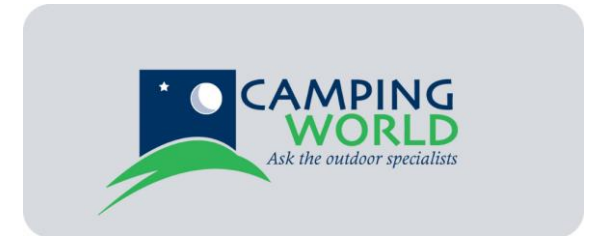


# Modern Slavery Statement

Reporting Year FY 2020–2021



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This Modern Slavery Statement is published by Associated Retailers Limited (ARL) ACN 004 520 030 in accordance with its obligations under the Modern Slavery Act 2018 (Cth) for the financial reporting period

1 July 2020 - 30 June 2021 (inclusive). Established in 1956 Associated Retailers Limited is one of Australasia's largest independent retail buying groups that operates as a co-operative with retail stores across Australia & New Zealand.

The statement sets out the actions taken by Associated Retailers Limited in identifying and addressing risks of modern slavery in its operations and supply chain as well as the effectiveness of those actions.

# Foreword from Franco Godinich

Preventing and addressing our own involvement in modern slavery is central to ARL's sustainability approach.


We support and respect the protection of internationally proclaimed human rights and endeavor to make sure ARL identifies and manages the modern slavery risk.

As strong advocates for the modern slavery reporting requirements in Australia, ARL is committed to maintaining and improving systems and processes to avoid complicity in modern slavery or human rights violations related to our own operations, supply chain and services.

With a zero tolerance to any breaches of modern slavery, it is a requirement that our suppliers comply with the standards and principles of the Modern Slavery Act 2018 and Human Rights Charter.

Our second Modern Slavery Statement details our actions so far and set our clear objectives as we move forward.

We still have much work to do to ensure that we build a strong and robust framework in order to identify, mitigate and remediate the complex issues of modern slavery.



Franco Godinich  
Chief Executive Officer  
Associated Retailers Limited



This Modern Slavery Statement has been reviewed and approved by the Board of Directors of Associated Retailers Limited 29<sup>th</sup> November 2021

# Our Structure, Operations & Supply Chain

## About Associated Retailers Limited

Established in 1956 Associated Retailers Limited (ARL) is one of Australasia's largest independent retailer buying groups that operates as a co-operative with retail stores across Australia and New Zealand. The principal activities of ARL include the licensing of ARL owned brands: Camping World, Compleat Angler, Mensland, Shoex, SportsPower and Toyworld providing its members with retail and marketing services. Product ranges include Toys, Bikes, Sports Equipment, Camping Products, Fishing Products, Clothing and Footwear.

Across the group stores stock a curation of over 500+ international and local brands including 17 of our own brands.

## Our structure & operations

Associated Retailers Limited operations are headquartered in Oakleigh Victoria Australia and Auckland NZ. Our retail group has over 500 stores nationally and with the exception of one company owned Toyworld in Townsville all stores are independently owned and operated. In Australia, as of June 30 2021 we directly employed 44 people including both permanent and casuals throughout our two sites across 10 different business units including Divisional Brand Buying Groups, Marketing, Finance, It and Logistics.

## Our Product Supply Chain

Our product supply chain consists of international brands and local brands as well as our own brands. ARL Owned Retail Brands are home to over 500+ International and Local brands sourced from brand partners. Our own brand/label business comprises 17 brands across Toys, Sporting Equipment, Apparel, Fishing and Camping. In FY 2020-2021 these brands were Playworld, Gym Tech, Aqua Tech, SportsPower, Allegre, Lancia, Bertini, Compleat Angler, Angler Tech, Icon, Nitro, Yakamito, Live Native, Konan, Camping World, Outdoor Equipped and Feral X.

As at 30<sup>th</sup> June 2021, we currently source with 91 independently owned factories. China (77), USA (9), Taiwan (2), Vietnam (1), Japan (1), New Zealand (1)

## Our Non-trade Supply Chain

In our non-trade supply chain we transacted with 20 suppliers during the reporting period which provided good and services to our membership and in categories such as logistics, international freight forwarding and cleaning.

## Governance and Accountability

ARL believe in practicing strong and effective governance and are committed to maintaining a robust human rights due diligence system. The ultimate accountability for ARL's due diligence efforts is held by the ARL Executive Team including ensuring modern slavery risks are managed within our CSR Framework.

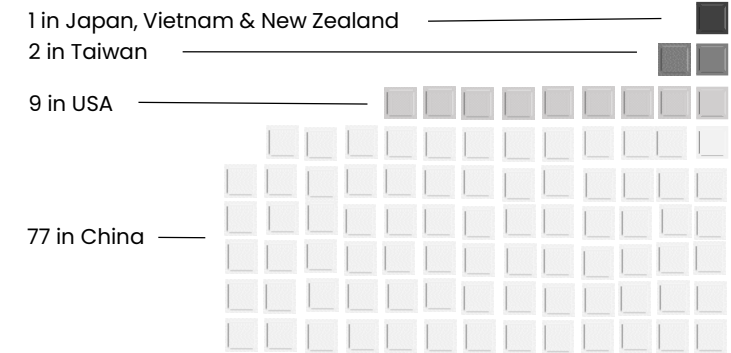
500+

International & Local Brands

17

Own Label Brands

91 Independent factories in 6 countries producing our own brands



Our Own Brands





# Modern Slavery Risks in Our Operations & Supply Chain

ARL acknowledges modern slavery takes many forms and includes situations of coercion, threats or deception to exploit victims and undermine their freedom including human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour.

We also recognize there are further practices which can act as indicators of the presence of forced labour such as document retention, forced overtime and wage retention. To further understand the presence of potential modern slavery risks, in early 2021 we undertook a risk readiness and awareness workshop run by Ethical Trade Alliance (ETA) involving our Executive leadership team. The focus was to gain a thorough understanding of the various risks which potentially exist across different areas of our business, review the status of our existing actions and controls in place to mitigate these, and identify the gaps within our diligence commitments. Risks were assessed by country, inherent sector, commodity and worker group against our business operations and in our supply chain. We categorized our suppliers based on country of origin and their volume of supply. We used the services of Ethical Trade Alliance to perform gap analysis and estimate the probability of risk within our supply chain. To support our assessment we have used the risk profile of individual countries and commodity based on the Global Slavery Index and 2020 ITUC GLOBAL RIGHTS INDEX as a benchmark.

## Risks in our operations

ARL's operations are based in Oakleigh Melbourne Victoria, Auckland NZ and a retail store in Townsville. In Melbourne our support office consists of 10 different business units including Branded Buying Groups, Marketing, Finance, It and Logistics the overall risk profile of our operations is low.

To avoid risk of modern slavery within our operations ARL operates a rigorous recruitment selection process for all hiring decisions which includes obtaining documented proof of age and an individuals right to work in the country. We have a suite of policies to support our zero tolerance approach to bullying. Our commitment to conducting business in an open and ethical way is supported through our Code of Conduct addressing bribery and money laundering. The health and safety of our employees is paramount and our OH&S policy and handbook has been updated during this reporting period to reflect updated legislation and COVID-19 working from home and current health order policies and requirements. ARL's company handbook addresses equal employment opportunities. As part of our induction process all new employees receive a copy of all policies and have them explained. All staff have access to our policies and handbooks via [General Staff Information on our Network](#). Policies are reviewed annually by our Audit & Risk Committee.





### **Risks in our own-brand supply chain**

Our risk assessment identified that out of the 91 own-brand factories used 80 are located in countries with a higher presence of modern slavery risk indicators. As a result, these factories were considered a core focus for the current reporting period. Unlike the factories used by our wholesale partners we have greater visibility over our first tier manufacturing. In our previous reporting period we used questionnaires to gain insights into factories modern slavery and human rights policies and procedures. As part of our review and assessment of our own brand supply chain, our supplier terms of trade have been reviewed, a new comprehensive Supplier Code of Conduct written and our questionnaire to include greater information or risk indicators around the composition of the work force including % of women workers, the use of agency and migrant labour, the availability of grievance mechanisms and union participation, as well as the International Labour Organisation (ILO) indicators of forced labour such as excessive overtime.

Our current sourcing model uses a combination of direct-to-factory relationships as well as sourcing agents. We recognize trading with sourcing agents who select our manufacturing partners can translate to a lower ability to influence conditions than our direct factory relationships.

We also recognize that the most serious of abuse can happen further up the supply chain where we have limited visibility. This will need to become a focus in 2022. Due to COVID-19 we were unable to conduct any in person factory audits. In FY 21-22 reporting period however we plan to audit our 3 largest own brand factories utilizing the services of ETA. (Ethical Trade Alliance)

### **Risks in our wholesale supply chain**

Due to lower visibility within our wholesale supply chain it is harder to assess and measure modern slavery risk. We recognize that the probability of modern slavery within the supply chain exists based on country of origin and risk profile of those countries and commodities. According to the Global Slavery Index<sup>6</sup>, over 70% of Australia's imported clothes are sourced from countries where the apparel industry is considered at risk of using modern slavery. We can determine a significant proportion of products are produced in countries and industry sectors with high inherent risk ratings given the range of apparel and footwear brands offered throughout our SportsPower and Mensland stores. We are committed to ensuring a robust and dedicated approach to minimize any risk of modern slavery across our supply chain and will continue to utilize our supplier questionnaires and compliance documentation from our supplier partners. Suppliers unable to provide information will then be reassessed as to their suitability as a preferred supplier.



# Our Actions To Assess & Mitigate Modern Slavery Risks in Our Operations & Supply Chain

ARL recognizes our responsibility to effectively manage and mitigate the social and environmental impacts of both our operations and supply chain, including potential modern slavery risks. We are committed to effective governance and transparency in our approach to reduce and respond to these risks.

### Actions taken in our operations

In our second reporting period one of our key focuses has been embedding our CSR and modern slavery framework within our organizations culture. Building on the awareness workshop and training conducted last reporting period by ETA on corporate social responsibility , modern slavery and sustainability with the Executive team, all ARL current and new employees have undergone training to build a greater awareness.

Risks in our operations are managed by a robust governance framework, reporting regime, risk-assessment process and policy suite. These controls are over-seen by the Audit & Risk Committee.

During this reporting period the following policies and procedures have been reviewed, updated or created to reflect our CSR framework.

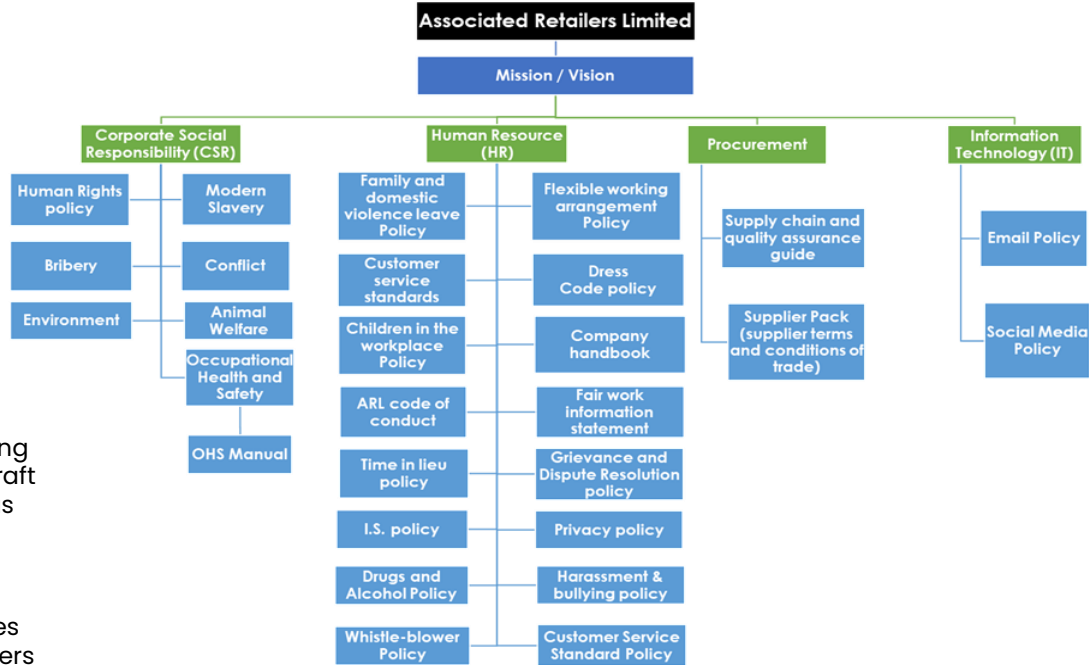
Policies, which apply to all staff and contractors, communicate our standards and expectations regarding responsible business practice and include:

- ARL Code of Conduct
- Human Rights Policy
- Modern Slavery Policy
- Bribery Policy
- Animal Welfare Policy
- Conflict Policy
- Environment Policy
- Occupational Health & Safety
- Whistleblower Policy

Our implementation of CSR goals, KPI's and reporting tools has been difficult due COVID-19 however a draft set of goals addressing environmental impacts has been designed for rollout in 2022.

### Grievance mechanisms

ARL believes in a workplace culture that encourages all our employees, contractors and business partners to report any concerns or circumstances which may give rise to the risk of slavery or human trafficking. The report process is designed to make it as easy as possible for people to make disclosures about any concerns. Employees are encouraged to report to their managers or to the person who is their key contact at ARL. A separate email address [modern.slavery@arl.com.au](mailto:modern.slavery@arl.com.au) is available as a point of contact for any modern slavery related queries or reporting. There were no concerns relating to human rights or modern slavery violations during the reporting period.



ARL CSR Framework

### ARL Mission:

Associated Retailers Limited are committed to an ethical and transparent approach to business as reflected in our Code of Conduct and will ensure effective systems and controls are in place to safeguard against all forms of modern slavery within our business operations and our supply chain. We respect the basic rights of the people we deal with and will not take part in activities that encourage human rights abuses. We support the goals of the Commonwealth Modern Slavery Act 2018 in line with the UN Guiding Principles and commit to building the knowledge and awareness of our employees, suppliers, and stakeholders on human rights.

## Actions taken in our own-brand supply chain

During this reporting period ARL has continued to use our questionnaire and declaration process within our own-brand supply chain in order to assess risk. This will continue to be required annually from all suppliers.

Our questionnaire also now includes greater information or risk indicators around the composition of the work force including % of women workers, the use of agency and migrant labour, the availability of grievance mechanisms and union participation, as well as the International Labour Organisation (ILO) indicators of forced labour such as excessive overtime.

Currently 62% of our direct suppliers have submitted their modern slavery declaration. Factories that are not compliant by June 30 2022 will be reviewed as to their suitability to be part of any future supplier relationship.

A comprehensive Supplier Code of Conduct has been designed incorporating our CSR framework and our Supplier Terms of Trade this will set a base line for our trading relationship and will be incorporated into our on-boarding process for new suppliers.

We will also encourage our own-brand suppliers to undertake online training on modern slavery in order to support their awareness and understanding of ARL's values and policies.

## Actions taken in our wholesale supply chain

Although we do not own or are able to directly control our third-party brand partners we recognize that we have a responsibility to influence and increase visibility wherever possible in order better manage and mitigate their own modern slavery risks.

Due to the fact that we do not own or are able to directly control our wholesale suppliers, our approach is one of greater engagement and educational support.

As with our own-brand supply chain we initially started our audit process by asking suppliers to fill in our questionnaire and declaration. As we moved into the current reporting period we have moved to a process where our large suppliers can submit their Modern Slavery Statements and declaration. This allows for greater focus on small suppliers where the probability of risk is higher. We have continued to use mapping and gap analysis provided by ETA throughout this period.

Again, we will actively encourage all of our wholesale supply chain partners to undertake online modern slavery training in order to gain a greater awareness of this area as well our new Supplier Code of Conduct and trading terms to bridge the gap for compliance.





# Evaluating The Effectiveness Of Our Actions To Assess & Mitigate Modern Slavery Risks

ARL are committed to conducting regular process reviews as we seek further visibility within all our supply chains. During this reporting year we identified through our internal audit process that our supplier questionnaire processes were not robust enough to allow enough visibility and were deficient in identifying and analyzing all Modern Slavery Risks and indicators both current and future.

By reviewing, updating and reissuing the supplier questionnaire, requesting greater information we will now have a greater opportunity to identify and address non-compliance, improve our outcomes and ensure our efforts have a greater impact.

In addition as part of our ongoing governance and transparency and in our approach to reduce and respond to these risks we will deliver biannual updates to the executive team, audit & risk committee and ARL Board.

During this reporting period we have no known evidence of modern slavery within our operations, current own-brand or wholesale suppliers.

## **COVID-19 & Potential Human Rights Risks**

COVID-19 has continued to impact our supply chain with both our Own Brand and Wholesale suppliers experiencing factory closures and limited capacity as factories manage the health risks of workers.

To assess the on-going impact the COVID-19 pandemic has had on our factory partner workers we have now requested additional information in regards to loss of wages, excessive overtime and on-site living conditions to monitor the management of health risks and the potential of increased modern slavery risks within the workforce. ARL have honored all orders placed with our supplier partners in an effort to minimize our impact on factories and their workers.



# Future Plans for FY 2021-2022

ARL are committed to ensuring human rights are at the forefront of all our business practices. We are committed to continuous improvement in our processes and procedures to ensure the identification of modern slavery in our operations and supply chain to enable us to eliminate where possible.

Clear communication is paramount in setting expectations to our suppliers ensuring that they meet our standards and comply with all applicable modern slavery, human trafficking, anti-bribery, anti-corruption and anti-slavery laws.

In FY 2021-2022 we will include a more focused approach to our environmental impacts as we move into the next phase of our ethical sourcing journey.

## **Approach for 2021-2022**

Our approach in 2021-2022 is to review, maintain and improve activities and processes previously implemented. We have analyzed into the 3 key areas of Internal, External and Process Improvement requirements and activities.

### **Internal**

- Re-run modern slavery awareness training. Evaluate the implementation of on-line modules to support.
- Review our modern slavery governance framework and support structure.
- Establish a dedicated CSR working group to assess current CSR status and develop a CSR integrated strategic plan.

### **External**

- Increase visibility of modern slavery risk or abuse by improving own-brand supplier questionnaire and declaration compliance to 75%.
- Engage with non-reporting smaller wholesale suppliers to build their awareness in managing modern slavery risks.
- Engage ETA to conduct independent audits of our 3 largest (Volume) own-brand suppliers.

### **Process Improvements**

- Continue to implement robust due diligence on working conditions in factories through more detailed supplier questionnaires and annual supplier declarations.
- Re-run gap analysis assessments on our own-brand suppliers to identify the probability of risk increase (COVID-19 impacts) and to assess further engagement requirements.
- Undertake risk assessments across logistics carriers.
- Roll-out to all suppliers new Supplier Code Of Conduct.
- Design and implement new on-boarding process and documentation suite for new own-brand suppliers.

# Appendix

This Modern Slavery Statement was prepared in accordance with the mandatory reporting criteria set out in the Modern Slavery Act 2018

<b>Mandatory criteria</b>	<b>Mandatory criteria</b>	<b>Page Numbers</b>
1. Identify the reporting entity	1. Contents	02
2. Describe its structure, operations and supply chains	2. Our Structure, Operations & Supply Chain	04
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity any entities the reporting entity owns or controls.	3. Modern Slavery Risks In Our Operations & Supply Chain	05-06
4. Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.	4. Our Actions to Assess & Mitigate Modern Slavery Risks In Our Operations & Supply Chain	07-08
5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.	5. Evaluate The Effectiveness Of Our Actions To Assess & Mitigate Modern Slavery Risks.	09
6. Describe the process of consultation with any entities the reporting entity owns or controls.	6. N/A no controlled or owned entities	N/A
7. Provide any other relevant plans.	7. Future Plans FY 2021-2022	10