

Australia Homeware Enterprise's 2022 Modern Slavery Statement

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Australia Homeware Enterprise's 2022 Modern Slavery Statement

OVERVIEW

Australia Homeware Enterprise's Modern Slavery Statement ('the Statement') has been developed in accordance with section 14 of the Modern Slavery Act 2018 (Cth) ('the MS Act').

The Statement outlines all steps taken by Australia Homeware Enterprise and its subsidiaries ('the Group') in the financial year ending 30 June 2022 towards mitigating the risk in the Group's operations and supply chains in relation to modern slavery as defined by the MS Act to include slavery, servitude, forced labour, deceptive recruiting for labour or services, forced marriage, the worst forms of child labour, debt bondage and human trafficking.

In a joint statement, by 31 December 2022 the Statement is submitted to the Australian Government on behalf of the reporting entities within the Group set out in Appendix A.

Note: The definition of 'reporting entities' in the MS Act is an entity which has a consolidated revenue of at least one hundred million Australian dollars (\$100,000,000) for a reporting period, if that entity is an Australian entity within the reporting period, or the entity carries on business in Australia within the reporting period.

1. THE REPORTING ENTITY

Australia Homeware Enterprise is an Australian privately owned company and is registered at 143-147 National Boulevard, Campbellfield Victoria 3061.

In the Statement, a reference to:

- ‘Australia Homeware Enterprise’ is to Australia Homeware Enterprise Pty Ltd ABN 25 613 201 899
- ‘The Australia Homeware Group’, ‘the Group’, ‘we’ or ‘us’ is a reference to Australia Homeware Enterprise and its divisions and businesses
- A ‘business division’ or ‘division’ includes the reporting entity listed as part of that business division, which includes the businesses within such division.

In preparing this Statement, Australia Homeware Enterprise carries out a consultation process with all business divisions of the reporting entities within the Group. Under this consultation process, each business division reports on modern slavery and ethical sourcing, including details of suppliers, training, collaboration and information sharing, identified risks and actions taken to mitigate against such risks as well as assessments in relation to the effectiveness of the actions taken.

Prior to submission the Statement is reviewed by the Group’s Compliance, Sustainability and Consumer Technology Committee, General Counsel, General Manager – Finance & Administration, General Manager – Sales & Marketing, Chief Operating Officer and Managing Director.

The Statement has been approved by the principal governing body for each reporting entity covered by the Statement, namely:

- Australia Homeware Enterprise Pty Ltd
- Australian Brushware Corporation Pty Ltd
- DIY Resolutions Pty Ltd

The principal governing body for each reporting entity is the Managing Director of the Group being the sole company director and secretary for each entity covered by the Statement.

On 30 December 2022, the Statement was signed by the Managing Director of the Group, being the responsible member for all entities covered by the Statement.

Australia Homeware Enterprise's Approach to Ethical Sourcing

The Australia Homeware Enterprise Group is strongly committed to ethical sourcing and mitigating modern slavery risks in the Group's operations and supply chains.

The Group acknowledges that modern slavery, including slavery, servitude, forced labour, deceptive recruiting for labour or services, forced marriage, the worst forms of child labour, debt bondage, and human trafficking, does not often occur in isolation.

We recognise that modern slavery forms part of other wider problems and issues, including discrimination, breaches of human rights, weak or absent rule of law, and low wages.

Our Group's business divisions work closely with suppliers and retail trading partners including collaborating alongside various organisations, on an international level in our commitment to help identify, take action against, and assess the effectiveness of actions taken against modern slavery risks in Australia Homeware Enterprise's operations and supply chains.

Thus, applying the best of its people, skills and resources our Group aims to work in partnership on a multi-stakeholder basis to promote and advance a coordinated and joint approach towards our fulfilment of our commitment and vision.

Commitment to Human Rights

In furthering our efforts, the Group is committed to protection against all forms of human rights breaches within our Group's operations and supply chains in Australia and internationally.

In identifying and taking action in relation to human rights and modern slavery risks, the Group is guided by observing the International Labour Organisation's Declaration on the Fundamental Principles and Rights of Work, and implementing fundamental principles derived from same.

Where available further information can be found on the websites of reporting entities

Policies

The policies which support the Group's businesses' operations serve to promote the protection against and elimination of breaches of human rights.

Australia Homeware Enterprise is strongly committed to ensuring compliance with its legal and ethical obligations within all regions in which the Group's businesses operate, including making positive contributions to the environment and social and economic fabric in accordance with its values, including honesty, integrity, equality and respect.

The Group is strongly committed to promoting safe working conditions, including the right to collective bargaining and freedom of association, and its policies strictly prohibit conduct involving modern slavery.

The Australia Homeware Enterprise Modern Slavery and Ethical Sourcing Policy outlines minimum standards of practice expected of the Group's businesses including to identify, prevent, reduce and manage modern slavery and ethical sourcing risks in its operations and supply chains. These minimum standards further include a prohibition against child labour, and forced or compulsory labour, and a requirement to operate in accordance with all relevant laws. Whilst not all minimum standards apply directly to modern slavery, they all form part of the Group's commitment to continuous improvement in relation to human rights and ethical sourcing. In particular, Australia Homeware Enterprise's businesses have developed policies and procedures relevant to the industries in which they participate, and these will be updated from time to time to ensure consistency with respect to international best practice.

Suppliers to the Group are required to comply with these policies, and are required under the latest revisions to its supply agreements to provide the Group's businesses with the contractual right of termination where a supplier is not willing or able to work towards compliance with these standards.

A list of the Group's relevant policies can be found at Appendix B.

Governance

The Group's Compliance, Sustainability and Consumer Technology Committee is responsible for managing the Group's actions against modern slavery risks. Risk management in relation to modern slavery is an ongoing item of discussion added to the Group's ongoing meeting agendas and is part of the Group's operating framework.

The Group's Compliance, Sustainability and Consumer Technology Committee approves the Group's Modern Slavery and Ethical Sourcing Policy, which outlines minimum standards for mitigating the risk of modern slavery in the Group's supply chains.

The Group's Compliance, Sustainability and Consumer Technology Committee seeks annual reporting on risk management in relation to modern slavery, and reviews identified risks, options and solutions, receives and manages stakeholder engagement, and shares best practice with the businesses across the Group.

Each business within the Group is responsible for identifying as well as managing all material risks according to the risk management framework of the Group.

Since the financial year ending 30 June 2021 and forward, the Group appointed an independent sustainability and energy specialist to provide consultation and advise on sustainability, including modern slavery and ethical sourcing. This involved:

- Identifying the overarching modern slavery and ethical sourcing risk management gap analyses that will be required for the Group's division's businesses on an ongoing basis
- Reviewing the internal systems, third party expertise and software resources that will be required to assess modern slavery supplier risk mapping for operations, supply chains and other business relationships going forward

This exercise highlighted how the risks in relation to modern slavery and ethical sourcing impact the Group's businesses, including its operations and supply chains, and the resources required to address this issue on behalf of the Group.

The findings of the assessment highlight how risks in relation to modern slavery and ethical sourcing impacted the Group's businesses, including its operations and supply chains.

Importantly, the assessment and the Group's plans demonstrate developments to be made in the years forward in addressing identified risks in relation to modern slavery and ethical sourcing.

Moving forward, each division will seek to apply findings of the assessment and best recommendations to improve Australia Homeware Enterprise's due diligence processes in relation to modern slavery and ethical sourcing.

2. STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Australia Homeware Enterprise is an Australian company established in 2016. Approximately 250 staff are employed by the businesses within the Group. The Group is headquartered in Victoria, Australia. Australia Homeware Enterprise's diverse businesses supply home improvement and storage products to its retail trading partners across Australia. The Group's operations are based in Australia.

The Australia Homeware Enterprise Group is organised into two main divisions of the reporting entities as set out under Appendix A. Within each division, there are several different businesses.

The Group's businesses and divisions directly source products for resale and products not for resale, and services, which are all part of Australia Homeware Enterprise's supply chains:

1. Products for resale include products which are finished, for example, home improvement products and storage products.
2. Products not for resale include items, for example, plant and equipment, materials used in manufacturing, fabricating or finishing, IT hardware and software used for supporting the Group's operations, and retail partners' store fit-outs.
3. Services which the Group receives include transport logistics, security, cleaning, waste management, maintenance and repair, marketing, IT, legal, finance, tax, accounting and other consulting services.

In relation to services provided to the Group, there are some categories which are known to present higher levels of modern slavery risk, such as cleaning services. For these services, the Group's divisions may engage businesses to provide workers to supply these services and/or engage suppliers to do so. The Group's divisions may also engage labour hire businesses to supply workers at our sites.

Not all the business divisions of Australia Homeware Enterprise own the manufacturing sites where products are made or manufactured. Excluding one manufacturing site in Somerton, Victoria, as operated by the Group, the other divisions of the Group engage third party manufacturers or suppliers for the manufacture and/or supply of products. The Group's supply chains include both simple chains and complex supply chains which are multi-tiered. All business divisions have different supply chains, which reflect each individual division's diverse operations and categories of products.

By sourcing and purchasing products from manufacturers and suppliers in Australia and abroad, Australia Homeware Enterprise's businesses provide support for the economic growth and development of countries they source and purchase products from. The suppliers of Australia Homeware Enterprise's businesses provide employment for thousands of workers and form an integral part of the success of the Group's businesses.

The divisions of Australia Homeware Enterprise make significant contribution in its investment of time and resources in the selection of suppliers based on certain key selection criteria. The criteria cover quantitative factors, including lead time, price, quantity, and quality, as well as qualitative factors, including shared core values, legal and ethical standards, trade and labour practices, and whether or not the supplier is in business with other similar trading partners on an international level.

All divisions of the Group receive support from ethical sourcing teams for managing modern slavery and ethical sourcing risks as well as human rights risks. Importantly, these teams are also responsible for building and managing supplier relationships, which plays a critical role in addressing such risks.

For some divisions, in-country ethical sourcing teams provide support to our Group's businesses in identifying and taking action against such risks. In so doing, the Group is able to maintain strong working relationships not only with suppliers but also with government and non-government organisations in sourcing countries.

Regulated Timber Products Supply Chains

The Group has contractual relationships with its Tier 1 suppliers of regulated timber products, being products sourced by the Group's business divisions for resale.

Generally, the Group does not enter into contractual relationships with suppliers beyond Tier 1 suppliers, namely, suppliers of the Group's Tier 1 suppliers who are further up the supply chain.

Depending on the required materials and design of the product, the Group's supply chains in relation to regulated timber products include both simple supply chains, which have only one or two suppliers within the supply chain, as well as complex supply chains, which have three or more suppliers within the supply chain. Suppliers beyond Tier 1 suppliers of regulated timber products provide diverse inputs, including materials, textures and finishes, as well as raw materials and processing services.

As such the relationships between different supplier tiers may be complex. Some suppliers specialise in a single component of the goods within the supply chain whilst others are vertically integrated and span multiple tiers in the same supply chain. Furthermore, each tier may be physically located in different cities of the same country, or different countries whereby products are shipped to another country for further processing or manufacturing.

The regulated timber products supply chain is relevant to all reporting entities of the Group.

Aside from regulated timber products, other divisions and businesses of the Group have further very diverse supply chains.

3. MODERN SLAVERY RISKS IN OPERATIONS AND SUPPLY CHAINS

With operations taking place in Australia and supply chains existing on a multinational level, the Group is exposed to modern slavery and ethical sourcing risks.

Consequently, it has become necessary for the Group to actively monitor its exposure to these risks.

To support its efforts, the Group has implemented due diligence systems and processes, including new supplier screening and auditing of existing suppliers, as well as supplier and supply chain worker feedback mechanisms which are facilitated by the Group's businesses' retail trading partners.

Risks in Operations

Australia Homeware Enterprise has identified that a key human rights issue and modern slavery risk for the Group's divisions, businesses and supply chains is the provision of safe and fair workplaces for workers.

The Group's operations are largely performed in low-risk countries in relation to modern slavery, such as Australia.

Approximately 30% percent of Australia Homeware Enterprise's workforce is governed by collective agreements and the remaining 70% percent are employed under individual legal agreements. Legal agreements provide for minimum pay, including entitlements. Australia Homeware Enterprise respects and supports its workers' right to negotiate collectively, including with the representation provided by external parties. The Group is starting to look at further strengthening its human resource capacity along with the introduction of new internal departments and roles across the Group to support its relevant functions.

The Group's divisions identify and respond to human rights issues under certain policies and procedures. Since 2021, the Group has received training in relation to human rights, and the Group's Anti-Discrimination and Equal Employment Opportunity Policy is widely communicated across and is well understood by the Group. Additionally, the Group's complaints handling procedures and Whistleblower Policy support complaints reporting and provide access to remedy on an ongoing basis in respect of internal and external whistleblowers covering staff, customers and suppliers of the businesses of the Group. This provides for greater transparency and potential for mitigating modern slavery risks across the Group.

A list of the Group's relevant policies can be found at Appendix B.

Risk in Supply Chains and Suppliers

The goods and services supplied to the Group carry a level of risk of modern slavery in relation to supply chains. When the Group's businesses do not have clear visibility on the supply of the final product, there is a heightened level of risk in relation to unsafe and unfair working conditions for workers. Thus, one of the main risks in relation to modern slavery for each of the businesses of the Group is non-compliance by suppliers with respect to its labour standards. These labour standards

cover child labour, forced labour, legal minimum wages, unpaid work, excessive working hours, freedom of association, and health and safety.

Australia Homeware Enterprise's businesses have a relationship with suppliers and those managing manufacturing sites which enables the businesses to manage the risks directly. Aside from this, there may exist further risk in relation to modern slavery amongst suppliers who are not manufacturers, where the businesses do not have a clear line of sight, since there is no direct relationship between the businesses and these suppliers.

The Group's divisions assess risk in supply chains and suppliers by utilising diverse multi-factor risk methodologies in working closely together with its retail trading partners. There are various factors which affect risk, including the goods or services category, the raw materials used, the production processes, where the goods or services are sourced from, and the value of the business' spend on the supplier. Supplier self-assessment questionnaires consistent with their operations and industry are also utilised to support the Group's assessment of risk and relevant findings are detailed in audits.

The below risk methodologies were available to support the Group and its trading partners assess the risk profile of suppliers within the period:

- **Corruption Perceptions Index (CPI)** by Transparency International, which is an index that ranks countries by their perceived levels of public sector corruption as determined by expert assessments and opinion surveys
- **Global Estimates of Modern Slavery** by the International Labour Organisation
- **Global Rights Index (GRI)** by the International Trade Union Confederation, which is a worldwide assessment of trade union and human rights by country
- **Global Slavery Index (GSI)** by the Minderoo Foundation's Walk Free initiative
- Reports by supplier ethical trade membership organisations, such as **Supplier Ethical Data Exchange (SEDEX)**
- **Trafficking in Persons Report (TIP Report)** by the U.S. State Department's Office to Monitor and Combat Trafficking in Persons, which is an annual report that ranks governments based on their perceived efforts to acknowledge and combat human trafficking
- **World-Check Risk Intelligence** by Refinitiv, which is a tool that provides screening for adverse media content and supports the identification and categorisation of possible risks, including human rights breaches, violation of workers' rights, exploitation of children, force and slave labour, illegal immigration and human trafficking

Risk Factors

Over the years, the following risk factors have been identified to increase modern slavery risk in Australia Homeware Enterprise's operations and supply chains:

A. Goods and Services Category

Australia Homeware Enterprise businesses have identified specific goods and services categories which carry higher levels of risk, including where they are low margin, use certain types of raw materials, include hazardous or unregulated manufacturing processes, or utilise low-skilled, low-paid or seasonal workers.

B. Country of Sourcing

Australia Homeware Enterprise businesses are aware of the increased risk of modern slavery in certain sourcing countries. Based on its review of international reports on human rights, there is an understanding across the Group that some countries have a higher prevalence of modern slavery than others. Often this is related to conflict, weak or absent rule of law, and socio-economic factors, including poverty. In fact, Australia Homeware Enterprise's businesses source products from a number of different countries and the largest volume of products are sourced from Australia and China.

C. Multi-Tier Complex Supply Chains

There is an increased risk of modern slavery in multi-tier complex supply chains where there are three or more suppliers within the supply chain, which can span various countries. In these supply chains, the suppliers to the businesses are not manufacturers and the businesses do not have a clear line of sight to working conditions, since there is no direct relationship between the businesses and these suppliers.

D. Third-Party Labour Hire

There is a heightened level of risk in relation to unfair working conditions and workers who are employed or contracted by third party companies for labour hire. These companies may be employed or contracted to deliver services in relation to cleaning services, maintenance services and security services.

Goods and Services Categories and Country of Sourcing

Australia Homeware Enterprise's businesses have pinpointed specific risks in relation to goods and services categories and sourcing countries as follows, which is based on its understanding of risk factors across the Group's business operations and supply chains:

Australia

In Australia, specific risks relating to the exploitation of migrant workers and deceptive recruitment practices are identified, and these risks cover the services categories of cleaning services, maintenance services, and security services, across all business divisions of the Group.

People's Republic of China

In the People's Republic of China, specific risks relating to excessive overtime, forced labour, freedom of association and raw materials used in manufacturing are identified, and these risks cover the goods categories of general merchandise, office supplies and furniture, across all business divisions of the Group.

Vietnam

In Vietnam, specific risks relating to excessive overtime are identified, and this covers the goods category of general merchandise, office supplies and furniture, across all business divisions of the Group.

Risks in Relation to Suppliers of Services

The Group's divisions contract with suppliers of services including for the provision of cleaning services, maintenance services, and security services.

There is a heightened level of risk in these suppliers employing or subcontracting low skilled and/or migrant workers who are understood to be vulnerable to exploitation due to a lack of education, lack of knowledge in relation to workplace rights and entitlements, and/or language barriers.

Furthermore, there are additional factors which may affect migrant workers making them more susceptible to exploitation, such as the lack of family and community support, job security and its possible impact on a worker's immigration status, as well as the personal background of a worker, such as escaping conflict in the worker's home country.

Consequently, migrant workers are perceived to be less likely to raise issues or voice any concerns or raise complaints via grievance mechanisms.

Whereas Australia presents a lower level of modern slavery risk, the Group's suppliers of services are therefore generally not included in the Group's ethical sourcing programs, however this category of workers is currently under review and assessment by the Group. In particular, the Group is looking at ways in which it could achieve enhanced controls applied to the procurement of labour services to further reduce modern slavery and ethical sourcing risks, including transitioning to a single service supplier of cleaning services across all of the Group's sites.

Covid-19

From 2020 forward the impact of Covid-19 presented the Group with higher risks in relation to human rights abuses, including the increased risks for the health and safety of workers as well as modern slavery in certain countries the Group's businesses have sourced goods from.

Due to Covid-19 many countries restricted the movement of workers and enforced border closures, and this served to limit Australia Homeware Enterprise's businesses' ability to facilitate audits. In particular, government mandated lockdowns and restrictions were enforced in the People's Republic of China, which affected our suppliers' ability to properly participate in audits and effectively lead to postponement or cancellation of audits within this period.

Despite Covid-19 restrictions, the businesses of Australia Homeware Enterprise were nonetheless able to continue to be involved in the below initiatives:

- Maintaining open discussions with its trading partners regarding measures for reducing health and safety risks for vulnerable workers.
- Continuing to share best practices with trading partners to help suppliers comply with best practice and provide Covid safe workplaces.
- Paying paid pandemic leave to staff members and paying all permanent and casual staff members throughout periods of extended lockdown despite there being no relevant work for these staff members to do, and when they were legally required to isolate at home. This ultimately provided our staff members with income and job security to support themselves and their families.

Despite the challenges, the Group and its retail trading partners have continued to engage with suppliers fairly and reasonably, and this has included maintaining the flow of orders to ensure business continuity. In cases of supplier hardship, the Group has remained open to offering to suppliers adjusted payment terms, including early payment; this served to acknowledge the vital role that suppliers played in helping the businesses continue to meet the needs of its customers.

In recent years, ethical sourcing has increasingly become a key focus area for the Australia Homeware Enterprise Group. In particular, Covid-19 has reinforced the importance of establishing and maintaining supply chains which are strong and sustainable. The Group's businesses are strongly committed to meeting the challenges that Covid-19 presents in relation to its supply chains.

4. ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

Approach to Due Diligence

As part of its due diligence Australia Homeware Enterprise's businesses have taken a number of actions to address modern slavery risks in the Group's operations and supply chains. These actions include the following:

- A. Supply chain mapping and risk assessment to facilitate supply chain transparency
- B. Due diligence in relation to suppliers, including audit and compliance programs
- C. Monitoring suppliers and manufacturing sites
- D. Being positioned to identify non-conformances by suppliers should they arise
- E. Being positioned to address remediation of identified non-conformances
- F. Complaints handling mechanisms
- G. Training to help increase awareness across the Group in relation modern slavery and ethical sourcing risks
- H. Stakeholder engagement involving collaboration with other organisations, industry bodies, and government and non-government organisations

These key actions are further expanded upon under their relevant sections below in this Statement:

A. Supply Chain Mapping and Risk Assessment

The Australia Homeware Enterprise Group recognises that supply chain transparency is critical in mitigating against the risks of modern slavery in its operations and supply chains.

To facilitate supply chain transparency, the Group's divisions have taken the first step towards supply chain mapping in relation to Tier 1 suppliers, and suppliers beyond Tier 1 suppliers identified as high risk. "Tier 1 Suppliers" refers to suppliers that supply goods and/or services directly to a business/division of Australia Homeware Enterprise. The Group's divisions assess risk in supply chains by utilising diverse multi-factor risk methodologies in working closely together with its retail trading partners. There are various factors which affect risk, including the goods or services category, the raw materials used, the production processes, where the goods or services are sourced from, and the value of the business' spend on the supplier.

In particular, the Group's divisions have mapped out its Tier 1 Suppliers to help identify any sustainability issues and assess the traceability of raw materials sourced. In particular, the businesses of the Group's divisions have worked with the Group's trading partners in continuing to utilise the Supplier Ethical Data Exchange (SEDEX) platform to share information regarding suppliers

covered by its ethical sourcing programs. The shared information includes risk assessment and audit reports.

Additionally, there are ethical sourcing representatives appointed for each of the divisions of Australia Homeware Enterprise. These representatives are responsible for building and maintaining working relationships with suppliers as well as helping with identifying and managing supply chain risks, including in relation to modern slavery and ethical sourcing. The Group's representatives include team members who are based in the country in which the goods are sourced. This allows the team members to carry out local factory visits, including audits, as required and helps the businesses of the divisions of Australia Homeware Enterprise to be best positioned in establishing and managing working relationships with suppliers, government agencies and non-government organisations in the country in which the goods are sourced from.

The Group's divisions have also taken steps in extending supply chain transparency by mapping out beyond its Tier 1 Suppliers in relation to higher risk goods and suppliers. In particular, the Group's divisions have mapped regulated timber products supply chains through responsible timber sourcing programs, such as the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC). This has also included obtaining supporting chain-of-custody documentation to trace the timber back to the forest in which it was felled.

Traceability of materials is an area of ongoing focus. The Group's divisions work closely with its retail trading partners and with suppliers, stakeholders and industry associations in an effort to trace back raw materials to its origins with the aim of ensuring products are responsibly sourced, thereby supporting the Group in mitigating against modern slavery and ethical sourcing risks in its supply chains.

B. Due Diligence in Relation to New Suppliers

All of the businesses of Australia Homeware Enterprise follow a risk-based due diligence process in relation to new suppliers. In particular, the process is influenced by risk factors, including the goods or services category, the raw materials used, the production processes, where the goods or services are sourced from, and the value of the business' spend on the supplier.

Upon entering into a new contract with a new supplier, the business examines the risk profile of the supplier against the business' criteria. Suppliers are assessed in order for the business to help identify the risk of not complying with the business' trading terms incorporating the Group's Modern Slavery and Ethical Sourcing Policy, and other important standards of practice of the Group. New suppliers may also be required to complete a self-assessment questionnaire and be independently audited prior to onboarding depending on their risk profile.

Our due diligence process in relation to new suppliers reflects our commitment towards building long-term partnerships with suppliers whereby we are best positioned to raise awareness and understanding to ensure alignment of values in relation to addressing modern slavery and ethical sourcing risks in our supply chains.

C. Monitoring Suppliers and Manufacturing Sites

Suppliers including Tier 1 suppliers as well as suppliers beyond Tier 1 suppliers and their manufacturing sites that are included in the ethical sourcing programs of our divisions are monitored as an action taken to mitigate against modern slavery and ethical sourcing risks in the Group's supply chains.

The monitoring includes the business' provision of self-assessment questionnaires to suppliers for completion and attendances at the manufacturing sites of suppliers for auditing as well as quality control visits.

The regularity with which suppliers are monitored depends on various factors, including the assessed level of risk and audit findings, but generally this will normally vary from every three months to two years, which is in alignment with requirements by the Group's retail trading partners.

D. Identifying Non-Conformances

In order to help reduce the risk of modern slavery and unethical sourcing practices in the Group's supply chains, the businesses of Australia Homeware Enterprise complete modern slavery and ethical sourcing auditing on a risk-based approach.

Under the latest edition of the Group's businesses' supply contracts with suppliers, if any non-conformance at a supplier's site is identified under Australia Homeware Enterprise's Modern Slavery and Ethical Sourcing Policy, then there is a requirement on the supplier's part to cooperate with the Group's relevant division to remediate the problem through proportionate corrective action plans that address the specific needs of the situation within a reasonable timeframe. Essentially a non-conformance raises a red flag by indicating to the business the potential for human rights and modern slavery risks.

If an identified non-conformance is resolved by the supplier, then the issue is deemed remediated and the supplier's site is considered an approved supplier site. Accordingly, this audit process helps contribute towards remediating non-conformances at a supplier's site and improving workers conditions. However, if an identified non-conformance at the supplier's site remains unresolved, or the breach is deemed to be a serious breach of policy, such as unauthorised subcontracting or bribery, then the business may decide to place no further orders and may take steps to terminate its contract with the supplier.

Notwithstanding the above, our Group and its retail trading partners' priority is always to support remediation to help improve the working conditions of workers as discussed further below before any steps would be taken towards a supplier or a supplier site to be exited.

E. Remediation of Identified Non-Conformances

For Australia Homeware Enterprise's businesses, the commitment to remediation as a key action by its divisions working in close partnership with suppliers and retail trading partners will serve to mitigate against modern slavery and ethical sourcing risks which are identified within its supply

chains. Remediation of non-conformances is required to be conducted as soon as practicable upon its detection.

As part of the commitment, the Group's divisions are positioned to provide ongoing support to suppliers that would need to remediate issues identified based on the outcomes of audits and/or the Group's complaints mechanisms. On the other hand, the Group's businesses are positioned to work closely together with its retail trading partners to assess the severity of harm, or potential harm, for example, to a worker in the instance of non-conformance should it arise. Together we are positioned to explore different options to determine the best possible solutions for suppliers in order to remediate any identified non-conformances.

In fact, the management of forced labour risk has been a key area of focus in this period for the Group's retail trading partners, and the following priorities are committed to in the instance where an indicator of forced labour is triggered or identified:

- Ensuring the immediate safety and wellbeing of workers;
- Providing support to suppliers to help them better understand acceptable and non-acceptable work conditions and/or practices; and
- Developing corrective action plans covering measures, such as maintaining responsible recruitment practices, implementing complaints or grievance mechanisms and ensuring employment contracts and workers' identity documents are properly in place.

To help support the action and ensure workers' rights and safety are upheld, the Group's divisions are committed to participating in strengthening capacity building and ongoing training with its retail partners, suppliers and other stakeholders through open discussions on improved responsible sourcing strategies and other arrangements including industry-based initiatives with non-government organisations and other experts, as discussed further below in this Statement. Furthermore, the Group's complaints handling procedures and Whistleblower Policy, support complaints reporting and provide access to remediation on an ongoing basis in respect of internal and external whistleblowers, covering staff, customers and suppliers of the businesses of the Group.

Between 1 July 2021 and 30 June 2022, there were no non-conformances identified from any audits and there were no supplier sites which required remediation within this period.

The Group understands that remediation once activated would be a critical measure for ensuring workers' rights and safety are upheld and improvement in their working conditions. Importantly, as highlighted above the Group's businesses work closely with its retail trading partners, suppliers and other stakeholders, and participate in capacity building which constitute a vital preventative initiative as part of its ongoing commitment to remediation as a key action for addressing modern slavery risks.

F. Complaints Handling Mechanisms

Consistent with its Whistleblower Policy, Australia Homeware Enterprise's businesses have in place complaints handling mechanisms to support the remediation of reported grievances, which helps to mitigate human rights and modern slavery risks in its supply chains.

In fact, the Whistleblower Policy serves as a grievance mechanism and supports complaints reporting by internal and external whistleblowers, including suppliers and other related parties, on a confidential basis and, importantly, without the fear of victimisation or threat of detriment. Under the Whistleblower Policy, there are minimum standards and details for making a report under the policy by whistleblowers. Where claims are made, they are directly reported to the protected disclosure officers of the relevant business for investigation and resolution. Our complaints handling mechanism serves as an important resource to the Group to support the monitoring of suppliers and manufacturing sites in facilitating feedback in relation to working conditions. This provides a greater level of visibility in identifying issues based on immediate and direct feedback received, in contrast to audits which provides findings to the Group's businesses only upon direction and at a specific point in time.

In addition, the Group's businesses work closely with its retail trading partner in the implementation of its separate grievance mechanisms, such as its local retail trading partner's Your Voice, Worker Helpline, which is accessible by factory workers in the Group's supply chains through multiple channels and languages.

Between 1 July 2021 and 30 June 2022, there were no complaints received under the Group's Whistleblower Policy or through its local retail trading partner's separate grievance mechanisms, and therefore no remediation was required by the Group within this period. Overall, the implementation of complaints handling mechanisms supports our Group's vision to give workers in our supply chains a voice and the ability to raise concerns related to human rights and modern slavery issues.

G. Training

Through training and collaboration with suppliers and trading partners, the Group is kept informed about modern slavery, ethical sourcing and human rights commitments in order to raise awareness and share knowledge about how certain conduct could impact the rights of workers within its supply chain.

Since the financial year ending 30 June 2021, the Group has participated in ongoing training specifically on modern slavery in relation to responsibilities in supporting ethical procurement of its goods and services. The Group's divisions also participated in training in relation to discrimination and human rights, as well as complaints handling mechanisms. Overall, collaboration with key departments of the businesses of the Group took place and lessons were shared and exchanged to help improve the businesses' systems and processes.

The key managers of the Group have also provided for collaboration and information sharing in relation to ethical sourcing requirements for the businesses' relevant departments, including its sourcing teams and sales and marketing teams, suppliers and factories, and third-party auditors, in order to help them understand risks in relation to modern slavery and ethical sourcing, as well the standards to be expected by Australia Homeware Enterprise's businesses and its trading partners.

Australia Homeware Enterprise measures the approximate total number of hours the group participated in training, collaboration and information sharing as well as the total number of people who participated since the financial year ending 30 June 2021 as follows:

| Number of Persons | Total Hours |
|-------------------|-------------|
| 97 | 1281 |

The Group’s businesses have received from its retail trading partner ethical sourcing training and guidance focusing on the required standards for supplier’s manufacturing sites. Such training has helped the Group’s businesses transfer practical knowledge to new and existing suppliers to ensure required standards are understood and adhered to in the Group’s supply chains.

H) Stakeholder Engagement

Australia Homeware Enterprise’s collaboration with stakeholders in industry wide initiatives including certification schemes and other collaborations has supported the Group in its management of risks in relation to modern slavery.

The Group’s stakeholders are people and organisations who affect or are affected by our operations, and include the business’ trading partners, suppliers, and government organisations and non-government organisations.

In this period, the Group’s divisions worked collaboratively with stakeholders on various initiatives which helped Improve ethical sourcing and reduced modern slavery risks within its operations and supply chains, including following:

Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)

On 27 August 2021, the Group obtained FSC certification across its divisions in relation to the importation of regulated timber products thereby successfully fulfilling a key area of focus as envisioned within the previous period.

FSC is a non-government organisation with standards which promote sustainable forestry practices that take into account the social and economic wellbeing of workers.

PEFC is another non-government organisation with standards which promote sustainable forest management, and is not for profit.

By being FSC certified, this can help ensure felling sites do not participate in any forms of forced or bonded labour, thereby reducing the risk of human rights and modern slavery risks within the Group’s supply chains.

Supplier Ethical Data Exchange (SEDEX)

Supplier Ethical Data Exchange (SEDEX) is a supplier ethical trade membership organisation that provides assistance to industry organisations for auditing and providing risk assessments on operations and supply chains. For several years, the Australia Homeware Enterprise Group has worked closely with its trading partners in relation to SEDEX initiatives, including auditing supplier's manufacturing sites to address ethical sourcing, human rights and modern slavery risks.

Independent Consultation

Since the financial year ending 30 June 2020, the Group appointed an independent sustainability and energy specialist to provide an independent assessment, and advise the Group on sustainability, including modern slavery and ethical sourcing. Since then, this has involved:

- Identifying the overarching modern slavery and ethical sourcing risk management gap analyses that will be required for the Group's division's businesses on an ongoing basis
- Reviewing the internal systems, third party expertise and software resources that will be required to assess modern slavery supplier risk mapping for operations, supply chains and other business relationships going forward

For this present period, an independent review was carried out on the processes and controls of the Group attaching to its sustainability commitments, which were focused principally on materials and waste. Overall, the findings of the review supported continuous improvement in reporting across key sustainability domains.

This exercise has helped the Group's divisions better understand the risks in relation to modern slavery and ethical sourcing and its impact on the Group's business, including its divisions, operations and supply chains, and the necessary resources towards improvement.

5. ASSESSING EFFECTIVENESS OF ACTIONS

Every year, we assess the effectiveness of actions taken by the Group in relation to modern slavery and ethical sourcing risks in our operations and supply chains. In doing so, Australia Homeware Enterprise businesses engage openly with stakeholders, including its trading partners as well as government agencies and non-government organisations.

Importantly, the Group participates in auditing its own processes to support continuous improvement in relation to modern slavery and ethical sourcing.

The Group also performs reviews and implements recommendations flowing from these reviews.

Additionally, the Group is taking further steps to extend independent consultation and reviews of our ethical sourcing programs and reporting, including a proposed review of our Statement on an annual basis moving forward.

The Group's commitment to the implementation of its complaints handling mechanisms facilitate ongoing review and assessment of the effectiveness of the Group's actions.

Our Group continues to look forward to furthering our understanding of how effectively divisions are managing modern slavery and ethical sourcing risks in our operations and supply chains.

A. Auditing Our Own Processes

To support continuous improvement, the Group's businesses carry out an internal audit of its divisions' compliance, including with Australia Homeware Enterprise's Modern Slavery and Ethical Sourcing Policy. The reporting on addressing the results and findings of audits forms an integral reporting requirement for the Group's businesses.

For the period between 1 July 2021 and 30 June 2022, audits of all divisions' compliance with Australia Homeware Enterprise's Modern Slavery and Ethical Sourcing Policy identified no compliance issues.

B. Ongoing Reviews

The Group performs reviews and implements supported recommendations flowing from such reviews. Modern slavery and ethical sourcing form part of the Group's annual risk review in which the divisions examine risks and strategies are assessed for addressing those risks for further improvement.

The outcomes of internal audits are reviewed, including the results and findings especially in relation to the Group's divisions' compliance with Australia Homeware Enterprise's Modern Slavery and Ethical Sourcing Policy.

In this period, the Group's divisions identified focus areas for the financial year ending 30 June 2022 and forward. Progress is summarised under Appendix C

C. Further Independent Consultation and Review

As discussed above, since the financial year ending 30 June 2020, the Group appointed an independent sustainability and energy specialist to provide an independent assessment, and advise the Group on sustainability, including modern slavery and ethical sourcing. Since then, this has involved:

- Identifying the overarching modern slavery and ethical sourcing risk management gap analyses that will be required for the Group's division's businesses on an ongoing basis
- Reviewing the internal systems, third party expertise and software resources that will be required to assess modern slavery supplier risk mapping for operations, supply chains and other business relationships going forward

For this period, an independent review was carried out on the processes and controls of the Group attaching to its sustainability commitments, which were focused principally on materials and waste. Overall, the findings of the review supported continuous improvement in reporting across key sustainability domains.

This exercise has helped the Group's divisions better understand the risks in relation to modern slavery and ethical sourcing and its impact on the Group's business, including its divisions, operations and supply chains, and the necessary resources towards improvement.

Additionally, the Group is taking further steps in relation to extending independent consultation and reviews of our ethical sourcing programs and reporting. This includes steps towards a proposed review of our Statement annually for future periods.

D. Effectiveness of Complaints Mechanisms

Australia Homeware Enterprise's practice is to record all whistleblower claims made by persons through each business division. In assessing its effectiveness, the Group's complaints handling mechanisms serve as an important tool to support continuous monitoring of suppliers and manufacturing sites by facilitating feedback in relation to working conditions at all stages. This is in contrast to audits which provides findings to the Group's businesses only upon direction and at a set point in time.

The mechanisms provide a greater level of visibility in identifying issues based on immediate and direct feedback received in the instance of a reported grievance, thereby allowing the business to be best positioned to take immediate corrective steps in order to remediate non-conformances and improve working conditions at supplier sites which do not meet the required standards.

Whilst no whistleblower claims have been received to date, Australia Homeware Enterprise remains committed in the implementation of our complaints handling mechanisms.

Group Future Areas of Focus

The Australia Homeware Enterprise Group is committed to continuing to improve its ethical sourcing program and identify, prevent, reduce and manage modern slavery and ethical sourcing risks in the Group's operations and supply chains.

The below is a summary of the Group's future areas of focus:

| Focus area | Goals |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supply chain mapping and risk assessment | <p>Continue to build upon and extend the scope of our ethical sourcing programs.</p> <p>Explore ways to extend existing accreditations and/or certifications for product categories to help further facilitate and improve supply chain transparency.</p> |
| Due diligence in relation to new suppliers | <p>Review supply contracts to further strengthen contractual provisions in relation to modern slavery and ethical sourcing and ensure they best meet the evolving standards of the Group and its retail trading partners.</p> <p>Review and further develop frameworks for due diligence across the Group for addressing modern slavery, ethical sourcing and human rights risks upon selection of new suppliers.</p> |
| Monitoring suppliers and manufacturing sites | <p>Provide further detail on monitoring the activities of suppliers and manufacturing sites in relation to modern slavery, ethical sourcing and human rights risks.</p> |
| Training | <p>Continue to work collaboratively with retail trading partners and suppliers in building awareness and capability among staff, suppliers and workers in the Group's supply chains, to help better identify, prevent, reduce and manage modern slavery and ethical sourcing risks in the Group's operations and supply chains.</p> |
| Stakeholder engagement | <p>Support further expansion of stakeholder engagement in relation to the Group's supply chains.</p> |

A Statement from Our Managing Director

The Australia Homeware Enterprise Group values the human rights of all workers within its operations and supply chains.

There is thus an expectation for all trading partners to comply with the highest legal, moral and ethical standards of practice in the course of business, which is consistent with the Group's core values.

Accordingly, our Group is committed to working together with all trading partners and stakeholders in fulfilment of this common vision.

Together we recognise that modern slavery, including slavery, servitude, forced labour, deceptive recruiting for labour or services, forced marriage, the worst forms of child labour, debt bondage, and human trafficking does not often occur in isolation, and we acknowledge that modern slavery may in fact form part of other wider problems and issues, including discrimination, breach of human rights, weak or absent rule of law, and low wages.

Therefore, our Group and business divisions are fully committed in working closely with our suppliers and retail trading partners, including collaborating alongside various organisations, on an international basis in our commitment to help identify, take action against, and assess the effectiveness of actions taken against modern slavery risks in all of our operations and supply chains.

Applying the best of our people, skills and resources, we aim to work in partnership on a multi-stakeholder basis to promote and advance a coordinated and joint approach towards the fulfilment of our commitment and vision.

Accordingly, we are pleased to submit for publication our Australia Homeware Enterprise 2022 Modern Slavery Statement.



David Jiang

Managing Director
30 December 2022

APPENDICES

Appendix A: Australia Homeware Enterprise Reporting Entities

The Australia Homeware Enterprise 2022 Modern Slavery Statement is made on behalf of Australia Homeware Enterprise Pty Ltd (ABN 25 613 201 899) and the following reporting entities:

| Reporting entity | Principal place of business | Principal business activity |
|-------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australia Homeware Enterprise Pty Ltd | Campbellfield, Victoria | Australia Homeware Enterprise Pty Ltd is a privately owned company in Australia. The nature of the operations and principal activities of Australia Homeware Enterprise and its subsidiaries include distributing home improvement products to Australian retailers of project builders, commercial tradespeople and the housing industry in Australia. Australia Homeware Enterprise is the ultimate holding company of the reporting entities listed in this Statement. |
| Australian Brushware Corporation Pty Ltd | Campbellfield, Victoria | Australian Brushware Corporation Pty Ltd is a distributor of home improvement products in Australia and is a major supplier to Australian retailers of home improvement products in Australia. |
| DIY Resolutions Pty Ltd | Campbellfield, Victoria | DIY Resolutions Pty Ltd is a distributor of home improvement products in Australia and is a major supplier to Australian retailers of home improvement products, including project builders, commercial tradespeople and the housing industry in Australia. |

Appendix B: Australia Homeware Enterprise's Relevant Policies

| Policy | Description of policy |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anti-Discrimination and Equal Employment Opportunity Policy | This policy outlines the Group's commitment to providing an environment whereby employees and others are treated fairly and with respect, and are free from discrimination. This policy promotes diversity and inclusion, including difference of sex, race, age, ability/disability, religious belief, carer/family responsibilities, sexual orientation and gender identity. |
| Modern Slavery and Ethical Sourcing Policy | This policy outlines the minimum standards of practice expected of the Group's businesses including to identify, prevent, reduce and manage modern slavery and ethical sourcing risks in its operations and supply chains. The minimum standards include a prohibition against child labour, and forced or compulsory labour. |
| Whistleblower Policy | This policy serves as a grievance mechanism and supports complaints reporting by internal and external whistleblowers, including suppliers and other related parties on a confidential basis and without the fear of victimisation or threat of detriment. Under this policy there are minimum standards and details for making a report by whistleblowers. |

Appendix C: Progress

| Division | Focus | Status |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Australian Brushware Corporation Pty Ltd</p> | <p>Continue to build upon and extend the scope of the ethical sourcing program, including human rights due diligence for Tier 1 suppliers of products, and suppliers of services.</p> <p>Explore ways to extend existing accreditations and/or certifications for product categories to help further facilitate and improve supply chain transparency, including for regulated timber products expanding FSC and/or PEFC certification, and/or mapping supply chains back to the location of harvest.</p> <p>Expand on other relevant high-risk raw material supply chains.</p> | <p>FSC certification was successfully achieved as of 27 August 2021.</p> <p>Australian Brushware Corporation Pty Ltd remains committed to its long-term focus and continues to build upon and extend the scope of the ethical sourcing program.</p> |
| <p>DIY Resolutions Pty Ltd</p> | <p>Continue to build upon and extend the scope of the ethical sourcing program, including human rights due diligence for Tier 1 suppliers of products, and suppliers of services.</p> <p>Explore ways to extend existing accreditations and/or certifications for product categories to help further facilitate and improve supply chain transparency, including for regulated timber products expanding FSC and/or PEFC certification, and/or mapping supply chains back to the location of harvest.</p> <p>Expand on other relevant high-risk raw material supply chains.</p> | <p>FSC certification was successfully achieved as of 27 August 2021.</p> <p>DIY Resolutions Pty Ltd remains committed to its long-term focus and continues to build upon and extend the scope of the ethical sourcing program.</p> |