

Hempel (Wattyl) Australia PTY LTD

Statement related to Fiscal Year 2021 pursuant to the *Australian Commonwealth Modern Slavery Act 2018*

Identity of Reporting Entity

This statement sets out the steps Hempel has taken to address the risks of modern slavery in any part of its business and its supply chain during the financial year 2021 which runs from 1 January 2021 to 31 December 2021. It is made on behalf of Hempel (Wattyl) Australia Pty Ltd and its related entities in Australia (collectively "Wattyl", "we", "our", etc.).

Wattyl has a zero-tolerance approach to any form of modern slavery or human trafficking. Wattyl is committed to acting ethically and to prevent slavery and human trafficking in any of its corporate activities, as well as seeking to ensure that its supply chain is also free from such practices as an important element of its sustainability work. Wattyl is committed to acting with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within Wattyl or its supply chain.

Structure, Operations and Supply Chain

In 2021, Hempel (Wattyl Australia) was a subsidiary of Hempel A/S, a Denmark corporation.

Hempel A/S (together with its group companies/subsidiaries referred to herein as "Hempel") is a global leader in the manufacture, development, distribution, and sale of paints, coatings, and related products to professional, industrial, commercial, and retail customers. Hempel manufactures products under well-known brands such as Wattyl, Valspar, Crown, Farrow and Ball, Hempel and many more. With global headquarters in Copenhagen, Denmark, Wattyl branded products are sold through a chain of more than 110 company operated stores and facilities, and also sold through leading mass merchandisers, home centres, independent paint dealers, hardware stores, automotive retailers, and industrial distributors. The Hempel Performance Coatings range supplies a broad range of highly engineered solutions for the construction, industrial, packaging and transportation markets around the world.

In the fiscal year 2021, Hempel (Wattyl) Australia Pty Ltd and its related entities (listed below) had a combined consolidated revenue exceeding \$100m. This statement is made in relation to Hempel (Wattyl) Australia Pty Ltd and the following related entities in Australia:

- Hempel (Newco) Australia PTY LTD

Wattyl employs approximately 700 people in Australia across manufacturing, distribution, retail, sales and support functions. Wattyl operates two manufacturing plants: one in West Footscray, Melbourne and the other at Kilburn, Adelaide. This manufacturing capacity is supported by four distribution centres across Australia. Annually, Wattyl serves thousands of retail and trade customers with paint and coatings solutions either through its stores, e-commerce and direct deliveries.

Wattyl has more than 500 active supply partners, who directly supply products and services. All immediate suppliers are obligated to sign the Hempel Business Partner Code of Conduct to mitigate risks around modern slavery.

The main products and services purchased within its supply chain are:

- Raw Materials for the manufacturing of product
- Sundry decorating products ("Sundries") for resale through its Wattyl Paint Centres

- Packaging;
- Equipment and machinery, for the offices and manufacturing facilities;
- Transport and Logistics;
- Skilled and unskilled labour; and
- Services, such as those to support its marketing activities.

Risks of Modern Slavery

Wattyl sources from a range of locations, with the majority of product sourced from Multinational Corporations with regional operations that have been vetted by and are also used by its global parent Hempel. Key Countries Wattyl sources from are Australia, USA, Malaysia, Germany, Indonesia, and China. Wattyl recognises that all products and services carry the risk of modern slavery in their supply chains but through the actions discussed below aim to minimise these risks.

Actions Taken to Assess and Mitigate Risks

Certifications

Wattyl requires, through its purchase order terms and conditions, as well as the Hempel Code of Conduct incorporated therein, direct suppliers and subcontractors to certify, to the best of their knowledge and belief, that they do not engage in or support human trafficking or use any indentured bonded, prison, or forced labour, slavery or servitude. Wattyl works transparently with its suppliers.

Internal Accountability

Wattyl maintains internal accountability standards and procedures for employees, suppliers, and subcontractors. Failure to comply with such policies can result in adverse actions, including termination for employees, suppliers, and subcontractors.

Training

In order to ensure that our key employees are aware of and can tackle the issues and risks posed by modern slavery and human trafficking and can best help prevent it from occurring, we have continued to build on targeted training provided to the Wattyl leadership team, employees holding procurement roles, and employees in People & Culture and sales teams. This has occurred through mandatory training that has been developed and rolled out for all employees to ensure familiarity with our Employee Code of Conduct. In addition, all new employees commit to complying with our Code of Conduct as part of the hiring process and complete online training in the code of conduct during their first weeks with the business.

Assessing the Effectiveness of Modern Slavery Risk Management

Verification of Business and Product Supply Chains

Hempel continuously commits resources to periodically evaluate our business and supply chain in relation to modern slavery risks, Wattyl's model is to monitor, detect, and prevent instances of human trafficking and slavery in its business and supply chain. Wattyl employs processes and tools for due diligence on its employees, its suppliers, and subcontractors at all tiers.

COVID-19 Risk Response

In March 2020, the COVID-19 global pandemic emerged as a risk to global and local supply chains, Wattyl took early and ongoing action in recognising and mitigating the potential adverse impact the pandemic could have on its people, supply

chains and communities in which it operates. This action included protecting the health and wellbeing of its people, keeping its supply chains open to ensure the delivery of essential goods, and keeping its business financially strong by protecting its balance sheet

This included:

- Investing in COVID'19 safe work procedures and PPE which enabled all its facilities to remain operating throughout the crisis period
- Implementing COVID-19 safe operating environment in all retail environments
- Working closely with partners to ensure supply of product, particularly to country and remote locations and critical projects

Consultation Process

Hempel (Wattyl) Australia Pty Ltd. recognises that each entity within the group has a role to play in addressing modern slavery risks. Hempel (Wattyl) Australia Pty Ltd developed this statement in consultation with Hempel A/S, as many of the modern slavery risks reside within the global supply chain managed by related entities overseas.

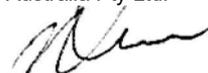
In developing this statement, Hempel (Wattyl) Australia Pty Ltd engaged specifically with key business areas responsible for procurement, global supply, risk, legal and human resources, as well as with the directors of the related entities covered by this report. This statement was also discussed regularly during Hempel (Wattyl) Australia Pty Ltd governance meetings which are held monthly.

Other Relevant Information

Valspar Paint (Australia) Pty Ltd became Hempel (Wattyl) Australia Pty Ltd on 1 April 2021 following its acquisition by Hempel A/S.

As supply chain arrangements have changed as a direct result of the change in ownership, Hempel (Wattyl) Pty Ltd will work with Hempel A/S on mitigating all Modern Slavery Risks throughout its new supply chain, and in ensuring appropriate action continues to be taken to assess these risks. Hempel (Wattyl) Australia Pty Ltd has already commenced this process.

This statement relates to the financial year ending 31 December 2021 and has been approved by the Board of Hempel (Wattyl) Australia Pty Ltd.



Matt Crossingham

Director