



Modern Slavery Statement

This Statement is submitted on behalf of Snap-on Tools (Australia) Pty Ltd (ABN 55 010 793 683) (**Snap-on AU**) under section 13 of the *Modern Slavery Act 2018 (Cth)*(**MSA**) to cover our first reporting period of 1 January 2020 to 31 December 2020.

Criteria 1 and 2: Identification, Structure, Operations and Supply Chains

Snap-on Incorporated, the ultimate parent company of Snap-on AU is a leading global innovator, manufacturer and marketer of tools, equipment, diagnostics, repair information and systems solutions for professional users performing critical tasks. Snap-on Incorporated's products and services include hand and power tools, tool storage, diagnostics software, information and management systems, shop equipment and other solutions for vehicle dealerships and repair centers, as well as for customers in industries, including aviation and aerospace, agriculture, construction, government and military, mining, natural resources, power generation and technical education. Snap-on Incorporated also derives its income from various financing programs to facilitate the sale of its products and support its franchise business. Products and services are sold through the company's franchisee, company-direct, distributor and internet channels. Snap-on Incorporated is traded on the New York Stock Exchange under the ticker SNA.

Snap-on Incorporated is the ultimate parent company of the entire Snap-on corporate body (**The Snap-on Group**). Snap-on Incorporated has more than 22,000 products, operates in more than 130 countries and has a franchise network of more than 4,200 franchises with 4,800 mobile stores worldwide. Headquartered in Kenosha Wisconsin, Snap-on Incorporated has been operating since 1920. Snap-on Incorporated has 12,300 employees worldwide and in 2020 had net sales of \$3.6 billion US. Snap-on Incorporated has manufacturing facilities in the US, Argentina, Belarus, Brazil, China, England, France, Hungary, Italy, Portugal, Spain and Sweden.

Snap-on AU is a wholly-owned subsidiary of Snap-on Incorporated and is a privately-owned company, with its registered office in Arndell Park, New South Wales 2148. Snap-on AU has been operating in Australia since 1988. Snap-on AU has a warehouse and offices in Arndell Park.

Snap-on AU employs 143 employees and of that workforce 5% are contractors or consultants. Snap-on AU does not employ seasonal workers. Snap-on AU utilises a labour hire agency which employs casual staff that work for Snap-on AU from time to time. The Agency holds the contractual relationship with those staff members.

Snap-on AU wholly owns and controls Snap-on New Zealand, which is not a reporting entity. The risk identification and actions Snap-on AU has taken which are described below apply equally to Snap-on New Zealand and so we have not referred to Snap-on New Zealand separately. Please refer to Criteria 6 below for further details.

Tier 1 of Snap-on AU's supply chain consists of approximately 88 suppliers. Snap-on AU understands that an entity's supply chain extends beyond its tier 1 suppliers. The tier 1 suppliers include suppliers of tools, storage, equipment, diagnostics, repair information, systems solutions, cutting products, marketing, financial and accounting services, human resources, sales and other functions.

Criteria 3: Risks of Modern Slavery

Operations

Snap-on AU is aware that the United Nations and the Walk Free Foundation has estimated that there are approximately 40 million victims of Modern Slavery around the world and that every industry and sector has risks of Modern Slavery in its operations and supply chains. Our operations include the manufacturing and sale of tools, equipment, diagnostics, repair information and systems solutions. We understand that it has been estimated that approximately 15% of the documented global cases of forced labour (one kind of Modern Slavery) have occurred within the manufacturing industry, and therefore, our industry poses a risk of Modern Slavery. Manufacturing is a highly cost-driven industry and therefore requires a continual focus on expense management. We understand that these pressures could put workers at risk of exploitation if suppliers or others were to seek savings by requiring long hours and forced overtime during periods of high demand as well as through wage cuts and other cost-saving measures at times of low demand. Furthermore, manufacturing often involves the use of out-sourcing, sometimes to higher risk countries which may produce goods at a lower cost or provide services at lower rates.

As such, we are acutely aware that as a manufacturer, Snap-on AU's operations present a potential risk of Modern Slavery. Furthermore, as with most companies that sell complicated tools and equipment, our products, whether manufactured ourselves or sourced, often contain raw materials, components or sub-assemblies, which creates additional potential exposure to risk of Modern Slavery in those supply chains.

Supply Chains

In relation to our supply chain, Tier 1 consists of approximately 88 suppliers which is a relatively small cohort proportionate to our size. We consider that this increases our visibility into our supply chain, and therefore, reduces the risks of Modern Slavery.

In addition, Snap-on AU in collaboration with Snap-on Incorporated, has reviewed and discussed current research and guidance materials relative to the products, countries and supply chains that are considered to present heightened risks of Modern Slavery. As such, we have developed procedures to assess the relevant risk to Snap-on throughout its businesses, including Snap-on AU (discussed further under Criteria 4). In so doing, we have reviewed the 88 Tier 1 suppliers and balanced the considerations in respect of (i) the products supplied, (ii) the geographic locations, (iii) our knowledge of the supplier's operations, and (iv) our relationships with the suppliers. Having done this, we believe that in most cases, tier 1 of our supply chain presents a lowered risk for Modern Slavery because (a) most of the supplied goods are manufactured in geographies with lower risk ratings, and (b) come from suppliers with whom we have had long relationships and therefore we have a large degree of visibility over the way they do business.

Of the 88 suppliers, nine are in high to medium risk locations: five located in China (a higher risk geographic location), and four are located in Italy (medium risk). The remainder of our suppliers were located in low-risk regions and as such we have included a consideration of our Italian suppliers alongside our Chinese suppliers in the risk identification process due to the relative risk the Italian suppliers may pose.

The relevant goods and services that these nine suppliers provide are tools, equipment, components, cutting products, software and storage boxes. We acknowledge that these categories of goods may pose a higher risk.

All of the Chinese suppliers identified, and two of the four Italian suppliers identified are, in fact, entities within the Snap-on Group. In order to control product quality and to take advantage of the deeply developed expertise of the Snap-on companies, Snap-on AU sources certain products and services from its related companies rather than manufacturing these products itself or sourcing them from third parties. These Chinese and Italian Snap-on entities are subject to the Snap-on Policy Against Human Trafficking (discussed below), engage in the same training programs as all other Snap-on entities, and are held to the same standards as all other Snap-on companies. As a result, Snap-on AU has greater visibility over these entities than other suppliers in our supply chain. We believe that this common control and oversight along with the consistent training and policy expectations significantly reduces the risk posed by these related entities.

The remaining two Italian suppliers are not related entities of the Snap-on Group so we have less visibility over these suppliers, and they will therefore form the focus of our risk assessment. Both are based in Italy; one provides Snap-on AU with tools and the other provides equipment. More specifically, one provides pistons and screw air compressors, air tools and air treatments. The other supplier provides welding, cutting and charging tools. While we do not believe these suppliers pose a particularly high risk of Modern Slavery, relative to the remainder of our tier 1 suppliers they are of most interest to us in our risk identification process. As such, Snap-on AU intends to have a dialogue with these suppliers around their Modern Slavery approach, including through provision of our Modern Slavery Survey.

Snap-on AU acknowledges that we need to be aware of the risks of Modern Slavery posed by our entire supply chain, not just by our tier 1 suppliers. We will endeavor to continue to take steps to further understand our more fulsome supply chain in future reporting periods.

Snap-on AU understands that the COVID-19 Pandemic has increased the risks of Modern Slavery around the world by placing unprecedented pressures on supply chains and therefore increasing the vulnerability of workers. Snap-on AU has faced some challenges in relation to shipping delays caused by the pandemic. However, Snap-on AU has been fortunate to experience stable sales during this period and as such has not had to make significant changes to its businesses or operations as a result of the pandemic.

Criteria 4: Actions to Assess and Address Risks

The Snap-on Group is guided by the core beliefs and values as laid out in Snap-on's "[Who We Are](#)" statement. These values include non-negotiable workplace safety and respecting the individual.

Policy

Our Policy Against Human Trafficking and Slavery (the **Policy**) has been in place since February 2016. We have recently reviewed it for effectiveness and have tailored it to meet the requirements under the MSA. The Policy is applicable to all of The Snap-on Group's businesses, directors, employees, agents, subcontractors and suppliers worldwide when acting within the scope of employment or contract with us. The Policy is specifically designed to build our due diligence approach and ensure compliance with the MSA as well as related legislation in the United Kingdom, California and US Federal Acquisition Regulations. Within this Policy we have enshrined that The Snap-on Group will not tolerate Modern Slavery and that we will strive to identify any high-risk areas within our operations and supply chains.

We require those parties subject to the Policy to not engage in any form of Modern Slavery, comply with applicable laws, undertake proper dealings with identity or immigration

documents and engage in appropriate recruitment processes, among other requirements. We provide avenues for reporting and complaints including through our Ethics Help Lines. The Policy provides for several forms of remediation in the event of any incidents of non-compliance.

Suppliers and subcontractors are required to periodically certify that they have read the Policy and will comply with our requirements and any relevant Modern Slavery laws.

Training and Tutorial

The Snap-on Group provides mandatory annual training including on human trafficking and slavery, to employees in positions of management and employees responsible for our supply chain.

We have an online tutorial titled *Slavery and Human Trafficking in Supply Chains* which *explains that modern slavery still exists in the world and prompts the learner to consider ways of identifying, preventing, and stopping it in his or her own supply chain.* The tutorial advises staff that there are more than 40 million suspected victims of Modern Slavery currently around the world.

In the tutorial, examples are given of how raw materials produced by Modern Slavery can end up in the products we consume such as leather, cobalt, cocoa, and coffee. We explain to our staff that supply chains include more than tier 1 suppliers and give tips on what clues to look for that might suggest human rights abuses have played a part in a product's development. The tutorial references the relevant legislation in different jurisdictions to which The Snap-on Group is subject including the MSA. The tutorial is concluded with a questionnaire for staff to test their knowledge in the area.

Our staff play a key role in our due diligence processes and this tutorial ensures they retain the appropriate level of education to enable them to assist our approach, to be vigilant and to report incidents or suspicions.

Ethics Helpline

The Snap-on Group's Audit Committee of its Board of Directors has established procedures for the effective handling of concerns that arise in the Group. These procedures include our Ethics Helplines that can be utilised all over the world. We also have an online portal through which individuals can confidentially report risks or concerns. Finally, within the Policy Against Human Trafficking and Slavery we also provide the contact details for the United States Government's Global Human Trafficking Hotline and email address.

These avenues allow individuals to access confidential retaliation-free reporting of any concerns relating to Modern Slavery. It is our hope that this will encourage greater honesty and openness resulting in increased visibility over risks and incidents, so that we can conduct further due diligence and enact our remedial responses as appropriate.

Supplier Code of Conduct

Our Supplier Code of Conduct contains commitments that we expect all suppliers, regardless of location, to adhere to. This includes commitments regarding Modern Slavery, workplace health and safety, human rights, the environment, identity and immigration documents, recruitment practices, transportation and relocation costs, discrimination, harassment, wage laws, bribery and corruption, intellectual property and other matters.

The Code also requires specific compliance with the MSA and Modern Slavery laws in other jurisdictions. The Code requires that suppliers and sub-suppliers take adequate measures to

prevent, mitigate and remediate the risk of Modern Slavery and human rights abuses occurring within suppliers' operations and supply chains. We require our suppliers to have in place adequate policies and commitments, due diligence processes, remediation processes, reporting processes and training in relation to Modern Slavery and human rights.

The Code details that suppliers who utilise subcontractors to provide goods and services to The Snap-on Group will also be responsible for the subcontracted party's compliance with the Code and are expected to take steps to ensure subcontractors adopt the commitments outlined in the Code.

Suppliers are required to periodically certify that they have read the Code and will comply with the Code and any relevant Modern Slavery Laws.

The Code also gives The Snap-on Group the right to monitor supplier compliance with the Code through surveys and information requests and provides for remedial measures in response to any violation.

Supplier Dialogue

We have also prepared correspondence which will be sent to Snap-on AU's suppliers to alert them as to the enactment of the MSA, and the requirements within our Policy Against Human Trafficking and Slavery and Supplier Code of Conduct. This piece of correspondence details that we would like to start a dialogue with our suppliers around awareness of Modern Slavery and what we can all do to mitigate risks in this area.

We provide our suppliers with definitions of Modern Slavery and explanations of Modern Slavery risks. We foreshadow future contact from Snap-on AU to request information or documents we may require related to Modern Slavery.

Supplier Survey

We have an annual Supplier Survey coordinated by Snap-on that we send to all suppliers from whom we have purchased products or services in excess of US\$15,000 per annum. This Survey forms a key part of our due diligence in relation to our supply chains. This is the forum within which suppliers are linked to our Policy Against Human Trafficking and Slavery and Supplier Code of Conduct and are required to certify that they have read and understood both. The Survey also asks suppliers a variety of questions regarding any policies and processes that they might have in place relevant to Modern Slavery issues.

Supplier Agreements

We have created specific Anti-Human Trafficking Compliance contract clause (the **clause**) that are embedded in our Supplier Agreements. These terms and conditions specifically require that suppliers comply at all times with Anti-Trafficking Laws including the MSA, and Division 270 and 271 of the *Criminal Code Act* 1995. We also require Australian suppliers to comply with the *Fair Work Act* 2009 (Cth).

The clause require specific Modern Slavery related warranties of our suppliers including that they do not engage in any form of Modern Slavery, that they will take reasonable steps to ensure there is no Modern Slavery in their operations or supply chains and that if they become aware that Modern Slavery is taking place in their operations or supply chains they will notify us.

The clause also restrict suppliers from taking any adverse action against an individual due to their good faith disclosure of information relating to Modern Slavery. It allows The Snap-on

Group to audit Suppliers records to ensure no breach of the clause has occurred and requires the supplier to share relevant information in this regard.

Finally, the clause provide for remedial measures including the right of The Snap-on Group to withhold payment or terminate in the event of a breach.

Supply Chain Mapping

We have undertaken steps towards mapping our supply chain and have considered where our high-risk areas are. We examined our supply chain in the context of various Modern Slavery risk indicators such as geographic location, and category of goods and services. As described above we have begun to map our tier 1 suppliers and have identified some high risks suppliers that we have focused on. We understand that our risks in this area are fluid and will endeavor to continue to better understand same in future reporting periods.

Other Jurisdictions

Snap-on Incorporated and other Snap-on subsidiaries report under relevant Modern Slavery legislation in the United Kingdom as well as in the United States. As such, we have for some time now had multiple Modern Slavery risk mitigation processes and policies in place throughout The Snap-on Group. However, we acknowledge that the requirements of the MSA differ to those in these other jurisdictions and therefore have completed a gap-analysis of our approach to understand where we need to improve in Australia specifically.

Criteria 5: Assessing the Effectiveness of our Actions

Many of the above due diligence and remedial actions were already in place prior to the commencement of the MSA. We have recently received expert advice as to whether these actions meet the requirements of the MSA and have conducted a review as to the efficiency of the steps we have taken to date. As a result of these reviews we have made amendments to policies and processes.

Snap-on has an annual review process in place for nearly all of the action items we have discussed under Criteria 4 above. We send our Supplier Survey and Supplier Code of Conduct to all tier 1 suppliers once per annum. Before the Survey is sent out, we conduct a review of the content, as well as a review of our Modern Slavery Policy and Supplier Code of Conduct. For example, originally our Survey only encompassed the Californian Modern Slavery laws and over each annual review it has been updated to now encompass the laws in several jurisdictions as detailed above.

We have a team of staff members who review each of the Survey answers that the Snap-on Group receives. We then have a process through which we follow up with suppliers who have provided unsatisfactory answers in their Surveys. We have found to date that ordinarily the unsatisfactory answers are a result of misunderstanding rather than actual non-compliance. We have adjusted our Survey annually to reflect the feedback and learnings derived from our reviews of the Survey answers and subsequent conversations with suppliers.

The Training Tutorial detailed above is also reviewed once per annum by our legal team as well as an external firm and is modified as necessary.

The Policy directs individuals to our Legal or Human Resources Departments with any concerns or queries. We also have multiple reporting mechanisms as stated above. The feedback received through these avenues also assists in Snap-on AU in assessing the

effectiveness of our approach to date. We also plan to continue to map our supply chains in further detail in the future, recognising that risks in this area are fluid and can change.

Criteria 6: Consultation

As detailed above, Snap-on AU has only one subsidiary: Snap-on New Zealand. Snap-on New Zealand is not a reporting entity under the MSA but is owned and controlled by Snap-on AU.

Whilst Snap-on New Zealand is technically a separate legal entity to Snap-on AU, its operations are very closely aligned with Snap-on AU's and in a practical sense is more adequately described as being part of Snap-on AU's operations. Snap-on AU and Snap-on New Zealand share the same Governing Body, the same senior staff members and same employees, other than 2 – 3 staff members who are specifically employed solely by Snap-on New Zealand and who work from home. There is no Snap-on office in New Zealand other than for statutory purposes. Snap-on New Zealand's governance, payroll, accounts, marketing and other operational functions are all undertaken by Snap-on AU. Snap-on New Zealand shares the same supply chain as Snap-on AU.

As such, consultation regarding Modern Slavery between the two entities happens automatically as part of doing business given the operations of both are so tightly enmeshed and the labour-force and governance of these entities is almost entirely shared. Therefore, the risk identification and actions that have been undertaken above have been implemented and fully apply to both entities equally.

From our Board

Snap-on AU has a zero-tolerance approach regarding any of its employees, agents, subcontractors or suppliers that may be found to engage in Modern Slavery practices.

Snap-on AU makes this Statement in accordance with section 13 of the *Modern Slavery Act 2018* (Cth). This Modern Slavery Statement was considered and approved of by the Governing Board Directors of Snap-on AU, its Principal Governing Body, on May 30, 2021.



Ajit Ponnambalam

Managing Director, Snap-on Tools Australia Pty. Ltd.

Responsible Member of Snap-on AU's Principal Governing Body