



Peter Warren
Automotive
Holdings

MODERN SLAVERY ACT STATEMENT

2021

JOINT STATEMENT

PETER WARREN AUTOMOTIVE HOLDINGS LIMITED

This Joint Modern Slavery Statement, is made pursuant to the Modern Slavery Act 2018 (Cth), and sets out the actions taken by:

- Peter Warren Automotive Holdings Limited
- PWA Holdings Two Pty Ltd
- PWA Holdings Three Pty Ltd
- Frizelle Investments Pty Ltd
- James Frizelle's Automotive Group Pty Ltd
- Peter Warren Automotive Pty Ltd
- WP Automotive Pty Ltd
- North Shore Automotive Pty Ltd

(together, "Reporting Entities", "us", "we" or "our") to assess and address modern slavery risks in our operations and supply chain and in our owned or controlled entities for the financial year ended 30 June 2021 ("Reporting Period").

We are committed to ethical business practices and to respecting human rights across our operations and our supply chain. As a collective Motor Vehicle Dealership Group employing 1,766 staff, we have an important role in fostering ethical business conduct, that help to address modern slavery risks and protect human rights.

Our corporate values are G.I.F.T as set out below which aligns well with the commitments espoused in this Statement.



G.I.F.T
Growth. Integrity. Focus. Teamwork.

Growth

We seek to continually find a better way to set ourselves apart

Integrity

We do what is right, not what is easy, cheap or convenient. We act with honesty, humility, consistency and balance

Focus

We make a difference in the lives of our people, our customers and our community. We see things through their eyes, listening intently and ensuring the little things are done extraordinary well

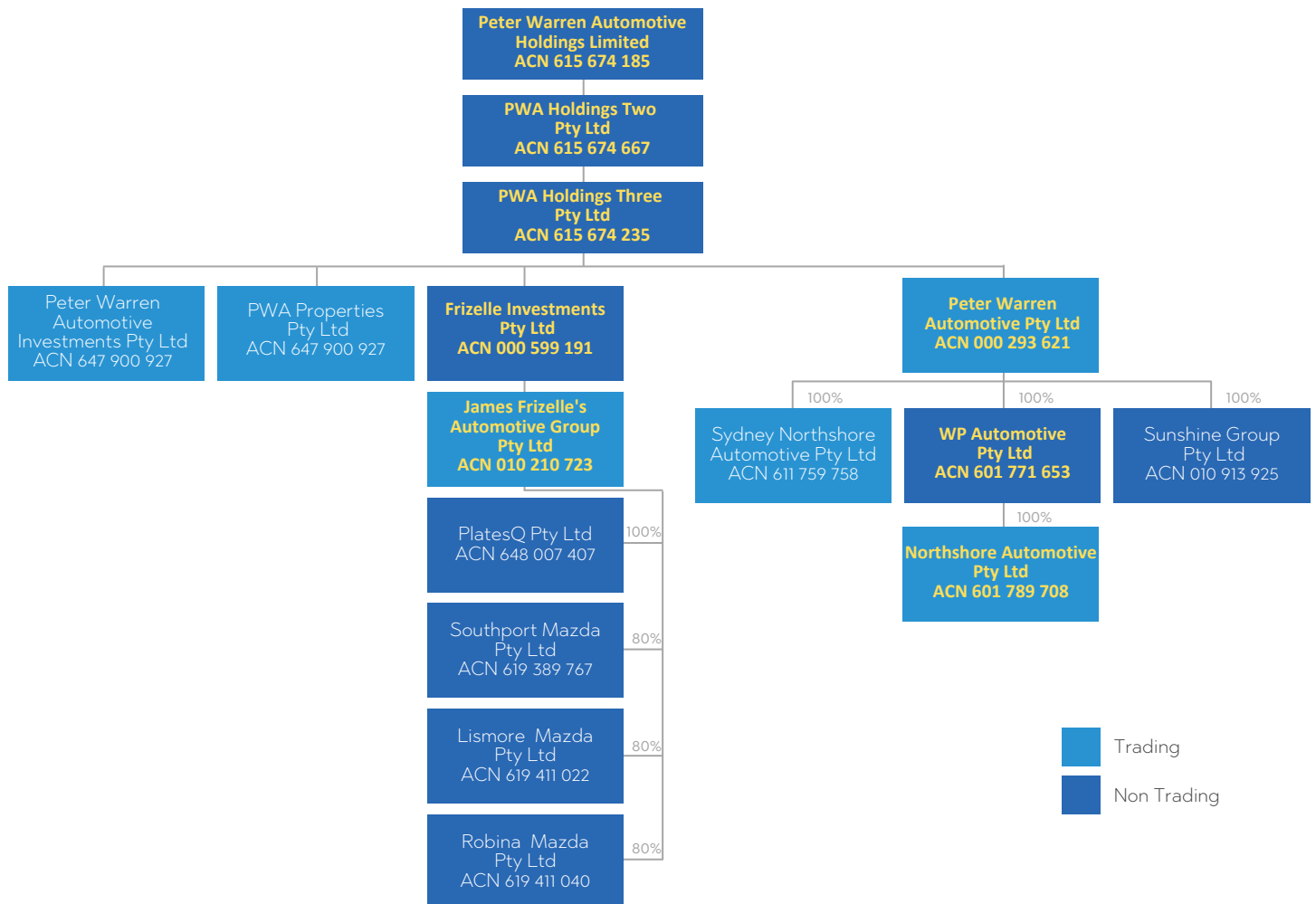
Teamwork

We support and respect one another, talking personal accountability to deliver on common goals. We are a safe and diverse environment for everyone

All businesses, irrespective of size or sector, have an obligation to prevent and address the risk they are connected to adverse human rights impacts. We have developed our approach to managing the human rights impacts of our business in line with the second pillar of the United Nations Guiding Principles ("UNGPs"): the responsibility of business to respect human rights. We recognise the importance of an ongoing risk management processes by:

- assessing actual and potential human rights impacts
- integrating and acting on the findings
- tracking responses
- communicating about how impacts are addressed

The entities within our corporate structure that satisfied the consolidated revenue threshold in 2021 are shaded in yellow in the diagram below:



Peter Warren Automotive Holdings Limited, PWA Holdings Two Pty Ltd and PWA Holdings Three Pty Ltd are holding companies that hold the shares in the trading entities and do not trade in their own rights.

Peter Warren Automotive Pty Ltd (ABN 67 000 293 621 MD5411), is a private Company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in South West Sydney, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

James Frizelle's Automotive Group Pty Ltd (ABN 47 010 210 723 MD1005697) is a private company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in South East Queensland and Northern New South Wales, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

North Shore Automotive Pty Ltd (ABN 83 601 789 708 MD053820) is a private company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in Sydney's North Shore, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

On 27 April 2021, Peter Warren Automotive Holdings Limited listed on the Australian Stock Exchange as a publicly listed company.

Our operations are entirely based in Australia, in the Sydney region, South Eastern Queensland region and Northern New South Wales. As a consequence of our public listing we acquired our two most substantial properties. In New South Wales, we acquired our Head Office and flagship dealership at Warwick Farm and in Queensland we acquired our Southport Dealership.

Figure 2.1: Our Presence in the Sydney Region

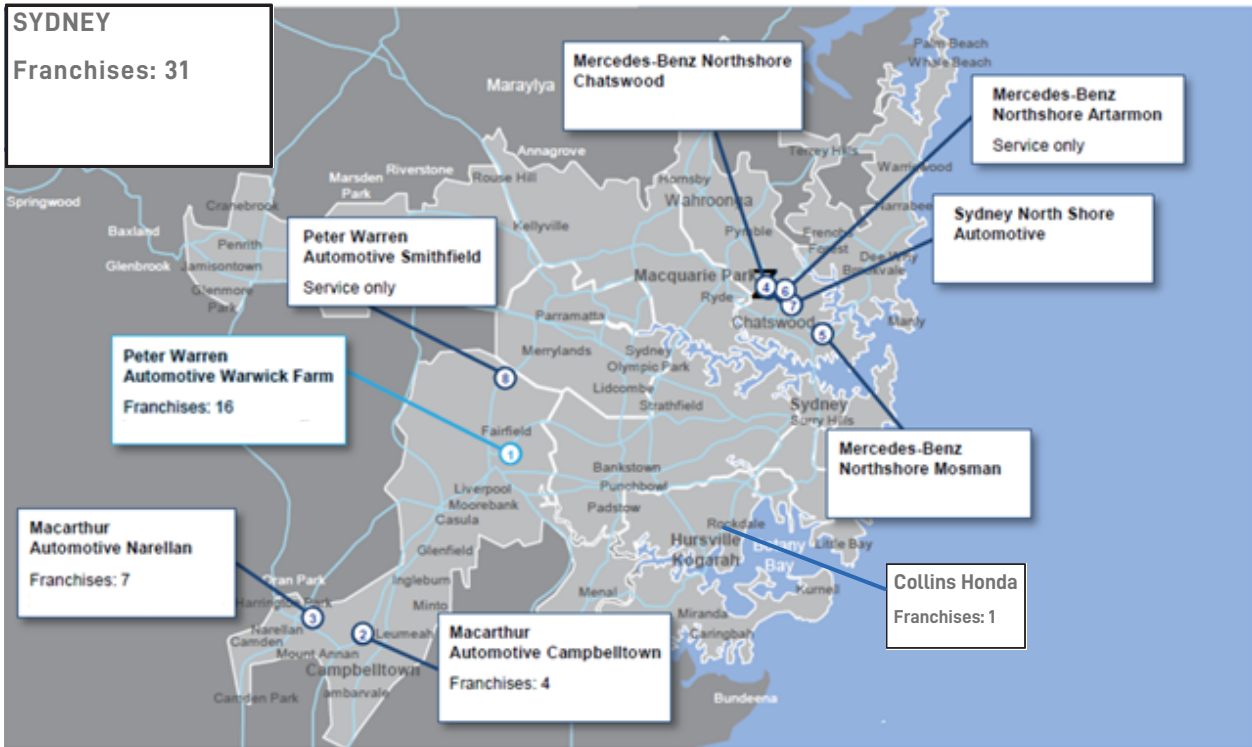
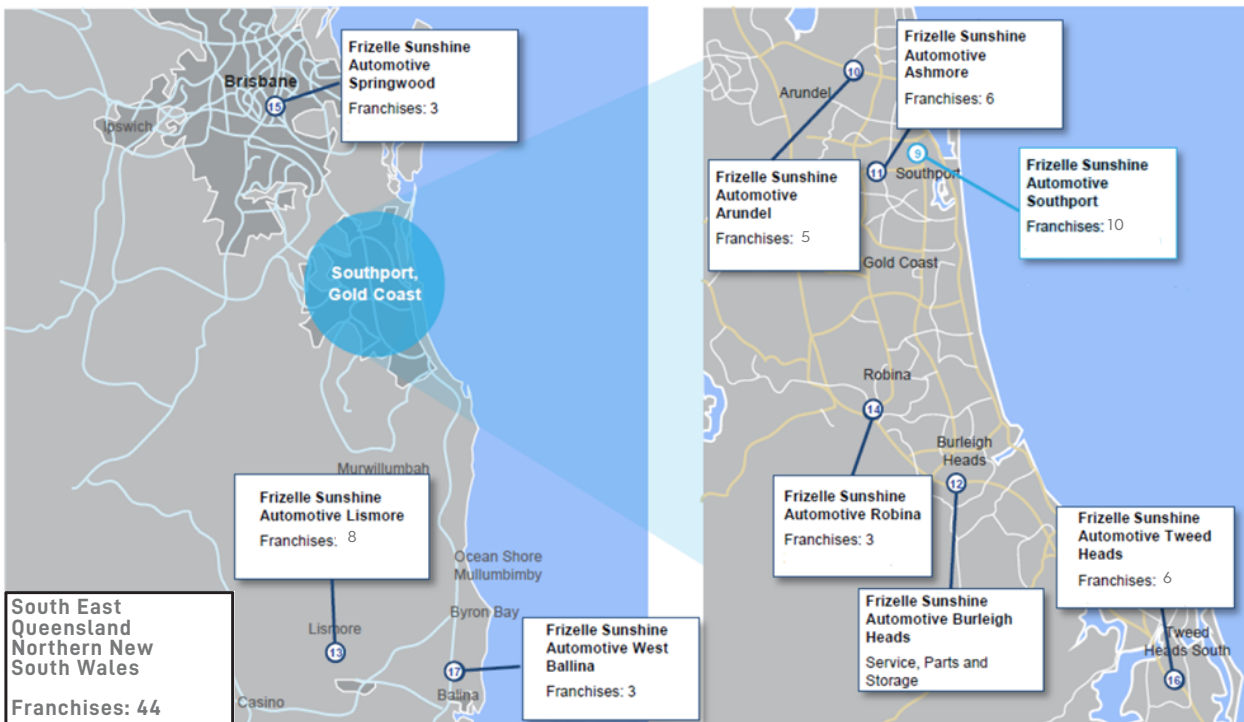


Figure 2.2: Our presence in South East Queensland and Northern New South Wales



Our primary operations are running of automotive dealerships. We operate integrated New and Used Vehicle retailing businesses providing a full range of Sales and Support including, Aftermarket products, Parts and Accessories, Service and Finance and Insurance, to retail and wholesale customers. We have an extensive list of long-term customers who have purchased multiple vehicles from us over a long period of time. We also build and renovate dealerships as part of our operations.

Figure 2.3: Our Customer Life Cycle can be represented as:



We represent Original Equipment Manufacturers (OEM) brands across the Volume, Prestige and Luxury Segments as shown in figure 2.4

Figure 2.4: OEM Representation



Figure 2.5: Product Offerings

OFFERING	DESCRIPTION
New Vehicles	<ul style="list-style-type: none"> • The sale of new vehicles • Peter Warren retails 28 OEM brands across 18 sites
Used Vehicles	<ul style="list-style-type: none"> • The sale of used vehicles
Aftermarket	<ul style="list-style-type: none"> • Aftermarket products are the non-OEM products for sale by automotive dealers • Aftermarket products include window tinting, tyre and wheel protection, extended warranties, roof racks, tow bars and other accessories generally available at point of sale
Parts and Accessories	<ul style="list-style-type: none"> • Sale of parts and accessories for new and used vehicles • Provision of parts to Peter Warren's service workshops • Provision of parts to third party collision repair and servicing outlets • Provision of parts to other dealerships
Service	<ul style="list-style-type: none"> • Ongoing vehicle maintenance • OEM warranty repairs • Internal reconditioning of used vehicles for sale
Finance and Insurance	<ul style="list-style-type: none"> • Sale of third-party finance and insurance products to customers

Our workforce consists of approximately 1,766 direct employees across 8 broad sections of our business as shown in figure 2.6.

Figure 2.6: Direct Workers

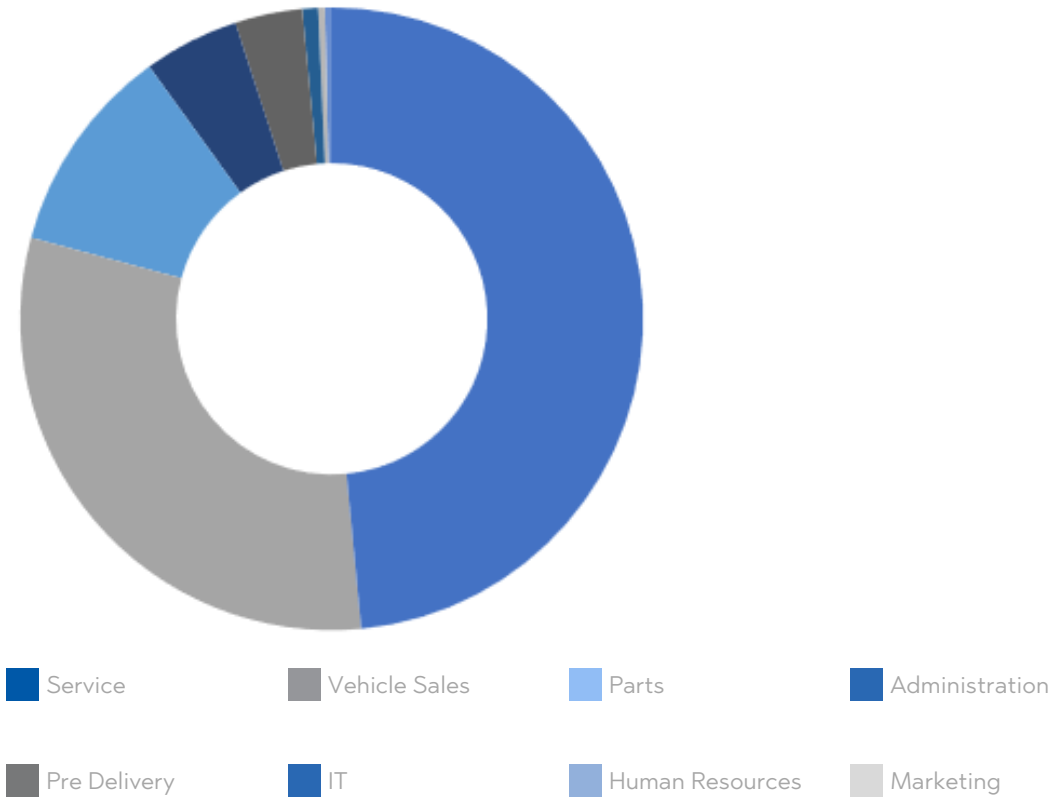
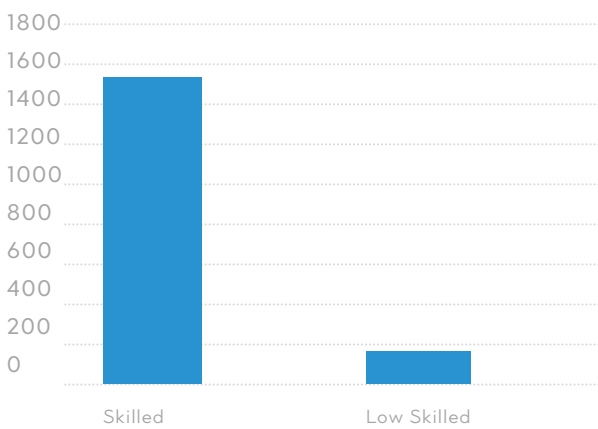


Figure 2.7: Skilled and Low Skilled Workers



The most significant aspect of our supply chain is the purchase of New Vehicles Inventory from our OEMs. We finance these purchases through the use of floorplan arrangements with finance companies. Floorplan arrangements are short term loan arrangements used to purchase items of inventory which are repaid when the inventory is sold.

An overview of our supply chain is depicted in the diagram below:



Based on the information gathered during the modern slavery questionnaire, the geographic footprint of a subset of our suppliers is shown below.¹ The green dots denote the countries where our suppliers have business operations (suppliers are asked to advise both where they are domiciled and where the products supplied to us are manufactured):



¹ The geographic footprint map from our 2020 modern slavery statement is broadly representative of the locations of our 2021 suppliers.

In seeking to identify the modern slavery risks in our operations and supply chain, we considered the potential for our business to cause, contribute to, or be directly linked to modern slavery. In doing so, we looked at:

- the risk that our operations may directly result in modern slavery practices;
- the risk that our operations and/or actions in our supply chains contribute to modern slavery; and
- the risk that our operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

Given the fact that our operations, and the operations of our owned or controlled entities, are all based in Australia, our geographic risk remains low according to the Global Slavery Index. Furthermore, the risk of modern slavery occurring in our direct employment of workers also remains low having regard to our ongoing compliance with the legal framework regulating employment practices in Australia. For these reasons, we are of the view that there are low risks that our operations or those of our owned or controlled entities have caused or contributed to modern slavery risks during the Reporting Period.

Our most salient risks remain in our supply chain and in the supply chains of our owned or controlled entities which include a broad range of direct suppliers from various locations and industries, including those generally considered a higher risk for modern slavery by virtue of their sector risk.

For example, it is widely reported that some vehicle manufacturers rely on their suppliers to source high-risk products such as minerals and other raw materials from countries with an increased risk profile for child or forced labour in order to produce components fitted into vehicles. This means that, by virtue of our supply chain, we are at risk of being directly linked to modern slavery through the business practices of companies in the later tiers of our supply chain.

Case study:

Further to the risks of modern slavery in the automotive sector, as described in our first modern slavery statement, there have been reports of human rights impact brought to light by Human Rights Watch (HRW) in July 2021 in relation to the mining of bauxite which is needed to produce aluminium⁴ HRW found that the process of refining bauxite into alumina, an intermediate product then converted to aluminium, has significant potential environmental and human rights impact. Car companies use aluminium for a range of car parts, such as engines, chassis, frames, body panels, wheels. The percentage of aluminium in cars is increasing as manufacturers seek to reduce the weight of cars, particularly in electric vehicles, to achieve greater fuel efficiency⁵

Over the years, car companies have focussed their supply chain due diligence efforts on certain priority raw materials. This has been driven, in part, by regulatory requirements, such as the requirement under US and European Union law to conduct human rights due diligence on gold, tin, tungsten, and tantalum. A number of car companies have undertaken due diligence in relation to the procurement of cobalt and lithium.

HRW highlighted that “despite its central role in more fuel-efficient vehicles, the human rights impact of aluminium – and bauxite mining in particular – remains a blind spot for the car industry...Although car companies’ knowledge of aluminium supply chains varies, none of the nine companies that responded to Human Rights Watch and Inclusive Development International had, prior to being contacted for this report, mapped their aluminium supply chain to understand the particular human rights risks within it.”

In addition to the automotive sector, our supply chain also includes suppliers operating in sectors generally considered higher risk for modern slavery, irrespective of geographic location, such as car washing and detailing, office cleaning, security and transport services. The risk profile of these sectors are heightened by the utilisation of unskilled workers on temporary visas with limited ability to negotiate their wages and rights in the workplace.

There continues to be modern slavery risks inherent in the supply chain behind the uniforms and corporate merchandise and furniture that we purchase, the lithium in our laptops and smartphones, the food and beverages we serve on our premises and hospitality services we purchase. The risks in these goods stem from the later tiers of our supply chain, over which we have limited visibility. However, through our supplier due diligence process, we have been able to get a better understanding of the risks in the second tier of our supply chain.

⁴ <https://www.hrw.org/report/2021/07/22/aluminum-car-industrys-blind-spot/why-car-companies-should-address-human-rights>

⁵ Although electric vehicles only accounted for 0.2% of all passenger, SUV and light commercial vehicle sales in Australia in 2020, OEMs are expanding their range to include electric vehicles. Dealers such as Peter Warren are currently investing in infrastructure and skills in line with this growing electric vehicle trend. Accordingly, we continue to monitor the emerging human rights risks associated with the development of electronic vehicles.

4.

ACTIONS TAKEN TO ASSES AND ADDRESS MODERN SLAVERY RISKS

Because the Reporting Entities use the same policies and processes, operate in the same sector and have many shared suppliers, we have provided a single, consolidated description of the actions taken to assess and address modern slavery risks.

In line with the United Nations Guiding Principles on Business and Human Rights, we continued to use a risk-based approach in assessing, and responding to, the human rights risks in our supply chain.

During 2021 we focused on a number of initiatives that aimed to increase our ability to understand our risks and improve our ability to influence positive changes in our supply chain.

Understanding our risks

In recognition of the fact that some vehicle manufacturers may be a source of modern slavery risks in our supply chain, we continued in our endeavour to find out information by undertaking a review of the modern slavery statements submitted by our global OEMs.

This was supplemented by the issuing of modern slavery questionnaires (MSQ) to selected suppliers. These questionnaires were sent to a subset of new suppliers that were not previously issued the questionnaire in 2020. We took this approach on the basis that the suppliers that returned a lower risk rating in 2020 are only required to complete the questionnaire every two years.

Introduction of a Supplier Code of Conduct

During 2021, we introduced a Supplier Code of Conduct and incorporated a modern slavery clause into our supplier agreement templates.

It is envisaged that these actions will mitigate the risks of poor procurement practices that can lead to human rights impacts in our supply chain and allow us to utilise our leverage to cascade human rights considerations in the business conduct of our suppliers.

Introduction of a Human Rights Policy

During 2021, we introduced a Human Rights Policy and performed a gap analysis of our existing policies. We monitored our grievance channels for any reports of any reportable conduct, including breaches of our Human Rights Policy.

We did not receive any reports of actual or suspected instances of modern slavery via our reporting channels during the Reporting Period.

⁶ The MSQ on the ethiXbase platform was selected for its ability to inquire about the supply chain of our suppliers. The analytics underpinning the MSQ allocated a modern slavery risk rating to the suppliers on the basis of the answers given by the suppliers. The risk ratings were used to inform our supplier engagement process for the next reporting period based on the high, medium and low risk profiles allocated by the ethiXbase platform.

Remediation processes

During the Reporting Period, we sought to increase our understanding of the different types of remediation so that we are well-equipped to respond effectively in the future.

If, hypothetically, we found that our business had caused or contributed to modern slavery, we would follow the UNGPs, which provides that businesses in this situation need to remediate the impact by taking a person-centred approach protecting the safety, privacy and wellbeing of the affected person. We would undertake a full investigation of the situation to ensure that an appropriate corrective action plan is implemented and assess how similar impacts could be avoided in the future.

5.1 Progress on KPIs from our 2020 Modern Slavery Statement

We actioned all three KPIs from our first modern slavery statement relating to procurement, namely, the introduction of a Supplier Code of Conduct, modern slavery terms and a remediation methodology.

We also introduced a Human Rights Policy, performed a gap analysis of existing policies and regularly reviewed our reporting channels for reports pursuant to our Whistleblowing Policy. We have continued to develop training on modern slavery during the Reporting Period and we plan to implement the training before the end of 2022.

In relation to the supply chain KPIs, the MSQ was issued to new suppliers that provided goods and services in FY21 and we compared the results of the MSQ from FY20 and FY21. We are continuing to work on improving the MSQ completion rate year on year.

5.2 MODERN SLAVERY PLAN FOR FY22

During the course of the next reporting period, we will seek to review, monitor, and embed our processes in accordance with the following action plan:

Supply Chain Seek to improve the MSQ completion rate year on year.

Procurement Provide training to managers across the business that are involved in procurement.

Track the number of agreements entered into incorporating our modern slavery clause.

Operations Continue to increase awareness of modern slavery risks.

Review reported cases via internal grievance mechanisms.

In order to prepare this joint statement, the Reporting Entities covered by this statement adopted a collaborative approach and consulted the entities they each own or control. Members of senior management were kept abreast of the framework established to assess and address these risks as well as in the preparation of this statement.

This statement was approved by the Board of Peter Warren Automotive Holdings Limited, the higher entity, on behalf of the Reporting Entities on 23 December 2021 and signed by Mark Weaver, a responsible member of the higher entity.

Signed,

A handwritten signature in black ink, appearing to read 'Mark Weaver', with a stylized flourish at the end.

Mark Weaver
Chief Executive Officer

23 December 2021