and policy processes apply equally to all staff in all jurisdictions in which ARB operates. ARB's global director of manufacturing is positioned permanently in Thailand and ensures compliance with ARB best practice, Thailand's robust labour relations and labour protection laws and generally accepted legal and ethical treatment of staff. Professional Thai National managers are employed in Thai operations to ensure compliance with local requirements.
Entity Risk	<ul style="list-style-type: none"> • Subsidiary risk Risk in general regulatory compliance and operational risks of ARB subsidiaries operating in multiple jurisdictions. 	<ul style="list-style-type: none"> • Strong Australian and local oversight of governance in Thai operations. ARB's global director of manufacturing is positioned permanently in Thailand and ensures compliance with ARB best practice and Thailand's robust regulatory requirements. This director also manages operational risk and performance. Professional Thai National managers are employed in our Thai operations to ensure

		<p>compliance with local requirements. Globally recognized professional services organisations are contracted as required to audit compliance with local regulatory requirements.</p>
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5. ARB ACTIONS

In January 2020, a working group was established within ARB with the aim to better understand the risks associated with ARB’s operations and supply chains. This group was tasked with reviewing current policies and practices with the aim of incorporating more directly the requirements as described by the Act.

ARB has developed a Modern Slavery Policy document which affirms ARB’s commitment to ending all forms of modern slavery and outlines its approach to reducing the risk of modern slavery practices within its supply chains and operations. The policy also outlines ARB’s commitment to implementing and maintaining effective systems and controls to ensure compliance.

As a result of a thorough review and investigation of ARB’s procurement process, supplier base and operational management, ARB has a high degree of confidence that its exposure to Modern Slavery in its operations and supply chain is remote. ARB’s current policies and procedures do promote ethical and legally compliant business conduct, however in line with the requirements of the Act, ARB has developed more specific actions in relation to the procurement of goods and services. This action requires our suppliers to acknowledge Modern Slavery and demonstrate they have awareness and suitable controls in place to minimise and report any known impacts on the goods or services supplied that may have exposure to Modern Slavery risks.

In accordance with guidelines produced by the Commonwealth Government on Modern Slavery Statement reporting, ARB has identified ‘high-risk’ areas where Modern Slavery practices are known to exist, and targeted suppliers potentially exposed to these areas. ARB has introduced a questionnaire which is issued to existing and new suppliers in these higher risk categories that requests statements be provided on their risks or exposure to these practices.

With a very large supplier base, ARB has prioritised major suppliers (top 80% by value of spend) in the immediate term and identified suppliers that provide products from high-risk locations where Modern Slavery practices may exist. ARB has issued questionnaires to each of these suppliers and is processing responses.

Further to the actions on current suppliers, ARB recognises that there is scope to include the Modern Slavery Questionnaire during new sourcing activities where risks or potential exposure of Modern Slavery may exist.

In addition to actions taken to address discrete exposures to Modern Slavery practices, ARB has established the Modern Slavery Statement as a part of ARB’s wider corporate governance for Board review and approval. This will form part of ARB’s risk management framework, and will be monitored over the next financial year with the aim of maintaining processes and procedures to reduce the risks of Modern Slavery.

6. ASSESSMENT

Acknowledging that the task of minimising Modern Slavery risks in ARB's operations and supply chain is a complex and ongoing task, ARB has resolved to assess periodically the actions outlined in this Statement to ensure their success.

A review will occur on an annual basis in the course of preparing the ARB Modern Slavery Statement, with senior management engagement and board review to evaluate the outcomes of the actions undertaken. ARB envisages that the task of evaluation and improvement of its approach to the reduction of Modern Slavery risks will evolve as ARB's supply chain becomes aware of expectations and reporting obligations that will be placed upon them.

In addition to annual review, ARB will maintain awareness and training for ARB staff involved in the procurement and sourcing of suppliers. Ongoing review of this training program will be conducted to ensure that it increases ARB's staff awareness and knowledge of the risks of Modern Slavery and results in the implementation of actions that will address Modern Slavery risks.

7. ARB GROUP CONSULTATION

In the preparation of this Statement, ARB has engaged with its subsidiaries to promote awareness of the Act and has considered its supply base as part of the overall assessment of the higher risk suppliers identified. On-going consultation with the subsidiaries will continue as part of the detailed assessment of the supply chain particularly where further risks and surveying is to be conducted.

The varying risk profiles of the ARB subsidiaries based on geographic location, supply chain and operations will dictate that some subsidiaries may require more focus than others. Ultimately, ARB remains confident that areas of risk are being appropriately identified and managed as required.

ARB will continue to consult with its subsidiaries to identify risk areas and to support them with actions and processes to appropriately resolve and remediate any Modern Slavery practices identified within their business.

8. FUTURE ACTIONS

In the coming year, ARB will look to develop its existing key supplier due diligence program and continue to identify and address areas of risk including in the subsidiary businesses.

To support employee awareness of the Modern Slavery policy, ARB will develop and provide training and awareness programs to senior management and staff who are involved in the selection and management of suppliers.

In addition to the Policy and training roll out, ARB will continue to build on its work and :

- Conduct risk assessments of its supply chain to determine areas with the highest risk of Modern Slavery.
- Continue to review and update its related policies and procedures to ensure they are adequate. This will include a review of the Whistleblowing facilities.
- Develop a remediation framework for addressing concerns.

- Engage directly with identified suppliers to assess the risk of Modern Slavery within the supplier and its supply chain.
- Ensure suitable Modern Slavery related obligations and enforcement rights and related provisions are included in ARB's agreements.

It is hoped that with an increasing global awareness of Modern Slavery risks, ARB will be well placed to work collaboratively with its supplier base to implement best practice systems and practices that seek to minimise Modern Slavery risks.

ARB will continue to update and review this Modern Slavery Statement on an annual basis, and to integrate and embed the Statement within the existing ARB risk management framework.

This statement is approved by the Board of ARB Corporation Limited.

Andrew Brown
Managing Director
26 March 2021