



ARB CORPORATION LIMITED

MODERN SLAVERY STATEMENT 2022



1. INTRODUCTION

This Modern Slavery Statement (“**Statement**”) relates to ARB Corporation Limited ABN 31 006 708 756 (“**ARB**”) and its related bodies corporate, and is published by ARB pursuant to the Modern Slavery Act 2018 (*Cth*) (“**the Act**”). This is the third Statement made by ARB.

This Statement forms part of ARB’s risk management and corporate governance framework and has been approved by ARB’s Board of Directors.

ARB recognises the role that businesses play in understanding, addressing and mitigating modern slavery practices through business operations and supply chains. ARB is committed to working with its employees, suppliers, contractors and external stakeholders to improve its understanding of modern slavery risks and to address such risks with the implementation of frameworks and procedures to respond appropriately.

ARB’s existing corporate governance framework includes a suite of policies and procedures that is intended to promote ethical and legally compliant business conduct, including the ARB Code of Conduct and ARB Whistleblowing Policy. Both of these policies apply to all individuals working for ARB and seek to embed a safe and fair working environment, free from victimisation or abuse. ARB’s Modern Slavery Statement was added in March 2021 to become a core tenant of ARB’s corporate governance policy documents.

2. ARB BUSINESS SUMMARY

ARB is Australia’s largest manufacturer, marketer and distributor of four-wheel drive vehicle accessories. In addition to its Australian operations, ARB has a vast international presence, with offices in New Zealand, Thailand, USA, Europe and the Middle East, and an export network that extends through more than 100 countries around the globe. The Company’s philosophy, however, has never wavered from its original course – quality, reliability and practicality above all else.

ARB is a publicly listed company on the Australian Securities Exchange, incorporated in Australia and headquartered in Melbourne. ARB’s main operations include the manufacture of automotive accessories, and the distribution, wholesale and retail trade of those products. ARB directly employs approximately 1,150 staff in Australia, and an estimated 950 staff in overseas jurisdictions, including in Europe, North America and Asia.

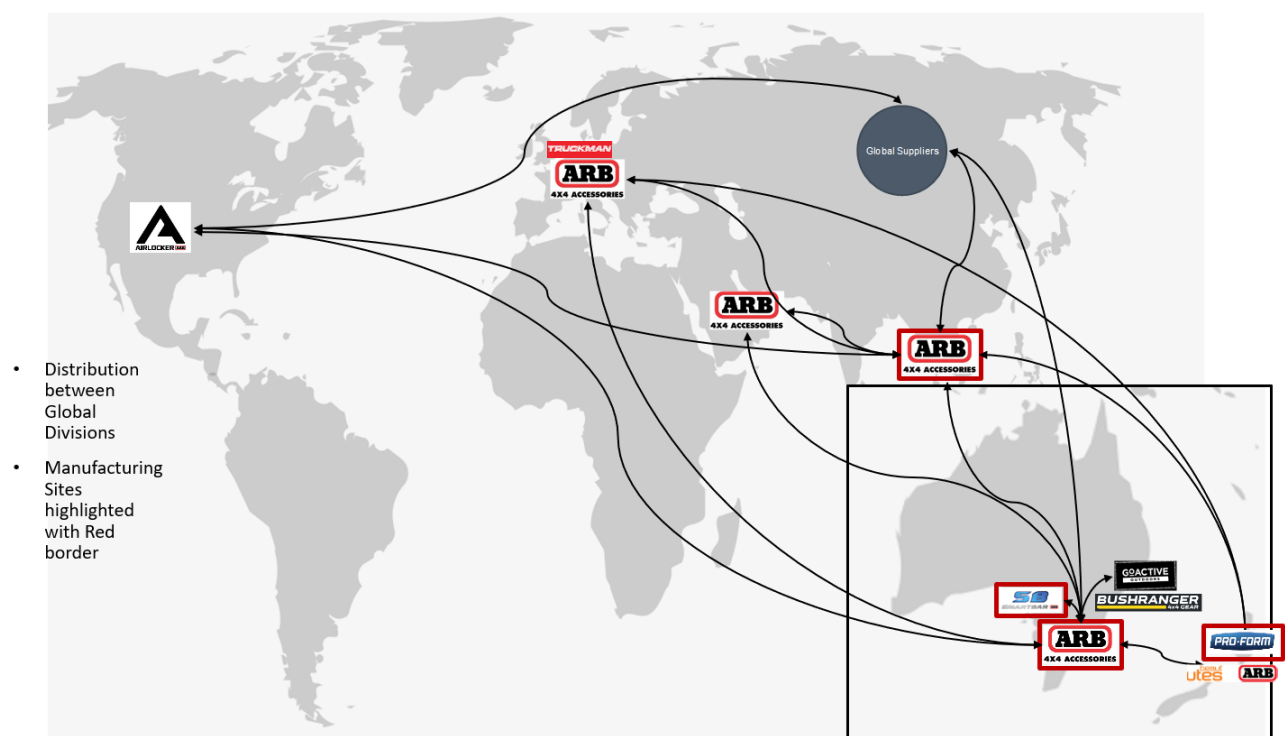
ARB owns a number of subsidiary entities, incorporated both in Australia and in other jurisdictions. A complete list of the controlled entities of ARB can be found in ARB’s FY2022 Annual Report at Item 28 of the Notes to the Financial Statements. (<https://www.arb.com.au/about/annual-reports/>).

3. ARB STRUCTURE, OPERATIONS AND SUPPLY CHAIN

As a manufacturer ARB has a complex supply chain, purchasing raw materials, components and sub-assemblies from a variety of sources in a number of countries. These inputs are then transformed into finished goods at one of ARB's four manufacturing sites located in Australia, Thailand and New Zealand. The finished goods are distributed worldwide through a combination of company owned distribution centres and retail outlets, and third-party wholesale or retail distributors.

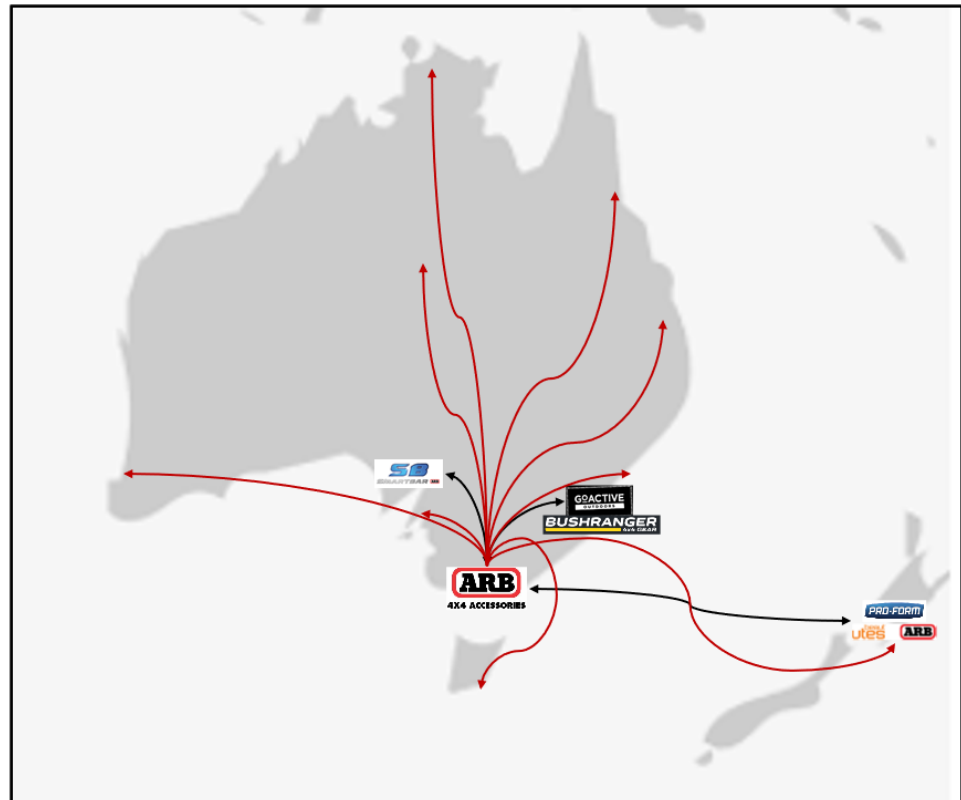
In addition to the main 'ARB' branded products, ARB operates a number of wholly owned brands, selling specialty four-wheel drive products. These brands includes *Bushranger 4x4*, *GoActive Outdoors*, *SmartBar*, *Pro-Form*, *Beaut Utes*, *Truckman* & *Air Locker*.

A pictorial representation of the flow of inputs into ARB's manufacturing facilities and outflow of goods to global retail and wholesale operations is shown below.



Further, the below picture identifies the national and Trans-Tasman flows of goods between the core ARB branded network of distribution centres, and the distribution between the different operating divisions of the ARB group – *SmartBar*, *GoActive Outdoors*, *Bushranger 4x4*, *Pro-Form*, *Beaut Utes* and *Truckman*.

- Black lines show distributions between Divisions
- Red lines show national network to Distribution Centres



4. RISK EXPOSURE

ARB recognises the potential to cause, contribute to, or be directly linked to modern slavery through its operations and supply chains.

As a manufacturer and distributor of products and services globally, ARB's exposure to modern slavery is diverse and complex. A global supply chain, procurement of raw materials, an international workforce and trade in countries of varying degrees of regulatory governance all present their own challenges.

The table below outlines the key areas of ARB's supply chain or operations where modern slavery risks may be present and the details and remedial action that has or is being taken to address these risks.

Specific Risk	Modern Slavery Risk	Remedial Action
Sector and Industry Risk	<ul style="list-style-type: none"> • Manufacturing operations & global distribution of products The manufacture of goods (both domestically and in foreign jurisdictions) requires the use of manual and low-skilled labour, and the global distribution relies on external service providers, both exposing ARB to modern slavery risks. 	<ul style="list-style-type: none"> • Strong internal governance on employment conditions and procurement practices ARB's manual labour workforce is highly regulated and organised. Employment conditions are routinely assessed for best practice and safety conditions. ARB has established trusted relationships with reputable logistics and freight carriers that are subject to routine assessment.
Product and Services Risk	<ul style="list-style-type: none"> • Procurement of high-risk services ARB engages third-party service providers in foreign jurisdictions, in potentially higher risk categories. 	<ul style="list-style-type: none"> • Due Diligence and market reputation ARB seeks to engage service providers only of good standing, with a proven track record of legal compliance. ARB's due diligence program aims to ensure that ethical principles are upheld in third party employment conditions and sub-contracting.
	<ul style="list-style-type: none"> • Procurement of high-risk products ARB sources the supply of components in potentially higher risk categories for inputs in production for finished goods. 	<ul style="list-style-type: none"> • Supplier engagement & long-standing relationships ARB maintains the practice of using reputable suppliers that do not engage or use child or prison labour or other sources that would be categorised as a modern slavery risk in their manufacturing operations.
Geographic Risk	<ul style="list-style-type: none"> • Employment in multiple countries Direct employment of individuals in countries with varying regulatory governance. 	<ul style="list-style-type: none"> • Experienced HR department and strong oversight of governance in foreign jurisdictions ARB's robust corporate governance and policy processes apply equally to all staff in all jurisdictions in which ARB operates. Human resources oversight of foreign operations ensures compliance with legal and ethical treatment of staff.
Entity Risk	<ul style="list-style-type: none"> • Subsidiary Risk Risk in general regulatory compliance and operational risks of ARB subsidiaries operating in multiple jurisdictions. 	<ul style="list-style-type: none"> • Experienced HR department and strong oversight of governance in foreign jurisdictions ARB has implemented policies and procedures for strategic decision making and areas of high risk are supported by direction from ARB's head office in Australia. Continuing engagement with management of subsidiaries to ensure level of responsibility is matched with capabilities.

5. ARB ACTIONS

In January 2020, a working group was established within ARB with the aim of better understanding and addressing modern slavery risks within ARB's operations and supply chains. The main tasks of the working group are to:

- Identify potential risk areas with an emphasis on the specific risk areas identified in the table above;
- Assess the identified risks;
- Adopt appropriate controls and remedial actions to mitigate the risks; and
- Monitor the effectiveness of controls and reporting to the ARB Board.

ARB's assessment of its current policies and procedures confirms the Company does promote ethical and legally compliant business conduct, however in line with the requirements of the Act, ARB has developed more specific actions in relation to the procurement of goods and services that requires ARB's suppliers to acknowledge modern slavery risks and demonstrate they also have controls in place to eliminate or report any known instances of, or exposures to, modern slavery.

As a result, during 2021, ARB commenced a thorough review and investigation of its procurement processes and supplier base. This review and investigation continued throughout 2022.

As a first step, ARB undertook a risk assessment across its supplier base with the aim of prioritising engagement with higher risk suppliers based on the country of supply, category of supplied product and volume of spend. Having identified those within this higher risk category, ARB then surveyed these suppliers using a questionnaire designed to be a detailed self-audit by the supplier, and requested the suppliers provide specific information relating to their awareness of, policies to address, and controls to mitigate, modern slavery within their business. The responses to the survey were then compiled and used by ARB to assess the level of risk of exposure to modern slavery practices within these suppliers' businesses. Based on this assessment, no modern slavery practices were identified. ARB will, however, continue to monitor these suppliers for changes that may impact its exposure to modern slavery. and will also use this approach of surveying any new suppliers that may be engaged within this higher-risk category to assess modern slavery risks prior to award of business.

ARB's initial priority was to engage with its suppliers in the higher risk categories as described above. ARB has since expanded the reach of the survey to include suppliers that make up more than 80% of the ARB Group's annual spend. ARB continues to pursue and process responses from the expanded supplier base which involves educating suppliers on the objectives of the Modern Slavery survey process and actively following up to obtain meaningful and complete responses. No modern slavery practices have been identified to date.

ARB is in the process of incorporating the modern slavery survey as part of ARB's due diligence and supplier onboarding process.

ARB also recognises that its employees play an important part to help drive compliance and contribute to mitigate modern slavery risks. ARB has issued a Modern Slavery policy and deployed an on-line training module via ARB's learning management system during FY2022 to assist employees to understand and identify modern slavery risks within ARB's business and to understand how they can support ARB to ensure modern slavery risks are mitigated throughout the Company's business practices. Completion of the Modern Slavery training module is compulsory for managers and employees involved in the Company's supply chain.

6. ASSESSMENT

Acknowledging that the task of minimising modern slavery risks in ARB's operations and supply chain is a complex and ongoing task, ARB has resolved to conduct regular assessments of the actions outlined in this Statement to ensure its success.

A review of the actions outlined in this Statement will occur regularly by ARB's internal working group and on an annual basis by the Board in the course of approving this Statement. ARB envisages that the task of evaluating and improving its approach to reduce modern slavery risks will evolve as ARB's supply chain becomes aware of the expectations that will be placed upon them by ARB and other business partners with which they engage.

7. ARB GROUP CONSULTATION

ARB has engaged with its subsidiaries to promote awareness of the Act and has considered their supply base as part of the overall assessment of the higher risk suppliers identified. Ongoing consultation with the subsidiaries will continue as part of the extended surveying activity that will include unique key suppliers of the subsidiaries.

The varying risk profiles of the ARB subsidiaries based on geographic location, supply chain and operations dictate that heightened consultation with some subsidiaries may be required more than with others. Ultimately, ARB remains confident that areas of risk are being appropriately identified and managed as required.

It is expected that ARB will maintain regular consultation with its subsidiaries to identify risk areas and to support them with actions and processes to be able to deal with identification and resolution of any modern slavery practices identified within their businesses. Staff members of the subsidiaries are also required to complete the online Modern Slavery training module.

8. FUTURE ACTIONS

In the coming year, ARB will continue to focus on obtaining responses from the largest suppliers making up more than 80% of the ARB Group's annual spend and complete the analysis of the information obtained from suppliers to present an updated modern slavery risk profile for ARB. ARB is working collaboratively with its subsidiaries and their supplier base.

ARB will continue to monitor and add updates and suitable resources to its on-line learning management tool and ensure that compliance for employees who need to have an understanding of Modern Slavery complete the training module and have access to the appropriate resources as required.

It is hoped that with an increasing global awareness of modern slavery risks, ARB will be well placed to work collaboratively with its supplier base to implement best practice systems and practices that seek to minimise modern slavery risks.

ARB will continue to update and review this Statement on an annual basis and to integrate and embed the Statement within the existing ARB risk management framework.

This statement is approved by the Board of ARB Corporation Limited

A handwritten signature in black ink, appearing to be 'AB', enclosed within a large, horizontal oval shape.

Andrew Brown
Director of the Board

Approved 24 November 2022