

DYMOCKS GROUP

FY20

MODERN SLAVERY **STATEMENT**

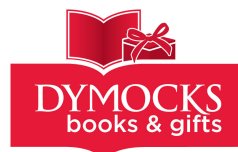


Dymocks Properties

ARAPALA Arapala Farm
MACADAMIA FARM



Dymocks Education



Dymocks Retail

T E L E
G R A M Telegram Group
— C O

D Y M O C K S
G R O U P

Modern Slavery and Human Trafficking Statement 2020

This statement, made pursuant to the Modern Slavery Act 2018 (Cth), sets out the steps taken by Dymocks Holdings Pty Ltd and its subsidiaries (the “**Dymocks Group**”) to address modern slavery and human trafficking risks in its business and its supply chain for the financial year ended 30 June 2020.

This statement is not applicable to franchised or other non-managed businesses.

CURRENT POSITION

This is our first statement. It sets out what we have done in the past year to address modern slavery and human trafficking across our business and supply chain and to ensure that we have in place appropriate measures to address that risk.

In addition to the work we have done in our own operations and supply chain, we propose to collaborate with other organisations to share knowledge, discuss approaches and build on lessons learned in addressing this worldwide issue.

PROGRESS AGAINST OUR SHORT-TERM PRIORITIES

PRIORITIES	ACTIVITIES
Assurance	Engaged the ethiXbase 360 platform to provide a deep and broad view of our supply chain risk across four risk areas identified by the United Nations Global Compact.
	Propose to engage with stakeholders to obtain their views on the role of the retail industry in promoting human rights and preventing modern slavery.
Policy & Training	Propose to work with suppliers to address any known or suspected instance of modern slavery or human trafficking in our combined supply chain.
	Propose to train key personnel to detect and prevent modern slavery.

The ethiXbase 360 platform is a third party computer driven system which contains a series of interconnected modules to create a configurable, end-to-end third-party compliance solution. The system will leverage Artificial Intelligence technology to digitise and automate our compliance programmes and support our third-party compliance lifecycle for our supply chain.

OUR STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

The Dymocks Group’s main businesses are:

1. Sale of products by wholesale and retail;

2. Granting of franchises to operate retail stores;
3. Tutoring for high school and primary school students;
4. Farming; and
5. Property ownership and management.

The Dymocks Group's¹ headquarters are in Sydney. Further information on our businesses is available at: <https://www.dymocks.com.au/about/dymocks>

Our workforce consists of more than 300 employees.

Our direct employees are engaged either by contract or under award agreements. Our business divisions work under multiple Modern Awards and our employees are free to associate with any union.

If, during 2021, we form the opinion that there is a material risk of human trafficking taking place within our supply chain, we will conduct training courses designed to assist relevant personnel to identify and eliminate that practice.

The Dymocks Group sources significant quantities of goods and services, including those associated with the sale of books, stationery, general merchandise, farming equipment and property related items. In FY20, the Dymocks Group worked with approximately 1,100 suppliers globally, with the majority of our annual \$100m supplier spend occurring with our first-tier suppliers primarily located in Australia, followed by the United States, the United Kingdom, New Zealand and, to a minor extent, China.

Our global supply chain is extensive with some of our second-tier suppliers located in Europe, Asia and elsewhere. As our modern slavery systems develop in sophistication we are confident that we will be able to comprehensively identify the location and nature of goods and services procured.

The diversity of the products, geographic locations, markets and regulatory systems associated with these purchases can potentially expose the Dymocks Group to risk. We have implemented controls in our procurement processes which are designed to assist in progressing the eradication of modern slavery and human trafficking.

POLICIES & GOVERNANCE

The Dymocks Group has a robust corporate governance framework in place, with the Dymocks Group Board set to oversee our broader human rights program through the Dymocks Group Audit and Risk Committee. Underpinning this framework are the Dymocks Group's suite of policies, some of which are relevant to modern slavery e.g. our Modern Slavery Policy and our Whistle Blower policy.

We will articulate our expectations to suppliers through a Supplier Code of Conduct which will be available on our website. Although our standard contractual terms include a requirement to comply with these documents, we are further strengthening our management of modern slavery by embedding bilateral modern slavery compliance clauses into our precedent contracts. In FY20, we also updated our procurement procedure to ensure due diligence is undertaken prior to supplier onboarding, contract award or any commercial agreement.

The General Counsel and the Group Head of Human Resources are responsible for the development and implementation of the Dymocks Group's broader human rights program, including modern slavery and human trafficking initiatives. Accountability for addressing modern slavery and human rights risk is cross-functional and our internal business units work together at Group level and across our entities, to embed our initiatives and supporting processes.

In recognition of the complexity of this global issue, the Dymocks Group continues to build the capacity of our people on modern slavery risk management, including seeking external expert input for guidance on our approach.

CONSULTATION WITH SUBSIDIARY ENTITIES

The Dymocks Group is comprised of Dymocks Holdings Pty Ltd and its wholly owned subsidiaries.

To ensure that the entire Dymocks Group complies with its obligation to assist the group in reducing modern slavery risk we met with each managing director in FY20 to brief them on modern slavery, raise their awareness of modern slavery risks and set expectations for compliance measures to be taken by that subsidiary.

There were no entities that the Group had a minority interest in.

SUPPLY CHAIN GOVERNANCE STRUCTURE



ASSESSMENT AND MITIGATION OF MODERN SLAVERY RISK

Modern slavery risk in our operation and supply chain is managed within our general risk framework. The Dymocks Group's Audit and Risk Committee is responsible for providing oversight on behalf of the Board.

To ensure that we minimise the risk of modern slavery and the potential exposure to human rights risk more broadly, we utilise tools to strengthen our risk assessment program, including the ethiXbase 360 platform.

COVID-19 impacted the Dymocks Group's capacity during FY20 to assess and address modern slavery risks in its supply chain because it delayed to some extent, the implementation of the ethiXbase 260 platform. This, in turn, delayed the preparation of the initial questionnaire to identify modern slavery risks our supply chain.

The level of risk of modern slavery and human trafficking in our organisation is influenced by factors such as vulnerable populations, product and service category and geographic location. Accordingly, we have tailored our risk processes to ensure that we are focusing our efforts on those areas that present an elevated risk of exposure. We have assessed that of all the products and services we procure, those within the categories of paper and stationery goods, information technology supplies and people services – particularly in relation to contracted cleaners and seasonal farm labour present an elevated risk of modern slavery.

Steps that we propose to take to assess and mitigate risk in our supply chain include:

- consideration of human rights risk indicators in our risk assessments;
- working with suppliers to strengthen their internal policies and procedures including, but not limited to, workers' labour and payroll conditions; and
- working with suppliers to implement solutions that meet international human rights standards.

These issues stand out because they have the potential to create the most severe negative impact through the Dymocks Group's activities or business relationships.

DUE DILIGENCE & SUPPLY CHAIN ASSURANCE

The Dymocks Group is taking a proactive approach to eradicating modern slavery risk from our supply chain. Our risk-based due diligence process has been constructed with reference to the UN's 'Protect, Respect and Remedy' framework which underpins the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Due Diligence

Within our own business we conduct regular audits of pay and conditions. Audits are conducted by group personnel separate to a business division. This introduces independence and ensures that our own workforce are employed in accordance with Australian laws and standards and that there is no risk of modern slavery or human trafficking in our own, direct, workforce. All employees are also informed of the Whistleblowing Policy at the time of onboarding and encouraged to use that process if they have concerns about their pay, conditions or modern slavery compliance in general.

All new suppliers, as well as renewing suppliers, will be subjected to our due diligence process prior to onboarding or award of contract. Initially, suppliers will be requested to answer a brief prequalification questionnaire administered in accordance with the Dymocks Group's procurement contract management procedure. This triage process helps us to identify potential areas of risk and where those risks are identified, the supplier will be subjected to further due diligence.

We propose to utilise the ethiXbase 360 platform which provides an initial assessment of risk across each category, to undertake our due diligence assessment. Where a potential risk is classified as being medium or above, the supplier will be subjected to a more detailed assessment, undertaken by our compliance team. This may include requiring the supplier to furnish relevant internal policies and procedures or independent site audit reports.

We favour working with suppliers to resolve or substantially mitigate risks instead of terminating the relationship with the supplier. We do this because of the potential adverse effects on the livelihood of the supplier's employees. Achieving this takes time and the Dymocks Group is committed to working with its suppliers to eradicate modern slavery from its supply chain. Additionally, the Dymocks Group will where practicable, share its knowledge to support suppliers to build their capability to meet international standards.

Suppliers that are identified as presenting a risk through the due diligence process will be subjected to continuous monitoring through the ethiXbase 360 platform and additional targeted auditing. This monitoring activity provides auto-generated alerts of any publicly available potential adverse information, enabling us to review and, if necessary, undertake appropriate action in a timely manner.

We also propose to extend our due diligence program beyond our supply chain to include potential business partners, relationships, or ventures. We will continue to explore opportunities to ensure we are appropriately identifying, assessing, and mitigating the risk of perpetuating modern slavery.

Supply Chain Assurance

We procure a large range of goods from a broad range of suppliers both domestically and internationally and we acknowledge that modern slavery may occur in our global supply chain.

We propose to standardise our approach to modern slavery and human trafficking due diligence to assist us to understand how our suppliers are producing or sourcing the goods and services they provide to us.

If, when undertaking due diligence of our first-tier suppliers, we discovered potential modern slavery risks relating to second-tier or third-tier suppliers, we will endeavour to work with the first-tier supplier to support the implementation of appropriate remediation in the extended supply chain.

GRIEVANCES AND REMEDIATION PROCESSES

We are committed to the protection and respect of human rights across our business and supply chain. Where we identify impacts that we may have caused, or to which we may have contributed or be directly linked, we will seek to address this in line with the guidance provided under the UNGPs.

We have established reporting procedures and mechanisms under which employees and third parties can report any concerns regarding unethical or illegal conduct including in relation to modern slavery and human trafficking. Employees can report to their manager, or if they wish to remain anonymous, employees and third parties can report through our Whistleblower system, by phone or email. Our Whistleblower system provides access to both internal reporting mechanisms and anonymous third party reporting to an independent party.

Where complaints are substantiated, we will take appropriate action including counselling, training and in extreme cases, dismissal.

MEASURING EFFECTIVENESS

There are currently no fundamental units of measurement or international standards for measuring human rights impact. This presents a challenge for us in measuring our effectiveness in addressing modern slavery risk.

We have some processes which will assist us to assess the effectiveness of our program. For example, where a supplier may have been subject to an ethical audit and detailed action plans have been put in place to address findings, we will encourage the supplier to implement the action plans in a timely manner.

Our progress against our modern slavery initiatives will be monitored by our compliance team and reviewed by the Audit and Risk Committee.

We will continue to explore further mechanisms to assess the effectiveness of actions we undertake to address modern slavery and human trafficking risk.

DYMOCKS GROUP GOALS OUT TO 2021:

- To have assessed all new and re-contracted suppliers.
- To develop an interactive map of the Dymocks Group’s supply chain, providing insight into where our suppliers operate.
- To have finalised our standard Modern Slavery contractual terms and implemented at all contractual renewals

STAKEHOLDER ENGAGEMENT & COLLABORATION

We are committed to collaborating with all stakeholders including governments and other businesses to eradicate modern slavery. We recognise the need for and support a coordinated approach to addressing human rights issues, including the risk of modern slavery in our collective supply chains.

Training and awareness is a key control in addressing the risk of modern slavery and human trafficking. We recognise the need to build the capability of our employees, particularly the members of our staff involved in procurement, to identify potential red flags of modern slavery and human trafficking and the actions required to respond appropriately.

We will provide the members of our staff involved in procurement with training on risk identification and due diligence processes. For other employees, we will focus on building their awareness of global modern slavery and human trafficking and help them better understand, identify and report incidents.

LOOKING FORWARD

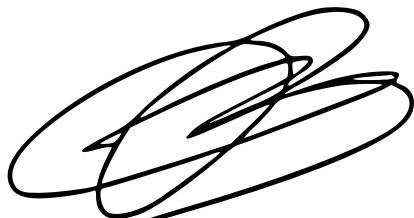
Modern slavery risk management requires continuous commitment and ongoing collaboration and we will endeavor to achieve the following:

PRIORITIES	ACTIVITIES
Stakeholder Dialogue (1-2 years)	<ul style="list-style-type: none"> • Identify whether our current Whistleblowing measures are the most appropriate governance committee for oversight and escalation of modern slavery issues. • Continue to work with key industry partners to adopt a program of works for the detection and prevention of modern slavery and human trafficking.
Assurance (2-3 years)	<ul style="list-style-type: none"> • Explore mechanisms to measure the effectiveness of actions we undertake to address modern slavery and human trafficking risk. • Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes. • All new and re-contracted suppliers to be assessed and where appropriate, managed and monitored effectively.

In addition to the above, our areas of focus for the year ahead also include:

- Improve the timeliness of processing suppliers for referral to our due diligence platform.
- Continue to update our precedent contracts to incorporate human rights and modern slavery provisions.
- Fine tune grievance mechanisms and procedures for third parties.

This statement was approved by the Board of Dymocks Holdings Pty Limited.

A handwritten signature in black ink, consisting of several overlapping loops and a central vertical stroke, positioned above the name Mark Buckland.

Mark Buckland

Group Company Secretary & General Counsel