

QUAY

MODERN SLAVERY STATEMENT
1 JANUARY 2021- 31 DECEMBER 2021 FINANCIAL
YEAR

1. INTRODUCTION

Quay is an Australian eyewear brand, which designs and sells sunglasses, eyewear and accessories to customers across the world.

We are committed to ethical business practices and oppose slavery in all its forms. In this document, we set out the steps Quay has taken to minimise the risk of modern slavery taking place in our supply chains and within our business.

This statement has been prepared in accordance with the *Modern Slavery Act 2018* (Cth) (**the Act**) in respect of the financial year 1 January 2021 to 31 December 2021 (**Year**).

Signed by



Jodi Bricker
CEO

Date: 08/05/2022

2. OUR STRUCTURE

Quayeyeware Pty Ltd (ACN 118 078 274) (**Quay**) carries on our business in Australia, while operations in other jurisdictions are carried on by Quay's wholly owned subsidiaries:

- Quay Eyeware, Inc., which is incorporated in the State of California in the United States of America; and
- Quay Eyeware Limited, which is incorporated in England and Wales.

This statement is made on behalf of Quay and its subsidiaries. In this document, unless otherwise apparent from context, references to 'Quay', 'we' or 'us' are to the corporate group collectively.

3. BUSINESS AND OPERATIONS

Quay is an eyewear and accessories business. Sales of sunglasses constitute the majority of our business. The balance is optical frames and accessories, such as sunglass cases, jewellery, organisers and chains.

Our products are sold through online, wholesale and retail channels, including via:

- company owned retail stores in the USA;
- digital channels with our own websites in Australia, the USA and the United Kingdom;
- social media channels such as Instagram; and
- wholesale clients such as distributors and third party retailers.

Quay's head office is in San Francisco, while our corporate registered office is in Sydney. We have operations in Australia, USA, the United Kingdom and China. Our products are designed in USA and sold with local sales and distribution support in Australia, USA and United Kingdom. Quay employees in China provide local oversight of supplier operations.

We employ approximately 200 employees with the majority of our employees located in USA.

4. SUPPLY CHAINS

Quay's suppliers are based in China, Vietnam and USA and comprise less than ten Tier 1 suppliers. These suppliers include manufacturers, material suppliers and professional service providers.

Some of these third party suppliers operate in jurisdictions with an inherently higher modern slavery risk due to their geographical location or the labour related nature of the services provided by the supplier.

5. RISKS OF MODERN SLAVERY

No specific instances of modern slavery were identified in our operations or supply chains over the reporting period. However, we acknowledge that the risks of modern slavery may be heightened in some of our supply chains and operations as a result of the geographical location of some manufacturers. In addition, we recognise we lack visibility over secondary levels of our chain of suppliers and source materials used in our group's products.

The manufacture of eyewear in jurisdictions such as China is susceptible to lower paid labour, short lead times and pressures to ensure productivity therefore exposing our industry to labour and modern slavery risks. To help address these risks, we have developed frameworks for engaging with our manufacturers using a robust procurement process with auditing procedures and regular compliance programs.

6. MITIGATION OF MODERN SLAVERY RISKS

6.1 *Summary*

Quay understands that a commitment to mitigating modern slavery risks involves dedicating time and resources on an ongoing basis. Quay has therefore developed a framework to manage the risks of modern slavery in its operations and supply chains. In particular, we have in place systems to:

- identify and assess potential risk areas in our supply chains;
- monitor potential risk areas in our supply chains;
- provide a framework for reporting potential or actual incidents of modern slavery in our operations and supply chains; and
- provide appropriate remediation where actual incidents of modern slavery have occurred.

Further to the above, we engage independent auditors on an annual basis to undertake audits concerning risks of modern slavery within our supply chains. The scope of auditing includes physical site visits, review of documentation of practices and performance. Our independent auditor has not identified any risks for the Year.

During this reporting period, we have placed emphasis on building a foundational framework to effectively identify, report and manage modern slavery risks within our business on an ongoing basis. This has included the development and revision of internal handbooks and policies and the recent adoption of Quay's Anti-Slavery Policy.

6.2 *Due diligence*

In order to identify and assess the potential risks of modern slavery in our operations and supply chain, we conducted an exercise to map the risk in our supply chains and operations for the preparation of this Statement that prioritised:

- suppliers by the amount of money Quay spends with them;
- suppliers by the categories of goods and services that they provide;
- countries or regions with known human rights violations and/or large populations of migrant workers, in accordance with the Global Slavery Index.

Our Procurement team also conducts an initial screening of each potential supplier prior to engaging with them to identify any risks of exposure to modern slavery. We further continue to conduct ongoing risk assessments to maintain the currency of those assessments with our suppliers.

We use the results of our risk mapping and risk assessment exercises to guide the actions we take to mitigate these risks as outlined in this section. This Statement sets out a summary of the actions Quay is taking to address and mitigate risks, and further provides how we assess the effectiveness of those actions.

Quay conducts annual third party social compliance and ethical trade audits onsite with our Tier 1 suppliers.

6.3 *Supplier adherence*

As part of our anti-slavery initiative, we ensure all those in our supply chain comply with our ethics by not only communicating our performance expectations and ethics to our suppliers but undertaking the following:

- engaging with our suppliers on a regular basis to monitor performance and potential for modern slavery issues; and
- where practicable, including a contractual obligation on our suppliers to commit to an anti-slavery policy.

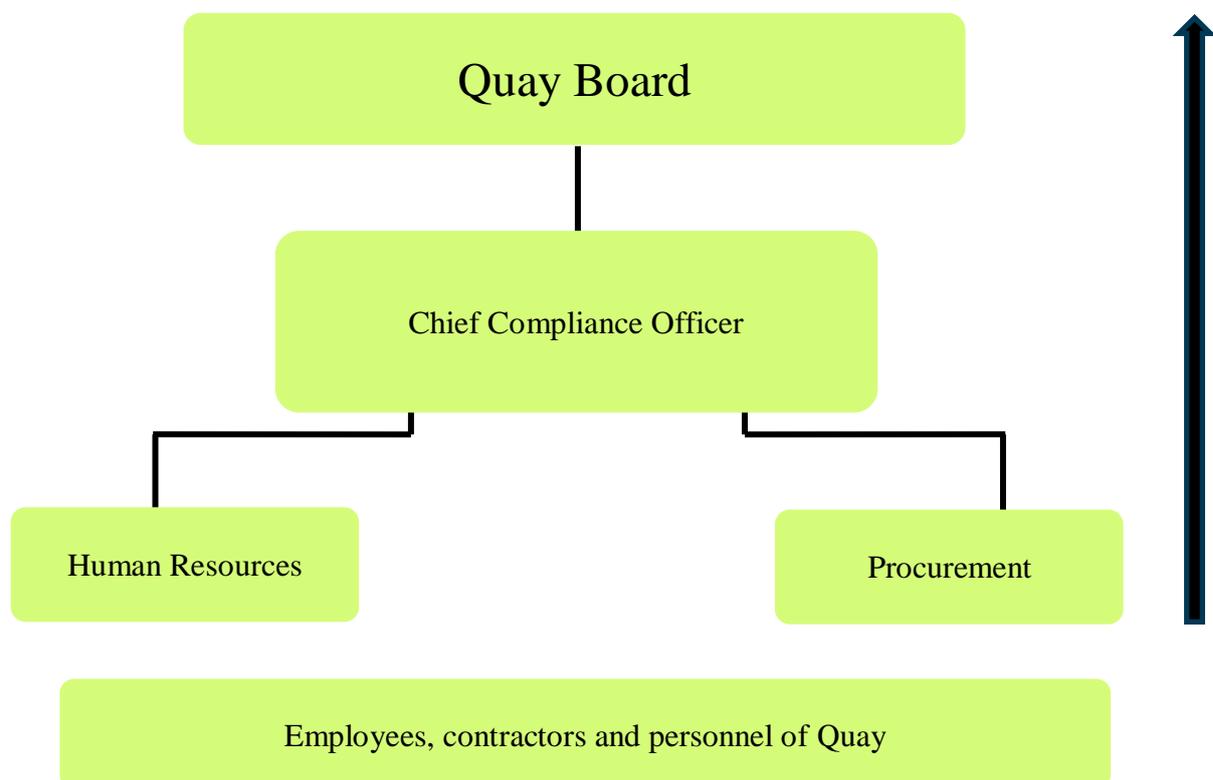
6.4 *Training*

To ensure a high level of understanding of the risks of modern slavery in our supply chain and our business, we provide training to our staff on modern slavery awareness and how to address any perceived modern slavery risks within our business.

6.5 *Reporting policy and response plan*

Over the Year, Quay has progressed its commitment to addressing modern slavery risks by implementing measures for mandatory reporting and responses as outlined in our Anti-Slavery Policy.

The measures implemented for reporting modern slavery risks is illustrated in the formal governance structure below.



At the base of the structure are all employees, contractors and personnel of Quay who have a responsibility to identify and report modern slavery risks to the relevant representatives from the Human Resources and Procurement teams. It is emphasised in our Anti-Slavery Policy, that any of our employees, contractors and personnel will not be subject to any repercussions for reporting such risks including for reasonable suspicions.

Where a potential incident is brought to the attention of our representatives, they will consider the modern slavery risk in the first instance and assess whether it should be escalated to the Chief Compliance Officer.

The Chief Compliance Officer is responsible for further investigation of potential, or actual, incidents of modern slavery within Quay's operations and supply chains and whether referral is required to the board of directors. To the extent that matters can be resolved by the Chief Compliance Officer, the Chief Compliance Officer will put in place actions to address the risks.

Ultimately, the board of directors will take action where the Chief Compliance Officer cannot.

6.6 *Remediation*

Following confirmation of an incident or risk of modern slavery, systematic and immediate action is taken. If our investigative processes determine an issue of non-compliance with our policies by one of our suppliers, we will endeavour to have our business supplier identify and correct those issues. If it is apparent that an individual has suffered harm as a result of such issue, we will seek to ensure that they are 'made good' by leveraging our position with our supplier. We have also implemented a framework to identify root causes of those issues to help prevent that issue recurring in the future with that supplier specifically and with our other suppliers generally.

In the event of a breach of our Anti-Slavery Policy, we may subject the supplier to review and potentially terminate our relationship with the supplier. Where any Quay personnel breaches the Anti-Slavery Policy, they will be subject to disciplinary action.

In the event that Quay caused or contributed to the risk, we will re-assess our internal measures to better mitigate any potential risks in future and remedy any actual impact as appropriate.

7. EFFECTIVENESS

During the Year, Quay focused on introducing a rigorous framework to ensure modern slavery risks are adequately assessed and addressed within our operations and supply chains. However, we understand this is an ongoing and evolving process which is why Quay aims to set annual milestones each year to measure the effectiveness of our framework and inform our path moving forward.

Our annual milestones for the next reporting year includes:

- 1 having our suppliers audited on an annual basis;
- 2 establishing an engagement channel for regular feedback between key areas of the business, including Human Resources and Procurement;
- 3 conducting regular visits to our third-party logistic warehouses;
- 4 ensuring our staff have received Code of Conduct training by measuring KPIs. Such Code of Conduct training incorporates education on modern slavery;
- 5 effective implementation of the recently adopted Anti-Slavery Policy;
- 6 reviewing our risk assessment processes on an annual basis to ensure they remain up to date, particularly where operations commence in a new country or region, or engage with a new supplier.

8. CONSULTATION

The internal handbooks and policies referred to in this statement as well as resources for legal, recruitment and procurement are shared across Quay. This ensures consistency with compliance across the business, and further demonstrates the wider commitment of Quay in combatting modern slavery.

Personnel from Quay's human resources, procurement and compliance teams were consulted in preparing this statement.

9. APPROVAL

This Statement is made by Quay for the financial year ending 31 December 2021. This Statement has been approved by the Board of Quayeware Pty Ltd on behalf of itself and its subsidiaries, for the purposes of Section 16(2)(a) of the Act.

Signed by



Myles McCormick
Director

Date: 30 June 2022