

MODERN SLAVERY POLICY AND PROCEDURE

POLICY

This policy and procedure details Karndean Australia and New Zealand's (the Company) commitment to modern slavery. This policy is to be read in conjunction with the Modern Slavery Statement published by [Karndean International Ltd](#) (UK). This policy is endorsed by the Company's Board and senior management.

PURPOSE

Karndean has a strong commitment to ethical behaviour and compliance with Modern Slavery Laws. The purpose of this policy and procedure (hereafter referred to as Policy) is to outline:

- how Karndean will use its best endeavours to ensure the goods and services purchased through its supply chains are ethical and minimise or eradicate Modern Slavery risks;
- the responsibilities of Karndean, its employees, operations and suppliers in observing and upholding the Company's position on Modern Slavery; and
- how it provides information and guidance to its employees on how to recognise and deal with Modern Slavery issues.

SCOPE

This policy applies to, and is the responsibility of, all directors of the Board, management, employees and contractors (hereafter referred to collectively as employees) engaged and undertaking work on behalf of Karndean, wherever they may be located. It applies to Karndean's operations, activities and all of its dealings with third parties whether they be with private organisations, individuals or any of their representatives.

Karndean expects its suppliers to uphold the same standards, including in dealings with their suppliers, and commits to working in partnership with its suppliers to implement this policy.

MEANING OF MODERN SLAVERY

Karndean defines Modern Slavery in accordance with the definitions provided in the *Modern Slavery Act 2018* (Cth), that is, including slavery; servitude; forced labour; deceptive recruiting; forced marriage; debt bondage; trafficking in persons; and child labour.

ETHICAL STANDARDS

Karndean endeavours to ensure that it, and its employees, comply with all laws related to Modern Slavery or Prohibited Business Practices (as described below), within its operations, activities and supply chains. This includes endeavouring to ensure:

- employment is freely chosen;
- child labour is not used;
- a living wage is paid to all individuals;
- individuals are not required to work excessive hours;
- work environments are safe and hygienic with appropriate health and safety practices and policies;
- punishment and/or mental or physical coercion are prohibited;
- entities promote a no tolerance discrimination policy and encourage equality of treatment and workplace diversity; and
- there is freedom of association, representation and collective bargaining.

The principle of ethical behaviour also governs the conduct of all Karndean procurement activities (as detailed in its Procurement Policy). All employees who procure goods, services and consultancy must comply with the standards of integrity, probity, professional conduct and ethical behaviour including:

- dealing fairly, impartially and consistently with all suppliers;
- maintaining the confidentiality of confidential and sensitive information obtained as part of the procurement process;
- formally declaring any actual, potential or perceived conflicts of interest prior to committing to the procurement activity and abstaining from any procurement activity where it has been deemed an actual, potential or perceived conflict of interest exists;
- examining and considering the integrity of the potential supplier, including the original source (where possible) of the product and whether there is the risk of any harmful labour practices or human exploitation based on the industry, location of the supplier or other factors; and
- ensuring that documentation, where possible, is maintained so as to be able to reasonably demonstrate that procurement decisions and purchases were made in accordance with its Procurement Policy and other Company policies and applicable laws.

DEALING WITH SUPPLIERS

Karndean's approach to modern slavery and ethical business standards, including its expectations in this policy, will be communicated in writing as required to suppliers at the outset of its business relationship with them (e.g. if required by a supplier to establish an agreement). The Company also encourages its suppliers to implement their own policies for ethical behaviour.

Prohibited Business Practices

The Company requires all suppliers to comply with all applicable Australian, New Zealand and international laws in relation to prohibited business practices, and to support internationally accepted standards, treaties and declarations in relation to prohibited business practices. These include (but are not limited to) bribery and corruption; money laundering; financing terrorism; breaches of labour standards, including any form of exploitation or involuntary labour and workers' rights; breaches of modern slavery legislation; breaches of workplace health and safety laws; violations of human rights including discrimination in all its forms; breaches of privacy and data protection obligations; violations of trade and import rules; and unfair competition.

Modern Slavery

Karndean requires its suppliers to use their best endeavours to comply with the Ethical Standards above and related to risks of modern slavery before entering into any supplier contracts.

Supplier Compliance

Karndean reserves the right, upon reasonable notice, to check supplier compliance with the requirements of this policy. Any breach of the obligations stipulated in this policy are considered a material breach of contract by the supplier.

Karndean encourages suppliers to notify of any breaches (including any pending charges) of any laws related to modern slavery or prohibited business practices as part of their commitment to full disclosure for the protection of our business, our people, our customers and the community.

TRAINING AND COMMUNICATION

Karndean employees who are identified to be potentially exposed to modern slavery practices or risk factors will receive training at appropriate intervals on how to implement and adhere to this policy. Senior leaders are required to complete mandatory training on modern slavery.

RESPONSIBILITIES

The Board has overall responsibility for ensuring this policy complies with the Company's legal and ethical obligations, and that all those under its control comply with it.

Management at all levels is responsible for ensuring those reporting to them are aware of and understand this policy and are given adequate training on it at appropriate intervals. This policy, and the Company's internal control systems and procedures, will be subject to regular reviews to provide assurance that they are effective in countering modern slavery.

PROCEDURE

Karndean is implementing the following procedure to identify, manage and mitigate the risk of being involved in modern slavery (sourced from the [Global Compact Network Australia - Modern Slavery Risk Management Playbook](#)).

1. Make a policy commitment to meet the responsibility to respect human rights in accordance with the Ethical Standards outlined earlier in this policy, and embed the commitment throughout the Company. This includes ensuring the commitment is reflected in other Company policies (e.g. the Code of Conduct), and employees understand how and why human rights, such as freedom from slavery, apply to them.
2. Know the signs and understand the risks to manage them, by identifying any potential or actual adverse human rights impacts related to modern slavery that the Company may cause, contribute to, or be directly linked to or have been involved in already. This includes considering the use of suppliers within sectors or countries that feature low-skilled labour or are identified as high risk for modern slavery.
3. Take targeted action to address identified risks, as well as establishing and documenting control mechanisms for each risk. This includes ensuring senior management understand what modern slavery is, why it is relevant to businesses, what it looks like in a business context, and what actions can be taken to manage modern slavery risks. This should include the development of a plan to better screen and monitor suppliers' practices.
4. Listen to the Karndean team and workers in the supply chain and provide clear reporting and grievance handling processes to allow workplace issues to be identified, assessed, and remediated, to build trust and transparency. This includes creating capacity in the team and in business relationships to identify and report grievances raised.
5. Communicate effectively, including the steps undertaken to identify, assess and mitigate risks of being involved in modern slavery. Ensure any hotspot assessments, control documents, grievance processes and capacity building materials are centrally stored.

HOW TO RAISE A CONCERN

Karndean supports and encourages employees to raise genuine grievances about modern slavery matters, whether identified by, or affecting them, in the workplace. We encourage employees and suppliers to report instances that suggest there is a risk, potential or actual, of modern slavery in the supply chain, activities or operations of the Company or its suppliers or third parties.

If you have any questions, need guidance in a particular matter, or wish to report a concern in relation to modern slavery, you should contact a member of the Karndean ANZ Executive Team at executiveteam@karndean.com.au or Risk Committee.

RELATED POLICIES

The following related policies can assist with the risk, mitigation and management of modern slavery risks in Company activities, its operations and supply chains: Procurement Policy; and Whistle-blower Policy.

POLICY COMPLIANCE

Employees are required to adhere to this policy and comply with all relevant laws, regulations, and related policies. Employees who breach this policy may be subject to disciplinary action which may include formal warnings and termination of employment.

FURTHER INFORMATION

If you have any questions in relation to this policy, please speak with your Line Manager, a member of the Executive Team or Human Resources.