



BSH Home Appliances Pty Ltd

B/S/H/

Modern Slavery Statement 2020

BSH Home Appliances Pty Ltd

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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**) first 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.

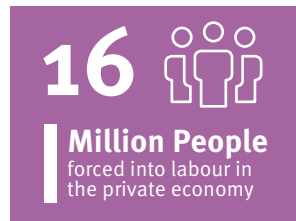
BSH-AU understands that modern slavery presents a risk to all industries and sectors and is an ongoing global issue. 'Modern slavery' describes situations where "coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom".¹ In 2016, it was estimated that 40.3 million people were victims of modern slavery.² Of this, an estimated 16 million people were forced into labour in the private economy.³

In this Statement, BSH-AU has outlined three key risks of modern slavery practices in its operations and supply chain and established measures to help address these risks. Using clear targets, BSH-AU will assess the effectiveness of these measures over time.

BSH-AU acknowledges that given the complexities of its operations and supply chain, modern slavery may subsist via direct and indirect channels. This reporting period, BSH-AU has identified three key risks:

1. procurement of cleaning services;
2. procurement of electronics; and
3. procurement of cobalt.

BSH-AU is committed to identifying modern slavery practices in its operations and supply chain and to helping end modern slavery practices, globally. To help achieve this, BSH-AU will continue assessing its processes and interventions to ensure that it is effective in helping end modern slavery practices. As BSH-AU continues to map its operations and supply chain, it will develop and adopt more targeted and specific measures to help combat modern slavery.



¹ Australian Border Force, 'Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities', Australian Border Force (web PDF), 8 < <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>.

² International Labour Organisation and Walk Free Foundation, 'Global Estimates of Modern Slavery', International Labour Organisation, (web PDF, 2017), 9 < <https://www.ilo.org/global/topics/forced-labour/statistics/lang-en/index.htm>.

³ Ibid 10.

Directors' Message

BSH-AU is committed to helping end modern slavery and ensuring that the rights and freedoms of all people are upheld and respected. At BSH-AU, people are the core of our business. With this, we acknowledge BSH-AU's proud history of looking after and respecting its employees, but recognise that BSH-AU must extend beyond this – to all those involved in its operations and supply chain.

As a leader in home appliances, BSH-AU understands the importance of leading by example. BSH-AU's goal with this Statement is to be open and honest with its findings, identify areas that require attention and determine how to best address them. To achieve this, BSH-AU is employing short, and long-term actions independently and with the assistance of its international parent company and other stakeholders to address modern slavery risks at all levels of its operations and supply chain.

BSH-AU's success in addressing modern slavery risks, will be measured by its ability to identify specific risks in its operations and supply chain, develop appropriate measures to minimise the risks identified and assess the effectiveness of such measures against clear targets.

We fully expect BSH-AU and its business partners to behave responsibly and fairly with respect to human rights.⁴ BSH-AU is committed to identifying and addressing its risks, maintaining accountability and working alongside its international parent company and other stakeholders to address risks of modern slavery.



Christian Eisenbock
Finance Director
BSH Home Appliances Pty Ltd



Philipp Walter
Managing Director
BSH Home Appliances Pty Ltd

This Statement was approved by the Board of BSH Home Appliances Pty Ltd on 27 May 2021.

⁴ Compliance & Commitments (May 2021), BSH Hausgeräte GmbH, <<https://www.bsh-group.com/responsibility/compliance-commitments>>.

Structure, Operations and Supply Chain

Structure

BSH-AU is a private company, established in 2004 and based in Clayton, Victoria. BSH-AU is home to approximately 211 employees. Of this, 188 employees are full-time and 23 are part-time or casual. BSH-AU does not own or control any other entities.

BSH-AU is the Australian subsidiary of BSH Hausgeräte GmbH (**BSH**). BSH was founded in 1967 as a joint venture between Robert Bosch GmbH and Siemens AG. BSH is based in Munich, Germany and is now 100 percent owned by Robert Bosch GmbH.

In its 54 years, BSH has grown from a German exporter into one of the world's leading home appliance manufacturers. BSH produces the entire range of home appliances with 38 factories worldwide and approximately 60,000 employees globally. In 2020, BSH had a turnover of 13.9 billion Euros.



Operations

BSH-AU's primary operations involve the importation and distribution of home appliances throughout Australia 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 complex and geographically diverse. BSH-AU imports and distributes home appliances including ovens, cooktops, rangehoods, dishwashers, fridges, washing machines, vacuum cleaners and coffee machines. BSH-AU has approximately 240 active suppliers and over 500 retailers and agents. BSH-AU considers its relationships with active suppliers and business partners as long-term and stable.

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, Lawyer of Trust and Trust and Tell system.

In 2020, BSH-AU imported over 500,000 home appliances. Over 35% of all imported home appliances were supplied from Germany. The remaining imports were supplied from France, Spain, Turkey, China, Poland or elsewhere.

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 pulleys
- handles
- heat shield
- burner bases
- drain pumps
- glass
- 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 services

approximately

240

active
suppliers

over

500

retailers
and agents

over

500k

home
appliances
imported

over

35%

of all imported
appliances
were supplied
from Germany

Human Rights Milestones

BSH-AU is committed to upholding human rights and ensuring responsible business practices. Over time, BSH-AU and BSH have established systems and procedures to help progress these commitments.

2021

BSH-AU releases its first Statement.

2020

BSH-AU developed a Modern Slavery Supplier Questionnaire for main suppliers. The questionnaire specifically targets modern slavery topics and will collect data for future modern slavery reports.

2019

BSH-AU adopted BSH's CASA (Customer and Supplier Approval) System (**CASA System**). The CASA System undertakes a risk-based assessment, which evaluates the integrity of Potential Business Partners (**PBP**). PBPs are required to address questions relating to criminal or other charges concerning a range of topics including human rights violations.

2017

2015 - 2017 – BSH implemented the BSH IMPACT Tool globally. The BSH IMPACT Tool helps managers allocate targeted, risk-based compliance training programs to relevant BSH employees. Once compliance training is allocated, employees undertake their training via the BSH Academy.

2015

BSH announced the Groups' [Lawyer of Trust](#). BSH Group employees, customers, contractors and other interested parties can anonymously report potential compliance violations free of discrimination or retaliation to an independent external lawyer. BSH-AU employees, customers, contractors and other interested parties can use the Lawyer of Trust service.

BSH unveiled the Groups' [Trust and Tell](#) system. The Trust and Tell system is a whistleblower tool, which enables all BSH employees to report potential compliance violations confidentially and anonymously. BSH-AU employees are encouraged to use this system.

2006

BSH introduced the [Business Conduct Guidelines \(Guidelines\)](#). These Guidelines regulate responsible dealings with customers and business partners and provide guidance on issues regarding competition law, anti-corruption law and conflicts of interest. BSH-AU has adopted the Guidelines.

BSH released the [Suppliers' Code of Conduct \(Code\)](#). The Code sets out binding rules for responsible business conduct for all BSH suppliers worldwide. The Code covers internal and external dealings with customers, suppliers and business partners. Specific human rights matters such as forced labour and child labour are addressed in the Code.

2004

BSH joined the [UN Global Compact](#). The UN Global Compact is a corporate sustainability initiative encouraging businesses to adopt sustainable and socially responsible policies and to support the UN's Sustainable Development Goals.

Assessing the Risks of Modern Slavery Practices

BSH-AU understands that 'risks 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.

Building upon BSH-AU's commitment to corporate social responsibility, Code and Guidelines (as described above in 'Human Rights Milestones') this Statement and those following, will allow BSH-AU to develop and progress mechanisms to help it identify, address and assess the risks of modern slavery in its operations and supply chain.

Whilst BSH and BSH-AU build a comprehensive list of BSH-AU's supply chain to identify modern slavery risks, 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', the Walk Free Foundation's 'Global Slavery Index 2018' and Australian Council of Superannuation Investors 'Modern Slavery Risks, Rights & Responsibilities Report 2019'.

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

- industry / sector risks: some industries, such as manufacturing, electronics and cleaning, may have high modern slavery risks due to the particular products and processes within the industries;
- service risk: services including cleaning, security and IT services may have a higher risk of modern slavery particularly where these services are procured through third-party labour arrangements, where there is no direct oversight, and which may be provided by base skill or migrant workers who are at risk of exploitation;
- product risks: certain products, including electronics, IT equipment and apparel, may have high modern slavery risks because of the way they are produced, including in relation to the raw materials procurement and the working conditions of people who produce these products; and
- geographic risks: procurement of goods and services from outside of Australia in countries considered high-risk geographies due to poor governance, conflict and poverty. For example, the Asia Pacific region may present a potential for high risks of modern slavery.

This reporting period, BSH-AU has focused on risks that involve high-risk products or services and high-risk sectors or industries.

BSH-AU has identified three key risks:

1. procurement of cleaning services;
2. procurement of electronics; and
3. procurement of cobalt.

Procurement of Cleaning Services

There is a risk that BSH-AU may contribute or be linked to modern slavery via sub-contracted cleaning services across offices and warehouses.

Australia's cleaning industry is considered at 'high-risk' of modern slavery due to the fragmented nature of the industry, tight profit margins and sub-contracting of services, which are often associated with indirect employment and worker exploitation. In 2011, the Fair Work Ombudsman conducted an audit of 366 cleaning companies and identified a non-compliance rate of 37%.⁵

On the basis that BSH-AU has limited oversight over the working conditions of the third-party providers of its cleaning services, there may be a medium to high potential for modern slavery risks in its operations and supply chain.

Procurement of Electronics

There is a risk that BSH-AU may contribute or be linked to modern slavery through its use and purchasing of electronics. Electronics include, but are not limited to laptops, computers, mobile phones, keyboards and headsets.

Globally, the electronics industry is considered to be at 'high-risk' of modern slavery. In 2018, the Global Slavery Index recognised electronics as a top-5 imported product at risk of modern slavery in Australia.⁶ In Australia, it is estimated that 73% of electronics imports come from China and Malaysia, both of which have faced accusations of worker exploitation in their electronics manufacturing industries.⁷

On the basis that electronics are often manufactured in high-risk areas and that BSH-AU has little oversight of where local electronics suppliers import electronics from, there may be a high potential for modern slavery risks in BSH-AU's operations and supply chain.

Procurement of Cobalt

There is a risk that BSH-AU may contribute or be linked to modern slavery through the use of cobalt in home appliances.

Cobalt is essential to the functioning of electronics. Commonly, cobalt is found in rechargeable batteries, integrated circuits and semiconductors. Unlike other materials such as gold, tin and coltan, cobalt is not covered under existing conflict mineral regulations and the industry remains largely unregulated.⁸ Cobalt involves long, complex and opaque supply chains which begin at the mining stage and then transfer downstream through traders, subcontractors, smelters and importers.⁹

On the basis that BSH-AU has no, to little oversight over how cobalt is procured and the working conditions of the persons who mine and refine cobalt, there may be a high potential for modern slavery risks in its operations and supply chain.

5 Fair Work Ombudsman, 'National Cleaning Services Compliance Campaign 2014/15', Fair Work Ombudsman, 5 <<https://www.fairwork.gov.au/ArticleDocuments/714/national-cleaning-compliance-report-final.pdf.aspx>>.

6 Walk Free Foundation, Findings - Australia, (webpage, 2018) <<https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>>.

7 Ibid.

8 Abigail McGregor, 'Renewable energy, rechargeable batteries and cobalt: clean, renewable, but what about modern slavery?', Norton Rose Fulbright (webpage, 18 September 2018) <<https://www.nortonrosefulbright.com/en/knowledge/publications/d8612a94/renewable-energy-rechargeable-batteries-and-cobalt-clean-renewable-but-what-about-modern-slavery>>.

9 Ibid.

Addressing Risks of Modern Slavery

BSH-AU recognises the impact modern slavery has on individuals, families, business and the broader community. 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

In BSH's existing governance framework, there are a number of policies and tools BSH-AU has adopted, which assist it in identifying and addressing modern slavery risks in its operations and supply chain, including:

- in 2019, BSH-AU implemented the CASA System. The CASA System is a risk-based assessment tool used to evaluate the integrity of PBPs. As part of the CASA System, PBPs complete a questionnaire. The questionnaire requires the PBP to note any criminal or other charges concerning a range of topics including corruption, money laundering and human rights violations. Using the information provided, BSH-AU determines whether the PBP should be engaged.
- in 2006, BSH-AU adopted BSH's Code ([Supplier Code of Conduct](#)). Specific to modern slavery, the Code focuses on laws and regulations, corruption and bribery, human rights, forced labour, child labour, harassment, compensation and hours of work. The Code is publicly available on the BSH [webpage](#).

Other tools BSH-AU utilises include, the Lawyer of Trust, the Trust and Tell system and mandatory compliance training.

In 2020, BSH-AU developed a Modern Slavery Supplier Questionnaire for main suppliers. The questionnaire was specifically developed to assist with modern slavery reporting and covers a broad range of topics such as the countries in which a main suppliers' direct and in-direct business partners operate and whether the main supplier has a Supplier Code of Conduct, which addresses modern slavery and other unethical business operations.

The BSH Groups' Lawyer of Trust service allows BSH-AU employees, customers, contractors and other interested parties to anonymously report compliance matters free of discrimination or retaliation to an independent lawyer. Reported matters may include, unethical business conduct, violations of law and accounting, auditing or other financial reporting irregularities. Currently, details of the Lawyer of Trust are included in many of BSH-AU's template agreements and are available [online](#).

BSH-AU utilises the BSH Groups' Trust and Tell system. This system was created specifically for BSH employees. Employees can confidentially and anonymously use this system to report and monitor compliance concerns via an internal hotline, to their manager, or, to their local Compliance Officer. Any compliance concerns relating to Australian law and regulations, Group and entity policies, Group regulations and Guidelines can be reported via this system.

BSH-AU managers allocate mandatory compliance training to relevant employees via the BSH IMPACT Tool. Employees undertake their allocated compliance training via the BSH Academy. Compliance training encourages open communication between managers and their teams and focuses on relevant compliance topics to improve employees' understanding of such topics. Currently, BSH-AU's compliance topics include anti-corruption, anti-money laundering, competition law, Business Conduct Guidelines and data protection. Generally, this role-specific training is assigned to relevant employees every two years.

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:

- establish a 'Modern Slavery Working Group' by 30 September 2021;
- establish a detailed schedule for supplier assessment to ensure modern slavery due diligence activities occur as planned and on time;
- roll-out its Modern Slavery Questionnaire to main suppliers by 31 December 2022;
- include the BSH Groups' Code as a Schedule to all applicable template agreements by 31 December 2022;
- develop and include modern slavery clauses in all applicable template agreements by 31 December 2022;
- endeavour to develop, implement and utilise a modern slavery risk assessment framework by 31 December 2023;
- endeavour to develop and implement remediation mechanisms by 31 December 2023;
- evaluate cobalt smelters within its supply chain and determine the share of Responsible Mineral Initiative (**RMI**) certified smelters by 31 December 2024;
- endeavour to map all high-risk direct and in-direct suppliers by 31 December 2025; and
- encourage all relevant suppliers to use only 100% RMI certified cobalt smelters by 31 December 2027.

Monitoring the effectiveness of BSH-AU's actions

BSH-AU's focus for this reporting period has been to identify specific risks in its operations and supply chain, develop appropriate measures to minimise these risks and others, and set clear targets to monitor the effectiveness of such measures.

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:

- measure the Modern Slavery Working Groups' progress in establishing a schedule for supplier assessment and its effectiveness in meeting the schedule's deadlines;
- monitor modern slavery due diligence activities against the allocated timeframes provided in the schedule for supplier assessment;
- assess the total number of template agreements that require the Code to be included as a Schedule and compare this to the total number of template agreements that have been amended to include the Code;
- monitor the number of new (signed) supplier agreements with the Code included as a Schedule;
- assess the number of main suppliers who have received the Modern Slavery Questionnaire against response rate;
- measure the total number of template agreements that require modern slavery clauses against the total number of template agreements that have been amended to include modern slavery clauses;
- determine the total number of cobalt smelters used (RMI certified and uncertified) by BSH suppliers against the total number of RMI certified cobalt smelters used by BSH suppliers; and
- determine the number of suppliers encouraged to use only RMI certified cobalt smelters against the total number of suppliers which transition into using only RMI certified cobalt smelters.

Additional Information

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

Contact Details

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Appendix

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

The following table identifies where each of the mandatory criterion for modern slavery statements is addressed in the Statement.

Mandatory Criterion	BSH-AU's Modern Slavery Statement 2020
Identify the reporting entity	Inside front cover
Describe the structure, operations and supply chain of the 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 9 - 10
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	Pages 11 - 12
Describe how the reporting entity assesses the effectiveness of such actions	Page 13
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