

# FACTORYX

RETAIL GROUP

## **FY 2025 MODERN SLAVERY STATEMENT** UNDER THE *MODERN SLAVERY ACT 2018* (CTH)

Factory X Pty Ltd

ABN 51 078 151 667

REPORTING PERIOD 1 JULY 2024 – 30 JUNE 2025





## PART 1 - INTRODUCTION

# INTRODUCTION

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### STRUCTURE AND OPERATIONS

This Modern Slavery Statement (**Statement**) is made by Factory X Pty Ltd (ACN 078 151 667) (**Factory X, we** or **us**), a reporting entity under the *Modern Slavery Act 2018* (Cth) (**Act**).

This Statement is presented on a consolidated basis and Factory X is reporting on behalf of itself and its wholly owned subsidiaries as a consolidated group.

This Statement is our sixth consecutive modern slavery statement and reflects Factory X's continued commitment and evolving approach to modern slavery risk in our operations and supply chains.

### REPORTING PERIOD

This Statement is for the reporting period of 1 July 2024 to 30 June 2025, which is our most recently completed financial year. In this Statement, **FY25** means the financial year ended 30 June 2025 and other financial years are referred to in a corresponding manner.

### BRANDS

Factory X operates under the following brands (**Brands**) and websites (**Websites**):

#### **DANGERFIELD**

[dangerfield.com.au](http://dangerfield.com.au)

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#### **princess highway**

[princesshighway.com.au](http://princesshighway.com.au)

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#### **gorman**

[gormanshop.com.au](http://gormanshop.com.au)

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#### **L'URV**

[lurv.com.au](http://lurv.com.au)

In FY25, Factory X discontinued the Jack London brand. Factory X has ceased production of apparel and accessories for the L'urv brand. Once all remaining inventory has been sold, this brand will also be discontinued.

## PART 1 - INTRODUCTION

# INTRODUCTION

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### ABOUT US

The principles of fair trade and loyalty are of foundational importance to us. We place a high value on mutually beneficial, trust-based relationships with our employees, suppliers and customers. Our commitment is driven by our desire to minimise harm and embrace practices that promote a healthier and more sustainable fashion industry.

Our Head Office and Warehouse was established in Melbourne on 9 April 1997 on the land of the Wurundjeri people of the Kulin Nation. We design and sell, on a retail and wholesale basis, apparel and accessories catering to a young consumer base including streetwear, sportswear, children's wear and ethical fashion ranges.

We have collaborated with external subject matter experts to expand our capacity and effectiveness in modern slavery risk identification in our operations and supply chains.



## PART 1 - INTRODUCTION

# WE HAVE ACHIEVED THE FOLLOWING HIGHLIGHTS IN FY25 AS PART OF OUR ONGOING MODERN SLAVERY RISK MANAGEMENT:

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- ✓ Continued use of our AP21 buying system. This system integrates our procurement policy in each purchase order, including our supplier code of conduct, to place more stringent responsibilities on suppliers in respect of corporate social responsibility (CSR) and modern slavery compliance;
- ✓ Expanded CSR audits of our Tier 1 suppliers located in Taiwan and India;
- ✓ Provided training to all head office staff and retail managers of Factory X regarding the risks of modern slavery. We also provided a FairSupply modern slavery training video on modern slavery for new staff members and managers. We are in the process of delivering training to further staff members in the financial year ending 30 June 2026 (FY26);
- ✓ Conducted CSR Audits on 33% of our Tier 2 suppliers;
- ✓ Updated the Social & Ethical page on our Websites to increase the clarity and visibility for stakeholders of our ongoing commitments to compliance and CSR;
- ✓ Collaborated with a Living Wage Working Group led by OXFAM where we can connect with other brands to exchange ideas and advise;
- ✓ Collaborated with Diginex to use their diginexAPPRISE tool to enable Factory X to collect standardised and actionable data on the modern slavery risks in its supply chain directly from workers; and
- ✓ Recognised in [Baptist World Aid's Ethical Fashion Report \(10th edition\)](#) as a company with the greatest improvement in company score based on protecting workers and the environment.



## PART 2 - STRUCTURE, OPERATIONS AND SUPPLY CHAINS

# STRUCTURE, OPERATIONS & SUPPLY CHAINS

### REPORTING AND CONTROLLED ENTITIES

Factory X Pty Ltd (ACN 078 151 667) is the reporting entity under the Act. Factory X is also reporting on behalf of its controlled entities, which are outlined in the table below:

Reporting Entity	Controlled entities (Australia)	Controlled entities (New Zealand)
<b>Factory X Pty Ltd (ACN 078 151 667)</b>	Alannah Hill Pty Ltd (ACN 078 301 096)	Factory X Limited (NZBN 94 29 034 004 173)
	Coo Ca Choo Pty Ltd (ACN 121 553 115)	
	Factory X Properties Pty Ltd (ACN 094 418 845)	
	Dangerfield Pty Ltd (ACN 050 022 672)	
	Princess Highway Pty Ltd (ACN 122 216 004)	

Factory X's Australian controlled entities do not trade and are generally passive holding entities. Therefore, they have no distinct or separate supply chains from that of our reporting entity. Further, Alannah Hill Pty Ltd is a dormant entity.

### DESCRIBE THE REPORTING ENTITY'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

We are a privately owned Australian company with a diverse share registry, including our founders David Heeny and John Cain.

As of 30 June 2025, we had 1,000 employees across our headquarters and retail stores, including employees in Australia and in New Zealand. In total, we operate 115 independent retail outlets in the following jurisdictions:

Australia							New Zealand
VIC	NSW	QLD	WA	SA	TAS	ACT	
31	20	21	12	9	5	2	15

## PART 2 - STRUCTURE, OPERATIONS AND SUPPLY CHAINS

# OUR BUSINESS

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The business of Factory X includes being a:

- Direct-to-consumer retailer (through our physical stores and Websites); and
- Wholesaler.

Our corporate staff and personnel support our primary business operations from our headquarters in Victoria, on the land of the Wurundjeri people of the Kulin Nation. Our Brands' products are largely final-end apparel and accessories catering to young consumers.

# OUR SUPPLY CHAIN

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Around 95% of our international apparel suppliers that are responsible for manufacturing our products are located in China. We do not manufacture any of our apparel and accessories directly but utilise a network of factories and suppliers that span three continents. A full list of our suppliers in relation to the factories that we engage is publicly available on each of our Websites (page 3).

We have longstanding relationships with our suppliers, having worked with the majority of our suppliers for a period of between (or exceeding) 5 to 10 years.

The more remote tiers of our primary supply chains provide inputs on the following products:

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



## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# RISKS OF MODERN SLAVERY PRACTICES

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### DESCRIBE THE RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY AND ANY ENTITIES IT OWNS AND CONTROLS

We acknowledge that the clothing and apparel industry, as a whole, has an elevated modern slavery risk profile. This in large part is due to the offshoring of the manufacturing and production process to low-cost jurisdictions which has contributed to inherent industry risks, including the following:

- High proportions of low-skilled labour and low barriers to entry;
- Complex and non-transparent chains;
- Lack of independent oversight of our suppliers who are concentrated in relatively higher risk jurisdictions;
- Low wages and exploitative working conditions;
- Common practices which suppress labourers' fundamental right to freedom of association; and
- Costs pressures which arise from purchasing practices.

While we have a number of suppliers in other jurisdictions such as India and Taiwan, we have predominantly focused our modern slavery risks analysis and due diligence efforts on China, where the majority of our suppliers are located.



## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# SUPPLY CHAIN RISKS

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### COMPLEX & NON-TRANSPARENT SUPPLY CHAINS

We rely on inputs from a large number of suppliers, many of which are located in different countries. It can be difficult to fully map our supply chains particularly where our suppliers rely on their own, less transparent, supply chains.

Where we are a reseller of apparel and products, we often have limited visibility of those business' supply chains, and any investigatory measures we take may affect the commercial relationship.

### COST PRESSURES THROUGH PURCHASING PRACTICES

There are a number of purchasing practices which may increase the risk of a supplier participating, or being complicit, in modern slavery practices such as:

- The use of agencies within supply chains may lead to a loss of transparency and visibility over our suppliers and the activities they are undertaking; and
- Not placing orders with sufficient lead or production times, which may require a supplier to use forced labour over extended periods to fulfil orders.

### LACK OF INDEPENDENT OVERSIGHT

A lack of independent oversight of a suppliers' operations and reliance on self-assessments elevates the risk that modern slavery practices are not uncovered or addressed.

### SUPPRESSION OF FREEDOM OF ASSOCIATION

Given the prevalence of unskilled labour in the fashion industry and low barriers to entry, there is an elevated risk that some of our suppliers may engage in activities which suppress workers' rights to form associations or unionise.



## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# SUPPLY CHAIN RISKS

### OVERSEAS SUPPLIERS - SOURCING & MANUFACTURING APPAREL IN CHINA

For our overseas apparel suppliers, areas of potentially elevated risks for modern slavery were identified in relation to the following products:

- Leather Products
- Woven Garments
- Knitwear
- Textiles made of Cotton & Bedding

Up to 95% of our products are sourced and manufactured in China. We recognise that supply chains in this jurisdiction, common to the overwhelming majority of Australian apparel retailers, carry an elevated risk of modern slavery within this category based on a broad, high-level assessment at the country level.

The elevated modern slavery risk in China is well known and documented, with an estimated 5.771 million people living in modern slavery in 2021.<sup>1</sup> Of particular note is the Xinjiang region which is a major cotton producer accounting for approximately 20% of global production and approximately 85% of China's cotton that is used in manufacturing is produced in Xinjiang.<sup>2</sup>

According to the Australian Strategic Policy Institute, an estimated 80,000 Uyghur and Turkic Muslim minorities were transferred out of Xinjiang to work in factories across China from 2017 - 2019.<sup>3</sup>

We recognise that there is a significantly elevated modern slavery risk because of the source and concentration of our suppliers.

Furthermore, in FY25, we experienced issues as a result of US tariff instability, including higher shipping rates and delays which disrupted the business. Our Factory X Lead Time Policy continues to protect us to a certain extent and provides reassurance on timeframe and payment and delivery for suppliers.

<sup>1</sup> Walk Free, 'Global Slavery Index 2021', China, <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

<sup>2</sup> U.S Department of Labor, *2024 List of Goods Produced by Child Labor or Forced Labor (U.S Department of Labor, 2024)*.

<sup>3</sup> Vicky Xu et al, 'Uyghurs for sale: 'Re-education', forced labour and surveillance beyond Xinjiang', (Australian Strategic Policy Institute, Report No. 26/2020) 3.

## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# SUPPLY CHAIN RISKS

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### SUPPLY CHAIN RISKS

Based on our risk assessment, the categories of suppliers that we have identified as having potentially elevated modern slavery risk by total spend amount include:



### HOTELS & TRAVEL

Travel can present an elevated modern slavery risk because it involves complex, fragmented and often opaque supply chains that rely heavily on outsourced and labour intensive services. Corporate travel typically engages a wide range of third-party providers, including airlines, hotels, accommodation platforms, ground transport operators, catering, cleaning, security and event services, many of which operate across multiple jurisdictions with varying labour standards and levels of regulatory enforcement.

Our spend with Hotel and Travel suppliers decreased in FY25 by 21% from our spend in FY24, decreasing our overall exposure to modern slavery risk in this sector.



## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# SUPPLY CHAIN RISKS

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### FURNITURE AND FITOUT & CONSTRUCTION

We have consolidated these categories, which were represented in Tiers 1 - 3 suppliers, as they are industries that generally present relatively higher modern slavery risks. The following risk factors are present within the construction industry and may elevate the risk of modern slavery:

- Low Barriers of Entry to Employment;
- Low Wage Work;
- Disproportionate Representation of Migrant Workers; and
- Hazardous Working Conditions.

Our spend with Furniture and Fitout & Construction suppliers in FY25 was the most consistent of the reviewed categories with our spend in FY24. Our spend in this category only decreased by 2% in FY25 from the prior year and the number of suppliers remained relatively static year-on-year.

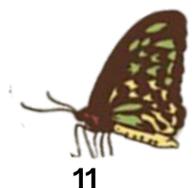
### BUILDING MAINTENANCE AND REPAIR

Several of the risk factors for the construction industry are also present within the building maintenance industry and may elevate the risk of modern slavery, specifically:

- Low Barriers of Entry to Employment;
- Low Wage Work; and
- Disproportionate Representation of Migrant Workers.

Spend with Building Maintenance suppliers increased in FY25 by 49% from our spend in FY24 with a modest increase in the number of suppliers. The top 10 suppliers in FY25 represented 80% of our spend. The 10 suppliers in FY24 represented 81% of our spend, showing similar levels of concentration of spend and suppliers remaining consistent year-on-year.

Whilst the above categories have been identified as part of our risk assessment processes, we consider the modern slavery risks in our direct operations to be low.



## PART 3: RISKS OF MODERN SLAVERY PRACTICES

# RISKS IN OPERATIONS

Our employees in Australia and New Zealand are subject to appropriate employment contracts, including standard employment protections and safety nets. As noted in the table, our workforces in Australia and New Zealand still include many casual employees. High turnover in casual roles is typical in the fashion retail industry, where seasonal demand and roster flexibility drive the need for a large casual pool. In contrast, our Key Management Personnel demonstrate long-term stability, with an average tenure of 11.9 years and several leaders employed for 7 - 16 years, which reflects strong continuity in senior leadership.

Casual workers, at a broad level, carry an elevated risk for modern slavery in comparison to direct employees. However, our casual employees remain subject to our robust protocols of on-boarding and training handled by our human resources department.

Additionally, the regulatory oversight and legislative frameworks provided for workers in Australia and New Zealand provides our workforce with protections against exploitative practices and thus the risk of modern slavery occurring in our direct operations is low. Specifically, these are employment protections in Australia under the *Fair Work Act 2009* (Cth) and protections for our retail workforce in New Zealand under the *Employment Relations Act 2000* (NZ).

The substantial majority of our workforce in Australia are in retail roles, subject to the General Retail Industry Award, including

### Factory X Employees (as at 30 June 2025)

<b>Full Time</b>	296
<b>Part Time</b>	59
<b>Casual</b>	645
<b>Total</b>	<b>1,000</b>

retail sales assistants, retail management (store/assistant/3IC), warehouse employees and clerical/administration roles. Approximately 80% - 85% of all employees fall under award-covered retail or clerical classifications. Further, we estimate 10% - 20% of our workforce to be unionised, primarily employees within retail roles covered by industry awards.

We also have two elected Health and Safety Representatives based in our Victorian retail stores, providing an additional channel for employee consultation on safety matters.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# ACTIONS TO ASSESS & ADDRESS MODERN SLAVERY RISKS; INCLUDING DUE DILIGENCE & REMEDIATION PROCESSES

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This Part contains a summary of our due diligence actions during the FY25 reporting period. As the majority of our suppliers are based in China, we have concentrated our modern slavery due diligence efforts on those suppliers.

Having identified the risks of our supply chains, we have implemented the following practices, policies and procedures in FY25 to assess, address, and mitigate our modern slavery risks as part of our internal governance processes.

Generally speaking, our modern slavery risk reduction strategy focuses on working with suppliers to remediate and address any problems that are identified during audits, rather than withdrawing from them as customers.



## PART 4: ADDRESSING MODERN SLAVERY RISKS

# INDEPENDENT CSR AUDITS

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Factory X regularly engages Qualspec, a provider of independent and accredited auditors, to conduct on-site and desk-based CSR assessments of our Tier 1 and Tier 2 suppliers. Our CSR audits have been important to help us determine and/or verify whether our suppliers have complied with their modern slavery obligations and to identify areas or suppliers which represent an elevated risk. The CSR audits include assessing whether:

- workers are paid at least the minimum wage and whether their recorded working hours comply with local labour laws;
- there is an anonymous or appropriate way to report labour law violations and if all workers know about this procedure; and
- whether there is any evidence of modern slavery risk indicators, such as:
  - the use of forced labour;
  - whether workers are able to voluntarily work or leave; and
  - the presence and prevalence of security guards which restrict workers' movements.

During FY25, Factory X arranged for independent CSR audits for the following numbers of our suppliers:

- 37 out of 37 of our Tier 1 suppliers; and
- 6 out of 18 of our Tier 2 suppliers.

In FY25, Factory X did not discover any instances of modern slavery in its supply chain. Factory X will commit to securing CSR audits for all of its Tier 2 suppliers from FY26.

Factory X traces the origin of fibres used in its products and obtains certifications for materials, such as cotton which is processed in accordance with 'Global Organic Textile' standards, and wool which is produced in accordance with the 'Responsible Animal Fibre' standards.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# INDEPENDENT CSR AUDITS

Qualspec auditors rank suppliers based on the number and severity of issues it identifies during CSR audits. Based on the supplier's risk rating, it recommends a corrective action plan (if required) and the frequency of audits. Generally, the risk tiers and recommendations are as follows:

Ranking	Criteria	Recommendation
<b>Black</b>	When any critical issue is identified in zero tolerance area.	Use of the factory should either be ceased or an unannounced follow-up audit should be conducted within 2 weeks.
<b>Red</b>	When any critical issue or 11+ major issues are identified but not in zero tolerance area.	A follow-up audit should be conducted within one month and the factory should be audited every 6 months.
<b>Amber</b>	No critical issue identified but there are major issues which require corrective action.	A follow-up audit should be conducted within three months and the factory should be audited annually.
<b>Green</b>	No evidence of critical or major non-compliance and any minor issue can be reviewed over desktop within 3 months.	The factory should be audited every two years.

In FY25, most of our factories were ranked **Green**. None of our suppliers were placed on a performance improvement plan and the CSR audits did not uncover any instances of critical or major non-compliance.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# OUR COMMITMENT TO LIVING WAGES

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A living wage is a wage which sufficiently provides for a decent standard of living and allows an individual to afford good housing, healthcare, clothing, education, transportation and water. Living wages should be distinguished from a minimum wage, which is the minimum legal wage an individual can be paid. Workers who struggle living on their wage (i.e. are only paid a minimum wage) are generally more likely to have experienced forced labour.<sup>4</sup> Our commitment to ensuring that every person in our supply chain receives a living wage is a key part of our strategy to reduce the risk of modern slavery in our supply chains.

We have undertaken living wage audits of our Tier 1 suppliers, compiling and finalising a wage gap analysis across the tier. Wage gap analysis assesses the wages that our Tier 1 suppliers' workers are paid compared to a suitable living wage benchmark. Factory X is working towards securing living wage audit for all its Tier 2 suppliers from FY26.

Under the "What She Makes" Living Wage Campaign led by OxFam, we are obtaining a third party assessment of the action plans of our brands in relation to payment of living wages. Dangerfield has committed to completing a wage gap analysis. OxFam's review of our wage gap analysis, which includes Gorman, is underway. Once OxFam's analysis of our wage gap analysis has been deemed sufficient, Gorman will be seen to have actioned Step 4, being publishing their plans.



<sup>4</sup> Pablo Diego-Rosell and Jacqueline Larson, 'Modelling the Risk of Modern Slavery', (Gallup and Walk Free Foundation, 17 July 2018).

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# ANKER LIVING WAGE METHODOLOGY

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Our suppliers are required to comply with our standard Supplier Terms and Conditions (**Terms**) which are integrated in our purchase orders. The Terms require all of our overseas and local suppliers to comply with our modern slavery and living wage commitments.

We have adopted the benchmarks set by the Anker Living Wage Methodology to establish the living wage in the specific regions where our suppliers are located and actively working towards closing the gap between living and minimum wages.

The Anker Living Wage Methodology for measuring living wages has two main components, including:

- estimating cost of a basic but decent lifestyle for a worker and their family in a particular place; and
- determining if the estimated living wage is being paid to that worker.

The methodology emphasises participation of local people and organisations to increase its credibility and acceptance by stakeholders. Also, the estimation of living wage is explicitly separated from the determination of whether workers receive a living wage or employers pay a living wage.



## PART 4: ADDRESSING MODERN SLAVERY RISKS

# MODERN SLAVERY TRAINING

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Further to the CSR audits noted above, we have engaged Qualspec to provide ongoing CSR training of key personnel. A key component of this training is with respect to the obligations and requirements under the Act and is specific to the geographical regions that we operate.

In FY25, we continued utilising diginexAPPRISE, a purpose-built digital worker engagement tool, to collect data on social and modern slavery risks in our supply chains directly from workers. We continued training for the use of this tool for our Shanghai office and a test group of 10 Tier 1 suppliers which are based in China. Training materials were translated live via the Zoom platform.

In FY25, we provided a FairSupply training video on modern slavery for new employees and managers.

# ONBOARDING SUPPLIERS

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We require all suppliers to return a signed copy of our Terms, which includes our Code of Conduct. Our Terms were developed using the Ethical Trading Initiative Base Code as a guide protocol. Local laws, the International Labour Organisation (ILO) Conventions, and the principles of the United Nations Universal Declaration of Human Rights are also referenced.

Where a supplier fails to comply with any aspects of the Terms, the supplier is prevented from onboarding until they certify and convince us that they are able to meet all requirements and satisfy the production department.

# PHASED OUT RECRUITMENT AGENCIES

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Factory X has ceased to use any recruitment agencies in our supply chains. Direct engagement with suppliers ensures greater visibility over our entire supply chain.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# XINJIANG UYGHUR AUTONOMOUS REGION

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Factory X is committed to eliminating the use of forced labour of Uyghur and Turkic Muslim minorities in our supply chain. We generally rely on our independent auditors to identify instances where there is an elevated risk of the use of forced labour and we work closely with our suppliers to reduce this risk as much as possible. However, all of our Tier 1 suppliers have signed statements in which they have committed to not knowingly using any cotton fibres or raw materials which have originated in the Xinjiang Uyghur Autonomous Region.

Our main strategy is to work with suppliers to remedy any shortcomings with respect to modern slavery risks or indicators of such risks. We generally do this by implementing performance improvement plans, whereby we continue to use the supplier's services, but require remedial action to be undertaken within a specified period. Despite this, Factory X retains the ability to cease using any of our suppliers or withdraw from a region if implementation of the remediation plan is unsatisfactory.

## REMEDIATION

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Factory X has no codified remediation plan that it requires suppliers to undertake in the event that modern slavery or modern slavery risk factors are identified. The benefit of this approach is that it allows us to work flexibly with suppliers to create favourable and practically achievable outcomes.

Our response to the identification of modern slavery risks or deficiencies in relation to a supplier is generally two-fold:

- on receipt of the CSR audit report, we identify the areas for remediation and, depending on the severity, identify required minimum timeframes for remediation to occur; and
- we arrange for formal meetings to occur between management to develop a performance improvement plan with key milestones and targets to be achieved within specified timeframes.

We then monitor suppliers' improvement and arrange for follow-up audits to verify whether the remedial actions were undertaken to our satisfaction.

In FY25, no actual or suspected instances of modern slavery were found or reported in Factory X's supply chain.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# RESPONSIBLE PURCHASING PRACTICES

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We also seek to build deep and long-standing relationships with our trusted suppliers. New suppliers are only sought when existing manufacturers are unable to produce required products.

We work towards a minimum 6-month lead-time on production orders. This gives our manufacturers the opportunity to plan ahead, stabilise their workforce, and manage workflows. We do not shop for the lowest price or put work orders out to tender.

## MODERN SLAVERY QUESTIONNAIRES

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During FY23 to FY25, Factory X conducted survey questionnaires querying our suppliers of any potential modern slavery risks (**MS Questionnaires**).

The uptake of the questionnaire was positive as we have now received over 600 responses from suppliers and 100% responses from our Tier 1 and Tier 2 overseas suppliers, which helped us identify any potential modern slavery occurring within our supply chain.

In FY25, we have continued to focus on any new suppliers and included the MS Questionnaires in the documents to be completed by prospective suppliers as part of our onboarding process.



## PART 4: ADDRESSING MODERN SLAVERY RISKS

# INCORPORATING INTERNATIONALLY RECOGNISED HUMAN RIGHTS PRINCIPLES IN OUR POLICIES

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Our Child and Forced Labour Policy (**CFLP**) outlines our commitment and procedures to ensure that no child and/or forced labour occurs at suppliers' and their sub-contractors' places of production. Our CFLP also lays out our commitment to ensure the health and safety of young workers of legal working age and their fair treatment in accordance with applicable national and international law, regulations and provisions applicable in the country of production. Our CFLP is based on and incorporates widely recognised international conventions, including:

- ILO Convention on the Worst Forms of Child Labour no. 182 (1999);
- the United Nations (U.N.) Convention on the Rights of the Child (1989);
- the International Labour Organisation (ILO) Minimum Age Convention no. 138 (1973);
- ILO Abolition of Forced Labour Convention, 1957 (No.105);
- Forced Labour Convention, 1930 (No. 29); and
- the Modern Slavery Act 2018 (Cth)

Our Modern Slavery Policy (**MSP**) outlines our commitment to acting ethically and with integrity and to preventing modern slavery and human rights abuses across our operations, supply chains and business relationships. The policy applies to all employees, directors, contractors and third parties, and strictly prohibits all forms of modern slavery, including forced labour, human trafficking and exploitative child labour.

Our Ethical Sourcing Policy (**ESP**) outlines our commitment to manufacturing products under safe and fair working conditions that are wholly compliant with applicable human rights standards.

Our ESP requires remediation in the case of non-compliance and has been embedded in our agreements with our suppliers and manufacturers. Our ESP requires our suppliers to provide details of their modern slavery risk and to provide our ESP to any suppliers within their respective supply chains.

Our ESP, CFLP and MSP have been made publicly available and published on each of our Websites. In accordance with our Terms, all of our suppliers are required to comply with our ESP, CFLP and MSP and other policies.

## PART 4: ADDRESSING MODERN SLAVERY RISKS

# ENHANCING SUPPLY CHAIN RELATIONSHIPS

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Enhancing our relationships with our direct suppliers remains a priority in helping us to mitigate modern slavery risks that may exist deeper within our supply chains and outside the direct leverage of our contractual relationships. Factory X regularly engaged with suppliers located in China (including Shanghai) to ensure the welfare of suppliers' employees and contractors.

Regular engagement with our suppliers and the undertaking of a broader scope of collaboration over the last reporting period allowed us to broadly disseminate our commitment to the upholding of human rights and modern slavery mitigation.

As stated in Part 1, we were recognised in Baptist World Aid's Ethical Fashion Report (10th edition), the first full fashion report published by Baptist since transitioning from an annual to bi-annual reporting cycle, as a company with the greatest improvement in company score based on protecting workers and the environment. This report assessed 120 companies representing 460 brands in 2024. We were amongst the top 10 companies with the greatest improvement in score between 2022 and 2024.



## PART 4: ADDRESSING MODERN SLAVERY RISKS

# UZBEK COTTON PLEDGE

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As part of our strategy for mitigating modern slavery risks, we have signed the Uzbek Cotton Pledge.

This is a commitment to not using cotton from Uzbekistan due to unacceptable risks of child and forced labour in the cultivation and harvesting of cotton in this region.

## IMPROVING PREVALENCE OF CSR AUDITS

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We recognise the importance of Modern Slavery audits and their role in ensuring our suppliers' ongoing compliance with our Modern Slavery mitigation standards and its importance to broader social and ethical concerns.

Factory X secured independent third-party audits in FY25 of:

- 100% of our Tier 1 suppliers; and
- 33% of our Tier 2 suppliers.

The results of the audits demonstrated that the majority of our suppliers found no issues or risks to be rectified. Of the suppliers that indicated potential risks, Factory X has engaged with them on a more in-depth basis to conduct collaborative remediation actions.

Of the potential risks identified, they ranged from risks involving working conditions which are typically easily rectified in a short time period to living wages, excessive working hours and environmental concerns which require a more in-depth collaborative effort to rectify.

## PART 5: MEASURING EFFECTIVENESS

To assess effectiveness of our actions taken to address and prevent modern slavery risks, we evaluated the compliance of suppliers with our protocols, noted indicators of our growing internal capacity to execute our action plan and measured the percentage of our suppliers with potential risks identified in our audits or reported through grievance mechanisms.

FRAMEWORK	MEASURING EFFECTIVENESS
<p><b>Annual Review by Our Board</b></p>	<p>Factory X's board of directors and senior management review our response and mitigation measures regarding our modern slavery risks:</p> <ul style="list-style-type: none"> <li>• Annually when a formal review of our modern slavery risks and responses is undertaken in preparing this Statement; and</li> <li>• Ad hoc as new risks or issues arise.</li> </ul>
<p><b>Conducting Modern Slavery Training</b></p>	<p>Training, education and regular review of our response to modern slavery risks is the cornerstone of our strategy.</p> <p>In FY25, we provided a FairSupply training video on modern slavery for new staff members and managers.</p>
<p><b>New Supplier Operations Assessment &amp; Onboarding</b></p>	<ul style="list-style-type: none"> <li>• While we had a successful response of 100% from overseas suppliers to whom we sent our MS Questionnaires, we have faced difficulties obtaining updated responses from those suppliers located in Australia.</li> <li>• Factory X had no new Tier 1 suppliers in FY25.</li> <li>• While the MS Questionnaires are useful tools when onboarding new suppliers, they are no longer pivotal to our modern slavery due diligence strategy.</li> </ul>

## PART 5: MEASURING EFFECTIVENESS

FRAMEWORK	MEASURING EFFECTIVENESS
<p><b>Internal &amp; External Audits</b></p>	<p><b>External Audits</b></p> <ul style="list-style-type: none"> <li>• Given Factory X's limited presence in China, we rely on independent CSR audits of our suppliers to identify and mitigate modern slavery risks.</li> <li>• The audits have been deployed with a degree of success given the deficiencies identified in our suppliers' operations as outlined in this Statement.</li> <li>• Where deficiencies are identified in any of our suppliers' operations, we generally respond by: <ul style="list-style-type: none"> <li>◦ Implementing a performance improvement plan; and</li> <li>◦ Arranging for a follow-up audit to identify whether the issue has been addressed.</li> </ul> </li> </ul> <p><b>Internal Audits</b></p> <p>Our human resources department regularly monitors and reviews internal compliance with applicable labour laws and the payment of wages. Factory X stores do not operate on a franchise model, so Factory X has strict control over our internal operations. We believe that our standard procedures and policies are sufficient to identify and address any increased risk of modern slavery in our internal supply chain.</p>
<p><b>Grievance Mechanisms</b></p>	<p>In FY25, we:</p> <ul style="list-style-type: none"> <li>• Engaged with suppliers who were identified as having indicators of risk as a result of the audits;</li> <li>• Improved on our review system of audit and supplier engagement; and</li> <li>• Publicised grievance mechanisms in workplaces.</li> </ul> <p>We did not receive any complaints or reports of complaints in respect of modern slavery. However, this strategy does not account for the inherent shortcomings of having to self-report instances of modern slavery (whether by the supplier or the victim).</p> <p>diginexAPPRISE has updated their protocol with more in-depth questions, ensuring all information is anonymously collected from workers as part of the Factory X grievance procedure.</p> <p>In FY26, we will seek to identify ways in which the grievance mechanisms in our supply chain can be improved. Our approach includes personal meetings between our CEO, Production Manager and Tier 1 suppliers to discuss and consider more appropriate grievance mechanisms in the context of modern slavery.</p>

## PART 6: THE PROCESS OF CONSULTATION

# DESCRIBE THE PROCESS OF CONSULTATION WITH ANY ENTITY IT OWNS OR CONTROLS

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Factory X prioritises a unified approach with our controlled entities for our due diligence and activities to reduce and address modern slavery risks.

Our New Zealand-based controlled entity does not have its own head office and is controlled and managed from our head office in Victoria, on the land of the Wurundjeri people of the Kulin Nation. However, we regularly engage with that entity to identify specific geographical risks and appropriate actions to reduce and mitigate our modern slavery risks in New Zealand.

Our consultation process with our controlled entities on modern slavery risks occurs by requesting information, consulting on potential risk factors and agreeing on a group-wide comprehensive action plan to address such risk factors. These processes have culminated in the publication of this Statement.



## PART 7: OTHER RELEVANT INFORMATION

# ENSURING OUR SUPPLIERS ARE SUPPORTED

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We recognise that suppliers are operating in an increasingly challenging environment, including the impacts of tariffs, inflationary pressures, and rising labour and input costs. In response, we seek to work collaboratively with our suppliers by taking the following actions:

- Committing to timely full payments on all completed orders;
- Not cancelling or discounting any existing orders;
- Not cutting back and placing orders that we cannot commit to financially and within agreed terms;
- Creating additional orders, where possible, to provide employment;
- Extending and rebalancing delivery dates to alleviate undue financial pressure;
- Continuing to monitor living wages with audits into key manufacturers to identify areas of potential financial hardship;
- Providing a bilingual point of contact for grievances;
- Operating clear channels of communication between HO, stores, staff, suppliers and workers; and
- Signing the ILO 'Call to Action' to work together to establish sustainable systems of social protection for a more just and resilient garment industry.

We do not change suppliers frequently. The majority of our suppliers have been engaged for more than 5 years with several for more than 10 years.

We do not have short turnaround on orders as we have planned production. These Commitments are ongoing.

## PART 7: OTHER RELEVANT INFORMATION

# FUTURE PLANNED ACTIONS

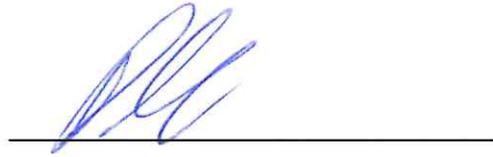
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For upcoming reporting periods, we plan to focus on the following specific issues as part of our commitment to continually improving our capacity for effective modern slavery risk identification and mitigation:

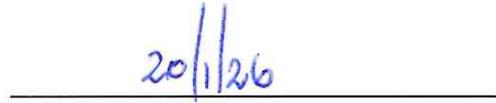
- We will continue to improve on our CSR audit rates of all suppliers;
- We will continue to investigate and develop independent overseas workers grievance channel(s) that include the use of bilingual helplines;
- We will continue to roll out diginexAPPRISE questionnaires to our suppliers and commit to issue 10 more questionnaires for workers and review 2 questionnaires from FY25 where responses were not clear;
- We will continue to expand our scope of supplier due diligence in FY26;
- We will continue to explore opportunities to collaborate with other brands working with suppliers and other stakeholders (potentially through our membership with the Australian Retailers Association);
- We will commit to securing CSR and living wage audits for 20% of our Tier 2 suppliers from FY26;
- We will also focus on broader ESG goals, such as:
  - Increasing the use of sustainable fibres;
  - Designing for circularity;
  - Responsible recycling;
  - Continuing Modern Slavery training; and
  - Increasing focus on quality of wastewater;
- We will continue to include detailed contractual obligations providing clear requirements in the areas of workers' rights and operating policies which promote ethical sourcing in our procurement policy with suppliers.

## PART 8: EXECUTION

This Modern Slavery Statement has been approved by the Board of Directors of Factory X Pty Ltd for signature by our CEO and for lodgement onto the public register administered by the Attorney General's Department on



David Patrick Heeneey



Date