



NIOA

Modern Slavery Statement

24 January 2022

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1 COVERED ENTITIES

NIOA Nominees Pty Ltd as Trustee for the Bill Nioa Family Trust ABN 11 646 964 149 (**NIOA**), is filing this Modern Slavery Statement (**Statement**). NIOA does not own or control any other entities.

This is the second Statement for NIOA for the purposes of the *Modern Slavery Act 2018* (Cth) and relates to the financial year ending 30 June 2021.

2 NIOA'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

2.1 STRUCTURE

NIOA is a long-established operator in the licensed firearms, weapons and munitions market across the adjacent Sporting, Law Enforcement and Defence segments.

NIOA has strategic fixed infrastructure investments in specialist weapons and munitions storage, maintenance, manufacture and logistics facilities and specialised teams of professionals operating across all elements of the associated complex spectrum of operations, engineering, program management, manufacturing and support.

2.2 OPERATIONS (CAPABILITIES)

2.2.1 Sporting Market

NIOA is the largest supplier of firearms, optics, ammunition and accessories in the Australian market. In the Sporting market, NIOA operates a traditional linear business model by purchasing product from overseas suppliers and wholesaling to a network of licensed firearm dealerships throughout Australia, who in turn sell to customers.

NIOA's value-add process involves state of the art warehousing, customer support and product servicing in Brisbane. The distributed products help to give a diverse body of law-abiding people, of varying ableness and age, competitive access to recreational sports. The products also support Australia's agricultural industry as the leading tool for pest mitigation in Australia, encouraging the restoration of local environmental conditions.

2.2.2 Law Enforcement and Defence

NIOA's Law Enforcement and Defence value add process has historically followed the traditional linear business model in exclusivity. Aside from traditional linear interactions, NIOA currently conducts several business activities through a variety of business models which tend toward vertical integration with the Commonwealth.

These activities include conducting tendering processes, upgrading current weapon fleets, mutually assisting with product testing and manufacturing. These activities are supported through NIOA's network of business locations including Melbourne, Benalla, Canberra, Maryborough, Brisbane and Picatinny (USA). The activities in this field not only help to keep soldiers and policemen and women safe but aim to keep all Australian people safe from local and international threats.

2.3 SUPPLY CHAINS

NIOA's supply chain supports NIOA in project delivery as well as in the everyday operation of its business.

NIOA's relationships with its key strategic suppliers (**First Tier Suppliers**), including Original Equipment

Manufacturers (**OEMs**), are often long-term in nature and are with high performing reputable suppliers located within Australia and overseas. NIOA ensures that it builds appropriate engagement models with all of its suppliers and business partners to drive quality, innovation, and compliance with all relevant legislation.

Specifically, NIOA's supply chain comprises:

- goods and services to support key projects and markets, typically licensed firearms, weapons and munitions required by the Sporting, Law Enforcement and Defence sectors, where approximately:
 - 68% of First Tier Suppliers are located in the United States of America;
 - 22% of First Tier Suppliers are located in Europe;
 - 5% of First Tier Suppliers are located in Australia; and
 - 5% of First Tier Suppliers are located in Africa.
- goods and services which support corporate operations – typically the supply of office accommodation, utilities, IS hardware and software, cleaning, catering and stationary suppliers, where approximately:
 - 90% of suppliers are located across Australia; and
 - the remaining 10% of suppliers are located across Europe, the United States of America and Canada.

3 MODERN SLAVERY RISK EXPOSURE

As a 100% privately-owned Australian company, NIOA has a strong value system which easily and overtly translates to all aspects of its business. NIOA recognizes its responsibility for upholding and protecting the human rights of its employees and within its supply chain across Australia and the world. NIOA has a values system which embeds a culture of honesty, transparency, and respect for human rights throughout its business, which is demonstrated by NIOA's commitment to safe and ethical conduct in everything it does.

Modern slavery practices therefore directly contradict NIOA's ethics and corporate culture. As a result, NIOA understands the importance of the opportunity to address and detect any issue or risk relating to modern slavery practices within its supply chains. NIOA has formally documented a new *NIOA Business Partner (Supplier) Code of Conduct* for its suppliers to ensure that they are fully aware of the importance NIOA places on supplier behaviours and business models, a key element of which is the human rights of our supplier's employees.

Overall, NIOA considers that there are low risks of modern slavery practices present within its operations and supply chains. This is because NIOA operates within a highly regulated and complex industry and only conducts business with reputable suppliers who adopt standards of ethical business practices consistent with NIOA, such as high standards of quality, safety and compliance.

3.1 WORKFORCE (OPERATIONS)

NIOA has considered the location of its employees and the type of work undertaken as the basis for assessing and understanding the modern slavery risks in its current operations.

NIOA considers the risk (presence) of modern slavery within its own workforce as very low. The nature of NIOA's work requires a predominantly Australian-based highly skilled workforce with some specialist support provided from the United States of America and New Zealand. In particular, over 90% of NIOA's workforce hold security clearances as approved by the Australian Government Security Vetting Agency. Our staff are well educated as to their rights at work and are represented on various internal committees to ensure they have a strong voice regarding the operation of the business.

Furthermore, a large percentage of NIOA's workforce is white-collar, such as Compliance, Commercial, Legal, IT and Engineering who predominantly reside and work within NIOA's Australian offices. Similarly, NIOA's blue-collar functions, such as its warehouse and armoury roles are delivered using Australian personnel within NIOA's Australian-based premises.

3.2 SUPPLY CHAINS

3.2.1 Assessment

NIOA has taken a proactive approach to minimise the risk of modern slavery in all aspects of its business.

In particular, NIOA conducted a risk assessment of its operations and identified the First Tier Suppliers supporting each of its business divisions and corporate operations.

NIOA's risk assessment process set a base level identification of modern slavery risk by considering risk factors such as:

- the sector with which the supplier is in;
- the types of products and services supplied by the supplier; and
- the supplier's geographic location.

NIOA's assessment focused on risks in its directly contracted suppliers (i.e. First Tier Suppliers and suppliers supporting NIOA's operations), with risks in NIOA's lower tier supply chain to be considered and thoroughly assessed in future years.

For FY2021/22 NIOA will be seeking a formal statement of compliance with Modern Slavery requirements from our First Tier Suppliers as well as a formal commitment to *NIOA's Business Partner (Supplier) Code of Conduct* as part of our supply chain review and approval processes.

3.2.2 Supply Chain Risk

Supply chains in the Sporting, Law Enforcement and Defence industries involve complicated relationships and constrained supply markets, which are further restricted by proprietary products or technical requirements (certifications).

Due to NIOA's extensive and highly diverse product and services portfolio, some of its supply chains are therefore, globally dispersed and subject to constant change.

Consequently, NIOA has assessed that the greatest risk of modern slavery existing within its current supply chain and operations to be in the procurement of products sourced and manufactured outside Australia. Nonetheless, NIOA has evaluated this to be a relatively low risk for modern slavery practices because the vast majority of NIOA's First Tier Suppliers operate within the same industries as NIOA and are therefore, subject to similar (or even more stringent) laws and standards in their respective countries. Such risks are further mitigated by the fact that NIOA will only conduct business with reputable and qualified suppliers, who comply with applicable laws and regulations, both in Australia and their respective countries.

Despite the relatively low risks identified above, NIOA:

- is constantly exploring ways to expand and qualify a wider network of suppliers to provide for Australian-based procurement and manufacturing to support the delivery of its Australian Industrial Capability commitments;
- is committed to continually enhancing and maturing its approach to assessing and managing modern slavery risks; and
- recognizes that forced labour and related practices have the potential to intersect with the sub-tiers of its supply chains, particularly those supply chains which may run into the raw materials/services that are used for the products and services which NIOA purchases. Although a thorough

assessment of these lower tier suppliers has not yet been conducted, NIOA is conscious of this and will continue to work closely with its suppliers to undertake and implement processes to mitigate the risks of any form of modern slavery being present within its supply chain.

4 NIOA'S MANAGEMENT OF MODERN SLAVERY RISKS

NIOA conducted the following actions and implemented the following measures this reporting period to address and manage its modern slavery risks.

4.1 MODERN SLAVERY COMMITTEE

4.1.1 Establishment

In FY 2020-2021, NIOA established an internal Modern Slavery Committee (made up predominantly of key personnel from NIOA's Senior Leadership Team, Commercial and Procurement departments), who was tasked with:

- conducting a risk assessment (audit) on NIOA's current First Tier Suppliers to assess the effectiveness of its supplier due diligence process. This involved a base level identification of modern slavery risks by considering risk factors such as the sector, types of products and services supplied and the geographic location of suppliers;
- assessing the effectiveness of NIOA's current supplier due diligence process; and
- developing a new and more effective *Supplier Engagement Form*, with which NIOA could conduct an appropriate due diligence process.

In FY 2021-2022, the NIOA Modern Slavery Committee will focus on, among other things:

- refreshing NIOA's approach to supplier due diligence and risk monitoring, including implementing further processes to:
 - qualify, on-board and periodically revalidate existing suppliers, to ensure compliance with commercial, regulatory and legal requirements;
 - qualify, on-board and expand NIOA's Australian-based procurement and manufacturing to support the delivery of NIOA's Australian Industrial Capability commitments;
 - ensure key NIOA staff conduct business only with reputable, responsible suppliers that are committed to the highest standards of ethics and business conduct.
- raising continued internal and external awareness regarding NIOA's *Modern Slavery Policy*, condemning and prohibiting the use of modern slavery practices including ensuring our staff are better equipped for early identification of potential risks emerging in our supply chain; and
- monitoring the development of new regulations relating to the prevention of modern slavery and human trafficking, to ensure that NIOA's policies and procedures remain current and compliant.

4.1.2 Training

NIOA recognizes that its people play an important role in building and maintaining a strong ethical culture. As such, to ensure a high level of understanding of the risks of modern slavery in NIOA's supply chains and its business, in FY 2020-2021, the Modern Slavery Committee and other key staff were made aware of all corporate policies and procedures pertaining to modern slavery.

NIOA intends to continue to provide this awareness to refresh knowledge and ensure all new employees with a role to play in supplier management maintain their individual skill levels and NIOA's expectations.

4.2 SUPPLIER DUE DILIGENCE

NIOA's modern slavery risk assessment is currently conducted via a due diligence process which primarily involves the completion of a detailed *Supplier Onboarding Form* for new suppliers. In addition, prior to approving and selecting new suppliers, NIOA outlines the products and services needed and

shortlists potentially suitable suppliers by generally using an informal assessment process. In some instances (such as for construction related procurement), this due diligence process is achieved by conducting a suitable tender process.

In FY 2020-2021, NIOA developed a comprehensive *Supplier Engagement Form*, which will replace the current *Supplier Onboarding Form* in the first half of FY 2021-2022. This *Supplier Engagement Form* contains a series of questions for suppliers to complete, which will enable NIOA to carry out an appropriate and more thorough assessment of the following non-financial risks:

- anti-bribery and corruption;
- fraud or theft;
- cybersecurity;
- money laundering;
- tax evasion;
- business stability; and
- compliance with legislation and regulations – such as modern slavery legislation.

NIOA intends on implementing further processes in the next financial years to better qualify, on-board and periodically revalidate existing suppliers, to ensure compliance with commercial, regulatory and legal requirements.

This updated due diligence process is not intended to preclude suppliers, rather it will be used to identify gaps/weaknesses in a supplier's ability to meet legislative and policy requirements, including those relating to modern slavery risk. NIOA will introduce appropriate control measures to manage these gaps/weaknesses and anticipates that these controls may include (but will not be limited to):

- adjustment to terms and conditions in contracts;
- the use of performance guarantees;
- obtaining written undertakings/commitments from suppliers that they will uphold *NIOA's Business Partner Code of Conduct*; or
- the implementation of additional resources.

4.3 CONTRACT TERMS

FY 2020-2021, NIOA has updated some of its legal precedent templates for its procurement contracts (e.g., NIOA's services contract templates) to reflect modern slavery requirements. Specifically, such suppliers are required to provide express warranties that they are in compliance with applicable laws, specifically the *Modern Slavery Act 2018* (Cth).

In future years, NIOA intends to add further contractual requirements regarding modern slavery in more of its procurement contracts for its suppliers to comply with..

4.4 POLICIES AND PROCEDURES

4.4.1 Corporate Policies

NIOA is governed by robust policies and procedures, which provide a framework that is aimed at preventing modern slavery occurring in NIOA's immediate supply chain, such as the:

- *NIOA Modern Slavery Policy*;
- *NIOA Code of Conduct*; and
- *NIOA Business Partner (Supplier) Code of Conduct*.

Any breach of *NIOA's Modern Slavery Policy*, *NIOA's Code of Conduct* or *NIOA's Business Partner (Supplier) Code of Conduct* will be taken seriously, and if proven, may result in disciplinary action up to and including termination.

NIOA also expects all entities who have, or seek to have, a business relationship with NIOA to familiarise themselves with NIOA's *Business Partner (Supplier) Code of Conduct* and to act in a way that is consistent with NIOA's values.

4.4.2 Whistleblowing

NIOA is committed to a culture where people are encouraged and confident to speak up, without fear of retaliation. Employees at NIOA and business partners are encouraged and able to speak up about a range of matters, including ethics concerns and concerns about human rights issues.

Whilst employees are encouraged to bring such matters to the attention of line management, if an employee feels that this is an inappropriate route, they may use the confidential whistleblowing facility which is available to employees, as per the *NIOA Whistleblower Policy*.

5 ASSESSMENT

NIOA regularly reviews and assesses the effectiveness of its company policies and procedures as part of its assurance, audit and risk frameworks. Nonetheless, NIOA recognises that it is still in the early stages of developing and implementing mature processes for assessing the effectiveness of NIOA's modern slavery actions.

In future years, NIOA plans to assess the effectiveness of its actions on an annual basis by comparing NIOA's progress against NIOA's modern slavery objectives and plan. Through this process, NIOA expects to establish Key Performance Indicators (**KPIs**) to enable it to better measure the effectiveness of its actions and identify gaps which require attention or additional focus.

5.1 FY 2020-2021

This is NIOA's second Modern Slavery Statement.

During FY 2020-2021, NIOA made strong progress with respect to the actions it has taken to assess and address (manage) its modern slavery risks. In particular, NIOA's key achievements include, the:

- establishment of an internal Modern Slavery Committee (made up predominantly of key personnel from NIOA's Senior Leadership Team, Commercial and Procurement departments);
- commissioning of an informal internal assessment (audit), conducted by the Modern Slavery Committee, to assess the effectiveness of its supplier due diligence process;
- development of a new template *Supplier Due Diligence Onboarding Form*, with which NIOA can conduct more effective due diligence;
- development of the *NIOA Modern Slavery Policy*; and
- update and development of the new *NIOA Business Partner (Supplier) Code of Conduct*.

NIOA is yet to identify any modern slavery issues internally or within its supply chain.

Furthermore, no grievances or whistleblowing issues relating to modern slavery have been raised to date.

5.2 FUTURE COMMITMENTS

NIOA is proud of the work it has accomplished to date regarding modern slavery and is committed to continually enhancing its approach to assessing and managing modern slavery risks.

During FY 2021-2022, the Modern Slavery Committee will work together to further develop and mature NIOA's risk management system and refine the assurance framework for assessing the effectiveness of its actions, to ensure the risks of modern slavery in NIOA's supply chain remain low.

In future years, NIOA intends on taking the following further steps in order to better manage (and mitigate) the modern slavery risks within its operations and supply chains:

- implement and roll-out the use of the new *Supplier Engagement Form* when engaging new suppliers;
- roll out mandatory ethics and modern slavery training for all employees;
- introduce and use KPIs to better assess the risks of modern slavery within NIOA's supply chain, such as the:
 - number of employees who have undertaken modern slavery training;
 - number/percentage of suppliers considered to have significant risk of modern slavery; •
 - number/percentage of suppliers who have a valid approval rating in accordance with NIOA's due diligence process,
- commence the audit and assessment of NIOA's lower tier supply chain;
- investigate the use of technology to manage and maintain information on NIOA's supply chains, including lower tier suppliers;
- continue to monitor the development of new regulations or guidance relating to prevention of modern slavery in the jurisdictions where NIOA operates, to ensure that NIOA's policies and processes remain current and compliant; and
- develop a more robust supplier chain management policy framework so that the requirements for management of modern slavery risks are fully integrated into NIOA's end to end supply chain management processes.

6 DECLARATION & APPROVAL

This Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) and constitutes the Modern Slavery Statement of NIOA for the financial year ending 30 June 2021.

This Statement was endorsed by the Senior (Executive) Leadership Team on 22 December 2021 and approved by the Trustee for the Bill Nioa Family Trust (the principal governing body) on 24 January 2022, in accordance with the *Modern Slavery Act 2018* (Cth).

A handwritten signature in black ink, appearing to read 'Robert Nioa'.

Robert Nioa
(Sole Director and Company Secretary of NIOA Nominees Pty Ltd as Trustee for the Bill Nioa Family Trust ABN 11 646 964 149)

24 January 2022