

carsales  com ltd

# MODERN SLAVERY STATEMENT

FY20

# A MESSAGE FROM OUR CEO

Welcome to carsales.com Ltd's (**carsales**) inaugural Modern Slavery Statement.

carsales recognises that modern slavery can touch any business in any industry and every business has a duty to each person around the world contributing to its supply chains. carsales strongly supports the *Modern Slavery Act 2018* (Cth) and is committed to playing its part in eradicating unethical practices around the world.

This Statement sets out our progress to-date in addressing the risks of modern slavery in our operations and supply chains. Some of our recent milestones include:

- reviewing our global supply chain to identify high risk suppliers;
- improving our procurement processes to help identify and mitigate risks; and
- increasing awareness of modern slavery across our business by implementing a new training program.

Our company values are fundamental to all our business operations. Part of our values are respecting others and holding ourselves to a high standard, and these are consistent with seeking to abolish modern slavery in all its forms.

Confronting modern slavery is a complex and ongoing process. carsales and its controlled entities are committed to building on the FY20 achievements set out in this report by continuing to work together with suppliers around the world to address these challenges.



A stylized, handwritten signature in black ink, appearing to read 'C. McIntyre'.

**Cameron McIntyre**  
**Managing Director and**  
**Chief Executive Officer**  
carsales.com Limited

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This Modern Slavery Statement (**Statement**) has been prepared by carsales.com Ltd and its controlled entities for the period 1 July 2019 to 30 June 2020 to satisfy the requirements of the *Modern Slavery Act 2018* (Cth) (**the Act**). This Statement complements our [FY20 Environmental, Social and Governance \(ESG\) Report](#) and [FY20 Corporate Governance Report](#).

The statement addresses the requirements of the Act as follows:

Act reference	Requirement	Where you'll find it in our Statement...
s. 16(a)	Identify the reporting entity.	<ul style="list-style-type: none"><li>• Our structure &amp; operations (<a href="#">slides 4-5</a>)</li><li>• Our governance framework (<a href="#">slide 6</a>)</li><li>• Our supply chains (<a href="#">slide 7</a>)</li></ul>
s. 16(b)	Describe the structure, operations and supply chains of the reporting entity.	
s. 16(c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls.	<ul style="list-style-type: none"><li>• Risks posed by our operations &amp; supply chains (<a href="#">slide 8</a>)</li></ul>
s. 16(d)	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	<ul style="list-style-type: none"><li>• Our actions: An enhanced procurement framework (<a href="#">slide 9</a>)</li><li>• Our actions: Supply chain risk assessment (<a href="#">slide 10</a>)</li></ul>
s. 16(e)	Describe how the reporting entity assesses the effectiveness of such actions.	<ul style="list-style-type: none"><li>• Assessing our effectiveness (<a href="#">slide 11</a>)</li></ul>
s. 16(f)	Describe the process of consultation with any entities that the reporting entity owns or controls.	<ul style="list-style-type: none"><li>• Consultation process (<a href="#">slide 12</a>)</li></ul>
s. 16(g)	Include any other information that the reporting entity considers relevant.	<ul style="list-style-type: none"><li>• Other details (<a href="#">slide 13</a>)</li></ul>

# OUR STRUCTURE & OPERATIONS

carsales.com Ltd (ASX: CAR) (ACN 074 444 018) is an Australian publicly listed company with headquarters in Melbourne. carsales operates the largest online automotive, motorcycle and marine classifieds business in Australia. It attracts more Australians interested in buying or selling cars, motorcycles, trucks, caravans and boats than any other classified group of websites.

The carsales network of websites includes carsales.com.au, Australia's number one automotive classified website, motoring.com.au, boatsales.com.au, redbook.com.au, as well as leading caravan, truck and machinery classified websites. carsales brings together consumers, dealers, manufacturers and advertisers to deliver some of the best solutions and experiences in the global automotive classified business.

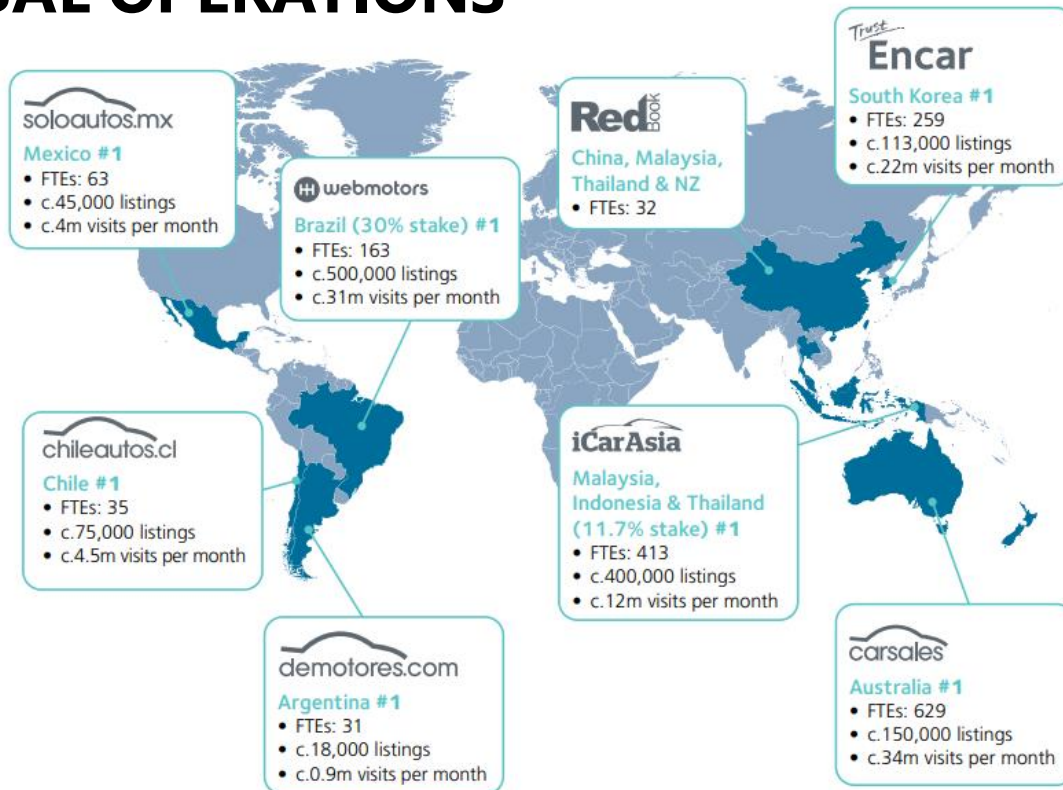
Employing more than 600 people in Australia, carsales develops world leading technology and advertising solutions that drive its businesses around the world. The carsales network has operations across the Asia Pacific region and has interests in leading automotive classified businesses in Brazil, South Korea, Malaysia, Indonesia and Thailand.

For the purposes of the *Modern Slavery Act 2018* (Cth) carsales.com Ltd is the "reporting entity". The entities that are owned or controlled by carsales.com Ltd (**carsales Group**) are:

- Australia: Appraisal Solutions Australia Pty Ltd, AS1 Holdings Pty Ltd, Auto Exchange Holdings Pty Ltd, Automotive Data Services Pty Ltd, Automotive Exchange Pty Ltd, carsales Argentina Pty Ltd, carsales Finance Pty Ltd, carsales Foundation Pty Ltd, carsales Holdings Pty Ltd, carsales Latam Pty Ltd, carsales.com Investments Pty Ltd, CS Motion Development Pty Ltd, CS Motion Holdings Pty Ltd, CS Motion Technologies Pty Ltd, Discount Vehicles Australia Pty Ltd, Equipment Research Group Pty Ltd, Programmatic Holdings Pty Ltd, RedBook Inspect Pty Ltd, Tyresales Pty Ltd and Webpointclassifieds Pty Ltd.
- New Zealand: *Auto Information Limited*
- USA: DeMotores Holding LLC
- Chile: *carsales Chile SpA, Chileautos SpA, DeMotores Chile S.p.A*
- Argentina: DeMotores S.A
- South Korea: *SK Encarsales.com Ltd*
- Malaysia: *Red Book Automotive Services (M) Sdn Bhd*
- China: *Red Book Automotive Data Services (Beijing) Limited*
- Thailand: *Automotive Data Services (Thailand) Company Limited*
- Colombia: DeMotores Colombia S.A.S.
- Mexico: carsales Mexico SAPI De CV, Promotora De Servicios Y Ventas *Especializadas S. de .RL. de C.V., Automotive Online Publishing Solutions*

For more information about carsales' structure and operations, please refer to our [2020 Annual Report](#).

# OUR GLOBAL OPERATIONS



#1 represents market leading positions.

Data presented above are based on management estimates from July 2019 to June 2020.

All businesses 100% owned unless otherwise stated.





# OUR GOVERNANCE FRAMEWORK

Detailed information on our governance framework is set out in our [FY20 Environmental, Social & Governance Report](#). Some important elements relevant to managing the risks of modern slavery include:

- **Global Code of Conduct** – The Code outlines what is expected from all of our employees worldwide, in conformance with the *United Nations Universal Declaration of Human Rights*, *United Nations Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*. In a day-to-day setting, the Code is a reflection of how our people are encouraged to act in all relationships relevant to the carsales Group. The Code helps to ensure carsales maintains a consistently high standard of business ethics and integrity.
- **Global Whistleblower Policy** – carsales is committed to conducting business with honesty and integrity across all its operations globally, and expects all of its employees to maintain high standards guided by carsales' Code of Conduct. However, carsales acknowledges that all organisations face the risk of things going wrong from time to time, and for that reason, carsales has a procedure for people to report such conduct in a protected manner and with an option of anonymity.
- **Human Rights Policy** - We recognise the role businesses have to play in the protection of human rights and the carsales Group is committed to respecting human rights and complying with all laws in the countries in which we operate. Our Human Rights Policy reflects our commitment to the ten principles of the United Nations Global Compact.
- **International training program** - carsales has developed an international training program for global compliance in respect of our global whistleblowing policy, human rights policy and code of conduct. This training is delivered locally in each country to ensure team members understand the applications of these policies in their jurisdiction.

# OUR SUPPLY CHAINS

The supply chain review carried out in FY20 identified over 1000 first tier suppliers across our Australian and international entities. Our suppliers' footprint spans the globe, including into some countries identified as high risk by the [Global Slavery Index 2018](#). The steps we have taken to mitigate these risks are set out later in this Statement.

Our major spending categories include:

- **Technology** – such as software licences, hardware, cloud-based services and digital infrastructure;
- **Marketing** – such as events, sponsorships, advertising and merchandise;
- **Professional services** – such as consulting fees, specialist contractors, administrative support etc; and
- **Facility management** – such as cleaning, catering, capital improvements and utilities.

Procurement for carsales' Australian entities is managed by carsales' Australian-based legal and finance teams working together with the relevant business units. carsales' international entities handle their own procurement arrangements. We are currently exploring methods to increase uniformity in our procurement processes internationally.

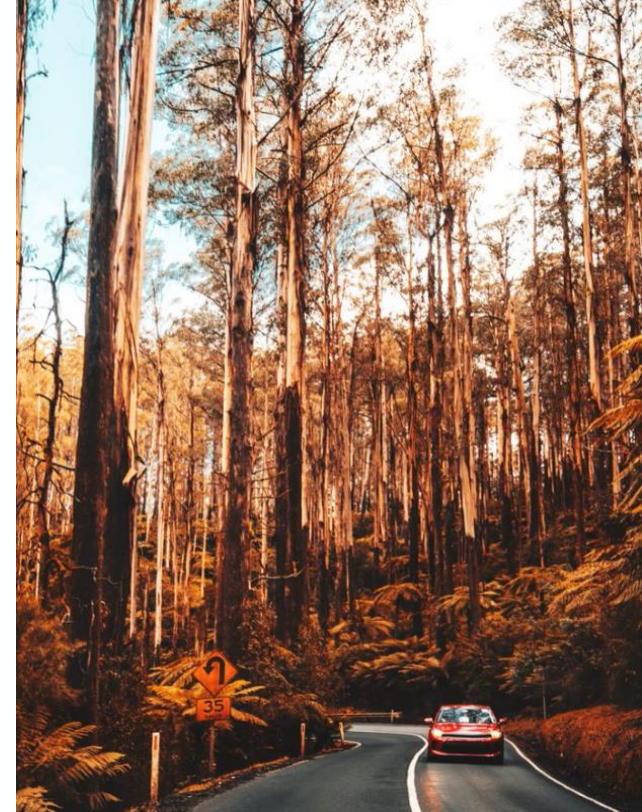




# RISKS POSED BY OUR OPERATIONS & SUPPLY CHAINS

As a predominantly online services business, carsales' modern slavery risk profile is lower than many similar sized businesses in other sectors. Nevertheless, we acknowledge that all businesses are subject to modern slavery risks, and some aspects of our operations and supply chains present heightened risks of modern slavery:

- **Merchandise** – As a leading consumer brand, the carsales Group purchases promotional t-shirts and other apparel from time to time. Apparel and clothing accessories imported into Australia present a high modern slavery risk.<sup>1</sup>
- **Technology** – The carsales Group uses a number of businesses for the supply of computers, mobile devices and other hardware. The supply of imported laptops, computers and mobile phones presents a high modern slavery risk to Australian businesses.<sup>1</sup>
- **Tyres** – Our controlled entity, Tyresales Pty Ltd, operates the online tyre marketplace at tyresales.com.au. Whilst tyresales.com.au operates a drop-shipping model (acting as an intermediary between the tyre manufacturer and consumer), we acknowledge that the supply of tyres is central to this entity's operations and forms part of its supply chain. Rubber-based products such as tyres have been identified as high risk products.<sup>1</sup>
- **Facility operations** – To support the operations of our offices and facilities, we rely on support services including cleaning, hospitality, security, maintenance and construction. These industries have been identified as presenting a higher risk of modern slavery both in Australia and around the world.<sup>2</sup>
- **Offshore professional services** – The carsales Group utilises offshore professional services, including services based in the Philippines. These off-shore professional services enliven a range of modern slavery risk factors, including having a higher geographical risk as well as using temporary or foreign workers.<sup>3</sup>



<sup>1</sup> United States Department of Labor, List of Goods Produced by Child Labor or Forced Labor (2020) [https://www.dol.gov/sites/dolgov/files/ILAB/child\\_labor\\_reports/tda2019/2020\\_TVPR\\_List\\_Online\\_Final.pdf](https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2019/2020_TVPR_List_Online_Final.pdf).

<sup>2</sup> The Minderoo Foundation, Global Slavery Index 2018: Country Studies – Australia, <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>.

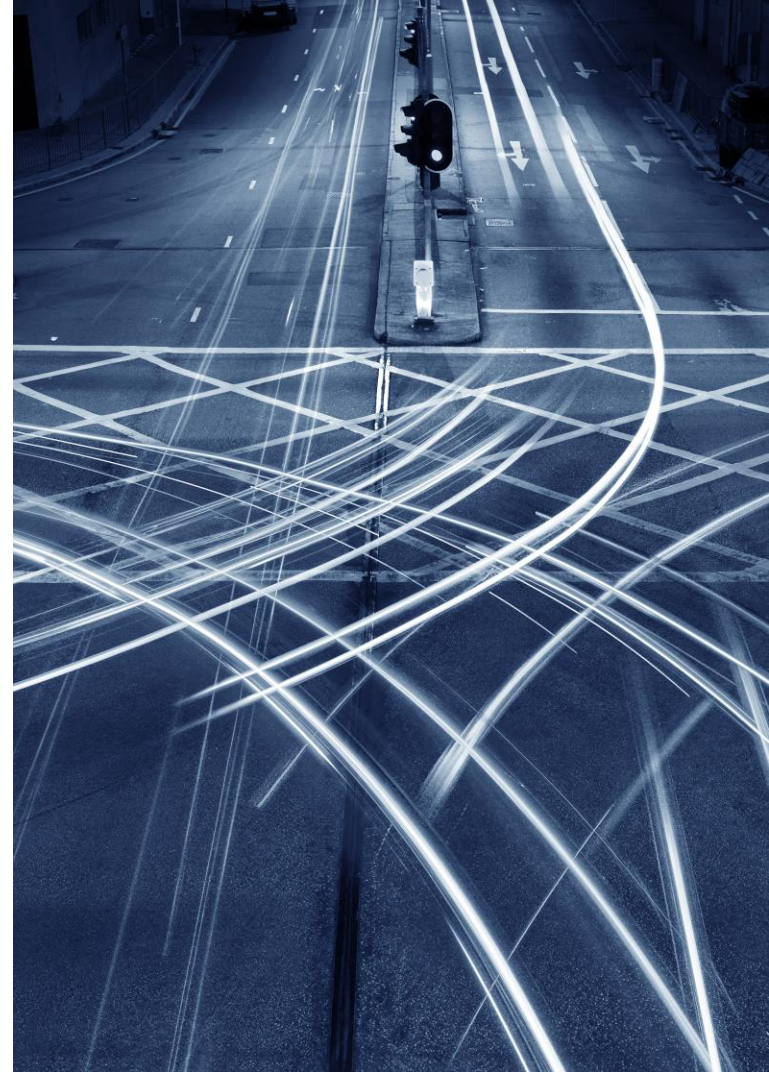
<sup>3</sup> Department of Home Affairs, *Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities*: [https://modernslaveryregister.gov.au/resources/MSA\\_-\\_Official\\_Guidance\\_.pdf](https://modernslaveryregister.gov.au/resources/MSA_-_Official_Guidance_.pdf).



# OUR ACTIONS: AN ENHANCED PROCUREMENT FRAMEWORK

During FY20, in consultation with external experts, we took a number of steps to improve our procurement framework to better address modern slavery risks:

- **Supplier Code of Conduct** - We introduced a new Supplier Code of Conduct, to which all carsales' suppliers are expected to adhere. The Code of Conduct sets out expected standards and behaviours – including respect for human rights and absence of modern slavery in suppliers' own supply chains.
- **Supplier Questionnaires** - As part of carsales' procurement framework, we now request that all new suppliers complete a questionnaire to screen against modern slavery risks. This helps us to identify, and work with suppliers to mitigate, such risks.
- **Modern slavery contractual clauses** – We have introduced standard clauses in supply contracts which require suppliers to keep records to verify the sources of their goods and services, provide carsales with audit access to their records and premises, co-operate with carsales to facilitate modern slavery training and report to carsales any actual or suspected instances of modern slavery.
- **Approach to procurement** – Our assessments of potential suppliers focus on overall value and integrity of offerings rather than being driven solely by price.
- **Training** - Modern slavery awareness training has been rolled out to executive and senior management as well as key procurement personnel. The training covers the concept and history of modern slavery, as well as risk factors and mitigation steps. Relevant staff will be required to complete refresher training every 12 months.
- **Incorporation into risk framework** – We included modern slavery risks into the company's broader risk compliance program.
- **Working group** – We established a modern slavery working group to ensure momentum in this area is maintained.





# OUR ACTIONS: SUPPLY CHAIN RISK ASSESSMENT

During FY20, we consulted with external experts to develop a supply chain risk management methodology. We have completed an initial review of all suppliers to the carsales Group by following the below steps:

- 1. Identification of suppliers:** We identified all ongoing supplier arrangements for FY20. Over 1000 suppliers to our Australian and international entities were identified through this process.
- 2. Categorisation of each supplier by risk.** We assigned each supplier a risk rating based on our internally developed risk assessment matrix. The matrix reflects the risk indicators set out in the *Guidance for Reporting Entities* from the Department of Home Affairs<sup>1</sup> and includes factors such as:
  - **Product/service risk:** Suppliers of susceptible products identified by the *Global Slavery Index 2018* (including garments, electronics and tyres) were deemed to be high risk.
  - **Sector/industry risk:** Suppliers of off-shore professional services, or casual labour services such as cleaning, catering, transport and maintenance were deemed to be high risk.
  - **Geographic risk:** Supplier operating in a country with “regional risk rating” greater than 30 in the *Global Slavery Index 2018* were deemed to be high risk.
- 3. Engagement with high risk suppliers.** We have taken steps to contact all high risk suppliers. High risk suppliers have been provided with information about modern slavery, asked to complete a Supplier Questionnaire and advised of our Supplier Code of Conduct. We will work with suppliers to collaboratively address the risks of modern slavery, and where appropriate, we will terminate our relationship with non-compliant suppliers.

<sup>1</sup> Department of Home Affairs, *Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities*: [https://modernslaveryregister.gov.au/resources/MSA\\_-\\_Official\\_Guidance\\_.pdf](https://modernslaveryregister.gov.au/resources/MSA_-_Official_Guidance_.pdf).

# ASSESSING OUR EFFECTIVENESS

carsales acknowledges that addressing the challenges of modern slavery is an evolving process. In FY21, we will assess our effectiveness by:

- maintaining the Board's oversight of activities undertaken to address modern slavery;
- enhancing the governance role played by our Risk Management Committee, including a mechanism to enable the Committee to consider feedback about the implementation of our modern slavery processes;
- tracking our progress against our established key performance indicators (KPIs) to enable a quantitative assessment:
  - ✓ Training KPI: % of designated personnel that have completed training;
  - ✓ Supplier engagement KPI: % of risk assessments carried out for 'Highest risk' and 'Medium risk' suppliers;
  - ✓ Grievances KPI: Number of issues raised and remediated in accordance with our whistleblowing or other grievance mechanisms (as applicable); and
  - ✓ Remediation KPI: The number of remediation actions taken to resolve modern slavery issues with suppliers;
- continuing to engage external modern slavery experts where appropriate to help assess our modern slavery strategy.





# CONSULTATION PROCESS

## Owned and controlled entities

This Statement was prepared in consultation with all of carsales.com Ltd's controlled entities (identified in slide 4) in Australia and globally. The consultation process involved formal consultation with:

- senior executive management of all controlled entities;
- relevant procurement personnel and senior management with delegated procurement functions; and
- carsales.com Ltd's Board.

In FY21, we will continue to consult with all of our owned and controlled entities to further establish and consolidate our modern slavery risk management arrangements.

## Other entities

In addition to the majority interest held by carsales in the "controlled entities" referenced in this Statement, carsales holds a minority interest in various other entities. Although these entities are outside the scope of this Statement, carsales has:

- contacted each entity alerting them to the requirements of the Act;
- set out its expectations for the entity to comply with the Act, including considering lodging a voluntary Statement in circumstances where the entity is not required to submit a Statement; and
- offered its assistance in relation to working collaboratively on modern slavery training, policies and procedures.

carsales commits to continued consultation with all of its related entities with a view to collectively improving each entity's modern slavery response.





# OTHER DETAILS

## Impact of COVID-19

The COVID-19 pandemic significantly impacted carsales' business operations across the globe. carsales understands that while its own businesses faced challenges through this period, challenges were more acutely felt by vulnerable workers.

carsales' actions in relation to modern slavery risks were temporarily interrupted by the pandemic, particularly while the business was navigating new challenges and ways of working. However, COVID-19 did not materially alter the modern slavery risks impacting carsales, or our actions set out in this Statement to address those risks.

## Our next steps

Our aims for the next reporting period include:

- **Greater in-depth consultation with our owned and controlled entities** – Where practical, we will work with our entities around the world to implement more consistent and transparent approaches to managing modern slavery risks.
- **Continuing to engage with suppliers** – The most significant modern slavery risks that we face are those found in the supply chain of our suppliers. We will continue to work collaboratively with our suppliers to identify and manage these risks.
- **Ongoing training of employees** - We will continue to ensure our executive team, senior management and key procurement personnel receive regular modern slavery risk training.
- **Enhanced digital procurement management** – We will work towards implementing a new digital procurement system to increase visibility and oversight of our supply arrangements.





In accordance with section 13 of the *Modern Slavery Act 2018* (Cth), this Statement was approved by the carsales.com Ltd Board on 25 February 2021.

Handwritten signature of Cameron McIntyre in black ink.

Cameron McIntyre  
**Chief Executive Officer**  
carsales.com Ltd

Handwritten signature of Pat O'Sullivan in black ink.

Pat O'Sullivan  
**Non-Executive Chair**  
Signed for and on behalf of the Board  
of carsales.com Ltd

carsales  com ltd