



adairs

MODERN SLAVERY STATEMENT 2023

This statement outlines the actions Adairs Limited has taken to identify and address the risks of Modern Slavery in our group business operations and supply chain for the 2023 financial year.

ABOUT THIS STATEMENT

This modern slavery statement is made in accordance with section 14 of the Australian Modern Slavery Act 2018 (Cth).

It describes the steps taken by Adairs Limited during the year ended 30 June 2023, to mitigate the risk of modern slavery across the Groups businesses and supply chains.

The table below identifies where each criterion is addressed in this Statement.

Criterion 1 Identify the reporting entity	Page 2
Criterion 2 Describe the reporting entity's structure, operations and supply chains.	Pages 3-9
Criterion 3 Describe the risks of modern slavery, practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Pages 10-11
Criterion 4 Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes.	Pages 12-14
Criterion 5 Describe how the reporting entity assess the effectiveness of those actions.	Page 15
Criterion 6 Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement).	Page 15
Criterion 7 Include any other information that the reporting entity, or the entity giving the statement considers relevant.	Page 16



MODERN SLAVERY

Modern Slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour.

In 2023, Adairs found no instances of modern slavery within its supply chain, however, certain practices, such as the retention of passports and the implementation of a fine system, were identified during factory visits by the Ethical Sourcing team. Immediate remediation measures were undertaken with our suppliers, and supporting evidence was provided showing the corrective actions had been sufficiently implemented.

REPORTING ENTITY

Adairs Limited (ABN 50 147 375 451) is an Australian publicly listed company. This Modern Slavery Statement is a joint statement, made on behalf all reporting entities into Adairs Limited, being the following:

- Adairs Retail Group Pty Ltd – Trading as ‘Adairs’
- Focus on Furniture Pty Ltd – Trading as ‘Focus on Furniture’
- Mocka Products Pty Ltd – Trading as ‘Mocka’

Our Businesses

adairs



Adairs is a leading specialty retailer of home furnishings in Australia and New Zealand, with a national footprint of over 170 stores across a number of formats and a large online channel.

Mocka.



Mocka is a pure-play online home and living products designer and retailer operating in Australia and New Zealand.

focuson
furniture & bedding



Focus on Furniture is a furniture and bedding retailer operating in Australia, with a national footprint of 24 stores and an online channel.

OUR STRUCTURE

All three businesses are vertically integrated, design-led, customer-focused, and sell quality in-house designed products direct to customers.

We operate out of a number of distribution centres (DCs) and contract with third-party logistic providers (3PLs) who assist in distribution as well as DC operations. Adairs Limited's headquarters is in Melbourne, Victoria.

Unless stated otherwise, references to ‘Adairs’, ‘we’, ‘our’ ‘the Group’ or ‘the Company’ in the following sections of this Statement are a reference to Adairs Limited.



OUR MERCHANDISE SUPPLY CHAIN

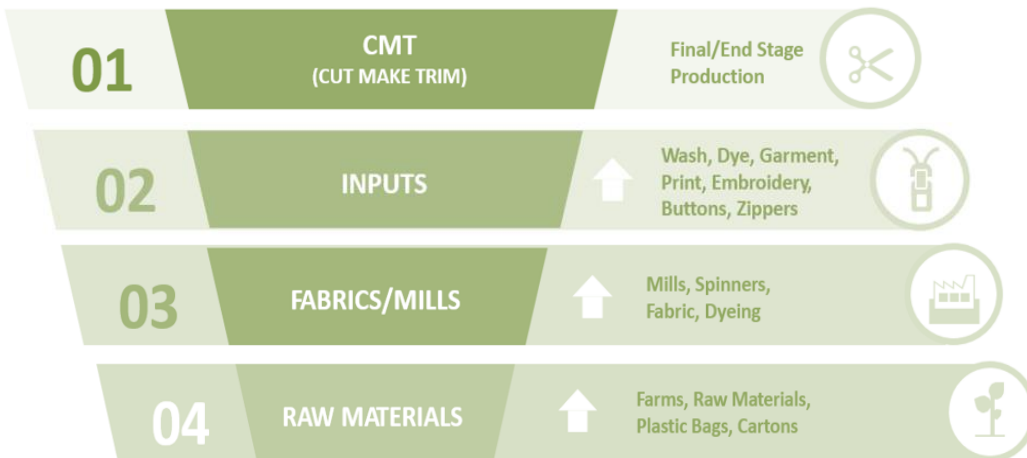
Adairs Limited is committed to ethically sourcing all products across the Group.

We expect all suppliers and those we do business with to respect workers' rights, provide a safe working environment and take all necessary steps to mitigate the risk of modern slavery.

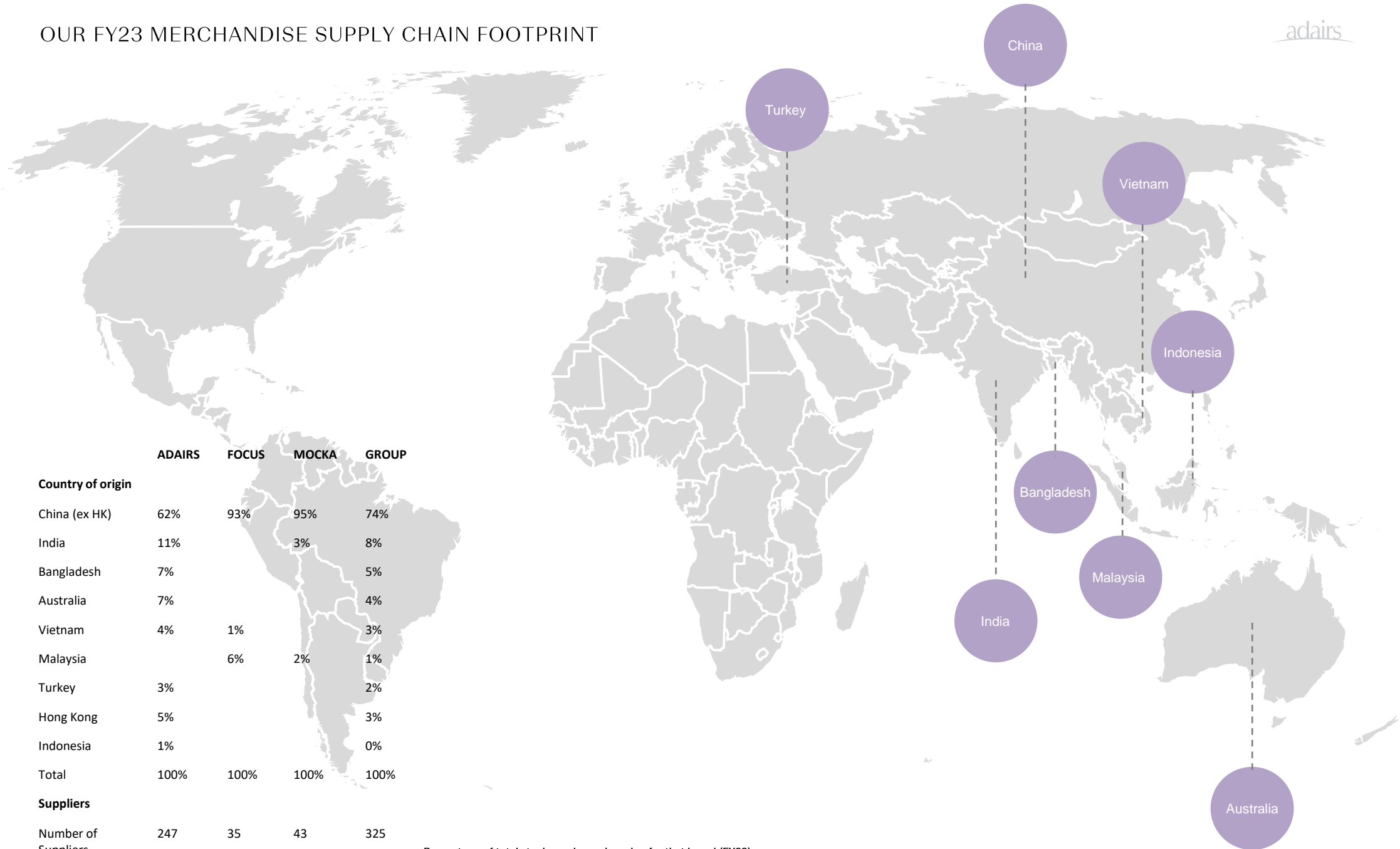
As all three businesses are vertical integrated, our direct relationships are with 'tier 1' suppliers. However, given the complexity of the supply chain there are multiple tiers involved in the production of our goods.

As such, we are committed to gaining visibility across all tiers of production, however, recognise that this is a complex undertaking, given the diverse inputs such as fabric, dyes, printing, buttons, zips and the raw materials that can be sourced from multiple suppliers and countries.

The table below illustrates how we categorise these tiers.



OUR FY23 MERCHANDISE SUPPLY CHAIN FOOTPRINT



	ADAIRS	FOCUS	MOCKA	GROUP
Country of origin				
China (ex HK)	62%	93%	95%	74%
India	11%		3%	8%
Bangladesh	7%			5%
Australia	7%			4%
Vietnam	4%	1%		3%
Malaysia		6%	2%	1%
Turkey	3%			2%
Hong Kong	5%			3%
Indonesia	1%			0%
Total	100%	100%	100%	100%

Suppliers	ADAIRS	FOCUS	MOCKA	GROUP
Number of Suppliers	247	35	43	325

- Percentage of total stock purchases by value for that brand (FY23).
- Suppliers across all tiers as of June 2023. Suppliers may have more than one factory across different tiers. Total factory numbers across all tiers are c.500

UNDERSTANDING THE RISK

Sourcing products is an important part of our business. We currently source our products from a range of countries, the largest of which are China, India, Bangladesh, Vietnam and Indonesia.

When selecting new suppliers, we actively seek suppliers that meet our high standards and allow us to continue to provide our customers with high-quality products that both delight and inspire.

Adairs Limited recognises that the risks of modern slavery exist in the operations and supply chains of all businesses, including our own. We take an active role in identifying, assessing and addressing these risks.

This begins with a clear understanding of the risks that may be prevalent across our entire business operations including our sourcing model.

Supplier Risks

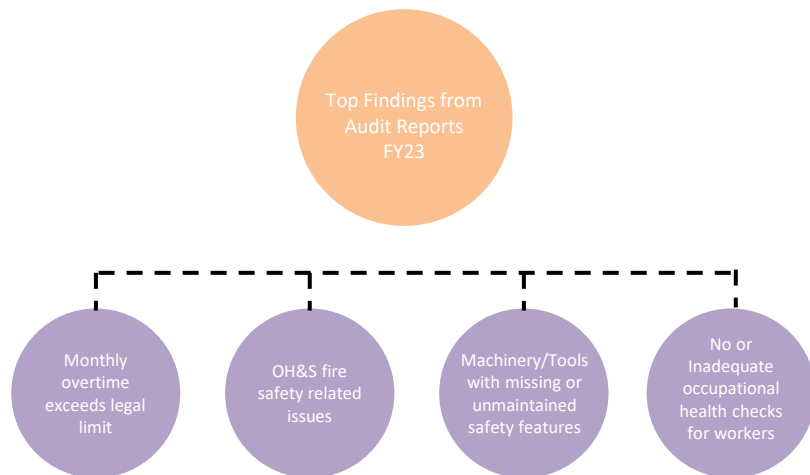
We understand that our sourcing model - by its nature of suppliers and agents who act on our behalf - may present an increased risk of modern slavery and forced labour. The risk increases substantially in lower tiers of production due to decreased visibility and the maturity level of those operations.

Product Risks

Textiles and homewares present a risk of modern slavery due to the many and varied stages of production required across the supply chain. This includes high risk raw materials that may be sourced from locations known for forced labour.

Supply Chain Risks

We recognise supply chains are complex, particularly when they cross country borders and involve multiple levels of suppliers and sub-contractors across the production process. These complexities raise the risk of modern slavery.



MANAGING THE RISK

To mitigate and protect against unethical practices throughout our supply chain in areas such as labour recruitment, unskilled labour and seasonal work, we developed a supplier Code of Conduct that all suppliers are required to sign and includes strong governance requirements to protect against these risks.

A supplier will often be required to sub-contract some or all of production to other factories (at arms-length to Adairs) for activities or finishes it may not be able to provide.

Given the practical limitations on Adairs having direct management of, or involvement in, the lower levels of its supply chain, the Company places the onus for managing subcontractors on our upstream suppliers through our Code of Conduct.

These suppliers have a direct relationship with the relevant sub-contractor and are expected to visit sub-contracted factories frequently to monitor and ensure compliance with the Adairs Code of Conduct and meet our expectations at all times.

We recognise the risks of modern slavery increase the further downstream an operation exists within its supply chain, including sub-contractors or suppliers responsible for the supply of fabrics or materials.

Regardless of where a sub-contractor or supplier is in our supply chain, we seek to have all sub-contractors identified and approved by Adairs before any sub-contracting work can commence.

Through this process, we are continuing to build on work already done to achieve complete supply chain transparency, and therefore, be able to provide the appropriate level of governance and support across all stages of production.

It is only by achieving this transparency and governance framework that Adairs can protect workers, at all levels of its supply chain, against modern slavery.

Through our work with industry experts, we have continued to supplement the internal ethical sourcing program. This included the ongoing use and development of a bespoke supplier traceability database and the continuation of an independent social compliance auditing program.

Adairs requires all its existing Tier 1 factories to supply a current Social Compliance Audit, completed by an independent and appropriately qualified party.

These audits involve worker interviews in both group and individual settings by experienced specialists, who have the knowledge and skill to identify any weaknesses or problem areas.

During 2023 we continued the requirement for lower-tier manufacturers to provide a current Social Compliance Audit as traceability as the supply chain expands.

This year, our team successfully conducted on-site visits to factories across the supply chain, including trips to Malaysia, India, Bangladesh and China. These efforts have been sustained through collaboration with external ethical sourcing specialists, ensuring independent and transparent assessment.

In addition to factory audits and visits, we utilise tools such as formalised grievance processes and confidential internal and external whistleblower mechanisms.

OUR ACTIONS

Ongoing Monitoring

Our first step in taking action to eradicate potential modern slavery from our end-to-end supply chain was to identify and understand our modern slavery risks.

Following previous business-wide Modern Slavery Risk Assessments, we have continued to assess the risk of modern slavery through internal resources overseen by Group Risk & Compliance - including a dedicated full-time Group Ethical Sourcing Coordinator.

Our risk assessments continue to look at our entire business operations, product categories and sourcing countries, to identify where the highest modern slavery risks exist.

We continue to monitor our supplier base across the Group to identify opportunities for consolidation, to further assist in reducing the risk to our business.

This consolidation program has regard to both risk and volume, allowing us to become more important to a smaller number of suppliers, which in turn gives us greater ability to drive and influence positive change across our supply chain.

Our suppliers are required to submit an external audit report within their audit frequency window, which is then assessed by our Group Ethical Sourcing Coordinator.

We are committed to ensuring any required remediation identified by the audit is undertaken and work hard to support and maintain our business relationships during the remediation process where possible.

Our Suppliers

We work closely with our suppliers and sub-contractors to make sure they are aware of, understand, and properly implement Adairs' modern slavery policy requirements.

To achieve this, we have aligned our practices to industry and global standards, by continually reviewing supplier documents including our Supplier Agreement, Code of Conduct and Supplier Policies, including a business Modern Slavery Policy.

To further enhance this process, our Group Risk & Compliance team oversees and evaluates the onboarding process for all three businesses. They operate at arm's length from the Product team, providing an additional independent assessment of the factory and risk factors before onboarding approval.

We are actively reinforcing our onboarding due diligence processes by conducting internal training for our buying team. This ensures that they possess a comprehensive understanding of the Group's expectations regarding purchasing practices and ethical sourcing.

OUR ACTIONS (CONTINUED)

Traceability

Supply chain traceability - where a company can track the provenance and journey of its products and their inputs, from the very start of the supply chain through to end-use - is a key element in managing our modern slavery risk.

Our Traceability program aims to identify 100% of all factories, facilities and inputs used in our supply chain.

Currently, we know 100% of our Tier 1 factories (those we deal with directly) and are working to understand our Tier 2-4 (downstream) factories.

The Tier 2-4 work is a longer-term ongoing program and will take several years to complete.

We are committed to tracing all stages of production across our supply chain and have built into our Supplier Agreement the requirement that all suppliers disclose this information in a comprehensive and timely manner.

Driving Industry Wide Conversation

In addition to establishing clear governance and supplier expectations, we continue to work on a number of initiatives to further eradicate the risk of modern slavery from our supply chain.

This includes programs involving both internal and external specialist providers to ensure that all elements of our approach are clearly understood by relevant team members.

These initiatives include:

- Utilising external service providers to undertake independent social compliance audits;
- Communicating with suppliers regularly to ensure they understand their obligations; and
- Collaborating with Industry Groups within the retail industry to agree on best practices and establish alignment of policies and procedures where possible.



OUR ACTIONS (CONTINUED)

Additional Measures

We believe every worker must have the right to freedom of association and we have worked with our suppliers to implement several practices to protect workers in this area.

Our Suppliers are obligated to have an internal workers' representative group or committee for every factory, which adheres to the following governance requirements:

- Members are independently elected by the factory workers;
- Members are comprised of a majority of workers;
- The committee or worker representative groups are independently managed.

We believe having a voice and being able to raise concerns should not be limited to workers, and we actively encourage our suppliers to provide open and honest feedback when the behaviour of Adairs or a team member does not meet our own standards or expectations.

While suppliers may be hesitant to speak up, we work hard to provide safe opportunities for this dialogue to ensure our teams' behaviours align with our Ethical Sourcing Policy.

In 2024 we aim to further reduce our business risk by reducing the number of independent Tier 2-4 facilities used in the production of our products.

We are also looking at how we report on our social compliance program both internally and externally to better share its social compliance efforts and outcomes.

We take the management of our Social Compliance and Modern Slavery governance programs very seriously.

The Group Head of Risk & Compliance, who carries overall responsibility for both programs, reports directly to the Board on a quarterly basis.

If a case of potential modern slavery is identified there is a requirement that it be raised in a timely manner with both senior management and the Board.

Where a potential case is identified, the Modern Slavery Policy is immediately followed, which includes a clearly defined remediation program that always places the worker as the primary stakeholder.



ASSESSING EFFECTIVENESS

To ensure the measures and governance practices we have implemented to eradicate the risk of modern slavery in our supply chain are effective, we utilise a number of tools to assess and, where required, make adjustments to our program.

This includes reviewing areas such as the entire auditing program, our risk assessment framework and our social compliance auditing results.

We also undertake a detailed review of our audit reports to look at specific modern slavery and freedom of association outcomes, as well as worker interviews and auditor feedback.

Ultimately, given our extensive policy and the procedural safeguards we have sought to put in place, it is the number of cases identified that is the best indicator as to whether our strategies to eradicate the risk of modern slavery are working.

In 2023 no incidences of modern slavery were found.

CONSULTATION

This Modern Slavery statement has been developed after extensive collaboration and ongoing discussions with the senior management team of the Adairs, Mocka and Focus on Furniture businesses.

All businesses have dedicated resources assigned to reviewing and implementing modern slavery risk mitigations and collaborate continually with Group Risk and Compliance.

This included our business-wide Modern Slavery Risk Assessment of all our businesses and working together to assess and gauge the risk of modern slavery.

All businesses operate under one Code of Conduct document and are aligned with suppliers as a result.

Looking Forward

Adairs is committed to the people within our operations and supply chains and as a responsible business we aim for continuous improvement of our actions in our response to modern slavery risks.

As we look to improve our actions in tackling modern slavery, we have broadly set out the below goals:

- Continue to strengthen our Ethical Sourcing Program through revisiting the current process, improved evaluation and risk assessment methods
- Conduct a modern slavery workshop with our suppliers
- Continue to extend our traceability of factory sites deeper down our supply chain and across a wider set of materials
- Ongoing review and improvement of policies
- Expand factory audits by the Ethical Sourcing team to cover lower tiers of production for high-risk raw materials and locations

OTHER INFORMATION

Adairs Limited has a public Whistleblower Policy which provides guidance on how improper or criminal conduct (such as instances of modern slavery) can be confidentially disclosed and will be investigated

Adairs Limited strives to be an ethical business, with robust policies and procedures to reduce the likelihood of human rights breaches, including modern slavery.

However, instances of ethical misconduct may still arise. It is important that team members, customers, suppliers, factory workers and contractors have an opportunity to report their concerns safely, confidentially and without fear of retribution. Adairs Limited provides this opportunity through the whistleblower reporting mechanisms.

Internal:
whistleblower@adairs.com.au
(+61) 3 8888 4506

External:
Speak Up - Operated by Core Integrity
Email: speakup@coreintegrity.com.au
Web: <https://coreintegrity.com.au/su/adairs/>

These reports enable us to identify where the business may inadvertently cause, contribute or be linked to potential risks of modern slavery across our Group operations.



adairs

Mocka.

fo-**uson**
furniture & bedding

APPROVAL

This Modern Slavery Statement was approved by the board
of Adairs Limited on 08/12/2023

Brett Chenoweth



Chairman
08/12/2023

This Statement and all other publicly available Corporate Governance documents relating
to Adairs may be found on the company's investor relations website as follows:

www.investors.adairs.com.au/Investors/