

CARPET COURT

MODERN SLAVERY STATEMENT 2025

Carpet Court Australia Limited

Introduction

Carpet Court Australia Limited (ACN 001 195 697) (**Carpet Court**), has prepared its sixth Modern Slavery Statement (**Statement**) outlining the actions undertaken in order to identify and address modern slavery risks within Carpet Court's operations and supply chain for the year ending 30 June 2025 (**Reporting Period**).

The term 'modern slavery' is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Specifically, the Australian Modern Slavery Act 2015 (the **Act**) defines modern slavery as including the following eight types of serious exploitation:

- Trafficking in persons
- Slavery
- Servitude
- Forced marriage
- Forced labour
- Debt bondage
- Deceptive recruiting for labour or services; and
- The worst forms of child labour.

Carpet Court acknowledges the importance of minimising the risks of modern slavery within its operations and supply chain and is committed to implementing and enforcing policies in order to protect its system.

Reporting Entity

Carpet Court is a floor covering specialist with a network of retail stores across Australia that are operated by independent franchisees (**members**).

Within its corporate group, Carpet Court controls three subsidiaries; Court International Ltd, Carpet Court (Southern) Limited and Space Flooring & Interiors Pty Ltd (together, the **Carpet Court group**). Court International Ltd is the entity that holds the group's trademarks while Carpet Court (Southern) Limited is the entity that holds the group's property. Space Flooring & Interiors Pty Ltd is a dormant non trading entity. None of the group's three subsidiaries generate revenue exceeding the reporting threshold of 100 million dollars. Carpet Court's registered office is at Building 2, Level 1, 195 Wellington Road, Clayton, Victoria, 3168. The main contact phone number is 03 9244 7999.

The Carpet Court group operates as a single organisation, with a shared Board, management team and governance structures.

The statement has been prepared in accordance with the requirements of the Act on behalf of the Carpet Court group.

This Statement does not cover the operations of Carpet Court's members, which are considered independent franchises that are not controlled by the corporate group.

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Corporate Governance No. 6	Franchise Legal and Compliance Manager	Chairman of the Board, Carpet Court Australia Limited and CEO/Company Secretary	3 December 2025

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Our structure, operations, and supply chain

Structure

Carpet Court is an Australian franchise business specialising in flooring solutions. We operate exclusively within Australia and are headquartered in Victoria. We currently employ 29 staff members located throughout Western Australia, New South Wales, Queensland, and Victoria. In addition to our permanent staff, Carpet Court engages a small number of contractors to provide professional services for the company, including IT, Human Resources and management consulting services.

Operations

Carpet Court primarily acts as a wholesaler that supplies its members (franchisees) with the carpet and other products sold at their stores. We purchase from a set of preferred core product suppliers on behalf of our more than 155 members located across Australia. Along with a range of carpets, we purchase laminate, cork, bamboo, vinyl and timber flooring as well as window furnishings and rugs. We are responsible for negotiating beneficial terms with our preferred suppliers on behalf of our members, who then place their orders directly with our core and preferred suppliers.

The relationship between Carpet Court and our members

Each member is an independent retailer that leases or owns the retail premises from which their individual business is conducted. The agreements between Carpet Court and our members are structured to typically offer access to:

- The National marketing program undertaken by Carpet Court at the head office level
- The online retail platforms established by Carpet Court
- Ability to market their businesses under the 'Carpet Court' trademarks and branding; and
- Purchase quality products sourced by Carpet Court at a competitive price

From time to time, our members purchase goods from suppliers that are not Carpet Court preferred core product suppliers. In these instances, Carpet Court does not have any interactions with, or control over, those suppliers or their supply chains. From 2022, new members are required to obtain approval before purchasing products from suppliers other than our preferred ones. Our Member Code of Ethics remains in place, which requires regulatory compliance by all group members.

While Carpet Court has visibility over the level of products purchased by our members through us, each member owns and runs their own business independently.

During the reporting period, the movement within our membership was similar to that of the prior reporting period. We saw the change of ownership of 7 stores. Five members closed their stores to pursue other opportunities or retire. Despite the movement within our network, we don't believe the risk profile of our membership has changed.

Supply chain

Carpet Court sources products and services from approximately 200 different suppliers, all of which are located in Australia. Around half of those suppliers (approximately 80 companies) are either wholesalers that usually import products from overseas or manufacturers of core products sold throughout our members' stores. For example, carpet products are typically manufactured by our suppliers locally using products sourced from overseas, while timber products are directly imported and sold in Australia or manufactured locally from imported materials.

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The products provided by our core home furnishing suppliers include:

- Carpets
- Flooring products (laminated, timber, vinyl etc)
- Rugs
- Carpet underlay
- Carpet tiles
- Blinds and window furnishings
- Wall coverings
- Accessories (adhesives, glue etc); and
- Tiles

In addition to the product suppliers, Carpet Court engages a number of suppliers that provide products and services to support the needs of our head office operations. These include consulting, IT and advertising services, utilities, insurance and food and beverage related products.

Carpet Court has established long term relationships with our preferred core product suppliers. All core suppliers have signed supplier agreements in place. A standard review of supplier agreements occurs at the expiry date of any current contract. All reviews conducted moving forward will include a modern slavery risk assessment.

While we have a clear view of our direct (tier one) suppliers, we acknowledge that our extended supply chain is large and complex. We currently have limited visibility over any of our tier 2 suppliers or beyond, however we are working towards achieving a better understanding of our extended supply chain.

During this reporting period we onboarded 8 new preferred and core suppliers. A risk analysis was performed on each supplier before they were approved and onboarded.

Risks of modern slavery in our operations and supply chain

Operations

Our operations are exclusively undertaken in Australia and all staff members are skilled, permanent employees. As such, we consider our modern slavery risk to be low for our direct operations. As outlined in the first section of this Statement (Group structure), the group employs a small number of people within the following key functions: marketing, merchandise, operations, and finance. With all 29 staff members being permanent employees located in Australia, Carpet Court's management and Board have clear oversight over employee contracts and working conditions.

While the risk of modern slavery within our operations is currently low, we understand that any significant changes to our business or employee makeup in the future may result in changes to this risk profile. As such, we will continually review and assess the modern slavery risk within our operations in future periods.

During the current reporting period there were minor changes within our operations and workforce. New roles were created in our Marketing department, which enabled us to bring back in-house some functions that third-party agencies had previously performed. This change gives Carpet Court greater control and reduces any potential risks associated with the previously engaged supplier and their extended supply chain. Our low risk profile, therefore, remains unchanged. All new employees were onboarded with the updated employee and Whistleblower Policies.

Our member network

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Carpet Court does not dictate the terms of our members' labour policies or practices, nor does it have direct oversight of the workers engaged by our members, as they operate as independent retailers and do not form part of the Carpet Court corporate group. However, our Member Code of Ethics requires statutory and regulatory compliance by all members.

Furthermore, we do not dictate the products and services purchased by our members, as they can source products and services from suppliers that are not part of the preferred core product suppliers with which Carpet Court has established relationships. As mentioned above, all franchise agreements from 2022 require a member to seek approval for all products purchased outside our preferred supplier list. All members on the relevant agreement are bound by this requirement. Before providing approval, Carpet Court undertakes a review and risk assessment of the product and the supplier to identify and mitigate any potential issues within the relevant supply chain.

While we currently have limited visibility over the modern slavery risks of our members' operations, we understand that, with all members operating under the Carpet Court brand, any modern slavery issues related to one member have the potential to impact all members, as well as the corporate group. Carpet Court will strive to continue to engage with its members to develop and implement consistent modern slavery risk management policies and procedures across our network.

Supply chain

Carpet Court's direct supply chain includes suppliers of core products that are purchased by our members and suppliers of goods and services that are utilised in the operations of the group's head office. During the reporting period, all of our direct suppliers were Australian based companies. Although we acknowledge that modern slavery does occur in Australia, it is our understanding that existing government regulations (including the criminalisation of human trafficking, slavery and slavery-like practises, servitude and forced labour) reduce the probability of instances of modern slavery and human rights violations occurring in the country.

We understand that, while the risk of modern slavery within our direct suppliers is likely relatively low, it is in the second tier of our supply chain where the risk of modern slavery may be elevated. Carpet Court acknowledges that our suppliers source raw materials or manufactured items from sectors that have been shown to present a higher risk of modern slavery. Examples of higher risk sectors include:

- Manufacturing
- Textiles
- Forestry; and
- Electronics

In addition, our suppliers may engage with suppliers who operate within geographies where there is an elevated risk of modern slavery being present. Unfortunately, Carpet Court has not historically had visibility over the goods and services our direct suppliers source from overseas locations. However, we intend to continue to work with our direct suppliers to better understand and manage this risk going forward.

During this reporting period, all new Core and Preferred Suppliers were signed onto our current supplier agreements. All suppliers whose contracts expired have been transitioned to the current supplier agreement. The current agreement includes our Supplier Code of Conduct as well as a comprehensive Modern Slavery clause. We continue to capture and monitor risk amongst our supply chain with all new suppliers being required to complete our modern slavery questionnaire. All suppliers have an obligation to mitigate and reduce modern slavery risks within their operations and supply chains and stay in compliance with all applicable Modern Slavery Laws. Suppliers must notify us as soon as they become aware of any potential or suspected or actual breach of Modern Slavery Laws.

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Actions taken to assess and address modern slavery risks

We have not received any reports of modern slavery incidents within our operations or supply chain for the year ending 30 June 2025.

Carpet Court continues to be vigilant in its approach to and management of potential modern slavery exposure and as a result, over the previous financial year, has:

- Continued to action items on our modern slavery roadmap to assist with us responding to any potential risks over the short, medium and long term
- All new employees acknowledged and signed off on all the relevant policies. Once again, position descriptions and KPI's were reviewed and amended accordingly during the performance review period.
- Invited new suppliers to complete the modern slavery questionnaire and reviewed as part of our onboarding process.
- We commenced review of our current supplier agreement in light of the fact that many of the current contracts are due to expire in June 2026. We aim to ensure that all suppliers, through our contractual arrangements, are compliant with all relevant Modern Slavery Laws and continue to work with us to mitigate any potential or actual breaches to the best of our ability.
- Continued Board reporting on all compliance and WHS matters
- Continued to monitor our core product range and ensured each product had a current Volatile Organic Compound (VOC) certification.
- We again reminded our membership that the use of certified products that meet Australian standards is imperative and a directive of the Board.
- We continued our journey and discovery in the ESG space and notably the ESG committee had a first hand look at a pilot program to recycle carpet waste.
- We have continued our partnership with ResiLoop in support of their national waste policy program in the hard flooring space.
- We created new marketing roles to centralise and return in-house some functions that were previously outsourced to other suppliers, giving us greater control and removing any potential risks that may exist in these supply chains.

Carpet Court will continue to roll out important policies and procedures that will assist us in mitigating the risk of modern slavery whilst focusing on human rights compliance and also minimising and eliminating any unethical behaviour within our head office operations and supplier network.

Assessing the effectiveness of our actions

Our actions during the reporting period demonstrate the groups appetite to identify and mitigate the risk of modern slavery effectively.

Carpet Court continues to action items on its roadmap to ensure our continued improvement in the management of modern slavery risk moving forward. We continue to review and enhance current policies and procedures in our operations to ensure our low risk assessment is maintained.

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We will also continue to work with our core suppliers to better understand their supply chain and operations with a focus on identifying any areas of concern.

Consultation process

The Carpet Court group comprises the parent entity (Carpet Court Australia Limited) and three fully controlled subsidiaries (Court International Ltd, Carpet Court Southern Limited, and Space Flooring & Interiors Pty Ltd). The group operates as a single organisation, with a shared Board, management team and governance structures.

This Statement was prepared by the Franchise Legal and Compliance Manager in collaboration with the management team and approved by the Board of Directors, which oversees the operations of all subsidiaries that form part of the Carpet Court group.

Due to the nature of our corporate group, all controlled entities were therefore included in the consultation and development process of this Statement.

Next steps

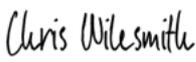
Carpet Court is committed to following its roadmap in order to manage modern slavery risk. Over the coming reporting periods it is our intention to:

- Continue progress of our modern slavery roadmap over short, medium and long term
- Continue enhancing our current policies and procedures
- Continue to monitor the risk profile of our supply chain
- Continue to review and enhance our remediation and reporting processes
- Continue to update our Business Continuity Plan
- Finalise the review and update of our supplier agreements for contracts ending during the next period. We intend to have all core suppliers contracted on the updated agreement by 30 June 2026.

This will allow us to continue to ensure that any potential risks are effectively monitored and addressed.

Sign off

This statement has been developed by Carpet Court's executive team and approved by the Board.

Signed: 

Name: Chris Wilesmith

Position: Chairman of the Board, Carpet Court Australia Limited

Date: 3 December 2025

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Signed: 

Name: James Hayward

Position: Chief Executive Officer and Company Secretary, Carpet Court Australia Limited

Date: 3 December 2025

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