



MODERN SLAVERY STATEMENT

LORNA JANE

LORNA JANE PTY LTD ABN 91 065 384 616

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

Reporting Period: 1 July 2019 to 30 June 2020

THIS REPORT OUTLINES

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PART ONE

EXECUTIVE SUMMARY

This Modern Slavery Statement is made in accordance with the Modern Slavery Act 2018 (Cth) (the Act) for the year ending 30 June 2020.

The Statement relates to the supply chains and operations of Lorna Jane Pty Ltd - ABN 91 065 384 616 ('Lorna Jane').

Our Statement has been prepared in consultation with the Board of Directors of Lorna Jane Pty Ltd.

We welcome the opportunity to submit this inaugural Modern Slavery Statement to the Australian Border Force. We are committed to a collaborative and transparent approach in our long-term commitment to identifying and addressing modern slavery risks both now and into the future.

This statement has been approved by the Board of Directors of Lorna Jane Pty Ltd.



29/03/2021

Signature

Date

Bill Clarkson

Name
Director

ABOUT US

At Lorna Jane, we are focused on building the best and most loved activewear brand globally.

Our mission is to empower you to live a life that you love through Active Living and the daily practice of Move, Nourish, Believe.

From humble beginnings in Brisbane, Queensland, our founder Lorna Jane Clarkson has grown Lorna Jane to become one of Australia's most celebrated brands, with a major global presence in Australia, New Zealand, United States, Canada, Singapore, China, and the UK.

We are proud of our existing long-term partnership with our WRAP certified apparel supplier, with further details in the 'Supply Chain' section.

This year we launched our Buy Better Not More Initiative, which encourages customers to say "no" to fast fashion, and more towards sustainability in fashion.

As consumers, we need to choose quality over quantity because buying LESS will force the fashion industry to make LESS. This can successfully reduce the negative impacts on our planet, and is closely aligned with addressing human rights and potential modern slavery issues in our supply chains.

We have not identified any cases of actual or suspected modern slavery or associated conduct occurring in our supply chains and operations over the reporting period.

Whilst Lorna Jane has actively sought to engage in responsible business practices over the long-term, we acknowledge the inherent risks of modern slavery, particularly in the retail, apparel and textiles manufacturing sectors. We acknowledge that modern slavery is a global phenomenon with no one simple, "quick-fix" solution.



PART ONE: EXECUTIVE SUMMARY

Apparel products represent a significant share of imports by Australia and other developed economies.¹

We have invested significantly in accelerating our sustainability efforts, including in the specific area of modern slavery.

We have engaged external subject matter experts to assist in the identification of potential areas of our operations and supply chain that present the most pronounced risks relating to modern slavery.

MODERN SLAVERY ROADMAP

Our Modern Slavery Roadmap for the current reporting period has seen us engage in the following initiatives, further details can be found in Part Four of this Statement.



Education and Training



Deep Supplier Engagement



Further Developing and Operationalising our Supplier Code of Conduct



Further Developing and Operationalising our Human Rights Grievance Policies and Procedure

¹ Global Slavery Index 2018,
< <https://www.globalslaveryindex.org/resources/downloads/>>

REPORTING ENTITIES & OPERATIONS

IDENTIFY THE REPORTING ENTITIES

Lorna Jane Pty Ltd - ABN 91 065 384 616

Our headquarters are located at
857 Kingsford Smith Drive,
Eagle Farm Qld 4009, Australia.

Describe the reporting entity's structure, operations and supply chains

Lorna Jane has the following subsidiaries:

- LJ GP No 1 Pty Limited
- LJ GP No 2 Pty Limited
- Lorna Jane Gold Coast Pty Limited
- Lorna Jane Rewards Pty Limited
- Move Nourish Believe Pte Limited
- LJ USA General Partnership
- LJ USA Holdings Inc
- Lorna Jane USA, Inc
- Move Nourish Believe Pte Ltd (showroom, online, wholesale management of subsidiaries)
- Lorna Jane B.V
- Lorna Jane Hong Kong Ltd
- Move Nourish Believe No. 2 Pte Limited
- Lorna Jane Logistics
- Lorna Jane New Zealand Ltd
- Lorna Jane Limited (CAD)
- Move Nourish Believe (UK) Limited
- Run Girl Run (Shenzen) Co. Limited
- Run Girl Run (Shenzhen) Co. Ltd Beijing

Lorna Jane is a leading women's activewear and lifestyle brand with locations across Australia, New Zealand, United States, Canada, Singapore, and the United Kingdom.

We have both brick and mortar stores as well as a successful online presence where products are purchased and shipped globally.

Our activewear products include; women's leggings, sports bras, shorts, tops, pants, jackets, tanks, swimwear and accessories.

We also provide a range of lifestyle-related books and digital products including a number of Lorna Jane Clarkson's books on our website and in stores.

Our corporate functions that support our main business activities are primarily undertaken at our headquarters in Queensland. These include our finance, procurement, human resources, distribution, along with marketing and compliance teams.

OUR SUPPLY CHAIN

We have over 300 direct suppliers. The vast majority of these suppliers are based and operating in Australia.

However, our largest spend category is on a supplier that, although Australian headquartered, has a world class WRAP certified manufacturing operation in China.

As a retail brand, we also procure both finished apparel products for resale to our customers, as well as goods and services for use and support of our operations, these include the below:

PRIMARY SUPPLY AREAS



Delivery, postal, courier and road freight services



Marketing and advertising



Professional and business services including legal, tax, accounting, consulting or IT services



Maintenance and cleaning services for our Corporate Office



Wholesale trade

PART TWO: MANDATORY REPORTING REQUIREMENTS UNDER THE ACT

Our apparel wear supplier is an Australian-based Group with manufacturing facilities in China. Our supply chains are marked by global operational functionality of a kind necessary to providing the goods that we ultimately supply to our customers.

We have built a long-term partnership with our Australian-owned China manufacturing apparel supplier. Approximately 98% of all Lorna Jane products are purchased through this supplier.

Our apparel supplier has corporate operations and business services primarily within Australia, with additional supporting functions in global cities including Los Angeles and New York. Its apparel manufacturing hub and activities are centralised at two factories in China.²

Prior to the COVID-19 pandemic, we visited these factories on an annual basis including for the purposes of auditing and spot-checking. We are also in continual communication with the owners of these factories.

The sourcing of raw materials for the manufacture of our products is done by our supplier and spans a wide range of regions including Southeast Asia and Europe.

These predominantly Tier 2 and Tier 3 inputs include the following raw material products and service categories:

- Cotton & Cotton Textiles
- Knitted Mills
- Wool
- Crop Cultivation
- Chemical Fibres



² Information regarding the exact location of these factories is available to Australian Border Force officials upon request and if required for compliance purposes under the Act.

RISKS OF MODERN SLAVERY PRACTICES

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns and controls

As a business that operates in the retail and apparel sector, we are aware of the inherently elevated risk of modern slavery that may potentially characterise our operations and supply chains. We have engaged subject matter experts and external consultants to assist in the mapping of our supply chain for the identification and mitigation of modern slavery risks.

Over the current reporting period, we have not identified any instances of modern slavery within our operations or supply chain.

We recognise that the mandatory reporting requirements under the reporting regime require us to address the risks of modern slavery, and the non-identification of actual cases of modern slavery is not an end in itself.

Proprietary technology of external consultants has been applied to our spend data and it has been analysed throughout global markets.

This tracing of economic inputs that are required to produce products and services from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain.

We have also engaged human rights subject matter experts for the purpose of specific due diligence on our main apparel supplier in relation to potential areas of modern slavery risk.

HIGHEST RISK CATEGORIES

Based on our initial risk assessment, the top three industry categories by spend with the highest potential risks of modern slavery in our operations and supply chain are:



Wearing apparel and business services in China



Postal and courier activities in the transportation and storage sector



Domestic telecommunication services and advertising services in Australia

Perhaps unsurprisingly, given the concentration of our apparel manufacturing services with a single supplier with its manufacturing operations in China, the first of these above categories presents as a logical focal point for present and future modern slavery due diligence and remediation activities. This industry category priority is discussed further below.

PART THREE: RISKS OF MODERN SLAVERY PRACTICES

We recognise that modern slavery risks can arise through a complex interaction of factors such as:



Total supplier spend amounts (i.e., the value of our direct supplier contracts)



Industry category, including industries that, in turn, feed into particular categories further down the supply chain pipeline



Geographical area of operation



Depth or 'tiering' within the supply chain(s)- e.g. 3rd tier supplier, 5th tier supplier, etc

Results from our supplier initial risk assessment have provided a foundational framework for us to prioritise and dedicate our future due diligence efforts to these suppliers.

WEARING APPAREL AND BUSINESS SERVICES

From a generalised industry and country risk profile, our wearing apparel supplier and its associated business services presents with a significantly elevated modern slavery risk profile.

We are aware of the potential human rights abuses, including modern slavery in this industry and country sector at the sourcing, manufacturing and production stage.



ASSESS & ADDRESS MODERN SLAVERY RISKS

Actions to assess and address modern slavery risks, including due diligence and remediation processes

The following is a summary of the actions Lorna Jane has undertaken to address modern slavery within our operations and supply chains.

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- | | |
|--|---|
| ✓ Due Diligence and Supplier Engagement | <ul style="list-style-type: none">• Comprehensive desktop auditing of primarily apparel manufacturer / supplier• 'Tele-auditing' (adjusted format due to COVID-19 constraints) of factory owner for primary manufacturing activities in China• Ensuring social compliance certifications are up to date• Further due diligence on issues relating to social compliance certification |
| ✓ Governance | <ul style="list-style-type: none">• Updated Supplier Code of Conduct to more comprehensively address modern slavery• Updated Contract Provisions to address modern slavery |
| ✓ Operations | <ul style="list-style-type: none">• Established Modern Slavery Working Group• Undertook bespoke Modern Slavery Education and Training |
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PART FOUR: ASSESS & ADDRESS MODERN SLAVERY RISKS

OUR SOCIAL COMPLIANCE PARTNER: WRAP

Our apparel suppliers use the Worldwide Responsible Accredited Production (WRAP) social compliance organisation to undertake audits on their business.

The WRAP audit process is centred around 12 core principles:



1.
Compliance with
Laws and Workplace
Regulations



2.
Prohibition of
Forced Labour



3.
Prohibition of
Child Labour



4.
Prohibition of
Harassment or
Abuse



5.
Compensation
and Benefits



6.
Hours of Work



7.
Prohibition of
Discrimination



8.
Health and
Safety



9.
Freedom of
Association and
Collective Bargaining



10.
Environment



11.
Customs
Compliance



12.
Security

WRAP UNDERTAKES ITS AUDIT IN A THREE-STEP PROCESS:



1. Pre-Audit Self Assessment

First, it requires our supplier to undertake a pre-audit self-assessment, which includes questions around any policies that address WRAP's core principles.



2. Audit

Second, a WRAP-accredited monitoring firm is selected to audit the facility against WRAP's 12 principles.

The purpose of the audit is to:

- Review and assess the supplier's compliance status against the WRAP principles and relevant local laws
- Bring non-compliance to the attention of the facility management

- Ensure that all non-compliance is to be presented to the supplier
- Individual or group interviews of workers may also be undertaken during the audit. Where non-compliance is identified a corrective action plan will be issued and a follow-up audit may be undertaken.



3. Compliance Certification

Finally, a certificate is issued to the facility depending on the level of compliance met - platinum, gold or silver.

Platinum: A platinum certificate is issued where full compliance with WRAP's 12 principles is identified for 3 consecutive audits.

Gold: A gold certificate is issued where full compliance is identified.

Silver: A silver certificate is issued where substantial compliance with WRAP's 12 principles is found.

There must be no incidences of non-compliance (such as child labour, serious health, safety or environmental issues) identified by the audit prior to issuing this certificate.

Furthermore, this silver standard highlights that employees are paid at least the legal minimum wage and required overtime compensation.



Our supplier has been issued with a Gold level of certification.

PART FOUR: ASSESS & ADDRESS MODERN SLAVERY RISKS

Onsite and Telephone Audit of Primary Manufacturing Factory in China

Prior to Covid 19, we undertook a comprehensive onsite review of our main apparel factory in China.

We were provided access to every floor of the factory and met numerous factory workers making Lorna Jane apparel. Many of the factory workers travel from rural areas and live in dormitories at the factory.

Through our auditing process we ensured that workers were free to come and leave the factories outside of business hours. Workers were also provided with free meals in the factory cafeteria and/or meal vouchers to dine outside of the factories.

The majority of factory workers are members of international trade unions. All grievance policies and procedures were communicated in the workers local language and clearly displayed throughout the factory.

Other certification issues relating to major manufacturing presence in China

A further component to our ethical and anti-slavery certification processes relates to the endorsement of all milled cotton in China as not being produced from the Xinjiang region.

We acknowledge the planned amendment of the *Customs Act 1901 (Cth) through the Customs Amendment (Banning Goods Produced By Uyghur Forced Labour) Bill 2020* (which had not yet passed into law at the time of preparing this statement.

Irrespective of this potential legislative change, we are already fully committed to ensuring that *Uyghur Forced Labour*, or modern slavery practices of any other kind, have no place in our supply chains and operations.



PART FIVE: EFFECTIVENESS OF ACTIONS

EFFECTIVENESS OF ACTIONS

Describe how the reporting entity assesses the effectiveness of such actions

We have adopted a continuous improvement approach to addressing modern slavery, and are committed to ensuring that, through our planned expansion of our network of preferred suppliers, the same or even higher levels of due diligence will be undertaken to ensure that modern slavery risks in our industry and the countries we do business with are mitigated.

Lorna Jane will continue to engage with its primary apparel supplier and undertake a yearly audit and review of its policies and procedures.

Over the next twelve months Lorna Jane will ensure that the policies and procedures that have been drafted are operationalised and that there is increased internal stakeholder engagement on the issue of modern slavery.

As Lorna Jane continues to develop its sustainability policy it will incorporate the issue of modern slavery to ensure that it is appropriately addressed.

Describe the process of consultation with any entity it owns or controls

Lorna Jane has consulted with its subsidiaries and controlled entities all of whom have adopted Lorna Jane's governance policies for addressing modern slavery.



PART FIVE: EFFECTIVENESS OF ACTIONS

Any other relevant information: Impact of COVID-19 Pandemic

We have worked closely with our suppliers in order to mitigate the impacts of the COVID-19 pandemic on our operations and supply chain, as well as the necessary adaptations that have been required for our modern slavery risk identification efforts.

These efforts are outlined below.

✓ **Honouring our commitments with suppliers**

We have honoured our commitments with suppliers by choosing not to enact any force majeure or contract clauses of suppliers. In February 2020 we chose to persist with our orders from our supplier, as not to negatively impact their operations and workers.

We have also extended delivery times to accommodate the challenges faced by our supplier in China as well as ensuring its invoices are paid in a timely manner. We have also engaged in clear communication such as weekly face-to-face meetings with factory owners and the senior team of our supplier to ensure that modern slavery and worker-related risks are mitigated.

✓ **Supporting workers at greater risk during the pandemic**

We have conducted due diligence on our supplier in China, to ensure COVID-safe workplace practices and policies are in place. Wage protections have also remained in place for workers and bonuses have been provided.

Our supplier has encouraged a safe return to work by providing employees with transport and accommodation in local hotels to complete government-led quarantine.

✓ **Epidemic Prevention Program**

Our key apparel supplier in China has undertaken the efforts to ensure it has a safe work environment. This has been conducted through its Epidemic Prevention Program established during the pandemic.

All these efforts have contributed to mitigating our worker-related risk and modern slavery risk within our direct supply chain.

Lorna Jane is aware of the risks of modern slavery in the cleaning industry and has ensured that even through the pandemic, our own employed staff have assumed responsibility for continuing to clean inside each Lorna Jane store.

APPENDIX

INITIAL RISK ASSESSMENT: METHODOLOGY SUMMARY

An initial risk assessment was carried out to identify the elevated areas of modern slavery risk in our supply chains.

This baseline exercise provides the foundation for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years. Incorporating company spend data

throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of Lorna Jane's top suppliers by spend.

Balanced Global Multi-Regional Input-Output (MRIO) in relation to industry sectors:



- The United Nations' (UN) System of National Accounts



- UN COMTRADE databases



- Eurostat databases



- The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO)



- Numerous National Agencies including the Australian Bureau of Statistics

The MRIO was then examined against the following international standards:

- The UN Guiding Principles for Business and Human Rights
- The Global Slavery Index
- International Labour Organisation (ILO) Global Estimates of Modern Slavery
- The United States' Reports on International Child Labour and Forced Labour

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table.

The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier of Lorna Jane.

This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence of non-existence of slavery in Lorna Jane's supply chains or operations.

Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.

PART SIX: APPENDIX

The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:

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-
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TOP 15 INDUSTRY RISK CATEGORIES FOR LORNA JANE

The top 50 suppliers in our supply chains and operations that posed the highest calculated risks in relation to modern slavery were identified.

Examples of these results from our Initial Risk Assessment is provided in the figures below.

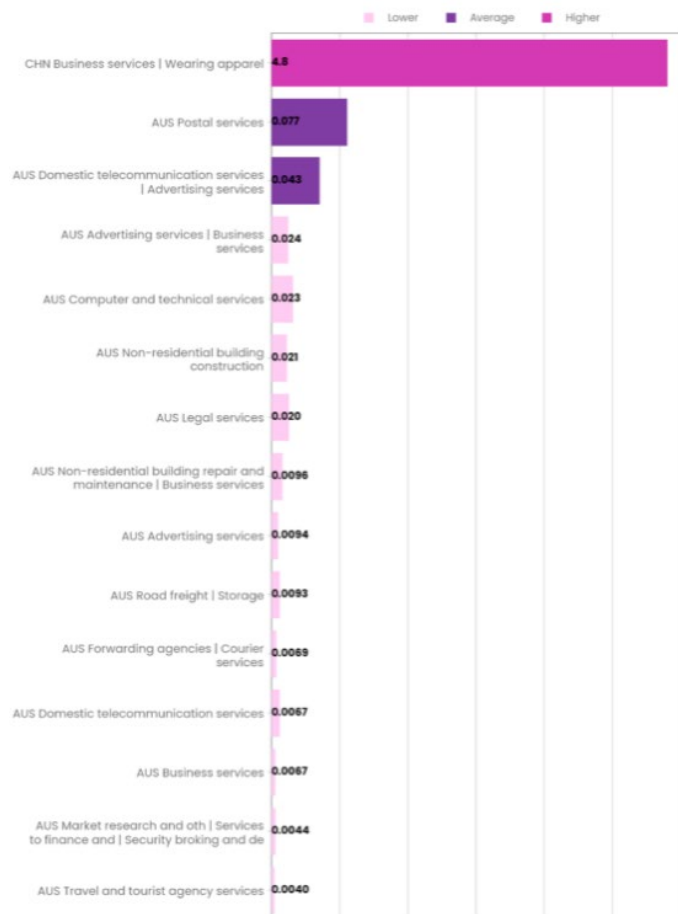


Figure 1.1

PART SIX: APPENDIX

MODERN SLAVERY RISKS BY COUNTRY

Our highest risk category is in the Asia Region, specifically China from where our largest industry risk is category of apparels manufactured.

The surrounding regions where raw materials for these products may be sourced from also elevates the risk.



Figure 1.2

MODERN SLAVERY RISKS BY TIER

According to the Figure below, our modern slavery risks accumulate at Tier 1. This is largely attributable to our procurement for apparel wear that is sourced from overseas.

The prevalence of modern slavery risks that occur in our sector and industry and the relatively larger spend in this tier contribute to the relatively elevated risk.

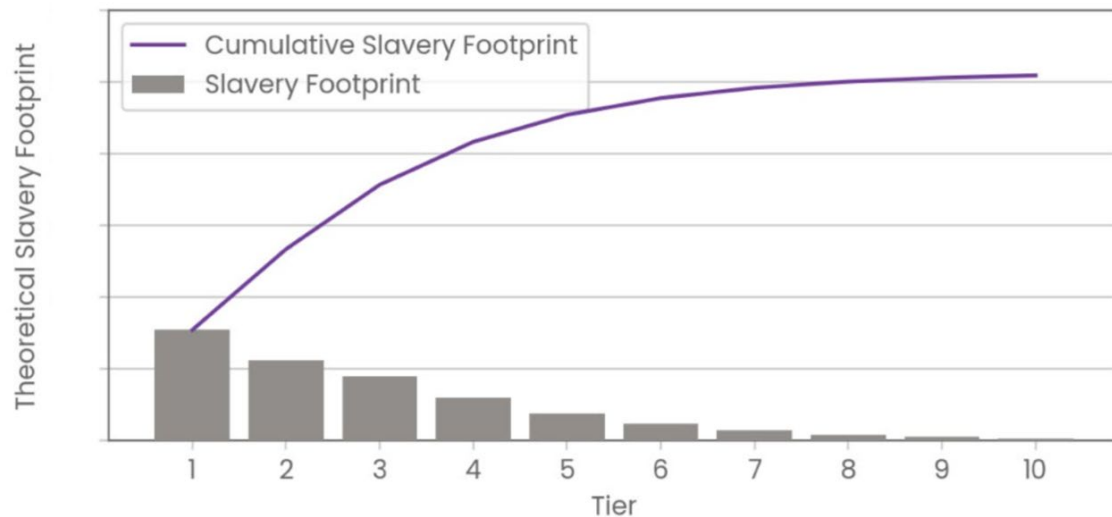


Figure 1.3

LORNA JANE

LORNA JANE PTY LTD ABN 91 065 384 616

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

Reporting Period: 1 July 2019 to 30 June 2020

 **LORNA JANE**
ACTIVE LIVING