



**AEROKLAS ASIA
PACIFIC GROUP**



MODERN DAY SLAVERY STATEMENT

P-010-1-04






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MODERN SLAVERY STATEMENT

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INTRODUCTION



This Modern Slavery Statement (“**Statement**”) relates to Aeroklas Asia Pacific Group Pty Limited ABN 66 149 775 628 (“**Aeroklas**”) and its related bodies corporate and, is published by Aeroklas pursuant to the Modern Slavery Act 2018 (Cth) (“**Act**”). This is the first Statement made by Aeroklas and relates to the calendar year ended 31 December 2022.

This Statement forms part of Aeroklas’ risk management and corporate governance framework and has been approved by the Aeroklas Board of Directors.

Aeroklas recognises the role that businesses play in understanding, addressing, and mitigating Modern Slavery practices through business operations and supply chains. Aeroklas is committed to working with our employees, suppliers, contractors, and external stakeholders to improve our understanding of Modern Slavery risks and to address such risks with the implementation of frameworks and procedures to respond appropriately.

Aeroklas’ existing Corporate Governance framework includes a suite of policies and procedures that are intended to promote ethical and legally compliant business conduct.

Aeroklas’ Modern Slavery Statement has been added to Aeroklas’ Corporate Governance policy documents.

BUSINESS SUMMARY

Aeroklas is one of Australia's largest manufacturer and distributor of 4x4 accessories. We have an international presence in the USA and Thailand, and an export network that extends around the globe.

Aeroklas is a private proprietary company, incorporated in Australia and headquartered in Brisbane. Aeroklas' main operations include the manufacture of automotive accessories, and the distribution, wholesale, and retail trade of these products. Aeroklas directly employs approximately 220 staff in Australia, and approximately 10 staff in overseas jurisdictions.

Aeroklas owns a few subsidiary entities, incorporated both in Australia and in other jurisdictions, including TJM Products Pty Ltd, Flexiglass Challenge Pty Ltd and TJM Off-Road Products Inc.

STRUCTURE, OPERATIONS AND SUPPLY CHAIN

As a manufacturer, Aeroklas has a complex supply chain, purchasing raw materials, components, and sub-assemblies from a variety of countries throughout China, South East Asia, Northern America, and Australia. These inputs to production are then converted into finished goods in one of Aeroklas' manufacturing sites which are in Australia and Thailand. The finished goods are distributed worldwide through a mix of company owned distribution centres and retail outlets, and directly to third party retail wholesale customers.

In addition to the main Aeroklas branded products, Aeroklas operates a number of wholly owned brands, selling specialty retail and wholesale. These brands include TJM, BOCAR and Flexiglass.

RISK EXPOSURE

Aeroklas recognises the potential to cause, contribute to, or be directly linked to Modern Slavery through its operations and supply chains.

As a manufacturer, retailer and distributor of products and services, Aeroklas' exposure to Modern Slavery is diverse and complex.

A global supply chain, procurement of raw materials, an international workforce and trade in countries of varying degrees of regulatory governance present various challenges.

The table below presents the exposure of Aeroklas' supply chain or operations where Modern Slavery risks may be present and the details and remedial action that has or is being taken to address these risks.

SPECIFIC RISK	MODERN SLAVERY RISK	REMEDIAL ACTION
Sector and Industry Risk	<p>Manufacturing operations & global distribution of products</p> <p>The manufacture of goods (both domestically and in foreign jurisdictions) requires the use of manual and low-skilled labour, and the global distribution relies on external service providers, both exposing Aeroklas to Modern Slavery risks.</p>	<p>Strong internal governance on employment conditions and procurement practices</p> <p>Aeroklas' manual labour workforce is highly regulated and organised.</p> <p>Employment conditions are routinely assessed to ensure compliance with local labour laws. Aeroklas has established trusted relationships with reputable logistics and freight carriers that are subject to routine assessment.</p>
Product and Services Risk	<p>Procurement of high-risk services</p> <p>Aeroklas engages third-party service providers in foreign jurisdictions, with cleaning and courier services provided to Aeroklas and its subsidiaries.</p> <p>Procurement of high-risk products</p> <p>Aeroklas sources the supply of electrical components from China and textiles from Vietnam, both used for inputs in production of finished goods.</p>	<p>Due Diligence and market reputation</p> <p>Aeroklas seeks to only engage service providers of good standing, with a proven track record of legal compliance. Aeroklas' due diligence program aims to ensure that ethical principles are upheld in third party employment conditions and sub-contracting.</p> <p>Supplier engagement & long-standing relationships</p> <p>Aeroklas has long adopted the practice of using reputable suppliers of purchased parts that do not engage or use child or prison labour or other sources that would be categorised as a Modern Slavery risk in their manufacturing operations. Aeroklas maintains strong relationships with suppliers and conducts site visits in many instances.</p>
Geographic Risk	<p>Employment in multiple countries</p> <p>Direct employment of individuals in countries with varying regulatory governance, including large employment of individuals in Thailand</p>	<p>Strong Australian oversight of governance in Thai operations</p> <p>Aeroklas' robust corporate governance and policy processes apply equally to all staff in all jurisdictions in which Aeroklas operates. Aeroklas' parent company has its Marketing Director positioned permanently in Thailand and ensures compliance with Aeroklas best practice, Thailand's robust labour relations and labour protection laws and generally accepted legal and ethical treatment of staff. Professional Thai-based managers are employed in Thai operations to ensure compliance with local requirements.</p>
Entity Risk	<p>Subsidiary risk</p> <p>Risk in general regulatory compliance and operational risks of Aeroklas subsidiaries operating in multiple jurisdictions.</p>	<p>Strong Australian and local oversight of governance in Thai operations</p> <p>Aeroklas' parent company has its Marketing Director based permanently in Thailand and ensures compliance with Aeroklas best practice and Thailand's robust regulatory requirements. This director also manages operational risk and performance. Professional Thai-based managers are employed in our Thai operations to ensure compliance with local requirements. Globally recognized professional services organisations are contracted as required to audit compliance with local regulatory requirements.</p>

ACTIONS

Aeroklas is committed to ending all forms of modern slavery.

In early 2021, a working group was established within Aeroklas with the aim to better understand the risks associated with Aeroklas's operations and supply chains. This group was tasked with reviewing current policies and practices with the aim of incorporating more directly the requirements as described by the Act.

Aeroklas has developed a Modern Slavery Policy document which affirms Aeroklas' commitment to ending all forms of modern slavery and outlines its approach to reducing the risk of modern slavery practices within its supply chains and operations. The policy also outlines Aeroklas's commitment to implementing and maintaining effective systems and controls to ensure compliance.

As a result of a thorough review and investigation of Aeroklas' procurement process, supplier base and operational management, Aeroklas has a high degree of confidence that its exposure to Modern Slavery in its operations and supply chain is remote.

Aeroklas' current policies and procedures do promote ethical and legally compliant business conduct, however in line with the requirements of the Act, Aeroklas has developed more specific actions in relation to the procurement of goods and services. This action requires our suppliers to acknowledge Modern Slavery and demonstrate they have awareness and suitable controls in place to minimise and report any known impacts on the goods or services supplied that may have exposure to Modern Slavery risks.

In accordance with guidelines produced by the Commonwealth Government on Modern Slavery Statement reporting, Aeroklas has identified 'high-risk' areas where Modern Slavery practices are known to exist, and targeted suppliers potentially exposed to these areas. Aeroklas has introduced a questionnaire which is issued to existing and new suppliers in these higher risk categories that requests statements be provided on their risks or exposure to these practices.

With a very large supplier base, Aeroklas has prioritised major suppliers (top 80% by value of spend) in the immediate term and identified suppliers that provide products from high-risk locations where Modern Slavery practices may exist. Aeroklas has issued questionnaires to each of these suppliers and is processing responses.

Further to the actions on current suppliers, Aeroklas recognises that there is scope to include the Modern Slavery Questionnaire during new sourcing activities where risks or potential exposure of Modern Slavery may exist.

In addition to actions taken to address discrete exposures to Modern Slavery practices, Aeroklas has established the Modern Slavery Statement as a part of Aeroklas' wider corporate governance for Board review and approval. This will form part of Aeroklas' risk management framework and will be monitored over the next financial year with the aim of maintaining processes and procedures to reduce the risks of Modern Slavery.



Aeroklas will maintain awareness and training for Aeroklas staff involved in the procurement and sourcing of suppliers.

ASSESSMENT

Acknowledging that the task of minimising Modern Slavery risks in Aeroklas' operations and supply chain is a complex and ongoing task, Aeroklas has resolved to assess periodically the actions outlined in this Statement to ensure their success. A review will occur on an annual basis while preparing the Aeroklas Modern Slavery Statement, with senior management engagement and board review to evaluate the outcomes of the actions undertaken.

Aeroklas envisages that the task of evaluation and improvement of its approach to the reduction of Modern Slavery risks will evolve as Aeroklas' supply chain becomes aware of expectations and reporting obligations that will be placed upon them. In addition to annual review, Aeroklas will maintain awareness and training for Aeroklas staff involved in the procurement and sourcing of suppliers.

Ongoing review of this training program will be conducted to ensure that it increases Aeroklas' staff awareness and knowledge of the risks of Modern Slavery and results in the implementation of actions that will address Modern Slavery risks.

Aeroklas will continue to consult with its subsidiaries to identify risk areas and to support them with actions and processes to appropriately resolve and remediate any Modern Slavery practices identified within their business.



In the preparation of this Statement, Aeroklas has engaged with its subsidiaries to promote awareness of the Act and has considered its supply base as part of the overall assessment of the higher risk suppliers identified.

On-going consultation with the subsidiaries will continue as part of the detailed assessment of the supply chain particularly where further risks and surveying is to be conducted. The varying risk profiles of the Aeroklas subsidiaries based on geographic location, supply chain and operations will dictate that some subsidiaries may require more focus than others.

Ultimately, Aeroklas remains confident that areas of risk are being appropriately identified and managed as required.

Aeroklas will continue to consult with its subsidiaries to identify risk areas and to support them with actions and processes to appropriately resolve and remediate any Modern Slavery practices identified within their business.

In the coming year, Aeroklas will look to develop its existing key supplier due diligence program and continue to identify and address areas of risk including in the subsidiary businesses.

To support employee awareness of the Modern Slavery policy, Aeroklas will develop and provide training and awareness programs to senior management and staff who are involved in the selection and management of suppliers.

In addition to the Policy and training roll out, Aeroklas will continue to build on its work and do each of the following:

- Conduct risk assessments of its supply chain to determine areas with the highest risk of Modern Slavery.
- Continue to review and update its related policies and procedures to ensure they are adequate. This will include a review of the Whistleblowing facilities.
- Develop a remediation framework for addressing concerns.
- Engage directly with identified suppliers to assess the risk of Modern Slavery within the supplier and its supply chain.
- Ensure suitable Modern Slavery related obligations and enforcement rights and related provisions are included in Aeroklas' agreements.

It is hoped that with an increasing global awareness of Modern Slavery risks, Aeroklas will be well placed to work collaboratively with its supplier base to implement best practice systems and practices that seek to minimise Modern Slavery risks.

Aeroklas will continue to update and review this Modern Slavery Statement on an annual basis, and to integrate and embed the Statement within the existing Aeroklas risk management framework.

This statement is approved by the Board of Aeroklas Australia Pty Limited.



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FLEXIGLASS

