

nickskali
L I M I T E D



Modern Slavery Statement 2021

Modern Slavery Statement

Year Ended 30 June 2021

Overview

Nick Scali Limited (the “Company”) recognises that modern slavery is a complex issue which directly impacts over 40 million people around the world, and includes human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour and child labour.

The Company does not tolerate any form of modern slavery anywhere in its business, and is committed to ensuring that modern slavery does not exist within its business operations and associated supply chain.

This statement, which outlines the business operations of the Company, the potential risks of modern slavery within the business and the steps taken by the Company to address the identified risks, is made under section 14 of the Modern Slavery Act 2018 (Cth) for the year ended 30 June 2021. The Company consulted with each of the relevant entities that it owns or controls in the preparation of this statement.

Business structure and operations

Founded in 1962, Nick Scali Limited is a public company listed on the ASX and operates retail operations in Australia and New Zealand. The Company specialises in selling custom-made lounges and other items of furniture which it imports directly from some of the world’s largest furniture manufacturers.

The Company maintains strong relationships with a small selection of well established furniture manufacturers in Asia and imports products from Vietnam, China, Malaysia and India.

Within Australia and New Zealand, the Company operates 66 retail showrooms and seven distribution centres, employing over 500 people across a wide range of roles. Third party contractors are also used for a variety of services, particularly delivery and installation.

Risks of modern slavery

The Company acknowledges that there are inherent risks of modern slavery within international supply chains and has performed risk assessments to identify other aspects of the business and its supply chains that are at risk from modern slavery.

Whilst identifying other potential risks through the use of third party contractors for services such as delivery, cleaning, and repairs and maintenance in its showrooms and distribution centres, the Company determined that the international supply chain and the Company’s engagement of manufacturers in Asia represented the greatest risk of modern slavery, through the potential for servitude, forced labour, debt bondage and child labour.

However, the Company has assessed that the risk of modern slavery within its international supply chain is low due to:

- a) the relatively small number of suppliers engaged by the Company, with no changes made to the international supplier base despite the temporary closures of supplier sites due to Covid-19;
- b) the diligence applied in selecting and onboarding new suppliers, including site visits by the Company’s executives and directors
- c) the engagement of established and respected manufacturers; and
- d) the close working relationships that the Company maintains with its manufacturers.

Approach to managing risks of modern slavery

Throughout the year, the Company has maintained the following measures to mitigate the risk of modern slavery.

Modern Slavery Policy

During the year ended 30 June 2020, the Company issued a policy on modern slavery that applies to all directors, officers and employees of Nick Scali Limited. The policy requires that any suspected instances of modern slavery be reported under the Company's Whistleblower Policy.

These policies remained in place throughout the year ended 30 June 2021, and copies of both the Modern Slavery Policy and the Whistleblower Policy are available at <http://www.nickscali.com.au/corporate-governance>.

International Supplier Employment Standards

The Company has close working relationships with its international suppliers, and these relationships have enabled the Company to establish a satisfactory level of confidence in the ethics of its international suppliers. Moreover, senior managers and directors of Nick Scali Limited conduct regular site visits which assist in determining that employment conditions meet appropriate ethical standards. As a result of the Covid-19 pandemic, site visits have not been possible since February 2020, and the Company recognizes that alternative means of assessing international supplier employment standards are required to minimize the risk of modern slavery practices.

The Company intends to restart regular site visits as soon as such visits become practical.

During the year, the Company has implemented the following additional measures to mitigate the risk of modern slavery.

International Supplier Self-Assessment

The Company has introduced a supplier self assessment and declaration process that requires all suppliers to attest to their compliance with Australian and international modern slavery laws, as well as all relevant local legislation, and to identify the names and locations of all vendors who supply parts and materials that are used in products sold to Nick Scali Limited.

At 30 June 2021, all of the Company's fifteen international suppliers had completed the self assessment process and provided the Company with a declaration acknowledging the Company's zero tolerance for modern slavery, and confirming that they are not aware of any instances, or suspected instances, of modern slavery within their business or its supply chain.

Management Training and Reporting Framework

In May 2021, the Company enhanced its training program that raises the awareness of the potential risks of modern slavery within the Company. This training was delivered to the Company's executives and senior managers as well as all other employees with sourcing and purchasing responsibilities. The training leverages the Company's Modern Slavery Policy, and emphasises that compliance with the Policy is a requirement of all employees.

At 30 June 2021, all executives, senior managers and employees with sourcing and purchasing responsibilities had completed the enhanced training program.

Effectiveness of actions taken to address modern slavery

The Company is not aware of any instances of modern slavery anywhere within its business, however, it recognises the importance of continuously assessing the effectiveness of its actions to ensure that modern slavery does not infiltrate its business or its supply chains. Therefore, whilst the Company is

currently unable to fully measure the effectiveness of its actions, it is committed to developing a framework for monitoring the effectiveness of its actions in relation to modern slavery.

Future commitment

The Company is committed to continuously improving its approach to managing the risks of modern slavery, through regular risk assessments and the continuous improvement of its risk management programs.

In the next financial year, the Company is committed to maintaining the measures currently in place to address the risks of modern slavery, and intends to undertake the following further initiatives:

- a) a review its Modern Slavery Policy in line with the Company's policy of reviewing all policies on a regular basis;
- b) development of KPIs to monitor the effectiveness of the actions taken to address the risk of modern slavery;
- c) consideration of a third-party ethical sourcing audit program; and
- d) extension of its International Supplier Self-Assessment program to include the Company's shipping and freight suppliers, and key local service providers

This statement has been approved by the Board of Directors of Nick Scali Limited



John Ingram
Chairman
21 September 2021



Anthony Scali
Managing Director