



# dusk

## Modern slavery statement

for the financial year 29 June 2020 - 27 June 2021

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## 1 Introduction

We are constantly working to reinforce and communicate our values to our employees, shareholders, customers, suppliers and the broader community.

This modern slavery statement is made by Dusk Group Limited (ACN 603 018 131) and its wholly-owned subsidiary Dusk Australasia Pty Ltd (ACN 090 850 383) (together, **dusk**).

References to ‘our’ and ‘we’ in this Statement are references to these entities.

This is dusk’s modern slavery statement and sets out information required by the *Modern Slavery Act 2018* (Cth) (the **Act**) describing the risks of modern slavery in our business and actions we have taken to address those risks during the reporting period 29 June 2020 - 27 June 2021 (FY21).

## 2 Our structure, operations and supply chains

### Our structure

Dusk Group Ltd is an Australian company headquartered in Sydney, Australia and is the ultimate holding company for the following Australian companies:





- Dusk Australasia Pty Ltd (the trading entity);
- Dusk Wholesale & Imports Pty Ltd (currently a dormant entity); and
- Dusk Europe Pty Ltd (currently a dormant entity).

dusk has been listed on the ASX since November 2020.

### Our operations

dusk is an Australian specialty retailer of home fragrance products, offering a range of dusk branded premium products at competitive prices from its physical stores and online store. dusk’s products include candles, ultrasonic diffusers, reed diffusers, essential oils and fragrance related homewares. At the end of FY21, dusk had 121 company-owned and operated stores across Australia plus a growing online presence via its website [www.dusk.com.au](http://www.dusk.com.au).

dusk’s product offering can be segmented into five primary categories, being candles; diffusers and consumables; mood reeds; homewares; and other. In addition to its core product range, dusk develops and retails seasonal decorative and functional products (e.g. for Christmas, Mother’s Day, Halloween and Easter) which sit across all five product categories.



Our key operations	
 <p><b>direct employment of workers</b></p>	<p>As at the end of FY21, dusk employed 305 full-time and part-time employees across the business. dusk also employs a large casual labour force during the year which ranges between approximately 500 to 1200 people based on trading seasonality requirements.</p>
 <p><b>provision of products</b></p>	<p>dusk's range includes various product formats (i.e. candles, mood reeds, diffusers and essential oils) that are used to deliver dusk's range of fragrances. dusk has in-house capabilities in product design, sourcing, packaging, inventory planning and technical production matters.</p>
 <p><b>physical and online retail stores</b></p>	<p>As at the end of FY21, dusk had a network of 122 company owned and operated stores in Australia (including the online store).</p>
 <p><b>sales and marketing</b></p>	<p>dusk's marketing program is largely digital and is primarily targeted at dusk Rewards members. dusk produces its own content in-house for its various advertising and sales channels.</p>

dusk does not externally engage in financial lending activities. Any intra-company lending forms parts of dusk's operations and does not expose dusk to any additional modern slavery risks.

## Our supply chain

dusk operates a 'vertical' retail model combining internal product development with flexible use of third-party manufacturing and distribution. Our products are sold exclusively through our own channels to market (i.e. dusk stores and website). Our supply chain is complex and is broadly divided into Candles, Home Fragrance and Homewares.

We seek to have long-term relationships with our suppliers, a strong control process and an ability to manage inventory risk. Management, including the CEO, also keeps in regular contact with key suppliers to ensure the continuity of strong relationships.

Our key supply chain segments	
 <p><b>Product manufacture</b></p>	<p>Product manufacture is outsourced to a diverse third-party supplier base with innovation capability, quality control and track records.</p> <p>In FY21 dusk sourced product and componentry from approximately 55 different suppliers spanning candles, reed diffusers, electronics, glassware, ceramics and stone, metals and packaging. Of these suppliers, the Top 5 accounted for approximately 80% of total purchases in FY21.</p> <p>The majority of suppliers are located in China, Hong Kong and USA.</p>
 <p><b>Warehousing and distribution functions</b></p>	<p>Warehousing and distribution functions are outsourced to third-party logistics providers.</p> <p>The majority of suppliers are located in Australia.</p>

dusk also procures goods and services including leasing and store development, IT services, store operations, corporate services and marketing.

## Impact of COVID-19 on operations and supply chain

The COVID-19 pandemic continued to cause unprecedented challenges for dusk and created an extremely challenging operating environment in FY21. The dusk store network has been impacted by various Government imposed restrictions related to COVID-19. This has resulted in temporary store closures across multiple States, with affected store teams being stood down.

The COVID-19 pandemic also resulted in some impacts to dusk’s usual supply practices. Many suppliers were impacted by the COVID-19 pandemic during the year which caused some supply chain disruption and an increase in freight costs. dusk proactively worked with suppliers and placed orders early to minimise the impact of disruptions and inventory was broadly in line with plan at the end of FY21.

## 3 Modern slavery risks in operations and supply chain

dusk is committed to responsible supply chain management and recognises the importance of protecting human rights.

We consider that our direct workforce is low risk to modern slavery and believe our people and culture policies and practices further mitigate this risk. Accordingly, we consider that our greatest risk of involvement in modern slavery is being indirectly linked to it through our supplier relationships and other third-party relationships with suppliers outside Australia.

The following indicators were the primary source used to identify and assess potential supplier risk: sector and industry risk, product and services risk, geographic risk, entity risk and specific signs that may indicate a person is in a situation of modern slavery.

During the reporting period, dusk undertook a risk mapping exercise of our supply chain. This has assisted in improving our ability to identify potential modern slavery and human trafficking risks.

The table below outlines the inherent risks of modern slavery that may be present in our key supply chain segments and the level of inherent risk we identified through our risk assessment.

### Indicative risk factors by supply chain segment

Supply chain segment	Category	Inherent risk rating	Identified risk factors
Trade suppliers - products manufactured for resale	dusk own branded product	High	Inherent risks of modern slavery are present in the manufacturing sector. dusk generally purchases directly from factories or from third party agents.
Non-trade suppliers - goods and services not for resale	Warehousing and distribution	Moderate	Inherent risks of modern slavery are associated with warehousing and distribution activities in Australia. These risks often stem from forced labour of vulnerable populations, and the use of labour hire services.

Supply chain segment	Category	Inherent risk rating	Identified risk factors
	Leasing and store development	Moderate	Inherent risks of modern slavery are associated with store fitout construction, and the materials used in them. Factors including the frequent use of migrant or lower-skilled labour, and poor or dangerous working conditions contribute to these risks.
	IT services	Moderate	Inherent risks are associated with IT equipment manufactured offshore, particularly forced labour. Limited inherent risks were identified in IT support services given dusk engages primarily with suppliers based in Australia.
	Store operations	Moderate	Inherent risks of modern slavery are associated with migrant and vulnerable workers in cleaning and security services. These include human trafficking and forced labour.
	Corporate services	Low	Limited inherent risk factors identified given dusk engages primarily with suppliers based in Australia.
	Marketing	Low	Limited inherent risk factors identified given dusk engages primarily with suppliers based in Australia.

## 4 What have we done to assess and address modern slavery risks?

### Actions taken

#### Supply chain mapping, risk identification and assessment

As outlined above, during the reporting period, we undertook a detailed mapping of our supply chain. The mapping exercise was conducted internally with input from a cross section of the business including Product, Operations and Finance. All suppliers were rated using various demographic and economic criteria as well as the nature of the trading relationship (one off vs. multiple-year).

#### Governance

During the reporting period, our policies have continued to assist us to mitigate the risks of modern slavery across our operations and supply chains.

We recognise that our success is dependent on the knowledge, experience and talent of our employees, the strength of our management team, the quality of our business strategy and our compliance with high standards of corporate conduct, ethics and governance. We are constantly working to reinforce and

communicate our values to our employees, shareholders, customers, suppliers and the broader community.

### **Code of Conduct**

All people employed, contracted by, associated with, or acting on behalf of Dusk Group Limited are subject to the Code of Conduct. Our Code of Conduct, which was adopted in October 2020, provides a benchmark for professional behaviour throughout the Company. Breaches of the Code of Conduct must be reported in accordance with the Company's Speak Up Policy or to the Head of Human Resources. Our Code of Conduct is based on values of integrity, fairness and that our business must be conducted honestly and ethically.

### **Grievance Mechanism - Speak up Policy**

We are committed to conducting business honestly, with integrity, and in accordance with our values and standards of expected behaviour. Our Speak Up Policy, which was adopted in October 2020, encourages people to speak up if they become aware of potential misconduct, explains how to speak up and what protections a discloser will receive and outlines our processes for responding to reports. Anyone with information about potential misconduct is encouraged to speak up. This includes all of the dusk's current and past employees, directors, suppliers and associates. We make our Speak Up Policy available on our website, so that it is easily accessible. We seek to promote a workplace environment in which everyone feels safe, supported and encouraged to speak up.

## **Due diligence**

### **Supplier Code of Conduct**

We are committed to embracing a fair, sustainable, socially responsible and ethical approach to our procurement. In March 2021, dusk adopted a Supplier Code of Conduct. This Supplier Code of Conduct applies to all our suppliers of goods or services and has been incorporated into our standard trading terms. The Supplier Code of Conduct is being progressively rolled out to current suppliers and is included in the on boarding of all new suppliers.

We expect that our suppliers, whether directly or through their supply chain, conduct themselves in accordance with the principles and standards in this Code and implement suitable management systems and processes. We seek to encourage our suppliers to exceed these minimum standards. We expect our suppliers to communicate this Code to their related entities, employees, suppliers and sub-contractors so that they are aware of, understand and comply with this Code.

Our suppliers must monitor their compliance with this Code, notify us of any material breaches, allegations of non-compliance or investigation into non-compliance by authorities. Under the Code, suppliers must and take all reasonable steps to address, remedy and prevent any further breach.

### **Terms of Trade**

We have updated our standard terms of trade, and these now include a Modern Slavery clause. Under the terms of trade the supplier must:

- comply, and ensure that all sub-contractors and suppliers comply, with all laws in force in jurisdictions relevant to the supplier, including Modern Slavery laws and the Supplier Code of Conduct;
- agree to keep records and allow dusk to inspect those records, interview personnel and review the supplier's operations at any time to audit compliance with obligations under these terms of trade;
- agree to procure that its sub-contractors and suppliers give dusk the same inspection rights.

The Terms of Trade are being progressively rolled out to current suppliers and is included in the on boarding of all new suppliers.

## **5 Assessing the effectiveness of our actions**

We recognise that the review and assessment of our actions to identify and address our modern slavery risks will be an ongoing and evolving process that we are committed to continue to build upon. Responsibility for assessing the effectiveness of our actions has been allocated to a specific working group

across the key functional areas of Finance, Product and Operations. Reporting on modern slavery has also been incorporated into our risk management processes.

## 6 Consultation

Dusk Group Limited consulted with Dusk Australasia Pty Ltd and together we consulted with the entities we own or control in the process of preparing this joint statement, communicating our approach and our commitments. We operate as an integrated group of companies with policies, systems and approaches that apply to each entity.

## Approval

This statement was approved by the Board of Dusk Group Limited on 9<sup>th</sup> December 2021 on behalf of itself and Dusk Australasia Pty Ltd.

Signed,

A handwritten signature in black ink, appearing to read 'John Joyce', written over a light grey rectangular background.

John Joyce  
Chair, Dusk Group Limited  
9 December 2021