

AL-KO International Pty Ltd

Modern Slavery Statement 2022

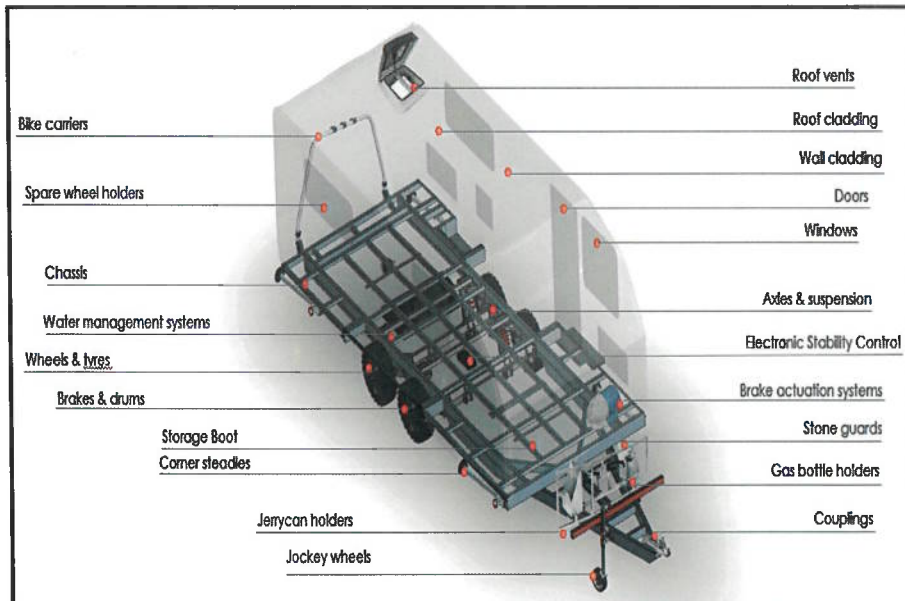
1 Introduction

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 2022 to 31 December 2022 (**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 during the Reporting Period. We have taken, and continue to take steps to deepen our understanding of the connection between our business and modern slavery risks. The ILO's Global Estimates revealed that there are approximately 50 million people in the world in situations of modern slavery on any given day. This is a stark reminder of the need for all businesses with global supply chains to remain vigilant of the risk of harm to people within those supply chains.

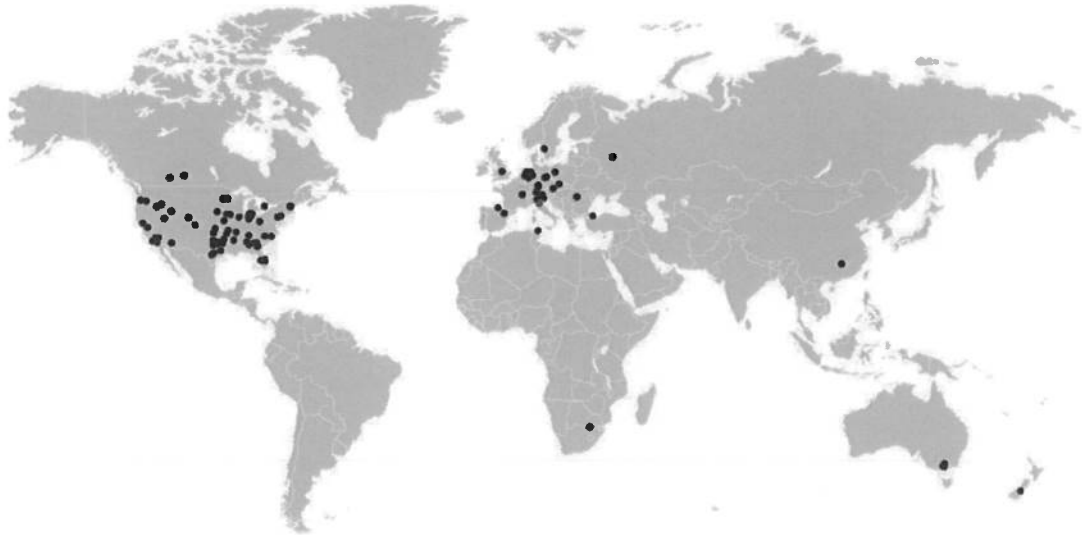
2 Our Structure, Operations and Supply Chains

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**). DexKo is a leading global manufacturer of highly-engineered running gear, providing axles, chassis and other components for trailer, towable equipment and RV manufacturers worldwide. A map of the 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.

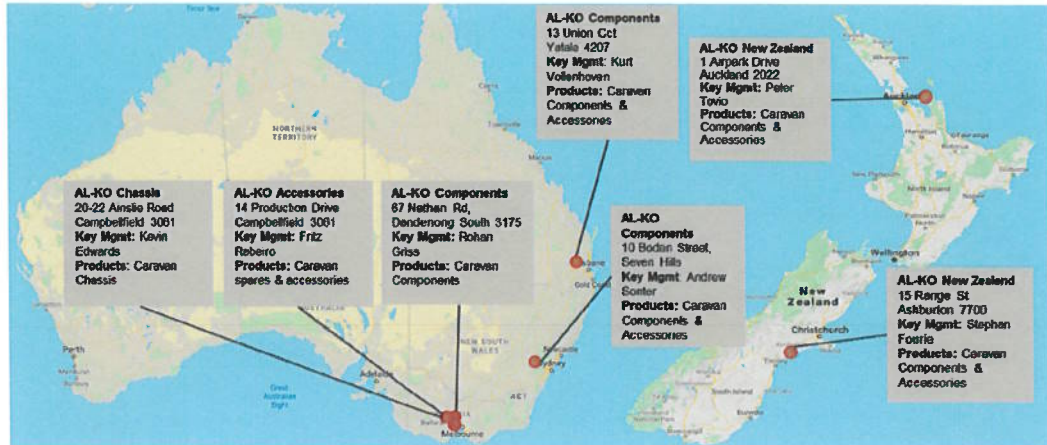
AL-KO Australia has two subsidiaries incorporated in New Zealand, AL-KO New Zealand Ltd and its subsidiary CM Trailer Equipment Ltd.

The details of the AL-KO Australia's owned or controlled entities are as follows:

Entity name	Operations
AL-KO Chassis Systems Pty Ltd	Manufacturing site producing chassis systems for caravans and specialist light trailer applications
Hume Caravan and Camping Accessories Pty Ltd	Manufacturing site using quality roll forming production and retailer of accessories, doors, lighting products, table legs, tool boxes, water tank accessories and wheel arches
Preston Chassis Industries Pty Ltd	Manufacturing site producing chassis systems for caravans and specialist light trailer applications
AL-KO New Zealand Ltd	Distribution site for a wide range of mechanical, hydraulic and electrical automotive parts to the caravan, marine, agricultural and construction trades
CM Trailer Equipment Ltd	

2.2 Operations

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



We employ approximately 188 employees across Australia and New Zealand. We do not employ any workers outside these 2 countries. Of these workers, 159 are full time, 4 are part time, 3 are casual, and 22 are labour hire staff who perform production, assembly and office tasks and duties. Further details in relation to our workforce follow.

		Male	Female	Labour Hire	Total ¹
CM Trailer	NZ	14	3	0	17
ALKO Int'l	Vic	61	12	8	73
	NSW	3	0	0	3
	QLD	12	0	1	13
ALKO Chassis	Vic	70	2	12	72
Hume	Vic	10	0	2	10
TOTAL ANZ		171	17	22	188

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 within the following types of roles:

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

¹ Excluding labour hire workers

2.3 Supply Chains

We have approximately 850 third party suppliers, including suppliers from within our corporate group. We typically have long-term relationships with our suppliers and have been using some suppliers 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
- Plastic Manufacturing
- Retail
- Engineering
- Security
- Dispatch & Transport
- Waste Management
- Travel
- IT & Software

Global supply chain

During the Reporting Period, AL-KO had 55 suppliers that were domiciled outside Australia and New Zealand, including our related entities. Of the 55 suppliers, approximately 42 were suppliers based in China. These overseas 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, the majority of our suppliers were 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.

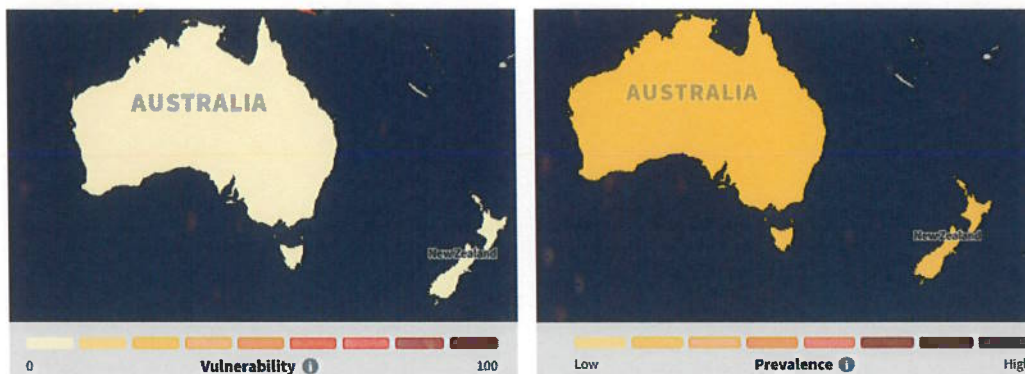
Although most of our direct suppliers are based in Australia and New Zealand, many of them supply goods that originate from, or have components manufactured in other jurisdictions including China, Germany and the United States of America.

3 Risks of modern slavery practices in operations and supply chains

3.1 Risks in our operations

Modern slavery is an umbrella term that includes exploitative practices including human trafficking, slavery, servitude, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour. We have considered the potential for our company to have caused, contributed or become directly linked to modern slavery through our operations. We continued to monitor the reports received via our whistleblowing channels and confirm that no concerns were raised in relation to actual or suspected instances of modern slavery during 2022.

As our business operations have largely remained unchanged from the previous year, we remain of the view that 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 with a lower prevalence of, and vulnerability to, modern slavery according to the 2023 Global Slavery Index (GSI), given the regulated nature of workplace relations and strong rule of law in both countries.



[Source: <https://www.walkfree.org/global-slavery-index/map/>]

We continue to maintain workplace policies and procedures in compliance with legal requirements. We have also continued to implement strategies, including salary benchmarking, to ensure that all staff receive competitive wages. As noted in our previous statement, the majority of our employees are skilled professionals such as design engineers, warehouse and site managers, accountants and sales representatives. Furthermore, we do not employ people under the age of 18. Taking into account the aforementioned factors, we remain of the view that there is a low risk that our operations have caused, contributed or been directly linked to modern slavery.

3.2 Risks in our supply chains

Given our extensive supply chain, there are likely to be modern slavery risks within the later tiers of our global supply chain. While our first tier suppliers come from only a handful of countries and are often within our corporate group, our second and third tier suppliers are likely to operate in, and source raw materials, from locations with a higher prevalence of modern slavery. Like many businesses in the manufacturing industry, there are inherent risks of modern slavery in the sourcing and processing of raw materials found in trailers, RVs, caravans and their accessories and components.

For example, there are modern slavery risks, including forced labour and the worst forms of child labour, in the raw material inputs such as steel, copper, cobalt, nickel and 3TG minerals (i.e. tin, tantalum, tungsten and gold). A report by Sheffield Hallam University titled Driving Forces dated December 2022 (SHU Report) describes the expansion of auto parts and materials production in the Uyghur region, where there are allegations of forced labour underpinning the mining, processing and manufacturing of parts used in the automotive

sector. However, the 2023 GSI ranked China with a moderate level of vulnerability to modern slavery driven predominately by disenfranchised groups, governance issues, conflict, inequality and lack of basic needs.²

We continue to use Australian steel in the bulk of our production, however steel is a core input in many of the products and components that we import. There are potential risks of modern slavery, particular the worst forms of child labour, in the sourcing of natural rubber used in tyre products and jockey wheels that we source as finished products.

In our operations, we deploy labour hire workers in production, assembly, office tasks and duties. As noted in our previous statement, we utilise the same labour hire company that has an Anti-Slavery Policy in place and hold all necessary registrations to operate in the labour hire industry.

AL-KO also relies on contracted office cleaners, security, transport and logistics services. These are sectors considered to have workers at greater risk of modern slavery, including debt bondage and forced labour, irrespective of whether they are working in higher or lower risk countries.

Like most businesses, there are inherent risk of modern slavery in the technology and telecommunications hardware that we use day-to-day. We also acquire uniforms and Personal Protective Equipment 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

AL-KO continued to have in place several policies intended to mitigate modern slavery risks in our operations and supply chains. These include:

- (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**)

Our policies are published on [AL-KO's website](#) and www.DexKo.com.

4.2 Contract terms

We published our modern slavery terms for use in supplier contracts on our website. Importantly, the terms specify that suppliers are required to have in place, and maintain at all times, adequate procedures to identify, prevent, mitigate and account for modern slavery and other human rights impacts in their operations and supply chains.

² <https://www.walkfree.org/global-slavery-index/map/#mode=data:country=CHN:dimension=v>

4.3 Due diligence processes

As noted in our previous statement, we prepared a supplier questionnaire. This questionnaire is published on our website. It seeks to find out information from our suppliers and prospective suppliers regarding their preparedness to respond to modern slavery risks and their operational and supply chain risk profile. We are continuing the process of issuing the questionnaire and following up the completion of the questionnaire with our suppliers. We intend to commence the review of the responses and undertake further engagement with suppliers during the next reporting period.

Both the contract terms and questionnaire require our suppliers to verify their compliance with our Supplier Code. The Supplier Code articulates our expectation that suppliers conduct their business activities in a manner which respects human rights and to not provide us with, or use any products listed in the US Department of Labor's List of Goods Produced by Child or Forced Labor.

4.4 Working group

During the reporting period, the Group established an ESG Committee supported by worldwide local ESG representatives on each site. AL-KO in Australia and New Zealand have representatives on the ESG Committee supported by individual site representatives. Modern slavery is a topic that falls within the "S" pillar of ESG and is considered by the Committee.

4.5 Remediation - Whistleblowing procedures

AL-KO continues to provide several channels to speak up about any suspected instances of labour exploitation. DexKo's Ethics Hotline reporting website (**Hotline**) is one of the available channels that allows employees 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, at:

DexKo Ethics Hotline: www.DexKo.ethicspoint.com

The Hotline is available in multiple languages. There is an option to submit reports over the phone. The phone numbers are displayed on the website when a country is selected.

AL-KO has its own Whistleblowing Policy and Procedure compliant with Australian whistleblowing legislation and it provides reporting channels in Australia. It allows for the reporting of grievances on a wide array of issues, including violations of the Supplier Code, compliance policies, internal controls and local laws. Importantly, reportable conduct includes conduct that may concern 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.

4.6 Training

Training continues to be provided annually via the Navex online training program where the completion rates are monitored globally. Modern slavery, Code of Conduct and Ethics and whistleblowing are topics covered by the training platform. We continue to raise awareness of modern slavery risks within the business so that our employees become better equipped to identify red flags.

5 Assessing the effectiveness of actions

Our approach to assessing effectiveness has been to set goals for ourselves to report on the progress of those goals annually. The table below provides an overview of our progress for the 2022 goals:

Goal	Progress	Actions for 2023
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	In progress	Review the responses to the questionnaire and undertake further engagement with suppliers identified as having higher risks.
Work with our Chinese related entities to better understand the risk of modern slavery in our Chinese suppliers	In progress	Develop a strategy to conduct further engagement with suppliers where we have leverage to seek further information regarding the risks of modern slavery in their operations and supply chains.
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	Completed	The links to the service have been updated and is made available on our company website.
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	Ongoing	We will continue to participate in the DexKo Global ESG Committee.
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	Ongoing	We will continue to monitor the channels.
Continue to roll out whistleblower and modern slavery training to all relevant personnel	Ongoing	We will review the content and assess whether any changes are necessary.

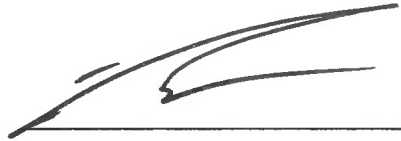
6 Process of consultation

Modern slavery risks continue to be 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 14th June 2023 and signed by:



Grant Douglas
Managing Director



Matthew Ross
Chief Financial and Public Officer

Reporting criteria

Reporting criterion	Page/s
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 - 6
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	6 - 7
5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	8
6. Describe the process of consultation with any entities the reporting entity owns or controls	8
7. Any other relevant information	N/A