

Modern Slavery Statement

Stratco Group

2020-21 Financial Year



About the Stratco Group

This statement covers the Stratco Group of companies and is our second statement under the Australian Modern Slavery Act 2018. The companies covered by this report include Stratco (Australia) Pty Ltd, Stratco (Qld) Pty Ltd, Stratco (NSW) Pty Ltd, Stratco Pty Ltd, Stratco (WA) Pty Ltd and Stratco (Alice Springs) Pty Ltd

The Stratco Group of companies are Australian proprietary limited companies. Stratco maintains offices in all mainland capital cities to support their operations in those States and Territories with Head office and group support being located in Adelaide, South Australia.

Since commencing operation in 1948 Stratco has grown to become one of the largest producers and marketers of quality building and home improvement products in Australia with a network of stores and manufacturing facilities throughout the country.

Stratco supplies building products to both trade and retail customers with key products being roofing and rainwater goods, fencing, sheds, carports, verandahs and patios. These products are manufactured for local markets in Stratco's manufacturing facilities and are distributed directly to company owned stores and customers from these facilities. Stratco offers complementary products to be used in the construction of these products or in conjunction with these

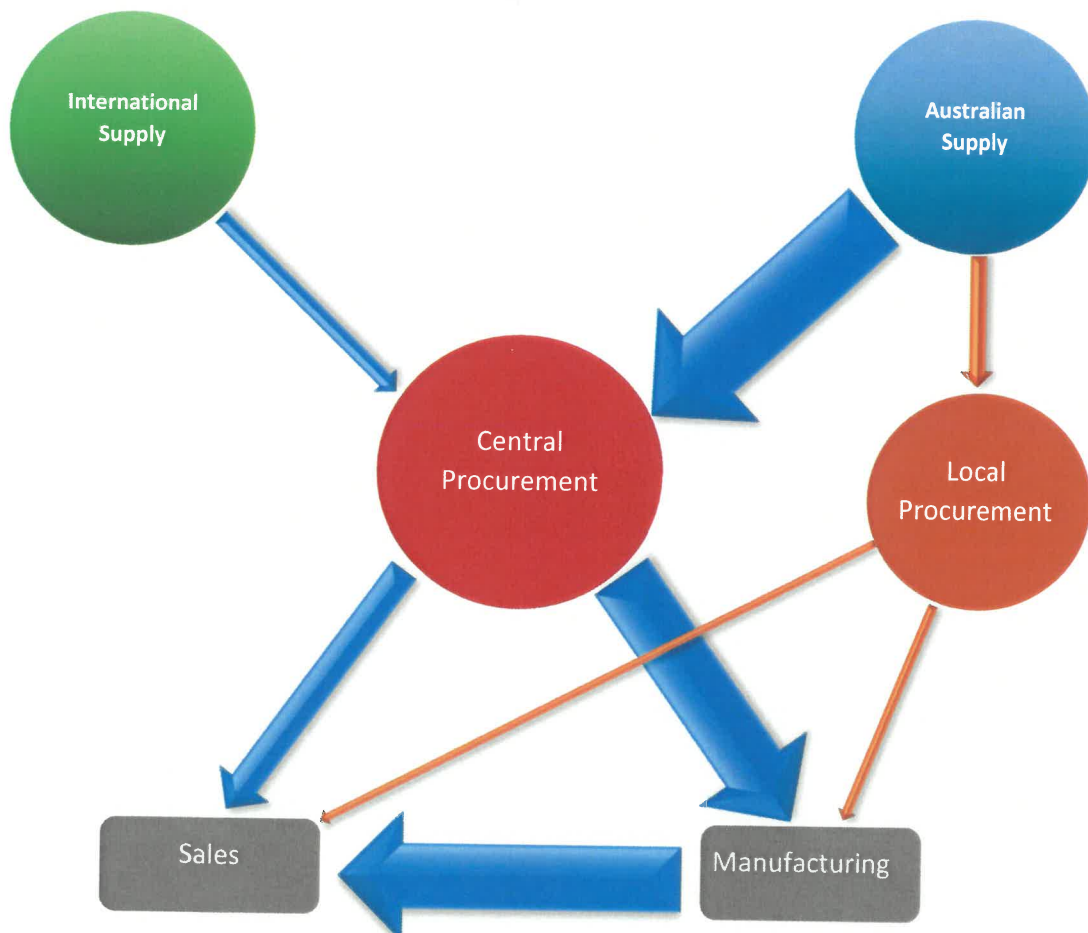


products when erection has been completed. Some of these complimentary products are manufactured by Stratco with others being purchased from local and international suppliers.

Supply Chain

Stratco's supply chain is primarily controlled centrally, with sourcing decisions and contract negotiations for raw materials and goods and services being coordinated by senior members of Stratco's supply chain and operations teams. These decisions and contracts dictate how state based supply chain team members operate and provide clear direction as to which suppliers are to be used for specific items. Where there are site specific purchasing requirements, these are managed at a local level in line with the relevant policies and any other direction that is provided from the national procurement team. Consultation between the supply chain team members at various locations on key purchasing matters occurs through both structured and informal means. Historically this has occurred via an annual internal supply chain conference which this year took place via a series of virtual discussions rather than a face to face gathering.

Whilst the COVID-19 pandemic had an impact upon Stratco's business and customers in the reporting period they were not of a magnitude that required any significant changes to be made to Stratco's supply chain strategy. The diagram below provides an overview of Stratco's supply chain.



Supply Chain Modern Slavery Risks

During the current reporting period Stratco reviewed the geographical location of their major suppliers in order to determine a suitable strategy to commence assessing Modern Slavery risks in the supply chain. Whilst the majority of Stratco's goods and services are source is via Australian based businesses, Stratco has a number of suppliers, more than 150, located in South East Asia. These suppliers are located in a number of countries including China, Taiwan, Cambodia and Vietnam.

Stratco acknowledges that Modern Slavery risks are not confined to any one location or business, irrespective of size and that risks exist right throughout Stratco's supply chain. However, with many of Stratco's Australian based suppliers being required to comply with the Australian Modern Slavery Act most activities during the year were focussed on developing processes and procedures to address risks elsewhere within Stratco's supply chain.

Activities to address Modern Slavery Risks

As noted previously Stratco has more than 150 international suppliers with the majority of these located in Asia. A review of the regions from which Stratco sources goods and services identified that the biggest risks of Modern Slavery were in the Asian region. It was for this reason that the main activities undertaken by Stratco in the current reporting period focussed on suppliers from this region.

To this end Stratco developed a formal supplier selection and verification process for suppliers based in this region. This process requires that all new suppliers meet certain criteria including a number of criteria relating to employment conditions, remuneration and other Human resources related matters. This checklist was utilised on several occasions during the year for both new suppliers and existing suppliers. The process that has been developed extends beyond an initial selection assessment but includes a regular ongoing audit process to ensure that suppliers are continuing to meet Stratco's expectations. This programme was piloted in China during the current reporting period and in this time approximately 8% of Stratco's suppliers based in China were physically visited and audited with a number being visited on more than one occasion.

These visits and pilot programme allowed the selection and verification process to be fine tuned to the point where it is now able to be utilised in other Asian jurisdictions.

The other main action undertaken by Stratco during the reporting was to review and update several supply chain related policies.

The updating of these policies and the development of the supplier selection and verification process involved many personnel directly involved in Stratco's supply chain. As such this involvement contributed to the dissemination of knowledge about Stratco's activities to assess and address modern Slavery risks within the business.

Effectiveness of activities to address Modern Slavery Risks

Although the supplier selection and verification process will continue to be fine tuned the current pilot programme has already proven to be effective.

The audit process lead to one a supplier changing part of their supply chain to ensure they could meet all requirements of our selection process. There have also been instances instance where the preliminary desk top audit of potentials supplier eliminated some suppliers that were being considered for further evaluation.

The development of this audit process has also ensured that the audit process is a topic of discussion in product sourcing meetings that are regularly held in Australia. This is helping to reinforce the importance of this programme and Stratco's commitment to managing Modern Slavery Risks within the business.

Future activities

In the coming reporting period the following activities will be undertaken to further improve and assess Stratco's performance in relation to minimising Modern Slavery risks

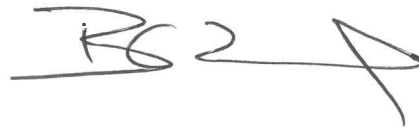
1. Implement the supplier selection and audit programme into other Asian jurisdictions
2. Generate a Modern Slavery policy and communicate this to the Stratco team

3. Undertake a survey of Australian based suppliers to understand their awareness of the Modern Slavery Act, the risks associated with Modern Slavery and their involvement in activities to reduce their risk profile.

This statement was approved by the undersigned directors in their role as Stratco's principal governing body on 22 December, 2021



Alf Stratton
Chairman/Director
Stratco (Australia) Pty Ltd



Ben Miels
C.E.O./Director
Stratco (Australia) Pty Ltd