

# 2021 Modern Slavery STATEMENT

AF Asia-Pacific Holding Proprietary Limited



## Chief Executive Officer's message



I am pleased to present our first Modern Slavery Statement. Our vision, *to provide quality & value houseware products with trusted brands that enhance lifestyle, create excitement & bring joy to the world we live in*, demonstrates that we recognise our position within the global community. We are committed to ensuring our impact on our community through employment, supply chain and our operations is ethical, fair and in the best interests of people and the planet. We will strive for continual improvement across our organisation and help eradicate modern slavery.

A handwritten signature in black ink, appearing to read 'M Batson', written over a horizontal line.

**Mark Batson**  
Chief Executive Officer  
Fackelmann Housewares Australia

8 December 2021

## CONTENTS

**SECTION 1:** Chief Executive Officer's Message & Introduction

**SECTION 2:** Structure, Operations & Supply Chain

**SECTION 3:** Modern Slavery Risks

**SECTION 4:** Actions Taken to Address Modern Slavery Risks

**SECTION 5:** Effectiveness of Actions Taken

**SECTION 6:** Consultation Within the Group

**SECTION 7:** Other Information

## INTRODUCTION

This Modern Slavery Statement (**Statement**) has been prepared on behalf of AF Asia-Pacific Holding Pty Limited (**AFAP** or the **Parent Entity**) and the entities it controlled (the **Group**) for the financial year ended 20 June 2021. For the purpose of this Statement, references to 'we', 'us' or 'our' refer to the Group.

This Statement has been prepared in accordance with the Australian Modern Slavery Act 2018 (**Act**) and with regard to the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities (**Guidance**). It outlines the measures taken by the Group to reduce the risk of modern slavery occurring in the Group's operations and supply chain.

We recognise that modern slavery is a growing global issue. Modern slavery, as defined in the Guidance, is used to describe the serious exploitation of people in situations where coercion, threats, or deception are used to exploit victims and undermine or deprive them of their freedom. We understand the role we have to play in preventing, detecting and responding to human rights abuses and we support the United Nations Guiding Principles on Business and Human Rights.

# STRUCTURE, OPERATIONS AND SUPPLY CHAIN

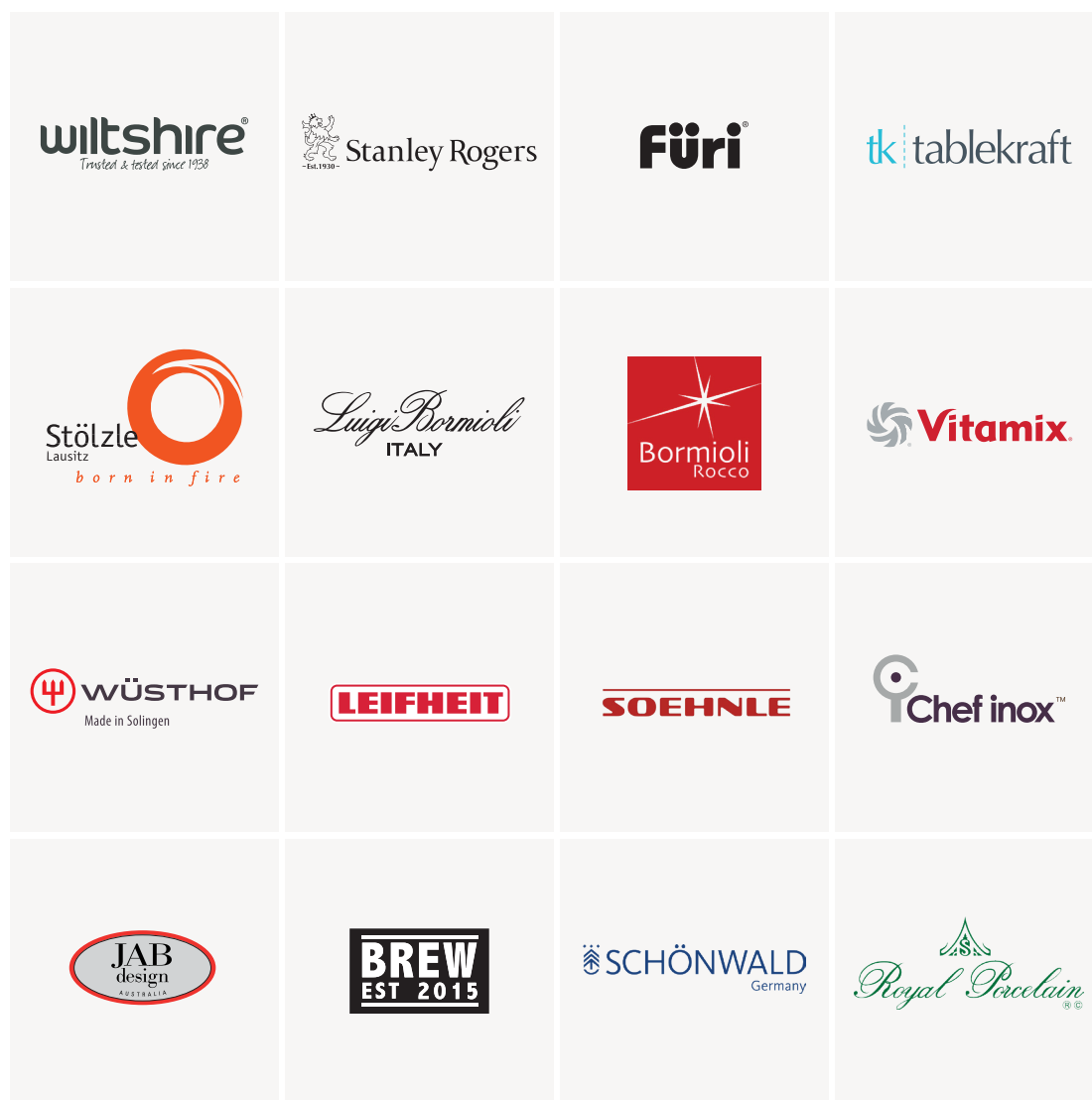
## STRUCTURE

AFAP is a proprietary company incorporated in Australia and oversees the operations of its trading entities as described in the table below.

Only AFAP is a reporting entity under the Act.

Entity	Place of business / country of incorporation	Ownership interest	Principal activities
Fackelmann Housewares Pty Ltd	Australia	100%	Marketing and distribution of housewares products
Fackelmann New Zealand Ltd	New Zealand	100%	Marketing and distribution of housewares products
Fackelmann Housewares Singapore Pte Ltd	Singapore	100%	Marketing and distribution of housewares products
MCP Housewares HK Limited	Hong Kong	100%	Product sourcing
Tomkin Australia Pty Ltd	Australia	50%	Marketing and distribution of housewares products; product sourcing
Smart Brands Pty Ltd	Australia	100%	Marketing and distribution of housewares products

The majority of the Group's revenue is derived from the company's diversified portfolio of market-leading brands, including:



## OPERATIONS

AFAP and its subsidiaries have principal operations in Australia, Hong Kong, New Zealand and Singapore. The Group employs a total of 162 people across the entities shown in the table below, the majority of which are located in Australia and New Zealand.

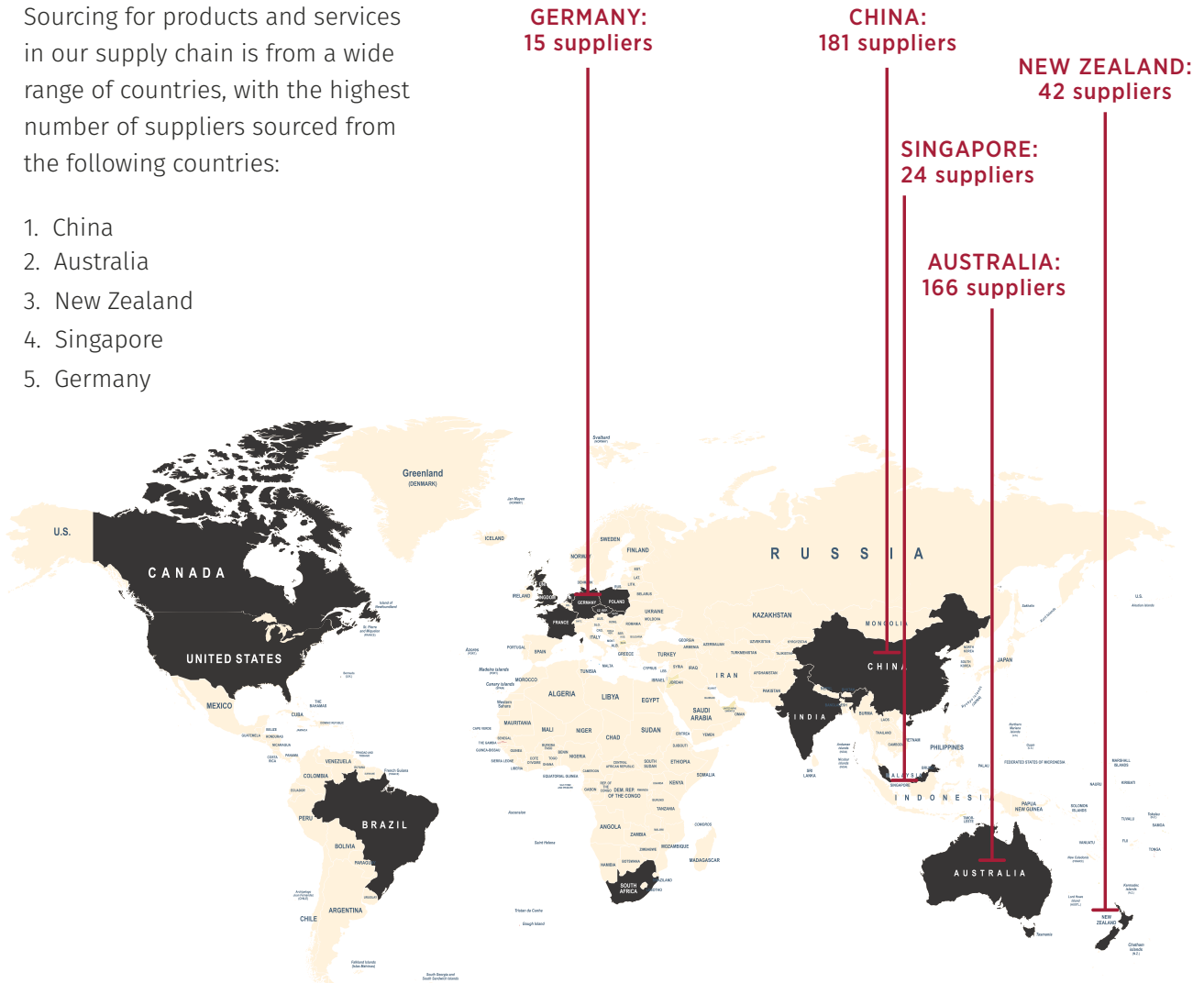
	Australia	New Zealand	Asia	Total
Full Time	87	13	15	115
Part Time	7	29	1	37
Casual	6	3		9
Contract	1			1
<b>Total</b>	<b>101</b>	<b>45</b>	<b>16</b>	<b>162</b>

## SUPPLY CHAIN

Our supply chain is extensive, reaching from Australia to locations in Asia, Europe and Oceania. Our products supply chain includes sourcing of housewares products for distribution and use in our business operations. Our services supply chain includes services that support our operations including freight, marketing, financial and legal services, IT and the cleaning and security services for our offices. We strive to ensure our suppliers meet the required standards and demonstrate consistency in ethical practices throughout their supply chains.

Sourcing for products and services in our supply chain is from a wide range of countries, with the highest number of suppliers sourced from the following countries:

1. China
2. Australia
3. New Zealand
4. Singapore
5. Germany

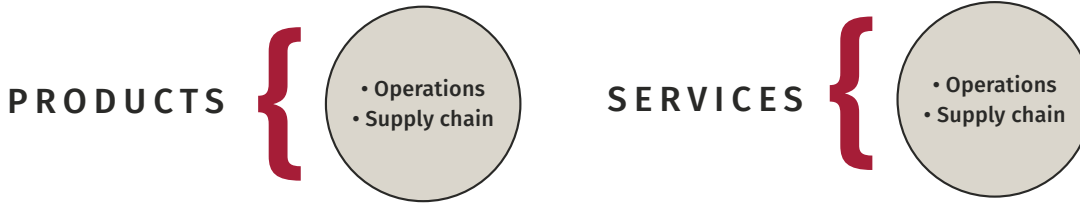


Due to the global nature of our supply chain, we understand that there are varying degrees of potential modern slavery risk when having regard to the country of origin and product category. We have focused our assessment of potential risk on our Tier 1 suppliers for the purposes of this Statement. Further work will be undertaken to better understand our extended supply chain and operations and the potential for modern slavery risks associated with our Tier 2 suppliers.

While there may be less visibility of the country of origin for some of the products we source across our extended supply chain, such as raw materials and packaging, further work will be done to better understand our extended supply chain and the inherent modern slavery risks of these suppliers.

## Spend analysis – operations and supply chain

We have compiled and analysed our procurement spend data for all Tier 1 suppliers (525 suppliers during FY21), considering spend on products and services across our operations and supply chain.

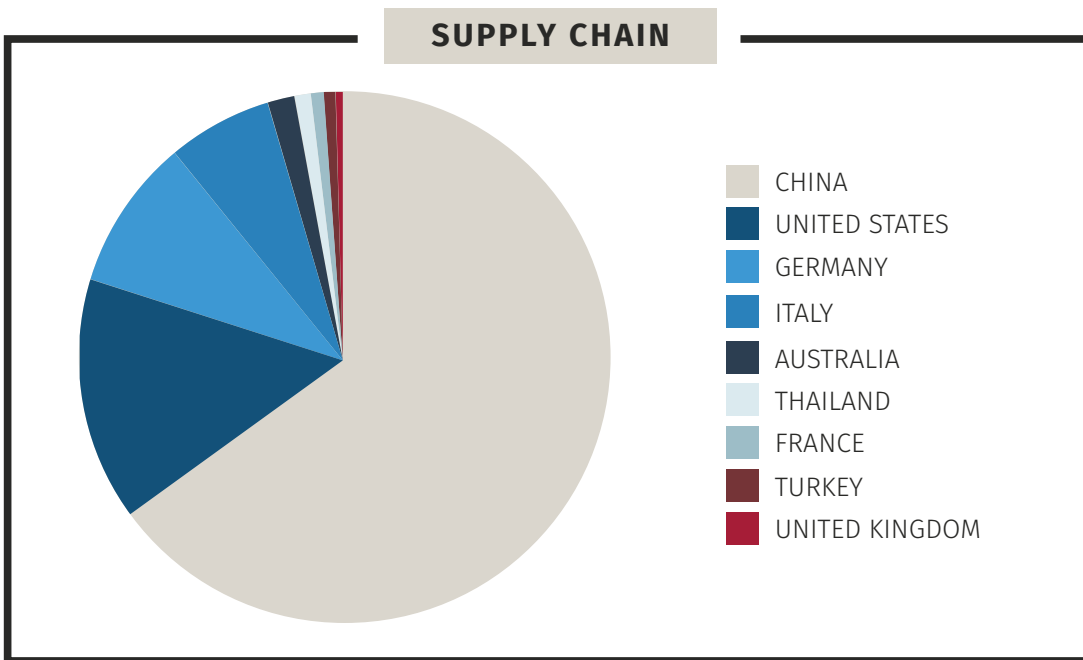


## FACKELMANN HOUSEWARES AUSTRALIA

### PRODUCTS

As product spend related to operations pertaining to administrative expenses and was relatively minimal, further analysis was not performed for the purpose of our baseline risk assessment.

The below graph depicts total spend by country on products within our supply chain.

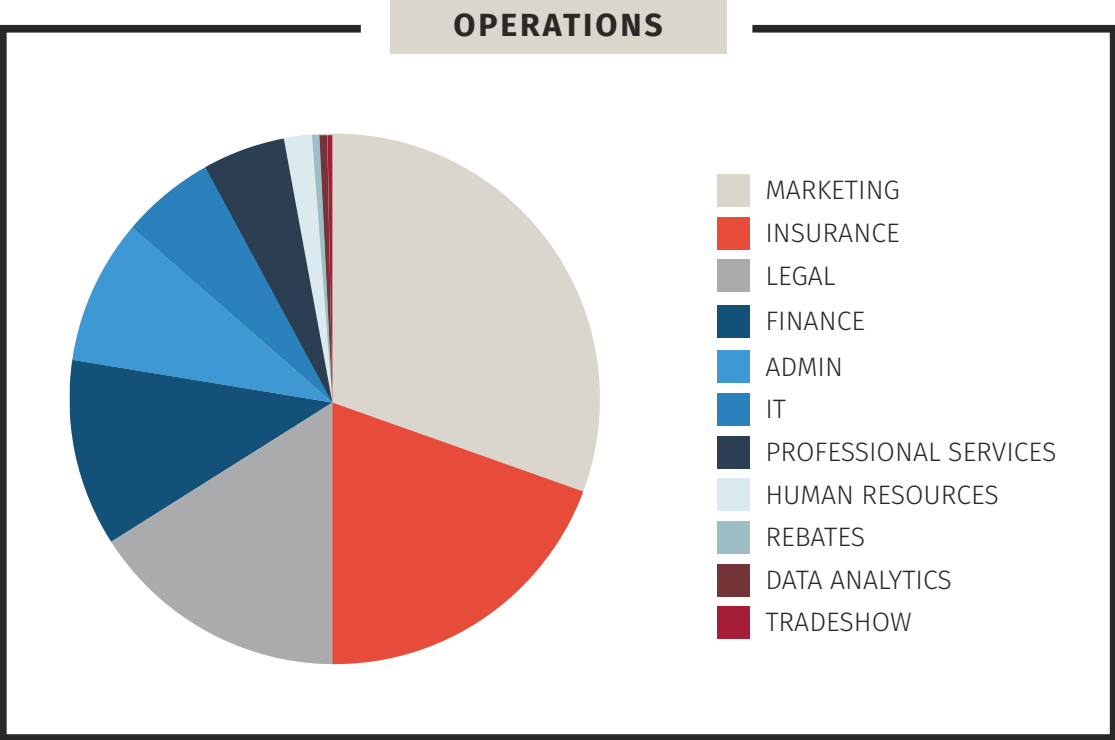


The top 5 countries where products (goods for re-sale) are sourced are:

NO.	COUNTRY	% SPEND
1	China	67.3%
2	United States	13.6%
3	Germany	10.3%
4	Italy	6.1%
5	Australia	1.2%

# SERVICES

The below graph depicts total spend on services by category within operations.

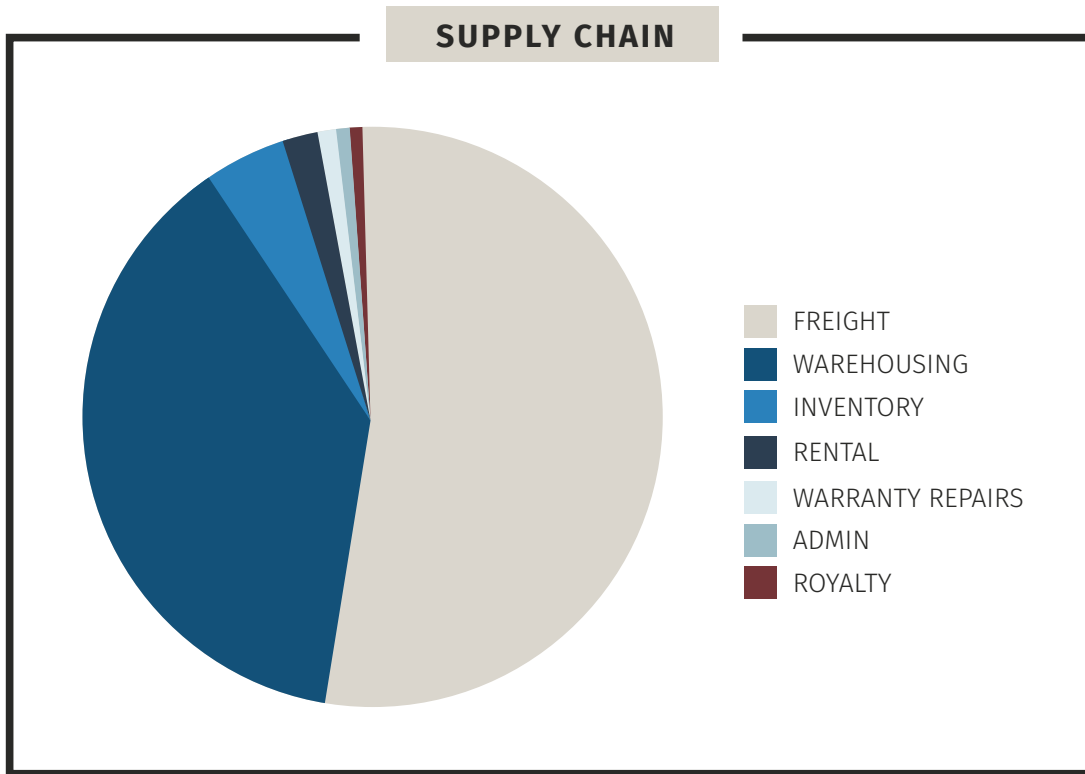


The top 5 categories of services spend within operations include the following:

NO.	CATEGORY	% SPEND
1	Marketing	33.1%
2	Insurance	17.0%
3	Legal	13.0%
4	Finance	10.7%
5	Admin	9.9%



The below graph depicts total spend on services by category within the supply chain.



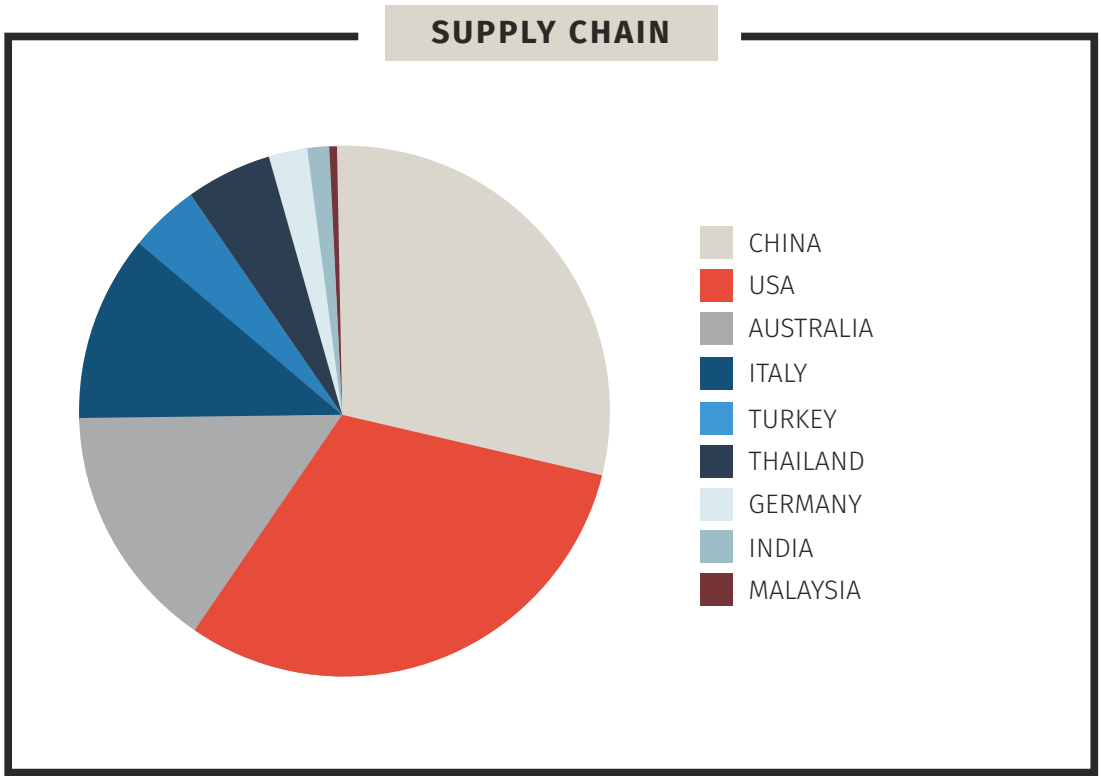
The top 5 categories of services expenditure within our supply chain include the following:

NO.	CATEGORY	% SPEND
1	Freight	52.1%
2	Warehousing	40.7%
3	Inventory	4.6%
4	Rental	1.9%
5	Warranty Repairs	0.5%

# NEW ZEALAND

## PRODUCTS

Product spend related predominantly to supply chain, with minimal spending for the purposes of operations. The below graph depicts total spend on products by country within the supply chain.

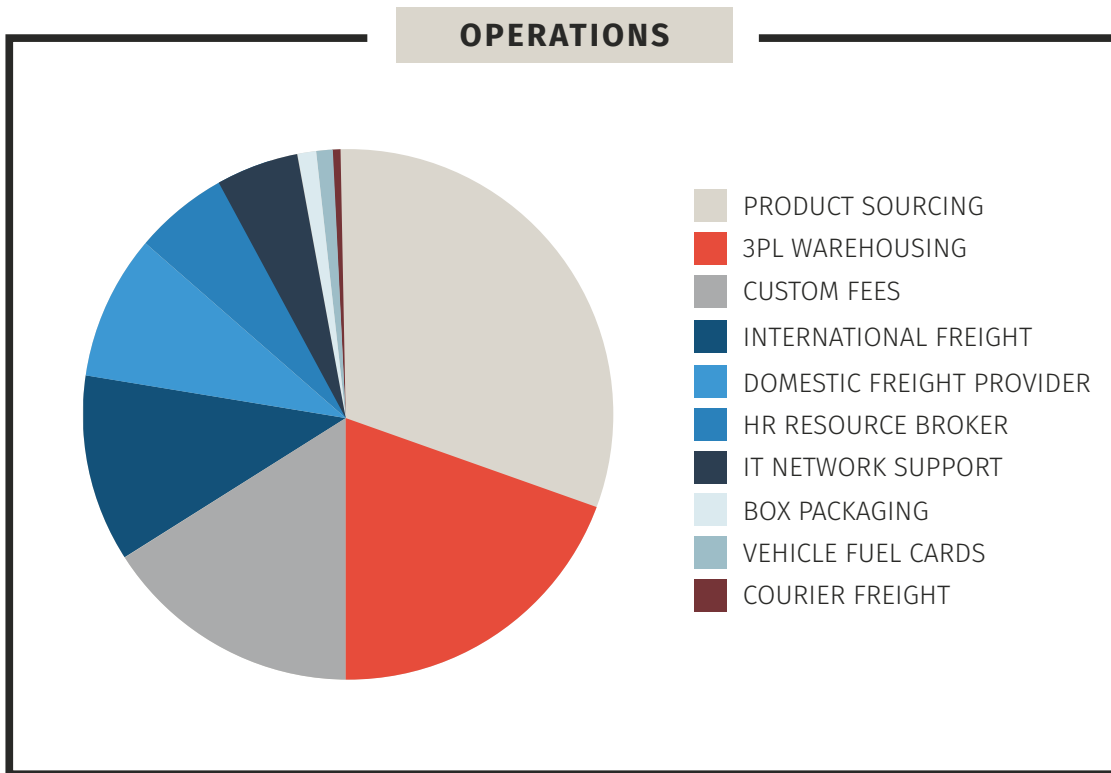


The top 5 countries where products are sourced are:

NO.	COUNTRY	% SPEND
1	China	30.6%
2	USA	29.7%
3	Australia	13.4%
4	Italy	12.9%
5	Turkey	5.1%

## SERVICES

The below graph depicts total spend on services by category within operations.



The top 5 categories of services spend within operations include the following:

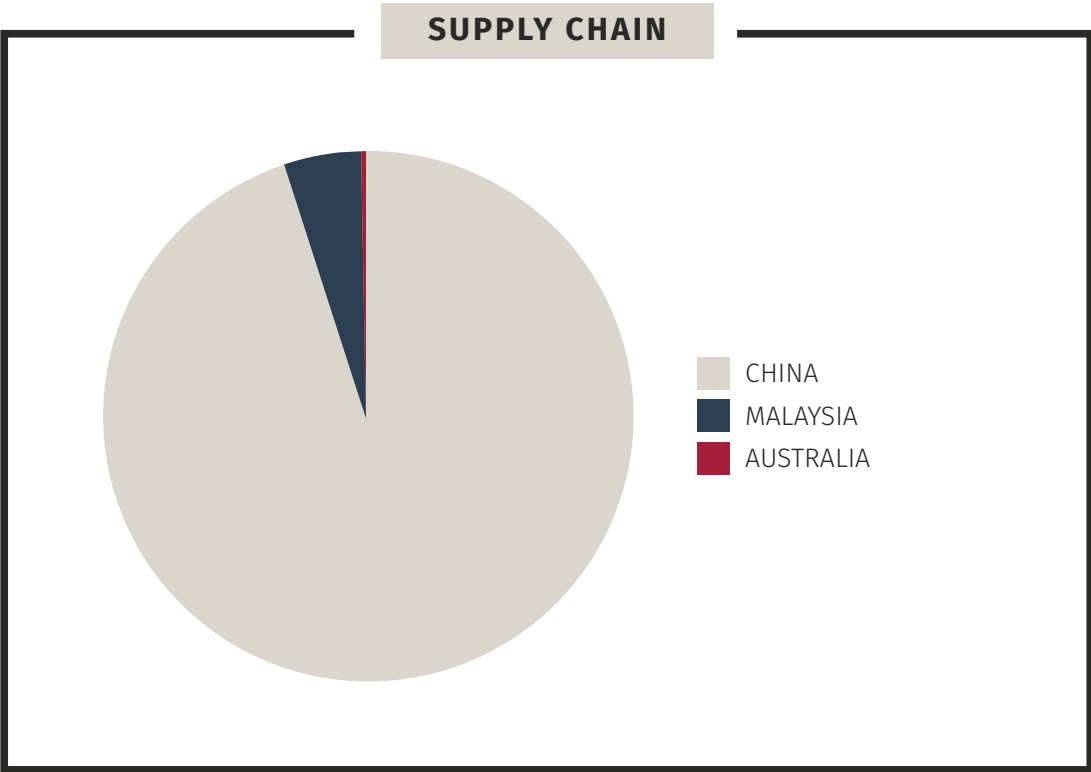
NO.	CATEGORY	% SPEND
1	Product Sourcing	31.6%
2	3PL Warehousing	29.5%
3	Customs fees	17.8%
4	International Freight	10.7%
5	Domestic freight provider	3.9%

Service expenditure related predominantly to operations, with minimal spending on supply chain.

# SINGAPORE

## PRODUCTS

Product spend related predominantly to supply chain, with minimal spending on operations. The below graph depicts total spend on products by country within the supply chain.

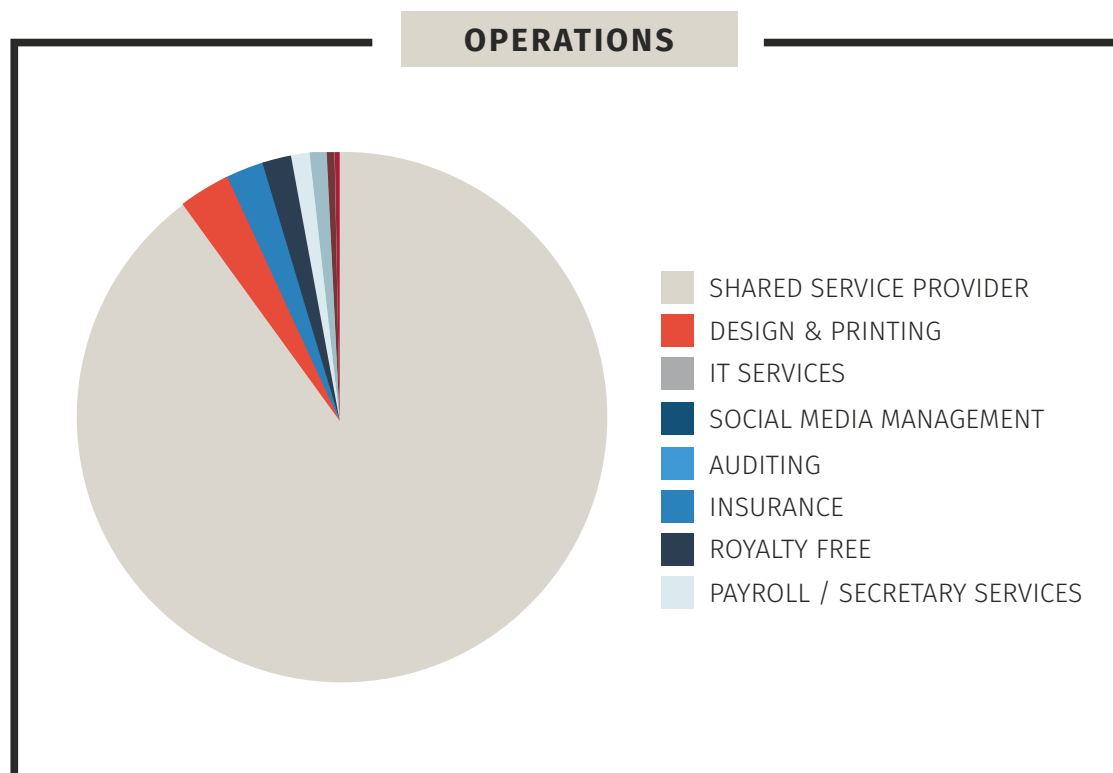


The 3 countries sourced from for products within the supply chain include the following:

NO.	COUNTRY	% SPEND
1	China	95.2%
2	Malaysia	4.5%
3	Australia	0.3%

## SERVICES

The below graph depicts total spend on services by category within operations.



The top 5 categories of services spend within operations include the following:

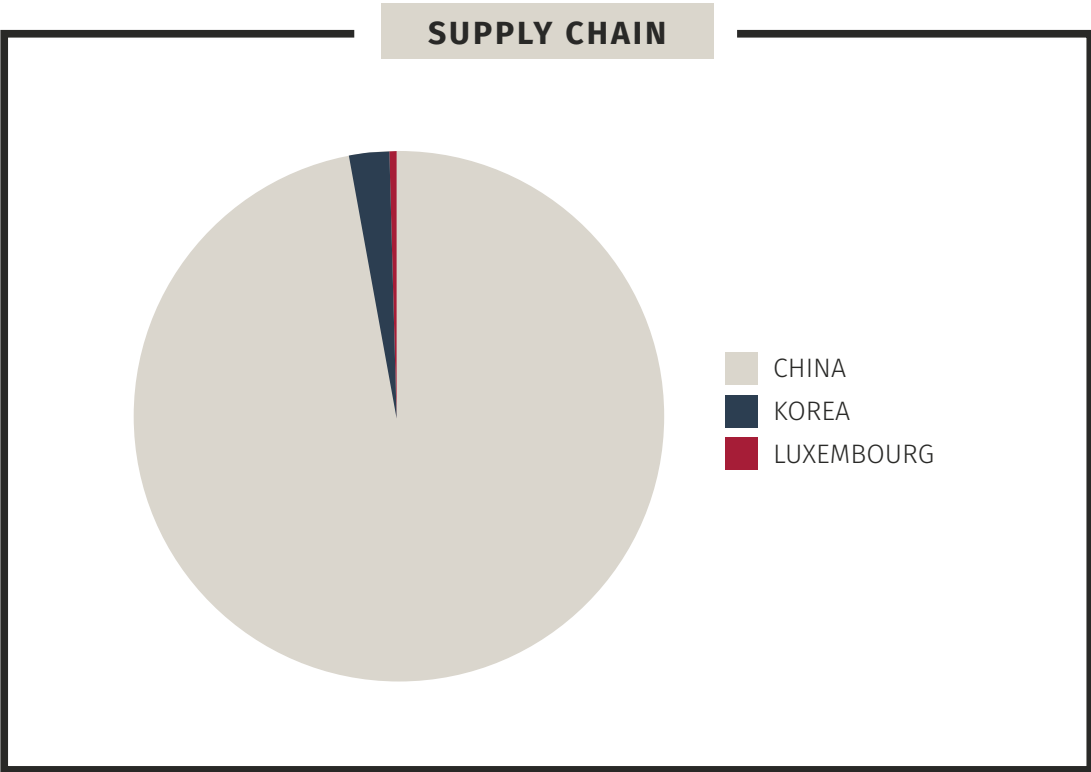
NO.	CATEGORY	% SPEND
1	Shared Service Provider	90.1%
2	Design & Printing	3.3%
3	IT services	1.5%
4	Social Media Management	1.3%
5	Auditing	0.8%

Service expenditure related to supply chain was solely on freight forwarding.

# HONG KONG

## PRODUCTS

Product spend related predominantly to supply chain, with minimal spending on operations. The below graph depicts total spend on products by country within the supply chain.

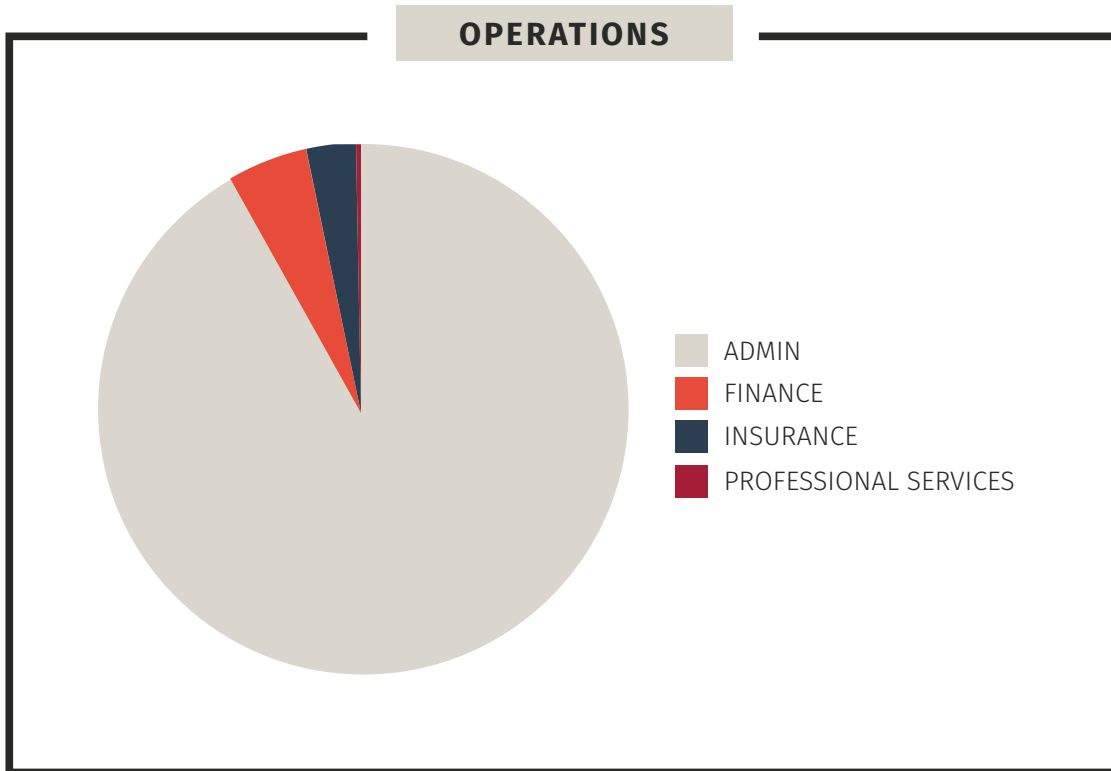


The 3 countries where products are sourced from are:

NO.	COUNTRY	% SPEND
1	China	97.9%
2	Korea	1.7%
3	Luxembourg	0.4%

## SERVICES

The below graph depicts total spend on services by category within operations.



The top 5 categories of services spend within operations include the following:

NO.	CATEGORY	% SPEND
1	Admin	92.3%
2	Finance	4.8%
3	Insurance	2.7%
4	Professional Services	0.1%

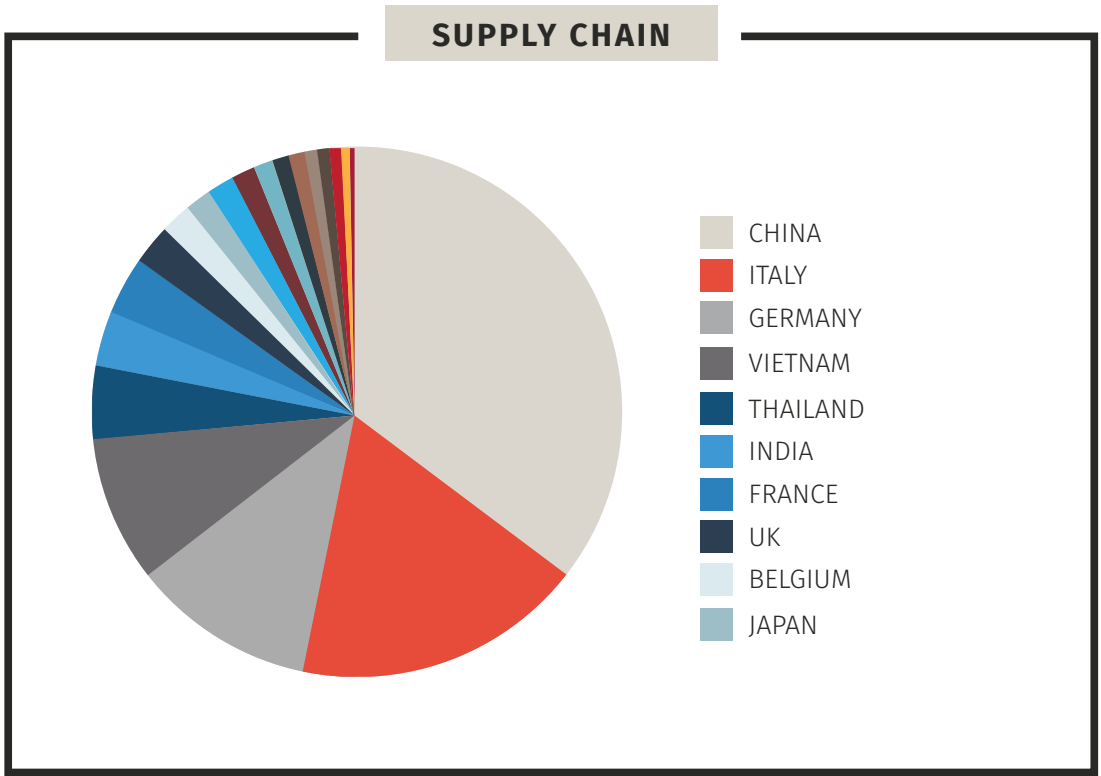
Total spend on services within the supply chain was on quality control related travel expenses (57%) and freight (43%).

# TOMKIN

## PRODUCTS

Product expenditure related to operations pertained to packaging and was minimal; therefore further analysis has not been performed for the purpose of our baseline risk assessment.

The below graph depicts total spend on products by country within the supply chain.



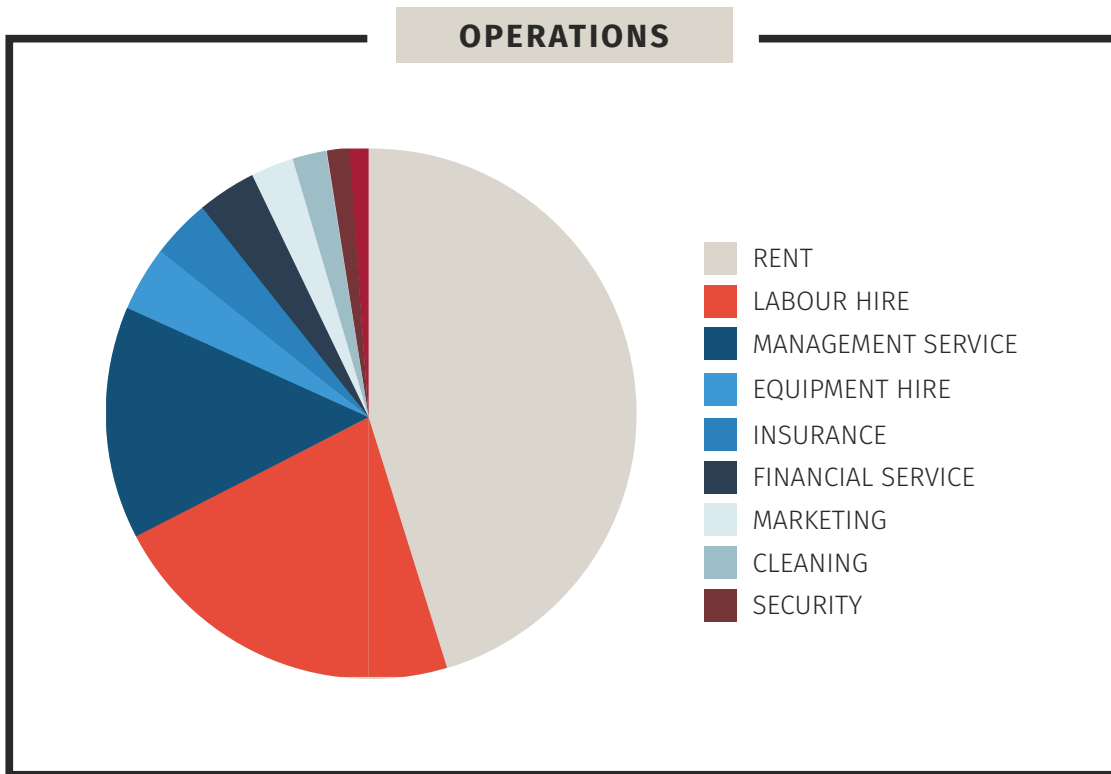
The top 5 countries where products are sourced are:

NO.	COUNTRY	% SPEND
1	China	37.7%
2	Italy	15.4%
3	Germany	9.2%
4	Vietnam	9.0%
5	Thailand	5.4%



## SERVICES

The below graph depicts total spend on services by category within operations.



The top 5 categories of services spend within operations are:

NO.	CATEGORY	% SPEND
1	Rent	37.7%
2	Labour Hire	15.4%
3	Management Service	9.2%
4	Equipment Hire	9.0%
5	Insurance	5.4%

The spend on services within the supply chain was mostly related to freight (88%).

## MODERN SLAVERY RISKS

We acknowledge that all industries and businesses have the potential for modern slavery risks to exist in their operations and supply chains. We have considered these potential risks within the context of our business, having regard to the nature of our sourcing activities as described above.

We have risk management controls embedded in our supplier selection processes to minimise any such risk. We have identified where inherent modern slavery risks may exist in our business activities by considering the key sources of those risks. We will continue to regularly reassess our risk exposure and, where appropriate, expand or deepen our focus across the business in future years.

We engaged an external advisory firm with human rights expertise to support the preparation of this Statement and to engage with our senior executives and our team more broadly to foster a shared and strong understanding of modern slavery risk and its relevance in the context of our business.

### Scoping Modern Slavery Risks

We conducted a scoping exercise to help understand which parts of our operations and supply chains may involve elevated risks of modern slavery by reference to the Global Slavery Index.



The scoping exercise included the following activities:

**01**

Mapping out our broad operations and overall supply chain structure to identify the general sectors and industries, types of products and services, countries and entities that are involved in our operations and supply chains.

**02**

Completing a review of which types of products and services, countries and entities identified may have a higher incidence of modern slavery risk (understanding that the level of modern slavery risks may not correlate with the highest volume or costs of products and services procured).

**03**

Identifying the parts of our operations or supply chains that we have less visibility over and consider if they may involve modern slavery risks.

# Defining Modern Slavery Risk

<b>SECTOR AND INDUSTRY RISKS</b>	Certain sectors and industries may carry modern slavery risks because of their characteristics, products and processes.
<b>PRODUCT AND SERVICES RISKS</b>	Certain products and services may carry modern slavery risks because of the way they are produced, provided or used.
<b>GEOGRAPHIC RISKS</b>	Some countries may carry modern slavery risks due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
<b>ENTITY RISKS</b>	Some entities may carry modern slavery risks because they have poor governance structures, leading to poor treatment workers track record of human rights violations.

Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities

Considering these sources of modern slavery risks along with the operations and supply chains for our business, we have identified the following relevant risks:

- Deceptive recruiting for labour or services**  
 - when a person is deceived about their work and their work involves exploitation through a type of modern slavery
- Forced labour**  
 - when a person does not consider themselves free to stop working or to leave their place of work because of coercion, threat or deception
- Worst forms of child labour**  
 - when children are engaged in work likely to harm them including working in hazardous environments

In addition to our risk assessment process, we monitor the media and relevant reports to stay informed of emerging human rights risks and to alert ourselves to any specific risks which may relate to our suppliers.

We anticipate heightened modern slavery risks due to the ongoing management of COVID-19 (discussed further below).

## ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

The Group has taken the following actions to assess and address the risks of modern slavery in our supply chains. These actions will continue to be strengthened where necessary as the nature of these risks evolve and change over time.

### GOVERNANCE

The AFAP Board of Directors (the Board) has ultimate responsibility for ensuring that the Group has an effective risk management system in place and to manage key risk areas and understands the legislative reporting requirements of the Act.

The Board endorses all key policies, which are described in more detail below. Key risks identified through external audits conducted will also be considered and actioned appropriately. In addition, the Board monitors the potential exposures facing the Group through regular and ongoing communication with the Chief Executive Officer.

Members of the Group's senior management are responsible for ensuring that systems, processes and controls are in place to minimise identified risk to an acceptable level. Senior management, along with all employees, are responsible for reporting any actual risks identified and to respond appropriately to remedy them.

### POLICIES

The Group has policies and standards in place which recognise the importance of maintaining a high standard of behaviour in our relationships with each other, with our customers and our suppliers.

Document	Purpose
Code of Conduct	Establishes the standards that we uphold in the operation of our business by promoting specific principles in conjunction with our values. The code provides guidance as to the standard of personal behaviour expected of all employees, consultants and subcontractors.
Equal Employment Opportunity Policy	Aims to ensure fair and equitable practices are applied in the workplace and that any intolerance in the workplace is identified, addressed and rectified. We are committed to providing a workplace free from any form of harassment, bullying, discrimination, victimisation and vilification. Workplace harassment, discrimination, bullying, victimisation and vilification in any manner or form is expressly prohibited and will not be tolerated.
Whistleblower Policy	Provides an avenue to report and address actual or suspected wrongdoing and to protect anyone who reports such incidents. We are committed to the highest standards of legal, ethical and moral behaviour and ensuring compliance in all aspects of the organisation. We recognise the importance of transparency and accountability in our operations.

Grievance Procedure Policy	Provides an appropriate mechanism for identifying, addressing and resolving work related complaints or grievances as they arise. A grievance is defined as a legitimate type of problem, concern or complaint related to work or the work environment an employee may have.
Work Health & Safety Policy	Explains our commitment to Work Health and Safety (WHS). We are committed to ensuring all work activities are carried out safely and with all possible measures taken to remove (or reduce) risks to the health, safety and welfare of workers, contractors and others who may be affected by our operations.

These policies are communicated to employees when they join the Company and are available on our internal network.

MCP Housewares HK Limited is responsible for a significant portion of supply chain procurement. This is conducted with regard to the Guiding Ethical Principles in the Assessment of Suppliers, which stipulate that the entity will only trade or continue to trade with suppliers who follow the below ethical requirements regarding their business operations.

1. The supplier factory site should have the relevant legal operating license and their operations must comply with all relevant local regulations and laws.
2. The supplier must not employ or use child, forced or illegal labour in any part of the manufacturing process.
3. Living wages of workers should comply with local regulatory wage standards.
4. The supplier must not engage in or support the use of corporal punishment or monetary deduction.
5. Employees working overtime and holidays should be paid in line with local laws.
6. The factory site and employee working environment must be safe and have adequate lighting, heating and cooling ventilation.
7. Personal protective devices should be provided to workers who are working in a process which has high risk exposure.
8. All machinery and equipment should have protective covers to those parts with flywheels or moving gears whenever possible; stoppers must be added to stamping machines.
9. Hazardous chemicals or goods should be stored in an isolated or bonded area.
10. Fire prevention and pest control procedures should be in place and cover specific situations and be in line with local regulations.

## DUE DILIGENCE AND SUPPLIER ENGAGEMENT

We have an ongoing management process to identify, prevent, mitigate and account for how we address potential adverse human rights impacts in our operations and supply chains, including modern slavery. We have a highly experienced supplier sourcing team with decades of experience in ethical sourcing, quality control and compliance.

Prior to engaging suppliers, we conduct a desktop assessment to ensure the suppliers we conduct business with are committed to acting ethically. This includes requiring them to complete our Supplier Assessment Report, which includes a detailed analysis of their operations across employment standards, health and safety, supplier quality assurance system, modern slavery compliance, and their technical and manufacturing capability.

Below is an extract from our Supplier Assessment Report as it relates to modern slavery:

Item	Description
Trafficking of Persons	The recruitment, harbouring and movement of a person for exploitation through modern slavery
Slavery	Situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way
Servitude	The victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work
Forced Marriage	Situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony
Forced Labour	Situations where the victim is either not free to stop working or not free to leave their place of work
Debt Bondage	Situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or length of service is not limited and defined
Deceptive Recruiting	Victim is deceived about whether they will be exploited through types of modern slavery
Child Labour	Children are exploited through slavery including for sexual exploitation

A key priority for the Group is, wherever possible (having regard to COVID-19 restrictions), to inspect the factories of all suppliers from whom we directly source products. When new suppliers are engaged, we undertake a risk assessment as part our tender process. Once a key supplier is engaged, we expect periodic audits of these factories. Ethical and quality audits are conducted, with independent inspections of factories using our team of approximately 20 employees based in China, with assistance from third-party service providers as required. For private label suppliers, we require them to provide an ethical audit report by SEDEX (SMETA) or an equivalent form of review such as BSCI.

## Audit statistics

FMHW Pty Ltd: 30% of purchases from Asia come from our top 3 suppliers - all have BSCI / SEDEX Audits

We carefully select suppliers who prioritise safe factory conditions and the protection of workers. We have seen an overall improvement over the last decade regarding labour rights and working conditions in the factories of our suppliers. Specifically, factories have improved their air quality, extraction systems, handling of harmful substances, protection for workers in their workplace and pay. We are not aware of any actual instances of modern slavery within the factories of our suppliers.

## REMEDIATION

Should any non-compliance with our business standards be identified, we would take steps to address this with our supplier with the course of action determined by the nature, frequency and severity of the non-compliance. If a supplier was not able or willing to address any such issues, the potential consequences would include discontinuing our commercial relationship.

The Group has established grievance reporting mechanisms and resolution processes whereby employees and third parties can report concerns relating to unethical or illegal activities including human rights and modern slavery. These are managed through our Equal Employment Opportunity Policy, Whistleblower Policy and Grievance Procedure Policy. We are exploring additional ways, such as information on our website, in which third parties such as factory workers may access these reporting mechanisms.

## TRAINING AND DEVELOPMENT

Modern slavery awareness briefings have been conducted for our senior executives and other team members, covering the background of the *Modern Slavery Act 2018*, an overview of the scheme, what constitutes modern slavery, indicators of modern slavery, the risk analysis process, and practical supply chain examples illustrating the concepts of “cause, contribute and directly linked to”.

## INDICATORS OF MODERN SLAVERY

The suspected victim or victims are:

Living at the workplace

Underpaid or not paid at all

Required to work excessive hours

Confined or isolated in the workplace

Guarded at work or in their accommodation

Isolated in remote locations

Managed by an intermediary or third party

Subject to different or less favourable working conditions than other workers

Not provided with contracts in a language and format easily understood

## RISK ANALYSIS



### INPUTS

- Qualitative information: terms of trade, codes of conduct, contracts, etc
- Quantitative: supplier spend data
- Global Slavery Index 2018 (country by country ranking)



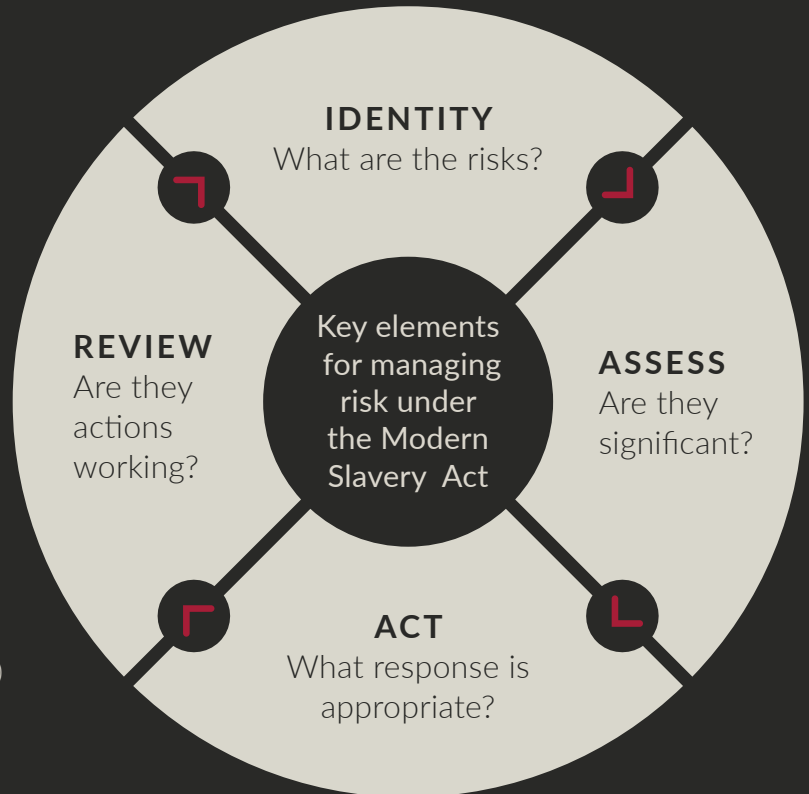
### THE PROCESS

- Define scope and thresholds for supply chain mapping
- Data analysis to identify key areas of potential risk
- Assess and prioritise the risks
- Decide response ('accept or change')



### OUTPUTS

- Evidence-based profile of potential risk through supply chain and operations
- Prioritised plan for any actions required to strengthen the management of modern slavery risk.



## Impact of COVID-19 on human rights and modern slavery

Events related to the COVID-19 pandemic have resulted in significant human and economic impacts around the world. There is continued uncertainty as to ongoing and future response of governments and authorities globally. As such, the full impacts of COVID-19 on consumer behaviour, suppliers, employees and industry are still unfolding. It is possible that the consequences of COVID-19 may have increased inherent modern slavery risks in parts of our operations and supply chains. The pandemic has made it more challenging to conduct factory inspections and audits. As travel restrictions ease, we intend to resume a higher level of factory visits.



## EFFECTIVENESS OF ACTIONS TAKEN

Key actions taken during the reporting period to understand the effectiveness of our actions taken to manage the risk of modern slavery are:

### GOVERNANCE

- Overview and monitoring of policies and practices by the Board and senior management.

### ASSURANCE

- Monitoring of existing suppliers, with assurance through inspection and audit processes, to ensure compliance with expected standards.

### REPORTING

- Grievance mechanisms exist to confidentially identify and escalate issues pursuant to our Whistleblower Policy. During the reporting year we received nil reports.

## CONSULTATION WITHIN THE GROUP

All of the trading entities controlled by the Group have been closely involved throughout the process of preparing this Statement. Each entity has actively participated in the modern slavery awareness briefings we conducted, along with interviews and workshops for the purposes of information gathering and risk analysis. Each entity was also consulted on this draft Statement ahead of its approval.

## OTHER INFORMATION

The Group is committed to continuing the strengthening and improvement of our strategies and practices to manage the risk of modern slavery in our operations and supply chain.

The additional actions we plan to undertake are:

- Audit all suppliers for Fackelmann owned brands for BSCI, SEDEX or equivalent social compliance certification
- Develop business wide targets for procurement of product from a defined portion of our supplier base
- Increase engagement with international brand owners, with relation to modern slavery and our expectations
- Review and renew Supplier Assessment Report.

We will continue to track and publicly report on our progress.

This Statement was approved by the Board of AFAP on 1st December 2021.



**Mark Batson**  
Chief Executive Officer  
Fackelmann Housewares Australia

8 December 2021

**AF Asia-Pacific Holding Proprietary Limited**

