



MODERN SLAVERY STATEMENT

Best & Less Group Holdings Ltd

FINANCIAL YEAR 2023

Best&Less

Postie

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Registered Office

657-673 Parramatta Road
Leichhardt NSW 2040

Acknowledgement

Best & Less Group acknowledges the Traditional Custodians of Country throughout Australia and New Zealand and recognises their continuing connection to land, waters, and community. We pay our respects to them and their cultures, and to Elders past, present, and emerging.



MESSAGE FROM THE EXECUTIVE CHAIR

Best and Less Group (the Group) is committed to driving positive change and ensuring that every facet of our operations and our supply chain upholds the highest ethical standards.

We recognise that modern slavery, an abhorrent crime, disproportionately affects women, denying them their freedom, dignity, and basic human rights. Since family is at the heart of our business, we are acutely aware of the importance of protecting and advocating for the well-being of women and families.

At Best & Less Group we have zero tolerance for slavery in any form and have in place a transparent approach to ethical sourcing across our entire business. To fulfill our commitment to eradicating modern slavery, we continue to implement comprehensive measures throughout our operations and supply chain. I am pleased to share with you the specific actions we have taken this year.

Firstly, we have become proud members of the Supplier Ethical Data Exchange (SEDEX), an organisation that promotes responsible supply chain practices. SEDEX provides a platform for sharing and managing ethical data, enabling us to enhance transparency and accountability across our supplier network.

We have implemented a robust Product Lifecycle Management system to track and monitor our made required products from sourcing to distribution. This system allows us to ensure transparency and traceability, minimising the risk of unethical practices in our supply chain. It has also enabled us to separate the labour cost components within the make cost from our Own Brand merchandise suppliers. This enables us to compare labour costs between suppliers to reduce the risk of the Group sourcing from unscrupulous operators.

We continue to conduct regular third-party audits of our Own Brand merchandise factories. Through these audits, we ensure that fair wages, safe working conditions, and appropriate labour practices are maintained. This year our suppliers achieved an average audit compliance score of 9.2, which is well above the industry average of 7.6. We have also expanded our audit program to include mills and container freight stations, which are often subject to less industry scrutiny.

We increased sourcing of Australian Cotton, with over 6.8 million garments made from Australian cotton produced in the financial year 2023. By sourcing cotton locally, we support an industry that adheres to stringent labour and environmental standards.

Our journey to combat modern slavery is an ongoing process. Through our engagement with the not-for-profit sector, we are continuously listening to feedback, enhancing our policies, practices and procedures, and collaborating for sector-wide change to ensure that we remain at the forefront of ethical business operations.

I want to thank the Best & Less Group community for your unwavering support and commitment to our values. Together, we can make a meaningful difference in the fight against modern slavery.



Ray Itaoui
CEO



PROGRESSING OUR MODERN SLAVERY STATEMENT COMMITMENTS

| IMPROVEMENT AREA | ACTION ITEM | ACTIONS TAKEN | 2023 STATUS |
|---|---|--|------------------------------|
| Merchandise Supplier mapping | Map extended merchandise supply chain from raw material to customer by 2025 | <ul style="list-style-type: none"> • Joined SEDEX • Mapped 50% Tier 1 and 5% Tier 2 • Some delays in mapping due to staff shortages. | Progressing with some delays |
| Merchandise Supplier Audit Program | Extending our audit program to Tier 2 and 3 Own Brand Merchandise suppliers. | <ul style="list-style-type: none"> • All Tier 1 factories are audited biennially • Third-party audits are in progress for our Container Freight Station (CFS) and 60% of our Third-party National brand suppliers provide audit reports of their factories. | On track |
| Implementing new systems | Implement the new Product Lifecycle Management system in FY22. | <ul style="list-style-type: none"> • Product Lifecycle Management system has been implemented across the Group's Merchandise suppliers • All buyers have been trained on use of system • Audit status and minimum wages are recorded in the system. | Completed |
| Trade Suppliers | Undertake a deep dive assessment of higher-risk non-merchandise suppliers to understand risk and begin dialogue to develop appropriate steps in mitigation of those risks. | <ul style="list-style-type: none"> • Tier 1 Trade supplier mapping has been undertaken • Internal risk assessment of 25 Tier 1 trade suppliers has been completed. Risk mitigation strategy is currently being developed • Supplier engagement activities are ongoing. | On track |
| Capacity building | Continue to build capacity of buying team to identify and mitigate any risks of modern slavery as well as ethical purchasing practices to ensure fair compensation for suppliers. | <p>Capacity building programs have included:</p> <ul style="list-style-type: none"> • Senior Leadership Team, management and cross-function project team workshops on Modern Slavery risks • Modern Slavery induction available to all staff • Board upskilling • Product Lifecycle Management training for buyers – living wage and open costings • Sustainability committee updates • Supplier training and communications • QIMA training with all audited suppliers • Participation in Modern Slavery webinars and seminars. | Ongoing |

| IMPROVEMENT AREA | ACTION ITEM | ACTIONS TAKEN | 2023 STATUS |
|------------------|--|---|-------------|
| Legals | Review supplier contracts to ensure modern slavery clauses are included for medium and high-risk suppliers | <ul style="list-style-type: none"> Reviewing. | Ongoing |
| | Roll out changes to supplier contracts to improve obligations and transparency around modern slavery | <ul style="list-style-type: none"> Contractual clauses included in all new and renewed contracts for medium to high-risk suppliers. | Completed |
| | Develop Trade Supplier Code of Conduct (TSCC) and signed by all suppliers by 2025 | <ul style="list-style-type: none"> TSCC developed. | On track |
| Worker rights | Pay living wage to merchandise workers by 2025 | <ul style="list-style-type: none"> Anker Living wage assessment has been undertaken Product Lifecycle Management system introduced to provide separate costs for wages 100% workers paid minimum wage in the jurisdiction where the work is undertaken. | On track |
| | Implement grievance mechanism and pathway to remedy | <ul style="list-style-type: none"> Grievance mechanism introduced through the Worker Hotline Child and Forced Labour Remediation Policy introduced and implemented. | Completed |
| | Build on our worker engagement program to ensure all workers are aware and understand their rights and our commitment to our Ethical Sourcing Program. | <ul style="list-style-type: none"> On-site posters and communications in all Tier 1 merchandise factories Ethical Sourcing Code has been translated into Chinese and Bengali Worker Voice survey conducted by audit provider, QIMA, in all Tier 1 merchandise factories in the last 12 months. | Ongoing |



ABOUT US

Best & Less Group Holdings (the Group) includes the brands Best & Less in Australia and Postie in New Zealand, both of which are renowned and prominent retailers specialising in affordable apparel, footwear, homewares, and accessories for the entire family. Our unwavering mission to provide these products at consistently low prices, while prioritising the protection of human rights and reducing the ecological footprint.

With a dedicated team of over 4378 members, we cater to approximately 19.2 million customers annually through our 253 physical stores and online platforms. Our supply chain operates on a global scale, collaborating with a network of 965 direct suppliers across various merchandise categories and trade goods and services.

MERCHANDISE SUPPLIERS

Our product range comprises two distinct categories of merchandise suppliers:

- **Third-Party National Brands:** Our stores also stock well-known brands like Bonds, Tradie, and Underworks, among others, as part of our extensive range. These brands offer additional accessories and impulse products, sourced from both recognised and lesser-known suppliers. It is important to note that these products are not designed or manufactured by the Group.
- **Own Brands and Directly Licensed Products:** These products, encompassing apparel, footwear, homewares, and accessories, are meticulously designed and sourced by the Best & Less Group. We take great pride in creating and curating these items to meet our customers' expectations.

The ability to influence our Own Brand merchandise suppliers is greater than of those under our Third-Party National Brands and therefore our Ethical Sourcing Program, whilst it applies to all, is focused on increasing visibility and managing the following supplier tiers in our Own Brand merchandise suppliers.



4,378

team members



19.2 million

customers



253

stores + online



over 965

direct suppliers



| | TIER 1 | TIER 2 | TIER 3 |
|--|---|--|--|
| Own Brand Merchandise suppliers | Manufacturers | Fabric mills, component manufacturers and freight forwarders | Raw materials |
| Geography | China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam, Cambodia | China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam, Cambodia | Cotton - 70% Australia, 30%- India and China Rubber - China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam, Cambodia PVC - China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam, Cambodia |
| Processes completed | <ul style="list-style-type: none"> • Cutting • Sewing • Finishing • Packing • Shipping | <ul style="list-style-type: none"> • Knitting • Dying • Printing/ Embroidery • Accessories and trims | <ul style="list-style-type: none"> • Cotton Farms • Synthetic extraction |

To ensure transparency, we undertake stringent measures to develop our Own Brands. We collaborate with 153 manufacturers located in 231 audited factories across China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam, and Cambodia. Regular updates and a comprehensive list of our merchandise manufacturers and factory locations are readily available on our websites.

These manufacturers source fabrics mostly local to their region including cotton, cotton-blend, viscose and synthetic polyester.

We do not work with factories or knowingly source materials from regions we believe do not meet the requirements of our Ethical Sourcing Code. This includes from Uzbekistan and the Xinjiang region of China.

One of the industry challenges is fibre, such as cotton, is stockpiled at the spinners. Whilst we required spinners and knitters not to source raw materials from these areas, we cannot guarantee it. This is one of the reasons why the Group moved to sourcing Australian Cotton in FY23. Australian Cotton bales are tagged and verified. We are able to trace the cotton from the farm to the spinners and knitters to the store.



TRADE SUPPLIERS

Our business relies on trade suppliers who provide a range of goods and services. The largest spending categories (excluding landlords of premises which we occupy or rent, or providers of utilities) are as follows:

| | |
|--------------------------------|-----|
| Transport & Logistics | 16% |
| Marketing & Media | 7% |
| Labour Hire | 2% |
| Cleaning Services | 3% |
| Property Repairs & Maintenance | 5% |
| Software IT | 4% |
| Professional Services | 15% |
| Shop Fitouts | 7% |



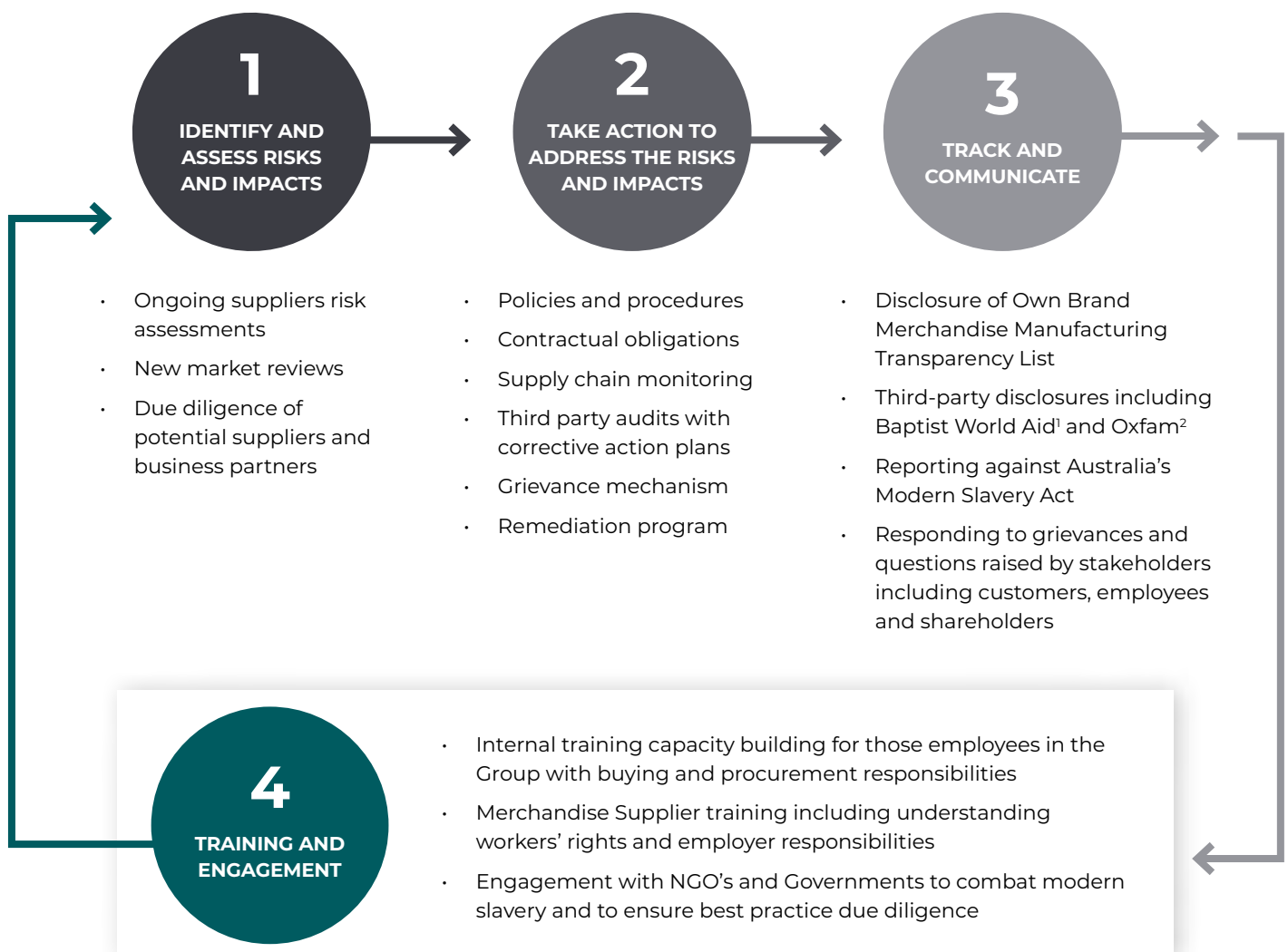
RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAIN

OUR APPROACH

At the core of our modern slavery risk management is our commitment to upholding policies that prioritise ethical practices. Our objective is to conduct thorough due diligence in a systematic and consistent manner, integrating it seamlessly into our regular business operations.

We view due diligence as an ongoing and dynamic process, involving the identification of potential risks and their impacts on individuals. Taking proactive measures to address these risks and minimise their effects, including prevention, mitigation, and remediation, is an integral part of our approach. Furthermore, we strive to demonstrate our respect for human rights by being accountable for our actions and ensuring their alignment with our stated commitments.

Our modern slavery risk management process also encompasses the continuous assessment of risks, active measures to combat them, and a transparent demonstration of our commitment to upholding human rights in practical terms.



VISIBILITY HELPS PRIORITISE SUPPLIER ASSISTANCE

Since Best and Less introduced Centric PLM system we can record the cost breakdown for each product, giving us a better understanding of what is allocated for employee wages. Then, we can compare it with the wages stated in the ethical audits that each factory must provide and determine with more clarity the existing gap between the wages paid and the living wage. Through visibility of these costs, we are able to focus our efforts on suppliers that need greater assistance and training and get accountability from suppliers to report correct numbers. It also provides traceability to compare wages year on year in specific areas.

Ana Gonzalez,
PLM SME/ Merchandise Operations for B&L



ASSESSMENT OF MODERN SLAVERY RISK

The Group is committed to proactively analysing modern slavery risks within our operations and supply chains, with a particular focus on addressing forced labour and child labour.

To ensure a comprehensive evaluation, we involve our internal teams, who provide qualitative input through activities such as factory inspections. Additionally, we engage with external experts to gather further insights, incorporating their knowledge and expertise into our analysis.

Our 2023 analysis considers various factors, including:

- **Country risk indicators:** We rely on sources like the Global Slavery Index and QIMA risk profiling to assess the risk of modern slavery in different countries.
- **Product sector risk indicators:** We consider manufacturing and sourcing risk indicators, often obtained from SEDEX reporting, to evaluate the risks associated with specific product sectors.
- **Vulnerable groups:** We pay attention to the presence of vulnerable groups within specific countries or regions to better understand the potential risks they face including women and migrant workers.
- **Visibility:** We consider the level of supply chain visibility that we have as part of our assessment of the potential risk of modern slavery.

Our Merchandise Labour Rights risk register records both inherent and residual risks across the supply chain, covering manufacturing, fabric mills, component manufacturers, freight forwarders and raw material suppliers. We identify the groups most affected by these risks and implement actions to mitigate them. Regular reviews of the risk register enable us to manage any changes to the risk profile effectively.

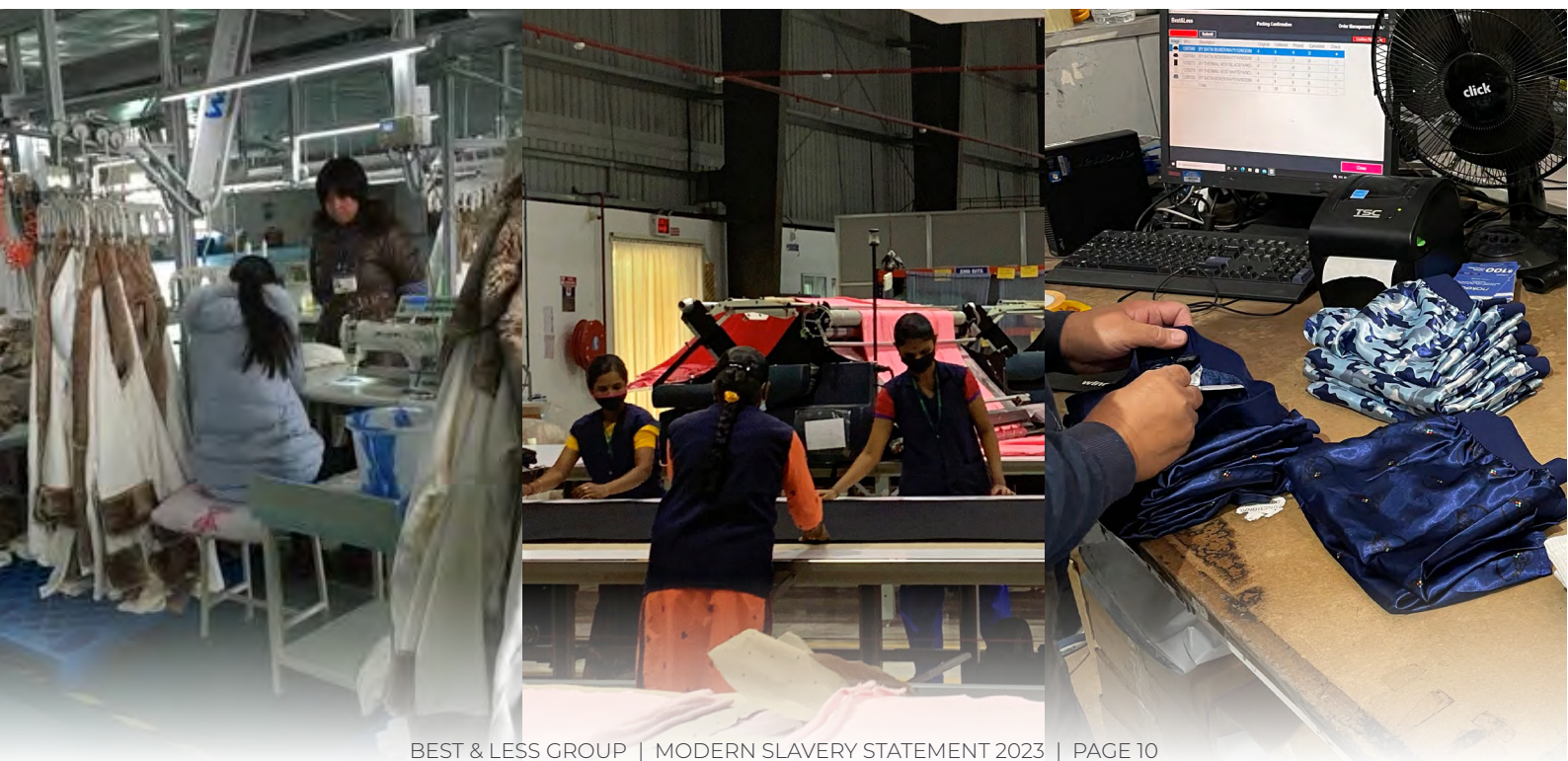
Based on our assessment, we conclude that the Group is not directly linked to modern slavery. We have implemented various policies and controls to ensure that we do not contribute to modern slavery. However, we acknowledge that there is an inherent risk within the textile sector, and our buying practices may unknowingly contribute to such issues. Consequently, we are committed to continuously enhancing our understanding of our suppliers' business practices, aiming to minimise this risk as much as possible.

RISK IN OUR OPERATIONS

| BUSINESS AREA | RISK PROFILE |
|---------------|--|
| Operations | Remains Low: predominantly Australian and NZ workers directly engaged |

As previously reported, the risk of modern slavery in our Group's operation is low with no material changes to our policies, systems or processes including our internal auditing program which ensures these risks are continuously reviewed. This is because:

- the vast majority of our team members at the Group are directly employed on full-time, permanent, or casual contracts, with over 70% of our workforce covered by Enterprise Bargaining Agreements and the remainder on individual agreements
- our team members have the right to engage in collective negotiations, with or without the involvement of third parties, such as unions
- our Employee Code of Conduct outlines the organisation's standards, emphasising a zero-tolerance policy for workplace harassment, bullying, bribery, corruption, discrimination, and serious misconduct, including worker exploitation
- induction training, mandatory for all team members, includes familiarisation with the Employee Code of Conduct
- our labour hire contractors are directly managed on site at our Australian distribution centres and online fulfillment centres. They are employed Australian-based labour hire firms who must comply with Australian laws
- our Worker Grievance Hotline offers a confidential and independent channel for reporting grievances
- we conduct regular internal audits of our systems and processes with any findings promptly rectified
- we continually strive to improve our systems and processes to mitigate risks effectively in the future.




RISKS WITHIN OUR MERCHANDISE SUPPLY CHAIN

| BUSINESS AREA | RISK PROFILE | | |
|--|---|--|--|
| Own Brand Merchandise suppliers | TIER 1: Manufacturers | TIER 2: Fabric mills, component manufacturers and freight forwarders | TIER 3: Raw materials |
| | Moderate Our suppliers are routinely audited but are located in higher risk countries. By keeping our supplier base small, allows us to ensure management and oversight which helps to minimise and manage any risks. | High These suppliers are based in higher risk countries with the Group having less visibility and control over each supplier. In FY23 we have increased the visibility of fabric mills and freight forwarders who are now included in our auditing program. | High Due to less visibility and the country risks associated with the raw materials we use in our products; this tier is our highest risk. In FY23, we transitioned 70% of our cotton products to Australian Cotton to mitigate this risk, however the risk in other commodities still remains. |
| Third-party National Brand merchandise suppliers | Moderate Given the relatively lack of control the Group has over these Tier 1 suppliers, similar to our Own Brand suppliers, these suppliers undertake regular audits of their factories (Tier 2) and now provide these audit reports to the Group to review. | | |

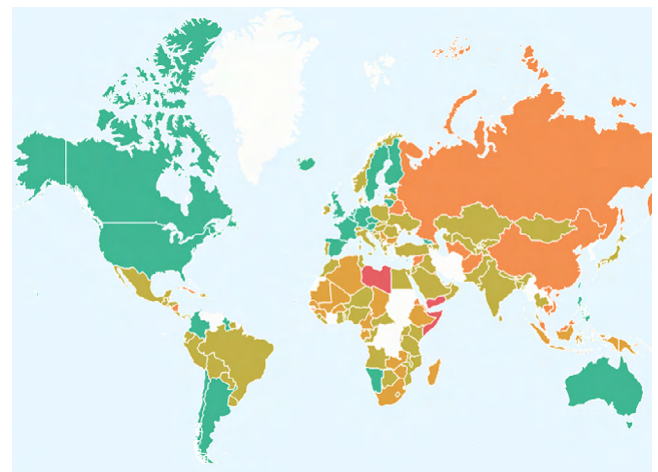
At Best & Less Group, we have a strict policy of zero tolerance towards any manifestation of modern slavery. This includes the firm stance against employing child labour, forced labour, or bonded labour in the production or sale of our garments. Nonetheless, we acknowledge that there is a potential risk of modern slavery in the supply chain of all products and services.

The Group acknowledges that its Tier 1 Own Brand Merchandise Suppliers, operating in high-risk countries such as China, Bangladesh, Pakistan, India, Sri Lanka, and Cambodia, carry a moderate risk. However, the company maintains direct relationships with all Tier 1 suppliers, allowing for active risk management and mitigation. We use the QIMA ESG risk indicators to identify ESG risk across countries in which we operate.

Figure: QIMA Country Risk Profile- Trafficking in Person Tier

Countries ranked from Worst  Best

| Rank | Country Name | Tiers | Rank | Country Name | Tiers |
|------|---------------------|-------|------|--------------|-------|
| 131 | Papua New Guinea | 2,500 | 122 | Albania | 2,000 |
| 130 | Saint Lucia | 2,500 | 121 | Angola | 2,000 |
| 129 | Senegal | 2,500 | 120 | Armenia | 2,000 |
| 128 | Serbia | 2,500 | 119 | Azerbaijan | 2,000 |
| 127 | South Africa | 2,500 | 118 | Bangladesh | 2,000 |
| 126 | Tonga | 2,500 | 117 | Barbados | 2,000 |
| 125 | Trinidad and Tobago | 2,500 | 116 | Belize | 2,000 |
| 124 | Zambia | 2,500 | 115 | Benin | 2,000 |
| 123 | Zimbabwe | 2,500 | 114 | Bolivia | 2,000 |



The Group also keeps the supply base small and manageable in higher risk countries such as Bangladesh where only 10 supplier provide goods to the Group. This has allowed the Group to establish enduring partnerships with these suppliers, averaging a decade in length. This has been built through rigorous onboarding processes, open communication, working on corrective action when needed or moving away from a supplier who is not aligned to the values the Group holds. These strong relationships also allow for open discussions about factory expansion, particularly if the manufacturer is looking to expand into an unfamiliar jurisdiction, potentially increasing our risks. In these types of cases, we work with the manufacturer to look at local options for expansion. If they wish to expand into unfamiliar jurisdictions, we will not approve the production of the Groups products in these factories.

Subcontracting is strictly prohibited unless approved by the Group's Head of Merchandise Operations following a satisfactory third-party audit. Although unauthorised subcontracting remains a risk, we have implemented processes, such as pre-shipment inspections, to identify such practices. If unauthorised subcontracting is discovered, we follow our remediation process and address the issue with factory management, resolving any breaches of our agreements with the manufacturer. We maintain an updated list of all Own Brand Merchandise Suppliers on our websites.

The highest risk of modern slavery lies further down the supply chain, specifically in Tier 2 (Fabric mills, component manufacturers and freight forwarders) and Tier 3 (Raw Materials suppliers) where visibility into workers' conditions is less clear due to the absence of direct relationships. To address these higher-risk categories, the Group joined SEDEX (Supplier Ethical Data Exchange) in FY22. As a global membership organisation, SEDEX provides an online platform and tools to enhance supply chain visibility and management. The Group has also commenced Third -party auditing of Tier 2 suppliers and shifted 70% of cotton sourcing to Australian Cotton to minimise the raw material risk.

There is also a moderate risk of modern slavery within the supply chain of our Third-Party Brands, which manufacture in the same locations as the Group. Although the modern slavery risk of individual Third-Party Brands' operations (Tier 1 suppliers to the Group) is relatively low, the risk escalates further down the chain due to limited visibility. To address this, in FY23, the Group requested and received audit reports that the Third-party Brands had undertaken with their factories to enhance visibility of these suppliers.



CASE STUDY

GOING LOCAL

Recognising the increasing human and labour risks associated with the production of cotton in overseas jurisdictions including in China, the Group wanted to establish a transparent and traceable supply chain, starting from the cotton farms all the way to the spinning mill. That's why the Group moved to local cotton suppliers through a partnership with Australian Cotton and has since seen 70% of cotton products produced by the Group use 100% Australian cotton.

Australian Cotton appealed to the Group for several reasons including:

- **Ethical Standards:** By sourcing from Australian Cotton, the Group ensures that their supply chain adheres to stringent labour regulations and human rights practices. This shift promotes fair working conditions and mitigates the risk of slavery in our cotton production.
- **Traceability:** Our partnership with Australian Cotton ensures traceability from farm to spinning mill. By tracking the entire supply chain, including the origin of the cotton, processing, and spinning stages, the Group can provide customers with transparency and assurance regarding the ethical and sustainable practices employed.
- **Mechanised Picking:** Australian cotton is predominantly machine-picked, leading to increased efficiency and reduced labour requirements. This automation enables the Group to streamline their operations and allocate resources more effectively.
- **Sustainability:** Australian cotton farming emphasises responsible water usage, crop rotation, and reduced pesticide application. Supporting domestic cotton promotes sustainable practices and reduces the carbon footprint associated with long-distance transportation.
- **Quality Assurance:** Australian cotton is known for its high quality and durability. By switching to this locally sourced cotton, we can offer customers products that meet their expectations in terms of comfort, longevity, and value.

RISKS WITHIN OUR TRADE SUPPLY CHAIN

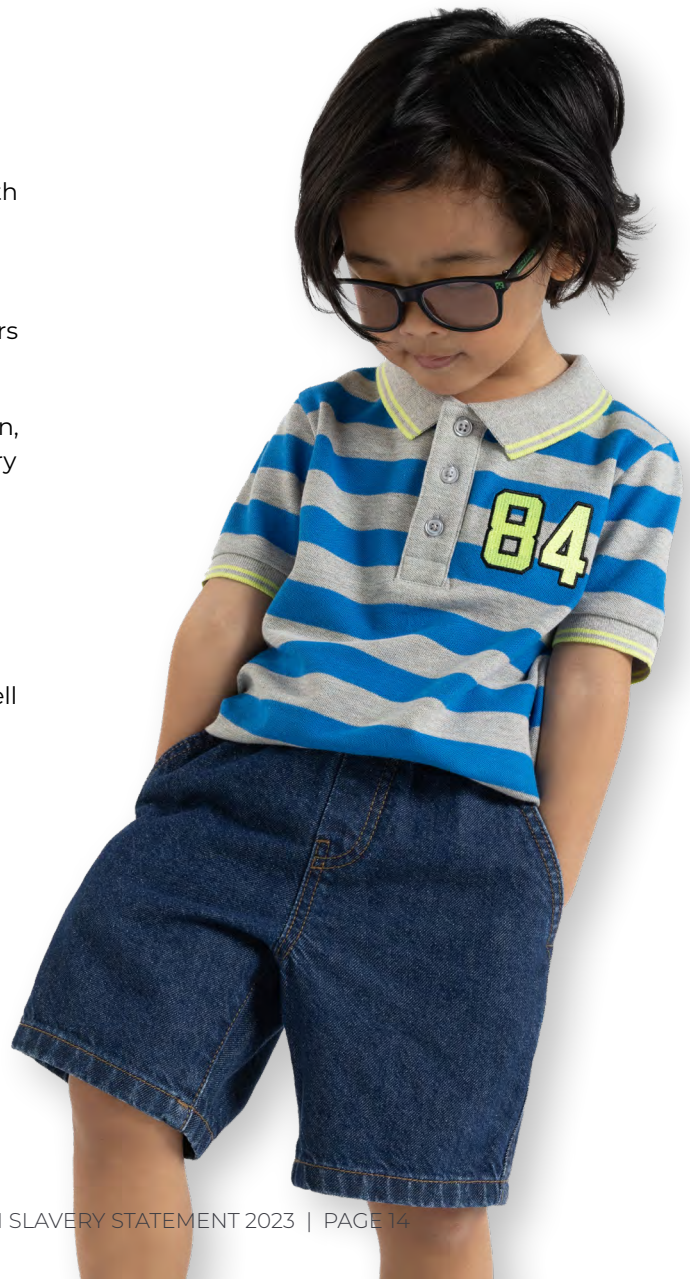
| BUSINESS AREA | RISK PROFILE |
|---------------------------------------|--|
| Fabrication of materials for fit outs | <p>Moderate</p> <p>Our Tier 1 suppliers are mostly domestic suppliers however we have limited information about their greater supply chain.</p> |
| Labour hire companies | |
| Cleaning and security services | |
| Construction | |
| Transport and logistics | |
| Electronic goods | |
| Offshore call centre | |
| Media and marketing services | |

There has been no material change to the risk profile of our Trade suppliers.

Our Tier 1 Trade suppliers based in Australia or New Zealand have lower assessed risk due to compliance with local laws and regular engagement with Best & Less Group, however we recognise that some of the more vulnerable groups, such as migrant workers, are at a higher risk of labour rights issues such as excessive hours

In Australia and New Zealand, Tier 2 and Tier 3 Trade suppliers associated with landlords, such as construction, cleaning, and security services, may pose modern slavery risks, but our influence is limited due to the control and information imbalance between landlords and tenants.

The international freight sector presents a similar imbalance, although our freight forwarders are SEDEX members. In FY23, we incorporated our Freight Forwarders into our Third-party auditing program as well as regular reporting on the Freight Forwarders on the Container Freight Stations (CFS).



ACTIONS TAKEN TO MITIGATE MODERN SLAVERY RISKS

In addition to the efforts made through our ongoing Ethical Sourcing Program, and on activities we have previously reported, we have enhanced existing programs and implemented new systems and initiatives in FY23 to reinforce our prevention and mitigation of modern slavery risks. The following are some of the measures undertaken:

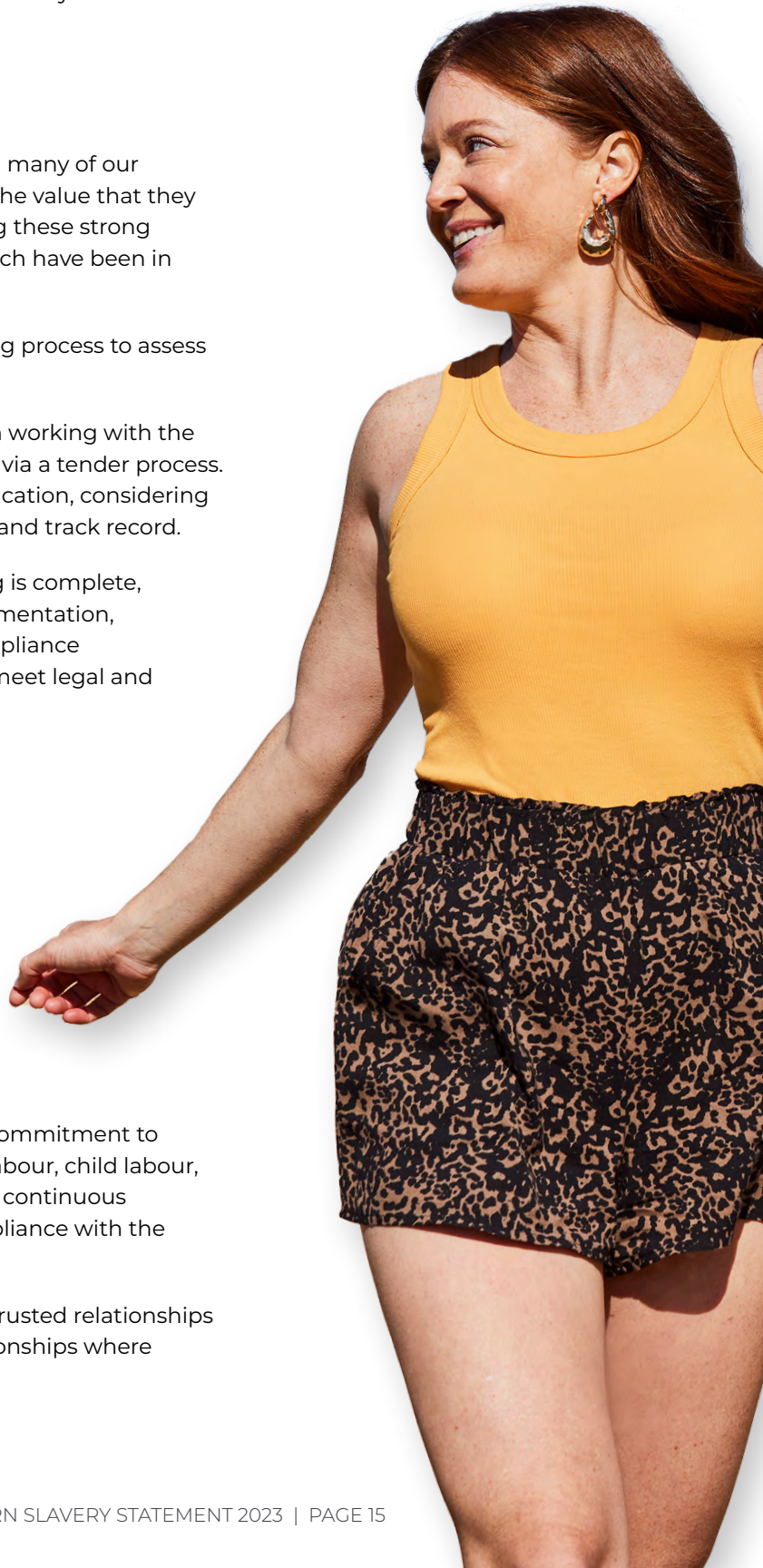
ONBOARDING NEW SUPPLIERS

We are proud to have long standing relationships with many of our Own Brand Merchandise suppliers and we recognise the value that they and their teams contribute to our success. Establishing these strong relationships start with our onboarding processes, which have been in place since 2014.

We have a structured and rigorous supplier onboarding process to assess potential suppliers' suitability. The process includes:

- **Application and Screening:** Suppliers interested in working with the Group are required to submit detailed applications via a tender process. The procurement team carefully reviews each application, considering factors such as the supplier's capabilities, capacity, and track record.
- **Documentation Review:** Once the initial screening is complete, the team thoroughly examines the supplier's documentation, including business licenses, certifications, and compliance records. This step ensures that potential suppliers meet legal and regulatory requirements.
- **Onsite Audits:** An on-site audit is then conducted by third-party audit partner, QIMA, who undertake a comprehensive assessment of suppliers' operations, labour practices, and adherence to human rights standards. Trained auditors evaluate factors such as working conditions, wages, working hours, and occupational health and safety.
- **Human Rights Due Diligence:** As part of the onboarding process, the Group also conducts a thorough human rights due diligence assessment. This assessment evaluates suppliers' commitment to human rights, including the prohibition of forced labour, child labour, discrimination, and fair wages. Once on-boarded, a continuous monitoring program is put in place to ensure compliance with the Groups Ethical Sourcing Code

Working with the supplier ensures an enhanced and trusted relationships is established. This results in long-term supplier relationships where accountability and transparency can be fostered.



EXPANDING OUR SUPPLIER AUDIT PROGRAM

All Tier 1 Own Brand merchandise suppliers undergo biennial audits. This year, we conducted 85 Audits, and 66 factory audits, across 6 countries with an average score of 9.2/10. Against and industry average of 7.6/10 in FY23 and is well above the industry average of 7.6/10.

This year, we expanded our program by requesting audits of Tier 2 Own Brand merchandise suppliers. This extension allows us to ensure ethical compliance throughout our supply chain and maintain high standards of product quality and sourcing.

Common findings included issues with

- Waste disposal
- Health and Safety
- Working hours- overtime.

Any issue found through our rigorous are provided with a Corrective Action Plan (CAP) which gives the factory 60 days to correct the issue, with some variation depending on what the issue is an agreed timeline. The CAPs are managed by our Third- party auditor, however we have visibility through our PLM to ensure CAPs are implemented within the timeframe allowed. At the end of this financial year, we had 126 CAP issues, 1 overdue, 35 expired and 81 valid.

Common audit findings

*Common Findings highlighted in red represent 80% of all the Common Findings found for 1s (= major contribution)



CAPS Issued



ENHANCED PURCHASING PRACTICES THROUGH THE PRODUCT LIFECYCLE MANAGEMENT (PLM) SYSTEM

In an effort to streamline and enhance its business-as-usual (BAU) processes related to costings, audits, risk assessment, and supplier collaboration, the Group finalised the implemented the Product Lifecycle Management (PLM) system in FY23.

The new PLM has been fully implemented across both Best & Less and Postie Own Brand Merchandise suppliers. This system provides enhanced visibility of our suppliers and their factories and whether they are meeting all compliance requirements. Easy to access audit results, status of correction action plans, and audit expiry dates allows the team to effectively manage the audit program.

The system records minimum wages paid to workers in each factory, based on audit results, and it enables open costings which mean wage costs are separated from other costs. This allows helps the Group to assess its progress against our living wage commitments, ensures workers are paid to ILO standards and it allows our buying teams to negotiate with suppliers a fair price, realistic production volumes and timely deliveries without impacting on wages.

The PLM also allows us to store collected information of other retailers a supplier works with. This will allow the Group to connect, collaborate, share information and collectively encourage the factory to improve wages and working conditions. This collaborative approach increases the impact of BLGH's efforts and creates a unified front for advocating positive change.

WORKER VOICE SURVEY

This year, our Third-party auditors, QIMA, undertook a worker voice survey across the Groups Own Brand Merchandise Manufacturers and factories. The worker voice survey highlighted a greater need for communicating the Worker Hotline as many were not aware it was available. Following this, the Group distributed additional worker cards and posters, promoting the worker hotline. This will be monitored in FY24 to ensure awareness and access to this vital resource.

ONGOING SUPPLIER ENGAGEMENT

Our supplier engagement is ongoing, with regular meetings and discussions with each supplier. Key engagement activities include:

- **Contract and tender cycles** – this provides an opportunity to discuss with manufacturers their business plans, sustainability program and workers rights programs. It also opens the discussion on price negotiations to ensure fair pricing
- **Factory visits and audit program** – these visits provide an opportunity to undertake supplier training about the Ethical Sourcing Code and to address any issues on-site at the time
- **Group initiatives and strategies** – suppliers are updated on new initiatives by the group. This November manufacturers were invited to a workshop facilitated by Cotton Australia, on traceability of its cotton



PROGRESS ON LIVING WAGES

Over the past 12 months, notable progress has been made on our Living Wage commitment. We have completed measuring the gap between minimum wage and living wage across all jurisdictions. Most factories in China are currently being paid a living wage, which given this equates to 42% of our production this is significant progress. Cambodia has also lifted the minimum wage which brings workers closer to a living wage however there is still a gap.

Our focus has been on regions where the gaps are bigger, introducing additional incentives for workers including meal and transport allowances. We have been engaging our suppliers in discussions for them to lift their wages where they can. Whilst we have some influence, it needs to be recognised that collective industry action is needed, and we are working with NGO's to foster broader commitment.

COMMUNICATING ACTIONS

Our ethical sourcing program is clearly articulated on the Best & Less and Postie websites, and our efforts to address and minimise risks in this regard are detailed in our annual report and this statement.

We have made our Ethical Sourcing Code and other pertinent information available on our website, and we consistently update our Own Brand Merchandise Manufacturers Transparency List.

Moreover, we proactively communicate with stakeholders, including investors, to inform them about the measures implemented to mitigate modern slavery risks.



HOW WE ASSESS THE EFFECTIVENESS OF ACTIONS TAKEN

The Group employs multiple internal and external mechanisms to effectively track its performance. We continuously strive to understand the effectiveness and impact of our Ethical Sourcing Strategy. These valuable insights are utilised to inform our approach to modern slavery and human rights risk management, both in the immediate and long-term.

| | ACTIVITY | MEASURE | FY 2023 |
|-----------------------------|--|--|---|
| GOVERNANCE | Board oversight (via ARC) Policy reviews | Quarterly presentation | 4 |
| RISK MANAGEMENT | Regular Risk Assessments Supplier onboarding Regular review of risk matrix | Annually All new stock suppliers Quarterly | 2 conducted 5 onboarded 3 reviews undertaken |
| MONITORING | Third party audits Supplier Corrective Action plans Worker engagement Site visits | Audits conducted per tier; quantum of non-compliance No. of plans in place and time to implement Number of worker engagements Number of Site visits | 79 126 30 12 |
| GRIEVANCE MECHANISMS | Mechanism for grievances to be raised Cases remediated Trend analysis | Total number of issues raised and resolved Number of cases remediated Annual assessment to identify trends | 3 |



DETECTION AND CORRECTION OF UNAUTHORISED SUBCONTRACTING

The Group's policy on subcontracting requires suppliers to seek approval by the Head of Merchandise Operations for all subcontracting arrangements.

During the final inspection process, third-party auditing firm, QIMA identified instance of unapproved subcontracting by an Indian supplier. This unapproved subcontracting raised concerns about potential risks of modern slavery within the supply chain. QIMA promptly reported the findings to the Group initiating immediate action.

Upon receiving the report from QIMA, the Group took swift action to address the issue. They contacted the supplier to investigate the unapproved subcontracting and held up the supply of goods until the subcontracted factory involved could be thoroughly assessed and approved by the Group. In this instance, the subcontracted factory was approved however, this incident serves as an example of how proactive measures and strict enforcement of policies can help mitigate risks and promote ethical practices throughout the supply chain.

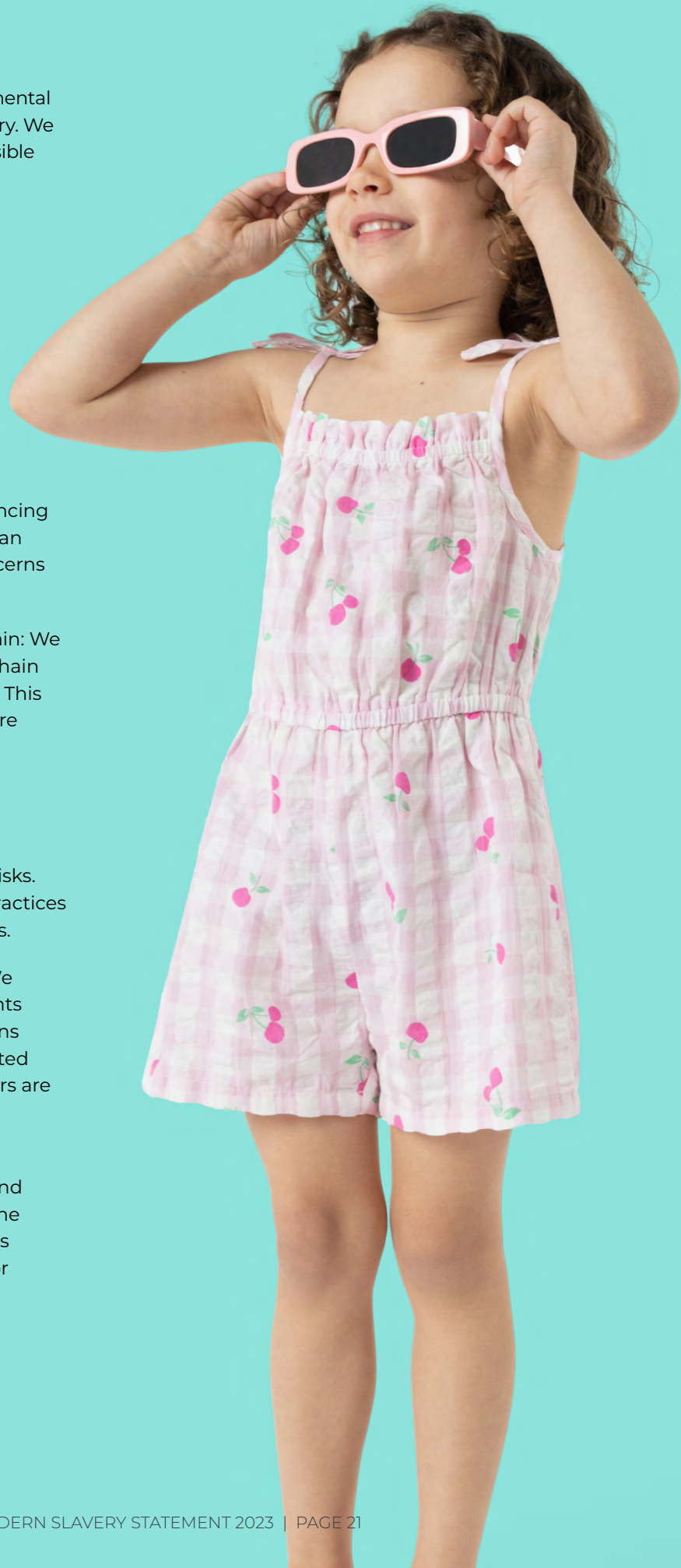


FOCUS AREAS FOR 2024

At Best & Less, continuous improvement is a fundamental aspect of our approach to combatting modern slavery. We strive to uphold high standards and create a responsible and ethical supply chain.

Here are the key areas we are focusing on:

- Raising awareness of the Ethical Sourcing Code: We are prioritising initiatives to raise awareness of our Ethical Sourcing Code among merchandise workers. By promoting understanding and adherence to this code, we reinforce our commitment to ethical practices throughout the supply chain.
- Reviewing the grievance mechanism: We are committed to regularly reviewing and enhancing our grievance mechanism to ensure it provides an effective platform for workers to voice their concerns and seek resolution.
- Mapping the extended merchandise supply chain: We are actively mapping our merchandise supply chain from raw material sources to the end customer. This mapping will allow us to gain visibility and ensure transparency throughout the entire chain.
- Enhancing the buying team's capabilities: We continuously invest in the development and training of our buying team to strengthen their ability to identify and mitigate modern slavery risks. Furthermore, we promote ethical purchasing practices to guarantee fair compensation for our suppliers.
- Implementing changes to supplier contracts: We are committed to making ongoing improvements to our supplier contracts, incorporating provisions that enhance obligations and transparency related to modern slavery. This ensures that our suppliers are aligned with our ethical standards.
- Closing the Living Wage gap: We are actively working towards closing the Living Wage gap and are dedicated to fulfilling our commitment by the year 2025. This includes ensuring that all workers in our supply chain receive fair compensation for their labour.



STATEMENT ON THE REPORTING ENTITIES

Best & Less Group Holdings Ltd is an Australian public company listed on the Australian Securities Exchange (ASX: BST).

This statement has been published in accordance with the Modern Slavery Act 2018 (Cth). It identifies the steps taken by Best & Less Group to prevent modern slavery in its business and supply chains during the period 1 July 2022 to 30 June 2023.

The following Best & Less Group subsidiaries are considered reporting entities:

- Best & Less Pty Ltd ABN 29 003 724 696 (Australia)
- Postie Plus Group Ltd NZBN 9429041282472 (New Zealand).

Best & Less Group has two other subsidiaries however they do not participate in trade:

- Best & Less Group Pty Ltd (ACN 081 408 791) is the holding company of the various Group subsidiaries;
- Best & Less IP Pty Ltd (ACN 642 843 089) is the owner of various IP belonging to Best & Less Group.

This statement has been made on behalf of the above entities and has been reviewed and approved by the Best & Less Group Board.



APPENDIX 1: BUSINESS STRUCTURE

Key functions of our operations include:

- Product design, planning and sourcing
- Retail and e-commerce
- Supply chain logistics
- Marketing and Media
- Property and Procurement
- People & Culture and Safety
- Finance, IT, Data and Administration

OUR NETWORK AND OPERATIONS

as at 30 June 2022

252 physical stores



2 e-commerce stores
in AU and NZ

1

Distribution centre in Sydney
(Postie uses 3rd party
logistics in Auckland)

2

online fulfilment
centres in Sydney and in
Auckland

2

Office locations
in Sydney and
Auckland

> 25,974

factory orders with over 8,381
styles and approx. 72 million
individual items

> 1.1 million

online orders shipped

> 2,650 TEU

shipping containers from
Asia per year

OUR TEAM

4,433

total team members



2

Enterprise Bargaining
Agreements covering 72% of staff

4,378

directly employed

55

contractors

9%

team members are members
of a trade union

OUR SUPPLY PARTNERS

181

total suppliers



26

Third Party brands

155

Own Brand merchandise manufacturers
from 200 audited factories across
6 countries

826

suppliers of non-trade
goods and services

OUR ETHICAL SOURCING PROGRAM



100%

of Own Brand merchandise
manufacturers signed
Supplier Code of Conduct

81

merchandise
manufacturer audits
conducted in FY23

9.2/10

our average auditing score
(up from 8.9/10 in in FY22
and above the industry
average of 7.6/10)

5

tier 2 and 3 merchandise
manufacturer audits conducted
in FY23

2

merchandise manufacturers
workshops with a total of 75
participants



APPENDIX 2: GOVERNANCE AND CONSULTATION

Governance structure



The Board has the responsibility of endorsing and approving the Ethical Sourcing Strategy and ensuring that management upholds its implementation. The Ethical Sourcing Strategy encompasses the Group's approach to addressing the challenges posed by modern slavery within the textile and apparel sector.

On an annual basis, the Board of the Group approves each relevant Group policy outlined below and assesses the Group's progress in taking action to identify and mitigate the risks of modern slavery throughout its operations and supply chain.

The Board has assigned the Audit and Risk Committee the duty of evaluating the Group's performance in ethical sourcing and assessing the effectiveness of the risk management systems and processes in place for identifying and mitigating ethical sourcing risks.

The Group's CEO assumes accountability and responsibility for managing human rights and modern slavery risks across the Group. This year, the Group established the role of Chief Merchandise Officer who has the crucial role in developing the Ethical Sourcing Program for the Group. This role provides additional oversight on merchandise risks and will oversee the implementation of the Ethical Sourcing Program across the Group with the support from the Executives of Best & Less and Postie and the Head of Merchandise Operations.

POLICIES

The policies and processes that support the Group's day-to-day operations require that universally recognised human rights are respected and safeguarded. Policies which support our Ethical Sourcing Program include:

- Employee Code of Conduct
- Ethical Sourcing Code
- Whistle-blower policy
- Equal Employment Opportunity Statement
- Employee Assistance Program
- Anti-bribery and Corruption Policy
- Child and Forced Labour Remediation policy.

The Group is dedicated to adhering to the laws and regulations of the countries where our business is present. Our policies strictly forbid any engagement in activities related to modern slavery, and we are steadfast in ensuring safe and healthy working conditions for all workers. This includes upholding the right to freedom of association and collective bargaining. As part of our listing on the ASX, a thorough policy review was initiated in FY21. We have and will continue to conduct regular reviews to policies and procedures to make necessary changes and strive for best practices.





CONSULTATION PROCESS

We actively engage in ongoing consultation throughout the Group to determine the necessary actions for addressing the risks associated with modern slavery. Staff consultation takes place through the Sustainability Committee, which includes representation from both the Group level and the Brand level (employees of Best & Less and Postie). Chaired by the Head of Merchandise Operations, this committee convenes regularly.

We also undertake regular consultation with the Buying team to ensure fair negotiated pricing, with the intent to get the best outcome without compromising our Ethical Sourcing principles.

Board consultation is carried out through the Audit and Risk Committee, which receives regular updates on the Ethical Sourcing Strategy and its implementation.

In addition to internal consultation, we actively engage with external organisations, including NGOs and industry associations, to further enhance our efforts. Some of the NGOs and industry associations we collaborate with include Baptist World Aid, Oxfam Australia, the Australian Retailers Association and the National Retailers Association. These partnerships enable us to tap into their expertise and guidance in addressing the challenges of modern slavery and promoting ethical sourcing practices.

APPENDIX 3: GLOSSARY

Our Statement uses the Act's definition of Modern Slavery – conduct which would constitute a criminal offence under Australian law¹ or international law including trafficking in persons² and the worst forms of child labour³. The worst forms of child labour mean extreme forms of child labour that involve the serious exploitation of children, including through enslavement or exposure to dangerous work.

| | |
|---|--|
| Best & Less Group, BLGH, the Group | The reporting entities covered by this Statement being Best & Less Group Holdings Ltd and/or controlled subsidiaries and managed joint venture operations that meet the definition of reporting entity under the Act. References to 'our' and 'we' in this Statement are references to the reporting entities above. |
| Ethical Sourcing Code (ESC) | Our ESC outlines the code of conduct and policies in relation to social, environmental and standards of compliance that we require from our business partners (suppliers) and is available on our websites: Best & Less: www.bestandless.com.au/ethical/sourcing Postie: www.postie.co.nz/ethical-sourcing |
| Ethical Sourcing Strategy (ESS) | Our ESS is how we measure and ensure compliance with the ESC. For example making sure all suppliers sign up to it and running biennial audits. |
| Own Brands and Third Party National Brands | See page 5 of this MSS. |
| Product Lifecycle Management system (PLM) | PLM is a software program for product development to manage design, quality approvals, compliance, costings, sourcing and supplier information. See page XX of this MSS. |
| QIMA | The provider of our independent audit services to audit our supplier partners. |
| Living Wage | See page 18 of this MSS. |
| Merchandise manufacturers transparency list | See Best & Less website: www.bestandless.com.au/factories See Postie website: www.postie.co.nz/ethical-sourcing |
| Merchandise Suppliers | Suppliers of goods and services we sell to our customers. See page 5 of this MSS. |
| Sustainability Committee | An internal committee that meets to report on and progress sustainability initiatives being pursued by the Group |
| Trade Suppliers | Suppliers of goods and services to the Group, other than merchandise suppliers. See page 5 of this MSS. |
| Tier 1 Suppliers | Those suppliers we contract directly with to supply goods and services |
| Tier 2 Suppliers | Those suppliers that our Tier 1 suppliers' contract with to supply goods and services |
| Tier 3 Suppliers | Those suppliers that our Tier 2 suppliers' contract with to supply goods and services |

¹ An offence under Division 270 or 271 of the Criminal Code.

² Trafficking in persons as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27).

³ Child Labour as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, done at Geneva on 17 June 1999 ([2007] ATS 38).

APPENDIX 4: INDEX

| MODERN SLAVERY ACT (2018) REQUIREMENT | | | P | |
|---------------------------------------|---|--|--|-------|
| 1.0 | Identify reporting entity | Name of reporting entity | 22 | |
| 2.0 | Describe structure, operations and supply chain | Describe Structure - legal and organisational form | Legal Classification and ACN/ ABN | 22 |
| | | | Provide the details of the reporting entity's registered office. | 22 |
| | | | Indicate the approximate number of workers employed by the entity and any entities it owns or controls | 6 |
| | | | Explain the general structure of the entity | 19-20 |
| | | | If the entity is part of a larger group, explain the general structure of the overall group (both upstream and downstream from the entity). | NA |
| | | | Whether it owns or controls other entities. | 2 |
| | | | If the entity does own or control other entities, explain what these entities do and where they are located | 2 |
| | | | Identify any trading names or brand names associated with the reporting entity and entities it owns or controls. | 2 |
| | | Describe Operations | Explain the nature and types of activities undertaken by the entity and any entities it owns or controls. | 6 |
| | | | If the entity's activities involve investments or financial lending, explain the type and nature of the entity's investments or lending. | NA |
| | | | Identify the countries or regions where the entity's operations are located or take place. | 19 |
| | | | Provide facts and figures about the entity's operations, such as the total number of employees, factories, and/or stores. | 19-20 |
| | | | Explain in general terms the type of arrangements the entity has with its suppliers and the way these are structured (are they often short-term and changeable or stable longer-term relationships). | 6-7 |
| | | | Explain the types of business relationships the entity has in addition to suppliers, such as joint venture partners. | NA |

| MODERN SLAVERY ACT (2018) REQUIREMENT | | | | P |
|---------------------------------------|--|---|---|-----------|
| 2.0 | | Describe supply chain | Identify the countries or regions where the entity's suppliers are located. | 6-7 |
| | | | Explain the main types of goods and services the entity procures. | |
| | | | To the extent possible, identify the source countries for these goods and services. | |
| | | | Link to any disclosures by the entity about the identity of their suppliers (such as a public supplier list). | |
| 3.0 | Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls | Caused, contributed or directly linked to | Describe risks that the entity, and entities it owns or controls, causes, contributes to and/or is directly linked to modern slavery. | 12-14 |
| | | | Should identify the general types of modern slavery risks that may be present in the operations and supply chains. | |
| | | | Include sector/ industry risks; product and services risks; geographic risks; entity risks. | |
| | | | Must include sufficient detail to clearly show the types of products and services in the entity's operations and supply chains that may involve risks of modern slavery. | |
| 4.0 | Describe what actions over the past 12 months, the reporting entity, and entities it owns or controls, is taking to assess and address the risks of modern slavery | Due diligence | How the entity has identified and assessed actual and potential human rights impacts : eg <ul style="list-style-type: none"> Reviewed existing information such as Human Rights Impact Assessments; WH&S inspections, Social Impact Assessments Mapped key parts of your operations and supply chains Assessed the risk through risk matrix. | 15-17 |
| | | | What tools, systems, policies and personnel does the entity have in place to monitor high risk suppliers and mitigate associated risks eg supplier and employee codes of conduct, Human Rights policy, complaints mechanism available. | 13-17 |
| | | | Are these tools, systems, policies available publicly, if so where | 15-16 |
| | | | How is the entity taking appropriate action to address impacts eg staff and supplier training, incident reporting, working directly with high risk suppliers. | 17 |
| | | | How is the entity is tracking performance eg credible audits, using existing traceability processes. | 12, 15-17 |
| | | | How the entity is publicly communicating what you are doing. | 17 |
| | | | 4.0 | |
| | | | What is the process for remediation. | 15 |

MODERN SLAVERY ACT (2018) REQUIREMENT

P

| | | | | |
|-----|---|---|---|----|
| 5.0 | Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks | | Explain what the reporting entity is doing to check whether its actions to assess its modern slavery risks are working. How will it know whether it is appropriately identifying and evaluating its modern slavery risks? | 23 |
| | | | <p>Explain what the reporting entity is doing to check whether its actions to address modern slavery risks are working. How will it know if its actions are making a difference?</p> <p>Could include:</p> <ul style="list-style-type: none"> • Establishing a regular review process • Regularly checking your risk assessment processes • Setting up a process to provide for regular engagement and feedback between key departments • Conducting internal and external audits • Tracking actions you have taken and measuring impact • Working with suppliers to check their progress • Looking at trends reported through the complaint's mechanism • Partnering with an industry group, or trusted NGO to undertake an independent review. | 23 |
| 6.0 | Describe the process of consultation with any entities the reporting entity owns or controls | Not needed if no other entities owned or controlled | The level of consultation you undertake should reflect your relationship with the other entity and the risk profile of that entity. Your consultation should be sufficient to ensure that the modern slavery risks relating to the other entity have been appropriately identified, assessed and addressed and that other entity is aware of what actions they need to take. | 22 |
| 7.0 | Any other relevant information | Only if relevant | <p>May include:</p> <ul style="list-style-type: none"> • How the reporting entity has supported the development of legislation on modern slavery in another country • Whether the reporting entity has participated in external forums on modern slavery to help improve awareness • How the reporting entity has partnered with a civil society organisation or industry body • How the reporting entity has contributed to addressing the root causes or structural factors that contribute to modern slavery, such as poverty, forced migration, and education • If you reported on a situation of modern slavery in a previous statement, any updates on how the situation has been addressed. | |
| | Approved by principal governing body | | The statement must say that it has been approved by the principal governing body for the reporting entity; name that governing body; and specify the date that governing body approved the statement. | 2 |
| | Signed by a responsible member of the reporting body | | Usually a Director or the Board. | 3 |

Best&Less

GIRLS
SIZES 8-16

30%
OFF

30%
OFF

\$5.50

30%
OFF

CHRISTMAS
MAGIC

30%
OFF

WOW

Best&Less

bestandless.com.au

Postie

postie.co.nz