



## Modern Slavery Statement



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## Modern Slavery Statement

This voluntary statement is made on behalf of: SALES FORCE NATIONAL Pty Ltd ABN 60 110 379 587

This Statement sets out Sales Force National Pty Ltd commitment to preventing modern slavery in our operations and supply chain. This voluntary statement reflects the 2021 financial year and has been prepared as part of Sales Force National Pty Ltd proactive approach to corporate social responsibility. Information contained in this statement is current as at 30 June 2021.

### Introduction

We are proud to publish our Modern Slavery Statement as part of our compliance with Australia's Modern Slavery Act (Cth) 2018.

The Act defines modern slavery as a situation where offenders use coercion, threats or deception to exploit victims and undermine their freedom.

Practices that constitute modern slavery can include:

- human trafficking
- slavery
- servitude
- forced labour
- debt bondage
- forced marriage, and
- the worst forms of child labour

As a business, we are committed to transparency in our supply chain and strive to work collaboratively and proactively with partners in our supply chain to prevent modern slavery in all its forms.

We are committed to continuing to progress our governance framework and strive for even greater transparency and accountability within our supply chain around the risks of modern slavery.

This Statement has been reviewed and endorsed by the Board of Directors of Sales Force National Pty Ltd.

## Modern Slavery Act Reporting Criteria

| Section in Statement               | Reporting Criteria   |
|------------------------------------|--|
| Our Business                       | Identify the reporting entity  |
| Our Business                       | Describe the structure, operations and supply chains of the reporting entity   |
| Modern Slavery Risks & Remediation | 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                          |
| Modern Slavery Risks & Remediation | 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 process |
| Measuring Effectiveness            | Describe how the reporting entity assess the effectiveness of such actions   |
| Consultation                       | Describe the process of consultation with any entities that the reporting entity owns or controls  |
| Other Information                  | Provide any other information that the reporting entity, or the entity giving the statement, considers relevant  |



## Our Business

- Reporting entity: Sales Force National Pty Ltd
- SFN Limited & SFN NZ Limited are wholly owned subsidiaries of Sales Force National Pty Ltd
- Incorporated in 2014
- 169 team members across Australia, New Zealand & the United Kingdom
- Headquartered in Melbourne, AU
- 3 business-operated Distribution facilities (VIC, QLD, NSW)
- 3 third-party operated Distribution facilities (WA, NZ & UK)
- Paid suppliers in 9 countries in FY21
- Spent \$50m + USD and \$12m + AUD with Top 10 suppliers in FY21

Sales Force National Pty Ltd (trading as ZENEXUS) is a privately-owned supplier and distributor of major brand products spanning categories such as hardware, furniture, home décor, storage, bathroom and cleaning throughout Australia, New Zealand and the United Kingdom.

We source white label products, develop our own brands, and represent leading brand partners.

We are committed to delivering industry leading service and quality products to our retail partners.

We have established long standing partnerships within our supply chain to ensure products make their way from factory to store efficiently, and most importantly, in accordance with quality and ethical standards.

## Board or Directors

- Governing body responsible for overseeing the performance and operations of the Company in accordance with agreed corporate values, code of conduct and ethical standards.

## Executive Team

- Responsible for delivery of business outcomes through executing the agreed strategic plan in accordance with company values, code of conduct and ethical standards.

## Quality & Compliance Manager & Group Supply Manager

- Primary points of contact with suppliers. Responsible for overseeing and managing compliance to the ethical sourcing responsibility of the Company and our ethical sourcing obligations, including modern slavery, embedded into our Terms of Business, enforced by our retail partners



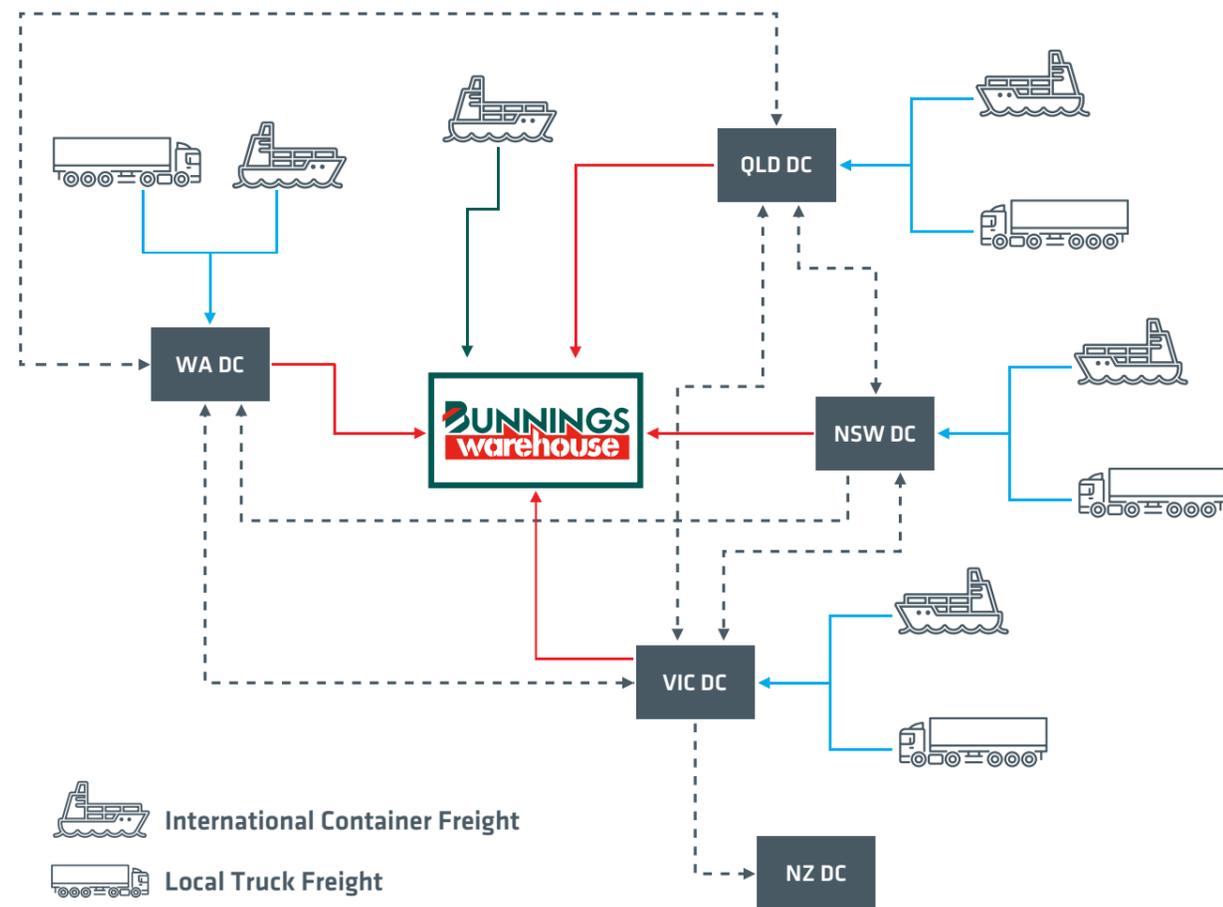
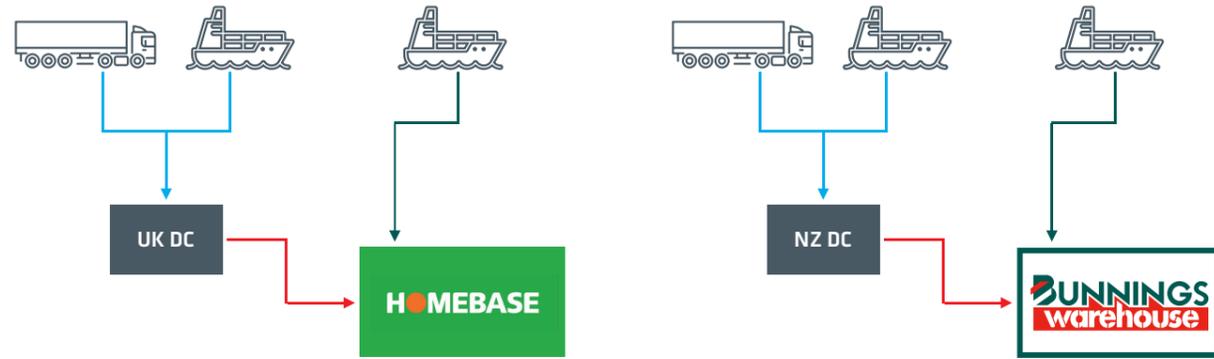
# CHINA



## Our Business

### International Supply Chain

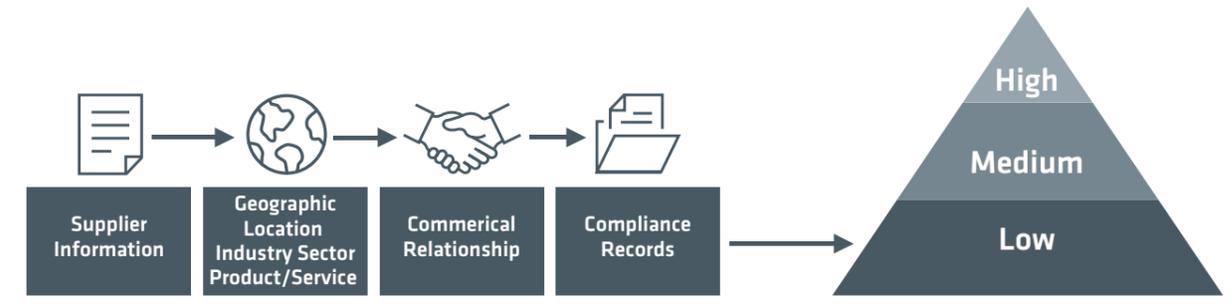
- 85% of total Vendor spend is derived from Overseas Suppliers
- 75% of total Vendor spend is derived from China



## Our Business

Our plan to enhance our governance, risk & compliance framework as it relates to Modern Slavery

| 20-21   | 21-22  | 22-23  |
|---|--|--|
| Update & review existing policies & procedures  | Formalise service level agreements with new & existing Tier 1 suppliers that specifically address expectations & obligations around modern slavery | Introduce risk assessment framework for Tier 2+ suppliers  |
| Educate our team  | Continue to educate our team   | Continue to educate our team   |
| Introduce risk assessment framework for existing Top 20 Tier 1 suppliers  | Introduce Supplier Self-Assessment to new supplier onboarding program  | Continue to explore proactive and more effective mechanisms for combating modern slavery risks in our supply chain |
| Continue open & regular dialogue with supplier network  | Continue open & regular dialogue with supplier network   | Continue open & regular dialogue with our supplier network   |
| Introduce supplier self-assessment to existing Top 10 Tier 1 suppliers<br>Continue to refine process for follow up & closure of action items resulting from third-party ethical audit | Introduce risk assessment framework for all Tier 1 & new suppliers<br>Introduce formal risk assessment repository                                  | Review & evaluation initiatives for effectiveness  |
|   | Implement formal process for follow up & closure of action items resulting from supplier self-assessment   |  |



## Modern Slavery Risks & Remediation

### Risk Identification & Assessment

Our obligation to mitigate the risk of modern slavery in our supply chain, as far as is reasonably practicable, is a responsibility we do not take lightly.

Accountability for identifying, mitigating and remediating modern slavery risk spans several functions in our organisation which provides for a more holistic view of actual and potential risk.

To establish key determining risk factors we have reviewed third-party reporting covering global indicators of modern slavery, including the Global Slavery Index.

With a high proportion of Tier 1 suppliers based in China, these indicators tell us that our international supply chain is most exposed to the following forms of modern slavery:

- Forced labour
- Deceptive recruitment often resulting in forced sexual exploitation of adults & children, underpayment and poor conditions
- Bonded labour
- Child labour

We have formalised our framework for assessing risk in our supply chain and to date have implemented this process with our Top 20 Tier 1 suppliers; allocating a High, Medium or Low Risk Rating.

Moving forward, we will apply this framework further across our entire supply chain, and for all new suppliers prior to engagement.

Our framework for risk assessment uses four key risk determining factors to assess Modern Slavery:

1. Supplier Information (i.e. financial stability, insurances, reputation, compliance - safety, social, environmental)
2. Geographical location, industry sector & product or service
3. Commercial relationship (i.e. presence of formal business terms, Service Level Agreement, engagement with supplier, level/frequency of communication, longevity of relationship)
4. Compliance Records (i.e. ethical audit result, supplier self-assessment, understanding & completion of new supplier onboarding requirements)



## Modern Slavery Risks & Remediation

### Mitigation

We implement and will continue to seek to improve our mechanisms to mitigate risk, as far as is reasonably practicable. We will do this formally through our new supplier onboarding program, supplier self-assessment and third-party ethical audit and informally through our open and regular communication with our suppliers on matters of ethical sourcing including modern slavery.

#### Supplier Onboarding

Our supplier onboarding program has suppliers read, confirm understanding and where applicable, sign & return the following standards and documentation:

- Code of Conduct (renewed every 12 months thereafter)
- Workplace

- Bunnings Anti Bribery Letter & Due Diligence Checklist
- Factory Onboarding Form
- Sedex Advanced & Sedex Number
- Factory Audit Report
- Bunnings Ethical Sourcing program
- Bunnings Imports Program

#### Continuous Improvement Activity

- Introduce formal Service Level Agreements that include specific reference to ethical sourcing (Modern Slavery) standards.
- All new suppliers to undergo risk assessment related to four key risk determining factors prior to engagement, from 2022 and ongoing.
- Continue to review modern slavery risk indicators.

#### Supplier Self-Assessment Questionnaire

Our Top 10 Suppliers have completed a supplier self-assessment questionnaire to assist in identifying modern slavery risks in our supply chain, to identify mitigation efforts to combat the risk of modern slavery in our supply chain, and to foster collaboration with our suppliers to address identified risks.

#### Continuous Improvement Activity

- Introduce supplier self-assessment questionnaire to new supplier onboarding process for all new suppliers by financial year end.
- Formal process for follow up & record keeping of “in progress” or “planned” actions to be implemented.

#### Third-Party Ethical Audit

Our international suppliers are subject to third-party ethical audits by SMETA, BSCI or other recognised audit protocol. Audits are conducted annually or biennially; as determined by the Audit protocol. The Quality & Compliance Manager is responsible for tracking & maintaining records of Audit renewal and Audit outcomes; and for engaging with suppliers & auditors in the event of identified non-compliance or breach.

In financial year 2021, ethical audits were conducted on 22 suppliers, across 30 factories. Pleasingly, no zero-tolerance or high-risk issues were identified during this period.

#### Continuous Improvement Activity

- Continue to work collaboratively with Suppliers, through open and regular dialogue to ensure standards of labour, ethics, environment and health & safety are upheld.
- Continue to monitor compliance with audit schedule and work closely with auditors and suppliers in the event of a failed audit.

#### Site Visits

We engage Quality Assurance personnel in China, who work closely with our suppliers. Our team engage directly with suppliers, including performing site visits in support of our quality & compliance initiatives. This engagement provides for more timely identification, mitigation and remediation activities around any actual or potential modern slavery risk.

#### Continuous Improvement Activity

Continue engagement between the Quality Assurance team and suppliers in China, and the Quality Assurance team and key members of the Head Office team; to ensure transparency in practices and open & honest communication.



## Modern Slavery Risks & Remediation

### Remediation

In consultation with our own Code of Conduct and that of our retail partners, we undertake a tiered approach to remediation. In the event of non-compliance or an identified violation, our approach to remediation solution begins with root cause analysis.

### Corrective Action Plan

(Non-compliance or minor-moderate violation identified)

Define corrective and preventative actions for resolving identified non-compliances or minor violation including root cause analysis.

Quality & Compliance Manager to work closely with supplier to ensure identified risks are remediated in a timely manner.

### Cease Trade with Supplier

(Continued non-compliance or high-risk violation identified)

Quality & Compliance Manager and Group Supply Manager to work closely with the supplier to transition works to a suitable alternate supplier, ensuring the supplier does not face significant financial loss that would pose undue strain on the supplier or its workforce by finalising manufacturing that is in production and seeking to purchase raw materials destined for manufacturing of product.





### Measuring Effectiveness

We continue to work to understand the risks associated with modern slavery in our supply chain, and to mitigate those risks as far as is reasonably practicable.



## Measuring Effectiveness

We employ several internal and external mechanisms to assess the effectiveness of our mitigation strategies.

### Governance

#### Activity

- Compliance with modern slavery standards included as an objective in our corporate strategic plan
- Modern Slavery obligations & reporting requirement communicated to the Board and included in corporate calendar
- Annual review and revision of relevant Company policy
- Annual executive, management & key personnel awareness training
- Audit & Risk Committee oversight over risk register, contracts register & business Terms of Agreement

- Service level agreements covering ethical sourcing (incl. modern slavery)
- Review of contract terms with labour hire providers & confirmation of working rights

#### Measure

- End of financial year check against completion of activities in the corporate calendar
- End of financial year check against completion of required policy review
- % of awareness training completed across the group
- End of financial year check against risk & contract register review requirements
- % of suppliers with service level agreements in place

### Monitoring

#### Activity

- Third-party ethical audits
- Supplier self-assessment questionnaire
- Supplier corrective action plans
- Supplier engagement
- Supplier site visits

#### Measure

- % of audits completed
- Audit grading
- Number and % of non-conformances
- Number and % of non-conformances closed
- Number of suppliers suspended or ceased trade

### Risk Management

#### Activity

- Risk update provided to the Board and Audit & Risk Committee at each scheduled meeting
- Risk actively identified, recorded and mitigation strategies assigned
- Top 10 existing suppliers engaged to participate in supplier self-assessment questionnaire
- All new overseas suppliers engaged to participate in supplier self-assessment questionnaire
- All new & existing overseas suppliers subject to ethical audit
- Supplier onboarding program
- Formal risk assessment of overseas suppliers against identified risk factors

#### Measure

- % of risk assessments undertaken
- % of risk assessments undertaken for Tier 1 suppliers
- Supplier self-assessment questionnaire completion rate
- Number of identified risks without assigned mitigation strategy

### Disclosure

#### Activity

- Channels for grievances to be raised
- Open dialogue with suppliers
- Whistleblower policy
- Annual whistleblower awareness training

#### Measure

- Total number of issues raised
- Channels through which issues were raised
- Number of issues remediated & remedy implemented
- Analysis of investigation process



## Other Information

Further assessing risk of Modern Slavery in our Supply Chain

### COVID-19

The COVID-19 pandemic has, and continues to challenge the health, safety and wellbeing of people globally. The pandemic has presented unprecedented challenges on the international supply chain and business operations. First and foremost, the health, safety and wellbeing of the people that make up our supply chain is paramount. COVID-19 has increased opportunity for modern slavery risks to be realised. We have strived to work through challenges encountered in our supply chain through open dialogue, continuous assessment of the changing landscape of the pandemic across geographic locations, risk assessment and mitigation.

**Risk**  
Manufacturing plant/staff become infected by COVID-19, or geographically localised shutdowns prevent factories from working, slows or halts production; leading to increased demand and pressure on suppliers.

**Mitigation Strategy**  
We work with suppliers to maintain open dialogue throughout the pandemic. Where possible, we will endeavor to temporarily exchange production on certain lines to an alternate supplier in the same or alternate country to minimise disruption. We have invested in increased safety stock provision to minimise the impact from delayed production caused by COVID-19.

**Residual Risk Rating**  
Medium

**Risk**  
Shipping delays due to port congestion, or geographically localised shutdowns because of COVID-19 disruptions; leading to scarcity in product availability.

**Mitigation Strategy**  
We work with multiple trusted freight forwarders, across multiple shipping services, to ensure that scheduling of shipments can be prompt and flexible to cope and/or recover from shipping disruptions caused by COVID-19.

**Residual Risk Rating**  
Medium



**Risk**  
Maintaining ethical sourcing audit program under COVID-19 strain; leading to reputational damage and significant business disruption.

**Mitigation Strategy**  
We continue to operate our ethical sourcing program throughout the pandemic; engaging with and encouraging an open dialogue with our suppliers to understand impacts on our program posed by COVID-19 disruptions. Orders can be prioritised, lead-times can and will be extended to ensure that suppliers manage a sustainable workforce and allow for supply recovery.

**Residual Risk Rating**  
Low

### Rising Cost of Raw Materials

**Risk**  
Rising cost of raw materials causes supplier to seek sub-contracted/low-cost labour to reduce overall input costs of supply.

**Mitigation Strategy**  
We work with suppliers to ensure an open dialogue is maintained in relation to raw material and other input costs to produce goods. Strong oversight by the Source & Supply Management team ensures trigger points are identified early, and strategies to recover costs are implemented to reduce pressure on suppliers

**Residual Risk Rating**  
Low

### Faulty Product or Rework

**Risk**  
Faulty product or rework causes supplier to seek sub-contracted/low-cost labour to reduce overall cost of rework activity.

**Mitigation Strategy**  
We work with suppliers to ensure an open dialogue is maintained in relation to quality control processes. Strong oversight by Quality Management & formal quality assurance processes, which are regularly reviewed, acts to prevent faulty product and/or rework activity.

**Residual Risk Rating**  
Low



## Consultation

### Quality & Compliance Manager

In 2021, we launched our annual modern slavery training via our Learning Management System to all key internal stakeholders & the Board of Directors

In 2021, we prepared our Modern Slavery Statement in consultation with key internal & external stakeholders

### Group Supply Manager

In 2020, we formalised our Modern Slavery policy

We continue to engage in open & regular dialogue with our suppliers

From 2021 and ongoing, our supplier self-assessment questionnaire will form part of our new supplier onboarding program

### Executive & Leadership team

In 2021, we launched our supplier self-assessment questionnaire outlining our obligation to report under the Modern Slavery Act to our suppliers

In 2021, we formalised our process for risk assessment of current & prospective suppliers against key determining risk factors

This Statement was approved by Sales Force National Pty Ltd Board of Directors

**Rodney Sutton**

Managing Director

**Greg Dobrovic**

Chairman, Board of Directors



**ZENEXUS**  
A TRUSTED PARTNER