



Drakes.

DRAKES SUPERMARKETS

Modern Slavery Statement

1 July 2020 to 30 June 2021



Drakes Supermarkets

Modern Slavery Statement

1 July 2020 to 30 June 2021

Drakes is the largest independent grocery retailer in Australia.

Drakes specialises in supermarket retailing, operating in over 60 stores across South Australia and Queensland, and employing over 5,500 staff nationally.

Drakes started in 1974 with Roger Drake purchasing his first supermarket, a three-laned store named Jack & Jill's which employed only four staff. In 1977 the first Drakes was opened and, since then, has expanded in South Australia and Queensland to become Australia's largest independent supermarket chain.

The strength of Drakes lies in operating on the principles of a family business and senior management work very hard to maintain this culture. Despite its expansion, Drakes has kept its focus on the important aspects of the supermarket business – the customer – by always striving to provide superior customer service. This is the Drakes competitive edge, along with its family values and South Australian roots.

This statement is our second modern slavery statement and is for the reporting period of 1 July 2020 to 30 June 2021 and addresses the mandatory criteria as set out in section 16 of the *Modern Slavery Act 2018* (Cth) ("**Act**").



Drakes Mission, Vision and Values

Mission

To provide customers with exceptional service, value for money, a great range of products and an outstanding shopping experience.

Vision

To be a world class retailer

Core Values

Drakes core values include:

- Customers – the most important people in the Drakes Supermarket business. Drakes will do its utmost to satisfy their needs and exceed their expectations.
- Community – pledging to give back to the community and supporting the community wherever possible.
- Growth – committed to the growth of the business and in everything we do. Operating the business in a forward planning professional and efficient manner.
- People – having the right people in the right jobs, enjoying themselves in a safe environment. Providing staff with security and a career path knowing that competent and dedicated staff are the basis of our success.
- Safety – providing a safe environment for our customers, staff and suppliers, and complying with all legislative requirements.
- Suppliers – valuing long-term supplier relationships.

As people are a core value to Drakes, it follows that Drakes opposes any form of modern slavery¹ in its operations and supply chains. Drakes is honest in its approach to actions taken to address risks of modern slavery. With a complex and in some instances extensive supply chain, Drakes recognises we are early in our compliance journey and to that end, continuous improvement is essential.



¹ Modern slavery is defined under the *Modern Slavery Act 2018* (Cth) to include eight types of serious exploitation including servitude, slavery, forced labour, forced marriage, the works forms of child labour, debt bondage, deceptive recruiting for labour or services and trafficking.



Criteria 1

Reporting Entity

The reporting entity for the purposes of this modern slavery statement is Drake Corporation Limited (ACN 161 067 018) ("**Drakes**"). This statement is made by Drakes on behalf of all entities in the Drakes group.



Criteria 2

Structure, Operations & Supply Chains

Structure

Drakes is a public company limited by guarantee. Drakes is the head entity for the entities which comprise the Drakes group. All group entities are based within Australia.

A summary of the entities in the group and their purpose are as follows:

- The key operating entities in the Drakes Group are majority owned by Drake Supermarkets Pty Ltd, which is ultimately owned by Drakes;
- 18 private companies operate Drakes retail stores including 62 Drakes supermarkets across Queensland and South Australia, two market fresh stores, two newsagency stores and 3 liquor stores;
- 1 private company operates wholesale fruit and vegetable operations in both Queensland and South Australia;
- 1 private company operates a meat processing facility in South Australia to supply meat to South Australian retail supermarkets;
- 1 private company operates a distribution centre to supply its retail stores in South Australia;
- 4 land holding entities.

All entities in the group are subject to the same governance structure, policies and procedures and is overseen by Drakes.

Of the stores mentioned above, 27 Drakes supermarkets are in a joint venture arrangement with a third party, Metcash, a publicly listed Australian company. Three other supermarkets are jointly owned with third parties. A separate joint venture is in place for the ownership of a regional South Australian shopping centre of which Drakes leases, manages and operates.

Trademarks that customers associate with Drakes include:



Drakes.



The Value trademark relates to a range of home brand products that Drakes retails in its supermarkets.



Operations

Drakes is a family owned business headquartered in Adelaide, Australia² with around 5,500 employees nationally.

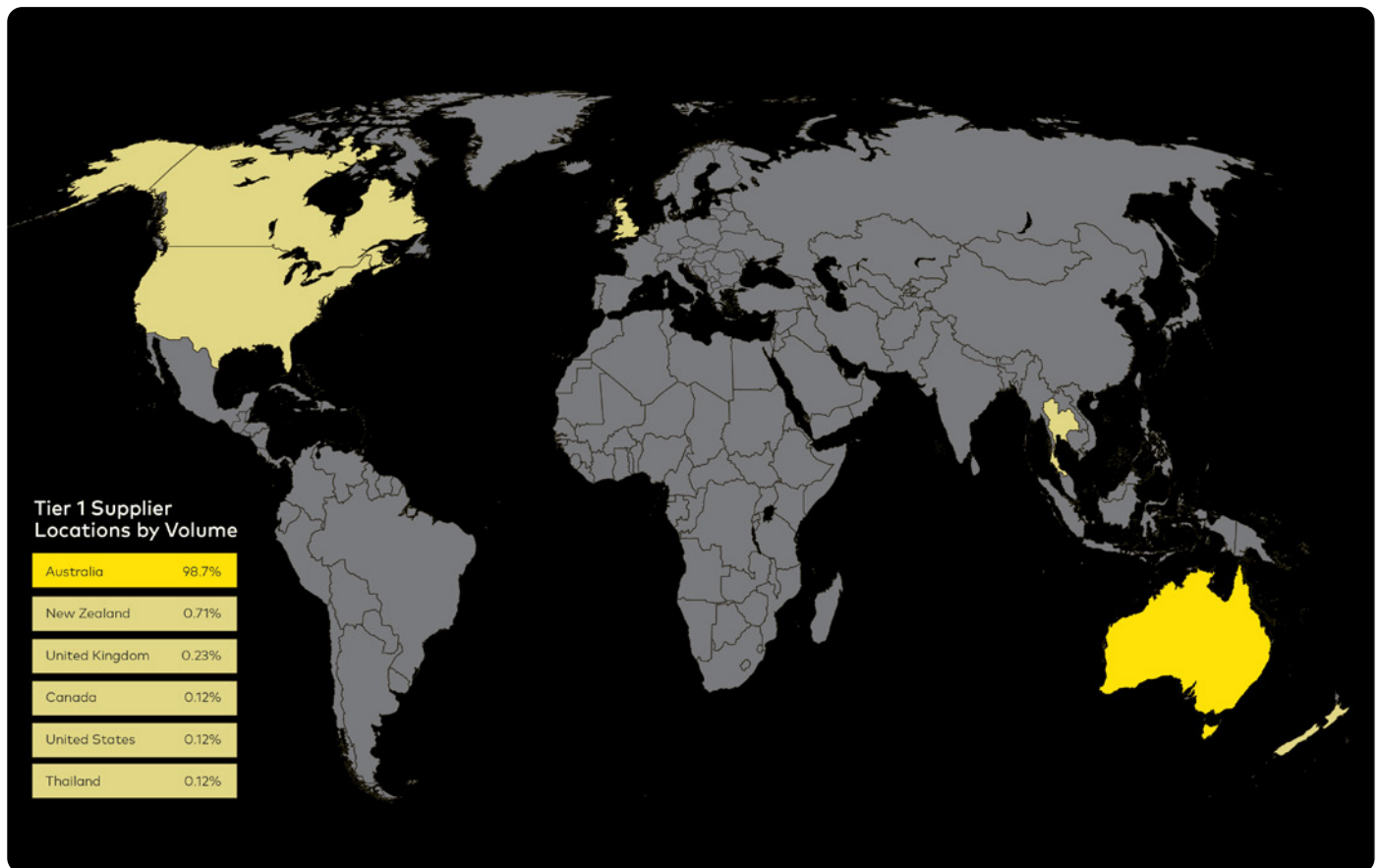
Drakes is an independent supermarket grocer retailing in food, liquor, and newsagencies and also operating a wholesale distribution business. Drakes operates 41 supermarkets, 2 newsagencies and 3 liquor stores in South Australia, 21 supermarket stores in Queensland.

Supplier Relationships and Supply Chains

Suppliers are integral to the operations of Drakes. Drakes was founded on the idea of supporting local manufacturers and suppliers in Australia. Drakes is proud to say that the majority of its suppliers are locally Australian or South Australian based, many of which are long-lasting relationships.

Not only is Drakes committed to supporting local, Drakes actively seeks out suppliers that align with Drakes' values.

Supporting the Drakes ethos of supporting local suppliers, the locations of Drakes tier one suppliers are as follows:



For the stores in Queensland, Metcash Food and Grocery Pty Ltd ("**Metcash**") is Drakes' sole grocery supplier. Metcash is an entity listed on the Australian Stock Exchange and is a reporting entity for the purposes of the Act.

² Drakes Head Office, Upper Level, 159 Henley Beach Road, Torrensville, South Australia 5031

Overview of supply chains

As a supermarket, Drakes sources goods for its customers to meet their daily needs. While a majority of the goods and services supplied by Drakes' are locally sourced, the complexity of supply chains depends on the type of goods or services sourced.

For example, for Drakes the supply chain for fresh produce is simpler compared to that of household cleaning products.

Drakes' supply chains can be summarised as follows:

Retail

For example, fresh produce, meat and seafood, dairy, frozen foods, dairy, baby products, health and beauty, liquor and household cleaning and needs.

Goods and Services to Retail Operations

Logistics, packaging, cleaning, construction and trolley handlers.

Administration

Office suppliers, uniforms, information technology and professional services.





Criteria 3

Risks of Modern Slavery

There are several factors that can contribute to modern slavery, including high-risk geographical locations, vulnerable populations and high-risk products.

Modern slavery can also be linked to other issues including bribery and corruption, fraud, serious and organised crime and money laundering. Drakes acknowledges that these factors, as well as poor employment conditions and employee underpayment, can be indicators of modern slavery.

Operations

Drakes' headquarters, stores, warehouses, distribution centres and other operations are solely located in Australia.

Drakes operates on the principles of a family business with direct control over its operations. Since the opening of Drakes' distribution centre in 2019 in the northern suburbs of Adelaide, Drakes' operations function on a self-supply model in South Australia. This has given Drakes more control over its operations and reduced the complexity of many supply chains.

Our employees are the key drivers of the Drakes mission and we are committed to creating an inspiring workplace which supports the development of great people.

Drakes is inherently aware that components of its operations do carry risks of modern slavery.

Drakes identifies the most vulnerable aspects of its operations are:

- trolley collection at our stores;
- labour in our warehouse and distribution services; and
- food manufacturing and processing

Below is an assessment of the risks associated with the types of workers engaged across Drakes' operations.

RISK AREA	EXPLANATION	RISK ASSESSMENT
Warehouse and logistics	The nature of our supermarket operations and our distribution operations means Drakes has a network of logistics and transportation providers and uses labour-hire workers in its distribution centre. Drakes acknowledges the modern slavery risks that may be present in these areas.	Drakes assesses this risk as low risk due to the policies and agreements Drakes has in place to regulate and monitor these arrangements
Manufacturing and processing workers	The risk associated with manufacturing and processing workers is often due to the fact these operations are outsourced, often overseas. Drakes retains total control of the manufacturing and processing it undertakes through its sub-entities.	Drakes assesses this risk as low due to Drakes' direct control over the operations that manage manufacturing and processing

Supply Chains

There are several factors that can influence risk within supply chains. Risk profiles for products and services can change depending on where they are sourced. Geographical location has a significant impact on risk due to factors such as political stability, the prevalence of bribery and corruption, government action against modern slavery, poverty, and education. Products and services also carry their own risk depending on the nature of work required for production, whether they are within a regulated industry, and the complexity of the supply chain to achieve a final product. Identifying risk within supply chains can become increasingly difficult as visibility decreases further down the supply chain.

Drakes understands that modern slavery is a complex, global issue and investigations will be required further down the Drakes supply chains. There are various commodities that are known to be particularly at risk of modern slavery practices.

In the last reporting period, Drakes implemented a scoping exercise to fully identify priority risk areas for further investigation. This scoping exercise was expanded in the reporting period, a summary of risk in our supply chains is set out below:

Product Risk

Certain products carry higher risks of modern slavery practices. Products that carry higher risk profiles are identified in the map on the following page.

Geographic Risk

Drakes acknowledges that while its direct suppliers are only located in the six countries identified above, the supply chains of some products can be global and complex. As such, Drakes has investigated the risk profiles of various products that may arise due to geographical location.

Cocoa

A majority of the world's cocoa supply is sourced from Western African countries that have been identified by the Global Slavery Index ("GSI") as high risk for modern slavery. Child labour and forced labour are very common in the cocoa industry.

Ivory Coast and Ghana

Coffee and Tea

Tea and coffee plantations/farms are often isolated which requires workers to live onsite. While plantation/farm owners have an obligation to provide and maintain basic services, such as water, toilets and housing, this is often not the case. This leaves workers exposed to poor living and working conditions, extreme overtime hours and withholding of identification documents.

Brazil (coffee) and India (tea)

Uniforms

The raw materials used to produce uniforms, namely cotton, are high risk for modern slavery. Forced labour, child labour and state-enforced forced labour are the most common practices known in the industry.

China and Uzbekistan

Tobacco

The tobacco supply chain is particularly vulnerable to modern slavery issues due to the inherent risks in agriculture. According to the GSI, the world's top producers of tobacco, China, India and Brazil, have either a moderate or high-risk prevalence of modern slavery.

China

Fish

According to the GSI, modern slavery occurs in fishing industries in most parts of the world. As this is a labour-intensive and low profit industry, victims often suffer deceptive recruitment, physical confinement off-shore, unsafe working conditions and withholding of wages.

Thailand

Nuts

Nuts are one of the top three food products most vulnerable to modern slavery. There are numerous reports of forced labour occurring on nut farms, particularly in Peru and Bolivia.

Peru and Bolivia

Rice

Rice is globally considered a high-risk commodity. Rice farming is labour intensive and highly seasonal. This leads to the use of temporary, casual or low-skilled labour.

China and India

Canada

Risk Products / Services - Agriculture



Canada has a low prevalence of modern slavery, with 0.048 percent of the population predicted to be living in modern slavery conditions. Sexual exploitation and the exploitation of migrant workers are the most significant risks of modern slavery for the population. The response of the Canadian government is slightly above the region average.

United Kingdom

Risk Products / Services - Dairy



The United Kingdom has a very low risk, prevalence and vulnerability of modern slavery. The risks of modern slavery include human trafficking and exploitation of migrant workers. However, the United Kingdom government has a strong response to combating the issue of modern slavery.

Thailand



Risk Products / Services - Aquaculture (fresh and frozen fish) and Rice

There is a moderate risk of modern slavery in Thailand. The aquaculture industry in Thailand is high risk for modern slavery practices, with reported instances of forced labour and deceptive recruitment.

New Zealand



Risk Products / Services - Fruit and vegetables and Meat processing

New Zealand has a very low prevalence for modern slavery and the lowest levels of vulnerability in the Asia Pacific region. However, there have been reported instances of exploitation of migrants within New Zealand.

United States

Risk Products / Services - Information Technology and Software



The prevalence and vulnerability in the United States is low, with 0.13 percent of the population estimated to be in modern slavery. The risks for modern slavery are in the exploitation of migrant or undocumented workers and young unemployed workers.

Australia

Risk Products / Services - Fruit and vegetables, Construction and Meat processing



Australia has a low prevalence and vulnerability to modern slavery. One of the most common forms of modern slavery in Australia is forced labour which is prevalent in the agriculture, construction and meat processing industries. However, Australia has a strong government response to modern slavery occurring within Australia and in international supply chains.

Tier 1 Supplier Locations by Risk



Pursuant to the United Nations Guiding Principles businesses are expected to take action to assess how it may cause, contribute to or be directly linked to modern slavery.

As such, Drakes considers whether it is linked to any of this conduct through its operations or supply chains.



Cause

Drakes does not control or exclusively engage any factories overseas. Further, Drakes has its own distribution centre and wholesale arm of its business internally.

This ensures the operations are under direct supervision by senior management.

Given this, Drakes is of the view that the risk that it causes modern slavery is low.



Contributes to

Drakes considers it low risk that it contributes to modern slavery. This is on the basis that Drakes has robust procurement practices and liaises with its suppliers regularly as to expectations, costs and delivery timeframes.

However, Drakes is inherently aware that inadvertent acts could contribute to modern slavery risks. Drakes acknowledges that further investigation is necessary to assess the level of risk associated with these inadvertent acts.



Directly linked to

As foreshadowed above, Drakes recognises that in connection with its business relationships, suppliers and those entities that Drakes does not have a direct contractual relationship with, may present higher risks of modern slavery.





Criteria 4

Actions to Address Modern Slavery

Building on our first reporting period, in our second reporting period the focus for Drakes was to implement several initiatives scoped in the first reporting period.

Key actions undertaken in the reporting period included:

- risk matrixing suppliers;
- screening suppliers;
- development of a supplier self-assessment questionnaire;
- implementation of a modern slavery policy;
- drafting a supplier code of conduct;
- rollout of contractual provisions relating to modern slavery; and
- development of an employee training program.

We expand on these key actions below:

Risk Matrix

In order to take a targeted risk based approach to conducting our due diligence, it is essential that Drakes focuses its efforts on the areas of its operations and supply chains that present the highest risk.

On this basis, in the reporting period Drakes developed a risk matrix for assessing suppliers as either high, moderate or low risk. The risk matrix comprises three key indicators to form the basis of categorising suppliers, including:

- what industry the supplier operates in;
- where the supplier is geographically located; and
- how much Drakes spends with the supplier.

The main focus for Drakes has been to commence action with suppliers who have a risk profile of high risk.



Due Diligence

In order to implement a robust due diligence framework, Drakes identifies that there are many facets to due diligence. On this basis, Drakes has implemented or implementing:

- a supplier screening process;
- supplier self assessment questionnaire; and
- site audits.

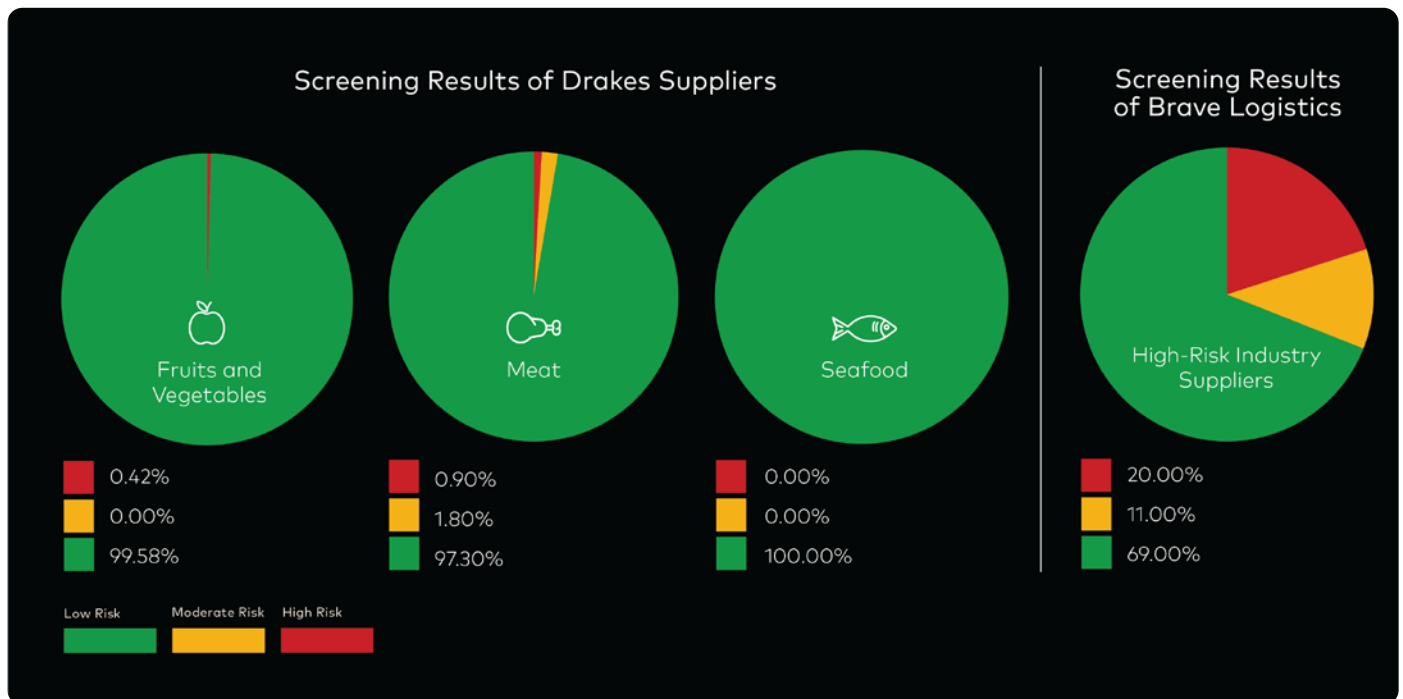
Screenings

To commence our due diligence and identify where potential risks may lie, the first step in our due diligence process has been to screen our suppliers using third party software analytics. This tool also helps Drakes identify potential risks in our supply chain.

The screenings use a global analytics software that gathers information from public sources, such as NGO reports and regulatory investigations, to highlight any information that may be considered a 'red-flag'.

The screening considers any instances, reports of or links to, but not limited to, modern slavery, corruption and bribery, health and safety, fraud, sanctions and exclusions, and regulatory breaches and enforcement.

A summary of the screening results to form the basis of further due diligence are set out below.



Based on our high level screenings, it is evident from the results of the screenings that modern slavery risks identified in the suppliers we engage with occur with the industries and products set out below.

Tobacco

The tobacco industry is inherently high risk due to the heavy reliance on low-skilled or temporary workers who are often working on farms in areas with high levels of rural poverty. The International Labour Organisation (ILO) has estimated that the agricultural sector accounts for 11% of all forced labour incidents and over 70% of child labour across the globe. Drakes has limited leverage against the large multi-national companies that operate in this industry however is committed to taking additional due diligence on these entities.

Cleaning and hygiene products

Many of the factories that manufacture these products are located in countries with high migrant populations who are employed as low-skilled labour. This population is particularly vulnerable to exploitation and forced labour. The raw materials that are used in these products, such as palm oil and latex, are high risk commodities.

Fish and seafood

The fish and seafood sector faces significant modern slavery challenges, including poor working conditions, forced labour and trafficking. These risks are particularly prevalent in Thailand which produces a significant amount of the fish and seafood used in various products.



Supplier Self-Assessment Questionnaire

Drakes has developed a supplier self-assessment questionnaire. This questionnaire is an important tool in gathering information from suppliers, particularly those suppliers who have been characterised as high risk.

The questionnaire includes matters such as asking suppliers to explain how they are identifying, addressing and mitigating the risk of modern slavery from occurring in its operations and supply chains.

The supplier questionnaire has been developed and will be rolled out in the next reporting period.

Additional Due Diligence

Drakes will undertake deeper due diligence as necessary. This may include site audits, follow-up questions or supplier training where appropriate.

In the next reporting period, Drakes will be in a better position to talk to the results of the due diligence implemented as set out above. Further, depending upon the outcomes of the due diligence, Drakes remediation plans will be developed.

Policies and Procedures

To support the Drakes modern slavery framework, in addition to policies and procedures already in place including a whistleblower policy, Drakes introduced a modern slavery policy and drafted a supplier code of conduct.

Modern Slavery Policy

The Drakes Modern Slavery Policy promotes a working environment that is free from any form of modern slavery, social injustice or forced labour. The policy is expected to be followed by both Drakes and its suppliers.

The policy places an obligation on each division/ business unit within Drakes to adopt procedures that mitigate modern slavery and ethical sourcing risks. This obligation is placed on individual divisions/ business units to ensure the actions taken are appropriate for the relevant area. For example, actions taken by the procurement division will not necessarily apply to the finance division.

Drakes expects all existing and new suppliers to comply with the principles set out in the policy.

Supplier Code of Conduct

Drakes is drafting a supplier code of conduct that sets out minimum expectations with regard to how suppliers operate. This includes matters such as employment conditions, work health and safety, bribery and corruption, and conflict of interest. Suppliers will be expected to comply with the supplier code of conduct.

Ethical Procurement

In Drakes' approach to new suppliers, Drakes recognises that pursuing the lowest cost may not always equal best value. Drakes acknowledges that driving down price and requesting delivery in short timeframes can contribute to heightening risks of modern slavery. Drakes is formalising a process for ethical procurement.

Contractual Provisions

Drakes developed and implemented a modern slavery contract clause in the reporting period. Contractually, we require our suppliers to undertake due diligence on their suppliers as well as report to us any known or suspected instances of modern slavery.

Further, it is required that suppliers cooperate with auditing as required.

Supplier cooperation is essential to identifying risks of modern slavery or modern slavery practices.



Employee Training

Drakes is committed to raising employee awareness about modern slavery. Drakes has prepared an employee training program which will be implemented in the next reporting period.

The training will cover:

- what modern slavery is;
- how to identify modern slavery;
- Drakes' modern slavery strategy;
- Drakes' risk areas; and
- due diligence on suppliers.

Drakes will commence training with those who have supplier facing roles and those in management positions.



Criteria 5

Effectiveness of Actions

While Drakes has implemented a number of actions during this reporting period, Drakes appreciates that it must continue to evolve and improve its actions against modern slavery and ensure they are fit for purpose.

In the reporting period, Drakes recognised that additional steps would need to be undertaken with regard to due diligence processes. Therefore, Drakes sought to introduce actions such as a supplier self-assessment questionnaire. Further, third party advice was sought as to next steps to be introduced and gaps in our framework. This third party advice provides us with objectivity and recommendations for improvement.

Drakes recognises the importance of assessing the effectiveness of its actions. A number of the actions implemented in the reporting period are early in their inception. On this basis, time is required to measure their effectiveness.

To ensure compliance with the modern slavery policy introduced in the reporting period, as well as the effectiveness of due diligence introduced, Drakes is investigating actions such as auditing supplier engagement, auditing contractual provisions introduced and effectiveness of due diligence procedures.

Auditing matters outlined above will provide a baseline for actions going forward.



Criteria 6

Consultation

As Drakes is the head entity for the purposes of the group, all governance, procedures and policies apply to the entire group.

This governance extends to modern slavery compliance, with the legal team having central oversight and management of Drakes' modern slavery compliance framework. The legal team engaged with senior executives and other personnel, such as employees from procurement and accounts, from across the business.

With the introduction of and change to various processes implemented in the reporting period, it was essential to have various areas of Drakes provide input. On this basis, consultation across Drakes was extensive.



Criteria 7

Further Information


As seen from the above, Drakes has taken steps and recognises that it each year it must build on the systems and processes laid to begin its journey going forward.

On this basis and at the time of writing this statement, Drakes is implementing the initiatives referred to above and looks forward to reporting on its next steps.

Board Approval

The board of Drakes has reviewed and approved this modern slavery statement.

Signed,



Roger Drake
Chairperson

Date: 22 Decemeber 2021