



**CULTURE KINGS
GROUP**

Modern Slavery Statement 2021

Culture Kings is a premium streetwear brand.

Culture Kings welcomes the greater focus and discipline in reducing the risk of modern slavery in its operations and supply chains brought about the need to develop and lodge this type of statement on an annual basis.

This statement is made on behalf of:

- Culture Kings Group Pty Ltd ACN 627 007 970;
- TF Apparel Pty Ltd ACN 140 259 918;
- TF Intellectual Property Pty Ltd ACN 140 258 742;
- Culture Kings Pty Ltd ACN 140 242 968;
- Culture Kings Melbourne Pty Ltd ACN 164 107 608;
- Culture Kings Perth Pty Ltd ACN 603 930 669;
- Culture Kings Sydney Pty Ltd ACN 600 222 133;
- Culture Kings Brisbane Pty Ltd ACN 600 222 517;
- Culture Kings Gold Coast Pty Ltd ACN 600 222 955;
- TF IP Investments Pty Ltd ACN 647 448 502;
- DXXM Life IP Pty Ltd ACN 641 298 320;
- Baseline IP Pty Ltd ACN 635 702 402;
- Pyra IP Pty Ltd ACN 637 983 174; and
- Culture Kings NZ Limited NZ Company Number: 7909157,

(together, **Culture Kings** or the **Culture Kings Group**).

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**).

This statement has been made for and on behalf of all Culture Kings entities, and has been reviewed and approved by the Board of Culture Kings Group Pty Ltd, the parent company of the Culture Kings Group.

This is Culture Kings' first statement under the Modern Slavery Act, and the headings below reflect the criteria required under the Modern Slavery Act. Unless otherwise indicated, all information below is for the first reporting period of 1 July 2019 to 30 June 2020.



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MODERN SLAVERY STATEMENT

1. About Culture Kings

Culture Kings Group Pty Ltd is the parent company of the Culture Kings Group and has its registered office in Brisbane, Australia.

Culture Kings Group Pty Ltd does not itself conduct any business.

TF Apparel Pty Ltd is the main trading entity within the group that recognises the sales from the online and brick and mortar stores. TF Apparel Pty Ltd procures inventory (principally clothing, footwear, headwear and accessories) for sale, markets the product and organises delivery to purchasers. TF Apparel Pty Ltd employs Culture Kings HQ and warehousing staff. Culture Kings Pty Ltd employs retail store staff. All Culture Kings Group employees are based in Australia and employed under Australian law and in accordance with Australian labour regulations and conditions.

Culture Kings Pty Ltd, Culture Kings Melbourne Pty Ltd, Culture Kings Perth Pty Ltd, Culture Kings Sydney Pty Ltd, Culture Kings Brisbane Pty Ltd, Culture Kings Gold Coast Pty Ltd and Culture Kings NZ Limited are wholly owned subsidiaries and tenant entities for certain of Culture Kings' bricks and mortar stores.

TF IP Investments Pty Ltd is an investment holding entity that holds interests in certain joint venture and licensing arrangements.

TF Intellectual Property Pty Ltd, DXXM Life IP Pty Ltd, Baseline IP Pty Ltd and Pyra IP Pty Ltd are intellectual property holding companies.

2. Culture Kings' business and its structure

Structure

As at the date of this statement, the Culture Kings Group operates 8 brick and mortar stores in Australia and is in the process of establishing one brick and mortar store in New Zealand.

There is also a very active digital store with sales made to customers worldwide but primarily in Australia, New Zealand, North America and Europe. Asia is also a growing market.

Culture Kings sources inventory from a number of countries and regions including China, Bangladesh, India, Italy, Pakistan, and Cambodia.

Endorsed Third-Party Brands

Culture Kings is a retailer (principally of clothing, footwear, headwear and accessories) of finished products for a number of large and known brands.

Examples include *Nike*, *Adidas*, *Puma* and *New Balance*. These parties are known colloquially within Culture Kings as "upstream" suppliers in that they supply Culture Kings with finished products. In this statement, finished products provided by upstream suppliers are referred to as "Endorsed Third-Party Brands".



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In-House Brands

Culture Kings also sells what is referred to in this statement as "In-House Brand" products being principally clothing, footwear, headwear and accessories.

For In-House Brand products, Culture Kings is responsible for designing such products and managing the process of transforming raw textiles and other materials into finished products. This involves Culture Kings engaging with designers, textile companies, manufacturers and logistics providers either directly or occasionally through representatives.

The percentage of total inventory spend (GST exclusive) over the reporting period for In-House Brand suppliers against total inventory spend is 65.4%.

Operations

Culture Kings presently offers a selection of over 100 leading international clothing brands, as well as exclusive and In-House Brand offerings only available through Culture Kings.

The Board of Culture Kings Group Pty Ltd (the **Group Board**) is responsible for setting the strategy of the Culture Kings Group and overseeing group governance issues. This includes monitoring compliance of suppliers, on an exceptions basis, against Culture Kings' Supplier Code of Conduct. Culture Kings' Supplier Code of Conduct deals with modern slavery risks, amongst other things.

The Chief Executive Officer and the Executive Management Team is responsible for delivering the strategic objectives set by the Group Board. This includes day to day compliance and ensuring policies and procedures are adhered to by members of the Culture Kings group and staff.

Supply Chains

For In-House Brands, Culture Kings engaged 52 house brand textile and manufacturing suppliers across China, India, Italy, Pakistan, Bangladesh and Cambodia during the reporting period.

Culture Kings also sourced product from 56 Endorsed Third-Party Brands suppliers during the reporting period. Most of these Endorsed Third-Party Brands are global brands with international operations. Culture Kings typically sources products from Endorsed Third-Party Brands through their local Australian operations or distributors.

For this initial reporting period, Culture Kings has focussed on the assessment of modern slavery risk of its supply chains with In-House Brand suppliers ranked by spend on inventory.



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In-House Brand suppliers			
	Percentage of total In-House Brand inventory spend (GST exclusive) over reporting period	Number of suppliers during reporting period	Country
High Volume In-House Brand Suppliers (Tier 1)	60%	15	China, Bangladesh, India, Italy.
Medium Volume In-House Brand Suppliers (Tier 2)	30%	13	China
Low Volume In-House Brand Suppliers (Tier 3)	10%	24	China, Bangladesh, Pakistan, Cambodia

During the reporting period, the majority of Culture Kings' In-House Brand products by spend were acquired from a limited number of Tier 1 suppliers operating a number of factories predominantly based in China. We have longstanding relationships with our Tier 1 and Tier 2 suppliers.

3. Modern slavery risks

General risks

From a general perspective, Culture Kings is aware that the global clothing and textile industry is considered a high area of risk for modern slavery.

This high risk is due to the combination of the high intensity and low skill of the labour involved in the manufacture of clothing, footwear, headwear and accessories. This is coupled with the concentration of manufacturers and other participants in the supply chain operating in jurisdictions where worker rights and protections are sometimes less formalised or enforced than in Australia.

The Group Board has considered publicly available data and media reporting relating to modern slavery risk in the clothing and textiles industry in relation to the jurisdictions where Culture Kings' suppliers are based.

This review has identified the following as modern slavery risks of particular concern:

- forced labour, where someone has been forced or coerced to work through violence, intimidation, physical threats or threats of reporting to governmental or immigration authorities where the worker is an undocumented or illegal migrant or minority group.
- bonded labour, where someone is forced or coerced to work for the purposes of paying off a debt or other obligation. Methods may involve an "employer" keeping the worker's identity or travel documents for the purposes of restricting the worker's freedom, further entrenching the worker's reliance on the "employer".
- child labour generally.



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Focus on In-House Brand supplier risks in supply chains

For this initial statement, Culture Kings has chosen to focus on assessing modern slavery risks in its In-House Brand supply chains, particular those associated with its Tier 1 and Tier 2 suppliers in overseas countries that comprise the bulk of its inventory spend on In-House Brands.

Culture Kings' In-House Brand suppliers, which include downstream manufacturers and handlers or suppliers of raw materials, are considered higher risk than the upstream Endorsed Third-Party Brand suppliers.

This is because the In-House Brand suppliers are often smaller and private companies compared to the Endorsed Third-Party Brand suppliers. They may also be based in jurisdictions where worker rights and protections (including for sub-contractors and home workers outside factory premises) are sometimes less formalised or enforced than in Australia.

In contrast, Culture King's Endorsed Third-Party Brand suppliers are often large and established entities with significant industry reputations. Many of these suppliers are also reporting entities themselves under either the Modern Slavery Act or equivalent regulatory regimes in other jurisdictions.

4. Risk management and mitigation

To better assess and mitigate modern slavery risks in its supply chain, Culture Kings has taken a number of steps to understand its supplier base and to seek assurances of modern slavery risk mitigation steps.

Culture Kings recognises that the process of developing an effective and sustainable risk mitigation program requires time and resources to ensure proper compliance within our operations and our supply chains.

Culture Kings' focus during this reporting period has been to build a strong foundation for ongoing identification, reporting and management of modern slavery risks.

Culture Kings, as stated above, has focussed during this initial reporting period on its significant In-House Brand suppliers located in overseas jurisdictions as the key risk area. Culture Kings has adopted a graduated or tailored approach differentiating between In-House Brand and Endorsed Third-Party Brand suppliers and also between high volume and low volume suppliers.

The steps, actions and outcomes during the relevant reporting period are shown in tabular summary format below:

Step	Action taken during and after relevant reporting period	Outcome
Governance	<ul style="list-style-type: none">• Adoption by the Group Board of an updated supplier code of conduct addressing modern slavery risks.• Adoption of Group Board modern slavery compliance process and risk reporting on an exceptions basis.• Creation of a cross functional working group to assess and address any modern slavery	<ul style="list-style-type: none">• A supplier code of conduct has been developed with the assistance of external legal counsel and adopted by the Group Board.• A modern slavery compliance process and board reporting mechanism has been developed with the assistance of external legal counsel and adopted by the Group Board.



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Step	Action taken during and after relevant reporting period	Outcome
	risks in supply chains including from merchandise, procurement, warehouse and logistics, finance & administration and legal functions of the business.	<ul style="list-style-type: none"> A cross functional working group has been implemented.
Supply chain mapping	Single data base developed to identify all suppliers including by country or region and ranked by spend.	<ul style="list-style-type: none"> A single supplier database is now in place. Ongoing work to maintain and update that database as suppliers / supplier details change over time.
In-House Brand Supplier engagement	<p>All In-House Brand manufacturers have been asked to complete modern slavery risk assessment questionnaires developed with the assistance of external legal counsel.</p> <p>All In-House Brand manufacturers have been asked to state they adhere with our Supplier Code of Conduct and to sign a new trading terms contract, or addendum including modern slavery risk clauses and to cascade this through their own supply chains (as prepared with the assistance of external legal counsel).</p>	<p>For Tier 1 and Tier 2 Suppliers:</p> <ul style="list-style-type: none"> Agreement to adhere to Culture Kings' Supplier Code of Conduct - 100% compliance. Agreement to adhere to new Culture Kings Terms of Trade Agreement - 100% compliance. Response to Modern Slavery Questionnaire - 100% compliance. Independent audit report or certification volunteered - 79% compliance (remaining 21% state intention to complete) <p>For Tier 3 Suppliers:-</p> <ul style="list-style-type: none"> Agreement to adhere to Culture Kings' Supplier Code of Conduct - 71% compliance. Agreement to adhere to new Culture Kings Terms of Trade Agreement or modern slavery addendum - 67% compliance. Response to Modern Slavery Questionnaire - 58% adherence. Independent audit report or certification volunteered - 42% compliance <p>No "red flags" have been identified on review of any returned questionnaire.</p>



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Step	Action taken during and after relevant reporting period	Outcome
Endorsed Third-Party Brand supplier engagement	Basic compliance checks as to modern slavery compliance and collation of supplier modern slavery statements.	84% of Endorsed Third-Party Brand suppliers have prepared a modern slavery statement & social responsibility statement which has either been provided to Culture Kings' Head of Merchandise or is otherwise accessible on the Endorsed Third-Party Brand supplier website.
New supplier on-boarding	All new suppliers to be vetted as part of an on-boarding process including assessment of any ESG track record by checking referees and consideration of any ESG third party verification or accreditation.	All new suppliers are required to agree to contractual terms dealing with modern slavery risks and to agree to adhere to our Supplier Code of Conduct (as developed in consultation with external legal counsel).
Training	Ongoing training and awareness of modern slavery obligations, including ability to identify and manage any modern slavery risk identified through escalation internally and corrective action plans.	Modern slavery awareness training has been delivered to our production, merchandise, and leadership teams and will continue for new hires and on an annual cycle at minimum. A whistle-blower policy and training has also been implemented.

*Percentage figures in this table have been rounded

5. Due diligence and supply chain assurance

The requirements of the Modern Slavery Act have been outlined to the Group Board.

The Group Board has put in place a reporting system to help ensure obligations under the Modern Slavery Act are monitored on an exceptions basis at Group Board meetings on a bi-monthly basis.

Culture Kings has internal compliance processes in place to review and update supplier compliance with automated tracking of key dates for each supplier and review of supplier documentation and risk, with escalation procedures in the event of non-compliance and plans in place for remediation / corrective action plans and if necessary termination of supply arrangements if that proves necessary.

6. Engagement with stakeholders

The Group Board is responsible for overseeing the performance and operations, including monitoring compliance against the Culture Kings Group's Supplier Code of Conduct on an exceptions basis.



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The Chief Executive Officer and Executive Team has responsibility for the day to day compliance of the Culture Kings Group business (across all operating entities and subsidiary Boards) with modern slavery risk identification and mitigation in its operations and supply chains.

Merchandise and procurement team members have front line responsibility to engage with our Endorsed Third-Party Brand and In-House Brand suppliers to identify and mitigate modern slavery risks.

7. Reporting

Culture Kings is committed to building on the foundational work done in preparing this first modern slavery statement.

Culture Kings has approached this reporting period with a view for continuous improvement in terms of its actions to address modern slavery risks. Culture Kings will expand its focus and build on its work for this initial modern slavery statement for subsequent reporting periods.

We see the priority areas of focus for the next reporting period (1 July 2020 to 30 June 2021) being as follows:

Benchmarking and third party verification. We are conscious that our suppliers, while in most cases are well known to us and responsive, are presently self-assessing against our modern slavery questionnaires and compliance with contractual obligations and Supplier Code requirements. To improve the rigour of our supply chain analysis, we are engaging with Elevate Limited, an independent auditing and consultancy firm, to help with benchmarking modern slavery risk identification and assessment practices. This engagement is also to help ensure reputable third party audit / verification against objective criteria / standards for Tier 1 and Tier 2 suppliers who have not volunteered third party audits or certificates.

Extension of compliance focus to Tier 3 In-House Brand and logistics suppliers. We plan to do further work to ensure modern slavery awareness and risk mitigation in respect of our Tier 3 In-House Brand suppliers and also logistics providers, including asking for third party verification / certification against objective criteria.



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Signing page

This statement was approved by the Board of Culture Kings Group Pty Limited on 25 March 2021 on behalf of all Culture King Group entities. This statement was also the subject of significant cross functional input across the business prior to Board approval.

Signed

Simon Beard

Director

Dated: 26/03/2021