



Innovations *Park*



Modern Slavery and Human  
Trafficking Statement

2021

# The Direct Group Statement

This statement pursuant to the Australian Modern Slavery Act 2018 sets out the activities taken by Direct Group Investments Pty Ltd and its controlled entities\* to understand and implement actions to minimise modern slavery and human trafficking risks in our operations and supply chain for the financial year ending 30 June 2021.

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Direct Group Investments Pty Ltd ACN 602 302 205, 431 Warringah Rd Frenchs Forest, NSW 2086, subsidiaries : Direct Group Pty Ltd ACN 065 432 199, Innovations Direct Pty Ltd ACN 002 899 701, Damart Australia Pty Ltd ACN 001 440 802, Magnamail Pty Ltd ACN 063 154 174, Homecare Direct Shopping Ltd ACN AK 812252, Interfine Sport and Entertainment Pty Ltd ACN 116 747 883, Entertainment Masters Pty Ltd ACN 057 408 590, EIJV Pty Ltd ACN 111 128 959, Gaiam Pty Ltd ACN 111 129 143, TVSN Channel Pty Ltd ACN 111 806 958, Expo Network Pty Ltd ACN 111 806 707, Innovations Park Studios Pty Ltd ACN 127 059 107, Clearance Outlet Pty Ltd ACN 093362 666, Innovations Network Australia Pty Ltd ACN 114 324 328, DG 123 Pty Ltd ACN 118 747 783, Direct Ventures Pty Ltd ACN 121 987 933, The Seniors Ad Network Pty Ltd ACN 167 436 188, Oversixty Insurance Pty Ltd ACN 169 088 662, Oversixty Travel Pty Ltd ACN 169 089 061, TSAN HR Pty Ltd ACN 169 090 091, TSAN Licencing Pty Ltd ACN 169 089 427, peter Watts Designs Pty Ltd ACN 1315477, Direct Publishing Pty Ltd ACN 000 565 471, Direct Publishing APAC Holdco Pty Ltd ACN 144 816 455, RD Asian Holdco Pty Ltd ACN 144 816 884, Direct Publishing Asia Pte Ltd ACN 200607506M, Direct Publishing Association Far East Ltd ACN 35872, Direct Publishing (East Asia) Ltd 92813, Direct Publishing (Malaysia) SDN BHD ACN120074-H



# 1. INTRODUCTION

This is the second Modern Slavery Statement for Direct Group Investments Pty Ltd (Direct Group). Its purpose is to outline our approach to ensuring that Direct Group continues to put in place and develop robust frameworks and processes to identify and minimise the risk of modern slavery in our business operations and supply chain.

At Direct Group we recognise that modern slavery continues to be a global issue, which can occur in many forms as recognised by the Act, including: slavery, forced labour, human trafficking, servitude, debt bondage, deceptive recruitment for labour and services, forced marriage.

Direct Group is committed to respecting the rights and freedom of workers, operates responsibly and does not tolerate any forms of modern slavery, or modern slavery like practices in our business and we work closely with our supply chain to identify potential risks.

In the last 12 months, we have made progress in numerous areas, to put in place the necessary framework and processes to support our efforts to mitigate the risk of modern slavery within our business and supply chain.

# 2. OUR STRUCTURE, BUSINESS AND SUPPLY CHAIN

Since its launch in 1985 as a specialist direct marketer, Direct Group has developed into a comprehensive multi-channel retailer offering a wide range of products to millions of loyal customers. Our direct purchase proposition is offered increasingly online and is mainly targeted to the seniors market.

All the specialist knowledge gained over the years has allowed the group to optimise its processes, systems and infrastructure to service a direct to consumer business model.

The group operates in Australia, New Zealand, and South-East Asia. We communicate directly with our customers through many forms, including websites, catalogues, television, magazines and various digital media applications.

The group's head office and supporting infrastructure of warehouses, TV and design studios, contact centres and computer facilities are located in the northern suburbs of Sydney, Australia.

Organisationally, the group is divided into three main operating divisions. Each division is run relatively autonomously with a number of shared services such as warehousing, HR, payroll and IT infrastructure provided by a shared corporate team. Our headquarters at Innovations Park in the northern suburbs of Sydney, is built on 5.3 hectares of land in a non-industrial, campus environment. These premises are the location of our core administrative, marketing, contact centres, television and digital studios, warehousing and logistics functions.

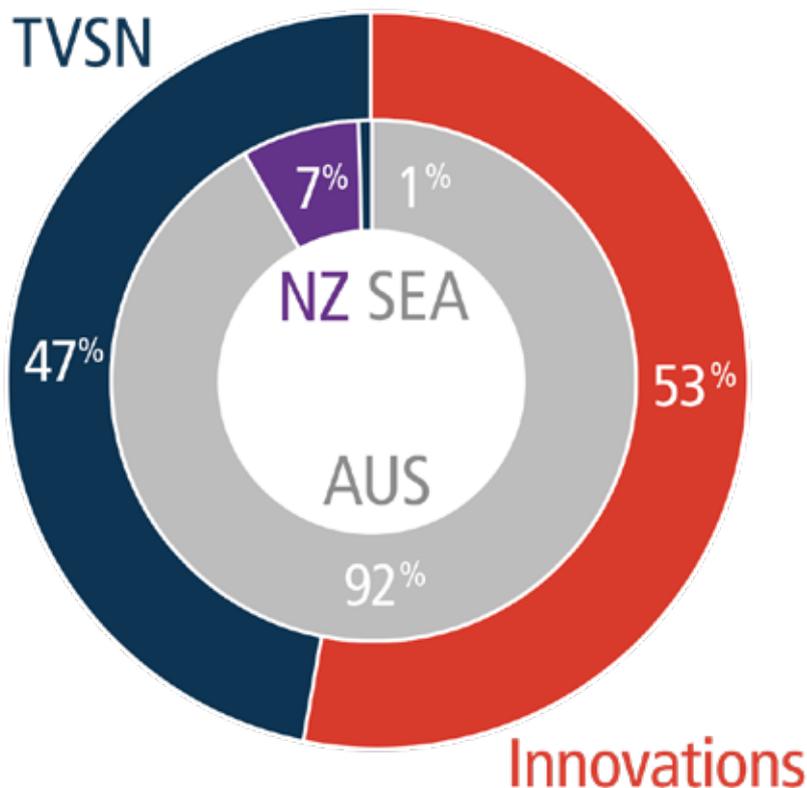
Direct Group is an equal opportunity employer of close to 700 diverse and well integrated team members. Our over-riding objective is to be an 'employer of choice' offering a safe, attractive work environment where staff morale and productivity are fostered. We aim for an open and common-sense culture.

The Group's sourcing processes are extensive. We source products from around the globe and have offices in Frenchs Forest, England, China, and India, all devoted to product procurement, quality control, fulfilment and freight forwarding to our Sydney warehouses.

We have strong working relationships with each of our suppliers, factories and agents and we continually work and communicate closely with them to ensure that the environment in which our products are made is safe, fair, sustainable and responsible.

As a proud Sydney's Northern Beaches local business, our community is important to us. We operate a sustainable business striving to create the lowest possible environment footprint. We aim to be a good corporate citizen and uphold the values of responsibility, duty of care and practical generosity.

We support numerous charities across a wide spectrum of causes. These include: **Red Kite, Starlight Foundation, Pink Hope, Oz Harvest, Look Good Feel Better, The Stroke Foundation** and many others.



# OUR VALUES:

- Drive
- Integrity
- Respect & Empathy
- Environment
- Community
- Teamwork & Communication
- Growth
- Results Oriented
- Organised
- Understanding
- Productivity & Profit

# 3. THE IMPLEMENTATION ROADMAP

As part of its program to eliminate modern slavery risks from its business and supply chains, Direct Group is developing a road map of key milestones and a framework to track and record progress.

We have established the following governance process as we embed requirements into Direct Group's existing compliance framework.

A cross functional working group: The Modern Slavery Compliance Team (MSCT) is responsible for identifying and implementing process improvements and compliance. The MSCT group is chaired by the Group Chief Finance Officer who reports to the Board. The MSCT involves representatives from across the Group in Operations, Procurement, Human Resources and Corporate Services.

Our Procurement teams have a number of risk mitigations and robust procurement processes in place including our supplier guidelines and supplier on-boarding requirements.

**Formal policies are in place that are intended to promote ethical and legally compliant business conduct:**

- Direct Group Modern Slavery Policy
- Direct Group Modern Slavery Policy – Supplier Guidelines
- Direct Group Modern Slavery Supplier Questionnaires

Our policies contribute to our commitment to prevent violations of human rights such as modern forms of slavery in our business including our Company Code of Conduct and Whistle-blower Policy & Hotline.

All of the above procedural controls are annually reviewed to ensure that we have robust processes in place to minimise the risk of modern slavery in our operations and supply chain.

# THE IMPLEMENTATION ROADMAP

During FY21, we continued our review of the potential risk of modern slavery practices across our operations and supply chains, and mapped all our current suppliers by country, category of products and spend in order to profile risk.

We considered risks that may possibly cause, contribute and/or be directly linked to modern slavery practices, in accordance with the Australian Government's Department of Home Affairs draft guidance document (2018).

We have reviewed other risk factors such as the industry sector, types of products and services, geographic locations and business models. Direct Group has been able to identify areas with no, or low risk, in all operational activities that are directly undertaken by Direct Group employees and covered by our internal processes.

We also identified potential risk 'hotspots'. For example, where a local supplier may source a product, such as apparel and technology products/services from overseas regions, which may have a record of having modern slavery practices still in place. We have used these potential risk scenarios to prioritise our supplier engagement activities during FY21. We have also been working on improving our processes such as reviewing our supplier engagement principles and supplier on-boarding approach.

Direct Group is aware that there are wider potential risks with our overseas supply chain as we purchase a significant amount of our products via agents. We will seek to continually identify these risks and ensure relevant staff are aware of them as part of training.

Direct Group's compliance framework and assurance processes now incorporate our approach to addressing risk of modern slavery practices. This will ensure that our organisation always has robust, effective and continuing evolving processes that are firmly embedded in how we conduct our business.

## 4. OUR FY21 COMPLIANCE ACTIONS

Briefed Modern Slavery Compliance Team (MSCT) and Direct Group Board on FY21 planned activities

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MSCT met every quarter to set priorities, discuss progress on planned activities and initiatives, identify key risks and requirements, oversee, escalate & monitor modern slavery compliance

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Analysed FY20 procurement data to identify potential supply chain modern slavery risk

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Incorporated measures into compliance and assurance processes and involved stakeholders as needed

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Created and delivered Modern Slavery presentations, documentation and specific training for all relevant internal stakeholders: procurement, HR, corporate services, warehouse/contact centre

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Created Modern Slavery Suppliers Guidelines and Questionnaires

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Initiated contact with major local suppliers and some key overseas suppliers to outline Direct Group's Modern Slavery program and expectations. Worked to understand suppliers' own Modern Slavery initiatives and discussed the need of working together towards identifying Tier 2 and Tier 3 supply chain risks

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Modern Slavery Compliance Reporting to form part of Annual Reporting process with oversight by Direct Group Board

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Preparing Direct Group second reporting cycle under the Modern Slavery Act.

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The second public Statement provided in December 2021.

# 5. OUR ASSESSMENT

In our sourcing of products and services we recognise that we have a responsibility to ensure our supply chain meets both ethical and sustainability minimum thresholds and we endeavour to identify opportunities to encourage and maximise adherence to the highest standards of governance. We therefore concentrate our efforts on first identifying and assessing avenues for remediating modern slavery risks related to our operations and supply chain.

We recognise that relationships with other businesses via our supply chain may contribute, or be linked to modern slavery risks and we aim to expand the scope of our ethical sourcing through the addition of new initiatives to ensure our practices are reflective of our business standards.

We have an internal resource who completed training with UTS/Law Faculty/Modern Slavery and obtained certification in “A Practical Guide to Modern Slavery Act”. Our relevant resources studied available information on modern slavery topics from Monash University, Walk Free Foundation, Baptist World Aid Australia and Global Slavery Index, also attended training sessions with a number of legal firms and had discussions with Sedex and other agencies helping businesses to implement compliance to the Modern Slavery Act 2018.

Direct Group’s HR team has completed Anti-Slavery Australia topical on-line training.

Modern Slavery training sessions were conducted with all key employees in procurement, human resources and managers of various teams and refreshing sessions were conducted with modern slavery related information being continually made available to key stakeholders.

## **We have completed a human rights and modern slavery assessment covering:**

- Supply chain (fashion, general merchandise and jewellery)
- Non-trade procurement and corporate services
- Operations, policies and protocols

## **A risk assessment has been completed to identify the vulnerability in the supply chain based on:**

- geographic location
- type of products/services
- value of spend per country/supplier

During the assessment process, we considered risks that may possibly cause, contribute and/or be directly linked to modern slavery practices, in accordance with the Australian Government's Department of Home Affairs draft guidance document (2018).

We also took into consideration other risk factors such as the sector, industry, types of products and services, geographic locations and business models

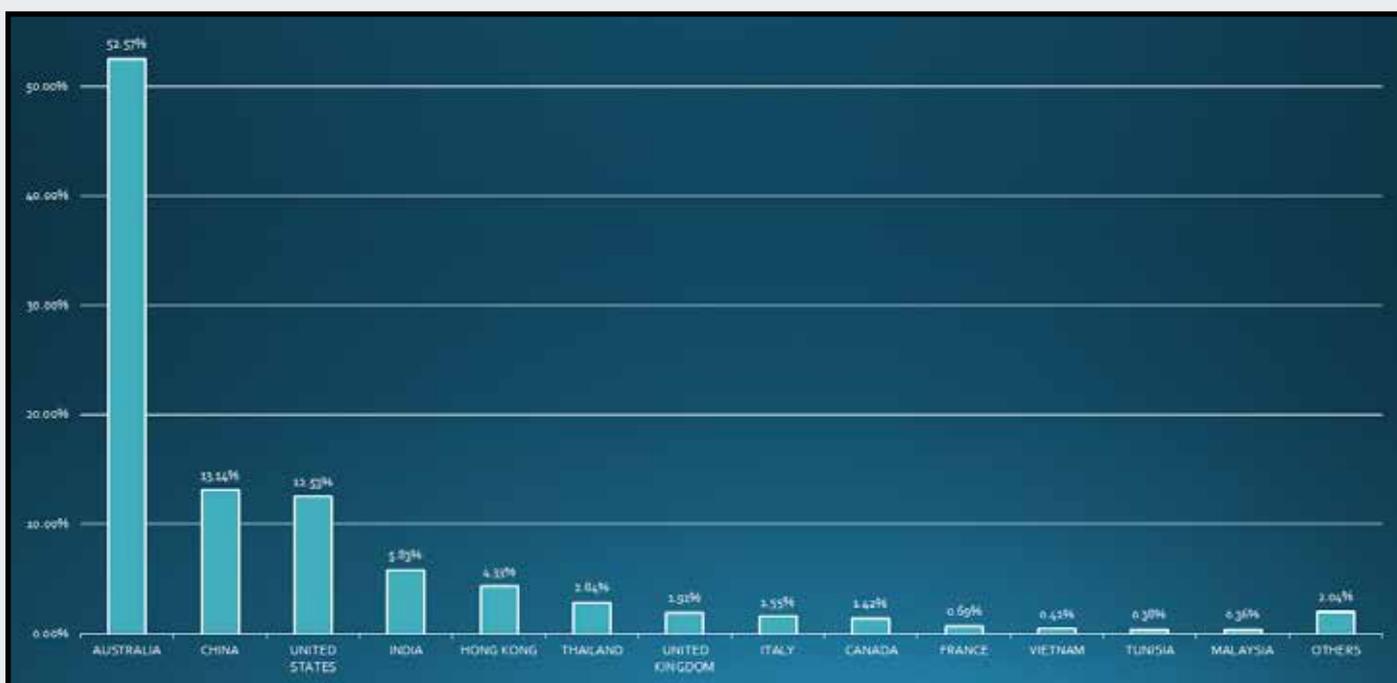
We used risk measuring indicators from the Global Slavery Index, corruption indices, and from labour rights provisions in various countries from where we source. We looked for NGO's and public information on locations with Forced Labour/Child Labour/Bonded Labour. We strengthened our internal policies for protecting Direct Group and its entities from Deceptive Recruitment and Bonded Labour Risks.

### Examples of the risks within our operations and supply chain are:

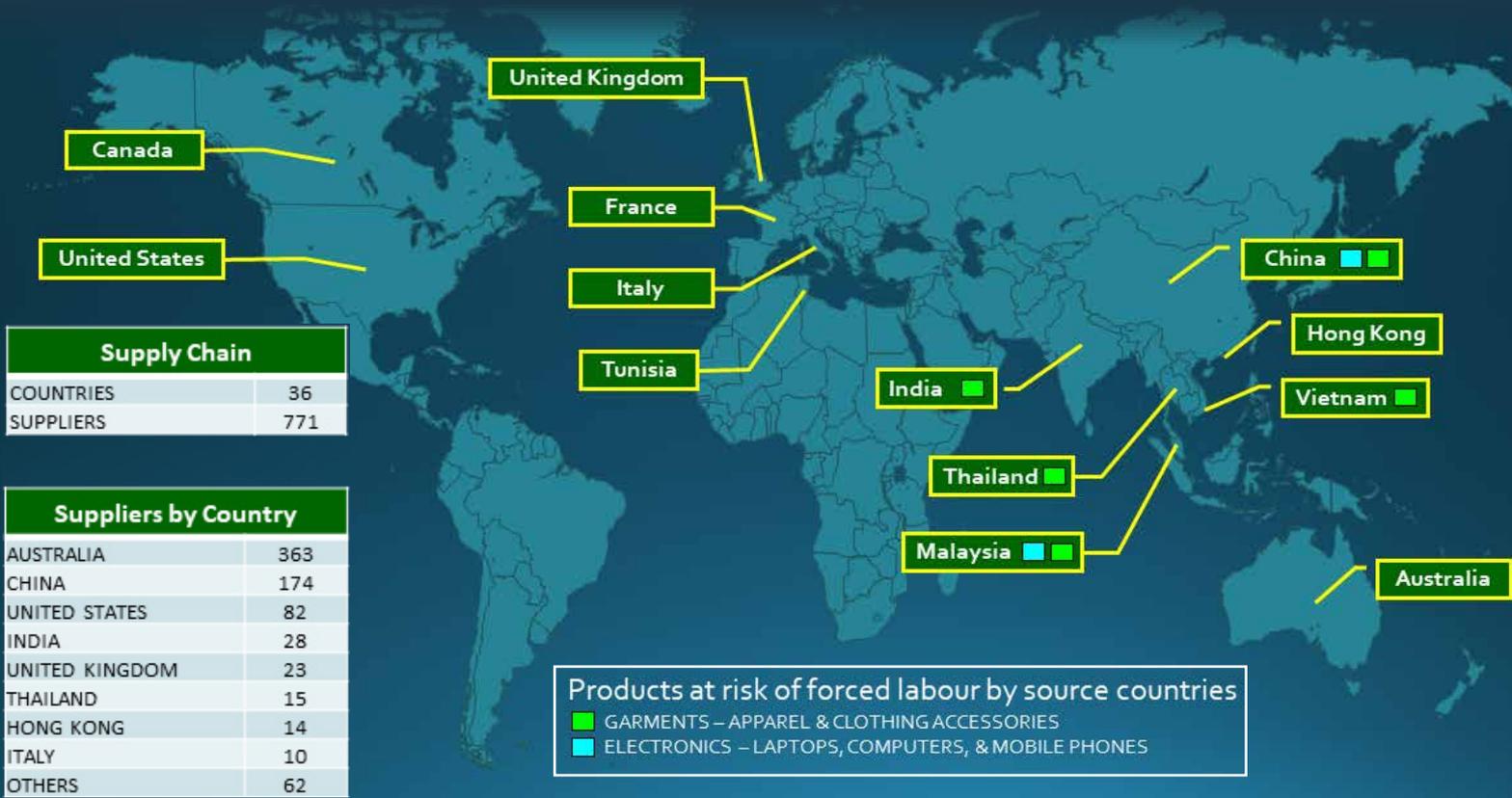
- forced labour involved in the cultivation, harvesting and processing of cotton or similar raw materials in our fashion supply chain
- debt bondage occurring in the cleaning services sector in our corporate services supply chain
- deceptive recruiting
- the worst forms of child labour used in the mining of raw materials used in our electronics (cobalt), jewellery and beauty products (colour additive mica).

Within our operations, we have identified cleaning services, maintenance services and security services as labour intensive and where subcontracting is commonly used with migrant workers constituting a high percentage of the relevant workforce, where exploitation may occur.

We have our own in-house recruitment function and avoid, as much as possible, any indirect recruitment to avoid the risk of deceptive recruitment.



# DIRECT GROUP SUPPLY CHAIN



Shipping, freight and logistics functions within the Group straddle both international and domestic freight and distribution to retail and direct customers. These are also areas that can rely on contract workers and temporary labour, known to carry high risk of modern slavery.

The above identified risk areas will be a focus in our modern slavery work in the coming years and addressed in future reporting periods.

We analysed tier 1 supply chain per sourcing countries including Australia, China, India, Thailand, Turkey and Vietnam. Suppliers Ethical Sourcing Questionnaires were put together and we have commenced adding modern slavery clauses to contracts, purchasing terms and conditions and to Suppliers Guidelines.

A Supplier Modern Slavery Toolkit and reference manual are in progress.

We conducted training with our off shore offices in China and India, and plan to organise awareness sessions with our agents. Due to the Covid-19 pandemic only a limited number of factory visits were conducted in China and India, but the practice will be re-introduced when deemed safe. We plan to investigate what grievance processes our main suppliers have in place and what degree of transparency can be achieved. All our large Australia based suppliers have Modern Slavery Policies in place. 53% of our overall procurement expenditure is with local suppliers.

# OUR ASSESSMENT CONTINUED

Overall, Direct Group has been able to identify areas with no, or low risk, in all operational and procurement activities that are directly undertaken by Direct Group employees and covered by our internal processes.

Direct Group is aligned to, internationally recognised, key labour indicators such as the right to a minimum wage, working hours, work place anti-discrimination, zero tolerance to child labour and bribery in all its forms and reducing carbon emissions and impact on the environment. We are actively working on aligning ourselves with suppliers of both merchandising and services which have stated policies compliant with ours.

Going forward all new suppliers' contracts will have embedded ethical sourcing and modern slavery clauses.

We recognise the importance of providing a reporting procedure and mechanism for our employees to voice grievances that allows for confidentiality. This covers any potential modern slavery reporting.

No incidents of modern slavery or modern slavery like exploitation have been reported or identified to date.

We acknowledge the need to work alongside with the government, NGOs and our peers to share information, knowledge and best practice in mitigating modern slavery risks.

## 6. ACTIONS TAKEN: REVIEW AND CONSULTATION

We have a number of internal initiatives and policies to ensure we are conducting our business in an ethical and transparent manner

We are continuing our process of updating our supplier agreements and purchase orders with Terms and Conditions that outline our expectations to the suppliers who work with us.

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All suppliers, including contractors and subcontractors engaged by our suppliers must agree to and abide by our code of conduct

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It is a requirement that all our procurement representatives are discussing with agents and suppliers the details of their subcontractors and raw materials sourcing

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We are continuing our process of updating and creating policies that are aligned to our Modern Slavery program and that explain our response and actions taken in the event that instances are identified

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We operate a confidential whistle-blower policy and confidential contact channels so that all team members know that they can raise concerns about working conditions, how workers are treated, or regarding practices within our business and supply chain



## ACTIONS TAKEN: SUPPLY CHAIN GUIDELINES

Direct Group Supply Chain Guidelines aim to protect worker's rights and strengthen our supplier relationships, commitment to traceability, transparency, raw material sourcing and sustainability.

### Our Ethical Trade principles:

**Child Labour** – suppliers and manufacturers and their subcontractors should not engage a worker under the legal age as stipulated by the country rules.

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**Forced Labour** – suppliers and manufacturers and their subcontractors should not use any form of forced or coerced/prison labour.

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**Minimum Wages** – wages paid should be at the minimum national benchmark applicable to each country

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**Bribery or Corruption** – the practice of bribery and corruption in any shape or form in dealings with suppliers or subcontractors, any of their employees, or associated parties is wholly unacceptable and will not be tolerated.

# 7. MONITORING AND REMEDIATION

Through our modern slavery program and by monitoring NGO's publicly available information, we have been able to determine the high-risk areas of our supply chain. The Group has traced the first tier supply chain and identified various risk levels to assist in focusing our assessment efforts correctly.

Direct Group conducts due diligence checks on new suppliers. In doing so we maintain an approved trusted supplier list prior to engaging with any potential new supplier.

The due diligence checks include, where applicable and where possible, a factory visit and general assessment of working conditions. In addition to this, we require all existing suppliers to confirm to us that:

- There is no inconsistency with Direct Group's Supplier Guidelines in any area of a supplier's operations
- The suppliers are aware that we may review our engagement at any time should any instances of modern slavery or any other zero tolerance breach of human rights issues come to light

All our overseas employees are paid at least the national minimum wage and paid holidays in line with local labour law/regulations applicable within their country of operation.

We conduct internal training of our buying and sourcing teams to ensure they have a clear understanding of Direct Group's expectations for ethical sourcing. In addition, we provide training and refreshers on how to identify the signs of modern slavery and what to do if they suspect any form of modern slavery is taking place within our operation and supply chain.

Buyers have a check list available, which enables them to conduct supplier evaluation, undertake their own assessment, provide practical assistance and escalate any non-compliance and potential risk.

In cases where remedial action is required we work closely with suppliers to be satisfied that improvements are made.

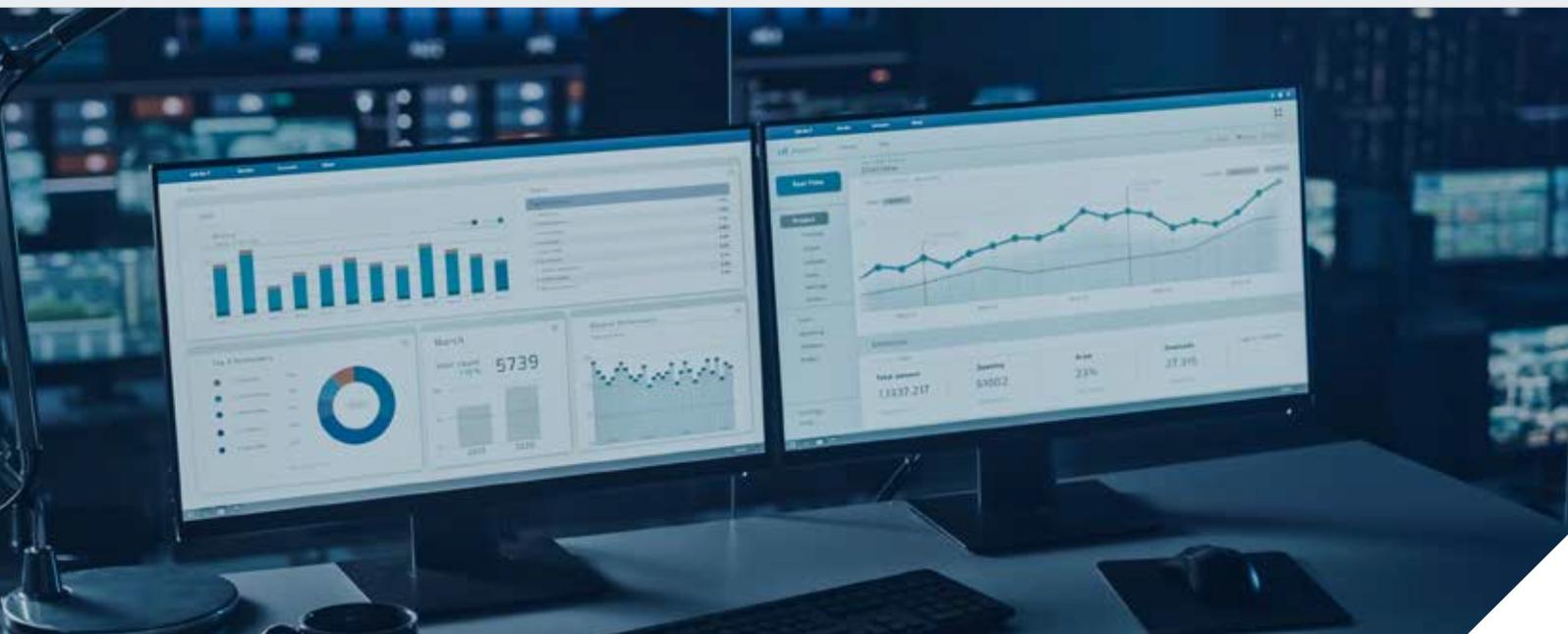
# MONITORING & REMEDIATION VERIFICATION

We monitor the effectiveness of our programme to ensure that slavery and/or human trafficking is not taking place within our business or supply chain by:

- Reviewing any reports received from employees, the public, or law enforcement agencies that indicate that modern slavery practices have been identified
- Remediation and management reporting of breaches identified by our whistle-blower hotline
- Conducting regular reviews of our risk assessment process and compliance programme to ensure that they are relevant and up to date
- We provide regular training and capacity building for our team members and overseas agencies
- We engage with stakeholders to maintain a proactive dialogue on our performance

We also identified potential risk 'hotspots' for example, where a local supplier may source a product, such as apparel or technology products/services from overseas regions, which may have a record of having modern slavery practices still in place. We will use these potential risk scenarios to prioritise our supplier engagement activities over the next financial year (FY22).

We are also aware that there are wider potential risks, with our overseas supply chain as we purchase a significant amount of our products via agents. We will seek to continually identify these risks and ensure relevant staff are aware of them as part of training.





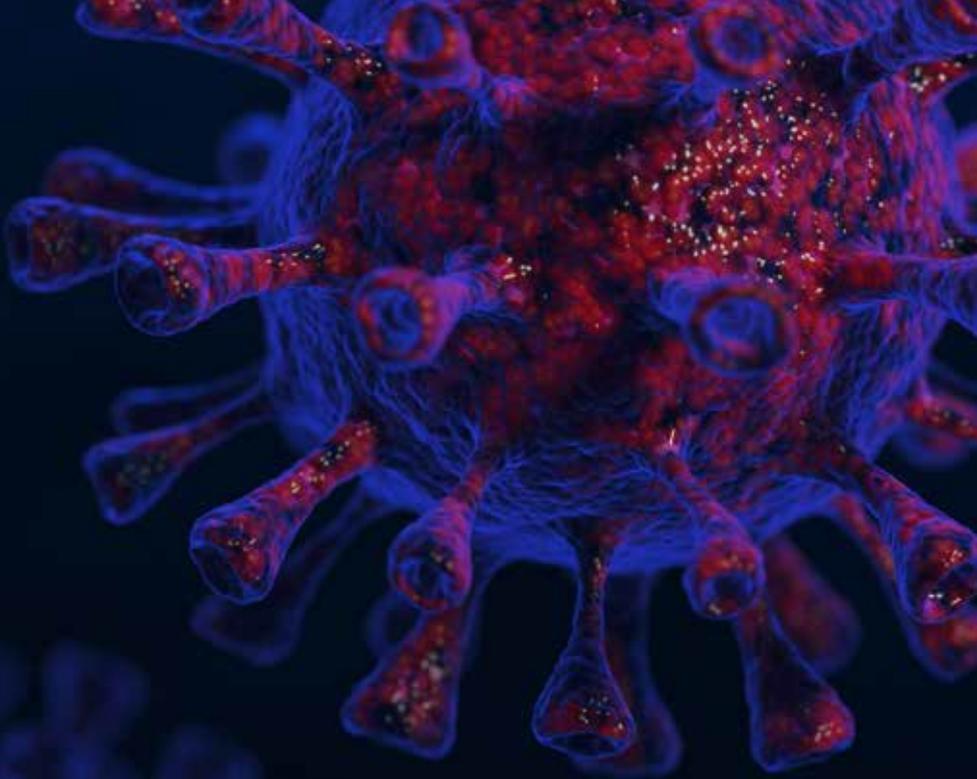
## 8. FUTURE COMMITMENTS

Over the next year, our Modern Slavery compliance key focus areas will include:

- Reviewing and updating our suite of risk-related policies and governance control measures
- Stakeholder engagement on this issue, including delivering appropriate awareness training sessions on modern slavery principles to relevant Direct Group staff and key suppliers
- Risk mitigation and robust procurement processes in place including our review of the supplier guidelines and supplier on-boarding requirements.
- Capturing relevant data on our suppliers from responses to questionnaires, meeting notes, supplier visits and audits
- Anti-Slavery Day awareness will be popularised among all colleagues to raise its profile

All of the above procedural controls will be regularly reviewed to ensure that we have robust processes in place to minimise the risk of modern slavery in our operations and supply chain.

We continue to adapt our approach and actions in assessing and addressing modern slavery risks.



## 9. THE IMPACT OF COVID-19

Direct Group acknowledges the increased vulnerability of workers in operations and supply chains to modern slavery, including in Australia, as a direct effect of the almost two years of the COVID-19 pandemic.

Factory shutdowns, order cancellations, workforce reductions and sudden changes to supply chain structures can disproportionately affect some workers and increase their exposure to modern slavery and other forms of exploitation.

There are a variety of reasons why some workers may be more vulnerable to modern slavery. These include loss of income or fear of loss of income, low awareness of workplace rights, requirements to work excessive overtime to cover capacity gaps, increased demand due to supply chain shortages or the inability to safely return to home countries.

**Direct Group has integrated consideration of modern slavery risks into our broader response to the pandemic. This includes:**

- Ensuring workers continue to have access to grievance mechanisms.
- Ensuring workers are protected from illness and related impacts by providing, for example, appropriate protective equipment, leave and pay arrangements during periods of self-isolation.
- Establishing new supply chains to source personal protective equipment for workers, such as masks, disinfectants and rubber gloves.

## Key steps Direct Group entities are taking to protect its supply chain include:

- Maintaining supplier relationships and fostering open communication with suppliers about COVID-19 risks. Direct Group has maintained supplier relationships, including honouring current contracts where possible and recognising that purchasing practices such as short production windows and last-minute or short term orders may increase modern slavery risks for vulnerable workers.
- Paying for completed work and maintained supply chain stability to help ensure ongoing cash-flow for suppliers.
- Avoiding varying contracts unreasonably or seeking discounts from suppliers
- Asking suppliers for information on steps they have taken to protect their workers from COVID-19.
- Continuing existing supplier due diligence and remediation processes and adjusting these processes where necessary to ensure risks linked to evolving supply chains and changing workforce structures are identified and addressed.

Due to the pandemic Direct Group was unable to fully implement some key actions planned for FY21, **including our review program** and face-to-face staff training. Over the next reporting period Direct Group aims to provide additional training with the aim of making key modern slavery training accessible online.

Direct Group has established a Modern Slavery Compliance Team to monitor its Modern Slavery response, however the group met less frequently than planned due to the pandemic.



# 10. MODERN SLAVERY ACT REPORTING CRITERIA

Criteria	Relevant Section in Statement
Identifying the reporting entity	Relevant Section in Statement
Describe the structure, operations and supply chain of the reporting identity	Introduction
Describe the risks of modern slavery practices in the operation and supply chain of the reporting entity and any entities that the reporting entity owns or controls	Structure & supply chain
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Actions Taken, Monitoring and Remediation
Describe how the reporting entity assess the effectiveness of such actions	Verification and Future Commitments
Describe the process of consultation with any entities that the reporting entity owns and controls	Our Modern Slavery Act Compliance Key Actions
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	The Impact of Covid-19

## Additional resources:

[Commonwealth Modern Slavery Act – Guidance for reporting entities \(2MB PDF\)](#)  
[UN Guiding Principles on Business and Human Rights](#)  
[OECD Due Diligence Guidance for Responsible Business Conduct](#)  
[United Nations Global Compact ‘Decent Work Toolkit for Sustainable Procurement’](#)  
[2018 Global Slavery Index](#)

# GOVERNING BODY APPROVAL

This statement pursuant to the Australian Modern Slavery Act 2008 was approved by the Board of Direct Group Investments Pty Ltd in their capacity as principal governing body of Direct Group Investments Pty Ltd on 20 December 2021 and constitutes the statement for the year ended 30 June 2021.

**This Statement was signed on behalf of the Board of Directors by:**

G. A. Shaw

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Graham Alexander Shaw  
Chairman of the Board and Non-Executive Director

Date 20/12/2021  
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