

MODERN SLAVERY ACT REPORTING STATEMENT YEAR ENDING 30 JUNE 2020

OVERVIEW

The Modern Slavery Act 2018 was passed by the Australian Federal Government in November 2018 and requires all Australian resident companies that have consolidated revenue in excess of A\$100M to provide the Australian Government with a Statement setting out how Sutton Tools meets the 7 reporting criteria during each reporting period. As an Australian resident company operating on a standard financial year, a report must be provided no later than Wednesday 31 March 2021 for the income year ending 30 June 2020.

Following are the 7 Mandatory Criteria:

1. Identify the Reporting Entity.
2. Describe the Reporting Entity's Operating Structure.
3. Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities it owns or controls.
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation process.
5. Describe how the reporting entity assesses the effectiveness of these actions.
6. Describe the process of consultation with any entities the reporting entity owns or controls.
7. Provide any other relevant information.

1. Identify the Reporting Entity

Summary

Sutton Tools was founded in 1917 and remains an Australian family business that is renowned for its high-quality power tool accessories and cutting tools for the hardware market and a wide range of specialized industrial applications. Sutton Tools manufactures cutting tools at two sites across Victoria, both for the domestic market and for export. The bulk of general production occurs at the head office site at Thomastown, in Melbourne's northern suburbs, with more specialized operations centered at our Maryborough facility. Overseas production plants are also located in Kaiapoi, New Zealand and Distribution facilities in Auckland and the Netherlands.

Sutton Tools has addressed concerns and risks relating to Modern Slavery with our Suppliers in accordance with the code of conduct and are compliant with the Modern Slavery Act.

Due Diligence is carried out annually via correspondence, visitation and audits.

Sutton Tools has a total of 413 Staff located in Australia, New Zealand, Europe and Asia.

The Sutton Group Corporate Structure is attached. (Refer to Appendix 1 & Appendix 2).

2. Describe the Reporting Entities Operating Structure

Description	Operations	Supply Chain
<p>Explain general structure of overall Group (both Domestic & Global)</p>	<p>Explain the nature and types of activities undertaken by Sutton to pursue its business objectives and strategy in Australia or overseas i.e.:</p> <ul style="list-style-type: none"> ○ Managed/operated joint ventures ○ Distribution ○ Purchasing ○ Production Plants ○ Marketing and Sales ○ Delivery of Products and Services <p>Identify the countries or regions where the entity's suppliers are located:</p> <ul style="list-style-type: none"> ○ Australia ○ New Zealand ○ France ○ Germany ○ Taiwan ○ China ○ India ○ Indonesia ○ USA ○ Japan 	<ul style="list-style-type: none"> ○ Products provided to Sutton by Suppliers <ul style="list-style-type: none"> ▪ High Speed Steel (HSS) ▪ Cutting Tools Access ▪ General Hardware Products ○ Services provided by Suppliers <ul style="list-style-type: none"> ▪ Manufacturing ▪ Shipping ▪ Sourcing ▪ Packing ○ Products and services used by indirect suppliers by Sutton's supply chain <ul style="list-style-type: none"> ▪ Tools ▪ Steel ▪ Manufacturing ▪ Consumables
<p>Explain if the entity owns or controls other entities</p>	<p>Refer to Appendix 1 & 2.</p>	
<p>If the entity owns and controls other entities explain what these entities do and where they are located i.e. foreign subsidiary in another country.</p>	<p>Identify the countries where operations are taking place:</p> <ul style="list-style-type: none"> ○ New Zealand ○ UK ○ The Netherlands ○ India 	<ul style="list-style-type: none"> ○ Manufacturing/Distribution ○ Sales ○ Distribution ○ Manufacturing
<p>Sutton Tools Pty Ltd ABN</p>	<p>ABN No. 12004175731</p>	

2. Describe the Reporting Entities Operating Structure (Cont'd)

Description	Operations	Supply Chain												
Provide the details of the registered office	Sutton Tools Pty Ltd 378 Settlement Road Thomastown Vic 3084 Melbourne Australia													
Indicate the approximate number of workers employed by Sutton Tools and any entities it owns or controls.	<table border="0"> <tr> <td>Employee</td> <td>No.s</td> </tr> <tr> <td>○ Sutton Tools Australia</td> <td>279</td> </tr> <tr> <td>○ Sutton Tools New Zealand</td> <td>123</td> </tr> <tr> <td>○ Sutton Tools Europe</td> <td>5</td> </tr> <tr> <td>○ Sutton Tools Asia</td> <td>6</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>413</td> </tr> </table>	Employee	No.s	○ Sutton Tools Australia	279	○ Sutton Tools New Zealand	123	○ Sutton Tools Europe	5	○ Sutton Tools Asia	6	Total	413	
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Total	413													
Explain the types of business relationships Sutton Tools has in addition to suppliers, such as joint venture partners.	Dutch Tech Tools India Pvt Ltd	Joint Venture												
Explain in general terms the type of arrangements Sutton Tools has with its suppliers and the way these are structured (are they short-term and changeable or stable long-term relationships).	Stable long-term relationships	<ul style="list-style-type: none"> ○ Suppliers have forward orders ○ Ongoing permanent relationships 												

3. Describe the Risks of Modern Slavery practices in the Operations and Supply Chain of the reporting entity and entities it owns and controls

Description	Risk	Action
Identify how risks of the modern slavery practice may be present in the operations and supply chains the company controls.	The 'risks of modern slavery practices' means the potential of your entity to cause, contribute, or be directly linked through its operations and supply chains – in other words the risks your entity may be involved in modern slavery.	<p>This does not require you to certify that Sutton is 'slavery free'. Every entity has modern slavery risks in its operations and supply chains.</p> <ul style="list-style-type: none"> ○ Suppliers have not proven to be at risk and have all correct measures in place according to the Modern Slavery Act. ○ On-site audits are carried out with suppliers to ensure they are compliant with their company's code of conduct. ○ In the event a party fail to comply with the code of conduct they are removed from carrying out further business with the supplier.
Identify the risk that it may directly be linked to modern slavery practice further down supply chains, including through labour practices used by raw material.	<p>Product and services risks</p> <ul style="list-style-type: none"> ○ Raw Material ○ Packaging Materials supplied by third party suppliers 	<ul style="list-style-type: none"> ○ Our Suppliers have verified that their suppliers are abiding in accordance with the Modern Slavery Act.
	<p>Associated Risks:</p> <ul style="list-style-type: none"> ○ New Suppliers ○ Cleaning Services ○ Staff Uniforms 	<p>We do not engage in or support the use of any exploitation and have taken measures to ensure our suppliers or 2nd tier suppliers are working in line with the Modern Slavery Act Guidelines when engaging the services for goods and products.</p>

4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.

Description	Risks	Actions
Identify modern slavery risks be it through third-party supplier factories which focus on minimizing production costs	Feedback from Suppliers	Positive feedback from our Suppliers indicates that they are all compliant to the Modern Slavery Act and ensuring 2 nd and 3 rd tier Suppliers are also adhering to these requirements.
Identifying and assessment	Screening new suppliers for modern slavery risk	Letter and Questionnaire sent to Suppliers
Integrating findings	Introduction and training on modern slavery and processes for incident reporting	<p>Overall findings: All Sutton’s Suppliers are compliant and have existing measures in place to ensure i.e. Audits, Training and Supplier Code of Conduct & relevant Corporate Laws and labour standards.</p> <p>Ongoing</p>
Tracking performance	Internal Audit on supplier screening	Communication and correspondence will be carried out on an ongoing basis and reported on annually to assess any impacts.

5. Describe how the reporting entity assesses the effectiveness of these actions

Description	Risk	Actions
<p>Describe how you assess the effectiveness of the actions taken and address the risks of modern slavery practices in the operations and supply chain</p>	<p>Operations and supply chains that involve high risk goods or services, certain geographic locations and high-risk sectors</p> <ul style="list-style-type: none"> ○ Feedback from our Suppliers indicates that there have been no incidents to date of modern slavery. 	<ul style="list-style-type: none"> ○ Sutton Tools are in ongoing communication with our Suppliers to ensure that no risks arise and that they continue ongoing Supplier related compliance as related to the Modern Slavery Act. ○ Assess and rank suppliers to determine required Audits are carried out. ○ Annual visitation.

6. Describe the process of consultation with any entities Sutton Tools owns and controls

Description	Risk	Actions
How has Sutton Tools consulted on its statement with entities it owns and controls	<p>Risk profile of other entities identified and assessed</p> <ul style="list-style-type: none"> ○ Measures are put in place to liaise with our Suppliers to ensure processes and procedures are followed accordingly and followed according to the Modern Slavery Act reporting guidelines. 	<ul style="list-style-type: none"> ○ A Company Letter and Questionnaire was forwarded to our Suppliers to ensure that they are ethically working in line with the Modern Slavery Act and reporting requirements and guidelines. ○ All required feedback and documentation have been actioned, authorized and returned in order to complete Summary Statement. ○ Carry out annual audits / visits and liaising with Suppliers on behalf of all entities.

This statement was approved by the Board of HGS Proprietary Limited (ACN 004 296 913):

Mr Peter Sutton
Managing Director
8 June 2021



Mr Robert Sutton
Commercial Director
8 June 2021



This statement was approved by the Board of Sutton Tools Proprietary Limited (ACN 004 175 731):

Mr Peter Sutton
Managing Director
8 June 2021

