

Modern Slavery Statement

FY19-20



Introduction

'Modern Slavery' is an umbrella term used to describe serious exploitative practices including human trafficking, slavery, servitude, forced labour, worst forms of child labour, debt bondage, deceptive recruiting and forced marriage. These abuses are considered serious crimes under Australian law.

*"Modern slavery is not an isolated phenomenon. It exists on a spectrum of labour exploitation and abuse. Widespread wage theft and excessive working hours can quickly deteriorate into modern slavery through threats and coercion, with some workers particularly vulnerable to slavery-like conditions."*¹

Modern slavery can be found in all countries and industries, although there is a heightened risk with:

- Domestic and international migrant labour
- Agency workers, contractors and casuals
- Vulnerable groups such as lower caste, the indigenous and people with disabilities
- Young or student workers
- Women and girls
- Low-skilled and low-paid workers

We acknowledge risks of modern slavery will be in all tiers of our supply chain and we will take steps to assess and address these risks as part of our due diligence process.

This Modern Slavery Statement addresses modern slavery risks in our business operations and our supply chain over the financial year ending 30 June 2020 and in compliance with the Modern Slavery Act 2018.

Thinking Works are not formally required to publish a Modern Slavery statement, as we don't meet the turnover threshold but have chosen to report voluntarily under the Act.

Message from the Managing Director

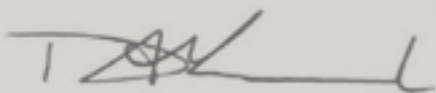
We welcome the Commonwealth Modern Slavery Act (2018) and are pleased to present our first modern slavery statement which outlines our actions to assess and address modern slavery risks.

We are not a huge business, but we are ambitious and we're determined to make a positive impact and understand this will take time, passion and commitment. We also understand that addressing modern slavery is challenging and complex, due to the fact that modern slavery is largely hidden. The COVID 19 pandemic is having a significant impact on human rights and sadly will affect the most vulnerable and marginalised.

Our journey towards addressing modern slavery and human rights was initiated not as a response to social trends, but because I truly believe it is the right thing to do. We have been developing our due diligence system to address modern slavery and human rights risks for several years and have been a signatory to the UN Global Compact since 2016.

As Managing Director, I take pride in caring for my employees and want workers in our supply chains to be working in decent working conditions and not exposed to exploitative work practices.

Sincerely yours,



Dean Kuch
Managing Director

March 2021





Financial Year FY20 Highlights

- High-level risk assessment of suppliers
- Detailed risk analysis of high risk Tier 1 suppliers
- Modern slavery training for the Procurement Team and Director
- Establishment of a remediation procedure and response plan
- Assessment of COVID-19 human rights and modern slavery risks
- Engagement of external expertise to assist with our due diligence process
- Hosting 'Thinking Freedom' - our Modern Slavery event designed to raise awareness of modern slavery amongst key stakeholders within our industry (Dec 2019)

COVID-19 Human Rights and Modern Slavery Risks and Impacts

The pandemic brought about many challenges and changes and like many companies we have been impacted by COVID 19. We had to make some tough decisions to ensure business continuity; we closed our London showroom and sadly had to make a number of employees redundant.

Throughout the pandemic we've been committed to providing good health and safety measures to ensure we contained the virus and to keep our employees and customers safe. Everyone who came on site was temperature tested, we provided hand sanitizer, masks and had additional onsite cleaning.

We did observe some stock delays out of China and Vietnam however we were still able to keep up with customer demands and deadlines.

We have identified the risk of workers being exploited throughout the pandemic, and plan to implement mitigation strategies to reduce the risk. This is an evolving space and we will continue to monitor and track changing risk profiles.

Our Structure, Operations and Supply Chains

This Modern Slavery Statement has been prepared in line with the requirements of the Australian Modern Slavery Act 2018 and covers the entities Thinking Ergonomix Pty Ltd, (Australia) and Thinking Ergonomix Ltd (United Kingdom). These two single entities, trade as Thinking Works and are owned and controlled by the Managing Director Dean Kuch.

Thinking Ergonomix Pty Ltd, the main entity (ABN 63 095989 638) carries out all business operational activities for the Australian operations including employment, manufacturing, assembly and sourcing of products and components from local and overseas suppliers. Thinking Ergonomix Ltd (07085655) UK carried out operational activities, including employment and sourcing of some product and material components for the UK.

Thinking Works is a leading manufacturer of commercial office furniture, supplying height-adjustable workstations, smart table programs, acoustic furniture, quirky seating solutions, and convenient add-ons like power-boxes and monitor arms. Our furniture is designed to solve problems in the most beautiful, practical and sustainable of ways.

Our head office and main manufacturing site is in Moorebank, Sydney Australia and during the reporting period we had

showrooms in Sydney, Melbourne and London. Thinking Works products are sold to Office Furniture and Workstation companies and marketed to the Architectural and Design industry across the world.

We source from 9 countries and have long standing relationships with most of our product and material suppliers.

Facts and Figures for FY20

- 54 material and product suppliers
- 39 business operational suppliers
- 54 employees
- 24 product ranges
- 04 sites
- 06 product categories

Our Supply Chain

We source a wide range of furniture components and items across six product categories, which include:

- Metal and Timber Products
- Metal, Plastic and Timber Components
- Chairs
- Monitor Arms
- Mobile Pedestals
- Power Boxes
- Textiles
- Electrical Components

Operational Procurement

We procured goods and services for our business operations across a number of different sectors, including:

- Third Party Labour Hire
- Warehousing (3PL)
- Logistics and Transport
- IT Support Services
- Energy and Utilities
- Electronics
- Fleet Management
- Marketing
- Cleaning and Catering
- Packaging
- Professional Services

Sourcing Countries for Business Operations and Tier 1 Suppliers

We source products and services from nine countries. The below list shows where the business operations and product and material facilities are located:

- Australia
- New Zealand
- Vietnam
- Germany
- Hungary
- Italy
- Taiwan
- China
- UK

Modern Slavery Risk Assessment

Modern Slavery Risks in our Business Operations and Supply Chain

In 2019, we engaged the services of an external independent expert to conduct a risk assessment of our business operations and Tier 1 suppliers for both the UK and Australia to determine risk and to prioritise next steps.

The scope of our modern slavery risk assessment review included:

- Product, Material, Sector and Country Risk
- Business Services Risk
- Risk to Vulnerable Workers
- COVID-19 Related Human Rights and Modern Slavery Risks

The modern slavery risks that we identified are:

- Forced Labour
- Child Labour
- Deceptive Recruitment
- Bonded Labour

We acknowledge that the definition of child labour in terms of the Act refers to the ‘worst forms of child labour.’ Article 3 of ILO Convention No. 182 defines this as ‘*work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.*’^{1,2}

Our risk assessment only identified child labour, not the ‘worst forms of child labour’. We understand the manufacturing sector has numerous processes that include hazardous work practices. These practices may harm a child’s health and safety. As such, we are treating the risk of child labour as the ‘worst forms of child labour’.

The table (Table 1) below outlines how we identified risk for our two procurement functions and COVID-19.

Procurement Function	Risk Identification
Product and Material Suppliers	Country risk analysis, review of factory-level risk, material type, business model and vulnerable worker type.
Business Operations (<i>goods and services procured for our operational purposes</i>)	Country risk analysis, sector and product risk and vulnerable worker type.
COVID-19 (<i>human rights and modern slavery risks related to COVID-19</i>)	Country, sector, product and business services risk. Vulnerable worker type and business challenges e.g. production surges.

Table 1

Business Operational Risk

The majority of Thinking Works business operational suppliers are based in Australia and although Australia is considered low to medium risk, it is not exempt from modern slavery.

Our team members are directly employed on permanent contracts, which lowers the risk with our direct team. Therefore, in terms of operational risk, our risk assessment focused on suppliers who used contracted and third-party labour hire providers.

We understand that industries that use outsourced labour hire, such as hospitality and cleaning, are at a higher risk of exploitative work practices. These workers may not be aware of their rights and may not be covered under typical employment arrangements. It is typically low-skilled, low-paid and migrant workers who are particularly vulnerable to modern slavery.

The following products and sectors have been identified as high risk in our business operations:

- Logistics and Transport
- Electronics
- Motor Vehicles
- Cleaning
- Catering and Hospitality
- Apparel
- Third Party Labour Hire
- PPE - Masks

Supply Chains

We mapped our first tier of suppliers and collected data for supplier categories across our material and product manufacturers and operational suppliers.

Tables 2-5 below outline the potential high risk of modern slavery associated with Thinking Works sourcing countries for our product and material suppliers and business operations. It also documents sectors that are classified as high risk.

Summary of Modern Slavery Risk - China

Types of Modern Slavery and Their Risk Indicators	Sectors, Products and Materials Deemed High Risk
<ul style="list-style-type: none"> — Forced / bonded labour — Deceptive recruitment — Exploitation of migrant workers — Child labour — Excessive overtime — Underpayment of wages 	<ul style="list-style-type: none"> — General manufacturing — Textiles — Plastics — Wood products — Metals — Electrical components — Apparel

Table 2

Summary of Modern Slavery Risk - Vietnam

Types of Modern Slavery and Their Risk Indicators	Sectors, Products and Materials Deemed High Risk
<ul style="list-style-type: none"> — Forced / bonded labour — Deceptive recruitment — Exploitation of migrant workers — Child labour — Excessive overtime — Underpayment of wages 	<ul style="list-style-type: none"> — General manufacturing — Textiles — Furniture — Timber — Metals

Table 3

Summary of Modern Slavery Risk - Taiwan

Types of Modern Slavery and Their Risk Indicators	Sectors, Products and Materials Deemed High Risk
<ul style="list-style-type: none"> — Forced Labour 	<ul style="list-style-type: none"> — General manufacturing

Table 4

Summary of Modern Slavery Risk - Australia

Types of Modern Slavery and Their Risk Indicators	Sectors, Products and Materials Deemed High Risk
<ul style="list-style-type: none"> — Forced / bonded labour — Exploitation of migrant workers — Underpayment of wages 	<ul style="list-style-type: none"> — Transportation — Cleaning — Catering and hospitality — Motor vehicles / fleet management — Electronics — Third party labour hire — Textiles

Table 5

Migrant workers are vulnerable to forced labour, deceptive recruitment and debt bondage.

We conducted a country risk analysis of our suppliers to determine modern slavery geographical risks. China and Vietnam have been identified as high risk. Table 6 outlines the risk associated with each sourcing country in the manufacturing sector.

Country	Risk Level
China	High
Australia	Low
Vietnam	High
Germany	Low
Hungary	Medium
Italy	Low
Taiwan	Medium
New Zealand	Low
United Kingdom	Low

Table 6

COVID-19 Human Rights and Modern Slavery Risks

We are seeing global disruptions to business because of the COVID-19 pandemic. This has set the human and labour rights agenda back decades and, of course, the most vulnerable workers are the hardest hit.

Thinking Works understands the social and economic impacts of COVID-19 have likely increased the risks of modern slavery in our operations and supply chains. Therefore, we engaged a third-party consultant to conduct a risk assessment on COVID-19 human rights and modern slavery impacts.

The following is a summary of the findings and changing risk profiles emerging due to the pandemic:

- There are reports of workers’ employment rights and workplace conditions being eroded in high-risk countries like Vietnam because protective labour laws are being suspended.

- Migrant workers are vulnerable because they lack social protection and are exposed to health risks associated with inadequate hygiene facilities, cramped dormitories and limited social distancing.

- Workplace Health and Safety measures are being compromised, leaving workers with limited safety protections.

- Where products and services are in high demand, there is a greater likelihood of forced labour increases due to workers doing excessive overtime that they may not have freely chosen.

- Businesses that are facing challenges like limited cash flow are having difficulty paying wages and staff entitlements.

- We can expect to see an increase in children being exposed to more exploitative and risky kinds of work.

- There are also risks in the transport sector, particularly in the shipping industry.

The findings from our risk assessment help prioritise next steps and determine which suppliers need further investigation in FY21. We will pay close attention to excessive overtime where products and materials are in high demand.

Assessing and Addressing Risk

Our Due Diligence

Our response to modern slavery includes a due diligence process, which is based on continual improvement of policies and processes to ensure we identify, prevent and mitigate actual and potential modern slavery impacts. Our process also ensures that

we track and monitor our performance and communicate what our company is doing to assess and address identified risk.

Our first priority in terms of mitigation is working with our Tier 1 suppliers that have been identified as high risk through our risk assessment.

Risk Identification and Assessment

Our modern slavery risk assessment included:

- Product, material, business services and sector risk
- Geographical risk
- Review of risk in terms of how we may ‘*cause, contribute or be linked to*’ potential modern slavery risks
- Vulnerable worker types and groups
- COVID-19 related human rights and modern slavery risks

We used a range of different tools and resources to conduct our modern slavery risk assessment including:

- The Global Slavery Index (GSI)
- US Department of Labor’s 2018 List of Goods Produced by Child and Forced Labor
- Social Hotspots Database
- International Trade Union Confederation Global Rights 2020 Index - The World’s Worst Countries for Workers
- Desktop research and analysis
- Internal in-house knowledge and external expertise

Assessing and Addressing Modern Slavery Risks

The following actions outline what we have achieved in assessing and mitigating modern slavery risk in the FY20 reporting period:

Development of a Modern Slavery Action Plan and Evaluation Tool

As part of our management system approach to addressing modern slavery, we engaged a consultant who helped us develop an action plan. This sets out a step-by-step approach of key activities to assess, mitigate and evaluate modern slavery risks.

Training

Understanding modern slavery is key to mitigating risk, so we see this as an important part of our strategy. To date, we have had a number of training and awareness sessions including:

- Training for the director and procurement personal on the fundamentals of modern slavery and reporting requirements under the Modern Slavery Act 2018. Our training program also included, understanding modern slavery indicators, our level of risk in terms of geographical locations, high-risk products, materials, sectors, vulnerable worker types and COVID-19-related human rights and modern slavery impacts

- One-on-one training for our Purchasing Manager with a consultant on many aspects of modern slavery and human rights, including the understanding of ‘cause, contribute, linked to’ relating to our risk profiles and the remediation process.

Engagement

Throughout 2019 we engaged our suppliers, staff and industry in relation to modern slavery and human rights risk, which included hosting a Modern Slavery Event - Thinking Freedom (Dec 2019). Our objective was to raise awareness of modern slavery with our clients, architects, designers and end users and to motivate our stakeholders to act on addressing modern slavery risks in their own business operations and supply chain.

We had intended to roll out a Modern Slavery Roadshow for other stakeholders, visiting QLD, VIC and WA, though this was not possible due to the COVID-19 pandemic.

Detailed Risk Assessment of Potential High-Risk Suppliers

In 2019 we rolled out a detailed risk assessment to suppliers that were deemed 'high-risk' from our high-level risk assessment. We conducted a detailed review and analysis of individual suppliers, to assess their level of understanding and implementation of practices that address modern slavery and human and labour rights.

Policy Framework

For several years, we have developed a comprehensive set of policies, procedures and codes that express our values, expectations and principles. Thinking Works has been a signatory to the UN Global Compact since 2016, which sets a framework for our company to address not just modern slavery, but also other fundamental human and labour rights.

Table 7 outlines the policies that are most relevant to preventing modern slavery for our employees, contractors and suppliers.

Policy	Purpose
Employment Policies	Our staff handbook outlines our expectations around issues such as harassment, discrimination and bullying, along with a Grievance procedure which outlines the process for our staff and contractors to raise grievances.
Human Rights Policy	The policy outlines our commitment to address human rights in our business operations and supply chain in line with international human and labour rights standards and conventions. This includes, but is not limited to modern slavery, forced labour, child labour, human trafficking and migrant workers.
Suppliers Code of Conduct	The code addresses international human and labour rights standards and conventions and has been issued and signed off by 14 of our key overseas suppliers.
Responsible Sourcing Policy	Our Responsible Sourcing Policy outlines our commitment to ensure we use responsible and sustainable methods to procure products and services. We require our suppliers to demonstrate that workers involved in the production and provision of goods and services receive fair wages, have safe workings conditions and all human rights are respected.

Table 7

Remediation

We understand our responsibility to provide or participate in remediation where it has been identified that we have 'caused or contributed to' modern slavery.

Thinking Works has established both formal and informal mechanisms where employees can raise concerns, such as our company's Grievance Policy which outlines the process for raising and resolving grievances within the workplace. We ensure grievances are managed in a systemic, fair and timely manner.

We engaged a third-party consultant to provide our company with a Remediation Procedure and Response Plan to ensure we have processes in place when an instance of modern slavery is found. The procedure helps us understand the process of remediation and ensures we have the proper controls, resources, access to third-party partners and allocation of responsibility internally to provide support to the rights holder (victim of modern slavery).

We will continue to investigate tools, platforms and resources to ensure we are aware of workers' grievances and issues within our supply chain.

Assessing Effectiveness

Evaluating Progress

Monitoring and measuring the effectiveness of our due diligence system is key to verifying if our policies, programs, procedures and training have been effectively integrated into our business activities and to ensure they are working. We have initiated a number of measures to monitor our effectiveness.

Our current approach includes:

- Development of a Modern Slavery Action Plan and Evaluation Tool which includes indicators to help track and evaluate our actions and performance
- Development of competency assessments to ensure our team has a proper understanding of modern slavery, our risks and our actions to address these risks
- Evaluation of supplier's responses with the development and implementation of a Suppliers Evaluation Scorecard

We will continue to monitor and track our performance to assess and address the risk of modern slavery.

Process of Consultation

Dean Kuch is the Managing Director and owner of both entities covered under this modern slavery statement. Dean has played a key role in the development of policies, understanding risk, mitigation strategies, evaluating effectiveness, remediation and due diligence.

Employees from both reporting entities have been engaged in all aspects of the due diligence process including training.

Future Priorities and Commitments

As part of our commitment to continual improvement, we will engage with internal and external stakeholders and industry experts. We will continue to evolve our response to modern slavery.

Our goals and commitments for FY21 include:

- Continued modern slavery training for procurement personnel
- An 'Introduction to Modern Slavery' training for all team members
- Further due diligence and communication with key suppliers, including Australian suppliers
- Mitigation strategies to address COVID-19
- Release of our Modern Slavery Roadmap

Approval of Modern Slavery Statement

This statement relates to our financial year 2020 and was approved by Dean Kuch, managing director on 18 March 2021.

Dean Kuch is the director of both entities and is authorised to sign the statement on behalf of both entities.



Dean Kuch
Managing Director

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¹ Nolan & M Boersma, Addressing Modern Slavery, p10, Sydney USW Press, 2019

² International Labour Organization (ILO), What is child labour, The worst forms of child labour <https://www.ilo.org/ipec/facts/WorstFormsofChildLabour/lang--en/index.htm>

Furniture for the Curious