

MODERN SLAVERY ACT REPORTING STATEMENT 30 JULY 2020 TO 30 JUNE 2021 FINANCIAL YEAR

OVERVIEW

The Modern Slavery Act 2018 was passed by the Australian Federal Government in November 2018 and requires all Australian resident companies that have consolidated revenue in excess of A\$100M to provide the Australian Government with a Statement setting out how Sutton Tools meets the 7 reporting criteria during each reporting period. As an Australian resident company operating on a standard financial year, a report must be provided for the financial year 30 July 2020 to 30 June 2021.

Following are the 7 Mandatory Criteria:

1. Identify the Reporting Entity.
2. Describe the Reporting Entity's Operating Structure.
3. Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities it owns or controls.
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation process.
5. Describe how the reporting entity assesses the effectiveness of these actions.
6. Describe the process of consultation with any entities the reporting entity owns or controls.
7. Provide any other relevant information.

1. Identify the Reporting Entity

Summary

Sutton Tools was founded in 1917 and remains an Australian family business that is renowned for its high-quality power tool accessories and cutting tools for the hardware market and a wide range of specialized industrial applications. Sutton Tools manufactures cutting tools at two sites across Victoria, both for the domestic market and for export. The bulk of general production occurs at the head office site at Thomastown, in Melbourne's northern suburbs, with more specialized operations centered at our Maryborough facility. Overseas production plants are also located in New Zealand and Distribution facilities in Auckland and the Netherlands.

Sutton Tools has addressed concerns and risks relating to Modern Slavery with our Suppliers in accordance with the code of conduct and are compliant with the Modern Slavery Act.

Due Diligence is carried out annually via correspondence, visitation and audits.

Sutton Tools has a total of 413 Staff located in Australia, New Zealand, Europe and Asia.

The Sutton Group Corporate Structure is attached. (Refer to Appendix 1 & Appendix 2).

This statement affirms Sutton Tools commitment and plays an important role in respecting and promoting human rights and eradicating modern slavery. We recognise that modern slavery is a growing and complex problem, best tackled by collective commitment and responsibility to bring it to an end and we are committed to working with all our stakeholders to fulfil this common goal. If the policy is breached, we will act as quickly as practicable to remedy our adverse impacts on workers, individuals or suppliers and we will engage directly with affected stakeholders.

The purpose of this statement is to ensure Sutton Tools:

- is compliant with local, national and other applicable laws and regulations in the areas in which the businesses operate;
- source products and services in accordance with legal obligations while working with suppliers to improve their social and environmental practices.
- act to prevent, mitigate and where appropriate, remedy modern slavery in their operations and supply chains.

In support of this statement please refer to Ethical Sourcing and Modern Slavery Policy (Appendix 3).

2. Describe the Reporting Entities Operating Structure

Description	Operations	Supply Chain
<p>Explain general structure of overall Group (both Domestic & Global)</p>	<p>Explain the nature and types of activities undertaken by Sutton to pursue its business objectives and strategy in Australia or overseas i.e.:</p> <ul style="list-style-type: none"> ○ Distribution ○ Purchasing ○ Production Plants ○ Marketing and Sales ○ Delivery of Products and Services ○ Managed/operated joint ventures <p>Identify the countries or regions where the entity's suppliers are located:</p> <ul style="list-style-type: none"> ○ Australia ○ New Zealand ○ France ○ Germany ○ Taiwan ○ China ○ India ○ Indonesia ○ USA ○ Japan 	<ul style="list-style-type: none"> ○ Products provided to Sutton Tools by Suppliers <ul style="list-style-type: none"> ▪ High Speed Steel (HSS) ▪ Cutting Tools Access ▪ General Hardware Products ○ Services provided by Suppliers <ul style="list-style-type: none"> ▪ Manufacturing ▪ Shipping ▪ Sourcing ▪ Packing ○ Products and services used by indirect suppliers by Sutton's supply chain <ul style="list-style-type: none"> ▪ Tools ▪ Steel ▪ Manufacturing ▪ Consumables
<p>Explain if the entity owns or controls other entities</p>	<p>Refer to Appendix 1 & 2.</p>	
<p>If the entity owns and controls other entities explain what these entities do and where they are located i.e., foreign subsidiary in another country.</p>	<p>Identify the countries where operations are taking place:</p> <ul style="list-style-type: none"> ○ New Zealand ○ UK ○ The Netherlands ○ India 	<ul style="list-style-type: none"> ○ Manufacturing/Distribution ○ Sales ○ Distribution ○ Manufacturing
<p>Sutton Tools Pty Ltd ABN</p>	<p>ABN No. 12004175731</p>	

2. Describe the Reporting Entities Operating Structure (Cont'd)

Description	Operations	Supply Chain												
Provide the details of the registered office	Sutton Tools Pty Ltd 378 Settlement Road Thomastown Vic 3084 Melbourne Australia													
Indicate the approximate number of workers employed by Sutton Tools and any entities it owns or controls.	<table border="0"> <tr> <td>Employee</td> <td>No.s</td> </tr> <tr> <td>○ Sutton Tools Australia</td> <td>292</td> </tr> <tr> <td>○ Sutton Tools New Zealand</td> <td>60</td> </tr> <tr> <td>○ Sutton Tools Europe</td> <td>5</td> </tr> <tr> <td>○ Sutton Tools Asia</td> <td>6</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>363</td> </tr> </table>	Employee	No.s	○ Sutton Tools Australia	292	○ Sutton Tools New Zealand	60	○ Sutton Tools Europe	5	○ Sutton Tools Asia	6	Total	363	
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Total	363													
Explain the types of business relationships Sutton Tools has in addition to suppliers, such as joint venture partners.	NMC Tools Pvt Ltd Fenn Tool Sutton Tools New Zealand	Joint Venture												
Explain in general terms the type of arrangements Sutton Tools has with its suppliers and the way these are structured (are they short-term and changeable or stable long-term relationships).	Stable long-term relationships	<ul style="list-style-type: none"> ○ Suppliers have forward orders ○ Ongoing permanent relationships 												

3. Describe the Risks of Modern Slavery practices in the Operations and Supply Chain of the reporting entity and entities it owns and controls

Description	Risk	Action
Identify how risks of the modern slavery practice may be present in the operations and supply chains the company controls.	The 'risks of modern slavery practices' channel the potential of your entity to cause, contribute, or be directly linked through its operations and supply chains – in other words the risks your entity may be involved in modern slavery.	<p>This does not require you to certify that Sutton is 'slavery free'. Every entity has modern slavery risks in its operations and supply chains.</p> <ul style="list-style-type: none"> ○ Suppliers have not proven to be at risk and have all correct measures in place according to the Modern Slavery Act. ○ On-site audits are carried out with suppliers to ensure they are compliant with their company's code of conduct.
Identify the risk that it may directly be linked to modern slavery practice further down supply chains, including through labour practices used by raw material.	<p>Product and services risks</p> <ul style="list-style-type: none"> ○ Raw Material ○ Packaging Materials supplied by third party suppliers 	<ul style="list-style-type: none"> ○ Our 1st tier suppliers have verified that their 2nd tier suppliers are also adhering to the Modern Slavery Act.
	<p>Associated Risks:</p> <ul style="list-style-type: none"> ○ New Suppliers ○ Cleaning Services 	<p>Sutton Tools does not engage in or support the use of any exploitation and have taken measures to ensure our 2nd & 3rd tier suppliers are also working in line with the Modern Slavery Act Guidelines when engaging in the services of goods and products.</p>

4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.

Description	Risks	Actions
Identify modern slavery risks be it through third-party supplier factories which focus on minimizing production costs	Feedback from Suppliers	Positive feedback from our Suppliers indicates they are compliant with the Modern Slavery measures, including their 2 nd tier suppliers.
Identifying and assessment	Screening new suppliers for modern slavery risk	Ensuring new suppliers are in line with current Modern Slavery practices, including their 2 nd tier suppliers. Providing letter and checklist of evidence of compliance.
Integrating findings	Introduction and training on modern slavery and processes for incident reporting	Overall findings: All Sutton’s Suppliers are compliant and have existing measures in place to ensure Audits, Training and Supplier Code of Conduct & relevant Corporate Laws and labour standards. Ongoing
Tracking performance	Internal Audit on supplier screening	Communication and correspondence will continue to be carried out annually and reported on to assess any impacts or risks.

5. Describe how the reporting entity assesses the effectiveness of these actions

Description	Risk	Actions
<p>Describe how you assess the effectiveness of the actions taken and address the risks of modern slavery practices in the operations and supply chain</p>	<p>Operations and supply chains that involve high risk goods or services, certain geographic locations and high-risk sectors</p> <ul style="list-style-type: none"> ○ Feedback from our Suppliers indicates that there have been no incidents to date of modern slavery. 	<ul style="list-style-type: none"> ○ Sutton Tools are in frequent communication with Suppliers to ensure continued ongoing related compliance is in place. ○ Assess suppliers to determine required Audits are carried out. ○ Annual visitation.

6. Describe the process of consultation with any entities Sutton Tools owns and controls

Description	Risk	Actions
<p>How has Sutton Tools consulted on its statement with entities it owns and controls</p>	<p>Risk profile of other entities identified and assessed</p> <ul style="list-style-type: none"> ○ Measures are put in place to liaise with our Suppliers to ensure processes and procedures are followed accordingly and followed in line with the Modern Slavery Act reporting guidelines. 	<ul style="list-style-type: none"> ○ A Company Letter and Questionnaire is forwarded to our Suppliers to ensure ethical sourcing processes are adhered to and in line with the Modern Slavery Act reporting requirements and guidelines. ○ All required feedback and documentation have been actioned, authorized and returned in order to complete this Summary Statement. ○ Carry out annual audits / visits and liaising with Suppliers on behalf of all entities. ○ A copy of our Ethical Sourcing and Modern Slavery Policy is provided upon request.

This statement was approved by the Board of HGS Proprietary Limited (ACN 004 296 913):



Mr Peter Sutton
 Managing Director
 19 December 2022



Mr Robert Sutton
 Commercial Director
 19 December 2022

This statement was approved by the Board of Sutton Tools Proprietary Limited (ACN 004 175 731):



Mr Peter Sutton
 Managing Director
 19 December 2022

