



Visy Retail Services

# Modern Slavery Statement

FY2023







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This statement is made on behalf of **Visy Retail Services Pty Ltd (Visy Retail Services)**.

This statement sets out Visy Retail Services' commitment to preventing modern slavery in our operations and supply chain. This statement reflects the 2023 financial year and the information contained in this statement is current as at 30 June 2023.

Visy Retail Services is part of the Visy Group of companies (**Visy Group**). A separate modern slavery statement covering all other reporting entities of the Visy Group for FY2023 will be submitted.



# A message from our CEO

We were excited to launch Visy Retail Services—Visy's first dedicated, retail-facing business unit — this year.

Our acquisition of the assets of the wholesale supply and distribution business of Sales Force National provided the foundation for our newest division, Visy Retail Services. We will continue their work to prevent modern slavery — consistent with Visy's own commitment.

Their existing systems and processes provide a strong base for us to build on. Highlights from 2023 include:

- implementing a formalised framework for assessing risk in our supply chain
- independently certifying our Asian suppliers to an accredited ethical sourcing standard
- supplier site visits, including from dedicated in-country quality assurance personnel.

I look forward to working with the team and our supply chain to uphold the highest ethical and professional standards.



**MARK DE WIT**

Chief Executive Officer, Visy







# Introduction

Visy Retail Services is proud to publish our Modern Slavery Statement as part of our compliance with the *Modern Slavery Act 2018* (Cth).

Modern slavery is a term used to describe situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom.

Practices that constitute modern slavery can include:

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

We are committed to transparency in our supply chain and strive to work collaboratively and proactively with partners in our supply chain to prevent modern slavery in all its forms.

This statement was tabled to the Visy Executive Team in its capacity as the principal governing body of the Visy Group and approved by them on 16 November 2023.



# Our business

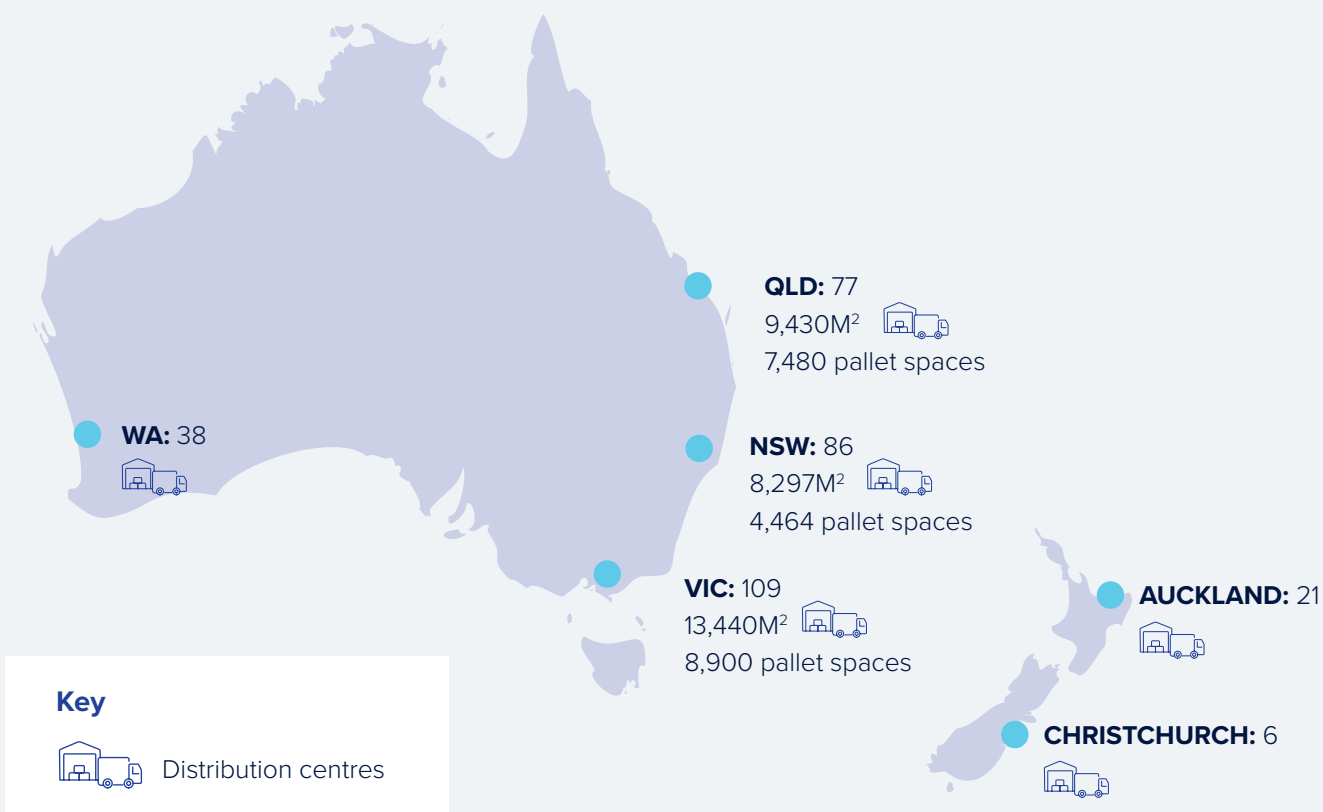
This business was previously operated by Sales Force National Pty Ltd trading as ZENEXUS (**Sales Force National**). Sales Force National was a privately-owned supplier and distributor of major brand products spanning categories such as hardware, furniture, home décor, storage, bathroom and cleaning throughout Australia, New Zealand and the United Kingdom. It sourced white label products, developed its own brands, and represented leading brand partners.

On 28 April 2023, the Visy Group acquired the assets of Sales Force National and commenced operating as Visy Retail Services.

Summary of operations as at 30 June 2023:

- headquartered in Melbourne, Australia
- approximately 167 team members across Australia (AU), New Zealand (NZ) and the United Kingdom (UK)
- three Visy Retail Services operated distribution facilities in Australia (VIC, QLD, NSW) and two third party logistics (3PL) facilities in WA
- two 3PL facilities in New Zealand and one in the United Kingdom
- strategic retail partner of Bunnings in AU/NZ and Homebase in the UK.

Sales Force National had established long-standing partnerships within its supply chain to ensure products made their way from factory to store efficiently and, most importantly, in accordance with quality and ethical standards. These high standards of practice are maintained under Visy Retail Services.





## Our global suppliers



Region	% Spent
Asia	78%
United Kingdom	1%
New Zealand	1%
Australia	20%





# Key personnel

## Visy Executive Team

This is the governing body responsible for overseeing the performance and operations of Visy Retail Services in accordance with the Visy Group's values, code of conduct and ethical standards.

## Senior Leadership Team

This team, which includes the National Operations Manager, is responsible for the delivery of our corporate objectives through the effective execution of our strategic plan whilst ensuring our values, code of conduct and ethical standards are always upheld. The team reports to a senior representative of the Visy Executive Team.

## Source and Supply Chain Manager

- One of two primary points of contact (along with our Quality and Compliance Manager) with our suppliers on ethical sourcing and modern slavery.
- Has primary responsibility for managing our commercial relationships with our suppliers.
- Oversees the adherence to our new supplier onboarding standard operating procedures which includes the requirement for independent verification to either SMETA or BSCI for all suppliers except those in AU, NZ & UK.

## Quality and Compliance Manager

- One of two primary points of contact (along with our Source and Supply Chain Manager) with our suppliers on ethical sourcing and modern slavery.
- Responsible for overseeing and managing compliance to our ethical sourcing standards and related obligations, including modern slavery.
- Primary point of contact with our strategic retail partners (Bunnings in AU/NZ and Homebase in the UK) on all matters related to ethical sourcing.
- Responsible for reporting to the National Operations Manager on our ethical sourcing status weekly.
- Generates a monthly report that includes the ethical sourcing status (against either Sedex Members Ethical Trade Audit [SMETA] or Business Social Compliance Initiative [BSCI] compliance standards) of our suppliers.







## Modern slavery — risks

The obligation to mitigate the risk of modern slavery in our supply chain, as far as is reasonably practicable, is a responsibility we do not take lightly. Accountability for identifying, mitigating, and remediating modern slavery risk in our supply chain is cross-functional with key personnel leading this responsibility.

To establish key risk factors, we reference third-party reporting and resources, covering global indicators of modern slavery, including the Global Slavery Index.

With a high proportion of our suppliers being based in China, these resources indicate to us that our international supply chain is most exposed to the following forms of modern slavery:

- forced labour
- deceptive recruitment often resulting in forced sexual exploitation of adults and children underpayment, and poor conditions
- bonded labour
- child labour.

We have formalised our framework for assessing risk in our supply chain. In FY2023 we implemented this process with all our Asian suppliers, who represent 78% of our total supplier base, allocating a high, medium or low risk rating.

Our framework for risk assessment uses four key risk determining factors to assess modern slavery:

1. Supplier information (i.e. financial stability, insurances, reputation, compliance — safety, social, environmental)
2. Geographical location, industry sector and product or service
3. Commercial relationship (i.e. presence of formal business terms, service level agreements, engagement with supplier, level/frequency of communication, longevity of relationship)
4. Compliance Records (i.e. ethical audit result, supplier self-assessment, understanding and completion of new supplier onboarding requirements).





## Modern slavery — remediation

We have implemented and will continue to seek to improve our mechanisms to mitigate risk, as far as is reasonably practicable. We do this formally through our new supplier onboarding program, supplier self-assessments and third-party ethical audits, and informally through site visits and regular communication with our suppliers on matters of ethical sourcing, including modern slavery.

### Supplier onboarding

Our supplier onboarding program requires suppliers read, confirm understanding and, where applicable, sign and return the:

- Code of Conduct
- Bunnings Anti Bribery Letter & Due Diligence Checklist
- factory onboarding Form
- Sedex Advanced and Sedex Number
- factory audit report
- Bunnings ethical sourcing program
- Bunnings imports program.

All new product suppliers undergo risk assessment related to the four key risk determining factors prior to engagement. In FY2024 we will continue to improve our risk mitigation by:

- reviewing our standard operating procedure for new supplier on-boarding
- creating a Visy Retail Services central repository to house new supplier on-boarding artifacts
- continuing to review modern slavery risk indicators.

### Supplier self-assessment questionnaire

All suppliers in geographical areas that are judged to be high risk for modern slavery have completed a supplier self-assessment questionnaire. It identifies modern slavery risks and mitigation efforts to combat the risk of them. It also fosters collaboration with our suppliers to address identified risks. The supplier self-assessment questionnaire forms part of our new product supplier onboarding process.

In FY2024 we will complete supplier self-assessment questionnaires with our entire supplier base.



## Third-party ethical audit

In FY2023, all our Asian suppliers were independently certified to either SMETA or BSCI ethical sourcing standards. Our Quality and Compliance Manager tracks and maintains records of annual audit renewal and audit outcomes — required for continued certification. They also engage with suppliers and auditors in the event of identified non-compliance or breaches.

In FY2023, we also initiated corrective actions with two separate suppliers because of non-compliances identified during ethical sourcing audits:

- An annual independent audit to the SMETA standards identified a Malaysia-based supplier with several non-conformances, some of which were directly related to the risk factors for modern slavery. In response, the National Operations Manager and Quality and Compliance Manager engaged directly with the senior management of the supplier. Appropriate corrective actions were agreed, and all non-conformances were addressed and closed out. We are continuing to monitor the supplier.
- An annual independent audit to the SMETA standards identified a Vietnam-based supplier with multiple, serious non-conformances. In conjunction with our retail partner, we initiated an immediate review of the supplier. The supplier was unable to present a suitable corrective action plan to address the non-conformances. We immediately moved to suspend them as a supplier. We will not source from the supplier again unless they can resolve all non-conformances to our satisfaction and have this verified by independent auditors.

## Supplier site visits

With the easing of travel restrictions in FY2023, key members of our team, including our General Manager and Source and Supply Chain Manager, travelled to Asia and visited our suppliers in-person.

We also have dedicated quality assurance personnel in China, who work closely with our suppliers and regularly visit their sites to complete quality-related tasks.

This engagement provides for more timely identification, mitigation, and remediation activities around any actual or potential modern slavery risk.

## Supplier communication

The Quality and Compliance Manager maintains regular communication with our suppliers on issues related to ethical sourcing and modern slavery.

## Corrective action

In consultation with our Code of Conduct, and those of our retail partners, we undertake a tiered approach to remediation. In the event of non-compliance or an identified violation, our approach to remediation begins with a root cause analysis. Thereafter:

- If limited non-compliance or minor-moderate violations are identified, we work with our retail partners and/or supplier to quickly define corrective and preventative actions and then monitor the completion of the agreed actions.
- If continued non-compliance or high-risk violations are identified, we will work closely with the supplier to transition works to a suitable alternative supplier. We ensure the supplier does not face significant financial loss that would pose undue strain on the supplier or its workforce by finalising manufacturing that is in production and seeking to purchase raw materials destined for manufacture of product.

## Measuring effectiveness

We continue to work to understand the risks associated with modern slavery in our supply chain, and to mitigate those risks as far as is reasonably practicable.

We employ several internal and external mechanisms to assess the effectiveness of our mitigation strategies:

### Governance

#### Action

- Compliance with ethical sourcing standards, including those related to modern slavery, included as an objective in our strategic plan
- Modern slavery obligations and reporting requirements communicated to the Visy Executive Team
- Annual review and revision of relevant policies and procedures
- Annual executive, management and key personnel awareness training
- Audit and Risk Committee oversight over risk register, contracts register and business terms of agreement



- Regular review of contract terms with labour hire providers and confirmation of working rights

#### Measured by

- End of financial year check against completion of activities in the corporate calendar
- End of financial year check against completion of required policy review
- % of awareness training completed across the group
- End of financial year check against risk and contract register review requirements
- % of suppliers with service level agreements in place

#### Monitoring

##### Action

- Third-party ethical audits
- Supplier self-assessment questionnaire
- Supplier corrective action plans
- Supplier engagement
- Supplier site visits

#### Measured by

- % of audits completed
- Audit grading
- Number and % of non-conformances
- Number and % of non-conformances closed
- Number of suppliers suspended or ceased trade

#### Risk management

##### Action

- Risk update provided to the Audit and Risk Committee at each scheduled meeting and to the Visy Executive Team as required
- Risk actively identified, recorded and mitigation strategies assigned
- Suppliers engaged to participate in supplier self-assessment questionnaire
- All new overseas suppliers engaged to participate in supplier self-assessment questionnaire
- All new and existing overseas suppliers subject to independent certification to ethical sourcing standards (either BSCI or SMETA)
- Supplier onboarding program
- Formal risk assessment of overseas suppliers against identified risk factors

#### Measured by

- % of risk assessments undertaken
- % of risk assessments undertaken for 'Tier 1' suppliers
- Supplier self-assessment questionnaire completion rate
- Number of identified risks without assigned mitigation strategy

#### Disclosure

##### Action

- Channels for grievances to be raised
- Open dialogue with suppliers
- Whistleblower policy
- Annual whistleblower awareness training

#### Measured by

- Total number of issues raised
- Channels through which issues were raised
- Number of issues remediated & remedy implemented
- Analysis of investigation process



# Other information

Further assessing risk of modern slavery in our supply chain.

## Rising cost of raw materials

### Risk

Rising cost of raw materials causes supplier to seek sub-contracted/low-cost labour to reduce overall input costs of supply.

### Mitigation strategy

We work with suppliers to ensure an open dialogue is maintained in relation to raw material and other input costs to produce goods. Strong oversight by the Source and Supply Management team ensures trigger points are identified early, and strategies to recover costs are implemented to reduce pressure on suppliers

### Residual risk rating

Low

## Supplier sub-contracting

### Risk

Supplier sub-contracts work to third-party to reduce overall input cost and manage workload, resulting in sub-standard ethical sourcing practices.

### Mitigation strategy

We work with suppliers to ensure an open dialogue is maintained around labour inputs. Strong oversight by the Quality and Compliance Manager and the Source and Supply Chain Manager ensures any sub-contracted works are performed in accordance with the ethical standards framework. Quality and Compliance Manager ensures ethical audits highlight sub-contracting activities and demonstrate supplier commitment to like-for-like ethical standards.





# Consultation

The Visy Executive Team, Senior Leadership Team, and Quality and Compliance Manager were all consulted during the preparation of this Modern Slavery Statement.

Visy Retail Services has an open dialogue with our retail partners on modern slavery prevention, ensuring our activities compliment their own.

The Visy Executive Team, which includes a senior representative of Visy Retail Services, are mandated to approve actions to address modern slavery for Visy's reporting entities.

This statement was tabled to the Visy Executive Team in its capacity as the principal governing body of the Visy Group and approved by them on 16 November 2023.



**ROBERT KAYE**

**Company Secretary, Visy**







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