

**nickskali**  
L I M I T E D

Modern Slavery  
Statement 2020



# Modern Slavery Statement

## Year Ended 30 June 2020

### 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 2020.

### 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 62 retail showrooms and seven distribution centres, employing almost 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;
- 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

The Company has undertaken 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.

Copies of both the Modern Slavery Policy and the Whistleblower Policy are available at <http://www.nickscali.com.au/corporate-governance>.

### *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 were not possible in the second half of the year, and the Company recognizes that alternative means of assessing international supplier employment standards will be required to minimize the risk of modern slavery practices.

The Company is in the process of implementing a supplier self assessment and declaration process that will require all suppliers to attest to their compliance with Australian and international modern slavery laws, as well as all relevant local legislation. Subsequent monitoring of suppliers under this framework will support the Company's management of the risks of modern slavery.

### *Management Training and Reporting Framework*

The Company has developed training that raises the awareness of the potential risk of modern slavery. This training has been 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.

## Future commitment

The Company is committed to continuously improving its approach to managing the risks of modern slavery, through regular risk assessments and the development of additional risk management programs. Furthermore, the Company recognises, that in light of the Covid-19 pandemic, it will need to establish new practices to mitigate the risks of modern slavery as site visits by the Company's executives and directors are expected to remain impractical.

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

- a) the implementation of a supplier self assessment and declaration process;
- b) the assessment of a third-party ethical sourcing audit program; and
- c) a further review of employment practices within the Company's local supply chain.

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



John Ingram  
Chairman  
31 March 2021



Anthony Scali  
Managing Director