



Modern Slavery  
Statement 2021

**BSH Home Appliances Pty Ltd**

1555 Centre Road, Clayton

Victoria, Australia 3168

+61 3 8551 1335

ACN 109 198 405

ABN 22 109 198 405

This Modern Slavery Statement was prepared by BSH Home Appliances Pty Ltd (ACN 109 198 405) to meet the mandatory reporting criteria set out in the Modern Slavery Act 2018 (Cth). This Statement only applies to BSH Home Appliances Pty Ltd as a reporting entity under the Act.

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# Introduction

This is BSH Home Appliances Pty Ltd's (**BSH-AU**) second Modern Slavery Statement (**Statement**). This Statement outlines the steps BSH-AU is taking to assess, address and mitigate modern slavery risks in its operations and supply chain. This Statement will also provide updates on BSH-AU's 2020 Modern Slavery Statement, including the progress of the "What BSH-AU Will Do" measures.


BSH-AU acknowledges that modern slavery is an ongoing global issue, which presents risks to all industries and sectors, including home appliances. 'Modern Slavery' describes situations where "coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom".<sup>1</sup>

It is estimated that globally, modern slavery generates \$150 billion in profits each year.<sup>2</sup> In 2016, the Asia-Pacific region had the highest number of victims to modern slavery.<sup>3</sup> The region accounted for almost two-thirds of all victims globally, with 25 million people falling victim to modern slavery.<sup>4</sup>

Operations and supply chains are complicated structures. BSH-AU accepts that due to the complicated nature of these structures, modern slavery risks may present via direct or, indirect channels. To help identify and assess the risks of modern slavery in our operations and supply chain, this Statement will identify and assess three key modern slavery risks. The three risks focused on in this Statement are:

1. procurement of COVID-19 related health and safety materials;
2. procurement of logistics services; and
3. procurement of software.

**40.3**  
**Million People**  
were victims of slavery

**16**   
**Million People**  
forced into labour  
in the private economy

<sup>1</sup> Australian Border Force, 'Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities', Australian Border Force (web PDF), 8

<sup>2</sup> International Labour Organisation, 'Profits and Poverty: The Economics of Forced Labour'

<sup>3</sup> International Labour Organisation and Walk Free Foundation. 'Global Estimates of Modern Slavery'. International Labour Organisation. (web PDF, 2017). P2

<sup>4</sup> Ibid.

# Directors' Message

BSH-AU is committed to helping end modern slavery and ensuring that the health and human rights of all people are respected. As one of the Australia's leading home appliance companies, taking action against modern slavery risks is not only the right thing to do, but needed to protect future generations.

The goal of this Statement is to deepen our understanding of where modern slavery risks may exist in BSH-AU's operations and supply chain and to work toward developing, implementing and improving our modern slavery strategies, processes and procedures. BSH-AU's success in addressing modern slavery risks will be measured against clear targets. This Statement will also monitor the effectiveness of the 'What BSH-AU Will Do' measures identified in last year's statement by comparing the measures against the deadlines provided.

We understand that there are inherent risks of modern slavery in BSH-AU's operations and supply chains. Our efforts to meet our modern slavery targets from the 2020 Modern Slavery Statement occurred against rapidly changing landscapes due to COVID-19. COVID-19 also increased risks of modern slavery practices due to extended lockdowns, labour shortages, heightened production pressures and stricter health and safety protocols. Some of the risks posed by COVID-19 will be focused on in this Statement.

We expect BSH-AU and its business partners to behave responsibly and fairly in respect to human rights. We remain committed to collaboration, consultation and meaningful engagement with government and non-government organisations and our industry partners to share knowledge, discuss good-practice approaches and build on lessons learnt to address modern slavery risks and uphold our values of 'responsibility, reliability, credibility and Legality'.<sup>5</sup>



**Christian Eisenbock**  
Finance Director  
BSH Home Appliances Pty Ltd



**Andrew Jones**  
Managing Director  
BSH Home Appliances Pty Ltd

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<sup>5</sup> [Guiding Principles \(May 2022\), BSH Hausgeräte GmbH](#)

This Statement was approved by the Board of BSH Home Appliance Pty Ltd on 4th July, 2022.

# Structure, Operations and Supply Chain

## Structure

BSH-AU is a private company, based in Clayton, Victoria. BSH-AU was established in 2004 and is home to approximately 208 employees. Of this, 185 employees are full-time and 23 employees are part-time or casual. BSH-AU is the Australian subsidiary of BSH Hausgeräte GmbH (**BSH**). BSH-AU does not own or control any other entities.

BSH is based in Munich, Germany and has been wholly owned by Robert Bosch GmbH since 2015. In over 50 years of history, BSH has grown from a German exporter of home appliances into one of the world's leading home appliance manufacturers.

BSH produces the entire range of home appliances and has 40 production sites globally, including in Europe, the United States of America, Latin America, and Asia.<sup>6</sup> Globally, BSH has approximately 62,000 employees.<sup>7</sup> In 2021, BSH recorded a turnover of 16.0 billion Euros.<sup>8</sup>

<sup>7</sup> BSH-worldwide (May 2022), BSH Hausgeräte GmbH

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

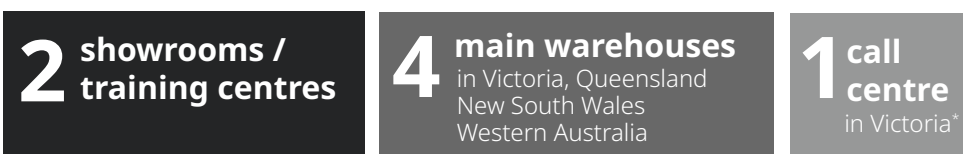


## Operations

BSH-AU's primary operations involve the importation, marketing and distribution of home appliances under the Bosch, Siemens, NEFF and Gaggenau brands. To carry out these primary operations, BSH-AU engages in:



Specifically, BSH-AU has:



## Supply Chain

BSH-AU's supply chain is geographically diverse and complex. BSH-AU imports and distributes home appliances including ovens, cooktops, range hoods, dishwashers, refrigerators, washing machines, vacuum cleaners and coffee machines. BSH-AU has approximately 240 active suppliers and over 500 retailers and agents.

\*which receives support from a UK call centre.  
BSH Home Appliances Pty Ltd

BSH-AU considers its relationships with active suppliers and business partners as long-term and stable.

In 2021, BSH-AU imported over 642,000 home appliances. Over 48% of all imported home appliances were supplied from Germany. The remaining imports were supplied from Turkey, Spain, China or elsewhere. BSH-AU procures its home appliances from BSH Group entities. All BSH Group entities comply with BSH group policies and regulations such as the Business Conduct Guidelines<sup>9</sup> and Supplier Code of Conduct.<sup>10</sup>

Over the 2021 period, BSH-AU's operations and supply chain were significantly impacted by COVID-19 and the eastern floods. Despite these obstacles, BSH-AU successfully navigated unexpected changes and difficulties in our operations and supply chain. BSH-AU's response to these obstacles has helped to ensure business continuity and minimised the impacts on stakeholders – employees, retailers, developers, customers etc.

#### BSH-AU's supply chain for goods and services includes:

Products provided by direct suppliers:

- home appliances
- apparel
- office supplies
- IT equipment

Services provided by direct suppliers:

- IT services
- warehousing and distribution
- marketing and public relations
- shipping

#### Products and services provided by indirect suppliers:

- electronics manufacturing and components
- mineral sourcing, smelting and refining (cobalt, steel)
- manufacturing
- rubber
- screws
- hangers
- valves
- springs
- guide rails
- hoses
- clamps
- hinge pullets
- handles
- heat shield
- burner bases
- drain pumps
- suction caps
- door locks
- light bulbs
- powder paint
- door seals
- shock absorbers
- heating elements
- metal protection sheets
- control panels
- pipes
- packaging
- catering / canteen services
- cleaning service

approximately

**240**

| active suppliers

over

**500k**

| home appliances imported

over

**500**

| retailers and agents

over

**35%**

| of all imported appliances were supplied from Germany

<sup>9</sup> Business Conduct Guidelines – BSH CDN Service

<sup>10</sup> Code of Conduct for Supplier of BSH Group

# Assessing the Risks of Modern Slavery Practices

'Risk of modern slavery practices' means the potential for BSH-AU to cause, contribute to, or be directly linked to modern slavery through its operations and supply chain. BSH-AU acknowledges that the risks of modern slavery practices exist in the operations and supply chain of all businesses, including our own. At BSH-AU we are taking an active role in identifying, assessing and addressing the risks of modern slavery across our operations and supply chain.

It is possible to identify a range of potential modern slavery risks based on risk factors identified by the 'Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities', 'Modern Slavery Act Information Sheet: Coronavirus', the Australian Council of Superannuation's 'Modern Slavery Risks, Rights & Responsibilities Report 2019' and the Walk Free Foundation's 'Global Slavery Index 2018'.

BSH-AU recognises that the following risk factors may be present in its operations and supply chains:

- industry / sector risks: some industries, such as electronics, clothing, cleaning and manufacturing may be at higher risk of modern slavery practises due to the particular characteristics, products and processes within the industries;
- service risks: services including transportation, delivery and software development / IT may be at higher risk of modern slavery practises than other service industries, particularly where these services are procured through third-party labour arrangements, where there is no direct oversight and which may be provided by migrant workers or, low-skilled workers who are at greater risk of exploitation;
- product risks: certain products, including face masks, rapid antigen tests and external software, may be at higher risk of modern slavery practises because of the way they are produced / developed, including the procurement raw materials and the working conditions of people who produce these products; and
- geographical risks: procurement of goods and services from outside of Australia in countries and / or regions considered high-risk due to poor governance, weak rule of law, conflict and poverty. For example, the Asia Pacific region is at high risk of modern slavery practises.

This reporting period, BSH-AU has identified three key risks:

1. procurement of COVID-19 related health and safety materials;
2. procurement of logistics services; and
3. procurement of software.

## Procurement of COVID-19 related health and safety materials

There is a risk that BSH-AU may contribute to or, be linked to modern slavery practices through its use and purchasing of COVID-19 related health and safety materials such as hand sanitiser, rapid antigen tests (RATs) and personal protective equipment (PPE) such as face masks.

COVID-19 related health and safety materials are at 'high risk' of modern slavery practices. Many COVID-19 related health and safety materials such as face masks, hand sanitiser and RATs are produced in areas of high geographical risk such as the Asia-Pacific region. For instance, the world's largest manufacturer of rubber gloves was banned from exporting its products to the United States of America due to "conclusive evidence" that the rubber gloves were being made by workers operating under modern slavery conditions.<sup>11</sup> Further reports have emerged of serious labour concerns in the production of PPE from China, with allegations that employees are under-paid and can work for up to 18 hours a day.<sup>12</sup>

On the basis that many of Australia's COVID-19 health and safety materials were manufactured in, and imported from, high-risk geographical regions, there may be a high potential for modern slavery practices in BSH-AU's operations and supply chain.

<sup>11</sup> The Guardian, 'US bars rubber gloves from Malaysian firm due to 'evidence of force labour'

<sup>12</sup> The Guardian, 'UK sourced PPE from factories secretly using North Korean slave labour'



### Procurement of logistics services

There is a risk that BSH-AU may contribute to or, be linked to modern slavery practices through its logistics operations. Logistics operations include, but are not limited to packaging, storage, warehousing, materials handling, inventory and transport.

Globally, COVID-19 caused major disruptions in logistics operations through closed international and state borders, increased health and safety protocols, nation-wide lockdowns and mandatory isolation periods. Together, these factors and others, contributed to significant labour shortages across transportation operators, postal services and warehousing. For instance, there was an 11.3% increase in transport (airfreight and cargo service providers) and warehousing businesses reporting vacancies (4.3% in November 2020 compared to 15.7% in August 2021).<sup>13</sup> Staff shortages may have also led to increased working hours, unhealthy workloads, non-compliant health and safety measures etc., ultimately contributing to worker vulnerability.

The majority of BSH-AU's logistics operations are procured through third-party arrangements. On this basis, BSH-AU has little oversight over the working and employment conditions of its logistics providers and their employees. Consequently, there may be a medium to high potential for modern slavery practices in BSH-AU's operations and supply chain.

### Procurement of software

There is a risk that BSH-AU may contribute to or, be linked to modern slavery via sub-contracted software development and software subscriptions.

Outsourcing is a widely adopted approach in the software industry. Mid-size companies are driving software outsourcing demand, with average outsourcing of software development rising to 11.8% from 9.1%.<sup>14</sup> Whilst there are many advantages to outsourcing software development, a significant driver is cost reduction.<sup>15</sup> Consequently, software services are often procured via third-party arrangements in low-cost jurisdictions.

On the basis that software and IT services are considered 'at risk' services and are often carried out in high-risk geographical regions, through third-party arrangements and with limited oversight over working conditions, there may be a high potential for modern slavery practices in BSH-AU's operations and supply chain.

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<sup>13</sup> Australian Bureau of Statistics, 'Job Vacancies, Australia (March 2022 Release)

<sup>14</sup> Accelerance, '2022 Global Software Outsourcing Trends and Rates Guide'

<sup>15</sup> Deloitte, '2020 Global Outsourcing Survey'

# Assessing the Risks of Modern Slavery

At BSH-AU, people are the core of our business. BSH-AU has a proud history of looking after and respecting its employees, but recognises that we must extend beyond this – to all those involved in BSH-AU's operations and supply chain. BSH-AU is committed to addressing risks of modern slavery and working to minimise these risks in its dealings with direct and indirect business partners.

## What BSH-AU is doing

### Modern Slavery Working Group

BSH-AU has established a Modern Slavery Working Group (Group). The Group is dedicated to identifying, assessing and addressing the risks of modern slavery in BSH-AU's operations and supply chain. The Group was established in September 2021 and has quarterly meetings to discuss findings, monitor the effectiveness and progress of pre-determined modern slavery measures and identify any work to be completed.

The Group consists of key personnel across multiple functions, giving the team a full understanding of BSH-AU and its operations. During the 2021 period, the Group worked together to complete modern slavery questionnaires received from business partners and finalised BSH-AU's own Modern Slavery Questionnaire.

Moving forward, the Group will play a key role in assessing the risks of modern slavery practices in BSH-AU's operations and supply chain and developing BSH-AU's due diligence and remediation framework.

### BSH-AU's Modern Slavery Questionnaire

In 2021, BSH-AU focused on finalising its Modern Slavery Questionnaire (**Questionnaire**). Once released, the Questionnaire will help BSH-AU identify and assess business partners' policies and practices on modern slavery.

Moving forward, the Questionnaire will play a significant role in BSH-AU's business partner risk assessments and due diligence activities. The Questionnaire is scheduled to be rolled out to select business partners by 31 December 2022 and will assist in assessing the three key risks of modern slavery practices identified in this Statement and BSH-AU's 2020 statement.

### Modern Slavery Questionnaire Learnings

In 2021, BSH-AU completed modern slavery questionnaires from business partners. To complete the questionnaires, input was required from different business functions. By completing the questionnaires, the Group deepened its understanding of modern slavery risks in BSH-AU's operations and supply chain. BSH-AU has used these findings to communicate with BSH and discuss how Australian modern slavery requirements may affect current and future logistics operations.

### Logistics and supply chain

COVID-19 presented significant staff shortages for BSH-AU's logistics providers and led to operational delays. BSH-AU worked closely with its logistic provider's management and key personnel, to ensure the continuity of operations by allowing for relaxed performance KPIs such as longer delivery lead times. In relaxing performance KPIs, BSH-AU assisted in reducing worker vulnerability.

## What BSH-AU will do

Although BSH-AU already has measures in place to help address modern slavery, it understands that more needs to be done. Moving forward, BSH-AU will:

- review the structure of the Group by 31 December 2022;
- conduct modern slavery workshop/s (**Workshop**) for key supply chain personnel by 31 July 2023; and
- develop BSH-AU's due diligence and remediation framework (**Framework**) by 31 December 2023.



# Monitoring the effectiveness of BSH-AU's actions

BSH-AU is committed to ensuring that the changes and actions it implements genuinely contribute to its ability to identify, assess and address risks of modern slavery. To monitor its progress, BSH-AU will:

- Review the structure of the Group
  - identify the key skills and competencies of each Group member;
  - determine if the Group requires members from other business functions;
  - consider the effectiveness of the Group in completing the “What BSH-AU Will Do” measures identified in BSH-AU's 2020 statement;
  - assess the effectiveness of quarterly meetings and identify how these meetings can be improved; and
  - consider the effectiveness of the Group in completing this Statement.
- Establish a detailed plan for a 'fit-for-purpose' Workshop. Identify key topics such as:
  - who must attend;
  - topics to be covered; and
  - whether the Workshop will be conducted by an external organisation.
- Have carried out the Workshop by 31 July 2023.
- Host a feedback session after the Workshop has concluded.
- Create a detailed Framework
  - develop and implement the Framework by 31 December 2023.
- Continue to evaluate the effectiveness of the “What BSH-AU Will Do” measures identified in BSH-AU's 2020 statement.

The below table reviews the “What BSH-AU Will Do” section of BSH-AU's 2020 Modern Slavery Statement. The tables provides an update on the progress of each measure.

Action	Progress
Establish a 'Modern Slavery Working Group' by 30 September 2021	Completed on time
Establish a detailed schedule for supplier assessment to ensure modern slavery due diligence activities occur as planned and on time	Completed on time
Roll-out its Modern Slavery Questionnaire to main suppliers by 31 December 2022	Commenced
Include the BSH Group' Code as Schedule to all applicable template agreements by 31 December 2022	Commenced
Develop and include modern slavery clauses in all applicable template agreements by 31 December 2022	Commenced
Endeavour to develop, implement and utilize a modern slavery risk assessment framework by 31 December 2022	Commenced
Endeavour to develop and implement remediation mechanisms by 31 December 2023	To be progressed
Evaluate cobalt smelters within its supply chain and determine the share of Responsible Mineral Initiative (RMI) certified by 31 December 2024	To be progressed
Endeavor to map all high-risk and indirect suppliers by 31 December 2025	To be progressed
Encourage all relevant suppliers to use only 100% RMI certified cobalt smelters by 31 December 2027	To be progressed

## Additional Information

BSH-AU is establishing modern slavery standards and practices into its operations and supply chain. BSH-AU looks forward to its continuous collaboration with BSH and other stakeholders to address modern slavery risks.

## Appendix

This Statement was prepared to meet the mandatory reporting criteria set out in the Modern Slavery Act 2018 (Cth).

Mandatory Criterion	BSH-AU's Modern Slavery Statement 2021
Identify the reporting entity	Inside front cover
Describe the Structure, operations and supply chain of reporting entity	Pages 6–7
Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities it owns or controls	Pages 8–9
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or control, to assess and address those risks, including due diligence and remediation process	Page 11
Describe how the reporting entity assesses the effectiveness of such actions	Page 11
Describe the process of consultation with: a) any entities that the reporting entity owns or controls; and b) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	N/A
Include any other information that the reporting entity, or the entity giving the statement, may consider relevant	N/A

## Contact

**Post:**

BSH Home Appliances Pty Ltd  
Locked Bag 66  
Clayton South VIC 3169

**Email:**

[BSHAU-Logistics@bshg.com](mailto:BSHAU-Logistics@bshg.com)