

MODERN SLAVERY ACT STATEMENT 2022

WF AUTOMOTIVE PTY LTD

This Modern Slavery Statement is made pursuant to the Modern Slavery Act 2018 (Cth), and sets out the risks of modern slavery in the operations and supply chains of WF Automotive Pty Ltd and the actions taken to assess and address those risks during the financial year ended 30 June 2022 (“Reporting Period”). In using the term “risks” in this Statement, we refer to the risk of harm to people.

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 Estimates, 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 remain committed to ethical business practices and to respecting human rights across our operations and our supply chain. We employ 61 direct staff and have global elements to our supply chain. We recognise the importance of playing a part in fostering ethical business conduct that helps to address modern slavery risks and protect human rights.

We continue to be guided by the United Nations Guiding Principles (“UNGPs”) in developing and implementing our approach to assessing and addressing modern slavery risks, namely by:

- assessing actual and potential human rights impacts
- integrating and acting on the findings
- tracking responses
- communicating about how impacts are addressed

WF Automotive Pty Ltd (ABN 69 617 175 158 MD063819), the Reporting Entity, is a private company registered in Australia, wholly owned by The Warren Family Pty Ltd as Trustee for Warren Family Trust. We trade under the name "Peter Warren Toyota".

We did not own or control any other entity during the Reporting Period. Accordingly, the reporting criteria regarding the process of consultation with any owned or controlled entities is not applicable.

We are based in South West Sydney, with our head office and place of business located at 13 Hume Highway Warwick Farm NSW 2170.

Our operations are entirely based in our Warwick Farm location, in the South West Sydney Region. We are a specialised Toyota Motor Vehicle Dealership. We were established in 1987 and trade under the name of Peter Warren Toyota. Since our inception, we have grown to become one of Australia's foremost Toyota dealerships and we are proud to be associated with one of Australia's best-loved and most reliable motor vehicle brands.

We operate an integrated New and Used Vehicle Retail business providing a full range of Sales and Support including, Aftermarket products, Parts and Accessories, Service and Finance, and Insurance.

Figure 2.1: Product Offering

| OFFERING | DESCRIPTION |
|-----------------------|--|
| New Vehicles | The sale of New Toyota Vehicles |
| Used Vehicles | The sale of Used Vehicles |
| Aftersales | <ul style="list-style-type: none"> • Aftermarket products are the Toyota branded products • Products include window tinting, tyre and wheel protection, extended warranties, roof racks, tow bars and other accessories generally available at point of sales |
| Parts and Accessories | <ul style="list-style-type: none"> • Sale of parts and accessories for new and used Toyota vehicles • Provision of parts to service workshops • Provision of parts to third-party collision repair & servicing outlets • Provision of parts to other dealerships |
| Service | <ul style="list-style-type: none"> • Ongoing vehicle maintenance • Toyota warranty repairs • Internal reconditioning of used vehicles for sale |
| Finance | <ul style="list-style-type: none"> • Sale of third party finance and insurance products to customers |

During the Reporting Period, we had 61 direct employees who worked in New and Used Vehicle Sales and Service sections of our business. The breakdown of employee numbers in those sections is as follows:

- 16 employees in New and Used Vehicles Sales
- 45 employees in Service

For the other sections of our business, employee services are provided by Peter Warren Automotive Pty Ltd (ABN 67 000 293 621 MD5411), through our Shared Service Agreements. Our business is charged a service fee in exchange for provision of employee services pursuant to those Agreements.

Figure 2.2: Direct Workers

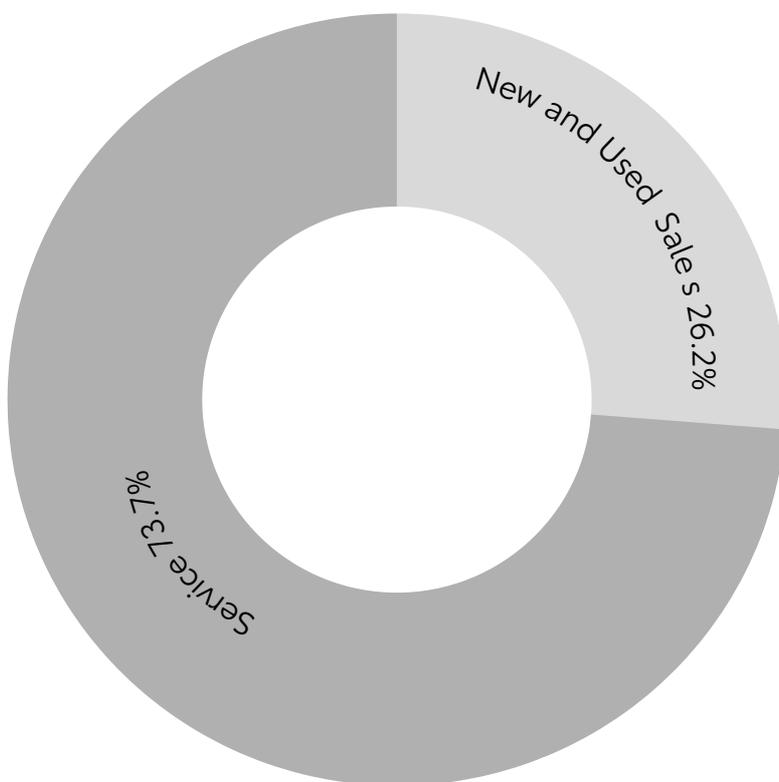
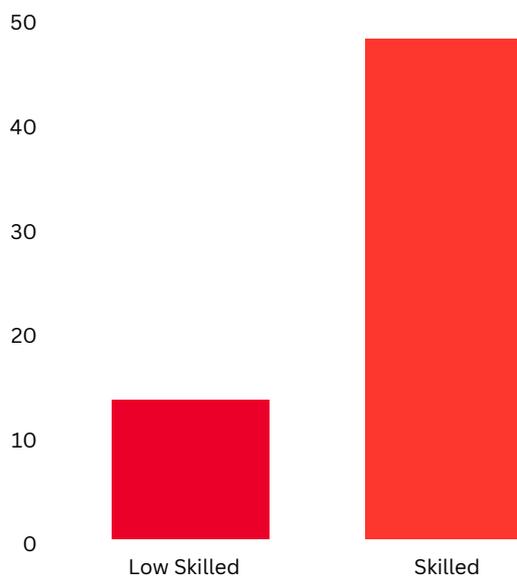
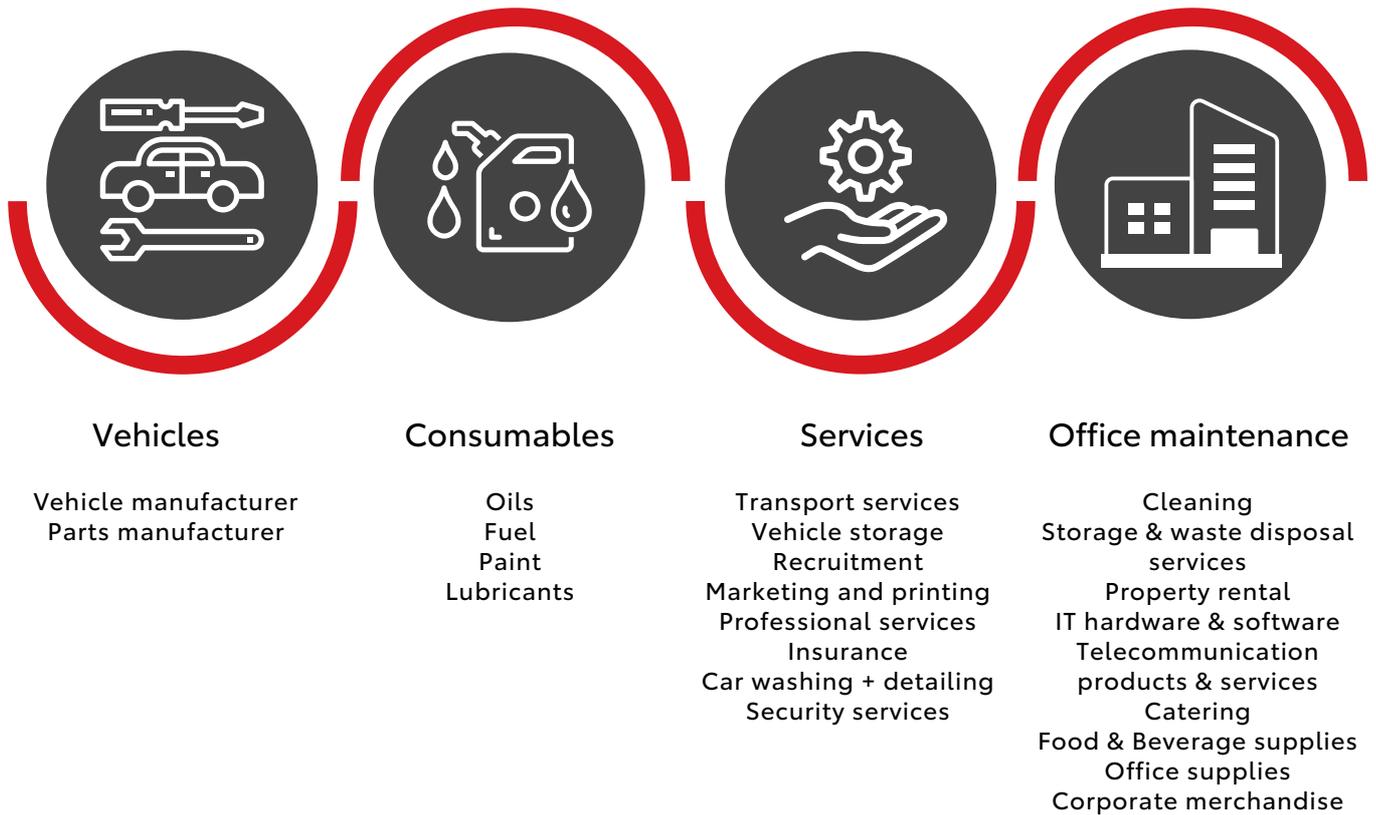


Figure 2.3: Skilled and Low Skilled Workers



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



Based on the information gathered during the modern slavery questionnaire, the geographic footprint of a subset of our suppliers is shown below¹. The majority of our direct suppliers are based in Australia but will have their own global supply chains. 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):



As our sole OEM, Toyota's supply chain forms part of our own supply chain. Having considered Toyota's Modern Slavery Statement dated 30 September 2022, we note that they operate manufacturing facilities in 21 countries across Japan, Asia, North America, Europe, the Middle East, Latin America and Africa. As of August 2022, 9762 suppliers formed part of the supply of Toyota and Lexus, the core brands of Toyota – refer to Toyota's Modern Slavery Statement for further details.

¹The geographic footprint map from our 2021 modern slavery statement is broadly representative of the locations of our 2022 suppliers.

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. 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 the fact that our operations are based in Australia, our geographic risk remains low according to the Global Slavery Index. However, the Global Slavery Index 2018 estimates that on any given day in 2016 there were 15,000 living in conditions of modern slavery in Australia². 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 occurs 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 later tiers of our supply chain where there may be greater risk by virtue of the sector profile of our suppliers driven largely by the use of low-skilled labour, often in higher-risk countries and where there are opaque subcontracting arrangements. 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 (see case study below). This means that, by virtue of our supply chain, we are at risk of being directly linked modern slavery through the business practices of companies in the later tiers of our supply chain.

Case study:

*In our previous statements, we described the risks of modern slavery in the automotive sector linked to mineral extraction. Sheffield Hallam University recently published a report titled *Driving Force: Automotive Supply Chains and Forced Labor in the Uyghur Region*³, which describes the expansion of auto parts and materials production in the Uyghur Region. The report found:*

- *96 mining, processing, or manufacturing companies relevant to the automotive sector operating in the Uyghur Region, including at least 38 that have documented engagement in state-sponsored labor transfer programs.*
- *over 40 automotive-sector manufacturers in China that are sourcing from the Uyghur Region or from companies that have accepted Uyghur labor transfers across China.*
- *more than 50 international automotive parts or car manufacturers (or their joint ventures) that are sourcing directly from companies operating in the Uyghur Region or from companies that have accepted Uyghur labor transfers across China.*
- *more than 100 international automotive parts or car manufacturers that have some exposure to forced Uyghur labor-made goods.*

Toyota was named in the report as one of the major international auto manufacturers having supply chain exposures to the Uyghur Region.

² Walkfree Global Slavery Index 2018 <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

³ <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/driving-force>

3 Modern Slavery Risks in Operations and Supply Chains

In addition to the automotive sector, our supply chain also 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 are heightened by the utilisation of unskilled workers on temporary visas with limited ability to negotiate their wages and rights in the workplace.

There continues to be modern slavery risks inherent in the supply chain behind the uniforms and corporate merchandise we purchase, the lithium in our laptops and smartphones, the food and beverages we serve on our premises and 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 get a better understanding of 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 via their own suppliers. In response to our modern slavery questionnaire, some of our 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 tier presents increased risks for our supply chain.

4 Actions taken to Assess and Address Modern Slavery Risks

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.

Reporting Grievances / Remediation

We did not receive any reports of actual or suspected instances of modern slavery during the Reporting Period.

If we found that our business had caused or contributed to adverse human rights impacts such as modern slavery, we would be guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs provides that businesses in this situation need to remediate the impact by taking a person-centred approach 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.

Due diligence

We issued the modern slavery questionnaire (MSQ)⁴ to selected suppliers that provided goods or services during the Reporting Period. The average risk rating based on the completed questionnaires was 4 (low). With the support of external subject matter experts, we sought to better understand the red flags in our supply chain based on the MSQ responses.

⁴

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 previous Modern Slavery Statements

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 previous modern slavery statements are shown below:

| | Goal | Ongoing | In progress | Complete |
|--------------|--|---|---|---|
| Supply Chain | Seek to improve the MSQ completion rate year on year |  | | |
| | Introduce a Supplier Code of Conduct | | |  |
| Procurement | Include the modern slavery clause in our supplier agreements wherever possible |  |  | |
| Operations | Develop and implement modern slavery training | |  | |
| | Review reported cases via internal grievance mechanisms | | |  |
| | Develop a remediation methodology | | |  |
| | Introduce a Human Rights Policy | | |  |
| | Undertake a human rights gap analysis of existing policies | | |  |

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 by:

- engaging with Toyota regarding the risks of modern slavery in their supply chains in light of the report published by Sheffield Hallam University
- continuing to raise awareness of modern slavery within the business
- identifying key suppliers coming up to renewal to assess the level of compliance with the modern slavery obligations stipulated in the contract with us, including our Supplier Code of Conduct

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 WF Automotive Pty Ltd on 23 December 2022.

Signed,

A handwritten signature in black ink, appearing to read 'Paul Warren', with a horizontal line underneath.

Paul Warren
Chief Executive Officer

23 December 2022