



The Hypnos Group

# MODERN SLAVERY STATEMENT

October 1 2022 – June 30 2023

*(See Statement for more details regarding the reporting period)*



FUTURESLEEP

19 December, 2023

# FOREWORD FROM THE GROUP CEO

The Hypnos Group is a leading Australian bedding and mattress business and is owned by Hypnos Group Investment Holdings Pty Ltd (ACN 667 386 870). The Hypnos Group is comprised of the following entities:

- Snooze Management Pty Ltd;
  - Snooze Sleep Well Pty Ltd;
  - G&G Furniture Imports Pty Limited;
  - Future Sleep Pty Ltd;
  - Hypnos Group Investments Pty Ltd;
  - Hypnos Group Holdings Pty Ltd; and
  - Hypnos Group Pty Ltd,
- (together, the **Hypnos Group**).

The Hypnos Group entities were acquired on 29 May 2023 from the Greenlit Brands Group (**Acquisition**) and we are now pleased to present our first Modern Slavery Statement (**Statement**) as the Hypnos Group.

The Hypnos Group's reporting period is ordinarily the Australian Financial Year. However, because of the Acquisition (and that the acquired entities previously had an October to September reporting period), this Statement under the Modern Slavery Act 2018 (Cth) (**Modern Slavery Act**) covers a reduced reporting period from 1 October 2022 to 30 June 2023 (**FY23 Reporting Period**).

This Statement outlines the key risks we have identified in this reporting period, our priority areas of focus based on our risk assessments, what we are currently doing to assess and address risks and key steps we are working towards moving forward.

The Hypnos Group acknowledges that anti-modern slavery is a global and complex issue. We recognise that addressing modern slavery risks in our operations and supply chains requires ongoing due diligence and continuous improvement to address.

The Hypnos Group is committed to upholding the aims and requirements under the Modern Slavery Act and we will be informed by the Commonwealth Guidance for Reporting Entities (issued by the Attorney-General's Department). In addition, we are also aware that there have been significant developments in this space, which include the Commonwealth Government's Report of the Statutory Review of the Modern Slavery Act and the release of the new Walk Free Global Slavery Index 2023.

We will also consider these developments in our own anti-modern slavery program.

## Principal Governing Body Approval

This modern slavery statement was approved by the board of Hypnos Group Investment Holdings Pty Ltd ABN 63 667 386 870 in their capacity as principal governing body of Hypnos Group Investment Holdings Pty Ltd (in accordance with section 13 of the Modern Slavery Act 2018 (Cth) on **19 December, 2023**).

## Signature of Responsible Member

This modern slavery statement is signed by Nicholas Tsoumanis in his role as Director of Hypnos Group Investment Holdings Pty Ltd ABN 63 667 386 870 (in accordance with section 13 of the Modern Slavery Act 2018 (Cth) on **19 December, 2023**).



## THE REPORTING ENTITY



- The reporting entity is Hypnos Group Investment Holdings Pty Ltd ABN 63 667 386 870, Level 13, 10 Queens Road, Melbourne Victoria 3004 (referred to as **we, us, our or Hypnos** in this Statement).
- Hypnos is a reporting entity under the Modern Slavery Act 2018 (Cth) (**Modern Slavery Act**) having met the consolidated revenue threshold in the 1 October 2022 to 30 June 2023.
- Hypnos makes this Statement in accordance with section 13 of the Modern Slavery Act as a single reporting entity.
- This Statement is made on behalf of Hypnos and its associated entities which it 'owns' or 'controls' for accounting purposes under the Modern Slavery Act including:
  - Snooze Management Pty Ltd;
  - Snooze Sleep Well Pty Ltd;
  - G&G Furniture Imports Pty Limited;
  - Future Sleep Pty Ltd;
  - Hypnos Group Investments Pty Ltd;
  - Hypnos Group Holdings Pty Ltd; and
  - Hypnos Group Pty Ltd,
 (together, the **Hypnos Group**).
- Our Statement covers all of the 7 mandatory criteria for reporting as set out in section 16 of the Modern Slavery Act. In preparing this Statement, we have used the Commonwealth Guidance for Reporting Entities (**Government Guidance**) and the Modern Slavery Act Supplementary Guidance to help inform and guide our approach.

# OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

## OUR STRUCTURE

The Hypnos Group are integrated retailers, importers, wholesalers, and manufacturers of bedding, mattresses and household goods across Australia. Our brands have been in operation for several decades. Across our brands, we sell a range of household consumer goods, including lounges, mattresses and bedding (and related accessories).

The Hypnos Group was created when it acquired a number of entities from the Greenlit Brands Group which it now operates (as listed in Section 1 **above**).

## OUR OPERATIONS AND SUPPLY CHAINS

We operate in:



**79 STORES**



**4 FACTORIES**



**1 DISTRIBUTION CENTRE**

These premises are located throughout Australia. Our operations obtain a range of services from third parties, including cleaning services, waste services, property management, uniforms, transport and freight, security services, information technology services and products, communications and marketing, financial and superannuation services and website and cloud storage.

The countries that we directly source and manufacture material products and services from include Australia, China, Malaysia, Germany, India, Taiwan, Singapore, Denmark, Vietnam, United States, Algeria, Indonesia, and Turkey.

Our tier two and three supplier countries include Australia, China, Saudi Arabia, Finland, Malaysia, Pakistan, Germany, Vietnam, Indonesia, Netherlands, Japan, Thailand, South Korea, Italy, United Kingdom, Argentina, Costa Rica, and Brazil.





The Snooze CEO oversees a leadership team comprising of five General Managers and a Chief Financial Officer. The General Managers' respective remit includes the following: Marketing & E-commerce, Operations, Product, Technology and People and Culture. Within the reporting period there were 79 stores. Two of Snooze's principal suppliers are Futuresleep and G&G Furniture Imports.

|   |                               |
|---|-------------------------------|
|  | <b>90 full time</b>           |
|  | <b>9 part time</b>            |
|  | <b>19 casual</b>              |
|  | <b>1 contractors</b>          |
|  | <b>79 stores</b>              |
|  | <b>0 factories</b>            |
|  | <b>0 distribution centres</b> |
|  | <b>31 suppliers</b>           |



G&G Furniture Imports has a Chief Executive Officer who is responsible for the overall direction of the company with the support of the Chief Operating Officer. There are two Sales Coordinators, a Customer Service Operator, a Logistics Coordinator, Warehouse Manager and warehouse staff. This year, G&G continued to utilise a Warehouse Manager and warehouse staff as a result of the changes.

|   |                               |
|---|-------------------------------|
|    | <b>13 full time</b>           |
|   | <b>0 part time</b>            |
|  | <b>1 casual</b>               |
|  | <b>7 contractors</b>          |
|  | <b>0 stores</b>               |
|  | <b>0 factories</b>            |
|  | <b>1 distribution centres</b> |
|  | <b>16 suppliers</b>           |



FutureSleep's structure comprises of three main groups working with the Chief Executive Officer. The Innovation and Design Team consists of Brand Account Management, Research Design and Innovation, Construction Methods and Pricing, Sourcing and Purchasing, and Supplier Relationships. The Operations Team includes manufacturing staff, Facilities Management, Customer Service and Logistics. The Professional Services Team includes Finance and Administration, Component Sourcing and Purchasing, Human Resources, and People and Safety.

|   |   |
|---|---|
|  | <b>201 full time</b>  |
|  | <b>6 part time</b>  |
|  | <b>88 casual</b>  |
|  | <b>7 contractors</b>  |
|  | <b>1 stores</b>   |
|  | <b>0 factories</b>  |
|  | <b>Distribution centres are part of manufacturing sites</b> |
|  | <b>30 suppliers</b>   |

## RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

We understand that there are several risks of modern slavery across the Hypnos Group where we may cause, contribute to, or be directly linked to modern slavery in our operations and supply chains.

| SUPPLY CHAINS  | OPERATIONS  |
|--|---|
| <p>The two main modern slavery risks remain as forced labour and child labour in textiles, foam, metals, timber, plastics and adhesives sectors, or associated sectors where the material is used in product manufacturing. There is also the risk of corruption across material-sector-countries that we source from. We understand that modern slavery is not limited to these sectors, materials or countries, and can occur at any time and place.</p>   | <p>There is a lack of visibility in operational supply chains beyond tier one, including unknown contractors and sub-contractors.</p> <p>Blue Rock is a major supplier to G&amp;G Furniture and acts as a sourcing agent. This means that G&amp;G does not have direct control over certain areas of sourcing in their supply chain. The risk is mitigated but not eliminated through a detailed SLA between G&amp;G and Blue Rock and ongoing communications.</p>  |
| <p>The Group are on the path of continual improvement. We see risk where there are gaps in our management systems and supplier management systems aimed at addressing human and labour rights.</p> <p>Social audits this year identified additional modern slavery risks in suppliers' geographical areas:</p> <ul style="list-style-type: none"> <li>• where fees can be used for recruitment and holding of passports (debt bondage)</li> <li>• where contractual agreements are not written in employee's local language</li> <li>• where prison labour is used (although this was legal in the country of operation).</li> </ul> | <p>An indicator of modern slavery includes workers who are more vulnerable which can lead to exploitation. Vulnerability can include, but is not limited to, workers who experience discrimination or marginalisation, those who work in substandard conditions, workers who live in countries that do not adopt international conventions, or who have not set up laws, unions, and policies to protect human and labour rights. Vulnerability of workers can mean they are exposed to deceptive recruiting and debt bondage, among other modern slavery risks. COVID-19 continues to increase worker vulnerability in our supply chains and impact all regions. As a result of COVID-19, visits to international factories were limited or did not occur at all, however, we are intending on resuming our factory visit and supplier audit process in our FY24 reporting period.</p> |

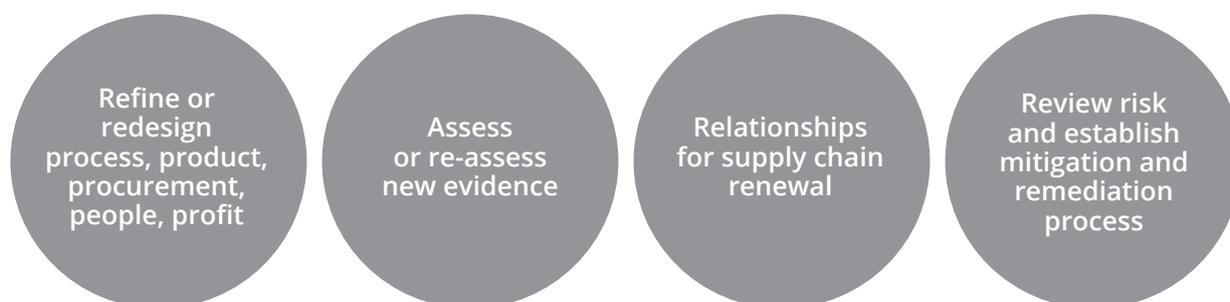
## ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

This section of our statement outlines each of the Hypnos Group entities' actions and priorities to remedy situations where they may cause, or contribute to, modern slavery or modern slavery risks. In this reporting period, we have focused on:

- Dedicated roles
- Training
- Internal management systems
- Supplier's management systems
- Supplier self-assessment questionnaires (including independent self-audits)
- Social auditing
- Third-party social certifications and initiatives
- Partnerships and Initiatives

While we aim to take a group-wide approach where possible, each Hypnos Group entity is responsible for its actions and planning and therefore may differ from one other.

### Our process for continuous improvement



We understand that if, or when, we find modern slavery occurring in the Hypnos Group's operations or supply chains we need to ensure it is handled delicately and in a manner that does not jeopardise anyone's safety, in particular, the victim's safety. For severe cases, we understand our responsibility to contact local authorities.

### Dedicated roles to modern slavery

While we understand that modern slavery is everyone's business across the Hypnos Group, we are committed to ensuring we allocate time and resources to roles that drive and implement our actions. Each Hypnos Group entity has implemented either allocated roles or working groups.

- G&G Furniture Imports CEO continues to be responsible for the sourcing of the products supplied to its retail customers, ensuring factories are operating ethically.
- FutureSleep experienced COVID-19 disruptions to the business as well as staff changes that impacted the ability to establish the Working Group as planned. However, the Executive

Leadership Team has re-committed to the formation of a Modern Slavery Working Group, comprising representatives from Operations, Product, and Procurement, and chaired by CFO. The Working Group will examine FutureSleeps' response to the legislative requirements, guide planning, and ensure KPIs are met.

- Snooze has a senior member of the company who is responsible for leading modern slavery work and actions at Snooze along with two senior category managers from the product department. Several KPIs were developed this year by the working group.

## Training

Ensuring staff and suppliers are aware of what modern slavery is and how to respond in incidences of modern slavery is important to us.

- FutureSleep is currently assessing the various training courses available through civil society as well as commercial educators and will confirm a preferred provider alongside a custombuilt course in the first quarter of the next financial year. The Management team will all complete the appropriate training by mid-2024.
- G&G Furniture Imports' Chief Executive Officer has continued to receive training in FY23 and communicates and addresses modern slavery with suppliers.
- Snooze begun conducting modern slavery training for all its employees on a phased-roll out approach. In addition, Snooze intends on rolling out an educational module on modern slavery risks in its next reporting period.

## Internal management systems

All Hypnos Group entities continue to utilise the following policies which apply across the Hypnos Group:

- SpeakUp! (Whistleblower) Policy
- Grievance Policy
- Anti-Bribery, Corruption and Fraud Policy
- Appropriate Workplace Behaviour Policy

The policies are addressed during orientation and all employees and a range of contractors are required to complete mandatory training (including refresher training) on their rights and obligations under the policies. Snooze ensures the SpeakUp! Policy is available in staff public areas, such as amenities, and run 'SpeakUp! Week', training modules, and learning and education modules (mandatory for staff).

- Snooze aims to adopt a formal modern slavery policy within its Support Centre (as applicable) in conjunction with the Code of Conduct and the Anti-bribery, Corruption and Fraud Policy. Snooze has recognised the need to review existing SLAs to ensure existing and future partners and suppliers recognise and abide by Snooze's modern slavery requirements.
- G&G Furniture Imports' staff already undertake various training through the Snooze staff program covering these topics. G&G staff will continue to be included in any new training modules developed by Snooze.
- FutureSleep is currently finalising the re-launch of its learning management system and intranet, with plans to roll out bespoke, customised training designed to address various identified requirements across the business. This system has excellent reporting functionality and will be set up to deliver and report on the completion rates of FutureSleep's modern slavery education and training initiatives. The learning management system will be relaunched in H1 of 2024.

## Supplier's management systems

Understanding our supplier's management systems is just as important as understanding our own as a measure to mitigate and remediate modern slavery risks in our supply chains.

- G&G Furniture Imports has a small number of suppliers. They currently source from a total of 15 suppliers and seven are managed through their sourcing agent, BlueRock. BlueRock conducts factory audits on their behalf at the start of the relationship, places all orders with factories, performs ongoing quality checks before products are shipped, and makes periodic visits each year to each factory. For example, one of G&G Furniture Imports' suppliers in Malaysia shared the Self-Assessment Questionnaire that they send to their suppliers. Their survey is called Corporate Social & Sustainability Responsibility Audit For Suppliers. They found that one of their suppliers developed a Modern Slavery policy. Another supplier from Vietnam reported that they perform an annual Supply Agreement that tracks their supplier's Code Of Conduct.
- Snooze asks all its franchise stores to comply with employment relations regulations and completes an ER Declarations Checklist annually confirming compliance with minimum labour requirements in franchised operations in Australia.
- Futuresleep procures majority of components through the distributors based in Australia and manufacturers based in Australia. The components procured through the distributors are sourced from OECD countries with robust legal frameworks for anti-slavery legislations.

## Supplier Self-Assessment Questionnaire

A supplier self-assessment questionnaire or declaration is a tool used by some of our entities to improve communications, actions, and due diligence with their suppliers about modern slavery. The questionnaire helps our brands to gain an understanding of their supplier's policies, processes, and procedures regarding modern slavery, labour rights, human rights, environmental compliance, anti-corruption, and quality management. The following entities utilise, or plan to utilise, the questionnaire:

- FutureSleep has positive, long-standing relationships with most of its suppliers. The business will continue to work closely with its suppliers to ensure that all have a better understanding of the risks of modern slavery in the supply chain. FutureSleep is finalising a supplier declaration to be rolled out to all suppliers, as the next step in ensuring the commitment of all parties to the tenets of the Modern Slavery legislation and FutureSleep's obligations under it. All Suppliers are to receive the declaration during 2024.
- G&G Furniture Imports distributed a modern slavery 'Supplier Self-Assessment' to all suppliers in 2023, either directly or via its sourcing agent, BlueRock.
- Some of G&G Furniture Imports' suppliers are more advanced than others in documenting various other systems and practices they have in place. G&G Furniture Imports aims to work with these factories over the next year to encourage them to document their practices/ systems/policies.
- Snooze sent surveys to all 31 of its product suppliers and collated and assessed risks in responses in the FY23 reporting period. Snooze received 11 responses and has acknowledged that the supplier survey will need to be reviewed and simplified (if necessary) to obtain more supplier responses. Of the 11 responses, no high-risk responses were received in the reporting period. Moving forward, Snooze will assess the surveys as a group against a KPI that is deemed satisfactory by Snooze.

## Partnerships and initiatives

- We understand that to combat and eradicate modern slavery and to ensure that effective support mechanisms for victims are in place, the Hypnos Group entities need to make meaningful partnerships with external organisations, civil societies, and third-party initiatives.
- Snooze is taking an active approach to submitting an application for B Corporation certification by 2024. This certification means Snooze will be audited against its social and environmental performance, governance, and transparency.

## Social Auditing

- Futuresleep will conduct Social Audits on major suppliers by Q4 of 2024.
- Two factories that G&G Furniture Imports purchase from provided audit results performed by SMETA for the reporting period.. One factory in Malaysia that provided SMETA and SEDEX also provided G&G Furniture Imports with certificates from staff who partook in training courses related to anti-bribery and corruption. The independent audits looked at suppliers' social management system, worker's involvement and protection, the rights of freedom of association and collective bargaining, fair remuneration, decent working hours, child labour, bonded labour, and ethical business behaviour. G&G Furniture Imports will continue to use and monitor this information to encourage continuous improvement and support other factories to have independent audits completed.
- Snooze conducted Social Audits with its top 15 suppliers which represent 98% of the total business. No modern slavery risks were identified in the visual and verbal audit of these suppliers' premises.

## Third-party social certifications and initiatives

All of Snooze's timber-sourced products are FSC certified as well as carrying a PSEF certification. The Snooze Organic Stoned Washed Linen has a Global Organic Textile Standard (GOTS) certification. All Snooze branded linen, including the Cotton Percale, Bamboo Cotton, Tencel, Organic Stone Washed Cotton, and the Vintaged Washed linen ranges are OKEO-TEX Standard certified. These certifications include some social compliance criteria in their standards and verification that address human and labour rights and may mitigate modern slavery.

## ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

We recognise that modern slavery risk is ongoing. There has been no evidence of modern slavery across the Hypnos Group or any of their subsidiaries' operations and tier-one suppliers presented or identified in this reporting period. The Hypnos Group entities have begun to operationalise their risk assessment processes. For example, some of our the entities analyse the results of questionnaires and social audits for risk. Some of our factories also have self-audits which we also analyse and involves an independent audit on a number of social and human rights topics. However, we recognise our position continues to be limited as we improve how we address our risks and assess whether our actions are effective. Constraints to progressing this work have included our focus on responding to COVID-19 impacts.

Set out below are the measures in which the Hypnos Group assesses the effectiveness of our actions.

### KEY PERFORMANCE INDICATOR

|   |  |
|---|--|
|  | <b>Working Group</b> <ul style="list-style-type: none"> <li>• Number of meetings held annually</li> </ul>  |
|   | <b>Training</b> <ul style="list-style-type: none"> <li>• Training on SCOPE for all Snooze employees</li> </ul>   |
|   | <b>Social Auditing</b> <ul style="list-style-type: none"> <li>• Number of social audits</li> <li>• Audit on existing contracts to identify the number of suppliers who recognise modern slavery</li> </ul>   |
|   | <b>Supplier Questionnaire</b> <ul style="list-style-type: none"> <li>• Formalise process for annual Supplier Surveys (Send and response to both furniture and mattress suppliers)</li> <li>• Number of supplier surveys issued</li> <li>• Number of supplier surveys received and evaluated</li> </ul> |
|   | <b>Partnerships and initiatives</b> <ul style="list-style-type: none"> <li>• Certified B-Corp BIA by 2024</li> </ul>   |

## KEY PERFORMANCE INDICATOR

**Training**

- Number of staff trained via Snooze for G&G staff

**Social Auditing**

- Number of Social Audits conducted and encourage all factories to conduct and supply independent audit results to G&G

**Supplier Questionnaire**

- Number of supplier questionnaires conducted with all the factories (and evaluate for continuous awareness and improvement)

FUTURESLEEP

**Working Group**

- Established a working group
- Number of meetings held annually

**Training**

- Number of ELT & Managers trained
- Internal training program(s) developed

**Supplier questionnaire**

- Number of questionnaires sent to suppliers
- Number of questionnaires returned / quality

**Social auditing**

- Number of report and recommendations



“The Modern Day Slavery training module provides insight and perspective about areas of business that we often don’t consider on a daily basis. It is important to reflect and be aware of the impacts of MDS, what to keep an eye out for, and also the process we have in place for reporting. We are all part of this together, and together we can make a difference.”

## PROCESS OF CONSULTATION



The process of consultation to develop our modern slavery statement for the FY23 Reporting Period is set out below:

| STEP | ACTION  |
|------|---|
| 1    | Hypnos Group's human resources and legal departments commence process.  |
| 2    | Hypnos Group engages with the Executive team and staff of Snooze, G&G and FutureSleep.  |
| 3    | Hypnos Group engages on external modern slavery experts to project manage the collation of information from each entity.              |
| 4    | External experts collates information from Snooze, FutureSleep and G&G via vide conferencing and email communications.                |
| 5    | Draft statement is sent to the Hypnos Group for review and editing,. Final draft is created from feedback.                            |
| 6    | Board of Directors approve final draft in [##] 2023. The Statement is submitted to the Attorney-General's department public register. |

## OTHER RELEVANT INFORMATION

### Modern Slavery at Snooze's annual conference

- This will underscore the importance of anti-modern slavery risk compliance within Snooze and the broader Hypnos Group.

### Snooze company-wide training and supplier surveys

In the next reporting period, Snooze also intends on:

- continuing its company wide completion of its modern slavery education module to help our staff assess and address modern slavery risks in their day-to-day; and
- reassessing the format and contents of our supplier to encourage greater supplier response; and
- extending the issuing of the supplier surveys to our IT suppliers as we acknowledge our IT department's supply chain may be higher-risk.

### Acquisition

As noted in the Statement, the Hypnos Group entities were acquired on 29 May 2023 from the Greenlit Brands Group (**Acquisition**) and we are now pleased to present our first Statement as the Hypnos Group.

The Hypnos Group's reporting period is ordinarily the Australian Financial Year. However, because of the Acquisition (and that the acquired entities previously had an October to September reporting period), this Statement under the Modern Slavery Act covers a reduced reporting period from 1 October 2022 to 30 June 2023.

# MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

## 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.  | 3             |
| b) Describe the reporting entity's structure, operations and supply chains.  | 3-5           |
| c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.  | 6             |
| 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 and remediation processes.   | 7-10          |
| e) Describe how the reporting entity assesses the effectiveness of these actions.  | 11-12         |
| f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).* | 13            |
| g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**  | 14            |