



Modern Slavery Statement 2020

True Alliance Pty Ltd ACN 098 282 001 is the parent company of:

- True Alliance Corporate Services Pty Ltd ACN 100 525 362;
- True Alliance Brands Pty Ltd ACN 098 979 803;
- True Alliance Retail Pty Ltd ACN 100 526 798;
- Speedo Australia Pty Ltd ACN 050 097 375;
- True Alliance Trading Pty Ltd ACN 002 674 544; and
- True Alliance NZ Ltd NZ Company No. 384 156;

together, 'True Alliance', 'Company', 'we', 'us' or 'our'.

This joint modern slavery statement is being made on behalf of True Alliance in compliance with s14 of the *Modern Slavery Act 2018* (Cth). It sets out the actions taken by us to identify and address modern slavery risks in our supply chain during the financial year ending 30 June 2020.

Our company, operations and supply chain

True Alliance is a brand management and distribution business operating in Australia and New Zealand. We license and distribute some of the world's best-known fashion, sport and outdoor brands. In the reporting period, we employed over 900 employees across Australia and New Zealand. The majority of our team members are office based or working in one of our retail outlets, whilst a small number of staff are based in our warehouse in Sydney.

In Australia, True Alliance's supply chain covers rental of these stores and offices, human resources, information technology, security, marketing and legal services, as well as other consumables.

The complexity of our inventory supply chain lays in the broad range of Brands with which we are associated. Each has its own distinct international supply chain, although where certain brands have common ownership there is synergy in the way in which we work with suppliers to minimise the risk of modern slavery.

In summary, we work under three models:

- **Distribution model:** this is where we simply buy branded products off catalogue, market and distribute them to retailers or direct-to-consumer. In some cases we purchase goods directly from the Brand but in other cases we pay invoices issued via the brand's nominated sourcing agents, with the Brand having been in complete control of the designing, sourcing and manufacturing process. This applies to the J. Crew, Madewell, Fitflop, Lacoste, Rockport, Teva, The North Face and Ugg brands.
- **License model:** In these cases, we also have the right to design, source and manufacture the product that we sell. We are responsible for producing close to 100% of these ranges. This is



the case in respect to Lee, Wrangler and Riders by Lee. In most cases, goods produced under licence are sourced exclusively from the same factories used by the brand principal and are subject to the supply chain due diligence process undertaken by the brands globally. In cases where we nominate factories to produce goods under license, they are subject to onerous approval and certification processes run by the relevant licensor and ongoing audit procedures run collaboratively between supplier, brand principal and True Alliance.

- Hybrid model: In the case of Speedo, Ben Sherman and Nautica, we operate a hybrid model where we sell product purchased off catalogue, as well as products designed in-house and produced by our nominated suppliers, for sale specifically in Australia and New Zealand. The impact of the COVID-19 pandemic has meant a large shift away from this model back towards a traditional distribution model which has reduced our direct involvement with many suppliers.

In the reporting period, 61% of the production occurred in China, 14% in Vietnam, 6% in Thailand, 4% in India, 3% in each of Cambodia and India and the remaining 9% split across 31 other countries. We do not own any factories. True Alliance produced licensed product via direct relationships with approximately 15 factories (all subject to approval and audit by our brand principals). All other inventory was sourced via our brand principals or sourcing agents.

Risks of Modern Slavery

Modern Slavery is defined in the *Modern Slavery Act 2018* (Cth) as the umbrella term for issues including human trafficking, forced labour, sexual slavery, child labour and trafficking, domestic servitude, forced marriage, debt bondage, slavery and slave-like practices. The list is not exhaustive.

True Alliance is conscious that the fashion industry poses a high risk of modern slavery. This is exacerbated by standard labour practices in many parts of the world. Whilst suppliers from certain of these countries are considered by True Alliance to be higher risk and our audit processes have been developed to account for these suppliers, we generally seek to apply similar onerous audit and compliance processes before engaging with any of our tier 1 suppliers from any country. Even in circumstances where we have long-lasting relationships with our tier 1 suppliers, these factories are still required to submit to regular audits and reviews. In the main, True Alliance's orders via our Brands forms a very small portion of the international owner's overall order volumes meaning that we do not have significant leverage further downstream.

In regard to our supply chain in Australia, whilst we recognize that there are risks of modern slavery that may exist, we consider these to be lower risk. Therefore the first tier of our inventory supply chain is where we feel we can make an impact. During the reporting period this formed the focus of our efforts and will continue to do so in the immediate future.

Actions undertaken - Internal Standards and Alignment with Brand Standards

In 2016, we embarked on a consultative process with our senior management team to redefine True Alliance's mission and values. Despite being a 'house of brands', each with its own unique character and



constitution, as a family business, it was clear that our core values are truly family values, centered on honesty, fairness and respect. Our new mission and value statement reflects that:

*'We strive for the best in all we do by encouraging autonomy with accountability and embracing diversity, fun and family. Through collaboration and innovation we will deliver growth with integrity. To add value as the custodian of leading global brands. We are a **true alliance** of people, customers and our brands.'*

In keeping with these values, during the reporting period, we conducted a complete review of our Code of Conduct and other internal human resource policies to best align with these standards and expectations. We reviewed all policies relating to equal employment opportunity, diversity, whistleblower policy, workplace flexibility and employee assistance programs committed to respect the dignity of our team members and ensure their legal entitlements are honoured. All employees are required to familiarise themselves with our policies and to conduct training via our employee-relationship-management system.

Whilst we seek to ensure that these values permeate from the top through to every layer of our organisation by holding our team members accountable for their actions, it is not our expectation that our standards are only internally managed.

As a licensee and distributor of various *global* brands, we depend on people all the way up the supply chain and we're committed to respecting their rights. The requirements for doing business with many of our brand principals (such as VF Corporation, Kontoor, Lacoste, Pentland and other leading global footwear and apparel companies) are based on the Universal Declaration of Human Rights, the International Labour Organisation's Core Conventions, the United Nations Guiding Principles on Business and Human Rights, as well as each Brand's own standards and framework, which are objectively viewed as some of the more stringent policies and processes in our industry. In the reporting period, we developed True Alliance's own Modern Slavery Policy (formally adopted in the upcoming reporting period) and Supplier Code of Conduct (also formally implemented in the upcoming reporting period) to reflect and align with these requirements.

In the reporting period, we improved our understanding of our international supply chain. The changes in our business resulting from the COVID-19 pandemic are expected to have an impact on the sources of supply, so whilst we now have a foundation to work from, we expect this due diligence to continue. Our key expectations of suppliers' will not however change moving forward. Successful risk assessments and audits – performed either in consultation with brand principals or via recognised independent third-party assessors – continued throughout the period (up until the impact of COVID-19 which restricted travel) and were a pre-condition to manufacturing with suppliers. In cases where existing suppliers have not met the required standards, we worked with our brand principals and suppliers to improve conditions in those factories to meet our minimum standards. In some instances, we facilitated additional follow-up audits to support our suppliers.

The Board resolved to engage a modern slavery consultant to assist to develop plans for firming our due diligence systems and processes and strengthening our existing management and governance frameworks, including reviewing contracting procedures. In the first instance, our focus will likely remain on our international supply chain as this is where the greatest risk of modern slavery lies. Our focus will then shift to our local supply chain where risks may remain unaddressed. The next stage in



our progression will also include furthering our internal communication and training plans so that our team is conscious of everyone's responsibility in countering modern slavery.

We are conscious of the impact of the COVID-19 pandemic and the strain that may have been placed on suppliers and subcontractors with which we do not have direct relationships. We will address this in the next reporting period.

Effectiveness of our actions

In order to assess the effectiveness of our actions to minimize the risk of modern slavery occurring in our supply chains, True Alliances undertakes regular audits of its tier 1 suppliers. We have in place audit and remediation processes and timelines to measure the response from our suppliers. There were no material incidents that were required to be reported to our board in the reporting period.

Our compliance and contract management team has implemented a practice to ensure that any new contracts entered with key suppliers includes clauses relating to modern slavery compliance.

Our Board recognises that modern slavery is an unacceptable issue and that we must be committed to continuous improvement in identifying and addressing modern slavery in the supply chain.

This statement was approved by the board of True Alliance.

A handwritten signature in black ink, appearing to read 'David Smith', located below the approval statement.

David Smith

Chief Executive Officer