

Modern Slavery Statement 2020

1 Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) by STIHL Pty Ltd (**STIHL, we, us, our**) in respect of our actions taken to assess and address modern slavery risks for the year ended 31 December 2020 (**Reporting Period**).

STIHL respects internationally proclaimed human rights and rejects all forms of modern slavery, including forced labour and child labour. In furtherance of our approach to ethical business conduct, we have taken the opportunity in preparing our inaugural Statement to examine the modern slavery risks in our operations and supply chains, assess our capability to mitigate and address those risks and identify ways to enhance our capabilities.

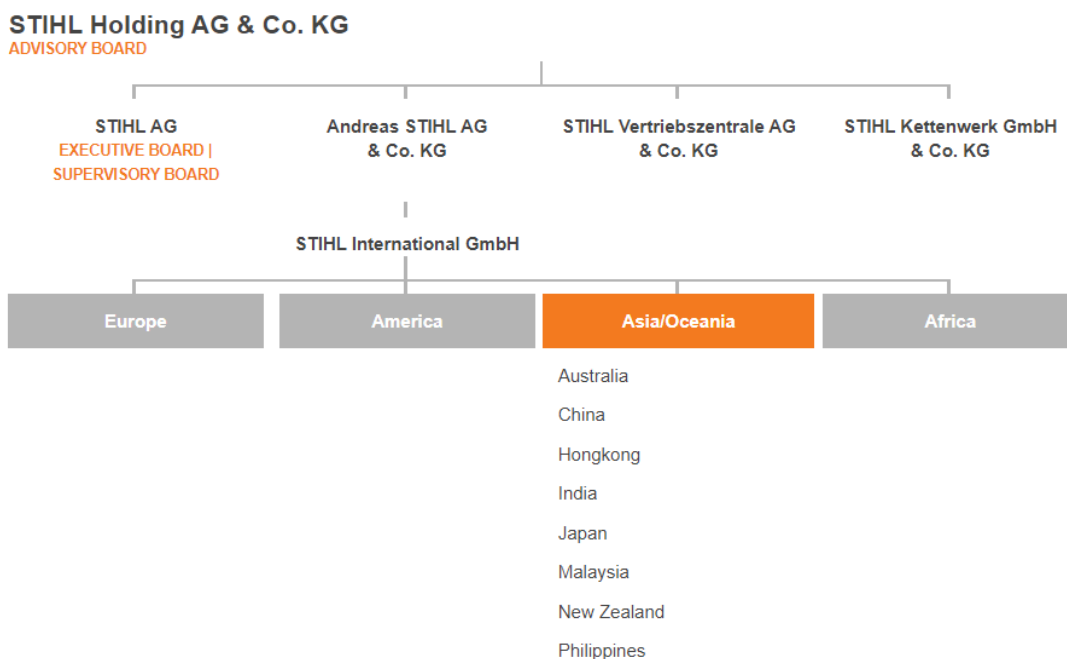
2 Our structure and operations

STIHL Pty Ltd (ABN 76 004 881 145) is a wholly owned subsidiary of STIHL International GmbH which is owned by Andreas STIHL AG & Co, a global company headquartered in Germany (**Group**). The Group develops, manufactures and distributes power tools for professional forestry and agriculture as well as for garden and landscape maintenance, the construction sector and the demanding private user. The Group distributes its products through its network of 45,000 approved dealers in over 160 countries. The Group has 38 sales and marketing subsidiaries of its own as well as more than 120 importers.



■ **Structure of the STIHL Group**
Countries in which STIHL is represented by subsidiaries, representative offices or importers:

An overview of the Group's corporate structure is shown below:



STIHL became part of the Group in 1971, with responsibility for marketing and distribution in Australia and the Pacific Islands. STIHL is a proprietary company limited by shares and the registered office and principal place of business is located at 5 Kingston Park Court, Knoxfield Victoria 3180.

Our Central Distribution Centre in Knoxfield, Melbourne, supplies product to state warehouses in Queensland and Western Australia using computerised storage and retrieval systems. We import products manufactured by the Group in Europe, Asia and the USA and distribute the products through a network of over 600 specialist dealers in both rural and metropolitan markets. Our dealers are independent from the business (they are not franchised). We do not own or control any entities and therefore mandatory reporting criteria 6 is not applicable to our business.

STIHL employs approximately 100 employees in Australia who perform roles across the following divisions:

- Executive management
- Financial and Information Technology
- Sales
- Supply chain
- Marketing

Over 90% of our employees are employed on a permanent, full time basis. We have a small number of part time employees and casuals in our distribution centres. In our QLD and WA locations, employees perform roles such as field sales, product training support, warehouse storeman / picker and packer. In Victoria, employees perform roles such as customer service, executive management, finance, IT, administration support, marketing, human resources, field sales, product training support, warehouse storeman / picker and packers.

3 Our supply chain

During the Reporting Period, STIHL procured goods and services predominately from suppliers based in Australia. The procurement categories with the most number of transactions included the following (excluding the procurement of STIHL products which is a significant procurement category described in further detail below):

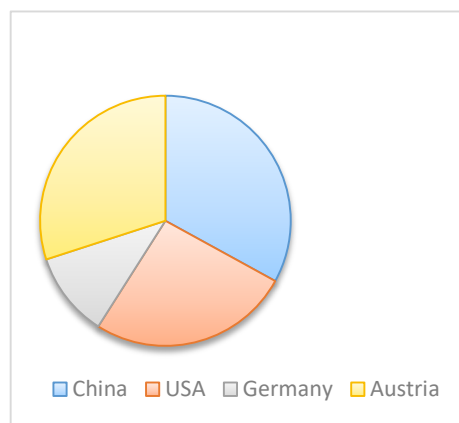
1. Freight
2. Architectural and structural metals manufacturing
3. Media
4. Printing
5. Marketing
6. Forklifts
7. Recruitment agencies
8. Packaging
9. Safety clothing
10. Security

STIHL also procured goods and services from the following categories:

| | | | | |
|----------------------|------------------------------------|---------------------------------|----------------------------------|--------------------|
| Graphic design | Commercial and retail shop fitters | Event management | Insurance | Office consumables |
| Building design | Document management | Accounting & financial services | IT services, hardware & software | Oils |
| Catering | Electrician | Fleet leasing | Professional services | Pest control |
| Cleaning | Engine management & fuel systems | Hotels | Manufacturing | Postage |
| Promotional products | Commercial leases | Recycling | PPE | Fire safety |
| Storage | Signage | Steel and fabrication | Telecommunications | Utilities |

STIHL imports products manufactured by the Group for distribution from several worldwide locations. The worldwide manufacturing network consists of Group owned and operated production plants in Germany, Switzerland, Austria, USA, Brazil, China and the Philippines. All production is under the control of the Group and subject to Group policies.¹ The approximate breakdown of the country of origin of Group products is shown in the graph below. A very small number of products are made in Switzerland, Brazil and the Philippines.

¹ Refer to the UK Modern Slavery Statement of Andreas Stihl Limited at https://www.stihl.co.uk/p/media/download/uk-en/STIHL_2021_Modern_Slavery_Statement.pdf and the STIHL statement pursuant to the California Transparency in Supply Chains Act 2010 <https://www.stihlusa.com/information/corporate/legal/statement-slavery-human-trafficking/>



4 Modern slavery risks in our operations and supply chain

4.1 In our operations

The risk of modern slavery occurring within our operations is low overall. This determination is based on the fact that our operations are only in Australia, which is considered to be a low prevalence jurisdiction for modern slavery risk according to the Global Slavery Index (GSI). We comply with all applicable workplace relations laws, have appropriate policies and procedures in place in relation to recruitment and workplace relations. All employees are remunerated in excess of minimum award wages and remuneration reviews are conducted annually having regard to the consumer price index changes and comparable pay rates for similar positions held in other companies. We also benchmark wages against modern award rates.

4.2 In our supply chain

The salient risks of modern slavery are likely to exist in the latter tiers of our supply chain. The supply chains for freight, manufacturing (including PPE, parts and rechargeable electric batteries) and packaging sectors, in general, tend to have a higher risks of modern slavery due to the nature of the work necessary to support these sectors. Modern slavery risks, such as forced labour, deceptive recruiting for labour or services, and debt bondage, become more acute in the higher risk sectors where there are opaque and complex subcontracting arrangements in countries with a higher prevalence of modern slavery. This means that, by virtue of particular sectors in our supply chain, we are at risk of being directly linked modern slavery through the business practices of companies in the latter tiers of our supply chain.

Like all businesses, we also have modern slavery risks in the IT and telecommunications hardware we use in our business. There is also inherent risk in the catering, cleaning and maintenance services supplied to STIHL.

In relation to the products manufactured by the Group that we import, some of the production plants are located in countries with an increased risk of modern slavery according to the Global Slavery Index. However, as noted previously, all production plants are under the strict control of the Group, which has a zero tolerance approach to modern slavery, human trafficking, forced labour and other forms of human rights abuses.

5 Actions taken to assess and address modern slavery risks

5.1 In our operations

We have a number of policies in place to prevent or minimise the risk of modern slavery in our operations and supply chain. Our policies are reviewed on a periodic basis, and as needed, to bring our policies in line with changes in legislation in practice.

Principles of Social Responsibility

The Group has adopted Principles that describe how we view our responsibility to the company, its staff and the community in equal measure. STIHL respects the cultural, social, political and legal diversity of societies and nations. It also observes compliance with internationally proclaimed human rights. Our Principles:

- Acknowledge employee's freedom of association
- Reject any form of forced labour and child labour
- Observe equality of opportunities in recruitment and employment.

Code of Conduct (Code)

Our Code is broad, and requires our employees, contractors, and consultants to treat fellow employees, customers and suppliers with courtesy and respect, which extends to avoiding from refraining in behaviour that constitutes discrimination, harassment, bullying, or victimisation. A breach of the Code may result in disciplinary action, and in serious cases, termination of employment.

Whistleblowers Policy

STIHL encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving the company. Accordingly, STIHL provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation, disadvantage or reprisal. The policy applies to protected disclosures made by:

- a Director, officer, employee, former employee or contractor of STIHL;
- an individual who supplies goods or services to STIHL;
- an employee of a person or entity who supplies goods or services to STIHL (whether paid or unpaid);
- a legal representative of a person in the above categories

We did not receive any complaints or reports of modern slavery in respect of our operations or supply chain during the Reporting Period.

Recruitment Procedure

Prior to appointment, prospective employees are required to complete a national police check, provide proof of entitlement to work in Australia, and undergo a pre-employment medical. Employment offers are made subject to successful completion of these checks.

5.2 In our supply chain

Code of Conduct for Suppliers

We have adopted a Code of Conduct for suppliers, which communicates, amongst other things, our expectation that suppliers observe the minimum working age defined by the ILO and that every form of forced labour is rejected.

We reviewed our suppliers that provided goods or services to STIHL during 2020 by reference to industry risk. In our first year of reporting, we focussed on the supplier categories with the largest areas of spend. This exercise has increased our understanding of the potential areas of our supply chain with exposure to modern slavery risks.

6 Assessing the effectiveness of our actions

STIHL is committed to improving our approach in relation to assessing and addressing modern slavery risk within our operations and supply chain. During the next reporting period, we aim to:

- perform a gap analysis of our policies and procedures to identify areas requiring amendment to embed human rights considerations;
- update our contract template for logistics services to include human rights considerations;
- introduce questions in our RFP questionnaire to assess our suppliers' modern slavery reporting and level of commitment to assessing and mitigation potential human rights impacts in their operations and supply chains;
- consider ways to implement due diligence screening for suppliers in order to identify those who are high risk;
- raise awareness of modern slavery internally; and
- develop a 12 month roadmap to track our performance against the above goals.

7 Approval of this Statement

This Statement has been approved by the Board of Directors of STIHL Pty Ltd on 22nd December 2021 and signed by Larry Blamer on behalf of the Board. It does not have any owned or controlled entities.



Managing Director
22nd December 2021

Statement Annexure

| | Mandatory criteria | Page number/s |
|----|--|-----------------------|
| a) | Identify the reporting entity | 1 |
| b) | Describe the reporting entity's structure, operations and supply chains. | 2, 3 |
| c) | Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls. | 4 |
| d) | Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes. | 4 |
| e) | Describe how the reporting entity assesses the effectiveness of these actions. | 5, 6 |
| f) | Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement). | Not applicable |