

dusk

Modern slavery statement

for the financial year 1 July 2019 - 28 June 2020

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1 Introduction

We are constantly working to reinforce and communicate our values to our employees, shareholders, customers, suppliers and the broader community.

This modern slavery statement is made by Dusk Group Limited (ABN 38 603 018 131) and its wholly-owned subsidiary Dusk Australasia Pty Ltd (ABN 45 090 850 383) (together, **dusk**).

References to 'our' and 'we' in this Statement are references to these entities.

This is dusk's modern slavery statement and sets out information required by the *Modern Slavery Act 2018* (Cth) (the **Act**) describing the risks of modern slavery in our business and actions we have taken to address those risks during the reporting period 1 July 2019 - 28 June 2020 (**FY20**).

2 Our structure, operations and supply chains

Our structure

Dusk Group Ltd is an Australian company headquartered in Sydney, Australia and is the ultimate holding company for the following Australian companies:





- Dusk Australasia Pty Ltd (the trading entity);
- Dusk Wholesale & Imports Pty Ltd (currently a dormant entity); and
- Dusk Europe Pty Ltd (currently a dormant entity).

Dusk was a private company throughout FY20 but has since listed on the ASX in November 2020.

Our operations

dusk is an Australian specialty retailer of home fragrance products, offering a range of dusk branded premium products at competitive prices from its physical stores and online store. dusk's products include candles, ultrasonic diffusers, reed diffusers, essential oils and fragrance related homewares. At the end of FY20, dusk had 111 company-owned and operated stores across Australia plus a growing online presence via its website www.dusk.com.au.

dusk's product offering can be segmented into five primary categories, being candles; diffusers and consumables; mood reeds; homewares; and other. In addition to its core product range, dusk develops and retails seasonal decorative and functional products (e.g. for Christmas, Halloween or Easter) which sit across all five product categories.

Our key operations	
 <p>direct employment of workers</p>	<p>As at the end of FY20, dusk employed 276 full-time and part-time employees across the business. dusk also employs a large casual labour force during the year and ranges between approximately 500 to 1000 based on trading seasonality requirements.</p>
 <p>provision of products</p>	<p>dusk's range includes various product formats (i.e. candles, mood reeds, diffusers and essential oils) that are used to deliver dusk's range of fragrances. dusk has in-house capabilities in product design, sourcing, packaging, inventory planning and technical production matters.</p>
 <p>physical and online retail stores</p>	<p>As at the end of FY20, dusk had a network of 112 company owned and operated stores in Australia (including the online store).</p>
 <p>sales and marketing</p>	<p>dusk's marketing program is largely digital and is primarily targeted at dusk Rewards members. dusk produces its own content in-house for its various advertising and sales channels.</p>

dusk does not externally engage in financial lending activities. Intra-company lending forms parts of dusk's operations and any associated modern slavery risks related to those activities is addressed above as part of our operations.

Our supply chain

dusk operates a ‘vertical’ retail model combining internal product development with flexible use of third-party manufacturing and distribution. Our products are sold exclusively through our own channels to market (i.e. dusk stores and website). Our supply chain is complex and is broadly divided into Candles, Home Fragrance and Décor.

We seek to have long-term relationships with our suppliers, a strong control process and an ability to manage inventory risk. Management, including the CEO, also keeps in regular contact with key suppliers to ensure the continuity of strong relationships.

Our key supply chain segments	
 <p>Product manufacture</p>	<p>Product manufacture is outsourced to a diverse third-party supplier base with innovation capability, quality control and track records.</p> <p>dusk has sourced product and componentry from approximately 50 different suppliers over the past 3 years. In FY20, dusk sourced product from 25 of these suppliers spanning candles, reed diffusers, electronics, glassware, ceramics and stone, metals and packaging.</p> <p>The majority of suppliers are located in China, Hong Kong and USA.</p>
 <p>Warehousing and distribution functions</p>	<p>Warehousing and distribution functions are outsourced to third-party logistics providers.</p> <p>The majority of suppliers are located in Australia.</p>

dusk also procures services including store development, IT services, marketing, corporate services and store operations.

Impact of COVID-19 on operations and supply chain

The COVID-19 pandemic has caused unprecedented challenges for dusk and created an extremely challenging operating environment. To safeguard the health and safety of our team and customers we initiated a shut-down of all physical stores and all store team members were stood down on 29 March 2020. Stores were closed for the duration of April and part of May.

Approximately 90% of support team members (i.e. Customer Support office) were also stood down on the 29 March 2020, with remaining team members agreeing to temporary wage reductions. Two customer support teams were stood back up in April 2020 to support the strong levels of online demand, with remaining team members stood back up by 18 May 2020.

During FY20, the COVID-19 pandemic resulted in some impacts to dusk’s usual supply practices. Many Chinese suppliers were impacted by the COVID-19 pandemic in January/February which caused some supply chain disruption. As the COVID-19 pandemic became a domestic issue, dusk cancelled outstanding orders in March and proactively managed supplier invoices and delivery terms. By the end of May, dusk had re-engaged with all suppliers and overdue invoices were paid in full by the end of June.

3 Modern slavery risks in operations and supply chain

dusk is committed to responsible supply chain management and recognises the importance of protecting human rights.

We acknowledge that we are early in our program to identify and investigate modern slavery risks in our operations and supply chain. FY20 was a busy year for us, in light of COVID-19 and listing on the ASX.

We consider that our direct workforce is low risk to modern slavery and believe our people and culture policies and practices further mitigate this risk. Accordingly, we consider that our greatest risk of involvement in modern slavery is being indirectly linked to it through our supplier relationships and other third-party relationships with suppliers outside Australia.

The following indicators were the primary source used to identify and assess potential supplier risk: sector and industry risk, product and services risk, geographic risk, entity risk and specific signs that may indicate a person is in a situation of modern slavery.

Within dusk's supply chains, the following key areas were identified for potential modern slavery and human trafficking risks:

- outsourced and third-party suppliers with factories and employees located in China and Asia; and
- employees at third-party warehouse and distribution centres.

dusk's ability to identify some of its risk areas has been limited due to changes to its suppliers caused by COVID-19. Additionally, dusk notes that the economic and social impacts of COVID-19 may have increased modern slavery risks in some parts of its operations and supply chains.

We intend to undertake work to formally identify key risk areas in FY21.

4 What have we done to assess and address modern slavery risks?

Actions taken

Governance

We acknowledge that we are early in our program to assess and address modern slavery risks in our operations and supply chain. However, dusk has adopted policies which seek to mitigate the risks of modern slavery across our operations and supply chains.

We recognise that our success is dependent on the knowledge, experience and talent of our employees, the strength of our management team, the quality of our business strategy and our compliance with high standards of corporate conduct, ethics and governance. We are constantly working to reinforce and communicate our values to our employees, shareholders, customers, suppliers and the broader community.

Code of Conduct

All people employed, contracted by, associated with, or acting on behalf of Dusk Group Ltd are subject to the Code of Conduct. Our Code of Conduct, which was adopted in October 2020, provides a benchmark for professional behaviour throughout the Company. Breaches of the Code of Conduct must be reported in accordance with the Company's Speak Up Policy or to the Head of Human Resources. Our Code of Conduct is based on values of integrity, fairness and that our business must be conducted honestly and ethically.

Speak up Policy

We are committed to conducting business honestly, with integrity, and in accordance with our values and standards of expected behaviour. Our Speak Up Policy, which was adopted in October 2020, encourages people to speak up if they become aware of potential misconduct, explains how to speak up and what

protections a discloser will receive and outlines our processes for responding to reports. We seek to promote a workplace environment in which everyone feels safe, supported and encouraged to speak up.

Due diligence

Supplier Code of Conduct

We are committed to embracing a fair, sustainable, socially responsible and ethical approach to our procurement. Following the end of the reporting period, in March 2021, dusk adopted its first Supplier Code of Conduct. This Supplier Code of Conduct applies to all our suppliers of goods or services to us and will be incorporated into our standard trading terms.

We expect that our suppliers, whether directly or through their supply chain, conduct themselves in accordance with the principles and standards in this Code and implement suitable management systems and processes. We seek to encourage our suppliers to exceed these minimum standards. We expect our suppliers to communicate this Code to their related entities, employees, suppliers and sub-contractors so that they are aware of, understand and comply with this Code.

Our suppliers must monitor their compliance with this Code, notify us of any material breaches, allegations of non-compliance or investigation into non-compliance by authorities. Under the Code, suppliers must and take all reasonable steps to address, remedy and prevent any further breach.

Terms of Trade

We have updated our standard terms of trade and these now include a Modern Slavery clause. The supplier must comply, and ensure that all sub-contractors and suppliers comply, with all laws in force in jurisdictions relevant to the supplier, including Modern Slavery laws and the Supplier Code of Conduct.

Under the terms of trade, the supplier must agree to keep records and allow dusk to inspect those records, interview personnel and review the supplier's operations at any time to audit compliance with obligations under these terms of trade. The supplier agrees to procure that its sub-contractors and suppliers give dusk the same inspection rights.

5 Assessing the effectiveness of our actions

We are in the early stages of establishing a framework to assess and address modern slavery risks, including assessing the effectiveness of our actions. The Board receives information regarding breaches of the Code of Conduct and reports of incidents under the dusk's Speak Up Policy. We intend on building on this and implementing additional processes to assess our effectiveness in identifying and managing modern slavery risks.

6 Consultation

Dusk Group Limited consulted with Dusk Australasia Pty Ltd and together we consulted with the entities we own or control in the process of preparing this joint statement, communicating our approach and our commitments. We operate as an integrated group of companies with policies, systems and approaches that apply to each entity.

Approval

This statement was approved by the Board of Dusk Group Limited on 26 March 2021 on behalf of itself and Dusk Australasia Pty Ltd.

Signed,



John Joyce
Chairman, Dusk Group Limited
26 March 2021