

AUDI AUSTRALIA
MODERN SLAVERY STATEMENT

2020



1. INTRODUCTION

This Modern Slavery statement has been prepared in accordance with the provisions of section 16 of the *Modern Slavery Act 2018* (the **Act**) and covers the activities of Audi Australia Pty Ltd ABN 86 077 092 776 and its controlled entities. Audi Australia's (**AA**) modern slavery statement (**Statement**) summarises AA's structure and operations, supply chains, modern slavery risks and controls in place for the period 1 January 2020 – 31 December 2020 (**Reporting Period**).

Following the introduction of the Act, AA undertook an in-depth review across the key functional areas of Procurement, Legal, Compliance, Sales and Human Resources which included the engagement of an independent supply chain consultant to support a detailed review of modern slavery risks across AA's operations and supply chain.

This statement also incorporates the Slavery and Human Trafficking statement of AUDI Aktiengesellschaft (**AUDI AG**), which sets AUDI AG's global approach, processes and principles to combat slavery and human trafficking. The AUDI AG statement is updated annually. Where applicable, AA has adopted these or similar processes in its operations in the Australia. For the latest version of the AUDI AG statement, please see the link below:

- [AUDI AG Documents & Policies \(audi.com\)](https://www.audi.com)

2. STRUCTURE AND OPERATIONS

AA is a private company incorporated in Australia and is the exclusive authorised importer of Audi branded vehicles, parts and accessories (**Products**) into Australia. AA distributes its Products to a network of independently owned franchise dealers. AA's head office is located in Sydney and at the end of the Reporting Period, employed 210 employees. A regional office is located in Victoria to manage dealer operations/training and parts distribution. AA is a wholly owned subsidiary of AUDI AG, the manufacturer of the Products.

3. SUPPLY CHAINS

AA's supply chain consists of two parts. The first being an international supply chain of vehicles, parts and accessories for resale sourced from AUDI AG. This global Tier 1 supply chain is administered and monitored from Audi headquarters based in Ingolstadt, Germany.

AA's second supply chain part is its locally appointed suppliers (the majority of those being non-automotive-specific) of which 988 suppliers and service providers were actively used during the Reporting Period. These suppliers and service providers are located in Australia, and elsewhere in the world and engaged to fulfil AA's business operations as an importer and distributor. This supply chain is locally managed by AA with 40 suppliers accounting for 80% of AA's total procurement spend.





4. RISKS OF MODERN SLAVERY IN AA'S OPERATIONS AND SUPPLY CHAIN

With the assistance of its independent consultant, AA sought to understand and identify the inherent modern slavery risks in AA's operations and supply chains. This included an assessment of the sectors and industries in which AA's locally managed suppliers operated during the Reporting Period, geographical location and spend.

AA Operations

The risk of modern slavery in AA's own operations (distribution of vehicles, parts and accessories) is low. There is no known susceptibility to modern slavery in our activities, these sectors are highly regulated in Australia.

AA Supply Chains

AA undertook a risk based approach with its locally managed supply chain to build a comprehensive picture of priority suppliers and service providers to assess in higher risk categories.

The review, which included the categorisation of AA's specific supplier engagements as presenting a high, medium or low responsible sourcing risk, was undertaken to formulate a more targeted supplier risk management approach. The risk assessment was conducted based on supplier (a) annual expenditure, (b) industry and (c) geographical location.

The risk based process helped to identify 53 priority suppliers and services providers which AA will focus on and address any issues identified. AA has undertaken the following additional actions of:

- AA has completed a detailed supplier diagnosis of its locally appointed supply chain to identify key categories of products and services that it procures with a higher propensity for modern slavery risk. As a result, AA requested business partners identified in the higher risk categories to complete a self-assessment questionnaire (**Drive Sustainability SAQ**). Whilst this will enable AA to better identify risk, whilst also providing for a better knowledge of our business partners understanding of the issues and the mitigations they have in place, AA will continue to develop its SAQ locally to ensure diligent and progressive review of our supply chain.
- AA has further strengthened the business partner due diligence performed as part of tenders, partner selection and on-boarding to confirm its business partners are aware of AA's sustainability requirements.
- AA has reviewed its standard form contracts to incorporate appropriate contractual clauses in its newly awarded supplier contracts that requires suppliers to commit to upholding minimum standards in their supply chains and urges them to proactively address any major risks relating to modern slavery that they may uncover.

5. CONTROLS TO ADDRESS MODERN SLAVERY RISKS IN AUSTRALIA

(a) Code of Conduct for Employees

All employees of the Audi Group including AA are required to comply with the [Audi Group Code of Conduct for Employees \(Code\)](#). The Code is based on shared values which determine how we work, make decisions and interact with one another and supports ethical and responsible conduct with a focus on our responsibility as a member of society, our responsibility as a business partner and our responsibility in the workplace.

At AA, we respect human rights and support the observance of these rights. We reject all deliberate use of forced or compulsory labour. Child labour is prohibited. We comply with applicable employment laws, including the minimum age requirements for employment.

Code of Conduct for Business Partners In addition to the Code of Conduct for Employees, supplier relations are governed by the [Volkswagen Group Code of Conduct for Business Partners](#), which sets out the Audi Group's expectations of our business partners conduct with respect to core environmental, social and compliance standards, including internationally acknowledged human rights. By progressively integrating these requirements in our local procurement process at the contractual level, we seek to ensure that our sustainability standards are observed along our supply chain.

(b) Supplier Contracts

Contractual agreements include specific provisions requiring suppliers/service providers to:

- Comply with Modern Slavery laws and not engage in any form of Modern Slavery.
- Take all reasonable steps to ensure that its suppliers do not engage in any form of Modern Slavery (including undertaking due diligence in its selection of suppliers, and continually monitoring and auditing its suppliers for this purpose).
- Allow AA to audit the supplier/service provider for compliance with the Act.

AA maintains its zero tolerance approach to any form of modern slavery. AA acknowledges that modern slavery exists and is a risk to all businesses. In the event that any of AA's business partners are found to be engaging in slavery or other unethical working practices, AA will take steps to address those issues with this business partner, seek to drive improved standards and, if deemed necessary, will either suspend or terminate its relationships with any such business partners.





(c) Speak Up Culture/Whistleblower System

The Audi Group has established [Whistleblower System and Policy](#) which places great importance on fostering a speak-up culture that encourages employees, business partners and third parties to speak up and report suspected wrongdoing and raise concerns relating to serious misconduct. Reportable misconduct includes modern slavery concerns and suspicions of human rights violations.

Reports can be made via telephone, e-mail, mail and via an online tool, in person and anonymously, on request. Strict confidentiality and privacy is maintained throughout the entire process. The Whistleblower System guarantees the highest possible protection for whistle-blowers and affected persons. Discrimination against whistle-blowers is a serious regulatory violation and is not tolerated.

(d) Training and Awareness

As part of our internal training and communication plan, our employees receive information specific to modern slavery risks, as well as periodic training on the Audi Group Code of Conduct, which also includes a focus on Business Human Rights.

We believe that awareness is equally important for our business partners. In 2020 we encouraged our business partners to register on the [VWAG global sourcing platform](#). This platform provides our business partners with important information on our expectations, but equally provides them with resources and information to better understand and mitigate risks they may have in their own supply chains.

In 2020, our Sales Partners (franchised dealer network) undertook web-based training on the Code of Conduct for Business Partners. Similar to our employee training, content focused on the Audi Group's expectation of Business Partners with a focus on Business Human Rights.

6. TRACKING THE EFFECTIVENESS OF OUR ACTION OVER THE NEXT 12 MONTHS

AA is aware that as a responsible corporate, we must continue to work collaboratively with business partners to ensure the risks of Modern Slavery are managed effectively. To that end, during the course of 2021 and beyond, AA's objective is to work collaboratively with our locally appointed business partners, to ensure the risks of Modern Slavery are identified and managed as much as possible and to positively influence sustainability performance.

To this end, we plan to track the effectiveness of our planned actions by:

- Continuing to develop our local risk assessment processes;
- Conducting Board training and awareness;
- Conducting Employee training and awareness;
- Ensuring Modern Slavery measures are continually developed our Procurement tools and processes;
- Reviewing legacy contractual agreements to identify and rectify any gaps that may not reflect our new Modern Slavery requirements.


7. CONSULTATION AND COMMITMENT OF THE BOARD OF MANAGEMENT

The preparation of this Modern Slavery Statement has been undertaken in consultation with our parent entity, AUDI AG; specifically with the Audi Compliance department . The continuous monitoring of the effectiveness of AA's Modern Slavery controls will continue to be managed operationally by AA's Procurement Manager in consultation with local Compliance Officers and the respective Audi departments.

This statement was approved by the Board of Management of Audi Australia on 26 April 2021.



Paul Sansom
Managing Director



Wout Van Parys
Executive Director | CFO





This Modern Slavery Statement has been prepared by Audi Australia Pty Ltd (ABN 86 077 092 776) of Level 7, 895 South Dowling Street Zetland, NSW 2017. The information in this report is provided for general information purposes only. While Audi Australia uses its best endeavours to ensure the information in this report is accurate and up-to-date at the time of publishing, it is not necessarily comprehensive and may change over time. To the extent permitted by law, Audi Australia is not liable for any damage or loss suffered from relying upon the information contained in this report whether by way of negligence or otherwise.