



MotorCycle Holdings Limited

ABN 29 150 386 995

Modern Slavery Statement for the Year Ended 30 June 2021

MotorCycle Holdings Limited
68 Moss Street
Slacks Creek QLD 4127
Tel: +61 7 3380 2235
Email: secretary@mcholdings.com.au

1. Introduction

This statement, pursuant to s16(1) of the *Modern Slavery Act 2018* (Cth), sets out the actions taken by MotorCycle Holdings Limited ('MotorCycle Holdings' or 'we') to address modern slavery risks in our operations and supply chains during the financial year ended 30 June 2021 ('2021').

MotorCycle Holdings is Australia's leading motorcycle dealership and accessories group. As a company with a global supply chain, we understand that our business operations and supplier relationships have the potential to cause or contribute to modern slavery.

The 2021 reporting period was the policy development and implementation phase in our strategy towards mitigation of modern slavery risk. We developed our strategy to address modern slavery, established a Supplier Code of Conduct, designed an internal modern slavery training program for supplier-facing employees, and commenced regular internal reporting on our progress towards our strategy.

Whilst we have made some progress towards implementing our strategy towards combatting modern slavery there are further opportunities for us to improve our performance and performance measurement in addressing and combatting modern slavery. This statement sets out the improvements we are committed to making over the coming reporting periods.

2. Our Structure, Operations and Supply Chains

2.1 Structure and Operations

MotorCycle Holdings is Australia's leading motorcycle dealership and accessories group. MotorCycle Holdings is publicly listed on the Australian Securities Exchange (ASX: MTO) and wholly owns the following subsidiaries:

- Cassons Pty Ltd
- Innovative Dealership Solutions Pty Ltd
- Motor Cycle Accessories Supermarket Pty Ltd
- Motorcycle Holdings Group Unit Co Pty Ltd
- Motorcycle Holdings IDS Pty Ltd
- Motorcycle Holdings Operations Pty Ltd
- Motorcycle Holdings TCO Pty Ltd
- Motorcycle Holdings Unit Co Pty Ltd
- Motorcycle Riding School Pty Ltd
- MW Motorcycles Pty Ltd
- Myway Services Pty Ltd
- Netpark Pty Ltd
- North Ride Pty Ltd
- Pushgate Pty Ltd
- Shoreway Pty Ltd
- Stanbay Pty Ltd
- Team Moto Pty Limited
- Trinder Avenue Motors Pty Ltd

As part of our financing activities, MotorCycle Holdings holds a 50% interest in a joint venture with Allied Finance (MotorCycle Finance Pty Ltd) to provide secured loans to customers directly for the purchase of motorcycles. This statement applies to all entities owned or controlled by MotorCycle Holdings.

MotorCycle Holdings' core operations consist of:

- The ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and mechanical protection plans as well as service and repair; and
- The ownership and operation of motorcycle accessories businesses engaging in the wholesaling and retailing of motorcycle accessories.

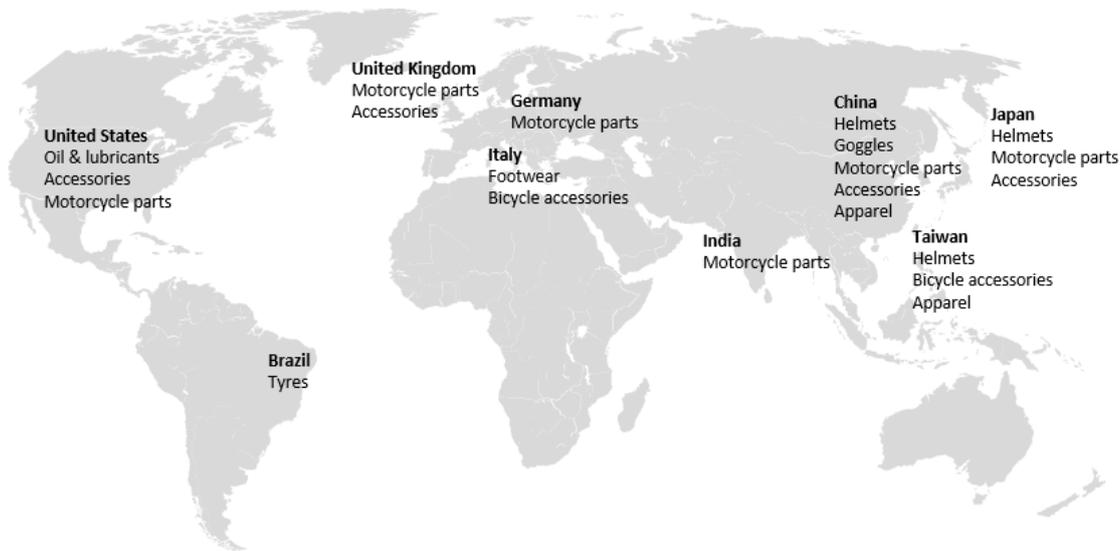
MotorCycle Holdings also owns and operates a motorcycle repair business which performs smash repair work for insurers.

MotorCycle Holdings employs over 800 people in Australia, primarily in permanent roles, on either a full-time, part-time or casual basis. Our workforce comprises personnel with a broad range of roles, from professional tradespeople in our workshops to sales representatives in our wholesale arm to our core business services team.

2.2 Our Supply Chains

Our suppliers are core to our business. Our tier 1 suppliers comprise over 400 companies, located in more than 15 countries. Our tier 1 suppliers vary from wholesale importers to product manufacturers that supply us with goods and services that support our dealerships, wholesaling business, accessory stores, and repair workshops. In 2021 our largest procurement categories included apparel, auto parts and equipment, and leisure products and accessories. As we have both retail accessories stores and a wholesale business, our suppliers include both manufacturers serving the customer direct and wholesale import companies.

The below map displays some of our tier 1 supplier countries, with key goods purchased from each location.



3. Our Approach

3.1 Governance

MotorCycle Holdings is committed to addressing and combatting modern slavery in our operations and supply chains. We aim to respect and uphold the dignity and human rights of all our employees, customers, suppliers, and communities that are affected by our operations. We have a sound governance structure in place to manage business risks and the rights of our stakeholders.

The Board is responsible for overseeing the good governance of MotorCycle Holdings including setting the strategic objectives of the business, overseeing management's implementation of these objectives, and monitoring the effectiveness of our governance practices. The Board's Audit & Risk Committee safeguards the integrity and transparency of MotorCycle Holdings' corporate reporting and risk management framework.

3.2 Policy framework

MotorCycle Holdings has an established policy framework that seeks to ensure ethical business practices and appropriate workplace conduct. The relevant policies are set out below:

- Our **Code of conduct** sets out the standards of conduct expected of our business and people, including obligations to our stakeholders;
- Our **Discrimination, sexual harassment and bullying policy and procedure** embodies our commitment to ensuring that all those participating the workplace are treated with respect, dignity and fairness with an aim of creating an environment which promotes positive working relationships;
- Our **Recruitment policy** enforces our commitment to a fair and effective recruitment process to ensure appointments are made in line with approved needs, are based on merit and are in line with equal employment opportunity principles;
- Our **Risk management policy** demonstrates our commitment to meeting high standards in the way we manage our business by effectively managing our risks to protect our people, customers, partners, and assets; and
- Our **Whistleblower policy** encourages and enables all MotorCycle Holdings' employees to raise concerns if they see behaviour that does not adhere to or align with MotorCycle Holdings' corporate values. The policy includes processes for fair and just remediation; and
- Our **Supplier Code of Conduct** which articulates minimum expectations of ethical compliance to suppliers, specifically on working conditions, remuneration, and industrial regulations.

During 2021 we developed a Supplier Code of Conduct. All of MotorCycle Holdings' suppliers are expected to conform to the standards set out in the Supplier Code of Conduct, and best endeavours will be made to incorporate the code into all future supplier contracts. During 2022 we will finalise our Bribery and Anti-Corruption Policy, which further expands upon the expectations of our officers, employees and suppliers that are already set out in our Code of conduct.

4. Risk management and due diligence

4.1 Identification and assessment

In 2020, MotorCycle Holdings worked with a third party to conduct a modern slavery risk assessment over our operations and supply chains. An inherent risk assessment was conducted over our operations and supply chains using modern slavery risk indices, as well as country and industry level analysis. The assessment reviewed all operational roles and over 400 tier 1 suppliers, looking at both headquarter location and manufacturing location for each supplier. Part of this assessment involved interviews and consultation across the MotorCycle Holdings business, most closely with procurement and human resource areas.

As our operations and supply chains remained unchanged during 2021, the modern slavery risks identified during the assessment remain current.

Operations

All of our employees are employed directly on permanent contracts, and we perform all our recruiting in-house. Additionally, all our employees and direct operations are based in Australia and MotorCycle Holdings complies with Australia's strong workplace regulations. These aspects reduce the modern slavery risks within our operations.

From the inherent risk assessment, we understand that our casual warehouse employees are at higher risk of modern slavery within our workforce. This higher risk is attributed to warehousing as a sector involving labour-intensive work, typically performed by workers with lower education levels and migrant backgrounds. However, as discussed in Section 4.2 Management and mitigation, we have stringent controls in place to meet legislated workplace requirements and maintain good working conditions.

Supply chains

Our supply chain inherent risk assessment was conducted using both headquarter location and manufacturing location for each supplier. This approach allowed us to gain greater insight into the level of risk across our supply chains, and how this risk profile changes between importers and manufacturers. This provided us with a better understanding of our key risk areas.

The majority of our higher risk suppliers are engaged by our wholesale business. This is due to the type of suppliers engaged primarily being direct manufacturers of products in higher risk locations.

Our higher risk categories of purchased goods include apparel and footwear, which are high risk industries for all types of modern slavery; forced labour (including debt bondage), forced marriage, human trafficking, and child labour. This is attributed to the common use of low or unskilled, migrant labour in these industries and as well as the level of regulation and oversight in the countries apparel is sourced from. The employment types in apparel and footwear are susceptible to an imbalance of power between employers and employees resulting in exploitation and control of workers and a high risk of modern slavery violations. Additionally, the length and complexity of the apparel supply chain lends itself to the use of intermediaries who manage sourcing activities, limiting the transparency of the supply chain.

Using the results of the inherent risk assessment, our highest risk operations and suppliers were selected for an assessment of our relationship to the risk. This was to understand whether we could be 'causing', 'contributing' or 'directly linked' to modern slavery in our supply chains. We used this analysis to better understand our supplier relationships and where we may have more opportunity to influence the controls and actions of those suppliers.

We maintain close supplier relationships, particularly within the wholesale business. Due to the nature of these relationships, we recognise that we may be linked to modern slavery risks, however, we do not believe we are contributing to the risks in our supply chains. Our closer relationships with our manufacturing suppliers enable greater opportunities to influence the behaviour of the suppliers. Our focus in future reporting periods remains to be on developing and expanding our supplier relationships to assess and address modern slavery risks.

4.2 Management and Mitigation

In 2021, we focused on updating our internal risk management processes and reporting in line with our better understanding of our operations and supply chains, gained through the risk assessment performed in 2020.

We use a human resourcing management system, which serves to control and mitigate several risks within our operations. The system tracks working hours and allows for management monitoring and review to ensure that remuneration and hours worked are fair and compliant. We conduct regular internal audits of our remuneration and payroll systems to maintain compliance with regulation. To date we have not identified any issues of underpayment, or poor working conditions through these audits nor through our Whistleblower hotline.

For our supply chains, we currently have limited structures in place to manage and mitigate the modern slavery risks identified, however we have strong relationships with key suppliers which can be leveraged going forward. We have developed a Supplier Code of Conduct and will integrate this into a supplier management system that integrates the results of the risk assessment to inform management controls required for suppliers, with highest risk suppliers as a priority. New suppliers are risk rated using a BI

dashboard developed in 2020. Risk-based pathways will guide the level of proactive performance monitoring for each supplier. The pathways will also support business decisions in relation to the onboarding of new suppliers, and the controls necessary for each level of supplier risk.

During the reporting period we developed and commenced delivery of modern slavery training to our supplier facing employees. These are the personnel that maintain close relationships with our suppliers and are key decision makers in relation to the risk. The focus of the training is to increase general knowledge of modern slavery throughout our workforce, provide tools to identify risks and impacts, and build organisational awareness of MotorCycle Holdings' commitment to combatting modern slavery.

To date we have not identified any adverse modern slavery impacts in our operations or supply chains and as such, we have not undergone a process to rectify identified issues. If issues are identified in the future, depending on the type of issue and how it is identified, they may be managed and rectified in line with relevant policies, such as our whistleblower policy and recruitment policy. For supply chain risk, we aim to establish a remediation procedure to embed structures for implementation of fair and just remedies as required.

4.3 Measuring Effectiveness

The 2021 reporting period was the policy development and implementation phase in our strategy towards mitigation of modern slavery risk. During the year we established quarterly internal reporting to the Audit & Risk Committee on the progress towards the establishment of the systems and processes that form our modern slavery risk management framework.

During the next reporting period we will develop modern slavery performance indicators to measure the effectiveness of these systems and processes, along with systems to monitor internal compliance with systems and processes that have been implemented to mitigate modern slavery risks.

5. Impacts of COVID-19

The COVID-19 pandemic continued to create challenging trading and operating conditions during the 2021 reporting period. We recognise that the pandemic has increased the vulnerability of some workers, dramatically impacting working conditions and supply chain viability.

Due to the lower level of impact in Australia and on our direct employees, we understand that the risks associated with COVID-19 were higher in our supply chains than in our own operations. We have continued to maintain our close supplier relationships and monitor the risks our suppliers face during this ongoing pandemic. We will continue to work with our suppliers and maintain open, transparent communication streams around COVID-19.

6. Consultation

Consultation with entities owned or controlled by MotorCycle Holdings was conducted through involvement of key personnel across the group in the risk identification process described in Section 4.1. MotorCycle Holdings' subsidiaries operate under the same governance and risk management structures as the core business and are subject to regular reporting to management and the Board on key risk areas, including as related to modern slavery.

7. Next steps

During FY22 we will continue to keep modern slavery a priority for the business, including working towards the following:

1. Incorporating our Supplier Code of Conduct into supplier contracts;
2. Implementing a supplier management framework and third-party audit program;
3. Expanding the delivery of our modern slavery training throughout MotorCycle Holdings;
4. Develop a response plan setting out how to respond to allegations or instances of modern slavery in operations or supply chains; and
5. Develop modern slavery performance indicators and systems to monitor internal compliance with policies to manage modern slavery risks.

8. Approval

This statement was approved by the Board of MotorCycle Holdings Limited on 20 December 2021.



David Ahmet
Managing Director and Chief Executive Officer
MotorCycle Holdings Limited