



22 December 2023

Manager  
Company Announcements  
ASX Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

### **2023 Modern Slavery Statement**

Please find enclosed a copy of GUD Holdings Limited's Modern Slavery Statement in accordance with the *Modern Slavery Act 2018* for the year ended 30 June 2023, which was submitted to the Australian Border Force on 22 December 2023. Once the Statement is registered by the Attorney-General's Department, it will be available on the Modern Slavery Statements Register.

*Announcement approved by GUD's Company Secretary*

**For inquiries:**  
**Anne Mustow**  
**General Counsel & Company Secretary**



GUD Holdings Limited

# GUD Modern Slavery Statement **2023**

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## About this Statement

This Modern Slavery Statement describes the actions we took to identify, prevent and mitigate modern slavery in our own operations and in our supply chains from 1 July 2022 to 30 June 2023 ('FY23'). It is published in compliance with the Australian *Modern Slavery Act 2018 (Cth)* by GUD Holdings Limited ('GUD') which is headquartered in Melbourne, Australia.

This joint Statement applies to all wholly owned GUD subsidiary companies listed in the 2022/23 Annual Report and listed in Annexure 1 ('Group') to the Statement. Under the modern slavery legislation, a reporting entity is one based or operating in Australia, however, our operational standards apply across the GUD Group wherever our people are located. This Statement was approved by the GUD Board on 19 December 2023.

## How we have addressed reporting criteria

The table below outlines where information related to each of the mandatory criteria in section 16 of the *Modern Slavery Act 2018 (Cth)* ('the Act') can be found:

Mandatory criteria	Section	Page number/s
<b>a)</b> Identify the reporting entity.	Section 1 Annexure 1	Page 3 and 27-28
<b>b)</b> Describe the reporting entity's structure, operations and supply chains.	Section 1	Page 3
<b>c)</b> Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Section 3	Page 11
<b>d)</b> Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	Sections 2, 3 and 4	Page 6-23
<b>e)</b> Describe how the reporting entity assesses the effectiveness of these actions.	Section 5	Page 24
<b>f)</b> Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	Section 2	Page 10
<b>g)</b> Any other information that the reporting entity, or the entity giving the statement, considers relevant.	Section 5	Page 24

## Message from the Chair of the Risk & Sustainability Committee and our Managing Director & Chief Executive Officer



**Jennifer Douglas**  
Independent Non-Executive  
Director and Chair of the Risk &  
Sustainability Committee



**Graeme Wickman**  
Managing Director & Chief  
Executive Officer

Modern slavery does not happen in isolation and cannot be effectively addressed in isolation. The challenges managed by businesses with a social and ethical remit are all interconnected: modern slavery, climate change, conflict, gender, inequality and racial injustice<sup>1</sup>.

Reflecting this, GUD's Ethical Sourcing Code starts with a foundation of human rights and labour standards; and is layered with requirements for health and safety, equality and non-discrimination, environmental management and ethical business practices. While our human rights management program is delivered through our Ethical Sourcing Program, our Ethical Sourcing Code values are also reflected in GUD's 2025 Vision and GUD's Code of Conduct. Pursuing these values is not just about compliance but is also part of our aspiration to develop a highly-engaged and diverse workforce.

Our Ethical Sourcing Program applies both to GUD's own operations and to its suppliers<sup>2</sup>. Through the global expansion of our business, including to countries where the prevalence of modern slavery is higher, we understand the importance of working to reduce the risk of modern slavery. GUD's Ethical Sourcing Program, and our own robust health, safety and wellbeing processes, help us pursue this.

The rolling out of our Ethical Sourcing Program with our tier 1 suppliers has continued in FY23. Our model of direct supplier engagement, and securing assurances regarding modern slavery practices based on self-assessments and declarations, has been bolstered through the year through increased supplier audits.

We are committed to continually improving our understanding, management and reporting of modern slavery risks. This year, the maturity of our modern slavery monitoring and reporting has continued to evolve. We have considered our reporting in the context of the United Nations Guiding Principles and the use of a sophisticated human rights management platform.

Our human rights program is evolving. GUD recognises that managing our businesses with an awareness of, and respect for, human rights will support performance and help us pursue our purpose. In this way, we can continue to create value and deliver returns to shareholders in a socially responsible manner.



1. 'Global Slavery Index', 2023 by Walk Free, p. 5 published at <https://www.walkfree.org/global-slavery-index/downloads/>  
2. Tier 1 suppliers of products and product components and service providers by category are the current focus of the Ethical Sourcing Program.

# 1. Structure, Operations and Supply Chains

## About GUD

GUD is primarily an automotive products and services manufacturer and distributor with activities in Australia, New Zealand, Asia, the USA and Europe. GUD has been listed on the Australian Securities Exchange for almost 60 years and is the sole parent company of the owned and controlled entities listed in Annexure 1.

In FY23 GUD's operations comprised:

- 15 business units
- under three main operating segments: Automotive, AutoPacific Group and Water
- specialising in six categories: 4WD Accessories & Trailing, Lighting & Power Management, Electric Vehicles, Powertrain, Undercar and Water

Consistent with our strategy to become a "pure-play" automotive group, the sale of Davey Water Products was completed on 1 September 2023.

GUD business units operate with autonomy and have their own management team. However, they are required to follow Group policies and processes. Group-wide forums support the implementation of certain programs, such as the Quality & Supply Council for the Ethical Sourcing Program.

GUD businesses are involved in developing, manufacturing and sourcing a diverse range of products primarily in the automotive space. These include products for automotive lighting, electrical and power management; clutches; gaskets; filters; suspensions; brakes; canopies; 4WD and automotive accessories; towing and frontal protection; cargo management; mechatronics; engine management products and sustainable battery solutions. During

FY23, the Group also sold water products including pumps, pool and spa systems and water purification and pressure systems.

GUD's businesses manage supply chain purchasing and logistics, as well as re-packaging, warehousing and distribution. In addition, many businesses have their own specialisation which span the following types of activities:

- engineering, product design, and development
- manufacturing
- testing
- project management
- kitting and assembly
- re-manufacturing (incl. hybrid vehicle battery remanufacturing)

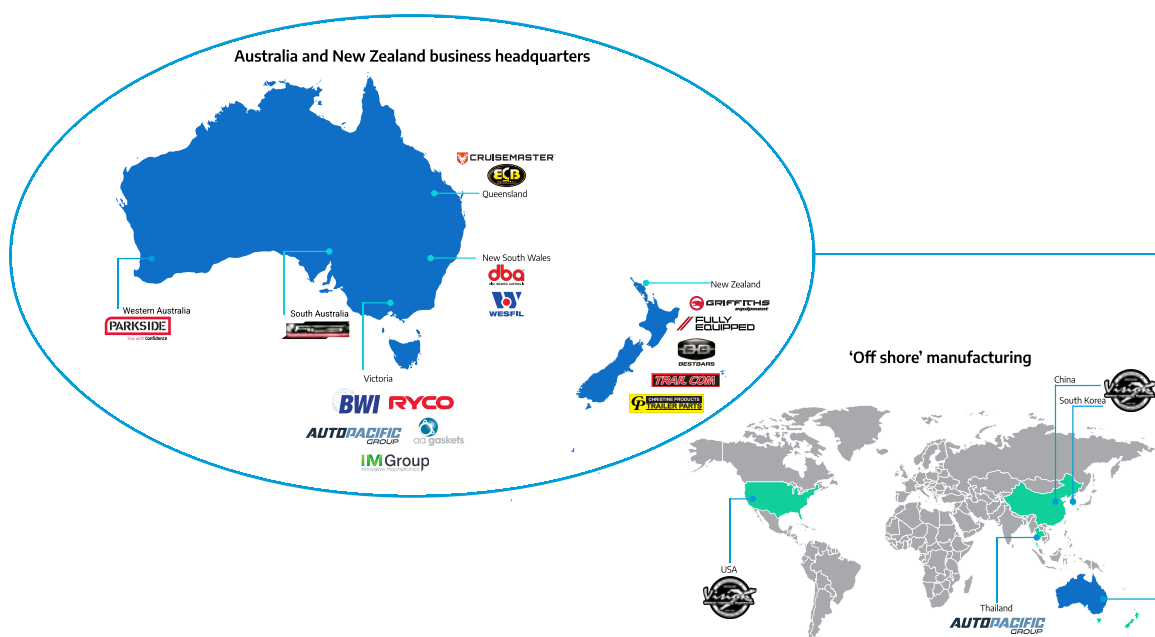
GUD businesses operate from Australia and New Zealand, the USA, Thailand, South Korea, China and Europe.

At the end of this reporting period at 30 June 2023, GUD's businesses:

- employed 2,046 people in Australia, New Zealand, Thailand, North America, South Korea, China and Europe - 96% of which were permanent employees.
- engaged 185 sub-contractor workers, predominantly in Asia.
- sponsored 60 migrant workers in factories in Australia, New Zealand and Thailand.
- had six collective employment agreements in place across the Group.

GUD products are sold directly by the businesses and in some cases via a network of independent distributors in Australia, New Zealand, the USA, Asia and Europe.

## GUD Operational Footprint



**15**  
Business Units

**2,050+**  
People

**A\$1,039**  
Revenue

**11,800+**  
Shareholders

# GUD Brands

Automotive Segment	
Lighting	
Electrical	
Power management	
Accessories	
Filters	
Gaskets	
Engine management	
Mechatronics	
EV	
Brake	
Clutch	
Functional accessories	
APG Segment	
Towing	
Functional accessories	
Cargo management	
Trailer management	

The Automotive segment businesses sell to:

- Automotive parts and accessories trade distributors, retailers and independent resellers
- Manufacturers of trucks and truck bodies, trailers, caravans, buses and other automotive and heavy-duty body or original equipment fitment fabricators
- Fleet customers
- Engine rebuilders
- Resellers
- Specialist equipment suppliers for mobile or static applications in Australia, New Zealand, the USA and Europe

APG has operations in Australia, New Zealand and Thailand and sells to customers in those countries as well as North and South America and South Africa through:

- Original equipment manufacturers
- After market resellers
- Specialist fitment suppliers, including car dealers, automotive parts/resellers and specialist fitment suppliers

## GUD Supply Chains

For the year ending 30 June 2023 GUD directly acquired goods, materials and services from almost 2,000 suppliers<sup>1</sup> from 35 countries falling into the following categories:

**Suppliers of Goods for manufacture or re-sale:** The majority of our tier 1 suppliers provide the product components and products which are used for the finished products which are manufactured, assembled and/or sold by our businesses; or they supply goods for re-sale by our businesses. Key categories in the Group's Automotive and AutoPacific segments for sale goods include:

- towbars, bullbars, roof racks, canopied, trays and cargo management products
- steel plate, steel bars, fibreglass, alloy sheet and extrusions
- production materials such as powder coat, paint and sealing products
- lighting products and components: automotive driving lights, fog lights, workshop lamps, beacons, lamps, and globes
- electrical products including fuse accessories, terminals, cables, connectors, switches and wiring
- automotive gaskets and seals, clutches, disc rotors, brake drums and shoes, disc pads, automotive filters and auto belts
- engine management and mechatronics products and traffic management products
- harnesses, winches, handles, latches and wiper blades

A sub-category of procured goods are non-trade goods associated with the sale of GUD finished products including:

- packaging and labelling materials
- personal protective equipment such as gloves and visors
- IT equipment, printing equipment and office supplies

The suppliers of non-trade goods represent a lesser spend than goods for manufacture or re-sale, however they are within scope and are being incrementally included in our Ethical Sourcing Program.

In some cases, GUD businesses supply products to each other.

**Suppliers of Services associated with goods for manufacture or re-sale:** This includes services directly associated with goods sold by GUD businesses including for:

- product development
- engineering
- testing and compliance
- maintenance of specialised equipment
- warehouse and property services
- advertising and promotions
- waste management
- recruitment and labour hire companies

A sub-category of this includes services required to support our general operations and include:

- freight and maritime cargo shipping services
- cleaning services
- security services
- technology such as hardware and IT services
- facility maintenance
- equipment handling and servicing
- communications
- electrical and energy services

Over 90% of these services<sup>2</sup> are acquired locally in Australia. GUD contracted services are prioritised by type for engagement in our Program through the identification of service categories with a high inherent risk of modern slavery.

GUD conducts supply chain mapping to identify the inherent risk of modern slavery. This is discussed further in Section 3.



1. 1,972 first tier suppliers of goods and services have been mapped in GUD's supply chains  
2. Measured by value of annual spend in FY23



# 2. Our Approach to Human Rights Management

## What is Modern Slavery?

Modern slavery encompasses circumstances where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom.<sup>1</sup> It is a term reserved for situations of greater severity than mere substandard working conditions or underpayment of workers alone.

The Act identifies the following as examples of modern slavery:

- forced labour
- the worst forms of child labour, which involves hazardous work involving children
- debt bondage
- deceptive recruitment
- human trafficking
- slavery
- servitude
- forced marriage

Modern slavery is a global issue which has multiple interconnected causes.

## GUD Values




From the beginning of our Ethical Sourcing Program in 2018 we have pursued a holistic approach - considering contributory factors which may cause modern slavery (in our tiered Ethical Sourcing Code, in our ESG program and in our GUD 2025 Vision goals).

In many ways, GUD's approach to managing modern slavery risks and human rights impacts aligns with GUD's Values.

GUD pursues authenticity and integrity by engaging directly with first tier suppliers, and requiring suppliers to account for their practices and social compliance through comprehensive self-assessments and binding declarations.

GUD's approach from the outset has been to add all new businesses into its Ethical Sourcing Program wherever they are located - creating international reach and impact.

### GUD's Core Values

	<b>People are at the heart of all we do</b> We care deeply about our team, our customers, our suppliers, our communities & our partners.
	<b>True to who we are</b> We are courageous, authentic, transparent, and honest. We always act with integrity.
	<b>We give our all</b> We are entrepreneurial, curious, driven and commercially strong. We create value through our products, our services and our actions.

*People are at the heart of all we do:*

- Care for our team members is reflected in our overarching policies, systems and processes safeguarding the rights,

entitlements, health, safety of our people wherever they are located

- Care of our suppliers, and the welfare of their people, is the primary focus of our Ethical Sourcing Program
- Care of our customers is reflected by our transparent exchanges with them about our human rights management
- Care of our business partners includes practising responsible business practices and good ethical conduct
- Care of our communities is enshrined through our commitment to environmental, social and governance goals described in our GUD 2025 Vision

*True to who we are:*

- Courage and honesty to seek out, identify and take action to address human rights impacts in our own operations and those directly linked to our businesses
- Authenticity to drive meaningful change by one on one engagement with each and every GUD direct supplier
- Integrity to follow through on the remediation of human rights non-compliances collaboratively with our suppliers
- Transparency to adopt a full disclosure mindset to report modern slavery issues in order to effect positive change




*We give our all:*

- Ambitious goals are set for the progress and reach of our Ethical Sourcing Program
- We continually strive to improve our modern slavery management and reporting
- We pursue capacity building opportunities with suppliers to drive sustainable change

### Portfolio Vision and ESG Strategy

Our portfolio vision 'GUD 2025'<sup>2</sup> identifies a commitment to sustainable (or ethical) sourcing as one of six key impact areas in our ESG Strategy, with long reaching goals through to 2030. The Group's GUD 2025 Vision also includes complementary impact areas such as health and safety, anti-discrimination and responsible environmental practices.<sup>3</sup>

### ESG Impact Areas related to Ethical Sourcing

		
<b>Health, Safety &amp; Wellbeing</b>	<b>Thriving People</b>	<b>Sustainable Sourcing</b>
The health, safety and wellbeing (HSW) of our people is the top priority in everything we do.	We invest in our people to develop a high-performing, highly-engaged, and diverse workforce.	We partner with suppliers to build their strength and capability to improve labour, ethical and environmental practices.

1. The Australian Government Guidance Material for reporting entities including 'Official Modern Slavery Act Guidance' (page 8) at: <https://modernslaveryregister.gov.au/resources/>

2. For more information on the GUD2025 portfolio vision refer to the GUD Annual Review 2022 published at <https://gud.com.au/financial-reports>

3. The interconnected relationship between the environment and human rights was acknowledged by the UN Climate Change Conference hosted Scotland in 2021. Also refer to 'Global Slavery Index', 2023 by Walk Free pp 14-20 published at <https://www.walkfree.org/global-slavery-index/downloads/>

## UN Guiding Principles on Human Rights Management

GUD has regard to the United Nations' "Guiding Principles on Business and Human Rights"<sup>1</sup> ("UNGP") framework to inform and improve its understanding of and response to modern slavery risks.

GUD acknowledges through the UNGP continuum of involvement principle that it may cause, contribute to or be directly linked to modern slavery through its actions or omissions, and it seeks to avoid these things with its ethical sourcing activities.<sup>2</sup>

The three core expectations articulated by the UNGPs for respecting human rights:

- policy commitment;
- human rights due diligence to identify, prevent, mitigate and account for how businesses address their impacts on human rights; and
- processes to enable remediation,

have informed GUD's approach to modern slavery risk management.

## GUD Ethical Sourcing Code

GUD's policy commitment to human rights is enshrined in its Ethical Sourcing Code ('Code') and Ethical Sourcing Policy.<sup>3</sup>

### GUD's Ethical Sourcing Code sets three graduated compliance standards



GUD's approach to ethical sourcing goes beyond modern slavery risk management. Reflecting that modern slavery is at one end of a continuum of human rights issues, and the interconnectedness of modern slavery with broader issues, our Code is tiered:

- At its foundation Bronze level, the Code prohibits specific modern slavery practices and requires the fair and humane treatment of workers including their freedom of movement. Bronze level also requires: compliance with labour laws regulating working hours, wage entitlements and other benefits; proper documentation on recruitment and transparent record keeping; and access to fair and open grievance mechanisms.
- Silver level requires that working conditions (including dormitories) meet or exceed local and international health and safety standards; prohibiting discriminatory practices and safeguarding civil rights such as freedom of association, collective bargaining and unionisation.
- Gold level requires certain standards to be met for sound environmental management practices and for honesty, transparency, accountability, integrity and respect in business relationships.

1. United Nations Office of the High Commissioner for Human Rights, Guiding principles on business and human rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, UN Doc HR/Pub/11/04 (16 June 2011) [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf) unanimously adopted by the United Nations (UN) Human Rights Council in 2011 ("UNGP").

2. Refer to Section 3 for our analysis of how GUD may cause, contribute to or be directly linked to modern slavery risks using UNGP principles.

3. The GUD Ethical Sourcing Code can be found online at <https://gud.com.au/corporate-governance>.

## Ethical Sourcing Policy

The GUD Ethical Sourcing Policy provides that the Code applies to both our businesses and to GUD suppliers.

Securing supplier commitments to meet the Code's standards is pursued by our businesses through our Ethical Sourcing Program.

Key elements of GUD's Ethical Sourcing Program are:

- **Risk Identification and Assessment:** risk analysis, risk ranking, supply chain mapping, supplier screening, grievance mechanisms
- **Prevention and Assurance:** human rights due diligence, binding declarations of compliance with Code standards
- **Remediation:** corrective action plans, audits, site visits
- **Monitoring:** repetition of the above steps including cyclic human rights due diligence
- **Mitigation:** training, awareness raising, capacity building, reporting

We strive to maintain a Group wide approach to human rights management and our Ethical Sourcing Program, although our businesses are generally autonomous and independently managed. The maturity of the Program is evolving at different rates across different businesses in the Group, depending on a number of factors (including the resources available in a business and how new the business is to the Group.)

### Program Tools

The Ethical Sourcing Program is built on a framework of tools made available across the Group – including policies, implementation guidelines, modern slavery risk identification and evaluation tools, human rights due diligence assessment material, ethical sourcing clauses, declarations and reporting templates. Some resources, such as the GUD Self-Assessment Questionnaire ('SAQ'), are translated into Mandarin to ensure they are accessible and usable by our Chinese suppliers.

Program Tool	Description
<b>Ethical Sourcing Code</b>	Establishes minimum standards that suppliers are required to comply with in relation to labour, human rights, health, safety, environment, social governance and business ethics. At a minimum, it specifically prohibits modern slavery practices (as defined in the Act) and enshrines internationally recognised human rights values as described in the United Nations Guiding Principles on Business and Human Rights.
<b>Ethical Sourcing Policy</b>	Sets out GUD's expectations as to application of the Code to all GUD businesses and throughout the operations of their supply chain.
<b>Implementation Guidelines</b>	Provides internal guidance for GUD businesses on how to implement the Code. The Guidelines create common standards to manage supplier engagement and undertake assurance activities and confirms the internal progress reporting required to ensure that all GUD businesses progress the implementation of the Code uniformly and consistently throughout their supply chain.
<b>Modern Slavery Risk Matrix</b>	A matrix developed by GUD using multiple references to evaluate modern slavery risk and used by GUD businesses to evaluate risk of modern slavery by country.
<b>Supply Chain Risk Map</b>	A risk evaluation template used for GUD businesses to map their supply chain, evaluate risk and identify risk mitigation opportunities.
<b>Ethical Sourcing Self-Assessment Questionnaire (SAQ)</b>	To be completed by suppliers to determine and test supplier compliance with the Code. The SAQ (available in English and Mandarin) automatically determines supplier compliance at Bronze, Silver or Gold level and highlights any remedial actions to address any areas of non-compliance.
<b>Declaration of Compliance</b>	Is incorporated into the SAQ and is a contractually binding assurance of compliance with the Code, co-operation and access for audit and agreement to undertake any remedial actions required towards achieving Gold standard compliance.
<b>Sedex Assessments &amp; SMETA Audits</b>	Sedex's on-line risk assessment tool (Radar), Sedex SAQ and Sedex Members Ethical Trade Audits (SMETA)
<b>Ethical Sourcing Progress Report</b>	To be completed by the GUD businesses to track and measure progress of Code implementation within their supply chains, identification of modern slavery risks and supplier remedial measures undertaken across the Group. This is analysed by the Ethical Sourcing Working Group and aggregated results are reflected in the Modern Slavery Statement.
<b>Ethical Sourcing compliance clauses</b>	Template clauses for inclusion in supply agreements to ensure compliance with ethical sourcing standards, co-operation with audits and grounds for termination if standards are not met.

More information on our Ethical Sourcing Program is provided in 'Our Actions to Assess and Address Modern Slavery' in Section 4.

## Governance

GUD conducts internal ethical sourcing forums for its businesses through which the Ethical Sourcing Program is coordinated.

The Ethical Sourcing Policy, including Code standards, has been approved by the Board, which oversees the structure of the Ethical Sourcing Program through its Risk & Sustainability Committee.

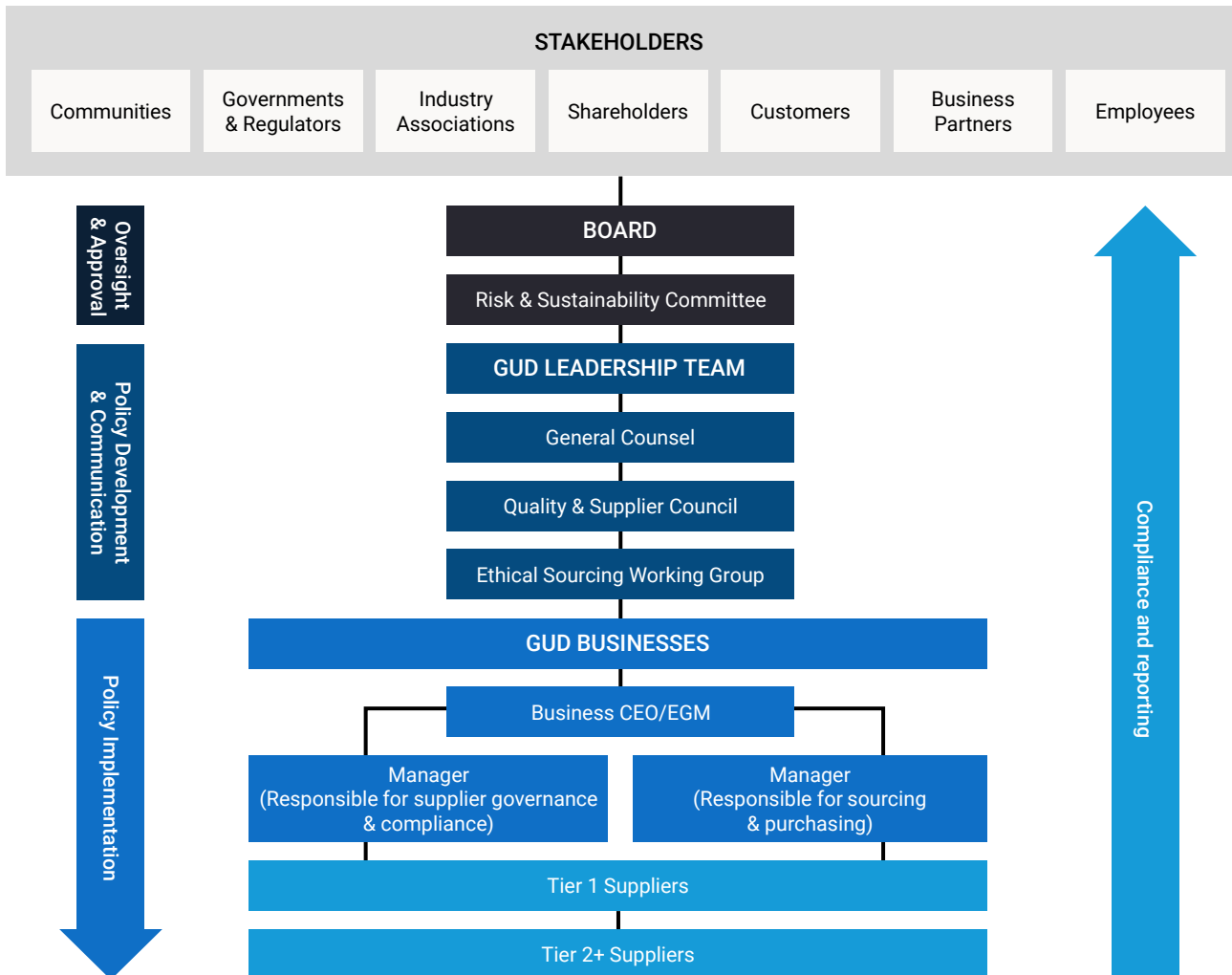
GUD businesses are accountable for meeting the Code standards in their own operations and are expected to undertake human rights due diligence against the Code standards.

Implementation of the Ethical Sourcing Program across the Group's supply chain is facilitated through the Quality & Supplier Council ('Council').

Personnel responsible for sourcing and supplier relationships from all GUD businesses sit on the Council, and are responsible for embedding processes into their businesses to apply the Program in their supply chains.

A working group of the Council, the Ethical Sourcing Working Group ('Working Group') coordinates and supports the application of the Ethical Sourcing Program by GUD businesses in line with Group wide key performance indicators. The Working Group facilitates training and the use of shared resources, such as Sedex platform membership. It also develops common resources and provides practical guidance on engaging with suppliers and implementation of the Ethical Sourcing Program with the support of a legal consultant who sits on the Working Group.

### GUD Ethical Sourcing Governance Structure



## Consultation

In anticipation of our modern slavery reporting, GUD businesses complete a comprehensive questionnaire about their identification and management of human rights issues in their own business and supply chain. This includes the GUD business providing information on:

- progress tracking of their implementation of the Ethical Sourcing Program in their operations and supply chains against Group objectives and other key performance indicators; and
- actions undertaken by them to identify, assess, remediate and prevent modern slavery and human rights impacts in their supply chain.

Various aggregated observations and specific observations from these reports are included in this Statement.

Additional information about the management of modern slavery risk which is included in this Statement is sourced from GUD businesses via the following channels:

- tracking of human rights due diligence assessments including reports accessible via the Sedex platform
- use of GUD's grievance mechanisms and safety incident (Vault) reporting<sup>1</sup>
- personal engagement with members of the Working Group and participation in meetings of the Quality & Supplier Council

Key members of the Executive Leadership Team, including the Company Secretary & General Counsel, Chief People Officer and Managing Director & Chief Executive Officer, were involved in the preparation of this Statement. The Risk & Sustainability Committee was engaged during the development of the Statement prior to it being submitted to the Board for approval.



1. For more information regarding GUD's Vault reporting see Section 4.

# 3. Risks of Modern Slavery in our Operations and Supply Chains

## Risk Indicators

Human rights risk (including modern slavery risk) assessment is a people focused analysis. The following modern slavery risk indicators inform what circumstances and scenarios may have negative impacts on people involved with GUD's supply chains.

References in this Statement to "human rights" are to internationally recognised human rights.<sup>1</sup> GUD is concerned with any actual or potential human rights impacts it may be involved in, either by its own activities or as a result of its business relationships.

Modern slavery risks are widely recognised as being heightened in specific:

- **Countries:** certain countries have a higher prevalence of modern slavery due to factors such as: weak rule of law, low degree of regulation or governance of manufacturing processes, political environment, limited access to civil liberties, high migration flows and socio-economic factors such as poverty.
- **Industries:** certain industries carry a higher risk of modern slavery including those: which are characterised by informality and a higher use of migrant, low-skilled or seasonal labour; which involve hazardous processes or the use of hazardous materials; and are low margin such as in raw material extraction and processing.
- **Products:** certain products may be linked to documented human rights abuses of migrant populations or a high risk of modern slavery due to the type of work, labour intensity or risks observed in the sector.
- **Vulnerable Populations:** industries and services which predominantly use low skilled and migrant workers are at higher risk as challenges with language and lower levels of education leave workers vulnerable to human rights abuses.
- **Business models:** Complex labour sourcing arrangements for services involving use of labour hire companies over direct employment carry an increased risk of modern slavery such as deceptive recruitment practices and bonded labour.
- **Entity practices:** human rights abuses such as discrimination, limited access to grievance mechanisms or collective bargaining rights can be indicative of a higher risk of modern slavery. Similarly, the absence of formal documentation of working hours and payments can mask the exploitation of workers.

Human rights situations are also very dynamic. Current conflicts and crises may heighten the risks of modern slavery.<sup>2</sup>

- **Covid-19 lockdowns:** have for several years disrupted employment and business and the impact on logistics and resulting supply-chain shortages have increased demands on suppliers. This heightens the risks of modern slavery, e.g. by engaging in unorthodox recruitment practices to secure or retain labour. It also increases the risk of workers

being pressured to work excessive overtime and related workplace injury.

- **Economic slow-down in South East Asia:** weakening global demand, impacted by both Covid-19 lockdowns and the US-China trade sanctions, has increased job losses and increased factory closures in South East Asia. Industrial job losses push people into the grey economy and higher risk industries such as agriculture, fishing and cleaning.
- **Conflicts:** global or civil conflicts may lead to unplanned migration and amplify displacement such as loss of livelihoods and food insecurity. In FY 23 the Ukraine-Russian war was an emerging crisis; which may also include the Hamas-Israel conflict.
- **Climate change impacts:** increase the vulnerability of already at risk groups - such as women, children, indigenous people and members of marginalised communities. Distress migration, lack of access to natural resources such as water and food insecurity may be experienced. The more precarious the situation the more exposed individuals are to modern slavery risks.

GUD undertakes risk scoping assessments to identify worker vulnerability, high risk products, services and industries. This involves analysis of our own operations and our direct (tier 1) supply chains and the tracing of risk indicators in the operations of higher tier suppliers.<sup>3</sup> This is a qualitative analysis which is particularly useful to help identify potential modern slavery risks in multi-tiered supply chains where the line of sight to working conditions is limited. This analysis is informed by research, commentaries and investigative reports from specialist human rights organisations, government and non-government organisations and automotive industry organisations which monitor and evaluate risk factors and trends specific to the industry.



1. UNGP 12 defines these as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.  
2. Global Slavery Index', 2023, by Walk Free p. 63 published at Global Slavery Index', 2023, by Walk Free p. 63 published at <https://www.walkfree.org/global-slavery-index/downloads/>  
3. Higher tier suppliers refer to tier 2+ suppliers which are not directly engaged by GUD businesses.

## UNGP Continuum of Involvement Analysis: Cause, Contribute or Direct Link

In this Statement, GUD refers to the UNGPs' continuum of involvement framework to explain how we identify and assess our proximity to involvement in human rights impacts and to identify a proportionate response. The UNGPs are guidelines intended to enhance standards and practices with regard to business and human rights management to achieve tangible results for affected individuals and communities and to contribute to socially sustainable globalisation.<sup>1</sup>

The UNGPs create a common approach to describing the negative impacts on people that can result from business activities. A company's connection to a negative impact is characterised in the UNGPs through three separate concepts – cause, contribute and directly linked.

### UNGP's Continuum of Involvement Framework

CAUSE	CONTRIBUTE	DIRECTLY LINKED
A company may cause human rights impacts or modern slavery through its own actions or omissions.	A company may contribute to human rights impacts or modern slavery if its actions or omissions contribute to another party causing the impact or slavery.	A company may be directly linked to human rights impacts or modern slavery where this is caused by an entity with which the company has a business relationship and is linked to its own operations, products or services.

Below we consider the nature of GUD's relationship to and degree of influence on modern slavery risks in these terms. Further information in relation to our monitoring and remediation of human rights impacts is provided below and in Section 4.

## Modern Slavery Risks in Our Operations

### Causation

Businesses can be involved in modern slavery where their actions (or omissions) result in human rights impacts. Where a business identifies it might cause an adverse human rights impact, it should take the necessary steps to cease or prevent the impact, and provide for or cooperate in a remedy.<sup>2</sup>

The potential for modern slavery risks may be found in the regions in which our more recently acquired off-shore businesses operate:

- GUD has factories in countries which have an inherently higher risk of modern slavery: being China and Thailand.
- GUD's use of migrant labour in some of our operations is a higher risk practice because of the vulnerability of migrant workers to exploitation.

Accordingly, GUD is taking steps to ensure it is properly monitoring its off-shore manufacturing operations and appropriately supporting its workforce, including sponsored employees.

### GUD Operations in Thailand and China

#### *Risk area: Undocumented labour practices or excessive overtime in off-shore operations*

When we acquired the AutoPacific and Vision X businesses in FY22, GUD was conscious of the potential to inherit human rights issues in operations located in countries with a higher risk of modern slavery than Australia. With the Vision X businesses, GUD acquired both a US based operation and its primary suppliers located in South Korea and China. Vision X China specialises in the development and manufacture of automotive lighting products and in this reporting period employed 12 people. The acquisition of AutoPacific Group included a factory and warehousing facilities in Chon Buri, Thailand which employs over 250 people and 63 sub-contractors, and which produces automotive accessories for towing, trailering and cargo management.

As reported in last year's Modern Slavery Statement, prior to these acquisitions GUD conducted comprehensive due diligence into these businesses to consider their legal and regulatory compliance. This included conducting site visits and audits conducted of all off-shore sites, including the factories located in Thailand and China.

Nevertheless, there is an inherently higher potential risk of modern slavery in industrial operations in countries such as Thailand and China than there is in Australia and South Korea. This is typically indicated in Thailand through: the prevalent use of low-skilled, low wage workers and migrant workers who may be undocumented, weak rule of law, and given that worksites located in regional and rural locations may be removed from the regulatory control and governmental oversight.<sup>3</sup> Similarly, discriminatory social norms, political inequality and increasing economic insecurity are factors which make China vulnerable to modern slavery. In any country, unregulated labour practices and undocumented labour may escalate to slavery practices such as forced labour.

GUD understands that it has a responsibility to ensure that its off-shore operations have robust and compliant labour standards and processes in place, and works towards this in a number of ways. Notably, overarching GUD Group policies - underpinned by GUD's health, safety and wellbeing culture - drive engagement and accountability for the safety, empowerment and wellbeing of our people wherever they are located. In addition to the application of GUD policies and processes:

- Since acquisition, the AutoPacific and Vision X sites have been integrated into GUD's Ethical Sourcing Program and Health, Safety and Wellbeing Program.
- Remediation of workplace health and safety improvement opportunities identified in pre-acquisition audits have been implemented at the sites in Thailand and China.
- AutoPacific and Vision X comply with local labour laws.
- AutoPacific provides annual reports on conditions of employment and certificates of compliance to Thai regulatory authorities; and sites in Thailand are audited annually to ensure staff and contractors enjoy the same work conditions and are paid comparable wages based on skills and experience.

1. UNGP 13  
2. UNGP 22.

3. Guidance on Modern Slavery Risks for Thai Businesses' 2022, p 27 by the Stock Exchange of Thailand, Walk Free and Finance Against Slavery and Trafficking published at <https://sseinitiative.org/all-news/exchange-in-focus-set-launches-guidance-on-modern-slavery-risks/>

### 3. Risks of Modern Slavery in our Operations and Supply Chains (continued)

- GUD's Group level grievance mechanisms are in place.
- GUD senior leaders, including those from AutoPacific and Vision X, participate in a Safety Leadership Program which ensures awareness of and commitment to their safety obligations.
- No high-consequence injuries were sustained in FY23.
- An annual employee engagement survey was conducted by the Group with 80% of all GUD Group employees participating (with the survey provided in multiple languages).
- GUD undertakes human rights due diligence, training and assurance with these businesses as part of our Ethical Sourcing Program.

By safeguarding the rights, freedoms and privileges of our workforce through our robust Group policies, systems and processes, we seek to effectively manage the risk of modern slavery in our own operations.

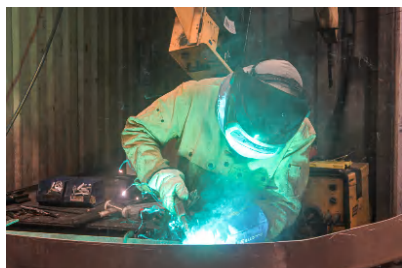
#### Sponsored Migrant Employees

##### *Risk area: Migrant labour exploitation*

Two GUD businesses, East Coast Bullbars ('ECB') in Queensland and Fully Equipped Limited ('FEL') in New Zealand, sponsor temporary visa employees primarily from the Philippines to meet local skills shortages. Sponsored employees under temporary skilled migrant programs represent less than 30% of workers in these businesses, however, they are recognised as a vulnerable population from a human rights perspective. The AutoPacific factory in Thailand sponsors workers from Cambodia, representing 6% of its workforce in Thailand. As a general principle, there is a risk that migrant workers may be vulnerable to human rights abuses given they may be less familiar with workplace laws, and less likely to voice grievances due to language issues or concerns about employment security. Managing these risks necessitates the proper documentation, remuneration, support and empowerment of sponsored migrant employees.

All GUD businesses are required to follow local labour laws, and engage experts to assist with the proper documentation of sponsored employees. The following case study reflects how the sponsored employees introduced by ECB are treated. They enjoy equivalent rights and entitlements as GUD team members and are guaranteed minimum hours and remuneration. Further, their welfare and integration are well supported and empowered by ECB and its associated community networks.

#### Case study



#### East Coast Bullbars - Skilled Worker Migration Program

ECB manufactures bullbars at its factory in Clontarf, Queensland. For the last 15 years, ECB has been sponsoring skilled workers from the Philippines to work as welders, metal polishers and industrial spray painters.

Through the temporary skilled migrant program, ECB has been able to fill shortages in the local services industry linked to Australian based welders choosing to work in the mining industry. ECB has partnered with a long term trusted labour hire contractor in the Philippines to shortlist initial candidates with ECB managers travelling to the Philippines to conduct the final selection and make the final decision after interviewing the candidates and testing their skills. This direct communication with the candidate prior to employment allows ECB to explain the role, conditions and terms of employment to reduce the risk of any deceptive recruitment practices. Offers for employment are provided and must be submitted as part of the Visa approval process with the Australian government.

All sponsored employees have the same rights and entitlements as Australian employees, including the protections provided under minimum threshold laws which guarantees minimum rates and hours.

ECB takes care to ensure that potential employees are not put under financial stress to be placed. Once confirmed, the successful candidate's travel expenses are fully paid for by ECB, and ECB assists in finding accommodation. Using a buddy system, ECB pairs up new employees with team members in the existing Philippine workforce to assist with their integration. ECB also supports sponsored employees in gaining permanent residency and citizenship. ECB reports that the social and psychological benefits of new workers coming to an established local Philippine community are significant.

As part of their induction sponsored employees can access all benefits available to other GUD employees – including Benestar psychological counselling.



## Contribution

There is a risk that businesses can unknowingly contribute to modern slavery where their actions (or omissions) facilitate or incentivise human rights impacts. Where a business identifies it might contribute to an adverse human rights impact, it should cease or prevent its contribution and use leverage to mitigate any remaining impacts, and provide or cooperate in a remedy.<sup>1</sup>

The potential for modern slavery risks, such as labour exploitation, could arise from GUD's dealings with third parties engaged in labour hire - for example, if GUD:

- incentivised human resources labour hire companies to engage in practices such as debt bondage or charged a fee to the workers for placement, or turned a blind eye to this practice.
- colluded with labour hire companies in deceptive recruitment practices and made false promises about wages, working conditions and benefits.

GUD understands that if arrangements such as remuneration or time-frames are struck at a level which is impractical for the labour hire company that company might, unbeknown to GUD, engage in unacceptable practices to try and meet such obligations. In addition to ensuring its service expectations of labour hire providers are realistic, GUD businesses manage these risks in several ways:

- FEL avoids these risks by not using labour hire services; instead selecting candidates from their own team network.
- ECB vets its labour hire contractors to ensure that the labour hire company does not charge workers for placement and is transparent with its description of work. ECB communicates directly with workers prior to placement, personally interviewing them and clearly communicating the role and conditions.

Further in FY23:

- GUD prioritised assessment of labour hire companies and human resource service providers as part of its Ethical Sourcing Program. In this reporting period 68%<sup>2</sup> of labour hire and recruitment service providers (and legal service providers) had been assessed in the Ethical Sourcing Program at Bronze or higher with 48% at Gold standard.
- GUD raised awareness by commissioning a "Right to Work Guide & Visa Matrix" from a specialist immigration law firm and provided this to the relevant Human Resource managers for implementation.

Case studies from FEL and ECB illustrate the steps which GUD businesses take to ensure their sponsored employees are made aware of their benefits ahead of placements and are well supported (often through existing sponsored communities) during their tenure.

### Case study



## Sponsored Employees at Fully Equipped Limited

For the last 20 years, FEL has been sponsoring workers from the Philippines to provide technical work, fitting assembly and in fibreglass mould manufacture in its New Zealand factory which makes canopies and tray liners.

FEL does not usually involve labour hire recruitment agencies. Instead, FEL relies on relationships built up over time with the Philippine families and communities of previous employees. FEL now has second and third-generation Philippine employees following in the steps of their fathers and grandfathers who were sponsored employees at FEL.

*"As soon as we let our workforce know that we have a vacancy for a sponsored employee position we will immediately receive half a dozen curriculum vitae from our current team of sponsored employees. We prefer to deal with the networks we can access via our Philippine team members, and this has worked very well - for both us and the families who have worked for us."*

FEL's senior executives interview candidates directly (usually via video-conference) to communicate the role description, remuneration and entitlements which avoids the risk of deceptive recruitment practices via third parties. It is only at the stage of arranging Work Visas that FEL engages a local and Philippine agent to manage the sponsorship documentation. Once confirmed, the successful candidate's travel expenses and initial accommodation are fully paid by FEL with no 'bond' arrangements.

FEL provides support in helping employees find more permanent accommodation, introducing them to local schools and setting up bank accounts. FEL has an established range of settlement support activities. Every new employee receives a welcome letter setting out employment rights, work related and local community and service settlement support information. This includes information about practical issues such as transportation and accessing healthcare services as well as local Filipino cultural and social organisations, restaurants and churches. New employees are paired with a work 'buddy' to assist with their transition and integration. FEL values its sponsored workers, providing specialised training and over the years has sponsored activities to assist in their integration, such as language lessons and sponsoring sports teams.

1. UNGP 22.

2. Percentage is by annual spend

## Modern Slavery Risks in Our Supply Chains

### Directly Linked

There is also a risk that businesses can be directly (often unknowingly) linked to modern slavery where they are connected to human rights impacts through their products, services or operations - including through the actions (or omissions) of entities in its extended supply chains. Where a business identifies its operations, products or services are directly linked through a business relationship to an adverse impact, it should use leverage to influence the entity causing the adverse impact to prevent or mitigate the impact, and may also choose to play a role in remediation.<sup>1</sup>

Evaluating the theoretical risk of modern slavery in GUD's supply chains is the first step in the Ethical Sourcing Program and is conducted by GUD businesses using tools which measure quantitative inherent risk indicators:

- GUD's Modern Slavery Risk Matrix which determines the inherent modern slavery risk rating to countries by weighing a range of factors sourced from multiple sources
- Annual supply chain risk mapping – involves application of the Risk Matrix and measuring supplier spend and other factors in respect of all first tier suppliers of goods for manufacture or re-sale and associated services

#### GUD Modern Slavery Risk Matrix

GUD's modern slavery risk management framework grades countries into bands correlating to the inherent risk of modern slavery. Countries are ranked for the risk of modern slavery on a scale of 1 to 10, which determines whether the countries sit in the High, Medium or Low bands.

GUD's Modern Slavery Risk Matrix has been developed with regard to human rights resources which measure global modern slavery risk in different ways - reflecting that modern slavery has multiple causes. The resulting 'country' ranking takes into account multiple factors including inherent access to civil liberties,<sup>2</sup> the strength of government response to human rights abuses as well as the presence of risk factors, reported cases and estimates of modern slavery.

The use of a combination of source materials is designed to address inherent deficiencies in individual ranking approaches. For example, the Global Slavery Index relies heavily on reported instances of slavery practices. However, transparency in monitoring of slavery practices can differ by country, and self-reporting tends to be less prevalent in countries with restricted civil liberties.

Accordingly, the GUD Modern Slavery Risk Matrix layers the Global Slavery Index ranking with Freedom House scores measuring access to civil liberties and the TVPRA tiering system which provides a more nuanced way to rate all supplier countries for risk based on their governments' actions to combat human trafficking.

Resource	Ranking	Source Material & Methodology	Responsible
<b>Global Slavery Index</b>	Ranks countries on risk of modern slavery from 1-167 grading from: highest (1) to lowest (167) risk	Estimates the number of people in modern slavery using probabilistic surveys across countries on reported cases; data from assisted victims of trafficking in IOM12 databases; estimates from ILO13 on state-imposed forced labour	Walk Free Initiative by the Minderoo Foundation (assoc. with Fortescue Metals Group)
<b>Freedom House Score</b>	Ranks countries as: <ul style="list-style-type: none"> <li>• Free</li> <li>• Partly Free</li> <li>• Not Free</li> </ul>	Measures individual's access to political rights and civil liberties using on the ground research, NGO reports, academic data, news articles and professional contacts	Freedom House (US organisation established in 1941)
<b>TVPRA Tiers</b> Trafficking in Persons reports	TVPRA Tiers rank countries into four tiers on gov. actions taken to eliminate human trafficking	Measures a government's actions to combat human trafficking against criteria specified in the Trafficking Victims Protection Reauthorization Acts (TVPRA)	US Bureau of International Labor Affairs, regulating the TVPRA
<b>GUD Modern Slavery Risk Matrix</b>	Ranks countries at High, Medium and Low risk of modern slavery prevalence using a numeric score out of 10 (highest score is highest risk)	Points allocated referencing the ranking of the country by: <ul style="list-style-type: none"> <li>• Ranking on Global Slavery Index</li> <li>• Freedom House Score</li> <li>• Ranking in TVPRA Tiers</li> <li>• Total points out of 10</li> </ul>	GUD Ethical Sourcing Working Group

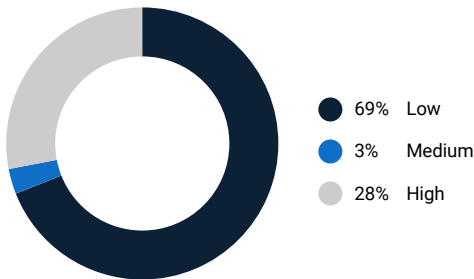
1. UNGP 13.

2. 'Global Slavery Index' 2023, by Walk Free, p. 24 published at <https://www.walkfree.org/global-slavery-index/downloads/> The GSI confirms that the top 10 countries with the highest prevalence for modern slavery share characteristics which include limited protections for civil liberties.

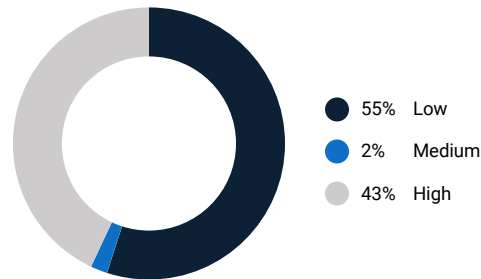
### Supply Chain Risk Mapping

The FY23 supply chain mapping of GUD suppliers of goods and services indicates that the majority of GUD suppliers in our immediate supply chain are located in countries with an inherently low risk of modern slavery - whether evaluated by number of suppliers or by spend.

**Supplier Country Risk by No. Of Suppliers**

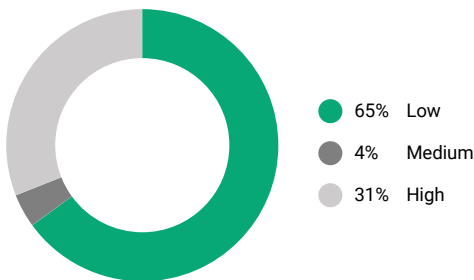


**Supplier Country Risk by Spend**

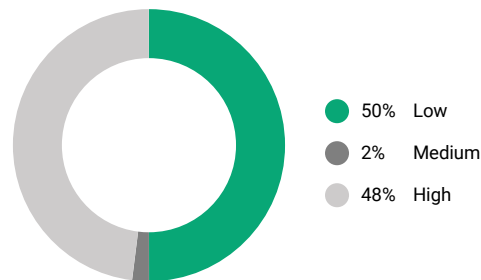


Focused mapping of suppliers also indicates that a majority of GUD suppliers were located at low risk locations. However, the FY23 annual spend was split fairly evenly between suppliers in high and low risk countries.

**Product Supplier Country Risk by Spend No. Suppliers**



**Product Supplier Country Risk by Spend**



Over 90% of GUD’s supplier spend on goods for manufacture (raw materials) or re-sale (finished products) is with suppliers in five countries: China, Australia, South Korea, Taiwan and Thailand. GUD businesses have manufacturing operations in four of these countries, and some of this spend includes inter-company transactions with our own GUD businesses, including those located in higher risk countries of China and Thailand. Our ownership and direct oversight of these operations provides confidence as to their human rights management processes.<sup>1</sup>

**GUD Suppliers by Quantity**



**1,900+**  
Suppliers

**960**  
ANZ based suppliers

**GUD Suppliers by Spend**



**1,010**  
Internationally based suppliers

The engagement of suppliers in the Ethical Sourcing Program provides a level of visibility and understanding as to human rights impacts for GUD.

We also build on these insights to analyse risk in our tier 1 supply chain. This qualitative analysis has identified the following risk areas arising from tier 1 suppliers:

1. Future supply chain mapping and reporting will exclude such intracompany spend in 'supplier spend' from our external supply chain analysis.

**Risk Areas – Tier 1 Suppliers:**

- Electronic products from China, which are acquired in the Automotive (and previously, the Water) segments<sup>1</sup>. A significant proportion of supplier spend is with suppliers in China and includes electronic products. This is a category which has been linked to excessive overtime (albeit not directly associated with Automotive or Water products)<sup>2</sup>. This practice has been periodically identified in GUD’s human rights audits and assessments of first tier suppliers in China. While not a modern slavery risk, excessive overtime can amount to forced labour if wages are systematically and deliberately withheld as a means to compel workers to continue working for the employer; or if workers cannot earn at least the minimum wage without working overtime<sup>3</sup>. GUD’s Modern Slavery Risk Matrix reflects that electronic products sourced from China are high risk as evaluated in the TVPRA tiering. Our FY23 supply chain risk mapping also confirms the current focus of the Ethical Sourcing Program should remain with suppliers of product and product components for goods for manufacture or re-sale, prioritising high risk country suppliers (including China).
- International freight forwarders, which all GUD businesses use. This industry uses maritime shipping services which has been identified as high risk due to the multi-national and fragmented regulatory regime that governs the industry and the practical limitations to effectively monitoring and enforcing work practices and conditions on board vessels. GUD has initiated consolidating freight forwarding where feasible with a preferred (Gold compliance) supplier.
- Sub-contracted cleaning services, which all GUD businesses use. This service area often uses low skilled and migrant labour who are at risk of exploitation and more vulnerable to human rights abuses which could involve debt bondage and confiscation of identity documents. GUD prioritised assessments of GUD cleaning service providers in FY22 and continued this priority area in FY23.



1. Water segment spend will not continue into FY 24 given the disposition of this business by GUD.
2. 'Global Slavery Index', 2023 by Walk Free, p. 155 published at <https://www.walkfree.org/global-slavery-index/downloads/> statistics linked to laptops, computers and mobile phones imported from China to Australia under 'Regional Findings'
3. The International Labor Organization 'ILO Indicators of Forced Labor' 2012, pp 8, 11 'Withholding of wages' published at [https://www.ilo.org/global/topics/forced-labour/publications/WCMS\\_203832/lang-en/index.htm](https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang-en/index.htm)
4. Measured by percentage of annual spend

**Addressing Excessive Overtime**

Records of working hours and payments at supplier locations are accessed and analysed as part of our human rights audits. The extent, frequency and level of working hours are investigated in detail. If working hours by individuals and/or whole workforce were to be found to exceed legal requirements, they would be identified as major non-compliances and escalated for remediation. Strategies to manage working hours to eliminate excessive overtime are undertaken directly with the supplier may involve:

- Planning by the production team to arrange daily working hours for each worker based on the legal requirement
- Arranging worker’s hours by the production team to avoid overtime
- Monitoring by the HR team of working hours

Suppliers are encouraged to commit to ensuring corrective actions closure and re-auditing in the future.

GUD businesses are also mindful that increased working hours may arise due to increased customer demand. Strategies employed by GUD businesses to avoid placing unreasonable burdens on suppliers include working collaboratively with them to:

- check on supplier capacity to ensure demand will not result in extra workloads
- pre-planning orders to provide suppliers time to secure and train new employees
- implementing 12 month purchasing forecasts to give suppliers time to manage workloads

**Update on Engagement of Maritime Shipping Service Providers & Cleaning Service Providers**

In FY22 we prioritised human rights due diligence with two different types of service providers used by the ANZ businesses: freight forwarders (including maritime shipping services); and sub-contracted cleaning service providers.

In FY23 the scope of this due diligence process expanded to include AutoPacific and Vision X businesses. As at FY23 across the GUD Group:

- 89%<sup>4</sup> of all freight forwarders had been assessed at Bronze or higher with 69% at Gold.
- 72% of all cleaning service providers had been assessed at Bronze or higher with 68% at Gold.

**Overview of Material Modern Slavery Supply Chain Risks<sup>1</sup> & GUD's Policy Response**

Supplier Country	Risk	Products or Services	Tier	UNGP link to risk	GUD Policy Response
Philippines	Deceptive recruitment practices: e.g. falsely representing role, conditions and terms; debt bondage	Labour hire companies	1	Contribute/ Directly linked	Direct engagement to select or interview candidates  Priority due diligence area in Ethical Sourcing Program (FY23)
China	Excessive overtime: e.g. factory workers could be forced to work excessive hours or not appropriately remunerated.	Electronics	1	Directly linked	Weighted in Risk Matrix as high risk  Chinese suppliers are prioritised for due diligence in Ethical Sourcing Program (high risk country)
Australia	Migrant labour exploitation: e.g. migrant workers engaged by a cleaning subcontractor may have their passports confiscated; or not be paid their full entitlements	Contracted services including cleaning, maintenance and security	1	Directly linked	Priority due diligence area in Ethical Sourcing Program (initiated in FY22 and ongoing in FY23)
International	Freedom of movement restrictions  Forced labour: e.g. crew could be required to remain working onboard beyond the end of their contract due to Covid-19 restrictions and not be paid during this period	Shipping & freight services	1	Directly linked	Priority due diligence area in Ethical Sourcing Program (initiated in FY22 and ongoing in FY23)
China	State-enforced forced labour	Poly silicon used in Solar panels	Tiers 2+	Indirectly linked	Tier 1 suppliers engaged in Ethical Sourcing Program  Due diligence investigations initiated into higher tiers

1. These risks identified from research and, apart from instances of excessive overtime by suppliers in a small number of Chinese factories, are theoretical rather than detailed and verifiable disclosures

**Risk Areas – Tier 2+ suppliers**

In this year's Statement we reflect on the potential of modern slavery existing in the higher tiers of our supply chains associated with raw material and commodity processing. With the acquisition of Vision X, GUD bought its former suppliers in South Korea and China. Through Vision X South Korea and China's involvement in the Ethical Sourcing Program GUD has gained direct insights into the operations of their suppliers creating access to 'tier 2' level supplier information.

This type of direct investigation into the supply chain beyond tier 1 is uncommon. Direct assurance regarding tier 2 and beyond supplier practices can be hampered by a lack of transparency due to tier 1 suppliers protecting the identity of their own suppliers, or simply due to the complexity of multi-tiered supply chains. Nevertheless, this does not prevent identification of modern slavery risk factors through analysis and investigation.

**Risk Areas – Tier 2+ Suppliers: forced labour**

- The supply chains associated with the manufacture of solar panels are widely reported as severely lacking in transparency and accountability and carry a high risk of forced labour. Portable solar panels are sold by Lighting & Power Management. While representing less than 2% of annual spend in this segment these products have been identified as a focus area of indirect supply chain risk.

- Risks in the raw material supply chain of solar panels arise from the use of state-enforced forced labour of workers from Uyghur, Turkic and other Muslim groups in the processing of polysilicon for solar panels in Xinjiang, China.<sup>1</sup> This risk is present in multiple tiers from the collection of raw quartz and its purification into solar grade polysilicon to its transformation into ingots, wafers, cells and eventually solar panels.

GUD's first tier suppliers of solar panels are engaged in the Ethical Sourcing Program and are not located in the Xinjiang region, of China. However, while not directly linked to any documented cases, we have determined that the severity of potential human rights impacts requires ongoing focus by the relevant GUD businesses. By driving supply chain transparency, we are aiming to develop a more detailed understanding of the differentiated risk structure in relation to this supply chain. In this regard, engaging in programs designed to provide assurance in the upper tiers, such as the Responsible Mineral Initiative and conducting conflict mineral assessments, can be effective.

1. The Global Slavery Index identifies solar panels from China in the top 5 imported products in Australia at risk of modern slavery. 'Global Slavery Index', 2023, by Walk Free p.154 published at <https://www.walkfree.org/global-slavery-index/downloads/>

# 4. Our Actions to Assess and Address Modern Slavery

## Overview

The Ethical Sourcing Program comprises multiple overlapping processes and actions to assess and try to address modern slavery risk. These align with the UNGP's three pillars of its principles: Protect, Respect, Remedy.

### GUD Ethical Sourcing Program Actions

Process	Risk Identification	Prevention	Remediation	Monitoring	Mitigation
Risk Assessments & Reviews	✓	✓		✓	✓
Supplier Mapping, Screening & Risk Ranking	✓			✓	✓
Safety risk reporting – Grievance reporting	✓	✓	✓	✓	✓
Human Rights Due Diligence: GUD SAQ or Sedex SAQ (2 year cycle)	✓	✓		✓	
Assurance of Compliance: e.g. Declaration of Compliance with Ethical Sourcing Code; contractual clauses (2 year cycle)		✓		✓	
Corrective Action Plans		✓	✓	✓	
Site Visits		✓	✓	✓	✓
Audits		✓	✓	✓	✓
Training, Awareness Raising, Capacity Building		✓	✓		✓
Stakeholder engagement, research, reporting (annual)	✓	✓			✓

Key steps in the Ethical Sourcing Program are described below, and as noted in Section 2 various GUD businesses are at different stages of maturity with the Program.

## Step 1: Identification and Assessment of Risk

The process of identification of and assessment of modern slavery risks is described in Section 3. This includes identification of risk through:

- analysis of modern slavery risk factors in GUD's operations and in its supply chain
- annual supply chain risk mapping of all direct suppliers

These assessments inform the prioritisation of engagement of suppliers in the Ethical Sourcing Program, which enables more granular identification of human rights impacts of higher risk supply chains through:

- human rights due diligence
- audits and on-site inspections
- grievance mechanisms and reporting

Identification of risk in GUD's own operations is enhanced through human rights assessments expected of all GUD businesses.

## Step 2: Prevention and Assurance

### Human Rights Due Diligence

Prevention of modern slavery is a key aim of our Ethical Sourcing Program. This starts with identification of actual risk factors and non-compliances through due diligence.

By conducting human rights due diligence, GUD aims to review operational processes and practices to identify any human rights non-compliances and remediate them. Human rights due diligence is undertaken:

- by GUD businesses
- as part of new supplier screening

## 4. Our Actions to Assess and Address Modern Slavery (continued)

- incrementally by all suppliers directly engaged by GUD businesses

Reflecting the FY23 supply chain risk mapping, GUD has continued to prioritise engagement with goods suppliers located in high and medium risk countries into the Ethical Sourcing Program. In future, GUD may have a direct sourcing presence in Asia, which will assist such engagement.

Human rights due diligence starts with supplier self-assessments conducted using the GUD's SAQ and the Sedex (Supplier Ethical Data Exchange) on-line risk assessment tool (Radar).

GUD also accepts from suppliers, human rights due diligence conducted through social compliance schemes which it considers to be of an equivalent standard to the GUD SAQ and Sedex Radar including EcoVadis, Amfori BSCI and the Dive Sustainability NQC. Assurance may be based on proof of current certification, and assessment and audit documentation.

GUD SAQ: Reflecting the Bronze, Silver and Gold Levels of the Code, the GUD SAQ enquires about the policies and practices of supplier operations for compliance with legal and international standards associated with:

- labour and essential worker rights and entitlements
- health and safety and non-discrimination
- environmental and business ethics

The GUD SAQ is designed to evaluate compliance with our Code in response to information provided about site specific conditions. Some answers are accorded a must pass status, and non-compliances against such questions will stall progress until satisfactorily addressed. The SAQ has been translated into Mandarin which has contributed to the successful engagement of suppliers in China.

Sedex: GUD's membership of Sedex creates access for all GUD businesses (and by extension their suppliers) to the on-line Sedex platform including the Sedex Radar and human rights compliance assessment tools. This year there has been a focus on transitioning both GUD businesses and their priority suppliers onto Sedex. 13 out of 15 GUD businesses were successfully on-boarded and completed Sedex Radar SAQs.<sup>1</sup>

Sedex's Radar risk assessment identifies key and relative labour, human rights, governance and environmental risks and adjusts this inherent risk score with a site characteristic evaluation. Although early on in our use of this resource, the majority of GUD businesses achieved combined Sedex ratings indicating low risk. Those businesses graded at medium risk were the result of inherent country risk factors or practice issues (such as sponsored migrant labour) already known and being monitored by GUD through its Ethical Sourcing Program. Organisationally, our good management control site adjustments have had a meaningful impact to reduce overall risks.

At the end of FY23 GUD's supply chain Sedex evaluations provided assurance that labour, health and safety standards were overall managed better in the GUD supply chain compared with other entities in the same industry and sector.

### **Assurances - Commitments to Code Compliance**

Securing contractually binding commitments to meet human rights standards introduces accountability and real consequences if such standards are not maintained.

As part of completion of GUD SAQs a declaration must be signed by the supplier which confirms the grade of compliance and includes an undertaking to continue to meet and maintain Code standards

and to inform GUD of any changed circumstances which might impact their compliance status. GUD may also accept compliance based on human rights policies which clearly encompass modern slavery and ESG standards with articulated protocol and compliance requirements. A 'declaration of the equivalence' confirms commitment such standards being equivalent to those in GUD's Code.

Each GUD business also has access to modern slavery and ethical sourcing Code compliance template clauses to include in their supply agreements.

### **Audits**

Given that human rights abuses and modern slavery practices are often hidden, audits are a tool which can provide confidence that the ethical sourcing assurances of suppliers are fairly based and maintained. They can also identify non-compliances and give rise to recommended remediation actions. As the Ethical Sourcing Program evolves, so does the use of third party auditors and other independent verification measures.

In FY23, there were 87 site-based independent audits, the results of which were available to GUD businesses in respect of supplier sites, representing just over 30% of annual supplier spend. These included:

- audits conducted against the Sedex Members Ethical Trade Audit (SMETA) standards<sup>2</sup> by accredited SMETA auditors
- audits conducted against the GUD SAQ or SMETA standards by third parties
- audits against equivalent schemes by third parties
- audits against the GUD SAQ by GUD team members

## **Step 3: Remediation**

In FY 23 GUD set key performance indicators within the Group to engage suppliers on Sedex and to use SMETA third party audits for key suppliers. However, many GUD businesses reported teething problems with engaging suppliers on Sedex, and some technical challenges with the platform.

While these issues are being resolved, audits against the GUD SAQ remain key. In this regard, GUD businesses are increasingly sharing human rights auditing resources located in China for customised site audits of their Chinese suppliers on human rights management against the GUD Code standards.

### **Corrective Action Plans**

Through our Ethical Sourcing Program, GUD aims to work with suppliers to require them to remediate identified human rights impacts when appropriate and practicable to do so.

When evaluation of due diligence assessments and audits identify non-compliances in relation to human rights standards, GUD's businesses generally start by creating proportionate corrective action plans. This includes working with the supplier to:

- identify remediations to achieve or improve compliance
- provide guidance on international benchmarking standards where appropriate
- agree on clear, measurable and time-framed corrective action items

SMETA audits provide incisive detail of non-compliances, and visibility for monitoring corrective actions. In FY23, GUD businesses initiated SMETA audits of suppliers located in China and Taiwan.

1. Two businesses initiated but failed to complete the Sedex SAQ in this period, one of which has been sold by GUD and will not be included in future statements.  
2. The SMETA methodology is considered to be global best practice for social auditing and is conducted by affiliated audit companies (all being APSCA15 certified third party audit providers). The SMETA audits assess suppliers against local laws and the Ethical Trade Initiative Base Code (based on the United Nations International Labor Organisation Convention).

#### 4. Our Actions to Assess and Address Modern Slavery (continued)

Overall, 65 non-compliances were identified across the Group and became the subject of corrective action plans. As at 30 June, 2023, one third of these action plans are verified as complete with the remainder in progress. The supplier non-compliances were predominantly related to health and safety (63%) while 25% concerned labour related issues - such as working hours (17%) and wages (8%).

Corrective action plans were aimed at remediating of the following types of issues:

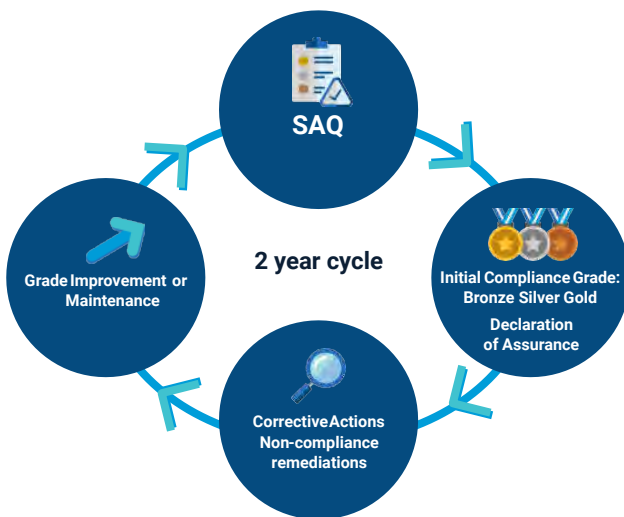
- Health, safety and hygiene - incomplete or inadequate safety measures associated with chemical handling, inadequate emergency lighting, fire license, inspection or certificates not in place and building / site maintenance certificates
- Working hours - overtime practices and excessive working hours, unpaid premiums for overtime and incomplete documentation of working hours
- Wages - failure to provide benefits and social insurances and leave entitlements including incomplete documentation of wages

The motivation for a supplier to undertake due diligence, audits and to engage in remediation is likely to be driven by the commercial and financial benefits which it derives by preserving its relationship with GUD. In this regard, sustainable change to employment and operational practices is most likely to occur where both parties are committed to the relationship and have mutual trust. Ensuring that due diligence, auditing and corrective action plans respect the privacy and confidentiality of the suppliers encourages trust and engagement.

### Step 4: Monitoring

Without subsequent monitoring, there is a risk that standards will slip after corrective action items are implemented. The cyclic nature of GUD's human rights due diligence and ethical sourcing activities creates in-built monitoring of suppliers in the Ethical Sourcing Program.

#### Due Diligence & Remediation Cycle



If a supplier refuses to conduct self-assessment, or to allow us to undertake human rights due diligence, refresh its compliance or to

complete identified corrective actions within agreed time-frames and GUD develops the view that the supplier is unwilling or unable to resolve material modern slavery issues which have been identified, then GUD will consider transitioning away from the supplier.

However, respecting that the underlying policy and intention of the Act is to create positive change rather than to drive modern slavery practices underground, this is considered a last resort.

Nevertheless, unfortunately during FY23 one supplier was terminated after repeatedly failing to provide a response to the GUD SAQ and concealing information about its operations.

#### GUD Operations Monitoring

Within GUD's operations, our active Health, Safety and Wellbeing Program advocates the continual monitoring of our operational sites which has created a culture of being alive to safety and employee wellbeing and other impacts in our operations. The Ethical Sourcing Program is one of many GUD based programs which assists in the care of our people. It is aligned with GUD's broader culture of prioritising the rights, health, safety and wellbeing of its team members. This includes our Code of Conduct, Equal Employment Opportunity Policy and Speak Up Policy which may be found at <https://gud.com.au/corporate-governance>.

GUD collaboratively engages its businesses' team members in the monitoring and reporting of health, safety and wellbeing issues. GUD's Health Safety and Wellbeing Management System includes:

- regularly scheduled internal audits
- external audits
- housekeeping inspections
- visible Safety Leadership Walks
- preventative maintenance programs
- critical risk identification and measurement of the effectiveness of controls
- employee engagement through local committee participation
- psychosocial safety risk management
- Vault reporting

Vault is the reporting portal used across the Group which was implemented to report internal health and safety incidents, near misses and hazards; as well as reporting safety positive observations and actions and tracking responses and outcomes. Reflecting an increased ethical sourcing awareness, team members are now using Vault to report on safety and any human rights issues identified and remediated at on-site supplier visits.

#### Supplier Site Visits

Some GUD suppliers (and their supplier sites) are physically monitored through GUD site visits. This is generally at a frequency which varies depending on various factors including assessed risk level, prior audit findings and materiality. GUD businesses report that site visits generally include discussions about labour, welfare and supplier operational safety issues.

In FY23, GUD businesses conducted 158 supplier site visits. As the constraints associated with Covid-19 lockdowns lessen, GUD businesses have planned more on-site inspections and audits in FY24. GUD businesses are increasingly implementing human rights checks as an extension to their supplier performance reviews and quality compliance programs and activities.



Case study



### Brown & Watson International - Vault Reporting in the Supply Chain

*"We visited four factories in China as part of signing off new products. We treated the factories' site conditions as if they were our own facility in Australia and took the opportunity to educate the workers and bosses to improve their safety around assembly lines. We advocated safety strongly and stressed the importance that no harm is done to anyone – including when employees return to the factory. We also spoke with the auditor about safety processes and the importance of continual improvements."*

#### Grievance Mechanisms

Grievance mechanisms are a valuable way for GUD to identify and monitor issues which can include human rights issues. GUD's whistleblower policy, Speak Up, applies to all GUD businesses. GUD has established an external whistleblower facility, which includes 24/7 online reporting (<https://www.whistleblowingservice.com.au/gud-holdings/>) and telephone reporting during business hours in order to:

- encourage people to Speak Up if they become aware of potential misconduct
- explain how to Speak Up and what confidentiality and protections a discloser will receive
- outline GUD's processes for responding to Speak Up disclosures
- promote a workplace environment in which everyone feels safe, supported and encouraged to Speak Up

In FY23 there was one incident reported through this whistleblower facility, being a concern raised by an employee which was unrelated to modern slavery. The matter was independently investigated and not substantiated.

### Step 5: Mitigation

Mitigation of risk is achieved through early engagement and intervention before human rights impacts escalate to modern slavery. Raising awareness of modern slavery is a necessary part of this process.

#### Training

In FY23, human rights related training provided to various relevant GUD team members included:

- online modern slavery training of 118 GUD team members, which is a specialist human rights on-line training requiring a 90% pass rate on completion. This training included executive and first level down management to raise awareness about human rights issues more generally within GUD beyond those responsible for the implementation of the Ethical Sourcing Program.
- seminars provided to GUD procurement personnel delivered via the Quality & Supplier Council
- Sedex seminars on Sedex SAQs, SMETA Audits, practical on-boarding guidance and topical issues associated with modern slavery and ethical sourcing management
- seminars by investor, stakeholder and academic institutions on modern slavery reporting

Increased awareness of the importance of ethical sourcing within GUD is also being driven through the GUD 2025 Vision. A specific Sustainability category was added to the annual GUD Excellence Awards for the first time to recognise and reward outstanding performance in our ESG impact areas, which include ethical sourcing.

#### Capacity Building

Capacity building activities with our suppliers includes on-site awareness raising including:

- new supplier inductions
- supplier engagement in the Ethical Sourcing Program through due diligence activities including liaison on corrective actions
- site-visits with suppliers

Close engagement and collaboration with our suppliers is an effective means of risk mitigation. GUD businesses report that there is greater transparency and improved trust where relationships are long term

#### Insights from the GUD businesses

*"Mutual understanding, greater access to operations and openness are key elements of our supplier relationships"*

*"We enjoy a high degree of transparency with our key suppliers built up through long established relationships including multiple site visits over our history."*

*"We are actively working on open and frank communication and building trusting supplier relationships"*

In addition to measuring opportunities to verify supplier assessments and monitor site conditions, we track the following indicators as a measure of GUD's leverage or influence on supplier conduct:

- annual spend
- length of engagement as a GUD supplier
- the regularity of GUD supplier engagement, such as performance reviews
- the number of site visits per year
- the number of independent audits

In this regard, identification of spend and the length of the supplier relationship can be an indicator of GUD's ability to obtain reliable assurances regarding human rights management and opportunities for capacity building as part of the ongoing relationship. In FY23, GUD businesses reported across the Group that at least one third of their supplier relationships exceeded 5 years. For some businesses over 70% of supplier relationships exceeded 10 years.

### Collaboration

Modern slavery is a global issue, and effective mitigation often requires collaboration – especially when seeking to address root cause issues which are deep in the supply chain. The uptake of modern slavery reporting legislation has prompted an increasing sophistication in human rights management in supply chains. We

have taken the opportunity through our Sedex membership to engage in international forums providing opportunities to learn from peer companies to improve our insights as to modern slavery risk management.

Collaboration involves downstream as well as upstream stakeholders. GUD businesses provide information about GUD's human rights programs and practices, including our Modern Slavery Program, at the request of our customers – such as original equipment manufacturers and large distributors of automotive parts and accessories. Now that GUD is purely focused on the automotive sector there may be further opportunities for collaboration with sector specific stakeholders to address modern slavery issues common to the automotive sector.

### Case study



### Ryco - Health and Safety Focus in the Supply Chain

Ryco Group Pty Ltd ('Ryco') has been sharing its safety leadership ethos with its suppliers in South-East Asia for many years - including creating bi-lingual Safety Checklists, prompting the use of safety and hazard notices and distributing complimentary first aid kits. Pictured is a first aid kit provided to a supplier in 2017 as part of GUD's Safety First Initiative Program. Ryco uses site visits to engage in discussions about worker welfare and safety and has since sponsored more first aid kits at this supplier's sites and across various supplier locations.

### Case study



### Griffiths Equipment - Paying a 'Living Wage'

At Griffiths Equipment Limited ('GEL') in New Zealand, all team members are paid at least the 'Living Wage'. This is not only a matter of ethical responsibility but also a strategic investment in the company's success. By ensuring that all employees earn a wage that aligns with the cost of living rather than minimum wage, GEL can enhance employee satisfaction, motivation, and loyalty. This, in turn, fosters a more engaged and committed workforce, leading to increased productivity and improved overall performance. Moreover, it contributes to reducing staff turnover and associated recruitment and training costs. Ultimately, paying a Living Wage benefits both the employees and the organization, creating a more sustainable and socially conscious business environment.

# 5. Assessing the Effectiveness of our Actions

## Tracking Progress and Impact

GUD uses a combination of quantitative and qualitative metrics to assess the effectiveness of its actions to address human rights impacts. The progress of the Ethical Sourcing Program is measured each year through key performance indicators. These quantitative metrics are summarised below.

Actions	Target	FY23 Performance	Commentary
Annual Supply Chain Risk Mapping of tier 1 suppliers	100%	100%	Refreshed supply chain mapping of tier 1 suppliers is expected to be undertaken annually by GUD businesses and confirmed in their ethical sourcing reporting.
Suppliers of products/product components <sup>1</sup> engaged in the Ethical Sourcing Program (by risk and spend)	High - 100% Medium - 100% Low - 75%	High - 97% Medium - 96% Low - 88%	These targets apply to all GUD businesses.
Product suppliers in all geographies - level of compliance	89% at Bronze or above (Bronze+)	Bronze+ 89% Silver+ 52% Gold 38%	GUD has conservatively assessed other social compliance schemes (such as EcoVadis) as equivalent to GUD's minimum Bronze compliance level - however many could qualify for Silver and Gold grade.
Product suppliers in high and medium-risk geographies at Bronze level or above	100% by 2025	FY23 - 95%	The GUD 2025 Vision has set a target for 100% of product suppliers in high and medium-risk geographies to have been engaged in the Ethical Sourcing Program by 2025

1. Tier 1 suppliers of products and product components used in finished GUD products (re-sale goods)

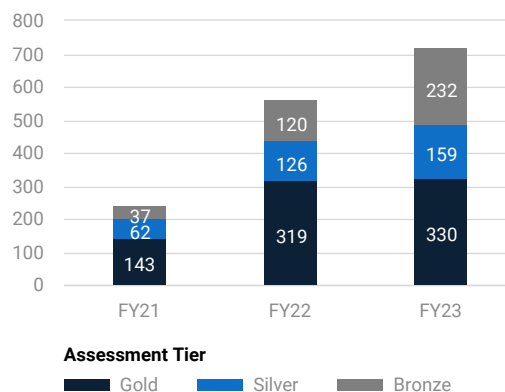
In previous years, we have measured the percentage of suppliers of products and product components (by annual spend) in high, medium and low risk countries engaged in our Program and with due diligence completed. We have continued this monitoring as a meaningful way to report on the coverage and impact of our Ethical Sourcing Program across our supply chain. Every supplier confirmed as compliant with our Code represents awareness, social change and an assurance of worker welfare.

As in previous years, we have also measured the compliance grade achieved by our suppliers at Bronze, Silver and Gold. We continue to collaborate with our suppliers to meet and maintain appropriate standards, in recognition of the importance of achieving broader social, ethical and environmental standards. However, we understand that measuring such gradations of compliance has drawbacks and will review this approach in the future.

While a similar result of suppliers at Bronze or above was reported this year to last year (88%) this year's result was measured against a significantly larger FY 23 supplier base and against a considerably larger annual supplier spend than the prior year (due to inclusion to AutoPacific Group and Vision X).

Overall, when including service providers (refer to Section 3 for service provider progress reporting) 721 suppliers were assessed in the Ethical Sourcing Program representing 92% of annual spend. This is an increase of 28% of suppliers compared with FY22 and represents an increase of almost 200% compared with FY21<sup>1</sup>.

### GUD Ethical Sourcing Assessment Progress



GUD notes that its 'Bronze' level is the level which is directly relevant for assessing modern slavery risk and the effectiveness of GUD's actions in addressing modern slavery.

Achievement of the GUD 2025 Vision ethical sourcing goal is a non-financial performance metric linked to executive awards. Specifically, under the GUD short term incentive program, one of the various metrics against which performance is measured is the percentage of suppliers (by value) assessed by the Group under the Ethical Sourcing Program.

1. 197.9% change from FY 21 to FY 23

## 5. Assessing the Effectiveness of our Actions (continued)

In FY23 we also set new targets for the adoption of Sedex SAQ by GUD businesses and key suppliers and the verification of supplier assessments via audits, including SMETA audits.

### Sedex Adoption Targets

Actions	Target	FY23 Performance	Commentary
Adoption of Sedex platform by GUD businesses	100%	80%	In FY23 GUD businesses transitioned from using the GUD SAQs for self-assessment to using the Sedex Radar on-line human rights assessment, with the exception of 3 businesses.
Adoption of Sedex platform by suppliers	'Best efforts' towards: 50% of High and Medium >\$100k 50% of Low risk >\$250k	25% of High and Medium >\$100k 35% of Low risk >\$250k	Reflecting teething issues on-boarding suppliers onto Sedex, part-way through the year GUD softened our expectations as to meeting the initial goals to "best efforts" in order to ensure that overall implementation of the Ethical Sourcing Program was not compromised.
Audits undertaken of suppliers, including SMETA audits	'Best efforts' towards: 50% of High and Medium >\$100k 50% of Low risk >\$250k	32% of High and Medium >\$100k 37% of Low risk >\$250k	In FY23 we moved forward with our actions to secure independent assurance to verify supplier assessments of compliance with ethical sourcing standards. GUD businesses undertook 87 audits, including 7 SMETA audits.

The disappointing results in supplier uptake of Sedex is the subject of ongoing consideration. Our understanding of the reasons some suppliers are reluctant include: the protocols on signing up involved a cost outlay, and some of the reporting requirements were reported as time consuming and challenging. Nevertheless, the overall implementation of the Ethical Sourcing Program continued and the GUD SAQs continue to be used alongside the Sedex SAQs. Sedex has confirmed it is simplifying its Sedex SAQ in FY24 which may alleviate some of the challenges. Also, some suppliers use alternative platforms or frameworks to manage their modern slavery risk - these may be sufficiently effective in doing so and are considered with the aim of the Program in mind.

Other quantitative metrics which the Group measures to help assess the effectiveness of our actions referred to in the above Sections include:

- statistics on service providers assessed in the Ethical Sourcing Program
- number of GUD team members completed human rights training programs
- statistics on supplier non-compliances
- grievance mechanism reporting and use of Vault reporting

## Improvements

Our Ethical Sourcing Program is often the starting point for supplier capacity building which helps to improve working conditions and labour practices. Impacts are also measured qualitatively and examples of these improvements are included in this Statement and below.

### Case study



### Enhancing workplace health and safety practices - Weld fume and dust extraction improvements

An onsite audit of one of AutoPacific Group's suppliers in China identified a key opportunity to create a safer work environment by improving the extraction of fumes within the weld bays. The recommendations from this audit led to the installation of a new fit for purpose fume and dust extraction system delivering significant improvement in working conditions and operator safety, including:

- extraction of weld fumes and enhanced workstation lighting
- improved product workflow output and efficiency
- process improvements to higher levels of quality control and inspection

### Talking Safety with Suppliers

GUD's focus on conducting its own businesses in a socially and ethically responsible manner has had a pleasing flow on effect. The following observations are taken from GUD's Vault voluntary safety incident reporting and capture reflections by GUD personnel on interactions with suppliers on safety at their sites.

*"We were visiting a supplier's premises in Taiwan. As we were inspecting their warehouse, we noticed a worker wearing open toe sandals while they were handling products. We pointed it out to the Manager who initially claimed they are a contractor, but subsequently they acknowledged their responsibility for the safety of contractors too, and addressed the issue with the supervisor. The supervisor and concerned worker both acknowledged the suggestion positively."*

*"I was at one of our supplier's factories in China inspecting products. Initially the area had a lot of stuff on the table and floor. I asked for gloves first and started clearing the table, then requested a trolley to move the items on the floor away. There were clear walkways and items within the line markings. Between the table and test equipment would be around 15 metres, whilst the products could have been carried, I put them on a trolley and moved them around without carrying the weight. I was conscious to ensure safe work practices even away from our office, and it had impact to demonstrate some simple safety protocols with our supplier."*

## Benchmarking

Our Ethical Sourcing Program was initially developed by GUD in 2018. Over the last five years of operation, key impacts have been:

- improved consultation and co-ordination across the GUD Group on human rights management
- greater transparency, scrutiny and means to measure accountability across its businesses regarding modern slavery

We assess the effectiveness of our modern slavery risk management against international standards by reviewing human rights benchmarking, feedback from stakeholder and investor interest groups and by engaging external specialist support.

Stakeholder scrutiny on human rights issues by organisations such as the Australian Council of Superannuation Investors (ACSI) is increasing and is a driver for improvement of modern slavery communications. Pillar Two (commissioned by the ACSI) feedback and our participation in other human rights forums on modern slavery reporting has helped us to continue to improve our modern risk slavery communications and management.<sup>1</sup> This year GUD has acted on Pillar Two's recommendations, including by having regard to the UNGP principles and framework in this Statement.

1. ACSI rating in 2022 was well above our sector average and doubled our previous year's ACSI rating.  
 2. Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph – a prescribed body within the entity, or a prescribed member or members of the entity.  
 3. Section 4 of the Act defines a responsible member as: (a) an individual member of the entity's principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee – that trustee; or (c) if the entity is a corporation sole – the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the Corporations Act 2001 – the administrator.

## Challenges

Managing modern slavery risk across a long tail of low spend and occasional or infrequent suppliers can be difficult. Low response rates to assurance requests indicate these suppliers are less invested in the relationship and it can be difficult to prompt this co-operation. Our current approach is to try to enforce our policy that all such suppliers should complete the GUD SAQ based human rights assessment at the time of on-boarding. However, we acknowledge that there may be room to adapt these requirements to make them more effective across the range of diverse suppliers to the Group.

We have responded to supplier reporting burdens by accepting equivalent ethical sourcing compliance standards where we consider they are of a sufficient standard. However, accurately measuring gradations of compliance at Silver and Gold (beyond modern slavery standards) is challenging in respect of assessing equivalent schemes and codes and with respect to the transition to the Sedex platform.

As reported, there has been some supplier resistance in transitioning to the Sedex on-line platform. We continue to work with suppliers towards ensuring they use a satisfactory platform or framework which meets our substantive requirements at the Bronze level. GUD is currently committed to utilising both the GUD SAQ and Sedex platforms as they offer different levels of assurance and insights as to identification and remediation of modern slavery risks.

## Principal Governing Body Approval

This Modern Slavery Statement was approved by the Board of GUD Holdings Limited being its principal governing body as defined by the Act<sup>2</sup> on 19 December 2023 and is signed by a responsible member<sup>3</sup> of GUD Holdings Limited as defined by the Act.



**Jennifer Douglas**

Independent Non-Executive Director and  
Chair of Risk & Sustainability Committee

## Annexure 1 – GUD Holdings Limited Subsidiary Companies covered by The Modern Slavery Statement

Company	Country of incorporation
<b>Companies conducting business in Australia</b>	
AA Gaskets Pty Ltd	Australia
ACAD Limited	Australia
AECAA Pty Ltd	Australia
Australian Clutch Services Pty Ltd	Australia
AutoPacific Australia Pty Ltd	Australia
AutoPacific Group Bidco Pty Ltd	Australia
AutoPacific Group Holdco Pty Ltd	Australia
AutoPacific Group Holdings Pty Ltd	Australia
AutoPacific Group Midco Pty Ltd	Australia
AutoPacific Group Topco Pty Ltd	Australia
Brown & Watson International Pty Ltd	Australia
Cruisemaster Australia Pty Ltd	Australia
Davey Water Products Pty Ltd	Australia
Disc Brakes Australia Pty Ltd	Australia
E C B Pty Ltd	Australia
Innovative Mechatronics Group Pty Ltd	Australia
Parkside Towbars Pty Ltd	Australia
Ryco Group Pty Ltd	Australia
Service Body Manufacturing Australia Pty Ltd	Australia
Uneck 4x4 Australia Pty Ltd	Australia
Vehicle Components (2018) Pty Ltd	Australia
Wesfil Australia Pty Ltd	Australia
Vision X Global Co Ltd	China
ACS NZ Pty Ltd	New Zealand

Company	Country of incorporation
<b>Companies conducting business outside Australia</b>	
Fully Equipped Group Limited (formerly Fully Equipped Holdings Limited)	New Zealand
Davey Water Products S.A.S.	France
Brown and Watson International Limited	Korea
Vision X Global Co Ltd	Korea
AutoPacific New Zealand Limited	New Zealand
Fully Equipped Limited	New Zealand
Fully Equipped (Wellington) Limited	New Zealand
Fully Equipped Auckland Limited	New Zealand
Griffiths Equipment Limited	New Zealand
GUD NZ Holdings Limited	New Zealand
NZ Gaskets Limited	New Zealand
Trimotive Asia Pacific Limited	Thailand
GUD North America Inc	USA
Vision Motor Sports Inc	USA
Vision X Offroad LLC	USA
X Clutch USA, Inc	USA

This Modern Slavery Statement is a joint statement which applies to the above wholly owned subsidiary companies of GUD Holdings Limited for those companies conducting business in Australia in compliance with the Australian *Modern Slavery Act 2018 (Cth)* reporting requirements.



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