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**CULTURE KINGS  
GROUP**

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## **Modern Slavery Statement**

**Third Reporting Period: 1 January 2021 - 31 December 2021**

### **Introduction and summary of key developments.**

Culture Kings is a premium streetwear brand.

Culture Kings is continuing to understand and reduce the potential risk of modern slavery in its operations and supply chains. Culture Kings has built on the foundational work reported in its first and second Modern Slavery Statements and is pleased to report continuing meaningful work done to identify and mitigate modern slavery risks in its supply chains. The principal developments since the second Modern Slavery Statement are (a) the engagement of ELEVATE Limited to help with benchmarking Culture Kings' policies and practices against industry good practice, (b) the roll out of Environment, Social & Governance (**ESG**) training to key personnel, and (c) the employment of an Ethical Sourcing Manager) to help implement and maintain good practice in this important compliance area.

Culture Kings has recently undergone an internal restructure, resulting in Culture Kings becoming a wholly-owned subsidiary of Polly HoldCo Pty Ltd. As part of the restructure Culture Kings' revenue has been consolidated into Polly HoldCo Pty Ltd for Australian income tax purposes. Consequently, Culture Kings' financial year has shifted from July to June, to calendar year and the Culture Kings modern slavery statement is now due within six-months following the end of 31 December.

### **Reporting entity (Mandatory Criterion One: Section 16(1)(a)).**

This statement is made by CK Holdco Pty Ltd for and on behalf of:

- CK Holdco Pty Ltd ACN 647 405 169;
- CK Bidco Pty Ltd ACN 647 406 219;
- CK Holdings LP;
- Culture Kings Group Pty Ltd ACN 627 007 970;
- TF Apparel Pty Ltd ACN 140 259 918;
- TF Intellectual Property Pty Ltd ACN 140 258 742;
- Culture Kings Pty Ltd ACN 140 242 968;
- Culture Kings Melbourne Pty Ltd ACN 164 107 608;
- Culture Kings Perth Pty Ltd ACN 603 930 669;
- Culture Kings Sydney Pty Ltd ACN 600 222 133;
- Culture Kings Brisbane Pty Ltd ACN 600 222 517;
- Culture Kings Gold Coast Pty Ltd ACN 600 222 955;
- TF IP Investments Pty Ltd ACN 647 448 502;
- DXXM Life IP Pty Ltd ACN 641 298 320;
- Baseline IP Pty Ltd ACN 635 702 402;
- Pyra IP Pty Ltd ACN 637 983 174;
- Culture Kings NZ Limited NZ Company Number: 7909157.

(together, **Culture Kings** or the **Culture Kings Group**).

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**TF APPAREL PTY LTD**  
ABN 27 140 259 918

**CULTURE KINGS BRISBANE  
PTY LTD**  
ABN 57 600 222 517

**CULTURE KINGS MELBOURNE  
PTY LTD**  
ABN 52 164 107 608

**CULTURE KINGS SYDNEY  
PTY LTD**  
ABN 70 600 222 133

**CULTURE KINGS GOLD COAST  
PTY LTD**  
ABN 56 600 222 955

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) in respect of the period **1 January 2021 - 31 December 2021**. This statement has been reviewed and approved by the Board of CK Holdco Pty Ltd, the principal governing body, as required by section 16(1)(a) of the Modern Slavery Act. It is also made after consultation with each member of the Culture Kings Group.

## 1. **About Culture Kings**

CK Holdco Pty Ltd is the principal governing body of the Culture Kings Group and has its registered office in Brisbane, Australia.

CK Holdco, CK Bidco and Culture Kings Group Pty Ltd do not themselves conduct any business.

TF Apparel Pty Ltd is the main trading entity within the group that recognises the sales from the online and brick and mortar stores. TF Apparel Pty Ltd procures inventory (principally clothing, footwear, headwear and accessories) for sale, markets the product and organises delivery to purchasers. TF Apparel Pty Ltd employs Culture Kings HQ and warehousing staff based in Australia. Culture Kings Pty Ltd employs the retail store staff in Australia. All Culture Kings Group employees based in Australia are employed under Australian law and in accordance with Australian labour regulations and conditions. Culture Kings NZ Limited employs employees based in New Zealand under New Zealand law and in accordance with New Zealand labour regulations and conditions.

Culture Kings Pty Ltd, Culture Kings Melbourne Pty Ltd, Culture Kings Perth Pty Ltd, Culture Kings Sydney Pty Ltd, Culture Kings Brisbane Pty Ltd, Culture Kings Gold Coast Pty Ltd and Culture Kings NZ Limited are wholly owned subsidiaries and tenant entities for certain of Culture Kings' bricks and mortar stores.

TF IP Investments Pty Ltd is an investment holding entity that holds interests in certain joint venture and licensing arrangements.

TF Intellectual Property Pty Ltd, DXXM Life IP Pty Ltd, Baseline IP Pty Ltd and Pyra IP Pty Ltd are intellectual property holding companies.

## 2. **Structure, operations and supply chains (Mandatory Reporting Criterion Two: Section 16(1)(b)).**

### **Structure.**

For the period of this statement, the Culture Kings Group operates seven brick and mortar stores in Australia and one brick and mortar store in New Zealand.

There is also a very active digital store with sales made in the reporting period to customers worldwide but primarily in Australia, New Zealand and the United States of America. Asia continues to be a growing market.

Culture Kings sourced inventory from a number of countries and regions during the reporting period including China, Hong Kong SAR, Australia, India, Italy, Pakistan, Taiwan, and Bangladesh.

#### *Endorsed Third-Party Brands.*

Culture Kings is a retailer (principally of clothing, footwear, headwear, watches, jewellery and other accessories) of finished products for a number of large and known brands.

Examples include *Nike*, *Adidas* and *New Era*. These parties are known colloquially within Culture Kings as "upstream" suppliers in that they supply Culture Kings with finished products. In this statement, finished products provided by upstream suppliers are referred to as "Endorsed Third-Party Brands".

#### *In-House Brands.*

Culture Kings also sells what is referred to in this statement as "In-House Brand" products being principally clothing, footwear, headwear, watches, jewellery and other accessories.

For In-House Brand products, Culture Kings is responsible for designing such products and managing the process of transforming raw textiles and other materials into finished products. This involves Culture Kings

engaging with designers, textile companies, manufacturers and logistics providers either directly or occasionally through representatives.

The percentage of total inventory spend (GST exclusive) over the reporting period for In-House Brand suppliers against total inventory spend is 29%.

### **Operations.**

Culture Kings presently offers a selection of over 132 leading international clothing brands, as well as exclusive and In-House Brand offerings only available through Culture Kings.

The Board of CK Holdco Pty Limited (the **Group Board**) is responsible for setting the strategy of the Culture Kings Group and overseeing group governance issues. This includes monitoring compliance of suppliers, on an exceptions basis, against Culture Kings' Supplier Code of Conduct that deals with modern slavery risks amongst other things.

The Chief Executive Officer and the Executive Management Team is responsible for delivering the strategic objectives set by the Group Board. This includes day to day compliance and ensuring policies and procedures are adhered to by members of the Culture Kings group and staff.

### **Supply Chains.**

For In-House Brands, Culture Kings engaged 56 textile and manufacturing suppliers across China, Hong Kong, Australia, India, Italy, Pakistan, Taiwan, and Bangladesh during the reporting period.

Culture Kings also sourced products from 161 Endorsed Third-Party Brands suppliers during the reporting period. Most of these Endorsed Third-Party Brands are global brands with international operations. Culture Kings typically sources products from Endorsed Third-Party Brands through their local Australian operations or distributors.

For this reporting period, Culture Kings has continued to focus on the assessment of modern slavery risk of its supply chains. In-House Brand suppliers are now ranked according to potential risk by an assessment activity conducted by ELEVATE using its Segmentation methodology. See further below.

### **3. Describe the modern slavery risks in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls (Mandatory Reporting Criterion Three: Section 16(1)(c)).**

These risks are common to the reporting entity and the entities that it owns and controls.

From a general perspective, Culture Kings is aware that the global clothing and textile industry is considered a high area of risk for modern slavery.

This high risk is due to the combination of the high intensity and low skill of the labour involved in the manufacture of clothing, footwear, headwear and accessories. This is coupled with the concentration of manufacturers and other participants in the supply chain operating in jurisdictions where worker rights and protections may sometimes be less formalised or enforced than in Australia.

This review has identified the following as modern slavery risks of particular concern:

- forced labour, where someone has been forced or coerced to work through violence, intimidation, physical threats or threats of reporting to governmental or immigration authorities where the worker is an undocumented or illegal migrant or minority group;
- bonded labour, where someone is forced or coerced to work for the purposes of paying off a debt or other obligation. Methods may involve an "employer" keeping the worker's identity or travel documents for the purposes of restricting the worker's freedom, further entrenching the worker's reliance on the "employer"; and
- child labour generally.

Culture Kings acknowledges that, there can be a lack of visibility in certain overseas markets which carries additional risks.

The lack of visibility has increased during the current reporting period, due to the ongoing economic and social impacts of COVID-19 which may have increased the modern slavery risks in the jurisdictions in which Culture Kings has operations and supply chains by limiting visibility and on the ground inspections.

**4. Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes (Mandatory Criterion Four: Section 16(1)(d)).**

**Focus on In-House Brand supplier risks in supply chains.**

For this statement, as was the case in its previous statements, Culture Kings has continued to focus on assessing modern slavery risks in its In-House Brand supply chain in overseas countries that comprise the bulk of its inventory spend on In-House Brands.

Culture Kings' In-House Brand suppliers, which include downstream manufacturers and handlers or suppliers of raw materials, are considered higher risk than the upstream Endorsed Third-Party Brand suppliers.

This is because the In-House Brand suppliers are often smaller and private companies compared to the Endorsed Third-Party Brand suppliers. They may also be based in jurisdictions where worker rights and protections (including for sub-contractors and home workers outside factory premises) may be sometimes less formalised or enforced than in Australia.

In contrast, Culture King's Endorsed Third-Party Brand suppliers are often large and established entities with significant industry reputations. Many of these suppliers are also reporting entities themselves under either the Modern Slavery Act or equivalent regulatory regimes in other jurisdictions.

**Risk management and mitigation**

Through the current reporting period, Culture Kings has made progress in implementing actions to better address and mitigate modern slavery risks in its supply chain. Culture Kings has also taken a number of steps to continue to understand its supplier base and to seek assurances of modern slavery risk mitigation steps from its suppliers.

Culture Kings recognises that the process of developing an effective and sustainable risk mitigation program requires time and resources to ensure proper compliance within its operations and its supply chains.

Culture Kings' focus during this reporting period has been to continue to build a strong foundation for ongoing identification, reporting and management of modern slavery risks.

Culture Kings has focussed on its significant In-House Brand suppliers located in overseas jurisdictions as the key risk area. Culture Kings has adopted a graduated or tailored approach differentiating between In-House Brand and Endorsed Third-Party Brand suppliers and also between high volume and low volume suppliers.

To refine its analysis of its supply chains and risk assessment, Culture Kings engaged ELEVATE Limited during the second reporting period. ELEVATE is a global industry leader in sustainability through supply chain transparency.

Culture Kings has completed the following workstreams in accordance with ELEVATE guidance:

- A. **Objective 1:** Training & Awareness Program
- B. **Objective 2:** Supplier Risk Assessment Methodology & Segmentation
- C. **Objective 3:** Responsible Sourcing Program & Policy Review




**A. OBJECTIVE 1: Training & Awareness Program**

Culture Kings appreciates that internal awareness and alignment on human rights issues is the foundation of a robust responsible sourcing program.

A series of internal training courses on human rights and supply chain engagement has been completed by key personnel in production, design, and merchandise, including Head of Departments, Category Managers, Brand managers, Production Managers, Buyers and Designers.

These training initiatives aimed to empower those key personnel with the necessary basic understanding of human rights issues to identify potential red flags and engage with suppliers constructively on these topics on a daily basis. An overview of the courses undertaken and completion rates is set out below in **Table 1**.

**Table 1.**

Training Module	Learning Objectives	Targeted Audience	Completion rate as at 26 November 2021
Introduction to Human Rights  <small>Introduction to Human Rights</small>	<ul style="list-style-type: none"> <li>• Identify your rights as a human being.</li> <li>• Examine situations where human rights are infringed.</li> <li>• Be aware of the responsibilities of business to respect human rights.</li> </ul>	All members of the production and merchandise team	100%
Recognising Forced Labour  <small>Recognizing Forced Labor</small>	<ul style="list-style-type: none"> <li>• Know the definitions of slavery, human trafficking and forced labour.</li> <li>• Understand the red flags of forced labour.</li> <li>• Learn the requirements of the Modern Slavery Act.</li> </ul>	All members of the production and merchandise team	100%
Supply Chain Engagement  <small>Supply Chain Engagement</small>	<ul style="list-style-type: none"> <li>• Understand the importance of corporate responsibility.</li> <li>• Recognise the basic elements of a supply chain responsibility program.</li> <li>• Know your role in promoting responsible supply chain practices.</li> </ul>	All members of the Production & Merchandise Management team.	100%

**B. OBJECTIVE 2: Supplier Risk Assessment Methodology & Segmentation**

During the reporting period, Culture Kings joined the ELEVATE EiQ subscription database which features industry-leading EiQ risk indices that generate detailed supply chain analytics around specific risk categories (e.g. labour, environment, health and safety, etc.) and supply chain geography (sourcing country exposure and drivers of country risk).

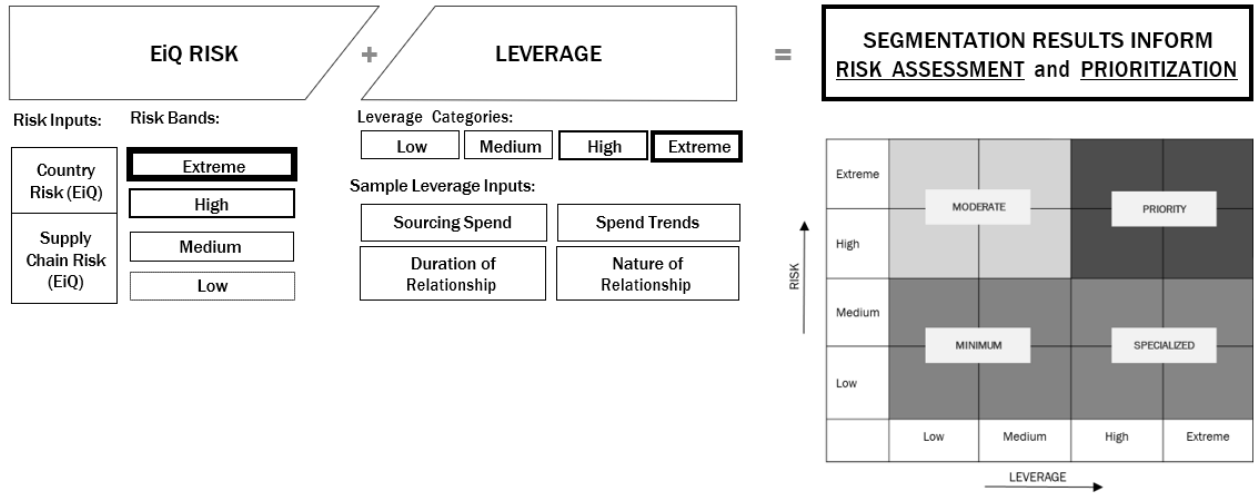
Culture Kings has also, with ELEVATE's help, initiated a sophisticated segmentation analysis of all In-House Brand Suppliers as a foundational step towards moving beyond "one-size-fits-all" and into a more strategically designed, resource-efficient, and impactful responsible sourcing program tailored to its supply chain.

ELEVATE's analysis grouped suppliers in different categories to provide data-driven resource allocation to achieve performance improvements, mitigate risk, and maximise supply chain impact. The definitions adopted in this analysis were as follows:

- **Priority:** Higher risk exposure and higher leverage; priority investment in higher impact/intensity activities

- **Specialised:** Lower risk exposure and higher leverage; specialized interventions to support stronger supplier relationships
- **Moderate:** Higher risk exposure but lower leverage; moderate investment but in targeted risk-management interventions, consideration of sourcing alternatives
- **Minimum:** Lower risk exposure but lower leverage; minimum investment, low intensity interventions

### Segmentation weightings, Risk & Leverage Model



### Culture Kings Segmentation Results.

ELEVATE analysed the spend distribution across suppliers. A threshold for extreme spend was set at AUD \$3 million, capturing the top 5th percentile of suppliers.

Culture Kings also has its own internal supplier banding to indicate the closeness of relationship, factors include supplier accountability and responsiveness to Culture Kings' requests, volume of trade, level of trust, quality of goods etc.

The overall leverage score for a supplier is the weighted average of leverage scores for each variable:

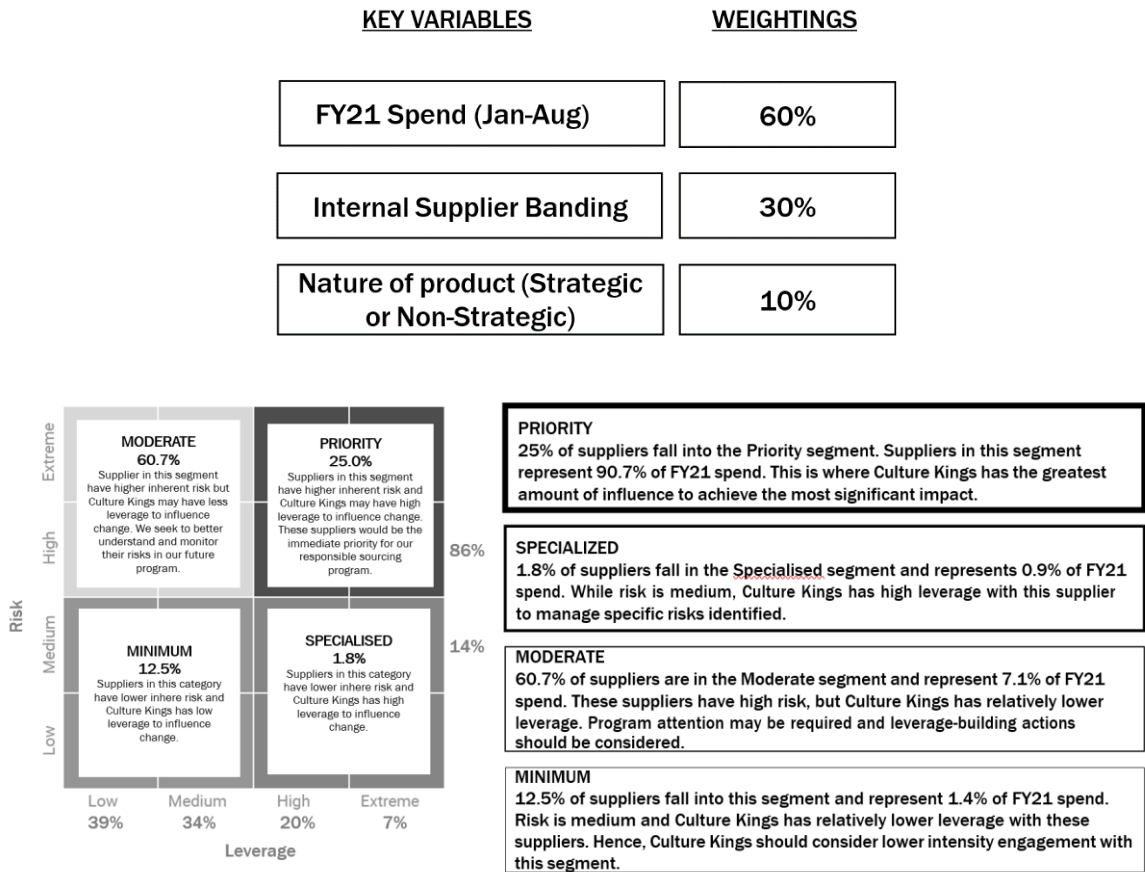
- FY 21 Spend (which was the highest weighted variable for the 2021 leverage model);
- Internal Supplier Banding; and
- Nature of Goods.

As a result, the 56 suppliers included in the analysis were divided into four different segments as shown below in **Table 2** for the reporting period.

There was a total of 56 unique suppliers, with the majority assessed as high risk; no suppliers were assessed as extreme or low risk. Broadly, the suppliers fell into the following categories:

- Priority suppliers have the highest overall risk in the areas of labour, health and safety, environment, business ethics and management systems and highest business leverage. 14 suppliers (totalling 25%) were considered priority suppliers from China, India and Bangladesh;
- Moderate suppliers have high inherent risks (country and product combination) but lower business leverage. 34 suppliers (totalling 61%) were considered moderate suppliers from China, Pakistan and Bangladesh;
- Specialised suppliers have low inherent risk and high leverage. 1 supplier (totalling 2%) was considered a specialised supplier from Italy; and
- Minimum suppliers have low overall risk. 7 suppliers (totalling 13%) were considered minimum suppliers from Australia, Hong Kong SAR and Taiwan.

**Table 2 - Culture Kings Supplier Segmentation at November 2021.**



**C. OBJECTIVE 3: Responsible Sourcing Program & Policy Review**

Culture Kings, with the assistance of ELEVATE, conducted a policy and process review on its responsible sourcing program, which involved a document review of available policies and interviews of key internal personnel.

The review aimed to understand Culture Kings’ ways of working, existing processes, and strategy ambitions of its sourcing program, and to identify areas of improvement.

Based on the results of that review, Culture Kings was able to identify the following headline areas for improvement:-

- **Governance:** To further develop and refine a clear governance structure and review defined roles and responsibilities, and a structured escalation process
- **Staff training:** To provide all new hires with detailed training to key personnel on supply chain risks in key sourcing markets
- **Code of Conduct:** Refresh the existing Supplier Code of Conduct
- **Supplier manual:** Develop a manual that will guide suppliers in complying with Culture Kings’ program requirements
- **Supplier segmentation:** Formalise the use of ELEVATE EiQ as part of the supplier onboarding process to continually monitor supplier risks
- **Supplier audit:** Refresh Culture Kings supplier questionnaires to ensure that it remains clear, easy to understand, and have a minimal risk of vague responses by suppliers
- **Supplier audit assessments:** Refine and enhance processes to analyse supplier responses received and determine follow-up actions

- **Supply chain assessment grading:** Set up a Mutual Recognition Program with an equivalency tool that would enable Culture Kings to grade audit reports received from different audit schemes (e.g. SMETA, BSCI, WRAP etc.) against the requirements of its own Supplier Code of Conduct, and standardise the audit evaluation and follow up process
- **Consistency:** To deploy Culture Kings' own audit for suppliers on a regular periodic basis
- **Whistleblower channels:** To refresh and expand existing internal whistleblowing channels to workers in the supply chain and communicate to workers annually.

#### **Due diligence, remediation and continuous improvement initiatives**

Culture Kings appointed an Ethical Sourcing Manager who commenced in January 2022 and was responsible for driving ethical sourcing initiatives to safeguard and protect the wellbeing of workers and the communities in which Culture Kings operates and to assist in any needed remediation requirements. This manager was focused on providing training and presentation sessions with the production and design team on Modern Slavery, implemented compliance and awareness in regards to required standards shipping into USA and was responsible for quarterly compliance checks and follow-up with regards to regular testing of fabrics and trims.

#### **5. Describe how the reporting entity assesses the effectiveness of such action (Mandatory Criterion Five: Section 16(1)(e))**

The Group Board has put in place a reporting system to help ensure obligations under the Modern Slavery Act are monitored on an exceptions basis at Group Board meetings on a periodic basis.

The Chief Executive Officer and Executive Team has responsibility for the day to day compliance of the Culture Kings Group business (across all operating entities and subsidiary Boards) with modern slavery risk identification and mitigation or risks in its operations and supply chains.

Merchandise and procurement team members have front line responsibility to engage with Endorsed Third-Party Brand and In-House Brand suppliers to identify and mitigate modern slavery risks.

Culture Kings has internal compliance processes in place to review and update supplier compliance with automated tracking of key dates for each supplier and review of supplier documentation and risk, with escalation procedures in the event of non-compliance and plans in place for remediation / corrective action plans and termination of supply arrangements if that proves necessary. Continuing work has and will be done to refine these processes in line with ELEVATE recommendations.

#### **6. Describe the process of consultation with any entities that the reporting entity owns or controls (Mandatory Criterion Six: Section 16 (1)(f))**

The preparation of this statement was the subject of substantial cross functional input across the Culture Kings Group.

Further, a near final draft of this statement was provided to each director of each member of the Culture Kings Group (noting that most group entities do not have any employees themselves) for review. All feedback received from each director was taken into account in the preparation of this statement.

#### **7. Include any other information that the reporting entity, or the entity giving the statement, considers relevant (Mandatory Criterion Seven: Section 16 (1)(f)).**

Culture Kings has approached this reporting period with a view to continuous improvement in terms of its actions to address modern slavery risks.



**Signing page**

This statement was approved by the Board of CK Holdco Pty Limited on 19<sup>th</sup> December 2022 for and on behalf of CK Holdco Pty Limited and all members of the Culture Kings Group.

Signed by the responsible member of the principal governing body, Mr Simon Beard, for the purposes of the Modern Slavery Act.

A handwritten signature in black ink, appearing to be 'S Beard', written over a horizontal line.**Mr Simon Beard**

Director

Dated: 19/12/2022

## **MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE**

### **Principal Governing Body Approval**

This modern slavery statement was approved by the *principal governing body* of

CK Holdco Pty Limited

as defined by the *Modern Slavery Act 2018 (Cth)*<sup>1</sup> (“the Act”) on

19/12/2022

### **Signature of Responsible Member**

This modern slavery statement is signed by a *responsible member* of

CK Holdco Pty Ltd

as defined by the Act<sup>2</sup>:



By Mr Simon Beard, Director and responsible member of the principal governing body,

for the purposes of the *Modern Slavery Act 2018 (Cth)*.

### **Mandatory criteria**

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

<b>Mandatory criteria</b>	<b>Page number/s</b>
a) Identify the reporting entity.	1
b) Describe the reporting entity’s structure, operations and supply chains.	2-3
c) Describe the risks of modern slavery practices in the operations and supplychains of the reporting entity and any entities it owns or controls.	3
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence andremediation processes.	3-8
e) Describe how the reporting entity assesses the effectiveness of these actions.	8
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement mustalso describe consultation with the entity covered by the statement).*	8
g) Any other information that the reporting entity, or the entity giving thestatement, considers relevant.**	8

\* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement ‘Do not own or control any other entities’ instead of a page number.

\*\* You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

<sup>1</sup> Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility forthe governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.

<sup>2</sup> Section 4 of the Act defines a responsible member as: (a) an individual member of the entity’s principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of thisparagraph—a prescribed member of the entity.