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Sanwa Pty Ltd

MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2022/2023

This Modern Slavery Statement has been prepared as a statement of Sanwa Pty Ltd and has been prepared with the assistance of other companies within the Sanwa group principally being the HVG group of companies.

Sanwa Pty Ltd (ABN of 96 000 904 987) has registered office at Suite 201, 100 New South Head Road, Edgecliff, 2027 and is incorporated under the Corporations Act 2001 in New South Wales. Sanwa Pty Ltd is commonly referred to as Sanwa but trades under the name Sanwa Pty Ltd.

The other companies within the group include HVG Management Services Pty Ltd (ABN 88 649 373 197), HVG Facades Pty Ltd (54 634 557 270), HVG Building Pty Ltd (ABN 55 649 379 993), HVG Graphics Pty Ltd (ABN 75 649 379 635), HVG Fabrics Pty Ltd (ABN 30 649 411 763) and Smartstone Australia Pty Ltd (19 148 937 008). This group of companies is collectively referred to as "HVG".

Sanwa has recently incorporated a company in the United States of America in New York under the name Sanwa LLC and its activities include the importing of metals into the USA and Canadian markets typically from Europe and Asia.

Our Commitment

Sanwa is committed to achieving the highest standards of ethical behaviour, both in our own business, in our supply chains and through any other business relationship involving the company. We support and respect the protection of human rights and endeavor to make sure that Sanwa is not complicit in any human rights abuses.

Sanwa recognizes that modern slavery is a significant global concern and can take many forms, but fundamentally is a range of exploitive practices including human trafficking, slavery, servitude, forced labour, child labour, withholding of wages and deceptive recruiting for labour or services, forced marriage and debt bondage.

As part of its ongoing commitment, Sanwa will comply with all applicable Australian and International slavery legislation including the Modern Slavery Act 2018 (Cth) and the Modern Slavery Act 2018 (NSW).

At Sanwa we stand for something bigger than simply importing and trading as we believe in a culture of support, empowerment and accountability, with a common set of values and a desire to improve the businesses and lives of those we employ, those we buy from and those that we sell to.

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Our mission is “to provide quality product fully compliant to the contracted specifications on a reliable regular and competitive basis thus adding substantial value to both our suppliers and our customers.”

Our Policies

Sanwa does not tolerate modern slavery and will not knowingly engage in or partner with companies or suppliers that engage in modern slavery. Our policies and practices in relation to procurement, human resources, and corporate responsibility, support this commitment.

The people involved either directly or indirectly in our business can be loosely grouped into one of three categories. Employees, third party contract partners, or suppliers.

Employees – all Sanwa employees are paid above award wages and are checked for working visa and or citizenship to ensure that they have the right for employment in Australia. Where any possibility exists that the ability to legally work may be in doubt, Sanwa will investigate fully including taking the advice of immigration and legal services.

Third party contractors – this includes sea freight and land freight companies, customs clearance agents, and claims surveyors, amongst others. The companies or agents that we deal with are typically and almost exclusively resident in Australia or if shipping companies major worldwide groups. To ascertain the modern slavery risks relevant to these third party contractors outside Australia it is the intention to audit the modern slavery policies of any of our larger contract partners in the longer term only

Suppliers – the greatest risk of modern slavery occurring for Sanwa is in regard to our manufacturing partners and suppliers, which are located in many countries around the world. Sanwa has a policy to only deal with major established and trust worthy manufacturers and is in the process of establishing an effective pre-qualification system, including relevant questionnaires, to identify modern slavery risks relevant to new suppliers and utilize our existing arrangements with IPRO for all current suppliers.

Our Structure, Operations and Supply Chain

Sanwa is a diversified raw materials trading company. We both import materials (into Australia and New Zealand, USA and Canada) and do “third country trading”, which involves buying and selling materials from countries outside our office network to other countries outside our office network. These materials are principally raw materials being typically metals, plastics and minerals. Whilst we have traded in agricultural exports and timber products in the past, we do not currently handle these business areas although we are always looking at opportunities in such areas. Our supplier data-base is extensive and is explained in more depth below. There are three operational divisions within Sanwa, being Metals, Plastics, and Minerals. Each divisional trading team is a specialist in their segment of the market, focused on providing our customer base with quality product fully complying with the most detailed of product specifications. We are passionate people providing quality product at competitive prices to the benefit of our customers and our suppliers.

Sanwa’s CORE VALUES ARE:

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Customers

Our customers come first in everything we do. We value customer relationships and provide the best solutions for our customers by having a detailed understanding of their needs.



Company

We act in the company's short term interests and more importantly long term interests at all times.



People

We are caring, inclusive and one team. We are individuals united by a Vision and Mission. We act with honesty and integrity at all times. Our employees are valued and empowered and having a very low staff turnover is one of our most proud achievements.



Suppliers

We act to advance our suppliers' business in the short and long term for mutual benefit.



Safety

We aim for zero harm to our staff, our customers and the environment in everything we do.

Operations

Sanwa's registered office and head office is located in Sydney from where approximately 35 staff work. Sanwa employs a small number of trading staff working from the related company offices of HVG in both Melbourne and the Gold Coast.

We also have an office in New York which manages the business concluded by trading staff situated in Seattle, USA and Toronto, Canada.

Our teams are the cornerstone of everything we do at Sanwa. With around 40 dedicated staff, our personnel's breadth of knowledge and experience enables us to deliver a high standard of sales, customer service and technical support across all aspects of our business.

Having a diverse range of products across our three core divisions provides our customers a wide selection of raw materials to suit their specific requirements, risk preferences, priorities and financing. These include Metals (Steel, Stainless Steel and Aluminum), Plastics (EPS/PVC/various polymers) and Minerals (including ferro alloys and other materials for the foundry industries).

Typically the business Sanwa does is back to back, meaning that it does not plan to stock the product and the product being bought is already pre-sold at the time of purchase. More than 90 percent of our business is concluded with the product being delivered directly, without there being any substantial time whereby the product is sitting in transit at some point waiting for call up or sale. The other 10 percent involves some degree of delayed delivery, even if pre-sold, but waiting for customer call up after arrival or possibly small amounts unsold and waiting for sale.

The location of the majority (80 percent plus) of our customers is within Australia and New Zealand but we do supply goods into the US, Western Europe and South Africa.

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Supply Chain

Sanwa is reliant on the use of overseas suppliers from around the globe.

Sanwa has around 130 direct suppliers from mostly India, China, Malaysia, Indonesia, Taiwan, Thailand, Poland, South Korea, Turkey, that provide mostly raw materials such as steel, aluminum, plastics and minerals. These are then sold to stockists and manufacturers who add value by holding stock of product and selling in smaller quantities or turning those goods into final finished or further finished products.

Approximately 90 percent of products traded by Sanwa are manufactured in Asia, generally from the Far East. The remaining 10 percent of products are sourced from the Americas (less than one percent), Africa (less than one percent), and Europe (approximately 8 percent).

For more than 90% of turn over, Sanwa deals directly with the manufacturer rather than through an independent agent working on behalf of that manufacturer.

English is the language in which we correspond and contract our business but we have native speakers from many countries around the world who act as interpreters and assist with our day to day business. These include Turkey, China, Indonesia, Singapore, Malaysia and Taiwan.

Sanwa has contracted with the company IPRO to understand the Modern Slavery risks with all existing suppliers starting with our largest existing supply trading partners sources.

Modern Slavery Risks in our own Operations and Supply Chains

In FY2022/23, Sanwa continued its assessment of the risk of modern slavery in its own operations. .

Sanwa's Operations and Employees

The risk of modern slavery in our own workforce, whether employees or temporary workers, was assessed as low for the reasons set out below.

We have strong human resources processes in place for onboarding new employees, reviewing employees' wages and salary agreements, and verifying corresponding payments. Sanwa pays salaries at or above market value to experienced and skilled workers all of whom earn on an hourly basis in excess of the basic minimum wage. Sanwa has a very high retention rate for both trading and support staff and this is only possible by providing a salary package which both attracts and retains our employees. Sanwa has recently employed a permanent part time Human Resources professional to ensure that all aspects of our employee "people management" are conducted with the highest degree of professionalism and empathy.

Our employee onboarding process includes employment checks and ensures all new employees have valid residency status. Our employee induction processes also ensure that new employees confirm they have read and understood our policies and procedures.

Sanwa has currently only a very small percentage of its total workforce employed with visas other than full residency and all are within Australia. The employment agencies that support our business are generally considered low risk given the maturity of the Australian industry, strong supplier

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reputations and professional nature of the services provided. The staff that Sanwa employs are typically experienced highly educated professionals (mostly tertiary qualified) involved in either logistics or commercial trading.

Sanwa Contract Partners

Sanwa works with a variety of third party contractors, including logistics and trucking companies, customs clearers, and lawyers. Most of these contractors reside in Australia, except for some large shipping companies which handle the sea freight of our products. Sanwa has not, to date, focused on the activities of these shipping companies considering that these multi-billion conglomerates have the infrastructure and incentive to manage their own modern slavery risks and Sanwa considers that our leverage can be more effectively applied to other parts of our supply chain.

Supply Chain

Recognizing the greatest risk of modern slavery is in our supply chain, Sanwa will continue its detailed risk assessment of its supply chain in Financial Year 2023 along with our external modern slavery consultants, IPRO. This risk assessment program deals with the risks of modern slavery from the various countries of origin, addressing:

- Sector and industry risks;
- Product and services risks;
- Geographic risks; and
- Entity risks.

Actions Taken to Assess and Address our Modern Slavery Risks

As this is only our second modern slavery statement, Sanwa's focus to date has been around education and awareness within the organization, as well as establishing a viable framework and action plan to progress the company's intentions. We seek out the assistance of expert partners as contractors and consultants to ensure modern slavery is fully and properly considered in all our operational and supply chain relationships.

Key actions undertaken include:

- Adoption of a new Modern Slavery Supplier Assessment system provided and secured by iPRO. iPRO's internet data management system was selected as it is built using trusted global frameworks and standards for assessing Modern Slavery. Their Supplier Assessment Questions cover *inherent risks* (geographical and industry) and *risk controls* (policy, procedure, and workforce) to provide insights into our suppliers' Modern Slavery risks and Sanwa's exposure.
- Retention of the services of a senior industry professional, Mr Stephen Pearson of PearsonsWorld.com to assist and manage our ongoing supplier Modern Slavery risk assessment processes. This may include audit review where necessary.
- Modern Slavery Action Plan summarizing the main areas to focus on over the next two years. The action plan is a document that is progressively updated and revised.
- Company Modern Slavery Statement finalized and signed off by the Sanwa Board. This Statement has been communicated to staff and is available on our intranet and on our publicly accessible website at the address --- <https://sanwa.com.au/wp-content/uploads/2023/04/Sanwa-Modern-Slavery-Statement.pdf>

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- Preparing screening for new suppliers for modern slavery risks, including supplier questionnaires capable of being discussed during trader visits.
- Building a knowledge base of modern slavery —through training for employees
- Setting up with our APC consultants management systems and procedures to allow staff to safely report modern slavery concerns in our own entity's operations and supply chains.

Assessing Our Effectiveness of Actions Taken

Managing the risk of modern slavery and assessing the effectiveness of Sanwa's actions requires ongoing commitment and collaboration with our suppliers and business partners. To manage this, Sanwa has established an internal Modern Slavery Working Group including an industry professional with expertise in this area. The Working Group comprises the following:

- Chief Financial Officer; and
- General Manager / Trading Director.
- External MS Specialist and Consultant

In FY2023/2024, the Working Group will determine the most appropriate method, scope and resources for assessing the effectiveness of our approach to managing modern slavery risks. Sanwa will undertake internal audits of our proposed action plans.

Sanwa interaction with IPRO has to date involved the sending of assessment questionnaires to many of the company's largest offshore suppliers and received complete responses from companies representing more than 70 percent of our foreign supply business, which were chosen as our first targets. We will progressively correspond with the remainder through till end June 2024 with an intention to achieve more a completed response rate of more than 90 percent of the prior financial year's turnover.

Those yet to respond are being followed up. For suppliers that have responded, the answers to each of the questions posed have been assessed and given a risk rated score, tallying to a score for each supplier. The next phase of activity will also include liaising with those suppliers to address areas for improvement.

The total of the risk scores for each of our suppliers are aggregated to Sanwa's overall IPRO supplier risk scores (inherent and manageable) which we will monitor for progress.

Additionally, Sanwa will consult with its trading staff as to any information that they may possess relating to possible modern slavery practices, especially in the high risk areas. Sanwa will also consult with our higher risk suppliers as to whether our policies have impacted their behaviour.

Next Steps

Sanwa is committed to the following actions during the FY2023/24 reporting period:

- Risk Assessment – continue to undertake a detailed risk assessment via our IPRO questionnaire of our operations and supply chain risks till we have as close to 100 percent responses as realistically possible
- Review these results and work with our suppliers to understand the MS risk profile better and improve our understanding of any areas of high risk.

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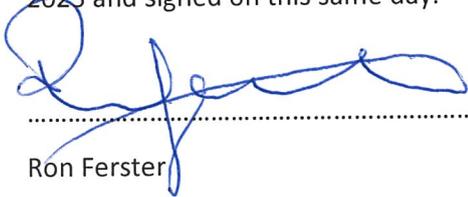
- Policies & Standards – develop a Supplier Code of Conduct and questionnaire and incorporating modern slavery compliance in supplier agreements where possible and with third party contract partners or consultants where applicable,
- Training and Awareness – continue and improve internal Modern Slavery training program for all staff.

Consultation

In order to prepare this joint statement, Sanwa consulted with each of the entities it owns or controls, and provided those entities with information regarding the Modern Slavery Act 2018 reporting requirements; information regarding the actions we intend to take to address these requirements and provided them with relevant materials and updates.

The sources that underpin our assessment and analysis include The Social Responsibility Alliance, Global Slavery Index, International Labour Organisation, Australian + US & UK Government Departments, and UNICEF.

This statement was approved by the Board of Directors of Sanwa Pty Ltd on the 21st of December 2023 and signed on this same day.



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Ron Ferster

Chief Executive Officer

21 / 12 / 2023
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