

THE DEMPSEY GROUP

MODERN SLAVERY STATEMENT – FY 21/22

REPORTING ENTITY:

The Dempsey Group

Registered Office: 255 Burwood Rd, Hawthorn, Vic, 3122, Australia.

STRUCTURE / OPERATIONS / SUPPLY CHAINS:

STRUCTURE:

The Dempsey Group is a privately owned company that owns and operates:

- Bed Bath N' Table retail stores (ABN: 66 005 216 866)

BED BATH N' TABLE

- Domestic Textiles Corporation wholesale company (ABN: 16 004 722 936)



- Approximate number of workers employed: 1,850

Bed Bath N' Table house brands include Morgan & Finch, Bed Bath N Table, M&F White Label,

B&B Bed & Bath and Cotton House:



MORGAN & FINCH



Bed&Bath



Bed Bath N' Table licensed brands include Sanderson, Morris & Co, Harlequin & Scion:



HARLEQUIN



scion

OPERATIONS:

The main business operation is Bed Bath N' Table retail stores which are located in the following countries:

- Australia 167 stores
- New Zealand 15 stores
- Singapore 4 stores

All warehousing, store operations, purchasing, planning, visual merchandising, marketing, and e-commerce activities are conducted in-house by TDG employees from the Melbourne head office.

Logistics – international shipping and domestic transportation are carried out by third parties.

SUPPLY CHAINS – BED BATH N' TABLE:

Goods are designed in house and manufactured offshore in the following countries:

- China represents 88.5% of total production in the following categories:
 - Bed Linen / Bedding / Blankets (all materials and components produced in China)
 - Towels & Bathmats
 - Throws
 - Sleepwear
 - Bathroom Accessories
 - Dinnerware
 - Seasonal Decorations

For textile goods - the yarns are spun & woven in China along with all fibres and fills.

For hard goods - the components are manufactured in China.

- India represents 6.5% of total production in the following categories:
 - Towels & Bathmats
 - Cushions
 - Napery & Kitchen textiles
 - Bed linen

For textile goods - the yarns are spun & woven in India.

- Bangladesh represents 4.5% of total production in the bed linen category.
- Southeast Asian countries less than 1% in hard goods.

We have long term stable relationships with our key suppliers, some of which extend over 20 years, and many of which have been in place for approximately 10 – 15 years.

With our largest suppliers, we work directly with the owners & their employees of the factories where our goods are manufactured.

Finished goods are shipped via sea freight from the above-mentioned countries, and delivered to our central DC, located in Melbourne, where distribution to our stores takes place.

IMPACTS OF COVID-19 ON MODERN SLAVERY RISKS:

The business understands that the Coronavirus has impacted factories and associated supply chains, due to mandated workforce reductions and production / financial impacts caused by order cancellations.

The Dempsey Group has been able to maintain all existing supplier relationships, and honour all purchase orders placed over the last 18 months during the pandemic. Payments have followed agreed payment terms to keep our supplier relationships in line with pre-pandemic conditions.

MODERN SLAVERY RISKS & ACTIONS BEING TAKEN TO ADDRESS THESE RISKS:

The Bed Bath N' Table business works with many suppliers across a diverse category offer and have identified that many suppliers may have several tiers within their supply chain, which can extend to farms where raw materials are grown.

This poses potential risk for modern slavery to exist within the supply chain where visibility and transparency is more difficult to trace at the lower tier levels.

By focusing on our largest categories - Bed Linen, Bedding and Towels, we can ensure our attention is focused on the suppliers who have the biggest impact within our supply chain.

To mitigate the risk of modern slavery within our key supplier relationships, and increase traceability within these supply chains, we aim to:

1. **Reduce the possibility of goods being outsourced** to unauthorised sub-contractors where the risk of Modern Slavery is increased by:
 - Working directly with suppliers who own their own factories.
 - Where possible, work with fully vertical operations who manufacture most (if not all) of the key textile components that make up finished goods in these categories.

2. **Increase our supply chain traceability by:**
 - Encouraging our largest suppliers to attain Made In Green accreditation which ensures all tier one and tier two suppliers are achieving strict compliance standards in relation to social compliance & responsibility; transparent supply chains; product & consumer safety; and environmentally responsible production.
 - Mapping our non-MADE IN GREEN certified key supplier tier one and tier two supply chains.
 - Gain an understanding of where risks of Modern Slavery may exist within the lower-level chains.

3. Identify possible risks of Modern Slavery by:

- Procuring audit reports to ensure social compliance standards are being met.
- Resume where possible visiting supplier factories, to see first-hand operations and discuss initiatives in place to understand risks of modern slavery.
- Working directly with our suppliers to address any identified non-compliance issues.

4. Work closely with key suppliers to ensure our finished goods are made with best business practices in place which cover these main principles:

- Transparency in the supply chain through traceability.
- The finished goods do not contain harmful levels of substances.
- The goods are made by manufacturers who use sustainable environmental practices.
- The goods are made by manufacturers who meet strict social compliance standards which govern the health, safety & the rights of their employees.

Over the last 3 years we have recognised that greatest impact we can make in mitigating the risk of modern slavery in our textile categories is to work with our suppliers to achieve MADE IN GREEN by OEKO-TEX certification.

OEKO-TEX® is an international independent association founded in 1992 and has been working with manufacturers, retailers, brands & buyers within the textile industry to build a more sustainable model. The strict standards of certification & testing ensure the highest levels of consumer safety are met, and in turn, gives our customers the greatest confidence that these goods meet environmental and social responsibility expectations.

The MADE IN GREEN by OEKO-TEX® certification has been designed specifically for the textile industry. This certification ensures that the above criteria have been met in the manufacturing facility where these goods have been made. This includes all additional components like labels, packaging, thread, etc., supplied from tier two manufacturers which must also be MADE IN GREEN certified.

Goods that meet these requirements are certified to carry the below traceable label:



This certification covers the following principles:

SOCIAL COMPLIANCE & RESPONSIBILITY	TRACEABILITY & TRANSPARENT SUPPLY CHAINS
<ul style="list-style-type: none"> * Fair working conditions - hours and wages <ul style="list-style-type: none"> * Banned forced and child labour * Occupational safety - fire protection, building safety & protective equipment * Health protection - sound working conditions 	<ul style="list-style-type: none"> * Transparent traceability through unique product ID code * Information about the production facilities, the finished article, the stage of production to which the facility belongs and the countries in which production took place
PRODUCT & CONSUMER SAFETY	ENVIRONMENTALLY FRIENDLY PRODUCTION
<ul style="list-style-type: none"> * Testing of products for harmful substances * Testing of all components - thread, buttons and accessories <ul style="list-style-type: none"> * Testing of product quality * Annual update of criteria in line with statutory requirements 	<ul style="list-style-type: none"> * Chemical management - dyeing / printing - bans on hazardous chemicals * Reductions in wastewater and emissions * Protection of resources through renewable energies <ul style="list-style-type: none"> * Waste management

As part of our efforts in the reporting year 20/21, we have worked with more of our key suppliers to achieve MADE IN GREEN certification. The auditing process for MADE IN GREEN by OEKO-TEX® certification requires our Tier One suppliers to procure all components that make up our goods from MIG certified suppliers. This includes all materials, threads, buttons and labels and ensures that both our Tier One suppliers and Tier Two suppliers are meeting the criteria outlined above.

For our FY 19/20 reporting period we reported that for the previous 12 months across two of our largest textile categories:

- 3 out of our 4 largest bed linen suppliers have achieved this certification.
- 80 - 90% of our towel production has been certified to these standards.

For our FY20/21 reporting period we advised that we had MADE IN GREEN certified suppliers who represented 40% of our total purchase dollars for the reporting period.

For our FY21/22 reporting period we can report that:

- 100% of our TOWEL production is now MADE IN GREEN certified.
- 70% of our BED LINEN programme is now MADE IN GREEN certified.
- 20% of our BLANKET production is now MADE IN GREEN certified.

For our next FY reporting we will be able to report that:

- 30% of our BEDDING (quilts, pillows & underblankets) production will be MADE IN GREEN certified.
- 15% of our NAPERY production will be MADE IN GREEN certified.

This is a significant step in our quest to mitigate the risk of Modern Slavery across multiple tiers of the supply chain of our suppliers within our largest textile product categories.

ACTIONS TAKEN TO ADDRESS RISKS: As reported for the FY 19/20 period.

To date the business has completed the following steps to identify the risk of Modern Slavery in our supply chain:

ACTIONS TAKEN	AIM	OUTCOME
Undertaken a review using an external consultant, to highlight the risks of Modern Slavery in our end-to-end supply chain.	Identify where our business needs to focus to mitigate the risk of Modern Slavery within our supply chain.	Established and shared with all suppliers a Manufacturing Code of Conduct to ensure both suppliers and product procurement team are aware of the risks and actions required to mitigate these risks.
Conducted internal training on responsible sourcing expectations for all employees who work directly with suppliers.	Ensure product procurement team understand expectations for on-going discussions about Modern Slavery with suppliers.	<ul style="list-style-type: none"> * Set up Responsible Sourcing Policies which govern our entire supply chain. * Updated all Supplier Trading Terms which have been agreed to and signed off by all suppliers. * Implemented supply chain mapping of key suppliers to identify Tier Two suppliers.

Additional actions taken include:

- Ensuring all supplier acceptances of new Trading Terms, Manufacturing Code of Conduct & Policies.
- Mapping supply chains with major suppliers across key buying categories.
- Identifying the number of suppliers that have been tier mapped as proportionate to value of orders placed.
- Collating audit data and certification from these suppliers.
- Ensuring discussions held with existing suppliers include discussions around creating awareness of the potential risks of modern slavery in their supply chains.
- Ensuring discussions with suppliers identify that their understanding of the risk associated with modern slavery are in line with our agreed Manufacturing Codes of Conduct.

During the last reporting period, having our office based in Melbourne which has been subjected to protracted lock downs in 2020 and 2021, along with international travel bans in China continuing through 2022, our efforts to complete all the actions outlined in our Modern Slavery statements have been impacted. We have been faced with the following disruptions and challenges which have impacted our progress:

- Travel restrictions which have resulted in no supplier visits since 2019.
- Disrupted and protracted manufacturing lead times resulting in the placement of more frequent orders.
- Logistic delays and interruptions due to lack of vessel /container availability resulting in an increase of communication with suppliers and shippers.
- Split shipments caused by impacted shipping space resulting in an increase of administrative duties.

These issues have taken up much of the focus of the Product Development & Procurement teams which has resulted in diminished time to achieve all the actions and processes previously reported.

Next Steps:

- Continue supply chain mapping of our Tier One & Tier Two suppliers who do not have MADE IN GREEN by OEKO-TEX® certification.
- Implementing a supplier on-boarding process for new suppliers including supplier self-assessment workplace practice questionnaire.
- Develop an action plan to help improve response to identified risks.
- Implementing remediation processes to help resolve identified areas of risk.
- Quarterly reviews with key product procurement team to check on progress of supply chain mapping and audit reporting.
- Regular checking of risk assessment processes to ensure they are up to date.
- Annual Senior Management review.

ASSESSING EFFECTIVENESS OF ACTIONS TO ADDRESS MODERN SLAVERY RISKS:

The Covid-19 pandemic has impacted the ability to assess the risks associated with Modern Slavery within our key supply chain, as travel bans have prevented regular supplier factory visits and regular face to face meetings both in our office and at trade fairs. During the last three years (2020 – 2022) these meetings have not taken place which would allow time to see first-hand operations and inspect the initiatives our suppliers have implemented to reduce risks associated with Modern Slavery.

Moving forward, our assessment practices aim to include:

- Resumption of factory visits, on site meetings, face to face discussions as soon as travel bans are lifted.
- Continued work with more suppliers to achieve MADE IN GREEN by OEKO-TEX® certification to ensure social compliance standards are being met and maintained.
- Sharing good practice outcomes developed by factories with other suppliers to ensure compliance.

PROCESS OF CONSULTATION WITH ENTITIES OWNED OR CONTROLLED BY REPORTING ENTITY:

The entities owned by the company are run and managed by the same employees, in which case the internal consultation process covers both Bed Bath N Table and Domestic Textiles in this statement.

APPROVAL:

This statement covers the reporting period to 30th June 2022 and is approved by Jonathan Dempsey as the owner and Managing Director of The Dempsey Group Pty Ltd.



JONATHAN DEMPSEY

DATE 15/03/2023

Managing Director