

# Shaver Shop Group Limited

## Modern Slavery Statement For the year ended 30 June 2021



## 1 About us

This modern slavery statement is made pursuant to the *Modern Slavery Act 2018* (Cth), and sets out the actions taken by Shaver Shop Group Limited (ACN 150 747 649) and our subsidiaries (**SSGL, Shaver Shop, company, we, us or our**) to assess and address modern slavery risks in our operations and supply chains for the financial year ended 30 June 2021. Our company is an Australian and New Zealand speciality retailer of male and female personal grooming products and aspires to be the market leader in personal care and grooming solutions for men and women across Australia and New Zealand. We pride ourselves on having the best product knowledge in our core categories of any retailer in the world.

Shaver Shop was founded in 1986 in Melbourne and retains its head office in this city. As at 30 June 2021, we operated 121 Shaver Shop stores across Australia and New Zealand. In February 2021, Shaver Shop acquired the last six franchise stores to become a wholly corporate owned business. Shaver Shop offers customers a wide range of quality brands at competitive prices, supported by excellent staff product knowledge and customer service. The Company's specialist knowledge and strong track record in the personal care and grooming segments enable it to negotiate exclusive products with suppliers.

Shaver Shop sources products from major manufacturers who seek to create functional and innovative products to meet customer's needs and wants in the hair removal and personal care product categories. The Company's core product range includes male and female hair removal products such as electric shavers, clippers and trimmers, long term hair removal solutions for women and men as well as wet shave items. Complementary to its core product range, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and female beauty categories.

Shaver Shop staff and franchise owners have been servicing the wants and needs of customers for 30 years. We have built up a business that is passionate about providing customers with the right advice for their individual needs, at the right price.

### Governance structure

Shaver Shop's Board and Audit, Risk and Compliance Committee has responsibility for establishing a framework of risk management across the Shaver Shop group. The Audit, Risk and Compliance Committee assists the Board in its responsibilities relating to:

- Identifying areas of risk and assessing the effectiveness of Shaver Shop's risk management framework;
- Supporting a prudent risk and risk aware approach to business decisions within the Shaver Shop organisation

The Audit, Risk and Compliance Committee is chaired by an Independent non-executive director and meets at least four times per year.

In FY2020, Shaver Shop developed a cross functional working group with representatives from Buying and Merchandising, Human Resources and Finance that is working with external counsel to help identify modern slavery risks and implementing our modern slavery compliance activities.

### Operations

SSGL is a holding company with no operations other than shareholder relations and shareholder management. SSGL wholly owns Lavomer Riah Pty Ltd (**LRPL**) which is also a non-operating holding company. Shaver Shop Pty Ltd (**SSPL**) is wholly owned by LRPL and is the main operating subsidiary in Australia. SSPL is a party to all leases, employs team members in Australia, generates sales and purchases stock. Shaver Shop (New Zealand) Limited (**SSNZ**) is wholly owned by SSGL and is the operating subsidiary in New Zealand. SSNZ performs the equivalent functions as SSPL in New Zealand but SSPL provides the supporting office activities such as human resources, compliance, finance, procurement and general management. SSNZ employs approximately 30-40 people.

Shaver Shop offers customers a wide range of quality brands, at competitive prices. We employ more than 750 staff, in 123 locations around Australia and New Zealand, including our national support office in Chadstone, Victoria. These staff are employed full time (32% of team members), part time (9% of team members) and on a casual basis (59% of team members). They hold a variety of positions, from staffing our retail premises, to managing stock to head office executive and administrative roles. In the 2021 financial year, Shaver Shop made payments of approximately \$32.0 million in relation to employment and employment related costs.

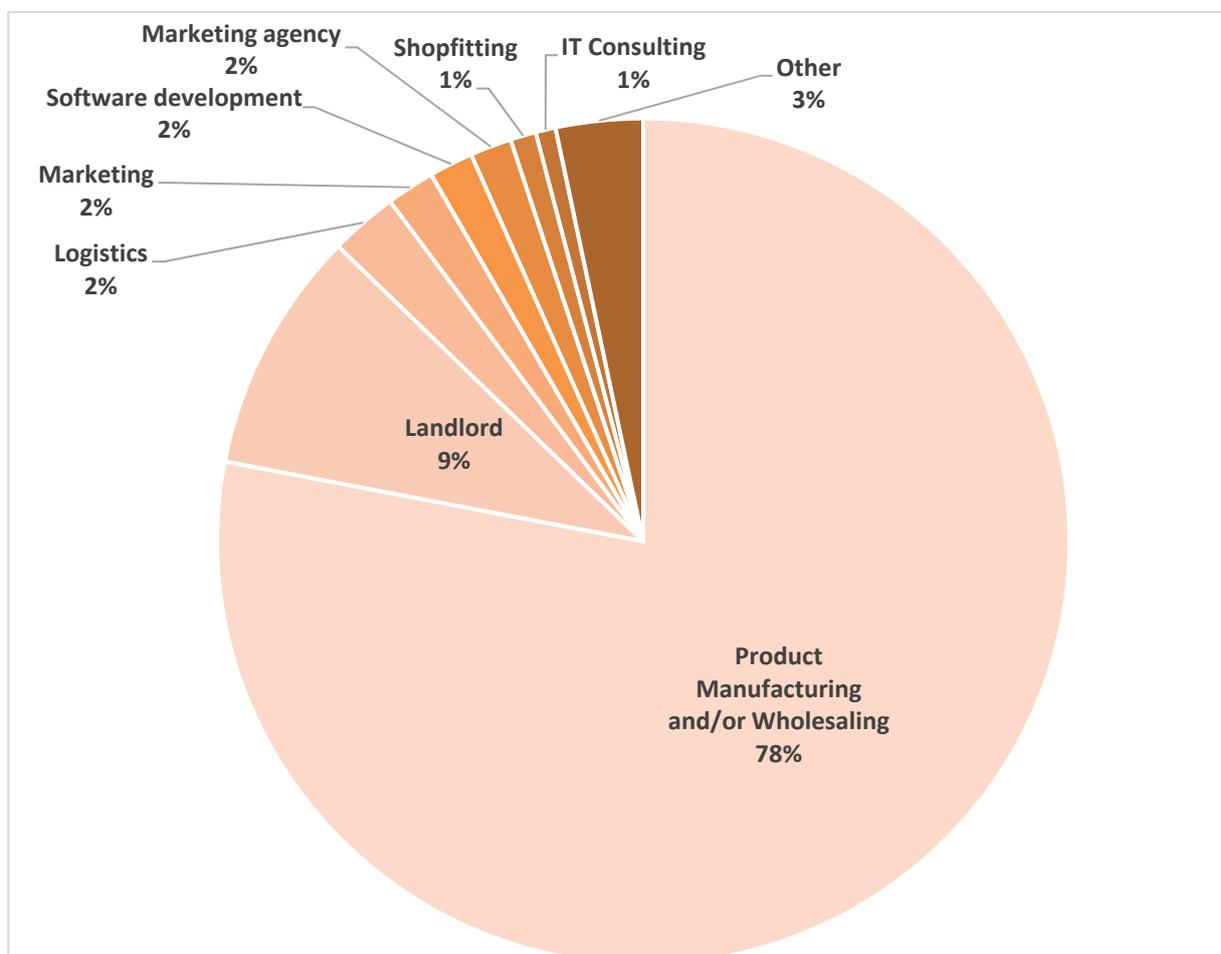
Our primary operations relate to the purchase and resale of personal care and grooming products for men and women. We operate via 121 retail locations across Australia and New Zealand as well as through our websites ([www.shavershop.com.au](http://www.shavershop.com.au) and [www.shavershop.co.nz](http://www.shavershop.co.nz)) and various online marketplaces. Our stores are largely located in large shopping centres. Online orders are generally allocated to the nearest store to the customer's delivery address and picked, packed and despatched by our retail store team members. We also fulfil online orders from a 3<sup>rd</sup> party warehouse facility primarily during peak trading periods in the lead up to Christmas and offer customers the option of buying online and collecting from store (Click & Collect).

Procurement and other corporate and administrative responsibilities for the group are managed centrally at Shaver Shop's national support office. SSNZ procures some products from New Zealand distributors.

### Supply chain

As well as being responsible for selection of the stock for our company operated stores, we also recommend the stock that is available for our franchisees to sell to customers.

### Supply chain spend by industry



Shaver Shop had approximately 550-600 active suppliers in the 2021 financial year with approximately \$185 million in total procurement expenditure. Approximately 78% of all purchases were for products that Shaver Shop has either sold or expects to sell through its stores or online. These products are manufactured or assembled in many different countries around the world including: China, Germany, the United Kingdom, the United States of America, Australia and Japan.

Shaver Shop's second largest category of supply chain expenditure (9% of total expenditure) are lease payments for its retail stores and national support office. Shaver Shop operates predominantly in large shopping centres in major metropolitan and regional cities across Australia and New Zealand. Shaver Shop's landlords are predominantly divisions of large, publicly listed entities that own and operate a number of shopping centres across Australia.

The remaining 13% of total spend is spread across freight and logistics providers, marketing agencies and advertising companies, software developers and shop fitting, retail consumables companies for Shaver Shop's retail stores and other industries.

## **2 The risks of modern slavery in our operations and supply chain**

As SSGL and LRPL are holding companies, there are inherently lower modern slavery risks in their operations and supply chains. SSPL and SSNZ operate in the same sector and have many shared suppliers, and therefore, we have provided a single, consolidated description of modern slavery risks in this Part 2.

### **In our operations**

We consider that the risk of modern slavery in our workforce is low. This is largely due to the regulations in the retail sector, as well as contractual rights of our employees and the policies and procedures that we have adopted to ensure that their rights are protected. Our full-time and part-time staff are paid above the rates outlined in the General Retail Industry Award. Shaver Shop employs all team members directly and does not use labour hire or similar firms. Shaver Shop prides itself on having unparalleled product knowledge in our core categories and providing exceptional customer service. Our team members are therefore Shaver Shop's most important assets. Accordingly, Shaver Shop regularly invests in education and training of our team to ensure we continue to provide the exceptional customer experience we have become known for. In addition to product and sales based education, our training program includes reviewing Shaver Shop's suite of policies including its Code of Business Ethics, Diversity Policy, Whistleblowing Policy and Anti-bribery and Corruption Policy as well as our Modern Slavery Policy.

### **In our supply chain**

Shaver Shop has 12 key stock suppliers that make up approximately 74% of its total procurement (excluding employment costs). While these suppliers are mostly the local subsidiaries of reputable global companies, we recognise that they may have risks of modern slavery in their own supply chains given their size, global presence, and mass variety of product offerings.

In line with the United Nations Guiding Principles on Business and Human Rights, we adopted a risk based approach in assessing the human rights risks in our supply chain. Given our largest suppliers manufacture in many companies around the world, we believe there is a higher inherent risk with these suppliers. We also looked at the industry of each of supplier in order to assess the modern slavery risks associated with that supplier.

We recognise that our top suppliers by spend, may have a higher risk of modern slavery in their supply chain by virtue of their sector risk, but are also conscious that some of our smaller suppliers may also have inherent risks as set out in the table below:

Sector	Generally known modern slavery risks <sup>1</sup>
Stock	<p>The stock that we supply to customers is our greatest modern slavery risk. This stock is manufactured in a variety of different locations, including China, Germany, United Kingdom, United States, Australia and Japan. We understand many of these suppliers source parts or inputs to their products from many other suppliers which are then assembled into a finished product that is sold to Shaver Shop.</p> <p>Because the bulk of our stock purchases are for electrical appliances that are produced in large volumes, there are strict ANZ codes of compliance that our suppliers and Shaver Shop must adhere to in order to meet required safety standards. We understand that the manufacture and/or assembly of these products (in most cases) is a highly automated process using robotics and automation to drive efficiency and consistency.</p> <p>Whilst there is inherent risk with this area of our supply chain, based on the feedback received so far from stock suppliers, many of which are also required to report on their own modern slavery compliance, we have been comforted by their understanding of, and commitment to, addressing modern slavery risks in their businesses and supply chains.</p>
Premises	<p>Some of our major suppliers are our landlords. They provide us with premises, as well as maintaining common areas and security. We appreciate that the construction, maintenance and cleaning of common areas is exposed to modern slavery risk. Typically security services are also provided by our landlords, which is also an industry that has been linked to modern slavery.</p>
Cleaning	<p>The cleaning industry is considered high-risk for modern slavery largely due to the nature of the workforce and the often opaque nature of operations. The cleaning sector does not require tertiary qualification in many instances and such the workforce is often low-skilled. On top of this, those who enter the cleaning sector are often from migrant populations who have a limited understanding of their legal rights or a limited understanding of English. As a result, those employed in the cleaning industry, who fall into the aforementioned circumstances, have a restricted ability to bargain with their employers, or those with whom they contract.</p> <p>Whilst there is inherent risk in this industry, Shaver Shop does not generally employ external contractors for cleaning its stores. Shaver Shop employs a cleaning contractor for its National Support Office in Melbourne.</p>
Uniforms	<p>There is high-risk of modern slavery in the production of uniforms, given they are made up of a combination of high-risk suppliers, such as those manufacturing cotton, embellished textiles, and garments. Factories for clothing manufacturing are notoriously non-compliant with employment regulations, laws and standards, and many large clothing companies have been found to have such suppliers in their supply chain.</p>
Transport	<p>Most of the products we sell are manufactured overseas and are primarily delivered to local distributors by ship and by air. Shaver Shop purchases substantially all of the products we sell from these local distributors. We understand that there is a significant risk of modern slavery in shipping, which can involve crew being on board for extensive periods and not being able to leave the ship.</p> <p>Shaver Shop engages logistics companies to transfer stock between stores within our store network. We also use transportation companies to deliver online orders to our retail customers. Australia Post is our predominant transportation provider for these services and they have provided a comprehensive modern slavery statement that we have reviewed.</p>
IT equipment and software	<p>Modern slavery risks are present in the supply chains that provide IT companies with the necessary materials to produce electronic goods, and parts of those goods. For example, cobalt is an essential component of rechargeable lithium-ion batteries. More than half of the world's cobalt is mined by the Democratic Republic of Congo, where according to UNICEF, approximately 40,000 miners are children. Another problematic material sourced for IT equipment is mica. India produces 60% of the globe's mica. The most prevalent areas of mica production are in Jharkhand and Bihar where a third of the population in these areas live below the poverty line.</p>

<sup>1</sup> The risks outlined in this table are general and not relate to any actual instances of modern slavery in the supply chain of our first tier suppliers.

### **3 Actions taken to assess and address the risks, including due diligence and remediation processes**

SSGL and its subsidiaries use the same policies and processes, and therefore, we have provided a single, consolidated description of actions taken to address modern slavery risks in this Part 3.

As described in our first modern slavery statement, Shaver Shop adopted a Code of Business Ethics, Whistleblower Policy, Anti-Bribery and Corruption Policy and Modern Slavery Policy. These policies, together with Shaver Shop's values work in concert to set the minimum standards Shaver Shop expects from its employees and third party suppliers. These expectations are also being incorporated into Shaver Shop's standard trading terms and conditions as those trading terms are renegotiated.

In 2021, Shaver Shop adopted and rolled out our Environmental and Social Governance Policy which provides a framework within which Shaver Shop's employees, suppliers and contractors are expected to operate.

Shaver Shop recognises that our corporate and social responsibilities reside in both our own direct activities and our supply chains, and seeks to purchase products and services that are ethically produced. In 2021, we continued to look for suppliers that demonstrate a commitment to implementing policies and practices consistent with, and complementary to, our own. We regularly evaluate modern slavery risks in our supply chain and are implementing systems and processes that will simplify, prioritise and manage these risks in the future.

Shaver Shop has created a multi-departmental working group which includes representatives from Buying and Merchandising, Finance and Accounting and Human Resources to identify areas of risk and to develop processes to evaluate and manage these risks and perform associated supplier due diligence.

As outlined above, based on the highest risk areas and industries identified, we have sent questionnaires to these suppliers to better understand any modern slavery risks and are in the process of reviewing the responses received to date to identify any material risks or exceptions to Shaver Shop's policies and standards.

Shaver Shop is in the process of implementing a third party system to assist with on boarding new suppliers and assessing their respective modern slavery risks. We are also using this system to assess the modern slavery risks associated with existing suppliers to Shaver Shop.

In relation to the remuneration of Shaver Shop's employees, Shaver Shop engaged a third party to undertake a review of its payroll systems and processes to minimise the risk of Shaver Shop not remunerating its team in accordance with the required minimum standards. No material weaknesses or deficiencies were identified as part of this review.

### **4 How we assess the effectiveness of our actions**

During the course of the next reporting period, we will continue to seek responses to the modern slavery questionnaires that have already been issued and seek to further understand modern slavery risks with additional suppliers. The implementation of the third part system will assist with the efficiency and effectiveness process.

We will work to continue incorporating modern slavery terms and conditions into new and existing supplier contracts.

The modern slavery working group will review our progress against our modern slavery plans at least annually and provide an update to the Board on our progress in addressing inherent or actual modern risks in our business.

We will also review, at least annually, our grievance mechanisms (including any whistleblower reports) to identify whether any of the reports reflect modern slavery incidents or risks.

## **5 Consultation with any entities owned or controlled**

During the reporting period, we consulted with our subsidiaries via the modern slavery working group which comprises individuals working across all of our business, including within our operating subsidiaries. They all contributed to our modern slavery project and to the development of this statement.

This statement was approved by the Board of SSGL on 16 December 2021.

Signed

A handwritten signature in black ink, appearing to be 'C. Fox', written in a cursive style.

Cameron Fox  
CEO and Managing Director  
16 December 2021