

K I N G



About Us

King Furniture Australia Pty Ltd ('King Living'), ABN 79 002 757 333, is a company incorporated under the laws of Australia, with its registered office at Suite 234, 7-11 The Avenue, Hurstville, NSW 2220.

Since 1977, King Living has been at the forefront of Australian furniture design. With a reputation that is built on steel, King Living designs and manufactures contemporary, award-winning furniture that is made to last. Renowned for structural integrity and lasting personal comfort, King product is a representation of the brands vision to enable a more conscious way of living through authentic Australian design.

King Living is a vertically integrated business whereby we design, manufacture and retail our products for customers in Australia and across the globe.

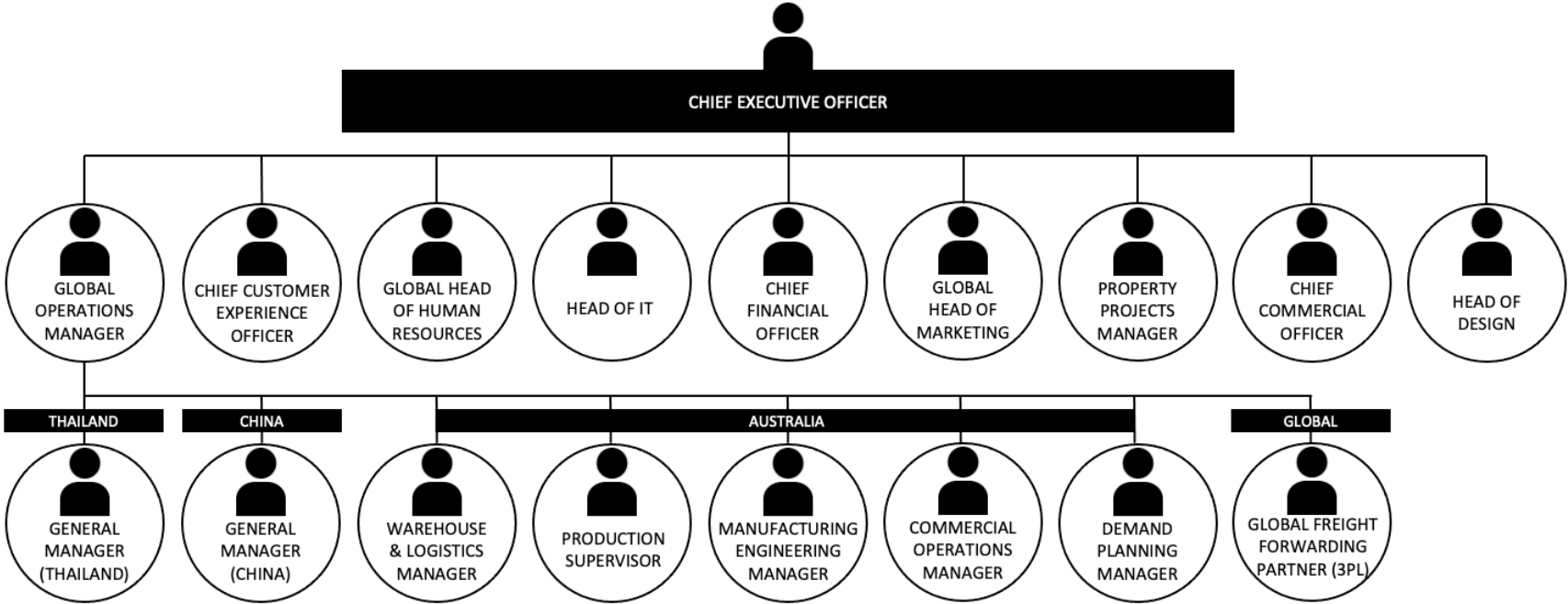
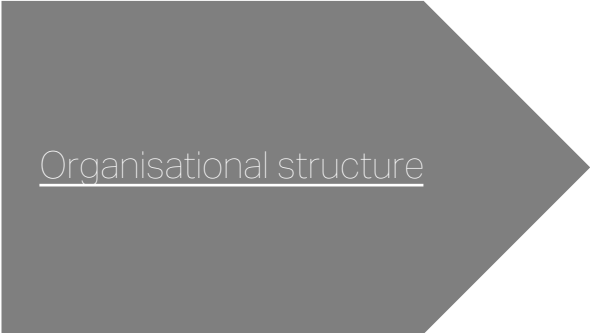


Structure, Operations & Supply Chain

King Living employs approximately 1,075 staff worldwide. There are approximately 400 staff based in Australia, 600 staff based in our Manufacturing Plants in China and Thailand, and a further 75 staff based in regions where we operate Global Showrooms in Canada, Malaysia, New Zealand, Singapore, China and the United Kingdom.

King Living is vertically integrated. Almost 90% of the goods we sell are manufactured by us in our factories in China and Thailand.

Our supply chain structure sits under the portfolio of the Global Operations Manager. This includes the provision of Ocean, Air and Road freight.



Structure, Operations & Supply Chain

Manufacturing

China

Gold Lion Furniture Shanghai Co Ltd is a wholly owned subsidiary of King Furniture Pty Limited. It has been in operation since 1995.

Thailand

Construction commenced on a new factory in Thailand in 2021. The factory is operated by our 100% owned Thai subsidiary, King Furniture Thai Company Limited. The first furniture shipment will be exported from Thailand in July 2022.

Finance and Admin

The finance function is centralised and undertaken for all entities (except the manufacturers) from Head Office in Sydney.

Funding for all entities, including the manufacturers, is controlled by Head Office. We are generally profitable in all countries in which we operate and pay income tax as appropriate under international transfer pricing rules.

We have limited external borrowings and access to additional capital as required. As a group, we are profitable and strongly cashflow positive and do not have any financial pressure that impacts our operations.

Freight and Logistics

Mondiale VGL Pty Ltd provides the majority of logistics related services to King Living. We have entered into a Service Level Agreement with them, which incorporates an agreed rate chart. Mondiale has submitted a Modern Slavery Statement and provided us with a copy. This has provided us with a level of assurance that our primary supplier of logistics is committed to upholding the intentions of the Act.

Procurement

Our Procurement is jointly controlled: Head of Product in Australia for Cased Goods; Global Operations Manager in Australia for Leather and Fabric; and suppliers of RAW materials into our owned factory in China is managed by our China based Purchasing Manager. They are also responsible for managing the associated risks.

Recruitment

Our Recruitment falls under the remit of the Global Head of Human Resources, based in Sydney, Australia, supported by a Human Resources Manager in China, who is responsible for the day-to-day activities in that country.

Our Human Resource related policies include: Recruitment; Diversity; IT Policy; Drugs and Alcohol and Bullying and Harassment. The policies in China are consistent with the relevant local legislation but we also seek to reflect our Australian employment approach as much as is practicable in our Chinese based operations. Similarly, we comply with all relevant employment legislation in countries where we operate retail stores; New Zealand, Singapore, Canada, Malaysia, China and the United Kingdom.

Operational Risks

Some of the risks that were identified in our 2020 statement continue to be relevant in the current reporting period. New risks have also been identified.

Industry sector

We acknowledge that modern slavery risks can be linked to certain sectors, including manufacturing and textiles, both of which impact our business. A prevalence of low skilled labour, outsourcing, poor governance, and other socio economic factors such as poverty directly impact these industries and heighten modern slavery risk. To a certain extent, this risk is reduced because we are vertically integrated and we control the majority of our production process.

New manufacturing facility

In our 2020 statement, we identified that there was an operational risk in having a single source of manufacturing in Shanghai, China. Accordingly, in 2021, we successfully established a second manufacturing facility in Thailand. Inherent in this are new risks related to a growing supply chain, the implementation of new processes, and the onboarding of a new team.

Onboarding of new suppliers

In 2021, we onboarded a significant number of new suppliers, primarily as a consequence of the new factory in Thailand. We have identified this a potential source of risk. However, as the relationships are newly formed, we can ensure that correct processes are implemented at the outset. In conjunction with our Global procurement project, we will be in a position to exercise better control of these risks.

Business operation and supply chain risks

Our vertically integrated strategy minimises risk within our business operations. However, we have identified risk where we engage external operational suppliers, sub-contractors and third parties within areas such as deliveries, assembly, maintenance and construction of our sites, and other external services. We recognise the need to exercise increased vigilance in monitoring countries where modern slavery risks are higher.

Supply of raw materials

Consistent with our 2020 statement, the following major commodities pose a low risk of modern slavery:

- Leather imported from Germany and Italy
- Fabric from USA
- Bed mechanisms from Italy

However, the sourcing of other raw materials is localised to China, where susceptibility to modern slavery is higher and risk is therefore increased.

Impact of COVID-19

Extended COVID-19 lockdown periods in China resulted in factory shutdowns, which adversely impacted our manufacturing capabilities. A continued strain on the supply of raw materials has effected manufacturing lead times. Attempts to improve these lead times and adhere to the business' critical path increases labour-associated risks. Furthermore, travel restrictions have limited the ability to engage in physical audits, site checks and supplier visits.

Actions Taken to Address Risks

Implementation of Additional Manufacturing Facility

As mentioned, in 2021, we successfully established a factory in Thailand. The first completed orders from our Thailand factory will be shipped in July 2022. As the factory production volumes increase, this will significantly mitigate a major risk within the business.

Global Procurement Project

As part of our continuous improvement, we began the process of reorganising our global procurement under a single team, reporting to the Chief Financial Officer. The primary aims of the project are:

- To select better suppliers and thereby improve the quality and continuity of supply of key materials.
- To improve our supplier contracts and our terms of trade and to ultimately save costs.
- To better engage with major suppliers to jointly seek innovation and improvements in the products and the processes we undertake together.

As part of the review of our suppliers, we have incorporated questions relating to their supply chain and modern slavery. We ask our suppliers to confirm that they are able to both identify and mitigate modern slavery risks. Modern slavery clauses will also be incorporated in our supplier contracts during the re-contracting process. We intend to consistently engage with our suppliers on modern slavery matters.

The project is expected to be complete by 31 August 2022 and the review and re-contracting of major suppliers will commence in the final quarter of this calendar year.

In-house Legal Department

In 2021, King Living established an in-house Legal Department. This signifies a critical development in the centralisation of legal and governance matters. Legal is responsible for advising the business how to minimise risk in all areas. Relevantly, modern slavery compliance now sits within the ambit of our Legal Department, in collaboration with key teams in Operations, the new Global Procurement Team and Manufacturing.

Supplier Polling

We have updated our supplier survey on modern slavery for 2021 to provide our suppliers with more information about modern slavery and our reporting obligations. Metrics have been developed to assist in identifying our Tier 1 suppliers to be surveyed. Based on the risks ascertained through analysis of the data collected, our Legal Department now works alongside our Operations Department to further investigate medium-high risk suppliers.

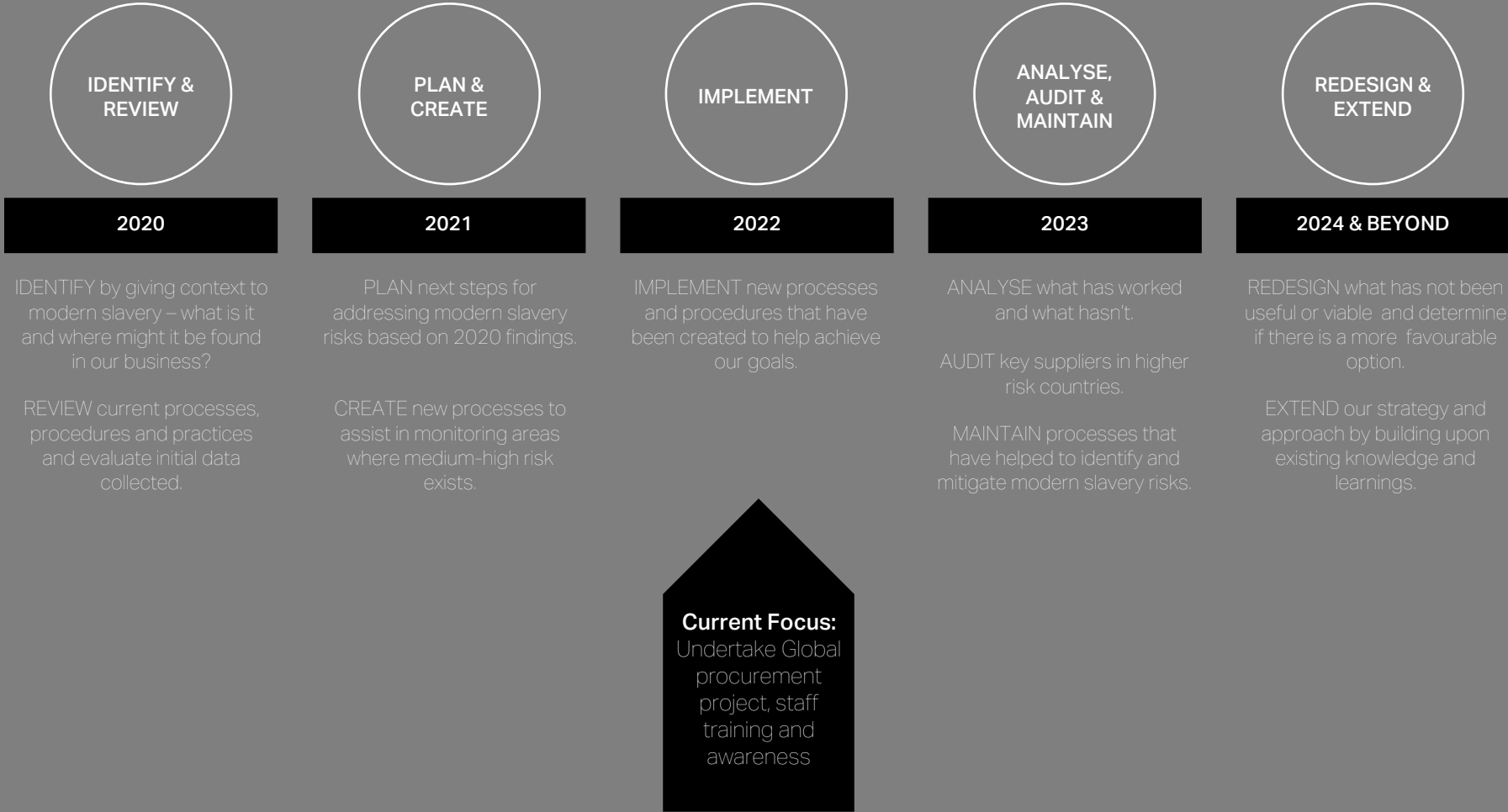
Inclusion of Anti-Modern Slavery Clauses Within Policies

We have amended the following company policies to include statements in relation to modern slavery:

- Code of Conduct
- Whistleblower Policy
- Anti-Bribery and Corruption Policy

These policies must be read and acknowledged by our staff. They are available via an online portal alongside our other employment policies.

The Way Forward: Roadmap



The Way Forward: 2022

Implementation of Global Procurement Recommendations

At the completion of the Global procurement project, our consultants will make proposals and recommendations for improvements. A key focus for 2022 will be to implement these recommendations. We anticipate that the implementation phase will commence in the fourth quarter of the 2022 calendar year.

Ongoing Communication with Suppliers

Improving relationships with our suppliers will be an important part of our continuous development. We will be implementing new processes to ensure that regular meetings are held with our suppliers. These meetings will be held a minimum of three times per year for major suppliers and annually for smaller suppliers. Modern slavery will be included on the agenda for those meetings, ensuring that the conversation is ongoing and issues are addressed.

Further Policy Amendments

In addition to amendments already made to existing company policies, anti-modern slavery clauses are being included in the Procurement Policy and Supplier Code of Conduct which will be drafted as part of our Global procurement project. This will assist in further informing both internal staff and external suppliers on our expectations around modern slavery.

Raising Staff Awareness

An online training module will be implemented within the business and current staff will be expected to complete it by the end of the year. It will give staff a basic understanding of modern slavery and associated risks. This module will form part of the induction process for new employees.

Specialised Training for Key Staff

In the fourth quarter of the 2022 calendar year we will seek to introduce face-to-face modern slavery training for key staff in our Procurement, Operations and Demand Planning Teams. This training will go beyond the material covered in the online training module to provide further guidance on identifying and managing modern slavery risks.

Effectiveness Assessment

Our Modern Slavery Statement and Policies

This statement provides the basis for tracking and understanding our progress toward minimising modern slavery risks. Our obligation under modern slavery legislation to report annually, as well as the inclusion of anti-modern slavery clauses within our policies will ensure accountability and responsibility is upheld.

Annual Review: Board and Executives

Our modern slavery statement will be reviewed annually by our Board and Executive Team. Our Procurement Team will provide an analysis of the effectiveness of the prior year's statement by establishing whether our targets were met.

Quarterly Review: Procurement Team

An inter-departmental review of all matters related to modern slavery will occur four times per year. This will ensure that communication is ongoing and will allow the opportunity to track progress against our goals throughout the year.

Quantifiable Assessment

At the end of the next reporting period we will seek to analyse our effectiveness in meeting our targets by assessing data. Some of the key performance indicators that can be assessed include:

- Number of supplier contracts including modern slavery clauses
- Number of suppliers audited throughout the year
- Completion rates of internal modern slavery training
- Number of on site visits to large high risk suppliers undertaken
- Number of actual instances of modern slavery identified and actions taken as a consequence of that information



Process of Consultation

Our Entities

The King Living Group includes the following related entities:

- King Furniture Australia Pty Ltd, ABN: 79 002 757 333.
- Standard Distribution Pty Ltd, ABN: 13 002 259 270.
- King Living Inc. (Canada), Company Registration: 1054248-2.
- King Living New Zealand Ltd, NZBN: 9429041548196.
- Design On-Line Pty Ltd, ABN: 25 629 161799.
- Gold Lion Furniture Shanghai Co Ltd ('Gold Lion').
- King Furniture Thai Co., Ltd, Registration number: 015564013874.
- King Living Inc (USA).
- King Living Singapore Pte. Ltd., Company number: 201503463W.
- King Innovations Pty Ltd (Aust), ABN: 17 621 070 139.
- King Australia Limited (Hong Kong), Incorporation No: 2572190.
- King Living Limited (KL UK), Company number: 12921034.
- King Living Shanghai.
- Meridian Outlook Sdn Bhd (Malaysia), Company number: 1216613-U.

Consultation

For the purposes of the *Modern Slavery Act 2018* (Cth), King Furniture Australia Pty Ltd is submitting this statement for a Single Reporting Entity as provided for in section 13.

The King Living Group is effectively centrally controlled and managed by our Australian Head Office. We have had consultations, discussions and reached consensus on our approach to modern slavery, the steps taken to date and the way forward, with our associated entities as identified in this section.

Furthermore, the direct reporting line between management in our China and Thailand manufacturing facilities and our Global Operations Manager in Australia, ensures that King Furniture Australia has a substantial supervisory function and ongoing consultation with these entities.

This statement has been endorsed by the Board of King Furniture Australia.

This statement is approved by the Board of King Furniture Australia Pty Ltd.

Signed

Anna Carrabs

Chief Executive Officer
King Furniture Australia Pty Ltd

