

**SHRIRO HOLDINGS LIMITED AND ITS SUBSIDIARIES  
MODERN SLAVERY STATEMENT FOR THE 18 MONTHS  
ENDED 30 JUNE 2021**

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## About this statement

This statement was prepared by the reporting entities Shriro Holdings Limited (ABN: 29 605 279 329) (“Shriro”) and Shriro Australia Pty Ltd (ABN 28 002 386 129) which form part of the Shriro Consolidated Group (the “Group”). Shriro is an Australian public company listed on the Australian Securities Exchange (ASX code: SHM). Shriro’s registered office and principal place of business is Level 7, 67 Albert Avenue, Chatswood, NSW, Australia. This statement was prepared in accordance with the *Modern Slavery Act (Cth) 2018* (‘the Act’) and outlines the actions taken by Shriro and its owned and controlled entities (including Shriro Australia Pty Ltd) to identify, assess, and address modern slavery risks across its operations and supply chain.

On 27 August 2020 the Directors notified the Australian Securities Exchange that Shriro’s financial year end would be changed from 31 December to 30 June on 27 August 2020, with Shriro preparing consolidated financial statements for a six-month transition period from 1 January 2021 to 30 June 2021. This Modern Slavery Statement was prepared for the 18-month period from 1 January 2020 to 30 June 2021 to align with Shriro’s new financial reporting year end. Shriro’s next statement will cover the period 1 July 2021 to 30 June 2022 and will be submitted to Australian Border Force prior to 31 December 2022.

This statement was approved by Shriro’s Board of Directors on 30 June 2021.

## Message from our Chair and Chief Executive Officer

As defined by Australian Border Force, modern slavery is an umbrella term that describes situations in which coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom and only refers to the most serious forms for exploitation. It does not include practices like substandard working conditions or underpayment of workers, though these practices are also harmful and may be present in some situations of modern slavery.

Practices that constitute modern slavery can include:

- human trafficking
- slavery
- servitude
- forced labour
- debt bondage
- forced marriage, and
- the worst forms of child labour

Modern slavery is a global problem that affects more than 40 million people worldwide. Australia is not immune from this phenomenon – despite our strong national governance and employment frameworks, Australian companies may be connected to modern slavery through their operations and supply chains.

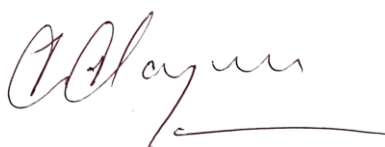
Shriro welcomes the introduction of the Modern Slavery Act and supports its goal to bring transparency to corporate efforts to assess, address, remediate and ultimately prevent modern slavery. The goals of the *Modern Slavery Act* align to the Group's commitment to operating with the highest standards of corporate conduct, ethics and governance.<sup>1</sup> The Group also recognises that advancing our efforts to address the risks of modern slavery across our operations and supply chain can lead to more productive relationships with our suppliers, customers, investors, employees and the communities in which we operate.

This statement details the actions the Group has taken thus far in response to the identified risks of modern slavery across our operations and supply chain for the period 1 January 2020 to 30 June 2021. Management has also set out a series of planned actions to be implemented in future reporting periods that will support the maturation and effectiveness of our approach to modern slavery due diligence and risk management.

Yours sincerely,



Stephen Heath  
Chairman



Tim Hargreaves  
Chief Executive Officer

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<sup>1</sup>Shriro's Code of Conduct can be found at [www.shriro.com.au/investor/corporate\\_governance](http://www.shriro.com.au/investor/corporate_governance)

## Shriro’s Structure, Operations and Supply Chain as at 30 June 2021

Shriro is a leading kitchen appliances and consumer products marketing and distribution group operating in Australia, New Zealand and the US. The Group markets and distributes an extensive range of products under company owned brands (“owned-brand”) as well as third-party brands.

### Consolidated Group’s Legal Structure as at 30 June 2021

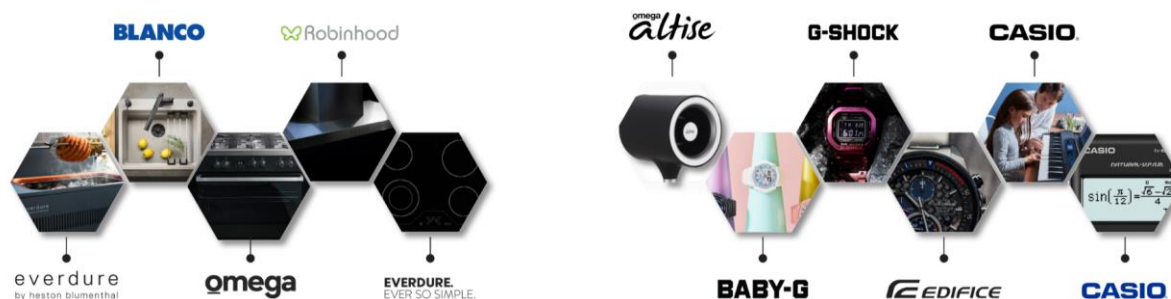
The Group comprises of a listed holding company that owns and controls three subsidiaries of which Shriro and Shriro Australia Pty Limited are reporting entities for the purpose of this Statement. These are:

Parent Company	Name of Subsidiary	Country of incorporation and operation
Shriro Holdings Ltd	Shriro Australia Pty Limited	Australia
	Monaco Corporation Limited	New Zealand
	Shriro USA INC	USA

All subsidiaries within the Group operate as wholesalers of consumer goods. Shriro recognises that all subsidiaries are involved in managing potential modern slavery risks. Consultation across the Group was not required in the preparation of this statement as the Group has a consolidated governance structure and applies a common approach to modern slavery due diligence and risk management.

### Operations as at 30 June 2021

The Group markets and distributes kitchen appliances and consumer products which are owned-brands and third-party brands. An overview of the main brands sold by Shriro are shown below<sup>2</sup>.



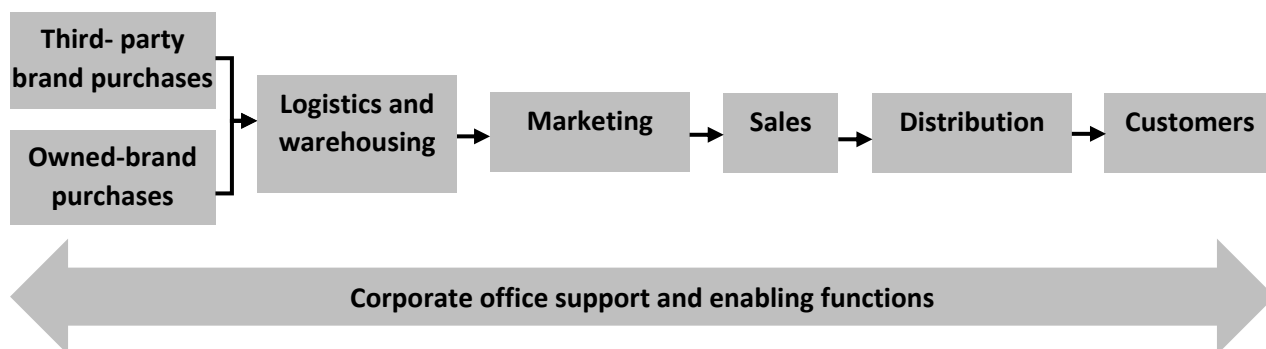
As at 30 June 2021, we employed around 235 individuals in Australia, New Zealand and the US. Of our global employees:

- About three-quarters work in corporate, office-based roles, and the remainder work in operational roles, including within our five distribution centres and in third- party operated consumer retail stores.
- More than 95 per cent are employed on a permanent basis, with a small number of staff employed on a casual or fixed term basis in administrative and sales-based roles.

<sup>2</sup> Blanco, G-Shock, Baby-G, Edifice and Casio are third party brands

We also indirectly engage 13 individuals in Turkey and China who focus on product sourcing, quality control and procurement.

Our value chain is detailed in the diagram below (refer to Appendix 2 for a detailed description):



### Our Supply Chain

We have a complex global supply chain and work with a range of suppliers. The main types of goods and services we procure are:

Trade suppliers		Non-trade suppliers
Purchases of owned-branded finished goods for resale direct from manufacturers.	Purchases of third-party branded goods for resale from brand suppliers.	Purchases of goods and services not for resale that are used to support our business operations.
Kitchen, outdoor cooking, heating and laundry owned-branded products ordered and purchased directly from manufacturing facilities.	Kitchen products, timepieces, musical instruments and other electrical goods purchased from wholesale distributors of third-party branded products.	Key goods and services not purchased for resale include third party logistics and warehousing, IT hardware and support services, the leasing of our corporate office and property management services, banking and financial services.

The Group spent approximately \$173m on inventory and approximately \$30m on advertising, promotions, freight and other goods and services from around 400 suppliers located in Australia, New Zealand, the United States, China, Turkey, Thailand, Germany and Italy.

Our owned-branded products are sourced from selected factories located in China and Turkey with whom we work to develop long-term, collaborative relationships. The group of factories from which we source is stable – we did not source any owned-branded products from additional factories in 2020. Shriro’s China and Turkey in-country quality assurance teams have a regular presence at these factories through periodic site visits.

We note that the third-party brands for which we hold distribution rights are predominantly large, global companies who oversee this aspect of the procurement process internally. As we work to mature our modern slavery program in future reporting periods we will identify and address

opportunities to work with our third-party brand partners to align our expectations regarding modern slavery risk management.

## Risks of Modern Slavery

We recognise that modern slavery is a risk to workers around the world. Our organisation is not isolated from these risks and we therefore have a responsibility to identify, address, remediate, and where possible, eliminate them.

We rely on robust governance and management systems, the use of permanent employment contracts predominantly, and the fact that many of our staff are employed under established employment awards in Australia and New Zealand to manage the risk in our employment operations. During the period the Group had, at most, two employees based in the United States of America who were employed in accordance with at-will contracts.

Our supply chain covers the supply chain of our:

- owned-brand products;
- third- party branded products we distribute; and
- non-trade suppliers.

We have concentrated our efforts to date on our owned-brand product supply chains as the third-party brands we distribute are owned by multi-national companies which have made public commitments to identifying and addressing modern slavery risks in their supply chains and our non-trade spend is mainly from suppliers in industries and in jurisdictions which are considered lower risk.

Our ethical sourcing approach was developed based on the identification of the following risks:

<p><b>Country risks</b></p> <p>We order and procure owned-branded finished goods from factories in China and Turkey. These countries have been identified as being of heightened risk of modern slavery practices, including forced labour and human trafficking. The prevalence of these practices is influenced by local labour rights protections and the presence of migrant labour.</p>	<p><b>Sectoral risks</b></p> <p>Third party research indicates that modern slavery has occurred in the electrical goods manufacturing sector, noting that the specific nature of these practices is influenced by the geographies in which facilities are located. Risks of modern slavery in this sector are linked to the use of migrant and low skilled labour, and the frequent use of subcontracting.</p>
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We plan to reassess the modern slavery risks across our operations and supply chain in the coming reporting period and intend to report on the findings of this assessment in our future modern slavery statements.

## Managing Modern Slavery Risks

We have implemented several control mechanisms to manage the risks of modern slavery that may be present across our operations and supply chain. During the reporting period we assigned responsibility for refreshing our approach to modern slavery risk management to a member of our Executive Team. As we look to enhance our approach in the future we expect to adjust the governance of our programme.

### Operational Policies

We maintain a policy framework to guide the way that we and our counterparties operate. Several of our policies specify our values and expectations regarding employee treatment and ethical behaviour and specify how individuals can raise conduct concerns with the Group.

The key policies we have created to guide the behaviours of our counterparties are:

Policy	Purpose
Code of Conduct	Our Code of Conduct outlines our expectations of conduct for all individuals employed, contracted by, associated with or acting on behalf of the Group, including acting with the highest level of integrity and ethical standards in all business practices. The policy outlines the need to be aware of, and to adhere to all legislation and provides guidance to employees on the steps to take if they believe that any part of the Code of Conduct is being breached.
Whistle-blower Policy	Our Whistleblowing Policy sets out a framework to ensure all workers, officers, and their families across the Group are able to identify and report genuine concerns about illegal conduct. Recognising the importance of having effective grievance mechanisms in place, the Group’s Whistleblower Policy also applies to our suppliers and their workers.
Anti-bribery and Corruption Policy	Our Anti-bribery and Corruption Policy outlines our prohibitions on bribery, fraud and corruption, as well as our expectations regarding the communication and reporting of suspected breaches of conduct standards.

These policies are available on the Group’s website.

### Employment Controls

We maintain several structural and contractual controls that limit the risk that we may be causing modern slavery through our operations. As described above, our policies provide clear and detailed guidance on appropriate business conduct, a framework for making ethical decisions and guiding the treatment of our employees.

All employees in Australia, who are eligible, are employed under employment awards, including the Clerks Award and the Wholesale and Storage Award, or an Enterprise Bargaining Agreement. All of our staff based outside of Australia are paid, and work under conditions that align to local labour laws.

### Supply Chain Policies

We have also set policies that are specifically designed to support positive conduct and the advancement of social and environmental outcomes across our owned-brand supply chain, which is primarily factory suppliers.

Our standard terms and conditions for our factory suppliers include an Ethical Sourcing Code of Conduct and Compliance Policy which establishes the expectations we have of our factory suppliers

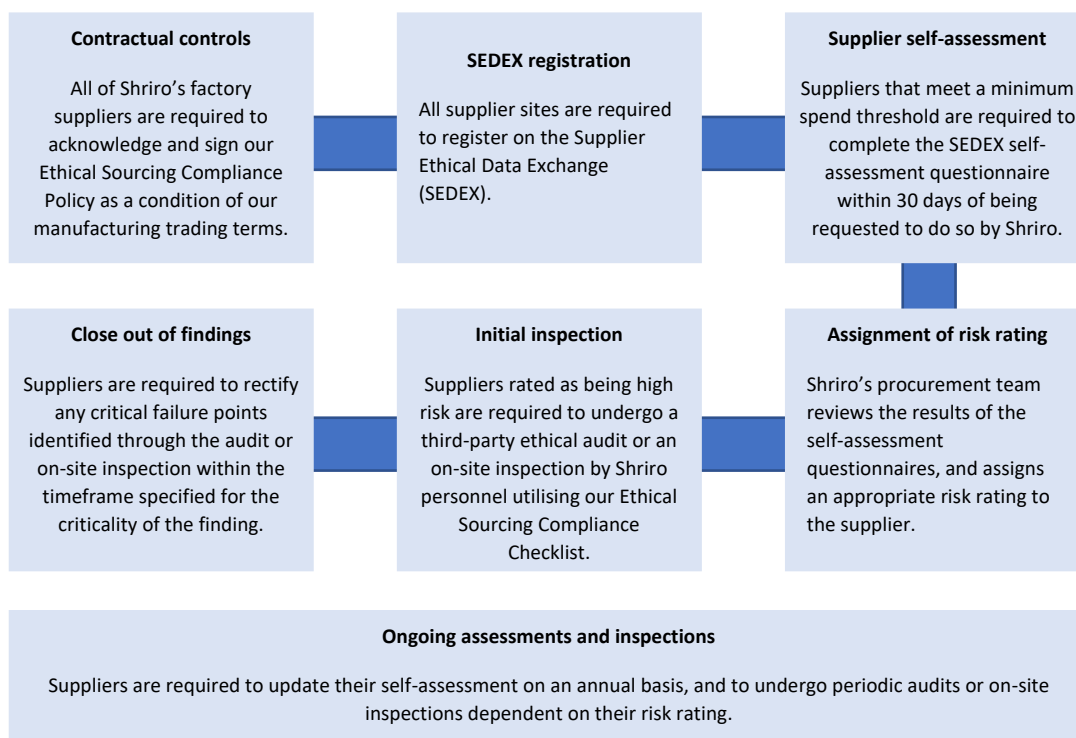


regarding conduct and continuous improvement towards social and environmental outcomes. The Ethical Sourcing Code of Conduct and Compliance Policy also provides a framework for the Group to assess, monitor and report on factory working conditions where we source our owned-brand products.

The Ethical Sourcing Code of Conduct and Compliance Policy was developed in accordance with the United Nations Guiding Principles on Business and Human Rights. We also consulted the Ethical Trading Initiative (ETI) Base Code and conventions of the International Labour Organisation (ILO) when developing this policy. The Ethical Sourcing Compliance policy includes key protections for labour rights, including freedom from forced labour, bonded labour or involuntary prison labour as well as the provision of a safe and hygienic working environment for all workers, for wages to meet minimum national legal standards or industry benchmarks, and for working hours to comply with local laws or not to be in excess of 48 hours per week, whichever offers greater protection.

### Supplier Due Diligence

Our supplier due diligence process provides a framework for our team to assess, monitor, and report on working conditions in the factories of owned-brand suppliers we work with. We have designed this process in accordance with the United Nations Guiding Principles Reporting Framework. We plan to establish a monitoring and auditing program to ensure factories are adhering to the Ethical Sourcing Code of Conduct and Compliance Policy (and Modern Slavery requirements) in future periods. The key elements of the process are outlined below:



The above process has been designed to be relevant to our factory suppliers. We intend to refresh our understanding of the modern slavery risks across our broader operations and supply chain. We will perform a review of our approach to supplier due diligence, including internal capabilities, following the completion of this assessment to ensure that the above process remains compliant, fit for purpose for our factory suppliers and is expanded to other areas of the supply chain where relevant.

## Assessing the Effectiveness of our Actions

Our maturing modern slavery due diligence and risk management framework will allow us to identify, assess and manage potential modern slavery risks in relation to our factory suppliers. We recognise the importance of regularly analysing and assessing the utility, accuracy and relevance of our actions, as well as the need to expand this approach to our broader supply chain. We are evolving our knowledge of the modern slavery risks across our operations and supply chains and in the near future and will perform an assessment of the appropriateness and effectiveness of our due diligence and risk management practices.

## Looking to the Future

We will continue to develop our understanding of modern slavery risks across our operations and supply chain, in order to identify, address and remediate risks and any instances of modern slavery. In the coming reporting period, we plan to implement (and report on our progress) the following actions:

- **Performing a comprehensive risk assessment of our operations and supply chain** – we will conduct a structured and systematic risk assessment of our operations and supply chain to identify relevant modern slavery risks. We will assess accountabilities, our relevance and appropriateness in preventing, identifying and mitigating the risks identified and will adjust our framework as required.
- **Upskilling our employees** – we will determine the most appropriate and relevant ways to train and upskill our employees to grow their ability to identify and understand the modern slavery risks that may be present across our operations and supply chains. We will place particular focus on our staff involved in procurement and human resources, as well as our quality assurance team members that frequently visit supplier factories and sites. We will also look to build capacity with our partners and suppliers by offering our training activities for their employees.

We plan to implement (and report on our progress) the following actions in future reporting periods:

- **Adjusting and expanding our approach to due diligence and risk management** – we will revise our existing controls and due diligence processes following the completion of our modern slavery risk assessment to ensure that our processes allow for sufficient and appropriate coverage of the risks identified.

## Appendix 1 – Mandatory Reporting Criteria

The below table identifies the location of material aligned to the mandatory reporting criteria in the Act within this statement:

<b>Mandatory Reporting Criterion</b>	<b>Section</b>	<b>Page Number</b>
Identify the reporting entity	About this statement	2
Describe the structure, operations and supply chain of the reporting entity.	The Group's structure, operations and supply chain as at 30 June 2021	4
Describe the risks of modern slavery across the operations and supply chain of the reporting entity.	Risks of modern slavery	7
Describe the actions taken by the reporting entity to assess and address these risks, including due diligence and remediation processes.	Managing modern slavery risks	8
Describe how the reporting entity assesses the effectiveness of its actions.	Assessing the effectiveness of our actions	10
Describe the process of consultation with any entities that the reporting entity owns or controls.	The Group's operations, structure and supply chain	4
Provide any other information that the reporting entity considers relevant.	Looking to the future	11

## Appendix 2 – Value Chain Detail

