

Modern Slavery Statement

Reporting Year Ending 31 December 2020

1. Introduction

Würth Australia Pty Ltd (ABN 480 024 870 96) ("Würth Australia") is committed to the practice of good corporate governance and adhering to the highest ethical standards to address the risks of modern slavery in our operation and supply chain.

We will **not tolerate** any form of coercion, deception, threat, or worker exploitation that undermines the individual and collective freedom of the workforce within our business and supply chain.

This first modern slavery statement for Würth Australia is prepared in accordance with section 13 of the Modern Slavery Act 2018 (Cth) (The Act) for the financial year ended 31 December 2020. It outlines our approach for minimising the risk of Modern Slavery in our business operations and supply chain.

2. Our Structure, Operations and Supply Chain

Würth Australia is a wholly owned subsidiary of the Würth Group (Germany), formed in New South Wales in 1982, and is part of the Würth Line of companies, operating within the Craft business unit.

The immediate parent entity of Würth Australia is Würth International AG, is domiciled in Switzerland, while the parent entity, Adolf Würth GmbH & Co. KG (AWKG) is based in Künzelsau, Germany.

The Würth Group is a wholesaler of fastening and assembly materials operating worldwide and employing over 79,000 people, with approximately 33,000 of these being permanently employed sales representatives. The Group has more than 400 companies and operates in over 80 countries.

Würth Australia's principal activities are the importation and distribution of hardware, tools, chemicals and storage systems for the automotive aftermarket, metal trade, construction and mining industries.

Würth Australia has over 600 employees across all Australian States and Territories. It has its main office in Dandenong Victoria and three distributions centres (Dandenong, Victoria; Ormeau, Queensland; Balcatta, Western Australia). It employs over 460 sales executives servicing the Australian market and just over 170 employees in its operations and corporate divisions. Würth Australia divisions include:

- Distribution (auto, cargo, mining)
- Distribution (metal)
- Distribution (construction and wood)
- Operations
- Finance
- Marketing
- Human Resources
- Integrated Management Systems
- Technology
- Sales, Controlling, Pricing and Customer Management.

Our supply chain comprises:

Sourcing product for sale from suppliers within and outside Australia

In accordance with Würth Group strategy, Würth Australia is required to source at least 80%-90% of its product from Würth Group owned entities (which will often source the product from accredited suppliers). The Würth Group entities that Würth Australia primarily sources from include Germany, China, and Singapore; with small volumes purchased from Malaysia, Japan and the USA.

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The remaining 10% - 20% of product is procured directly by Würth Australia from third party domestic and a small number of international suppliers, however these suppliers must also be approved by the Würth Group Procurement Function.

Global and domestic transport and logistics services (road, air and sea freight)

Würth Australia sources all international freight forwarding and supply chain services for import of product to Australia through Würth Logistics Asia Pacific (WLAP), a wholly owned Würth Group company. WLAP procures these global transport services using Würth Group approved supply agreements.

Würth Australia also directly sources local transport services in Australia to transport product from Australian suppliers and also to distribute product to its customers which are predominantly in Australia.

Warehouse operations and administrative services

Würth Australia leases 3 warehouse in Australia to receive, store, package and distribute product orders to our customers. Our workforce includes permanent and casual employees. We also procure a range of other warehouse and administrative services to support our operations in Australia, some of which are provided by Würth Group owned entities or Würth Group approved suppliers (eg I.T.).

3. Assessing the modern slavery risk in our operations and supply chain

As our operations are dependent on the importing and distributing of hardware, tools, chemicals and storage systems, there is a risk of Würth Australia being exposed to modern slavery either directly in its own operations or indirectly through the trade and non-trade suppliers and their supply chains which support it.

We have conducted a high level risk assessment which has considered geography, sector and product/service type and we consider Modern Slavery risks could arise from:

- **Product supply chains** - We consider this segment of the supply chain has the highest inherent risk of modern slavery, as it includes some countries which may have a vulnerability to modern slavery behaviour.

However this risk is partly mitigated as approximately 80% of Würth Australia product is sourced from Würth Group owned entities; mainly Europe (Germany), Asia (China, Singapore) and the USA. These entities are subject to Würth Group policies, compliance and governance frameworks.

The remaining product volume (approximately 20%) sourced by Würth Australia directly from Australian third party suppliers is also subject to Würth Group approval prior to becoming an Authorised Supplier.

- **Global and domestic transport and logistics services** - We consider this segment of the supply chain has a moderate risk of modern slavery due the varying size and scale of transport operators and countries they operate in.

The largest transport spend for Würth Australia is on importing product to Australia, which is facilitated by the Würth Group using approved supplier agreements with global transport providers.

Domestic transport providers directly engaged by Würth Australia include large and medium sized suppliers, some of which will have existing Modern Slavery compliance and reporting obligations.

- **Warehouse and Administrative Operations in Australia** - We consider the risk of modern slavery in our warehouse operations, and administration functions is relatively low, as they are subject to Würth Australia policies, procedures and governance frameworks and the Australian regulatory environment.

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Würth Australia also receives administrative and support services, such as I.T., from Würth Group owned entities based in Asia. These entities are subject to Würth Group policies, compliance and governance frameworks.

4. Controls to address the risks of modern slavery in our supply chain

To minimise the risk of modern slavery in our supply chain, the Würth Group and Würth Australia have formal policies, procedures and governance structures to promote and enforce ethical and legally compliant business conduct and behaviour. They reflect Würth values, standards, expectations, and commitment to compliance by our own employees, suppliers and customers.

The following Würth Group policies apply to and are enforced by Würth Australia:

- **Group Code of Compliance** applies to all employees globally and stipulates minimum standards in relation to conduct and behaviour, and includes adherence to human rights obligations and the prohibition of any form of forced or child labour, intimidation, harassment or unsafe work conditions.
- **'Speak Up' Hotline and Compliance Reporting System** is available to all Würth employees, suppliers and customers globally to report suspected misconduct, and breaches of laws and regulations. Standard incident reporting, investigation and resolution protocols exist to ensure any breaches of Code of Compliance and laws, including modern slavery practices are addressed and remediated.
- **Supplier Code of Conduct.** Würth Australia has zero tolerance for all forms of modern slavery, and this is communicated to all suppliers. Moving forward, suppliers who sign a Würth Australia Supplier Agreement must agree to implement and comply with the Würth Supplier Code of Conduct, which has been recently developed and is based on the Universal Declaration of Human Rights and the principles laid down in internationally accepted standards of responsible governance. These include the UN Global Compact, the fundamental principles at work of the International Labour Organisation (ILO), and the Rio Declaration on Environment and Development.

Würth Australia also has the following policies and procedures which further support our values, standards, expectations, and commitment to ethical compliance:

- Employee Code of Conduct
- Whistleblower Policy
- Recruitment Policy
- Work Health and Safety Policy
- Workplace Dispute Resolution Procedure
- Anti-Discrimination and Equal Opportunity Policy & Complaints Procedure

The following initiatives support the requirements of the policies and aim to inform, guide, and support the workforce and suppliers in protecting human rights, workplace and other ethical standards.

Supplier Approval and Assurance Program

Global third party suppliers

Würth Group is responsible for due diligence in sourcing and selection of global suppliers that also service Würth Australia. Due diligence includes assessing product and service quality, quality assurance, regulatory and ethical compliance and ensuring purchasing terms are fair and equitable.

Würth Group supplier agreements include mandatory compliance with the Würth Supplier Code of Conduct and specifically requires adherence to Universal Declarations of Human Rights and Convention of Rights of the Child. Agreements specifically

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prohibit child labour and forced, involuntary and slave labour; and stipulate compliance with minimum workplace conditions and wages.

Wurth Group performs supplier audits which assess compliance with the Supplier Code of Conduct, and examine the quality of products and services, as well as compliance with work place safety, human rights obligations and modern slavery obligations such as prevention of child and forced labour.

Domestic third party suppliers (product and non trade, including transport services)

The Wurth Australia Supplier Selection, Agreement and Performance Policies govern the sourcing, engagement and performance monitoring of domestic suppliers engaged by Wurth Australia, who also must comply with the Supplier Code of Conduct.

The Australian Procurement team is responsible for due diligence and approving all local trade and non trade suppliers. This includes ensuring terms and conditions, service levels and compliance obligations are satisfied. We are expanding the supplier approval process to ensure modern slavery risk factors are formally assessed, service levels are reasonable, and modern slavery obligations are included in agreements.

Any product purchased by Wurth Australia from third party Australian suppliers must also be approved by Wurth Group to ensure consistent and high quality standards and compliance.

Annual supplier performance and rating reviews of Wurth Australia domestic suppliers are performed which also assess legal and compliance obligations. These reviews will be expanded to include modern slavery compliance and audits occur where required.

Wurth Group Owned Suppliers

Wurth Group is responsible for compliance by its Group owned operations in Europe, Asia and the USA which also provide product and services to Wurth Australia.

Wurth Group conducts periodic audits of its Group operations to assess compliance with Group policies, procedures and quality standards, as well as regulatory and human rights obligations.

Employee Assistance Program

The Wurth Australia Employee Assistance Program (EAP) provides all employees and eligible immediate family members with a range of services and support. It is a confidential and 24-hour service, with support available for personal and work-related issues including performance, dealing with grief and stress management.

Human Resources Support

The Wurth Australia Human Capital (HC) team is the first point of contact for all general HR queries and support. The team regularly support and advise managers on a range of employee development, performance management, employee grievance, employee relations and safety and wellbeing matters.

All recruitment and new offers of employment and terms and conditions must be approved by the Human Capital Team and Executive Management, which ensures adherence to employment laws, practices, conditions, and industrial awards.

Quality Management System

Wurth Australia operates an ISO 9001 integrated quality management system, which is also ISO 45001 and ISO 14001 compliant. Our compliance and safety team conducts periodic audits of our Australian operations to assess compliance with all elements of legal, workplace and ethical standards. All audit reports are reviewed and corrective actions implemented with oversight by the Wurth Australia CEO and Executive team.

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Modern Slavery Risk Management and Improvement Plan

Being our first Modern Slavery Statement, we have completed an initial assessment of modern slavery risk and developed an action plan for continuous improvement as a step towards deepening our level of understanding of risks pertaining to Modern Slavery.

We have commenced the following initiatives which will be completed during the current period.

- Modern slavery risk assessment of major trade and non-trade suppliers engaged by Würth Australia. Any suppliers assessed as a high risk of modern slavery will be subject to ongoing monitoring and audits where appropriate.
- Review of all contracts and agreements issued by Würth Australia with existing Würth Australia suppliers, to ensure inclusion of modern slavery compliance obligations and annual declarations where appropriate.
- Update the new supplier engagement process to include a modern slavery risk assessment, and ensuring modern slavery compliance obligations are documented and communicated.
- Modern slavery training will be included in our mandatory staff and contractor training modules, including inductions for all new employees.
- Reviewing our quality audit and compliance programs for our Würth Australia operations, to include additional modern slavery assessments where appropriate.
- Formalising our modern slavery monitoring program which considers modern slavery trends across geographies and sectors external to Würth Australia to promote and share learnings.

As Würth Australia sources a significant proportion of its product and other services from Würth Group owned operations or Würth Group appointed suppliers, we are also developing an annual attestation process with Würth Group. This will request confirmation of selected Würth Group specific controls and compliance practices. We view this as a continuous improvement program which will develop further over the next reporting period.

Managing COVID- 19 Impacts

Throughout 2020 the Würth Australia Executive and management teams have had significant focus on the health, safety and wellbeing of its entire workforce and business continuity during the impact period of the COVID-19 pandemic. The implementation of the Würth Australia COVID-19 management plan which includes robust safety and hygiene measures, infection control risk assessments, and increased contact tracing, has been a significant undertaking from the entire business. There has been minimal disruption to Würth Australia's ability to manage modern slavery risk in the period of the COVID-19 pandemic, however, as our operations and the broader community move towards operating in a 'COVID normal' state, Würth Australia is well positioned to expand our review and improvements in managing the risk of Modern Slavery.

5. Assessing the effectiveness of our actions

Würth Australia is committed to active management of our potential modern slavery risk and monitoring the effectiveness of our risk management and compliance process surrounding modern slavery risk.

Würth Australia internal controls and risk management systems are currently under review and we plan to expand the scope to include the risk profile and management of our supply chain partners as it relates to Modern Slavery risk and to have oversight of the effectiveness of Modern Slavery.

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To assess the effectiveness of the measures taken by Würth Australia, we have prepared a Modern Slavery Risk Monitoring Program which will be implemented during the current period. This includes for each modern slavery risk and key control, a KPI control target and review frequency for reporting to the Würth Australia Executive Team. The main control areas that will be subject to review and monitoring include:

- Update of modern slavery risk assessment;
- Supplier contracts and terms and conditions compliance;
- Supplier risk assessment and monitoring;
- Employee training completion;
- Global incident monitoring;
- Würth Australia audit and compliance program;
- Completion of Würth Group attestation.

This Statement was approved by Würth Australia Pty Ltd on 21 June 2021.



Managing Director & Chief Executive Officer
21 June 2021



Company Secretary
21 June 2021