

Retail Holdings Pty Ltd MS Statement 2020

sussan *Sportsgirl* suzannegrae

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Retail Holdings Pty Ltd (ABN 71 093 246 032) is the legal entity of the Sussan Group, a privately owned company established in Australia over 80 years ago and incorporates the businesses of Sussan Corporation (Aust) Pty Ltd (ABN 79 772 682 378), Sportsgirl Pty Ltd (ABN 77 090 049 415) and Suzanne Grae Corporation Pty Ltd (ABN 11 580 943 436).

As a leading Australian fashion retailer, we provide quality garments and accessories through over 460 retail outlets within Australia and through our on-line e-com platforms. Our Head Office is located in Melbourne, Victoria and a satellite office located in Sydney, NSW.

This Modern Slavery Statement has been prepared as a joint statement by Retail Holdings Pty Ltd after consolidation with its subsidiary companies Sussan Corporation (Aust) Pty Ltd, Sportsgirl Pty Ltd and Suzanne Grae Corporation Pty Ltd

getting to know us

Retail Holdings Pty Ltd, known as the Sussan Group has its main operations which include its head office and satellite office locations; together with over 3,000 passionate team members we directly employ across Australia in various functions including offices, distribution, e-com and our retail outlets. Our Distribution model has its main hub located in Sydney and a support e-com DC located in Melbourne.

Our supply chain uses a sourcing model where approx. 90% of our products are manufactured in China, through a mixture of a direct sourcing model and trading agents. This year, we commenced expanding our sourcing network with production orders now placed in new sourcing markets such as Bangladesh, India and Vietnam.

We take our responsibility to manufacture our products ethically very seriously. Over the last year, we have continued our journey of learning where we are constantly assessing, reviewing and improving our processes to deliver more ethical and sustainable products to our customers.

We're proud of the employment opportunities sourcing our products provides, while recognising the realities of manufacturing in these countries. However we do believe sourcing our products in these locations can lead to improvements in both the lifestyle of the people employed by factories that produce our products, and the overall economy of those countries.

identifying potential risks

Over the last year, we have worked on implementing a pathway to full traceability of our entire supply chain across all stages of production, to ensure we better understand the risk of modern slavery within it. This included going beyond Tier 1 in our sourcing strategy and developing a deeper understanding of our supply chain. The risk of modern slavery can only be fully understood when we know our end to end supply chain and the different types of relationships and risks that exist within our sourcing model at each level of production.

We recognise the Retail Holdings Pty Ltd sourcing model may directly cause a risk of Modern Slavery through our contractual engagement with Suppliers who manufacture and supply products to us (on our behalf). We do not own or have any financial interest in any supplier or factory used for the manufacture of our products.

As part of our sourcing model, we acknowledge suppliers may subcontract various parts of the production process through Retail Holdings Pty Ltd approved sub-contractors which may cause an increased risk of modern slavery. Sub-contracting across supply chains is a necessary function to

manufacturing processes and we recognise the increased risk this poses as we have no direct day to day management of the sub-contractor factories used across our supply chain.

Suppliers also source our fabrics and product components on behalf of Retail Holdings Pty Ltd. Our research shows the risk of modern slavery increases as we trace deeper into our supply chain and as such, the risk of contributing to potential cases of modern slavery also increases.

Internally, we are educating our team members on how their actions can contribute to the risk of modern slavery. We are looking at areas including unrealistic delivery timelines, late orders, shortened critical path and changes to orders during production, all of which are actions we can control. These may contribute to the risk of modern slavery where workers may be forced to work an excessive and unsafe number of hours as a result of our decisions.

We require our supplier partners to source our raw materials. In these cases, we do not have a direct link or relationship with the sub-contractor which may also increase the risk that we are directly linked to potential cases of modern slavery through the actions of the

supplier or sub-contractor involved. As a result, we rely on our suppliers to enforce our Ethical Code of Conduct expectations on their own supply chains (sub-contractors) across all areas of production for Retail Holdings Pty Ltd products.

Through our supply chain and network of manufacturing factories and facilities globally; we have undertaken social compliance audits and education programs with our suppliers to ensure they understand that our expectations are carried through the suppliers entire supply chain for any factory or facility involved in the manufacture of any stage of our products.

Regardless of the type of relationship with our suppliers and sub-contractors where we may cause, contribute or are linked to any risk of modern slavery; we recognise we must provide ongoing leadership, protection and support to workers to protect their rights. As such, we have implemented a number of strong governance practices and expectations to mitigate the modern slavery risk to factory workers which we expect suppliers and sub-contractors across our entire global supply chain will adhere to at all times.



our steps

At the core of what we do, ensuring we have the right tools to support our factory workers, Supply chain partners and internal team members; has been paramount to us providing clear and concise governance expectations to our suppliers and their sub-contractors.

Over the last year, we have worked on creating and updating our suite of supply chain governance documents including our Group:

- Ethical Code of Conduct
- Supplier Sourcing Policies
- Supplier Agreement
- Factory Social Compliance Audit Mutual Recognition Program

In addition, we have worked with external resources to guide us on our journey to improve, by assisting us to better understand all aspects of social compliance. We held team member and supplier information/ education sessions and worked to implement better governance controls across our supply chain.

We conducted a thorough Modern Slavery risk Assessment on our business using an external party. This gave us an independent review on how we work with our suppliers today while assisting to identify potential risks to us through our Modern Slavery Risk Assessment. This assessment will be conducted annually so we can measure our improvement in preventing modern slavery in our supply chain.

We also implemented our Group Modern Slavery Policy across our supply chain. It details our expectations on suppliers and sub-contractors in relation to the eradication of all types of modern slavery and more importantly, details the remediation steps we as a business will take with our suppliers

if a case of modern slavery is identified. At all times, our primary concern will be that of protecting the worker/s affected.

During the last year, we have undertaken a review of our entire supply chain and assessed suppliers on a number of attributes. We commenced building our Supplier Scorecard which will be used to measure suppliers across a number of metrics on their performance and ultimately, these scores will drive production orders with higher rated suppliers receiving increased orders.

We also implemented an audit incentive for suppliers who receive higher social compliance scores in their factory audits. Factories who receive higher scores are rewarded with longer audit frequency timelines, meaning the reaudit window is extended. This allows us to focus more on factories that require our attention and support to address corrective actions in a timely manner.

Protecting our Head Office, Distribution and Retail team members from any element of Modern Slavery which may arise through their employment is also a key requirement of the way we do business.

As a Group, we have implemented a range of Policies and Procedures which govern both our internal team members and the Group's behaviour to protect our team members from any type of Modern Slavery while holding ourselves to the same expectations we have of those in our supply chain.

All Group team members are encouraged to raise any concern they have through our Whistle-blower program to ensure grievances, problems or complaints are resolved confidentially and in a timely manner. If a team member raises an issue, every report made by the team member is investigated and if required, an external investigator may be appointed.

We extend our expectations to protect workers who provide various services to our business through our contractor partners. We seek to align our business with internationally recognised service providers and operators where possible who have Modern Slavery governance programs in place.

Where we work with smaller based domestic contractors, we have an expectation that they also implement measures that protect their workers who may work in different areas of our business. As we move into the next year, a focus for the Group will be to review and implement stronger governance requirements within all Contractor and Service Providers to the Group.

We value all team members in our business and are committed to ensure our team members are always protected and supported at all times.

Over the next year, we will continue to work with both external and internal stakeholders to grow our knowledge and further reduce our risk by making more informed sourcing decisions. This approach aligns to our Group Responsible Sourcing Policy which assists to educate and guide our team on expected purchasing behaviours.



ensuring we're on track

Assessing the effectiveness of our governance and supply chain controls on our operations and sourcing program, helps us measure and ensure the actions we are taking are actually protecting workers against any type of modern slavery while providing us the opportunity to identify further improvements.

During the last year we have worked to review our existing sourcing program, while implementing new controls and measures that ensure our strengthened expectations are understood by all those involved in the manufacture of our products. While the last year was significantly impacted by COVID-19 which involved temporary factory closures, we continued to focus on ensuring workers were treated fairly and were not subjected to any form of modern slavery.

Most factories in our sourcing markets globally were at some point forced to close during COVID-19 by government authorities and during those times, we worked with our suppliers to ensure factory workers continued to be paid their monthly wages in line with the local government requirements. Factory audits were suspended as auditors could not visit

factories. However, as soon as factories were re-opened, we immediately resumed our social compliance audit program and also worked with our suppliers to catch up on missed or overdue factory audits.

Listening to workers is important to us so during these audits, worker interviews were conducted in private on an individual and small group basis. Workers identities were protected and these responses were included in our audit reports and reviewed internally for every audit report completed. Where required, follow up discussions were held with suppliers to ensure our expectations were adhered to at all times. We also require factories to ensure workers have a system to voice their concerns. We support freedom of association in all aspects and have an expectation that all factories have a Workers Representation Committee in addition to another worker grievance mechanism (such as a hotline, suggestion box, committee, open door policy etc)

Visiting our suppliers and factories in the sourcing markets has always been important to us. Whether it's production discussions, social compliance, quality

inspections or just a visit to see how things are going, we are proud of the time we spend visiting our factories and speaking to the suppliers and factory workers face to face. Sadly, during the last year, COVID-19 has prevented overseas travel so we have been finding other new ways to communicate with our suppliers more efficiently. We look forward to once again being able to travel to our sourcing markets in the future.

Ultimately, the best indicator of how our controls are working to reduce the risk of modern slavery is the actual number of modern slavery cases identified. Our expectation on our supply chain is that any identified potential case of modern slavery is reported to the Group Ethical Sourcing Manager and our remediation plan put into place immediately. Our remediation process then requires an independent investigation to be carried out in every case to ensure the worker is always protected.

We are committed to protecting workers and have developed strong governance requirements on suppliers to ensure we achieve this expectation across all levels of production in our supply chain.



a group approach

During the last year, our approach to social compliance and sourcing has been to align the entire business to a Group approach for sourcing. We have engaged with the greater business, discussing with each Brand team and realigning our business to ensure our approach was a unified one, with each Brand following the same guidelines and expectations across our supply chain.

We introduced a Group Sourcing team to help grow and strengthen our internal sourcing function which involved aligning each brand to our suite of Group social compliance documents (Ethical Code of

Conduct, Sourcing Policies, Responsible Sourcing Policy, Supplier Agreement and our factory audit program) and have commenced rewriting our supplier sourcing documents such as production manuals and operating procedures.

To further assist our business operations and supply chain, we also worked with experienced external resources to educate and assist our whole team to implement the steps we need to take towards building a world class supply chain. Ensuring we operate this way is our Group Approach.

our covid approach

The COVID-19 Pandemic has presented unprecedented times across the world as we all navigate the challenges we are presented with on a daily basis. We recognised that the COVID-19 Pandemic also increased our risk of modern slavery across our supply chain so needed to ensure we played our part in protecting workers. We know our response will not be perfect but we will continue to do our best to ensure our business operates in a COVID-19 safe and friendly way to support our entire team including our suppliers and factory workers globally.

Supporting our suppliers and their workers has been important to us. Our Suppliers are more than just our suppliers, we believe they're our partners, some of which have supplied to us for over 20 years. To ensure we managed our existing and future orders to meet demand through this COVID-19 period, we

continued to maintain open daily and weekly conversations with our Suppliers, working pro-actively to support our mutual ongoing success. Some discussions and decisions have been difficult for us all, but we continue to be open and transparent with our suppliers as we work through the challenges that arise daily.

Further information on our COVID-19 Response and our Group Ethical Sourcing program can be found here:

Sussan

sussan.com.au/ethical-code-of-conduct

Sportsgirl

sportsgirl.com.au/ethical-code-of-conduct

Suzannegrae

suzannegrae.com.au/ethical-code-of-conduct

Approval

This Modern Slavery Statement has been approved after consultation with Sussan Corporation (Aust) Pty Ltd, Sportsgirl Pty Ltd and Suzanne Grae Corporation Pty Ltd.

The Statement has been approved by Naomi Milgrom AC, Sole Director, Executive Chair and Chief Executive Officer on 1st March, 2021.



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