

Modern Slavery Statement

Reporting Year Ending 31 December 2021

1. Introduction

This statement is made on behalf of Wurth Australia Pty Ltd (ABN 480 024 870 96) ("Wurth 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 2021 ("Reporting Period").

Wurth 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

Wurth 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 Wurth 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 83,000 people, with approximately 33,000 of these being permanently employed sales representatives. The Group has more than 400 companies and operates in over 80 countries.

Wurth 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.

Wurth 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. Wurth Australia divisions include:

- Distribution (auto, cargo, mining)
- Distribution (metal)
- Distribution (construction and wood)
- Operations
- Finance
- Marketing
- Human Resources and Recruitment
- 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:

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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, and Singapore; with small volumes purchased from Malaysia, Japan and the USA.

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 considered 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 may have a vulnerability to Modern Slavery behaviour.

Approximately 80% of Würth Australia product is sourced from Würth Group owned entities; mainly Europe (Germany), Asia (China, Singapore) and the USA. 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.

We are focused on developing an understanding of the risk in our product supply chain, as we consider that has the highest inherent risk of Modern Slavery, specifically non-Würth Group third party suppliers.

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- **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.

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. 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.
- **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 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)
- Workplace Dispute Resolution Procedure

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- 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

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.

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.

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.

We are expanding 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

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.

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. Würth Group has confirmed that 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 via the SpeakUp hotline.

Employee Assistance Program

The Würth Australia Employee Assistance Program (EAP) provides all employees and 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 stress management.

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Human Resources Support

The Wurth 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.

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.

Quality Management System

Wurth 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 Wurth Australia CEO and Executive Team.

Modern Slavery Risk Management and Improvement Plan

Being our second Modern Slavery Statement, we have reviewed and updated our initial assessment of Modern Slavery risks and we continue to focus on continuous improvement to develop an understanding of risks pertaining to Modern Slavery in our supply chains.

During the Reporting Period, we have worked on the following initiatives:

- Development of a Modern Slavery supplier self-assessment questionnaire and an internal assessment, to flag potential risks of Modern Slavery in our supply chains.
- Trade supplier agreements issued by Wurth Australia to new external (i.e. non-Wurth Group) suppliers engaged directly by Wurth Australia were updated to include Modern Slavery clauses.
- Our first Modern Slavery Statement and Wurth Group Supplier Code of Compliance were communicated to external Australian and overseas suppliers engaged directly by Wurth Australia (trade suppliers and non-trade suppliers (contractors)) registered through our OnLocation portal).
- Modern Slavery training was included in our mandatory staff training modules, and at induction (all staff were trained during the Reporting Period, other than those on long term leave) and employees were required to read and acknowledge our Modern Slavery Statement.
- Modern Slavery was added to our quality audit timetable for our Wurth Australia operations, for commencement in 2022.
- A Modern Slavery monitoring program was implemented which considers Modern Slavery trends across geographies and sectors external to Wurth Australia.
- In order to promote engagement with employees on Modern Slavery, consultation with our Business Improvement Team (which comprises managers and employee representatives) took place in relation to our Modern Slavery Risk Profile and Management Plan and Modern Slavery Statement;
- Our Modern Slavery Statement was published on our intranet and our website for internal and external stakeholders to easily access;
- Our whistleblowing channels were monitored for reports of Modern Slavery (no relevant reports were made during the Reporting Period).

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As Würth Australia sources a significant proportion of its product and other services from Würth Group owned operations or Würth Group appointed suppliers, we have developed an annual questionnaire process with the Würth Group. 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 addition to our efforts to raise awareness of Modern Slavery risks, we received multiple requests from customers to respond to questionnaires regarding Modern Slavery and requests to include contractual obligations regarding Modern Slavery. During the Reporting Period, and in recognition that we form part of supply chains of other reporting entities, we responded to Modern Slavery questionnaires issued to us by our customers.

Managing COVID- 19 Impacts

Throughout the Reporting Period the Würth Australia Executive and Management Teams have remained focused on the health, safety and wellbeing of its entire workforce and business continuity during the impact period of the COVID-19 pandemic. The Würth Australia COVID-19 management plan includes robust safety and hygiene measures, infection control risk assessments, and contact tracing, has been supported by all parts of the business. There has been a strong focus on managing the impact of the COVID-19 pandemic during the Reporting Period and it is intended that the business will be able to focus on other topics such as Modern Slavery in 2022.

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 2022 Würth Australia will focus on building a risk profile and management of supply chain partners as it relates to Modern Slavery risk, focussing particularly on our third party non-Würth Group trade suppliers, which we have assessed as representing the highest risk of Modern Slavery in our supply chain.

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 Reporting Period, our focus was to establish processes and frameworks to enable us to gain a better understanding of our Modern Slavery risks. We consider that we have laid the ground work to integrate this topic into our business processes and relationships with suppliers.

During the course of the next reporting period, we will seek to review, monitor and embed our processes and frameworks by:

- gathering and assessing responses from the Modern Slavery Self-Assessment Questionnaire responses and internal assessments;
- identifying 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;
- updating existing Würth Australia issued supplier agreements to incorporate contractually enforceable modern slavery obligations;
- appointing a Compliance Officer in our Product Department;

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- implementing findings from our internal audit on modern slavery, including any opportunities for improvement;
- continuing to monitor the reporting channels for any reported instances of human rights impacts in our operations and supply chains; and
- increasing awareness regarding modern slavery within our Executive Team.

This Statement was approved by the board of Würth Australia Pty Ltd on 20 June 2022.

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

Serge Oppedisano

Managing Director and Chief Executive Officer

20 June 2022