

Modern Slavery Statement **2020**



A statement from our Chairman



“

Club Assist Pty Ltd (CAPL) provides automotive batteries and roadside assistance. We source, store, distribute, and install automotive batteries. Club Assist also offers roadside services including jump starting, alternator and starter motor replacement and vehicle inspection, serving customers and clients throughout Australia.”

While our standing in the world market has been cemented over a 30 year history, our governance needs constant review and enhancement to ensure we maintain that position.

We are committed to understanding, meeting, and demonstrating our compliance with Modern Slavery legislation and supporting our supply base to understand their requirements and how they can meet them.

“

We have taken positive steps to identify and address our modern slavery risks. With a documented three-year road map and a committed team to implement our actions, we are confident we can lead the way in managing modern slavery risks across the automotive services sector.”

This statement was approved by the Board of Directors of Club Assist Corporation Pty Ltd at the Board meeting on 11 February 2021.

A handwritten signature in black ink, appearing to be 'P MacCuspie'.

Peter MacCuspie
Chairman, Club Assist



2019/2020 Modern slavery risk management initiatives

Modern slavery working group: We formed a working group that comprised of senior representatives from our procurement, supply chain, product development, risk and audit, legal, sustainability and public affairs functions.

Operational gap analysis: We undertook an internal gap analysis to identify areas for improvement to enable us to better assess and address our modern slavery risks.

Modern slavery action plan and road map: We developed a 12-month action plan and three-year road map which includes actions for continuously improving modern slavery governance, in the of areas of legal and risk management responses, procurement and logistics, operations and communications and training.

Supplier risk identification and prioritisation: We identified our highest risk suppliers across our Asia Pacific and North America operations.

Supplier Engagement: We ran modern slavery webinars for our priority suppliers in Australia, the USA and South Korea and provided an online portal for suppliers to review additional information and resources.

Supplier surveys: We conducted deep dive surveys of our highest priority suppliers and continue to engage these suppliers on modern slavery risk management commitments.

Education and training: We engaged a specialist consultancy to conduct a modern slavery training workshop with our working group and have delivered additional training to our senior leaders and procurement staff.

Code of Conduct: We have developed a Supplier Code of Conduct which outlines our principles and documents the expectations we have of our suppliers including, but not exclusive to the areas of human rights, labour rights and employment practices.

Supplier Contract Clauses: We have developed specific contract clauses to address modern slavery risks in our supply chain and are incorporating these into new and existing contracts.

On-Boarding Checklist for new vendors: We have developed a specific checklist for on-boarding new suppliers and their compliance to Modern Slavery provisions.

Action Planning workshops with suppliers: We worked with our priority suppliers to develop Corrective Action Plans that address risks and issues identified in our deep dive supplier surveys.

Ongoing due diligence: We will continue to roll out supplier surveys and desk-top supplier assessments; work with our subsidiary company in North America to review risks in international operations; and embed modern slavery risk management into existing operational systems and processes.

2020/2021

Performance Standards: We will develop performance standards and evaluation criteria for our high-risk contracts and suppliers.

Supplier risk mapping: We will review and map our potentially high-risk Tier 2 suppliers and where possible, engage them in our modern slavery risk management program.

Onsite audits: We will conduct, or commission selected onsite audits of our highest risk suppliers in Australia and internationally.

Supplier engagement: We will develop our supplier engagement and communications strategy and conduct engagement and awareness-raising initiatives with all Tier 1 suppliers.

Beyond 2021

Effectiveness review: We will review the effectiveness of actions taken to identify, assess and address modern slavery risks and incorporate outcomes-focused performance indicators into review processes.

Capability building: We will continue to deliver modern slavery risk management training to staff, contractors and suppliers.

Enhanced transparency: We will prepare a detailed map of our supply chain and document our high-risk categories and geographic locations.

Continuous improvement: We will continue to review and improve our due diligence, risk management, training and supplier engagement systems and ensure modern slavery risk management processes are mainstreamed into business operations.

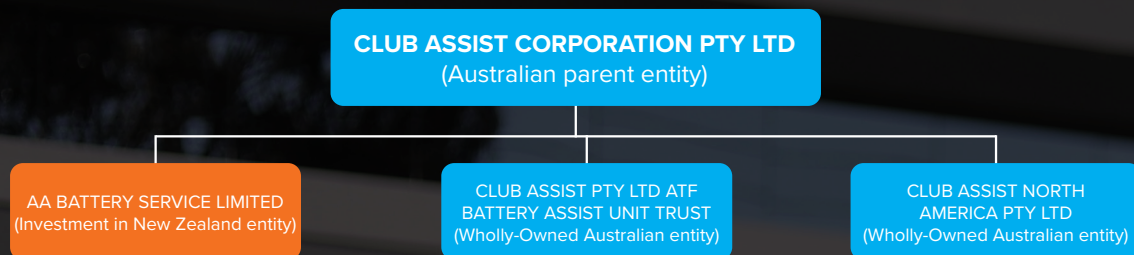


Club Assist Structure & Governance

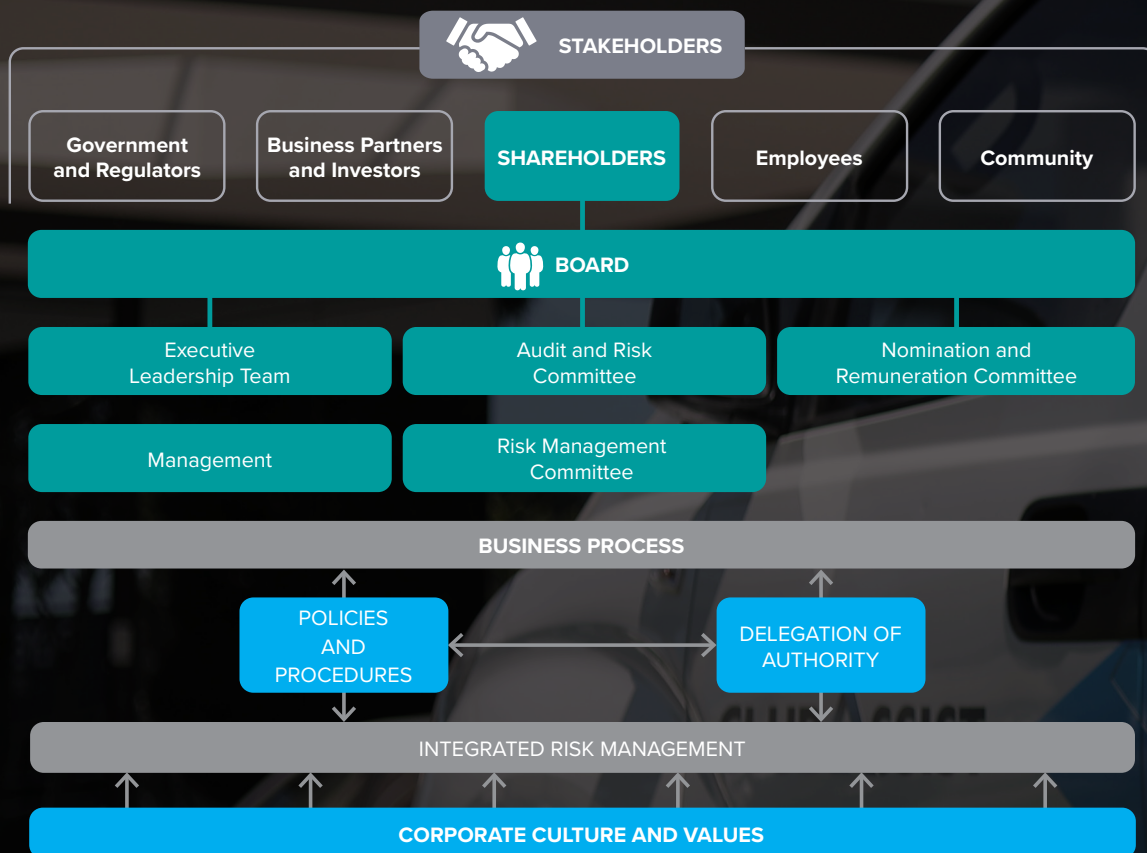
Our Organisational structure

Club Assist's shareholding is held by the motoring clubs in Australia and has operations in Australia, the USA, Canada and New Zealand.

CORPORATE STRUCTURE



OUR GOVERNANCE FRAMEWORK



Our Operations within Australia

We fulfil distribution and logistics operations for automotive battery supply across every state and territory in Australia. We utilise our network to serve the Motoring Clubs and national wholesale customers, and operate roadside services in selected states and territories.

We pride ourselves on a safe, inclusive, and openly accountable culture across our operations team to enable world class service delivery.

“

Our progress on modern slavery governance to date is testament to our strong safety and people-focused organisational culture and leadership.”



Our People

In Club Assist, our people will always be our most important asset. They drive the customer value proposition of the business. Our people determine customer experience and create the culture of the organisation.

- Currently we employ over 300 employees and over 100 contractors.
- We recruit in accordance with our Equal Employment Opportunity policy that includes Anti-Discrimination, Harassment and Bullying Policies, and take pride in our diversity across the business. Our Flexible Work Policy ensures we provide flexibility when required for working parents or carers, for example.
- Annual salary reviews are undertaken across all roles within the business. Where financial success of the business allows, salary increases in addition to CPI are awarded.
- Employees who meet annual performance measures also qualify for performance bonuses.
- Our Whistleblowing Policy was launched across the business in 2019. The Policy and the reporting systems that support it, provide employees and others with concerns about any aspect of a mechanism to voice these concerns without fear of retribution.



Modern slavery risks in operations and supply chain

Operational risks

For close to 30 years we have been safely and sustainably providing roadside automotive parts and repair services. We comply with all labour, employment, immigration and whistleblower laws of Australia and its states and territories, including the Fair Work Act and are committed to:

- working safely and looking out for the safety of our colleagues;
- providing a workplace free from harassment, discrimination and bullying;
- acting ethically and lawfully in all business conduct;
- engaging with our stakeholders respectfully and honestly; and
- building sustainable communities through providing local jobs, developing local skills and providing local business opportunities.



CAPL has programmes and policies in place to ensure our objectives around safe, ethical and sustainable business practices are met. Our learning systems educate our employees on their rights.”

While we consider the potential for us to cause or contribute to incidents of modern slavery to be low, areas of vulnerability in our operations include outsourced services such as use of cleaning services, security and facilities management and the use of labour hire contractors.

Supply chain risks

In 2019 we identified our highest risk suppliers according to the following indicators:

- **Industry sector** – specific industry sectors deemed as high risk in international and national guidance documentation.
- **Commodity/product** – specific products and commodities deemed as high risk by the US Department of Labor’s 2018 List of Goods Produced by Child and Forced Labor, the Global Slavery Index (GSI) and other international guidance materials.
- **Geographic location** – based on estimated prevalence of modern slavery and the government responses as outlined in the 2018 GSI. We recognise that our goods and services may come from countries other than those of suppliers’ headquarters.
- **Workforce profile** – in undertaking our supplier analysis we considered the type of labour involved in the production of our goods and services, particularly where low skilled, vulnerable or migrant labour is used, or where the work is deemed as ‘3D’ work (dirty, dull or dangerous).
















Recent studies show that the commodity and countries that we import from are relatively low risk. While the risk of modern slavery in Australia is lower than many other jurisdictions (according to GSI data), we recognise that our Australian suppliers, who make up 10% of our spend, provide us with goods and services across all high-risk categories. Therefore, they will require further engagement and assessment. High-risk goods and services are also procured directly from some of our international suppliers predominantly in South Korea.

In 2019 CAPL undertook a deep dive desk-top modern slavery risk assessment of 10 critical and potentially high-risk suppliers across the APAC and North America operations (see more information under Reporting Criteria 4). The suppliers reviewed represent close to 90% of Club Assist’s procurement spend. Based on the annual spend and criticality of the product/service to Club Assist, the top 10 suppliers were selected by APAC and North America. While our focus in 2019 has been on ten priority suppliers, we acknowledge that other categories of supply and lower spend suppliers also present potential modern slavery risks and vulnerabilities. It is our intention to undertake a broader review and risk prioritisation of our lower spend suppliers in future reporting years.

Our spend, supplier and category risk prioritisation work will inform our ongoing modern slavery risk management and supplier engagement and review program for 2021 and beyond. We recognise modern slavery risk management as a challenging and evolving process and aim for continuous improvement.

Figure 1:

List of products with identified risk of forced labour by source countries¹⁰

| | |
|---|--|
|  | Cotton: Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan |
|  | Bricks: Afghanistan, India, Myanmar, Nepal, Pakistan |
|  | Garments – Clothing Accessories: Argentina, Brazil, China, India, Malaysia, Thailand, Vietnam |
|  | Cattle: Bolivia, Brazil, Niger, Paraguay |
|  | Sugarcane: Brazil, Dominican Republic |
|  | Gold: Democratic Republic of the Congo, North Korea, Peru |
|  | Carpets: India, Pakistan |
|  | Coal: North Korea, Pakistan |
|  | Fish: Ghana, Indonesia, Thailand, Taiwan, South Korea, China, Japan, Russia ¹⁰ |
|  | Rice: India, Myanmar |
|  | Timber: Brazil, North Korea, Peru |
|  | Brazil Nuts/Chestnuts: Bolivia |
|  | Cocoa: Côte d'Ivoire, Ghana |
|  | Diamonds: Angola |
|  | Electronics – Laptops, Computers & Mobile Phones: China, Malaysia |



Actions taken to assess and address risk

Our focus in 2019 was to strengthen our understanding of potential modern slavery risks in our operations and supply chain. With the support of external human rights and sustainability specialists, we undertook activities which have formed the basis of our modern slavery action plan and supplier risk assessment process. These activities are outlined below.

Modern slavery working group: Recognising that management of modern slavery risks across our operations and supply chain cannot be effectively addressed by one division within our company, we formed a working group comprised of representatives from procurement, supply chain, commercial, risk & audit, legal, sustainability and communications.

Modern slavery action plan and road map: The outcomes of the operational gap analysis informed our modern slavery action planning process. Our cross-disciplinary team worked collaboratively to develop a focused 12-month action plan and a three-year modern slavery road map. These include actions for enhancing our approaches to modern slavery governance and due diligence, risk management, supply chain management, communications, training, incident response and remedy.

Supplier risk identification and prioritisation: We reviewed our suppliers against modern slavery risk indicators and identified our 10 potentially highest risk suppliers across Australia, North America and the Asia Pacific. This has enabled us to focus our supplier due diligence processes on our highest risk suppliers initially.

Operational gap analysis: We undertook an internal gap analysis to collaboratively identify areas for improvement across five key categories: management systems, human resources and recruitment, procurement and supply chain, risk management, and customers and stakeholders. The analysis provided insight into our governance maturity specific to modern slavery and identified gaps and opportunities for better managing our response to modern slavery risks and human rights due diligence more broadly.

Our governance maturity specific to modern slavery

Below are the results of the gap analysis process which highlights significant progress within the first year.






Education and training: We engaged an external sustainability and human rights specialist to conduct a half-day modern slavery training workshop with our Modern Slavery Working Group which provided an overview of modern slavery, the legislative requirements, relevance to our industry sector and actions for assessing and addressing risks. We have delivered additional modern slavery risk-based training to our senior leaders and procurement staff.

Supplier Code of Conduct: We have developed a Supplier Code of Conduct which outlines our principles and documents the expectations we have of our suppliers including in the areas of human rights, labour rights and employment practices.

Supplier Contract Clauses: We have updated our contract clauses to address modern slavery risks in our supply chain and are incorporating these into new and existing contracts.

Our Three-year Modern Slavery Roadmap:

|  Year 1 (FY 19/20) Framework |  Year 2 (FY 20/21) Monitoring |  Year 3 (FY 21/22) Effectiveness Review |
|---|--|--|
| Actions for Year 1 | Potential Actions Year 2 | Potential Actions Year 3 |
| Working Group established | Performance standards and evaluation criteria developed for high risk contracts/suppliers | Measuring effectiveness of policies and processes through KPIs & external verification |
| Gap analysis and action plan | Mapping of potential high-risk Tier 2 suppliers | Ongoing supplier engagement and training |
| Board approval and ELT buy in | Engagement of high-risk Tier 2 suppliers | Enhanced transparency of reporting – detailed map of supply chain and risk areas |
| Procurement Policy, Contract Clauses, Supplier Code of Conduct | Selected onsite auditing of prioritised existing and high-risk suppliers | Modern slavery risk management processes mainstreamed into business operations |
| Modern slavery risk framework/risk register | Engage AA Batteries NZ in the MS Compliance project (joint venture) | Development of remediations strategy or plan |
| Supplier prioritisation and engagement | Follow through Action Plans as a result of the Supplier Assessment (eg. Awareness campaign, supplier contracts, etc) | High level strategic review of modern slavery program |
| Desk-top review of top 10 suppliers based on risk & spend | | |
| Supplier pre-qualification questionnaire implemented | | |
| High level staff awareness and engagement | | |
| External communications strategy developed & executed | | |

Actions taken to assess and address risk (continued)

Supplier surveys: We engaged an experienced and qualified social impact auditor to conduct more extensive due diligence on our highest priority (highest risk) suppliers through an online desk-top supplier survey. Nine suppliers (located in Australia, the USA, Taiwan and South Korea) participated in the assessment.

The scope included a review of our suppliers against five categories:

- 1. Business operations
- 2. Governance and due diligence
- 3. Risk management
- 4. Employment and labour rights
- 5. Training, communication and reporting

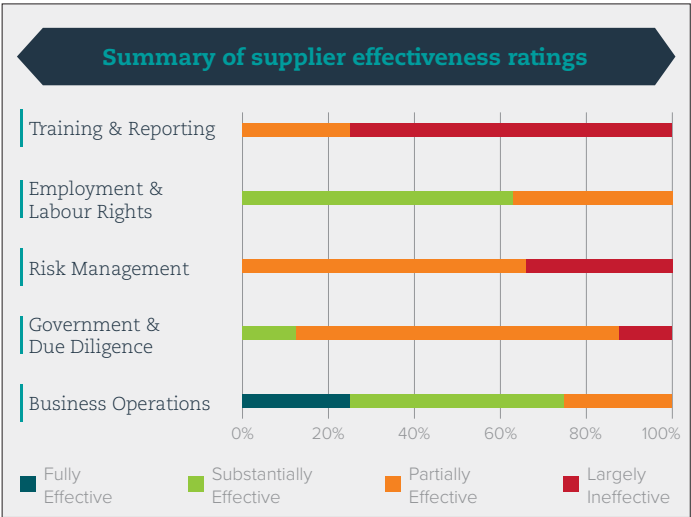
Suppliers were asked to provide documentation (such as policies, procedures, codes of conduct, contract clauses) to support their responses to various survey questions. Effectiveness rankings for individual suppliers were based on the responses received as well as the supporting documentation provided. The level of effectiveness was reduced where suppliers indicated they had policies and other due diligence processes in place but failed to provide documentary evidence. The effectiveness ratings informed the overall supplier risk rankings, with suppliers required to achieve a substantially effective ranking or better across all five categories to achieve a “low” risk ranking. Suppliers who scored ‘partially effective’ or better across three or more categories were deemed as medium risk and those scoring ‘largely ineffective’ or worse across three or more categories (based on their responses and supporting documentation provided) were classified as high-risk suppliers.

Based on this assessment, one supplier was deemed as potentially high risk and the others as medium risk. However, significant work has already been undertaken with the identified high risk supplier and a number of positive actions have been implemented to address gaps in their governance and due diligence processes. Through supplier meetings, interviews with key personnel and further document review, we have determined a residual risk rating of medium risk for this supplier. We will continue to monitor progress of all suppliers involved in our initial supplier risk assessment process to ensure corrective actions are implemented in a timely manner. We will also ensure that ongoing supplier review and reporting processes are integrated with own modern slavery risk management obligations.

All suppliers were provided with a comprehensive risk-based report which included findings and recommendations across all categories. Corrective Action Plans have been developed for suppliers based on these recommendations and we continue to work closely with all suppliers to ensure the actions are closed out in a timely manner.

Corrective Actions requested from suppliers include:

- Supplier to develop/deliver modern slavery training awareness programs to the organisation.
- Supplier to review, enhance and update existing policies to ensure modern slavery issues and impacts are addressed.
- Supplier to provide further information on business structure, international operations, joint ventures, suppliers (Tier 1 & 2) including how modern slavery risks are managed and mitigated.
- Supplier to provide evidence of board/upper management engagement.
- Supplier to ensure modern slavery and labour rights issues are incorporated into supplier code of conduct, contracts and associated guidelines (internal/external).



Our modern slavery risk management action plan and due diligence initiatives will be reviewed regularly as part of our corporate sustainability and risk management review processes. Our risk assessment procedure requires annual review of all risks and controls, including modern slavery risks identified in our operations and supply chain.

We acknowledge the importance of assessing the effectiveness of our actions to manage and mitigate risks of modern slavery in our operations and supply chain. For the first reporting period we have assessed the effectiveness of our actions against the following key process indicators:

| Indicator/Target 2019 | Outcome | Progressing | Achieved |
|---|---------|-------------|----------|
| Board modern slavery briefing completed and buy-in obtained | | | 100% |
| All operational executive and senior leaders engaged on the issue | | | 100% |
| All supply chain staff trained on modern slavery risks | | | 100% |
| All of Year 1 modern slavery risk-management actions implemented | | | 100% |
| All of identified high-risk suppliers engaged (Action Planning for Year 2) | | | 100% |
| All of high-risk supplier deep dive surveys completed | | 90% | |
| Standard contract templates updated & Supplier Code of Conduct & On-Boarding of new suppliers | | | 100% |

Process of consultation with entities owned or controlled

Being a full investment of the Australian parent entity (Club Assist Corp.), CANA was consulted, involved and engaged with the Modern Slavery Compliance projects during this year as detailed in the following examples.

1. CANA was represented in the Modern slavery working group:

We formed a working group comprised of senior representatives from various departments for APAC and North America (NA). In fact, CANA's representative attended a week of Modern Slavery engagement in October 2019.

2. Operational gap analysis & Modern Slavery Road map:

We undertook an internal gap analysis to identify areas for improvement to enable us to better assess and address our modern slavery risks. Together with NA representation, we developed a 12-month action plan and three-year road map which include actions for improving modern slavery governance and due diligence, legal and risk management responses, procurement and logistics, operations, communications and training.

3. Supplier risk identification and prioritisation: We identified our highest risk suppliers across our Asia Pacific and North America operations. Out of the 10 suppliers selected, we selected 4 suppliers for North America. We ran modern slavery webinars for our priority suppliers in Australia, the USA and South Korea and provided an online portal for suppliers to review additional information and resources. We conducted deep dive surveys of our highest priority suppliers and continue to engage these suppliers on modern slavery risk management commitments.



4. Action Tracker, monitoring and update: We used the supplier assessment to put in place action plans with each supplier. This step was also done in conjunction with CANA. We conducted Action Planning workshops to determine plans for Year 2, using the findings in the assessment provided by the consultant. In addition, we agreed to do the following:

- a. **Training:** We engaged a specialist consultancy to conduct a modern slavery training workshop with our working group and suppliers' representatives.
- b. **Supplier Contract Clauses:** We have developed specific contract clauses to address modern slavery risks in our supply chain and are incorporating these into new and existing contracts.
- c. **On-Boarding Checklist for new vendors:** We have developed a specific checklist for on-boarding of new suppliers and their compliance to Modern Slavery provisions.
- d. **Code of Conduct:** We have developed a Supplier Code of Conduct which outlines our principles and documents the expectations we have of our suppliers including areas of human rights, labour rights and employment practices.

5. Regular meetings: As a result of plans and actions taken, we have regular conference calls with North America. This included meetings between each entity's sustainability or procurement teams and quarterly Board meetings.

With above actions in place, we believe it has been more than sufficient to ensure that the modern slavery risks relating to the other entity have been appropriately identified, assessed and addressed and that other entity is aware of what actions they need to take.

Face to face training in CAPL's office, with North America representation.

