



**CULTURE KINGS
GROUP**

Modern Slavery Statement

Second Reporting Period: 1 July 2020 - 30 June 2021

Introduction and summary of key developments.

Culture Kings is a premium streetwear brand.

Culture Kings is continuing to understand and reduce the potential risk of modern slavery in its operations and supply chains. Culture Kings has built on the foundational work reported in its first Modern Slavery Statement and is pleased to report continuing meaningful work done to identify and mitigate modern slavery risks in its supply chains. The principal developments since the first Modern Slavery Statement are (a) the engagement of ELEVATE Limited to help with benchmarking Culture Kings' policies and practices against industry good practice, (b) the implementation and roll out of Environment, Social & Governance (**ESG**) training to key personnel, and (c) the creation of a sole purpose managerial role (an Ethical Sourcing Manager) to help implement and maintain good practice in this important compliance area.

Reporting entity (Mandatory Criterion One: Section 16(1)(a)).

This statement is made by Culture Kings Group Pty Ltd for and on behalf of:

- Culture Kings Group Pty Ltd ACN 627 007 970;
- TF Apparel Pty Ltd ACN 140 259 918;
- TF Intellectual Property Pty Ltd ACN 140 258 742;
- Culture Kings Pty Ltd ACN 140 242 968;
- Culture Kings Melbourne Pty Ltd ACN 164 107 608;
- Culture Kings Perth Pty Ltd ACN 603 930 669;
- Culture Kings Sydney Pty Ltd ACN 600 222 133;
- Culture Kings Brisbane Pty Ltd ACN 600 222 517;
- Culture Kings Gold Coast Pty Ltd ACN 600 222 955;
- TF IP Investments Pty Ltd ACN 647 448 502;
- DXXM Life IP Pty Ltd ACN 641 298 320;
- Baseline IP Pty Ltd ACN 635 702 402;
- Pyra IP Pty Ltd ACN 637 983 174;
- Culture Kings NZ Limited NZ Company Number: 7909157.

(together, **Culture Kings** or the **Culture Kings Group**).

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) in respect of the period **1 July 2020 - 30 June 2021**. This statement has been reviewed and approved by the Board of Culture Kings Group Pty Ltd, the principal governing body, as required by section 16(1)(a) of the Modern Slavery Act. It is also made after consultation with each member of the Culture Kings Group.

TF APPAREL PTY LTD
ABN 27 140 259 918

**CULTURE KINGS BRISBANE
PTY LTD**
ABN 57 600 222 517

**CULTURE KINGS MELBOURNE
PTY LTD**
ABN 52 164 107 608

**CULTURE KINGS SYDNEY
PTY LTD**
ABN 70 600 222 133

**CULTURE KINGS GOLD COAST
PTY LTD**
ABN 56 600 222 955

1. **About Culture Kings**

Culture Kings Group Pty Ltd is the principal governing body of the Culture Kings Group and has its registered office in Brisbane, Australia.

Culture Kings Group Pty Ltd does not itself conduct any business.

TF Apparel Pty Ltd is the main trading entity within the group that recognises the sales from the online and brick and mortar stores. TF Apparel Pty Ltd procures inventory (principally clothing, footwear, headwear and accessories) for sale, markets the product and organises delivery to purchasers. TF Apparel Pty Ltd employs Culture Kings HQ and warehousing staff based in Australia. Culture Kings Pty Ltd employs the retail store staff in Australia. All Culture Kings Group employees based in Australia are employed under Australian law and in accordance with Australian labour regulations and conditions. Culture Kings NZ Limited employs employees based in New Zealand under New Zealand law and in accordance with New Zealand labour regulations and conditions.

Culture Kings Pty Ltd, Culture Kings Melbourne Pty Ltd, Culture Kings Perth Pty Ltd, Culture Kings Sydney Pty Ltd, Culture Kings Brisbane Pty Ltd, Culture Kings Gold Coast Pty Ltd and Culture Kings NZ Limited are wholly owned subsidiaries and tenant entities for certain of Culture Kings' bricks and mortar stores.

TF IP Investments Pty Ltd is an investment holding entity that holds interests in certain joint venture and licensing arrangements.

TF Intellectual Property Pty Ltd, DXXM Life IP Pty Ltd, Baseline IP Pty Ltd and Pyra IP Pty Ltd are intellectual property holding companies.

2. **Structure, operations and supply chains (Mandatory Reporting Criterion Two: Section 16(1)(b)).**

Structure.

As at the date of this statement, the Culture Kings Group operates seven brick and mortar stores in Australia and one brick and mortar store in New Zealand.

There is also a very active digital store with sales made in the reporting period to customers worldwide but primarily in Australia, New Zealand, North America and Europe. Asia continues to be a growing market.

Culture Kings sourced inventory from a number of countries and regions during the reporting period including China, Hong Kong SAR, Australia, India, Italy, Pakistan, Taiwan, and Bangladesh.

Endorsed Third-Party Brands.

Culture Kings is a retailer (principally of clothing, footwear, headwear, jewellery and other accessories) of finished products for a number of large and known brands.

Examples include *Nike, Adidas, Puma* and *New Balance*. These parties are known colloquially within Culture Kings as "upstream" suppliers in that they supply Culture Kings with finished products. In this statement, finished products provided by upstream suppliers are referred to as "Endorsed Third-Party Brands".

In-House Brands.

Culture Kings also sells what is referred to in this statement as "In-House Brand" products being principally clothing, footwear, headwear, jewellery and other accessories.

For In-House Brand products, Culture Kings is responsible for designing such products and managing the process of transforming raw textiles and other materials into finished products. This involves Culture Kings engaging with designers, textile companies, manufacturers and logistics providers either directly or occasionally through representatives.

The percentage of total inventory spend (GST exclusive) over the reporting period for In-House Brand suppliers against total inventory spend is 29%.

Operations.

Culture Kings presently offers a selection of over 100 leading international clothing brands, as well as exclusive and In-House Brand offerings only available through Culture Kings.

The Board of Culture Kings Group Pty Ltd (the **Group Board**) is responsible for setting the strategy of the Culture Kings Group and overseeing group governance issues. This includes monitoring compliance of suppliers, on an exceptions basis, against Culture Kings' Supplier Code of Conduct that deals with modern slavery risks amongst other things.

The Chief Executive Officer and the Executive Management Team is responsible for delivering the strategic objectives set by the Group Board. This includes day to day compliance and ensuring policies and procedures are adhered to by members of the Culture Kings group and staff.

Supply Chains.

For In-House Brands, Culture Kings engaged 56 textile and manufacturing suppliers across China, Hong Kong, Australia, India, Italy, Pakistan, Taiwan, and Bangladesh during the reporting period.

Culture Kings also sourced products from 80 Endorsed Third-Party Brands suppliers during the reporting period. Most of these Endorsed Third-Party Brands are global brands with international operations. Culture Kings typically sources products from Endorsed Third-Party Brands through their local Australian operations or distributors.

For this reporting period, Culture Kings has continued to focus on the assessment of modern slavery risk of its supply chains. In-House Brand suppliers are now ranked according to potential risk by an assessment activity conducted by ELEVATE using its Segmentation methodology. See further below.

3. Describe the modern slavery risks in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls (Mandatory Reporting Criterion Three: Section 16(1)(c)).

These risks are common to the reporting entity and the entities that it owns and controls.

From a general perspective, Culture Kings is aware that the global clothing and textile industry is considered a high area of risk for modern slavery.

This high risk is due to the combination of the high intensity and low skill of the labour involved in the manufacture of clothing, footwear, headwear and accessories. This is coupled with the concentration of manufacturers and other participants in the supply chain operating in jurisdictions where worker rights and protections may sometimes be less formalised or enforced than in Australia.

This review has identified the following as modern slavery risks of particular concern:

- forced labour, where someone has been forced or coerced to work through violence, intimidation, physical threats or threats of reporting to governmental or immigration authorities where the worker is an undocumented or illegal migrant or minority group.
- bonded labour, where someone is forced or coerced to work for the purposes of paying off a debt or other obligation. Methods may involve an "employer" keeping the worker's identity or travel documents for the purposes of restricting the worker's freedom, further entrenching the worker's reliance on the "employer".
- child labour generally.

Culture Kings acknowledges that, there can be a lack of visibility in certain overseas markets which carries additional risks.

Over the current reporting period, the economic and social impacts of COVID-19 have continued and may have potentially increased the modern slavery risks in the jurisdictions in which Culture Kings has operations and supply chains by limiting visibility and on the ground inspections.

4. Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes (Mandatory Criterion Four: Section 16(1)(d)).

Focus on In-House Brand supplier risks in supply chains.

For this statement, as was the case in its first statement, Culture Kings has continued to focus on assessing modern slavery risks in its In-House Brand supply chain in overseas countries that comprise the bulk of its inventory spend on In-House Brands.

Culture Kings' In-House Brand suppliers, which include downstream manufacturers and handlers or suppliers of raw materials, are considered higher risk than the upstream Endorsed Third-Party Brand suppliers.

This is because the In-House Brand suppliers are often smaller and private companies compared to the Endorsed Third-Party Brand suppliers. They may also be based in jurisdictions where worker rights and protections (including for sub-contractors and home workers outside factory premises) may be sometimes less formalised or enforced than in Australia.

In contrast, Culture King's Endorsed Third-Party Brand suppliers are often large and established entities with significant industry reputations. Many of these suppliers are also reporting entities themselves under either the Modern Slavery Act or equivalent regulatory regimes in other jurisdictions.

Risk management and mitigation

Through the current reporting period, Culture Kings has made progress in implementing actions to better address and mitigate modern slavery risks in its supply chain. Culture Kings has also taken a number of steps to continue to understand its supplier base and to seek assurances of modern slavery risk mitigation steps from its suppliers.

Culture Kings recognises that the process of developing an effective and sustainable risk mitigation program requires time and resources to ensure proper compliance within its operations and its supply chains.

Culture Kings' focus during this reporting period has been to continue to build a strong foundation for ongoing identification, reporting and management of modern slavery risks.

Culture Kings has focussed on its significant In-House Brand suppliers located in overseas jurisdictions as the key risk area. Culture Kings has adopted a graduated or tailored approach differentiating between In-House Brand and Endorsed Third-Party Brand suppliers and also between high volume and low volume suppliers.

To further refine its analysis of its supply chains and risk assessment, Culture Kings has engaged ELEVATE Limited. ELEVATE is a global industry leader in sustainability through supply chain transparency.

With the guidance of ELEVATE, Culture Kings has commenced or intensified the following workstreams:

- A. **Objective 1:** Training & Awareness Program
- B. **Objective 2:** Supplier Risk Assessment Methodology & Segmentation
- C. **Objective 3:** Responsible Sourcing Program & Policy Review

A. OBJECTIVE 1: Training & Awareness Program




Culture Kings appreciates that internal awareness and alignment on human rights issues is the foundation of a robust responsible sourcing program.

A series of internal training courses on human rights and supply chain engagement has been completed by key personnel in production, design, and merchandise, including Head of Departments, Category Managers, Brand managers, Production Managers, Buyers and Designers.

These training initiatives aimed to empower those key personnel with the necessary basic understanding of human rights issues to identify potential red flags and engage with suppliers constructively on these

topics on a daily basis. An overview of the courses undertaken and completion rates is set out below in **Table 1**.

Table 1.

Training Module	Learning Objectives	Targeted Audience	Completion rate as at 26 November 2021
Introduction to Human Rights  <small>Introduction to Human Rights</small>	<ul style="list-style-type: none"> • Identify your rights as a human being. • Examine situations where human rights are infringed. • Be aware of the responsibilities of business to respect human rights. 	All members of the production and merchandise team	100%
Recognising Forced Labour  <small>Recognizing Forced Labor</small>	<ul style="list-style-type: none"> • Know the definitions of slavery, human trafficking and forced labour. • Understand the red flags of forced labour. • Learn the requirements of the Modern Slavery Act. 	All members of the production and merchandise team	100%
Supply Chain Engagement  <small>Supply Chain Engagement</small>	<ul style="list-style-type: none"> • Understand the importance of corporate responsibility. • Recognise the basic elements of a supply chain responsibility program. • Know your role in promoting responsible supply chain practices. 	All members of the Production & Merchandise Management team.	100%

B. OBJECTIVE 2: Supplier Risk Assessment Methodology & Segmentation

Culture Kings has with ELEVATE's help initiated a sophisticated segmentation analysis of all In-House Brand Suppliers as a foundational step towards moving beyond “one-size-fits-all” and into a more strategically designed, resource-efficient, and impactful responsible sourcing program tailored to its supply chain’s unique risk profile, leverage points, and strategic program objectives. The segmentation analysis mapped the supply chain based on inherent sourcing risks and business leverage insights to determine segments of the supply chain that provides the greatest opportunity to influence change, manage risk, and drive impact.

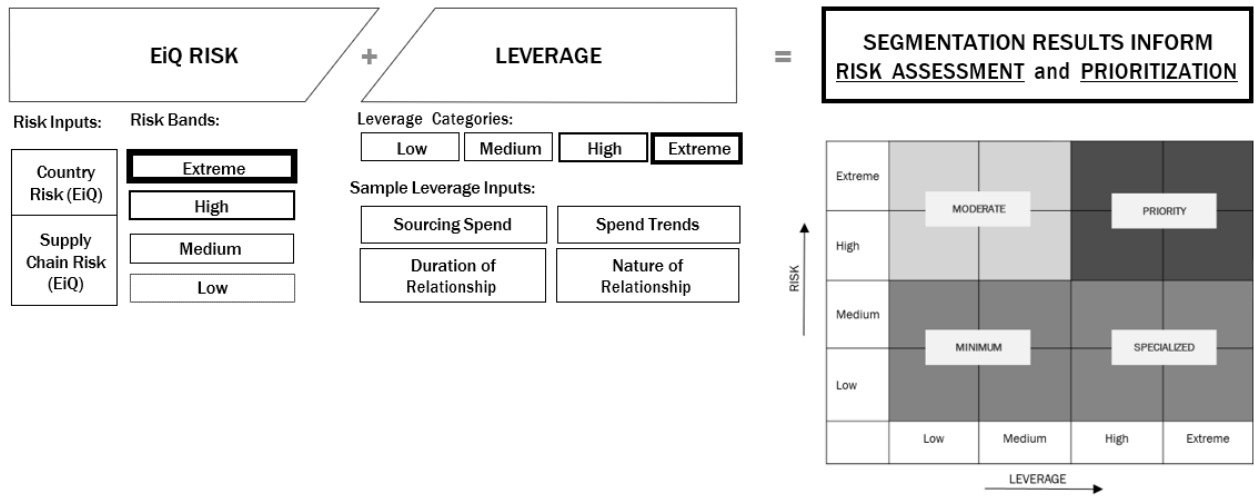
Culture Kings has also joined the ELEVATE EiQ subscription database which features industry-leading EiQ risk indices that generate detailed supply chain analytics around specific risk categories (e.g. labour, environment, health and safety, etc.) and supply chain geography (sourcing country exposure and drivers of country risk).

ELEVATE's analysis grouped suppliers in different categories. These groupings provide data-driven input for resource allocation to achieve performance improvements, mitigate risk, and maximise supply chain impact. The definitions adopted in this analysis were as follows:

- **Priority:** Higher risk exposure and higher leverage; priority investment in higher impact/intensity activities
- **Specialised:** Lower risk exposure and higher leverage; specialized interventions to support stronger supplier relationships
- **Moderate:** Higher risk exposure but lower leverage; moderate investment but in targeted risk-management interventions, consideration of sourcing alternatives

- **Minimum:** Lower risk exposure but lower leverage; minimum investment, low intensity interventions

Segmentation weightings, Risk & Leverage Model



Culture Kings Segmentation Results.

Spend in 2021 was the highest weighted variable for the leverage model reflecting Culture Kings’ priorities for suppliers in terms of risk assessment. ELEVATE analysed the spend distribution across suppliers. A threshold for extreme spend was set at AUD \$3 million, capturing the top 5th percentile of suppliers.

Culture Kings also has its own internal supplier banding to indicate the closeness of relationship, factors include supplier accountability and responsiveness to Culture Kings’ requests, volume of trade, level of trust, quality of goods etc.

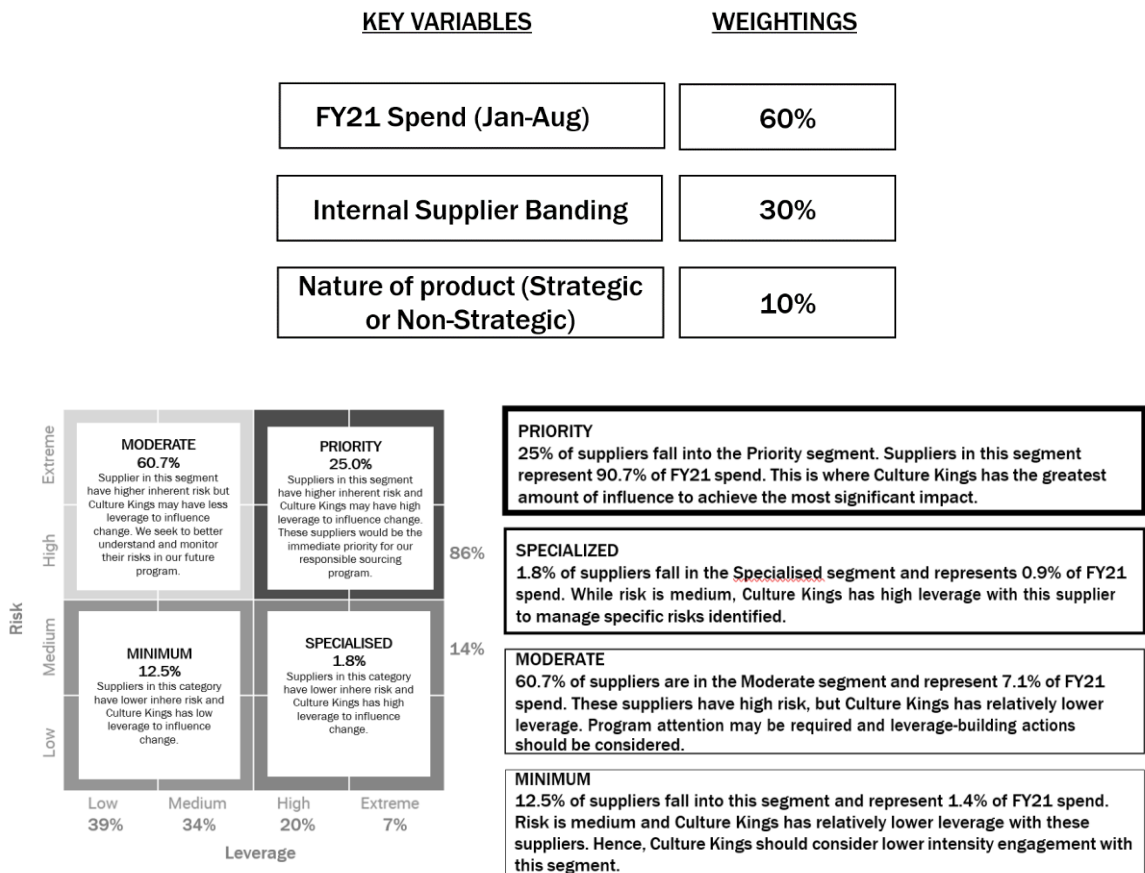
The overall leverage score for a supplier is the weighted average of leverage scores for each variable:

- FY 21 Spend
- Internal Supplier Banding
- Nature of Goods

As a result, the 56 suppliers included in the analysis were divided into four different segments as shown below in **Table 2** for the reporting period.

There was a total of 56 unique suppliers, with the majority assessed as high risk; no suppliers were assessed as extreme or low risk. 79% of Culture Kings’ suppliers are based in mainland China. This includes 86% of Priority suppliers and 94% of Moderate suppliers and the remaining Priority suppliers are based in Bangladesh and India. The remaining Moderate suppliers are based in Bangladesh and Pakistan.

Table 2 - Culture Kings Supplier Segmentation at November 2021.



C. OBJECTIVE 3: Responsible Sourcing Program & Policy Review

Culture Kings, with the assistance of ELEVATE, conducted a policy and process review on its responsible sourcing program, which involved a document review of available policies and interviews of key internal personnel.

The review aimed to understand Culture Kings’ ways of working, existing processes, and strategy ambitions of its sourcing program, and to identify areas of improvement.

Based on the results of that review, Culture Kings was able to identify the following headline areas for improvement:-

- **Governance:** To further develop and refine a clear governance structure and review defined roles and responsibilities, and a structured escalation process
- **Staff training:** To provide all new hires with detailed training to key personnel on supply chain risks in key sourcing markets
- **Code of Conduct:** Refresh the existing Supplier Code of Conduct
- **Supplier manual:** Develop a manual that will guide suppliers in complying with Culture Kings’ program requirements
- **Supplier segmentation:** Formalise the use of ELEVATE EiQ as part of the supplier onboarding process to continually monitor supplier risks
- **Supplier audit:** Refresh Culture Kings supplier questionnaires to ensure that it remains clear, easy to understand, and have a minimal risk of vague responses by suppliers
- **Supplier audit assessments:** Refine and enhance processes to analyse supplier responses received and determine follow-up actions

- **Supply chain assessment grading:** Set up a Mutual Recognition Program with an equivalency tool that would enable Culture Kings to grade audit reports received from different audit schemes (e.g. SMETA, BSCI, WRAP etc.) against the requirements of its own Supplier Code of Conduct, and standardise the audit evaluation and follow up process
- **Consistency:** To deploy Culture Kings' own audit for suppliers on a regular periodic basis
- **Whistleblower channels:** To refresh and expand existing internal whistleblowing channels to workers in the supply chain and communicate to workers annually.

Due diligence, remediation and continuous improvement initiatives

Culture Kings has appointed an Ethical Sourcing Manager who commences in January 2022 and is responsible for driving ethical sourcing initiatives to safeguard and protect the wellbeing of workers and the communities in which Culture Kings operates and to assist in any needed remediation requirements. This role will drive the implementation, governance and continuous improvement of the ethical sourcing strategy and framework.

5. Describe how the reporting entity assesses the effectiveness of such action (Mandatory Criterion Five: Section 16(1)(e))

The Group Board has put in place a reporting system to help ensure obligations under the Modern Slavery Act are monitored on an exceptions basis at Group Board meetings on a periodic basis.

The Chief Executive Officer and Executive Team has responsibility for the day to day compliance of the Culture Kings Group business (across all operating entities and subsidiary Boards) with modern slavery risk identification and mitigation or risks in its operations and supply chains.

Merchandise and procurement team members have front line responsibility to engage with Endorsed Third-Party Brand and In-House Brand suppliers to identify and mitigate modern slavery risks.

Culture Kings has internal compliance processes in place to review and update supplier compliance with automated tracking of key dates for each supplier and review of supplier documentation and risk, with escalation procedures in the event of non-compliance and plans in place for remediation / corrective action plans and termination of supply arrangements if that proves necessary. Continuing work has and will be done to refine these processes in line with ELEVATE recommendations.

Additionally, it is anticipated that Culture Kings will continue to subscribe to ELEVATE EiQ database for benchmarking purposes.

6. Describe the process of consultation with any entities that the reporting entity owns or controls (Mandatory Criterion Six: Section 16 (1)(f))

The preparation of this statement was the subject of substantial cross functional input across the Culture Kings Group.

Further, a near final draft of this statement was provided to each director of each member of the Culture Kings Group (noting that most group entities do not have any employees themselves) for review. All feedback received from each director was taken into account in the preparation of this statement.

7. Include any other information that the reporting entity, or the entity giving the statement, considers relevant (Mandatory Criterion Seven: Section 16 (1)(f)).

Culture Kings has approached this reporting period with a view to continuous improvement in terms of its actions to address modern slavery risks.

Signing page

This statement was approved by the Board of Culture Kings Group Pty Limited on 15 December 2021 for and on behalf of Culture Kings Group Pty Limited and all members of the Culture King Group.

Signed by the responsible member of the principal governing body, Mr Simon Beard, for the purposes of the Modern Slavery Act.

Mr Simon Beard

Director

A handwritten signature in black ink, appearing to be 'S Beard', written over a horizontal line.

Dated: 15/12/2021

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of

Culture Kings Group Pty Limited

as defined by the *Modern Slavery Act 2018 (Cth)*¹ (“the Act”) on

15 December 2021

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of

Culture Kings Group Pty Ltd

as defined by the Act²:



15 December 2021

By Mr Simon Beard, Director and responsible member of the principal governing body,

for the purposes of the *Modern Slavery Act 2018 (Cth)*.

Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	1
b) Describe the reporting entity’s structure, operations and supply chains.	2-3
c) Describe the risks of modern slavery practices in the operations and supplychains of the reporting entity and any entities it owns or controls.	3
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence andremediation processes.	3-8
e) Describe how the reporting entity assesses the effectiveness of these actions.	8
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement mustalso describe consultation with the entity covered by the statement).*	9
g) Any other information that the reporting entity, or the entity giving thestatement, considers relevant.**	9

* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement ‘Do not own or control any other entities’ instead of a page number.

** You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

¹ Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility forthe governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.

² Section 4 of the Act defines a responsible member as: (a) an individual member of the entity’s principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of thisparagraph—a prescribed member of the entity.