

Modern Slavery Statement 2020

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Introduction

Bapcor recognises that a sustainable and successful business is enhanced by the engagement of stakeholders, delivery of shareholder wealth and optimising business operations in a socially and ethically responsible manner.

Bapcor seeks to take an integrated approach to economic, environmental, and social sustainability; aligning company values and strategic direction with positive outcomes for Bapcor's stakeholders, and the wider communities in which we operate.

Bapcor is committed to continuously improving its processes and sourcing practices in order to mitigate the risk of Modern Slavery abuses and expects the same of all team members, contractors, and suppliers of products and/or services to Bapcor.

This Modern Slavery Statement has been prepared in accordance with the *Modern Slavery Act 2018 (Cth)* (the "Act") and outlines the steps and actions that Bapcor Limited (ABN 80 153 199 912) and its related bodies corporate ("Bapcor") has taken to assess and address the risk of Modern Slavery in its operations and supply chains during the financial year ending 30 June 2020.

This statement is provided by Bapcor, and covers all entities over which Bapcor has control for accounting purposes (collectively referred to as 'Bapcor', 'we' or 'our'), including the following subsidiary entities of Bapcor which are identified as reporting entities under the Act:

- Aftermarket Network Australia Pty Ltd;
- Automotive Brands Group Pty Ltd;
- Specialist Wholesalers Pty Ltd; and
- Burson Automotive Pty Ltd.

Bapcor is an Australian-based provider of vehicle parts, accessories, equipment, services, and solutions with operations in Australia, New Zealand, and Thailand. Bapcor's core business is the automotive aftermarket, with individual businesses that span the end-to-end aftermarket supply chain covering Trade, Specialist Wholesale and Retail.

Objectives and Commitments:

Bapcor's objectives and commitments in relation to Modern Slavery are to:

- (i) Continually focus on Bapcor's commitment toward ethical sourcing practices.
- (ii) Maintain strong relationships with key tier one suppliers; and
- (iii) Enhance engagement practices with Bapcor's supply chain, key partners and stakeholders.

Reporting requirements of the Act

Pages

Requirement 1 & 2	Identify the reporting entity and describe its structure, operations, and supply chains	2-4
Requirement 3	Describe the risks of Modern Slavery practices in the operations and supply chains of the reporting entity and entities it owns or controls	5
Requirement 4	Describe the actions taken by the reporting entity and any entities that it owns or controls to assess and address these risks, including due diligence and remediation processes	6-8
Requirement 5	Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address Modern Slavery risks	7-8
Requirement 6	Describe the process of consultation with any entities the reporting entity owns or controls	8-9
Requirement 7	Any other relevant information	9-10

Key Actions Taken:

1. Communication with Supplier base on Ethical Supply Chain/Procurement (ESC/P) Policy.
2. Development and implementation of a Procurement Managers Modern Slavery Checklist.
3. Development of Modern Slavery risk assessment model.
4. Undertook Modern Slavery risk assessment of Bapcor's primary supply base utilising a global rating matrix.
5. Engaged independent external adviser to review actions taken for compliance with the Act.
6. Updated ESC/P Policy and Bapcor's supply agreement template to reflect the requirements of the Act.
7. Trained business unit procurement leads on Modern Slavery legislation in Australia.
8. Established a Bi-annual Modern Slavery Working Group Meeting.
9. Commenced utilising supplier visit checklist when attending supplier facilities and factories.

Entities Covered

Bapcor's Trade businesses include Burson Auto Parts, Precision Automotive Equipment, BNT (NZ), TATP, Autolign and Burson Thailand.

The Specialist Wholesale segment supplies the automotive aftermarket with an extensive range of products. These businesses include AAD, Bearing Wholesalers, Baxters, MTQ, Roadsafe, JAS Oceania, HCB, Diesel Distributors, Federal Batteries, Premier Auto Trade, Opposite Lock and AADi.

Bapcor's Retail business includes Autobarn, Autopro, Sprint Auto Parts, and Car Parts, and Service businesses Midas, ABS, Shock Shop and Battery Town.

Additionally, Bapcor has a Commercial Vehicle Group (includes Truckline) which provides parts for light and heavy commercial vehicles.

Structure, operations, and supply chains

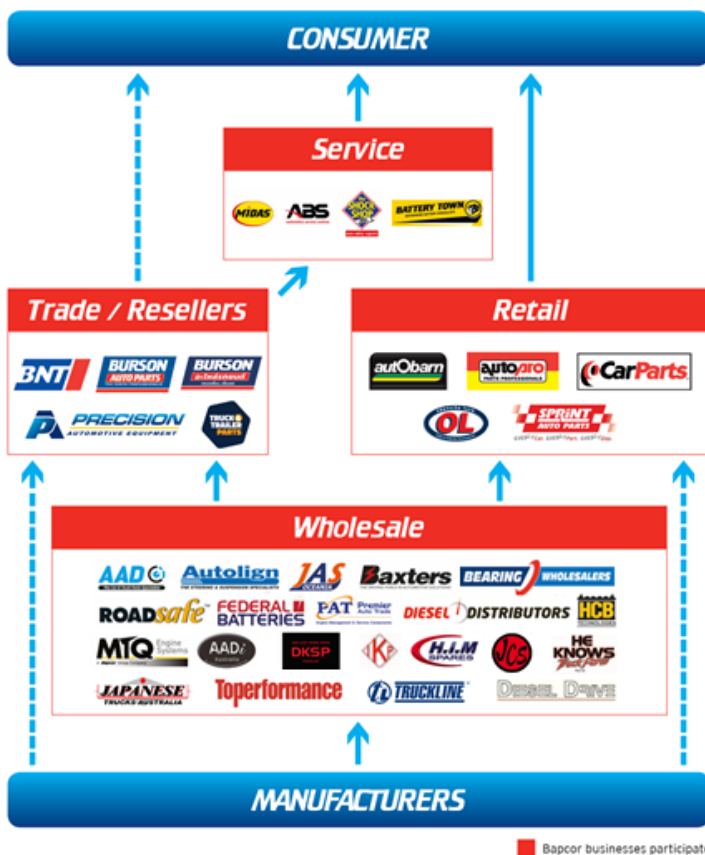
Bapcor’s operations and supply chain are broad and diverse, with 80% of spend directed towards approximately 100 strategic partners for merchandise and services.

Given the highly technical nature and automated manufacturing processes of the products we sell, most of our merchandise is sourced from global corporations, original equipment manufacturers or licenced distributors.

The balance of Bapcor’s merchandise range is sourced to support either customer orders for original equipment manufacturer applications or for our private label programs.

Merchandise for Bapcor’s private label programs is sourced through local distributors or directly from local and international manufacturers.

Many of Bapcor’s suppliers who have been assessed have their own policies and compliance requirements in place that articulate how they manage risks within their own supply chains. This gives Bapcor confidence that both tier one and two suppliers to Bapcor have a low risk of Modern Slavery practices in their supply chains.



Automotive Aftermarket Supply Chain.

Merchandise is supplied to our Trade and Retail businesses both directly from suppliers and through Bapcor’s Specialist Wholesale Businesses.

This gets our supply and product teams closer to their suppliers to engage with them on ethical sourcing.

Risks of Modern Slavery practices in Bapcor's operations and supply chain.

Operations

Following an assessment of our supply chain, there have been no incidents of Modern Slavery in Bapcor's operations in Australia, New Zealand and Thailand. These regions are all highly regulated by legislated minimum wage and employment conditions and governed by our internal Human Resources policies.

Supply Chain

Most of Bapcor's merchandise is sourced from large global corporations and manufacturers or licenced distributors.

We have conducted risk assessments on 96 suppliers which comprise 80% of the value of merchandise supplied to Bapcor to evaluate each supplier and understand the risks of Modern Slavery in their operations and supply chains.

Bapcor's Modern Slavery risk assessment model considers the prevalence and vulnerability to Modern Slavery and Government response to modern slavery issues for both the manufacturing location and the supplier's parent companies head office location using the Global Slavery Index data from Transparency International. A higher weighting is applied for high risk product categories and where our dependency on a supplier is significant.

As a result of these risk assessments, 18 suppliers were identified as a very low risk and 78 suppliers were identified as a low to medium risk of Modern Slavery in their operations and supply chain.

We expect the largest potential risk of Modern Slavery abuses in Bapcor's supply chain relates to low volume products sourced through trading houses where we do not have direct access and visibility of the original manufacturing source.

Bapcor's implemented approach and processes have resulted in an assessment that the risk of Modern Slavery in our supply chain is low, given the nature of our businesses and the highly technical and automated nature of the manufacturing processes of the products that we sell. Despite the level of risk currently assessed as low, Bapcor remains committed to continuously reviewing and improving our approach to further mitigate the risk of Modern Slavery in our supply chain.

Policies and Governance

Bapcor’s Values form the foundation of our Ethical, Social and Governance (ESG) Strategy, which is supported by an Environment, Social and Governance (ESG) Policy, an Ethical Supply Chain/Procurement (ESC/P) Policy and a Human Rights Policy.



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We give a damn...
 We care about what we do and are proud of how we do it.
 We are passionate and make a difference.
- 

We are in it together...
 We're all part of the Bapcor family.
 We support each other, include everyone and have fun along the way.
- 

We get it done...
 We use our unique talents to find solutions and achieve common goals.
 We celebrate success and strive to win.
- 

We do the right thing...
 We are open, honest and respectful.
 We do what we say and say what we do.



These policies apply equally to officers, team members, contractors, and suppliers of products and/or services to Bapcor, including both direct (merchandise) and indirect (services) spend categories.

These policies are published on the Bapcor website and are linked below. Bapcor’s supply agreements require compliance with these policies.

[Bapcor Environment, Social and Governance \(ESG\) Strategy](#)

[Bapcor Environmental, Social and Governance \(ESG\) Policy](#)

[Bapcor Ethical Supply Chain / Procurement \(ESC/P\) Policy](#)

[Bapcor Human Rights Policy](#)

Bapcor also has a [Whistleblower Policy](#) and externally managed whistleblower service. This allows reporting of any issues by Bapcor team members, suppliers, contractors or members of the public through an anonymous service.

Action taken to assess and address risks

Our policies for assessing and managing Modern Slavery risk apply to all Bapcor team members, contractors, and suppliers. Any team member visiting a supplier has responsibility for assessing and reporting risks.

Our key objective is to continue to engage with our supply chain to reinforce our expectations, understand risk, then consider appropriate actions for any concerns identified.

The assessments conducted on 80% of Bapcor's product spend were designed to identify the likelihood of Modern Slavery in the supply chain and guide actions on managing the mitigation of those identified risks. We also have a checklist that all team members making visits to supplier manufacturing sites are required to complete, which was designed to identify risks in the supply chain. If any risks are identified, the Bapcor Group Procurement manager, in consultation with our Modern Slavery Working Group and Leadership Team, has the responsibility to develop a strategy to manage any individual incidents.

For the low to medium risk suppliers, we have made it a requirement for team members to complete the Modern Slavery checklist both when visiting supplier's operations and before supply agreement renewals. We have also prioritised the reinforcement of Bapcor's policy and compliance requirements and updating of supply agreements with our suppliers to be on Bapcor's supply agreement template which includes Modern Slavery compliance requirements.

Assessing the effectiveness of our approach and actions

As part of Bapcor's internal audit process, a review was undertaken of our preparation to comply with the Act and to provide guidance on amendments and future actions required. Of the 14 areas assessed, Bapcor's approach and actions were rated as satisfactory for 12 and commendable for 2.

There were four opportunities identified to improve our processes, and actions have been taken to strengthen Bapcor's approach to reducing the risk of Modern Slavery in our supply chain. Those recommendations include:

1. Risk model

- Extend risk assessment to review all tier 1 suppliers to capture the remaining 20% of merchandise products supplied.
 - The Modern Slavery Working Group will nominate an additional 10 suppliers in each working group meeting for assessment.
- Consider our dependency on individual suppliers as a factor when assessing risk of Modern Slavery practices and our ability to respond.
 - A rating on dependency has been added to our risk assessment model.

2. Governance and Management

- Establish a management level Modern Slavery Working Group across all Business and reporting entities.
 - A Working Group with senior representation from each Business segment had been established and meets bi-annually.
- Build Modern Slavery risk into the business risk management framework.
 - Mitigation of the risk of Modern Slavery abuses is built into our policy framework.

Bapcor's Nomination, Remuneration & ESG Committee has responsibility for oversight of Bapcor's ESG and ESC/P policies, including our response to Modern Slavery.

3. Policies and Contracts

- Update and strengthen the ESG and ESC/P policies to highlight Bapcor's commitment to adhering to international human rights treaties and national laws.
 - These policies have been reviewed and updated to reflect the passing of the Act and a Human Rights policy has been developed.
- Update the ESC/P policy to include the Whistleblower service.
 - Reference to Bapcor's Whistleblower policy and details of our externally managed service have been added to the ESC/P policy.
- Extend Whistleblower Policy to support to external party reporting.
 - Bapcor's Whistleblower policy has been updated to add details on Speak Up service, an independent, externally managed reporting service.

4. Supplier Notice and Checklist

- Follow up Modern Slavery compliance suppliers notice including reply slip for suppliers to complete and return.
 - A Bapcor supplier portal has been implemented which can facilitate the sharing and tracking of notices and acknowledgments from suppliers.
- Add supplier self-assessment process that complements the Procurement Manager's Modern Slavery checklist.
 - Supplier information management systems and enhancements to the functionality of the Bapcor supplier portal are being investigated for the feasibility to support the completion of supplier questionnaires and tracking of supplier compliance requirements.

Engagement and Consultation

Bapcor has established a Modern Slavery Working Group with senior representatives from each of Bapcor's individual business units to facilitate engagement and consultation with stakeholders, and to communicate responsibilities for assessing and managing Modern Slavery risk.

The Modern Slavery Working Group has received training on:

- What is Modern Slavery and Modern Slavery legislation
- Modern Slavery statements and reporting requirements

This forum is used to provide updates on:

- What we have done to date to address Modern Slavery
- Internal audit high level review and recommendations
- What we are doing to address agreed internal audit management actions
- Feedback from audit and on steps we have taken and implemented

Working group discussions have informed initiatives for future actions to:

- Develop a supplier self-assessment check list and process to be used for current suppliers and as part of tender process
- Communication and engagement with all Bapcor team members on our responsibilities and actions taken through internal communication channels.

In the event that Bapcor discovers Modern Slavery concerns in our supply chain, Bapcor recognises that taking punitive action against the supplier could exacerbate the negative social impacts on the supplier's workers. In the first instance, Bapcor intends to engage and consult with the supplier to support them in addressing any concerns identified. If a supplier is unwilling to take steps to address Modern Slavery concerns, Bapcor may terminate supply contracts and/or change to alternate suppliers.

Challenges and Future Actions

There have been numerous challenges and constraints in assessing our exposure to Modern Slavery, including an inability to complete local and international supplier visits due to COVID-19 travel restrictions. This has limited our ability to complete the Procurement Managers Modern Slavery Checklist for suppliers, however we have worked closely with these suppliers to ensure business continuity.

To address these challenges, we are investigating establishing a supplier self-assessment process to complement the Procurement Manager's Modern Slavery Checklist in order to expand the reach of our risk assessments.

Bapcor also recognises that the pandemic may increase vulnerability of workers to Modern Slavery in some geographies due to increased economic disparity. We have endeavoured to remain close to our suppliers to support them where the risk of Modern Slavery abuses may increase.

To help suppliers maintain confidence in our commitment to work with them our CEO and Chief Operating Officer issued a letter in March 2020 to all suppliers updating them on our position and to express our support.

We have planned our future actions as an outcome of assessing the effectiveness of our approach and actions. We plan to extend risk assessments to review all tier 1 suppliers. We will do this by having the Modern Slavery Working Group nominate an additional 10 suppliers in each working group meeting for assessment with a focus on those suppliers expected to form a higher-risk profile.

Given the limitations on our team's ability to visit suppliers and conduct assessments, we are investigating a solution to implement supplier self-assessment questionnaires and tracking through a supplier information management system and supplier portal.

Despite these constraints, we have continued our efforts to improve the effectiveness of our approach and actions with updates to our ESG and ESC/P policies and the release of our Human Rights Policy. We will work to promote required actions and to educate our team members and stakeholders broadly across the business on our ethical expectation and obligations, particularly engaging with employees who have touch points into our supply chain on identifying the risk of Modern Slavery abuses.

Advice on the submission of this statement will be communicated internally to all team members through a company announcement and published on Bapcor's intranet.

This Modern Slavery Statement was approved by the Board of Bapcor Limited on 26 March 2021.



Margie Haseltine
Chair
Bapcor Limited



Darryl Abotomey
Managing Director & CEO
Bapcor Limited