
GODFREYS GROUP PTY LTD
MODERN SLAVERY STATEMENT



1 July 2020 to 30 June 2021

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Photo top

Wertheim Evolution

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Sauber Pro Pets Bagless

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INTRODUCTION

ABOUT US

Godfreys has been Australia and New Zealand's leading vacuum cleaning experts for 90 years.

Godfreys is an iconic Australian retailer. Godfreys was founded by Godfrey Cohen in 1931 during the Great Depression. At the time, vacuum cleaners were sold door-to-door and could not be purchased in store in Australia, so Godfrey began selling reconditioned vacuum cleaners through his fathers' furniture store in Bourke Street, Melbourne.

From there, Godfreys has grown to 180 stores across Australia and New Zealand, making it the largest vacuum retailer in the world.

As well as a wide range of vacuum cleaners from the world's leading brands, Godfreys offers a variety of other cleaning solutions including steam mops, carpet shampooers and hard floor cleaners. Godfreys continues to lead the market through continuous innovation and good old-fashioned hard work.

Godfreys takes its job as a cleaning expert seriously, providing our customers with the best products, advice and services to meet unique cleaning needs. From offering a diverse range of cleaning solutions to providing comprehensive after-purchase support, everything Godfreys does is aimed at making its customers lives easier and cleaner.

Godfreys' multichannel offering is a mix of company owned and franchised stores located in standalone 'superstores', shopping centres and retail shopping strips. Godfreys' products are also distributed through wholesale channels via a range of retail outlets and an online platform.

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THIS STATEMENT

This is Godfreys' second modern slavery statement. In our first modern slavery statement we implemented systems, processes, policies and procedures to form the basis of our compliance framework. The focus in our second reporting period has been to expand and build upon the framework implemented in our first reporting period.

Godfreys is pleased to set out in a public manner the actions and initiatives we are taking to address and mitigate risks of modern slavery. We are proud of the actions and steps we have taken in the reporting period, however we also acknowledge that our journey continues and we must continually evolve.



David Lee
CEO

As Australia's leading vacuum and associated cleaning solutions retailer, we recognise the important role that we play in mitigating and addressing risks of modern slavery.

Modern slavery is severe exploitation of people and has serious and long lasting impacts on its victims. Modern slavery is also a complex, global issue and is often challenging to detect. As a responsible corporate citizen, we take seriously our role to assess and address risks of modern slavery in our organisation and supply chains.

To that end, we welcome the public reporting and forum for us to disclose what we are doing and what role we are playing to combat modern slavery. We also welcome our consumers to read our statement and to empower themselves to make informed choices when purchasing goods.

In this statement we are honest about our progress, the types of challenges we face and how we address those challenges. We are committed to continually assessing and evolving our processes to ensure that we are assessing and addressing where our risks may lie.

We welcome feedback on this statement.

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FY21 HIGHLIGHTS

Expanded Due Diligence



Expanded Risk Analysis



New Supplier Process



Employee Training



Supplier Training



Audit Program



Site Audit Plan



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CRITERIA 1: REPORTING ENTITY

Reporting Entity

Godfreys Group Pty Ltd

Head Office

Brandon Business Park, Building 3, Level 1,
530-540 Springvale Road, Glen Waverly, Victoria 3150

Australian Business Number

35 602 722 985

Website

<https://www.godfreys.com.au>



Photo

Wertheim Evolution MAX

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CRITERIA 2: STRUCTURE, OPERATIONS AND SUPPLY CHAINS

STRUCTURE

Godfreys Group Pty Ltd is a private company headquartered in Victoria, Australia. Godfreys Group Pty Ltd is the head entity of the Godfreys Group.

All entities in the Godfreys Group are wholly-owned and controlled by a common board and executive leadership team. The same policies, procedures and governance structure applies to all entities in the Godfreys Group.

Within the Godfreys Group, Electrical Home-Aids Pty Ltd ACN 007 539 577 is the main Australian trading entity and also franchisor. All other entities in Australia in the Godfreys Group lease sites or do not have operational relevance to the Godfreys Group.

There are two entities within the Godfreys Group that are not based in Australia, these being:

- New Zealand Vacuum Cleaner Co Ltd (company number 1075877): operating entity in New Zealand; and
- Electrical Home-Aids (Suzhou) Ltd (registration number 320594400034162): operates the Godfreys China buying office.

Godfreys comprises of approximately 528 employees, with:

- 469 based in Australia;
- 51 based in New Zealand; and
- 8 based in China.

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OPERATIONS

Godfreys retails domestic and commercial floorcare and associated cleaning products in Australia and New Zealand. Godfreys has a mix of company owned and franchised stores across Australia and New Zealand. Godfreys also has a buying office situated in China.

The locations of our operations, including the locations of our offices and retail stores (franchised and company sites) are as follows:

Country	Franchise Sites	Company Sites
Australia		
NSW	16	28
VIC	21	19
QLD	7	25
SA	6	10
WA	11	9
TAS	1	4
ACT	0	2
NT	0	0
New Zealand	14	14
Total	76	111



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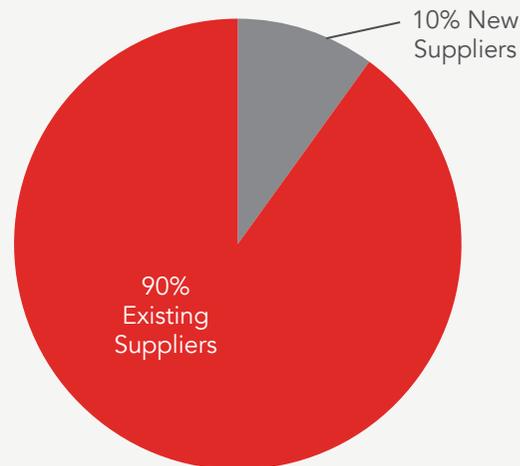
LOOKING FORWARD

Supplier Relationships

It is essential that Godfreys maintain long term working relationships, to ensure the supply of goods and services. To that end, Godfreys' immediate tier one supplier relationships are generally long term. Godfreys rarely engages in short term supplier agreements, except for when business needs emerge (for example, hiring a forklift for its warehouse).

Analysis of our engagement with suppliers demonstrates that the majority of our suppliers are long term, existing suppliers, with 184 new suppliers engaged in the reporting period.

Percentage Split of Spend



Supply Chains

Godfreys has global, varied and often complex supply chains. Godfreys supply chains differ depending on the type of goods and services that Godfreys procure.



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In the reporting period, Godfreys engaged with 757 suppliers across 15 countries.

A summary of Godfreys' supply chains are as follows.

Retail

Lessors, fit-out providers, furnishing providers, cleaning services and sourcing uniforms.

Distribution

Freight services (national and international), software, maintenance and design of our online store.

Repair

Our repair capabilities are predominantly based in Australia and occasionally based in China. For repair services we source repair tools, spare parts and also personal protective equipment for employees.



*Photo
Optim
Hand Vac*

Products

Inventory and stock including vacuum cleaner components, cleaning products, packaging, assembly, software, electrical components and personal protective equipment.

Business administration and franchisee management

Business administration services such as legal advice, insurance, underwriting agencies, IT service providers, OH&S auditors and professional services.



*Photo
Sauber Steam & Vacuum*

Tier 1 Suppliers Operating Locations



Manufacturing

China	50.70%
Australia	11.25%
Hong Kong	7.04%
Italy	4.23%
Germany	4.23%
Poland	2.82%
Slovenia	2.82%
United States	2.82%
United Kingdom	1.41%
France	7.04%
New Zealand	1.41%
Singapore	1.41%
Switzerland	1.41%
Turkey	1.41%



Professional Services

Australia	81.74%
New Zealand	12.50%
United States	2.88%
China	0.96%
Israel	0.96%
United Kingdom	0.96%



Administrative Services

Australia	78.45%
New Zealand	21.11%
China	0.22%
United States	0.22%



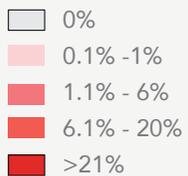
Retail and Industry

Australia	80.90%
New Zealand	14.61%
China	3.37%
Singapore	1.12%

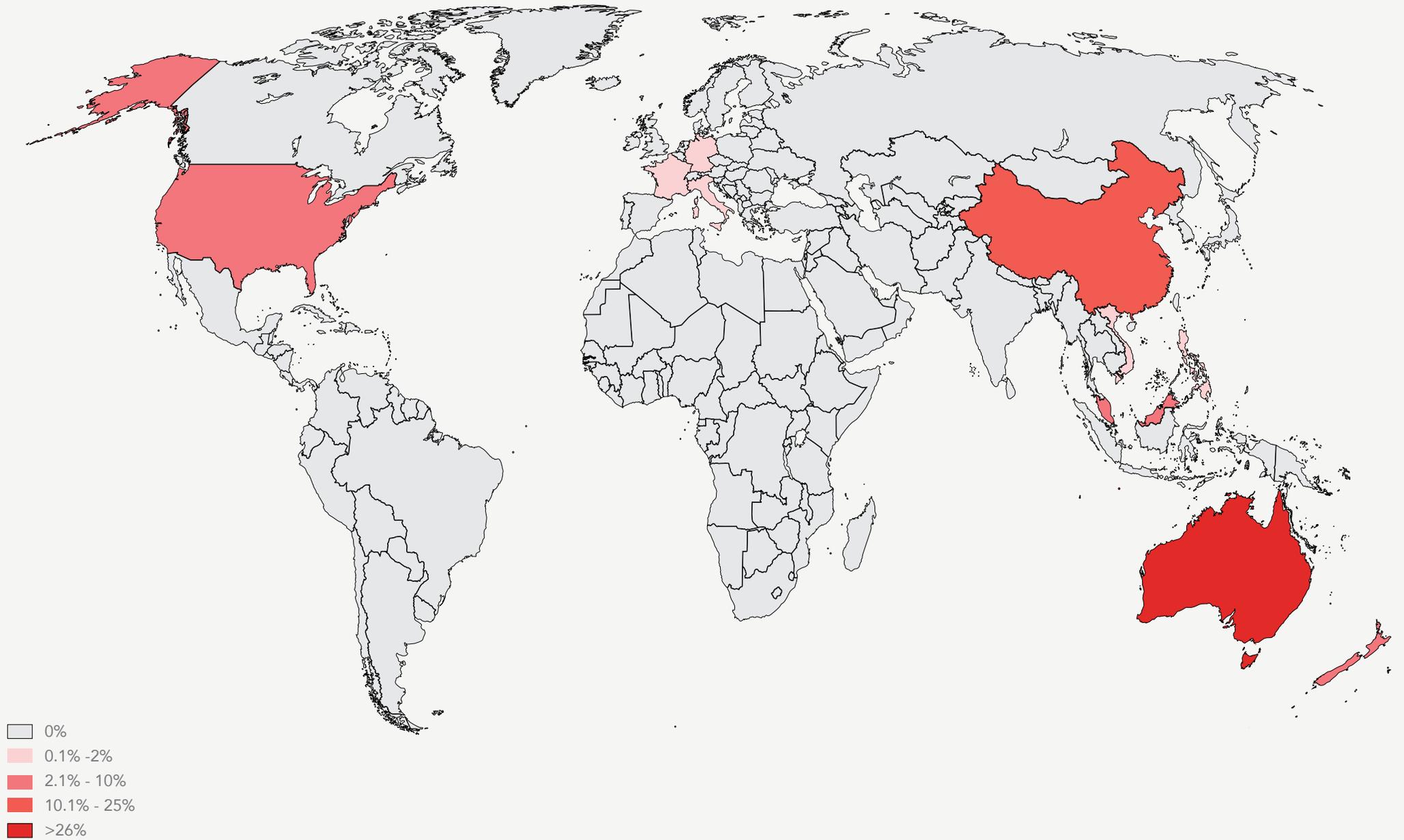


Logistics

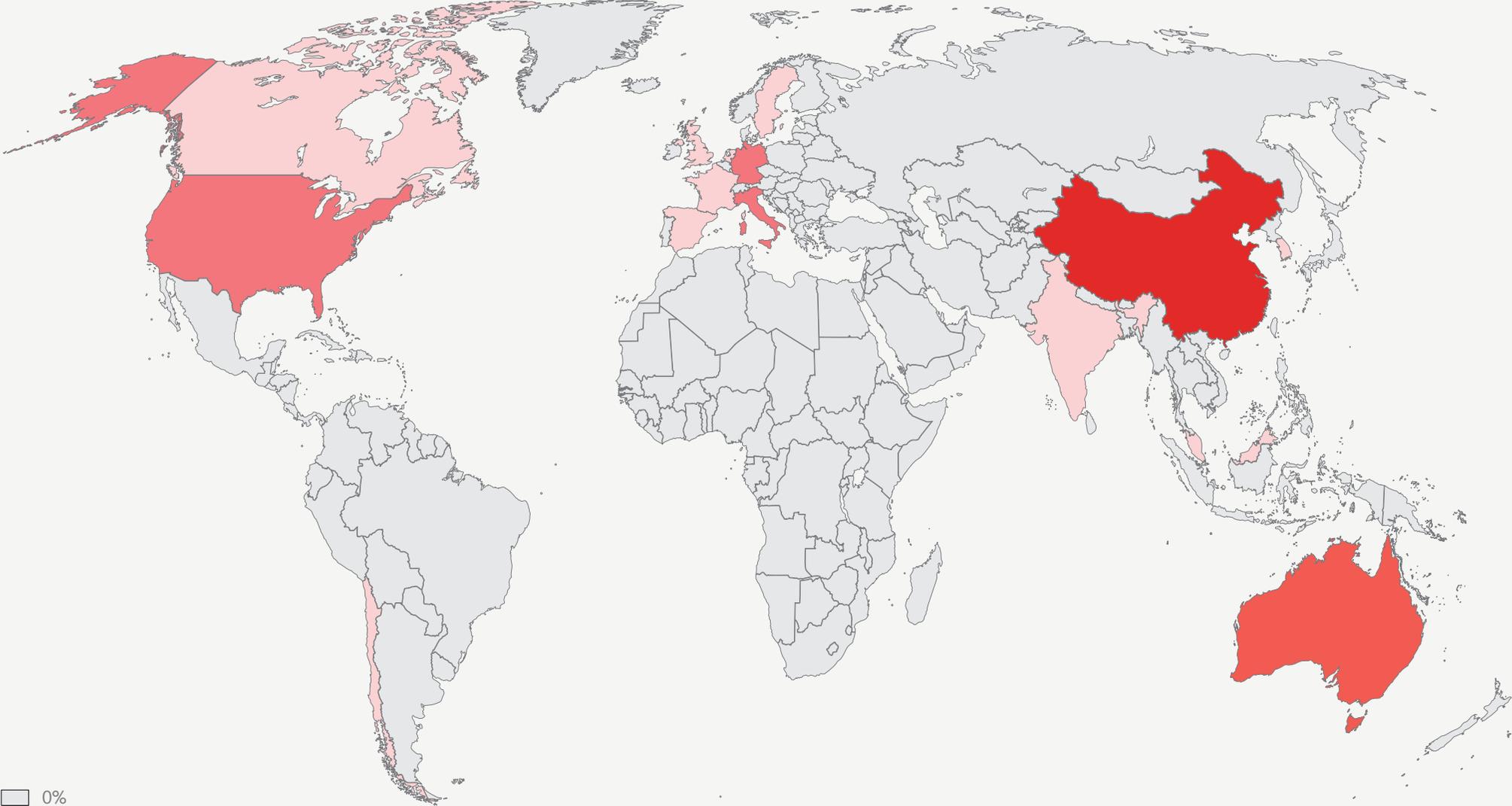
Australia	86.04%
New Zealand	11.63%
China	2.33%



Tier 2 Suppliers Operating Locations



Raw Material Suppliers Operating Locations



- 0%
- 0.1% - 3%
- 3.1% - 11%
- 11.1% - 25%
- >26%

CRITERIA 3: RISKS OF MODERN SLAVERY

Modern slavery is a complex global issue and no business is immune to its risks. Modern slavery practices can include trafficking persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour services and the worst forms of child labour.

Modern slavery risks are ever-changing. Godfreys recognise that risks of modern slavery practices can be amplified by the following factors:

- vulnerable populations – such as migrant and seasonal workers and low skilled workers;
- high risk industries – such as electronics, apparel, uniforms and cleaning;
- high risk locations – such as geographic regions that have conflict, corruption, displacement and fail to protect human rights; and
- risky business models – such as labour hire and outsourcing.

Pursuant to the United Nations Guiding Principles on Business and Human Rights, Godfreys defines risks as to whether Godfreys:

- **causes modern slavery practices** – operations may directly result in modern slavery practices (for example, forced labour being used in its operations);
- **contributes to modern slavery practices** – operations and/or actions may contribute to modern slavery (for example, setting unrealistic cost and timeframe targets); and
- **directly linked to modern slavery practices** – products and services may be connected to modern slavery through the activities of another entity to which there is a business relationship (for example, modern slavery practices within a supply chain).

Godfreys is aware that operating in electronics is a higher risk industry and therefore, genuine action must be taken to assess risks of modern slavery in our operations and supply chains.

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The highest risk areas for Godfreys are as follows:

Category	Type of Risk	Presentation of Risk
Electronic products	Contribute to and directly linked to	The electronics industry is high risk for modern slavery due to the frequent use of unskilled workers, often employed within a factory setting. Migrant workers are commonly used for electronics production and are vulnerable to forced labour and unsafe working environments due to the high demand for electronic products and short deadlines.
Cleaning products	Contribute to and directly linked to	The production of cleaning products is inherently dangerous. As such, it is vulnerable to modern slavery practices such as deceptive recruitment, forced labour or deceptive recruitment.
Cleaning	Directly linked to	The cleaning industry is subject to high modern slavery risks due to the frequent use of vulnerable migrant workers, deceptive employment practices and unsafe working conditions. These risks are amplified by complex subcontracting arrangements.
Apparel	Contribute to and directly linked to	The entire supply chain of apparel is at risk of modern slavery, from the raw materials to manufacturing. Apparel is commonly sourced from factories in high risk countries where frequent instances of poor working conditions forced labour and excessive overtime hours are reported.
Waste management and recycling	Directly linked to	This industry is exposed to modern slavery risks due to the complex nature of subcontracting arrangements. Waste management often attracts migrant or unskilled workers who are at a higher risk of experiencing modern slavery.
Raw Materials	Directly linked to	The procurement and production of raw materials is inherently high risk for modern slavery as it often involves physical labour or unskilled workers. Raw materials are commonly sourced from countries with a high susceptibility to modern slavery.

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OPERATIONS

The risk of modern slavery in Godfreys operations is low.

All employees are paid market wages in accordance with Australian and New Zealand legislation. In regard to Godfreys China buying office, Godfreys ensures that employees are remunerated in accordance with locals laws.

Godfreys governance structure underpins its operations, with policies and procedures including a Code of Conduct, Whistleblowing Policies and employee assistance programs. Further, employee training on modern slavery was rolled out in the reporting period, ensuring that our employees can identify and report modern slavery.

Based on a review of our operations, including Godfreys strong governance structure, there is minimal risk that Godfreys causes, contributes to or is directly linked to modern slavery in our operations.

SUPPLY CHAINS

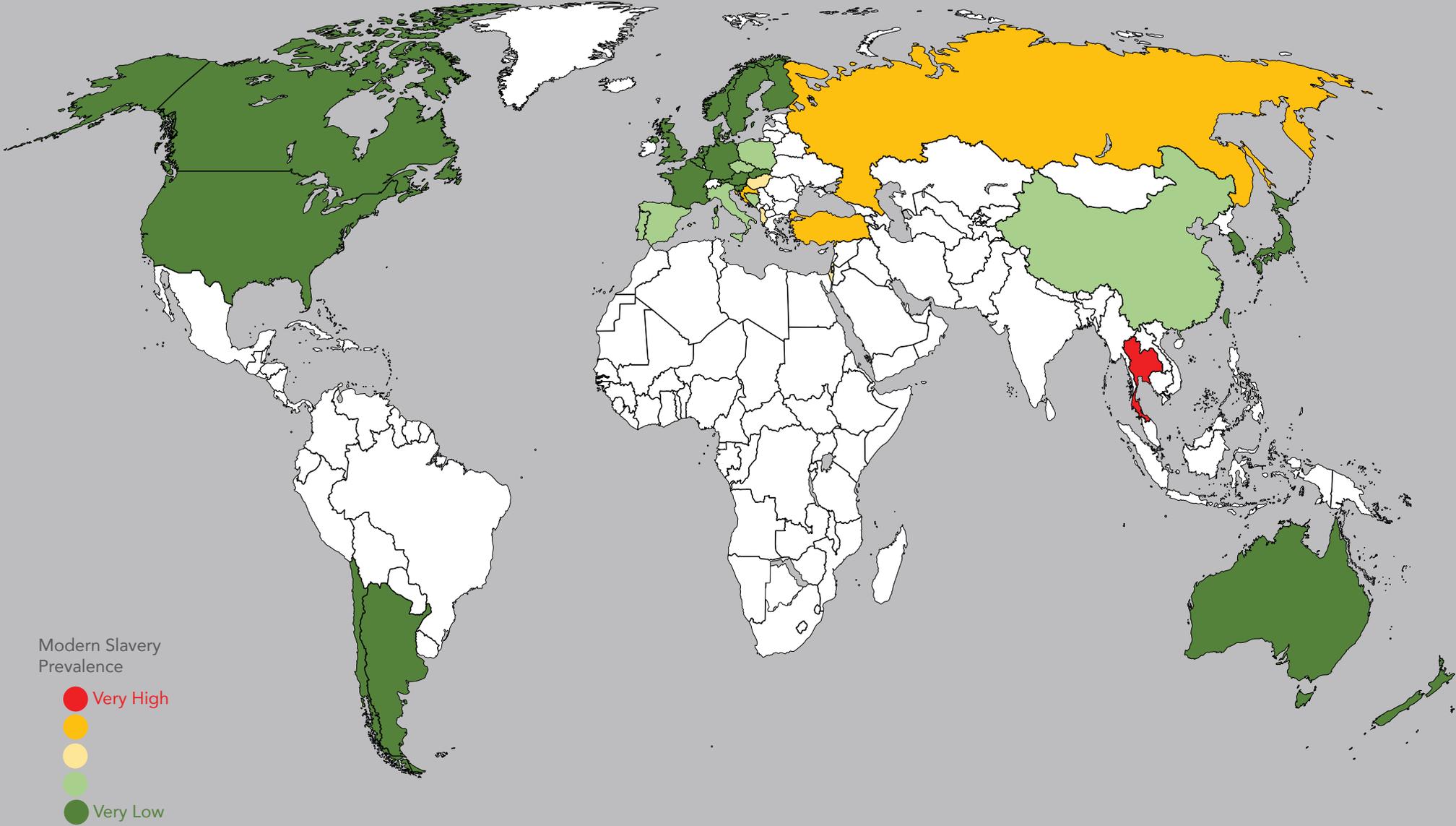
Risks of modern slavery are more likely to present in third parties, such as suppliers, that are connected to Godfreys through our business relationships. Particular risks may present where Godfreys has less visibility over third parties, for example, beyond our tier 2 suppliers.

The following maps demonstrate the risk analysis undertaken on our supplier base, commencing with tier 1 suppliers and extending to tier 2 and source locations of raw materials.

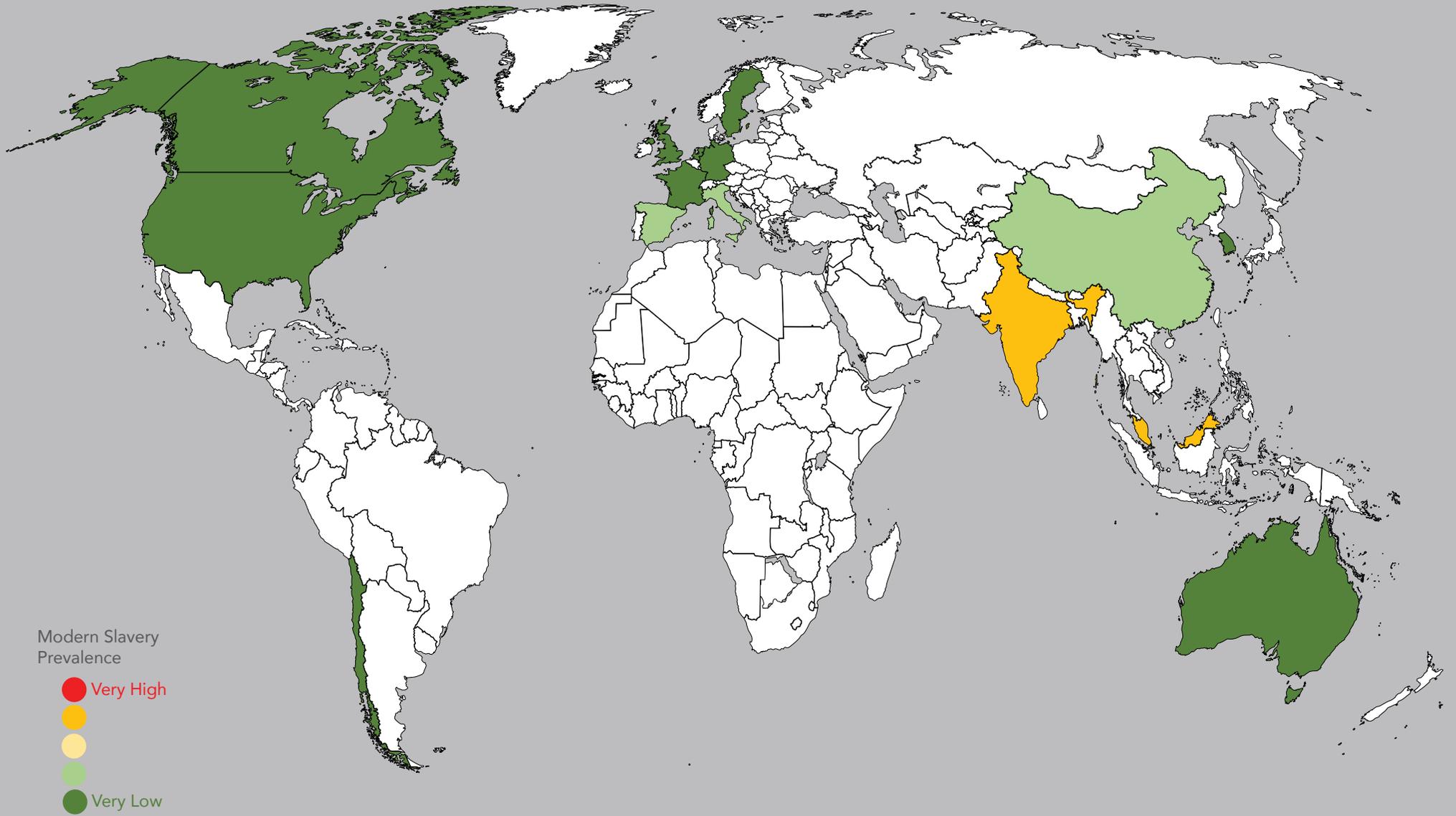


*Photo
iVac X20 with
Crevice Tool*

Tier 1 Suppliers Risk Analysis

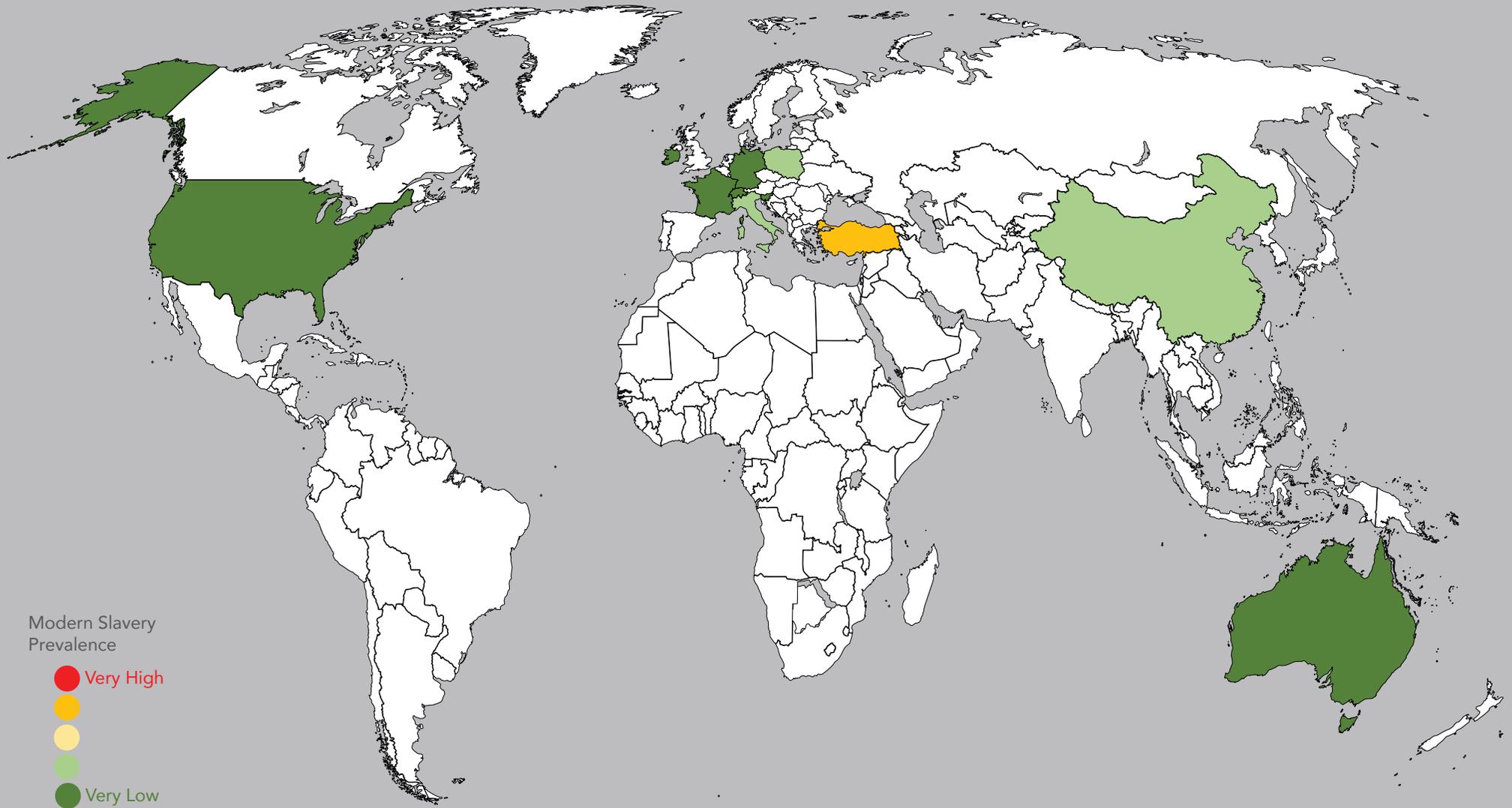


Raw Material Suppliers Risk Analysis



Factory Risk Analysis

A specific focus of Godfreys has been to analyse risk with manufacturing and risk profiles of factories that are connected to Godfreys. A summary of the risk profiles of factories connected to Godfreys is as follows:



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Cause

Godfreys does not have exclusivity over our manufacturing suppliers overseas. On this basis, Godfreys assesses that the risk of causing modern slavery is low.

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Where risk could present is in areas such as cleaning and security. This is particularly given that workers in these areas may be more vulnerable and susceptible to exploitation. Visibility may also be reduced if unauthorised sub-contracting occurs.

Contributes to

Contributing to modern slavery could be deliberate acts, such as knowingly placing unachievable delivery timeframes on suppliers or inadvertent acts or omissions.

By training our employees and particularly those that engage with suppliers and procure, Godfreys does not consider that there is high risk of deliberately contributing to modern slavery.

CRITERIA 3:

RISKS OF MODERN SLAVERY

Directly linked to

CRITERIA 4:
ACTIONS GODFREYS HAS TAKEN

As can be seen from the analysis conducted on Godfreys tier 1 suppliers and looking beyond our tier 1 suppliers, we acknowledge that the risk profiles deeper in our supply chains present higher risks. Particular risks relate to manufacturing, cleaning, plastics and uniforms.

In the next reporting period, additional action will be taken to liaise with our suppliers, particularly in manufacturing, to ensure that appropriate lead times are given to our suppliers. The focus of this liaising will be to confirm that we are not inadvertently, or by omission, contributing to modern slavery.

CRITERIA 5:
MEASURING EFFECTIVENESS

Godfreys recognises that a high-risk area of operations is the manufacturing process. By operating the main manufacturing processes in China this may present higher risks than operating in Australia, as indicated by the Walk Free Foundation modern slavery prevalence index.¹

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Godfreys has taken proactive and comprehensive steps to scope out risks of modern slavery with tier 1 suppliers, however particular focus in the next reporting period will be on manufacturing and high risk products in order to improve oversight.

¹ As indicated at Table 4, Australia is ranked at 163/167 in the estimated prevalence of modern slavery whereas China is ranked at 111/167. Global Slavery Index, 2018 GST, Table 4, available at: <<https://www.globalslaveryindex.org/2018/methodology/prevalence/>>

CRITERIA 4: ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

Modern slavery is complex and not easy to detect. On this basis, robust systems are required to identify, prevent and mitigate modern slavery or potential human rights impacts.

In the first reporting period a key focus was to review current practices and then implement systems and procedures to form the basis of a compliance framework. Many of these actions continued in our second reporting period; a summary of key actions as follows:



Third Party Guidance



Remediation



Governance and Leadership



Tracking and monitoring



Scoping and Risk Assessing



Contracting



Expanded Due Diligence



Employee and Supplier Training

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Guidance

In the first reporting period Godfreys engaged third party guidance to provide us with overall direction to ensure that we are meeting our compliance obligations. This advice is critical to our overarching strategy, to ensure that we are implementing appropriate actions as well as being critical of systems and processes that we have implemented.



Governance

Godfreys recognises that in order ensure we have robust compliance framework, it requires commitment from leadership.

Our Modern Slavery Committee ("**Committee**") (established in 2020) is responsible for implementing and managing the Godfreys modern slavery strategy. The Committee comprises personnel from different areas of the Godfreys business including our Chief Financial Officer, Financial Controller, Head of Product and Accounts Payable Manager. The Committee reports to the CEO and Board.

Underpinning the Committee are policies and procedures, including Godfreys Modern Slavery Policy, which sets out reporting mechanisms for actual or suspected modern slavery and the requirements for due diligence. This interacts with policies such as the Godfreys Code of Conduct, Supplier Code of Conduct, Whistleblower Policy and Procurement Policy.

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Scoping and Risk Assessing

To take a targeted risk-based approach to the due diligence that Godfreys undertakes, it is necessary to scope where the risks lie in our organisation and supply chains.

Based on foundations laid in the first reporting period, Godfreys was able to expand on its supply chain mapping in the reporting period. This detailed supply chain mapping allowed us to focus our due diligence efforts on those suppliers mapped as highest risk.

To date the focus of our detailed supply chain mapping has been to focus on tier 1 suppliers and commencing with tier 2 suppliers and raw materials. In the next reporting period we intend to expand mapping further down our supply chains.



Expanded Due Diligence

Due diligence is an essential tool to identify modern slavery practices. The framework Godfreys has implemented has the purpose of being robust and multi-faceted in order to identify risk.

Due Diligence Deep Dive Example

During our due diligence, we identified a supplier that required expanded due diligence. This supplier was identified as a high-risk supplier as it operated in a high-risk industry (manufacturing) within a high-risk geographical location. Our initial due diligence also revealed that modern slavery practices were present in the supplier's supply chain. As such, we initiated an expanded due diligence using a third-party platform to better understand the risks this supplier posed, focusing on the risk, corporate, organisational, and management profiles of the supplier. The results showed that the supplier had negligible risks of modern slavery and performed well for each profile. Based on our expanded due diligence, we were able to de-classify this supplier from high risk to moderate risk. Ongoing investigations are continuing deeper into the supplier's supply chain.

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Supplier Platform

In our first reporting period Godfreys launched its “Know Your Supplier” platform (“**Platform**”). The purpose of the Platform is to have an interactive, fully auditable system that assists us with risk characterisation of suppliers, conducting due diligence and tracking risk and remediation on suppliers.

All of our suppliers have been entered into the Platform and any new supplier must complete the due diligence workflow in accordance with the Godfreys Modern Slavery Policy. This process allows Godfreys to prevent and mitigate potential risk.

Broadly, due diligence is approached in three main stages via the Platform.

1. Risk Matrix Assessment

Suppliers are risk characterised according to key factors including geographic location, type of goods and services being provided to Godfreys, and broader industry risk. Suppliers are characterised as either low, moderate or high risk.

2. Independent Analysis

All new and existing suppliers have independent analysis conducted on them in order to assess if prioritised due diligence is required on the entity. It also assists Godfreys to identify potential areas for further investigation on the supplier.

3. Questionnaires

Godfreys issues questionnaires to suppliers via the Platform to gain further understanding regarding their business and risk of modern slavery.

In the reporting period, Godfreys issued 178 questionnaires, representing 24% of the Godfreys supplier base. Godfreys focuses on issuing questionnaires to suppliers characterised as highest risk based on risk assessment and independent analysis.

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Independent Analysis Key Areas

Godfreys uses global analytics software to screen suppliers against the following key risk areas.

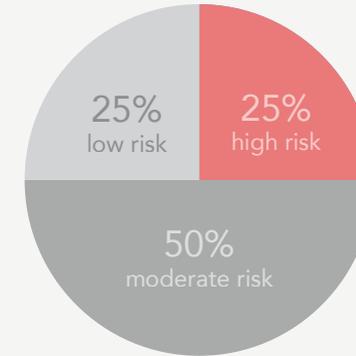
Integrity risks	Corruption and bribery, serious and organised crime, terror, anti-competitive behaviour, government connections, fraud, money laundering, tax non-compliance, sanctions and restrictions
Environment, social and governance risks	Modern slavery, animal welfare, sales and marketing practices, health and safety, human rights, environmental degradation, employment practices, governance and management and regulatory enforcement
Data/Cyber risks	Intellectual property, personal data privacy and data security
Operational and quality risks	Industry presence, product and service quality, operational quality and business continuity
Identity risks	Transparency and source of wealth
Financial risks	Financial stability and financial irregularities

Supplier Questionnaire Results

Previous Reporting Period (2019 - 2020)

Questionnaires Issued: 7

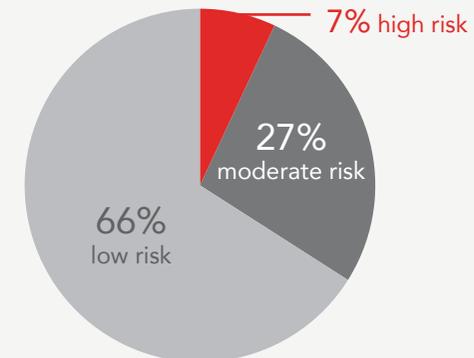
Overall Results of Completed Questionnaires



Reporting Period (2020 - 2021)

Questionnaires Issued: 178

Overall Results of Completed Questionnaires



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Remediation

Based on the due diligence undertaken, any risks identified will determine the further action Godfreys may take.

Examples of further action include:

High Risk Suppliers

- 100% international suppliers to directly liaise with further
- 25% international suppliers site audit

Moderate Risk Suppliers

- 72% to issue interactive training
- 28% to directly liaise with further

Given risks can present in different ways with suppliers, it is necessary that we take a bespoke, tailored approach to collaborating and working with our suppliers.



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Case Study

In many instances during our due diligence on suppliers, Godfreys identified that suppliers do not have adequate procedures, policies or due diligence frameworks in place to identify risks of modern slavery. On that basis, Godfreys has taken the view to educate and work with our suppliers in order to work collaboratively to identify potential risks of modern slavery practices.

Godfreys recognises that we are early in our compliance journey and that it is necessary to put a remediation plan in place in the event that modern slavery is identified in our supply chains.

Site Auditing

In the reporting period Godfreys mapped out an annual site audit plan. In the next reporting period Godfreys is implementing the site audit plan commencing with suppliers that present the highest risk.

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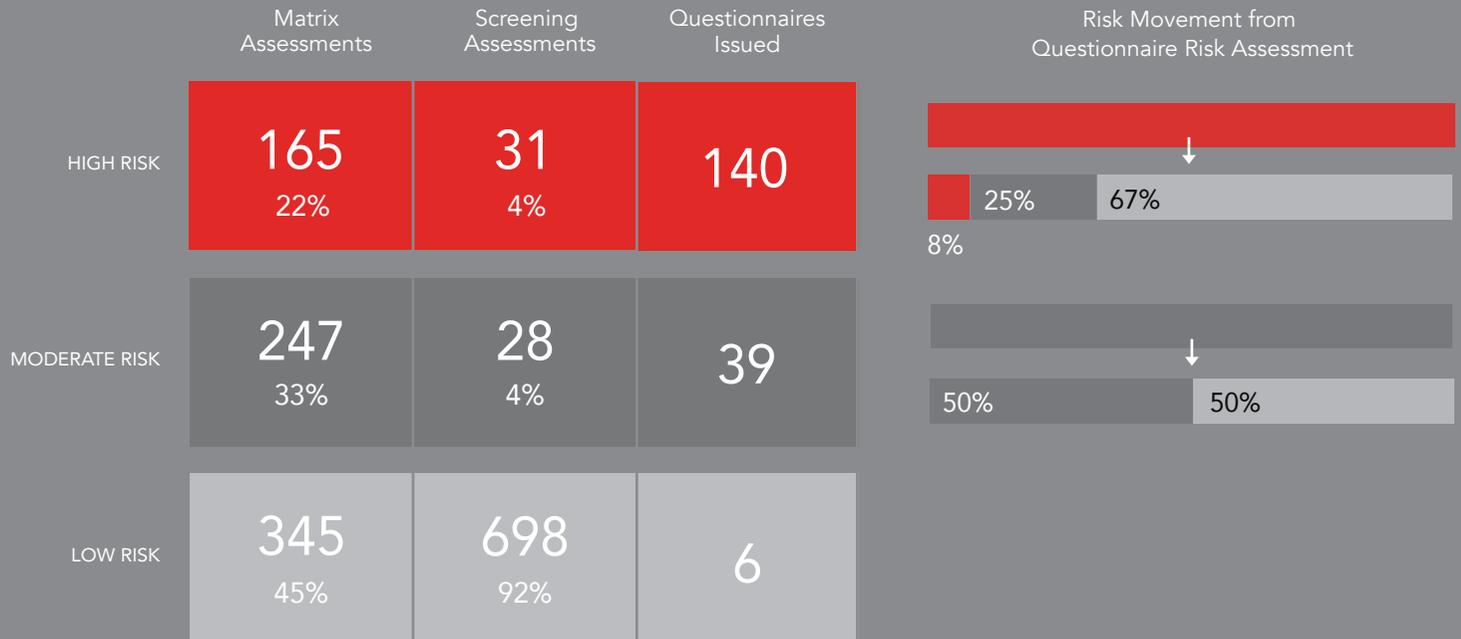
CRITERIA 7:
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Tracking and Monitoring

Tracking and monitoring our suppliers is an important component to our due diligence framework. Via the Platform, Godfreys monitors changes in risk profiles of suppliers and actioning of corrective plans. Godfreys tracks individual risk in suppliers, but also overall risk profiles of its supplier base.

Overall Supplier Risk Movement



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Contracting

Godfreys requires that all third parties enter into written agreements in order to contract with us. Depending on the nature of the arrangement, this may vary from standard terms and conditions to supply agreements and bespoke agreements.

Godfreys requires that all written agreements contain a modern slavery clause. Where agreements are due for renewal or extension Godfreys is requiring that the agreements are varied to contain a modern slavery contract clause.



Employee Training

To support the actions implemented to assess and address risks of modern slavery, an employee training program was introduced.

A series of online trainings were conducted, led by our third-party guidance. The training commenced with our executive leadership team, followed by managers and other business units including procurement, finance and accounts payable.

To supplement this training, an interactive employee training was developed and rolled out to the wider business. The wider training focuses on what modern slavery is, how to report suspected or actual modern slavery and the requirements for due diligence.



CRITERIA 5: MEASURING EFFECTIVENESS

Godfreys recognises the need to continually assess its actions, consider if they are effective, and improve its processes and systems. Being the second reporting period for Godfreys, the focus was to expand the compliance framework implemented in the first reporting period.

At the end of the second reporting period, a gap analysis and our first internal audit of our compliance framework was undertaken. The primary objectives of the audit were to review and assess:

- the number of suppliers who have completed due diligence;
- the number of suppliers we are tracking for remediation including liaising directly with suppliers;
- compliance with the modern slavery policy including due diligence being completed on new suppliers;
- the number of suppliers completing modern slavery training; and
- the number of employees completing modern slavery training.

The audit indicated that although our compliance framework has been implemented, some additional training and action is required to embed the requirements.

On this basis, Godfreys intends to implement some key initiatives in the next reporting period, including:

- expand our audit strategy;
- expand our audit and testing framework;
- benchmark itself and suppliers that carry higher risk profiles; and
- review our risk matrix assessment to ensure it is current and up to date.

The progress of modern slavery initiatives will be constantly reviewed by the Committee and the Committee will present to the executive leadership team regularly on any developments, issues or risks.

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CRITERIA 6: CONSULTATION

The reporting entity governs and controls the entities in the Godfreys group. On this basis, this statement is a group wide response. Key areas of the Godfreys group were engaged including managers, procurement, people and culture, and leadership. As these teams operate for the entire group, consultation across the entities in the group was extensive. All risk assessing and implementation of initiatives apply across the group. The Board has general oversight of the process.



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CRITERIA 7: LOOKING FORWARD

This statement demonstrates that Godfreys is continuing to take steps to reduce the risks of modern slavery practices within its operations and supply chains.

Godfreys has no tolerance for modern slavery within its organisation and supply chains and welcome this public manner to publish the actions and initiatives we have implemented.

Godfreys looks forward to continuing to implement its compliance framework and build upon the foundations laid in the last two reporting periods.

This modern slavery statement for the reporting period was approved by the Godfreys Board.

Signed by



Grant Hancock
Director

Date: 31 Dec 2021



Photo
iVac
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THANK YOU

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<https://www.godfreys.com.au>