

Modern Slavery Statement

FY 2020 - 2021

Introduction

This is the second time that Stylecraft are voluntarily reporting under the Commonwealth *Modern Slavery Act 2018*. This statement describes the actions taken by Stylecraft to detect the risk of Modern Slavery across our business operations and supply chain during the year ending 30 June 2021.

Modern slavery is an umbrella term used to describe severe exploitation of people for personal or commercial gain and occurs when a person cannot refuse or leave due to threats, coercion, or deception. Modern Slavery, as defined by the Modern Slavery Act 2018, includes human trafficking, slavery, servitude, forced labour, forced marriage, bonded labour, deceptive recruiting, and the worst forms of child labour.

This Modern Slavery Statement has been approved by the Principal Governing Body of Stylecraft, the Stylecraft Executive Team; Anthony Collins (Managing Director), Asher Frankel (Major Projects Director), Tom Mayer (Finance Director), Tony Russell (Brand Director) and Louise Courtice (Singapore Managing Director). This report was discussed and approved at an Executive Meeting on the 17th December 2021.

The pandemic has brought about many challenges and changes for our business, and as a result we have experienced some stock delays however we were still able to keep up with customer demands and deadlines.

Throughout the pandemic we've been committed to providing good health and safety measures to ensure we contained the virus and to keep our employees and customers safe. Most of our Sales and Administration staff have been working from home since the beginning of the pandemic. We have put in place COVID Safety Plans to ensure our warehouse staff have good health and safety measures in place.

We have identified the risk of workers being exploited throughout the pandemic, and plan to implement mitigation strategies to reduce the risk. This is continually evolving, and we continue to monitor and track changing risk profiles.



Anthony Collins
Managing Director

December 2021



Modern Slavery Statement

Our business structure, operations and supply chain

Stylecraft Australia Pty Ltd ABN 59 105 434 026 has been providing furniture of original, contemporary design for over 65 years. First established in Melbourne, Australia in 1953 primarily as a commercial workstation provider, Stylecraft now has 9 showrooms around Australia and Asia, 79 employees and represents 26 exclusive European and Australian brands.

The scope of Stylecraft's operations and supply chain includes business services, utilities, logistics, business travel and our furniture products. It is our furniture products that make up the most significant proportion of our business' supply chain, equating to 75% of our total spend. We work directly with 36 suppliers who design, manufacture and supply our furniture range. This includes seating, lounging, storage, tables, desks, lighting and accessories for both residential and commercial purposes.

Our tier 1 suppliers' manufacturing occurs in Australia, Germany, Italy, China, Norway, Denmark, Indonesia, Philippines, Vietnam, Taiwan, Japan, Spain, Croatia, USA, India, Hong Kong and Singapore. We acknowledge that there are further tiers within our supply chain who supply tier 1 with materials and services.

Our Modern Slavery Risk assessment

To assess the level and location of risk within our supply chain and operations, Stylecraft engaged a Sustainability Consultant to undertake a Social and Environmental Risk Assessment Analysis across our company and supply chain to ensure compliance with the Modern Slavery Act 2018.

The risk assessment was conducted using a Life Cycle Assessment (LCA) approach that analysed the social impact across our suppliers, their products, materials and countries we procure from. We also assessed the impact of Stylecraft's business operations which included business travel and logistics, utilities and other purchases. The social impact assessment of our suppliers was extracted from the Social Hotspot Database. This database contains generic information on how prevalent certain social issues are in 57 economic sectors across 113 countries. We considered that the prevalence of an impact in a sector where our suppliers exist is a risk. The social issues assessed that relate to modern slavery include child labour, forced labour, excessive working time, safe working conditions, exploitation of migrant labour and general governance.

Ten high risk suppliers were identified, these represent 57% of our supply chain in terms of supplier spend. The risk of modern slavery arises from the direct suppliers who manufacture our products as well as the third parties who supply products and raw materials to them. Supplier risk was based on both the level of social risk identified by the social risk assessment and the amount of spend on that supplier. The top ten high-risk suppliers are made up of both high spend with high social risk, as well as low spend with high social risk.

Our highest social risk issues directly related to modern slavery are collective bargaining, migrant labour, toxics and hazards and injuries and fatalities. The materials of highest risk identified include metal, plastic, wood, wool, textiles, leather, glass, stone, and their manufacturing. The services that have the highest risk are logistics and transport services.

The high-risk countries that we procure these materials from are: China, Vietnam, India, Australia, Indonesia, Philippines, and Japan. A summary of materials and the high-risk countries those materials are procured from is presented in the following table.

Material	High Risk Country
Manufacturing	China, Vietnam, Australia, India, Indonesia
Metal products	China, Vietnam, Australia, Indonesia, Philippines
Plastic products	China, Vietnam, Australia, Indonesia, Philippines
Wood products	Japan, Vietnam, Australia, Indonesia, Philippines
Wool products	India
Textiles	Australia
Leather	Australia, Japan
Glass	Australia
Stone	Australia

Table 1 - Summary of high-risk materials and countries in our supply chain.

The remainder of our business operations have been classified as low-risk as the services and products are not high-risk, nor are they procured from high-risk countries. However, we acknowledge that although the risk is low, there still remains a risk of modern slavery in services such as cleaning, catering and third-party labour hire.

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Our Modern Slavery Risk assessment (cont.)

Stylecraft understands the social and economic impacts of COVID-19 have likely increased the risks of modern slavery in our operations and supply chains and also understands the severe impact the pandemic has had on workers' rights around the world.

We engaged a Human Rights consultancy to conduct a risk assessment of COVID-19 human rights and modern slavery impacts. The following is a summary of the findings and changing risk profiles emerging due to the pandemic:

- Migrant workers are vulnerable because they lack social protection and are exposed to health risks associated with inadequate hygiene facilities, cramped dormitories and limited social distancing.
- Workplace Health and Safety measures are being compromised, leaving workers with limited safety protections, particularly where there are high number of COVID-19 infections and low vaccination rates.

- Countries that already have poor labour standards, where there is little or no government support for businesses.
- Where products and services are in high demand and where there are labour shortages, there is a greater likelihood of forced labour increases due to workers doing excessive overtime that they may not have freely chosen. For example, Personal Protective Equipment (PPE), Transportation and cleaning services.

The findings from our risk assessment help prioritise next steps and determine which suppliers need further investigation in FY22. We will pay close attention to excessive overtime where products and materials are in high demand.

Given Stylecraft has good ethical practices in place we know we have processes to ensure we are not 'causing' modern slavery. Though we do recognise that due to the nature of our large overseas supply chains there may be a risk that Stylecraft could be 'contributing to, or directly linked to' Modern Slavery in our operations and supply chains.

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Actions taken to address risks of Modern Slavery

We understand we have a long way to go in terms of addressing modern slavery. We have taken the first steps and prioritised high-risk suppliers based on our social risk assessment. We have undertaken detailed assessment of these high-risk suppliers.

The final risk assessment results provided an overview and prioritisation of risk in our supply chain with detailed information on high-risk suppliers, materials, and countries from which we procure.

The risk assessment tells us that the highest risk of modern slavery occurs in:

- Tier 1 suppliers that manufacture in China, Vietnam, Australia and Indonesia
- Lower tiers of our supply chain that extract and process the high-risk materials in our products
- Tier 1 and lower tiers of our supply chain that transport our products

Supply Engagement and Assessment

We have developed a supplier engagement plan which sets out the process for communicating our sustainability objectives and requirements to ensure supplier

engagement is consistent and efficient. This plan sets out how Stylecraft will incorporate sustainability objectives into existing communication methods and create the opportunity for feedback and two-way dialogue with our suppliers. The objective is to build deep engagement and strategic relationships to create open communication and a better understanding of issues and their solutions.

Stylecraft is committed to conducting business in a manner that reflects our ethical values. We aim to support, encourage, and educate our suppliers to comply with these requirements.

Accordingly, we have prepared a Supplier Questionnaire and Supplier Scorecard to better understand the level of risk, and to illustrate our expectations of our suppliers' partners and to monitor progress. These have been sent to select existing and new suppliers to establish a baseline of supplier performance. The Questionnaire includes a request for current information on their sustainability credentials, evidence of reducing environmental or social impact or innovation products or service. For example, what policies and practices (recruitment,

pay, working hours, health and safety) do they have in place, and do they have knowledge of who is involved in their supply chains (sub-contractors, labour providers, third-parties etc).

The results are entered into our Supplier Scorecard and we use key risk indicators to measure how effective we have been in reducing our risk of modern slavery within our business operations and supply chains. A baseline of performance will allow Stylecraft to monitor and report on improvements overtime, as well as help to set a benchmark for suppliers.

We remain committed to education and training around Human and Labour Rights and continue to engage with our suppliers both locally and internationally and use our influence where possible to ensure minimum human rights are met.

When we outsource labour hire or subcontractors domestically, we ensure they comply with all applicable labour laws and regulations, screening prospective companies to check that their practices conform to requirements and assess them against a selection criterion based on our performance requirements.

Policies and Governance

Stylecraft is committed to providing a safe and healthy workplace for all employees, visitors, and contractors, and recognises the responsibilities and requirements placed on it by work health and safety legislation and code of practice. Our Code of Conduct reinforces Stylecraft's commitment to upholding the rights of our employees in relation to freedom and association and collective bargaining, forced, compulsory or child labour and understands the importance of having a diverse workforce. Fair working conditions and wages are implemented throughout the company in line with the Fair Work Act 2009.

Our Human Rights Policy outlines our commitment to developing a culture which supports and respects the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) conventions. The policy applies to all employees, senior executive team, contractors, and suppliers. Stylecraft's Human Rights approach outlines our position on diversity and inclusion, a safe and healthy

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Actions taken to address risks of Modern Slavery (cont.)

workplace, freedom of association and collective bargaining, forced labour and human trafficking, fair working conditions and wages, child labour, including the worst forms of child labour, supply chain and management systems.

Additionally, we have grievance mechanisms in place that provides an opportunity for employees, or contractors and the 'voice of the worker' to be heard. The purpose is to provide an appropriate process for identifying, addressing, and dealing with grievances or work-related complaints.

These organisational policies and expectations are part of employee inductions, readily available for all staff on our intranet and frequently shared with external stakeholders upon their request.

Further, we outline our social and environmental standards in our Suppliers Code of Conduct, and we aim to support, encourage, educate and, where necessary, mandate our suppliers to comply with these requirements. We cooperate closely with our suppliers and business partners throughout this due diligence process and through the Code of Conduct illustrate what we expect of our suppliers and business partners.

Roles and Responsibilities

The Brand Co-Ordinator in collaboration with the Managing Director and Brand Director focus on corporate and social responsibility, sustainable procurement and supply chain due diligence. This supports Stylecraft's sustainable, ethical, and environmental commitments to third party product certification, the United Nations Global Compact Ten Principles and Global Goals, and more recently to ensure we meet their requirements for meet their requirements for the NSW / Commonwealth Modern Slavery Act 2018. Internally, the team's role involves the education of Stylecraft team members on the above commitments.

Our Stylecraft Executive Team; Anthony Collins (Managing Director), Asher Frankel (Major Projects Director), Tom Mayer (Finance Director) and Louise Courtice (Singapore Managing Director) underwent training in April 2021 which was conducted by an external Human Rights consultant, Sustainable Business Matters (SMB).

The training included information on the following topics:

- The 8 different types of modern slavery
- Modern slavery indicators
- Factors determining high risk countries and high-risk sectors
- What makes a worker vulnerable to modern slavery
- High risk operating practices and product methods
- How decent work and labour exploitation can lead to modern slavery
- How modern slavery can occur in Australia
- How companies can cause, contribute, or be linked to modern slavery
- The findings from our modern slavery/ social risk assessment

SMB continues to support our Executive Team with ideas and strategy for continual improvement and training.

Commitments and Partnerships

Since 2017, Stylecraft has been a Signatory to the United Nations Global Compact (UNGC), the world's largest corporate

sustainability initiative and reports annually on the Company's progress towards the implementation of the UNGC principles. The Ten Principles of the UNGC form the framework for our business to follow and address Human Rights, Labour Standards, Environment and Anti-Corruption.

Stylecraft is an active participant of the Australian Chapter of the UNGC Business Network, Global Compact Network Australia (GCNA) with Stylecraft participating in several GCNA events and workshops.

Stylecraft is a member of the Supply Chain Sustainability School. Stylecraft has completed a Modern Slavery Supplier Assessment on Australia's first shared Modern Slavery Platform for The Property Council of Australia (PCA). They have led a collaborative group of the 17 largest property companies in developing a tech platform that gathers and collates information from industry suppliers on their modern slavery exposures in operations and supply chain.

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Actions taken to address risks of Modern Slavery (cont.)

Stylecraft prioritises suppliers and manufacturers that have third party verification. We encourage product transparency using EPDs and those certifications that demonstrate a reduction in social and/or environmental impact, and those that ensure social, legal and environmental compliance.

We take part in procurement practices that aim to avoid pressure or tight deadlines which create circumstances that may lead to modern slavery.

COVID-19

The consultancy working with us on identifying risk, SBM is working with our Brand Co-Ordinator to determine mitigation strategies to further assist Stylecraft to assess and address COVID-19 related impacts.

We have determined next steps and will prioritized suppliers in developing countries where there are low vaccination rates and high COVID-19 numbers (India, Croatia and Vietnam).

We intend to conduct supplier due diligence on our logistics company and cleaning company and conduct a review of our completed supplier self-assessment questionnaires to assess poor Workplace Health and Safety Standards and determine which suppliers have migrant workforces. Further follow-up actions and recommendations for improvements maybe required with our suppliers.

Stylecraft will consider medium to long term issues related to the recovery phase. For example, surges in production that may cause forced overtime.

Assesses effectiveness of actions taken

Stylecraft understands the need to monitor and evaluate our policies, programs, procedures and training to ensure it is effective in mitigating modern slavery risk.

We have initiated several measures. This includes;

- Senior management team undergoing a competency assessment after Modern Slavery Training to ensure they had a good understanding of the legal requirements, what modern slavery is, how it might occur in our business operations and supply chains and how Stylecraft may cause, contribute to, or be linked to modern slavery.
- The development of a Modern Slavery Action Plan and Evaluation Tool which includes indicators to help track and evaluate our actions and performance.

Future priorities to address Modern Slavery

Understanding that the Modern Slavery Act is based on continual improvement, our future priorities are as follows;

- Modern Slavery and Human rights training for our Brand Director and Brand Co-Ordinator by an external Human Rights consultant
- Understanding how we maybe 'contributing to' or 'directly linked' to modern slavery to help inform our due diligence
- Develop a Remediation Response Plan and undergo training on remediation
- Develop mitigation strategies that address Covid-19 related human rights or modern slavery impacts, where appropriate
- Conduct supply chain due diligence on medium risk suppliers
- Develop corrective Action Plan

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