

# AL-KO International Pty Ltd

## Modern Slavery Statement 2021

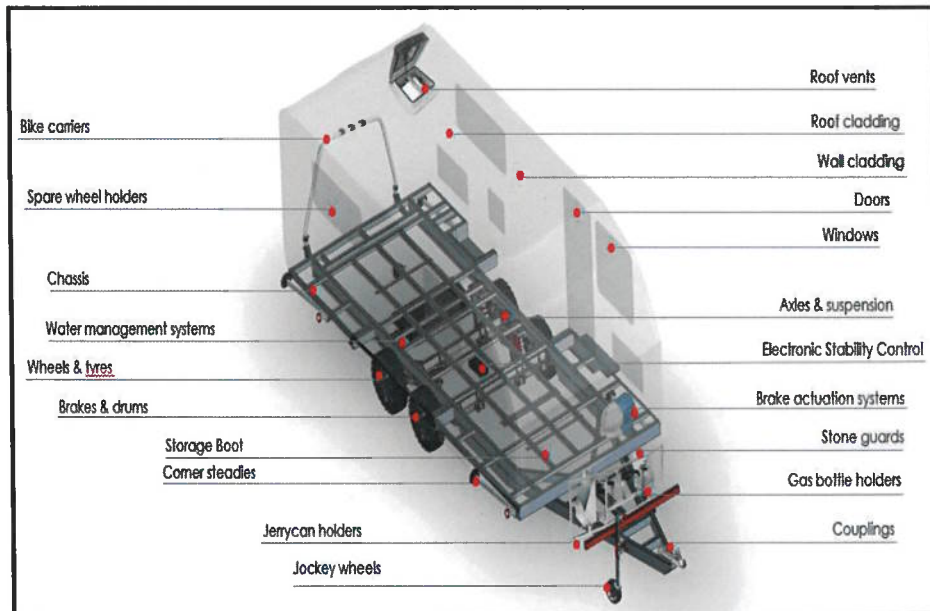
### 1 Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) by AL-KO International Pty Ltd (ABN: 96 003 066 813) (**AL-KO Australia**). Where, in this statement, we refer to AL-KO Australia and its owned or controlled entities, we use the terms “**AL-KO**”, “**we**”, “**us**” or “**our**”. This statement relates to the period 1 January 2021 to 31 December 2021 (**Reporting Period**):

This Statement outlines the risks of modern slavery in AL-KO’s supply chains and operations and explains how we evaluated and responded to those risks. As this is our first Statement, we are in the early stages of seeking to better understand the connection between our business and modern slavery risks. Over the coming years, we will endeavour to develop both our understanding of, and response to, these risks.

### 2 Our Structure, Operations and Supply Chains

AL-KO manufactures, markets and distributes a comprehensive range of products and accessories for the trailer, caravan and RV markets in Australia and New Zealand. The company is best known for its high-quality running gear range, including axles, brakes and suspension products. In addition, AL-KO offers its customers a wide range of accessories, as well as motorhome chassis and under carriage components. Our portfolio describing the types of products we offer our customers is set out below:



## 2.1 Structure

AL-KO Australia is part of the DexKo Global Holdings Inc. Corporate Group (**Group**). A map of our Group locations is below:



AL-KO Australia and its subsidiaries AL-KO Chassis Systems Pty Ltd (ABN 43 625 886 624) (**ACS**), Hume Caravan and Camping Accessories Pty Ltd (ABN 17 057 397 716) (**HCCA**) and Preston Chassis Industries Pty Ltd (ABN 25 054 399 558) (**PCI**) are trading companies incorporated and domiciled in Australia.

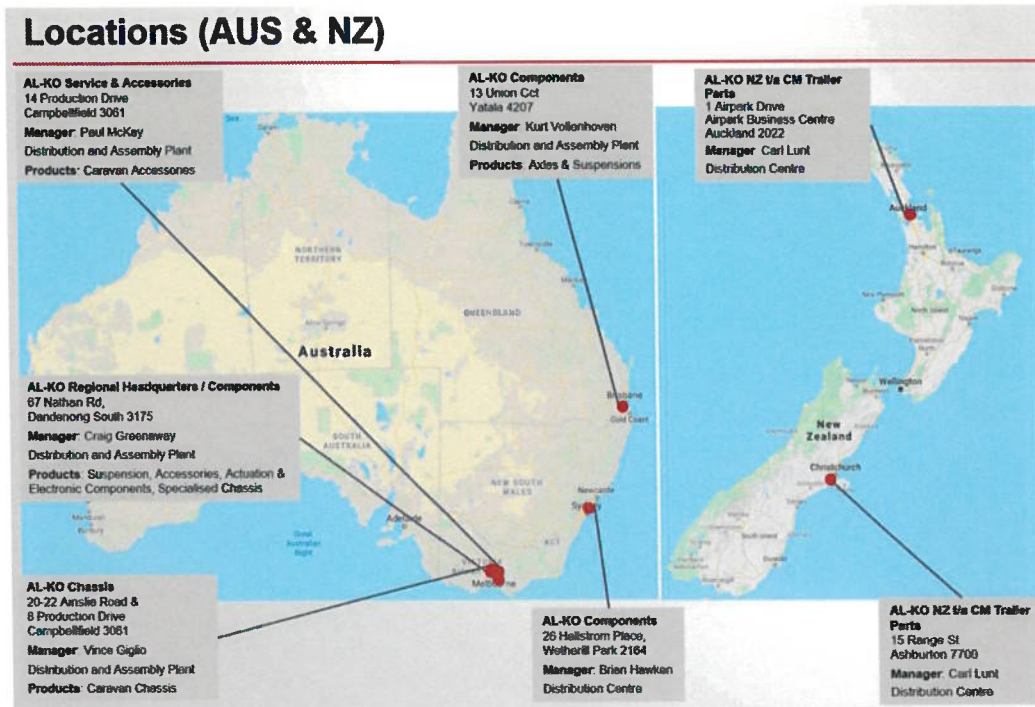
AL-KO Australia has 2 subsidiaries incorporated in New Zealand, AL-KO New Zealand Ltd and its subsidiary CM Trailer Equipment Ltd.

The registered addresses of the AL-KO entities are as follows:

<i>AL-KO International Pty Ltd</i>	<i>67 Nathan Road, Dandenong South Vic 3175</i>
<i>AL-KO Chassis Systems Pty Ltd</i>	<i>22 Ainslie Road, Campbellfield Vic 3061</i>
<i>Hume Caravan and Camping Accessories Pty Ltd</i>	<i>14 Production Drive, Campbellfield Vic 3061</i>
<i>Preston Chassis Industries Pty Ltd</i>	<i>22 Ainslie Road, Campbellfield Vic 3061</i>
<i>AL-KO New Zealand Ltd</i>	<i>78 Richard Pearse Drive, Mangere, Auckland 2022</i>
<i>CM Trailer Equipment Ltd</i>	<i>15 Range Street, Ashburton 7700, New Zealand</i>

## 2.2 Operations

Our Australian and New Zealand locations are set out in the map below.



We employ approximately 248 employees across Australia and New Zealand. We do not employ any workers overseas. Of these workers, 207 are full time, 7 are part time and 34 are labour hire staff. Further details in relation to our workforce follow.

		Male	Female	Labour Hire	Male
CM Trailer	NZ	19	8	0	27
ALKO Int'l	Vic	73	12	7	92
	NSW	4	0	0	4
	QLD	14	0	1	15
ALKO Chassis	Vic	70	3	23	96
Hume	Vic	11	0	3	14
<b>TOTAL ANZ</b>		<b>191</b>	<b>23</b>	<b>34</b>	<b>248</b>

Remuneration of our employees is set using industrial instruments as well as using industry benchmarks including the Institute of Managers & Leaders annual salary survey, Mercer Salary Guide and Seek advertisement salary ranges.

Our employees perform an array of disciplines as demonstrated by the following types of roles:

- Sales and Marketing
- Finance
- Manufacturing Management
- Site Management
- Information Systems
- Accounting
- Warehouse Management
- Production Planning
- Production and Design Engineering
- Administrative
- Procurement
- Human Resources
- Occupational Health and Safety
- Transportation/Delivery
- Welding

### 2.3 Supply Chains

We have approximately 1110 third party suppliers, including suppliers from within our corporate group. We typically have long term relationships with our suppliers and have been using some for over 10 years.

Approximately half of our procurement expenditure is spent on raw materials sourced for manufacturing purposes and include supplies such as steel bars, aluminium coils, cast steel hubs and drums, steel springs. These are non-related suppliers. These raw materials are then used to manufacture components for vehicles and trailers, including axles, chassis and RV sidings. We estimate that most of our remaining expenditure is allocated to pre-manufactured trailer and vehicle accessories including jockey wheels, winches, couplings, water tanks, aluminium extrusions and corner steadies.

Our top suppliers by spend operate across a range of industries including:

- Automotive Manufacturing
- Engineering
- Waste Management
- Plastic Manufacturing
- Security
- Catering
- Retail
- Dispatch & Transport
- IT & Software

#### Global supply chain

During the Reporting Period, AL-KO had 61 suppliers that were domiciled outside Australia and New Zealand, including our related entities. These entities supplied special tool products, wheels, winches, aluminium extrusions, corner steadies, couplings, aluminium coils, cast steel hubs and drums, steel springs, shock absorbers, brakes and Torflex axles. Our international suppliers (outside Australia and New Zealand) were primarily located in the USA, China, Germany and Spain.

Our related suppliers manufacture Motorhome Chassis components and Spare parts in Kleinkotz, Germany, Torflex Axles, Dexter Hubs and Brakes in Albion, USA and Shock Absorbers in Abadiano Spain.

### Local Supply Chain in Australia and New Zealand

During the Reporting Period, AL-KO had 1048 suppliers domiciled in Australia or New Zealand (including related entity suppliers). These suppliers primarily supplied goods and services in the following categories:

- **Trailers & caravans, motorhomes and parts raw materials** – includes special tool products, wheels, water tanks, aluminium extrusions, steel bars, cast steel hubs and drums, oils, lubricants, preparation, distribution;
- **Information Technology and Telecommunications** – including desktop support, internet, landline and mobile provider;
- **Indirect products** – office supplies, merchandise management, cardboard packaging, signage;
- **Facilities and Utilities** – including cleaning, maintenance, waste management, heating, electricians;
- **Corporate Administrative Services** – consultants, technicians, logistics, shipping, storage, transportation and customs;
- **Professional Services** – including recruitment, legal and accounting services.

Approximately half of our local procurement expenditure is spent on raw materials sourced for manufacturing purposes and include supplies such as steel bars, aluminium coils, cast steel hubs and drums, steel springs.

Although most of our direct suppliers are based in Australia and New Zealand, many of them supply goods that originate from other jurisdictions including China, Germany and the United States of America.

## 3 Risks of modern slavery practices in operations and supply chains

### 3.1 Risks in our operations

We have considered the potential for our company to cause, contribute to, or be directly linked to modern slavery throughout our operations. We understand that under the Modern Slavery Act, modern slavery covers eight types of serious exploitation: trafficking in persons, slavery, servitude, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

We consider the risk of modern slavery occurring within our operations to be low. This is because our operations are conducted locally in Australia and New Zealand, jurisdictions which the *Global Slavery Index* has deemed to have low prevalence of modern slavery. These jurisdictions also have comprehensive workplace relations laws which we adhere to and we maintain comprehensive workplace policies and procedures. We have also adopted strategies, including benchmarking, to ensure that all of staff are paid a competitive wage. Further, most of our labour force is comprised of low-risk professions such as design engineers, warehouse and site managers, accountants and sales representatives. No whistleblower reports were received during 2021 that raised concerns in relation to modern slavery.

### 3.2 Risks in our supply chains

There are modern slavery risks in our global supply chain. While our first-tier suppliers come from only a handful of countries and are often within our corporate group, we acknowledge that our second and third tier suppliers come from a much broader range of locations. Like most businesses that work in the vehicle manufacturing industry, there are



significant risks relating to the procurement and use of raw materials in the manufacture of trailers, RVs, caravans and their accessories and components.

For example, we are aware of the modern slavery risks associated with raw material inputs such as steel, copper, cobalt, nickel and 3TG minerals (i.e. tin, tantalum, tungsten and gold). We predominantly use Australian steel, although we appreciate that steel is a core input into many of the products that we import. Steel has been linked to several forced labour practices, particularly in China, North Korea and India. Further, the Business & Human Rights Resource Centre has recorded at least 74 allegations of human rights impacts in relation to copper mining companies worldwide. We also understand the risks associated with using products containing 3TG minerals which are mined in the Democratic Republic of the Congo and surrounding regions where forced labour and child labour practices are widespread. There are also second-tier supply risks involved in the manufacture of products using tyres made from natural rubber, such as jockey wheels. Natural rubber cultivation practices have been linked to instances of modern slavery due by virtue of the fact that it is labour-intensive and often takes place in high-risk geographies.

AL-KO purchases materials from approximately 42 suppliers based in China, a country which the *Global Slavery Index* estimates on any given day in 2016 had over 3.8 million people living in conditions of modern slavery, a prevalence of 2.8 victims for every thousand people in the country.

The locations of our China suppliers are outlined in the map below:



We use labour hire workers in our operations and acknowledge that labour hire arrangements make visibility difficult to clearly determine if workers are working of their own free will. Our labour hire is conducted through a supplier that has an Anti-Slavery Policy. The stated purpose of the policy is to ensure that the supplier is compliant with local, national, and other applicable laws and regulations and acts to prevent, mitigate and where appropriate, remedy modern slavery in our operations and supply chains.

AL-KO also utilises office cleaners, security and transport and logistics services which are at an increased risk of modern slavery due to the vulnerable status of lower skilled workers who are often on temporary visas.

Like all businesses, there is a risk of modern slavery in the technology and telecommunications hardware that we use day-to-day to operate our business. We also acquire uniforms and Personal Protective Equipment (PPE) including masks, which are products that have been identified as having a high risk of modern slavery.

However, we have taken several steps to address these risks as outlined below and endeavour to improve our responses to these risks each reporting period.

## 4 Actions to assess and address the risks

### 4.1 Policies and commitments

AL-KO has introduced several policies to assist in assessing and addressing modern slavery risks.

AL-KO has adopted and implemented the following policies:

- (a) AL-KO Modern Slavery Policy
- (b) AL-KO Working Together Policy
- (c) Group Code of Conduct and Ethics Policy
- (d) Group Compliance Reporting and Anti-Retaliation Policy with Annexure A entitled AL-KO Whistleblowing Procedure Australia (**Whistleblowing Policy and Procedure**)
- (e) AL-KO Supplier Code of Conduct and Ethics (**Supplier Code of Conduct**)

During the reporting year, AL-KO introduced the Modern Slavery Policy, Supplier Code of Conduct and Whistleblowing Policy and Procedure to address our modern slavery exposure outlined above. These policies can be found on [AL-KO's website](#).

In our Modern Slavery Policy, AL-KO commits to seeking to assess and address modern slavery risks in our operations and supply chains. This commitment includes an intention to, amongst other things, seek to ensure that all of our employees are working of their own free will and in compliance with applicable laws, annually assess our operations for modern slavery risk and train our employees to increase awareness of modern slavery risks in our operations and supply chain. It also commits us to seeking to engage contractors and suppliers who uphold our commitment to address modern slavery risks and incorporate a modern slavery risk assessment as part of our ongoing supply chain due diligence processes.

Our Working Together at AL-KO International Policy and Code of Conduct and Ethics Policy both express the need to report unsafe working environments in accordance with whistleblowing procedures (These procedures as well as the Whistleblowing Policy and Procedure are discussed in detail below under 4.3 and specifically protect disclosures of modern slavery concerns).

## 4.2 Due diligence processes

AL-KO has commenced fulfilling the commitments outlined in the Modern Slavery Policy by introducing and implementing several supplier due diligence processes, as outlined below:

(1) Supplier Code of Conduct

The Supplier Code applies to our suppliers and subcontractors, requiring each of them to operate their business with a high level of ethical conduct. Suppliers must notify AL-KO of any breaches of modern slavery laws and take adequate steps to address modern slavery and human rights impacts. The Supplier Code also strictly prohibits our suppliers from using any form of forced, bonded or indentured labour, and sets out our expectations for suppliers to ensure workers are treated fairly and with dignity in compliance with all applicable human rights related laws. If any suppliers fail to meet our new requirements, correction action plans will be established and monitored for progress. Our Supplier Code of Conduct is on our website and compliance is a standard term in our supplier agreements.

(2) Modern Slavery supplier terms

We have prepared standard supplier terms and intend to use them in our supplier contracts specifically to compel our suppliers to have and maintain adequate policies, controls, procedures and training designed to prevent, detect, assess, manage and remedy modern slavery in their operations and supply chains.

(3) Request for Proposal questionnaire (RFP Questionnaire)

Our standard RFP Questionnaire asks questions tailored to reveal how workers are being treated by the supplier and whether the supplier will be providing or using products listed in the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour. We also request copies of suppliers' modern slavery statements if they are legally obligated to publish one.

## 4.3 Whistleblowing procedures

AL-KO has introduced several measures to give employees the opportunity to speak up about any suspected instances of labour exploitation. We use an the DexKo Ethics Hotline reporting website (Hotline) that allows all employees, officers, and directors across the Group to report any actual or potential violations of law and policies. Reporting is anonymous and available 24 hours a day, 7 days a week. It is run by a third party, ETHIX360. The Hotline is available in multiple languages.

DexKo Ethics Hotline: [www.DexKo.ethix360.com](http://www.DexKo.ethix360.com)

AL-KO has also recently updated its Whistleblowing Policy and Procedure in line with Australian whistleblowing provisions and to implement reporting channels in Australia. This policy applies to all AL-KO personnel as well as the wider Group. It allows for the reporting of grievances on a wide array of issues, including violations of the Supplier Code of Conduct, compliance policies, internal controls and local laws.

The primary objectives of Whistleblowing Policy and Procedure are to:

- (1) provide AL-KO with guidance on how reportable activities can be disclosed in accordance with the Whistleblowing Policy and Procedure including the amount and type of information that should be included to enable proper investigation of the disclosure;



- (2) provide Australian AL-KO personnel with guidance on how to identify a disclosure of reportable activities under the Australian whistleblower laws and respond to the disclosure in a compliant and appropriate manner;
- (3) provide whistleblowers with guidance on how any Australian disclosure of reportable activities will be treated by AL-KO;
- (4) ensure whistleblowers are protected in accordance with applicable Australian whistleblower protection laws, including prohibition against any form of retaliation against the whistleblower making a report; and
- (5) ensure AL-KO complies with applicable Australian whistleblower protection laws.

We amended this policy in December 2021 to refer to the making of reports that concerned the behaviour of the AL-KO's suppliers and any actual or apparent breaches of human rights, instances of modern slavery, slavery-like conduct, human trafficking, forced labour, debt bondage, forced marriage, servitude and the worst forms of child labour.

We will be monitoring our whistleblowing channels in order to assess whether there are any human rights allegations in our business that call for remediation.

#### **4.4 Training**

DEX-KO provided training on the Whistleblower program in 2021 to all Group entities, including AL-KO. All AL-KO staff have completed this training.

DEX-KO rolled out training in 2021 in relation to modern slavery and aims to have all relevant staff trained by mid-2022. AL-KO staff are included in this program and its Executive team have all been trained in modern slavery.

### **5 Assessing the effectiveness of actions**

AL-KO acknowledges it is at the beginning of its journey to combat modern slavery and is dedicated to reviewing its modern slavery statement every year to continue to improve business practices through persistent diligence and determination. We plan to assess the effectiveness of our actions to address modern slavery risks by setting the following goals which we will strive to achieve for the next reporting period:

- (1) Seeking to obtain a more thorough assessment of modern slavery risks of our first tier of our supply chain by implementing a questionnaire-based review;
- (2) Work with our Chinese related entities to better understand the risk of modern slavery in our Chinese suppliers;
- (3) We will expand our Whistleblower service so that it is available by phone as well as online, and include a link on our website so that suppliers and their employees are able to utilise it;
- (4) Participate in a DEX-KO Working Group focused on selected ESG risks including modern slavery, with senior leaders representing various jurisdictions and business lines and functions of the company;
- (5) Monitoring any concerns raised by our employees via our grievance or whistleblowing mechanisms to establish if there are any modern slavery risks or incidents in our operations or supply chains;
- (6) Continue to roll out whistleblower and modern slavery training to all relevant personnel.

## 6 Other relevant information

### 6.1 Approach to COVID-19

In response to the COVID-19 pandemic, AL-KO sourced significant additional PPE in the form of disposable surgical masks, reusable cloth masks, alcohol disinfectant wipes and alcohol hand sanitiser. These supplies were distributed to our employees and all site visitors. The supplies were sourced from our existing safety and PPE suppliers – large reputable, local companies.

During the COVID-19 pandemic we maintained our relationships with existing labour hire and occupational medicine suppliers – again large reputable local companies.

In response to lockdown directions, we furloughed some staff and others worked from home. All employees had access to EAP during this time, and weekly wellbeing calls/zoom meetings/SMS messages were undertaken by managers with their teams. Employees had access to JobKeeper payments and were informed of the requirement to advise us if they were undertaking employment elsewhere during their furlough period.

## 7 Process of consultation

Modern slavery risks are currently managed by our Executive team comprising of our Managing Director, Chief Financial and Public Officer, Human Resources team, Sales General Manager and Operations General Manager. Each of these individuals are responsible for their respective entities throughout AL-KO. Accordingly, AL-KO Australia and each of its owned or controlled entities have been consulted as part of the preparation of this statement. Our local Executive team is responsible for overseeing our Modern Slavery Policy and reviewing it regularly to ensure it continues to evolve and reflect community expectations. This statement has been prepared by these responsible parties in consultation with each of the Reporting Entities and their subsidiaries.

This statement was approved by the Board and local Executive team on 20<sup>th</sup> June 2022 and signed by:



Grant Douglas

Managing Director



Matthew Ross

Chief Financial and Public Officer

## Annexure A - Reporting criteria

### 7.1

<b>Reporting criterion</b>	<b>Page/s</b>
1 & 2. Identify the reporting entity and describe its structure, operations and supply chains	1 – 4
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	5
4. Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	7 – 8
5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	9
6. Describe the process of consultation with any entities the reporting entity owns or controls	10
7. Any other relevant information	10