

Simba Global

FY 19/20 Modern Slavery Statement



Introduction

We are not formally required to publish a Modern Slavery statement, as we have not met the turnover threshold but have chosen to report under the act. This statement has been prepared to align with the requirements of the *Australian Modern Slavery Act 2018 (the Act)*, setting out the actions taken by Simba Global Pty Ltd (Simba) to identify, assess and address modern slavery risks across our operations and supply chains over the Australian financial year ending 30 June 2020 (the current reporting period).

Modern Slavery can occur in a multitude of forms including servitude, forced or bonded labour and human trafficking, all of which include the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

At Simba, we pride ourselves on the quality of our products and the depth and longevity of the relationships with our suppliers. As a family-owned business, family is at the centre of everything we do, from our management team to our values. Acting with family in mind means ensuring we are investing in sustainability and ethical sourcing – for our family, the families of our employees and the families of workers in our supply chain.

To support this, we have implemented a broad set of policies, procedures and controls, detailed within this statement. In addition to these efforts, we recognise there is more to be done to improve our capability to identify, mitigate and remediate our risks of, and any contribution to, modern slavery. As we enter our second reporting period, we look forward to continuing to work with our suppliers, customers and employees to find new ways to strengthen our due diligence systems and the breadth of our reporting.

We are mindful and vigilant on the effect that COVID-19 has had, and may continue to have on our auditing schedule. We will continue to regularly visit our suppliers with our overseas teams, and conduct video conference follow ups as an interim measure as we await permission to commence 3rd party audits and for our senior procurement team to visit suppliers in person.

This document has been voluntarily submitted to the Australian Border Force for inclusion in the Commonwealth Register.

Structure, Operations and Supply Chains

Magnum Asia Pte Ltd and its subsidiaries are a global textiles sourcing, warehousing and distribution group that services commercial, institutional, hospitality, retail, corporate, resort and promotional markets across Australia, New Zealand, much of Asia and the United States.

Simba Global Pty Ltd, with headquarters in Melbourne, is the Australian subsidiary of Magnum Asia Pte Ltd, whose headquarters are in Singapore.

Simba has three major business divisions: commercial, promotional and retail. Each division sources and in some instances undertakes minor manufacturing of textiles and associated products for the Australian market.

Simba supplies textiles including linen, towels, medical textiles and corporate apparel to a diverse range of customers such as those in the hotel, food and beverage, healthcare and retail industries.

Magnum Asia's direct operations are spread over seven countries with offices in the United States, Australia, New Zealand, China, India, Singapore, Pakistan and Bangladesh. Our operational footprint is displayed in the diagram below:



Internationally, our operations employ approximately 80 staff, across roles in sales, procurement, management, logistics and warehousing, retail and customer service, finance, quality and development. A breakdown of our staff as at 30 June 2020 is provided in Table 1 below:

Country	Australia	New Zealand	Singapore	India	China	Philippines	United States
Headcount	50	5	5	8	8	2	2
Role type							
Full time	48	5	5	8	8	2	2
Part time	2						
Contract or labour hire	2						

Our Structure, Operations And Supply Chains

We procure both finished products for resale as well as goods and services for use in our operations. We source the majority of our products from 22 suppliers who are concentrated in India, China and Pakistan, with just one supplier in Bangladesh.

We have defined a key supplier as one with whom we spend more than 0.5% of our total procurement spend. While we acknowledge risk is not necessarily commensurate with expenditure, we plan to work with our more prominent suppliers in the short-medium term, with the view to cover all of our suppliers in time. We value long term relationships with our suppliers, as evidenced by the average length of our supplier relationships being 9 years. Beyond our partnerships, our involvement in manufacturing is limited to finishing products manufactured by our suppliers.

In addition to sourcing finished goods and components for our products, we procure a range of goods and services for use in our operational facilities. We source a range of services from third party service providers, including IT, logistics, warehousing and labour hire. We utilise an Australian-based labour hire firm to source additional workers for our Australian warehouse as necessary to fulfil demand. Our use of this service is relatively minimal, and we rarely employ more than two staff members at a time through the service, preferring to hire workers directly where possible.

The table below details our major suppliers broken down into Goods for sale, Goods not for sale and Services. It should be noted that some of our finished goods suppliers supply multiple categories, so the table below, reporting the number of suppliers of finished goods per category appears to show we have 28 preferred (major) suppliers, when in fact we have 22.

Nature of Goods / Services		Number of Suppliers	Supplier Countries
Finished goods and components	Sheeting	8	China, Pakistan, India
	Towels	9	China, Pakistan, India, Bangladesh
	Apparel	6	China, Pakistan, India, Bangladesh
	Blankets	5	China, Pakistan, India
Goods not for resale i.e. goods we purchase and use as a business that are not directly related to the manufacturing of our products	It Software and Hardware	1	Australia
	Office Supplies	1	Australia
	Real Estate	1	Australia
Services	Labour Hire Contracting	1	Australia
	IT Services	1	Australia
	Waste Services	1	Australia
	Logistics / Warehousing	4	Australia

Commitment and Approach

Our commitment and approach to managing modern slavery risks in our operations and supply chains.

Honesty and respect are core to our business model and guide our approach to managing and addressing the risks of modern slavery in our supply chains.

In recent years, we have increased our focus on sustainable and ethical sourcing, putting in place several policies, procedures and controls designed to begin to identify and manage our modern slavery risks. In addition to these recent efforts, we acknowledge there is room for us to improve the breadth and depth of our approach to improve our capability to identify, mitigate and remediate our risks of, and contribution to, modern slavery.

We have several policies and contractual controls in place relevant to modern slavery across our operations and supply chains. Within our operations, our employees are governed by policies including the:

- **Sustainability Policy** – reinforces our ethical procurement commitment, states our minimum expectations in the areas of Business ethics, Labour Rights, Child Labour, Working conditions, Discrimination, Working Hours, Wages and the Environment and sets a clear direction for both our suppliers and employees.
- **Employee Code of Conduct** – sets out the social and ethical standards of behaviour expected of our employees.
- **Corporate Social Responsibility Policy** – sets out our business' expectations pertaining to a range of social and environmental issues including human rights.
- **Grievance Policy and Procedure** – sets out guidance on the process for employees to raise concerns and notes the responsibilities of those involved.

When it comes to our supply chains, our approach is to create strong, sustainable and enduring partnerships with our suppliers based on responsibility, ethics and respect which we believe are fundamental for the growth and reward of both parties. To support this, all of our suppliers are expected to comply with the requirements set out in our Supplier Manual, which is updated periodically in line with changing business

needs. Our Supplier Manual sets out that all suppliers must comply with the legal requirements of the countries in which they operate and International Labour Organization (ILO) standards and notes we will not tolerate the use of child labour.

Our suppliers are required to sign a declaration noting they have read, understand and will comply with the requirements and conditions set out in the Supplier Manual. To further enhance our controls, and to make clear our focus on ethical sourcing, in FY20 we amended our standard purchase order form to include a reference to and requirement to comply with the expectations set out in our Supplier Manual. Every update to the Supplier Manual is conveyed to each supplier – either in person, or through video conference. Each supplier is encouraged to voice any concerns they may have with the changes, so we can work through them proactively. Our Policy on Sustainability Non-Compliance makes it clear to the supplier that should they be in continued breach of our policies and with no real attempt to rectify the breach, that Simba reserve the right to terminate the relationship. In the next reporting period we will look to conduct a further review and revision of the Supplier Manual and will include a requirement for supplier's employees to have access to a grievance mechanism.

Due Diligence in Practice

In addition to our policy framework and contractual controls, the nature of our business and our focus on quality mean we have oversight over many of our suppliers' factories around the world.

Prior to every shipment of our goods leaving a supplier's factory, a member of our quality team visits the factory to inspect the finished goods as well as the production process on the factory floor. For the suppliers that make up 88% by value of our purchases, this means a visit at least once per week. While these inspections are primarily used to ensure the consistency and quality of our products, our quality control team are briefed to identify and report concerns around modern slavery or poor labour practices back to our head of procurement. Over the coming reporting period, we will begin a process to train our quality team to become Sustainability auditors, and ensure that during their quality audits, they are also following up on the non-conformances detailed in the current 3rd party audit conducted at the supplier's premises and report back on these to management team, following an inspection.

Recognising the limitations of this approach in isolation, we also utilise independent third-party social audits to provide additional insight into the labour conditions within our supply chain. All of our critical suppliers, who make up approximately 80 per cent of our supplier universe are regularly audited against the BSCI and SMETA audit frameworks. While these reports are currently evaluated by the head of procurement, in the next reporting period, we will look to increase the oversight and use of audit reports to ensure we are collaborating directly with our suppliers to monitor and improve their performance against social standards.

Third party audit program

Over the next 12 months, Simba will roll out their own 3rd party audit program, and not rely on 3rd party audits conducted on behalf of another customer.

Risk Identification, Assessment and Mitigation

In FY20 we engaged an independent third party to support us in better assessing the inherent risks of modern slavery in our supply chains.

Working closely with a consultant, we evaluated five areas of potential modern slavery risk across our supply chains: forced labour, child labour, debt bondage, forced marriage, and human trafficking. To determine our exposure to these five categories of risk, we examined the inherent country and industry risks associated with our key tier 1 suppliers.

While our risk assessment was limited to tier 1 suppliers, in evaluating inherent risk we considered at a high level the risk profiles of many of our tier 2 suppliers by identifying the key components of our products.

Risks in our Supply Chain

We evaluated our 22 preferred tier 1 finished goods suppliers in addition to suppliers of operational services such as waste management and IT services. Through this assessment, we identified a number of inherently higher risk suppliers in our supply chain, with the majority found to be of medium inherent risk.

For our operational service suppliers, we evaluated several of our most prominent procurement categories for our Australian operations, including financial services, freight, IT and telecommunications, computer hardware, labour hire, and natural gas and electricity. Overall, our exposure to modern slavery risks through these categories is considered to be of medium inherent risk, with one category, computer hardware, identified as inherently high risk and the majority considered low risk. Our inherent medium risks are associated with freight, IT and telecommunications and security.

Risks in our Operations

To date we have focussed our energy on undertaking a risk assessment over our supply chains as opposed to our own operations. We have done so with the broad view that our supply chain held greater risks and uncertainty than our own operations, over which we have better information and a greater degree of control.

Globally, we have operations in seven countries including the United States, Australia, New Zealand, China, India, Singapore and Bangladesh. With the exception of a small number of staff in Australia hired through a labour hire agency, all of our staff are hired through our Australian office. As part of our recruitment process, we conduct reference checks and request a copy of personal identification as proof of age. While we acknowledge there is more that could be done to improve the depth of our understanding of the risks, given the controls in place and the level of oversight, we do not believe there is a significant risk of modern slavery in our own operations.

Based on the risk assessment, our regular interactions and oversight of our suppliers and our review of our suppliers' social audit reports for this reporting period, Simba is not aware of any instances of modern slavery caused by, contributed to, or linked to our supply chains or operations. We understand however, that modern slavery risks are continually evolving and as such, we are planning to continue to assess modern slavery risks on an ongoing basis and to refresh our supplier risk assessment over time.

Effectiveness of Simba's actions

As a company in the early stages of its modern slavery due diligence journey, we are still improving our approach to measuring the effectiveness of our actions. To date this has been focused on tracking the performance of our suppliers over time.

We conduct an internal Supplier Performance Review each quarter to track suppliers progress against a range of commercial and supply chain metrics in addition to performance against sustainability and social standards set out in the Supplier Manual and our Sustainability Policy. This review is conducted by the GM Procurement and the GM Technical. Following these reviews, suppliers are provided with a copy of their supplier assessment report which details their score out of 100 in addition to an action plan identifying areas and actions for improvement. Suppliers are rewarded for continual improvement, with suppliers who score less than 75 points losing their 'approved supplier' status.

We acknowledge that until recently, the goal for Simba was to ensure that all suppliers they worked with had 3rd Party Social audits that gave the supplier a pass, no matter how marginal. In the coming year we will be proactively tracking non-conformances and close outs arising from these third party audits, and will create a metric to ensure continual improvement.

Striving for Continuous Improvement

While we are proud of our longstanding relationships with suppliers and the actions we have taken to improve our due diligence system and to understand our risks, we acknowledge that modern slavery due diligence is an ongoing and evolving process. With this in mind, we will endeavour to undertake the following actions in FY21 and look forward to continuing to work with our suppliers, customers and employees to continue to find new ways to strengthen our system over the coming years.

In the next reporting period, we will work to:

1. Provide our general managers and quality control staff with greater training and tools to better equip them to identify labour rights violations and modern slavery risk factors in their routine quality inspections.
2. Formalise the processes for quality control staff to report to management on any findings.
3. Increase use of audit reports to ensure we are collaborating directly with our suppliers to improve performance.
4. Update the supplier performance manual to include a requirement that suppliers have a grievance mechanism in place for use by their employees.
5. Include a review of recent audit reports in supplier's quarterly performance reviews.



Kamal Somaia
Chief Executive Officer