

MODERN SLAVERY STATEMENT

Financial Year Ending 30 June 2021



INTRODUCTION

Modern slavery is a global and growing issue and KINCROME acknowledges our responsibility to identify, mitigate and manage modern slavery risks in our business operations and supply chain, particularly as the crimes of modern slavery are often not easily visible.

KINCROME see the modern slavery reporting requirements as an opportunity to review its business operations, policies and supply chains, and overall gain a better understanding of our operations and how modern slavery may exist within them.

REPORTING ENTITY

This is the first modern slavery statement made by **KINCROME Australia Pty Ltd** ACN 007 185 006 of 3 Caribbean Lakeview Drive, Scoresby, Victoria 3179.

This statement is made in accordance with the *Modern Slavery Act 2018* (Cth) for the reporting period of 1 July 2020 to 30 June 2021. It sets out the steps we have taken to identify, mitigate and manage modern slavery risks in our business operations and supply chain.

STRUCTURE, OPERATIONS & SUPPLY CHAIN

Structure and Operations

KINCROME Australia Pty Ltd ACN 007 185 006, trading as 'KINCROME Tools & Equipment' (**KINCROME**), together with KINCROME Far East Pty Ltd ACN 165 571 040 are wholly owned subsidiaries of Australian Tool Corp Pty Ltd ACN 094 699 537.

KINCROME was founded by the Burgoine family in 1987 and remains a family-owned Australian company today. Initially a supplier of tools to the automotive aftermarket, KINCROME has grown to become a leading supplier of high-quality tools and equipment to the hardware, automotive and industrial markets across Australia and New Zealand.

KINCROME designs, sources and distributes their products, covering both trade and retail markets. KINCROME products vary significantly in type and complexity, from simple and low-cost items through to expensive, complex products that require standards compliance and intense levels of quality control.

KINCROME sells products under the 'KINCROME', 'KATANA®', 'SUPATOOL®', 'SUPATOOL PREMIUM®', 'FINKAL®', 'LISLE®' and 'TOUGHBUILT®' brands. KINCROME are also the official distribution agent [in Australia/NZ] for LISLE™, KATANA®, and TOUGHBUILT®.

At KINCROME we are proud of our Australian origins. Many KINCROME products are designed in Australia, incorporating input from local tool users. Our products are also tested in Australia by our Melbourne-based quality team.

KINCROME have over 180 employees and warehouses located in Melbourne, Brisbane, Perth and Auckland

With more than 30 years of experience in tools, our extensive range of products are manufactured by some of the very best specialist manufacturers available in the world.

Supply Chain

KINCROME does not manufacture the products it sells – we have an Asia-based sourcing team who work with Australian-based product/category managers on product sourcing. Products are sourced primarily from China and Taiwan.

Due to the broad range of products sourced by KINCROME (approximately 5,500 products), KINCROME has many suppliers of varying scale and sophistication. Some suppliers are large and sophisticated and supply many of the world's largest retailers. Other suppliers are smaller and less sophisticated, yet provide KINCROME with valuable products that complete our range.

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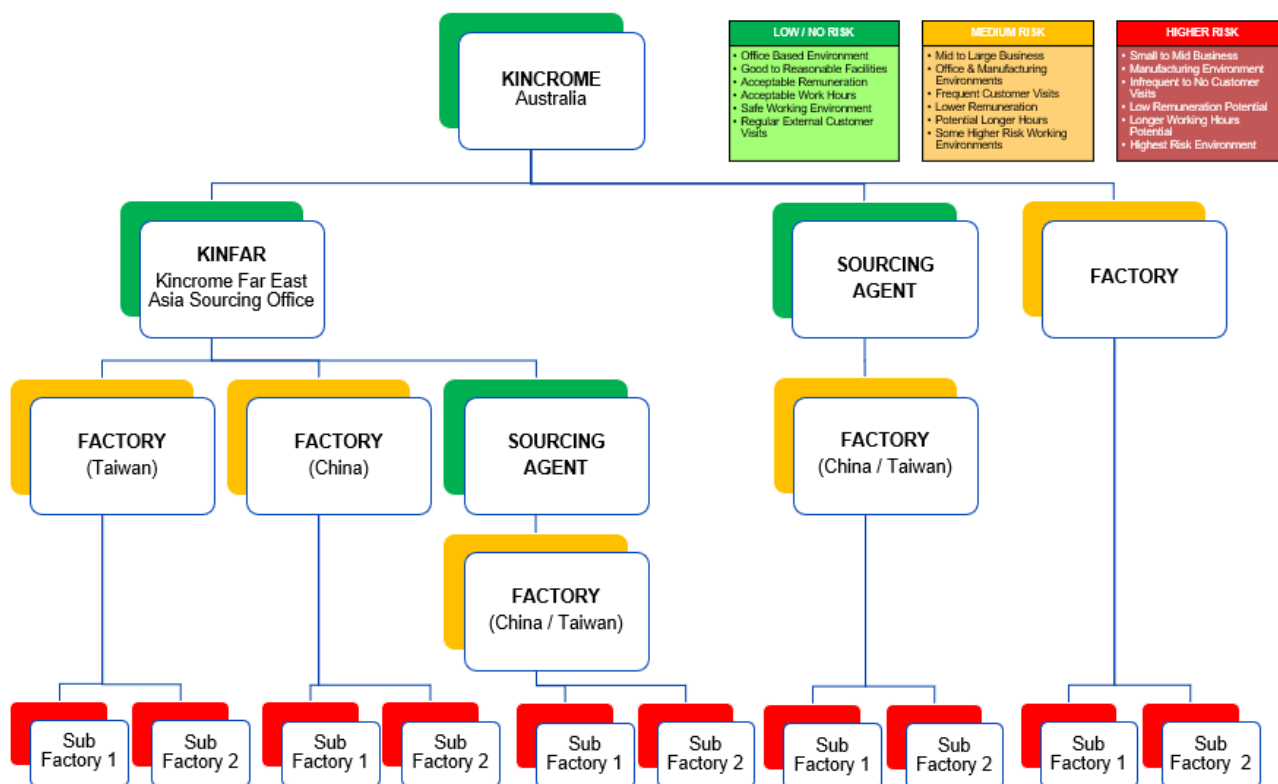
KINCROME’s supply chains include:

- overseas factories where the products are manufactured;
- those factories’ respective supply chains including the supply or raw materials, componentry and packaging;
- importation of the products into Australia;
- testing and certification of the products;
- subsequent sale and distribution of products within Australia and New Zealand; and
- services that contribute to our operations, such as:
 - cleaning companies;
 - security companies; and
 - transport companies;

Our ongoing supplier review process is further detailed in this statement.

MODERN SLAVERY RISK IDENTIFICATION

KINCROME is aware that there are several potential risks of modern slavery practices in our supply chain (both directly and indirectly linked to KINCROME) which we must consider. KINCROME have conducted an initial risk assessment of its operations and supply chain during the 2020/2021 financial year and have prepared the following sourcing flowchart, indicating the level of risks that we deem the various tiers within our supply chain to hold:



In particular, we have identified potential for modern slavery risks, including (but not limited to):

Risks directly linked to KINCROME:

- Potential worker exploitation of our local contractors engaged by KINCROME to support our business activities in Australia, including:

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- cleaning companies;
 - security companies; and
 - transport companies;
- Potential modern slavery practices by our overseas manufacturers engaged by KINCROME, which likely focus on minimising production costs.

Risks indirectly linked to KINCROME:

- Potential modern slavery practices within second-tier suppliers which likely focus on minimising production costs, include labour practices used by raw material suppliers, and are generally less visible to us as they are not immediately engaged by KINCROME and may not be immediately engaged by those companies with which KINCROME has a direct relationship.

Both direct and indirect risks may include (or result from):

- Lower remuneration;
- Potential longer hours;
- Higher risk working environments; and
- Infrequent to no customer visits, making transparency and visibility into work conditions low.

Covid-19 Pandemic

We acknowledge that the risks of modern slavery in our supply chain are being exacerbated during the ongoing COVID-19 pandemic, as a result of pressure on suppliers/factories and therefore their workers. Elevated modern slavery risks as a result of the pandemic include (but are not limited to) risks associated with:

- Supply chain shortages;
- Increased unemployment;
- Fear of loss of income; and
- Struggles endured by vulnerable migrant workers who were unable to return to their home countries;

In addition, there have been less opportunities for such modern slavery risks to be ascertained or monitored due to global travel restrictions (which limit our ability to conduct on-site visits of our suppliers). To address and mitigate these risks, we have continued to source and pay for our products as usual during these uncertain times.

ACTIONS TAKEN TO MITIGATE RISKS

KINCROME respects human rights and requires all of its workers to treat others with respect, dignity, trust, fairness and equality.

KINCROME expects that suppliers will show the same respect throughout the supply chain. By engaging suppliers, we acknowledge that there is always a risk that we may unknowingly contribute to modern slavery practices. This is why we have developed and are working on implementing a number of policies and practices (**Policies**) that set out our approach to our business operations and expectations on those that work with us, including our supply chain. These documents, listed below, will be published online and accessible to all. They will also be specifically provided to our direct suppliers who will be required to actively accept and sign-up to these policies

- **KINCROME Code of Conduct:** This code is a public declaration of the principles of good conduct and standards of behaviour that anyone who acts on behalf of, or which has dealings with, KINCROME are expected to demonstrate in the performance of their roles and functions.
- **Supplier Terms and Conditions:** These terms and conditions form the basis on which a supplier will supply goods to KINCROME.
- **Supplier Code of Conduct:** This code sets out the minimum standards of behaviour required by our suppliers carrying out their functions.

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- **Ethical Sourcing Policy:** This policy further outlines KINCROME's standards and expectations of its suppliers to ensure that they adhere to our Supplier Code of Conduct and are sourcing their products from a supply chain that is free from human rights violations.

Our Policies draw specific attention to modern slavery and require compliance with modern slavery legislation from our suppliers.

KINCROME understands that it may take time for our suppliers to make necessary adjustments, and the introduction of these Policies provide an opportunity for KINCROME to strengthen its relationships with suppliers.

In addition to reviewing and implementing our Policies, we have begun reviewing a list of our international suppliers. This process is ongoing, particularly with regards to our suppliers' respective supply chains. We are seeking assistance from Bureau Veritas to help us build an ethical sourcing model and to give us the assurance we are sourcing from ethical manufacturers.

Our approach involves categorising suppliers based on risk levels and prioritising subsequent actions. It will also give KINCROME the opportunity to positively influence suppliers by providing them with the tools to improve their current performance.

ASSESSING THE EFFECTIVENESS OF ACTIONS TAKEN

KINCROME is working to create effective processes to enable us to measure and evaluate the effectiveness of the above actions that we have taken to address modern slavery risks throughout our supply chain.

As part of this, KINCROME will:

- review and evaluate the information that we receive from our suppliers (both local and international) and promptly act on any indications or findings of modern slavery;
- set up a review process whereby our Policies and our response to modern slavery are reviewed annually by senior management and the Board of Directors;
- work towards the transparency and publication of our supply chain, including making our Policies readily available to be viewed online by anyone;
- further enhance our risk assessment processes, including potentially engaging third parties to assist us with on-site audits of our supply chain;

We anticipate that the effectiveness of our actions will become more apparent as we start implementing our actions in the next financial year and beyond.

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KINCROME

BOARD APPROVAL

This statement has been reviewed by the KINCROME Leadership Team and approved by the Board of KINCROME Australia Pty Ltd on 20 August 2021.



Name: Nicholas Pritchard
Position: Chief Executive Officer

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KINCROME

APPENDIX

KINCROME prepared this modern slavery statement in accordance with the mandatory criteria listed in s16(1) of the *Modern Slavery Act 2018* (Cth). The following table sets out the criteria and the pages in our statement that address each of these.

Mandatory Criteria	Page
1 Identify the reporting entity	1
2 Describe the structure, operations and supply chains of the reporting entity	1-2
3 Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	2-3
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	3-4
5 Describe how the reporting entity assesses the effectiveness of such actions	4
6 Describe the process of consultation with: i) any entities that the reporting entity owns or controls; and ii) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	Not required
7 Include any other information that the reporting entity, or the entity giving the statement, considers relevant	4