

MODERN SLAVERY STATEMENT

Financial Year Ending 30 June 2022



INTRODUCTION

Modern slavery is a global and growing issue and Kincrome acknowledges our responsibility to identify, mitigate and manage modern slavery risks in our business operations and supply chain, particularly as the crime of modern slavery is often not easily visible.

Kincrome sees the annual modern slavery reporting requirements as an opportunity to continue to review its business operations, policies, and supply chains, and to continue to gain a better understanding of our operations and how modern slavery may exist within them.

Since publishing our first Modern Slavery Statement in 2021, we have continued to review and improve our processes and procedures to manage modern slavery risks and to mature our risk management for subsequent years.

REPORTING ENTITY

This modern slavery statement is issued by **KINCROME Australia Pty Ltd** ACN 007 185 006 of 3 Caribbean Lakeview Drive, Scoresby, Victoria 3179.

This statement is made in accordance with the *Modern Slavery Act 2018* (Cth) for the reporting period of 1 July 2021 to 30 June 2022. It sets out the steps we have taken to identify, mitigate and manage modern slavery risks in our business operations and supply chain.

STRUCTURE, OPERATIONS & SUPPLY CHAIN

Structure and Operations

KINCROME Australia Pty Ltd ACN 007 185 006, trading as 'KINCROME Tools & Equipment' (**KINCROME**), together with KINCROME Far East Pty Ltd ACN 165 571 040 are wholly owned subsidiaries of Australian Tool Corp Pty Ltd ACN 094 699 537.

KINCROME was founded by the Burgoine family in 1987 and remains a family-owned Australian company today. Initially a supplier of tools to the automotive aftermarket, KINCROME has grown to become a leading supplier of high-quality tools and equipment to the hardware, automotive and industrial markets across Australia and New Zealand.

KINCROME designs, sources, and distributes their products, covering both trade and retail markets. KINCROME products vary significantly in type and complexity, from simple and low-cost items through to expensive, complex products that require standards compliance and intense levels of quality control.

KINCROME sells products under the 'KINCROME,' 'KATANA®', 'SUPATOOL®', 'SUPATOOL PREMIUM®', 'FINKAL®', 'LISLE®' and 'TOUGHBUILT®' brands. KINCROME are also the official distribution agent [in Australia/NZ] for LISLE™, KATANA®, and TOUGHBUILT®.

At KINCROME we are proud of our Australian origins. Many KINCROME products are designed in Australia, incorporating input from local tool users. Our products are also tested in Australia by our Melbourne-based quality team.

KINCROME have over 180 employees and warehouses located in Melbourne, Brisbane, Perth, and Auckland.

With more than 30 years of experience in tools, our extensive range of products are manufactured by some of the absolute best specialist manufacturers available in the world.

Supply Chain

KINCROME does not manufacture the products it sells – we have an Asia-based sourcing team who work with Australian-based product/category managers on product sourcing. Products are sourced primarily from China and Taiwan.

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Due to the broad range of products sourced by KINCROME (approximately 5,500 products), KINCROME has many suppliers of varying scale and sophistication. Some suppliers are large and sophisticated and supply many of the world’s largest retailers. Other suppliers are smaller and less sophisticated yet provide KINCROME with valuable products that complete our range.

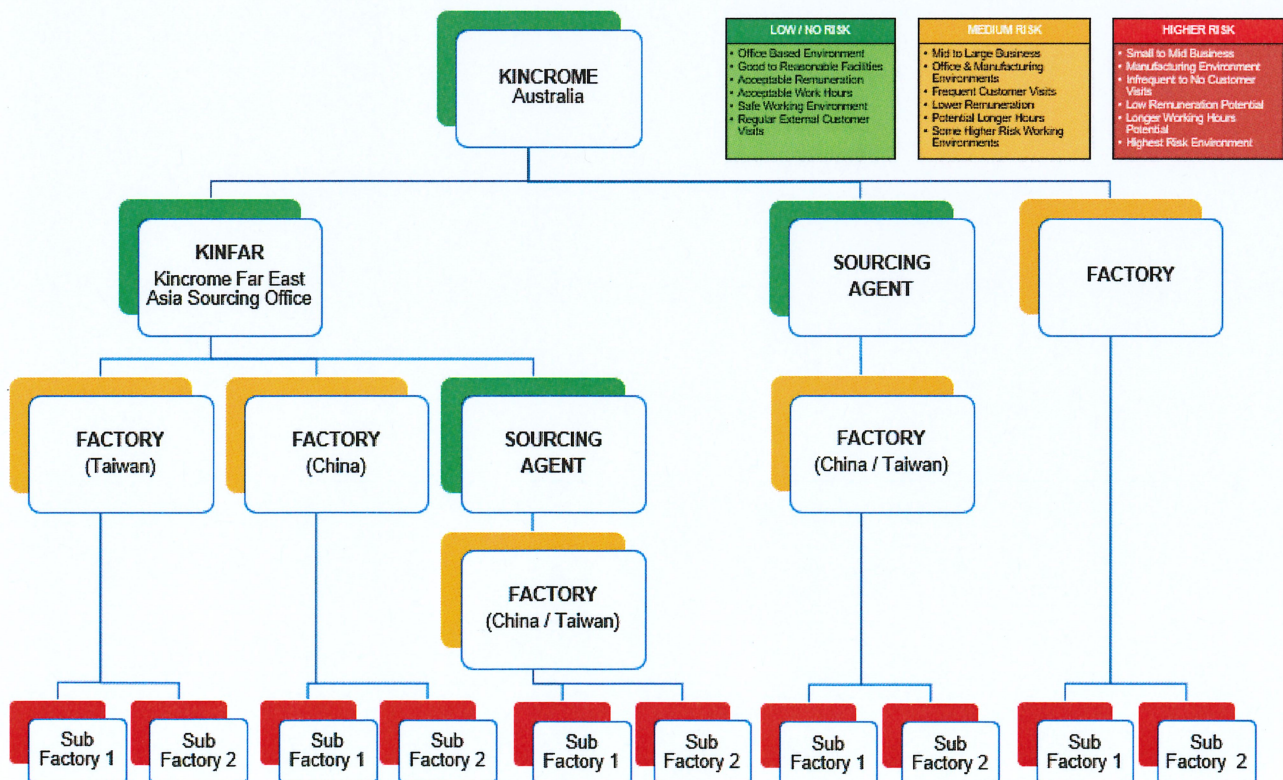
KINCROME’s supply chain includes:

- overseas factories where the products are manufactured;
- those factories’ respective supply chains including the supply of raw materials, componentry and packaging;
- importation of the products into Australia;
- testing and certification of the products in Australia;
- subsequent sale and distribution of products within Australia and New Zealand; and
- services that contribute to our operations, such as:
 - cleaning companies;
 - security companies; and
 - transport companies;

Our ongoing supplier review process is further detailed in this statement.

MODERN SLAVERY RISK IDENTIFICATION

KINCROME is aware that there are several potential risks of modern slavery practices in our supply chain (both directly and indirectly linked to KINCROME) which we must consider. The following sourcing flowchart remains relevant and indicates the level of risks that we deem the various tiers within our supply chain to hold:



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In this reporting year to 30 June 2022, KINCROME have continued to make valuable progress in conducting risk assessment of its operations and supply chain, which we believe has provided an important foundation for addressing issues of modern slavery in our supply chain moving forward.

Primarily, KINCROME worked hard on gathering additional data regarding our supply chain, to enable us to identify risks, and then appropriately assess and act on risks discovered.

As identified in the last reporting period, there is potential for modern slavery in the supply chain, including (but not limited to):

Risks directly linked to KINCROME:

- Potential worker exploitation by local third-party contractors engaged by KINCROME to support our business activities in Australia, including:
 - cleaning companies;
 - security companies; and
 - transport companies;
- Potential modern slavery practices by overseas third-party manufacturers engaged by KINCROME, which likely focus on minimising production costs.

Risks indirectly linked to KINCROME:

Potential modern slavery practices within second-tier suppliers which likely focus on minimising production costs, including labour practices used by raw material suppliers, which are generally less visible to us as they are not immediately engaged by KINCROME and also may not be directly engaged by those companies with which KINCROME has a direct relationship.

Both direct and indirect risks may include (or result from):

- Lower remuneration;
- Potential longer hours;
- Higher risk working environments; and
- Infrequent to no customer visits, making transparency and visibility into work conditions low.

Covid-19 Pandemic

We continue to acknowledge the risks of modern slavery in our supply chain being exacerbated during the ongoing COVID-19 pandemic, as a result of pressure on suppliers/factories and therefore their workers, and the difficulty in travelling to visit our suppliers. Elevated modern slavery risks as a result of the pandemic include (but are not limited to) risks associated with:

- Supply chain shortages;
- Increased unemployment;
- Fear of loss of income; and
- Struggles endured by vulnerable migrant workers who were unable to return to their home countries.

To address and mitigate these risks, we have continued to source and pay for our products as usual during these uncertain times. In addition, in the last reporting year, KINCROME have invested in a local office based in China, establishing a rotation of regional visits to our tier one suppliers.

ACTIONS TAKEN TO MITIGATE RISKS

KINCROME respects human rights and requires all of its workers to treat others with respect, dignity, trust, fairness, and equality.

KINCROME expects that suppliers will show the same respect throughout the supply chain. By engaging suppliers, we acknowledge that there is always a risk that we may unknowingly contribute to modern slavery practices.

This is why in the last reporting year we have:

- liaised with a third-party consultant to agree an initial desk top audit strategy of KINCROME's existing supply chain;
- implemented our KINCROME Code of Conduct, a public declaration of the principles of good conduct and standards of behaviour that anyone who acts on behalf of, or which has dealings with KINCROME are expected to demonstrate in the performance of their roles and functions;
- implemented our Supplier Code of Conduct, which we require to be acknowledged by suppliers, and which is now readily available to be reviewed online by anyone;
- ratified and published our Ethical Sourcing Policy;
- implemented updated supplier terms and conditions, setting clear guidelines for KINCROME's preferred suppliers including in respect to complying with modern slavery laws;
- reviewed information from suppliers and from site visits to assess supplier adherence to KINCROME's Supplier Code of Conduct and terms and conditions; and
- invested in a local office and employees based in China, to assist in establishing a rotation of regional visits to tier one suppliers and to strengthen the relationship with suppliers. Having feet on the ground in China allows more visibility into our supply chain, and to continue important discussions with suppliers regarding modern slavery.

In addition, KINCROME have an existing team in Taiwan that works closely with a major retailer on a partnership brand. Together, they are trying to raise social awareness of modern slavery, and to adopt the same attitude regarding this global issue as bigger brands.

Over the last reporting year, KINCROME have adopted an improved approach when engaging with new suppliers, including a visual inspection to ensure that the potential supplier complies with its own policies and codes, and reviewing their manufacturing processes.

KINCROME understands that it will take time for our suppliers to make necessary adjustments, and we will continue to support them by actively engaging with them. We will continue to document their processes and discuss modern slavery, providing an important opportunity for us to strengthen our relationship with suppliers and raise awareness regarding modern slavery.

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KINCROME

ASSESSING THE EFFECTIVENESS OF ACTIONS TAKEN

KINCROME is continuing to create and implement processes to enable us to measure and evaluate the effectiveness of the above actions that we have taken to address modern slavery risks throughout our supply chain.

This last reporting year gave us the opportunity to better understand our supply chain and how we may potentially inadvertently contribute to modern slavery practices. We are committed to understanding modern slavery risks throughout all aspects of our supply chain and business, with a determination to mitigate these risks. As part of our continued focus on ethical sourcing of our products, we know that this challenge is best addressed by regular and proactive engagement with our suppliers.

In the next reporting period, we will focus on:

- continuing site visits, both locally and abroad;
- having our Ethical Sourcing Policy formally acknowledged by all suppliers via mailout and consultation, and have it made readily available to be viewed online by anyone;
- seeking to have our employees undertake education and training to enable them to understand and identify the risks of modern slavery in KINCROME's supply chains and business; and
- implementing and formalising a reporting system whereby employees, contractors and suppliers can anonymously report suspected modern slavery/unethical practices within our business, including investigation of any such claims made.

During the reporting year, there were no complaints or reports in relation to modern slavery received by KINCROME.

Whilst we have made some substantial changes within our business in the last reporting year, we anticipate that the effectiveness of our actions will continue to become more apparent as the years go on.

BOARD APPROVAL

This statement has been reviewed by the KINCROME Leadership Team and approved by the Board of KINCROME Australia Pty Ltd on 14th October 2022.



Name: Justin Burgoine
Position: Joint Managing Director

APPENDIX

KINCROME prepared this modern slavery statement in accordance with the mandatory criteria listed in s16(1) of the *Modern Slavery Act 2018* (Cth). The following table sets out the criteria and the pages in our statement that address each of these.

Mandatory Criteria	Page
1 Identify the reporting entity	1
2 Describe the structure, operations, and supply chains of the reporting entity	1-2
3 Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	2-3
4 Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	4
5 Describe how the reporting entity assesses the effectiveness of such actions	4-5
6 Describe the process of consultation with i) any entities that the reporting entity owns or controls; and ii) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	Not required**
7 Include any other information that the reporting entity, or the entity giving the statement, considers relevant	5

** You do not need to respond to this criterion if the reporting entity does not own or control any other entities