

# Driving ethical world movements for thriving communities

## Modern slavery report

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### About this Statement...

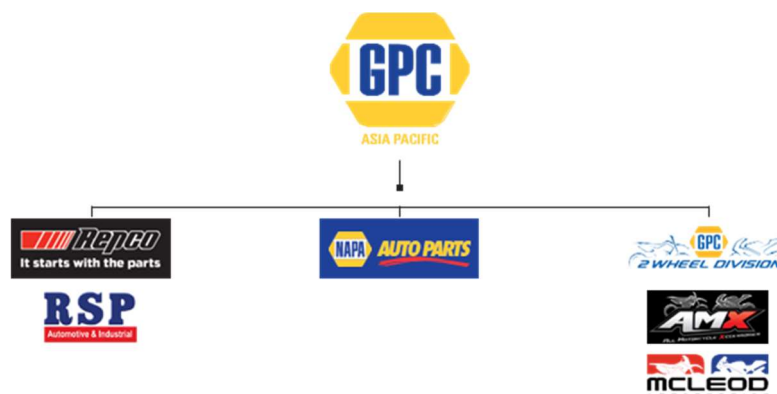
- 1) This report incorporates the GPC Asia Pacific Holdings Pty Ltd (ACN 162 550 978) (**GPC**) Modern Slavery Statement for the financial period to 31 December 2021. It has been made in accordance with the Australian Modern Slavery Act (Cth) 2018. The report is made on behalf of GPC and its related bodies corporate operating in Australia, as listed in Appendix A.
  - 2) GPC operates with a strong commitment to ensuring compliance with the laws and regulations of the areas in which we operate. We also wish to honour the ‘social licence’ to operate that we have earned over decades of principled activity and decision-making. GPC employees are governed by a Code of Conduct that is embedded in our organisational fabric and communicated bi-annually. This code sets out an expected standard of responsible and ethical behaviour for our employees and contractors. Our Code of Conduct is further supported by a whistleblower framework. A copy of our Code of Conduct is available at [Genuine Parts Company - Governance Documents \(genpt.com\)](https://www.genpt.com).
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### GPC’s Operations...

- 3) At GPC, movement is in our DNA. As the largest distributor of automotive and industrial replacement parts in New Zealand and Australia, our people and parts keep wheels and industry moving. GPC operates two core divisions...

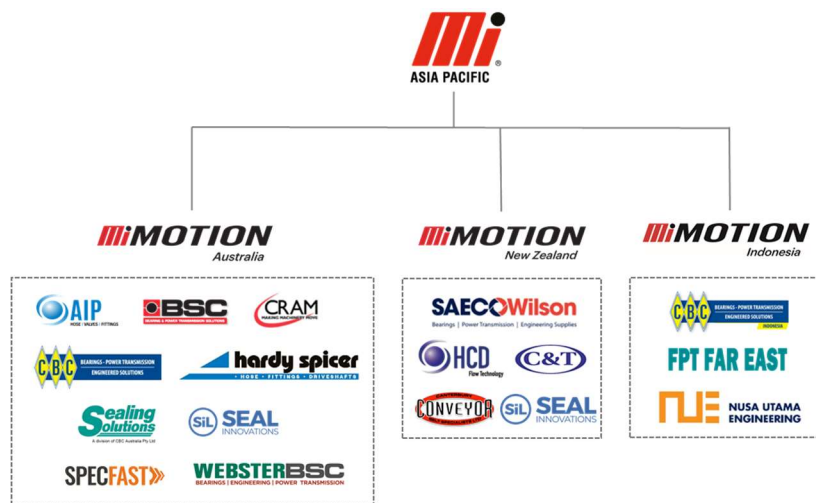
#### Automotive...

- 4) We operate principally under the well-known and trusted Repco and NAPA brands. Collectively, we resell and distribute a diverse range of automotive and motorcycle parts, accessories, related tools and equipment and solutions. Our automotive products are seamlessly accessible to our customers through a compressive network of stores and branches and best in class digital solutions, supported by a team of over 6,500 dedicated team members.



*Industrial...*

- 5) Motion is the market leader in the distribution of industrial engineering products in Australia, New Zealand, Indonesia and Singapore. Its products include bearings, seals, power transmission, fluid power, lifting and safety equipment, and engineering services, used in almost all industrial and trade sectors. Target markets include mining, heavy industry & engineering, manufacturing, food and beverage and packaging.
- 6) Motion operates from over 180 locations, supported by over 1,600 staff members delivering superior customer service and technical expertise with an innovative spirit. Motion have unrivalled product knowledge and are respected by our customers as experts in our field. Motion has the largest and best-trained group of engineers in the industry. delivering value-added engineering solutions to customer problems, which are often on remote sites.



*Distribution & Supply Chain Management...*

- 7) Logistics are a key driver of GPC's capability to supply its extensive customer base. Across Australia and New Zealand, GPC's distribution network supports a footprint of more than 700 stores and branches serviced by distribution centres in each capital city. Our store, branch and DC network is the most extensive distribution network in the Australasian automotive aftermarket and industrial replacement parts markets, with reach across all metropolitan and major regional areas.
- 8) This network confers the ability to deliver to our customers' workshops and our stores or branches multiple times a day, via a fleet of dedicated delivery vehicles and best in class logistics partners. The vast majority of items from our distribution centres are available on the same day or within 24 hours.
- 9) Our domestic distribution network is supplemented by best in class international logistics capability, including a seamless integration with Genuine Parts Company's global supply relationships, professional onshore and offshore sourcing and quality assurance capability, and overseas consolidation centres in Shanghai and Hong Kong providing state-of-the-art optimised supply chain solutions.
- 10) To service our customers across a multitude of markets and channels, GPC has relationship with several thousand suppliers operating domestically and internationally, supplying our businesses with automotive and industrial replacement parts, tools, equipment, and consumable items. Within GPC's automotive division, our inventory planning system forecasts demand and manages inventory replenishment for our stores and distribution centres, based

on a deep understanding of vehicle on road and parts application data.

- 11) GPC stores operate an automated stock management and replenishment system. Defined policies, managed by dynamic computer algorithms overlaid with historical sales data and overseen by expert demand planners, are used to determine store ranges, including stock depth and width. Holding the right inventory as close as possible to the customer is the foundation of our success. We strive to meet customer needs for immediate access to product, on time, every time.

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## Nature of modern slavery risks in operations and supply chains...

- 12) Modern slavery risks are a real consideration in almost every business. At GPC, we operate with a focused consciousness of this risk in every move we make. We consider that the risk of modern slavery within our controlled operations is very low based on several key factors:
  - GPC operates principally in Australian and New Zealand. Both countries are considered to be very low modern slavery risk countries. We have smaller operations in Indonesia, Singapore and China. We do not conduct any manufacturing and source all of the goods we resell from third parties.
  - In Australia, our employees are either engaged subject to an applicable Award, Enterprise Bargaining Agreement (EBA) or individual contracts where neither an Award or EBA applies, and a consist model applies in New Zealand. GPC operates sophisticated payroll systems with best-in-class third party payroll service providers. We do this to ensure compliance with industrial instruments and contracts.
  - Our employees are governed by a Code of Conduct embedded in our cultural fabric and communicated bi-annually. A copy of our Code of Conduct is available at [www.genuineparts.investorroom.com/governance-docs](http://www.genuineparts.investorroom.com/governance-docs). Our Code of Conduct sets out high standards of responsible and ethical behaviour for our employees and contractors. We also have a supportive whistleblower framework to which all our people have access.
- 13) Our customers require a rich complexity and diversity of products. In response to this, we have a large diversity of supplier partners that operate both nationally and domestically. This presents challenges in the visibility of modern slavery risk. To mitigate such challenges, we implement a comprehensive risk-based approach to assessing where to apply resources. The criteria for assessing the risk of modern slavery in our supply chain includes an assessment of high-risk jurisdictions and product categories. Length of tenure and past compliance audits are also closely considered.
- 14) Supplier arrangements that include downstream contracting have also been identified as an area of modern slavery risk. Downstream contracting occurs in arrangements such as labour hire and logistics services, including areas of low skill employment. GPC principally employs labour hire staff to work in distribution centres.

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## Risk mitigation actions...

- 15) Prevention is key in driving positive social change. GPC is committed to preventing human rights abuses, including any aspect of modern slavery, as set out in the Genuine Parts Company Human Rights Policy. A copy of this policy is available at [Genuine Parts Company - Governance Documents \(genpt.com\)](http://Genuine Parts Company - Governance Documents (genpt.com))
- 16) We have focused on the modern slavery risk in our automotive and industrial division supply chains. This represents the largest proportion of our overall procurement spend. The criteria for

assessing the risk of modern slavery in the supply chain includes an assessment of high-risk jurisdictions and product categories. Length of tenure and past compliance audits are also closely considered. During the reporting period, we expanded our modern slavery risk review focus to include labour hire and logistics services providers. We identified these as areas of material expenditure where the risks of modern slavery could potentially arise. Our extended focus also captured Motion overseas-based suppliers, and we engaged with key domestic industrial suppliers to assess their policy settings.

17) GPC will not tolerate trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour within our business or supply chains. We continue to take affirmative steps to ensure that our product suppliers and service providers are compliant with all applicable laws and with GPC's own rigorous standards regarding Human Rights. These steps include:

- Incorporating modern slavery compliance provisions into all GPC contracts
- Communicating GPC's expectations to supplier partners, as set out in the policy at Appendix A
- Addressing modern slavery risk in tendering programs. In the reporting period, this included logistics services and labour hire services tenders
- Directly addressing key suppliers at supplier summits regarding our expectations and their need to examine and address risk of modern slavery in their own supply chains
- Maintaining GPC's comprehensive social audit compliance program in line with the SA8000 Standard developed by Social Accountability International. The audit compliance program is further supported by a non-compliance risk-based assessment methodology and continuous improvement corrective action plan program. During the reporting period, this program was expanded to include Motion overseas-based suppliers
- Engaging with the Australia Automotive Aftermarket Association (AAAA), industry peers, and Informed365 to develop a sophisticated automotive aftermarket industry-specific audit tool. The impetus driving this tool is to facilitate supplier due diligence in an effective manner that avoids duplication for common suppliers.

18) We will continue to ensure ethical sourcing practices across our business by:

- Employing clearly documented standards and statement of requirements that suppliers can be audited against
- Applying a strong focus on suppliers who provide GPC 'own brand' products or that are based outside of Australia and New Zealand
- Having heightened awareness and applying additional attention to import suppliers based in countries where the risk of human rights violations is greater. This includes countries where there are fewer or no social safety nets to minimise poverty
- Maintaining a comprehensive, structured audit and remediation program.

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## Future actions...

19) We are further expanding our focus to consider operations that have not been previously captured in due diligence activities. Primary focus is being given to those areas of the business where clothing and apparel form part of the product base. We will also continue to engage directly with suppliers, both in person at supplier summits and via formal correspondence, to reiterate GPC's expectations in an effort to influence positive supplier behaviour. Our experience indicates via this engagement that supplier awareness of modern slavery related risks and issues has grown considerable over the past

couple of years.

- 20) Development of an internal desktop analysis tool is further supporting our due diligence. This tool leverages relevant risk factors, such as geography and product or service type, to facilitate identification of risk within relevant areas of the business. Analysis output will inform our decisions regarding the next form of supplier review or engagement, determined on a risk-weighted basis.

## Ensuring suppliers are socially responsible....

- 21) A sophisticated procurement approach underpins our business. We leverage internal quality assurance professionals and specialist external compliance audit specialists to test and vet the product suppliers we engage with. Particular focus is given to product suppliers in high risk locations. Our social audit format follows the SA8000 Standard developed by Social Accountability International. This Standard emphasises continuous improvement and includes management interviews, worker interviews, document reviews, plant floor audits, dormitory audits, and environmental assessment. The audit program contains 120 questions, categorised as follows:

SGS audit checklist sections based upon SA8000		
No	Section	Questions
1	Child/ Young Labour	18
2	Forced Labour	10
3	Health & Safety	59
4	Discrimination	5
5	Disciplinary Practice	8
6	Working Hours	7
7	Wages & Compensation	11
8	Environment	12

- 22) Where non-compliance is identified, we will work with suppliers to develop and implement corrective action measures that achieve compliance. We have also developed an internal categorisation and escalation matrix to support efficient decision-making. We will not knowingly enter into or maintain a business relationship with suppliers that do not meet our social responsibility standards or that are unwilling to take appropriate corrective action when non-compliances are identified.
- 23) In the reporting period, GPC performed 45 social compliance audits via an external third party profession audit firm across our Automotive and Industrial divisions, 40 in China, 2 in Taiwan, 2 in Malaysia and 1 in Indonesia. GPC’s approach to supplier engagement and consultation with a continuous improvement mindset shows demonstrable improvement in supplier compliance, as shown in the following case studies.

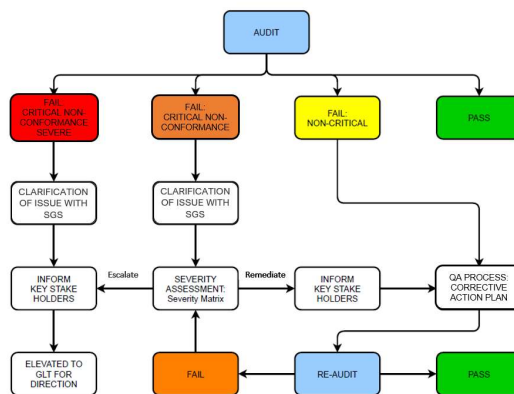
### Case study – Vehicle parts supplier based in Indonesia

In April 2021 an external SGS audit produced an audit Score of E / 69.5%, with 1 critical, 22 major and 11 minor nonconformances. GPC implemented a corrective action plan with the supplier, having utilised

GPCs internal risk matrix to further assess the areas of nonconformance. Following ongoing consultation concerning the corrective action plan, the audit was reperformed in June 2021, at which time the supplier demonstrated considerable improvement, with a score of C / 80.0% and no critical, 8 major and no minor nonconformances

Case study - Vehicle workshop equipment supplier located in China.  
 In May 2021 an external SGS audit produced an audit score of E / 69.5% with 1 critical, 11 major and 1 minor nonconformance. GPC implemented a corrective action plan with the supplier, having utilised GPCs internal risk matrix to further assess the areas of nonconformance. Following ongoing consultation concerning the corrective action plan, the audit as reperformed in December 2021, at which time the supplier demonstrated considerable improvement, with a score of C / 81.5%, with no critical, 7 major and 1 minor nonconformances.

24) Modern slavery compliance obligations are incorporated into all GPC contracts. We also hold contractual audited rights that enable us to examine supplier compliance with relevant laws and contractual obligations. We consider that the next evolution in our modern slavery compliance framework is to incorporate appropriate audit steps to assess high and medium risk suppliers that are not presently reviewed.



*Product Safety and Quality Assurance*

25) Our dedicated Quality Assurance team follow stringent quality control and safety standards. Such standards are used to assess and monitor the products we sell. Our Quality Assurance team also engage and partner with specialist external quality assurance and compliance audit specialists. The team includes accredited engineers in Australia and China who conduct rigorous testing to validate product specifications and performance. This ensures the products GPC supplies are both safe to use and fit for their intended purpose. ‘Own brand’, safety-critical and imported product are all put through a rigorous quality assurance process and continuous improvement cycle.

- Each ‘own brand’ and safety-critical product is inspected before release to the market. Our rigorous validation processes ensure product is fit for purpose, safe to use and meets any mandatory standards or regulatory requirements;
- Supplier and product quality audits follow either: the ISO9001 Quality Management Systems Standard; or the ITAF16949 Automotive Quality System Standard, developed by the International Automotive Task Force;

- Audits are administered by either our internal Quality Assurance team based in Australia and China or by external specialists; and
- Review of documentation and process across all areas of leadership, planning, support, operation, performance evaluation and improvement.

#### *Being Fair and Equitable*

26) We partner with thousands of suppliers both domestically and globally. Naturally, we recognise that our business partners will have different cashflow requirements, particularly where they are smaller entities. We commit to supporting local business where possible and to paying all eligible Australian small business in accordance with the GPC Small Business Policy. We also commit to reporting against small business payment terms and practices in accordance with the Payment Times Reporting Act 2020. Supporting our small business partners in this way helps ensure they are not pressed to cut corners in the treatment of their employees, contractors or suppliers.

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### An enterprise wide approach...

27) GPC adopts an enterprise wide approach to assessing and mitigating modern slavery risk that sits across all operating entities. Key subject matter experts in areas such as legal, risk and compliance, quality assurance, procurement, logistics, supply chain management, and logistics, often operate across the entire entries, ensuring that GPC is able to adopt a consistent approach and influence each of the relevant areas of the group.

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### Approved...

This Modern Slavery Statement has been made in accordance with the Australian Modern Slavery Act (Cth) 2018. It is made on behalf of GPC and its related bodies corporate operating in Australia, as listed in Appendix A. Our Modern Slavery Statement is signed with the approval of the Board of Directors of GPC.



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**Appendix A: GPC Entities**

GPC ASIA PACIFIC PTY LTD	(ACN 097 993 283)
AMX SUPERSTORES PTY LTD	(ACN 602 341 060)
MCLEOD ACCESSORIES PTY LTD	(ACN 010 831 071)
PARTS AUSTRALIA PTY LTD	(ACN 166 607 094)
RSP AUTOMOTIVE & INDUSTRIAL PTY LTD	(ACN 005 272 015)
SNATCH CLOTHING PTY LTD	(ACN 615 249 842)
SPARESBOX PTY LTD	(ACN 168 552 323)
CAMPFIRE CREATIVE AGENCY PTY LTD (30%)	(ACN 628 001 847)
BEARING SERVICE PTY LTD	(ACN 004 112 887)
BSC INDUSTRIAL PTY LTD	(ACN 154 303 152)
CBC AUSTRALIA PTY LTD	(ACN 000 143 608)
HS COMPANY PTY LTD	(ACN 099 707 856)
MOTION ASIA PACIFIC PTY LIMITED	(ACN 007 595 977)
MOTION ASIA PACIFIC SERVICES PTY LTD	(ACN 106 493 565)
MOTION ASIA PACIFIC WHOLESALE PTY LTD	(ACN 000 191 257)
SEAL INNOVATIONS PTY LTD	(ACN 004 483 256)
SPECIALTY FASTENERS PTY LIMITED	(ACN 001 560 443)
NTN-CBC (AUSTRALIA) PTY LIMITED (50%)	(ACN 000 936 667)

*Not all of entities are Reporting Entities in their own right.*



## Appendix B



### GPC Asia Pacific Modern Slavery Statement

Modern slavery is an unacceptable risk to the livelihoods, health, and wellbeing of vulnerable people globally, particularly in developing markets. If we don't pay due attention to our own practices when sourcing goods and services, we know that we face the risk of inadvertently enabling modern slavery in hidden pockets of our supply chain, and indirectly through our suppliers.

The integrity of our business reputation and our brand ethos requires us to make the absence of modern slavery in our supply chains a priority, driving us to ensure that we have the right systems and processes in place, that we make appropriate decisions about who we partner with, and that we hold our suppliers and partners to this same essential standard.

#### Eradicating Modern Slavery from our Practices

GPC Asia Pacific and its team members are united in their efforts to end all forms of modern slavery, including human trafficking, unlawful child labour, and forced labour, wherever they are found. Further, GPC Asia Pacific continues to take affirmative steps to ensure that its suppliers and service providers are compliant with all applicable laws and with GPC Asia Pacific's standards regarding human rights and ethical sourcing.

We commit ourselves to doing the right thing and require our suppliers and other business partners to do the same. We will not tolerate forms of modern slavery, and we do not purchase parts or services from or maintain relationships with companies that do. We seek out ethical, law-abiding partners and suppliers, and we establish lasting relationships with companies that meet our high standards. We expect our suppliers and partners to maintain safe working conditions at all times and use ethical and responsible business practices in relation to the manufacture, sale, transportation, and distribution of products for or on behalf of GPC Asia Pacific.

Suppliers in high risk locations must undergo a comprehensive audit process before becoming a partner of GPC Asia Pacific. This process includes on-site surveys conducted by GPC Asia Pacific personnel and our audit partners, including quality assurance and social audits. GPC Asia Pacific's audit process is imbedded in our procurement framework, and is updated regularly to ensure suppliers meet GPC Asia Pacific's high standards. If a supplier is unwilling to cooperate or improve its social obligations, GPC Asia Pacific will discontinue its business relationship.

In implementing this Modern Slavery Statement, GPC Asia Pacific commits to continually evaluate and enhance its approach to Ethical Sourcing, and how to best detect areas of vulnerability in our supply chain. GPC Asia Pacific conducts training and development programs with its employees to ensure awareness of its Ethical Sourcing requirements, and remains steadfast in its commitment to ensure that its business relationships with suppliers, partners, and team members reflect GPC Asia Pacific's values and commitment to upholding fundamental human rights.

GPC Asia Pacific takes all reports of Modern Slavery-related concerns seriously, and all concerns will be fully investigated. GPC Asia Pacific encourages anyone with a Modern Slavery-related concern to please call GPC Asia Pacific's Just Call reporting hotline on (AU) 1800 424 143 or (NZ) 0800 424 143 or use GPC Asia Pacific's anonymous web reporting service at [gpc.ethicspoint.com.au](http://gpc.ethicspoint.com.au).

GPC Asia Pacific will not take any action against any party as a result of raising an issue in good faith pursuant to this reporting process, and GPC Asia Pacific does not tolerate any reprisal by any individual against any party for raising a concern or making a report in good faith.

Monday, 17 August 2020