



Peter Warren
Automotive
Holdings

MODERN SLAVERY ACT STATEMENT 2022

Joint Statement
Peter Warren Automotive Holdings Limited

This Joint Modern Slavery Statement, is made pursuant to the Modern Slavery Act 2018 (Cth), and sets out the actions taken by:

- Peter Warren Automotive Holdings Limited
- PWA Holdings Two Pty Ltd
- PWA Holdings Three Pty Ltd
- Frizelle Investments Pty Ltd
- James Frizelle’s Automotive Group Pty Ltd
- Peter Warren Automotive Pty Ltd
- WP Automotive Pty Ltd
- North Shore Automotive Pty Ltd
- Penfold Motors Burwood Pty Ltd

(together, “Reporting Entities”, “Peter Warren”, “us”, “we” or “our”) to assess and address modern slavery risks in our operations and supply chain and in our owned or controlled entities for the financial year ended 30 June 2022 (“Reporting Period”).

We remain committed to ethical business practices and to respecting human rights across our operations and our supply chain. As a collective Motor Vehicle Dealership Group employing approximately 2000 staff, we have an important role in fostering ethical business conduct, that help to address modern slavery risks and protect human rights.

Our corporate values are G.I.F.T as set out below, which aligns well with the commitments espoused in this Statement.



All businesses, irrespective of size or sector, have an obligation to prevent and address the risk they are connected to adverse human rights impacts. The significance of this has become heightened in light of the ILO’s revised Global Estimates¹, which has found that there are 50 million people in situations of modern slavery on any given day. This is a marked increase in the prevalence of modern slavery.

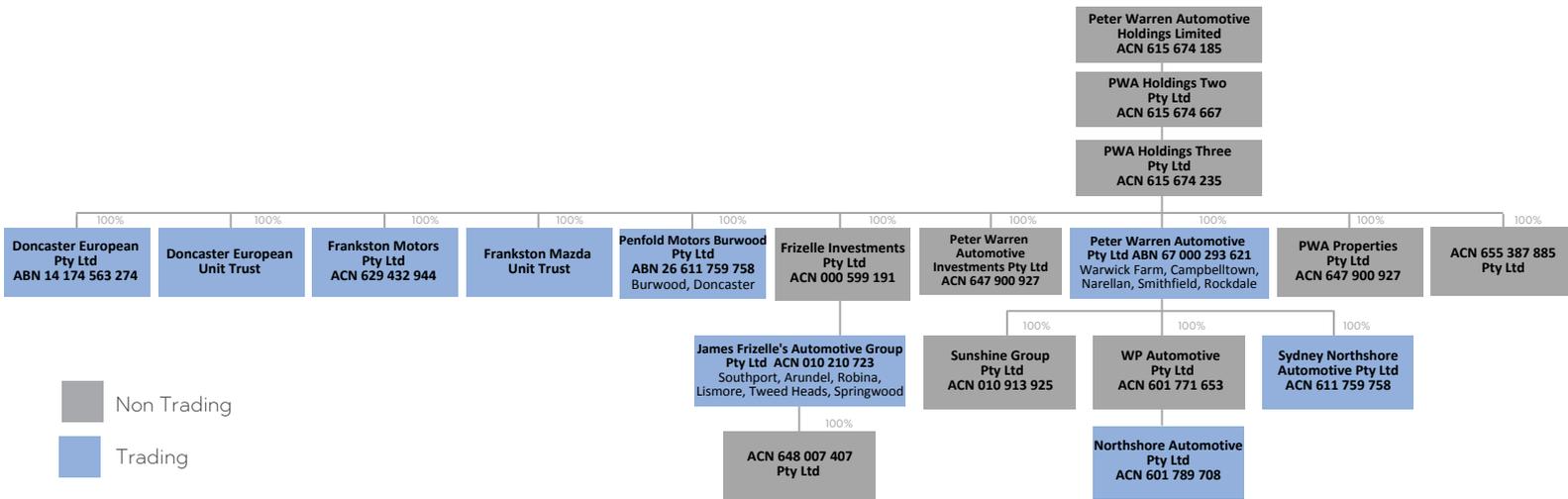
We have developed our approach to managing the human rights impacts of our business in line with the second pillar of the United Nations Guiding Principles (“UNGPs”): the responsibility of business to respect human rights. We recognise the importance of ongoing risk management processes by:

- assessing actual and potential human rights impacts
- integrating and acting on the findings

¹ ILO Global Estimates of Modern Slavery September 2022 <https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>

The entities within our corporate structure that satisfied the consolidated revenue threshold in 2022 are shaded in yellow in the diagram below:²

Figure 2.1: Corporate Structure



Peter Warren Automotive Holdings Limited, PWA Holdings Two Pty Ltd and PWA Holdings Three Pty Ltd are holding companies that hold the shares in the trading entities and do not trade in their own rights.

Peter Warren Automotive Pty Ltd (ABN 67 000 293 621 MD5411), is a private Company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in South West Sydney, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

James Frizelle's Automotive Group Pty Ltd (ABN 47 010 210 723 MD1005697) is a private company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in South East Queensland and Northern New South Wales, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

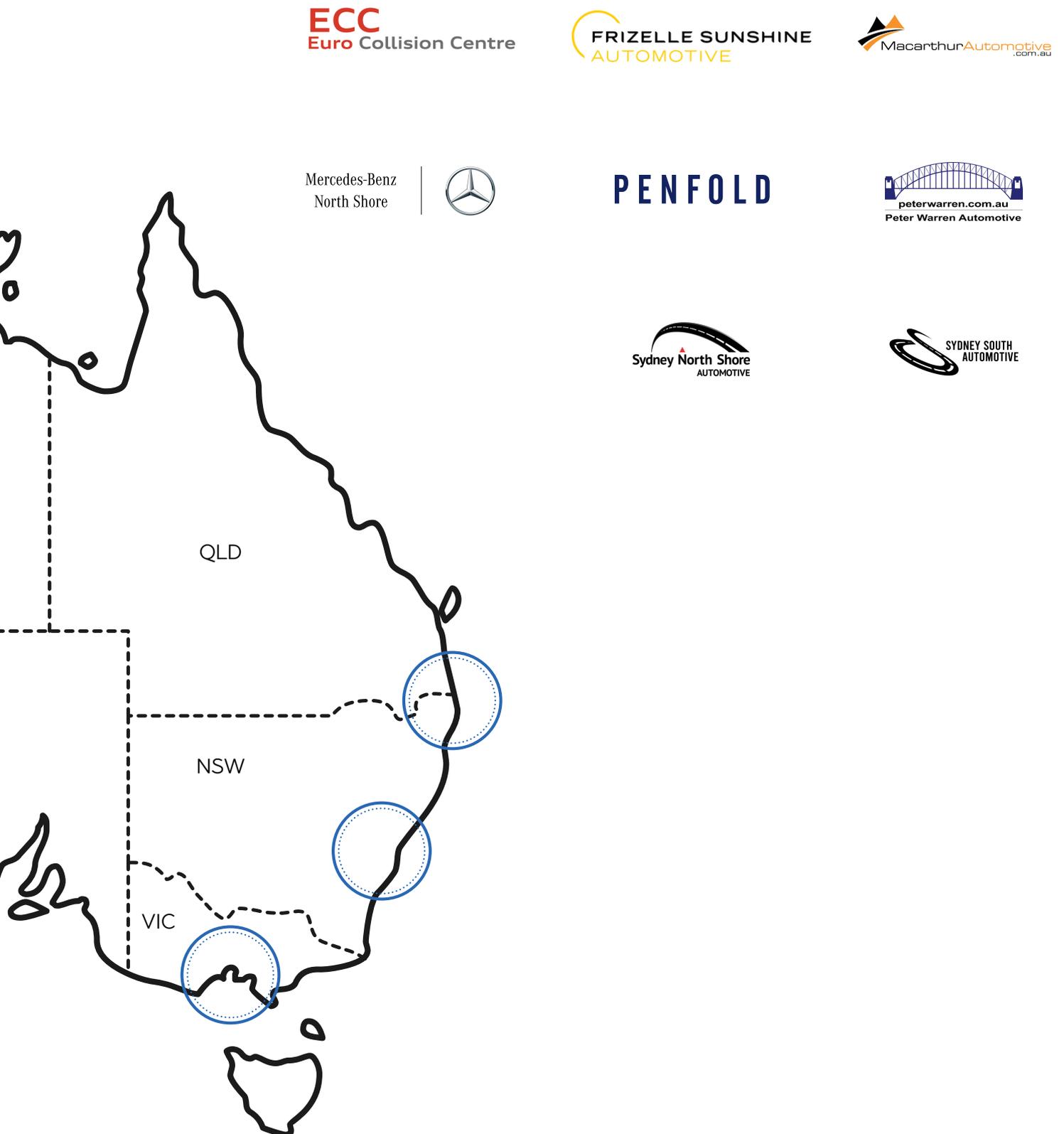
North Shore Automotive Pty Ltd (ABN 83 601 789 708 MD053820) is a private company registered in Australia, wholly owned by Peter Warren Automotive Holdings Limited (ABN 57 615 674 185). We are based in Sydney's North Shore, with our head office located at 13 Hume Highway, Warwick Farm NSW 2170.

In December 2021, Peter Warren Automotive Holdings Limited acquired Penfold Motor Group. The acquisition expands our footprint to Victoria, providing Peter Warren with immediate scale in the second-biggest market in the country. Penfold Motors Burwood Pty Ltd hold majority interests in Burwood Mazda Pty Ltd and Bayside Mazda Pty Ltd.

² On 27 April 2021, Peter Warren Automotive Holdings Limited listed on the Australian Stock Exchange as a publicly listed company.

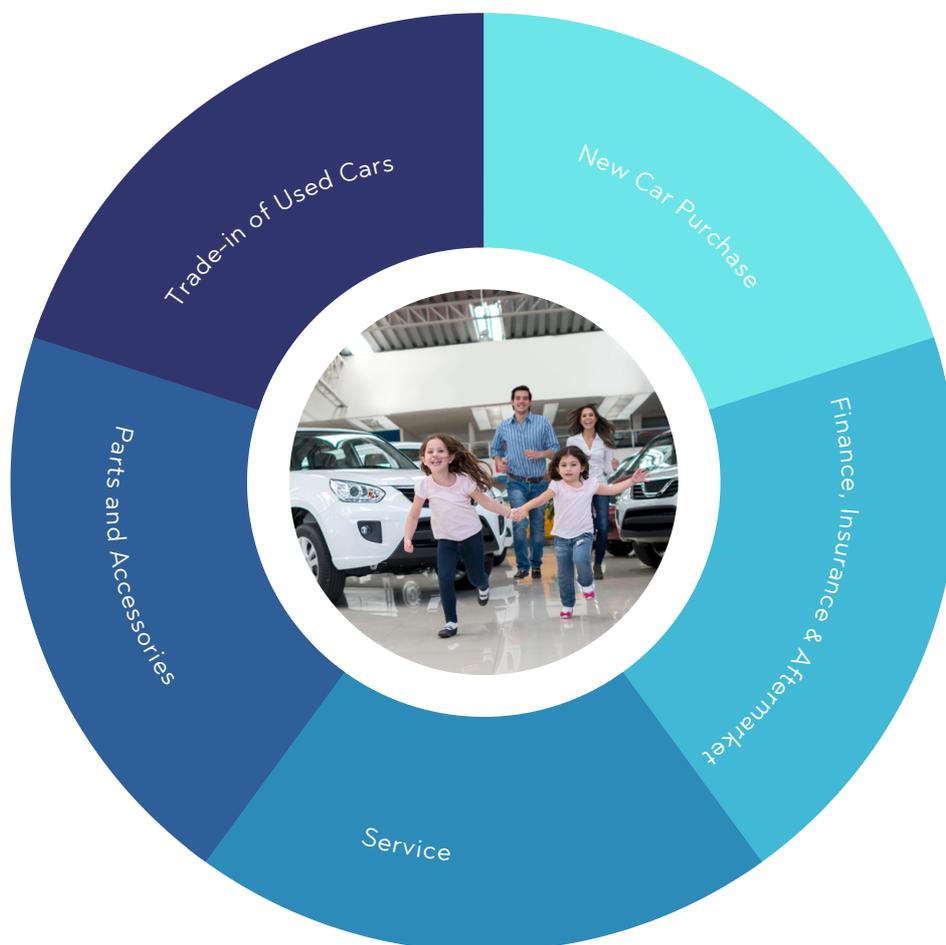
Peter Warren trades under 7 banners across the Eastern Seaboard, consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group and Euro Collision Centre.

Figure 2.2: Trading Banners



Our primary operations are the running of automotive dealerships. We operate integrated New and Used Vehicle retailing businesses providing a full range of Sales and Support including, Aftermarket products, Parts and Accessories, Service and Finance and Insurance, to retail and wholesale customers. We have an extensive list of long-term customers who have purchased multiple vehicles from us over a long period of time. Our property activities include the ownership of our Warwick Farm and Southport properties, which are key strategic assets. We also build and renovate dealerships as part of our operations.

Figure 2.3: Our Customer Life Cycle can be represented as:



We represent Original Equipment Manufacturers (OEM) brands across the Volume, Prestige and Luxury Segments as shown in figure 2.4

Figure 2.4: OEM Representation



Figure 2.5: Product Offerings

OFFERING	DESCRIPTION
New Vehicles	<ul style="list-style-type: none"> • The sale of new vehicles • Peter Warren retails 28 OEM brands across 18 sites
Used Vehicles	<ul style="list-style-type: none"> • The sale of used vehicles
Aftermarket	<ul style="list-style-type: none"> • Aftermarket products are the non-OEM products for sale by automotive dealers • Aftermarket products include window tinting, tyre and wheel protection, extended warranties, roof racks, tow bars and other accessories generally available at point of sale
Parts and Accessories	<ul style="list-style-type: none"> • Sale of parts and accessories for new and used vehicles • Provision of parts to Peter Warren's service workshops • Provision of parts to third party collision repair and servicing outlets • Provision of parts to other dealerships
Service	<ul style="list-style-type: none"> • Ongoing vehicle maintenance • OEM warranty repairs • Internal reconditioning of used vehicles for sale
Finance and Insurance	<ul style="list-style-type: none"> • Sale of third-party finance and insurance products to customers

2.2

Our Operations

With the successful completion of the acquisition of the Penfold Motor Group, we have grown in the last 12 months to now represent:

- Approximately 2,000 employees, up from 1,766
- 83 franchise locations; up from 74
- 25 dealership locations; up from 18

Our workforce perform roles across 8 broad sections of our business as shown in figure 2.6.

Figure 2.6: Direct Workers

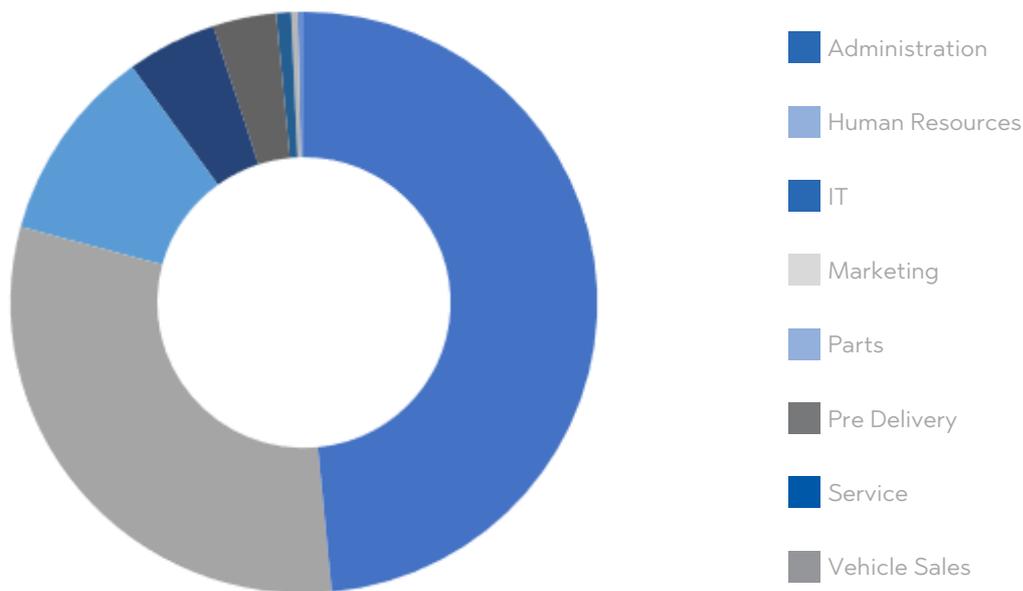
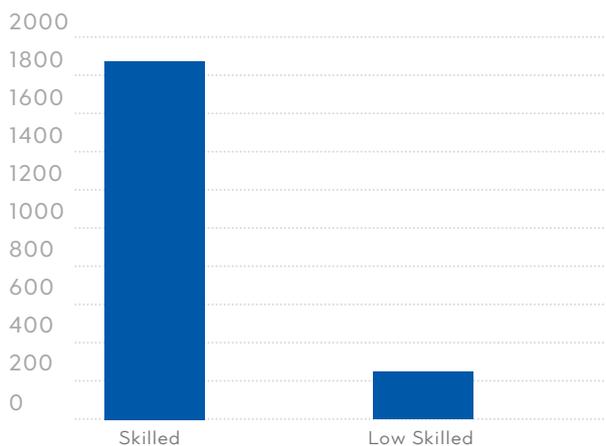


Figure 2.7: Skilled and Low Skilled Workers



Peter Warren continues to invest in its growing employee base and in recognition of its training focus, won 2021 NSW, QLD & National Winners of Large Employer of the Year (2021) for Vocational Educational & Training and are current NSW & QLD State Finalists (2022). At the end of June 2022, we have over 500 apprentices and trainees across the business.

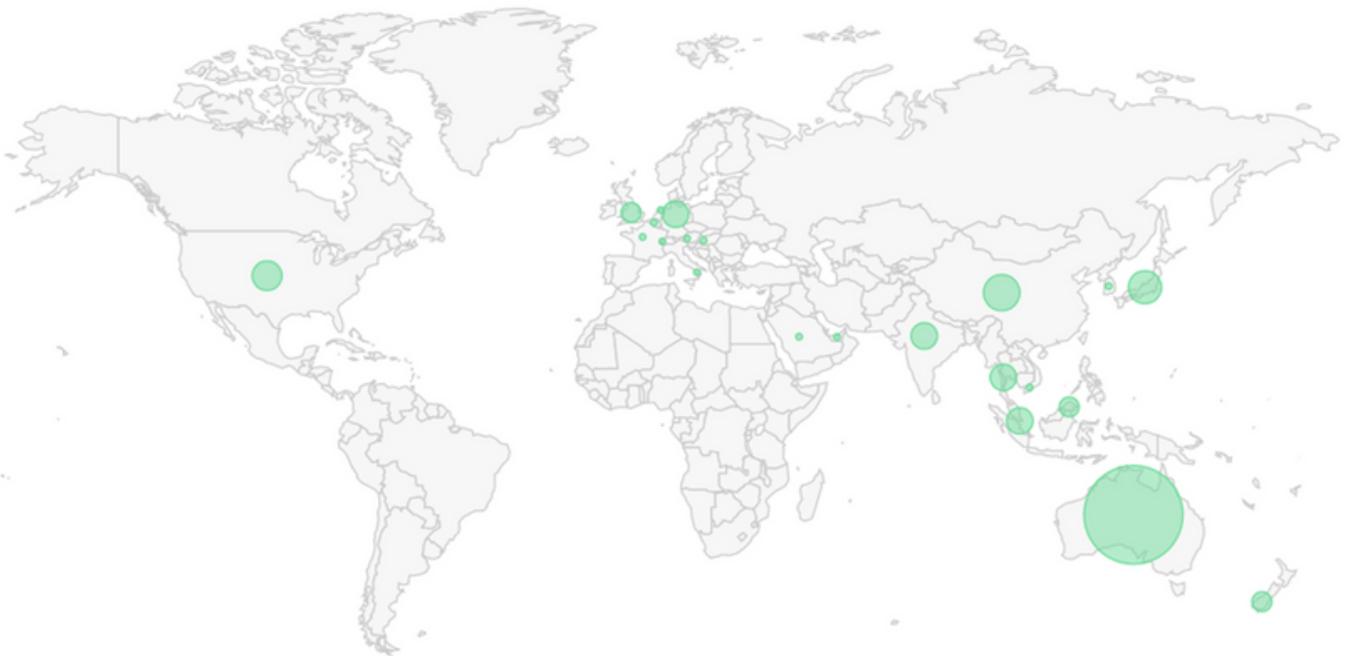
The most significant aspect of our supply chain is the purchase of New Vehicles Inventory from our OEMs. We finance these purchases through the use of floorplan arrangements with finance companies. Floorplan arrangements are short-term loan arrangements used to purchase items of inventory which are repaid when the inventory is sold.

An overview of our supply chain is depicted in the diagram below:



During the Reporting Period, there was an ongoing focus on operating efficiencies and improvements in technology, including enhancements to our digital capabilities. Technology has also been used to enhance our processes across other income streams and centralised activities, including the roll out of enhanced digital technology in the services division.

Based on the information gathered during the modern slavery questionnaire, the geographic footprint of a subset of our suppliers is shown below. The majority of our direct suppliers are based in Australia. The green dots denote the countries where our suppliers have business operations (suppliers are asked to advise both where they are domiciled and where the products supplied to us are manufactured):



3 Modern Slavery Risks in Operations and Supply Chains

In seeking to identify the modern slavery risks in our operations and supply chain, we considered the potential for our business to cause, contribute to, or be directly linked to modern slavery.³ In doing so, we looked at:

- the risk that our operations may directly result in modern slavery practices;
- the risk that our operations and/or actions in our supply chains contribute to modern slavery; and
- the risk that our operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

Given that our operations, and the operations of our owned or controlled entities, are all based in Australia, our geographic risk remains low according to the Global Slavery Index. The Global Slavery Index 2018 estimates that on any given day in 2016, there were 15,000 living in conditions of modern slavery in Australia.⁴ It is possible that these figures have increased since 2016 in line with the overall increase of approximately 10 million worldwide in the global prevalence of modern slavery as foreshadowed in the introduction to this statement. In this context, we recognise that modern slavery risks exist in Australia. However, having regard to our ongoing compliance with the legal framework regulating employment practices in Australia, including those relating to the employment of young people under the age of 18, and our policies and controls in place, the risk that we have caused or contributed to modern slavery in our operations remains low.

Our most salient risks remain in our supply chain and in the supply chains of our owned or controlled entities which include a broad range of direct suppliers from various locations and industries, including those generally considered a higher risk for modern slavery by virtue of their sector risk.

For example, it is widely reported that some vehicle manufacturers rely on their suppliers to source high-risk products such as minerals and other raw materials from countries with an increased risk profile for child or forced labour in order to produce components fitted into vehicles. This means that, by virtue of our supply chain, we are at risk of being directly linked to modern slavery through the business practices of companies in the later tiers of our supply chain.

³ This assessment includes the operations and supply chains of the Penfolds Motor Group which was acquired part way through the Reporting Period.

⁴ Walkfree Global Slavery Index 2018 <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/> Modern Slavery Act Statement 2022

Case study:

In our previous statements, we described the risks of modern slavery in the automotive sector linked to mineral extraction. During the Reporting Period, there were reports in the media in relation to some OEMs shifting the sourcing of cobalt from artisanal mines to large-scale industrial mines in the Democratic Republic of Congo (DRC). However, the reports from November 2021 suggest that this has resulted in workers in conditions of modern slavery via opaque subcontracting arrangements to large foreign-owned industrial mines, which supply the vast bulk of the world's cobalt in the DRC. The subcontractors in the industrial mines are said to be hired on short-term contracts or no contract at all, without a living wage and deductions for taking sick days. Covid-19 has compounded the already poor labour conditions endured by many workers in the DRC, with workers unable to leave their place of work and forced to live in substandard conditions. Reports of this nature reveal the complexity of addressing slavery, forced labour and debt bondage in the EV supply chains.

The World Benchmarking Alliance released their Just Transition Assessment in November 2021, which found that:

“Our assessment results show that all the automotive companies assessed can further improve on the just aspect of their decarbonisation journey. It is the worst performing sector of these pilot assessments... The overall low scores on both ACT and the just transition assessments suggest that companies can do more to integrate their mitigation of social impacts with their climate action.”

Although electric vehicles only accounted for less than 3% of all passenger, SUV and light commercial vehicle sales in Australia in 2022, OEMs are expanding their range to include electric vehicles. Dealers such as Peter Warren are currently investing in infrastructure and skills in line with this growing electric vehicle trend. Accordingly, we continue to monitor the emerging human rights risks associated with the development of electronic vehicles.

In addition to the automotive sector, our supply chain includes suppliers operating in sectors generally considered higher risk for modern slavery, irrespective of geographic location, such as car washing and detailing, office cleaning, security and transport services. The risk profile of these sectors is heightened by the utilisation of unskilled workers on temporary visas with limited ability to negotiate their wages and rights in the workplace.

There continue to be modern slavery risks inherent in the supply chain behind the uniforms and corporate merchandise and furniture that we purchase, the lithium in our laptops and smartphones, the food and beverages we serve on our premises and the hospitality services we purchase. The risks in these goods stem from the later tiers of our supply chain, over which we have limited visibility. However, through our supplier due diligence process, we have been able to better understand the risks in the second tier of our supply chain.

A number of our suppliers provide us with manufactured goods, including fabricated metal products, from countries with a higher prevalence of modern slavery, including forced labour. This might be via subsidiary-operated manufacturing plants or their own suppliers. In response to our modern slavery questionnaire, some suppliers indicated that they do not conduct human rights impact assessments despite the elevated sourcing country risk. The combination of elevated sector and country risk in our second and third tiers presents increased risks for our supply chain.

3 Actions taken to Assess and Address Modern Slavery Risks

Because the Reporting Entities use the same policies and processes, operate in the same sector and have many shared suppliers, we have provided a single, consolidated description of the actions taken to assess and address modern slavery risks.

⁵ <https://www.theguardian.com/global-development/2021/nov/08/cobalt-drc-miners-toil-for-30p-an-hour-to-fuel-electric-cars>

⁶ https://assets.worldbenchmarkingalliance.org/app/uploads/2021/11/2021_JustTransitionAssessment.pdf

In line with the United Nations Guiding Principles on Business and Human Rights, we continued to use a risk-based approach in assessing and responding to human rights risks in our supply chain.

During 2022 we focused on embedding the policies that we introduced in 2021:

Supplier Code of Conduct

Our Supplier Code of Conduct and modern slavery clause formed part of our supplier agreement templates during the Reporting Period.

We envisage that these actions will mitigate the risks of poor procurement practices that can lead to human rights impacts in our supply chain and allow us to utilise our leverage to cascade human rights considerations in the business conduct of our suppliers.

Human Rights Policy

Our Human Rights Policy remained in place during the Reporting Period and we monitored our grievance channels for any reports of any reportable conduct, including breaches of our Human Rights Policy. The employees of the Penfolds Motor Group were made aware of the Human Rights Policy as part of the integration process.

Whistleblower Policy / Remediation

Our Whistleblower Policy includes human rights impacts, including modern slavery in our operations or supply chains as examples of reportable matters. The Policy permits confidential reporting via Deloitte Halo:

- website - www.PWAHWhistleblower.deloitte.com.au
- email - PWAHWhistleblower@deloitte.com.au

Importantly, our Policy and reporting channels are open to our contractors, consultants, service providers, suppliers, and business partners.

We did not receive any reports of actual or suspected modern slavery via our reporting channels during the Reporting Period.

If we found that our business had caused or contributed to modern slavery, we would follow the UNGPs, which provides that businesses in this situation need to remediate the impact by taking a person-centred approach to protecting the safety, privacy and well-being of the affected person. We would undertake a full investigation of the situation to ensure that an appropriate corrective action plan is implemented and assess how similar impacts could be avoided in the future.

Our work on further developing our culture was pleasingly represented in an improving engagement score year on year from our employee survey in March. This also included our newest team members in Victoria, who, with the rest of the group scored our business highly, above national averages which is a testament to a smooth integration process.

Due Diligence

We issued the modern slavery questionnaires⁷ (MSQ) to selected suppliers that provided goods or services during the Reporting Period. The average risk rating based on the completed questionnaires was 4 (low). However, with the support of external subject matter experts, we identified the following issues warranting further engagement with suppliers:

- suppliers operating in higher-risk sectors and source from higher-risk jurisdictions
- suppliers with limited policies or controls in place
- suppliers that have stated they are subject to modern slavery reporting obligations but have not submitted statements
- suppliers that have published non-compliant modern slavery statements

⁷

The MSQ on the ethiXbase platform was selected for its ability to inquire about the supply chain of our suppliers. The analytics underpinning the MSQ allocated a modern slavery risk rating to the suppliers on the basis of the answers given by the suppliers. The risk ratings were used to inform our supplier engagement process for the next reporting period based on the high, medium and low risk profiles allocated by the ethiXbase platform.

5.1 Progress on KPIs from our 2021 Modern Slavery Statement

We seek to assess the effectiveness of our actions by reference to goals that we set for ourselves year on year. The progress of our goals from our second modern slavery statement are shown below:

	Goal	Ongoing	In progress	Complete
Supply Chain	Seek to improve the MSQ completion rate year on year			
Procurement	Provide training to managers across the business that are involved in procurement			
	Track the number of agreements entered into incorporating our modern slavery clause			
Operations	Continue to increase awareness of modern slavery risks			
	Review any reported cases via internal grievance mechanisms			

5.2 Modern Slavery Plan for 2023

During the course of the next reporting period, we will seek to review, monitor, and embed our processes in accordance with the following action plan:

- Supply Chain**

 - Identify a smaller cohort of higher-risk suppliers to receive the MSQ.
 - Engage with the suppliers identified as warranting further due diligence in 2022 based on the MSQ results.
 - Engage with OEMs regarding modern slavery.
- Procurement**

 - Undertake a review of the procurement processes across the business to identify improvements in the way that modern slavery risks are considered at supplier selection.
 - Select key supplier agreements that included the modern slavery clause and ascertain the level of compliance with the clause by the supplier.
- Operations**

 - Roll out group-wide training on modern slavery with a view to raising awareness among the employees that came on board from Penfold Motor Group.
 - Conduct modern slavery risk assessments of acquisition targets as part of the due diligence process.
 - Continue to review any reported cases via internal grievance mechanisms.

In order to prepare this joint statement, the Reporting Entities covered by this statement adopted a collaborative approach and consulted the entities they each own or control. Members of senior management were kept abreast of the framework established to assess and address these risks as well as in the preparation of this statement.

This statement was approved by the Board of Peter Warren Automotive Holdings Limited, the higher entity, on behalf of the Reporting Entities on 22 November 2022 and signed by Mark Weaver, a responsible member of the higher entity.

Signed,

A handwritten signature in dark ink, appearing to read 'Mark Weaver', with a stylized flourish at the end.

Mark Weaver
Chief Executive Officer

22 November 2022