

Arlec Unit Trust Modern Slavery Statement 2020

Bldg, 3 31-41 Joseph Street
Blackburn North, Victoria, 3130, Australia

Introduction

Arlec Unit Trust – Trustee Arlec Australia Pty Ltd (Arlec) including its international subsidiaries aims to provide our customers with cost competitive and quality products. In today's global market, this means sourcing products from a variety of locations nationally and internationally.

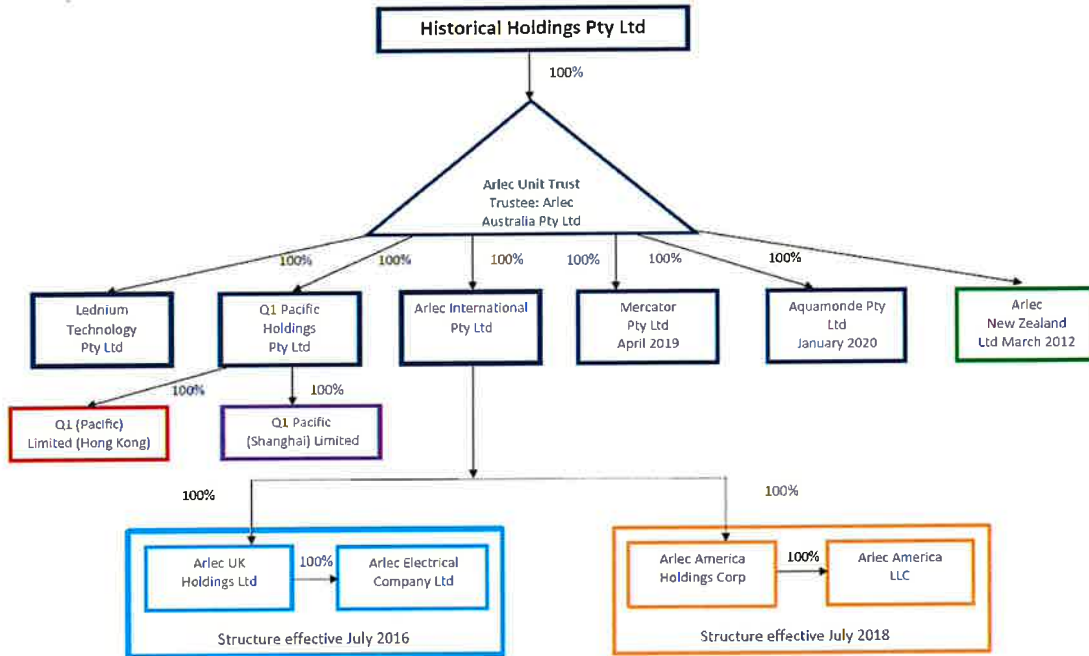
In recent years, concerns over poor working conditions, slavery like practices, human trafficking and child labour in developing countries and emerging markets have seen companies implement specific social and environmental criteria for the production facilities from which they source products.

In order to address these concerns our Policy is to ensure we

- Source all products in a responsible manner
- Use suppliers with acceptable human rights and fair work practices
- Provide clear guidance to all Arlec staff, and
- Protect our corporate reputation

In accordance with the expectations of our customers, the community, and the requirements of the Law, we endeavour to always operate responsibly within the community and we expect the same from our suppliers.

Identify the reporting entity



Structure, operations and supply chains

Arlec provides product for the Asia-Pacific, United Kingdom and United States of America markets sourced mainly from Asia. Arlec's scope of activity is for the design, procurement, product conformance, and sales of electrical and electronic tools, consumer products, electrical trade products, plumbing, hardware items and the supply of associated electrical services. Arlec utilises consolidation centres in Chiwan in Southern China and Ningbo in Northern China and Q1 office in Cixi. Arlec has warehouses in Australia, New Zealand, United Kingdom and United States of America from which goods are supplied and transported to local domestic customers.

Risk of modern slavery practices in operations and supply chains

One of Arlec's goals is to provide a cost-effective supply chain to customers. This is achieved utilising various suppliers. The risk here is that due to pressure to reduce costs suppliers may consider using modern slavery in their factories. There is a risk

that Arlec may contribute to modern slavery practices through its arrangements with third-party supplier factories which focus on minimising costs. There may also be a risk further down the supply chain through labour practices used by the raw material and component suppliers.

Arlec also uses substantial transport chains in the form of container shipping and local transport via trucks around the world. This is believed to be a limited risk because employees are looked after in order to prevent theft of product and Arlec uses certified corporate companies for freight forwarders and domestic freight.

Arlec has identified that subcontracting the cleaning of its offices after hours may lead to a risk of contributing to modern slavery. We believe this to be a small risk as the cleaners start as the employees finish for the day and people get to meet and chat. This is closely monitored and reviewed regularly with permanent staff employed in line with the national award.

Arlec has identified that there is a risk of modern slavery in its warehouse operations. To mitigate this all staff are paid above award and have their working visa's checked, including subcontracted staff.

Actions taken to assess and address these risks, including due diligence and remediation processes

Arlec has taken steps to address the risk of modern slavery in its Asian Supply Chains by

- a) Developing and annually reviewing a Modern Slavery Policy

Modern Slavery Policy



ARLEC UNIT TRUST PTY LTD including its international subsidiaries aims to provide our customers the most advantageous combination of cost, quality and sustainability. In today's global market, this means designing and manufacturing from various locations nationally and internationally.

In recent years, concerns over human rights violations specifically regarding human labour has given rise to more rigorous assessment and selection of potential suppliers to Arlec.

In order to address these concerns, our policy is to ensure that we:

- Source all products in a responsible manner
- Use Suppliers with acceptable human rights and fair work practices
- Provide clear guidance to all Arlec staff, and
- Protect our corporate reputation

Arlec Unit Trust Pty Ltd is committed to upholding human rights and fair working conditions.

In accordance with the expectations of our customers, the community and the requirements of the Law, we endeavor to always operate responsibly within the community, and we expect the same from our suppliers.

Maintaining a reputation for the highest legal, moral and ethical standards in our dealings with our customers and other key stakeholders is critical for our ongoing success. This Policy has been developed to complement our core values of integrity, trust and acting responsibly.

Approved by Balu Jega Managing Director ARLEC UNIT TRUST PTY LTD Aug 2020

- b) Arlec have the consolidation centres staffed by qualified management, being either Chinese or Malaysian Nationals who have been educated in Western universities in Australia, the U.K. or the U.S.A. The support personnel such as engineers, logistics officers and purchasing teams, are again Nationals of the countries they operate in. These consolidation centres support Arlec in developing good relationships with suppliers in order to assist in ensuring that product is not only made to Australian standards but with acceptable social and environmental practices.
- c) Arlec supply our suppliers with the "Arlec Supplier Guiding Principles" in English and Mandarin (where required). This addresses bribery and corruption, labour rights, freedom of association and the right to collective bargaining, working conditions, child labour, living wages, working hours, discrimination, regular employment, harsh or inhumane treatment, entitlement to work and immigration, sub-contracting and home working, environment compliance and legal requirements. Suppliers are to sign compliance.
- d) Arlec have experienced Australian Staff audit the factories using "Code of Conduct – Factory Audit Checklist". During COVID with travel restrictions this and third party inspection services have become difficult to do. In this case we use the staff in the Arlec consolidated centres and third party inspection services (e.g. Waltek) in Asia to conduct the audit. In cases where it is not possible for an Arlec Staff member or third party to visit the factory the factory is required to complete and sign "Factory Self-Assessment Form". Good

relationships are endeavoured from the Australian Head Office to build trust with these suppliers.

e) Arlec also has a whistle blower policy "Arlec Whistleblower & Improper Conduct Policy & Procedure" to encourage reporting of such practices. The purpose of this policy is to:

- Encourage the reporting of improper conduct (including potentially fraudulent and corrupt conduct) by employees, suppliers, customers and other third parties;
- Assist in obtaining information on suspected fraudulent behaviour, corruption and improper conduct so that such conduct can be addressed;
- Provide a mechanism which can be used for reporting improper conduct; and
- Help protect people who report improper conduct in good faith.

Remediation Process

Where non-compliance is identified, the supplier is required to fix the issue within an appropriate period of time depending on the nature and severity of the non-compliance. Suppliers are 'conditionally approved' if non-critical non-compliances have been identified and notice has been given that they must be remedied. If a supplier then addresses non-compliance, it is deemed to be an 'approved' supplier site. In this way our audit process is contributing to improving conditions for workers by working with supplier site owners to address any issues. If a supplier site is not willing or able to address a critical breach, our business will stop buying from that supplier site.

How Arlec assesses the effectiveness of these actions

Measure number of suppliers who have been found to breach modern slavery guidelines.

None that we know of for FY2020.

Measure number of suppliers audited. And record any that do not comply.

No Suppliers have been audited in FY2020 due to COVID.

Measure number of suppliers who sign Supplier Guiding Principles as a percentage of those that have been assessed as new suppliers.

100% of the 50 new suppliers for FY2020 signed the Supplier Guiding Principles.

Process of consultation

All the Arlec companies share a common management team as well as a common Engineering team. Information about modern slavery prevention is shared with these teams on a regular basis. Due to the use of Supplier Guiding Principles engineers remain very familiar with this. As a part of our annual review of this statement we run refresher training for all staff.

References

A097-F1 Code of Conduct – Factory Audit Checklist

Arlec Supplier Guiding Principles (also provided in Mandarin)

C045-F3 Factory Self-Assessment Form – New Factories

A037 Arlec Improper Conduct Policy & Procedure

Commonwealth Modern Slavery Act 2018

These documents can be found in the Arlec Quality Management System

The statement was approved by the board of Arlec Unit Trust for all companies that come under the parent entity of Arlec Unit Trust on December 8th 2020.

Approved By: Ian Trahar

Position: Director

Signature:



Date: *January 18, 2021*