

Retail Holdings Pty Ltd MS Statement 2021

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

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

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

getting to know us

Retail Holdings Pty Ltd, known as the Sussan Group has its main operations (head office) in Melbourne and a satellite office in Sydney. Over 3,000 passionate team members are directly employed across Australia in various functions including administration, distribution, e-com and our retail outlets. Our distribution model has its main hub located in Sydney and a support e-com facility located in Melbourne.

Our supply chain uses a sourcing model where approximately 90% of our products are manufactured in China, through a combination of a direct sourcing model and both local and off-shore trading agents. We continue to expand our sourcing network, working directly with suppliers in sourcing markets such as Bangladesh, India and Vietnam.

identifying potential risks

To assist to identify Modern Slavery risk, we need to be clear on what Modern Slavery means to us. RHPL defines Modern Slavery as any situation where one person has taken away another person's freedom through threats, violence, coercion, abuse of power or deception so they can be exploited. We understand that Modern Slavery can be found in a range of practices including human trafficking, slavery, forced labour, child labour and other slavery-like practices.

We have also worked to clearly distinguish Forced and Compulsory Labour within our supply chain and define this as any work or service that is expected from any person under the menace of a penalty for which that person has not offered themselves voluntarily.

RHPL strictly prohibits all types of modern slavery including forced and compulsory labour across its business operations.

During 2021, we continued to gain a deeper understanding of our supply chain, working towards our goal of full traceability across all stages of production.

The risk of modern slavery can only be fully understood when we fully understand our end-to-end supply chain and the different types of relationships and risks that exist within our sourcing models at each level of production.

Over the last year, we have maintained 100% traceability of our tier 1 factories while also working to trace the deeper stages of our supply chain. We have approached our traceability project by breaking down the tiers of manufacture and setting mini targets within each tier of manufacture. As an example, we focused on all wet processes within tier 2 such as wash, dye and print factories and have now achieved almost 45% traceability across our tier 2 factories used. We know we still have lots of work to do and will continue our focus on traceability over the coming years to further understand all stages of our supply chain.

Continued COVID lockdowns have presented ongoing challenges with training our internal team members and ensuring they understand how their actions can contribute to the risk of

modern slavery. To work through these challenges, ongoing discussions were held with team members and where possible, face to face sessions held to continue the education path for our team.

The COVID challenges across Australia and globally also resulted in some of our planned actions being deferred until early 2022. While in lockdown, we did continue our focus on several actions including the reviewing of our Product and Standard Operating Procedure manuals to further improve our supply chain governance.

Areas such as a review of critical path, late orders and changes to orders during production have been rescheduled for follow up in early 2022.

We recognize these areas are important and may contribute to the risk of modern slavery where workers may be forced to work an excessive and unsafe number of hours as a result of our decisions and while we worked through some of these areas, our continued focus over the coming year remains to

ensure our team adhere to our Responsible Sourcing Policy which provides our team with guidance on how to operate ethically. Potential modern slavery risk may also arise through our raw materials sourcing as we engage our Suppliers to source these products under our direction. While the suppliers act at our request, RHPL do not have a direct link to the raw materials suppliers and we know this increases our risk of being

directly linked to potential cases of modern slavery through the actions of the supplier or sub-contractors involved.

As a result, we rely on our suppliers and engage them to enforce our sourcing and Ethical Code of Conduct expectations in their own supply chains across all areas of production for RHPL products.

To support the governance of our supply chain, we

continue to implement strong governance practices and expectations to mitigate the risk of modern slavery within our supply chain.

Our expectation is that all suppliers and sub-contractors across our entire global supply chain will always adhere to these governance principles.



our steps

Ensuring we have the right tools and guidance in place to support our factory workers is at the core of what we do. Our Supply chain partners and our internal team members have been paramount to us in providing clear and concise governance expectations to our suppliers and their sub-contractors.

We have continued to work with external resources to guide us on our journey to improve. Through education and a deeper understanding of social compliance requirements, we reviewed our Ethical Code of Conduct and Supplier Agreement and made further changes and improvements in our expectations and documents.

We have then shared these documents with all suppliers and their factories.

Our requirements are communicated across the following areas of governance:

- **Ethical Code of Conduct**
- **Supplier Agreement & contractual obligations**
- **Factory Social Compliance Audit Mutual Recognition Program**

We have conducted a follow up review of our Modern Slavery Risk Assessment to identify further areas of opportunity which has helped us prioritize focus areas to assist in further reducing the risk of modern slavery in our supply chain.

Part of our document review also included a review of our Group Sourcing Policies including our Group Modern Slavery Policy. Our sourcing documents detail our expectations across different areas of compliance such as modern slavery, forced labour, child labour, freedom of association and grievance mechanisms. More importantly, included within each policy is a remediation plan should a non-compliance finding be identified which must be followed by all parties involved, ensuring the welfare of the worker always remains our focus.

Our supply chain review remains an ongoing, dynamic requirement that considers a number of factors when identifying supply partners. Due to business lockdowns, our scorecard has been delayed however the tool is in place to commence rating suppliers based on several attributes including social compliance governance and results. Our expectation is that these scores will drive more production orders to those supply partners who are highly rated.

Our factory social compliance rating system, implemented in 2020, has seen a significant improvement in the number of findings identified in social compliance audits as suppliers who receive higher social compliance scores in their factory audits receive more orders.

In addition, factories who receive higher scores are rewarded with longer audit frequency timelines, meaning the re-audit window is extended. This allows us to focus more on those factories that require our attention and support to address corrective actions in a timely manner.

We recognize that recording the level of information to monitor performance can be a challenge and are currently in the process of implementing a software program which helps us to manage and record Supplier and factory information including social compliance factory audit information. We believe this tool will further assist our team to keep abreast of our supply chain as we gain further steps of traceability.

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

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

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

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

Where we work with smaller based domestic contractors, we have an expectation that they also implement measures that protect their workers who may work in different areas of our business. Our initial goal was to focus our attention on reviewing and implementing

stronger governance requirements within all Contractor and Service Providers to the Group over the last 12 months however we have delayed this as a result of the continued lockdowns as a result of COVID. We plan to commence this area of the business in 2022.

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

We have committed to continue to work with both external and internal stakeholders to grow our knowledge and further reduce our risk by making more informed sourcing decisions.

This approach aligns to our Group Responsible Sourcing Policy which assists to educate and guide our team on expected purchasing behaviors.



ensuring we're on track

Social Compliance auditing is our most important tool in ensuring we protect workers against any type of modern slavery, while providing us the opportunity to identify further opportunities in our social compliance auditing program.

Over the 12 months, our factories have undertaken 175 independent social compliance audits across our network of manufacturing units and facilities globally. We have used these assessments to help us identify any concerns and where required, have worked with our Supply chain partners to implement remediation programs.

100%

of Tier 1 Factories have been audited

Several factories in our sourcing markets globally were at some point forced to close by government authorities because of localized COVID outbreaks. However, these were short closures and factories worked to reopen in a COVID safe way as quickly as they could.

During all lockdowns, we continued to work with Suppliers to ensure factory workers were protected and paid wages in line with local government requirements.

Every audit conducted over the 12 months included both

individual and group worker interviews. Worker identities are protected and workers are encouraged to answer questions freely. Every audit report conducted is assessed and reviewed to identify any findings or concerns.

We also require factories to ensure workers have a system to voice their concerns. **We support freedom of association in all aspects** and have an expectation that all factories will work towards implementing a Workers Representation Committee in addition to another worker grievance mechanism (such as a confidential hotline, suggestion box, committee, open door policy etc.)

79%

of factories have an internal workers representative group in place

We haven't lost sight of the importance of visiting factories in our sourcing markets however the continued lockdowns and travel restrictions have made this impossible to undertake this year.

We have had to think differently about how we engage for production discussions, social compliance, quality inspections or general discussions about new products.

Our key indicator in measuring how our controls are working to reduce the risk of modern slavery is the actual number of modern slavery cases identified across our business during the year.

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cases of modern slavery identified

Our expectation of our supply chain is that any identified potential case of modern slavery is reported to the Group Ethical Sourcing Manager and our remediation plan put into place immediately. Our remediation process then requires an independent investigation to be carried out in every case to ensure the worker is always protected.

76%

of factories have a confidential grievance system in place

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



a group approach

As part of our Group approach, we constantly engage with each business brand and the greater business teams to ensure we have a unified approach to everything we do. Each Brand follows the same guidelines, Policies and expectations across our entire business operations and supply chain.

Our Group Sourcing team works to grow and strengthen our internal sourcing function by aligning each brand to our suite of Group social compliance documents (such as

our Ethical Code of Conduct, Sourcing Policies, Responsible Sourcing Policy, Supplier Agreement and our factory audit program).

To further assist our business operations and supply chain, we have also continued to utilize external resources to educate and assist our whole team to implement actions we need to take towards building a world class supply chain. Ensuring we operate this way is our Group Approach.

our covid approach

Over the last year, we continued to see the challenges the COVID Pandemic presented across the globe. We also see the link the pandemic has to increasing our risk of modern slavery across our supply chain and we know we need to continue to play our part in protecting workers.

We have worked closely with suppliers and sub-contractors to ensure our business operates in a COVID safe and friendly way to support and protect our entire team including our suppliers and factory workers globally.

Our Suppliers are more than just our suppliers, we believe they are our partners, some of which have worked with us for over 20 years. To ensure we managed our existing and future orders to meet demand through this COVID period, we continued to maintain open daily and weekly conversations with our Supplier partners, working pro-actively to support our mutual ongoing success. We continue to be open and transparent with our suppliers partners as we work through the challenges that arise daily.

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

Sussan
sussan.com.au/ethical-conduct

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

Suzannegrae
suzannegrae.com.au/ethical-conduct

Approval

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

The Statement has been approved by Naomi Milgrom AC, Sole Director, Executive Chair and Chief Executive Officer on 14th December, 2021.



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